

THE CAPSTONE REPORT

Rhode Island's Real Estate Survey For 2019

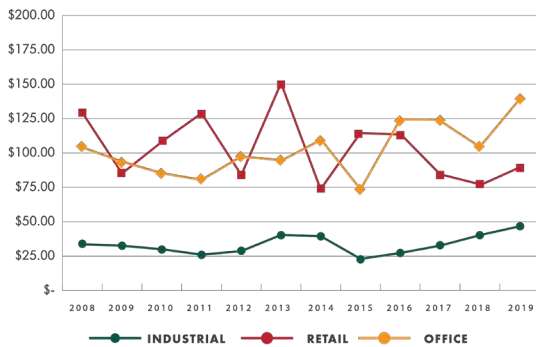
by: Neil Amper, SIOR

As we release our 2019 CAPSTONE REPORT during the unexpected COVID-19 epidemic, we hope that our readers and their families are safe and healthy while navigating through these unprecedented times. We are thankful to all the men and women who serve in the health care industry who are on the front-line of this virus and hope we are all doing our part to maintain social distancing as we battle this unprecedented situation. This 2019 report does not reflect the long-term effects this virus will have on the economy to date as that information is unknown at this time.

In 2019 the Rhode Island continued to provide incentives through the Build RI program encouraging new development in Providence. Twenty (20) new hotels and apartment buildings have been built or are in the planning & construction phase. Higher education continues to be a significant force as Brown University has begun major projects on the East Side. A 94,000 SF performing arts center located at 130 Angell St., a 96,000 SF wellness center and a 300 bed residences hall at 450 Brook St. are being planned. Sales volume dropped in the industrial sector, however the average price PSF increased by 25%. The office sector saw a major reduction in total dollar sales volume in 2019, but the average sales price increased from \$101.47 PSF to \$140.60 PSF. The retail sector continued to absorb square footage as a decade of little construction has kept lease rates stable at \$15.60 PSF and the lack of supply has kept the vacancy factor at 4.4%. The multi-family sector has been a very consistent performer, while volume and unit sales are down from 2018. Average unit price is \$145,111 and demand has been very strong with multiple offers for available properties with CAP rates being in the 6.5%-8% range.

2019 saw a drop in transaction volume across virtually all property types, but pricing for transactions completed during the year reflected significant growth over 2018 levels, with prices increasing from 16 to 40 percent depending on the property type. Vacancies and rental rates for commercial properties have remained stable, with rent growth in the industrial sector and increases in office and retail vacancies. With the exception of multifamily and hospitality properties noted above, there have been no significant additions to the supply. Sustained growth in industrial rents should result in the development of additional supply in that property type.

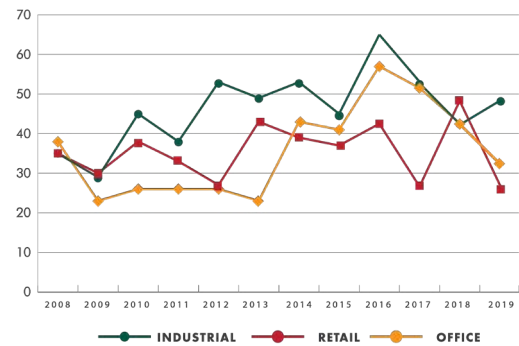
AVERAGE PRICE/SF BY PROPERTY TYPE



AVERAGE SALE PRICE/SF

	2018	2019	CHANGE
INDUSTRIAL	\$40.80	\$48.24	25%
RETAIL	\$77.28	\$89.60	16%
OFFICE	\$101.47	\$140.60	38%

TRANSACTIONS BY PROPERTY TYPE



TRANSACTION VOLUME TREND

	2018	2019	CHANGE
INDUSTRIAL	42	48	14%
RETAIL	49	26	<- 87%>
OFFICE	42	31	<- 35%>

NEW CONSTRUCTION / PROVIDENCE

CORLISS CENTER LLC

200 CORLISS STREET

New Commercial Office Building
56,000 SF - Total



THE NIGHTINGALE

78 FOUNTAIN STREET

145 Apartments
17,000 SF Retail



ALOFT HOTEL

150 RICHMOND STREET

170 Rooms / CV Development,
195 Land Development



INDUSTRIAL Sale/Lease Overview

The total square footage sold dropped to 1,758,111 SF from 1,977,598 SF a 12% drop. The average price per square foot sold increased for the second year by 25% as median values of buildings between 30-60,000 SF increased from \$25 PSF to \$40 PSF. The vacancy factor state wide has remained in the 4% range. The lack of product has hampered growth. Lease rates are approaching \$8.00 NNN and that may stimulate developers to begin to contemplate new construction.

INDUSTRY SALES	2017	2018	2019
5-15,000 SF	\$56	\$87	\$68
15-30,000 SF	\$45	\$63	\$60
30-60,000 SF	\$42	\$25	\$40

MEDIAN PRICE/SF

264 METACOM AVE

Warren, RI

DW Properties to Parker Mills
230,000 SF
\$3M / \$13.17 PSF



4 SHARPE DRIVE

Cranston, RI

Ubio Inc. to Sharpe Azatal LLC
37,970 SF
\$2.3M / \$60.57 PSF



SALES ACTIVITY	2018	2019	CHANGE
TOTAL \$ SOLD	\$89,627,000	\$84,821,800	<- 5.70%>



115 DUPONT DRIVE

Providence, RI

Tag Realty to CG Ocelot PVD.LLC
76,661 SF / \$3.6M / \$46.95 PSF



RETAIL Sale/Lease Overview

The retail market remained consistent from 2018 to 2019 with sales volume increasing 1.4% and average values increasing 16%. The statewide vacancy increased slightly from 4% to 4.4% and average lease rates remain in the \$15-\$17 PSF NNN. Edge Fitness is the newest entry into the fitness market. They have leased 49,829 SF at the Warwick Center and 37,000 SF at the Cranston Parkade. Garden City Shopping Center went under agreement in 2019 and closed in January. The 530,000 SF center sold to W/S Development for \$183 M (\$345 PSF)

SWANSEA MALL

Swansea, MA

Carlye Swansea Partners to GF Funding
125 Swansea
600,000 SF
\$5.42M
\$9.03 PSF



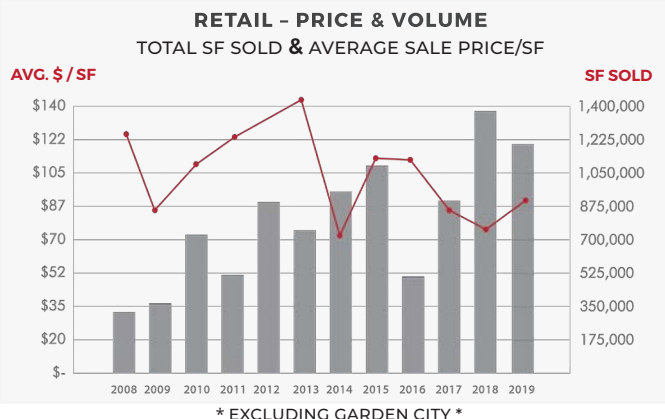
1276 BALD HILL ROAD

Warwick, RI

US Bank NA to 1276 Bald Hill Road
95,277 SF
\$8M
\$83.96 PSF



SALES ACTIVITY	2018	2019	CHANGE
TOTAL \$ SOLD	\$106,160,000	\$107,571,500	1.40%



1270 NEWPORT AVE.

South Attleboro, MA

Bristol Place LLC to Bristol Place Investments
282,087 SF / \$58M / \$205 PSF



OFFICE Sale/Lease Overview

Sales volume fell from \$206 million in 2018 to \$63 million in 2019 and statewide vacancy increased from 5% to 5.8%. The average lease rates are effectively unchanged at between \$20-\$22 PSF. The 196,000 SF Wexford Innovation Center is anchored by Brown University and Johnson & Johnson, but has been attracting tenants that are taking advantage of the collaborative concept and the proximity to downtown Providence and the city universities.

301 METRO CENTER BLVD.

Warwick, RI

Metro Investments to Cambridge Capital LLC
46,598 SF
\$6.2M
\$113.05 PSF

275 WESTMINSTER ST.

Providence, RI

275 Partners to Trinity Academy for the Arts
40,425 SF
\$4.6M
\$113.79 PSF

INVESTMENT



USER

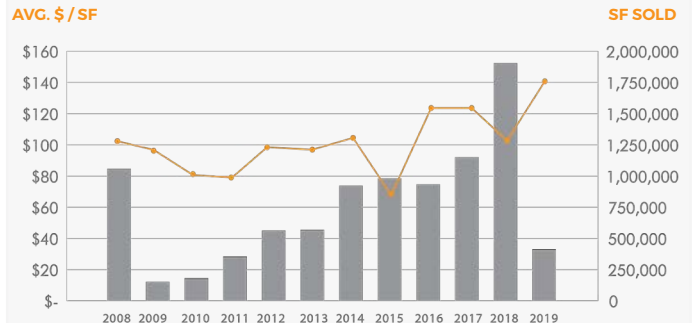


SALES ACTIVITY

	2018	2019
TOTAL \$ SOLD	\$206,400,000	\$63,218,000

OFFICE - PRICE & VOLUME

TOTAL SF SOLD & AVERAGE SALE PRICE/SF



1598 SOUTH COUNTY TRAIL

East Greenwich, RI

Tucon Management Group to 1598 South County Trail
52,658 SF / \$8.7M / \$165.21 PSF



LAND SALES OVERVIEW

There has not been much activity over previous years to make it a significant category. The lack of shovel ready sites (permitted, zoned) and the cost of construction has prevented users and developers from starting new projects. **IN 2019** there were 274 acres sold throughout the state which represented \$49,145,000. Some of the projects were residential such as a 48 unit condominium project planned for 19 acres on Major Potter Road, Warwick by Stonebridge Crossings Development.

MULTI-FAMILY Sale/Lease Overview

The total sales volume decreased from \$180,318,000 to \$157,824,000 a 12.5% drop. Unit sales fell from 1,466 units to 1,096 a 32% drop, but the average price per unit increased from \$123,166 to \$144,018 a 17% increase. There have been 3,000 units built since 2016 with another 1,000 units either being constructed or planned. There are 30,000 university students in the Providence area and that has contributed to the strength in the market. The average rent per unit is \$1,436, which will increase when new units hit the market.

100 PARK PLACE

Pawtucket, RI

RISSPORT to MJ Global Holdings
42 units
\$2.9M
\$69,047 per unit

1389 WARWICK AVE.

Warwick, RI

Chateau Partners to Chateau Villa LLC
45 units
\$7M
\$155,555 per unit

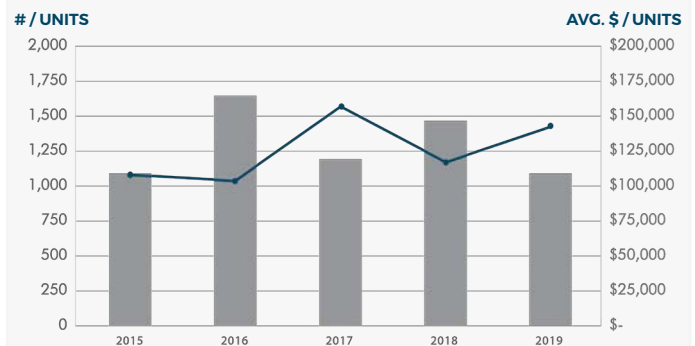


SALES ACTIVITY

	2018	2019	CHANGE
DOLLAR VOLUME	\$180,318,000	\$157,824,000	<-12.5%>
AVG. SALES PRICE PER UNIT	\$123,166	\$144,000	31%

MULTI-FAMILY - PRICE & VOLUME

TOTAL UNITS SOLD & AVERAGE SALE PRICE/APT.



NUMBER OF UNITS

AVG. PER UNIT

2017	1,181	\$158K
2018	1,466	\$123K
2019	1,096	\$144K

Real Estate Services For Today's World.

Capstone is uniquely positioned to help clients prosper under any market conditions. We view a property from a multi-disciplinary perspective, combining our depth of understanding about the local areas we serve with our extensive real estate knowledge and experience. By developing strategies that exploit current trends, Capstone enables clients to meet or even exceed their goals.



WWW.**CAPSTONE-PROPERTIES**.COM



The information provided for this survey was obtained from several sources, including CoStar Group and Loopnet online services. It is intended for informational purposes only and should not be relied on by any party without further independent verification. Although deemed reliable, the information for this report is not warranted by Capstone Properties. Commentary, analysis, observations and opinions expressed in this report are those solely of Capstone Properties except where noted. This report is copyrighted and may not be reproduced in part, or in its entirety, without the permission of Capstone Properties. Data from this report may be cited with proper acknowledgement given.

RHODE ISLAND OFFICE

180 Westminster Street
Providence, RI 02903

P. 401.454.4660 | F. 401.272.5378

MASSACHUSETTS OFFICE

5 Burlington Woods
Burlington, MA 01803

P. 781.273.4070 | F. 781.273.3850