

October 12, 2002

Scenario Estimates for Workers, Residents, Visitors and Construction

	1990	1996	2000	2002 Estimate	2010			2002 - 2010 Net Change		
					Office Center	Creative Hub	Residential	Office Center	Creative Hub	Residential
Workers	na	495,000	531,000	452,000	537,000	490,000	455,000	85,000	38,000	3,000
Office	na	350,000	400,000	325,000	400,000	350,000	315,000	75,000	25,000	(10,000)
Other	na	145,000	131,000	127,000	137,000	140,000	140,000	10,000	13,000	13,000
Residents	144,000	na	156,000	156,000	169,000	182,000	207,000	13,000	26,000	51,000
Below Chambers	12,000	na	22,000	22,000						
Chambers-Canal	48,000	na	50,000	50,000						
Canal-Houston	84,000	na	83,000	83,000						
Daily Visitors	na	na	20,000	30,000	30,000	40,000	30,000	-	10,000	-

	2002 - 2010 Net Change		
	Office Center	Creative Hub	Residential
New Construction (Millions of Sq Ft)			
Office	13.0	5.0	2.0
Residential	6.5	8.0	15.0
Retail	1.0	2.5	1.0
<i>Conversion to Residential</i>	-	5.0	10.0

Scenario Base Data and Assumptions

9-Oct-02

Employment Data and Method

Base employment data is the covered employment series from the NYS Department of Labor for 1996 and 2000. This is the only source at the sub-county level and it provides good industry detail. Limitations are that comparable data before 1996 and after 2000 are not available, and government employment is likely to be overestimated. March 2002 estimates were derived from estimates of office space movements by firm after Sept. 11 and from monthly employment data for New York City from the Dept of Labor. Projections for each scenario were based on assessments of how employment in different industries might grow compared to the late 1990s if both economic conditions and policy actions supported the goal of the alternative. Different forecasts and outlooks for the economy were examined. Considerations and specific assumptions are shown below.

Population Data and Method

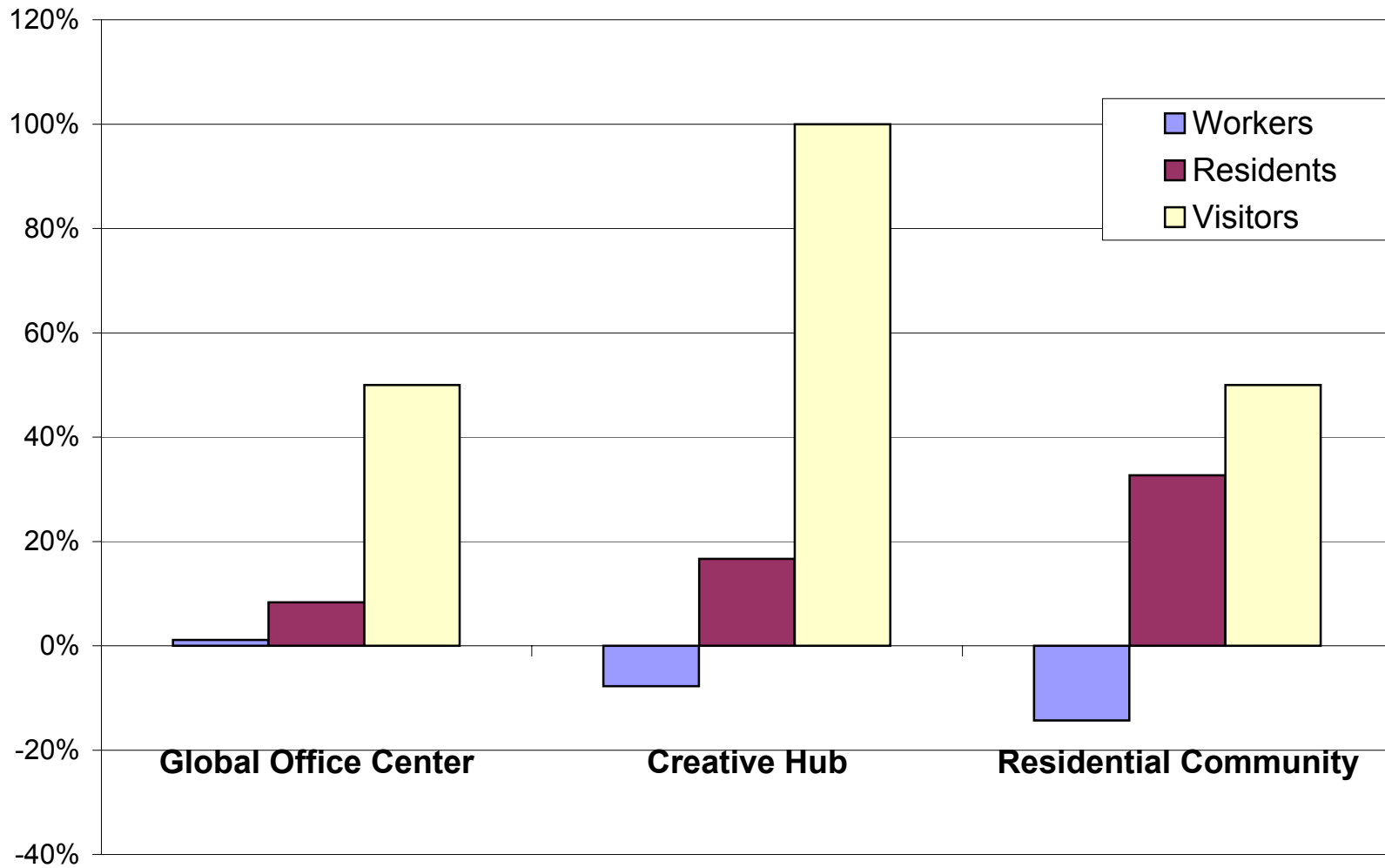
Base population data is from the U.S. Census for 1990 and 2000. This provides demographic detail down to the census tract level. Limitations are the lack of data for intervening years and for years after 2000. With no post-Sept. 11 data source, and reports that much of the housing vacated after 9/11 has been reoccupied, it was assumed that the 2002 population was similar to what it was in 2000. Projections for the three scenarios were based on how the total population could grow compared to the 1990s with sufficient demand and supporting policies. It was assumed that the most rapid growth would continue to be below Canal Street, but no neighborhood projections were made. Considerations and specific assumptions are shown below.

Visitor Data and Method

The only reliable visitor count is from a 1998 survey by the Alliance for Downtown New York, which only looked at visitors below Chambers Street. To get some handle on how many additional visitors a memorial and additional cultural and tourist attractions would draw, visitors to memorials and attractions in other cities were examined. However, there are really no good comparables, so visitor projections are the most speculative of the three counts.

	Financial Services	Other Office Industries	Retail/Cultural Employment	Government Employment	Other Employment	Residential Population	Visitors
Trends, Outlook, Other Considerations as of October 2002	LM has regained nearly 1/2 of jobs lost from 9/11 - Some relocations permanent - Cyclical factors now causing a decline - Regional outlook is weakening - Pre-9/11 decentralization - Clustering, transit, name still favor Wall St - Post-9/11 security needs	LM has regained 2/3 of jobs lost from 9/11 Strong growth in late 1990s - Moderate-strong outlook - Several factors favors LM: transit, workforce, culture, education, live-work	Strong growth in late 1990s - Moderate outlook - Highly dependent on assumptions for office, residents and visitor spending	LM has regained 1/3 of jobs lost from 9/11 - Slight decline in late 1990s - Weak outlook - More dependent on policy choices and residential growth than office market	LM has regained 2/3 of jobs lost since 9/11 - Slight decline in the 1990s included declines for manufacturing and increases in health/social services - Moderate outlook - More dependent on residential than office market	Reports of strong rental and sales market in 2002 - Very rapid growth below Chambers in 1990s, some growth Chambers-Canal and slight decline from Canal Houston - Moderate-strong outlook for city housing demand	Unsubstantiated estimates of 10 million visitors since 9/11, about 50% higher than the 1998 estimate - Visitors will be much higher than pre-9/11, but estimates vary widely - Both numbers and spending will depend on investments in culture, hotel and retail, as well as design of memorial
Global Office Center Assumptions	Recovers some additional lost jobs thru 2005 and grows at the rate of late 90s from 2005-2010	Recovers all lost jobs from 9/11 by 2005 and grows at rate of late 1990s from 2005-2010	Recovers all jobs lost by 2005 and grows at half the rate of the late 1990s from 2005-2010	Recovers half the jobs lost by 2005 but shows no growth from 2005-2010	Recovers no additional jobs by 2005 and remains flat from 2005-2010	Population grows at its 1990s rate, with the largest growth below Canal	Visitors grow by 100% from the pre-9/11 base, but with little increase in spending per visitor
Creative Hub Assumptions	Recovers no additional jobs thru 2005 and declines at 2%/yr from 2005-2010	Recovers some additional lost jobs by 2005 and grows at half the rate of the 1990s from 2005-2010	Recovers all jobs lost by 2005 and grows at the rate of the late 1990s from 2005-2010	Recovers all the jobs lost by 2005 but shows no growth from 2005-2010	Recovers all jobs lost from 9/11 by 2005 and grows by 1%/yr from 2005-2010	Population grows at twice its 1990s rate, with rapid growth below Canal and moderate growth above Canal	Visitors grow by 150% from the pre-9/11 base, and spending per visitor increases substantially
Residential Community Assumptions	Continued losses negate the jobs that have been recovered since 9/11	Recovers some additional lost jobs by 2005 and remains stable from 2005-2010	Recovers all jobs lost by 2005 and grows at half the rate of the late 1990s from 2005-2010	Recovers all the jobs lost and grows by 1%	Recovers all jobs lost from 9/11 by 2005 and grows by 2%/yr from 2005-2010	Population grows at 4 times its 1990s rate with strong growth throughout the area	Visitors grow by 100% from the pre-9/11 base, but with little increase in spending per visitor

Percent Change, 2000-2010, for Three Scenarios for Lower Manhattan



Three Scenarios for Workers, Residents and Daily Visitors Below Houston Street in 2010

