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Market Cycle Quadrants

Phase 1 - Recovery
- Declining Vacancy
- No New Construction

Phase 2 - Expansion
- Declining Vacancy
- New Construction

Phase 3 - Hypersupply
- Increasing Vacancy
- More Constructions

Phase 4 - Recession
- Demand/Supply Equilibrium Point

Long Term Occupancy Average

Source: Mueller, Real Estate Finance 1995
Historic National Office Rental Growth

Long Term Average Occupancy

30 Year Cycle - Periods 1968-1997
Office Market Cycle FORECAST
3rd Quarter, 2015 Estimates

Top 11 Markets = 50% of all 54 largest markets = 0.25% Emp & 0.86% Pop growth
Second Tier 17 Markets = 27% of 54 largest markets = 0.86% Emp & 1.23% Pop growth

Source: Mueller, 2014
Top 12 Markets = 50% of all 54 largest markets
Second Tier 17 Markets = 27% of all 54 largest markets
Apartment Market Cycle FORECAST
3rd Quarter, 2015 Estimates

LT Average Occupancy

Source: Mueller, 2014
Retail Market Cycle FORECAST
3rd Quarter, 2015 Estimates

Source: Mueller, 2014
Hotel Market Cycle FORECAST
3rd Quarter, 2015 Estimates

Source: Mueller, 2014
Property Price Cycle

Real Capital Analytics — Real Commercial Property Price Index (CPPI)

Current Price Recovery from 2007 Peak %
- CBD Office — 108%
- Apartment — 116%
- Retail — 84%
- Industrial — 90%
- Suburban Office — 80%

Second Tier Market Pricing

RCA CPPI – 2nd Tier Markets % of 07 Peak

- Denver 111%
- Hartford 106%
- Seattle 104%
- Philly 100%
- Miami 85%
- Atlanta 75%
- Tampa 75%
- Orlando 73%
- Jacksonville 67%
- Las Vegas 61%