

Rhode Island - Office

Governor Raimondo's tax credits, incentives and grants are attracting new companies to R.I.



Pete Hayes
C&W|Hayes &
Sherry Real Estate

The city of Providence has had no new ground-up office development over the last year. The vacancy rate, as reported in our Cushman & Wakefield | Hayes & Sherry MarketBeat report for Q4 2016, was 12.7%.

The largest development in Providence is the renovation of the 269,000 s/f historic building called South St. Landing. This is a former power plant that was named South St. Station. Ventas, a Chicago-based real estate investment trust, recently purchased South St. Landing and the new 744-car parking garage for \$130 million. The property was purchased from affiliates of Blackstone Real Estate Partners. Approximately half of the 269,000

s/f will be occupied by the Nursing Education Center, a joint partnership of the University of Rhode Island and Rhode Island College, and the remainder by Brown University for administrative offices. Occupancy is targeted for late 2017.

Wexford Science & Technology has proposed a seven-story, 191,000 s/f innovation building on two vacant lots in the 195 District. The Cambridge Innovation Center plans on occupying 66,000 s/f. The first phase of this development also proposes a 170-room hotel.

75 Fountain St., the former Providence Journal Building, is nearing completion of its renovations. The 156,000 s/f office portion, plus 10,000 s/f of retail/restaurant space, has had a number of leases signed over the last year. Providence-based Cornish Associates and Nordblom Company from Brookline, Mass. are the landlord.

GE Digital and Johnson & Johnson

Both of the above deals are a direct result of governor Raimondo and Commerce RI's efforts to attract new companies to Rhode Island by applying jobs creation tax credits, and other incentives which were passed by the legislature in 2015.

are being welcomed to Rhode Island and Providence and have made commitments to occupy space. GE Digital signed a lease at 75 Fountain St. for 12,000 s/f with an option to expand to 20,000 s/f. Fifty employees will occupy the initial space. Johnson & Johnson will open a health technology center. 1 Ship St. will be the temporary space until a lease is signed that will accommodate 75 employees.

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incentives which were passed by the legislature in 2015.

The "elephant in the room" in Providence is 111 Westminster St., locally known as the "Superman Building". The 26-story building has been vacant for over three years. There have been many ideas on what to do with the property, including office, residential, hotel, student housing, retail, or a mix of all of these components. No one wants this building to remain vacant. To get something started it is clear that public funds and tax credits are necessary.

The 195 Redevelopment District

Commission continues to work hard to attract developers and companies to the nineteen developable areas. In a recent meeting with Peter McNally, executive director of the Commission, he was confident that once the deal with Wexford Science & Technology was completed to start their 191,000 s/f innovation center and hotel, other developments would follow.

First Bristol Corp. has started construction of an 8-story, 120 room Homewoods Suites on Parcel 9 in Capital Center, located along Memorial Blvd. and catty-corner to Kennedy Plaza. The expected opening is in 2018.

The Procaccianti Group is demolishing the former Fogarty Building at 111 Fountain St. to start construction on a 176-room Marriott Residence Inn with an opening at the end of 2018.

In the suburbs, the West Bay vacancy was 12.8% a year ago and today is down to 9.7%. There was no new office development in the last twelve months.

Michael Integlia & Co. has a "shovel ready" site at One MetroCenter for a three-story 75,000 s/f, Class A building overlooking the Airport Connector in Warwick. Additionally, Michael Integlia & Co. has 1 City Centre located at 475 Jefferson Blvd. in Warwick. This 400,000 s/f mixed-use development will include office, retail, residential and hotel. This is directly across the street from the Warwick Intermodal Transit Center and Airport Skybridge.

Northwoods Office Park in Johnston signed three new leases in the past year totaling 72,134 s/f. The 341,000 s/f, 3-story building has 95,000 s/f available.

The largest development in Rhode Island is Citizens Bank's new 424,000 s/f campus in Johnston, overlooking I-295. In addition to the four main buildings, which will be interconnected, the campus will have several sports fields and courts.

In the East Bay, the vacancy rate has lowered to 7% from 8.1% a year ago. University Medicine occupied 54,000 s/f at 375 Wampanoag Trail in East Providence. The largest development under construction is the 90,000 s/f University Orthopedics building located at Kettle Point in East Providence. Occupancy is targeted for the 4th quarter of 2018.

In Northern Rhode Island, there has been no new office development and the vacancy rate is 7.3%.

With GE Digital and Johnson & Johnson bringing new jobs to Rhode Island, and Virgin Pulse and PayPal showing interest in bringing several hundred jobs to the State, it is clear governor Raimondo's tax credits, incentives and grants are working. "Hats Off" to the governor, Commerce RI and the 195 Development District Commission!

Peter Hayes is a partner with Cushman & Wakefield|Hayes & Sherry Real Estate Services, Providence, R.I.



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146 WESTMINSTER STREET, 2ND FLOOR, PROVIDENCE, RI 02903 ■ TEL: 401.273.1980 ■ WWW.HAYESSHERRY.COM