

# Rhode Island Industrial MarketView

2014 Mid-Year

CBRE Global Research and Consulting



## DEAL VELOCITY IMPROVES AND MARKET TIGHTENS

### Quick Stats

2014 Mid-Year	Current	Y-o-Y
Vacancy	8.0%	↓
Availability	10.0%	↓
RI Net Absorption	869,454	↑

\* The arrows are trend indicators over the specified time period and do not represent a positive or negative value (e.g., absorption could be negative, but still represent a positive trend over a specified period)

### Hot Topics

- Vacancy rates fall to lowest level since the 2008 market correction
- Many companies looking to purchase currently have limited options in the market
- Greencore and Edesia move forward at Quonset with build-to-suit projects after extensive market searches
- Number of permitted industrial land sites with all necessary infrastructure continues to shrink
- High-tech manufacturing continues to come back to U.S. and Rhode Island from overseas

At mid-year 2014, the Rhode Island Industrial market vacancy rate is 7.9%, down 106 basis points from 9.03% at year-end 2013. Significant leasing and sales activity contributed to the strong reduction. The overall size of the Rhode Island Industrial market increased slightly with the addition of 175,000 sq. ft. for a total market size of 52,424,000 sq. ft. There was positive net absorption of 869,454 sq. ft. in the first half of 2014, compared to 23,894 sq. ft. in the second half of 2013. The Rhode Island industrial market continues to see improvement in many areas and increased tenant activity in all size ranges. With vacancy down and absorption up significantly, the industrial market is trending to a much healthier overall condition. The limited supply of quality inventory for both sale and lease product will present a challenge for prospects as we move forward into the second half of 2014.

### North

- Vacancy decreased by 130,906 sq. ft., down to 6.5% from 7.0% at year-end 2013.
- Total net absorption was 213,261 sq. ft. in the first half of 2014, compared to negative absorption of 232,580 sq. ft. in the second half of 2013.
- Major Northern Rhode Island transactions include the following:
  - 145,000 sq. ft. leased at 100 Higginson Avenue in Lincoln
  - 120,000 sq. ft. leased at 13 Powder Hill Road in Lincoln
  - 245,000 sq. ft. sold at 5 Industrial Road in Cumberland

### East Bay

- Vacancy decreased by 420,761 sq. ft. at mid-year to 5.5% from 11.7% at year-end 2013.
- Market size increased by 275,174 sq. ft. with new properties being added to supply based upon reclassification of buildings.
- Major East Bay transactions included the following:
  - 176,000 sq. ft. leased at 10 New Road in East Providence
  - 141,000 sq. ft. leased at 373 Market Street in Warren

### West Bay

- Vacancy increased by 69,591 sq. ft. to 9.5% from 9.4% at year-end 2013.
- Major West Bay transactions included the following:
  - 100,000 sq. ft. leased at 745 Jefferson Boulevard in Warwick
  - 38,400 sq. ft. sold at 33 Sharpe Drive in Cranston

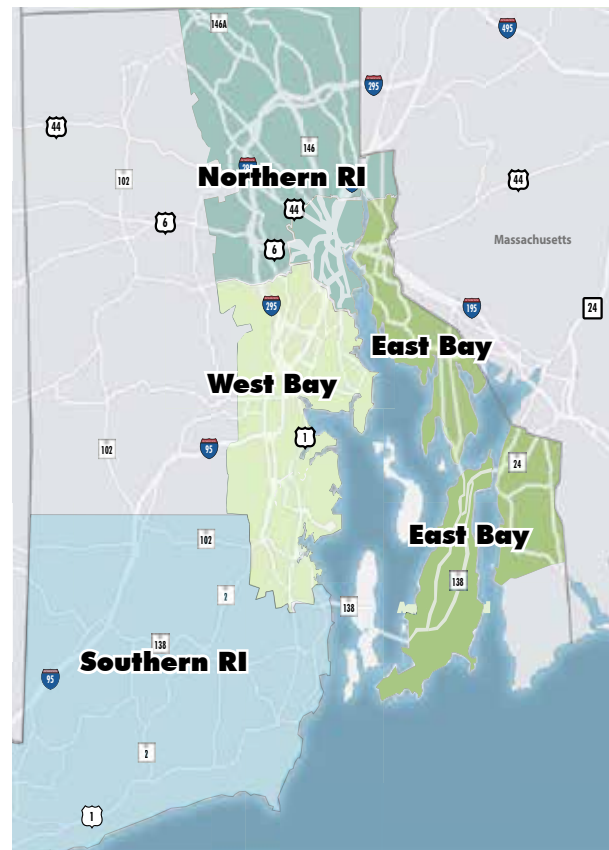
**South**

- The South submarket was added to the overall Rhode Island Industrial market in 2013. With tracking of this submarket having just begun, there is not good historical reference. There has been limited activity with only 32,950 sq. ft. of absorption in the first half of 2014.
- Many large land parcels are available in the South submarket, but lack permitting and infrastructure.

**Rhode Island Industrial Market Forecast**

Rhode Island continues to have a shortage of permitted industrial land sites with a lack of infrastructure in many parts of the state. This is an issue as companies are turning toward build-to-suit options, such as Grencore and Edesia breaking ground in Quonset Business Park. Ocean State Jobbers is also in the process of expanding their current footprint in Commerce Park by an additional 600,000 sq. ft. in 2014. We continue to see companies returning manufacturing operations to the United States and Rhode Island from overseas, utilizing high-tech automation techniques to improve product output and quality while reducing labor and shipping costs. The outlook for the remainder of 2014 looks very promising with many users currently in the market looking for lease and purchase solutions for their needs.

**Rhode Island Submarket Map**



**Figure 1: Market Statistics**

Submarket	Sq. Ft.	Available Sq. Ft.	Availability Rate %	Vacancy Sq. Ft.	Vacancy Rate %	YTD Net Absorption
North	22,533,471	1,453,516	6.5%	1,453,516	6.5%	213,261
East Bay	7,271,404	938,203	12.9%	397,471	5.5%	355,761
West Bay	21,363,912	2,518,858	11.8%	2,038,133	9.5%	267,482
South	1,255,213	320,313	25.5%	287,363	23.0%	32,950
<b>Total Market</b>	<b>52,424,000</b>	<b>5,230,890</b>	<b>10.0%</b>	<b>4,176,483</b>	<b>7.97%</b>	<b>869,454</b>

**CONTACT**

For more information about this Local MarketView, please contact:

**Gerald Lavallee**  
Senior Vice President/Partner  
One Financial Plaza, 14th Floor  
Providence, RI 02904

**Tom Barry**  
Vice President  
One Financial Plaza, 14th Floor  
Providence, RI 02904

**t:** +1 401 621 4336  
**f:** +1 401 831 3903  
**e:** gerald.lavallee@cbre-ne.com

**t:** +1 401 621 4339  
**f:** +1 401 831 3903  
**e:** tom.barry@cbre-ne.com

**+ FOLLOW US**



**TWITTER**  
.....  
@cbreNewEngland

[WWW.CBRE-NE.COM](http://WWW.CBRE-NE.COM)



Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of the CBRE Global Chief Economist.