



## “This Is Reality” – NYC Is Reopening, But Businesses Aren’t Coming Back

### Description

USA: Signs of an economic revival in Manhattan have been shattered by the sad reality that businesses aren’t returning to the borough. Vacancies are piling up as rents plunge as the whole recovery narrative falls apart.

According to the Real Estate Board of New York’s spring 2021 retail market report, rents declined across Manhattan’s prime-time retail shops, with one neighborhood in Lower Manhattan, called SoHo, down 37%.

*“Signs of a nascent recovery are tempered by the reality that traffic in most retail corridors is far from approaching pre-pandemic levels,” the report said.*

*In April, while everyone championed the grand reopening of the city, we [showed](#) how rents in the borough continued to slide. As long as work-at-home continues to dominate, the recovery in Manhattan will remain subdued.*

It’s one thing to explain the borough’s economic demise in words, but viewing it through a series of videos is an entirely different level to gain the perspective that the city is in trouble.

The collapse of asking rents for vacant retail spaces lining the sidewalks along the borough was documented this week by YouTuber [“Louis Rossmann”](#) who has 1.56 million subscribers.

In two separate lengthy videos, Rossmann, in detail, walks around Midtown Manhattan and shows viewers dozens and dozens of vacant storefronts.

In one of the videos titled “NYC’s reopening, but businesses aren’t coming back,” he said you “can walk eight steps” down the street and find a vacant retail shop.

“This is clearly not sustainable – at some point, this [NYC commercial real estate market] will crash – and what people will tell you is that it’s impossible – there’s no way it could crash,” Rossmann said. He noted that some of these places were vacant even before COVID.



He said, “there is a thing with commercial mortgage-backed securities where the building has a certain value and is based on the rent they can get – and the value of the building doesn’t get officially marked down until the rent is lowered.”

We’ve been among some of the first to [document](#) credit risks in commercial real estate markets, everything from [malls](#) to office buildings to hotels. However, the Reserve Board backstopped the credit markets through an emergency lending program during the pandemic. Now with the program winding down, and the vacancies continue to pile up, issues in the industry still linger.

In another video, Rossmann continues to document the urban decay spreading across the borough. He said businesses are simply not coming back.

As of June, only 20.7% of employees in New York City were back in offices. Without workers in buildings, the recovery at retail shops will remain lackluster.

We pointed out last year that NYC’s downturn could last years...

by Tyler Durden

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