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New Jersey

# Wall Street West Recuperates From 9/11

By ANTOINETTE MARTIN

**T**he once-decrepit warehouse district along this city's waterfront acquired the nickname Wall Street West about a decade ago. It houses the back offices for some of Manhattan's largest financial institutions and is a job destination for about 100,000 every weekday. But the area stood still for a long time after the attacks of Sept. 11, 2001, as various companies dropped plans to move or expand here and vacancy rates rose.

Now, with the recession eased and the PATH train connection between the two financial districts rebuilt, the Jersey City waterfront is moving forward again. Developers and brokers say there is a major movement under way to upgrade the area to front-office status.

Two years ago, in the face of high vacancy rates, the **Mack-Cali Realty Corporation** marketed the half-empty office tower it had built for Charles Schwab & Company, after Schwab decided not to move in, and sold it last year. This month, Mack-Cali laid out \$329 million to buy a different office building, the 42-story tower at 101 Hudson Street, and did not stop there. The company is also beginning a \$20 million renovation project at one of the buildings in its "city within a city" office complex, Harborside Financial Center.

With the purchase of 101 Hudson Street, Mack-Cali's waterfront office holdings bounced back to more than four million square feet, approaching the **Lefrak Organization's** five million square feet at its nearby Newport Office Center. The newest major property holder is Goldman Sachs, whose 45-



Timothy Ivy for The New York Times

*The Mack-Cali Realty Corporation is starting a \$20 million renovation of a former shipping warehouse at Harborside Financial in Jersey City. Leasing activity in the waterfront area has picked up.*

story waterfront tower is the tallest building in New Jersey and has 1.1 million square feet of space.

Mack-Cali now owns roughly a quarter and Lefrak close to a third of total office space on the waterfront. Mack-Cali also manages an additional 1.2 million square feet of Class A office space in the district.

Leasing activity in the waterfront area has picked up rapidly in the last year, according to brokers for both companies. Mark Ravesloot of CB Richard Ellis, the broker for Mack-Cali, said his company's statistics showed drastic declines in the number of signed leases each year from 2001 to 2003.

By the end of last year, however, the trend had begun to reverse. Last year, about 920,000 square feet were leased, higher than the 380,000 square feet

leased in 2003, but still far below the 4 million square feet leased in 2001.

At the sleek new 980,000-square-foot Plaza 5 building that Mack-Cali added to Harborside Financial Center last year, 87 percent of space is now leased. Earlier this month, IXIS North America, an investment bank, and HQ Global Workplaces, a provider of temporary office suites, took a combined total of 93,910 square feet.

Now, Mack-Cali is starting a \$20 million renovation of the Plaza 1 building at Harborside. It is a former shipping warehouse and the first building to attract a major company to Jersey City back in 1983.

Mack-Cali's chief executive, Mitchell E. Hersh, said his company's investment in Plaza 1 is both "a recognition" of the significant change that has taken

place on the waterfront in the last 20 years and evidence that the process is continuing. "When Bankers Trust moved into Plaza 1 over 20 years ago," Mr. Hersh said, as he stood in the less-than-modern lobby of the building, "it was the first major company to come here and really started the transformation."

At the time that Bankers Trust (which is now part of Deutsche Bank) set up its office, the waterfront was almost completely lacking in amenities for those who worked there, Mr. Hersh said. "At least it was a short commute back to New York," he noted.

More than two decades later — and nine years after Mack-Cali bought the five buildings and all developable land at Harborside Financial Center, adding many amenities, including the Hyatt Regency hotel next door — Deutsche Bank is still at Plaza 1. But Deutsche Bank contracted its business sharply last year, selling part of its global securities services operation to State Street Bank. Consequently, it is shrinking its Jersey City office to 90,000 square feet, from 400,000 square feet.

Mack-Cali, Mr. Hersh said, is seizing the opportunity to upgrade Plaza 1 to

"cutting-edge Class A status" — meaning competitive with the most-modern, best-located properties — with renovations designed by the high-profile Manhattan architecture firm of Beyer Blinder Belle. The architects are known for their adaptive reuse of buildings like Grand Central Terminal and the historic structures on Ellis Island. The firm also completed the renovations in the late 1980's at Harborside Plazas 2 and 3, now occupied by tenants that include Morgan Stanley, Bank of Tokyo, J. P. Morgan Chase and Dow Jones.

The renovations to Harborside Plaza 1 will include reconfiguration of the main lobby and all common areas. A new two-story glass entrance with wood-paneled walls and bluestone flooring will be created. Also, all elevator cabs and bathrooms will be renovated, and new heating and cooling systems are to be installed on every floor.

"We will assist every new tenant in customizing their space," Mr. Raveslout said.

Mr. Hersh added that if a large company decided it would like to "brand" the building as its headquarters, build-

ing designs were flexible enough to accommodate that.

"This has become the kind of commercial neighborhood that another large company might very well want to call home," he said.

The current vacancy rate in the waterfront office district is 13.7 percent, Mr. Raveslout said, down from 15.1 percent at the end of last year and 17.2 percent at the end of 2003.

Mr. Hersh said that Wall Street companies were still likely prospects to locate at Harborside and noted that several large firms currently operated trading floors here.

Mr. Raveslout pointed to four first-class restaurants now in the financial center in addition to restaurants at the Hyatt, and Harborside's bustling retail promenade offering many dozens of shops and fast-food possibilities, plus several attractive courtyards where people might gather and the riverside walkway and piers along the Hudson, which are popular with people on lunch breaks in the warmer months.

"It's a dynamic market," Mr. Hersh summed up, "that's obviously still on its way to better things."