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Rhode Island jumped ahead of 24 states and are now the 9th best economy in the U.S. - by Tom Sweeney

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There have been a lot of changes in the past few years on how consumers consume and businesses run their businesses. We have seen steady big box reduction as online ordering increases, we have seen individual medical practices join into groups and now we are seeing co-working and job share space bloom. Rhode Island has been trying to stay competitive with its big city neighbors and it appears that the state is now “open for business” which is certainly encouraging for the state and region in general.

At the end of 2017 Benny’s, Rhode Island’s native big retail store, closed all 31 locations after 93 years in the business. This is not a problem unique to Rhode Island, CNBC reports that over 70 million s/f of retail space is already slated to close in 2018. Toys R Us’, Bon-Ton and Walmart’s Sam’s Club are just a few of the big names said to close down multiple locations. What does this mean for property owners? Reconfiguration of spaces, possible zone changes and many other obstacles may stand in the way before finding a tenant.

While other users are leaving the market, new uses are entering. Technology has allowed us to run businesses in Colorado while sitting in the coffee shop in Providence. However, conducting business in a coffee shop can be loud and can leave you vulnerable to hackers so co-working spaces and job share have entered the market to serve the need of the off-site employee. Co-working spaces has created a safe, reserved, quiet and professional place to conduct work, hold off-site meetings and allow you to not worry if the guy with the venti, double shot latte is also tapping into your clients personal details.

While it is great to have a new use in the mix we cannot ignore the fact that co-working spaces have heavily impacted the need for traditional office space. This is reflected by the increase in these type of spaces in and around Providence and are being located in standalone facilities and within existing spaces. Nationally, this type of use is highly in demand in places like Boston, New York City, and Austin. Rhode Island with its average rental rates below those of the Boston market should start to see some benefit from this type of use.

Rhode Island has always struggled with its self-inflicted inferiority complex and living in the shadow of Boston. The State and its citizens must realize that while we might not get the “big” deal, we can get ancillary parts of the deal. We have seen firsthand examples of this with the General Electric deal. The reason Rhode Island has always struggled is because we resist the fact that we are a sub-city to Boston and New York. We need put aside our competitive angle and embrace our strengths that make Rhode Island one of the best places to live and work. Rhode Island has a great quality of life, amazing natural landscapes and Michelin restaurants. Our homes are priced more competitively, our traffic does not nearly compare and if you need a quick trip to the beach it’s accessible, instead of being stuck in bumper to bumper trying to get to the Cape or the Hamptons. Not every baseball game is won on home runs and economic development is similar to baseball, single and doubles can win the game. Our foundation is built on small businesses and we need to water the grass beneath us.

At the start of this essay I mentioned that the Rhode Island is open for business. In 2016 Business Insider ranked Rhode Island as the 33rd best economy in the U.S., in 2018 they released that list again, and Rhode Island was ranked 9th best economy in the U.S. I will say it again for the people in the back, we jumped ahead of 24 states and are now the 9th best economy in the U.S.! While our unemployment rates are down, job growth and average wages are up, we still have the looming stigma that the state makes bad investments. Well it has been about eight years since that one bad deal that everyone is tired of hearing about and we are moving forward, gradually. An example is the proposed Fane development on the former I-195 land in Providence and the proposed PawSox stadium in Pawtucket. Both of these projects involve significant private investment in the Rhode Island market. The Fane tower would be a signature building in Providence and the stadium would act as a catalyst for new development in Downtown Pawtucket. But both are meeting opposition. The Fane tower due to its size and scope and the stadium because of the owners looking for public investment in the development. The reality is that as long as both project have public vetting and the developments make sense for their host cities and the community in general, we should welcome this type of development with open arms.

We are in a market that is evolving as we speak. The next few years will see changing landscapes both from a use and development perspective. While the economy is strong we should encourage development and investment in the region. Prior to the 2008 recession, Rhode Island biggest economic downturn was in the early 1990s. During that time and with the help of federal investment, what we now know as the Waterplace Park and Capital Center were developed. This opportunity allowed the area to be transformed in to what some today take for granted. We should continue to look at that as an example of striking while the iron is hot and move forward while we have the opportunity.

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