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2014 shows continued vitality with new inquiries, proposals and pipeline remains full

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Going into 2014, all commercial market sectors are showing increased activity over 2012 and the first half of 2013, whether on the sale or lease side. In the industrial market, tenants continue to look for reasonable space at discounted pricing. The office market is generally looking for higher quality space and seems to be willing to pay for it. The retail market continues to expand in only the best areas such as Garden City, the Warwick Mall and the "new" Rhode Island Mall.

At the end of 2013, Dean Warehousing made the biggest move for the industrial market when they bought the 635,000 s/f distribution facility at 745 Jefferson Blvd. in Warwick.

This could have proven to be a real problem for the landlord at the 474,000 s/f 100 Higginson Ave. in Lincoln that Dean has occupied for the last 13 years. In the end, Dean will remain in a major portion of Higginson, a lease has been signed for a second tenant occupying 112,000 s/f, and there are no less than five 40,000 - 70,000 s/f tenants vying for the remaining space at the facility.

Additionally, there are multiple large requirements actively pursuing space at this time. The long vacant, 250,000 s/f a user should acquire facility at 2700 Plainfield Pike in Cranston during the first quarter of this year. Also, 5 Industrial Rd. in Cumberland (240,000 s/f) has a user making a serious run at it currently. These two deals, should they come together, would absorb 500,000 s/f in the first quarter.

Although the Rhode Island industrial market is generally made up of 16' - 18' buildings with net rents in the \$2.00 - \$3.00 per s/f range, the other side of the coin is that the market is also mostly made up of those types of tenants looking for this space.

In 2014, the Providence CBD continues to be active and the Suburbs are not. During 2013 and continuing into this year, some major moves by office tenants have occurred in the CBD.

Notably, law firm Partridge Snow & Hahn moved from the periphery of the CBD into the heart of the Financial District. They took 30,000 s/f at 40 Westminster St. Additionally, tech firm Swipely similarly has just moved from the outskirts of the CBD into the middle of the

Financial District occupying 25,000 s/f. The "A" space in the CBD will continue to see active movement throughout the year given what else is in the pipeline and current proposals that are out to tenants.

On the other hand, the suburbs remain quite except for a few instances. Michael Integlia & Company and their class "A" suburban office product continues to outperform the market.

Currently they are completing a full building for the new Coastway Bank headquarters in Warwick. Additionally they are getting ready for Phase II of the Metro Center Development with another 100,000 s/f on the drawing board across the Airport Connector from the first three buildings (175,000 s/f).

Looking north, the other notable exception to the sluggish suburban office market is 1301

Atwood Ave. coming on line in 2014. They received a pre-construction commitment from Dassault Systemes for 90,000 s/f to kick off this 300,000+ s/f suburban office

The retail market continues to look for only the best locations. Garden City in Cranston continues to lead the way with new tenants. The first LA Fitness in this market recently opened (with two more locations coming to R.I. shortly) at Garden City. Along with The Container Store, Corner Bakery Caf  and Sephora coming in early 2014, Garden City remains a leader in the Rhode Island retail world.

The other bright spots are the Warwick Mall and the reinvented Rhode Island Mall, which was recently purchased by a partnership with Surrey Equities and Winstanley Enterprises. The Rhode Island Mall comes to the market with current anchors Wal-Mart, Kohl's and Sears. The rumors are that there has been strong interest in the available 160,000 s/f and a few announcements are imminent.

The Warwick Mall remains a centerpiece of the Rhode Island retail market. It offers a top shopping experience with multiple food and entertainment options available. There are no less than four full service restaurants including Not Your Average Joe's, Red Robin, Longhorn Steakhouse and Fat Bellies plus a full food court. There is also a Showcase Cinema on site.

2013 ended on a high note with many deals of all varieties in the pipeline. The first few weeks of 2014 have continued to show vitality with new inquiries, proposals going out and the pipelines remaining full. Although the strong activity is not across the board in all market segments, the active sectors will be strong enough to offset the weaker ones, from a broker's point of view...

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