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RI's industrial market has not been impacted by oversupply and is one of the more affordable markets - by Julie Freshman and George Paskalis

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Despite logistics tenants vacating more space than they have moved into for the first time in 15 years nationwide as of the second quarter of 2025 (source: CoStar), vacancy rates in the Rhode Island industrial market have remained flat with positive net absorption, meaning more space is being leased or occupied than being vacated, indicating a healthy market with steady demand. RI's industrial market has not been impacted by oversupply and is one of the more affordable markets as compared with larger markets nationwide. According to CoStar, larger logistics markets such as the Inland Empire, East Bay and Los Angeles in California and Seattle, Chicago, Atlanta, Baltimore and Harrisburg, Penn. are driving the bulk of nationwide negative absorption so far this quarter.

While there has not been much new speculative construction of industrial buildings in the Rhode Island market historically, several projects have come to completion with some absorption already realized. Additionally, there are some larger tracts available for build-to-suit opportunities, including 65 buildable acres in North Smithfield with immediate access to Rte. 146. Another 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. Projects like these are candidates for the RIReady

program, which is funding utilized by developers for infrastructure improvements to the sites.

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. Recent lease transactions include 54,146 s/f of industrial space at 100 Higginson Ave. in Lincoln that was leased to a global leading automation company for the mechanical engineering sector; and 39,000 s/f of industrial space that was leased at 1950 South County Trail in East Greenwich to a third-party logistics company. Notable spaces available for lease include a 150,000 s/f distribution building at 100 Maple Ridge Dr. in Cumberland; 325,000 s/f of distribution space at 1159-1193 Broad St. in Central Falls; and 270,000 s/f of distribution space at 145 Commerce Dr. in Warwick (NorthPoint's "I-95 Gateway" recent industrial development).

On the sale side, 231 Ferris Ave. in East Providence (former Ennovi factory), an industrial manufacturing facility totaling 120,000 s/f and situated on 12.8 acres, was purchased by IGUS Bearings Inc. in June 2025 for \$7 million; and 239 Child St. in Warren (former Taylor Box building), a 51,000 s/f industrial building, was purchased by Chaffee Industrial Roofing in June 2025 for \$2.65 million.

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 \$7-8.50 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.

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 with interest rates causing investors to carefully analyze their underwriting.

The outlook for the industrial real estate market in Rhode Island in the second half of 2025 is positive. Demand for industrial space is expected to remain steady, and vacancy rates are expected to remain low, despite some softening in the leasing market. Notwithstanding negative net absorption in other larger industrial markets nationwide, Rhode Island's industrial market is anticipated to remain healthy.

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