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All market sectors show excellent activity 195 development continues at forefront of news

January 29, 2015 - Spotlights

After coming off an excellent, and in some ways, record-setting year in 2014, 2015 will have a lot to live up to, but we will have to work harder to find suitable locations for our clients. One of our chief concerns, which has been a concern for years, but now exacerbated due to a very active 2014, is the real lack of inventory in all product types. In Rhode Island, the demand is still there, the level of activity that we brokers are going through each day has not decreased, but the reasonable locations to place buyers and tenants continue to decrease.

Industrial

Within the industrial market, the demand and need remains strong, but the complete lack of any spec development leaves the requirements either doing nothing and living with their inefficient situations during 2015, leasing some short term, off-site space or trying to figure out how to add on to their existing facility. Some of the existing larger requirements in the market for modern buildings will be satisfied during the first half of 2015. A 150,000 s/f buyer has 15 Wellington Rd. in Lincoln (144,000 s/f) under contract for a 2nd quarter closing. Another 150,000 s/f requirement has 275 Ferris Ave. in East Providence under contract for a 1st quarter closing. The long vacant, 250,000 s/f facility at 2700 Plainfield Pike in Cranston, has seen a high level of activity and currently has two of the larger prospects going after the building. Even with these large requirements being satisfied during the 1st half of the year, there remain just as many unsatisfied, and still hunting for the right building or site, which will continue through 2015.

Office

The office market is active, but at this time, mainly with hangover prospects from 2014. The Providence CBD continued to show some life and the suburbs follow, not so much with tenants re-trading space looking for better value, but with new requirements. We are seeing increased activity in the leasing and sale of office properties. Both northern Rhode Island, and the west bay sub-market south of Providence saw excellent activity during the second half of 2014, and this looks to continue through 2015. We see both sales and leases continuing to be active during 2015 based on the first few weeks of the year. In the north, locations such as 24 Albion Rd. and 650 George Washington Hwy. continue to see strong activity into the first month of 2015. Other existing properties are also 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 continue to see excellent prospect activity with new showings, and condo unit sales at the Summit. Over the last 6 months, The Summit at 300 Centerville Rd. in Warwick has seen a condo sale to a law firm, signed three new leases, currently has 3 new prospects and the potential sale of another large condo. 2015 activity looks to be just as vigorous as last year.

Retail

The retail market continues to look for only the best locations. One segment of the retail market that remains strong is the "Dollar" concept, with new openings almost on a monthly basis. Between Dollar Tree, Family Dollar, Dollar General and others, the available 10,000 s/f spaces in neighborhood centers continue to be absorbed. During 2015, it looks like there will be some consolidation and absorption of the weaker brands by the stronger ones.

Garden City in Cranston will continue its extremely successful makeover during 2015 with a remake of the perimeter areas. The first LA Fitness in this market opened at Garden City during 2014 and two more will be opening in this market during 2015. The second one will open shortly at 1500 Bald Hill Rd. in Warwick. A third LA Fitness will be located on North Main St. on the Providence / Pawtucket line.

Like Garden City, The Warwick Mall continues the very active development with the razing of a pad site building which will be the home to a new Starbuck's at the northwest corner of the site. 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.

2015 Outlook

2015 has started much like 2014 ended. All market sectors show excellent activity and the overhang from 2014 remains fairly significant, which helps start the year with a full bucket. The 195 Development land in downtown Providence continues to be at the forefront of the news and discussions, especially with the new administration in place. Currently there are two deals approved, subject to a tax stabilization agreement, and a third that is abutting the 195 land in a similar situation. This will be one of the hot areas to watch in 2015.

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