

Metropark shifts into drive

Era of landlord concessions seems to be ending as long-tenured companies welcome new neighbors to Central Jersey submarket

By Cheryl Sarfaty

It looks like 2013 may be Metropark's lucky number. Demand for commercial real estate is regaining momentum, brokers are starting to breathe easier and landlords are pulling back on concessions.

Last year, landlords in Metropark were offering prospective tenants up to a year's free rent and a \$50 per-rented-square-foot work letter to lock down leases, noted Paul Giannone, executive vice president of Cushman & Wakefield in Edison. This year, he predicts concessions to max-out at six months' free rent and a \$20 or \$25 per-rented-square-foot work letter.

"By the end of 2013, I expect Metropark is going to be in a very tight market," Giannone said. "If I had to guess, I would say we'll probably be at a vacancy rate of less than 15 percent."

MetroTop Plaza II, brokered by Cushman & Wakefield, went from total vacancy in January 2012, to full occupancy by the end of the third quarter, Giannone said. Five large tenants moved in, including McDonald's, which took 20,000 square feet as a regional head-

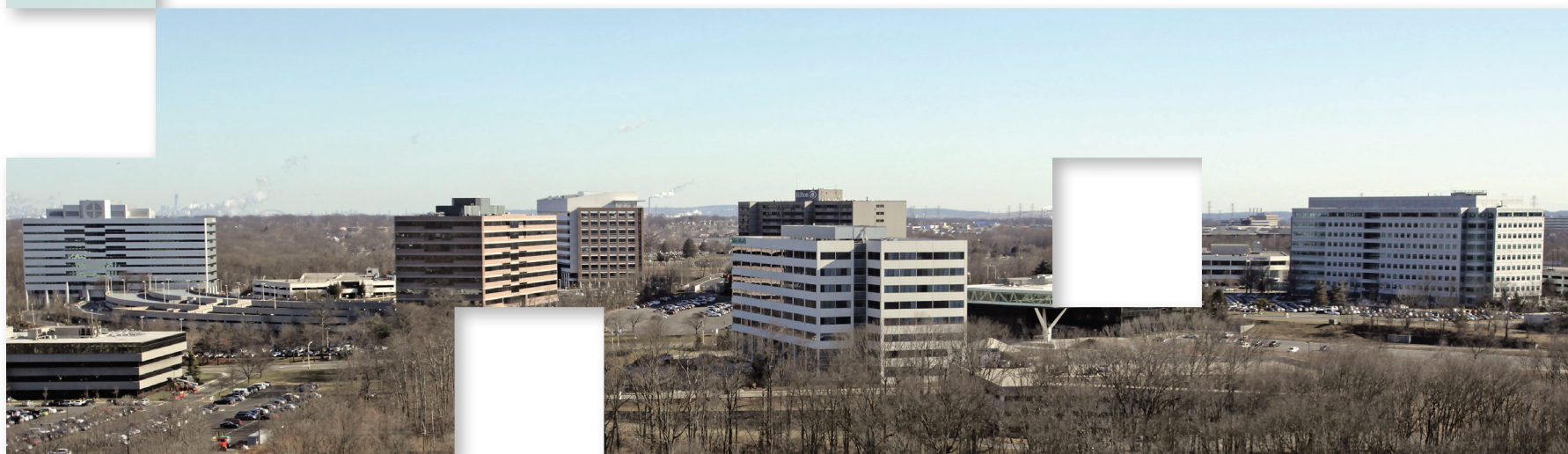
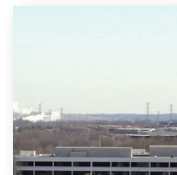
quarters, while EisnerAmper LLC, consolidated several offices when it leased 87,083 square feet in the building. Other occupants are Ansell Healthcare, Vitech Systems Group and engineering firm Hatch Mott MacDonald, which signed for 81,371 square feet.

"The interesting thing about all those tenants is none of them were (previously) in Metropark," Giannone said.

In today's cost-conscious environment, companies are heavily focused on maximizing efficiency, whether through the consolidation of multiple offices, relocating to a spot closer to clients, or operating from an urban hub with quick access to mass transportation.

"If you take the 11 northern and central New Jersey counties as a market area, in 1980 they were a nonplayer," said James Hughes, dean of Rutgers University's Bloustein School of Planning and Public Policy. "By 1990, it was the fifth-largest metropolitan office market in the country."

Metropark has fared better than the rest of Middlesex County during the sluggish economy,



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The vacancy rate at Metropark could dive below 15 percent by year's end, according to Paul Giannone. That would be a powerful comeback from the pain inflicted during the recession.

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— Paul Giannone, executive vice president, Cushman & Wakefield, Edison

with the average asking rate for class A space currently in the range of \$32 to \$36 per square-foot, Giannone said.

That range aligns with the average asking rate for office space at Metro 101, also known as 101 Wood Ave. South, according to John Kaye, vice president of the Iselin arm of Jones Lang LaSalle Americas, Inc., the property’s brokerage firm since October.

“Activity was light when we took over this building,” Kaye said. “It was at 29.7 percent vacancy, and still is.”

However, it looks as if long-standing tenants

Microsoft, Investors Bank and Schlesinger Associates may soon have new neighbors.

“We are very excited because we currently are working on 13 active tenant proposals, equaling roughly 169,000 square feet in total,” Kaye said. The size requirements of the prospective tenants range from 4,500 square feet to 35,000 square feet. “We’re confident we’re going to get 30 to 40 percent of those deals here.”

Originally built in 1990, Metro 101 is a 10-story, 273,449-square-foot building that sits adjacent to the

Hilton Hotel and Conference Center. In 2009, the property was renovated as a first-class office building, Kaye said.

Major renovations were completed more recently, he said, including upgrades to the HVAC system; elevator modernization; redesign of the building’s common area, including a new lobby; a full-service café; and a fitness center.

“One of the interesting trends we’re seeing is a lot of (people) are really interested in buildings that have backup generators, especially now,” Kaye said, referring to Hurricane Sandy. “Investors

Bank never lost power throughout the entire storm.”

For all of Metropark’s advantages, it lacks a major amenity ordinarily found in bustling business environments, Kaye noted.

“Restaurants are not within walking distance,” he said, making Metro 101’s new cafeteria and fitness center a big selling point. “If you’re building in Metropark and don’t have those amenities, you’re pretty much behind the 8-ball.”

On the whole, Kaye said he sees Metropark performing well this year, an outlook shared by Giannone.

“Metropark is pretty tight right now,” Giannone said. “If you were a tenant looking for 100,000 square feet, you’d almost have to consider new construction.”

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