

Getting on track: Successful rental project, flood control measures spur new interest in Bound Brook

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4/12/2017

Bound Brook Borough Council President Abel Gomez, pictured at Meridia Main Street Station, said the 240-unit luxury rental project has encouraged other developers to move forward in the downtown. — All photos by Mary Iuvone

By Joshua Burd

In the borough of Bound Brook, the five-story, white and brick building known as Meridia Main Street Station has become something of a beacon for a downtown that has fallen on hard times.

It's certainly a welcome sight for Borough Council President Abel Gomez, but he said the project's true impact is something that can't yet be seen or felt. The high-end apartment community by Capodagli Property Co. has filled nearly all of its 240 units since opening in late 2014, creating the assurances that are now drawing other developers to what had been an unproven market.

"He's the guy that planted the flag," Gomez said of the firm's owner, George Capodagli. "He built it and they came, and now we have four other guys who said, 'Oh, wait — it works. Your building is full and you're making money.' And the single greatest effect that that building has had was this opening of everybody's eyes to what Bound Brook really is."

The project is one of two driving forces that now have the borough ready to move ahead with a long-overdue revitalization of its downtown. Bound Brook, whose Main Street has a history of being pummeled by surges from major storms, marked the completion last year of a \$143 million flood control project — meaning downtown business and property owners no longer need to spend thousands of dollars on flood insurance.

For the Meridia project, executives with Capodagli say the flood insurance had cost about \$100,000 annually. But that's no longer a requirement now that the flood control measures are in place.

Developers have indeed come calling.

The Somerset County town now has a pipeline that includes at least four projects comprising some 450 new apartments around its rail-connected Main Street. They include new mixed-use development at the site of a former gentlemen's club, a second Capodagli project and plans for a 105 apartments and retail space at the site of what is now the Bound Brook Hotel.

"I think everyone looks at Capodagli and the fact that he filled up 240 units," said George Gnad, a capital markets broker and principal with Avison Young, who is marketing the hotel site for an equity and development partner. "They look directly at the rents and those rents pencil out in the current environment to get these second and third and fourth projects done."

The timing is auspicious for Bound Brook, as developers increasingly seek opportunities outside of New Jersey's largest cities. That search has brought them to suburbs that have train stops and downtown business districts, where they can replicate the walkable, urban lifestyle that has been successful in places such as Hoboken and Morristown.

Bound Brook, a town of about 10,500, has a stop along NJ Transit's Raritan Valley line and a location less than 10 minutes from major highways, malls and other amenities. Yet its downtown has grown tired in recent decades, due in part to the floods that have crippled Main Street during storms such as Tropical Storm Floyd in 1999 and

Hurricane Irene in 2011.

Efforts to prevent those floods in Bound Brook and more than a dozen other municipalities, within what's known as the Green Brook Basin, go back more than four decades. But the U.S. Army Corps of Engineers never actually began construction until 2000, and the project has had to endure ebbs and flows in federal funding until ramping up about a decade ago.

It's why business owners and residents rejoiced last summer when they marked the completion of the Bound Brook phase of the flood control project. Today, the borough is protected by a \$143 million system of levees, floodwalls, floodgates and a pumping station. What's more, downtown business and property owners as of July 18, 2016, no longer needed flood insurance.

The Green Brook Flood Control Project was still far from complete when Capodagli Property Co. arrived in town in 2011. CEO George Capodagli said "it was a leap of faith" at the time, noting that banks were reluctant to lend for Meridia Main Street Station, a \$30 million project on the east end of the thoroughfare.

Ultimately, though, "it turned out to be a very good thing," he said. Local officials have been supportive of redevelopment and residents have responded, even before the completion of the flood control project. The Meridia building is now more than 90 percent leased.

"They're people that want to see things happen," Capodagli said. "It's a lot easier to work with people that are committed and willing to do the work in helping you, so it's been a great relationship for us."

The Linden-based firm, which no longer needs flood insurance for the Meridia property, recently gained approval for a second project on West Main Street with about 175 units and 3,800 square feet of retail space. Capodagli has started demolition at the site, which is near a commuter parking lot at the train station, and is also planning a self-storage project in the borough.

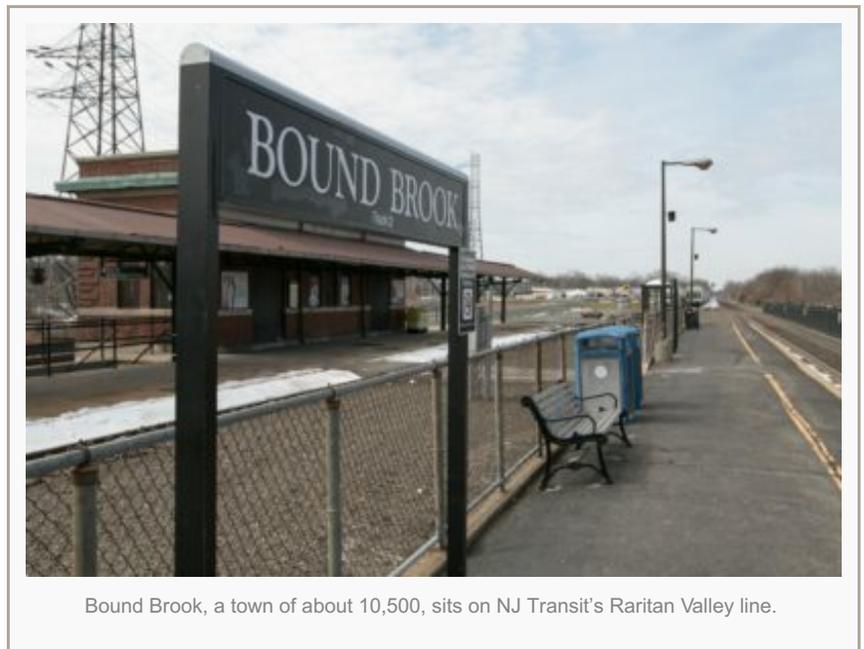
Gomez credited Capodagli for investing so early, noting that the completion date for the flood control project was pushed back several times. Those developers that have come after had the benefit of seeing it reach the finish line.

Gnad, the Avison Young broker, has seen the response from investors. Last year, he brokered the \$1.6 million sale of the former Ooh La La's Gentlemen's Club at 7-15 West Main St., which is now part of a site that will include a first phase of 60 units. The developer, Reynolds Asset Management, has also purchased the liquor license and plans to have street-level restaurant and retail space.

Gnad is now marketing another opportunity in town just across from the Meridia building, an approved 105-unit project at the site of the historic Bound Brook Hotel. He is working on behalf of the project's sponsors — Matthew



George Gnad



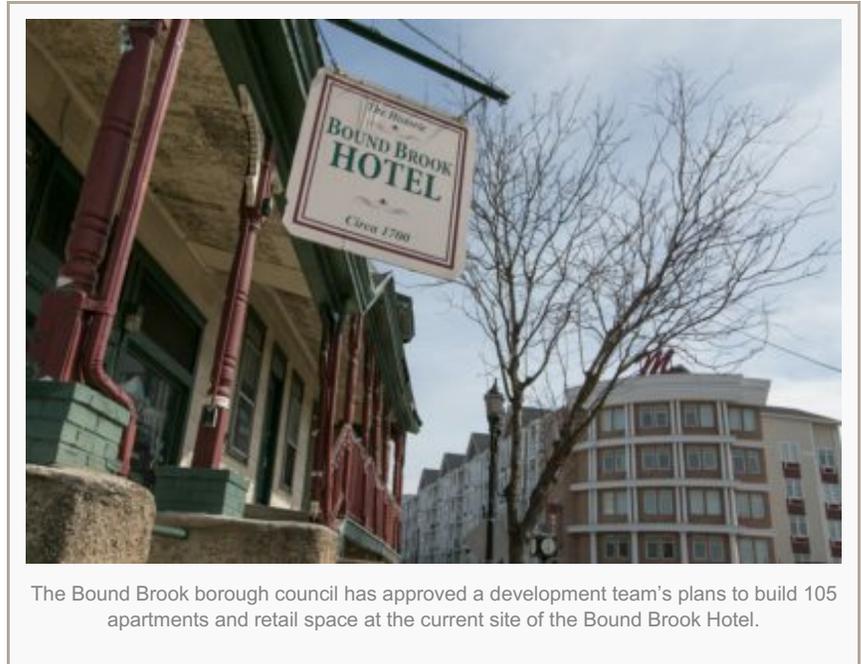
Bound Brook, a town of about 10,500, sits on NJ Transit's Raritan Valley line.

Jarmel and Livingston-based Mercorem LLC — who are seeking a co-general partner “who will bring the expertise as well as the capital to go vertical.”

“Having Capodagli at the east end of town as an anchor has been a big draw, from my perspective, in trying to bring new developers into town,” Gnad said.

Gomez, meantime, pointed to a fourth proposal that would bring 108 units to the corner of Main Street and Columbus Place. A similar project at the site never came to fruition after being approved nearly a decade ago, he said, but borough officials are now working with a new developer to move those plans forward.

Attracting that investment has been a long time coming for Bound Brook. Gomez said he believes “the light went on about 10 or 12 years ago, when the borough decided to put together a redevelopment plan.”



“A lot of these buildings back then were just a hope, but we bring Capodagli here and started placing some flags in that development plan,” he said. “And now we have five flags.”

Filling in the gaps

Borough officials in Bound Brook know it's not enough to simply attract new multifamily development to their downtown. They hope that the completion of those projects and the infusion of new residents will cause existing business owners to respond.

“We completely understand the need and the lack of services in the downtown,” Gomez said. “Right now there's a huge gap between the services that are offered and the services that are required.”

It's why the borough more than two years ago created a special improvement district known as the Bound Brook Revitalization Partnership. And a lack of services downtown was one of the main issues that emerged in a recent survey by the organization.

So as the borough now fills its redevelopment pipeline, Gomez said the organization has two major goals. The first is business recruitment to help fill around 10 vacant storefronts in the downtown with the services that will help “create a walking environment,” such as convenience stores, pharmacies and new restaurants.

“Step two: Make sure that the businesses that are here can thrive,” Gomez said. “Give them the support, bring in organizations ... that help small businesses really optimize who they are and what they do and help them say, ‘Well, what are we doing wrong?’ and correct those.

“Most mom-and-pops are technical and not very business-savvy,” he added. “Everybody knows how to make great food, but doesn't know the financing part of the equation.”

Gomez said it's important that “existing business owners who have weathered the storm” are successful, adding that “we want to be able to return that money a thousand times over.”



The success of Meridia Main Street Station, a 240-unit luxury rental project in downtown Bound Brook, has encouraged other developers to move forward in the downtown.