



Wickford Junction TDR Assessment: Phase I Background and Market Analysis

North Kingstown, Rhode Island

October 15, 2013



ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

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Executive Summary

4ward Planning Inc. was retained by Horsley Witten Group (HW) on behalf of the Town of North Kingstown, Rhode Island to conduct a market and real estate financial analysis for the Wickford Junction Station area. The objective of this analysis is to devise a transparent methodology or algorithm, enabling North Kingstown planning officials to conduct a market-based valuation of Transfer of Development Rights (TDR) credits (e.g., the fair price paid to transfer development rights – units of housing or square feet of commercial space – from a sending district to a receiving district). Successful implementation of TDR typically requires a planning level real estate analysis, quantifying the financial relationship between the sending area and receiving area parcels.

To complete such an analysis, 4ward Planning evaluated socio-economic, labor and industry, and real estate (multi-family residential, office, and retail) trends in and around the Wickford Junction Area. Utilizing a combination of published government data (U.S. Census, Bureau of Labor Statistics, and State of Rhode Island Department of Labor) and proprietary analysis software (Esri Community Analyst), 4ward Planning prepared a series of data tables comparatively illustrating socio-economic trends for the relevant study areas, including a 20-minute drive contour from the Wickford Junction Station (the Primary Market Area or PMA), Washington County, and the Providence Metropolitan Statistical Area (MSA).

In addition to the above identified quantitative analyses performed, 4ward Planning conducted a number of interviews with knowledgeable area real estate brokers (office and residential), local business persons, and developers. These interviews proved invaluable, as they provided critical insight into the near-term challenges and opportunities associated with Wickford Junction and the surrounding area.

Executive Summary (continued)

Our analysis identified several findings significant to the study's objective:

- Despite flat population growth locally and regionally, the primary market area has demonstrated relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), suggesting a demand for rental units.
- A rising share of upper-income households, particularly among households earning \$75,000 to \$100,000, likely contributes to an increase in discretionary spending, which already exceeds the national average. This trend bodes well for mixed-use development. However, a broad distribution of household income suggests new housing be provided at a variety of price points.
- Empty nester types (many of whom are likely responsible for the growth in household incomes rising above \$75,000 annually within the PMA), and to a lesser extent, young professionals, will continue to drive demand in the market area for multi-family residential (for rent and sale units), notwithstanding relatively flat population and household growth. These age groups tend to prefer smaller housing units with access to amenities, jobs, and entertainment—features accessible from Wickford Junction. However, North Kingstown officials will need to address key issues identified by local real estate developers (e.g., high land costs and a regulatory process which is both costly and time consuming), if Wickford Junction is to realize its potential for new residential development.

Executive Summary (continued)

- Fundamentals underpinning multi-family housing are notably strong. Local real estate professionals confirm that demand for multi-family rental units is at an all-time high, with very little available housing stock. Notwithstanding weak household growth estimates, the real estate analysis shows demand for thousands of new housing units within the PMA over the coming years. While not all of this demand will be met within the Wickford Junction Core Study Area, the area is well-positioned to benefit from existing and proposed transit service improvements, employment centers, and community amenities.
- Local real estate professionals maintain varying perspectives on the state of the North Kingstown office market. However, many confirmed the findings of demand for new office space, with an emphasis on smaller spaces of 2,000-3,000 square feet or less. The success of the Meadows Office Park—having smaller office units that according to local interviews remain fully utilized—is indicative of this growing trend. Small format office space of 2,000 to 5,000 square feet near Wickford Junction would likely meet the needs of small tech firms and established professional service firms (e.g., law firms, accounting firms, architectural and engineering firms). Further, smaller format office space is generally more suitable to a location having mass transit, retail and on-site housing options.
- While North Kingstown, generally, and the Wickford Junction Core Study Area, in particular, will find it difficult to attract additional large scale comparison retailers (think big box stores and general merchandisers), small boutique retailers, personal service establishments and independent dining establishments should find success while also making residential development more feasible. North Kingstown will likely need to facilitate this type of investment, however, through appropriate incentives (either financial or regulatory) and adequate infrastructure (e.g., sewer and water).

INTRODUCTION



Introduction

4ward Planning Inc. was retained by Horsley Witten Group (HW) on behalf of the Town of North Kingstown, Rhode Island to conduct a market and real estate financial analysis for the Wickford Junction Station Core Study Area. The objective of this analysis is to devise a transparent methodology or algorithm, enabling North Kingstown planning officials to conduct a market-based valuation of Transfer of Development Rights (TDR) credits (e.g., the fair price paid to transfer development rights – units of housing or square feet of commercial space – from a sending district to a receiving district). Successful implementation of TDR typically requires a planning level real estate analysis, quantifying the financial relationship between the sending area and receiving area parcels.

This planning level real estate analysis, provided herein, involves the following components:

- Background Assessment – Summarizing relevant findings from existing reports and ordinances; stakeholder interviews; and a site visit.
- Socio-Economic and Labor & Industry Trend Analysis – Examining estimated and projected trends in population growth, household formation, household income, residential tenure, occupational employment, and age cohort characteristics and how these trends might influence real estate demand.
- Real Estate Trend Analysis – Understand local supply, demand, occupancy, and pricing factors for land use in the primary market area and identify prospective opportunities and challenges.
- Real Estate Supply and Demand Analysis – Identifies prospective areas of unmet demand for land use types within the primary market area, projected out five years.

Typically, each analytical section contains Key Findings, detailed data and findings, and a final Takeaway.

BACKGROUND ASSESSMENT



Methodology

The 4ward Planning team began its analysis with a review of pertinent background reports and ordinances including the existing North Kingstown TDR ordinance, maps, and other pertinent data. We then conducted a driving tour of existing and potential receiving and sending districts, for purposes of identifying prospective site constraints or other impediments which may render permitted land uses infeasible.

Interviews were conducted in person or by phone with eight local developers, brokers, and community leaders. These conversations served to ground-truth the qualitative analysis and provide a greater understanding of development opportunities and constraints.

Review of Background Material



Background

In the 2011 *TDR and Identification of Village Centers Phase I Assessment*, HW identified Wickford Junction as one of four villages to study further as a receiving area for TDR. The Assessment described the district as below:

The emerging growth center at Wickford Junction is North Kingstown's largest retail center located along Ten Rod Road immediately adjacent to Route 4. Characterized primarily by larger chain retail operations, this area relies on its access to the highway to draw customers from a regional market by automobile travel. Two plazas, anchored by Stop & Shop and Home Depot, are fully occupied and heavily used due to their clear visibility from Route 4. Wickford Junction, the third plaza, has less highway exposure, which could be a challenge. The highway provides a clear edge to the west, while the active rail line provides a clear edge to the east. To the north, the headwaters to Sawmill Pond and a well-established residential neighborhood frame the area while, to the south, newer residential development and the intersection of the train line and Route 4 provide a less formal boundary.

The newly opened commuter rail station in an existing shopping plaza, anchored by Walmart, is expected to drive future development patterns. With the anticipated addition of high volumes of commuter traffic, a localized housing market, demand for office space, and more service-oriented establishments are expected to emerge, potentially transforming an auto-oriented retail center into a transit-oriented development with a high diversity of uses. While some new retail has emerged since the transit center opened in 2012, including Walmart's expansion, the transit station remains underutilized due to schedule limitations.

Source: HW, *TDR and Identification of Village Centers Phase I Assessment*, 2011

Summary: Washington County TDR Study: Final Report

In 2012, HW prepared a TDR Study for the Washington County Regional Planning Council, North Kingstown's host county. The report examined national approaches to TDR implementation for preservation and growth goals; gauged interest in TDR and the growth center model from municipal planners around Providence, and reviewed Rhode Island General Law, specific to TDR. Key findings of this effort included:

- TDR programs across the country have continued to evolve and include innovative components such as “fee-in-lieu” of TDR (sometimes referred to as Density Transfer Credits (DTR));
- Growth center models (such as that proposed for Wickford Junction in the 2008 North Kingstown Comprehensive Plan) are abundant and include numerous examples in Massachusetts, Connecticut, and Vermont;
- Preservation models are valuable to TDR in that some of the programs used to raise money might aid the seeding of a TDR Bank or similar vehicle (North Kingstown already has a preservation-based TDR Bank although there are no participants at present);
- Municipal planners in Rhode Island have many strong recommendations for tools and policies associated with a state “growth center” program. These are listed in the body of the report;
- Inter-municipal TDR is not likely to be a widely applied tool within the current economic climate (though North Kingstown has entered into an inter-municipal program with Exeter); and
- Rhode Island enabling legislation for TDR should be revised. Proposed draft legislation is included in the report.

Source: HW, *Washington County TDR Study: Final Report*, 2012

Summary: North Kingstown Comprehensive Plan

The 2012 amendments to the North Kingstown Comprehensive Plan recommend the use of TDR at Wickford Junction (and other locations, including Post Road), to allow an increase in density while remaining within the carrying capacity of the Town's infrastructure and natural resources. Both Wickford Junction and Post Road were identified as Growth Centers in the 2008 Comprehensive Plan Update. This comparison is relevant since the TDR model being employed in the Post Road District will be evaluated for Wickford Junction.

Relevant Goals in the Comprehensive Plan

Growth	Preservation	TDR
<ul style="list-style-type: none"> • Post Road Growth Centers • Village District Ordinance • TOD at Wickford Junction 	<ul style="list-style-type: none"> • Property acquisition and conservation • Groundwater protection overlay • Conservation development 	<ul style="list-style-type: none"> • Implemented a local TDR program • Implemented an inter-municipal TDR program with Exeter

Source: HW, *Washington County TDR Study: Final Report, 2012, North Kingstown Comprehensive Plan Update, 2008 and amendments 2012*

Summary: Wickford Junction Zoning District

A draft amendment to the North Kingstown Zoning Ordinance proposes a new Wickford Junction (WJ) District, the purpose of which is to serve “as a mixed use, transit-oriented, economic development center” and includes a TDR provision. It is the intent of this project to revisit this draft ordinance and make changes as appropriate.

The WJ District contains the following provisions:

Residential

- A density bonus for residential units from 0.5 units per buildable acre to 30 units per buildable acre
- Requires an average of two bedrooms per unit
- Requires 15 percent of the housing units to be deed restricted as “affordable.”

Commercial

- Density depends on site conditions and constraints
- Bonuses are available per the TDR Ordinance, by a height increase
- Maximum ground floor area for commercial use is 50,000 square feet

Height bonus is one story or 12 feet (not to exceed four stories, or 60 feet), with inclusion of affordable housing or use of the TDR Ordinance.

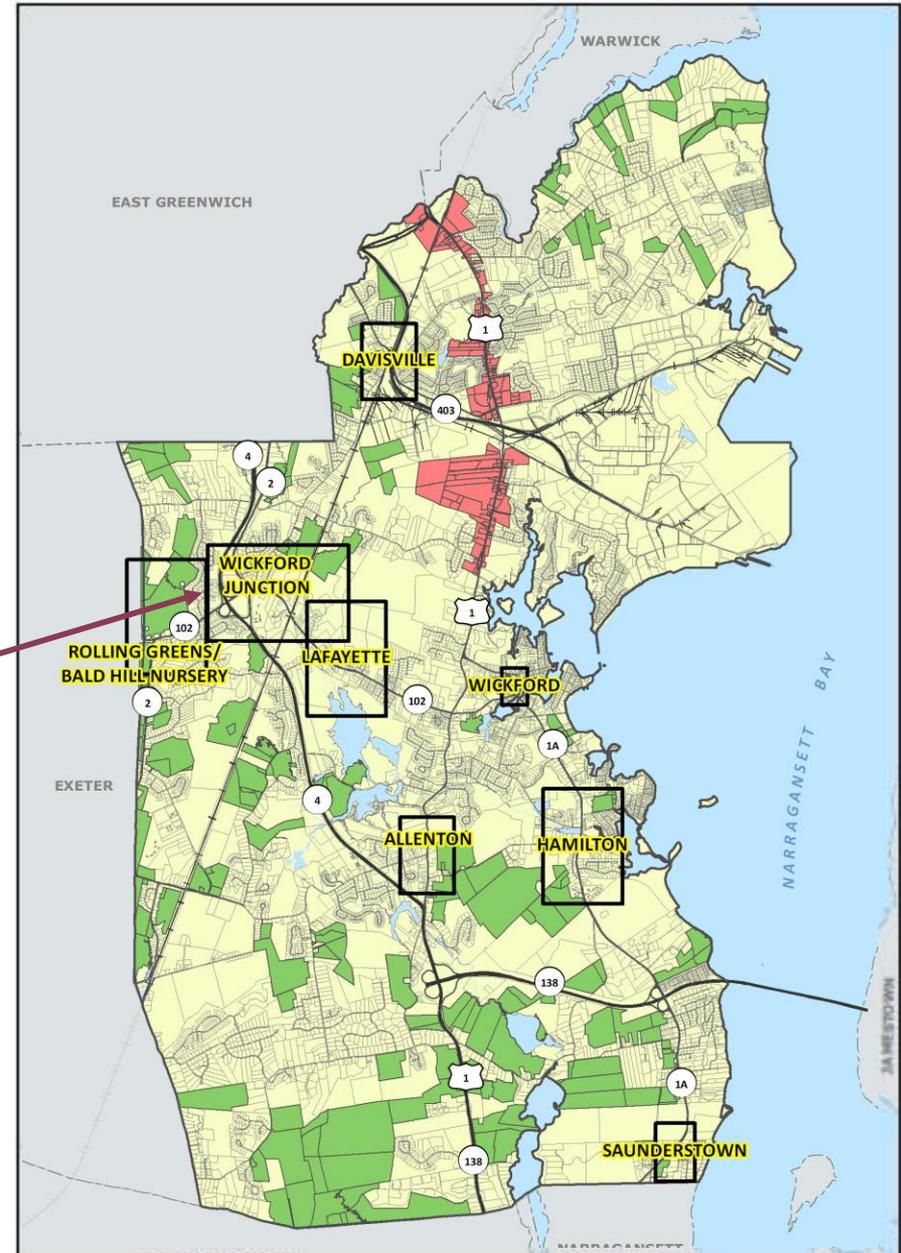
Source: HW, *Draft Wickford Junction Zoning*, 2012

TDR in North Kingstown

The Town structured the existing TDR program to provide significant incentives to prospective purchasers of development rights. Depending on the values associated with land in the sending area, the ordinance allows for between four and eight multi-family units to be developed for each development right purchased in the sending area.

Wickford Junction

In the map shown to the right, green areas represent the Sending Area Overlay District. Black Boxes show the general location of areas assessed as potential TDR Receiving areas in the Phase 1 HW report.



Source: HW, *TDR and Identification of Village Centers Phase I Assessment*, 2011

TDR in North Kingstown

North Kingstown already operates a TDR program in the Post Road District receiving area. According to the the Phase I Assessment, the model developed for the Post Road District uses a straightforward incentive-based approach to encourage TDR. This approach is viable for Post Road because the redevelopment goals of the town for this area (as reflected in the Comprehensive Plan) include high-density mixed-use development and complete redevelopment of existing sites. The method used for valuing development rights in this area may or may not be appropriate for Wickford Junction.

North Kingstown also operates a Purchase of Development Right (PDR) program to acquire development rights in the sending areas. According to the Planning Director, these development rights are used primarily to protect open space and valuable land resources and are not necessarily stored in a “bank” for future development in receiving areas.



Sources: HW, *TDR and Identification of Village Centers Phase I Assessment*, 2011

Potential Development Opportunities

A Phase I Assessment provided in HW's 2011 report and recent interviews with community leaders and local developers for this project identified the following potential development opportunities for Wickford Junction:

- Vacant land available for development exists within Wickford Junction Plaza, and areas west and east of the plaza.
- Public amenities exist within the plaza (amphitheater/park), and the site has access to surrounding amenities including Feurer Park and the abandoned rail line (the informal trailhead).
- The presence of sidewalks reinforces the pedestrian scale, and connectivity within the plaza and leading out into the community. Furthermore, the plaza is attractively landscaped and well-kept.
- Ten Rod Road is designated by RIDOT as a 'Suitable' roadway as per the *Guide to Cycling the Ocean State 2009-10*. RIPTA Route 66 bus service is available west of the plaza at the Route 2/102 Park N' Ride.
- A new MBTA station within the plaza, opened in 2012, will stimulate transit-oriented development. However, most agree that the schedule is insufficient to meet local needs.

Source: HW, *TDR and Identification of Village Centers Phase I Assessment*, 2011, 4ward Planning Inc., 2013

Potential Development Constraints

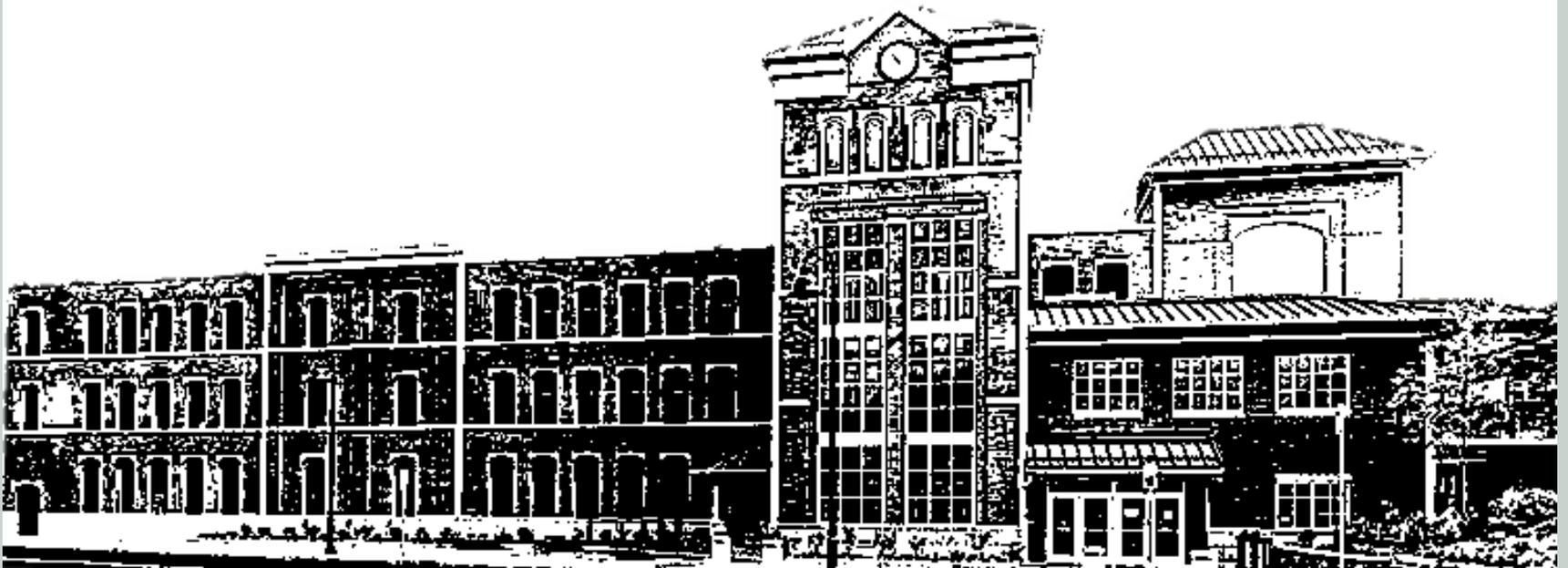
A Phase I Assessment provided in HW's 2011 report, and recent interviews with community leaders and local developers for this project identified the following potential development constraints for Wickford Junction:

- Local wastewater treatment regulations leave few practicable areas for future development able to support increased density.
- State stormwater management regulations add significant site costs.
- A large National Grid easement runs from the Village of Allenton to a substation coincidental with the existing Wickford Junction Plaza entrance on Ten Rod Road, potentially impacting the development of parcels and circulation patterns to the south of Ten Rod Road.
- The presence of RIDEM-regulated wetlands and FEMA flood zones limit the amount of land that can be realistically developed.
- Although the land is underutilized within many of these shopping areas, existing operations are successful and may delay efforts for wholesale or even incremental redevelopment.
- The frequency of transit service is insufficient to support commuters, and weekend service is currently not provided.



Source: HW, *TDR and Identification of Village Centers Phase I Assessment*, 2011, 4ward Planning Inc., 2013

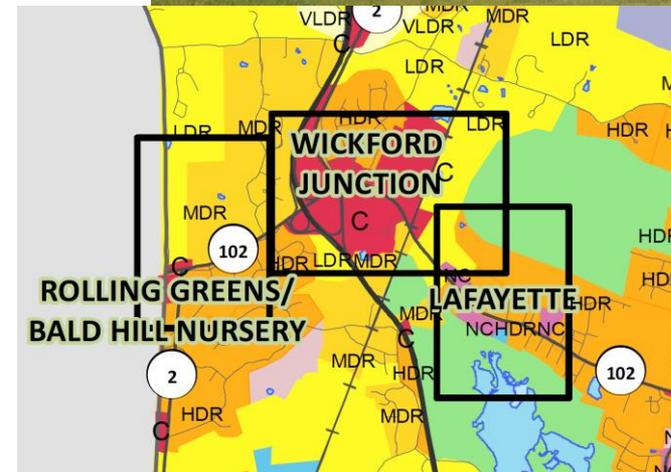
Site Visit



Site Visit Summary

North Kingstown's Planning Director led 4ward Planning staff on a detailed tour of the town, paying particular attention to the Wickford Junction Station and surrounding receiving area, and other TDR receiving areas such as the Post Road district.

Areas around Wickford Junction that could potentially serve as receiving areas are primarily zoned for commercial use. These commercial areas are surrounded by high-density and medium-density residential zoning. The commercial areas include three distinct retail plazas.



Wickford Junction Station

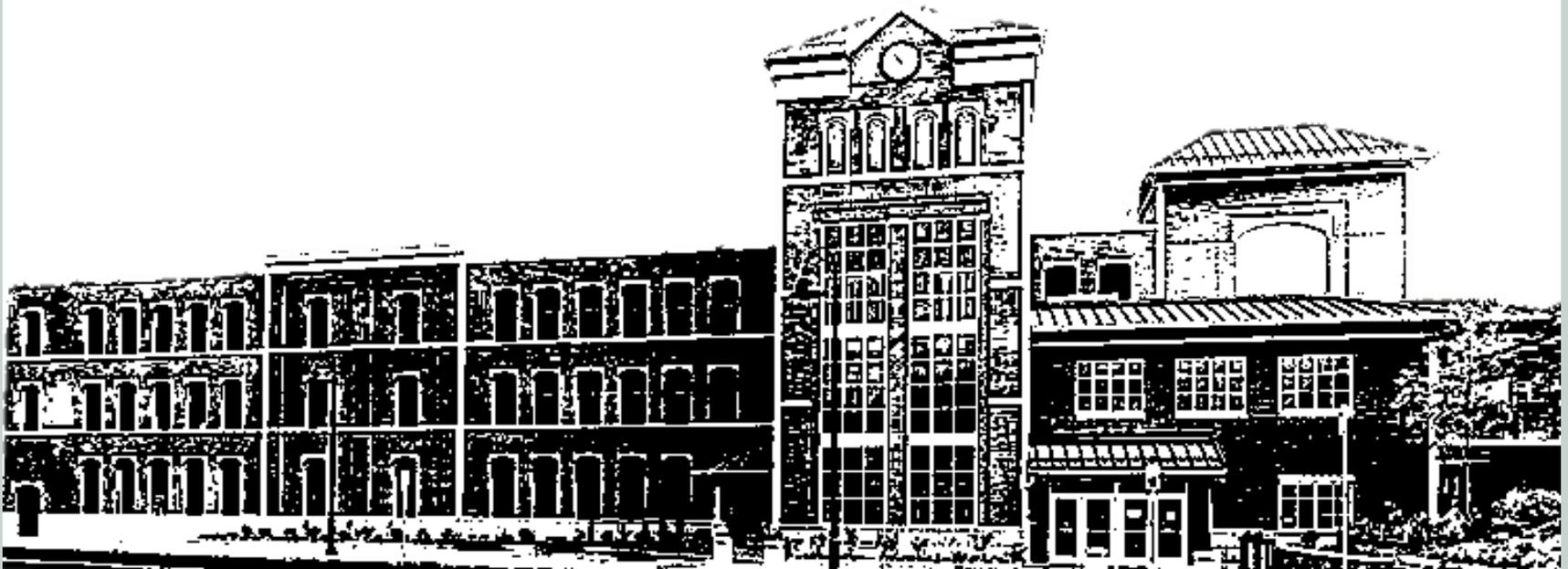
According to the leasing agent, Wickford Junction Station contains the potential for more than 450,000 square feet of retail, office, and residential space and a 250-seat community pavilion/amphitheater. It is a unique site, as it has both auto-oriented and transit-oriented potential. The site's anchors—Walmart and Staples—attract auto-oriented business. The commuter rail station can accommodate over 1,800 passengers daily.

In addition to three currently vacant retail spaces, future retail opportunities exist for restaurants and other businesses in a proposed mixed-use building connected to the transit station parking garage. The site is nicely landscaped and well-maintained, which enhances its appeal. New buildings, including the parking garage and the Walmart expansion, are attractive, due to the Town's design standards.



Source: CBRE/Grossman Realty Advisors <http://looplink.grossman.cbre.com/II/17512993/1051-Ten-Rod-Road/>, and 4ward Planning Inc., 2013

Stakeholder Interviews



Interview Findings

4ward Planning conducted interviews with local developers, brokers, community staff and officials, and business owners in order to determine particular land use challenges and opportunities associated with TDR incentivized development in the Wickford Junction receiving area. The overall opinion of TDR and increased density at the site - and future town-wide development, generally - was mixed.

Some feel...

- ...quite positive about the ability of the transit station and density bonus to incentivize development.
- ...that TDR provides “the opportunity of a lifetime” at Wickford Junction.

Others feel...

- ...that site conditions and local and state environmental regulations are too prohibitive.
- ...that there is no need for TDR because site constraints won't allow higher density.

Interview Findings

OPPORTUNITIES

- Rental demand is at an all-time high.
- The market needs and wants workforce, rental, and senior housing – at higher density.
- Unlike nationwide trends, there is a demand for office space (small footprint).
- This may be the development opportunity of a lifetime, if certain challenges can be overcome.
- The transit station has potential to spur development and attract additional traffic to site (albeit currently limited).
- There is an assumption that the millennial population will drive growth (if they can find jobs and if the rents are low enough to meet their needs).
- There is room for modest retail growth at Wickford Junction.
- The retail draw can be both auto-oriented and transit-oriented. But can the two co-exist?
- There is a demand by Quonset workers for local housing.
- The majority of new housing demand stems from young workers and empty nesters looking to rent smaller units.

Interview Findings

CHALLENGES

- Historically, the permit process is a disincentive for constructing multi-family market-rate housing.
- There is concern about increased density, including the potential increase in school-aged children.
- There are no jobs, and any job opportunities are available in more urban areas.
- This is a limited development area due to site conditions (e.g. ledge, groundwater).
- Groundwater and stormwater regulations are too expensive to meet.
- Inclusionary zoning (affordable) requirements create a disincentive for density.
- Retail opportunity is limited; chain and big box stores are doing well while mom and pop (specialty) stores are struggling.
- Transit service is not frequent enough for commuters and lacks weekend service.
- Regional/highway exposure is limited.
- Home values have decreased but land and development costs remain high, reducing profit.
- Most developers have no need for TDR bonuses and/or cannot build the added density.

SOCIO-ECONOMIC AND LABOR & INDUSTRY TRENDS ANALYSIS



Glossary of Terms

Household Population Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Family A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members because family household members include any non-relatives living in the household.

Non-Family A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Household A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget. A metro area contains a core urban area of 50,000 or more population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Source: US Census Bureau

Methodology

4ward Planning Inc. examined socio-economic trends (for 2010, 2012, and 2017) to comparatively analyze three geographies in the region surrounding the Wickford Junction Station. The geographic areas studied include:

- A 20-minute drive contour from the Wickford Junction Station (Primary Market Area)
- Washington County (commonly referred to as South County)
- Providence-Fall River-Warwick Metropolitan Statistical Area (MSA)

For employment and commuting trends analysis, labor data was gathered from the U.S. Census Bureau's *On The Map* data server as well as from Quarterly Workforce Indicators (QWI) reports. Employment-related analyses were performed for the most recent available years (2007, 2009, and 2011). The geographies studied include Washington County and the Rhode Island section of the Providence-Fall River-Warwick MSA.

The analyses and findings that follow are based on a combination of quantitative and qualitative techniques. Quantitative analyses are underpinned by a combination of public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst software — a socio-economic data analysis tool. Estimated and projected socio-economic trends examined included population growth, formation of family and non-family households, household income, residential tenure, occupational employment, and age cohort characteristics.

Key Findings: Socio-economic Analysis

Flat population and household growth

All study areas are projected to experience relatively flat population and household growth through 2017, with households growing at a higher rate than population.



Relative rise in non-family households

Consistent with national and regional trends, non-family households are projected to grow faster than family households in all geographies examined.



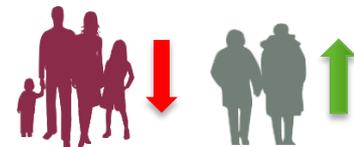
Notable increases in higher-income households

For all three study areas (the 20-minute drive contour from Wickford Junction, Washington County, and the Providence MSA), the percentage of households earning less than \$75,000 a year is expected to decline, while the percentage of households earning greater than \$75,000 is expected to significantly increase.



Strong growth in empty nester age cohorts

Among all three geographies, the age cohorts for early- and late-stage families are declining while empty nesters, particularly older empty nesters (65-74), are rising considerably.



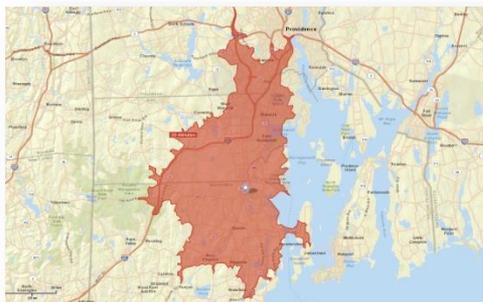
Higher than average consumer expenditures

With the exception of apparel and services, all study areas exceed the national average on a range of key discretionary spending categories, with Washington County leading by a notable margin.



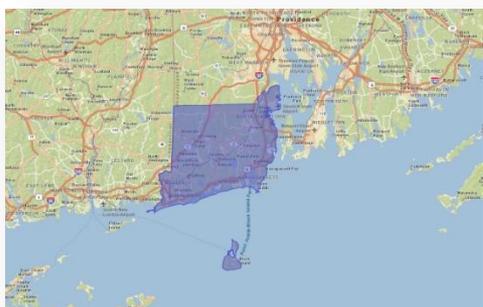
Socio-economic Trends Analysis Study Areas – 2012 Summary

20-Minute Drive Contour



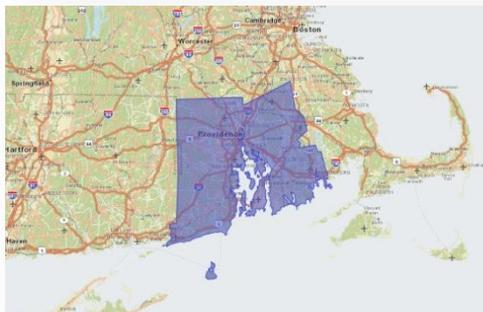
Population: 229,236
 Total Households: 90,235
 Median Age: 42
 Median Household Income: \$57,794
 Percent of Household Incomes >\$75,000: 38%
 Percent Owner-Occupied Housing: 61%

Washington County



Population: 128,724
 Total Households: 49,634
 Median Age: 43
 Median Household Income: \$70,596
 Percent of Household Incomes >\$75,000: 48%
 Percent Owner-Occupied Housing: 57%

Providence-Fall River-Warwick MSA



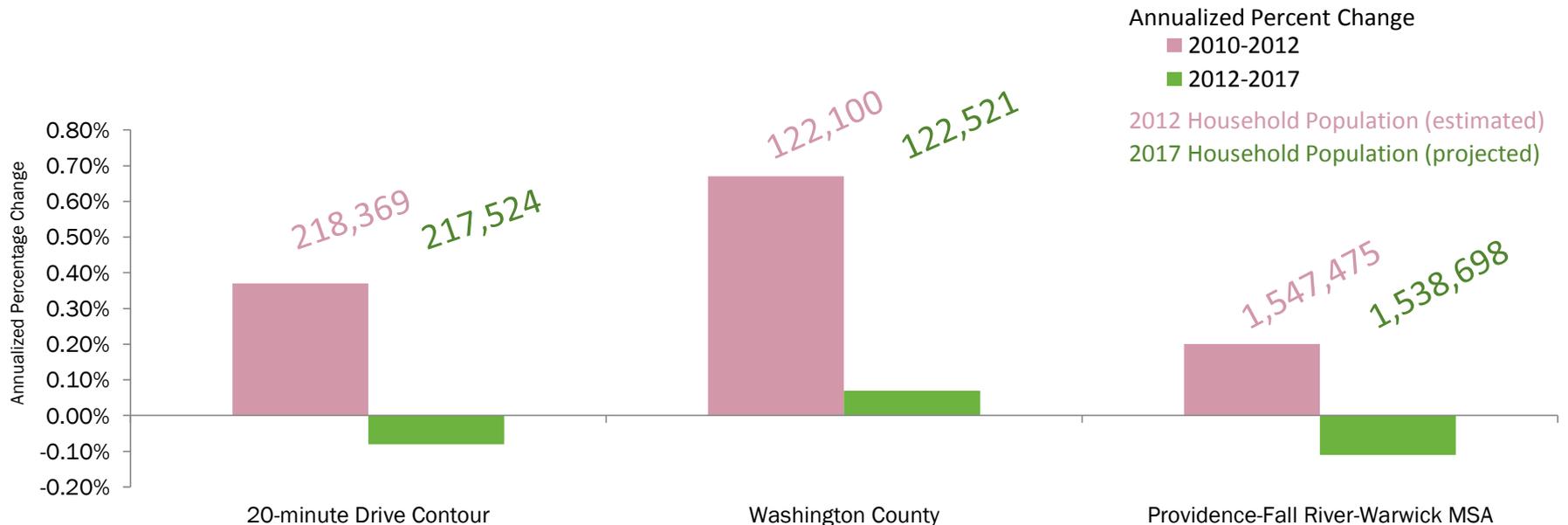
Population: 1,603,495
 Total Households: 626,508
 Median Age: 40
 Median Household Income: \$53,554
 Percent of Household Incomes >\$75,000: 35%
 Percent Owner-Occupied Housing: 54%

Source: US Census Bureau; Esri; 4ward Planning Inc, 2013

Household Population Growth

Figure A-1 illustrates that household population growth within all three geographies studied was effectively flat over the 2010 to 2012 time period, with Washington County exhibiting the highest annual rate at a mere 0.67 percent. While the 20-minute drive contour and the Providence MSA are expected to experience very slight household population declines through 2017 (-0.08 and -0.11 percent per year, respectively), household population growth is expected to remain generally flat, in absolute terms, through 2017 for all three geographies. This, however, should not be taken to indicate a lack of demand for new housing (see household formation discussion below).

Figure A-1: Annualized Percentage Change, Household Population



Source: US Census Bureau; Esri; 4ward Planning Inc, 2013

Household Formation Trends



Table A-1: Household Formation Trends

20-Minute Drive Contour

	2010		2012		2017		Percentage Change	
	Count	%	Count	%	Count	%	2010-2012	2012-2017
Total Households	89,940	100.0%	90,235	100.0%	90,635	100.0%	0.3%	0.4%
Family Households	57,182	63.6%	57,438	63.7%	57,016	62.9%	0.5%	-0.7%
Non-Family Households	32,758	36.4%	32,797	36.3%	33,619	37.1%	0.1%	2.5%
Average households size	2.41		2.42		2.40		0.4%	-0.8%

Average household size is declining in each geography, but is lowest in the 20-minute drive contour.

Washington County

	2010		2012		2017		Percentage Change	
	Count	%	Count	%	Count	%	2010-2012	2012-2017
Total Households	49,177	100.0%	49,634	100.0%	50,420	100.0%	0.9%	1.6%
Family Households	32,297	65.7%	32,602	65.7%	32,724	64.9%	0.9%	0.4%
Non-Family Households	16,880	34.3%	17,032	34.3%	17,696	35.1%	0.9%	3.9%
Average households size	2.45		2.46		2.43		0.4%	-1.2%

All geographies share a similar make-up of family to non-family households (63% to 36%), with non-family households exhibiting modest growth.

Providence-Fall River-Warwick MSA

	2010		2012		2017		Percentage Change	
	Count	%	Count	%	Count	%	2010-2012	2012-2017
Total Households	626,610	100.0%	626,508	100.0%	628,040	100.0%	0.0%	0.2%
Family Households	400,899	64.0%	400,228	63.9%	397,692	63.3%	-0.2%	-0.6%
Non-Family Households	225,711	36.0%	226,280	36.1%	230,348	36.7%	0.3%	1.8%
Average households size	2.46		2.47		2.45		0.4%	-0.8%

Source: US Census Bureau, Esri Community Analyst; 4ward Planning Inc, 2013

Household Formation

Table A-1 and Figures A-2 and A-3 illustrate changes in household formation, including family and non-family households. Consistent with flat population growth, annualized change in total household formation is relatively weak.

Figure A-2: Annualized Percentage Change, Family Households

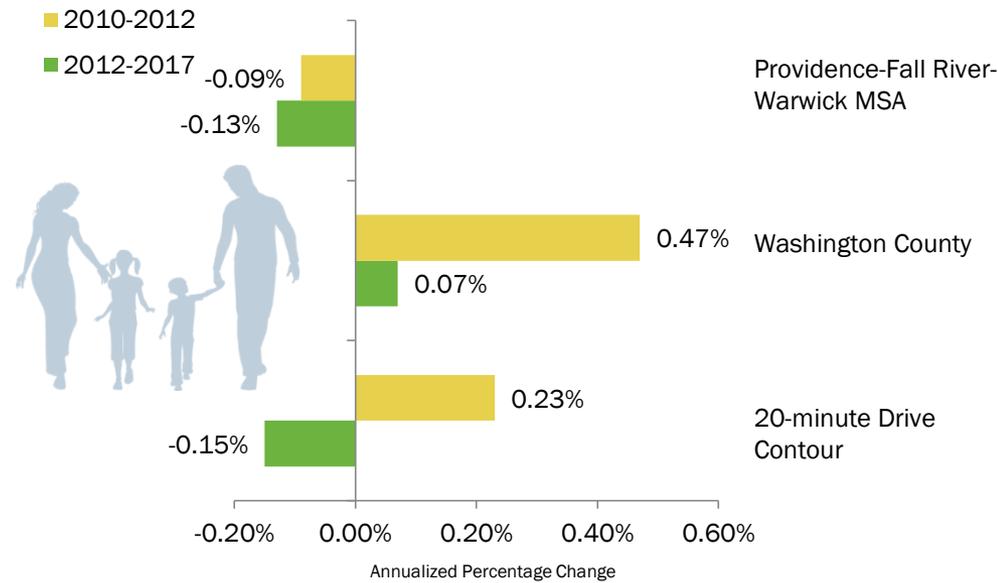
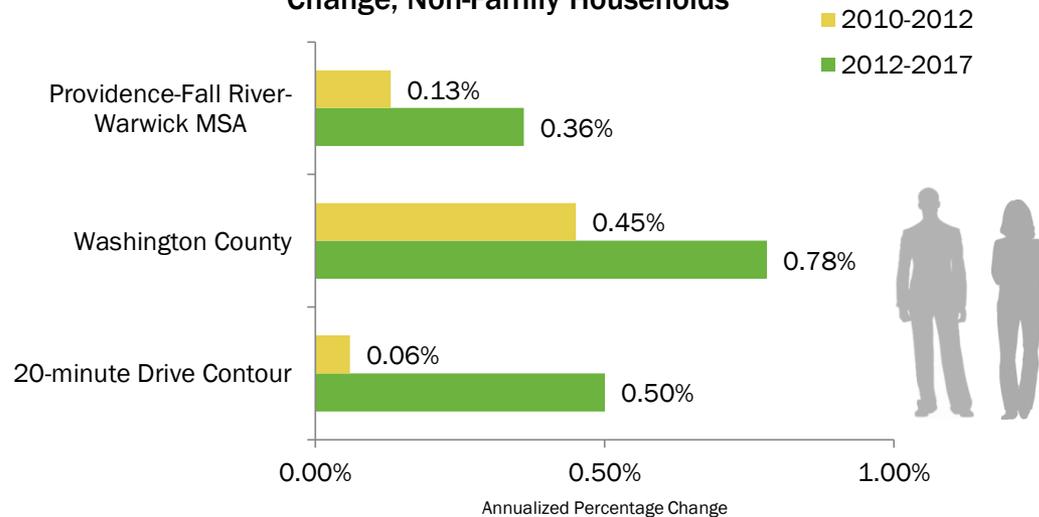


Figure A-3: Annualized Percentage Change, Non-Family Households



However, as a general pattern, non-family households within the study areas are projected to increase at a faster rate than family households from 2012 to 2017, consistent with national and regional trends. Non-family households, typically, drive demand for multi-family rental housing.

Sources: US Census Bureau; Esri; 4ward Planning Inc, 2013

Age

Table A-2: Population Age Trends

Age Range	Age Range
Pre-School-Age Children	< 5 yrs
Grade School-Age Children	5-14 yrs
High School and College-Age	15-24 yrs
Young Workforce and Grads	25-34 yrs
Early Stage Families	35-44 yrs
Late Stage Families	45-54 yrs
Young Empty Nesters	55-64 yrs
Older Empty Nesters	65-74 yrs
Mostly Retired	>74 yrs

All three study areas underwent a notable decrease in early- and late-stage family cohorts (ages 35-54) between 2010 and 2012, a trend that is largely expected to increase through 2017.

Over the next four years, all geographies studied are projected to experience the greatest growth, by far, in the older empty nesters age cohort (ages 65-74).

20-Minute Drive Contour								Percentage Change	
	2010		2012		2017		2010-2012	2012-2017	
Total Population	227,765	100.0%	229,236	100.0%	228,723	100.0%	0.7%	-0.2%	
Pre-School-Age Children	10,933	4.8%	11,003	4.8%	10,979	4.8%	0.7%	-0.2%	
Grade School-Age Children	26,193	11.5%	25,904	11.3%	25,846	11.3%	-1.1%	-0.2%	
High School and College-Age	33,026	14.5%	32,781	14.3%	30,878	13.5%	-0.7%	-5.8%	
Young Workforce and Grads	25,737	11.3%	26,362	11.5%	26,303	11.5%	2.4%	-0.2%	
Early Stage Families	29,609	13.0%	28,884	12.6%	28,133	12.3%	-2.5%	-2.6%	
Late Stage Families	36,898	16.2%	35,990	15.7%	33,165	14.5%	-2.5%	-7.9%	
Young Empty Nesters	30,293	13.3%	31,635	13.8%	32,707	14.3%	4.4%	3.4%	
Older Empty Nesters	16,855	7.4%	17,880	7.8%	21,271	9.3%	6.1%	19.0%	
Mostly Retired	18,221	8.0%	18,339	8.0%	18,984	8.3%	0.7%	3.5%	
Median age	41years		42years		42years		0.7%	1.2%	

Washington County								Percentage Change	
	2010		2012		2017		2010-2012	2012-2017	
Total Population	126,979	100.0%	128,724	100.0%	129,164	100.0%	1.4%	0.3%	
Pre-School-Age Children	5,714	4.5%	5,664	4.4%	5,683	4.4%	-0.9%	0.3%	
Grade School-Age Children	14,730	11.6%	14,675	11.4%	14,725	11.4%	-0.4%	0.3%	
High School and College-Age	21,840	17.2%	21,883	17.0%	20,795	16.1%	0.2%	-5.0%	
Young Workforce and Grads	11,047	8.7%	11,328	8.8%	11,496	8.9%	2.5%	1.5%	
Early Stage Families	14,984	11.8%	14,803	11.5%	14,337	11.1%	-1.2%	-3.2%	
Late Stage Families	21,332	16.8%	20,853	16.2%	19,245	14.9%	-2.3%	-7.7%	
Young Empty Nesters	18,412	14.5%	19,437	15.1%	20,279	15.7%	5.6%	4.3%	
Older Empty Nesters	10,158	8.0%	10,942	8.5%	13,046	10.1%	7.7%	19.2%	
Mostly Retired	8,889	7.0%	9,011	7.0%	9,429	7.3%	1.4%	4.6%	
Median age	42years		43years		43years		1.2%	1.6%	

Providence-Fall River-Warwick MSA								Percentage Change	
	2010		2012		2017		2010-2012	2012-2017	
Total Population	1,600,852	100.0%	1,603,495	100.0%	1,598,560	100.0%	0.2%	-0.3%	
Pre-School-Age Children	88,047	5.5%	88,192	5.5%	87,921	5.5%	0.2%	-0.3%	
Grade School-Age Children	192,102	12.0%	190,816	11.9%	190,229	11.9%	-0.7%	-0.3%	
High School and College-Age	236,926	14.8%	234,110	14.6%	220,601	13.8%	-1.2%	-5.8%	
Young Workforce and Grads	192,102	12.0%	195,626	12.2%	195,024	12.2%	1.8%	-0.3%	
Early Stage Families	214,514	13.4%	208,454	13.0%	203,017	12.7%	-2.8%	-2.6%	
Late Stage Families	248,132	15.5%	242,128	15.1%	222,200	13.9%	-2.4%	-8.2%	
Young Empty Nesters	198,506	12.4%	206,851	12.9%	214,207	13.4%	4.2%	3.6%	
Older Empty Nesters	113,660	7.1%	120,262	7.5%	143,870	9.0%	5.8%	19.6%	
Mostly Retired	116,862	7.3%	118,659	7.4%	121,491	7.6%	1.5%	2.4%	
Median age	40years		40years		40years		1.0%	0.8%	

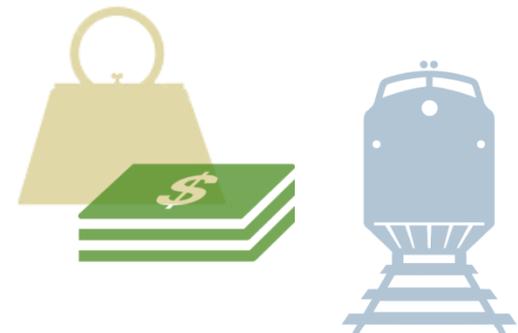
Source: US Census Bureau, Esri Community Analyst; 4ward Planning Inc, 2013

Age of the Population

Table A-2 exhibits population trends by age group for all three geographies examined, covering the 2010 to 2017 period (estimates and projections). As highlighted on the previous page, those age groups known to use transit the most (persons within the 25-54 age cohort) will represent nearly 60 percent of all adult persons 25 and older in the PMA – a population of over 90,000.

Table A-2 also indicates that persons falling within the typical Empty Nester age cohorts (ages 55-64 and 65-74) exhibited varying degrees of positive growth through 2012 and are projected to increase their share of the total population through 2017. Indeed, older empty nesters are projected to increase by 20 percent over the 2012 to 2017 time period.

While this older age cohort may not use transit as extensively as younger persons, recent research shows that persons nearing or in retirement are more inclined to live near transit and related service amenities for reasons of convenience and cost – a trend which is favorable to a prospective mixed-use TOD in Wickford Junction.



Median Household Income

Depicted in Figure A-4, median household income trends indicate that all study areas are expected to see considerable rises in median household income through 2017. The 2012 median household income in the PMA slightly exceeds the 2012 MSA household income level and is notably less than the 2012 median household income in Washington County, a trend projected to continue through 2017. Further, Figure A-5 reveals that the PMA is likely to move toward a more balanced distribution between households earning less than \$75,000 (unadjusted for inflation) per year and those earning more than \$75,000, from 62 and 38 percent to 53 and 47 percent, respectively. This household income distribution suggests new multi-family housing should span a range of affordability.

Figure A-4: Median Household Income Comparison

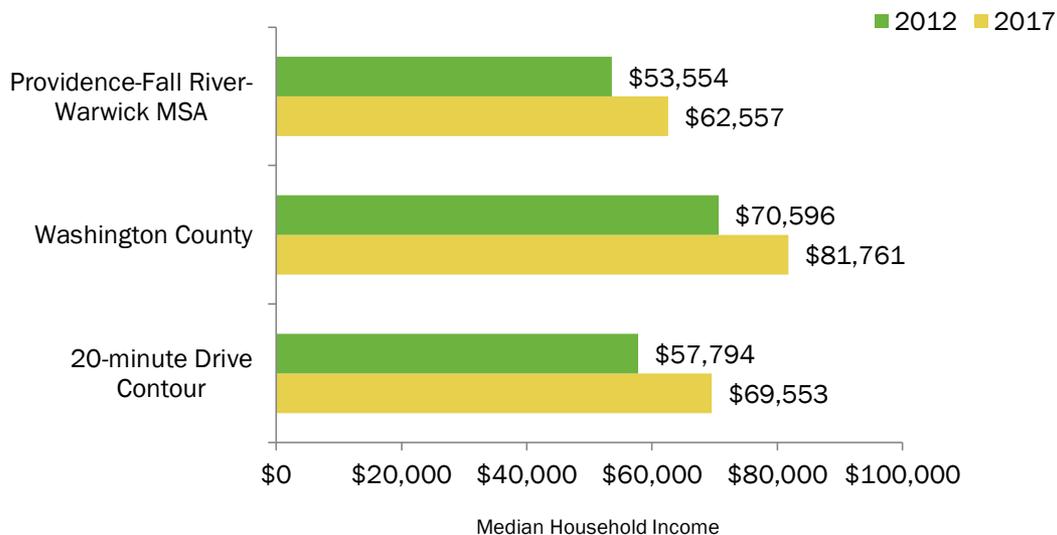
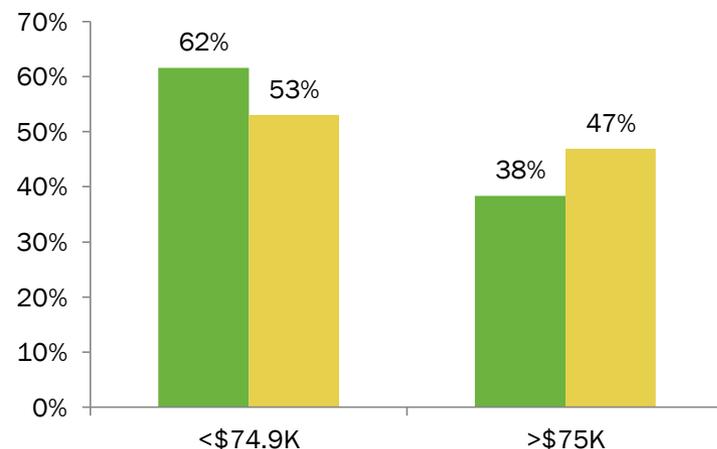


Figure A-5: Percent of Total Households by Income, 20-Minute Drive Contour



Sources: US Census Bureau; Esri; 4ward Planning Inc, 2013

Household Income Trends

At 20.3 percent, the 20-minute drive contour is projected to see the greatest increase in median household income between 2012 and 2017.



The relatively steep rise in higher income households within the MSA, generally, and the PMA, in particular, suggests growing demand for the types of service amenities (specialty retail, restaurants and persons services) typically found within TOD project areas.

Table A-3: Household Income Trends

20-Minute Drive Contour					Percentage Change 2012-2017	
	2012		2017			
Total Households	90,235	100.0%	90,635	100.0%	0.4%	
< \$35,000	26,014	28.8%	21,436	23.7%	-17.6%	
\$35K to \$74.9K	29,597	32.8%	26,654	29.4%	-9.9%	
\$75K to \$99.9K	12,663	14.0%	16,734	18.5%	32.2%	
\$100K to \$149.9K	13,425	14.9%	15,509	17.1%	15.5%	
>\$149.9K	8,531	9.5%	10,297	11.4%	20.7%	
Median household income	\$57,794		\$69,553		20.3%	

Washington County					Percentage Change 2012-2017	
	2012		2017			
Total Households	49,634	100.0%	50,420	100.0%	1.6%	
< \$35,000	11,619	23.4%	9,310	18.5%	-19.9%	
\$35K to \$74.9K	14,399	29.0%	12,732	25.3%	-11.6%	
\$75K to \$99.9K	7,171	14.4%	9,252	18.3%	29.0%	
\$100K to \$149.9K	9,302	18.7%	10,571	21.0%	13.6%	
>\$149.9K	7,143	14.4%	8,555	17.0%	19.8%	
Median household income	\$70,596		\$81,761		15.8%	

Providence-Fall River-Warwick MSA					Percentage Change 2012-2017	
	2012		2017			
Total Households	626,508	100.0%	628,040	100.0%	0.2%	
< \$35,000	205,557	32.8%	178,169	28.4%	-13.3%	
\$35K to \$74.9K	200,235	32.0%	181,124	28.8%	-9.5%	
\$75K to \$99.9K	77,706	12.4%	102,245	16.3%	31.6%	
\$100K to \$149.9K	89,448	14.3%	102,029	16.2%	14.1%	
>\$149.9K	53,556	8.5%	64,467	10.3%	20.4%	
Median household income	\$53,554		\$62,557		16.8%	

Source: US Census Bureau, Esri Community Analyst; 4ward Planning Inc, 2013

Household Income Key Findings

Table A-3 arrays household income data for all three study geographies, by year (2012 and 2017) and income levels. Key findings from this data include the following:

- Upper household incomes (\$75,000 and greater) represent a considerable and growing segment of households within all of the study areas, and particularly within Washington County – an encouraging sign for future mixed-use investment within Wickford Junction.
- The fastest growing household income segment, across all geographies examined, are households earning \$75,000 to just under \$100,000 – a solidly middle-class income group. At this level of household income and higher, discretionary expenditures on dining-out and personal services increases markedly over that of lower-income households.
- Low- and moderate-income households, while generally declining in overall share of total households across geographies, nonetheless, represent slightly more than six out of ten households in the PMA and more than four in ten households within Washington County. The size of this household income segment suggests there will be ample demand for low- and moderate-income housing.



Industry Trends



While Washington County, as of 2011, has not recovered to its pre-recession number of jobs, it saw seven out of its top ten industries grow between 2009 and 2011, with the greatest growth occurring in professional, scientific, and technical services, at 22.3 percent.

Many of the occupations within the top ten industries, particularly those expected to grow through 2017, pay low to medium scale wages – suggesting new housing price points would need to align.

Top 10 Industries by Employment

Washington County

	2007		2009		2011		Percentage Change	
	Jobs	%	Jobs	%	Jobs	%	2007-2009	2009-2011
Total Primary Jobs	44,727	100.0%	42,030	100.0%	42,805	100.0%	-6.0%	1.8%
Manufacturing	7,186	16.1%	6,976	16.6%	7,010	16.4%	-2.9%	0.5%
Educational Services	7,376	16.5%	7,477	17.8%	6,658	15.6%	1.4%	-11.0%
Health Care and Social Assistance	6,091	13.6%	6,137	14.6%	6,269	14.6%	0.8%	2.2%
Retail Trade	6,141	13.7%	5,359	12.8%	5,262	12.3%	-12.7%	-1.8%
Accommodation and Food Services	3,925	8.8%	3,763	9.0%	3,871	9.0%	-4.1%	2.9%
Wholesale Trade	1,614	3.6%	1,670	4.0%	1,771	4.1%	3.5%	6.0%
Professional, Scientific, and Technical Services	1,334	3.0%	1,330	3.2%	1,627	3.8%	-0.3%	22.3%
Other Services (excluding Public Administration)	1,582	3.5%	1,453	3.5%	1,561	3.6%	-8.2%	7.4%
Construction	2,184	4.9%	1,603	3.8%	1,501	3.5%	-26.6%	-6.4%
Administration & Support, Waste Management and Remediation	1,120	2.5%	989	2.4%	1,167	2.7%	-11.7%	18.0%

Providence-Fall River-Warwick MSA (RI only)

	2007		2009		2011		Percentage Change	
	Jobs	%	Jobs	%	Jobs	%	2007-2009	2009-2011
Total Primary Jobs	440,160	100.0%	407,709	100.0%	413,662	100.0%	-7.4%	1.5%
Health Care and Social Assistance	69,996	15.9%	71,391	17.5%	75,173	18.2%	2.0%	5.3%
Educational Services	50,052	11.4%	48,360	11.9%	46,140	11.2%	-3.4%	-4.6%
Retail Trade	47,379	10.8%	43,143	10.6%	43,610	10.5%	-8.9%	1.1%
Manufacturing	51,062	11.6%	42,386	10.4%	40,916	9.9%	-17.0%	-3.5%
Accommodation and Food Services	35,207	8.0%	33,735	8.3%	35,720	8.6%	-4.2%	5.9%
Finance and Insurance	26,745	6.1%	22,923	5.6%	22,515	5.4%	-14.3%	-1.8%
Professional, Scientific, and Technical Services	21,168	4.8%	20,839	5.1%	20,698	5.0%	-1.6%	-0.7%
Administration & Support, Waste Management and Remediation	20,695	4.7%	18,263	4.5%	19,802	4.8%	-11.8%	8.4%
Public Administration	18,914	4.3%	16,464	4.0%	18,460	4.5%	-13.0%	12.1%
Other Services (excluding Public Administration)	16,291	3.7%	15,675	3.8%	16,781	4.1%	-3.8%	7.1%

Source: US Census Bureau, OnTheMap; 4ward Planning Inc, 2013

Washington County Commuting Patterns

Washington County has maintained a net job outflow for all years examined, hovering between 11.5 and 12 percent. Not surprisingly, Providence is the top worker destination for the employed residents of Washington County, with Westerly, Warwick, and the Wakefield-Peacedale Census Defined Place (CDP) relatively close behind. The worker destination that has seen by far the greatest growth in absolute and percentage terms is the Kingston CDP, expanding from 293 workers in 2007 to over 2,000 by 2011. North Kingstown, the destination for workers at Quonset Business Park (employing nearly 9,000 workers), is not listed in the top ten destinations, suggesting a large number of in-commuting residents outside of Washington County. This net job outflow pattern may suggest an inadequate supply of workforce housing within North Kingstown, a finding which has been substantiated by local interviews.

Table A-5: Worker Inflow/Outflow, Washington County

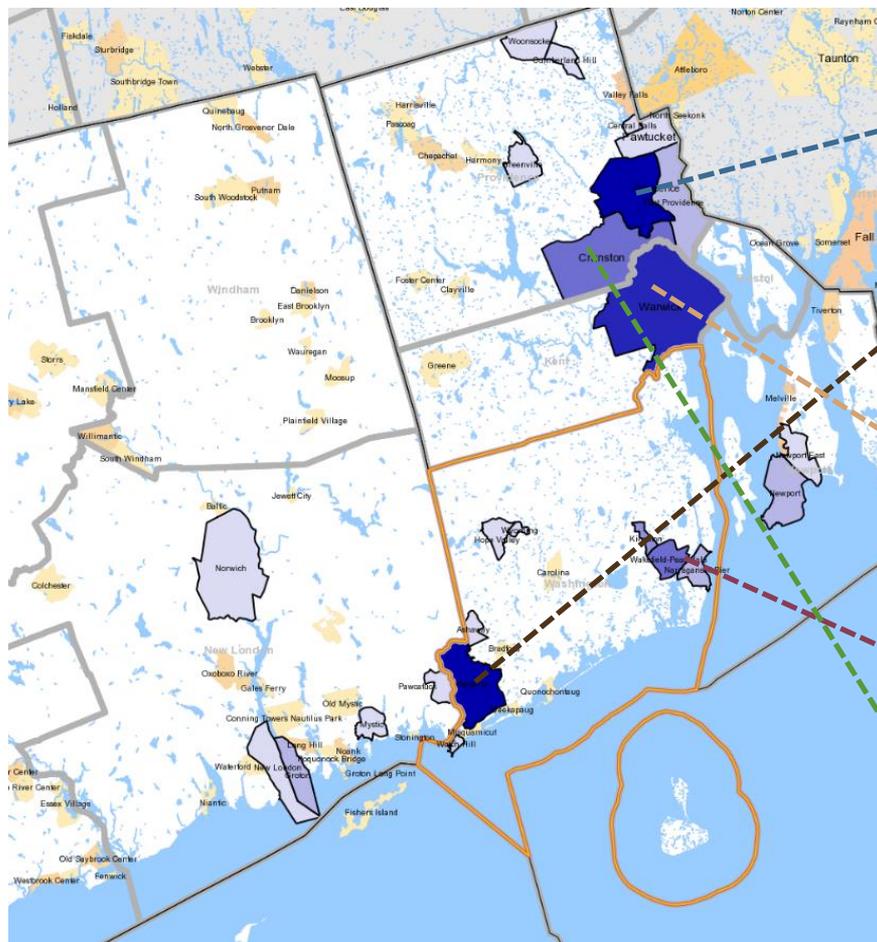
Year	Work Only (Inflow)	Live and Work	Live Only (Outflow)	Net Inflow (+) or Outflow (-)
2011	20,773	22,032	29,446	-8,673
2009	20,188	21,842	28,212	-8,024
2007	20,761	23,966	29,336	-8,575

Table A-6: Top Ten Work Destinations for Residents of Washington County

	2007	2009	2011
Providence city, RI	5,553 10.4%	4,900 9.8%	5,254 10.2%
Westerly, RI	5,013 9.4%	4,576 9.1%	4,851 9.4%
Warwick city, RI	4,553 8.5%	4,194 8.4%	4,291 8.3%
Wakefield-Peacedale, RI	4,639 8.7%	3,165 6.3%	3,017 5.9%
Cranston city, RI	2,764 5.2%	2,609 5.2%	2,389 4.6%
Kingston CDP, RI	293 0.5%	713 1.4%	2,054 4.0%
Groton city, CT	627 1.2%	1,095 2.2%	1,256 2.4%
Newport city, RI	987 1.9%	1,026 2.0%	1,173 2.3%
Narragansett Pier CDP, RI	1,102 2.1%	1,486 3.0%	889 1.7%
East Providence city, RI	951 1.8%	828 1.7%	843 1.6%

Source: US Census Bureau, OnTheMap; 4ward Planning Inc., 2013

Washington County Work Destinations and Distance to Work



**Table A-7:
Distance to Work, 2011**

Miles to Work	Count	Percent
< 10	21,512	41.8%
10- 24	20,084	39.0%
25-50	8,610	16.7%
>50	1,272	2.5%

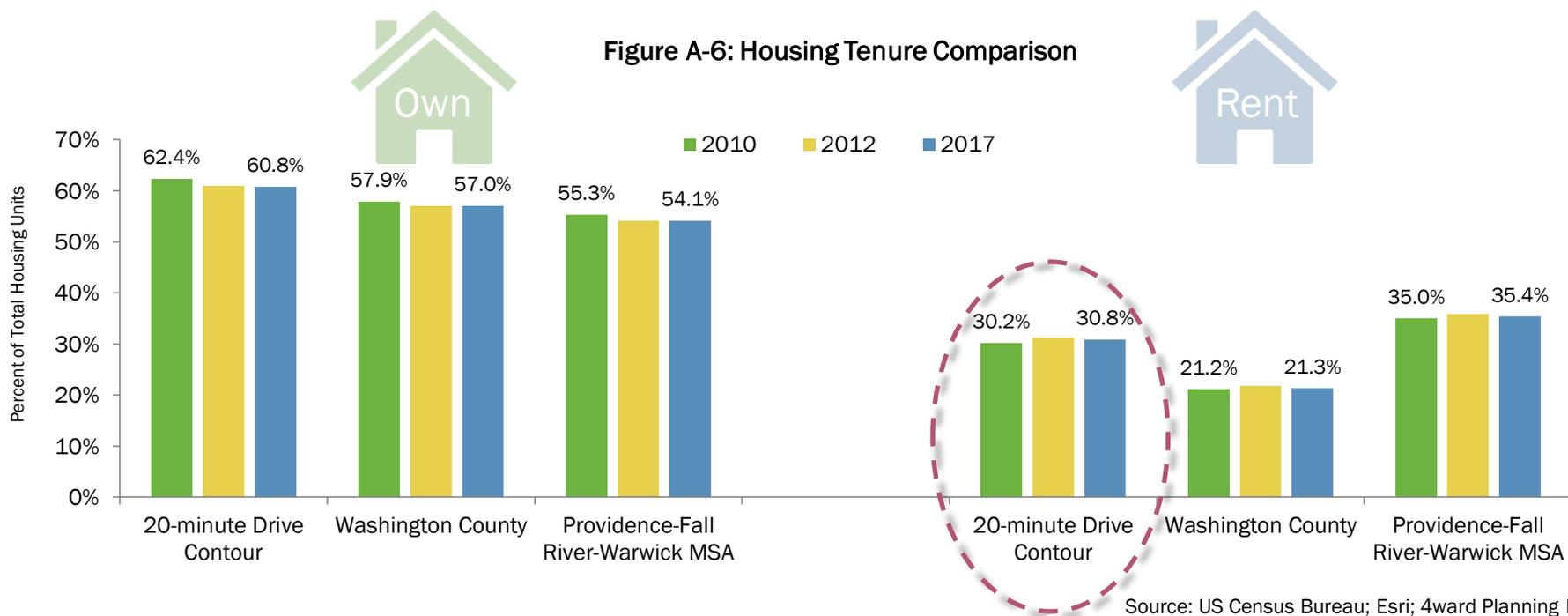
Nearly six out of ten employed Washington County residents travel greater than 10 miles (approximately 20-minutes) to work. Further, approximately one out of five must travel greater than 25 miles (approximately 55 minutes).

1. Providence, RI
2. Westerly, RI
3. Warwick, RI
4. Wakefield-Peacedale, RI
5. Cranston, RI

Source: US Census Bureau, OnTheMap; 4ward Planning Inc., 2013

Housing Ownership Trends

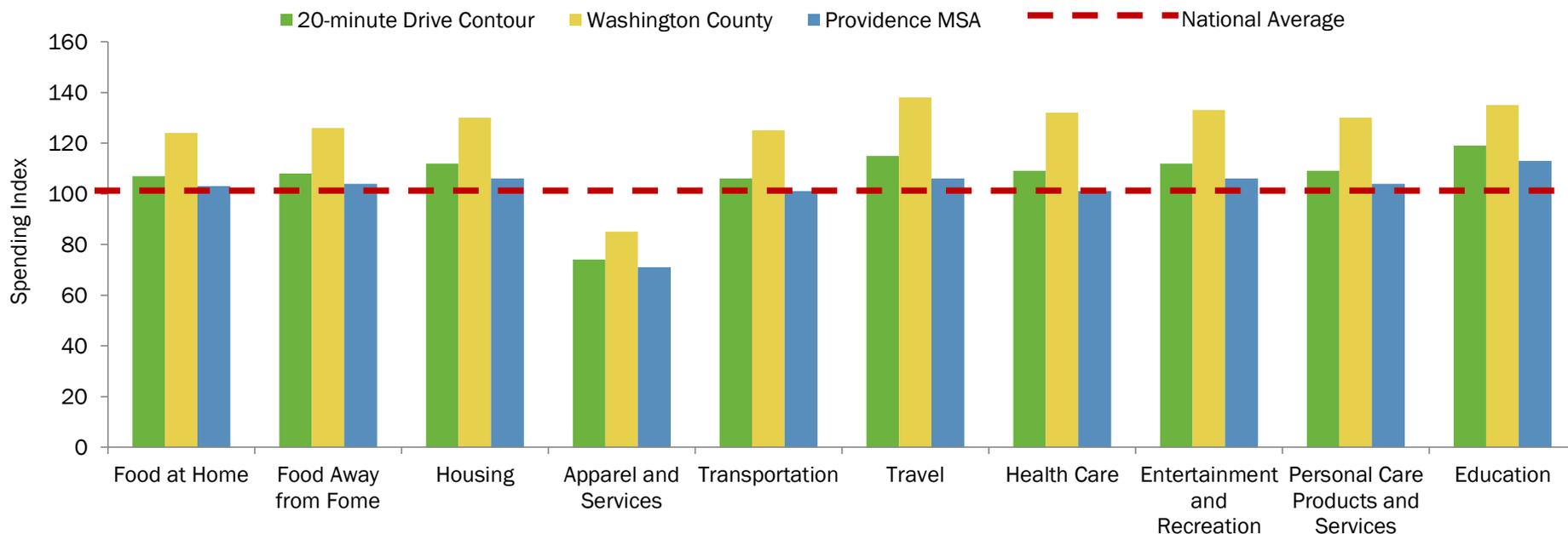
Figure A-6, below, comparatively illustrates the trends of housing tenure for the three study geographies, indicating that a higher percentage of housing units are owner-occupied rather than renter-occupied. The figures also show that housing tenure has, and will continue, to hold relatively steady across all geographies, with largely flat growth among the percentages of both owner- and renter-occupied units. Though slight, Figure A-6 indicates a trend of declining owner-occupied housing and a rise in renter-occupied housing. This trend, which may accelerate over the next twenty years as a result of demographic changes, tastes and financial capacity, favors an increase in multi-family rental housing.



Consumer Expenditure Trends

Figure A-7 below illustrates the spending potential of households in each geography on a select set of discretionary spending categories, with an index value of 100 representing the national average. Excluding apparel and services, all three geographies are characterized by a spending potential that is at or greater than the national average. Washington County notably exceeds the other two geographies in every spending category, consistent with its higher household incomes. Overall, higher than average discretionary spending is a favorable finding for prospective mixed-use development.

Figure A-7: Spending Potential Index by Geography

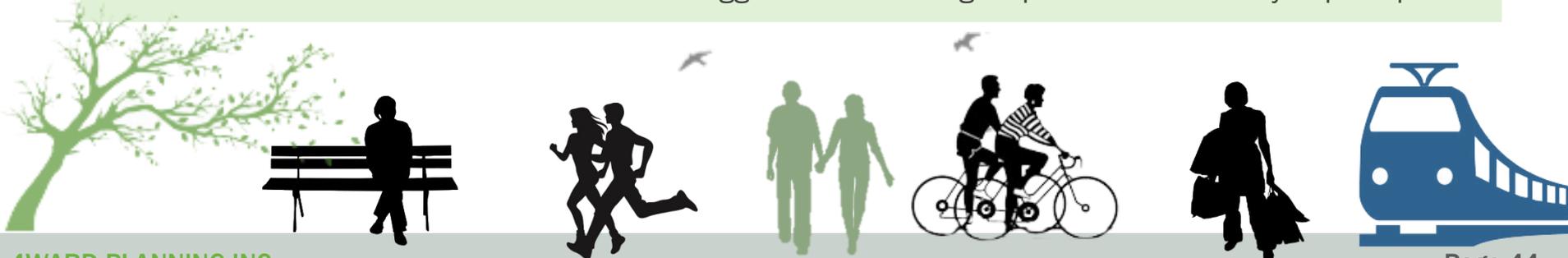


Source: US Census Bureau; Esri; 4ward Planning Inc, 2013

Takeaway: Socio-Economic and Labor & Industry Trends

The preceding analysis of socio-economic trends for the 20-minute drive contour surrounding the Wickford Junction Station (the primary market area), Washington County, and the Providence-Fall River-Warwick MSA provides insight into the population and housing characteristics of the area. While growth in population and household formation has remained relatively flat, and is projected to remain so into the near future, there are a number of indicators which are favorable to prospective mixed-use development in and around Wickford Junction.

- Relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), suggests a demand for rental units.
- Rising share of upper-income households, particularly among households earning \$75,000 to \$100,000, likely contributes to an increase in discretionary spending, which already exceeds the national average, and bodes well for mixed-use development.
- A fast growing segment of persons 55 years of age and older. As persons near retirement, greater consideration is given to downsizing one's residence while remaining close to family, friends and employment opportunities. This suggests a need for a greater stock of smaller housing units.
- A broad distribution of household income suggests new housing be provided at a variety of price points.



REAL ESTATE ANALYSIS



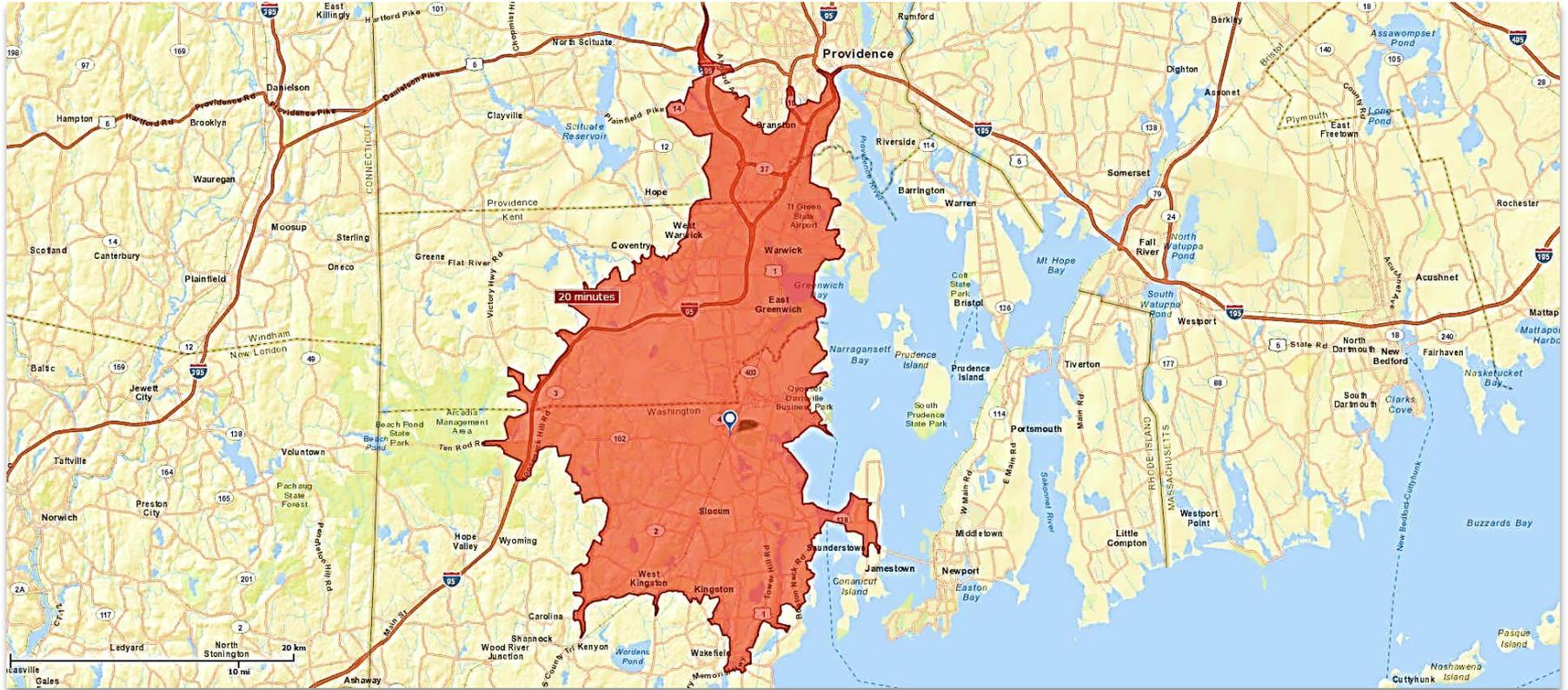
Methodology: Key Steps for Analyzing Trends

4ward Planning utilized Reis, a nationally recognized supplier of office, retail, industrial, and multi-family trend data, to identify submarket real estate trends. In addition to analyzing Reis reports, 4ward Planning's third-party data review included industry products, such as LoopNet and Zillow, to identify location and character of currently available properties. Different geographic submarkets are utilized for different land use types.

4ward Planning focused on the following metrics:

- **Change in Unit or Square-foot Inventory:** Indicates, in broad terms, whether new real estate construction has been active in the area.
- **Year-over-Year Vacancy Rates:** Combined with absorption as a percent of occupied stock, this metric signals whether new construction is being leased and occupied (signaling high demand), or whether it remains vacant (signaling an over-supply of real estate).
- **Absorption as a Percent of Occupied Stock:** Absorption as a percent of occupied inventory reflects the net square footage which has either become occupied (positive absorption) or vacant (negative absorption) during the time period, expressed as a percentage of occupied total unit inventory at the end of the time period.
- **Effective Monthly or Annual Rent:** A measure of the relative value of real estate within the area.
- **Existing Properties:** Additionally, the location and character of currently available properties is examined using industry products.

Primary Market Area (20-minute drive contour)

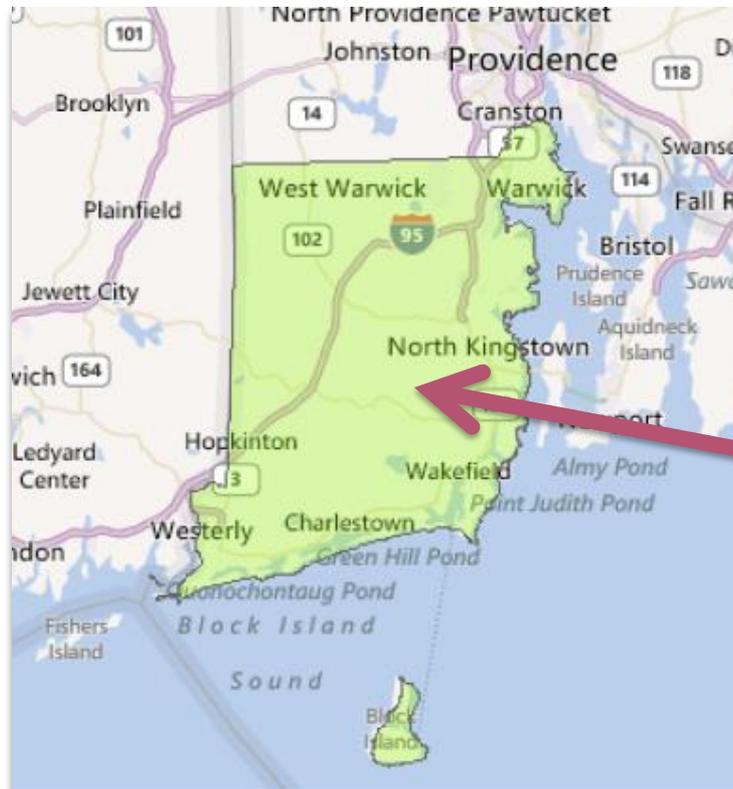


Source: Esri; 4ward Planning Inc. 2013

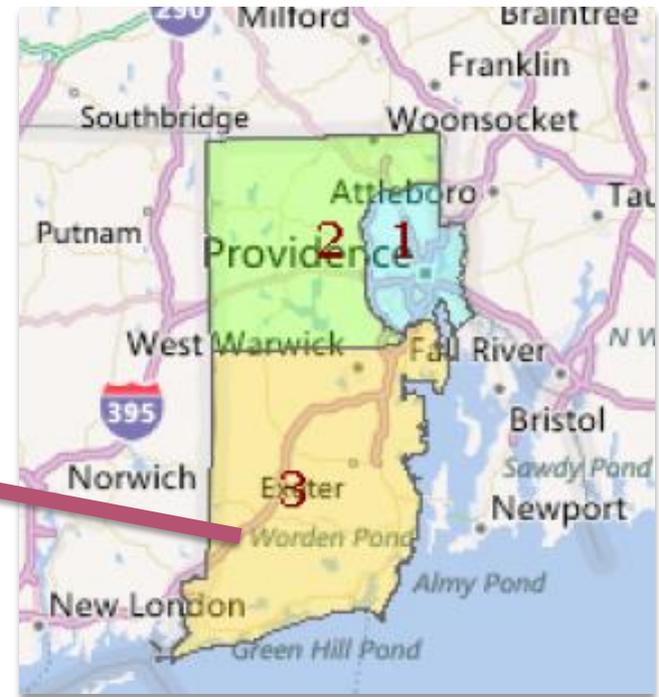
Residential Submarket

According to Reis, the Providence Metro Market (also referred to as “Metro”) consists of three submarkets: (1) Providence, (2) Northern Rhode Island, and (3) Southern Rhode Island. The Southern Rhode Island Submarket (also referred to as the “Submarket”) contains Kent and Washington Counties.

Southern Rhode Island Submarket



Providence Metro Market



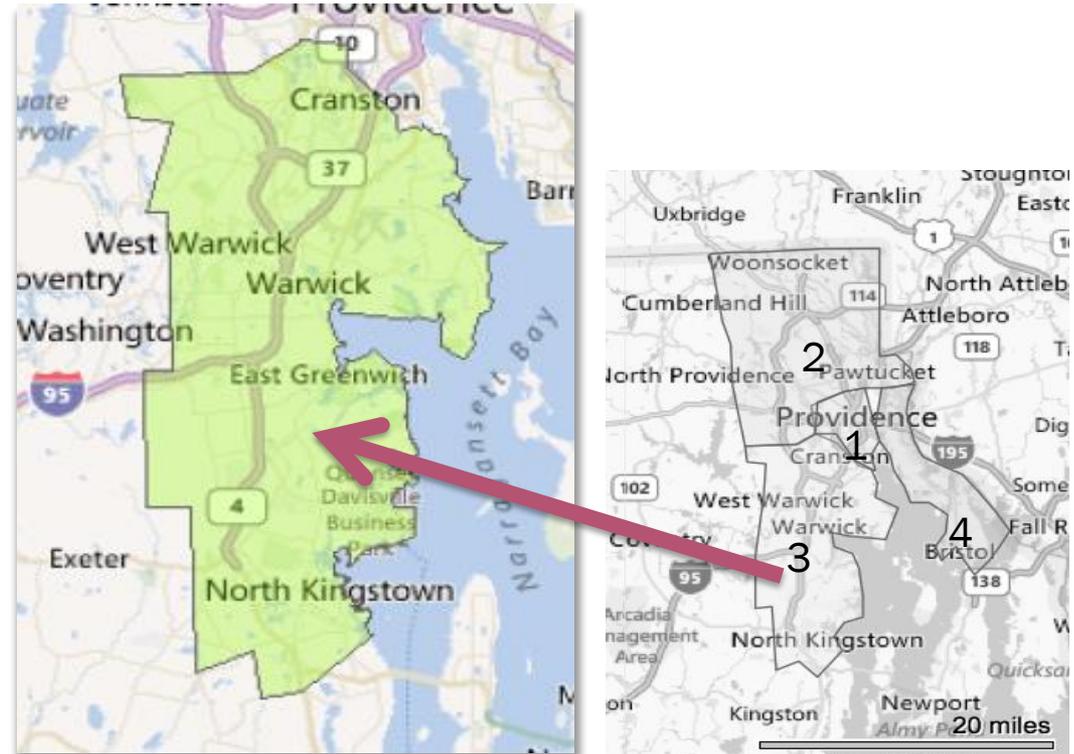
Source: Reis, Bing Maps

Office Submarket

For the purposes of this analysis, we compared the Office Submarket to the nearest metropolitan area (Providence), the larger region (Northeast), and the nation. The Providence Metro Office Market (also referred to as “Metro”), shown below, consists of four Submarkets:

- 1 – Central
- 2 – North
- 3 – West Bay
- 4 – East Bay - Bristol

The West Bay Office Submarket (also referred to as “Submarket”) is the subject of this analysis. As identified by Reis, (delineated in the map at right) it contains the municipal limits of Cranston, East Greenwich, Warwick, West Warwick, and most of North Kingstown.



Source: Reis, Bing Maps

Retail Submarket

For the purposes of this analysis, we compared the Retail Submarket of Washington County to the nearest metropolitan area (Providence), the larger region (Northeast), and the nation. The Providence Metro Market (also referred to as “Metro”), consists of three submarkets, including Central Providence, Kent/Warwick, and Washington County.

Washington County Submarket



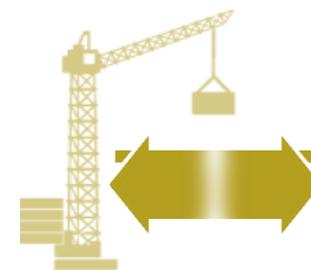
Source: Reis, Bing Maps

Key Findings: Residential



Flat inventory growth

The Southern Rhode Island Submarket’s inventory of multi-family units grew by 0.2 percent between 2007 and 2012, a rate lower than the Providence Metro, Northeast Region, and the nation for the same period. Through 2017, Reis projects the Submarket will slightly outperform the Northeast in multi-family inventory growth.



Below five percent

Vacancy in the Submarket decreased from 7.4 percent in 2009 to 4.5 percent in 2012, and is expected to remain below five percent through 2017. Low vacancy rates indicate a tight multi-family rental market—a favorable trend for new multi-family residential development.



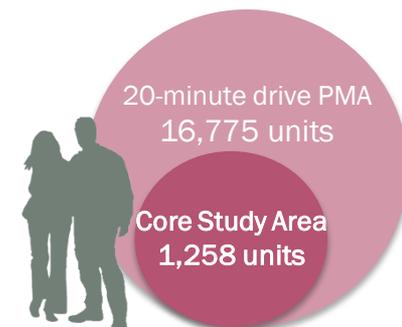
Rents will continue increasing, but remain lower than the Metro Area

Effective monthly rent in the Submarket is projected to increase by 2.8 percent per year through 2017, after increasing 0.9 percent per annum over the last five years. However, the 2013 average effective rent is 16 percent higher in the Providence Metro (\$1,257) than in the Submarket (\$1,084).



Nearly 17,000 new units

The projected demand for new housing units within the 20-minute drive contour (the primary market area) through 2027 is nearly 17,000 units—with approximately 1,200 of these units estimated for the Wickford Junction Core Study Area, using a modest capture rate scenario.



Key Findings: Office



Strong relative growth

Office space inventory in the West Bay Submarket experienced strong growth over the last five years, more so than the Providence Metro, Northeast, and the nation. However, Reis projects that office growth will remain flat within both the Submarket and Metro areas through 2017.



\$18 per square foot

The average asking rent for office space in the West Bay Submarket is estimated to be \$18 per square foot. However, lease rates vary widely by the quality and location of office space. While medical office space currently for lease is demanding an average of \$22 per square foot, average lease rates for creative/loft and R&D offices are much lower, at \$6 and just over \$9 per square foot, respectively.



Demand likely to exceed existing vacancies

Our analysis shows a projected demand for approximately 6.8 million square feet of office space within the 20-minute drive contour by 2020, representing a net increase of just over one million square feet. Local developers generally confirmed a demand for new office space, indicating there is a mismatch between what prospective tenants are looking for and the quality and price of existing inventory.

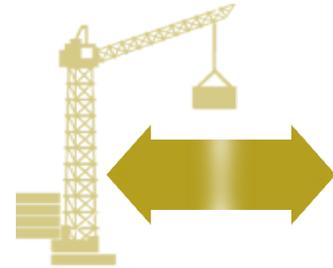


Key Findings: Retail



Zero inventory growth

Retail inventory in Washington County has remained flat over the last five years, and Reis projects there will be no added retail inventory in Washington County through 2017.¹ Local developers described empty storefronts and a ‘challenging and stagnant’ retail market.



Declining vacancy rates and rising rents

According to Reis, over the next five years, retail center vacancy rates within Washington County are projected to decline significantly while asking rents are expected to rise by over ten percent during the same time period. The retail center vacancy rate for Washington County has remained low in comparison to the Providence Metro, Northeast, and the nation as a whole – a trend that is likely to continue.



Potential retail demand in select categories

Consistent with what local developers have described as a challenging retail market, the 20-minute drive contour currently contains a limited demand for retail space. Supportable retail categories include pet supplies, auto & marine parts, as well as a small scale neighborhood grocery store.



Note:

¹ Notwithstanding the Reis projection, expected local activity will result in added retail inventory.

Residential Trends Analysis

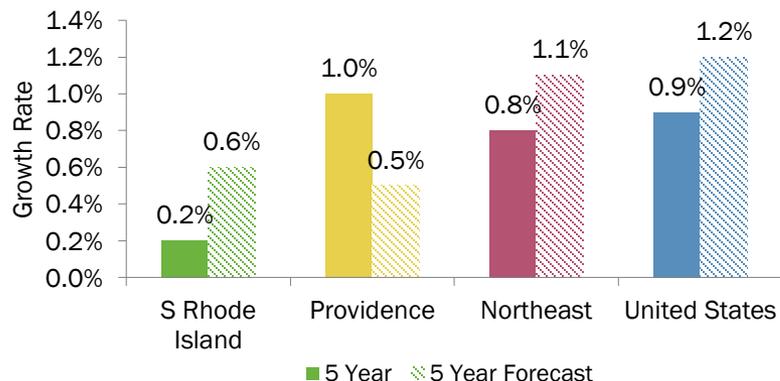
ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



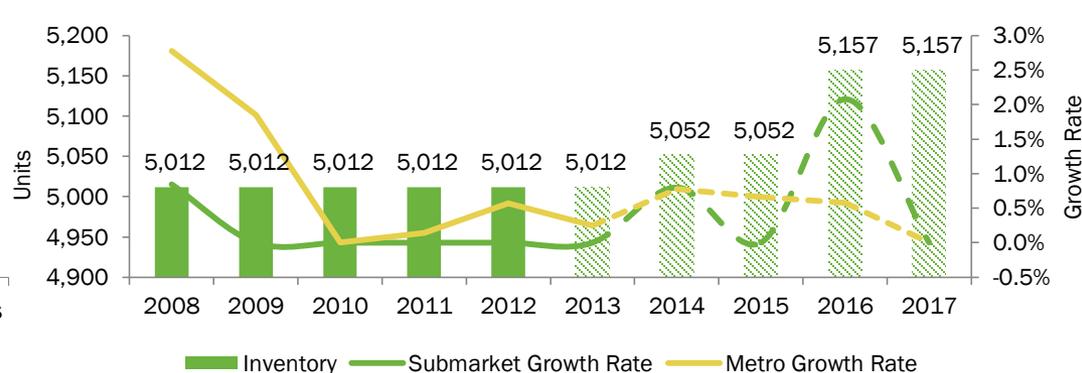
Apartment Inventory

Over the last five years, the apartment inventory within the Southern Rhode Island Submarket grew 0.2 percent per annum, exhibiting lower growth than the Providence Metro, Northeast Region, and the nation, according to data provided by Reis. Residential inventory remained flat between 2008 and 2012, with projections indicating no additional apartment construction occurring until 2014. As of first quarter 2013, the Submarket had a total of 5,012 multi-family units. Over the next five years, Reis projects the Submarket to outperform the Providence Metro, but not the Northeast or Nation. Reis projects an estimated 40 new units (less than one-percent of current inventory) to be added within the Submarket in 2014 and another 105 units in 2016. However, there are approximately 950 multi-family housing units (duplex and up) either under construction or in the process of permitting, according to North Kingstown officials. While these units are expected to take years to be constructed and absorbed, the official figures suggest Reis' projections are conservative – a favorable indicator for prospective residential development within Wickford Junction.

Annualized Residential Inventory Growth Rates



Submarket Residential Inventory Growth

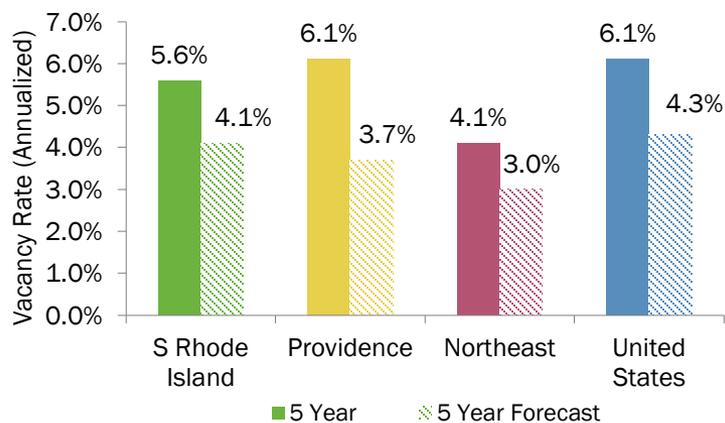


Source: Reis; 4ward Planning Inc. 2013

Apartment Vacancy Rate

Over the last five years, Reis reports that apartment vacancy rates within the Southern Rhode Island Submarket declined from a high of 7.4 percent in 2009 (at the height of the economic downturn) to 4.5 percent in 2012, reflective of a tightening rental housing market. While a brief spike in the apartment vacancy rate occurred during 2012, the multi-family Submarket is projected to hit a 3.5 percent vacancy rate in 2013. Reis also forecasts that apartment vacancy rates in the Submarket will remain relatively tight (below five percent) through 2017—a favorable trend for new multi-family residential investment.

Apartment Vacancy Trends and Forecasts (Annualized)



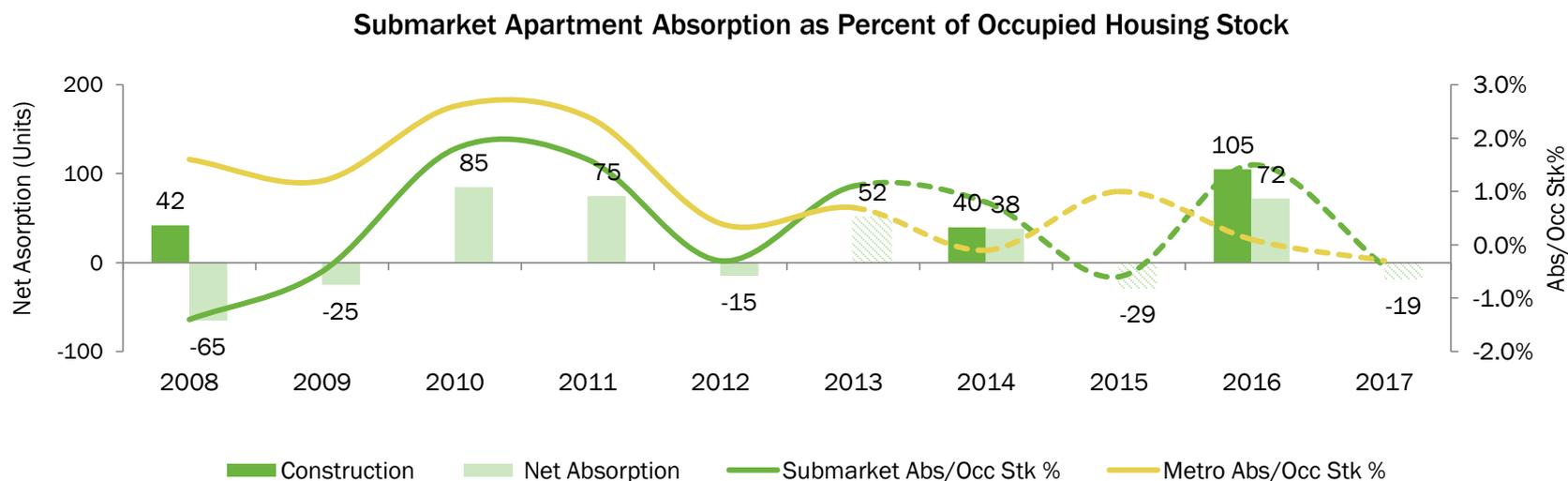
Submarket Apartment Vacancy Trends and Forecasts (Annualized)



Source: Reis; 4ward Planning Inc. 2013

Apartment Absorption

Apartment absorption, as a percent of occupied housing stock, has been fluctuating in the Southern Rhode Island Submarket over the last five years, rising between 2008 and 2010 and, then, declining between 2010 and 2012. Reis projects apartment absorption to continue fluctuating over the next five years. Overall, apartment net absorption for both the Submarket and Metro area will remain positive over the foreseeable future, which is indicative of steady demand for new apartment units.

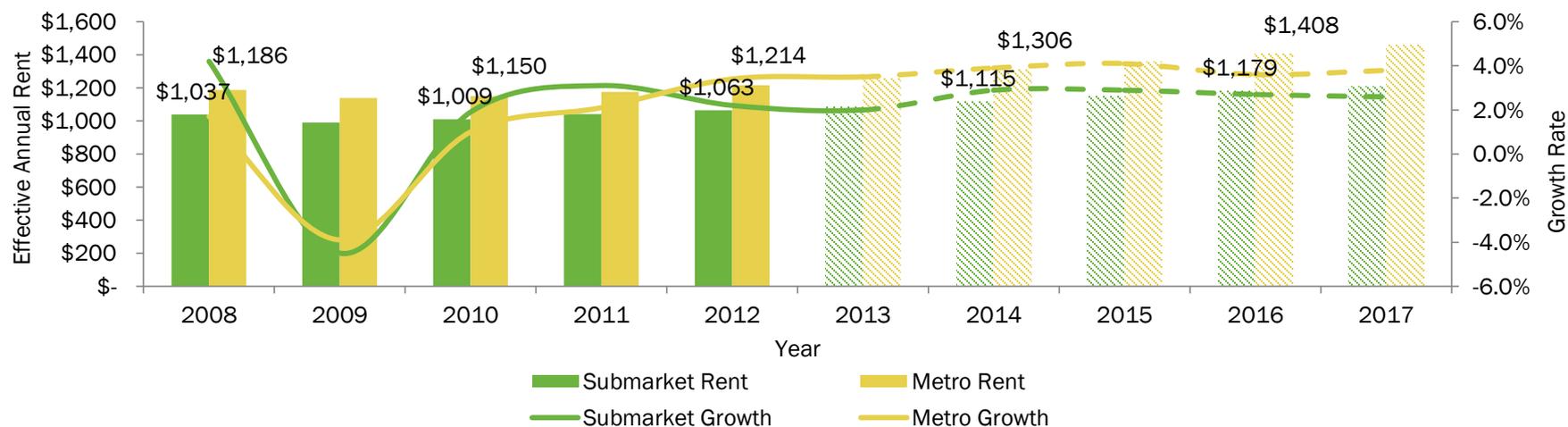


Source: Reis; 4ward Planning Inc. 2013

Apartment Effective Monthly Rent

Average apartment effective monthly rents (which includes offered incentives) within the Southern Rhode Island Submarket and Providence Metro area dipped in 2009, but have been steadily increasing in recent years. As of fourth quarter 2012, average apartment effective monthly rents in the Submarket were \$1,063 – 13.4 percent lower than the Providence metro area effective monthly rent (\$1,214), for the same period. Over the next five years, Reis projects average effective monthly rents to increase by 2.8 percent per year (greater than the projected rate of inflation over the same period) in the Submarket and 3.0 percent in the Metro – increasing to \$1,209 and \$1,462, respectively, by 2017. The projected increase in effective rent is a favorable trend for prospective multi-family rental development.

Apartment Effective Annual Rent Trends and Forecasts (Annualized)



Source: Reis; 4ward Planning Inc. 2013

Apartment Characteristics: For Rent

According to data provided by Zillow.com, as of June 2013, there were only three multi-family properties with units for rent within a five-mile radius of Wickford Junction (other sources, including Apartments.com, contained no rental listings, confirming a tight supply mentioned by local developers). Each listing represented a different bedroom count, including one-, two-, and three-bedroom units. All three current apartment listings feature rents below the Southern Rhode Island Submarket averages, by respective bedroom count.

Multi-family Rentals within Five Miles of Wickford Junction, as of June 2013

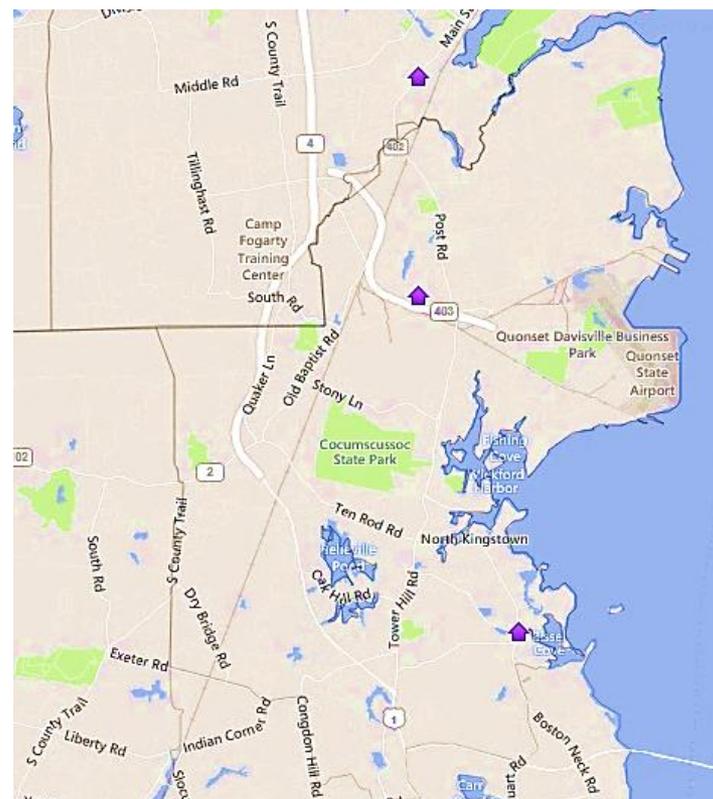
Name	1-Br Average		2-Br Average		3-Br Average	
	Rent	Price per SqFt	Rent	Price per SqFt	Rent	Price per SqFt
5457 Post Road					\$1,350	\$1.07
24 Union Drive	\$397	\$0.66				
Undisclosed Address			\$1,000	N/A		

Source: Zillow.com 4ward Planning Inc., 2013

Southern Rhode Island Average Rents, as of Q1 2013

Unit Structure	Rent	Average Square Feet	Average Price per SqFt
Studio	\$700	449	\$1.56
One-Bedroom	\$954	753	\$1.27
Two-Bedroom	\$1,229	1,066	\$1.15
Three-Bedroom	\$1,582	1,274	\$1.24

Source: Reis, 4ward Planning Inc., 2013



Apartment Characteristics: Multi-family For Sale

Within a five-mile radius of Wickford Junction, 4ward Planning identified only one multi-family property for sale as of June 2013, located at 7255 Post Road in close proximity to the Quonset Business Park. The property contains 16 units on a lot exceeding 12 acres. The considerably low supply of available properties for sale and for rent is consistent with local broker interviews stating that multi-family pent-up demand in the North Kingstown area is at an all-time high, characterized by near 100 percent occupancy and a waiting list.

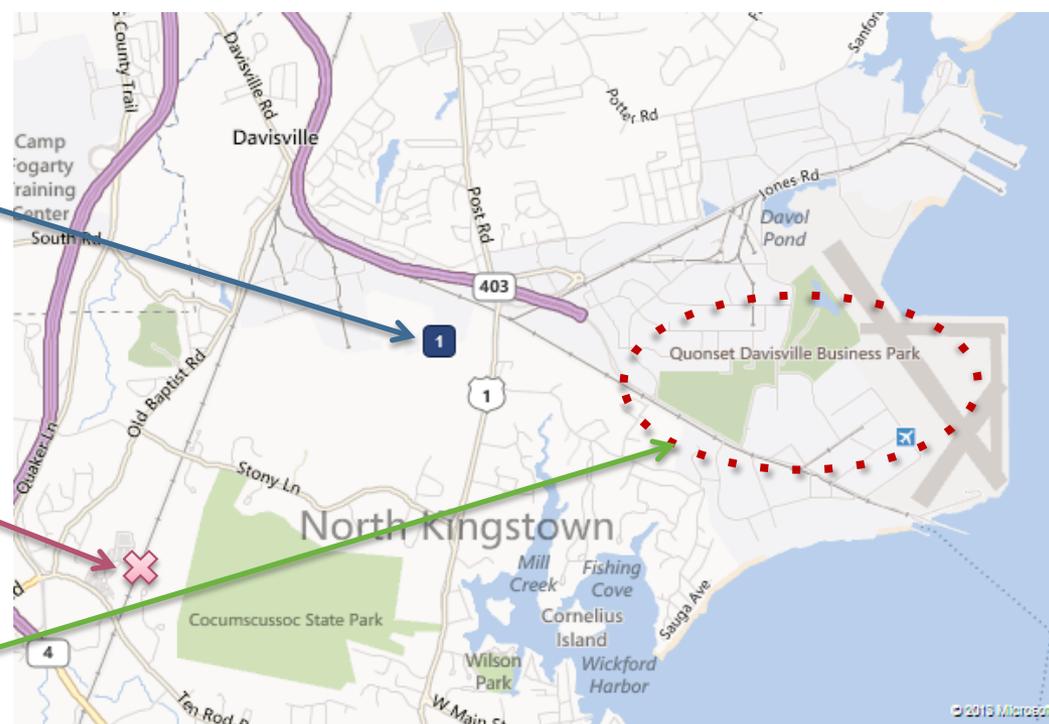
Multi-family Housing for Sale Within Five Miles of Wickford Junction, as of June 2013

Address	Property Subtype	Asking Price	Price per Unit
7255 Post Road	Garden/Low-Rise	\$599,900	\$37,494

Source: Loopnet.com, 4ward Planning Inc., 2013

Wickford Junction Station

Quonset Business Park



Development Pipeline

As shown below and on the following page, there are over 1,200 new housing units either under construction or in some stage of permitting, according to data provided by the Town of North Kingstown. Additionally, the development pipeline consists of approximately 280,000 square feet of retail space.

Name of development	Development type	Project stage	Address	New Units	Project Description/Bedrooms per Units
300 Fletcher Rd.	Conservation subdivision	Pre-app Approved	300 Fletcher Rd.	16	
Barber's Heights	Minor subdivision	Final approval	Barbers Height Ave.	3	3-4 bedrooms
Belleville House	Major subdivision	Under Construction	400 Tower Hill Rd.	40	1-2 bedroom; 39-1 bedroom
Brayman	Minor Subdivision	Preliminary Approval	117 Salisbury Ave.	3	3-4 bedrooms
Blueberry Plantations	Major subdivision	Final approval	South County Tr.	24	3-4 bedrooms
Caldwell & Johnson, Inc.	Major subdivision	Preliminary Approval	6 Elm Dr.	4	2-3 bedrooms; 2-1 bedrooms
Dry Bridge Farm (Slocum Farm)	Major subdivision	Master Plan Approval	Dry Bridge Rd.	21	1-3 bedroom (sfd); 4-1 bedroom (apt); 4-2 bedrooms (apt); 2-1 bedroom (apt); 1-2 bedrooms (apt); 7-3 or 4 bedrooms (sfd & duplex)
Harbor View	Major subdivision	Approved	Post Rd.	20	3 bedrooms (sfd)
Hamilton Allenton	Major subdivision	Under Construction	170 Hamilton-Allenton Rd.	11	
Hill Plat	Minor subdivision	Preliminary Approval	Pendar Rd.	4	
Kingstown Crossing	Major subdivision	Under Construction	Devils Foot Rd.	46	New daycare center; [104 total; 46 new] 12-1 bedrooms (apt); 22-2 bedrooms (apt); 58 -3 bedrooms (apt); 12-4 bedrooms (apt)
Namcook	Major land development project	Master Plan Approval	165 Namcook Rd.	38	8000 s.f. of commercial; 8-3 bedrooms; 30-2 bedrooms

Source: Town of North Kingstown

Development Pipeline (cont.)

Name of development	Development type	Project stage	Address	New Units	Project Description/Bedrooms per Units
North Ridge	Major subdivision	Under Construction	279 School St.	12	3 and/or 4 bedrooms
Preserve at Rolling Greens	Major land development project	Master Plan Approval	Ten Rod Rd.	106	6-1 bedroom (live/work); 13-2 bedrooms (townhouse); 64-2 bedrooms (duplex); 9-2 bedrooms (cottage); 14-3 or 4 bedrooms (sfd)
Residences at Sawmill	Major land development project			245	196-2 bedrooms (apt); 47-1 bedroom (apt)
Reynolds Farm	Major land development project	Preliminary Plan Approval	7447 Post Rd.	574	82-1 bedroom (senior housing); 176-2 bedrooms (apts.); 44-1 bedroom (apts.); 41-3 bedrooms(multi-fam.); 4-1 bedrooms (carriage); 29-2 bedrooms (main st.); 12-2 bedrooms (cottages); 151-3 bedroom (sfd)
Riverwatch	Major subdivision	Approved	Post Rd.	6	3 and/or 4 bedrooms
Schartner	Minor subdivision	Preliminary Plan Submitted	170 Hamilton-Allenton Rd.	3	3 and/or 4 bedrooms
Stonecroft	Major subdivision	Final Plan Submitted	Pendar Rd.	7	5-3 bedroom (sfd); 2-2 bedroom (duplex)
Tully Way	Major subdivision	Approved	Devils Foot Rd.	4	
Walmsley Lane	Major subdivision	Final Approval	100 & 102 Intrepid Rd.	12	
Wickford Cove	Major subdivision	Under Construction	279 School St.	16	16-2 bedrooms (duplex)
Wildwood At Heritage	Minor subdivision	Final Decision	691 Ten Rod Rd.	2	3 and/or 4 bedrooms

Source: Town of North Kingstown

Takeaway: Apartment Trends

Given low projected vacancy rates (below five-percent), rising effective rents, tight inventory, and the workforce housing demand generated from Quonset Business Park, the Wickford Junction Station Core Study Area has the potential to capture a portion of the existing and future demand for rental housing from new and existing workers with a high receptivity for multi-family rental units (e.g., small, high-density one- and two-bedroom units).

Interviews with local brokers confirm the rental housing market opportunities that could be generated by increasing the supply of available workforce housing for employees who would like to live near where they work or, in the case of young professionals, near transit for commuting to Providence.

Further, local real estate professionals have confirmed that demand for multi-family rental units is at an all-time high with very little available units, a pattern confirmed by the notably limited supply of listings.

With such strong demand and an existing shortage of inventory, multi-family fundamentals are very strong in North Kingstown.

Residential Supply-Demand Analysis



Methodology: Residential Supply-Demand Analysis

Selection of Population and Household Growth Scenario

4ward Planning examined a weak growth scenario based on our 2017 projections for population and households. While population and household growth trends could increase at a greater rate through 2017, absent a large influx of large employers to the area, such a trend is unlikely.

Estimation and subtraction of physically obsolescent housing units in the market area

Housing units, like most things, wear out over time. Dependent upon the age of local housing stock and the manner of care applied to it, generally, the annual housing obsolescence rate can range from 0.5 percent annually (solidly built homes that are well cared for) to as high as two percent annually (older housing stock which has seen little preventative maintenance over the years). Based on conditions observed within, and data analyzed for, the 20-minute drive contour, 4ward Planning utilized a one (1) percent annual obsolescence rate for its analysis.

Estimation of pent-up housing demand by PMA workers currently living outside of 20-minute drive contour

Typically, some percentage of workers who commute to places of employment at considerable distance from their homes desire living arrangements closer to their place of employment. For reasons of inadequate housing stock (type, price, location, etc.) currently near their place of employment, these workers do not enter the local housing market and, therefore, are said to represent pent-up demand for local housing. 4ward Planning believes that one out of every 20 workers is a very conservative share estimate for the pent-up demand which likely exists within the Wickford Junction PMA, all other things being equal.

Methodology: Residential Supply-Demand Analysis

Estimation of demand for owner-occupied versus renter-occupied units

Analysis and projection of demand for owner- versus renter-occupied housing units is based on a number of factors within a given market area. These include:

- Current ratio of owner-occupied to renter-occupied units
- Household income levels and trends
- Household type (e.g., family versus non-family households) and formation trends
- Population age trends
- Current & forecasted financial conditions (employment outlook, mortgage rates, ease of mortgage qualification, etc.)

All of the above factors pertaining to the Wickford Junction PMA were taken into consideration for this analysis.

Estimation of demand for one-, two-, and three-bedroom unit types

The estimation of one-, two-, and three-bedroom units as a percentage of all housing units, whether the housing type is for-sale or for-rent, involves many of the same factors identified under the estimation of demand for owner-occupied versus renter-occupied units, as well as an examination of current market trends for various bedroom-unit mixes and findings from interviews with active developers and brokers.

Methodology: Residential Supply-Demand Analysis

Estimation of the natural vacancy rate

A housing market's natural vacancy rate is a function of such factors as whether or not the area is a seasonal tourist destination (e.g., exhibiting higher vacancy rates during the off-season) or whether the area is well established and desirable (typically associated with relatively low vacancy rates).

Every housing market has some degree of vacancy, as household migration is continual. Nationally and regionally, stable and generally well-maintained housing markets exhibit vacancy rates ranging from three to eight percent. 4WARD PLANNING has assigned an estimated annual vacancy rate of seven (7) percent for the Wickford Junction PMA.

Supply and Demand Analysis: Weak Growth Scenario

Key Assumptions Underpinning the Weak Growth Scenario

Net Household Formation Increases by 0.5 Percent per Annum from 2012 to 2027

This assumption is based on increased in-migration from the surrounding area and increased immigration, in response to local area job growth.

Number Employed within 20-minute Drive Contour PMA Increases from 111,948 in 2012 to 138,520 by 2027

This estimate is based on a modest average annual growth rate of 1.43 percent over 2012 base employment.

Five Percent of Those Working in the PMA but Living Elsewhere Represent Pent-Up Demand

Based on an assumption that approximately one-in-twenty workers would trade their commute if there were adequate housing choice in the PMA.

Five percent of the PMA's Current Housing Stock is Physically Obsolescent and Unmarketable

Some of the PMA's rental housing stock is more than 40 years old, increasing the incidence of physical obsolescence.

One Percent of the PMA's Remaining Housing Stock Becomes Obsolescent Annually

All housing stock gradually wears out over time and, on average, one out of every 100 units becomes obsolescent, annually.

Fifty percent of New Unit Demand will be for Rental Housing

This is based on current and likely future socio-economic characteristics of the area and tight lending standards into the future.

The PMA will Maintain an Annual Housing Vacancy Rate of Approximately Seven Percent

The PMA's naturally occurring annual vacancy rate will likely remain around this level, based on existing and projected conditions.

Supply and Demand Analysis: Weak Growth Scenario

Under a modest growth scenario, if no new housing were built in the 20-minute drive contour PMA...

...by 2017 there would be

Households:	92,514
Net Marketable Housing Units:	92,082
Pent-Up Worker Demand in Units:	3,005
Annual Average Number of Vacant Units:	6,446
Estimated Net Housing Unit Demand:	9,881

...by 2022 there would be

Households:	94,850
Net Marketable Housing Units:	91,162
Pent-Up Worker Demand in Units:	3,226
Annual Average Number of Vacant Units:	6,381
Estimated Net Housing Unit Demand:	13,295

...by 2027 there would be

Households:	97,245
Net Marketable Housing Units:	90,250
Pent-Up Worker Demand in Units:	3,463
Annual Average Number of Vacant Units:	6,318
Estimated Net Housing Unit Demand:	16,775

The metrics to the left demonstrate that, under a weak household growth scenario, more than 9,800 new housing units will be demanded within the PMA by 2017, with approximately 30 percent as a result of pent-up worker demand. Much of the remaining demand for new units will come from projected new household formation and replacement of physically obsolescent residential units.

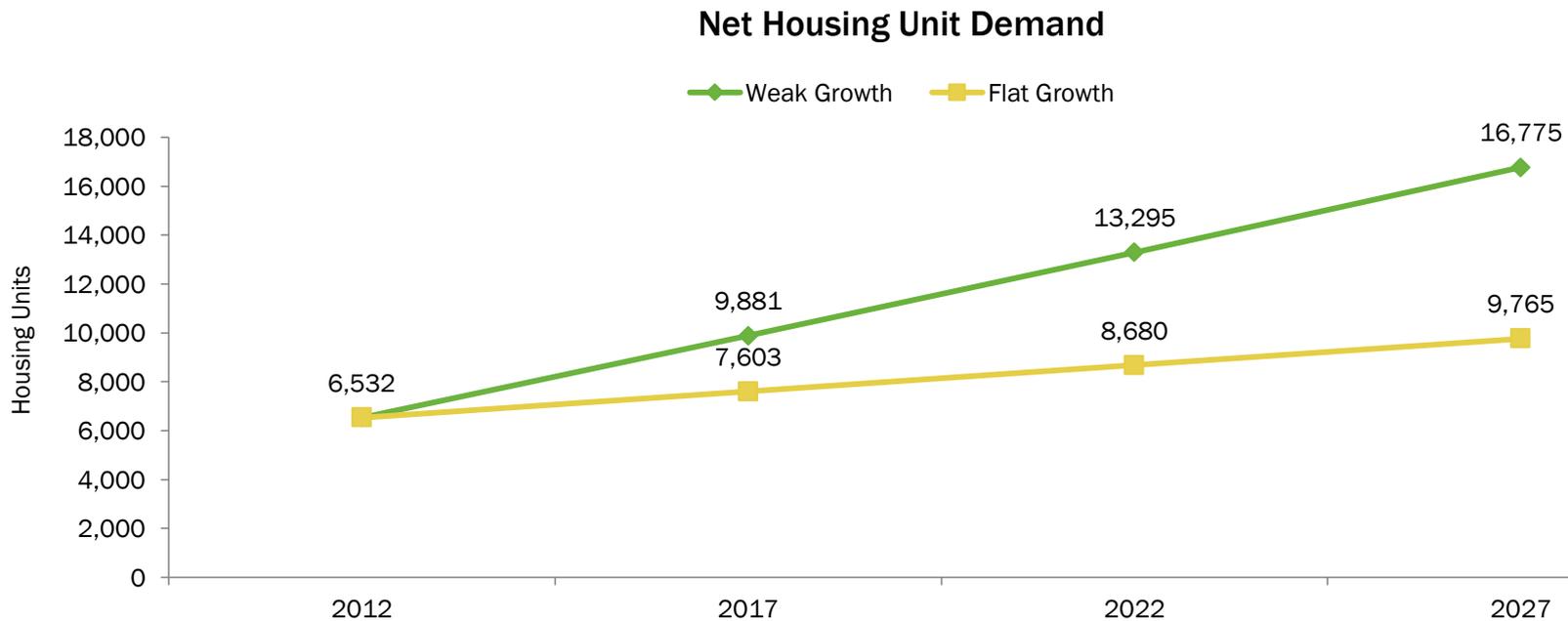
As shown previously, an estimated 950 new multi-family housing units (approximately 1,200 total) are already in the development pipeline for North Kingstown, representing only a fragment of potential new housing demand.

Supply and Demand Analysis: Weak Growth Scenario

Primary Market Area Growth Projection Scenarios	20-minute Drive Contour			
	2012	2017	2022	2027
Scenario: Moderate Annual Growth				
Population	229,236	235,024	240,959	247,044
Households	90,235	92,514	94,850	97,245
Owner Households	45,118	46,257	47,425	48,622
Renter Households	45,118	46,257	47,425	48,622
Employed within PMA (full- and part-time estimate)	111,948	120,185	129,027	138,520
Total Workers Living Outside of PMA	55,974	60,092	64,513	69,260
Housing Units	97,908			
Physically Obsolescent Units	4,895	-	-	-
Net Marketable Housing Units	93,013	92,082	91,162	90,250
Pent-Up Housing Unit Demand Estimate	2,799	3,005	3,226	3,463
Households	90,235	92,514	94,850	97,245
Estimated Total Housing Unit Demand	93,034	95,518	98,075	100,708
Add Average Number of Naturally Occurring Vacant Units	6,511	6,446	6,381	6,318
Net Housing Unit Demand (Excess Units)	6,532	9,881	13,295	16,775
Replacement Demand	979	930	921	912
Household Growth and Pent-Up Worker Demand	5,553	8,951	12,374	15,864
Demand - Owner-Occupied	3,266	4,941	6,647	8,388
Demand - Rental	3,266	4,941	6,647	8,388
Demand - One Bedroom (20%)	1,306	1,976	2,659	3,355
Demand - Two Bedroom (70%)	4,572	6,917	9,306	11,743
Demand - Three Bedroom or Greater (10%)	653	988	1,329	1,678
Demand - HH Income \$75,000 and Greater (15%)	980	1,482	1,994	2,516
Demand - HH Income \$40,000 to \$74,999 (15%)	980	1,482	1,994	2,516
Demand - HH Income \$39,999 and Less (70%)	4,572	6,917	9,306	11,743

Projected Growth Scenarios

In 2012, the estimated net housing demand within a 20-minute drive of Wickford Junction Station was approximately 6,532 units—largely the result of household growth and pent-up worker demand. Assuming the weak population and household growth estimated for the PMA, housing demand from local workers commuting from outside the PMA, as well as replacement demand for physically obsolescent housing units, would result in a demand for more than 16,700 housing units by 2027. Conversely, a scenario of flat household growth would result in an approximate demand for only 9,800 units by 2027.



Source: 4ward Planning Inc 2013

Residential Capture

Assuming that the Wickford Junction Core Study Area (approximately 100-150 acres in area) could capture a share of the net new housing demand projected for the 20-minute drive contour PMA (capture scenarios are based on shares of 5-, 7.5-, and 10-percent capture rates), the Core Study Area has the opportunity to capture 839, 1,258, or 1,678 new multi-family residential dwelling units, respectively, by 2027. Under a conservative capture rate scenario (five-percent), the Core Study Area could capture nearly 500 units by 2017.

Conservative Scenario

-	Capture Rate: 5% of PMA Units Captured	Affordable to Household Incomes @								
		1-BR	2-BR	3-BR	Own	Rent	\$39K & Less	\$40K to \$74.9K	\$75K & Greater	
2017	494	247	198	49	148	346	247	99	148	
2022	665	332	266	66	199	465	332	133	199	
2027	839	419	336	84	252	587	419	168	252	

Modest Scenario

-	Capture Rate: 7.5% of PMA Units Captured	Affordable to Household Incomes @								
		1-BR	2-BR	3-BR	Own	Rent	\$39K & Less	\$40K to \$74.9K	\$75K & Greater	
2017	741	371	296	74	222	519	371	148	222	
2022	997	499	399	100	299	698	499	199	299	
2027	1,258	629	503	126	377	881	629	252	377	

Aggressive Scenario

-	Capture Rate: 10% of PMA Units Captured	Affordable to Household Incomes @								
		1-BR	2-BR	3-BR	Own	Rent	\$39K & Less	\$40K to \$74.9K	\$75K & Greater	
2017	988	494	395	99	296	692	494	198	296	
2022	1,329	665	532	133	399	931	665	266	399	
2027	1,678	839	671	168	503	1,174	839	336	503	

Unit Capture Assumptions

1-Bedroom Units	50%
2-Bedroom Units	40%
3-Bedroom Units	10%
Owner-Occupied	30%
Renter-Occupied	70%
\$39,000 and Less	50%
\$40,000 to \$74,999	20%
\$75,000 and Greater	30%

Source: 4ward Planning Inc, 2013

Takeaway: Residential Supply-Demand

Consistent with earlier findings, housing demand within the 20-minute drive contour PMA is robust, with demand expected to continue exceeding supply in the coming years. Further, given high demand and a current shortage of inventory, available units are priced over market rates.

Empty nester types (many of whom in the PMA are likely responsible for the growth in household incomes rising above \$75,000 annually), and to a lesser extent, young professionals, will continue to drive demand in the market area for multi-family residential (for rent and sale units), notwithstanding relatively flat population and household growth. These age groups tend to prefer smaller housing units with access to amenities, jobs, and entertainment – features accessible from Wickford Junction. Further, current research shows young adults, particularly, are predisposed to use public transit and drive less than their parents.

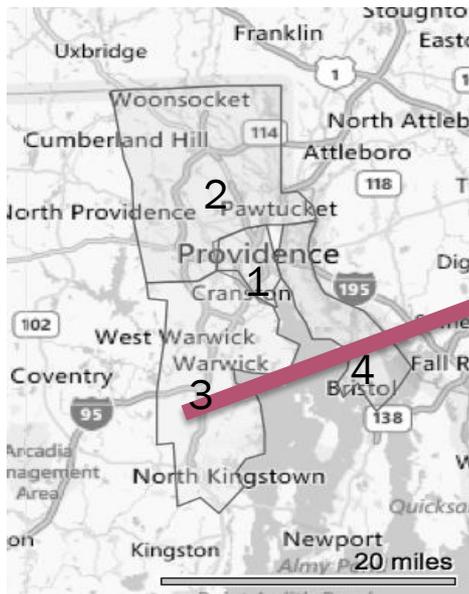
Notwithstanding weak household growth estimates, there will still be demand for thousands of new housing units within the 20-minute drive contour PMA over the coming years. Although not all of this demand will be met within the Wickford Junction Core Study Area, the area is well-positioned to benefit from existing and proposed transit service improvements, employment centers, and community amenities.

However, North Kingstown officials will need to address key issues identified by local real estate developers (e.g., high land costs and a regulatory process which is both costly and time consuming), if Wickford Junction is to realize its potential for new residential development.

Office Trends Analysis



Office Submarket



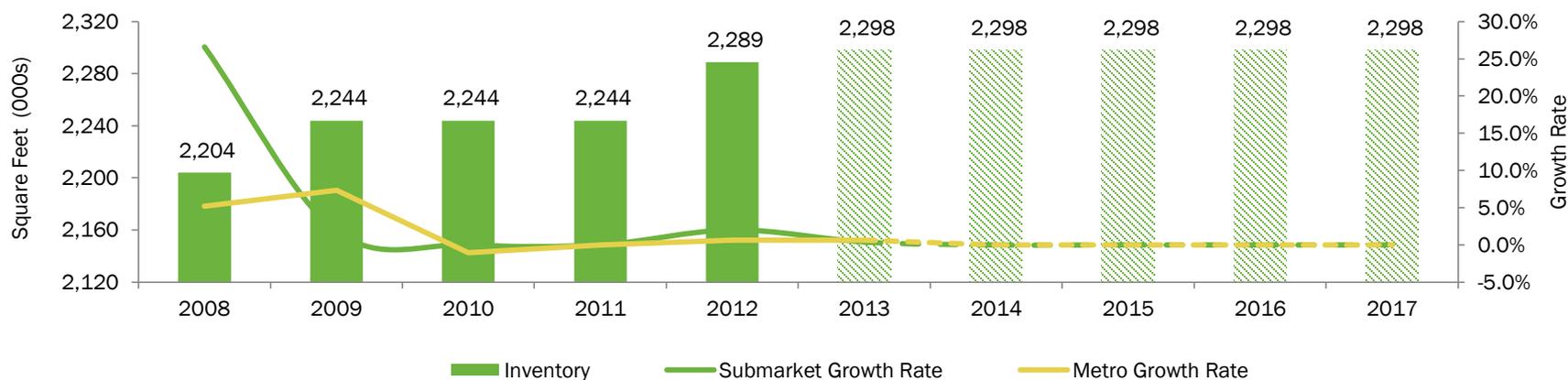
Source: Reis, Bing Maps

Office Inventory

As of first quarter 2013, the West Bay Submarket had just under 2.3 million square feet of office space (comprising approximately 17.4 percent of the total office space for the Providence Metro area). Around 458,000 square feet of new office space has been completed within the Providence Metro area since 2008, about one-fifth of which has entered the West Bay Submarket (85,000 square feet).

Further, Reis projects no new office inventory (zero growth) for both the Submarket and Metro areas over the next four years. The relative lack of new office product being brought to market over the next five years is further evidence of a challenged office market environment and suggests local office project sponsors proceed with caution.

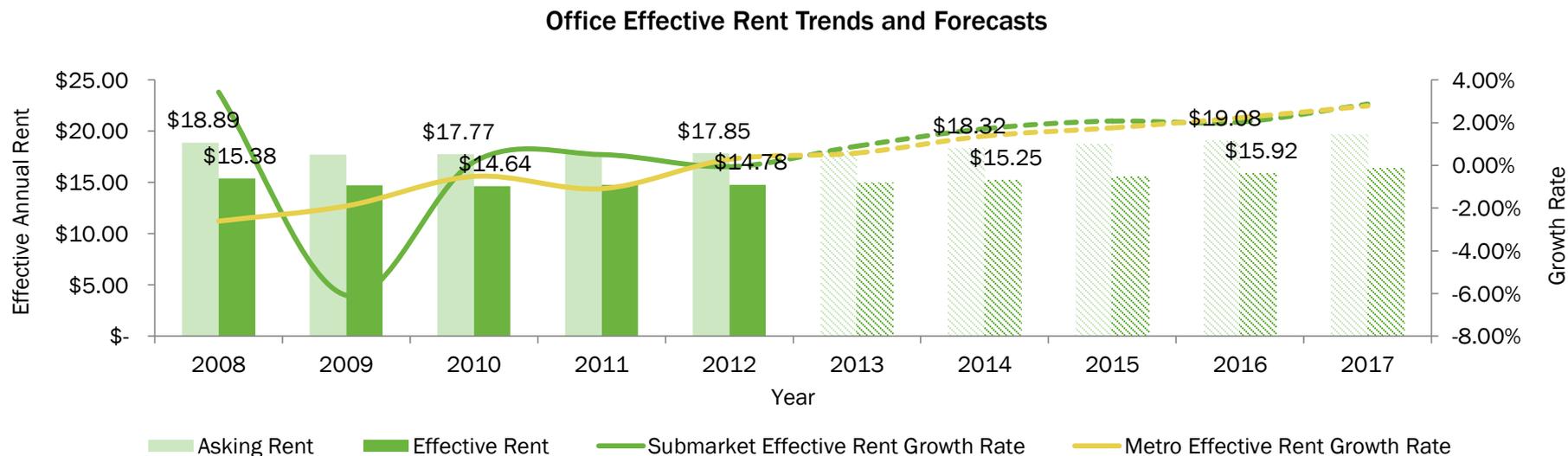
**Office Inventory Growth Trends and Forecasts
(Submarket vs. Metro)**



Source: REIS; 4ward Planning Inc., 2013

Office Asking Rent

In 2012, the median asking rent for office space in the West Bay Submarket was \$17.85 per square foot, although the effective annual rent (which includes incentives such as free rent and discounts) was less than \$15 per square foot. Asking rents have decreased from 2008 levels (a nearly five percent decline overall) and effective annual rents have decreased by nearly three and one-half percent as of the first quarter 2013. Lowering of asking and effective rent rates indicates that landlords are finding it difficult to rent space. Low rents could be a result of available office products that are old, below quality, and don't meet the need, according to local developers. Notwithstanding the foregoing, Reis projects that both asking and effective rents in the West Bay Submarket will increase, slowly, over the next five years.



Source: REIS; 4ward Planning Inc., 2013

Office Vacancy Rates

In the first quarter of 2013, with 364,000 square feet of vacant space, the vacancy rate for all office properties in the West Bay Submarket was 15.9 percent, unchanged from 2012. Prior to 2012, annualized vacancy rates within the Submarket consistently remained higher than vacancy rates for the Metro office market (as indicated in the below graphic), although the spread has decreased from 11.6 percent in 2008 to -0.3 percent in 2012.

Reis projects office vacancy rates within the Submarket will be relatively stable, albeit high, after 2013, hovering around 16.5 percent.

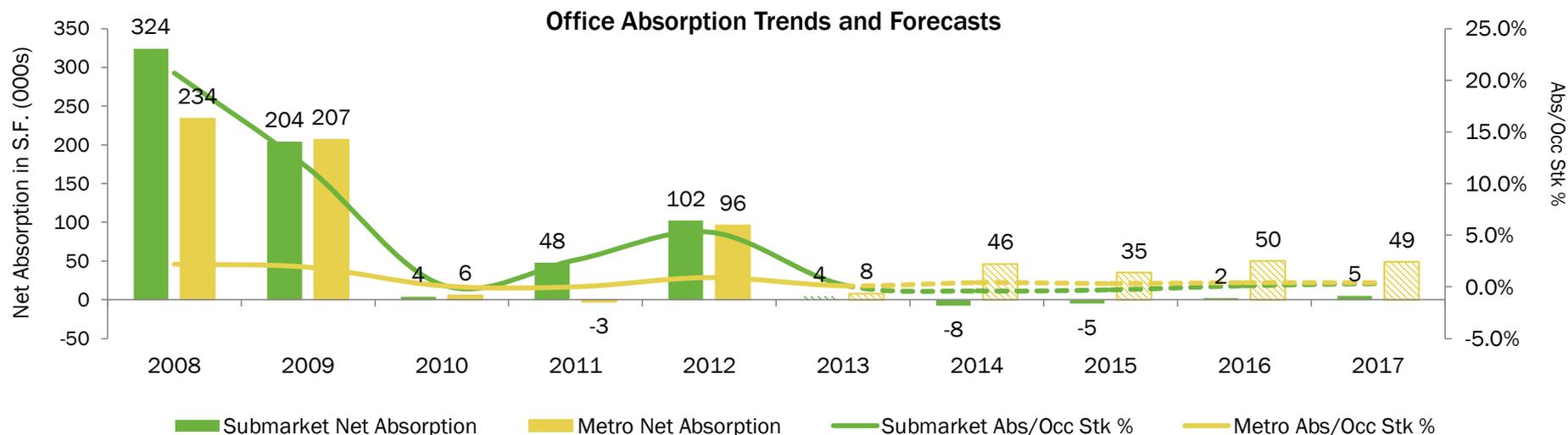
Office Vacancy Rate Trends and Forecasts



Source: REIS; 4ward Planning Inc., 2013

Office Absorption

The larger Providence Metro office market absorbed 441,000 square feet of office space from 2008 to 2009, and 96,000 square feet in 2012, while the West Bay Submarket has experienced absorption of 528,000 and 102,000 square feet of office space for the same time periods, respectively. Over the last five years, more space was leased than became vacant. According to a Reis first quarter 2013 report, the absorption of office space relative to the total square footage of occupied office space in both the West Bay and Metro Submarkets will remain just slightly above zero (exhibiting negative absorption in 2014 and 2015) – a further sign of weak demand for new office development within either market. However, these trends do not preclude the development of certain types of niche office space, such as medical office buildings or small business incubators/shared office space formats. In fact, in summer 2013, Quonset Business Park opened a new office building with 35 small (1,000 – 2,000 square feet) office spaces.



Source: REIS; 4ward Planning Inc., 2013

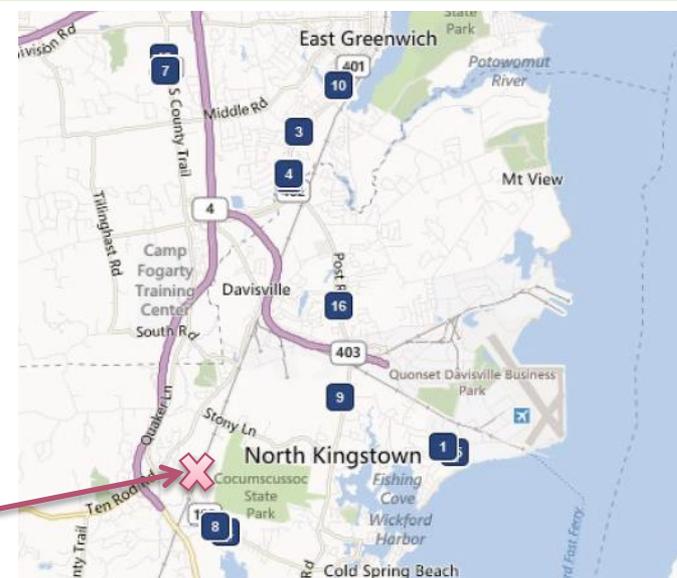
Office Characteristics: For Lease

According to data provided by Loopnet.com, as of June 2013, there were 17 office spaces for lease within a five-mile radius of the Wickford Junction Station area, representing just under 100,000 total square feet of available space. Approximately 70 percent of these properties are located within conventional professional office buildings. Average asking rents for the available space range from \$6 per square foot for creative/loft spaces to \$22 per square foot for professional medical office space. The two properties with leasable office building spaces within an approximate half-mile of the Wickford Junction Station feature relatively low asking rents, ranging from \$6 to \$12 per square foot (located at 554 and 650 Ten Rod Road, respectively). Identified available space for lease at Quonset Business Park ranged from \$7.47 to \$24 per square foot, suggesting a broad range in the office space quality and associated amenities.

Office Space for Lease within 5 miles of Wickford Junction, as of June 2013

Property Subtype	Number of Properties	Available Square Feet	Average of Asking Rent
Creative/Loft	1	4,080	\$6.00
Medical Office	1	8,750	\$22.00
Office Building	12	79,158	\$12.68
Office-R&D	3	7,000	\$9.27
Grand Total	17	98,988	\$12.24

Wickford Junction Station

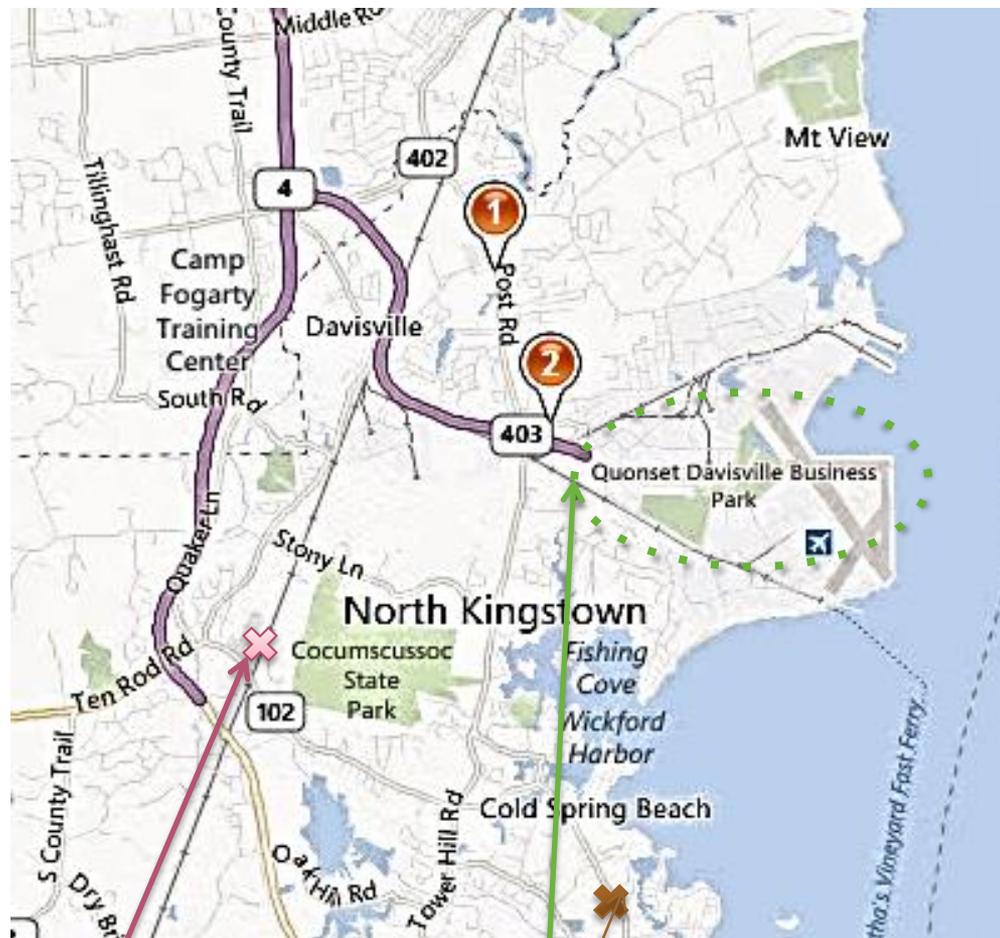


Source: Reis, LoopNet.com, Bing Maps

Lodging Inventory

Within a five-mile radius of North Kingstown, the two most prominent lodging properties include the Americas Best Value Inn and a Marriott TownPlace Suites, containing 20 and 104 rooms, respectively, as identified by Cvent. In addition to the Hamilton Village Inn, another notable lodging property, a tour of North Kingstown also identified a few small, older motels which serve tourists and transient populations.

According to local real estate professionals, the TownPlace Suites is fully booked during summer months, catering to tourists, despite its location adjacent to Quonset. The success of the relatively new TownPlace Suites suggests North Kingstown could, likely, accommodate additional high-quality lodging facilities for both tourists and business travelers.



Source: Cvent, Bing Maps

Wickford Junction Station

Quonset Business Park

Hamilton Village Inn

Takeaway: Office Trends

While the current office market environment is generally challenged, the West Bay office market is relatively stable and has seen a modest recovery in recent years. According to real estate firm Cushman and Wakefield, the West Bay suburban market easily remains the most active in Rhode Island, with Prudential Insurance, the US Coast Guard, ADP, Alex and Ani, First Comp, and Lifespan all executing leases, recently, and contributing to the lowering of vacancy rates.

While asking and effective rents are still below 2008 levels, tenants are still finding it difficult to rent space suitable to their needs, based on the type and quality of existing office stock and what prospective tenants are demanding. As one developer stated, *“A tremendous amount of office space [in North Kingstown] is poorly built, dated, not very good, and overpriced.”* Additionally, interviews confirmed that the office market vacancy rate is misleading, due to the quality and location of current office stock.

Although local real estate professionals maintain varying perspectives on the state of the North Kingstown office market, many confirmed existing demand for office space, with an emphasis on smaller office spaces of 2,000-3,000 square feet or less. The success of the Meadows Office Park, having smaller office units that according to local interviews remain fully utilized, is indicative of the growing trend.

This smaller office space format would work well within a TOD district, such as is being proposed for Wickford Junction, and would likely have great appeal with professionals seeking alternative transportation options. Indeed, small format office space of 2,000 to 5,000 square feet would likely meet the needs of small tech firms and established professional service firms (e.g., law firms, accounting firms, architectural and engineering firms), alike.

Office Supply-Demand Analysis



Methodology: Key Steps for Deriving Office Demand

Projecting 2020 Primary Jobs

To determine projected office space demand, primary jobs in the 20-minute drive contour PMA were projected through 2020, based on 2012 primary jobs data and Bureau of Labor Statistics industry projected occupational growth rates. Primary jobs were then aggregated into industry sectors.

Estimating the Number of Current and Future Office Workers

A National Center for Real Estate Research study has estimated the percentage of employees in various industry sectors that typically work in an office environment. Using these percentages, we were able to estimate the number of employees in the 20-minute drive contour who would likely work in commercial office space.

Determining Office Space Demand

Assuming a conservative space requirement of 150 square feet per employee (which has become a broadly accepted ratio by office real estate brokers over the past few years), the total demand for office space was estimated based on the projected office workers for each year through 2020.

Projected Office Jobs

The tables below show the projected jobs and office workers, respectively, aggregated by industry sector, for the 20-minute drive contour surrounding the Wickford Junction Station.

Primary Jobs Per Industry, 20-Minute Drive Contour

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change
Health Care & Social Assistance	15,423	15,953	16,501	17,068	17,654	18,261	18,888	19,537	20,208	4,785
Retail Trade	15,409	15,598	15,789	15,983	16,179	16,378	16,579	16,782	16,988	1,579
Manufacturing	12,208	12,200	12,193	12,185	12,177	12,169	12,162	12,154	12,146	-62
Professional, Scientific & Tech Services	10,348	10,645	10,950	11,263	11,586	11,918	12,260	12,611	12,972	2,624
Educational Services	8,338	8,555	8,777	9,006	9,240	9,480	9,727	9,980	10,239	1,901
Admin & Support, Waste Management & Remediation	6,732	6,876	7,022	7,172	7,325	7,481	7,641	7,804	7,970	1,238
Accommodation & Food Services	6,354	6,411	6,469	6,527	6,586	6,646	6,706	6,766	6,827	473
Other Services (except Public Administration)	5,850	5,930	6,010	6,092	6,175	6,259	6,344	6,430	6,518	668
Construction	5,534	5,718	5,909	6,105	6,309	6,519	6,736	6,960	7,191	1,657
Wholesale Trade	5,069	5,138	5,208	5,279	5,351	5,424	5,498	5,573	5,649	580
Total Primary Jobs, Top Ten Industries	91,265	92,571	93,895	95,239	96,601	97,983	99,385	100,807	102,249	10,984

Source: U.S Census Bureau, 4ward Planning Inc., 2013

Estimated Average Office Workers Per Industry, 20-Minute Drive Contour

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change
Health Care & Social Assistance	7,470	7,727	7,992	8,267	8,551	8,845	9,149	9,463	9,788	2,318
Retail Trade	4,559	4,615	4,671	4,728	4,786	4,845	4,905	4,965	5,026	467
Manufacturing	2,842	2,840	2,838	2,837	2,835	2,833	2,831	2,829	2,828	-14
Professional, Scientific & Tech Services	4,553	4,683	4,817	4,955	5,097	5,244	5,394	5,548	5,707	1,155
Educational Services	4,818	4,944	5,072	5,204	5,340	5,478	5,621	5,767	5,917	1,099
Admin & Support, Waste Management & Remediation	3,812	3,894	3,977	4,061	4,148	4,237	4,327	4,419	4,513	701
Accommodation & Food Services	471	476	480	484	489	493	497	502	507	35
Other Services (except Public Administration)	5,636	5,712	5,790	5,869	5,949	6,030	6,112	6,195	6,279	643
Construction	1,095	1,132	1,169	1,208	1,248	1,290	1,333	1,377	1,423	328
Wholesale Trade	2,929	2,969	3,010	3,051	3,092	3,135	3,177	3,221	3,265	335
Total Average Office Workers, Top Ten Industries	38,186	38,991	39,817	40,665	41,535	42,429	43,345	44,286	45,253	7,067

Source: NCRER, U.S Census Bureau, 4ward Planning Inc., 2013

Projected Office Space Demand

As illustrated on the previous page, there is a projected increase of approximately 11,000 primary jobs in the top ten industries from 2012 to 2020, within the 20-minute drive contour of the Wickford Junction Station - 7,000 of which are projected to require office space. The table below exhibits the projected office space demand, in square feet and aggregated by industry sector, for the PMA. As shown, the anticipated increase in office space demand from 2012 to 2020 is just over one million square feet. As of the first quarter 2013, the West Bay Submarket contained approximately 364,000 square feet of vacant office space. While some of the projected demand will be absorbed by existing vacant inventory within the larger metro market area, there will still be need to develop new inventory, locally, to satisfy some of the projected near-term need.

Estimated Total Office Space Per Industry, Sq Ft. (000s), 20-Minute Drive Contour

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Change
Health Care & Social Assistance	1,121	1,159	1,199	1,240	1,283	1,327	1,372	1,419	1,468	348
Retail Trade	684	692	701	709	718	727	736	745	754	70
Manufacturing	426	426	426	425	425	425	425	424	424	-2
Professional, Scientific & Tech Services	683	702	723	743	765	787	809	832	856	173
Educational Services	723	742	761	781	801	822	843	865	888	165
Admin & Support, Waste Management & Remediation	572	584	596	609	622	635	649	663	677	105
Accommodation & Food Services	71	71	72	73	73	74	75	75	76	5
Other Services (except Public Administration)	845	857	869	880	892	904	917	929	942	96
Construction	164	170	175	181	187	194	200	207	213	49
Wholesale Trade	439	445	451	458	464	470	477	483	490	50
Total Office Space, Top Ten Industries	5,728	5,849	5,973	6,100	6,230	6,364	6,502	6,643	6,788	1,060

Source: NCRER, U.S Census Bureau, 4ward Planning Inc., 2013

Takeaway: Office Supply-Demand

The office supply-demand analysis indicates a projected 2020 demand for nearly 6.8 million square feet of office space, based on anticipated job creation in the 20-minute drive contour surrounding Wickford Junction. This represents a net increase in demand of just over one million square feet over 2012 inventory in the PMA.

While the Wickford Junction Core Study Area could not accommodate anything close to one-million square feet of office space, a modest goal to capture ten percent of this space over a ten year period (10,000 square feet per year) would seem reasonable. Further, and as earlier mentioned, smaller format office space would be more suitable to a location having mass transit, retail and on-site housing options.

Retail Trends Analysis



Retail Submarket



Source: Reis, Bing Maps

Retail Characteristics

According to a Reis first quarter 2013 retail report for the Washington County Submarket, the average gross leasable area for community and neighborhood shopping centers was approximately 93,000 square feet. Market area retail centers range in size and year built, with 25 percent of the existing retail space constructed prior to 1980.

Washington County Retail Center Characteristics – Q1 2013

	Low	Mean	Median	High
Year Built	1956	1987	1988	2009
Size (SF)	14,400	92,589	60,000	347,884

Definition of Shopping Centers

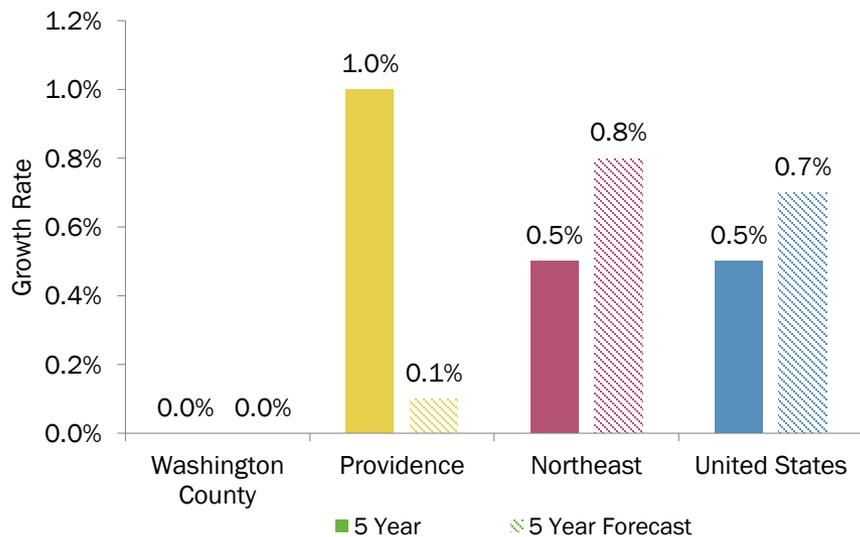
Neighborhood Shopping Center: A shopping complex constructed around a supermarket and/or drugstore as the only anchor tenant(s), providing convenience goods and personal services for day-to-day living needs of the immediate neighborhood. The gross leasable area typically ranges from 30,000 to 150,000 square feet.

Community Shopping Center: A retail property offering a wider range of apparel and general merchandise than a neighborhood center, characterized by discount department stores (e.g., Wal-Mart, Kmart and Target). The gross leasable area generally runs from 100,000 to 350,000 square feet.

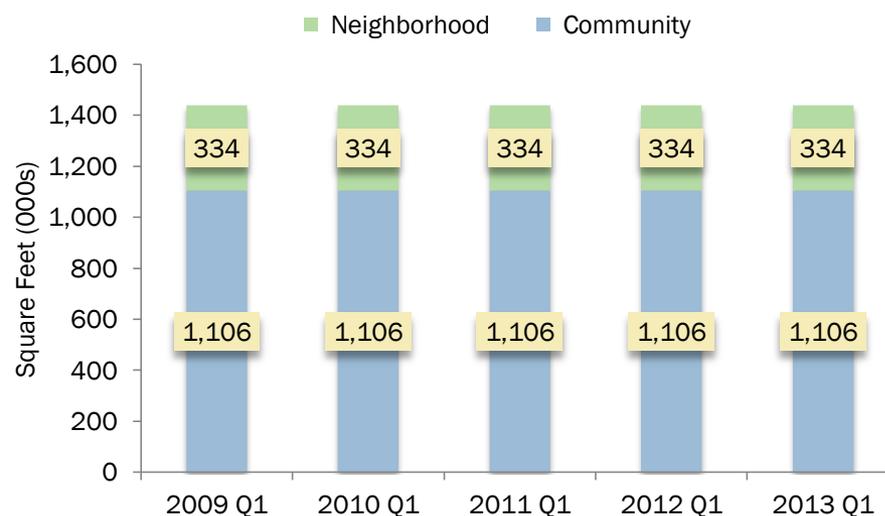
Retail Inventory

From the first quarter of 2009 to the first quarter of 2013, the Washington County Submarket maintained a consistent retail inventory of approximately 1.1 million square feet of community retail and 334,000 square feet of neighborhood retail. Reis forecasts that the Submarket’s retail inventory will remain flat for the next five years. By contrast, the Northeast and the nation are expected to see respective gains of 0.8 and 0.7 percent, while the Providence Metro is projected to see flat growth of 0.1 percent, annualized over the next five years. These trends suggest developers of comparison retail shopping centers (and their tenants) have been reticent to enter the local market. However, this may change in the near-term.

Retail Inventory Growth Trends and Forecasts



Washington County Retail S.F. (000s)

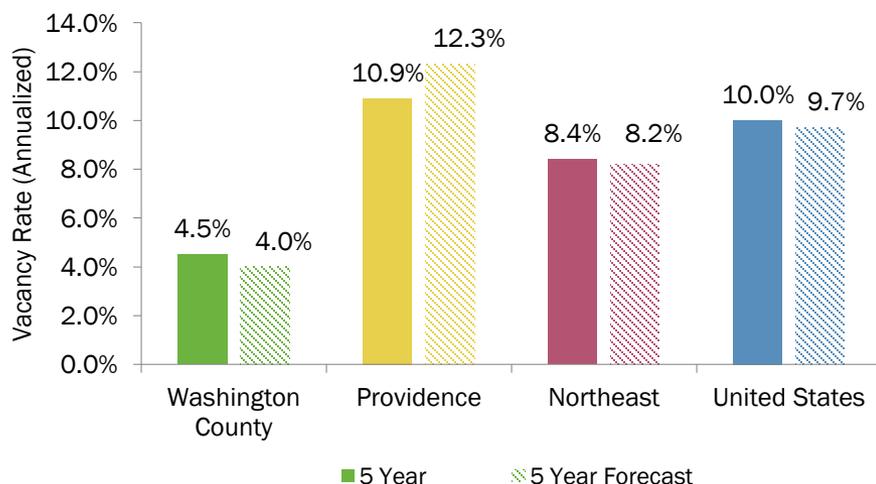


Source: REIS; 4ward Planning Inc., 2013

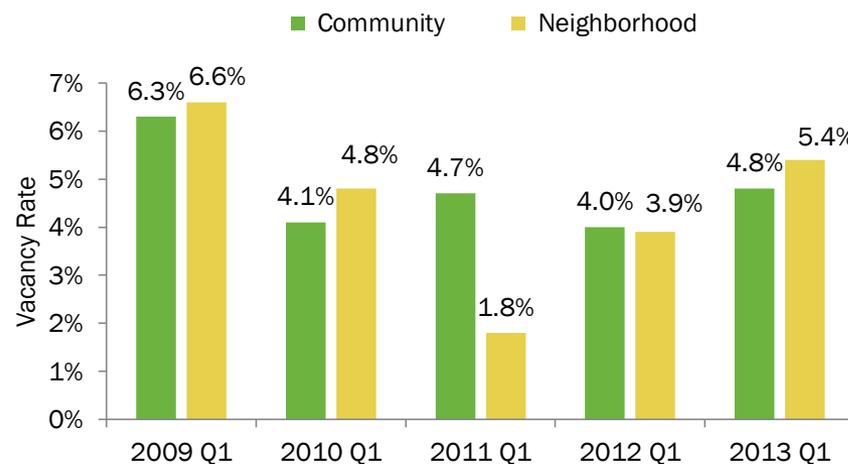
Retail Vacancy Rates

Relative to the Providence Metro, Northeast, and the nation, the Washington County Submarket has exhibited a lower retail vacancy rate by a significant margin, over the past five years. Further, the Submarket’s vacancy rate is expected to remain at four-percent over the next five years, indicating relatively low vacancy in the sub-market. Between 2009 and 2013, year-over-year vacancy rates for both community and neighborhood retail in Washington County declined overall. However, vacancy rates increased between the first quarter of 2012 and the first quarter of 2013 for both retail sectors in Washington County. The relatively low vacancy rate is but one indicator that new inventory may be needed.

Retail Vacancy Rate Trends and Forecasts



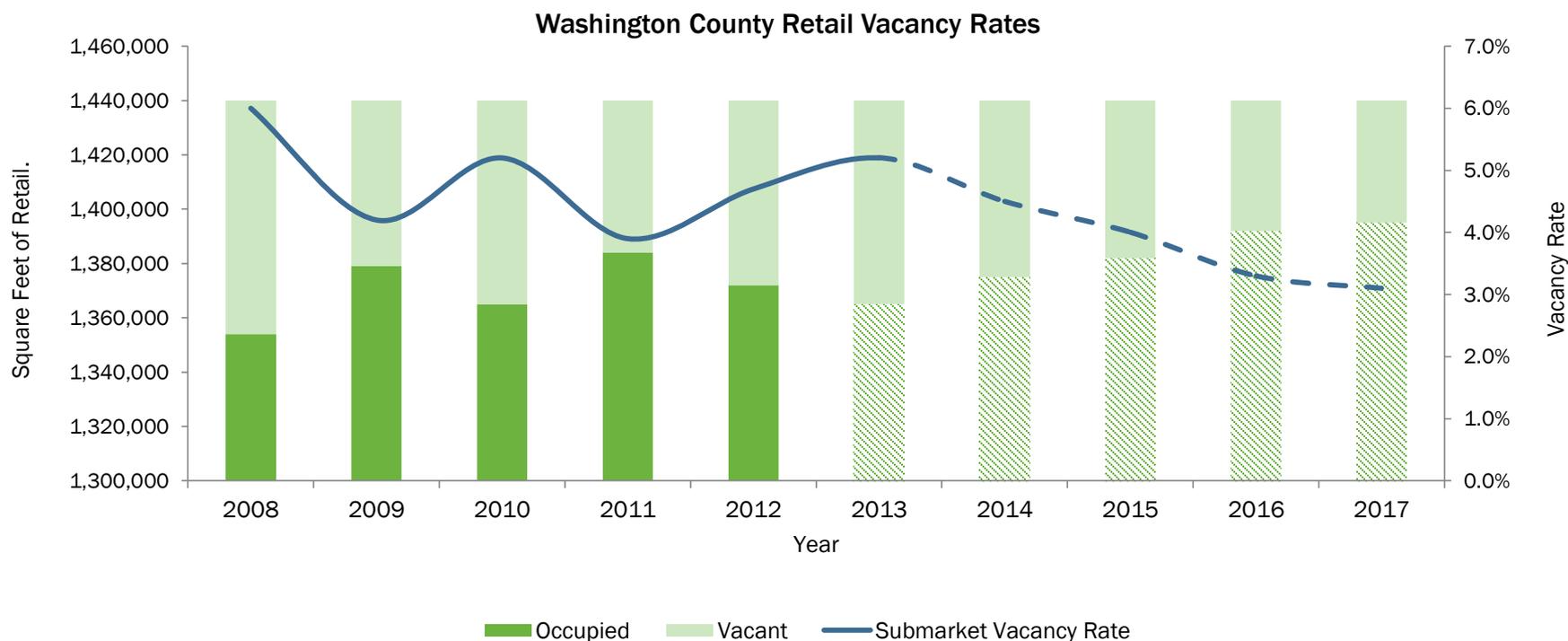
Washington County Retail Vacancy Rates



Source: REIS; 4ward Planning Inc., 2013

Retail Vacancy Rates

Through 2017, retail vacancy rates in Washington County are projected to decline significantly, as consumer demand rises and existing retail vacancies are filled. As demonstrated on the previous page, this trend suggest a comparatively stronger retail market relative to the Providence Metro, Northeast, and the nation, over the next five years; this is a favorable indicator for new retail center investment, locally.

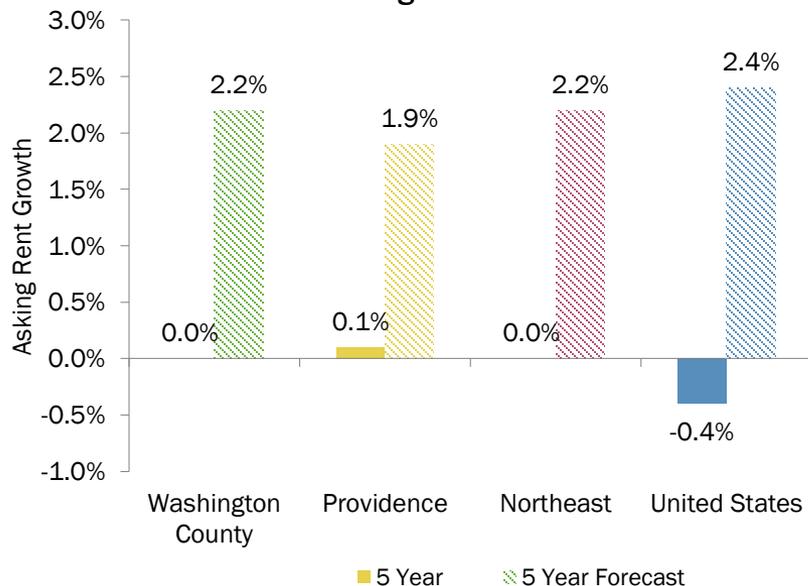


Source: REIS; 4ward Planning Inc., 2013

Retail Asking Rent

Asking rents for retail properties within the Washington County Submarket have remained relatively flat, with annual asking rent growth in the Submarket remaining below one percent. This is generally consistent with the Providence Metro and Northeast region, and comparatively greater than the 0.4 percent decline of the national asking rent growth rate. However, retail asking rents are projected to increase over the next five years at annualized rates of around two percent, as consumer demand continues to recover and vacancy rates remain low. The upward pressure on asking rent will serve as an incentive for retail developers to re-enter the local market and accommodate viable retail formats.

Retail Asking Rent Trends and Forecasts



Washington County Retail Asking Rent



Source: REIS; 4ward Planning Inc., 2013

Retail Asking Rent

In aggregate, retail asking rents within the Washington County Submarket are projected to rise considerably between 2013 and 2017 at 10.5 percent, or slightly more than 2.5 percent per annum.

Retail space developed close-in to employment centers (e.g., further build out of the Gateway at Quonset Business Park) may realize greater rent growth over the same period.

Washington County Community and Neighborhood Retail Asking Rent

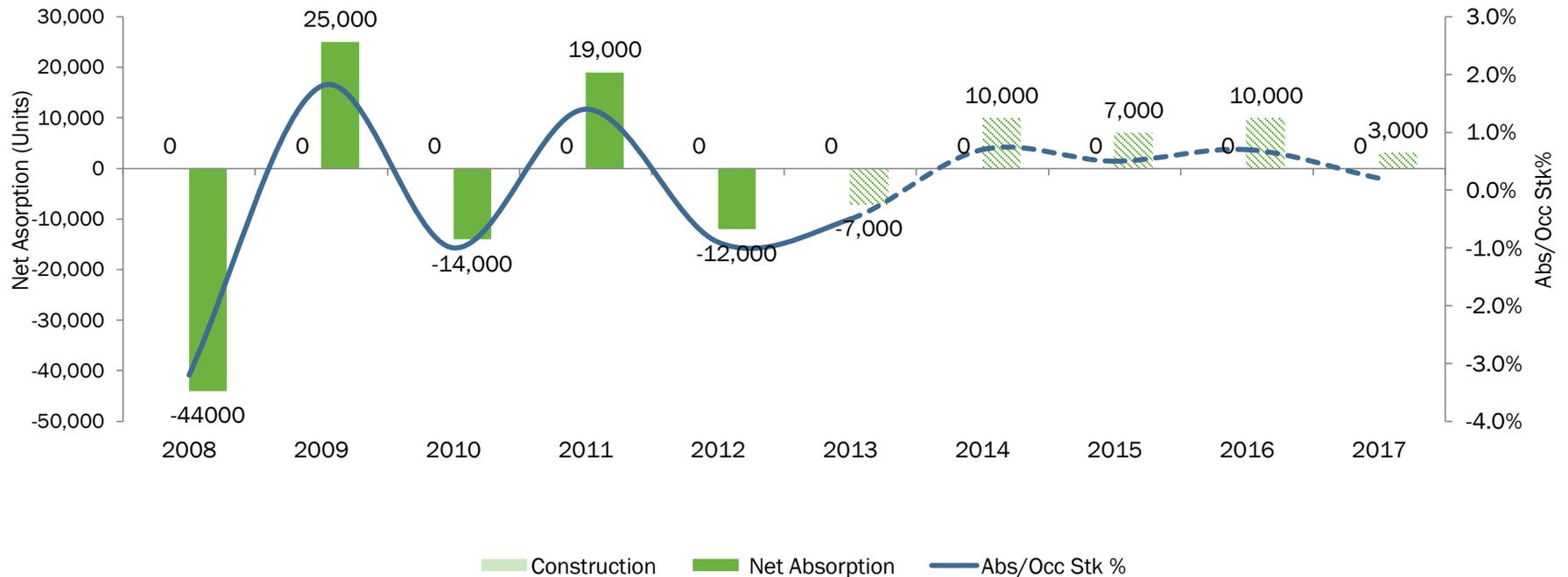


Source: REIS; 4ward Planning Inc., 2013

Retail Absorption

Retail absorption trends indicate that net absorption has fluctuated while new retail construction has remained flat. Re:is projects that from 2014 to 2017, net absorption will be net positive. As this net positive absorption continues, further upward rent pressures will increase and attract additional retail development to the area; as a result, the Wickford Junction Core Study Area should benefit from this trend.

Retail Absorption Trends and Forecasts



Source: REIS; 4ward Planning Inc., 2013

Retail Business Mix

According to Esri data for 2012, the 20-minute drive contour PMA was home to over 2,000 retail businesses. Food Services and Drinking Places represented the largest percentage of all retail businesses, while Miscellaneous Store Retailers followed closely. Other businesses representing greater than 10 percent of all retail for the 20-minute drive contour PMA include Clothing and Clothing Accessories Stores, as well as Food and Beverage retailers.

Retail Business Mix

Retail Business Type	20-minute Drive Contour PMA	
	Number	Percent
Motor Vehicle & Parts Dealers	138	6.52%
Furniture & Home Furnishings Stores	98	4.63%
Electronics & Appliance Stores	90	4.26%
Building Materials, Garden Equipment & Supply Stores	106	5.01%
Food and Beverage Stores	267	12.62%
Health and Personal Care Stores	126	5.96%
Gasoline Stations	74	3.50%
Clothing and Clothing Accessories Stores	237	11.21%
Sporting Goods, Hobby, Book, and Music Stores	139	6.57%
General Merchandise Stores	43	2.03%
Miscellaneous Store Retailers	351	16.60%
Nonstore Retailers	75	3.55%
Food Services & Drinking Places	371	17.54%
Total	2,115	100.0%

Source: Esri; 4ward Planning Inc., 2013

Major Shopping Centers

Within the 20-minute drive contour PMA, there are currently thirteen major shopping centers, including Wickford Junction, with a total of over 350 stores and a gross leasable area of over 5.2 million square feet.

Major Shopping Centers, 20-minute Drive Contour

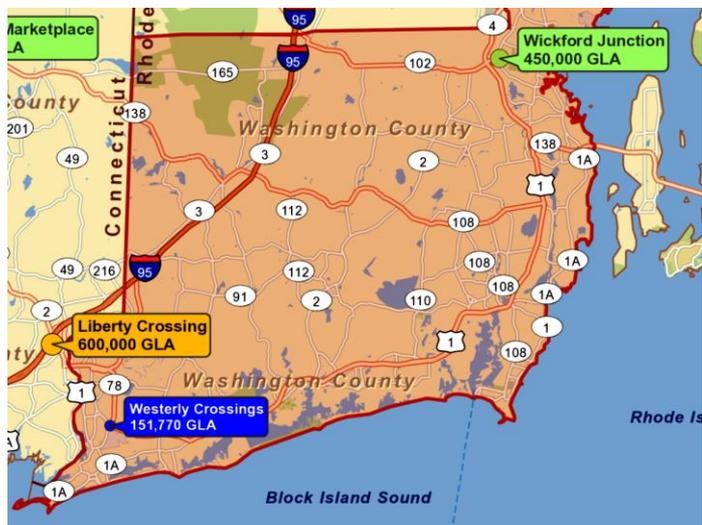
Shopping Center	Number of Stores	Anchor Stores	Distance from Wickford Junction	Year Opened	GLA in Sq Ft
Wickford Junction	12	Walmart, Staples	N/A	1997	450,000
The Centre of New England	20	Walmart Supercenter, Home Depot	6.36 miles NW	2004	1,087,130
Warwick Shopping Center	11	Michaels, Bob's Discount Furniture	8.13 miles N	N/A	200,000
The Greenwood Shops	20	Lowe's, Super Stop & Shop	9.55 miles N	2006	247,934
Rhode Island Mall	102	Sears, Walmart	9.57 miles N	1967	579,499
Warwick Mall	90	Macy's, JCPenney, Target	9.94 miles N	1970	1,000,000
Leviton Place	N/A	N/A	10.12 miles N	2013	350,000
Chapel View	26	Shaw's	13.5 miles N	2006	460,000
Garden City Center	65	OfficeMax, Whole Foods	13.6 miles N	1949	500,000
Gateway at Quonset Point	12	Kohl's, Dave's Marketplace	3.1 miles NE	2008	375,000
North Kingstown Commons & Home Depot	8	Stop & Shop, Home Depot	0.5 miles E	2007	200,000
Frenchtown Commons	8	Mill Stores	4.5 miles N	N/A	126,000
Hunt River Commons	5	Super Stop & Shop	4.4 miles N	N/A	148,000

Note: The Directory of Major Malls includes centers of 200,000 square feet or greater. We've added retail centers in North Kingstown below that threshold.

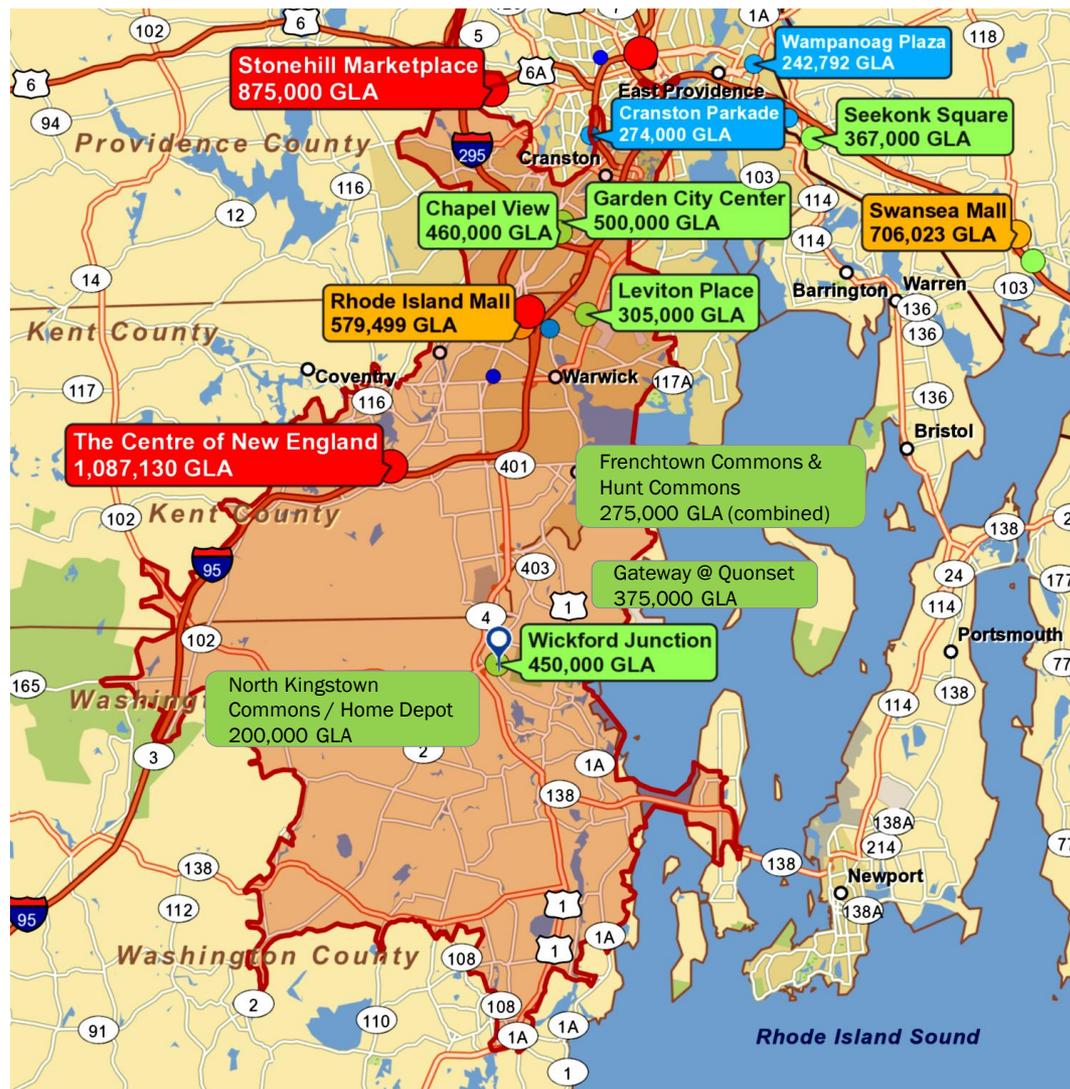
Source: Directory of Major Malls; Esri; 4ward Planning Inc., 2013

Major Shopping Centers

Highlighted to the right, major shopping centers within the 20-minute drive contour PMA are primarily located to the north of Wickford Junction. The Directory of Major Malls indicates there are few major shopping centers within Washington County, south of North Kingstown (as shown below).



Note: The Directory of Major Malls includes centers of approximately 200,000 square feet or greater.



Source: Directory of Major Malls; Esri; 4ward Planning Inc., 2013

Takeaway: Retail Trends

While Rhode Island currently lags New England and the rest of the country when it comes to post-crisis economic recovery, the Washington County retail sub-market exhibits relatively strong fundamentals (low vacancy rates and projected rent growth). The Town has seen a number of relatively new retail projects in recent years.

However, local developers have overwhelmingly described the current market as challenging and stagnant, particularly for smaller “mom and pop” retailers. Empty storefronts dot Wickford Junction, Wickford Village, and areas along Post Road. Given that a structural change in retailing, nationally, has been underway, even before the onset of the Great Recession, local store vacancies in and near Wickford Junction are likely a result of this change in retailing – e.g., greater on-line shopping competition, changing consumer spending patterns due to taste and demographics, and the reduction in available credit.

While North Kingstown, generally, and the Wickford Junction Core Study Area, in particular, will find it difficult to attract additional large scale comparison retailers (think big box stores and general merchandisers), small boutique retailers, personal service establishments and independent dining establishments should find success. However, North Kingstown will need to facilitate this type of investment through appropriate incentives (either financial or regulatory) and adequate infrastructure (e.g., sewer and water).

Retail Supply-Demand Analysis



Methodology: Key Steps for Analyzing Retail Gap/Leakage

4ward Planning utilized various residential and commercial data sources to conduct a retail gap/leakage analysis for the 20-minute drive contour PMA. The Directory of Major Malls and Shopping Centers and Esri retail marketplace data were the principal sources for information and data on existing retail supply, demand and sales for the PMA.

Retail demand assumptions were formulated based on locally identified consumer expenditure habits and national retail industry trends to determine likely capture rates within the PMA.

Information on local retailers was collected from a combination of proprietary and public data sources, including the Directory of Major Malls, LoopNet, BizStats, and Google Maps. Retail metrics for average sales per square foot and size by category was adapted from data provided by BizStats to reflect currently observed neighborhood-retail supply trends.

Using proprietary modelling techniques, net supportable retail square footage was identified as well as the net number of retail stores likely to be supported based on industry averages by retail category, utilizing the corresponding NAICS classification.

The assumptions for each retail type are noted on the next slide.

Methodology

Retail Metric Assumptions (listed in ascending order by average sales per square foot)

Average Retail Metrics	Avg. Sales/SF	Average Size	PMA Capture Rate	Example Retailer
Home Furnishings	\$198	12,253	50%	Pier 1, Ethan Allen
Craft and Fabric Stores	\$213	11,754	80%	Michaels
Sporting Goods	\$221	80,333	50%	Cabela's, Dick's
Auto & Marine Parts	\$223	10,107	40%	Pep Boys, AutoZone
Pet Supply	\$224	19,750	80%	PetSmart
Book Retailers	\$247	13,050	20%	Barnes & Noble
Home Improvement	\$277	108,500	75%	Home Depot, Lowe's
General Merchandise	\$294	44,027	90%	Costco, Target, Family Dollar
Shoe Stores	\$301	6,767	30%	Foot Locker, Finish Line
Clothing & Accessory Stores	\$388	19,974	90%	American Eagle, Stein Mart
Restaurant	\$539	5,513	75%	Panera Bread, Cracker Barrel
Electronics Stores	\$659	12,679	75%	Best Buy, RadioShack
Groceries	\$733	47,750	20%	Whole Foods, Safeway
Pharmacies	\$958	10,325	90%	CVS, Rite Aid
Jewelry	\$3,000	4,300	50%	Tiffany and Co

Source: Esri; BizStats; 4ward Planning Inc., 2013

PMA Retail Supportable Square-foot Estimates

The below table demonstrates, based on current (2012) household expenditures, purchasing habits (e.g., purchases made on-line and outside of the PMA, as well as within the PMA) and existing brick and mortar stores within the PMA, a current oversupply of retail space for many categories of retail (metrics within parentheses indicates an oversupply). However, limited demand exists for Auto & Marine Parts stores, a Pet Supply store, as well as a small scale neighborhood grocery store (e.g., Trader Joes).

	Net Supportable SF	Store Equivalent
Auto & Marine Parts	31,631	3
Book Retailers	222	0
Clothing & Accessory Stores	(4,513)	(0)
Craft and Fabric Stores	(15,875)	(1)
Electronics Stores	1,571	0
General Merchandise	(203,080)	(2)
Groceries	16,032	0
Home Improvement	(110,528)	(1)
Home Furnishings	(42,484)	(3)
Jewelry	(2,228)	(1)
Pet Supply	14,851	1
Pharmacies	(85,424)	(8)
Restaurant	(40,179)	(7)
Shoe Stores	1,822	0
Sporting Goods	(57,641)	(1)

Note the store equivalent does not always equate to full stores because square footage may exist in other larger store types. For example, grocery items are also sold in General Merchandise stores such as Target and Walmart.

Assumptions:

1. The above estimates are based on currently observed retail supply trends and household demand.

Sources: Esri; BizStats.com; 4ward Planning Inc, 2013.

Takeaway: Retail Supply-Demand

The Retail Supply-Demand Analysis validates that the PMA (equivalent to the 20-minute drive contour from the Wickford Junction Station) is characterized by an oversupply of retail in many categories, reflective of a challenging market as verified by local real estate professionals. Further, supply-demand analysis findings are consistent with flat projected inventory growth over the coming years and local views. One Town official noted that “North Kingstown has not seen a tremendous amount of retail activity in recent years, but already has a lot of retail considering the population.” However, as retail centers and stores age, and household formation increases, net new demand for additional retail space (for some, but not all categories) should materialize. Current retail categories that can be supported include:

- Auto & Marine Parts
- Pet Supply (consistent with a growing demand for pets as fertility and marriage rates decline)
- Small scale grocery store, electronics store, book store, and shoe store

The analysis shows excess supply in all other retail store types analyzed. Based on these findings, the Town of North Kingstown should proceed cautiously with incentivizing investment in large scale retail development within its borders.

However, incentivizing small convenience and specialty retail store development (gross retail square footage of 30,000 square feet or less) within the Core Study Area is advisable, in order to make residential development more feasible.

General & Limiting Conditions

4ward Planning Inc. has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions, and extrapolations are based on methodological techniques employed by 4ward Planning Inc. and believed to be reliable. 4ward Planning Inc. assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third party data source used in the preparation of this report.

Further, 4ward Planning Inc. makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning Inc. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions, and considerations.



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