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The outlook for industrial real estate is positive - by Julie Freshman and George Paskalis

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As we move into the second quarter of 2025, the Rhode Island industrial real estate market shows continued signs of stability, steady growth and relatively low vacant rates in the 3% to 4% range for “modern” industrial buildings, as compared with a national average which ranges from approximately 6% to 7%.

Industrial lease rates in Rhode Island are expected to remain in the \$6-\$7 per s/f range, NNN for bulk warehouse space, in the \$7.00-8.50 per s/f range for general purpose industrial space, and in the \$10-\$12 per s/f range flex space. Sale prices for 20,000 s/f to 50,000 s/f will continue to range from \$65 to as high as \$100 per s/f.

The demand for industrial spaces and buildings in Rhode Island continues to be driven by several key sectors including e-commerce and logistics, manufacturing, and life sciences and pharmaceuticals. Retailers and third-party logistics (3PL) providers are seeking larger facilities with modern amenities in order to keep up with the demands of e-commerce fulfillment. The top manufacturing sectors in Rhode Island currently include transportation (i.e. General Dynamics Electric Boat), food processing (i.e. Blount Fine Foods Corp.), aerospace and defense (i.e. RTX which includes Collins Aerospace, Pratt & Whitney and Raytheon), biopharmaceuticals (i.e. Amgen), HHVAC products (i.e. Taco, Inc.), jewelry (i.e. Tiffany & Co.) and textiles/plastics/films (i.e. Toray Plastics (America) Inc.). General Dynamics Electric Boat is expending down in North Kingstown in the Quonset Business Park and Blount Fine Foods plans to move its headquarters across state

lines from Massachusetts into Rhode Island.

Notable recent lease transactions include 48,000 s/f of industrial space that was leased to Metropolitan Pipe & Supply Co. at 1600 Division Rd. in West Warwick; Visual Creations (designer and manufacturer of retail displays) that renewed their lease of 110,000 s/f of industrial space at 340 Waterman Ave. in Smithfield; and Pilkington (glass manufacturing company) that renewed their lease of 16,500 s/f of industrial space at 1048 Wellington Ave. in Cranston.

The supply of available industrial land sites is low in the Rhode Island market; however, 8.92 acres of industrial land off of Sharpe Dr. in Cranston sold for \$2.7 million in March 2025 to a local real estate investor/developer. Also, in Cranston, a notable proposed development project is the Comstock Industrial Center, located immediately off of I-295 in western Cranston, which is a fully approved, two building, industrial center in Western Cranston Industrial Park. Being developed in two phases, phase I will conclude with the delivery of a 70,000 s/f high-bay warehouse building, with phase II commencing as a 200,000 s/f build-to-suit high bay warehouse building. The lease rates for these speculative developments and build-to-suit leasing opportunities will be determined based on tenant needs.

Investors continue to recognize the industrial sector's stability compared with other segments of commercial real estate, such as retail and office. As such, demand is expected to remain steady from industrial investors looking for investment opportunities in the Rhode Island market; however, interest rates are still causing investors to be cautious about their underwriting. A notable recent investment transaction is a 39,120 s/f industrial building on Market St. in Warren that was purchased by a local investor in February 2025 for \$3.2 million.

Persistently low vacancies continue to lead towards fewer buildings coming available for owners/users, and higher interest rates are reducing buyer's purchasing power, forcing some potential end users to lease vs. purchase. We have seen some softening in the leasing market but there is still enough demand with landlords becoming a bit more competitive to attract tenants, and spaces are expected to continue to lease up. Notable recent sale transactions include a 38,000 s/f industrial building located at 333 Niantic Ave. in Cranston in the Huntington Industrial Park that sold to a current tenant for \$3.25 million in January 2025. Also in the Huntington Industrial Park on Niantic Ave. in Providence, a 23,000 s/f industrial building is for sale and under contract. In other areas of the state, other notable buildings that are for sale and under contract include a 120,000 s/f industrial building at 231 Ferris Ave. in East Providence and a 35,000 s/f industrial building at 100 Founders Dr. in Woonsocket.

The outlook for the industrial real estate market in Rhode Island heading into the spring of 2025 is positive. Demand for industrial space is expected to remain steady, and vacancy rates are expected to remain low. Rents have moderated a bit as more supply has come online, but the leasing market remains strong. The low supply and steady demand have continued to keep the sale market strong for empty buildings as well as fully leased industrial investment opportunities, sometimes leading to multiple offer scenarios.

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