

Homeowners to compete with hotels when Formula One comes to New Jersey

By AL BARBARING

With Formula One's Grand Prix of America set to rumble through New Jersey beginning in June 2013, property owners are likely to consider the idea of renting out their digs to visiting motor-heads.

At first glance, New Jersey – the oft dubbed Armpit of America – might not sound like the go-to spot to hold an event with as much history and prestige as Formula One. It's not quite as glamorous or exotic as Monaco, Melbourne, Valencia, or Singapore, other current Formula One street circuits.

But some of the most expensive properties in New Jersey lie along the racecourse—carved through the towns of West New York and Weehawken— and fanatics are likely to shell out premium coin to get as close to the driver's seat as possible.

"We have internationals coming in and asking if they can get short-term furnished apartments for that week or two surrounding the event," Eugene Cordano, a broker with Halstead Property and director of sales in the New Jersey. "On the flip side, we have owners in those necks of the woods looking to see what the premiums would be to rent their places out."

The new 3.2-mile course will run on existing public streets, from the Weehawken Ferry Terminal, then climbing up along the edge of the Palisades. Drivers are expected to reach speeds of nearly 200 miles per hour.

The scenic, sweeping route lies along a stretch of Boulevard East and River Road along the Hudson River's west bank, offering majestic vistas of the Manhattan skyline, from hundreds of feet above the Hudson River, where local zoning laws prohibit the construction of high-rise buildings that would obstruct views.

Each day of the three-day race weekend, which will be held annually for the next 10 years, is expected to draw 100,000 people. The lead organizer, Leo Hindery, has said that the

three-day event will generate an additional \$100 million in economic activity.

While the event will likely spur some subletting activity among renters in the area looking to get a piece of the pie using sites like Craigslist, the major market deals will occur through property owners along the stretch, Cordano said.

Many home owners in the area fly in for summer or rent their units out year-round as investments; in other cases, if

Units near the track would likely achieve the going rates for hotels. Depending on how fast those hotels rent up, the more those units will rent for.

- ADELAIDE POLSINELLI, EASTERN CONSOLIDATED

the price is right, owners might opt to stay at another home to accommodate the short-term rental; while owners of multifamily properties and new development projects will look to fill otherwise vacant spaces, he said.

Normally, monthly rents in the area top out around \$11,000 per month for houses, with an average rent of \$3,664 and median of \$3,000 for one to three-bedrooms in the prime riverfront and Bluffs locations, according to data from Halstead.

Cordano estimated at least one month's rent could be earned for a week's stay. He believes there will be interest across the full spectrum, from single-family houses in the bluffs – considered to be the most lavish and expensive part of Weehawken – to smaller condos and rental units along the strip.

Ron Simoncini, a spokesman for the Meadowlands Liberty Conference and Visitors Bureau, has estimated 8,400 hotel rooms near the race course. But a lack of hotels along the route could spike the value of a stay in a home that offers direct views of the racetrack, as surrounding hotels hike their rates as the event approaches.

"You're really competing with what hotels are there and how cheap they are," said Adelaide Polsinelli, a senior director at Eastern Consolidated and former AVP at Marcus & Millichap. "Units near the track would likely achieve the going rates for hotels. Depending on how fast those hotels rent up, the more those units will rent for."

But, she added, "The higher-end homes along the route would be more desirable and could demand much more, especially if you have celebrities going there who want something a little bit more upscale."

The process could play out to be something akin to an Olympic Village scenario, where an in-the-know broker who perhaps has an edge with Formula One will work directly with organizers to pool availabilities and solicit visitors via the internet, Polsinelli suggested.

In addition to the plans for New Jersey, Formula One is building a permanent track in Austin, Texas, as it tries to elevate its profile in the United States, which last hosted a Formula One race in 2007. Austin Auggies have cast mixed reviews about their incoming race course, but in Jersey it seems to be creating excitement from the top down.

"I am pleased that New Jersey will play host to Formula 1 beginning in 2013, bringing one of the world's most popular and exciting sports right to our backyard," said Gov. Chris Christie when he announced the agreement last year. "These

Continued on Page C4

COVER STORY

Race begins for property owners in NJ

Continued from Page C1

races will showcase Weehawken and West New York, as well as our state and region to an international audience, while strength-



ADELAIDE POLSINELLI

The event, along with the 2014 Super Bowl, puts New Jersey on the map to host visitors from all over the country and the world – visitors who likely would never have otherwise considered a trip to Jersey.

"Jersey is not like New York from the standpoint of international interest," Cordano said. "We have a very small portion of internationals that come through here. It's not like in Manhattan, where international investors come in and spend \$40 million because they feel that they just have to be there."

Benjamin Tamborello owns a two-family stone home built in the 1920's, one block up from Boulevard East in Weehawken, by the Bluffs.

He regularly rents out the basement apartment in the home,

and could also rent out the topfloor, two-bedroom to the right tenant.

"This isn't a crash pad, but I'm definitely considering it," he said.



EUGENE CORDANO