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Rhode Island market 2019: The land of hotels, schools and medical - by Mike Giuttari

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During 2019, much of the growth and development is focused on Downtown Providence. Much of this has to do with the colleges and hospitals, and residential in general. Rhode Island continues to develop hotels, especially in Downtown Providence, due in part simply to a vibrant, in-demand city, and with the intent of creating the ability for Providence to compete for and attract top tier conventions. With 1,000+/- hotel rooms coming online over the next 18-24 months along with another 1,000 residential units of new and redeveloped housing, the long sought-after Downtown Providence residential market seems to be here. Examples of this hotel development include the following:

- Procaccianti Group's 176 room Marriott Residence Inn at the Convention Center coming in the 2nd half of 2019
- First Bristol & Paolino Properties 120 room Homewood Suites Extended Stay opening in the 1st quarter of 2019
- Hotel Beatrice, 28-32 Kennedy Plaza, 48 rooms, under construction
- Best Western Glo Hotel, 322 Washington St., 76 rooms, commission/board review approved
- Aloft Hotel, Innovation Complex, 170 rooms, commission/board review approved
- Holiday Inn, 371 Pine St., 91 rooms, commission/board review approved
- Hotel Hive, 187 Westminster St., 129 rooms, pre-application
- Woodspring Suites Hotel, 181 Corliss St., 124 rooms, completed

Additionally, schools such as Brown, Rhode Island School of Design (RISD), Johnson & Wales and the University of Rhode Island have continued to grow and expand their footprint in Providence, with private real estate being acquired by these schools and redeveloped for their own use. You cannot drive through almost any part of the East Side without bumping into development at Brown or RISD, such as new Administration buildings or Brown's new Engineering Center on Brook St.

Medical is right in line with the hotels and the schools. There are signs of the medical development not only in Providence, but across the state. This development is not only from large groups such as LifeSpan, but other private groups such as University Orthopedics and Rhode Island Medical Imaging. A great example of this is the new University Orthopedics development on the water in East Providence, a 90,000 s/f medical and surgical center that redefines the term "state of the art". In concert with Michael Integlia & Co., they created a masterpiece of waterfront luxury along with the best surgical practice unmatched anywhere.

Back to the bread and butter world of industrial and office space, 2019 will not be the whirlwind of activity that the earlier discussed disciplines will be. The very high cost of construction keeps any significant industrial construction, whether spec or user based, to a minimum. A lot of this is based on the continued health and success of the Boston market. We are too close to Boston. Construction companies and subs can float back and forth and base local bids on Boston numbers. This all relates to office development in a smaller way. Both the office and industrial markets have very shallow demand.

The northern Rhode Island office market is almost void of any significant office availabilities. Typical complexes, such as 24 Albion Rd. in Lincoln, that usually have some available space are 100% occupied. In this sub-market, a tenant needing 10,000 s/f would be limited to three or four options such as Northwoods in Johnston or Albion Crossing at One Albion Rd. in Lincoln.

In the West Bay sub-market, south of Providence, the situation is similar. Michael Integlia & Co. is considering coming out of the ground in 2019 with the 100,000 s/f office property at One Metro Center in Warwick. There are a few other options on the drawing board, but not close to reality during the next year or two. Otherwise, there again are few choices for large users on one floor. Options include properties such as One International Way and 847 Jefferson Blvd. in Warwick.

Industrial availability is even more severe for the better, larger space with ceiling heights approaching 20+ feet. In northern Rhode Island, a tenant searching for 30,000 s/f with good ceiling height would come up empty. South of Providence, this same tenant may find three or four options.

Both the office and industrial markets have occasional properties that come up for sale and a buyer must be ready to act. 95 Jefferson Blvd. in Warwick is a 24,000 s/f, two-level office building that went on the market last week and has immediate activity. 676 George Washington Hwy. in Lincoln, a modern 41,000 s/f industrial facility had an offer before going on the market and when it went public last week, multiple showings were set up immediately.

The prior paragraph is meant to show the lack of any significant inventory in our market in general.

Whether it is office or industrial space, lease or sale, options for users or investors in this market are slim to none, and when a desirable property that meets the specifications for these users or investors becomes available, they need to act quickly and seriously.

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