



500 Veteran's Memorial Parkway MARKET STUDY & IMPACT ANALYSIS

East Providence, RI

December 22, 2023



ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

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EXECUTIVE SUMMARY

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Project Background: Scope

Metacomet Property, LLC (MP) is proposing the redevelopment of 500 Veteran's Memorial Parkway, located in East Providence, Rhode Island. The redevelopment project contemplates the creation of 844 multi-family rental units, 22 duplexes, and 24 townhouses. Additionally, the redevelopment project includes approximately 163,000 square feet of commercial space. MP hired 4ward Planning to confirm demand for the residential units and commercial retail space, as well as identify the prospective fiscal and economic impacts of repurposing a former golf course. Further, the market and impact analyses will assist MP in securing necessary approvals and potential local and regional incentives, allowing the project to be financially viable.



Executive Summary

4ward Planning evaluated socio-economic, labor and industry, and real estate (multi-family residential and retail) trends in and around East Providence. Using a combination of published government data (U.S. Census, Bureau of Labor Statistics, and Rhode Island Labor Market Information) and proprietary analysis software (Esri Community Analyst), 4ward Planning prepared a series of data tables comparatively illustrating socio-economic trends for the market areas defined below. Further, we conducted a fiscal impact analysis to evaluate the projected fiscal impacts associated with the mixed-use redevelopment project. An economic impact analysis was subsequently performed to identify regional direct, indirect, and induced impacts.

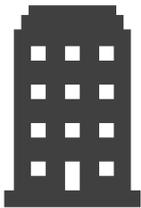
In this study, the city of East Providence represents the base study area, while the primary market area (PMA) is defined by the 20-minute drive-time contour from the 500 Veteran's Memorial Parkway building (a *primary market area* typically represents the catchment area from where 70 percent or more of consumer patronage originates or from where labor supply is drawn).

The secondary and tertiary market areas are defined by Providence County and the Providence Metropolitan Area (MSA), representing the larger catchment areas from which the building could prospectively compete for new residents.

To “ground truth” data findings, quantitative analysis was supplemented with active broker interviews.

Executive Summary

Identified below are the market-supportable units and suggested rental rate ranges by bedroom types likely needed to make 500 Veteran's Memorial Parkway competitive within the East Providence market.



Assuming a capture rate of between 10 and 15 percent of the unmet housing demand in the 20-minute PMA, the project site could successfully absorb 590 to 880 units in the current year, respectively; by 2028, and assuming a substantial number of additional units are not brought to market, the project site could successfully absorb 670 to 1,000 units, based on a 10 to 15 percent capture rate. **Consequently, the 890 units proposed for 500 Veteran's Memorial Parkway should easily be absorbed over the next several years, absent the delivery of any substantial multi-family projects which are not currently anticipated in that timeframe.**

Further, with a relatively modest share of smaller studio, one-, and two-bedroom units in East Providence to accommodate smaller households, new studio, one-, and two-bedroom units as part of the 500 Veteran's Memorial Parkway project could help meet unmet housing demand and/or enable older households to downsize. Interviews with real estate professionals confirm this observation and suggest that, particularly, one- and two-bedroom units are in high demand.



Based on a review of newer multi-family rental buildings in and around the project site, **500 Veteran's Memorial Parkway should set its rental pricing competitive with the following current per-square-foot monthly rent ranges observed at Kettle Point (the closest recently built comparable apartment complex):** \$3.70 per square foot for studios, \$3.40 per square foot for one-bedroom units, \$2.76 per square foot for two-bedroom units, and \$2.39 per square foot for three-bedroom units.

Executive Summary (continued)

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

- While local and regional population growth has remained relatively flat and is projected to remain so into the foreseeable future, there exists relatively strong demand for multi-family housing units (both ownership and rental) within East Providence. In 2021 (the latest-year data available), the owner- and renter-occupied vacancy rates in the city were at 1.1 and 3.3 percent, respectively – levels considered extremely tight for both housing types. Furthermore, the closest comparable apartment development to the 500 Veteran's Memorial Parkway project site (Kettle Point apartments, built in 2018) has a reported two-percent vacancy rate.
- Given limited existing destination retail and dining options near the 500 Veteran's Memorial Parkway project site, new multi-family project households (with average household incomes ranging from \$79,000 to \$120,000) could support additional dining establishments at the site, inclusive of food trucks, casual and upscale dining. Furthermore, the Providence MSA's relatively tight retail market (just 3.1 percent of its retail space was vacant as of second-quarter 2023) is likely an attractive market for new retail entrants.
- Interviews conducted with area real estate brokers indicate steady demand (largely from young professionals, graduate students, and parents of students looking for investment properties) for more housing choice (both rental and ownership) in East Providence.
- Given the number of primary workers in the PMA who commute into the area (16,250 workers), there is likely unmet housing demand from those who may trade their commutes if adequate housing were available in the city of East Providence.

Executive Summary (continued)

If the 500 Veteran's Memorial Parkway project were to be developed according to the proposed build-out, it would bring many positive fiscal and economic benefits, the most salient of which are identified below:

Fiscal Impacts

- At stabilized occupancy, projected net new annual tax revenues to the city are \$5.3 million.
- Net of projected municipal service costs, the projected fiscal impact is a positive \$4.9 million, exclusive of associated public school-service costs.
- We have been advised that the Developer intends to set aside ten-percent (10%) of the residential units as affordable inclusionary housing. Assuming that such units will be rented or sold at or about 80-percent of the area median income (AMI), the reduced rents and sales prices will have a minimal impact on the total redevelopment project's taxable value.

Economic Impacts

- The development of 500 Veteran's Memorial Parkway is projected to create approximately 3,640 full- and part-time jobs during construction (2025) within Providence County. These would be, principally, well-paid construction jobs related to the project.
- In the first year of stabilized operation, approximately 630 permanent full- and part-time jobs are projected to be created within the county, post project occupancy (2027).

MARKET ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Socio-Economic Trends Analysis

Methodology: Socio-Economic Trends Analysis

Using a combination of published government data (U.S. Census, Bureau of Labor Statistics, and MSA of Rhode Island Department of Commerce, as necessary) and proprietary analysis software (Esri Community Analyst), 4ward Planning prepared a series of data tables comparatively illustrating socio-economic trends across selected study areas. The designated base area is the city of East Providence. The primary market area (PMA), typically representing that catchment area from where 70 percent or more of consumer patronage originates, is defined as a 20-minute drive-time contour from the 500 Veteran's Memorial Parkway building. The secondary market (SMA) area is Providence County. Data is also presented for the Providence - Warwick, Metropolitan Statistical Area, RI-MA (henceforth the Providence MSA).

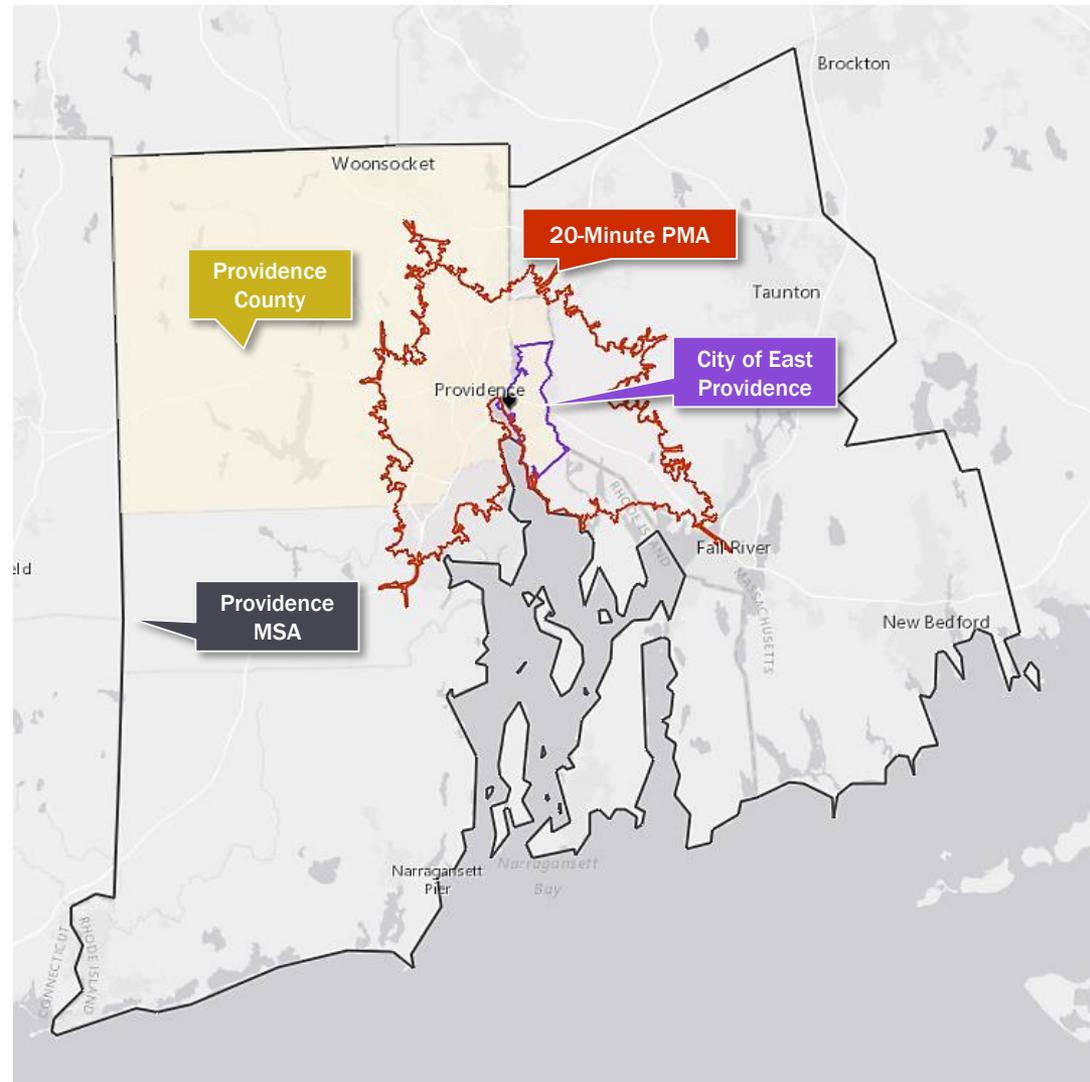
Socio-economic trends associated with population, households, educational attainment, age cohorts, income distribution, and consumer expenditure estimates (including restaurant, and arts and entertainment expenditures) are analyzed.

Demographic data is displayed for 2010, 2023 (estimated), and 2028 (projected).

Methodology: Study Areas

To establish context, socio-economic and labor and industry data is compared across the following geographic areas:

- **City of East Providence**, as defined by the census boundaries;
- **20-Minute PMA**, classified as a 20-minute primary market area drive-time contour from 500 Veteran's Memorial Parkway;
- **Providence County**, as defined by the census boundaries; and
- **Providence MSA**: The Providence - Warwick, Metropolitan Statistical Area, RI-MA (henceforth the Providence MSA).



Key Findings: Demographics

Absent additional development household growth expected to be flat

Both the city of East Providence and the 20-minute PMA are expected to continue experiencing relatively flat household formation through 2028 (0.4 and 0.2 percent per year, respectively). Absent additional residential development investment in each area, household formation is likely to remain flat in the near term.

Project could help attract younger adults into the city

Currently, the median household size in East Providence is relatively small (2.2 persons) and the median age is relatively old (45 years), likely due to its large share of single-person households and persons 65 and older, respectively. New multi-family senior living units at the 500 Veteran's Memorial Parkway site would likely appeal to existing older residents, while new multi-family rental units, townhouses, and duplexes may also attract younger adults into the city.

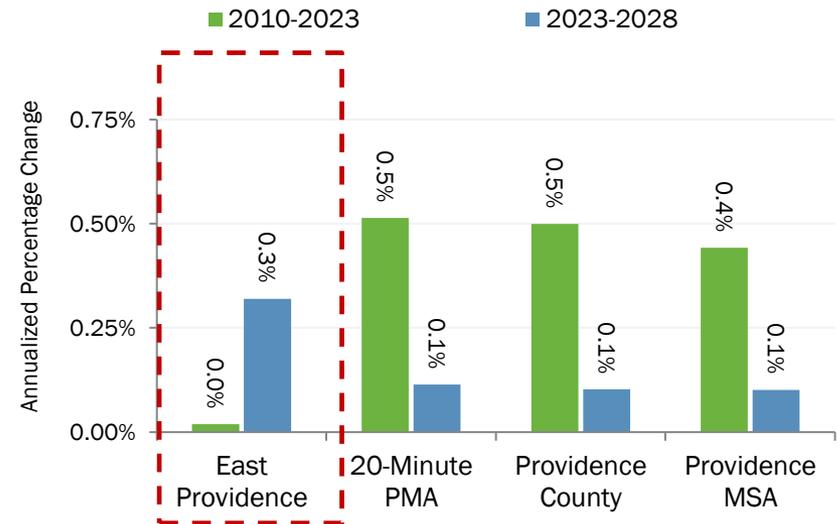
Project could attract relatively high-income households and spending

In 2023, East Providence had a per capita income of \$44,030 and a median household income of \$70,380. Proposed new market-rate multi-family housing, dining and retail offerings at the 500 Veteran's Memorial Parkway project would likely attract households with higher incomes and spending levels from the larger region.

Near-Term Population Change

While the city of East Providence is expected to continue experiencing positive, albeit relatively flat population growth through 2028, total population within the city is projected to increase by approximately 750 residents over the next five years (increasing by just 0.3 percent per year). Total population within the PMA is expected to increase by approximately 3,290 residents over the same period.

Annualized Percentage Change, Total Population



Population by Geography

	2000	2010	2023	2028	Net Change (2023-2028)
East Providence City	48,715	47,037	47,152	47,906	754
20-Minute PMA	540,406	539,486	575,532	578,821	3,289
Providence County	621,596	626,667	667,352	670,777	3,425
Providence MSA	1,583,010	1,600,852	1,692,928	1,701,501	8,573

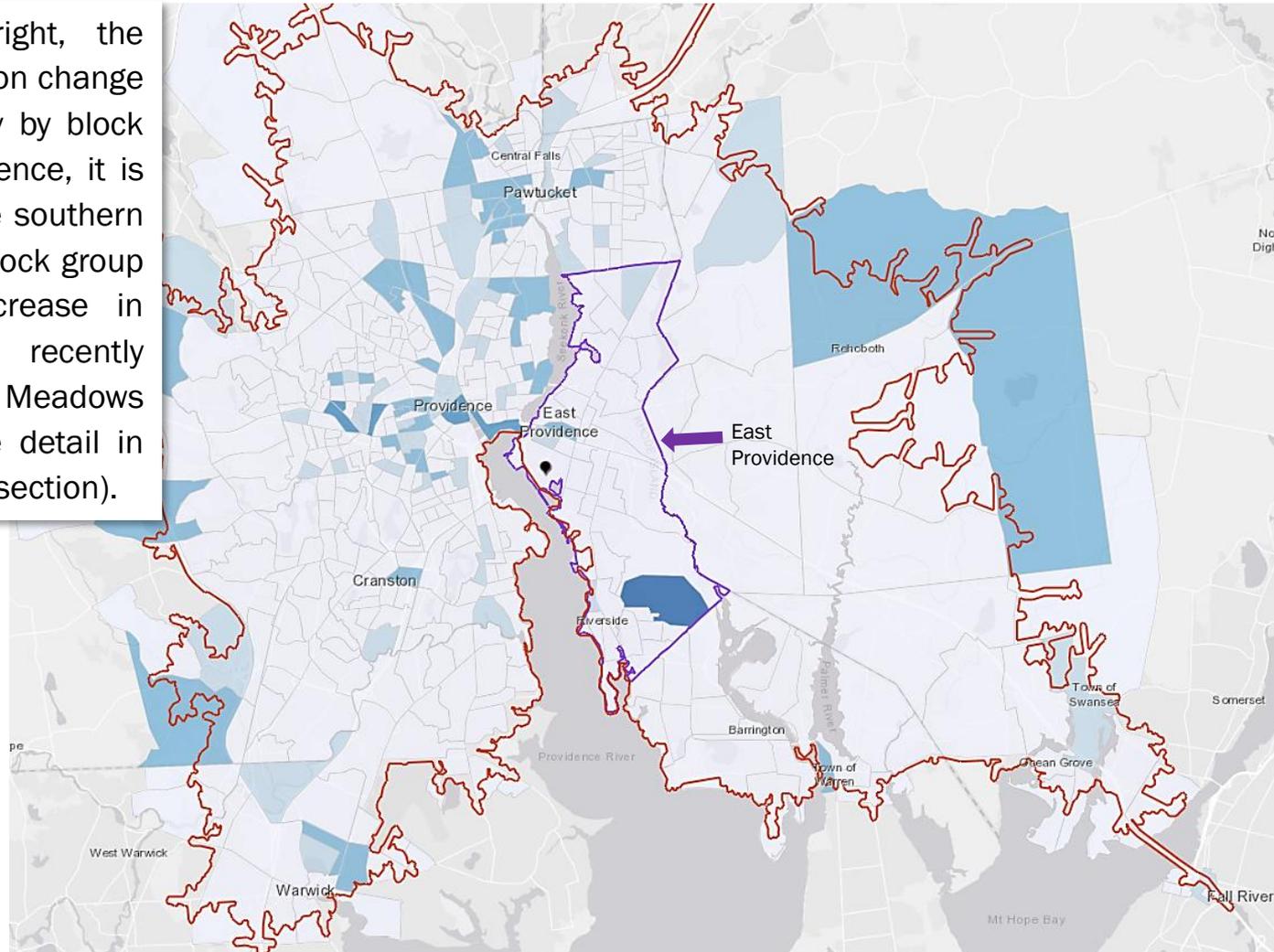
Source: US Census Bureau; Esri; 4ward Planning Inc., 2023

Near-Term Population Change (continued)

As illustrated to the right, the estimated rate of population change in the PMA ranges widely by block group. Within East Providence, it is highest (increasing) in the southern portion of the city. This block group has experienced an increase in residents due to the recently constructed Wampanoag Meadows project (provided in more detail in the residential real estate section).



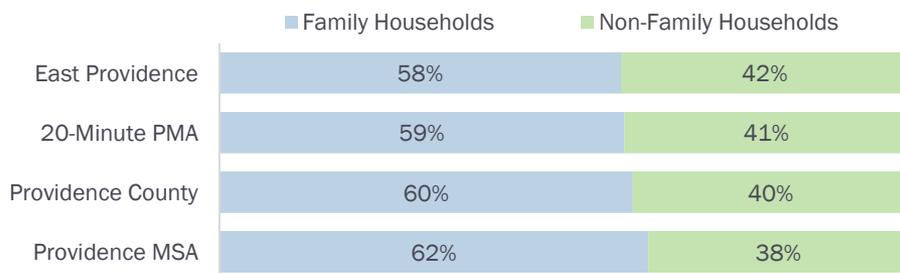
Source: Esri; 2023



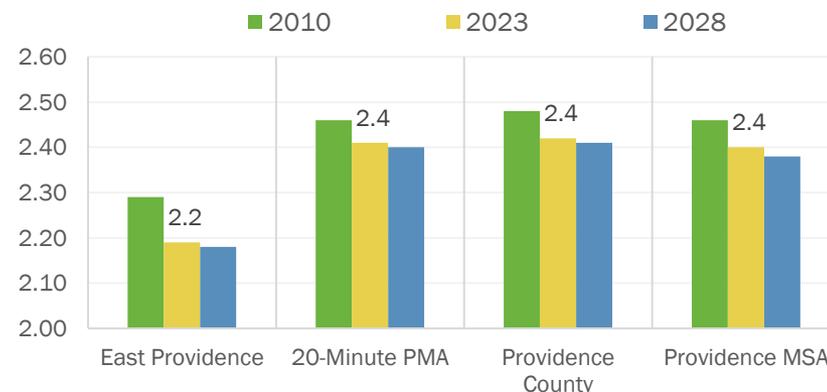
Household Size and Composition

Family households are those composed of persons related by birth, marriage, or adoption and residing together, while non-family households include householders living alone or with an unrelated roommate. Household composition and size influences housing demand and affordability, since the number and type of people living in a household affects demand of bedroom count and square footage of residential units. The median household size in East Providence is relatively small (2.2 persons per household), compared to that in the PMA (2.4 persons per household), due to a slightly larger share of one-person householders. This favors studios, one- and two-bedroom development.

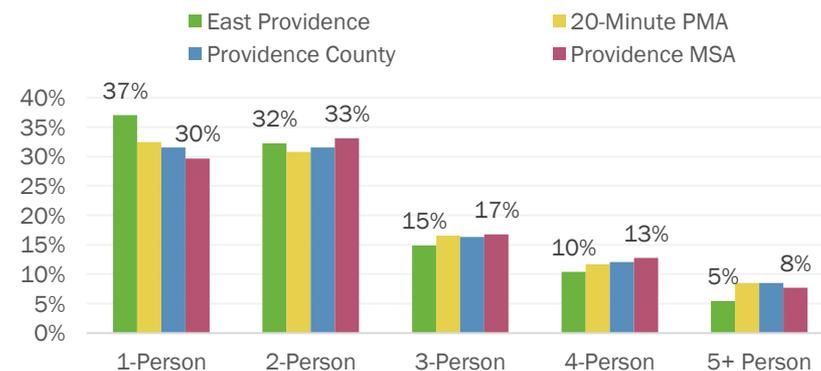
Household by Type, 2023



Household Size Trends



Household Size, 2021



Source: US Census Bureau; American Community Survey, 2023 ACS 5-Year Estimates Data Profiles, DP02

Household Formation

While the city of East Providence is also expected to continue experiencing positive, albeit relatively flat household growth through 2028 (increasing by just 0.4 percent per year), the PMA is projected to increase by approximately 2,740 households over the next five years (growing by 0.2 percent per year). Absent additional residential development investment in the area, new household formation is likely to remain flat in the near term. As illustrated in the charts to the right, Esri anticipates the rates of both non-family and family household formation in East Providence will be similar (both 0.4 percent) over the next five years. However, the introduction of new residential product into the market is not solely dependent on household formation, as there will be existing area households seeking newer residential amenities.

Household Formation Trends ■ 2023-2028



Households by Geography

	2000	2010	2023	2028	Net Change (2023-2028)
East Providence City	20,542	20,201	21,149	21,593	444
20-Minute PMA	210,782	209,569	228,545	231,280	2,735
Providence County	239,936	241,717	263,488	266,315	2,827
Providence MSA	613,840	626,610	680,080	688,752	8,672

Source: US Census Bureau; Esri; 4ward Planning Inc., 2023

General Housing Preferences by Life Stage

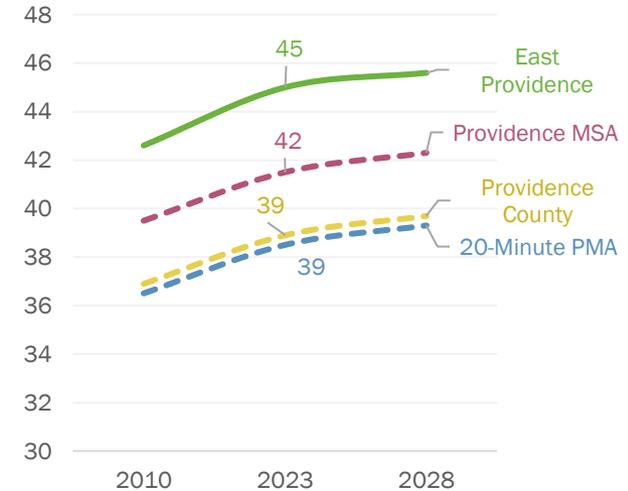
The table below illustrates how housing preferences and choice may change across age and life stage.

	Young Adults (Ages 18-24):	Early Career (Ages 25-34):	Middle-Aged Adults (Ages 35-54):	Empty Nesters (Ages 55-64):	Retirees (Ages 65+):
Housing Preferences	<ul style="list-style-type: none"> • Rental Market: Many young adults in this age group prefer renting over buying, as they may not have the financial stability or desire for long-term commitments associated with homeownership. • Urban Living: Young adults often prefer to live in urban areas or close to city centers, valuing proximity to work, entertainment, and social activities. 	<ul style="list-style-type: none"> • Transition to Ownership: As individuals in this age group advance in their careers and achieve greater financial stability, there's often a shift towards considering homeownership as a viable option. 	<ul style="list-style-type: none"> • Homeownership: This group is generally more likely to own a home, as they have typically established stable careers and may be raising families. • Suburban Living: Many middle-aged adults prefer suburban or exurban areas due to the appeal of larger homes, good schools, and a quieter lifestyle. • Family-Oriented Amenities: Proximity to schools, parks, and family-friendly amenities becomes increasingly important. 	<ul style="list-style-type: none"> • Downsizing: As children move out of the house, empty nesters may look to downsize, either by selling their family home and purchasing a smaller one or by moving to a retirement community or active adult community. • Accessibility and Convenience: Access to healthcare, proximity to shopping centers, and ease of transportation become significant considerations. 	<ul style="list-style-type: none"> • Aging-in-Place vs. Retirement Communities: Some retirees prefer to age in place, staying in their own homes with necessary modifications for accessibility. Others may opt for retirement communities that offer amenities and support services. • Climate and Lifestyle Preferences: Many retirees consider factors like climate, recreational activities, and cultural amenities when choosing where to live.
Housing Types	<ul style="list-style-type: none"> • Apartment rentals and condos • Shared housing 	<ul style="list-style-type: none"> • Single-family or townhome starter homes 	<ul style="list-style-type: none"> • Single-family homes • Townhomes 	<ul style="list-style-type: none"> • Single-family homes • Condos or townhomes • Active adult community 	<ul style="list-style-type: none"> • Single-family homes • Senior communities • Senior and assisted-living units

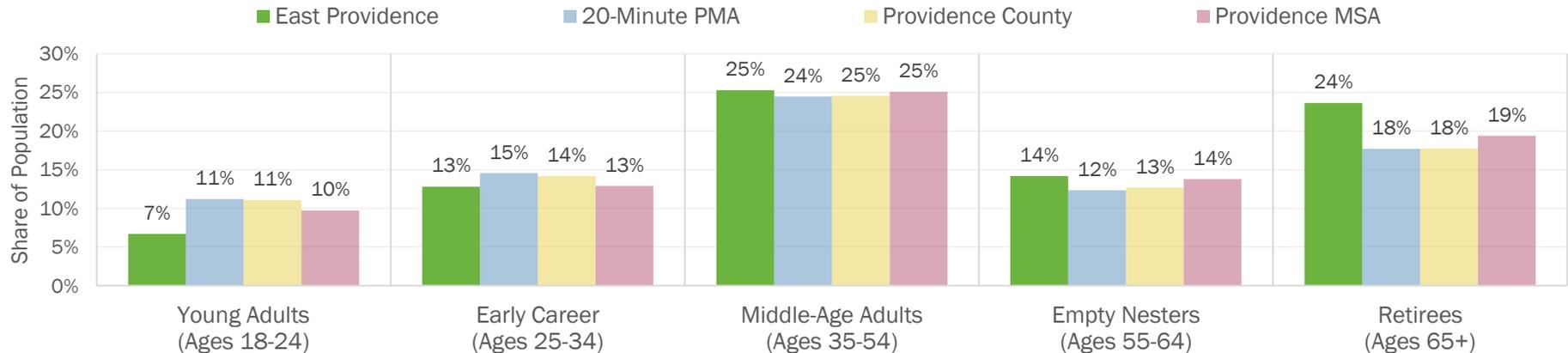
Ages and Life Stages

The median age in East Providence (45 years) is relatively old, compared to those in the PMA and county (both 39 years). East Providence currently has a large share of residents in the retirees cohort (those ages 65 and older). Multi-family senior-living units would likely appeal to these existing older residents. Conversely, East Providence currently has a lower share of residents in the young adults cohort (those ages 18 to 24). New, non-age-restricted multi-family rental units, townhouses, and duplexes may help attract younger adults into East Providence – particularly those who may be priced out of neighboring Providence.

Median Age Trends



Population Distribution by Age and Life Stage, 2023

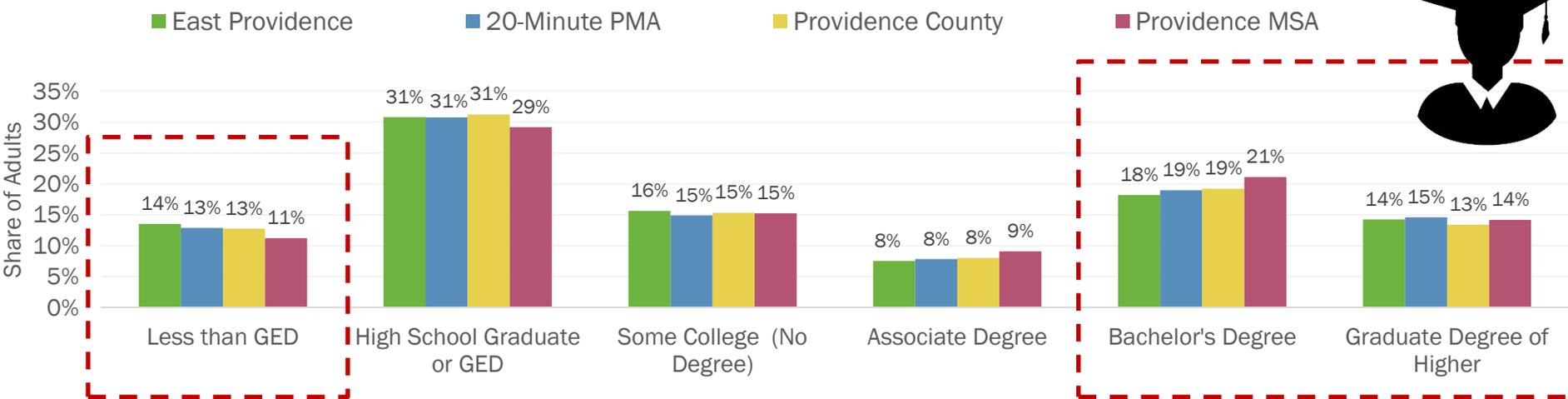


Sources: U.S. Census Bureau; Esri; 4ward Planning Inc., 2023

Educational Attainment

Educational attainment can be a critical long-term driver of a person’s earning potential, which can influence a household’s income and housing affordability. Highly educated individuals may also prioritize living in areas with good access to job opportunities, research centers, universities, and other educational institutions. As illustrated in the chart below, although educational attainment is relatively comparable across all geographies it is slightly higher in the MSA. For example, 35 percent of adult residents ages 25 and older in the MSA hold a graduate degree or higher level of education, compared to 32 percent in East Providence. The relatively large share of highly educated residents in the PMA and surrounding region bodes well for future housing investment.

Educational Attainment by Geography, 2023



Source: Esri; 4ward Planning Inc., 2023

Median Household Income

Generally, educational attainment is strongly and positively correlated with earnings, with households and persons with higher levels of educational attainment drawing higher incomes, all other factors remaining equal. As shown in the chart at right, the current median household income in East Providence (\$70,380) is slightly lower than that in the MSA, but relatively comparable across all geographies. Given estimated apartment rents and duplex/townhome sale prices provided by Marshall Properties Inc. (discussed in more detail in the economic impact section), the 500 Veteran's Memorial Parkway project is expected to attract new households with incomes between \$98,000 and \$160,000.

Median Household Income, 2023

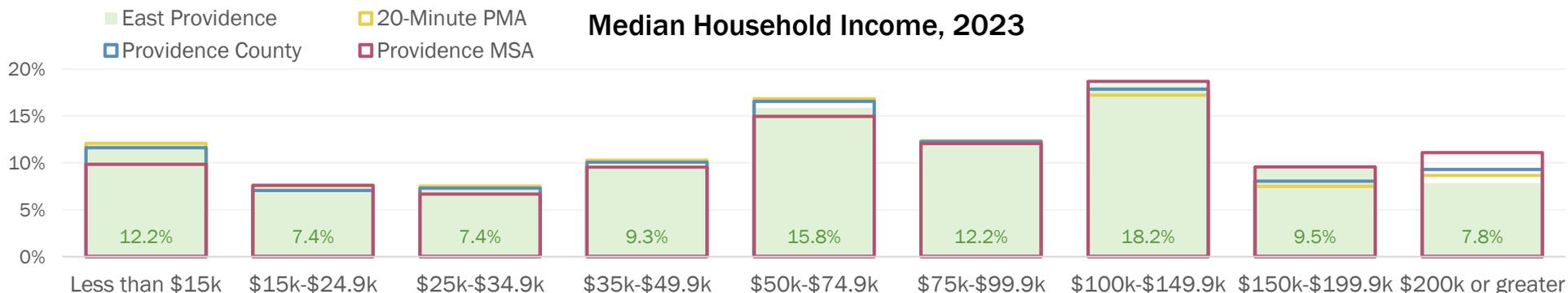


500 Veteran's Memorial Parkway: Estimated Household Incomes

	Units	Average HH Income ¹
Apartments	844	\$98,180
Duplexes/Townhomes	46	\$159,700
Total/Average	890	\$101,360

¹ Weighted Average

Median Household Income, 2023



Sources: US Census Bureau; Esri; 4ward Planning Inc., 2023

Labor & Industry Trends Analysis

Methodology: Labor & Industry Trends Analysis

4ward Planning closely examined regional labor market and industry trends within the region, to include the following metrics for Providence County and the Providence MSA, down to the three-digit NAICS level:

- Top six industry sectors by employment (absolute and percentage) (2022)
- Top six sectors by average number of new jobs created (2017 – 2022)
- Top six sectors by average monthly earnings (2017 – 2022)

4ward Planning also examined projected occupational employment data published by the Rhode Island Department of Labor and Training for the State for the most current years provided (2020 through 2030). The examination of projected occupational employment data provides insight into near-term shifts in residential and commercial demand from the region's workforce (worker's earnings and spending potential).

Key Findings: Labor & Industry

Shrinking labor force and tight labor market

According to the U.S. Bureau of Labor Statistics (BLS), in August 2023, there were approximately 24,240 persons in the city of East Providence labor force - 1,310 fewer people than in August 1999. The city's average annual unemployment rate (3.1 percent in August 2023) is the lowest it has been over the past three decades - indicative of an extremely tight labor market, where businesses may find it challenging to find and hire qualified employees.

Nearly 16,250 commuters

An estimated 16,250 workers commuted daily into the city of East Providence in 2020. Assuming a small portion of these commuting workers would prefer to live closer to their jobs if additional quality housing choices were available, these workers represent pent-up housing demand.

Growing health sector and declining manufacturing sector

The health care and social assistance sector is the top sector by total employment in the county, providing approximately 54,190 jobs. From first-quarter 2014 to first-quarter 2023, employment in this top sector increased by approximately 9,010 new jobs. Conversely, the manufacturing sector (which was the top sector in first-quarter 1999) was the top industry by recent employment loss, declining by approximately 36,820 primary jobs over the same period.

Labor Force Trends

The U.S. Bureau of Labor Statistics (BLS) defines the civilian labor force as being comprised of both those employed and those unemployed and actively seeking employment. According to BLS data, the city of East Providence labor force reached a peak in 1992 (at approximately 27,510 workers). In August 2023, there were approximately 24,240 workers in the labor force (24,070 employed and 770 unemployed) - 1,310 fewer people than in August 1999. Given the pandemic-induced recent rise in remote work and fewer workers commuting into traditional employment centers, people may be less concerned with proximity to job centers but attracted to areas that offer other amenities or lifestyle advantages, such as parks, cultural attractions, or good schools. Additionally, those looking to work remotely will also seek housing opportunities which have or are near suitable working spaces, such as a den or local coffee house.

Labor Force Trends: East Providence City

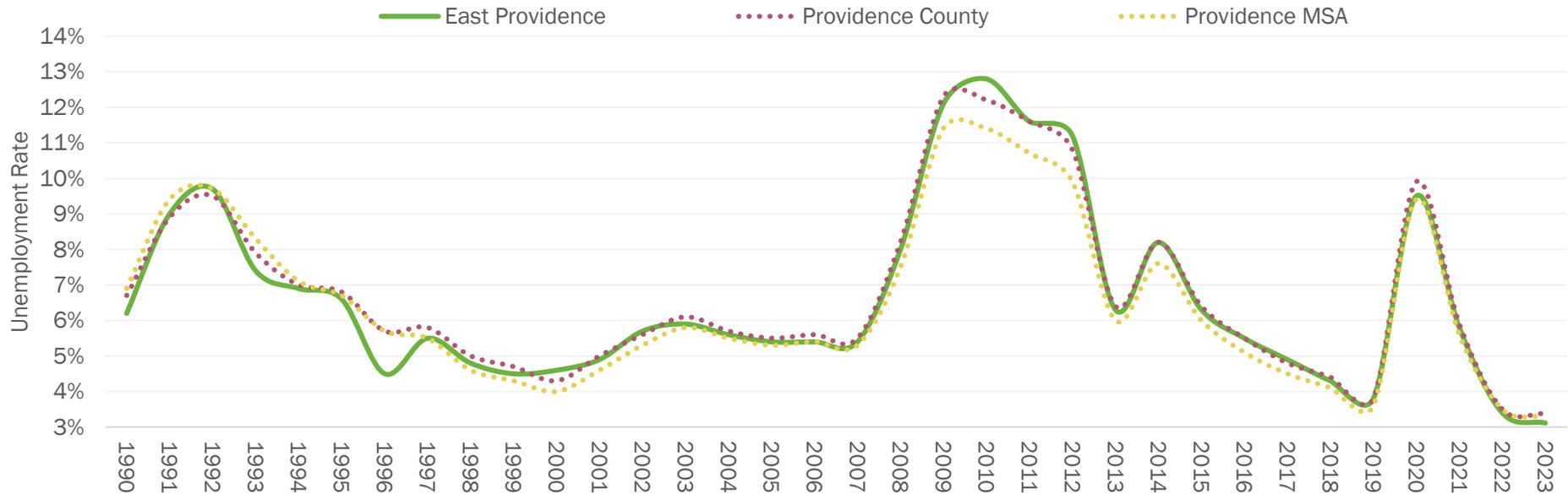


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, data as of August 2023

Unemployment Trends

According to data provided by BLS, while the city’s unemployment rate steadily declined from 2009 to 2019 (following the Great Recession), it rose significantly in 2020 due to the impacts of the Covid-19 health crisis. The city’s average annual unemployment rate as of August 2023 (3.1 percent) is the lowest it has been over the past three decades and is slightly lower than that in both the county (3.4 percent) and the MSA (3.3 percent). The city’s average annual unemployment rate is indicative of an extremely tight labor market, where businesses may find it challenging to hire qualified employees. The addition of new residential units is often a strong selling point for local employers seeking new talent.

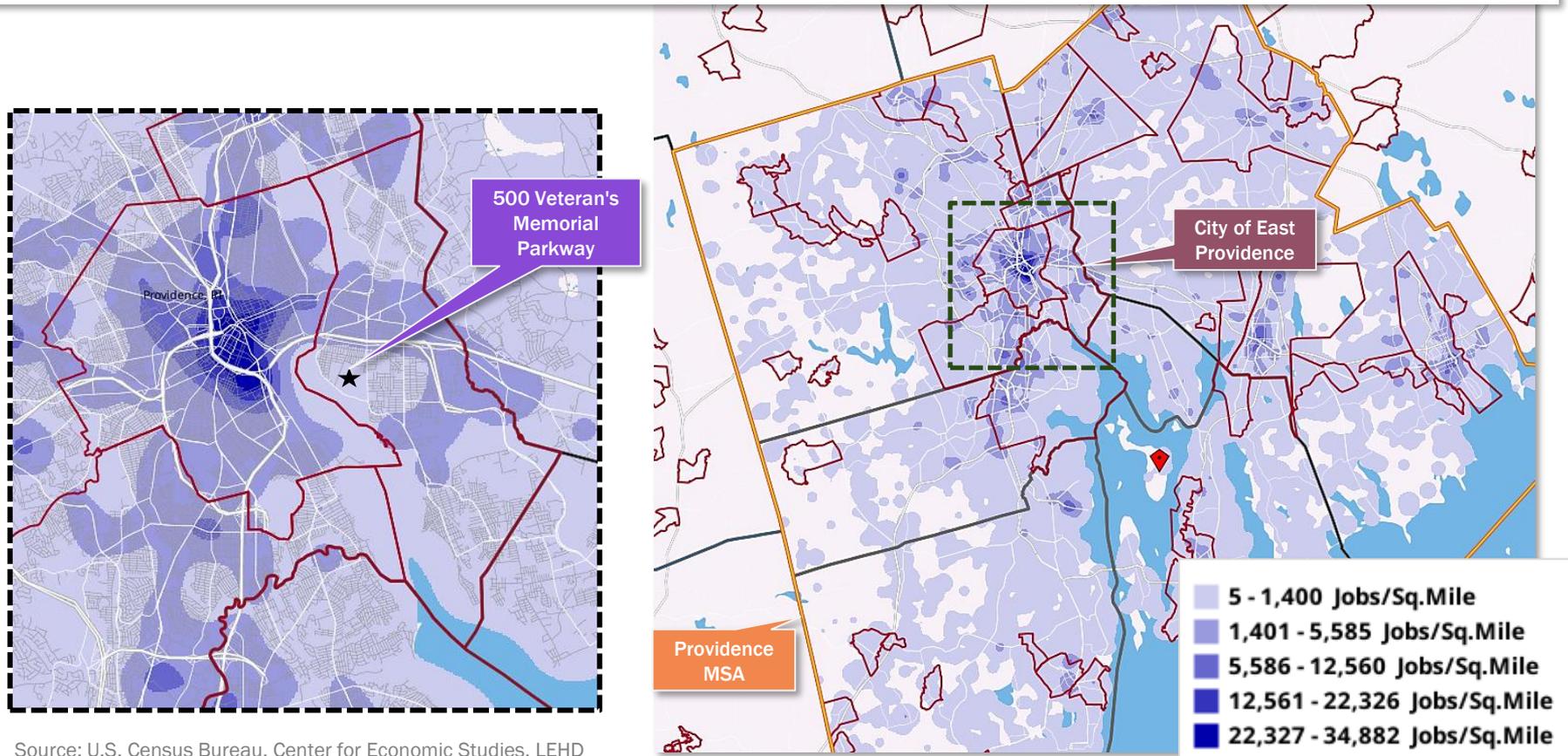
Average Annual Unemployment Rate



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, data as of August 2023

Primary Jobs: Providence MSA

The U.S. Census Bureau defines a primary job as a person's dominant job, that earning an individual the most money if they should have more than one job. The map below illustrates primary job clusters in the MSA, according to 2020 data provided by the U.S. Census Bureau. As highlighted in map, primary job density in the MSA is greatest in and around the city of Providence – to the west of 500 Veteran's Memorial Parkway.



Source: U.S. Census Bureau, Center for Economic Studies, LEHD

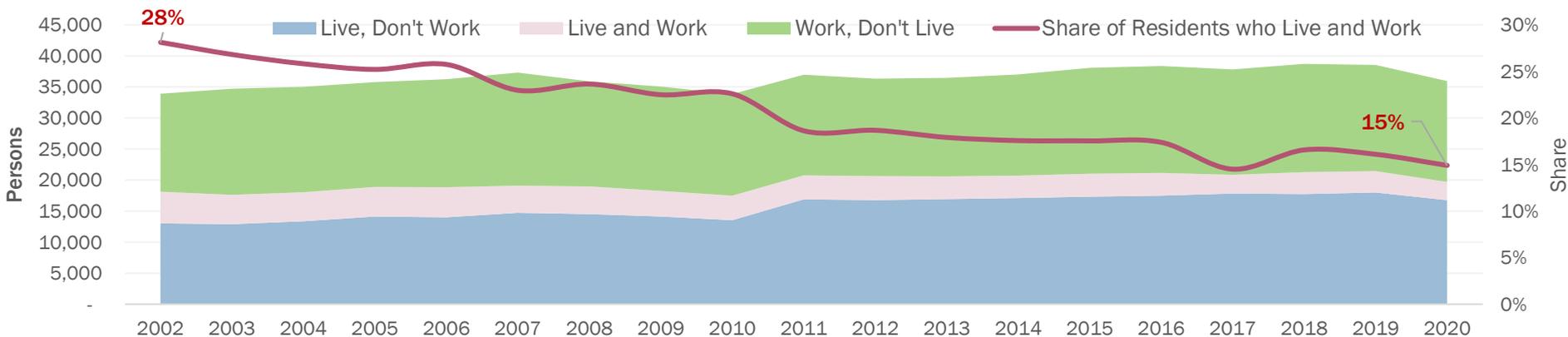
Travel Shed Analysis: East Providence City

According to primary job data provided by the U.S. Census Bureau, in 2020 (the latest year available), just 15 percent of city of East Providence residents also worked in the city. Approximately 16,250 workers commuted into East Providence for work, and 16,750 residents commuted outside of the city for work. From 2002 to 2020, the share of residents both living and working in the city declined by 13 percentage points – likely reflective of growing housing mismatch. While this data represents the most current year available, it does not reflect potential pandemic-related impacts on commuting due to more employees working from home.

**Inflow/Outflow Primary Job Counts:
East Providence City 2020**



Historic Worker Inflow/Outflow, East Providence City



Source: U.S. Census Bureau, Center for Economic Studies, LEHD

Employment Share by Industry

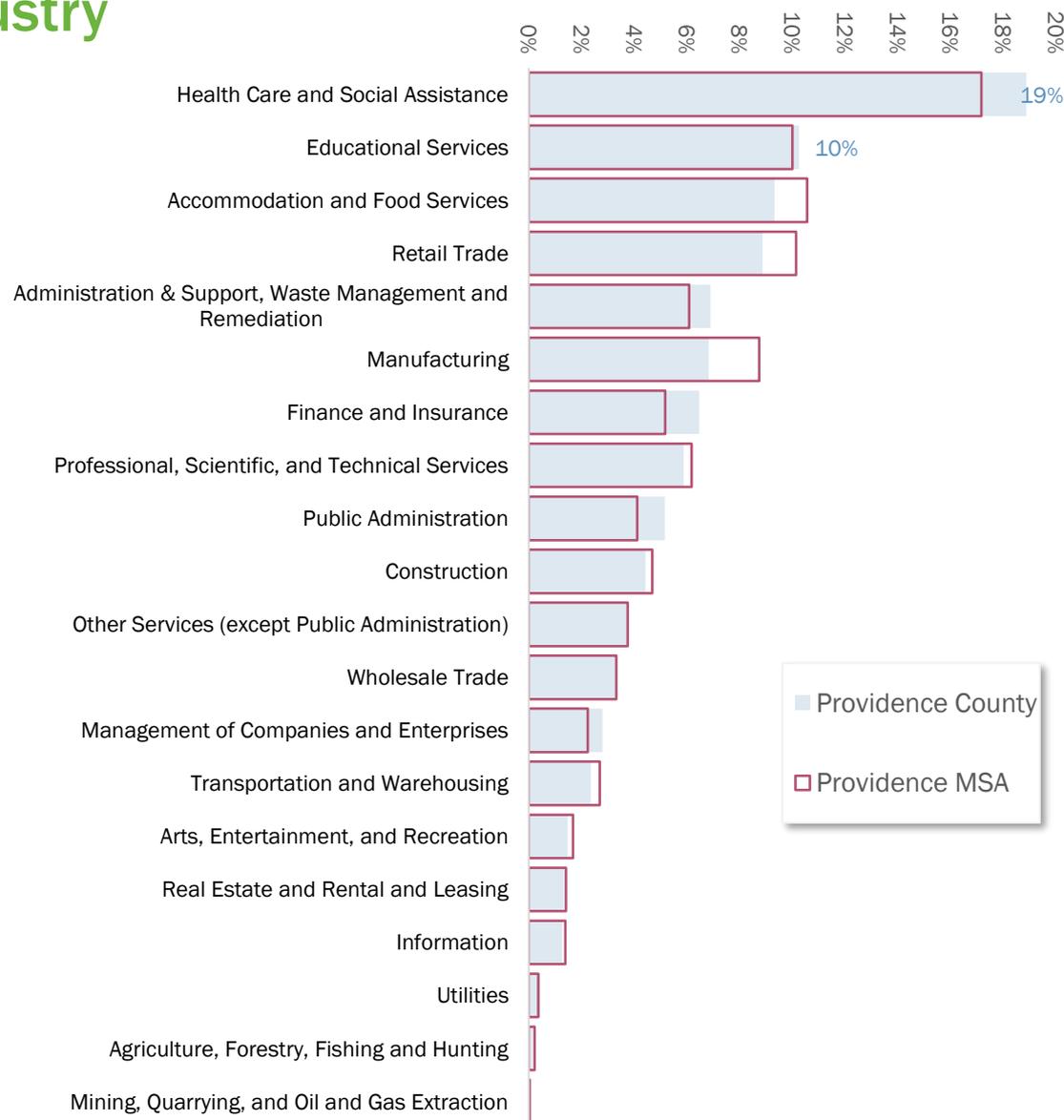
The chart at right compares job employment share (percent) by industry, based on first-quarter 2023 employment data provided by the U.S. Bureau of Labor Statistics (BLS).

The health care and social assistance sector is the top industry by employment share within both the county and MSA, representing 19 and 17 percent of total jobs, respectively. The county and MSA also have relatively high shares of jobs in the educational services sector (both 10 percent), suggesting there are elements of an “Eds and Meds” cluster within the region.

The accommodation and food services, and retail trade sectors represent the third and fourth largest sectors by total employment within both the county and MSA, typically providing relatively low-wage job opportunities.

Source: U.S. Bureau of Labor Statistics

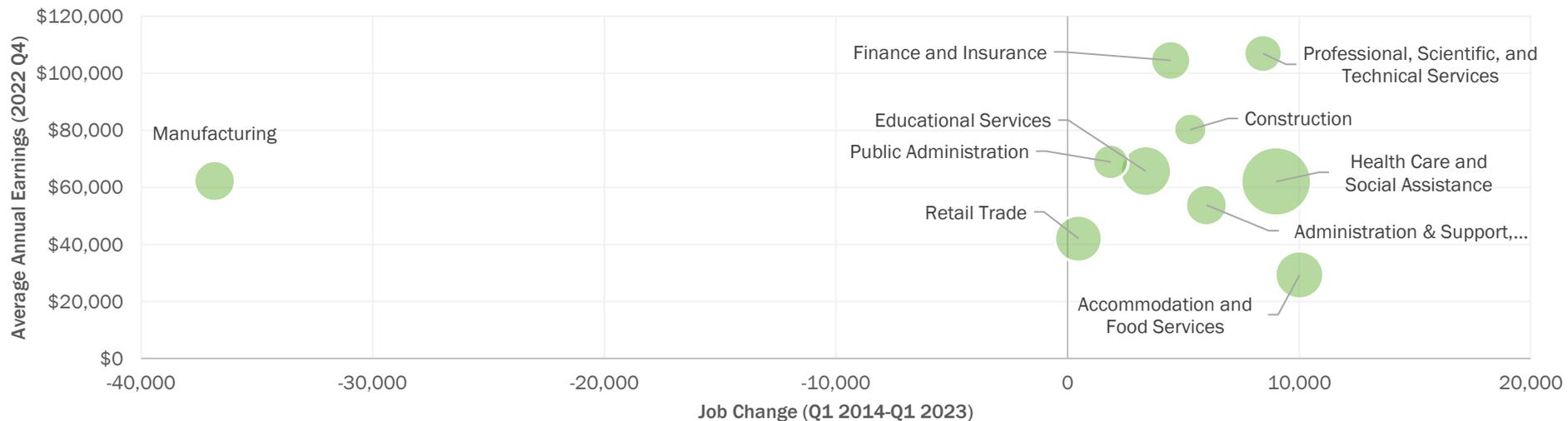
Employment Share by Industries, 1Q 2023



Top 10 Industry Employment Trends: Providence County

The chart below presents primary job trends by the top 10 industries by total first-quarter 2023 employment and fourth-quarter 2022 average annual earnings in the county. The health care and social assistance sector is the top sector by total employment in the county (total employment is represented by bubble size), providing approximately 54,190 mid-wage jobs (average annual earnings of \$62,080). From first-quarter 2014 to first-quarter 2023, employment in this top sector increased by approximately new 9,010 jobs. Conversely, the manufacturing sector (which was the top sector in first-quarter 1999) was the top industry by recent employment loss, declining by approximately 36,820 primary jobs over the same period. Notable job gains also occurred within the accommodation and food services sector (10,010 new jobs), over the same period, providing relatively low-wage employment opportunities (average annual earnings of \$29,320).

Employment Trends by Top 10 Industries by Jobs: Providence County

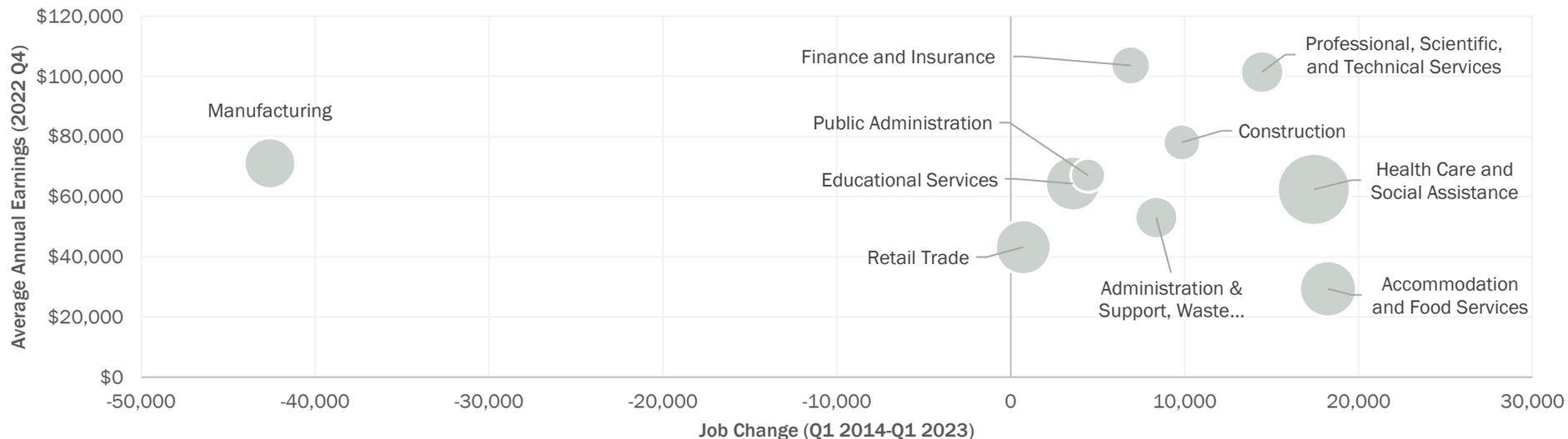


Source: U.S. Census Bureau, Center for Economic Studies, LEHD

Top 10 Industry Employment Trends: Providence MSA

The chart below presents primary job trends by the top 10 industries by total first-quarter 2023 employment and fourth-quarter 2022 average annual earnings in the MSA. The health care and social assistance sector is also the top sector by total employment in the MSA (total employment is represented by bubble size), providing approximately 80,600 mid-wage jobs (average annual earnings of \$62,410). From first-quarter 2014 to first-quarter 2023, employment in this top sector increased by approximately 17,430 jobs. Conversely, the manufacturing sector (which was the top sector in first-quarter 2001) was the top industry by recent employment loss, declining by approximately 42,600 primary jobs over the same period. Notable job gains also occurred within the accommodation and food services sector (18,240 new jobs), over the same period, providing relatively low-wage employment opportunities (average annual earnings of \$29,300).

Employment Trends by Top 10 Industries by Jobs: Providence MSA

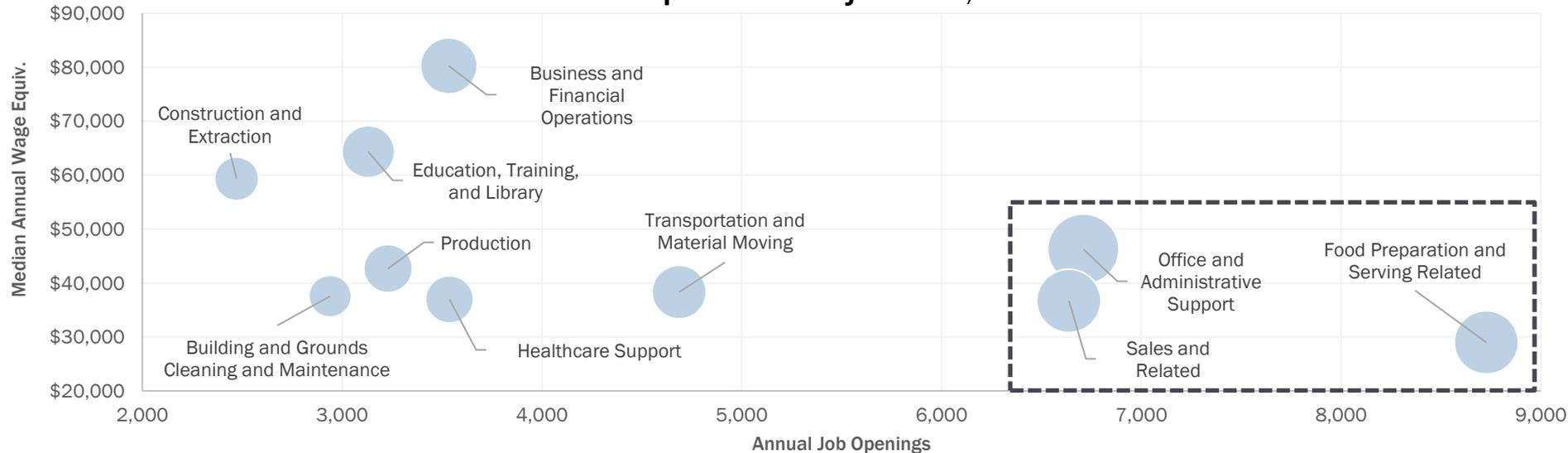


Source: U.S. Census Bureau, Center for Economic Studies, LEHD

Top 10 Occupations by Projected Job Growth: Rhode Island

According to 2020 to 2030 projections provided by the Rhode Island Department of Labor and Training, food preparation and serving related occupations is the top occupation by total job openings in the state, increasing by 8,728 annual jobs from 2020 to 2030. With a median wage of \$13.94 per hour (equivalent to a full-time median annual earning of \$29,000), growth in this occupation will provide relatively low-wage job opportunities. Furthermore, the second and third top occupations by annual job growth (office and administrative support, and sales and related occupations) also provide relatively low- to mid-wage job opportunities (annual earnings of \$46,260 and \$36,710, respectively). Strong projected growth in relatively low-wage occupations in the state will likely increase near-term demand for affordable housing in the region.

Rhode Island Occupational Projections, 2020 - 2030



Note: Bubble size represents total employment in Rhode Island in 2030.

Source: RI Labor Market Information, RI Employment Projections 2020-2022, published September 2022

REAL ESTATE ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Real Estate Analysis

Our primary objective within this task is to gain an understanding of local supply, demand, occupancy, and pricing factors for certain land uses within the primary market area (PMA), inclusive of high-density multi-family residential (rental) and destination retail and dining (casual and upscale). Using a variety of primary and secondary resources, 4ward Planning examined the competitive supply (existing and proposed land uses) within the city of East Providence and the PMA for each of the desired land uses; we also identified opportunities and challenges for establishing these land uses within city of East Providence. Key land-use metrics examined for multi-family residential (rental) and destination retail and dining will include (where data is available) the following: vacancy and absorption rates and trends, lease rates, and building permit activity. Quantitative analysis is supplemented with active broker interviews to “ground truth” data findings.

Based on the quantitative and qualitative analyses and findings identified in the preceding tasks, 4ward Planning conducted a supply/demand analysis, illuminating prospective areas of unmet demand for multi-family rental and destination retail and dining product within the PMA which could, potentially, be accommodated within East Providence. Unmet land-use demand estimates are projected out five years and presented as residential units and commercial square footage, prospectively captured within East Providence over the five-year period (a portion of which could be potentially captured by the 500 Veteran's Memorial Parkway project).

This exercise also permits the estimate of fiscal impacts to the city of East Providence at full build-out.

Multi-Family Residential

Key Findings: Residential

Three large residential projects in the pipeline

There are three large residential projects in the East Providence pipeline: 416 units have been recently constructed as part of the Wampanoag Meadows project, 142 are under construction as part of the Newport Center Mixed-Use project, and 890 units now being proposed as part of 500 Veteran's Memorial Parkway project.

97.1 percent apartment occupancy rate

According to September 2023 data provided by RealPage Analytics, an online provider of multi-family data, the Providence MSA apartment market is performing better than other metros in the nation, with an occupancy of 97.1 percent compared to the national 94.4 percent. The Providence MSA also experienced a 5.2 percent year-over-year growth in rents, partially due to very little inventory growth (0.2 percent over the same period).

Monthly rents from \$1,310 to \$3,140

According to October 2023 data provided by RealPage Analytics, apartment buildings within the PMA are 96 percent occupied, with asking rents between \$1,310 (Beneficent House) and \$3,140 (Burgess-O'Gorman Building) per month.

Between 670 and 1,000 units by 2028

By 2028, there will be an estimated net housing demand for 6,690 residential units in the PMA. Assuming between 10 and 15 percent of this demand could be met locally, by 2028, the project site could accommodate between 670 and 1,000 units – a range covering the 890 units proposed for 500 Veteran's Memorial Parkway.

Multi-Family Development Pipeline

There are three large residential projects in the development pipeline in East Providence: 416 units have been recently constructed as part of the Wampanoag Meadows project, 142 are under construction as part of the Newport Center Mixed-Use project, and 890 units are being planned as part of 500 Veteran's Memorial Parkway project. Just over half of all these units are one-bedrooms. Our interviews with local real estate professionals revealed strong demand for both rental and ownership units in East Providence – coming from professionals, graduate students, and empty-nesters.

Newport Center Mixed-Use Project (Under Construction)



- 7.9 acres
- 142 market-rate units
 - 48 studios, 55 one-bedrooms, and 39 two-bedrooms
- Two four-story buildings
- 13,000-square-foot retail building
- 6,000-square-foot gas station

Wampanoag Meadows Project (Recently Constructed)

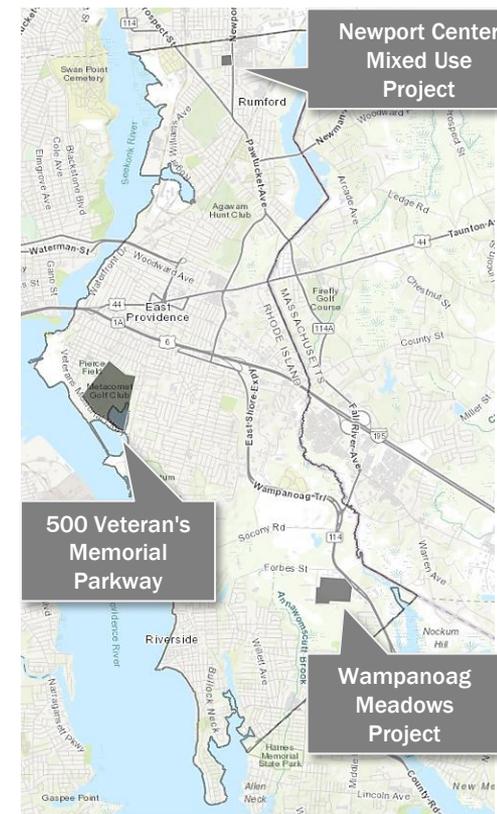


- 53.2 acres
- 416 apartment units
 - 224 one-bedrooms and 192 two-bedrooms
- 5,000-square-foot clubhouse

500 Veteran's Memorial Parkway (Planning)



- 890 units
 - 844 apartments (66 studios, 46 one-bedrooms., 284 two-bedrooms, and 34 three-bedrooms)
 - 22 duplexes (three-bedrooms)
 - 24 townhomes (two-bedrooms)
- 163,000 sqft. retail
- Nine-hole golf course

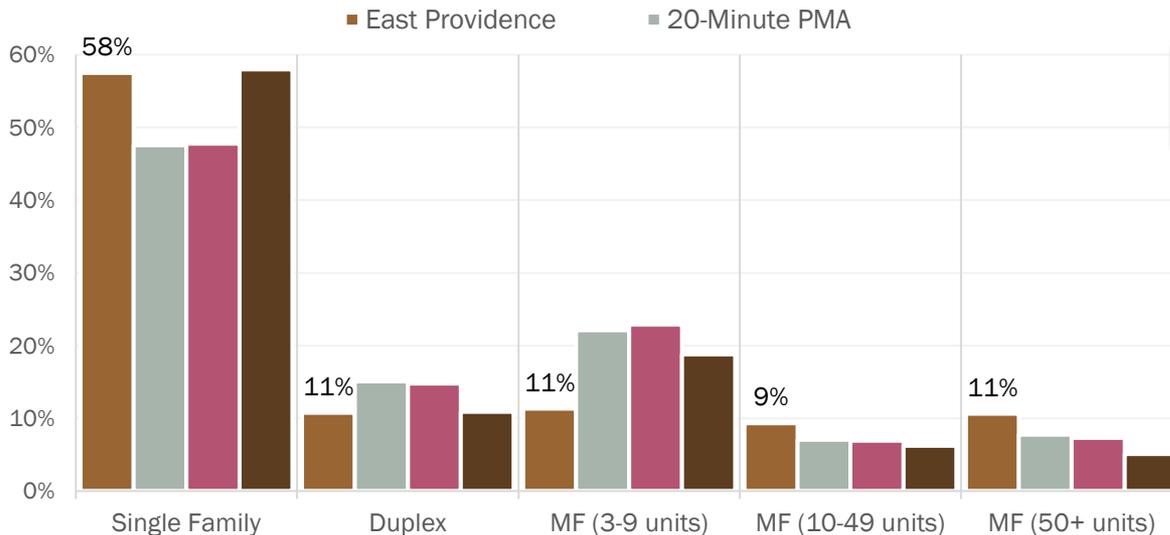


Sources: Schiavo Enterprises, City of East Providence, Esri

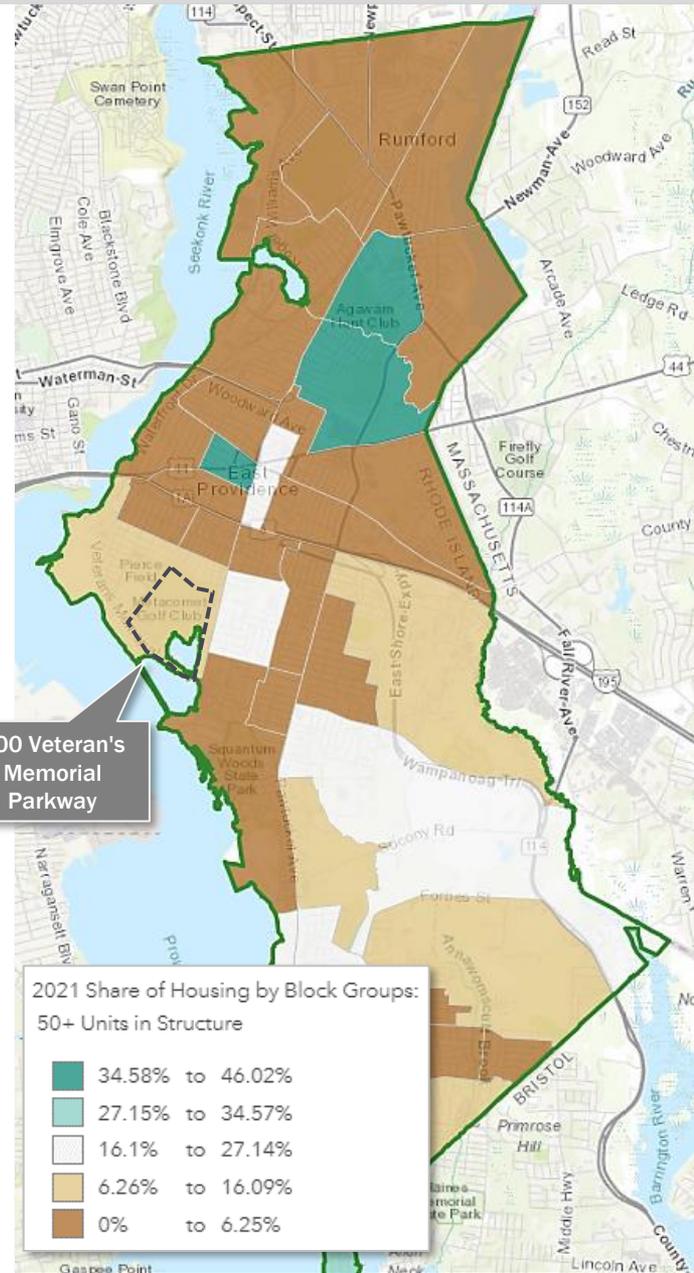
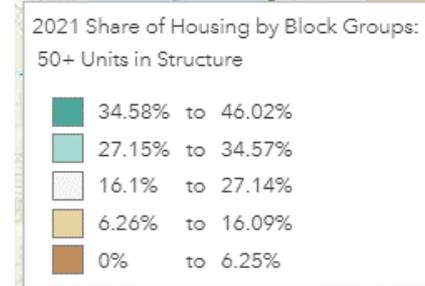
Housing Choice: Structure Type

According to 2021 American Community Survey (ACS) data provided by Esri, a majority of the city's housing stock is single-family housing (58 percent). Duplexes represent 11 percent of the city's housing stock, while multi-family housing represents 31 percent. As illustrated to the right, high-density multi-family housing with 50 or more units is largely concentrated in the northern and central portions of East Providence, close to the proposed high-density 500 Veteran's Memorial Parkway project.

Housing Units by Structure Type, 2021



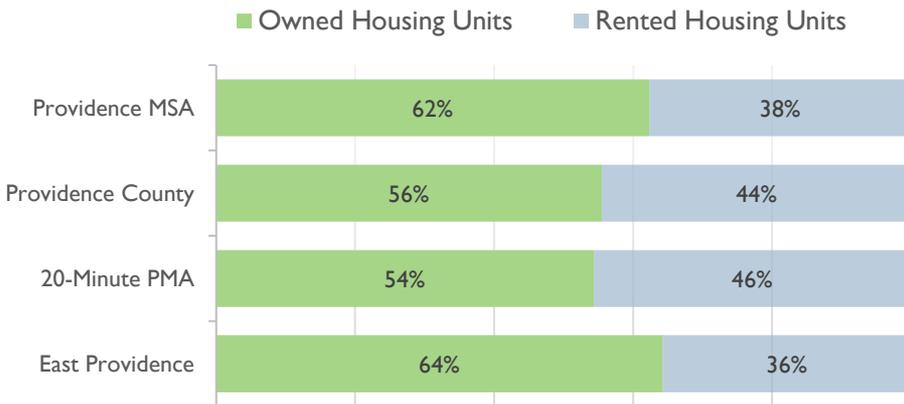
500 Veteran's Memorial Parkway



Housing Tenure

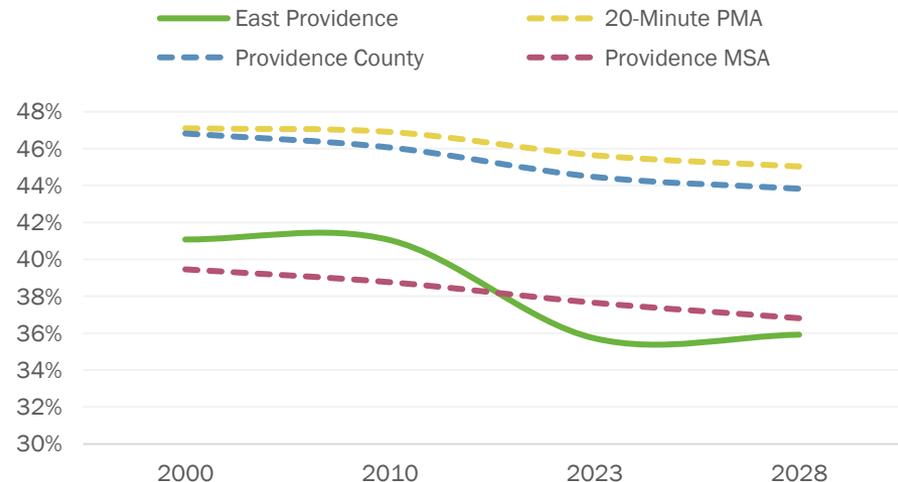
Housing tenure refers to whether a housing unit is owner- or renter-occupied. A healthy housing market is one that has a sufficient supply of units to satisfy the needs of households looking to own and rent. As illustrated below, the city of East Providence is predominately an owner-occupied housing community, with 64 percent of all occupied housing units owner-occupied, a share higher than those found in both the PMA and county (54 and 56 percent, respectively). While the share of renter-occupied housing units in all geographies has decreased slightly in recent years (from 2000 to 2023), it is expected to increase slightly through 2028. Our interviews with local residential real estate professionals confirm strong demand for both renter- and owner-occupancy units at a variety of price points in the city.

Housing Tenure as Share of Total Occupied Units, 2023



Source: Esri; 4ward Planning Inc., 2023

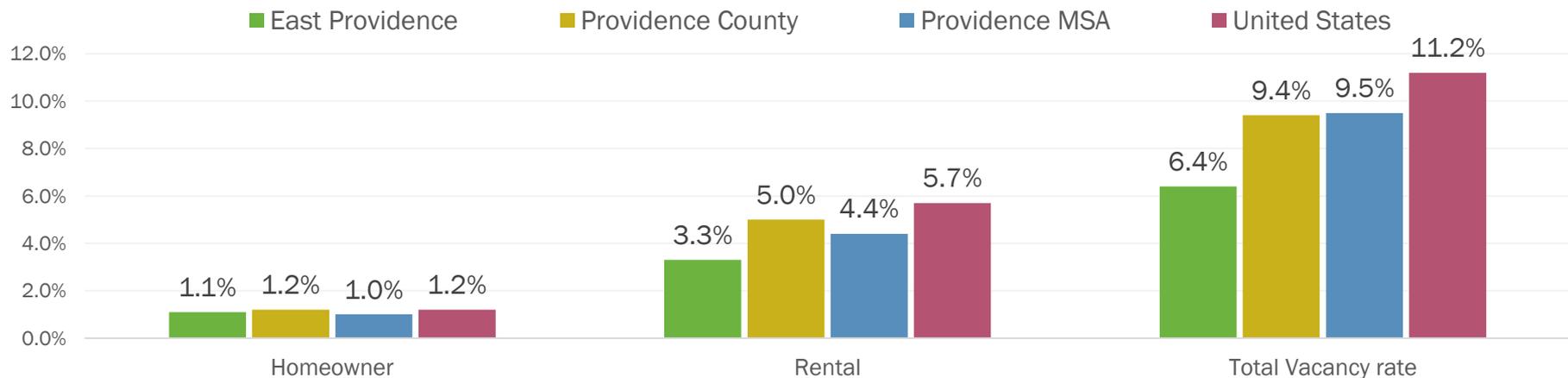
Share Renter-Occupied Housing



Housing Vacancy By Tenure

In general, a vacancy rate of between four and seven percent is an indicator of a relatively healthy housing market. While the average housing vacancy rate in East Providence (6.4 percent in 2021) is within the healthy range, this vacancy rate includes seasonal and other vacant units (units which are vacant due to a sale or leasing transition, repairs being conducted, or for personal reasons of the owner). The vacancy rates shown below exclude vacant units which all into the “other vacant” category and indicate an extremely tight owner- and renter-occupied housing market, at 1.1 percent and 3.3 percent, respectively, in 2021, the latest year for which data are available. The addition of new housing units to the city of East Providence will likely be well received by those searching for housing in a market where few are available.

Vacancy Rate Trends by Housing Tenure, 2021



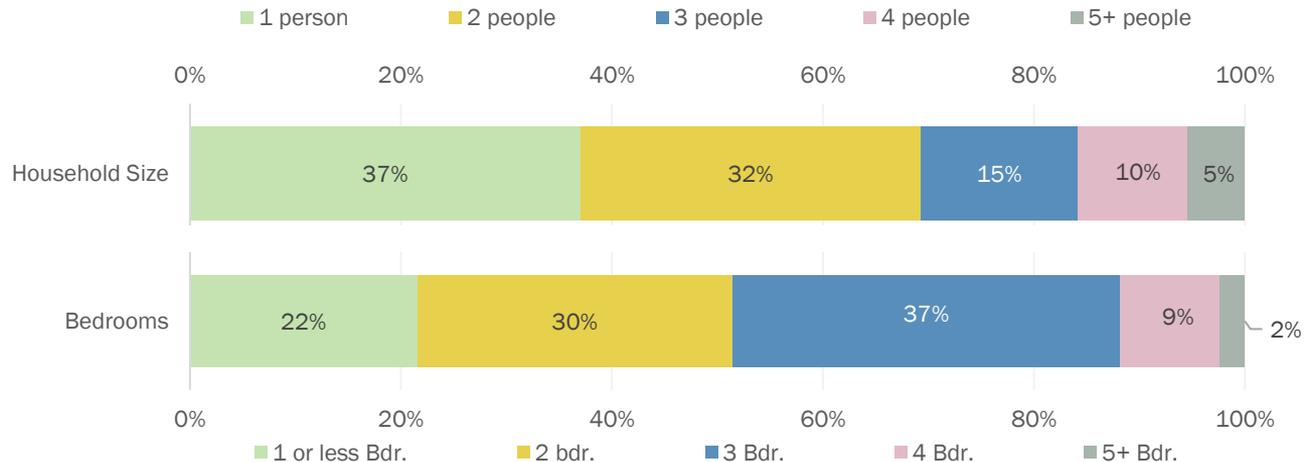
Note: Rental and homeowner vacancy rates do not include "other vacant" or "seasonal" units in the calculation of vacancy rates.

Source: American Community Survey 5-Year Estimates; 4ward Planning Inc., 2023

Housing Choice: East Providence City

The share of one- and two-person households in East Providence (approximately 70 percent, combined) is much higher than the share of studio, one-, and two-bedroom units, combined (approximately 50 percent). Conversely, while households with three or more persons represent just 30 percent of households, approximately 50 percent of housing units have three- or more bedroom. In other words, the existing housing stock in the East Providence is largely built to accommodate larger households. Our interviews with local real estate professionals confirmed unmet demand for smaller one and two-bedroom housing units in East Providence, particularly among smaller non-family households (e.g., young professionals, divorcees, and students sharing rent). This finding is quite favorable for the proposed residential development at 500 Memorial Veterans Highway.

Household Size vs. Unit Size, 2019



Source: 2023 ACS 5-Year Estimates, B11016; DP04

Apartment Metrics: Northeast Region

According to September 2023 data provided by RealPage Analytics, an online provider of multi-family rental data, metros in the Northeast region have experienced much stronger recent rent growth than other metros in the nation. For example, while the national average effective asking rent experienced just 0.1 percent year-over-year (YOY) growth as of September 2023, rents grew by 5.2 percent in the Providence MSA over the same period. Some of this strong growth can be attributed to very little inventory growth in the Providence MSA. For example, while inventory in the nation grew by 2.1 percent over the past year, inventory in the Providence MSA grew by just 0.2 percent. Occupancy rates are also higher in the Providence MSA (97.1 percent), compared to those in the nation (94.4 percent). All of these findings are quite favorable for the proposed project.

Apartment Metrics by Metro Area: Northeast Region, Sept 2023

Market	Rent Change YOY Sept 2023	Occupancy Sept 2023	Inventory Growth YOY 3Q 23
Springfield, MA	8.7%	97.0%	0.0%
Rochester, NY	5.5%	97.6%	0.3%
Trenton, NJ	5.4%	96.8%	1.6%
Providence-Warwick, RI-MA	5.2%	97.1%	0.2%
Portland-South Portland, ME	4.3%	96.7%	1.9%
Newark-Jersey City, NJ-PA	4.3%	96.6%	1.9%
Buffalo-Cheektowaga-Niagara Falls, NY	4.3%	96.5%	0.5%
Albany-Schenectady-Troy, NY	4.1%	95.9%	1.3%
New Haven-Milford, CT	4.0%	95.3%	1.0%
Hartford-West Hartford-East Hartford, CT	3.9%	96.0%	1.4%
U.S. Average	0.1%	94.4%	2.1%

Source: RealPage Analytics, as of October 2023

Apartment Metrics

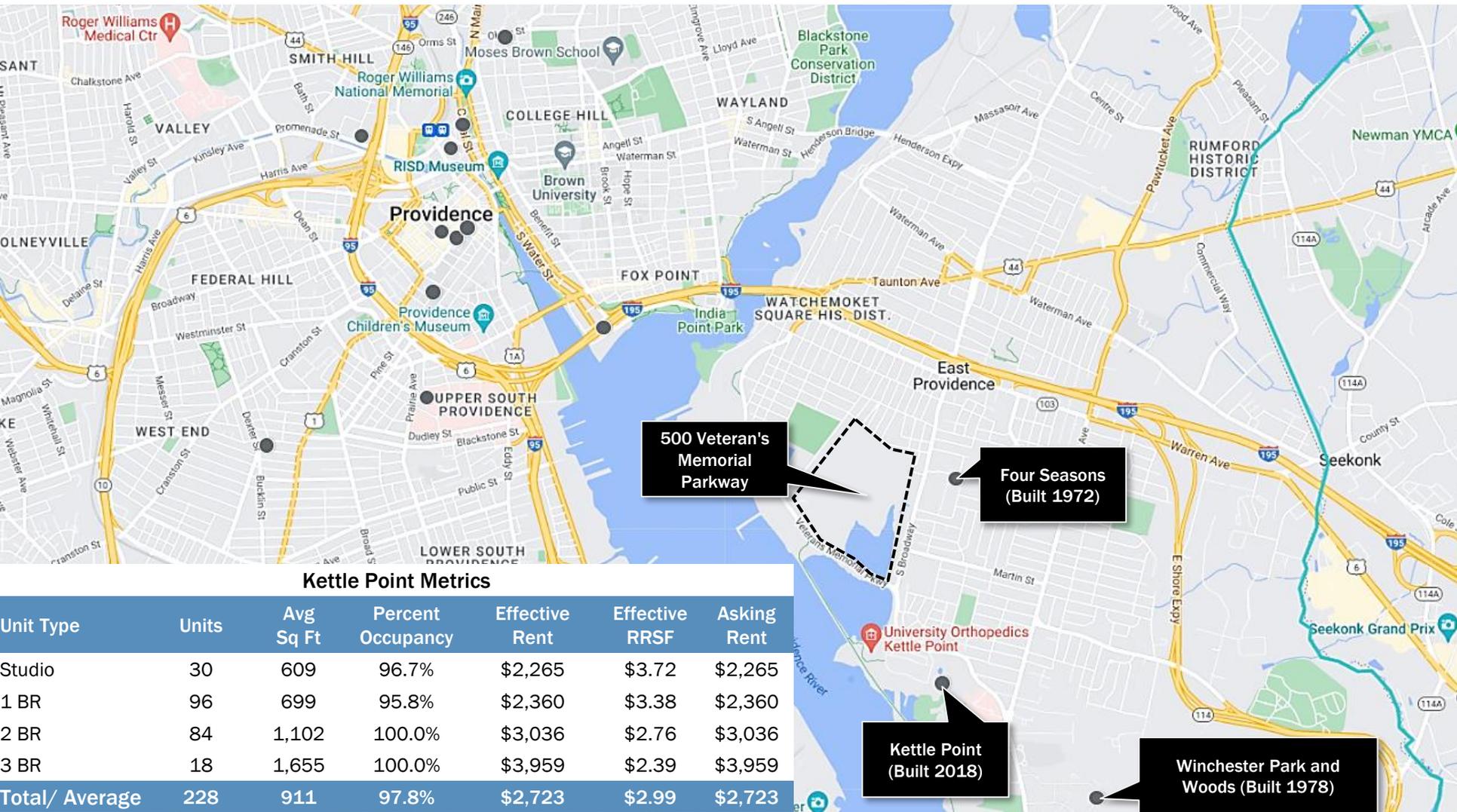
The table below (and the map on the following page) present key metrics for 14 apartment buildings within the PMA, according to October 2023 data provided by RealPage Analytics. These apartment complexes are 96 percent occupied, with asking rents between \$1,310 (Beneficent House) and \$3,140 (Burgess-O'Gorman Building). Located in East Providence, the Four Seasons, Kettle Point, and Winchester Park and Woods are the closest apartments to 500 Veteran's Memorial Parkway. Built in 2018, the 228-unit Kettle Point project is the closest comparable to 500 Veteran's Memorial Parkway, which is nearly 98 percent occupied. As presented in more detail on the following page, current per-square-foot monthly apartment rents at Kettle Point are \$3.72/s.f. for studios, \$3.38/s.f. for one-bedroom units, \$2.76/s.f. for two-bedroom units, and \$2.39/s.f. for three-bedroom units.

Apartment Metrics, October 2023

Name	Location	Units	Year Built	Occupancy	Effective Rent	Effective Rent per SF	Annual Rent Change
580 South Water	Providence	69	2021	98.6%	\$2,596	\$3.04	9.8%
Station Row	Providence	169	2019	95.3%	\$2,418	\$2.85	1.5%
G RESERVE	Providence	59	2018	89.8%	\$2,084	\$2.85	-0.6%
Kettle Point	East Providence	228	2018	97.8%	\$2,723	\$2.99	21.0%
Westfield Lofts	Providence	69	2006	100.0%	\$1,545	\$1.81	8.3%
Halstead Providence	Providence	433	2005	98.4%	\$2,665	\$3.13	4.0%
Westminster Lofts	Providence	97	2005	97.9%	\$2,351	\$1.97	18.4%
Burgess-O'Gorman Building	Providence	13	2000	100.0%	\$3,139	\$1.63	7.9%
Center Place	Providence	225	1991	94.2%	\$2,907	\$3.52	-4.8%
Lockwood Plaza	Providence	209	1978	90.0%	\$1,423	\$1.93	10.3%
Winchester Park and Woods	East Providence	478	1978	95.4%	\$2,085	\$2.37	7.0%
Four Seasons	East Providence	192	1972	96.9%	\$1,919	\$1.86	2.4%
University Heights	Providence	350	1967	92.3%	\$1,815	\$2.59	-4.4%
Beneficent House	Providence	180	1967	100.0%	\$1,306	\$2.18	3.2%
Average		198	1996	96.2%	\$2,213	\$2.48	6.0%

Source: RealPage Analytics, October 2023

Apartment Metrics (continued)



Source: RealPage Analytics, Esri

Supply/Demand Analysis: Key Demand Scenario Assumptions

Net Household Formation from 2023 to 2028 Based on Esri's Household Growth Forecasts

Households within the 20-minute PMA are projected to increase by 2,735 from 2023 to 2028 (by 0.2 percent per year).

Employment Growth Based on Average Annual Growth Rate of 0.6 Percent over 2020 Base Employment

Based on 2020 primary worker data provided by the U.S. Census Bureau and average 2020 to 2030 industry employment growth rate projections provided by the Rhode Island Department of Labor and Training for the State, primary workers within the PMA are expected to increase by 7,850 from 2023 to 2028 (by 0.6 percent per year).

Five of Every 100 PMA Workers Would Trade Commute for Adequate Housing Choice

Currently, approximately 49 out of every 100 primary workers commute from outside the PMA. It is assumed that five out of every 100 of these workers would trade their commutes if adequate housing choice was available.

Housing inventory expected to grow at 0.2 percent per year

Housing within the PMA is projected to increase by 2,500 units from 2023 to 2028 (by 0.2 percent per year).

PMA will Maintain a Natural Average Annual Housing Vacancy Rate of Five Percent

These units represent the supply of units in a given market that are not leased or occupied, allowing for housing turnover.

Remaining Vacant Housing within the PMA is Physically Obsolescent or Unmarketable

It is assumed 5.8 percent of housing stock within the PMA is not available for sale or for rent, but is vacant due to repairs, foreclosure, or other personal reasons.

1.0 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.

Supply/Demand Analysis: 20-Minute PMA

As exhibited in the below table, there is currently a net demand for approximately 5,880 residential units in the PMA. By 2028, there will be an estimated net housing demand for approximately 6,690 residential units in the PMA. Assuming between 10 and 15 percent of this demand could be met locally, by 2028, the project site could potentially accommodate between 670 and 1,000 units – a range covering the 890 units proposed for 500 Veteran's Memorial Parkway. Consequently, there is sufficient demand identified for the project.

Net Dwelling Unit (DU) Demand Through 2028

	2023	2028
Housing Demand Metrics		
<i>Estimated Households in 20-Minute PMA (0.2% growth rate)</i>	228,545	231,280
Estimated Primary Workers in 20-Minute PMA (0.6% growth rate)	258,540	266,390
Estimated Primary Workers Residing Outside 20-Minute PMA (49%)	126,540	133,570
<i>Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (5%)</i>	6,327	6,680
<i>Estimated Number of Naturally Occurring Vacant Housing Units (5%)</i>	12,155	12,280
Estimated Aggregate Housing Unit Demand in 20-Minute PMA	247,027	250,240
Housing Supply Metrics		
Estimated Housing Units in 20-Minute PMA	243,090	245,590
Physically Obsolescent Units (0.8% of total units, 1% annual obsolescence rate)	1,945	2,040
New Units Added in 20-Minute PMA (0.2% growth rate)		2,500
Estimated Net Marketable Housing Units in 20-Minute PMA	241,145	243,550
Net Housing Demand/Supply Calculation		
<i>Estimated Aggregate Housing Unit Demand in 20-Minute PMA</i>	247,027	250,240
<i>Subtract Estimated Net Marketable Housing Units in 20-Minute PMA</i>	241,145	243,550
Net Housing Unit Demand/(Excess Units)	5,881	6,690
<i>Project Site Unit Capture (10%)</i>	588	669
<i>Project Site Unit Capture (15%)</i>	882	1,004

Source: 4ward Planning Inc. 2023

Destination Retail & Dining

Key Findings: Destination Retail & Dining

Project would help expand dining options

According to a DataAxle data, there are just five eating establishments within a 0.75-mile radius from the center of the 500 Veteran's Memorial Parkway project site. Given the proposed market-rate multi-family housing at 500 Veteran's Memorial Parkway, which is expected to attract households with relatively high household incomes (between \$98,000 and \$160,000), spending from these new households could support dining establishments at the site (e.g., food trucks, casual and upscale dining).

Proposed grocery store will improve access to foodstores

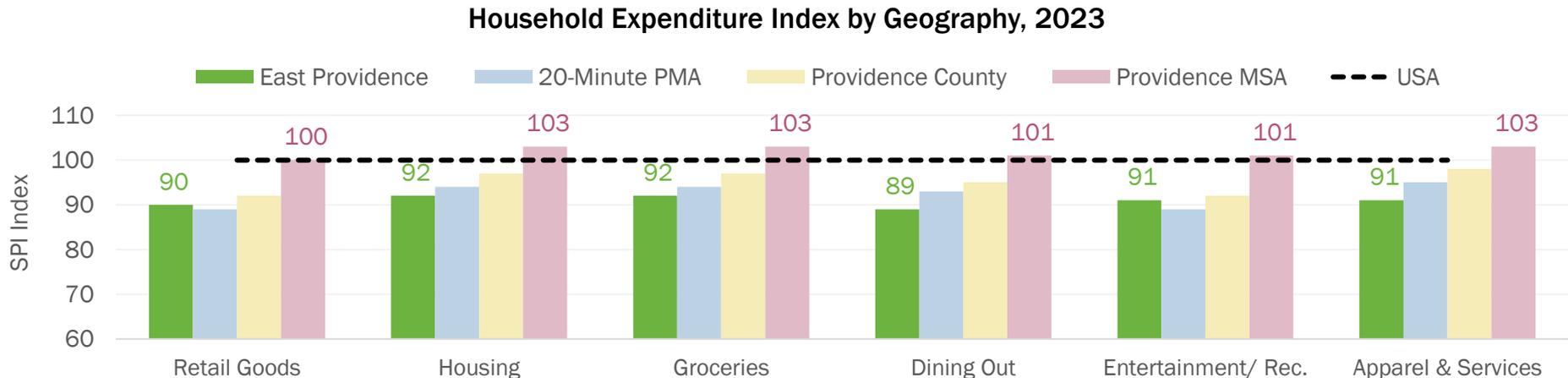
According to the U.S. Department of Agriculture's Economic Research Service's Food Access Research Atlas (FARA), the 500 Veteran's Memorial Parkway project site is located within a low-income (LI) census tract with low access (LA) to *foodstores*. The Town Center with grocery anchor store as part of the proposed 500 Veteran's Memorial Parkway project would help improve local food access for existing and new residents.

Tight retail market in the metro area

According to data provided by National Association of Realtors (NAR), a national real estate trade association, the Providence MSA's retail market is relatively tight, with just 3.1 percent of its retail space currently vacant as of second-quarter 2023, a share lower than the previous year (3.7 percent in second-quarter 2022). Over the past 12 months, 780,729 net square feet of retail space has been absorbed in the MSA – a sign of a tight but relatively healthy regional retail market, which is likely attractive to potential retailers.

Retail & Dining Expenditures

Esri combines the latest Consumer Expenditure Surveys from the Bureau of Labor Statistics (BLS) to estimate a current Spending Potential Index (SPI). The SPI compares the average amount spent locally for a product to the average amount spent nationally. An index of 100 reflects the national average, while an SPI of 90 means that the area spends 10 percent less than the national average on that good or service. While average 2023 household expenditures among East Providence households is slightly less than that in the MSA and the nation, they are relatively comparable to average household expenditures among households in the PMA and county. Given the proposed new market-rate multi-family housing at 500 Veteran's Memorial Parkway, spending from new households with relatively high household incomes (between \$98,000 and \$160,000) and spending levels could support additional retail and dining businesses at the project site.

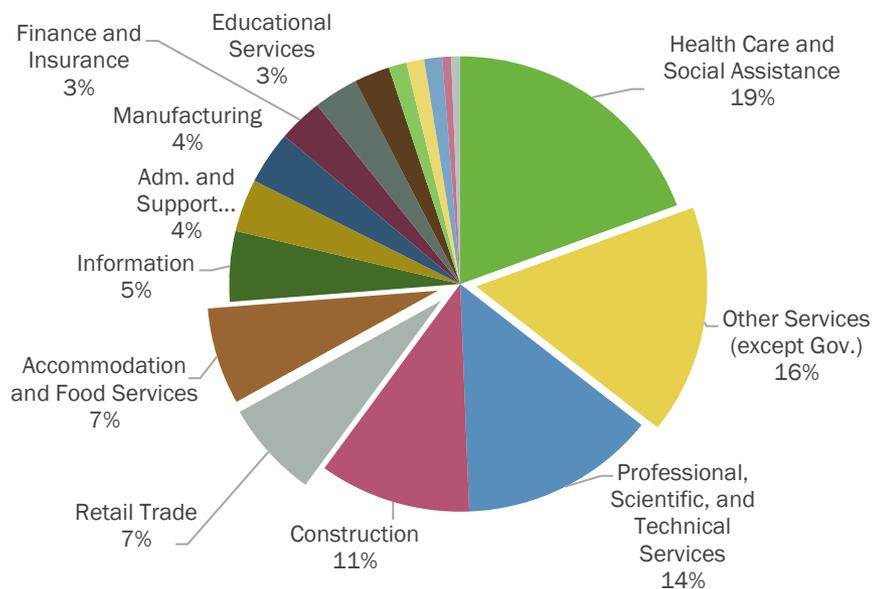


Source: Esri; 4ward Planning Inc., 2023

Businesses Mix: Walking Radius

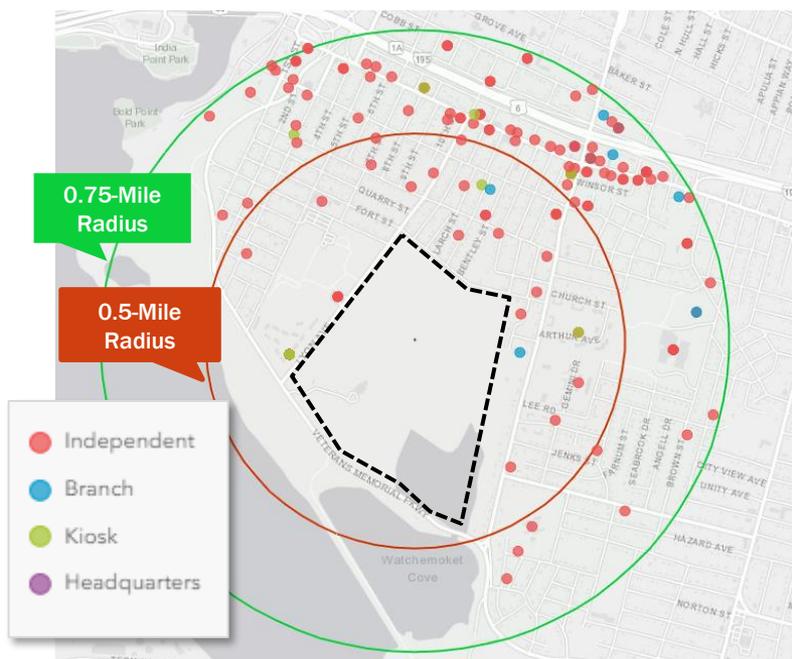
According to a DataAxle data provided by Esri, the largest share of non-kiosk businesses (e.g., ATMs and mailing & shipping kiosks are excluded) within a walking radius of the 500 Veteran's Memorial Parkway project site (here represented by a 0.75-mile radius from the center of the site) is within the health care and social assistance sector (19 percent of all businesses). Accommodation and food service, retail trade, and other service businesses, combined, represent 30 percent of all businesses. These three sectors typically supply neighborhood-serving convenience retail needs (e.g., food and beverage stores, grocery stores, other services etc.). Most of these businesses are clustered along Warren Avenue, just south of Interstate 195, and beyond a half-mile radius area.

Non-Kiosk Businesses: 0.75-Mile Radius



Sources: Data Axle, Esri

Businesses Mix



Businesses Mix: Walking Radius (cont.)

The table to the right details accommodation and food service, retail trade, and other service businesses located in the 0.75-mile radius area. The Asiana Food Market Korean grocery store is the only grocer, and Broadway Mart is the only convenience store - both relatively small. The five restaurants and one pizza establishments in the area include Ebisu, Madeira, Papa Sam's Pizza, Phillip's Restaurant, Zoe's Pizza & Seafood, and Sun & Moon Korean. The Town Center with grocery anchor store as part of the proposed 500 Veteran's Memorial Parkway project would expand neighborhood-serving convenience retail offerings for existing and new residents.

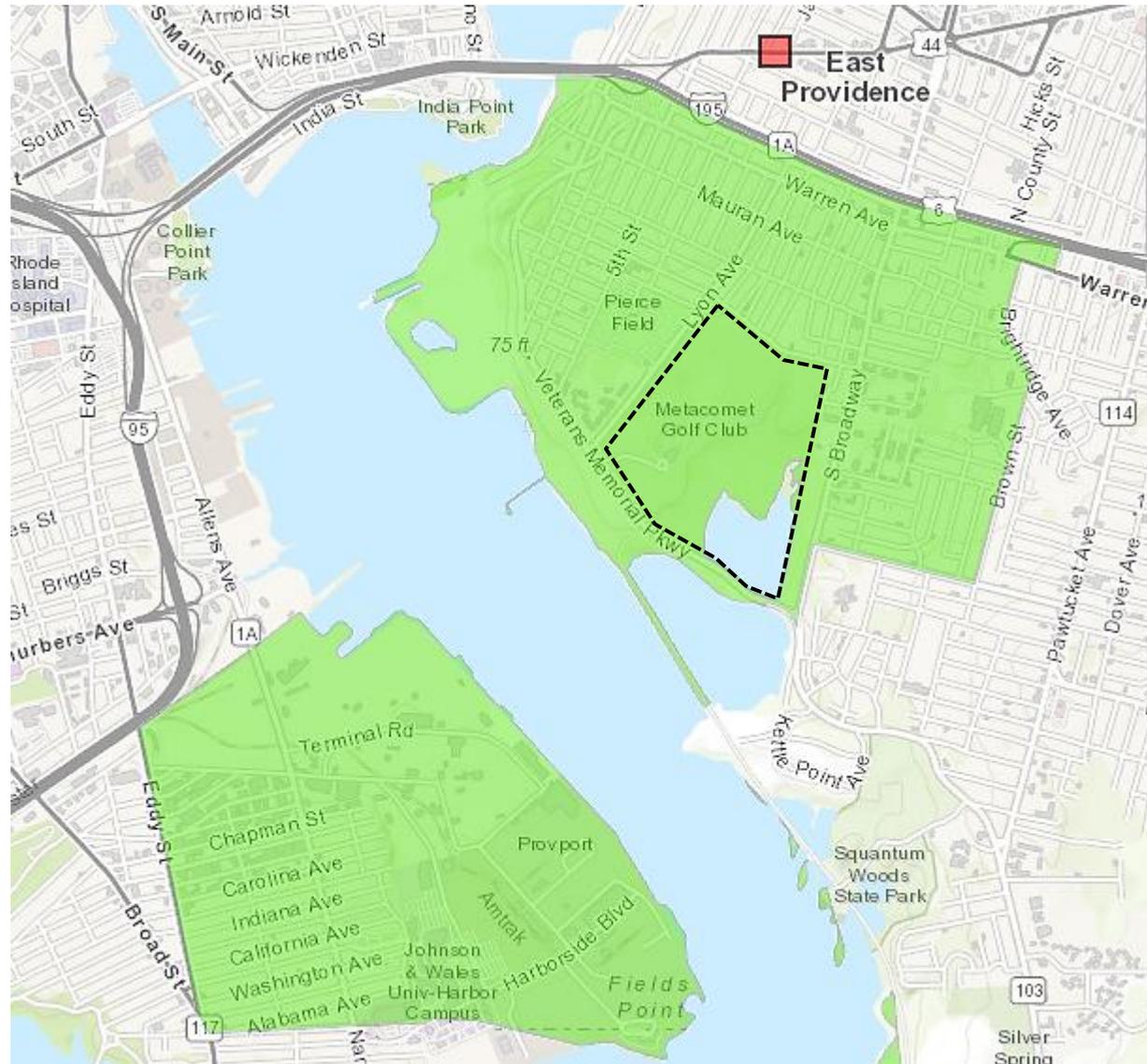


Sources: Data Axle, Esri, Google

Category	Businesses
Other Services (except Gov.)	26
Associations	1
Automobile Repairing & Service	1
Barbers	2
Beauty Salons	2
Charitable Institutions	1
Churches	5
Cleaners	1
Clubs	5
Fraternal Organizations	1
Labor Organizations	1
Manicuring	1
Massage Therapists	2
Non-Profit Organizations	1
Religious Organizations	2
Accommodation and Food Services	13
Bars	1
Doughnuts	1
Night Clubs	1
Pizza	1
Pubs	1
Restaurant Management	1
Restaurants	5
Retail Trade	11
Convenience Stores	1
Cosmetics & Perfumes-Retail	1
General Merchandise-Retail	1
Glass-Stained & Leaded	1
Grocers-Retail	1
Home Health & Health Care Equipment	1
Junk-Dealers	1
Liquors-Retail	1
Retail Shops	1
Service Stations-Gasoline & Oil	1
Sporting Goods-Retail	1
Grand Total	50

Food Access: Walking Radius

According to the U.S. Department of Agriculture's Economic Research Service's Food Access Research Atlas (FARA), the 500 Veteran's Memorial Parkway project site is located within a low-income (LI) census tract with low access (LA) to foodstores. The Town Center with grocery anchor store as part of the proposed 500 Veteran's Memorial Parkway project would help improve local food access for existing and new residents.



Source: U.S. Department of Agriculture's Economic Research Service's Food Access Research Atlas, 2019

Retail Metrics: Providence MSA

According to data provided by National Association of Realtors (NAR), a national real estate trade association, as of second-quarter 2023, there is approximately 101.5 million square feet of retail space within the Providence MSA, with 3.1 percent of this space currently vacant - a share lower than the previous year (3.7 percent in second-quarter 2022). Average asking retail lease rates in the Providence MSA are \$19 per square foot per year and average asking sale prices are \$287 per square foot (compared to \$116 per square foot in second-quarter 2022). Over the past 12 months, 780,729 net square feet of retail space has been absorbed - less than that the previous year (1.2 million square feet) but still signaling a relatively tight retail market.

Retail Metrics: Providence MSA, Q2 2023

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q2	158,972	780,729	2.7%	\$19	3.1%
2022 Q2	141,137	1,224,619	4.5%	\$18	3.7%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
2023 Q2	101,541,196	7.0%	\$128.74M	\$287
2022 Q2	101,394,571	7.0%	\$161.08M	\$116

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

ECONOMIC IMPACT ANALYSIS

Methodology: Economic Impact Analysis

4ward Planning used IMPLAN, a widely applied economic impact assessment software system, to conduct an economic impact analysis of the redevelopment of 500 Veteran's Memorial Parkway in East Providence. The project is expected to include 890 residential units and 163,000 square feet of commercial space. 4ward Planning used 2021 IMPLAN data for Providence County, Rhode Island (the latest year available), to generate a series of economic multipliers (e.g., employment, labor income, value added, and economic output) that measure the amount of total economic activity generated by the project within the county during construction and operation. Estimates are provided in 2023 dollars.

To identify the temporary economic impacts during project construction, \$429 million in hard and soft construction cost data by Marshall Properties, Inc. was used. For modeling purposes, construction cost impacts were assumed to take place in 2025 with a 12-month construction timeline. To identify permanent economic impacts, the first year of project stabilized operation is estimated for 2027. For modeling purposes, it is assumed that 20 percent of units will be represented by new, non-local households (161 households) coming from outside the county and injecting new dollars into the local economy. Average household incomes are based on target market rents provided by Marshall Properties, Inc and assume monthly rent represents 30 percent of a household's monthly income and a sales price is equivalent to four times a household's annual household income. Construction cost assumptions are provided below, while detailed household income and retail job assumptions are provided on the following page.

Construction Costs, 2025

Development Type	IMPLAN Industry	Description	Development Cost
Multi-Family Residential	58	Construction of new multi-family residential structures	\$359,936,100
Retail	55	Construction of new commercial structures, including farm structures	\$69,325,000
Total			\$429,261,100

Methodology: Economic Impact Analysis (continued)

Owner Household Incomes

Metric	Calculation	Assumption
Average Sales Price	\$559,000	Estimate provided by project sponsor
Financed Amount	\$503,100	Assumes a 10 percent down-payment
Mortgage Term	30	Standard mortgage term
Mortgage Rate	6.5%	Estimated average rate by the end of 2026
Property Tax Rate	1.476%	Based on the 2023 residential tax rate for East Providence
Annual Insurance	\$1,500	Estimate based on a 2023 average rate of \$1,280 in Rhode Island
Total Monthly Payment	(\$3,993)	
Needed Monthly HH Income	\$13,308	Assumes the total mortgage cost will be 30 percent of HH income
Needed Annual HH Income	\$159,700	

Renter Household Incomes by Unit

Unit Type	Rent	Avg. Household Income (30% Rent)
Studio	\$1,979	\$79,160
1BR	\$2,191	\$87,640
2BR	\$2,851	\$114,040
3BR	\$3,000	\$120,000

Total Non-Local Household Income Inputs

Household Income	All Units	Occupied Units (5% Vacancy)	New Households (20% Non-Local)	Non-Local Household Income
\$70-\$100k	526	501	101	\$8,749,880
\$100-\$150k	318	304	60	\$6,890,080
\$150-\$200k	46	44	9	\$1,622,903
Total	890	849	170	\$17,262,863

Retail Jobs During Operation

Commercial Type	IMPLAN Industry	Description	GLA	per S.F.	Employees (Full- & Part-Time)
Grocery Store	406	Retail - Food and beverage stores	90,000	2	180
Free Standing Retail	406	Retail - Food and beverage stores	53,000	3.5	186
Ground Floor Retail	411	Retail - General merchandise stores	10,000	3	30
Golf Pro Shop	410	Retail - Sporting goods, hobby, musical instrument and book stores	10,000	2	20
Total			163,000		396

Methodology: Economic Impact Analysis (continued)

Construction Costs, 2025

Development Type	IMPLAN Industry	Description	Development Cost
Multi-Family Residential	58	Construction of new multi-family residential structures	\$359,936,100
Retail	55	Construction of new commercial structures, including farm structures	\$69,325,000
Total			\$429,261,100

Household Income Inputs During Operation

Household Income	All Units	Occupied Units (5% Vacancy)	New Households (20% Non-Local)	Non-Local Household Income (Rent @ 30% Monthly Income or Sales Price/3.1)
\$70-\$100k	526	501	101	\$8,749,880
\$100-\$150k	318	304	60	\$6,890,080
\$150-\$200k	46	44	9	\$1,622,903
Total	890	849	170	\$17,262,863

Retail Jobs During Operation

Commercial Type	IMPLAN Industry	Description	GLA	per S.F.	Employees (Full- & Part-Time)
Grocery Store	406	Retail - Food and beverage stores	90,000	2	180
Free Standing Retail	406	Retail - Food and beverage stores	53,000	3.5	186
Ground Floor Retail	411	Retail - General merchandise stores	10,000	3	30
Golf Pro Shop	410	Retail - Sporting goods, hobby, musical instrument and book stores	10,000	2	20
Total			163,000		396

Key Findings: Economic Impact Analysis

\$1.60 return for every dollar spent during construction

During construction, in 2025, the redevelopment of the 500 Veteran's Memorial Parkway could support approximately 5,090 total temporary full- and part-time construction-related jobs per year (includes direct, indirect, and induced), and generate \$377 million in total labor income, \$468 million in total value added, and \$689 million in total output within the county. For every \$1.00 in construction investment (\$429 million), another \$1.60 is generated in output within the county (\$689 million).

634 net new total permanent jobs by 2027

By 2027, during the first year of stabilized operation, the project is estimated to bring approximately 170 new non-local households (assuming 20 percent of new households are coming from outside the county) and support approximately 416 new direct retail jobs (grocery store, free-standing retail, ground-floor retail, and golf pro shop). New project-related household spending is estimated to support approximately 634 total permanent net new full- and part-time jobs (includes direct, indirect, and induced), and generate \$30 million in total labor income, \$46 million in total value added, and \$77 million in total output within the county.

\$384 million in total output in first five years of operation

In the first five years of operation, from 2027 through 2031, the project is expected to generate approximately \$150 million in total labor income, \$232 million in total value added, and \$384 million in total output within the county. The redevelopment of the site as mixed-use multi-family residential would have significant positive economic impacts in the county.

Source: 4ward Planning Inc., IMPLAN, 2023

Key Findings: Economic Impact Analysis (continued)

Construction (2025)

	Employment	Labor Income	Value Added	Output
Direct	3,637	\$286,272,004	\$309,832,311	\$425,613,744
Indirect	409	\$27,536,652	\$45,159,164	\$79,649,835
Induced	1,046	\$63,343,224	\$112,742,151	\$183,243,260
Total	5,092	\$377,151,881	\$467,733,626	\$688,506,839
Return on Investment (ROI)				\$1.60

Operation (Year 1, 2027)

	Employment	Labor Income	Value Added	Output
Direct	416	\$16,564,359	\$23,023,897	\$36,984,353
Indirect	73	\$4,597,365	\$7,716,068	\$14,519,235
Induced	145	\$8,812,141	\$15,691,284	\$25,531,692
Total	634	\$29,973,866	\$46,431,248	\$77,035,280

Operation (Years 1-5, 2027-2031)

	Labor Income	Value Added	Output
Direct	\$82,821,797	\$115,119,486	\$184,921,764
Indirect	\$22,986,826	\$38,580,338	\$72,596,175
Induced	\$43,812,854	\$78,015,304	\$126,940,234
Total	\$149,621,477	\$231,715,128	\$384,458,173

Source: 4ward Planning Inc., IMPLAN, 2023

FISCAL IMPACT ANALYSIS

Key Findings: Fiscal Impact Analysis

\$239 million in market value

If built today, the proposed mixed-use development, inclusive of 890 housing units and 163,000 square feet of commercial space would have an estimated market value of approximately \$239 million, inclusive of the single-family residences, multi-family apartments and retail and office spaces.

Nearly \$5.3 million in annual real property taxes to East Providence

Based on current residential and commercial real property tax rates in the city of East Providence, and combined property value of \$239 million, the mixed-use development would generate approximately \$5.29 million in the first stabilized year.

Substantial net tax revenues

The estimated real property tax revenues are projected to exceed city service costs associated with the project by a minimum factor of 12. Preliminary analysis suggests a minimum net revenue of \$4.9million annually to the city of East Providence, exclusive of public-school service costs.

Less than two percent

The residential component of the mixed-use development is projected to produce fewer than 85 public school-age children - less than two percent of the East Providence School District's current enrollment of 5,026.

Source: 4ward Planning Inc., IMPLAN, 2023

Methodology: Fiscal Impact Analysis

A fiscal impact analysis (FIA) allows for the projection of the direct, current, public costs, and revenues associated with residential and/or non-residential development within a political jurisdiction.

4ward Planning performed a fiscal impact analysis (FIA) of a proposed redevelopment project featuring mixed-use residential development, located at 500 Veteran's Memorial Parkway, East Providence, Rhode Island. This FIA compares estimated annual local revenues and expenditures associated with the proposed mixed-use residential project. At full build-out, the development will contain 764 multi-family residential rental units (160 of which will be senior-living/active adult units), 80 assisted-living units, 24 two-bedroom townhouses, 22 three-bedroom duplexes, and 163,000 square feet of commercial retail and restaurant space.

A modified version of the Preview Fiscal Impact Model (developed by the Center for Urban Policy Research of Rutgers University and widely used, nationally), forms the basis of the FIA algorithm, incorporating current revenue and expenditure figures pertaining to the city of East Providence and the East Providence School District.

4ward Planning analyzed inputs to calculate the various service and capital costs associated with the proposed new development, as well as revenues relating to annual local real property taxes, allowing for an examination of their relationship to existing land-use and population factors. The impact model was then used to evaluate the fiscal impacts associated with the proposed development (e.g., the extent to which service and capital costs are either lower than, equal to, or greater than the development's projected revenues and fees).

Methodology: Fiscal Impact Analysis (continued)

FIA Methods

There are a number of methods government analysts and private consultants may use to perform a FIA. However, the most prevalent is the Per Capita Method. Below, we provide a summary of the Per Capita Method:

Per Capita Method – Quite simply, this FIA approach determines public service costs on an average unit basis – per pupil for the school district and per capita and per employee for the City. It is, generally, a straightforward division of known annual service costs divided by either total students, residents, or workers. This method is the most widely used FIA approach, due to both its simplicity and its low cost to perform. The recommended multipliers for population and enrollment changes can be derived using U.S. Census data.

Methodology: Fiscal Impact Analysis (continued)

The Per Capita Multiplier Method

Based on the Per Capita Multiplier Method for estimating fiscal impacts, “the residential share of all residential and nonresidential service costs is estimated by dividing the residential property value and number of residential parcels by all nonresidential property values and the number of nonresidential parcels, respectively. The calculation produces the residential percent of the residential/nonresidential parcels and the residential percent of the residential/nonresidential property value. The results are averaged, and the combined value is then applied to the total local municipal costs to derive the estimated residential-associated share.”¹

Applying real property data obtained from the city of East Providence Tax Assessor’ Department, 4ward Planning used the below metrics to identify the residential share of Providence’s annual municipal service costs:

2023 Residential Parcels:	14,766	2023 Residential Assessed Value:	\$ 5,382,851,317
2023 Commercial & Industrial Parcels:	1,090	2023 Commercial & Industrial Assessed Value:	\$ 949,211,835
2023 All Other Parcels	<u>459</u>	2023 All Other Real Property Value:	<u>\$ 611,851,753</u>
Total:	16,315	Total:	\$ 6,943,914,905
Residential Percentage:	90.5%	Residential Percentage:	77.5%

The average of the residential land parcel share and residential assessed value share is 90.5 percent and 77.5 percent, respectively. Consequently, only 84.0 percent of the identified per capita municipal service cost is attributable to residential service costs, as will be demonstrated in this analysis.

¹ Development Impact Assessment Handbook, Urban Land Institute, 1994
Source: East Providence Tax Assessor’s Department, 2023

Methodology: Fiscal Impact Analysis (continued)

Population multipliers are applied to prospective new housing units to estimate the number of new residents and public school-age children, all of whom will affect service costs within the city and local school district. Residential multipliers produced by Rutgers University's Center for Urban Policy Research (CUPR) are the most often cited metrics when analysts perform fiscal impact analysis on residential development projects. The multipliers (save for New Jersey, which was last updated in 2018) are from the 2000 Census. As demographic trends (particularly fertility rates) have markedly changed over the past 20 years, the use of the multipliers developed by the CUPR would likely yield highly inaccurate estimates.

Consequently, in early 2021, 4ward Planning, working in collaboration with Beep Nd Technology Limited, a UK-based data analytics firm, developed a more current set of residential multipliers for each of the 50 states. The basis for developing a current set of residential multipliers for each state is the U.S. Census Bureau's 2014-2018 Five Year American Community Survey (ACS) Public Use Microdata Sample (PUMS) housing and person records data. PUMS data is typically used by demographic researchers and analysts to perform in-depth analysis at a micro level (e.g., household or housing unit).

A residential multiplier is an average ratio of demographic measures (total persons and school-age children) per occupied housing unit or per household and serves as a key assumption in 4ward Planning's fiscal impact model. The demographic impact of a residential development depends on its housing mix defined by structure type (single-family (SF) detached or attached, or multi-family (MF)), size (one bedroom, two bedrooms, three bedrooms, etc.), and tenure (renter- or owner-occupancy).

A fuller explanation of the methodology for deriving residential multipliers can be found at the below web address:

<https://landuselearning.com/multiplier-methodology>

Methodology: Fiscal Impact Analysis (continued)

Multi-Family Rental Multipliers

BR Type	Total Occupant Multipliers	K-5 PSAC Multipliers	6-8 PSAC Multipliers	9-12 PSAC Multipliers
Studios	1.01/Unit	0.00/Unit	0.01/Unit	0.00/Unit
1BR	1.07/Unit	0.01/Unit	0.00/Unit	0.01/Unit
2BR	1.97/Unit	0.16/Unit	0.05/Unit	0.04/Unit
3BR	2.93/Unit	0.30/Unit	0.18/Unit	0.13/Unit

Single-Family Attached Multipliers

BR Type	Total Occupant Multipliers	K-5 PSAC Multipliers	6-8 PSAC Multipliers	9-12 PSAC Multipliers
2BR	1.54/Unit	0.08/Unit	0.01/Unit	0.02/Unit
3BR	2.14/Unit	0.33/Unit	0.09/Unit	0.09/Unit

Notes

PSAC – Public School Age Children (excludes children attending private or parochial schools); occupant and student values are rounded up to the nearest tenth of a percent; total occupants are inclusive of public and private school age children.

Source: 2014-2019 ACS PUMS; 4ward Planning Inc, 2023

Methodology: Fiscal Impact Analysis (continued)

Multi-Family Rental Housing Occupants – Non-Age Restricted

BR Type	Units	Total Occupants	K-5 Students	6-8 Students	9-12 Students	Total Students
Studios	66	67	0	1	0	1
1BR	340	364	4	0	4	8
2BR	164	323	26	8	7	41
3BR	34	100	10	6	4	20
Totals	604	854	40	15	15	70

Methodology: Fiscal Impact Analysis (continued)

Multi-Family Rental Housing Occupants – Age Restricted

BR Type	Units	Total Occupants	K-5 Students	6-8 Students	9-12 Students	Total Students
Studios	0	0	0	0	0	0
1BR	120	128	0	0	0	0
2BR	120	236	0	0	0	0
3BR	0	0	0	0	0	0
Totals	240	364	0	0	0	0

Methodology: Fiscal Impact Analysis (continued)

Single-Family Attached Housing Occupants

BR Type	Units	Total Occupants	K-5 Students	6-8 Students	9-12 Students	Total Students
2BR	24	37	2	0	0	2
3BR	22	47	7	2	2	11
Totals	46	84	9	2	2	13

Methodology: Adjusting Municipal the City Budget

The most widely used technique for performing fiscal impact analyses (the per capita approach) has, with few exceptions, included all line-item expenditures within municipal and school district annual budgets. Ostensibly, this approach makes sense, as, if the objective is to derive a per capita budget expenditure cost, the sum total of all expenditure line items should be included when dividing by the current jurisdiction's population or households. However, this approach grossly overestimates the likely per capita/per household cost due to the inclusion of salaries, and wages and fringe benefit costs of municipal and school district personnel, as well as the inclusion of capital outlays, fund transfers, and debt service payments by municipal government and school districts.

The underlying theory of the per capita approach is that a pro rata share of goods and services are exhausted (worn out) by each resident's (or household's) consumption of said goods, services, and natural resources over some period of time (whether a month, year, or five years). For, example, a municipality has a certain number of housing units, each of which will receive notices over the course of the year from the municipality (e.g., tax notices, water and/or sewer bill notices, health department notices, etc.). These notices are mailed and, thus, consume paper, ink, and postage, in addition to the labor involved in processing said notices. Separating out labor cost, for the moment, there is a known total cost for producing these notices and, via a simple calculation, the cost per household (recognizing that regardless of the number of household members, there is, with few exceptions, only one notice sent per household). Consequently, should additional households form within that municipality, the increase in total costs associated with sending public notices should, ostensibly, be known in advance, as the additional cost is simply a function of the per household cost multiplied by the number of new households.

Methodology: Adjusting the City Budget (continued)

While a case is easily made for the consumption of municipal and school district supplies and materials associated with residents, households, and students, the consumption or wearing out of personnel (whether municipal- or school district-associated) cannot be calculated in a similar manner. Specifically, the addition of residents and households to a municipality doesn't diminish the physical capacities of the town clerk, public works director, or health department director, or their staffs; as while they may have to spend a marginal amount of additional time in providing service to additional residents, each of these workers will continue to work an eight-hour shift and earn the same wage or salary, regardless of whether the municipality experienced an increase in 100 households or a decrease 100 households (this is an economies of scale effect). The same can be said of school district personnel – an increase or decrease in enrollment, generally, will have little practical impact on the capacity and cost of a district employee.

However, while municipal and school district personnel are not “consumed” in the same way as office supplies, there comes a point at which additional residents (in the case of a municipal employee) or additional students (in the case of a school district employee) necessitates greater capacity than can be provided by existing personnel (most municipal and school district employees are full-time, salaried personnel and, thus, for all intents and purposes, their service delivery per day, week, month, and year remains relatively fixed, regardless of the change in population (municipal) or student enrollment (school district)). It is in these situations that additional personnel are, generally, hired and an attendant increase in personnel cost incurred by the municipality and/or school district.

Methodology: Adjusting the City Budget (continued)

For example, while 100 new households may form within a municipality (and an assumed 250 new residents in total), it is highly unlikely that new professional and administrative staff (e.g., clerk, tax collector, health department personnel, engineering staff, business administrator, etc.) would need to be increased, given the economies of scale for delivering service (principally, made possible by computer technology and modern administrative methods). Sending an additional 100 public notices or processing an additional 100 tax payments is relatively simple in the age of computers.

Finally, the exclusion of capital outlays, fund transfers, and debt service payments from budget expenditures, in advance of performing a fiscal impact analysis is only logical, as these expenditures, while real, are not influenced by the increase or decrease in the number of residents, households, or enrolled students in a given jurisdiction – the amount of debt payments will not fluctuate if 400 new residents arrive, or 400 residents leave. Consequently, to include these budget expenditures in the analysis is to overestimate service costs associated with new residents, households, and students.

Thus, this analysis excludes personnel cost (salaries, wages, and benefits), capital outlays, fund transfers, and debt service from the budget expenditures used in deriving the fiscal impacts to both the city and school district. It is assumed that if additional personnel are required, surplus revenues (assuming there will be a surplus) would offset said personnel costs.

The above-described method is exhibited on the following page.

Methodology: Fiscal Impact Analysis (continued)

Based on the foregoing methodological approach, the below table identifies the adjusted municipal budget value used for deriving the estimated expenditure per new resident to East Providence.

2023 Appropriations

Total Budget Appropriations	\$187,813,987
<i>Less Salaries & Benefits</i>	\$60,897,053
<i>Less Debt Service</i>	\$15,624,657
<i>Less School Department</i>	<u>\$93,870,446</u>
Adjusted Budget Appropriations	\$17,421,831
2023 Estimated Providence Population	46,691
2023 Estimated Per capita Service Cost	\$373

Adjusted budget value used in deriving the estimated expenditure per new resident

Metric used to determine total new service cost, based on the number of new residents

As earlier determined, 84 percent of per capita service costs are attributable to residential services. As such, \$313 (84 percent of \$373) is the residential per capita service cost, and \$60 is the non-residential/worker per capita service cost.

Source: City of East Providence 2022 Adopted Budget; U.S. Census, 2023

Key Findings: Cost Summary

This table outlines the factors underpinning the estimated annual service cost in the development's first stabilized year of operation. The annual service cost estimates should be recognized as having a seven- to ten-percent margin of error, based on unknown variables with future budgets, apartment occupancy, and business staffing.

Category	Count	Service Cost Factor	Annual Service Cost ²
Estimated Residents	1,302	\$313	\$407,526
Estimated Workers ¹	416	\$ 60	\$ 24,960
		Total	\$432,486

¹ Based on economic impact analysis projections earlier identified; direct employment on site.

² At project stabilization in 2023 dollars

Methodology: Fiscal Impact Analysis (continued)

An appraiser (or property tax assessor) will typically assess newly constructed commercial real estate (apartments and retail), for real property tax purposes, using the income approach to valuation, as further described below:

- **Income Approach to Valuation** – The tax assessor identifies a capitalized value for the stabilized development (typically, after the building is 95 percent occupied) by using the developer's projected rent and expenses or the known rent and expenses from a similar development nearby, estimating annual net operating income (NOI) and dividing this value by market-based capitalization rate (CAP rate).
- **Capitalized Value** – Capitalized value represents the market value of the subject building. That is, to derive an assessed value for property tax purposes, the subject property's market value is determined by dividing the property's estimated net operating income (see NOI definition) by a capitalization rate (see definition), plus the addition of an equalized tax rate (this functions to arrive at a correct valuation. While a capitalized value may not be the exact amount a property would fetch on the open market, it is considered a reasonably close value approximation of an arms length market transaction.
- **Cap Rate** – The capitalization (cap) rate represents an average ratio of a property's net annual operating income (NOI) to the average sales price of comparable properties (in this case, luxury multi-family rental) within the market area. It is an approximation of what the market return rate should be for an investor, given the project's risk profile.
- **Stabilization** – That first year when the property's vacancy rate has stabilized (reached the long-term vacancy rate).
- **Net Operating Income** – Includes all associated property maintenance expenses, insurance, management fees, marketing expenses, utilities, and real estate taxes. It excludes debt service expenses.

Methodology: Taxable Value Through the Income Approach

Building A - Multi-Family Residential

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	4	\$1,979	\$7,916	\$94,992
1BR	42	\$2,191	\$92,022	\$1,104,264
2BR	18	\$2,851	\$51,318	\$615,816
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	68		\$163,256	\$1,959,072

Total Annual Gross Rent		\$1,959,072	Net Operating Income		\$1,246,949
Other Revenue	1	\$137,135	Multi-family Cap Rate	4	5.5%
Total Gross Revenue		\$2,096,207	Commercial Prop Tax Rate	5	2.303%
Vacancy Loss	2	\$104,810	Loaded Cap Rate	6	7.803%
Effective Gross Revenue		\$1,991,397	Est. Market Value	7	\$15,980,384
Operating Expenses	3	\$744,447	Est. Annual Tax Levy	8	\$368,028
Net Operating Income		\$1,246,949			

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building B - Multi-Family Residential

Unit Type	Units	Unit Mos. Rent	Gross Mo. Rent	Gross Ann. Rent
Studio	9	\$1,979	\$17,811	\$213,732
1BR	45	\$2,191	\$98,595	\$1,183,140
2BR	22	\$2,851	\$62,722	\$752,664
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	80		\$191,128	\$2,293,536

Total Annual Gross Rent		\$2,293,536	Net Operating Income	\$1,459,836
Other Revenue	1	\$160,548	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$2,454,084	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$122,704	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$2,331,379	Est. Market Value	7 \$18,708,646
Operating Expenses	3	\$871,544	Est. Annual Tax Levy	8 \$430,860
Net Operating Income		\$1,459,836		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building C - Multi-Family Residential

Unit Type	Units	Unit Mos. Rent	Gross Mo. Rent	Gross Ann. Rent
Studio	12	\$1,979	\$23,748	\$284,976
1BR	50	\$2,191	\$109,550	\$1,314,600
2BR	17	\$2,851	\$48,467	\$581,604
3BR	<u>5</u>	\$3,000	<u>\$15,000</u>	<u>\$180,000</u>
Total	84		\$196,765	\$2,361,180

Total Annual Gross Rent		\$2,361,180	Net Operating Income	\$1,502,891
Other Revenue	1	\$165,283	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$2,526,463	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$126,323	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$2,400,139	Est. Market Value	7 \$19,260,426
Operating Expenses	3	\$897,248	Est. Annual Tax Levy	8 \$443,568
Net Operating Income		\$1,502,891		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building D - Multi-Family Residential

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	22	\$1,979	\$43,538	\$522,456
1BR	55	\$2,191	\$120,505	\$1,446,060
2BR	27	\$2,851	\$76,977	\$923,724
3BR	<u>5</u>	\$3,000	<u>\$15,000</u>	<u>\$180,000</u>
Total	109		\$256,020	\$3,072,240

Total Annual Gross Rent		\$3,072,240	Net Operating Income	\$1,955,481
Other Revenue	1	\$215,057	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$3,287,297	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$164,365	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$3,122,932	Est. Market Value	7 \$25,060,627
Operating Expenses	3	\$1,167,451	Est. Annual Tax Levy	8 \$577,146
Net Operating Income		\$1,955,481		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Source: 4ward Planning, Inc.

Methodology: Taxable Value Through the Income Approach

Building E - Multi-Family Residential

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	0	\$0	\$0	\$0
1BR	30	\$2,191	\$65,730	\$788,760
2BR	18	\$2,851	\$51,318	\$615,816
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	52		\$129,048	\$1,548,576

Total Annual Gross Rent		\$1,548,576	Net Operating Income		\$985,669
Other Revenue	1	\$108,400	Multi-family Cap Rate	4	5.5%
Total Gross Revenue		\$1,656,976	Commercial Prop Tax Rate	5	2.303%
Vacancy Loss	2	\$82,849	Loaded Cap Rate	6	7.803%
Effective Gross Revenue		\$1,574,128	Est. Market Value	7	\$12,631,919
Operating Expenses	3	\$588,459	Est. Annual Tax Levy	8	\$290,913
Net Operating Income		\$985,669			

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building F - Multi-Family Residential

Unit Type	Units	Unit Mos. Rent	Gross Mo. Rent	Gross Ann. Rent
Studio	12	\$1,979	\$23,748	\$284,976
1BR	53	\$2,191	\$116,123	\$1,393,476
2BR	27	\$2,851	\$76,977	\$923,724
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	96		\$228,848	\$2,746,176

Total Annual Gross Rent		\$2,746,176	Net Operating Income	\$1,747,941
Other Revenue	1	\$192,232	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$2,938,408	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$146,920	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$2,791,488	Est. Market Value	7 \$22,400,885
Operating Expenses	3	\$1,043,547	Est. Annual Tax Levy	8 \$515,892
Net Operating Income		\$1,747,941		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building G - Multi-Family Residential

Unit Type	Units	Unit Mos. Rent	Gross Mo. Rent	Gross Ann. Rent
Studio	0	\$0	\$0	\$0
1BR	30	\$2,191	\$65,730	\$788,760
2BR	18	\$2,851	\$51,318	\$615,816
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	52		\$129,048	\$1,548,576

Total Annual Gross Rent		\$1,548,576	Net Operating Income		\$985,669
Other Revenue	1	\$108,400	Multi-family Cap Rate	4	5.5%
Total Gross Revenue		\$1,656,976	Commercial Prop Tax Rate	5	2.303%
Vacancy Loss	2	\$82,849	Loaded Cap Rate	6	7.803%
Effective Gross Revenue		\$1,574,128	Est. Market Value	7	\$12,631,919
Operating Expenses	3	\$588,459	Est. Annual Tax Levy	8	\$290,913
Net Operating Income		\$985,669			

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building H - Multi-Family Residential

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	7	\$1,979	\$13,853	\$166,236
1BR	35	\$2,191	\$76,685	\$920,220
2BR	17	\$2,851	\$48,467	\$581,604
3BR	<u>4</u>	\$3,000	<u>\$12,000</u>	<u>\$144,000</u>
Total	63		\$151,005	\$1,812,060

Total Annual Gross Rent		\$1,812,060	Net Operating Income		\$1,153,376
Other Revenue	1	\$126,844	Multi-family Cap Rate	4	5.5%
Total Gross Revenue		\$1,938,904	Commercial Prop Tax Rate	5	2.303%
Vacancy Loss	2	\$96,945	Loaded Cap Rate	6	7.803%
Effective Gross Revenue		\$1,841,959	Est. Market Value	7	\$14,781,189
Operating Expenses	3	\$688,583	Est. Annual Tax Levy	8	\$340,411
Net Operating Income		\$1,153,376			

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building I - Multi-Family Residential (Senior Living)

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	0	\$0	\$0	\$0
1BR	44	\$2,191	\$96,404	\$1,156,848
2BR	36	\$2,851	\$102,636	\$1,231,632
3BR	<u>0</u>	\$0	<u>\$0</u>	<u>\$0</u>
Total	80		\$199,040	\$2,388,480

Total Annual Gross Rent		\$2,388,480	Net Operating Income		\$1,520,268
Other Revenue	1	\$167,194	Multi-family Cap Rate	4	5.5%
Total Gross Revenue		\$2,555,674	Commercial Prop Tax Rate	5	2.303%
Vacancy Loss	2	\$127,784	Loaded Cap Rate	6	7.803%
Effective Gross Revenue		\$2,427,890	Est. Market Value	7	\$19,483,116
Operating Expenses	3	\$907,622	Est. Annual Tax Levy	8	\$448,696
Net Operating Income		\$1,520,268			

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building J - Multi-Family Residential (Senior Living)

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	0	\$0	\$0	\$0
1BR	36	\$2,191	\$78,876	\$946,512
2BR	44	\$2,851	\$125,444	\$1,505,328
3BR	<u>0</u>	\$0	<u>\$0</u>	<u>\$0</u>
Total	80		\$204,320	\$2,451,840

Total Annual Gross Rent		\$2,451,840	Net Operating Income	\$1,560,596
Other Revenue	1	\$171,629	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$2,623,469	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$131,173	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$2,492,295	Est. Market Value	7 \$19,999,951
Operating Expenses	3	\$931,699	Est. Annual Tax Levy	8 \$460,599
Net Operating Income		\$1,560,596		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Building K - Multi-Family Residential (Senior Living)

<u>Unit Type</u>	<u>Units</u>	<u>Unit Mos. Rent</u>	<u>Gross Mo. Rent</u>	<u>Gross Ann. Rent</u>
Studio	0	\$0	\$0	\$0
1BR	40	\$2,191	\$87,640	\$1,051,680
2BR	40	\$2,851	\$114,040	\$1,368,480
3BR	<u>0</u>	\$0	<u>\$0</u>	<u>\$0</u>
Total	80		\$201,680	\$2,420,160

Total Annual Gross Rent		\$2,420,160	Net Operating Income	\$1,540,432
Other Revenue	1	\$169,411	Multi-family Cap Rate	4 5.5%
Total Gross Revenue		\$2,589,571	Commercial Prop Tax Rate	5 2.303%
Vacancy Loss	2	\$129,479	Loaded Cap Rate	6 7.803%
Effective Gross Revenue		\$2,460,093	Est. Market Value	7 \$19,741,533
Operating Expenses	3	\$919,661	Est. Annual Tax Levy	8 \$454,648
Net Operating Income		\$1,540,432		

¹ Represents miscellaneous revenue such as storage, parking, and pet fees. Assumes other revenue is 7-percent of total annual gross rent.

² Assumes a 5-percent stabilized vacancy rate.

³ Assumes an average operating expense ratio 38-percent of total annual gross rent, exclusive of real property taxes.

⁴ Current estimated capitalization rate for Class A (newly built apartments near retail amenities) multi-family rental developments.

⁵ Multi-family rental developments are taxed at the city's commercial tax rate. Rate provided is current as of 2023.

⁶ Rate combines the capitalization rate of 5.5-percent and the commercial tax rate of 2.303-percent to derive the property's market value.

⁷ Estimated market value is derived by dividing the net operating income (NOI) by the loaded cap rate.

⁸ The tax levy value is derived by multiplying the commercial property tax rate by the estimated market value.

Methodology: Taxable Value Through the Income Approach

Townhouses and Duplexes

Townhomes

<u>Unit Type</u>	<u>Units</u>	<u>Target Sales Price</u> ¹	<u>Tax Rate</u> ²	<u>Annual Unit Tax Levy</u>	<u>Annual Gross Levy</u>
2BR	24	\$569,000	1.476%	\$8,398	\$201,563

Duplexes

<u>Unit Type</u>	<u>Units</u>	<u>Target Sales Price</u> ¹	<u>Tax Rate</u> ²	<u>Annual Unit Tax Levy</u>	<u>Annual Gross Levy</u>
3BR	22	\$569,000	1.476%	\$8,398	\$184,766

¹ Represents average sales price per unit; target sales provided by project sponsor.

² Current 2023 residential tax rate, per the city of East Providence's Tax Assessor.

Methodology: Taxable Value Through the Income Approach

Retail, Office and Restaurants

<u>Commercial Uses</u>	<u>Gross Rent</u> ¹	<u>Vacancy Factor</u> ²	<u>Vacancy Loss</u>	<u>Effective Gross Rent</u>	<u>OpEx</u> ³	<u>NOI</u>
Grocer & Liquor Store	\$400,000	3.0%	\$12,000	\$388,000	\$135,800	\$252,200
Drive-Thru Coffee Shop	\$90,000	5.0%	\$4,500	\$85,500	\$29,925	\$55,575
Drive-Thru Bank	\$125,000	5.0%	\$6,250	\$118,750	\$41,563	\$77,188
Stand Alone Retail 1	\$140,000	8.0%	\$11,200	\$128,800	\$45,080	\$83,720
Stand Alone Retail 2	\$110,000	8.0%	\$8,800	\$101,200	\$35,420	\$65,780
Restaurant/Brewery	\$270,000	8.0%	\$21,600	\$248,400	\$86,940	\$161,460
Rooftop Restaurant	\$240,000	8.0%	\$19,200	\$220,800	\$77,280	\$143,520
Golf Pro Shop	\$240,000	8.0%	\$19,200	\$220,800	\$77,280	\$143,520
Office 1	\$84,000	8.0%	\$6,720	\$77,280	\$27,048	\$50,232
Office 2	\$47,000	8.0%	\$3,760	\$43,240	\$15,134	\$28,106
Office 3	\$84,000	8.0%	\$6,720	\$77,280	\$27,048	\$50,232
Office 4	\$31,000	8.0%	\$2,480	\$28,520	\$9,982	\$18,538
Total	\$1,861,000					\$1,130,071

Cap Rate ⁴ 7.000%

Tax Rate ⁵ 2.303%

Loaded Rate ⁶ 9.303%

Est. Mkt Val. ⁷ \$12,147,377

Tax Levy \$279,754

¹ Estimated annual gross rents provided by project sponsor.

² Current Estimated vacancy rates at stabilization.

³ Operating expense estimates at stabilization and representing 35% of gross rental revenue, exclusive of real property taxes.

⁴ Estimated market capitalization rate for Class A retail, office and restaurant properties.

⁵ Commercial property tax rate as of 2023, per the city of East Providence Tax Assessor.

⁶ Combines the commercial capitalization rate and commercial tax rate.

⁷ Derived by dividing the total net operating income (NOI) by the loaded cap rate.

Methodology: Fiscal Impact Analysis (continued)

Development-related revenue to the city of East Providence will accrue from local real property taxes. The 2023 residential and commercial real property tax rates are shown in the table below:

East Providence Local Tax Rates

Tax Purpose	Rate/\$1,000	Equalization Rate	Effective Rate
Commercial	\$23.03	100%	2.303%
Residential	\$14.76	100%	1.476%

Source: city of East Providence Tax Assessor's Office, 2023

Based on the above tax rates and estimated total project market value using the income approach to valuation and capitalization rates of 5.5 and 7.0 percent for the residential and commercial components, respectively, 4ward Planning estimates the following annual tax levy for the city of East Providence at stabilization (in 2023 dollars):

Estimated Real Property Tax Revenues from 500 Veteran's Memorial Parkway

Tax Purpose	Estimated Market Value	Tax Rate	Estimated Tax Levy ³
Commercial ¹	\$212,827,972	2.303%	\$4,901,428
Residential ²	<u>\$ 26,174,000</u>	1.476%	<u>\$ 386,328</u>
	\$239,001,972		\$5,287,756

¹ Includes multi-family rental apartments.

² Excludes multi-family rental apartments.

³ Includes revenues which will be allocated to the East Providence School District.

Key Findings: Estimated Net Fiscal Impacts

The first stabilized year's estimated net fiscal impacts associated with the foregoing development program are identified below.¹



¹The first stabilized year which assumes all residential and commercial space is 95 percent occupied; estimates are in 2023 dollars

²Combines all tax revenues to be allocated for municipal and school district purposes

³Net impact does not include costs associated with any required increase in city and/or school district personnel (e.g., salary and benefits); no capital improvements are assumed.

APPENDIX

Glossary of Terms: Socio Economic & Labor Analysis

Empty-Nester Household: A household in which one or more parents live after the children have left home, typically represented by ages 55 through 74.

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 members of one family.

Growth Rates: The chart below outlines how 4ward Planning defines growth rates. For example, flat growth reflects an annualized rate of change between -0.75 and 0.75 percent.

Strong Positive Growth	Greater than	1.50%		annually
Modest Positive Growth	Between	1.50%	and 0.75%	annually
Flat Growth	Between	0.75%	and -0.75%	annually
Modest Negative Growth	Between	-0.75%	and -1.50%	annually
Strong Negative Growth	Less than	-1.50%		annually

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

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

Industry: The industry is the type of activity that occurs at a person's place of work. Industries are classified through the NAICS.

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

Primary Job: A primary job is the dominant job for an individual, defined as the job earning an individual the most money. The number of primary jobs should be equal to the number of workers in a given area.

Glossary of Terms: Economic Impact Analysis

Direct effects: A series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy.

Economic activity: Dollars spent within region that are attributable to a given industry, event, or policy.

Economic impact: The net changes in new economic activity associated with an industry, event, or policy in an existing regional economy. This differs from an “economic shift” which is simply spending activity currently occurring in the study area that is diverted to another consumer category (e.g., instead of spending money at the movies on Thursday night, as usual, we spent the same amount of money dining out).

Employee compensation: Total payroll cost of wage and salary employees to the employer. This includes wages and salaries, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment insurance taxes, etc.).

Employment: Includes all full and part-time jobs.

IMPLAN: An economic impact assessment software system developed and maintained by the Minnesota IMPLAN Group .

Indirect effects: The impact of local industries buying goods and services from other local industries.

Induced effects: The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added.

Input-output model: A specific methodological framework that characterizes the financial linkages in a regional economy between industries, households, and institutions. Input-Output only measures economic activity and does not include any nonmarket values.

Labor income: The sum of employee compensation (wages and benefits) and proprietor income.

Output: The value of production by industry in a calendar year. It can be described as annual revenues plus net inventory change.

Return on investment (ROI): Return on investment is a ratio between net profit (over a period) and cost of investment. A high ROI means the investment's gains compare favorably to its cost.

Value added: The sum of employee compensation, proprietor income, other property income, and taxes on production and imports less subsidies. Value added is analogous to GDP.

Interviews: Real Estate Professionals

After online research of experienced local real estate professionals, 4ward Planning reached out by phone and email to request telephone interviews with 16 identified agents and brokers. After several rounds of phone calls and emails, the following three individuals offered their time and perspectives of East Providence's multi-family real estate market, the most relevant of which was incorporated into our analysis.

- **James Duffer**, Managing Partner, Rise Real Estate, Providence
- **Benjamin Frink**, Agent, The Seyboth Team, Century 21, East Providence
- **Karl Martone**, Team Leader, Broker Associate, Martone Group, REMAX Properties, Providence

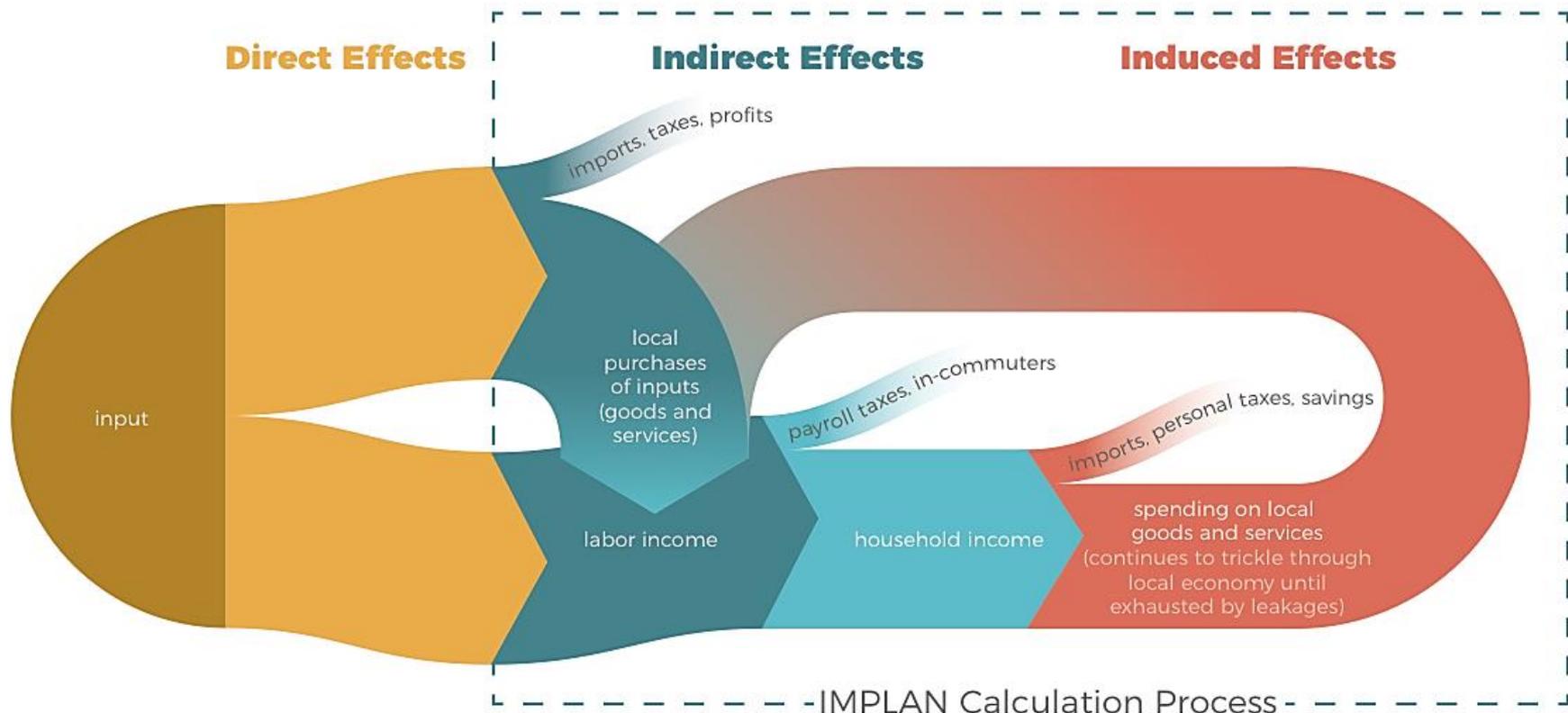
Input-Output Impact Modeling: Overview

IMPLAN is an input-output (I-O) software program designed to predict the ripple effect of an economic activity by using data about previous spending in a given regional economy (e.g., Providence County, Rhode Island). The model uses annual, regional data to map these buy-sell relationships in a series of economic multipliers (e.g., employment, labor income, value added, and output) so users can predict how a specific economic event (e.g., the adaptive reuse of a building) will impact a given regional economy. The foundational concept is that all industries, households, and government in the economy are connected through buy-sell relationships, therefore a given economic activity supports a ripple of additional economic activity throughout the economy. Based on IMPLAN’s multipliers, a user can estimate an event’s direct, indirect, and induced impacts. The direct effect is the initial change in final demand (e.g., construction spending or new non-local household income) in terms of industry output employment, and labor income dollars. Indirect effects are the business-to-business purchases in the supply chain taking place in the region that emerge from the initial industry input purchases. The induced effects stem from employees working in the direct and indirect industries spending their wages throughout the region of study. Once the IMPLAN model has been run for a given project, the user can identify industries by direct, indirect, induced, and total effects in terms of output, employment, labor income, or value added to identify top industries affected. An overview of IMPLAN model effects and multipliers are provided in the table below and the graphic on the following page.

Effects	Description
Direct	= Expenditures or Spending: Production change associated with a change in demand for the good itself.
Indirect	= Supply Chain Spending: The impact of local industries buying goods and services from other local industries (e.g. intermediate expenditures).
Induced	= Household Spending: Changes in household spending due to the additional employment generated by direct and indirect effects.

Input-Output Impact Modeling: Overview (continued)

Economic impact analysis involves applying a final demand change to a predictive economic input-output model, and then analyzing the resulting changes in the economy under study. More concisely, an impact analysis is an assessment of change in overall economic activity as a result of change in one or several specific economic activities. Economic effects, whether for employment or output, are typically referenced as *direct*, *indirect*, and *induced*.





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