

# Brooklyn Continues to Blossom in the Post-Pandemic Period

JANUARY 18, 2024

All five New York City boroughs were heavily affected by the COVID-19 pandemic. The strength of Brooklyn as a commercial center is partly attributed to the downtown core, distinct neighborhoods, public green spaces, and ease of access to/from Manhattan. These factors, combined with the availability of developable land, have continued to boost the Brooklyn market, especially in the post-pandemic period.

The Brooklyn hotel industry has been experiencing post-pandemic recovery due in part to strong leisure demand, an increase in meeting and group business, and the gradual return of commercial demand. Additionally, the New York City Department of Homeless Services and related entities have been utilizing many hotels as temporary shelters for homeless residents and migrants/asylum seekers.

While the Brooklyn new supply pipeline is substantially smaller than that of Manhattan, the borough has recently experienced supply changes, some examples of which are listed below.

- The 216-key Moxy Brooklyn Williamsburg opened in March 2023.
- Quadrum Global purchased The Williamsburg Hotel at a bankruptcy auction in the first quarter of 2023 and rebranded it as the Arlo Williamsburg in September 2023.
- In June 2023, the former Hotel Indigo Brooklyn at 229 Duffield Street was purchased by Webster Apartments for conversion to co-living housing for women working, studying, or interning in New York City.
- In 2023, the 104-key hotel that had been under construction at 291 Livingston Street in Downtown Brooklyn for the past few years was placed in bankruptcy by the development entity. No updates have been announced since the November 2023 bankruptcy auction.
- Numerous hotels, both independent and nationally branded, have opened in the eastern, central, and southwestern sections of the borough. The inaugural New York City Avid Hotel opened in the Dyker Heights neighborhood in September 2023.

The Citywide Hotels Text Amendment adopted by the City Council on December 9, 2021, places a special permit requirement on all new hotels built in the New York City boroughs. As a result, interest has waned in hotel development projects that are not already in the site work/construction phase. Moreover, Local Law 18 places strict regulations on short-term rental properties such as Airbnbs as of September 5, 2023. While the long-term impact of Local Law 18 on NYC hotels is unknown at this time, both new regulations are anticipated to benefit existing and under-construction hotels.

Brooklyn's recently completed and planned new development, adaptive reuse and redevelopment projects, and addition of public green spaces are anticipated to contribute to the borough's continued growth. Some of these changes are described below.

The Brooklyn waterfront areas continue to attract new residential and commercial development projects. The DUMBO waterfront (Hudson River) has been enhanced by the upgrades to the Brooklyn Bridge Park. In Brooklyn Heights, CIM Group has transformed the former Watchtower building complex into the new Panorama Brooklyn office, retail, and entertainment complex. The Greenpoint-Williamsburg waterfront (East River) is also appealing to commercial developers. In September 2023, Two Trees Management Company unveiled the completed major adaptive reuse project known as The Refinery at Domino in Williamsburg that features modern office spaces and amenities. Two Trees is currently developing One Domino Square, a residential complex that will feature 600 units (condominiums and rental apartments); both towers topped out in mid-December 2023. Moreover, Two Trees' River Ring Waterfront Master Plan is in the planning stage, to be constructed near The Refinery at Domino over seven years. The River Ring development is planned to feature 1,050 new apartments (including 263 affordable units), a custom-designed YMCA facility, and a three-acre waterfront park.

### **River Ring Waterfront Master Plan Rendering**



*Photo Courtesy of Two Trees Management Company*

New York City is expanding its presence as a life-sciences hub, and Brooklyn is making a major contribution. In January 2023, Mayor Eric Adams announced a \$20-million investment in a 50,000-square-foot biotech hub within the Brooklyn Navy Yard, which is already home to life-science companies. This innovation center is planned as part of the New York City Economic Development Corporation's (NYEDC) LifeSci NYC initiative. The biotech hub and incubator are planned to be located within Building 303 and will reportedly be the premier commercial hub for sustainable biotechnology in the United States. The innovation center is anticipated to create 400 new jobs; completion is slated for 2025.

Meanwhile, neighborhoods in the eastern section of Brooklyn, including Brownsville, Cypress Hills, and East New York, have been undergoing gradual revitalization. New multifamily developments with affordable units in this area have either been under construction or have recently opened, with approval prior to the expiration of the 421-a property tax break. In

May 2023, Mayor Adams and the NYCEDC announced plans for the \$500-million redevelopment of the Broadway Junction subway station hub into a regional transit center. This redevelopment will include the enhancement and modernization of the subway station, pedestrian-street safety improvements, and the creation of two public plazas. This major project is expected to create more than 2,000 construction jobs and stimulate additional affordable housing projects. Groundbreaking is anticipated in 2027, with completion slated for 2030.

Overall, these projects will help revitalize Brooklyn and generate demand for hotels in the area.

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**Sources:**

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