

Omni is building its assets on Federal Hill



VALUABLE PROPERTY: These Cedar Street lots in Providence are among four parcels for which Omni Combined paid \$7.95 million on April 3, 2006, according to city records. The properties were appraised by the city for a total of \$837,200. Omni principal William DiStefano Jr. says the company is considering building on the parking lots, which are zoned for buildings up to seven stories.

PBN PHOTO / FRANK MULLIN

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In a Federal Hill neighborhood that as soon as January could be rezoned as a “jobs-growth” district – an area where the city intends to spur economic development – building-management firm Omni Combined W.E. LLC has been buying up adjoining parking lots and buildings.

Since 2006, the company – a subsidiary of Omni Group Inc. – has purchased 10 parcels that make up about 5.4 acres along Cedar Street and West Exchange Street, according to Providence public records. They are all in the area north of Atwells Avenue, south of Route 10, east of Dean Street and west of Interstate 95.

The company saw opportunity in the neighborhood because it’s in walking distance to downtown and Federal Hill, Omni Combined principal William L. DiStefano Jr. told Providence Business News last week.

“We’re just focused on improving the neighborhood that we’re involved with,” DiStefano said. “Of course, we’re creating job growth directly by improving the buildings and bringing better and bigger companies in.”

The 10 parcels have an appraised value of about \$14.54 million, but it’s difficult to say exactly how much the company has invested in the area, DiStefano said, because it hasn’t always paid the appraised value.

For four parcels – two of which are parking lots along Cedar Street – that were appraised by the city at a total of \$837,200, Omni Combined paid \$7.95 million on April 3, 2006, according to city records.

DiStefano says the company is “looking into” building on the parking lots that line Cedar Street. There are no immediate plans, but a building is part of an overall growth plan for the next five years, he said. DiStefano said he doesn’t want to put something there that wouldn’t fit into the neighborhood.

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“I think it can support another office building, absolutely,” he said. “Judging from our success over the past two and a half years, it could support it. And we have the land area for it.”

City of Providence Director of Current Planning Robert Azar says that the strip of parking lots is currently zoned to allow for buildings that could be as high as seven stories, or 90 feet.

While Omni paid well more than the appraised value for those lots, the company paid less than the appraised value for 300 West Exchange St., a 12,900-square-foot brick office building. On June 20, Omni Combined paid \$1.15 for the building, which was appraised at \$1.5 million.

Architect David Presbrey, who owned the building under the company PresCo Realty Co. Inc., said last week that his longtime tenant had moved out, and he was having difficulty leasing the space. When he put it on the market early this summer, there were initially about 30 interested parties, he said.

“If the economy was better, I probably could have done significantly better with it, but the economy wasn’t good and I’m glad I sold it,” he said, adding that he sees potential for valuable business growth in the neighborhood.

Others in the Providence real estate market seem to agree.

CB Richard Ellis – New England’s Providence President Charles T. Francis said that the area is an up-and-coming part of the city. “We think it’s an area that is coming back fast,” he said.

He added, “I think the question is: to what extent can you renovate those buildings to be competitive with the Jewelry District?”

Because the area is so small, it’s grouped into the Promenade District’s figures in that firm’s market reports. As of Sept. 11, when its Mid-Year 2008 report was released, that district had the second most square feet of office space in the city – its 1.19 million square feet trailed only the Financial District’s 2.69 million square feet.

But Promenade’s 384,481 square feet of vacant space give it the highest vacancy level in the city, CBRE reported. While city-wide vacancy is at 14.48 percent, Promenade is more than double that at 32.29 percent.

With a large amount of unused commercial space, the city also sees the potential for the area, Azar said.

For the present, the few blocks where Omni Combined has been growing its assets are zoned “D-2,” a mixed-use zoning that’s also used in the Jewelry District. But the city’s new Comprehensive Plan could change that zoning after the neighborhood’s public-planning charrettes, which are scheduled for December but could be pushed back to January.

Residential use is permitted now, but it could soon be disallowed, Azar said.

“In that particular corridor of West Exchange we’re also saying that that should be an area for jobs growth,” he said. “We propose to put an overlay district there. ... It would essentially permit a mix of different types of commercial uses but would not permit [new] residential.”

Despite the vacancy level in the Promenade District, Omni, it seems, has been successful in attracting “local and out-of-state institutions, businesses and professionals,” as its goals were stated in a brief in the New England Real Estate Journal.

At West Exchange Center, the company’s 150,000-square-foot centerpiece, it has leased 3,500 square feet to Florida-based NANO Steel Co. for a Rhode Island headquarters. At 300 West Exchange St., InQuest Technologies has leased office space. It also has leased space to K2 Partnering Solutions Inc., an international staffing company, DiStefano said.

Omni Combined has been making improvements to the buildings it has bought. At 220 West Exchange St., where Providence Business News is a tenant, Omni Combined has been painting the walls. At the West Exchange Center, it has replaced some of the façade brickwork and added landscaping to the building and adjacent parking lots.

Public records show that the company has hired two companies – T.M. Electric and Patriot Disposal, both of Johnston – to do at least \$49,592 in construction and fire alarm work.

DiStefano could not say how much the company has spent on renovations. “It’s very complicated right now, especially with our new acquisitions and digesting them,” he said. “We do complete facelifts, inside and out, cleaning up everything: lighting, painting, repairs and whatever they need.”

Belvoir Properties Inc. CEO Jim Winoker last week confirmed the August 29 sale of 220 West Exchange St., saying that it was just too far away from his firm’s other owned-and-operated properties, most of which are between Allens Avenue and Eddy Street on the southern side of Providence.

Appraised at \$3.16 million, the 32,156-square-foot building was sold by Winoker’s Commodore Properties LLC for \$3.2 million.

Francis said CBRE is now recalculating the commercial square feet in the Promenade District because of the amount of work that’s being put into the buildings there, including at 300 West Exchange St.

All together, Omni Combined has purchased almost 200,000 square feet of office space, 12,801 square feet of residential space

and 62,291 square feet of parking lots, according to city records.

Presbrey, who had owned 300 West Exchange St. for more than 10 years, spoke highly of the renovation work that Omni Combined has done in the neighborhood. “I think that the Omni Group has a lot of resources, and they’ve been fixing things up very nicely there,” he said. •

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