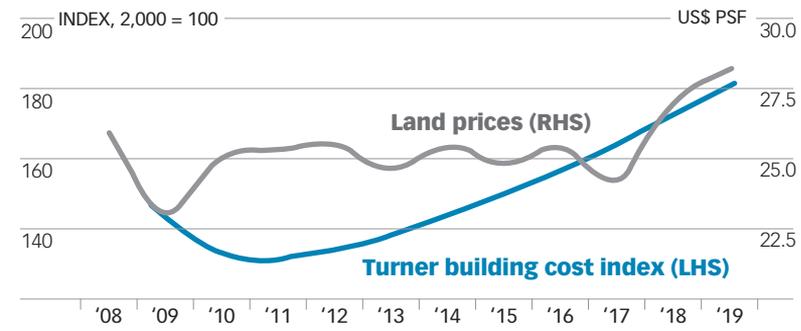


Building on a boom

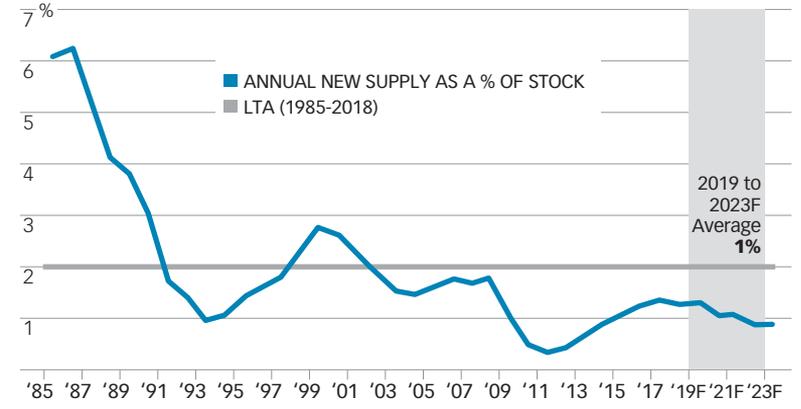
US rising construction and land costs (2008-2019)



Notes: 1) The Turner Building Cost Index includes nonresidential construction and is on annual frequency and is based on a few factors: labour rates and productivity, material prices, and the competitive condition of the marketplace.
 2) Land cost data is transaction based for commercial properties.

Source: Turner Construction Company, Real Capital Analytics, Q2 2019

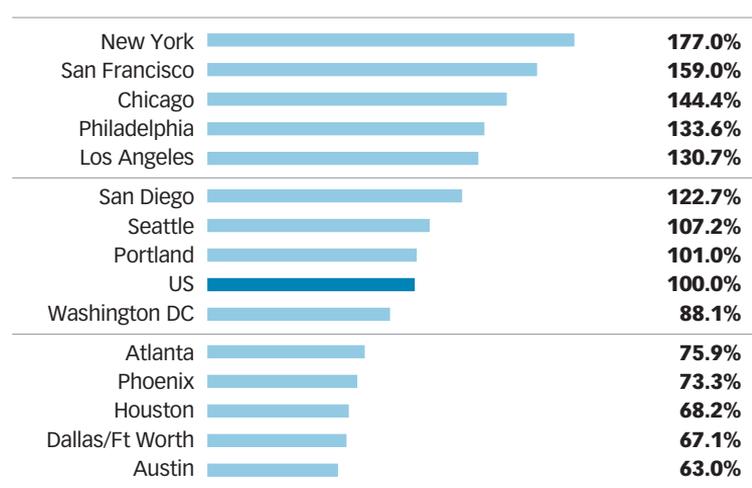
Commercial real estate: annual new supply as a percentage of existing stock



Note: Based on the average of office, industrial, multifamily, & retail

Source: Moody's Analytics, Clarion Partners Investment Research, Q2 2019.

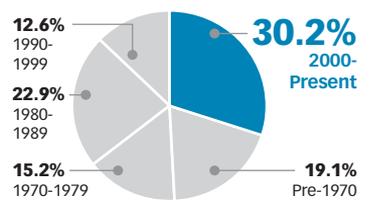
Construction labour costs by metro relative to US average



Note: Labor costs as of April 2018

Source: US Bureau of Labor Statistics, Clarion Partners Investment Research, Q3 2019

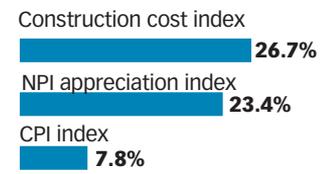
Functional obsolescence in US commercial real estate widespread



Note: Totals based on the average of office, multifamily, and industrial. Retail excluded due to shorter history

Source: CBRE, Clarion Partners Investment Research, Q2 2019

5-year cumulative growth: construction cost, NPI appreciation, and inflation



Source: Turner Construction Cost Index, NCREIF, Bureau of Labor Statistics, Clarion Partners Investment Research, Q2 2019.