Greater Newport and Aquidneck Island Commercial Real Estate Analysis

Prepared for the Greater Newport Chamber of Commerce by Fourth Economy Consulting

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Report by Fourth Economy

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Executive Summary

Scope of Analysis

This report, prepared for the Greater Newport Chamber of Commerce by Fourth Economy Consulting, **provides a comprehensive analysis of the commercial, office, and light industrial real estate ecosystem across Newport and Bristol County (also referenced as the Greater Newport Region) with a focus on Aquidneck Island.** The study evaluates local workspace assets (such as Innovate Newport), current land use and zoning constraints, commercial real estate market availability, adaptive reuse potential, and projected workspace demand through 2035.

Methodology

The analysis synthesizes quantitative market and demographic data from sources including CoStar, Cushman & Wakefield, Lightcast™, and the Rhode Island Geographic Information System (RIGIS), along with qualitative insights from local business leaders, real estate developers, and municipal stakeholders. Spatial land use assessments and industry growth projections (by NAICS codes) were used to evaluate supply-demand gaps and estimate future square footage requirements.

Findings

- **Extremely Tight Commercial Market:** Commercial and industrial real estate availability across Newport and Bristol counties is severely restricted. As of Q4 2025, Newport County recorded low vacancy/availability rates in Office (5.98%), Retail (1.76%), and Industrial (2.74%) spaces, well below healthy industry benchmarks. Bristol County exhibited similar constraints.

- **Expanding Future Space Needs:** Key growth sectors—including Professional, Scientific, and Technical Services (such as engineering and computer systems design) and ocean tech companies—are projected to add over 1,700 jobs by 2035 throughout the region. Meeting this growth will require an estimated 1.47 million square feet of additional office and flex space.

- **Zoning & Land Use Mismatch:** Across Aquidneck Island, 3,152 acres are zoned for commercial and industrial use, yet only 1,554 acres (under 50%) are currently utilized for these purposes. Less than 2% of total zoned land (106 acres) is allocated for light industrial uses. Available parcels often lack modern infrastructure or fail to match the smaller, flexible space requirements of growing businesses.

- **Capacity Constraints at Local Hubs:** Incubators and coworking hubs like Innovate Newport provide vital flexible workspace for emerging companies but face severe physical capacity limitations. Growing firms attempting to scale into office, dedicated flex, or light industrial space are frequently forced to look outside the region due to high costs and lack of inventory.

- **Adaptive Reuse & Funding Potential:** Key properties—such as underperforming suburban office parks (e.g., Aquidneck Corporate Park), commercial retail corridors (Route 114/138), former Navy properties including the former Navy Hospital and Tank Farm sites, and opportunity zone [1] sites (101 Malbone Rd)—offer high potential for adaptive reuse into flex, light manufacturing, and mixed-use spaces. Key financing mechanisms to bridge project funding gaps include Rebuild Rhode Island Tax Credits, SBA 504 Loans, Tax Stabilization Agreements (TSAs), and Tax Increment Financing (TIF). There is increasing competition between the use of these spaces for housing versus these business uses.

- **Future Land Use:** Noted in several interviews, the region and especially the Aquidneck Island communities need to understand that the recent development proposal rejections, continued housing crisis, and the business-related real estate constraints will have long-term implications for livability. A more consistent, supported vision is needed to avoid serious unintended consequences from a shrinking tax base and the erosion of the economic diversity the region has benefited from in recent decades.

Recommendations

1. **Preserve High-Paying Jobs**: The communities that comprise Newport and Bristol Counties will need 1.47 million SF of office and flex/industrial space to come online in the next decade to support projected employment increases. A lack of this real estate growth will reduce the opportunities for these jobs to remain in the region.

2. **Prioritize Adaptive Reuse Sites:** Work with municipal officials and local stakeholders to identify, catalog, and prioritize target parcels suitable for flexible industrial and commercial conversion. The Town of Middletown has begun discussions on how to improve Aquidneck Corporate Park and increase available land utilization.

3. **Align Zoning with Industry Needs:** Modernize and streamline municipal zoning overlays, dimensional standards, and approval processes to lower barriers for developers seeking to build flex and light manufacturing facilities.

4. **Developer & Business Toolkit:** Create an informational toolkit outlining available financing mechanisms, regulatory steps, and market opportunities to encourage private investment in adaptive reuse projects.

5. **Conduct Infrastructure Assessments:** Perform infrastructure capacity reviews (water, sewer, power, and high-speed data) on existing industrial-zoned land to ensure readiness for modern technological and light manufacturing operations.

6. **Establish Regional Financing Partnerships:** Collaborate with RI Commerce, the Rhode Island Infrastructure Bank, and municipal leaders to structure regional tax incentives and gap financing frameworks with the expectation that as demand increases these incentives can be sunset. Explore the creation of a Regional Development Authority [2] (multi-municipal) that can work to attract outside capital and invest in growth opportunities.

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[1] The Federal Opportunity Zone program is currently reauthorizing sites in 2026.
[2] Also recommended in the Aquidneck Island & NAVSTACompatible Use Study (2026)

Assessing Innovate Newport's Role and Tenant Growth Trajectories

With over 10,000 square feet of dedicated office space, the Chamber of Commerce-supported Innovate Newport serves as a hub for coworking and private workspace opportunities in Newport.[3] It offers flexible office settings, access to business support resources, programming and events, and a cohesive community dedicated to transforming the Greater Newport region into a thriving center for business empowerment and innovation. Innovate Newport fills a necessary gap in the community by supporting nascent businesses and providing companies with the space they need to work and grow.

Despite this essential role, Innovate Newport is constrained by limited capacity and a limited number of workspaces. For businesses that start small and scale up, there comes a point when a flexible co-working model gives way to the need for flex space and a larger office footprint, which Innovate Newport can not support. Firms hoping to stay on Aquidneck Island and the Greater Newport region struggle to find a site that fits their size and space needs within budget.

Two additional properties, the Middletown Office Hub and Admiral's Gate Office Complex, also offer smaller and flexible spaces for office-related functions, but overall such spaces are limited and can't scale as the business tenants grow.

This scenario reflects the wider real estate market for commercial and industrial properties on Aquidneck Island and the Greater Newport region. For many businesses, especially those working in light manufacturing, this ideal site does not currently exist in Newport or Bristol counties due to zoning restrictions and the high cost of real estate in the region.

Understanding the Light Manufacturing and Assembly Space Landscape

Light industry describes a range of sectors with lower absolute energy use than heavy industry that use materials like steel and cement.[4] Light industrial businesses may include spaces for small-scale production and prototyping of electronics, consumer items, or precision parts. This can also include product assembly, trades usage, and commercial kitchen space. They tend to have a lighter footprint than traditional industry, with low noise and low emissions. This allows these industries to be seamlessly located near other commercial and residential areas. As an example, on Aquidneck Island, 106 acres of land are zoned for Light Industrial Uses.[5] This equates to less than 2 percent of zoned land across Newport, Middletown, and Portsmouth.

Current industrial properties for lease in Newport and Bristol counties more broadly are limited. **As of April 2026, there were 6 industrial properties available for lease in the area.[6] Of these, only two were zoned for flex space uses. This kind of use space is important and lacking in the commercial market, since flex space tends to attract small businesses, startups, and mobile**

[3] Innovate Newport
[4] Light industry - IEA,
[5] Rhode Island Zoning and Overlay Zones | RIGIS
[6] Industrial Properties – LoopNet

workforces seeking adaptable locations for light manufacturing, research and development, and e-commerce.

Paired with qualitative information from interviews and surveys with local businesses and real estate developers, this suggests a need for flex/light manufacturing space in the region to better support business retention and expansion.

Filling the Sails, or Headwinds?

Current Land Use

We focus on the Aquidneck Island communities as examples of the larger trends in the region. Current land use data for the State of Rhode Island suggests that commercial and industrial zoned land areas often contain a variety of uses, offering the opportunity to create new mixed-use areas and enable infill development.[7] Across the communities of Middletown, Newport, and Portsmouth, there are approximately 1,550 acres of land currently in use for commercial and industrial purposes.[8] The greatest share of this land is specifically used for commercial purposes (the sale of products and services: 1,213 acres), while the next largest quantity is used for industrial purposes (manufacturing, design, assembly, etc: 213 acres). The remaining 127 acres are mixed-use across commercial/industrial and commercial/residential purposes. Overall, there is a limited amount of land in use for industrial and commercial purposes in the area, with only 5 percent of land across the island in this category.

	Middletown	Newport	Portsmouth	Total (in acres)
Commercial (sale of products and services)	485	421	307	1,213
Commercial/Industrial Mixed	91	18		109
Commercial/Residential Mixed	4	13	1	18
Industrial (manufacturing, design, assembly, etc.)	49	27	137	213
Total (in acres)	**628**	**479**	**446**	**1,554**

Source: Fourth Economy Analysis of RIGIS Land Use and Land Cover (2020)

Zoning Classifications

Although 1,554 acres are currently in use as commercial and industrial land, municipal zoning across Aquidneck Island actually provides for more than 3,150 acres of land for commercial and industrial use.[9] This suggests that just under half of all potential land across the three municipalities is fully utilized for these purposes. The disparity between current land use and zoned land can be seen in more detail **here**.

[7] Rhode Island Land Use 2050 Data Services
[8] Fourth Economy Analysis of RIGIS Data, 2020 accessed April 2026..
[9] Fourth Economy Analysis of RIGIS Zoning and Overlay Zones Data (2025)

	Middletown	Newport	Portsmouth	Total (in acres)
Commercial	729	720	317	1,766
Industrial	308	0[10]	1,078	1,386
Total (in acres)	**1,037**	**720**	**1,395**	**3,152**

Source: Fourth Economy Analysis of RIGIS Zoning and Overlay Zones Data (2025)

This gap between current land use and zoned land can be tied to a number of factors. For Aquidneck Island, this could suggest a market mismatch between the size of available spaces and demand for space – smaller operators might not need or be able to afford the larger parcels zoned for industrial and commercial use. Those available parcels may lack adequate water, sewer, or road access to support commercial or industrial use, or the advanced capabilities required for modern light manufacturing.

Pricing for Commercial Real Estate

Office Space

Market data from Cushman and Wakefield suggests that the **Rhode Island office market** is relatively weak, with a vacancy rate at 12.8 percent and a negative net absorption rate (-66K square feet).[11] **Overall, new inventory is limited, with no new speculative office space expected in the short term, and adaptive reuse of older, historic office buildings is occurring to help meet the demand that exists.** Across all property classes, the overall asking rent is $22.79 per square foot. These rental rates have remained stable, but as construction costs continue to rise there is an expectation that tenant relocations will become more challenging as rental rates increase accordingly.

Industrial Space

The **industrial market in Rhode Island is extremely tight,** with increasing demand for single-story, well-located facilities with acceptable ceiling heights.[12] The market in general struggles to offer quality industrial spaces – only one speculative building has been built in the Rhode Island market in the last 40 years. With a 0.4 percent vacancy rate in Q4 2025, the industrial market for the state has seen a 403K square foot net absorption rate and a typical asking rent of $7.50 per square foot.

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[10] Note: Industrial zones in the City of Newport are classified with commercial land, in the form of Commercial-Industrial Districts and Innovation Hub Subdistricts. (Newport, RI Zoning Ordinance | Zoneomics)
[11] Cushman & Wakefield Marketbeat | Providence, RI Office Q1 2026
[12] Cushman & Wakefield Marketbeat | Providence, RI Industrial Q4 2025

Regional Comparison

Compared to Rhode Island, the Greater Boston regional market has seen higher vacancy rates (18.5 percent), lower net absorption (-735.1K square feet), and higher asking rent per square foot ($47.74) compared to Rhode Island.[13] In the long term, the office market is expected to stabilize as underperforming and obsolete office buildings are converted into residential properties. On the industrial side, the Greater Boston area has higher vacancy (11.6 percent), lower absorption (-255.1K square feet), and lower rent per square foot ($15.50) compared to the Rhode Island market.[14] This reflects new construction in the region, with more than 970,000 square feet completed to date this year and more than 1.6 million square feet currently under construction.

[13] Cushman & Wakefield Marketbeat | Boston, MA Office Q1 2026
[14] Cushman & Wakefield Marketbeat | Boston, MA Industrial Q1 2026

Newport and Bristol County Commercial Real Estate Availability

A review of real estate availability for the office, retail, and industrial sectors for Newport and Bristol County, Rhode Island, based on CoStar data, shows an extremely tight market.[15] Based on “healthy vacancy” definitions reviewed from national brokers and data providers, the Greater Newport region should see vacancy levels:

- Retail between 5 and 7 percent;
- Industrial between 6 and 7 percent; and
- Office between 10 and 12 percent.

The table below shows the currently active availability for each type of real estate, where “Available SF” refers to the amount of real estate being marketed for lease at the time of reporting.

Newport County				
Property Type	Period	Inventory SF	Available SF	% Available
Office	2025 Q4	2,439,739	145,872	5.98%
Retail	2025 Q4	5,195,337	91,459	1.76%
Industrial	2025 Q4	1,836,557	50,251	2.74%
Bristol County				
Property Type	Period	Inventory SF	Available SF	% Available
Office	2025 Q4	545,498	12,955	2.37%
Retail	2025 Q4	2,111,077	63,529	3.01%
Industrial	2025 Q4	3,397,290	82,032	2.41%
Source: CoStar Data accessed May 2026				

With vacancy rates below what is considered healthy in both Bristol and Newport counties, this data reflects what regional real estate brokers and businesses are saying: the current real estate situation is difficult to navigate and forces companies to look elsewhere for growth. A combination of factors, including lack of new inventory being produced, the costs of development and redevelopment, and the lack of an aggressive developer, fuels the current situation.

Furthermore, the regional inventory is contracting as legacy commercial assets transition to alternate uses. Notable examples of this trend include the **former KVH Office Building**, where 72,000 square feet of workspace is undergoing residential conversion, and the **former Embrace Home Loans facility**, which is being repurposed into a 29,500-square-foot municipal library for Middletown. While these adaptive reuse projects address essential community infrastructure and housing requirements, they simultaneously exacerbate the capacity constraints within the local commercial real estate ecosystem.

[15] Fourth Economy Analysis of CoStar Real Estate Data, retrieved May 2026.

Growth Potential: One Example

The Rise of Vatn Systems: Securing the Undersea Frontier (2023–2026)

In the defense sector, "speed" usually refers to the velocity of a missile. For **Vatn Systems**, it describes their corporate trajectory. In just three years, the Rhode Island-based startup has evolved from a conceptual blueprint into a major force in maritime autonomy, redefining how we protect underwater assets and "real estate."

2023: Foundation in the Ocean Economy Hub

Founded in **2023, in Portsmouth,** RI, by CEO **Nelson Mills** and a team of maritime and military experts the company strategically embedded itself in the center of New England's underwater technology corridor.

- **The Mission:** To bridge the Cost-Expanse Gap in naval warfare. Traditional undersea defense relies on multi-billion-dollar submarines that cannot be everywhere at once. Vatn's goal was to build low-cost, high-performance Autonomous Underwater Vehicles (AUVs) that operate in coordinated swarms.
- **The Philosophy:** Treating the ocean floor as a strategic industrial frontier. Whether protecting subsea data cables or offshore energy pipelines, the mission focused on **dominance through volume**.

2024: Prototyping and the $16.5M Seed Surge

Vatn has moved with aggressive urgency. Within **15 months**, the company reached **Technology Readiness Level 7 (TRL 7)**, demonstrating prototypes in operational maritime environments.

- **Strategic Funding:** In November 2024, the company announced a **$13M Seed round** (with additional funding increasing the total to $16.5M). The round was led by **DYNE Ventures** and backed by the venture arms of the world's two largest defense contractors: **Lockheed Martin Ventures** and **RTX Ventures**.
- **Expansion:** The funding was earmarked for scaling the engineering team and establishing a manufacturing facility capable of volume production.

2025: The Skelmir Launch and $60M Series A

2025 marked the transition from a promising startup to an industrial powerhouse. The company moved its headquarters to **Unity Park in Bristol, RI**, launching a state-of-the-art facility capable of producing **2,000 units annually**. The site includes 9,000 sq ft of office and 9,000 sq ft of manufacturing space.

- **Product Breakthrough:** In May 2025, Vatn unveiled the **Skelmir S12**, a 12.75-inch AUV-torpedo hybrid. Designed for modularity, it serves as both a reconnaissance sensor and an "attritable" (expendable) weapon system.
- **The Series A Power Move:** In December 2025, Vatn closed a **$60 million Series A** funding round led by **BVVC**, with participation from **Hanwha**, **Airbus Ventures**, and **Geodesic Capital**. This brought their total funding to **$76.5 million**.

2026: Consolidation and Most Innovative Status

As of early 2026, Vatn Systems is no longer just a startup; it is a critical pillar of the U.S. undersea industrial base.

- **Strategic Acquisition:** In January 2026, Vatn acquired **Crewless Marine** (based in Warren, RI) to bring advanced acoustic sensing and signal processing capabilities in-house, further vertically integrating their technology.
- **Global Recognition:** Their rapid rise earned them a place on the **Fast Company "Most Innovative Companies"** list for 2026.
- **Current Standing:** Today, Vatn is fulfilling international contracts (including a notable win in **Singapore**) and deepening partnerships with the **U.S. Navy and Marine Corps**.
- **Expanding Operations**: Vatn is growing again and has recently acquired an 90,000 sq ft space in Bristol.

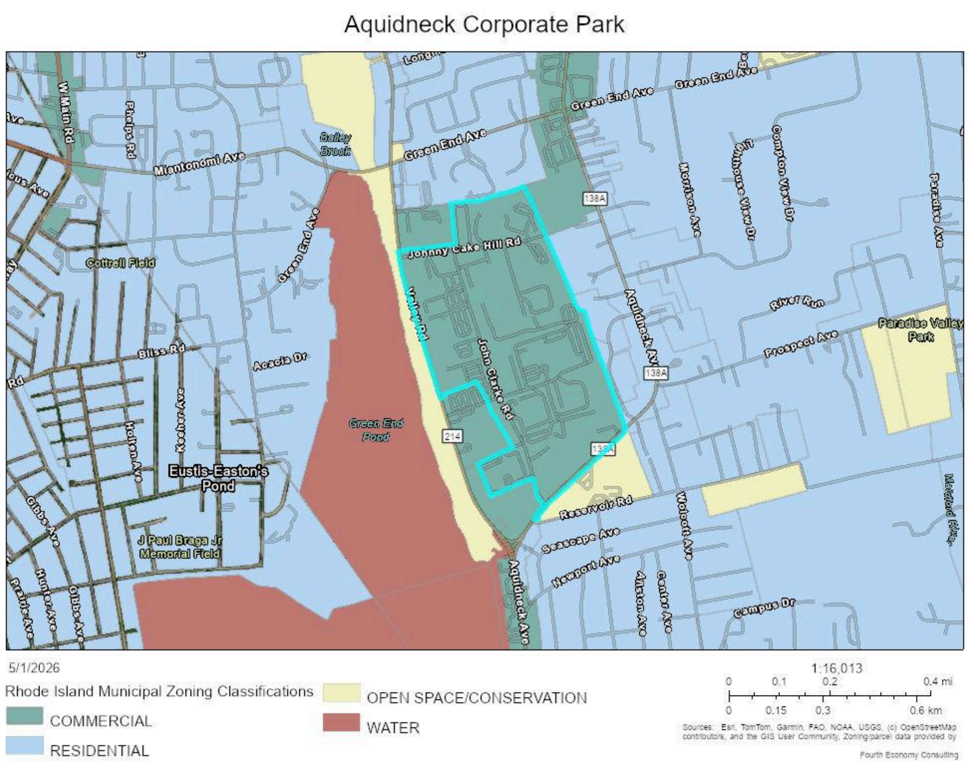
Adaptive Reuse Cases

Adaptive reuse,the process of repurposing an existing building for a new function that differs from its original design, can be a good fit in a variety of cases, especially since older and underused buildings often have lower acquisition costs and can reduce construction duration and costs by starting with an existing structure.[16] These underutilized assets provide an opportunity to increase their value through a new use. **For example, Aquidneck Island has a variety of properties that could be adapted to meet the needs of flex-space and light-industrial tenants looking to grow in or expand into the area**. A few examples of these potential reuse cases are listed below.

Property Example	Current Use	Conversion Approach
Aquidneck Corporate Park	Underperforming Office Parks	Flex Industrial
East and West Main Road	Former Retail Buildings	Light Industrial/Maker Space, Housing, mixed use
Melville, Tank Farms	Waterfront Industrial Buildings	Marine Tech Flex

Aquidneck Corporate Park (Middletown, RI)

Originally established in 1970 as a light industrial park, the Aquidneck Corporate Park in Middletown was subsequently retrofitted into a suburban office park to serve as Aquidneck Island's primary corporate hub. Spanning 18 developed parcels over a hilly, sloped terrain adjacent to Green End Pond, the park comprises 613,491 square feet of gross floor area. The properties within the park are aging, with the majority of the buildings now between thirty and fifty years old.



The current underperformance of the Aquidneck Corporate Park is driven by a mismatch

[16] Urban Land Institute | Adaptive Reuse in Commercial Real Estate

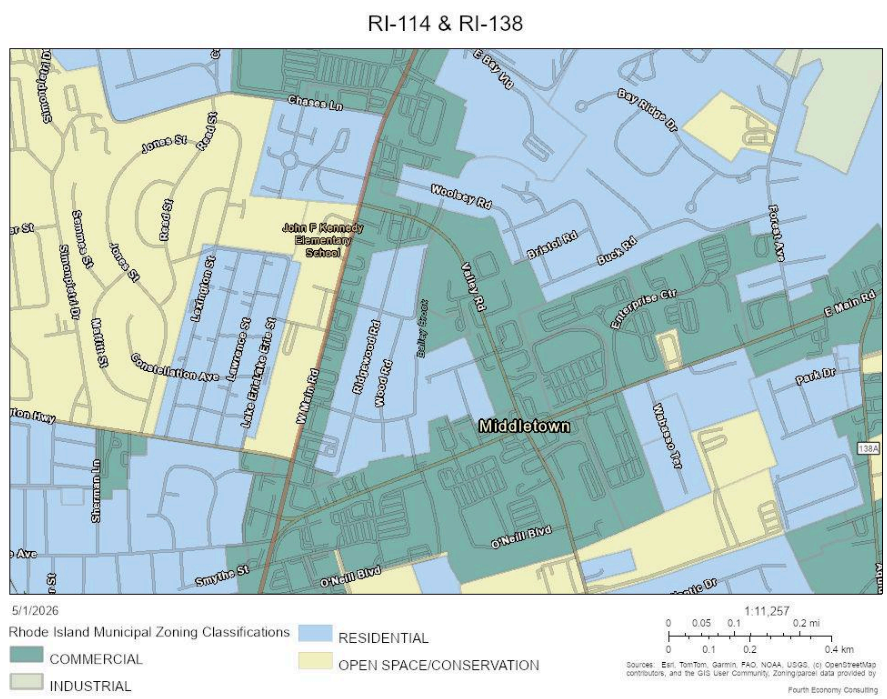
between physical asset configurations and shifting market demands. The park's suburban footprint is dominated by massive surface parking lots that far exceed modern operational requirements. Furthermore, local commercial demand has transitioned away from traditional administrative offices toward specialized research, engineering, and defense-contracting services

However, **the park's rigid Office Park (OP) zoning limits more comprehensive, value-add adaptive reuse projects.** At 55 John Clarke Road, the "Newport Car Vaults" subdivision represents a modern, luxury-tier storage and garage-suite condominium built in 2022, where individual 1,000-square-foot units trade for upwards of $415,000. Despite high demand, these structures are strictly prohibited from being utilized for residential living or active retail-commercial operations due to OP zoning restrictions. While this use generates tax revenue it is not supporting any employment opportunities. Furthermore, the town's 40-foot building height limit restricts vertical densification, forcing projects like the "Car Vault" development to seek complex dimensional variances from the Middletown Planning Board.

Based on interviews with current property owners within the Aquidneck Corporate Park, there is a strong willingness to adapt to the evolving space requirements of businesses, yet financial constraints prevent these agreements from becoming viable. A combination of challenges—including high construction expenses, prolonged regulatory approval timelines, and the cost of acquiring land—makes it exceptionally difficult to execute development or redevelopment projects using exclusively private financing.

RI-114 & RI-138 (Middletown, RI)

The East Main Road (Route 114) and West Main Road corridors represent the primary commercial retail arteries of Middletown and the wider island market. These corridors feature mid-to-late-century strip shopping centers, freestanding commercial pad sites, and big-box retail configurations. While many centers maintain steady foot traffic, Class B and C retail assets along these corridors are opportunities due to shifting consumer patterns and rising vacancy rates.



The most prominent local redevelopment opportunity is the Middletown Center project, located at the intersection of

West Main Road and Coddington Highway. This 15-acre, town-owned site includes a 3.25-acre parcel formerly used as the Navy Lodge, which the Town of Middletown acquired in 2018 for redevelopment. The initial, highly ambitious proposal called for a massive mixed-use town center consisting of a 144-room extended-stay hotel, 25,000 square feet of retail space, a 10,000-square-foot public library, and 150 apartment units (with 10% designated as affordable/workforce housing).

However, because of strong public opposition to the potential loss of recreational space, the Middletown Town Council executed a Revised Development Agreement in April 2026. Under this new, highly focused agreement:

- Development would be strictly limited to the 3.24-acre Navy Lodge parcel.
- The project would consist solely of a 144-room extended-stay hotel and a landscaped public park of at least 3,000 square feet, which will generate municipal revenue through ground rent (starting at $375,000/year with a 12.5% escalation every five years over a 99-year lease), room taxes, and food/beverage taxes.
- The adjacent West Main Road Recreation Complex, including Pottsy Field, would be fully preserved in its current location.
- The remaining northern portion of the property would be bifurcated into a separate planning area, with a strong focus on dedicating this land for future municipal affordable housing projects.

In July 2026, this revised project was also [voted down by Town Council](#) and now remains a significant development opportunity, but one that will need a clear path forward articulated by the Town for any developer to be interested in partnering with the municipality.

Garfield Street and Malbone Road

Garfield Street and Malbone Road

The Garfield Street and Malbone Road area in Newport, RI—situated directly within the footprint of the North End Urban Plan and the recently completed Pell Bridge approach realignment—presents a highly active mix of municipal infrastructure acquisitions, opportunity zone redevelopments, and residential infill sites.

The former headquarters of the *Newport Daily News* at 101 Malbone Road represents a major commercial anchor property with massive value-add potential. Spanning a 4.98-acre lot, the site features a 20,101-square-foot masonry building built in 1968. This property is zoned as Urban Village (UV) to comply with the vision of teh North End Urban Plan and is also in a federal Qualified Opportunity Zone, enabling developers to leverage substantial tax incentives for capital reinvestment

National Precedents in Strip Center Repositioning

The redevelopment of retail centers into housing, healthcare, and community spaces has become a key trend across North America

- **La Placita Cinco in Santa Ana, California:** Developed by Community Development Partners, this project transformed a declining, auto-centric neighborhood strip center into a vibrant mixed-use community. Due to the physical limitations of the site, the developer retrofitted the existing retail fabric and constructed a new, infill multifamily residential building. This integration yielded 51 affordable housing units while preserving and upgrading the on-site, community-serving retail spaces. By communicating with local stakeholders early in the planning process, the developer built community support, repositioned the retail spaces, and took advantage of a newly constructed light rail corridor with two stops within a quarter-mile of the site.[17]

- **Healthcare-Driven Big-Box Conversions**: Ambulatory healthcare networks are increasingly selecting vacant big-box stores and strip centers over traditional hospital campuses. These retail properties offer large, flexible interior floor plates that accommodate modular care layouts, are situated along high-traffic transit routes, and provide abundant surface parking. In Rochester, New York, Rochester Regional Health transformed a decommissioned grocery store into the Riedman Health Center, a 76,000-square-foot medical facility. Similarly, in Southwest Ohio, the Cleveland Clinic converted a former Kmart into the Middleburg Heights Family Health Center. Completed in under a year, the 93,000-square-foot facility accommodates 168 exam rooms, 12 treatment rooms, imaging services, urgent care, and a drive-through pharmacy.[18]

- **Regional Housing Projections**: Research from the Boston Metropolitan Area Planning Council (MAPC) underscores the scale of this opportunity, projecting that redeveloping just 10% of the region's underutilized strip shopping centers into mixed-use residential developments could generate up to 125,000 new housing units. On a national scale, converting the best-suited 10% of strip mall space—nearly 47.38 million square feet—into lower- and medium-density multifamily housing could create over 700,000 new homes, generating substantial property tax revenues for host communities.[19]

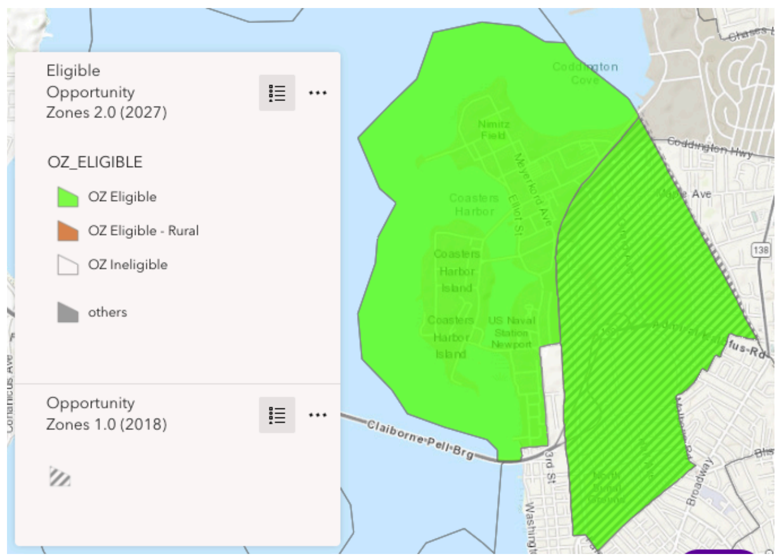
[17] Moving to the Mall | Enterprise Community Partners
[18] From Retail to Recovery: The Future of Adaptive Reuse in Healthcare Design | CPL
[19] Thousands of Opportunities for 'Retrofitting Suburbia' - NJTPA

Adaptive Reuse Funding Strategies

Financial challenges can stand in the way of potential development, even with the typically lower cost of construction associated with adaptive reuse. Converting aging buildings and infrastructure to new uses may require funding best provided by mechanisms at the local, state, or federal level.

The **Rebuild Rhode Island Tax Credit** was developed to stimulate the creation of new jobs, attract and retain business and industry to the state, and promote growth in real estate development and businesses that are prepared for meaningful investment in the state.[20] The tax credit fills the financing gap for real estate projects that cannot raise sufficient funding, covering up to 20 to 30 percent of project costs. Approved uses include commercial office, industrial, mixed-use development, ground-up construction, and historic rehab, with a minimum project cost of $5 million and certain size minimums.

Federal Opportunity Zones can provide a vehicle to raise investment capital to spur economic growth and job creation in low-income communities while providing tax benefits to investors. The program was reauthorized as [Opportunity Zone 2.0](#) in 2025, and governors are currently choosing which census tracts to nominate for official designation in January 2027. The program offers significant tax advantages for investors and has proven to be a vital resource for redevelopment activities. The Census tract that the former Navy Hospital resides in is an eligible Opportunity Zone[21]



The U.S. Small Business Administration's **504 Loans** offer long-term, fixed-rate financing of up to $5 million for assets that promote business growth and job creation.[22] This includes the purchase or construction of existing buildings or land and new facilities, as well as the improvement or modernization of land and existing facilities.

Tax Stabilization Agreements are municipal-level incentive packages between the city and developers that help promote economic development by freezing or capping property tax rates

[20] Rebuild Rhode Island Tax Credit | Executive Office of Commerce
[21] https://www.hud.gov/opportunity-zones
[22] 504 loans | U.S. Small Business Administration

for a designated period of time.[23] In Rhode Island, eligibility includes projects that create at least 50 new full-time jobs or involve the adaptive reuse of a recognized historical structure, among other possibilities. Only the Town of Bristol is currently utilizing this tool for development.

Tax Increment Financing (TIF) provides financial support to development projects by rebating a portion of the new state tax revenue they generate.[24] Rebates can cover up to 30 percent of project costs or 75 percent of incremental revenue, offering gap financing in the form of upfront capital for development purposes.

[23] Rules and Regulations for the Tax Stabilization Incentive Program (870-RICR-30-00-2) - Rhode Island Department of State
[24] Tax Increment Financing Guide | Rhode Island Commerce

Anticipating Commercial Real Estate Demand

Overall Real Estate Demand

The amount of ideal office space varies depending on the kind of work being done, the number of employees, and the type of office plan (closed or open concept arrangements). For example, in a traditional office setting, an open workstation could require as little as 80 square feet while an enclosed executive office would require up to 225 square feet.[25] A complete office space with associated support spaces, such as conference and break rooms, could have a footprint between 15,000 and 20,500 square feet. At light manufacturing establishments, which tend to offer engineering offices (120 square feet each) and shipping and receiving docks (400 square feet each), the total square footage for a typical full tenant suite could range from 38,000 to nearly 43,000 square feet.[26]

The traditional lines of demarcation between office and production space are blurred in the Greater Newport region, **with many companies requiring both office and light manufacturing/flex space for prototyping, assembly, and small batch manufacturing.** This means that there is demand in the region for smaller, more agile spaces designed to accommodate a range of needs and use cases. This is especially true of the group of ocean technology-related companies that are growing in the region.

Demand Tied to Growth Sectors

Companies working in jobs across Professional, Scientific, and Technical Services, Management of Companies and Enterprises, and Manufacturing are helping to drive real estate demand across the Greater Newport region. They are expected to add nearly 1,700 jobs over the next decade, emphasizing the need for increased real estate considerations to accommodate this growth.

2-Digit NAICS Description	2025 Jobs	2035 Jobs	Change in Jobs, 2025-2035
Professional, Scientific, and Technical Services	5,683	7,202	1,519
Management of Companies and Enterprises	650	738	88
Manufacturing	3,627	3,704	77
Total	9,961	11,644	1,683

Source: Fourth Economy Analysis of Lightcast™ Data, 2025 to 2035

[25] Office | WBDG - Whole Building Design Guide
[26] Light Industrial | WBDG

Based on interviews with companies working in the region, the following subset of 6-digit NAICS codes in Professional, Scientific and Technical Services and Manufacturing can be directly tied to the ocean-tech related group of companies and the work they do in the Greater Newport area. **Many of the companies that are developing new products in the region are currently classified under the Professional, Scientific and Technical Services codes rather than traditional Manufacturing.**

2-Digit NAICS	2-Digit Description	NAICS	Description	2025 Jobs	2035 Jobs
54	Professional, Scientific, and Technical Services	541330	Engineering Services	1,264	1,504
54	Professional, Scientific, and Technical Services	541512	Computer Systems Design Services	1,214	1,530
54	Professional, Scientific, and Technical Services	541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	402	556
54	Professional, Scientific, and Technical Services	541620	Environmental Consulting Services	46	62
33	Manufacturing	334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	714	525
33	Manufacturing	336612	Boat Building	437	563
33	Manufacturing	336611	Ship Building and Repairing	233	146
33	Manufacturing	335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	3	1
				4,314	**4,885**

Source: Fourth Economy Analysis of Lightcast™ Data, 2025 to 2035

This subset of industries is a critical part of the net growth seen overall within Professional, Scientific and Technical Services and Manufacturing, and includes many of the Greater Newport businesses creating demand for light manufacturing and flex space.

Space Considerations

For the purposes of this analysis, it is assumed that an employee working in the kind of Professional, Scientific and Technical Services (NAICS 54), Management of Companies and Enterprises (55), and Manufacturing (NAICS 33) jobs seen in Greater Newport could be expected to require an average of 750 square feet of space per employee. This assumes a mix of high-density coworking space, average-density traditional office space, and flex space to meet the multivariate needs of workers in these industries.

Based on the 9,961 jobs in these three industries, workers in Greater Newport need an estimated 7.47 million square feet of office space to meet their current needs. This figure is lower than what CoStar data says is available (8.2 million SF) with the assumption that the discrepancy is due to firms not in the three industry categories and space that is not directly functioning as office or production space such as foyers, storage etc. It also supports that the estimated need for space used in this report may be on the conservative side.

With an additional 1,683 jobs projected between 2025 and 2035, Greater Newport can expect to need 1.47 million additional square feet of office and flex space to accommodate workers in these industries over the next decade. This assumes that 75 percent of the workers who come online are production workers requiring larger, flex space of 1,000 square feet, while the remainder need smaller, more traditional office space, rounded up to 500 square feet.

As of May 2026, there was less than 300,000 square feet of office and industrial space available in Greater Newport according to CoStar data. Currently, Newport and Bristol County combined have 8.2 million SF of Office and Industrial and therefore the expected need of 1.47 million square feet calls for an increase of 20% from current levels. **Failure to address these commercial real estate constraints will stifle economic development across Aquidneck Island and the Greater Newport region. As current market trends demonstrate, high-growth businesses are already being forced to look beyond the region to meet their facility needs. Continued inaction threatens to diminish the region's high-wage job base and erode long-term economic vitality.**

Aquidneck Island & NAVSTA Compatible Use Study Real Estate Recommendations

In addition to the analysis conducted for this report another planning effort was recently completed and noted a handful of recommendations regarding real estate that intersects with NAVSTA operations. These include:

Specific Catalyst Redevelopment Sites & Development Potential

The Compatible Use Study outlines concrete development metrics and site-specific visioning for major catalyst parcels:

- **Former Naval Hospital Site (Newport)[27]:**
    - Current State: Only ~14% of the site is built out. With:
        - Building 1: 147,566 square feet.
        - Administrative facilities (2 structures): Approximately 37,671 square feet.
        - A few smaller facilities that may not have redevelopment potential
    - Development Vision: Transformation into an Ocean Economy Innovation Campus featuring 10–20 new flex/R&D business spaces through adaptive reuse/expansion, a 2.25-acre public waterfront park with 670 ft of waterfront, and a potential ferry landing connecting regional transit.
- **Portsmouth Tank Farms #1 & #2 and Melville Area:**
    - Development Vision: Repurposing surplus Navy land to expand the marine trades, blue-tech research, and maritime defense sectors.
    - Near-Term Option: The study notes these sites could support energy resilience uses (e.g., battery storage) in the near term with minimal remediation.
- **West Main Road / Browns Lane Parcel (Middletown):**
    - Development Vision: A 70-acre parcel (~50 developable acres) abutting Navy property.
    - Capacity: Potential for a mixed-use village yielding approximately 1,000 housing units and commercial/retail space.
- **Fort Adams Housing Site (Newport):**
    - Capacity Expansion: The study recommends increasing residential density at this 24-acre Navy-owned residential parcel to add workforce/military housing while preserving historic structures.

Key Demand Drivers & Federal Growth Injections

Upcoming federal expansions will further drive demand for office, light industrial, and workforce housing:

- **NAVSTA Economic Impact:** NAVSTA Newport received $1.7 billion in federal funding in 2023, with over $1 billion in military contracts (approx. half awarded to small businesses).
- **Incoming Workforce Growth:**
    - NOAA Atlantic Marine Operations Center (2027): Bringing 180 new employees.
    - U.S. Coast Guard Offshore Patrol Cutters (2029–2034): Bringing 4 Coast Guard cutters, 500 active-duty personnel, and 800 family members.
    - Naval War College: Serves over 17,000 students annually.
- **Ocean Economy Baseline:** Ocean economy establishments account for 24% of regional jobs (~450 establishments) and 9% of Rhode Island's total GDP (~36,500 jobs statewide).

[27] Federal Register :: Information on Surplus Land at a Military Installation Designated for Disposal: Newport Naval Complex, Newport, RI-Former Naval Hospital, Newport, Former Navy Lodge, Middletown, Tank Farms 1 & 2, Portsmouth, and Midway/Green Lane Parcel, Stringham Road and Portion of Defense Highway

Utility & Infrastructure Constraints on Real Estate

The Compatible Use study also documents issues related to infrastructure to support development, specifically:

- **Aging Infrastructure Baseline:** 23% of water and sewer pipes in Newport and Middletown are over 50 years old, with 4% over 100 years old.
- **Navy Utility Transfers & Privatization:** Surplus properties (Tank Farms, Burma Road, Naval Hospital) currently rely on Navy utilities. Transferring these sites to municipal control or privatizing Navy water/sewer networks is required before commercial or light-industrial developers can connect and scale operations.
- **Key Utility Upgrades:** Highlight critical projects like the Reservoir Road Pump Station (eliminating single points of failure in water pressure transfer) and Wave Avenue Sewer Pump Station upgrades.

Transportation Connectivity Unlocking Real Estate Potential

Connecting real estate viability to major roadway and multimodal infrastructure projects:

- Burma Road / Defense Highway Upgrades: Transforming Burma Road into a green, multi-modal corridor and improving the Stringham Road Connector opens up access to the Weaver Cove and Melville development nodes.
- Coddington Connector: Creating a third north-south public travel corridor linking Coddington Highway and Access Road would bypass congested stretches of West Main Road.
- Halsey Street Extension: Direct connection between Pell Bridge and J.T. Connell Highway to unlock the North End Innovation District parcels.

The recommendations from the Aquidneck Island & NAVSTA Compatible Use Study will be advanced by the partnering municipalities, NAVSTA and the Newport County Development Council.

Greater Newport Commercial Real Estate Recommendations

- The communities that comprise Newport and Bristol County will need to see 1.47 million SF or office and flex/industrial space come on line in the next decade in order to support projected employment increases.
- In conjunction with local stakeholders and city officials, identify and prioritize properties suitable for redevelopment and adaptive reuse on Aquidneck Island and throughout Greater Newport.
- Match each potential parcel with key opportunities for the region's existing, new, and emerging industries, including flex, commercial, and light industrial uses.
- Create an informational toolkit for interested business owners and real estate developers to promote adaptive reuse as a viable strategy for redevelopment in Greater Newport
- Streamline the zoning overlay and approval process to make it easier for interested developers to access.
- Conduct an infrastructure needs assessment of existing industrial-zoned parcels to ensure they have the necessary water, sewer, and electrical capabilities required for modern industrial uses.
- Develop a regional financing and potential tax incentive to support development across municipalities. This could be done in partnership with RI Commerce and the Rhode Island Infrastructure bank. Explore the creation of a Regional Development Authority (multi-municipal) that can work to attract outside capital and invest in growth opportunities.