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Verizon secures \$20M in tax credits to stay in Newark

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New Jersey awarded its first-ever urban transit hub tax credit to Verizon New Jersey Inc., under a sale-leaseback agreement with Accordia Realty Ventures that will keep the phone company headquarters in the city of Newark, officials said.

Verizon, which had previously announced plans to leave its Newark headquarters, will receive \$20 million in tax credits over 10 years under the state's new program, which is designed to encourage businesses to operate near commuter rail stations.

The program offers tax credits to companies that locate within a half mile of a N.J. Transit, PATCO or PATH station in one of nine N.J. cities, including Hoboken, Jersey City, Elizabeth and other areas.

Verizon officials said the company had planned to consolidate its Newark call center operations with two other facilities in Scotch Plains and Madison, N.J., but the proposed credit was signed into law during the past year and the company decided it would maintain its presence in Newark.

"We have a commitment to the city of Newark," said Rich Young, spokesman for Verizon.

Fairfield, N.J.-based Accordia earlier this year agreed to buy the 428,000 square-foot Verizon building at 540 Broad Street, and to lease 140,000 square feet back to the telecom giant over 10 years. Officials did not release a sales price, but sources familiar with the agreement say Accordia paid about \$35 million for the building.

Officials said they are looking to lease the remaining 300,000 square foot space to one or more corporate tenants, who would also qualify for the tax credit.

"What you're trying to do is create a situation where you are keeping economic development and jobs in a major city near a transit location," said Glenn Phillips, spokesman for the New Jersey Economic Development Authority. "In Newark it's particularly relevant because it's also going to help bring other tenants."

Joe Romano, principal at Accordia, said about \$75 million will be spent to build out the space and upgrade other parts of the building, including the lobby and an old theater, which will be converted into a conference center. GVA Williams will market the new space for about \$20 a square foot, and Romano said that a 12,000 square-foot retail space will be available for a restaurant or other retail tenant.

Joe Ritchie, chief executive of the Brick City Development Corp., the main economic development agency in Newark, said the city is recruiting financial services and technology companies to relocate their back-end operations there, as Broad Street sits on top of a major broadband pipeline that is designed for high-speed data operations.

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