

Vallone of Hoboken Brownstone Sees Continued Demand For Urban Living

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George Vallone, founder of Hoboken Brownstone Company, photographed during NJ Future's 2015 Redevelopment Forum in New Brunswick, NJ. (Steve Lubetkin Photo/StateBroadcastNews.com. Used by permission)

JERSEY CITY, NJ—Baby Boomers retiring, aging Millennials rethinking their lodgings in urban settings, and investments in critical infrastructure are key issues affecting commercial real estate investment, says **Hoboken Brownstone Company** founder **George Vallone**.

In a recent **exclusive interview with GlobeSt.com**, **Vallone** also says infrastructure upgrades are critical to meet future housing and development needs. **Vallone** commented on issues ranked in the top ten of a recent survey conducted by **The Counselors of Real Estate**, the global professional association, in which he has been an active member for nearly five years.

“We bought our first brownstone in Hoboken in 1979 and converted it into four condominiums,” **Vallone** says. “At that point, Millennials were called ‘Yuppies,’ and we bought Hoboken because we

thought the Yuppies wanted to be in a cool urban environment with walkability to bars and clubs, and also the mass transit into the Manhattan job market. And that's pretty much held true for the entire three-plus decades in which we've been working."

Young upwardly mobile workers and their empty nest, Baby Boomer parents are both interested in urban lifestyles. About three quarters of the market is Millennials and a quarter Boomers, Vallone says. But that's due to change, he thinks, with the mix shifting to Baby Boomers at about 60-40 or 50-50.

"Our analysis shows that Millennials are going to start forming households in two to three years," he says. "They put it off much later than the Baby Boom generation did, for many reasons: they came of age in a recession, they had a lot of student debt, there was a lot of uncertainty about their jobs. They are at the point where their debts are paid off, their career paths are stabilized, and our studies show not all of them are going to stay in the cities. A significant number are going to return to the suburbs."

However, that doesn't mean demand for urban apartment-style dwellings will decline, he says.

Multifamily building permits still represent more than 70 percent of the applications statewide in New Jersey, with the bulk in Hudson County, says Vallone, who served last year as president of the **New Jersey Builders Association**, and is a founder of **NJBA's** Mixed Use Developers affiliate whose members build three-quarters of all the multi-family housing in NJ.

"We just see no end to it," he says of the demand for residential living in Jersey City and Hoboken. Census projections for population growth in Jersey City indicate a need for more than 80,000 additional housing units and several million square feet of commercial and retail space.

"There's a tremendous future growth market in Jersey City, which is why we're there big-time right now," Vallone says.

"One of the concerns we all have is upgrading our infrastructure," he says. "It's a common misconception that you build in the cities because they have the infrastructure. In Jersey City, we open up the streets and we still have brick and wood sewers, and it's a combined sewer which handles storm water and the sanitary flows. Those have to be separated. We've got to rebuild our infrastructure. We need a gas tax, and I think we need a water tax. I think we're going to start to see more attention paid to a more-appropriate user-fee structure, where the users pay for the transmission of these utilities, sewage flows, storm water flows, drinking water flows. Those systems need to be upgraded."

Currently headquartered on a 15 acre formerly industrial brownfield development site located in downtown Jersey City, **Vallone's** firm is developing 2,000 residences with retail space, parking, and over three acres of new public parks connected to the nearby light rail station by a walking / bike path. The entire area is in a Redevelopment Area, enabling **Hoboken Brownstone** to take advantage of density bonuses for building and donating the parks to the City.