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NEW YORK'S REAL ESTATE RESILIENCE

NEW REBNY REPORT CONFIRMS REBOUND.

By [Theresa Agovino](#)

In the decade since the 2001 terrorist attacks, New York's real estate market has blossomed—disproving widespread early predictions that the city would stagnate as businesses and people fled. In total, 22 Manhattan office buildings and more than 321,000 apartments and houses citywide have been added to the stock, according to a new report on how the industry has fared since the attacks.

“In a few short years, we regrouped and showed the confidence to rebuild,” said Steven Spinola, president of the Real Estate Board of New York, which produced the report. “Casting aside the effects of the recent recession, we have done phenomenally well.”

Housing supply soars

The total housing stock rose by 11% between 2000 and 2010, to 3.2 million units. Over that time, an average of 20,220 units were built in the city annually, a 145% increase from the pace in the previous decade.

That new housing was needed as the population continued to grow. The city added 166,855 people in the last decade, according to the recent census. And the number of 20- to 29-year-olds grew 8%, to 1.4 million, a key demographic that adds vibrancy to the labor force.

Mr. Spinola noted another change: how popular downtown has become as a place to live. That notion seemed particularly unlikely after the attacks. “It has turned into the 24/7 neighborhood that we always hoped it would be,” he said.

Pricey Battery Park City

It has also become much more expensive. Co-op prices in Battery Park City have surged 213% in the past decade, second only to the 245% leap in Greenwich Village, according to the report.

Of course, the recession exacted a heavy toll. After more than doubling between 2000 and 2008—when they hit 33,911—housing construction permits tumbled 82%, to 6,057 last year.

The commercial real estate market was also pummeled.

The average vacancy rate among the city's top-tier buildings last September was 11.5%, a significant rise from the 7.6% registered in September 2001; the average asking rent of \$57.37 a square foot was up about \$1 from a decade earlier.

Retail rents are robust, however. They jumped an average of 27% in the last decade, to \$116 a square foot. The most dramatic growth was downtown, where rents rose 68%, to \$100 a square foot.

Another group that had originally been expected to shun New York—tourists—has confounded predictions. The city's hotel occupancy rate reached an average 85.4% last year, versus 73.4% in 2001.