

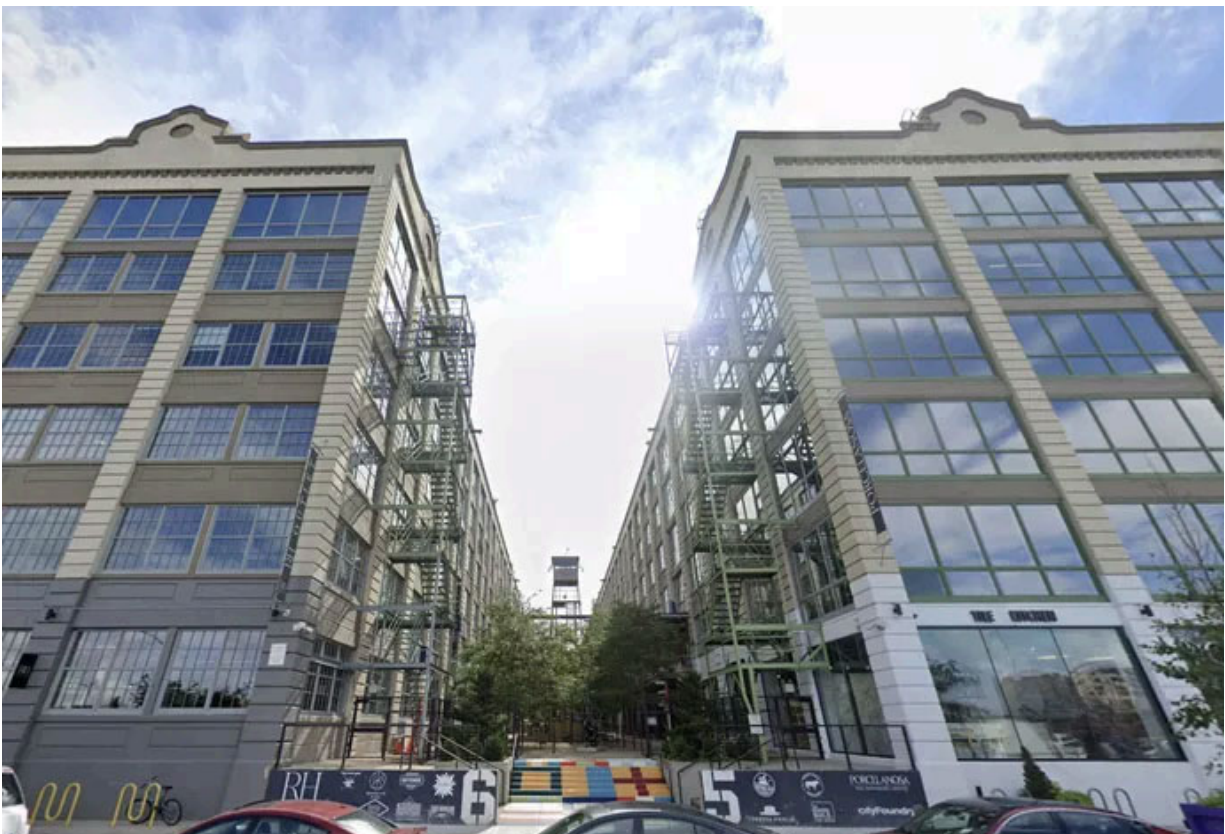
Why Sunset Park Is Emerging As Brooklyn's 'Next Big Thing'

June 12, 2025 | 4:06 p.m. ET | Ciara Long, New York City (<https://www.bisnow.com/author/ciara-long-552474>) (<mailto:ciara.long@bisnow.com>)

Sometimes it takes a black swan event for an overlooked neighborhood closer to Staten Island than Manhattan to grab the commercial real estate sector's attention.

Industry City, a 6M SF mixed-use campus built out of adapted warehouses in Sunset Park, turned into a destination during the pandemic. The sprawling campus's cultural programming, diverse retail offerings and central Brooklyn location started drawing crowds. That energy has now started to spill into developer interest in the wider neighborhood.

“I think it's the next big thing,” said Steiner NYC Chairman Doug Steiner, a film studio developer building a 500K SF soundstage in Sunset Park. “I didn't know Sunset Park so well when we started, but the park is fantastic. The community is fantastic.”



This spring, Watermark Capital Group and Rubin Equities landed a \$210M construction loan for a 28-story, 497-unit residential development on the southern end of Sunset Park (<https://www.bisnow.com/tags/sunset-park>) over the Eighth Avenue subway station.

But the project — one of the biggest apartment buildings in the neighborhood's history — isn't the only sign that developers' interest in the neighborhood has been piqued. Last year, more apartments received occupancy permits in Sunset Park than in any year since 2000, according to the NYU Furman Center (<https://furmancenter.org/neighborhoods/view/sunset-park#renters-and-rental-conditions>).

It's still more affordable than Brooklyn's closer-in neighborhoods. Average rents range between \$1,161 for a studio and \$1,641 for a three-bed, according to Apartments.com (<https://www.apartments.com/local-guide/sunset-park-brooklyn-ny/>). That is roughly \$1K cheaper (<https://www.apartments.com/rent-market-trends/brooklyn-ny/>) than the borough-wide average for a studio and a quarter of the average three-bedroom price.

Since the New York City Economic Development Corp (<https://www.bisnow.com/tags/new-york-city-economic-development-corp>). first laid out its vision (<https://edc.nyc/project/sunset-park-vision-plan>) for the area's reinvigoration in 2009 (<https://edc.nyc/sites/default/files/2025-01/sunset-park-waterfront-vision-plan.pdf>) under the Bloomberg administration, there has been a concerted effort to take advantage of Sunset Park's swath of outdated waterfront manufacturing space.

With the support of the city government, the NYCEDC has been involved in redeveloping four former warehouses (<https://edc.nyc/project/sunset-park-district>) — the Brooklyn Army Terminal (<https://www.bisnow.com/tags/brooklyn-army-terminal>), the South Brooklyn Marine Terminal (<https://www.bisnow.com/tags/south-brooklyn-marine-terminal>), the Bush Terminal campus and the Brooklyn Wholesale Meat Market — spanning 200 acres of the South Brooklyn neighborhood's waterfront.

“We are steadfast in our approach to maintaining the working industrial waterfront along those 200 acres, to continue to create opportunity for makers, for creative industries, but also the light manufacturing and even

some heavy manufacturing,” said Jen Brown, a senior vice president at NYCEDC.

Last May, developers broke ground on the 73-acre South Brooklyn Marine Terminal, a project that will support an offshore wind farm (<https://newyorkyimby.com/2025/03/construction-progresses-on-south-brooklyn-marine-terminal-in-sunset-park-brooklyn.html>) from a joint venture of Norway-based Equinor and UK-based energy behemoth BP. There is also the Steiner Studios (<https://www.bisnow.com/tags/steiner-studios>) soundstage that is under construction at the Bush Terminal after the developer was selected (<https://www.nyc.gov/site/mome/news/08132020-sunset-park-soundstage.page>) following a city request for proposals in 2020.

Sunset Park has a lot of attributes that make it appealing, developers and brokers told *Bisnow*. The neighborhood stops on the N, R, W and D subway lines, has a ferry stop at the Brooklyn Army Terminal, and the Brooklyn-Queens Expressway runs through it.

Ailanthus principal Ofer Cohen (<https://www.bisnow.com/tags/ofcer-cohen>), who began his real estate career as a broker in Sunset Park in 2005, credits Industry City (<https://www.bisnow.com/tags/industry-city>), the 16-building campus a block away from the waterfront, with turning the neighborhood into a live-work-play destination.



“The transformation of the place — there's a Porsche dealership on the corner of 39th and Second, across from Costco!” he said. “When I started in this neighborhood 20 years ago, even if you had a lot of imagination, you wouldn't be able to have that vision.”

Owned by a joint venture of Jamestown, Belvedere Capital and TPG Angelo Gordon, Industry City’s vibrant commercial life and the public programming keep the area lively after hours, creating a popular neighborhood amenity for residents.

“Industry City has had a huge impact on the way that people think about Sunset Park as a place,” said Dan Marks (<https://www.bisnow.com/tags/dan-marks>), CEO of Brooklyn-based residential brokerage TerraCRG (<https://www.bisnow.com/tags/terracrg>).

The 35-acre campus is now 75% occupied after it signed more than 130K SF of leases so far this year. Around 80% of the workforce came back to the office space fairly quickly after the coronavirus vaccines were rolled out, Industry City Managing Director-Partner Jim Somoza said.

“These buildings sat underutilized for the better part of 40 or so years,” he said. “We saw an opportunity, because of the size, to create a city, in a way.”

Cohen said that as other parts of Brooklyn and Queens have been rezoned from industrial uses to residential, Industry City created space for those businesses to congregate in a newly developed, central location. The neighborhood's commercial demand largely comes from small, local businesses, which often need smaller footprints than tenants elsewhere in the city and are often looking for makerspaces in addition to office and warehouse space.

The pandemic was actually a boon for Industry City, Somoza said. By letting restaurants inside Industry City open out into its courtyard space, the campus became a place for families to spend time outside of their homes during the pandemic.

"We got discovered," he said. "I get told all the time — especially somebody with a toddler to early teens — they're like, 'You guys saved us.'"

The cultural programming has boosted the complex's public profile.

"They have events and conferences and concerts and weekend activities and restaurants, whereas in the EDC stuff and the Brooklyn Army Terminal stuff, that's more internal," Marks said. "You have to go through a gate to get there. It's for the tenants."

More housing is on its way to the neighborhood. Developers built 949 market-rate units in 51 residential developments in Sunset Park between 2014 and 2021, according to a report (<https://fifthave.org/wp-content/uploads/2021/07/Sunset-Park-Housing-Study-min.pdf>) from community organization Fifth Avenue Committee.

Most of the (<https://newyorkyimby.com/page/1?s=%22sunset+park%22>) residential development in recent years has been multifamily buildings with fewer than 10 units. But a bigger change is coming for the neighborhood's housing stock, potentially signaling a turning point.

One Sunset, a 187-unit project that Ailanthus, BEB Capital (<https://www.bisnow.com/tags/beb-capital>) and SK Development (<https://www.bisnow.com/tags/sk-development>) recently topped out (<https://newyorkyimby.com/2024/09/737-4th-avenue-tops-out-in-sunset-park-brooklyn.html>) at 737 Fourth Ave., is not only the first significant

ground-up residential development in the neighborhood in at least two years, but it will add more units to the neighborhood on its own than it averaged annually over most of the past decade.

The slow but steady success of Industry City's commercial strategy is what has led to a moment where a group of private developers can feel confident building a residential structure as large as One Sunset, Ailanthus' Cohen said.

S3 Capital (<https://www.bisnow.com/tags/s3-capital>) provided the \$210M mortgage to Watermark and Rubin's 497-unit apartment tower at 6208 Eighth Ave., its fourth loan in the neighborhood and its largest yet. S3 Capital co-founder and principal Joshua Crane told *Bisnow* Sunset Park has all the bones of a growing residential hub, which is why it is bullish on funding new housing.

"There's just a lot of things that Sunset Park has going on for. It just hasn't had a lot of development," he said. "My sense is over time ... that will change. But we're very excited to do another deal over there."

*Contact Ciara Long at ciara.long@bisnow.com
(mailto:ciara.long@bisnow.com)*

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