

The New York Times

Monday, July 21, 2003

Circulation: 927,851

On Brooklyn Back Lot, Finally, Some Action; After Years of Talk, a Movie Studio Is Being Built at the Navy Yard

By GLENN COLLINS

A studio grows in Brooklyn.

O.K., it doesn't exactly look like one. At the moment, Sound Stage 1 of the new Steiner Studios at the Brooklyn Navy Yard is hard-hat country.

But every day it's looking less and less like the weed-choked, rubble-strewn empty lot that cynics said it would forever be. Who could blame them? The highlight reel of plans for movie-studio projects in Brooklyn, Manhattan, Queens and Staten Island could have been titled "Gone With the Wind."

But hark, city cinéastes. A 185-foot crane has been hoisting precast concrete sections to form the shell of a new moviemaking megastructure. Certainly the backdrop was appropriate for Hollywood East: the cinematic panorama of the Williamsburg and Manhattan Bridges and the Empire State Building loomed far across the river in the summer haze.

Lights, camera . . . action? Is the Navy Yard, at last, to become the legendarily elusive Hollywood on the Hudson?

Well, first off, the Navy Yard faces the East River. "And it's maybe more Burbank in Brooklyn," said Jay Fine, president and chief executive of Steiner Studios, citing California's busy television studio mecca. "Hollywood is to Burbank as Manhattan will be to Brooklyn."

Close to four years after the low-profile Steiner Equities Group of Roseland, N.J., vanquished competing suitors Robert De Niro, Miramax Films and Vornado Realty Trust by locking up the Navy Yard studio rights, the \$118 million project is toiling toward an opening in the fall of 2004.

Lou Madigan, raised in Brooklyn, won the studio rights with a partner, Cary Hart, who has moved on to other opportunities. Mr. Madigan is now executive vice president of the studio, and to him, the visible construction "is the coolest thing to happen to Brooklyn since the Dodgers won the World Series at Ebbets Field."

Maybe, but until a few weeks ago, when construction became visible above ground, Douglas C. Steiner, president of Steiner Equities Group, was decidedly anti-chicken-counting. "People have been cynical about this," he said. "We wanted to keep a low profile until the walls began going up."

The 800-foot-by-180-foot building is to contain five soundstages in a one-floor studio, attached to a three-story office complex; next door, there is to be parking for 1,000 cars to accommodate television and movie workers. The studio is to have tech-forward production facilities, screening rooms, a fitness center and a commissary. Event space on the roof will be available for parties and promotional galas.

The Steiner Group has a ground lease on its site for 50 years, with a 20-year extension clause; the payout is estimated to be \$100 million for the life of the lease.

Mr. Steiner said the first building, 275,000 square feet, would include the largest soundstage in the Northeast, with 27,000 square feet of space, 1,000 square feet larger than Stage E at Kaufman Astoria Studios in Queens.

A second building, to be built several years from now if the first one is profitable, will have an even larger soundstage and four smaller ones.

Without fanfare, the city has already kicked in \$28 million to upgrade waterlines, valves, sewers and electrical conduits because the infrastructure was allowed to deteriorate after major shipbuilding at the Navy Yard moved south in the era of President Lyndon B. Johnson.

The Steiner Group, which is privately held, is paying \$90 million for the first building. The company has developed more than 10 million square feet of property in 14 states and owns and manages about half of that. It is backing the studio, Mr. Steiner said, "to establish a beachhead in New York, and because we see it as a good investment."

Despite studios' traditionally skimpy profit margins and high fixed costs, Mr. Steiner said he hoped to make a profit in three to five years. If he can make a go of it, the studio will be one New York answer to the sucking sound of runaway productions: those miscreants whose practice is to shoot exteriors in New York, then return to Los Angeles or jaunt off to Canada and farther-flung locales for interior and post-production studio work.

The Steiner Group is betting that film and television producers will find it cheaper to concentrate all their production in one facility, using not only interior soundstages, but also the streets of New York, in one grand film package.

"We think we'll soak up pent-up demand very quickly," Mr. Fine said. "We can't compete with Toronto for the smaller million-dollar movies, but we believe that large productions, \$35 million or more, would find our facility efficient and cost-effective."

He thinks Steiner Studios will have another advantage: "The talent that lives in New York likes to stay here, and they can influence where a film is made."

To economic experts, film and television production is "a kind of light manufacturing," said Harold L. Vogel, of Vogel Capital Management. "It's relatively high-paying skilled work, and that would definitely help New York's economy. It could also help community businesses like caterers, so there would be a multiplier effect."

Furthermore, Mr. Vogel said, in the city, "a substantial amount of existing capacity is being used, and it makes sense to consider putting up another studio." He referred to facilities like Kaufman Astoria Studios in Astoria and Silvercup Studios in Long Island City.

Is the new studio's business plan based on stealing productions from Kaufman and Silvercup? "We didn't start the project thinking we would do that," Mr. Steiner said. "More space could build more business for all."

But like so much in the entertainment business, the studio is a gamble. "The film business goes in cycles of demand, and it is not clear that they are getting in at the right part of the cycle," Mr. Vogel said of Steiner. "I don't see that the level of feature-film production is rising."

Nevertheless, said Katherine Oliver, commissioner of the Mayor's Office of Film, Theater and Broadcasting, "studios, networks and producers have told me that they would shoot more here if New York had more diversified space."

The Navy Yard, a gated domain guarded by gray corrugated fences, razor wire and a riot of ginkgo trees, is bordered by Williamsburg, Fort Greene and Vinegar Hill. These days, the sprawling 265-acre campus is -- and will continue to be -- home to 200 small manufacturing, warehousing, distribution and crafts businesses, including the company that packages Sweet'N Low.

The Navy Yard's bustle is, however, a far cry from its quondam glory, when more than 70,000 people worked there seven days a week. That was during World War II, which, in a way, began and ended at the yard: the battleship Arizona, sunk at Pearl Harbor on Dec. 7, 1941, was built there; so was the battleship Missouri, where Japan formally surrendered on Sept. 2, 1945.

The Navy Yard was also the place where the battleship Maine was constructed (making possible the Spanish-American War), and during the Civil War it fitted the Monitor with its famous iron cladding.

Eric J. Deutsch, president and chief executive of the Brooklyn Navy Yard Development Corporation, which manages the property, owned by New York City since the early 1970's, said the yard's 3.5 million square feet of roofed space was 98 percent occupied and brings in revenues of \$17 million a year at rents of \$6 to \$16 per square foot. It attracts 3,500 workers every day.

Three of the Navy Yard's six dry docks are still operational; the oldest, a granite-walled city landmark in perfect condition, where the Monitor once berthed, is currently being used to refit tugboats.

But land there is underused. For the development corporation, the building of the studio "is a dream come true," Mr. Deutsch said. "It's an opportunity for moviemakers to use our large, secure facility. We hope the studios will be an engine for development and will attract peripheral businesses such as set making and lighting supply."

The Navy Yard is no stranger to movie crews. Directors have shot scenes there through the decades in films ranging from "On the Town," which opens and closes at the Navy Yard, to "Mickey Blue Eyes" and "Donnie Brasco."

Meanwhile, "there is a lot of land here," said Mr. Fine, a former CBS executive vice president once in charge of the network's East Coast production operations. Gesturing to the surrounding Navy Yard, he envisioned a crowded back lot with Hollywood-style exterior movie sets. "They could have built the exteriors for 'Gangs of New York' here, instead of in Italy," he said.

Hey, the line forms right on the waterfront, you New York City movie dreamers. Who's ready to sign up for a Steiner Studios safari à la the Universal Studios Tour?

Photos: Crews set the walls of Steiner Studios, which will have what Douglas C. Steiner called the largest soundstage in the Northeast. The Steiner Group, which leases the site from the city, says that if the building is profitable, a bigger one will follow. (Chester Higgins Jr./The New York Times)(pg. B2); At left, the beginnings of Steiner Studios at the Brooklyn Navy Yard, with Manhattan in the background. Above, an artist's rendering of the finished \$118 million project, which is scheduled to open in fall 2004 with five soundstages and an office complex. (Chester Higgins Jr./The New York Times)(pg. B1)