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Real Estate

Jehovah's Witnesses' Brooklyn Headquarters for Sale

The sale of the group's headquarters, along with two other properties owned by the Witnesses, has the potential to bring in \$1 billion.

By **MICHELLE HIGGINS** JAN. 29, 2016

The giant red letters stand 15 feet tall, declaring "Watchtower."

The illuminated sign, with its alternating time and temperature readings, crests along the skyline just beyond the Brooklyn Bridge, proclaiming the world headquarters of the Jehovah's Witnesses, the religious group that is better known for its door-to-door evangelism than for its substantial real estate holdings in Brooklyn.

Now that the 733,000-square-foot headquarters complex and two other nearby properties, all owned by the Witnesses, have been offered for sale to the highest bidders, a contest that is expected to bring in as much as \$1 billion, the sign glows with new meaning — a beacon for development.

"It's a huge asset sale," said Samvir Sidhu, the chief executive of Megalith Capital Management, which is developing, with partners, two luxury residential buildings on former Witnesses sites in Dumbo and plans to bid on at least one of the properties that have just come on the market. "That is a testament to how astute they are, not just as real estate owners but also investors and sellers. There is obviously an aspect of market timing here."

Over the last decade, the Jehovah's Witnesses have been slowly leaving Brooklyn, where they have been based for more than a century. In a long-range plan to relocate

upstate, the Watchtower Bible and Tract Society, the group's legal and publishing entity, has gradually been selling off a real estate portfolio of nearly 40 properties in Brooklyn Heights and Dumbo. This careful divestiture has unlocked development and is reshaping the landscape in prime Brooklyn.

The first property the Witnesses put up for sale was 360 Furman Street, which sold for **\$205 million** in 2004. Now a luxury waterfront condo called One Brooklyn Bridge Park, it is home to a penthouse on the market for \$32 million, one of the priciest listings in Brooklyn. The Bossert Hotel in Brooklyn Heights, which once hosted the Brooklyn Dodgers, and was used by the Witnesses as residences for staff members and out-of-town guests, sold for **\$81 million** in 2012. It is being turned back into a hotel.

The Witnesses sold three properties in Dumbo, including a former Brillo factory on Water Street, for a total of **\$30.6 million** in 2013; they are on their way to becoming luxury apartments. And six former factories near the base of the Brooklyn Bridge that sold for **\$375 million**, also in 2013, are being renovated into chic offices for tech start-ups and trendy businesses like Etsy, WeWork and the jeweler Alexis Bittar.

The latest wave of offerings, which besides the headquarters, includes a residential building on the promenade in Brooklyn Heights and a massive parking lot in Dumbo, comes as the Brooklyn real estate market has surged. While these are not the last properties the Witnesses hold — there are about a dozen more — they are among the most coveted by developers. Dumbo is now one of the most expensive neighborhoods in Brooklyn. And developers are swarming.

“Everyone in the world will be taking a look at them,” said Tucker Reed, the president of the Downtown Brooklyn Partnership, a local development corporation. “The barrier to entry for a lot of those folks will be how high land values have gone. I’m sure they will fetch a very high sales price.” Mr. Reed estimated the value of the three properties being marketed as “somewhere between \$850 million to \$1 billion.”

The prize, perhaps, is 85 Jay Street, at present a parking lot of roughly three acres. Directly across the street from the York Street subway stop, a main gateway to

Dumbo, it comes with nearly a million square feet of development rights. The mixed-use site is “as-of-right,” which means that it is not subject to a public review process.

“Eighty-five Jay is a blank slate. That’s what makes it so interesting,” said A. J. Pires, a partner in Alloy Development, which is behind the nearby luxury condominium One John Street, in collaboration with Monadnock Development. A penthouse at One John Street, in contract for about \$8.8 million, is poised to set a record at closing. Alloy is preparing to bid on at least one of the Witnesses’ properties.

Development of the parking lot could bring more than 1,000 residents to the neighborhood, a 20 percent surge in Dumbo’s population, which the Dumbo Improvement District puts at 5,000 residents.

The Witnesses acquired the site in the 1980s and 1990s, stringing together a series of old factories and ailing buildings that were eventually demolished. In 2004, the group secured a change to residential from industrial zoning with a plan to build four towers there to consolidate its housing. Then plans changed.

“As time went on, we started to rethink that strategy,” said Richard Devine, a spokesman for the Witnesses. To expand its printing operations and accommodate larger equipment, the organization moved its printing operations to Walkill, N.Y., from the factory buildings it owned near the base of the Brooklyn Bridge around Pearl and Sands Streets.

But the most ambitious part of the rethought strategy was a new headquarters on a 253-acre forested plot in Warwick, N.Y., that the Witnesses bought in 2009.

Now, construction for a self-contained campus across 45 acres is well underway, with completion expected sometime this year. The headquarters will have four residential buildings, with 577 units for approximately 1,000 residents, a waste-separation facility, a vehicle maintenance building, administrative offices, a commercial-grade kitchen, a laundry, an infirmary and more. The compound will be a more cohesive and pastoral version of the city campus that had been scattered across two neighborhoods and nearly 40 buildings in Brooklyn.

The sale of the properties in Brooklyn is crucial to completing that plan. The current headquarters, a hulking five-building complex at 25-30 Columbia Heights,

spans nearly two city blocks at the base of the Brooklyn Bridge, where brownstone Brooklyn Heights meets Dumbo's Belgian-block streets. Faint letters in dark brick along a smoke stack hint at the original owner of the complex, E.R. Squibb.

Stepping out onto the roof deck during a recent tour, Mr. Devine, the Witnesses' spokesman, took in the view. "This kind of gives you an idea of the geography," he said, standing before a stunning panorama of the Lower Manhattan skyline including the Brooklyn Bridge, the Statue of Liberty, and all of New York Harbor out toward Staten Island.

Inside, most of the building houses administration offices. Vibrant paintings depicting biblical scenes line otherwise institutional beige walls, including a version of paradise where people frolic with pandas. There is a museum documenting the history of the Witnesses, a large dining hall and a kitchen that provides noon and evening meals for nearly 2,000 congregants who come from around the world to volunteer to work at the Brooklyn complex, called Bethel or House of God.

"I don't know if this has any interest to future developers," Mr. Devine said, swinging open the door to an immaculate stainless-steel facility where aproned chefs were preparing a loaf of bread the size of a tire.

More stunning vistas are on offer at the residential building that is for sale, 124 Columbia Heights, with 152,000 square feet, and an enviable perch at the start of the Brooklyn Heights Promenade. The esplanade wraps around the building on two sides, clearing the way for sweeping views of the bridge and Manhattan from its small studios and one-bedroom apartments, some with balconies. An underground passageway for transporting supplies leads to other apartment buildings owned by the Witnesses, complete with a bodega-like underground commissary. The Witnesses pay fees to the city Department of Transportation to keep the tunnel system open, though a new owner of 124 Columbia Heights may opt to shut down its section of tunnel.

Originally, a four-story brownstone parsonage used by the Rev. Henry Ward Beecher, the pastor of Plymouth Church, was on the site. It was one of the first buildings acquired by the Witnesses in 1909, when they moved their base to Brooklyn

from Pennsylvania. That building was demolished in the 1920s to make way for the current structure, which has been expanded over the years.

The departure from Pennsylvania was inspired by proximity to both shipping and the New York publishing industry for the production and distribution of the Watchtower magazine and other literature.

“Brooklyn was also known as the borough of churches,” Mr. Devine said. “It had a reputation of being a center of religious thought.”

Many credit the group for helping to bring stability to the area during the city's 1970s fiscal crisis and the rough years that followed. “Those were some of the bad old days,” recalls Mr. Devine, who arrived from Detroit in 1979 at the age of 19. “The city was falling apart. Services were being cut to the bone. Trash and graffiti were everywhere. The Dumbo section — you never walked through there,” he said, adding that feral dogs were a common sight. “It was kind of a scary place.”

While many fled the city, the Witnesses remained. “Brooklyn real estate hasn't always been so frothy,” said David Kramer, a principal of Hudson Companies, which developed the J Condominium at 100 Jay Street in Dumbo, directly across the street from the Witnesses' parking lot. “I think they get credit in that during the tough years, they were investing in the neighborhood and keeping their facilities in beautiful shape.”

But a new sentiment began to develop toward the Witnesses' holdings as industrial Dumbo made the transition to a residential enclave in the late 1990s.

Up until that time, “I think the Watchtower presence was largely beneficial,” said David Lombino, the director of special projects for Two Trees, the real estate business founded by David C. Walentas, who is widely credited for establishing Dumbo as a residential neighborhood. “While they were definitely an island of themselves,” he said, the group helped maintain a level of activity on the streets and saved many buildings from decay. “They were good stewards of their properties.”

But when Dumbo became a full-fledged live-work neighborhood, people began to grumble about the Witnesses' insular focus, complaining that they held back development that might bring more stores and housing.

“There has been very little interaction with the neighborhood,” said Alexandria Sica, the executive director for the Dumbo Improvement District. “The defining characteristic of the Witnesses has been giant fences under lock and key.”

In December, after the most recent sale was announced, a group of elected officials and community leaders sent a letter to the Jehovah's Witnesses calling on the group to make good on a promise to renovate a dismal park across the street from 85 Jay Street that was made when the property was rezoned back in 2004.

While the Witnesses have since pledged \$5.5 million toward the project, community leaders say they are not satisfied. “That is a drop in the bucket for the amount they are going to be walking away with,” said Ms. Sica, noting that as a nonprofit entity, the Witnesses do not pay taxes on their properties.

“They’ve got a reputation for terrific timing,” she said. “In some ways that’s impressive and in other ways, it’s just unfortunate. If you were a private developer, you would have sold these properties long ago,” she added, saying that a private developer who had to pay annual taxes probably would have been less patient.

The city’s Independent Budget Office estimates that the return of the three properties to the tax rolls could generate \$2.2 million to \$6.8 million annually.

“Nobody could have resisted the temptation to develop or sell off at least some of those properties,” said Mr. Lombino of Two Trees, which has built, rented or sold more than 1,000 apartments and 1.5 million square feet of office space in the neighborhood in more than two decades. “It’s a distinct feature of their nonprofit religious status and goals of their organization that they were able to hold on for so long.

“Now, you have a situation where land prices in this part of Brooklyn have grown so quickly and they are so high that it’s not a great situation for the future development for the neighborhood,” Mr. Lombino said, noting that Two Trees’ first condos sold in the late 1990s for \$300 a square foot. To make a profit on 85 Jay Street, he said, a developer would need to get at least \$2,000 a square foot. “At those prices, there is only one possible use, and that’s luxury condominiums. So you’re talking about a different kind of buyer.”

For their part, the Witnesses do not view themselves as being in the real estate business. "Real estate is incidental to our mission," Mr. Devine said. "We've never bought properties on speculation. When we no longer need them, we sell them."

Because he has called Brooklyn home for so long, his move upstate will take some getting used to. "It's quite a bit different atmosphere," said Mr. Devine, who has been splitting his time between the construction site in Warwick and the headquarters in Brooklyn, which are about 50 miles apart.

"At first, it was a tough transition for me and my wife," he said. "We missed the city when we left."

Then, putting his spokesman hat back on, he added, "We're not sentimental as an organization, though we love our history in Brooklyn. We need to do what's practical for our work."

Correction: January 29, 2016

Because of an editing error, an earlier version of this article misstated the address of the Jehovah's Witnesses' headquarters in Brooklyn. As the caption correctly noted, it is 25-30 Columbia Heights; 124 Columbia Heights is a residential building owned by the Witnesses.

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