

Globalization Impact & Emerging Demographic Opportunities

A Consumer Products Company Perspective, Year 2011-2020

Jim Reeb, President, Institute St. Onge

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Coming Out On Top



The Riches are in the Niches

Broad Media Blinds

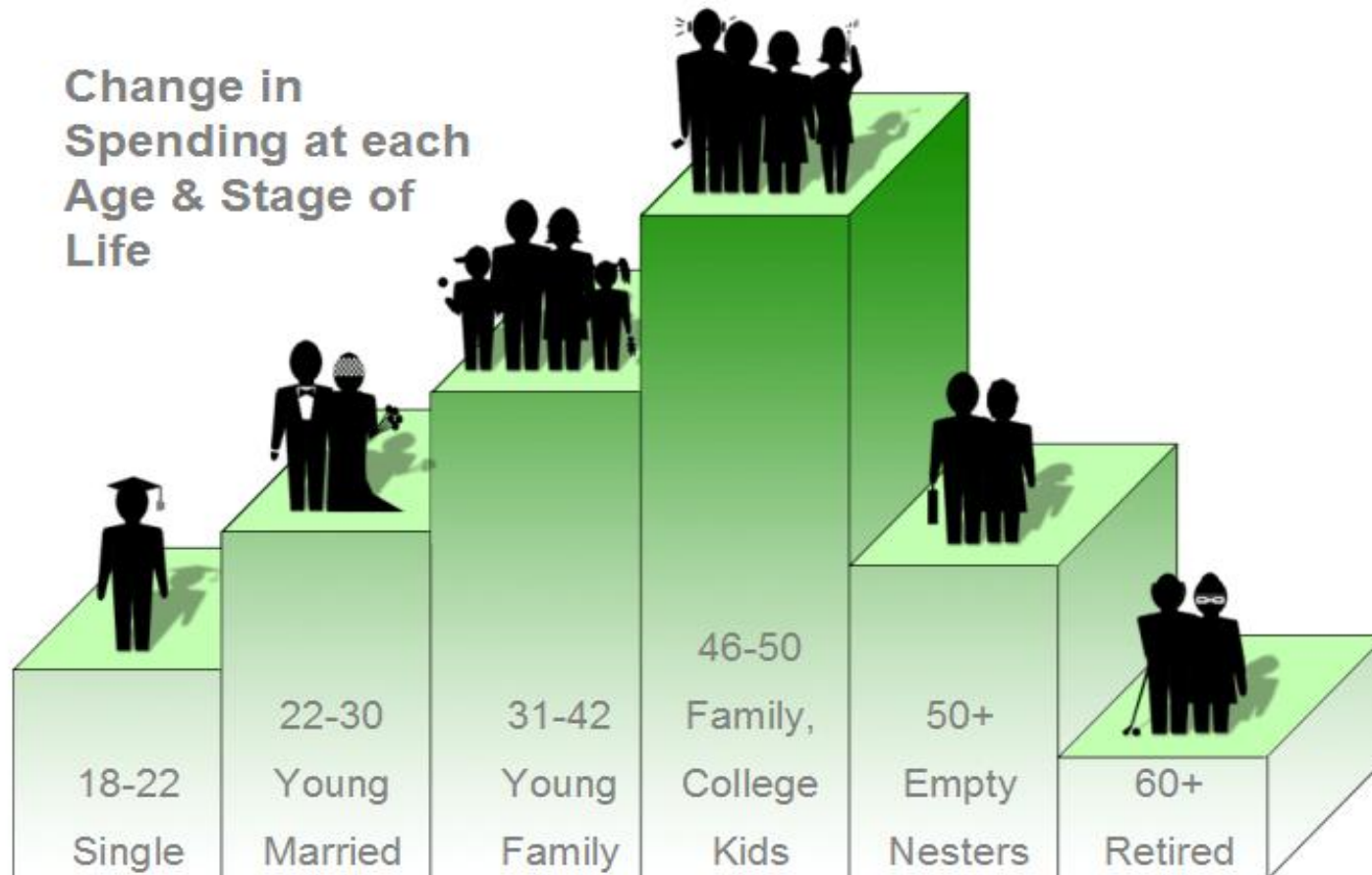
Capital goods orders rise the most in 3 months

Business investment and exports held up in the face of growing concern over the European debt crisis.

How Globalization Works

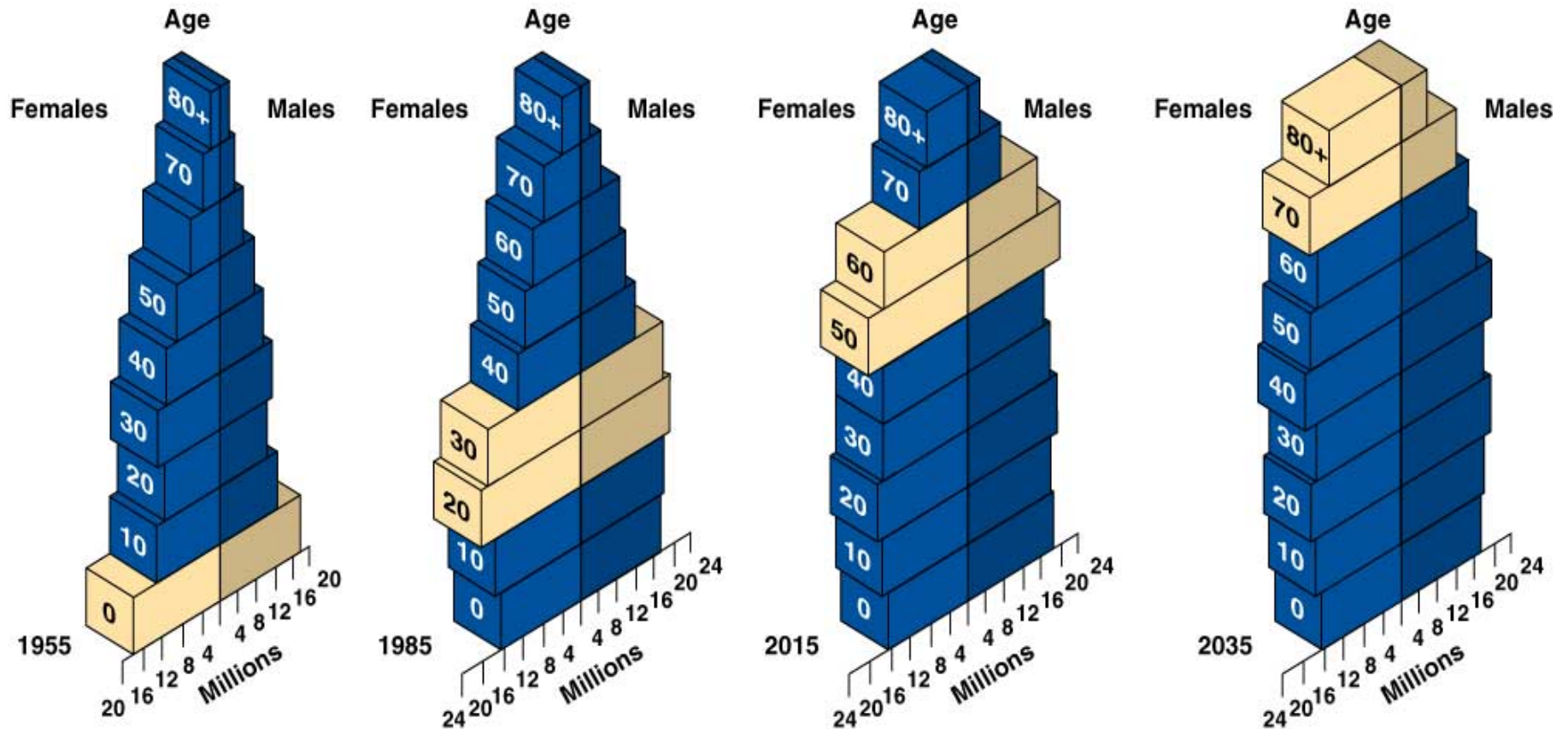
- You are what you produce
- A Government capable of energizing the private sector will spur growth
- The world does not create high-productivity jobs for others, you must create them yourself

Consumption Change Effects Growth



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Tracking the Baby-Boom Generation in the United States



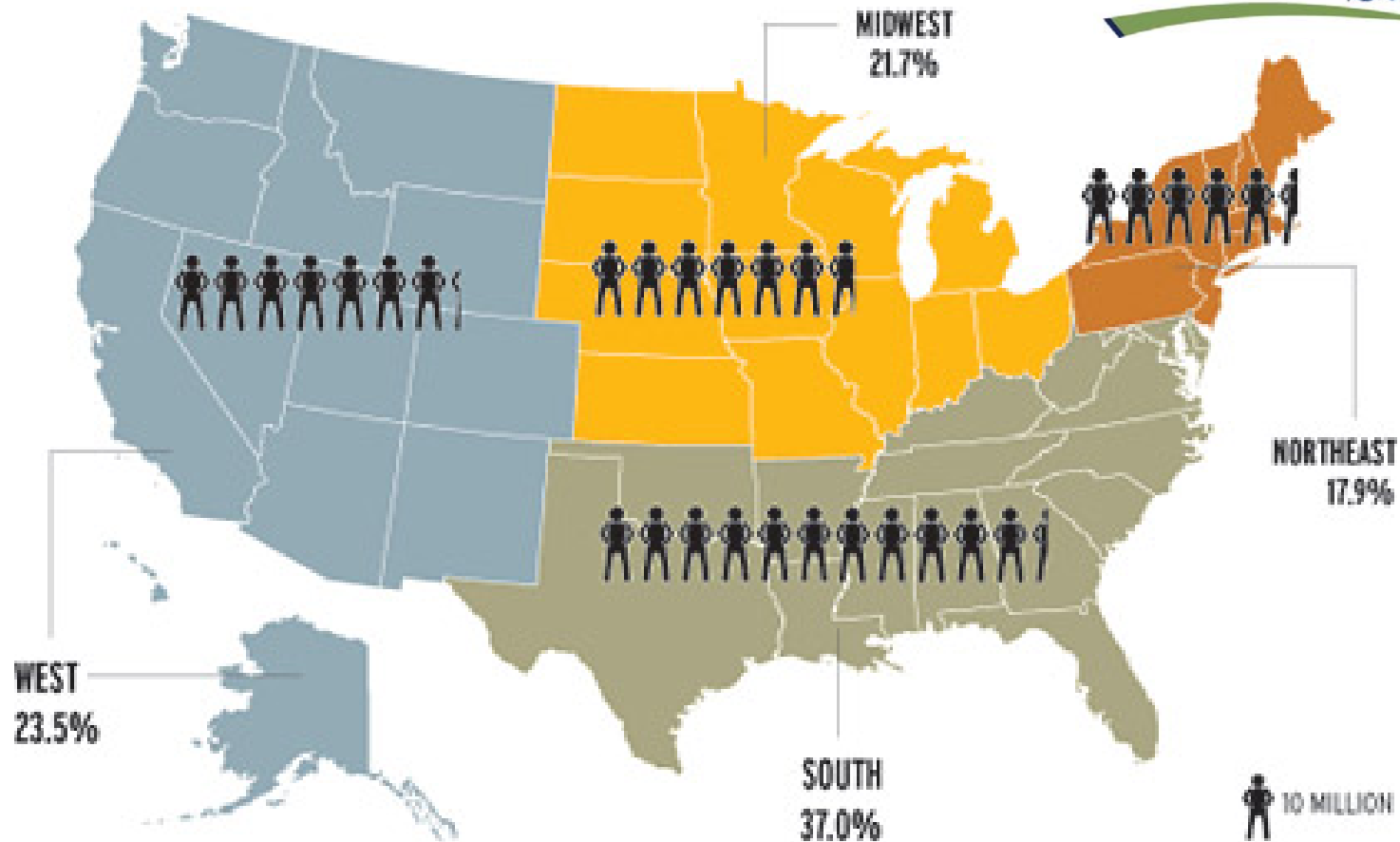
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Spending Habits Fuel or Constrain Growth

- Builders (GI Gen age 70+)- Saved and Purchased with Cash
- Boomers (Me Gen 50+)- Leveraged and Purchased with Credit
- Buster (X Gen 30+)- Hedging and struggling to Purchase with Some Cash
- Bridger's (Y Gen 10+)- Conscientiously spending Parents Cash and Credit

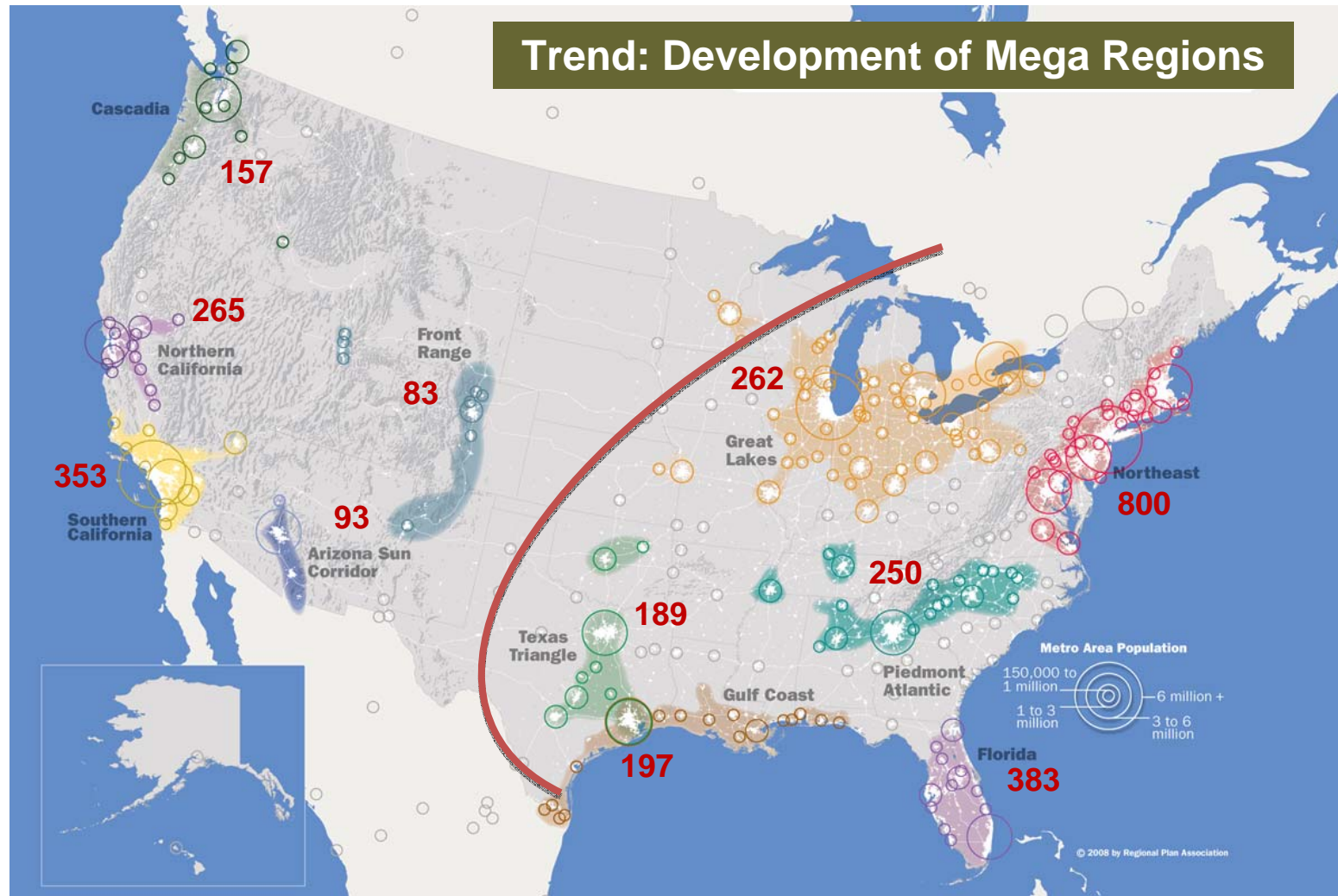
Effects of Population Change

- **Aging population create severe economic and social problems** because 60+ Individuals consume
 - more medical care
 - Social Security
 - costly public services
- **Labor shortages**
- **More Americans were living in poverty**
- **The boomerang generation**, an estimated 5.9 million Americans between the ages of 25 to 34 resided at their parents' homes permanently
- **6 million people now represent the so-called long-term unemployed**



"The average American has been replaced by a complex, multidimensional society that defies simplistic labeling and therefore simplistic market approaches ."

The Impact of the Future of America's Population



Numbers in red are population density per sq Mile

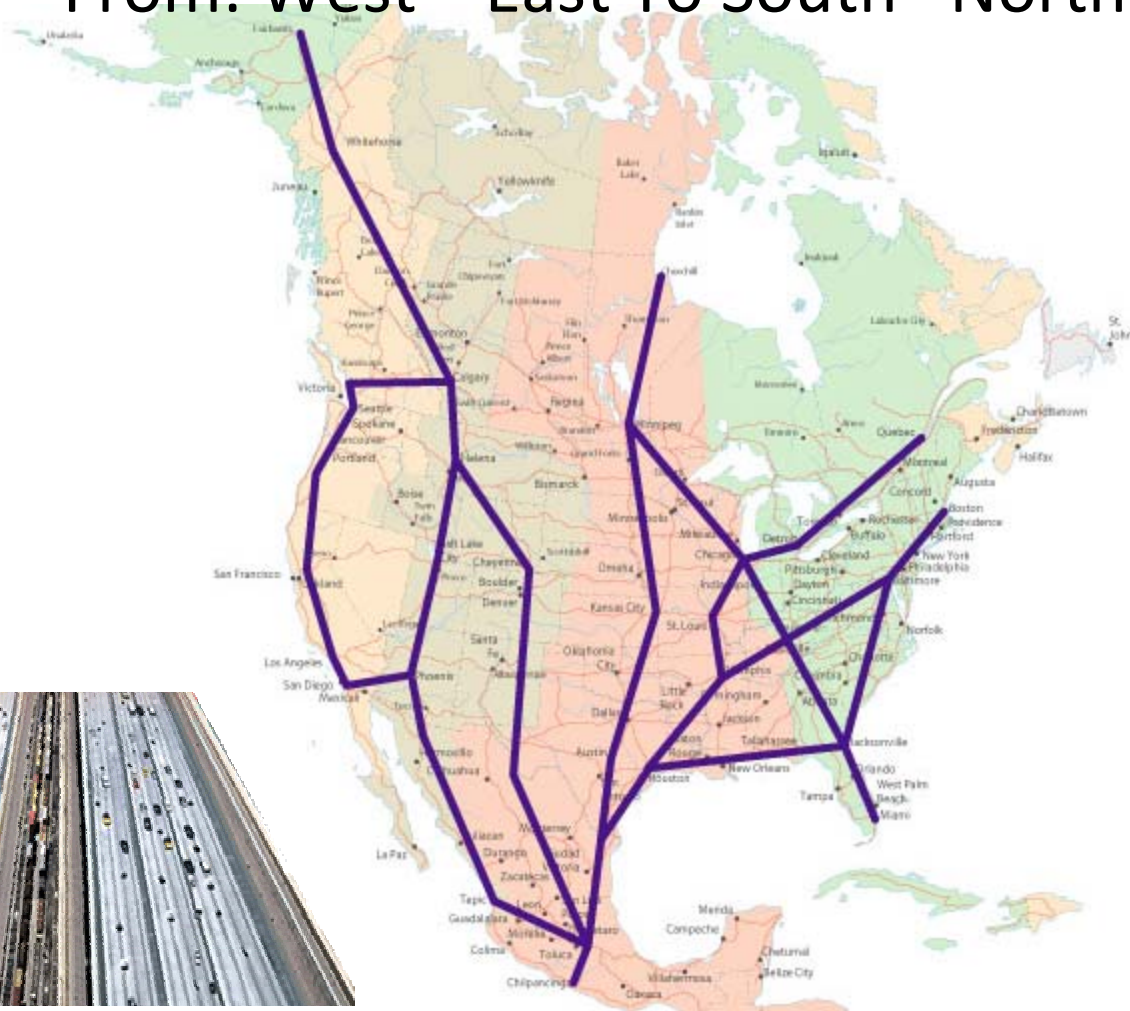
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Population Trends Changing Land Trade

Corridors

From: West  East To South  North



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The Conundrum of A Maturing Nation

- Changing and Aging Consumer patterns
- Constrained and Aging Infrastructure

How To Use The Global World To Impacts Ours

The Emerging Markets

- Emerging Market Demand

As many as 2 billion people will join the middle class across the world in the next 20 years

Emerging Markets

- The rising middle class will demand life style products
- Example; World meat consumption is expected to double by 2050
- The resulting impact on agricultural capacity will be tremendous and that's just one industry

Trade Trends: Balance of Trade

Foreign trade current and projected:

- 22% GDP in 2006
- 35% GDP by 2020
- 60% GDP by 2030**

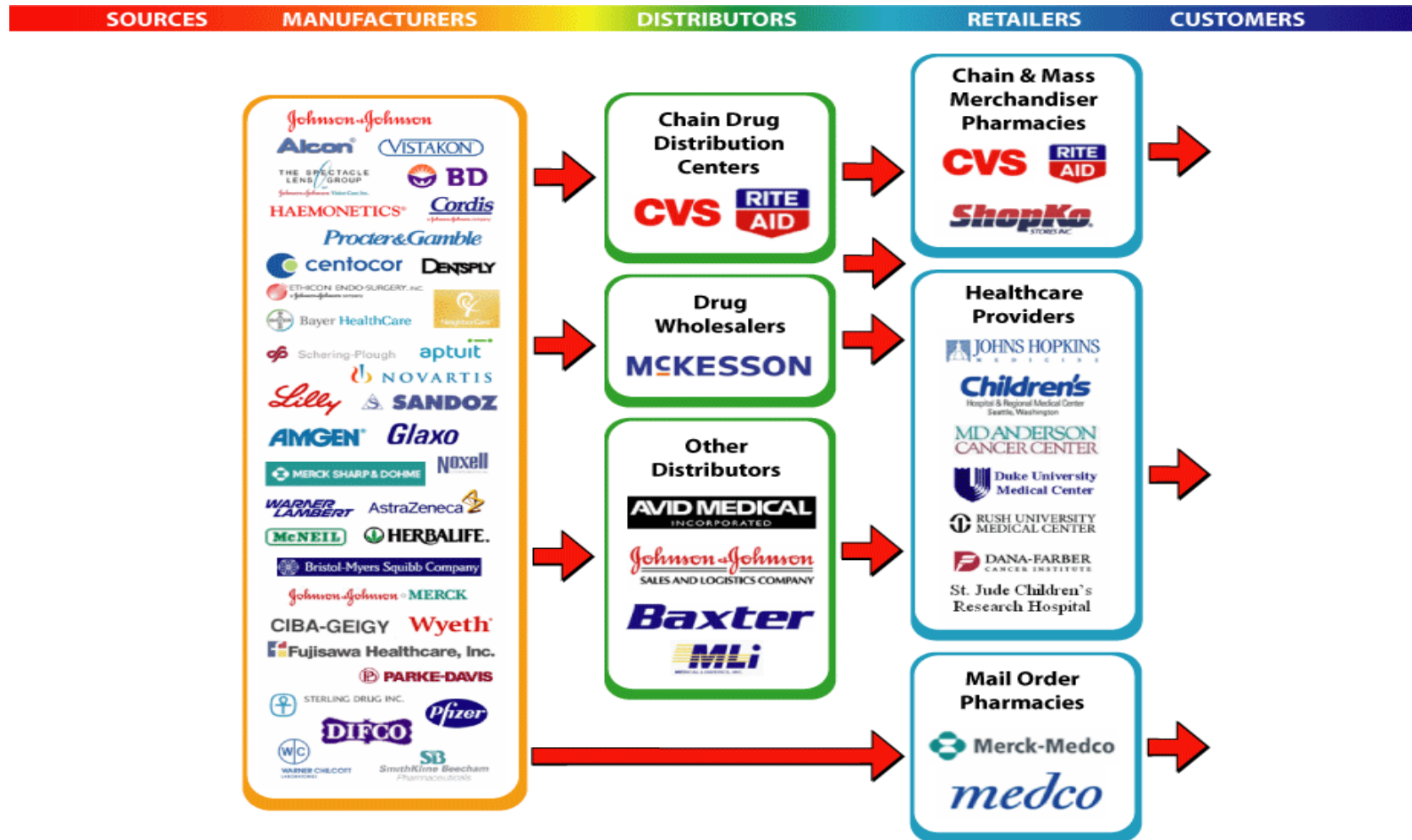
Trade is an important measure of economic prosperity and logistics/supply chain planning will continue to impact real estate decision making

Two Industry Growth Sectors

- **Health Care:** The best performing sector in the US
- Total U.S. health care expenditures are estimated to have grown to \$2.6 trillion in 2010.
- The sector holds great opportunities driven by the aging population in developed countries, increasing demand for sophisticated therapies and care systems in developing countries, rapidly advancing health technologies.

Health care spending: in the USA accounts for a larger share of GDP than in any other country.

Life Science Supply Chain Clients Pharmaceutical and Healthcare



Industry Growth Sectors

- **Consumer Staples** : **The consumer staples sector was the second best performing sector last month after healthcare,**
- **P&G** many of its **former middle-market shoppers are trading down to lower-priced goods**—widening the pools consumers.
- **Vermeer Company** located outside a prairie town along a highway bordered by grain fields **earns nearly one-third of its annual revenue from exports**

“An advanced manufacturing policy is what this country must have,” says Andrew N. Liveris, the chairman and chief executive of Dow Chemical

Food and Beverage



The Big Idea-You Can't Solve Conundrum's Alone

The Power Of Co-Creation With companies in your back yard

By Ramaswamy & Gouillart

- Design and provide real estate solutions with Clients to boost Growth , Productivity, and Profits (That means Real Estate as a service and asset class is a Means to an End not an End in itself)
- Client's want to help design the value of real estate or services they use. (However the real estate industry is locked into a capital markets -centric paradigm of value and it's creation)

The Trends to Incorporate

- Health Care services and support industries are streamlining operation models and real estate venues to manage costs
- Consumer Staples Firms are opening up new Value Added DC's but the demand for space will shift
- Shared Service Centers for industry clusters –i.e. a logistics campus for food or suppliers logistic parks
- Retailers look to manage inventory with agility and minimize stored inventory.

How Can I make Money with This Knowledge

Go where the money is !

I skate to where the puck is going to be, not
where it is.

-Wayne Gretzky, hockey