

REAL ESTATE NYT NOW

Dumbo Roars

Transforming Dumbo, a Brooklyn Neighborhood, With New Condos

By MICHELLE HIGGINS SEPT. 19, 2014

Not all that long ago, before the Brooklyn waterfront became a must-do on seemingly every tourist's list, Dumbo's converted warehouses and Belgian-block streets were inhabited by artists and young families, drawn by cheap rents, postindustrial architecture and relative isolation.

But over the last decade, Dumbo's once desolate landscape has transformed to a teeming waterfront playground. And its now familiar acronym, which stands for Down Under the Manhattan Bridge Overpass, has become synonymous with some of Brooklyn's most expensive real estate, with a median sales price of \$1.5 million through July, according to Streeteasy.com.

Weekdays, Dumbo's burgeoning media and tech hub brings a steady torrent of jean-clad, Warby Parker-wearing 20- and 30-somethings streaming out of the subways each morning and into converted warehouses that house the headquarters of start-ups like the dating site [HowAboutWe](http://HowAboutWe.com), the digital agency [Huge](http://Huge.com) and [Etsy](http://Etsy.com). On weekends, hordes of tourists descend on Brooklyn Bridge Park and Dumbo's nearby streets.

Well, it's about to get a lot busier as developers turn some of the last remaining available sites into new residences, offices and retail space. About half a dozen new residential buildings are expected to expand the market by more than 550 apartments in the next few years, boosting the population by an estimated 1,500 to 2,000 residents.

An abandoned coffee warehouse, smack in the middle of the waterfront, is being restored and remade as a Chelsea Market-style complex with 450,000 square feet for stores, restaurants and offices. And just a few blocks away, five beige warehouses that were once the headquarters of the Jehovah's Witnesses are being turned into 1.2 million square feet of retail and Class A office space called Dumbo Heights.

“Our current population count is roughly 4,000 residents and 10,000 office workers,” said Alexandria Sica, the executive director of the Dumbo Improvement District, which helps sponsor events like World Cup viewing parties under the archway of the Manhattan Bridge and the annual Dumbo Arts Festival, which draws more than 200,000 visitors at the end of September. “Those numbers will grow significantly in the next three to five years.”

On a recent Saturday, a wedding party posed for photographs at Jane's Carousel, where hand-painted horses bob up and down against the backdrop of the Manhattan skyline framed by the Brooklyn and Manhattan Bridges. A balloon vendor twisted rubber tubes into wearable flowers. Camera-toting tourists posed for pictures and waited in long lines for \$15 lobster rolls, \$4 scoops of ice cream and \$20 brick-oven pizza pies.

“I feel like a tourist guide when all the people come in on the weekends. ‘Where is Grimaldi's? Where is this, where is that,’ ” said Avi Montia, a nine-year resident of Dumbo who encountered the neighborhood about 18 years ago when he was hired to help artists move murals out of a vast warehouse where he would later buy an apartment. Back then, he said, “It wasn't as crowded.”

Water Street is abuzz with activity, including the construction of a glassy 290-unit rental complex. Designed by Leeser Architecture and Ismael Leyva Architects for the Two Trees Management Company, it is named Dock Street. The development will eventually house a 300-seat public middle school with an entrance on Dock Street as well as stores along Water Street. The apartments, including 58 units designated for low-income residents, are expected to begin leasing this fall with occupancy to follow by year's end.

Across the street, the hulking waterfront Empire Stores warehouse, once occupied by the Arbuckle coffee business, is being transformed by Midtown Equities in partnership with Rockwood Capital and the HK Organization. The building's historic 450-foot facade with oversize arches will retain original details like hoist wheels and chutes for moving coffee along as well as existing stacked schist walls and pine pillars. Topped with a glass addition, a rooftop park and the requisite beer garden, the building will also house a museum dedicated to its history.

West Elm, which currently has headquarters nearby, will be among the first tenants when construction is completed next year.

Just down the block, an old tobacco warehouse is being restored and refashioned into a permanent home for St. Ann's Warehouse, a producer of the performing arts. The \$30 million project, designed by Marvel Architects and Charcoalblue theater consultants, will transform the 25,000-square-foot pre-Civil War brick structure with oversize arches into a flexible theater space with capacity for between 300 and 700 people, an open-air garden and studio space for local artists and community groups. It is scheduled to open next fall.

All that construction has inspired interest in Dumbo's quieter edges. Just a few blocks from "prime Dumbo," as brokers like to refer to the area west of the Manhattan Bridge, residential developments are popping up.

"It's a lot sleepier. It's what Dumbo used to be," said David J. Maundrell III, a resident of the area and the founder of aptsandlofts.com.

At the corner of Bridge and Water Streets, where you aren't as likely to find tourists and wedding-party-filled limos, the second floor is going up at 47 Bridge Street, a 25-unit apartment building by Greystone Property Development. Mr. Maundrell's company is handling the marketing of 47 Bridge, which he said will probably be a condominium. Named Waterbridge 47, it is to include a wine cellar made of salvaged brick. Pricing has yet to be announced, but is expected to be on a par with other local developments, which range from about \$1,200 to \$1,500 a square foot.

Nearby, at 51 Jay Street, the Slate Property Group and Adam America are converting a warehouse into 74 condominiums with starting prices ranging from \$750,000 for a studio to \$3.595 million for a four-bedroom penthouse. The developers are using “great energy” to preserve the brick facade, said Martin Nussbaum, a principal and a founder of the Slate Property Group.

Designed by ODA Architecture, the building will make other nods to the past. The steel tracks that now run to the entryway will continue along the polished concrete lobby floor. A new two-story addition will be topped with large skylights designed to replicate the look and feel of the original glass-paned roof. Sales, which will be managed by Halstead Property Development Marketing, are expected to open this fall.

Right around the corner, Megalith Capital Management plans to build a 12-story, 105-unit rental building with one-, two- and three-bedroom apartments at 181 Front Street between Jay and Bridge Streets. The building, designed by Aufgang Architects of Suffern, N.Y., will be constructed in partnership with the Manhattan-based developer Urban Realty Partners. Amenities will include a ground-floor restaurant, a parking garage, outdoor space, a fitness center and a children’s playroom. Twenty percent or 21 of the units will be designated for low-income residents. The project, in the early stages of construction, is scheduled for completion in 2016.

Just behind that site, Megalith Capital and Urban Realty Partners are converting a Brillo factory at 200 Water Street into 15 two-to-four-bedroom lofts, with outdoor space and a fitness center. Sales are planned for next year, with occupancy in 2016.

Aimed at Dumbo families that might be looking to trade up, many developments are offering roomy apartments, particularly three-bedrooms — a scarce commodity among the converted warehouses of Dumbo, where one-bedroom lofts with a second windowless interior room are ubiquitous. Mr. Montia, the impromptu tourist guide and moving company owner, bought one of those lofts for about \$1.2 million nearly nine years ago, when

his wife was pregnant with their first child.

Now, their three young daughters share the interior room. While the girls aren't bothered by it yet, he said, "We know we need to move."

Developers count on Dumbo's "stickiness," as they term the tendency of residents to stay in the neighborhood. Roy Chan, a single father who works in the fashion business, is among those Dumbo loyalists. Mr. Chan left the West Village nine years ago for a one-bedroom loft in a converted warehouse on Main Street, just a block from Brooklyn Bridge Park.

"It reminded me of TriBeCa, but with great water views and the park," he said.

Nearly three years ago, he traded up to the three-bedroom corner unit next door. Now, he's on the move again, partly to get away from the hustle and bustle of his increasingly popular surroundings. "It was so quiet not so long ago," he said. "Now I feel like I'm at the epicenter of everything, construction, tourism, everything."

Last summer, Mr. Chan went into contract on one of the five starkly contemporary Dumbo Townhouses going up at Pearl and Water Streets, listed from \$4.1 million to \$4.5 million. The developer, Alloy, which is based in Dumbo, has completed two other residential projects in the neighborhood.

But since then, Alloy has embarked on a project that has caught Mr. Chan's eye: One John Street, a 12-story building with 42 condos, inside a future section of Brooklyn Bridge Park. All of the condos have waterfront views of Manhattan and the Brooklyn, Manhattan or Williamsburg Bridges. The apartments, ranging from \$2 million for a two-bedroom to more than \$8 million for a five-bedroom penthouse, were first offered to family and friends of the developer in July. A third are already spoken for, including the three-bedroom on which Mr. Chan, who is still in contract for the townhouse, has put down a deposit.

The building, which has a lobby that opens to Brooklyn Bridge Park, will have a fitness center designed by the upscale gym operator La Palestra, and 1,700 square feet reserved for a Brooklyn Children's Museum annex.

“Our original plan was to have a sales gallery in the building in the spring or summer of next year,” said A. J. Pires, a partner in and the executive vice president of Alloy. “I’m not sure we’re going to get that far.”

Besides Dumbo’s sticky residents, developers are also banking on Manhattanites looking for cheaper alternatives to other postindustrial artist outposts turned luxury real estate havens, like SoHo, TriBeCa and the meat-packing district.

Even at \$1,200 to \$1,500 a square foot, Dumbo prices are a relative bargain for a certain pool of buyers, said Charlie Homet, an associate broker at Halstead Property who has lived in Dumbo for nearly a decade. “That seems crazy until you recognize that in TriBeCa you can spend \$2,500, \$3,000 for the same product,” he said.

It wasn’t always this pricey. Around 2001, Two Trees, the real estate business founded by David C. Walentas, who is widely credited as almost single-handedly creating Dumbo, offered early arriving retailers like the chocolatier Jacques Torres up to two years of free rent to sign a 10-year lease.

In 2003, newly converted two-bedroom lofts of almost 1,500 square feet could be had for \$750,000 at the Sweeney Building, a 12-story former nickel- and silver-plating factory at 30 Main Street. Today, its two-bedrooms are listed for \$1.4 million.

“Every once in a while you kind of walk around and go, ‘Wow,’ ” said Jed Walentas, a principal of Two Trees and the son of David C. Walentas. “The neighborhood has far exceeded and outpaced what we had ever envisioned it could become from an urban-impact standpoint and a pure economic standpoint. If someone told me 15 years ago what condos would be selling for and offices would rent for, I would be like, ‘O.K., good luck with that.’ ”

A decade ago, said Mr. Homet of Halstead, “there was a perception that prices had to be kept as low as possible, because it was a stepchild to Manhattan. Now the neighborhood has become so viable as an alternative to Manhattan, the price points have been creeping up and the expectations of

the buyers have been moving up.”

For some newcomers, those expectations include more bars, restaurants and events — the antithesis of what attracted residents before them.

“Honestly, to me it’s all about perspective,” said Mr. Chan, who moved to the neighborhood partly for its quiet stone streets. “There were trade-offs. The food options were close to zero back then,” he said, “but that was what I was drawn to. Now, I can’t get away fast enough from all of the activity. But new people coming in, they see the activity and that’s what they are drawn to.”

Still, there’s a limit to development in Dumbo, where new projects are constrained by the area’s landmark status.

“It’s the beginning of the end to build real estate in Dumbo,” said Mr. Maundrell of aptsandlofts.com, noting that there are only a few pieces of property left that have yet to be scooped up. “After those get developed, it’s over.”

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