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Newark Nets Nearly 600,000 SF in State Leases

By Alyson Grala

NEWARK--The state government announced plans to lease two Broad Street office buildings in one of the largest New Jersey real estate deals in recent years.

New Jersey has made plans to consolidate state offices in Newark into two buildings--including the landmark IDT tower--saving up to \$10 million a year, the Treasury Department said late last week.

After years of planning and negotiation, the state signed letters of intent last Friday on two 10-year leases, which will cut its office space in Newark from 620,000 square feet to 580,000 square feet by 2011, Treasury spokesman Tom Vincz said in a statement.

The state plans to take 484,000 square feet in the former IDT building--now owned by Broad-Atlantic Associates LLC--at 520 Broad St. for \$28.77 per square foot and 103,000 square feet at 765 Henry Investors-owned 765 Broad St. for \$21.55 per square foot.

While several commercial real estate brokers have noted that the state's rent seemed high, Massey Knakal first vice president of sales Geoffrey Bailey does not believe it is an outrageous figure. "If you look at the Newark region, it is typically a \$20 or less market, but there is so much money being put into the IDT building"--the word on the street is that the state is asking for renovations of around \$52 a square foot--"that \$29 does not seem unreasonable. This is not your typical downtown building and it's still below what you would get at One Gateway," he adds.

Also neglected in most media reports is the fact that parking is included, and the building is practically next door to the light rail station, making the lease rate seem less daunting.

The losing bidders have 12 days to object or ask for more information before the leases become official. "The procurement followed an extensive master planning effort covering the last several years to maximize space efficiency, reduce space and trim leasing costs," Vincz said in a statement.

Commercial real estate broker Christian Benedetto Jr., who works for Newark-based Hopkins, Sampson & Brown Real Estate Advisory Services, tells GlobeSt.com, "These leases together would be one of the largest transactions in Newark over the past decade,

further showing that Newark--and specifically the Broad Street corridor--has continued to thrive even in the worst economy in 50 years. New Jersey taxpayers should be especially happy, as this consolidation both reduces space and costs."

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