



# The Transformation of Lower Manhattan's Economy

## Highlights

- Lower Manhattan's population has more than doubled, rising from 22,700 in 2000 to 49,000 in 2014.
- More than three-quarters of the population is younger than 45 years old. The number of children has tripled since 2000.
- More than one-third of the families had household incomes of \$200,000 or more, compared with 7 percent citywide.
- Almost 40 percent of area residents had earned a graduate degree or higher, compared with 14 percent citywide.
- The number of residential housing units has more than doubled since 2000, growing to 30,000 units by 2015.
- Private sector employment has grown at an average annual rate of 2.6 percent since the end of the Great Recession.
- Private sector employment reached 228,300 jobs in 2015, the highest level since 9/11.
- The financial sector accounted for more than half of the jobs in 2000, but accounted for just one-third in 2015.
- While the number of finance jobs has been cut nearly in half, nonfinancial jobs have increased by more than one-quarter.
- Employment by businesses that serve the local community, such as dry cleaners, has more than doubled since 2000.
- More than 14 million tourists visited Lower Manhattan in 2015. Employment in the leisure and hospitality sector has doubled since 2002.

September 11, 2001, was a tragic day for the nation, one which will never be forgotten. In New York City, the terrorist attacks took the lives of more than 2,700 people, including hundreds of first responders. There was extensive damage to property and infrastructure, and the economy of the City, and of Lower Manhattan in particular, was shaken.

Over the past 15 years, public and private investments have transformed Lower Manhattan. New office buildings have opened and others are under construction. Mass transit infrastructure has been rebuilt and connections have been improved. New retail complexes are attracting residents, commuters and tourists. Visitors also come to pay their respects at the National September 11 Memorial and Museum.

As the rebuilding has progressed, the local economy has changed. The area has become much more residential as older office buildings have been converted to residential use and new towers are completed. The streets are filled with young professionals and growing families.

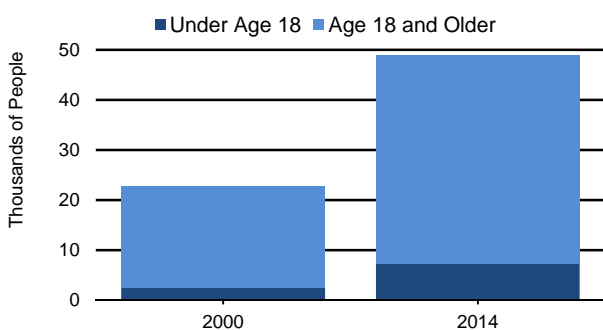
The financial sector is still the predominant industry in Lower Manhattan, but its presence has been reduced. The economy is more diversified than before 2001. A number of large media and information companies, such as Condé Nast and Time, Inc. have relocated to the area. In addition, there are many new businesses that support the growing residential population.

Lower Manhattan is the fourth largest business district in the nation and home to Wall Street, City Hall, the South Street Seaport and other historic sites. As the rebuilt World Trade Center site nears completion, New Yorkers are moving forward with resilience and hope.

## Population

The most noticeable aspect in the transformation and recovery of Lower Manhattan (the area south of Chambers Street and the Brooklyn Bridge) is the increase in its population. As shown in Figure 1, the population has more than doubled since 2000, rising from 22,700 that year to 49,000 during 2014. In contrast, the population of the City as a whole has increased by only 4.3 percent.

**FIGURE 1**  
Population of Lower Manhattan



Note: Data for 2014 is the average for the five-year period ending in 2014.  
Sources: US Census Bureau; OSC analysis

The increasingly residential character of the area is reflected in the growing number of families with children. In 2014, almost 4,600 families with children under age 18 lived in Lower Manhattan, almost three times the number in 2000. The number of children has also tripled to 7,300. Overall, 77 percent of the population was younger than 45 years old.

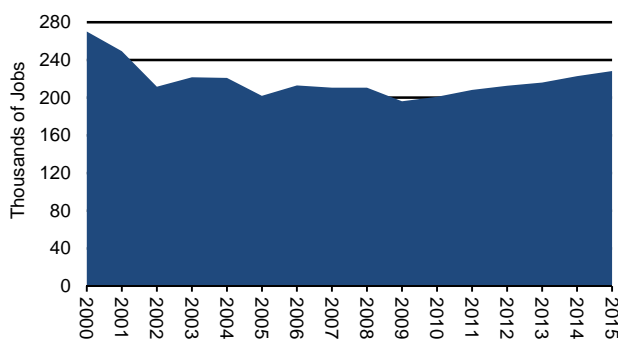
Residents of Lower Manhattan are well-educated. Almost 40 percent have earned at least a graduate degree, compared with 14 percent citywide. Households are also more affluent. More than one-third have incomes of \$200,000 or higher, nearly five times the share citywide.

In addition to the permanent resident population, Lower Manhattan's daytime population swells with hundreds of thousands of tourists, public and private sector employees, and college students. In the past two years, Pace University has opened two student residence halls.

## Employment

Private sector employment in Lower Manhattan reached 228,300 jobs in 2015, the highest level since the terrorist attacks on the World Trade Center (see Figure 2). The area lost nearly 58,600 private sector jobs between 2000 and 2002, a period that also includes the bursting of the dot-com bubble. Since then, 16,600 jobs have been regained.

**FIGURE 2**  
Private Sector Jobs in Lower Manhattan



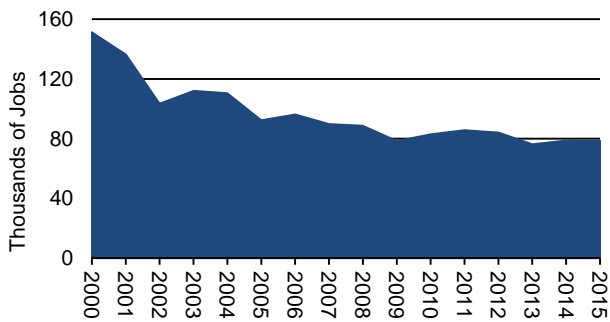
Sources: NYS Department of Labor; OSC analysis

One in 10 private sector jobs in the borough of Manhattan are located in Lower Manhattan. Since the end of the Great Recession, private sector employment has grown at an average annual rate of 2.6 percent, similar to the citywide rate.

The finance industry (which includes banking, securities, insurance and real estate) is still the predominant industry in Lower Manhattan, but its presence has been reduced (see Figure 3). In 2000, there were 151,200 finance jobs in Lower Manhattan. Two years later, there were 47,800 fewer jobs, a decline of nearly one-third.

A number of firms relocated outside of Lower Manhattan as part of an effort to enhance their geographic diversity and minimize the impact of another attack. Some moved to Midtown Manhattan, while others moved across the river to New Jersey. While some jobs returned in 2003, there was another large job loss in 2005 even though the finance industry was adding jobs elsewhere in New York City.

**FIGURE 3**  
Finance Industry Jobs in Lower Manhattan



Sources: NYS Department of Labor; OSC analysis

Although the finance industry added jobs in Lower Manhattan in 2006, the industry lost 17,700 jobs from 2007 to 2009 as a result of the financial crisis. A brief job recovery was not sustained, and the industry resumed downsizing in 2012. By 2015, there were 78,600 finance jobs in Lower Manhattan, nearly half as many as in 2000.

As a result, the finance industry accounted for one-third of area jobs in 2015, compared to 56 percent in 2000 (see Figure 4). In its place, there has been a large expansion in the number of jobs in business services, hotels, restaurants, health care and personal services (e.g., dry cleaners) to support the growing residential community.

**Business Services:** This is the second-largest employment sector in Lower Manhattan (accounting for 68,900 jobs in 2015) and has grown by one-third since 2002.

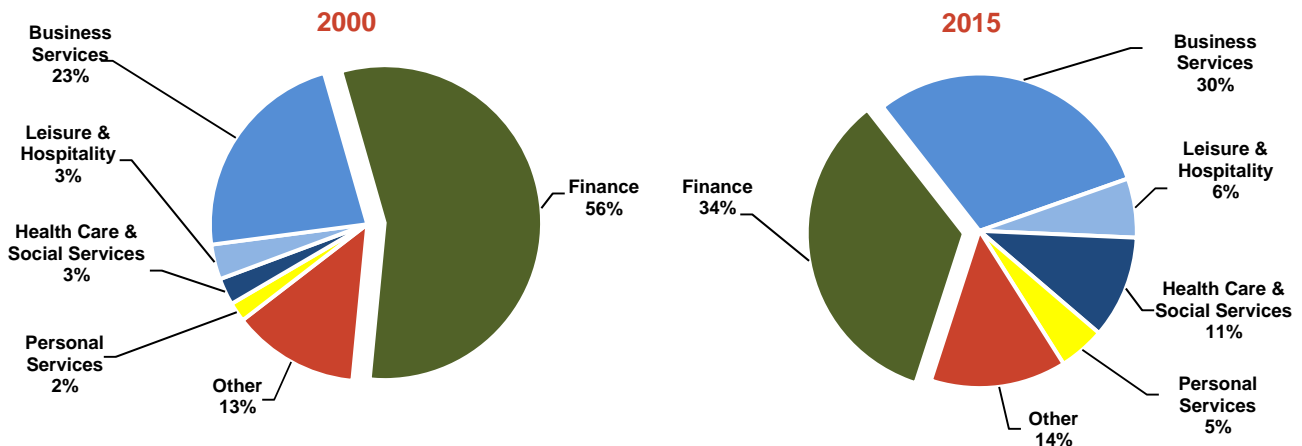
**Leisure and Hospitality:** This sector has doubled since 2002, reaching 13,900 jobs in 2015. Most of the jobs are in restaurants and hotels that support the local community and tourists. Lower Manhattan now has 28 hotels, with another 10 planned to open before 2018.

**Health Care and Social Services:** This sector has more than tripled since 2000 and now totals 24,100 jobs. The Lower Manhattan Hospital (operated by NewYork-Presbyterian) is the only acute care facility serving Lower Manhattan.

**Information:** This sector has increased by 39 percent since 2012 with the relocation of Condé Nast to One World Trade Center, which is also attracting other media and technology companies to the area.

**Personal Services:** This sector, which includes dry cleaners, beauty salons, pet care and other businesses that provide services to local residents, has been growing as the neighborhood has become more residential. Since 2000, the number of jobs has more than doubled to 10,900.

**FIGURE 4**  
Distribution of Private Sector Jobs in Lower Manhattan



Sources: NYS Department of Labor; OSC analysis

## Tourism

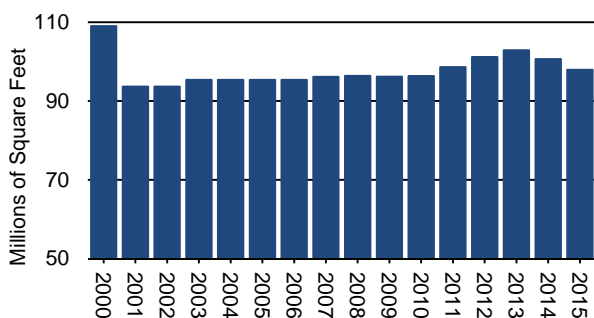
Lower Manhattan has become a major part of the City's tourism sector. More than 14 million tourists visited Lower Manhattan in 2015, according to the Alliance for Downtown New York.

As of 2015, more than 23 million tourists had visited the National September 11 Memorial and 4 million had visited the Memorial Museum. The One World Trade Center Observatory attracted 2.3 million visitors in its first year of operation. Site preparation has begun on the Performing Arts Center at the World Trade Center.

## Commercial Real Estate

More than 15 million square feet of office space were lost in 2001 (see Figure 5). By 2013, more than 9 million square feet had been added. Despite the completion of One World Trade Center, there has been a decline in office space in recent years because of the continued conversion of older buildings into residential properties. For example, 1 Wall Street, with more than 1 million square feet of office space, is in the process of being converted to residential use.

**FIGURE 5**  
Office Space in Downtown Manhattan



Note: The downtown office market covers the area south of Canal Street.  
Sources: Jones Lang LaSalle; OSC analysis

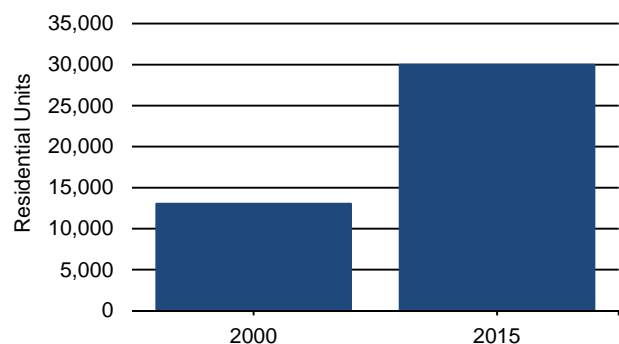
According to the Alliance for Downtown New York, more than 2 million square feet of new or redeveloped retail space will be completed by 2019. The newly completed World Trade Center Transportation Hub and the Fulton Transit Center both include new retail centers operated by Westfield World Trade Center. These transit hubs connect the PATH train and numerous subway lines in Lower Manhattan.

Brookfield Place (formerly known as the World Financial Center) includes office space and upscale retail stores across from the World Trade Center site. The redevelopment of the South Street Seaport and Pier 17 is expected to be completed by 2017.

## Residential Real Estate

The increase in Lower Manhattan's population has been accommodated by new residential construction (e.g., the New York by Gehry tower at 8 Spruce Street) and the conversion of older office buildings into residential properties (e.g., the former AIG building at 70 Pine Street). The number of residential units has more than doubled since 2000, growing to 30,000 units by 2015 (see Figure 6).

**FIGURE 6**  
Residential Units in Lower Manhattan



Source: Alliance for Downtown New York