

What's Going on at the Big Hole?



After years of delay, work on the Heldrich Plaza will soon be underway.

By George M. Taber

For nearly five years, New Brunswick residents and visitors have wondered what, if anything, was ever going to happen at the building site near the center of downtown known locally as "The Hole." It was supposed to be Heldrich Plaza, a 365,000-sq.-ft. facility, but for years "The Hole" mostly col-

lected leaves in fall and snow in the winter.

Christopher J. Paladino, the president of the New Brunswick Development Corp. (DEVCO), now confirms that foundation work on the \$106 million venture should start by mid-December, and Heldrich Plaza will open in the summer of 2006. Says Paladino: "There is no more important redevelopment project in the state. It is signifi-

After a long delay, foundation work at the site should finally begin in mid-December.

cant for the next generation of redevelopment in New Brunswick."

Heldrich Plaza was started in the now dim days of the Christie Whitman Administration. From the beginning, it was a complex project that involved both public and private

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partners and has been heavily impacted by the rapidly changing business climate since 9/11.

The public section of the project is the Heldrich Center for Workforce Development, which is part of Rutgers University. This is a research center that does studies on workforce issues and was named in honor of John Heldrich, a former top Johnson & Johnson executive who was the father of New Brunswick's redevelopment and has spent his retirement years working on state labor-force issues.

The private part is a hotel, a conference center, luxury condos and retail space. The hotel/conference center is designed to attract corporations located within one-hour's travel that are holding a two-or-three-day working meeting. The center will be run by Benchmark Hospitality, a company that has managed upmarket facilities around the world, including The Forrester at Princeton, the Forsgate Country Club in Jamesburg and the AT&T Learning Center in Basking Ridge, now the North Maple Inn. There will be 50,000 sq. ft. of conference space at Heldrich plus a ballroom that will be able to hold 750 people.

The 9/11 attacks sent the travel-and-conference business into a tailspin and forced DEVCO to reexamine the basics of the feasibility study that was the foundation for the project. Results showed, though, that while distant hotels and conferences were clobbered by 9/11, the nearby-conference business actually has done better. The lowest vacancy rates in the Hyatt chain, for example, have been at the New Brunswick and Princeton Hyatts, two hotels that already serve the close-in conference business that Heldrich Plaza would also be going after.

As the project dragged on, the cost of construction kept mounting because the boom economies of China and India were driving up the price of steel and concrete in particular. A new study showed the original cost projections for the Heldrich development would have to be increased by \$6 million, which forced planners to redesign the facility and cut out some expenses.

Then earlier this year, Moody's, the bond-rating agency, turned more conservative because of troubles in similar projects in other parts of the country. It demanded DEVCO raise additional capital to serve as a "ramp-up fund" just in case revenues in the first 12 months of operation are not up to expectation. DEVCO raised the additional money, and two weeks ago Moody's signed off on the deal.

As New Brunswick residents and visitors have been staring down into "The Hole," they have also seen rising

up just behind it an 800-car parking garage. The New Brunswick Parking Authority, part of the city government, has put this up. It was designed to provide most of the parking for the conference center, but is getting finished far in advance of Heldrich Plaza. The parking garage is now slated to open in May 2005.

Paladino remains optimistic about the business plan behind Heldrich Plaza. He thinks the market

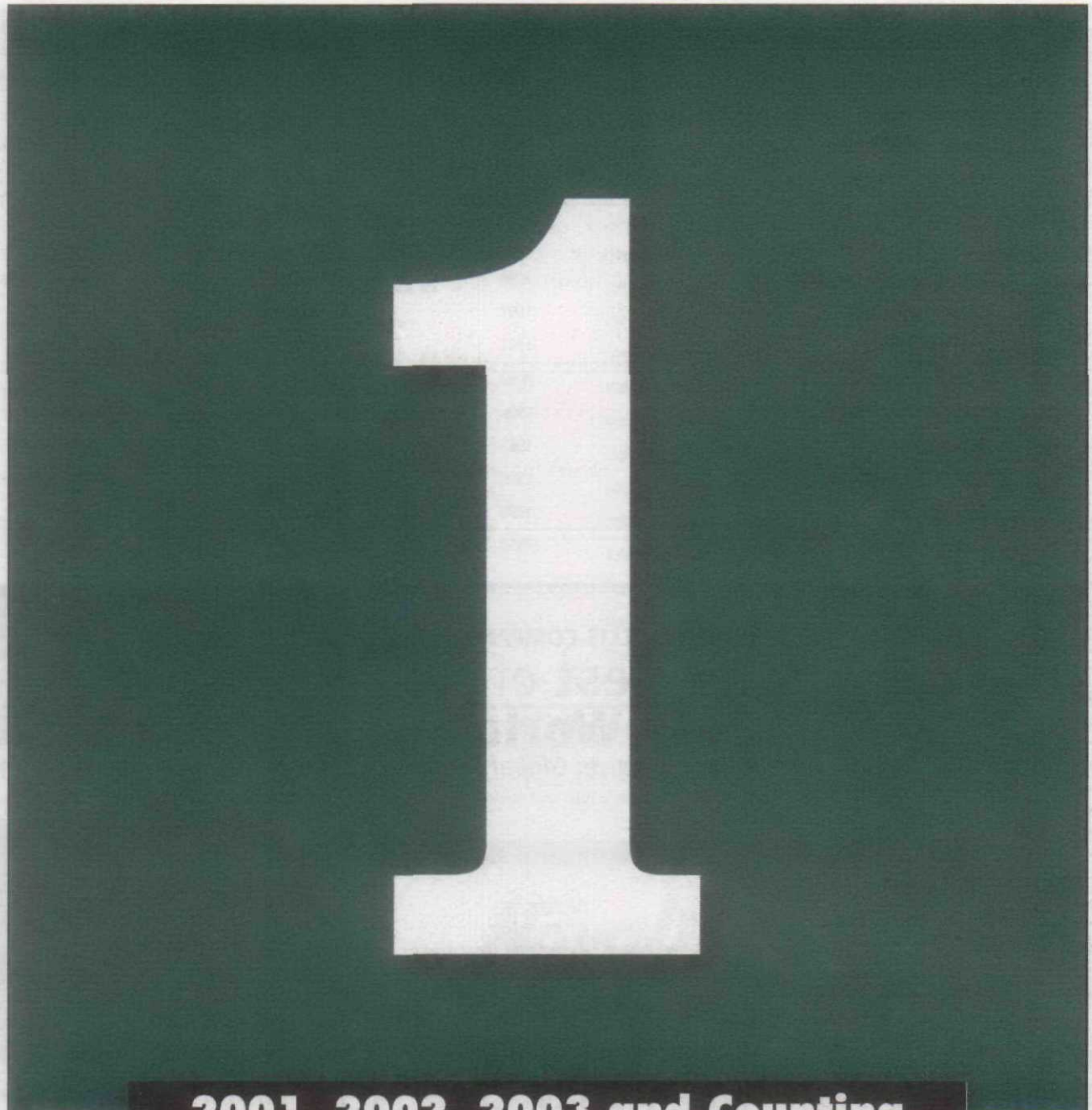
for "serious-work" conferences within an hour's drive of the facility will continue to be strong. He concedes there is no skiing, golf or beach at Heldrich Plaza, but says that resort conferences are likely to continue suffering while the ones his conference center will be going after will do well.

Paladino also sees great market potential in conferences held by Rutgers or the University of Medicine and Dentistry of New Jersey in New

Brunswick. Neither institution now has a place to hold such events.

DEVCO is a tax-exempt urban redevelopment company created in the 1970s to facilitate public and private investments in New Brunswick. Paladino says that without his group's mission, the Heldrich Plaza would never have gotten as far as it has. "The private sector wouldn't have had the stomach for it," he says. ♦

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