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Property Income Advisors, Inc. is a boutique real estate advisory firm with professional expertise and a focused niche exclusively assisting non-U.S. clients in the investment and management of U.S. commercial real estate. Acting as a fiduciary to our client, we provide a turnkey real estate investment management platform, including advisory services for acquisitions, financing and sales, as well as comprehensive asset management capabilities. Property Income Advisors, Inc. undertakes a personalized and disciplined strategy designed for our clients to achieve real estate investment success.

We have nationwide experience and maintain strong national relationships to insure success in all of the major markets in the United States. Our clients consist of non-U.S. ultra high net-worth investors, family offices, private banks and institutions.

State of the Market

U.S. Commercial Real Estate Recovery to Continue in 2013 With Gains in Leasing, Rents and Pricing

Overview

The U.S. commercial real estate recovery will continue to advance during 2013 with improved results across the country for all property sectors, according to the *Emerging Trends in Real Estate®* 2013 report put out by PwC US and the Urban Land Institute (ULI). Per the more than 900 real estate leader survey participants, despite a slower than normal real estate recovery, property sectors and markets will improve noticeably as compared with 2012. Job creation should continue and be enough to increase absorption and lower vacancy rates in the office, industrial and retail sectors, which are being helped by very limited new supply coming on-line. Robust demand for apartments will continue and even the housing sector will show signs of progress in many regions across the U.S. Improving fundamentals during 2013 should support increases in rent and net operating incomes, building growing investor confidence.

Capital Chases Yields

With property pricing meeting or exceeding pre-recession levels in the gateway cities of New York City, Washington D.C., Boston, Chicago, San Francisco and Los Angeles, the focus of many investors during 2013 will be on stable, top tier properties located in growing secondary and tertiary markets that are leased to high quality tenants.

According to the report, investment capital's interest in commercial real estate is expected to increase as other asset classes continue to offer minimal returns or too much volatility. During 2013, commercial real estate's income producing and total return attributes will offer investor's potentially attractive risk-adjusted returns. The *Emerging Trends* report found that only six of the fifty-one markets covered showed a decline in investment prospects.

Top Ten Markets to Watch

The top ten markets ranked by the *Emerging Trends* survey respondents for investment in 2013 are shown below:

San Francisco, California (1): San Francisco received top billing for investment, development and housing categories. The market is driven by growth and a strong jobs market led by technology.

New York City, New York (2): Investors are concerned about the run-up in prices but strong demographics for the city prevail. Job growth occurs in the education and health care sectors.

San Jose, California (3): San Jose and the broader Silicon Valley are largely expected to generate many jobs in a variety of fields, but most will revolve around the high technology sector.

Austin, Texas (4): Austin looks set to extend its trend of attracting real estate investors. Job growth is the result of strong performance in the technology sector.

Houston, Texas (5): Energy related employment is one of the driving forces behind Houston's strong job growth. Main buying opportunities will be in the industrial sector.

Boston, Massachusetts (6): Boston maintains investor interest with strong performance in the high technology and biomedical research sectors.

Seattle, Washington (7): Seattle is the global center for the software industry and continues to be the focus for many domestic and global investors.

Washington D.C. (8): Prices have risen since the recession, with investors regarding D.C. investments as "recession-proof", however, concerns about overbuilding and high pricing are issues.

Dallas/Ft. Worth, Texas (9): This region ranks only behind Houston in terms of job growth and the job base here is one of the most diversified in the U.S.

Orange County, California (10): Orange County shows an increase in rating value and ranking as an investment prospect.

To view the entire *Emerging Trends in Real Estate*® 2013 report go to <http://www.uli.org/emerging-trends/emerging-trends-in-real-estate-2013/>

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