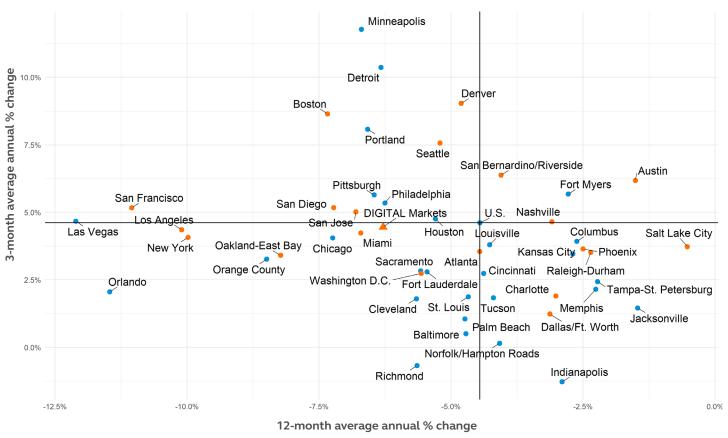
Real Estate



"DIGITAL" Employment report

May 2021

DIGITAL* employment chart



Source: Moody's Analytics, Principal Real Estate Research, May 2021

= indicates a DIGITAL market

Employment rose during the first guarter of 2021 for 46 of the 48 markets Principal tracks, as the economy continued to benefit from the increased pace of vaccinations that continues to facilitate business reopening's across the nation. Though April's employment at the national level was weaker than expected, most markets are still experiencing strong employment growth. Our internal DIGITAL sum of markets lagged slightly behind the national average during the past quarter on weaker performance among gateway markets.

Overall, markets were more randomly distributed during the quarter and some DIGITAL markets experienced a slowdown from prior quarters. Smaller, secondary markets are still

outperforming the nation on a longer-term basis. Recent chip shortages and shipping delays likely also contributed towards slower employment growth in markets with a significant manufacturing presence, such as Chicago, San Jose, Cleveland, and Dallas/Ft. Worth. Materials shortages in the construction industries may have also been responsible for more moderate job growth in traditionally high growth markets such as Atlanta, Miami, and Orlando.

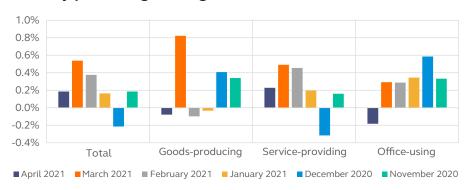
Vaccinations are well underway in the U.S. and, as of writing this report, nearly half of the nation has already received their first dose. Increased vaccination and the resumption of leisure and retail businesses is one of the keys to a swift recovery in the labor

^{*} DIGITAL refers to key long-term growth drivers centred around demographics, innovation, globalization, infrastructure, and technology that Principal has identified as metrics of long-term market outperformance.

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market, and states and markets with slower vaccinations could represent a headwind to stronger recovery. Job openings have also risen to record highs, indicating renewed demand for workers as the economy re-opens. Near-term headwinds on vaccine and childcare shortages should dissipate as we get deeper into the year. We expect many markets to fully recover by 2023, though many DIGITAL markets are expected to see an earlier recovery.

Monthly percentage change



Source: BLS, May 2021

Top 5, bottom 5 cities

Top 5	3 month % change
1. Minneapolis	11.8%
2. Detroit	10.4%
3. Denver	9.0%
4. Boston	8.7%
5. Portland	8.1%

Bottom 5	3 month % change
44. Palm Beach	1.1%
45. Baltimore	0.5%
46. Norfolk/ Hampton Roads	0.2%
47. Richmond	-0.7%
48. Indianapolis	-1.3%

Source: BLS, May 2021

Risk Considerations

Investing involves risk, including possible loss of principal. Past performance is no guarantee of future results. Potential investors should be aware of the risks inherent to owning and investing in real estate, including value fluctuations, capital market pricing volatility, liquidity risks, leverage, credit risk, occupancy risk and legal risk.

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