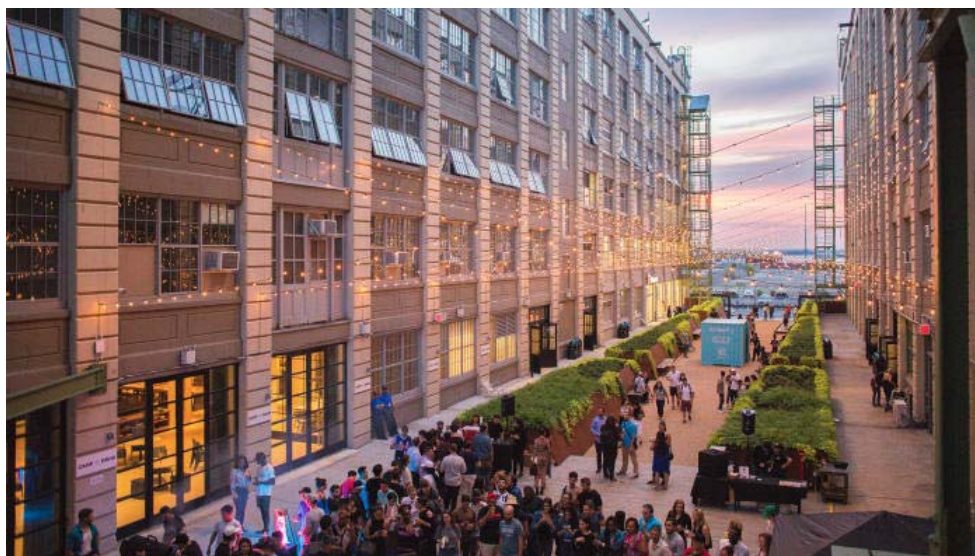


North America Property

Brooklyn's Industry City powers surge in property prices

Gentrification of waterfront now means artisanal coffee at \$18 a cup



Industry City courtyard © Industry City

George Hammond
DECEMBER 7, 2017

When Hurricane Sandy hit the south Brooklyn waterfront, 25m gallons of water — enough to fill 39 Olympic swimming pools — cascaded into the basements of Bush Terminal. The former manufacturing hub, which had become a base for artists and light industry, was devastated.

The flood might have been the coda to the area's industrial story but, five years later, the waterfront is awash once more — this time with capital. Following an initial \$250m regeneration led by Jamestown, Belvedere Capital and Angelo Gordon & Co, Bush Terminal has been reborn as Industry City: 6m square feet of hip retail concessions, workshops and office space sprawled across 16 warehouses. "There's no bigger adaptive reuse project in the city right now," says Andrew Kimball, Industry City's chief executive.

Bush Terminal's redevelopment has coincided with a dramatic rise in local house prices. The median sales price in Sunset Park, the neighbourhood in which the development sits, has risen by 43 per cent since the third quarter of 2014, from \$420,000 to \$600,000, according to local agents Stribling. In the same period, the price per square foot has risen from \$560 to \$705, an all-time high. That growth far outstrips wider Brooklyn, where the median sales price has increased by around 25 per cent, from \$641,600 to \$805,000, according to US property website Trulia. A four-bedroom house just off 4th Avenue, listed by Douglas Elliman, is under offer at \$999,999, almost double the \$540,000 it was sold for in 2010.

Industry City is pitched at what Kimball calls the "innovation economy", those in creative industries such as media, design, fashion, film or art who are "making a physical, digital or engineered product".



Brooklyn Flea at Industry City © Industry City

In the complex, visitors enjoy artisanal coffee from the Extraction Lab, which comes in at a scalding \$18 a cup; sample \$15 avocado burgers from Avocaderia — “the world’s first avocado bar”; and peer through the glass at the tantalising production line of Li-Lac, New York’s oldest chocolatier’s latest outlet. A cavernous table-tennis gymnasium and a crazy golf course offer ample opportunities to relax.

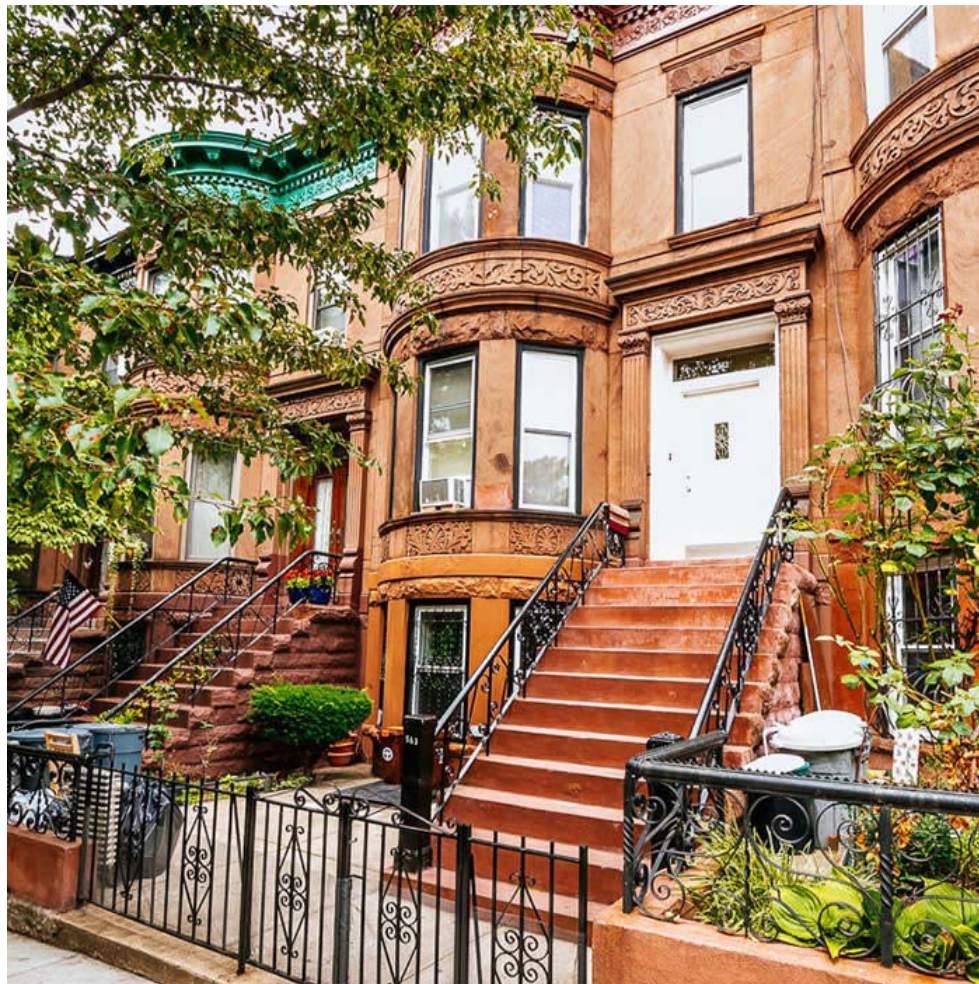
Peter Bracichowicz, a broker with Corcoran Group real estate, believes that the upward trajectory of local prices has much to do with Industry City. “I noticed that around 10-20 per cent of buyers at my Open Houses are in some way associated with Industry City,” he says. “Because of increased interest . . . in Sunset Park, the prices have gone substantially up.”



Despite the increase, Sunset Park still represents good value against stock in more central areas of Brooklyn such as Park Slope, Williamsburg or Brooklyn Heights. There is a feeling among local agents that the market can maintain its trajectory, particularly with Industry City in negotiation with the city to “rezone” the land, which would enable the construction of two hotels and academic facilities.

Locally, there has been opposition to the expansion. Ryan Chavez, from Brooklyn community organisation Uprose, is scathing of what he calls “Industry City’s stale vision of post-industrial chic and artisanal consumption”. The proposed re-zoning, in Chavez’s view, “has sent shockwaves of real estate speculation throughout the neighbourhood”. Kimball, who previously led the regeneration of the Brooklyn Navy Yard, is unmoved by the criticism. “There are always voices of opposition and concern when there is change in NYC,” he says, “but we’re feeling pretty good about the positive response we’ve received to date.”

According to Gina Castellano, manager of Stribling’s Brooklyn brokerage, the waterfront used to be desolate. “From 4th avenue down used to be dead.” Now, she says, people are moving out from the city because “you can get a better house and more space [in Sunset Park] than Cobble Hill or Brooklyn Heights, and there are quality brownstones between 6th and 4th Avenue.” Between 5th and 6th, a three-storey brownstone with seven bedrooms is on the market for \$1.4m with Elite Connect. When it last changed hands, 25 years ago, it sold for \$188,000.



Seven-bedroom house, \$1.4m © Michael Jin

One business tempted to the area is Maglia Rosa, a custom bicycle shop and café which opened in Industry City in August. In the shop, handmade frames hang from the walls, and a vending machine offers spare inner tubes and puncture repair kits. The proprietor, Manuel Mainardi, cites relative value, community and authenticity as the neighbourhood's main draws. "The area is spectacular, it's virgin, there is very little around. It's industrial, it has something old that's been lost elsewhere in New York."

The same month that Maglia Rosa opened its doors, Lonely Planet named Sunset Park among the world's 10 "coolest neighbourhoods". "The success of art and commerce behemoth Industry City has shone a light on to one of Brooklyn's most exciting under-the-radar neighbourhoods," said the guide.

As well as light, Industry City has brought heat: "Prices are soaring," says Mainardi. "It's still an authentic place, which will change soon."

Buying guide

- A 20,000 sq ft Japanese food hall is opening next spring at Industry City, to rival established Manhattan food halls Eataly and Le District
- Scandinavian immigrants to Sunset Park established the city's first housing co-operative in 1916. Today, roughly three-quarters of New York's apartments are in co-op buildings
- Subway journeys to Manhattan's financial district from 36th Street station take 30 minutes and will not be affected by the closure of the L train line in January 2019

What you can buy for . . .

\$500,00 A two-bedroom apartment in a co-op

\$1m A two-storey brownstone close to the park

\$26m A 65,000 sq ft, freestanding warehouse on 2nd Avenue

More homes at propertylistings.ft.com

Follow [@FTProperty](https://twitter.com/FTProperty) on Twitter to find out about our latest stories first. Subscribe to [FT Life](#) on YouTube for the latest FT Weekend videos

Global prime property calculator

How much prime residential property could you buy in the world's priciest cities?