

VOLUME 8 • 2018

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



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HIGHLIGHTS



Private sector employment resumed growth in July 2018



Venture capital funding in NYC companies reached near-record highs



Residential construction surged to multiyear highs in July



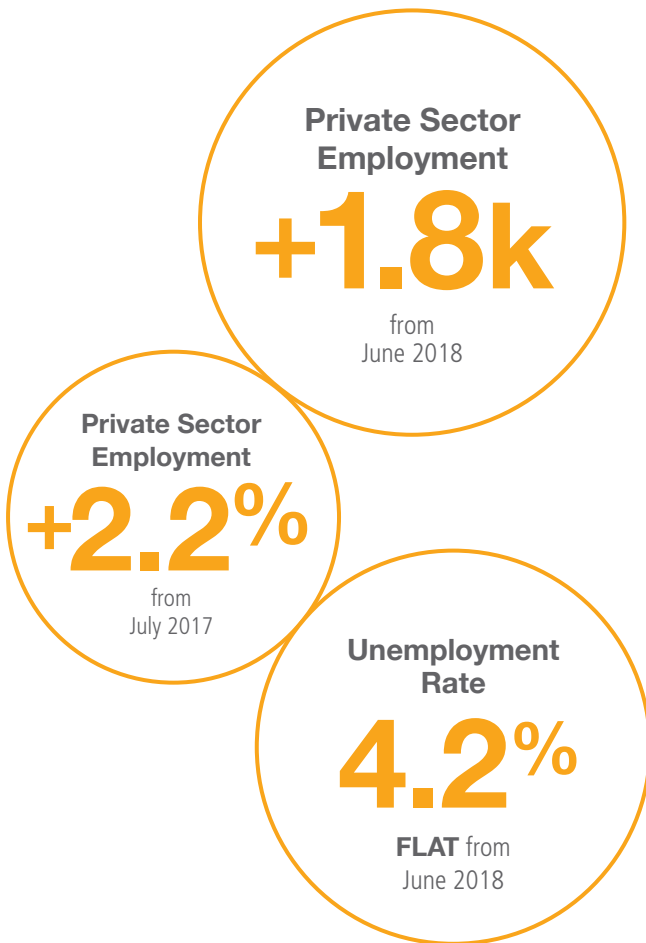
Manhattan led growth in the city's retail space



Local tourism continued to boom in June 2018



EMPLOYMENT



EMPLOYMENT SNAPSHOT

The city's private sector resumed growth in July, adding 1,800 jobs, after losing ground in June. Meanwhile, public sector employment was flat from June 2018. No individual sectors experienced major gains or losses in July, with the biggest gains in health care and social assistance and professional, scientific, and technical services, which added 1,600 and 1,400 jobs respectively. Finance and insurance, meanwhile, incurred the largest losses, with employment down 1,400 jobs from June. Other sectors losing jobs sustained minor losses of no more than 900 jobs.

The city's unemployment rate in July was steady at 4.2% for the third consecutive month. This rate is the lowest on record since the data series began in 1976. The US rate, meanwhile, ticked down to 3.9% from 4.0%. The city's labor force participation rate remained steady at 60.9% from June to July. Wage growth, however, was stronger than in the three prior months. Average hourly earnings rose to \$36.52, while average hours worked were flat at 34.5. The resulting average weekly wages of \$1,260 are 0.9% higher than in July 2017, after adjusting for inflation; the corresponding year-over-year wage growth for the US was 0.0%.

Monthly employment data are seasonally adjusted by OMB.

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

June 2018 private sector employment change was revised down from 5,700 to 7,600



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	July 2018	June 2018		
FIRE	472	474	-0.4%	0.6%
Finance & Insurance	340	341	-0.4%	1.0%
Securities	178	180	-0.9%	1.1%
Banking	103	103	0.0%	2.0%
Other	59	59	0.4%	-0.7%
Real Estate/Rental/Leasing	132	132	-0.5%	-0.5%
SERVICES	2,597	2,594	0.1%	2.5%
Information	197	198	-0.4%	0.1%
Professional/Business	756	754	0.2%	1.7%
Professional/Scientific/Technical	427	426	0.3%	2.3%
Management of Companies & Enterprises	74	73	0.5%	1.2%
Administrative	255	255	-0.2%	0.8%
Educational	248	247	0.5%	2.2%
Health Care/Social Assistance	745	743	0.2%	4.3%
Arts/Entertainment/Recreation	93	94	-0.3%	5.7%
Accommodation/Food	366	365	0.2%	2.2%
Other	192	192	-0.2%	1.0%
TRADE	503	504	-0.1%	1.9%
Retail	356	355	0.1%	2.1%
Wholesale	147	148	-0.6%	1.3%
MANUFACTURING	72	72	-0.4%	-2.6%
TRANSPORTATION & UTILITIES	139	138	0.7%	1.2%
CONSTRUCTION	157	157	0.3%	4.6%
TOTAL (PRIVATE)	3,939	3,946	0.0%	2.2%
GOVERNMENT	550	550	0.0%	-0.2%
TOTAL (PRIVATE + GOVERNMENT)	4,489	4,496	0.0%	1.8%

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 *Professional, Scientific, and Technical Services Industry*.



INDUSTRY SNAPSHOT

The *Professional, Scientific, and Technical Services* industry gained 1,400 jobs in July 2018 from the previous month, making it the second best-performing industry in absolute job gain. This is in line with recent trends: over the past 12 months, the industry gained 9,800 jobs, second to the *Health Care and Social Assistance* industry. In 2017, average annual employment in *Professional, Scientific, and Technical Services* rose 2.0% from the previous year, reaching 400,600, but 2.0% growth is the lowest since 2010 and 2017 is the second straight year of slowing annual growth and slightly below overall private growth. Wages in the Industry are among the city's highest, averaging over \$130,000 in 2017, but like employment, real wage growth slowed over the past three years from a high of 3.5% from 2013 to 2014 to essentially no increase from 2016 to 2017.

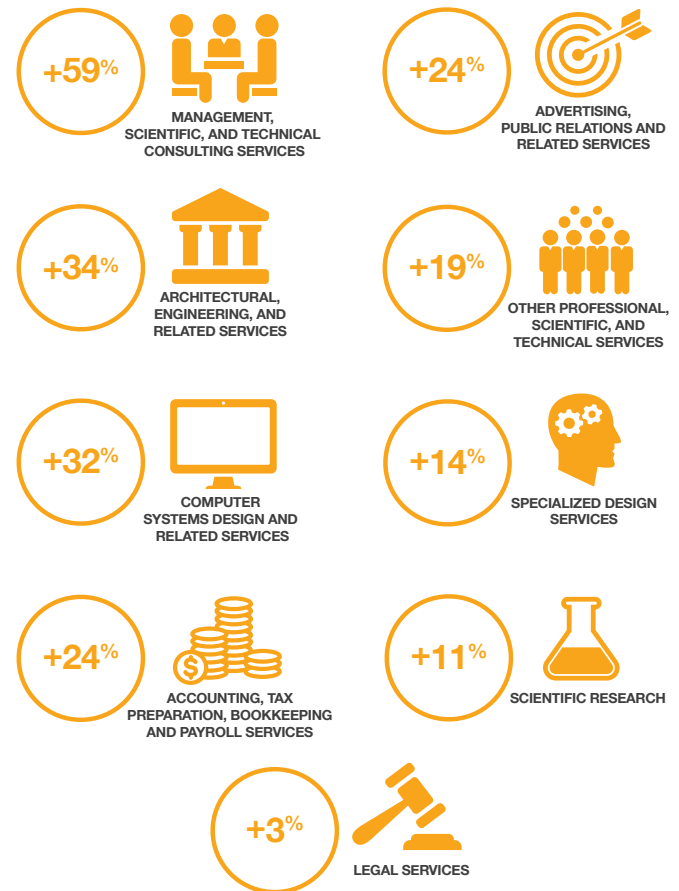
Six of nine industry subsectors gained jobs in 2017, led by *Management, Scientific, and Technical Consulting Services* (+8.2%). The subsector is consistently among the industry's fastest growing, with annual growth above 6.5% since 2011. However, it was the only subsector where average annual wages fell from 2016 to 2017, with real wages down 5% to \$155,600. The largest subsector is *Legal Services* (78,700 workers in 2017), which grew 2.0% in 2017, its fastest rate since 2007. *Legal Services* is also the highest-paying subsector, with average annual wages topping \$157,000 in 2017.

The three subsectors that saw a job decline from last year include the Industry's two smallest—*Specialized Design Services* and *Scientific Research and Development Services*—and *Advertising and Public Relations*. After two years with over 5% annual job growth, *Scientific Research and Development Services* fell 0.4% while average wages remained the industry's lowest at \$83,100. Jobs in *Specialized Design Services* fell 4.1% after six years of growth. *Advertising and Public Relations* also fell, though it is still the industry's second largest subsector.

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

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

Employment Change
2011–2017



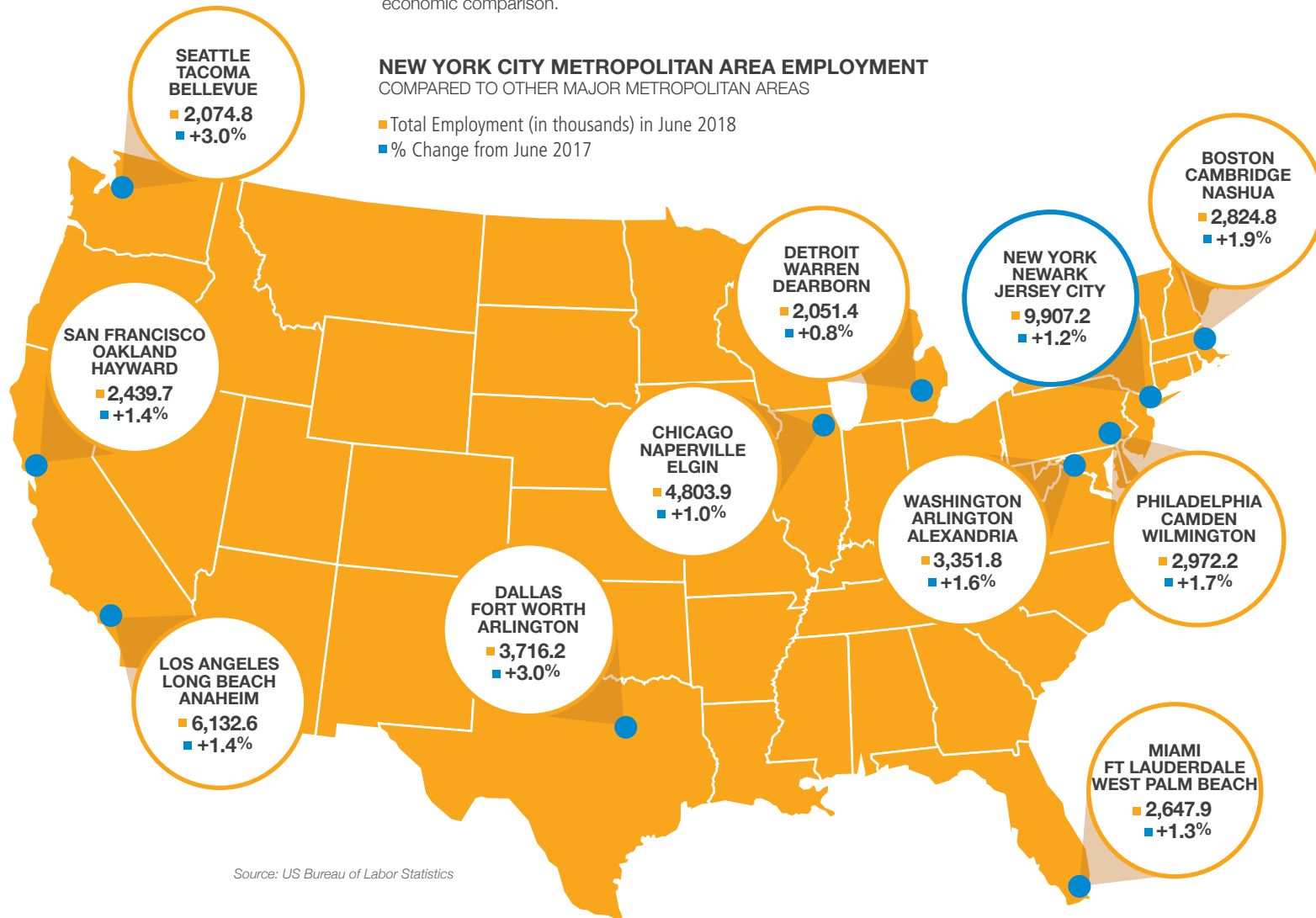


EMPLOYMENT

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.

NEW YORK CITY METROPOLITAN AREA EMPLOYMENT COMPARED TO OTHER MAJOR METROPOLITAN AREAS

■ Total Employment (in thousands) in June 2018
■ % Change from June 2017

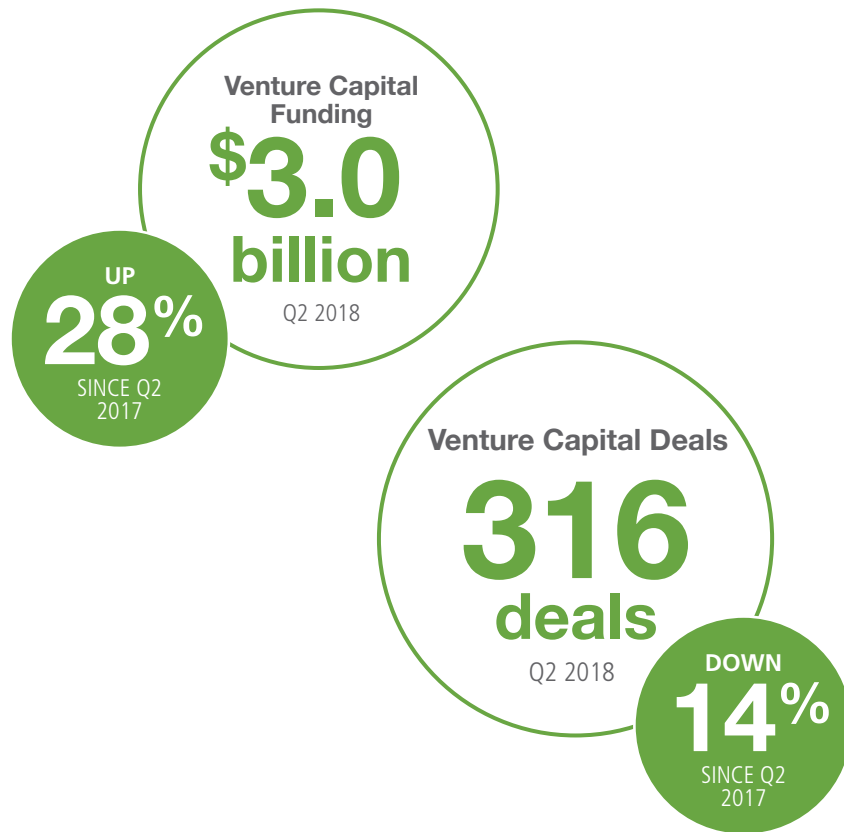


Source: US Bureau of Labor Statistics



FINANCE

NYCEDC monitors financial activity in New York City, including the stock market, venture capital financing, and corporate finance, each of which is reported on a quarterly basis. This month we are reporting on venture capital in the city. Venture capital data is continually updated, so current estimates for a time period may not align with those in the past.



FINANCE SNAPSHOT

Total venture capital investment in New York City during Q2 2018 rose dramatically from last year, up 28% to \$2.97 billion. This is the second highest total in the city's history (topped only by Q3 2017, the only quarter in which venture capital investment in the city broke \$3 billion). At the same time, total number of deals fell 14% from last year to 316. The result is the highest median deal size since 2008, with the typical deal valued at \$3.25 million.

Dataminr, an artificial intelligence platform, led the pack this quarter with a \$392 million investment, while R3, a cryptocurrency application, and Zola, a wedding planning company, also received deals over \$100 million.

Source: Pitchbook



HOUSING



HOUSING SNAPSHOT

Residential construction spiked in July 2018, with 3,696 units starting construction. This is the highest level since the end of 2015. Brooklyn remains in the lead with 2,525 units breaking ground, followed by Bronx's 662 units. The remaining boroughs saw residential construction slow compared to the previous 12 months' monthly average.

Sources: StreetEasy; Dodge Data & Analytics

UNITS STARTING CONSTRUCTION (July 2018)

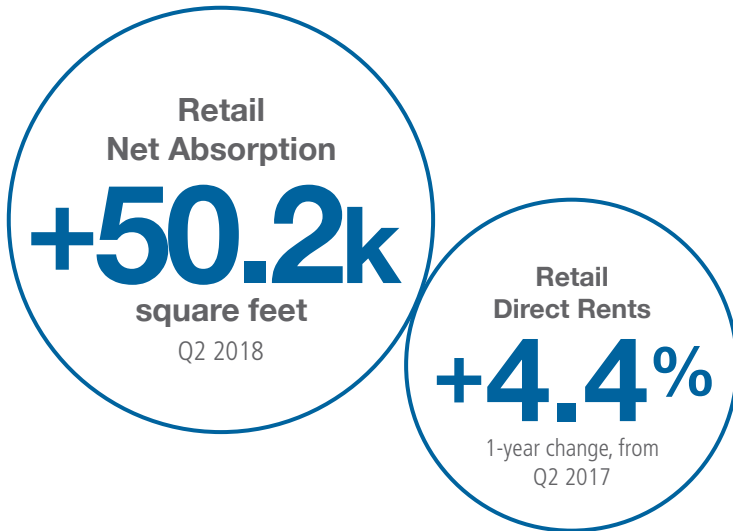
From prior-year monthly average

BRONX	+41.4%
BROOKLYN	+268.0%
MANHATTAN	-14.8%
QUEENS	-79.6%
STATEN ISLAND	-25.9%
TOTAL	+72.1%



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 retail 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., July 2018)

From prior-year monthly average

BRONX	-86.9%
BROOKLYN	+207.3%
MANHATTAN	-71.0%
QUEENS	+29.7%
STATEN ISLAND	-40.9%
TOTAL	-11.2%



REAL ESTATE SNAPSHOT

The Manhattan retail market continued to grow in Q2 2018. Net absorption, or change in occupied space, increased 128,312 square feet, with 14 buildings delivering 463,583 square feet citywide. This is the third consecutive quarter of rising net absorption. Rising inventory drove the vacancy rate up 0.5 percentage points to 4.0%. Average rent fell 1.1% from Q1 to \$101.35 per square feet, but it remains 11.2% higher than the same period last year. The market in boroughs outside Manhattan was not as strong in Q2 2018. Net absorption continued to drop for the fifth consecutive quarter, down 78,063 square feet. Average rent was \$44.46 per square feet, which was up 0.6% compared to the previous year, but it was lower than Q1's \$45.82 per square feet. The vacancy rate also rose 0.4 percentage points from the previous year, reaching 3.5%.

Non-residential construction slowed slightly in July 2018, compared to the prior 12 months. This is despite a construction boom in Brooklyn. Brooklyn reported 1,184,000 square feet starting construction in 125 projects, the highest level in the borough since January 2017. Garages led this growth, with nine projects spanning 483,000 square feet kicking off in July. Office buildings followed, with 34 building containing 280,000 square feet. Nevertheless, lagging non-residential construction in the Bronx, Staten Island, and Manhattan pulled down citywide construction totals.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Tourism indicators continued rising in June 2018. Passenger traffic through the region's airports was up 7.2% from last year, following May's multiyear high of 7.6%. Both international and domestic passenger transit were higher than average annual growth. Broadway revenues also continued rising, up 14.3% from June 2017 to \$156.3 million. This increase is largely due to rising ticket prices, as attendance grew less than 1.0% over the same period. Mass transit systems recorded year-over-year drops in June 2018, with subways, buses, and commuter rail all seeing drops. By contrast, automotive traffic over bridges and tunnels reported its twelfth consecutive month of year-over-year growth.

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

TOURISM CHANGE COMPARED TO 2017



TRANSIT CHANGE COMPARED TO 2017

