

## New York City is dead forever

*By James Altucher*

19-24 minutes

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*Author, comedy club owner and former hedge-fund manager James Altucher self-published [this essay](#) on Thursday, Aug. 13, under the title, “NYC is dead forever. Here’s why.” He granted the New York Post permission to reprint his piece in full below.*

I love NYC. When I first moved to NYC it was a dream come true. Every corner was like a theater production happening right in front of me. So much personality, so many stories.

Every subculture I loved was in NYC. I could play chess all day and night. I could go to comedy clubs. I could start any type of business. I could meet people. I had family, friends, opportunities. No matter what happened to me, NYC was a net I could fall back on and bounce back up.

Now it’s completely dead. “But NYC always always bounces back.” No. Not this time. “But NYC is the center of the financial universe. Opportunities will flourish here again.” Not this time.

“NYC has experienced worse.” No, it hasn’t.

A Facebook group [[Into The Unknown](#)] formed a few weeks ago that was for people who were planning a move and wanted others to talk to and ask advice from. Within two or three days it had about

10,000 members.

Every day I see more and more posts: “I’ve been in NYC forever but I guess this time I have to say goodbye.” I’ve been screenshotting them for my scrapbook.

Enlarge Image

Times Square and Midtown Manhattan were deserted in March.

Times Square and Midtown Manhattan were deserted in March.  
Getty Images

Three of the most important reasons to move to NYC: business opportunities, culture and food. Commercial real estate and colleges are also suffering.

And, of course, friends. But if everything I say below is even 1/10 of what I think then there won’t be as many opportunities to make friends.

## **Business**

Midtown Manhattan, the center of business in NYC, is empty. Even though people can go back to work, famous office buildings like [the Time Life skyscraper](#) are still 90% empty. Businesses realized that they don’t need their employees at the office.

In fact, they realize they are even more productive without everyone back to the office. The Time Life building can handle 8,000 workers. Now it maybe has 500 workers back.

“What do you mean?” a friend of mine said to me when I told him, “Midtown should be called ‘Ghost Town’!”

“I’m in my office right now!”

“What are you doing there?” I asked.

“Packing up,” he said and laughed, “I’m shutting it down.” He works in the entertainment business.

Enlarge Image

Midtown's iconic Rockefeller Center has been eerily quiet, even into the summer months.

Midtown's iconic Rockefeller Center has been eerily quiet, even into the summer months. Getty Images

Another friend of mine works at a major investment bank as a managing director. Before the pandemic he was at the office every day, sometimes working from 6 a.m. to 10 p.m. Now he lives in Phoenix, Arizona. “As of June,” he told me, “I had never even been to Phoenix.” And then he moved there. He does all his meetings on Zoom.

I was talking to a book editor who has been out of the city since early March. “We’ve been all working fine. I’m not sure why we would need to go back to the office.”

One friend of mine, Derek Halpern, was convinced he’d stay. He put up a Facebook post the other day saying he might be changing his mind. Derek wrote:

In the last week: I watched a homeless person lose his mind and start attacking random pedestrians. Including spitting on, throwing stuff at, and swatting. I’ve seen several single parents with a child asking for money for food. And then, when someone gave them food, tossed the food right back at them. I watched a man yell racist slurs at every single race of people while charging / then stopping before going too far. And worse. I’ve been living in New York City for about 10 years. It has definitely gotten worse and there’s no end in sight. My favorite park is Madison Square Park. About a month ago, [a 19-year-old girl was shot and killed](#) across the street. I don’t

think I have an answer, but I do think it's clear: it's time to move out of NYC. I'm not the only one who feels this way, either. In my building alone, the rent has plummeted almost 3% — more people are moving away than ever before. So ... It's not goodbye yet. But a lifelong New Yorker is thinking about it.

I pick his post out, but I could've picked one of dozens of others.

People say, "NYC has been through worse" or "NYC has always come back."

No and no.

First, when has NYC been through worse?

Even in the 1970s, and through the '80s, when NYC was going bankrupt, and even when it was the crime capital of the US or close to it, it was still the capital of the business world (meaning: it was the primary place young people would go to build wealth and find opportunity). It was culturally on top of its game — home to artists, theater, media, advertising, publishing. And it was probably the food capital of the US.

NYC has never been locked down for five months. Not in any pandemic, war, financial crisis, never. In the middle of the polio epidemic, when little kids (including my mother) were going paralyzed or dying (my mother ended up with a bad leg), NYC didn't go through this.

This is not to say what should have been done or should not have been done. That part is over. Now we have to deal with what *is*.

In early March, many people (not me) left NYC when they felt it would provide safety from the virus and they no longer needed to go to work and all the restaurants were closed. People figured, "I'll get out for a month or two and then come back."

They are all still gone.

And then in June, during rioting and looting, a second wave of NYC-ers (this time me) left. I have kids. Nothing was wrong with the protests, but I was a little nervous when I saw videos of rioters after curfew trying to break into my building.

Many people left temporarily but there were also people leaving permanently. Friends of mine moved to Nashville, Miami, Austin, Denver, Salt Lake City, Austin, Dallas, etc.

Enlarge Image

Real-estate data shows the number of people fleeing New York for other cities.

Real estate data shows the number of people fleeing New York for other cities.Redfin

Now a third wave of people are leaving. But they might be too late. Prices are down 30-50% on both rentals and sales, no matter what real estate people tell you. And rentals soaring in the second- and third-tier cities.

I'm temporarily, although maybe permanently, in South Florida now. I also got my place sight unseen.

My wife, Robyn, was looking at listings around Miami, and then she saw an area we had never been to before. We found three houses we liked.

She called the real estate agent. Place #1. Just rented that morning 50% higher than the asking price. Place #2. Also rented — to New Yorkers ("They came from New York for three hours, saw the place, got it, went back to pack"). Place #3. "Available."

"We'll take it!" The first time we physically saw it was when we flew down and moved in.

“This is temporary, right?” I confirmed with Robyn. But ... I don’t know. I’m starting to like the sun a little bit. I mean, when it’s behind the shades. And when I am in air-conditioning.

But let’s move on for a second:

Summary: Businesses are remote, and they aren’t returning to the office. And it’s a death spiral: The longer offices remain empty, the longer they will remain empty.

In 2005, a hedge fund manager was visiting my office and said, “In Manhattan, you practically trip over opportunities in the street.”

Now the streets are empty.

## **Culture**

I co-own a comedy club, [Standup NY](#), on West 78th and Broadway. I’m very very proud of the club and grateful to my fellow owners, Dani Zoldan and Gabe Waldman, and our manager, Jon Boreamayo. It’s a great club. It’s been around since 1986, and before that it was a theater.

One time, Henry Winkler stopped by to come on my podcast. He was the one who told me it had been a theater. He said, “I grew up two doors down from here and used to perform in here as a kid. Then I went out to LA to be the Fonz and now I’m back here, full circle, to be on your podcast. This place has history.”

Things like that happen in NYC.

Enlarge Image

The author meets Henry Winkler at his comedy club (before coronavirus).

The author meets Henry Winkler at his comedy club (before coronavirus).James Altucher

In the past year, Jim Gaffigan, Jerry Seinfeld, Tracy Morgan and many others have been on the stage.

It's only one step to get on the stage. Jim Gaffigan fell flat on his face while he was walking up the steps. The next day, on Seth Myers' "Late Show," Jim said, "I failed at the one thing you're supposed to do — I couldn't stand up!"

I love the club. Before the pandemic, I would perform there throughout the week, in addition to many other clubs around the city. Also, in the [months before COVID-19], clubs in Chicago, Denver, San Jose, LA, Cincinnati, all over the Netherlands and other places.

I miss it.

We had a show in May. An outdoor show. Everyone social distanced. But we were shut down by the police. I guess we were super-spreading humor during a very serious time. The club is doing something fun: They are doing shows outside in Central Park. This is a great idea.

In a time like this, businesses need to give to the community, not complain and not take. That said, we have no idea when we will open. Nobody has any idea. And the longer we close, the less chance we will ever reopen profitably.

Broadway is closed until at least the spring. Lincoln Center is closed. All the museums are closed.

Enlarge Image

All Broadway shows, even hits like "Hamilton," are shuttered until 2021.

All Broadway shows, even hits like "Hamilton," are shuttered until 2021. Getty Images

Forget about the tens of thousands of jobs lost in these cultural centers. Forget even about the millions of dollars of tourist and tourist-generated revenues lost by the closing of these centers.

There are thousands of performers, producers, artists — and the entire ecosystem of art, theater, production and curation — that surrounds these cultural centers. People who have worked all of their lives for the right to be able to perform even once on Broadway whose lives and careers have been put on hold.

I get it. There was a pandemic.

But the question now is: What happens next? And, given the uncertainty (since there is no known answer), and given the fact that people, cities, economies loathe uncertainty, we simply don't know the answer. And that's a bad thing for New York City.

Right now, Broadway is closed [“at least until early 2021”](#) and then there are supposed to be a series of “rolling dates” by which it will reopen.

But is that true? We simply don't know. [And what does that mean?](#) And will it have to be only 25% capacity? Broadway shows can't survive with that! And will performers, writers, producers, investors, lenders, stagehands, landlords, etc. wait a year?

Same for the museums, Lincoln Center and the thousand other cultural reasons millions come to New York City every year.

## **Food**

The hot dog stands outside of Lincoln Center? Finished.

My favorite restaurant is closed for good. OK, let's go to my second favorite. Closed for good. Third favorite, closed for good.



I thought the Paycheck Protection Program (PPP) was supposed to help. No? What about emergency relief? No. Stimulus checks? Unemployment? No and no. OK, my fourth favorite, or what about that place I always ordered delivery from? No and no.

Around late May, I took walks and saw that many places were boarded up. OK, I thought, because the protesting was leading to looting, and the restaurants were protecting themselves. They'll be OK.

Looking closer, I'd see the signs. For Lease. For Rent. For whatever.

Before the pandemic, the average restaurant had only 16 days of cash on hand. Some had more (McDonald's), and some had less (the local mom-and-pop Greek diner).

Yelp estimates that 60% of restaurants around the United States have closed.

My guess is more than 60% will be closed in New York City, but who knows.

Someone said to me, "Well, people will want to come in now and start their own restaurants! There is less competition."

I don't think you understand how restaurants work.

Restaurants want other restaurants nearby. That's why there's one street in Manhattan (West 46th Street between Eighth and Ninth) called "Restaurant Row." It's all restaurants. That's why there's another street called "Little India" and another one called "Koreatown."

Enlarge Image

New York's Restaurant Row is just one beloved part of the city that

may not survive COVID-19.

New York's Restaurant Row is just one beloved part of the city that may not survive COVID-19. Getty Images

Restaurants happen in clusters, and then people say, "Let's go out to eat!" And even if they don't know where they want to eat, they go to the area where all the restaurants are. If the restaurants are no longer clustered, fewer people go out to eat. They are on the fence about where so they elect to stay home. Restaurants breed more restaurants.

And again, what happens to all the employees who work at these restaurants? They are gone. They left New York City. Where did they go? I know a lot of people who went to upstate NY, Maine, Vermont, Tennessee, Indiana, etc. — back to live with their parents or live with friends or live cheaper. They are gone and gone for good.

And what person wakes up today and says, "I can't wait to set up a pizza place in the location where 100,000 other pizza places just closed down." People are going to wait awhile and see. They want to make sure the virus is gone, or there's a vaccine, or there's a profitable business model.

## **Commercial real estate**

If building owners and landlords lose their prime tenants — the storefronts on the bottom floor, the offices on the middle floors, the well-to-do on the top floors, etc. — then they go out of business.

And what happens when they go out of business?

Nothing, actually. And that's the bad news.

People who would have rented or bought say, "Hmmm, everyone is

saying NYC is heading back to the 1970s, so even though prices might be 50% lower than they were a year ago, I think I will wait a bit more. Better safe than sorry!”

And then with everyone waiting ... prices go down. So people see prices go down and they say, “Good thing I waited. But what happens if I wait even more?” And they wait, and then prices go down more.

This is called a deflationary spiral. People wait. Prices go down. Nobody really wins. Because the landlords or owners go broke. Less money gets spent on the city. Nobody moves in, so there is no motion in the markets. And people who already own in the area, who can afford to hang on, have to wait longer for a return of restaurants, services, etc. that they were used to.

Well, will prices go down low enough everyone buys?

Answer: Maybe. Maybe not. Some people can afford to hang on but not afford to sell. So they wait. Other people will go bankrupt and there will be litigation, which creates other problems for real estate in the area. And the big borrowers and lenders may need a bailout of some sort or face mass bankruptcy. Who knows what will happen?

## **Colleges**

There are almost 600,000 college students spread out through NYC. From Columbia to NYU to Baruch, Fordham, St. John’s, etc.

Will they require remote learning? Will kids be on campus? It turns out: a little bit of both. Some colleges are waiting a semester to decide, some are half and half, some are optional.

But we know this — there is uncertainty, and there is hybrid. I don’t

know of any college fully coming back right away.

That's OK, you might say, so in a semester or two it might be fine.

Enlarge Image

Columbia is the latest university to announce it will conduct the fall 2020 semester remotely

Columbia is the latest university to announce it will conduct the fall 2020 semester remotely. Getty Images

Not so fast. Let's say just 100,000 of those 600,000 don't return to school and decide not to rent an apartment in New York City. That's a lot of apartments that will go empty.

That's a lot of landlords who will not be able to pay their own bills. Many bought those student apartments as a way to make a living. So now it ripples back to the landlords, to the support staff, to the banks, to the professors, etc.

In other words, we don't know. But it's going to be a lot worse before it's better.

### **OK, OK, but NYC always comes back ...**

Yes, it does. I lived three blocks from Ground Zero on 9/11.

Downtown, where I lived, was destroyed, but it came roaring back within two years. Such sadness and hardship — and then, quickly, that area became the most attractive area in New York.

And in 2008 and 2009, there was much suffering during the Great Recession, and again much hardship, but things came roaring back.

But this time it's different. You're never supposed to say that, but this time it's true.

If you believe this time is no different, that NYC is resilient — I really hope you're right.

I don't benefit from saying any of this. I love NYC. I was born there. I've lived there forever. I STILL live there. I love everything about NYC. I want 2019 back.

But this time it's different.

One reason: bandwidth.

Enlarge Image

Internet speed is no longer a barrier to remote work.

Internet speed is no longer a barrier to remote work. Statista 2020

In 2008, average bandwidth speeds were 3 megabits per second. That's not enough for a Zoom meeting with reliable video quality. Now, it's over 20 megabits per second. That's more than enough for high-quality video. There's a before and after. Before: no remote work. After: everyone can remote work.

The difference: [bandwidth got faster](#). And that's basically it. People have left New York City and have moved completely into virtual worlds. The Time-Life building doesn't *need* to fill up again. Wall Street can now stretch across every street instead of just being one building in Manhattan.

We are officially AB: After Bandwidth. And for the entire history of NYC (and the world) until now, we were BB: Before Bandwidth.

Remote learning, remote meetings, remote offices, remote performance, remote everything.

That's what is different.

Everyone has spent the past five months adapting to a new lifestyle.

Nobody wants to fly across the country for a two-hour meeting

when you can do it just as well on Zoom. I can go see “live comedy” on Zoom. I can take classes from the best teachers in the world for almost free online as opposed to paying \$70,000 a year for a limited number of teachers who may or may not be good.

Everyone has choices now. You can live in the music capital of Nashville, you can live in the “next Silicon Valley” of Austin. You can live in your hometown in the middle of wherever. And you can be just as productive, make the same salary, have higher quality of life with a cheaper cost.

### **And what would make you come back?**

There won't be business opportunities for years.

Businesses move on. People move on. It will be cheaper for businesses to function remotely — and bandwidth is only getting faster.

Wait for events and conferences and even meetings and maybe even office spaces to start happening in virtual realities once everyone has spread out from Midtown Manhattan to all over the country.

The quality of restaurants will start to go up in all the second- and then third-tier cities as talent and skill flow to the places that can quickly make use of them.

Ditto for cultural events.

And then people will ask, “Wait a second — I was paying over 16% in state and city taxes and these other states and cities have little to no taxes? And I don't have to deal with all the other headaches of NYC?”

Because there are headaches in NYC. Lots of them. It's just we

sweep them under the table because so much else has been good there.

NYC has a \$9 billion deficit. A billion more than the mayor thought it was going to have. How does a city pay back its debts? The main way is aid from the state. But the state deficit just went bonkers. Another way is taxes. But if 900,000 estimated jobs are lost in NYC and tens of thousands of businesses, then that means less revenue from taxes — unless taxes are raised.

Enlarge Image

Much of the city's revenue comes from taxes, which will see serious reductions due to people relocating as well as a reduced number of real estate and other transactions.

Much of the city's revenue comes from taxes, which will see serious pressure due to people relocating as well as a dramatically reduced number of real estate and other transactions. New York City Comptroller

Yet another way to pay back debt is tolls from the tunnels and bridges. But fewer people are commuting to work. Well, how about the city-owned colleges? Fewer people are returning to college. Well, how about property taxes? More people defaulting on their properties.

What reason will people have to go back to NYC?

I love my life in NYC. I have friends all over. People I've known for decades. I could go out of my apartment and cross the street and there was my comedy club — and I can go up on stage and perform. I could go a few minutes by Uber and meet with anyone or go play ping-pong or go to a movie or go on a podcast — and people traveling through could come on my podcast.

I could go out at night to my favorite restaurants and then see my favorite performers perform. I could go to the park and play chess. I could take advantage of all this wonderful city has to offer.

No more.