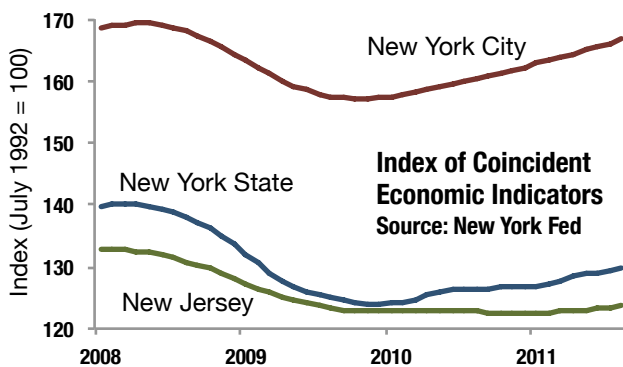


## OFFICE SECTOR

*New York City defies growth slowdown even as leasing pauses in peer markets.*

- Bucking the slowdown in the national recovery, measures of economic activity in New York City continued to climb over the summer months. As of August, the City had largely recovered its losses from the recession, easily outpacing the lackluster statewide and national growth trends.



- Improvements in Midtown occupancy rates reflect ongoing tenant migration and the relative strength of the New York office-using labor market. As Midtown's occupancy rates have tightened, however, spillovers into downtown have seen new lease signings across a wider range of properties.

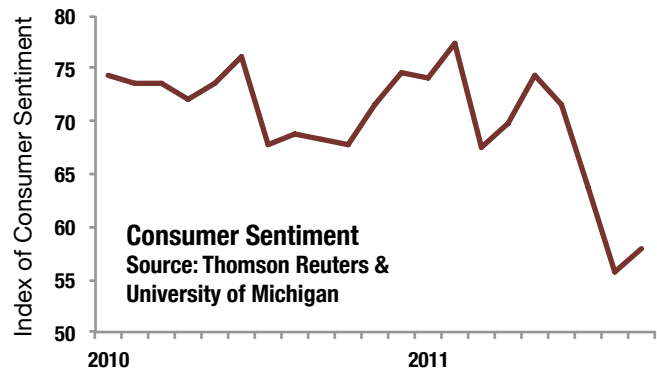
- Cutbacks at the largest financial institutions may reverse the office sector's enviable trends over the coming months. Barring a sudden uptick in lending activity, stagnating bank revenues present one of the New York office sector's most challenging headwinds. For now, core investors remain undeterred and are continuing to bid aggressively for the City's trophy assets.

## RETAIL SECTOR

*Outside New York City, consumer confidence has slid under the weight of the gloomier jobs outlook.*

- The frustratingly slow pace of job growth has prompted new proposals from Washington, including the Administration's recommendation of a payroll tax cut for businesses. In spite of these initiatives, the employment outlook remains clouded.

- The wavering recovery has cut dramatically into consumer confidence, slowing the pace of retail spending growth. Total retail spending was flat in August and likely fell in September.



- The widening gap between retail trends in Manhattan and the national outlook reflects New York City's stronger economy as well as expectations of continued growth in tourist traffic.

- Developers are positioning to support growth in Manhattan tourist traffic along several key retail corridors. At least seven separate hotel projects are currently in planning or under construction downtown. Midtown's retail corridors are the sites of even larger projects, including the Milford Plaza Hotel and the Knickerbocker.

## INTERNATIONAL MARKETS

*European leaders pledge to contain widening crisis but ripple effects from a Greek default remain unclear.*

- Europe's sovereign debt crisis has defied efforts at containment thus far. Faced with the possibility that a default by Greece or another peripheral economy could destabilize global financial markets, European leaders renewed their commitment to a flexible rescue fund.

- The recalcitrance of the European crisis has already taken a severe toll on businesses and consumers. Retail spending fell in July, the latest month for which data are available. Consensus projections show the Euro Zone economies expanding by just 1.0% in 2012, short of the pace needed to dent unemployment. Northern European economies will remain the Continent's stalwarts, offsetting their southerly neighbors' slow return to stability.

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## MARKET GAUGES TEAR SHEET

### Selected Office Sector Indicators

Indicator	Current	Date	Previous	Date
Professional & Business Services Employment Change	+28,000	Aug 2011	+28,000	Jul 2011
Financial Activities Employment Change	+3,000	Aug 2011	-7,000	Jul 2011
Unemployment Rate	9.1%	Aug 2011	9.1%	Jul 2011
<i>For Full Time Workers</i>	9.7%	Aug 2011	9.8%	Jul 2011
<i>In New York City</i>	8.7%	Aug 2011	8.6%	Jul 2011
Office Construction Spending (Compared to Previous Year)	+4.0%	Aug 2011	-1.8%	Jul 2011

### Selected Retail Sector Indicators

Indicator	Current	Date	Previous	Date
Personal Income	+0.3%	Jul 2011	+0.2%	Jun 2011
Inflation (Consumer Prices, Compared to Previous Year)	+3.8%	Aug 2011	+3.6%	Jul 2011
Retail Spending (On All Products)	+0.0%	Aug 2011	+0.3%	Jul 2011
Retail Spending (Excluding Spending on Cars and Food)	+0.1%	Aug 2011	+0.3%	Jul 2011
Savings Rate of American Households	+5.0%	Jul 2011	+5.5%	Jun 2011
Retail Employment Change (Jobs Gained or Lost)	-7,800	Aug 2011	+26,400	Jul 2011
Retail Employment Change (Excluding Auto Sales)	-8,600	Aug 2011	+19,900	Jul 2011

### Selected International Indicators

Indicator	Current	Date	Previous	Date
<b>Britain</b>				
Exchange: Dollars Per British Pound	\$1.56	Sep 2011	\$1.56	Year Earlier
Unemployment Rate	7.9%	Jul 2011	7.9%	Jun 2011
GDP Change (Annual Rate)	+0.7%	Q2 2011	+1.9%	Q1 2011
Inflation (Consumer Prices)	+4.5%	Aug 2011	+3.1%	Year Earlier
Retail Spending	+0.3%	Jul 2011		
<b>Euro Area</b>				
Exchange: Dollars Per Euro	\$1.37	Sep 2011	\$1.33	Year Earlier
Unemployment Rate	10.0%	Jul 2011	9.9%	Jun 2011
GDP Change (Annual Rate)	0.6%	Q2 2011	+3.4%	Q1 2011
Inflation (Consumer Prices)	+2.5%	Aug 2011	+1.6%	Year Earlier
Retail Spending	-0.2%	Jul 2011		

Sources: U.K. National Statistics Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, Census Bureau, Economist Intelligence Unit, Bloomberg