

NEWS FROM *The New York Times*

Along Rt. 110, Industrial Buildings Become Offices

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Published: June 18, 2000

MELVILLE— THE 202,000-SQUARE-FOOT industrial building here at the intersection of Broad Hollow and Baylis Roads is scheduled to join a growing number of similar buildings in the Route 110 corridor that have been converted to prime office space.

The Marcus Organization of Hauppauge is in contract to buy the building -- the address is 515 Broad Hollow Road -- and it intends to rename it Melville Center. The closing is to take place in the fall after two of three leases held by current tenants expire, and plans are to redo the facade and to renovate the interior to suit the new tenants as leases are signed. The entire project is expected to be completed in the first quarter of next year.

Lambda Electronics, which occupies 65,000 square feet, has another nine years to go on a 10-year lease. Meanwhile, two other leases, one held by a warehouse operation and the other by a travel agency, expire this summer, freeing 137,000 square feet. New tenants are expected to include high-technology companies and financial and other services companies seeking large blocks of prime space. Annual asking rents will be \$23 a square foot, not including electricity.

Route 110, which is known both as Broad Hollow Road and as it runs northward as Walt Whitman Road, is fast becoming one of Long Island's premier office centers. Strategically situated just east of the Nassau County line, the thoroughfare is a major north-south link between the Northern and Southern State Parkways and the Long Island Expressway.

The conversions of industrial buildings to offices have helped transform the corridor from a largely industrial area to one attracting major commercial banks, financial services companies and accounting firms, among others. A number of corporations have their headquarters here, including North Fork Bank; Olympus America, a subsidiary of the Japanese camera and optical company; and Sbarro, the Italian restaurant chain.

To further establish the area as a major business center, the Towns of Huntington and Babylon have set up the Route 110 Development Corporation. "We want to promote the

corridor as the corporate and high-technology address of preference on Long Island," said Frank P. Petrone, the Town of Huntington supervisor. The year-old development corporation is currently exploring ways to address the traffic problems that growing numbers of office workers are causing.

Because vacant land is hard to find in the corridor, developers have been seeking out industrial buildings for renovation to offices. Conversions are permitted under the industrial zoning as long as the buildings have sufficient land to meet the much more stringent parking requirements of an office building, usually four parking spaces for every 1,000 square feet of office space, instead of two parking spaces for every 1,000 square feet of warehouse and manufacturing space, said Richard Machtay, Huntington's director of planning.

CONVERSIONS currently under way will add over 600,000 square feet of prime space over the next six months to the existing 2.8 million square feet of Class A inventory within the corridor, according to figures supplied by the research department of Cushman & Wakefield of Long Island, the Melville branch of the international brokerage company. It defines Class A space as well-located, well-managed newer buildings with amenities. Direct vacancies in Class A buildings in the corridor -- space available directly from landlords -- now stand at 12.3 percent, Cushman & Wakefield said, and rents average \$27.84 a square foot.

Conversions under way also include the 149,000-square-foot Melville Corporate Center at 1 Corporate Center Drive, at Maxess Road. There, the T. Weiss Realty Corporation of Melville is almost doubling the size of the industrial building that at one time housed Ebinger's Bakery and more recently a distributor of electronics parts.

The structure has been gutted to its foundation and steel skeleton. When completed in December, the new glass curtain-wall building will have a three-story atrium, a cafeteria, a conference center, a health club and other amenities. Asking rents are \$25 to \$26 a square foot, plus electricity.

At 6 Corporate Center Drive, the We're Group of Jericho is renovating and expanding a 35,000-square-foot warehouse into 85,000 square feet of offices. The adjoining 120,000-square-foot office building at 8 Corporate Center Drive will remain. It is currently occupied by NEC America and the State Insurance Fund. The new addition, which is scheduled to be completed in August, has asking rents of \$23 a square foot, plus electricity.

Bennett Rechler, one of the principals in the We're Group, said that a lease for 18,000 square feet has just been signed with the Health Management Corporation of America, a division of the Fonar Corporation, a maker of magnetic resonance imaging equipment.

And at 50 Marcus Drive, the Reckson Associates Realty Corporation of Melville, a real estate investment trust, is converting an industrial building into a 169,400-square-foot office building that it has named the Melville Technology Center. The project is expected to be completed early in October. Asking rents are \$23.50 a square foot, plus electricity.

At the Melville Center building on Broad Hollow Road, Jonathan Marcus, the director of finance and acquisitions at the Marcus Organization, said, "Our tenants will be able to incorporate amenities that meet their needs in their own space."

MELVILLE CENTER, a \$30 million project, is to be leased to no more than four tenants so that each will get its own entrance to the building, said Arnold Marcus, Jonathan Marcus's father and the president of the 35-year-old Marcus Organization, an industrial and commercial development company. As a consequence, he said, there will be no loss factor -- space taken up by shared corridors, lobbies and elevator lobbies, which typically account for about 10 percent of the space leased by a tenant. Thus a tenant requiring 50,000 square feet would have to lease 55,000 square feet in a building with a 10 percent loss factor, Mr. Marcus said.

Theodore A. Stratigos, a senior director at Cushman & Wakefield of Long Island, which is handling the leasing at the building, said there has already been a great deal of interest from prospective tenants because 50,000-square-foot blocks of space have not been available directly on Route 110. Negotiations are under way with several companies, one of which is interested in leasing the entire building, he said.

Glass and aluminum panels will replace the brick facade. Ceiling heights of up to 14 feet will provide opportunities for flexible spaces. Interiors will be designed according to the needs of individual tenants by James Acunto Interior Design of Hauppauge. The Bilow Group of Ridgefield Park, N.J., is the architect for the renovation.

Although the amount of new space coming to the Melville market will raise vacancy rates, developers say they are not worried about filling their buildings.

Ted Weiss, the president of T. Weiss Realty, the developer of the Melville Corporate Center, said that leases for 40,000 square feet had already been sent out for signing, and

negotiations were under way with a tenant interested in taking up to 60,000 square feet on the second floor that will be added in the renovation.

The building, which Mr. Weiss bought in February, will get four new elevators, and there will be two wings flanking a central core containing an atrium, restaurant and other amenities. The building will have high-speed Internet connections, and a multimedia center for teleconferences can be rented by tenants.

All that remains of the original building is the foundation and the structural steel. "What you will see will be all new," said Robert C. Tast, the branch manager of the Garden City office of the Sean-Brown Group, the architect in charge of the renovation.

A 25,000-square-foot portion of the first floor is being reserved for incubator space for start-up companies with promising growth potential. T. Weiss Venture Capital, a subsidiary of T. Weiss Realty, will provide rent-free space and support services in return for a financial interest. Suites in the fully equipped and furnished offices can be as small as 100 square feet and as large as 2,000 square feet.

Mr. Weiss, whose company will own 600,000 square feet of offices in Nassau and Suffolk once the Corporate Center Drive building is completed, has specialized in converting industrial buildings to offices. In fact, 11 of the 12 buildings in his company's portfolio are such conversions.

The company's headquarters at 532 Broad Hollow Road are in a former warehouse that Mr. Weiss converted five years ago into 83,000 square feet of first-class offices. He has also created offices out of a pool hall, a dog-grooming parlor and a lumberyard.

The former bakery on Corporate Center Drive in Melville was made to order for him, Mr. Weiss said. "I saw this partly occupied industrial building in a premium location just calling out to be an office building," he said.

Photo: Jonathan, left, and Arnold Marcus plan to turn this industrial building into offices. Theodore A. Stratigos, right, will handle the leasing. (Vic DeLucia/The New York Times)
Map of Long Island shows the location of Melville.