



An Economic Snapshot of the Greater Downtown Brooklyn Area

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Highlights

- Private sector employment in the greater downtown Brooklyn area rose by 18.3 percent between 2003 and 2010.
- Health care and social assistance is the largest employment sector, accounting for nearly one-third of the area's private sector jobs in 2010.
- The business and finance sectors together accounted for 21.3 percent of the area's private sector jobs in 2010.
- The educational services sector accounted for nearly 11 percent of all private sector jobs, reflecting the area's concentration of colleges and universities. This sector grew by nearly one-quarter between 2003 and 2010.
- Employment in the leisure and hospitality sector grew the fastest between 2003 and 2010 (53.5 percent), reflecting new hotels and restaurants.
- The average private sector salary (\$47,890 in 2010) was nearly one-third higher than the average in the rest of Brooklyn.
- The number of businesses in the area grew by 12.4 percent between 2003 and 2009 (three times the rate of growth in the rest of the City).
- The area's median household income rose by 40 percent since 2005 to \$71,790 in 2010, reflecting the large number of lawyers and other professionals who reside in the area.
- The Brooklyn Tech Triangle is home to more than 500 firms related to the technology industry.
- The Brooklyn Navy Yard, a 300-acre industrial park, is home to Steiner Studios, the largest film and television complex outside of Hollywood.

The greater downtown Brooklyn area is the civic center of Brooklyn and includes the largest business district in New York City outside of Manhattan. With its close proximity to Manhattan and excellent transportation options, the area offers a lower-cost business district that has attracted large and small firms in a wide range of sectors.

Job growth in the area has been robust, outperforming the rest of Brooklyn and the rest of the City between 2003 and 2010. Although more recent neighborhood data are not available, it appears that the greater downtown Brooklyn area continues to experience strong job growth.

Together, business, finance and educational services account for one-third of the area's jobs, which is almost twice their share in the rest of Brooklyn. High-tech businesses also have taken a foothold in the area. Many of the jobs in these sectors are high-paying, which has helped boost the area's overall average salary.

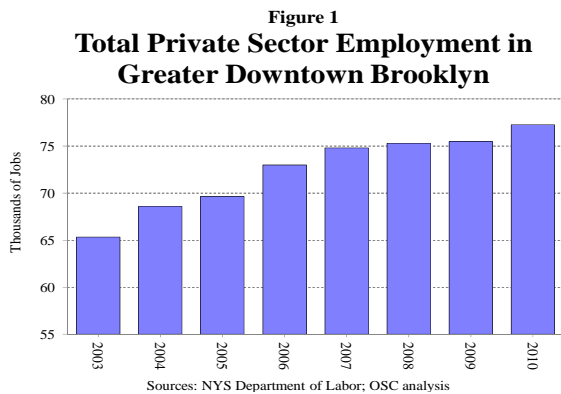
The area is home to world-class art and cultural organizations, such as the Brooklyn Academy of Music (BAM). The area has a mix of old and new architectural styles, and is also known for its parks, restaurants and retail corridors.

Greater downtown Brooklyn is the location of eleven colleges, universities and trade schools. The Polytechnic Institute of New York University and New York University recently reached an agreement to transform 370 Jay Street into the Center for Urban Science and Progress to support the City's growing high-technology industry.

The greater downtown Brooklyn area has many qualities that make it an attractive place to live and work. Over the past two decades, the area has undergone a revitalization. Several economic development initiatives that are underway or will be completed shortly, such as the Barclays Center, will create additional jobs and add to the appeal of the greater downtown Brooklyn area.

Employment

In 2010 (the latest period for which ZIP code-level data are available), private sector employment in the greater downtown Brooklyn area reached 77,260 jobs.¹ Employment grew steadily from 2003 through 2007, but growth stalled during the recession (see Figure 1). Unlike the rest of the City and the rest of Brooklyn, however, the greater downtown Brooklyn area did not lose jobs during the recession. In 2010, employment rose by 2.4 percent, or 1,800 jobs.



From 2003 to 2010, the number of jobs in the area grew by 18.3 percent (nearly 12,000 jobs), which was higher than the rate in the rest of Brooklyn (11.4 percent) and more than three times the rate in the rest of the City (5.4 percent).

Although employment data by neighborhood is not available beyond 2010, it appears that the greater downtown Brooklyn area continued to experience strong job growth into 2011. Private sector employment in Brooklyn grew by 3.7 percent in 2011, exceeding the citywide rate of growth of 2.9 percent. (The greater downtown Brooklyn area accounted for 17 percent of all private sector jobs in Brooklyn in 2010.)

¹ The area closely corresponds to Brooklyn Community District 2. It is bound by the East River to the north and west, Atlantic Avenue to the south, and Classon Avenue to the east. The greater downtown Brooklyn area is defined in this report as ZIP codes 11201, 11205, and 11217 (including all secondary ZIP codes within these three codes), but some data are only available for Brooklyn Community District 2.

As shown in Figure 2, health care and social assistance is the largest employment sector in the area, accounting for nearly one-third of private employment (24,140 jobs in 2010). This sector includes two hospitals as well as many doctors' offices, imaging centers and home health care firms. The sector has shown strong growth since 2003, adding nearly 2,700 jobs.

Figure 2
Private Employment by Sector in Greater Downtown Brooklyn

Sectors	2010	2003-2010	
	Number of Jobs	Difference	Percent Change
Health Care & Social Assistance	24,140	2,690	12.5%
Educational Services	8,380	1,570	23.0%
Business Services	8,360	1,780	27.1%
Financial Activities	8,110	2,460	43.5%
Retail Trade	7,380	1,790	32.0%
Leisure & Hospitality	6,200	2,160	53.5%
Other Personal Services	3,180	60	1.9%
Manufacturing	2,370	-600	-20.3%
Wholesale Trade & Transportation	2,190	-290	-11.6%
Construction	1,520	150	11.2%
Information	1,450	-100	-6.3%
Total Private Sector	77,260	11,930	18.3%

Note: Total includes jobs for which industry classification was not available.
Sources: NYS Department of Labor; OSC analysis

The area's concentration of colleges and universities has helped make educational services the second-largest sector, accounting for nearly 11 percent of all jobs (more than two-and-a-half times the share in the rest of Brooklyn). This sector grew by nearly one-fourth between 2003 and 2010, including gains during the recession.

Business services is the third-largest employment sector. It accounts for nearly 8,400 jobs in the area, or 10.8 percent of all private sector jobs, a larger share than in the rest of Brooklyn (7.9 percent). This sector has also grown by more than one-quarter since 2003, adding nearly 1,800 jobs. With the Brooklyn courts located in the area, law offices predominate in the business services sector, although significant numbers of firms also provide architectural, graphic design, computer, and management services.

The fourth-largest source of jobs is the financial activities sector, which accounts for 10.5 percent of private sector jobs in the area, or about twice the sector's share in the rest of Brooklyn. This sector includes back-office operations of firms such as Goldman Sachs and Morgan Stanley, which were attracted by the area's lower costs and proximity to Lower Manhattan.

During the 2003 to 2008 period, the finance sector had the fastest job growth of any sector in the greater downtown Brooklyn area, expanding by more than 80 percent. The financial crisis, however, had a significant impact on employment in this sector, which declined by nearly 2,300 jobs from 2008 through 2010—the largest job loss for any sector during the recession. Nearly half of the financial jobs that had been gained between 2003 and 2008 were eliminated.

Retail trade comprises nearly 10 percent of all private employment in the area, a lower share than in the rest of Brooklyn (13.8 percent). This sector has grown by one-third since 2003, adding 1,790 jobs, including modest gains throughout the recession. Retail stores in the area include well-known national firms and smaller independent stores.

The area’s leisure and hospitality sector had 6,200 jobs in 2010, an increase of nearly 2,200 jobs or 53.5 percent since 2003. Growth continued throughout the recession. The area is home to several new hotels, and the number of restaurants has grown significantly.

While health care accounts for a similar share of employment in both the greater downtown Brooklyn area and the rest of Brooklyn, the downtown area has a much higher concentration of jobs in finance, business, and educational services. As shown in Figure 3, these three sectors account for 32.2 percent of private sector employment in the area, almost twice the share in the rest of the borough (17.4 percent).

Wages

Private sector jobs in the greater downtown Brooklyn area paid \$3.7 billion in wages in 2010. Because of strong job growth, especially for jobs in sectors that have relatively high average salaries, wages grew by 48 percent between 2003 and 2010, a much higher rate of growth than for the rest of Brooklyn (29.4 percent) and the rest of the City (38.2 percent).

The area’s employment mix includes a large concentration of well-paying jobs, reflecting the synergies that result from being a less costly business district in close proximity to Manhattan (see Figure 4). As a result, the average private sector salary in the area (\$47,890 in 2010) was more than 30 percent higher than the average salary in the rest of Brooklyn (\$36,500).

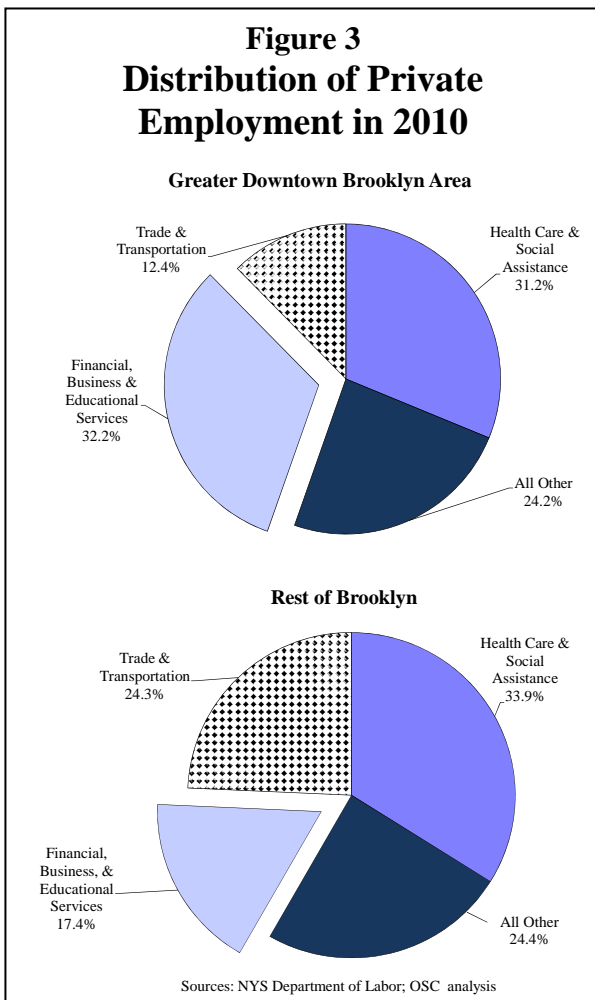


Figure 4
Average Salaries and Share of Private Employment by Sector in Greater Downtown Brooklyn in 2010

Sectors	Average Salary	Share of Private Employment
Financial Activities	\$82,630	10.5%
Information	\$80,880	1.9%
Business Services	\$61,770	10.8%
Construction	\$59,020	2.0%
Manufacturing	\$48,720	3.1%
Educational Services	\$42,700	10.8%
Health Care & Social Assistance	\$40,970	31.2%
Wholesale Trade & Transportation	\$38,970	2.8%
Other Services	\$31,210	4.1%
Leisure & Hospitality	\$27,220	8.0%
Retail Trade	\$24,960	9.6%
Total Private Sector	\$47,890	100.0%

Sources: NYS Department of Labor; OSC analysis

Businesses

As in most parts of the City, small businesses predominate in the downtown area, with 77 percent of all businesses employing fewer than ten people in 2009 (the latest year for which business data are available). Among the area's largest firms, 22 had 500 or more employees, including universities, financial businesses, hospitals, and home health care firms.

Between 2003 and 2009, the number of businesses in the area grew by 12.4 percent, about three times the rate of growth in the rest of the City (4.5 percent), but less than the rate in the rest of Brooklyn (13.6 percent). Two-thirds of the new businesses were concentrated in hotels and restaurants, business services, and retail trade.

Demographics and Housing

The total population of the greater downtown Brooklyn area rose by 1.1 percent between 2000 and 2010, to reach nearly 100,000 residents.² This was a slightly slower rate of growth than in the rest of Brooklyn (1.8 percent) and the rest of the City (2.1 percent). Within the area, the fastest population growth was in DUMBO/Vinegar Hill and Boerum Hill. The population declined slightly in Fort Greene and Clinton Hill.

In 2010, nearly 36 percent of the 67,680 working residents in the greater downtown Brooklyn area were employed in business services or financial activities, although the jobs they held were not necessarily located in the greater downtown Brooklyn area. Another 20 percent of the residents were employed in the education and health care sector, including 4 percent who were employed by colleges and universities. A significant share (11.9 percent) of the working residents were employed in the leisure and hospitality sector, including arts, museums and recreation (3.9 percent).

Between 2000 and 2010, the number of school-age children (between the ages of 5 and 19) fell by 18.5 percent in the overall area, although it did rise in Boerum Hill, Brooklyn Heights, and DUMBO/Vinegar Hill. Nonetheless, the City's

School Construction Authority reported that during the 2010-2011 school year, 3 of the 15 public schools with elementary programs in the area (located in Boerum Hill, Brooklyn Heights, and Fort Greene) operated above capacity.

The area's median household income (the midpoint where half of the households have income above, and half have income below), rose by 40 percent between 2005 and 2010 to \$71,790 (much higher than the median in Brooklyn of \$42,140). The average household income in the area was much higher (\$108,100), reflecting the concentration of high-income households in the area which skewed this indicator upward (the average income in Brooklyn was \$62,680).

The share of the population living in poverty in the area has declined over the past 20 years to 18.1 percent in 2010, which was lower than in Brooklyn as a whole (23 percent).

About two-thirds of area residents lived in rental housing in 2010. Home ownership has risen, however, increasing by 5.8 percentage points between 2000 and 2010, to 33.4 percent of all households. By comparison, home ownership rose by less than one percentage point in the rest of the borough (to 27.4 percent) and the rest of the City (to 30.9 percent). The neighborhoods with the largest increases in home ownership were DUMBO/Vinegar Hill (15.6 percentage points), Boerum Hill (6.9 percentage points), and Downtown Brooklyn (6.9 percentage points).

A growing share of home owners in the greater downtown Brooklyn area live in condominiums—the share grew from 1.4 percent in 1999 to 16.6 percent in 2008. In the rest of Brooklyn, the share of home owners living in condos rose from 1.9 percent in 1999 to 4.8 percent in 2008.

Among rental households, the share of households living in unregulated market-rate apartments grew from 29.3 percent in 1999 to 43.7 percent in 2008. In the rest of Brooklyn, the share of households renting market-rate apartments increased from 35.9 percent in 1999 to 40.6 percent in 2008.

The area contains several developments run by the New York City Housing Authority (NYCHA), including Farragut, Whitman, and Ingersoll Houses and Atlantic Terminal Site 4B, which is the tallest NYCHA residential building. These developments have nearly 5,200 residential units and almost 9,000 residents.

² Demographic data from the 2000 and 2010 decennial censuses was calculated at the census tract level. Where a census tract overlaps community district boundaries, the tract was placed in the neighborhood containing the largest share of the census tract.

Most of the new residential construction in the area in the mid-2000s consisted of high-rise, high-end residential towers. Although construction slowed during the recession, the Downtown Brooklyn Partnership indicates that approximately 7,000 residential units are in the planning stage in Brooklyn while construction is set to begin on about 3,000 units—with many to be located in the greater downtown Brooklyn area.

The area’s six residential neighborhoods and the Brooklyn Navy Yard industrial park, as shown in Figure 5, are discussed below.

Downtown Brooklyn

At the heart of the greater downtown area is Downtown Brooklyn. Nearly 13,000 people lived in the area in 2010. Brooklyn’s oldest public building, Brooklyn Borough Hall, a Greek Revival building completed in 1851, anchors this neighborhood. Borough Hall is surrounded by a major transportation hub, many government and commercial buildings, and retail stores.

In February 2012, the City Council voted to create the Borough Hall Skyscraper Historic District, which encompasses 21 historic buildings that were

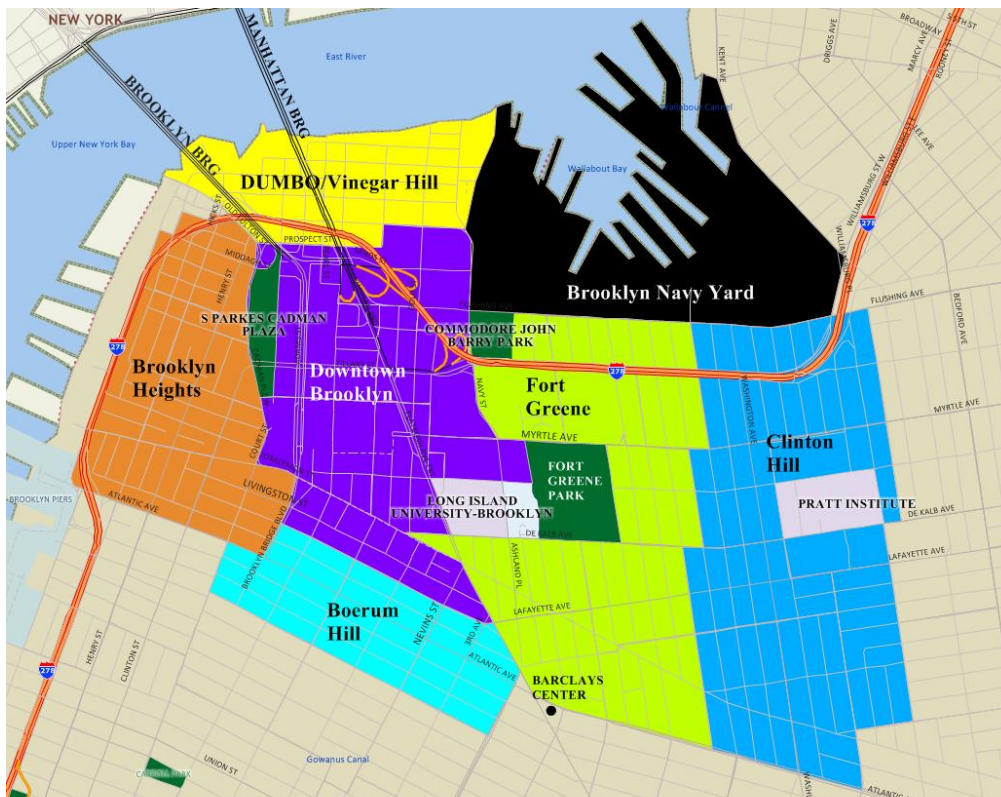
mostly built in the late 19th and early 20th centuries.

Downtown Brooklyn has 16.4 million square feet of office space, equivalent to about one-and-a-half times the size of the original World Trade Center complex. MetroTech Center, a mixed-use complex of 11 office buildings containing 3.7 million square feet of space, is the area’s main corporate hub.

According to Newmark Knight Frank, the office vacancy rate in Downtown Brooklyn improved to 7.4 percent in the first quarter of 2012, from 11.1 percent a year earlier. The average asking rent in this area (\$29.92 per square foot in the first quarter of 2012) was significantly lower than in Downtown Manhattan (\$41.72 per square foot), Midtown South (\$39.84 per square foot) and Midtown Manhattan (\$65.42 per square foot).

Major retail corridors in the area include the Fulton Mall, a 17-block major shopping district, with over 150 stores and restaurants, running along Fulton Street from Adams Street to Flatbush Avenue, as well as the Atlantic Center Mall and the neighboring new Atlantic Terminal Mall.

**Figure 5
The Greater Downtown Brooklyn Area**



Along with small and medium-sized retailers, many nationally known retail stores, such as Macy's, are located in this area. In 2011, a \$15 million Fulton Mall streetscape project was completed, which included the construction of the 17,000-square-foot Albee Square public plaza.

Downtown Brooklyn is home to several higher education institutions, including the Polytechnic Institute of New York University (the nation's second-oldest private engineering school), the New York City College of Technology (CUNY's technology college), Brooklyn Law School, St. Francis College, SUNY Empire State College and Long Island University's original campus.

Three major transportation hubs serve the area. In January 2010, the Metropolitan Transportation Authority (MTA) opened the new Atlantic Terminal Pavilion at the intersection of Downtown Brooklyn, Boerum Hill, and Fort Greene. The \$108 million terminal, which is linked to the Atlantic Terminal Mall, serves more than 30,000 subway passengers and more than 25,000 LIRR customers daily. At the other end of Fulton Street, the Court Street and Borough Hall stations and the Jay Street-MetroTech station each serve more than 30,000 subway riders daily.

Figure 6
Barclays Center



Source: <http://www.barclayscenter.com/renderings>

Many economic development projects are underway in the neighborhood. The largest is Atlantic Yards, a 22-acre, mixed-use project. The 675,000-square-foot, 18,000-seat Barclays Center (see Figure 6), which will be the home of the Brooklyn Nets (formerly the New Jersey Nets), is set to open on September 28, 2012, with a performance by Jay-Z. Barbra Streisand will also make a rare concert appearance at the center in October. In April 2012, Mayor Bloomberg and Forest City Ratner Companies announced plans to give priority to local residents in filling 2,000 jobs

at Barclays. While many other parts of the project, have been delayed by the economic downturn, construction is now scheduled to begin in late 2012 on 360 residential housing units, half of which will be affordable.

The City Point project is being constructed adjacent to the southeast end of the Fulton Mall and the former Dime Savings Bank Building. When complete, the project will include retail space as well as affordable and market-rate housing. The first part of the project, a 50,000-square-foot retail building, has recently been completed. Century 21 has agreed to be the anchor for the next phase, and will become the first new department store on the Fulton Mall in decades when it opens in 2015.

The Polytechnic Institute of New York University and New York University plan to renovate the New York City Transit Authority's former headquarters at 370 Jay Street to establish the Center for Urban Science and Progress (CUSP). CUSP will be a partnership of domestic and international universities and companies, and will focus on research and development of technology that addresses critical issues facing cities. The new facility, which is scheduled for completion in 2017, will also provide incubator space for start-ups, and will have space for other technology and entrepreneurial support. The project is expected to generate more than \$5.5 billion in economic activity, 2,200 construction jobs, and 5,500 permanent jobs over the next 30 years.

Fort Greene

Located to the east of Downtown Brooklyn, Fort Greene, with its two- to four-story brownstones, retains much of its original character. In the wake of development in Brooklyn Heights, Cobble Hill, and Boerum Hill, row houses for the middle class were constructed in Fort Greene from the 1850s through the 1880s. With a farmers' market and concerts in the summer, Fort Greene Park, which was designated a public park in 1845, is a local attraction. Fort Greene's population, however, declined over the past decade by 7.3 percent, to 23,607 residents.

The Brooklyn Academy of Music, known as BAM, is America's oldest performing arts center, founded in 1861. In 2004, the City established the BAM Cultural District, which will create new facilities for the arts and affordable housing.

Clinton Hill

Clinton Hill, located directly east of Fort Greene, is known for its townhouses and brownstones. Wallabout, located in the northern section of Clinton Hill, is a small residential enclave with the largest concentration of pre-Civil War wood-framed houses in the City. It was designated a historic district in 2011.

Clinton Hill has the largest population of any neighborhood in the greater downtown Brooklyn area, with 24,340 residents in 2010. The neighborhood's population, however, declined slightly (by 1.9 percent) during the past decade.

The neighborhood is home to several educational institutions, such as the Pratt Institute (an internationally recognized art and design school) and St. Joseph's College (a private liberal arts college founded in 1916).

Boerum Hill

Boerum Hill, located directly south of downtown Brooklyn, derives its name from the colonial-era Boerum family farm. Between 2000 and 2010, Boerum Hill's population grew by 6.3 percent to reach 8,835, the second-fastest rate of growth in the greater downtown area.

Boerum Hill is characterized by three-story row houses (generally built between 1840 and 1880), independent stores and boutiques, restaurants, and easy access to Manhattan. Recent improvements have created a popular neighborhood with rising home prices, new restaurants and shops (particularly along Smith Street and Atlantic Avenue), and the boutique NU Hotel, which opened in 2008.

Brooklyn Heights

Brooklyn Heights, with 22,887 residents in 2010, is among the most historically significant neighborhoods in Brooklyn. With its brownstones, carriage houses and mansions, Brooklyn Heights has not changed much physically since it became the first historic district approved by the City's Landmark Preservation Commission on November 23, 1965.

Because of its close proximity to Downtown Manhattan, Brooklyn Heights became the first commuter town in Brooklyn when Robert Fulton's steam ferry began service to Manhattan in 1814. The Brooklyn Heights promenade, which was

completed in 1950, offers views of Lower Manhattan. The Brooklyn-Queens Expressway was constructed in the northwest area of the neighborhood in 1953.

Cultural and historical institutions in Brooklyn Heights include the Brooklyn Historical Society Museum, the Toy Museum of New York, and Bargemusic, a venue for chamber music concerts. St. Francis College, which has been operating for more than 150 years, is also located in this area.

The Watchtower Society (the administrative organization for the Jehovah's Witnesses) is the largest landlord in the neighborhood. The Society has been gradually relocating its operations upstate and has begun to sell its properties.

The 85-acre Brooklyn Bridge Park will extend for 1.3 miles along the East River, from north of the Manhattan Bridge to Atlantic Avenue (overlapping Brooklyn Heights and DUMBO/Vinegar Hill). The \$350 million park will include landscaped areas, recreational facilities, beaches, a velodrome and sports fields. Construction has begun, with major sections already open. The park will also include up to 1,210 luxury condominiums (expected to generate \$15.2 million to fund park maintenance). A 438-unit condominium building on Furman Street was the first residential complex to be completed. Developers have been selected for a 150- to 180-unit apartment complex and a hotel at Pier 1 in Brooklyn Bridge Park.

DUMBO/Vinegar Hill

DUMBO/Vinegar Hill³ is a small but rapidly growing neighborhood. The number of residents rose more than threefold from 2000 to 2010, to reach 3,600 people.

During the 19th and 20th centuries, DUMBO was home to large manufacturing companies that employed thousands of workers. The neighborhood got its name in the 1970s when artists moved into the area, attracted by cheap and large loft spaces. In 2007, most of DUMBO was designated a historic district. As the population expanded in the last decade and residential space

³ The name DUMBO is derived from "Down Under the Manhattan Bridge Overpass," while Vinegar Hill is named for the site of a battle during the Irish Rebellion of 1798. These individual neighborhoods have been combined in this report because of data restrictions.

was created by conversion or construction, the number of residents who owned their own homes rose by 15.6 percentage points. By 2010, nearly half of all households (47.9 percent) in DUMBO/Vinegar Hill lived in owner-occupied housing—a higher share than in any other neighborhood in the area.

Over the past decade, DUMBO has become known for its cluster of high-tech businesses, which include companies such as Etsy (an online marketplace for handmade goods), Huge Inc. (a digital agency), Red Antler (a branding and design firm), and Small Planet (iPhone and iPad application developers).

The Polytechnic Institute of NYU has opened a City-sponsored 7,000-square-foot incubator in DUMBO that will house about 25 start-up companies. Over the last decade, there has been an increase in the number of technological and creative firms located in Downtown Brooklyn, DUMBO and the Brooklyn Navy Yard. The Brooklyn Tech Triangle is home to more than 500 of these firms. A recent survey conducted by Urbanomics found that these firms provided an estimated 9,600 direct jobs and occupied 1.7 million square feet of office space. In March 2012, the New York City Council announced that it would provide \$100,000 to fund a 10-month study to develop a strategy to better support the continued development and growth of the Tech Triangle. In July 2012, the Brooklyn Tech Triangle Task Force issued a request for proposals to study improvements needed to better develop the high technology industry in the area.

Vinegar Hill is characterized by industrial buildings and row houses, and is located between the Brooklyn Bridge and the Brooklyn Navy Yard. This area began to develop in the 1830s as a residential area for navy yard workers, and its renewal coincided with DUMBO's.

Brooklyn Navy Yard

The Brooklyn Navy Yard is a 300-acre industrial park with 4 million square feet of leasable space. Built in 1801, the yard reached its peak during World War II but was closed in 1966. The City purchased the facility in the following year and reopened it as an industrial park in 1971. Today, the 40 buildings house more than 275 tenants

(including manufacturers, distributors, food processors and artists), providing about 6,000 jobs.

Steiner Studios, the Navy Yard's biggest tenant, is the largest film and television studio complex (with the largest soundstage) outside of Hollywood (see Figure 7). In March 2012 Steiner opened five new soundstages, which doubled the number of stages and raised the studio's size to 355,000 square feet. Current productions underway include new episodes for HBO's *Boardwalk Empire*.

Figure 7
Steiner Studios



Source: www.steinerstudios.com/gallery.html

Steiner is expanding to accommodate increased demand by film and television companies, driven in part by State and City film production tax credits. Steiner will convert a 235,000-square-foot, 7-story building located adjacent to its current facility into photo studios, soundstages and other space. The studio expansion also includes the construction of a parking facility and an upgrade to the electrical system to provide increased electrical output.

In recent years, the Brooklyn Navy Yard has attracted attention for its green initiatives. In 2009, the Perry Avenue Building became the City's first building with mounted wind turbines, and the nation's first multistory green industrial facility. Brooklyn Grange, a commercial farm, has opened a new 45,000-square-foot rooftop farm to supply local restaurants and shops. In May 2012, the Brooklyn Navy Yard Development Corporation announced plans to invest \$46 million to build a green manufacturing center, which is expected to create 400 construction jobs and 300 permanent jobs.