

# World Trade Center rebuilding paying off for Port Authority



NYU's Rudin Center for Transportation has released a new analysis showing that the Port Authority of New York & New Jersey is poised to recover nearly all of its anticipated \$16.76 billion investment in the rebuilding of the World Trade Center.

The report, entitled "Surprise! World Trade Center Rebuilding Pays Off for the Port Authority – And the Region," estimates that the Port Authority will recoup 97.4 to 98.6 percent of its total spending on the project, and confirms that the redevelopment of the site has already generated substantial benefits for the New York-New Jersey region. The full report is available [here](#).

"The general view of New Yorkers, the media, and the civic community has been that the rebuilding of the World Trade Center, while necessary, has come at a major cost to the Port Authority's bottom line," said Mitchell L. Moss, Director of the Rudin Center for Transportation and Henry Hart Rice Professor of Urban Policy & Planning at New York University.



MITCHELL MOSS

“Our findings tell a different story: The World Trade Center project will ultimately generate enormous economic return for New York and the region, while preserving the Port Authority’s ability to invest in its core transportation assets.”

The Rudin Center report accounts for Port Authority reimbursements and revenue from a wide range of sources.

To date, the PA has received:

- \$3.1 billion in insurance proceeds arising from the destruction of the World Trade Center;
- \$2.6 billion in capital contributions from the federal government and other public agencies;
- Approximately \$1.5 billion in lease and common area facility payments from Silverstein Properties.
- \$752 million from Westfield for partial purchase of interest in World Trade Center retail.
- \$100 million equity investment in One World Trade Center by the Durst Organization.

Anticipated Further Revenues include:

- Between \$800 million and \$1 billion for the sale or lease of the 5 World Trade Center development site.
- \$177 million annually, starting in 2020, from lease payments by Silverstein Properties and One World Trade Center tenants.
- More than \$1 billion in additional retail-related payments from Westfield.
- Approximately \$1 billion in gains from future refinancings of 2, 3 and 4 World Trade Center.

The above assumes, among other things, that the 2 World Trade Center transaction with 21st Century Fox and News Corp is finalized and the building is completed in 2020; and that occupancy at One World Trade Center will reach 90 percent in 2021.

The analysis also assumes the Port Authority will not realize any additional payments from Westfield, which is possible if revenues for the World Trade Center retail exceed specified levels.

Between 2002 and 2020 (the target date for completion of 2 World Trade Center), spending by the Port Authority and SPI on redevelopment of the World Trade Center will have directly supported more than 88,300 person-years of work in construction and related industries, with wages and salaries totaling \$11.9 billion (in 2015 dollars).

Taking into account standard economic multiplier metrics, World Trade Center construction spending will have directly and indirectly supported:

- More than 198,700 person-years of work in the eighteen-county New York-New Jersey region – an average of more than 10,400 full-time-equivalent (FTE) jobs per year.
- Nearly \$19.4 billion in salaries and wages (in 2015 dollars); and
- \$43.9 billion in regional economic output (in 2015 dollars).



When the entire development is complete, more than 50,000 people will work there.

When the World Trade Center is fully built out and occupied, it is estimated that more than 51,100 people (on an FTE basis) will be employed at the World Trade Center, with more than \$7.3 billion in salaries and wages.

Between 2014 and 2025, the growth in the number of people working at the World Trade Center is estimated to account for about two-thirds of all job growth in Lower Manhattan.

Through its success in attracting leading companies in media and information services, professional and business services and technology, the World Trade Center has been and will be a major contributor to the continuing diversification of Lower Manhattan's economy.

With more than 460,000 s/f of high-quality retail and restaurant space, the World Trade Center will make Lower Manhattan a major retail destination.

When fully built out and occupied, it is estimated that the World Trade Center's shops and restaurants will generate gross sales totaling more than \$900 million.

The National September 11 Memorial and Museum and One World Observatory have made the World Trade Center a major destination for visitors to New York City, with the Memorial attracting 5.5 million visitors annually and the Observatory expected to attract 3.8 million.

The rebuilding of the World Trade Center has fostered private development of more than 3,000 new residential units and more than 3,000 hotel rooms in the surrounding area.

When the complex is fully built out and occupied, the operations of the World Trade Center and its tenant companies will directly and indirectly account for more than 128,200 FTE jobs throughout the region, with more than \$13.0 billion in wages (in 2015 dollars) and nearly \$33.8 billion in regional economic output.

Redevelopment of the World Trade Center is enabling New York City to meet a critical need for new, high-quality office space.

Increasing the supply of such space is essential to the continued growth of New York City's office-based

industries, and to maintaining the City's competitiveness as a center for leading companies in high-value industries.

The seven million square feet of new, technologically advanced office space built at the World Trade Center since 2005 accounts for about 19 percent of all Manhattan office space in buildings less than 20 years old; and an additional 5.3 million square feet of such space is scheduled for completion by 2020.

When the World Trade Center is fully built out and occupied, the complex and its tenant businesses will directly generate more than \$800 million in New York City and New York State revenues (in 2015 dollars), including:

- Nearly \$353 million annually in City personal income, sales and business taxes, and payments in lieu of taxes; and
- \$449 million in State personal income, business and sales taxes.

*The NYU Rudin Center for Transportation Policy and Management prepared this report with the assistance of Appleseed, a New York City-based consulting firm that specializes in economic and public policy research and analysis and local economic development planning. Real Estate Solutions Group, a New Jersey-based real estate consulting firm, assisted in the analysis of the net present value of the Port Authority's investment in the World Trade Center.*

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