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Things to keep an eye on in 2018 in Rhode Island - by Brad Hevenor

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Since I entered the appraisal profession in the mid-2000s, the ebbs and flows of real estate seasons in Rhode Island have seldom been predictable. During the economic recession and recovery, the urgent flurry of year-end requests would often give way to an early January lull. As the R.I. economy has transitioned to a growth phase, however, market activity has sustained itself throughout the year, leaving little opportunity for reflection during summer slowdowns or holiday pauses. Looking back on 2017, R.I. has seen a strong and active real estate market across commercial sectors to go along with general economic growth and momentum. Heading into 2018, we will be keeping a close eye on commercial real estate trends in the state. A great deal of attention has been paid to higher profile projects, particularly the I-195 development land in Providence. Undoubtedly, the coming year will bring intense political and public scrutiny over the PawSox stadium proposal for downtown Pawtucket, as well as continued headlines over the fate of the vacant Industrial National Bank Building in Providence's Financial District. In addition, many of us will be keeping tabs on the redevelopment plans for the 29 former Benny's retail locations to be acquired by the Carpionato Group. For a state which experienced a particularly long and deep market downturn during the recession, there is no doubt that these prominent projects hold a symbolic and psychological significance as economic bellwethers in a state whose motto, after all, is "Hope."

While highprofile projects get much of the attention, our practice encountered an uptick in smaller commercial construction and renovation deals during the year, often involving credit union and/or SBA financing. Many of the properties we have seen financed this year involved small businesses renovating, expanding, or relocating. Activity was spread across many submarkets, but the busiest sectors in 2017 included hotels and hospitality, particularly in downtown Providence, Aquidneck Island, and southern R.I., multifamily in Providence and around the state, as well as a booming student housing market on the East Side.

The R.I. housing market has been flourishing for the past several years. While single-family sale volume leveled off in 2017, this is likely attributable, in part, to inventory shortages. The state saw an increase in median sale prices and significantly shorter marketing periods. Along with sustained demand and limited supply, residential markets have experienced continued increases in new

residential construction, both single-family and condominium.

While my valuation practice will continue taking me to office, retail, industrial, and multifamily properties across R.I., there are a few areas I will be keeping an eye on in 2018. First, I will be looking for continued growth and market demand in energy efficient and high performance residential real estate, as well as growth in residential renewable energy, particularly solar PV. R.I. extended one of its most popular renewable energy initiatives, the Renewable Energy Growth Program, after higher-than-anticipated homeowner demand forced National Grid to suspend the program after hitting its annual limit in October 2017. I also expect to see further expansion of sustainability and renewable energy development in the commercial sector, buoyed by incentive programs available through RI Commerce and the RI Infrastructure Bank.

Finally, as the 2018 chair of the R.I. Branch Chapter Advisory Board of the Appraisal Institute, I will be keeping a close eye on developments impacting the appraisal profession. National developments pertaining to federal banking regulations could have major impacts on the appraisal regulatory system and local appraisers. The RI Branch Chapter is retiring its Hope Scholarship program which provided a number of awards to support local valuation professionals in achieving Appraisal Institute designations. I look forward to working closely with the R.I. and Massachusetts Chapter in continuing to support emerging professionals pursuing appraisal designations, as well as finding new ways to promote the appraisal profession as a career choice among college students.

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