

---

New York's Reverse Commuters

## **Nice Place to Work, But ...**

As cognitive scientists have long known, our minds play tricks on us. That is, we perceive things through the filters of our memories, prejudices, longings and beliefs. In short, we see what we want to see. But every once in a while, something comes along that makes us aware of how dated our mental filters are. So it is with the young hedge-fund employees of **New York**.

First, though, about our dated filters: Most of us still see cities and suburbs as starkly different environments. In our mind's eye, the city is work-oriented, fast-paced and commercial. It's the place where serious work is done, but few willingly live. The suburbs, we think, are refuges from all this, places to escape the hurly-burly. Nice places to live, in other words, but you wouldn't want to work there.

This brings us smack into the young hedge-fund commuters of New York. As the *New York Times* reported recently, there's something very odd about these 20-somethings who flow through Grand Central Station every morning and evening. They're not headed in from the suburbs, they headed out, to the world's hedge-fund capital, Greenwich, Conn. These people live in Manhattan; they work in the 'burbs.

There are at least three head-turning aspects to this unusual commuting pattern. First is the fact that a sophisticated financial industry like hedge funds is located in Greenwich, and not Wall Street. Office rents and proximity to the founders' suburban homes are probably the main reasons they're there, but it also has something to do with the funds themselves. These are super-secret investment outfits that make decisions based almost entirely on financial analysis, unlike the stock market, which thrives on tips and rumors. Hence, they don't need to be near Wall Street's information buzz; they can be anywhere.

Well, not just anywhere. They need to be close to the financial talent base, and that means New York — but not necessarily Manhattan. Hence, upscale Greenwich, which is served by a well-located commuter rail station. Many hedge-fund companies are in walking distance of that station.

The second head-turner is that these well-paid young employees don't live closer to work. Many could afford nicer, bigger house with a much shorter commute if they chose to live in any of a dozen nearby Connecticut towns. But the ones who do the hour-long reverse commute from Manhattan aren't interested. "Greenwich is quiet, peaceful and clean," one told the *Times*, "but I am 24 and single. I couldn't imagine living in Greenwich."

This brings us to the third surprise: Even financial analysts don't decide where to live based on economics alone. This is significant because many observers have attributed the urban revival of the past 15 years to the crushing cost (in time and money) of commuting. That is, they think, the only reason urban neighborhoods are gentrifying is because the traffic has gotten so awful. And yet the hedge-fund commuters of New York show us something else entirely: They live in the city because they actually *like* the city's diversity, density and pace. And Greenwich? Nice place to work, but you wouldn't want to live there.

The message for big-city leaders is clear: If you want the revival to continue, heighten the urban experience, don't diminish it.

Footnote: So how many of these young employees live in Manhattan but work at hedge funds in Greenwich? Hard to say. Hedge funds are secretive about everything, including their employees' ages and home addresses. But the Metro-North Railroad told the *Times* that the number of commuters from Manhattan to Greenwich had grown by 150 percent in the past 10 years. The 7 a.m. and 8:30 trains pulling out of Grand Central Station are packed, the newspaper added.

Posted August 23, 2006