



CELEBRATING
55 YEARS

nerej

As demand steadily increases we look to the future with an optimistic view that things are getting better

March 27, 2014 - Spotlights

The question I am ask on a weekly, if not daily basis, is "Do you see any signs that things are getting better?" If I was in Boston or even just over the line in Massachusetts, there are many signs that the economy and the real estate market are in the full throws of recovery. Cranes over the city, decreasing unemployment, job creation and other elements are clear signs. In Rhode Island, what do we have? The highest or second highest unemployment rate, minimal job creation, talent drain and the list goes on. These are generally the issues, especially in this election year, that are thrown about when the state is discussed. But what most people miss are the facts that there are many signs that "things are getting better."

January statistics from the Rhode Island Department of Labor and Training show the unemployment rate, while still high in comparison to the national rate and the rate in Massachusetts, continues to decline. The number of unemployed residents declined. January 2014 had the highest recorded job growth for one month over the last year. URI economist Leonard Lardaro in his "Current Condition Index" for January noted that the index had gone up over the December number, but was cautious in the fact that it was still equal to the year before.

From a jobs creation standpoint, the recent announcement by Electric Boat and Greencore, on their expansion plans in the Quonset Business Park, is welcoming news to a state that is typically faced with companies either downsizing or relocating facilities.

A great deal of attention has been paid to Rhode Island and Providence, specifically, as a place where young entrepreneurs can develop new companies. BetaSpring, the startup accelerator was just named one of the top 15 accelerators in the U.D. The proposed South Street Station, which is a cooperative development between, Commonwealth Ventures, Brown University and the combined University of Rhode Island / Rhode Island College Nursing schools, is moving forward and should be a catalyst to development in the I-195 Redevelopment District, now called The Link. The commission delegated with the redevelopment in the district has put forth a "toolkit", which provides potential developers with the details they need to understand the property and the development process. The hope is the district will provide both new jobs and reasons for talent to stay in the state and therefore more development opportunities.

Residential development in Downtown Providence continues to have a strong interest with occupancy rates of existing units above 95%. The redevelopment of 111 Westminster St. and other buildings along Westminster St. are on the proposed and in various stages of development, but still need some public support, either through historic tax credits or other types of subsidies.

Outside of the city, demand is increasing in all phases of the market.

On the retail side, the now full stores along the Bald Hill Rd. corridor, the redevelopment and expansion of Garden City and the ongoing development at Chapel View are clear signs of a market

in full recovery. While the recovery hasn't fully trickled down to secondary location, there are signs that this will happen too.

In the office market, Downtown Providence has seen vacancy decreasing, especially in the class A buildings. Paolino Properties purchase of 100 West (50 Kennedy Plaza), along with a smaller ancillary building and a parking lot, shows their commitment to the city. The two major moves in the city were Partridge, Snow and Hahn moving into 30,000 s/f at 40 Westminster St., Swipely moving into 30,000 s/f at 70 Dorrance St. and Nortek's announcement of their relocation to 25,000 s/f at 550 Exchange St. In the suburbs, vacancy rates continue to decline with the largest move being Coastway Bank impending move into their new corporate headquarters in MetroCenter.

Activity in the industrial market has seen some major transactions including Dean Warehousing consolidated into the warehouse section of the former Leviton property, VPI relocating to 112,000 s/f at the Collyer Center and Hope Valley Industries moving into 120,000 s/f at 13 Powder Hill Rd. The lack in the market of mid-sized facilities between 15,000 and 30,000 s/f is still an issue, as there are a number of requirements currently in the market.

In conclusion from both an economic and a real estate standpoint, while we're not "hitting it out of the park," we are improving and "things are getting better."

Thomas Sweeney, SIOR, is president of Sweeney Real Estate & Appraisal, Providence, R.I.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540