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How Newlab transformed the Brooklyn Navy Yard into a leading tech hub

BY **LEO SCHWARTZ**
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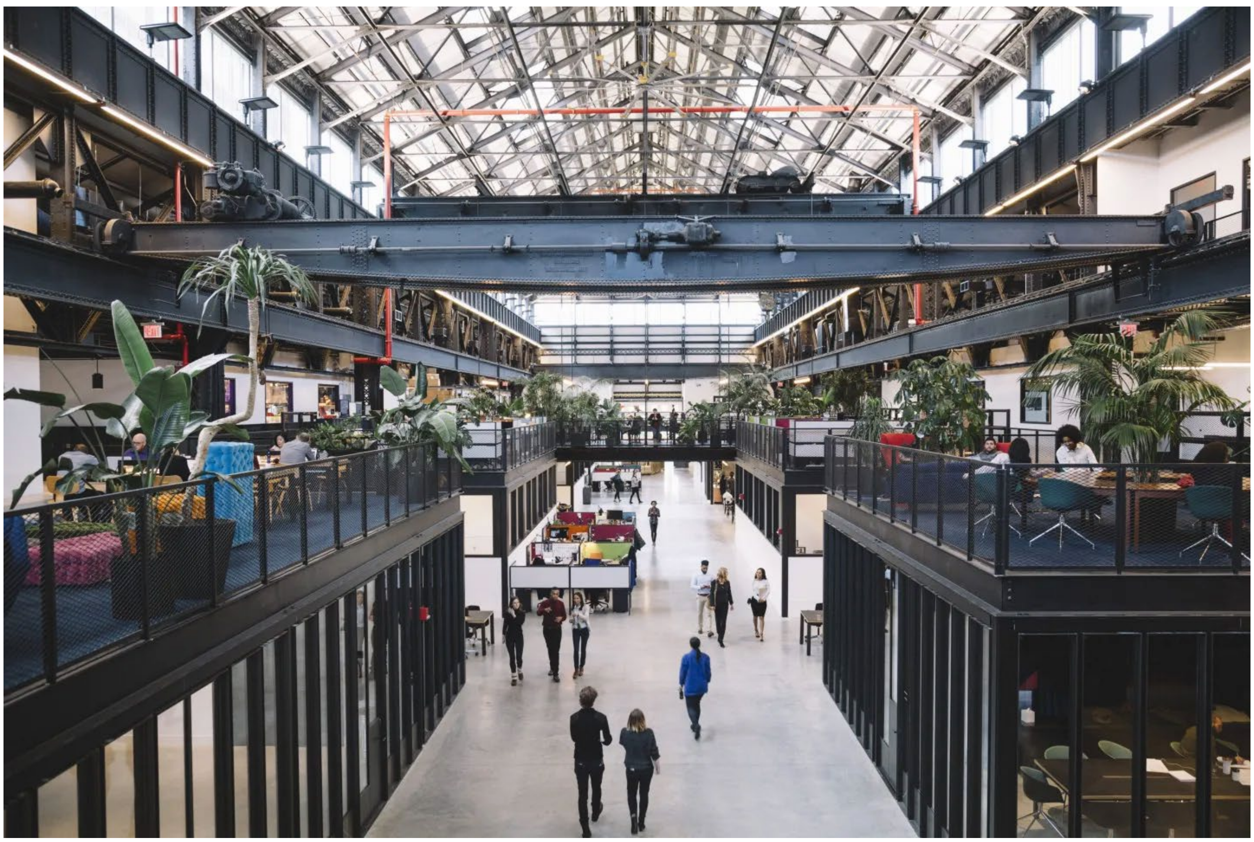

Newlab's New York hub.

Courtesy of Newlab

The Brooklyn Navy Yard is a microcosm of New York history. First established by President John Adams in 1801, the grounds birthed the ship that lay the first undersea telegraph cable and the ironclad USS Monitor during the Civil War. The Yard swelled to a peak of 70,000 workers during World War II before Secretary of Defense Robert McNamara closed it in 1966, with all remaining shipbuilders laid off by the next decade. After fits and starts, the area saw a rebirth under Mayor Bloomberg. Today, it's home to a state-of-the-art movie studio complex, the city's oldest whiskey distillery, and the technology center Newlab.

Newlab is hard to describe. It's a venture investor across a variety of what it describes as "critical technology" sectors, such as energy and mobility. It's what a WeWork might look like if Adam Neumann were handy—a massive space for startups complete with carpentry workshops, science labs, and 3D printing rooms. And it's a consulting business that helps companies like Verizon commercialize moonshot ideas.

If you're confused, that's ok. It took me an hour-long tour of Newlab's Brooklyn Navy Yard hub, which opened in 2016, to start to understand the setup (The parent company has replicated the model in Detroit, Uruguay, and as of January, Saudi Arabia.)

The sprawling facilities are spread across an 84,000-square-foot hangar. They buzzed with activity when I visited last Wednesday morning, housing dozens of startups working on everything from food robotics that can select the proper items on an assembly line to reactors that convert ammonia into power (the latter, a startup called Amogy, grew out of Newlab and has raised over $270 million). There's even a cafe open 24/7.

Brandon Corts, Newlab's head of startup pipeline and director of ventures, described the coworking setup as a loss leader. The idea is to combine labs, office space, and community to attract startups working on difficult, often physical problems. He bragged that Newlab is the only place in New York City where engineers can pilot autonomous vehicles. It's even been the site of rocket engine tests. "This side of the system gives me the infrastructure to test the startup technology and a reason for startups to be talking to me in the first place," he said. The Brooklyn hub alone has hosted nearly 500 startups that have collectively raised over $4 billion.

Even so, Newlab will only invest in about 10% of the startups it houses, selectively deploying capital from first checks through Series A. Some come in through an application process before Newlab ever invests, like Amogy, which was started by MIT PhDs. Others come in through fellowship programs, like Project B, a startup that turns body scans into 3D-printed clothing using a zero-waste process, with all manufacturing in the U.S. (They're currently focused on making custom-sized bras.) The two founders started building the company at Cornell Tech and came to Newlab through a partnership between Bank of America and the New York City Economic Development Corporation.

I sat down with Garrett Winther, Newlab's chief venture officer, who explained the organization's unique funding structure. Newlab hasn't raised any dedicated venture funds, instead investing from balance sheet capital mostly generated from projects with larger corporations and governments, where Newlab acts as an advisor. He said that almost half of the pilots they work on reach the commercial stage, like a partnership with Verizon on 5G applications.

"We're able to generate enough profits for us to reinvest in the company," Winther explained. Newlab also puts together special-purpose vehicles with different investors, including high-net-worth individuals and corporate venture funds, for specific projects.

Riyadh is Newlab's latest expansion, where the focus area will be physical mining, with hefty support from the government ("All our expansions are underpinned by significant public and private partnerships," Winther told me.) It's set to be the first of many.

While Newlab's Riyadh site is built in new facilities, they're proud that their Brooklyn (and Detroit) locations are housed in former industrial centers, newly imagined for a different age of technology. The rebirth embodies the company's ethos. "How do you actually make these essential challenges more addressable by entrepreneurs?" Winther said. "We've created this entire venture platform around lowering the barriers to these seemingly more complex problems."

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