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New York real estate still strong after Sept. 11

I suppose the main reason I went to New York City for a few days last month was to see the site of the World Trade Center, but I have always found the city to be an exciting place to visit.

Since an observer of New York trends can often predict Toronto developments within the coming months or years, I wanted to see what might be coming our way.

In the last few generations, there have been a handful of public events so momentous that every adult who lived through them will remember where they were upon hearing the news. Sadly, now, the tragic events of Sept. 11, 2001 have been added to the list.

Why, my friends and family wanted to know, was I so compelled to visit the site of so many deaths?

For my parents' generation, one of the watershed moments came with the Japanese attack on Pearl Harbor in 1941, and that was why, several decades after the war, my own parents visited Hawaii to see the memorials, pay their respects to those who died, and try to comprehend the horror that destroyed so many lives.

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I decided that for those same reasons I would visit Ground Zero to pay my respects, to see what was left of the rubble, to share in the city's grief, and to try to understand the enormity of the horror which took 3,000 innocent lives.

As well, for everything else Sept. 11 was, it was the major real estate story of the last 10 years even the last 100 as seven buildings containing 9 or 10 million square feet of office and commercial space disappeared in one morning.

The twin towers alone contained 7.9 million square feet of rentable space, roughly the size of 50 city blocks. The common areas of the towers, along with the five adjacent buildings that reduced to clouds of ash and rubble, substantially increased the toll of lost floor space.

One of those adjacent towers alone was 47 stories tall, a height approaching that of Toronto's largest skyscrapers.

Every half hour, the staff at the Ground Zero observation platform admit about 250 ticket holders. Standing there beside the pioneer cemetery of St. Paul's Chapel, and with the help of a pre-September map of the site, I was able to orient myself and try to "see" the exact locations of the seven buildings that are no longer there. Plainly visible are several adjacent buildings that weren't destroyed, but which still show the effects of severe damage to their facades.

As I looked up toward the sky behind me, even the sun and clouds were partially obscured by the dust and ash from the site five months after the disaster. Elsewhere in the Big Apple, life goes on. I was most impressed by a huge ad campaign sponsored by YHD Foxtons (http://www.yhd.com), which has spent $10 million on an advertising campaign promoting its "2 per cent plan" for selling real estate through TV, radio, billboards, print media and transit ads.

The company, which currently has listings of more than 2,300 properties, offers vendors high exposure on a Web site that gets 18,000 hits a day.

For vendors, the company provides a Web listing with virtual tours and digital stills, scheduled appointments, signage, a marketing plan, experienced agents, and a "closing coordinator" to walk the parties through the negotiations. All this for 2 per cent commission.

For 3 per cent, the company also provides a real estate agent to conduct showings of the home to interested buyers, and for between 3.5 and 4.3 per cent the home will be listed on the Multiple Listing Service, although that seems superfluous in view of the company's marketing power.

YHD started operations in New Jersey in March, 2000, and in the last two years has generated $1 billion in listings and more than 3,200 homes sold. It claims it has saved its clients $20 million based on commissions that would have been charged if the typical 6 per cent commission had been charged.

The operation is so efficient and apparently profitable there's no reason why it couldn't be copied and transplanted in Toronto by one or more of the major players in this market.

In Manhattan, a $1 million condominium or townhouse is not that unusual, judging from ads in the New York Times. It even makes downtown Toronto condominium prices seem cheap by comparison.

If you want to live in a house in Manhattan, you had better have a large bank account. A charming five-bedroom Greenwich Village house dating from 1839 won't last long at $6.75 million (all prices are in U.S. dollars that's almost $11 million Canadian).

The agents for a more modest house in the Chelsea neighbourhood on a 22-foot wide lot are inviting offers at $3.15 million.

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There are some co-ops and condos listed in the under-$250,000 range, and there's lots of choice over $500,000. By our standards, New York rentals are outrageous. A studio apartment in Trump Place goes for $2,250 a month, and a three-bedroom in the same building is only $8,700 a month but that includes satellite television.

As much as I enjoy visiting New York, though, I'll still take Toronto every time.

But I identify with the New York souvenir manufacturers who, after all the city's trauma during the last six months, have changed the familiar "I NY" logo.

In the post-Sept. 11 era, the logo now reads "I NY now more than ever."