CUSHMAN & WAKEFIELD

OUTTHINK

TRUMP 2.0: IMPLICATIONS FOR PROPERTY

April 2025

Better never settles

AGENDA

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HEADLINES FOR TODAY

Forecasters are beginning to revise their economic outlooks downwards.

Odds of a mild recession are rising (~30%), but odds of a severe recession remain low. Slower growth scenario becoming the new consensus.

The leasing fundamentals still expected to hold up under base case scenario.

Much remains unclear—the length that tariffs will be in effect is a key question all over the world.

CRE is hard asset with inflation-hedging properties. Such assets may fare relatively better in the upcoming environment.

Positive script forming for 2026 both for the U.S. economy and property

CRE ENTERED 2025 WITH MOMENTUM

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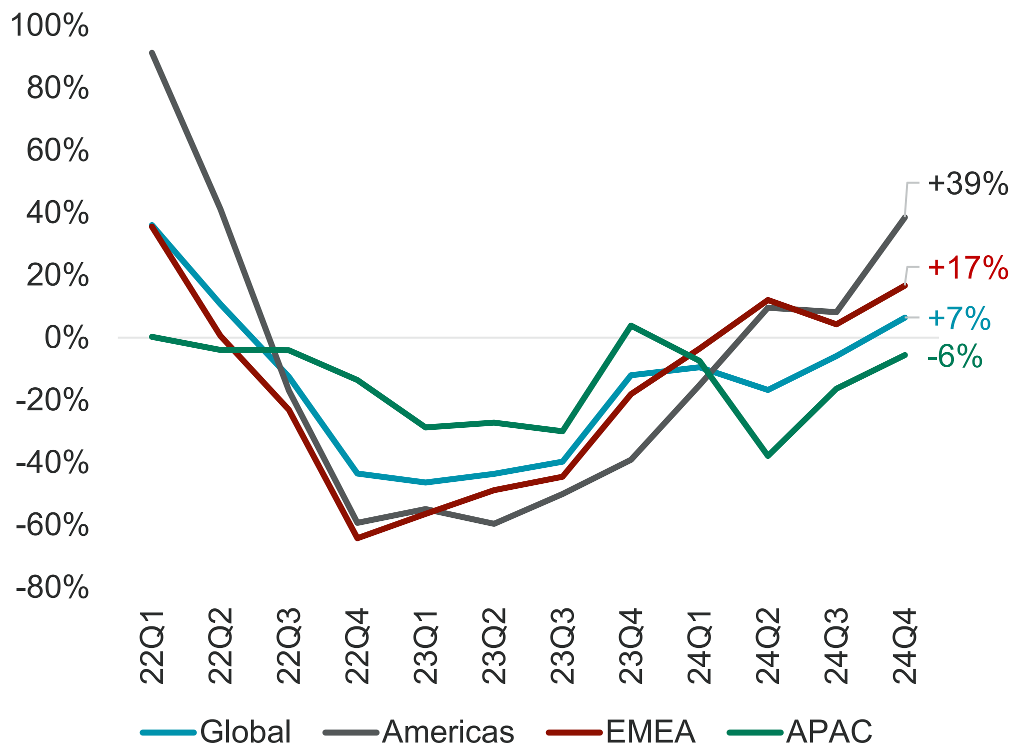
Sales Volumes Improving (Y/Y %)



Source: MSCI, Cushman & Wakefield Research

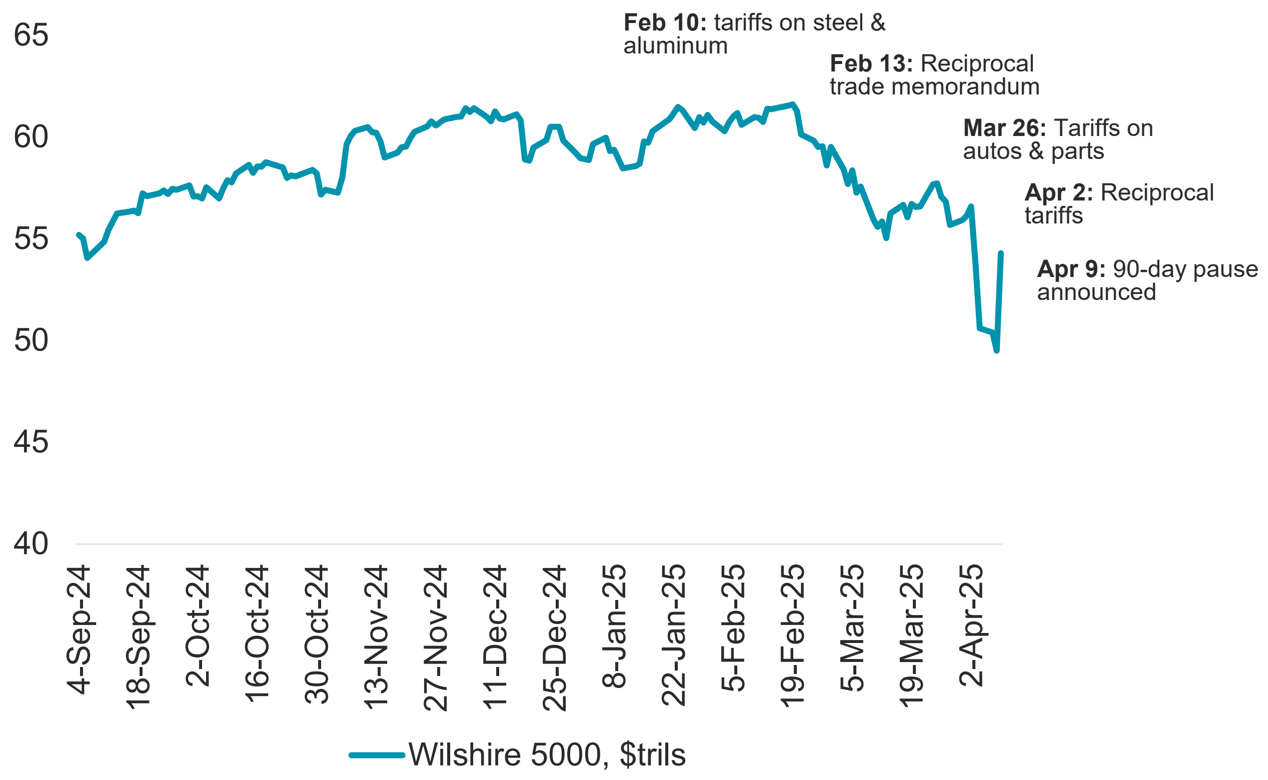
Leasing (Net Absorption)

	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Y/Y Trend
Office (msf)	-25.7	-12.4	-12.3	0.1	↗
Industrial (msf)	23.8	42.2	33.4	42.4	↗
Multifamily (000s)	91.4	130.9	121.7	92.3	↗
Retail (msf)	-0.2	0.6	-0.2	1.4	↗

Source: Cushman & Wakefield Research

BEAR MARKET TERRITORY

Wilshire 5000



Global Stock Indices

	WAS*	IS**	% CHG
DJIA	44,882	40,608	-9.5%
S&P 500	6,144	5,457	-11.2%
FTSE 100	8,871	7,679	-13.4%
DAX	23,419	19,671	-16.0%
Nikkei 225	33,981	31,714	-6.7%
Hang Seng	24,740	20,264	-18.1%
Shanghai	3,426	3,187	-7.0%

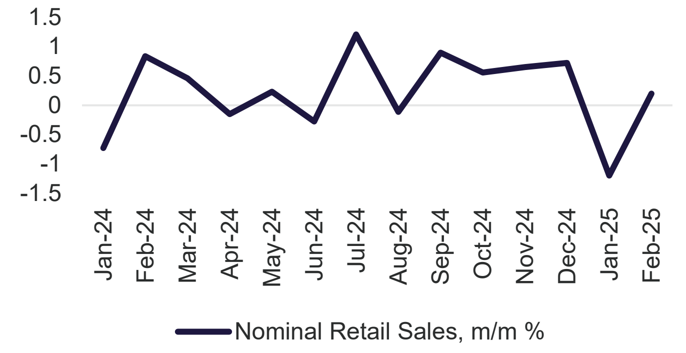
*Previous peak (Q1 2025)

**4/9/2025

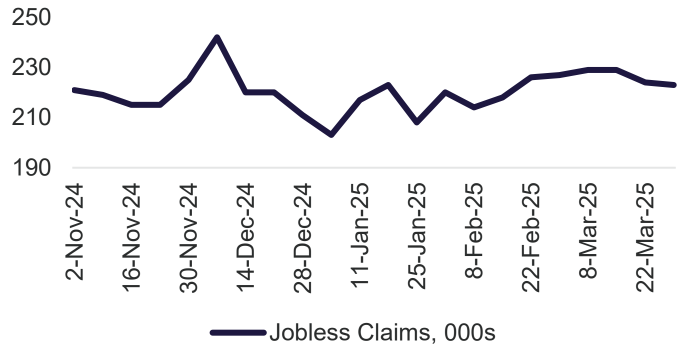
Source: Federal Reserve, Wall Street Journal, Cushman & Wakefield Research

BEGINNING TO IMPACT THE ECONOMY

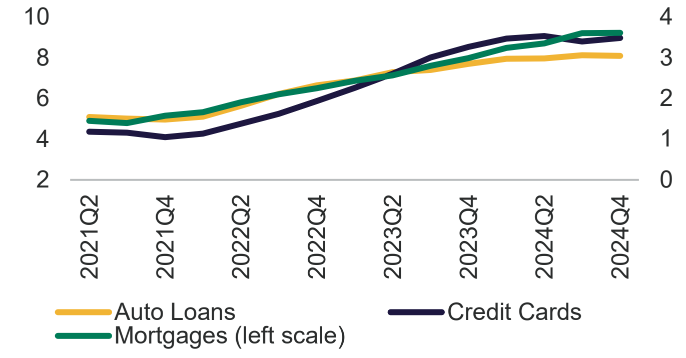
Retail Sales Slowing



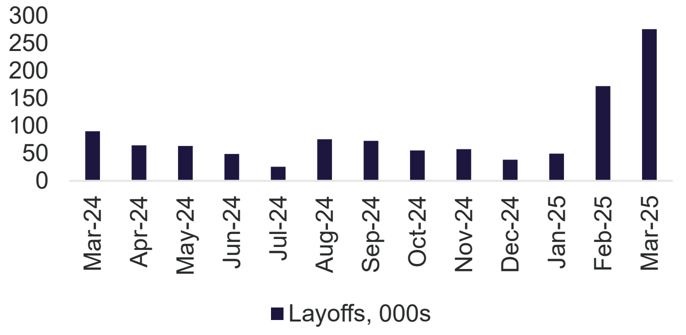
Jobless Claims Bumping Higher



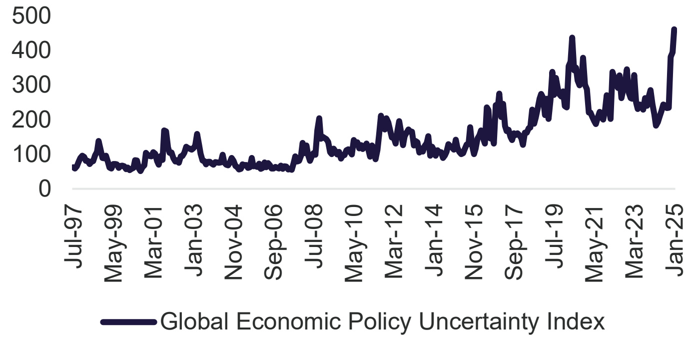
Delinquency Rates (30 days late)



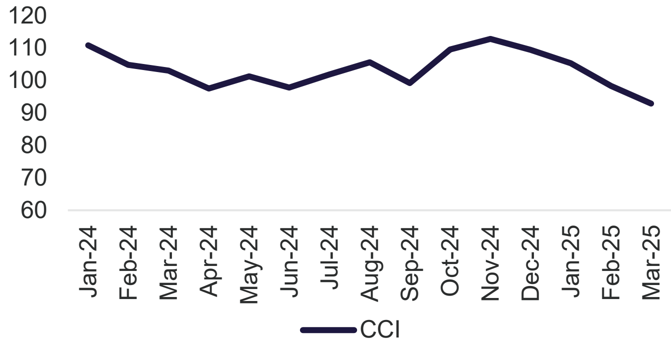
Layoff Announcements Spiking



Business Uncertainty Is at All-Time High



Consumer Confidence Falling



Source: Various, updated 4-3-2025

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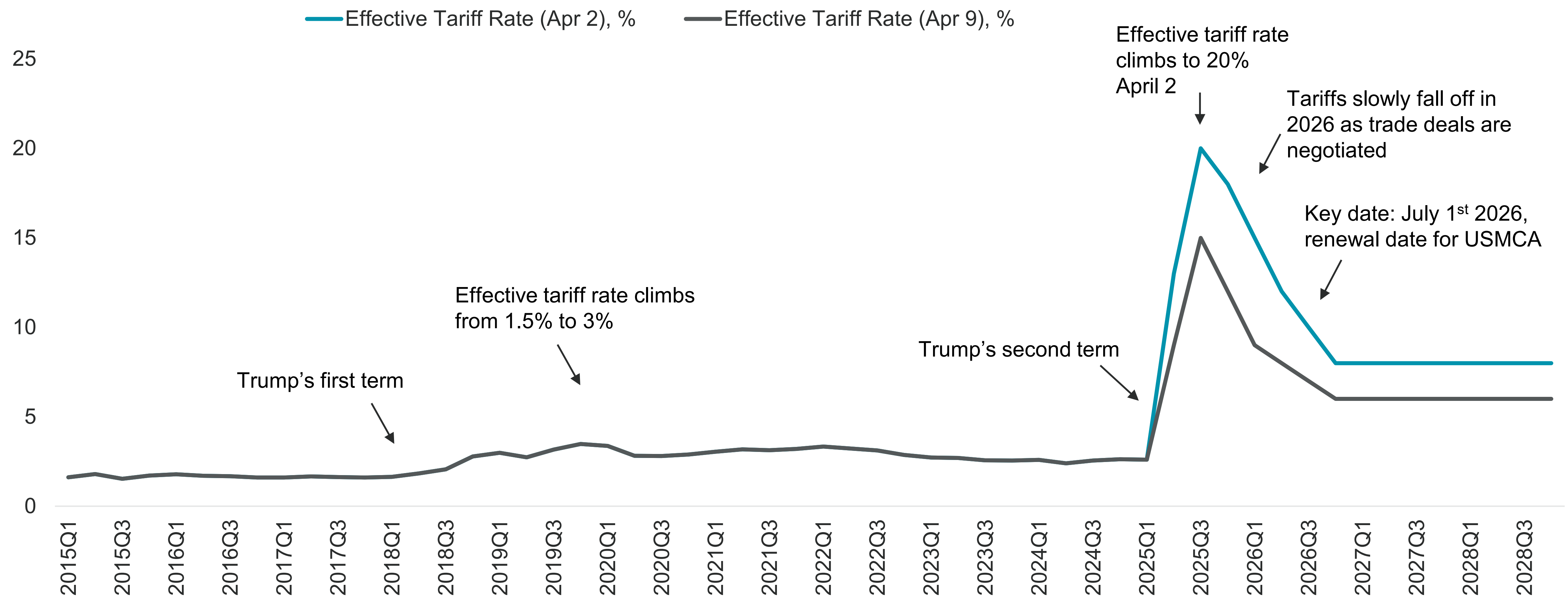
KEY ASSUMPTIONS

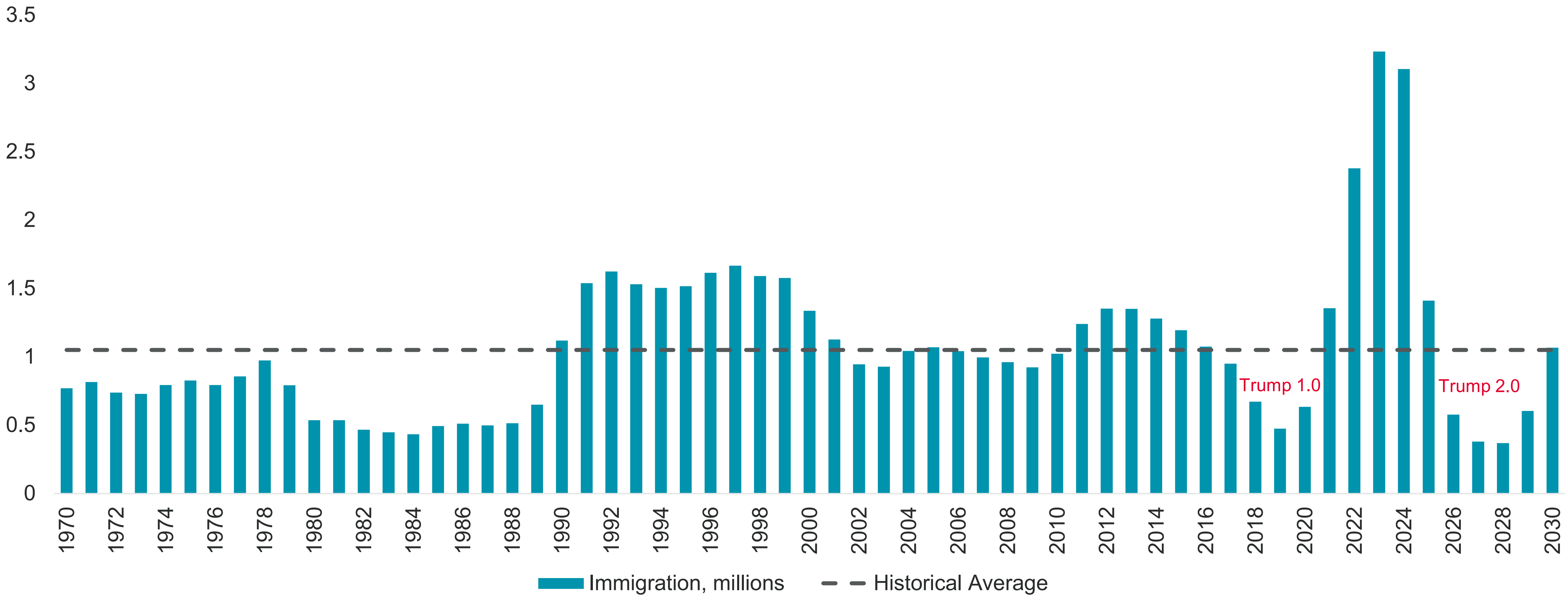
KEY ASSUMPTION #1: TARIFFS

U.S. Effective Tariff Rate on All Goods Imports, %



Source: Moody's Analytics, Cushman & Wakefield Research

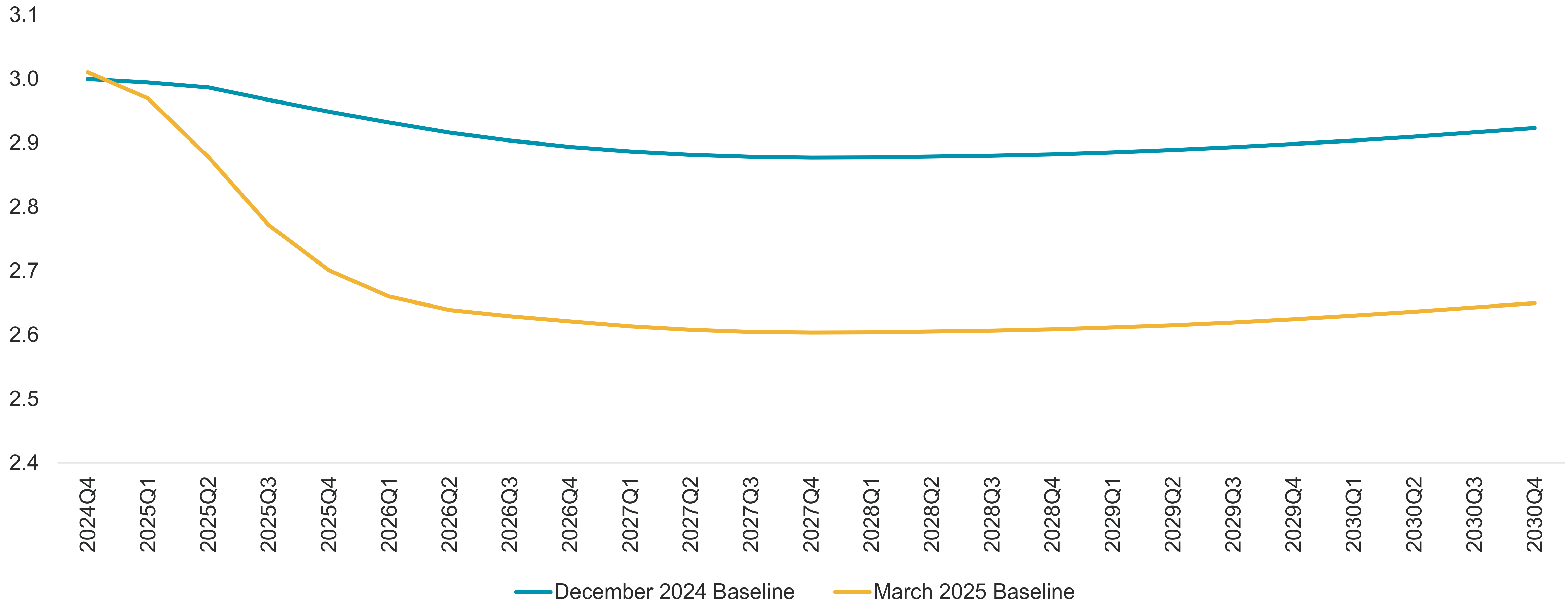
KEY ASSUMPTION #2: IMMIGRATION



Source: Cushman & Wakefield Research, Consensus Forecast

KEY ASSUMPTION #3: DOGE

Federal Employment (Millions)



Source: Moody's Analytics, Cushman & Wakefield Research

KEY ASSUMPTION #4: GSEs

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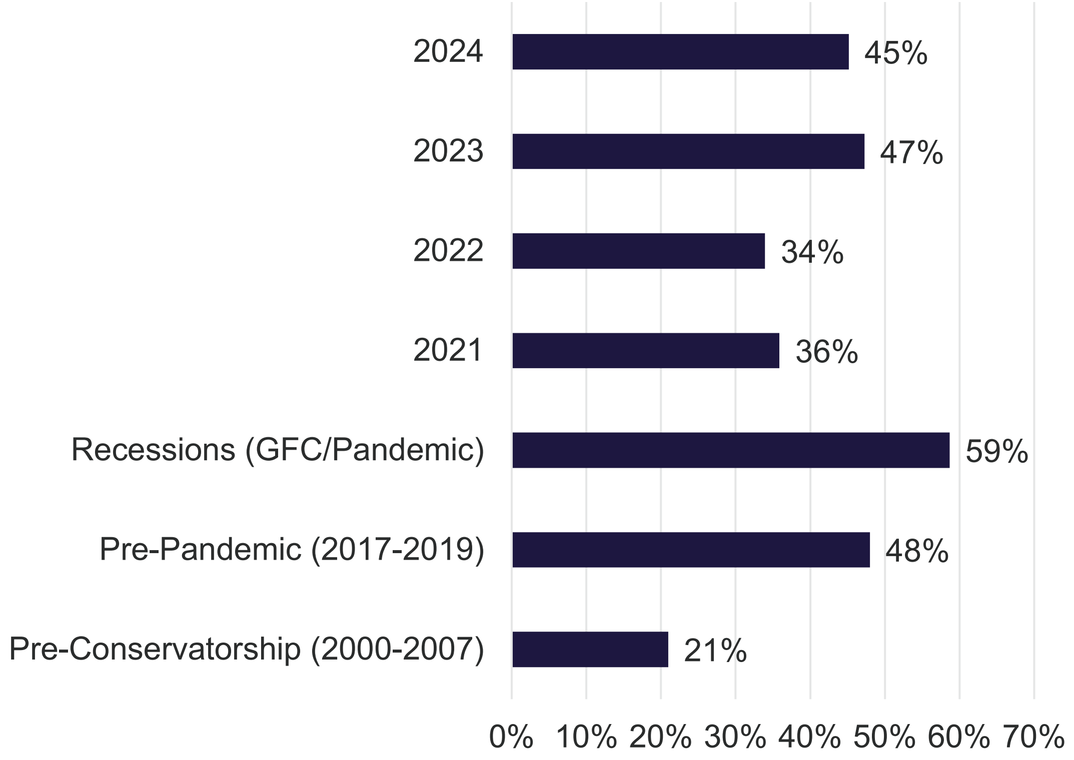
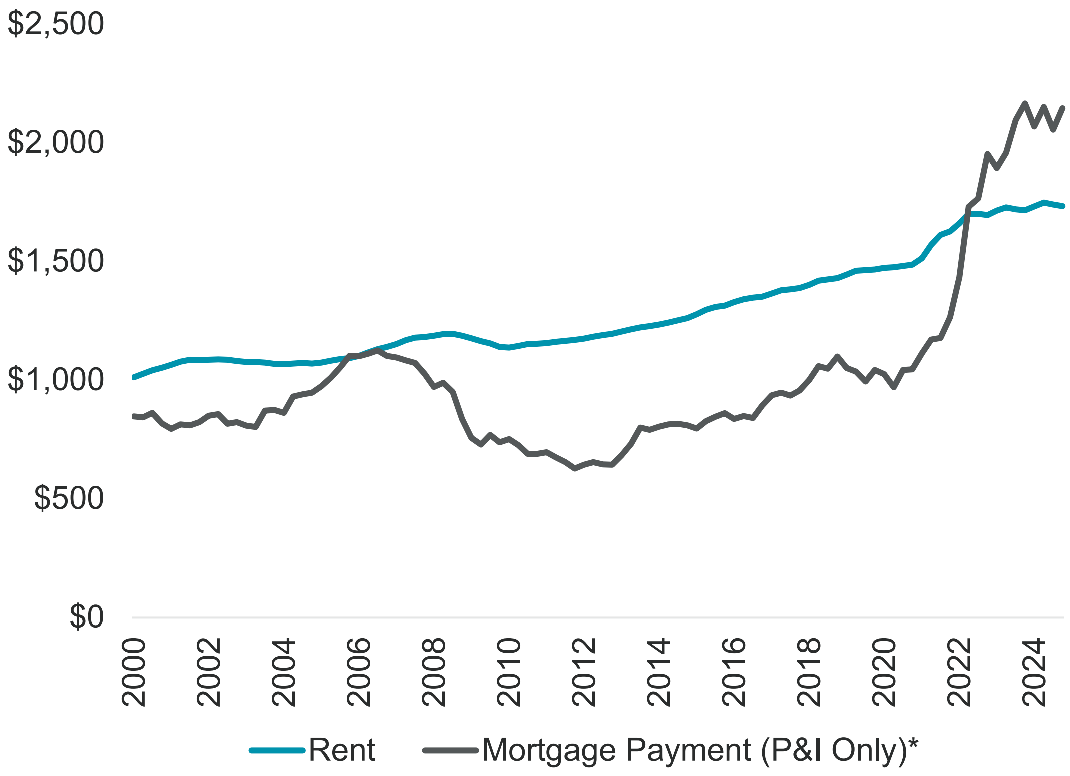
GSE Share of Multifamily Lending Activity



For-Sale Affordability Remains Challenged



Source: MSCI Real Capital Analytics, NAR, Freddie Mac, CoStar, Cushman & Wakefield Research

**Note: Based on the median home price. Assumes 20% down payment and excludes taxes, insurance and monthly maintenance.*

OTHER POLICY ASSUMPTIONS

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Tax Cuts:

The Tax Cuts and Jobs Act will be extended, with some additions (e.g., reducing corporate tax rate for domestic producers, raising SALT cap, etc.).

Deregulation:

Reduced government oversight on energy, banking, tech, and healthcare.

Deficits & Debt:

The federal deficit, including the cost of interest, will grow by an average of $2.3 trillion per year over the next 4 years.

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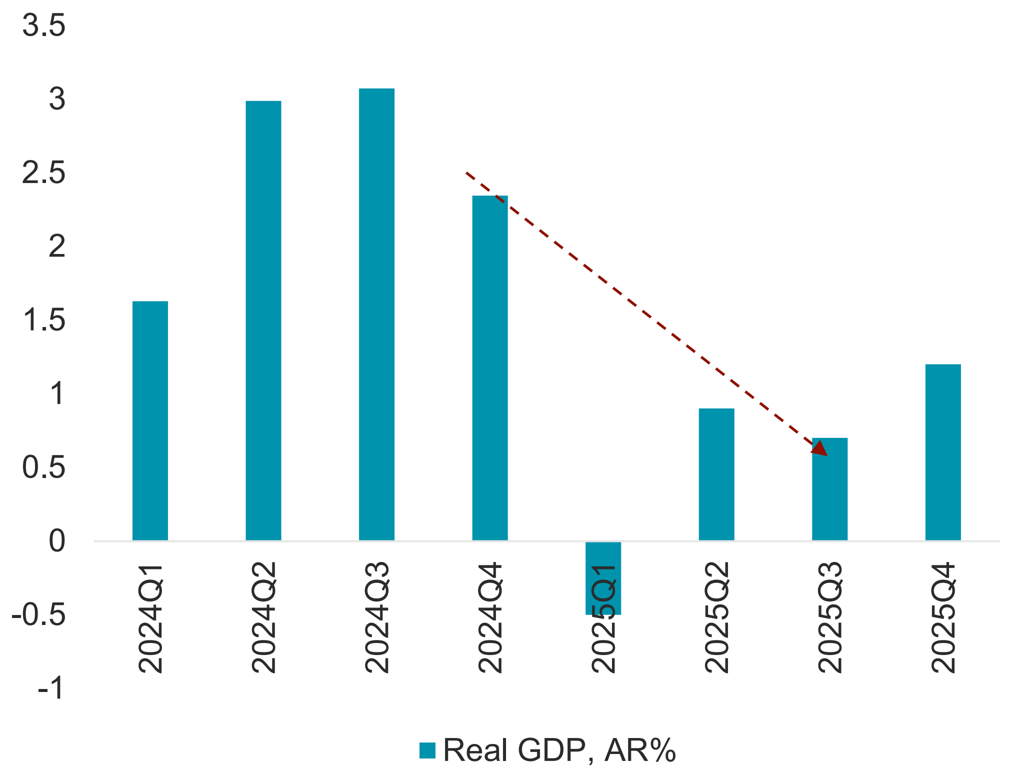
ECONOMIC OUTLOOK

TARIFFS CREATE STAGFLATION SHOCK IN 2025

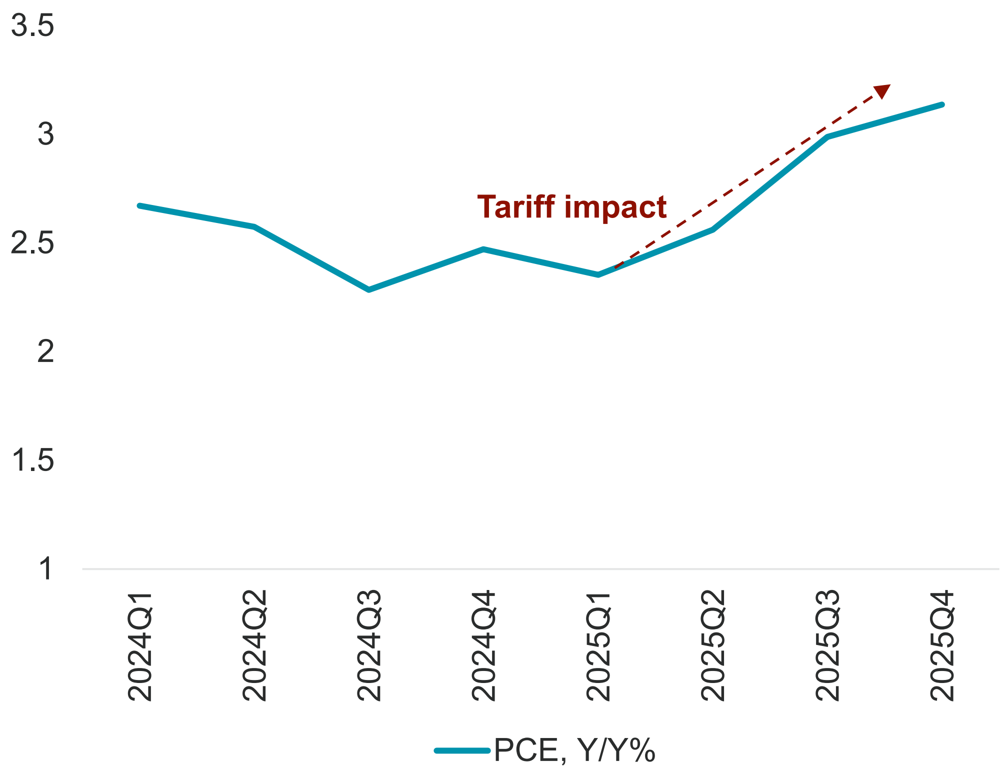
United States

Real GDP, AR%



Source: *Cushman & Wakefield Research*

Inflation to Drift Higher

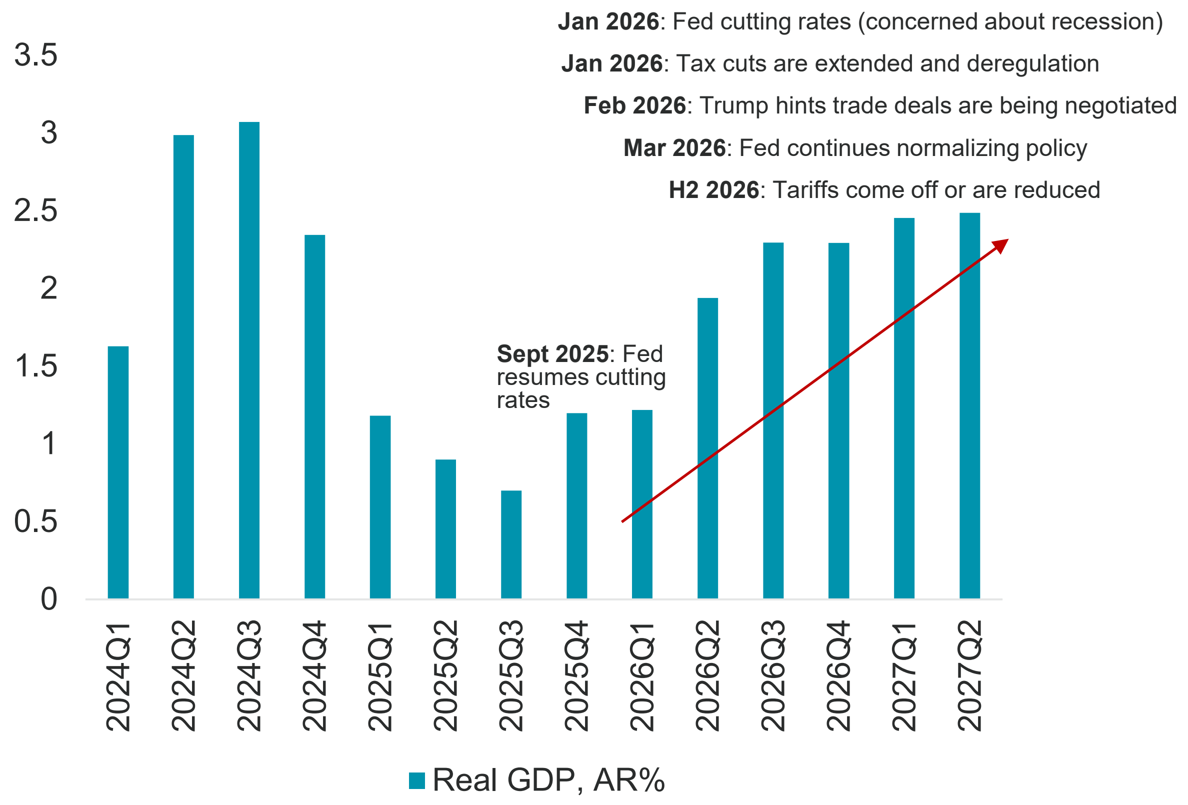


Source: *Moody's Analytics, Cushman & Wakefield Research*

REBOUNDS IN 2026

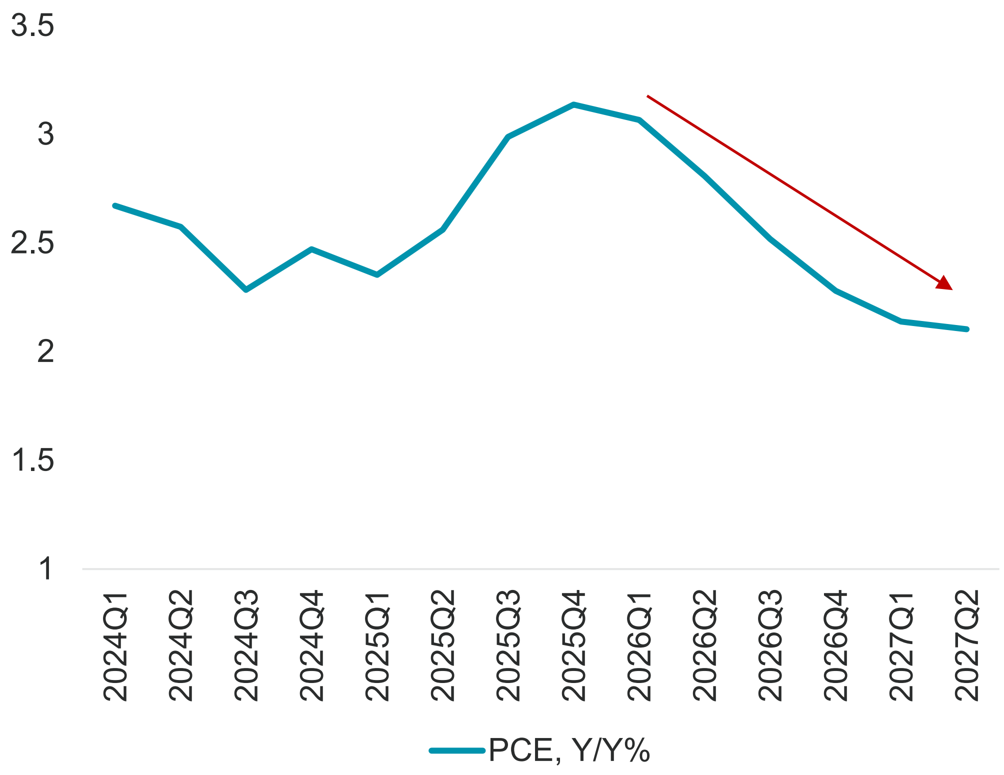
United States

Real GDP, AR%



Source: *Cushman & Wakefield Research*

Inflation Drifts to Target



Source: *Cushman & Wakefield Research*

U.S. ECONOMIC SCENARIOS

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C&W Baseline

SCENARIO 1 — 5% Probability
Upside

U.S. Economy	2022	2023	2024	2025	2026
Real GDP	2.5	2.9	2.8	2.5	2.7
Job Growth, mils	6.3	3.5	2.1	2.0	1.5
CPI Inflation	8.0	4.1	2.9	3.5	2.9
Fed Funds Rate	4.25	5.25	4.25	4.25	4.0
10-year Gov't Bond	3.0	4.0	4.2	4.5	4.4

SCENARIO 2 — 50% Probability
Short-term Stagflation

U.S. Economy	2022	2023	2024	2025	2026
Real GDP	2.5	2.9	2.8	0.9	1.9
Job Growth, mils	6.3	3.5	2.1	1.1	1.3
CPI Inflation	8.0	4.1	2.9	3.3	2.6
Fed Funds Rate	4.25	5.25	4.25	3.75	3.25
10-year Gov't Bond	3.0	4.0	4.2	4.1	4.2

SCENARIO 3 — 30% Probability
Mild Recession

U.S. Economy	2022	2023	2024	2025	2026
Real GDP	2.5	2.9	2.8	-0.6	1.4
Job Growth, mils	6.3	3.5	2.1	-1.2	0.8
CPI Inflation	8.0	4.1	2.9	3.1	2.0
Fed Funds Rate	4.25	5.25	4.25	3.25	3.0
10-year Gov't Bond	3.0	4.0	4.2	3.9	3.8

SCENARIO 4 — 10% Probability
Severe Recession

U.S. Economy	2022	2023	2024	2025	2026
Real GDP	2.5	2.9	2.8	-1.1	-2.1
Job Growth, mils	6.3	3.5	2.1	-2.9	-3.2
CPI Inflation	8.0	4.1	2.9	3.5	1.5
Fed Funds Rate	4.25	5.25	4.25	4.0	0.75
10-year Gov't Bond	3.0	4.0	4.2	3.7	3.4

Source: Economic scenarios from Moody's Analytics (March vintage) modified by Cushman & Wakefield Research. Forecasts to be revised monthly as policy develops.
Probabilities do not always add to 100% because there are chances of other scenarios occurring. Real GDP = y/y % change, Job Growth = sum of jobs created in calendar year, CPI = y/y % change, Fed Funds (December lower bound range), 10-yr and corporate bonds = average during calendar year. Updated 4-4-2025

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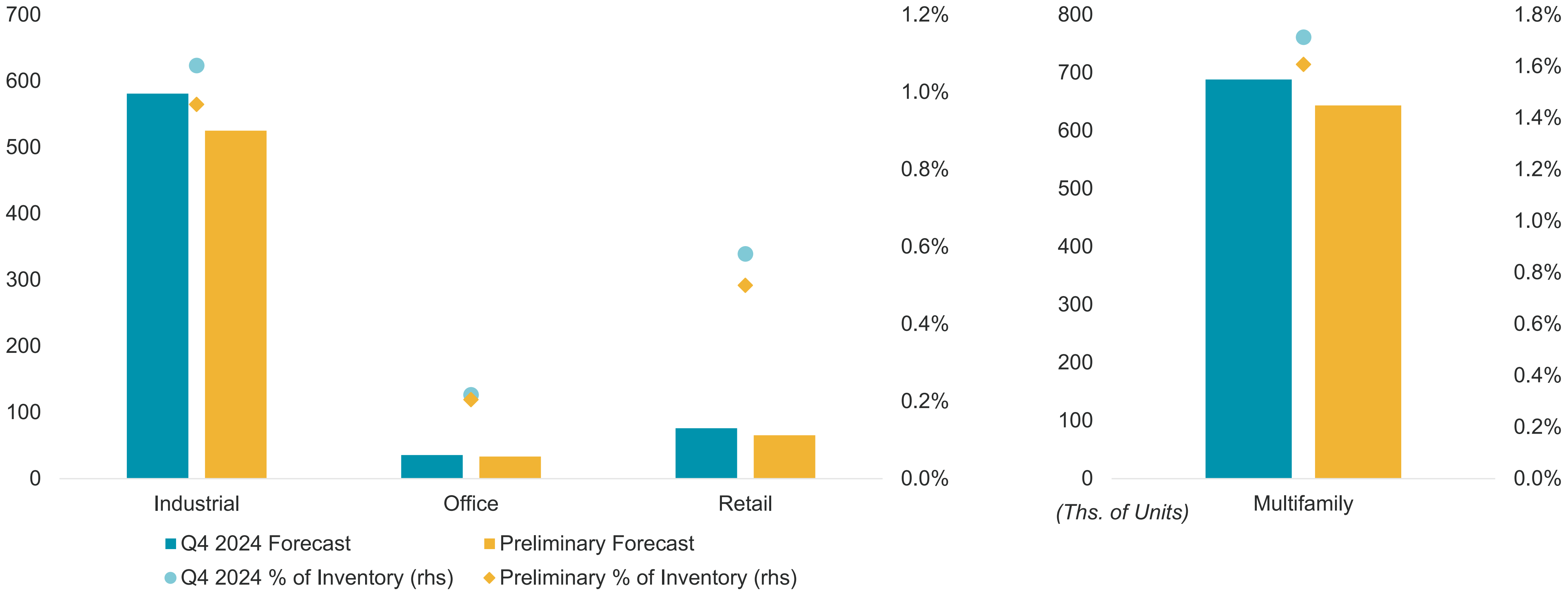
IMPLICATIONS FOR PROPERTY

CONSTRUCTION MARKET OUTLOOK

New Supply Baseline Outlook (msf) for Key Sectors, 2025-2027

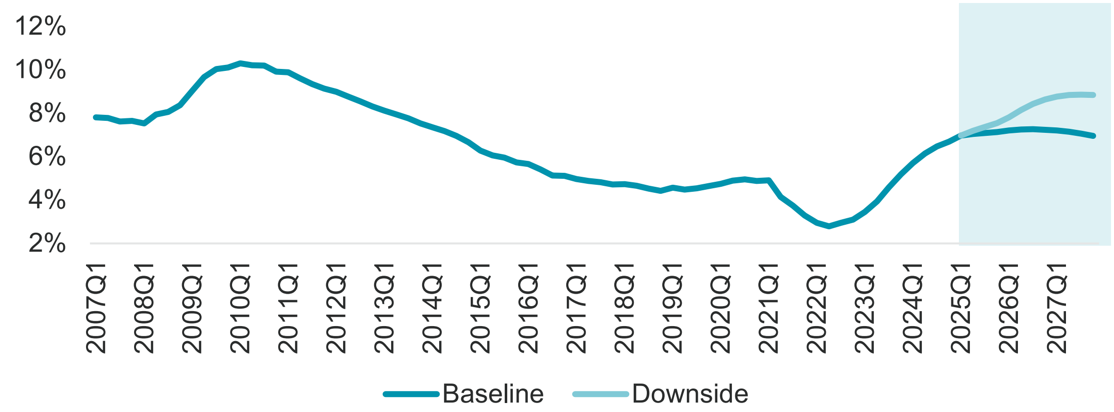


Source: Cushman & Wakefield Research

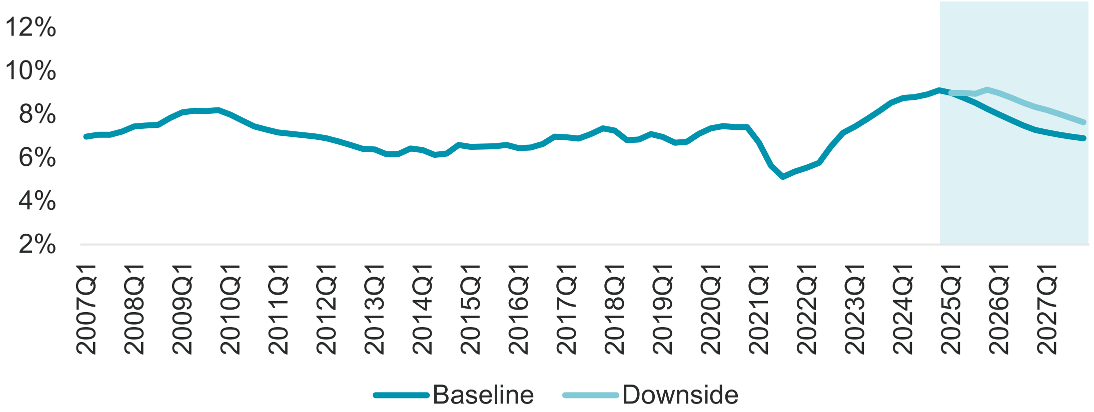
CRE FUNDAMENTALS OUTLOOK

Preliminary Baseline Vacancy Rate Outlook

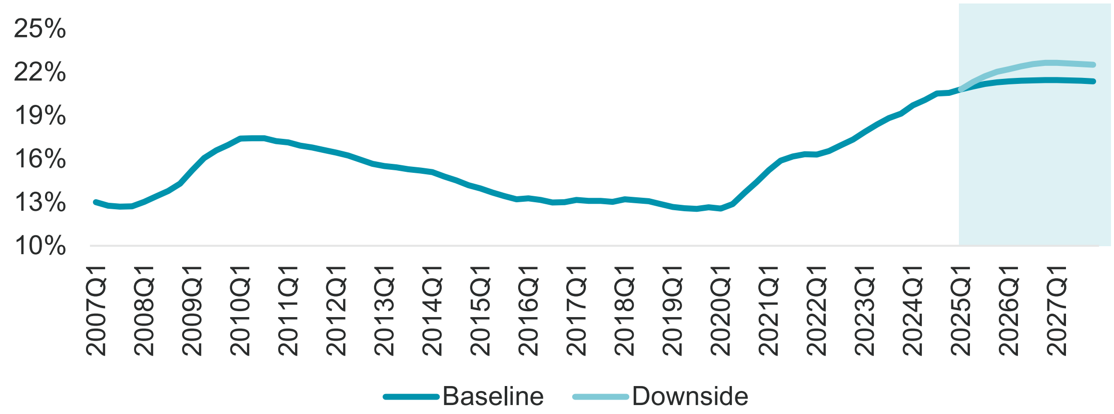
Industrial



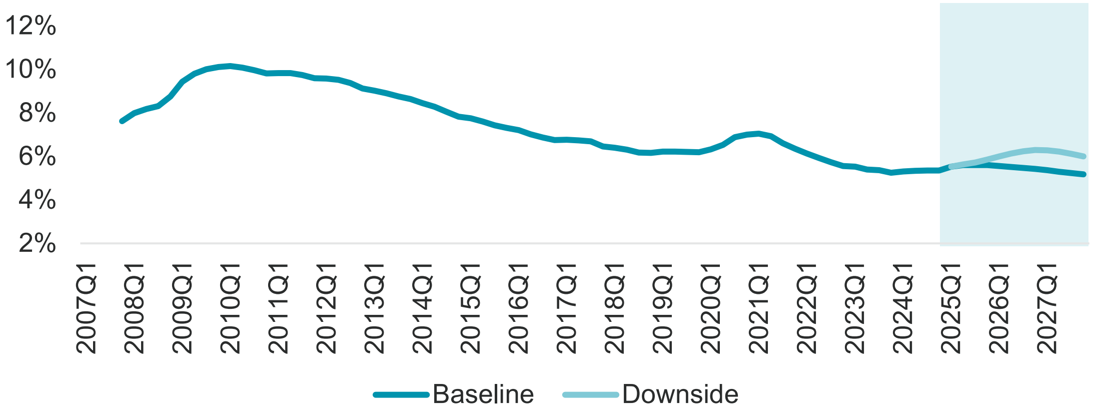
Multifamily



Office



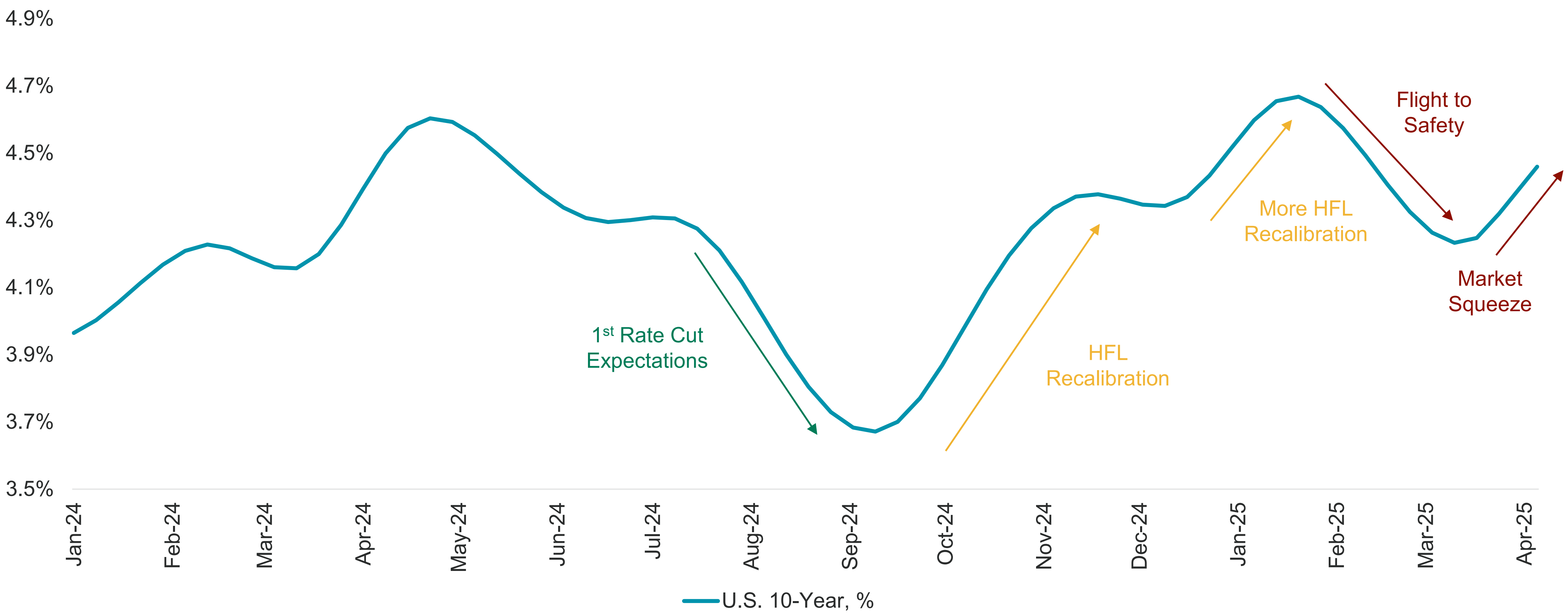
Retail



Source: Cushman & Wakefield Research

FINANCIAL MARKET REACTION:

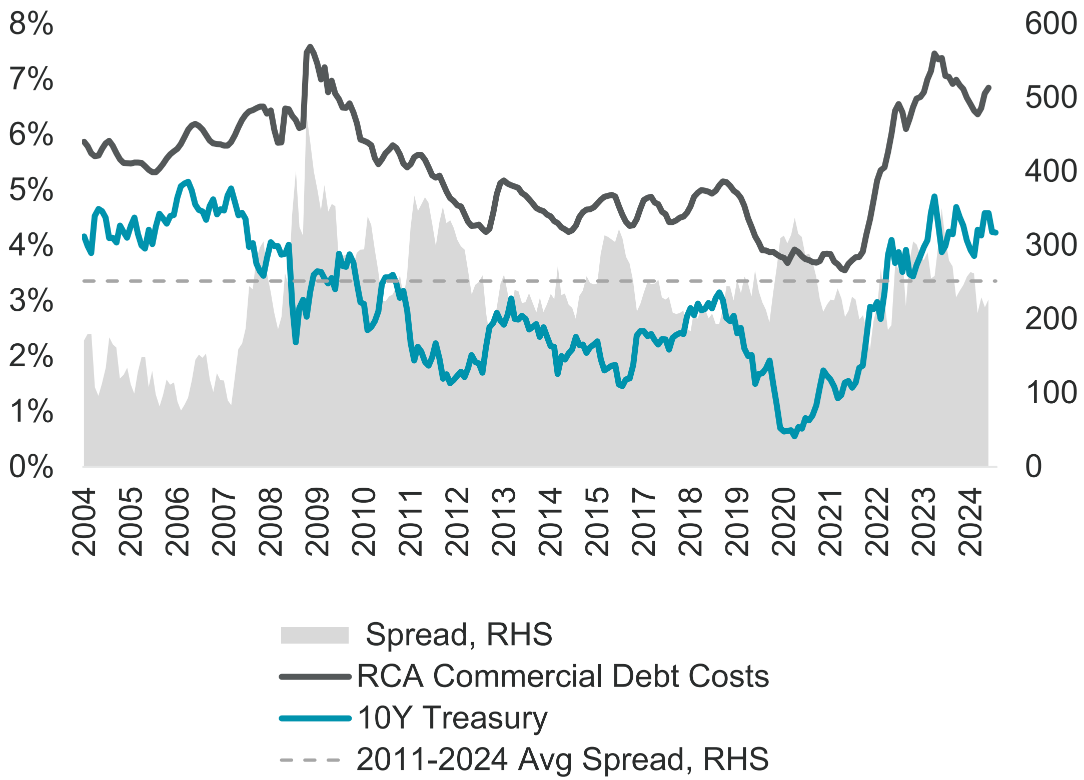
Flight to Safety Dynamics Driving Yields Lower



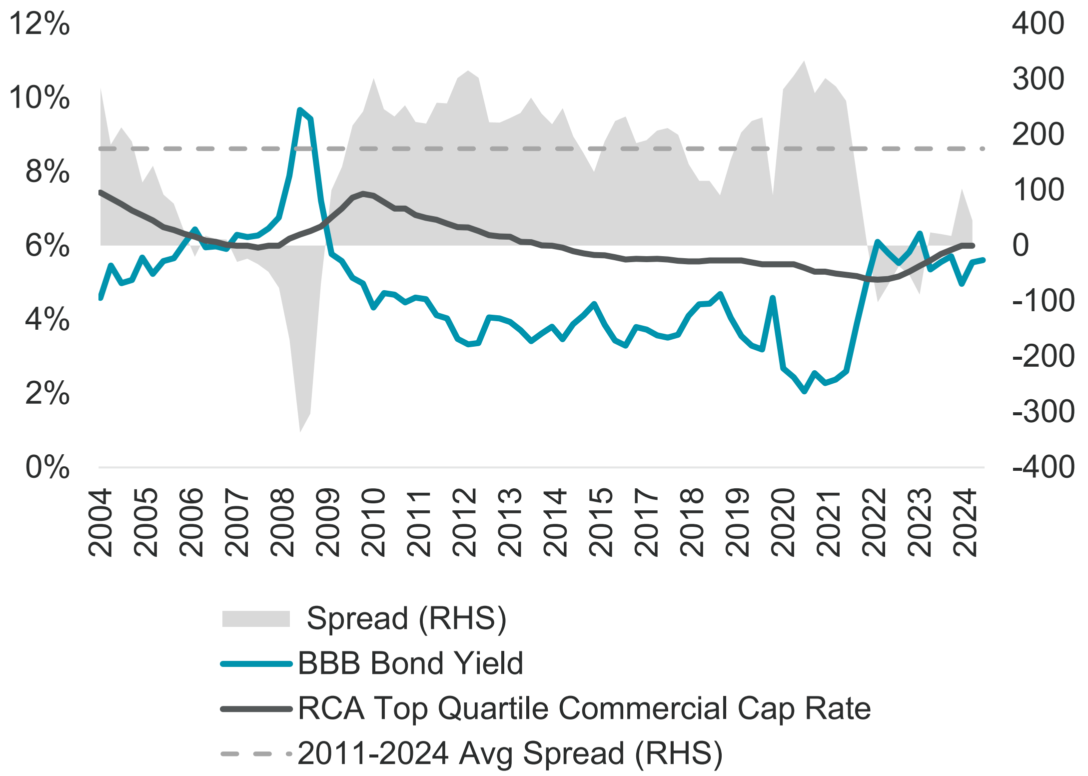
Source: Moody's Analytics, Cushman & Wakefield Research.

CAPITAL MARKETS IMPLICATIONS

What We're Watching: Debt Spreads....



What We're Watching: Corporate Bonds....



Source: MSCI Real Capital Analytics, ICE Data Indices, Cushman & Wakefield Research

Q&A

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