

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.3% Vacancy Rate	▼	▲
95K YTD Net Absorption, SF	▼	▼
\$22.85 Asking Rent, PSF (Overall, All Property Classes)	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
742K Providence Employment	▼	▼
4.2% Providence Unemployment Rate	▲	▲
4.2% U.S Unemployment Rate	▼	▲

Source: BLS

Data is based on latest available data

ECONOMY:

Sales volume remains under pressure, with Retail, Multifamily, Industrial, and Medical Office assets leading market performance. These sectors continue to dominate investment activity due to favorable economic and demographic trends. Interest rates continue to increase rapidly, with the 10-year now well above 500 BPS. Future Federal Funds rate decisions are expected to increase over the next six to twelve months.

SUPPLY AND DEMAND

The Rhode Island office market remains tight, with no new speculative office development expected in the near term. As a result, no meaningful new inventory is anticipated for the foreseeable future. Limited supply, coupled with the continued adaptive reuse of older historic office buildings and user demand, has contributed to overall market stability. Vacancy risk is concentrated around corporate downsizing and M&A activity. FM’s acquisition of 10 Memorial Blvd for \$68.5mm was a notable Q1 transaction, representing one of the largest user purchases in history and taking nearly 60k SF off the market, further constraining supply for Class A product in the Central Business District (CBD).

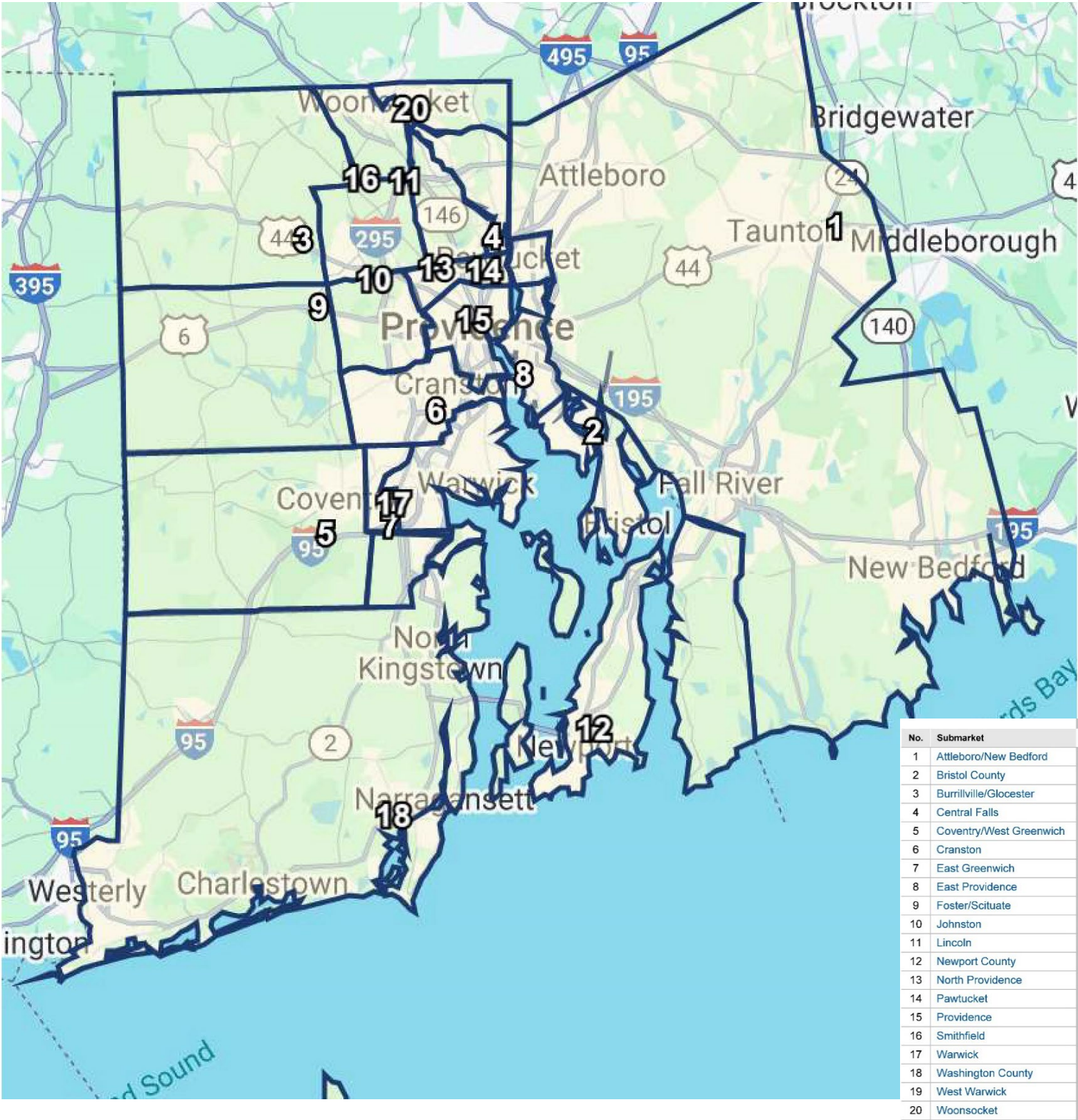
The CBD continues to see a gradual return of daytime population as employers encourage in-office attendance three to four days per week, with mixed results. Tenants continue to favor higher-quality, amenity-rich buildings to support return-to-office efforts. Q3 leasing volume was weak, and net absorption was down.

PRICING:

Rental rates have remained stable, particularly for top-tier assets. Concessions have increased as rising construction costs continue to drive higher tenant build-out expenses. Overall, Rhode Island market rents decreased approximately \$0.18 per square foot (psf), from \$23.03 psf at the end of Q2 2026 to \$22.85 psf currently. Ongoing construction cost escalation has helped support rental rate stability for second-generation space but is making tenant relocations more challenging

The recent completion of a 90,000-sf life sciences center has introduced much-needed, purpose-built laboratory space to the Rhode Island market, offering immediate availability for companies seeking to establish or expand life sciences operations in the state. This development aligns with Rhode Island’s increasing emphasis—at the state economic development level—on attracting life sciences users. Collectively, these efforts mark a meaningful milestone for Providence and could serve as a catalyst for future growth, supported by the region’s proximity to Boston and a strong talent pipeline anchored by Brown University’s Medical School and other local healthcare institutions.

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