US Office Sector: Changes in Users and Usage

William Maher
LaSalle Investment Management
Office Employment Typically Defined by Industry

<table>
<thead>
<tr>
<th>Category</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>127 MM</td>
</tr>
<tr>
<td>Traditional Office Industries</td>
<td>26.9 MM</td>
</tr>
<tr>
<td>All Other Industries</td>
<td>100.2 MM</td>
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</tbody>
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Largest Office Industries – The Traditional View

Top 10 Office Using Industries

# Office Employment More than Just Office Industries

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## Office Using Occupations

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<tr>
<td>50.7 MM</td>
<td>21.7 MM</td>
<td>29.1 MM</td>
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## Non-Office Using Occupations

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<tr>
<td>76.3 MM</td>
<td>5.2 MM</td>
<td>71.1 MM</td>
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"Missing Piece" of Traditional Analysis
Largest Office Occupations- Across All Industries

Top 10 Office Using Occupations

Office Employment: Depends How You Measure It

5% more Office Employment Growth since 2001

Indexed Employment Level (2001 = 100)

- Total US Employment
- Industry-based Office Employment
- Occupation-Based Office Employment

Big Concern: Shadow Vacancy Will Hinder Absorption
Reality: Shadow Vacancy Issues Differs by Market

Shadow Vacancy Change 2007-2011 by Market

Better than in Traditional Analysis

Worse than in Traditional Analysis

Source: CoStar, CBRE-EA, BLS, LaSalle Investment Management
Note: Shadow vacancy rate change shown rather than rate because actual rate is not known
The Big Divide: Tech vs. FIRE

**Technology***
- Real Estate as Recruitment Tool
- Focus on Employee Experience
- More investment in Real Estate
- More space per employee

**FIRE**
- Real Estate as Cost Center
- Focus on Space Efficiency
- Reduced spending on real estate
- Less space per Employee

* Well capitalized companies

Both Sectors Finding Existing Office Buildings Not Always Suited to Needs
High Tech Performing Better Since Tech Bust

Source: Moody's Economy.com, LaSalle Investment Management
Tech Firms Investing in Office Space
New Financial Services Model: 108 sf per seat (80 per person)
LaSalle Investment Management Research

For more information please contact Bill Maher (410.878.4822)

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