

Mountain Development

Assets to the
Community



ASSETS to the COMMUNITY

Mountain Development Corp. is building its success story with projects — and personal involvement — that enhance neighborhoods

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mountain development

WHETHER YOU'RE SELLING OR BUYING, success in real estate has always been about location, location, location.

One leading real estate development and management company has added another yardstick to see how it measures up — community.

Mountain Development Corporation, in Clifton, N.J., is a leasing and marketing firm for a variety of commercial properties, mostly in New York and New Jersey. The company works in all phases of development — land and building acquisition; new construction and remodeling; sales and leasing; and property management.

In all cases, the company tries to set itself apart in three areas: targeting niche markets, making strategic and significant capital investments, and soliciting local input.

In fact, Mountain Development takes a very neighborly approach to its development projects, and the effort has paid off both financially and socially. The key has been putting in a lot of up-front work to learn about a neighborhood and its needs, identifying potential future tenants to help “sell” a project to city officials, becoming involved within the community, and offering a finished product that creates greater value to the area as well as to tenants.

“Whatever we can do to contribute to the success of our communities, to make our communities more vibrant and healthy, helps improve the value of our assets,” says Michael Allen Seeve, president of the company, which was founded in 1979.

That attitude permeates the company, top to bottom, Seeve says, and is especially shared by company chairman L. Robert Lieb. Even the company's website mission statement notes that, “Our strategy

has not only been to buy properties in advantageous areas, but also to invest in those same communities with capital, time and leadership, so that ‘our’ neighborhoods, and importantly, our buildings, become more valuable. Our team is actively involved in the communities in which we invest because we believe that the strength of the local community is the best way to protect our investments.”

Of course, projects that promise a high return often means acquiring properties that need a lot of capital investment, or are located in less-than-affluent areas.

“But we are prepared to take those risks,” Lieb says. “We like to go into markets that are under-developed, and we like to be known as good neighbors by doing so. That's how we differentiate ourselves.”

SERVING THE MARKETS IT KNOWS BEST

Mountain Development has also been able to succeed and grow by staying focused on what it does best, and keeping its markets close to home.

“We confine our selves to the Northeast, and we track certain cities —second-tier cities,” Lieb says. “We know the pricing in these markets, we know the leasing trends in these markets, and we know what we want to be as a player in these markets.”

Due diligence means researching population trends, income trends, employment trends and corporate activity within a region before acting on a target property. When the company does make a move, the frequent strategy is to purchase unwanted properties from larger companies and national chains, invest heavily in a “make-over,” and convert them into what Seeve calls “Class A” (top rent) multi-use or multi-commercial tenant properties.

About Mountain Development

Located in Clifton, NJ, Mountain Development Corp. acquires, leases, markets and manages commercial, retail and industrial properties throughout the metropolitan New York area. The company's portfolio currently includes approximately 6 million square feet.

In the area of acquisitions, Mountain Development works with both individual and institutional co-investors, targeting so-called “asset play” properties in communities the company knows, and can promise a fair-risk adjusted return. With new construction, the company handles every

component of a project, from the initial site selection to finish work. Alteration efforts have ranged from 2,500 square foot projects to 950,000 square foot projects, including general office space, executive offices, show rooms, medical space, retail space, technical and equipment areas, data centers and mission critical facilities, and specialty space.

In the leasing and management areas, Mountain Development has worked on residential, commercial and retail projects.

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Michael Seeve (left) and L. Robert Lieb believe in giving back to the communities

From a staffing standpoint, Lieb says Mountain Development trains staff thoroughly in all aspects of the business. That means helping staff get fully acquainted with the community, its business and government leaders, and community organizations. Seeve adds that when Mountain Development does hiring, the company looks for people who not only understand the real estate "big picture," but are excited by improving properties, not just turning them over. Staff members are just as involved with neighborhood organizations and volunteer efforts as Lieb and Seeve, and that community involvement has been a key to retention for the company. Lieb says the average employee at Mountain Development has been with the firm for 15 years.

EVERY EMPLOYEE SHARES IN THE SUCCESS

In terms of operations, Mountain Development runs very lean, and tries to keep all functions in-house. Lieb says the company's culture is very old fashioned in terms of work ethic, and the staff is very hands-on with whatever has to be done. Again, Lieb points to that approach as another differentiator for the company, as every employee has a sense of value to the company's efforts, and contribution to the success. Technology plays an important part of the company's research efforts, and is an important tool for evaluating markets. The company has developed smart shopper card programs — handling all technology requirements itself — for its commercial mall properties. But as much as Mountain Development invests in its

own operations and processes, the key strategy for success is to not go it alone on any prospect. The company involves as many agencies, individuals and potential customers from the outset, Lieb says. The result is that the entire company staff gets to truly know the communities in which they work. That relationship pays big dividends in finding contacts and customers and in fostering neighborhood trust. To illustrate that approach, Seeve gave the example of refurbishing a former mixed-use commercial building at 80 West 40th Street in New York — The Bryant Park Studios. The 107-year-old building was badly in need of a face-lift. And since it already had some clothing retailers among the tenants, Mountain Development decided to refurbish the property catering to that type of tenant. Company staff sought out small boutique owners and fashion designers, and marketed the building as one specializing to that niche.

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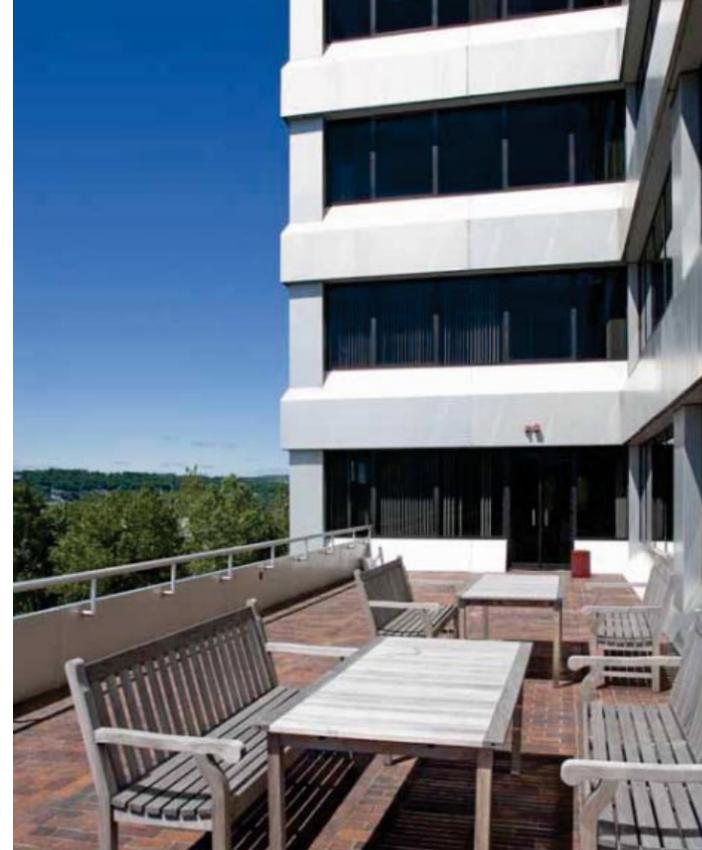


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Building exterior of One Garrett Mountain, West Paterson, NJ

This tactic pays off for consumers, who come to associate the building as a hip, high-end fashion retail center. It pays off for tenants, who can more easily draw top buyers to this now recognized location where a buyer can visit numerous designers in one trip. And it pays off for Mountain Development, which can ask higher commercial rates for the space because of the added value they bring to tenants and the neighborhood.

"We like to make a significant investment in the property, to make us unique, and to make us more known in the community," Seeve says.

Being seen as unique doesn't happen by accident, and to get there requires bringing all parties into the process, Seeve says. When Mountain Development targets a property, it must create a vision for the finished product with the architects brought in, the interior space designers, contractors, etc. "We want them to understand that these are our goals, these are our concepts, these are our management concerns," Seeve says.

That is the approach the company is taking with its current project, the One Garrett Mountain Plaza, in West Paterson, NJ. Mountain Development, together with the prestigious Meritage Properties firm from Scarsdale, New York, acquired this office building that was originally designed and built by a bank for its headquarters.

Seeve calls the building "a fortress," intentionally built with narrow corridors, and limited window visibility. "The bank was particularly security conscious," he

notes. The challenge is to open the building up — reconfiguring walls, windows and hallways to create open and comfortable office space.

Mountain Development is working with two architectural firms on the project — Posen Architects LLC of New Jersey and Turett Collaborative Architects of New York. "We want to turn it into a Class A multi-tenant office building," Seeve says, "that will attract new tenants with its warm and inviting points of entry."

Lieb also offers the example of Mountain Development's efforts to redevelop the Eastfield Mall in Springfield, Massachusetts. The company first spent a lot of time with the mayor and other city officials, explaining their vision for the property and the impact it should have on the area.

"When we started, the mall was only 40% leased," Lieb says. "We told the mayor very clearly what we wanted to do, we were very upfront with our plans." Mountain Development got the mayor's buy-in, and carefully addressed community concerns within their final design plans.

"Now, the mall is 100% leased, it is a very stable property for us, and we are viewed as a very good neighbor" Lieb says.

STANDING OUT IN THE CROWD

Of course, it isn't all about good neighborliness. Seeve says the increased competition in the real estate market drives all developers to try to stand out. Unless there is something genuinely unique about your buildings or your marketing, it is very hard to do that.

"The more people pay for real estate, the higher the rates are going to have to be, and it becomes really hard to justify those rents if you can't differentiate yourself, Seeve says. And as a developer, "if you pay top dollar for everything it doesn't leave a lot of room for error."

To help reduce the room for error, Mountain Development investigates a property's potential thoroughly. That includes assessing the past property use, future prospective uses, what is needed to make the building a desirable location for new tenants, who might best benefit from the space, and what the public would like to see developed to compliment the neighborhood.

Planned Companies

Planned Companies is a real estate services organization serving New York, New Jersey & Pennsylvania. Through its two separate and distinct divisions, Planned Building Services & Planned Security Services, the company provides janitorial, maintenance, handymen, and security, concierge, and doormen services to corporate, commercial, retail and residential properties.



Klein Insurance corner office at One Garrett Mountain, West Paterson, NJ

"We not only commission and review experts' reports," Seeve notes, "we also assess those other items which may bear on the value of a prospective investment; interviews with the local brokerage community, local planning and economic development criteria, zoning and regional development considerations, practical assessments of building systems, staffing structures, and other physical plant criteria."

Equally important, "We are very good at listening," Seeve says of the company's staff. "We try to be as open as possible, and explain in as much detail as we can what we want to get done, up front." That communication helps ease the concern of permitting and licensing officials, and also helps generate interest in the general public in the project.

"There are economic development groups in most communities, and they can be an instant door opener," Seeve says. "They can point you in the right direction to local businesses and organizations that might be interested in any given project which we may be proposing."

Mountain Development also appreciates the power of the press, and early legwork on a project often involves visits to local media outlets to explain the details, and merits, of a project.

NO DOWNTOWN FOR THIS DEVELOPER

Reflecting on current development markets, Seeve says the impact of dramatic new environmental and regulatory restrictions significantly hampers the development process and the consequence of all of these regulations — coupled with a growing aversion to development by the suburban planning boards — have made it harder and harder to undertake new commercial developments out of the ground. But in some ways, this has been good news for Mountain Development.

Mountain Development undertakes a lot of renovation

Giving Back to the Community

Company executives L. Robert Lieb and Michael Allen Seeve obviously believe in leading by example, so when they say that a company should strive to be actively involved in the community, their own commitments are hard to top.

Lieb was the founder and chairman of the board of the NorCrown Bank, in Roseland, NJ. He is a past president and trustee of the Passaic Country 200 Club, co-chairman of the Bryant Park Management Corporation and a member of the executive committee and the board of the Public Health Research Institute in Newark. He is also a former president of the Children's Institute in Livingston and a former trustee of its foundation, a former trustee of the Livingston Education Foundation, a former director of the New Jersey Council of the Multi-Housing Institute, the YMCA of the Oranges, Maplewood, West Essex and Sussex Counties, and a former trustee of the Fund for Advancement of the Archdiocese of Newark.

Similarly, Seeve has held several leadership positions in the community, including serving as chairman of the William Paterson University Foundation, as a trustee of the New Jersey Chapter of the NAIOP, as chairman of the Barnert Hospital Foundation Board and as a non-executive member of the hospital's audit committee, and as chairman of the Downtown Paterson Special Improvement District. In 2006, he was an honoree at Barnert Hospital's annual gala and bestowed its Distinguished Citizen Award.

Seeve has also been designated an adjunct faculty member of the New Jersey Institute of Technology and sits on the boards of the Memorial Day Nursery, the Greater Paterson Chamber of Commerce, and serves as a technical advisor to the Paterson Economic Development Corp. He is also a past chairman of the Alexander Hamilton Academy Foundation.

projects of existing buildings and corporate campuses. Two recent examples are the former BIC US Headquarters in Milford, CT., a 650,000 square foot office, distribution and warehouse facility, as well as the former Dun & Bradstreet World Headquarters in Berkeley Heights, New Jersey, which Mountain Development converted to the 250,000 square foot home of the Summit Medical Group.

Office building projects span New Jersey, New York and Connecticut. The company has also developed numerous industrial projects throughout the region

and is actively involved with its mall properties in Massachusetts and New York, with an eye towards further expansion.

The leasing of the properties occurs in both brokerage-dominated markets such as New York City, and again in more local niche markets such as Paterson, which is more of a direct business to business environment. Mountain Development acts as both owner and manager of its properties, handling systems maintenance and repairs and janitorial work, which its principals believe ultimately, makes them more responsive to the tenants.

"If people have complaints, or suggestions, or want more space, or less, or whatever, we want to know," says Seeve, "and it's great to hear it directly from our tenants."

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Strong competition in the market, and escalating utility prices, are forcing companies such as Mountain Development to become extremely energy-efficient, and that is another area in which the company differentiates itself, Seeve says.

"The biggest cost in real estate, other than the purchase price, is usually the cost of energy," Seeve says. Mountain Development therefore looks for ways to make older buildings more energy efficient, and to build state-of-the-art energy-efficiency systems into new projects.

Looking ahead, Seeve expects to see more communities in the Mountain Development's suburban market tightening their regulation processes for development — looking more closely at a development plan in terms of its impact on the environment, on zoning, schooling costs, traffic and neighborhood impact.

"The net result of that is that it will force a lot of development back to the urban areas," Seeve says. "We think that's a good thing — to encourage more development in places where people already want development, and to reuse existing properties." ☺

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