

SMART LOCATIONS

Update on Business Developments in New York's Hudson Valley

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President's Message Time for More Spec Buildings?

The vacancy rate in the Hudson Valley has been dropping steadily in recent years to the point where it is now hovering at a healthy 9%.

As you'll read in this issue, the office market in Westchester County has been particularly hot in the past year and a half, but prime properties are being snapped up in Rockland, Orange and elsewhere, too.

A recent article in *The Wall Street Journal* about the national office-market turnaround noted that in the second quarter "office building vacancies tumbled to their lowest level in three years and rents registered their second quarterly increase in a row after four years of decline."

It begs the question if the time is right for developers to consider more speculative building in the Hudson Valley. We think so. Our nine-county region has shovel-ready sites in a wide range of settings, ranging from suburban office parks to more rural retreats. But they all have one thing in common – ready access to a huge market and labor pool with an unparalleled transportation network.

We welcome the opportunity to discuss spec building opportunities in the Hudson Valley. Drop me an e-mail at acampagiorni@hvedc.com or call me at (845) 220-2244. Let's explore the possibilities.

Anthony Campagiorni
President and CEO

Novartis Awarded Contract to Make Malaria Vaccine at Rockland Facility

When Swiss-based Novartis AG was awarded the contract by the World Health Organization to produce a new malaria vaccine, the pharmaceutical company considered which of their factories around the world was best-suited for manufacturing the drug. The answer? The Novartis Pharmaceuticals Corporation facility in Suffern, New York.

As a result, Novartis will invest more than \$15 million in the Rockland County plant and create 100 new jobs. The 500,000-square-foot facility, which is the company's primary U.S. production operation, currently employs about 475 people and manufactures drugs to treat heart disease, high blood pressure and epilepsy, among other ailments. They also package bulk Novartis products for the U.S. market that are shipped in from other plants.

There has been a pharmaceutical factory at the Suffern site since the days of Governor Nelson Rockefeller, first under the name of Geigy Chemical Corporation and later Ciba-Geigy. It took the name Novartis when Ciba-Geigy and Sandoz merged in 1996.



NOVARTIS WILL INVEST \$15+ MILLION
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Empire State Development Corporation is providing a \$1.1 million capital grant to Novartis to help offset equipment purchases and make the production process

more competitive with plants the company owns in India, China, Nebraska and Colorado.



Microchip Makers and New York State Team Up To Launch \$580 Million Lithography Research Effort

Four computer chip giants and New York State are teaming up in a \$580 million research partnership in lithography, a crucial semiconductor manufacturing technology. Called "Invent" for the International Venture for Nanolithography, the effort will be based at Albany NanoTech, the research and development center affiliated with the State University of New York at Albany.

The companies – IBM, Advanced Micro Devices, Infineon Technologies and Micron Technology – will each invest \$50 million in the project over the next five years. In addition, suppliers of lithography tools and materials are expected to invest another \$200 million, and \$180 million will come from the New York State Assembly.

Lithography is a photographic process that uses light to trace patterns of circuitry on silicon wafers. Advances in lithography tools, which can cost upwards of \$25 million each, are critical for chip

makers to continue shrinking the size of transistors, which allow each chip to provide more calculating power and to store more data.

The project is the latest of the state's efforts to make the Hudson Valley a high-tech center that can compete with other industry hubs like Austin, Texas,

and Silicon Valley in California. In 2002, the state lured the powerful computer chip consortium International SEMATECH North to Albany. Since then, the state has given \$535 million to start projects at Albany NanoTech. Private industry has committed to investing \$1.7 billion at the R&D center.

Meanwhile, further south in the Hudson Valley, IBM built a \$2.5 billion microchip plant in East Fishkill, New York, which opened in 2002 and is considered the world's most advanced 300-mm wafer manufacturing facility. The company is currently building a \$1.9 billion annex to the factory. Philips Semiconductors and some 70 other microelectronics makers and suppliers also have operations in the Hudson Valley.

The new Invent project should help create about 200 new jobs at Albany NanoTech. Currently, about 645 people work at the center.



British Insurer to Set Up American Headquarters in Armonk

Hiscox P.L.C., a London-based insurance company, plans to open its American headquarters in Armonk, New York, early next year. The move is a bid to capture a larger share of the U.S. specialty market that covers racehorses, fine art, yachts and other high-end luxury items.

Initially, as many as 20 people will work in the Westchester County headquarters during the first year, according to Edward D. Donnelly, who was recently named president of



Hiscox USA. He expects some underwriters to come from Britain or elsewhere in Europe and others to be hired locally.

Last year, Hiscox wrote \$2 billion worth of premiums, with approximately 40% going to American customers who paid a least \$25,000 in premiums. The initial thrust of Hiscox USA, according to Mr. Donnelly, will be to target companies below the Fortune 1000.

Par Pharmaceutical Expands Rockland Facility To Add Capacity for New Appetite-Enhancing Drug

It is best known for making generic drugs that cost substantially less than their branded counterparts. But **Par Pharmaceutical Companies, Inc.**, is betting big on its first patented medicine – a treatment called Megace ES for treating patients with appetite problems.

The drug received approval from the Food and Drug Administration in June and the company is hoping to move two more branded drugs to market soon.

Construction is now under way on a 25,000-square-foot addition to Par's operation in Chestnut Ridge, New York, where it performs manufacturing, packaging and quality control lab work. When the annex is up and running by the end of the year, four new packaging lines will be in operation. Additional manufacturing capacity and the ability to add about 60 new jobs to the company, which has already grown by 90 employees in the past year, are also in the plans as the company prepares to roll out its new drug.



Par, which had sales last year of \$690 million, makes, markets or licenses more than 90 prescription drugs. During the past five years, the company's sales have grown more than eightfold and its stock has grown more than 350%. The company has about 50 applications pending before the FDA for approvals of new generic drugs and hopes to see 15 to 20 approved during the current year.

An appetite stimulant, Megace ES was designed for patients with anorexia, AIDS and other diseases that make food unappealing. Par used licensed chemical nanotechnology to produce a dosage of the drug that can be taken on an empty stomach. The company estimates the market for Megace ES to be \$350 million.



Prime Properties:

Ardsley Park

Biotech, pharmaceutical and other life sciences companies take note: Ardsley Park, a science and technology center located just 30 minutes north of Manhattan in Ardsley, New York, has just come on the real estate market and it is a beauty. Situated on a lush 43-acre campus, the complex includes seven buildings totaling 390,000 square feet of state-of-the-art laboratory, pilot plant and office space. Several of the buildings are connected by skywalks.

Designed by renowned architects Skidmore, Owings & Merrill and built in the early 1960s, Ardsley Park underwent major renovations in 1997. The now thoroughly up-to-date buildings offer modern interiors, fiber-optic service, a back-up generator, photo-identification card security systems and other service. In addition, zoning regulations permit construction of vivariums.



Fast Fact

Money magazine ranked Larchmont, New York #11 in its 2005 listing of the nation's "Best Places to Live." The Westchester County village scored high for a low crime rate, high median household income and good student-to-teacher ratio. Quality of life factors, such as the number of restaurants, movie theatres, golf courses, libraries and institutions of higher education, also came into play.

Short Takes

Companies On the Move

Teva Pharmaceutical Industries Ltd. is acquiring rival **Ivax Corp.** for about \$7.4 billion in cash and stock in a deal that will create the world's largest generic drug company. Ivax employs about 90 people in Rockland County at two facilities in Congers, New York.

Three Westchester County companies were among 44 firms in the New York metro area that shared more than \$758 million in venture capital funding in the second quarter. **Aureon Laboratories Inc.** in Yonkers obtained \$18 million in funding toward the development of clinical tests to predict patient responses to cancer therapies. **Eos**, a start-up airline lead by a former British Airways executive, received seed money totaling \$15 million. The Purchase-based firm has already raised \$185 million to date, according to *Bloomberg News* reports.

APF Group Inc., of Mount Vernon, received \$700,000 in funds to expand its business making and distributing picture frames.

Allegiant Air will begin offering four flights a week to Orlando from Stewart International Airport in New Windsor, New York, starting October 27. The low-cost carrier focuses on leisure travel and offers inexpensive flights from underserved markets to popular vacation destinations.

The Cartoon Bank, which sells famed *New Yorker* cartoons, recently moved into iPark, the renovated former Otis Elevator factory in Yonkers.

The Hudson Valley now has its very own **Trump Tower**. The luxury condominium tower, a joint project of Donald J. Trump and Louis R. Cappelli, opened this fall at the City Center in White Plains, New York.



Trump Tower in White Plains

Software Developer Flourishes in Tax-Free Empire Zone



Timothy and Jonathan Peck on the Black Creek in Esopus, New York

It has been 25 years since Jonathan Peck started a small customs computer programming shop on Long Island. Today, his company **CSIG, Inc.**, is flourishing in the Hudson Valley, with a long list of customers for its software products.

The Peck family moved their business and home to the Hudson Valley in June of 2001, expanding the company in Tech City, a former IBM complex now located in a tax-free Empire Zone in Kingston, New York. The company's flagship product continues to be VISCO, a software for importers and exporters to improve business efficiencies. Recently, CSIG launched several new products through acquisition and expansion. Its customer base now includes software companies selling to niche markets, service companies and not-for-profits. CSIG will also team up with other Hudson Valley firms to develop integrated platforms for clients.

In addition to working with private business, CSIG identified several non-profit organizations facing challenges raising funds. Through careful development, the company created "Careworks," a product to help non-profits identify potential philanthropic donors and respond to grant applications. Connecticut's Non-Profit Association Network, a CSIG partner, is among the organizations using the product.

While technology is the base of their products and services, CSIG's human capital is really what sets them apart. The achievements of this family-operated business stem from its employees, says Jonathan Peck's son Timothy, Vice President of CSIG. "It's what we sell. We have the most highly skilled technical people between New York City and Albany." Along with the highly skilled labor force, Timothy points out another positive about living and working in the Hudson Valley, "You have the ability to enjoy the outdoors a whole lot more."

Westchester Office Market Heats Up

In the past year, the office market in Westchester County has begun to heat up again. Particularly popular has been a pocket of Class A buildings along Interstate 287, a short distance from the Connecticut border. **Snapple** and **Motts** combined headquarters in Rye Brook, **Nokia** established the headquarters for its Enterprise Solutions Group in Harrison and **Lenovo**, the world's third largest computer maker, moved its global headquarters from Beijing to Purchase. **Triarc**, a holding company whose main business is franchising Arby's restaurants, also moved out of Manhattan to the former headquarters of Altria.

A July 10, 2005, article in *The New York Times* pointed out that the energized office real estate market in the Harrison-Purchase-Rye Brook area "reflects a movement of companies out of New York City and Fairfield County, Connecticut, into a suburb that shares some of Greenwich's cachet, but not its high prices." Among those that have made recent moves are:



Dannon recently moved its corporate headquarters to 100 Hillside Avenue in Greenburgh.

■ Greywolf Capital

Management, a hedge fund based in Greenwich, Connecticut, moved its trading floor to 26,000 square feet in the Centre at Purchase this summer. This is the same large office complex where Lenovo relocated its international headquarters.

■ **Kenmar Global Investment Management** also moved out of Greenwich, Connecticut, this spring into 70,000 square feet in a building down the same street (King Street), but in Rye Brook.

■ **Women's Integrated Network (WIN)** – Outgrowing its current space in Harrison, New York, WIN decided to renovate more than 22,000 square feet of space at 800 Westchester Avenue in Rye Brook as corporate headquarters, executive and general offices. The company, which manages obstetrical and infertility care for major managed care health plans, considered locations in Connecticut and northern New Jersey, before the Westchester Industrial Development Agency stepped in to retain the company by granting \$46,859 in sales tax exemptions on the \$1.1 million renovation project.

The former Altria headquarters at 800 Westchester Avenue – which was originally built for General Foods with a soaring sky-lit atrium and is now being renovated for multi-tenant use – is leasing up faster than most dreamed possible. In addition to WIN and Triarc, Illycafé of North America, RNN and Bridge.com took more than 57,000 square feet in the building.

In the Spotlight

Medical Mannequin Maker Expands in Ulster County

Simulaids, a maker of medical mannequins used as training aids, will be expanding into a new 80,000-square-foot manufacturing facility in Saugerties, New York, before the year's end. The company, which currently employs nearly 100 people at its Woodstock, New York, plant, expects to add about 40 more employees at the new facility.

Founded in 1963, Simulaids makes a broad range of life-like mannequins and body parts that look, breathe and bleed like humans. The products allow emergency, medical and rescue personnel to practice inserting IVs, defibrillation, catheritization, CPR, wound care and other medical procedures.

Simulaids had considered moving its expanding operation to Wisconsin, where its parent company, Aristotle Corporation, is based.

Assistance from a "Red Carpet Team" consisting of the Ulster County Economic Development Corporation, the NYS Department of Labor, NYSERDA and other Ulster County agencies, however, provided assistance in a range of areas, convincing the company to expand in Ulster County where it has been located for the past 40 years.



Best-Kept Secret: Saugerties

Nestled at the foot of the majestic Catskill Mountains and on the west bank of the Hudson River, Saugerties was once a part of the region's prosperous paper industry. Today, the town is best known for hosting many popular festivals each year.

The Hudson Valley Garlic Festival, held in Saugerties at the end of every September, was voted the #1 Food Festival in America by *USA Today*. New York State Garlic Growers meet with a collection of vendors of "garliciana" that draws thousands of garlic lovers each year. There are chef demos and lectures, as well as the Garlic Marketplace, where fans can stock up on anything from garlic seeds to garlic wreaths and find all sorts of garlic-infused bites.



During the autumn, the town's **Mum Festival** also draws large crowds with its multi-colored collection of more than 4,000 chrysanthemums planted in the public gardens of Seamon Park and an art show promoting local artists. Saugerties celebrates the summer with its annual

Jazz and Art Festival – an afternoon filled with two stages of non-stop jazz music with a Latin flavor, children's activities and plenty of arts and crafts booths. When asked what his favorite festival was, Saugerties Mayor Bob Yerick said, "I love them all!"

Besides festivals, Saugerties also offers the **Saugerties Lighthouse Walk**. The "low tide" scenic nature trail offers access to assorted Hudson River tideland habitats and leads to the restored **Saugerties Lighthouse**. Built in 1869, it once lit the harbor to direct river traffic when Saugerties was a major port with daily passenger boats to Manhattan.

Another Saugerties site to see is **Opus 40**, a nationally recognized earth works built on more than six acres of abandoned bluestone quarry. It took almost 40 years to complete the labyrinth of ramps, walls and walks. The monumental sculpture now provides breathtaking views from the foothills of the Catskill Mountains.

Shhh...don't tell anyone.

Hudson Valley Restaurants Lauded

Departures, a glossy magazine mailed to more than a half-million American Express Platinum Card holders, devoted a whole page in a recent issue to where to eat in the Hudson Valley. Among the handful of restaurants lauded in the "Upstate in Style" feature were:

- Blue Hill at Stone Barns in Pocantico Hills
- Aubergine in Hillsdale
- Bolgen & Moi in Hudson
- Mina in Red Hook
- Tavern in Garrison
- Valley in Garrison

The article pointed out that New York's Hudson Valley has long supplied the kitchens of city chefs with "first-rate produce and pasture-raised meat," but in recent years, chefs of the valley itself have begun making the most of the bounty, opening restaurants committed to "ingredient-conscious cooking."



Blue Hill at Stone Barns

Washington Irving's Legacy Lives on at Sunnyside

Washington Irving's *The Legend of Sleepy Hollow*, the classic story of the Headless Horseman and his pursuit of Ichabod Crane, is still being told around the world today. While the tale was fictional, Irving did describe genuine Hudson Valley landmarks throughout the story based on his childhood visits to Tarrytown. Visitors may still explore places with connections to Irving and the trail of the Headless Horseman.

Perhaps the most famous historic landmark in the Hudson Valley is Irving's Tarrytown home, **Sunnyside**. The romantic Dutch Colonial cottage houses the writer's original writing desk and books, and is graced by an unspoiled riverside setting.



Sunnyside

Because of Irving's famous story, Halloween and the Hudson River towns have been linked as the "haunted hollow," now known as Sleepy Hollow. Legend Weekend is celebrated every Halloween at Sunnyside with family activities, readings and tours during the day and more chilling stories after dark told for the adults.

Legend Weekend is also celebrated at **Philipsburg Manor**, where the famous chase of Ichabod Crane took place. The property is lit only by candles and bonfires for a night of fun that allows visitors to explore the eerie grounds. The Headless Horseman himself even makes an appearance, riding a black stallion in the back pasture. Irving's literary legacy clearly lives on in the Hudson Valley.

For more information, go to www.hudsonvalley.org.



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