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With Help From Others, Newark Is Building for Business

By RONDA KAYSEN

NEWARK — Last month, a few dozen people donned hairnets and crowded around a huge oven here to sample a 25-foot matzo, which was billed as the largest ever baked. The event celebrated the completion of the new headquarters of the kosher food giant Manischewitz in this city's industrial East Ward.

In attendance — and sprinkling his keynote speech with a few Yiddishisms — was Mayor Cory A. Booker, who has overseen hundreds of millions of dollars in new development since taking office in 2006.

More than \$700 million in new construction projects are under way this year, providing an estimated 2,500 on-site jobs, and city officials say that figure could reach \$1 billion next year. Supporters of the Booker administration point to that as evidence that Newark, a city synonymous with urban decay, high crime and rampant corruption, has turned a corner.

The charismatic Mr. Booker, at 42 no longer the brash upstart who in 2002 mounted a bold and unsuccessful challenge to the longtime Mayor Sharpe James, is largely behind the push for new development. And after turning down a job offer in the Obama administration, Mr. Booker has tied his fate to Newark's: if this city of 280,000 can come back from a steep decline, he could claim a place on the national stage.

New developments are springing up across town, including a movie theater renovation by the basketball star Shaquille O'Neal, splashy residential lofts and a Courtyard by Marriott, the first new hotel in 40 years, according to the city. The waterfront is getting its first park in the city's history.

In addition to Manischewitz, other companies relocating here include Pitney Bowes, Bartlett Dairy, the audiobook company Audible.com and Wakefern, ShopRite's supplier. In the biggest corporate move yet, the Panasonic Corporation announced in April that it would move from Secaucus to a 350,000-square-foot tower to be built across from Newark Penn Station, the city's first new office tower in two decades.

“We’re bending over backwards to make companies feel welcome, to do whatever we can to bring them here,” Mr. Booker said at the Manischewitz ribbon-cutting.

Mr. O’Neal’s \$7 million renovation of Newark Screens, the city’s only movie theater, will double the number of screens to 12, add stadium seating, 3-D projectors and 25,000 additional square feet. Built in partnership with Boraie Development of New Brunswick, N.J., it is to be partly financed with state and city money. Located on Springfield Avenue in the Central Ward, the site of 1967 race riots, the boxy building is across from a bail bond shop and an Applebee’s; the lobby has worn red vinyl bench seats and faded advertisements for nachos, slushies and popcorn.

“We want to give the kids in Newark something to do,” said Mr. O’Neal, who grew up in the Central Ward. “We want to go in there and beautify Newark.”

Newark has assets like train stations, universities, a major port, an international airport, a performing arts center and the new Prudential Center arena. But it also has Mr. Booker, who may be the city’s biggest draw.

“If our experience with this administration hadn’t been very good, we probably would have put our headquarters somewhere else,” said Paul Bensabat, a co-president of Manischewitz. “There are no two ways about it.”

Despite the activity, the city has neighborhoods crippled by blight and foreclosures, high unemployment, an overall population nearly half of what it was at its height and a punishingly high crime rate.

“The real devil in the formula has been the foreclosures. We’re seeing foreclosures on blocks that we’d made whole,” said Ray Ocasio, the executive director of La Casa de Don Pedro, a Newark-based community development organization, adding that much of the city’s emphasis has been on high-end developments rather than neighborhood revitalization projects.

Newark has to entice businesses to put shovels in the ground when the cost of construction is as high as in Manhattan, but the rents are substantially lower. The city’s office vacancy rate is 15.9 percent, and space rents for less than \$24 a square foot, compared with about \$58 a square foot in Manhattan, according to Cushman & Wakefield.

To bring in new construction, Mr. Booker has turned to state subsidies. Of the 25 projects in development this year, 20 of them received public financing. The biggest winner was Panasonic, which received a \$102.4 million tax credit from the state for building near a

transit hub. Of the \$822 million in state tax credits doled out in the last 18 months, \$208 million has gone to Newark, according to New Jersey Policy Perspective, a research group.

“We would never have been able to advocate successfully without these measures,” said Stefan Pryor, the city’s deputy mayor for economic development. “The legacy of these temporary measures will be permanent. Newark will permanently be on a new trajectory.”

Critics worry that the subsidies have failed to deliver jobs, the intended purpose of the stimulus program. Newark, the state’s largest city, has an unemployment rate of 15.4 percent, compared with 9.4 percent for New Jersey as a whole. Of the 2,500 permanent jobs the developments will bring to Newark, only about half of them are new. The rest, like the 800 Panasonic jobs, are pre-existing positions. And of the new jobs, like the 60 at Marriott, many are relatively low-paying service work.

“Building hotels so people want to stay overnight in Newark? I’m not sure that’s the best way to build Newark’s economy. I think it’s a spotty plan,” said Deborah Howlett, the president of New Jersey Policy Perspective.

Certainly, many of the changes are visible. A streetscape project along Broad Street has added a median and flowers to what was a chaotic, treacherous crossing. Around the corner from the 150-room Marriott, asbestos abatement has begun for the renovation of a Cass Gilbert building that will reemerge next year as an Indigo hotel with a rooftop bar. And work is under way for a new Dinosaur Bar-B-Que restaurant to open onto Championship Plaza next to the arena.

“I call it selective improvement,” said Marc E. Berson, the chairman of the Fidelco Group, which is building Dinosaur Bar-B-que with the Hanini Group. “I can turn and say there are different segments that are doing fairly well. As I march around I see signals of change.”