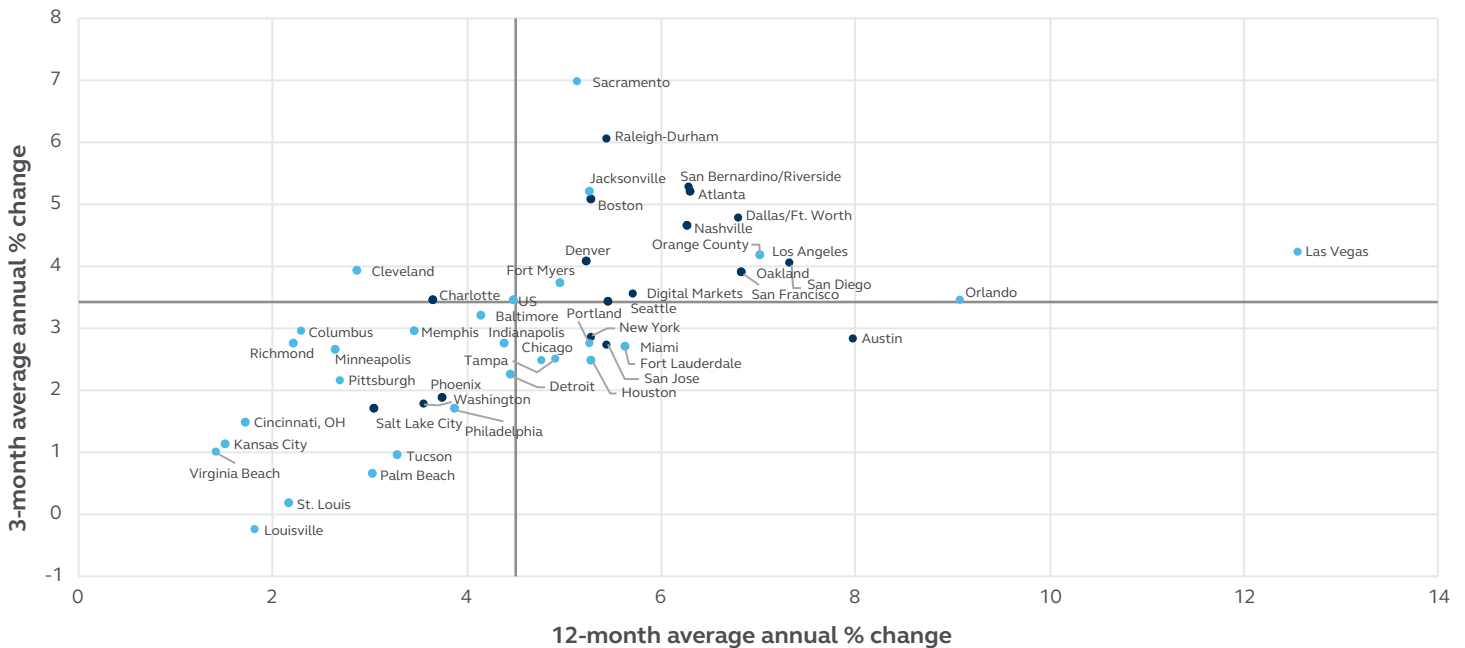


“DIGITAL” Employment report

MAY 2022

DIGITAL* employment chart



Source: BLS, Moody’s Analytics, Principal Real Estate Investors, Q1 2022

● = indicates a DIGITAL market

In the first quarter of 2022, employment rose in all 48 metro areas that Principal Real Estate Investors tracks, as the labor market recovery continues. Despite a resurgence of COVID-19 cases driven by the Omicron variant in recent months, the first quarter continued to see strong growth in hiring across all regions. Once again, our DIGITAL sum of markets outpaced the national average with Sacramento, Raleigh, and San Bernardino/Riverside posting the strongest growth during the first quarter of 2022.

Markets with strong population growth and exposure to high-tech and tourism related industries outperformed. Notably we are also starting to see the emergence of larger gateway cities among top markets, as back to office plans are being

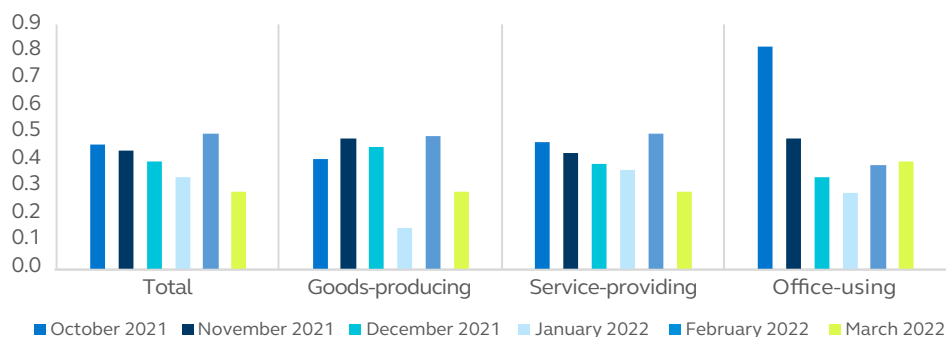
increasingly implemented on both coasts. Goods-producing industries, such as manufacturing and construction, continued to struggle relative to the rest of the labor market as materials and labor shortages continue to vex businesses.

The impact of the COVID-19 pandemic on the labor market is gradually subsiding though growth in the labor force has proved to be uneven since the recovery. The labor market has 1.6 million payrolls to recover before reaching its pre-pandemic peak, as of the end of Q1 2022. Pandemic related volatility has certainly eased, and restrictions are now minimal in most regions of the country. The job market’s progress will now be driven largely by underlying economic fundamentals. While a resurgence of cases remains a risk

* 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.

to the labor market outlook, geopolitical events, and slower underlying growth domestically as the Fed continues its hiking cycle to combat inflation remain our primary concerns over the next 12 months. That said, our outlook for a full payroll recovery has not changed appreciably in the last three months and we maintain our view that the economy will have recovered the jobs lost during the 2020 correction by the end of this year, with DIGITAL markets remaining ahead of the curve.

Monthly percentage change



Source: U.S. Bureau of Labor Statistics (BLS), Moody's Analytics, Principal Real Estate Investors, Q1 2022.

Top 5, bottom 5 cities

Top 5	3 month % change
1. Sacramento	6.96
2. Raleigh-Durham	6.02
3. San Bernardino/Riverside	5.26
4. Jacksonville	5.17
5. Atlanta	5.16

Bottom 5	3 month % change
44. Kansas City	0.97
45. Virginia Beach	0.94
46. Tucson	0.63
47. Palm Bay	0.15
48. St. Louis	-0.27

Source: U.S. Bureau of Labor Statistics (BLS), Moody's Analytics, Principal Real Estate Investors, Q1 2022.

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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