

# REAL ESTATE ADVISOR

## MEGAPROJECTS SERIES: BROOKLYN'S DOMINO SUGAR FACTORY BY ARTHUR J. ADAMS JR.

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The Domino Sugar Factory, at one time the largest sugar refiner in the country, producing over 50% of total sugar consumption, is being converted to an urban campus in Williamsburg, Brooklyn. It will adorn Brooklyn's waterfront with 2,800 apartments, 600,000 square feet of office space, 200,000 square feet of community and retail space, and 6 acres of parks and open spaces.

Dominating the waterfront near the Williamsburg Bridge at 292-314 Kent Avenue, the project affords panoramic views of Brooklyn, the East River, and Manhattan's skyline. The eleven-acre site<sup>i</sup> is an ideal location for trendy Millennials and artists who've fled Manhattan in recent years and will be served by the development's nearly 700 affordable residential units.

The first 522-unit residential building is scheduled to open this July, with four more buildings to follow. Conjuring an image of a square donut, the 17-story building with open-air views has five parking levels, tenant recreation space, and accommodates 266 bicycles—not your typical New York City high rise.

Built in 1856 by the Havemeyer family, the Domino Sugar plant was American Sugar Refining Company's original factory. A cornerstone of the Port of New York's industrial center, it became the largest sugar refinery in the world as the Civil War came to an end. In its heyday, the Domino Sugar<sup>ii</sup> factory boasted more than 4,000 workers and refined 3 million pounds of sugar each day—more than half of the country's usage. Devastated by a fire in 1882, the factory was rebuilt into the two iconic buildings that stand today at the heart of the new development.

The company ceased refining sugar in Williamsburg in 2004, when it moved its operations to Yonkers, thus opening the door to developers with lofty ideas. CPC Resources, in partnership with Isaac Katan<sup>iii</sup>, originally conceptualized the project with plans to build 2,200 apartments. A signature project for Katan, who with his partners purchased the site for \$55 million in 2006, it was sold when the group failed to meet a \$125 million refinancing obligation.

Then Two Trees Management stepped in, with plans to find a single tenant to work with architects Beyer Blinder Belle (who specialize in historic buildings) to recreate the red brick designated New York City landmark into custom office space. The renovation was replete with challenges—refining sugar commanded 30-foot high vats<sup>iv</sup>. All 106 had to be removed, according to Jed Walentas, CEO of Two Trees<sup>v</sup>, the Brooklyn-based, family-owned real estate development company that conceived the present-day \$3 Billion project. Under an agreement with the City, Two Trees can build as high as 55 stories at the Domino project—and if it does, the buildings will be among the tallest gracing Brooklyn's waterfront.

Two Trees enjoys an enviable track record in supporting creative tenants, combining market-rate and affordable housing to accommodate communities. The company's philosophy includes recognizing its civic responsibility to contribute to the prosperity of the neighborhoods in which it builds, including artistry, family-

owned businesses, and connectivity. Two Trees was the primary force behind DUMBO, and invested over \$200 million in bringing about Brooklyn Bridge Park, where it donated amenities such as a public pavilion and a restored carousel.

The interior of the sugar factory initially comprised a warren of girders and pipes, conjuring images of laborers struggling seven days a week to produce the distinctive yellow packets of sugar we now routinely dump in our morning latte. But the glass and steel interior<sup>vi</sup> is an open canvas for a media, technology, or digital tenant to transform the structure into functional offices for creative types who often function best in an open-architecture environment. At the top of the buildings, the Domino Sugar sign will cap the 15,000 square foot glass-box floors, adorning the Williamsburg skyline as it has for nearly two centuries.

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<sup>i</sup> <http://ny.curbed.com/2016/5/25/11773438/domino-sugar-refinery-williamsburg-two-trees-rendering>

<sup>ii</sup> <http://creativetime.org/projects/karawalker/domino-sugar-factory/>

<sup>iii</sup> <http://therealdeal.com/new-research/topics/people/isaac-katan/>

<sup>iv</sup> <http://nypost.com/2016/05/23/brooklyns-waterfront-future-starts-with-domino-sugar-site/>

<sup>v</sup> <http://twotreesny.com/about-us>

<sup>vi</sup> <http://ny.curbed.com/2016/5/25/11773438/domino-sugar-refinery-williamsburg-two-trees-rendering>