

How the US property market performed in Q4.

OVERALL MARKET VIEW

As we moved into a new decade, the final quarter of 2019 lifted the broader market sentiment as the trade uncertainty faded with the US and China's phase one trade deal announcement (The phase one trade deal was signed on 15th of January 2020) as well as BREXIT came to a conclusion with the UK public voting to finally leave the EU on the 31st of January 2020.

As widely expected, the Federal Reserve made a third cut to the interest rates during the final quarter of 2019. At the same time indicating that "the current stance of monetary policy is appropriate". Mainly due to the US economy still expanding. The Q4 GDP number came in at 2,1% (annualised) and 2,3% for 2019.

The unemployment release in early December showed that joblessness declined further to 3.5% - its lowest point since 1969 - with better-than-expected wage inflation. Ensuring that the consumer driven economy of the US keeps humming along.

There is unfortunately some uncertainty that is hanging over 2020 for the US as this is an election year. With the Democrats succeeding in convincing the House of Representatives to impeach the President, the US is divided as to what the outcome should be, whilst the debate concludes in the first week of February in the Senate to potentially acquit the President. This might provide the opportunity for a democratic presidential elect to take office in the White House with potential policies that can impact the US economy.


Further to the potential political environment changes, the recent virus outbreak in China carries the highest potential risk to the global economy growth potential for 2020. At writing over 17,000 cases have been reported with over 350 deaths from the virus. Several multinational companies have removed their employees from China and closed their offices in China, whilst exports are also been stopped. As China is the second largest economy in the world and has already seen its growth slowed during 2019 due to the trade dispute with the US, it is very concerned about the economic impact caused by the virus as it is currently difficult to forecast the long-term implications. Any significant delay in curtailing the spread of the virus will have an impact on nations relying on exports and imports from China, causing global concerns about the global economy.

It is not expected to severely impact the real estate market at this stage, as the potential consequences to the virus might be to further reduce the interest rates. This has had a positive effect on the overall cap rates and favourable debt terms that increases the leveraged returns of the real estate investment.

#4 MSA - DALLAS-FORT WORTH-ARLINGTON, TX METRO AREA

DALLAS MOB SNAPSHOT

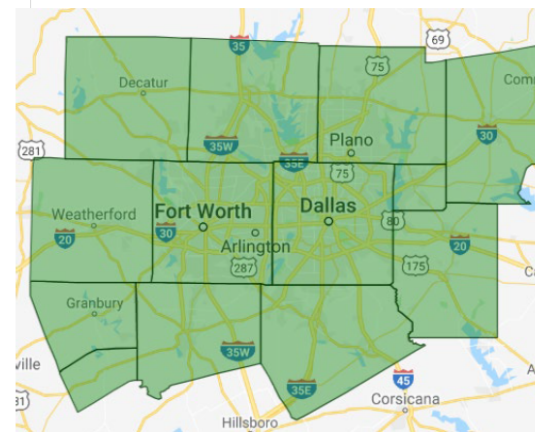
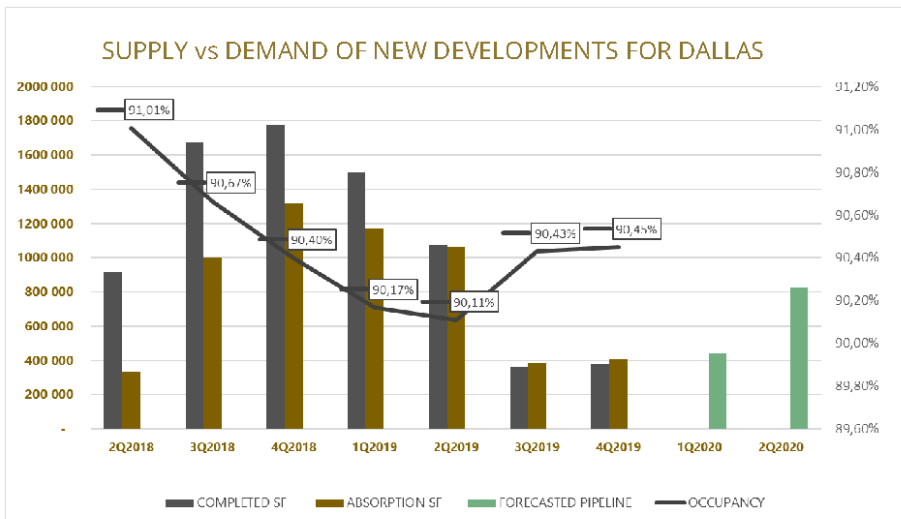
4Q 2019	VALUE	QUARTER ON QUARTER	
Total Square Feet	39 845 802	↑	0,50%
Square Feet in Progress	1 610 220	↑	2,10%
Sold Volume (Trailing 12 months)	\$291 447 516	↓	-9,00%
Occupancy (Trailing 12 months)	90,50%	↑	3 bps
Average Rent (NNN)	\$22,26	↓	-1,50%
Rent Growth (Year on Year)	2,00%		

- 1 # of buildings in area
-  41,588 sf of GLA
- 100% Occupancy
- 4 # of tenants

MOB RENT ANALYSIS FOR DALLAS METRO

GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
DALLAS	\$15,00	\$22,50	\$30,30	\$22,26	1,90%	219
Top 50 Metros	\$14,50	\$22,20	\$35,00	\$22,29	1,80%	4 846
Top 100 Metros	\$14,00	\$21,97	\$33,54	\$21,59	1,80%	5 875

* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.

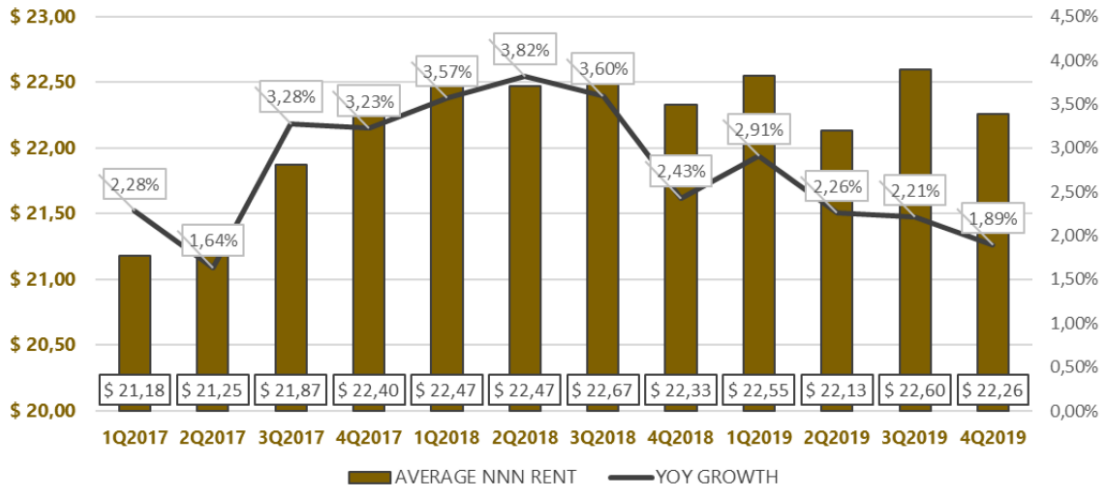


METRO MAP

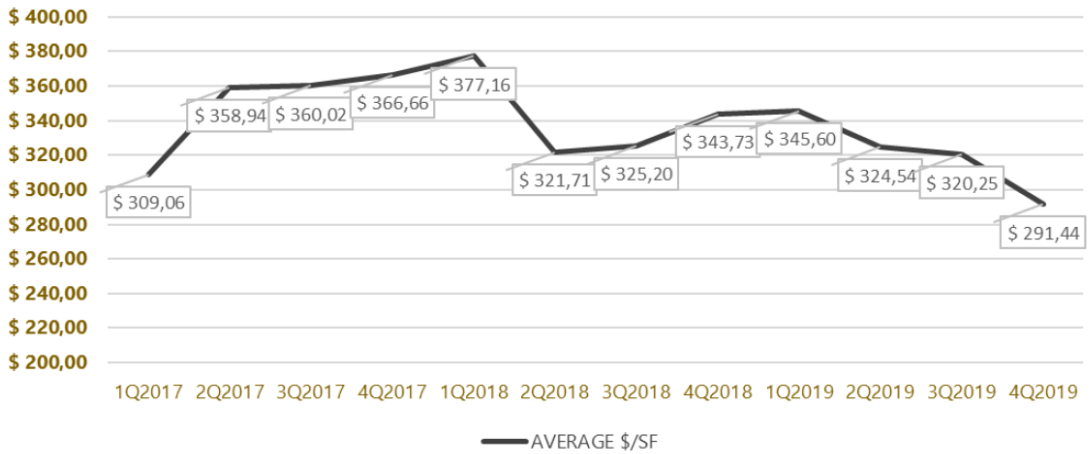
Supply activity has decreased over the last 12 months allowing absorption to overtake supply. New developments are in the pipeline for the first half of the year. Economic growth remained on track in the Dallas and Fort Worth business-cycle indexes in November, supported by persistent job growth. Unemployment further tightened to 3.0% in November.



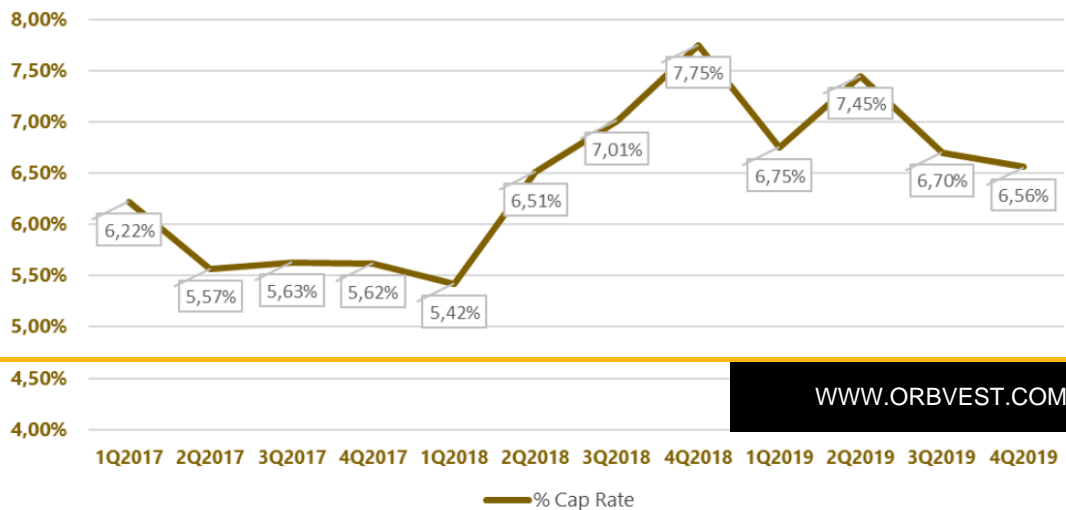
RENT GROWTH vs AVERAGE NNN RENT FOR DALLAS METRO



PURCHASE PRICE/SF



CAP RATE



#9 MSA - ATLANTA-SANDY SPRINGS-MARIETTA, GA METRO AREA

ATLANTA MOB SNAPSHOT

4Q 2019	VALUE	QUARTER ON QUARTER	
Total Square Feet	26 511 792	↑	0,50%
Square Feet in Progress	1 023 263	↑	24,90%
Sold Volume (Trailing 12 months)	\$354 153 186	↑	8,70%
Occupancy (Trailing 12 months)	88,40%	↑	13 bps
Average Rent (NNN)	\$20,14	↑	0,60%
Rent Growth (Year on Year)	2,40%		

12 # of buildings in area

537,761 sf of GLA

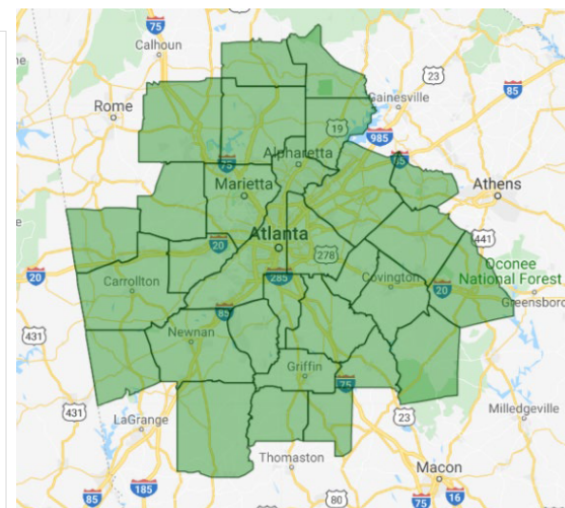
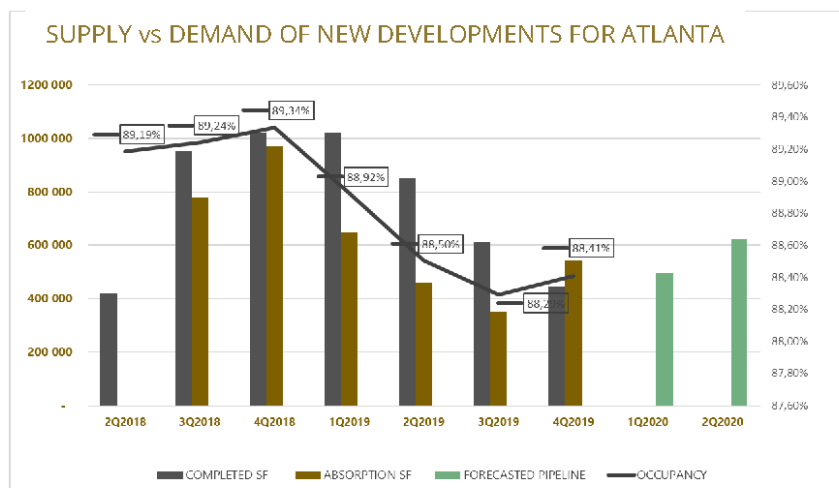
95.12% Occupancy

68 # of tenants

MOB RENT ANALYSIS FOR ATLANTA METRO

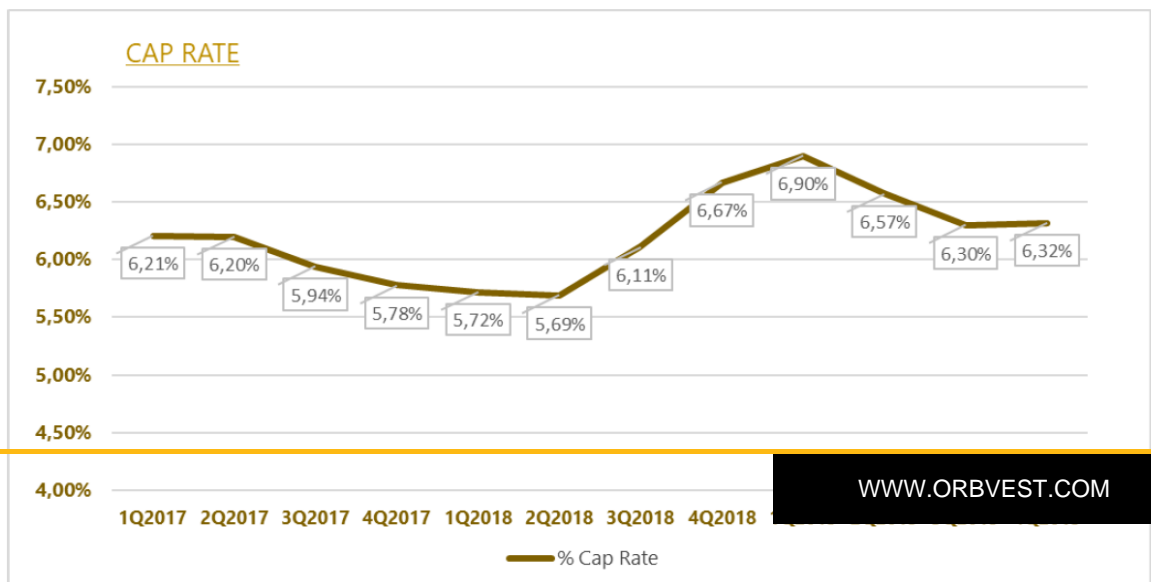
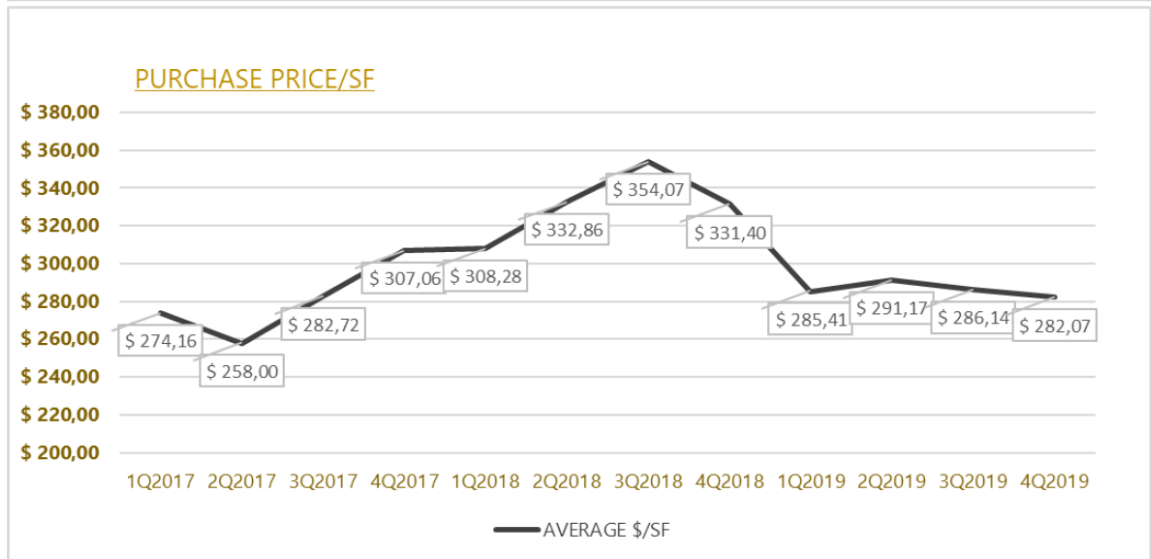
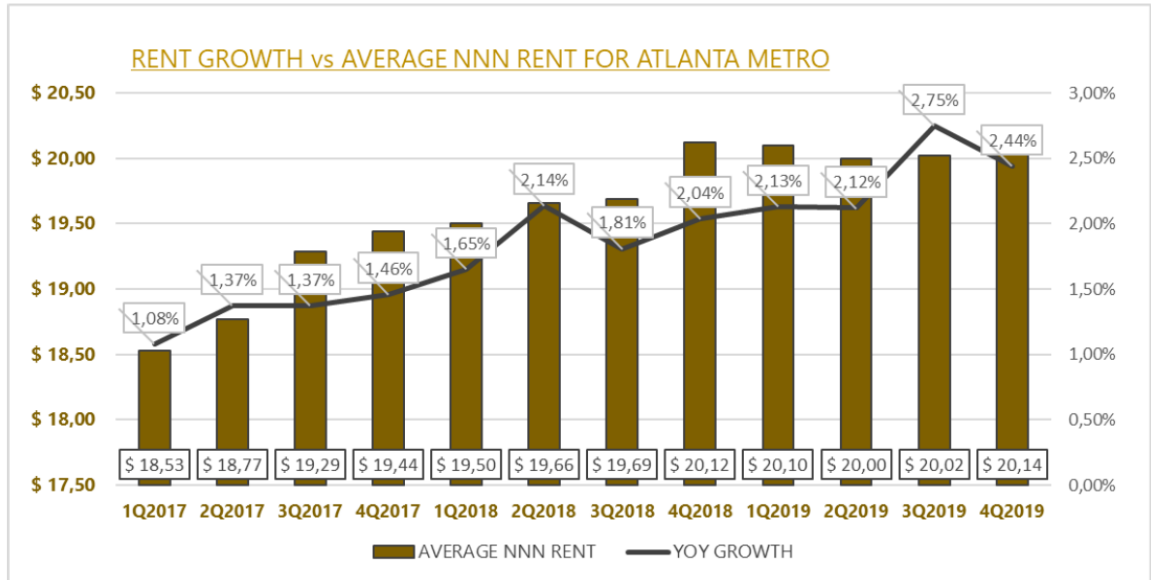
GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
Atlanta	\$14,00	\$19,79	\$28,14	\$20,14	2,40%	238
Top 50 Metros	\$14,50	\$22,20	\$35,00	\$22,29	1,80%	4 846
Top 100 Metros	\$14,00	\$21,97	\$33,54	\$21,59	1,80%	5 875

* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.



METRO MAP

Atlanta's economy continues to outperform the nation, and its unemployment rate is at its lowest point in more than a decade. The metro area continues to attract relocations from workers and businesses, and Atlanta is one of the nation's fastest-growing MSAs as a result. Job growth is particularly robust in the healthcare sector, and this is reflected in the metro area's job growth, which continued to experience stable occupancy constrained in



#25 MSA - SAN ANTONIO-NEW BRAUNFELS, TX METRO AREA

SAN ANTONIO MOB SNAPSHOT

4Q 2019	VALUE	QUARTER ON QUARTER	
Total Square Feet	11 645 921	↑	1,10%
Square Feet in Progress	661 300	↑	2,00%
Sold Volume (Trailing 12 months)	\$150 628 385	↑	44,40%
Occupancy (Trailing 12 months)	84,60%	↓	-30bps
Average Rent (NNN)	\$23,06	↑	2,90%
Rent Growth (Year on Year)	1,30%		

2 # of buildings in area

303,346 sf of GLA

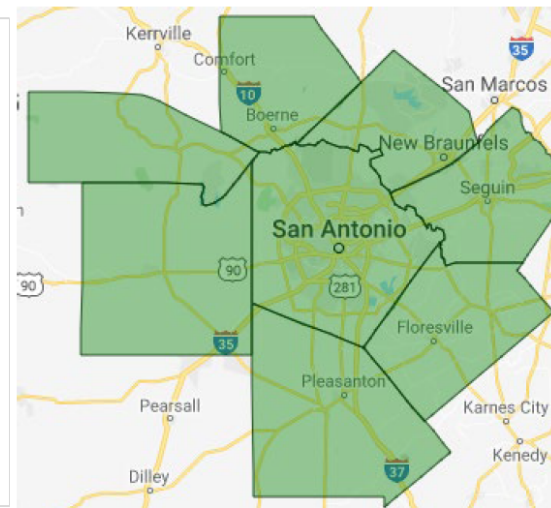
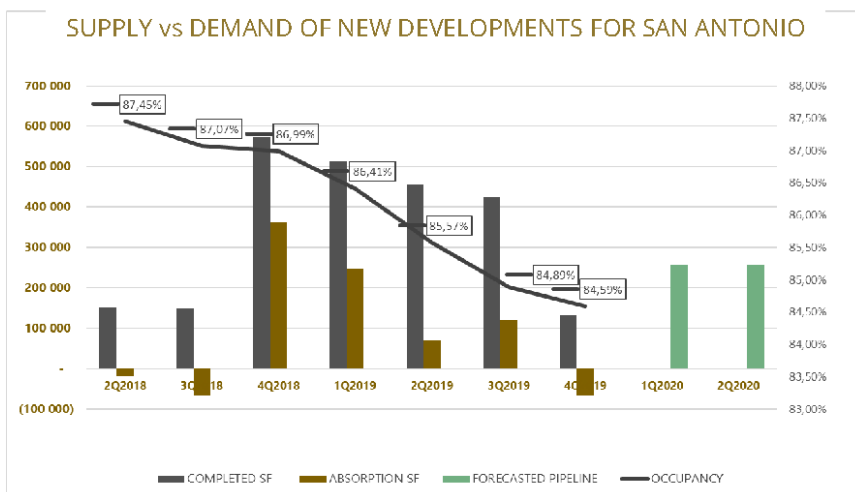
99.66% Occupancy

39 # of tenants

MOB RENT ANALYSIS FOR SAN ANTONIO METRO

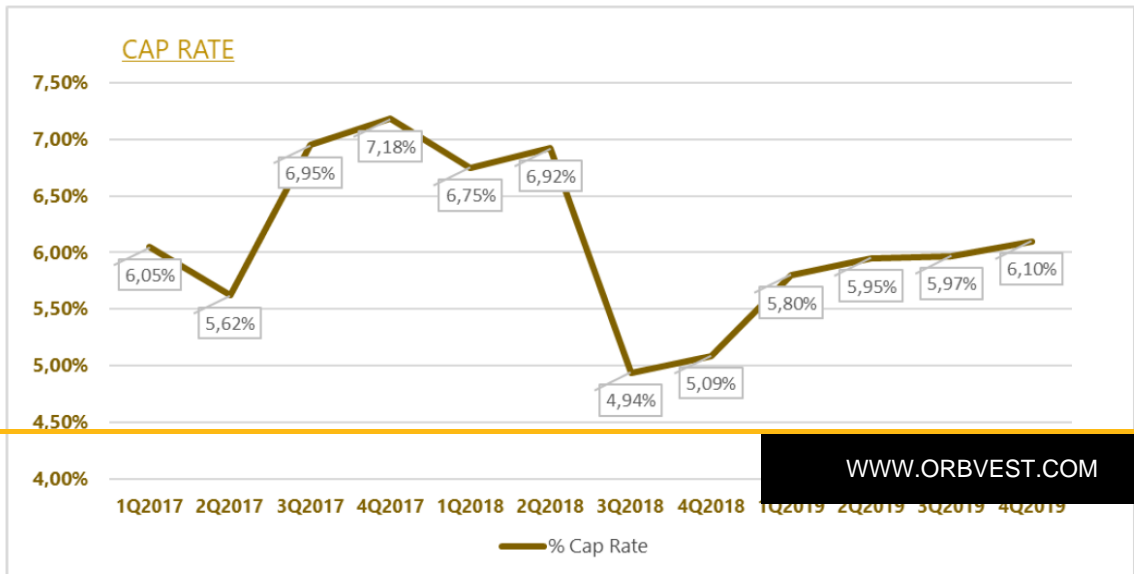
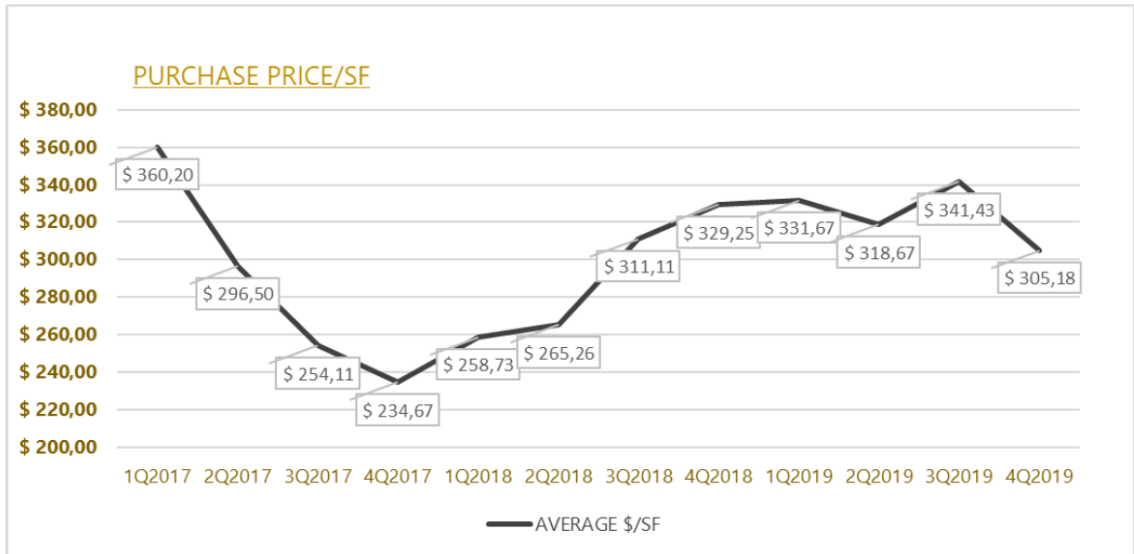
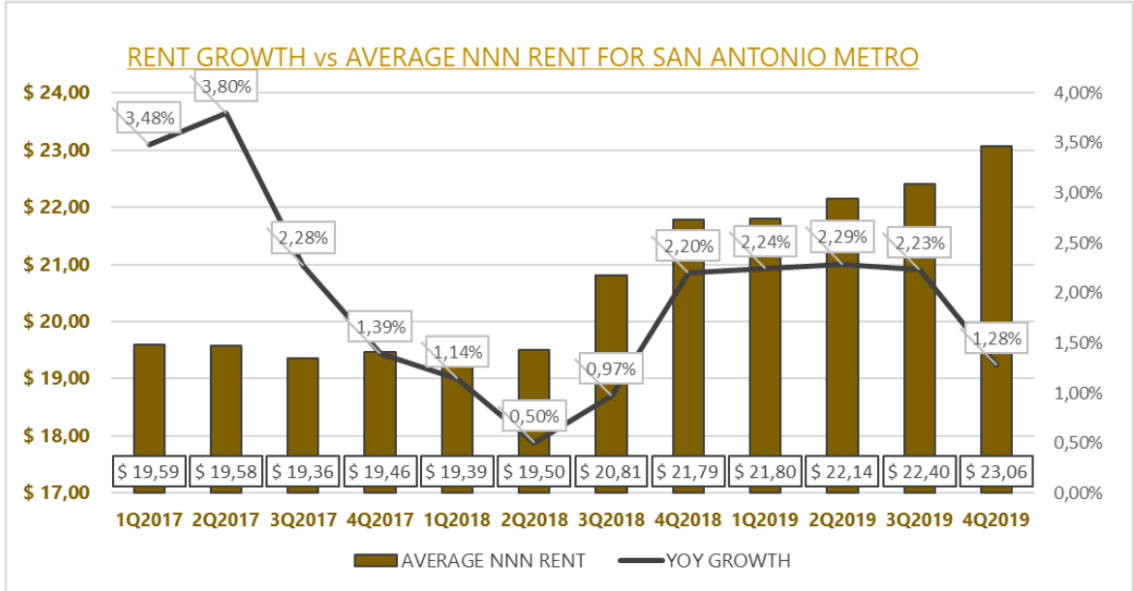
GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
SAN ANTONIO	\$17,10	\$22,00	\$27,51	\$23,06	1,30%	79
Top 50 Metros	\$14,50	\$22,20	\$35,00	\$22,29	1,80%	4 846
Top 100 Metros	\$14,00	\$21,97	\$33,54	\$21,59	1,80%	5 875

* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.



METRO MAP

San Antonio's economy turned in a healthy performance in November. The San Antonio Business-Cycle Index continued to expand above its long-term average, and recent job growth was strong. Wages continued to climb. Recent home sales increased, while office demand, which had been strong through the last quarters, has slowed the rental increase in the last quarter.



#31 MSA - AUSTIN-ROUND ROCK-SAN MARCOS, TX METRO AREA

AUSTIN MOB SNAPSHOT

4Q 2019	VALUE	QUARTER ON QUARTER	
Total Square Feet	6 689 122	↑	0,00%
Square Feet in Progress	78 000	↑	0,00%
Sold Volume (Trailing 12 months)	\$33 798 124	↑	9,30%
Occupancy (Trailing 12 months)	88,10%	↓	-74 bps
Average Rent (NNN)	\$24,76	↑	0,80%
Rent Growth (Year on Year)	-0,10%		

2

of buildings in area



70.557 sf of GLA

91.63%

Occupancy

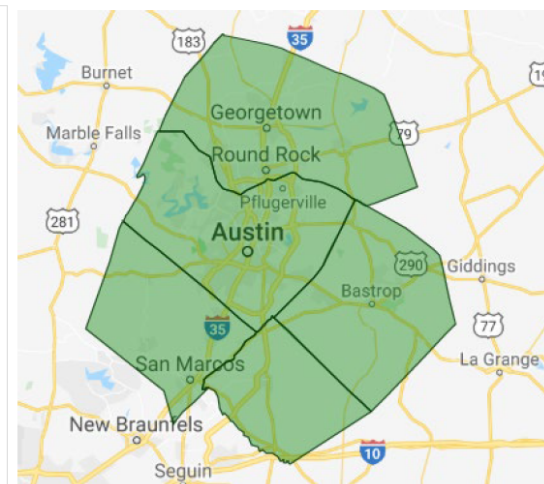
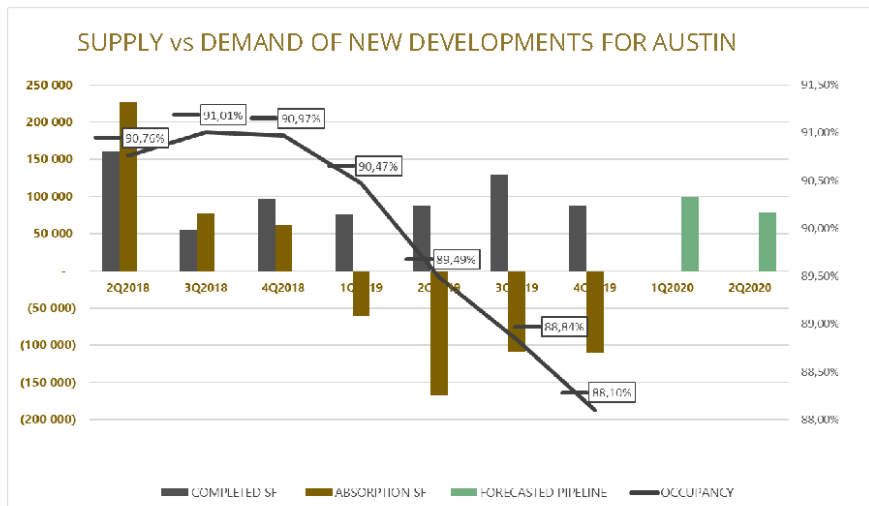
18

of tenants

MOB RENT ANALYSIS FOR AUSTIN METRO

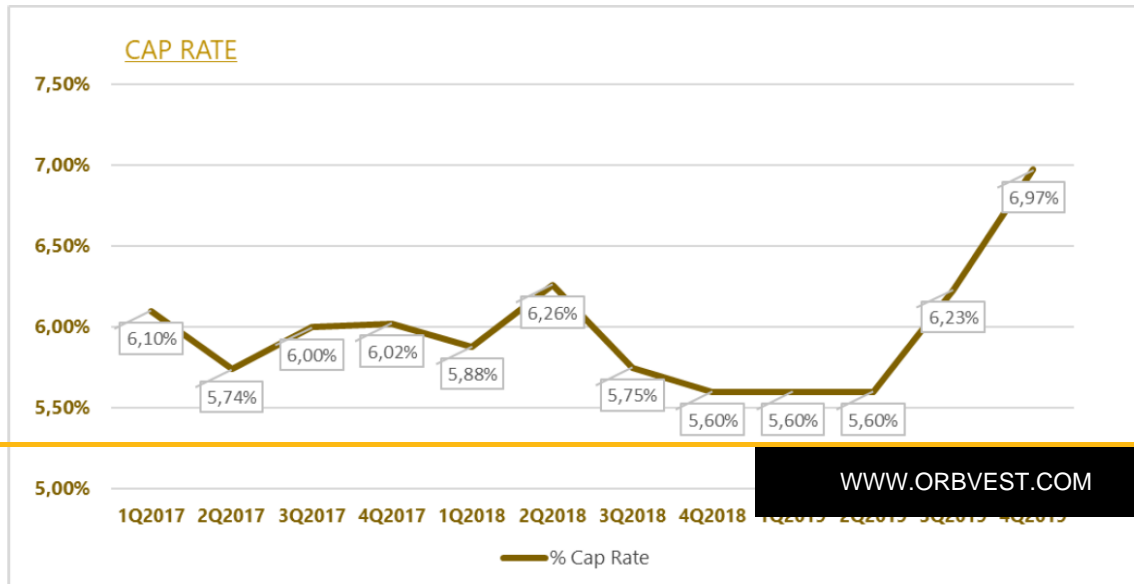
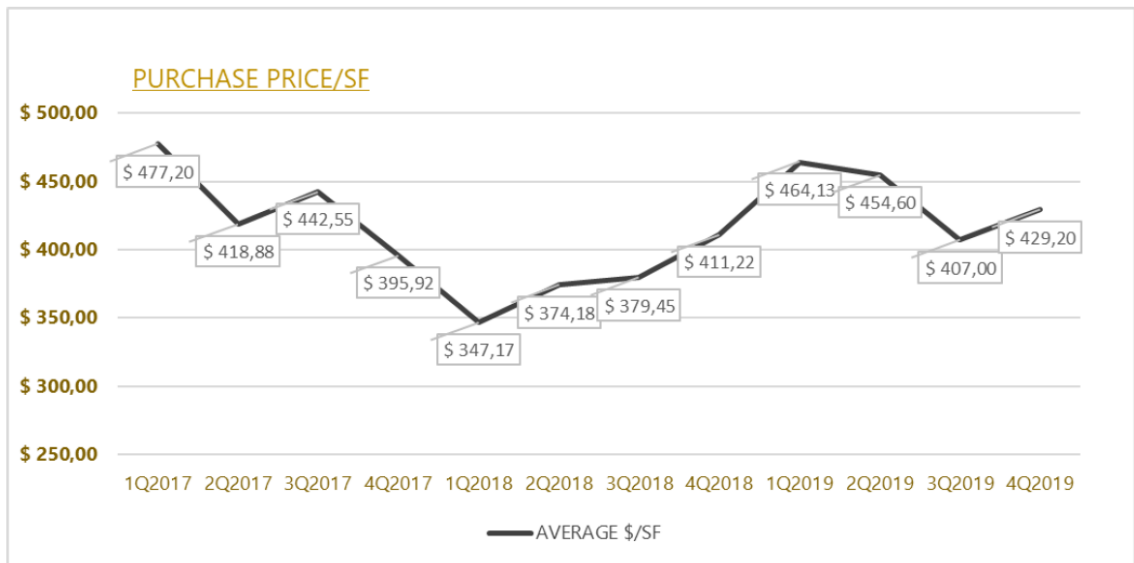
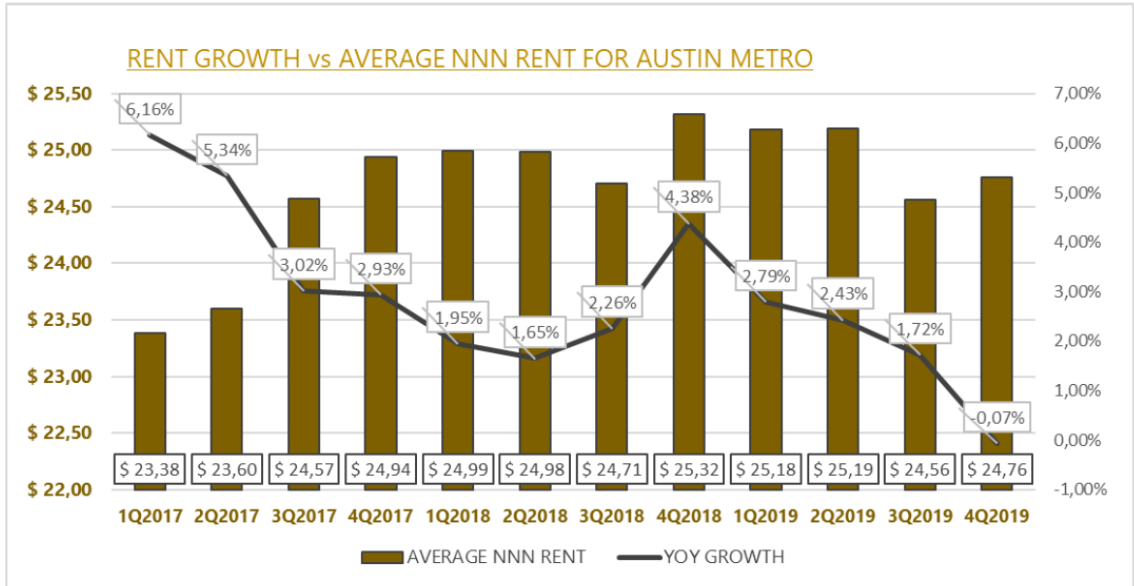
GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
AUSTIN	\$17,00	\$24,87	\$31,90	\$24,76	-0,10%	55
Top 50 Metros	\$14,50	\$22,20	\$35,00	\$22,29	1,80%	4 846
Top 100 Metros	\$14,00	21,9\	\$33,54	\$21,59	1,80%	5 875

*Base rents include all rent types. Stats are for MOB's, all sizes. Rent growth is on a same store basis.



METRO MAP

The negative net absorption indicates that spaces was vacated and placed on the market over the last 3 quarters. Which is reflected in the rental growth and \$/sf. However, the Austin economy continued to expand in November. The Austin Business-Cycle Index grew near its long-term average. Unemployment remained unchanged from the previous month, while job growth slowed somewhat in recent months.



#1 MSA - NEW YORK-NEW JERSEY, NY-NJ-PA METRO AREA

NEW YORK-NEW JERSEY MOB SNAPSHOT

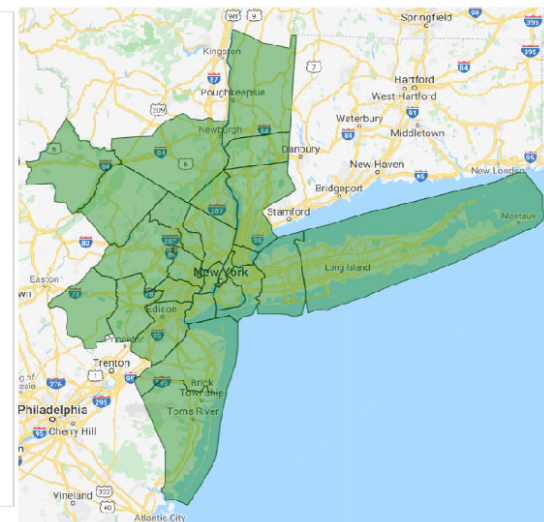
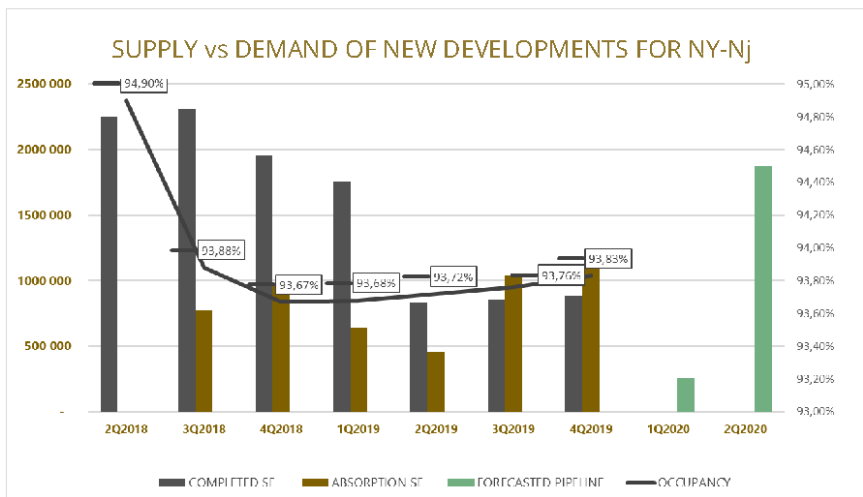
4Q 2019	VALUE	QUARTER ON QUARTER
Total Square Feet	71 502 078	↑ 0,30%
Square Feet in Progress	2 797 872	↑ 9,00%
Sold Volume (Trailing 12 months)	\$585 122 081	↑ 12,50%
Occupancy (Trailing 12 months)	93,80%	↑ 6 bps
Average Rent (NNN)	\$24,54	↑ 0,20%
Rent Growth (Year on Year)	1,90%	

- 1 # of buildings in area
- 36,653 sf of GLA
- 100% Occupancy
- 3 # of tenants

MOB RENT ANALYSIS FOR NEW YORK-NEW JERSEY METRO

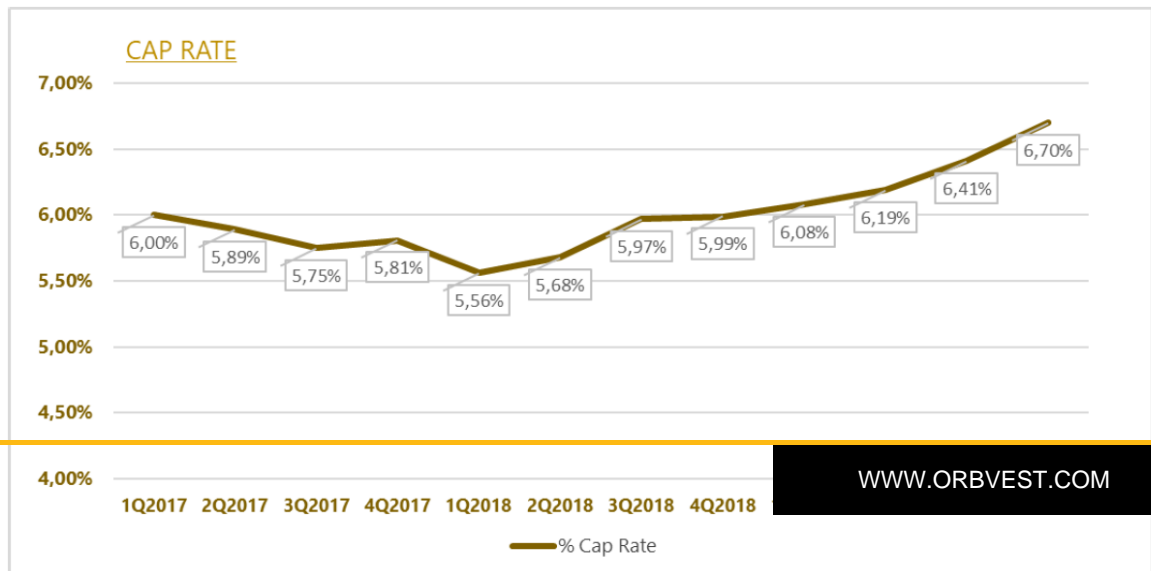
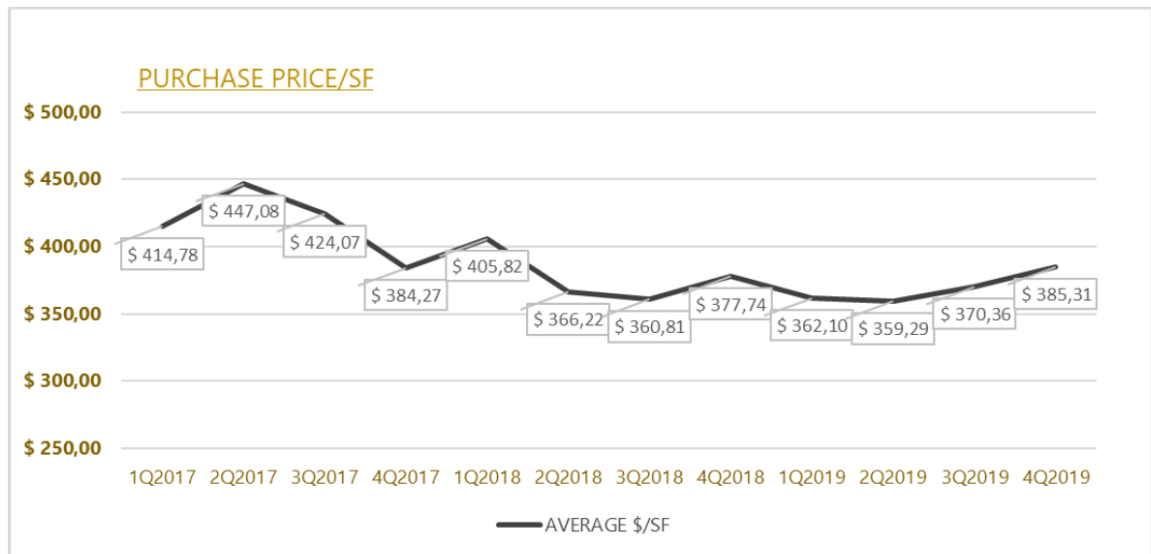
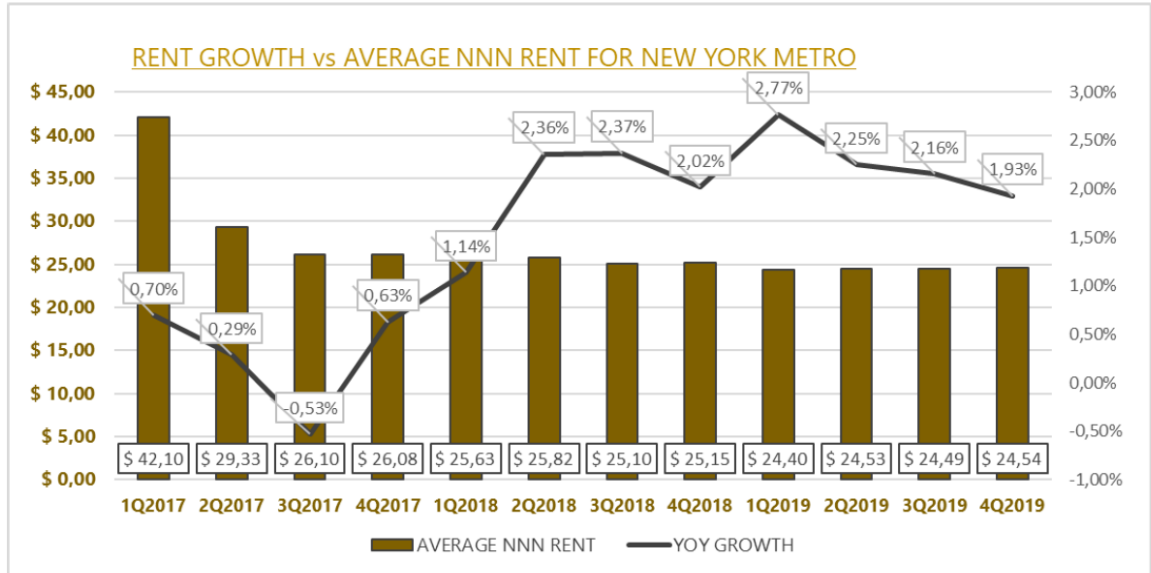
GEOGRAPHY	BASED RENT RANGE*			AVERAGE RATE (NNN)	RENT GROWTH Y/Y	(samples)
	10%	50%	90%			
NEW YORK	\$16,01	\$25,00	\$40,00	\$24,54	2,40%	338
Top 50 Metros	\$14,50	\$22,20	\$35,00	\$22,29	1,80%	4 846
Top 100 Metros	\$14,00	\$21,97	\$33,54	\$21,59	1,80%	5 875

* Base rents include all rent types. Stats are for MOBs, all sizes. Rent growth is on a same store basis.



METRO MAP

Due to oversupply we are seeing the Cap rates softening with less properties sold over the last 12 months. The rental \$/sf and growth has remained stable. New Jersey reported modest job growth during the quarter, while the increase in those seeking employment caused a slight uptick in the unemployment rate in November to 3.4%, still lower than the national average. However, job growth among industries that support the office market slowed in the fourth quarter.



IN CONCLUSION

The strongest U.S. labour market in decades is supporting consumer and business spending, with consequent benefits for many areas of real estate. This positive momentum within U.S. commercial property markets in 2019 is likely to persist into 2020, with continued healthy occupancy levels and rent growth across most markets.

Going forward, expect a similar economic and real estate climate throughout the U.S. markets in 2020. U.S. consumers and businesses will continue to operate with cautious optimism, with global uncertainty persisting as domestic concerns dominate during the 2020 election.

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