

Economic and Real Estate Outlook

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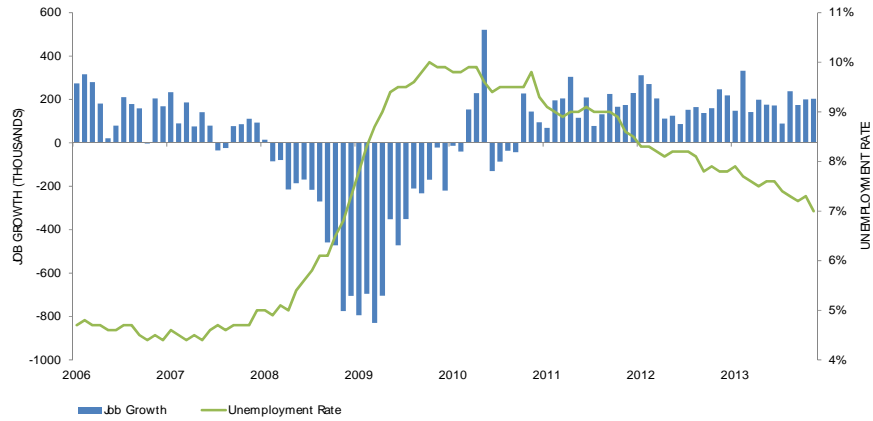
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Job Creation Has Been Healthy

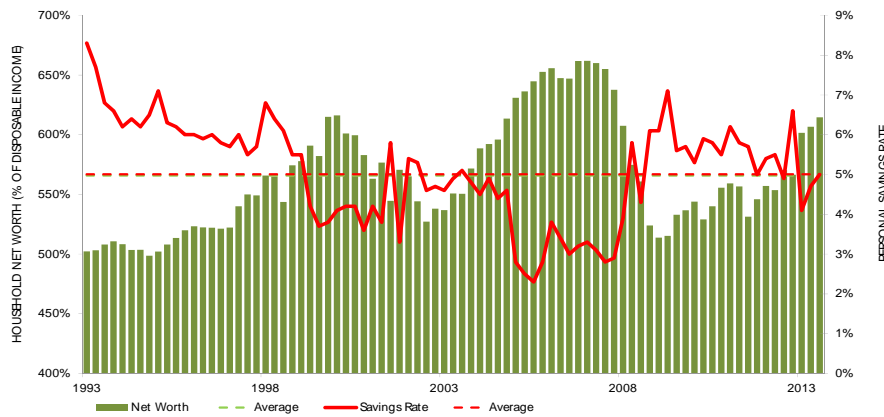
Job creation has been advancing at a healthy pace, bringing the unemployment rate down steadily.



Source: Bureau of Labor Statistics
 Note: Data as of November 30, 2013.

Household Finances Are In Decent Shape

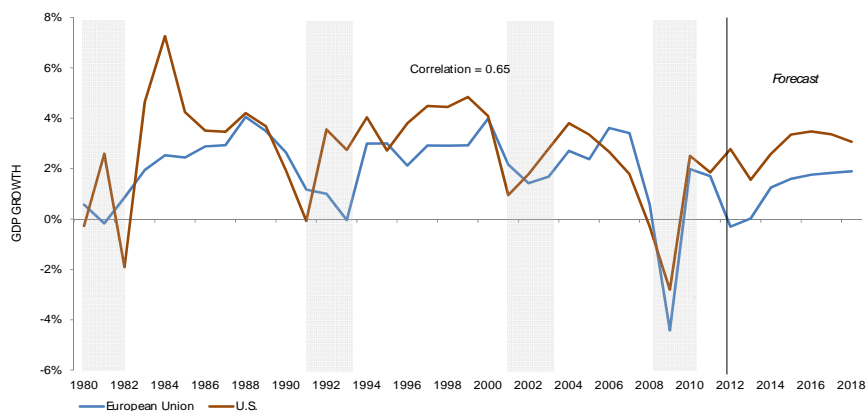
Household net worth and savings rates are in line with their historical averages.



Sources: Federal Reserve (Household Net Worth); Bureau of Economic Analysis (Personal Savings Rate)
 Note: Data as of September 30, 2013.

Europe is Less of a Concern

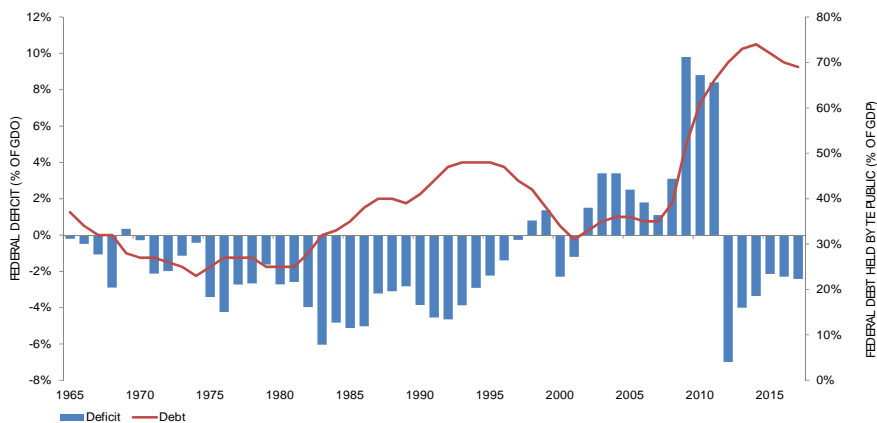
While the European and U.S. economies are indeed linked, the U.S. is recovering at a faster rate.



Source: IMF
 Note: Data as of September 2013.

Federal Finances Are Improving

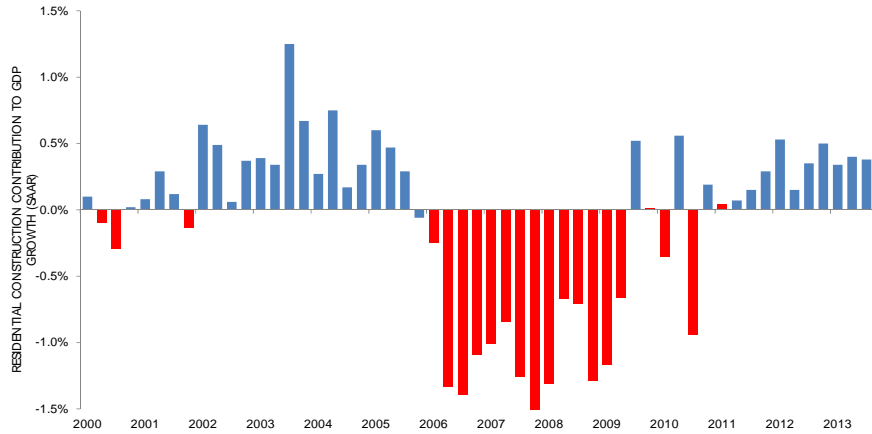
An improving economy, payroll tax hikes, and the sequester are shrinking annual deficits.



Source: Congressional Budget Office
 Note: Data as of September 30, 2013.

Homebuilding is Now a Tailwind

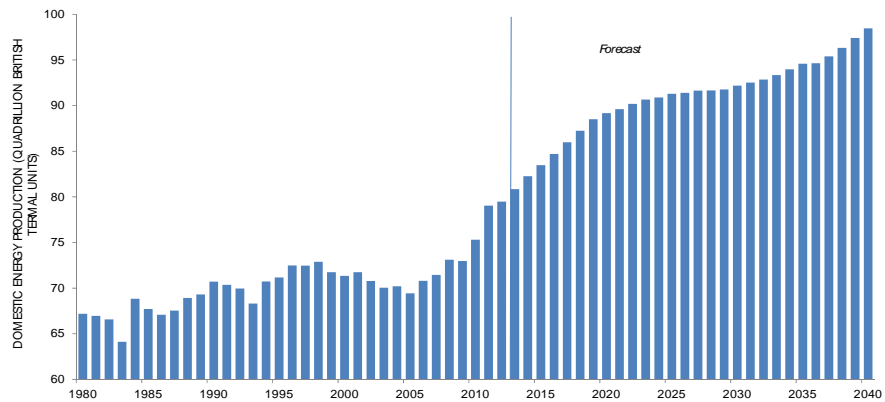
The housing rebound appears to be supporting the recovery through several channels including construction and wealth effects.



Source: U.S. Bureau of Economic Analysis
 Note: Data as of September 30, 2013.

The U.S. Is An Emerging Energy Power

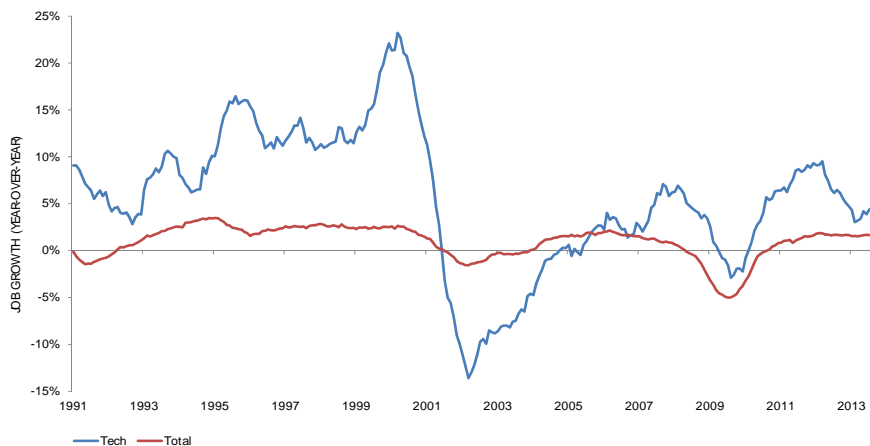
*The U.S. has eclipsed Russia as the world's largest gas producer and is projected to lead the world in oil production in 2015.**



Source: U.S. Energy Information Administration
 Note: Data as of April 30, 2013. * International Energy Agency, "World Energy Outlook," 2012.

Tech Appears to be Leading the Jobs Recovery

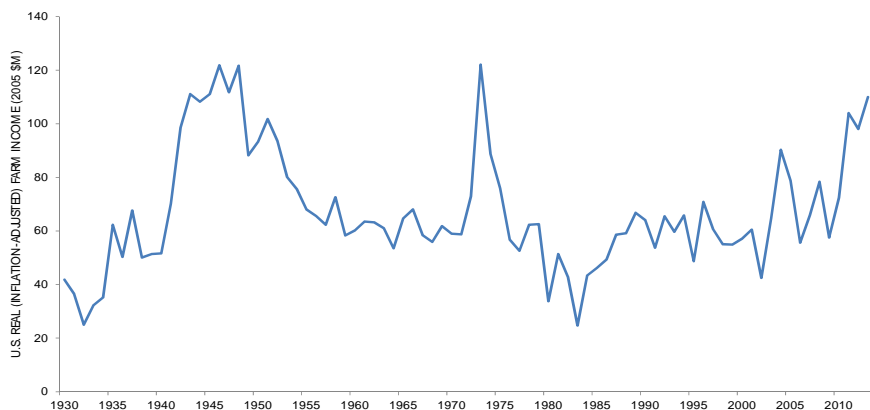
The U.S. technology industry is currently strong. Tech employment is helping to lead the jobs recovery.



Source: Bureau of Labor Statistics
 Note: Data as of September 30, 2013.

Agriculture Is A Bright Spot

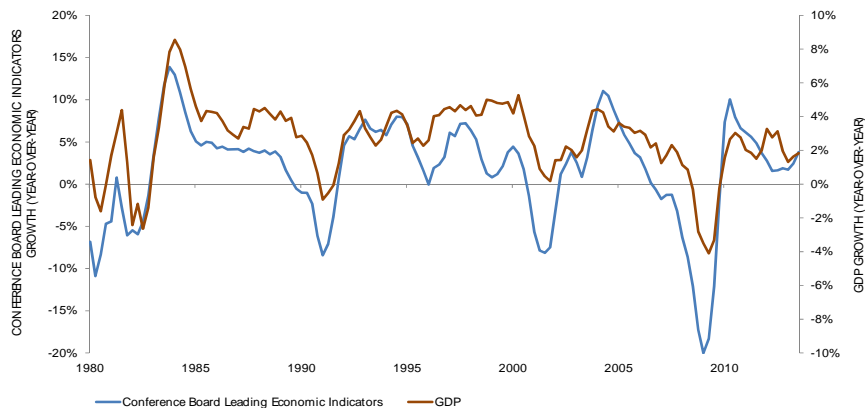
Rising U.S. agricultural incomes may benefit Midwestern states.



Source: U.S. Department of Agriculture
 Note: Data as of June 30, 2013.

Economic Growth Is Likely To Be Modest

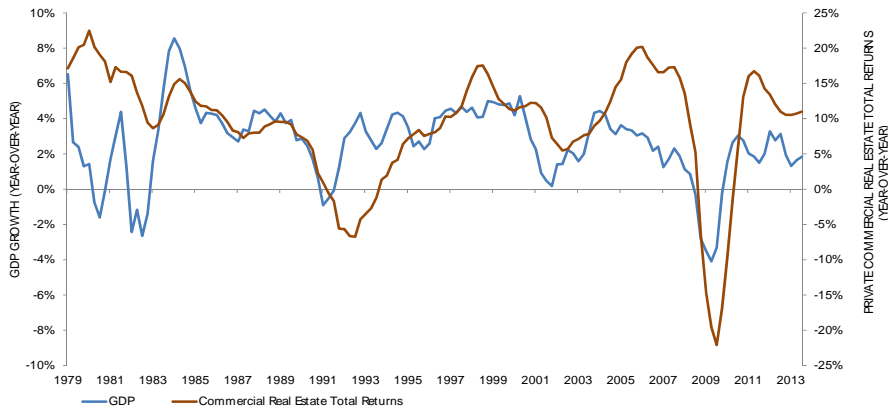
We believe leading indicators suggest that the economic recovery remains on track for modest growth. We are still in a "new normal" economy.



Sources: Conference Board (Conference Board Leading Economic Indicators); Bureau of Economic Analysis (GDP)
 Note: Data as of September 30, 2013.

For Commercial Real Estate, the Economy Is Only Half the Story

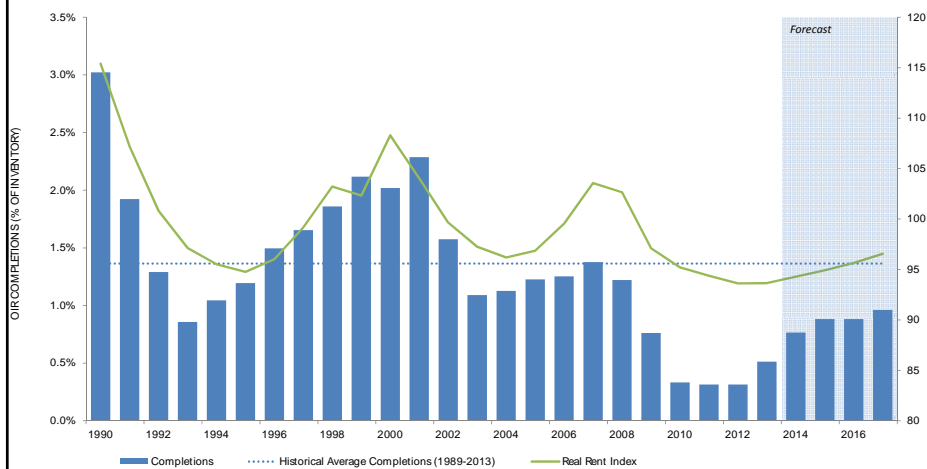
For commercial real estate, the economy matters but it does not tell the whole story.



Sources: NCREIF Property Index (Private Commercial Real Estate); Bureau of Economic Analysis (GDP)
 Note: Data as of September 30, 2013.

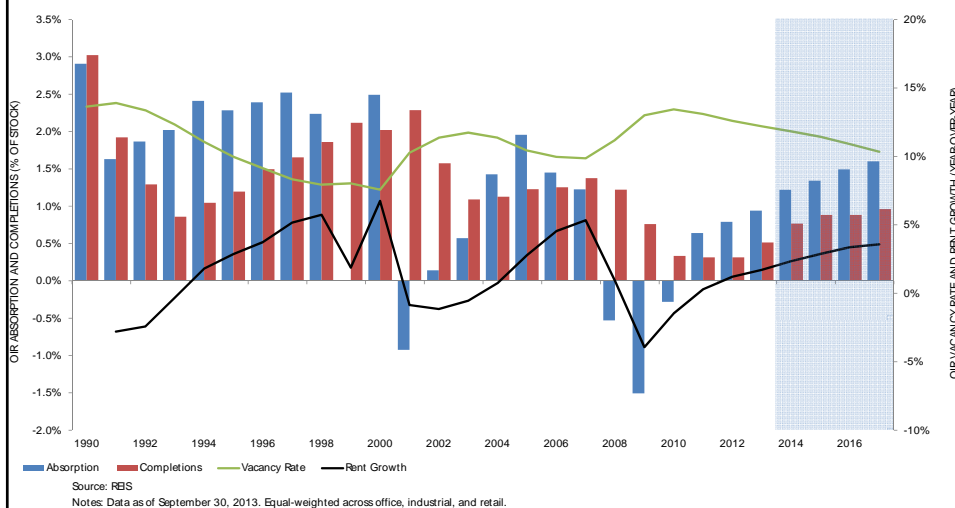
Limited Supply Lays the Foundation For Future Rent Growth

New supply is at a historic low, in part because market rents generally have not justified new construction and because financing remains constrained.



Commercial Real Estate Fundamentals Are Steadily Improving

Limited supply has allowed modest absorption to reduce vacancies. As fundamentals have tightened, landlords have increased rents.



Looking Forward, Looking Backward: Five Predictions for 2014

1. Economic growth will accelerate
2. Interest rates will increase their rise
3. New construction will remain muted, extending the current favorable supply-demand equation
4. Investment in CRE will increase
5. The "Great Rotation" should favor CRE