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NY REAL ESTATE COMMERCIAL

Jersey City's Housing Boom Expands

New Residential Construction Has Spread to Downtown and Journal Square



Kenneth Pasternak stands on the roof of the old Jersey Journal headquarters building that he plans to redevelop with Kushner Cos. *PETER GRANT/THE WALL STREET JOURNAL*

By **ROLAND LI**

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Jersey City's residential construction boom is spreading beyond its waterfront area to neighborhoods farther inland where planners and developers have long dreamed about

building with little to show for it until now.

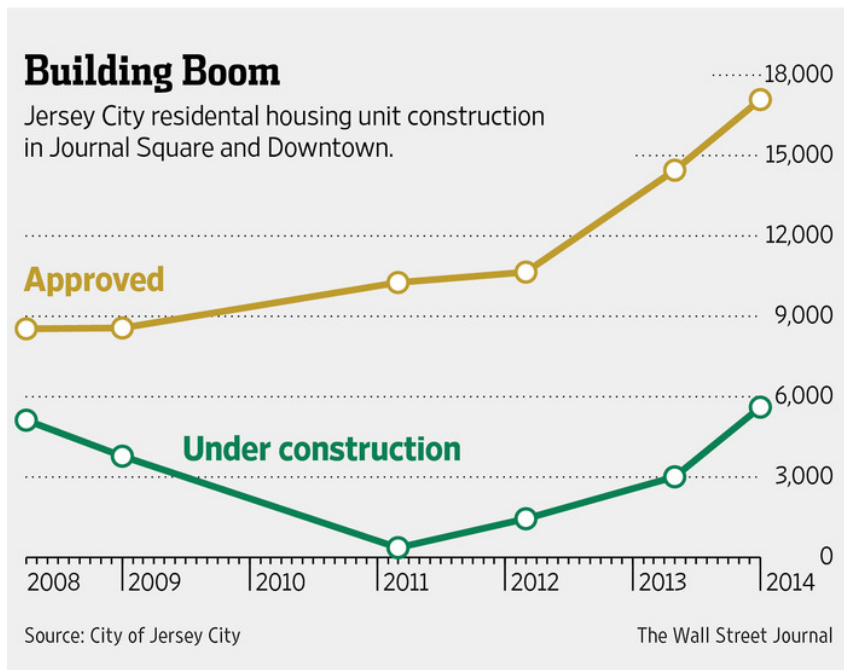
In August, for example, Kushner Real Estate Group and National Real Estate Advisors broke ground on the first of three planned towers at a giant development in Journal Square, known as Journal Squared, which will have a total of 1,840 units and 36,000 square feet of retail. Builders are currently excavating and underpinning the project's foundation.

"We really believe in the market," said Jonathan Kushner, president of Kushner Real Estate Group, citing Jersey City's transit options and growing night life.

Also in the Journal Square area, renters will soon start moving into Kennedy Lofts, a converted office building. There is already a waiting list forming for the units—which run from \$1,500 a month for a studio to \$2,100 for a two-bedroom, says Heriberto Camacho, with Keller Williams City Life Realty.

Other Journal Square projects are close to moving forward. A venture of developer Kenneth Pasternak and Kushner Cos.—a different branch of the Kushner family—are planning to convert the building that used to house the Jersey Journal, into a mixed-use project including rental apartments.

That same group also is purchasing a huge site across the street from the Journal building. It is approved for a tower that could soar 60 stories.



"We see some of the same dynamics of Brooklyn here at half the price point," said Mr. Pasternak, whose real-estate company is named KABR Group.

Overall, Jersey City is seeing a record level of new apartments being built. There are 5,609 units this year under construction in the Journal Square and downtown areas compared with 3,009 last year and 5,122 in 2008, which had

been the peak year until now, according to statistics provided by the mayor's office.

Jersey City is being bolstered by its proximity and convenient transit options into Manhattan, including the ferry and PATH train. Also, like many other urban areas throughout the country, Jersey City is attracting young people as more rural parts of the state have shed jobs and lost population, said James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University.

"Millennials don't want to work in suburban office campuses," said Mr. Hughes. "They want edgier environments."

Until recently, the Jersey City waterfront area, and its downtown just to the west, was the prime beneficiary of the Manhattan spillover effect. Developers have built thousands of apartments and millions of square feet of office space to house Wall Street titans like Goldman Sachs Group Inc. and J.P. Morgan Chase & Co.



Cousins Anthony Carrino and John Colaneri at the Telco building, which their family is redeveloping. *PETER GRANT/THE WALL STREET JOURNAL*

New towers are being built near the waterfront by developers including the Kushner-Pasternak group and a venture of Ironstate Development Co., and Mack-Cali Realty Corp. Numerous new restaurants and bars are popping up in the downtown area including Barcade, an offshoot of the Brooklyn pub, and Thirty Acres, run by a former chef of popular noodle restaurant Momofuku.

"Even 12 months ago, you didn't see the activity in the street that you do now," says Anthony Carrino, whose family is converting the Telco building into 16 loft apartments and two restaurants featuring chef Dale Talde.

But in this boom, development also is spreading inland to neighborhoods that used to be

associated more with urban problems than upscale eateries.

One reason for this is that Jersey City Mayor Steven Fulop, who assumed office last year, has made it a priority to attract more development in areas outside the waterfront. He overhauled the city's tax-abatement program by creating a tier system that restricts the length of tax abatements to a maximum of five years for waterfront developments.

More-inland Jersey City neighborhoods can have tax abatements lasting up to 20 years, while new properties in the Journal Square area can have abatements lasting up to 30 years. "We've been proactive in encouraging people to invest in other parts of the city," Mr. Fulop said.

Jersey City neighborhoods that are further inland also are benefiting from an expanding arts scene. Earlier this year, city officials said that AEG Live, a company that books talent, will manage the Loew's Jersey Theatre overlooking Journal Square and that \$30 million to \$40 million would be spent to overhaul the aging venue.

Mana Contemporary, in converted factory and warehouse space that is off-the-beaten path in Jersey City, also has created a buzz in the arts world. It is a 2-million-square-foot complex of artists, studios, galleries and exhibition space that was developed by Moishe Mana, who is best known for his moving and storage businesses.

In August, Jersey City developer the Shuster Group opened leasing at the Art House, a 119-unit building with paintings for sale displayed throughout the hallways, in the historic Powerhouse Arts district. The building is close to 50% leased, with rents starting at \$1,995 a month for a studio.

"There's a lot of forces bringing new population into the area," says Eyal Shuster, founder of the Shuster Group.

Corrections & Amplifications

Kushner Real Estate Group and National Real Estate Advisors broke ground on the Journal Squared project. An earlier version of this article incorrectly stated that the venture included National Realty Advisors. (Sept. 23, 2014)