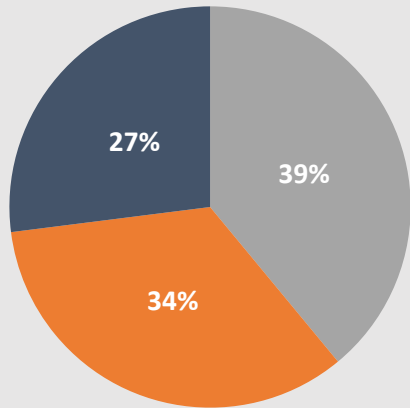


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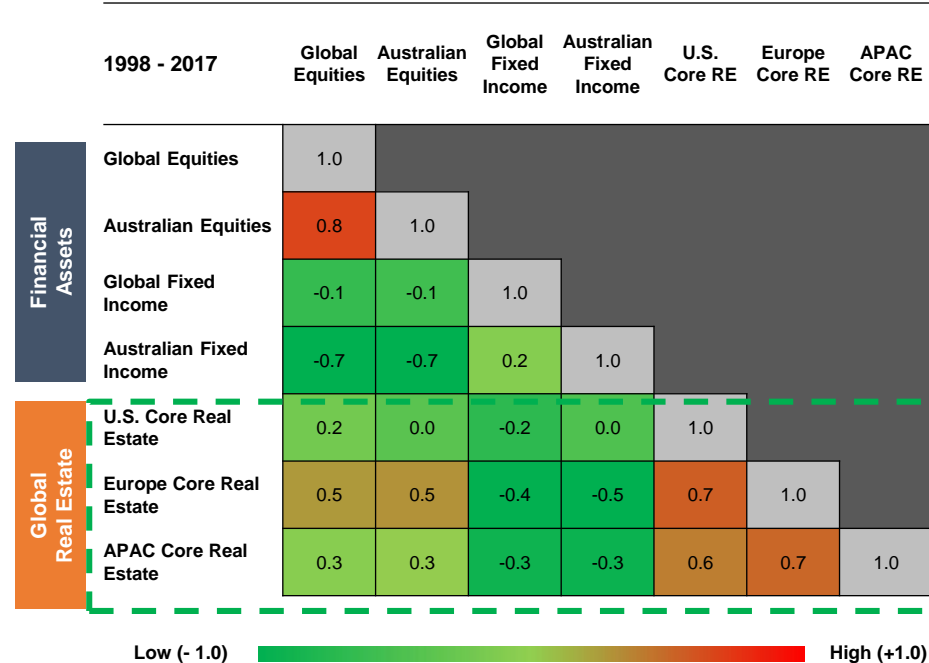
Global Head of Real Estate Client Strategy
J.P. Morgan Asset Management

Global Real Estate's – Portfolio benefits

Investible real estate universe by region



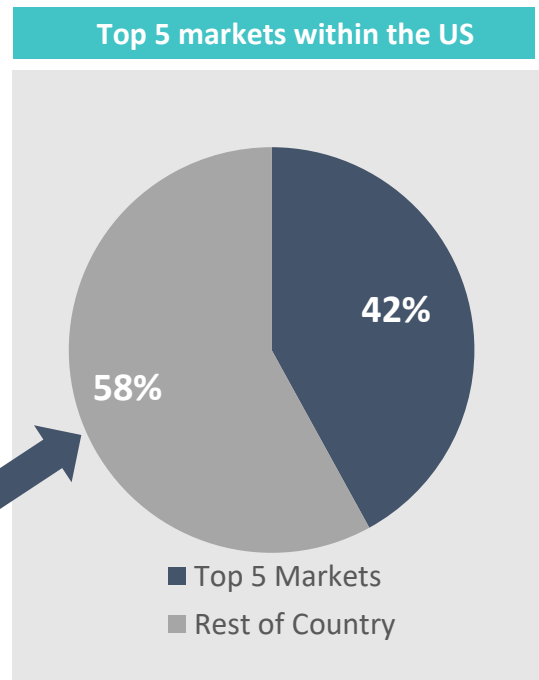
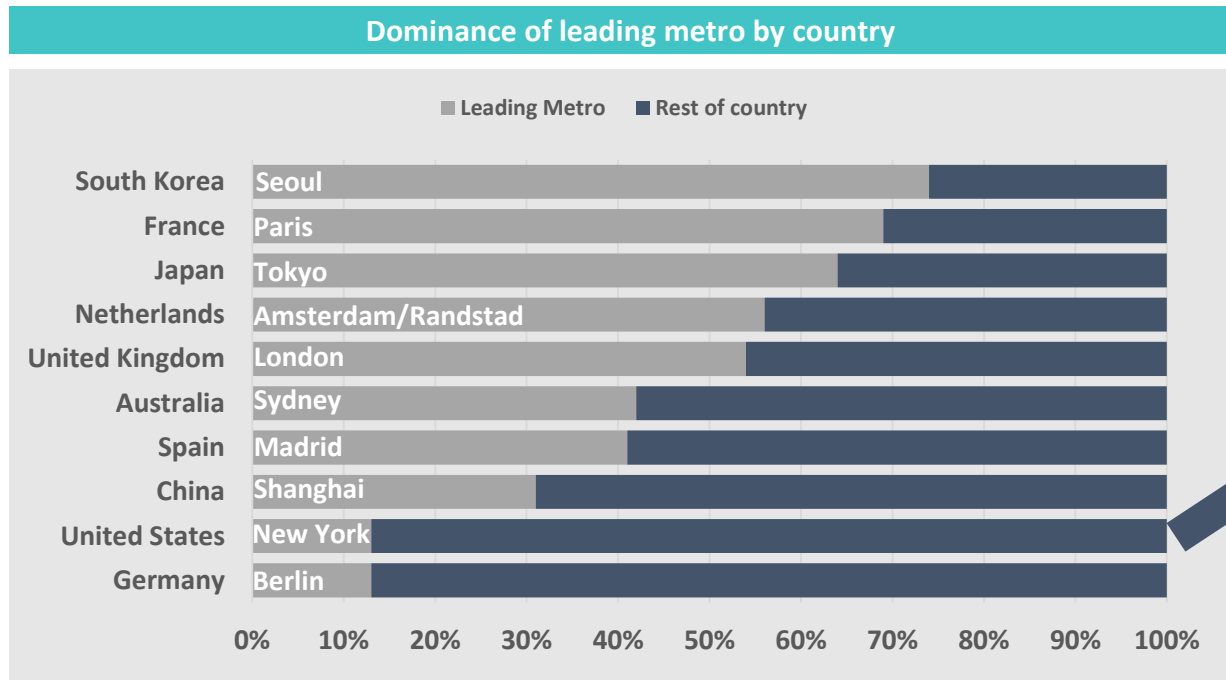
- North America
- Europe
- APAC



Sources: Right™ Bloomberg, MSCI, Barclays Capital, NCREIF, IPD, CBRE, Jones Lang LaSalle, Wilshire, Wells Fargo, UBS, Clarkson's Shipping Research, and JPMAM Global Real Assets Research. Annual data denominated in local currency as of December 2017. Note: Unlevered real estate series were levered to reflect how institutional investors typically access the representative asset classes. Past performance is not indicative of future results. Diversification does not guarantee investment returns and does not eliminate the risk of loss. The above table is for illustrative and discussion purposes only. Left: MSCI "Real Estate Market Size 2017." As of 2017.

US Real Estate – Most diverse global market

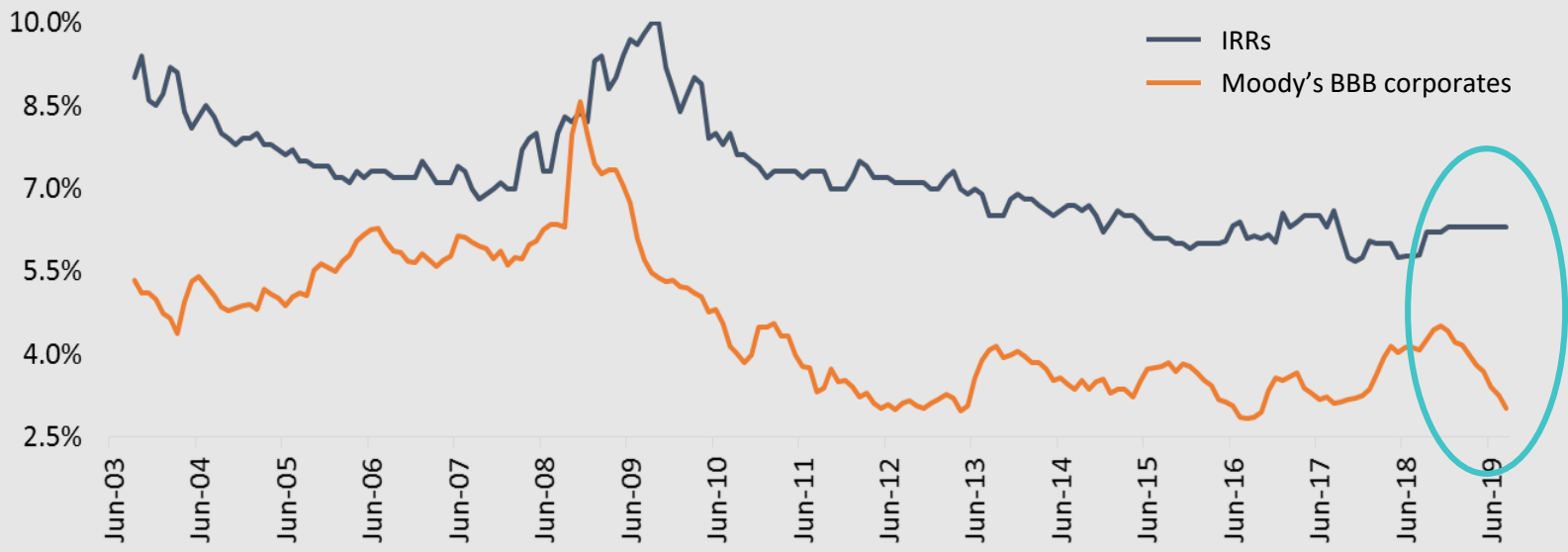
Most real estate markets tend to be dominated by select capitals with similar economic exposures



Sources: Left: RCA as of 6/30/2018. Right: RCA as of 12/31/2018. Represents 2018 transaction activity over \$5mm in the US.

Core property return premium above average

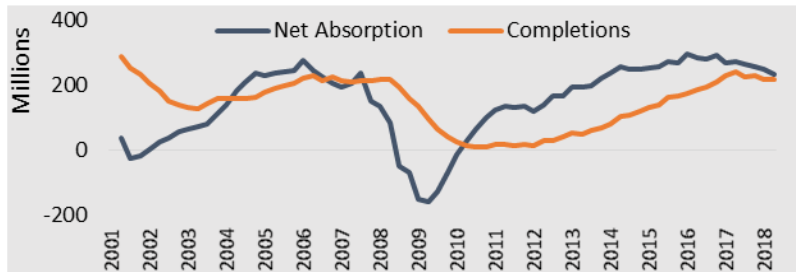
JPMAM underwriting IRRs and BBB corporate yields



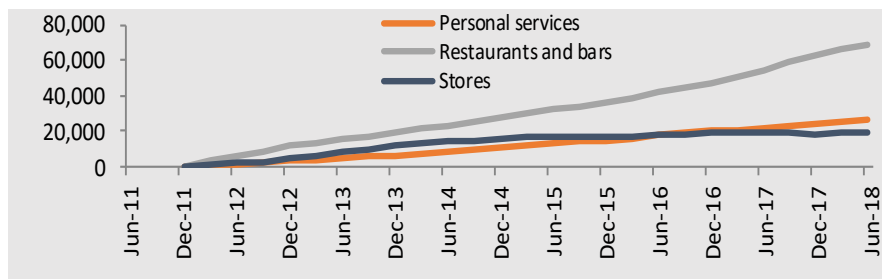
Source: JPMAM and Moody's Analytics, as of July 31, 2019.

US Real Estate Fundamentals – Solid

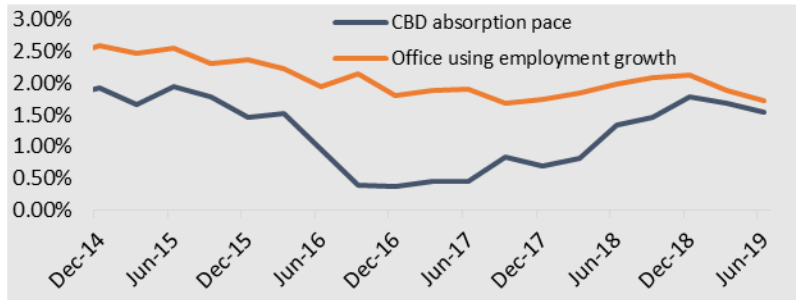
Industrial: Supply versus demand (rolling four quarters, square feet)



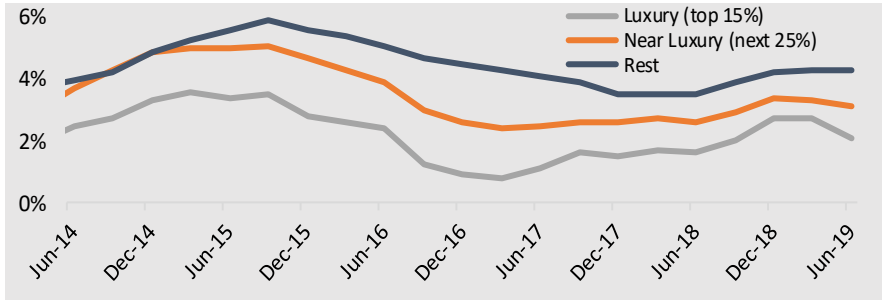
Retail: Demand: Net change in number of establishments since 2011



Office: CBD absorption vs. office using job growth



Multifamily: US apartment rent growth, yty % change



Retail: Bureau of Labor Statistics, as of June 2018; Industrial: CoStar, as of December 2018; Multifamily: Axiometrics, Bureau of Census as of June 2019; Office: BLS and CBRE as of June 2019.

Themes for the next four quarters



OFFICE

- We expect CBD rebound stays strongest in tech markets and lower cost metros with dynamic downtowns.
- New York and Washington, DC will remain softer than other major markets
- Overall starts have picked up again but deliveries will remain muted.



INDUSTRIAL

- Overall tenant demand will continue to normalize
- Infill locations should continue to outperform despite sharp rent increases.



RETAIL

- Overall retail sales have slowed but same store sales at malls remain generally positive.
- Discounters, pharmacies, restaurants, as well as other services, will continue to help leasing.
- Narrow categories – sporting, hobbies, hardware, electronics – will continue to close stores as will non-discount department stores.



RESIDENTIAL

- Taxes and rising mortgage interest rates favor rentals.
- Property taxes growth may reaccelerate.
- Luxury underperformance will continue.

Key takeaways

A global real estate portfolio = better risk adjusted returns

US real estate markets – largest and most diverse

US real estate fundamentals – solid and in equilibrium

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