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Dumbo Looks to Add Room in Vinegar Hill

By LAURA KUSISTO

Until recently Dumbo, true to its name, has been concentrated in the area down under the Manhattan Bridge. But with apartments in the trendy neighborhood increasingly scarce, development is creeping past the bridge into Vinegar Hill.



Mark Abramson for The Wall Street Journal
Neighborhood street art



If You're Browsing For A Home...



Mark Abramson for The Wall Street Journal
Dewey's Candy owner Alison Oblonsky bags her store's goods.

Alison Oblonsky opened Dewey's Candy after she lost her job during the recession. The clientele, she said, is "young and eclectic," including techies working in nearby offices who come looking for an afternoon sugar fix and tourists strolling over the bridge from Manhattan.



Mark Abramson for The Wall Street Journal
The stores that have opened east of the Manhattan Bridge in Brooklyn include clothing boutique Trunk, which is co-owned by Ilse Erikson, pictured here, and three other artists

Three large new residential projects have sprouted on Water Street east of the bridge, where the cobblestoned streets are coated in grime and many former industrial buildings are still boarded over. On a recent afternoon, some people lounged on stoops wearing Occupy Wall Street T-shirts.

But developers are betting that with little inventory available in the more-developed part of Dumbo, buyers and renters will be willing to pay similarly steep prices to live along the grittier border with Vinegar Hill, a six-block neighborhood along the waterfront.

"The concept that Dumbo is just a two- or three-block area is a misconception," said Carre Harnett, director of leasing for the developer, GDC Properties, which developed one of the new properties, 220 Water St. "There are a finite number of developable buildings and a few parts of land, so we're filling out Dumbo."

Lacey Schwartz, a 35-year-old filmmaker who recently rented a large one-bedroom with her husband, conceded it wasn't a bargain compared with other parts of Brooklyn, but said the apartment's 14-foot ceilings were a draw.

"Living in Dumbo, it's almost kind of embarrassing. It's what somebody does who's not from New York," she said. "You know you're not getting the best deal, you should move further out, but I really, really love it."

She and her husband looked near Washington Street, in the more populated area of Dumbo. But she said they were drawn to the new building with amenities like a gym and an en suite washer-dryer.

The building, a former shoe factory is seeking rents in line with Manhattan: one-bedrooms start at \$3,450 a month and two-bedrooms start at \$5,750 a month. Forty percent of the units have been rented.

Dumbo began experiencing a residential revival in the 1970s when artists began moving into illegally converted lofts in what formerly was a vibrant industrial center along the waterfront.

Much of the high-end development was spearheaded by the Walentas family, which primarily owned property on the quaint streets between the Manhattan and Brooklyn bridges.

"Dumbo proper is really the area between the bridges, but as the area progresses and gets better and better, people are pushing the boundaries," said Asher Abehsera, a managing director at developer Two Trees. Mr. Abehsera said the firm isn't actively looking at development sites east of the bridge because most are too small.

Dumbo is now the only neighborhood in Brooklyn where rents are similar to Manhattan, in part because of a lack of inventory, according to Nancy Packes, a consultant to large developers. Dumbo had a 10th as many rental transactions as Williamsburg in 2011, Ms. Packes said.

But thanks in part to a rezoning a few years ago to allow for residential conversions and new construction, eastern Dumbo has seen a modest influx of apartments. Construction was sluggish through the recession, but several buildings have finished or are nearing completion.

At 205 Water St., Toll Brothers is building a 65-unit condo project that tries to emulate the warehouse buildings in the area, including using reclaimed wood from the Coney Island boardwalk as part of the interior decorating.

In addition, at 192 Water St., Alloy Development and Hamlin Ventures have converted a century-old tea warehouse into nine lofts, most of which were priced just under \$2.5 million.

While many of the streets still feel desolate, a mix of stores—from a baby and maternity shop Egg by Susan Lazar to clothing boutiques like Blueberi and Trunk—have popped up.

The neighborhood also has a smattering of cultural attractions, including the VII Photo Agency and John Ryan Theater.

But at least some who have lived and worked in the neighborhood for years say it hasn't yet been overtaken by the upscale crowds.

The Brooklyn Roasting Company opened more than a year ago, and includes a roasting facility and coffee shop.

"It feels like Williamsburg in 1996," said Jim Munson, the owner, who was also a partner in the Williamsburg-based Brooklyn Brewery.

He was drawn to the neighborhood, in part, because of its industrial past, including as the former home to the Arbuckle Brothers coffee company. Now, he said he serves 1,000 people a day.

"I've found a change in the character of the neighborhood—from rough and desolate to lively," Mr. Munson said.

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