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Strength and stability in economy has given us a great year in quantity and size of deals

October 30, 2014 - Spotlights

It is 34 degrees as I drive to the office this morning. It seems like we were just closing 2013 and turning the page to 2014. The year has been very active, and seeing strength and stability in the economy, even in Rhode Island, has given us a great year as far as the quantity of deals, the size of deals and the type of deal, whether it be retail, industrial, office or land.

Industrial

As discussed at mid-year, there were a number of large industrial requirements in the market. One of them is working on securing 15 Wellington Rd. in Lincoln (144,000 s/f) as their new home. The long vacant, 250,000 s/f facility at 2700 Plainfield Pike in Cranston, which was under contract with one of the large users, has now fallen out of contract and is back on the market. Although there are larger (>100,000 s/f) needs in the Rhode Island market, some of the single story buildings remain vacant, such as 275 Ferris Ave. in East Providence (300,000 s/f) and 2700 Plainfield Pike in Cranston (250,000 s/f). A few of these requirements are looking towards build-to-suit scenarios, not being able to satisfy their specs with the current availabilities. The pricing of typical sale properties continues to increase towards the \$50 per s/f mark in the 20,000 s/f - 40,000 s/f range. The 20,540 s/f, 811 Park East Dr. in the Highland Corporate Park closed a few weeks ago in the \$50 per s/f range. The lease market continues to be lackluster and flat regarding pricing. No dramatic changes in any direction.

Office

The Providence CBD continued to be active and the Suburbs are following, not so much with tenants re-trading space looking for better value, but with new requirements. We are seeing increased activity in both the leasing and sale of office properties. Northern Rhode Island, which had been very quiet, and the west bay sub-market south of Providence have seen many lease proposals out during the second half of 2014. In the north, locations such as 24 Albion Rd. and 640 George Washington Hwy. have seen very strong activity into the 4th quarter of 2014, both with demand out pacing availability. Other existing properties are also seeing increased activity. In the south, the top quality properties such as any of Michael Integlia & Co.'s products at The Summit, Jefferson Gateway and Metro East have seen a dramatic increase in showing activity with leases out and condo unit sales at all of these locations. As an example, over the last 6 months, the Summit at 300 Centerville Rd. in Warwick has seen a condo sale to a law firm, four new leases signed and a few more in negotiation. The latest Michael Integlia & Co. product will be 125,000 s/f at One Metro Center Blvd. coming out of the ground during early 2015. It is still in the planning stages, but there are already multiple larger users in queue.

Retail

Although the retail segment shows continued positive trends, one segment of the retail market that

is strong is the "Dollar" concept, with new openings almost on a monthly basis. Between Dollar Tree, Family Dollar, Dollar General, Five Below and others, the available 10,000 s/f spaces in neighborhood centers continue to be absorbed. Garden City in Cranston continues to lead the way with new tenants. Along with The Container Store's opening, Corner Bakery Caf   and Sephora have recently opened, making Garden City a leader in the Rhode Island retail world. The first LA Fitness in this market opened at Garden City and a second one in that market will be coming shortly to 1500 Bald Hill Rd. in Warwick. A third LA Fitness will be located on North Main St. in Providence. The other bright spots are the Warwick Mall and the reinvented Rhode Island Mall, which was 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 balance of Rhode Island Mall will be converted to an outlet style shopping experience.

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 five full service restaurants including Buffalo Wild Wing's, Not Your Average Joe's, Red Robin, Longhorn Steakhouse and Fat Bellies plus a full food court. In addition, there is a Showcase Cinema on site.

2014 End of Year Outlook

2014 opened on a high note with many deals of all variety's in the pipeline. The first half of the year continued to show vitality with new inquiries, proposals going out and the pipelines remaining full. There was no slowdown through the summer, and the fall remains very active. And as usual, we still expect the end of the year flurry of closings, making 2014 one of the best years in the last decade.

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