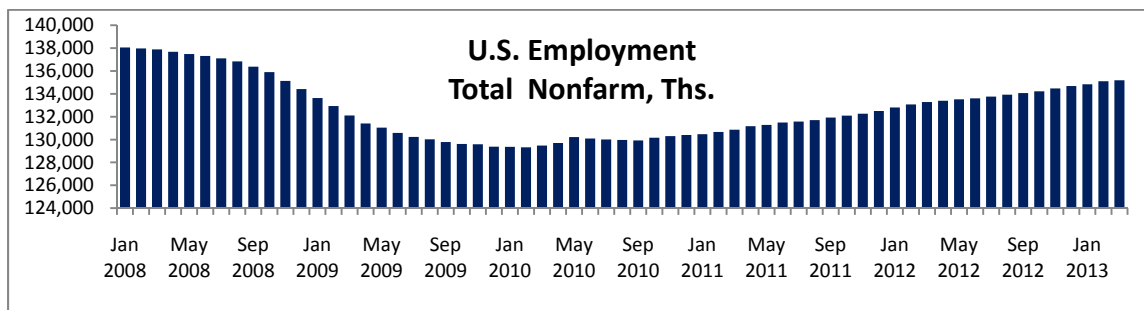


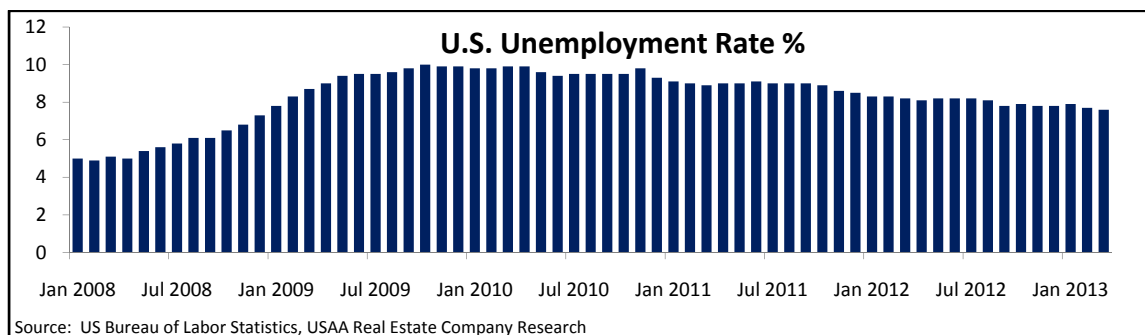
Job Growth: Continued Improvement or Springtime Slowdown?

- U.S. employers added only 88,000 jobs in March (nonfarm payrolls). This number is disappointing as it signals a disappointing seasonal slowdown. This gain was the lowest in nine months.
 - March 2013 + 88,000 jobs
 - February 2013 + 268,000 jobs
 - January 2013 + 148,000 jobs



Source: US Bureau of Labor Statistics, Moody's.com, USAA Real Estate Company Research

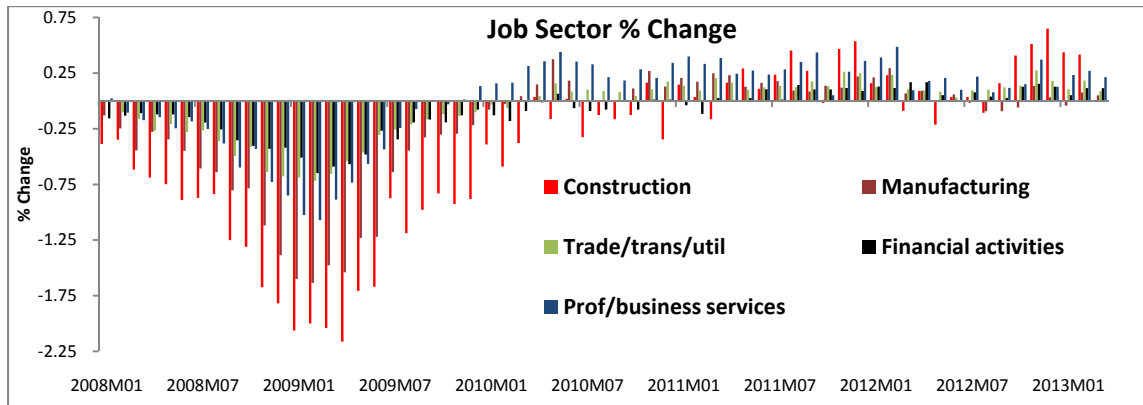
- Unemployment dropped to 7.6% in March from 7.7% in February 2013; this rate is a four year low.



Source: US Bureau of Labor Statistics, USAA Real Estate Company Research

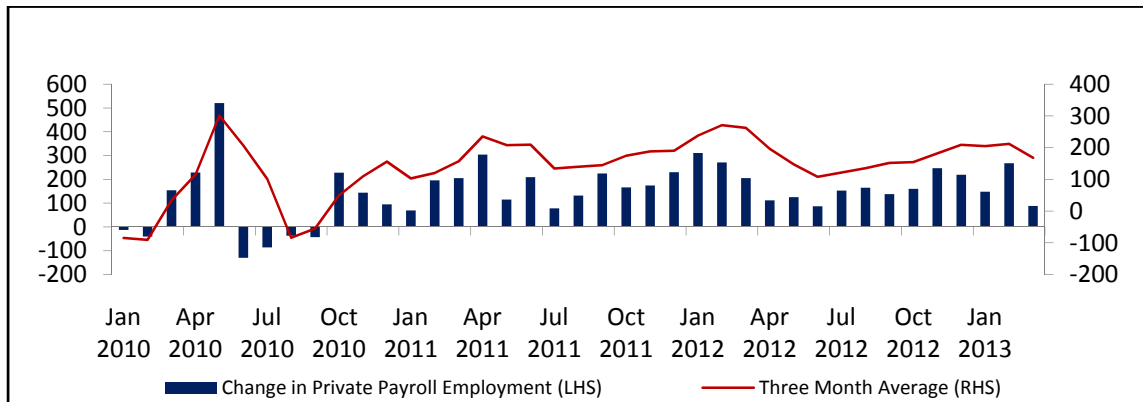
- Total nonfarm payroll employment edged up in March (+88,000). Over the prior 12 months, employment growth had averaged 169,000 per month.

- Employment changes in March:
 - Professional & Business Services + 51,000 jobs
 - Healthcare + 23,000 jobs
 - Construction + 18,000 jobs
 - Leisure & Hospitality + 13,000 jobs
 - Retail Trade - 24,000 jobs



Source: US Bureau of Labor Statistics, Moody's.com, USAA Real Estate Company Research

- March's total gain is almost 1/3 of the 268,000 increase experienced in February. The three-month average gain in private payroll employment is still a relatively healthy 168,000.



Source: US Bureau of Labor Statistics, Moody's.com, USAA Real Estate Company Research

- Construction employment emerged as a bright spot in March and throughout the entire first quarter. Building trades added 18,000 positions last month and 91,000 jobs in the first three months of 2013, the highest quarterly job growth in seven years.
 - Construction spending continues to rise, as evidenced by new apartment buildings and single-family developments coming out of the ground across the country. Although home building and single-family home sales remain well below levels recorded before the recession, the resurgence of housing could potentially offset weakness in industries dependent on government spending and help drive economic growth this year.



Source: US Bureau of Labor Statistics, Moody's.com, USAA Real Estate Company Research

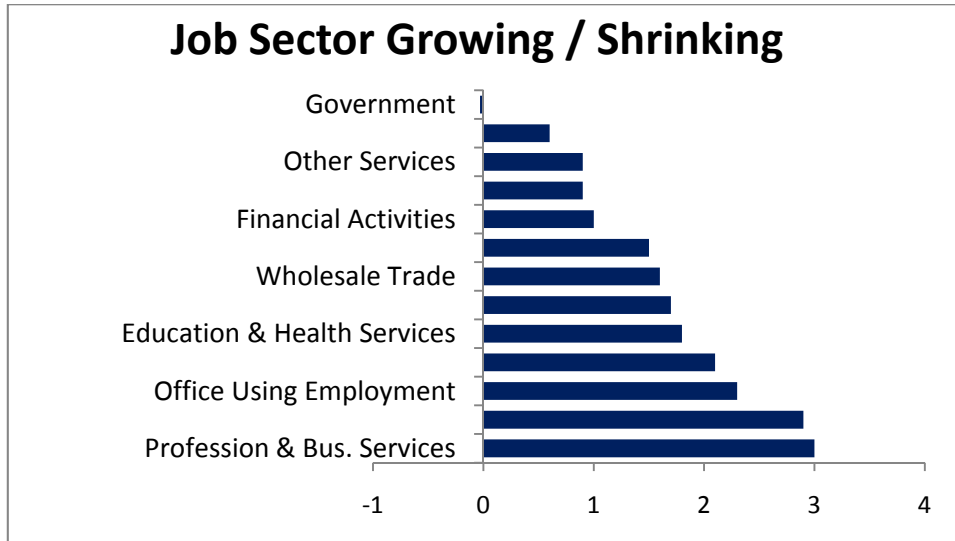
- Employers added 20,000 temporary workers
- The Federal government employment fell by a modest 14,000, indicating that the sequestration cuts had little immediate impact
- According to the Bureau of Labor Statistics, 496,000 fewer people were counted as being part of the labor force last month; the “participation rate” dropped to 63.3% from the 63.5% in February 2013. This participation rate represents a 40-year low.
- Small business sector jobs continue to be a strong hold in job growth with an expected creation of 74,000 new jobs in March – about 46% of total job growth for March 2013. Small business sector jobs grew by 77,000 jobs in February 2013

	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Unemployment Rate (%)	8.2	8.1	8.2	8.2	8.2	8.1	7.8	7.9	7.8	7.8	7.9	7.7	7.6
Change in Non-Farm Payrolls (000s)	205	112	125	87	153	165	138	160	247	219	148	268	88
Average Hourly Earnings (%m/m)	0.1	0.1	0.2	0.3	0.1	0	0.3	0.0	0.3	0.3	0.1	0.1	0.1
Average Hourly Earnings (%y/y)	2.0	1.9	1.8	2.0	1.7	1.7	1.9	1.6	1.9	2.1	2.1	2.1	1.8
Average Weekly Hours Worked	34.5	34.5	34.4	34.5	34.4	34.4	34.4	34.4	34.4	34.5	34.4	34.5	34.6

Source: US Bureau of Labor Statistics, Moody's.com, USAA Real Estate Company Research

Top 10 Growth Markets (Nonfarm Job Growth, % Change)	
1. Houston, TX	4.4%
2. Salt Lake City, UT	4.1%
3. Forth Worth, TX	3.9%
4. Austin, TX	3.8%
5. San Francisco, CA	3.5%
6. Dallas, TX	3.4%
7. Louisville, KY	3.3%
8. Nashville, TN	3.3%
9. San Jose, CA	3.1%
10. Denver, CO	3.0%

Source: US Bureau of Labor Statistics, Cassidy-Turley, USAA Real Estate Company Research



Source: US Bureau of Labor Statistics, Cassidy-Turley, USAA Real Estate Company Research

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Will McIntosh
USAA Real Estate Company
9830 Colonnade Blvd., Suite 600
San Antonio, TX 78230

Tel: 210.641.8416
Fax: 210.641.8425
Web: www.usrealco.com
E-mail: will.mcintosh@usrealco.com