The hidden tax on residents

When the government prints money to cover its spending, the dollar is devalued and taxpayers pay.

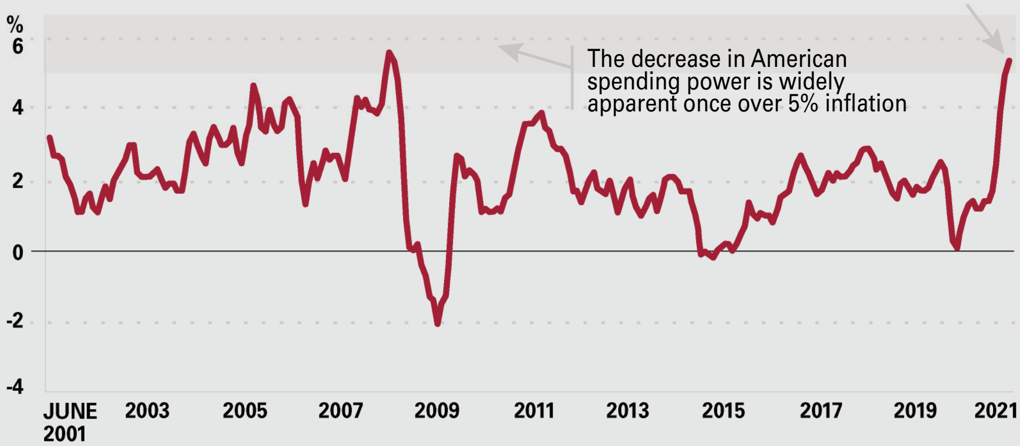
The $1,000 bill was a gold certificate in 1918. It moved off the gold standard in 1928 to a Federal Reserve note.

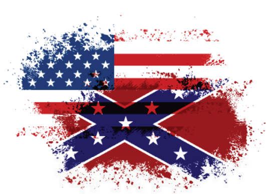
CPI

begun in 1919, the **consumer price index** is a primary gauge of inflation

Consumer price index: groceries, energy, electricity, apparel, medical commodities, shelter, education, communication, dining, gas, natural gas, commodities, new vehicles, services, medical care

5.4%
June 2021 fastest climb since 1992





U.S. money history

FIRST FED CURRENCY **ISSUED** TO PAY FOR CIVIL WAR

1862:
U.S. NOTES (GREENBACKS) REPLACE DEMAND NOTES

1864:
NATL BANK ACT CREATES NATL BANK NOTES, GOLD CERTS

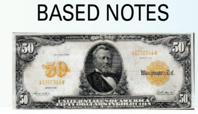
1890:
TREASURY COIN NOTES TOTAL 4 U.S. CURRENCIES

1861:
GOLD-BASED DEMAND NOTES

1863:
NATIONAL BANK

1878:
SILVER CERTS, BANK NOTES, GOLD CERTS

1913:
FED RES ISSUES GOLD BASED NOTES



SOURCE: U.S. BUREAU OF LABOR STATISTICS; CONGRESSIONAL BUDGET OFFICE; ESTIMATING THE IMPACT OF INFLATION IN COMMERCIAL REAL ESTATE RETURNS, JING REN, PHD, NEIL BLAKE, PHD, MATT MOWELL, CBRE; BUREAU OF LABOR STATISTICS; CONSUMER PRICE INDEX; ILLUSTRATION: KARL MARX (BARIS BALKAN)

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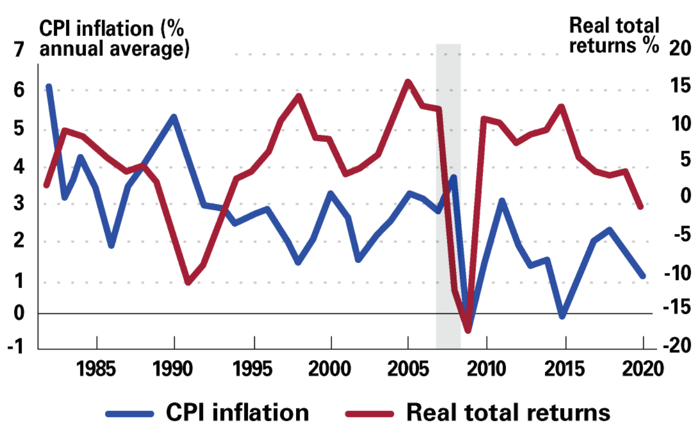
29.78%
inflation (1974) highest rate recorded since U.S. founding

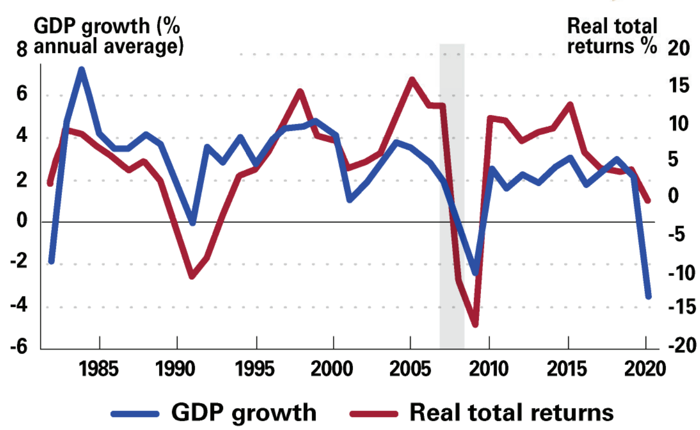
$3.8 trillion
U.S. money supply growth in 2020 was unprecedented, equal to 20% of all dollars ever printed

The Congressional Budget Office projects
$6.8 trillion
in spending vs. $3T in revenue (2021)

CRE real total returns, inflation



CRE real total returns, GDP growth



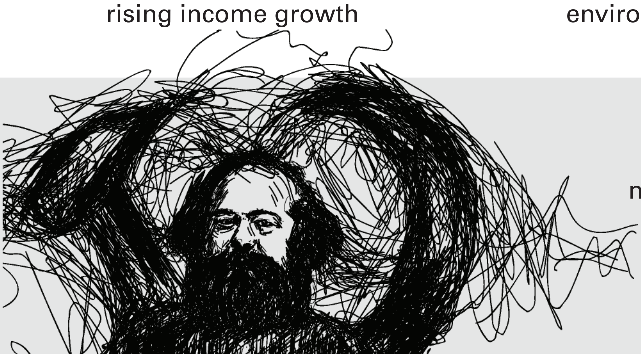
The cause of inflation matters to CRE returns

Inflation from strong economic growth benefits CRE returns when it includes rising rents, lower vacancy, rising income growth

Landlords must be able to pass along inflationary pressures to residents Inventory oversupply exacerbates this environment

Rising cost of goods and stagflation is detrimental. Vacancy is higher, landlords can't effect rent increases, interest rates rise

If rising inflation means rising interest rates this may push up cap rates and lower returns



the U.S. is moving toward **modern monetary theory**

MMT removes spending limits. It's favored by socialists like Bernie Sanders

today's $1 is worth
3.7 cents
of 1913 goods (CPI)