



December 30, 2007

Companies to watch in 2008

Russo Development

Hackensack

Commercial real estate

The family-owned Russo Development company grabbed headlines in 2007 through its ability to take on risky brownfield redevelopment projects and turn them into highly desirable commercial real estate. The company has more than 2 million square feet of development under way in North Jersey. Projects include the Brookline Corporate Center, 316,000 square feet of flex and industrial space in Mahwah; Meadowlands Park, a 450,000-square-foot warehouse development in Carlstadt; and 50 Madison, a 126,000-square-foot flex building in Totowa.

December 5, 2007

\$11M Loan Will Complete Construction

By Eric Peterson



OTOWAS, NJ-A new 126, 160-sf warehouse/flex building is under construction here, and now the construction financing is in place to complete the project. The developer of the building at 50 Madison Rd. has picked up a \$10.8-million loan from Principal Global Investors to help cover the cost of the new building.

"We were able to secure the financing for our long-term client, a local real estate developer, for this asset," says James Gunning, who teamed with CB Richard Ellis Debt & Equity Finance colleague Donna Falzarano to arrange the deal. "The building's exterior is anticipated for completion in November 2008."

The brokers declined to identify the borrower, but as reported by **GlobeSt.com**, the project belongs to the Hackensack-based Russo Development. Russo completed the acquisition of the 6.5-acre former Hoffman-La Roche site in early 2007 and promptly announced plans for the speculative warehouse/flex project. The acquisition and new project announcement marked the entry of Russo, which has primarily focused on the Meadowlands submarket, into the Passaic County submarket.

"We have been actively seeking sites in northern and western New Jersey in order to grow our property portfolio throughout the state," Russo president and CEO Ed Russo told GlobeSt.com in February. The new facility, currently available, is located in the upper Route 46/Route 23 submarket, with access to I-80.

Industry News

Brownfield Leftovers Turn Industrial Green

With few appropriate industrial development sites available in Northern New Jersey, builders are turning to re-development projects for industrial users. Whether the projects involve remediation of brownfield sites or reclamation of landfills, this trend is Northern New Jersey's current answer to the dearth of greenfield sites, according to Edward Russo, president & COO of Russo Development.

The firm is about to begin construction on the final building in the three-building, 500,000-square-foot Saw Mill Park industrial complex in Kearny. A landfill in the 1940s and 1950s, the site had been vacant for 50 years before Russo Development purchased it in May 2001. The first and third buildings were speculative—which Russo said is no longer common in Northern New Jersey—while the second was a build-to-suit for The Pepsi Bottling Group.

"The biggest obstacles we ran into were the environmental conditions of the property and the soil conditions," Russo said, noting that the firm had to construct the building on piled foundation, which required drilling through unsuitable material to the clay below. "It's a very expensive process to go through, and if the building is not designed properly, you could have major settlement issues because landfill is very unstable."

Areas in Northern New Jersey where re-development is prevalent include Exit 8A of the New Jersey Turnpike, Newark, Elizabeth and Carteret.

August 1, 2007

Omer Ahmed Joins Russo Development As Vice President Of Acquisition

Russo Development has announced the appointment of Omer Ahmed as vice president of acquisitions. In his new role, Ahmed is responsible for leading the company's new property and land acquisition initiative. This position is essential for Russo to meet its strategic goal of increasing its presence in northern New Jersey, as well as expanding its target market to opportunistic areas in New Jersey, New York, Connecticut, Pennsylvania, Delaware, and Maryland.

"Omer will be integral in helping Russo Development strengthen its portfolio in New Jersey," stated Ed Russo, president and COO, Russo Development, "by identifying, developing, and managing a variety of properties with a special emphasis on underutilized, blighted, and environmentally-challenged sites."

Prior to joining Russo Development, Ahmed spent seven years at Accenture, Inc., serving as an executive in the management consulting division, specializing in quantitative, qualitative, and technological optimization. Ahmed is a member of the National Association of Office and Industrial Properties (NAIOP) and the Urban Land Institute (ULI). He earned his bachelor's degree with honors from Lafayette College in economics and business.



August 22, 2007

Developer seizes on data-center demand

James QuirkThe Record, Hackensack, N.J.

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Aug. 22--When Russo Development first acquired a 28-acre parcel on MacArthur Boulevard in Mahwah, the Hackensack-based real estate firm envisioned building a massive campus of office space.

But Edward Russo, president and chief operating officer of Russo Development, saw an opportunity to do something different. Marketed as the Brookline Corporate Center, the site is being pitched as a build-to-suit project ideal for a large company's data center. At 316,000 square feet offered within two proposed buildings, it is one of the largest available commercial development sites in northern Bergen County.

Data centers are mostly used as backup operations for companies, said Steven Jenco, client-services manager for the Fairfield-based Grubb & Ellis real estate firm. They came into vogue in the late '90s, when many businesses began to adopt waves of new technologies, a trend that accelerated following the terrorist attacks on Sept. 11, 2001.

"Around 2001, the companies realized, 'You know what? We need to store this data someplace, to maintain our business operations in case of a disaster,'" Jenco said. "Then 9/11 came along, and data centers and the idea of data recovery came into the spotlight. The goals then became, 'How do we maintain our business operations if a disaster strikes our office, and we need to keep running?'"

Since then, North Jersey has emerged as a prime location for data centers. A combination of lower rents and proximity to Manhattan lured companies such as JPMorgan Chase & Co. and the software and information-technology services business SunGard to set up data centers or back-office locations here, Russo said.

Available power is key. Tenants searching for data-center space are looking for redundant power -- back-up transformers or power grids that can be utilized in case of a region-wide blackout or natural disaster, Jenco said. Piscataway has emerged as a strong market for data centers because of the availability of additional power grids, he said.

During a recent interview at the Russo Development office on Hudson Street, Russo set up a laptop and projector to give a guided tour of Mahwah using Google Earth. Pointing to the space on MacArthur, Russo explained that next to the Brookline site is a little-known facility -- a data center for package-delivery company United Parcel Service set back from the road that UPS has used for the past decade.

Russo Development has built a half-dozen data centers in North Jersey in the past year alone, Russo said. MacArthur Boulevard is an ideal place to build a data center, Russo said, as the power grid there is already expanded to serve the UPS building, and a Rockland Electric power transmission station is nearby.

"We realized that we didn't need to build speculatively there, because this is such an established market for a data-center use," Russo said.

Though the Brookline Corporate Center can be broken into smaller sections, Russo Development is primarily looking for a single tenant to fill the site. Large banks and financial companies are all potential tenants, said Michael Pembroke, senior vice president at Russo Development.

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