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## FACT SHEET: LOWER MANHATTAN UPDATE ONE YEAR AFTER HURRICANE SANDY

**New York, NY (October 28, 2013)** – A year after Hurricane Sandy barreled across the tri-state region, all major markets in the Lower Manhattan Central Business District have recovered and economic growth in the area below Chambers Street has continued to flourish, according to the Downtown Alliance’s Real Estate Market Overview 3Q 2013. Below are detailed updates on Lower Manhattan’s commercial, residential, hotel, tourism and retail markets post-Sandy.

### Commercial Office Market

Lower Manhattan office buildings that were temporarily closed due to Sandy reopened at a rapid rate:

- 80% of commercial office square footage was open 3 weeks after Sandy
- 89% was open 7 weeks after Sandy
- 96% was open by the end of 2012, 9 weeks after Sandy
- 99% was open 16 weeks after Sandy
- 100% is open today (Guardian returned to 7 Hanover in September. JP Morgan Chase and the Daily News are expected to return to 4 NY Plaza by the end of October and November respectively. 110 Wall was closed but is rumored to be repositioned as WeWork space.)

Post-Sandy, Lower Manhattan logged its most impressive commercial leasing quarter year-to-date, with quarterly leasing up 41% from last quarter and 53% better than the 5-year average. With this quarter, year-to-date leasing is 22% greater than this time last year.

Leasing momentum has not only continued but strengthened post-Sandy: nearly 4.7 million square feet has been leased since October 29, 2012.

Some top leasing deals since Hurricane Sandy:

<b>Liberty Mutual</b>	55 Water Street	130,000	Renewal and Expansion	FIRE
<b>Droga5</b>	120 Wall St	91,442	Relocation	Creative Services, Advertising
<b>AECOM</b>	125 Broad Street	91,414	Direct	Creative Services, Other
<b>Nyack College</b>	17 Battery Place North	166,385	Relocation	Education
<b>WeWork</b>	25 Broadway	86,322	Direct	Professional Services, Other
<b>HarperCollins</b>	195 Broadway	179,436	Relocation	Creative Services, Media

<b>Publishers</b>				
<b>Refinery 29</b>	225 Broadway	30,550	Relocation	Creative Services, Media
<b>Scotiabank</b>	250 Vesey Street/4 Brookfield Place	99,000	Direct	FIRE
<b>HAKS</b>	40 Wall Street	69,916	Expansion and Renewal	Professional Services, Other

Since Hurricane Sandy, Lower Manhattan's relocation activity has continued unabated; 51 tenants signed deals totaling more than 1 million square feet to relocate since Hurricane Sandy, a 13% increase over relocation activity in the same time period preceding the storm.

Top relocations include:

<b>HarperCollins Publishers</b>	195 Broadway	179,436	Midtown	Creative Services, Media
<b>Nyack College</b>	17 Battery Place North	166,385	Midtown South	Education
<b>Droga5</b>	120 Wall Street	91,442	Midtown South	Creative Services, Advertising
<b>The WeissComm Group</b>	199 Water Street	35,454	Midtown South	Professional Services, Other
<b>Epsilon Data Management</b>	199 Water Street	34,792	Midtown South	Professional Services, Other
<b>Refinery 29</b>	225 Broadway	30,550	Midtown South	Creative Services, Media

Lower Manhattan's overall average asking rent is up 16% year-over-year, and pricing remains attractive relative to other markets. Lower Manhattan's overall average asking rents are \$14 less than Midtown South and \$22 less than Midtown.

Lower Manhattan's vacancy rate dropped this quarter to 10.9% from last quarter's 11.6% due to significant leasing of large availabilities in the market and now has a lower vacancy rate than Midtown.

Two submarkets on the East side of Lower Manhattan that were most impacted by the Hurricane, the Financial East and Insurance submarkets, now have lower Class A vacancy rates than they did one year ago.

### **Residential Market**

After the storm, 5,950 units (20%) of the district's residential inventory were inaccessible.

By mid-November, 3,400 of those closed units were back online.

By the end of 2012, 4,914 of the original 5,950 once-closed units were back online.

Four months after the storm, 99% of Lower Manhattan's 30,500 residential units were back online, including 839 units at 2 Gold Street and 203 Pearl Street, which reopened ahead of schedule in mid-February.

By June 30<sup>th</sup>, all buildings on Front Street reopened to residents, bringing open residential inventory to 100%.

Strong interest continues in Lower Manhattan for residential sales: sales volume is up 58% from this time last year, and up 10% over last quarter. In addition, Lower Manhattan sales properties spent an average of 87 days on the market, on par with Manhattan sales pace, and sold twice as fast as they did one year ago.

Brokers report an active rental market in Lower Manhattan, as the vacancy rate remains low at 1.5%. The average rental price, \$3,968, is stable over this time last year, and the median rent, \$3,395, is 10% higher than Manhattan's median rent.

### **Hotel Market**

One week after the storm, 36% of Lower Manhattan's hotel inventory, a total of 1,473 hotel rooms, was closed.

By the end of November, five hotels had re-opened, bringing a 94% of the inventory (some 3,855 hotel rooms) back on line.

In February, 97% of hotel inventory was open and in April the last two hotels opened (Holiday Inn Express at 124 Water and Eurostars Wall Street at 129 Front Street) bringing inventory to 100% open.

Lower Manhattan's average daily room rate is up 3% over this time last year to \$280. Lower Manhattan's occupancy rate is strong, down just 2% year-over-year to 83%.

### **Tourism Market**

A week after the storm, around half of Lower Manhattan attractions were open, including the National September 11 Memorial.

By year end, around three quarters of attractions reopened, but prolonged closures caused a 22% drop in tourist traffic in the fourth quarter of 2012. Yet the quick recovery of most of the Lower Manhattan tourist market helped close out year with a record 11.5 million visitors.

By February, nearly all of Lower Manhattan's attractions were back in operation.

On July 4, the Statue of Liberty and Castle Clinton reopened.

Ellis Island will reopen October 28, and the New York City Police Museum has announced that it will be reopening in a temporary space in 45 Wall Street in November.

### **Retail Market**

The district's shops, restaurants and storefront services perhaps felt the greatest impact of Hurricane Sandy, as some 30 percent of about 1,000 small businesses were closed for more than

a week after the storm. The Seaport was hit particularly hard and all 111 retailers were closed for a week or more.

Just two weeks after the storm, 50 of the total 320 closed stores had already reopened. By the end of December, a total 87 percent of all retailers were open south of Chambers Street. By February, 90 percent of all retailers were open.

Today, 66 businesses (excluding the 57 spaces inside the Pier 17 mall), have not reopened due to the impacts of Hurricane Sandy. Some of these closed businesses, however, have been occupied by new tenants, or are about to be replaced by new tenants.

The Seaport area has seen a post-Sandy resurgence this quarter with several reopenings: Abercrombie & Fitch, Superdry, Guess, Local Charm, and the TKTS ticket booth reopened in the retail storefronts owned by the Howard Hughes Corporation along Fulton Street. Reopenings on Durst Organization's Historic Front Street include Salty Paw, Suteishi, Barbalu, Bin No. 220, Paris Café and Keg No. 229. Other original Front Street retailers are expected to reopen soon, including Il Brigante and Jack's Stir Brew Coffee.

Today there are approximately 976 small businesses in Lower Manhattan. In Q3 2013, 25 retailers opened. Since Q4 2012, 73 retailers have opened new establishments in Lower Manhattan, including:

- Bill's Bar and Burger, 85 West Street, base of New York Marriott Downtown
- Elixir Juice Bar, 71 Nassau Street
- Crossfit Wall Street, 60 New Street
- Clarke's Standard, 101 Maiden Lane
- Watermark Bar and Lounge, Pier 15
- City Sports, 50 Broadway
- The Dead Rabbit, 30 Water Street
- Trinity Place Department Store, 61 Broadway
- Magic Mix Juicery, 102 Fulton Street

This year Brookfield Office Properties signed leases with Burberry, Salvatore Ferragamo, Ermenegildo Zegna, Michael Kors, Scoop, Hermes, Judith & Charles, and Calypso St. Barth at Brookfield Place.

### **Downtown Alliance Small Business Grant Program**

Offering immediate assistance after the storm, the Downtown Alliance created a \$1.6 million Back to Business small business grant program for ground-level retailers located in Flood Zone A. Through the Back to Business program, the Downtown Alliance assigned grants to 105 Lower Manhattan businesses in an amount totaling \$1,588,913. To date, we have awarded 95 grants and another 10 grants will be awarded once the business reopens, but no later than December 31 (of those 10 deferred grants, 6 are in the South Street Seaport area).

\$1 million was from the Downtown Alliance's own reserves and the remaining \$600,000 was contributed by local business leaders. Contributors include: Goldman Sachs, Trinity Church,

Citibank, The Durst Organization, The Howard Hughes Corporation, AT&T New York and Deutsche Bank Americas Foundation, CBRE, the FiDi Association, and Platinum Properties. The latest donor to the program is real estate brokerage firm Cushman & Wakefield.

A little more than 50% of grants went to eating and drinking establishments, a little more than 40% went to retailers (e.g. jewelry shops, wine stores, dry cleaners), and 6% went to not-for-profits and schools.

### **Transportation Post-Sandy**

- Most commuters from throughout the New York City region could access Manhattan by Monday, November 5 when subway, ferry, and regional rail lines including the Long Island Rail Road, Metro-North, and New Jersey Transit had restored the majority of service.
- The following week, the Holland Tunnel fully reopened and most of the PATH network returned on a limited weekday schedule. The World Trade Center PATH station resumed November 26 when the Newark line was restored. Hoboken PATH riders had no service to the World Trade Center until January 30. The PATH train resumed weekend service on March 1.
- Four months after the storm, the only remaining transportation outage in Lower Manhattan was the South Ferry subway station. On April 4, the MTA reopened the previously decommissioned South Ferry Station. According to the MTA, the newer station, which opened in 2009, must undergo extensive repairs. It will take an estimated \$600 million and as long as three years, and engineers are studying whether some of the vital electrical infrastructure can be moved to higher ground to guard against future flooding
- On Friday, August 2, the MTA closed the R Train's Montague Tube for extensive Sandy-related repairs. The under river link between Downtown Brooklyn and Lower Manhattan is being rebuilt as part of the MTA's Fix&Fortify campaign. This work is expected to last 14 months, until October 2014. R trains will operate weekdays between Queens/Manhattan and Brooklyn, and weekends across the Manhattan Bridge, bypassing all stops between Canal Street and DeKalb Avenue.

The Downtown Alliance's *Real Estate Market Overview 3Q 2013* and the *Back to Business: The State of Lower Manhattan Four Months After Hurricane Sandy* report can be viewed at: <http://www.downtownny.com/newsroom/research>.

*The mission of the Alliance for Downtown New York is to provide service, advocacy, research and information to advance Lower Manhattan as a global model of a 21st century Central Business District for businesses, residents and visitors.*

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