

PROVIDENCE OFFICE

Economic Indicators

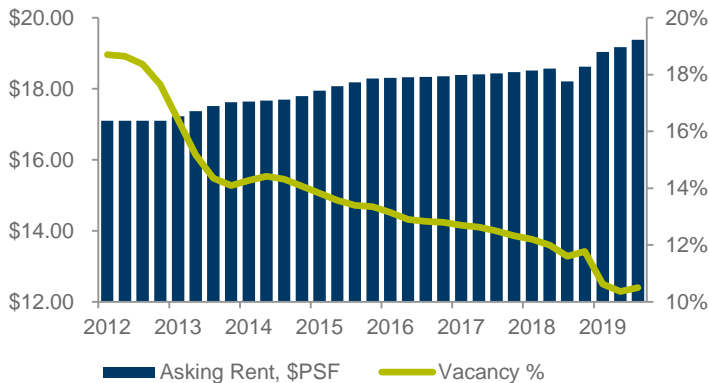
	Q3 18	Q3 19	12-Month Forecast
Providence Employment	732.8k	738.5k	▲
Providence Unemployment	4.0%	3.6%	▼
U.S. Unemployment	3.8%	3.7%	▲

Market Indicators (Overall, All Classes)

	Q3 18	Q3 19	12-Month Forecast
Total Available	11.6%	10.5%	▼
YTD Net Absorption (sf)	47k	-862	▼
Under Construction (sf)	210k	0k	▲
Average Asking Rent*	\$18.64	\$19.29	▲

*Rental rates reflect gross asking \$psf/year

Overall Asking Rent/Overall Available
4-QTR TRAILING AVERAGE



Economy

Rhode Island’s unemployment rate decreased from 4.0% in third quarter 2018 to 3.6% in third quarter 2019. RI continues to win new business through the state’s jobs tax credits and other economic incentives. Orsted, GEV, Mobius, Epiq, Infosys, VistaPrint, GE, J&J, Agoda, E-Money Advisors, and Virgin Pulse will combine more than 1,000 employees to the Rhode Island market over the next few years.

Market Overview

The total availability rate remained unchanged from the second quarter 2019 to the third quarter 2019 at 10.5%. Leasing activity accelerated in the quarter while asking rents decreased slightly for the first time in several quarters. The market posted 86,095 square feet (sf) of positive absorption in the third quarter of 2019.

The Rhode Island office market is forecasted to continue to remain stable with modest strengthening. The most significant development projects in the state are happening in downtown Providence with numerous hotel and residential developments under construction. Additionally, the first private office development on the I-195 land, 225 Dyer Street, was recently delivered by Wexford with commitments from Brown University, Cambridge Innovation Center and J&J. Wexford is also in process of completing a \$10 million renovation to all of the common spaces and atrium area at Davol Square which will be able to accommodate tenants between 1,000-30,000 sf. There are currently no new speculative developments under construction either downtown or in the suburbs, and few in the planning stages, making the market ripe for further tightening and upward pressure on rental rates.

Outlook

Activity levels are expected to remain stable in 2019 as the office sector continues to tighten. Two separate trends are occurring and contributing to a tightening of the office supply; obsolete office buildings being converted to apartments and educational institutions purchasing office buildings for their own use. There are a limited number of new development projects under construction, giving landlords the upper hand in negotiations, especially for class A product. Overall the market is healthy and trending upward with moderate rent growth expected.

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