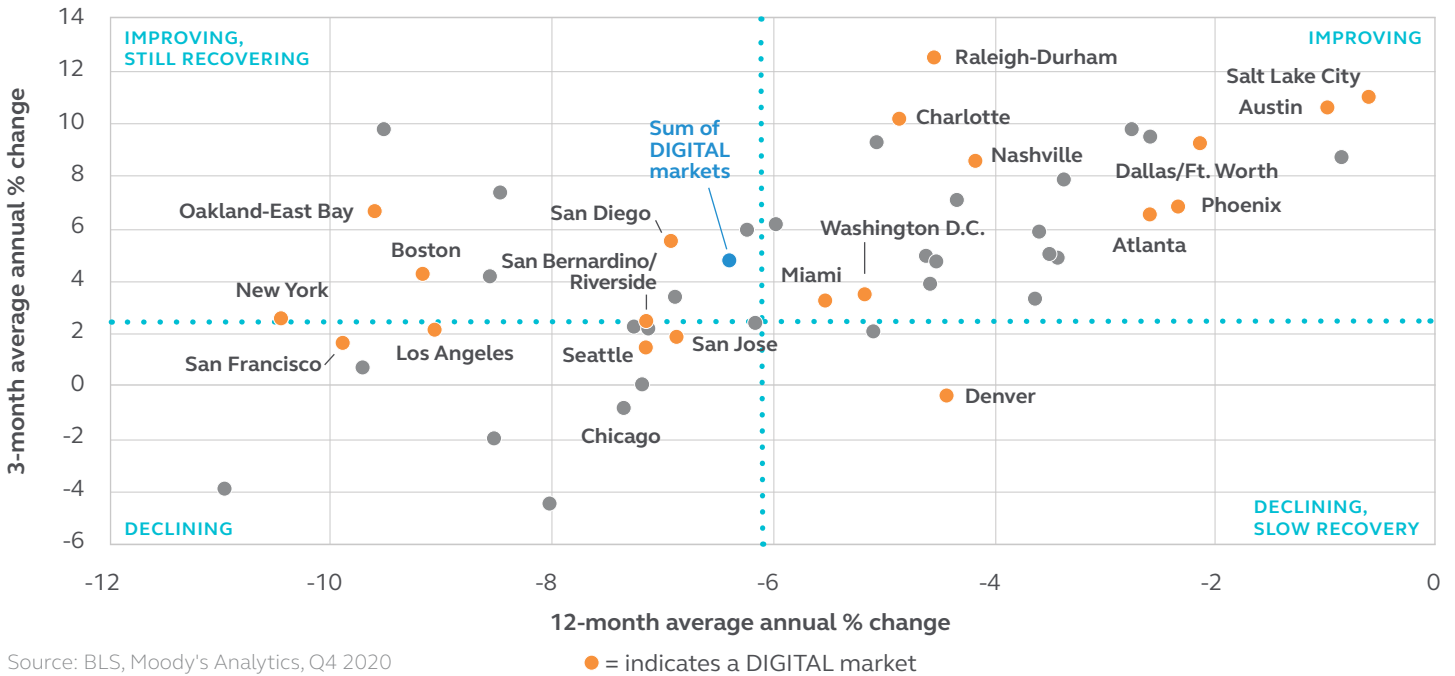


“DIGITAL” Employment report

January 2021

DIGITAL* momentum chart

Total non-farm payroll employment



Employment rose in the fourth quarter for 43 of the 48 markets that Principal Real Estate Investors tracks, as many markets continued to loosen pandemic-related restrictions. Despite declining employment at the national level in December, the majority of markets are gathering momentum as they accelerate from their February troughs. Our internal DIGITAL sum of markets has outpaced the nation in the past quarter but remains slightly behind on an annual basis, due to the significant drag of larger, gateway markets.

We continue to see significant divergence in employment growth between larger coastal markets and smaller secondary markets. Cities such as Austin, Salt Lake City, Dallas-Ft. Worth and Phoenix have been leading job creation due to more lenient lockdowns, growing industries and a more appealing quality of life attracting an influx of new residents. Meanwhile, New York, San

Francisco, Chicago and Los Angeles have seen slower recoveries, largely due to stricter lockdowns and a larger concentration of employment in retail, leisure and hospitality industries.

We expect that widespread vaccinations will enable the economy to recover lost ground quickly in the latter half of 2021. Despite this, employment will not rebound evenly in all markets. Some outperformers could see a return to peak employment as early as this year. Most markets will not see a full recovery until 2023 or later, however. Additionally, some industries will be altered permanently by the pandemic. The retail, leisure and hospitality sectors continue to shed jobs despite a broader—albeit moderating—national recovery and will remain a laggard as they continue to see closures of restaurants, hotels and brick and mortar stores.

* 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.

U.S. Industry employment

Monthly % change



Source: BLS, February 2021

Top 5, bottom 5 cities

Top 5	3 month % change
1. Raleigh-Durham	12.5%
2. Salt Lake City	10.9%
3. Austin	10.6%
4. Charlotte	10.2%
5. Las Vegas	9.8%

Bottom 5	3 month % change
44. Denver	-0.3%
45. Chicago	-0.8%
46. Portland	-2.0%
47. Detroit	-3.9%
48. Minneapolis	-4.5%

Risk Considerations

Investing involves risk, including possible loss. 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.

Important information.

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This document is intent for use in:

- The United States by Principal Global Investors, LLC, which is regulated by the U.S. Securities and Exchange Commission.
- Europe by Principal Global Investors (EU) Limited, Sobo Works, Windmill Lane, Dublin D02 K156, Ireland. Principal Global Investors (EU) Limited is regulated by the Central Bank of Ireland.
- United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorised and regulated by the Financial Conduct Authority ("FCA").
- In Europe, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID). The contents of the document have been approved by the relevant entity. Clients that do not directly contract with Principal Global

Investors (Europe) Limited ("PGIE") or Principal Global Investors (EU) Limited ("PGI EU") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGI EU, PGIE or PGI EU may delegate management authority to affiliates that are not authorized and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland..

- In Dubai by Principal Global Investors LLC, a branch registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority as a representative office and is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization. This document is intended for sophisticated institutional and professional investors only.
- Singapore by Principal Global Investors (Singapore)Limited (ACRAREg. No.199603735H), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act (Chapter 289). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.
- Australia by Principal Global Investors (Australia) Limited (ABN 45 102 488 068, AFS Licence No. 225385), which is regulated by the Australian Securities and Investments Commission. This document is intended for sophisticated institutional investors only.
- Switzerland by Principal Global Investors (Switzerland) GmbH.
- Hong Kong SAR (China) by Principal Global Investors (Hong Kong) Limited, which is regulated by the Securities and Futures Commission and is directed exclusively at professional investors as defined by the Securities and Futures Ordinance.
- Other APAC Countries, this material is issued for institutional investors only (or professional/ sophisticated/qualified investors, as such term may apply in local jurisdictions) and is delivered on an individual basis to the recipient and should not be passed on, used by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

Principal Funds are distributed by Principal Funds Distributor, Inc.

© 2021 Principal Financial Services, Inc. Principal, Principal and the symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group. Principal Global Investors is the asset management arm of the Principal Financial Group. Principal Real Estate Investors is a dedicated real estate investment management group within Principal Global Investors.

MM11961 | 02/2021 | 1517593-02/2022