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Somerset Takes Over Bell Labs Site

By Brianne Harrison

HOLMDEL, NJ-The abandoned two-million-sf landmark Bell Labs building here may have a new lease on life, thanks to Lakewood, NJ-based Somerset Development. The company is in the process of taking over the 472-acre site and its Eero Saarinen building in the hopes of turning it into a self-contained mixed-use village.

The building, which in its heyday housed thousands of workers, has fallen on hard times since Alcatel acquired Bell Labs' parent company, Lucent, in 2006. The workforce at the site dwindled and was finally relocated elsewhere when Lucent put the building on the market. Preferred Real Estate Investments agreed to buy the property and planned to demolish the building and replace it with smaller office buildings and single-family homes. The plan died in a hail of protest and the purchase agreement was terminated.

Locals did not abandon hope for the site, however. A coalition of organizations, including Preservation NJ and the New Jersey chapter of the American Institute of Architects gathered together in hopes of preserving the building and hosted a three-day charrette in April 2008 to entertain plans for the site that would include preserving the building. According to Ralph Zucker, president of Somerset Development, Somerset used some of the ideas from the charrette to clarify the company's thinking and approach to the property.

"What we're looking to do here is follow the common-sense approach of bringing this building forward into a new era," Zucker tells GlobeSt.com. "There are no large single-office users. There is a glut of office space in New Jersey and we're in a downturn in the economy. However, we believe that the building is extremely significant and well worth our effort."

Somerset's plans, though rough at the moment, call for the building to be turned into a mixed-use environment, with retail, office and residential space. According to Zucker, mixed use is the most desirable way to use the enormous space the building provides.

"Even if we could fill the whole place up with office, we think that a better and more progressive and environmentally-friendly use would be to have a mix of uses," he says. "People don't want to live in one place and work in another and have to drive an hour to

go shopping. This building would lend itself very favorably to a blending of uses. When Lucent was there, it had a bank and a restaurant and a coffee shop, so why shouldn't individual office users have all that and more? We want to take the original concept, enhance it and bring it into the 21st century."

According to Zucker and a spokesperson with Alcatel-Lucent, a contract for the property has been signed. Zucker declined to mention a purchase price, but industry experts previously set the property's price tag in the \$200 to \$250 million range. In the meantime, Zucker has met with Michael Califati, the chairman of the history resources committee for AIA-NJ to discuss Somerset's plans and Holmdel's hopes for the property. According to Zucker, the meeting went "extremely well" and Somerset's ideas matched well with the coalitions' and local residents' hopes for the campus.

Somerset's first step will be marketing the property to potential office tenants. "The foundation of this building is still office users and we're going to attempt to lease up space," says Zucker. In an effort to lure in tenants, the company is marketing the space at rents that are "significantly below market." The average rent for Class A office space in Monmouth County is \$26.53 per sf, according to Cushman & Wakefield.

"We're hoping to attract tenants by offering great rents in a great location with great amenities," says Zucker. "You can be in an office park somewhere, or you can be in what will hopefully be a wonderful mixed-use location with a beautiful atrium with nice shops, great restaurants, a health club, all the things that would make this a good place to come to work. We're pretty confident that this will attract some tenants, and we think in this economy, this will provide an incentive to people who want to enhance their office environment."



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