

INSIGHTS & INSPIRATIONS



Revitalizing Downtowns explores lessons and levers from prior NYC bounce-backs that might help breathe new life into NYC’s midtown

In the session that followed, four veterans of prior downtown New York City bounce-backs dug into a top trend across the world: revitalizing downtowns. In animated discussion moderated by Vishaan Chakrabarti, founder and creative director of Practice for Architecture and Urbanism (PAU), panelists Jessica Lappin, president of the Downtown Alliance for New York; EB Kelly, senior managing director, head of Rockefeller Center, Global Customer Partnerships, ZO New York at Tishman Speyer; and Dara McQuillan, chief marketing officer at Silverstein Properties, recalled what had fueled the recovery of downtown Manhattan, to identify lessons and levers that could be applied to midtown Manhattan.

A few takeaways from that panel discussion follow:

1. New York City will always bounce back.

History and current fundamentals show that it is so. “Restaurants and stores are packed. I’m super bullish on NYC. Every other time people try to badmouth the city, they lost that short,” said BGO’s Kalsi. Joked Vishaan Chakrabarti of PAU and former Manhattan Planning Director, under Bloomberg: “Sonny Kalsi lives in Miami and his kids want to live in NYC. Mine do too. The difference is his kids can afford it.” Added Gilmartin over her chat: “The New York obit has been written many times. But we always bounce back because we have the secret sauce and people want to be here. Today, a large portion of our Ruby apartments are being rented to people moving to NYC.”

2. Unless government programs step up with incentives to help projects pencil, real estate investors in the city will park their money elsewhere.

“Given uncertainties in Albany, it is really hard right now to find opportunities in NYC. We’re active in Philadelphia, New Haven, Washington, D.C. and elsewhere, and remain hopeful that at some point New York’s leaders will clear a path to increased production of mixed-income rental housing,” said Dishy of LMXD. Added Gilmartin over her Fireside Chat: “Doing business in New York is just plain hard. When I was interim CEO of a REIT in New Jersey I saw how accessible government was to real estate – It was doable in a day to phone the Governor and meet the mayor for lunch and they wanted to see more development.”

3. City and state governments bear the lion’s share of responsibility to make inner cities attractive to would-be residents.

“How do I make a commercial district hospitable?” asked PwC’s Ricardo Ruiz. “Some sites should be bought and made into pocket parks, for 24x7 multi-use. That may require some public intervention,” as well as city leaders overseeing everything from garbage collection to alternative (non-motorized) transportation options, to ‘Night life’ czars, he said. Seconded Kalsi: “Post September 11 is an example of a time when federal and state money flowed and public partnerships were formed following a cataclysmic event. We need that sort of coordination and combined effort if we want to revitalize the market.” The Federal sum to help rebuild Lower Manhattan after 9/11 was roughly \$20 billion, according to Chakrabarti. That went largely into quality of life investments like the East River Waterfront and other public spaces downtown. “Investment in the public realm is hugely important. There was real transformation in terms of look and feel. The 421G tax incentive, which started in the previous administration, went fairly deep to incentivize conversions, although they did not include provisions for affordable housing. I have not heard of comparable incentives to convert office buildings to residential in Midtown today,” he observed. As a result of that earlier investment, some 60,000 people live downtown today, he said. Many are young with high disposable incomes and pay record rents in an appealing ecosystem of restaurants, retail, residential, infrastructure, transportation and green space.

4. But business improvement districts, communities and builders also need to step up to inject life into tired urban cores, through innovative partnerships and ideas.

“How do you make bricks and mortar interesting and creative?” asked Dara McQuillan of Silverstein Properties. McQuillan recalled the new World Trade Center going up, luring varied, visionary marquis sectors ranging from nonprofits to architecture to fashion and publishing—the NY Academy of Sciences and Conde Nast were early movers, for example. This added immensely to the long-neglected neighborhood’s allure. “We had a shared vision,” McQuillan said. “The neighborhood was artistic, gritty and irreverent. Everyone had ideas about how to make the whole place better. The neighborhood works.” Employers were convinced to move in and improve downtown services and experiences by zip code studies indicating that a number of would-be tenants’ employees or those they sought to attract lived easy commuting distance away in, say, Brooklyn or Jersey City. Added fellow panelist Jessica Lappin of the Alliance for Downtown New York: “Safety, sanitation, public parks—the things that the city does—we do, too. We are passionate and committed. We look for bright shoots and build upon them to create a more dynamic neighborhood.” Tourists, who contribute an outsized share of revenue to the city, also value authenticity. “Tourists and workers want to come back to a place that is authentic and real,

that New Yorkers love and embrace,” she said. In midtown a groundswell of ideas could come from its 78,000 who live East of 6th Avenue, according to EB Kelly of Tishman Speyer. “Vibrancy is going to come from a residential population. We need to get them involved,” she said.

5. Luring people back to midtown will require overcoming branding, connectivity, and leadership challenges—and someone charismatic leading this charge can make a world of difference.

“Do we need a czar like Jessica?” asked Chakrabarti of PAU. “Pride is a powerful motivator. There is a lot of opportunity to build that sense of pride and energy.”

6. Midtown is not a monolith. Different strategies need to be applied in different areas.

7. Though swank interiors are drawing young folk back to midtown offices, street life and its amenities matter more to potential residents.

“It’s fine to have people in your buildings. But you need to get them out doing things,” observed McQuillan. “Think about the environment on the outside. Landlords need to realize that this is good for business.” On the nightlife front, Kelly underscored the importance of easing the permitting process for liquor licenses. “I cannot stress enough how important this is, to breathe new life into neighborhoods,” she said. “It is challenging.”

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