



# U.S. ECONOMY & CRE OUTLOOK

PACIFIC NORTHWEST REGIONAL ECONOMIC CONFERENCE

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Better never settles

# MACRO: KNOWN AND UNKNOWN IN 2026



**2025:** a Stress Test in Resilience



**Vibe Shift in 2026:** From Resilience to Cautious Optimism (not without risks)



**Financial Market Conditions:** an Ongoing Tailwind (increasingly fragile)



**Labor Markets:** Low hire, low fire and minimal “churn”



**Inflation Dynamics:** Sticky, Not Back to Target, (Temporary?) Oil Price Shock



**Monetary Policy:** Coasting in Neutral



**Fiscal Policy:** a Boost for (Investment Driven) Growth in 2026, 2027 and 2028

# AI IMPACT

Baseline scenario: Economy

## STEADY GROWTH BACKDROP

Real GDP holds in the 2.5%-3% range over the next decade, navigating near-term energy headwinds, with AI contributing roughly a 50-bps uplift to growth.

## PRODUCTIVITY GAINS

Productivity accelerates meaningfully (2.2%-2.7%), reflecting AI as a gradual but powerful driver of growth.

## GROWTH WITHOUT OVERHEATING

Strong productivity allows the economy to expand without triggering sustained inflation pressures.

## LABOR MARKETS

### NEAR-TERM

Job growth slows, not collapses. AI displaces routine roles, but layoffs remain limited.

### LONG-TERM

AI expands the economy. New industries and business formation drive stronger job creation.

## INFLATION NORMALIZES

CPI settles back to ~2%, reinforcing a stable macro environment

## FED EASING, THEN STEADY STATE

The Fed cuts rates to 2.75% (lower bound) by 2027, then holds steady. No return to zero-rate policy.

## LONG RATES ANCHORED

The 10-year Treasury remains range-bound around 4%, consistent with long-run equilibrium and stable capital markets.

# AI IMPACT

## Baseline scenario: Commercial real estate

1

### AI is additive to demand, not a substitute for space

Across sectors, AI drives a bigger, faster-growing economy, resulting in higher cumulative space demand, not less—despite a near-term recalibration period.

2

### Near-term drag, long-term acceleration

Occupiers pause and recalibrate in the near term, but over time productivity gains, business formation, and new industries drive stronger absorption across property types.

3

### Job displacement is real, but net job creation dominates

AI eliminates routine roles, but most jobs evolve rather than disappear, with new businesses and higher-value work driving net employment growth.

4

### Office demand is reshaped, not reduced

Near-term softness gives way to stronger long-term demand, as business formation and higher-value work drive office job growth.

5

### AI accelerates office bifurcation and raises the premium on quality and flexibility

Demand shifts toward high-quality, well-located, and adaptable space, as offices evolve from desks to collaboration, decision-making, and client engagement.

6

### Logistics & Industrial evolves gradually, but requirements rise

Traditional demand remains intact, while automation, power needs, and advanced logistics drive demand for modern, flexible facilities over time.

7

### Retail benefits from AI, but becomes more polarized

Stronger income growth supports spending, but a K-shaped consumer drives outperformance at the high and low ends, with pressure on mid-tier retail.

8

### Experiential and location-driven retail lead

Physical, experience-based retail remains resilient, with demand concentrating in high-income, talent-dense markets.

9

### Multifamily/living sector benefits indirectly from AI-driven growth

Stronger job and income growth support housing demand, while outcomes increasingly depend on where economic growth concentrates.

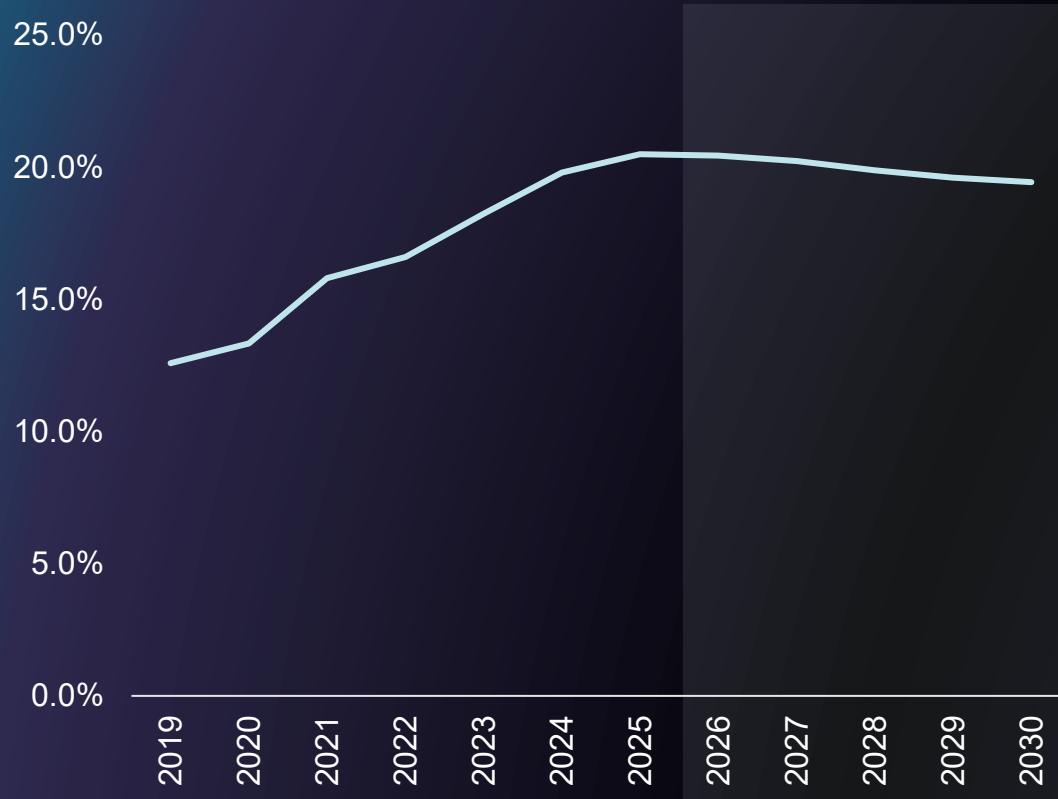
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### Location matters more across all sectors

AI concentrates growth in talent-rich, high-productivity markets, widening performance gaps across geographies and assets.

# OFFICE OUTLOOK

## Baseline



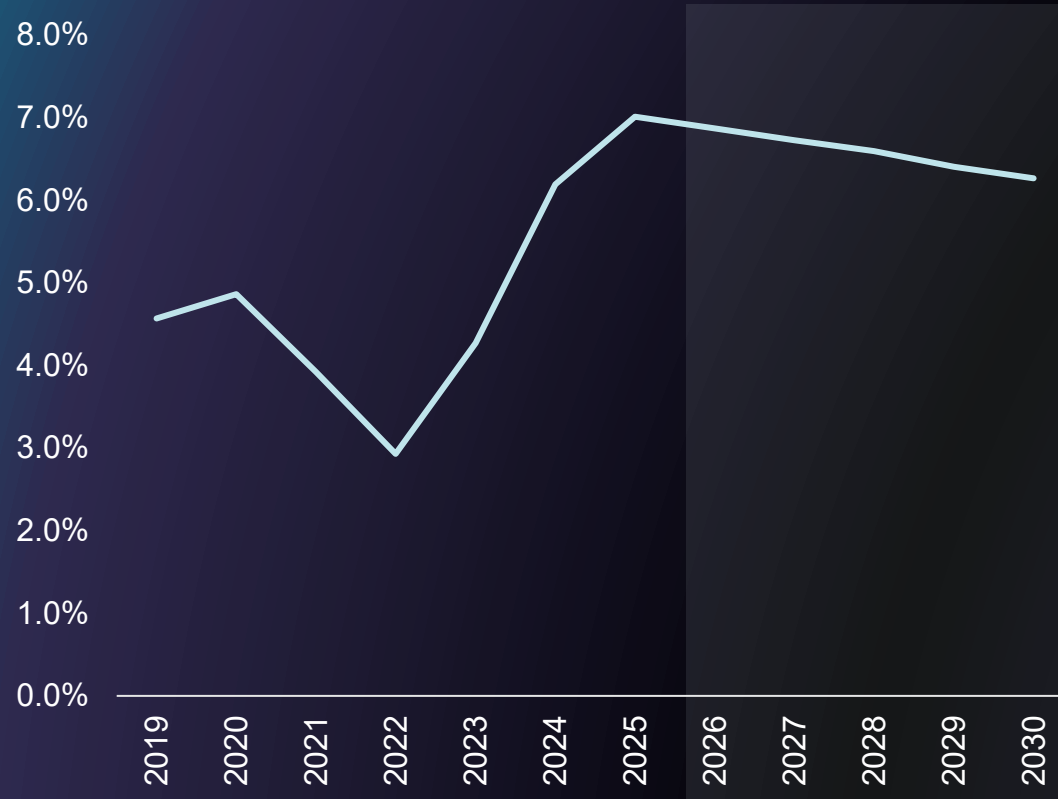
## Scenarios

	2025	2026F	2027F	2028F	2029F	2030F
<b>S1: Upside - Expansion</b>	20.5%	20.2%	19.8%	19.2%	18.5%	18.1%
<b>S2: Baseline</b>	20.5%	20.5%	20.2%	19.9%	19.6%	19.4%
<b>S3: Downside - AI Bust</b>	20.5%	21.2%	22.2%	22.0%	21.8%	21.6%
<b>S4: Downside - Displacement</b>	20.5%	20.7%	21.5%	22.4%	23.3%	24.1%

Source: Cushman & Wakefield Research, Updated 3-21-2026

# INDUSTRIAL OUTLOOK

## Baseline



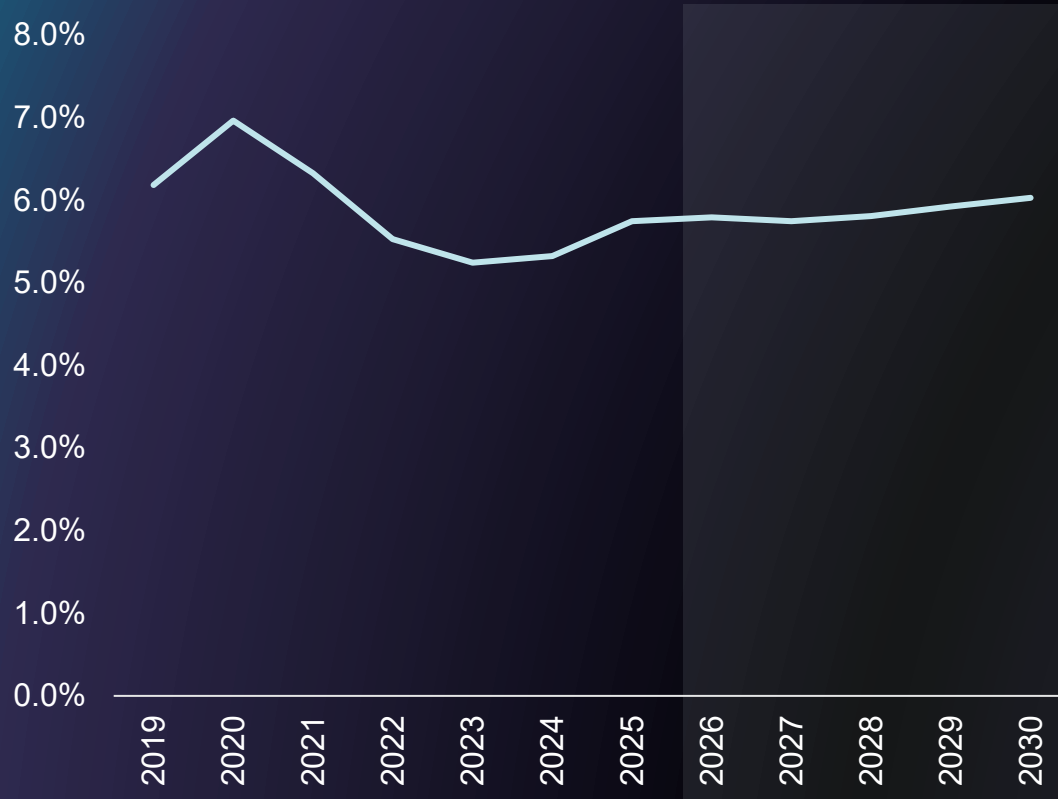
## Scenarios

	2025	2026F	2027F	2028F	2029F	2030F
<b>S1: Upside - Expansion</b>	7.0%	6.4%	6.1%	5.7%	5.3%	5.0%
<b>S2: Baseline</b>	7.0%	6.9%	6.7%	6.6%	6.4%	6.3%
<b>S3: Downside - AI Bust</b>	7.0%	7.7%	8.7%	9.0%	8.7%	8.3%
<b>S4: Downside - Displacement</b>	7.0%	7.3%	8.3%	8.5%	8.7%	8.8%

Source: Cushman & Wakefield Research, Updated 3-21-2026

# RETAIL OUTLOOK

## Baseline



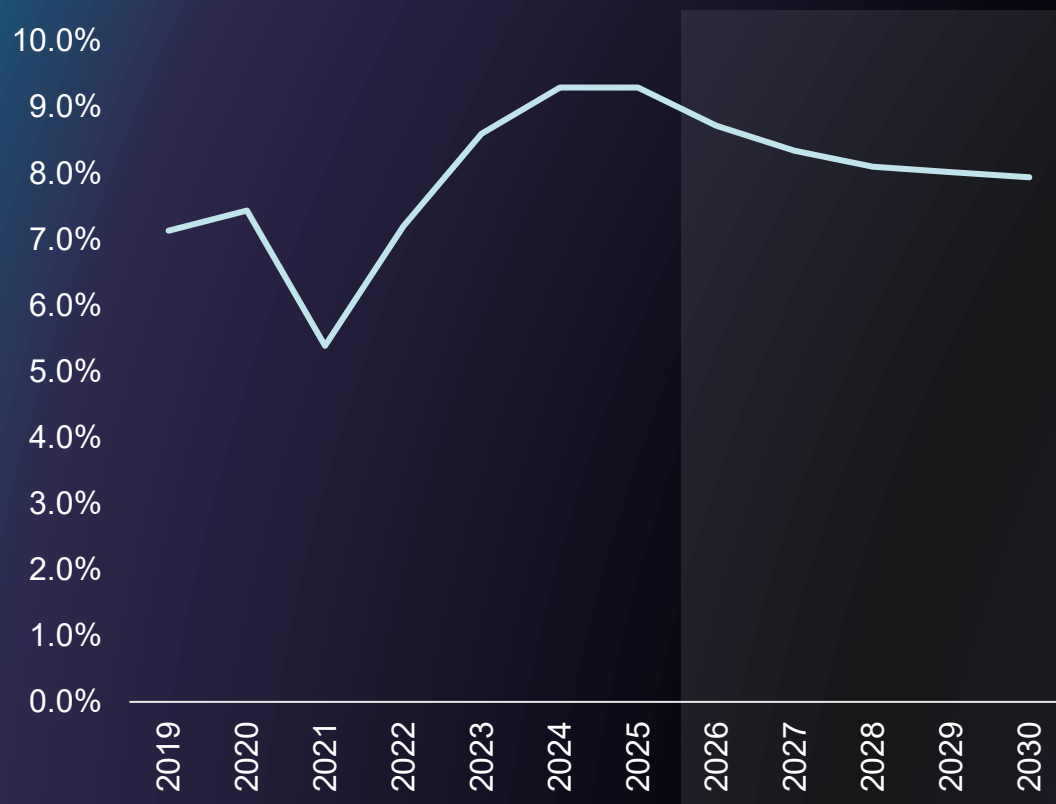
## Scenarios

	2025	2026F	2027F	2028F	2029F	2030F
<b>S1: Upside - Expansion</b>	5.7%	5.5%	5.3%	5.2%	5.1%	5.0%
<b>S2: Baseline</b>	5.7%	5.8%	5.7%	5.8%	5.9%	6.0%
<b>S3: Downside - AI Bust</b>	5.7%	6.3%	6.9%	7.0%	7.0%	6.9%
<b>S4: Downside - Displacement</b>	5.7%	6.2%	6.8%	7.7%	8.5%	8.8%

Source: Cushman & Wakefield Research, Updated 3-21-2026

# MULTIFAMILY OUTLOOK

## Baseline



## Scenarios

	2025	2026F	2027F	2028F	2029F	2030F
<b>S1: Upside - Expansion</b>	9.3%	8.4%	7.4%	6.9%	6.6%	6.6%
<b>S2: Baseline</b>	9.3%	8.7%	8.3%	8.1%	8.0%	7.9%
<b>S3: Downside - AI Bust</b>	9.3%	9.8%	10.3%	10.2%	9.6%	9.0%
<b>S4: Downside - Displacement</b>	9.3%	9.3%	9.9%	10.5%	10.9%	11.1%

Source: Cushman & Wakefield Research, Updated 3-21-2026

# WHAT OCCUPIERS SHOULD DO

Focus, Flex, Futureproof

## SECTORAL ADVICE

	AI IMPACT	OCCUPIER RESPONSE
OFFICES	Workforce volatility increases	Add flex buffer capacity
	Routine work automates	Renew short on commodity
	Bifurcation widens	Secure hubs and upgrade spec
RETAIL	Spend concentrates in winners	Double down on prime nodes
	Stores split: experience vs service	Refit formats, exit middle
LOGISTICS	Network redesign drives churn	Add swing space optionality
	Optimization drives advantage	Secure power-ready nodes
DATA CENTRES	Power constraints cap supply	Bank power, phase capacity
LIVING	Ops become predictive	Upgrade digital operating stack
HEALTH	Triage shifts upstream	Target access-rich outpatient sites
EDUCATION	Teaching unbundles	Shift estate to labs/studios

## TIMING / TRIGGER POINTS



Don't time the AI curve

Time adoption.

## PRACTICAL ACTIONS

1

### Watch the barometer

Track utilization signals, watch for inflections

2

### Recut demand planning

Map workflows to space

3

### Build Option Value

Use flex, breaks options expansion rights

# IMPLICATIONS FOR INVESTORS

Reprice, Reweight, Reposition

## SECTORAL ADVICE

	AI IMPACT	INVESTOR ACTIONS
OFFICES	Workforce volatility increases	Underwrite shorter lease risk
	Routine work automates	Underweight commodity stock
	Bifurcation widens	Overweight adaptable prime
RETAIL	Spend concentrates in winners	Back prime destinations
	Middle weakens	Avoid generic boxes
LOGISTICS	Network redesign drives churn	Target liquid corridors
	Power becomes constraint	Buy power optionality
DATA CENTRES	Power constraints cap supply	Back permitted, powered sites
LIVING	NOI dispersion widens	Back operators + tech stack
HEALTH	Intermediate layer grows	Target outpatient nodes
EDUCATION	Consolidation accelerates	Back winners, repurpose surplus

## TIMING / TRIGGER POINTS



Markets price the future early  
Repricing leads adoption

## PRACTICAL ACTIONS

1

**Underwrite adaptability**  
Price capex, reconfig,  
upgrade headroom

2

**Focus on the reversion**  
Stress rents, downtime, exit  
liquidity

3

**Stage capital with options**  
Phase commits, secure  
rights, keep dry powder.

# Q&A

Better never settles

