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Rhode Island's retail market has experienced absorption of vacancy and continues strong gains

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Rhode Island's retail leasing market has recently experienced a tremendous amount of absorption of its retail vacancy and continues to make strong gains from the 2008 financial crisis. It accomplished this with a broad based mix of retailers that now include big box users and its recovery appears to be in full swing. These retailers have absorbed retail space focusing mostly in class "A" retail sites such as Garden City Center and along Rte. 2. While in the past years there was very little activity for big box users, we are now seeing the absorption of retail vacancies at a very quick pace. The good news is that the 2008 debacle is more of a distant memory than an ongoing situation. Much of the success is based on the lower rental rates landlords are willing to agree to in securing tenants. We have seen decreases in rents of approximately 15% to 20% and in some cases up to 25% from 2007.

Garden City Center has had tremendous success in its redevelopment and has absorbed close to 75,000 s/f of retail vacancy and added approximately 14,000 s/f of new construction over the last year. LA Fitness now leases slightly less than 40,000 s/f in the former Borders Book Store location and The Container Store leases about 25,000 s/f in the former Linens 'N Things location. In addition, Garden City also added Sephora, Corner Bakery Caf  , Pottery Barn (relocated from the Providence Mall), and J. Crew. Garden City is the premier upscale center and considered class A.

In Warwick along Rte. 2, we have seen a tremendous amount of retail absorption as well. LA Fitness signed a lease for the former Shaw's Supermarket, Chick Filet is opening soon at the former Boston Market, West Marine relocated to Warwick Commons across from the Warwick Mall and Buffalo Wild Wings and Not Your Average Joe's are open at the Warwick Mall. CarMax is rumored to have purchased the Building 19 location in Warwick. Also rumored at the Rhode Island Mall is Burlington Coat Factory and a home improvement store. Bounce U, a regional kids in-door play concept absorbed 11,600 s/f at the former Monster Golf space on Lambert Lind Highway (Rte. 5) across from the Warwick Mall.

As in previous years, Rhode Island continues to see good activity with fast-food and full service food establishments. Restaurants seem to have continued their strong growth and are able to pay slightly higher rents. These establishments are able to find existing restaurant locations that may only need moderate improvements to open their doors to customers. For example, The Plant at 60 Valley St. recently signed a lease with a regional restaurant operator out of the Worcester area called Bocado's Tapas Restaurant and Wine Bar. They are taking over the former Cuban Revolution space. Other restaurants on the growth path are Not Your Average Joe's, Fat Belly's, Doherty's Irish Pubs, Murphy's Law, Buffalo Wild Wings, Chipotle Mexican Grill, Piezoni's, Rancho Chico as well as several different frozen yogurt concepts.

In addition, we have seen several other mid-sized retailers looking to expand. Dollar Tree recently

opened at Airport Plaza in Warwick and 7-Eleven opened at the former Friendly's Ice-Cream store on Warwick Ave. in Warwick. We are also seeing pawn shops, auto-part stores, beauty salons and fitness concepts out looking for new locations. While they may not be the most glamorous tenants, they do show evidence of being financially stable and capable of further growth. Family Dollar has plans to expand their store located at 550 Hartford Ave. in Providence. We continue to see landlords accepting lower rental rates at the beginning of the term with reasonably healthy increases in later years of the lease.

Rhode Island's retail activity has certainly come a long way since 2008, but the last 12 months have seen big box retailers take center stage and make a commitment to the Ocean State. This addition of national big box tenants along with smaller (but vital) retailers bodes well for Rhode Island's economy. Only time will tell if they are able to meet their sales projections and stay in business.

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