



FEDERAL
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Commercial Real Estate Conditions & Safety and Soundness Perspectives

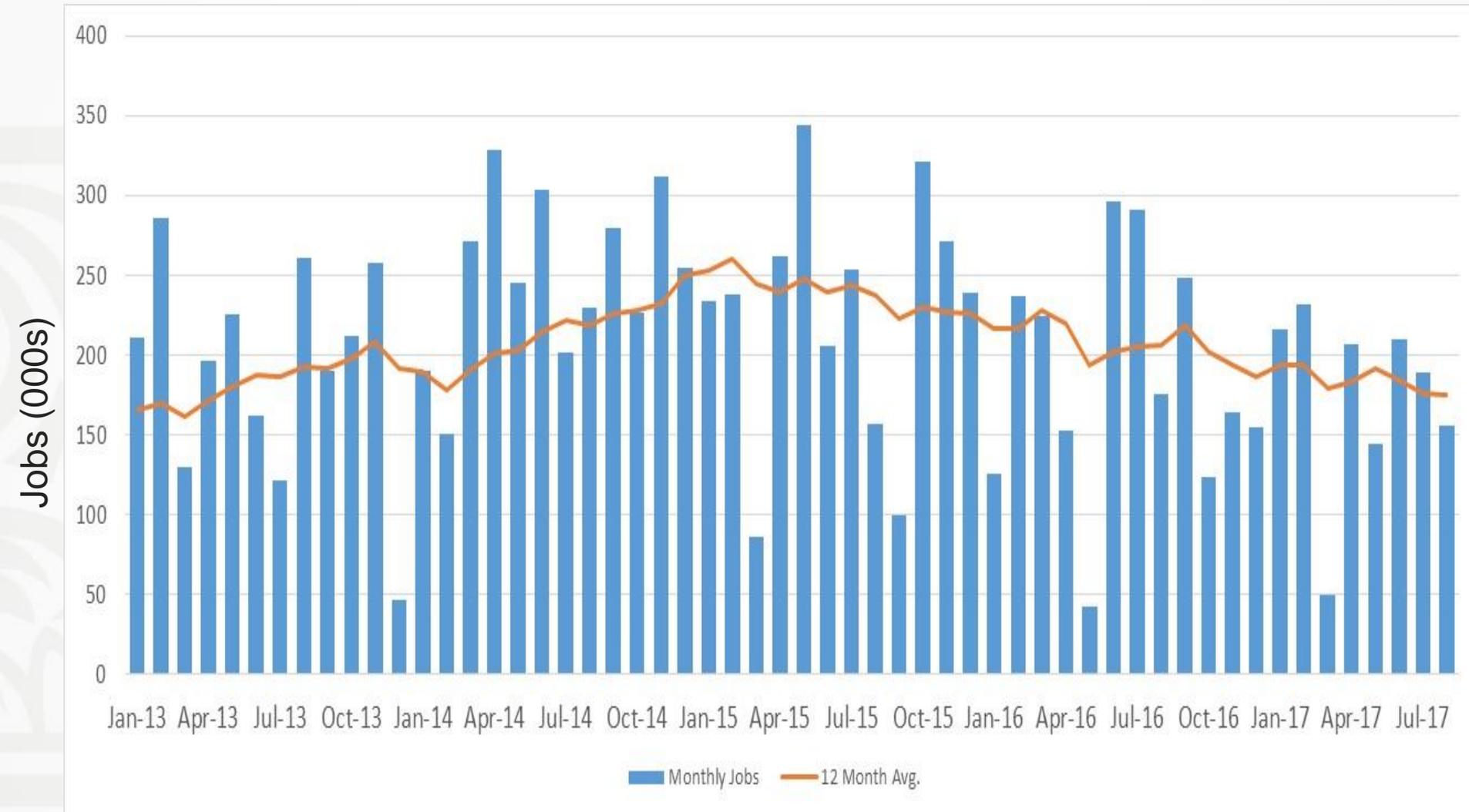
Southeast Bankers Outreach Forum

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September 28, 2017

Disclaimer: These views are those of the presenter and not necessarily those of the Federal Reserve Bank of Atlanta, or the Federal Reserve Board.

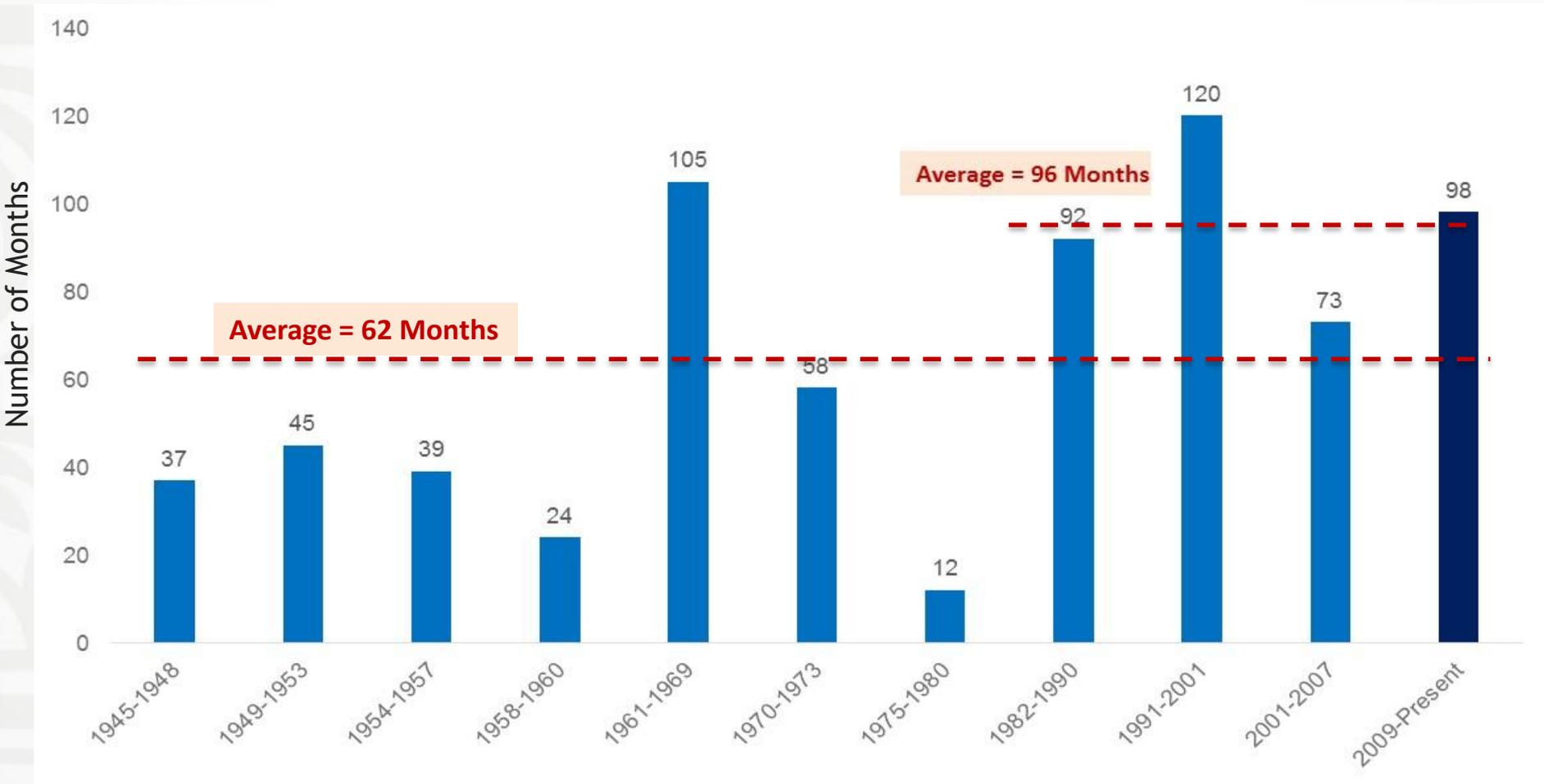
National Job Growth



Data: 8/2017

Source: Bureau of Labor Statistics, STL FRB FRED

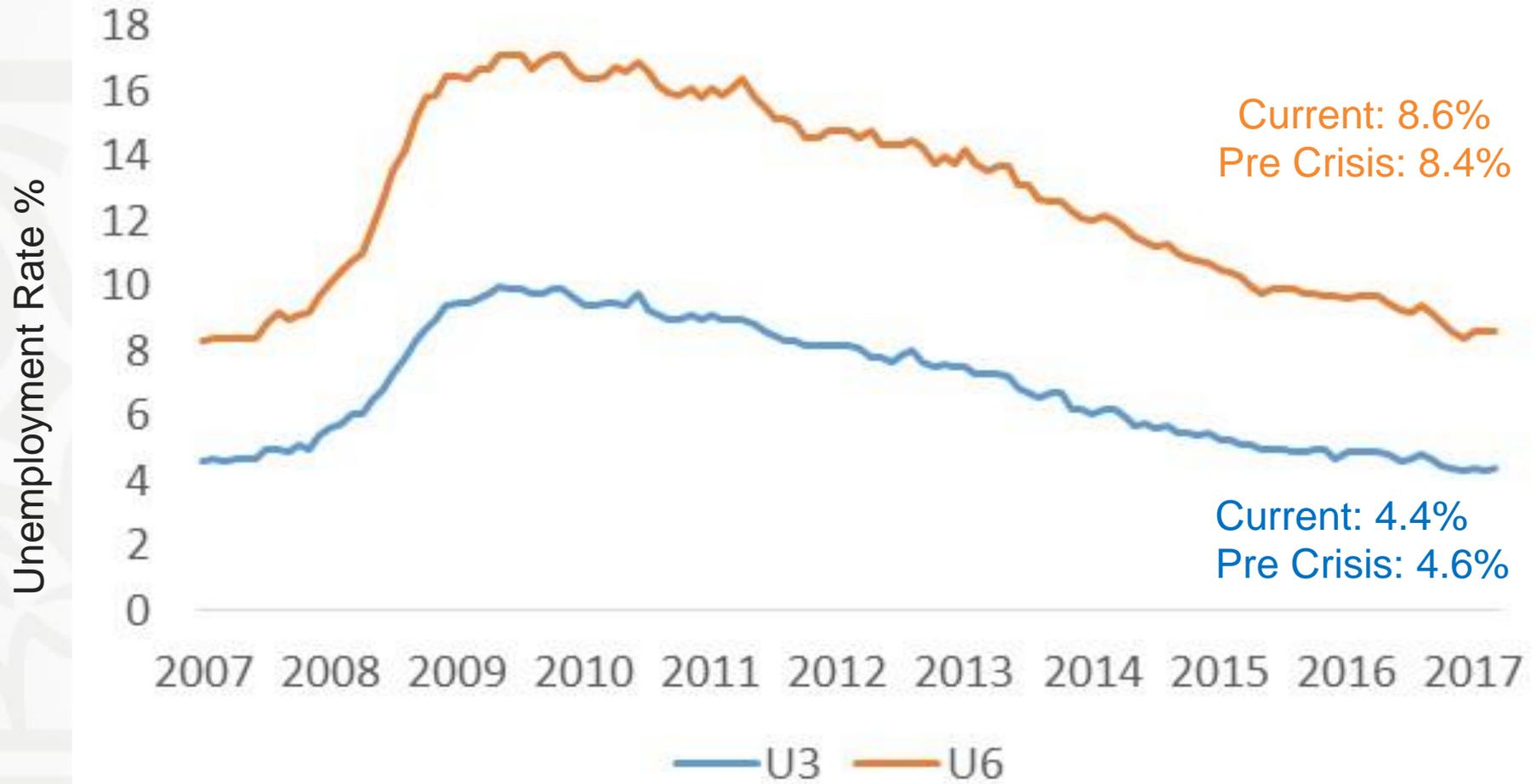
Economic Expansions



Source: National Bureau of Economic Research, Risk Analysis Unit/Federal Reserve Bank of Atlanta

Unemployment Rates

As of August 2017



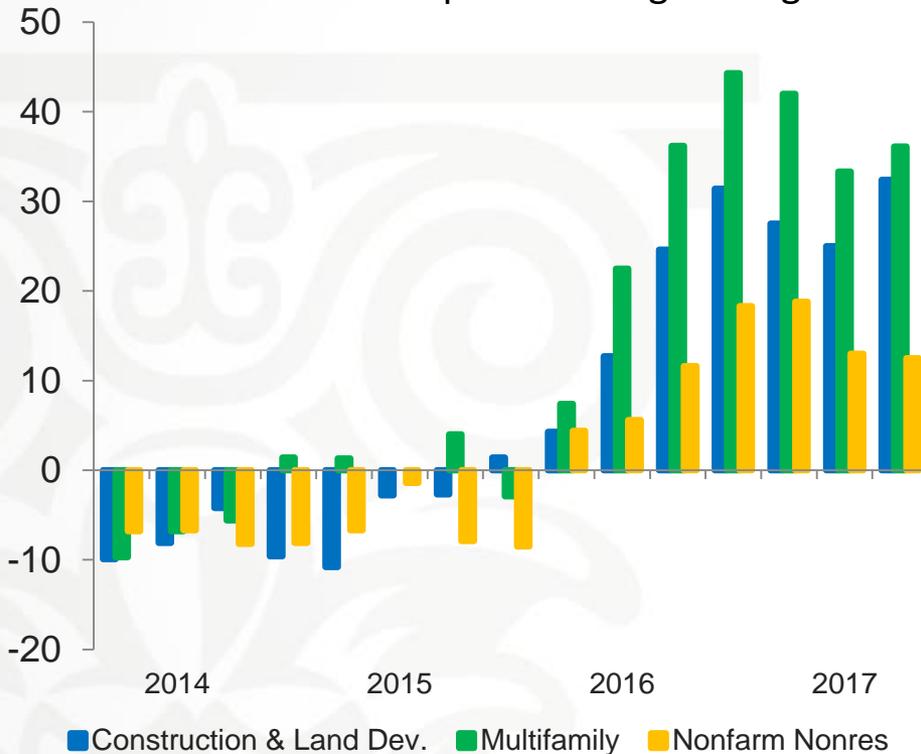
Current: As of 8/2017

Source: Bureau of Labor Statistics, STL FRB FRED, Risk Analysis Unit/Federal Reserve Bank of Atlanta

Bank Sentiment

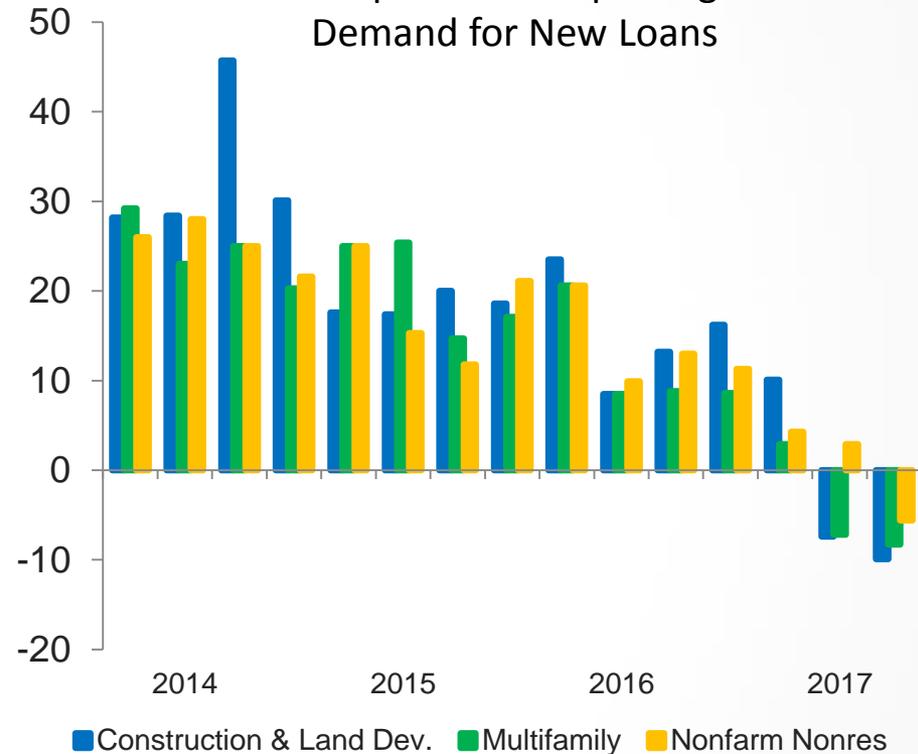
Underwriting

Percent of Respondents Tightening



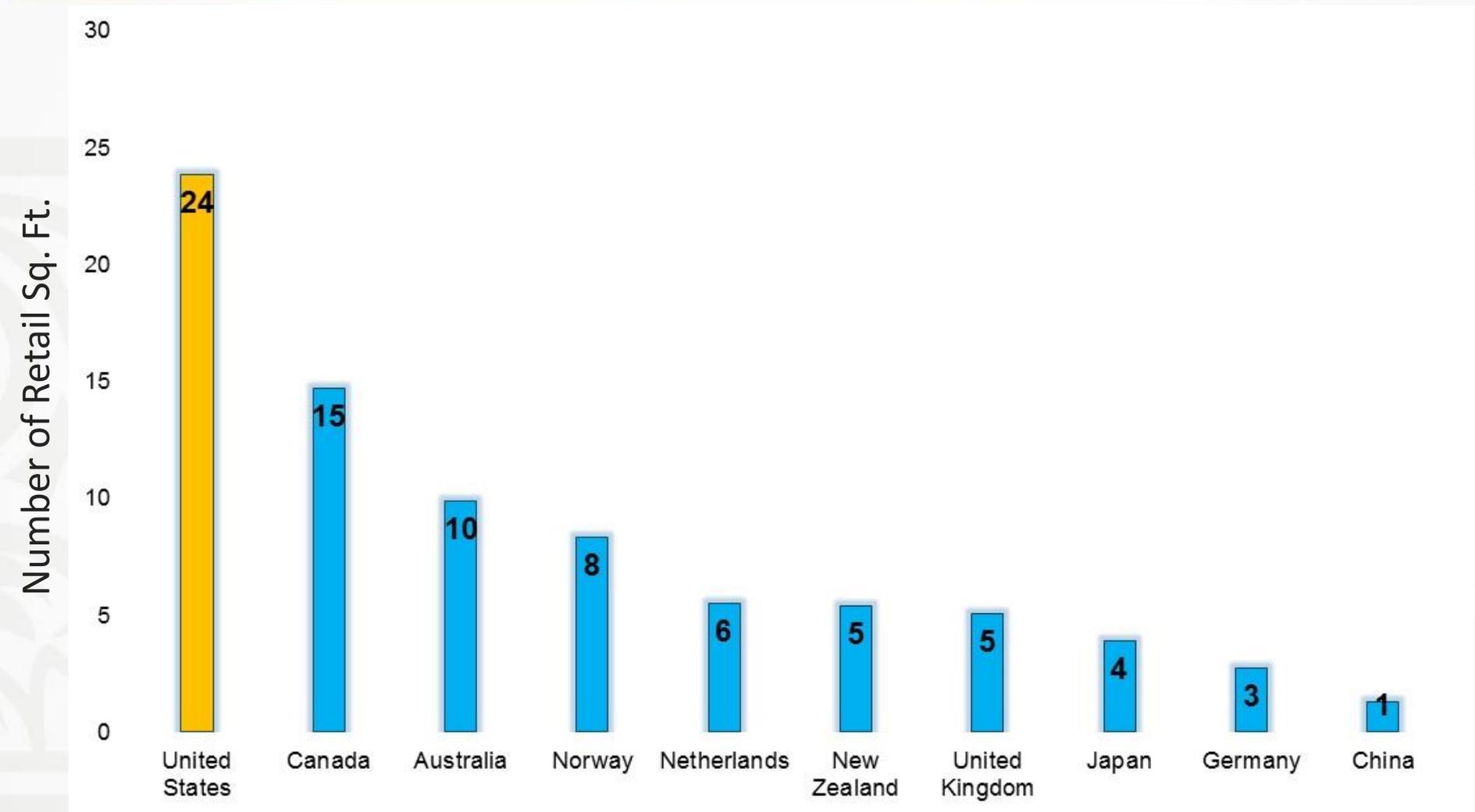
Net Loan Demand

Percent of Respondents Reporting Increased Demand for New Loans



- In seven past quarters, a net number of respondents reported tightening underwriting standards on Multifamily, Nonfarm Nonres and C&D Loans.

Retail Square Feet Per Capita

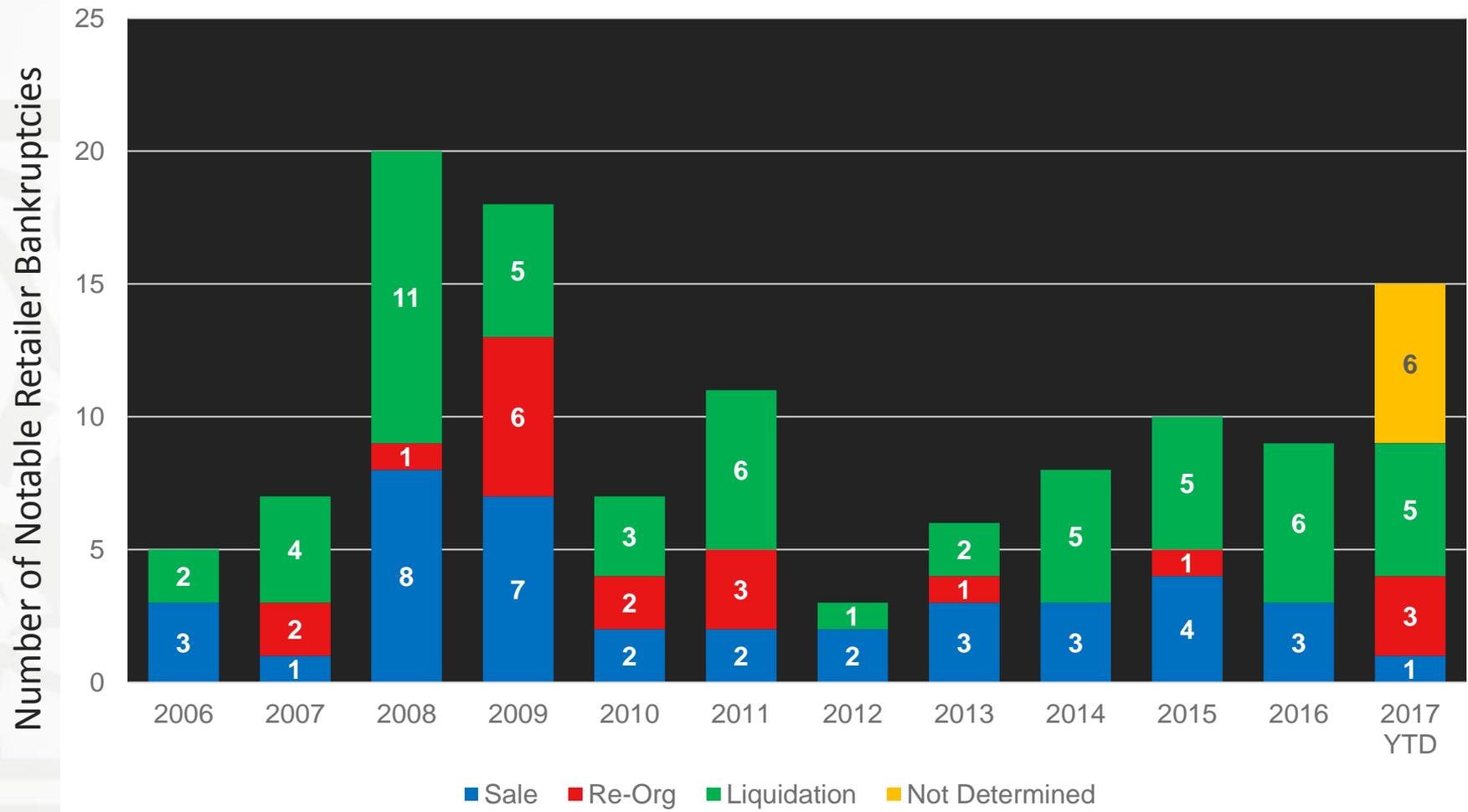


Sales Growth

Traditional Retail vs. E-commerce



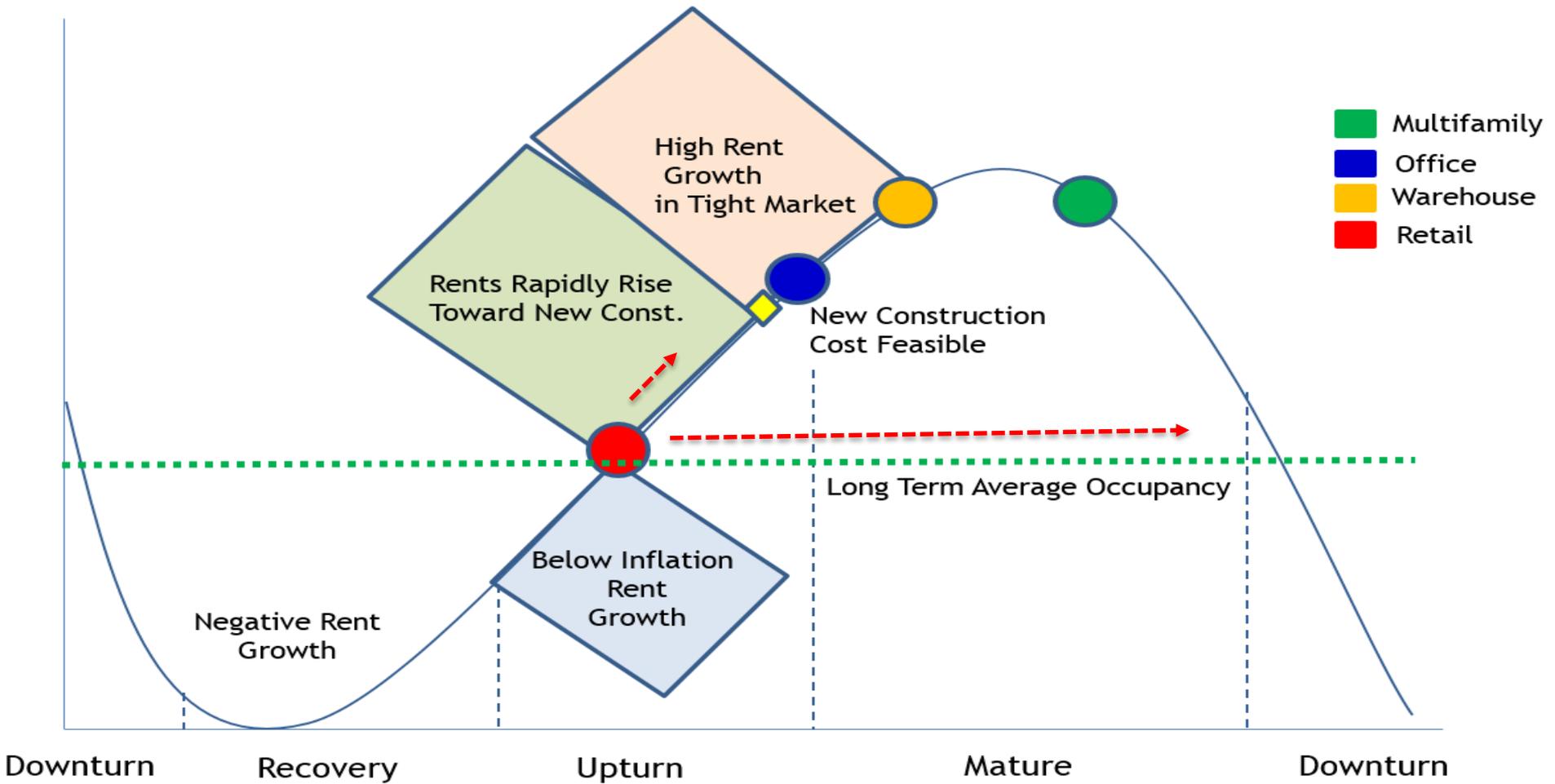
Notable Retailer Bankruptcies



As of July 1, 2017

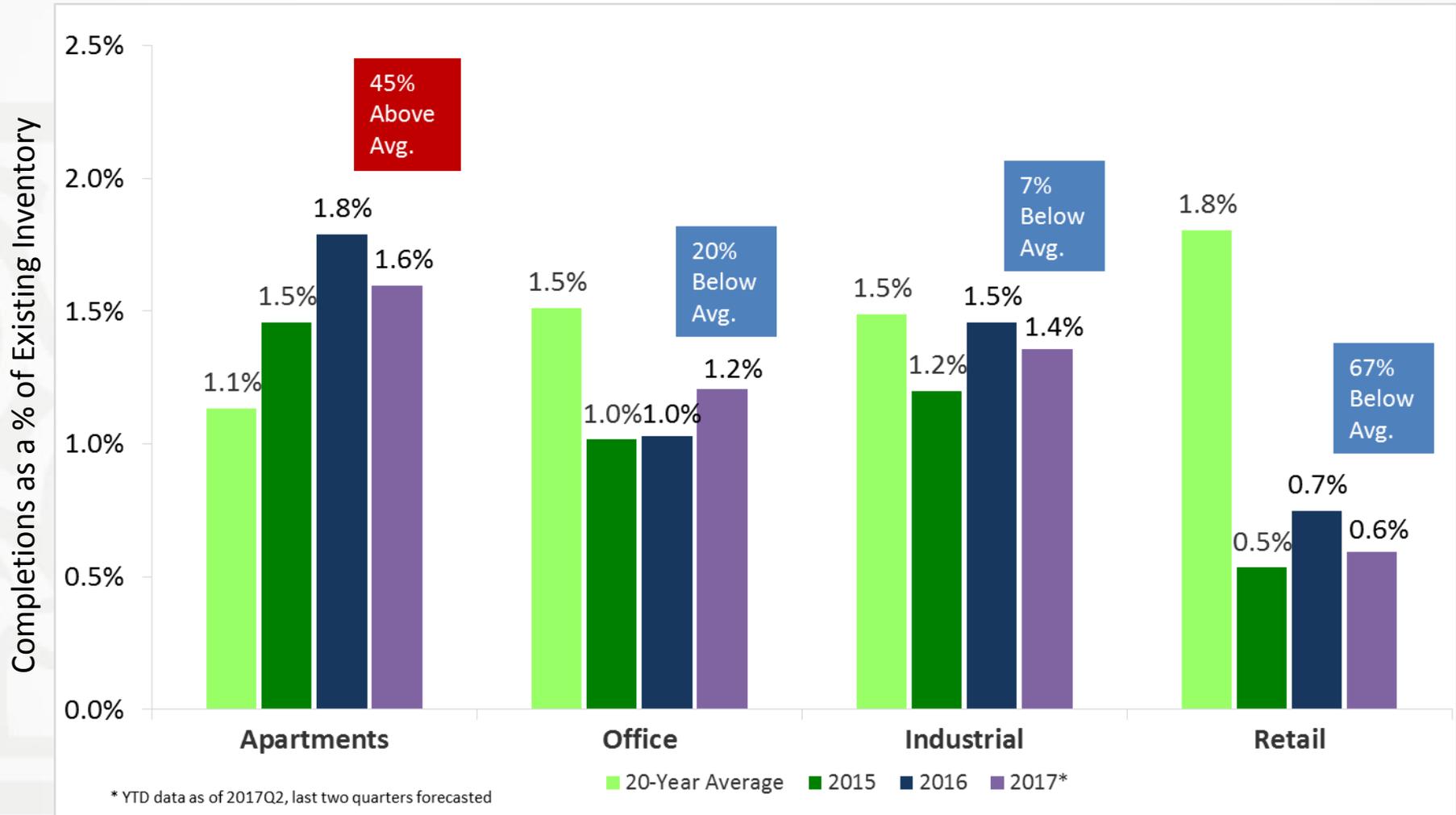
Source: CNBC, TheDeal, AlixPartners

CRE Outlook



National New Supply vs. Long Term Average

20-Year Averages vs. 2015, 2016, 2017 Supply

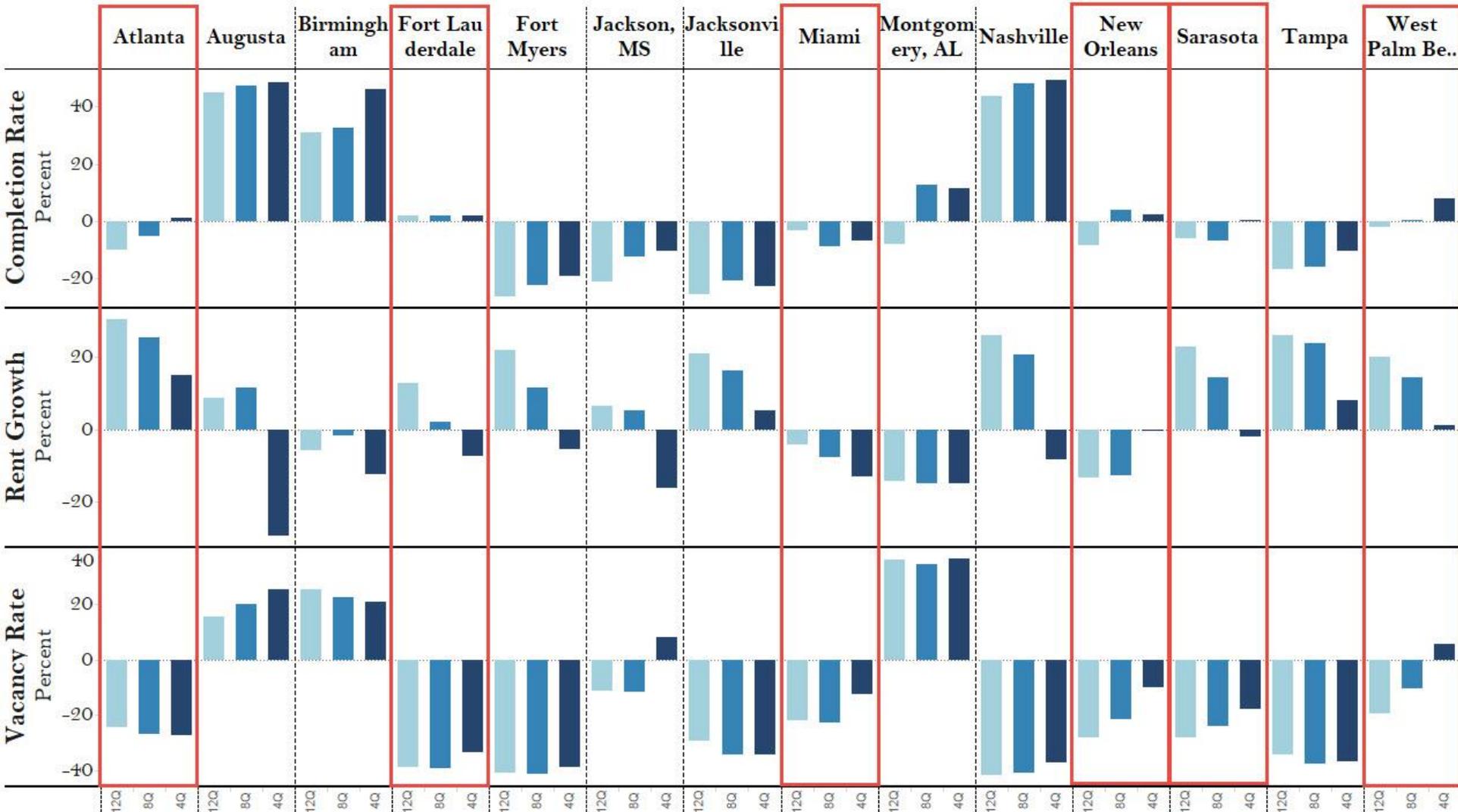


Apartments

CRE Market Momentum: Apartment

Deviation from market long term average, as of 2Q2017

Source: Axiometrics, Risk Analysis Unit, Federal Reserve Bank of Atlanta

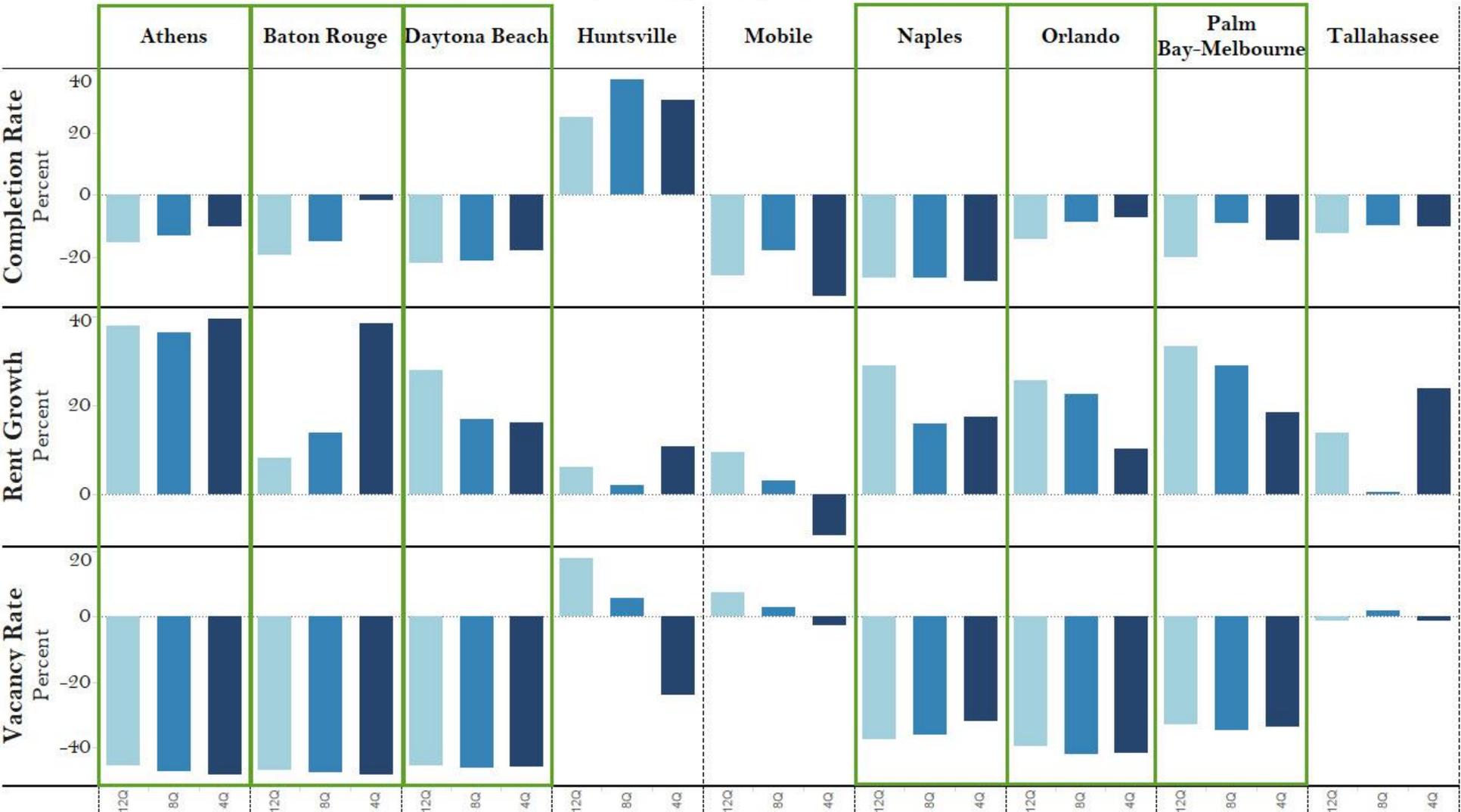


Apartments

CRE Market Momentum: Apartment

Deviation from market long term average, as of 2Q2017

Source: Axiometrics, Risk Analysis Unit, Federal Reserve Bank of Atlanta

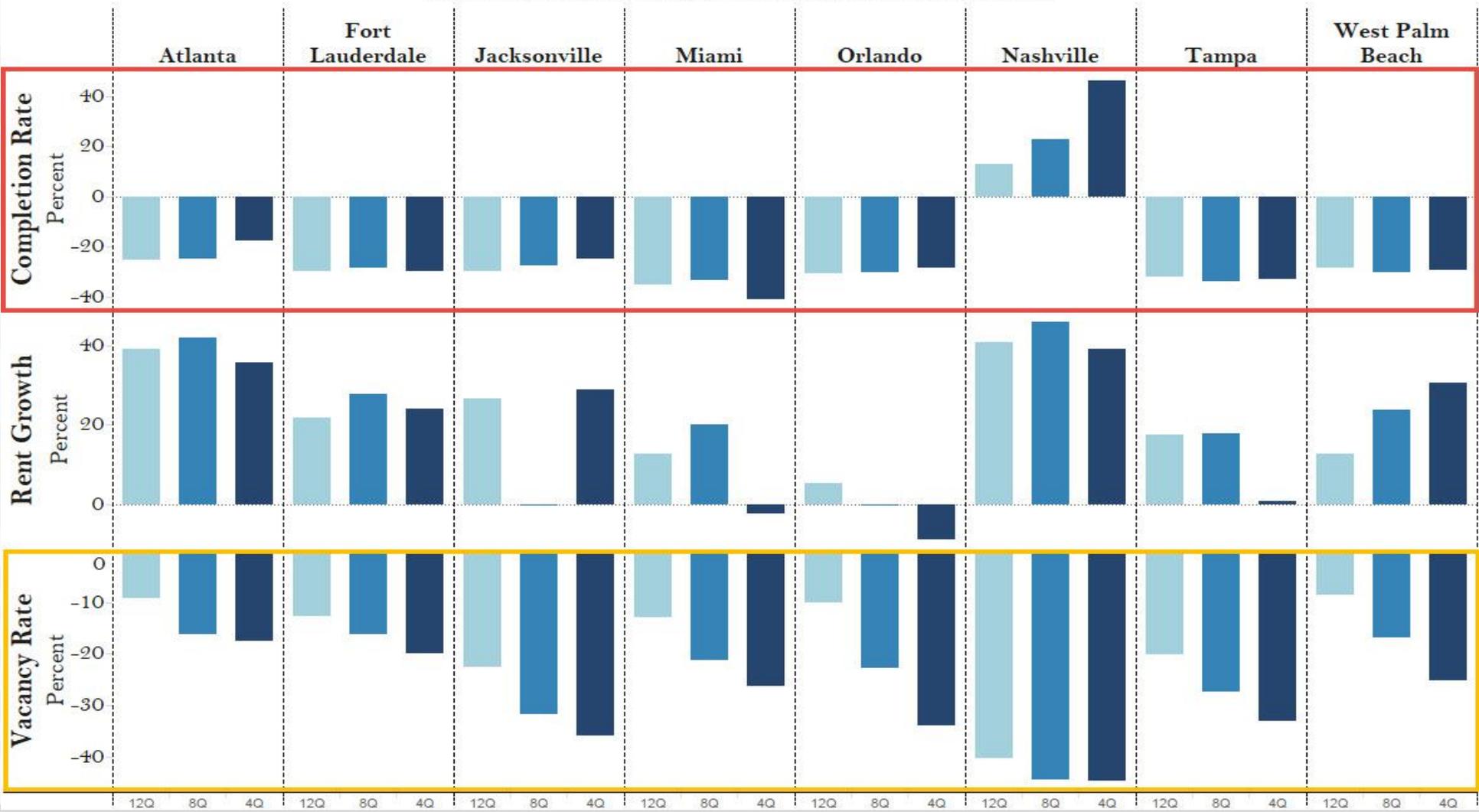


Office

CRE Momentum Index: Office

Deviation from market long term average, as of 2Q2017

Source: CBRE-EA, Risk Analysis Unit, Federal Reserve Bank of Atlanta

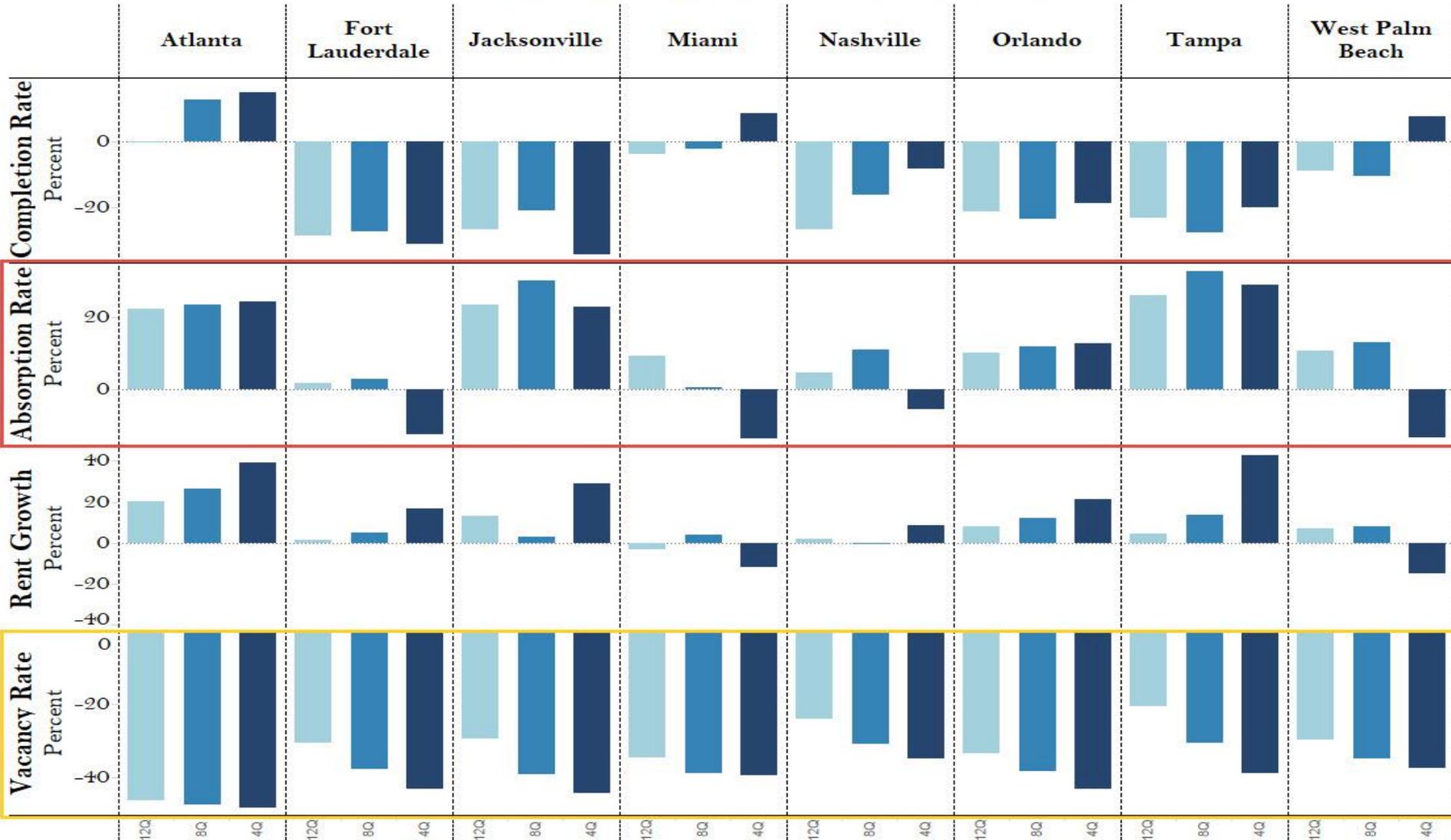


Industrial

CRE Momentum Index: Industrial

Deviation from market long term average, as of 2Q2017

Source: CBRE-EA, Risk Analysis Unit, Federal Reserve Bank of Atlanta

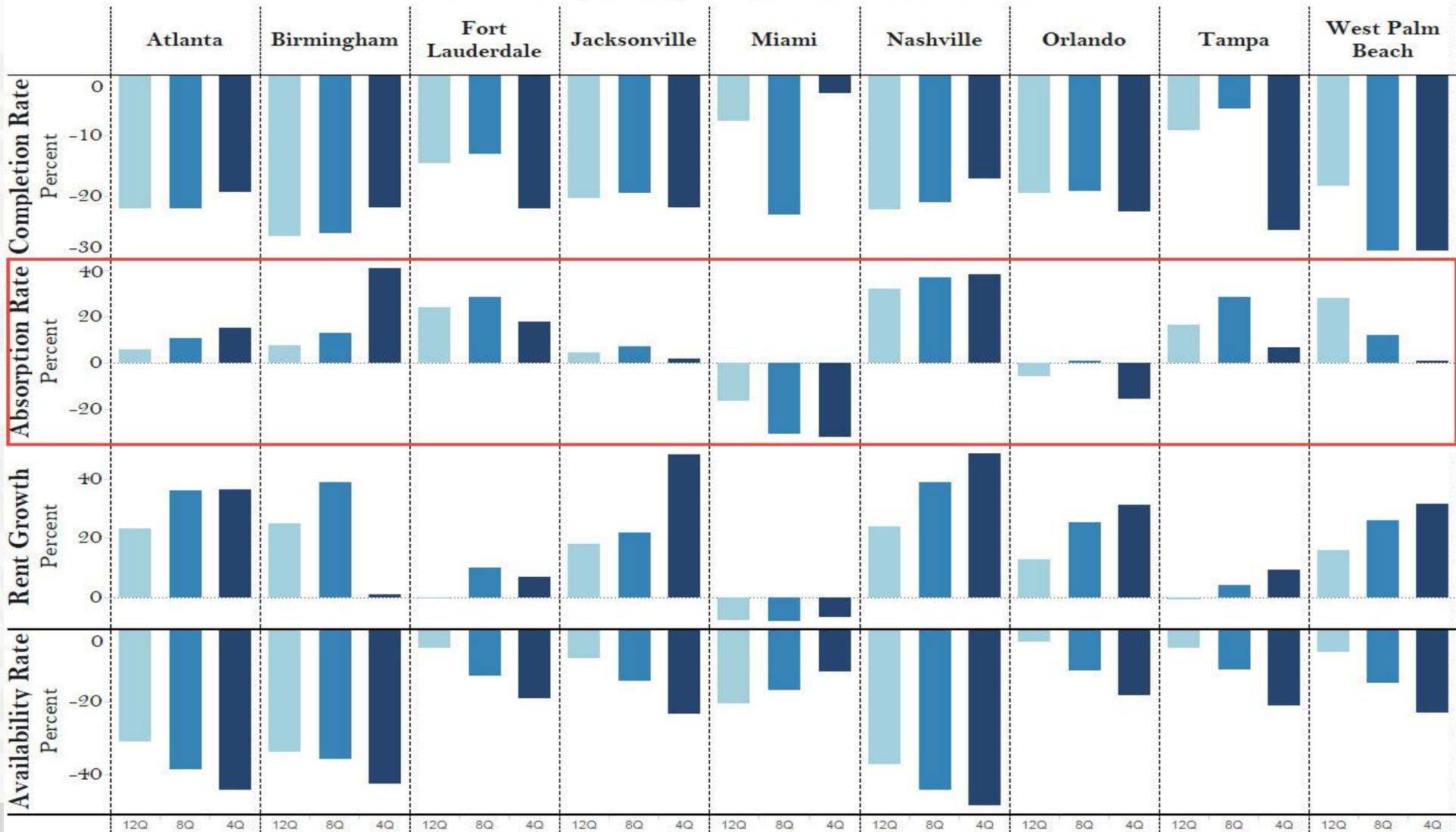


Retail

CRE Market Momentum: Retail

Deviation from market long term average, as of 2Q2017

Source: CBRE-EA, Risk Analysis Unit, Federal Reserve Bank of Atlanta

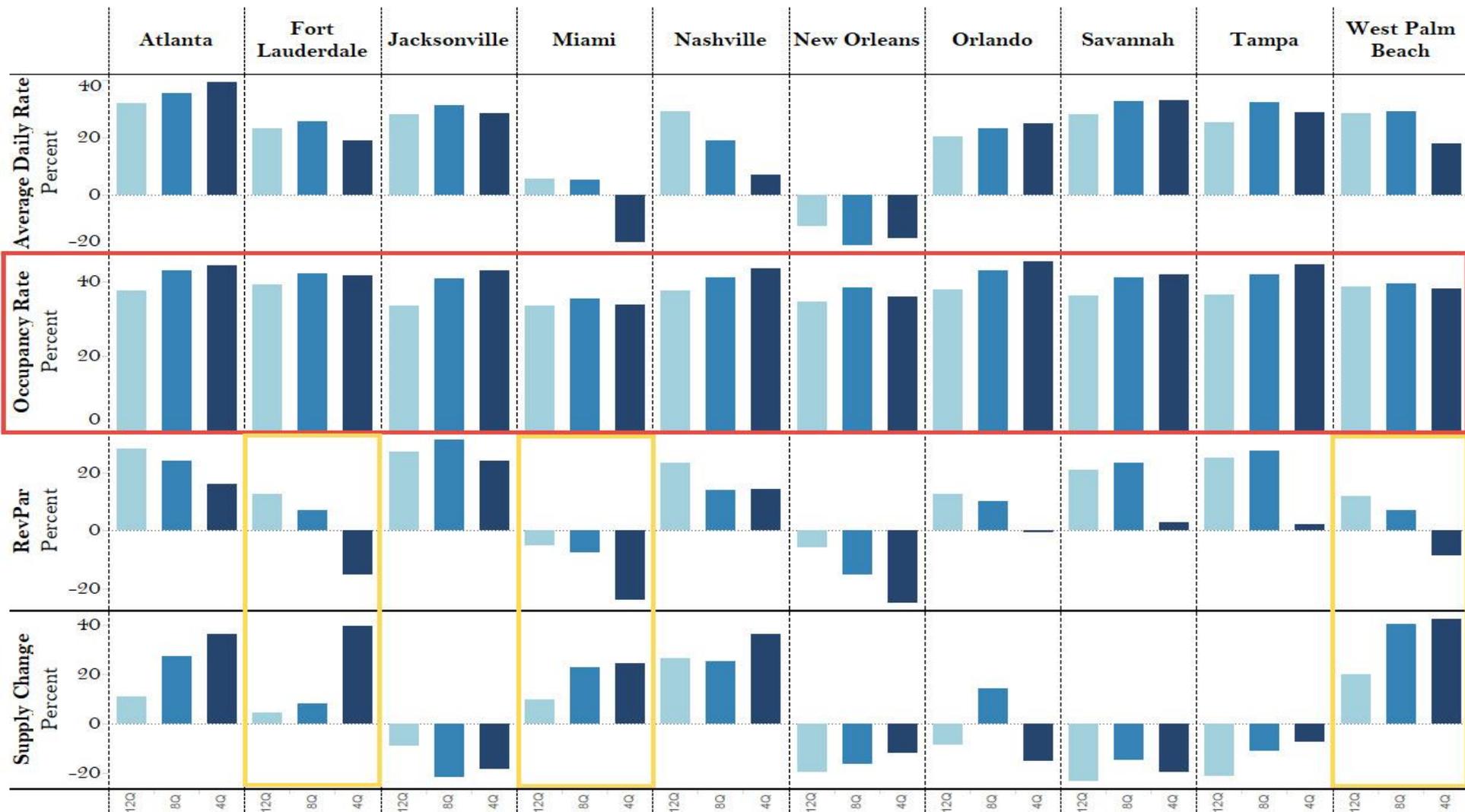


Hotel

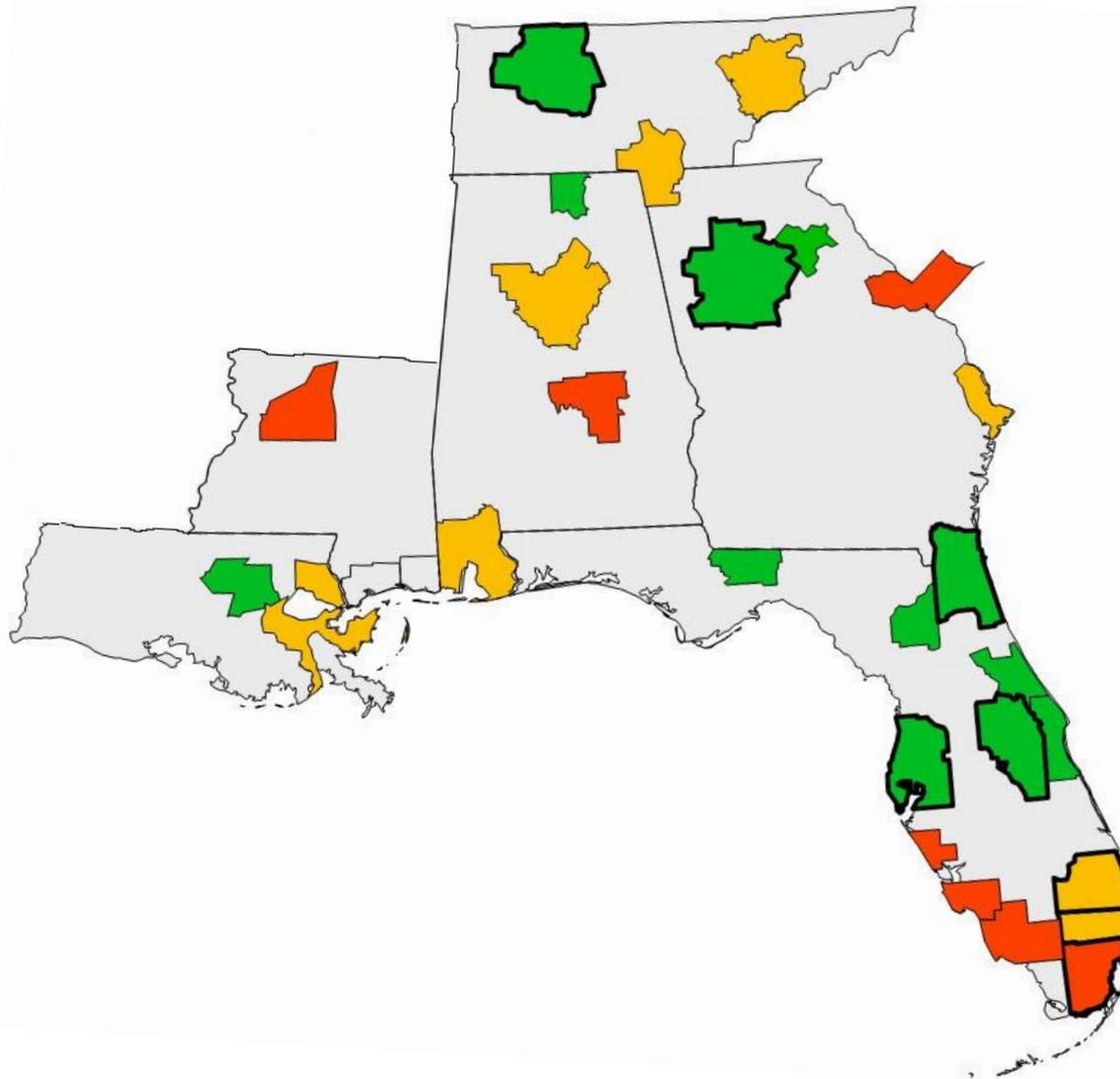
CRE Market Momentum: Hotel

Deviation from market long term average, as of 1Q2017

Source: Axiometrics, Risk Analysis Unit, Federal Reserve Bank of Atlanta

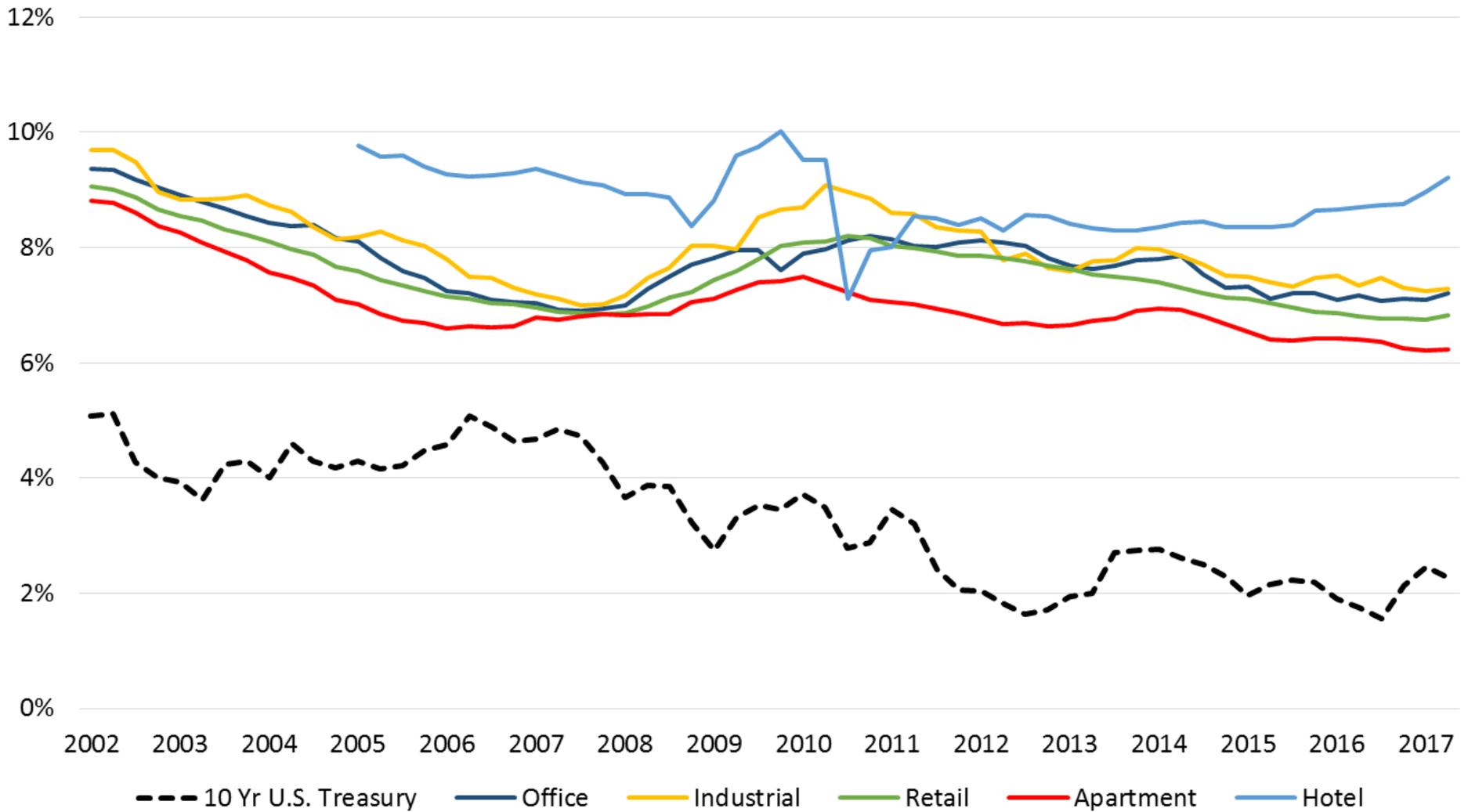


Sixth District



-  Stable / Growing
-  Softening
-  Declining
-  Markets with data for all 5 property types

Cap Rates – Southeast



Takeaway

The economy appears poised for continued modest growth; however, local conditions may mitigate or add to the trends at the local level

Some areas of overbuilding are beginning to emerge.

Luxury Multifamily
Hotels

Others are impacted by increasing efficiency

Lower and Mid-Tier Retail

Consumer buying habits are shifting, and efficiency is becoming a major factor in the retailing environment.

Grocery Anchored Retail?

Retailers who are unable to adapt to the change in consumer buying habits will most likely create headwinds for local shopping center leasing trends

Office and industrial are strong sectors across the board, even with shifts in amenity demands

Thank you



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