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Property Income Advisors, Inc. is a boutique real estate advisory firm with professional expertise and a focused niche exclusively assisting Gulf-based 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 Gulf-based ultra high net-worth investors, family offices, private banks and institutions.

State of the Market

Job Growth is the Main Driver of U.S. Commercial Real Estate and the Job Outlook Remains Cautiously Positive

Overview

The U.S. economy is continuing its slow but steady recovery. The Labor Department recently reported that 165,000 new jobs were added to the economy during April and that the unemployment rate fell slightly to 7.5%.

Year-to-date through April 2013, seasonally adjusted nonfarm payrolls have increased by 783,000 jobs reflecting an annual growth rate of 1.6%. Employment growth has averaged 169,000 per month over the past twelve months. Professional and Business Services, Construction, Food Services, Education and Health and Leisure and Hospitality have led job growth while Government employment has actually decreased.

Job Growth Drivers for the Remainder of 2013

According to the real estate consulting firm *Axiometrics*, job growth needs to hit about 200,000 jobs per month in order to reduce the unemployment rate meaningfully. For this target to be reached several areas still need to be addressed: (1) Clearer Federal tax regulations; (2) Deployment of investment dollars into the economy currently sitting on the sidelines; (3) Stronger business profits supported by increased consumer demand; (4) Continued recovery in the single-family housing market; (5) Increased lending by banks and (6) Improving consumer sentiment. Even as these areas are being addressed positively, discord in Congress, the U.S. deficit situation, international political risk and slower economic growth abroad will continue to restrain job growth in the U.S.

What Does This Mean for U.S. Commercial Real Estate?

The continuing recovery of the U.S. commercial real estate market is closely aligned with the level of job growth. According to the real estate brokerage firm *Cassidy Turley*, for every 100,000 net new office-using jobs created, vacancy typically falls by 60 basis points about six months later. This means that as employment growth continues lower vacancy rates will follow.



For investors, understanding where job growth is occurring and focusing investment efforts in these cities could help to increase returns over time.

Top Ten U.S. Job Growth Markets

The top ten non-farm U.S. job growth markets ranked by the *Bureau of Labor Statistics (February 2013/February 2012)* are shown below:

1. *Houston, Texas (+4.4%)*: Energy related employment is one of the main driving forces behind Houston's strong job growth. A low cost of living and pro-business environment help too.
2. *Salt Lake City, Utah (+4.1%)*: Entrepreneurs like the very stable economy and pro-business policies of the city. Salt Lake City also has one of the lowest crime rates in the U.S.
3. *Fort Worth, Texas (+3.9%)*: Manufacturing and the energy industry drive job growth here. A low cost of living and pro-business policies also help to create job growth.
4. *Austin, Texas (+3.8%)*: Job growth is the result of strong performance in the technology sector. A low cost of living and pro-business environment are also noted.
5. *San Francisco, California (+3.5%)*: A strong jobs market is led by solid growth in technology related areas, in particular, the information technology sector.
6. *Dallas, Texas (+3.4%)*: The job base here is one of the most diversified in the U.S. Other standouts for Dallas include its pro-business policies and low cost of living.
7. *Louisville, Kentucky (+3.3%)*: Job growth has occurred in the high technology sector and in durable goods manufacturing. The city is known for its high quality of life.
8. *Nashville, Tennessee (+3.3%)*: Nashville has had strong growth in business services, education and health. The city is also known for its pro-business policies and ample cultural amenities.
9. *San Jose, California (+3.1%)*: This region's job growth is caused by a majority of fields but primarily the high technology sector.
10. *Denver, Colorado (+3.0%)*: Job growth has occurred in financial services, mining and healthcare. Denver is also known for its high quality of life and entrepreneurial spirit.

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