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New Jersey Wins 1,600 Financial Jobs

By [CHARLES V. BAGLI](#)

The fierce tug of war between New York and New Jersey over 2,300 financial jobs in Lower Manhattan is just about over.

New Jersey has come out ahead, winning most of the jobs, said government officials and real estate executives. But New York keeps the headquarters.

The [Depository Trust and Clearing Corporation](#), a critical part of Wall Street's financial machinery, had threatened early this year to move its entire operation to New Jersey, enticed by lower costs and a subsidy package worth well over \$70 million.

Then followed nine months of wooing and pleading by top officials on both sides of the Hudson River, including Gov. [Jon S. Corzine](#) of New Jersey.

Now, Depository Trust appears to have reached a decision to keep its headquarters and roughly 700 employees at its current home at 55 Water Street, according to the officials and executives, who declined to be identified because the company has not formally announced its decision.

Most of its work force, however, will move to the Newport office complex on the Jersey City waterfront.

A spokesman for Depository Trust said a final decision had not been made. New York officials still hope they can steer the company to Pierrepont Plaza in Brooklyn Heights, instead of Jersey City.

"We don't think it's over yet," said [Sheldon Silver](#), the Assembly speaker, whose district includes Lower Manhattan, "but I believe they're willing to keep at least 700 downtown. We're trying for more."

The bruising campaign to keep Depository Trust, which clears and trades securities for many brokerage firms and banks, was a test of Mayor [Michael R. Bloomberg](#)'s policy of refusing to give in to demands from companies playing one state against another. But the outcome also raises questions about the future role of Lower Manhattan as an international financial center.

For decades, financial firms have been migrating from the city's historic financial district to shiny skyscrapers in Midtown, or less expensive towers in Jersey City and Stamford, Conn.

But Depository Trust's decision to join them, at least in part, comes only weeks after the [Federal Deposit Insurance Corporation](#) said it would leave Lower Manhattan for the Empire State Building. At the same time, downtown stalwarts like American International Group, the troubled insurance giant, and [Merrill Lynch](#) are shrinking their presence. And JPMorgan Chase has put its skyscraper, Chase Manhattan Plaza, up for sale.

In December, New Jersey granted Tullett Prebon, a British financial firm, \$16.5 million in incentives for agreeing to move 330 jobs to the west side of the Hudson from Lower Manhattan.

“For more than half a century, the Lower Manhattan economy has been undergoing change,” said Mitchell L. Moss, a professor of policy and urban planning at [New York University](#). “The epicenter of finance has moved to new locations.”

Indeed, downtown, which often looked deserted at the end of a work day, has become far more lively and diverse as thousands of residents moved into converted office buildings. Over the past five years, a vast majority of companies moving downtown have been law firms, nonprofits, technology and new media, not financial services, said Jonathan Bowles, director of the Center for an Urban Future, a nonpartisan research group in Manhattan.

“We need to be much more strategic about the kinds of companies that we're trying to attract to Lower Manhattan right now,” Mr. Bowles said. “I believe that Lower Manhattan is a much more attractive place today.”

Mr. Silver, and some city officials, contend that Lower Manhattan is still feeling the effects of the recession. The financial industry will bounce back with the economy, they insist, and Midtown financial firms seeking cheaper space will move downtown, where rents traditionally are 30 percent lower.

But New York is still vulnerable to New Jersey, which offers generous incentives and where real estate costs are already lower. In February, New Jersey's development authority offered Depository Trust a package worth \$74.6 million over 10 years if it moved 1,600 employees to Jersey City when its Manhattan lease expires in 2012.

City and state officials in New York later met with the company to fashion a counter-offer. But city officials drew the line at offering the company a set of customized subsidies.

Their policy is supported by many economists and civic groups who argue that it is more important to improve transit and the overall business climate than to get into a bidding war for jobs.

“We're glad the company is maintaining its headquarters here,” said Deputy Mayor Robert C. Lieber.

“But,” he added, “we’re not about to use scarce taxpayer dollars to chase irresponsible enticements that other places may be willing to give away. We’re better off investing that money.”