PROPERTY INCOME ADVISORS, INC.
Advisory Services for the Investor in U.S. Real Estate

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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.

With offices in the United States and the Middle East, we provide a turnkey real estate investment management platform for acquisitions, financing and sales, as well as comprehensive asset management capabilities.

Our career experience 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.

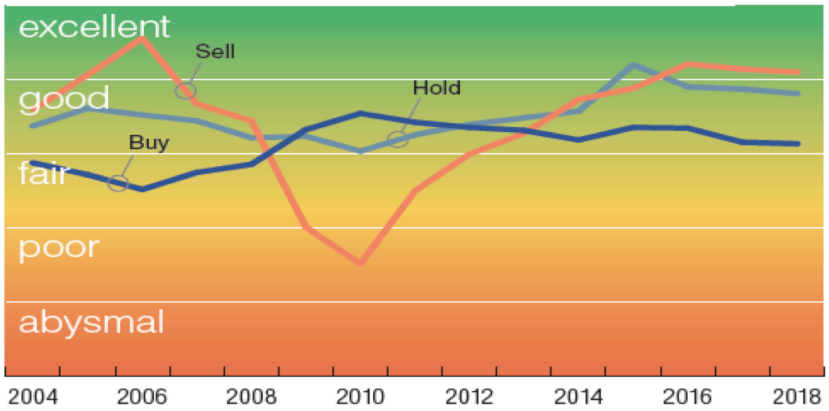
State of the Market

For 2018, Investment in U.S. Commercial Real Estate Should Remain Steady With Interest Focused More on Secondary Cities

No Boom/Bust Cycle as Slow Expansion Continues

The consensus calls for the current long-running cycle to continue with slow growth in U.S. real estate investment during 2018 and perhaps beyond with a worst-case scenario for a "soft landing" to the cycle. This is according to the *Emerging Trends in Real Estate 2018®* forecast report published by PwC US and the Urban Land Institute. The annual industry report, now in its 39th edition, reflects the views of more than 1,600 real estate leader survey participants.

Emerging Trends Barometer 2018



Source: *Emerging Trends in Real Estate* survey.

Interest Shifts to Smaller, Younger, Educated Cities

The results of the survey highlight the continuing trend of smaller secondary markets displacing larger markets in terms of investor preference. The reasons are varied including a feeling that, after lagging behind in the recovery, secondary markets now seem poised for continued growth and appreciation, making it a good time to invest in these markets. And the growth in many of these cities seems more sustainable and long lasting, driven by an influx of younger, highly educated people seeking better employment options and an affordable, higher quality of life.

The market rankings from the *Emerging Trends* survey bear this out: Only three gateway cities ranked a spot in the top twenty markets – Los Angeles (7), Boston (10) and Washington, D.C. (15).

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San Francisco (27) and Manhattan (46) dropped significantly due to concerns over very high pricing and too much new construction. Smaller cities jumping into the top ten rankings for the first time include Salt Lake City (3), Ft. Lauderdale (6), San Jose (8) and Nashville (9).

Top Ten U.S. Markets to Watch

The top ten U.S. cities ranked by the *Emerging Trends* survey respondents for real estate investment in 2018 are shown below:

1. Seattle, Washington (4 – 2017): Seattle is one of the top 18-hour cities and an emerging gateway market in the U.S. It has a highly educated workforce and a growing prominence as a global technology market.

2. Austin, Texas (1 – 2017): The attractiveness of Austin to millennials has been key to recent economic growth. The economy is significantly influenced by the presence of research universities.

3. Salt Lake City, Utah (18 – 2017): An attractive quality of life has helped spur population growth. Salt Lake City also continues to benefit from the aggregation of technology and financial services.

4. Raleigh/Durham, North Carolina (7 – 2017): Raleigh/Durham's highly educated workforce is credited with the city's economic strength. The city is also experiencing the benefits of the National Institute of Health's investment in local companies.

5. Dallas/Fort Worth, Texas (2 – 2017): The strong population growth of Dallas/Fort Worth is a key contributor to the city's real estate investment attractiveness. The city is likely to remain attractive to companies considering relocation.

6. Fort Lauderdale, Florida (35 – 2017): Positive factors for Fort Lauderdale include good weather, attractive living costs and a variety of employment opportunities. Economic growth has been fairly diverse.

7. Los Angeles, California (5 – 2017): The greater workforce diversity of Los Angeles allows the city to supply trained labor to multiple industries. And the city's global reach continues to attract domestic and foreign investment.

8. San Jose, California (17 – 2017): Technology based industries in San Jose have created a significant number of high-paying jobs that benefit all sectors of the local economy.

9. Nashville, Tennessee (NA – 2017): The attractiveness of Nashville to millennials has been key to economic growth. Also, the lower cost of living compared with other regions is to the city's advantage.

10. Boston, Massachusetts (12 – 2017): The influx into Boston of highly educated millennials is driving growth. Medical and health technology companies provide strength to the local economy.

To view the entire *Emerging Trends in Real Estate 2018®* report go to: Emerging Trends 2018.

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