



# nererj

## **Providence should be very well-positioned to take advantage of a resurgence in the real estate market**

March 25, 2009 - Spotlights

The Providence office market, much like the national office market, experienced significant increases in vacancy rates over the last year. Couple that with a few projects coming on-line with significant blocks of space, and landlords in Providence will find it challenging to fill the vacant space within a reasonable timeframe.

This past year alone has seen The Gateway Building (117,000 s/f), The Sharpe Building at The Foundry (180,000 s/f), and 100 Weybosset St. (50,000 s/f) all become available for lease with LaSalle Plaza (139,000 s/f), Empire Plaza (96,000 s/f), Dynamo House (120,000 s/f), and 444 Westminster St. (66,000 s/f) all becoming available next year. The good news; Opportunities will abound for tenants in the market along with some attractive investment opportunities. And the city of Providence has positioned itself well over the last ten years, very well, with a new 1.3 million s/f mall, a new convention center, a renovated civic center, adding a residential component to the downtown market, and the new opportunities which will exist with the relocation of the new highway system. All of these components have enabled the city to broaden its base of activity.

This year, Brown University will begin retrofitting several buildings in the Jewelry District to house its medical school. A venture which will surely add a new level of activity in the city and provide opportunities for ancillary businesses including demand for surrounding real estate. We are watching our hospitals and universities expand at a steady rate adding more stability to the market in the long run.

We have included a summary below of the current state of the office market in Providence according to the 2008 Hayes & Sherry Providence Office Market Survey.

Class A vacancy rates have increased from 9.23% in 2007 to 12.72% in 2008. There are also two new buildings added to the survey in 2008. The class B vacancy rates have increased from 7.48% in 2007 to 17.31% in 2008. In the class C market, vacancy rates increased to 14.01% for a total market increase from 8.67% to 15.12%.

Even with the economy struggling locally and nationally, vacancies increasing and real estate value falling, Providence should be very well-positioned to take advantage of a resurgence in the real estate market. Hopefully that will occur sooner rather than later.

Peter Hayes, SIOR and Karl Sherry, SIOR are principals of Hayes & Sherry Real Estate Services, Providence, R.I.