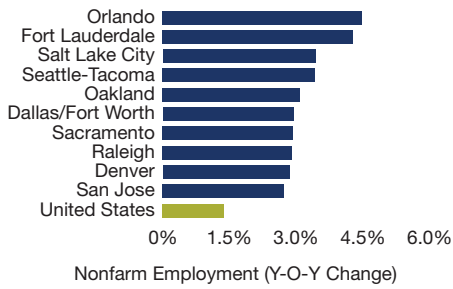
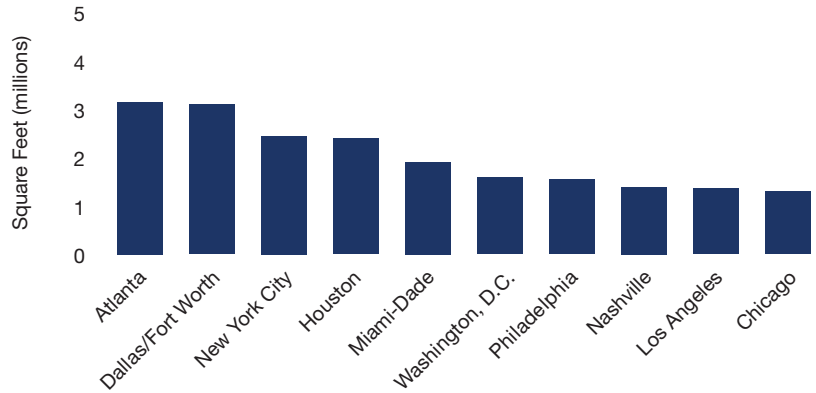


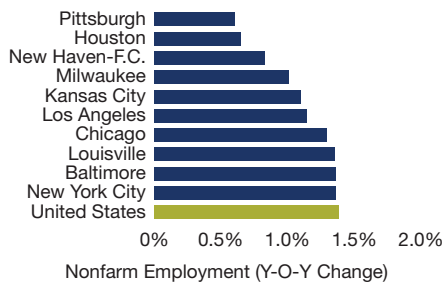
Markets with the Highest Expected 2017 Employment Growth



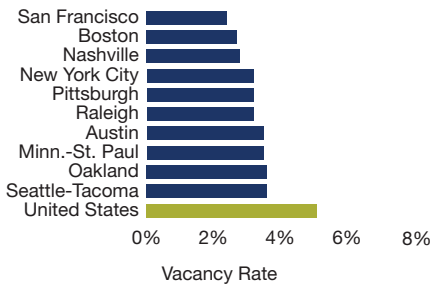
Markets with the Highest Expected 2017 Completions



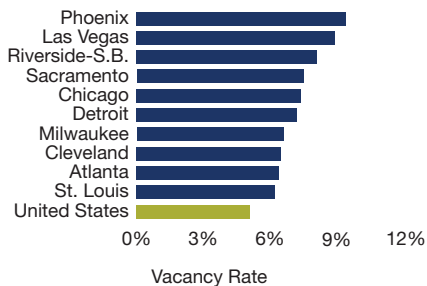
Markets with the Lowest Expected 2017 Employment Growth



Markets with the Lowest Expected 2017 Vacancy Rates



Markets with the Highest Expected 2017 Vacancy Rates



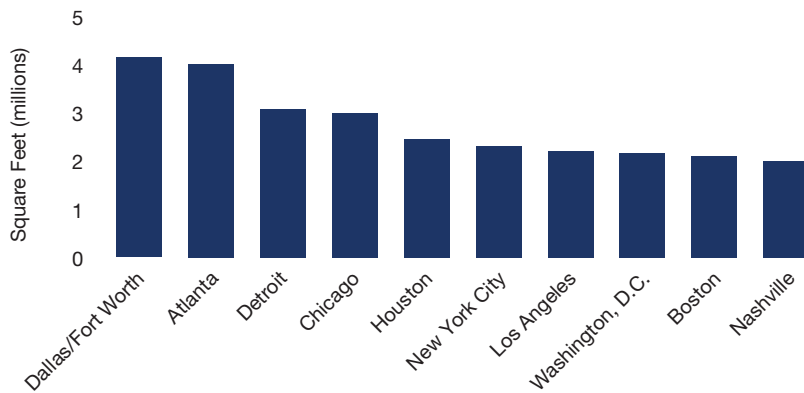
Major Tech Markets Well Represented in Top Rankings; Coastal Cities Prominent

Employment and payroll gains provide households with more disposable income, underpinning retail sales growth. Higher wages offered in many tech companies encourage spending among these workers, propelling many metros with large tech sectors to the top third of the 2017 National Retail Index. Strong hiring and sizable rent growth boosted Seattle-Tacoma two slots and helped it pass last year's leader, San Francisco, to claim the top spot in this year's Index. Tight vacancy in Boston, another major tech hub, vaulted it seven places into the third slot followed by Austin (#4), which slipped two rungs. A large vacancy drop will drive rent gains in Nashville this year, pushing the metro up six spaces into fifth place, as New York City retains the sixth spot. New to the Index, Raleigh will debut in seventh place, while Salt Lake City occupies the ninth slot and Portland leaps into 10th place. All of these metros have favorable demographic trends and expanding tech sectors that will help boost incomes and retail sales in 2017. Los Angeles (#8) rounds out the top 10, slipping three places from last year's ranking. Other California markets, San Diego, Orange County, San Jose and Oakland, fill the 11th through 14th rungs, while San Antonio maintains the 15th spot, completing the first third of the Index.

Middle of Index Shuffles; Southeast Metros Highlighted

Miami-Dade (fell eight rungs to #16) and Denver (down three spots to #17) moved out of last year's top third to lead the middle section of the NRI. Meanwhile, an increase in hiring and restrained deliveries vaulted West Palm Beach nine slots into 18th place. Among the other Florida markets, Tampa-St. Petersburg (#20) moved up one space, Orlando (#21) slipped one spot and Fort Lauderdale (#24) jumped five spaces. Dallas/Fort Worth (#19) and Houston (#26) are the lowest-ranked Texas markets, having slipped three and nine rungs, respectively, as elevated construction hinders greater vacancy improvement. Still-tight vacancy kept Pittsburgh (#22) and Washington, D.C., (#23) in the middle third. Minneapolis-St. Paul leapt eight places, becoming the Midwest's highest-ranked market in the 25th slot. Chicago (#27) and Columbus (#30) were the only other Midwest markets to crack the Index's middle third. The remainder of the markets in the top 30 were Atlanta (#28) and Charlotte (#29). Atlanta fell five spaces due to a surge in deliveries while Charlotte dipped one rung from the previous year's ranking.

Markets with the Highest Expected 2017 Net Absorption



Late-Recovery and Slower-Growth Midwest Markets Dominate Lower Third of Index

Vacancy rates well above the U.S. level hinder rent growth in markets hit hard by the housing bust, keeping Phoenix (falling five spots to #31), Sacramento (down two places to #33) and Riverside-San Bernardino (stable at #34) in the lower third of this Index. Las Vegas is the only one in this group to rise in the NRI, vaulting five spaces to 36th place. An expected tepid rent gain and an increase in deliveries resulted in Baltimore posting a seven-rung slide into the 32nd spot. Other Northeast metros in the bottom third include Northern New Jersey (#37) after a five-spot decline, while Philadelphia slipped four spaces to 40th place and New Haven-Fairfield County (#41) posted a decline of three spots. Slower employment growth and an above-average vacancy rate kept these markets from moving up. Slower-growth Midwest markets dominate the lower half of this section. Cincinnati climbed two spots to #38, while Indianapolis stayed in 39th place. Metros in the last five rungs are hampered by higher vacancy and lower rent gains. Milwaukee (#42) climbed four places from the bottom of last year's Index, followed by Detroit (#43), Cleveland (#44) and Kansas City (#45). Modest employment growth relegated St. Louis to the final spot of the 2017 Index.

Index Methodology

The National Retail Index ranks 46 major retail markets on a series of 12-month, forward-looking economic and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including forecast employment growth, vacancy, construction and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to indicate relative supply-and-demand conditions at the market level.

Users of the NRI are advised to keep several important points in mind. First, the Index is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a top-ranked market. Second, the NRI is a snapshot of a one-year time frame. A market facing difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next even if its fundamentals are improving. The NRI is also an ordinal index and differences in ranking should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

MSA Name	Rank 2017	Rank 2016 ¹	16-17 Change
Seattle-Tacoma	1	3	↗ 2
San Francisco	2	1	↘ -1
Boston	3	10	↗ 7
Austin	4	2	↘ -2
Nashville	5	11	↗ 6
New York City	6	6	■ 0
Raleigh	7	NEW	■ NA
Los Angeles	8	5	↘ -3
Salt Lake City	9	12	↗ 3
Portland	10	18	↗ 8
San Diego	11	9	↘ -2
Orange County	12	7	↘ -5
San Jose	13	4	↘ -9
Oakland	14	13	↘ -1
San Antonio	15	15	■ 0
Miami-Dade	16	8	↘ -8
Denver	17	14	↘ -3
West Palm Beach	18	27	↗ 9
Dallas/Fort Worth	19	16	↘ -3
Tampa-St. Petersburg	20	21	↗ 1
Orlando	21	20	↘ -1
Pittsburgh	22	19	↘ -3
Washington, D.C.	23	24	↗ 1
Fort Lauderdale	24	29	↗ 5
Minneapolis-St. Paul	25	33	↗ 8
Houston	26	17	↘ -9
Chicago	27	22	↘ -5
Atlanta	28	23	↘ -5
Charlotte	29	28	↘ -1
Columbus	30	30	■ 0
Phoenix	31	26	↘ -5
Baltimore	32	25	↘ -7
Sacramento	33	31	↘ -2
Riverside-S.B.	34	34	■ 0
Louisville	35	37	↗ 2
Las Vegas	36	41	↗ 5
Northern New Jersey	37	32	↘ -5
Cincinnati	38	40	↗ 2
Indianapolis	39	39	■ 0
Philadelphia	40	36	↘ -4
New Haven-F.C.	41	38	↘ -3
Milwaukee	42	46	↗ 4
Detroit	43	44	↗ 1
Cleveland	44	43	↘ -1
Kansas City	45	42	↘ -3
St. Louis	46	45	↘ -1

¹ See National Retail Index Note on page 64.