

VOLUME 4 • 2018

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



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HIGHLIGHTS



Unemployment in New York City remained at a record low in March 2018



Median venture capital investment set a Q1 record high in 2018



Home prices rose as new construction declined



Manhattan office space is in demand as rents stabilized



Broadway revenue rose for the fourth straight month

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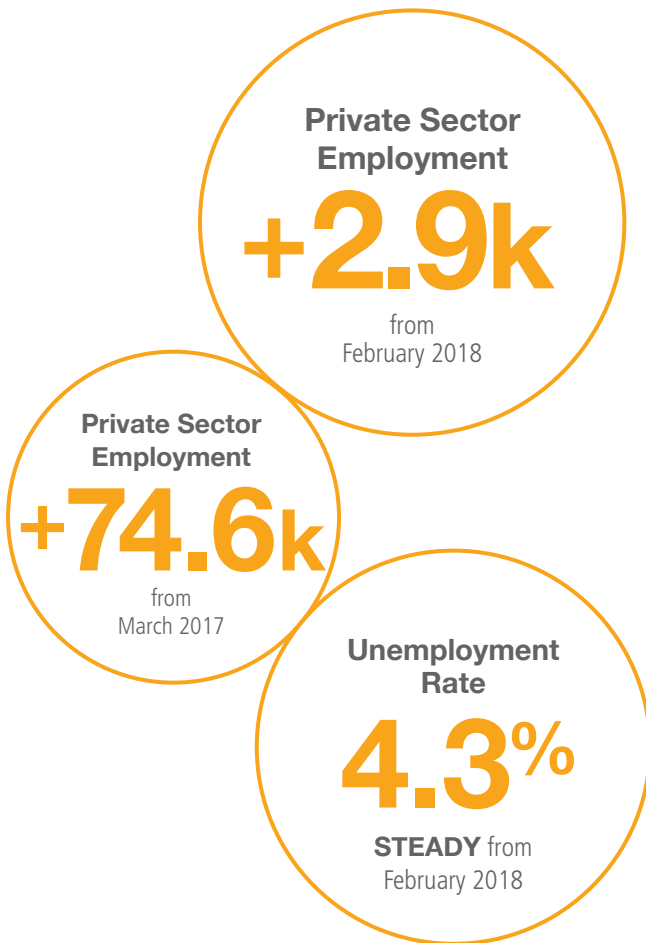
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ECONOMIC
Snapshot

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EMPLOYMENT



EMPLOYMENT SNAPSHOT

Private sector employment grew by 2,900 in March, a modest increase that follows February's strong increase of 24,000 jobs. The *Health Care and Social Assistance* sector saw the greatest growth month-to-month, adding 3,600 jobs. Other sectors that grew include *Administrative Services* (+2,500) and *Retail Trade* (+1,500). *Professional, Scientific, & Technical Services* and *Accommodation and Food Services* both lost 2,100 jobs month-to-month.

The city's unemployment rate held steady at a record low of 4.2%, down 0.4 percentage points from March 2017. The unemployment rate for the US was steady as well, at 4.1%. The city's employment to population ratio remained at a record high of 58.3%. Both hourly earnings and weekly hours were up compared to March 2017, and average weekly earnings rose 2.0% year-over-year after adjusting for inflation.

* The Administrative Services sector includes Administrative and Support, and Waste Management and Remediation Services

Monthly employment data are seasonally adjusted by OMB.

Source: New York State Department of Labor; US Bureau of Labor Statistics



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)			
	Mar. 2018	Feb. 2018	Previous Month Change	Year-Over-Year Change
FIRE	473	473	0.1%	1.4%
Finance & Insurance	339	339	-0.1%	1.1%
Securities	178	179	-0.3%	1.3%
Banking	102	102	0.1%	2.1%
Other	59	59	0.1%	-1.0%
Real Estate/Rental/Leasing	134	134	0.5%	2.0%
SERVICES	2,592	2,591	0.1%	2.3%
Information	197	197	0.1%	1.1%
Professional/Business	754	754	0.0%	2.3%
Professional/Scientific/Technical	421	423	-0.5%	1.3%
Management of Companies & Enterprises	72	72	0.0%	0.0%
Administrative	262	259	1.0%	4.6%
Educational	255	255	-0.1%	0.6%
Health Care/Social Assistance	737	734	0.5%	4.8%
Arts/Entertainment/Recreation	92	92	0.3%	3.1%
Accommodation/Food	365	367	-0.6%	-0.1%
Other	192	193	-0.3%	0.6%
TRADE	502	500	0.4%	1.6%
Retail	355	354	0.4%	1.7%
Wholesale	147	146	0.3%	1.3%
MANUFACTURING	72	72	0.0%	-1.8%
TRANSPORTATION & UTILITIES	139	139	-0.2%	-1.2%
CONSTRUCTION	158	158	-0.4%	4.3%
TOTAL (PRIVATE)	3,936	3,933	0.1%	1.9%
GOVERNMENT	552	551	0.1%	-0.4%
TOTAL (PRIVATE + GOVERNMENT)	4,488	4,484	0.1%	1.6%

Note: Numbers may not add to totals due to rounding.



EMPLOYMENT

Each month, we draw on state and federal data to take a closer look at employment trends in one sector of the city's economy. This month, we're diving into the financial services industry.



INDUSTRY SNAPSHOT

Financial Services is New York City's fifth largest—and highest paying—industry. In March 2018, employment decreased by 300 from the month before, but it has increased by 3,700 since March 2017.

Employment in *Financial Services* has slowly rebounded since the 2008 recession. The industry lost over 35,000 jobs between 2007 and 2010—10% of all employment in the industry—but then rebounded by 7% between 2010 and 2016. Employment growth accelerated in 2014, and continued to gain in each of the last three years. Wages too were hit hard during the recession, dropping 18% from 2008 to 2009. Since then, wage growth occurred primarily through a 13% increase in 2010 and an 11% increase in 2014 bringing wages to an all-time nominal high. Though wages have since fallen slightly, *Financial Services* still has the highest wages in the city, with an average wage upward of \$280,000 as of 2016.

Financial Services is broken into three key subsectors: *Banking*, *Securities & Investment*, and *Insurance*. While each felt the effects of the 2008 recession, *Securities* was hit hardest. The subsector—the largest of the three—lost 10% of its jobs in 2008 and is the only one still below 2007 levels as of 2016. Still, the subsector's average salary was \$375,000 in 2016, compared to \$400,000 in 2007. *Banking* and *Insurance* don't boast the same salaries as *Securities*, but they avoid the volatility. After losing 8% of jobs in 2009, employment in *Banking* has consistently risen, growing 13% since 2010. Meanwhile, *Insurance* took longer to recover from the recession—employment didn't begin rising until 2013, but now stands 6% higher than in 2009.

FINANCIAL SERVICES

Employment Change
2011-2016



INSURANCE
CARRIERS



CREDIT
INTERMEDIATION
(BANKING)



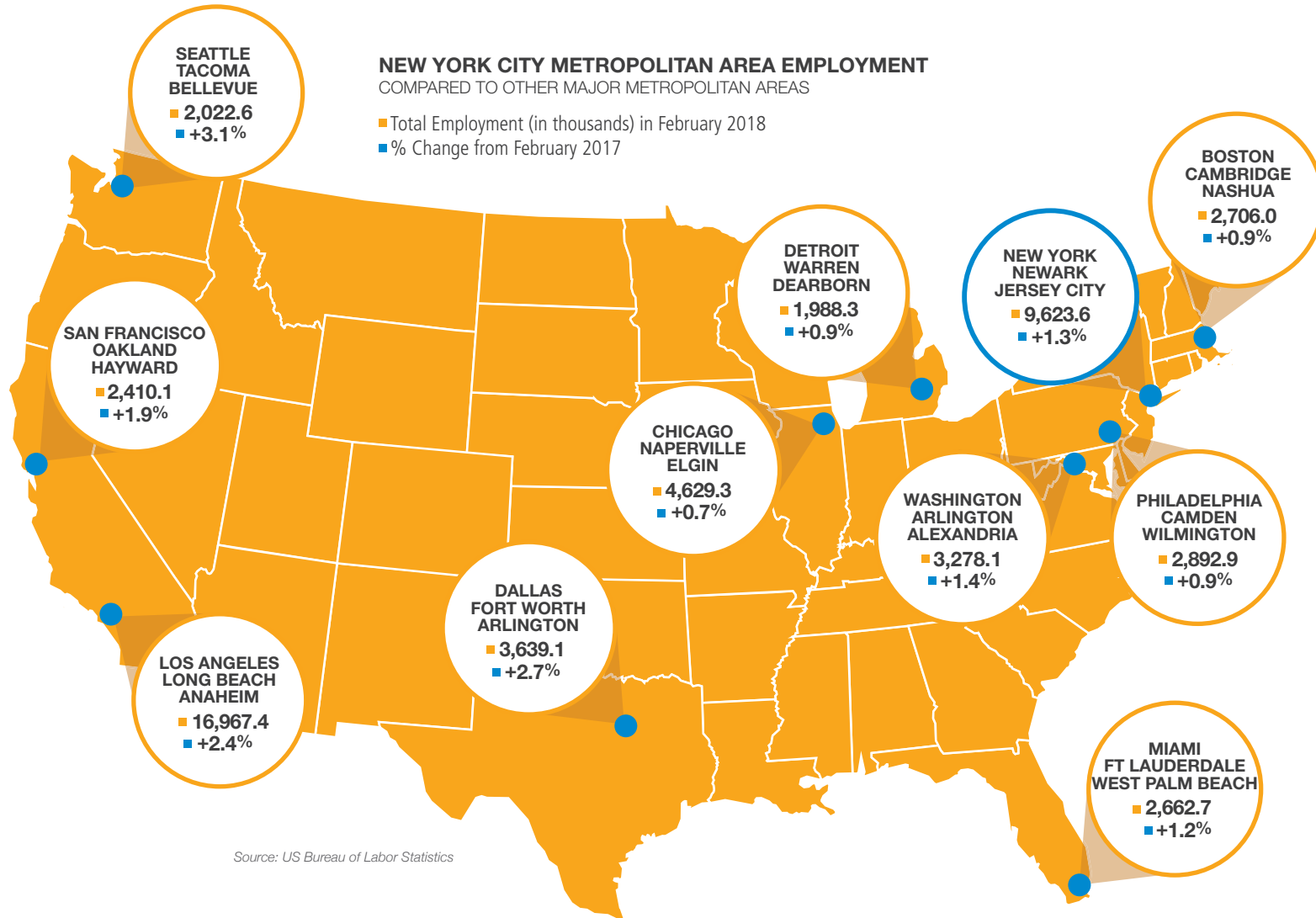
SECURITIES,
COMMODITY CONTRACTS,
AND OTHER FINANCIAL
INVESTMENTS (SECURITIES
AND INVESTMENTS)

Source: New York State Department of Labor; US Census Bureau Quarterly Census of Employment and Wages



EMPLOYMENT

To give local employment data a national perspective, we compare employment in the New York City Metropolitan Area to other major metro areas around the US. We use metro areas, rather than cities, as they provide a more consistent basis for regional economic comparison.



Source: US Bureau of Labor Statistics



FINANCE

NYCEDC monitors financial activity in New York City, including venture capital financing, corporate finance, and the stock market, each of which is reported on a quarterly basis. This month we are reporting on venture capital financing.

Venture Capital Funding



Venture Capital Deals



FINANCE SNAPSHOT

2018 started off strong for New York City venture capital, with the highest level of capital investment of any Q1 this century. Over \$2.7 billion was invested in New York City-headquartered companies over the quarter, doubling Q1 2017. Total investment lagged behind Q4 2017, though this was not unexpected as venture capital tends to peak at the end of the year. While total funding was up, however, the number of deals was lower than typical—the quarter’s 258 deals are the lowest since Q4 2016 and the second lowest since 2012.

Often a few deals with high capital invested is a sign of disproportionate investment by a single firm. In this quarter, however, investment was spread between many firms. Four companies: Oscar Health, UiPath, Lemonade, and Harry’s Personal Products all received over \$100 million in VC funding. But the funding didn’t stop there—the median amount of capital received was \$4 million—the highest of any quarter since 2000 and triple the median investment in Q1 2017.

Source: Pitchbook



HOUSING

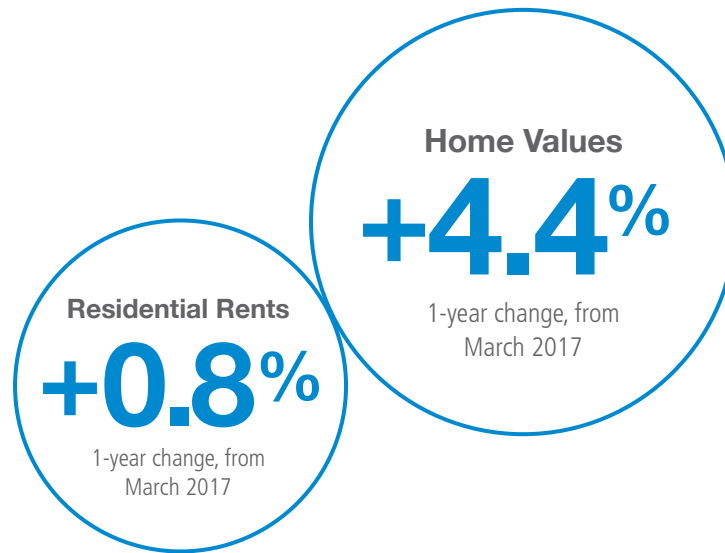


HOUSING SNAPSHOT

Median rent was \$2,764 in March 2018—a 0.8% increase from March 2017. This continues a trend since November 2016 of stagnation or slight growth in residential rents. Housing prices, meanwhile, increased 4.4% from last year, reaching \$661,995 in March. Despite the strong year-over-year growth, housing prices decreased 0.2% from February 2018.

Residential construction slowed in March 2018 with 2,038 units under construction. Queens saw a 70.4% decline from the previous year's monthly average, with 116 units starting construction. Construction in Manhattan, Brooklyn, and Staten Island also decreased 45%, 16.2%, and 5.3%, respectively, compared to the previous year's average. The Bronx was the only borough that saw a surge of 143.5% in March, with 1,080 units starting construction.

Sources: StreetEasy - <https://streeteasy.com/blog/q1-2018-market-reports/>;
Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (Mar. 2018)

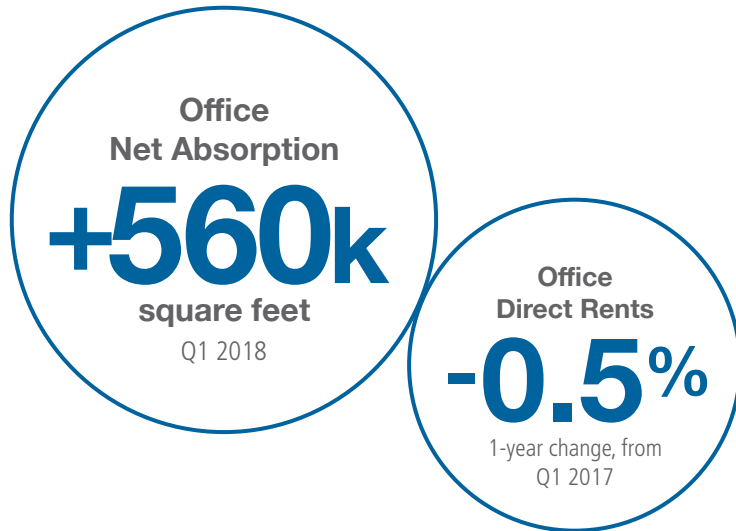
From prior-year monthly average

BRONX	+143.5%
BROOKLYN	-16.2%
MANHATTAN	-45.0%
QUEENS	-70.4%
STATEN ISLAND	-5.3%
TOTAL	+1.1%



COMMERCIAL REAL ESTATE

Commercial real estate data is reported for office, retail, and industrial markets on a rotating, quarterly basis. This month, we explore New York City's office market. We also report monthly construction starts on non-residential buildings, which includes commercial and public-use buildings.



NON-RESIDENTIAL BUILDINGS STARTING CONSTRUCTION (sq. ft., Mar. 2018)

From prior-year monthly average

BRONX	-22.1%
BROOKLYN	+79.5%
MANHATTAN	-83.1%
QUEENS	-14.9%
STATEN ISLAND	-21.4%
TOTAL	-29.6%



REAL ESTATE SNAPSHOT

The city's office market sent mixed signals in Q1 2018. Net absorption, or change in occupied space, was up 560,039 square feet. Rents, meanwhile, declined 0.5% year-over-year, reaching \$56.72 per square foot. The Manhattan market, taking up 83% of the total inventory, saw another strong quarter with net absorption up 963,603 square feet and rent stabilized around \$61 per square foot. Boroughs outside of Manhattan, however, moved in the opposite direction with net absorption down 403,294 square feet and rent dropping 2.4% year-over-year, reaching \$34.12 per square foot. Vacancy rates were 8.0% citywide. Twelve buildings delivered 877,395 square feet in the first quarter, with 64% in Manhattan. Over 20 million square feet of office space was under construction, with 72% in Manhattan and 88% as Class A space citywide.

Non-residential construction continued to drop in March 2018, down 29.6% from the previous year's monthly average. The Manhattan market led the decline with an 83.1% decrease. The Bronx, Queens, and Staten Island also saw a decrease of 22.1%, 21.4%, and 14.9%, respectively. Brooklyn was the only market that bounced back from previous declines with a 79.5% increase from last year.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

New York City's tourism sector continued to grow in February 2018. Airport passengers were up 3.7%, with increases in both domestic and international travel. Broadway revenue was up 10.6% from this time last year, making February the fourth consecutive month with a revenue increase.

Regional transit ridership fell again in February as subway and bus ridership fell 3.0% from February 2017. While commuter rail ridership was also slightly down—dropping 0.3% from last year—traffic on bridges and tunnels was up 4.2%.

Sources: Port Authority of New York and New Jersey; Metropolitan Transportation Authority; Broadway League

TOURISM CHANGE COMPARED TO 2017



TRANSIT CHANGE COMPARED TO 2017

