

# SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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# 49 Wireless Blvd – Proposed Development

- Existing Facility: Functionally obsolete vacant office building.
- Proposed Development: 123,970 SF modern Class A industrial facility
- Target Uses:
  - Warehousing
  - Pharmaceutical
  - Manufacturing
- Projected Job Creation
  - A minimum of 30 new jobs with an average salary of \$40,000 per year.
- Capital Investment: Approximately \$44M capital investment in Suffolk County and Hauppauge Innovation Park.



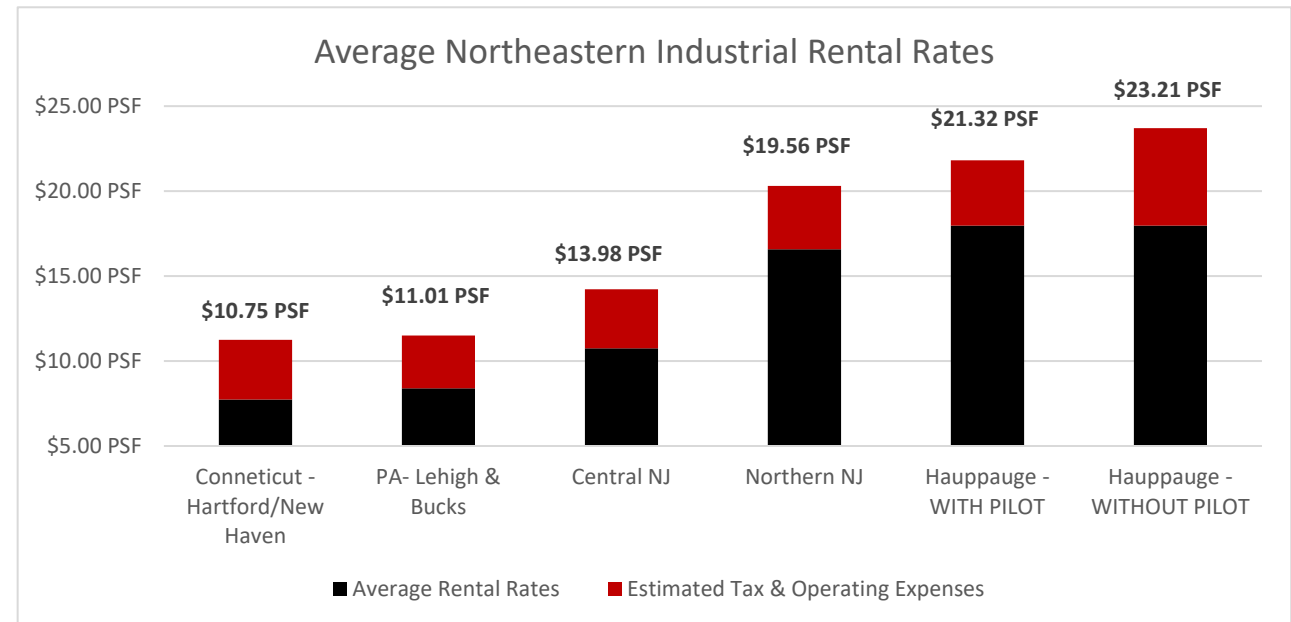
# Long Island Vs. Competitive Northeast Industrial Markets

- Suffolk County’s tax rates for new industrial facilities are among the highest in the Northeast (on average, 201.5% higher than Northern New Jersey and 293.3% higher than that of Central PA).
- Elevated Real Estate Taxes make Suffolk County one of the most expensive locations to operate – putting Suffolk County at a competitive disadvantage when attempting to attract and retain new and existing tenants in a market due to high labor, real estate, insurance and freight costs.
- Due to the high cost of land, rents are also among the highest in the region, potentially forcing existing users to relocate to less expensive locations, specifically pharmaceutical and manufacturing users which are cost sensitive.

Sources:

- Tax figures provided by CoStar Group.
- All other operating expenses (Common Area Maintenance and insurance) were projected at \$1.75/sf
- Average asking rents provided by JLL’s Northeast Q1 2022 Industrial Market Report

Location	Estimated Taxes PSF
PA- Lehigh & Bucks	\$1.36 PSF
Central NJ	\$1.73 PSF
CT - Hartford/New Haven	\$1.76 PSF
Northern NJ	\$1.98 PSF
Hauppauge - WITH IDA	\$2.10 PSF
<b>Hauppauge - WITHOUT IDA</b>	<b>\$3.99 PSF</b>



# 49 Wireless Tax Benefit from Redevelopment

- A new redevelopment into Suffolk County will benefit Suffolk County’s industrial base, and over an eleven-year period provide in excess of \$675,000 in additional tax revenue.

49 Wireless Boulevard -- In-Place Vs. Projected Future Taxes											
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>
<b>In-Place Taxes*</b>	\$301,726	\$304,435	\$307,168	\$309,926	\$312,709	\$315,516	\$318,349	\$321,207	\$324,091	\$327,001	\$329,937
<b>Projected Taxes with (10-YR PILOT)</b>	\$259,750	\$283,275	\$306,800	\$330,325	\$353,850	\$377,375	\$400,900	\$424,425	\$447,950	\$471,475	\$495,000
<b>Increase/Decrease to Tax Base</b>	-\$41,976	-\$21,160	-\$368	\$20,399	\$41,141	\$61,859	\$82,551	\$103,218	\$123,859	\$144,474	\$165,063
<b>% Change</b>	-13.91%	-6.95%	-0.12%	6.58%	13.16%	19.61%	25.93%	32.13%	38.22%	44.18%	50.03%
*In-place taxes projected to grow at the average annual increase over the past five years (0.9%)											
<b>49 Wireless Tax Increase over 11 YRS</b>	<b>\$679,058</b>										

# Corporate Users in Multiple Facilities in Hauppauge

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- Record low vacancy rates (2.5%) is straining firms of all sizes and stunting industrial growth. While small and medium sized companies are getting priced out of the local market, large corporations are also forced to look elsewhere to markets that can accommodate their growing real estate needs.
- The redevelopment of 49 Wireless into a Class A industrial center would offer exiting users the ability to consolidate multiple facilities into one location and retain tenancy in Suffolk County. This will free up existing Class B space that is priced more appropriately for smaller/midsized users, spurring industrial growth beyond 49 Wireless Boulevard.
- IDA PILOT incentives are passed on as benefit to the end user and will allow warehousing, manufacturing, pharmaceuticals tenants which since the departure of Northrop Grumman in the 1990's have struggled to locate their operations in Suffolk County due to high operating costs.

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