

March 2, 2010

State stimulus grant may spur stalled Route 18 retail project

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The developer of the Summerhill Square retail complex on Route 18 South may benefit from a new state grant program designed to spur stalled construction projects.

Robert Pagano — operating manager of Summerhill Square LLC, which has already built a new Toys 'R' Us and Babies 'R' Us on the site of the former Meyer's Shopping Plaza — had been looking to complete the next phase of the project, constructing an adjacent 50,000-square-foot building that could hold eight more stores, but he has been unable to move forward due to a financing "gap."

Mayor David Stahl and Ed Cohen, the township's economic coordinator, worked with Pagano on an application for a new state program to assist developers facing financial constraints.

The Economic Redevelopment and Growth Grant allows developers get back up to 75 percent of state and local taxes generated from certain projects for up to 20 years to help create equity and secure financing. For retail projects, sales taxes generally comprise the bulk of the revenues to be reimbursed.

Earlier this week East Brunswick's Township Council unanimously passed an ordinance approving Pagano's application for the state grant.

The township did not agree, nor was it asked, to give any local tax revenues back to the developer, who may receive state tax revenues if approved.

"This is the economic spur needed to get the project off the ground," said Pagano, who is now applying for the state grant. "I'm looking to get the project done as quickly as possible and bring other quality retailers to the table."

Created last summer as part of the state's economic stimulus initiative, the grant is managed by the state Economic Development Authority.

"We review applications to make sure there is a gap, a final piece of the puzzle, and the ERG Grant needs to be that piece of the puzzle or else you're ineligible for it," said Nicole Royle, director of public affairs for the development authority.

Royle said "a handful" of developers have applied for the grant since it was enacted, with the first funding approved in January.

"There is a very comprehensive review by the EDA and the (state Department of) Treasury to ensure that the project meets the statutory requirements," Royle aid. "At the end of the day, the Treasury and EDA have to sign off — they have to be comfortable with the project details."

Royle said she did not know how long it would take for the Summerhill Square application to be considered and possibly approved.



March 3, 2010

East Brunswick official: Route 18 retail to rebound

Township Economic Coordinator Ed Cohen is optimistic that the total inventory of vacant retail space along Route 18 can be cut in half by year's end.

Of the 3.1 million square feet of retail space along the busy commercial corridor, about 500,000 square feet remains unoccupied.

Speaking at recent Township Council meeting, Cohen said he anticipates vacant retail space to drop closer to 250,000 square feet this year.

Significant recent business activity on or near Route 18 cited by Cohen included:

- Toys 'R Us in Loehman's Plaza being replaced by a pool/patio company
- Linens 'N Things being replaced by LA Fitness
- Miami Subs will be replaced by Pollo Tropical
- Two banks HSBC Bank USA and Chase Bank have opened in last six months
- Open Road Accura has expanded
- A Buick/Pontiac dealership was sold and is now an auto body shop opposite Brunswick Square Mall
- Perrone's Italian Kitchen on Ryders Lane has reopened as Casa Nova and is now serving upscale Italian cuisine.

In addition, the largely vacant old "Gap Mall" on Route 18 south, near Lake Avenue, is getting an outdoor furniture store and has a new Asian market looking to come in. A vacant building in that mall which once housed an Office Depot is up for sale.

Also, PetSmart is moving into the space formerly occupied by Borders bookstore in the Mid State Mall. The Planning Board has given approval for the owner of the building which once housed PetSmart to expand the space to help lure a furniture company.

Cohen noted that the "medical corridor" on Cranbury Road recently has seen completion of the Cranbury Office Park while owners of a new medical condominium there are looking to start construction this spring.

"Because of the economic conditions that we're facing, the mall rentals have come down," Cohen said. "Five, six years ago, the rentals were somewhere between \$25 to \$30 a square foot. Now, they're in the low \$20s and I hear, that several of the mall operators are even talking about less."