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Is Farkas dynamic enough for Great River turnaround?

by Dawn Wotapka Hardesty

Developer Joe Farkas sees beauty in his Sunrise.

He overlooks that the Sunrise Business Center's exterior includes bold hunter-green stripes and that its look was once described as a dated blend of Eisenhower and retro.

A new owner (and new name) are just two of the changes slated for the former Long Island Business and Technology Center, three buildings off Sunrise Highway in Great River.

A cherry-red sign alerts passers-by of the 363,500-square-foot complex's new name. Inside, a friendly concierge has replaced a by-the-books security guard. And, even more ambitiously, Farkas – the Metropolitan Realty Associates LLC honcho who acquired the center this fall – plans to transform 100,000 square feet of cavernous industrial space into new office digs with a three-story glass atrium lobby. The new space should be ready next year.

“What we're trying to do is turn this place inside out,” said Marianne Dugan, part of the CB Richard Ellis team marketing the half-empty address.

The sprawling former Grumman electronics facility failed as a tech hub and, in the last few years, was mocked by the real estate community. But that didn't deter Farkas and longtime equity partner Angelo Gordon & Co. from paying \$20 million for the green stripes in September.

Farkas has a history of seeing value where no one else does. In 2001, he paid \$11 million for the Woodlands Office Park in Hauppauge; within 17 months, he boosted occupancy from 78 percent to 98 percent and sold the site for a 60 percent return.

In Garden City, he snapped up the former Bristol-Myers Squibb Pharma plant, a turreted, 190,000-square-foot concrete hulk that weeds were working overtime to swallow. Within months, Farkas was signing deals; Lifetime Brands Inc., a top Island company that makes wares under the KitchenAid and Cuisinart names, inked one of 2005's biggest leases when it signed on for new headquarters.

“He's had a string of successes,” said David Pennetta, an Oxford & Simpson executive vice president. “He's a dynamic guy.”

A troubled past

In Great River, being dynamic might not be enough. Farkas isn't the first to try breathing new life into a former Grumman facility that once produced B-1 bombers.

In the 1990s, Cogswell Realty Group, a joint venture between Cogswell Realty and Rudin Management, paid \$10 million for the shell that once employed thousands of workers. “People were kind of down in general about the Grumman downsizing,” recalled Peter Goldsmith, president of LISTnet, a technology organization that's filled 1,000 square feet at the Great River site for the past eight years.

“I think this added a spark,” Goldsmith said. “Suddenly, people from the city were coming in and looking at Long Island as a growth area. It was exciting. Everyone was talking about it.”

Cogswell Realty envisioned a tech campus and spent tens of millions on renovations, including see-through ceilings that exposed underneath wiring and a stainless steel lobby. Cogswell also added the “Digital Sandbox,” a conference center that can accommodate nearly 300 people.

But while the company poured money into renovations, it strictly limited the tenant pool to tech-related companies, said Bill Mannix, executive director and chief executive of the Town of Islip Industrial Development Agency. “That plan, I suppose, was impacted heavily with the dot-com bust.”

The 9/11 attacks and the resulting depressed economy didn't help; plans to add hundreds of thousands more square feet of space were scrapped.

The Cogswell-Rudin team eventually decided to split the nearly 80-acre site and sell it. Bay Shore-based Greenview Properties, which controls thousands of apartments Islandwide and is run by Empire State Development Corp. Chairman Charles Gargano's son, purchased about half, 38 acres, and Farkas purchased the rest.

Greenview aims to rezone the entire 80-acre site, including the Sunrise Business Center, into a planned development district. On 38 acres, it plans townhomes, one- and two-bedroom apartments and senior housing. The exact density is unclear, according to Gene Murphy, Islip's planning commissioner.

That application is pending and the draft environmental impact statement is expected early next year.

"This is an extremely controversial application," Murphy said. "There is a lot of concern, specifically regarding traffic."

Greenview didn't return a call for comment.

Focused on office

Farkas is part of the rezoning application, but is leaving the housing debate to Greenview and instead focusing on rebranding and marketing the Sunrise Business Center as an office complex – something the previous owners failed to do, he said.

That bright red sign on Sunrise Highway is a start. It "has an impact," said

Farkas also renamed the site's three buildings. Instead of Tech, Cyber and Digital, the structures are 100, 200 and 300. "Who the heck knows what a 'cyber' building is?" he asked.

He's stressing that tenants are eligible for Empire Zone benefits, which include tax credits related to capital investment and employment. (Currently, 10 businesses in the center claim the credits, Mannix said.)

Farkas has also applied for Islip Industrial Development Agency benefits. The designation could be worth millions of dollars, and a decision is expected as soon as Dec. 12.

Farkas is touting a spot considered by some to be off the beaten path, but he pointed out that Long Island development is shifting east – a fact of life this location can capitalize on.

Even so, Farkas still faces a challenge. He's marketing and developing space in a submarket where 18.9 percent of the Class B space is vacant, compared with 13.7 percent in Suffolk County and 11.7 percent Islandwide, according to CBRE's third-quarter statistics. Plus, there is plenty of new construction under way in prime spots Islandwide, shiny new showpieces that won't have dated green stripes.

When it comes to Great River, however, green stays.

"There are things I like and I'm keeping," Farkas said with a laugh, "and I don't care what other people say."