News Release
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As New York City Faces Post-Pandemic Headwinds, New Roadmap Provides Path to Prosperity

New York, NY, August 15, 2023...Today, the Committee for Economic Development, the public policy center of The Conference Board (CED), issued a new Solutions Brief, New York City: Rebuilding A Future-Focused Economy, Part II.

The report comes at a time when New York City is facing a significantly changed economic and social landscape. New post-pandemic challenges—as well as existing challenges that the pandemic exacerbated—threaten New York City’s economic prosperity and stature as a world-class commercial hub. And as the report emphasizes, how the city responds will have far-reaching implications that extend beyond the Big Apple: Given the size of its economy and global reach, its response will significantly impact the US and global economies.

Recommendations for how business and public policy leaders can revitalize the city are the focus of the new Solutions Brief, which can be found here and is the latest in CED’s Sustaining Capitalism series. It focuses on the three sectors that have played a long-standing role in the city’s economic vitality, but are now facing tremendous hurdles: leisure and hospitality, financial services, and real estate.

“New York City can thrive in the next era of technological and economic change. Success will depend, in part, on developing new vibrant economic sectors such as technology and health. But, equally important is how well policymakers and business leaders, working together, leverage New York City’s historic strengths to adapt to the new economic realities brought about by the pandemic and develop a future-focused economy. And if the city rises to the occasion, it can serve as a model for many of the large city centers in the US that are facing similar post-pandemic headwinds,” said Dr. Lori Esposito Murray, President of CED.

Challenges Facing Critical NYC Sectors

- **Real Estate:**
  - **Commercial:** Due to hybrid work practices, daily worker attendance in Manhattan office buildings remains at just half of pre-pandemic levels, while office vacancies have risen to a record of nearly 100 million square feet. Over the next decade, the city’s office buildings could see a 39 percent decline in value, equal to more than $450 billion.
  - **Residential:** The city issued fewer housing-unit permits from 2010-2020 on a per capita basis than almost any other US city: 40 percent fewer than San Francisco, half as many as Boston, and two-thirds fewer than Washington, DC.

- **Leisure and Hospitality:** Tourism is not expected to recover to 2019’s level of 67 million visitors until 2024. The leisure and hospitality sector of New York City continues to recover from the lack of in-person foot traffic and depressed tourism that led to a 45 percent fall in real economic output in 2020.

- **Financial Services:** New York, as a leading financial hub, faces increasing competition. Globally, growing financial centers in Asia lead the world with 60 percent of global IPO listings, while other centers in Europe and the Middle East are investing in their financial services workforces and investing in reviewing the competitiveness of their regulatory and legal regimes.
Key Recommendations:
To support New York City’s critical economic sectors, including financial services, real estate, and leisure and hospitality, suggested pathways to revitalization include:

Reform the regulatory and tax burden on businesses and workers
- Review federal, state, and city tax regimes for reforms to boost inter-state competitiveness.

Strengthen the competitiveness of the financial sector
- Establish an NYC Task Force on Revitalizing the New York City Economy. It should develop a strategic plan to bolster NYC as a financial hub and cultural destination for a future-focused economy.
- Establish a National Task Force on Financial Market Competitiveness to review the competitiveness of US capital markets and financial services.
- Address regulatory and industry hurdles to advance leadership in emerging financial categories including digital banking, peer-to-peer lending, ESG investing, cryptocurrencies, and blockchain.
- Leverage the city’s financial capital and expertise to spur an active venture ecosystem across growth sectors.

Revitalize the real estate sector
- Ease restraints around office-to-residential conversions to allow greater flexibility for developers to determine feasibility and best-use.
- Revive the New York State Housing Compact to promote new, sustainable construction.
- Review restrictive residential zoning and building codes.

Support the recovery and growth of leisure, hospitality, and tourism
- Encourage return to office, including reconsidering the city’s planned congestion pricing scheme.
- Establish ongoing global multimedia promotion campaign to boost New York City tourism and business travel visitors.
- Expedite federal immigration reform, specifically eliminating the 150-day waiting period before an asylum seeker can apply for a work permit.
- Commit to a clear set of goals and strategies for combatting crime to ensure public safety.

Increase efficiency and fiscal sustainability of transportation networks
- Increase efficiency at New York City’s airports, trains, and related transit connections to promote tourism, business travel, and return to work for residents.
- Create a reform plan for the MTA that requires that any new funding come with provisions mandating cost reforms to promote efficiency gains and long-term fiscal health.
- Promote investment in housing and commercial development around transit locations to increase density in areas with transit access.

Invest in the future workforce
- Encourage development of future-focused curricula in STEM and life sciences.
- Collaborate with business to enhance opportunities for career training and workforce skills through apprenticeships and internships for academic credit.
- Replace the city’s cancelled Internet Master Plan that aimed to ensure all New York City residents had access to quality internet service, which is particularly important for accessing education, work, and workforce training and programs.
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