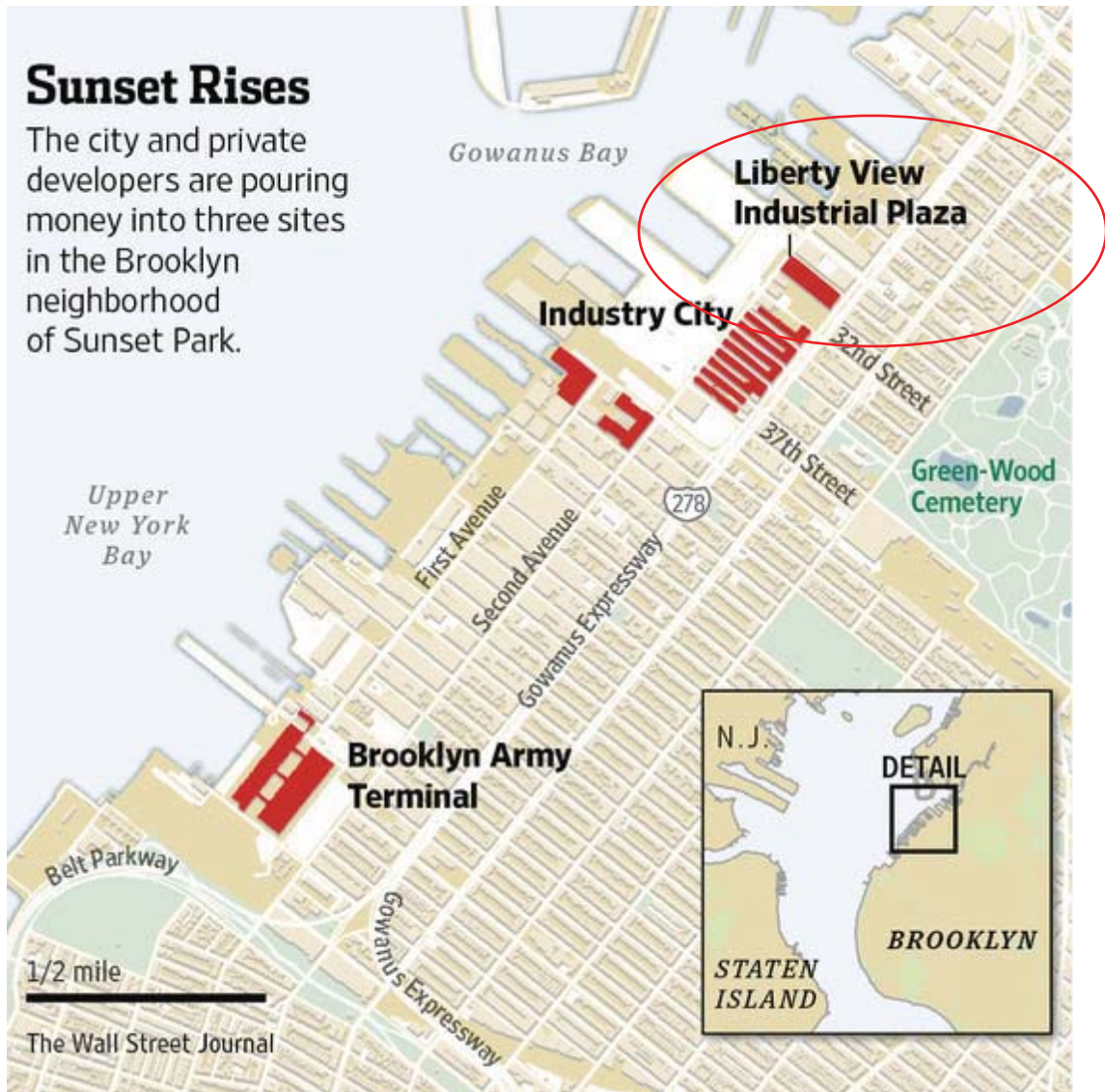


Brooklyn's Sunset Park Is Hefty Bet for Developers, New York City

Investors Want Neighborhood to Return to Thriving Industrial Area of Yesteryear

By LAURA KUSISTO

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The city and private developers are investing hundreds of millions of dollars to create a thriving industrial area on the Sunset Park waterfront, a throwback to the days when workers streamed from nearby neighborhoods into factories that lined Brooklyn's shores.

Mayor [Bill de Blasio](#)'s administration plans to pour \$100 million into renovating 500,000 square feet of the Brooklyn Army Terminal, the former U.S. naval-supply base the city has been transforming over the past three decades into warehouse and manufacturing space.

Jamestown Properties, Belvedere Capital and Angelo Gordon a year ago bought a 49% stake in Industry City, a 6 million-square-foot complex trying to emulate the success of Chelsea Market. They are leasing space to food manufacturers that have attached retail spaces, in the hope of creating a destination for neighborhood shoppers and eventually tourists.

And Marvin Schein, who owned a medical- and dental-supply company, and partner Sal Rusi have put about \$80 million into renovating Liberty View Industrial Plaza. They plan to position the two 1916 buildings, developed as naval-supply centers during World War I, to attract technology companies and tenants priced out of the Garment District.

Sunset Park is an important bet for Mr. de Blasio's administration. As many of the city's faded industrial areas have been rezoned for residential development, the neighborhood has retained a core of massive buildings for commercial uses and a large immigrant workforce living nearby.

The initiative envisions a revitalized community where working-class residents pay rents they can afford, then walk to stable jobs generated by a blossoming small-manufacturing sector.

Making that vision a reality is more complicated.

After decades of neglect, roads in Sunset Park are filled with potholes, some sewer lines are aging and walking from the residential areas to the factories requires a nerve-racking trip across the Gowanus Expressway. Fixing all that will require significant investment.

Residents also complain about poor air quality and that they have little access to the neighborhood's 2.5-mile stretch of waterfront. A park that the Economic Development Corp. promised to create has been delayed by more than a year. It also has been scaled down from what the community hoped to see, including the elimination of a second entrance, children's playground and environmental center. The park is now set to open in about a month.

As more than a million square feet of new space comes online in the area, it could also be a test of whether the city's small-manufacturing sector is primed to become more than a niche part of the city's economy. While food manufacturing provided about 15,000 jobs in the city in 2012, a sector such as construction employs more than 110,000.

However, food manufacturing jobs have increased nearly 8% since 2008, according to a recent report from the city's Independent Budget Office. A number of types of manufacturing saw steep declines, such as apparel manufacturing, where jobs decreased more than 25%.



Industry City in Brooklyn's Sunset Park is undergoing renovation. *Andrew Spear for The Wall Street Journal*

The city began redeveloping the 4.4 million-square-foot Brooklyn Army Terminal in the mid-1980s. So far, 3 million square feet have been renovated, and that space is about 98% occupied.

Still, the complex has failed to generate the excitement of its borough rival to the north, the Brooklyn Navy Yard, near Dumbo. Less than half of BAT is still occupied by warehousing tenants. Such users tend to produce fewer jobs and less buzz than artisanal syrup makers.

"In the past we've been willing to use the site as a place to put things, as opposed to a place to create great jobs," said Kyle Kimball, president of the city Economic Development Corp.

Some industrial-policy experts and business leaders blame BAT's lower profile on the city's unwillingness to turn over the complex's management to a nonprofit organization. BAT is a moneymaker for the city, bringing in about \$11 million of net revenue that is poured back into the Economic Development Corp. and other city programs.

"I think the Brooklyn Army Terminal could greatly benefit from the same kind of curation of tenancies and workforce development that the Navy Yard has enjoyed from a public-private partnership and structure where a nonprofit corporation feels real ownership," said [Kathryn Wylde](#), president and chief executive of the Partnership for New York City.

When Mr. de Blasio was campaigning for mayor, he pledged to turn over management of the complex to a nonprofit entity. So far, the administration looks to be pursuing a compromise: Some revenue will be reinvested into the complex in part to support a robust job-training program. Meanwhile, the city is considering hiring a full-time on-site director.

At Industry City, the development partners have poured \$100 million into the property and signed several deals recently. These include one with Li-Lac Chocolates, which took 10,000 square feet with a retail window. Andrew Kimball, who ran the Brooklyn Navy Yard and has been brought in to manage Industry City, said it had added 750 jobs and expected to add 800 more.

At Liberty View Industrial Plaza, the developers are completing a 160,000-square-foot lease with Manufacture New York, a fashion incubator and production center for early-stage designers and local manufacturers.

"The goal is really to keep the industrial space in Sunset Park intact," the developer Mr. Schein said. "This is really the last concentrated industrial area."

Corrections & Amplifications

An earlier version of this article incorrectly attributed a quotation from Kyle Kimball, president of the city Economic Development Corp., to Andrew Kimball, who ran the Brooklyn Navy Yard and has been brought in to manage Industry City, a development in Brooklyn.

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