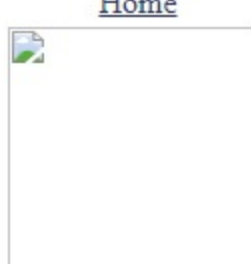


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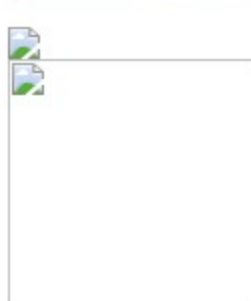
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FEATURE: Cheap Rents, Great Views, Lure Dot-coms to Brooklyn

By [Paul Zakrzewski](#)

A year ago, the city's [Economic Development Corporation \(EDC\)](#) hatched the "Digital NYC" marketing initiative to create hi-tech areas outside of Manhattan's Silicon Alley.

As part of the initiative, the EDC assigns grants of \$250,000 for two years to selected business districts in the hopes of attracting new hi-tech tenants as developers upgrade and wire selected buildings.

Each Friday this month, atNewYork takes a look at developments within each borough, with today's focus on "Broadband Brooklyn" -- Brooklyn Navy Yard, Redhook, DUMBO, and Sunset Park.

DUMBO/Downtown Brooklyn

Situated on the Brooklyn waterfront between the Manhattan and Brooklyn bridges -- which accounts for its name -- DUMBO, or Down Under the Manhattan Bridge Overpass, is possibly the best known of all the Digital NYC hi-tech areas.

As with many of hi-tech neighborhoods, DUMBO offers cheap rents, good access to public transportation and great views of lower Manhattan. But it also offers something that other areas can't - a hip cache, thanks to a wave of artists who settled the area beginning in the late 1970s.

That's about the time that developer David Walentas snatched up 85 to 90 percent, or about 2.5 million square feet, of dilapidated factory space. Since the mid-1990s, Walentas and his Two Trees management company have begun to coax new media companies across the East River with refurbished lofts and T1 fiber optic cables.

To date, the developers have wired approximately 200,000 square feet of space. Some 30 companies - 16 leases under the Digital NYC program -- have relocated to the area, including Elements USA, Redeye Design and ModernHumorist.com. Prices run from \$16 per square foot for undeveloped space to \$22 per square foot for pre-built, pre-wired plug and play space.

Perhaps because of its high profile, the area hasn't been immune to controversy. For example, the development of the area's waterfront has long been in dispute, although the city itself appears to be moving forward on plans to build a \$150 million shoreline park.

And last December DUMBO received negative publicity when the city evicted 60 people from what it claimed were illegal living spaces. Many of those affected included artists, who say they've been pushed out to make way for higher-paying tenants, despite the work they've put into the area.

But despite these troubles, there's little doubt among developers that hi-tech outfits will continue to move to DUMBO, lured by the area's growing amenities -- new luxury grocery stores, trendy restaurants, and innovate galleries.

Siliconharbor.org, Red Hook

The gritty waterfront of Red Hook is being transformed in part by a hi-tech rehabilitation project set to open in a month's time. Known collectively as SiliconHarbor.org, the area includes three refurbished Civil War-era warehouses, occupying some 117,000 square feet.

And, according to promoters, the neighborhood may sport some of the most attractive office space in the entire borough, including fireplaces, exposed timber and brick walls, and clear views of New York harbor.

"It's stunning," says Joe Chan, manager of real estate and business services for the Brooklyn Chamber of Commerce. Chan points out that the area recently won a design award given to Brooklyn buildings that make a significant impact on Brooklyn's quality of life.

Phaedra Thomas, director of the Siliconharbor.org office, says despite some perceived disadvantages, including lack of direct access to subways, there are distinct advantages to siliconharbor.org, including the price: \$10 a square foot.

"Part of the reason for the low rent is because of the lack of access to trains," Thomas says. "But that's also one of the things that makes the space unique. There's a lot of space to breathe around here, it's beautiful, and it's right on the water."

These features have enticed at least two unnamed companies, who are close to signing leases even though the buildings are not yet complete, says Thomas.

BITC, Sunset Park

Situated by the East River and below Park Slope, the area has long been a haven to new Hispanic, Asian and Jewish immigrants. It's also been slower to catch on than its hipper cousins such as DUMBO. But as with Red Hook, the influx of new hi-tech businesses may yet help put Sunset Park on the map.

The Southwest Brooklyn Industrial Development Corporation (SWBIDC), which is charged with using its Digital NYC grant to market the area, announced in January that UrbanHealthCare.com had leased a 1,700 square feet of pre-wired space within the Brooklyn Information Technology Center (BITC).

The SWBIDC currently manages 360,000 square feet of available pre-wired space within two hi-tech properties. This includes 100,000 square feet in the BITC as well as a major telecom center that targets Web hosting and wireless infrastructure companies. Winstar Wireless, AT&T, World Link, and Nextel all rent space within the telecom property.

"We're a little different than DUMBO because they've already had some tech firm relocate there," said Teresa Williams, the executive director of SWBIDC. "People know DUMBO, and there's a strong residential movement there. But we're really just starting."

Williams says she is optimistic about the program, despite the current market gloom. "I just think we'll continue to see a strong interest here, simply because of its advantages -- affordable space and good access to subways."

Building 292, Brooklyn Navy Yard

Back in the 1950s when ships were still coming into the Brooklyn Navy Yard for maintenance work, sailors would bunk in the dormitories of Building 292.

Today, the four-story building is another outpost in the city's Digital NYC program, offering small, pre-wired spaces from 1,200 square feet to about 5,000 square feet, or even more if need be.

Richard Drucker, vice president of planning and development for the Brooklyn Navy Development Corp., which is developing the space, says in addition to the new elevators and upgrades to the building's spaces, state of the art fiber optic strands are getting wired into the building.

For tenants who need to send high-speed video transmissions for example, the wiring should be attractive. In addition, copper wiring is also available for the typical dial-up or T1-T3 Internet connections that usually fit the bill for smaller tech firms.

Although there are no tenants signed up for the building's 4th floor, a high-tech medical testing outfit, Shiel Labs, has signed a lease for all of the over-20,000 square feet on the second floor. Drucker says an estimated 140 jobs will be moving into the space.

The company will be undertaking blood testing and other research work and needs a lot of high-speed connectivity to network with other medical outposts, says Daniel Conlon, senior vice president and CFO of the Brooklyn Navy Yard Development Corporation.

The idea behind the Building 292's high-speed offerings, however, is that tenants can just subdivide the amount of high-speed connectivity they need from one huge pipe already built into the building. That way, when a tenant needs to upgrade from a 1.5 megabit connection to 2.5 MB, the provider can serve up more speed from the big pipe already in the building, which saves the tenant from stringing new wiring into the space.

But as with Sunset Park and Redhook, Brooklyn Navy Yard's future may depend on how it approaches the relative lack of direct subway access. While shuttle buses in the regions are helping to address access issues, developers are already eyeing the possibilities of light rail projects.

This is atNewYork's second installment of a four-part weekly look at each of the hi-tech districts targeted by the Digital NYC program. Last week's [report](#) was about Long Island City in Queens.

March 16, 2001

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