

New York State

The Lower Manhattan Economy

After September 11th

**New York State Assembly
March 2005**

March 14, 2005

Dear Colleagues:

More than three years have passed since the tragic events of September 11th. As New York progresses through the healing process, we have acquired sufficient data to analyze the economic changes that have occurred in Lower Manhattan and to identify potential obstacles to its full recovery.

In general terms, this report verifies our expectations of the economic losses after September 11th. The employment and wage losses in Lower Manhattan in the three years after September 11th were substantial. The magnitude of those losses is greater the closer one gets to Ground Zero. Most of the losses occurred in the first year after September 11th, but there were losses in the second year and the third year as well. A significant number of businesses relocated as a result of the attack, many to outside of downtown Manhattan. Overall, the human, economic, and fiscal impact on the State of New York has been enormous.

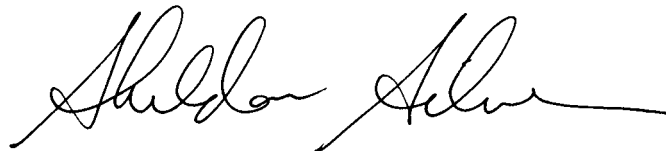
In this report, we compare the post-September 11th economic performance of Lower Manhattan to that of New York State as a whole. In addition, we view our findings in the context of the economic and demographic changes that have taken place in Lower Manhattan over the past few decades. We highlight the role of the World Trade Center and Battery Park City in the growth of New York City, the impressive growth of financial services, as well as the changing composition of business activity.

It should be noted that this document has been reviewed by a number of economists as well as professionals representing academe and private industry. This is a revised version of the February 2005 edition of this report.

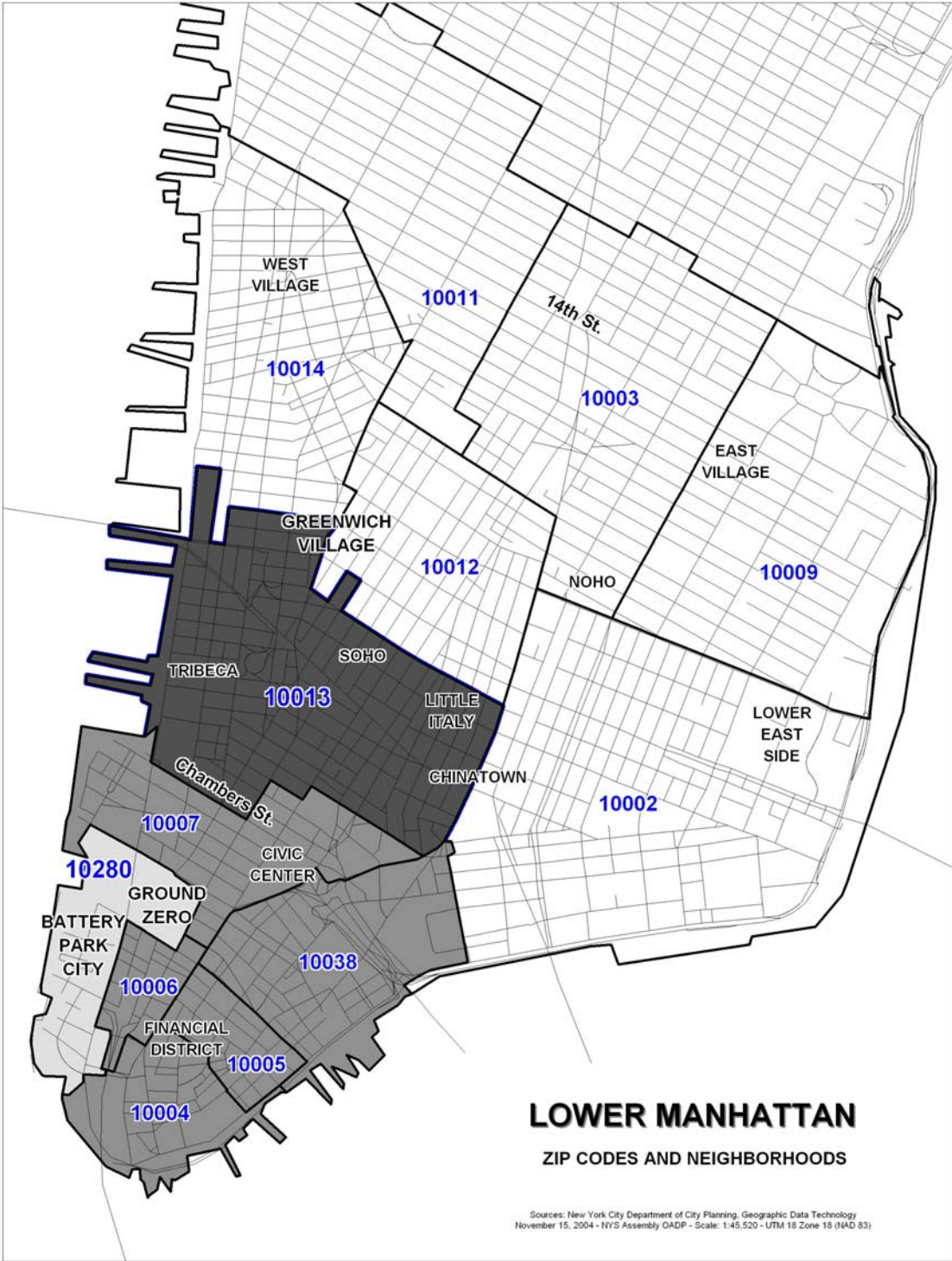
On behalf of the New York State Assembly, I thank our Board of Economic Advisors for their invaluable contributions to this report. Likewise, I commend Chairman Farrell, the Members of the Assembly Ways and Means Committee, and our dedicated staff for their tireless work in producing this report.

I trust you will find it a useful tool as we proceed with the rebuilding and revitalization of Lower Manhattan.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheldon Silver". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sheldon Silver
Speaker



WEST VILLAGE

10011

14th St.

10014

10003

EAST VILLAGE

GREENWICH VILLAGE

10012

NOHO

10009

TRIBECA

SOHO

10013

LITTLE ITALY

CHINATOWN

LOWER EAST SIDE

10007

Chambers St.

10002

CIVIC CENTER

10280

GROUND ZERO

BATTERY PARK CITY

10038

10006

FINANCIAL DISTRICT

10005

10004

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EXECUTIVE SUMMARY

The Lower Manhattan Economy Three Years after September 11th

The Ground Zero area, which encompasses the World Trade Center and Battery Park City, lost 29,900 private sector jobs or 61.5 percent of all private sector employment during the three years after September 11th.¹ This loss was dramatic in the first year (50.5 percent) and continued into the second and third years. The Ground Zero area also lost \$6.2 billion in private sector wages or 59.6 percent of its private sector wages during the three years after September 11th.

Lower Manhattan, defined as the area of Manhattan below 14th Street, lost 74,800 private sector jobs or 14.0 percent of its private sector employment during the three years after September 11th. The first year loss was also quite dramatic in Lower Manhattan, and continued through the third year. Lower Manhattan also lost \$10.8 billion in private sector wages or 20.9 percent of its private sector wages during the three years after September 11th.

The loss of employment in Lower Manhattan accounted for 30.2 percent of the 247,600 private sector jobs lost in New York State in the three years after September 11th.

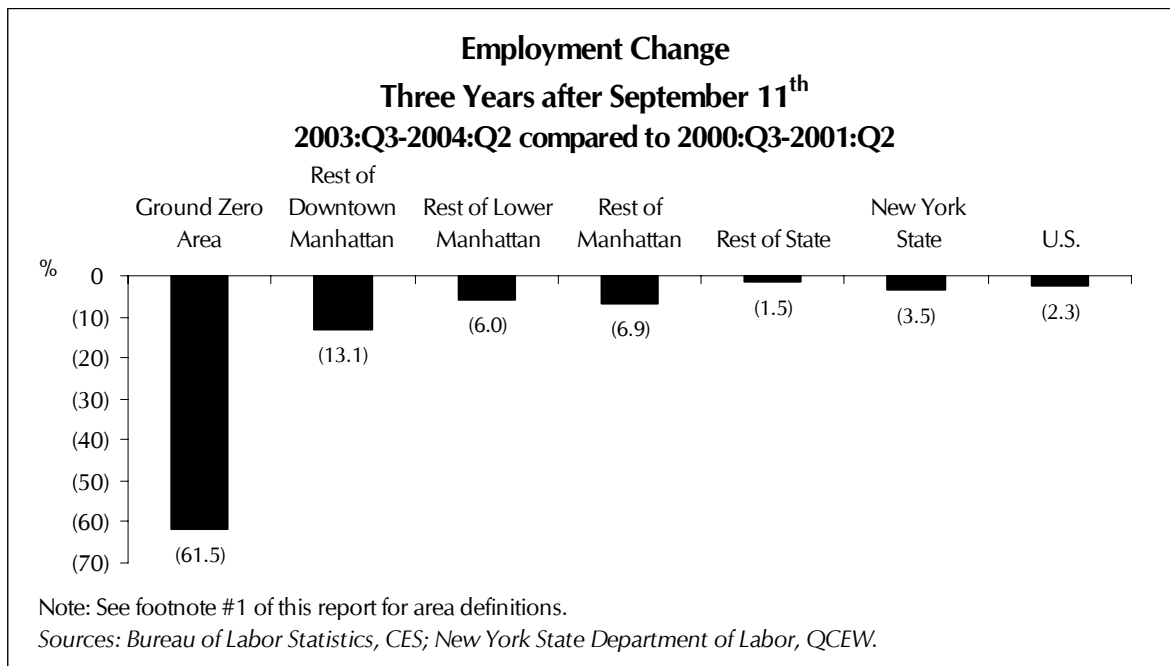
¹ Lower Manhattan is defined as the area of Manhattan below 14th Street. Downtown Manhattan refers to the area of Manhattan below Chambers Street. Midtown Manhattan refers to the area of Manhattan between Chambers Street and 59th Street. The Ground Zero area is defined as the area covered by zip code 10280; this zip code encompasses the World Trade Center and Battery Park City. A map of Lower Manhattan, presented in the preliminary pages of this report, demarcates these areas.

The three-year change, referred to frequently in this report, is the change between the year consisting of the quarters 2003:Q3 to 2004:Q2 compared to the year consisting of the quarters 2000:Q3 to 2001:Q2. The year before September 11th refers to the period 2000:Q3 to 2001:Q2. The year after September 11th refers to the period 2001:Q4 to 2002:Q3. Change in the year after September 11th is the change between the year consisting of the quarters 2001:Q4 to 2002:Q3 and the year consisting of the quarters 2000:Q3 to 2001:Q2. The second year after September 11th is the year consisting of the quarters 2002:Q4 to 2003:Q3. The third year after September 11th consists of the period 2003:Q3 to 2004:Q2. Therefore, the definitions of the second year and the third year after September 11th overlap by a quarter. This is due to our exclusion of 2001:Q3 the quarter during which the events of September 11th occurred and due to the fact that the most recent data available are for the second quarter of 2004. Change in the second and in the third year after September 11th are the changes in these years compared to the four-quarter periods preceding them.

Employment

The Ground Zero Area

- The Ground Zero area, which encompasses the World Trade Center and Battery Park City, lost private sector jobs on a massive scale: 29,900 jobs or 61.5 percent of its private sector employment during the three years after September 11th.
- The losses were most dramatic in the first year after the attack. But even three years later, the losses were continuing.



Lower Manhattan

- Downtown outside of Ground Zero was also extremely hard hit.
- All of Lower Manhattan, defined as the area of Manhattan below 14th Street, lost 74,800 private sector jobs or 14.0 percent of its private sector employment during the three years after September 11th. This employment loss accounted for 30.2 percent of the 247,600 private sector jobs lost in the State in the same period.²

² In the tables and graphs of this report, “rest of” refers to the area excluding the previous region under consideration. For example, “rest of Downtown Manhattan” is the area of downtown Manhattan outside the Ground Zero area, and the “rest of Lower Manhattan” is the area of Lower Manhattan excluding downtown Manhattan.

- Losses were far less dramatic in the rest of Lower Manhattan, but the pattern of job loss was the same as in Ground Zero. The first year losses were the greatest, and losses continued into year three.
- Lower Manhattan accounted for 7.6 percent of the State’s private sector employment in the year before September 11th.³ Three years after September 11th, Lower Manhattan accounted for 6.8 percent of the State’s employment.

Manhattan

- In the three years after September 11th, Manhattan lost 172,000 private sector jobs or 8.9 percent of its private sector employment. This employment loss accounted for 69.5 percent of the 247,600 private sector jobs lost in the State in the same period.
- While the most significant loss was in the first year, employment losses in all area of Manhattan (with the exception of the rest of Lower Manhattan) continued throughout the third year.
- In the year before September 11th, Manhattan accounted for 27.5 percent of the State’s private sector employment. Three years after, Manhattan accounted for 26 percent of private sector employment.

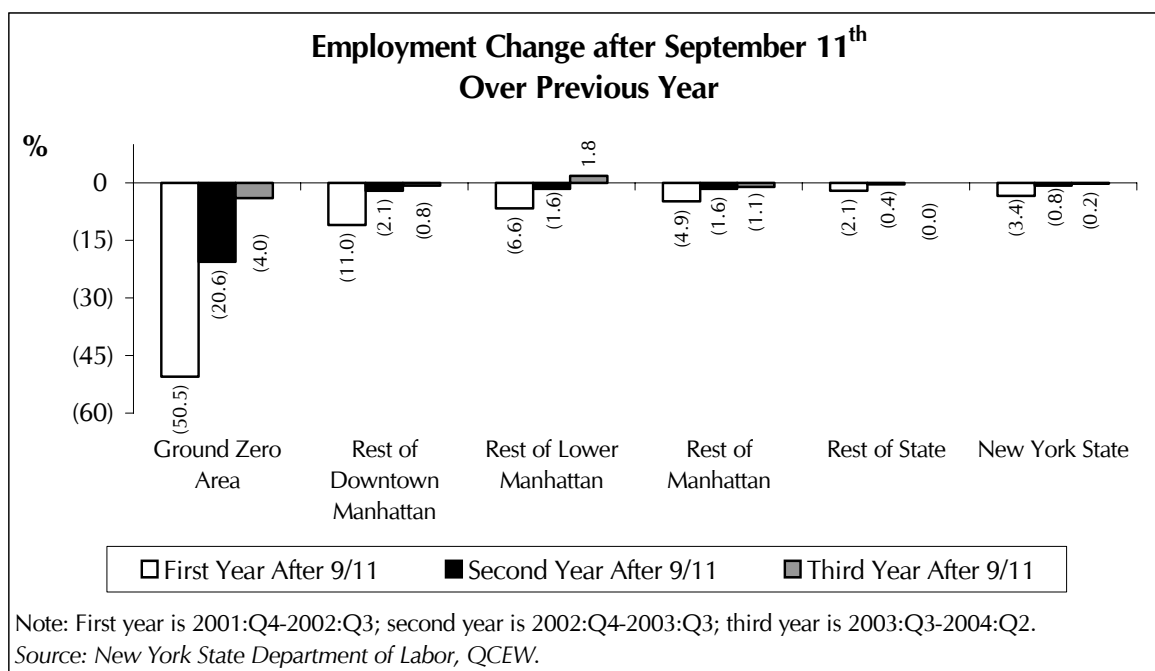
Employment Change Three Years after September 11 th 2003:Q3-2004:Q2 compared to 2000:Q3-2001:Q2		
	Change	Percent Change
Ground Zero Area	(29,853)	(61.5)
Rest of Downtown Manhattan	(29,069)	(13.1)
Rest of Lower Manhattan	(15,891)	(6.0)
Rest of Manhattan	(97,200)	(6.9)
Rest of State	(75,627)	(1.5)
New York State	(247,640)	(3.5)
U.S.	(2,589,333)	(2.3)

Note: See footnote #1 of this report for area definitions.
Sources: Bureau of Labor Statistics, CES; NYS Department of Labor, QCEW.

³ Appendix Table 6 and Table 7 on pp. 41-42 provide information on employment and wages in Lower Manhattan and the Ground Zero area in the year before September 11th. The report focuses on private employment, since the geographic location of government employment is not always easy to determine from the Quarterly Census of Employment and Wages. The calculations in these tables generally agree with the figures presented by the Office of the Comptroller, the City of New York, “The Impact of the September 11th WTC Attack on NYC’s Economy and City Revenues,” October 4, 2001.

New York State

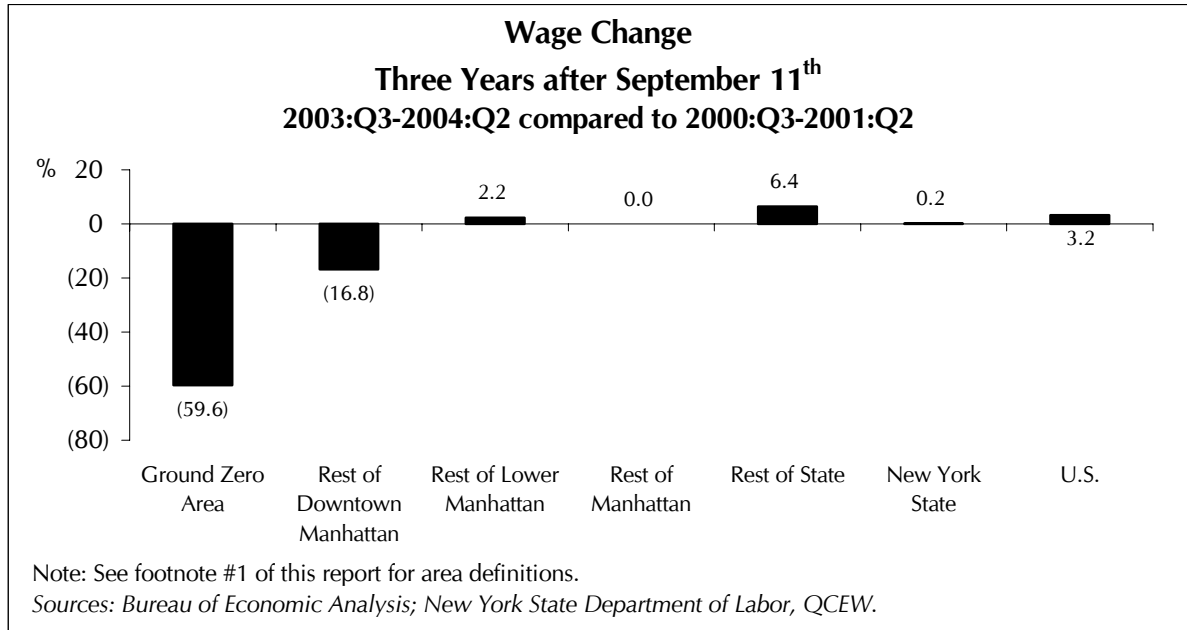
- In the three years after September 11th, New York State lost 247,600 private sector jobs. The State lost 3.5 percent of its private sector employment in the three years after September 11th, compared to the loss of 2.3 percent in the nation.
- The rate of employment loss in the second year after September 11th was slower than in the first year in all areas of Manhattan and the State.
- In the third year after September 11th, the Ground Zero area and downtown Manhattan continued to lose jobs. However, there was an employment gain in the area of Lower Manhattan outside downtown.
- Manhattan as a whole continued to lose jobs in the third year after September 11th.



Wages

The Ground Zero Area

- The Ground Zero area lost \$6.2 billion in private sector wages. This represents nearly 60 percent of its private sector wages during the three years after September 11th.
- This loss of wages translates into an income tax decline of more than \$400 million.



Lower Manhattan

- Lower Manhattan lost \$10.8 billion in private sector wages or 20.9 percent of its private sector wages during the three years after September 11th. Although wages show an increase in the third year after September 11th, this increase is from a substantially lower base. Wages in the State rose by \$0.5 billion in these three years.
- Lower Manhattan accounted for 15.4 percent of the State's private sector wages in the year before September 11th. Three years after September 11th, Lower Manhattan accounted for 44 percent of private sector wages.
- In the year before September 11th, Manhattan accounted for 47.3 percent of the State's private sector wages.

Manhattan

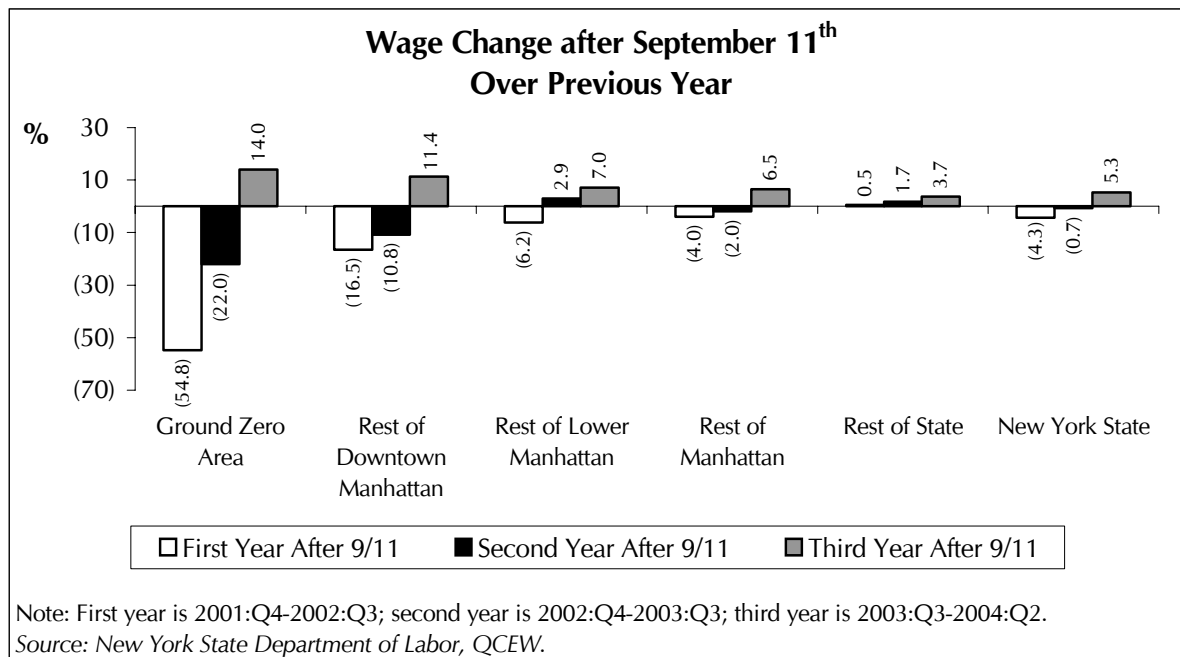
- In the three years after September 11th, Manhattan lost \$10.7 billion in private sector wages, which was a 6.8 percent decline. In the rest of New York State, wages rose by \$11.3 billion in the same period.

Wage Change Three Years after September 11 th 2003:Q3-2004:Q2 compared to 2000:Q3-2001:Q2		
	Change (\$ in Billions)	Percent Change
Ground Zero Area	(\$6.2)	(59.6)
Rest of Downtown Manhattan	(4.8)	(16.8)
Rest of Lower Manhattan	0.3	2.2
Rest of Manhattan	0.0	0.0
Rest of State	11.3	6.4
New York State	0.5	0.2
U.S.	127.5	3.2

Note: See footnote #1 of this report for area definitions.
Sources: Bureau of Economic Analysis; NYS Department of Labor, QCEW.

New York State

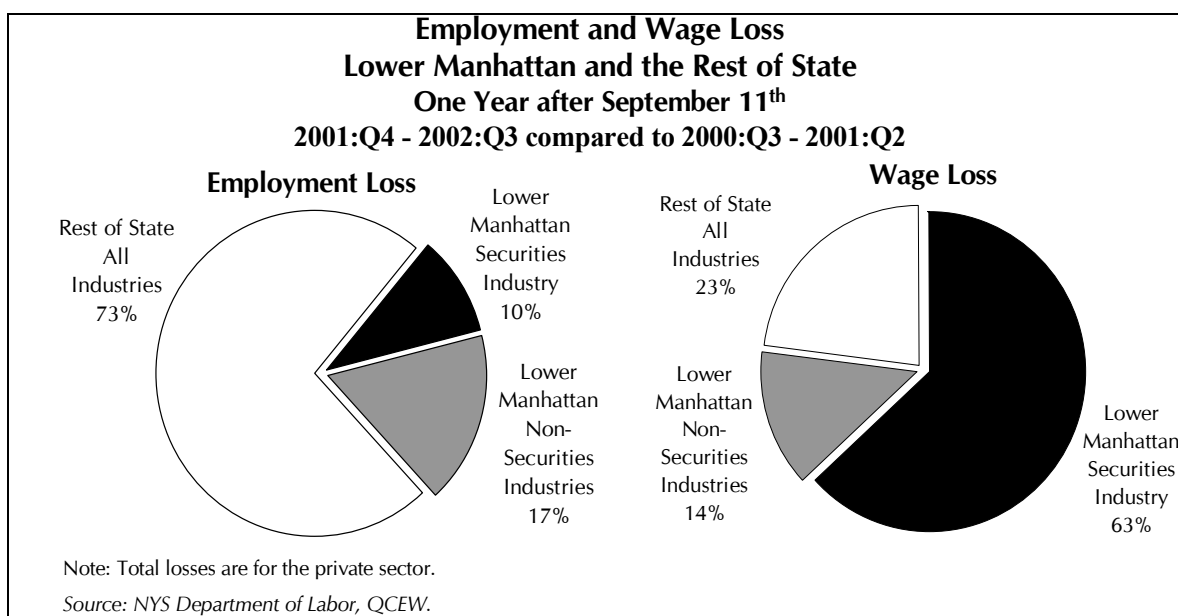
- In the three years after September 11th, New York State gained \$0.5 billion in private sector wages. The State gained 0.2 percent in private sector wages in the three years after September 11th, compared to gain of 3.2 percent in the nation.
- In each year after September 11th, the State, excluding Manhattan, gained wages.



- The rate of wage loss in the second year after September 11th was slower than in the first year in the Ground Zero area and downtown Manhattan. In Lower Manhattan outside downtown, wages rose in the second year after September 11th.
- In the third year after September 11th, all areas of Manhattan experienced a wage gain. Wages also rose in the State as a whole.

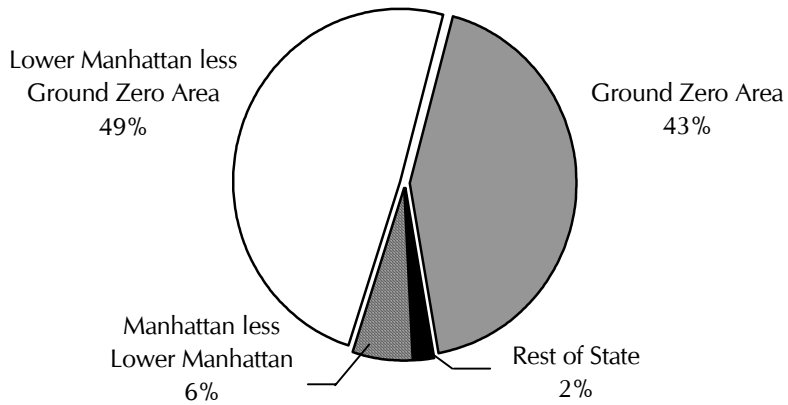
The Securities Industry the Year after September 11th

- The Lower Manhattan securities industry saw declines of \$9.2 billion or 36.1 percent in wages and 24,300 or 24.1 percent of jobs.
- The Lower Manhattan securities industry accounted for 62.9 percent of New York State’s wage loss.
- The Lower Manhattan securities industry accounted for 10 percent of New York State’s employment loss.



- Almost all of New York State’s securities industry wage loss in the year after September 11th took place in Manhattan, which accounted for 98.1 percent of the \$9.9 billion in securities industry wages lost in the State.
- The securities industry in the Ground Zero area accounted for 43.1 percent of the total State securities industry wage loss while the rest of Lower Manhattan accounted for an additional 49.2 percent of the total State securities industry wage loss. In total, 92.3 percent of New York State’s securities industry wage loss was in Lower Manhattan.

**Wage Loss, New York State Securities Industry
One Year after September 11th
(2001:Q4 - 2002:Q3 compared to 2000:Q3 - 2001:Q2)**



Source: NYS Department of Labor, QCEW.

The Apparel Industry the Year after September 11th

- In the year before September 11th, the area in zip code 10013 accounted for 6,500 apparel industry jobs, which was 67.3 percent of the apparel industry employment in Lower Manhattan.

**Apparel Industry Employment Loss
Lower Manhattan Areas and Rest of State
One Year after September 11th
(2001:Q4 - 2002:Q3 compared to 2000:Q3 - 2001:Q2)**



Source: NYS Department of Labor, QCEW.

- In the year before September 11th, the apparel industry accounted for 12.3 percent of total private sector employment in postal zip code 10013.
- In the year after September 11th, 36.4 percent of apparel industry jobs in zip code 10013 were lost. The apparel industry's loss of 2,400 jobs accounted for 53.3 percent of the jobs lost in zip code 10013.
- Outside zip code 10013, New York State lost 18.3 percent of apparel jobs; therefore, the loss of apparel jobs in zip code 10013 was at twice the rate of the apparel job loss in the rest of the State.

Tourism

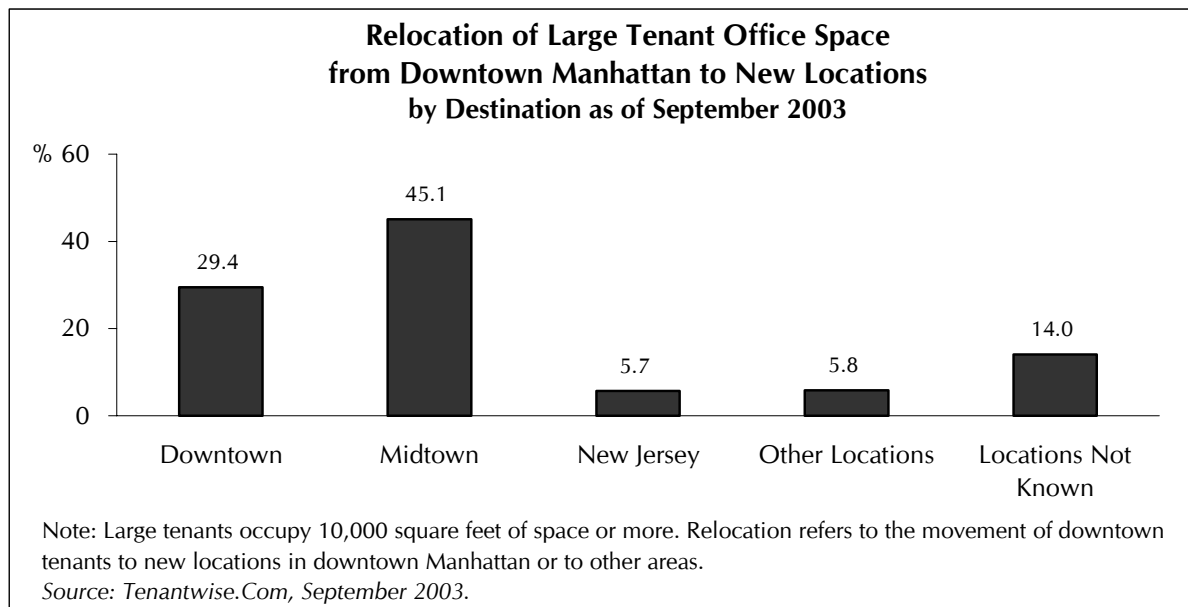
- In 2001, the total number of visitors to New York City declined by 2.7 percent to 35.2 million people, the lowest number of visitors to the City since 1988.⁴
- In 2001, the number of domestic visitors increased 0.3 percent and in 2002, the number of domestic visitors increased by 2.4 percent. Domestic visitors accounted for 83.8 percent of the total number of visitors to New York City in 2001.
- In 2001, the number of international visitors declined 15.8 percent. The number of international visitors declined by 1.1 million people and accounted for the entire 1.0 million decline of visitors overall.
- Since 2001, the number of domestic visitors to New York City increased in every year, but the number of international visitors declined until 2003.
- In 2004, both the number of domestic visitors and the number of international visitors are estimated to have increased.

Office Relocation

- In 2003, downtown Manhattan was the third largest central business district in the nation when ranked by the inventory of office space, after midtown Manhattan and Chicago. In 2004, the rank of downtown fell to fourth, behind Washington, D.C.
- The fall in the ranking of downtown Manhattan reflects both the loss of office space after the events of September 11th and the loss of office space due to its conversion to residential space.
- As a result of the September 11th attacks, 34.5 million square feet of downtown Manhattan office space was damaged or destroyed. Of this total, 27.8 million square feet or 80.6 percent was Class A office space.⁵

⁴ New York City and Company (February 2005) <<http://www.nycvisit.com/content/index.cfm?pagekey=57>>. Data on tourism are only available by calendar year.

- Of the 34.5 million square feet of office space affected, large tenants occupied 23.5 million square feet.⁶
- Of the 23.5 million square feet occupied by large tenants, 13.9 million square feet was occupied in new locations, while 9.6 million square feet was reoccupied by businesses returning to their original location.
- Of 13.9 million square feet that were occupied in new locations, 4.1 million square feet or 29.4 percent was in downtown and 6.3 million square feet or 45.1 percent was in midtown.



- Of the 6.3 million square feet of office activity that moved to midtown Manhattan, the securities industry accounted for 3.0 million square feet, the insurance industry for 0.9 million square feet, the business services industry for 0.6 million square feet, and the legal services industry for 0.4 million square feet.
- Of the 1.6 million square feet of office activity that moved out of Manhattan, the insurance industry accounted for 0.9 million square feet and the securities industry for 0.5 million square feet.
- The vacancy rate in the downtown office market remained steady in 2004 at 13.7 percent compared to 13.5 percent in 2003, despite a fall in the inventory of office space from 92.9 million square feet to 90.6 million square feet in the same period.

⁵ Class A refers to office space of the highest quality.

⁶ A large tenant occupies 10,000 square feet of space or more.

New York City and Lower Manhattan: 1970 to 2000

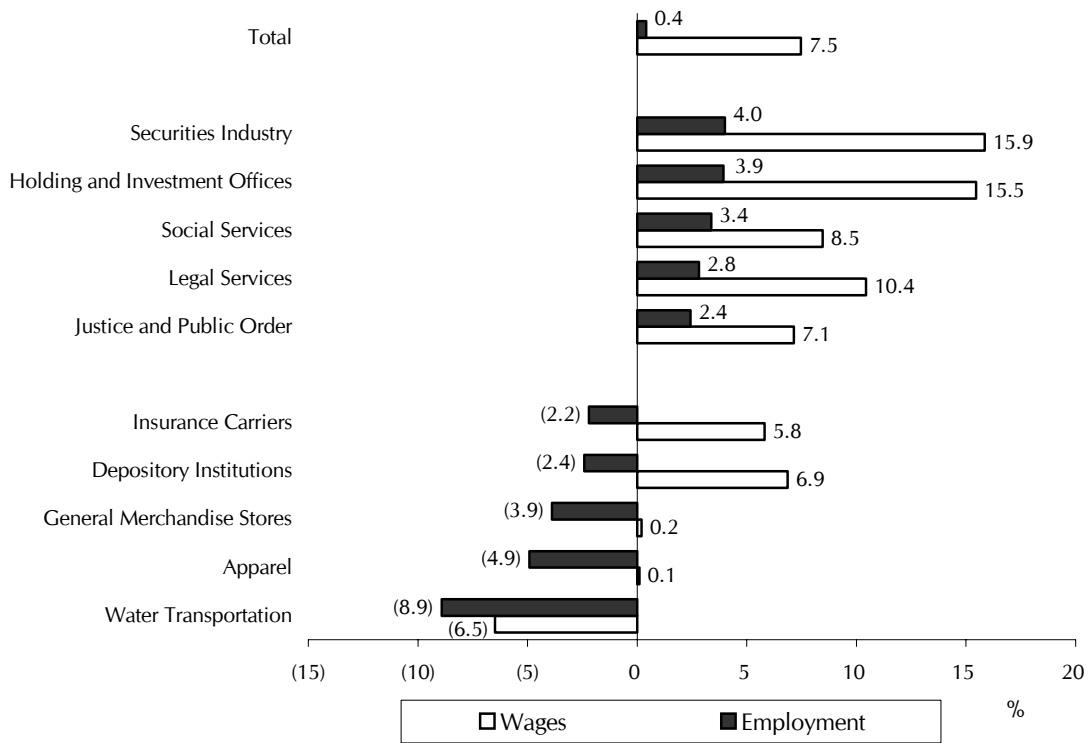
Population and Housing

- Lower Manhattan's population decline of 5.8 percent during the 1970s was reversed in the 1980s and 1990s when the population grew by 9.2 percent and 4.0 percent, respectively.
- Lower Manhattan's occupied housing grew during all three decades following 1970, increasing by 4.4 percent in the 1970s, 8.3 percent in the 1980s, and 6.8 percent in the 1990s.
- From 1970 to 2000, the growth in population of the World Trade Center and Battery Park City area contributed 49.6 percent of the increase in Lower Manhattan's population and 21.6 percent of the increase in occupied housing.
- Two-thirds of the growth in population and occupied housing of the World Trade Center and Battery Park City area occurred during the 1980s.

Employment and Wages

- Between 1980 and 2000, securities industry employment grew the fastest among Manhattan industries. Employment in the Manhattan securities industry growth averaged 4.0 percent per year, while wage growth averaged 15.9 percent per year.
- Manhattan securities industry wages in 2000 were 16.5 times their 1980 level, while Manhattan aggregate wages in 2000 were only 4.2 times their 1980 level.
- Though the rate of employment decline was fastest in water transportation, the largest industry decline in the number of jobs was in the apparel industry. Apparel industry employment in Manhattan fell 4.9 percent per year in the two decades since 1980, while wages increased 0.1 percent per year.
- Between 1980 and 2000, the securities industry share of Manhattan employment increased from 3.8 percent to 7.5 percent and the securities industry share of Manhattan wages increased from 6.6 percent to 25.9 percent.

**Annual Employment and Wage Growth
Expanding and Declining Industries
Manhattan, 1980-2000**



Note: The five industries with the fastest employment growth and the fastest employment decline in percentage terms are included in the graph.

Source: NYS Department of Labor, QCEW.

INTRODUCTION

The change in employment and wages in New York State after September 11th was dramatic. Lower Manhattan experienced a disproportionately large share of the decline in both employment and wages. Although the loss of employment and wages was most substantial the first year after September 11th, the area continued to struggle two and three years after the attack. The primary objective of this report is the assessment of the change in employment and wages in the three years following September 11th in the immediately affected area around Ground Zero as well as in nearby areas and other parts of Manhattan and New York State. This report discusses industries where the impact in Lower Manhattan was particularly high—industries in the finance, insurance, and real estate sector (FIRE), as well as the apparel industry, tourism, hotels, and eating and drinking places.

Though a primary motivation of the report is an assessment of the economic impact of September 11th, the period examined was affected by many other factors, which include the onset of the national recession, the effects of the stock market bubble, evidence of corporate mismanagement, and international tensions. Many of these events affected both New York State and Lower Manhattan. This report does not attempt to separate the effects of September 11th from the contribution of other factors to the economic losses after September 11th.⁷

This report may be seen as an effort to evaluate the Lower Manhattan economy and the rest of the State in the year after the most significant economic damage ever to have affected the area. The focus of this report is the three years after September 11th, although the report also includes some data on sectoral changes in the first year after September 11th. The calculations of employment and wage change three years after September 11th compare the year beginning the third quarter of 2003 with the year ending the second quarter of 2001. The comparison of four-quarter periods reduces the effects of seasonal fluctuations such as those due to the increase in holiday-season hiring and the payment of bonuses in the first and fourth quarters of the calendar year.⁸

The Quarterly Census of Employment and Wages

The data used in the report are from the Quarterly Census of Employment and Wages (QCEW), which provides the most comprehensive official count of employment and wages available.⁹ The Quarterly Census of Employment and Wages program (formerly

⁷ The year before September 11th is the period 2000:Q3 to 2001:Q2. Since the national recession started in 2001:Q1, the calculations of employment and wage change understate the effect of the recession.

⁸ For employment and wage levels in the regions discussed in the report, see Appendix Table 10 on page 45.

⁹ After the second quarter of 2002, the New York State Department of Labor moved from the Standard Industrial Classification System to the North American Industry Classification System. The calculations in this report use sectoral data for the third quarter of 2002 based on the Standard Industrial Classification System. Previous estimates done by the NYS Assembly Ways and Means Committee staff show that the possibilities

called the ES 202) of the Bureau of Labor Statistics and the NYS Department of Labor enables us to count employment and wages in regions of New York State at the street level. We choose to aggregate this data at the zip code level to compare the economy in the years before and after September 11th while at the same time maintain the confidentiality of individual firm data. The data allows us to identify areas in the vicinity of the World Trade Center, and to distinguish between the effects on the area directly affected by September 11th and the area of Manhattan affected most by the disruption to workers and traffic (below 14th Street). The Quarterly Census of Employment and Wages is based on reports filed by 98 percent of all business establishments and is the most comprehensive count of employment and wages for the states and the nation. The most recent data from the QCEW for New York State are for the second quarter of 2004.

The Quarterly Census of Employment and Wages may underreport employment and wages in Lower Manhattan for two reasons. The first is the exclusion of self-employed workers. The second is the exclusion of those workers whose work-site was in Lower Manhattan but whose parent companies were located outside Lower Manhattan.¹⁰ Workers who lost their lives on September 11th were on the payroll of firms located in Lower Manhattan for many months after September 11th. Further, many workers were unable to return to their original work-sites in the Lower Manhattan area even though they were on the payroll. These factors lead to difficulties in the interpretation of the data in employment and wage changes after September 11th.

The address of a business establishment is available for 95 percent of establishments in the Quarterly Census of Employment and Wages. Each year, through the Annual Refiling Survey, a third of the establishments are contacted for a verification of their location, and addresses are updated for 80 percent of those contacted. Since all addresses are not updated every year, there is the possibility that some addresses are not up to date.¹¹ It is difficult to determine the address of a government establishment from the QCEW data; therefore, the analysis of the employment and wage change after September 11th is done only for the private sector. This affects the interpretation of employment and wage change in Lower Manhattan the Ground Zero area, where government employment was significant.

The Quarterly Census of Employment and Wages allows for calculating the effects of employment and wages in the area directly affected by September 11th, in the vicinity of the World Trade Center. For purposes of this report, this area (the Ground Zero area) is identified as zip code 10280. In the days immediately after September 11th, the movement of people and traffic below 14th Street in Manhattan was restricted, leading to a disruption of work in this area. The Ground Zero area has a high concentration of activity in the FIRE

for error in the sectoral classification due to the use of data based on the Standard Industrial Classification System in the quarters immediately after the second quarter of 2002 are small.

¹⁰ For more information, see Bureau of Labor Statistics, *BLS Handbook of Methods*, April 1997, Chapter 5.

¹¹ This paragraph is based on communication received from the NYS Department of Labor.

sector, and other areas of Manhattan have significant concentration in the retail trade sector, the apparel industry, and in the business services industry. Distinguishing the Ground Zero area from the rest of Lower Manhattan helps to estimate the local changes after September 11th and also to understand the sector composition of these changes.¹²

¹² This area is identified by aggregating zip code areas. The area we measure is predominantly below 14th Street, but is larger than the area below 14th Street because some northern zip code boundaries (zip codes 10003, 10009, and 10011) are above 14th Street.

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THE LOWER MANHATTAN ECONOMY BEFORE SEPTEMBER 11TH

In the year before September 11th, the Lower Manhattan economy accounted for 533,600 private sector jobs and \$51.6 billion in private sector wages. Lower Manhattan's share of New York State private sector wages was more than double the area's share of State private sector employment, 15.4 percent compared to 7.6 percent (see Figure 1). The average wage in Lower Manhattan of \$96,700 was over twice the average wage in the area of New York State outside Lower Manhattan where the average wage was \$43,700. About half of the State's securities industry employment and wages were in Lower Manhattan. In the year before September 11th, Lower Manhattan accounted for 100,800 jobs or 49.4 percent of employment in the State's securities industry and \$25.4 billion or 49.6 percent of wages in the State's securities industry.¹³

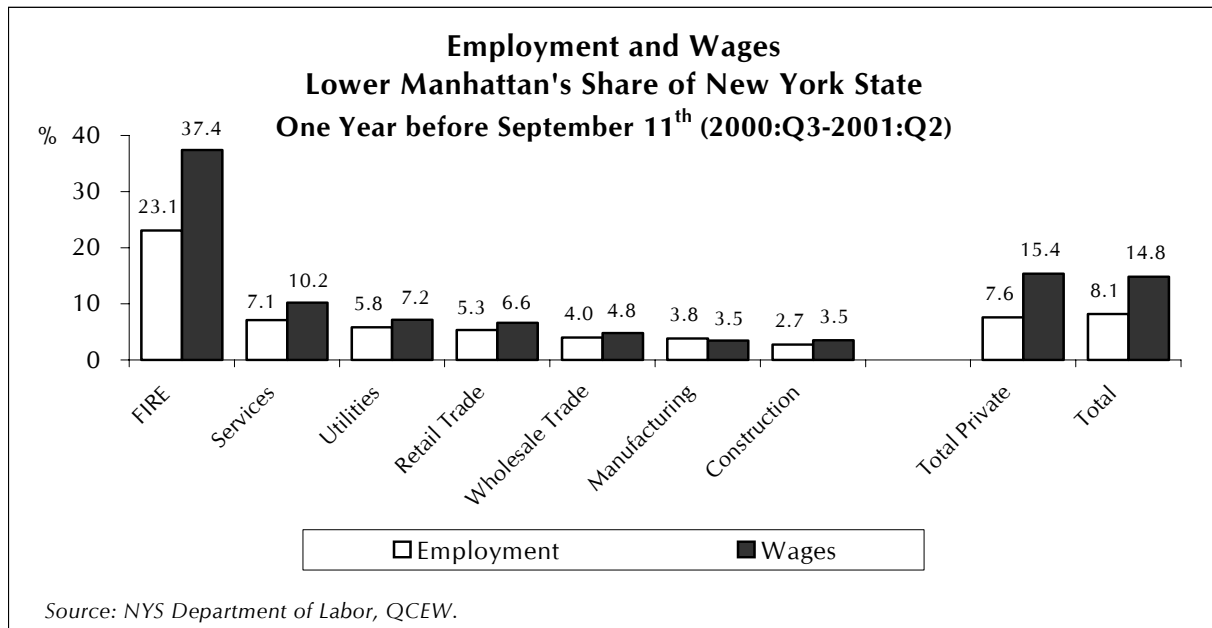


Figure 1

Prominent Industries in Lower Manhattan

The most prominent industries in Lower Manhattan are in the FIRE sector. Other industries with a significant share in Lower Manhattan private sector employment and wages are business services; health services; engineering, accounting, research, management, and related services; legal services; and printing and publishing (see Figure 2 and the Appendix on page 41). The securities industry employed 18.9 percent of Lower

¹³ The Manhattan securities industry accounted for 182,800 or 89.7 percent of New York State's securities industry employment and for \$48.5 billion or 94.6 percent of the State's securities industry wages in the year before September 11th.

Manhattan private sector employment and accounted for 49.2 percent of Lower Manhattan private sector wages.

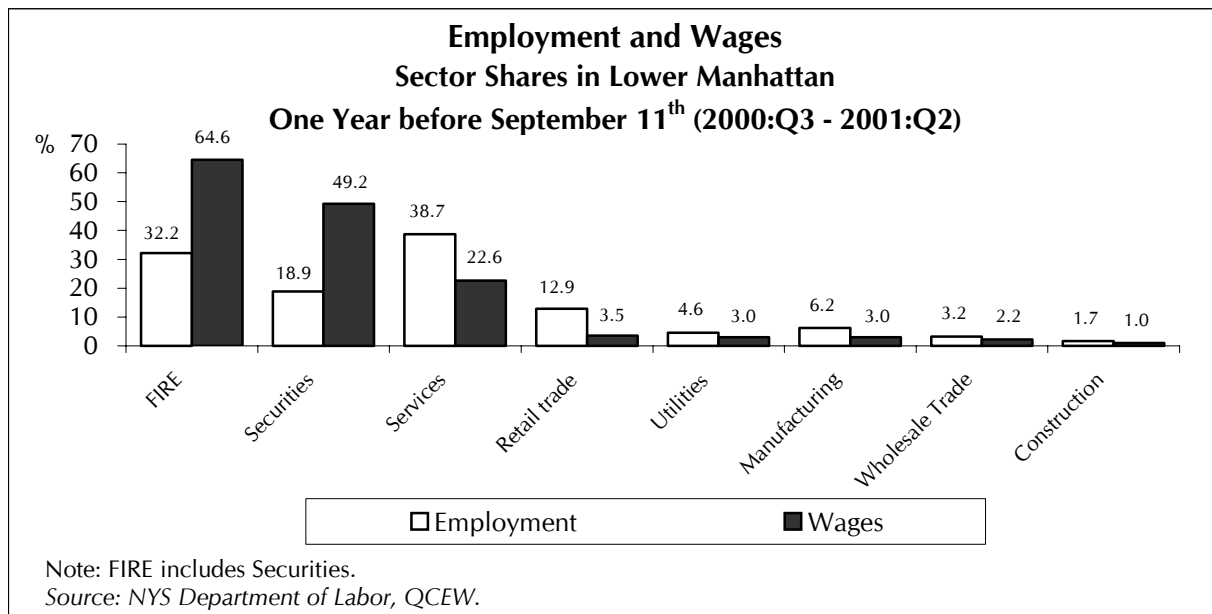


Figure 2

The comparison of sector shares of employment and wages in Lower Manhattan with the State reveals a higher concentration of some service industries in Lower Manhattan. The industries with a higher concentration in Lower Manhattan include business services; engineering, accounting, research, management, and related services; legal services; other services; printing and publishing; apparel; and eating and drinking establishments. In these industries, the industry share of Lower Manhattan employment is higher than the industry share of State employment. The comparison of industry wage shares reveals a higher concentration in the FIRE sector and in business services and legal services.

Industries in the FIRE sector and in many industries in the service sector paid average wages higher than the State average wage. However, the apparel industry and eating and drinking establishments paid an average wage significantly lower than the overall State average wage.

THE LOWER MANHATTAN ECONOMY AFTER SEPTEMBER 11TH

New York State suffered significant human, economic, and fiscal losses following the tragic events of September 11th. Economic activity in the State decreased from the generalized effect of September 11th like the rest of the nation but also experienced additional immediate disruptions, especially in Lower Manhattan. In the year following September 11th, New York City and particularly Lower Manhattan experienced significant employment and wage losses in the securities industry, in the related business services industry, and the apparel industry. In addition, other factors such as the national recession, the effects of the stock market bubble, evidence of corporate mismanagement, and international tensions contributed to these losses. While the immediate effects in the year after September 11th were the most substantial, many areas have yet to recover.

The rate of employment decline in New York State after September 11th was much faster than the rate of decline in the United States (see Figure 3). In November 2001, the National Bureau of Economic Research (NBER) determined that a national recession had started during the first quarter of 2001. A slowdown in both national and New York State employment growth was evident in early 2001. However, the rate of decline in employment and wages in Lower Manhattan and the Ground Zero area were much faster after September 11th than in other parts of New York State. This was due to the localized effect of the disruption of economic activity in the Ground Zero area and Lower Manhattan and because of the concentration of the effects on the securities industry in these areas.

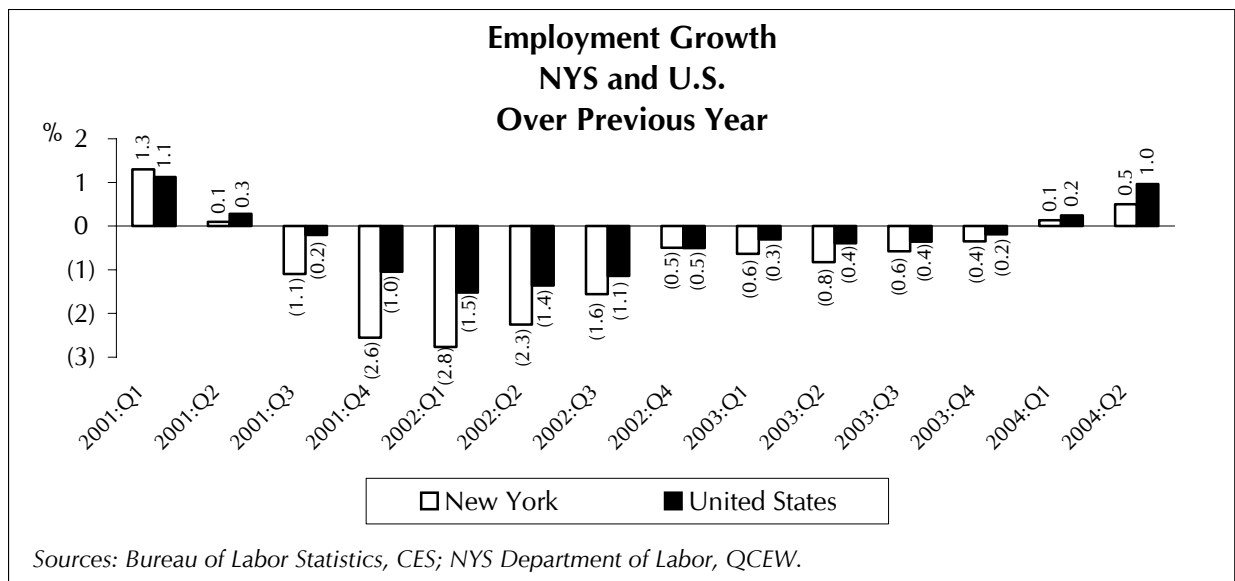


Figure 3

After September 11th, the area below 14th Street was closed to traffic and people for several days. Lower Manhattan transportation, power supply, and telecommunications sustained significant damage. The access to Lower Manhattan through the subway system

was affected by the damage to subway stations and tunnels. The re-routing of traffic to Manhattan led to increased passenger load in other parts of the transit system.¹⁴ The restoration of electric power in Lower Manhattan was completed by September 19.¹⁵ The destruction of a switching hub affected about 30 percent of telephone and data traffic in Lower Manhattan. Many firms resorted to back-up facilities and to available excess network capacity to resume data operations. Bond trading resumed two days after September 11th and equity trading after four days.¹⁶ The Federal Reserve injected large amounts of temporary liquidity into the banking system to satisfy the increased demand for cash.¹⁷ The disruption of work and the loss of power, transportation, and communications were key factors in the economic losses that followed September 11th.

The Lower Manhattan Economy Three Years after September 11th

Employment and Wages

In the three years after September 11th, the employment losses in New York State and Manhattan were dramatic. As shown in Table 1, the area immediately surrounding Ground Zero lost 29,900 jobs. The area of Manhattan outside Ground Zero lost 142,200 jobs. The rest of the State lost 75,600 jobs. Therefore, 57.4 percent of the jobs lost in the State in the three years following September 11th were lost in Manhattan. Three years after September 11th, employment and wages had still not returned to levels that were present in the year before September 11th.

¹⁴ Tri-State Transportation Campaign, "Metropolitan Transportation since September 11th, A Media Source Book," September 3, 2002.

¹⁵ Con Edison <http://www.coned.com/newsroom/information_archive2001.asp>.

¹⁶ Judith Chase, Securities Industry Association, "Restoring Industry Functionality after 9/11: Lessons in Disaster Recovery and the Value of Contingency Planning," *Research Reports II*, no. 9, November 2, 2001.

¹⁷ Roger W. Ferguson, "September 11th, the Federal Reserve, and the Financial System," (remarks at Vanderbilt University, February 5, 2003).

Table 1

Employment Change Three Years after September 11th 2003:Q3-2004:Q2 compared to 2000:Q3-2001:Q2		
	Change	Percent Change
Ground Zero Area	(29,853)	(61.5)
Rest of Downtown Manhattan	(29,069)	(13.1)
Rest of Lower Manhattan	(15,891)	(6.0)
Rest of Manhattan	(97,200)	(6.9)
Rest of State	(75,627)	(1.5)
New York State	(247,640)	(3.5)
U.S.	(2,589,333)	(2.3)

Note: See footnote #1 of this report for area definitions.
 Sources: Bureau of Labor Statistics, CES; NYS Department of Labor, QCEW.

The Ground Zero area experienced the largest percentage drop in employment among the regions of the State in the three years following September 11th (see Figure 4). The Ground Zero area lost 61.5 percent of its employment in the three years following the attack. In New York State, the areas closest to Ground Zero experienced the largest losses in employment. Employment in the rest of the State (outside of Manhattan) did not experience a decline as sharp as Manhattan, losing only 1.5 percent. The loss in New York State was 3.5 percent and the percentage loss in the nation was 2.3.

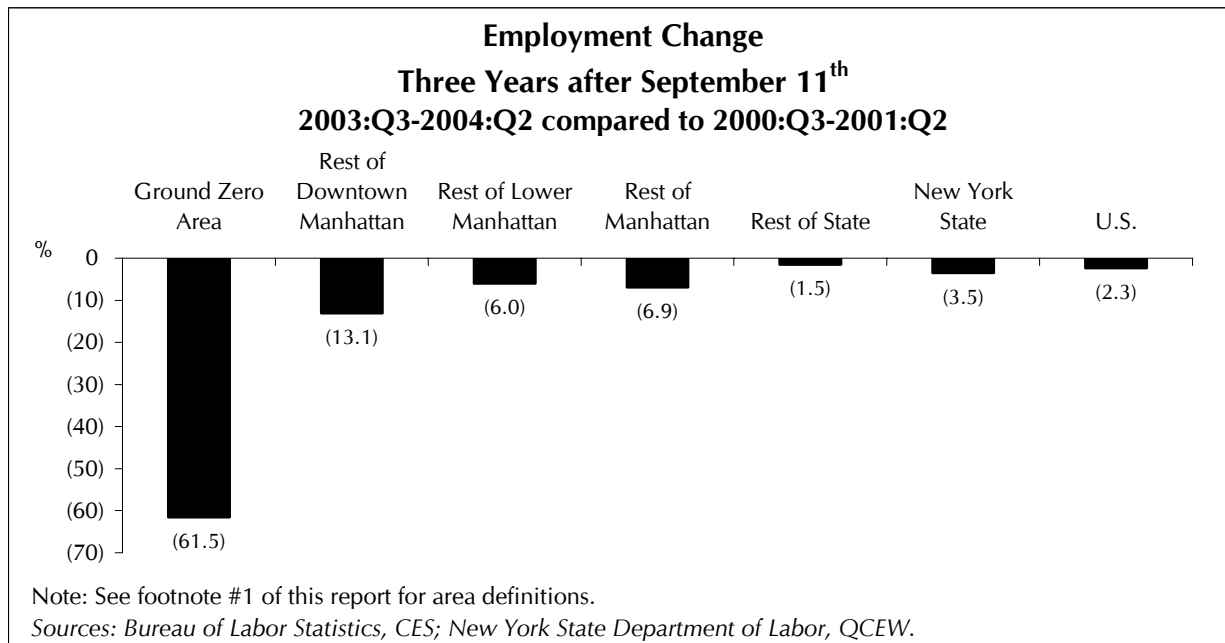


Figure 4

There was also significant wage loss in Manhattan in the three years following the September 11th attack. The Ground Zero area lost over \$6.2 billion in wages. Manhattan as a whole lost \$10.7 billion, while New York State wages rose \$0.5 billion. The rest of the State excluding Manhattan experienced growth in wages in the three years after September 11th (see Table 2).

Table 2

Wage Change		
Three Years after September 11th		
2003:Q3-2004:Q2 compared to 2000:Q3-2001:Q2		
	Change (\$ in Billions)	Percent Change
Ground Zero Area	(\$6.2)	(59.6)
Rest of Downtown Manhattan	(4.8)	(16.8)
Rest of Lower Manhattan	0.3	2.2
Rest of Manhattan	0.0	0.0
Rest of State	11.3	6.4
New York State	0.5	0.2
U.S.	127.5	3.2

Note: See footnote #1 of this report for area definitions.
Sources: Bureau of Economic Analysis; NYS Department of Labor, QCEW.

The Ground Zero area also experienced the largest percentage drop in wages of any of the Manhattan areas or the rest of the State (see Figure 5). Wages fell by 59.6 percent in the Ground Zero area during the three years after September 11th. The only areas of the State where wages declined were the Ground Zero Area, and downtown Manhattan. State wages rose 0.2 percent in the three years after September 11th, and wages in the nation rose 3.2 percent.

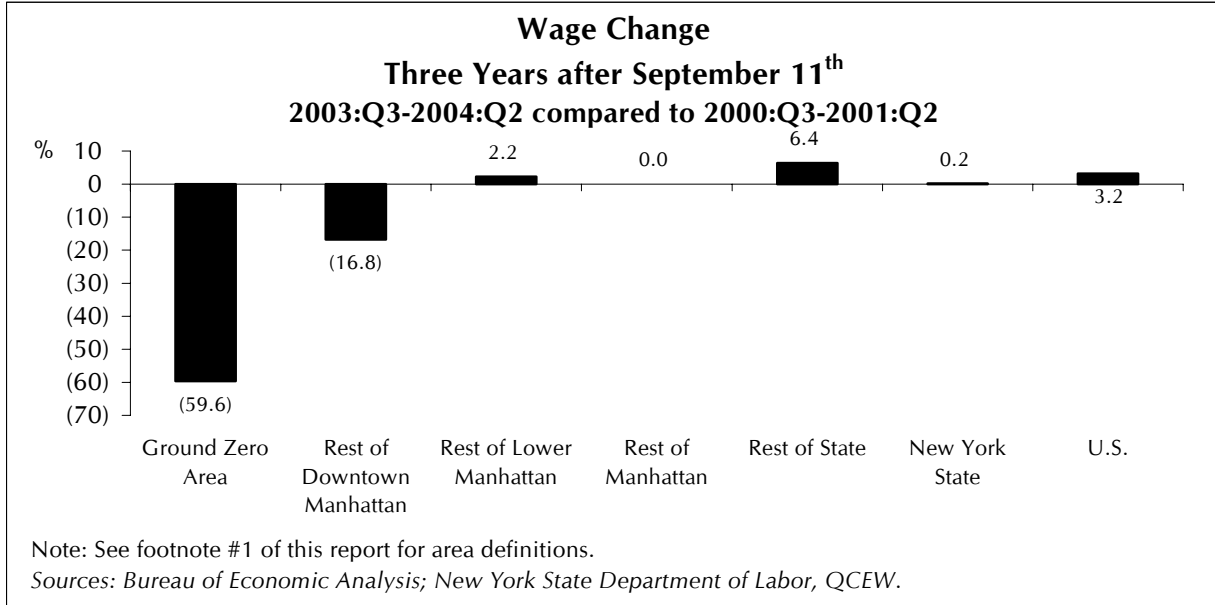


Figure 5

Although the job and wage losses after September 11th continued after the first year in some areas, the majority of the losses were concentrated in the first year (see Figure 6 and Figure 7). This trend held true for all areas of Manhattan studied here. For example, the loss of jobs in the Ground Zero area in the second year after September 11th was about one-fifth of the jobs lost in the first year (4,900 compared to 24,500). In the third year after September 11th, the loss of jobs in most Manhattan areas including the Ground Zero area and downtown Manhattan continued. In Lower Manhattan outside of downtown, employment increased in the third year after September 11th. However, the level of employment in the third year after September 11th had still not returned to pre-September 11th levels.

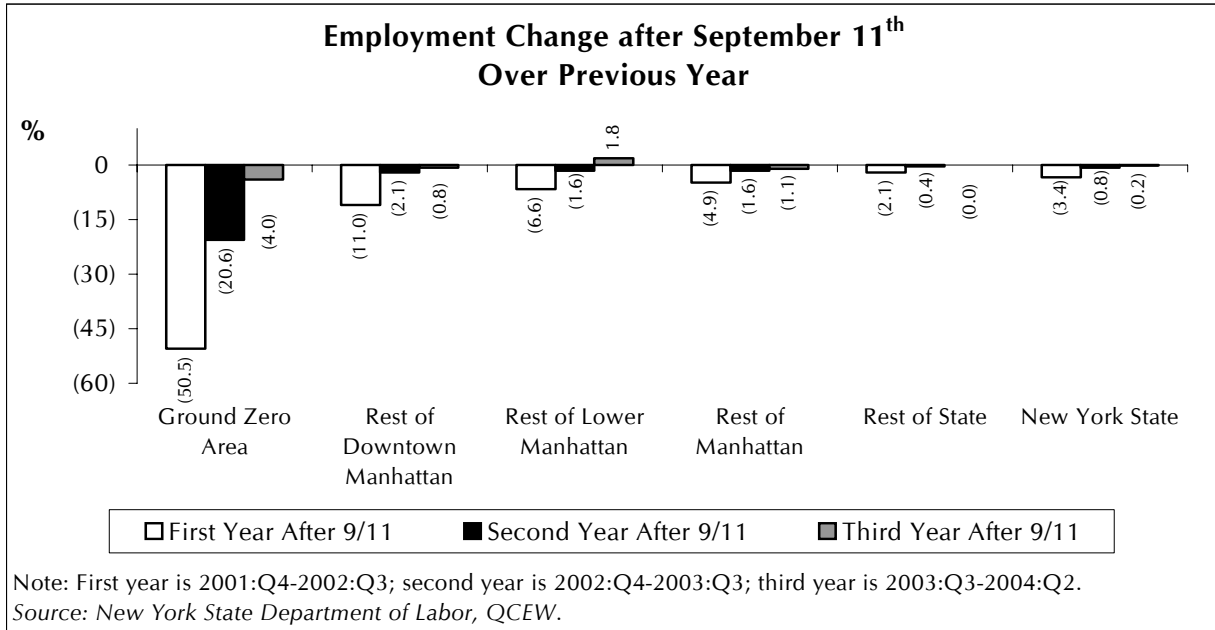


Figure 6

While all areas of Manhattan lost wages in the first year after September 11th, the area of Lower Manhattan outside downtown had a wage gain in the second year. This reflects the quicker recovery of activity in Lower Manhattan outside downtown Manhattan. The rest of the State (outside Manhattan) gained wages during both the first and second year. Manhattan accounted all of the wage loss in the State in both the first and second years following September 11th. In the third year after September 11th, all regions of Manhattan experienced a wage gain. However, the base of wages that this growth occurred from was substantially lowered.

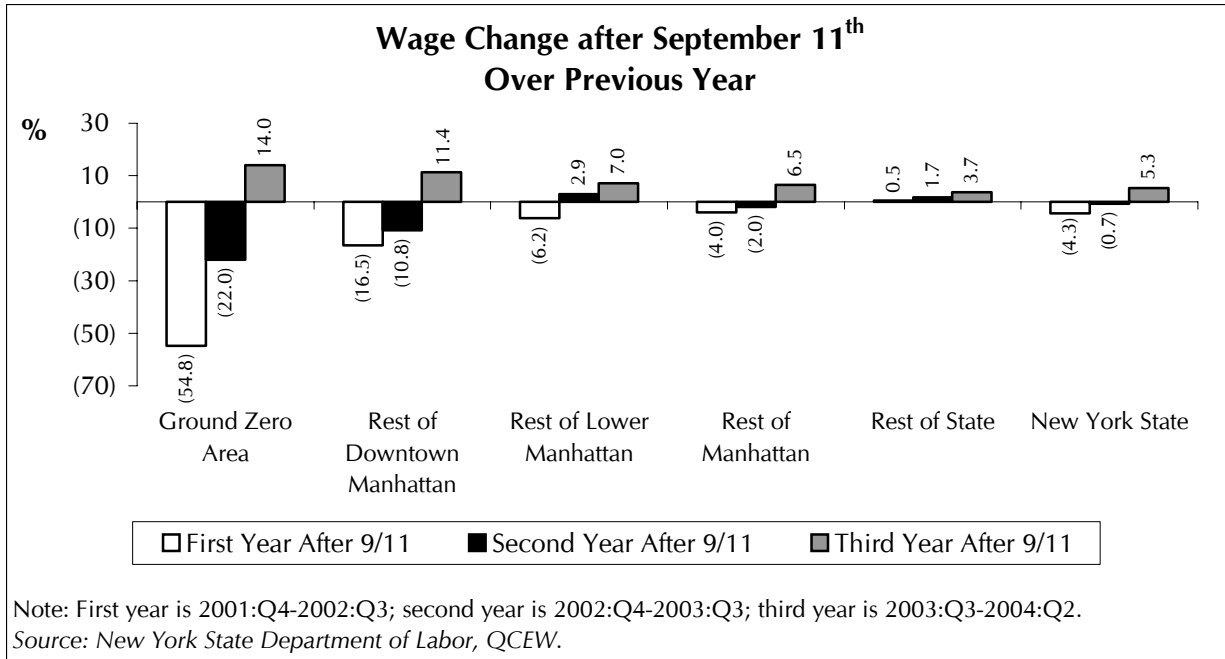


Figure 7

Securities Industry

New York City, Lower Manhattan in particular, is the financial center of the world. It is host to the New York Stock Exchange (NYSE) which is larger in market capitalization than the next four largest exchanges in the world combined (see Figure 8). The prominence of Manhattan in financial activity is closely linked to the presence of the NYSE. New York City also hosts the third largest exchange, the NASDAQ, and although not among the world's largest exchanges, the American Stock Exchange (AMEX) is also based in the City.¹⁸

¹⁸ NASDAQ is an over-the-counter market. However, it is included with other exchanges in this report.

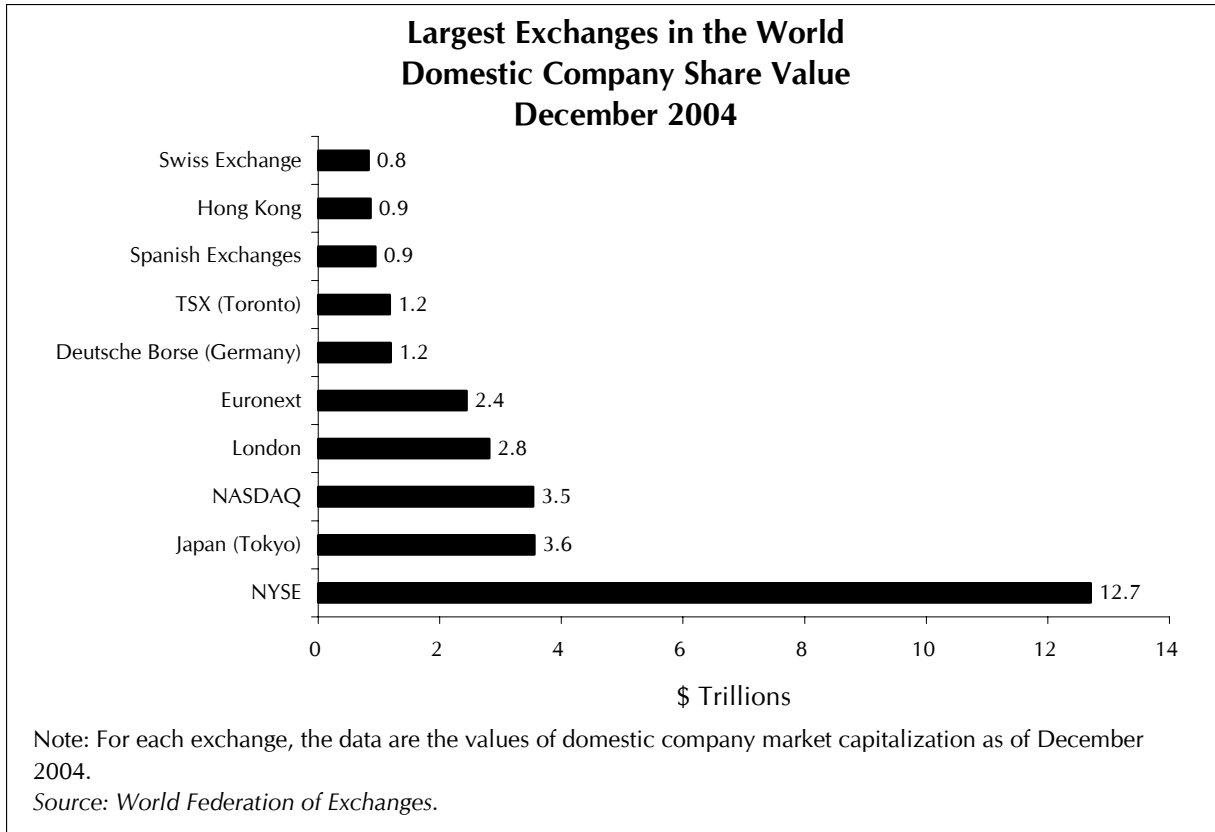


Figure 8

Virtually all of the State's securities industry wage loss in the first year after September 11th was in Manhattan. Manhattan lost \$9.7 billion in securities industry wages, which is 98.1 percent of the total \$9.9 billion of wages lost for the State securities industry in the year following September 11th. In addition, Lower Manhattan accounted for the majority of this loss with 92.3 percent of the State's securities industry wage loss; the Ground Zero area lost \$4.3 billion or 43.1 percent of the State's securities industry wage loss while the remaining area of Lower Manhattan lost 4.9 billion or 49.2 percent (see Figure 9).

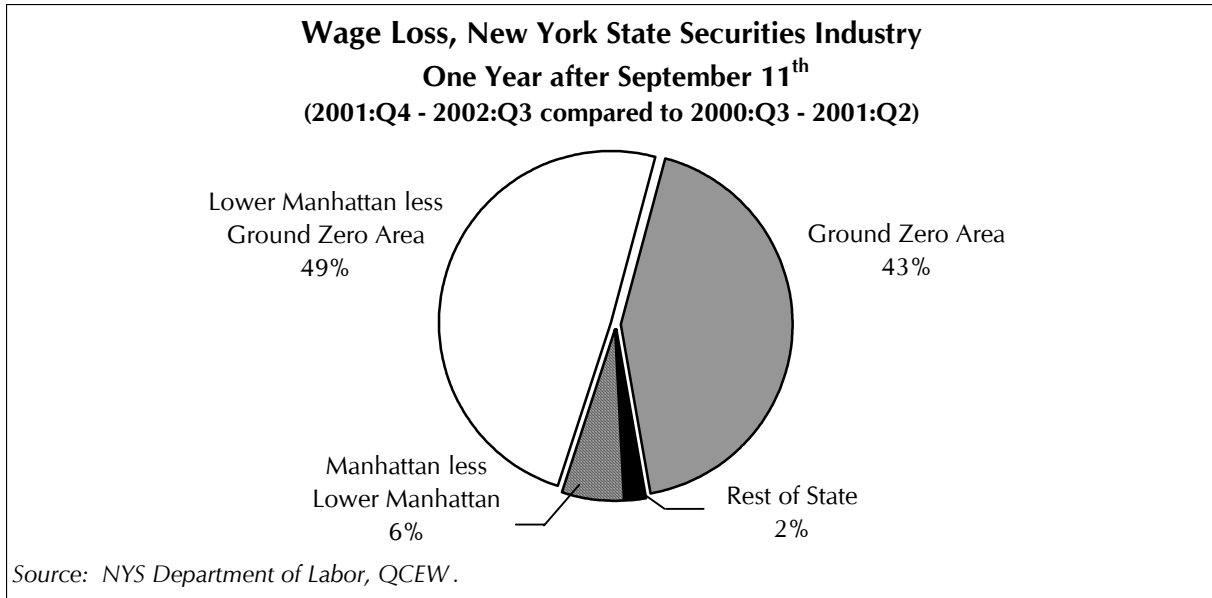


Figure 9

In the year following September 11th, securities industry wage losses were a large component of the State's total wage loss. In the year after September 11th, Lower Manhattan accounted for over three-quarters of all wages lost in the State. However, the Lower Manhattan securities industry alone accounted for \$9.2 billion or 62.9 percent of the State wage loss (see Figure 10). In contrast to the wage loss, the loss of employment was less severe in the year after September 11th. Lower Manhattan's securities industry lost 24,300 jobs, which accounted for 10.1 percent of the State's total loss in private sector employment.

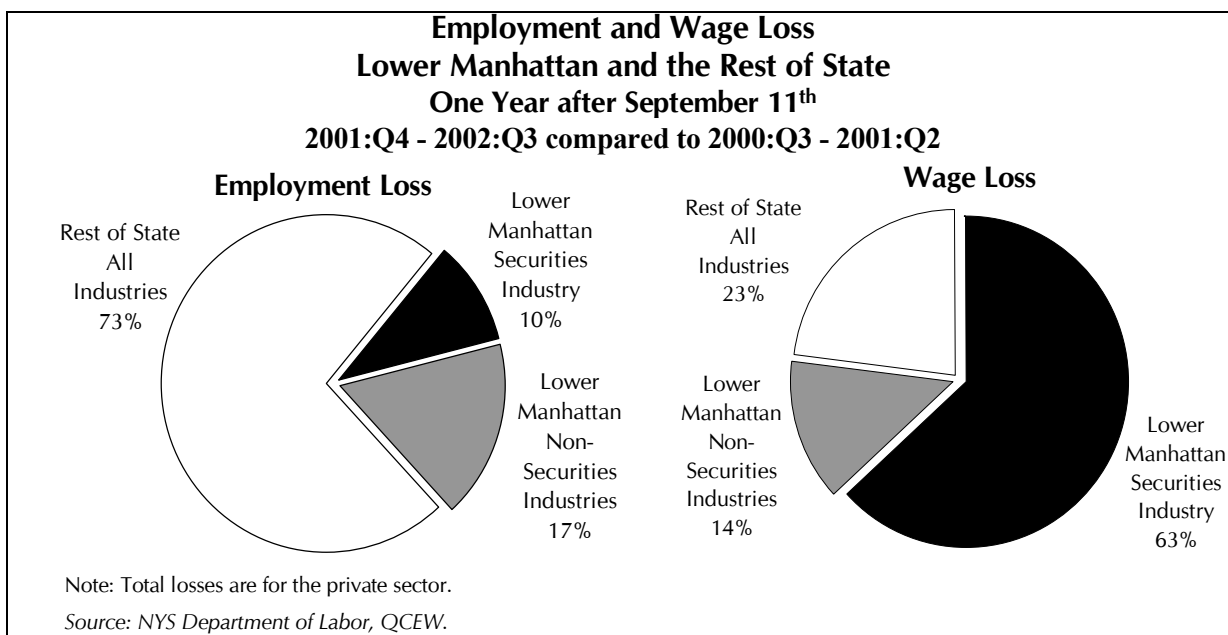


Figure 10

Many types of occupations in the securities industry have been moving away from Manhattan over the years. September 11th and the resulting relocation of securities industry workers may have accelerated this trend. Concerns regarding site vulnerability and the need for adequate backup facilities have created the potential for the future relocation of securities firms.

Other than retail brokerage work with smaller clients, where it may be beneficial to be close to the customer, most work in the securities industry involves frequent personal contact with people in related industries. This creates the need to be located in a geographical center. Securities industry firms also need to be close to outside supporting industries such as law firms specializing in the brokerage business and business services firms. Different lines of business within the securities industry are heavily interrelated. Mutual fund firms need the support of brokerage and research firms. Underwriting activity is likewise dependent on contact with other aspects of the securities business such as research and trading. Employee talent also has a high premium in the securities business, giving firms a recruiting reason to want to be close to where the best in the business already work. In addition, retailers, restaurants, and other establishments have built a niche in the area specifically catering to the preferences of those who work in the securities industry. There may also be an employee preference to be located in the financial capital of the world.

Apparel Industry

Prior to September 11th, employment in the State's apparel industry accounted for 7.6 percent of the State's employment in the manufacturing sector and less than 1.0 percent of total private sector employment in the State.¹⁹ Although the apparel industry is a relatively small share of State employment, the industry is heavily concentrated, with 53.8 percent of the State's apparel jobs located in Manhattan and 9,600 apparel jobs or 14.7 percent of the State total located in Lower Manhattan.²⁰

Within Lower Manhattan, much of the apparel industry is located in Chinatown (whose neighborhood is partially defined by the geographic area of postal zip code 10013).²¹ In zip code 10013, the apparel industry was affected more intensely compared to other parts of the State due to the local disruptions caused by September 11th. Prior to

¹⁹ The apparel industry is a manufacturing industry and does not include apparel retail stores.

²⁰ The Manhattan apparel industry, which has been in secular decline, experienced an employment loss of 3.2 percent per year between 1980 and 2000. In the year after September 11th, however, Manhattan apparel employment declined sharply at 21.9 percent, indicating a significant increase in the rate of employment loss.

²¹ Although the Chinatown neighborhood includes more than one zip code, for the purpose of this report we focus on postal code 10013, which had the largest percent of Asian residents of any Lower Manhattan zip code. Zip code data was constructed by aggregating data at the census tract level. According to the U.S. Census Bureau, the population in this area was 47.4 percent Asian, 43.5 percent Caucasian, 4.4 percent Hispanic, and 4.2 percent African American.

September 11th, the area of zip code 10013 had 6,500 apparel jobs or 9.9 percent of the State apparel industry. However, following September 11th this area lost 2,400 apparel jobs or 18.0 percent of the State’s employment decline in the apparel industry (see Figure 11).

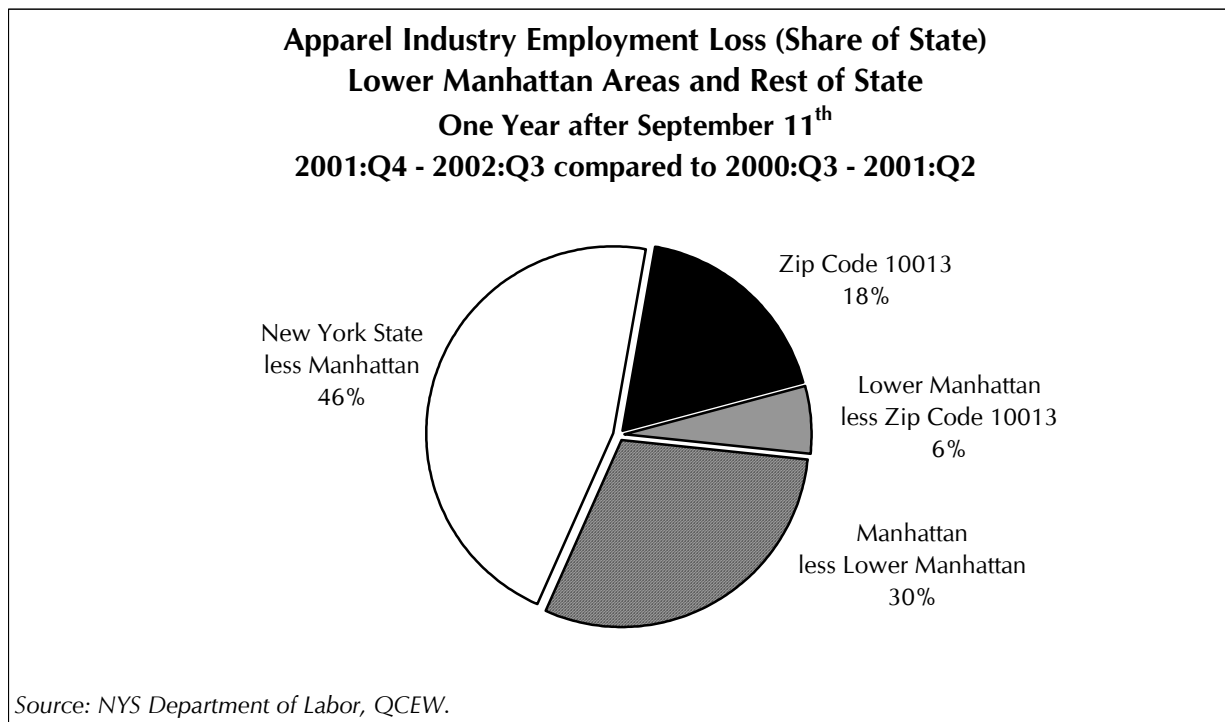


Figure 11

One reason the employment losses of the apparel industry in and around Chinatown were so significant is the concentration of residents that work in the industry. Prior to September 11th, the 6,500 apparel industry jobs in the area of zip code 10013 accounted for 12.3 percent of its total private sector employment, compared to the one percent share of apparel employment at the State level. A year after September 11th, over half, or 53.3 percent of the total number of jobs lost in zip code 10013 area were lost in the apparel industry. The loss of these 2,400 jobs represented a decline of 36.4 percent in apparel employment for the zip code 10013 area (see Figure 12).

Restricted public access to the area due to bridge and tunnel closures and disruptions in subway and bus services also plagued the apparel industry in and around Chinatown. The majority of apparel factories in the area were forced to close for at least a week due to the imposition of a “frozen zone.”²² Closed off streets prevented both deliveries getting in to the factories and finished products getting out to retailers. The

²² The prohibited zone from September 11-13, 2001, included all areas south of 14th Street. From September 14-18, 2001, the frozen zone covered all areas south of Canal Street.

Metropolitan Area Apparel Association reported a five to ten percent closure rate of garment factories in the first two weeks following September 11th.²³

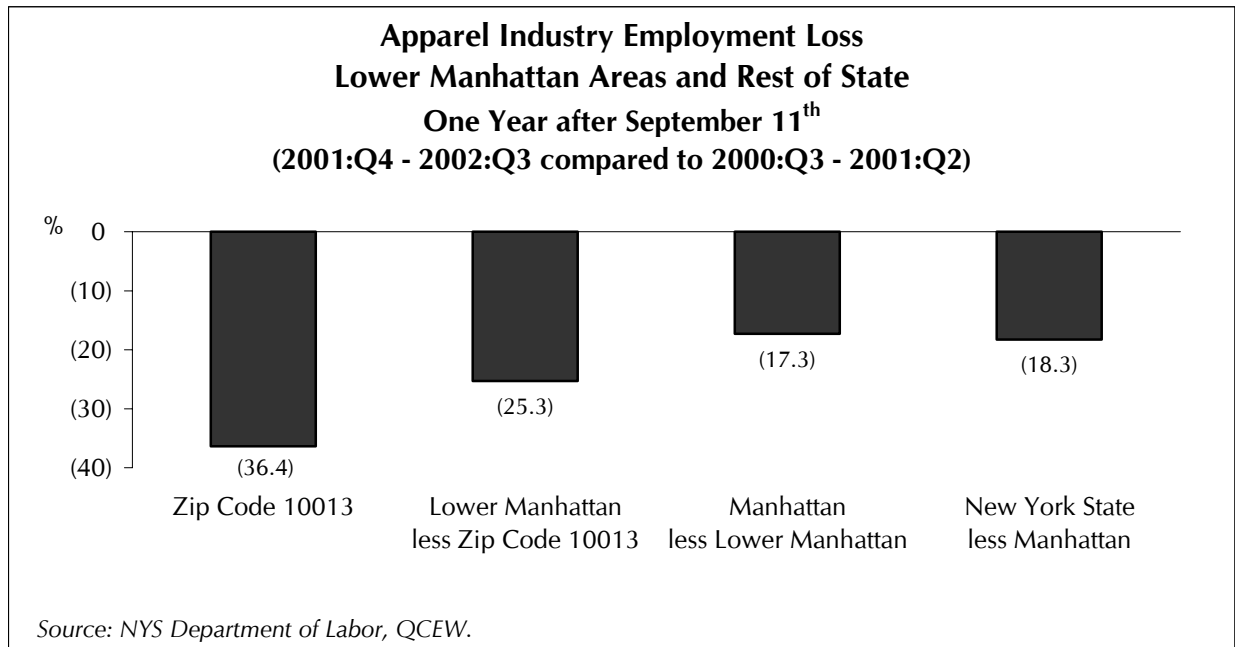


Figure 12

The losses in the apparel industry were also significant to the Chinatown neighborhood due to the obstacles faced by the majority of its workers. The apparel industry has been documented to be a largely immigrant population with limited English speaking skills, as well as low levels of income, education, and training.²⁴ Barriers to employment outside of the industry are substantial as workers face limited alternatives in an industry strapped by thin profit margins even before September 11th.

²³ Asian American Federation of New York, *Chinatown One Year after September 11th: An Economic Impact Study*, November 2002.

²⁴ According to the Asian American Federation of New York, *Chinatown One Year after September 11th: An Economic Impact Study*, 2002: 81 percent of Asians in Chinatown were born overseas; nearly 70 percent do not have a high school diploma; nearly 60 percent do not speak English proficiently; and nearly one-third live below the poverty level. The report defines Chinatown as the geographic area contained in postal zip codes 10002, 10012, 10013, and 10038. This area lost 12,000 jobs for a decline of 8.1 percent and \$690 million in wages for a decline of 8.8 percent in the year after September 11th. The apparel industry in this area lost 3,000 jobs for a decline of 32.6 percent and \$38.4 million in wages for a decline of 35.8 percent in the year after September 11th.

Tourism

New York City welcomed 36.2 million visitors in 2000 with 6.8 million or 18.7 percent coming from international travel.²⁵ In 2001, the number of visitors to the City declined by just over one million, a decline of 2.7 percent over the previous year (see Figure 13). While the number of domestic visitors actually increased in 2001, it was the drop in international travel that drove the decline of all visitors to the City to their lowest levels since 1988.²⁶ In 2002, domestic visitors began to return, contributing to a slight increase in overall visitors to 35.3 million, a 0.3 percent increase from the previous year.

In 2001, the number of international visitors to New York City fell by 1.1 million, a decline of 15.8 percent. Since 2001, the number of domestic visitors to New York City increased in every year, but the number of international visitors declined until 2003. In 2004, both the number of domestic visitors and the number of international visitors are expected to increase.

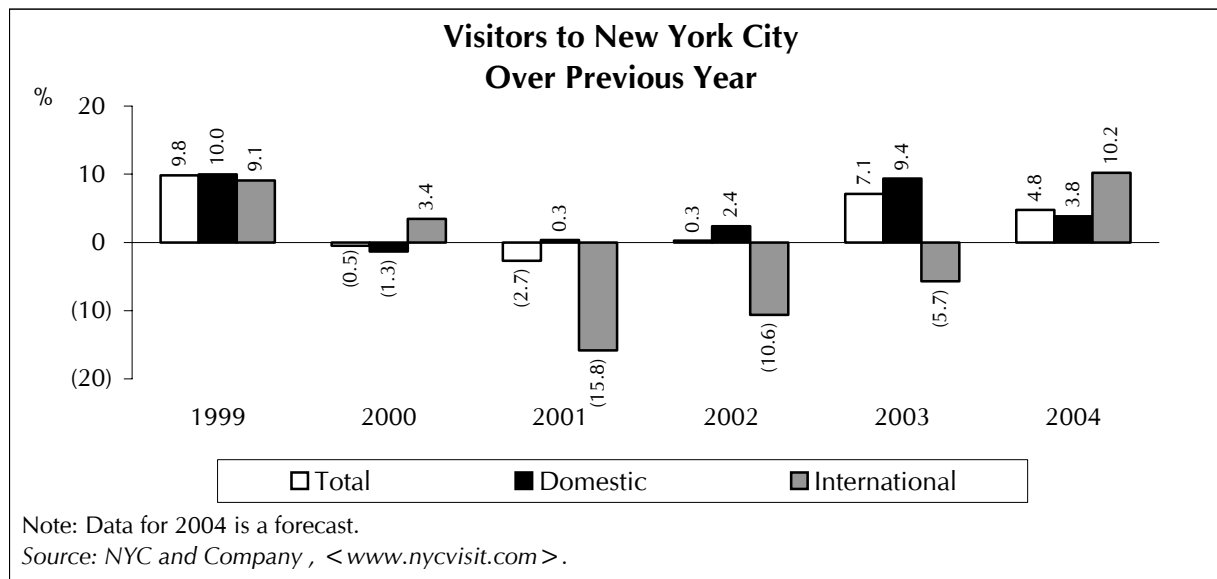


Figure 13

Air Transportation

One important component of New York City tourism, especially in regard to international travel, is the air transportation industry. September 11th led to large disruptions in air travel. In 2001 the airline industry experienced total losses of

²⁵ The discussion on tourism is based on calendar year data; therefore, the changes in the year before or after September 11th are not discussed.

²⁶ New York City and Company <www.nycvisit.com> (February 2005).

\$7.7 billion, the first annual loss since 1994.²⁷ In 2001, passenger traffic fell 11 percent at JFK and 16 percent at LaGuardia.²⁸

Air transportation employment in New York City suffered especially large declines in the fourth quarter of 2001. New York State lost a total of 11,700 jobs compared to the previous year's fourth quarter and almost 7,600 of these jobs were in Queen's County, the location of both JFK and LaGuardia. Declines in air transportation employment and wages continued in the year following September 11th, with employment affected more than wages.

In the year following September 11th, New York State lost a total of 11,821 air transportation jobs, a decline of 14.7 percent. Wages fell by \$262.8 million, a decline of 7.8 percent from the previous year. Lower Manhattan, which had only 1,900 air transportation jobs prior to September 11th, lost 442 jobs, a decline of 23.5 percent. Air transportation wages in Lower Manhattan fell by \$8.6 million, a decline of 14.1 percent.

Hotels and Eating & Drinking

In the year after September 11th, a drop in tourists, commuter traffic, and general activity throughout the City led to a decline in employment in New York City hotels and eating and drinking establishments. In addition, the destruction or damage of establishments located at Ground Zero further contributed to this area's decline, resulting in a drop of 71.5 percent in hotel employment and 68.7 percent in eating and drinking employment at the Ground Zero area. Although the magnitude of the loss (500 hotel jobs and 1,100 eating and drinking jobs as shown in Figure 14) was relatively small compared to the aggregate loss in the area, the percentage declines were among the highest of all industries located in the Ground Zero area.

In Manhattan, employment at eating and drinking places declined by 5,900 jobs or 5.8 percent, while employment in eating and drinking places in the rest of the State increased by 2,000 jobs or 0.6 percent. Employment in Manhattan hotels declined by 3,000 jobs or 8.2 percent, while employment in hotels in the rest of the State declined by 1,900 jobs or 3.8 percent.

²⁷ Operating loss in 2001 was the first annual loss after 1992 and includes \$5 billion from the federal government given to the airlines after September 11th. See Air Transport Association of America, "ATA Annual Report 2002;" and "U.S. Airlines: Historical Trends," November 27, 2002 <<http://www.airlines.org>> (April 1, 2004).

²⁸ Between 1991 and 2001, passenger airline traffic increased 7 percent at both JFK and LaGuardia airports, much slower than the 33 percent increase at Newark, 14 percent increase at Chicago O'Hare, and 35 percent at Los Angeles International. JFK dropped from the seventh busiest airport to the fifteenth busiest from 1991 to 2001 while LaGuardia fell from the fifteenth busiest airport to the twenty-second busiest during the same period. See Jonathan Bowles, "Bumpy Skies," *Center for an Urban Future*, October 25, 2002.

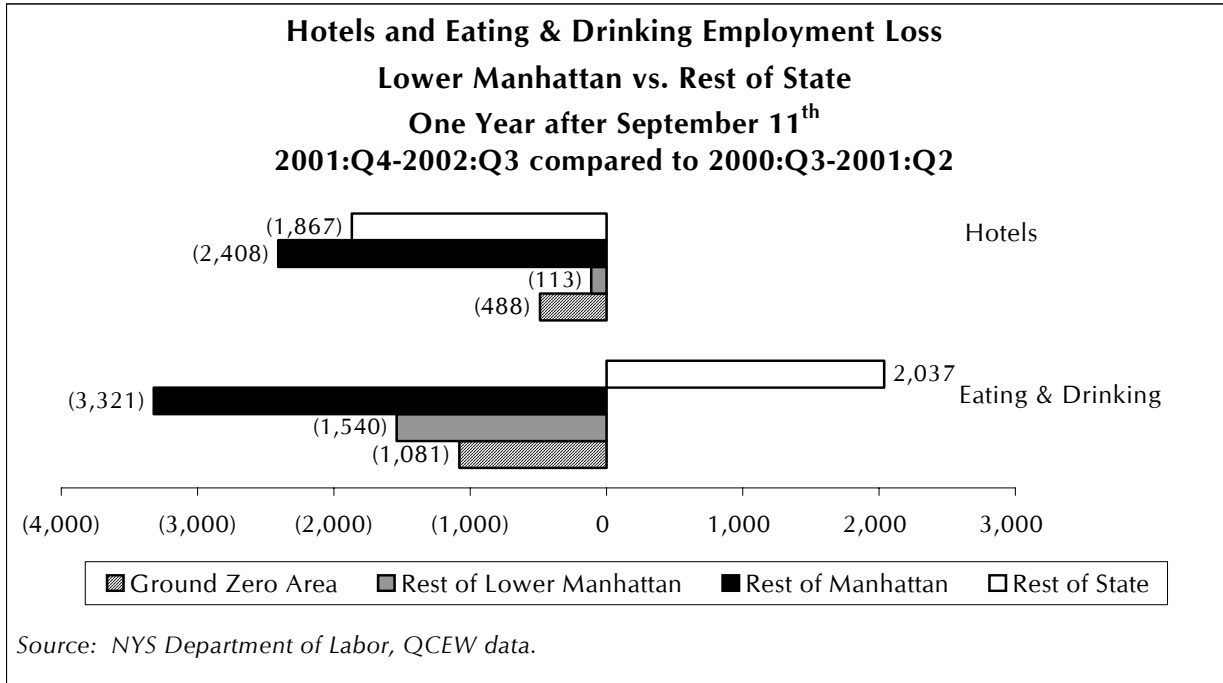


Figure 14

Eating and drinking places and hotels in Manhattan outside Lower Manhattan suffered the largest employment losses in the year after September 11th. The area of Manhattan outside of Lower Manhattan lost 3,300 jobs in eating and drinking establishments, a decline of 4.8 percent whereas the rest of the State increased slightly by 0.6 percent. Employment losses in the hotel industry were also the greatest in this area declining by 7.0 percent while the rest of the State declined by 3.8 percent.

Relocation of Office Space

After September 11th, 34.5 million square feet of office space in downtown Manhattan was destroyed or damaged.²⁹ The six World Trade Center properties that were destroyed accounted for 13.4 million square feet of office space. In addition, 21.1 million square feet of space was damaged, of which 14.4 million square feet were Class A and 6.7 million square feet were Class B and Class C space. The destroyed and damaged Class A space accounted for 59.6 percent of the total downtown Manhattan Class A space.³⁰

Apart from the loss of office space that was destroyed by the events of September 11th, downtown Manhattan also lost 3.4 million square feet since 2001 due to the conversion of office space to residential space. The inventory of downtown office space

²⁹ Data from TenantWise.Com, <<http://www.tenantwise.com>>.

³⁰ New York City accounts for 10 percent of the nation's stock of office space. See Hugh F. Kelly, "The New York Regional and Downtown Office Market: History and Prospects after 9/11," (report prepared for the Civic Alliance, August 9, 2002).

fell from 107.5 million square feet in 2000 to 90.6 million square feet in 2004 as a consequence, reflecting a cumulative loss of 16.9 million square feet.³¹ In 2003, downtown Manhattan had the third largest stock of office space among central business districts in the nation, after midtown Manhattan and Chicago. In 2004, downtown Manhattan's position fell to fourth, while the Washington, D.C. central business district moved up to occupy the third position.

Table 3

Relocation of Office Space by Large Tenants (Thousands of Square Feet) as of September 2003						
	Total	Downtown	Midtown	New Jersey	Other Locations	Locations Not Known
Total	13,883	4,087	6,256	786	804	1,950
Securities Industry	5,446	690	2,977	296	165	1,317
Banks	2,569	1,739	537	0	10	283
Insurance	2,114	173	877	376	498	190
Other Financial	1,721	1,305	287	0	39	90
Business Services	708	0	625	0	53	30
Legal Services	502	22	440	0	0	40
Other Industries	405	46	279	80	0	0
Computer Services	339	112	206	0	21	0
Communications	47	0	29	0	18	0
Printing, Publishing	33	0	0	33	0	0

Note: Large tenants occupy 10,000 square feet of space or more.
Source: *Tenantwise.Com, September 2003.*

Of the 34.5 million square feet of office space that was affected by the events of September 11th, 23.5 million square feet were occupied by large tenants—firms that occupy 10,000 square feet of space or more (see Table 3 above). Of these 23.5 million square feet, 13.9 million square feet were relocated. The new offices to which downtown tenants relocated were mostly in midtown Manhattan, which accounted for 45.1 percent of the office space to which downtown large tenants moved (see Figure 15). Of the locations to which downtown large tenants moved, 4.1 million square feet or 29.4 percent of the relocation was within downtown. The figures in Table 3 and Figure 15 do not count the 9.6 million square feet of the space in downtown to which tenants returned after a temporary period of evacuation following the events of September 11th.

The number of downtown Manhattan jobs affected by relocation decisions was estimated at 137,900. Of these jobs, 72,400 or 52.5 percent were to return to downtown Manhattan as of September 2003. Of the 64,500 jobs leaving downtown, 39,700 or

³¹ Data from Cushman and Wakefield. We wish to acknowledge Cushman and Wakefield research for helpful discussions.

61.6 percent were expected to leave to midtown Manhattan. Relocation to New Jersey was expected to be 16,200 or 11.8 percent of those jobs that were affected.³²

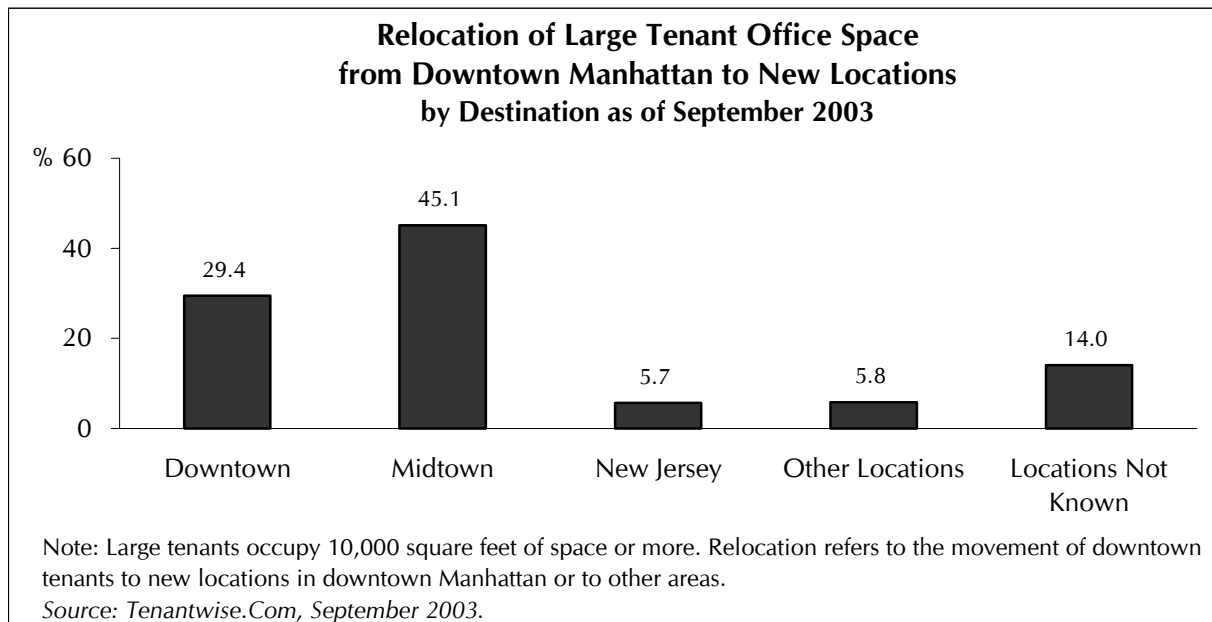


Figure 15

The relocation of business to midtown Manhattan differed significantly across industries. Business services accounted for the largest share of the relocation to midtown Manhattan, with 88.3 percent of all the affected space relocating to midtown locations. The shares of those relocating to midtown Manhattan were also high in computer services, legal services, securities, and insurance industries (see Figure 16).

³² TenantWise.Com, see *Special Reports: WTC Tragedy*, Special Report: "WTC Tenant Relocation Summary," September 2003. The new office location for 1,000 jobs was not decided as of September 2003. The estimate of relocation to New Jersey is similar to an earlier estimate of 11 percent. See Dow Jones, *Rebuilding Wall Street*, November 7, 2001.

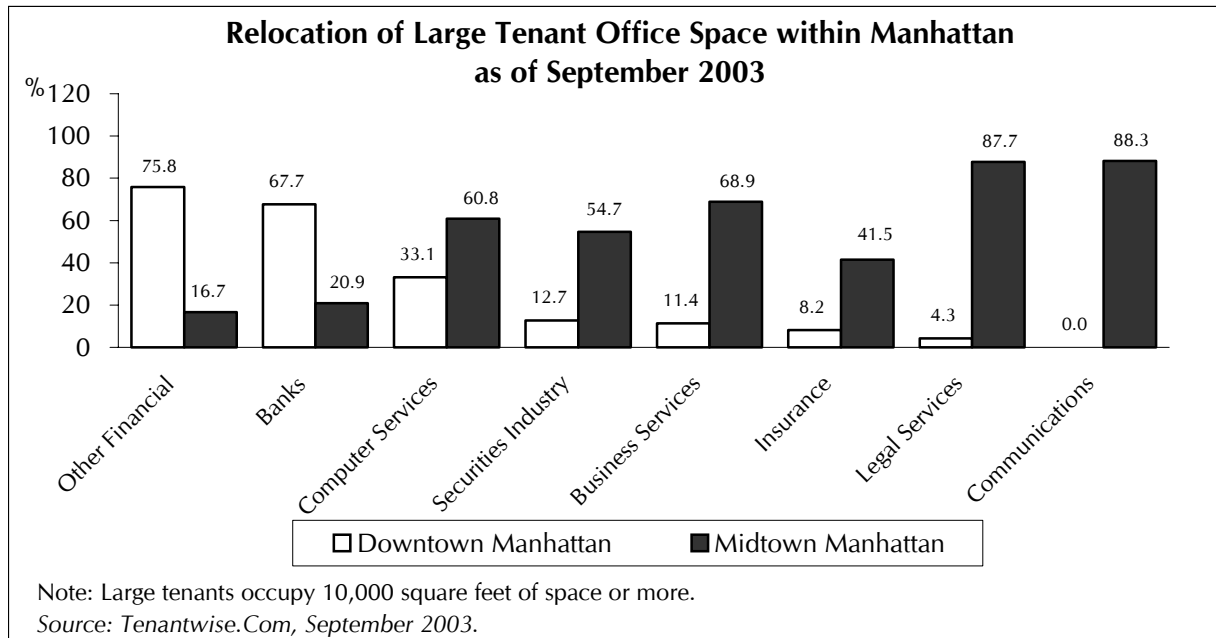


Figure 16

The migration out of Manhattan was highest in the insurance, securities, and transportation industries.³³ As of September 2003, it was estimated that the movement to New Jersey was highest in the insurance industry. The relocation to New Jersey accounted for 17.8 percent of the insurance industry relocation of 2.1 million square feet. In the securities industry the relocation to New Jersey accounted for 5.4 percent of the securities industry relocation of 5.4 million square feet. The destination of 14.0 percent of the affected activity is still not fully determined, including 24.2 percent of the affected space in the securities industry.

The amount of Manhattan office space, measured by the office space inventory (which includes the stock of occupied and unoccupied office space), was generally steady in the 1990s. During 2001, the office space inventory fell by 13.5 million square feet, a reflection of the effect of the destruction of office space due to September 11th (see Figure 17).³⁴ In September 2001, there were 32.2 million square feet of office space in Manhattan vacant or available in the next six months.³⁵ The stock of office space expanded by 8.2 million square feet in 2002, reflecting the reclamation of damaged space, and the new office space brought to the market from construction projects that had begun earlier. In September 2001, there were 7.5 million square feet of office space under construction in

³³ The transportation firms that were affected provided shipping and travel services. The firms moved to New Jersey.

³⁴ The damaged space is included in the office space inventory for 2001

³⁵ Cushman and Wakefield, "The Manhattan Office Market after the World Trade Center Tragedy," *Market Beat Special Report*, 2001.

midtown Manhattan, and this resulted in an increase in the inventory of office space in Manhattan in 2002.³⁶

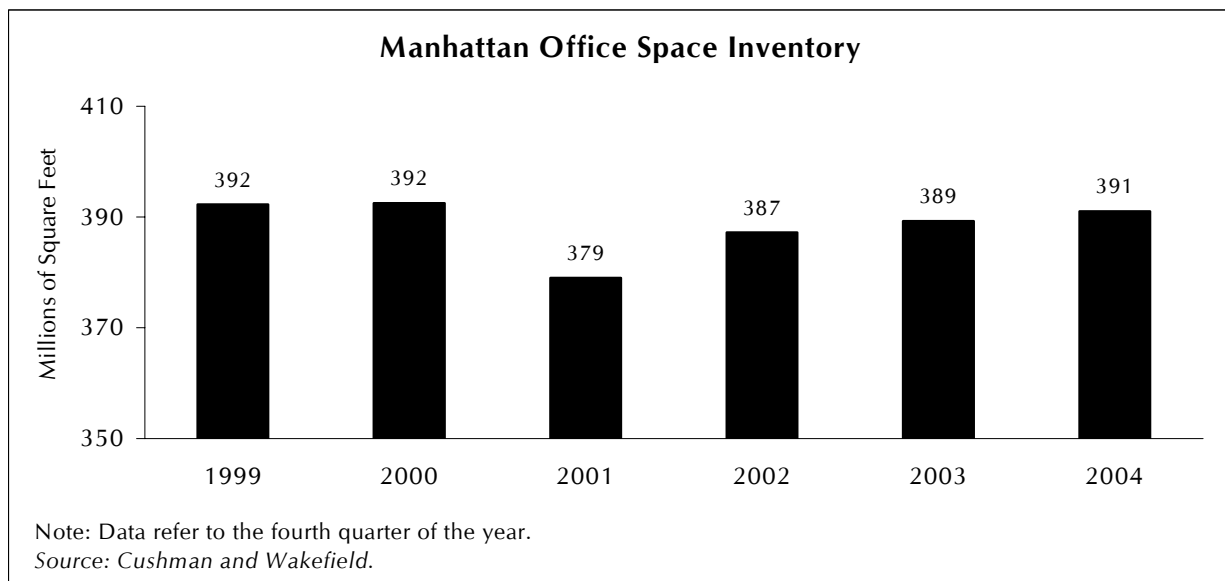


Figure 17

The recession and the effects of September 11th reduced the demand for Manhattan office space. Between the fourth quarter of 2000 and the fourth quarter of 2003, the Manhattan office vacancy rate rose from 3.8 percent to 12.5 percent (see Figure 18). The inventory of downtown office space fell from 92.9 million square feet in 2004. However, the vacancy rate changed very little: in 2003 the rate was 13.5 percent, and in 2004 the rate was 13.7 percent (see Figure 19). This implies a fall in occupied space by 2.2 million square feet, which was due in good measure to the conversion of office space to residential space. Since 2001, 3.4 million square feet of downtown office space was converted to residential space.³⁷

³⁶ *ibid.*

³⁷ Cushman and Wakefield, Press Release, October 2004. We wish to acknowledge Cushman and Wakefield research services for helpful discussions on this topic.

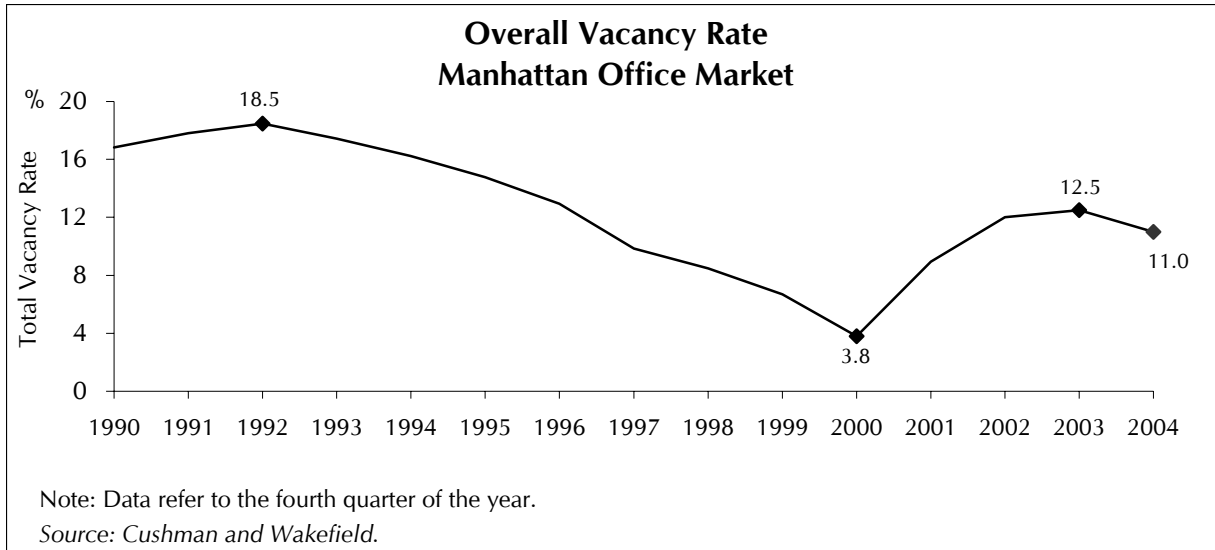


Figure 18

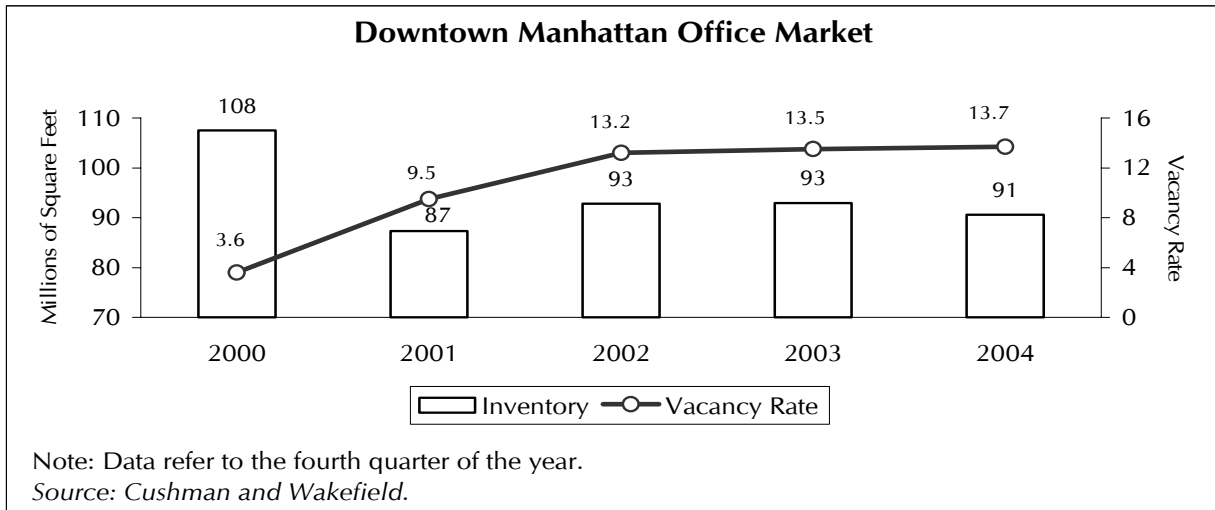


Figure 19

The amount of occupied office space fell 15.4 million square feet in 2001, but increased by 7.0 million square feet in 2002 and by 1.8 million square feet in 2003, as firms relocated to occupy their original and reclaimed office locations. The decline in occupied space in Manhattan between the fourth quarter of 2000 and the fourth quarter of 2003 was 6.6 million square feet, largely on account of the loss of employment in this period.

Not all indicators of activity in Lower Manhattan are negative, however. The Pace Downtown Index, which is based on the financial market, the real estate market, and on output overall shows a gradual increase in activity in downtown Manhattan in 2004.³⁸ In

³⁸ The Pace Downtown Index is produced by the Pace University Center for downtown New York.

fact, in the second quarter of 2004, the most recent quarter for which data is available, Lower Manhattan private employment increased by 14,500 jobs or 3.2 percent over the previous year. However, in the fourth quarter of 2004, occupied office space fell 1.6 percent over the previous year, and the office space rental rate fell 14.5 percent over the previous year in downtown Manhattan. Since September 2001, the asking rent on downtown retail space has remained stable, but the availability of space increased sharply, from 1.8 million square feet in September 2001 to 2.3 million square feet in September 2003, indicating weak demand for retail space (see Figure 20). However, both the number of stores and the asking rent on retail space have risen between 2003 and 2004 in Lower Manhattan, while the amount of space available for rent fell, indicating gradual improvement in the retail market.³⁹

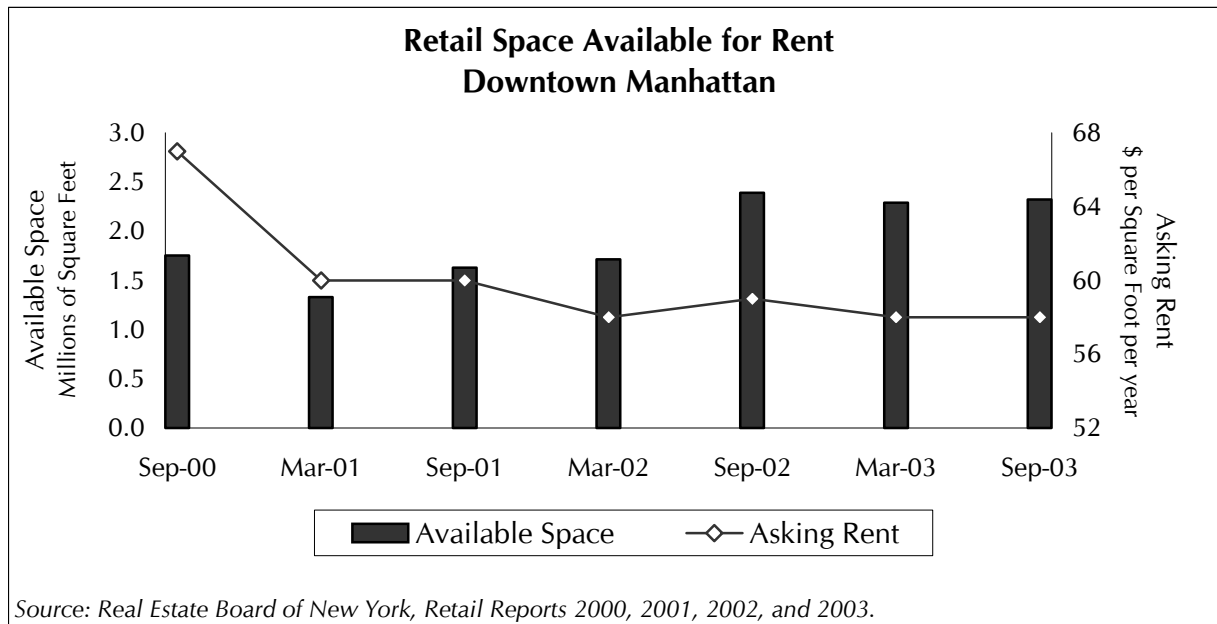


Figure 20

³⁹ Real Estate Board of New York, Retail Report, fall 2004.

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NEW YORK CITY AND LOWER MANHATTAN IN RECENT DECADES

In the three years after September 11th, 14.0 percent of Lower Manhattan private sector employment and 20.9 percent of Lower Manhattan private sector wages were lost. Of the 34.5 million square feet of office space affected by the events of September 11th, 13.4 million square feet were destroyed. The disruption of economic activity after September 11th affected the access to Lower Manhattan and there was significant damage to Lower Manhattan transportation, power supply, and telecommunications infrastructure. The economic losses were concentrated in the Ground Zero area and in the securities industry.

These losses may be placed in the context of the economic developments in the Lower Manhattan economy in recent decades. In the 1970s, the New York City economy suffered a large decline, due to fiscal difficulties in New York City government, the movement of upper and middle-income groups to the suburbs, and the loss of manufacturing activity to other regions of the United States.⁴⁰ This decline was reversed in the 1980s and 1990s led by a strong and rapid expansion of the securities industry and related services in Manhattan. The increased demand for financial services and innovations in the financial services industries were the principal factors in the expansion of the New York City economy. The creation of new office space in the World Trade Center and the increase in the availability of residential space in Battery Park City also contributed significantly to the sustained expansion of the Lower Manhattan economy in the decades since 1980.

Changes in population and occupied housing in these decades are assessed using data from the U.S. Census. Data that are comparable across decades at the census tract level are used to compare changes in Manhattan locations since 1970.⁴¹ Employment and wage data that are comparable across decades are available at the county level from the Quarterly Census of Employment and Wages since 1980. The expansion and contraction of employment and wages in Manhattan industries is described with this data.

Population and Occupied Housing

During the 1970s, New York City experienced a significant drop in population and occupied housing, both within and outside Manhattan. Widespread abandonment of apartment buildings by landlords in the South Bronx, Harlem, and Brooklyn contributed to the collapse of entire neighborhoods.⁴² The contrast between the 1970s and the decades

⁴⁰ U.S. Congress, Congressional Budget Office, *New York City's Fiscal Problem: Its Origins, Potential Repercussions, and Some Alternative Policy Responses*, Background Paper no. 1, October 10, 1975.

⁴¹ Decennial census data that use comparable definitions of census tracts were available for 1970, 1980, 1990, and 2000 from Geolytics, a private firm based in New Jersey.

⁴² Milton Klein, *The Empire State, A History of New York* (Cornell University Press with the NYS Historical Association, 2001).

that followed is seen in Figure 21 and Figure 22: in Lower Manhattan, population declined 5.8 percent between 1970 and 1980 but rose 9.2 percent in the 1980s and 4.0 percent in the 1990s (see also Appendix Table 11 and Table 12 on page 46).

However, occupied housing in Lower Manhattan grew during all three decades, increasing by 4.4 percent in the 1970s, 8.3 percent in the 1980s, and 6.8 percent in the 1990s.⁴³ The decline of New York City neighborhoods was reversed in the eighties and nineties as economic growth spurred by the financial district began to lure residents to the City. From 1970 to 2000, the City's population grew 1.4 percent while occupied housing grew 6.6 percent.⁴⁴ However, the City's growth was not evenly distributed, with the World Trade Center and Battery Park City area being among those growing more rapidly. The final pages of the Appendix present maps of Lower Manhattan indicating the density of housing in 2000 and the growth of population and housing during the 1970-2000 period in the areas of Lower Manhattan.

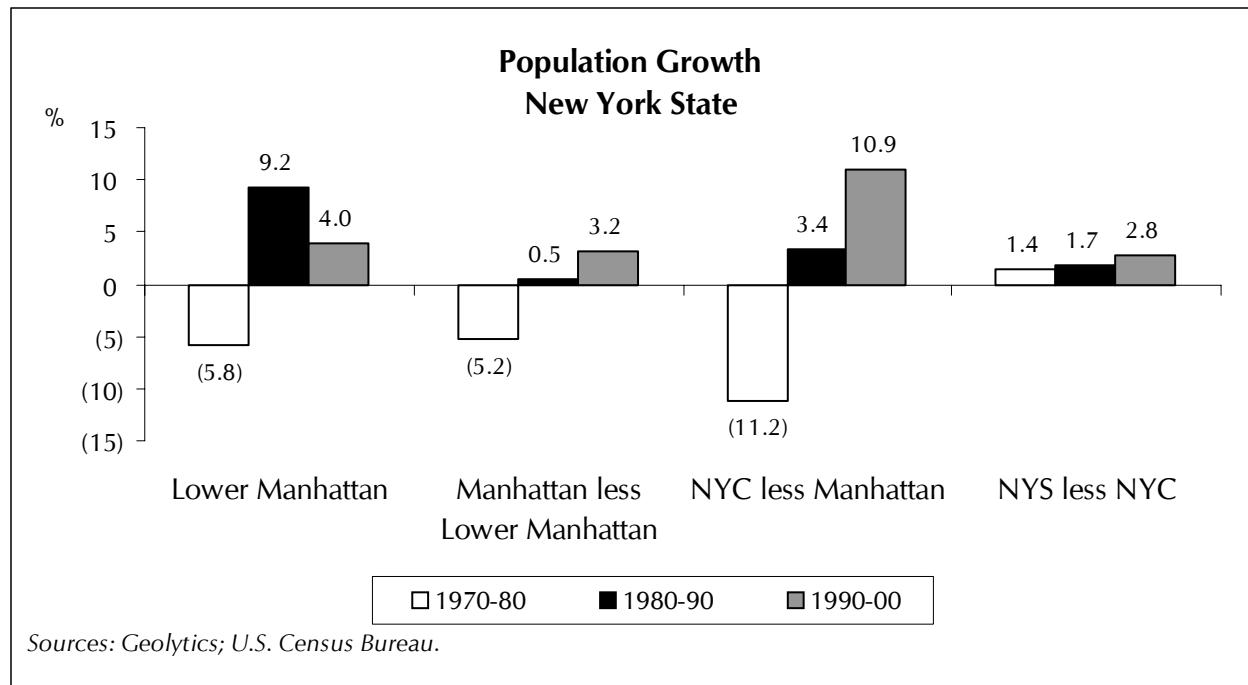


Figure 21

⁴³ Occupied housing is defined by the U.S. Census Bureau as follows: a housing unit is occupied if a person or group of persons is living in it at the time of the interview or if the occupants are only temporarily absent, as for example, on vacation. The persons living in the unit must consider it their usual place of residence or have no usual place of residence elsewhere. The count of occupied housing units is the same as the count of households.

⁴⁴ This indicates a fall in household size over the thirty-year period.

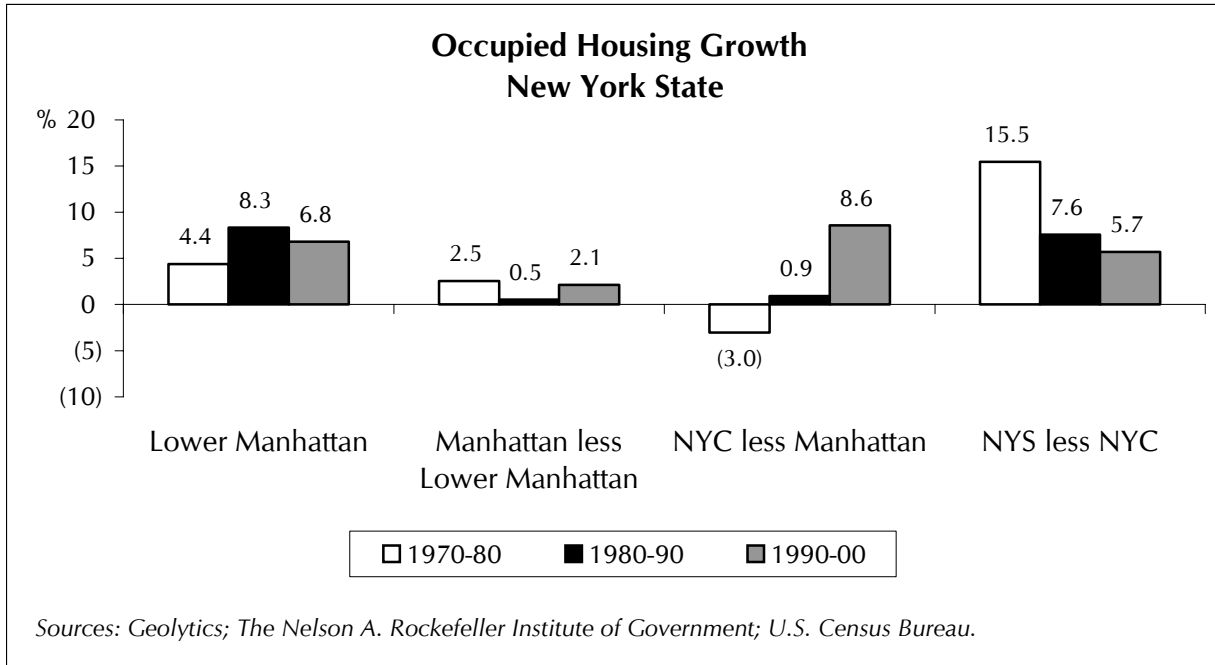


Figure 22

World Trade Center and Battery Park City Area

A closer look at Lower Manhattan reveals the impact of the construction of the World Trade Center and the development of Battery Park City had on the area’s population and occupied housing growth.⁴⁵ The opening of the World Trade Center in 1973 and the initial planning stages for the development of Battery Park City began to slowly attract residents to the area. In 1980, construction began on the first Battery Park residential development and in 1982 the first tenants moved into a 1,712-unit complex called the Gateway Plaza. By 1985, another 2,200 residential units were completed and the World Financial Center opened.⁴⁶ Approximately 9,000 people lives in Battery Park City, home to over 20 residential buildings with close to 7,000 units, 7.5 million square feet of office space, 22 restaurants, 3 public schools, and over 28 acres of parks.⁴⁷

The turnaround in population growth in Lower Manhattan after the decline of the 1970s is seen in the data presented in Table 4. In the 1970s, Lower Manhattan lost 15,800 residents, while the region gained 23,700 residents in the 1980s and 11,200 in the 1990s. While Lower Manhattan gained 19,000 residents in the 1970-00 period, Manhattan

⁴⁵ The World Trade Center and Battery Park City area is defined as census tracts 36061001300 and 36061031701, since the population data is available at the census tract level.

⁴⁶ City Project, Special Reports and Other Publications: “The Failed Promise of Battery Park City: Housing and Governance Issues Along the Hudson,” September 2000, <www.cityproject/publications/index.org>.

⁴⁷ Battery Park City Authority, Annual Review, 2002 <www.batteryparkcity.org/BPCA_AR_02.pdf>. Data refers to fiscal year 2002.

remained stable over the thirty-year period. New York City gained 113,400 residents between 1970 and 2000 despite the loss of 793,600 residents in the 1970s.

Table 4

New York City Population Change				
	1970-80	1980-90	1990-00	1970-00
New York State	(650,552)	404,040	986,002	739,490
New York City	(793,629)	221,331	685,714	113,416
Manhattan	(81,354)	29,657	49,659	(2,038)
Lower Manhattan	(15,841)	23,696	11,156	19,011
WTC/BPC	15	5,784	3,626	9,425
Rest of Manhattan	(65,513)	5,961	38,503	(21,049)
Bronx	(302,729)	34,817	128,861	(139,051)
Kings	(370,984)	69,636	164,662	(136,686)
Queens	(95,148)	60,273	277,781	242,906
Richmond	56,586	26,948	64,751	148,285
Rest of State	143,077	182,709	300,288	626,074

Note: WTC/BPC is the World Trade Center and Battery Park City area.
Sources: Geolytics; U.S. Census Bureau.

The last thirty years of extremely rapid growth in the World Trade Center and Battery Park City area fueled both the population and occupied housing increase observed in Lower Manhattan. From 1970 to 2000, both population and occupied housing in the World Trade Center and Battery Park City area experienced rapid growth, with almost two-thirds of this growth occurring during the 1980s. From 1970 to 2000, the growth in resident population of the World Trade Center and Battery Park City area contributed to 49.6 percent of the population increase in Lower Manhattan (see Figure 23). During the same time period, the growth in occupied housing in the World Trade Center area accounted for 21.6 percent of Lower Manhattan's occupied housing growth.

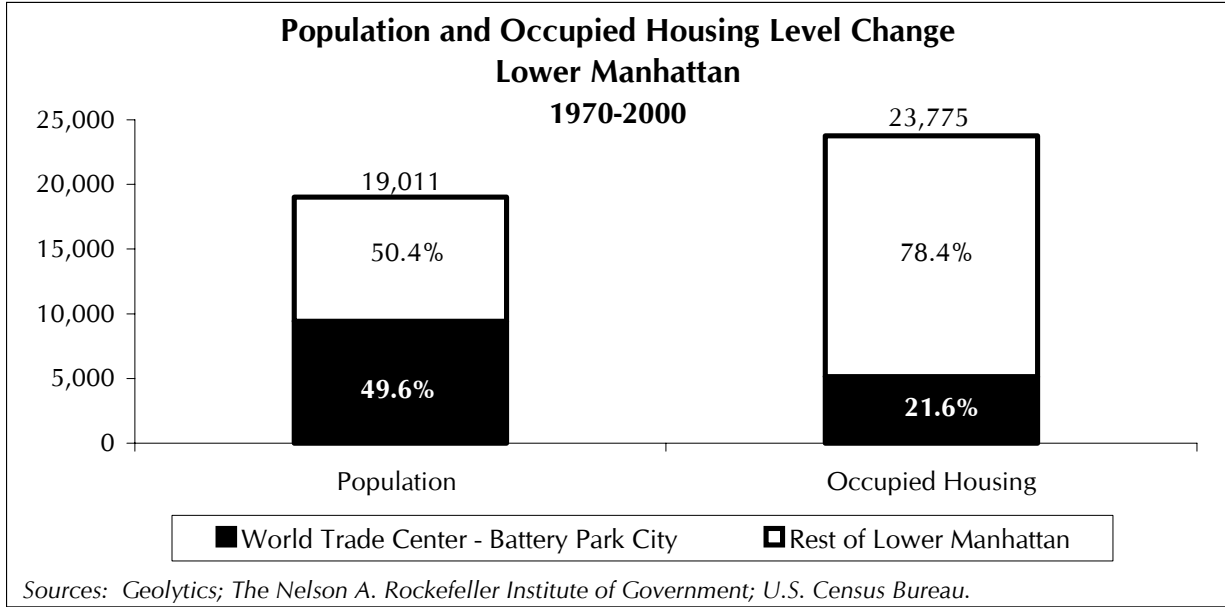


Figure 23

Employment and Wages

Data on population and occupied housing were analyzed since 1970; however, employment and wage data that are comparable over time are available from the Quarterly Census of Employment and Wages only since 1980. These data are available only at the county level; therefore, our analysis is based of employment and wage data for Manhattan for the two decades since 1980. In the two decades between 1980 and 2000, Manhattan employment grew more slowly than wages.⁴⁸ The average annual growth rate for employment in this period was 0.4 percent, while wages grew 7.5 percent. The slow growth of employment in the period was partly due to the large loss of employment in Manhattan during the national recession of 1990-91. A second reason for slow employment growth is the change in the composition of employment, which also explains why employment growth has been slower than wage growth.

Between 1980 and 2000, employment in Manhattan industries grew at remarkably different rates. This divergence in industry employment growth rates is seen in Figure 24, which contrasts the annual growth rates of employment in the industries with the fastest increase with those in the industries with the fastest decline. Manhattan non-farm employment grew 0.4 percent per year between 1980 and 2000. During this period, securities industry employment grew the fastest, at 4.0 percent per year. Employment in water transportation declined the fastest, at 8.9 percent per year. Non-farm employment increased 176,900 in the two-decade period. In the five industries with the fastest rates of employment increase, 201,300 jobs were gained. In the same period, the five industries with the fastest rate of employment decline lost 175,600 jobs.

⁴⁸ Employment and wage data in this section are the sum of private and government sectors.

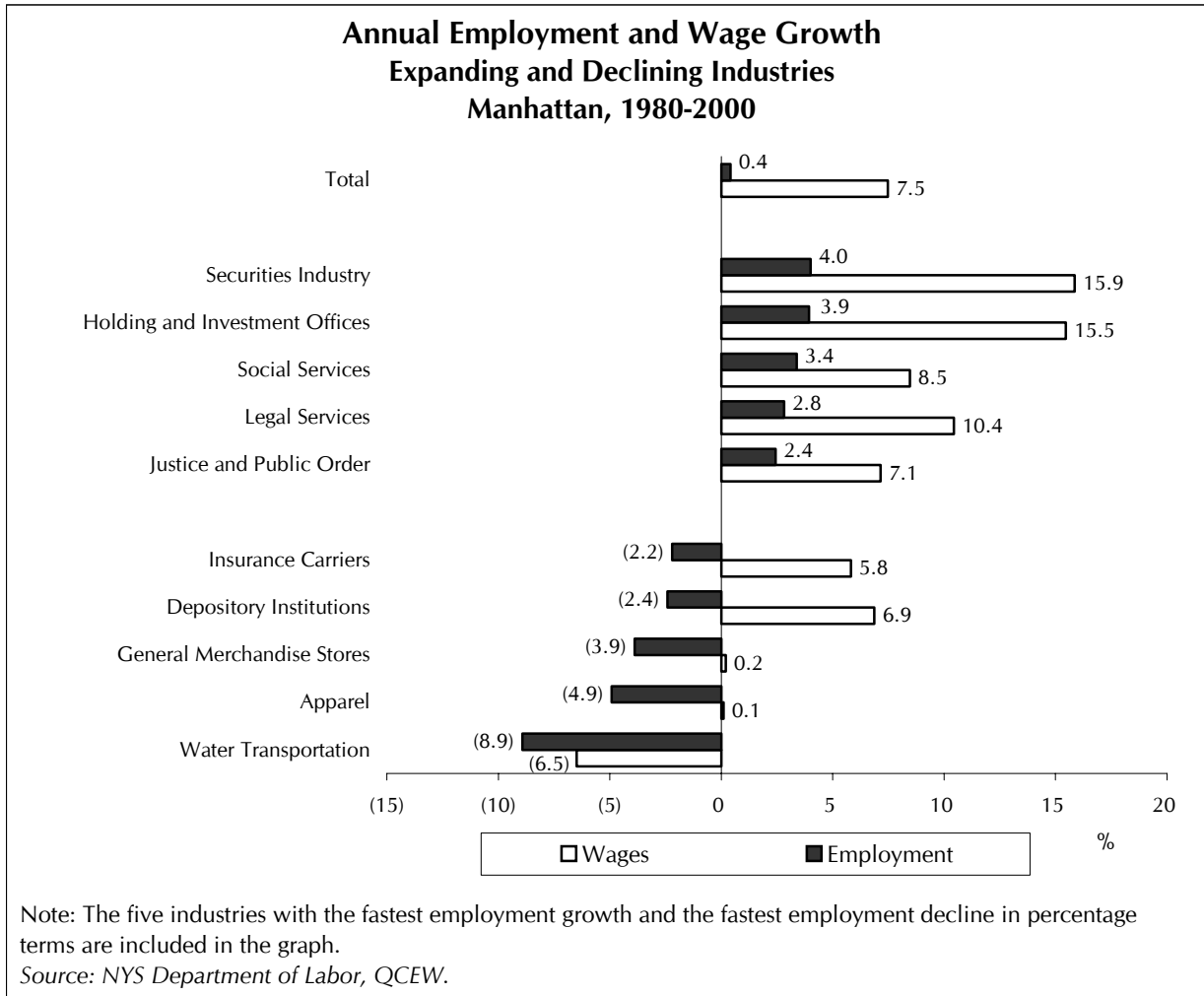


Figure 24

In recent decades, the demand for financial services increased significantly, owing to increased participation in equity markets, the increased demand for saving to finance retirement, and the increased global demand for financial assets. Improvements in the technology of the provision of financial services and the increase in the number of financial products also contributed to the expansion in the market for financial services.⁴⁹ The expansion in the availability of Manhattan office and residential space facilitated the expansion of the securities industry in Lower Manhattan in the last few decades at a relatively rapid pace. The expansion of the securities industry increased the demand for associated services, particularly legal services, business services, and engineering, accounting, etc, which were among the fastest growing sectors in the 1980-2000 period

⁴⁹ New York State Assembly Ways and Means Committee, *The Securities Industry and New York State*, 2005, processed; Securities Industry Association, "Capital Markets," processed.

(see Table 5).⁵⁰ At the same time, the increase in the degree of competition in industries such as depository institutions led to large declines in employment, as firms engaged in consolidation of activity and increased automation.⁵¹

Table 5

Manhattan's Top 10 Expanding and Declining Industries				
The Average Wage and Change in Employment				
	Average Wage	Employment	Employment	Wage Change
	2000	2000	Change	1980-2000
	(\$ in Millions)			
All Industries	\$72,573	2,382,110	176,871	\$131,364
Top 10 Expanding Industries	79,245	1,302,944	475,912	97,596
Top 10 Declining Industries	81,596	419,159	(284,013)	(775)
Securities Industry	251,053	178,545	94,404	42,104
Depository Institutions	118,553	82,000	(54,542)	7,029
Legal Services	88,109	71,537	30,017	5,405
Printing, Publishing, etc.	86,525	67,158	(15,837)	3,955
Insurance Carriers	85,595	44,482	(25,176)	2,569
Communications	84,353	49,379	(16,541)	2,429
Engineering, Accounting, etc.	80,342	104,909	22,673	6,525
Wholesale Trade-Non-Durables	73,330	63,958	(34,091)	2,279
Wholesale Trade-Durables	70,960	46,592	(26,894)	1,544
Motion Pictures	61,002	38,562	16,705	1,886
Business Services	59,126	273,456	93,847	13,351
Admin of Economic Programs	55,701	12,123	(15,091)	293
Water Transportation	51,473	2,280	(13,556)	(374)
Justice and Public Order	50,391	90,684	34,403	3,399
Health Services	47,546	145,455	41,643	5,137
Educational Services	41,481	229,530	78,421	7,195
Apparel	39,989	34,848	(61,414)	11
General Merchandise Stores	31,500	16,340	(20,872)	(16)
Social Services	27,818	69,503	33,343	1,549
Eating And Drinking Places	22,178	100,762	30,457	1,630

Note: The Top 10 Expanding and Declining Industries refer to changes in employment levels. The expanding industries have been highlighted.

Source: NYS Department of Labor, QCEW.

⁵⁰ Thierry Noyelle, "Business Services and the Economic Performance of the New York Metropolitan Area," *Federal Reserve Bank of New York Economic Policy Review*, February 1997, 79-82.

⁵¹ Lawrence J. Radecki, "Potential Employment Effects of the Restructuring of Retail Banking," *Federal Reserve Bank of New York Economic Policy Review*, February 1997, 75-78. Depository institutions include central reserve depository institutions, commercial banks, savings institutions, credit unions, foreign banks, and trust companies. Nearly all the employment decline in depository institutions came from commercial banks, which lost 52,400 jobs in this period or 96.0 percent of the jobs lost in depository institutions.

Industries that use land more intensively, such as those in the manufacturing sector, have moved from large to medium-sized cities to save on the costs of rent, which increased with the expansion of economic activity in cities.⁵² This explains the continuing secular decline of manufacturing in New York City. The secular decline of manufacturing in large cities also explains the high degree of vulnerability of the Manhattan apparel industry to the disruption caused by the events of September 11th.⁵³

Increased costs in the City may also explain the decline of employment and the increase in wages in many types of wholesale trade activities, as well as in printing and publishing in Manhattan since 1980. The increase in the degree of competition has led to the migration of low-skilled occupations in these industries to other low-cost locations, and to the use of labor saving technology, leading to an increase in the concentration of high-skilled occupations in New York City.⁵⁴ The decline in employment and wages in water transportation is on account of diminished activity in the port of New York City. The expansion of employment in motion pictures reflects increased demand. The expansion of tourism and cultural activity in New York City contributed to the increase in the demand for the services of eating and drinking places.⁵⁵ Increased employment in health and education served to provide for increased demand both from within the City and from outside.

There were significant changes in the composition of economic activity in Manhattan. In the two decades since 1980, the securities industry had the largest increase in its share of Manhattan employment with an increase of 3.7 percentage points, increasing from a 3.8 percent share in 1980 to a 7.5 percent share in 2000. In 2000, the securities industry accounted for 25.9 percent of total wages in Manhattan, an increase in its share of Manhattan wages of 19.4 percentage points, from a 6.6 percent share in 1980. Other industries with large increases in their share of total employment included business services with an increase of 3.3 percentage points and educational services with an increase of 2.8 percentage points (see Figure 25 and Figure 26).

⁵² Gilles Duranton and Diego Puga, "Diversity and Specialization in Cities: Why, Where and When does it Matter?" Center for Economic Policy Research Discussion Paper no. 2256, October 1999. The movement of manufacturing activity from Mid-Atlantic and northern states to the South and the West were mainly on account of labor market conditions, the strength of regional demand, and other regional factors. On this, see Robert W. Crandall, *Manufacturing on the Move*, Brookings Institution, (Washington, D.C., 1993).

⁵³ Between 1986 and 2001, output in the New York State apparel industry fell 37.6 percent.

⁵⁴ Matthew P. Drennan, "The Performance of Metropolitan Area Industries," *Federal Reserve Bank of New York Economic Policy Review*, February 1997, 49-60.

⁵⁵ David L. Gladstone and Susan S. Fainstein, "The New York and Los Angeles Economies," ed. David Halle, *New York and Los Angeles, Politics, Society and Culture: A Comparative View*, (University of Chicago Press, 2003).

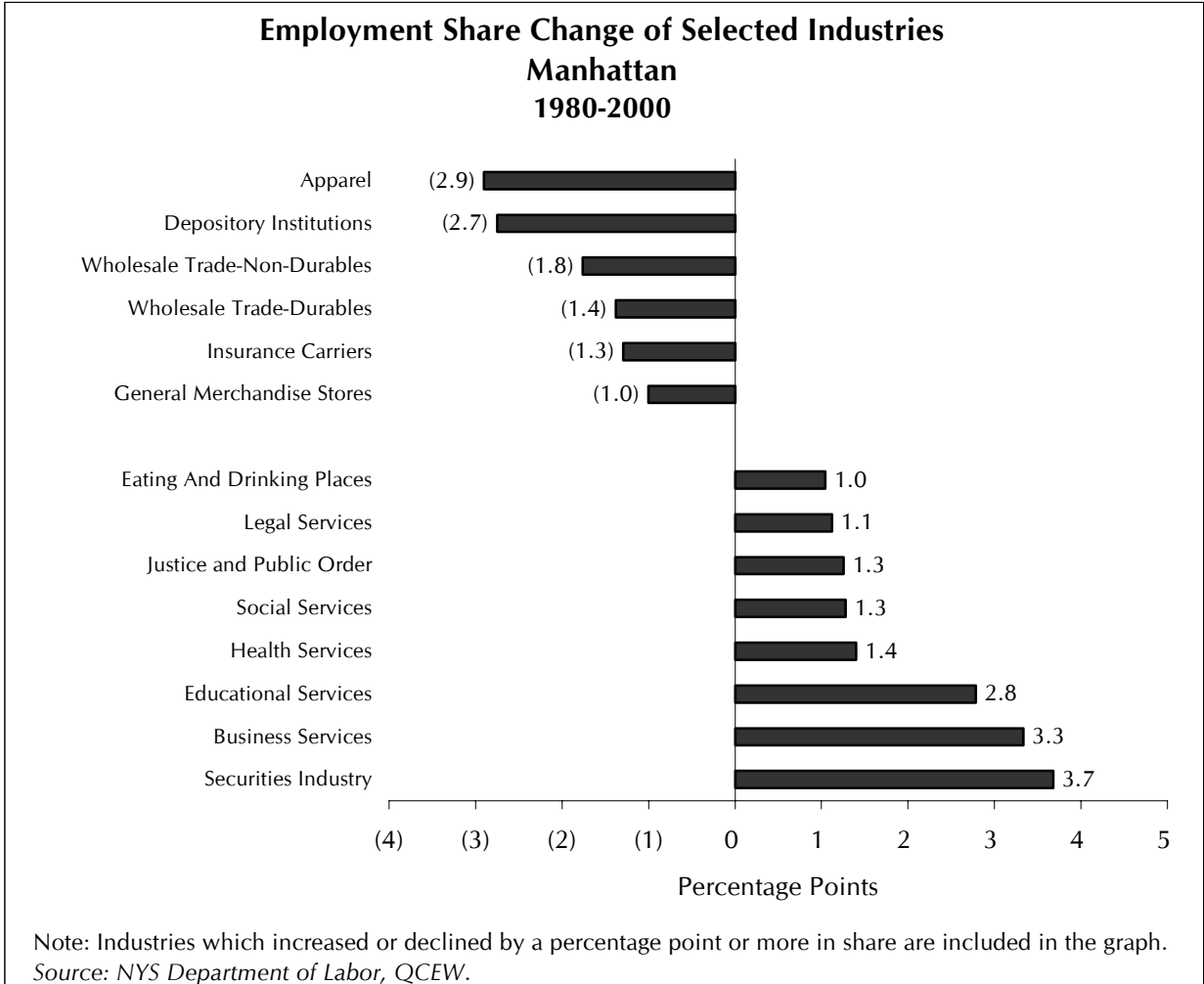


Figure 25



Figure 26

The apparel industry was the industry with the largest decline in its share of total employment in Manhattan with a decline of 2.9 percentage points. It decreased from a 4.4 percent share in 1980 to just 1.5 percent of total employment in 2000. In 2000, the Manhattan apparel industry accounted for only 0.8 percent of Manhattan wages, a 2.5 percentage point decline from the 3.3 percent share in 1980. Depository institutions experienced a decline in their share of total Manhattan employment, falling from a 6.2 percent share in 1980 to a 3.4 percent share in 2000, a decline of 2.7 percentage points.

The effects of the events of September 11th on Lower Manhattan and the State economy may be placed in the context of the relatively rapid expansion of activity in financial services and other service industries and the changes in the composition of economic activity in the last few decades. The localized effect of the disruption of activity after September 11th contributed to the relatively larger decline in employment and wages in Lower Manhattan and the Ground Zero area. The economic losses were exacerbated by

the impact of the attack on industries with an export orientation, particularly financial services.⁵⁶ The availability of office space in Manhattan and in other locations absorbed part of the adverse impact of the loss of office space. In the securities industry, part of the decline in wages was borne by changes in variable compensation. The extent to which the events of September 11th affect the expansion of the Lower Manhattan economy over longer horizons will depend upon the same industry and regional factors that affected the evolution of the region over the past few decades. The effect of September 11th brings the role of costs, particularly of office space, to the fore in the discussion of the future of the Lower Manhattan economy.

⁵⁶ Michael L. Dolfman and Solidelle F. Wasser, "9/11 and the New York City Economy: A Borough-by-Borough Analysis," *Monthly Labor Review*, June 2004, 3-33.

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APPENDIX: SUPPLEMENTAL TABLES AND MAPS

Table 6

Employment the Year before September 11th (Average of 2000:Q3 to 2001:Q2)					
Industry	New York State	Manhattan	Lower Manhattan	Ground Zero Area	Zip Code 10013
Total Private	7,036,503	1,934,186	533,606	48,520	52,503
Total	8,434,699	2,387,312	687,083	50,470	116,477
Construction	331,864	35,073	9,090	--	2,127
Manufacturing	865,280	136,364	33,245	1,044	10,557
Apparel	65,347	32,226	9,633	--	6,478
Printing, Publishing	136,349	67,381	18,462	--	2,859
Transport. & Utilities	427,785	90,109	24,737	--	3,486
Air Transportation	80,307	10,642	1,879	--	--
Wholesale Trade	436,130	108,563	17,253	--	3,060
Retail Trade	1,295,915	234,063	68,972	2,757	8,099
Eating and Drinking	421,187	102,481	33,846	1,573	4,714
FIRE	745,894	419,051	172,006	35,558	3,944
Finance	423,837	286,723	135,387	31,131	1,785
Depository Institutions	173,838	80,198	29,431	5,925	--
Securities Industry	203,877	182,822	100,790	23,420	--
Insurance	164,899	62,427	26,429	4,123	1,089
Real Estate	157,159	69,901	10,190	--	1,070
Services	2,910,499	906,028	206,615	6,966	20,994
Business Services	618,820	272,514	69,828	1,591	6,117
Health Services	771,978	127,388	26,211	--	2,297
Educational Services	238,631	69,418	18,964	--	1,337
Hotels	85,700	36,824	2,254	--	--
Legal Services	117,928	72,317	16,790	--	1,111
Engineering Services, etc.	240,539	105,058	22,620	--	2,824
Other Services	836,903	222,510	49,947	--	7,197

Note: The Ground Zero area refers to zip code 10280. Engineering services also includes accounting, research, management, and related services. Data in some cells, represented by --, have been suppressed for reasons of confidentiality.

Source: NYS Department of Labor, QCEW.

Table 7

Wages the Year before September 11th (\$ in Millions) (Average of 2000:Q3 to 2001:Q2)					
Industry	New York State	Manhattan	Lower Manhattan	Ground Zero Area	Zip Code 10013
Total Private	\$335,764	\$158,889	\$51,594	\$10,426	\$2,269
Total	394,224	179,668	58,503	10,611	4,970
Construction	14,956	2,296	524	--	135
Manufacturing	45,365	11,103	1,569	104	268
Apparel	2,096	1,395	128	--	72
Printing, Publishing	8,737	5,929	1,241	--	156
Transport. & Utilities	21,261	6,152	1,525	--	198
Air Transportation	3,358	395	61	--	--
Wholesale Trade	23,220	7,912	1,110	--	138
Retail Trade	27,142	6,958	1,789	60	180
Eating and Drinking	6,440	2,306	730	38	104
FIRE	89,068	72,939	33,342	9,561	380
Finance	71,742	63,313	30,445	9,208	300
Depository Institutions	14,119	9,916	3,690	939	--
Securities Industry	51,214	48,448	25,395	7,386	--
Insurance	10,880	5,961	2,493	337	47
Real Estate	6,446	3,666	404	--	33
Services	114,080	51,323	11,672	554	965
Business Services	28,577	16,476	4,723	108	420
Health Services	28,987	6,178	1,287	--	68
Educational Services	8,122	2,886	829	--	46
Hotels	2,520	1,552	79	--	--
Legal Services	8,560	6,615	1,325	--	58
Engineering Services, etc.	14,931	8,606	1,655	--	145
Other Services	22,382	9,010	1,775	--	225

Note: The Ground Zero area refers to zip code 10280. Engineering services also includes accounting, research, management, and related services. Data in some cells, represented by --, have been suppressed for reasons of confidentiality.

Source: NYS Department of Labor, QCEW.

Table 8

Employment the Year after September 11 th (Average of 2001:Q4 to 2002:Q3)					
Industry	New York State	Manhattan	Lower Manhattan	Ground Zero Area	Zip Code 10013
Total Private	6,794,117	1,799,639	467,153	24,021	48,086
Total	8,213,727	2,257,655	624,360	25,957	112,666
Construction	318,401	31,572	8,577	---	1,862
Manufacturing	781,687	119,520	28,408	---	7,359
Apparel	52,224	25,162	6,480	---	4,123
Printing, Publishing	126,156	61,581	17,656	---	2,383
Transport. & Utilities	400,871	82,388	21,456	---	2,919
Air Transportation	68,486	10,315	1,437	---	---
Wholesale Trade	407,002	99,296	14,808	---	2,923
Retail Trade	1,272,666	219,246	62,169	---	7,832
Eating and Drinking	417,283	96,540	31,225	---	4,506
FIRE	716,931	389,470	140,273	18,352	4,542
Finance	398,090	262,115	106,895	16,248	2,345
Depository Institutions	166,490	74,640	25,127	3,002	1,316
Securities Industry	184,533	164,918	76,486	11,848	---
Insurance	162,636	58,454	23,266	1,813	1,149
Real Estate	156,204	68,900	10,112	---	1,047
Services	2,849,062	848,409	188,233	3,259	19,945
Business Services	545,977	222,125	57,321	1,284	4,971
Health Services	782,982	131,508	27,621	---	2,983
Educational Services	248,985	74,350	16,497	---	1,406
Hotels	80,823	33,814	1,653	---	---
Legal Services	117,910	71,939	16,318	---	1,090
Engineering Services, etc.	230,642	97,567	19,627	---	2,763
Other Services	841,742	217,105	49,196	---	6,636

Note: The Ground Zero area refers to zip code 10280. Engineering services also includes accounting, research, management, and related services. Data in some cells, represented by ---, have been suppressed for reasons of confidentiality.

Source: NYS Department of Labor, QCEW.

Table 9

Wages the Year after September 11 th (\$ in Millions) (Average of 2001:Q4 to 2002:Q3)					
Industry	New York State	Manhattan	Lower Manhattan	Ground Zero Area	Zip Code 10013
Total Private	\$321,214	\$143,373	\$40,364	\$4,713	\$2,095
Total	381,709	164,648	48,067	4,910	4,940
Construction	15,132	2,176	521	---	105
Manufacturing	41,976	9,900	1,464	---	200
Apparel	1,859	1,231	84	---	44
Printing, Publishing	7,735	5,124	1,213	---	130
Transport. & Utilities	20,547	5,783	1,416	---	178
Air Transportation	3,096	428	53	---	---
Wholesale Trade	22,196	7,514	948	---	136
Retail Trade	27,602	6,726	1,607	---	178
Eating and Drinking	6,445	2,195	682	---	103
FIRE	79,085	62,389	23,914	4,288	342
Finance	61,482	52,851	21,235	4,121	262
Depository Institutions	13,337	9,011	2,954	472	114
Securities Industry	41,296	38,716	16,240	3,115	---
Insurance	10,982	5,813	2,265	152	45
Real Estate	6,621	3,725	414	---	35
Services	112,841	48,133	10,337	270	915
Business Services	24,165	12,931	3,509	78	309
Health Services	30,932	6,629	1,452	---	91
Educational Services	8,868	3,163	652	---	55
Hotels	2,342	1,369	60	---	---
Legal Services	8,841	6,771	1,343	---	60
Engineering Services, etc.	14,803	8,351	1,464	---	134
Other Services	22,888	8,920	1,857	---	263

Note: The Ground Zero area refers to zip code 10280. Engineering services also includes accounting, research, management, and related services. Data in some cells, represented by --, have been suppressed for reasons of confidentiality.

Source: NYS Department of Labor, QCEW.

Table 10

Private Sector Employment and Wages Lower Manhattan and Rest of State The Years before and after September 11th						
	Employment			Wages		
	Year Before	First Year After	Third Year After	Year Before	First Year After	Third Year After
	2000:Q3 - 2001:Q2	2001:Q4 - 2002:Q3	2003:Q3 - 2004:Q2	2000:Q3 - 2001:Q2	2001:Q4 - 2002:Q3	2003:Q3 - 2004:Q2
	(\$ in Billions)					
Manhattan	1,934,186	1,799,639	1,762,173	\$158.9	\$143.4	\$148.1
Lower Manhattan	533,606	467,153	458,793	51.6	40.4	40.8
Downtown Manhattan	270,313	221,336	211,391	39.2	28.7	28.1
Ground Zero Area	48,520	24,021	18,667	10.4	4.7	4.2
Rest of New York State	5,102,318	4,994,478	5,026,691	176.9	177.8	188.1
Ground Zero Area	48,520	24,021	18,667	10.4	4.7	4.2
Rest of Downtown Manhattan	221,793	197,315	192,724	28.7	24.0	23.9
Rest of Lower Manhattan	263,294	245,817	247,403	12.4	11.7	12.7
Rest of Manhattan	1,400,579	1,332,485	1,303,379	107.3	103.0	107.3
Rest of State	5,102,318	4,994,479	5,026,691	176.9	177.8	188.1
New York State	7,036,503	6,794,117	6,788,863	335.8	321.2	336.3
U.S.	111,368,437	109,066,520	108,779,103	3,996.6	3,958.2	4,124.1

Note: See footnote #1 of this report for area definitions. The year before September 11th consists of the four quarters ending 2001:Q2; the first year after September 11th consists of the four quarters beginning 2001:Q4; the third year after September 11th consists of the four quarters beginning 2003:Q3.

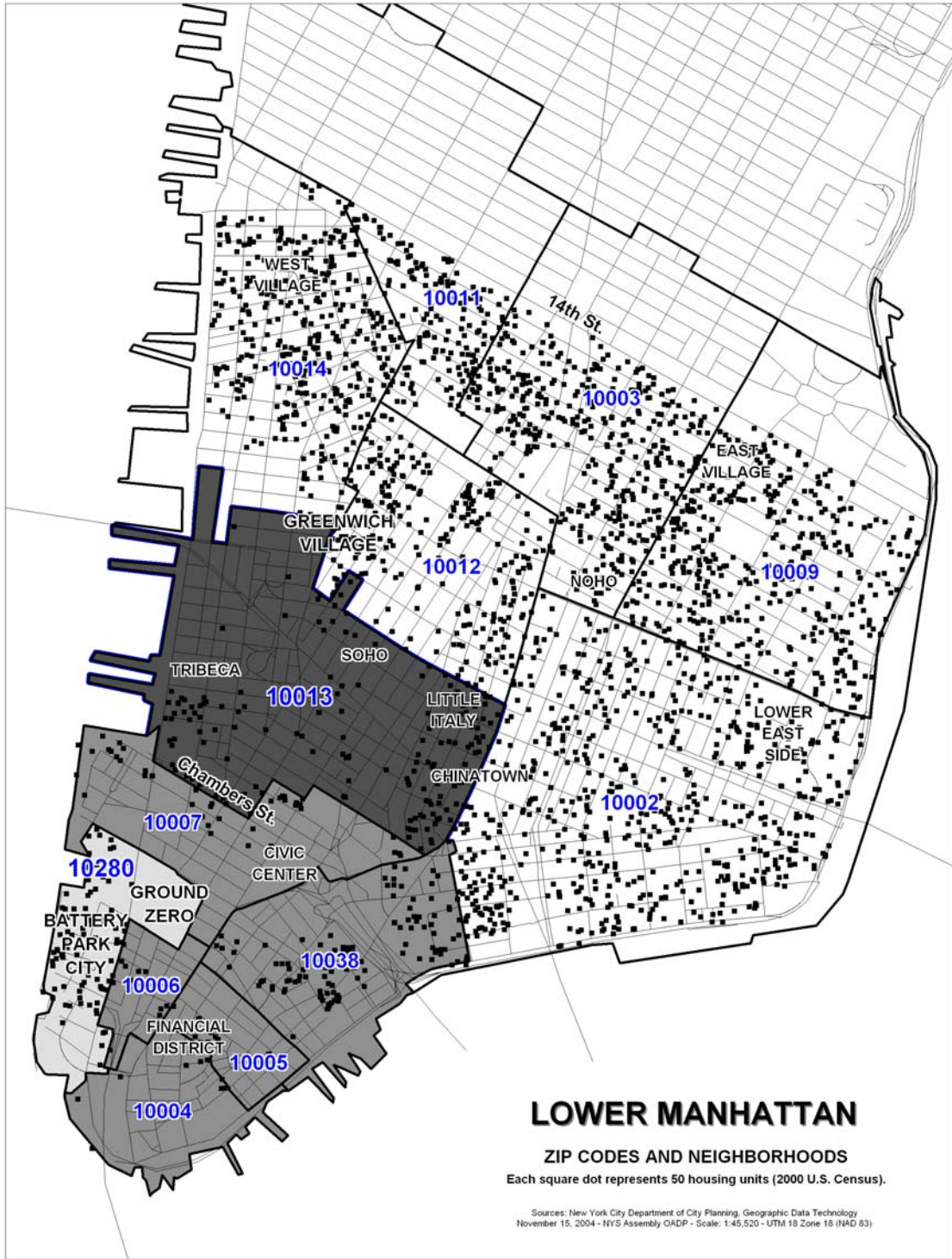
Sources: Bureau of Economic Analysis; Bureau of Labor Statistics, CES; NYS Department of Labor, QCEW.

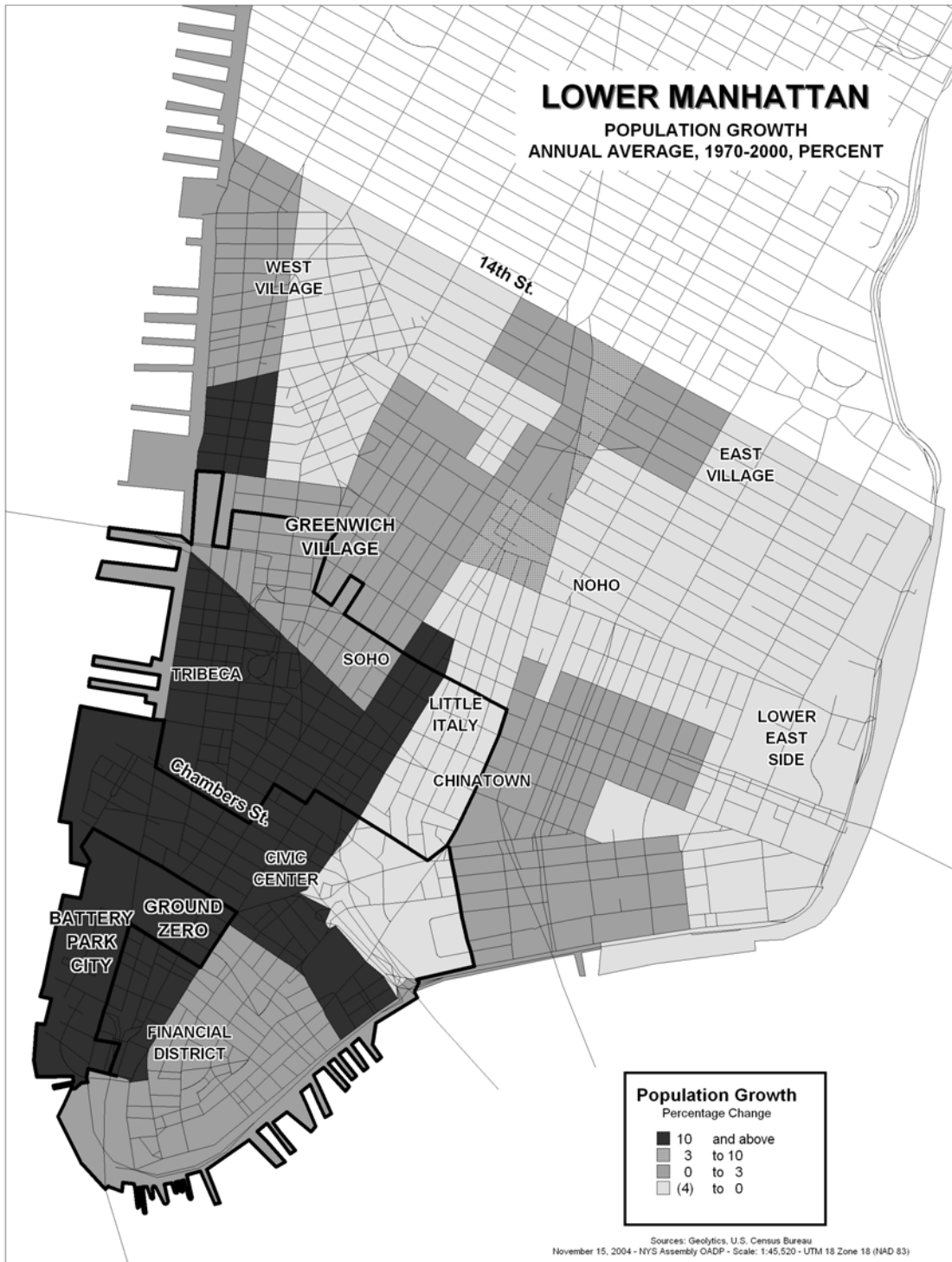
Table 11

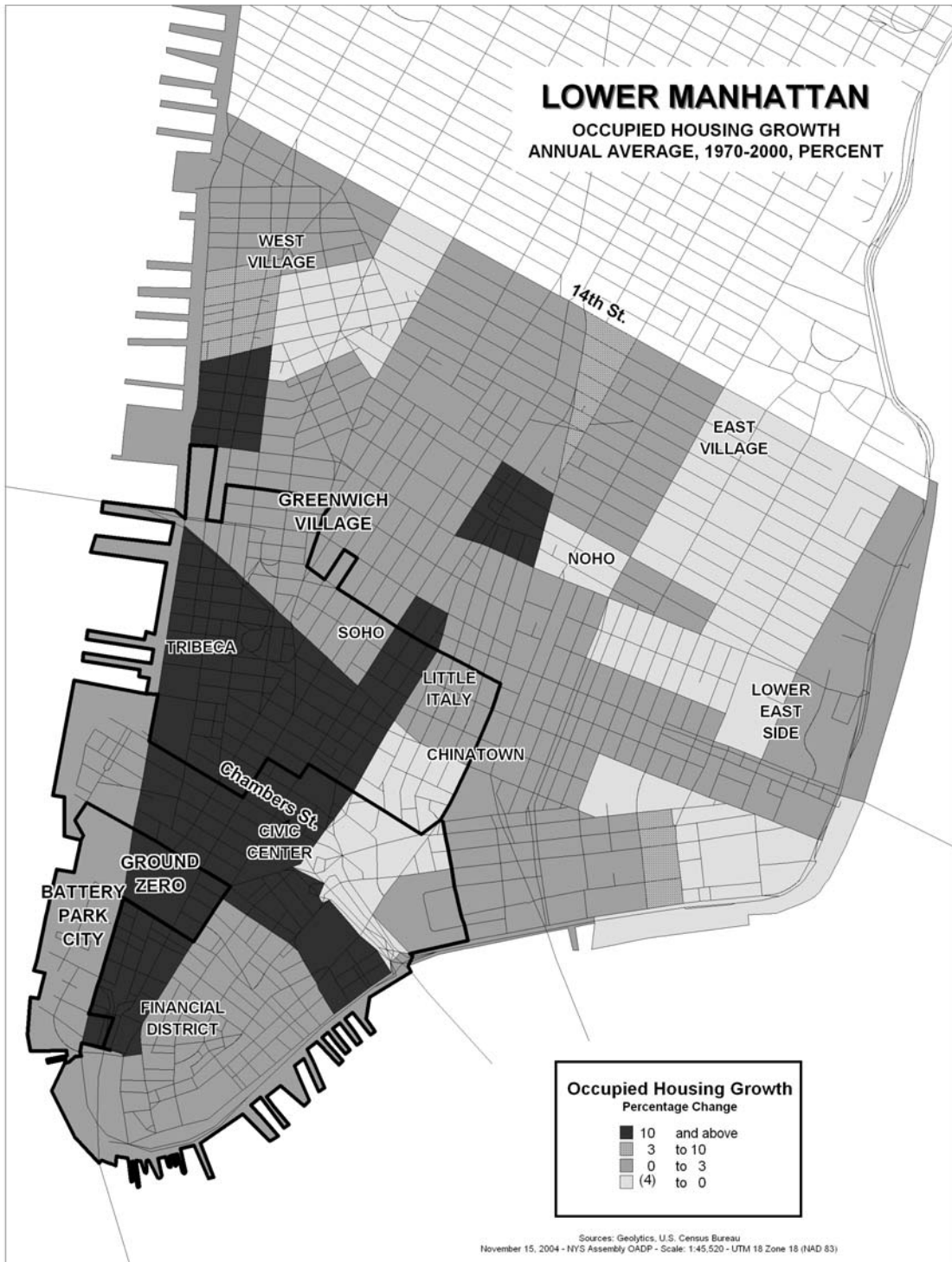
Population New York State				
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Lower Manhattan	272,978	257,137	280,833	291,989
WTC/BPC	120	135	5,919	9,545
Rest of Manhattan	1,266,255	1,200,742	1,206,703	1,245,206
Rest of New York City	6,355,629	5,643,354	5,835,028	6,471,083
Rest of New York State	10,342,105	10,485,182	10,667,891	10,968,179
Note: WTC/BPC is the World Trade Center and Battery Park City area. Sources: Geolytics; U.S. Census Bureau.				

Table 12

Occupied Housing New York State				
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Lower Manhattan	114,300	119,320	129,273	138,075
WTC/BPC	55	111	3,479	5,191
Rest of Manhattan	599,109	614,242	617,429	630,631
Rest of New York City	2,149,382	2,084,027	2,103,020	2,282,944
Rest of New York State	3,051,070	3,522,840	3,789,600	4,005,210
Note: WTC/BPC is the World Trade Center and Battery Park City area. Sources: Geolytics; Nelson A. Rockefeller Institute of Government; U.S. Census Bureau.				







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