



DOWNTOWN CLASS A VACANCY REMAINS IN SINGLE DIGITS

Quick Stats

2014 Mid-Year	Current	Y-0-Y
RI Vacancy	17.8%	↓
RI Net Absorption	59,856	↑
Suburban Lease Rates (gross)	\$16.63	↓
Downtown Class A Lease Rates	\$30.55	↔
Downtown Class B Lease Rates	\$21.17	↓
Downtown Class C Lease Rates	\$18.48	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value (e.g., absorption could be negative, but still represent a positive trend over a specified period).

Hot Topics

- Class A space remains in single digits. There are some large expiring tenancies in 2015 that may make decisions in the second half of 2014
- I-195 land proposals have been solicited and this process will continue to unfold in the second half of 2014
- The Class B market had 36,229 sq. ft. of positive absorption
- Increase in sales for both users and investors

Downtown Providence

The beginning half of 2014 ended with the Downtown Providence Office vacancy rate decreasing to 15.07% from 16.20% at the end of 2013. There were several transactions that impacted this result including the purchase of the 25,253 sq. ft. 180 South Main Street by the Rhode Island Attorney General's Office and the sale of the 20,000 sq. ft. 189 Canal Street to Rhode Island School of Design. This removed ±45,253 sq. ft. of vacancy from the market.

Figure 1: Market Statistics

Class	Total Sq.Ft.	Available Sq.Ft.	Vacancy Rate %	YTD Net Absorption	Average Asking Rent (\$/sq.ft./yr)
A	1,824,708	170,564	9.3%	4,083	\$30.55
B	3,414,880	555,185	16.3%	36,229	\$21.17
C	646,858	175,577	27.1%	12,344	\$18.48
Total Market	5,886,446	901,326	15.31%	52,656	\$23.40

- The Promenade District saw a decrease in vacancy at the end of 2013 when 25 Holden was designated for residential. This submarket has experienced an increase in available space with the delivery of 1 Cedar Street, a 48,000 sq. ft., four-story building that was formerly known as the C.J. Fox building.
- Additionally, the market is anticipating the return of nearly 90,000 sq. ft. when Dassault Systemes relocates from Rising Sun on the West Side of Providence to 1301 Atwood Avenue in Johnston. That relocation is expected to occur in the fourth quarter of 2014.
- 1 Weybosset Hill leased approximately 25,000 sq. ft. to Johnson & Wales and the Rhode Island Health Exchange.
- Similar to the end of 2013, both the optimism of the South Street Landing development and the uncertainty of the future of 111 Westminster Street remain.

Figure 2: Market Statistics

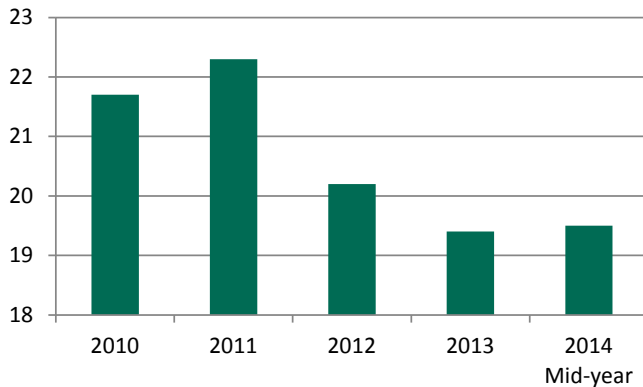
District	Total Sq.Ft.	Available Sq.Ft.	Vacancy Rate %	YTD Net Absorption	Average Asking Rent (\$/sq.ft./yr)
Capital Center	651,497	59,061	9.1%	27,493	\$32.51
Financial	2,312,804	369,110	16.0%	(26,464)	\$24.71
Westminster	496,760	99,711	20.1%	36,945	\$19.98
South Main	140,807	11,595	8.3%	1,271	\$20.74
Randall Sq.	195,986	30,802	15.7%	(3,000)	\$17.45
Empire	527,181	104,316	19.8%	0	\$23.79
Promenade	1,136,056	153,464	13.5%	8,356	\$21.50
Jewelry	425,355	73,267	17.2%	8,055	\$20.35
Total Market	5,886,446	901,326	15.3%	52,656	\$22.62

Rhode Island Suburban Market

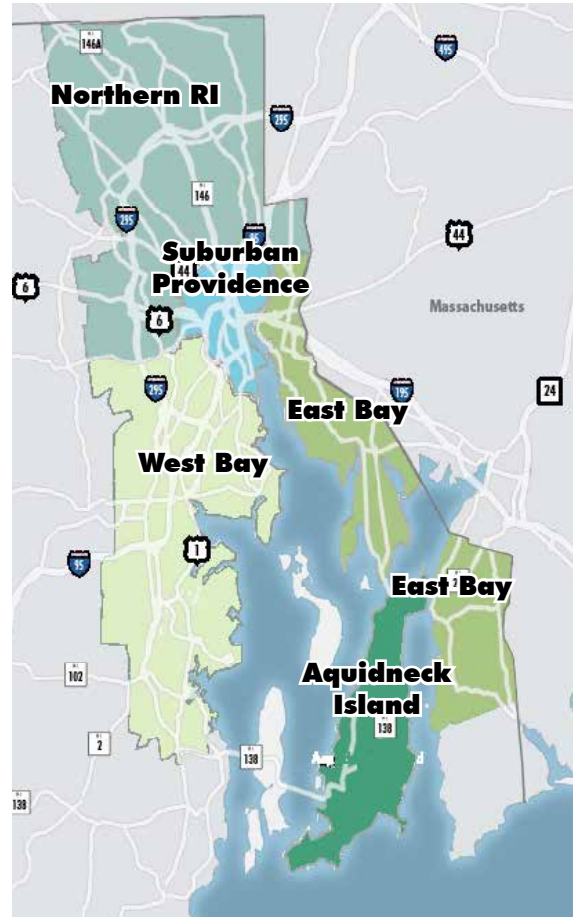
The Suburban Rhode Island market had a number of small transactions and remains consistent with year-end 2013.

- It is anticipated that Dassault Systemes will occupy $\pm 90,000$ sq. ft. at 1301 Atwood Avenue in Johnston.
- There are a few large pending requirements (20,000+) that could also land in Northern Rhode Island in 2014, further lowering the vacancy in that submarket.
- West Bay was reduced by approximately 47,000 sq. ft. due to an owner-occupied sale.
- The West Bay market had 20,521 sq. ft. of absorption and rents have remained flat since year-end 2013.
- Between 2009-2012, there were 20 consecutive quarters with a suburban vacancy rate of over 20%. The mid-point of 2014 represents the sixth consecutive quarter of vacancy below 20%.

Figure 3: Historical Vacancy Rate (%)



Rhode Island Submarket Map



Submarket	Total Sq. Ft.	Available Sq. Ft.	Vacancy	Net Absorption	Average Asking Rent (\$/sq.ft./yr)
Northern RI	1,962,866	561,958	28.6%	(12,544)	\$17.35
West Bay	3,190,263	464,431	14.7%	20,521	\$17.83
East Bay	1,045,655	228,140	21.8%	(6,637)	\$15.22
Suburban Providence	1,179,516	215,756	18.3%	(2,054)	\$18.20
Aquidneck Island	1,025,340	166,088	16.2%	7,914	\$14.59
Total Market	8,403,640	1,636,373	19.5%	7,200	\$16.63

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