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Investment dollars and expanding companies are putting R.I. in the mix with the bigger markets

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As we hit mid-2013, Rhode Island has turned the corner as far as commercial real estate activity and transactions are concerned. Whether it is investors putting money into real estate deals, or users expanding and moving, the amount of activity, and the size of the deals, is very encouraging. The office market has seen some major players come in and scoop up two or three substantial office properties, a few in Downtown Providence and another in Warwick. Add to that, some substantial moves / expansions that are on the horizon in the office market, and the future looks bright.

Albany Road Real Estate Partners continues to be bullish on RI/Providence. After purchasing 475 Kilvert St. in Warwick, they kept their eye on Rhode Island and seem to be focused on the acquisition of Gateway Center in Providence, a 118,000 s/f property at the train station with underground parking.

On the tenant side, the law firm Partridge Snow & Hahn is moving into approximately 30,000 s/f in the financial district at 40 Westminister St. They have placed their 25,000 s/f, South Main St. building on the market for sale, opening up an opportunity for more movement around the city. Hi-tech and bio-tech companies such as Swipely and Nabsys, already located in Providence, are strengthening their commitment to the city and have some major expansion plans in the works for 2013. In addition, anticipated large moves by companies such as Dassault Systems, Roger Williams University, GSA and a few others could make it a very exciting time for downtown landlords in 2013. As strong as the Downtown Providence market is right now, the office lease market outside of the city remains stagnant; the suburbs remain quiet with soft demand both north and south of Providence.

Unlike the office market, the investment side of the industrial market is sparse. Activity also remains soft on the lease side (as it does in the suburban office market), but the user sale side continues active with interest rates remaining low and the SBA's 504 loan program continuing to be very desirable. We are seeing significant activity from some quiet local companies expanding. Multiple large users are currently in the market, both as buyers and tenants. These requirements are in the 70,000 s/f to 300,000 s/f size range.

The retail market in Rhode Island limps along, outside of a few statement locations such as the Warwick Mall in Warwick and Garden City Center in Cranston. These two locations have attracted such signature retailers as Jordan's Furniture, Nordstrom Rack, LA Fitness and Pottery Barn; all either just opened or will be opening in mid-late 2013. The end of 2013 into 2014 will see the rebirth of the "Rhode Island Mall". With Winstanley Enterprises and Surrey Equities partnering in this \$38 million acquisition of the 1970s site, the conversion and repositioning of the R.I. Mall has already, and will continue to, attract strong activity as this premier location at Rte. 113 and I-95 in Warwick comes back to life.

The latest retail craze is the trampoline park use opening up around the area. They will take 25,000 s/f of big box retail space (or industrial space) and will sell out time for its use. Many times there will be lines to get in and the available "bounce" time will be sold out. Launch, Sky Zone and Bounce-U are a few of them. Launch is in the process of opening four additional locations around southern New England and Sky Zone has expansion plans in place. Bounce-U may be opening their first in Rhode Island shortly. Chipotle continues to expand in this market with their most recent opening at 1800 Post Rd. in Warwick. This has become another successful site for them.

Rhode Island has perennially been the land of the small deal, the small sale, the small lease. As the economy continues to turn positive, that tag line looks to be a thing of the past. Investment dollars and expanding companies are putting Rhode Island in the mix with the bigger markets. Whether it is the office market, the industrial market or the retail sector, we are seeing investments and requirements that rival our big brother market to the north.

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