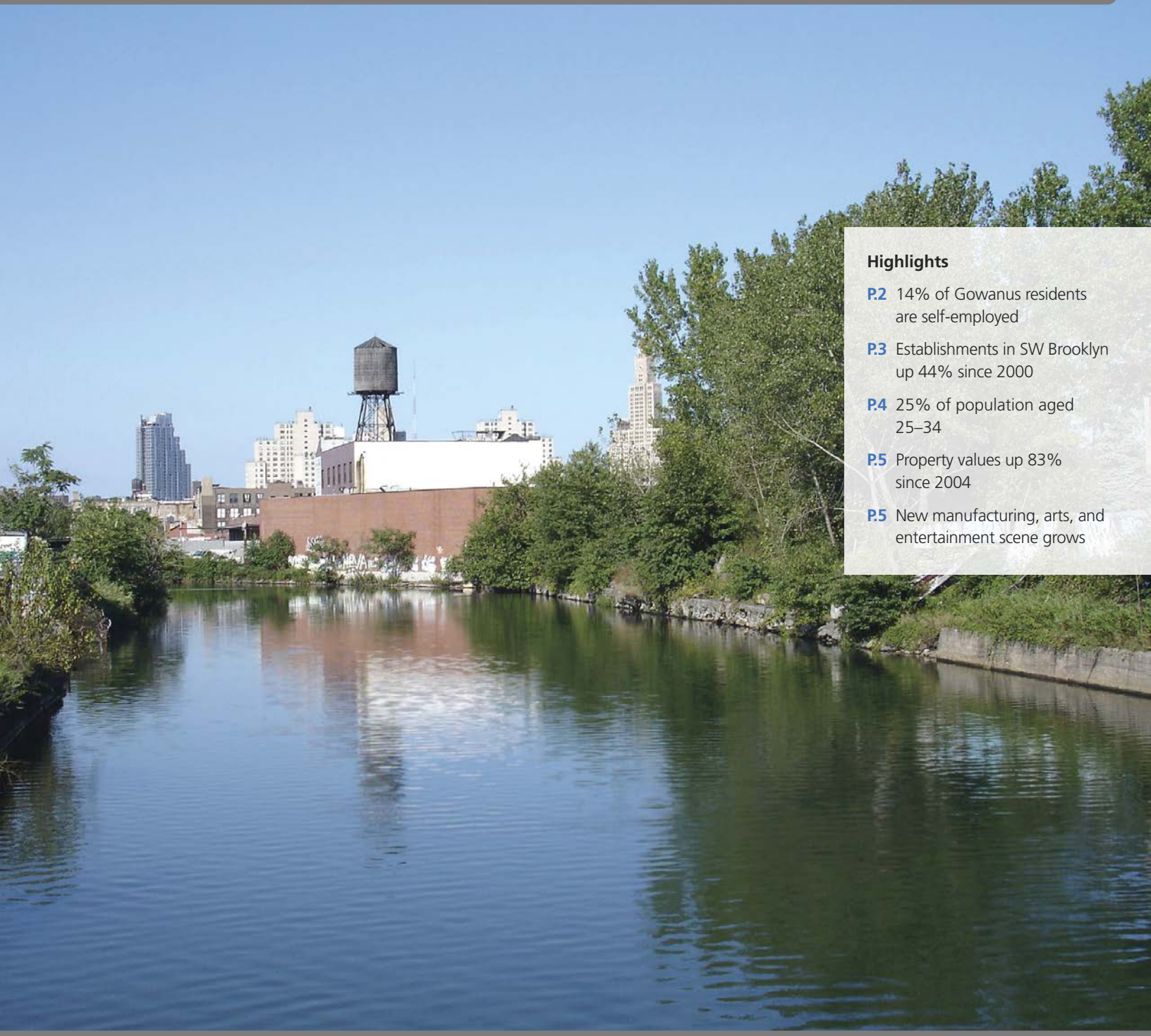


NEIGHBORHOOD TRENDS & INSIGHTS

Exploring New York City Communities

GOWANUS, BROOKLYN | SEPTEMBER 2013



Highlights

- P.2** 14% of Gowanus residents are self-employed
- P.3** Establishments in SW Brooklyn up 44% since 2000
- P.4** 25% of population aged 25–34
- P.5** Property values up 83% since 2004
- P.5** New manufacturing, arts, and entertainment scene grows



**NYCEDC Economic
Research & Analysis**

Center for Economic Transformation

Historically, the Gowanus neighborhood of Brooklyn has been best known for its eponymous canal. Dutch farmers settled the marshlands along the banks of the Gowanus Creek in the 1600s, and they produced what may have been Brooklyn's first international export— Gowanus oysters.¹ The Gowanus Canal was authorized by the State of New York in 1848 and then built to encourage barge shipping, promote storm drainage, and allow development of surrounding lowlands. With the completion of the canal in the 1860s, the area became a hub of industrial activities and shipping. More recently, the Canal has become better known for its industrial pollution and 2010 designation as an Environmental Protection Agency Superfund site.² But lately, Gowanus has also experienced an economic transformation driven by a proliferation of smaller manufacturing businesses, destination restaurants, and retail stores, along with new residential development.

Gowanus sits between Park Slope to the east, Carroll Gardens and Cobble Hill to the west, and Boerum Hill to the north. These neighborhoods have themselves experienced a resurgence in recent years. Yet while Gowanus may benefit from the growth and “trendiness” of surrounding neighborhoods, the economic dynamic of Gowanus—an intermingling of industrial warehouses, large and artisanal manufacturers, small retail businesses, artist studios, and emerging destination restaurants—is entirely distinct.

For this snapshot of current statistics on the Gowanus neighborhood, we aggregate and analyze data from Census tracts that contain or border the Gowanus Canal, along with three adjacent tracts to the west of 4th Avenue and to the north of the Gowanus Expressway (see Figure 2).³ Certain data sets, like County Business Patterns, require reporting on a larger area defined by ZIP codes. In addition, due to the boundaries of the Census tracts, portions of some streets to the west of the canal must be included that are not typically a part of the Gowanus neighborhood (notably the area including and west of Smith Street). But the picture that emerges from these data sources—and, in parallel, from conversations with area businesses—shows that the area's dynamism is transforming Gowanus.



Map generated by NYCEDC MGIS



Source: U.S. Census Bureau; map generated by NYCEDC MGIS

Resident Employment

Approximately 12,400 Gowanus residents held employment in 2011, according to the 5-year American Community Survey. The unemployment rate for the neighborhood was slightly higher than the City's overall average—10.3 percent in Gowanus versus 9.5 percent in New York City. The 2011 median household income in Gowanus spanned a very wide range—from \$24,338 in Census tract 127 to \$99,543 in Census tract 77, compared to a household median income of \$51,270 for New York City.

The best-represented industry among residents was Professional, Scientific, and Technical Services (2,001 employees, or 16.1 percent of the civilian employed population).⁴ Other popular employment sectors for people living in Gowanus included Health Care and Social Assistance (13.1 percent of residents), Educational Services (12.3 percent), and Retail Trade (9.6 percent).

Industrial employment is also important to the neighborhood. Combining Manufacturing, Construction, Transportation & Warehousing, Utilities, and Wholesale Trade, industrial employment made up 12.1 percent of resident employment. Excluding the Census tracts to the west, which include the more commercial Smith and Court Streets, industrial employment comprised 14.7 percent of total employment.

A higher share of Gowanus residents are self-employed: 13.7 percent of workers, compared to 9.8 percent in New York City as a whole.⁵

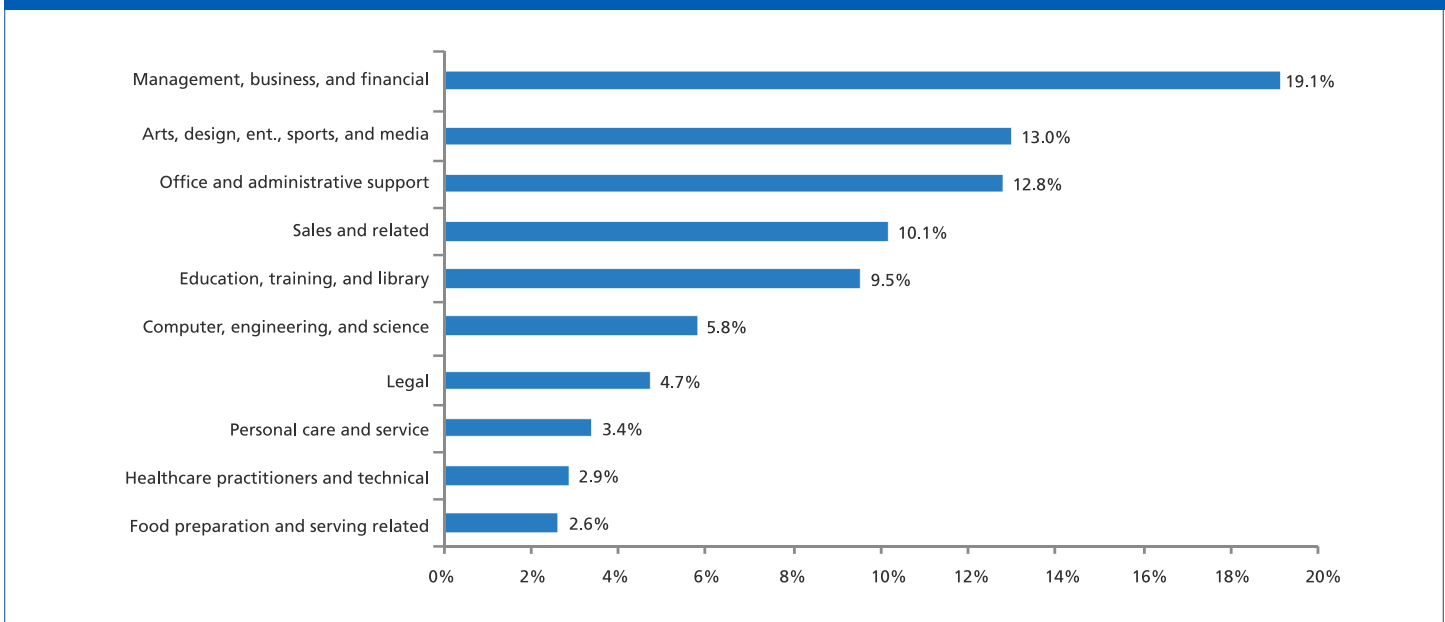
Table 1: Employment Sectors of Gowanus Residents

Industry	Employees
Professional, scientific, and technical services	2,001
Health care and social assistance	1,627
Educational services	1,531
Retail trade	1,194
Information	1,141
Finance and insurance	842
Arts, entertainment, and recreation	648
Manufacturing	523
Accommodation and food services	434

Data reflect civilian employed population of Gowanus, 16 years and over.
Source: U.S. Census Bureau, 2007–2011 American Community Survey

Gowanus has also attracted attention as a hotspot for women-owned businesses that range from film prop recycling to eco-friendly cleaners to dried fruit snack manufacturing.⁶ 11.6 percent of employed females living in Gowanus were self-employed in 2011, compared with 7.7 percent in New York City. The neighborhood also has a higher proportion of people working in non-profits than in New York City as a whole (12.5 percent in Gowanus vs. 9.4 percent in NYC).

Chart 1: Top Occupations of Gowanus Residents, 2007–2011



Data reflect civilian employed population of Gowanus, 16 years and over.
Source: U.S. Census Bureau, 2007–2011 American Community Survey

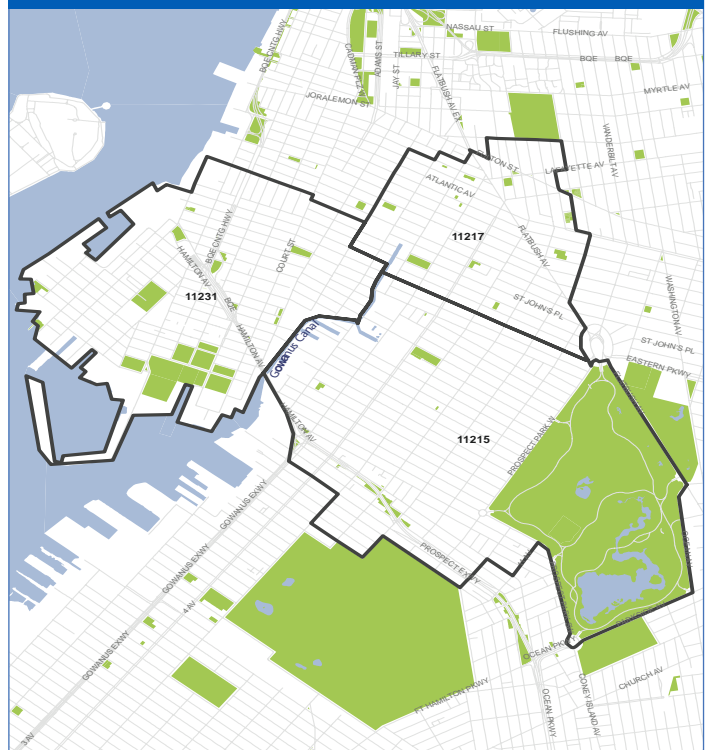
Economy and Business

The U.S. Census Bureau reports data on business establishments and employment for the ZIP codes 11231, 11217, and 11215 that encompass Gowanus. These ZIP codes include a much wider area than Gowanus alone, but examining this data over time illuminates the economic environment in which Gowanus resides.

From 2000 to 2011, the number of establishments in Gowanus and surrounding neighborhoods grew by 43.9 percent, while employment grew 36.4 percent—much faster than in either Brooklyn or New York City as a whole. Brooklyn establishments rose by 30.6 percent and employment 19.0 percent, while the City's grew by 9.3 and 1.3 percent, respectively. Small businesses play a critical role in the areas surrounding Gowanus, just as they do all across New York City. 80.9 percent of area establishments employed fewer than 10 employees in 2011, while 90.9 percent of establishments employed fewer than 20 employees.

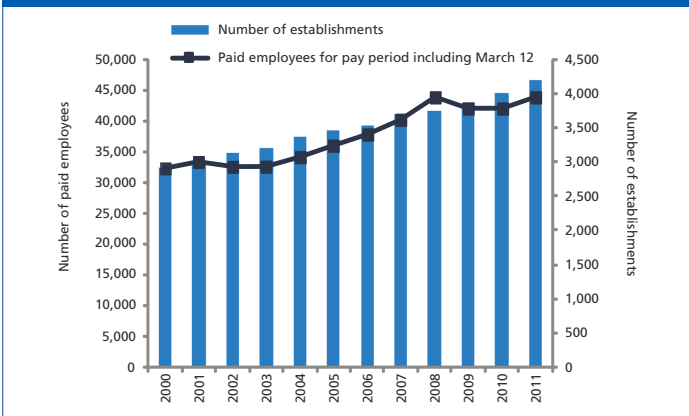
Industrial businesses are well-represented in these three ZIP codes. 17.6 percent of establishments are in Manufacturing, Construction, Transportation & Warehousing, Utilities, and Wholesale Trade. Portions of southern Gowanus lie in the Southwest Brooklyn Industrial Business Zone. IBZs are areas that aim to preserve industrial jobs by preventing rezoning for residential use.⁷ 15.3 percent of establishments are in the Retail Trade industry, followed by Accommodation and Food Services (14.0 percent) and Other Services (11.4 percent).⁸ This area also has a high concentration of establishments in Professional, Scientific, and Technical Services (10.7 percent).

Figure 3: ZIP Codes Surrounding Gowanus Canal



Map generated by NYCEDC MGIS

Chart 2: Establishments and Employees in ZIP Codes 11231, 11217, and 11215



Source: U.S. Census Bureau, 2011 County Business Patterns

Chart 3: Types of Establishments in ZIP Codes 11231, 11217, and 11215



Source: U.S. Census Bureau, 2011 County Business Patterns

Demographics

Gowanus experienced a sharp population decline from 1970 to 1980 (-18.6 percent) and a further decline (-11.2 percent) over the next ten years. Then from 1990 to 2000 it grew 7.4 percent, considerably faster than the overall Brooklyn Community District 6, which grew only 1.3 percent over the period.⁹

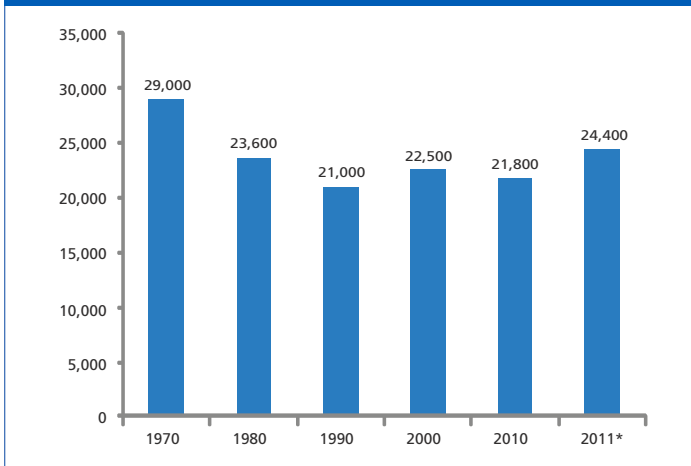
From 2000 to 2010, the Gowanus population declined again slightly by 3.2 percent, compared to a minor increase of 0.6 percent in the overall community district. However, the most recent data available from the American Community Survey, which aggregate a sample from 2007 to 2011, suggest that Gowanus population is again on the rise.

Demographics continued

The population of the neighborhood has aged over time. In 1970, 37.5 percent of the neighborhood population was under 18, but this share fell to 18.7 percent by 2010. By contrast, the proportion of young, working-age adults has notably risen. A full quarter (25.1 percent) of Gowanus residents were 25 to 34 years old in 2010, compared to 13.4 percent in 1970 and 21.9 percent in 2000. The increasing share of young adults indicates that Gowanus is becoming attractive to a new

generation of residents, lured by the growth of businesses and restaurants in the neighborhood. The Gowanus population is also relatively more educated than that of New York City as a whole. The 2007–2011 American Community Survey indicates that 51.3 percent of the population 25 and over hold at least a bachelor's degree, compared to 33.7 percent in New York City.

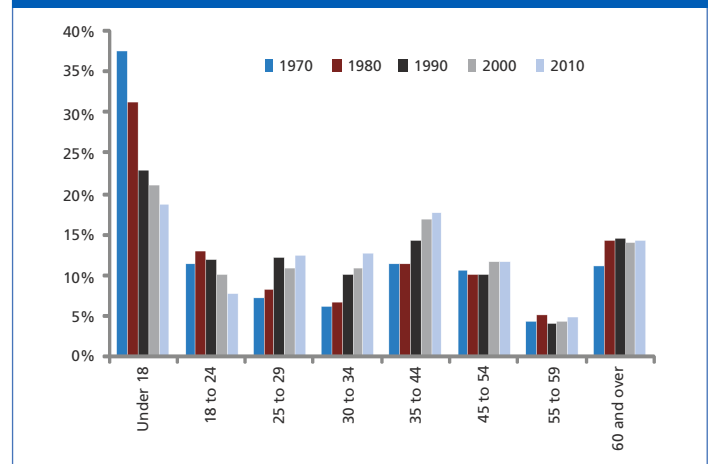
Chart 4: Population of Gowanus, 1970–2011



* 2011 data reflects a five-year data sample from 2007 to 2011.

Source: U.S. Census Bureau (1970–2010 Decennial Census; 2007–2011 American Community Survey 5-Year File). Accessed through Minnesota Population Center. National Historical Geographic Information System (NHGIS), www.nhgis.org

Chart 5: Age Distribution of Gowanus as Percentage of Total Population, 1970–2010



Source: U.S. Census Bureau (1970–2010 Decennial Census). Accessed through Minnesota Population Center. National Historical Geographic Information System (NHGIS), www.nhgis.org

New Manufacturing in Gowanus

Historically, Gowanus has been a heavily industrial area, capitalizing on proximity to the canal and therefore transportation; large buildings housed clothes and food manufacturers, coal storage, warehouses, and other industrial users. Today, much of the neighborhood remains zoned for manufacturing, but smaller and lighter “micro” manufacturing has replaced some of the heavy manufacturing of the past. Stone Street Coffee Company, which describes itself as a “turbocharged Micro-Roasterie,” operates in Gowanus and supplies New York stores like Fairway and the Financier café chain.¹⁰ Park Slope coffee roaster Gorilla Coffee also announced that it will soon open a 4,000 square foot combination café and roaster in Gowanus.¹¹ Brooklyn Brine manufactures small-batch pickles at President and 4th Avenue, and Everybody Eats creates and distributes its gluten and nut-free baked goods locally and in eleven other states.¹² Alongside these new food manufacturers are manufacturing businesses that have been in the neighborhood for decades, such as the Crusader Candle Company, which has operated in Gowanus since 1946.

According to Dom Gervasi, who leads a regular walking tour of Gowanus as part of his Made in Brooklyn tour series, some

manufacturers in Gowanus offer instructional classes. For example, the Textile Arts Center offers a variety of classes covering weaving, braiding, dyeing, and sewing fabrics. Another business in the neighborhood called Twig, a terrarium retail and instructional store, started as a booth at the Brooklyn Flea in 2009. The founders, Michelle Inciarrano and Katy Maslow, have moved four times as their business has grown but now plan to stay in Gowanus due to its convenient location and sense of community. And, they confess, they’ve “always had a thing for waterfront property.”¹³

One of the most high-profile planned openings in the neighborhood is the Whole Foods on 3rd Street, which will house a 20,000 square foot greenhouse in conjunction with Gotham Greens on its roof, described as the “nation’s first commercial-scale rooftop greenhouse.”¹⁴ Much as the Fairway in Red Hook has driven foot traffic in the neighborhood, business owners like Claire Weissberg of Claireware Pottery anticipate that the Whole Foods will bring new visitors and customers to the neighborhood.

Property and Housing

Based on American Community Survey 5-year estimates, there were 10,700 housing units in the neighborhood in 2011. 30.9 percent of the neighborhood population lived in owner-occupied units, with the remaining 69.1 percent of the population occupying rented units. The Gowanus rent/own ratio was more skewed toward renters than in New York City overall, which had 64.3 percent of the population in rental units. The population of Gowanus is more mobile as well: 12.8 percent of people lived in a different house one year before, compared to 11.4 percent for the entire city. The neighborhood also has two public housing complexes under the New York City Housing Authority—Gowanus Houses and Wyckoff Gardens, which are together home to about 4,000 residents.¹⁵

Recently built and announced large-scale developments suggest that more people will be calling Gowanus home in the next few years. These include a planned waterfront development of 700 rental units at 363-365 Bond Street by the Lightstone Group, an existing 51-unit luxury rental building at 202 8th Street just west of 4th Avenue, and the planned 774-unit mixed-income brownfield development called Gowanus Green at Smith and 5th Streets.¹⁶

Property value assessments have increased in the neighborhood over the last few years, indicating strong demand. From 2004 to 2012, property value assessments increased an average of 83.2 percent in the seven Gowanus Census tracts, compared to 77.0 percent in all of Brooklyn and 62.7 percent for New York City overall.¹⁷

Greater demand for property has, naturally, caused an increase in rental prices. According to Justin Dower of Ideal Properties Group, Gowanus is the “Williamsburg of 10 years ago.”¹⁸ Brenton Realty’s Ruthanne Pigott estimates that commercial rents have increased from \$35 to \$55 per square foot in recent years.¹⁹ According to a recent survey, many newer businesses in the area rent their space, which makes rental prices especially relevant for the neighborhood’s future economic environment.²⁰ Given the proximity of the canal, flooding is also a concern for businesses and residents, since much of the Gowanus neighborhood lies in FEMA’s 100-year floodplain. The NYC Special Initiative for Rebuilding and Resiliency proposed a storm surge barrier along the Gowanus Canal as a coastal protection effort against future storms like Superstorm Sandy.²¹

– Andrea Moore

Figure 4: Change in Average Assessed Values by Block in Gowanus, 2004–2012



Source: NYC Department of City Planning, PLUTO database; analysis and map generated by NYCEDC MGIS

Arts and Entertainment

Artists have located in Gowanus to take advantage of large warehouses that have been divided into rehearsal and studio spaces, such as the Gowanus Arts Building and the former National Packing Box Factory. The latter building houses a gallery called Proteus Gowanus founded by Sasha Chavchavadze. According to Chavchavadze, artists first sought out the inexpensive space in the neighborhood in the 1970s, attracted by the unadulterated light and open views. Many artists continue to live and work in the neighborhood, as evidenced by the continued popularity of the Gowanus Open Studios tour, organized by Arts Gowanus. The seventeenth annual edition will take place in 2013, and last year 3,000 people visited 150 artists in the neighborhood.²²

The Old American Can Factory, built around 1880 on the Gowanus Canal, houses over 300 people working in creative industries. Ranging from painting studios to film production, along with designers, publishers, and more, the space makes new use out of a historic building.²³

Gowanus has also become a restaurant and nightlife destination. A mini “restaurant row” has formed on Third Avenue with Runner & Stone, Littleneck, and The Pines; Fletcher’s Brooklyn Barbecue and pie shop Four & Twenty Blackbirds operate just a little farther south. In June of this year, a new outpost of Dinosaur BBQ opened on Union St. in a 9,000 square foot space.²⁴ Performance venues The Bell House and Littlefield, as well as event space The Green Building, have also brought new foot traffic to the neighborhood, and a new craft beer brewery and a 40,000 square foot shuffleboard club are slated to open within the next year. Elizabeth Demetriou from the Southwest Brooklyn Industrial Development Corporation says that Gowanus has become more desirable for these new businesses as prices have risen in other Brooklyn neighborhoods like Williamsburg.²⁵

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