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All commercial market sectors continue to show increased activity, whether on sale or lease side

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It seems like the 2014 kick-off article was just written, and it is now mid-year. As mentioned in the "New Year" article, all commercial market sectors in the Rhode Island market continue to show increased activity over 2012 and 2013, whether on the sale or lease side. For 2014, in the industrial market, tenants continue to look for reasonable space at discounted lease pricing, while the sale activity remains very active, slowly pushing values higher. The office market is looking for higher quality space at the same price, but generally the same tenants with a continual shifting and re-trading of space looking for a better deal. The retail market continues to expand with new tenants to the market, but only in the best areas such Garden City, the Warwick Mall and the "new" Rhode Island Mall.

Industrial

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. The larger industrial activity has continued through the first half of 2014. At the beginning of May, Okonite Company purchased the 250,000 s/f facility at 5 Industrial Rd. in Cumberland with the intension of immediately adding on a 94,000 s/f addition. There are multiple large requirements actively pursuing space at this time ranging from 100,000 to 400,000 s/f. The long vacant, 250,000 s/f facility at 2700 Plainfield Pike in Cranston has gone under contract. We are currently working on a number of build to suit scenarios including 400,000 and 100,000 s/f facilities and some general requirements of 100,000 and 300,000 s/f. Additionally, Greencore Group from Dublin, Ireland, producer of foods for convenience stores and grocery chains, has chosen Quonset Point as the new northeast headquarters, consolidating from two locations in Massachusetts and building a new 107,000 s/f facility.

Office

The Providence CBD continued to be active and the Suburbs are now beginning to follow, again, as stated above, with a re-trading of space looking for better value. We are seeing increased activity in both the leasing and sale of office properties. Both northern Rhode Island, which has been very quiet, and the west bay sub-market south of Providence have seen many lease proposals out during the first half of 2014. In the north, Branca Properties continues his office park expansion on Rte. 116 in Lincoln with a new 30,000 s/f building that has steel up and already has over 100% potential occupancy, including some full users. Other existing properties are seeing increased activity. In the south, the top quality properties such as any of Michael Integlia & Co.'s product at The Summit, Jefferson Gateway and Metro East have seen a dramatic increase in showing activity with leases out and a condo unit sale at the Summit under contract. The latest Integlia & Co. product will be

125,000 s/f at One Metro Center Blvd. coming out of the ground during 2014. It is still in the planning stages, but there are already multiple larger users in queue.

Retail

The retail market continues to look for only the best locations. In contrast to the office market, the retail market continues to see new companies coming into the market. Garden City in Cranston continues to lead the way with new tenants. The first LA Fitness in this market recently opened at Garden City (with two more locations opening in Rhode Island shortly). Along with The Container Store's opening last weekend, Corner Bakery Caf   and Sephora have recently opened, making Garden City 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 Walmart, 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 center piece 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. In addition, there is a Buffalo Wild Wing's that recently opened and a Showcase Cinema on site.

2014 Second Half Outlook

2014 opened on a high note with many deals of all variety's in the pipeline. The first few months 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 more than offset the weaker ones, from a broker's point of view...

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