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Rhode Island's industrial real estate market outlook - by Julie Freshman and George Paskalis

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As we near the mid-point of 2025, Rhode Island's industrial real estate market continues to be characterized by low vacancy rates, steady demand, as well as evolving technological and economic influences. Limited new construction and sustained demand across various industrial sectors has led to a relatively tight market with vacancy rates in the range of 4% to 5% for modernized, single-story industrial buildings, as compared with the national average estimated at about 7%.

Several key sectors including e-commerce and logistics, manufacturing, and life sciences and pharmaceuticals continue to contribute to the demand for industrial spaces in Rhode Island. Retailers and third-party logistics (3PL) providers are also seeking larger facilities with modern amenities in order to keep up with the demands of e-commerce fulfillment. However, the current administration's recent tariff actions and policy shifts have introduced substantial volatility into the industrial real estate sector, influencing everything from leasing decisions to construction costs and investment strategies.

During the most recent Society of Industrial and Office Realtors (SIOR) conference that was held in Las Vegas, NV from May 6-9 of this year, one of the main topics of discussion was the recent tariffs and their effects on the economy. While the uncertainty and potential risks around the tariff actions seem to have slowed leasing activity in the past couple of months, we heard firsthand from brokers across the country and worldwide at the conference, that companies from Mexico, Canada, Europe

and Asia are looking to open factories in the United States. Despite tariffs creating some short-term issues such as uncertain business impacts, increased construction costs and increased operational expenses, the overall sentiment is that they are likely to lead to increased long-term industrial demand by powering future domestic manufacturing and logistics.

A noteworthy recent lease transaction in the Rhode Island market is 41,385 s/f of space at 1 Albion Rd. in Lincoln, Rhode Island that was leased to a Swiss-American medical device company specializing in respiratory care. The company is relocating from 16,630 s/f of space nearby, and the 41,385 s/f of space at 1 Albion Rd. is currently vacant office space which will be renovated into a combination of office, production, and warehouse space for the medical device company.

Notable recent sale transactions include a 22,500 s/f industrial building situated on over three acres at 666 Park East Dr. in the Woonsocket side of the Highland Corporate Park that sold for \$2.025 million in April 2025; and a 54,864 s/f industrial building situated on just under three acres at 862 Waterman Avenue in East Providence that transacted for \$4 million in April 2025.

Several large industrial buildings are under contract in Rhode Island including the 120,000 s/f building at 231 Ferris Ave. in East Providence (formerly occupied by Interplex Engineered Products), the 51,000 s/f industrial building at 239 Child St. in Warren (formerly occupied by Taylor Box/Puesterla), the 35,000 s/f industrial building at 100 Founders Dr. in Woonsocket (formerly occupied by Mearthane Products Corporation), the 23,000 s/f building at 88 Niantic Ave. in Providence (formerly occupied by AirGas), and a 20,000 s/f multi-tenant triple net investment property at 400 Frenchtown Rd. in East Greenwich.

A significant proposed development project in Rhode Island is the Comstock Industrial Center, located immediately off of I-295 in western Cranston, which is a fully-approved, two-building, industrial center in RI's Western Cranston Industrial Park. Both for sale and for lease and with proposed plans for development 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.

The Rhode Island Ready (RI Ready) program, launched as an extension of the successful Quonset Site Readiness model, still has available funding and is a statewide site readiness initiative that is generating an inventory of pre-permitted sites, zoned for industrial use, that are ready for development. While there is still space available for small and growing companies in the Quonset Business Park's Gateway and Flex Campuses, Quonset has only 58 acres remaining for new development and the largest remaining parcel can only accommodate an industrial development of 200,000 s/f. The sizes of the remaining parcels limit new facilities to 150,000 s/f or less. The RI Ready program is aimed at supporting and facilitating industrial growth outside of the Quonset Business Park.

The outlook for the industrial real estate market in Rhode Island is generally positive, heading into the summer of 2025. Demand for industrial space is expected to remain steady, and vacancy rates

are expected to remain low despite some softening in the leasing market due to the uncertainty surrounding recent tariff actions and policy shifts. Overall, the sentiment seems to be that the tariff changes are anticipated to lead to greater long-term industrial demand in the manufacturing and logistic sectors.

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