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From a Cookie Factory To a Shopping Center

By Dawn Wotapka

Riverdale's Stella D'oro cookie factory, which infused its Bronx neighborhood with the scent of vanilla for decades, is set to be sold to developers who will raze the site and build a shopping center.

A venture of Metropolitan Realty Associates and Angelo, Gordon & Co. is set to close on a deal to buy the property, which became a symbol of the Bronx's loss of relatively high-paying manufacturing jobs. The bakery operation ended about two years ago after a lengthy strike, putting about 150 employees—some earning more than \$20 an hour—out of work.

The new owners are planning a 162,000-square-foot shopping center that will most likely be anchored by a BJ's Wholesale Club, according to people familiar with the matter. While the center—named Riverdale Crossing—would create hundreds of retail positions, most of them are unlikely to pay nearly as much as the cookie factory jobs.

Still, with more than 12% of local residents unemployed—the national rate is 9.1%—any new employers are “extremely welcome,” says Marlene Cintron, president of the Bronx Overall Economic Development Corp. The Bronx's “potential is finally being recognized,” she says.

The seller of the bakery plant is Brynwood Partners, a private equity fund based in Greenwich, Conn., which purchased Stella D'oro in 2006 in an ill-fated effort to turn the manufacturer around. Terms of the sale of the empty plant to the Metropolitan-Angelo Gordon venture weren't available but it was listed in the low \$20-million range.

The new owners are hoping to raze the factory and build the shopping center in time for a 2013 opening. In a second building, there's room for several smaller retailers and interest has been strong, says Adam Schwartz, head of Angelo Gordon's U.S. and Europe real-estate group.

The Bronx “is an underserved population and it's difficult for national retailers to find suitable locations” in the city, he said.

Stella D'oro means star of gold and the factory was a Bronx fixture for decades. Founded in

the early 1930s, the company grew into a national brand known for its Italian-style cookies, breadsticks and biscuits that are pareve, making them suitable for kosher diets.

The brand languished after being sold to Nabisco, now part of Kraft Foods, in 1992. In 2006, Stella D'oro was purchased by Brynwood, whose other brands include Zest and Balance Bars.

Problems soon arose when the bakers' union contract came up for renewal. Brynwood wanted to trim salaries for unskilled workers—and raise wages for skills such as mechanics—

Joyce Alston, president of the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union Local 50, said the union's actions were justified. “People do the right thing when they fight for what we believe in. The plant left the state to punish them because the workers exercised their right to strike,” she said. “It's not about retail jobs. They were going to have to take less of a job if [the plant] stayed anyway.”

Mr. Hartong said: “This was a bad deal for us.”

Metropolitan Realty and Angelo Gordon, which specialize in finding new uses for obsolete properties, are hoping for a happier outcome. Angelo Gordon's other investments have included Manhattan's Chelsea Market—home to the Food Network—and the Helmsley Carlton House, acquired from the estate of Leona Helmsley last year.

Metropolitan Realty recently sold a former Long Island pharmaceutical plant that it acquired in 2005. It renovated the huge structure and filled it with tenants ranging from Nassau Community College to Lifetime Brands Inc. It sold for nearly \$40 million. “We like to focus on situations where the building has outlived its useful life,” said Joe Farkas, Metropolitan's president. “The Stella D'oro building is a great example of that.”

Big-box wholesale clubs have been making steady forays into New York. BJ's locations include Brooklyn and Queens and another in the Bronx. Competitor Costco Wholesale Corp. has stores in Brooklyn, Queens and Manhattan.

Mr. Schwartz of Angelo Gordon says the plant's location, just off the bustling Major Deegan Expressway and near a subway stop, should bring plenty of consumer traffic to the center. Large spaces for retailers are hard to come by in New York City and, when retailers can open, they tend to do well.

“There's definitely a need for retailers in that market to service the community,” said David Scotto, a retail broker with NAI Friedland Realty who specializes in the Bronx.



and it wanted employees to contribute to health-care costs. Union members balked and after several unsuccessful bargaining sessions, workers went on a strike that lasted nearly a year.

An exasperated Brynwood in 2009 sold the bakery operations to Lance Inc., which relocated them to Ohio. The Bronx factory, which was still owned by Brynwood, has remained idle since then. The sale to Metropolitan is Brynwood's final step in divesting itself of the cookie maker.

“They decided to go on strike, they rejected our contract proposal as too severe and look at what happened. We lost money and they lost their jobs,” said Senior Managing Partner Henk Hartong III. “The contract turned down was far more attractive than what will ultimately happen on the site. You have to question, ‘Did they do the right thing?’”