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CRE Strength in Boroughs Relies on Public Infrastructure

A New York Building Congress panel said the real trends were in the boroughs outside of Manhattan.



NYBC panel from left: Regina Myer, Ruben Diaz, Jr., Cesar J. Claro and Alan Suna/ Photo credit: NYBC

By Betsy Kim

NEW YORK CITY— “People now just don’t think of Manhattan as a place to work,” said Regina Myer, president of the Downtown Brooklyn Partnership, as she moderated a New York Building Congress panel addressing investment and growth across New York’s five boroughs. “People want to work closer to their homes and people who own businesses want to invest in the boroughs.”

Mixed-used rezoning, combining light industrial, commercial and residential properties to encourage greater density around public transportation were also the unifying chords struck by Myer and the three panelists at the Building Congress's Friday morning breakfast.

It was not just the explosion of neighborhoods like Greenpoint and Williamsburg in Brooklyn, according to Myer. But with the growing appeal of the Metrotech Center, Flatbush Avenue emerged as a center of downtown Brooklyn, enlivening the desire for mixed-use neighborhoods.

NYBC president Carlo Scissura welcomed the audience and provided highlights from the organization's *New York City Construction Outlook 2017-2019 report*. In addition to the projected 2017 construction spending of \$45.3 billion, Scissura stressed the importance of New York's economic development, noting **20% of the national economy** comes from the Northeastern corridor.

Launching the discussion, Scissura gave a dire warning for developers and politicians to work together to support public infrastructure projects, like the Gateway Program. This project expands and updates Amtrak's Northeast Corridor route, running between Newark, New Jersey and New York City, which Scissura opined as critical for the US economy.

Ruben Diaz Jr., Bronx Borough president; Cesar J. Claro, Staten Island Economic Development Corporation president; and Alan Suna, Silvercup Properties principal, touted the progress of the outer boroughs, while affirming the need for public infrastructure.

"People still don't get it," said Diaz. He described a Bronx renaissance over the last eight years, with \$12.7 billion private dollars of investments, an increase of almost 30,000 units of housing, unemployment dropping from 14.1% to 6%, and the largest participating workforce in the borough's history. The Bronx has invested over \$375 million in green spaces and public parks, and saw more than 68 million square feet in development, with crime at an all-time low.

Diaz said the Bronx has the intellectual capacity of a diverse population, including working professionals and artists. However, "People were trained: You get your education. You stay out of trouble. You get a degree. You get a career, then you get the hell out. But that's no longer the case in my book," he said.

His sons are 25 and 22. “They like brick oven pizza. They like ice caramel lattes. They like sushi and they don’t want to necessarily leave the Bronx,” Diaz said.

But transportation is essential to keep the borough competitive. Diaz noted the state allocated \$1.2 billion for Bronx Metro-North stations. Plus, \$1.8 billion committed for the Bruckner-Sheridan Expressway will provide access to the Bronx waterfront, while ensuring connections to major arteries, to Port Morris and Hunts Point.



NYBC members attend industry panel discussion.

Diaz urged BCNY members, “For those of you looking for affordable, accessible, commercial office space, look at Fort Morris, look at Mott Haven. It’s right over the bridge.” He pointed out that train lines include the 1, 2, 4 and 5. Plus, there is the ferry service by Yankee Stadium.

Reiterating the trend of living and working in the same neighborhood, and noting his 22 rezones as borough president, Diaz said, “We’ve rezoned the Harlem River waterfront from 149th Street to 138th Street. Now they are not only residential with affordable accessibility but also office spaces.”

Silvercup Properties is the development branch of the largest film and TV production facility in New York City, Silvercup Studios. Founded in 1983 in Long Island City, Queens, the studio expanded with a production facility in Port Morris in the Bronx. Its residential properties include the tallest condominium in Long Island City.

Suna noted Long Island City has light manufacturing in many one- and two-story buildings, which employ far fewer people than operations of buildings of greater density. Recently returning from Chicago, Suna was impressed by large commercial spaces, with ample offices on upper floors, topped with residential properties.

He recommended maintaining the subways and increasing density around them, so more people can live and work in the same place. “I think that goal suits the entire city,” Suna said.

Claro listed Staten Island’s planned developments. This included the world’s largest observation wheel; the city’s first Empire Outlets mall, comprising 100 retail stores and 40 restaurants; and Lighthouse Point, a mixed-use hotel and residential property.

However, Claro admitted Staten Island lacks requests for office space. “I think the problem is when a big company is looking for office space, they are not even putting us on the list.” He blamed Staten Island’s lack of public transportation. Claro said this is also the reason why his borough fails to attract significant affordable housing investments.

All of the panelists supported infill development zones (IDZs), rezoning land in built-up areas, including the redevelopment of underutilized areas. Clark said residents of Staten Island with business in Brooklyn and Queens were chased out due to high rents, so brought their businesses home, which became a growing sector.

“We believe there is a need for strengthening the industrial base in the city, particularly for the working poor and blue collar people who have trouble finding work every day,” Claro said.

However, Diaz noted that when places are rezoned, without the appropriate carve-outs and waivers, jobs could be lost. He pointed to the vibrant produce, fish and meat markets at Hunts Point.

“When we are sleeping, tens of thousands of people are feeding not only New York City, not only the tri-state area, but they are sending produce and meat along the Northeastern corridor of the US. It’s a huge economic engine,” he said, “When you look at areas like Hunts Point, you have to be very careful.”