



Question of the Month: How are new residential destinations transforming Brooklyn retail corridors?

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Whether you're a resident of Bedford-Stuyvesant, Bay Ridge, Brighton Beach, or any other Brooklyn neighborhood, there is a borough-wide intrigue over which retail amenities will be coming to a store near you. Unfortunately, there are too many gentrifying neighborhoods and too little time and space to satisfy everyone's curiosity.

Fortunately, this means the Brooklyn boom has continued to grow as more and more of the borough's neighborhoods have become residential destinations, attracting droves of retailers to newly crowned commercial corridors. Of course, every neighborhood is at a different stage in its growth and development, depending on housing density, rental rates, and the three L's: location, location, location. Some of Brooklyn's retail corridors are already or nearly established, ready to accept even the largest of national tenants; others are a few years away from becoming a major retail strip, but new residential developments as well as rising commercial and residential rents in areas accessible to Manhattan signal an inevitable retail migration.

Court St., particularly the section that runs through Cobble Hill and Carroll Gardens, has long been one of Brooklyn's more established stretches of retail, but still is undergoing a significant transformation. For the past 50 years, Court St. has been a hub for local mom and pop shops servicing the local community, be it restaurants, butchers, or flower shops. As the communities of Cobble Hill and Carroll Gardens have grown in popularity and affluence, national retailers have arrived on the Court St. scene. J. Crew, Trader Joe's, and Splendid all recently signed leases on the Court St. corridor, and now the spaces we're marketing along Court St. are generating phone calls from potential tenants looking to expand from the Meatpacking District, SoHo, and Madison Ave.

Of all the gentrifying neighborhoods, Crown Heights has undergone the fastest makeover. Previously associated more with neighboring Brownsville than Prospect Heights, Crown Heights has become an attractive, family friendly neighborhood. Its appeal comes from a bevy of accessible subway lines, a beautiful tree-lined boulevard in Eastern Pkwy., and a collection of aesthetically pleasing and historically significant architecture.

Even though its star is still on the rise, the neighborhood's main retail destination, Franklin Ave., has seen average retail rents double in the past twelve months. In addition, or maybe as a result, the type of tenants that are fishing for new storefronts resemble retailers and restaurants found in Park Slope and Boerum Hill. A few years down the road, Franklin Ave. will mirror the established Court St. of old.

Looking toward Brooklyn's long-term prospects, the Gowanus is primed to follow in the footsteps of Cobble Hill, Carroll Gardens, and Crown Heights. In March 2010, the Gowanus Canal was declared a superfund site by the Environmental Protection Agency, starting the decade-long, \$500 million process of cleaning the 1.8 mile-long toxic waterway. The project isn't expected to be completed

before the year 2022, but will certainly usher in a flood of retailers and restaurants.

3rd Ave. should benefit the most from the bulk of new establishments entering the Gowanus. According to our CPEX Retail Report, rental prices along 3rd Ave. are currently \$35 to \$49 per s/f, but should skyrocket to close to \$100 a ft. - figures comparable to 7th Ave. in Park Slope. In fact, Whole Foods and Dinosaur Bar-B-Que are already pioneering the area, sites that both businesses expect to be among their highest grossing locations nationwide. A decade down the road, when the canal is clean, more iconic names in retail will have opened their doors on the up-and-coming 3rd Ave. corridor.

Other honorable mentions for the next wave of emerging retail corridors include: Franklin St. in Greenpoint, Graham Ave. in East Williamsburg, 5th Ave. in South Slope, Fulton St. in Bed-Stuy, Nostrand Ave. in Prospect Lefferts Garden, Wyckoff Ave. in Bushwick, Myrtle Ave. in Clinton Hill, Vanderbilt Ave. in Prospect Heights, and Cortelyou Rd. in Ditmas Park.

Like I said, it's hard to pinpoint just a handful of neighborhoods that are undergoing a retail renaissance. If it's on the Brooklyn map, chances are that neighborhood has a retail corridor that is established, is in the midst of being transformed, or is on the precipice of becoming Brooklyn's next hot retail spot.

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