

A commercial renaissance is changing the shape of downtown Brooklyn

By **Steve Cuozzo**

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The Wheeler on Fulton Street

Tishman Speyer

New construction and changing demographics are bringing downtown Brooklyn's once-sleepy office market into the digital age.

Projects in the pipeline will add up to 3 million square feet of Class-A space within a few years — and generate new commercial chemistry as well.

The Brooklyn office stock is spread over a vast area encompassing several mini-neighborhoods — from the foot of the Brooklyn Bridge at its northwest corner to Barclays Center and Pacific Park at the southeast. The district's existing 17-million-square-foot office market is still relatively small compared with Midtown South's 74 million square feet, for example.

But growth and change are coming fast. They include new construction by Tishman Speyer and JEMB Realty and major repositionings of older buildings by Meadow Partners and CIM Group, among others.

They're not only adding volume but also bringing the office market more into synch with the area's new demographic and cultural and retail diversity.

The phenomena are hard to miss in the high-rise cliffs along Atlantic and Flatbush avenues, with thriving food mecca DeKalb Market Hall and a retail resurgence along Fulton Street and in the artsy blocks around the Brooklyn Academy of Music.

At least half the downtown market's existing office inventory is older, Class-B stock as typified by functional but gloomy buildings around the courthouses and the more modern, 4.5-million-square-foot MetroTech center. The area was long identified with back-office financial users, especially JPMorgan Chase at MetroTech.

But now, even MetroTech is changing — digital magazine Slate moved there from the West Village in 2016.

"We've seen growth in the tech sector, especially in terms of media and the arts," said Regina Myer, president of the Downtown Brooklyn Partnership, which manages three business improvement districts — the MetroTech BID, the Fulton Mall Improvement Association and the Court-Livingston-Schermerhorn BID.

The partnership notes in a new report that downtown Brooklyn beat the rest of the borough and the city as a whole in job creation on a percentage basis from 2010 to 2015.

Some 550,000 square feet of office space that came on line from 2007 to 2017 were quickly leased. Downtown's vacancy rate is a minuscule 2 percent to 4 percent.

From 2010 to 2015, the area saw 1,211 new businesses created, and the TAMI users were the fastest-growing sectors, the partnership reports.

Average asking rent for Class-A space is a healthy \$56.72 per square foot, according to Cushman & Wakefield.

Among downtown's features that appeal to digital and creative companies, the partnership cites "exceptional access to talent" — thanks to a pool of 11 higher education institutions with more than 45,000 undergraduate and grad students. Among the large office projects underway:

- Tishman Speyer's The Wheeler is rising on a Fulton Street site that includes part of the original Macy's. Its 620,000 square feet of offices on 10 floors include new construction as well as an integration of Macy's former upper floors. It will be finished late next year.
- JEMB Realty has started building One Willoughby Square, which is to have 500,000 square feet and open in 2021.
- Rabsky Group plans a 770,000-square-foot tower of mostly offices at 625 Fulton St.
- Another large Fulton Street project is coming from RedSky Capital with 570,000 square feet.
- Alloy Development's 80 Flatbush complex, which recently won city hall approval for a zoning change, will include an office tower of undetermined size.

Recent years saw the arrival of tenants previously scarce in the area — including digital media agencies, app designers, high-tech incubators and architectural firms. In one of the most notable symbolic moves, FXCollaborative Architects — previously known as FXFowle Architects — is moving from Manhattan into 40,000 square feet at One Willoughby, a building that the firm designed.

Myer attributed downtown's commercial appeal to its easy mass transit access, booming residential scene and plethora of cultural, artistic and educational resources.

"I think the emphasis on tech innovation really plays off all of those factors," she said. "Companies have access to talented, creative people living there."