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Robert Martin Co. gets back on familiar turf amid red-hot industrial market

The \$487.5 million deal represents the heated industrial real estate market.

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STORY HIGHLIGHTS

- Amid the downturn in 1997, Robert Martin Co. sold its real estate portfolio to Mack-Cali.
- Robert Martin Co. executives have waited an opportunity to buy back their buildings.
- Many professionals working for the property remain the same despite the ownership change.

Robert Martin Company has recently regained the number one spot in Westchester County's industrial real estate market.

The Greenburgh-based firm reclaimed the throne by buying back a majority of its sprawling commercial real estate portfolio that it had sold to Mack-Cali Realty Corp. for \$450 million more than two decades ago.

"This portfolio makes it somewhat unusual because we built almost all of these buildings," said Timothy Jones, Robert Martin Co.'s CEO. "But we think the timing of acquisition is excellent because of the demand."

The [\\$487.5 million transaction](#) involved the 3.2-million-square-foot space and 260 commercial tenants, many of them located in the Cross Westchester Executive Park in Greenburgh; the Mid-Westchester Executive Park in Hawthorne; and the South Westchester Executive Park in Yonkers.

The 26-building, 1.36 million square-foot Cross Westchester Executive Park in Elmsford, New York, is among the \$487.5 million portfolio that Robert Martin Company bought from Mack-Cali. (Photo: Robert Martin Company)

The deal, which was one of the most expensive real estate transactions in the region, represents a major shift in the commercial real estate market driven by the changing nature of how people live and shop.

In recent years, light industrial buildings have been in short supply in the New York metropolitan area as warehouses in Brooklyn, Queens and even Yonkers were replaced by apartment buildings. At the same

time, warehouse demand is rising as retailers seek more space to gain a competitive edge in the online shopping environment.

History

Founded in 1957 by Robert Weinberg and Martin Berger, the Robert Martin Co. initially built single-family homes. The company later evolved into one of Westchester's largest real estate developers with diverse products, including offices and warehouses.

When the recession hit the nation's real estate market in the early 1990s, the industry as a whole lost tens of billions of dollars, and values of commercial properties plummeted, including the ones owned by Robert Martin Co.

"Robert Martin had the good and bad fortune of having properties that were unusual. We always had high occupancy. We had good cash flow. But the value declined greatly," Jones said, recalling the market slump, during which billionaire investor Sam Zell coined the phrase, "Stay alive 'til '95."

"So we had pressure to pay back loans, and we paid back our loans. We sold our buildings to do that," Jones said.

At that time, Cali Realty Corp., now known as Mack-Cali, was a newly established real estate investment trust (REIT) in New Jersey and rapidly expanding. The 1997 purchase of the Robert Martin portfolio enabled REIT to gain significant presence in Westchester and Connecticut.

Hot industrial market

In recent years, growing e-commerce has created the need for more warehouse space, and the [industrial real estate](#) sector has become the strongest among different types of commercial real estate.

Robert Martin Co.'s recent deal to buy back 56 industrial buildings is more evidence of the market's strength, said Michael Rao, president of New York Commercial Realty Group, who specializes in industrial real estate.

"They could go elsewhere, but they kept it close to home, which in my opinion is a good sign for the county," Rao said. "It shows the confidence in the market, how strong the market is in Westchester County."

Howard Greenberg, president of Howard Properties and a commercial real estate expert in White Plains, agreed.

"The value of that type of product has gone up significantly over the years. And the last few years, under Mack-Cali, Mack-Cali was kind of preparing the sale of the parks" by raising rents to increase the property value, Greenberg said.

Land constraint coupled with strict zoning regulations in Westchester makes those properties even more valuable, said Greg Berger, Robert Martin Co.'s managing director and partner, whose late father co-founded the company more than 60 years ago.



From left, Managing Director Greg Berger and CEO Tim Jones, speak about how the Robert Martin Company recently bought back a portfolio of industrial parks it developed in Westchester County between the 1970s and 1990s, while speaking at their company headquarters in Elmsford June 5, 2019. (Photo: Frank Becerra Jr./The Journal News)

"This is not replicable," Berger said. "So having 50% of the market gives us a huge advantage."

Familiar turf

When Robert Martin Co. sold its portfolio to Mack-Cali in 1997, many of its employees also moved to Mack-Cali, including Jones and the younger Berger. But both of them eventually moved back to their old company, Berger in 2003 and Jones in 2004.

Since then, Robert Martin Co. has put its hands on a variety of projects, from developing housing to opening up Dunkin' restaurants in the Carolinas.



From left, Managing Director Greg Berger and CEO Tim Jones, talk about how the Robert Martin Company recently bought back a portfolio of industrial parks it developed in Westchester County between the 1970s and 1990s, while speaking at their company headquarters in Elmsford June 5, 2019. (Photo: Frank Becerra Jr./The Journal News)

But buying back the former Robert Martin portfolio from Mack-Cali was always in their mind, Jones and Berger said.

"We've been waiting. They knew we wanted to buy," Jones said of Mack-Cali, adding that Robert Martin Co. and Mack-Cali have maintained an "amicable, solid" relationship over the years.

So when Mack-Cali announced its decision to exit Westchester a few years ago to focus on waterfront office and multifamily properties in New Jersey, they made the move, Jones and Berger said.

"(The deal) was good for Mack-Cali, too, because it was an enormous amount for anybody to digest," Jones said.

Current and future tenants of those properties also benefit from the deal because many of those Mack-Cali professionals — many of them are originally from Robert Martin Co. — came along to continue their work, Berger said.

"We have really great core professionals," he said. "We're very suited for this, well-positioned, and excited about the opportunity."

And that's good for a local broker such as himself, Greenberg said.

"From a broker's point of view, I'm pretty much dealing with the same people that I always dealt with. I have a level of comfort with them because I've been dealing with them for more than 25, 30 years," he said. "It makes everybody's life easier, not only for brokers like me, but for Robert Martin because they've got a whole team that's ready to go."