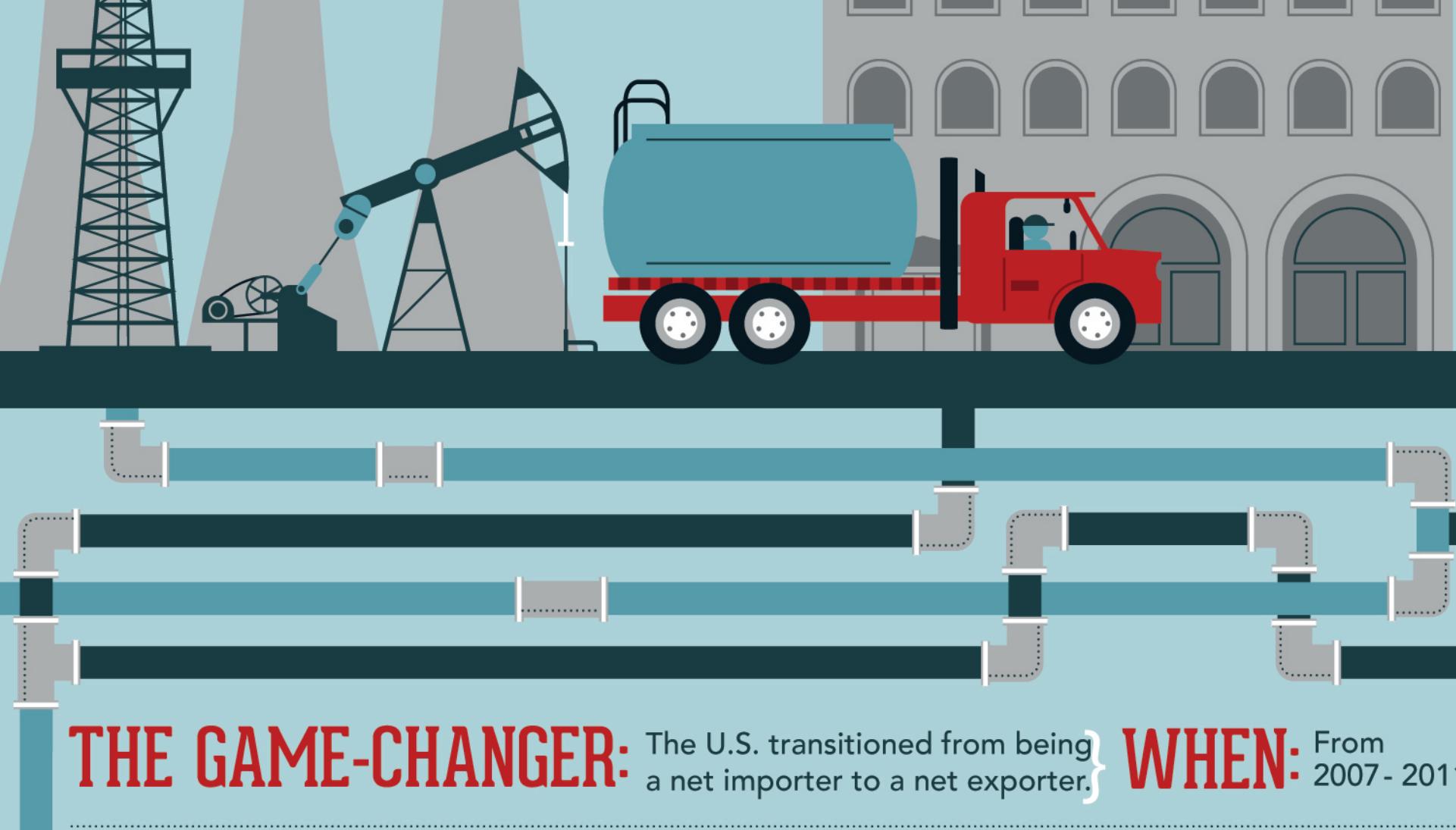


FUELING A CHANGE:

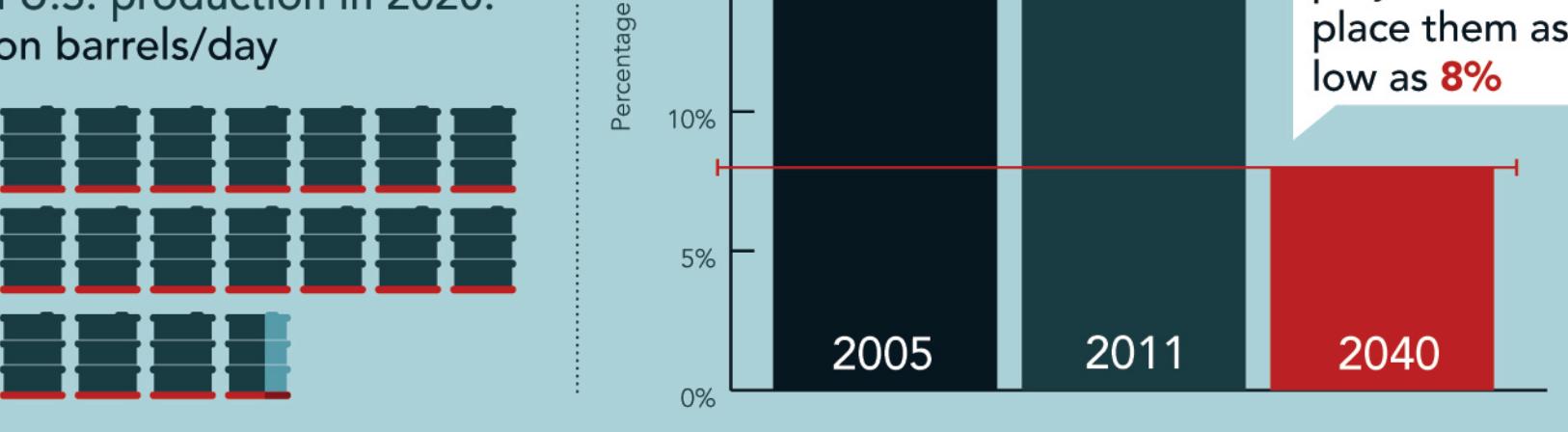
A Big Transition in the U.S. Energy Pipeline

The U.S. energy boom is a game-changer, creating economic and real estate opportunity.



THE GAME-CHANGER: The U.S. transitioned from being a net importer to a net exporter.

HOW: Innovations in hydraulic fracturing and horizontal drilling have increased production and potential for domestically-sourced refined petroleum products

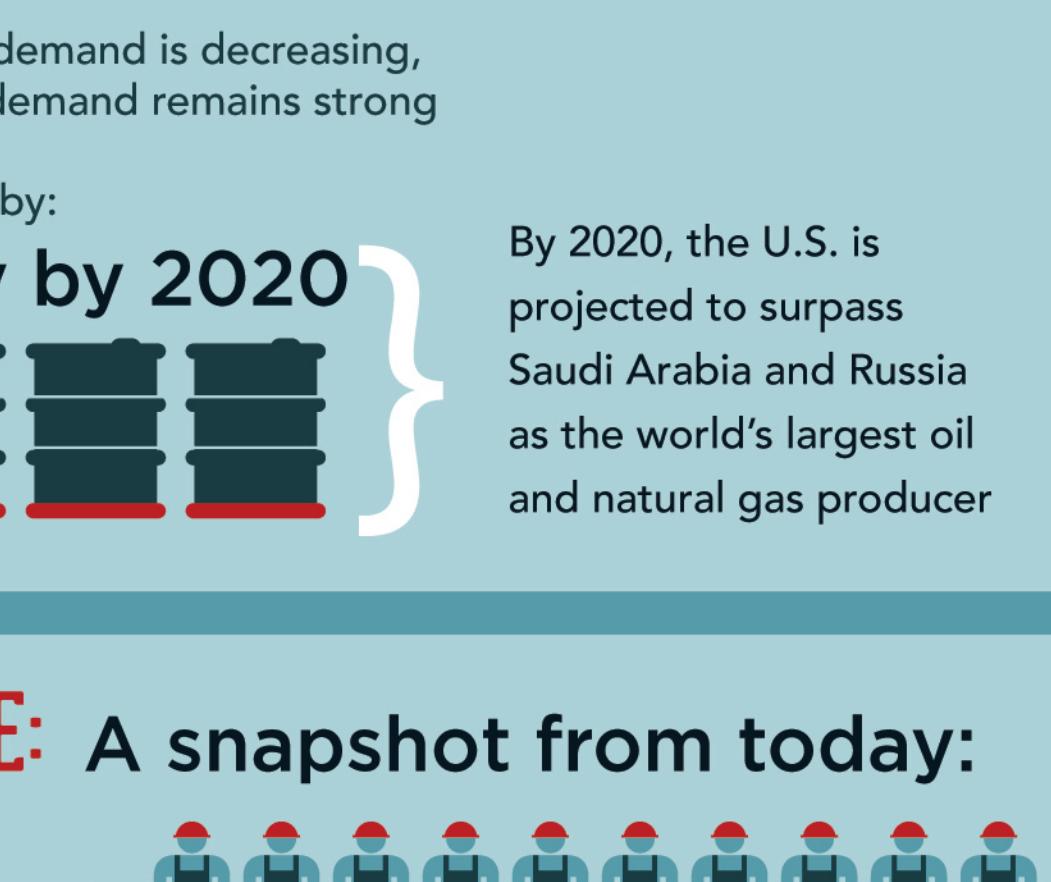
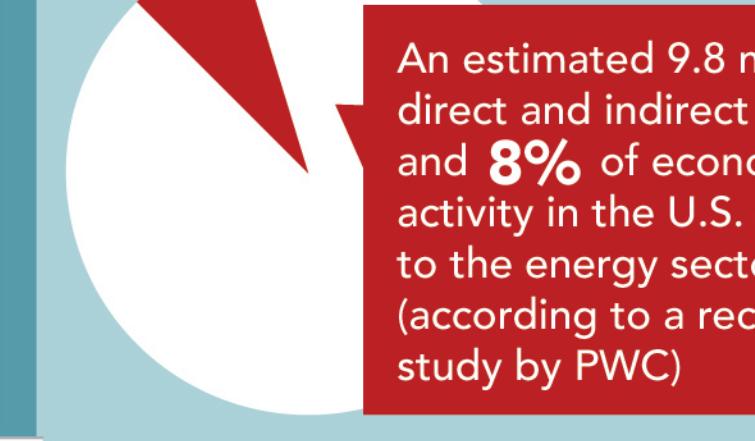


THE SUPPLY:

U.S. oil and natural gas production:
15.4 million barrels/day (2011)



Projected U.S. production in 2020:
26.6 million barrels/day



THE DEMAND:

Domestic oil demand is decreasing, while global demand remains strong

Global demand is projected to increase by:

7 million barrels/day by 2020



By 2020, the U.S. is projected to surpass Saudi Arabia and Russia as the world's largest oil and natural gas producer

THE IMPACT AT HOME: A snapshot from today:

An estimated 9.8 million direct and indirect jobs and 8% of economic activity in the U.S. is tied to the energy sector (according to a recent study by PWC)



1.7 million Americans work in or around new energy sources

A snapshot from the future:

3.5 million: The number of American jobs the energy boom is expected to support by 2035, a 36% increase

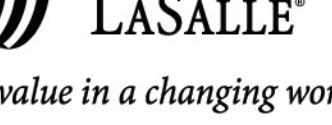
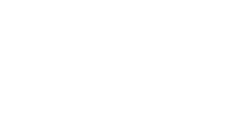
2-3%:

The projected boost in U.S. real GDP in the next 7 years, thanks to the energy industry

A WINNING EQUATION FOR REAL ESTATE:



Other impacted sectors:



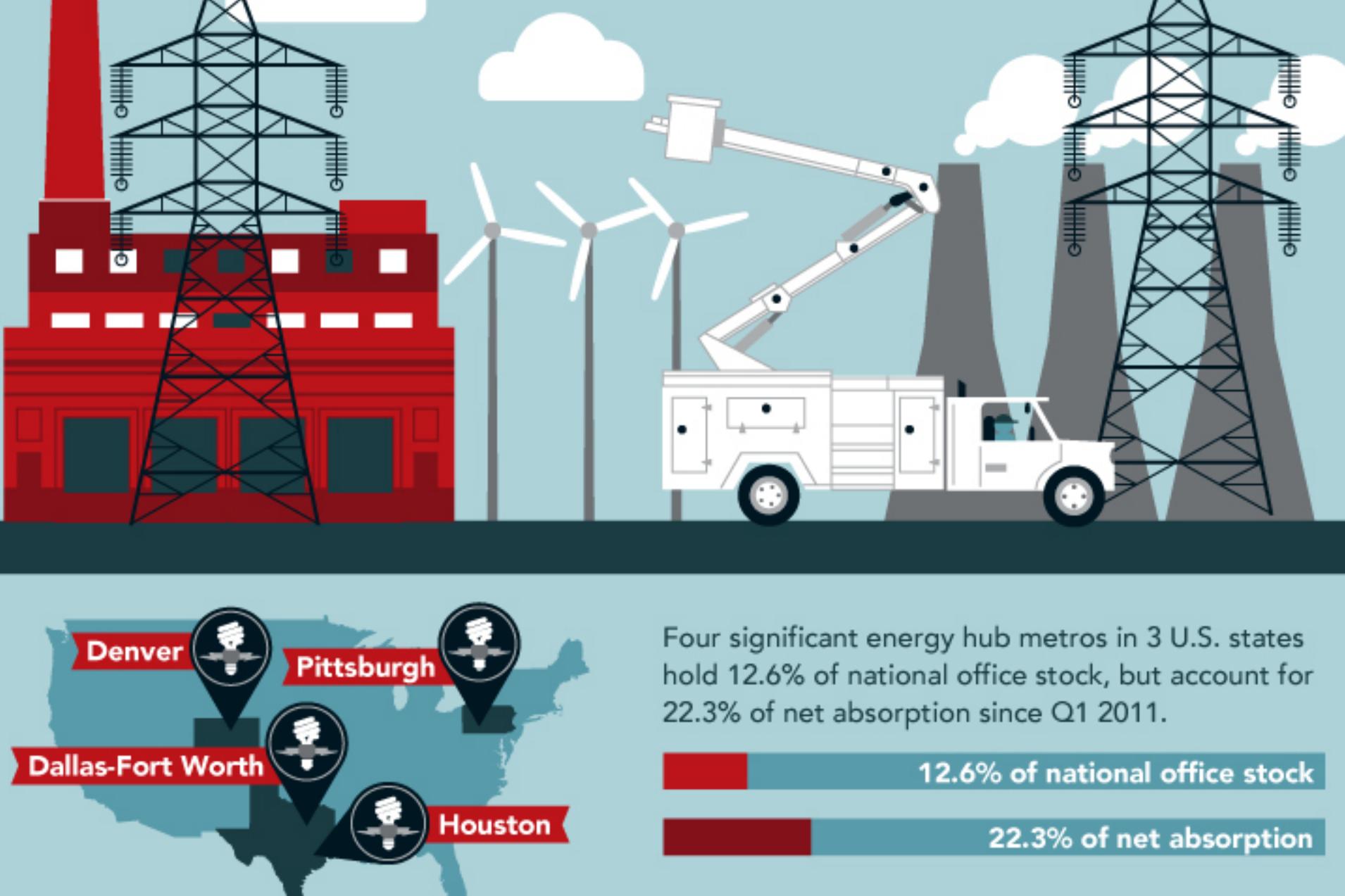
Source: "Energy Outlook: United States, 2013." Jones Lang LaSalle. 2013.

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ELECTRIC EXPANSION

Where Is U.S. Energy Growth Happening?

There's no question: energy companies in the U.S. are booming. But where are the biggest expansions happening? Let's take a peek under the hood.



Denver
Pittsburgh

Dallas-Fort Worth

Houston

Four significant energy hub metros in 3 U.S. states hold 12.6% of national office stock, but account for 22.3% of net absorption since Q1 2011.



TEXAS:

One-third of U.S. oil comes from Texas

of U.S. oil comes from Texas



Energy supports 2 million Texas jobs and

23% of the economy

HQ for 32 Fortune 500 energy companies

Office icons representing 32 Fortune 500 energy companies

Energy Hotspot: DALLAS-FORT WORTH

• TOTAL ENERGY JOBS •
National Ranking: 1

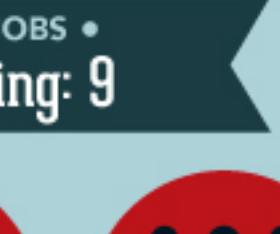


Office stock:
162 m.s.f.

Net office stock absorption:
4.9 m.s.f. (2011-2013)

Energy Hotspot: HOUSTON

• TOTAL ENERGY JOBS •
National Ranking: 2



Office stock:
150 m.s.f.

Net office stock absorption:
7.6 m.s.f.

(2011-2013)

Approximately one-half of Houston's CBD tenants are energy-related

PENNSYLVANIA:

COLORADO:



Energy Hotspot: PITTSBURGH

• TOTAL ENERGY JOBS •

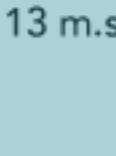
National Ranking: 6



Office stock:
50 m.s.f.



Net office stock absorption:
0.8 m.s.f.
(2011-2013)



Energy Hotspot: DENVER

• TOTAL ENERGY JOBS •

National Ranking: 9



Office stock:
113 m.s.f.

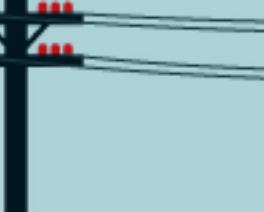


Net office stock absorption:
2.4 m.s.f.
(2011-2013)



1 in 3 tenants in the CBD are energy firms or companies that support them

WHAT DO GROWING ENERGY COMPANIES NEED?



Corporate and regional headquarters



Central business district offices



Suburban office campuses



Storage facilities

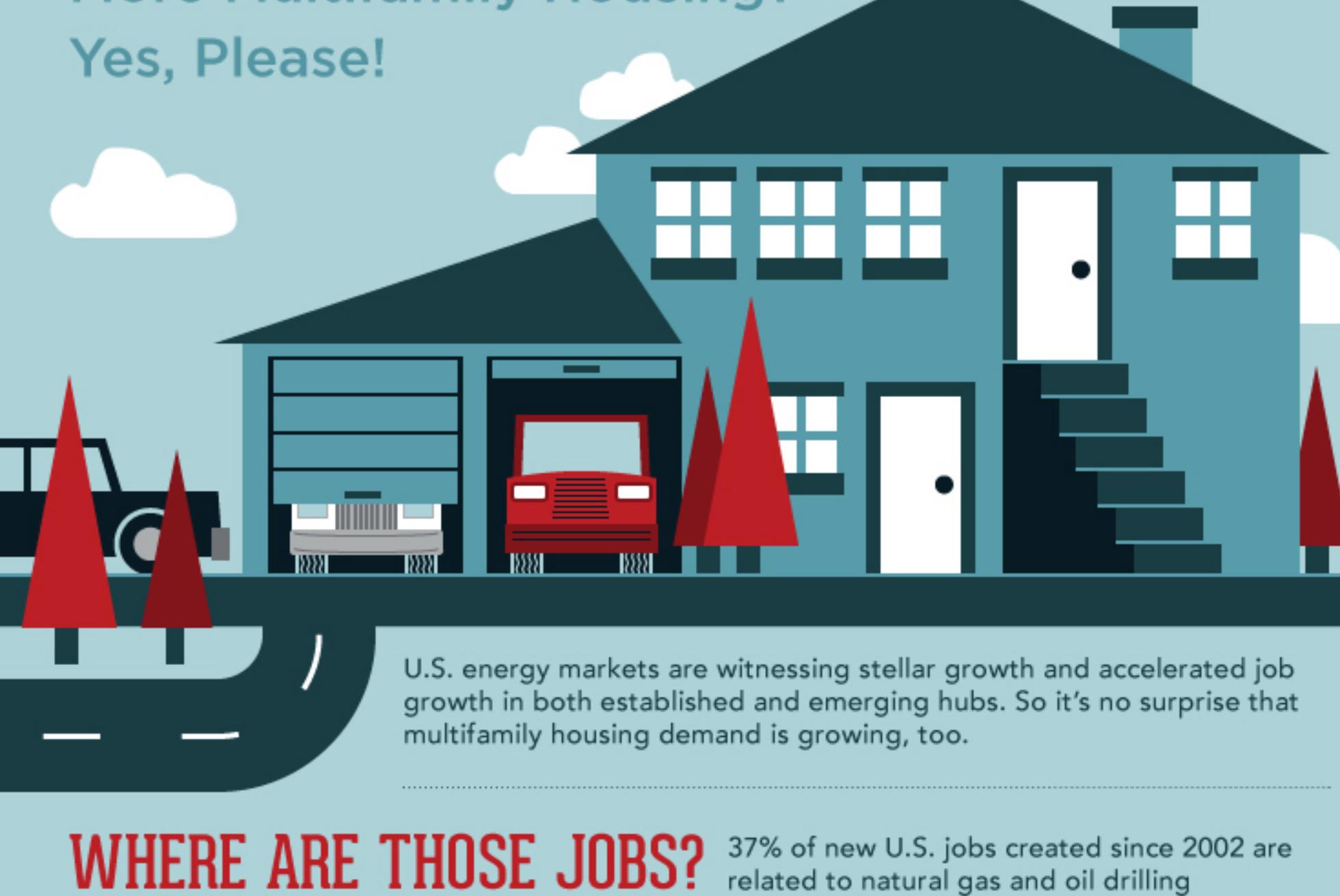


Oil field service facilities

A CHARGED MARKET

More Multifamily Housing?

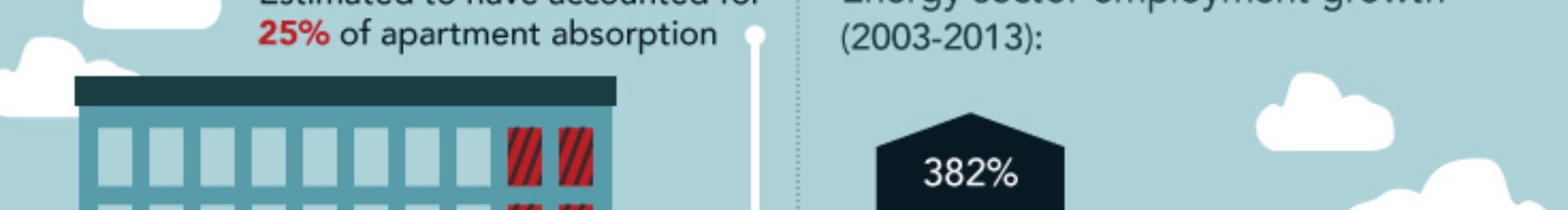
Yes, Please!



U.S. energy markets are witnessing stellar growth and accelerated job growth in both established and emerging hubs. So it's no surprise that multifamily housing demand is growing, too.

WHERE ARE THOSE JOBS?

37% of new U.S. jobs created since 2002 are related to natural gas and oil drilling



Estimated to have accounted for 25% of apartment absorption

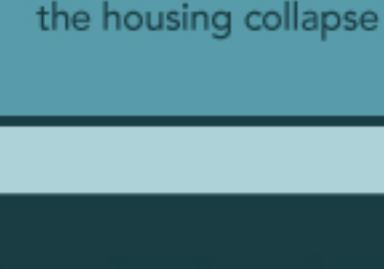


Energy sector employment growth (2003-2013):

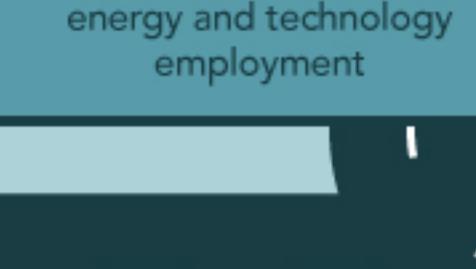


Overall U.S. employment growth in the same period: 4%

HIGH DEMAND? HERE'S WHY



Movement away from home ownership after the housing collapse



Migration toward metro areas with strong energy and technology employment



Millennial (adults aged 18-34) preference for urban living



Transient nature of some energy jobs favors rental apartments

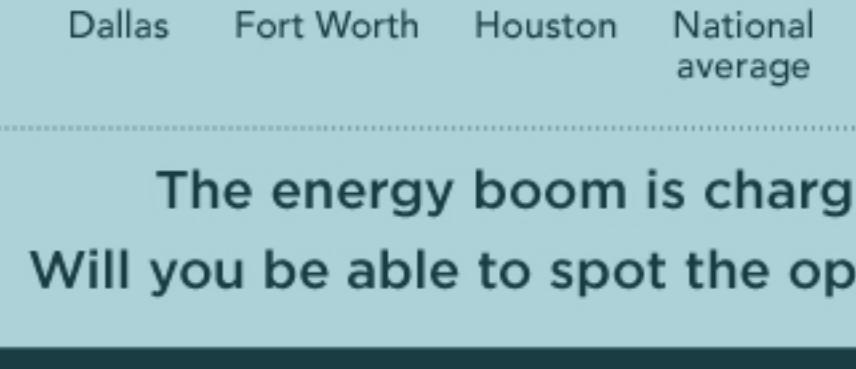
HEATING UP

The fastest-growing U.S. metro area in 2012:

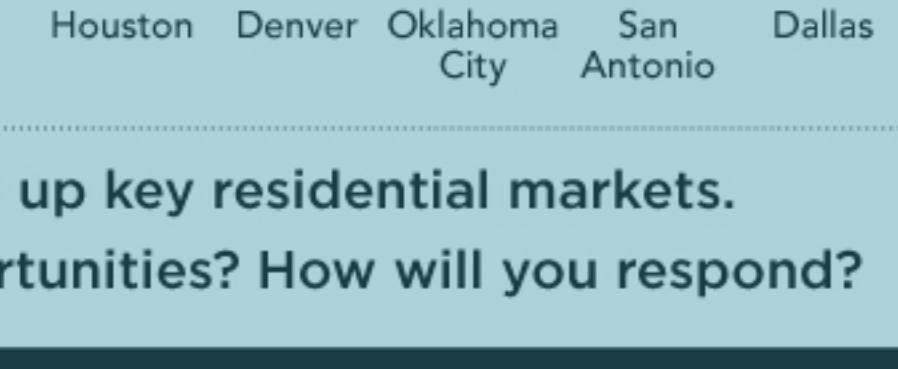
Midland, TX

4.6% population increase

Top cities for increasing household formation rate:



Above average rent growth for energy cities:



The energy boom is charging up key residential markets.

Will you be able to spot the opportunities? How will you respond?

Source: "Energy Outlook: United States, 2013." Jones Lang LaSalle, 2013.

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A RETAIL REVIVAL

Income and housing growth are a high-voltage combination for retailers

U.S. cities with a strong energy industry presence have experienced increasing employment and burgeoning housing demand. That means the retail real estate market is seeing some sparks fly.



INCOME: UP, UP, AND AWAY

\$11.3 trillion:
U.S. consumer spending, Q4 2012



States with the highest personal income growth rates:

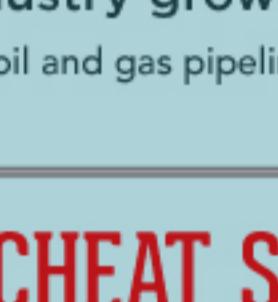
North Dakota:
12.4%

Texas:
4.8%

Utah:
4.7%

Washington:
4.5%

Montana:
4.5%



Hot motivator for energy industry growth:

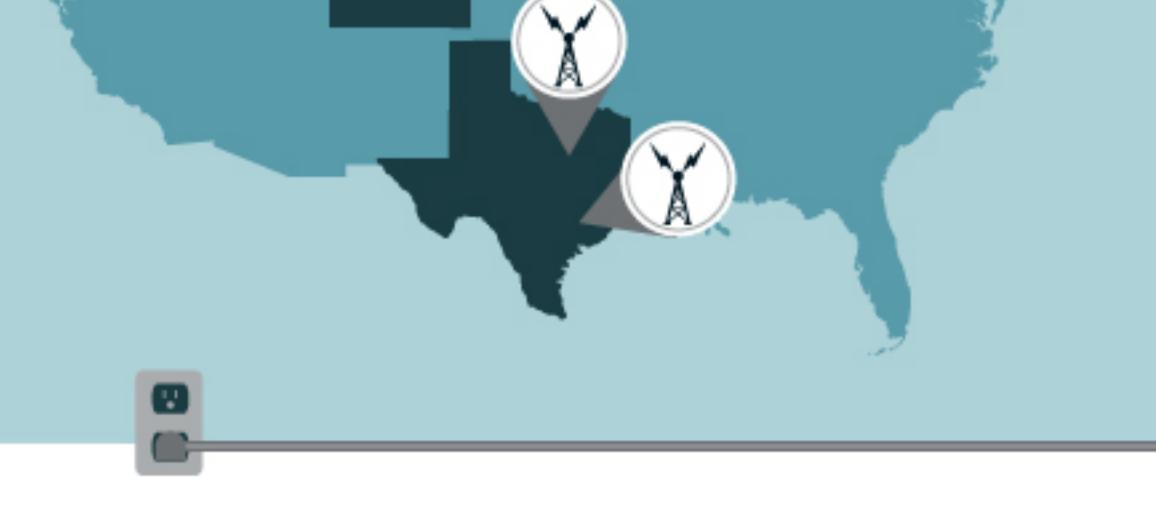
The sustainability and depth of the U.S. oil and gas pipeline

YOUR RETAIL GROWTH CHEAT SHEET



RECHARGED RETAIL

Between 2009 and 2013, major energy sector hubs have experienced the greatest reductions in retail vacancy:



PITTSBURGH: 325-basis-point drop

DENVER: 240-basis-point drop

HOUSTON: 175-basis-point drop

DALLAS: 90 basis-point drop

Source: "Energy Outlook: United States, 2013." Jones Lang LaSalle. 2013.

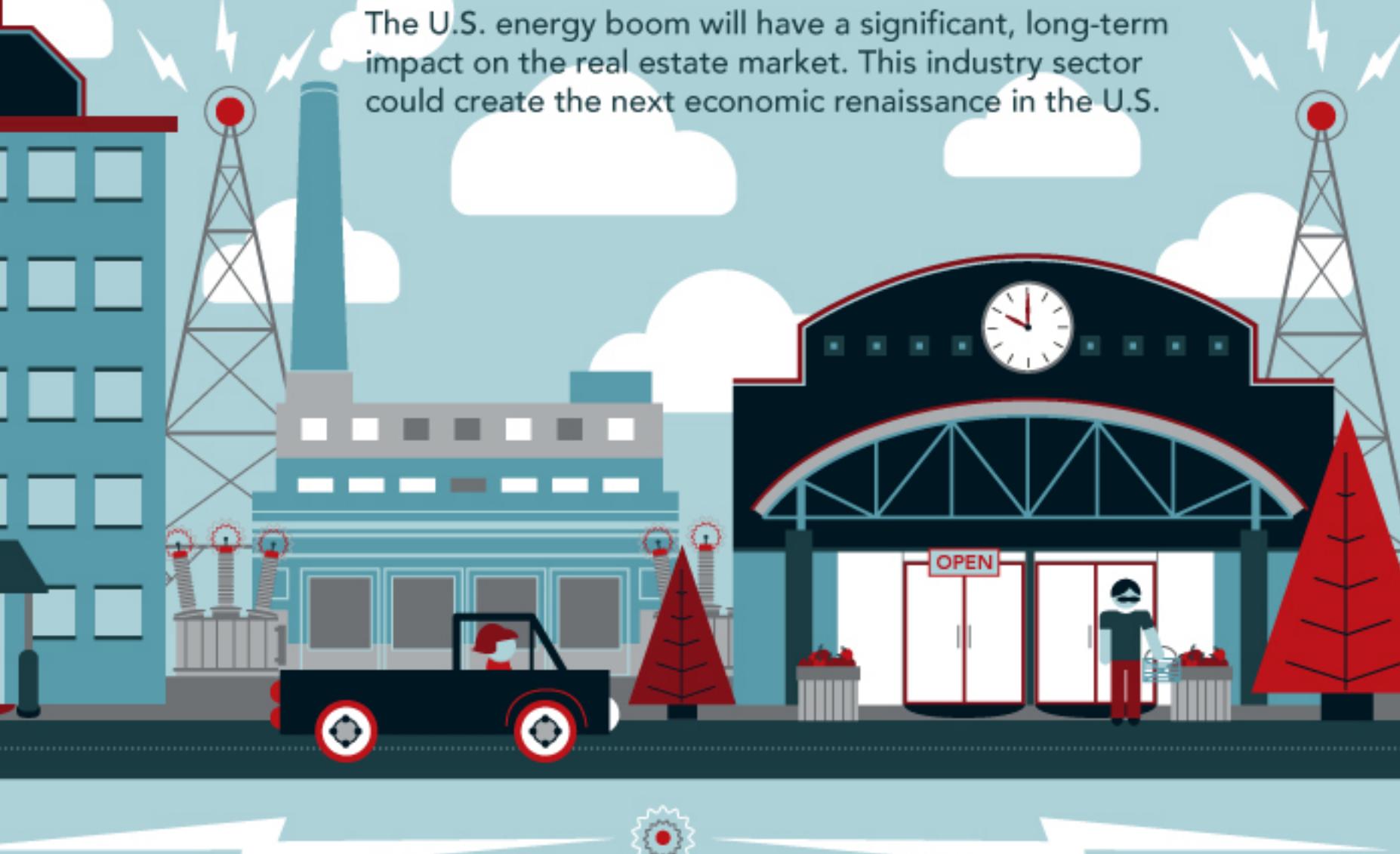
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LIGHTNING IN THE FORECAST:

The Future of Energy Industry Real Estate

The U.S. energy boom will have a significant, long-term impact on the real estate market. This industry sector could create the next economic renaissance in the U.S.



A SNAPSHOT OF TODAY

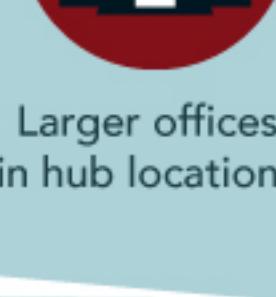
- Direct real estate demand:
- Indirect real estate demand:



Industrial development



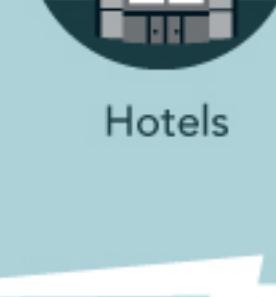
Manufacturing space



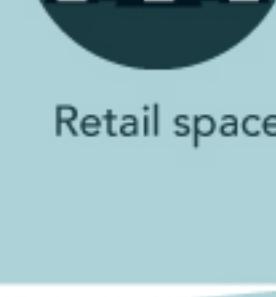
Larger offices in hub locations



Multifamily housing



Hotels



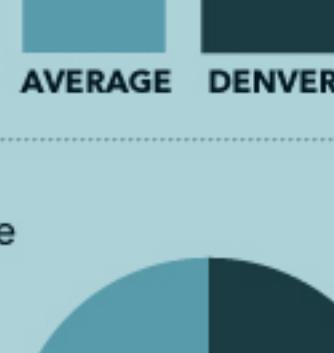
Retail space

A SNAPSHOT OF THE FUTURE

(Hint: Get ready for good news!)

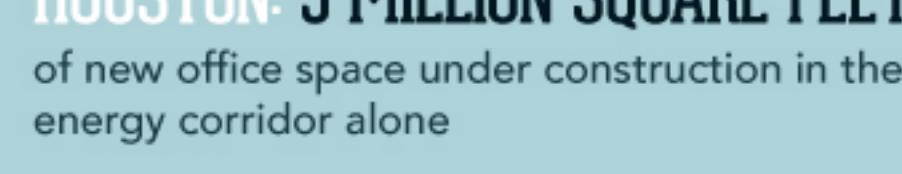
U.S. energy industry hubs will experience **continued demand** for industrial, office, retail, hotel, and residential real estate

Energy tenants are already paying a premium for office space:



In Denver's CBD:
9.7% above-average market rent

Developers will begin **new construction** of office and multifamily properties to absorb demand

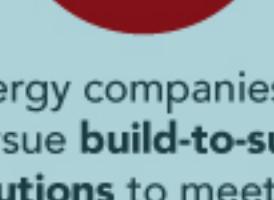


HOUSTON: 5 MILLION SQUARE FEET

of new office space under construction in the energy corridor alone



72% of new stock has already been pre-leased



Energy companies will pursue **build-to-suit solutions** to meet space and location requirements



Global oil demand and oil production caps will keep prices per barrel high and **stabilize the energy employment cycle**



The International Energy Agency (IEA) forecasts that North America will produce 40% of new global fuel supplies by 2018

The Organization of Petroleum Exporting Countries (OPEC) production will slip to 30%

THE CONCLUSION:

Relative stability in pricing and employment makes the energy industry an attractive tenant group for real estate investors and developers to target over the long term.