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## **Rhode Island commercial real estate at a glance**

April 25, 2013 - Spotlights

2012 was a year of contrasts between large and small transactions across all property types. There were nine large transactions in excess of \$5 million, and 55 transactions with prices below \$500,000. The year also saw the reemergence of investor appetite for all property types including hotels, office buildings, industrial properties, apartments and land.

Sales were up: there were 216 sales in 2012 across all property types as compared to 190 in 2011. While some sectors were flat (retail and some industrial) there were enough encouraging signs to declare that the year marked a continuing recovery. Vacancy has begun to inch down and the retail sector, which has been flat, has had some significant sales and leases, offering optimism there will be more recovery in 2013.

The number of transactions in the industrial market showed marked improvement from the previous year, the second consecutive year of an increase. While two categories showed little change, there were significant increases in sales of smaller buildings, an encouraging sign of local economic improvement.

Sales in the office market recorded some of the largest transactions we have seen since the beginning of the recession; sales volume and square footage increased dramatically. The vacancy rate for the state has begun to decline and some buildings that have experienced long term vacancies have begun to lease.

Lease rates have not improved, but concessions are less prevalent than in the previous year.

A trend in cities across the world has come to Providence - micro style living. The Arcade in downtown Providence is being renovated into 48,350 s/f micro lofts and 17 street level retail spaces. The retail market is finally showing an uptick in activity, with Hobby Lobby and Men's Warehouse moving into Bald Hill Rd. The statewide vacancy has not changed and remains around 7% with average quoted rental rates in the \$15 NNN range. Smaller tenants are still a staple in this market.

Land sales have not been much of a factor in recent years for a few reasons, however there have been a few notable transactions recently and improving local conditions could generate more opportunities for more land sales.

Similar to other markets nationally, apartments continued to be the hot segment of the real estate market, given the perceived stability in occupancy rates and cash flow. A total of 751 apartment units were sold in the state in 2012.

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