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Newark's Success Becomes Guide for New Jersey - Daily News Article

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Newark's Success Becomes Guide for New Jersey

By Debra Hazel

NEW BRUNSWICK, NJ—From Newark through to the Northern or Central portions of the state, the word has spread that New Jersey is open for business. But the state continues to face the fallout of the recession, said speakers at the 10th annual RealShare New Jersey conference, held here today.

The conference, organized by GlobeSt.com's parent company, ALM's Real Estate Media Group, drew some 400 attendees from around the state to discuss the triumphs and challenges lying ahead for commercial real estate.

"This is a groundbreaking year for us," said keynote speaker Lyneir Richardson, CEO of Newark-based Brick City Development Corp. The city has seen a number of new leases and projects, including Panasonic's new headquarters, and industrial facilities for Wakefern Food Corp. and Manischewitz. In addition, Richardson said, "we have seven sites in the central business district that are ready for new office development, and we envision one office project being under development in the next 24 to 36 months."

The city has a major strategic advantage in its transportation network, with rail, air and bus lines connecting it to New York City and beyond.

"Newark's proximity to Manhattan is something we just couldn't find anywhere else in New Jersey," said George Miningham, VP of business development for Bartlett Dairy, which acquired a 105,000-sf distribution center in the city. "And real estate in Manhattan is not something you can afford any more."



Richardson: "Groundbreaking year."

Also critical is cooperation from local leadership. "The access Newark gives you is unbelievable, including Mayor Booker. They would walk us through what we needed to do," said David Forem, senior VP of Forem Facility Management, which is building a distribution facility for Wakefern Food Corp. "It was a huge team effort."

But while Newark clearly is on an upward swing, the state still faces some challenges, some of its own making due to anti-business regulations, corruption and incompetence, said Gil Medina, executive managing director of Cushman & Wakefield NJ, during a panel of major industry CEOs.

“New Jersey has had a particularly bad decade, a decade of underperformance due to self-inflicted wounds,” Medina said. “Our public policy makers have really screwed things up badly.”

Job losses came both from the loss of manufacturing and increasing efficiency, Medina noted, and growth is just now approaching the 80,000 per year increase needed for economic health. Asking rents have dipped. And there is still distress in the market, as the industry continues to deal with the outrageous CMBS financing of the pre-recession era.

“We’re in constipation mode, waiting for something to happen,” Jonathan Schultz, co-founder and managing principal of Onyx Equities. “It’s going to be a slow and steady run, that’s going to be three to five years easy. But this is a debt problem, an overleveraging problem. These properties have cash flow.”



Playing to a packed
(roughly 400 people) house.

Refinancing remains a challenge. The CMBS market had tried to stage a comeback earlier this year, only to fizzle amid the uncertainty around European sovereign debt. Fortunately, local banks are coming back to the market.

“The top 10 New Jersey-based banks all have assets of over \$2 billion, and all 10 have increased their real estate lending and real estate portfolio,” said Tom Geisel, president and CEO of Sun National Bank. The optimism for the future is there.”

In fact, New Jersey’s image among industrial leaders has changed dramatically due to the pro-business policies of the Christie administration. For the first time in four years, Mack-Cali Corp. is considering at least one build-to-suite development for a corporation, reported president and CEO Mitchell Hersh. And the next generation can bring even more growth.

“The glimmers of hope are there,” Hersh said. “We have a growing population. And as we educate young people, we give them the reason to stay here by providing a high quality of life.”