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Forward momentum - Even in tough economic times

February 12, 2009 - Rhode Island

As we enter 2009 the Quonset Business Park is well positioned to remain strong and continue with its forward momentum, even in this tough economic climate. Several projects are underway representing almost \$170 million in private investment with an additional \$126 million already in the pipeline. The workforce at the business park continues to grow with 8,842 workers now employed at 164 businesses. Over 85% of the available property at the business park is leased, sold or under negotiation, leaving only 200 acres remaining available.

The Quonset Business Park marked several growth milestones in 2008. The most visible is the progress on our new front door, the mixed use Quonset Gateway. Two anchor stores, a Kohl's and Lowe's, are open and construction is well underway on a new locally owned and operated local grocery store. A local ice cream shop complete with park-like outdoor seating has announced it will locate at the Gateway, becoming the first center's first restaurant. The Gateway, which will also include a hotel, restaurants and office buildings, is already providing much needed amenities for park residents and the nearby community.

We have been busy implementing a robust capital improvement program targeted at infrastructure improvements including a series of significant upgrades including road, rail, utility and waterfront projects. At the waterfront we replaced a 70 year old bulkhead preserving 40 acres of valuable waterfront property for port and marine trade use. In addition, this past fall, the RI Department of Transportation completed Rte. 403 providing dedicated highway infrastructure to support and enhance the park.

We continue to see robust growth in several areas and among many of the Park businesses.

* At the Port of Davisville, QDC's competitive dockage and wharfage fees helped drive an 85% increase in auto imports in the last quarter of 2008 as Volkswagen relocated its imports from Wilmington, Delaware to Quonset. The port now is one of the top ten auto importers in the country, generating over \$1.75 million last year in dockage, wharfage, tariffs and lease income. In 2008, along with NORAD and K-line the Port launched a pilot program for the export of truck tractor tractors that were shipped to Emden Germany for distribution throughout Europe.

* Electric Boat one of the Quonset Business Park's cornerstone residents, which has already invested \$30 million over the past three years in modernizing and expanding its facility, is shifting more of its manufacturing work to Quonset. Much of the early work on submarines is now taking place at Quonset before final assembly elsewhere. With new government contracts, Electric Boat is estimating it will grow its Quonset workforce by a thousand people over the next few years.

* The R.I. National Guard broke ground on a \$43 million construction project, marking the latest in a series of modernization and expansion efforts over the last six years by the Air and Army National Guard.

* Unetixs Vascular, an international leader in design and manufacture of diagnostic instruments opened a new corporate headquarters and training center.

Interest in ongoing development at the business park remains strong. Governor Carcieri has identified Quonset as the location for a regional assembly site and headquarters for Deepwater Wind and we are in preliminary discussions with the company. We continue to be mindful that Quonset is a unique asset for the citizens of Rhode Island and while QDC's mission is to create platforms for high wage sector job growth, it also must steward this asset for future generations.

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