

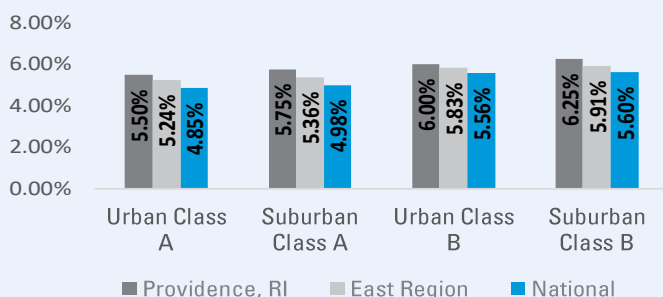
2023 PROVIDENCE, RI MULTIFAMILY ANNUAL REPORT

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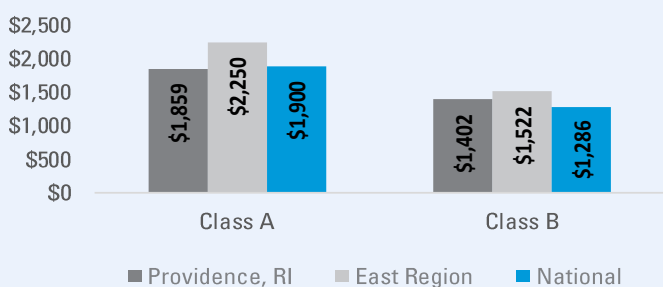
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	◀▶
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▲	▲

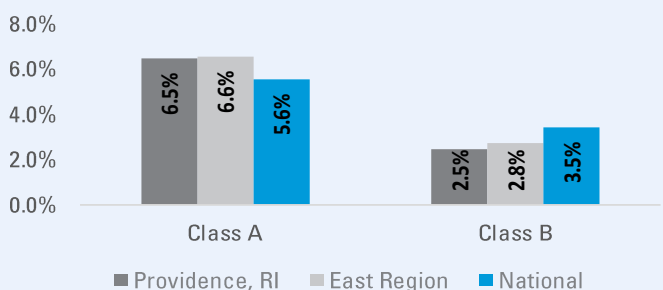
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



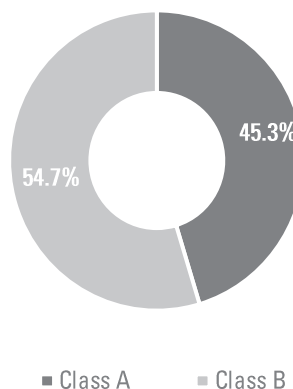
Vacancy Rates (%)



Providence, RI Multifamily Market Overview

The multifamily rental market in Rhode Island has continued to maintain its investments strength during Calendar Year 2022 with rental rates increasing from previous levels experienced during Calendar Year 2021 while vacancy rates have generally remained at frictional levels. The Greater Providence multifamily residential market effectively consists of the central and eastern counties within central portion of Rhode Island as well as the adjacent counties within southeastern Massachusetts south of the Interstate Route 495 corridor. The continued demand for market rental housing in the various supply constrained submarkets within the state has continued to assist property owners and management companies in maintaining stabilized occupancy levels in both the Class A and B markets. Property managers reported nominal changes in collection loss rates at quality managed properties within both the Class A and B markets given the limited number of alternative rental options in the submarkets that has included the ongoing increases in home sale prices throughout the state. Property operators have also reported that rental rates have continued to increase during Calendar Year 2022 given the ongoing strong demand for quality units in supply constrained submarkets although inflationary factors in the economy have tempered the level of increases during the second half of the year. Additionally, property managers are tempered levels increases in rental rates into Calendar Year 2023 in comparison to the past 24 months with local operators continuing to experience significant increases in operating costs given atypical high levels of inflation that are drastically impacting all sectors of the local, regional and national economies. The multifamily rental market including properties located within and adjacent to the Providence CBD that serves a large number of college/university students and faculty associated with Brown University, Johnson & Wales, The Rhode Island School of Design and Rhode Island College. This submarket has limited frictional vacancy levels noted within the second half of 2022. Overall, commercial brokers and investors have reported a stabilization in investor parameters over the past six months with overall capitalization having remained generally stable given the strong levels of investor demands including those expanding out of the Greater Boston market areas. This trend is anticipated to be tempered by noted increases in interest rates as the Fed attempts to bring down inflationary levels that have increased significantly during Calendar Year 2022. The market fundamentals for multifamily rental housing in Greater Providence market remains strong given current supply and demand parameters for owner-occupied, single-family housing. New construction of Class A rental housing in both the market rate and affordable housing sectors will continue into Calendar Year 2023 as ongoing housing demand and frictional vacancy levels has continued to fuel new development. The market will continue to watch the investment criteria into the first half of Calendar Year 2023 to determine what level of impact the interest rate increases and inflationary factors will have on this sector.

Distribution of Total Inventory



18,211 Units
Multifamily Inventory

0.75% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



+/- 0%

Urban Class A

+/- 0%

Urban Class B



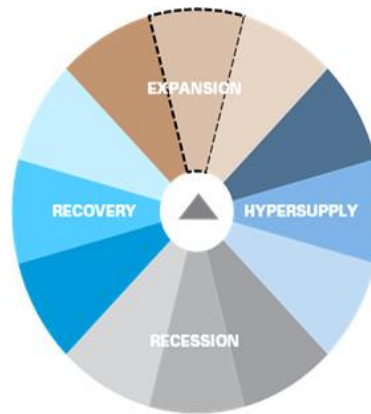
+/- 0%

Suburban Class A

+/- 0%

Suburban Class B

Market Cycle: Expansion Stage 2



- Med/High Rental Rate Growth
- Decreasing Vacancy Rates
- High Absorption
- Moderate/High New Construction
- Moderate/High Employment Growth

Forecasts

Providence, RI 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Construction (Units)	136			
Market Rent Change	+3.50%	+3.50%	+3.50%	+3.50%
Expense Rate Change	+5.00%	+5.00%	+5.00%	+5.00%
Years to Balance	In Balance			

Providence, RI 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+7.94%			
Change in Value	Increase 2%-2.9%	Increase 3%-3.9%	Increase 2%-2.9%	Increase 3%-3.9%

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