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Property Income Advisors, Inc. is a real estate advisory firm with professional expertise and a focused niche exclusively assisting Gulf-based clients in the investment and management of United States commercial real estate.

We provide a turnkey real estate investment management platform for acquisitions, financing and sales, as well as comprehensive asset management capabilities.

Our combined career experience of more than 75 years includes the successful asset management of more than 13 million square feet of United States commercial real estate valued in excess of \$2 billion. In addition, we have directed property acquisitions, dispositions, financings and lease transactions totaling more than \$3 billion.

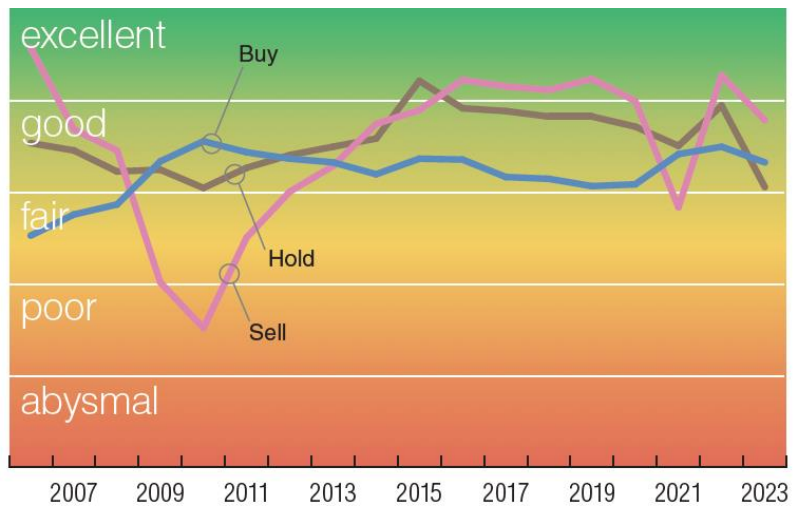
Property Income Advisors, Inc. has nationwide experience and maintains strong national relationships to insure success in all of the major markets in the United States. Our clients consist of Gulf-based high net-worth investors, family offices, private banks and institutions.

State of the Market

Survey Finds High Interest Rates and Recession Fears Slow Economic Growth Causing a “healthy down cycle” for U.S. CRE Rather Than a Crash

The annual *Emerging Trends in Real Estate*® forecast report by PwC and the Urban Land Institute was published recently. Covering trends for 2023, the 44th edition of the annual industry report reflects the views of more than 2,000 real estate veteran participants. The findings reveal that 2023 will bring a “healthy down cycle” for U.S. CRE with both challenges and opportunities.

Emerging Trends Barometer 2023



Source: *Emerging Trends in Real Estate* surveys.

CRE Will Normalize; Investors Will be More Selective

The survey findings note that after two years of record rental growth, valuations, rent growth and tenant demand will “normalize”. Transaction volume will fall, cap rates will rise, even for multifamily and industrial, and new construction will slow to fall in-line with historical levels. Investors will become more selective focusing on the strongest demand fundamentals. Strong interest will continue for industrial and multifamily. After being out of demand, the hotel and retail sectors will most likely see renewed investor interest for these property types. Narrowly targeted subsectors, including student housing, self-storage and single-family rentals, should also be in demand.



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Uncertainty Limits Investor Demand; Pricing a Key Issue

The higher cost of debt, weakening cap rates, increased vacancies and lower anticipated returns will cause many investors to move capital to the sidelines until values settle. The survey found that investors are already moving away from real estate in favor of alternative investments including equities and bonds due to uncertainty over where prices will settle creating hesitancy among investors seeking to avoid overpaying. Lenders have already started to tighten underwriting and raise their risk threshold and this will continue. Well capitalized, all cash buyers will be in a very strong position to take advantage of any opportunities that may be created during this down cycle.

Top Ten U.S. Cities to Watch for 2023

The top ten U.S. cities ranked by the *Emerging Trends* survey respondents for real estate investment in 2023 are shown below. Many of the cities are found in the Sun Belt. The survey notes that infrastructure growth has not kept up with population growth in many of these top cities creating traffic congestion and housing affordability issues that will need to be addressed. The report also noted that the inflation rates of Atlanta, Phoenix and Tampa are among the highest in the country due to the high growth these cities are experiencing.

Nashville rated No. 1, the same as last year. And compared to 2022, Miami jumped to No. 7 from No. 15 and bumped Seattle out of the top 10 list. Phoenix fell from No. 3 to No. 9. Boston rated No. 8 and was the only Gateway City to be included in the top 10 list for 2023.

1. Nashville, Tennessee (1 – 2022)
2. Dallas/Fort Worth, Texas (7 – 2022)
3. Atlanta, Georgia (8 – 2022)
4. Austin, Texas (4 – 2022)
5. Tampa/St. Petersburg, Florida (5 – 2022)
6. Raleigh/Durham, North Carolina (2 – 2022)
7. Miami, Florida (15 – 2022)
8. Boston, Massachusetts (10 – 2022)
9. Phoenix, Arizona (3 – 2022)
10. Charlotte, North Carolina (6 – 2022)

To view the entire *Emerging Trends in Real Estate® 2023* report go to: [Emerging Trends 2023](#)

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