

August 31, 2011 12:00 AM

Downtown seen on verge of new golden era

Theresa Agovino

After a decade of turmoil triggered by the 9/11 terrorist attacks, lower Manhattan stands on the verge of a prosperous new era. Today it is primed for a dramatic resurgence as it adds new, modern office space, draws highly-educated workers, improves its transportation infrastructure and diversifies its tenant base, according to a new report by Jones Lang LaSalle.

“The confluence of a number of encouraging trends will have a tremendous effect on Lower Manhattan in the next 10 years,” said Peter Riguardi, president of Jones Lang LaSalle’s New York region, in a statement. “Along with the entire city, lower Manhattan will continue to benefit from the continued migration of a highly-educated, creative workforce to urban centers. Lower Manhattan submarket has evolved beyond its traditional reliance on financial services to become the preferred home of creative industries and professional services firms, which are adding to the vitality to the area.”

Downtown’s new office stock should prove popular with tenants on an island where the average office building is just over 60 years old, making them much older than the average in other cities around the country. By 2016, 15.4 million square feet of new space will have been constructed downtown since 2001. The buildings offer the large floor plates, up-to-date technologies and environmental ratings sought by many companies.

At the same time, lower Manhattan has become more desirable and convenient among employees, as many of the city’s best and brightest now live downtown or nearby in Brooklyn, making proximity to traditional transit hubs Grand Central and Pennsylvania Station less of an issue. For example, downtown Manhattan and the adjacent neighborhoods of TriBeCa, SoHo, Hudson Square and Greenwich Village have become preferred locations for industry leaders and decision makers to both live and work. The percentage of college educated adults in those neighborhoods rose from 43.6% in 1990 to 53.5% in 2010, as compared to 24.8% nationally.

Downtown should also benefit as different types of companies move to the area. While it is still a market dominated by financial services firms, the tenant base is increasingly diversified. For example, publishing giant Condè Nast recently preleased 1.1 million square feet (its largest deal year-to-date in 2011) at One World Trade Center. Other recent media relocations to the downtown area include American Media, American Lawyer, Newsweek, The Deal, WNYC, the Knot and Omnicom.

Additionally in 2011, the law firm Wilmer Hale signed a lease for 210,000 square feet at 7 World Trade Center, relocating from 399 Park Ave. in midtown.

Downtown is already easily accessible from most parts of the city with its 12 subway lines, 30 bus routes, PATH station and six ferry terminals. After the Fulton Street Transit Center opens, it will link the subway lines and the PATH in a location that will also offer various retail options.

Lastly, some of the various government incentive programs created after the Sept 11, 2001 attacks to entice companies to move downtown still exist. The programs offer perks such as lower rent taxes and energy costs as well as sales tax exemptions on some items.