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SETUP FOR SUCCESS

The beliefs of its founder primed Nexus Properties to undertake the reimagining of downtown Glassboro, N.J.

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TIM O'CONNOR



Nexus Properties' \$300 million student, multifamily and retail project is transforming downtown Glassboro.

For most developers, a project is a market opportunity. It's a calculation of the investment cost, time and potential. That's all true of Nexus Properties' mixed use, redevelopment project in Glassboro, N.J., but the projects also have a more personal connection to COO and CFO Dante Germano. Germano grew up Glassboro – Nexus is renting office space in his uncle's former bakery during the project – and he sees the development as a chance to revitalize his hometown.

It is through Germano's background that Nexus came to the project. Even as his career took him away from Glassboro, Germano kept in touch with many of the borough's leaders and area officials. So when another developer ran into problems seeing the town's downtown redevelopment masterplan

through to completion, Glassboro asked Nexus to take over the project in 2011.

The primary issue was the new parking garage that was to be built as part of the redevelopment. The original developer had struggled to work out the economics of the parking garage; however, Nexus had extensive experience in parking solutions.

PROFILE

NEXUS PROPERTIES

www.nexusproperties.com / Revenue: \$60 million /

Headquarters: Lawrenceville, N.J. / **Employees:** 122



The lobby of 220 Rowan Boulevard sets the expectations for luxury living.

The company has a subsidiary, Nexus Parking Systems, that serves as one of New Jersey Transit’s main parking partners, and it brought that know-how to the Glassboro project.

Since then, Nexus has reimagined the \$300 million development to adjust for the changing market and strengthen the borough’s vision for a modern downtown.

REDEFINING GLASSBORO

The Glassboro project originated in the early 2000s by the borough as it was looking for ways to redevelop its downtown. At the same time, nearby Rowan University was looking to tackle its growing student housing needs. The school and town realized their goals intertwined. The university needed housing, and students could provide the population density required to support downtown shops, restaurants and bars.

The original plan called for 884 student beds split among several buildings. However, several changes occurred in the ensuing years that created demand for even more student housing. The university became a research institution and added two medical schools. As a result, between 2011 and 2017, the school’s enrollment rose from about 11,000 students to more than 16,100.

The large enrollment jump created a crisis for the town. The school had limited housing space so students who could not live in university buildings had to rent off campus, creating a market for investor homes. The borough itself has only 19,126 permanent residents, according to the U.S. Census, so the expansion of the student population into off-campus homes threatened to fill the avail-

able housing with short-term residents and erode the identity of the community over time.

By the time Nexus took over the project, it was clear the scope of the revitalization project needed to expand to add more student housing. The original developer built 1,164 student, multifamily and hotel beds before exiting the project, but the plan has since grown to a total of 2,781 beds. To fill that demand, Nexus decided to go higher with six-story buildings and more density.

Since 2011, Nexus has built a 1,200-car parking garage; a five-story building with offices and classrooms; a six-story building with 456 student beds, 57 apartments and 48,000 square feet of retail and medical space; In 2017, Nexus will complete a 934-car parking garage; a six-story mixed-used building with 413 student beds, a fitness center, classrooms and office space; a four-story mixed-used building with 144 student beds; and a four-story building with 37 apartments. Currently under construction is a six-story building with 464 student beds, a five-story building with 140 student beds and a four-story building with 20 apartments. A 1.75-acre town square was completed in 2016. Nearly all of the buildings also include a retail component, and the entire project will add over 100,000 square feet of shop, restaurants and bars to downtown Glassboro once it is completed in August 2018.

“I still believe what we’re doing for both the town and the university are good for the overall community,” Germano says. “What we’re most proud of is we’ve helped our partners achieve what they wanted to achieve on this project and will still make a return on our investment,” Germano says.

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POSITIONED FOR SUCCESS

The capabilities and financial strength that made the Glassboro project possible are the result of a nearly 40-year journey for Nexus. Prior to Glassboro, the largest project the company had undertaken was \$22 million and most were between \$5 million and \$15 million. The Glassboro downtown redevelopment represents a massive jump in scale for the company, Germano says, but one the company was prepared for thanks to the strong foundations its founder, Sydney Sussman, put in place.

Sussman founded the company in 1979 and it has followed a path of gradual, responsible growth ever since. Instead of taking on outside investors, the company funded projects by leveraging its previous developments, giving it greater control over its future. The company still follows the vertically integrated management philosophy first laid down by Sussman: It handles all of its contracting, leasing, property management and accounting in-house.

Before Nexus, Sussman operated a steel service center near Trenton, N.J. The growing business prompted Sussman to purchase old and abandoned warehouses and distribution facilities in the region. He soon found he didn’t need all of the facilities for the steel business, so Sussman began redeveloping the buildings into new office spaces, which became the foundation of Nexus Properties’s operation.

From there, the company expanded into offices, shopping centers, parking developments, residential subdivisions and multifamily housing. “Sydney was an opportunistic-type developer,” Germano says. “He looked for opportunities. It didn’t really matter if it was a different product as long as it was in the real estate industry.”

Between Nexus and its affiliates, the company owns or manages more than 2 million square feet of office, commercial and warehouse space.

Sussman believed in hanging on to developments for the long term instead of flipping them for an immediate payout. “[He was] committed to paying down debt and not being the typical developer that is going to build something, develop it, reach its apex in maximum value and sell it,” Germano says.

That strategy played a significant role in positioning Nexus to take over the Glassboro project. The debt on the projects the company had originally built in the 1980s was all paid off in the early 2000s, freeing up resources and enabling Nexus to leverage those properties as equity to finance the \$300-million development. “If this project would have come 10 years earlier we would certainly have had to search out a partner to get it done,” Germano says.

FAMILY PHILOSOPHY

Sussman retired from the company in 2010 and it is now run by his children, Andrea and Jeffrey Sussman, and Germano, who all still adhere to his philosophies. “We often quote Sydney when the three of us sit down to talk about things,” Germano says.

As a family-owned company, Nexus has fewer layers of management and can more quickly react to opportunities. Just as Sydney Sussman once was the ultimate authority on every project, Germano and Jeffrey and Andrea Sussman all look over the data together and come to a consensus over which projects to pursue.

Jeffrey Sussman works closely with many of Nexus’ subcontractors while Andrea handles marketing and leases. Tenants and subcontractors have come to appreciate that direct level of involvement. “I think that gave people a greater sense that they were getting better service and better attention – that it wasn’t a big corporate environment,” Germano says.

The involvement of ownership is another tenet passed down from Sydney Sussman. He took an active role in every facet of the company, going so far as to sign his own name on bank loans, despite the protest of his lawyers. “The bank loved knowing they were dealing with the owners of the company,” Germano says. “The Sussmans weren’t shy about putting their signatures on all the bank loans.”

Putting his own name on the loans, as opposed to the company’s corporate name, opened Sydney Sussman’s personal assets to risk and gave him a greater stake in the success of the project, ensuring that he couldn’t walk away if a development went bad.

It’s a practice the family still follows today. “There was always a confidence level that if we were going to do it we should put our signatures on it and that gave banks a great comfort working with us,” Germano says.

CREATING COOPERATION

Nexus’ experience in public-private partnerships through its experience working with New Jersey Transit has been vital in managing the Glassboro project. The company has worked to satisfy both the town of Glassboro and Rowan University by keeping all of the stakeholders updated on progress and getting their buy-in on changes to the buildings and tenant mix. “This project is something they both want and something they are really the drivers behind,” Germano explains. “It does make them, from a developer’s standpoint, easier to work with.”



Residents at 220 Rowan Blvd. can expect modern, high-end features and design.



The amount of multifamily units has been one of the most difficult pieces to balance. Student housing may make up the bulk of the project, but the borough also has an interest in providing multifamily units for permanent residents.

Those competing interests came to a head in 2015 as Nexus finished a six-story, 176,000-square-foot building containing 456 student beds and 57 multifamily units. The student and multifamily housing components were originally meant to be segre-

gated on different floors and separate elevator banks. However, as the project approached completion that summer ahead of the school year, Rowan University asked Nexus to convert 22 of the apartment units on the fifth floor into student beds to help alleviate its projected housing shortage. The request required approval from the Glassboro Borough Council, which had its own goals to protect.

As a compromise, the council agreed to a waiver that allowed the apartments to be used for student housing for one year, after which they would be converted back to multifamily use. “The borough realized it was in everybody’s best interest to do it,” Germano says. “We were able to fit almost 100 students in these 22 apartments.”

The collaboration between Nexus and the stakeholders has made the Glassboro downtown project a success. “You can’t get this type of scale developed this quickly without everybody being cooperative,” Germano explains. However, despite the positive experience, Germano says Nexus is not likely to take on another \$300 million project in the coming years because the company needs to free up more liquidity. Instead, it will focus on projects in the \$50 million to \$60 million range on an ongoing basis.

Still, the scope of the Glassboro project has taught the company a great deal about managing projects and opened it up to the student housing market. “For us, on a smaller scale, it gave us insight into how a university runs, how it operates and how we can facilitate and help them create these types of projects,” he says. “The things Syd mentored to us, I think we put all that into play in this project and because of that I think it’s going to be a success.” ■