

Boston firm has plans for Wayne's Drake's bakery site

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* Boston firm plans to raze former Drake's plant in Wayne, build warehouse-distribution operation

A Boston-based real estate investment firm, which owns several properties in Bergen County, plans to demolish the former Drake's bakery plant in Wayne and build a state-of-the-art warehouse-distribution facility, a company official said Wednesday.

Davis Cos., which has a 12 million-square-foot real estate property portfolio, paid \$9.1 million for the 257,248-square-foot ex-Drake's facility at 75 Demarest Drive, according to CoStar, which tracks commercial real estate data. That was well below the original asking price of \$16 million by owner Hackman Capital Partners LLC in Los Angeles. The bakery, on a 19.5-acre site, was formerly part of Hostess Brands Inc.

Davis Cos. intends, once it gets local permits and approvals, to raze the three-story bakery building itself, said Stephen Rice, a regional manager for the real estate firm who is based in Norwalk, Conn. That original structure was built in 1969, CoStar said.

But the company plans to keep a 70,000-square-foot warehouse, built in 2000, that's connected to the old bakery and lease it, Rice said.

"It's perfectly functional," he said.

The bakery will be replaced by a 200,000-square-foot general purpose warehouse-distribution building with modern features such as high loading bays, he said. Davis Cos. will then lease the new facility.

"Our intent is to market it to people looking to distribute into the metropolitan area, maybe to Internet retailers who need to be able to fulfill their orders in the metropolitan area," Rice said.

Before the original bakery can be demolished, there has to be remediation of asbestos in the building, Rice said. He declined to say what the estimated cost of the construction is. Davis Cos. had already received inquiries from parties interested in either leasing space at the site, or buying it, Rice said.

The fate of the property came up during a panel discussion on industrial real estate last week at the RealShare New Jersey conference in New Brunswick. At that session, real estate brokers talked about the repurposing of older industrial buildings. In some cases, panelists said, outmoded buildings are being demolished.

"You can see it happening now with the Hostess building in Wayne going to get scraped," said William Waxman, an executive vice president at CBRE in Saddle Brook who handled the sale of the former Drake bakery.

"Scraped" is real estate jargon for razing a building.

Waxman couldn't be reached for comment Wednesday, nor could Wayne Mayor Christopher Vergano or Township Planner John Szabo.

The Drake's bakery building was one of 132 former Hostess properties acquired for \$59.8 million by Hackman Capital Partners last year. Those assets were sold to the Los Angeles company after Hostess filed for bankruptcy in November 2012.

On behalf of its clients, Davis Cos. has invested in about 140 properties representing about \$3 billion in gross asset value. It has acquired about \$550 million of commercial loans and real estate securities, according to its website. Davis Cos. is an active investor in real estate equity, debt and fixed income real estate securities, the website said.

Many of the company's properties are in Massachusetts and Pennsylvania, but it does have some in New Jersey. On June 1, four days before it closed on the Wayne property,

Davis Cos. bought an office building at 3 Paragon Drive in Montvale for \$10.65 million from TA Associates Realty in Boston, according to CoStar. The tenants in that 93,916-square-foot building include Pentax Medical Co. and Turner Construction Co.

In 2012, Davis Cos. paid \$11.9 million for 41 Slater Drive in Elmwood Park, a 180,430-square-foot warehouse on 11 acres, according to CoStar. The seller was Highland Capital Management of Dallas, CoStar said.

Rice said Davis Cos. is looking to expand its footprint in the tri-state area.

In addition to the Drake's facility, a large parcel in Wayne was sold this year. Bayer HealthCare's 55-acre campus, with a 301,870-square-foot building, on West Belt Parkway was purchased by Ridgewood real estate firm The Stro Cos. The real estate firm couldn't be reached for comment.