LOIS WEISS

The South Bronx is in the midst of a development boom

By Lois Weiss   October 15, 2018 | 8:27pm | Updated

Developers are transforming a Port Morris warehouse into a modern office called Union Crossing.
Madison Realty Capital

The southwestern edge of the Bronx is getting ready for a skyline-shifting series of commercial redevelopments.

The swath of change runs along the Harlem River, starting with a cluster of new projects around the Third Avenue Bridge in Mott Haven.

Dotting the bottom of the borough — along the narrow Bronx Kill channel between the Bronx and Randall's Island and running east into the Port Morris area — are notable conversions.

Brookfield Properties, the same investment company that turned Brookfield Place in lower Manhattan into an energized retail and food mecca, expects to create a similar family-friendly environment in the Bronx.

Brookfield bought a nearly shovel-ready plan for 1.4 million square feet that includes 1,300 apartments and retail space that will be developed in phases. Its smaller 2401 Third Ave. project will break ground early next year, while 101 Lincoln Ave. is teed up to kick off in late 2019.

At least 30 percent of the apartments will be affordable, and amenities will include a public esplanade and a park along the Harlem River.

The site was the vision of Keith Rubenstein of Somerset Partners, who assembled it over several years along with his investment partner Joseph Chetrit. They sold it to Brookfield earlier this year.

"This deal is a harbinger of more to come," says attorney Todd Soloway of Pryor Cashman, who represents Rubenstein. "It's an evolution of the change in the growth of the neighborhood."

"Keith had the vision," adds Soloway. Brookfield, he says "shares that vision."

Union Crossing rendering
Madison Realty Capital

Developer Keith Rubenstein champions the South Bronx by supporting local businesses.
Brian Zak/NY Post

Given the quick subway ride to Midtown on the 4, 5 or 6, Rubenstein says he saw opportunity in the area the same way others did in Long Island City and Williamsburg.

A future NYC Ferry stop in Mott Haven and walkable bridges to Manhattan make the borough even more accessible.

There is always a need for apartments, but the area's storefronts and offices are also drawing tenants who serve the growing community.

Just as David Walentas of Two Trees nurtured Dumbo in the early 2000s, Rubenstein is welcoming, incubating and investing in local retailers.

Double Dutch Espresso (left) and Nobody's Pizza (right)

Double Dutch Espresso (left) and Nobody's Pizza (right)
MJ Cayton; Famous Nobody's

Rubenstein owns the buildingat 130 Alexander Ave that houses clothing boutique Famous Nobody's. It's owned by designer Gary Gonzalez, former Knicks player Carmelo Anthony and Anthony's brother-in-law, lifestyle entrepreneur Christian Vazquez. Next door at Rubenstein-owned 136 Alexander Ave. is Nobody's Pizza. He's also invested in the coffee bar Double Dutch Espresso at 2430 Third Ave.

Plus, Rubenstein owns 2413 Third Ave., which houses Eric Kelly's SouthBox, a boxing gym in which Rubenstein has also invested.

Next door at 2407 Third Ave., he has co-invested with chef Jason Alicea in empanada emporium Empanology.

Eric Kelly's SouthBox
Anthony Geathers

Somerset Partners also leased space to The Compound, a hip-hop culture art gallery at 2422 Third Ave. founded by Yawkes Records' Yasiin Bey (aka Mos Def) and advertising executive Free Richardson.

"I'm either opening my own [businesses] or incubating [them] and allowing them to mature and continuing to grow with them," Rubenstein says.

His next project is a warehouse at 9 Bruckner Blvd., which is being positioned as a cultural center that spotlights food, fashion, music and hospitality options. Companies will either rent via traditional leases or Rubenstein may partner with entrepreneurs to open businesses. He expects rents to range from $30 to $45 per square foot.

The Bruckner Building, at 2417 Third Ave. in Mott Haven, got a makeover.
Handout

Just east of the Brookfield sites, still in Mott Haven, Daren Hornig of Hornig Capital Partners and Savanna have transformed the Bruckner Building at 2417 Third Ave. into a tech-friendly office space.

When the developers bought the former warehouse for $30.57 million in 2015, Hornig says, the windows were covered by plywood and the space had illegal occupants. The office rents were $10 per square foot.

Now the building is bright and airy, with views across both the Bronx and Manhattan. A coffee bar anchors the lobby, the elevator cabs are lined with pallet boards, and leases are now being inked in the $30s per foot with 80 percent occupancy, says Hornig.

The building and others in the area qualify for the city's REAP benefit, which gives tax credits to businesses that relocate jobs to other boroughs. It saves $3,000 per employee and equals $10 to $15 per foot in rent. "This building would be $90 per foot in Midtown South," Hornig explains.

It's that pressure from higher rents in other boroughs that has companies and investors focusing on the Bronx. "As New York City becomes more and more successful and more expensive, we need to find other outlets," observes Peter Riguardi, tristate president of JLL, whose firm helps lease the Bruckner Building.

There's also action to the east, in the adjacent neighborhood Port Morris. In 2015, the Kaufman family, which operates Silvercup Studios in Long Island City, spent $15 million for a full-block warehouse at 295 Locust Ave. and turned it into Silvercup Studios North. The 115,000-square-foot space has four studios and is actively shooting for major TV networks.

20 Bruckner Blvd., known for its prominent iHeartRadio signage, is a former ice warehouse being converted into high-tech offices.
Alamy Stock Photo

Another new project is the renovation of the ice warehouse at 20 Bruckner Blvd. by Jorge Madgruder of Maddd Equities and Drew Katz. Best known for its iconic signage — an 8,000-square-foot billboard that now advertises iHeartRadio after years of touting the History Channel — the building was long owned as an investment property by the Katz family. Now the industrial warehouse under the sign is being transformed into high-tech offices.

Nearby, Josh Zegen of Madison Realty Capital and partners Bluestone Group, Altmark Group and Galil Management are redeveloping another Port Morris warehouse into an office building called Union Crossing. JRT is the leasing agent for the 280,000-square-foot space at 825 E. 141st St. Formerly the Great Atlantic & Pacific Tea Co., it had more recently been used by a family confectionary company.

Josh Zegen
Madison Realty Capital

"We started to feel that Port Morris and Mott Haven were ripe for conversion because of the displacement in Harlem and Long Island City," Zegen says. He too will be capitalizing on the rent differentials as small offices and nonprofit organizations are pushed out by rising real estate costs in other parts of the city. Moving to the Bronx could cut property expenses for businesses in half.

At Union Crossing, after what he dubbed a "gut, gut, gut renovation," asking rents are currently in the high $20s and low $30s.

The top floor of Union Crossing has 20-foot ceilings, while its roof can host a legal sign with prominent placement right next to the Bruckner Expressway.

"The views are amazing — not just for the top tenants — because there is great light and air," Zegen adds. The complex includes a parking lot across the street, and there are loading docks if needed.

Additionally, it's possible to create a "building within the building," so that a tenant has the option to construct a separate entrance and lobby. This kind of space is desired by numerous charter schools scouring the borough, city agency offices and others who either want a space that is removed from other tenants or need it for tax purposes.

"The city will really benefit if this becomes the burgeoning area," Zegen adds.

FILED UNDER   **COMMERCIAL REAL ESTATE**, **IHEARTRADIO**, **OFFICE BUILDINGS**, **RESTAURANTS**, **THE BRONX**

Recommended by