

real estate

# NEW JERSEY

## Shopping for Solutions

Bright ideas are driving center development in unsteady times  
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In his own words...an insider's look at the market.

## BRIAN SILBERT

President  
Silbert Realty & Management Co.

### Marketview

"We find a trend, whether it is in the more affluent areas or elsewhere, toward revitalizing the downtowns. Many municipalities are very proactive as far as having developers come in and develop retail, residential and mixed-use projects. We were recently hired by the Kushner Cos. for the mixed-use project they're doing in downtown Cranford. It encompasses two mid-rise buildings with luxury apartments upstairs and retail downstairs, and it's adjacent to the train station. The municipality has been careful and supportive about how it will be redeveloped.

"We have also worked as a consultant on behalf of several other developers in projects for downtown redevelopment—Plainfield and Perth Amboy, for example. This is occurring because people don't want suburban sprawl and the continued push to the west in New Jersey, and developers want to be involved because developable land is scarce, and because of the political push to get cities rebuilt.

"That said, it's going to take retailers time to get used to certain markets, but they will. A lot of developers are looking at towns like Somerville, Raritan, Morristown, trying to create mixed-use projects, trying to tap into mass transportation. New Jersey Transit is spending money to improve stations—we need to have transportation improved to allow downtown development to occur.



Brian Silbert

### Retail trends?

"Certain submarkets are still very much supply constrained in terms of space. In markets such as Somerset County, in Bridgewater for example, rents are continuing not only to hold, but also escalate. That's because of the supply of inventory—vacancy rates are still down below 5%. Other markets, such as Monmouth County and southern Middlesex County, have seen a tremendous amount of construction along state highway corridors, and we're seeing higher vacancies there.

"Overall, the stronger retailers are getting stronger. As a result of consumers being more dollar-conscious and spending less on luxury items, some of specialty stores will be slower to come back as we move out of the recession. The discounters, such as Wal-Mart, are stronger. Also, people are spending more on their homes, which is helping the home improvement chains. Lowe's, for example, is doing extremely well. The difficulty is getting sites for them—they don't have an urban footprint they can do in New Jersey, and for them to go out and get a 15-acre site that they can get zoning approval on is difficult.

"Other sectors have tailed off. The mom-and-pop businesses, by and large, are doing all right, but their sales have leveled off from a year ago. What's happened, too, is that some shopping centers have been hurt because the grocery industry is so competitive. A&P has been closing some stores, as you know, some Pathmarks have been shut down, and so forth, leaving some shopping centers anchorless. Distinct change is going on in retail today."

### Dealmaking?

"Demand for space is slower, so today there is perhaps a 12-month lease-up as opposed to immediate. Now, certain retailers might have six sites available to them. It varies on case-by-case basis, however. For example, Riverwalk Village Center in Basking Ridge is unique—without a major anchor, we basically pre-leased the entire project with major national retailers plus third and fourth store mom-and-pop operations.

"But to make a blanket statement that the market is soft, however, isn't really accurate. There are some segments of the market that are being hurt much worse than others—especially for those centers that lost an anchor tenant, or that are in B or C+ locations. "A" locations still get multiple bidders, and you can rent them all day long

### What about the new administration in Trenton?

"I feel they are committed to seeing the growth go back to the cities and will be proactive for job growth. I do feel, however, that shutting down growth in rural areas is wrong. We need to balance job creation with smart growth." ■

### The Dealmaker

#### Recent transactions and assignments by Silbert Realty & Management, Watchung, NJ:

- 25-acre assemblage for big box retail user, Old Bridge, NJ
- Disposition for Talbot's-owned real estate, Little Silver, NJ
- Disposition for Related Retail Corp., Linden, NJ
- Leasing agent for Riverwalk Village Center, Basking Ridge, NJ
- Leasing agent for mixed-use Cranford Crossing, Cranford NJ
- Leasing agent for 325,000-sf Preakness Shopping Center, Wayne, NJ
- KinderCare Learning Centers—multiple NJ locations
- Verizon Wireless—multiple NJ Locations
- Old Navy Inc.—multiple NJ Locations