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## **The Rhode Island real estate market has been very active both on a local and national level - by Thomas Sweeney**

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Winter is coming! Temperatures are dropping, Lardaro's Current Conditions Index beat its year-earlier value for the seventh consecutive time this year and cranes are active in the sky, all seems well in the Ocean State. The real estate market has been very active both on a local and national scale. We've had lots of state involved activity with the addition of Johnson & Johnson, General Electric and Virgin Pulse now beginning to occupy space. Now that e-commerce mogul Amazon has announced their search for their second headquarters and all eyes are on the city representatives and their P.O.A in the "Olympics of Commercial Real Estate". However, there still seems to be some level of skepticism amongst the more seasoned brokers – how good can the good get?

Providence continues to show positive change. The work has begun on the Wexford Science and Technology building across from South St. Landing and the 120-suite Homewood Suite by Hilton extended stay hotel. Tenants are now occupying 75 Fountain St. Cranes are active over the 169 unit Capital Cove apartment building and Edge College Hill, a 15-story high-rise which will include 202 micro-loft style apartments and first floor commercial space. New apartments are coming on line at 170 Dorrance and 95 Chestnut St. Paolino Properties is in the process of converting 76 Dorrance Street from Class B office space to the Case - Mead Lofts, a 44 unit micro loft and one bedroom complex. Residential development is the driving force in Downtown Providence.

The biggest elephant in the national real estate market is the Amazon HQ2 requirement and governor Raimondo and her team are putting their best foot forward in an effort to attract the company. While it most likely is a long shot, Rhode Island does offer a number things that would make it attractive to Amazon. As we stated in GoLocal Providence

"Oh, the Olympics of the Corporate world? I would say that it's a tough push – we are literally competing with every city in the US & Canada. I think our play would be the "small state" play. You don't just get Providence, you get all of Rhode Island. You have the international airport that was just upgraded, you have hungry economic development teams that are aggressive with their rates, you have other tech companies like IGT & UpServe that have flourished. You can pull from Conn. &

Mass. easily. Commutes are short, the scenery is great and the food is unsurpassed. I think Amazon isn't just looking for a good deal, I think they are looking for a good community to join so that's what I would focus more on."

With this type of approach, we can hope to get in the room and as was with GE, we might not get the main project but we could attract other portions of the company's need.

Now to address the cloud that seems to still linger. The thing is if you pull a rubber band often enough it becomes less elastic, with less dramatic pulls and releases. The commercial real estate market is a tired rubber band and while over the last 12 months or so that rubber band has been pulled as the market gets better, that pull has been gradual as many have skepticism that the rubber band may break. There's no denying that the real estate market (both commercial and residential) comes in peaks and valleys. Rhode Island is currently on the climb up, but have we hit the peak? While all business is proceeding as normal, there is the thought in the back of every real estate brokers mind – when is the slowdown coming? There is evidence in the market of a lack of quality product and we still have not gotten to the point where speculative construction makes sense.

Well, as we all may have heard, winter is coming. Winter is coming and projects are buttoning up. The road construction projects both in the financial district and across the state are finishing and moving on to the next ones. Every effort is being made to finished "On Time, On Budget." The truck tolls are coming. The next major statewide issue is whether the state should support the new PawSox stadium in Pawtucket. There are many sides to the issue and the General Assembly is trying to balance the financial commitment with keeping the PawSox in the state and potential cash flow from not only the stadium itself but potential development in the general area surrounding it. It is an issue that will dominate the state as we go into the next state election cycle.

The thing is Providence needs to be a resilient market so if there is a release of the rubber band we quickly snap back into place. Retail in the downtown area is a prime example of how consumer trends have proven that we need to adapt with our consumers. Rhode Island hosts major tech companies like IGT and UpServe, flourishing companies like VirginPlus and the new Cambridge Innovation Center. They are changing their markets and we need to encourage change in our markets as well.

We would advise business to have plans in place of their best way to reach their consumers. We encourage them to work with local financial advisors, speak to local government, join organizations and figure out the way Rhode Island works. Rhode Island is a unique market with a committed work ethic. By making informed decisions we can make sure that Rhode Island market winter is a mild one.

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