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Life After Brooklyn

By many measures, Jeff Huston and his wife, Lisa Medvedik-Huston, arrived late to Williamsburg, Brooklyn. They weren't among the first waves of artists and hipsters in the early-to-mid '90s to cross the East River in search of cheaper, grittier confines. When they rented a spacious, duplex loft two blocks from the Bedford Avenue subway stop in 2007, they found a safe neighborhood already dotted with clothing boutiques and wine shops. The height of the real estate boom was approaching, and condos were rising along both the waterfront and McCarren Park.

Yet Brooklyn was still emerging from its postwar slump, and the borough felt new to many, including the young couple. It was five years before the first episode of "Girls" aired on HBO. The concerts that excited the neighborhood were held at an unused city pool, not a world-class arena christened by Jay Z. And real estate investors eager to make all-cash deals were still fixated on Manhattan.

Over the past several years the couple witnessed the much-bemoaned arrival of banker types, chain stores and tourists. Brooklyn has become a global brand.

Lisa Medvedik-Huston and Jeff Huston moved to a large loft in Jersey City Heights from a smaller rental in Williamsburg, Brooklyn.

And last year, when they were ready to buy, the

couple quickly realized they had been priced out. "I can't tell you how many listings said, 'cash only,'" said Mr. Huston, whose real estate search included everything from \$500,000 apartments to \$900,000 fixer-upper rowhouses and took him from Williamsburg to Bedford-Stuyvesant. "That was a wake-up call."

And so the Hustons bid farewell to Brooklyn. In October, they spent \$550,000 on a 2,000-square-foot loft in a converted suitcase factory in Jersey City Heights, a section of Jersey City that overlooks Hoboken. "We weren't sure there was anyone like us in the neighborhood," he said. Then a Brooklyn-style coffee shop arrived. "The line down the street was all people like us. We could have been in Williamsburg. It was all, like, expats."

Fed up with rising rents, bidding wars and neighborhoods that no longer resemble the low-rise bohemian enclaves they found when they arrived, many Brooklynites are moving out. They include decade-long renters who can no longer keep up with price hikes, qualified buyers who have been outbid one too many times, and young families who simply can't find the space they want at prices they can afford.

Many have tried in earnest to stay in Brooklyn, squeezing into smaller spaces or heading deeper into the borough in search of affordability. But there comes a point when that hourlong commute becomes difficult to justify, and the realization strikes that a house with a yard in Maplewood, N.J., can be had for about the same price as a condo in Midwood.

In the northwest part of the borough, where chain stores like J. Crew and Rag & Bone are edging out locally owned bars and organic grocers, “Brooklyn has become unaffordable,” said Victoria Hagman, the broker-owner of the Realty Collective, founded in 2005. “For normal, middle-class people with good credit, we used to be able to say, ‘We can find you something.’” Now, even in once working-class areas like Windsor Terrace, Kensington, Crown Heights and Bedford-Stuyvesant, she said, “people are priced out of purchasing and landlords are asking egregious numbers.”

Kathleen Kim and Brian Witte moved into a three-bedroom, one-bath rental in leafy Sunnyside, Queens, after giving up on finding suitable quarters in Brooklyn. Hesitant at first about the move, they find they like the “small town in the big city feel,” Mr. Witte says.

Neighborhoods in the central and eastern parts of Brooklyn largely remain low-income. But a combination of scarce listings, high demand and rapid-fire gentrification has sent prices soaring in the northwest quadrant, from Red Hook to Greenpoint along the waterfront and inland to Gowanus and Park Slope South. In the second quarter of 2014, 107 sales priced above \$2 million took place, more than any other prior quarter, according to the Corcoran Group. Those deals included a \$10.625 million townhouse on Willow Street in Brooklyn Heights, a \$5 million loft in a shoe polish factory turned luxury condo building in Williamsburg, and a \$3.15 million condo in Dumbo, to name a few.

Such high-end sales helped shrink the gap in median real estate price, which measures the

middle of the market, between Brooklyn (\$575,000) and Manhattan (\$910,000) by 33 percent to \$335,000 in the second quarter, down from \$500,000 in 2008, before the collapse of the real estate market, said Jonathan J. Miller, the president of Miller Samuel, an appraisal firm.

Renters aren’t faring much better. The median rental price in northern Brooklyn was up 6.6 percent to \$2,852 in July, marking the 14th consecutive year-over-year increase in monthly rent, according to a report by Douglas Elliman. That is \$353 cheaper than the median monthly rent in Manhattan. Five years ago Brooklyn was \$1,030 cheaper.

Sure, some Brooklynites who have noticed the shrinking gap are choosing to settle in the far corners of the Upper East and West Sides of Manhattan. But Brooklyn has shed its image as a bargain-priced alternative to Manhattan.

“One of the things I find sort of fascinating is that there were so many people in the city in my generation whose parents were struggling to get either themselves or their kids out of Brooklyn, and those people’s kids are now back in Brooklyn,” said Frederick Peters, 62, the president of Warburg Realty, a luxury Manhattan-based brokerage firm. “It kind of changed from Manhattan being aspirational for the generation of people who are 40 or under, to Brooklyn being aspirational.” As a result, he said, “most of the Brooklyn business we do is with people for whom that’s their first choice.”

If you live in Brooklyn, what keeps you there?
And if you’ve left, what made you go?

The tendency is to move the search deeper into Brooklyn before looking elsewhere. Then, somewhere around Midwood, brokers say, the train ride to Manhattan becomes an issue for commuters and people begin searching for alternatives — including in areas they may have turned up their noses at just a few years ago.

When friends of Mr. Huston, 42, a filmmaker, and Ms. Medvedik-Huston, 43, an accessories designer, bought a brownstone in Jersey City several years ago, “I thought they were out of their minds,” Mr. Huston said. But now, having left their 688-square-foot Williamsburg rental to buy a 2,000-square-foot loft in Jersey City Heights, his view has changed. Their new home, a duplex, has two bedrooms, two baths, 11 floor-to-ceiling windows, exposed brick walls and a wine cellar. Two swings hang by ropes from the wooden beams. “It was a no-brainer, trust me,” he said, noting that their monthly outlay is just a couple hundred dollars more than what they paid in Williamsburg.

“We have noticed a growing trend of more people that are priced out of Brooklyn that have been driven our way,” said Matt Brown, a broker at Halstead Property in Hoboken, who along with his business partner, Peter Cossio, is a proponent of the area’s townhouse stock, proximity to Manhattan and lower prices. They pointed out in a market report that the average price of a condo in Hoboken was \$590,912 or \$576 a square foot in the first half of 2014, versus \$1,534,701 or \$1,049 a square foot in the North Brooklyn area encompassing Brooklyn Heights, Carroll Gardens, Cobble Hill, Dumbo, Red Hook and the Columbia Street waterfront.

The northward migration of young Brooklyn parents along New York river towns like Hastings-on-Hudson, Irvington and Beacon has been well chronicled. Montclair and Maplewood, N.J., also have their share. And brokers and residents alike report a virtual pipeline of Brooklyn defectors to Queens.

Kathleen Kim and her husband, Brian Witte, hoping to start a family, initially went looking for a two-bedroom for \$2,800 a month or less in Williamsburg, where they rented a one-bedroom with an office just off the Graham Avenue stop on the L line for \$2,330 a month. They also searched in Carroll Gardens, Fort Greene, Park Slope, Windsor Terrace and Greenpoint. But the apartments all came with caveats, said Ms. Kim, 34, a freelance television producer, rattling off a few: “has washer/dryer, good space or an updated kitchen but is a trek to the nearest subway ... amazing location but the second bedroom is actually an alcove between the living room and actual bedroom ... right near Prospect Park but has claustrophobic, windowless ant colony layout.”

Chris Braun, recently moved from Carroll Gardens, Brooklyn, stops along bustling 116th Street in East Harlem.

It wasn’t until they had exhausted Brooklyn’s “deeper cuts,” as Ms. Kim described neighborhoods like Sunset Park, Kensington and Gowanus, that their friend Daniel Day Lee, a real estate agent with Citi Habitats, suggested they take a look at Sunnyside, Queens. They were reluctant at first. “Brian,” Ms. Kim said, “held some reservations about the Q word.” But after a visit, Mr. Witte, 36, a media planner at Comedy

Central, was quickly sold on the neighborhood's stately Tudor buildings, wide diversity, dead-on Manhattan views, attractive prices and "small town in the big city feel."

Last month, the couple moved into a corner, three-bedroom, one-bath with new floors and stainless-steel appliances, including a five-burner stove, on the top floor of a six-story Tudor-style elevator building. The monthly rent: \$2,750.

"I loved living in Williamsburg," Ms. Kim said. "And for single young people moving to the city, I would not blame them for paying loads more to live in a tiny space there. But we're moving into a different stage in our life, and for the pace and the price, Sunnyside was the logical next step for us."

It wasn't all that long ago that couples priced out of Manhattan were saying the same thing about Brooklyn. "Brooklyn started to really blossom in many ways because Manhattan was getting too expensive," said Jonathan Bowles, the executive director of the Center for an Urban Future, a nonpartisan research group in New York. "You had college professors, nonprofit staff, people in publishing, teachers. They were middle class and very highly educated and went to Brooklyn because of the kind of creativity and arts scene and people like them, frankly. For people in those same professions today, Brooklyn is mainly unaffordable — those same neighborhoods are clearly unaffordable."

Part of the challenge for those wanting to remain in the borough is that just as in Manhattan, inventory is excruciatingly low. The number of apartments for sale dropped 5.9 percent to 4,426

in the second quarter of 2014, yet sales surged 12.5 percent to 2,086.

Mr. Braun's new home; a condo in this new apartment building in East Harlem that he says was more affordable than anything he could find in Brooklyn. Credit Emily Andrews for The New York Times

Intense competition over scarce listings means buyers who require a mortgage may be out of luck. "Inventory has been so tight that right now you are up against tremendous competition," said Aleksandra Scepanovic, a founder and the managing director of the Ideal Properties Group, a Brooklyn-based firm she started in 2007 with her partner, Erik Serras. Apartment hunters in Brooklyn are coming up against "a different caliber of buyer," a buyer armed with liquid assets. "At the same open house," she added, "they are ready to write a check today."

A review of Ideal Properties clients who bought in northwest Brooklyn in the second quarter of 2014 reflects the trend. Nearly a third of the 382 home buyers earned at least \$300,000 a year, compared with just 11 percent a year ago. During the same time frame, 65 percent of home buyers offered to pay with cash, compared with 32 percent a year earlier. Most of the buyers have jobs in sales, finance or accounting.

For some Brooklynites the arrival of this wealthier class of buyers and the Mannhattanesque stores that have popped up to cater to them signals the end of an era.

"Carroll Gardens used to be a place in the summertime where you could get an Italian ice at

one of so many pizza places,” said Chris Braun, a psychology professor at Hunter College, who moved to Carroll Gardens in 2001 for its quiet streets, Italian bakeries and Virgin Mary statues in the front yards of brownstones. “Now people go to 16 Handles,” he said referring to a self-serve frozen yogurt chain that replaced a local joint named Joe’s Luncheonette. “It’s a different group of families,” he continued. “It’s families that want the 16 Handles and not to talk to Sal.”

He will soon close on a new two-bedroom condo in East Harlem for \$630 a square foot. Not only is the price better than anything he saw in Brooklyn, he said, but the neighborhood also has a lot of character. The housing stock is beautiful, he said, and people mingle on the street.

“On Sunday,” he said, “you see ladies walking around in their curlers and housedresses. It’s not so sanitized,” he continued. “It just felt like New York again to me.”

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Matt Brown
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Peter Cossio
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