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Official Publication of the Hudson Gateway Association of Realtors

Focus on Commercial Real Estate In the Hudson Valley

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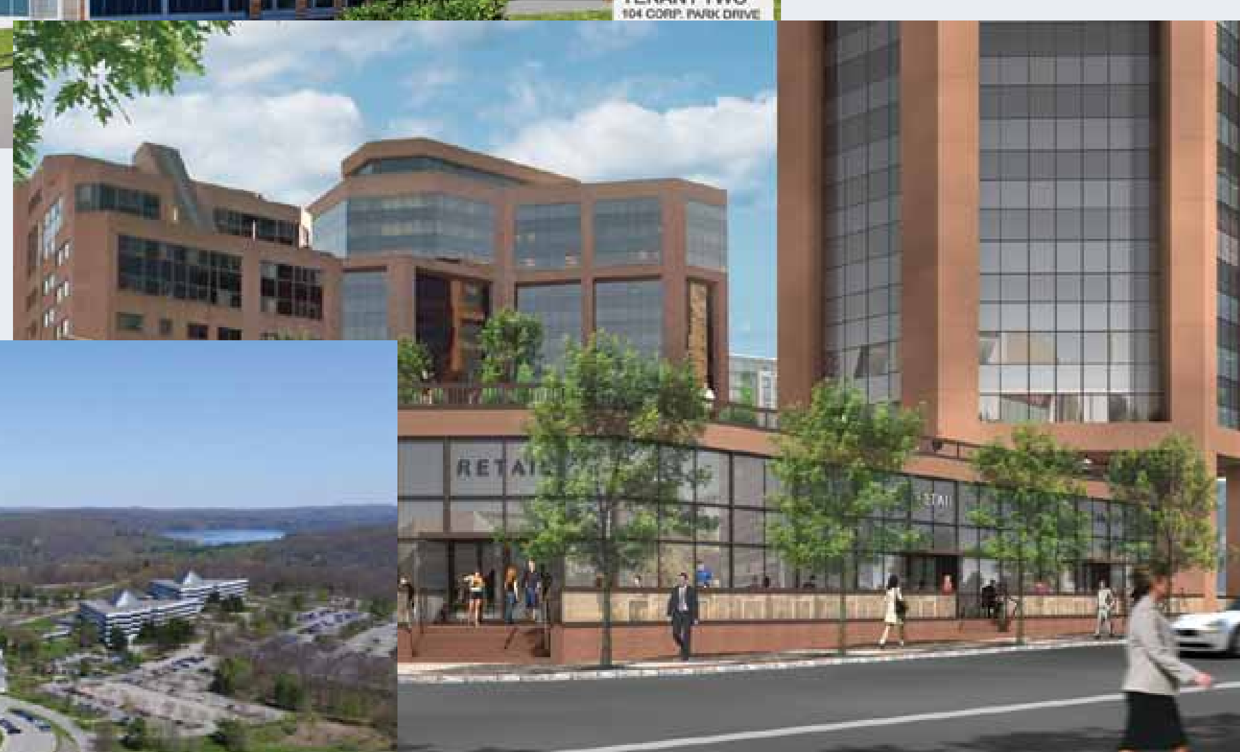
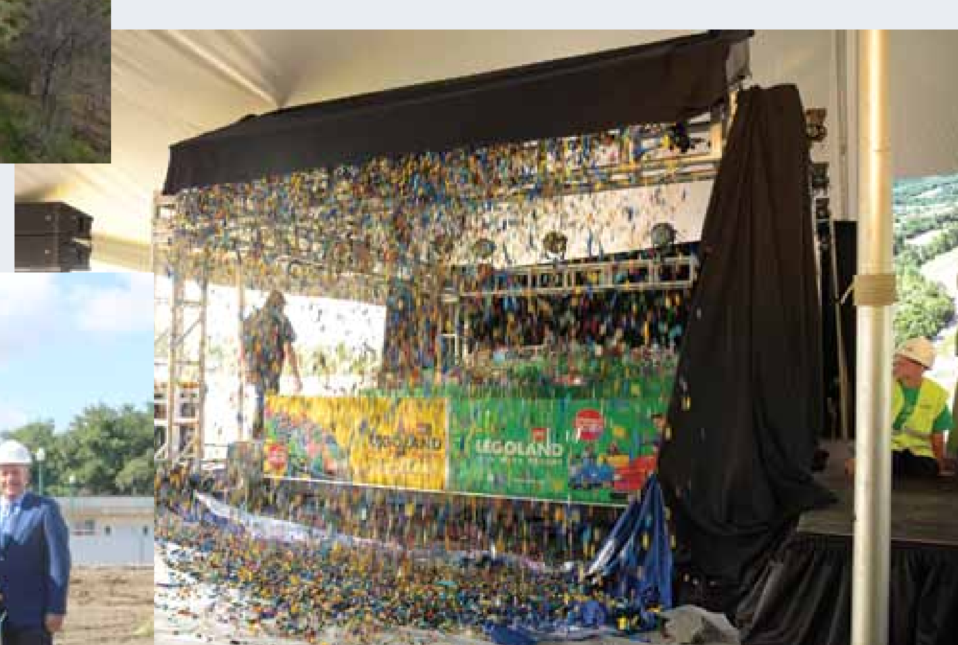


City Square, White Plains

IBM complex, Somers



LEGOLAND New York, Goshen

Project groundbreaking, New Rochelle

Experts Say Westchester Natural Gas Moratorium is A Long-Term Problem

By John Jordan

Business Council of Westchester EVP John Ravitz

From left, CID President John Barrett; Christine Cummings, general manager, gas, Con Edison; Nicholas M. Ward-Willis, Keane & Beane; Theresa Hatton. Director of Professional Development and Industry Relations for HGAR: John Ravitz, EVP and COO, The Business Council of Westchester and Patrick J. O'Sullivan, Keane & Beane.

WHITE PLAINS—A real estate attorney speaking before a group of Westchester County commercial brokers said the moratorium on new natural gas connections that went into into effect on March 15 "is here to stay."

Officials with Con Edison—the utility that is imposing the moratorium—who participated in the recent discussion—did not disagree.

More than 100 attendees of the Hudson Gateway Association of Realtors' Commercial Investment Division meeting on Feb. 28 were given an hour-long dose of the harsh reality that now exists for Westchester's real estate market—a quick remedy to the problem is not available.

The roundtable program held at the HGAR offices in White Plains included attorneys Nicholas M. Ward-Willis and Patrick J. O'Sullivan with the law firm Keane & Beane P.C., Christine Cummings, general manager, gas, Con Edison and John Ravitz, executive vice president and chief operating officer of the Business Council of Westchester. CID President John Barrett moderated the program.

Ward-Willis told the gathering that the announcement by Con Edison on January 18 of the moratorium that begins on March 15 should not have come as a surprise.

He said the moratorium that impacts lower and middle Westchester County is "the new reality—this is the new norm." He later added, "We need to recognize that this moratorium is here and in my opinion is not going away."

O'Sullivan shared that the Town of Lansing, NY since February 2017 has been under a new natural gas moratorium imposed by NYSEG. The impacts in this small upstate town have been severe and have included: the loss of a new medical facility that would have created 100 new jobs; the inability to switch the Lansing Cayuga Power Plant from coal to natural gas, no new restaurants proposed due to the inability to connect to natural gas, single family homes having to install propane tanks at higher cost and multifamily residential developments required to install high-cost heat pumps that use electricity rather than natural gas.

Con Edison's Cummings explained the reasons behind the moratorium and noted that the issue is not a question of insufficient natural gas supply, but not enough connections to bring the natural gas to Westchester County.

Those who filed for natural gas connections prior to March 15 will have two years to have the property ready to receive natural gas.

She added the recently approved Smart Solutions program by the New York State Public Service Commission will increase supply by implementing a host of non-pipeline and renewable programs. However, the benefits of the Smart Solutions program will not be enough to enable the utility to lift the moratorium.

That combined with the intense opposition that has been marshalled against proposed natural gas pipelines, makes the natural gas shortage issue a problem that will not be solved quickly.

"We're not telling you to look for short-term solutions," Cummings said. "We're telling you to look for long-term solutions. We will work with you as much as we can, but we're in a new world order and we are going to have to adjust and adapt to that."

The Business Council's Ravitz chronicled the thousands of construction jobs and billions of dollars that are now in jeopardy from new development projects that could be stalled or perhaps even shelved in Westchester County if the natural gas connection moratorium were to remain in effect for a long period of time.

The Business Council has formed a task force to study the problem and recommend solutions to Con Edison, the Public Service Commission and others to address the issue.

Ravitz related that some of the more controversial proposals of Con Edison's Smart Solutions program was to construct a number of liquified natural gas sites as well as facilities that would convert organic waste into renewable energy.

While the Business Council is supportive of the Smart Solutions program, he related that Con Edison could expect tremendous opposition and legal delays if it were to move forward with its proposed liquified natural gas or waste to renewable energy projects.

Ravitz disagreed with other program participants and stated that one of the solutions to the gas shortage problem will have to be the addition of new pipeline capacity into Westchester County. Getting those projects approved, in the current regulatory environment, will be difficult, he admitted.

He said that the task force will be making recommendations, some of which will be unpopular, such as the expansion of pipeline capacity.

Ravitz concluded his remarks by saying that if New York State politicians and regulators rebuff calls for new expansion capacity, then they need to come up with viable alternatives that will allow the moratorium to be lifted and thus permit the many mixed-use developments in the pipeline to break ground.

He did agree that the natural gas moratorium will likely last a while, noting for example that necessary approvals and construction of new pipeline capacity will take time to complete.

"This is going to be a battle and the business community will have to weigh in," Ravitz said.

The sponsor of the CID program was Webster Bank.

The session on the impacts of the natural gas moratorium, held at the HGAR offices in White Plains, was very well attended.

Hudson Yards Mega Project in NYC Officially Opens

NEW YORK—History was made on March 15 in Lower Manhattan when the Hudson Yards neighborhood officially opened to the public.

Beginning at noon, New Yorkers and visitors flocked to the Public Square and Gardens, a new five-acre public space; its centerpiece, an interactive landmark temporarily known as Vessel and The Shops & Restaurants, a 1-million-square-foot retail center featuring a collection of more than 100 diverse shops and culinary experiences.

Tenants have begun moving into 55 Hudson Yards and 30 Hudson Yards, two large-scale commercial towers, and residential occupancy is underway at 15 Hudson Yards. 10 Hudson Yards opened in May of 2016.

The opening of Hudson Yards, built atop the MTA's John D. Caemmerer West Side Storage Yard, brings together for the first time the West Side and the neighboring districts of Chelsea and Hell's Kitchen.

Hudson Yards developers Related Companies and Oxford Properties Group were joined at the opening by U.S. Senate Minority Leader Charles E. Schumer, U.S. Reps. Adriano Espaillat, Jerrold Nadler, Council Speaker Corey Johnson, First Deputy Mayor Dean Fuleihan and numerous elected officials; Gary LaBarbera, President of the Building and Construction Trades Council of Greater New York and many other dignitaries.

Additional highlights of the neighborhood still set to open over the upcoming months include: The Shed on April 5; the Equinox Hotel in June; and Edge, the highest outdoor observation deck in the Western Hemisphere, expected to open by early 2020.

Hudson Yards is home to industry leaders across nearly every business sector. 10 Hudson Yards is home to Guardian Life Insurance Co., L'Oréal USA, Tapestry Inc., The Boston Consulting Group, SAP, VaynerMedia, Intersection and Sidewalk Labs. 55 Hudson Yards is home to Boies, Schiller & Flexner; Engineers Gate; HealthCor Management; Milbank LLP; Point72 Asset Management; Silver Lake; Third Point LLC; MarketAxess; and Mount Sinai Health System. 30 Hudson Yards is home to Kohlberg, Kravis & Roberts (KKR), WarnerMedia, Related Companies, Oxford Properties Group, Wells Fargo Securities and DNB. 35 Hudson Yards will be home to Equinox's headquarters and HSS. 50 Hudson Yards will be home to BlackRock's world headquarters.

Native New Yorker and CNN anchor Anderson Cooper served as master of ceremonies. Live performances by singer and songwriter Andra Day, Dancers of The Ailey School and the National Chorale, The Professional Performing Arts High School Choir, marked the occasion.

Stephen M. Ross, chairman of Related Companies said, "Building Hudson Yards is the most humbling experience of my lifetime." He later added, "This new neighborhood represents more than just a set of buildings, it shows what can be achieved when the public and private sectors join together to unleash passion and creativity. Our ambition for Hudson Yards was to create a great neighborhood, with experiences and opportunities for everyone. I am confident that we have achieved this with great public spaces, shopping and culinary expressions across all spectrums, cultural attractions, diverse residential opportunities and cutting-edge sustainability and resiliency."

The opening of Hudson Yards was definitely a cause for celebration.

The interactive landmark The Vessel will be a major draw for tourists at Hudson Yards.

Session Tackles Immigration Issues in RE Industry

HGAR's CID and its Global Business Council staged a program on March 7 led by Ray LaHoud, chair of the Immigration Law Practice of Norris McLaughlin of New York City. The well-attended program, held at HGAR's office in White Plains, was entitled: "The Intersection of Immigration and Real Estate."

Some Advice for Commercial Tenants in 2019 and Beyond

By Howard E. Greenberg

The Westchester commercial real estate market is in the midst of a significant transition in 2019. Individual buildings and large portfolios are being sold to new owners, and the availability of certain types of spaces is extremely low. Tenants need to understand today's market dynamics and what is happening in terms of pricing to properly assess how to plan for their future real estate needs.

Office Market

The suburban office market is probably the least volatile product type right now. However, make no mistake, rental rates are trending higher. This is partly due to reduced supply, and partly due to new ownership of a number of buildings. The new owners are performing Real Estate 101 type activities: refurbishing common areas (lobbies, public corridors, bathrooms, etc.) as well as parking lots, landscaping and are adding or refurbishing amenities, such as cafeterias, fitness centers and conference centers.

Construction costs for space interiors have gone up significantly in recent years, along with the quality of finishes for tenant spaces. Carpets, doors, kitchen cabinets, countertops and other components have generally been upgraded to reflect today's tastes.

Building owners will continue to push for longer lease terms (typically seven years or more, except for small leases), with annual rent increases of 2% to 3%.

A tenant should begin to assess his or her needs about two years in advance of a lease expiration. The key to understanding your needs should be your current and anticipated head count and work flow. Don't look at the space configuration you have now. Take a zero-based approach based on how you operate today. Your space may still work for you, or it may be woefully inefficient. It is very important to look into how you want to operate in the future and make that your starting point, rather than the way you operated when you first occupied your present space.

Howard E. Greenberg

Industrial Market

Without a doubt, the lowest vacancies and highest per-square-foot rent increases are in industrial and warehouse buildings. Multi-family development is causing demolition of old industrial product in cities such as Mount Vernon and Yonkers. New customers for Westchester County are coming from the Bronx, where the same thing is happening. These phenomena are causing Westchester to have lower inventory with increased demand for space. This is the most volatile market, in which tenants will have the most difficulty finding space and negotiating reductions from asking rents.

Any tenant who is coming to the end of a long industrial lease will have sticker shock, with today's pricing starting at about $15.00-per-square-foot and escalating quickly into the high teens for quality space. Building owners will have their choice of deals, and will generally go with the strongest credit tenants who will pay the highest rents with the largest increases for the longest term. Again, start your space search early and monitor market pricing and availability. You may have to act very quickly to secure space in this product type.

Flex (Office/Warehouse and Office/Light Assembly) Market

This is another very tight market segment. Most flex product is located in the Yonkers, Elmsford, and Hawthorne areas. Spaces can have office and warehouse/assembly functions on different floors. The warehouse spaces, which generally include higher ceilings and loading docks, are the most valuable, and therefore the highest priced. A number of these have been held off the market in recent years, waiting for tenants who can occupy the relatively large upper level office spaces as well as the lower level warehouse spaces in two-story buildings. These spaces are priced in the high teens per-square-foot for the warehouse/assembly portions, and in the low $20s per-square-foot for the office components. The lease format calls for the tenants to assume other expenses as well, including maintenance contracts for the HVAC systems, sprinkler maintenance fees, janitorial services, etc. However, for many businesses, this type of building is the "only game in town" that fits their business.

Conclusion

The best ways to accomplish your goals and to keep your occupancy costs down are to establish a relationship with an experienced Tenant Representative that specializes in the particular product type you need (i.e. office or industrial), and to do that as early as possible. Let him or her guide you as to what is available, current pricing, and how to keep your occupancy costs as low as possible in this rising market. It will not cost you anything (building owners pay uniform commission rates to brokers), but will provide valuable information that will help you to maximize your opportunities and will save you considerable time and money.

Howard E. Greenberg, SIOR is president of Howard Properties, Ltd., which is based in White Plains. He has been active as a commercial real estate broker since 1986, and formed Howard Properties, Ltd. in 1998. He specializes in Tenant Representation and Corporate Services, and has completed lease transactions and consulting assignments for clients throughout the United States as well as in Europe. He has represented clients including Ameritrade, AMICA Mutual Insurance Company, Fidelity National Title Insurance Company, The Legal Aid Society of Westchester County, the Peapod division of Royal Ahold, The Prudential Insurance Company of America and the Westchester County Bar Association.

His firm is also a member of CORFAC International (www.corfac.com), an organization of independently owned commercial real estate services firms with 62 offices in North America and a market reach to 65 countries worldwide.

Wells Fargo Advisors to Shift Regional Operations To 2500 Westchester Ave.

Wells Fargo will lease more than 21,000 square feet of office space at 2500 Westchester Ave. in Purchase, which is owned by Normandy Real Estate Partners of Morristown, NJ.

PURCHASE—Wells Fargo Advisors will be relocating operations later this year to more than 21,000 square feet of space at Normandy Real Estate Partners' 2500 Westchester Ave. office building in Purchase.

The firm will be moving within the I-287 corridor from RPW Group's 1133 Westchester Ave. in White Plains to 21,294 square feet of space at 2500 Westchester Ave., part of Normandy Real Estate Partners' The Exchange portfolio that is currently undergoing a $3-million capital improvement program.

Wells Fargo Advisors intends to move more than 75 employees to the 164,000-square-foot office building sometime during the fourth quarter of 2019. CBRE's Brian Carcaterra, Michael McCall and Kellene Callahan represented Normandy in the transaction, while Wells Fargo Advisors was represented by Paul Kauffman of JLL. While financial terms of the lease were not disclosed, CBRE reported that asking rent in the deal was $27-per-square-foot.

Carcaterra noted that the capital improvements at the property paid dividends. "This was a huge draw to Wells Fargo, who wanted to reinvent how they utilize their office space," he said. "Normandy was able to offer a high-end building and a space that allowed Wells to operate in the most efficient way possible."

He added that among the capital upgrades at 2500 Westchester Ave., include a tenant fitness center, complete with lockers and showers, and a high-end conference facility. Improvements were also made to the on-site café and to shared corridors and bathrooms.

CBRE's McCall said, "Normandy has begun a huge push in the upgrade of its Exchange office portfolio, starting with the capital improvement project last year. On deck for 2019, the Exchange portfolio will receive an additional $1.5 million to roll out improvement projects across its other Westchester Avenue assets. Improvements will be made to building lobbies, corridors, bathrooms and amenity areas, bringing each property into the modern age."

The commercial brokerage firm, which is launching its 2019 leasing campaign for The Exchange portfolio, negotiated more than 15 deals totaling in excess of 52,000 square feet at The Exchange portfolio last year. Among last year's transactions included leases with Bartlett LLP, the *Westchester County Business Journal,* TMPG, Wells Fargo Home Mortgage and AI Holdings.

2500 Westchester Avenue is a part of Normandy's The Exchange portfolio, which totals almost 1 million square feet across two office parks consisting of 2700 Westchester Ave., 701 Westchester Ave., 707 Westchester Ave., 709 Westchester Ave., 711 Westchester Ave., and 777 Westchester Avenue. The portfolio is located in White Plains, Harrison and Purchase along the I-287 corridor in Westchester County.

Normandy Real Estate Partners has also traded a number of its underperforming and out-of-date office buildings that have been or are in the process of being redeveloped for other uses, including multifamily and retail. For example, Normandy has sold multiple buildings in The Exchange portfolio in Harrison, to Toll Brothers Apartment Living for a multifamily development and to grocer Wegmans.

Equilibrium Brewery to Expand Operations; Acquires Former TD Bank Building From City

A rendering of the improved 2 South St. building that will house Equilibrium Brewery's second Middletown location.

MIDDLETOWN—The City of Middletown announced recently that Equilibrium Brewery closed on the purchase of the former TD Bank building located at 2 South St. in the City of Middletown on March 1. The vacant property has been owned by the city since 2011.

The Brewery purchased the property from the city for $650,000 of which $150,000 will be secured by a note and mortgage based on development goals that must be met, and once met the remaining $500,000 will be paid as follows by Equilibrium:

• $100,000.00 at closing

• The remaining $400,000.00 will be paid to the city by payments of $100,000.00 on the anniversary date of the closing for each of the next four years.

City officials stated that the project's development goals include:

Equilibrium purchasing the property to expand Equilibrium's current operations and existing facility that is located at 22 Henry St.

Within two years of the closing, Equilibrium will fully use the first floor and the basement of the building for brewery operations (beer production and tasting).

Currently located at 22 Henry St. Equilibrium Brewery plans to expand its brewing operations to keep up with demand. Plans for the second location include an enclosed pavilion and patio where can and bottle releases will be held. The pavilion will also serve as a tasting room, and future plans for the building include a possible restaurant on the upper floor. Equilibrium Brewery plans on investing more than $2 million into the project.

Equilibrium Brewery began its brewing operations in 2016. Since opening, its early morning can and bottle releases have drawn hundreds of craft beer lovers to the downtown. They have also been the recipient of various awards, such as "9th Best New Brewers in the World" by ratebeer.com, which pitted them against 6,400 breweries worldwide. The brewery was also awarded "Best New Brewer of 2017 by Sub- region."

Due to this increased popularity, Equilibrium has decided to centralize its can and bottle releases at the new location, which will allow their patrons to congregate in an enclosed space rather than the parking lot.

"The City of Middletown is happy that Equilibrium chose our Downtown as their home, and are thrilled that they chose to expand here as well," said Mayor Joseph DeStefano. "They have had such a positive influence on not just our downtown, but Middletown as a whole."

Historically 2 South Street has been a bank location, originally Middletown Savings Bank and most recently a TD Bank branch. The bank closed in 2010 and the city acquired the property in 2011. City officials were pleased that the city is seeing another adaptive reuse project bring new life into a vacant building.

"This expansion will continue to create more jobs and repurpose another building in our Downtown," said Maria Bruni, director of economic and community development for the City of Middletown.

Equilibrium's original Henry Street project was awarded $204,000 in funds through Empire State Development in 2015.

Fordham/BCW Session to Explore Opportunity Zones

RYE BROOK—The Fordham Real Estate Institute and The Business Council of Westchester are co-sponsoring an event on Friday, April 5 entitled "Behind the Headlines—What Opportunity Zones Really Mean for Westchester Real Estate."

The breakfast panel will be held from 8 a.m. to 10:30 a.m. at 800 Westchester Avenue in Rye Brook.

"Opportunity Zones are being talked about everywhere, but no one has provided a full picture of what they are and how they will affect the county's real estate. We have assembled influential thought leaders in the region to share their first-hand experience on this important topic," said Dr. Anthony R. Davidson, dean, Fordham University School of Professional and Continuing Studies.

The "Behind the Headlines—What Opportunity Zones Really Mean for Westchester Real Estate" will be held on April 5 at 800 Westchester Ave. in Rye Brook.

The Behind the Headlines program will feature keynote speakers James Nelson, principal, head of Tri-State Investment Sales, Avison Young; and Louis Tuchman, partner; member, Executive Committee; chair, Tax Department; Herrick Feinstein LLP). Their remarks will be followed by two panel discussions:

Panel One:
"The Wizards of 'OZ'"

Timothy Oberweger, Esq., vice president, Stewart Title (moderator)
Andrew Donchez, Vice President-Development, Mill Creek Residential
Sarah Jones-Maturo, President and CEO, RM Friedland
Brandon Lacoff, CEO, Belpointe REIT
Abe Schilssenfeld, CPA, EA, Co-Partner-in Charge of Real Estate Group, Marks Paneth

Panel Two:
"Shaping the Future of Westchester Cities and Towns"

Jonathan Drapkin, President & CEO, Hudson Valley Pattern for Progress (moderator)
Luiz Aragon, Commissioner of Development, New Rochelle
Marilyn Crawford, Interim Director of the IDA, Mount Vernon
Carl Fulgenzi, Town Supervisor, Mount Pleasant
Christopher Gomez, Commissioner of Planning, White Plains
Wilson Kimball, Commission of Planning and Development, Yonkers
Eric Zamft, AICP, Director of Planning and Economic Development, Port Chester

In between the panels, Pravina Raghavan, executive vice president, Small Business & Technology Development at Empire State Development, will give a special presentation discussing New York State's perspectives on Opportunity Zones.

The morning will conclude with questions from the audience.

"We are thrilled to once again partner with Fordham University and bring together the region's brightest minds to discuss this critical topic," said Marsha Gordon, president and CEO, BCW. "Opportunity Zones are poised to significantly influence the future of the county's real estate. This event will offer insight you can't find anywhere else into Westchester's Opportunity Zones and how they will impact the area's future."

This is the third event that the REI and the BCW have partnered on in the last three years, each focusing on the hottest topics shaping the real estate industry. This year's gathering will address the biggest trend to impact commercial real estate in years.

Registration is $50. To register, visit: https://westchesterbuscouncilnyassoc.wliinc28.com/events/Behind-the-Headlines-What-Opportunity-Zones-Really-Mean-for-Westchester-Real-Estate-1561/details.

Nyack College Postpones Rockland Campus Shutdown

By John Jordan

NANUET—Nyack College announced recently it will postpone the planned relocation of its undergraduate programs from its campus in Rockland County to Lower Manhattan until early 2020.

In a Feb. 25th announcement to students on the college's website, Nyack College President Michael G. Scales stated that the college had delayed the planned relocation of its undergraduate program to the spring semester of 2020.

The college did report however, that the planned move of the college's graduate programs and the Alliance Theological Seminary to its Manhattan campus at 2 Washington St. in Lower Manhattan will proceed as originally planned for the fall 2019 semester.

Last November, Nyack College revealed it would relocate all undergraduate and graduate programs, including the Alliance Theological Seminary, to Manhattan by the fall semester 2019. In addition, the college at the time stated it was putting its 107-acre campus at 1 South Blvd. in Nyack on the market for sale. The college stated that it secured approval of the campus relocation from the New York State Board of Regents last month.

Scales noted in his message to students that the college is finalizing an agreement to acquire a property in Jersey City that will become the college's residential facility for undergraduate students. On its website, Nyack College identified its Jersey City student housing property as 150 Bay St. in the Powerhouse Arts District. The Jersey City property will accommodate approximately 400 students.

He blamed the delay in the relocation of the undergraduate program to Manhattan at least in part to work underway on student housing. The delay also provides undergraduate students the certainty of having classes and if needed housing at its Rockland County campus for the entire fall 2019 semester.

"First, it is clear that it will require additional time for us to finalize the acquisition of the Jersey City property that will become our residential facility for undergraduate students," Scales stated in his letter to students. "Let me repeat, we are finalizing this agreement and the property in Jersey City will be a wonderful part of your undergraduate experience at Nyack College."

The college stated that it expects the work on the student housing to be completed in time for the spring 2020 semester.

"Make no mistake...Nyack College and ATS is moving forward with repositioning all programs to our Manhattan campus," Scales stated. "There is no turning back. And God has affirmed this decision in numerous ways. Still, this adjustment to our plan provides the best possible stewardship of the Jersey City opportunity and more importantly, this adjustment best meets the needs of the students God has entrusted to us."

The college has hired CBRE to market the property, but would only report that the sale of the property is progressing as planned. "However, Nyack's shift to New York City is not contingent on the sale being final," the college noted in a prepared statement.

Nyack College's New York City campus at 2 Washington St. in Lower Manhattan.

Regional Plan Association Paints Grim Picture If Gateway Tunnel Project Fails to Move Forward

By John Jordan

NEW YORK—The Regional Plan Association released a report late last month that put a hefty price tag—$16 billion—if the controversial Gateway Rail Tunnel project fails to secure the necessary financing to move forward.

The RPA in its report entitled "A Preventable Crisis: The Economic and Human Costs of a Hudson River Rail Tunnel Shutdown" calculated that if the Gateway project fails to progress and the Trans-Hudson Rail Tunnel were to be partially shut down for a period of four years to undertake necessary repairs it would also result in a $16 billion loss for the national economy and a $22-billion reduction in home values.

Approximately half of the $16 billion hit to the national economy would be the result of increased work inefficiencies due to longer commutes. These economic impacts could result in the loss of 33,000 jobs per year or more than 130,000 lost jobs during the four-year partial shutdown.

The existing Trans Hudson Rail Tunnel suffered significant damage from Hurricane Sandy. The RPA noted to repair the existing tunnel, the two tubes would need to be closed one by one, reducing the number of trains going in and out of Penn Station by as much as 75%.

The proposed $30-billion Gateway project calls for the construction of a new tunnel underneath the Hudson River before undergoing any work on the original tunnel to mitigate service reduction. However, funding for the project has become a political football between the Trump Administration and New York federal, state and city representatives.

"This report outlines what a grim new reality will look like. Every day that we aren't building the Gateway project, we're one day closer to real economic and social calamity that would be felt across the Tri-State area and beyond," said Tom Wright, president of the Regional Plan Association.

Wright added, "From job availability to housing prices, the price of household goods, and even the cost of air travel, every sector of our economy would feel the effects of a partial shutdown of the trans-Hudson tunnel." The RPA president stressed that it is time to fully fund the Gateway project.

Without the Gateway tunnel, emergency work on the Trans-Hudson tunnel would result in approximately 500,000 commuters having longer, less reliable and more crowded commutes, the RPA report warned.

The report also estimates that the partial four-year tunnel shutdown would result in the decrease of $1.5 billion in federal tax revenue and $1 billion in state tax revenue outside of New York and Jersey.

"RPA's Hudson Tunnel report affirms what all of Gateway's supporters have been saying for years. The costs of delaying this project any longer are too high. Too high for our region's and the nation's economy. Too high for the hundreds of thousands of commuters in New York and New Jersey who rely on this century-old infrastructure every day. And too high for our climate and air quality," said long-time Gateway Tunnel project supporter U.S. Senator Charles E. Schumer.

New Jersey Gov. Phil Murphy said a failure in the tunnel would be "catastrophic," and added, "Aside from the potential loss of life and injury, it would drain billions of dollars from our regional and national economies, and cause a needless significant increase in air pollution. Only a true partnership between the federal government, New Jersey and New York, and other public and private stakeholders can prevent this disaster. We must build Gateway together, and keep the Northeast Corridor moving."

The Regional Planning Association report said that if the Gateway Tunnel project fails to move forward, it could cost the nation $16 billion and result in a $22-billion loss in home values.

Other alarming data points from the report include:

• An estimated 38,000 NJTransit riders would be unable to ride the train, forcing them into a variety of less-desirable options to get to and from work.

• Approximately 250,000 drivers will have longer commutes to work; more than half of these drivers would experience delays of a half-hour or more. An additional 170,000 riders would have longer rides on the PATH train or bus.

• Forcing more than 10,000 drivers onto the roads would result in 38,000 additional car crashes that would result in thousands of injuries and 90 to 100 preventable deaths.

• In addition to the impact on residential housing, the partial rail tunnel shutdown would also lower values of commercial properties in the region,

• An estimated $7 billion would be lost in federal, state, and local tax revenue; including $1.5 billion in federal taxes and more than $1 billion in states outside of New York and New Jersey.

• Many displaced long-range Amtrak riders would fly instead, increasing DC to NYC air fares by as much as 65% and pricing out many leisure, small business and non-profit travelers.

• Truck delays would cost the Northeast economy close to $1 billion.

The RPA was in Washington, DC last month handing out copies of the report to members of Congress.