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Why a New York business wants to move its headquarters to Connecticut

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FullStack Modular founder and president, Roger Krulak, is photographed at Gateway Terminal in New Haven following the announcement of the relocation of the company's U.S. headquarters from the Brooklyn Navy Yard to Hamden on April 24, 2023.

The arrival of FullStack Modular in Connecticut as the newest corporation to set up shop in the state caught many by surprise and is prompting questions as to why the company would leave its former home in the Brooklyn Navy Yard, which is located next to the largest port on the East Coast.

The answer to that question depends on who you ask. Some experts interviewed say differences in cost of living and the business climate between Brooklyn and New Haven were probably central to the decision. But Roger Krulak, FullStack's founder and president, said the key factors were logistics considerations and people in the state that company officials have dealt with thus far.

At last week's announcing the move, Krulak mentioned the importance of the New Haven Harbor and Gateway Terminal, the company that operates the port, in making the decision to move. Connecticut has other working harbors, like Bridgeport and New London. He explained the company's choice in greater detail on Thursday as he waited to board a plane to Atlanta for a business trip.

"I looked at other ports, both in Connecticut and elsewhere," Krulak said. "But what Gateway does as a company aligns with the way we do what we do. We, as manufacturers, have very different relationships with our suppliers than construction companies do."

FullStack's new 124,000 square foot headquarters, located just off State Street in Hamden near the New Haven border, also has space for the company's employees to make modular housing components that, when connected, create mid-sized and high rise multi-family housing.

The move will result in an investment by the company of between \$8 million and \$12 million in Connecticut. By the end of the year, the company will also have hired at least 100 new workers.

Krulak said moving the housing components from the manufacturing facility to Gateway Terminal will be done by rail.

"We have a rail spur outside our door that goes directly to Gateway Terminal," he said. Once the units arrive at Gateway Terminal, officials there will determine the most effective way to get the components to where they need to go, either by large ships, trucks or via rail.

The logistics factor is critical to the company, according to Krulak, because the FullStack's fastest growing market is on the West Coast.

"It's on fire right now," he said.

As FullStack's business develops modular units from its new home, Krulak said company officials will assess whether they need to add more manufacturing space.

"If the demand is there, then we could build a state-of-the-art factory, he said.

John Boyd, whose Florida-based company evaluates locations for corporations, said the decision to move to Hamden rather than some other state or Connecticut location may have come down to a right place, right time decision.

"At this point in a relocation process, decisions tend to be very site specific," Boyd said.

He said Connecticut has also "made great strides in its relationship with the business community, both locally and nationally, under the leadership of Gov. Ned Lamont.

"Clients have expressed to us that Ned Lamont and his team are highly effective in that area," Boyd said. "Lamont seems to personalize the economic development effort. New York has a lot going on right now, a lot of challenges."

Krulak said the decision to move "just came down to Connecticut having a more positive, forward-looking business environment, which I haven't found to be true in New York State of late."

He also praised the work of AdvanceCT, the New Haven-based non-profit that works to retain Connecticut-based business and recruit businesses from elsewhere.

"Their work was critical," Krulak said of AdvanceCT

Economist Donald Klepper-Smith, of DataCore Partners in South Carolina, said "historically speaking, the Port of New Haven has been underutilized." But Boyd said the port is currently growing and "presents cost savings in the form of lower operating costs," in comparison to Brooklyn.

David Cadden, a professor emeritus at Quinnipiac University's School of Business, said "when you're taking a look at moving a production facility, one of the factors that gets a lot of weight is an extremely strong workforce, which is something that Connecticut has."

Boyd said the "ease of recruiting and maintaining a workforce in the New Haven versus New York also has to be a factor."

"It's very expensive for workers to live in New York City," he said.

For over 150 years, the Brooklyn Navy Yard was one of the nation's best known naval shipbuilders. Now it is an industrial park that is home to more than 450 businesses at a 300-acre waterfront site that hosts more than 11,000 people and generates over \$2.5 billion per year in economic impact for the city.