

BUSHWICK

REBUILT FOR THE FUTURE

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REBUILT FOR THE FUTURE

For better or worse, Bushwick has earned notoriety over the years as a hotbed of activity. In decades past, a large part of this activity was not positive—rampant drugs, gangs, and arson—and either in the headlines, or simply accepted as part of the culture. Both city and community-wide efforts to clean up the neighborhood had their trials and tribulations, as the neighborhood constantly sat on the brink of hopelessness.

Finally, the 1990s under Mayor Giuliani provided a glimmer of hope for the community, as the streets were cleaned up—both literally and figuratively—and people began to move back in.

The Bushwick we see today is a hub of innovation and energy, exemplified by large-scale tech-office developments, the young “hipster” movement ushered in from neighboring Williamsburg, and modern amenity-filled residential developments.

While the neighborhood shows as much promise today as it’s had in half a century, it is not without its challenges. Long-time residents have expressed concern over the effects of gentrification, and residents young and old will be affected by the potential shutdown of the L train. How these issues will be resolved remains to be seen, but one thing is clear: Bushwick is on the rise and its future is bright.



HISTORY OF BUSHWICK

Two reciprocal forces caused the Bushwick housing market to weaken and begin to collapse in the late 1960's; racial tension, along with poor immigrant families moving to Brooklyn. An influx of Hispanic residents into Bushwick created an opportunity for investors to purchase buildings from white residents and flip them to poorer minorities for prices they couldn't afford. These speculators purchased homes for an average of \$8,000 each, and sold them for \$20,000.

Late 1960s



1972

Bushwick's real estate market approached rock-bottom, as 500 buildings stood empty. As the market collapsed, speculation came to a halt and chaos ensued. To collect fire insurance, relocation payments from the government, as well as scrap metal, owners and residents burned down their own buildings. Some local residents banded together to create block patrols and anti-blockbusting campaigns, but these did little to stem the tide.

Crime rose 50%, as burglary and robbery increased from 4,500 per year in 1971 to 8,500 in 1975.

Early-Mid 1970s





1977

A massive city-wide blackout on July 13, 1977 began a massive crime-spree in Bushwick. Rampant looting, rioting, and arson took down entire blocks. On Broadway alone, 134 stores were ransacked, 44 of which were set on fire. In his sermon a few days after the blackout ended, a local priest remarked, "We are without God now."

Despite public and private efforts to rebuild the neighborhood by clearing vacated lots, building middle-income homes, and revamping crime enforcement, results were mixed: 45% of the population lived in poverty, and 60% of children were born to single-parent homes.

Early 1980s Crack Epidemic

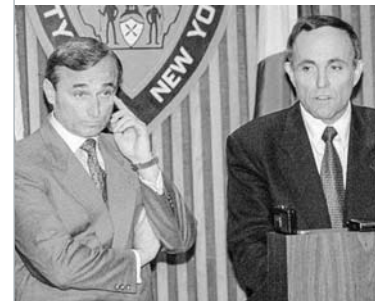


Mid 1980s

Already impoverished and crime-ridden, the nationwide crack epidemic of the 1980's hit Bushwick particularly hard. The numerous vacant buildings created by arson the decade prior now became hotbeds for illegal activity. With entire streets abandoned and police powerless to do anything, gang violence became particularly bad, as the murder rate skyrocketed.

Mayor Rudy Giuliani and Police Commissioner Bill Bratton brought new cutting-edge crime-fighting techniques and intel gathered from local residents to drive out the drug trade and stabilize the neighborhood. Police worked with the local residents and community organizations to root out drug trade and gang violence. Murders dropped from 77 in 1990 to just 12 in 1998. Total violent crime in the area fell 66% over the same period. By 1998, Bushwick saw 1,500 fewer annual robberies, 1,000 fewer burglaries, and 675 fewer assaults than it had eight years earlier.

1990's

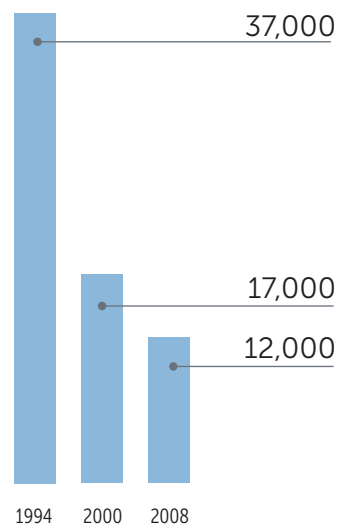


ECONOMIC REVIVAL

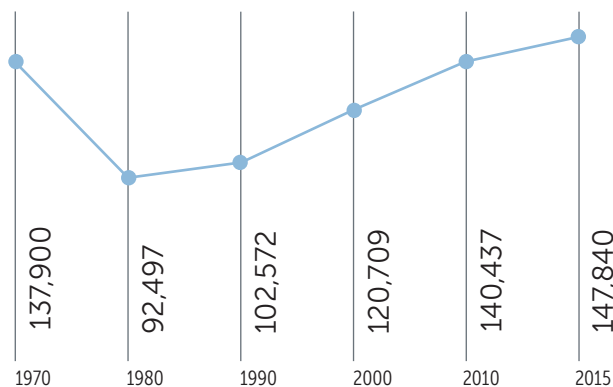
As a rising tide lifts all boats, a city-wide economic boom helped Bushwick out of its crime-fueled malaise of the 1990s. As crime dropped city-wide, the government adopted a more business-friendly attitude, moving many residents from public assistance to private employment. The number of Bushwick residents on welfare dropped from 37,000 in 1994 to about 17,000 in 2000 to under 12,000 in 2008.

Under this revival, a new generation of residents spread into Brooklyn, looking toward up-and-coming areas such as DUMBO and Williamsburg. As those areas quickly appreciated, tenants looking for affordably priced housing found their way to Bushwick, unaware of the neighborhood's sordid past. Some early arrivals claim that landlords deceived them into thinking that they were moving to an already gentrifying Williamsburg. The new tenants were largely writers, artists, and students, and laid the cultural foundation for what the neighborhood is today.

Bushwick Residents on Welfare



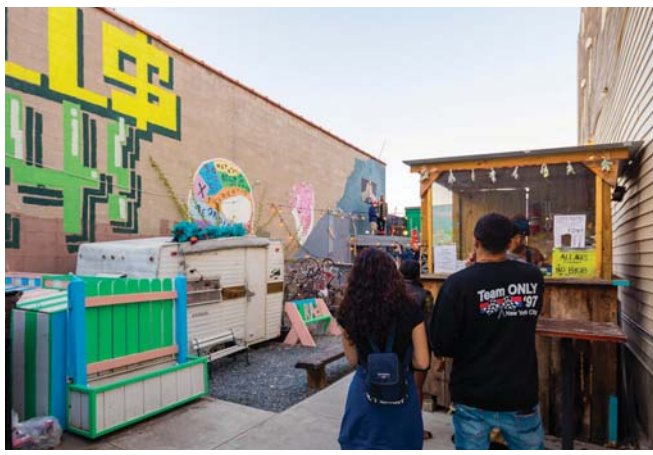
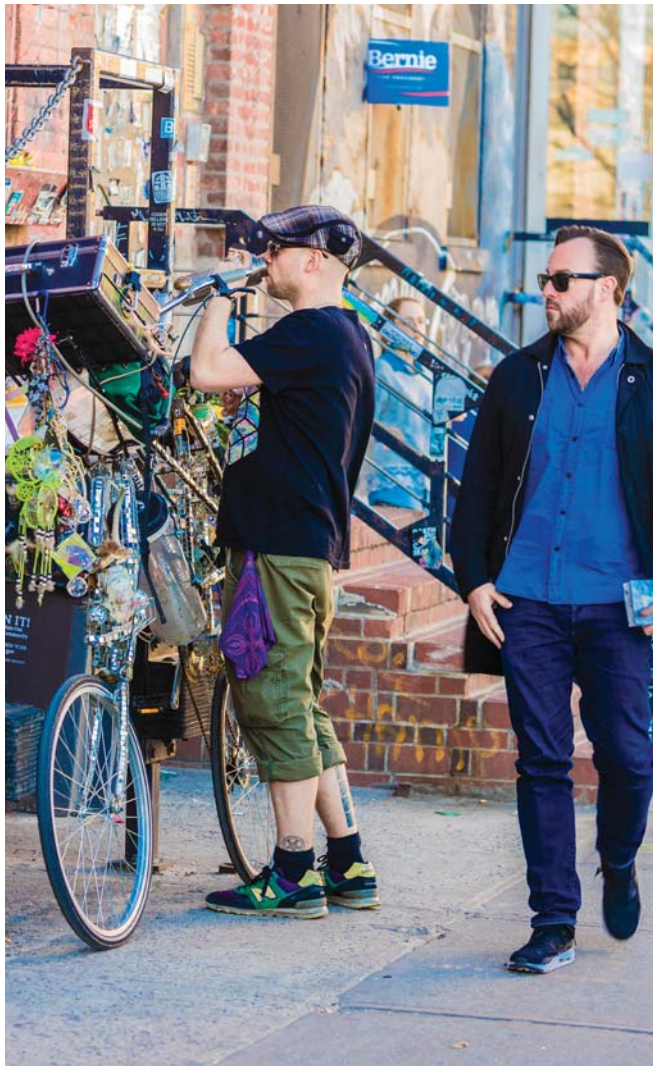
Population



Average Household Income









BOHEMIAN BUSHWICK

Despite its recent growth and development, Bushwick's still-somewhat-gritty, blue-collar feel does lend it credibility among New Yorkers who find heavily gentrified areas like the East Village no longer edgy enough. In a kind of reverse cultural commuting that would have been unthinkable when Bushwick was consumed by fires or crime, Manhattanites now venture to the neighborhood to check out its emerging cultural scene.

Bushwick today is home to a thriving community of new residents, businesses, and development initiatives.

Walking the streets, it is impossible to miss the wall-to-wall street art lining block after block. The graffiti artist's paradise, Bushwick's spray-painted walls are an art gallery unto themselves—literally falling under the umbrella of a group of artists called the Bushwick Collective.

Scattered "hidden gems" can be found throughout, such as Roberta's Pizza, Shwick Market, Tutu's, Mominette Bistro, plus many more cafés, markets, and cultural centers.



NEW OFFICE DEVELOPMENTS

With infrastructure in place and a vibrant entrepreneurial community, many companies and developers are taking advantage, helping to grow Bushwick as a business district.

Bushwick has a multitude of conveniently located industrial warehouses with large open floorplates and expansive windows, perfect for conversion to new office product.

Seen here are some of these projects in the office pipeline.



1. 215 Moore Street

A complex of five warehouses by the name of The Bushwick Generator, the 50,000 square foot structure will be renovated and expanded to one day include 120,000 square feet of commercial space.

2. 13 Grattan Street

The relatively smaller development will house mostly art galleries with 12-foot ceilings, large windows, and terraces. Ground floor retail will round out the space.



3. 430 Johnson Avenue

Part parking garage, part event space, this uniquely designed development will also house both underground retail and terraced office space.



4. 456 Johnson Avenue

A 55,000 square foot office building looking to attract tech, media, and information firms, the building has been named after its original purpose: The Paper Mill.



5. 101 Varick Avenue

146,000 square feet sitting on a large 3+ acre lot, the new development will hold mostly office tenants and some ground floor retail.

6. 99 Scott Avenue

Partially crowd-funded, the 22,000 square foot space has Farmigo and ABS Partners signed on, in addition to retail spaces such as a winery, beer garden, and event hall.



10. 199 Cook Street

A 49,500 square foot warehouse set for gut renovation will eventually hold retail and office space.



8. 839 Broadway

Co-working space provider Cowork|rs rented 30,000 square feet over 20 years, and plans to split the cost of renovation with the building's owner.



7. 815 Broadway

Originally designed as the Glove Exchange Bank in 1917, the gut renovated 50,000 square foot building will offer full-floor offices, vaulted ceilings, and expansive views, while reflecting both the history of the building and modern design principles.



11. 455 Jefferson Street

Formerly a coffee-roasting facility, the 125k square foot will be refurbished with new windows and a gut renovation. A mix of office and retail seeking rents in the \$50s and \$60s per foot, the building is able to boast 14-foot ceilings and a rooftop terrace.



9. 95 Evergreen Avenue

The former Schlitz Brewery will be transformed into 165,000 square feet of office and retail. The top floor may one day be home to an entertainment venue, with large windows and 35-foot ceilings.



- New Office Developments
- New Residential Developments



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Particularly critical to Bushwick's revival has been its unique stock of commercial buildings.

Vacant warehouses and loft buildings have been rehabilitated to create one of New York City's more dynamic office and retail landscapes.

-DANIEL TROPP

Vice President | Ariel Property Advisors

NEW RESIDENTIAL DEVELOPMENTS

As new jobs and residents come to Bushwick, there is a growing demand for housing, creating room for supply catch up. To meet the demand, several new high-end residential buildings have filled the pipeline the last few years. Developers have attracted a new rental demographic by offering amenities and high-end finishes.

Seen here are some of these projects in the residential pipeline.



12. Colony 1209 DeKalb

Noteworthy for both its financing and its name, the 127-unit luxury rental building has traded hands both in a foreclosure and pre-leasing sale since 2012, with the original owner pleading guilty to wire fraud and money laundering in relation to the building.

13. 949-963 Willoughby Avenue

Developers will spend upwards of \$13 million to combine 6 lots and develop a 5-story 63-unit elevatored rental building.



14. 114 Troutman Street

Better known as CastleBraid, the innovative rental “community” aims to promote the arts in a more upscale environment. Amenities include a movie theater, woodworking shop, recording studio, rooftop playground, courtyard, and gym.



15. 24-28 Starr Street

Three separate 8-unit buildings being developed by one developer, eventually totaling 16,200 square feet plus a rooftop mezzanine. The development was split into three portions to avoid a parking requirement.



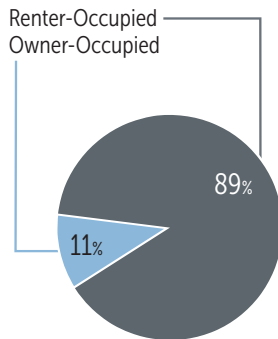
16. Rheingold Brewery

Though hindered by a series of starts and stops, the former brewery site is expected to eventually hold just under 1,000 apartments, some of which may fall under affordable housing guidelines.

MULTIFAMILY LOW-RISE MARKET

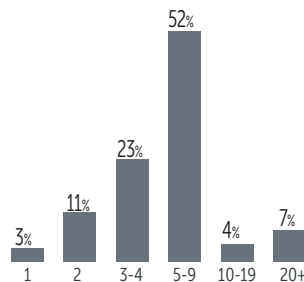
As the entire borough of Brooklyn has enticed investors over the last several years, Bushwick has become not just one of the most active neighborhoods in Brooklyn, but the entire city. The bread-and-butter of this market is the low-rise multifamily market, which line seemingly every street from end to end. A closer look at the market reveals that not only is the market robust, it is growing at a startling pace.

Percentage of Units by Tenant Type



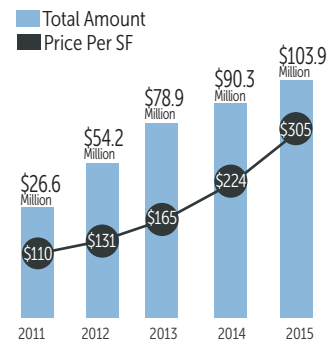
The condo market has yet to take hold, as 89% of the apartments are renter-occupied. With vacancy below 3%, there is a well-attended homogenous market for this type of product.

Percentage of Units by Building Type



Of the thousands of rental apartments in Bushwick, more than half belong to buildings of between 5 and 9 units, most of which are 3 or 4 stories on side streets.

Total Investment & Price Per SF: 6-Unit Multifamily Buildings



Both the price of 6-unit multifamily buildings and the total investment in that market segment have risen, hand in hand. In 2015, prices for 6-unit buildings surpassed \$300 per square foot, and total investment broke \$100 million.





THE LOOMING L-TRAIN SHUTDOWN

The Announcement

In January of 2016, the city announced a project to repair damage from Hurricane Sandy to the L train tunnels connecting Brooklyn and Manhattan. With a timeline of 18-36 months, service will be limited or potentially shut down completely for the duration of the project.

Community Uproar

In what was intended to be a private meeting between community leaders and the MTA in late January 2016, a contentious forum ended with an MTA official being ousted from the room. Complaints from the community included a lack of transparency, engineering solutions, and what one councilman described as a “casual attitude” toward the closure. Following the meeting, the MTA promised to work collaboratively with the community to minimize the effects of the shutdowns.

What Needs to be Done

While the timeline for completion is yet to be formalized, the facts point to a dire need for something to be done to remedy the extensive damage wrought by Hurricane Sandy. The most important points of the proposed plans are:

- Demolition and reconstruction of over 36,000 feet of ducts
- Power cable replacement
- Communications systems work
- Reconstruction of a pump room at Avenue D
- One mile of track replacement

Total Cost: \$50 million contract spanning 40 months.

The Effect

Initial reactions regarding the effect that the plan would have on Northern Brooklyn neighborhoods such as Williamsburg and Bushwick have ranged from devastating to manageable. Though the L train serves a crucial purpose in shepherding commuters across the East River—roughly 70% of Bushwick residents commute to work via the subway, with up to 300,000 crossing the East River on peak days—there are ways around using it for those commuters.

In addition to bus line expansion, service on the A, C, J, and Z trains can be expanded for South Brooklyn riders; and service on the M train can be expanded as part of the MTA’s deal, with the M committing to 24-hour Manhattan-bound service. While none of these can be expected to fully replace the L train service, riders will have to expect to adapt for the time being as long-term repairs take place.

CONCLUSION

After decades of turbulence, Bushwick finally seems ready to move forward as a stable community, with potential for massive growth in the next few years. As new developments rise to accommodate an influx of residents and businesses, the real estate market will continue to flourish as it has the last few years.

An influx of new residents into the emerging area has sparked business growth and further development, creating a positive feedback loop of prosperity to the neighborhood that is brimming with potential.

While the status of the L train presents a roadblock to unfettered growth, it may prove to be a minor blip in retrospect, as the entire borough adapts to the change. With so much going in its favor, the neighborhood of Bushwick looks primed to continue its ascent, while improving on its status as a hotbed of business and culture.





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