



# HEADY DAYS ON THE WATERFRONT

Cast in shadow for decades, Jersey City is enjoying its time in the sun.

BY TINA TRASTER

FIVE YEARS AGO BRITISH EXPATRIATES DOMINIC JANSSENS AND HIS WIFE, Adele, lived in Manhattan for a short stint before moving to a two-bedroom rental at Avalon Cove in Jersey City. Back then Avalon Cove and the rest of the Jersey City waterfront was desolate, pretty much a ghost town, but for \$2,500 a month the Janssens enjoyed a spacious apartment, breathtaking views of the New York City skyline, and a speedy commute to Dominic's job in downtown Manhattan. Now the couple is spending a small fortune to buy and renovate a four-story, 155-year-old brownstone in Jersey City's Paulus Hook historic district, a few steps from the Hudson River.

The Janssens believe the rising economic tide of the 1990s has finally washed up on the river's west bank. They're confident that they're making a good investment, because the ribbon of riverfront that winds from Hoboken's southern boundary to Liberty State Park has been transformed in the past five years from a sparse, blighted, industrial landscape into a burgeoning business district. Janssens concedes it will take some time before the Jersey City waterfront teems with street life—restaurants, shops, and culture—but he, along with developers, real estate brokers,

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# FRONT

and city officials, asserts that this is where things are heading.

"When we first got here, the place was deserted," says Janssens, a 35-year-old managing director of an asset management group for a major European bank. "We went to Manhattan all the time to socialize or to eat out. Now we're starting to become more local. We eat at Komegashi and Newport Cafe, we take our two-year-old daughter to Liberty State Park, and we spend a lot of time in Hoboken." Still, Janssens says, Jersey City remains a frontier. Many sidewalks are broken or lead nowhere, there are few places to shop, and the school district maintains a poor reputation. The Janssens presume they'll send their daughter to private school.

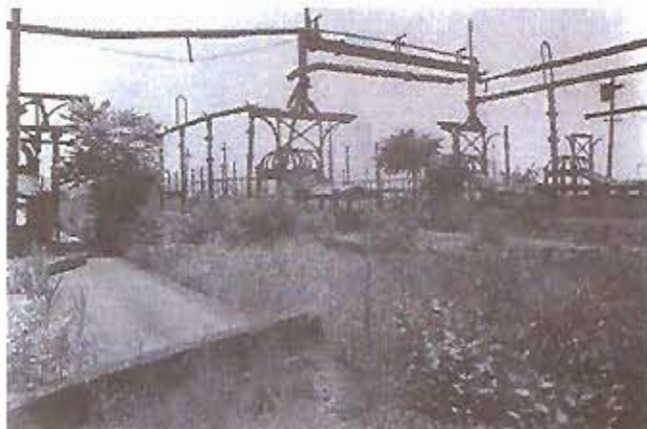
JERSEY CITY'S WATERFRONT OFFERS AN UNFLINCHING EXAMPLE OF PROGRESSIVE and unprecedented economic urban renewal, yet it remains an uncertain work in progress in terms of its social and cultural success. In the shadow of Manhattan, this city of steel and glass that's been dubbed "Wall Street West" has risen from the dust of abandoned railroad yards and shuttered manufactur-

**The Newport complex is one of the crown jewels of Jersey City's Gold Coast.**

ing plants. Jersey City's waterfront is quintessentially a business district, but unlike other financial centers around the nation that remain sterile and lifeless after 5 P.M., this swath of land, developers and city fathers promise residents, will metamorphose into a holistic neighborhood where people put down roots, dine, shop, play, educate their children, and become part of the social fabric.

"Jersey City's waterfront is a fully established central business district, but there are plans on the drawing board for it to be much more," says Emanuel Stern, president and chief operating officer of Secaucus-based Hartz Mountain Industries, a developer that has built two office towers in Jersey City and is planning a third. "Jersey City is becoming an acceptable address. Apartments are being built, but it's still undeveloped for leisure activities. We're not there yet, but we're getting there."

How long it will take to get there is anyone's guess, but barbingers that the waterfront is becoming a more viable community include the Hudson River Walkway—which will span almost twenty miles from Bayonne to Fort Lee marinas, and the



planned Liberty Sports Complex, an indoor athletics facility. Applied Development Company of Hoboken, the developer that has resuscitated the once bankrupt Port Liberty luxury condominium enclave south of Liberty State Park, plans to build Hudson County's first golf course on the property. And Jersey City is abuzz with a new art scene. A revitalized warehouse district is giving artists a new place to live and work, and the Lefrak Organization, builders of Newport, has made a major pledge to the Jersey City Museum on Montgomery Street, which showcases local talent and contemporary works. Slowly, good restaurants, galleries, and boutiques are beginning to open.

Blue-chip giants like Merrill Lynch, American Express, PaineWebber, Chase Manhattan Bank, and Charles Schwab have been lured to "Jersey's Gold Coast," as the area is also known, because of its proximity to New York City, mass transit links—Jersey City is minutes from downtown Manhattan by PATH train or ferry—top-grade technology-ready office buildings, and a raft of tax abatements and business incentives.

To attract venerable New York institutions from across the Hudson, Jersey City took advantage of the state's tax abatement law, and 26 high-rise office buildings, more than 20 apartment buildings, 3 hotels, and a mall have been completed or are under construction. With close to 25 million square feet of planned and existing office space, Jersey City has built more speculative office space in the past five years than Manhattan has, thanks to lower construction costs, abundant land, and cheaper rents.

James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, says, "Jersey City is the most cost-efficient place for doing business in Manhattan." Jersey City—which has become a corporate annex to Manhattan's financial district—has no payroll tax, no city sales tax, no city income tax, no corporate tax, no personal property tax, no tax on unincorporated businesses, and no tax on commercial rent. Companies also can receive a rebate of up to 80 percent on state payroll taxes for up to ten years for new jobs, and they remain exempt from property taxes for twenty years. And the state has designated Jersey City as an Urban Enterprise Zone through 2006, so certified retailers collect just a 3 percent sales tax rather than the 6 percent collected elsewhere in New Jersey.

Old-line Wall Street firms like Lord Abbett & Company, DLJdirect, PaineWebber, and TD Waterhouse have been moving mostly non-revenue-earning operations across the Hudson since the late 1980s, but activity really picked up in 1993 when the

**ABOVE, LEFT TO RIGHT: The Jersey City of the 1830s, then known as Bergen, was a far cry from today's glittering skyscrapers; This area, once a bustling passenger rail-road terminal, was overtaken by weeds after train travel declined in Jersey City. It's now the site of the burgeoning Newport complex.**

economy began rebounding from the recession. And the activity shows no sign of abating, city officials say, despite hints of another recession. Technology, pharmaceutical, media, and telecommunications companies, too, are discovering Jersey City. They're eager to pay rents averaging \$26 to \$35 per square foot for Class A space vs. \$40 to \$100 in Manhattan. Commercial rental costs in Jersey City have risen 10 percent annually over the past three years but remain up to 50 percent lower than those for space across the Hudson.

To support the city's growing workforce, nearly 5,800 residential units have been built and 13 housing projects proposed, with more than 10,000 total units planned. The current vacancy rate is under 1 percent, and the surging demand for housing has created a highly competitive real estate market.

Brownstone neighborhoods in downtown Jersey City such as Paulus Hook, Van Vorst Park, and Hamilton Park are reaping the spoils. Mark Steinberg, president of the Park Hamilton condominium association, says that people often express interest in buying his building. "Jersey City is becoming the place to live,"

Steinberg says. "People are realizing there's more to the metro area than the five boroughs." One brownstone in Hamilton Park sold for \$190,000 four years ago, he says. A year and a half later it sold for \$315,000 and last summer it went for \$420,000.

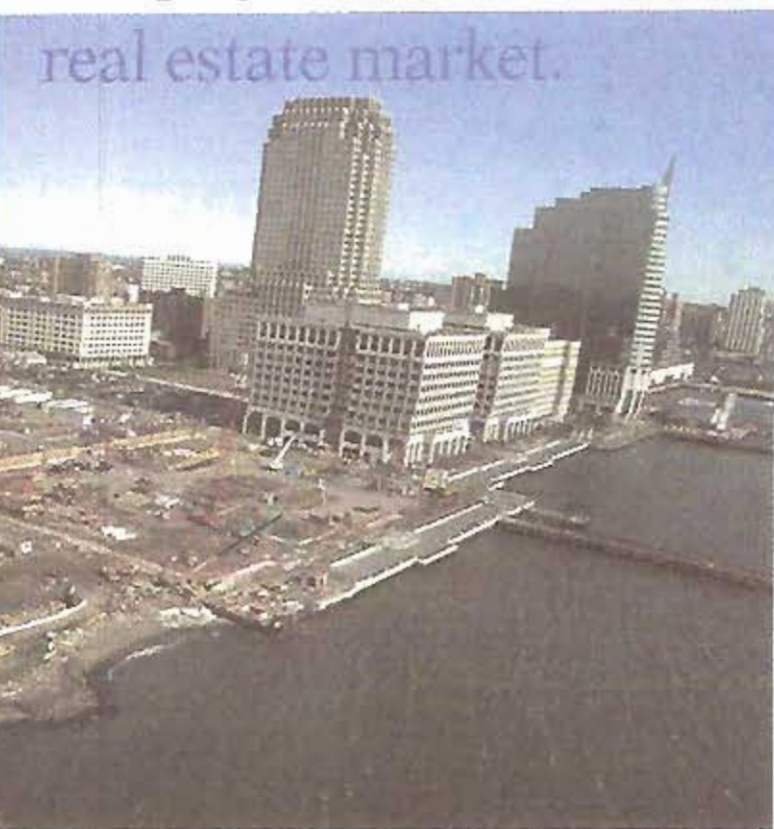
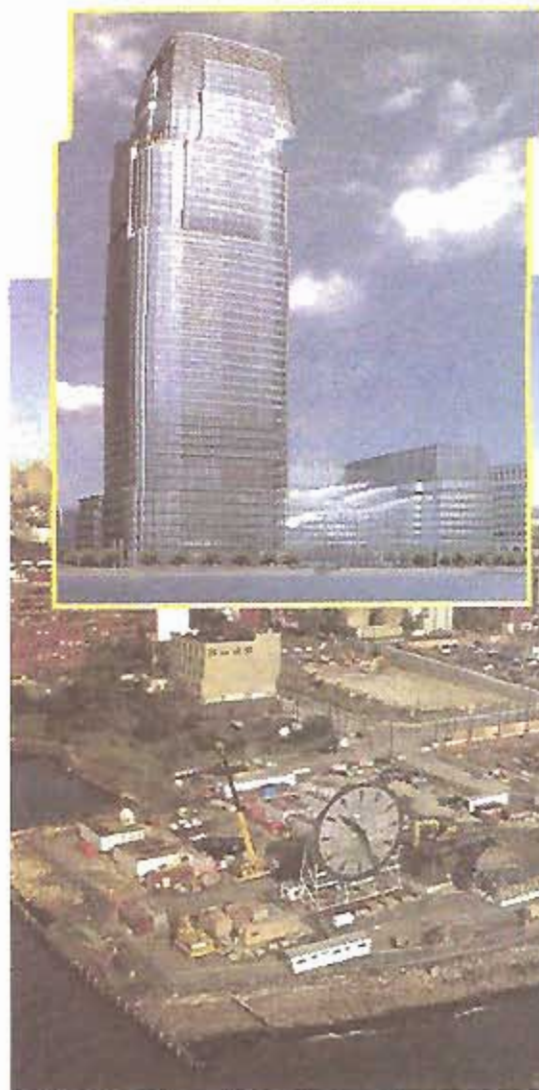
Once classified as one of the state's Big Six ailing urban centers, Jersey City is the only one experiencing a true renaissance. Camden, Trenton, Paterson, Newark, and Elizabeth have had more modest and scattershot successes. Among the Big Six, Jersey City accounted for 90 percent of new jobs in 1999. It also leads the way in new construction, population growth, and gains in per capita income. City officials say that if it continues to grow at this pace, Jersey City's population will likely surpass Newark's in the next few years, which would make it the state's largest city.

STEP OUT OF THE EXCHANGE PLACE PATH STATION ON ANY GIVEN WORKDAY and Jersey City resounds with drumming jackhammers and clanking cranes. Ferries ply the Hudson River. The smell of commerce wafts along the briny river as business people scurry, some hunched against the wind, walking from tower to tower or from buildings to trains, ferries, or the new Hudson-Bergen light rail stations. From Newport's complex of office, residential, and commercial buildings to the north down to the former Colgate-Palmolive factory site in the south, where Goldman Sachs is constructing what will be New Jersey's tallest building, and from the banks of the Hudson River west to Marin Boulevard, downtown Jersey City is a patchwork of fenced construction sites whose

PHOTOGRAPHS: (LEFT) COURTESY OF THE JERSEY CITY HISTORICAL SOCIETY; (RIGHT) COURTESY OF THE JERSEY CITY ECONOMIC DEVELOPMENT CORPORATION

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The surging demand  
for housing has created  
a highly competitive  
real estate market.



hundreds of acres of dirt wait to be replaced with office towers, lofts, condominiums, and turn-of-the-century-style brownstones. For now it's hard to imagine how the puzzle pieces will all come together or whether there ever will be enough greenery and weekend foot traffic to soften the edges.

Peering south along the Hudson to New York Harbor, you can't miss Lady Liberty, proudly bearing her torch. She's a constant reminder that communities evolve as they receive new waves of inhabitants who mold the landscape as if it were raw clay. Here, three major developers—the Lefrak Organization, Mack-Cali Realty Corporation, and Hartz Mountain—have reshaped a barren wasteland into a thriving oasis.

"We've taken the smokestack and replaced it with Nasdaq," says Sam LeFrak, patriarch of the Queens-based Lefrak Organization. "Jersey City's waterfront was the region's most strategic piece of land. It was populated by junkyard dogs. Today the waterfront is a miracle."

Many ultimately credit the waterfront revival to two developers who dared to dream. In 1982, ignoring warnings of doom and gloom from economic prognosticators who said the city's waterfront would never attract tenants, Michael Sonnenfeldt and David Fromer bought an old terminal, built in 1929 for the Pennsylvania Railroad. They converted it into top-flight office space and called it Harborside Financial Center. (It's now owned

**ABOVE: An aerial view of construction at the former Colgate-Palmolive site, future home of Goldman Sachs's 30 Hudson Street (inset), which, at 55 stories, will be the state's tallest building.**

by Mack-Cali.)

Jersey City's first age of glory peaked in the decades before World War II, when it was a heavy-manufacturing center, and it's taken more than a half-century for the waterfront to experience a renaissance. Once occupied by the Leni-Lenape, the marshes and rolling hills that would become Jersey City were settled by Dutch farmers in the 1630s. German, Irish, and Italian immigrants later found factory work at Chloro, Colgate, and Dixon, the pencil maker. The single biggest employer was the railroad, whose national network ended at the Hudson, until 1911, when the Pennsylvania Railroad built the first tunnel under the river, rail passengers transferred here for ferries to Manhattan or trolleys that took them elsewhere in Hudson County and beyond. Most of the railroad companies went bankrupt by the early 1950s, leaving behind a matrix of train tracks and vacant buildings.

From the 1950s to the early 1980s, Jersey City lost 75,000 residents and 9 percent of its workforce, earning a reputation as a derelict urban center racked with unemployment, crime, and a poor school system. Mayor Bret Schundler, a Republican currently running for governor, says that Jersey City's waterfront revival has benefited the entire city. New development in tax-abated buildings at the Colgate Center, Newport, and other sites on the waterfront already has added \$53 million to the city's

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## Jersey City

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\$100 million in tax revenue, and wide-spread development is expected to nearly double the city's 100,000 jobs to 180,000 by 2010. When Schundler took office in 1992, unemployment in Jersey City was at 13.7 percent. Today, though still higher than the national average of 4 to 5 percent, it has dropped to 7.1 percent; the city now boasts an estimated 14,500 new jobs, with the majority located along the waterfront.

But critics grouse that white-collar relocations from New York City account for most of the new jobs. Schundler disputes that, saying many blue collar jobs have been created and represent opportunity for Jersey City's working-class population. "We don't have an exact handle on how many Jersey City residents have taken newly created jobs, but the waterfront has created a blue-collar base," says Schundler. "These companies have created demand for mail-room workers, caterers, taxi drivers, security guards, telephone operators, and other support staff."

In contrast to the first wave of relocations, financial institutions have begun to send their revenue-earning departments rather than back-office operations to Jersey City's waterfront, a nod to the city's maturity as a financial district. Chase Manhattan plans to lease 1.1 million square feet of space to relocate 2,000 employees to two buildings slated to open at Newport in 2002. Charles Schwab & Co. plans to lease more than 575,000 square feet for its capital-markets and trading unit in a new waterfront tower at Harborside Financial Center. At 30 Hudson Street, on the ten-acre former Colgate-Palmolive site, Goldman Sachs is building a Cesar Pelli-designed two-building complex slated to open in 2003 for its front-office operations. (Pelli designed the World Financial Center in Battery Park City and Carnegie Hall Tower on 57th Street in Manhattan.) The first building is expected to house Goldman Sachs's investment management division and will be connected to the second building by an atrium area filled with shops and restaurants.

Bringing in front-office operations, run by executives earning six- and seven-figure salaries, will be the greatest catalyst for Jersey City's transformation from a business district into a community where people will buy homes and raise families, city planners say. But skeptics believe

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sey City's sub-par school district, coupled with the area's scale and density, will encourage a sense of community. Others think it's only a matter of time before fabric of work and life knits together. "When you move large groups to a site, change can be difficult," says Kathleen M., a spokeswoman for Goldman Sachs Group Inc. "It's important that employees integrate effectively into the area as quickly as possible."

Residential real estate agents say they are seeing a strong demand for high-end properties, and supply cannot meet it, especially for waterfront condominiums. To date, nearly 90 percent of residential waterfront property is rentals;

Katz, a sales associate for Coldwell Banker Residential Realty, estimates that waterfront has about 4,000 residential units versus about 500 condominiums that include 70 new ones at the Colgate or House, a cen-

-old brick shell at the corner of Essex and Washington streets being converted into luxury units. Rental costs for waterfront properties have climbed steadily. A typical 900-square-foot one-bedroom apartment today rents for about \$2,000 a month, up about 20 percent from a year ago. Two-bedroom rentals also have increased nearly 20 percent, now averaging about \$2,500 a month, Katz says. Competition in the condo market is fierce. Downtown Jersey City has only two waterfront condominium complexes—the James Monroe building at Newport and Remont Cove at the Morris Canal. The Sugar House will add a third. As more and more high-end renters discover the joys of living in downtown Jersey City, the demand for high-end condos continues to increase exponentially," says Katz. "Many of these people are looking for high-rise buildings with amenities such as a doorman, concierge, health club, and valet parking, and they're willing to pay for such conveniences." A one-bedroom condo today costs about \$300,000, a 50 percent increase from 1999. Two-bedroom apartments have increased a whopping 60 percent, selling for about \$400,000 at press time.

RAM D. KHETANI AND MEETA BHATT BELIEVE the Jersey City waterfront. The couple decided it would be a good place to live. Says Khetani, an associate director of

Warren Township, while his wife, a physician, works in Manhattan. They rented a three-bedroom apartment four years ago for \$1,600 a month. A year later they purchased a three-bedroom condo in the James Monroe Building for \$200,000. Recently, they traded up and bought a 2,200-square-foot duplex in the same building for \$505,000 and rented out their condo for \$2,700 monthly. "I think Jersey City has a very bright future," says Khetani. "Right now, we still prefer to go to Manhattan or Hoboken to eat or shop, but we do think of Newport as a neighborhood."

The waterfront's prospects of becoming a more dynamic social entity depend upon visionaries. In 1993 Stephen J. McIntyre, a globe-trotting textile magnate, trusted his

## Supply can't meet demand for waterfront condominiums.

instinct and bought a corner building on Greene and York streets. There he opened the Iron Monkey, one of the waterfront's few white-linen restaurants.

The Iron Monkey isn't easy to find, especially if one is wandering the waterfront streets on a desolate Sunday. But the restaurant has developed a following. "For the first time since I've opened, I may actually turn a profit," says McIntyre. "There has been a big change in this area. We're starting to see regulars coming in three to four nights a week." On a recent Sunday afternoon, the Iron Monkey, with its dark-wood interior, tin ceiling, and frosted windows, was filled with brunching patrons. The polyglot crowd lingered over goat cheese omelets and poached eggs Florentine. One couple punched their Palm Pilots after their meal.

Hotels are a new addition to the Jersey City waterfront. Since 1998, three hotels have been built and three more are planned. The Doubletree Club Suites and the Courtyard by Marriott, both on Washington Boulevard, and the Candlewood Suites Jersey City on Second Street all cater to the business crowd. Rooms cost about \$200 a night during the week. Mack-Cali, in a joint venture with Hyatt, plans to open a 350-room full-service hotel on the South Pier adjacent to the Exchange Place PATH station in 2002. Based on renderings, the Hyatt will look like an old steamship docked at port. The

sest restaurant, a bar, and a lounge.

A Hilton hotel is scheduled to be built on the northern edge of the Morris Canal Basin adjacent to Liberty Harbor North, a planned waterfront community designed by world-famous architect Andre Druany that will have 6,000 residential units, retail space, and office buildings. The Lefrak Organization also plans to build a luxury hotel, on Washington Boulevard at Newport.

"Fifteen years ago Jersey City's waterfront was still the butt of jokes," says Arthur Imperatore Jr., president of Arcorp Properties of Weehawken, which runs New York Waterway Ferry Service. "Today there's a new sense of pride and optimism about the place. It will take some time before it transforms into a fully integrated community, but it will." Imperatore recalls his experience of living at Battery Park City when it was first developed. "Once people became

involved in civic activities, once they got more involved in recreation and local issues, they developed a greater sense of community."

Imperatore says that ferry ridership—the company operates four ferries between Jersey City and lower Manhattan—has increased 10 percent annually for the past five years. The company plans to begin ferry service from Jersey City to midtown Manhattan by the end of this year.

Nearly a decade ago, Sam Cintron opened a fine-art gallery on Jersey Avenue abutting the waterfront. To survive, Cintron sold art supplies and offered custom-framing services; there wasn't a strong enough market for art buyers. Today the Palette/Sam Cintron Gallery sells mostly paintings and sculptures by the likes of Duda Penteadó, Orlando Cuevas, and pop artist Ron English. The works range in price from \$1,200 to \$15,000.

"People kept telling me this was going to happen, and I put my faith in Jersey City," says Cintron. "I wondered if I needed to be in Manhattan to sell fine art. Today I'm very hopeful. As the waterfront becomes known, people are starting to flock here. Now I believe that I can stay here. I see a future for my business and for my kids." J

Tina Traster is a writer living in New York