

BACK TO BUSINESS

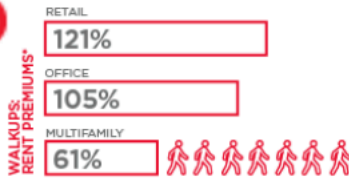
As we head back to work after the summer, here are seven topics to keep in mind as we roll into Q4. Commercial real estate fundamentals remain strong, but factors from climate change to jobs to trade agreements are on our watch list.

1 WALKABILITY COMMANDS SIGNIFICANT RENT PREMIUMS

Rental rates in regionally significant walkable urban places, or WalkUPs, are **2x higher than drivable suburban office and retail space.** WalkUPs account for only 0.17% of U.S. continental land, but have significant rent premiums.

Source: Tracy Hedden Loh, PhD, Christopher B. Lahnberger, and Jordan Chafetz, "Foot Traffic Ahead: Ranking Walkable Urbanism in America's Largest Metros"

Real estate data source: Cushman & Wakefield



*Rent per occupied square foot premium in walkable urban space over drivable suburban space.

2 TECH CONTINUES TO DRIVE OFFICE

The technology sector has been the largest office space user for the past five years, representing **25% of total leasing activity**.

*percentage of top leases in U.S. markets as of the end of first half of 2019.



3 DELIVERIES HAVE NOT IMPACTED INDUSTRIAL VACANCY

126.8 msf of new industrial product delivered YTD, but vacancy was still **4.9% in Q2 2019—90 basis points below** the five-year average of 5.8%.



4 MORE FEDERAL FUNDS RATE DECLINES POSSIBLE

As of August 30, 2019, the futures market suggested a **99% chance of at least one more 25 basis point rate cut** and an **almost 80% chance of at least two more** in 2019.



Source: Federal Reserve, FOMC, CME
Note: Projections are the median. Historical rates are the median of the monthly data.

5 JOB MARKET SOARING

107 consecutive months of job growth. The last time employment declined was September 2010.

Source: BLS



6 INCREASED U.S. - CHINA TRADE TARIFFS

Oxford Economics estimates that existing tariffs will have a **15-20 basis point impact on real GDP growth** for 2019.



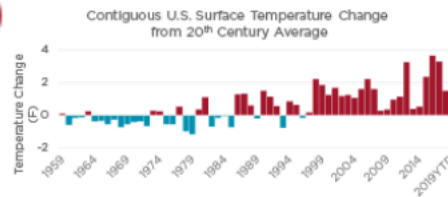
7 WEATHER CONDITIONS

Climate risks to the built environment—like rising temperatures—are increasingly becoming **concerns for investors and occupiers.**



In 2018, there were a total of **15 tropical storms and hurricanes** in the North Atlantic.

1981-2010 average = 12.1



Source: NOAA

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