

# MIANN REPORT™

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## THE ARTICLES – FAITH ON RETAIL

### Sunrise On Sunset Park

By Faith Hope Consolo, Prudential Douglas Elliman Real Estate



Are we looking at the beginning of an entirely new waterfront retail district in New York City?

The late 2014 news that Bed Bath & Beyond has leased more than 100,000 square feet on the second floor of the Liberty View Industry Plaza in Brooklyn's Sunset Park could be a watershed deal for this underappreciated and under revitalized neighborhood. The deal, which will see the retailer place full presentations of all its brands (*Bed Bath & Beyond*, *BuyBuy BABY*, *Cost Plus World Market* and *Harmon Face Values*) was the largest retail lease signed in the borough for all of last year. The four stores will serve as the retail anchors to the 1.3 million-square-foot complex at 850 Third Avenue (between 30<sup>th</sup> and 31<sup>st</sup> Streets) which developer Salmar Properties recently renovated to include a new HVAC system, state-of-the-art technology and the world's largest rooftop garden.

But the transaction is much more than that: this was a unique match of tenant and availability. Bed Bath & Beyond clearly wanted to place all of its brands in a seamless presentation, and Liberty View boasts huge floor plans. For the developer, the 15-year lease fills more than half of the 170,000 square feet of the eight-level building's available retail space with a credit-worthy tenant, a terrific boon.

It's also a sign of confidence in a region that's taking forever to redevelop. We're now beginning to see a critical mass in Sunset Park, some 19 years after Costco opened just blocks away at 976 Third Avenue. Liberty View is also located near Jamestown Properties' Industry City, which boasts 40,000 square feet of ground-floor retail including a food hall and retail window for manufacturing tenant *Li-Lac Chocolates*, as well as the Brooklyn Nets training facility, among other industrial uses.

The Bed, Bath deal at Liberty View should help attract other retailers in the area, and the industry buildings (many nearly 100 years old) certainly are ripe for redevelopment. Earlier in 2014, Salmar announced that the City would invest \$3.5 million to create the Manufacturing Innovation Hub for Apparel, Textiles and Wearable Tech, a fashion incubator that will have classrooms, a factory and a design. The developer is marketing the complex to other industrial users, as well, which should improve the employment base and encourage daytime traffic.

Samar has told a number of publications that the Bed Bath & Beyond deal will help to boost property values throughout the area, which makes sense. But why has this taken so long, given Sunset Park's waterfront location with a spectacular view of Manhattan, at a time when shore locations are being reborn around the city?

Ironically, the very infrastructure that should make the neighborhood irresistible has long literally been in the way of development, namely the Brooklyn-Queens Expressway, which cuts the waterfront off from the residential areas to the east. Sunset Park is the very definition of psychographics, with pedestrians long reluctant to cross under the overhead freeway to approach the waterfront area, particularly over roads that are in less than optimal condition. Instead, Sunset Park residents headed inland for their retail needs: the area has had a thriving Latino shopping scene on Fifth Avenue, and an Asian shopping district on Eighth Avenue. This reflects the fact that the area has been a focus for immigrants for centuries, making it a bit less affluent than surrounding neighborhoods (another factor in prioritizing development and redevelopment).

Plans to revive this area have been underway for years. In 2007, the New York City Economic Development Corp. was charged with creating a comprehensive vision and investment strategy for neighborhood's industrial district. Two years later, a comprehensive Vision Plan was released that encompassed upgrading infrastructure with an eye to sustainability and balance with neighborhood preservation. But the plans have had their ups and downs: the downturn, of course, postponed development plans around the city. And the de Blasio Administration recently abandoned plans to spend \$115 million into renovating some 500,000 square feet of the Brooklyn Army Terminal in a dispute over control.

All of this shows that redevelopment in an urban area isn't easy, making Salmar's and Jamestown's achievements all the more significant — and Bed Bath's substantial commitment to the area even more worthy of applause.

Soho didn't become Soho in a day, or even a decade. And there isn't that much waterfront space left to be developed in the city. Sunset Park will get its due in time, and retailers such as Bed Bath and Beyond will be a huge part of it.

Happy Spring, and Happy Shopping!

Faith Hope Consolo  
Chairman  
The Retail Group  
Prudential Douglas Elliman Real Estate  
575 Madison Avenue, 3<sup>rd</sup> Floor  
New York, NY 10022  
Tel: 212-418-2020  
faith@faith-consolo.com / fconsolo@elliman.com  
www.faith-consolo.com / www.elliman.com