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The city of Providence had decent office leasing activity over the past year - by Peter Hayes

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The city of Providence had decent office leasing activity over the past year. The vacancy rate, as reported in our Cushman & Wakefield | Hayes & Sherry Market Beat report for Q4 2017, was 12% down from 12.7% a year earlier.

In 2017, Wexford Science & technology started construction on a seven-story, 191,000 s/f Innovation Center on two vacant lots in the Rte. 195 Redevelopment District. The steel will be topped off in a few weeks. The Cambridge Innovation Center will occupy 66,000 s/f. Brown University's School of Professional Studies has committed to 50,000 s/f and Johnson & Johnson has leased 30,000 s/f. Occupancy is targeted for Q1 2019. In the future, Wexford hopes to build a hotel and another office building on the 5 acre site.

Down the street from the Wexford project, the largest development in Providence in 2017 was completed. The renovation of the 269,000 s/f historic building, called South St. Landing, is a former power plant that was named South St. Station. South St. Landing and the abutting new 744-car parking garage, opened in Q3 2017. Approximately half of the 269,000 s/f will be occupied by the Nursing Education Center, a joint partnership of the University of Rhode Island and Rhode Island College, and the remainder by Brown University for administrative offices.

75 Fountain St., the former Providence Journal Building, has had brisk leasing activity since completing renovations in 2017. Leases have been signed with GE Digital, Virgin Pulse, Tufts Health Plan, Providence Journal and Infosys.

The Aspen Group has announced plans to develop Blackstone Medical Center at 200 Blackstone St. in Providence. This 100,000 s/f medical office development abuts the Providence Hospital Campus and includes free parking.

111 Westminster St., the "Superman Building," is a 26-story, 365,000 s/f property that has been vacant for over four years. At 428 feet, it is the tallest building in Providence. Large office tenants

have considered leasing the space, along with a mix of hotel, residential apartments, student housing and retail, but to date, there is no set plan. There are many people who believe demolishing the building and starting with a “clean-slate” is the best route to take due to the projected, extremely high costs to renovate.

Two new hotels are under construction in downtown. First Bristol and Paolino Properties are well underway with an eight-story, 120-room Homewoods Suites on Parcel 9 in Capital Center, located along Memorial Blvd. and across from Kennedy Plaza. The target for opening is Q4 of this year.

The second hotel under construction is at 111 Fountain St., directly across the street from the Rhode Island Convention Center. The Procaccianti Group is the developer of this 176-room Residence Inn by Marriott, slated to open in 2019.

The largest office development in Rhode Island is Citizens Bank’s 424,000 s/f campus in Johnston that overlooks Rte. 295. This 120 acre parcel will have four main buildings that will be interconnected and will have several outdoor sports fields and courts which will be open to the public. 3,200 employees will occupy the space.

There has been no new office development in the West Bay suburban market over the last year. The vacancy rate is in the 10% range, close to what it was a year ago. With no new development, finding spaces of 15,000 to 20,000 s/f and up is limited.

For future development in Warwick, Michael Integlia & Co. has two sites available and ready to go. The first is a shovel-ready site at One Metro Center Blvd. for a three-story, 75,000 s/f class A building that abuts the Airport Connector and is visible to Rte. 95. The second site is at 475 Jefferson Blvd. and is directly across the street from the Warwick Intermodal Transit Center and T.F. Green Airport sky bridge. One City Center is the name of this 400,000 s/f development that will include a mix of office, residential, hotel and retail space.

The 341,000 s/f Northwoods Office Park in Johnston has welcomed new tenants over the last year and has 80,000 s/f available.

The largest development in the East Bay suburban market is University Orthopedics’ 90,000 s/f building located at Kettle Point in East Providence. The building will be fully occupied over the next couple of months. Michael Integlia & Co. is the developer.

With no new traditional office development over the last year in the East Bay market, the vacancy rate has remained the same at 7%.

In the Northern Rhode Island suburban office market, the vacancy rate has not changed and is approximately 7.5%.

Going forward, without new office development in Providence and the suburbs, we will be faced with situations where a tenant will be looking for a larger block of space and they will not be able to find

it.

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