One of the first things about the South Bronx’s Mott Haven neighborhood that grabbed Keith Rubenstein was the waterfront and its views of Manhattan.

As the real-estate developer explored the area more, he found an artistic crowd, a host of new restaurants and charming old buildings from a long-ago robust era of manufacturing.

In the past four months, Mr. Rubenstein’s Somerset Partners LLC and the
Chetrit Group have come together to buy about 5 acres along an industrial stretch of the Harlem River west of the Major Deegan Expressway.

Somerset and Chetrit are planning a residential community that could have as many as six 25-story towers with market-rate apartments and ground-floor retail space. And they are looking for more sites to buy in the Mott Haven neighborhood.

“What we think we can do for the waterfront is set the tone for the next wave of developers,” said Mr. Rubenstein. “This [place] had character and already had a scene, so you are taking something good and adding to it.”

Local officials and community advocates echo that sentiment and say the joint venture could finally provide the big push for a long-envisioned redevelopment of that stretch of the waterfront.

Bronx Borough President Ruben Diaz Jr., for example, calls the Somerset-Chetrit project a potential “catalyst” that would allow big developers to reimagine the South Bronx.

The waterfront also can benefit from the real estate recovery, which is pushing up prices in other boroughs.

“The recent discovery of the Bronx Waterfront makes perfect sense in today’s
real estate environment,” said Douglas Harmon, a senior managing director for Eastdil Secured and an adviser to Somerset. “Many developers are being priced out of Manhattan, Brooklyn and Queens.”

The land purchased by Somerset and Chetrit—$58 million for 2401 Third Ave. and 101 Lincoln Ave.—sits just south of the Special Harlem River Waterfront District, which was created in 2009 to encourage private residential, retail and commercial projects as well as public spaces on underutilized land.

A nearby stop for the 6 train as well as the quick access to Manhattan from several roads made the sites attractive, and the area already had a distinct vibe from its eclectic mix of residents and workers—from movers to artists to professionals.

“I like the idea of an integrated demographic that has artists, professionals and working class,” Mr. Rubenstein said.

In November, the first phase of a waterfront area analysis released by the South Bronx Overall Economic Development Corp. estimated a redevelopment that included the Somerset and Chetrit properties could accommodate as much as 2.8 million square feet of affordable and market-rate apartments; 2.3 million square feet of office, retail and light manufacturing space; and 1 million square feet of public space, including a shoreline walkway, parks or recreation centers.

Overhauling the area would cost at least $500 million in private investment and at least $200 million in local, state and federal funds, with a percentage from developers for roads, sewers, flood prevention measures and work to integrate a freight rail line with the public areas.

The redevelopment received a boost from Mayor Bill de Blasio last month when he announced New York City would make a $200 million capital investment in the Lower Concourse neighborhood, which includes the waterfront area.

“Once the Somerset [Chetrit] project gets under way, I think you will see a total turnaround of this area,” said Michael Brady, director of special projects for the South Bronx Overall Economic Development Corp. “I think you will find this area becomes Williamsburg meets Dumbo.”
The comparison to the transformed Brooklyn neighborhoods is a familiar one. Mott Haven was depicted as the next up-and-coming neighborhood in the mid-2000s, but the recession slowed that transformation.

In the early 2000s, Carnegie Management Inc., which had developed residential sites in Brooklyn’s Williamsburg and Bushwick neighborhoods several years earlier, redeveloped the five-story Estey Piano Co. factory on Lincoln Avenue.

Carnegie Management paid about $5 million for the landmarked building and turned it into 90 loft-style apartments, said Isaac Jacobs, the company’s vice president. Now known as the Clock Tower, the apartment complex is virtually fully leased.

Back then, many in the community thought similar apartment conversions would take off. But the financial crisis stalled activity and forced Carnegie to put plans for another residential building on hold.

Now, though, the strengthening economy has the company back on track. It has resurrected its plans for a 150-unit building behind the Clock Tower and intends to construct a 170-unit building a few blocks away, at 82 Willis Ave.

Other developers, large and small, also are moving forward with waterfront area work.

Around the corner from the Somerset and Chetrit properties is an old furniture store and warehouse that is being redeveloped by its owner, the family of Lewis Katz, the co-owner of the Philadelphia Inquirer newspaper who died in May. The family, which is partnering with Madd Equities LLC on the project, is considering a wide range of uses for the property, including a tech campus, said Drew Katz, Mr. Katz’s son and the chief executive of Interstate Outdoor Advertising, which owns the rights to the well-known signage above the building.

Hornig Capital Partners and Savanna, both real estate investment companies, have bought 2415 Third Ave., an eight-story loft building that they plan to remodel for about $12 million. The partners intend to revamp the commercial space to house a mix of businesses, including art studios, workshops, light manufacturing, technology, and food and crafts production, a spokesman said.
Smaller developers Bill Bollinger and Joshua Weissman have joined forces to build a four-unit apartment building with retail space on the ground floor at 55 Bruckner Blvd. They also have started construction on another small apartment building at 136 Alexander Ave. and are working with another developer to build 15 units in two buildings across the street, at 131-135 Alexander Ave.

“This section of the South Bronx is already changing dramatically,” said Tom Farrell, a managing director at Savanna. “…We view our investment in 2415 Third Ave. and the upcoming developments by the Somerset/Chetrit Partnership as a big next step forward.”

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