First 400 Days of Trump Administration: Interactive Analysis of Impact on Your Firm and Real Estate

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First 468 Days of Trump
Legal and real estate impact

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Agenda

1. Political backdrop
2. Economic & property outlook
3. Big trends to watch
4. Implications & Q&A
Poll question...
How has your firm’s performance changed since Trump was elected?

a. Worse  b. Same  c. Better

A look back:
Trump presidency after 468 days

2016

Our prediction at the time...

Likely to occur
- Some taxes cuts / tax reform

Somewhat likely to occur
- Infrastructure spending
- Deregulation
- Defense spending

Who knows?
- Healthcare reform
- Immigration reform
- Trade and foreign policy
The reality: Trump presidency vs. expectations

2018

What actually got done...

Likely to occur
- Some taxes cuts / tax reform

Somewhat likely to occur
- Infrastructure spending
- Deregulation
- Defense spending

Who knows?
- Healthcare reform
- Immigration reform
- Trade and foreign policy

Trump presidency... by the numbers

Here’s what’s happened since inauguration day:

167
Bills passes

2.8
Million jobs added

2.6%
Average GDP growth

18%
change in S&P 500

39%
Approval rating

8.6MSF
Law firm leasing since January 2017 (-5.6% vs. 2016 rate)
Policy implications for law firms

- **Sustained economic growth**: Continued activity across sectors driving demand.
- **Tax reform**: Less direct benefit due to partnership status, but increased demand from clients adapting to new legislation.
- **Deregulation**: Robust demand for legal services as corporates adjust to changing regulatory environment.
- **Sector-specific activity**: Changing policy surrounding finance, anti-trust, trade and energy industries and regulation.
- **Policy uncertainty**: Will weigh on firms’ abilities to create long-term strategic plans.

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Economic and property cycle
The cycle that keeps on giving?

Second-longest expansion on record

- March 1991 - March 2001: 120 months
- June 2009 - Current: 106 months
- February 1961 - December 1969: 106 months
- December 1982 - July 1990: 92 months
- November 2001 - December 2007: 73 months
- Average: 67 months

Revenue growth accelerated to fastest post-recession level

5.5% increase driven by the top tier of firms

Source: JLL Research, American Lawyer
Profitability up due to improved efficiency and productivity

Source: JLL Research, American Lawyer

M&A activity is likely to increase even more

Source: JLL Research, Altman Weil
Poll question...

When do you think this economic cycle will peak?


Growth looks solid this year and into next

Economic growth continues to rebound

Seasonally adjusted (%)

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Forecast

Source: JLL Research, Bureau of Economic Analysis
Cumulative 5-year probability distribution for recession

Highest risk is in 2020 and 2021

Typical causes of recessions
1. Asset bubbles
2. Monetary tightening
3. Geopolitical crisis

Office clock: market is approaching its cyclical peak
Core space under construction remains available, improving firms’ prospects

Availability rate (%)
- 32.4% in 2018
- 30.4% in 2019
- 53.3% in 2020
- 54.8% in 2021
- 91.1% in 2022

Source: JLL Research

Concession packages are rising across law firm-heavy markets

Source: JLL Research
Poll question...

Which of the following do you expect to benefit your firm?

a. New supply increasing options  
b. Rising concessions  
c. Improved efficiency  
d. Workplace experience  
e. Harnessing technology  
f. Other

Big secular trends to watch
Human experience and operational changes to shift law firm behavior

**Human Experience**
Enhance user experience through engagement, empowerment and fulfillment.

**Future of Work**
- Digital Drive
  - Harness digitization and rich data to enhance people and enterprise performance.
- Continuous Innovation
  - Combine new thinking, solutions and processes to drive value creation and accelerate transformation.

**Financial Performance**
Manage spending to enable growth and enhance return on investment (ROI).

**Operational Excellence**
Optimize enterprise resources and service delivery to increase productivity, mitigate risks and ensure high performance.
Poll question...

What trend will have the biggest impact on your business and real estate?

a. Economic cycle
d. Changing demographics
b. Political and policy environment
e. Other
c. Tech and innovation

Implications & Q&A
Your opinion matters!

Please take a moment now to complete the evaluation.

Thank You!