

Berkshire Hathaway GUARD Insurance Co. buys new W-B building

BY STEVE MOCARSKY / PUBLISHED: NOVEMBER 2, 2017

WILKES-BARRE — Berkshire Hathaway GUARD Insurance Co. has purchased the Wilkes-Barre Center building on Public Square as it expands its national headquarters in the city's downtown, officials announced Wednesday.

The company expansion project is expected to create a total of 285 new family-sustaining jobs over a three-year period, bringing GUARD's employment base in the city to 726 by Aug. 31, 2019.

During a press conference in the courtyard of Rodano's, which is part of the Wilkes-Barre Center property, state Sen. John Yudichak called the project "the biggest economic development victory for the City of Wilkes-Barre in decades."

GUARD purchased the 90,378-square-foot office building to accommodate the company's growth and consolidate its five Wilkes-Barre offices into one expanded national headquarters, according to Gov. Tom Wolf's office, which was part of a team that worked to keep GUARD from leaving Wilkes-Barre.

GUARD Chief Financial Officer Eitan Ajchenbaum said having five downtown locations created inefficiencies for the company.

"GUARD had previously leased one floor of Wilkes-Barre Center, so our accounting and finance staff has operated out of that location for the past year. We plan to move another group over during the fourth quarter with the balance of our downtown staff relocating during the first quarter of 2018," Ajchenbaum said.

GUARD first began looking for a new corporate headquarters over a year ago. The group had grown from annual sales of \$200 million at the start of 2007 to about \$1.2 billion currently and has run out of space, the company said in a press release.

According to Carl Witkowski, chief operating officer, GUARD's staff has doubled over the past five years, increasing from about 300 to more than 675 today, more than 80 percent of which are in Wilkes-Barre.

Since the company first submitted an application to the Governor's Action Team and Department of Community and Economic Development on Aug. 31, 2016, for job

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MARK MORAN / STAFF PHOTOGRAPHER
Berkshire Hathaway GUARD Insurance Co. has purchased the Wilkes-Barre Center building on Public Square as part of an expansion plan. cv01wbcenterp2



Media members set up for a press conference Wednesday morning, with state and local officials announcing a total of 700 jobs coming to downtown Wilkes-Barre with Berkshire Hathaway Guard Insurance buying the Wilkes-Barre Center on Public Square and expanding its services. Mark Moran cv02guardcenterp2

creation tax credits, 114 new positions were added to the 441 existing positions in the city.

Plans call for 171 more to be hired by Aug. 31, 2019.

Yudichak said the jobs pay above the average wage in the region. He noted that GUARD was considering locations for an expanded headquarters “all over the Eastern United States.”

GUARD, which was founded by Kingston residents Judd and Susan Shoal in 1983 and headquartered in the former Lehigh and Wilkes-Barre Coal Co. building on the southeast corner of Market and River streets ever since, was acquired by a unit of billionaire Warren Buffet’s Berkshire Hathaway in October 2012.

Sy Foguel, GUARD chief executive officer, said the \$885,000 in job creation tax credits offered by the state and a \$1 million local share assessment grant secured by the City of Wilkes-Barre to help with renovations and relocation “was key in offsetting the increased costs of locating a major corporate facility in a downtown district as well as being competitive with incentives from other areas.”

The purchase of the property, cost of renovations and other improvements is expected to exceed \$10 million, officials said.

Berkshire Hathaway GUARD did not respond to a request seeking the sale price paid to Wilkes-Barre Square, a limited partnership that bought the property from Alan J. Finlay and Wilkes-Barre Center Associates for \$4 million in July 2016, according to a deed filed at that time.

Calling GUARD a “stellar corporate citizen,” state Rep. Eddie Day Pashinski said keeping the company headquarters here “speaks volumes about the private sector’s faith in Wilkes-Barre City and Northeastern Pennsylvania.”

Wilkes-Barre Mayor Tony George called the work to keep GUARD in the city a “joint effort” between his administration, the Governor’s Action Team, the governor’s office, Yudichak, Pashinski, the Greater Wilkes-Barre Chamber of Business and Industry and the Diamond City Partnership.

George said 285 additional jobs will bring “a lot of revenue” into the city. Officials estimate GUARD’s presence will account for \$3.9 million in state and local taxes annually.

“But it’s not only the jobs,” the mayor said.

“It’s the people it’s going to bring downtown. You’ll see more businesses open up. It’s like a snowball rolling down a mountain — it keeps getting bigger and bigger. With new jobs, new businesses will open and our tax base will grow,” George said. “Right now, we have a lot of nonprofits that are not paying any taxes. This will counter that.”

Wico Van Genderen, president and CEO of the Greater Wilkes-Barre Chamber, said GUARD’s downtown presence will have a “huge” economic impact of \$29 million annually.

Larry Newman, executive director of the Diamond City Partnership, said the average downtown office worker spends about \$25 per week just on food while at the office. “You can quickly do the math and you’ll understand what the impact is of a job creation project like this,” he said.



Image Gallery for GUARD Insurance Co. buys new W-B building

“That’s hundreds of additional people who are coming to downtown restaurants, going to Boscov’s, doing their banking downtown, getting haircuts downtown and spending that money right here around Public Square,” Newman said.

Denise Allabaugh, staff writer, contributed to this report.

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PROJECT Q&A

Q: What kinds of jobs will be created?

A: “At GUARD, we like to believe we are helping people develop careers with family-sustaining benefits, not just jobs,” GUARD said in a news release. The positions will encompass a diverse group of disciplines that range from business, accounting, mathematics, IT, education, marketing, and communications to nursing, the law and more. The company expects to hire experienced and entry-level employees.

GUARD has four trainers on staff, offers access to a variety of special programs and tuition reimbursement. The jobs that will be created are full-time positions that offer a competitive salary and benefits package, GUARD said.

Q: What does GUARD’s purchase mean for other tenants of the Wilkes-Barre Center building, such as Rodano’s and Dunkin’ Donuts?

A: GUARD will honor all current leases.

Q: What will become of GUARD’s current campus?

A: There are several parties interested in buying GUARD’s four downtown buildings. “We expect these properties will be repurposed and occupied sooner rather than later,” GUARD said.

Q: Whatever happened to the former Hotel Sterling site? GUARD was given an exclusive right to explore this property.

A: “We looked at this location very seriously and got some preliminary estimates about the cost and time that would be involved. In particular, building a new complex would have necessitated a much longer time line, and we are already out of space. That factor had a huge bearing upon our final decision,” a company statement said.

City Administrator Ted Wampole has said other developers have expressed interest in the Hotel Sterling lot, which has Keystone Opportunity Zone status until 2024. The status exempts the owner from property, business privilege, mercantile, earned income and state income taxes.

Q: What was in vacant portions of the building previously?

A: The Wilkes-Barre Center building lost a major tenant in 2012 when about 110 employees of Frontier Communications relocated from their offices there to an existing company location off state Route 309 in Dallas.

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