WESTERN U.S. *ECONOMIC OUTLOOK* BY THE NUMBERS

2026 Mid-Year Market Forecast

THE U.S. ECONOMY REMAINS RESILIENT AS *GROWTH MODERATES*

The U.S. economy enters the second half of 2026 on stable footing, with growth continuing at a more measured pace.

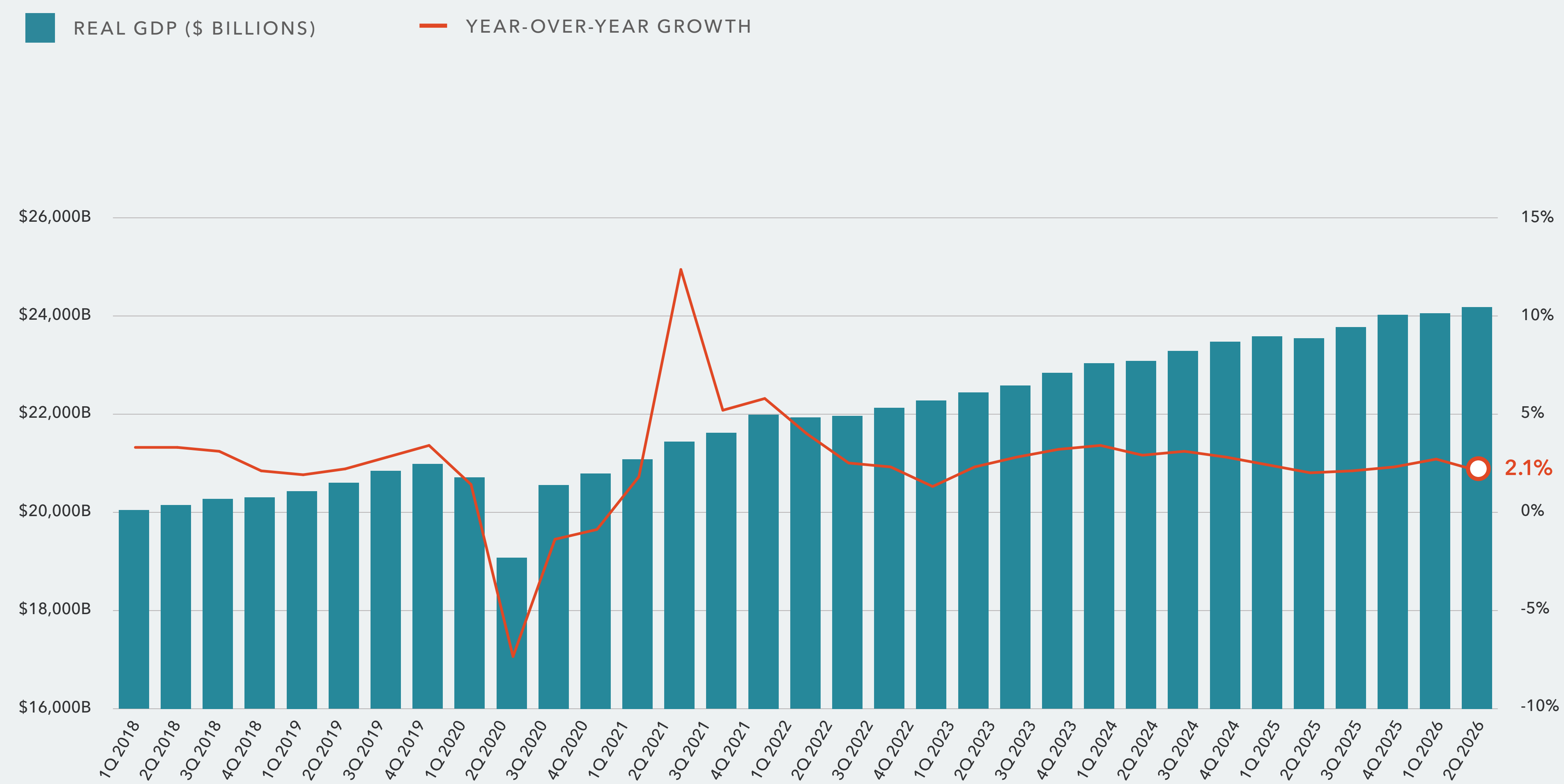
Elevated interest rates, persistent inflation, and global uncertainty continue to temper economic activity. Despite these pressures, resilient consumer spending and gradually easing inflation are expected to support modest expansion in the coming quarters. Businesses are also adapting to an economic normalization, shifting workplace preferences, and rapid technological advancement. The accelerating adoption of artificial intelligence and continued prevalence of hybrid work are reshaping workplace strategies and space utilization, creating both opportunities and challenges for commercial real estate.

CONSUMER SPENDING & AI INVESTMENT SUPPORT *GDP GROWTH*

U.S. economic growth remains steady, supported primarily by consumer spending and AI-related investment.

The U.S. real gross domestic product (GDP) grew 0.4% in 2Q 2026 and 2.1% over the past year, exceeding expectations despite persistent inflation, inconsistent job growth, and policy uncertainty. Consumer spending remained the largest contributor, adding approximately 1.5 percentage points to growth, while AI-related investment contributed another 0.9 percentage points and accounted for more than 40% of total growth. Outside of these two areas, activity across the broader economy remained relatively weak.

The economic impact of AI is becoming increasingly visible, contributing to rising commercial electricity demand and strong growth in advanced manufacturing. Looking ahead, the U.S. economy is expected to continue expanding, with many forecasts projecting GDP growth of 2.3% in 2026 and 2.2% in 2027, supported by resilient consumer demand and continued technology investment.



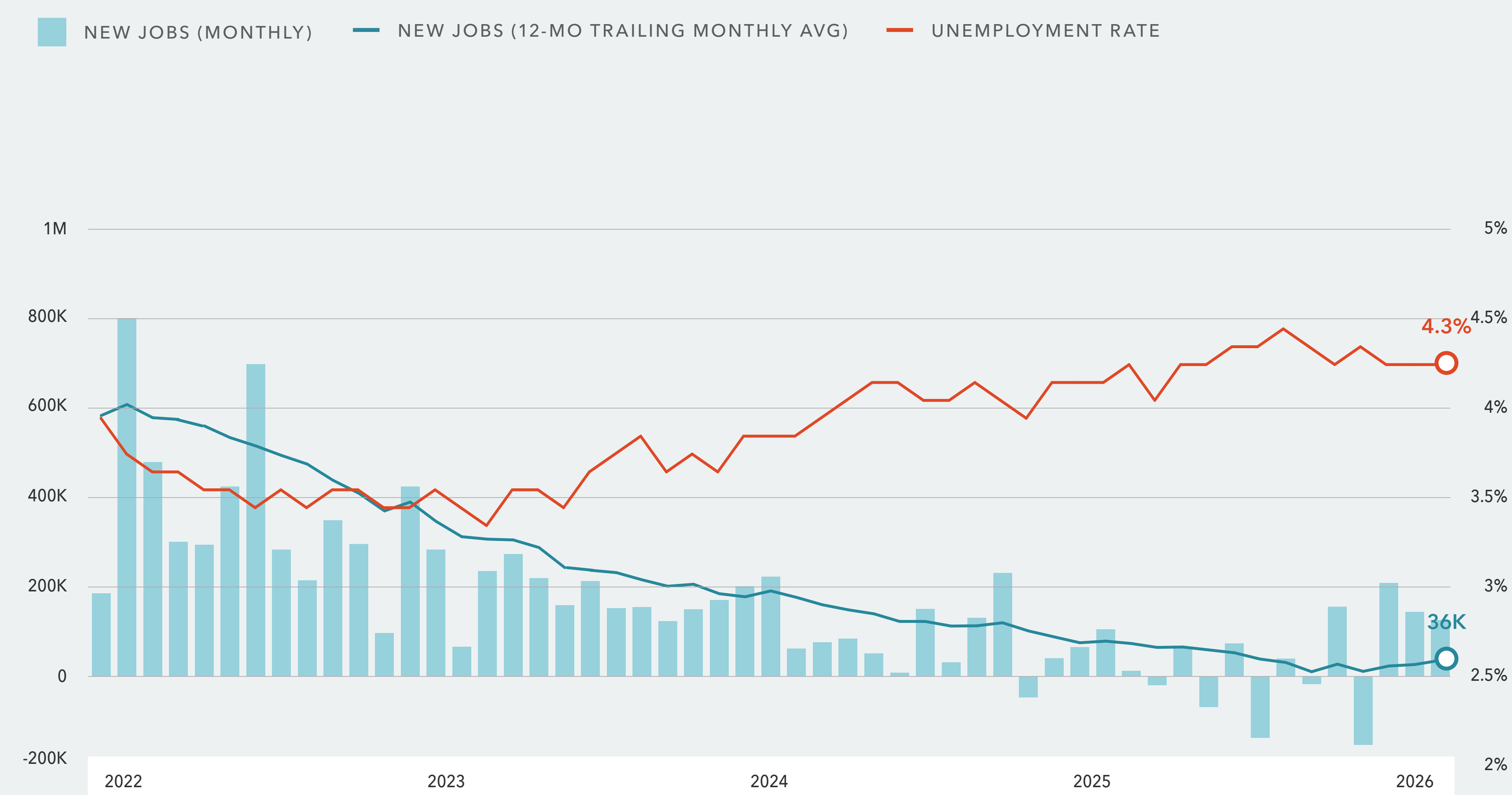
Source: U.S. Bureau of Economic Analysis

TOTAL JOB GROWTH *PROJECTED TO IMPROVE*

The U.S. labor market continues to normalize while maintaining underlying stability.

Following the exceptionally tight labor conditions of 2021 and 2022, hiring has gradually moderated, bringing the labor market closer to a more balanced environment. Although job growth has slowed from the rapid pace of the post-pandemic recovery, unemployment remains relatively low at 4.3%, and wage growth continues at a healthy pace.

Near-term hiring is projected to remain steady, supported by continued demand across key sectors, including healthcare, technology, and professional services. Overall, labor market trends point to measured normalization rather than significant weakening, while employment remains stable.



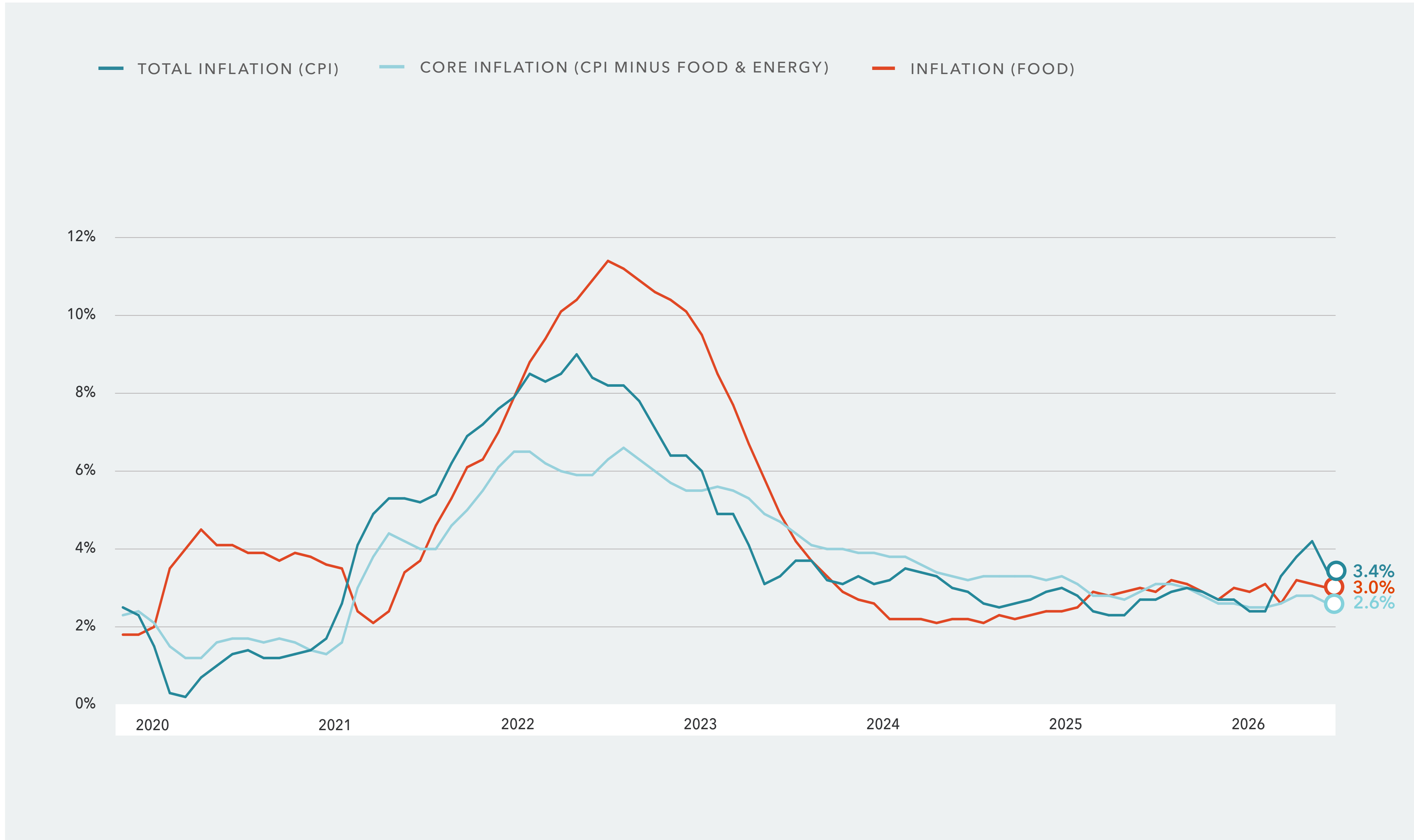
Source: U.S. Bureau of Labor Statistics

INFLATION REMAINS *RELATIVELY STABLE*

Inflation remains a key focus for investors, and continues to shape monetary policy and market expectations.

After peaking in 2022, inflation gradually moderated through 2023 and 2024 as higher interest rates, easing supply chain pressures, and slower demand brought price growth closer to historical levels. More recently, inflation has proven somewhat persistent, particularly across services and housing-related categories, though overall price pressures have continued to trend lower than their post-pandemic highs. As of June 2026, headline CPI was 3.4% year-over-year, while core inflation, which excludes food and energy, stood at 2.6%.

Looking ahead, inflation is expected to ease gradually over the next 6 to 12 months, though progress will likely remain uneven as labor market conditions, energy prices, and consumer spending continue to influence the outlook. Inflation is expected to remain above the Federal Reserve's 2% target in the near term while continuing its gradual downward trend.



Source: U.S. Bureau of Labor Statistics

AI INVESTMENT *CONTINUES TO SURGE*

Artificial intelligence has become a major economic and business priority as investment continues to accelerate.

According to Stanford HAI's 2026 AI Index Report, total AI investment across private funding, mergers and acquisitions, minority investments, and public offerings reached a record $581.7 billion in 2025. This represents an increase of nearly 130% from 2024 and is approximately 40 times the level recorded in 2013, illustrating AI's evolution from a niche technology into a significant driver of business strategy and investment.

Private investment accounted for the largest share at $344.7 billion. Within that total, generative AI companies attracted $170.9 billion, representing nearly half of all private AI funding and more than triple the amount raised the previous year. Companies and investors continue to increase their commitments to AI, with a growing share of capital flowing to generative AI.

Source: Stanford Institute for Human-Centered AI (HAI)

ECONOMIC OUTLOOK: *RESILIENCE SUPPORTS STEADY EXPANSION*

Overall conditions point to continued economic stability as growth moderates and technological investment accelerates.

Resilient consumer activity, healthy business investment, and continued innovation are expected to support steady economic growth through the second half of the year. At the same time, political uncertainty, shifting trade policy, and geopolitical tensions, including ongoing tensions between the U.S. and Iran, will remain important risks to the outlook. Developments on this front carry potential implications for energy prices, inflation, and broader financial conditions, and could influence the timing and direction of future Federal Reserve policy decisions.

Rapid advances in artificial intelligence are also reshaping the economy, with record investment in infrastructure, software, and data centers creating new opportunities to improve efficiency, increase productivity, and support long-term growth. Although automation may change the nature of certain jobs and limit hiring in some areas, the broader economic outlook remains positive. Long-term performance will depend in part on how effectively businesses and workers adapt to these changes and capitalize on the opportunities created by emerging technologies.

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We offer a complete range of brokerage, appraisal, asset services, consulting, and debt equity finance services for all property types.

COMMERCIAL BROKERAGE

$9B	32.4M+	32.5M+
AVERAGE ANNUAL TRANSACTION VOLUME	ANNUAL SF OF SALES	ANNUAL SF OF LEASING

ASSET SERVICES

54M SF	800+	250+
MANAGEMENT PORTFOLIO SIZE	ASSETS MANAGED	CLIENTS SERVED

VALUATION ADVISORY

2,700+	42	23
AVERAGE ANNUAL ASSIGNMENTS	TOTAL NO. OF APPRAISERS	WITH MAI DESIGNATIONS