



## COVID-19 pandemic, crime worries appear to fuel exodus from US cities

by Leandra Bernstein - Tuesday, August 18th 2020



*NEW YORK, NEW YORK - MARCH 26: A moving crew is seen loading a truck in the Tribeca neighborhood of Manhattan as the coronavirus continues to spread across the United States on March 26, 2020 in New York City. The World Health Organization declared coronavirus (COVID-19) a global pandemic on March 11th. (Photo by Dia Dipasupil/Getty Images)*

WASHINGTON (Sinclair Broadcast Group) — It's not as dramatic as John Carpenter's "Escape from New York" or "Escape from L.A.," but several major cities are seeing an exodus of residents amid the COVID-19 pandemic and recent spikes in violent crime.

After years of steady migration into the country's biggest cities, the trend seems to be reversing with the coronavirus. Seven of the top ten priciest rental markets saw apartment prices drop an average of 5% over the same time last year. Businesses have had to shut their doors leaving empty shop fronts and offices for sale in once-bustling downtown areas.

Cultural and social opportunities that often draw people to metropolitan areas have largely shut down because of social distancing requirements. Meanwhile, the ability to work remotely has left many city dwellers questioning whether their tight quarters and expensive rents are worth it.



*NEW YORK, NEW YORK - JUNE 1: New York City police officers stand guard near a looted vape shop during a night of protests and vandalism over the death of George Floyd on June 1, 2020 in New York City.*

Before the coronavirus, only about 5% of workers did their jobs remotely. That figure has jumped to nearly half. Industry leaders including Silicon Valley-based tech giants Google, Twitter and Facebook have announced plans to let employees work from home for the next year, if not indefinitely. New York-based financial giants JPMorgan and Morgan Stanley have offered their employees a similar option.

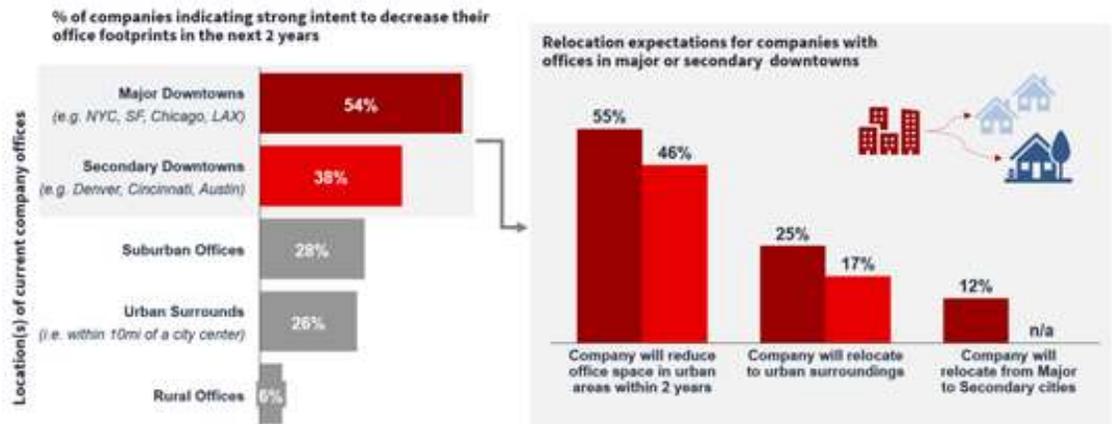
A recent study by Azurite Consulting, a data research firm, found that 54% of companies in major downtown areas, like New York, Chicago, Los Angeles and San Francisco were considering or planning to move out of the city.

A June survey by FinanceBuzz found one-quarter of Americans who said they considered moving permanently because of COVID-19. In April, a different poll found close to 30% of people said they would move out of densely populated areas after the pandemic was over.

Even before the pandemic, there was a steady migration away from cities. The country's three largest metro areas—New York, Los Angeles and Chicago—saw a net outflow of people in recent years.

## AZURITE CONSULTING

Many companies, especially those located in major cities, are already considering and planning to move out of the city



*Businesses considering leaving cities. July 2020 report, "Impact of Covid-19 On Business Decision Making, Spending & Recovery." (Azurite Consulting / AzuriteConsulting.com)*

Cities experienced a boom in the early part of the 2010s when the economy was weaker. That growth stagnated and people moved to the suburbs in the latter part of the decade when the economy strengthened, explained William Frey, a metropolitan policy scholar at the Brookings Institution.



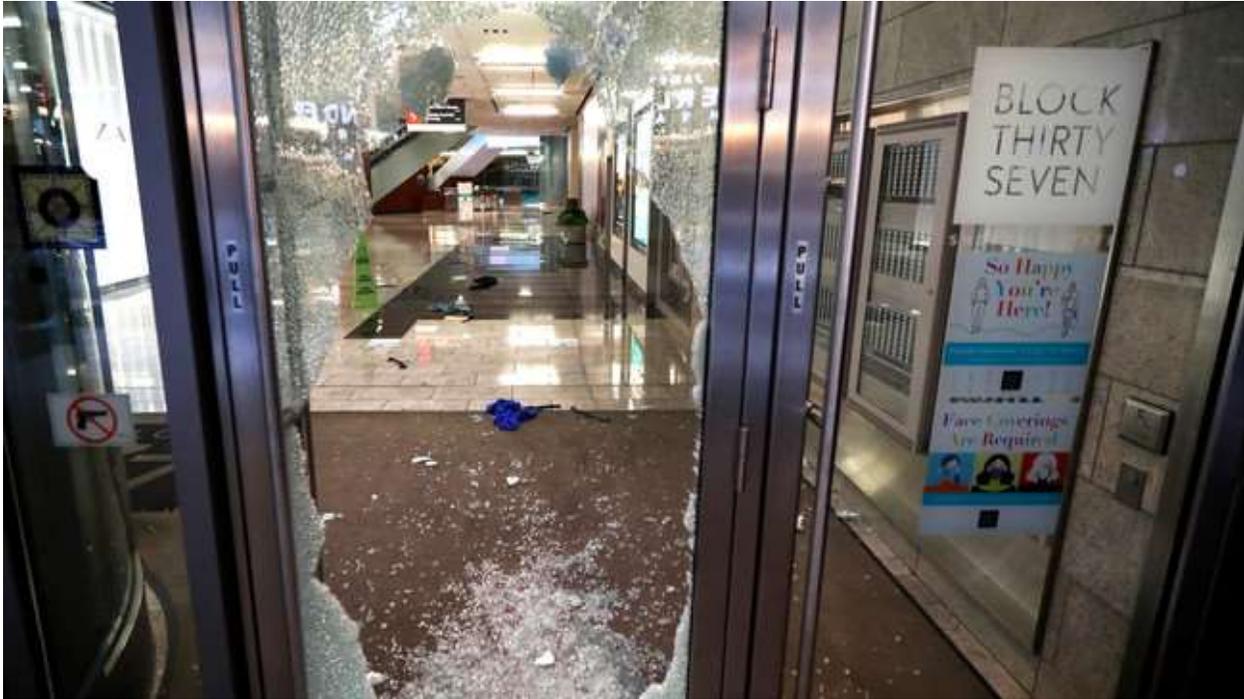
*Homeless encampment at Seattle College. (KOMO)*

"It's a mixed message about what will happen after the pandemic," Frey said. "On the one hand, there's this initial frightful move by a lot of people who are concerned about the immediate impacts of the pandemic ... but the longer-term of it is much more open to question."

Not every urban area has been hit by the pandemic relocation. Based on reports and preliminary data, New York, Los Angeles, San Francisco, Seattle and Chicago have seen some of the most significant outflows.

The coronavirus is not the only reason those major cities are seeing an exodus, explained John Boyd, founder of the Boyd Co., which counsels corporations and developers on where to locate. "All cities mentioned have out of control crime, social unrest and lawlessness," he said. All of the cities also faced fiscal crises before the pandemic, and with billions in lost revenue and increased demand for services the conditions have only worsened.

"Major cities today are facing a wake-up call," Boyd asserted.



*A door to the Block 37 retail building is shattered Monday, Aug. 10, 2020, after vandals struck overnight in Chicago's famed Loop*

That situation is clear in New York which saw 420,000 people, roughly 5% of the city's residents leave between March and May, according to The New York Times. Some of those residents were students who moved out as colleges and universities went online and most are not returning for the fall semester. New York's wealthiest neighborhoods saw a population decrease of 40% or more while lower-income residents appeared to stay put to weather the coronavirus storm.

Businesses have left the city. Iconic retailers with their flagship stores in downtown Manhattan have filed for chapter 11 bankruptcy, including Neiman Marcus, Lord & Taylor and J.C. Penney. Celebrated restaurants are closing down and leaving the city. Job listings have plummeted.

"New York is dead forever," proclaimed author and longtime New Yorker James Altucher in widely-cited blog post. Acknowledging the arguments that New York came back after 9/11 and after the Great Recession and recovered from near-bankruptcy in the 1970s, Altucher stated, "But this time it's different. You're never supposed to say that, but this time it's true."

Even with the loss of more than 23,000 people to COVID-19, the loss of jobs, cultural institutions and the city's growing budget crisis, Michael Hendrix, the director of state and local policy at the Manhattan Institute was slightly more optimistic. "It's never a question of will New York City die," he said. "New York City is not going to die but it is on life support now and the question is how long."

How long it takes New York to recover will depend on how many people leave, how many businesses relocate or close their doors for good and how that impacts city revenue. Already, the top 1% of New Yorkers, those who appear to have left the city first, account for more than 40% of the city's tax revenue.

If city revenue dries up, it could face a "fiscal death spiral," similar to the 1970s, Hendrix said, with the city providing fewer services, collecting less revenue and worsening conditions driving even more people away.

Beyond COVID-19, people also appear to be leaving the city over growing incidents of crime. Fifth Avenue has been boarded up for weeks following mass demonstrations, including some that devolved into riots. Armed guards watch over storefronts and razor wire protecting upscale stores.

As of July, homicides in New York City are up 29% compared to the same time last year. Burglaries have increased by 43% and shooting victims have increased 85%, according to the New York City Police Department.

It's difficult to say how much crime is impacting the decision to move. There have been several reports of New York mothers citing rising crime and recent riots as the final straw in their decision to move their families out of the city. Crime rates in New York and nationwide are nowhere near their peak in the 1990s.

"When it's really expensive to live there, other factors like crime and cleanliness don't even have to be the biggest drivers but maybe they tip you over the edge," Hendrix said.

The situation is similar in Los Angeles and San Francisco. Commercial real estate openings are surging as companies anticipate less demand for office space during the pandemic. Real estate listings for homes and apartments show greater vacancies and lower prices over last year.

There are nearly twice as many homes for sale in San Francisco compared to the same time last year, according to a report by the real estate site Zillow. Data published by Apartment List, an online rental platform, showed 33% of its Los Angeles users were searching for a new apartment outside the city.

The two cities have some of the highest rental and home prices in the country. They have also experienced a surge in crime and like other major cities on the West Coast, a mounting problem with unsheltered homelessness and drug abuse.

In an article documenting why several of Hollywood's rich and famous decided to leave L.A., The Daily Mail described the city. "Junkies and the homeless, many of whom are clearly mentally ill, walk the palm-lined streets like zombies – all just three blocks from multi-million-dollar homes overlooking the Pacific."



*In this April 21, 2020 photo, people sit and gather with belongings on a sidewalk in San Francisco. There are no tourists anymore on San Francisco's famously twisty and steep Lombard Street. The city's landmark hotels and posh shops are boarded up tight. But one staple of San Francisco has become even more pronounced since the coronavirus pandemic chased everyone inside. The city's homeless continue to sleep on the sidewalks and flap-to-flap in tents cluttered downtown and in other popular neighborhoods. (AP Photo/Jeff Chiu)*

The report described sidewalks "littered with broken syringes," random criminal attacks and incidents of residents coming home "to find strangers defecating in their front gardens."

KOMO News documented similar conditions in Seattle and San Francisco where homeless and drug abuse were already driving some business owners and residents out of the city before the pandemic. Seattle authorities have limited actions against homeless encampments which have reportedly grown during the pandemic and have had to intervene in incidents involving violence.

Many of the challenges cities are facing during the coronavirus are not new, though the pandemic has made addressing them more challenging. Ultimately, the appeal of living in a city will likely persist, especially as local economies begin to recover from the coronavirus and businesses and other opportunities return.

Frey noted "it's extremely premature" to begin talking about a mass exodus from urban areas. "I would say most betting is that cities will eventually revive — at least a lot of them."