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🔑 The builders: The Barry brothers are changing skylines and perceptions

By Joshua Burd

As developers go, David and Michael Barry are just about as prolific and active as anyone else in New Jersey. But that's not because they simply finish a project and then move onto the next one.

Quite the contrary — the heads of Ironstate Development are as much about building neighborhoods as they are about building a single multifamily high-rise or chic urban hotel.

“Whether it's Staten Island, whether it's parts of Jersey City — or as we once did in Hoboken or New Brunswick — we pick a place and we really like to make multiple investments there,” David Barry said, “because we think that we have the skill and wherewithal to change the perception of that neighborhood.”

The Hoboken-based firm proved that once again in 2014, from opening the second piece of its mixed-use redevelopment in Harrison to breaking ground on a multiphase, three-tower project on the Jersey City waterfront. And its pipeline is as full as ever with projects in well-connected urban centers around the region — continuing the model that has helped Ironstate thrive for decades.

NJBIZ sat down with firm's principals to discuss 2014, the industry and its plans going forward.

NJBIZ: *One of your highlights this year was breaking ground on URL Harborside in Jersey City, a 765-unit rental tower that you're building with Mack-Cali Realty Corp. That project is based on your “Urban Ready Living” concept. Tell us more about that approach.*



David and Michael Barry have been busy all over the state. - (PHOTO BY AARON HOUSTON)

David Barry: URL is the model where we're kind of rethinking urban apartment living — more efficient units, better, more meaningful social spaces, more attention to an analog connection between the residents in this kind of transient, digital world. It's ... looking at how we — meaning the development community — have built apartments over the last several decades, and there's been incremental changes, but we think it's time for kind of a rethink. So we've really been thinking about, soup to nuts, the whole aspect of apartment development and what we can improve, what people need.

And what people don't need is important, as well, because if you can take things that they don't need out of the equation, you're saving money and thereby making the apartments more affordable. So it's kind of rebalancing and reexamining that.

NJBIZ: *Ironstate was among the first developers to build in Harrison. You just opened the new 138-room Element hotel with your partner, the Pegasus Group, and you're now on your next phase of multifamily rentals there. What's your assessment of that market today and going forward?*

Michael Barry: It's now a recognized community with the establishment of our residential there, with the Element, with other development projects underway. The Red Bulls gives it some notoriety with respect to the broader metro region, in that people now know of Harrison through the Red Bulls. ... And when they come through, they see that this is a nice community right on the PATH (with) easy access, so I think it's now a known entity. Whereas a couple years ago, when we started our first phase, it was a lot of old, vacant industrial buildings and parking lots, and you had to have a good bit of vision. Now it's easier — the vision is there, so it's not as much of a leap of faith to want to live there or to want to start a business there.

NJBIZ: *Why is the hotel so important to what you're doing in Harrison?*

MB: Part of our philosophy in development is creating neighborhood amenities, giving reasons to live, work, play, visit — all of that — in the communities and the urban centers that we work in. And that's a great element, no pun intended, to the Harrison redevelopment effort.

DB: I think that's a place that we've really committed to ... and I think that hotel was a very important piece that, frankly, nobody saw at that time. It wasn't really in the redevelopment plan, per se — they were thinking more residential and retail. But with our experience, we really thought that bringing a hotel to that environment would help jump-start and kind of add a new dimension to it.

And I think it really has worked tremendously well because it's a successful hotel on its own, and it's also really continued to revitalize that neighborhood. If you go there now versus a year ago, I think everyone would agree there's more activity on the street, it has a better feel, the fabric is starting to connect better.

NJBIZ: *Some experts have raised concerns about the pace of multifamily rental construction in the state — and particularly in Jersey City. Do you have any concerns about overbuilding, and how do you protect against that when such a large portion of your pipeline is in that asset class?*

DB: (Jersey City) has been an area that we've been concentrating on because we think it's got great physical attributes — the PATH station, the river, the existing culture of restaurants and stores — and it's also got an administration that's positively inclined to support those efforts. Maybe the potential issue with Jersey City is because of that, it's being discovered by a lot of people, both locals and out-of-towners, so there's been this kind of buzz: 'Is Jersey City getting too much development?' or 'Is too much supply coming on?'

I think that the New York region is largely linked to each other, so we don't pay attention so much to the equation of how much is going into a particular submarket. It's got more macro implications than that, so as long as New York



City is creating jobs and thriving — and is an important center of the world, so to speak — Jersey City is going to thrive as well.

MB: To that point, there's very little rental housing that's developed in New York City, in Manhattan itself, so the other four boroughs and ... the Gold Coast provide the rental housing for the New York City marketplace. With Lower Manhattan coming back, with the Freedom Tower opening up, with more commercial development and more job activity in the region — particularly New York City — those émigrés have housing needs. Although it looks like a lot of units for Jersey City itself, when you look at the 8 million people in the New York metro region and the growth in that region when the economy is moving at a nice pace, it's not a lot of (housing).

NJBIZ: *One of your signature projects in recent years was the mixed-use Pier Village that helped redevelopment in Long Branch. Can you talk about the decision to sell that property this past summer?*

DB: We're developers at our core, so our core skill set is really concepting, financing, creating, building and stabilizing properties or neighborhoods — and Pier Village was something that was successful and took, at that time, a lot of courage, a lot of creativity, a lot of financial wherewithal. I think that it's reached maturity in many ways, relative to the development.

This is not to say Long Branch won't keep thriving — it will. But our focus has been largely on (New York City and the Gold Coast). So, opportunistically over time, we've taken projects that we've been very proud of — whether it's Morristown, New Brunswick, Pier Village — and we've opportunistically sold them when they've been sufficiently stabilized. And we use that capital to reinvest it into new developments because that really is our core business. So, really it's nothing more than that it was a culmination of a lot of years of really good, hard, solid work.

NJBIZ: *What's your prediction for 2015 for your company and/or your industry?*

MB: I'd say we're in a period of modest growth, and I don't see any departure from that for the year of 2015. ... Interest rates are obviously something that everybody is concerned about. It doesn't feel like there's going to be a massive departure from where rates have been — everybody is wondering when they'll tick up a bit — but my feel on it is it will be modest and not something that will shut off development.

DB: Through 2015, development will continue to roll at a successful pace. ... Manhattan really has very little apartment development, as opposed to condo development, and that's a lot of what we're focusing on. So I think this wave of new apartment development in the outer boroughs has really reacted to the fact that, No. 1, there's a really fundamental demand and, No. 2, there were a bunch of years when very little apartments were developed ... so we always have to be cognizant of that and kind of look at the overall trend.

So, thumbs-up for 2015.

David and Michael Barry

TITLES: President/President

AFFILIATION: Ironstate Development/Ironstate Holdings (Hoboken)

ONE MORE THING: Ironstate in 2014 also opened 18 Park, a 422-unit rental building in Jersey City. The firm also has several active residential projects in New York City, including a major project on Staten Island's northern waterfront, and is preparing to start a mixed-use development in Stamford, Connecticut.