

Clifton food firm moving to Wayne

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The food distributor now occupies a 217,139-square-foot building at 174 Delawanna Ave., Clifton.

With the help of \$18.5 million in state tax incentives, Clifton-based Driscoll Foods will be relocating to a huge distribution facility it plans to build on Bayer HealthCare's former campus in Wayne, the owner of the family-owned business said Tuesday.

The food distributor, which now occupies a 217,139-square-foot building at 174 Delawanna Ave., Clifton, has outgrown that facility, said Tim Driscoll, the company's owner. It will be constructing a 390,000- to 400,000-square-foot distribution center and headquarters at 6 West Belt Parkway, Wayne, the former site of Bayer's North American headquarters. In a real estate "exchange" deal, Driscoll Foods acquired Bayer's former site by trading its Clifton property for the Wayne location.

Driscoll Foods, under its corporate name Metropolitan Foods Inc., in June won approval for up to \$18.5 million in tax credits over 10 years under the state Economic Development Authority's Grow New Jersey program. With its move and expansion in

Wayne, the company is expected to create 139 jobs and retain 215 jobs that were at risk of leaving the state, according to the EDA.

The food company is just starting to put together plans for its new warehouse, Driscoll said. He estimated that it will take 18 months to two years for the facility to be built and for the food company, which has about 400 employees, to move.

Wayne has been abuzz with commercial real estate activity, particularly in the industrial sector. In addition to Driscoll Foods' plans for a new warehouse, Boston-based Davis Cos. plans to raze the three-story former Drake's bakery plant at 75 Demarest Drive in Wayne and build a 200,000-square-foot, state-of-the-art general-use distribution center at that site. The township on Monday also welcomed Chinese home-appliance giant Haier, which held an opening ceremony for its new headquarters at 1800 Valley Road.

Driscoll Foods was founded by Tim Driscoll's father in 1971, and it bought its Clifton building for \$28 million in 2008, moving in that same year, according to CoStar, which tracks commercial real estate data. Most recently, the company had been looking for about a year for land suitable in North Jersey to build a large warehouse, said Driscoll, a Mahwah resident.

His company provides food to restaurants, country clubs, diners and schools, and has a need for large refrigeration and freezer space within its warehouse. Driscoll Foods also has gotten into the "pre-plated meal" business, assembling more than 20,000 meals a day.

The industrial real estate market in North Jersey is hot because companies are looking for proximity to New York City and locations in the tri-state region, in part because of the pressure to be able to deliver merchandise quickly. But there are a limited number of modern warehouses and distribution centers in the area, and little vacant land to build industrial facilities.

Brian Scheuer, a principal of Chaus Realty LLC in Hasbrouck Heights, was searching for a site for Driscoll Foods and connected the company with The Stro Cos. in Ridgewood. That real estate firm bought Bayer's Wayne property, which has a 350,000-square-foot former research-and-development building on 55 acres, for \$10 million on March 18, according to CoStar.

Driscoll Foods did a so-called 1031 Exchange with Stro, trading ownership of the Clifton and Wayne properties, on July 30, according to CoStar. Through such exchanges, companies can defer paying capital gains taxes after selling a property.

"We literally swapped deeds," said Peter Silver, managing director of Stro.

Now that Driscoll Foods owns the Bayer property, it plans to use about 20 of its acres to develop the massive warehouse facility it has planned, Driscoll said.

"We really didn't care about the [existing] building so much," he said. "We were looking for land."

On the Bayer site, only about 35 acres are usable, with 20 in a flood plain and not good for construction, and the R&D building on part of the remainder of the land, Driscoll said. The food company could end up tearing down part of the old Bayer facility, and will use part of its space, he said.

"We'll redo some of the office area [of Bayer's existing building] for our business, and then we'll use some low-bay warehouse space there," Driscoll said. "There's a large field to the west of the current building, and that field is where we're going to build our building."

Stro will be looking for a new tenant for Driscoll Foods' soon-to-be-former site at 174 Delawanna Ave., Silver said.

Driscoll Foods officials have met with the township several times on their project, in part because they were concerned a planned expansion of the West Belt Parkway would cut into the Bayer land, jeopardizing construction of the new warehouse, Wayne Mayor Chris Vergano said. But Passaic County and municipal officials met on the issue, and the proposed road construction was moved slightly to accommodate Driscoll Foods' plans, the mayor said.

"We're glad this project worked out," Vergano said. "It's a great ratable for the township. We've had a number of successes in the past few weeks. We just hope they keep coming."

The 2014 local property taxes on Bayer's former property are \$561,502, said Wayne Township Tax Assessor Dorothy Kreitz. Driscoll Foods' annual property taxes in Clifton are \$542,587.

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