

Managing Success: CenterPoint Properties' Resources and Responsiveness on Display with New Jersey Distribution Facility

Executive Summary

The northern New Jersey market has quickly become an industrial real estate haven thanks to a combination of trade and transportation forces, such as retailers' push for same-day delivery and pending improvements to the Panama Canal and Bayonne Bridge. Realizing the region's potential, CenterPoint Properties has committed to expanding its New Jersey portfolio over the last few years.

In December 2010, CenterPoint invested in one of its first New Jersey properties, a distribution facility located at 30-100 Pulaski Street in Bayonne. Despite its strategic location near the Port of New York and New Jersey and access to East Coast population centers, the over 40 year-old building required a number of interior and exterior repairs. Throughout 2011 and 2012, CenterPoint rehabilitated the facility, overseeing updates that would elevate the site to Class B property standards.

This case study highlights CenterPoint's ongoing management of 30-100 Pulaski, illustrating the firm's dedication to tenant efficiency, safety and communication, particularly during a time of crisis.

Leading a Long Overdue Renovation

30-100 Pulaski is a 288,012 square foot facility that sits on more than nine acres of land. The property boasts 23-foot ceiling heights, 42 exterior and 20 interior docks to accommodate multiple tenants' logistics needs. Much of the facility's value, however, stems from its proximity to critical transportation infrastructure.

This well-outfitted building is located at the entrance to the Global Container Terminals and less than 10 miles from the Port of New York and New Jersey, granting tenants access to national and international freight and shipping lanes. Positioned within a one-day drive of multiple domestic population centers, 30-100 Pulaski tenants can significantly save on shipping times and associated expenses.

When CenterPoint acquired the property in late 2010, the facility housed four tenants, in addition to a rooftop centralized solar generation system contracted by Public Service Electric & Gas.¹ Still, this aging building proved to be in dire need of maintenance. For almost two years, CenterPoint's operations, risk management and construction teams collaborated with the existing tenants to plan a sweeping restoration of the facility's interior and exterior, which would update the property to Class B standards. This maintenance included re-facing the building, resurfacing the facility's floors and parking lot, renovating the docks, replacing light fixtures and overhauling overhead doors.

Winter Storms and a Roof Crisis Put Property Management to the Test

In February 2013, after months of an already tumultuous winter, a nor'easter brutalized the East Coast, dumping over 10 inches of snow in the New York region and knocking out power to more than 10,000 residences and businesses.² Weeks' worth of heavy snow accumulation on the roof of 30-100 Pulaski was exacerbated by winter storm "Nemo," leading part of it to collapse.

On February 14, 2013, CenterPoint's regional property manager was warned that the property's roof was in danger of collapsing, and immediately ordered the building's evacuation. Shortly after the tenants exited the facility, 10,000 square feet of the roof – including live solar panels – fell into the building. Due to the tenants' and property management team's quick thinking, no one was injured and a fire was avoided. Once the solar panels were deactivated, CenterPoint began working with all affected parties to promptly resolve the crisis and allow tenants to resume business without major interruptions.

The regional property manager coordinated with local municipality officials to identify the facility's affected areas, and was able to create a safe zone for affected tenants to operate within the building. As soon as a work zone was established, CenterPoint rapidly began more permanent repairs on the facility's roofing. By June 15, just four months after the collapse, beneficial occupancy was restored.

Partnerships and Productivity: The Keys to "Zero Tenant Unhappiness"

One of the key components of CenterPoint's successful response to the Pulaski roof crisis was its strong network of public and private partners. CenterPoint maintains a preferred vendor list in each of its regional markets to ensure that crisis management procedures follow an established routine. Partners are vetted beforehand, guaranteeing reliable results and reducing the amount of time required to respond to an incident. Further, each CenterPoint property is assigned asset, construction and regional property managers who work together on property maintenance and provide tailored services to all tenants.

In the field, these crisis management practices enabled CenterPoint to act swiftly on the Pulaski roof collapse, with resources on hand. CenterPoint's established relationships with Hollister Construction and Bayonne public sector officials meant there was a full group of first responders working to contain the situation, assess the damage and plan repairs.

Another pillar of CenterPoint's property management approach is to serve as more than a manager, but as an extension of tenants' businesses. This philosophy manifests through consistent tenant-manager communication and hands-on support to keep tenants' running and thriving.

Throughout the Pulaski roof incident, CenterPoint prioritized tenant productivity; within 48 hours, tenants were operating safely within the building. Even during a separate, non-emergency floor

resurfacing project, CenterPoint worked with tenants to relocate equipment in their existing space as the updates were completed. As a result, tenants' efficiency was preserved and downtime was avoided.

Investing in Facilities that Last

CenterPoint's expert management of 30-100 Pulaski, from the post-acquisition upgrades to the roof collapse response, demonstrates a proven ability to restore and maintain complex industrial properties. This proactive attitude toward improving facilities and accommodating tenants is essential not only to creating long-term value, but also mitigating unexpected crises.

Despite logistical hurdles surrounding the Pulaski facility, CenterPoint worked continually to modernize the property and maximize its future potential. With its prime location, transportation advantages, and CenterPoint's dedicated supervision, 30-100 Pulaski is poised to remain a valuable asset for decades to come.

About CenterPoint Properties

CenterPoint is focused on the development, acquisition and management of industrial property and transportation infrastructure that enhances business and government supply chain efficiency. The company invests in major coastal and inland port logistics markets anchoring North America's principal freight lanes. For more information on CenterPoint Properties, visit www.centerpoint.com or follow @centerpointprop on Twitter.

CenterPoint's development projects have earned two U.S. EPA Phoenix Awards and numerous city, state and federal accolades, including various levels of LEED certifications. Strategically located near ports, rail terminals and population centers, our properties help companies increase logistics efficiency and reduce drayage, energy costs, waste output and the environmental impact and cost of transportation.

Sources

1. "PSE&G Centralized Solar," Public Service Enterprise Group Incorporated. December 23, 2014. https://www.pseg.com/family/pseandg/solar4all/central_FAQ.jsp
2. "2014 New York State Hazard Mitigation Plan," New York Division of Homeland Security and Emergency Services. January 4, 2014. <http://www.dhSES.ny.gov/oem/mitigation/documents/2014-shmp/Section-3-15-Severe-Winter-Storm.pdf>