

Retail Grows In Brooklyn, Thanks To Residential Development

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Manhattan Avenue in Greenpoint, Brooklyn

In the wake of **brick-and-mortar closures** across the U.S. and **Manhattan's retail corridors**, Brooklyn has been more than immune to the downturn; its retail market is thriving. Brooklyn's retail price per square foot continues to push upward, and robust residential growth could be behind the upswing.

Retail growth has been notable in Greenpoint. Franklin Street, with a clear margin for continued growth, has become an increasingly busy commercial avenue, experiencing one of Brooklyn's largest spikes in retail pricing.

The corridor between Meserole Avenue and Commercial Street saw a 42% year-over-year jump in asking rents for ground-floor retail. Pricing rose from approximately \$63/SF to \$89/SF. The increase in foot traffic fueling the retail sector might be tied to the over **10,000 new apartments** expected to come on the market before the end of 2019.

Greenpoint Landing, a 10-tower complex being developed by Park Tower Group in partnership with L+M Development and Brookfield Property Partners for certain sites, has already started to rise along the waterfront. When complete, it will bring 5,500 units and over 10K SF of retail. Mack Real Estate Group, Palin Enterprises and Urban Development Partners are also bringing a **40-story residential tower** to the area.

Once considered “stranded,” Greenpoint’s increased access to transportation options has fueled both residential and retail development. Continued access to the G train after the imminent L-train shutdown in April 2019 gives the submarket an advantage over Williamsburg. The addition of the East River Line on the **New York City Ferry System** has also made Greenpoint more desirable. Using the ferry, Downtown and Midtown Manhattan are 10 and 20 minutes away, respectively.



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South Williamsburg and the Williamsburg bridge

In Williamsburg, the temporary loss of the L train has not scared off developers from either asset class, but retail rents have taken a hit. Retail prices along Bedford Avenue between Metropolitan Avenue and North 12th Street average approximately \$295/SF for ground-floor space, an 18% year-over-year drop from \$359/SF last year.

The dip in rents has occurred despite multiple Williamsburg development projects in the pipeline. Two Trees' Domino Sugar Factory megaproject presses on, with **leasing applications opening** for the 522 units at 325 Kent Ave. this May. Spitzer Enterprises' three-tower, 857-unit mixed-use project will also create an 800K SF complex that will include just under 16K SF of retail space.

While the increase in large, open retail spaces in areas with slightly less foot traffic could be playing a part in the price drop, GFI Realty Services research

analyst Justin Fitzsimmons sees a correlation between the 15-month shutdown of the L train and landlords offering concessions to retail tenants.

“Although alternative travel options either exist or are being put into place, and although we see this as nothing more than a temporary glitch in the neighborhood’s desirability, we can’t ignore that the upcoming shutdown likely has retailers, as well as residents, skeptical,” Fitzsimmons said.



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The Barclays Center, Prospect Heights, Brooklyn

Further downtown in Boerum Hill and Prospect Heights, the future Pacific Park development has boosted retail in an area already seeing an increased draw thanks to the Barclays Center. **Pacific Park** will be a 15-building mixed-use complex bringing the community over 6,400 new apartments and 100K SF of retail space by 2025.

“The corridor of Fifth Avenue between Flatbush Avenue and Grand Army stood strong at \$102/SF, and additional corridors such as Vanderbilt between Atlantic and Grand Army will continue to strengthen on the heels of Pacific Park and the Barclays Center,” Fitzsimmons said.

Downtown Brooklyn remains a major drive in the borough's retail expansion, with ground-floor retail in the corridor increasing to approximately \$325/SF, an 8% year-over-year gain from \$300/SF in 2016. **City Point**, offering 700 new residential units in a three-tower complex, boasts big-name tenants like Trader Joe's, Target and the Alamo Drafthouse, turning the development into a mini-city.

Where residential goes, retail follows in Brooklyn. As New Yorkers continue to flock to Brooklyn for its cool factor and increasingly more robust residential and transportation options, retail will follow suit, turning the borough into a live-work-play destination to rival Manhattan.

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