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The Value of Vacancy

Density has long been a hallmark of urbanism, perhaps summarized most succinctly by Lewis Wirth in his famous 1938 treatise on the city, *Urbanism as a Way of Life*, in which he defined the city and the category of the urban as that which features a density of peoples and uses. [1] While several generations of critical urban scholarship have since contested this definition, it nonetheless continues to hold sway within a number of disciplines. Most notably, how the field of urban economics thinks in terms of agglomerations, evoking a Wirthian conception of the city as an organism given life by things in proximity to one another. The brave, new urban world that has emerged following the 2008 crisis, however, forces us to confront this definition of the city. Today, many of our most celebrated urban centers are sites of increasing vacancy.

Observing the unfolding changes in my neighborhood in lower Manhattan, I am struck by that vacancy and the concomitant questions it raises regarding value, supply and demand, and even the nature of urbanism at this particular historical conjuncture. Rather than dense with peoples and uses, many blocks across lower Manhattan are now dense with nothing. Empty storefronts now account for a disproportionate number of retail spaces throughout the area—from the old industrial corridor of Broadway to the charming lengths of Bleecker Street, their shuttered husks recall agglomerations of yore. [2] This is a trend we can observe across the city, where large tracts of commercial space lie empty.

Importantly, this emptiness is new—in 2016 only 7 percent of commercial space was vacant according to the *New York Times*. [3] In Greenwich Village, the current blight seems to be rooted in the early 2000s, as chronicled by a 2017 New York Times article that described how the charming Bleecker Street corridor rose in popularity and, subsequently, in rents. [4] Drawn to the charm of the corridor, Marc Jacobs populated a number of tony spaces across several blocks. While Jacobs is associated with that downtown cool—he shot to fame in the 1990s through a heroin-chic aesthetic that spoke to CBGB on the Lower East Side—other, more staid retailers also made the trek south. As staggering sums of money flowed into the neighborhood—a sign of changing preferences from uptown privilege to downtown cool—landlords found they could raise their rents exponentially. Existing small businesses could no longer afford these astronomical prices. Soon, the Parisian chic of APC and the preppy cute of Kate Spade made Bleecker largely indistinguishable from Madison Avenue.

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[1] Louis Wirth, “Urbanism as a Way of Life,” *American Journal of Sociology*, vol. 44, no. 1 (July 1938): 1–24, link.

[2] Precise vacancy figures are notoriously difficult to ascertain and inspire heated debate about the state of the city’s real estate market. See, for example, Rebecca Baird-Remba, “What Is the Real Vacancy Rate for Manhattan Storefronts? Not 20 Percent!” *Commercial Observer*, November, 5, 2018, link. Various estimates have placed vacancies at 15 to 20 percent, while other accounts dispute those numbers. Further, the question of vacant versus available also muddies the water. Vacancy New York, one interesting citizen-led initiative, however, reveals the extent of vacancy in lower Manhattan. See link.

[3] Corey Kilgannon, “This Space Available,” the *New York Times*, September 6, 2018, link. The survey referenced by Kilgannon is controversial, though no one seems to be disputing the fact that vacancy rates have risen sharply. These various contestations reveal the deeply political nature of real estate and land markets, and their integral role in contemporary urban politics.

[4] Steven Kurutz, “Bleecker Street’s Swerve from Luxe Shops to Vacant Stores,” the *New York Times*, May 5, 2017, link.

This blend of high-end luxe and Old World charm has most recently provided a staging ground for easily digestible social media as Bleecker seeks to remake itself once again. [5]

Yet this sanitized abundance would not last. As global retailers discovered the quaint charm of Bleecker, landlords began charging ever more exorbitant rents for their spaces. Older commerce soon left Bleecker, pushed into side streets or online. Yet these new tenants also struggled at times to pay the rent. Marc Jacobs, which had six storefronts within a few blocks of one another, soon consolidated one storefront for their bookstore Bookmarc. Landlords struggled to fill the vacancies left behind. The *Times* coined a new term to describe this emergent urban condition. Bleecker Street was now a victim of "high-end blight." While Robert Moses's "blighted" New York of the 1960s and '70s had suffered from racialized processes of disinvestment and devaluation, today's millennial city of riches instead suffers from the feverish surges in the rental market that leave prime real estate so expensive that no one—not even global luxury corporations—can afford it.

Despite this emptiness, we certainly do not think of these areas as any less urban. Tourists still flock to Bleecker Street, seeking out the emblematic sites and scapes of some authentic Manhattan. This is the city of Walt Whitman's "Mannahatta"; of the old empire of Woolworth and his five-and-dimes; and of the more recent triumphs of *Sex and the City*. Both the charming crooked streets of the West Village and the vertical majesty of Broadway, on its long march from the island's tip to toe, evince a timeless urbanity that continues to draw people to its midst. And indeed, its current emptiness is a product of a distinctly urban phenomenon, bound to the capricious mania of urban land markets. While currently going unpaid, the heightened rents that have left myriad Manhattan buildings empty reflect the central role of real estate in producing contemporary cities. Yet this current vacancy has not meant a concomitant shift in valuation; troubling notions of supply and demand, of markets of land and property.

[5] Karin Nelson, "The Return of Bleecker Street," the *New York Times*, December 4, 2018, link.

326 Bleecker Street. Photograph by the author.

270 Bleecker Street; once Risotteria, a risotto restaurant that was forced to close when the rent increased by 45 percent. Photograph by the author.

What to make of this urban emptiness, which has failed thus far to redefine the area as similar processes of abandonment have come to define cities like Detroit? (More on that later.) This emblematic stretch of Bleecker is fewer than a dozen blocks long, running between Seventh Avenue and Abingdon Square. Yet its present condition, which continues to plague the street as it winds east, is also emblematic of a particular contemporary urban condition that is global in scope. Commercial buildings lie empty in many major cities across the world. In New York, this situation has been produced by the dual phenomena of skyrocketing real estate prices and changing patterns of retail.

In the first instance, investment in real estate has fueled a new urban boom evident in places like Manhattan and Central London. As interest rates have fallen and banking regulations have tightened in certain arenas, investment in land markets has become a central mechanism to accrue wealth for both individual investors and multinational financial entities. Previously companies such as Goldman Sachs might invest in markets of complex financial instruments such as securitized mortgages; now they invest directly in urban land. Property has also become a site to park liquid assets and launder money. This situation responds in part to the crises of accumulation that emerged during the Great Recession, as well as to the increasing availability and mobility of cash. New real estate players have emerged from the Arab world, China, East Asia, and the oligarchic fortunes of Russia. But a new affluent class in metropolitan centers also benefits from large salaries and outsized bonuses. Investments in residential and commercial real estate have driven up prices in central cities, particularly in the housing market. The exchange value of housing has outpaced many other factors, particularly considering lingering wage stagnation and the shrinkage of the middle class. Only members of the well-paid metropolitan elite can afford outsized housing prices, and even they sometimes struggle to make ends meet.

At the same time, however, everyday Americans have not seen a concomitant rise in their ability to consume goods and services. Within this context, the famed Bleecker Street corridor became a kind of jewel-box museum between the early aughts and the mid 2010s. Tourists and local residents alike would take part in a modern form of *flânerie*, traversing the avenue to observe fine goods (and photograph themselves doing so) without actually buying anything. Many brick-and-mortar retailers serve as nice backdrops for social media posts. Here, value is generated not from purchases but rather from trending hashtags, influencer culture, and the speed and scope by which pleasing images of urban life can travel through the various nooks and crannies of the World Wide Web. In light of falling sales, many of the new luxury tenants also soon closed up shop; sales figures could not justify the small fortunes they paid on rent. Yet many landlords, rather than lowering monthly rents or changing lease terms, continue to hold out for high prices even as the market contracts around them. The drive for high returns paradoxically means that this particular market does not respond to direct issues of supply and demand.

In fact, in Manhattan, developers continue to plan and execute new commercial projects. In April 2018 the *New York Post* reported that 1.2 million square feet of new commercial real estate was soon coming to a market that was already saturated with vacancies. [6] High-profile ventures such as Hudson Yards and the Oculus building provide a particular kind of retail experience. Rather than the Old World charm of the West Village, these developments provide sanitized corporate architecture filled with chain stores and mundane sameness. There is little to separate the interior of Brookfield Place near the World Trade site from any number of other upscale shopping malls across the country. This retail landscape presents a banal experience of high-end consumption. It has also not escaped the plague of vacancy—both the Oculus and Brookfield Place have struggled to fill their retail spaces. [7] The city of wealth and finance is thus increasingly both empty and enervating in its repetition.

Changing retail patterns of consumption, of course, also account for the landscape of empty storefronts. When I wander the stores in my area, I do so with iPhone in hand, ready to Google any potential purchases. I do this knowing that it is entirely possible, if not likely, that I will find the item cheaper online. It will likely be on Amazon, which now seems to sell every item ever made. Like me, millions of New Yorkers now turn to their internet browsers in search of the best deal. We are simply no longer shopping in brick-and-mortar stores as we once did, even ten years ago in the midst of the financial crisis. According to one estimate, 51 percent of people prefer to shop online. [8] The ready availability of all things through the magic of the internet has meant we can bypass much of consumer-driven street life altogether. In addition to my new clothes and shoes and books, I can order my groceries from Whole Foods with Amazon Prime and my evening meal from Seamless or one of many meal kit companies.

Thus, in addition to a new iteration of global real estate boom, the vacant shop windows on Bleecker also speak to the growing obsolescence of a particular model of consumption. The stretch of Bleecker between Sixth and Seventh Avenues, however, continues to insist on that old model. As the street turns suddenly at a forty-five-degree angle, the *flâneur* strolls past an array of old specialty shops. Here you can buy Italian cookies at Rocco's, expensive cheese at Murray's, and exotic cuts of meat at Ottomanelli's. This expanse is a reminder of another city, one that has been a victim of myriad forms of transformation. The Murray's Cheese counter is particularly emblematic. Today the vast trough of money that allows this lactose empire to maintain their brick-

[6] Steve Cuozzo, "Why NYC's Empty Retail Space Surplus Isn't Fazing Developers," the *New York Post*, April 8, 2018, link.

[7] Cuozzo, "Why NYC's Empty Retail Space Surplus Isn't Fazing Developers."

[8] V12 Data, "50 Statistics about Retail Marketing and Consumer Shopping Trends," January 8, 2018, link.

and-mortar position on Bleecker comes not from the modest store and nearby restaurant themselves but rather from a series of business deals with Kroger. After partnering with the grocery and retail corporation in 2008 to curate its cheese departments in large supermarkets all across the United States, in 2017 Murray's became a Kroger subsidiary—and its flagship location was bought by Kroger, as well, for a reported $20.6 million. [9]

The example of Murray's demonstrates how some of New York's most storied storefront retail establishments have come to serve as destinations for gawkers looking to partake in a particular form of heritage tourism, even if that heritage evokes a much more recent past than Ellis Island or the Tenement Museum. They are also holdouts in an increasing sea of vacancy. That vacancy, however, allows us to think across a number of different geographies and sites that are not often put into conversation with one another. New York, which often prides itself on its singularity, merely reflects trends seen across the country—for vacancy, now more than ever, has come to be a defining feature of our urban landscapes as a report by the Institute for Local Self-Reliance makes clear. [10] In many American cities, both in prime neighborhoods and outer areas, rents have risen in the double digits across a very short period of time. What the ILSR identifies as a "global surplus of capital" now seeks new frontiers for greater profit margins, extending into all aspects of real estate and urban land markets. Surprisingly, Portland, Maine, leads the charge in rising prices, where rents rose by 22 percent between 2015 and 2016 alone. [11]

Thinking more expansively and theoretically about vacancy allows us to further complicate this picture. Here we must contend with the legacy of places like Detroit in addition to the skyrocketing prices of lower Manhattan. Detroit is now famous for its extremity, having laid bare the fallacies and follies of Fordist models of production, urbanism, and racialized relations of work and employment. It is also a vacant city, having been hollowed out through various rounds of disinvestment, social unrest and white flight, more recent exploits of predatory subprime lending, and finally the devastating effects of tax foreclosures, the latest iteration of its accumulation by dispossession. Detroit's vacancy is manifold, encompassing the abandonment of factories and commercial centers and the violent banishment of evictions. This vacancy is a product of downward spirals of value, such that properties are now worth less than their yearly tax bills. Vast tracts of the city now lie fallow, deurbanized to the point of rurality. [12]

Detroit's emptiness is obvious and glaring. Bleecker might portend a coming emptiness, but for the moment, Manhattan's vacancy is largely hidden behind glittering facades and outrageous sums of money. In fact, the plague of shuttered storefronts is but one manifestation of a more general condition. Throughout the city, all manner of real estate sits empty. As in Manhattan, the new residential high-rises that soar above existing building stock in Brooklyn and Queens have become containers in which to park large sums of cash. Other residential structures have slowly been vacated in the interest of tourism, as thousands of units have been removed from the marketplace and turned into short-term vacation rentals. Both empty storefronts and hotels masquerading as flats are now common features in the centers of many of the world's most famous cities.

[9] See Richard Morgan, "How Murray's Cheese Ended Up Being Sold to a Grocery Chain from Ohio," *Grub Street*, April 12, 2017, link, and Lisa Eustachewich, "Grocery Giant Kroger Buys Murray's Cheese Flagship Store," the New York Post, February 7, 2017, link.

[10] Olivia LaVecchia, "How Rising Commercial Rents Are Threatening Independent Businesses, and What Cities Are Doing About It," Institute for Local Self-Reliance, April 20, 2016, link.

[11] LaVecchia, "How Rising Commercial Rents Are Threatening Independent Businesses, and What Cities Are Doing About It."

[12] Occasional reports and articles often trumpet Detroit's comeback and the potential for gentrification in the city. Most of these pieces focus on very specific, small sections of the city. Certainly, pockets have experienced transformation and upward valuation, but the vast majority of the city has not benefited from these changes. In personal communication, historian Thomas J. Sugrue estimates that about 7.2 square mile of the city is actually experiencing gentrification, which is still only about 5 percent of Detroit's total surface area. In a recent *Geoforum* piece, Josh Akers and Eric Seymour reveal the ongoing, racialized, and widespread dispossession many continue to face in the city. Akers and Seymour, "Instrumental Exploitation: Predatory Property Relations at City's End," *Geoforum* 91 (May 2018): 127–140. Processes of banishment are far more hegemonic than the few glimmers of reinvestment and gentrification.

To consider these sites of abundant excess alongside abandonment and ruin is to engage with the question of value in a new way, as the analytic of vacancy or emptiness forces us to confront the production of that category. Mainstream thinking on value, supply and demand, and markets renders value into something organic. Akin to the city as ecological organism, shifting values within cities appear to ebb and flow as natural processes. Yet recent critical urban scholarship asks us to think of value as actively produced, both in its negative and positive connotations. Social relations, political economy, and liberalism's myriad others contribute to the generation of value. At the same time, this belief in the organic qualities of value lends itself to depoliticization, such that we no longer see these processes at work.

Blight, for example, appears apolitical. It is a descriptor to identify physical conditions of degradation and abandonment. In alighting only on the physical at one moment in time, it ignores the historically situated trajectories that give rise to such a condition and the ways in which judgments about a particular landscape are deeply coded by race, class, and gender. As a wealth of scholarship on urban renewal and slum clearance has demonstrated, blight as an urban category was produced through deliberate policymaking and urban practice, which actively encouraged disinvestment. The physical state of a neighborhood at a given moment is produced through state investment, taxes from property values, municipal governance, an array of public policies, and sweat equity. Similarly, one person's disorder and chaos is another's site of vibrant community.

On the other hand, we tend to think of skyrocketing property markets as hallmarks of a city's success—that some organic mix of attractive streetscapes, hearty building stock, walkability, proximity to jobs or transit, and changing urban tastes converge in such a way to make a particular area or city attractive to both people and capital. This understanding furthers organic ideas of urbanism as ecologically produced: the city as an organism that mutates naturally. Yet a city's mutations are rarely natural; they are produced in concert with dictates of the state, financial capital, and elite interests. The success of property markets, moreover, is not somehow preordained but rather responds directly to the maneuvers of multiple urban actors. New York's currently rapacious real estate development and upward surge in property valuation are the results of Bloomberg-era policies that privileged privatization, capital's interest in the urban as a key site of investment, changing zoning and land use regulation, housing needs, and a host of other practices that actively produce value.

These processes of valuation, both negative and positive, have conspired to create remarkably similar environments. Vacancy is a major facet of cities that we think of as both crisis-ridden and booming—Dublin's speculative excess but also London's ghostly elite neighborhoods. Value creation has emptied out vast amounts of urban territory, either through abandonment and disinvestment or through speculation. In many cases emptiness and vacancy have instantiated new processes of valuation, as various actors attempt to find new forms of extraction. Thus Blackstone purchases massive tracts of foreclosed homes throughout the United States and the world while private homesteaders and community organizations develop urban agriculture in Detroit. How, then, can we think of vacancy as productive, both for theory making and urbanism, as it implicates social relations, cultural production, and political struggle? And how might it force us to rethink the categories of the city and the urban, not as sites of density but rather of social relations, processes of valuation, and struggles over cohabitation and inclusion?

Only months after declaring Bleecker Street's demise, on December 4, 2018, the *New York Times* declared it had risen from the ashes. [13] Specifically, five quaint blocks of the street had seen their fortunes change as new retail establishments filled many empty storefronts. Brookfield Properties was behind the revival, having bought up several buildings instituting a new, undisclosed storefront rental strategy. The company targeted small, boutique establishments to create a new air of sly winking, bohemian village charm. Current shops evoke not Madison Avenue chic but rather Instagram cute. Retail, it seems, is back, but only if it gets enough likes on social media.

As a postscript, we can turn again to the specter haunting cities—Amazon. In November 2018, the internet giant announced it had chosen Long Island City, a neighborhood on the Queens waterfront, facing Manhattan, as the location for one of two new headquarters. The Cuomo and de Blasio administrations had worked together to offer massive tax breaks and subsidies to attract the company. Its new offices are to be located on a site that was previously slated for an affordable housing development, and its new neighbors will be the existing Queensbridge Houses, the largest public housing complex in the western hemisphere. [14] Fewer than two months earlier, Amazon had inaugurated its first "4-Star" store on Spring Street in SoHo, selling only products that have received an average rating of four or more stars by online customers. [15] Here we see another value of physical retail, as a site to try on, test, and feel potential purchases that will ultimately be made online. The online marketplace now has its own brick-and-mortar, amid the rubble left by its growing monopoly of our consumption habits. These cruel ironies of space and place lay bare the priorities of governance and planning in the twenty-first-century metropolis.

[13] Nelson, "The Return of Bleecker Street."

[14] Corey Kilgannon, "Amazon's New Neighbor: The Nation's Largest Housing Project," the *New York Times*, November 12, 2018, link.

[15] Chris Welch, "Amazon Is Opening a New Store That Only Sells Products with 4-Star Ratings and Above," the *Verge*, September 26, 2018, link.