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# New York

Vol. 31

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Third Quarter 2001

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**Analyzes:**

CBD Office  
Retail  
Apartments  
Suburban Office  
Industrial  
Local Economy

**Reports:**

Property Prices  
Property Rents  
Sector Forecasts  
Demographic Highlights  
Job Formation Trends  
Economic Base Profile  
Educational Achievement  
Tax Structure  
Quality of Life Factors

A publication of the *National Real Estate Index*

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# New York

Vol. 31



**The National Real Estate Index extends its deepest sympathies and condolences to the victims of the World Trade Center, Pentagon and Pennsylvania tragedies and their families and friends. We would also like to extend our gratitude to the rescue workers, medical personnel and other professionals and citizens who have come to the aid of those affected.**

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## Report Format

This report is organized as follows. Section I provides a snapshot that highlights the key economic, demographic and real estate-related findings of the study. Sections II through IX provide an in-depth look (generally in a tabular format) at the key economic, demographic, public policy, and quality of life factors that can affect the demand for real estate.

In Section II, recent population trends are reported. Section III analyzes the local economic base and current labor force and job formation trends. Various educational costs and parameters are provided in Section IV. Local living costs are explored in Section V. Health care

costs and availability are detailed in Section VI. A series of other important factors, including retail sales trends and international trade, are reported in Section VII. Local and state fiscal policies, including taxes and federal spending, are highlighted in Section VIII. Several key quality-of-life considerations are summarized in Section IX.

In Section X, local market price, rent and capitalization rate trends for the preceding 12 months are reported. Section XI provides a quarterly review, including analysis of the local economy, as well as analyses of the office, light industrial, retail, apartment, and hospitality sectors.

# NATIONAL REAL ESTATE INDEX

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# Nassau-Suffolk: Metropolitan Map/Market Definition

## Nassau-Suffolk PMSA:

Nassau County  
Suffolk County

**Land Area of Nassau-Suffolk PMSA:**

1,198 sq. miles

**Population Density (1999):**

2,244 people per sq. mile



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# I. New York: Snapshot

## A. Economic Summary (See Sections II & III.)

Job Growth (Loss) 12 Months (Ending in September):	0.4%
Unemployment Rate (September):	5.8%
Metropolitan Population Growth (Loss), 1990–2000:	9.0%
Total Metropolitan Population, 2000:	9.3 million

## B. Third Quarter 2001 Property Price and Rent Trends

	<b>CBD Office</b>			<b>Suburban Office</b>			<b>Warehouse</b>			<b>Retail</b>			<b>Apartment</b>		
	<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>		
	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate
<b>New York -- Downtown</b>															
3rd Q. '01	\$299.99	\$46.08	8.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2nd Q. '01	328.41	48.13	7.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3rd Q. '00	289.79	48.29	7.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>New York -- Midtown</b>															
3rd Q. '01	406.92	63.22	8.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2nd Q. '01	397.24	64.18	8.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3rd Q. '00	419.03	64.63	8.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: National Real Estate Index's Market Monitor.

# I. Nassau-Suffolk: Snapshot

## A. Economic Summary (See Sections II & III.)

Job Growth (Loss) 12 Months (Ending in September):	1.3%
Unemployment Rate (September):	3.5%
Metropolitan Population Growth (Loss), 1990–2000:	5.5%
Total Metropolitan Population, 2000:	2.8 million

## B. Third Quarter 2001 Property Price and Rent Trends

	<b>CBD Office</b>			<b>Suburban Office</b>			<b>Warehouse</b>			<b>Retail</b>			<b>Apartment</b>		
	<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>			<b>AVERAGE</b>		
	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate
<b>3rd Q. '01</b>	\$154.30	\$27.70	8.4%	\$143.38	\$25.31	8.5%	\$50.47	\$6.66	8.8%	\$132.54	\$21.44	9.2%	\$120.51	\$19.59	9.1%
<b>2nd Q. '01</b>	153.85	27.54	8.4	142.90	25.14	8.5	50.98	6.64	8.7	132.65	21.01	9.1	116.72	19.18	9.2
<b>3rd Q. '00</b>	155.83	27.40	8.3	148.04	25.28	8.2	50.91	6.62	8.7	137.95	21.54	8.9	113.67	18.88	9.3

Source: National Real Estate Index's Market Monitor.

## II. **New York: Demographics**

### A. **Metro Population**

	<b><u>New York PMSA</u></b>	<b><u>Nassau-Suffolk</u></b>	<b><u>United States</u></b>
Population — 2000:	9,314,200	2,753,900	281,421,900
% Growth—1990–2000:	9.0%	5.5%	13.2%
% Growth—1980–1990:	3.3%	0.1%	9.8%

### B. **County Population Growth**

<b>County</b>	<b>2000 Population</b>	<b>% Growth 1990-2000</b>
Nassau	1,334,500	3.7
Suffolk	1,419,400	7.4
Bronx	1,332,700	10.7
Kings	2,465,300	7.2
New York	1,537,200	3.3
Putnam	95,700	14.1
Queens	2,229,400	14.2
Richmond	443,700	17.1
Rockland	286,800	8.0
Westchester	923,500	5.6

### C. **Area Cities With At Least 50,000 Residents**

<b>City</b>	<b>2000 Population</b>	<b>% Growth 1990-2000</b>
Mt. Vernon	68,400	2.0
New Rochelle	72,200	7.1
New York	8,008,300	9.4
Yonkers	196,100	4.2

## II. **Demographics (Cont.)**

### D. **State Population Growth**

	<b>2000 Population</b>	<b>% Growth 1990-2000</b>	<b>Ranking*</b>	<b>% Growth 1995-2025</b>	<b>Ranking*</b>
New York	18,976,500	5.5	42	5.1	49
United States	281,421,900	13.2	N/A	23.7	N/A

\*Ranking of all 50 states, plus the District of Columbia, with the #1 ranking representing the highest state population percentage growth.

**Source:** U.S. Census Bureau.

### E. **Household & Population Composition**

	<b><u>New York Metro</u></b>	<b><u>Nassau-Suffolk</u></b>	<b><u>U.S. Metro</u></b>
Median Household Size:	2.7	3.0	2.7
Median Age:	36.9	38.0	35.4
% of Population Under 5	7.2	7.2	7.5
% of Population 35 - 54	29.4	29.4	28.0
% of Population Over 64	13.4	13.4	12.8

Note: Separate age breakouts are not available for the New York and Nassau-Suffolk PMSAs.

## II. Demographics (Cont.)

### F. Metropolitan Population Gain (1990-2000)

Population Growth (% Gain/Loss, April 1990-April 2000)			
Las Vegas	83.3%	Tampa-St. Petersburg	15.9%
Austin	47.7	Oakland-East Bay	14.9
Phoenix	45.3	Columbus	14.5
Atlanta	38.9	<b>UNITED STATES</b>	<b>13.2</b>
Raleigh-Durham	38.9	Central New Jersey	13.0
Orlando	34.3	Oklahoma City	13.0
West Palm Beach	31.0	Memphis	12.7
Denver	30.4	San Diego	12.6
Dallas-Ft. Worth	29.3	San Jose	12.4
Ft. Lauderdale	29.3	Kansas City	12.2
Charlotte	29.0	Chicago	11.6
Portland	26.6	<b>New York</b>	<b>9.0</b>
Houston	25.8	Cincinnati	8.9
Riverside-SB	25.7	San Francisco	8.0
Nashville	25.0	Los Angeles	7.4
Salt Lake City	24.4	Baltimore	7.2
Jacksonville	21.4	Newark-No. New Jersey	7.1
Sacramento	21.3	Boston	5.5
Albuquerque	21.0	<b>Nassau-Suffolk</b>	<b>5.5</b>
Seattle	18.8	Milwaukee	5.1
Orange County	18.1	Honolulu	4.8
Minneapolis	16.9	St. Louis	4.5
Washington, DC	16.6	Detroit	4.1
Indianapolis	16.4	Philadelphia	3.6
Miami	16.3	Cleveland	2.2
Greenville-Spartanburg	15.9	Hartford	2.2

Note: The 2000 census has revealed inconsistencies in earlier population data, primarily due to an underestimation of the number of immigrants entering the country. This is believed to be responsible for some unusual swings in the latest statistics.

**Source:** U.S. Census Bureau.

## II. Demographics (Cont.)

### G. International Immigration to Metropolitan Areas

#### Total International Immigration: 1990–1999 (in 000s)

<b>New York/Nassau-Suffolk</b>	<b>1,045.4</b>	Portland	48.0
Los Angeles	902.1	Minneapolis-St. Paul	46.0
Chicago	366.6	Orlando	44.9
Miami	337.2	Tampa-St. Petersburg	42.8
Newark-No. NJ	266.0	Honolulu	42.7
Washington DC	240.1	Las Vegas	36.1
Orange County	233.2	Baltimore	32.7
Houston	209.9	Austin	27.6
Dallas-Ft. Worth	177.0	St. Louis	25.3
San Francisco	165.3	Hartford	24.7
San Diego	164.0	Salt Lake City	20.9
San Jose	159.1	Cleveland	17.2
Boston	141.7	Raleigh-Durham	16.5
Oakland-East Bay	135.0	Kansas City	15.9
Riverside-San Bernardino	119.0	Charlotte	15.0
Philadelphia	91.7	Oklahoma City	14.5
Ft. Lauderdale	90.2	Albuquerque	13.8
Atlanta	82.5	Jacksonville	13.7
Seattle	79.4	Nashville	12.4
Central New Jersey	69.4	Columbus	12.2
Detroit	68.4	Milwaukee	12.1
Phoenix	62.3	Indianapolis	9.9
Sacramento	60.0	Cincinnati	9.4
Denver	51.0	Memphis	7.3
West Palm Beach	48.1	Greenville-Spartanburg	6.1

#### Immigration Per 1,000 Residents (1990–1999)

Local Market	Per 1,000	Ranking*
New York/Nassau-Suffolk	91.7	5

\*Ranking of 50 metropolitan areas analyzed by the INDEX, with the #1 ranking representing the largest per capita immigration rate.

**Source:** U.S. Census Bureau.

## II. Demographics (Cont.)

### H. Domestic Migration to Metropolitan Areas

#### Total Domestic Migration: 1990–1999 (in 000s)

Atlanta	506.8	Albuquerque	22.9
Las Vegas	406.7	Oklahoma City	13.0
Phoenix	395.8	Salt Lake City	12.7
Dallas-Ft. Worth	240.9	Memphis	8.5
Denver	200.4	Central New Jersey	(33.2)
Orlando	177.9	Baltimore	(48.2)
Portland	176.2	Oakland-East Bay	(61.8)
Riverside-San Bernardino	172.1	Milwaukee	(71.5)
Austin	170.6	St. Louis	(72.2)
Tampa-St. Petersburg	163.0	Hartford	(81.4)
Charlotte	158.0	Cleveland	(102.3)
Raleigh-Durham	157.4	Honolulu	(112.7)
Ft. Lauderdale	151.9	Washington DC	(127.6)
West Palm Beach	128.2	San Diego	(135.8)
Nashville	108.9	San Francisco	(151.3)
Seattle	75.6	San Jose	(175.9)
Minneapolis-St. Paul	66.7	Orange County	(196.0)
Houston	61.4	Boston	(211.9)
Jacksonville	60.7	Miami	(236.1)
Greenville-Spartanburg	55.6	Detroit	(251.0)
Sacramento	50.3	Philadelphia	(279.3)
Indianapolis	48.2	Newark-No. NJ	(383.2)
Kansas City	36.3	Chicago	(527.8)
Columbus	34.6	<b>New York/Nassau-Suffolk</b>	<b>(1,531.8)</b>
Cincinnati	24.0	Los Angeles	(1,560.7)

#### Domestic Migration Per 1,000 Residents (1990–1999)

Local Market	Per 1,000	Ranking*
New York/Nassau-Suffolk	(134.4)	49

\*Ranking of 50 metropolitan areas analyzed by the INDEX, with the #1 ranking representing the largest per capita migration rate.

**Source:** U.S. Census Bureau.

### III. New York: Job Trend Formation and Labor Costs

#### A. Job Formation

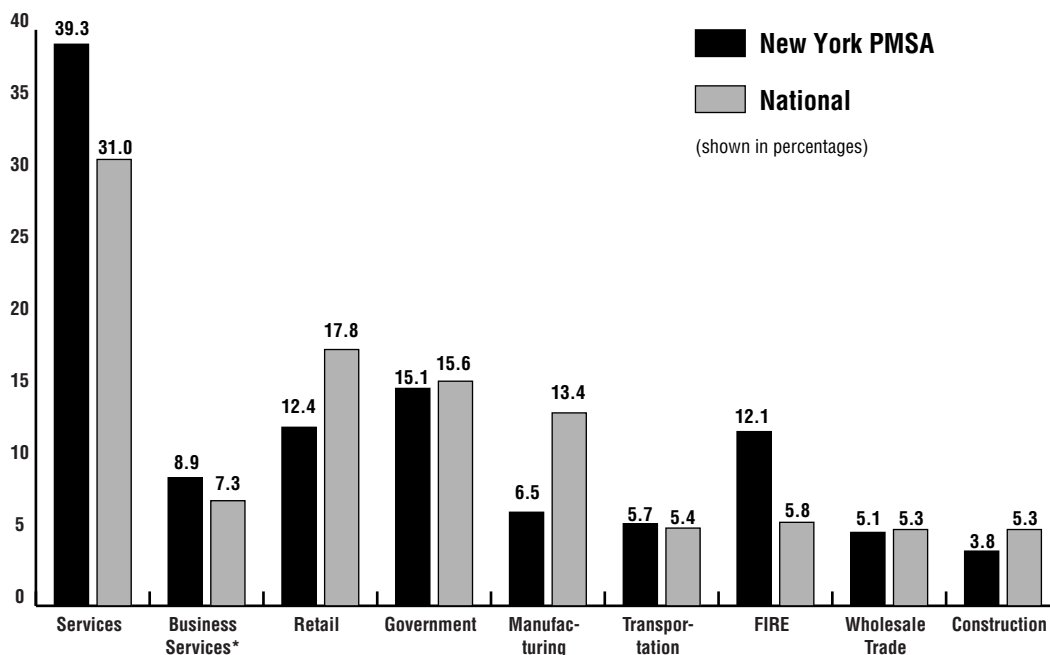
##### Metropolitan Area

Employment Growth (Loss)—% 12-Month (Ending in September):	0.4%
Total Number of Net New Jobs, 12 Months (Ending in September):	16,900
Leading Sector, <i>Construction</i> —% Employment Growth:	4.0%
Leading Sector, <i>Services</i> —Number of Net New Jobs:	22,100
% Employment Growth in Other Key Sectors	
Manufacturing:	(4.5%)
Business Services:	(1.9%)
% Unemployed, September 2001:	5.8%
% Unemployed, 12 Months Before:	5.0%

##### National

Employment Growth (Loss)—% 12-Month (Ending in September):	0.1%
% Unemployed, September 2001:	4.7%
% Unemployed, September 2000:	3.8%

#### B. Economic Base—Employment By Sectors



\*Business Services is a subset of the Services category.

These bar graphs are updated every 6 months Last update: 2Q 2001.

### III. Nassau-Suffolk: Job Trend Formation and Labor Costs

#### A. Job Formation

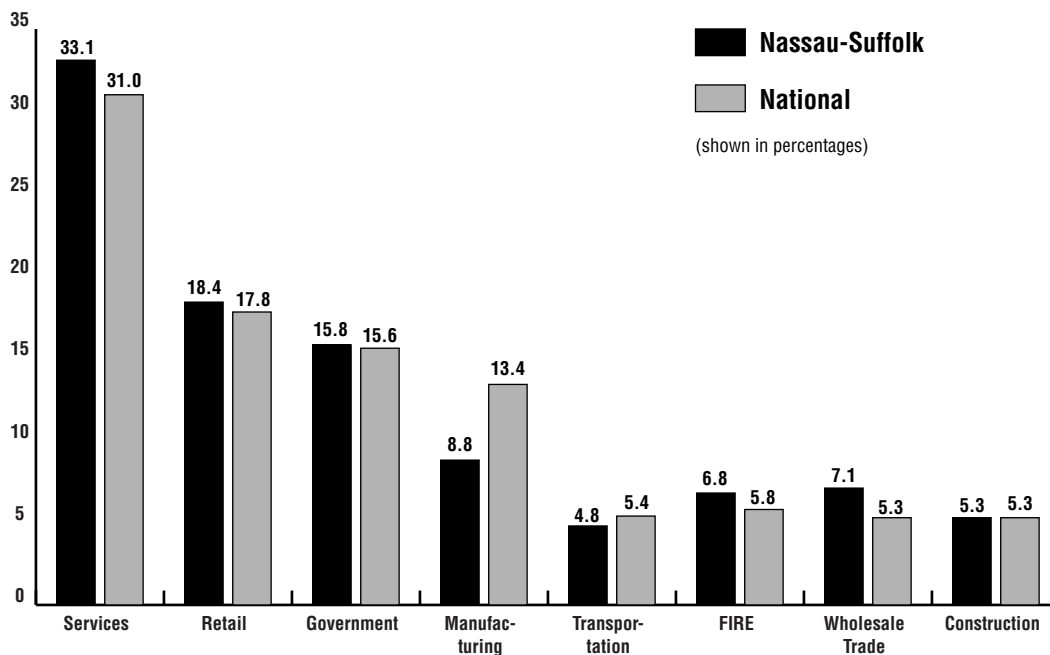
##### Metropolitan Area

Employment Growth (Loss)—% 12-Month (Ending in September):	1.3%
Total Number of Net New Jobs, 12 Months (Ending in September):	16,300
Leading Sector, <i>Transportation</i> —% Employment Growth:	2.6%
Leading Sector, <i>Services</i> —Number of Net New Jobs:	8,000
% Employment Growth in Other Key Sectors	
Manufacturing:	(2.4%)
Business Services:	N/A
% Unemployed, September 2001:	3.5%
% Unemployed, 12 Months Before:	3.2%

##### National

Employment Growth (Loss)—% 12-Month (Ending in September):	0.1%
% Unemployed, September 2001:	4.7%
% Unemployed, September 2000:	3.8%

#### B. Economic Base—Employment By Sectors



These bar graphs are updated every 6 months. Last update: 2Q 2001.

### III. Job Trend Formation and Labor Costs (Cont.)

#### C. Metropolitan Total Employment Gain (1990-2001)

Job Growth (% Gain/Loss, December 1990-June 2001)			
Las Vegas	86.0	Oklahoma City	26.2
Austin	70.3	Indianapolis	25.1
Orlando	53.1	Memphis	23.8
Phoenix	53.1	Washington, DC	22.2
Raleigh-Durham	47.9	Central New Jersey	21.7
Atlanta	45.3	<b>UNITED STATES</b>	<b>21.7</b>
Denver	45.2	Greenville-Spartanburg	21.4
Salt Lake City	44.6	Orange County	21.4
Tampa-St. Petersburg	41.2	Oakland	19.5
Dallas-Ft. Worth	40.4	Miami	17.4
Riverside-San Bernardino	39.8	Cincinnati	16.9
Charlotte	38.4	Detroit	15.7
Nashville	37.8	Boston	15.5
West Palm Beach	37.7	Chicago	15.2
Albuquerque	36.2	San Francisco	15.1
Jacksonville	36.1	St. Louis	14.4
Fort Lauderdale	33.4	Milwaukee	13.9
Portland	31.5	Cleveland	12.0
Sacramento	29.5	<b>Nassau-Suffolk</b>	<b>11.6</b>
Houston	28.9	Baltimore	10.6
Seattle	28.8	Philadelphia	8.4
Kansas City	28.6	Newark-No. New Jersey	7.9
Columbus	26.5	<b>New York</b>	<b>6.6</b>
Minneapolis-St. Paul	26.4	Los Angeles	0.5
San Diego	26.4	Honolulu	(0.4)
San Jose	26.4	Hartford	(2.9)

Source: U.S. Government, Bureau of Labor Statistics.

### III. Job Trend Formation and Labor Costs (Cont.)

#### D. Metropolitan Average Wages—Select Occupations

Position	Average Annual Wage
Accountant	\$52,478
Secretary	\$32,400
Computer Systems Analyst	\$74,872
Computer Programmer	\$57,593
Electrical Engineer	\$71,514
Machinist	N/A

**Source:** U.S. Dept. of Labor, *National Compensation Survey*: New York-Northern New Jersey-Long Island consolidated metropolitan area, April 2000.

#### E. Production Wages & Union Membership

	<u>Average Annual Wage*</u>	<u>National Rank</u>	<u>% Workers in Union</u>	<u>National Rank</u>
New York	\$26,936	22	28.2%	1
U.S. Average	\$26,874	--	16.2%	--

\*Average annual wage is for production workers only. The #1 ranking represents the highest average wage and the largest percentage of unionized workers.

**Source:** U.S. Dept. of Labor and U.S. Census Bureau.

### III. Job Trend Formation and Labor Costs (Cont.)

#### F. State Workers' Compensation Costs

**Workers' Compensation Costs**  
—The average cost per \$100 of payroll—  
(1999)

	<u>Rate*</u>	<u>Index**</u>	<u>1999</u> <u>Rating***</u>	<u>1998</u> <u>Rating</u>
New York	\$4.23	1.209	33	35

\*This is the rate for a prototypical manufacturer, based on the manual rate, taxes and assessments, payroll distribution, premium discounts, experience rating, and any other weighted adjustments that were made in order to produce a non-biased countrywide comparison.

\*\*The base rate (or national average) for this Index is \$3.50.

\*\*\*The rating is based on an analysis of 44 states with #1 representing the lowest average rate.

Source: Actuarial & Technical Solutions, Inc. (516) 471-8655.

#### G. Minimum Wage/Overtime Status

Current Minimum Wage*	\$5.15
State Overtime Standard**	40-hour week

\*The federal minimum wage increased to \$5.15 in September 1997. The federal rate sets the floor under which states cannot go. Some states, however, have lower rates for a minority of workers who are not covered by the Fair Labor Standards Act. Some states also have temporary lower rates and "subminimum wages" for certain groups of workers, e.g., minors and/or beginning employees.

\*\*Federal law stipulates the payment of overtime to all private employees except supervisors, salaried professionals and unionized workers after 40 hours of labor in a given week.

Source: Bureau of National Affairs, *Payroll Administration Guide*.

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## IV. New York/Nassau-Suffolk: Education

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### A. Educational Levels

	<b>% of Adults With Less Than 9th Grade Education</b>	<b>% of Adults Who Graduated From High School</b>	<b>% of Adults Who Graduated From 4-Year College/University</b>
New York	10.4	76.4	29.0
Nassau-Suffolk	--	86.9	31.0
U.S. Metro Average	--	83.4	25.2

**Source:** U.S. Dept. of Commerce, and U.S. Dept. of Education, 1999.

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### B. Educational Expenditures and Salaries

	<b>Per-Pupil Expenditures</b>	<b>Rank</b>	<b>Teacher Salaries</b>	<b>Rank</b>	<b>Student: Teacher Ratio</b>	<b>Rank</b>
New York	\$8,860	3	\$49,437	3	14.1	45
U.S. Average	\$6,251	--	\$40,582	--	16.6	--

These figures represent statewide (and national) averages. The rankings include all 50 states, plus the District of Columbia. For expenditures and salaries, #1 represents the highest dollar amount; #1 also represents the highest student–teacher ratio.

**Source:** National Education Association, *Rankings of the States 1999*, based on 1998-1999 data.

## IV. Education (Cont.)

### C. College Tuition

	<b>Tuition Only*</b>	<b>National Rank**</b>	<b>Annual Average*</b>	<b>National Rank**</b>
New York	\$3,905	14	\$9,688	8
U.S. Average	\$3,226	--	\$8,018	--

\*The tuition and annual average are based on in-state tuition, fees, and room and board for full-time students in public four-year institutions.

\*\*Ranking of all states with the #1 ranking representing the highest tuition and annual average.

**Source:** U.S. Dept. of Education, based on 1999 data.

### D. Graduate Education

#### Academic Rankings of Local Graduate Programs

<b>University</b>	<b>Biological Sciences</b>	<b>Engineering</b>	<b>General Sciences/Other</b>
Albert Einstein College of Medicine	Physiology (17)	--	--
Columbia	Biochemistry (11) Developmental Biology (19) Genetics (12) Neuroscience (6) Physiology (10)	Electrical (15)	Chemistry (7) Economics (12) Mathematics (10) Physics (12)
NYU	Pharmacology (14) Physiology (14)	--	Computer Science (17) Economics (17) Mathematics (8)
Rockefeller Univ.	Developmental Biology (2) Neuroscience (13)	--	--
SUNY-Stony Brook	Ecology (10)	--	Mathematics (20)

**Source:** National Academy of Sciences, *Research-Doctorate Programs in the United States*, 1995 (this report is updated every ten years). The NAS reviewed more than 3,600 doctoral programs in 41 fields at 274 universities for the 1993 academic year. Criteria included the academic quality of each school's faculty, the effectiveness of the school's teaching, and the level of its research. For programs that were ranked at 100 or more schools, we have listed the top 20 universities; for programs that were ranked at fewer than 100 schools, we have listed the top 10. The top universities are shown with their respective national ratings for each discipline. We have included 21 of 41 fields. Please note that the NAS did not include graduate business programs in its study.

## IV. Education (Cont.)

### E. University R&D Expenditures

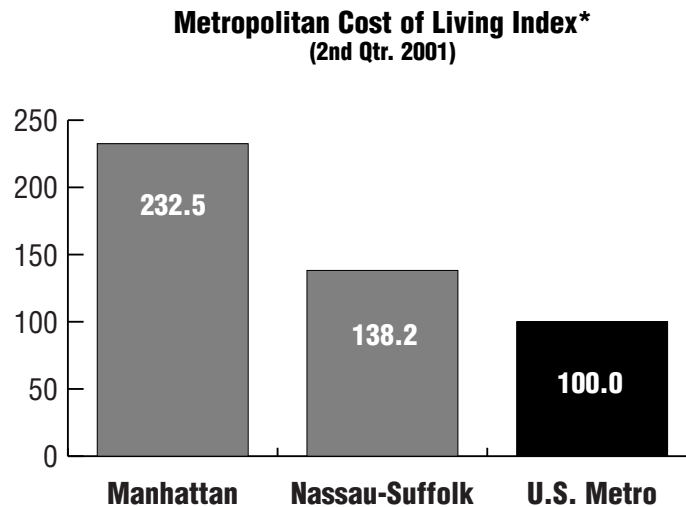
	<b>Federal R&amp;D Expenditures (\$\$ in mil.)</b>	<b>% of Leading School*</b>	<b>Total R&amp;D Expenditures (\$\$ in mil.)</b>	<b>% of Leading School*</b>
Columbia	\$137.1	63.8	\$158.4	59.1
City Univ. of NY	\$2.0	0.9	\$2.6	1.0
Fordham University	\$1.5	0.7	\$2.0	0.7
NY Medical College	\$9.5	4.4	\$12.1	4.5
NYU	\$73.1	34.0	\$97.5	36.4
Polytechnic University	\$5.9	2.7	\$8.9	3.3
Rockefeller University	\$34.9	16.2	\$65.6	24.5
SUNY-Health Sci. Ctr.	\$12.2	5.7	\$21.3	7.9
SUNY-Stony Brook	\$46.8	21.8	\$70.5	26.3
Yeshiva University	\$57.4	26.7	\$72.7	27.1

**Source:** National Academy of Sciences, *Research-Doctorate Programs in the United States*, 1995 (this report is updated every ten years). These amounts reflect the average annual expenditures from 1986 to 1992 (based on 1988 dollars).

\*The percentage column reflects the amount spent by the local institution(s) relative to the amount expended at the top spending institution in each of the two categories.

## V. New York/Nassau-Suffolk: Housing & Related Costs

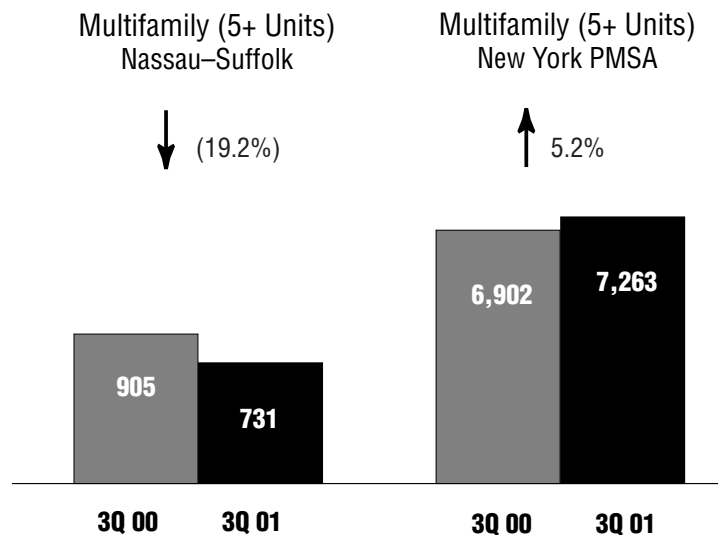
### A. Overall Cost of Living



\*The ACCRA Cost of Living Index measures relative prices for consumer goods and services in participating areas. Housing is an important component of the Index. The average for all participating areas is 100. Each area's number is read as a percentage of that average.

**Source:** ACCRA Cost of Living Index, Louisville, KY, (502) 897-2890.

### B. Metropolitan Housing Permits



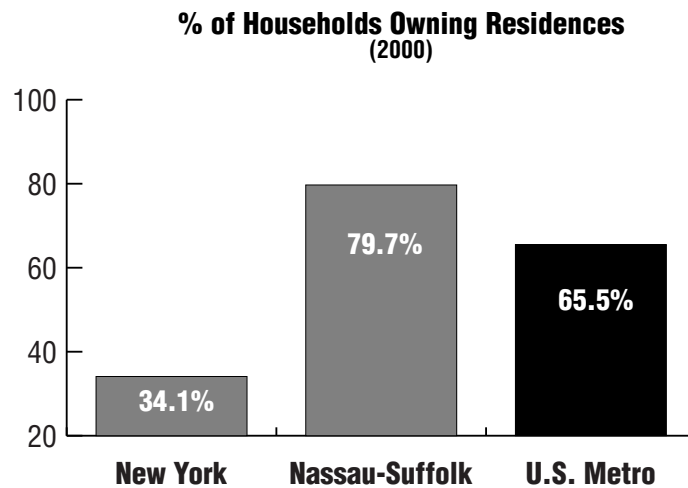
**Local Data:** Figures represent total permits granted year-to-date in the New York and Nassau-Suffolk PMSAs.

**U.S. Data:** The percent change in multifamily permits nationwide was (3.5%).

**Source:** U.S. Census Bureau.

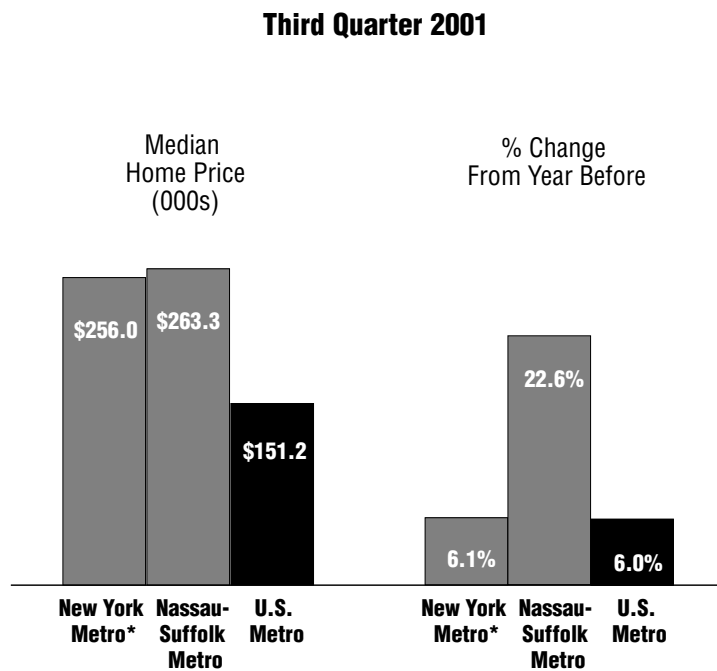
## V. **Housing & Related Costs** (Cont.)

### C. **Homeownership**



**Source:** U.S. Census Bureau. Homeownership rates represent metropolitan averages as of year-end 2000.

### D. **Single Family Home Costs**



\*Represents home prices throughout New York, Northern New Jersey, and Long Island.

**Source:** National Association of Realtors®.

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## V. **Housing & Related Costs (Cont.)**

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### E. **Local Utility Costs**

	<b><u>Commercial Electric</u></b> (30,000 kwh per mo.)	<b><u>Industrial Electric</u></b> (5,000 kw per mo.)	<b><u>Residential Electric</u></b> (1,000 kwh per mo.)
New York City	\$5,357	\$400,884	\$180
U.S. Average	\$2,300	\$135,829	\$84

These numbers reflect rates that were in effect July 2000.

**Source:** Edison Electric Institute, *Typical Bills and Average Rates Report*, Summer 2000.

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### F. **Tourism & Entertainment Taxes**

#### **Local Hospitality Taxes**

	<b><u>Hotel</u></b> <b><u>Tax</u></b>	<b><u>Restaurant</u></b> <b><u>Tax</u></b>	<b><u>Car Rental</u></b> <b><u>Tax</u></b> *
New York	13.25%	8.25%	8.25%
Average of 50 Surveyed Cities	12.36%	7.29%	8.40%

\*This is the basic rate. It does not include applicable surcharges.

**Source:** Travel Industry Association of America, Washington, DC.

## VI. New York/Nassau-Suffolk: Health Care Characteristics & Costs

### A. Hospitalization Costs

#### Hospitalization Costs Per In-Patient Day

	<u>Costs</u>	<u>Index</u>
New York City	\$946.14	87.4
Nassau-Suffolk	\$890.62	82.3
U.S. Metro Average	\$1,082.06	100.0

**Source:** American Hospital Association, Chicago, IL.

### B. Health Insurance

#### Health Insurance Coverage (1999)

	% of Pop. Covered by HMO	Avg. Monthly Premium*	% of Pop. Uninsured	Rank**
New York	33.5	\$198.00	17.3	35
Nassau-Suffolk	35.9	\$195.00	17.3	34

\*Average charge for individual coverage in a traditional HMO plan.

\*\*Ranking of 59 metropolitan areas with the #1 ranking representing the area with the smallest percentage of uninsured residents.

**Source:** InterStudy Publications, *Competitive Edge, Part III: Regional Market Analysis*, (800) 844-3351.

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## VI. **Health Care Characteristics & Costs (Cont.)**

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### C. **State Health Rating**

	<b><u>2001 Ranking*</u></b>	<b><u>2000 Rank</u></b>	<b><u>1999 Rank</u></b>
New York	34	42	43

\*The 21 factors considered include teenage birth rate, infant mortality rate, childhood immunization rate, accessibility to health care, and health care expenditures.

**Source:** The Morgan Quitno Press, (800) 457-0724.

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### D. **State Livability Index**

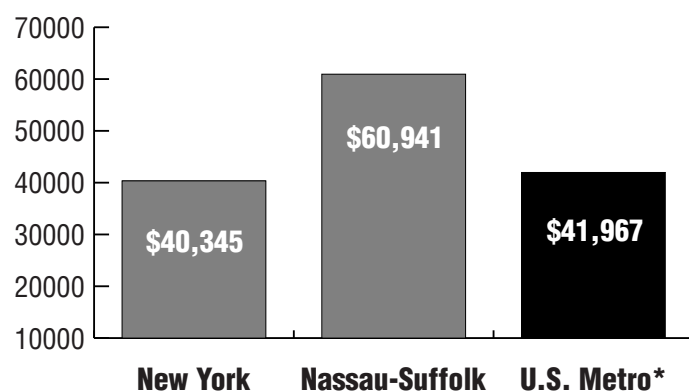
	<b><u>2001 Index Rating*</u></b>	<b><u>2001 Rank</u></b>	<b><u>2000 Rank</u></b>
New York	22.74	35	38

\*The livability index rating is based on 43 categories including crime rate, unemployment rate, hazardous waste sites, quality of infrastructure (e.g., roads, bridges, etc.), high school graduation rate, spending on the arts, and tax burden. The highest possible score is 50.

**Source:** The Morgan Quitno Press, (800) 457-0724.

## VII. New York/Nassau-Suffolk: Other Economic Indicators

### A. 2000 Metropolitan Median Household Income



#### Market Rank\*\*

New York	45
Nassau-Suffolk	3

\*The U.S. Metro figure represents the median income of 323 metropolitan areas; \$39,129 is the median income nationwide.

\*\*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest median household income.

**Source:** Sales & Marketing Management: 2001 Survey of Buying Power.

### B. Poverty

#### Total Residents & Children Living Below Official Poverty Level

	<u>% Total Residents</u>	<u>% Children (5-17)</u>
New York Metro		
Bronx County	30.2	42.8
Kings County	26.5	37.9
New York County	20.7	40.2
Putnam County	4.4	6.3
Queens County	17.0	26.2
Richmond County	9.7	15.2
Rockland County	9.7	15.8
Westchester County	9.3	14.6
Nassau-Suffolk Metro		
Nassau County	5.8	8.6
Suffolk County	7.6	10.8
National	13.3	18.4

**Source:** U.S. Census Bureau, *Income & Poverty Estimates*, 1997 (the most recent data available on a national level).

## VII. Other Economic Indicators (Cont.)

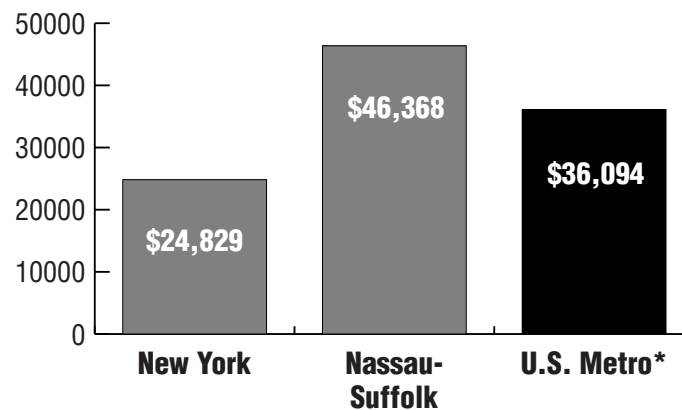
### C. Metropolitan Retail Sales Trends

#### Metropolitan Retail Sales -- % Change (October 2000 - October 2001)

New York City	(5.1%)
National	1.4%

**Source:** TeleCheck Services, Inc., Houston, TX, (713) 599-7600.

### D. 2000 Metropolitan Average Retail Sales



#### **Market Rank\*\***

New York	56
Nassau-Suffolk	6

\*The U.S. Metro figure represents the average retail sales per household of 323 metropolitan areas; \$34,450 is the average retail sales per household nationwide.

\*\*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest amount of retail sales per household.

**Source:** Sales & Marketing Management: 2001 Survey of Buying Power.

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## VII. Other Economic Indicators (Cont.)

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### E. E-Commerce Retail Sales

#### Second Quarter 2001 (\$\$ in billions)

	<u>Total Retail Sales</u>	<u>E-Commerce Retail Sales</u>	<u>% of Total</u>
U.S.	\$807.5	\$7.5	0.9
Prior Quarter	\$728.7	\$7.6	1.0
Year Ago	\$777.8	\$6.0	0.8

Source: U.S. Department of Commerce.

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### F. High-Tech Industry Employment

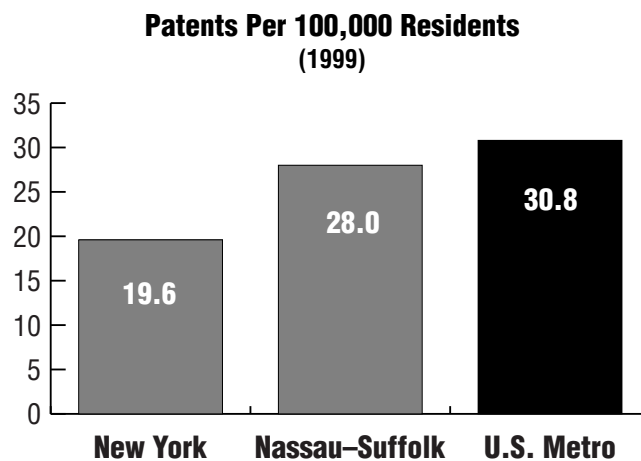
	<u>Share of Total Employment</u>	<u>Rank</u>	<u>Number of Establishments</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
Nassau–Suffolk	5.4%	47	3,043	18	61,769	20
New York	2.9%	117	4,905	4	115,532	8

Rankings are based on a comparison of 304 metropolitan areas for 1998, with the #1 ranking representing the highest amount in each category.

Source: *The High-Tech Industry: Clusters and Competition*, Dynamic Resource Solutions, Abington, PA.

## VII. Other Economic Indicators (Cont.)

### G. Metropolitan Area Patents



**Market Rank\***

New York	40
Nassau-Suffolk	31

\*Ranking of 52 metropolitan areas, with the #1 ranking representing the largest number of per capita patents.

**Source:** Dept. of Commerce, Patent & Trademark Office, April 2000.

### H. Major Airport Activity

**New York – JFK International**

	<u>Total (2000)</u>	<u>% Change from 1999</u>	<u>National Rank*</u>	<u>World Rank*</u>
Passengers (in millions)	32.8	3.5%	14	20
Cargo (in thousands–metric tons)	1,825.9	5.7%	4	7

**New York – La Guardia**

Passengers (in millions)	25.2	5.9%	19	34
Cargo (in thousands–metric tons)	71.1	(1.3%)	56	129

\*Ranking of 672 international airports, with the #1 ranking representing the largest number of passengers and the largest amount of cargo.

**Source:** Airports Council International, Washington, DC.

## VII. Other Economic Indicators (Cont.)

### I. International Trade

#### International Trade Volume

	<u>Import</u>	<u>Export</u>	<u>Total</u>
New York City Customs District			
January-June 2001 (\$\$\$ in billions)	\$71.8	\$42.2	\$114.0
% Change (from year ago)	3.8%	10.0%	6.0%
Total U.S.			
January-June 2001 (\$\$\$ in billions)	\$585.9	\$386.6	\$972.5
% Change (from year ago)	0.6%	1.4%	0.9%

**Source:** Dept. of Commerce, Foreign Trade Division.

### J. Area Exports

#### Metropolitan Area Exports

	<u>1999 Value</u> <u>(\$\$\$ in billions)</u>	<u>Rank*</u>	<u>% Change</u> <u>1998–1999</u>	<u>% Change</u> <u>1993–1999</u>
New York	\$24.5	4	(7.9%)	(13.2%)
Nassau-Suffolk	\$4.7	28	5.6%	67.2%
Total U.S.	\$692.8	N/A	1.8%	49.0%

These figures only measure local sales of finished goods leaving the country and exclude both components and raw materials that are ultimately incorporated into export products.

\*Ranking of 53 metropolitan areas, with the #1 ranking representing the highest dollar value.

**Source:** Dept. of Commerce, International Trade Administration.

## VII. Other Economic Indicators (Cont.)

### K. Gross State Product

	<b><u>1989</u></b>	<b><u>1999</u></b>	<b><u>% Change 1989-1999</u></b>
New York Ranking*	2	2	--
New York Total (\$\$\$ in billions)	\$589.7	\$728.9	23.6%
U.S. Total (\$\$\$ in billions)	\$6,538.6	\$8,934.1	36.6%

\*Ranking of all 50 states (including the District of Columbia), with the #1 ranking representing the highest dollar amount.

Note: While the dollar amounts are no longer inflation-adjusted, they are “chain-weighted” to make them comparable to the specified 1996 base period.

**Source:** U.S. Dept. of Commerce, *Gross State Product, 1977-1999*.

### L. Gross Metropolitan Product

	<b>GMP</b> (\$\$ in billions)		
	<b><u>1999</u></b>	<b><u>Rank</u></b>	<b><u>% Change (from 1998)</u></b>
New York, NY	\$391.6	1	7.8%
Nassau-Suffolk, NY	\$96.4	16	9.5%

\*Ranking of 100 metropolitan areas, with the #1 ranking representing the highest dollar amount.

**Source:** U.S. Conference of Mayors & OMB.

## VIII. New York/Nassau-Suffolk: Taxes and Expenditures

### A. State Tax Rates/Employer Expenses

Tax	Rate
<b>Business Taxes:</b>	
Corporate Income/Franchise	8.5%
Unemployment Insurance	5.4%
<b>Individual Taxes:</b>	
Sales/Use	4.0%
Maximum Local Levy	4.5%
Food Exemption	Yes
Cigarette Tax (per package)	\$1.11*
Personal Income Rates	4.0% to 6.85%
Beginning Income for Maximum Rate**	\$40,000
State Taxes Paid in 1999 Per \$1,000 Personal Income:	
Local: \$64	United States: \$66

\*This rate became effective on March 1, 2000.

\*\*For those married filing jointly.

**Source(s):** Tax Foundation; Federation of Tax Administrators; and INDEX research.

### B. Comparative State Income Taxes

#### A Comparison of the State Income Tax Rate Assessed at the Local Median Income Level

	<u>Median Income</u>	<u>Marginal State Income Tax Rate</u>	<u>Metropolitan Ranking**</u>
New York	\$40,345	4.88%*	40
Nassau-Suffolk	\$60,941	5.55%*	46

\*For those with taxable incomes over \$40,000, a tax of \$1,946 plus 6.85% of the amount over \$40,000 is assessed.

\*\*The state income tax ranking is based on a comparison of the 56 metropolitan areas covered by the National Real Estate Index. Markets are rated in ascending order (i.e., number 56 denotes the highest tax rate at the respective median household income in the study).

**Note of Explanation:** Simple marginal tax rates are not sufficient for comparing tax burdens across jurisdictions. A more useful measure is to compare what a median income household would likely be assessed in each jurisdiction.

#### Additional Local Income Tax

New York City (residents)	3.02% to 3.78%
---------------------------	----------------

Note: As a result of an April 2000 ruling by the New York State Court of Appeals, the city of New York's earnings tax has been eliminated for people living outside New York state. The tax was eliminated for New York state residents (except those living in New York City) in July 1999.

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## VIII. Taxes and Expenditures (Cont.)

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### C. Local Commercial Property Taxes

#### 1999 Commercial Property Tax Rate (Per \$100 Valuation)

<u>City</u>	<u>Basic Rate</u>	<u>Effective Rate</u>	<u>Ranking**</u>
New York City*	\$10.37	\$4.67	86

\*Commercial property is taxed at 45% of market value. Additional assessment ratios vary widely between jurisdictions.

\*\*The commercial property tax ranking is based on a comparison of 86 communities analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 86 denotes the highest tax rate in the study.)

**Source:** Basic tax rates (and assessment ratios) were provided by Vertex Inc., Berwyn, PA, (800) 355-3500. The “effective” rates factor in the proportion of property value assessed for taxation purposes, and were calculated by the National Real Estate Index staff. Where a range of basic rates applied, the median was utilized.

Except where noted, inventory and intangible property are completely (or largely) exempt from taxation, and tangible personal property is taxed at rates and assessment ratios comparable to those for real property.

**Important:** Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only. Actual tax assessments could vary substantially, depending on property class, age and location.

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### D. Local Residential Property Taxes

#### 2000 Residential Property Tax Rate (Per \$100 Valuation)

<u>Location</u>	<u>Effective Rate</u>	<u>Ranking*</u>
New York City CMP	\$2.05	48
Long Island	\$2.52	55

\* The residential property tax ranking is based on a comparison of 56 metropolitan areas analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 56 denotes the highest tax rate in the study.)

**Source:** Runzheimer International, Rochester, WI. Runzheimer International, a management consulting firm specializing in transportation, travel and living costs, provided the effective residential property tax rate. In large cities where a range of residential tax rates is applied, we have used Runzheimer’s composite tax rate (CMP). For more information on employee relocation, moving costs, and travel expenses, contact Runzheimer at 1-800-558-1702.

**Important:** Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only.

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## VIII. Taxes and Expenditures (Cont.)

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### E. State Tax Revenue

#### State Tax Revenue\* (\$\$ in millions)

	<u>Fiscal Year 1999</u>	<u>Fiscal Year 2000</u>	<u>% Change</u>
New York	\$37,069	\$39,958	7.8%
U.S.	\$429,780	\$467,092	8.7%

\*Totals include revenue from a state's personal income, corporate income and sales taxes, only. The fiscal year begins on July 1 for all 50 states except Alabama (Oct 1), Michigan (Oct 1), New York (April 1), and Texas (Sept 1).

**Source:** SUNY Center for the Study of the States, *State Revenue Report*.

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### F. Federal Balance of Payment Per Capita

	<b><u>Federal Taxes Collected</u></b>	<b><u>National Rank</u></b>	<b><u>Balance of Payment*</u></b>	<b><u>National Rank</u></b>
New York	\$5,834	14	(\$890)	41

The national average of federal taxes collected is \$5,486. These national rankings are based on all 50 states, plus the District of Columbia, with number 1 representing the highest dollar amounts.

\*The difference between federal spending received (see Chart G) and taxes collected is the "balance of payment" between each state and the federal government.

**Source:** Harvard University and the U.S. Senate, *The Federal Budget and the States, Fiscal Year 1999*.

## VIII. Taxes and Expenditures (Cont.)

### G. Federal Spending Per Capita – State

	<b>Salaries/ Wages</b>	<b>Procurement Contracts</b>	<b>Defense Spending</b>	<b>Total Federal Spending</b>	<b>National Rank*</b>
New York	\$415	\$364	\$294	\$5,814	21
U.S. Average	\$647	\$783	\$835	\$5,740	--

\*This national ranking, which is based on all 50 states, plus the District of Columbia, is for total federal spending. Both salaries/wages and procurement contracts include all such expenditures. Defense spending includes only those procurement contracts and wages (and other expenditures) that relate to defense.

**Source:** U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2000*.

### H. Federal Spending Per Capita – Leading Local Counties

	<b>Salaries/ Wages</b>	<b>Procurement Contracts</b>	<b>Defense Spending</b>	<b>Defense Spending % Change from 1999</b>	<b>Total Federal Spending</b>
Nassau County	\$291	\$601	\$525	(8.5)	\$4,969
New York City & County*	424	219	76	(14.6)	5,898
Suffolk County	491	641	298	30.7	4,740
Westchester County	328	243	170	(36.6)	4,768
U.S. Average	\$647	\$783	\$835	(2.6)	\$5,740

Both salaries/wages and procurement contracts include all such expenditures. Defense spending includes only those procurement contracts and wages (and other expenditures) that relate to defense.

\*The New York City & County listing includes Bronx, Kings, Queens, and Richmond Counties.

**Source:** U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2000*.

## IX. New York/Nassau-Suffolk: Quality of Life

### A. Crime Rate

#### Crime Per 100,000 Inhabitants—2000

	<u>Violent</u>	<u>% Change from 1999</u>	<u>Property</u>	<u>% Change from 1999</u>
New York Metro	872.3	(7.8)	2,666.2	(8.3)
U.S. Metro Average	561.4	(3.8)	3,866.7	(3.7)

Source: U.S. Dept. of Justice, *Crime in the United States*.

### B. Child Welfare

	<u>Overall Ranking*</u>	<u>Drop-Out Rate</u>	<u>Juvenile Crime</u>	<u>Teen Birth Rate</u>	<u>Immunization Rate</u>
New York	34	22	8	16	23

\*The overall ranking is based on ten categories including child death rate, children in poverty, divorce rate, drop-out rate, infant mortality, teen birth rate, juvenile crime rate, and immunization rate. The highest possible ranking of all states (including Washington, DC) is 1.

**Drop-Out Rate:** The number one ranking represents the state with the lowest percentage of teenagers (16-19) who are high school drop-outs.

**Juvenile Crime:** The number one ranking represents the state with the lowest number of arrests of individuals under 18 divided by the population of the state.

**Teen Birth Rate:** The number one ranking represents the state with the lowest number of births for teenagers (15-19) per 1,000 births. (There are only 49 states ranked in this category.)

**Immunization Rate:** The number one ranking represents the state with the highest percentage of two-year-olds who have been immunized.

Source: Children's Rights Council, Washington, DC, July 1999.

## IX. Quality of Life (Cont.)

### C. Climate

#### Average Temperature (Fahrenheit)

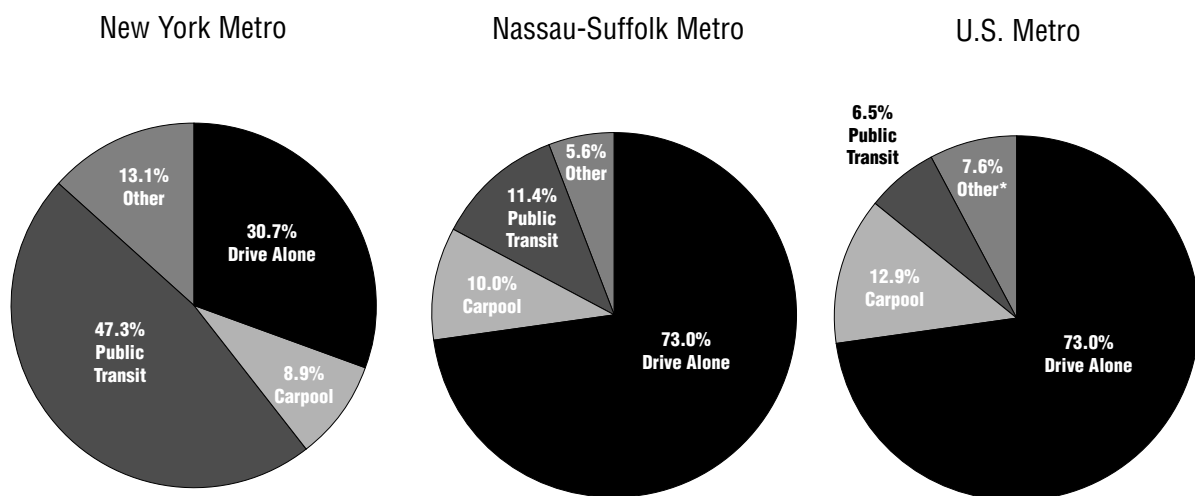
	<u>High</u>	<u>Low</u>
Winter	38	26
Spring	61	44
Summer	85	68
Autumn	66	50

Average Annual Precipitation: 44 inches

Elevation: 87 ft

% of Sunny Days Per Year: 58%

### D. Mode of Travel to Work



\*Includes those who work at home.

**Source:** U.S. Census Bureau, *Journey to Work & Migration Statistics*.

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## IX. **Quality of Life (Cont.)**

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### E. **Daily Commute Time**

	<b>One-Way Avg. Travel Time (Min.)</b>
New York PMSA:	35.3
Nassau-Suffolk PMSA:	30.0
U.S. Metro Average:	23.2

Source: U.S. Census Bureau, *Journey to Work & Migration Statistics*.

---

### F. **Major Professional Athletic Franchises**

#### **National Football League**

New York Jets, New York Giants  
(co-tenants of Giants Stadium in New Jersey)

#### **Major League Baseball**

New York Yankees, New York Mets

#### **National Basketball Association**

New York Knicks

#### **National Hockey League**

New York Islanders, New York Rangers

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**G. Performing Arts**

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**Symphonies**

Bronx Symphony Orchestra  
Brooklyn Philharmonic Orchestra  
Long Island Philharmonic (Melville)  
Manhattan Philharmonic  
Manhattan Symphony Orchestra  
New York Chamber Symphony  
New York City Symphony  
New York Philharmonic  
New York Pops Orchestra  
Queens Symphony Orchestra  
Symphony for the United Nations  
Symphony of Long Island (Uniondale)

**Operas**

Center for Contemporary Opera (New York)  
Long Island Opera (West Hempstead)  
Manhattan Opera Association  
Metropolitan Opera Association (New York)  
National Grand Opera (Garden City)  
New York City Opera  
New York Gilbert & Sullivan Players  
New York Grand Opera Company  
Queens Opera Association (Brooklyn)

**Ballets**

Alvin Ailey American Dance Theater (New York)  
American Ballet Theater (New York)  
Ballet Manhattan  
Contemporary Ballet Company (Oyster Bay)  
Dance Theatre of Harlem  
Dance Theatre of Long Island (Port Washington)  
Long Island Dance Company (Stony Brook)  
Martha Graham Dance Company (New York)  
New York City Ballet  
New York Theatre Ballet

**Source:** *Musical America: International Directory of the Performing Arts*, New York, NY. Though many suburban communities have established symphonies and dance troupes, etc., this chart reflects the major, ongoing performing arts groups (in the above three categories) that are located in the central city and selected large communities of this metropolitan area.

## X. New York/Nassau-Suffolk: Current Prices, Rents, and Cap Rates<sup>1</sup>

### A. Class A Property Sectors—National, Regional, Local

	CBD Office AVERAGE			Suburban Office AVERAGE			Warehouse AVERAGE			Retail AVERAGE			Apartment AVERAGE		
	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate
National	\$211.86	\$33.51	8.7%	\$179.19	\$26.16	8.5%	\$44.60	\$5.71	9.1%	\$119.53	\$17.61	9.3%	\$105.68	\$14.71	8.5%
Northeast Region	281.04	44.81	8.6	190.08	28.79	8.6	49.36	6.56	9.1	128.62	19.16	9.3	122.35	19.63	8.9
New York — Downtown															
3rd Q. '01	\$299.99	\$46.08	8.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2nd Q. '01	328.41	48.13	7.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3rd Q. '00	289.79	48.29	7.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New York -- Midtown															
3rd Q. '01	406.92	63.22	8.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2nd Q. '01	397.24	64.18	8.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3rd Q. '00	419.03	64.63	8.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nassau—Suffolk															
3rd Q. '01	\$154.30	\$27.70	8.4%	\$143.38	\$25.31	8.5%	\$50.47	\$6.66	8.8%	\$132.54	\$21.44	9.2%	\$120.51	\$19.59	9.1%
2nd Q. '01	153.85	27.54	8.4	142.90	25.14	8.5	50.98	6.64	8.7	132.65	21.01	9.1	116.72	19.18	9.2
3rd Q. '00	155.83	27.40	8.3	148.04	25.28	8.2	50.91	6.62	8.7	137.95	21.54	8.9	113.67	18.88	9.3

### B. Other Property Classes – Most Recent Period

Property Sector	Price Per SF	Property Sector	Price Per SF
<b>Downtown</b>		<b>Nassau-Suffolk</b>	
Class B CBD Office	\$211.33	Class B Apartment	\$79.21
<b>Midtown</b>		<b>New York</b>	
Class B CBD Office	\$285.95	Class B Suburban Office	\$111.52
Class C CBD Office	\$189.79	Class C Suburban Office	\$86.18
		Class A Urban Apartment	\$256.22

<sup>1</sup> Source(s): NREI Market Monitor. For more information on this or other INDEX-surveyed metropolitan areas, contact the National Real Estate Index, (800) 992-7257.

## X. **Current Prices, Rents, and Cap Rates (Cont.)**

### C. **Local Market Rankings**

#### **3rd Qtr. 2001 – Rankings\***

	<u>CBD Office</u>	<u>Suburban Office</u>	<u>Warehouse</u>	<u>Retail</u>	<u>Apartment</u>	<u>Class B Apartment</u>
<b>Manhattan Downtown</b>						
Prices	5	--	--	--	--	--
Rents	6	--	--	--	--	--
<b>Manhattan Midtown</b>						
Prices	1	--	--	--	--	--
Rents	1	--	--	--	--	--
<b>Nassau–Suffolk</b>						
Prices	22	27	13	13	9	10
Rents	18	13	13	8	6	7

\*Local market ranking among the 58 metropolitan areas (plus Manhattan Downtown and Midtown for CBD office) analyzed by the National Real Estate Index, with the #1 ranking representing the highest Class A price and/or rent per square foot for the noted time period.

## XI. Nassau-Suffolk: Market Analysis

### A. Nassau-Suffolk—Market Snapshot

#### The Island Rides out Slumping Economy

Long Island (Nassau and Suffolk Counties) saw its employment base expand 1.3% during the 12 months ending in September 2001, which translated into the creation of 16,300 net jobs. Though this was comparatively healthy growth, given the slow-down in the local and national economy, it did mark a 28% decline from the number created here during the 12 months ending in June. The unemployment rate registered a slight increase to 3.5% from 3.2% one year ago.

The service sector drove employment growth, adding 8,000 new jobs. The retail and government sectors created 4,300 positions each. Other employment categories that saw job growth included the transportation sector with 1,500 new positions and construction, which added 1,200 jobs.

The manufacturing sector eliminated 2,700 positions during the year. Other lagging categories included the finance, insurance, and real estate sector (FIRE), which lost 200 jobs, and wholesale trade, which cut 100 positions.

#### OFFICE

The Long Island office market cooled in the third quarter as the vacancy rate rose to 13% from 8.8% in the second quarter and 5.9% one year ago. CB Richard Ellis tracks 37 million square feet of office space in Nassau and Suffolk Counties. Though net absorption was in the red 415,000 square feet in the third quarter, this was an improvement from the negative 456,000 square feet recorded in the second quarter. Absorption was negative in five of the six submarkets on Long Island. Southern Nassau was the only exception, recording a mere 3,400 square feet of positive absorption. Construction decreased to just 490,000 square feet, a 15% drop from the second quarter and a 34% decline from the third quarter 2000.

**Vacancy Nearly Doubles in Nassau:** Coming off of record low vacancies during 2000, Long Island experienced minimal leasing activity in 2001, despite expectations that migrations from New York would boost demand. The Nassau County vacancy rate shot up from 7.7% in the second quarter to

13.3% in the third quarter. This is the first time in recent years that Nassau County recorded a higher vacancy rate than Suffolk County. The latter's third quarter vacancy rate was 12.5%.

Nassau's dramatic third quarter vacancy hike was the result of one million square feet being delivered vacant in i.Park, a former Lockheed-Martin site being redeveloped into a high-tech hub in Lake Success. This sent the Lake Success/Manhasset/North Hills vacancy rate skyrocketing to 31% from its 5.8% rate in the second quarter. I.Park is located near exit 25 of the Northern State Parkway and exit 33 of the Long Island Expressway. It is prime space for telecom, Internet, and office users.

#### Mid Suffolk County Captures All New

**Construction:** All of the 490,000 square feet of space under construction in the third quarter was in the Mid Suffolk County submarket. The largest project was the ongoing development of a 408,000 square foot office complex in Hauppauge, slated for completion by the end of 2001. A 55,000 square foot office building was completed on Veterans Memorial Highway in the third quarter. The building came on-line 100% pre-leased. Another 50,000 square foot building continues construction on Commack Road. This pre-leased building is owned by Memorial Sloan-Kettering Cancer Centers. Construction is slated for completion in early 2002.

#### INDUSTRIAL

Long Island's industrial market tightened between the second and third quarters of 2001 with vacancy dropping nearly two percentage points to 4.8%. However, the current vacancy rate represents a slight increase from the third quarter 2000. CB Richard Ellis tracks industrial properties in Nassau and Suffolk Counties, as well as Kings and Queens Counties and Staten Island.

Nassau County saw its vacancy rate fall from 7.2% in 2001's second quarter to 5.7% in the third quarter. But similar to the overall market, vacancies inched up here from one year ago. Suffolk County also tightened between the second and third quarters, but just slightly from 6.3% to 6.1%. The third quarter 2000 rate, however, was 5.3%.

## XI. Market Analysis

### A. Nassau-Suffolk—Market Snapshot *(continued)*

Long Island's industrial facilities primarily attract firms that do business on Long Island rather than national companies, enabling it to escape major industry contractions. Restrained development created pent-up demand in 2001, which should help the market recover in 2002. The only industrial project underway in the third quarter was a 110,000 square foot storage facility with office and apartment components in Hempstead.

In what could turn out to be one of Long Island's largest industrial sales of the year, supplier of tobacco and consumer goods Harold Levinson Associates is in contract to acquire 21 Banfi Plaza in Farmingdale. The 200,000 square foot industrial building is owned by Unisource, a division of Georgia-Pacific Corporation. The facility was put on the market more than a year ago after Unisource decided to consolidate its New York metro area operations in North Bergen, New Jersey.

**Exports/Imports Increase:** The value of exports handled by the New York City Customs District (which also tracks commerce for the Nassau-Suffolk metropolitan area) increased 6% through September to \$42 billion. Imports rose 4% to \$72 billion.

#### RETAIL

In a report released by Suffolk County's Department of Planning this Fall, the vacancy rate for shopping centers there was 12%, while downtown retail space was 8% vacant. Like other areas around the country, Suffolk County has seen an influx of big-box retailers such as Best Buy, Circuit City, Kohl's, Lowe's, and Target during the last four years. The report shows that there are nearly 25 square feet of retail space for every person in Suffolk, more than double the 11 square feet per person in 1970. The study also found that the vacancy rates in both stand-alone shopping centers and downtown business districts have declined since the last study in 1997. Despite this, the study warns that the county needs to absorb its vacant retail space before embarking on any new shopping malls.

Meanwhile, a developer has proposed a one million square foot regional shopping mall in Yaphank. The county's report argues that the recent development of the 775,000 square foot Tanger Outlets has diminished the need for this new mall.

**Home Improvement Business Booming:** One category of the retail market that is actually benefiting from the September 11th terrorist attacks is the home improvement business. Home Depot noted in December that demand for its products and services are up since the tragedy and that sales will support more than double the 17 stores it already has on Long Island. The company has had to fight opposition from citizen and merchant groups for nearly every inch of space it has on the island, though. The latest battle is over initial plans to build a reliever store to handle overflow from its Farmingdale, Jericho, and Huntington outlets. The site currently contains a 135,000 square foot industrial facility that would be razed for the 130,000 square foot store. Similar opposition is building over another planned store at Rockville Centre.

Household retail sales in Nassau-Suffolk Counties average \$46,000 compared to \$34,000 nationwide, according to Sales & Marketing Management's *2001 Survey of Buying Power*. The median household income here is \$61,000, well above the \$42,000 median nationwide.

#### APARTMENT

The third quarter vacancy rate for apartments on Long Island was 5.2%, according to Property & Portfolio Research. Affordable housing continues to lag job creation on the Island and the situation does not appear to be improving. Multifamily permits decreased 19% to 730 during the first three quarters of 2001. Single-family permits declined by 9% (to 3,000) during the same period.

Apartment developers face an uphill battle to build on Long Island, although persistence in some areas is paying off. Major completions include AvalonBay's 340-unit Avalon Court North and the first phase of Trammell Crow's 795-unit Alexan Brookhaven project. Rising home prices, improving migration trends, and healthy job growth have converged to raise demand for apartments. However, luxury units are the most likely projects to get through the approval process. For instance, Fairfield Properties recently broke ground on a 202-unit luxury complex in Farmingville.

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## **XI. Market Analysis**

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### **A. Nassau-Suffolk—Market Snapshot** *(continued)*

The region's deficit of affordable rental units is one of the main deterrents to keeping the local economy strong. But opposition to new apartment projects, lack of financial incentives and tough building codes continue to dissuade developers from filling the obvious need. The Koppelman group and the Long Island Association have written to every town and village on the island to impress upon them the importance of multifamily housing, especially to attract and keep a young labor force. To date, their pleas have failed to provoke change.

#### **HOSPITALITY**

The hotel occupancy rate on Long Island was 73% in the third quarter 2001, according to Smith Travel Research. This represents a drop from 75% in the second quarter and 77% one year earlier. The Long Island Hotel and Lodging Association reported a 40% plunge in occupancy rates at many local hotels immediately after the World Trade Center attacks, but by the first week in October, rates had apparently picked up again.

A 168-room Hampton Inn is slated for completion in Farmington at the close of 2001. Other new construction is focused on small, limited service hotels.

## XI. Market Analysis

### B. Nassau-Suffolk—Submarket Inventory/Vacancy

OFFICE*				
SUBMARKET	INVENTORY	VACANCY	ABSORPTION	CONSTRUCTION
<u>NASSAU COUNTY</u>				
Western Nassau	6,693,526	23.9%	(77,567)	0
Central Nassau	10,829,895	11.3%	(138,435)	0
Eastern Nassau	5,285,797	5.8%	(48,741)	0
Southern Nassau	1,109,330	5.6%	3,405	0
<b>NASSAU TOTAL</b>	<b>23,918,548</b>	<b>13.3%</b>	<b>(261,338)</b>	<b>0</b>
<u>SUFFOLK COUNTY</u>				
Mid Suffolk County	5,188,053	12.6%	(42,235)	490,000
W. Suffolk County	7,559,348	11.4%	(110,714)	0
<b>SUFFOLK TOTAL</b>	<b>12,747,401</b>	<b>12.5%</b>	<b>(153,949)</b>	<b>490,000</b>
<b>MARKET TOTAL</b>	<b>36,665,949</b>	<b>13.0%</b>	<b>(415,287)</b>	<b>490,000</b>
*Reported as of third quarter 2001.				
<b>Source:</b> CB Richard Ellis (Garden City).				

INDUSTRIAL*		
SUBMARKET	INVENTORY	VACANCY
Kings	33,405,121	3.1%
Nassau	22,110,176	5.7%
Queens	35,698,814	4.5%
Staten Island	300,000	100.0%
Suffolk	17,627,823	6.1%
<b>MARKET TOTAL</b>	<b>109,141,934</b>	<b>4.8%</b>
*Reported as of third quarter 2001.		
<b>Source:</b> CB Richard Ellis (Garden City).		

## XI. New York: Market Analysis

### C. New York—Market Snapshot

#### Job Growth Plunges

The slowdown in the high-tech industry and the World Trade Center attacks have put a serious dent in greater Manhattan's rate of job growth. Although the metropolitan area added 16,900 new positions during the 12 months ending in September 2001, this represents a dramatic decline from the 53,300 jobs created during the 12-month period ending in June. The unemployment rate rose to 5.8% in September from 5% one year earlier.

The service sector generated the most new positions at 22,100. However, its sub-sector, business services, lost 7,500 jobs. The retail sector created 7,800 new positions followed by the construction sector, which added 6,500 jobs. The government sector generated 1,000 new jobs and transportation added 800. However, the remaining employment categories suffered losses. Manufacturing eliminated 13,400 positions, the finance, insurance, and real estate (FIRE) sector lost 4,000 jobs, and the wholesale trade sector cut 3,900 positions.

#### OFFICE

##### WTC Disaster Takes its Toll

The destruction of the Twin Towers and subsequent damage to surrounding buildings essentially wiped the World Trade Center submarket off the map in terms of usable real estate. As a result, CB Richard Ellis has removed more than 23 million square feet from its downtown market calculations. This adjustment put downtown Manhattan's inventory at just 84 million square feet in the third quarter 2001. The buildings in the World Trade Center submarket that survived the attack will be added back into inventory once they are repaired.

With the elimination of 22% of its office inventory—space that was 98% occupied—downtown's vacancy rate climbed five percentage points to 10.4% between the second and third quarters. Vacancy jumped seven percentage points from September 2000. Meanwhile, net absorption downtown, which had already slipped into the red by 1.5 million square feet in 2001's second quarter, dipped to a negative two million square feet during the third quarter.

By the end of September, the overall vacancy rate in greater Manhattan had ballooned to 7.5% from a tight 2.5% in September 2000. The current rate represents a two percentage point increase from the second quarter. Although some sources estimate greater Manhattan's vacancy rate to be even higher, all agree the office market has softened dramatically from previous months. Analysts expect vacancies to climb in the coming quarters as tenants struggle with challenging economic conditions.

**Midtown Space up for Grabs:** Midtown's third quarter market conditions changed in a way that no one had foreseen prior to the September 11th terrorist attacks. Real estate experts initially predicted that displaced companies seeking to relocate in Manhattan would flee to nearby Midtown, thereby tightening conditions there. This was a logical assumption, seeing that the Midtown North and South submarkets were already fairly tight in the second quarter. The expected migration played itself out in a flurry of leasing activity during the third quarter. However, Midtown is softer now than it was before the World Trade Center disaster.

Companies struggling with unused space in the wake of downsizings, layoffs, and consolidations, were quick to offer their surplus accommodations to victims looking to relocate. What's more, even those companies that lost space in the disaster managed to uncover underused square footage of their own. Consequently, displaced tenants have committed to only 40% of the amount of space they previously occupied.

An estimated eight million square feet of office space that was unavailable before September 11th surfaced as sublease space or was backfilled this Fall. The supply boom easily outstripped leasing activity in the third quarter. Those companies unable to find suitable options in Midtown packed their bags for New Jersey, Connecticut, and Westchester County. Many of these tenants required large blocks of space that are in short supply in Manhattan's dense office market.

The city plans to use federal aid dollars to provide financial incentives to keep businesses downtown and induce others back. Estimates differ as to the amount of federal money that will actually be allocated to this kind of incentive program, but guesses run as high as \$2 billion.

## XI. Market Analysis

### C. New York—Market Snapshot (continued)

**Midtown South Takes Greatest Hit:** The Midtown South submarket, roughly half the size of Midtown North, saw its vacancy rate climb more than two percentage points to 9.4% between the second and third quarters of 2001. The softening trend is even more pronounced when comparing the current vacancy rate to the 2.2% rate posted one year ago. Net absorption for the quarter was 460,000 square feet in the red.

**Midtown North Stretches Out:** The Midtown North submarket accounted for the entire ten million square feet under construction in greater Manhattan during the third quarter. Ironically, at more than 171 million square feet, this area saw its vacancy rate increase only one percentage point from the second quarter to 5.1%. Quarterly net absorption went essentially unchanged at a negative two million square feet.

Columbus Circle continues to see the bulk of development with 2.6 million square feet in progress. All but 175,000 square feet of the 1.1 million square feet of office space here will be used by AOL Time Warner and its three developers: The Related Companies, Apollo Real Estate Advisors and Palladium Company. Another 1.2 million square feet are underway at 300 Madison Avenue and 866,000 square feet at 383 Madison Avenue. Global investment banker CIBC World Markets plans to move to 300 Madison in 2003, while Bear Stearns has fully leased 383 Madison. More than one million square feet are also in progress at One Rockefeller Plaza West, and approximately the same amount of space is under development in the Times Square Tower. Arthur Andersen has already leased 500,000 square feet in the latter tower. Other large construction projects include 850,000 square feet at 731 Lexington Avenue and 374,000 square feet at 222 E. 41st Street. The city has delayed a vote on funding for Douglas Durst's proposed buildings, one at 42nd and 6th Avenue and another near the Hudson and 57th for a total of 3.3 million square feet.

**Comings and Goings Create a Patchwork of Options:** The lure of Manhattan, with its cosmopolitan image and global reputation, is allowing it to fight back as no other major metropolitan area would be able to do in the wake of such a disaster. Many companies that were directly affected by the

attacks remain committed to the city, even as they set up temporary offices elsewhere. For instance, Morgan Stanley, the World Trade Towers' largest tenant, is taking more than 150,000 square feet at One Hudson Square, giving the firm more than 220,000 square feet downtown. The Hudson Square location will house operations that were displaced by the World Trade Center tragedy. American Express plans to re-occupy its World Financial Center headquarters in April. The company had 106,000 square feet at 7 World Trade Center and one million square feet at 3 World Trade Center. In the interim, American Express has signed on for 190,000 square feet of space at Atlantic Street in Stamford and has leased temporary space in Connecticut and New Jersey.

The Bank of New York has leased five blocks of space totaling 700,000 square feet in Midtown. Empire Blue Cross/Blue Shield temporarily moved its headquarters to Melville, Long Island after the attack. However, it plans to take 322,000 square feet at Forest City Ratner's 700,000 square foot Nine Metro Tech Center, underway in Brooklyn, and 105,000 square feet at 11 W. 42nd Street. The Hartford Financial Insurance Group has leased 150,000 square feet at 2 Park Avenue. Kemper Insurance, which occupied two floors at 1 World Trade Center, will move 225 workers to 30 Rockefeller Plaza. The Port Authority, which had 2,000 employees at the World Trade Center, has since leased space elsewhere in Manhattan, Newark and Jersey City. It plans to return its headquarters to New York and has signed on for 315,000 square feet at 225-233 Park Avenue South. In early December, law firm Sidley Austin Brown & Wood leased 338,000 square feet at the Equitable Tower on Seventh Avenue. Ernst & Young, which is erecting its own building in Times Square, is expected to vacate the Equitable Tower space by March 2002.

The unique circumstances of the disaster have potential investors grappling with some unusual concerns such as "Will high floors still bring in premium rents?" The wave of leasing activity noted above, as well as the apparent interest in rebuilding the towers, seems to be answering the question.

**Westchester County Softens Slightly:** The Westchester office market's overall vacancy rate increased slightly to 11.4% from its 11% vacancy

## XI. Market Analysis

### C. New York—Market Snapshot (continued)

rate posted in both the third quarter 2000 and the second quarter 2001. Although Westchester County did see some companies relocating from New York, leases for office space have averaged less than 25,000 square feet and many were temporary contracts. Also, returned space and consolidations throughout the area offset the positive activity. The dumping of space was most pronounced in White Plains, where IBM returned 165,000 square feet and another 26,000 square feet were unloaded on Hamilton Avenue. Accordingly, net absorption throughout the county continued its downward spiral to rest at a negative 129,000 square feet for the quarter. Construction was miniscule at 20,000 square feet. However, fifteen proposed projects are on the docket for a total of 3.4 million square feet. The largest is Reckson Associate's 950,000 square feet slated for Summit Lake Drive in Valhalla.

#### INDUSTRIAL

In its industrial calculations, CB Richard Ellis tracks roughly 410 industrial and flex properties totaling 25 million square feet of space in Westchester County. No new buildings began construction during the third quarter. In fact, there has not been a new industrial building completed in Westchester County since 1998. Nor are there any proposed projects in the pipeline. This has kept the vacancy rate relatively static at about 7%. However, negative absorption of 139,000 square feet in the third quarter did coax vacancy up slightly to 7.4%. Northern Westchester saw the highest vacancy at 22.1% due to a 94,000 square foot building in Mount Kisco becoming vacant. The West I-287 Corridor was the tightest submarket with a 2.1% vacancy rate.

**Exports/Imports Increase:** The value of exports handled by the New York City Customs District increased 6% through September to \$42 billion. Imports rose 4% to \$72 billion.

#### RETAIL

Retail properties posted a 92% occupancy rate through the third quarter, a downturn from 2000, but an improvement from the 90% historical average.

Same-store retail sales in New York City fell 5% in October compared to one year ago. Declining sales have prompted the Gap to close several stores. Big-box expansions are likely to slow or cease completely. However, several projects containing big-box tenants remain under construction in Brooklyn including Foster City Ratner's Atlantic Terminal project, which will house a Target, and Gateway Center Properties' 640,000 square foot project anchored by BJ's, Home Depot, and Target.

Some retailers are showing continued confidence in the market, despite major setbacks. In December, apparel retailers Dress Barn, Children's Place Retail Stores, and A&E stores aggressively bid for 14 of Lechters' 26 leases in the city. The housewares retailer filed for bankruptcy in May. In addition, the AOL Time Warner building has pre-leased one-third of its 300,000 square feet of available retail space—a strong showing considering that the project is not expected to open until Fall 2003.

**Historic Fulton Fish Market Picks up Stakes:** In November, developers began preparing to move the Fulton Fish Market in lower Manhattan to Hunts Point Food Distribution Center in the Bronx. The city is constructing a 450,000 square foot state-of-the-art wholesale facility on 30 acres of vacant land at the southern end of the Hunts Point center to accommodate merchants. One of the most recognized wholesale fish markets in the country, the Fulton Fish Market has been located at the South Street Seaport since the early 1800s.

#### APARTMENT

New York's apartment market remains healthy, but not unscathed by the events of September 11th. Approximately 4,000 residents were displaced from the Gateway Plaza section of Battery Park due to the World Trade Center tragedy. Many of these tenants moved across the Hudson River to Hoboken and Jersey City. Landlords have let some tenants out of their leases and have discounted rents for those who have chosen to stay.

Most analysts predict that apartment vacancies in Manhattan will remain between 4% and 5%. These healthy indicators continue to encourage growth in rental housing. Multifamily permits increased 5% to 7,300 during the first three quarters of 2001. Single-

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## **XI. Market Analysis**

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### **C. New York—Market Snapshot** *(continued)*

family permits decreased by 5% to 2,500. Recent construction has focused mostly on high-end units, such as Post Properties' 138-unit Post Luminaria at 385 First Avenue.

#### **HOTEL**

The World Trade Center disaster has had a negative effect on the local hotel industry. According to PKF Consulting, citywide occupancy rates for October dropped to 71% from 86% one year earlier. Occupancy had already slipped to 76% by the end of June, a result of the sluggish economy, layoffs, and cuts in business travel.

The October rate is a bit inflated due to the number of rooms that were offered to displaced residents, used as temporary offices, and occupied by teams of rescue workers and visiting government officials. In fact, approximately 25,000 of Manhattan's 70,000 hotel rooms were offered to people affected by the destruction of the towers. For example, the Sheraton Manhattan on Seventh Avenue was converted into a temporary home for Lehman Brothers, which was uprooted by the terrorist attack.

PKF Consulting predicts that occupancy will fall to 55% for the month of January 2002. Consequently, opportunistic investors are scouring Manhattan for hotels that can be swept up at fire-sale prices. Industry sources say that the primary targets are Manhattan's smaller, less prestigious hotels, which have experienced the largest occupancy drops.

Recession notwithstanding, a long-awaited hotel project is set to debut soon. Starwood's 45-story, 873-room Westin-Times Square plans to open its doors in November 2002.

## XI. Market Analysis

### D. New York—Submarket Inventory/Vacancy

OFFICE—Manhattan*				
SUBMARKET	INVENTORY	VACANCY	ABSORPTION	CONSTRUCTION
<u>MIDTOWN NORTH</u>				
Columbus Circle	17,852,170	4.3%	(39,946)	2,600,491
Grand Central / U.N.	40,592,242	7.2%	(1,095,223)	373,646
Madison Ave	12,518,472	7.9%	(407,692)	2,400,000
Park /Lexington	27,035,692	3.2%	(171,544)	850,000
Plaza District	17,333,842	7.0%	(261,692)	0
Rockefeller Center	24,094,055	2.1%	145,493	1,035,180
Third Ave	11,645,463	4.6%	(88,396)	0
Time Square /Theater	20,190,045	4.6%	(151,180)	2,852,035
<b>Midtown North Total</b>	<b>171,261,981</b>	<b>5.1%</b>	<b>(2,070,180)</b>	<b>10,111,352</b>
<u>MIDTOWN SOUTH</u>				
East Midtown South	38,524,904	9.4%	235,112	0
Garment District	28,142,544	11.3%	(648,309)	0
Penn Station	12,857,868	7.3%	(188,630)	0
West Midtown South	8,180,570	6.3%	141,652	0
<b>Midtown South Total</b>	<b>87,705,886</b>	<b>9.4%</b>	<b>(460,175)</b>	<b>0</b>
<b>MIDTOWN TOTAL</b>	<b>258,967,867</b>	<b>6.6%</b>	<b>(2,530,355)</b>	<b>10,111,352</b>
<u>DOWNTOWN</u>				
Battery Park	8,911,985	13.6%	(198,654)	0
City Hall	10,009,070	11.0%	(542,136)	0
Financial District	32,731,890	11.4%	(268,985)	0
Insurance District	19,606,854	6.7%	(1,437,459)	0
Greenwich Village	12,253,740	10.4%	471,296	0
World Trade Center	0	0.0%	0	0
<b>DOWNTOWN TOTAL</b>	<b>83,512,939</b>	<b>10.4%</b>	<b>(1,975,938)</b>	<b>0</b>
<b>MARKET TOTAL</b>	<b>342,480,806</b>	<b>7.5%</b>	<b>(4,506,293)</b>	<b>10,111,352</b>
*Reported as of third quarter 2001.				
<b>Source:</b> CB Richard Ellis (New York).				

OFFICE—Westchester County*				
SUBMARKET	INVENTORY	VACANCY	ABSORPTION	CONSTRUCTION
White Plains CBD	6,367,334	16.0%	(63,854)	0
East I-287 Corridor	11,323,536	10.9%	42,746	0
Southeast Westchester	2,006,472	5.4%	(1,406)	0
West I-287 Corridor	7,008,825	13.2%	(78,944)	0
Southwest Westchester	1,198,406	8.6%	(24,246)	0
Northern Westchester	5,665,143	7.5%	(2,981)	0
<b>MARKET TOTAL</b>	<b>33,569,716</b>	<b>11.4%</b>	<b>(128,685)</b>	<b>20,000</b>
*Reported as of third quarter 2001.				
<b>Source:</b> CB Richard Ellis (Stamford, CT).				

INDUSTRIAL—Westchester County*				
SUBMARKET	INVENTORY	VACANCY	ABSORPTION	CONSTRUCTION
East I-287 Corridor	2,501,865	4.3%	(12,259)	0
Northern Westchester	4,037,089	22.1%	(76,565)	0
Southeast Westchester	6,095,989	8.4%	(45,400)	0
Southwest Westchester	7,641,875	2.8%	550	0
West I-287 Corridor	4,566,289	2.1%	(5,100)	0
<b>MARKET TOTAL</b>	<b>24,843,107</b>	<b>7.4%</b>	<b>(138,774)</b>	<b>0</b>
*Reported as of third quarter 2001.				
<b>Source:</b> CB Richard Ellis (Stamford, CT).				

## Methodology

Metro Market Facts is based on property transaction and supplemental data compiled by the National Real Estate Index.

### Property Prices, Rents, and Cap Rate Data

The National Real Estate Index (INDEX) reports data on large income-producing properties bought and sold nationwide. The primary market makers include pension plans, real estate investment trusts, banks, savings and loans, commercial real estate brokers, appraisers, and investment program sponsors. The properties analyzed in the INDEX include office buildings, warehouse/distribution properties, retail centers, apartments, and hotels.

**Mean Prices:** The INDEX *Market Monitor* compiles and reports average transaction prices, rents, capitalization rates for Class A properties in local and regional markets throughout the United States, as well as prices for lower quality properties in many markets. All transactional data is calculated at the point of purchase/sale, reflecting values based on arm's length negotiations.

**Effective Gross Rents:** Except for retail, stated rents reflect all occupancy costs. Because reported rents include rent concessions and operating cost chargebacks, if any, reported rents are therefore **effective gross rents**. Reported *retail* rents include in-lying small shop space only and are *triple net*. *Warehouse rents* reflect lease rates for *warehouse space only*.

**Capitalization Rates:** Cap rates are determined from reported **actual net operating income**, either from property sales or from representative properties.

**Important:** Please note that because the rent figures represent quoted rates (after concessions) on space currently available (rather than the total rental income for all buildings surveyed), prices, rents, and cap rates may not always appear “internally” consistent. Reported price and rent trends are moderated by independent market surveys conducted by the INDEX research staff. Where there are too few transactions to constitute a statistically-significant sample or the underlying data for the transactions are incomplete, the performance of prototype properties is used to supplement the transaction data in deriving average values and cap rates.

**BUILDING NORMS:** In order to maintain quality data and monitor rental rate trends, specific “prototype” or “tracked” properties that conform to the norms discussed below have been identified in each market.

All tracked properties have no leases that are significantly higher or lower than the market rates for similar space. Buildings are of high quality, have current construction materials and techniques, and are aesthetically modern and attractive. The buildings are representative of local conditions, stabilized with modest vacancy, and ten years old or less. *Norms* for specific property types (and local market *prototypes*) reported in the INDEX are as follows:

**Office:** Ten stories or greater size, steel frame (or other high quality) construction, and a high quality modern exterior finish and glass application. Properties are located in the Central Business District (CBD) or, where noted, a submarket recognized as a primary office location.

**Warehouse/Distribution:** The INDEX employs space originally designed and used for true warehouse/distribution or storage as the property norm. Buildings are usually of tilt-up concrete construction, with flat roofs and a clear space span of at least 18 feet. No more than 20% of the total space is office build-out. The buildings have a minimum of 50,000 square feet and are located in a quality industrial park or other superior location.

**Retail:** A “neighborhood” or small community center, rather than an enclosed mall, is the property norm for shopping centers. The typical center is 75,000–225,000 square feet and contains at least one major anchor tenant, usually a high quality national or regional grocery store. Generally, 30%–50% of the space in prototype retail centers is occupied by anchor tenants. All construction is single story and of modern design, with a 3.5:1 parking-lot-to-developed-space ratio. Properties are located in established neighborhoods.

**Apartment:** Apartments are garden- or campus-style. Construction is standard stud frame with a stucco or other high quality exterior. Some decorative facia is applied, usually of brick, and the peaked roof is built on prefabricated trusses of material other than blacktop buildup. There is quality landscaping with some mature trees and shrubbery. Prototype apartment communities contain 100–300 units and have amenities appropriate for the geographic region. Amenities usually include a pool, tennis courts and/or health/fitness rooms. Tenants have covered parking for at least one car per apartment unit. Class B apartments are defined as properties built or substantively renovated from 1980 through 1989.

**Note:** As for most statistical data services, previously-reported data is revised as needed to reflect the receipt of new data. Specifically, because a number of property transactions for any given quarter are reported too late to be included in that quarter's issue of the *Market Monitor*, the INDEX revises data released in prior issues if the values previously reported have changed significantly. We believe this approach helps assure the most reliable data over the long-term.

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## Nonproprietary Data Sources

**Sources:** In reporting property transaction prices, rents, and cap rates, the National Real Estate Index relies primarily on proprietary data sources, including an extensive property database.

The publishers supplement the proprietary property transaction data with non-proprietary information and background material in the areas of property stock, absorption, and vacancy trends. The National Real Estate Index recognizes the following distinguished firms, publications, and individuals for their contributions in these areas.

*CB Richard Ellis* (Office, Industrial)

*Sales & Marketing Management—2001 Survey of Buying Power* (Income and Retail Sales)

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## Other Metro Market Facts Reports

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