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Where Developers Will Invest Next in the City

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Buoyed by the prospect of less-stringent banking regulations, the possible reinstatement of the 421-a tax abatement and progress on several major infrastructure projects with talk of many more in the future, there's no doubt that New York's real estate sector will continue to invest, the only question is where it will invest.

Access to transportation is a key determinant of the investment potential of any neighborhood. According to Wei Min Tan, associate broker with the Castle Avenue team at Charles Rutenberg, the area surrounding the World Trade Center site is at the top of developers' lists. It has countless transportation options, as well as shopping centers like the new Westfield World Trade Center mall under Santiago Calatrava's Oculus, Brookfield Place, hotels, museums, green space and the planned Ronald O. Perelman Performing Arts Center. "The Financial District remains a value buy, where prices on residential property are still good for the quality, especially south of the World Trade Center," said Tan.

The 30 million-square-foot Hudson Yards project on Manhattan's West Side is often cited as an example of the appeal of this long-term investment strategy, as is the area east of the new Second Avenue subway where property prices historically have remained low because of the location's far distance from the Lexington Avenue line.

Still, the outer boroughs continue to offer the greater price advantage. According to Tan, Manhattan is currently hot but venture to Long Island City "and you get a 50% discount." A bustling transit hub with increased ferry service expected by next summer, the westernmost corner of Queens is seeing high demand for commercial and residential property further fueled by the creation of Cornell Tech on Roosevelt Island. North of the Ed Koch-Queensboro Bridge, Astoria will get a boost from Halletts Point, the Durst Organization's planned \$400 million, 2,000-unit rental complex. Much-needed amenities are bound to follow.

Apart from Urby Staten Island—Ironstate Development Company's 900-unit mixed use rental complex—and some smaller residential projects along the Bay Street corridor, developers have been slower to invest in Staten Island despite the hoards

of people expected to the area because of the mega Ferris wheel and the Empire Outlets shopping complex. The South Bronx, meanwhile, was also slow to catch on but is now experiencing a surge in large-scale residential and commercial development, particularly in Mott Haven and along the Harlem River.

Brooklyn remains the hottest ticket in town despite prices that rival Manhattan in many areas. Dumbo has become the quintessential 24/7 community, spurred by the creation of Brooklyn Bridge Park; the development of luxury office and retail space Empire Stores; and leveraged by its proximity to historic Brooklyn Heights, the Brooklyn Tech Triangle, the rapidly changing Downtown Brooklyn and the BAM Cultural District.

"In terms of investment, Dumbo is a great place to be now and in the future," said Robin Schneiderman, managing director of business development for Halstead Property Development Marketing. "Empire Stores brought it the kind of infrastructure the neighborhood wanted and needed."

And it doesn't look like the flow of investment dollars into Dumbo will slow down any time soon. According to Schneiderman, the new luxury condo at 51 Jay St., which includes 2- 3- and 4-bedroom units, is 80% sold. Nearby, the six-building, 1.4 million-square-foot Jehovah's Witnesses Watchtower Building is being converted into office and retail space, a hotel and roof decks.

This is the current zeitgeist. To find the next best neighborhood, investors need only follow the train lines.

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