

September 30, 2021

City of Cranston Planning Commission
869 Park Avenue
Cranston, RI 02910

RE: Comstock Industrial Development on Comstock Parkway

Dear Members of the Planning Commission,

I appreciate the opportunity to present “Comstock Industrial” at the September 7th Planning Commission Meeting. Based upon the discussion at that session, I wanted expand upon the “vision” for the site by stepping back and putting the site in the context of the overall industrial market. With broader context makes it easier to discuss some of the specific questions and comments that arose on September 7th.

Since 2011 (and enhanced by COVID consumption patterns), the US Industrial market - especially the warehousing portion - has been in a long-term growth trend. Increased eCommerce has forced the reinvention of distributions chains. On the sourcing side, companies now think through concepts such as Nearshoring (sourcing product from counties that are geographically closer the US) and China-plus-one (companies limit exposure to China). On the distribution side, companies are bringing product ever closer to the end consumer’s home by incorporating last mile and/or neighborhood distribution. We all recognize that retail is becoming increasingly experiential and more highly integrated with nearby logistics (Garden City was a great forerunner in experiential shopping). All of these new realities have increased the demand for local warehousing capacity. It is estimated that for every 1 square foot of retail storage space that is consolidated in favor of “experience” the nearby market will need 2.5 – 3 square feet of new warehousing space. While our imbedded sense of a warehouse is a bland facility where product comes in on one highways and leaves heading down another highway, modern neighborhood distribution centers receive product from a multitude of locations but the product is sold/distributed to the nearby population.

In Rhode Island, in addition to the national trends, another factor influenced the current lack of adequate warehouse capacity. In the 1950’s, 60’s, 70’s, and 80’s Rhode Island towns taxed inventory, causing smart businesses to locate warehouses in southern Massachusetts. So, while “average” US industrial markets are comprised of 69% warehouse product and 22% manufacturing product, Providence/Cranston is likely the inverse. Further, unlike warehouse uses (which are easily reformatted), manufacturing uses tend to require specialized buildings. As such, manufacturing buildings tend to be owner occupied. At present, a large percentage of the Cranston and RI industrial areas are typified by this dynamic- specialized buildings owned by owner/operators which

are typically located on small lots. These buildings are at best difficult to re-purpose. In addition, because it is difficult to exit real estate via the sale/lease-back of one's own company/real estate, these assets tend not to function as intended- as stores of value for the owner.

In contrast, the primary benefits from a new development are (i) construction and 3rd party vendor jobs and income, (ii) new permanent jobs and new business income, and ultimately (iii) the enhanced value retention offered by modern standardized industrial buildings which can be operated at a scale as to benefit from operating efficiencies. The secondary benefit to the Western Cranston Industrial Park would be the establishment of elevated market pricing points, from which the process of renovating and/or consolidating the current stock of obsolete properties can begin.

Having discussed national trends, and placed Cranston in the context of national trends, I'd like to address the specific concerns put forth regarding our proposal for Comstock Parkway:

➤ *Out of character with the area.*

The proposed concept is fully as-of-right, and is consistent with modern national demand for small-medium industrial warehouses that are near the population that they will benefit. As compared to national markets, it would be more accurate to say that the current make-up of the Western Cranston Industrial Park is out of sync with market demand- the product is dated and skewed towards small manufacturing. Our proposal is reflective of the type of modern buildings that are being built across the country to meet modern demands. Therefore, it would be expected that any proposal for this site would look and feel slightly different (for all the right reasons).

➤ *Proposal includes enhanced density/features as compared to the rest of the Industrial Park.*

The Western Cranston Industrial Park includes significant amount of land that is either wetlands or is topographically challenged for development. When wet or topographically challenged land is excluded from a density analysis, the density exhibited at "competitive" buildings is comparable to our proposal- typically 40% - 45% of lots are covered with buildings in the group of nearby "comps" (lots greater than 10 acres). The analysis confirms what one might expect: business owners and developers tend to optimize sites in the industrial zone.

➤ *Development will decrease the values of abutting residential units.*

To the extent that there is any discount associated with purchasing a residential unit that abuts industrial land and/or an industrial building:

- (i) In this instance the abutting residential owners should have been the beneficiary of such discount at the time of their respective purchases, as for the last 30 years this land has always been zoned industrial and held industrial development.
- (ii) Also, it is unclear that a future residential buyer would apply a greater discount to a unit abutting a large industrial building (completed building) as compared the discount the same future buyer would apply to a residence that abuts an imminent large development (potential building). Realistically, any discount associated with this location has likely been priced in for decades, and at least since the industrial site has been heavily marketed for sale.
- (iii) Finally, for the past several years the site has been marketed as a large-scale industrial facility. It ultimately sold to our company for a price that would equate to approximately \$50,000 per near-by residential unit (36 units). If the land was a critical component of maintaining residential property values- the Condo Association should have purchased the land.

➤ *The development will create additional noise.*

The noise levels in the abutting residential development are currently consistent with the nearby industrial and commercial surroundings.

However, to the maximum extent possible and out of respect for the residential neighbors, the proposed buildings are positioned to shield the residential neighbors from the operable side of the warehouse. Additionally, the applicant/developer has engaged John Carter of John C. Carter & Co. (Landscaping Design) to design additional reasonable buffering measures.

➤ *Development will decrease views of residential neighbors / the building will be visible*

In the proposal the building has been moved well north of the set-back, a redesign that was incorporated to create space between the building and the southern property boundary (shared w/ residential area). Also, the applicant has engaged John Carter of John C. Carter & Co. (Landscaping Design). Mr. Carter is an expert in his field and will create a proposal which will supplement the existing (significant) evergreen buffering. All agree that the matured trees – several of which are on the applicant’s parcel - should be preserved.

Ultimately, while reasonable efforts will be made via landscaping, it may be difficult to fully shield all of the building from all of the vantage points.

In closing, I'd like to thank the Planning Commission for envisioning the Western Cranston Industrial Park and preserving it for industrial development. I hope this project is significantly in-line with your vision for this space in terms of (i) value creation and retention, (ii) attracting future development, and (iii) creating a product that will - by definition of "last mile" or "near last mile" - mostly serve the population of Cranston (albeit in the background).

Sincerely,

A handwritten signature in blue ink, appearing to read "J.T. Walsh III", with a circular flourish at the end.

John T. Walsh III