

BROKERS WEEKLY

DUMBO rising



all but in-demand neighborhood of Dumbo along the Brooklyn waterfront is getting a slew of new development projects, including One John Street (pictured).

Trendy waterfront nabe seeing a slew of new development

By HOLLY DUTTON

In the last two decades, a Brooklyn waterfront neighborhood has gone from a desolate, industrial corner of the borough to one of the hippest and priciest neighborhoods in New York City.

And now, a flurry of new development is poised to bring a whole new set of buyers to the neighborhood.

New condo buildings 51 Jay Street, a 74-unit building, and One John Street, a 42-unit, 12-story building on the waterfront, and WaterBridge 47, seven-story, 25-unit building, are all under construction with sales having already begun.

The area of Dumbo (an acronym for Down Under Manhattan Bridge Overpass) isn't huge — with the adjacent area known as Vinegar Hill included in its parameters, it's just 0.050 square miles, with a population of 1,139 as of the 2010 Census. But it's become a destination for buyers and tourists alike, thanks to its stellar views, waterfront park, and burgeoning office scene.

Companies like e-commerce site Etsy and WeWork, have moved their offices to Dumbo, while warehouse art galleries, converted lofts and luxury condos dominate the waterfront nabe.

Two Trees Management Company has been one of the biggest players in Dumbo in recent years and was credited with helping revive Dumbo with projects like luxury rental and condo buildings 25 Washington Street, 30 Washington Street, 65 Washington Street, 81 Washington Street, and luxury condo building 60 Water Street; bringing residents, workers and tourists to an area once known for being a manufacturing district.

According to a New York Times article from 2010, the ac-

ronym "Dumbo" came about in 1978, when new residents of the area coined it in the hopes that such an unattractive name would help deter developers.

One of the most touristed-spots in DUMBO is the iconic corner at Washington Street and Front Street, where there is a view of the Manhattan Bridge perfectly framing the Empire State Building. It's been used in countless movies and TV shows, including the Tom Cruise psychological thriller *Vanilla Sky*, and *Gossip Girl*.

Citi Habitats agent William Matias was born and raised in Downtown Brooklyn, just around the corner from Dumbo. He once lived in the neighborhood, back when it was possible to rent a 1,300 s/f loft for \$900.

"It's a beautiful neighborhood, I love it, but it's a tough market," he said. "I get a lot of buyers looking to buy in Dumbo, but unfortunately the inventory is so low."

Part of the reason for the low inventory is the fact that the neighborhood is so small, while many of the original buildings in the area were industrial buildings, and not typical residential housing stock.

"The places that do come up are really overpriced," said Matias. "A lot of customers shy away from the price points offered, and when the price is right, the views aren't there, or proximity to street level."

However, the influx of new development will "bring a lot of interest" to the neighborhood.

"Pierhouse in Brooklyn, they really shot the price per square foot through the roof," he said. "That draws people in and people want to be near that price point neighborhood. It's not a product for everyone."

Young professionals, Europeans, and married couples looking to grow their families are some of the buyers Matias has seen that are curious about Dumbo.

Matias said the rental market has better inventory than the sales market, with a one bedroom costing around \$3,300 a month (with no skyline views). A one bedroom with a view can run closer to \$4,500 a month.

Average sales prices in the neighborhood are \$875,000 for a

studio and \$1.3 million for a one-bedroom, according to numbers from StreetEasy. Average price per square foot is \$1,720. A studio will run someone \$3,200 a month, on average, while a one-bedroom is averaging \$3,700 a month.

Martin Nussbaum, principal at Slate Property Group, which along with Adam America, is developing 51 Jay Street, agrees that inventory in Dumbo is tight.

"I happen to think Dumbo specifically is one of those tighter markets, in terms of the ability to generate projects," he said, noting that it's size and zoning don't allow for as many new developments. "I think the potential supply for long-term is pretty insignificant in comparison to demand."

The 51 Jay Street building will add 74 luxury condos to that supply. Since opening its sales office a month ago, the building is already 30 percent sold, and the leasing team has only released 35 percent of the units to the market.

"They've been very well received and sold often at over ask only a week after putting them on the market," said Nussbaum.

A self-described "cheerleader" for the neighborhood, Halstead agent Charles Homet moved to Dumbo 10 years ago with his wife to start a family.

"It's gangbusters right now," said Homet, who still lives in the neighborhood. "I think the developers have recognized that Dumbo has become a viable alternative to neighborhoods like Tribeca and the West Village and whatever stigma there was attached to living in Brooklyn has been erased."

Homet, who not only lives in Dumbo but frequently does business in the neighborhood, fell in love with the neighborhood more than 10 years ago after finding it "by accident."

Continued on Page C5



WILLIAM MATIAS



MARTIN NUSSBAUM

DUMBO rising

Continued from Page C1

"The last four years there's been an acceleration, and in a good way," he said. "The stuff going up is very well thought-out and congruous to the neighborhood."

Improvements to the area, which was designated as a historic district in 2007, include recent trees being planted, cobble stoning on the street, and the Brooklyn Bridge Park expanding to the East.

"Within Dumbo itself, there was never a lot of inventory of larger format apartments," said Homet. "There were always lofts, but never three and four-bedroom apartments. These were old warehouses reconfigured as residences. When the Walentas (of Two Trees) went in and developed a lot of these, they weren't thinking three bedrooms; they were thinking one or two. And people who moved in 15 years ago, that was fine, but now these people have three children and don't know where to go."

That has spurred huge demand for larger format homes in Dumbo right now, said Homet.

"It's driving this incredible development," he said. "It's like Tokyo - you can only build up and you can't build up very high. And with Dumbo, there will always be limited inventory."



CHARLES HOMET