



IREM: Providence

May 20, 2020

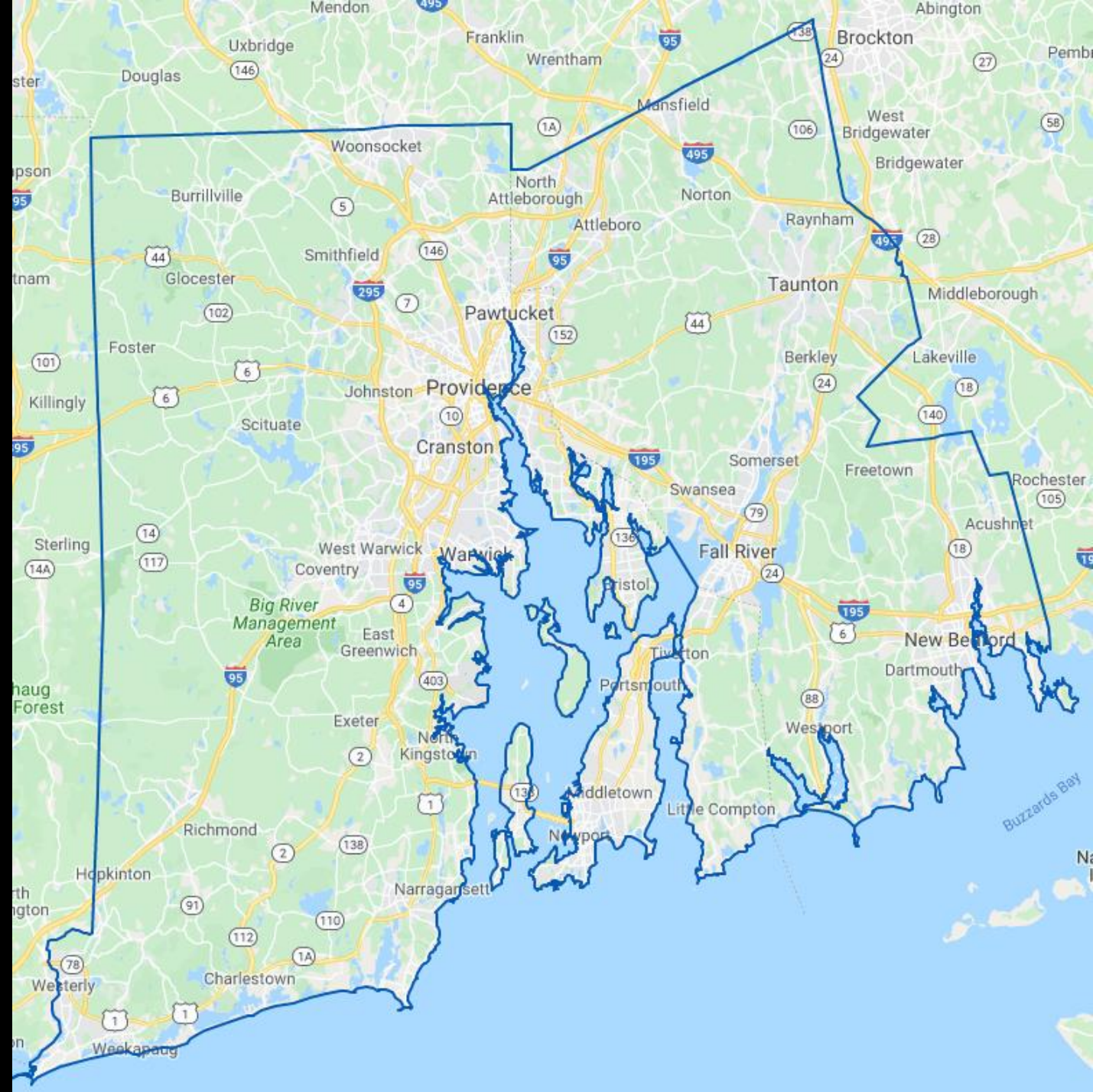
Mark Hickey
Director of Analytics For New England

Todd Galvin
Associate Director Of Analytics For New England

Agenda

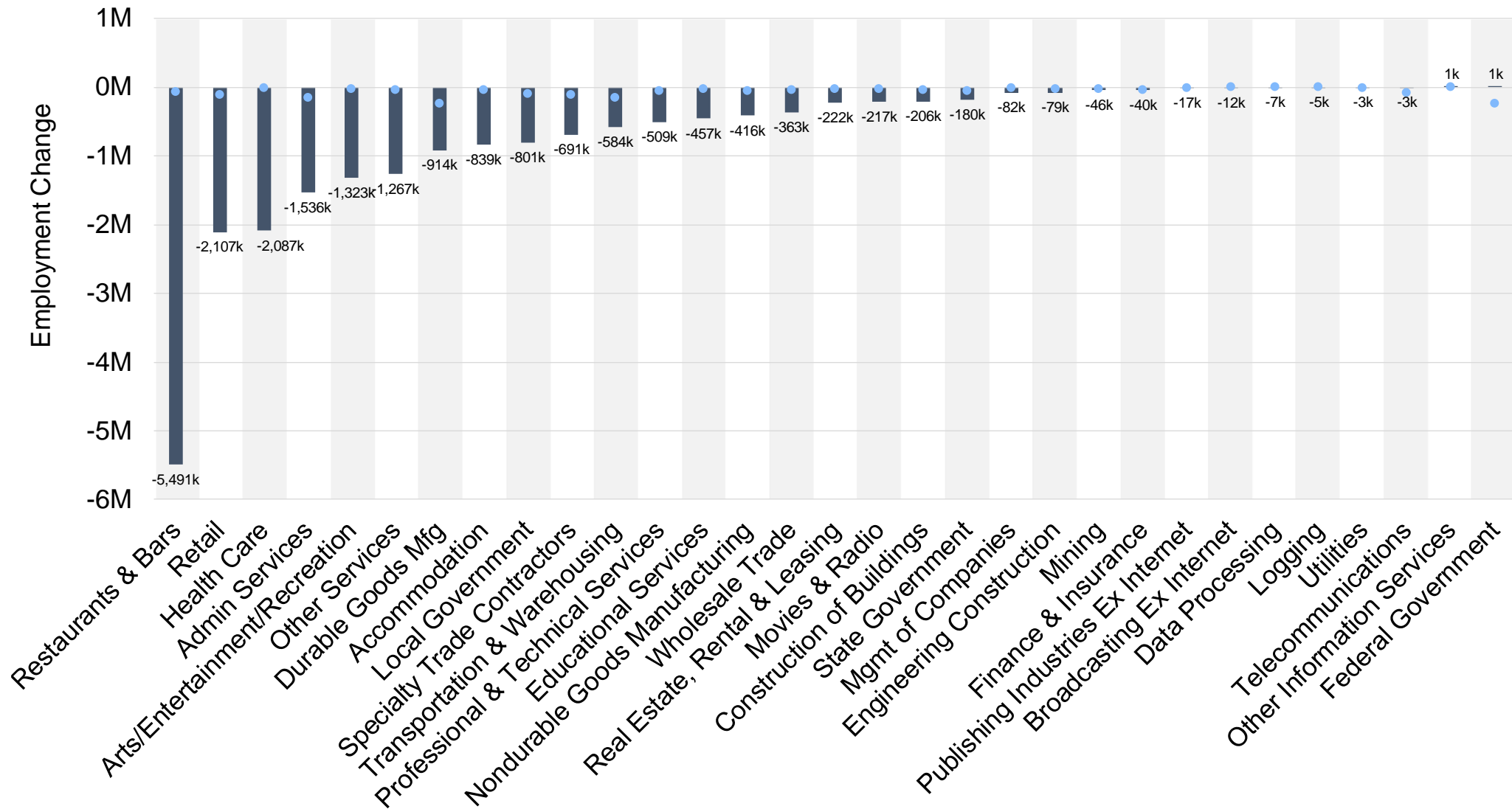
1. Economy
2. Multifamily
3. Office
4. Industrial
5. Retail

Providence



NATIONAL ECONOMY

Worst Month Ever For Basically Everyone

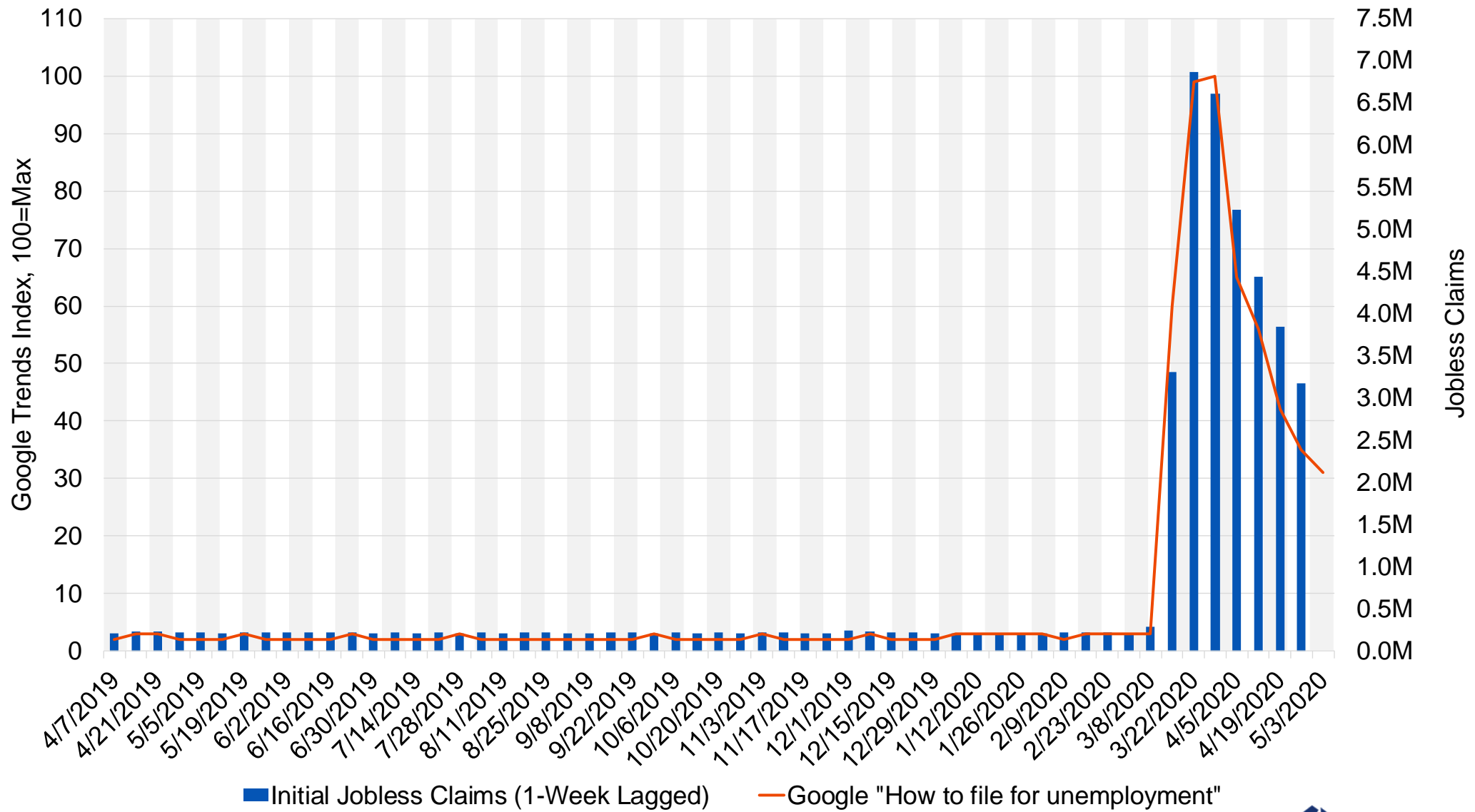


Source: Bureau of Labor Statistics, Haver Analytics
As of May-20

■ April 2020 ● Prior Worst Month



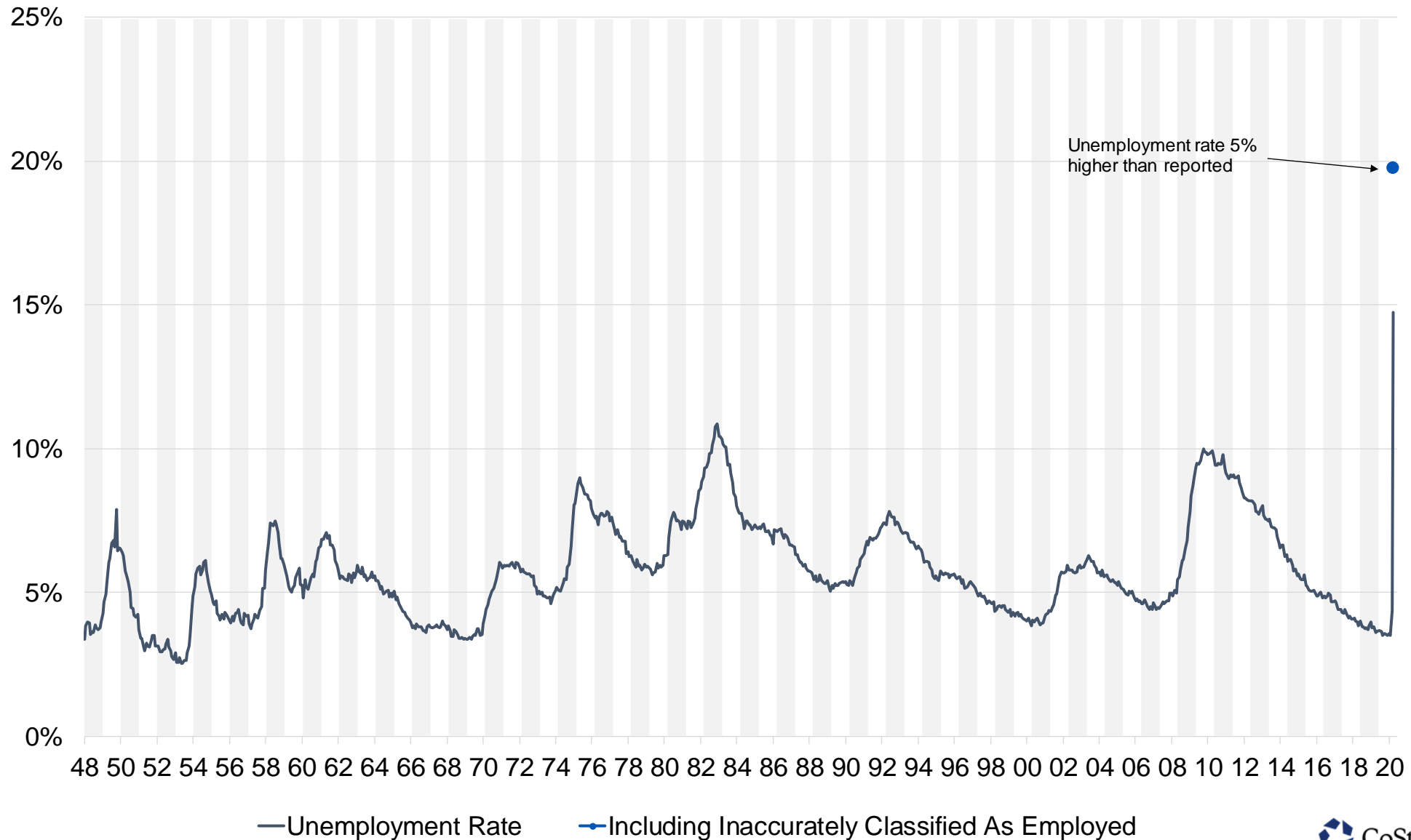
Unemployment Claims Falling, Not Fast Enough



Source: Google, BLS, Haver
As of May-20



Unemployment Rate Sets Record, Still Understates Distress

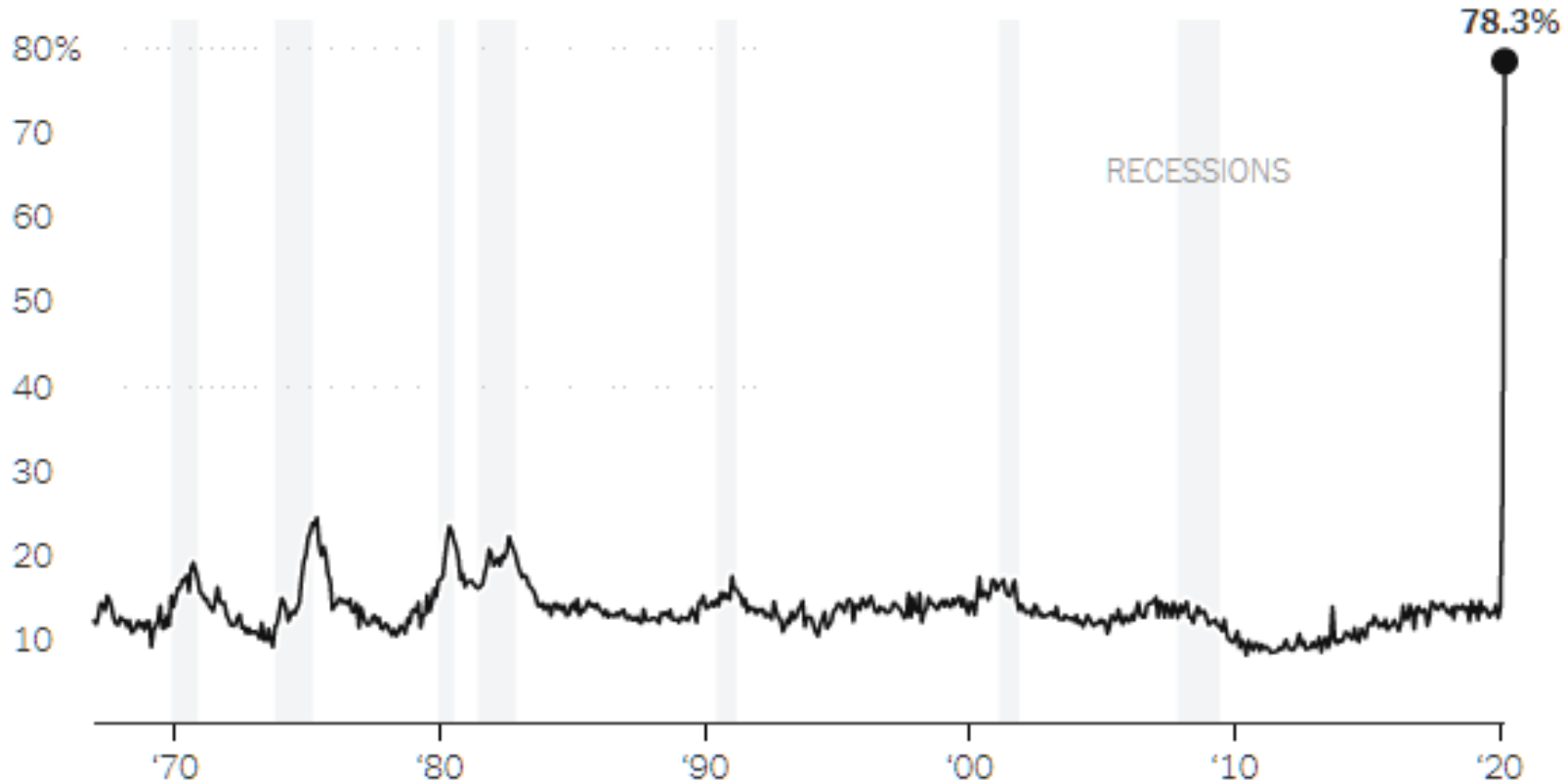


Source: Bureau of Labor Statistics, Department of Labor
As of May-20



It Remains To Be Seen How Temporary These Employment Losses Will Be

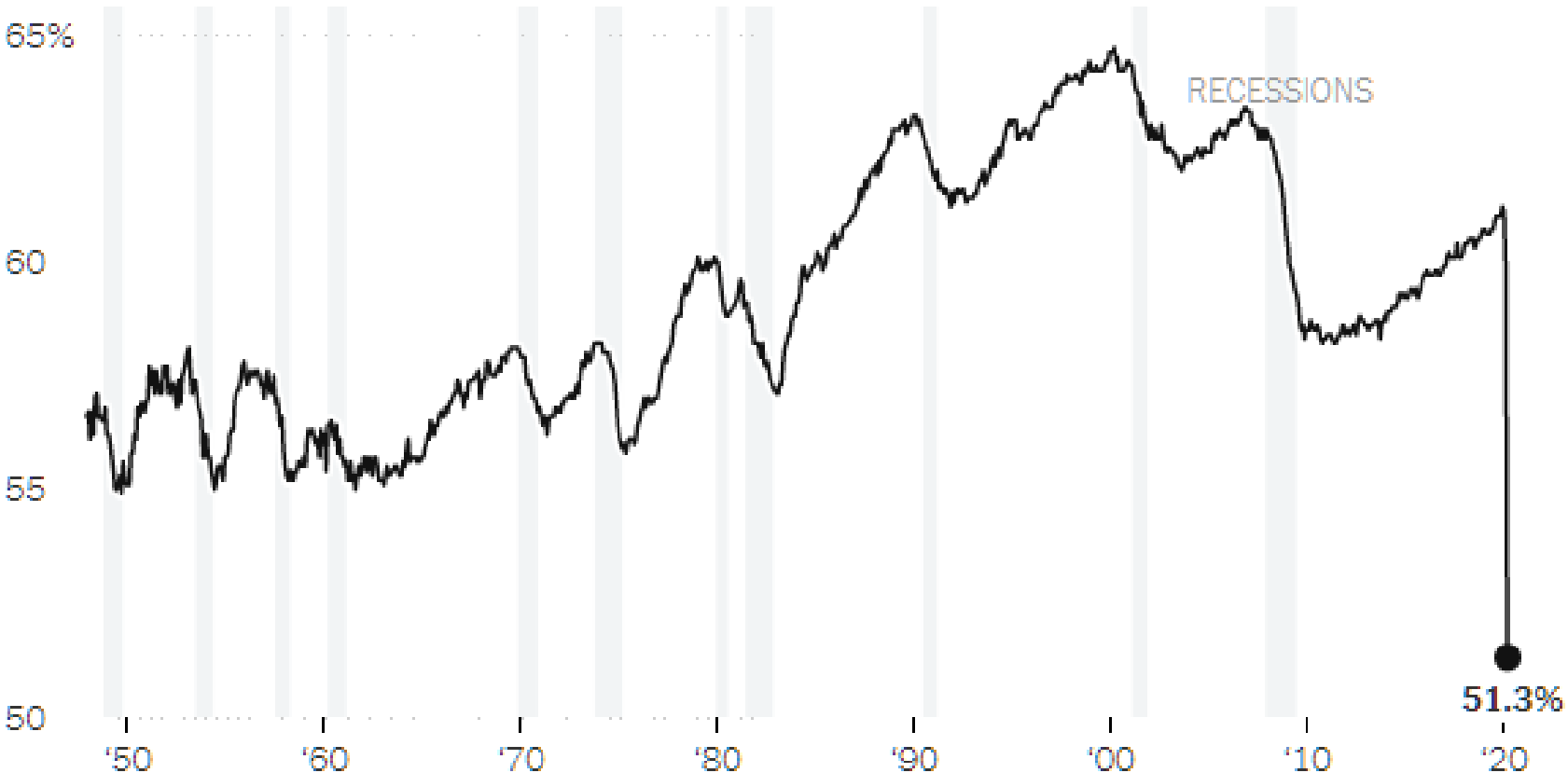
Share of unemployed on temporary layoffs



Source: Department of Labor

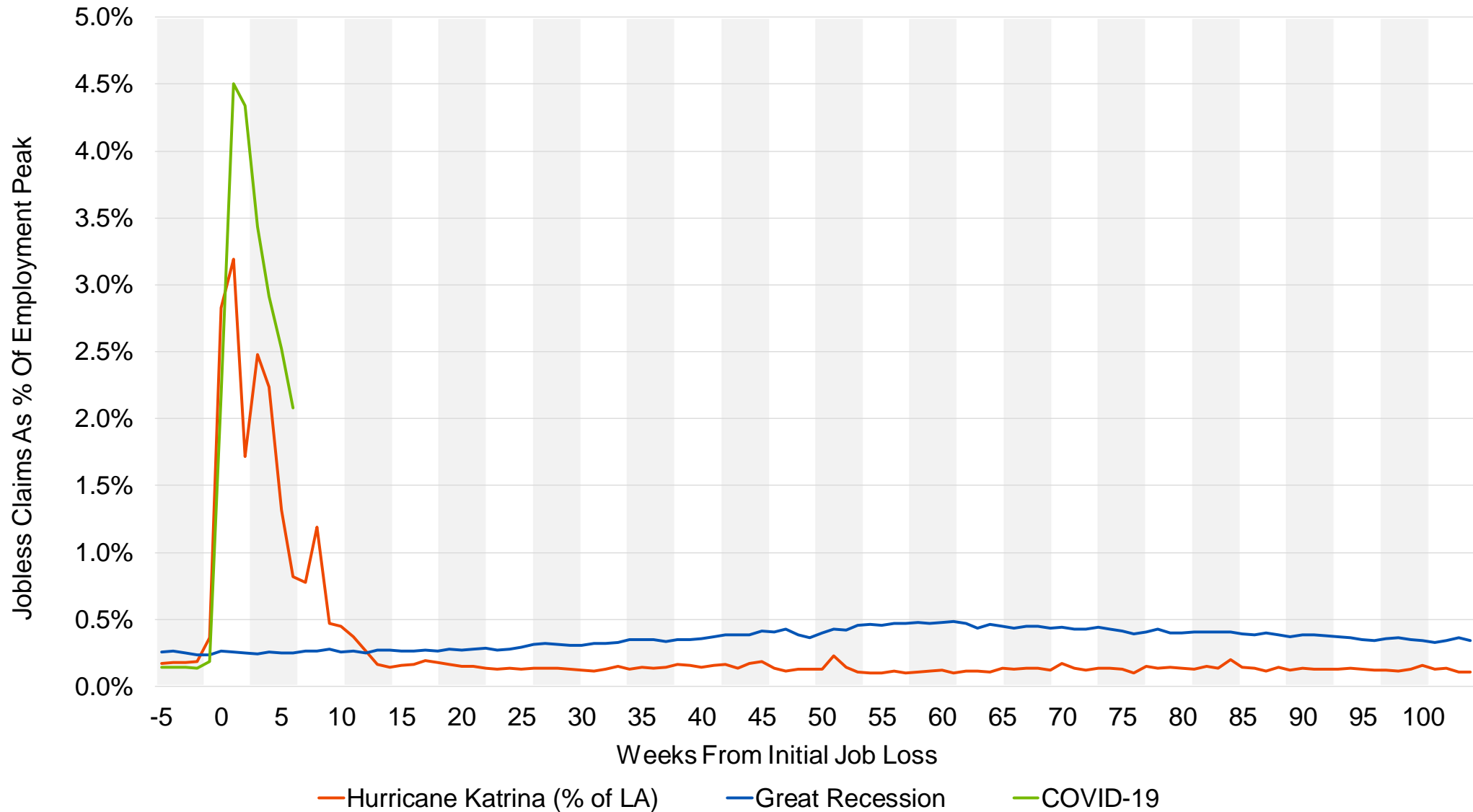
Half Of Working Age Adults Don't Have A Job And That's Been A Problem For A Long Time

Share of the population that is employed



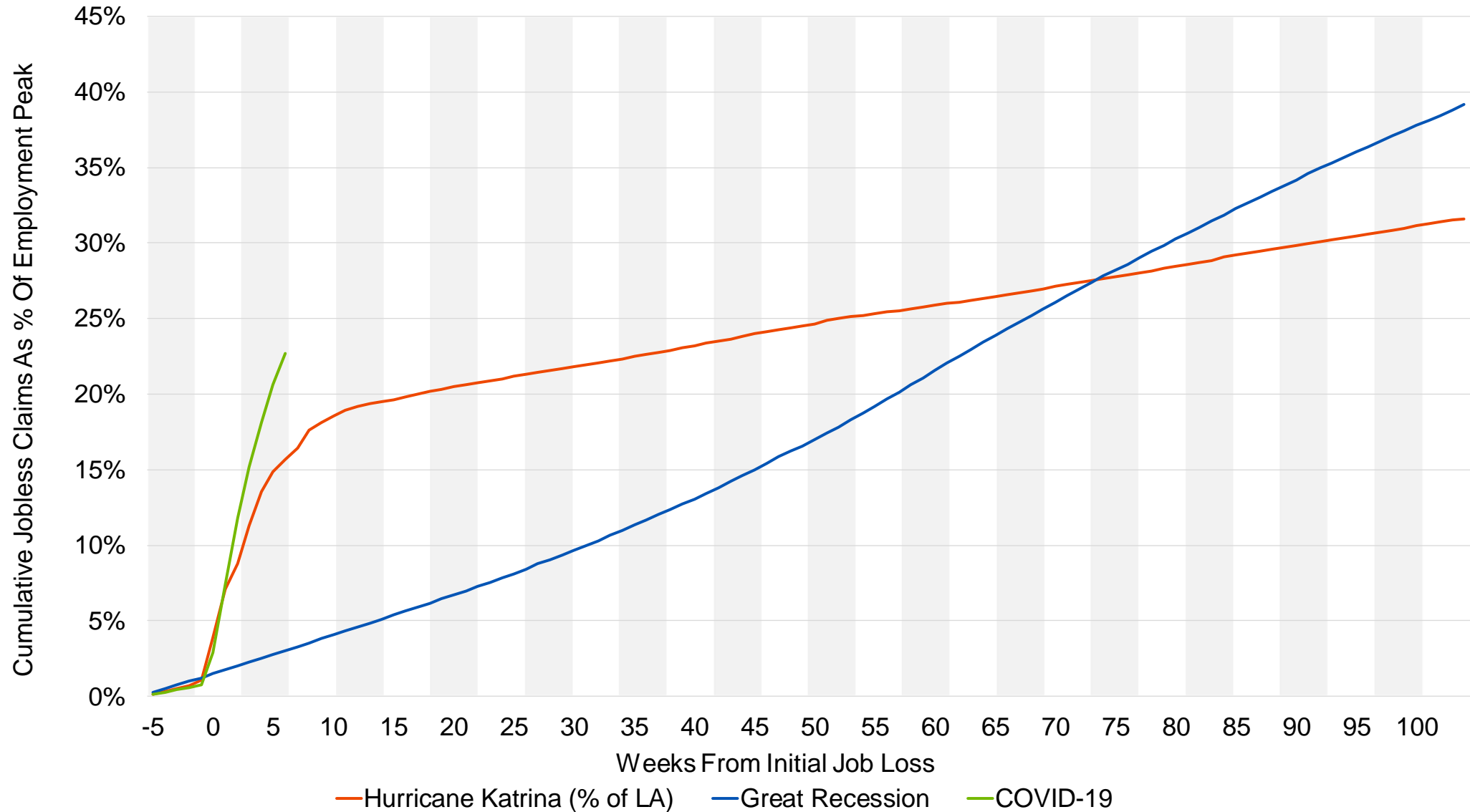
Source: Department of Labor

Current Crisis Tracks A Natural Disaster

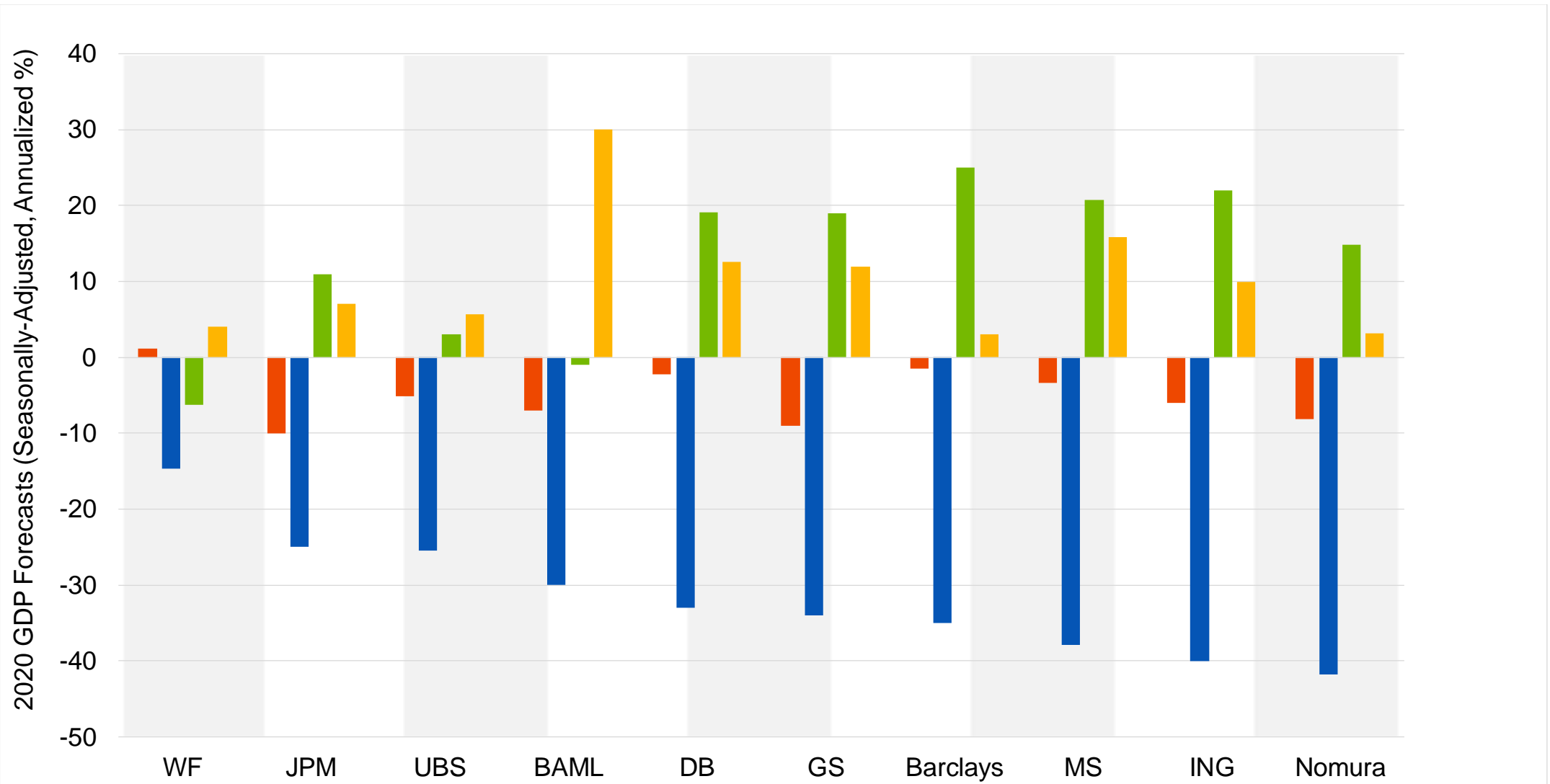


Source: Bureau of Labor Statistics, Department of Labor, Haver Analytics
As of May-20

Cumulative Claims Filed Not Rolling Over

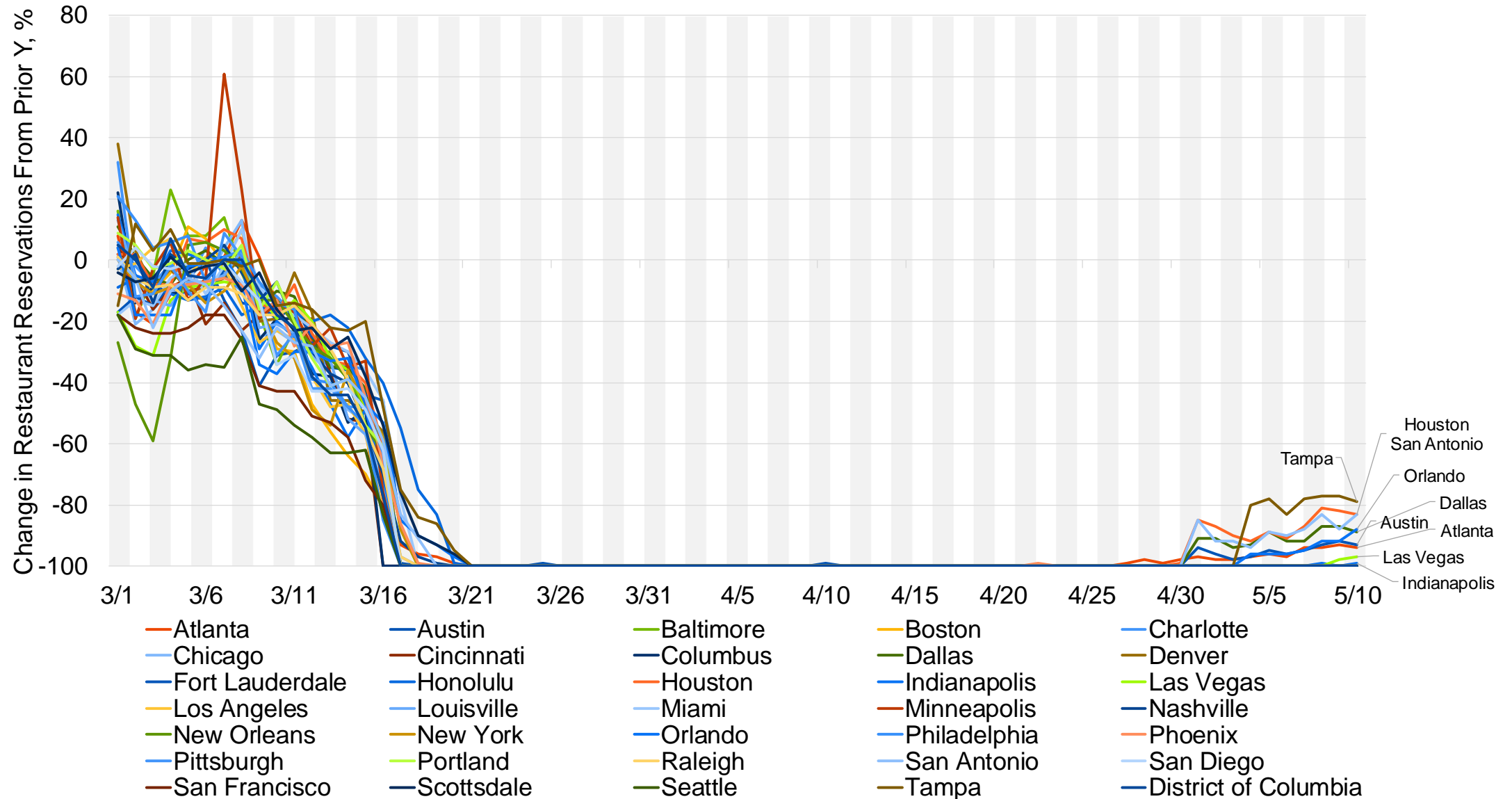


Pick The Lowest Number You Can For Q2 GDP



Source: Bloomberg News, Washington Post
As of Mar-20

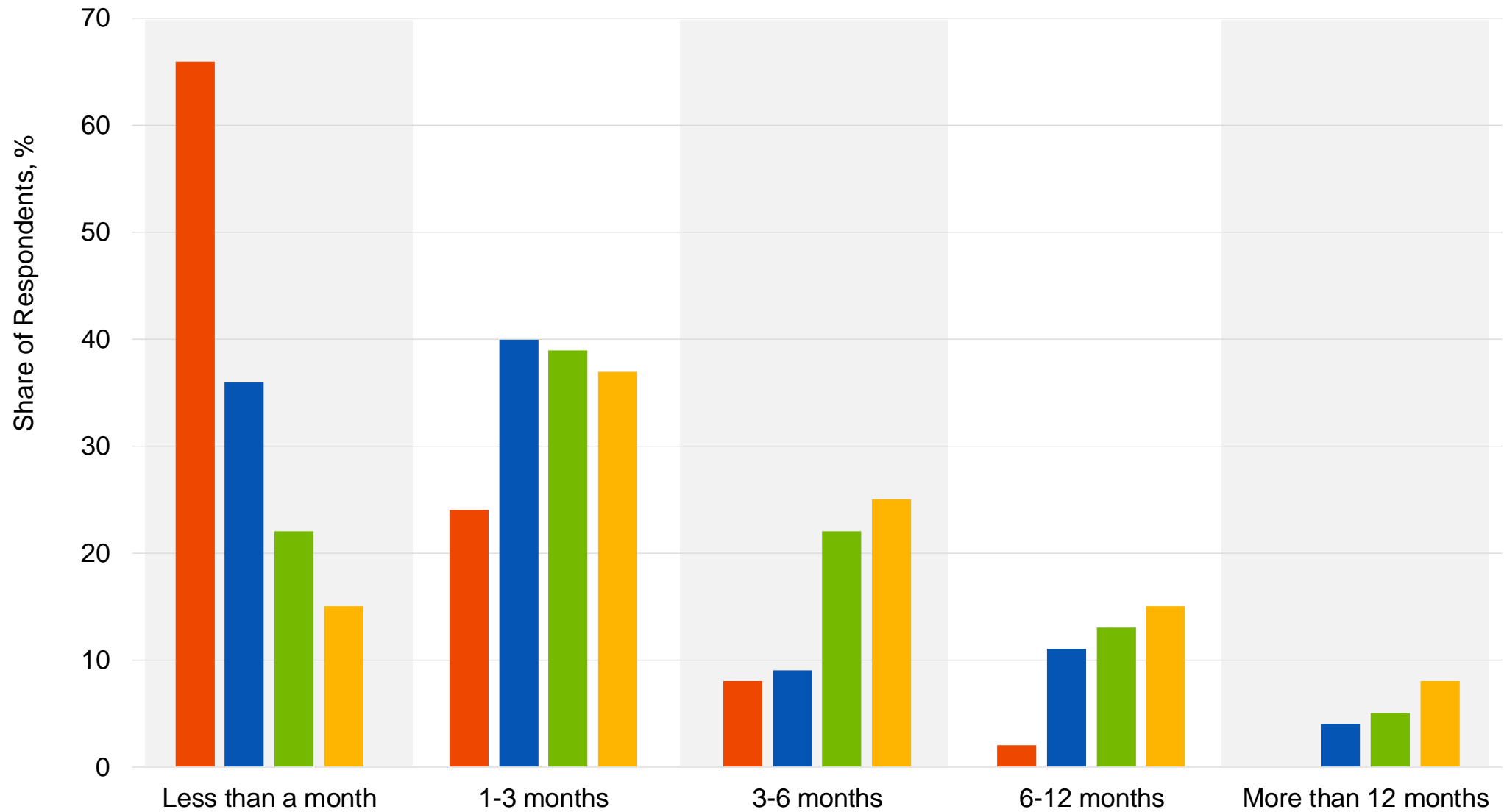
Select Cities Re-Open On Limited Basis



Source: OpenTable
As of May-20



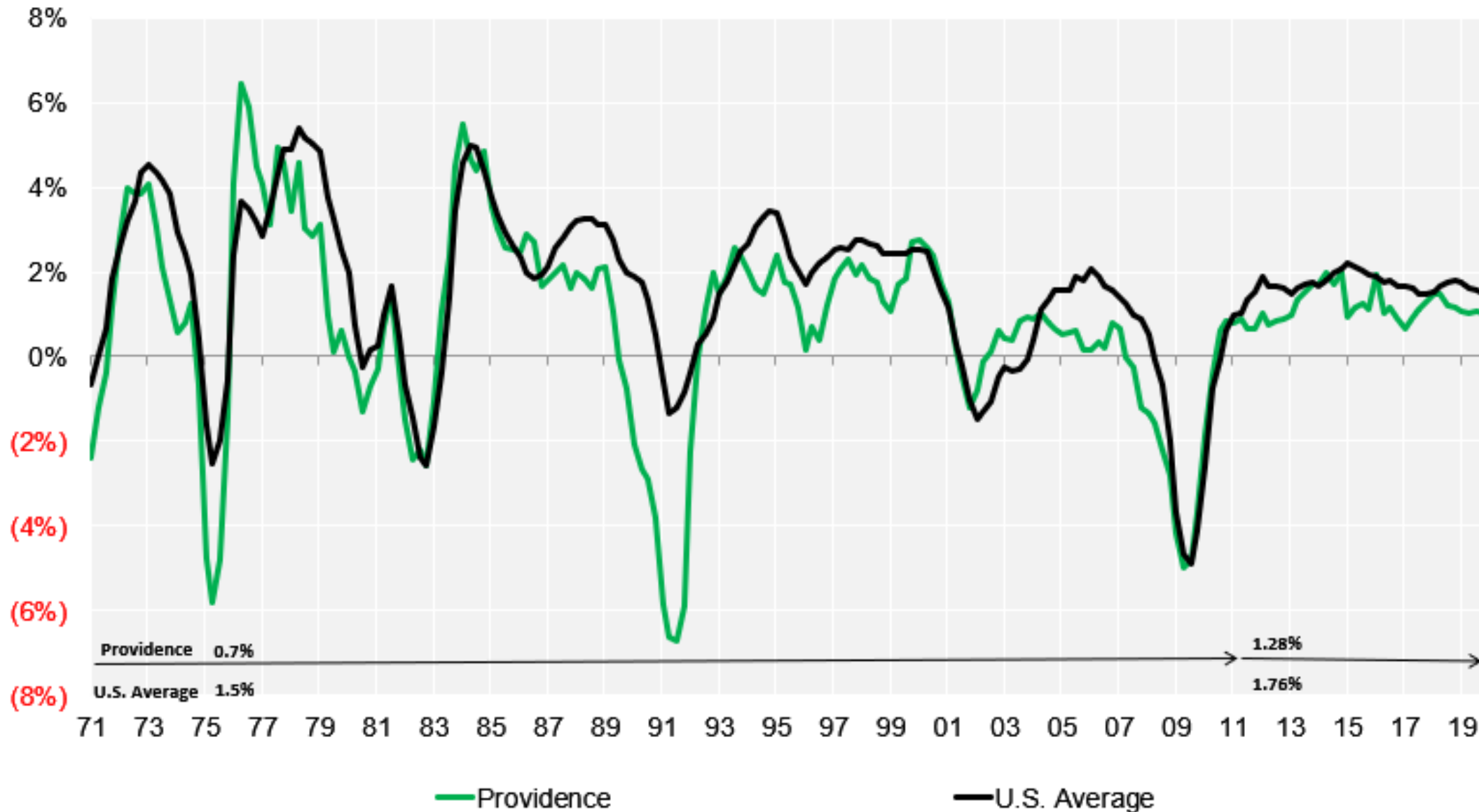
If COVID-19 Ended Today, How Long To Return To Normal?



PROVIDENCE
ECONOMY

Recessions In Providence Have Been Very Bad At Times

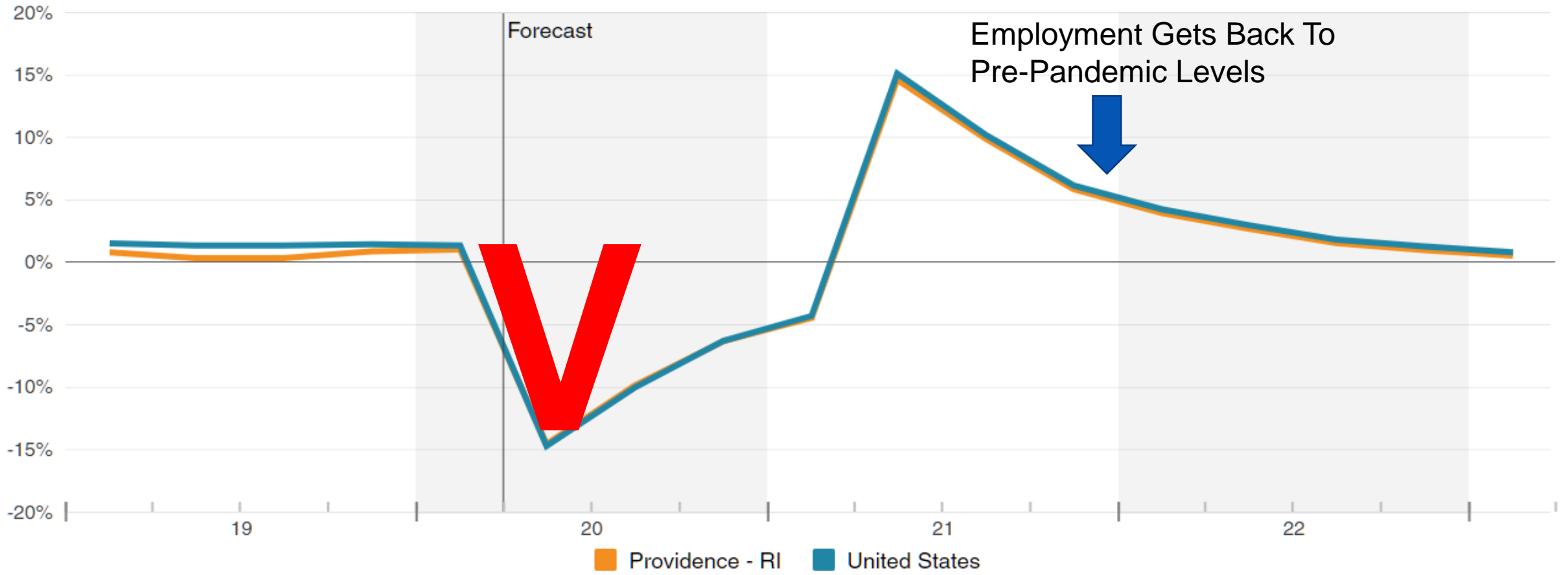
Annual Growth In Total Employment, Providence vs. The U.S. Average



Baseline Scenario Calls For A “V” Shaped Recovery

Job Growth (YOY) ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Baseline Scenario Calls For A “V” Shaped Recovery


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Providence - RI Multi-Family Market

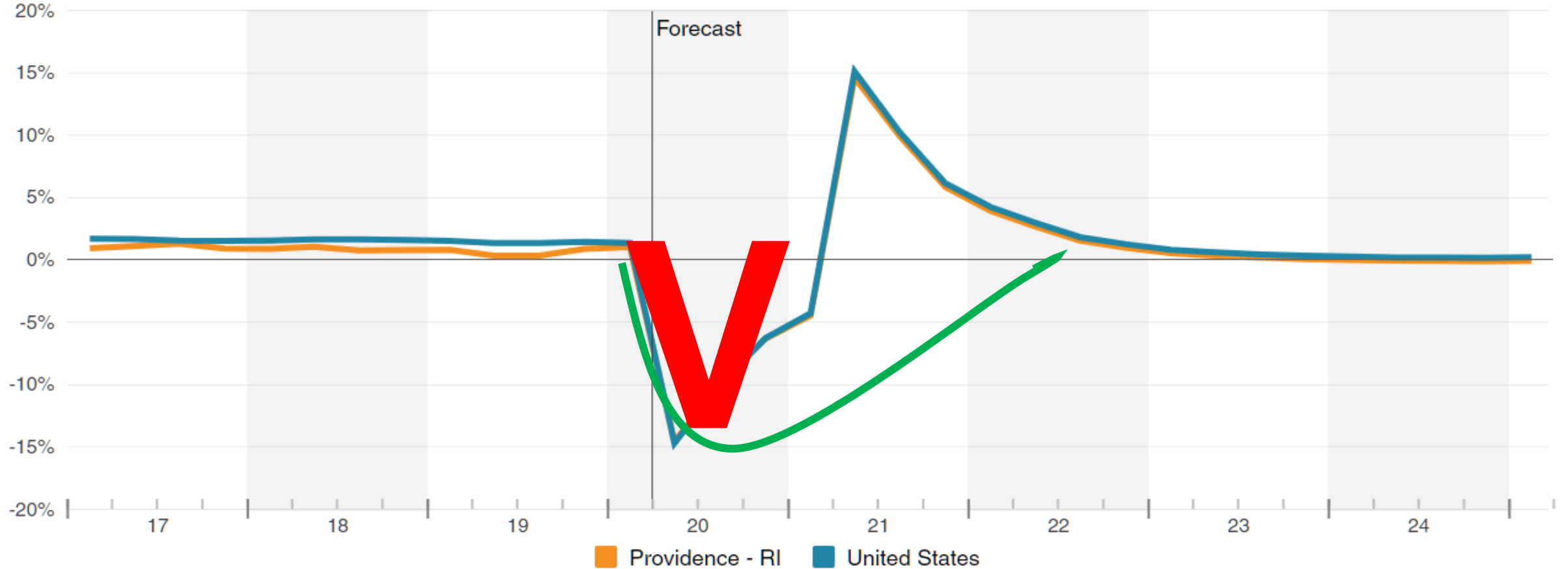
1 Market

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Job Growth (YOY) ▾

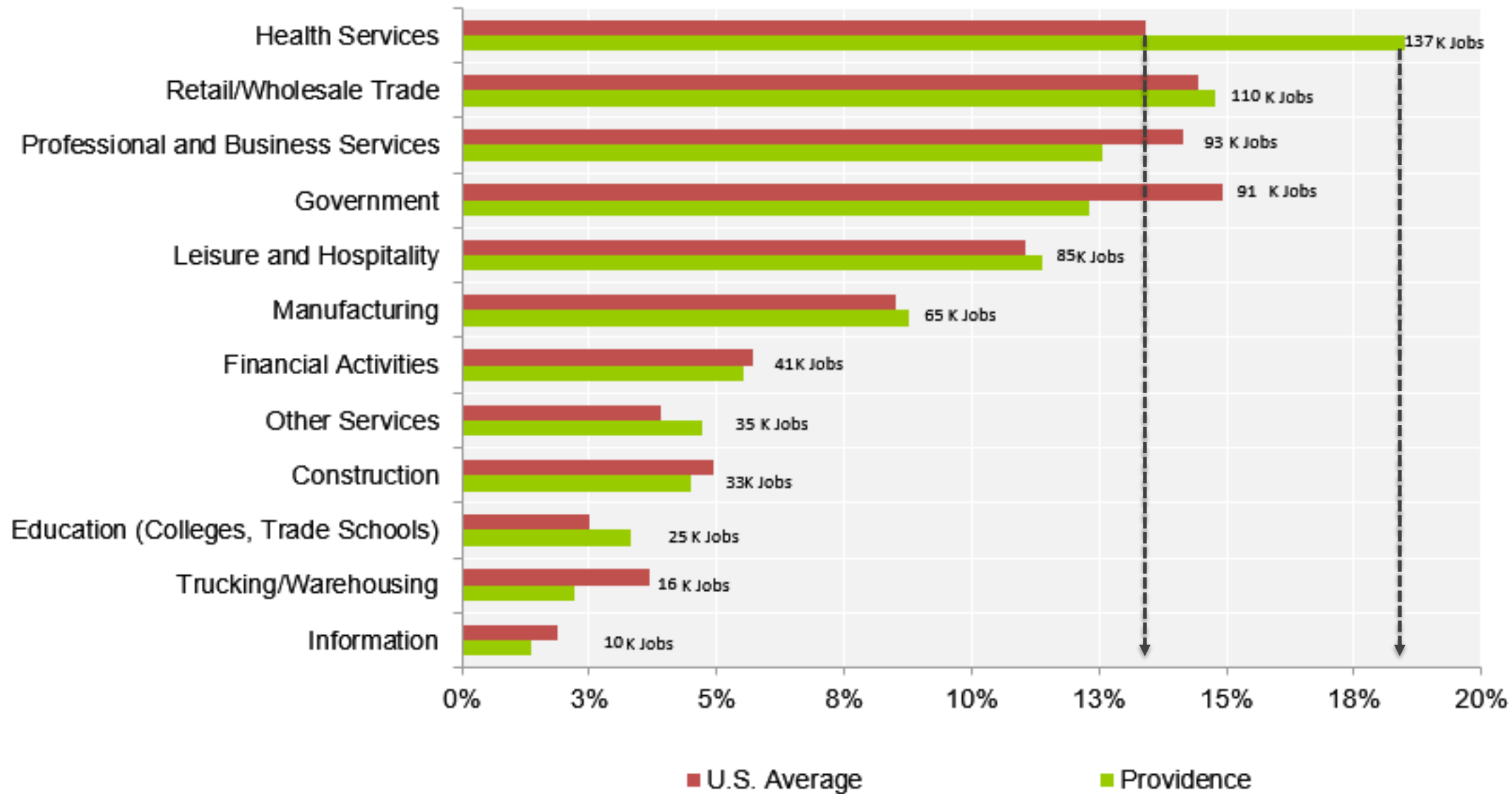
History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y 



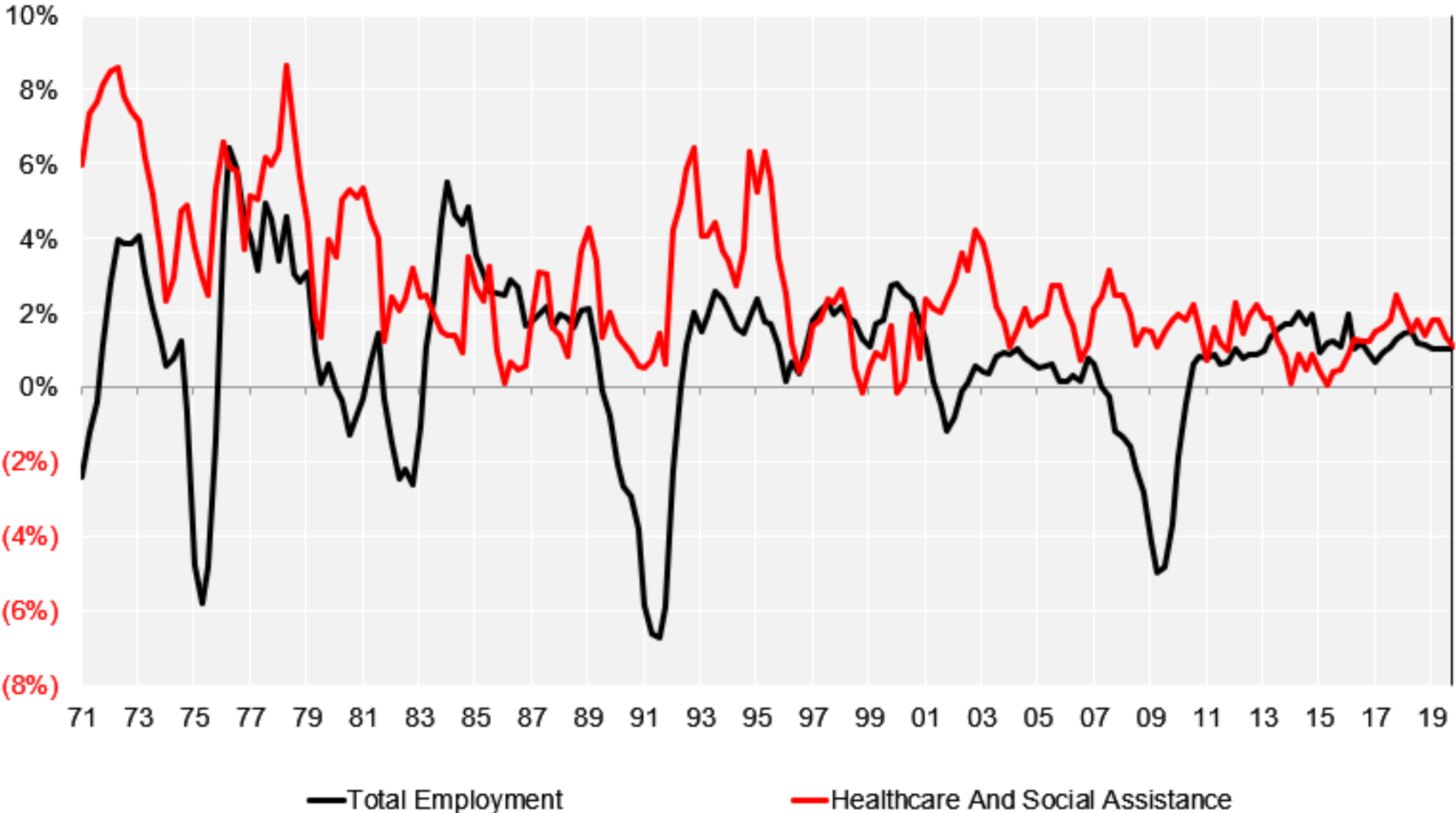
Ed's and Med's Drive Providence's Economy

Percentage Of Total Employment By Industry, Providence vs. The U.S. Average



Healthcare Is An Extremely Stable Sector

Providence: Health Services And Social Assistance vs. Total Employment



...But This Time Might Be An Exception, Though Expect A Sharp Rebound

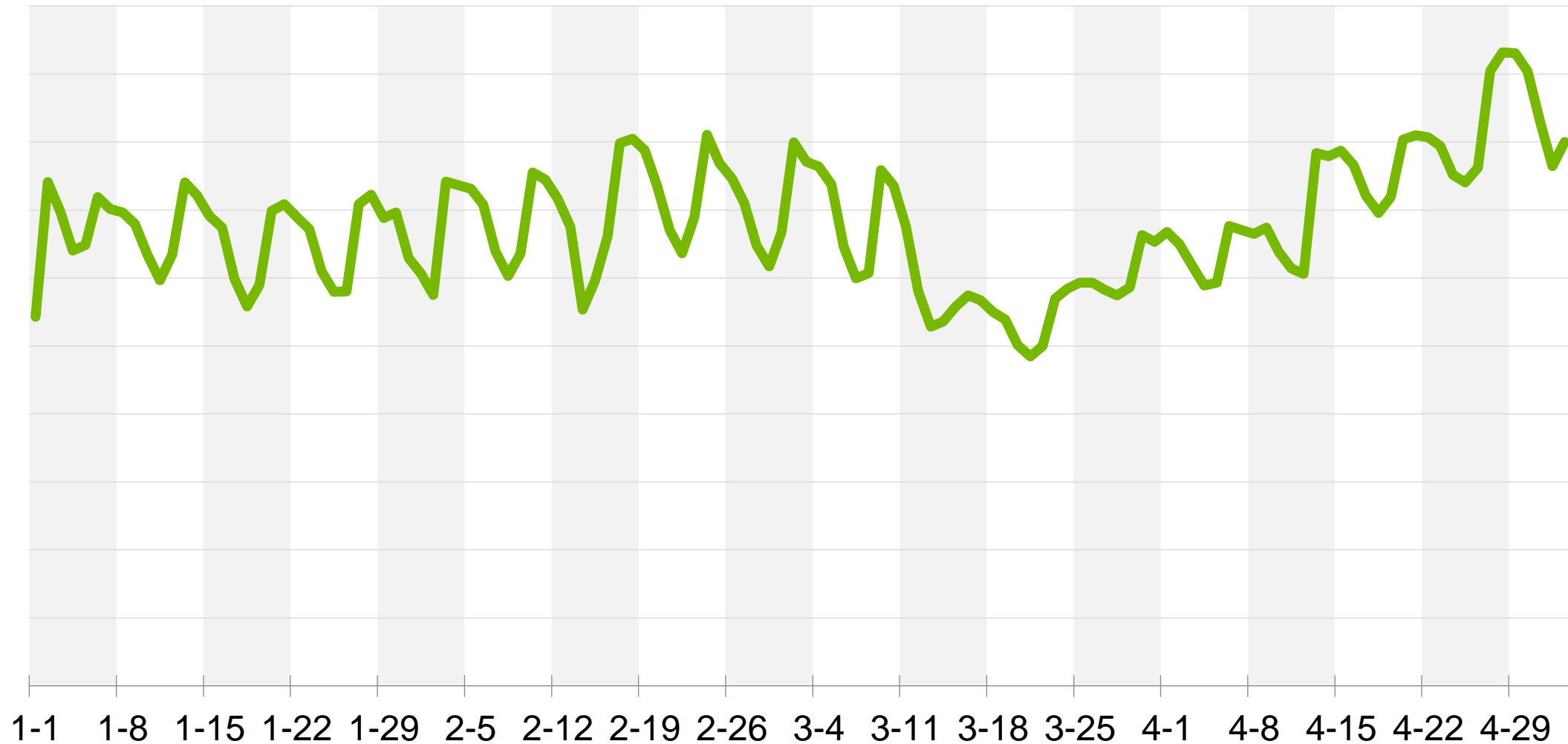
A List Of Furloughs From The Boston Globe

Type	Company	HQ/Location in Mass.	Week ended	Mass. employees affected	Industry
Furlough	Legal Sea Foods	Boston	3/20/20	3,100	Restaurant
Furlough	Atrius Health Inc.	Newton	3/27/20	1,100	Healthcare
Furlough	Sensata Technologies	Attleboro	4/3/20	1,000	Software and Technology
Layoff and Furlough	Toast, Inc.	Boston	4/10/20	736	Hospitality
Furlough	Wellforce Inc. (d/b/a Tufts Medical Center, Lowell General Hospital, and MelroseWakefield Hospital)	Burlington	4/3/20	719	Healthcare
Furlough	Boston Medical Center	Boston	4/3/20	700	Healthcare
Furlough	The Boston Ballet	Boston, Newton, Marblehead	4/10/20	500	Entertainment

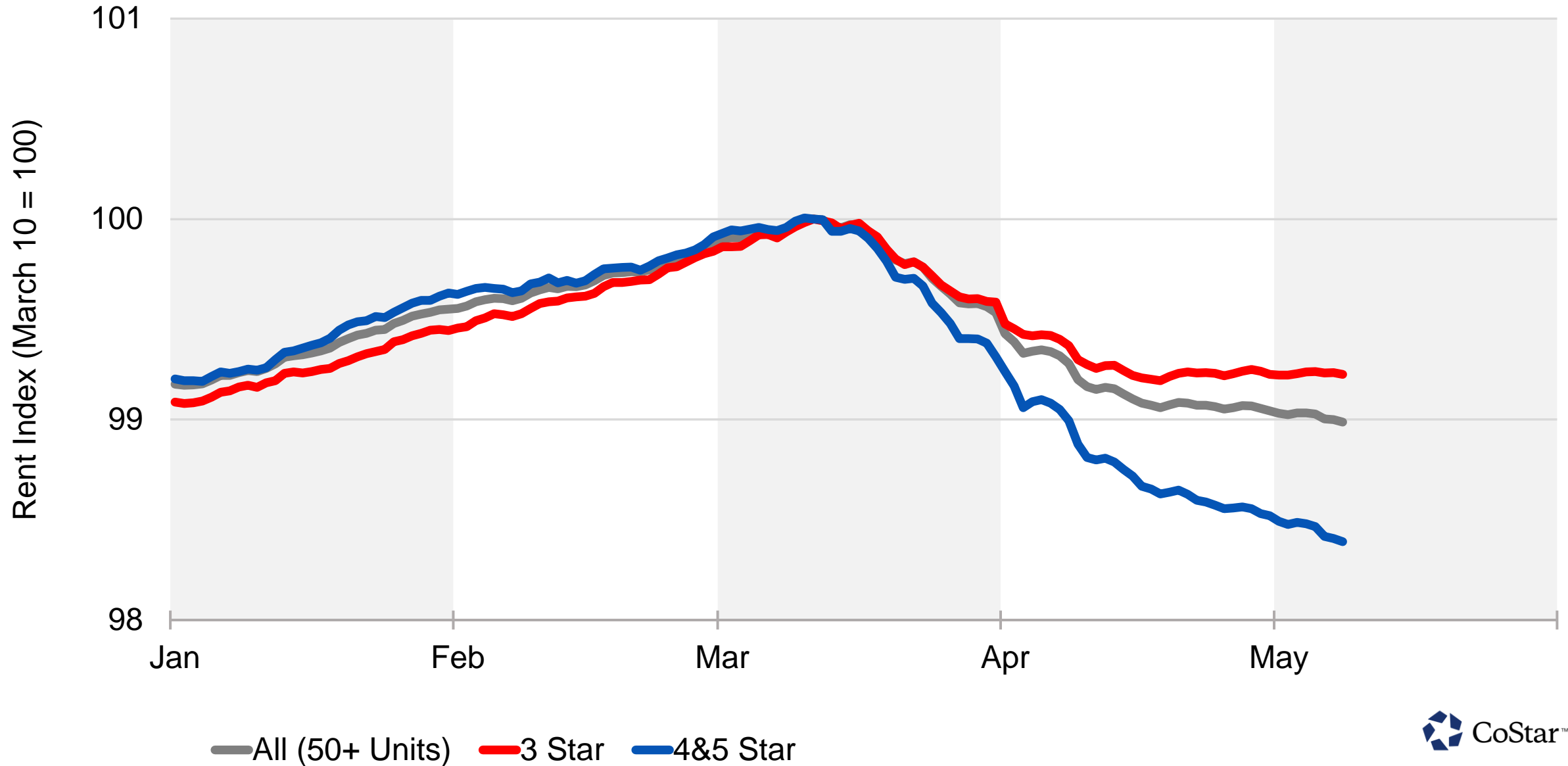


NATIONAL
APARTMENT

Apartments.com Search Activity in 2020



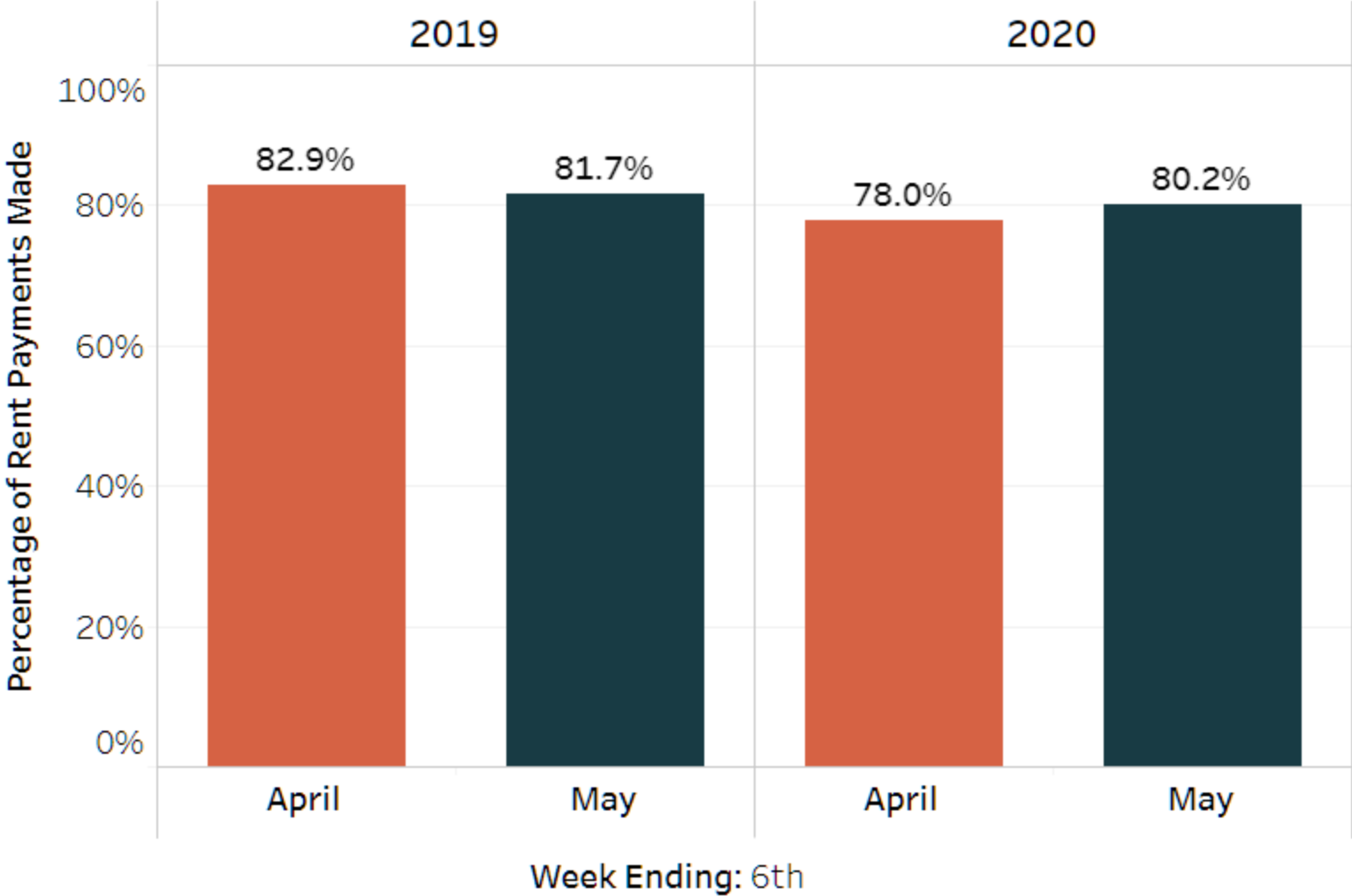
Daily Apartment Asking Rents



Rent Collection For U.S. Apartments Wasn't Horrible

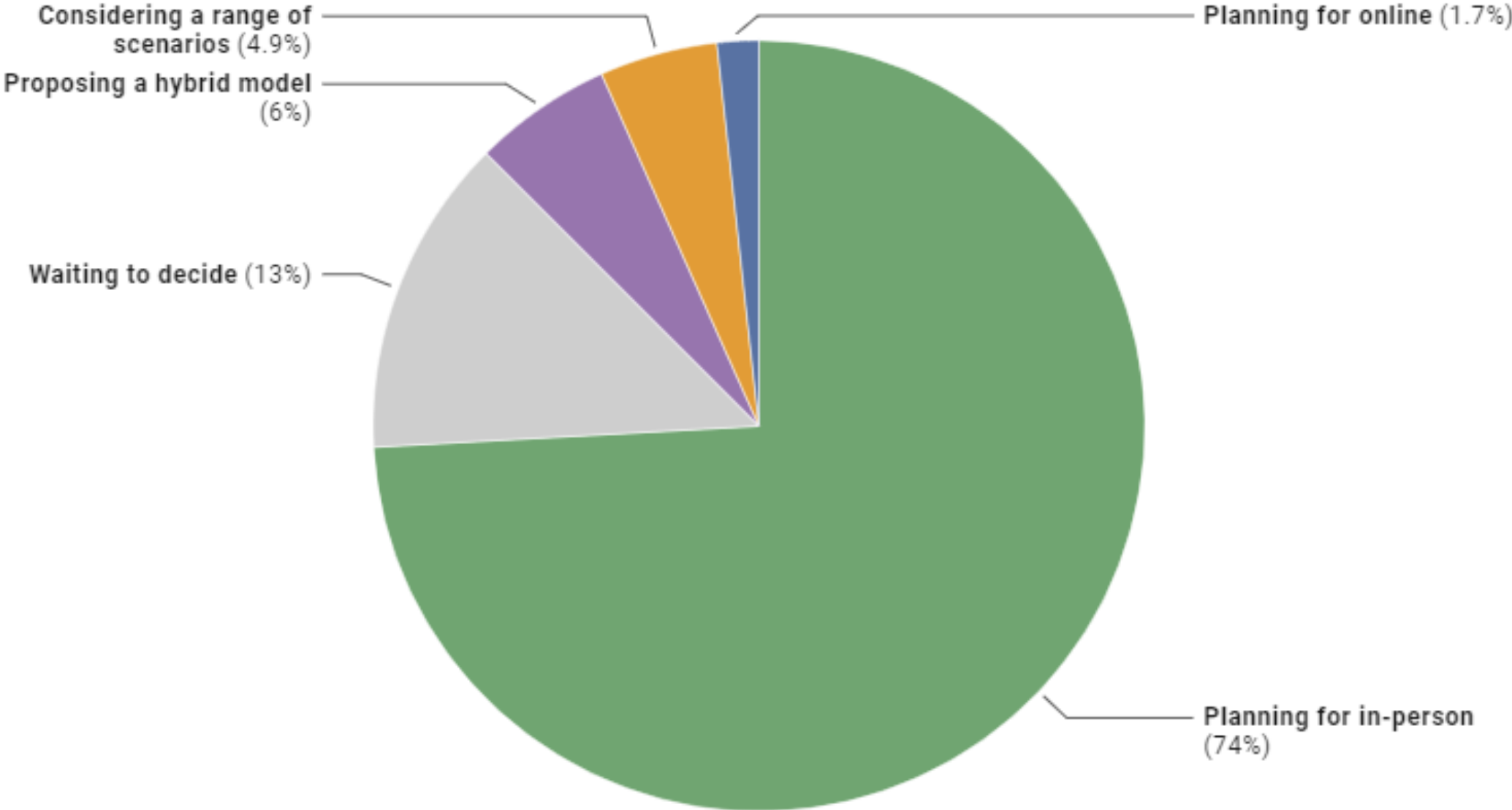


**Data collected from 11.4 million apartment units in May and 11.5 million apartment units in April

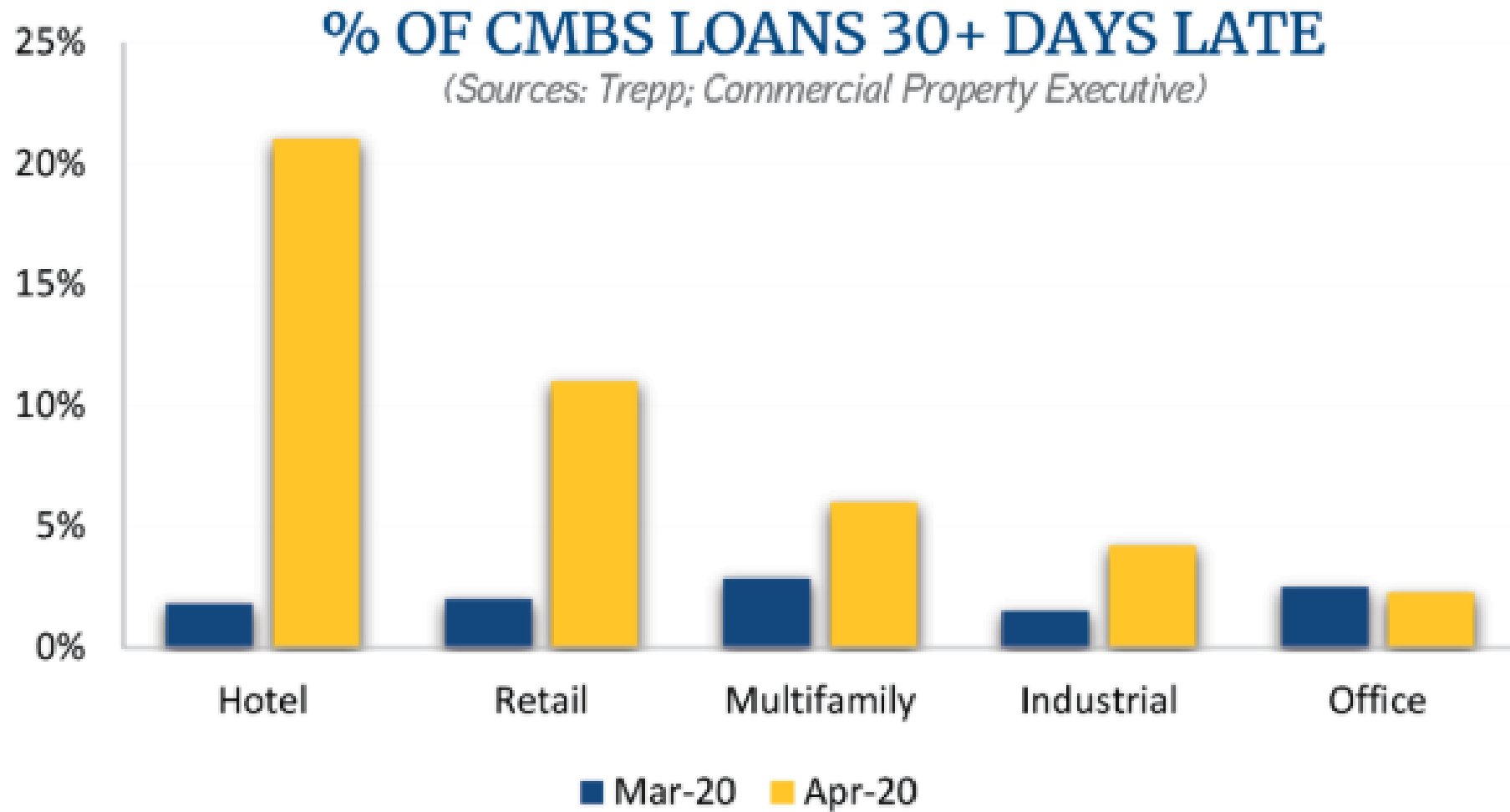


Source: <https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/>

Most Schools Will Have In-Person Classes



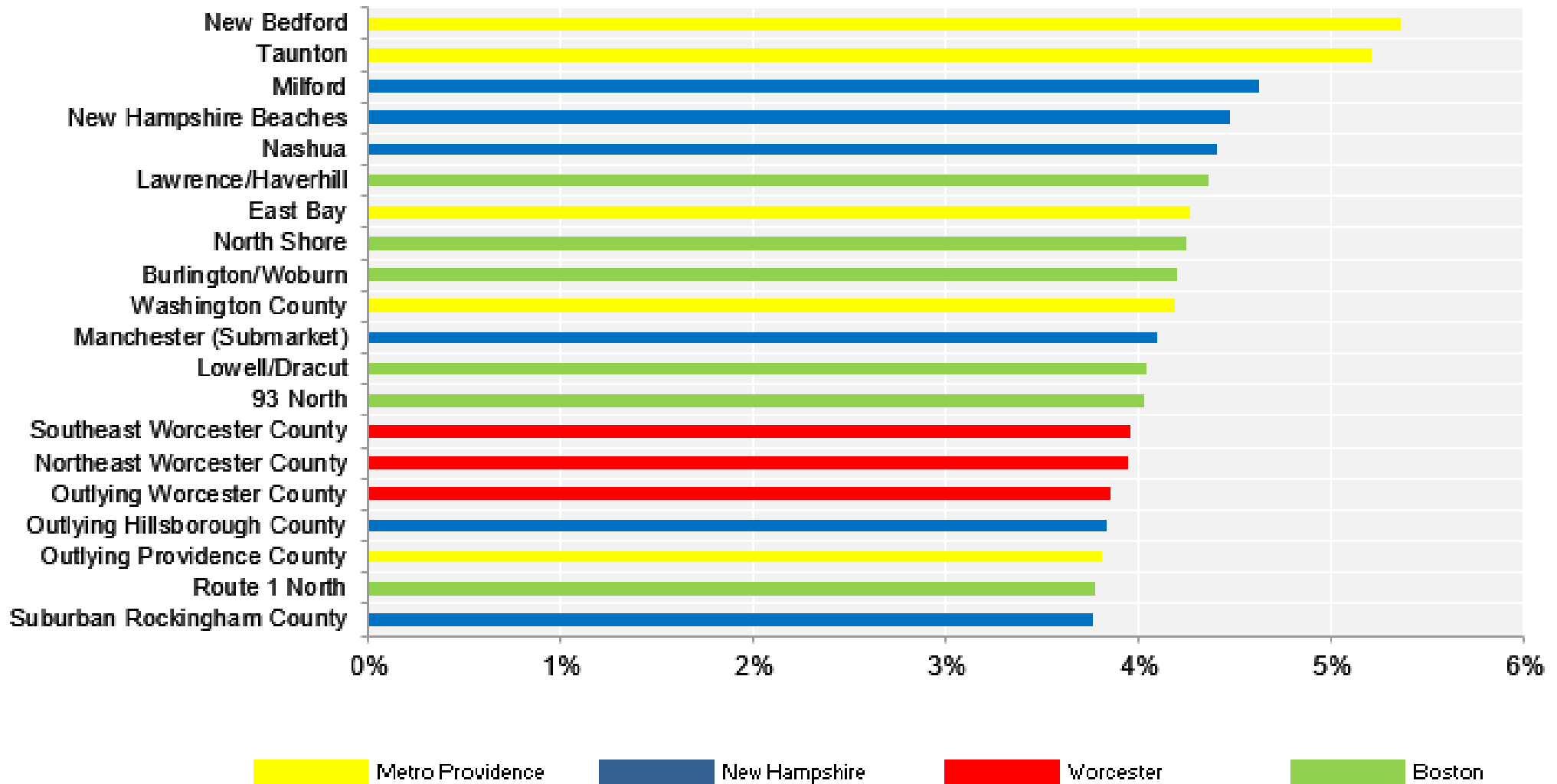
Source: <https://www.chronicle.com/article/Here-s-a-List-of-Colleges-/248626>



LOCAL
APARTMENT

The Submarkets Outside Of Boston Had Been Doing The Best

Top 20 Submarkets For Rent Growth For Boston, Manchester, Providence And Worcester For Past 5 Years



Source: CoStar Market Analytics

As Of 19Q4

Providence Daily Multifamily Rents

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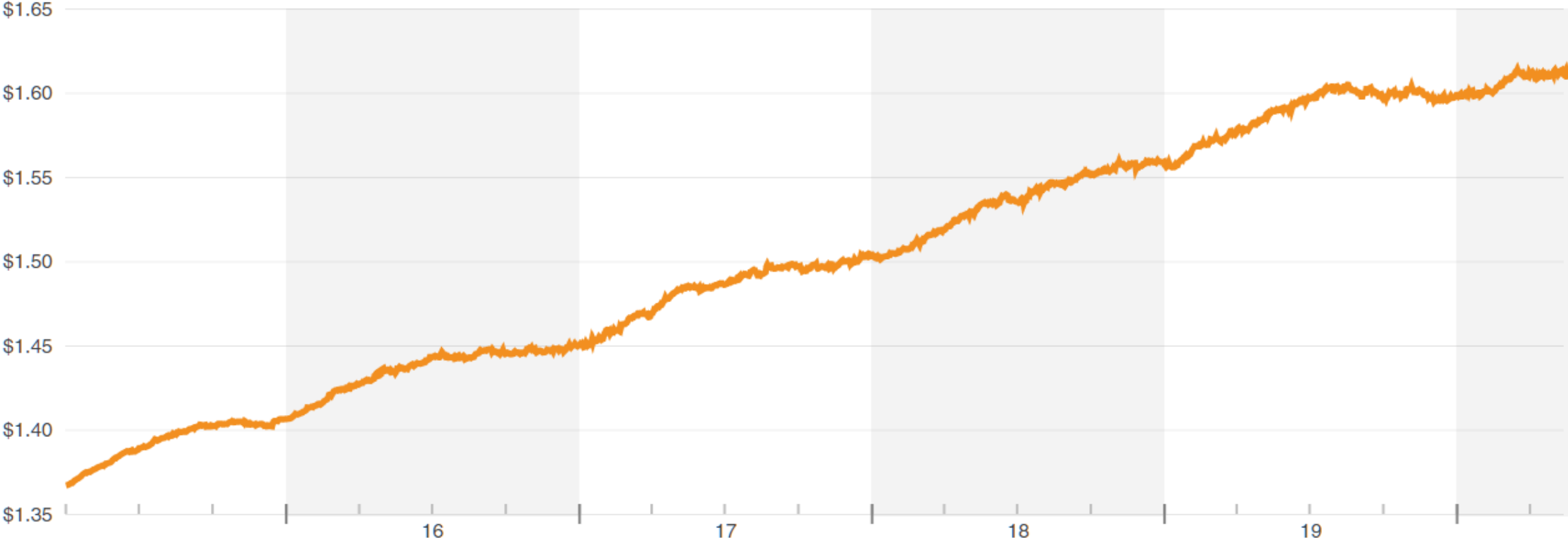
Providence - RI Multi-Family Market

1 Market



Daily Asking Rent Per SF

History 1Y 3Y 5Y 10Y All PDF DATA



Providence Daily Multifamily Rents

< BACK

Providence - RI Multi-Family Market

1 Market

< | >

Daily Asking Rent Per SF ▾

History 1Y 3Y 5Y 10Y All PDF DATA



Boston Daily Multifamily Rents

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Boston - MA Multi-Family Market

Markets and Submarkets

Daily Asking Rent Per SF ▾

History 1Y 3Y 5Y 10Y All PDF DATA



Las Vegas Daily Multifamily Rents

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Las Vegas - NV Multi-Family Market

Markets and Submarkets

Daily Asking Rent Per SF ▾

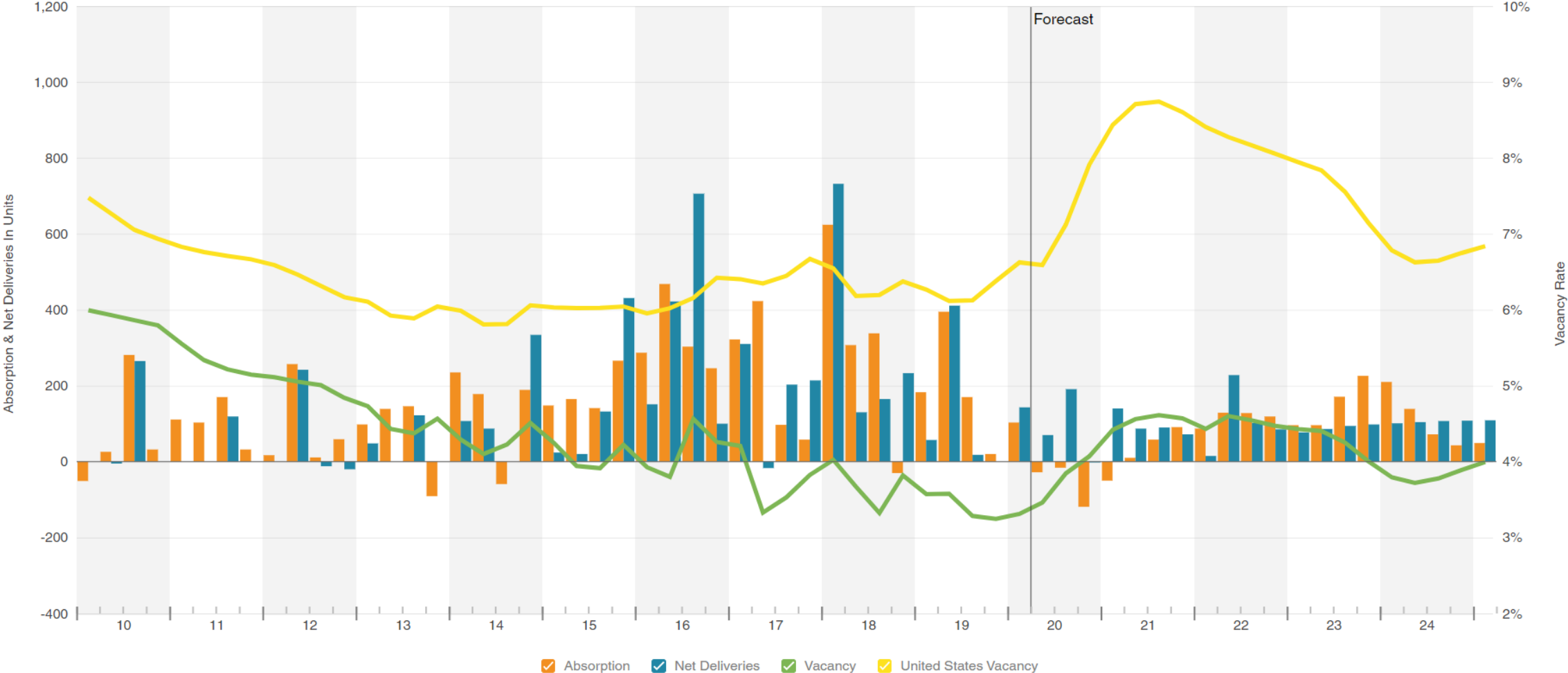
History 1Y 3Y 5Y 10Y All  



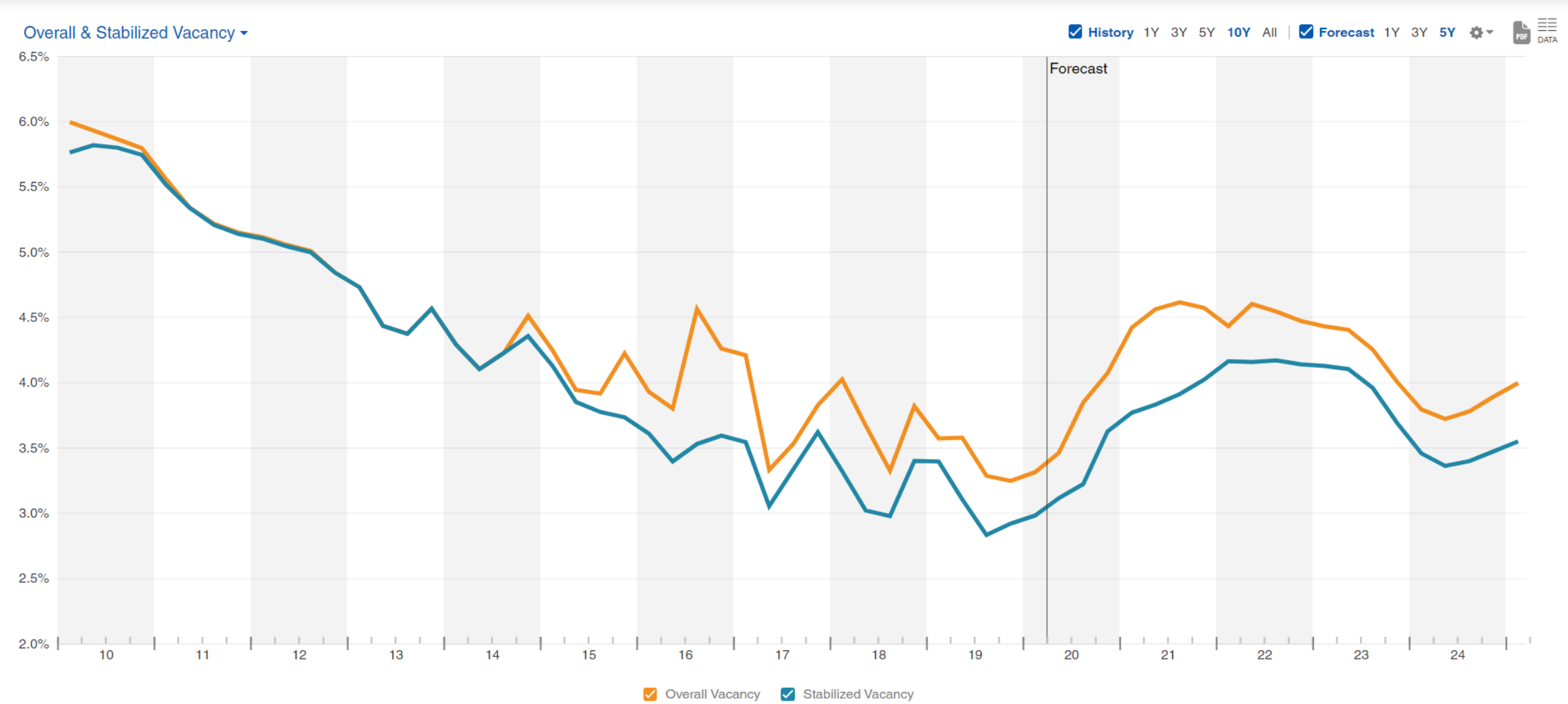
Providence Multifamily Fundamentals

Absorption, Net Deliveries & Vacancy ▾

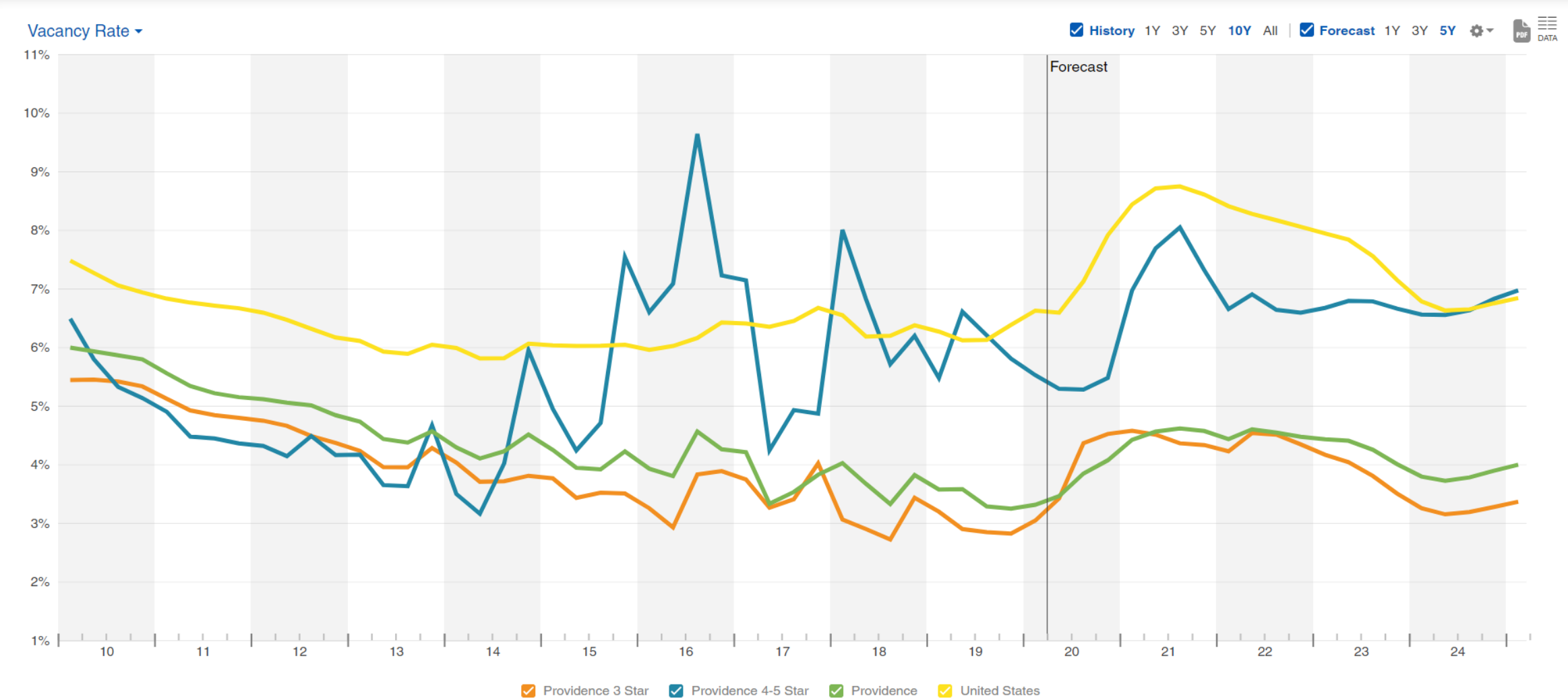
History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Providence Multifamily Stabilized Vacancies

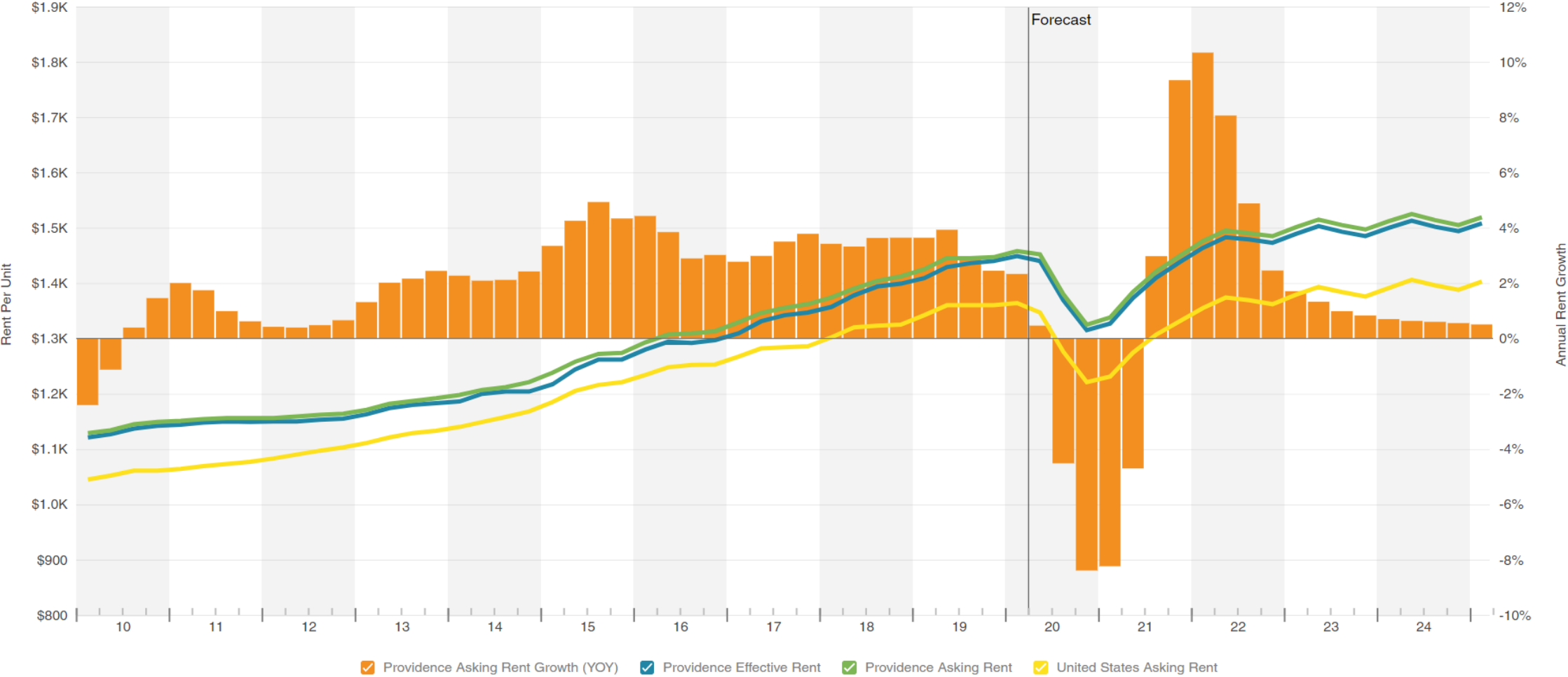


Providence Multifamily Vacancy By Class



Providence Multifamily Rent Growth & Levels

Market Rent Per Unit & Rent Growth

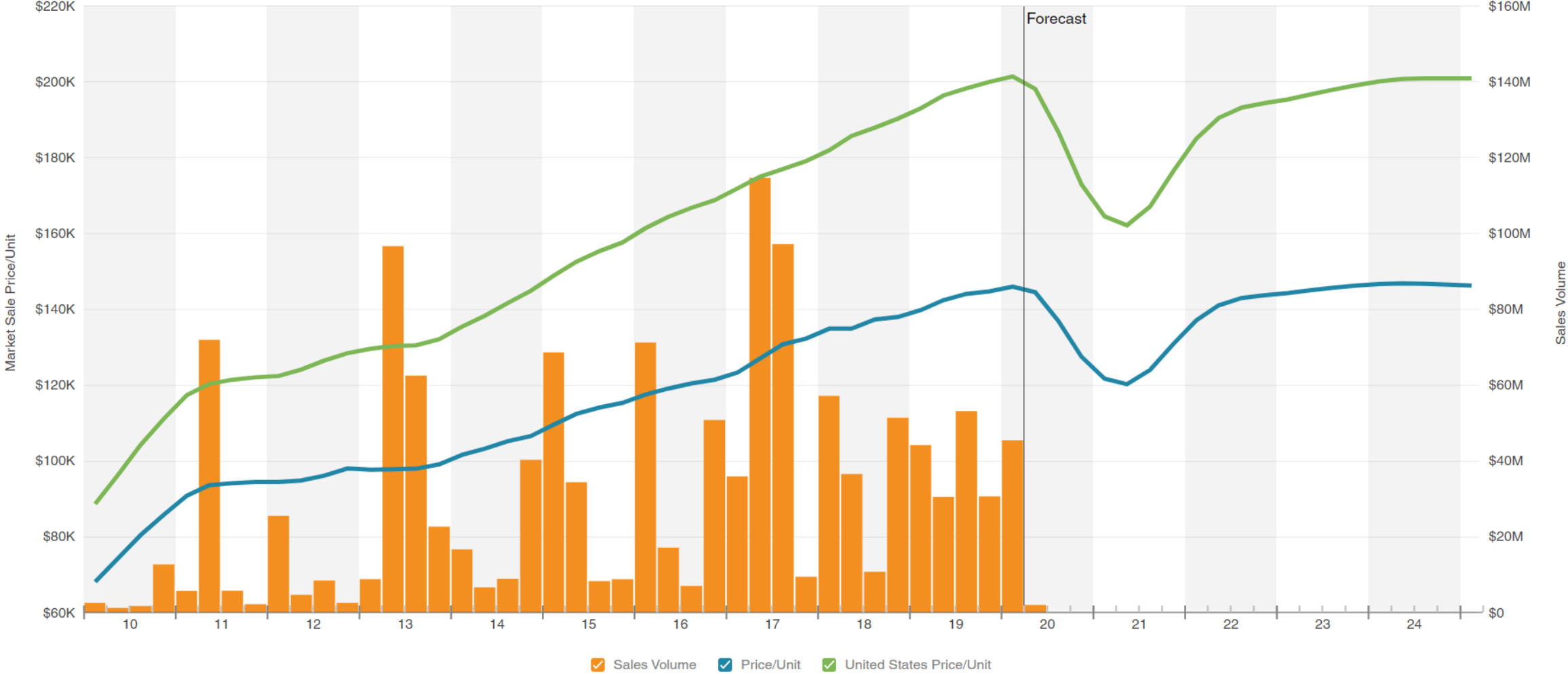


Providence Multifamily Sales

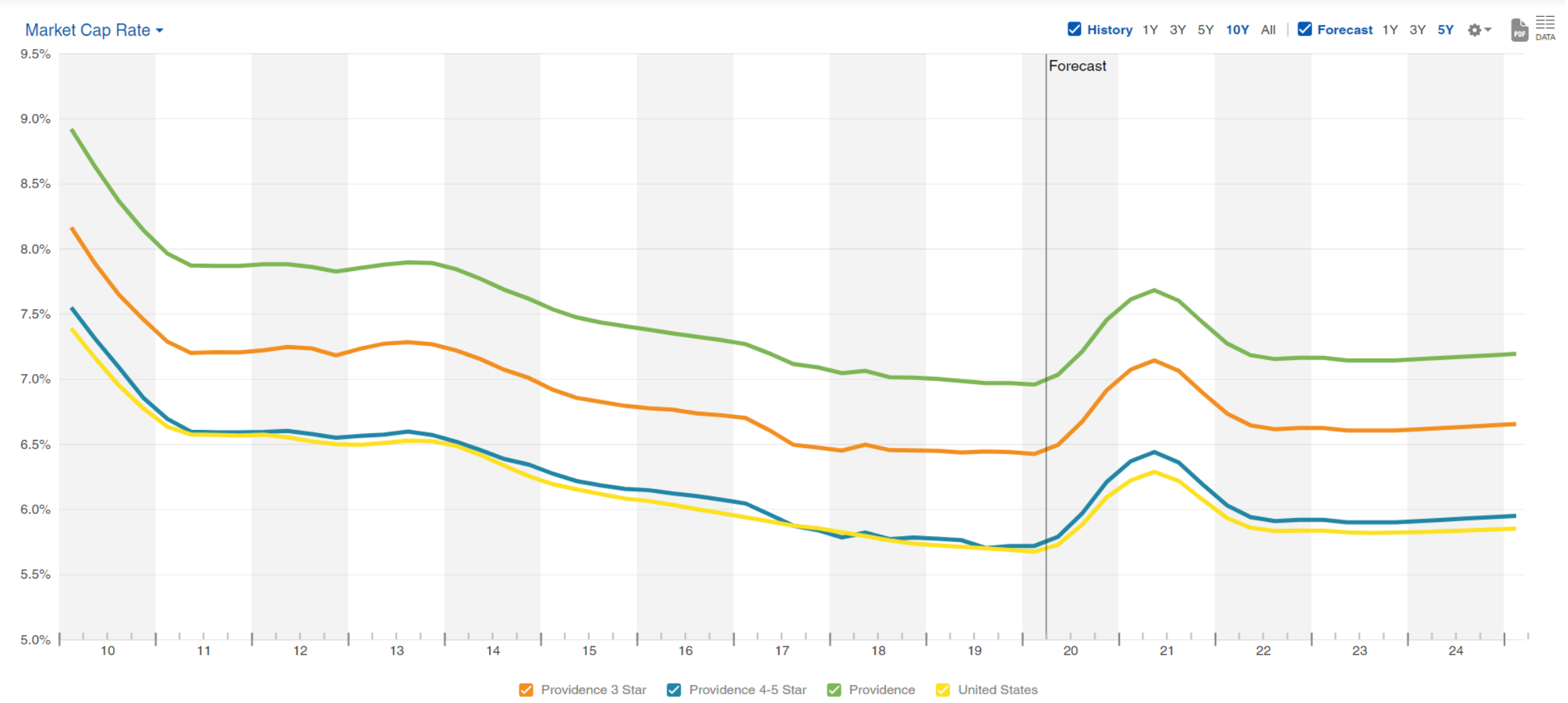
Sales Volume & Market Sale Price Per Unit

History 1Y 3Y 5Y 10Y All |
 Forecast 1Y 3Y 5Y
 



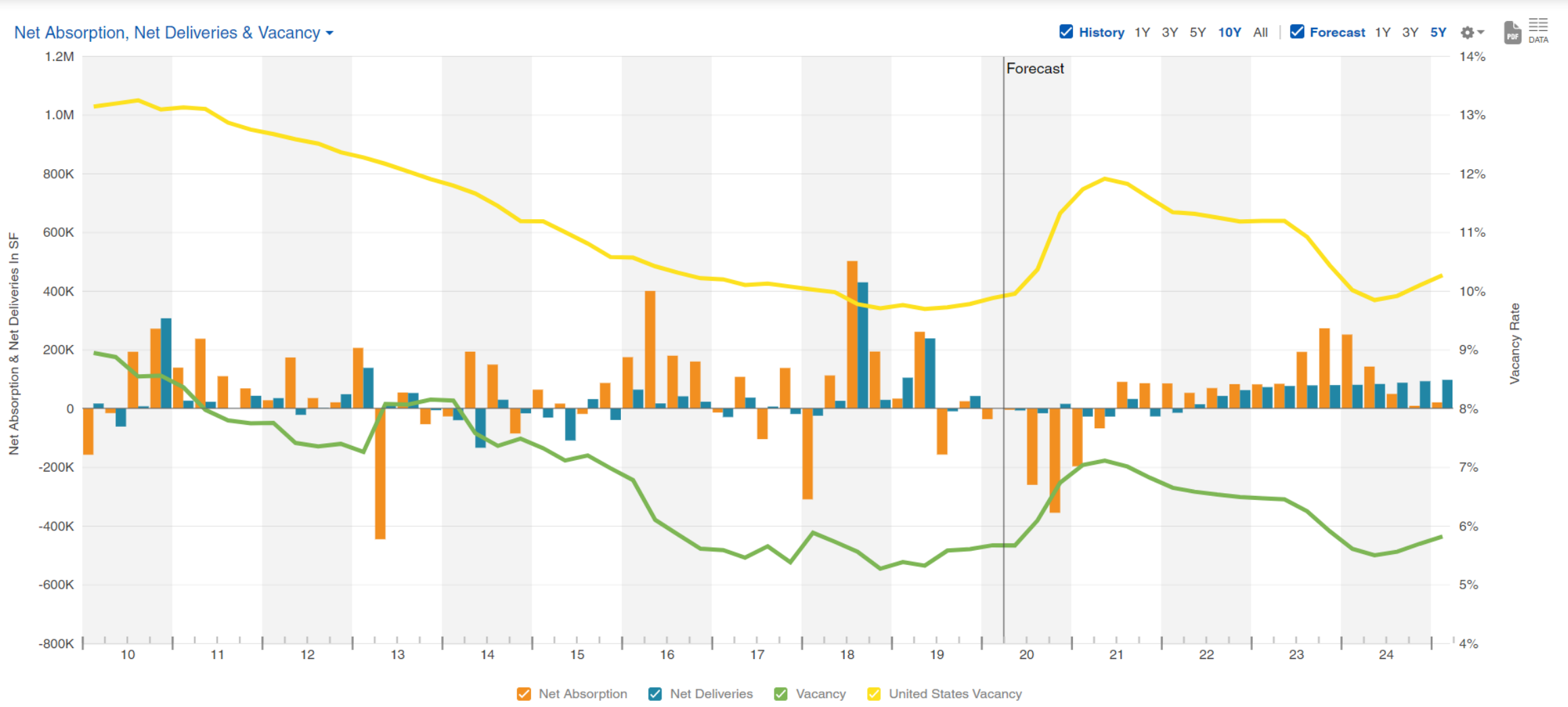


Providence Multifamily Cap Rates

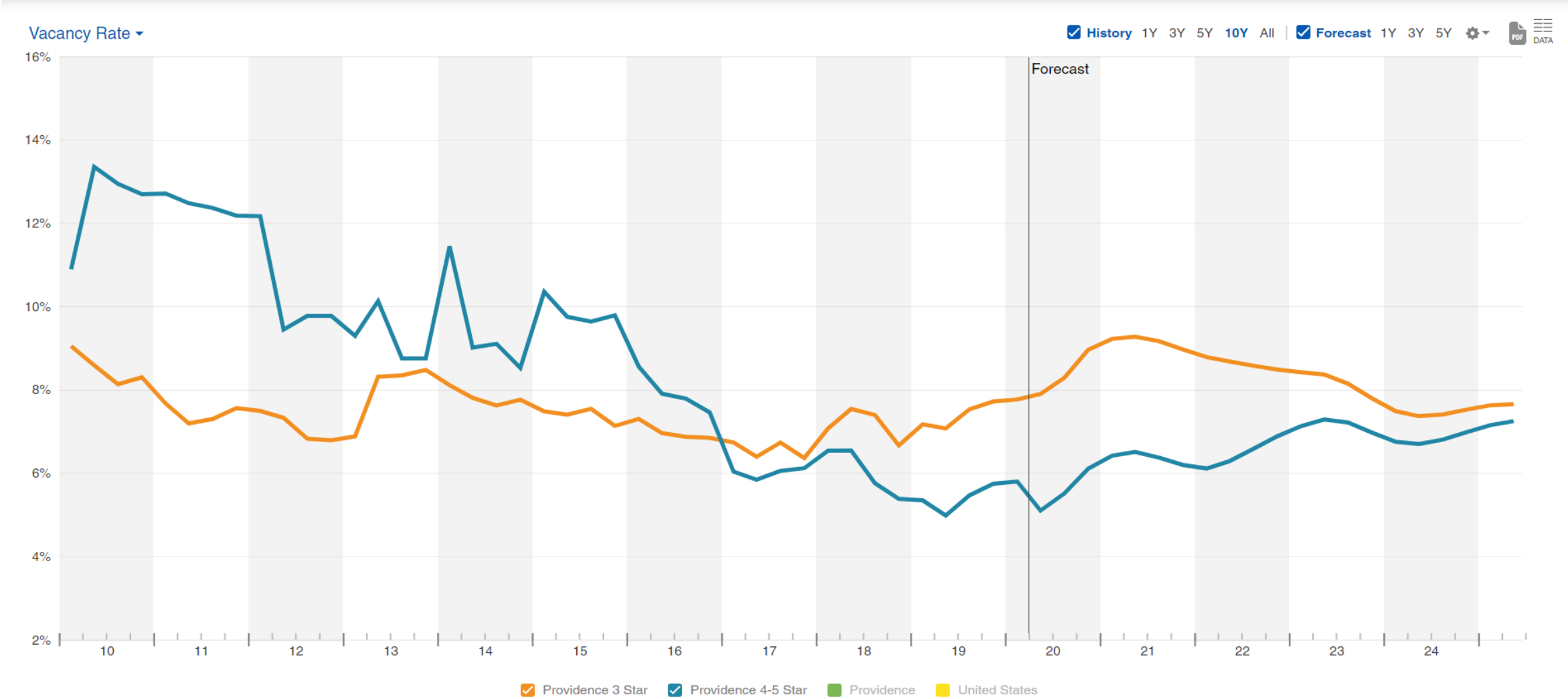


OFFICE

Providence Office Fundamentals



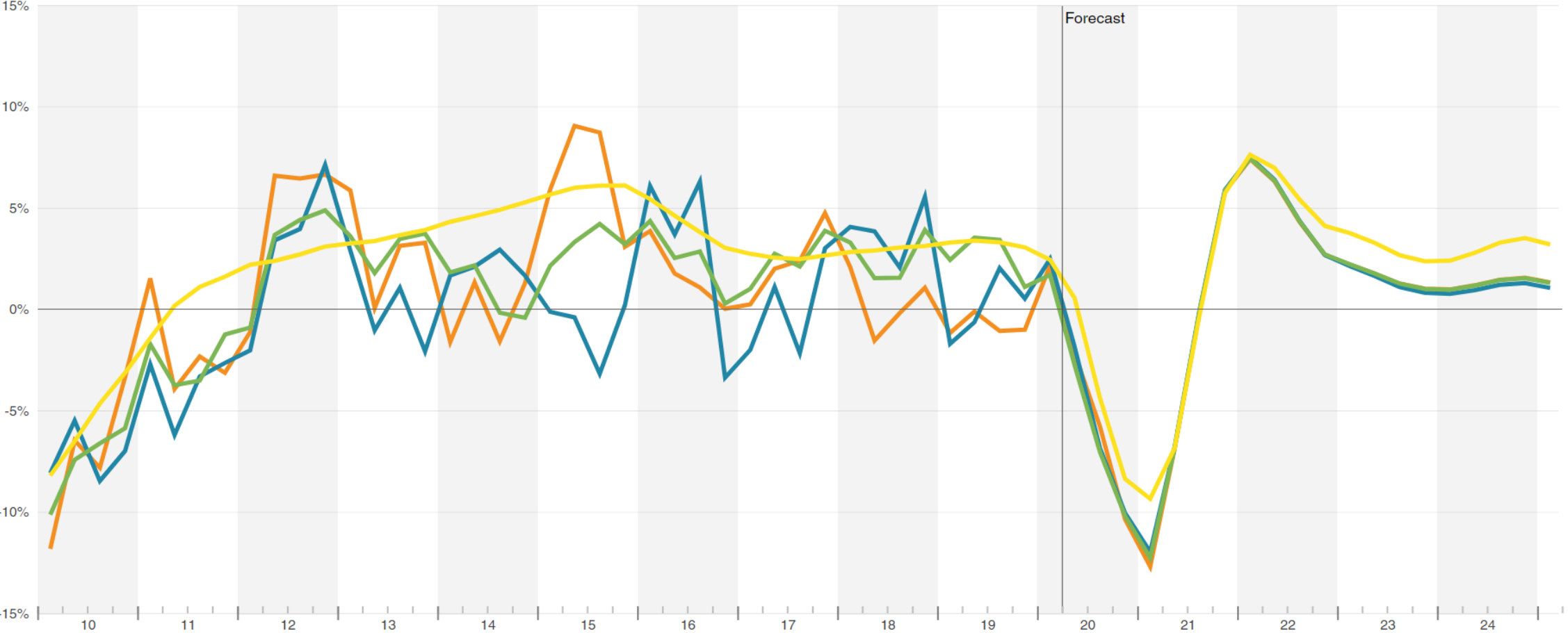
Providence Office Vacancies By Class



Providence Office Rent Growth

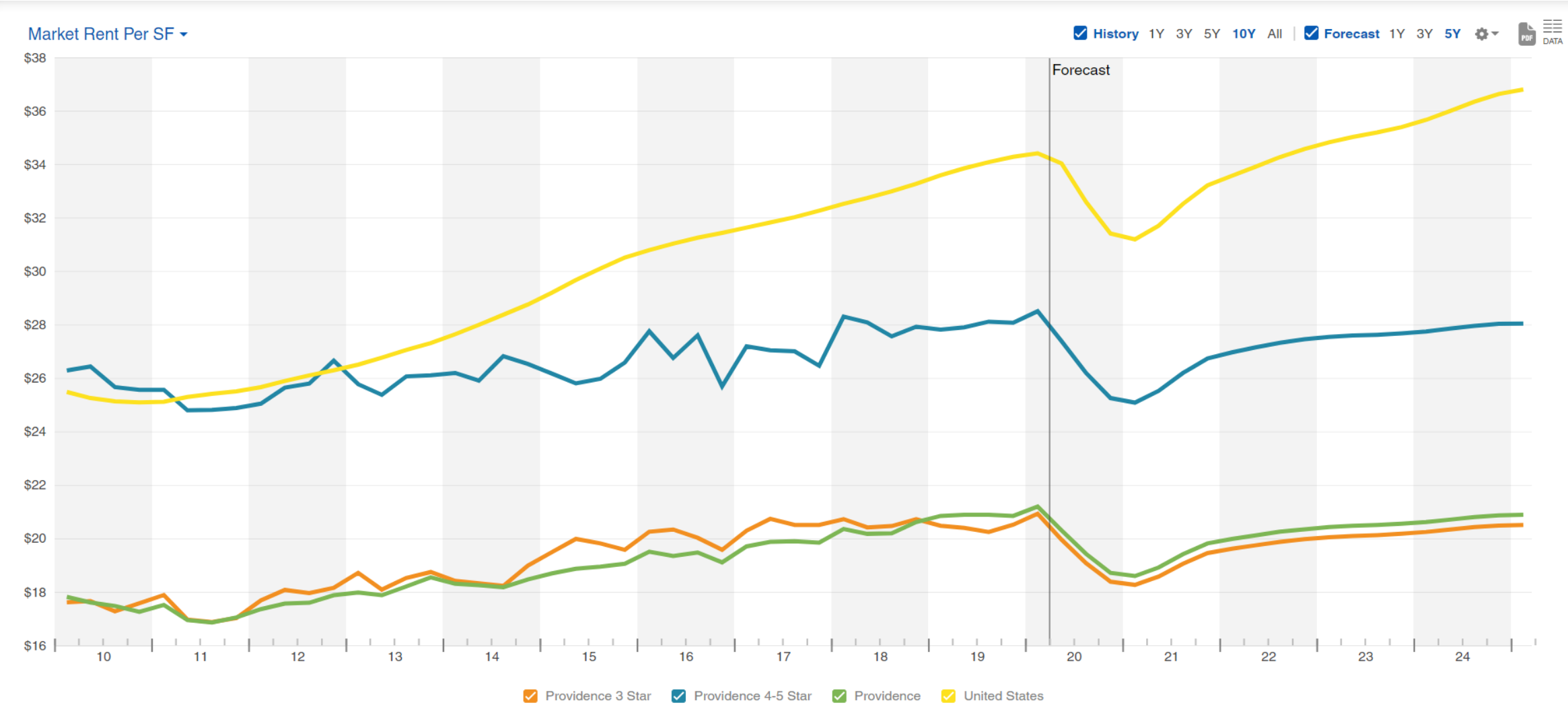
Market Rent Growth (YOY) ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Providence 3 Star Providence 4-5 Star Providence United States

Providence Office Rent Levels

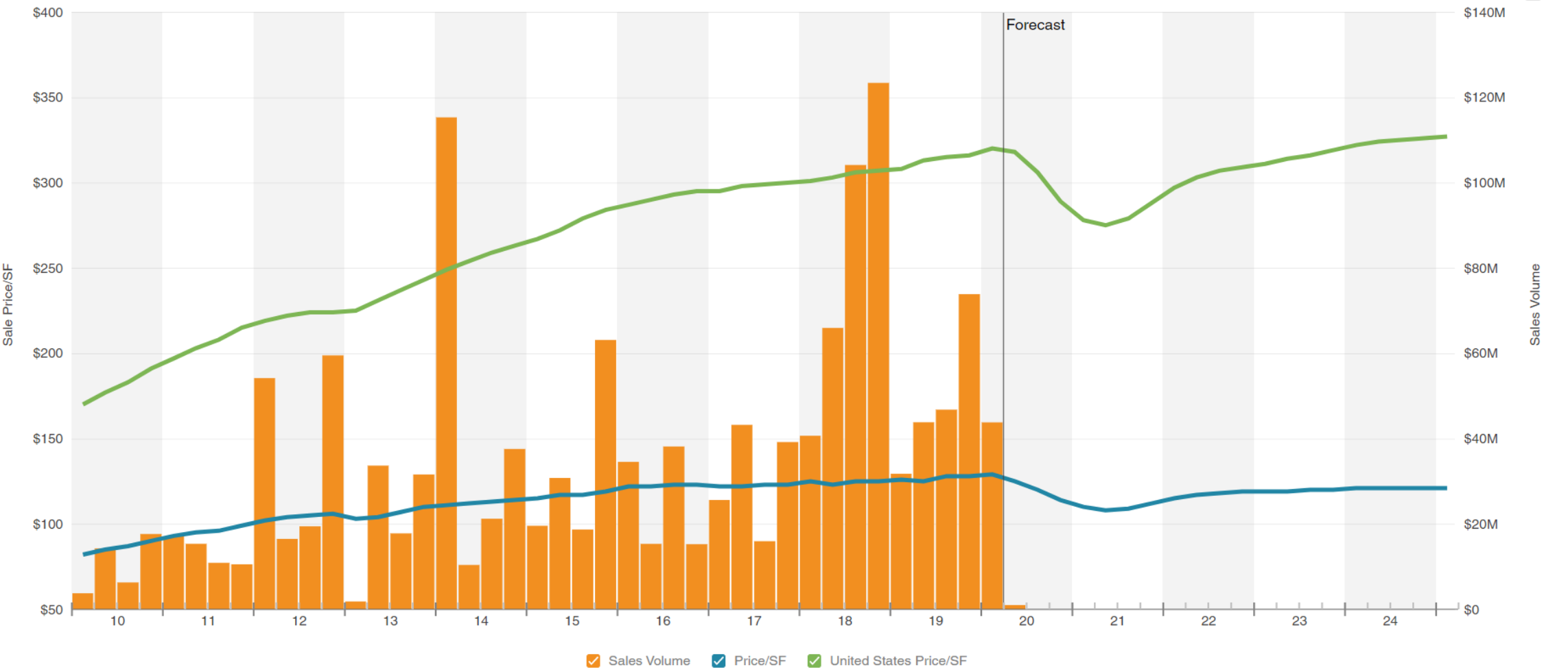


Providence Office Sales

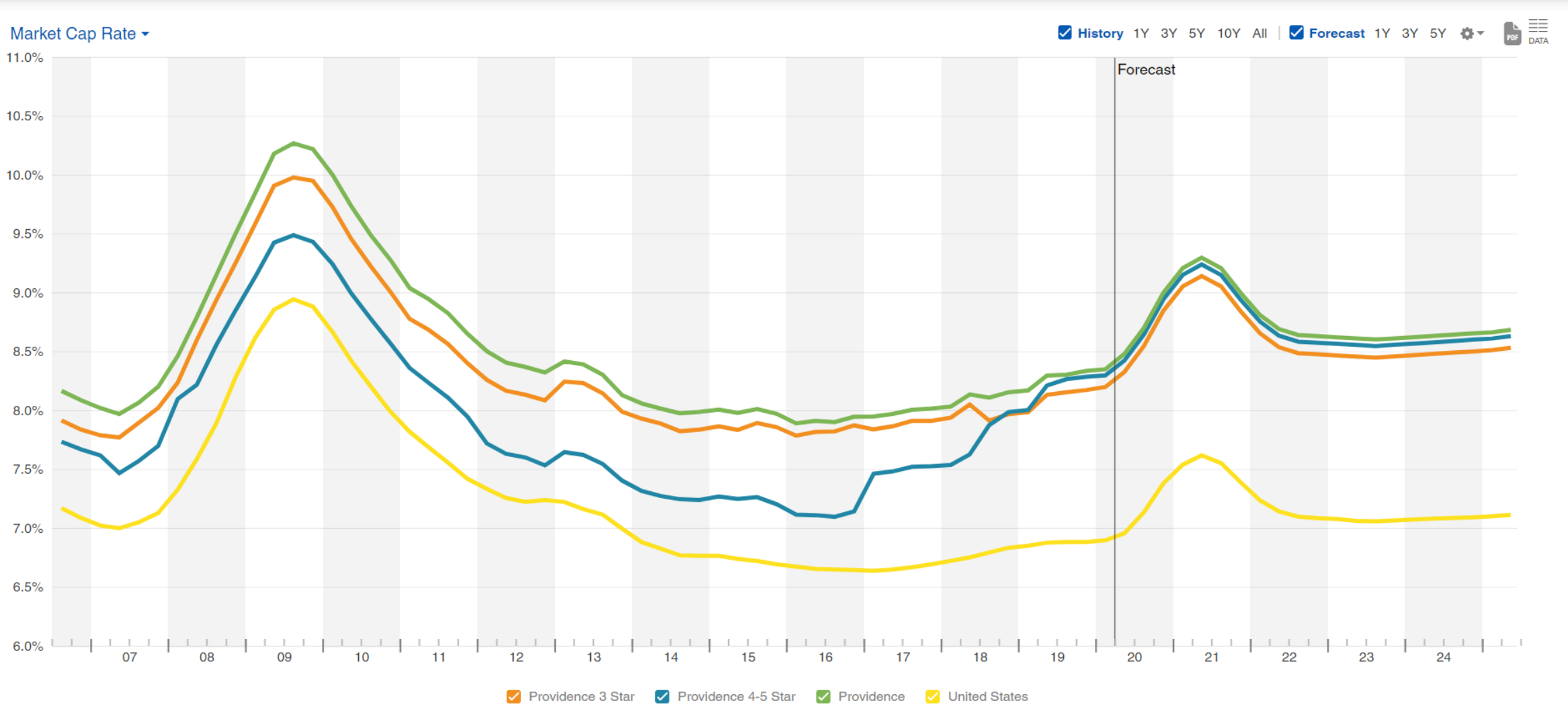
Sales Volume & Market Sale Price Per SF

History 1Y 3Y 5Y 10Y All |
 Forecast 1Y 3Y 5Y
 





Providence Office Cap Rates

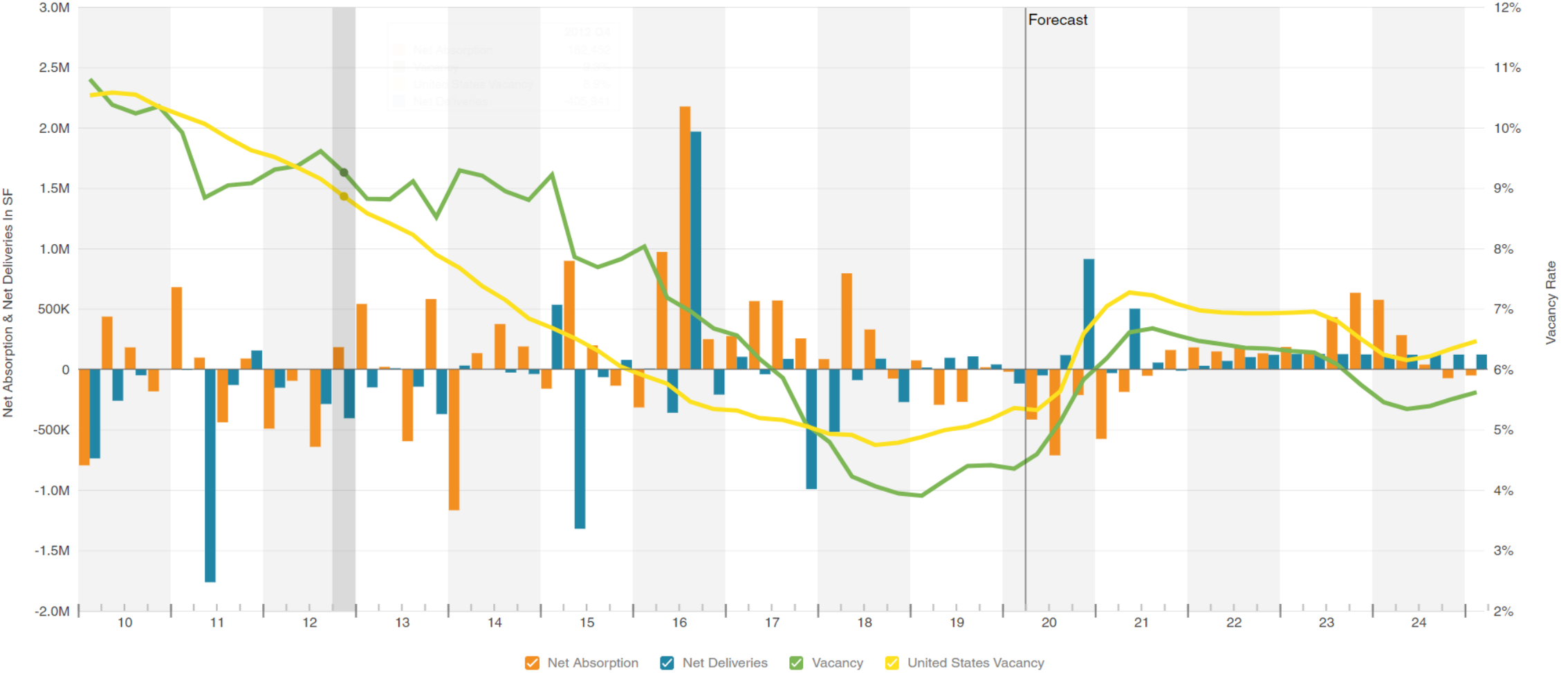


INDUSTRIAL

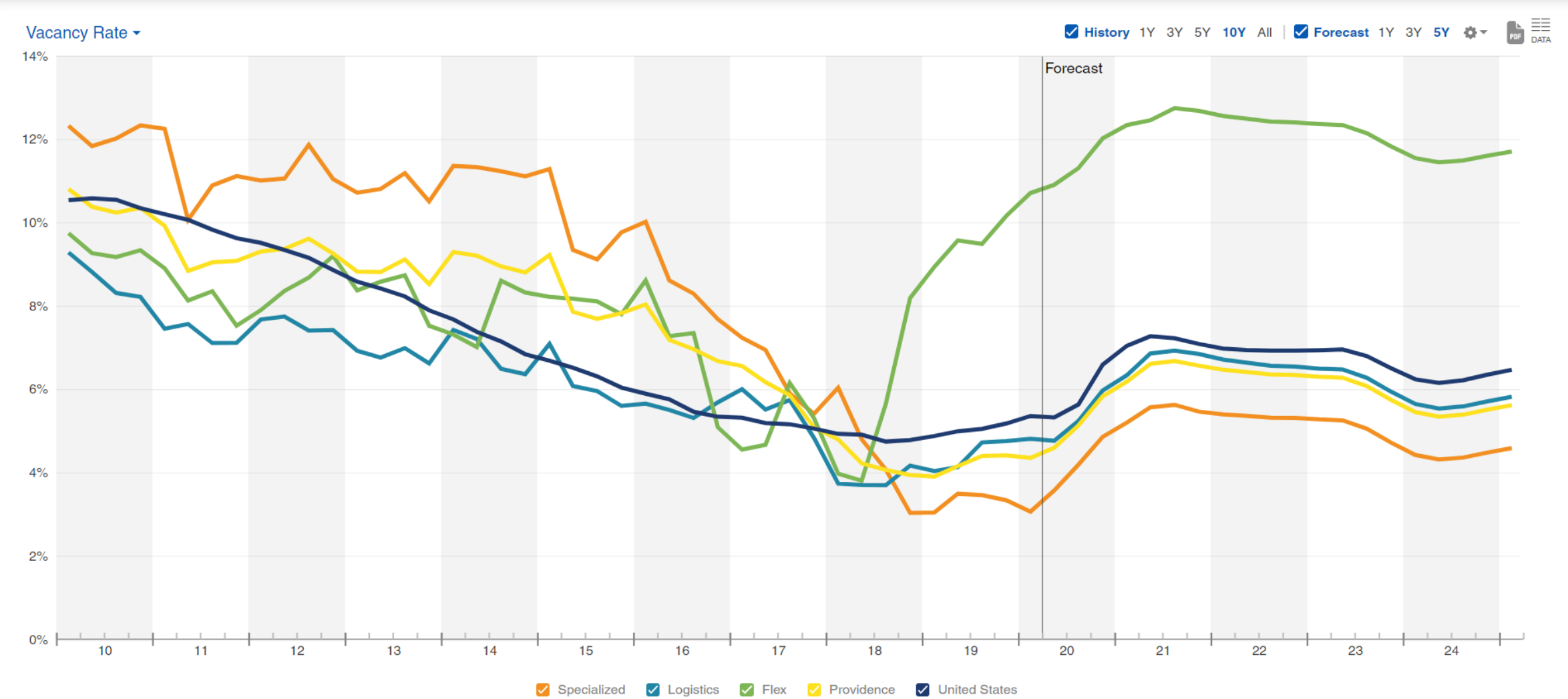
Providence Industrial Fundamentals

Net Absorption, Net Deliveries & Vacancy ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



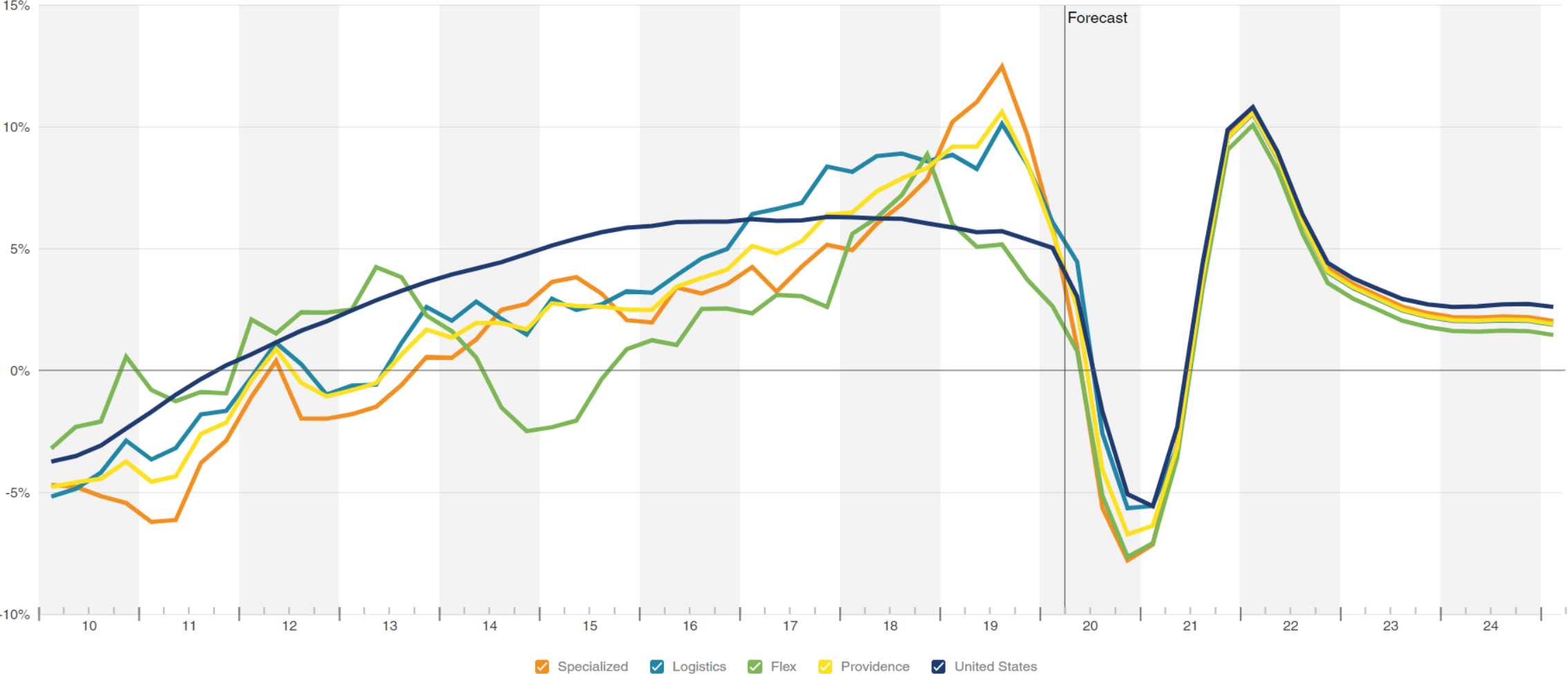
Providence Industrial Vacancy By Type



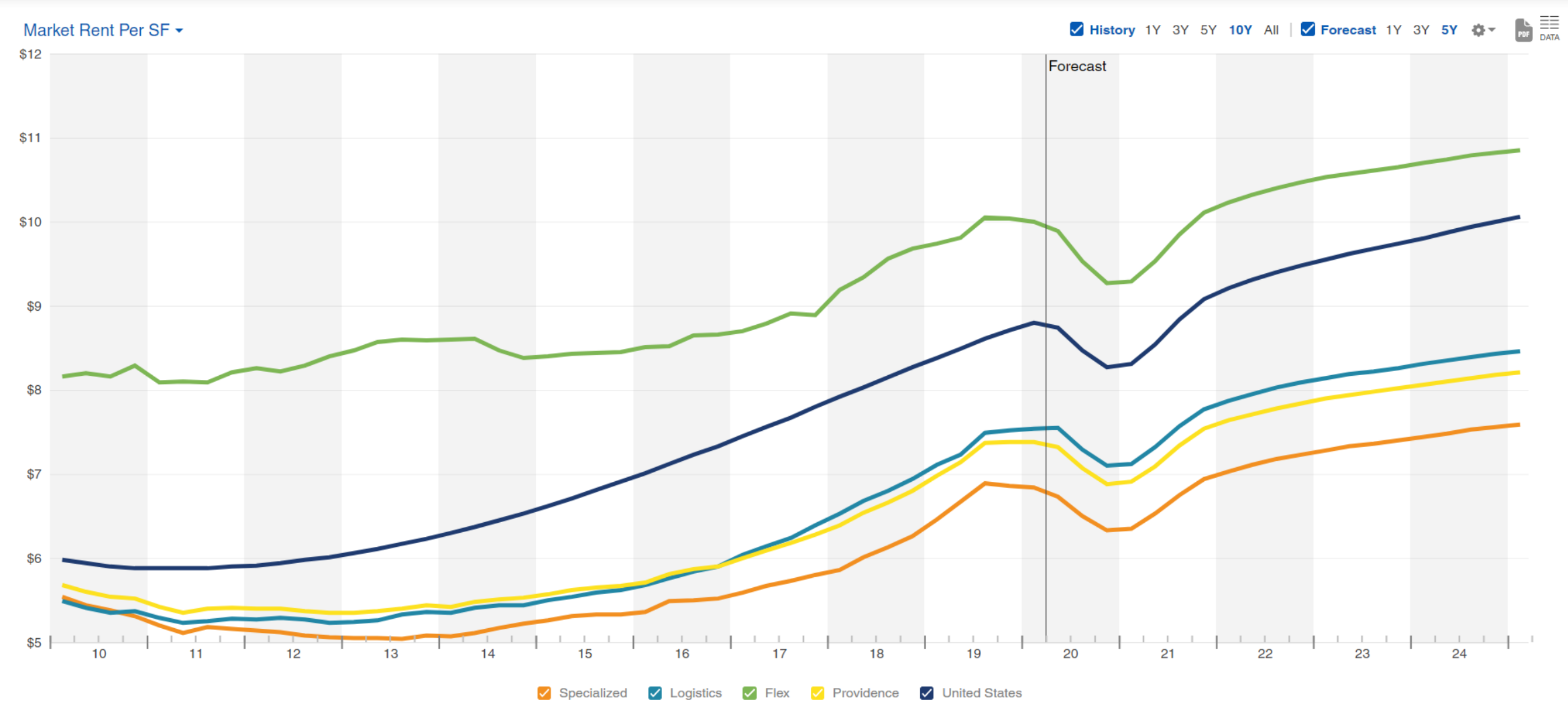
Providence Industrial Rent Growth

Market Rent Growth (YOY) ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



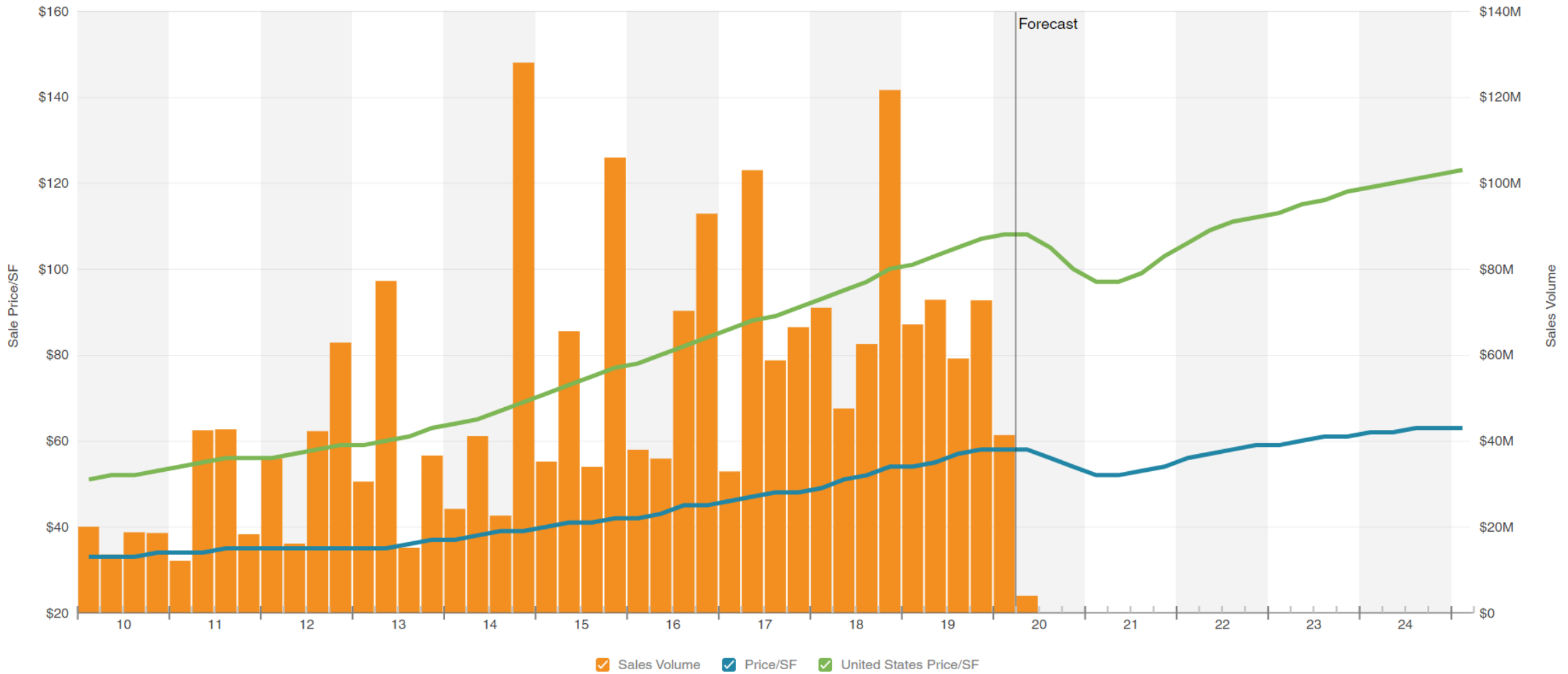
Providence Industrial Rent Levels



Providence Industrial Sales

Sales Volume & Market Sale Price Per SF

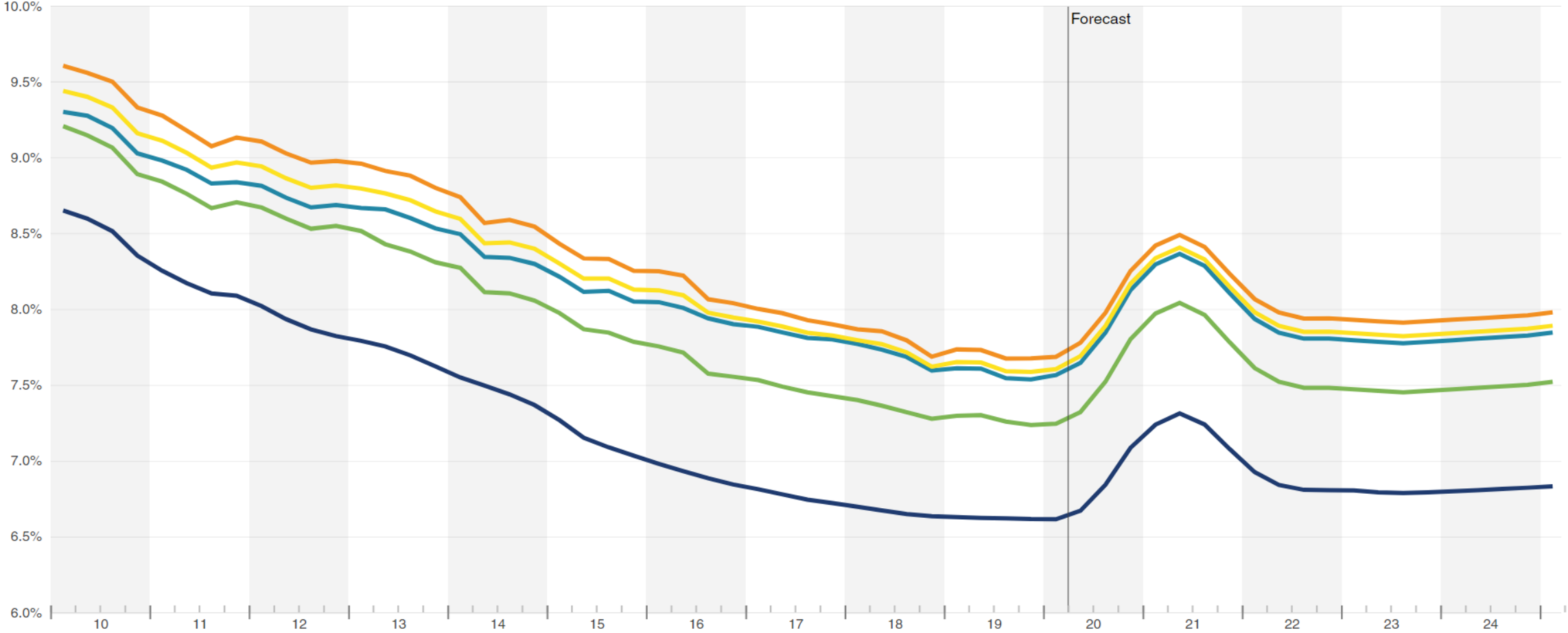
History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Providence Industrial Cap Rates

Market Cap Rate ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



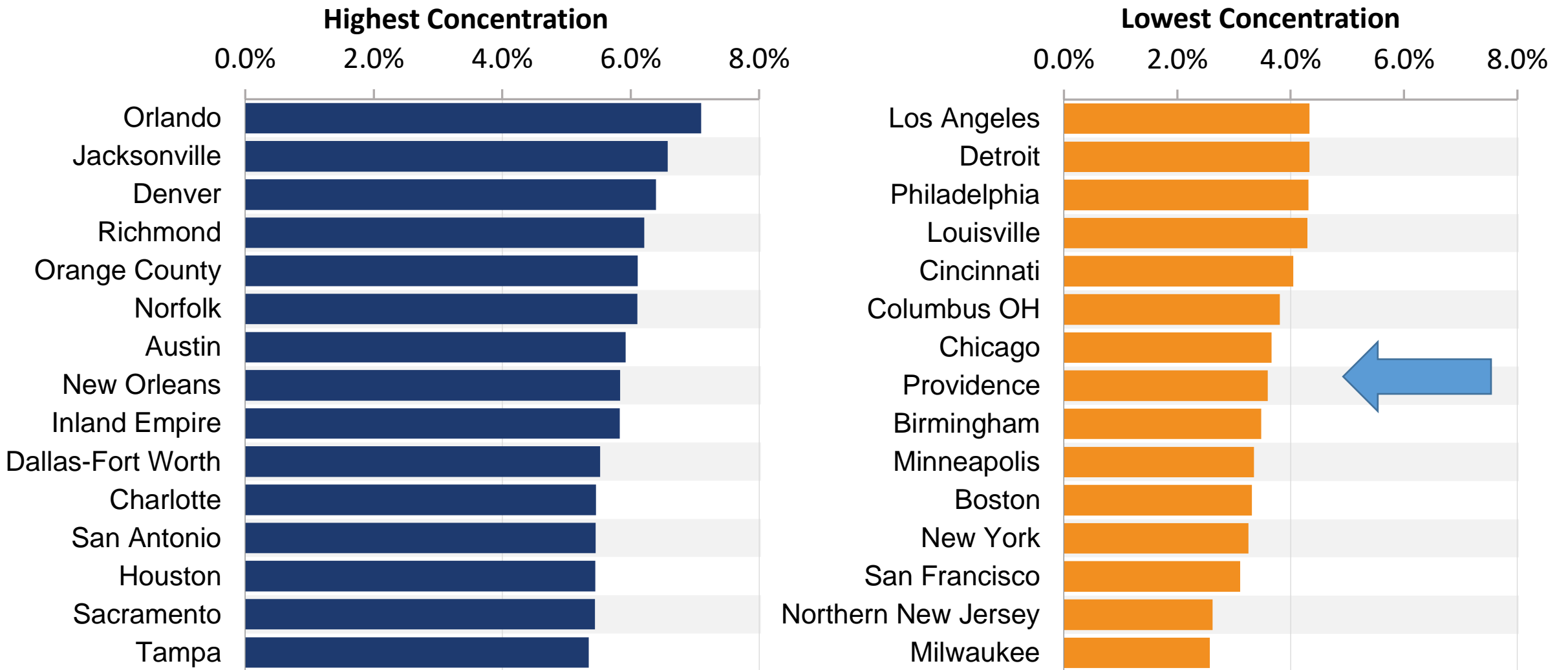
Specialized Logistics Flex Providence United States

NATIONAL RETAIL

High Risk Retailers:

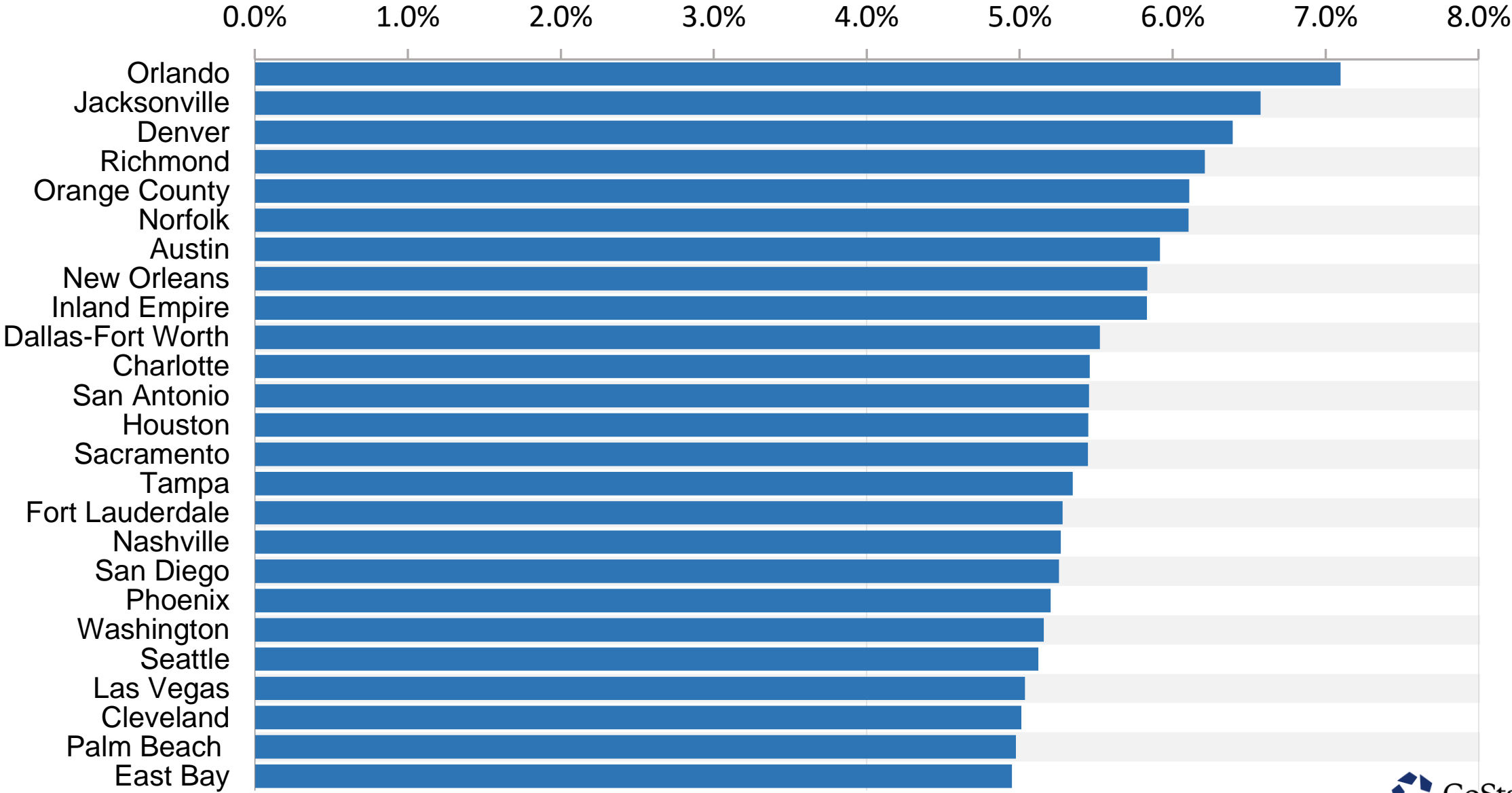
24 Hour Fitness	Circle K	J. Crew	PetSmart
Academy Sports	Container Store	J. Jill	Pier 1
Advance Auto	Cracker Barrel	Jack In The Box	Regal Cinemas
Ascena Retail Group	Denny's	JCPenney	Restaurant Bands International
At Home	Destination Maternity	Kirklands	Rite Aid
AutoNation	Dillard's	Kmart	Sears
Best Buy	DineEquity	Landry's Restaurant	Serta
Big Lots	Express	Mattress Firm	Signet Jewelers
Bloomin' Brands	Foot Locker	Neiman Marcus	Sprint
Bluestem Brands	Francesca's	NYDJ Apparel	Stein Mart
Brinker International	Fresenius Medical Care	Office Depot	Tailored Brands
Build-A-Bear	Gamestop	Overstock	The Vitamin Shoppe
Camping World	GNC	Owen's Corning	Trans World
Christopher & Banks	Goodyear	Payless ShoeSource	VCA
Church's Chicken	HHGregg	Pecto	Wendy's
Cineworld	Iconix Brand Group	Pep Boys	Yum! Brands

% of Retail RBA Occupied By High Risk Retailers



Source: CoStar; top 50 markets by inventory SF.

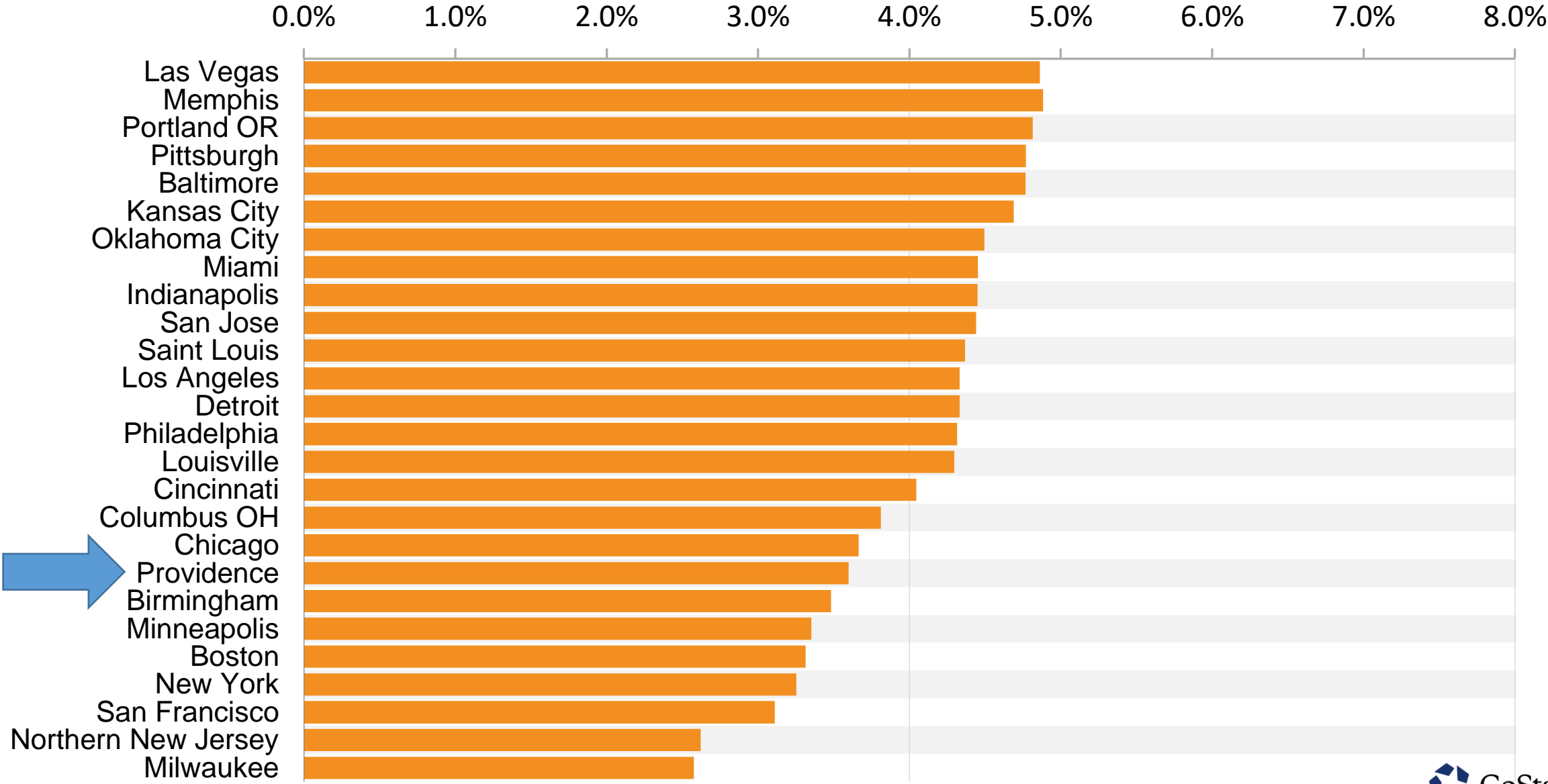
% of Retail RBA Occupied By High Risk Retailers



Source: CoStar; top 50 markets by inventory SF.



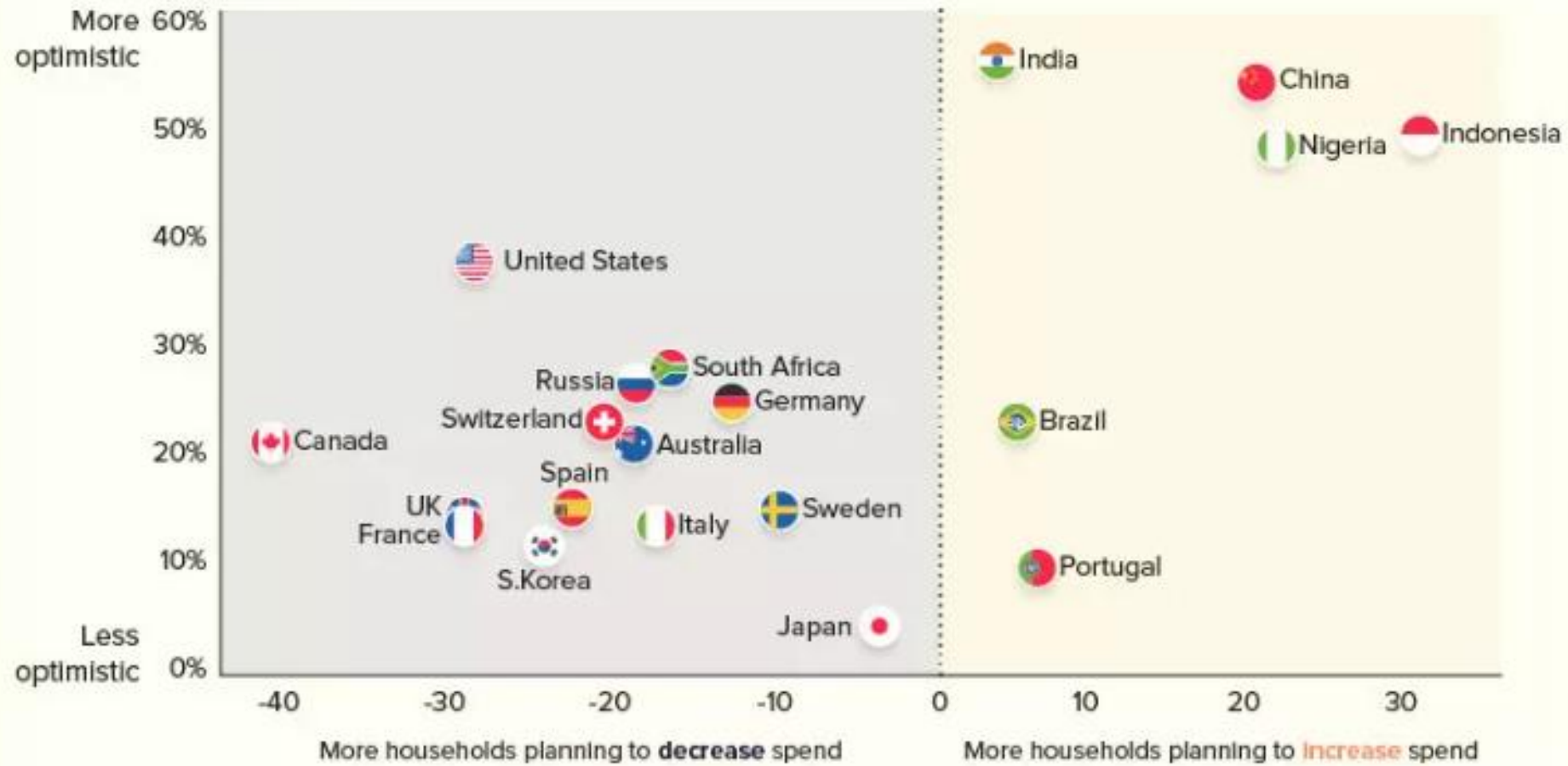
% of Retail RBA Occupied By High Risk Retailers



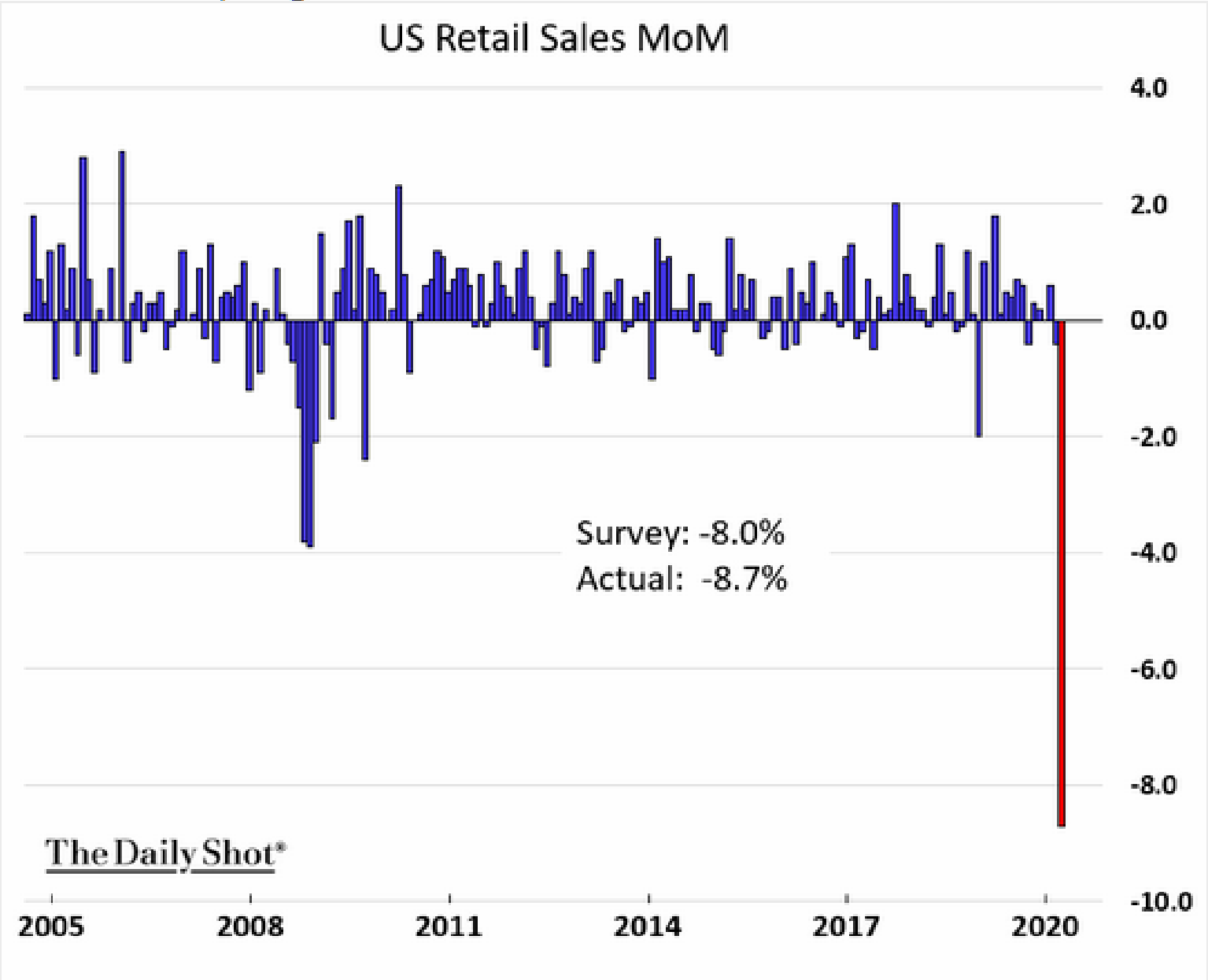
Source: CoStar; top 50 markets by inventory SF.

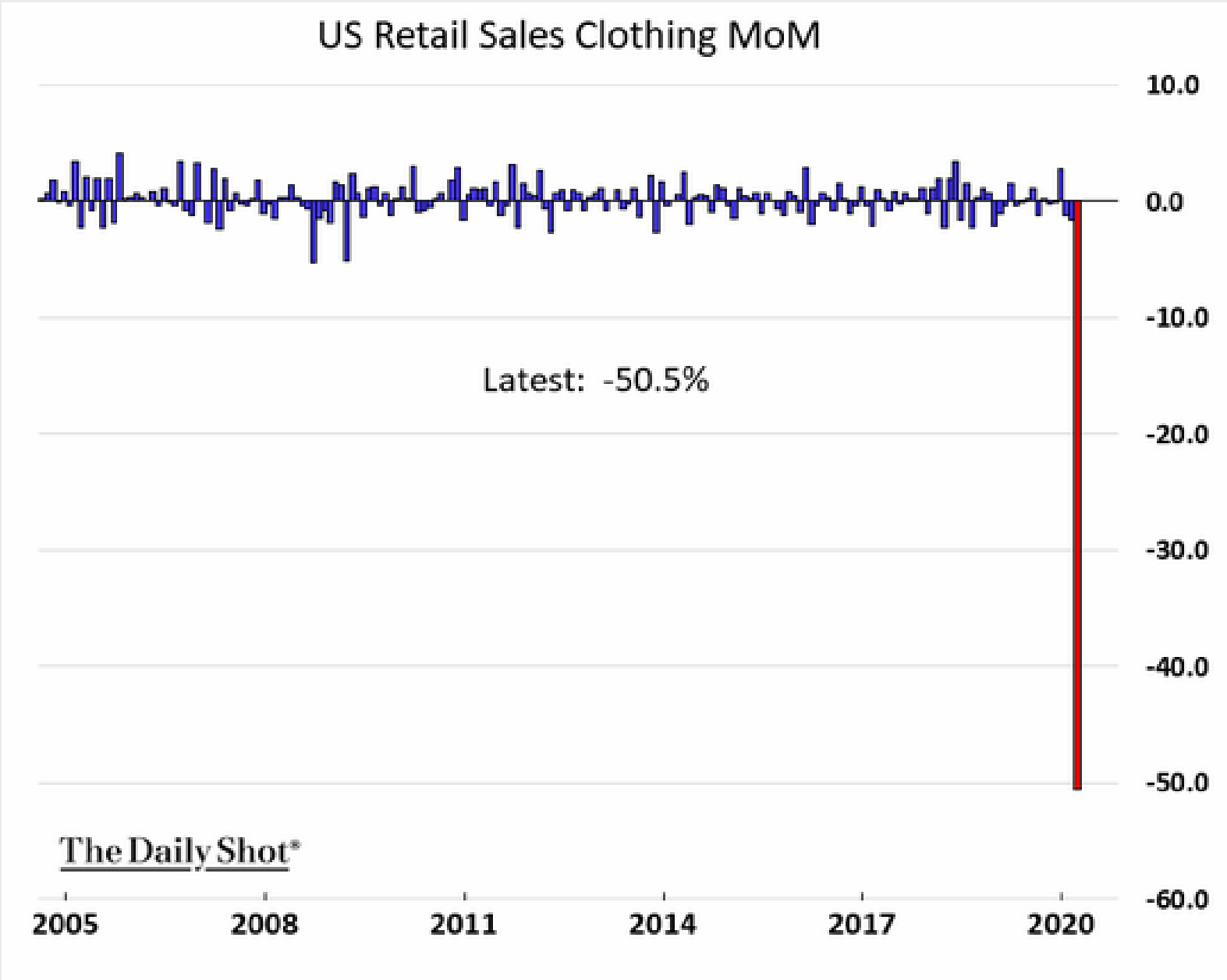
Optimism about country's economic recovery after COVID-19

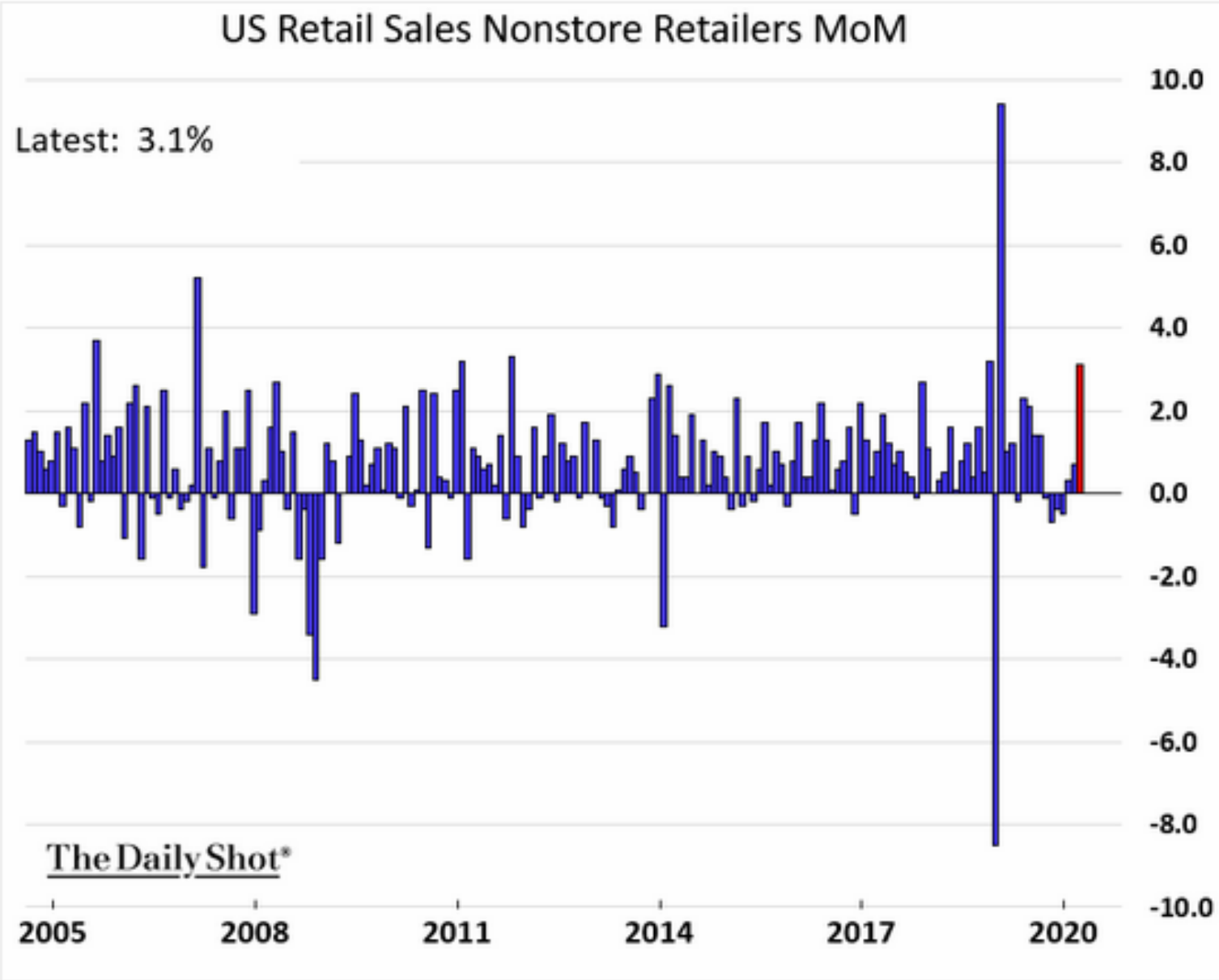
% of respondents

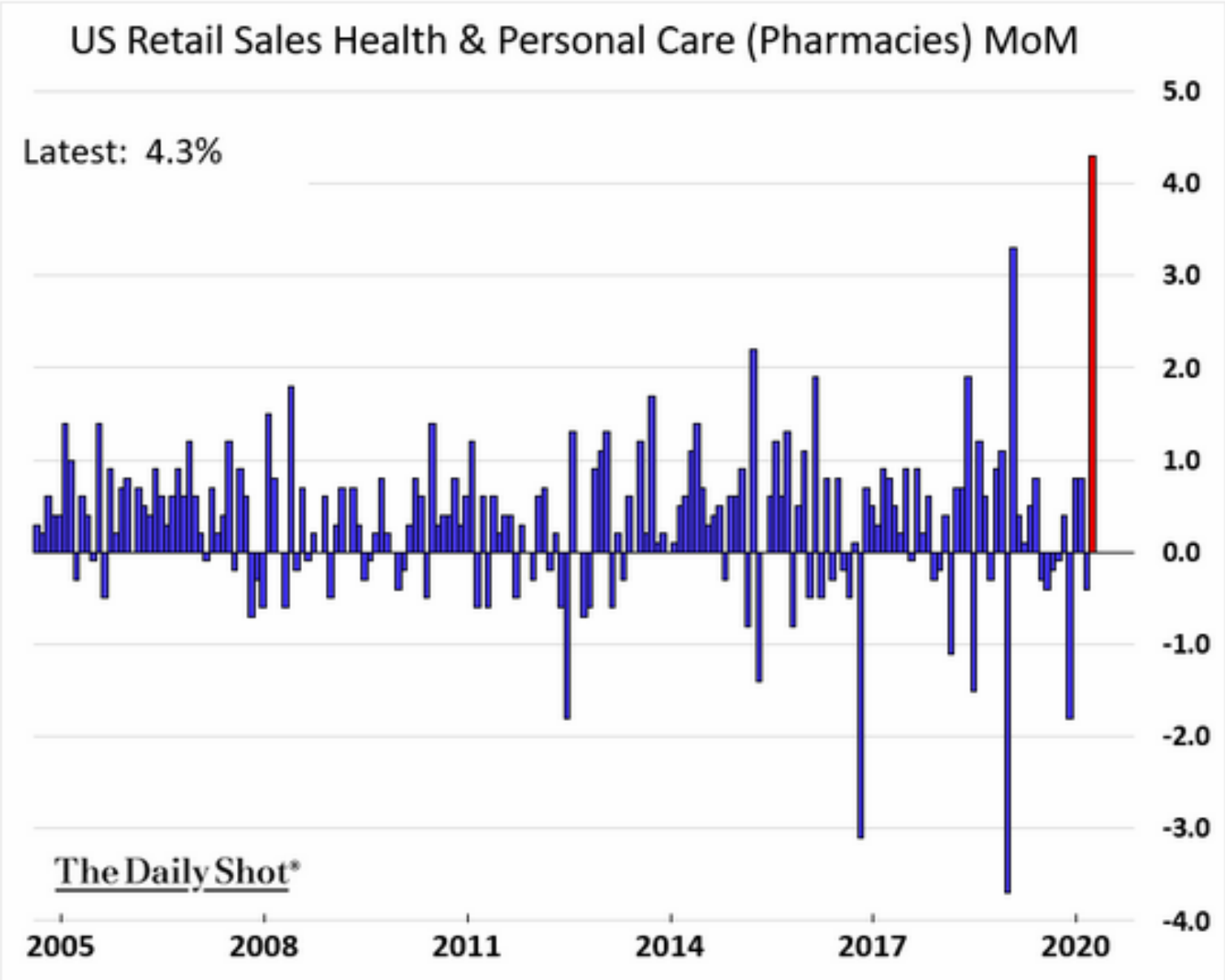


Source: McKinsey



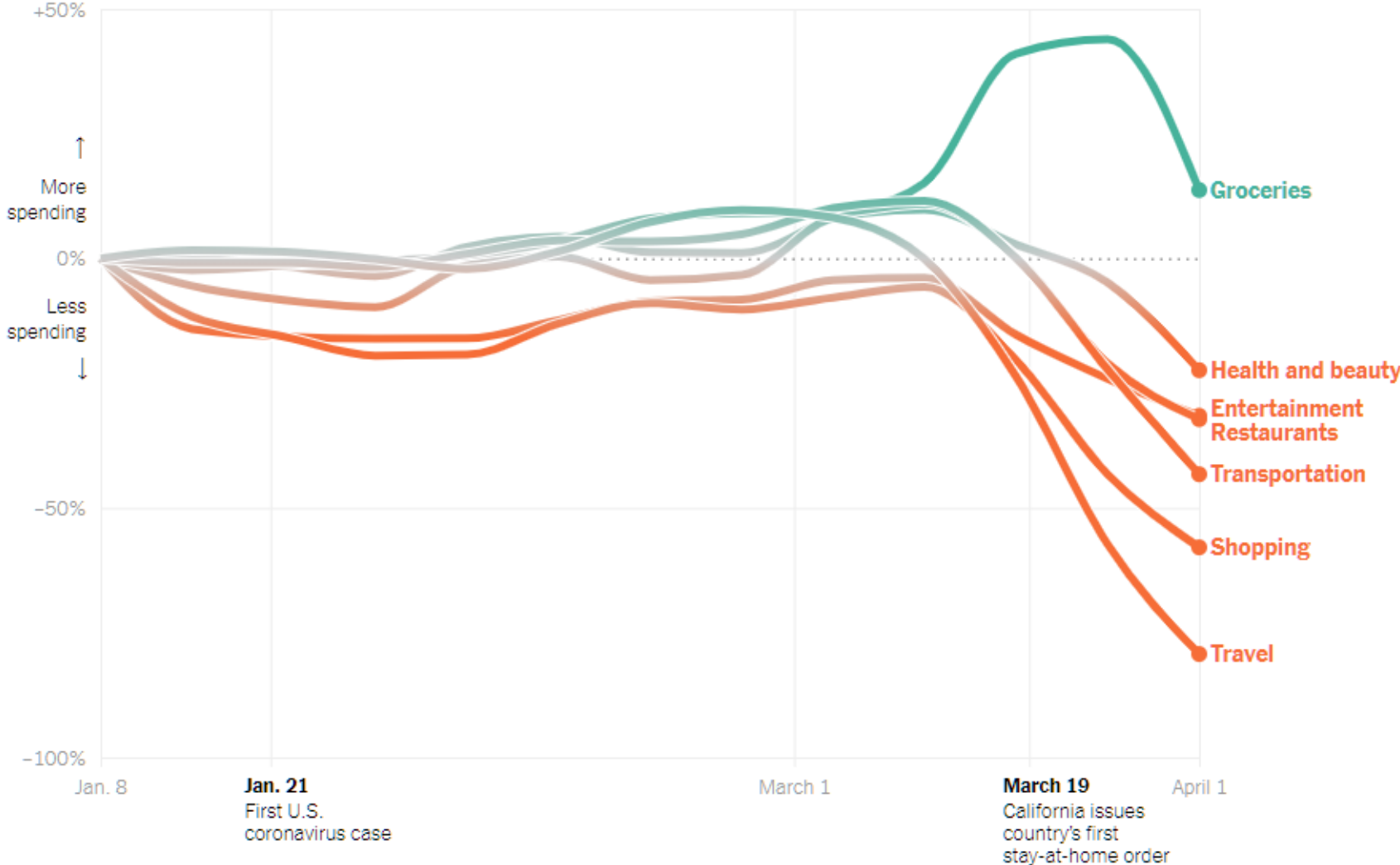






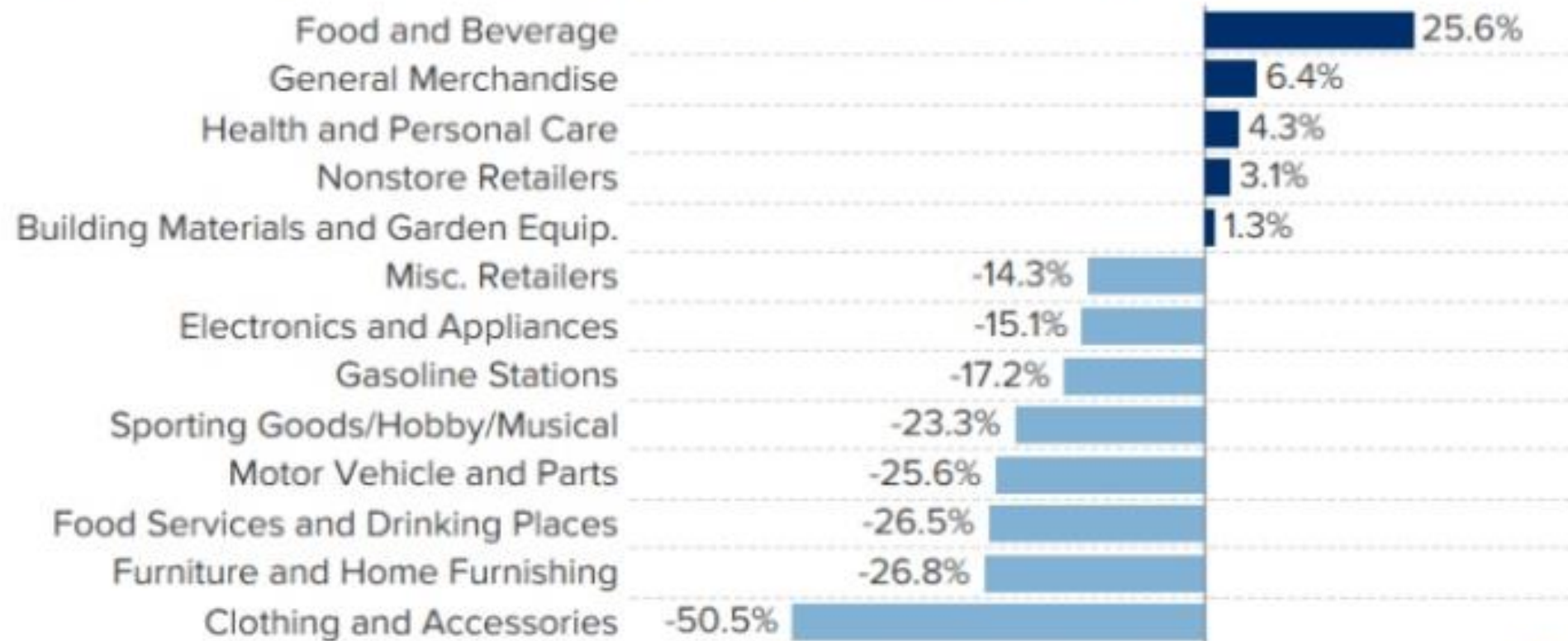
The New York Times

Change in credit and debit card spending



Retail store sales by category

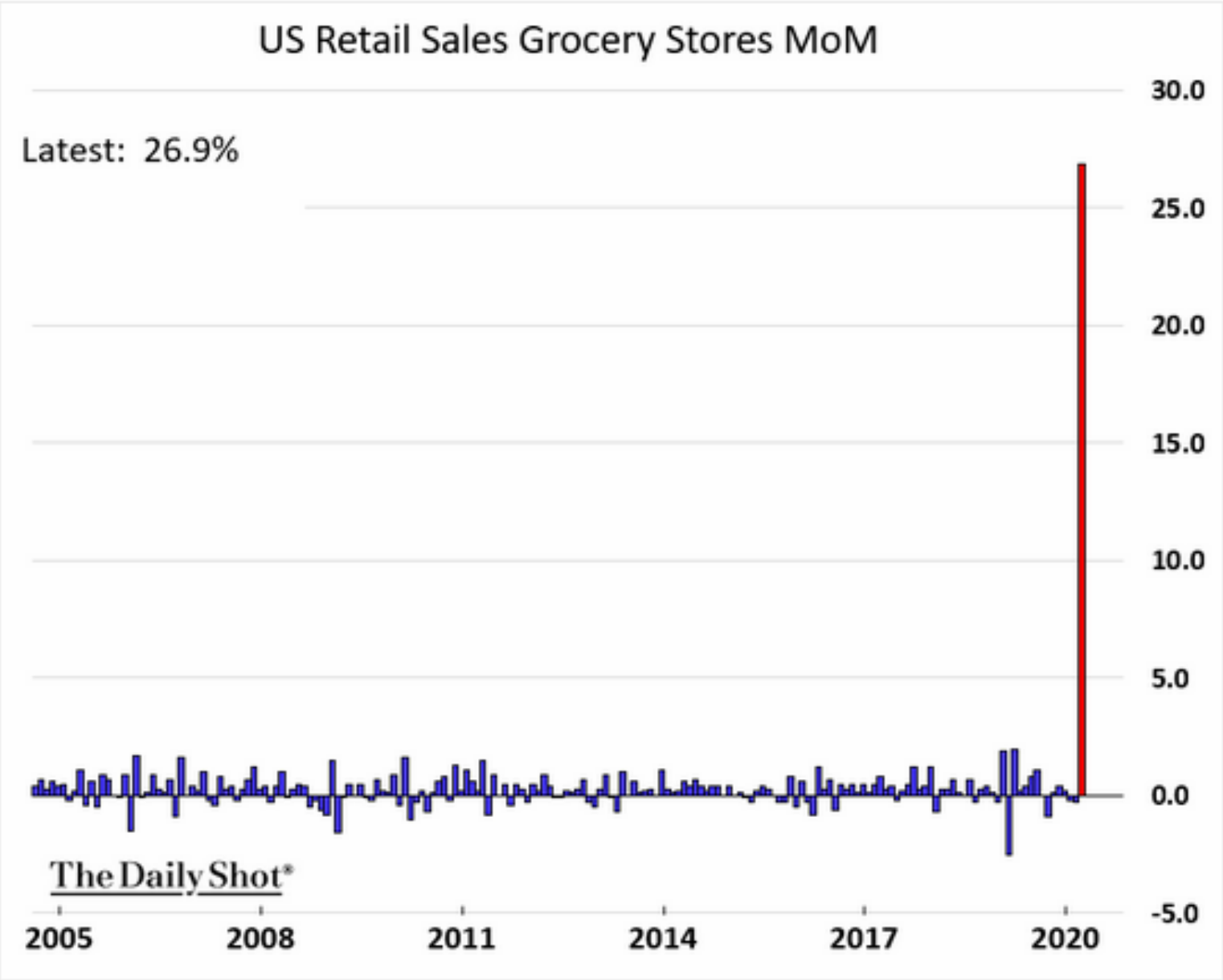
Percent change from February to March 2020. Total retail sales were down 8.7%.



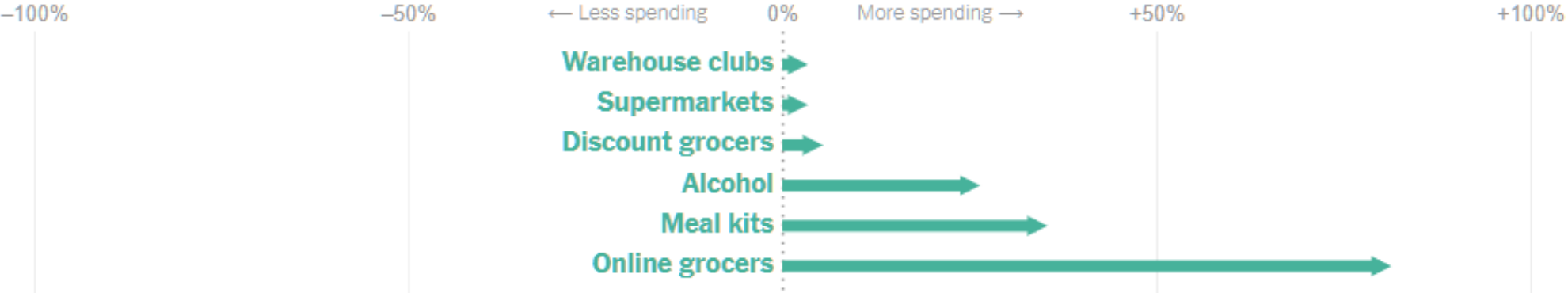
SOURCE: U.S. Census Bureau



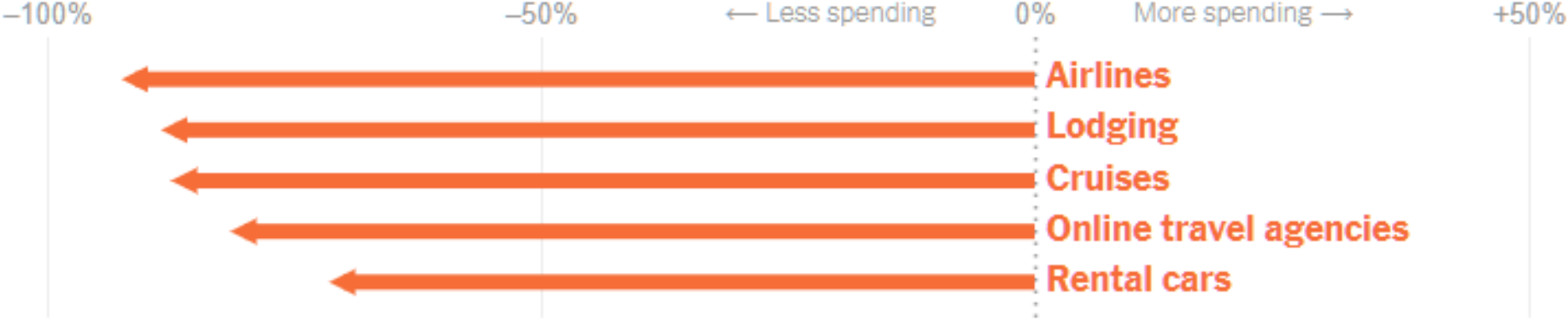
Grocery Stores Are Way Up, But Not All Of Them Are Equal



Grocery Stores Are Way Up, But Not All Of Them Are Equal



Change in spending from 2019 for the week ending April 1.

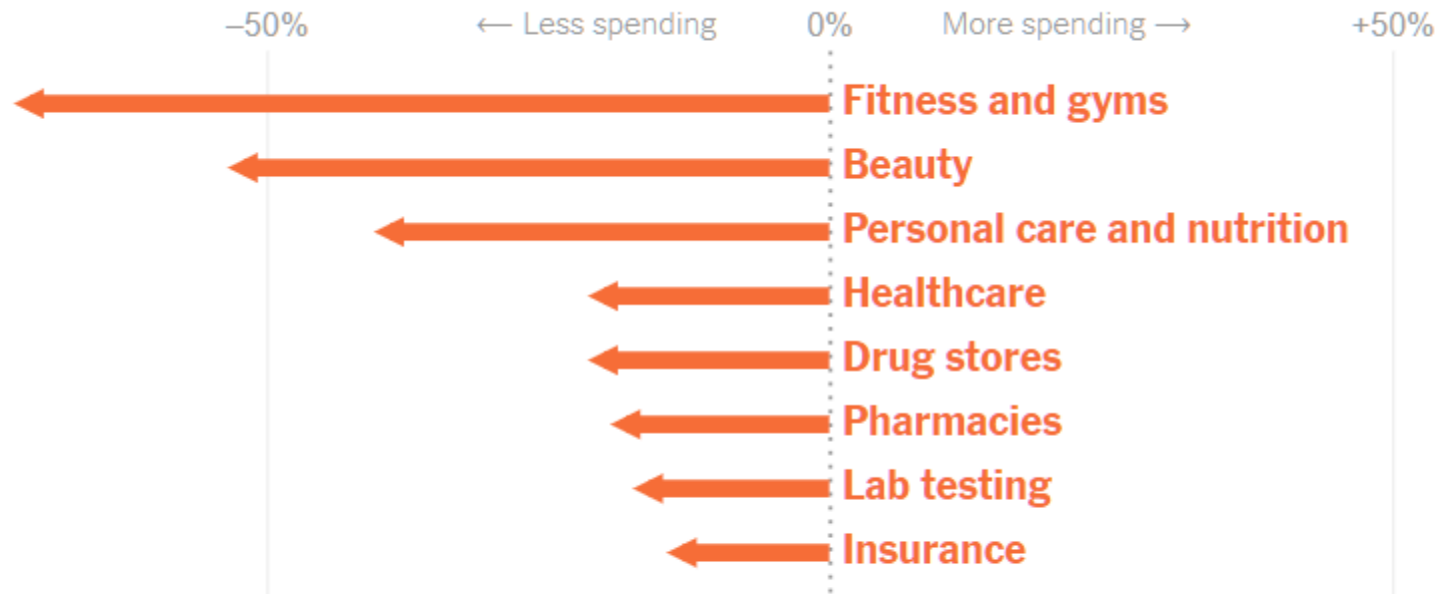


Change in spending from 2019 for the week ending April 1.

Will Urban Retailers Get Hurt More Than Suburban Retailers?



Change in spending from 2019 for the week ending April 1.

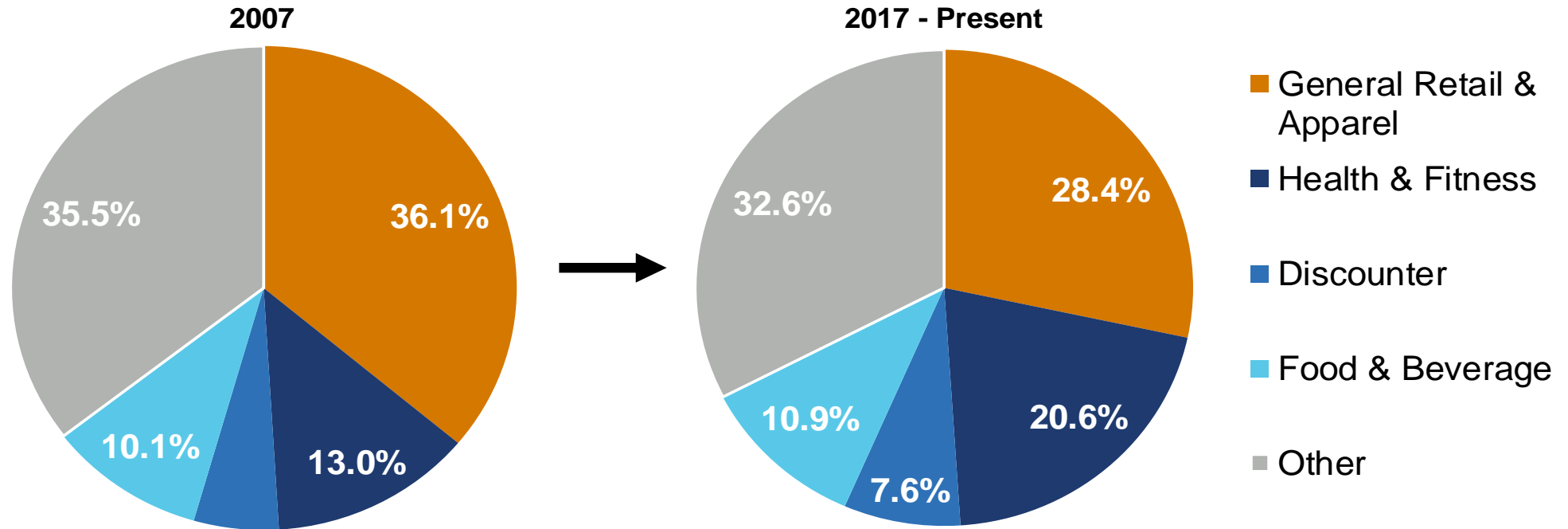


Change in spending from 2019 for the week ending April 1.

Tenant Leasing Activity Is Becoming More Diverse

Share Of Total New SF Leased In 2017 Vs. 2007 By Retailer Subtype

Share Of SF Leased By Retailer Type

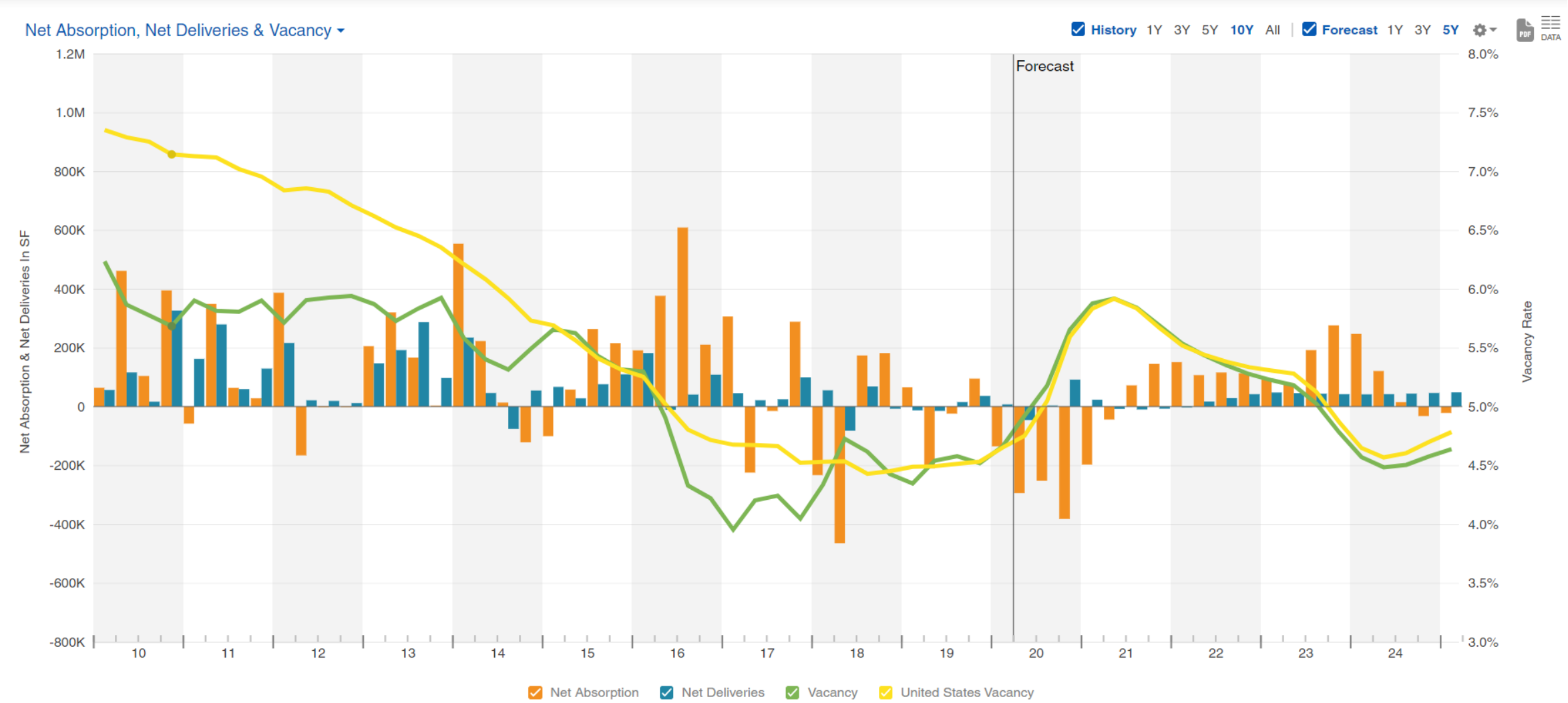


Source: CoStar Portfolio Strategy

As of 18Q4

LOCAL
RETAIL

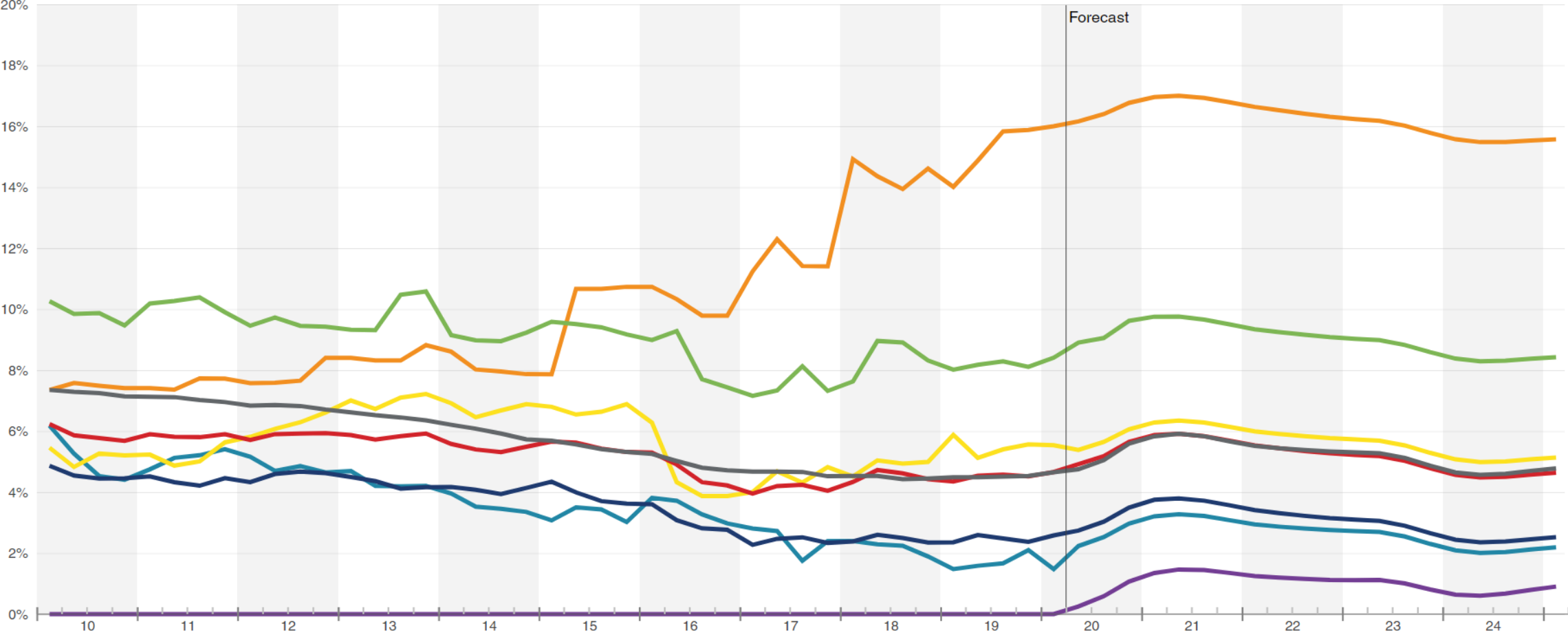
Providence Retail Fundamentals



Providence Retail Vacancy By Type

Vacancy Rate ▾

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y

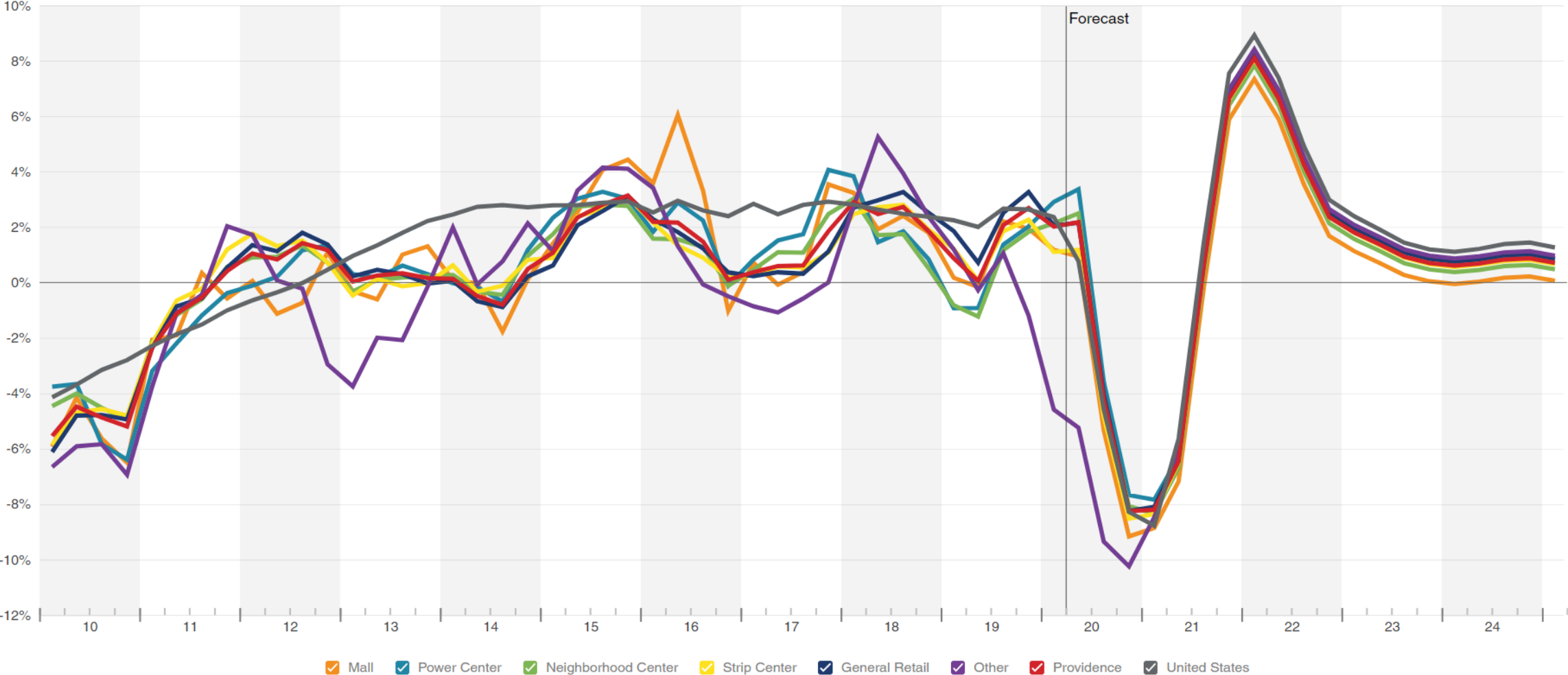


Mall Power Center Neighborhood Center Strip Center General Retail Other Providence United States

Providence Retail Rent Growth

Market Rent Growth (YOY) ▾

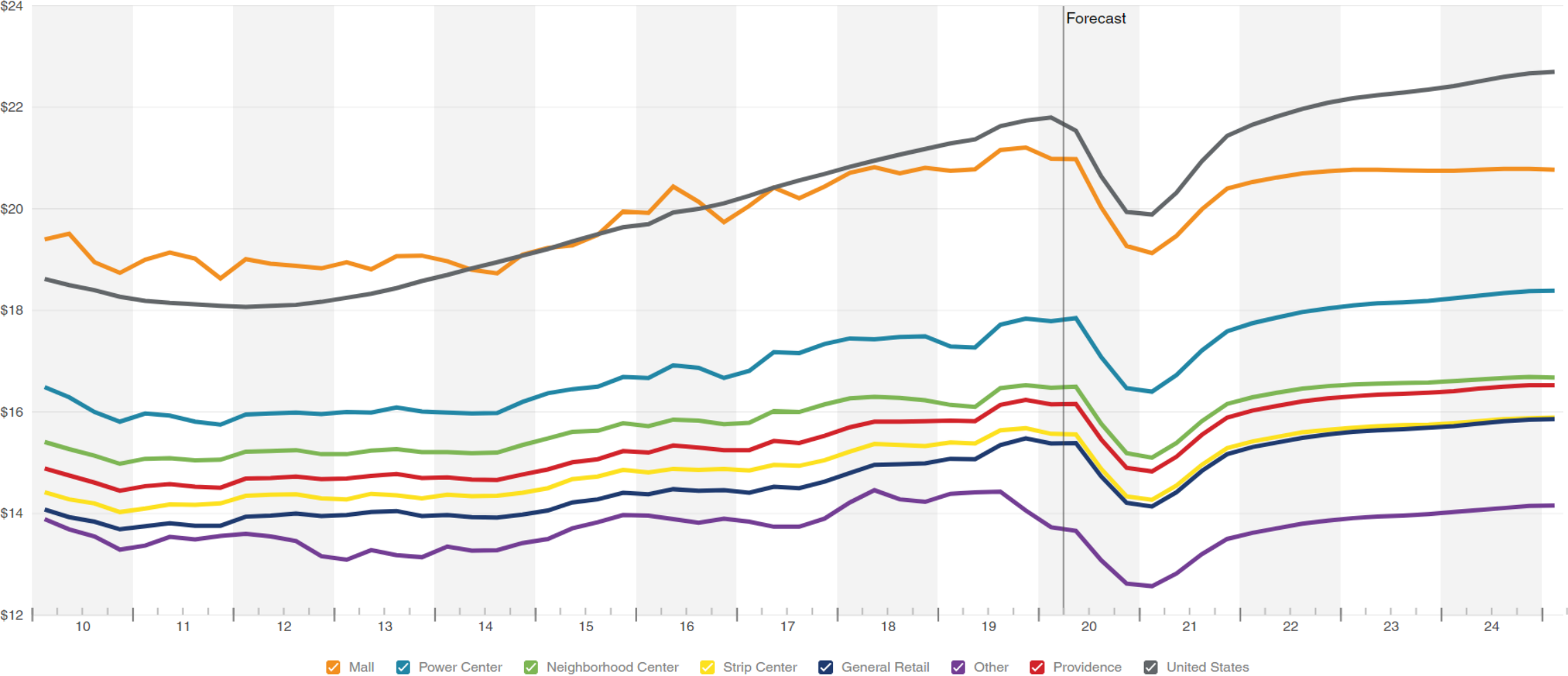
History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Providence Retail Fundamentals

Market Rent Per SF ▾

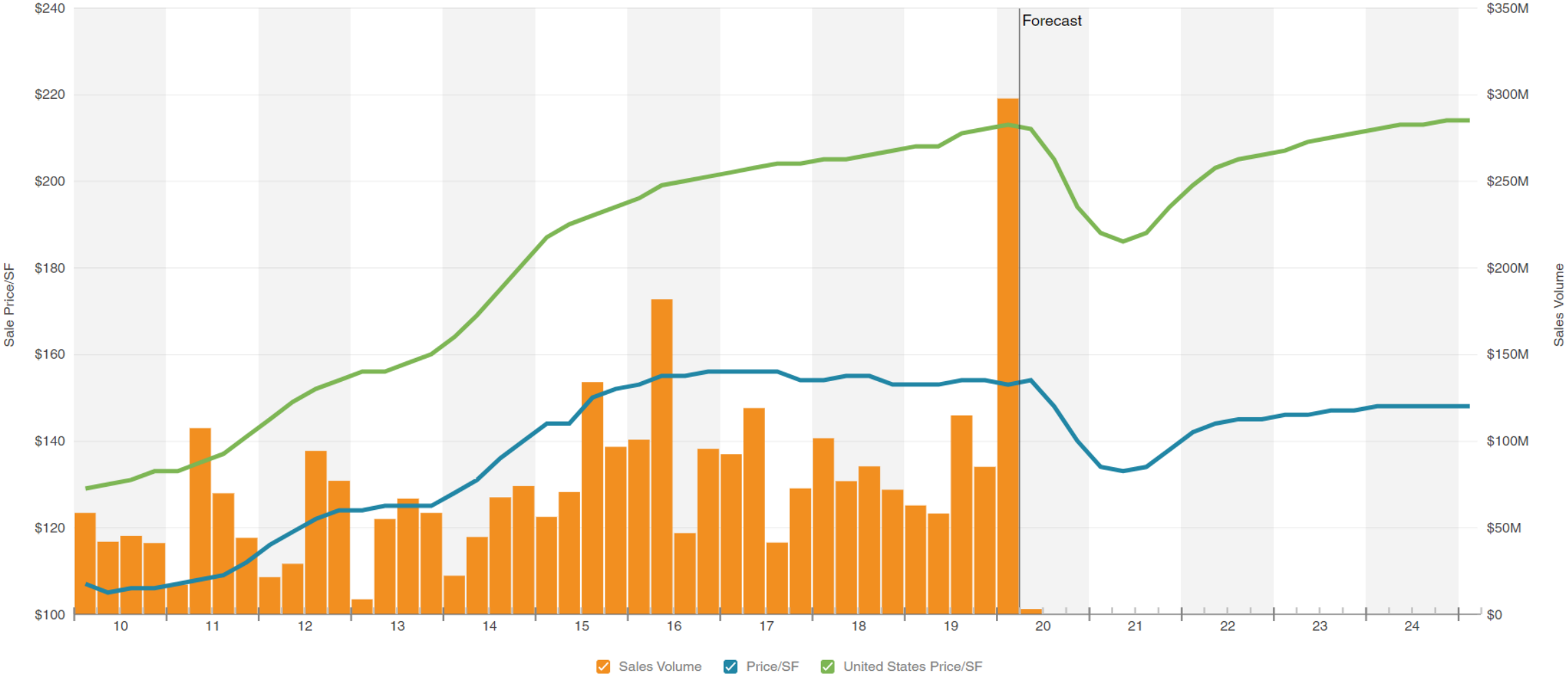
History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



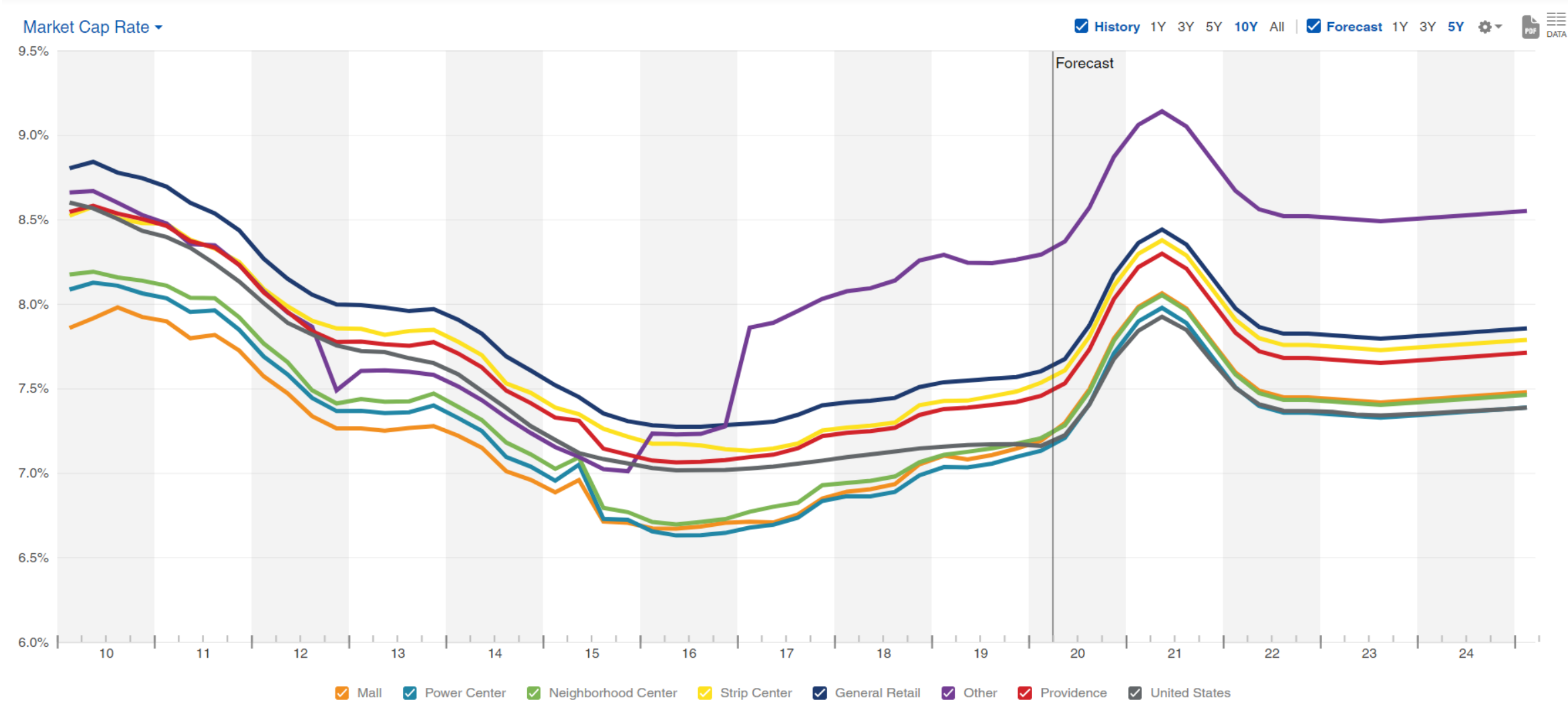
Providence Retail Sales

Sales Volume & Market Sale Price Per SF

History 1Y 3Y 5Y 10Y All | Forecast 1Y 3Y 5Y   



Providence Retail Cap Rates





Thank you!

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Todd Galvin

Associate Director Of Analytics

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