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People Were Leaving New York City Before the Coronavirus. Now What?

Exodus would shrink tax revenue, which would hurt vital services



A view of the New York City skyline, from across the Hudson River in Weehawken, N.J.

PHOTO: EDUARDO MUNOZ/REUTERS

By *Kate King*

Updated April 26, 2020 1:29 pm ET

Ross Sapir's customers are clear when they call to hire a moving van: They are leaving New York City because of the coronavirus crisis and they aren't sure when, or if, they are returning.

Mr. Sapir, president of Roadway Moving, said his storage business is booming as people with the motivation and means flee the epicenter of the pandemic, which had killed nearly 11,000 in New York City as of Saturday. Many clients are leaving before figuring out where they are going and want movers to go into their now-uninhabited apartments, pack everything up and put it in storage.

"It's a great opportunity for us," said Mr. Sapir, adding that his company's 110,000-

square-feet of storage space is nearly full. “But I’m not sure how it’s going to affect the city, economy-wise.”



A mover with Roadway Moving packing boxes.

PHOTO: ROADWAY MOVING

New York City’s economy depends on people —millions of people —wanting to live here, crammed together in small apartments, crowded sidewalks and packed subway cars. But after decades of growth, the city’s population has declined for the past three years, which the pandemic threatens to accelerate. An exodus could leave the city without the workforce it

needs to attract businesses and the tax revenue it relies on to provide vital services.

New York City’s population has plummeted before. The city lost more than 10% of its residents between 1970 and 1980, when deindustrialization decimated urban manufacturing industries, said William Frey, senior fellow at the Metropolitan Policy Program at the Brookings Institution. The accompanying fiscal crisis brought the city to the verge of bankruptcy and took years to recover from.

By 2016, the city’s population had grown from over 7 million in 1980 to nearly 8.4 million, according to the U.S. census. Now, with the coronavirus spread through close contact, that critical mass has become a liability.

“If a large number of people start to leave now, it could spiral,” said Jonathan Bowles, executive director of the nonpartisan think tank Center for an Urban Future. “It would be a huge blow to the city’s finances and leave the city struggling to pay for the things that make New York great, like the subway system, like parks, like schools.”

However, Mr. Bowles and others stressed that New York City’s obituary has been written prematurely several times, including after Sept. 11, when many feared people would be too worried about another terrorist attack to live in or visit the city. In fact, New York City’s population and tourism industry have boomed since 2001.

Seth Pinsky, the former president of the New York City Economic Development



A mover with Roadway Moving wearing a face covering during a recent move.

PHOTO: ROADWAY MOVING

Corporation who helped lead the city's economic-development effort after the 2007-09 recession, said New York officials have to ensure people feel safe and that New York City is still worth it.

"New York has always been a difficult place to live," he said. "The city is dirty, it's crowded and it's expensive. But the reason people have consistently made that trade off is the benefits outweigh the cost."

Mr. Pinsky, who is now chief executive of the 92 Street Y, said those benefits include the city's arts and culture scene, including Broadway, museums and art galleries. He said city officials will face hard budget choices after the pandemic, which the city's Independent Budget Office estimates will deliver a \$9.7 billion tax-revenue hit over the next two fiscal years. Mr. Pinsky urged them not to make too many cuts to cultural institutions.

A spokesman for Mayor Bill de Blasio said the mayor wants to rebuild the city to be stronger than it was before the pandemic, making it more hospitable for businesses, workers and families.

John Boyd Jr., principal at the corporate site-selection firm the Boyd Company Inc., based in Princeton, N.J., said he has heard from companies that are re-evaluating their plans to move to New York. Several executives have told him they are very worried that city officials will need to increase corporate taxes to raise revenue.

He also said a lot of attractive and affordable real estate outside New York City could be

opening up—given low financing rates and the likelihood that many already-struggling bricks-and-mortar businesses, such as malls and movie theaters, won't reopen after the pandemic. In addition, companies have been forced to try out widespread remote-working setups amid the outbreak, leading executives to reconsider how much, if any, high-price Manhattan real estate they really need.

The labor market's dramatic shift, from record-low unemployment to a surge in job losses, means some businesses will have an easier time finding talent in lower-cost areas or persuading people to relocate outside New York, Mr. Boyd said.

For Jaime Hochhauser, the coronavirus pandemic feels like the beginning of her leaving New York story. Ms. Hochhauser, who owns the household-staffing business HomeFront Lifestyle Staffing and lives in Forest Hills Gardens, Queens, fled with her husband and children to live with her in-laws in the Hamptons.

Ms. Hochhauser said she doesn't see her family going back to New York City for at least a year. She spent an afternoon researching moving and storage companies.

"I don't feel it's a healthy environment to raise children in right now," she said. "I don't know if I'll ever feel comfortable getting on the subway again."

STAY INFORMED

Get a coronavirus briefing six days a week, and a weekly Health newsletter once the crisis abates: [Sign up here](#).

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Corrections & Amplifications

An earlier version of this article misspelled the last name of Jaime Hochhauser, co-founder of household-staffing business HomeFront Lifestyle Staffing, as Houchhauser in two instances. (Corrected on April 26, 2020)