

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
PROJECT SUMMARY – SALES and USE TAX EXEMPTION  
(STX)**

**APPLICANT(S):** Realogy Corporation

**COMPANY ADDRESS:** 1 Campus Drive Parsippany Morris County

**PROJECT LOCATION(S):** TBD

**GOVERNOR'S INITIATIVES:**

Urban Fund       Other Urban       Edison       Core       Clean Energy

**APPLICANT BACKGROUND:**

Realogy Corporation (Realogy), a global provider of real estate and relocation services, has a diversified business model that includes real estate franchising, brokerage, relocation and title services. Realogy's world-renowned brands and business units include Better Homes and Gardens® Real Estate, CENTURY 21®, Coldwell Banker®, Coldwell Banker Commercial®, The Corcoran Group®, ERA®, Sotheby's International Realty®, NRT LLC, Cartus and Title Resource Group. Collectively, Realogy's franchise systems have approximately 14,700 offices and 264,000 sales associates doing business in 100 countries since 1995.

NRT, LLC, a subsidiary of Realogy was approved in May 2002 for a 10 year BEIP grant, 50% award level, to create 115 new jobs in Parsippany. To date NRT has received \$ 1,415,640 for the creation of 111 jobs. At the April 12, 2011 Board meeting, the applicant was approved for a BRRAG grant to retain 953 jobs at the Parsippany and Mt. Laurel facilities. The credit will be for 5 years, with a total value of \$10,721,250.

The \$25,060,000 capital expenditure will apply only to the employees located at the corporate headquarters in Parsippany.

**MATERIAL FACTOR:**

Realogy is seeking a Sales & Use Tax Exemption (STX) grant to support retaining and relocating a total of 713 STX eligible jobs to a new corporate headquarters in Morris County. The applicant's request is based on the expiration of the Parsippany facility lease on Oct 31, 2013, the facility needing significant leasehold improvements, and the facility being larger than needed. Realogy inherited the Parsippany building at the time of being spun off from Cendant. The 377,000 s.f facility was significantly larger than the applicant needed, in addition to being a highly inefficient building with a high loss factor due to the amount of common area. The applicant is looking for a 225,000 s.f. facility to house the corporate headquarters in Morris County. Also under consideration is consolidating all the NJ operations, which also includes 240 jobs at Title Resource Group in Mt. Laurel (81,000 s.f.) into a 280,000 s.f. facility in either North Carolina or Georgia. Project costs are estimated to exceed \$25 million.

**SCOPE OF STX BENEFITS:**

Authority assistance will induce the applicant to relocate its operations to a new, approximately 225,000 s.f. facility (location/facility TBD). The business will be exempt from sales and use tax for eligible property located or placed at the eligible business location(s) for the renovation project pursuant to the terms and conditions of a project agreement. The sales tax exemption certificate applies only to property purchased for installation at the approved project site(s) and will allow the business to purchase machinery, equipment, furniture and furnishings, fixtures, and building materials, other than tools and supplies, without the imposition of sales and use tax. The sales tax exemption (STX) is administered pro rata to reflect the eligible scope of the project, based on the number of retained STX eligible full-time jobs, increased no more than 20 percent, relative to the sum of all of jobs/employees located at the approved project site(s) during the commitment duration period, subject to the Act, Regulations, and the terms of the Project Agreement. The recommended benefit is contingent upon receipt by the

Authority of evidence that the company has met certain criteria to substantiate the recommended benefit amount. If the criteria met by the company differs from that shown herein, the benefit amount will be raised or lowered to reflect the benefit amount that corresponds to the actual criteria that have been met.

**APPROVAL REQUEST:**

**STX COMMITMENT DURATION:** 5 years

The Applicant has represented that the availability of this financial assistance will be an important inducement to undertake this project and to relocate full-time jobs within the State. The Authority staff recommends the award of the proposed Sales and Use Tax Exemption benefit.

<b>ESTIMATED ELIGIBLE EXPENSES:</b>	\$ 25,060,000
<b>ESTIMATED VALUE OF STX:</b>	\$ 1,445,987
<b>RETAINED/MOVED STX ELIGIBLE EMPLOYEES:</b>	713
<b>RELOCATED NEW JERSEY EMPLOYEES (ALL):</b>	713
<b>NEW JERSEY GROUP EMPLOYMENT AT APPLICATION (ALL):</b>	1,038
<b>ALL EMPLOYEES BENEFITTING FROM STX PROJECT:</b>	713
<b>ANTICIPATED AVERAGE WAGES:</b>	\$ \$80,916
<b>PROJECT LOCATION IS IN PLANNING AREA 1 OR 2:</b>	TBD

(If NO, an existing facility that is outside Planning Areas 1 or 2, provided renovation or expansion is involved, may be substituted by the staff.)

**PROJECT IS:** ( ) Expansion (X) Relocation

**CONSTRUCTION:** (X) Yes ( ) No

**DEVELOPMENT OFFICER:** J. Colon

**APPROVAL OFFICER:** M. Krug

STX benefit calculation formula:

Estimated Eligible Property x Sales Tax Rate = Estimated Gross Sales Tax Liability	$\$25,060,000 \times 0.07 = \$1,754,200$
(Retained Full-Time Jobs (STX Eligible Jobs) / Estimated Total Occupants of the Facility) x Regulatory 20% Automatic Increase for All STX Projects = Proportionate Value (Pro Rata Eligible Scope) with 20% Increase	$713/1038 = 68.08\% \times 1.2 = 82.43$
Adjusted Proportionate Value x Estimated Gross Sales Tax Liability = Estimated Amount of the Sales and Use Tax Exemption Certificate	$.8243 \times \$1,754,200 = 1,445,987$