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NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy

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ECONOMIC Snapshot

A Summary of New York City's Economy

HIGHLIGHTS

- Unemployment remained at a record low in November 2018
- Mergers and acquisitions in the third quarter soared above last year
- Home price inflation fell to its lowest level since early 2017
- The city's industrial market slackened in the third quarter
- Subway ridership resumed growth

EMPLOYMENT

Private Sector Employment

-100

from October 2018

Private Sector Employment

+1.8%

from November 2017

Unemployment Rate

4.0%

FLAT from October 2018

EMPLOYMENT SNAPSHOT

Employment change in November 2018 was very subdued. The private sector lost 100 jobs from the prior month. The public sector, however, gained 200 jobs, resulting in an overall gain of 100 jobs. This performance followed three months of strong private sector gains, averaging 14,900 new jobs per month.[1] November's gains were fairly broad-based, with *Educational Services* experiencing the biggest gains with 1,700 new jobs—double the job growth of the next top sectors. *Transportation* and *Utilities and Wholesale Trade* each gained 800 jobs. Losses, meanwhile, were largely concentrated in four sectors: *Retail* lost 1,800 jobs, *Healthcare and Social Assistance* lost 1,600, *Accommodation and Food Services* lost 1,200, and *Arts and Entertainment* lost 1,100.

The unemployment rate remained at 4.0% for the third consecutive month. By comparison, the US unemployment rate was 3.7% in November. The city's labor force participation rate was 60.8%, where it's essentially been since October 2017. After a dip last month, wage growth rebounded in November 2018. Average hourly wages rose 1.7% from last year, after adjusting for inflation, while average hours worked ticked down from 33.9 to 33.7. As a result, weekly wages rose a modest 1.1% from last year, reaching $1,232 in November.

Monthly employment data are seasonally adjusted by OMB.

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

[1] October gains were revised up to 14,200 new jobs.

EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands) Nov. 2018	Oct. 2018	Previous Month Change	Year-Over-Year Change
FIRE	**473**	**473**	**0.0%**	**0.0%**
Finance & Insurance	340	339	0.2%	0.3%
Securities	179	178	0.4%	0.4%
Banking	103	103	0.1%	1.8%
Other	58	58	-0.5%	-2.4%
Real Estate/Rental/Leasing	134	134	-0.3%	-0.9%
SERVICES	**2,638**	**2,639**	**0.0%**	**2.5%**
Information	197	197	0.2%	-1.0%
Professional/Business	760	759	0.1%	1.6%
Professional/Scientific/Technical	431	430	0.2%	2.3%
Management of Companies & Enterprises	74	73	0.5%	0.7%
Administrative	255	256	-0.2%	0.7%
Educational	258	257	0.7%	2.9%
Health Care/Social Assistance	759	761	-0.2%	4.2%
Arts/Entertainment/Recreation	96	97	-1.1%	7.0%
Accommodation/Food	370	371	-0.3%	1.3%
Other	198	197	0.3%	2.4%
TRADE	**501**	**502**	**-0.2%**	**0.6%**
Retail	355	357	-0.5%	1.0%
Wholesale	145	144	0.6%	-0.3%
MANUFACTURING	**72**	**72**	**0.2%**	**-0.1%**
TRANSPORTATION & UTILITIES	**139**	**138**	**0.6%**	**-0.2%**
CONSTRUCTION	**159**	**159**	**0.3%**	**3.6%**
TOTAL (PRIVATE)	**3,982**	**3,982**	**0.0%**	**1.8%**
GOVERNMENT	**550**	**550**	**0.0%**	**0.0%**
TOTAL (PRIVATE + GOVERNMENT)	**4,533**	**4,533**	**0.0%**	**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. Last month, we looked at half of Other Services, a grab-bag of service-related industries. To celebrate the holidays, this month, we looked into the socially-oriented second half of Other Services: Religious, Grantmaking, Civic, Professional, and Similar Organizations, which is 47% of the industry.

INDUSTRY SNAPSHOT

In November 2018, employment in the entire *Other Services* industry gained 700 jobs from the previous month to reach 197,800. In the past 12 months, the industry has gained 4,700 jobs.[1]

Religious, Grantmaking, Civic, Professional, and Similar Organizations (RGCPSO) employs 82,100 workers in New York City. The industry grew 11% between 2013 and 2017—about the same pace as the private sector in recent years—to 82,100, while the city's overall private sector grew 12%. The subsector's average annual wage grew 10% after adjusting for inflation—faster than the private sector's 6% growth, but *RGCPSO* employees took in $68,800 on average in 2017, compared to the overall private sector average of $93,100.

The sector comprises five subsectors: *Religious Organizations, Grantmaking and Giving Services, Social Advocacy Organizations, Civic and Social Organizations,* and *Professional and Similar Organizations*. Only one of them lost jobs between 2013 and 2017: *Employment in Civic and Social Organizations* fell by 4%. The subsector, which includes social clubs like alumni associations and fraternal lodges is also the smallest, employing just 10,400 in 2017. It is also one of the lowest paying subsectors, with an annual average wage of $39,700, only exceeding *Religious Organizations* at $36,000. While *Religious Organizations* experiences low pay, it is the largest subsector with 21,700 jobs in 2017—a 10% increase from 2013.

The second largest subsector, *Professional and Similar Organizations*, which encompasses business and political groups such as industry lobbyists, labor unions, and interest groups, grew similarly since 2013: up 11% to 20,700 in 2017. This is the highest-paying subsector, with an average of $99,800 annually. *Grantmaking and Giving Services'* 14,700 workers made an average of $92,500 in 2017.

Encouragingly, the fastest growing subsector between 2013 and 2017 was *Social Advocacy Organizations*. The subsector, which includes groups focused on matters of public interest, like human rights and the environment, added 2,200 jobs since 2013, reaching 14,100 in 2017. Advocates are well-compensated on average, taking in $72,600 in 2017.

OTHER SERVICES

Employment Change 2013–2017

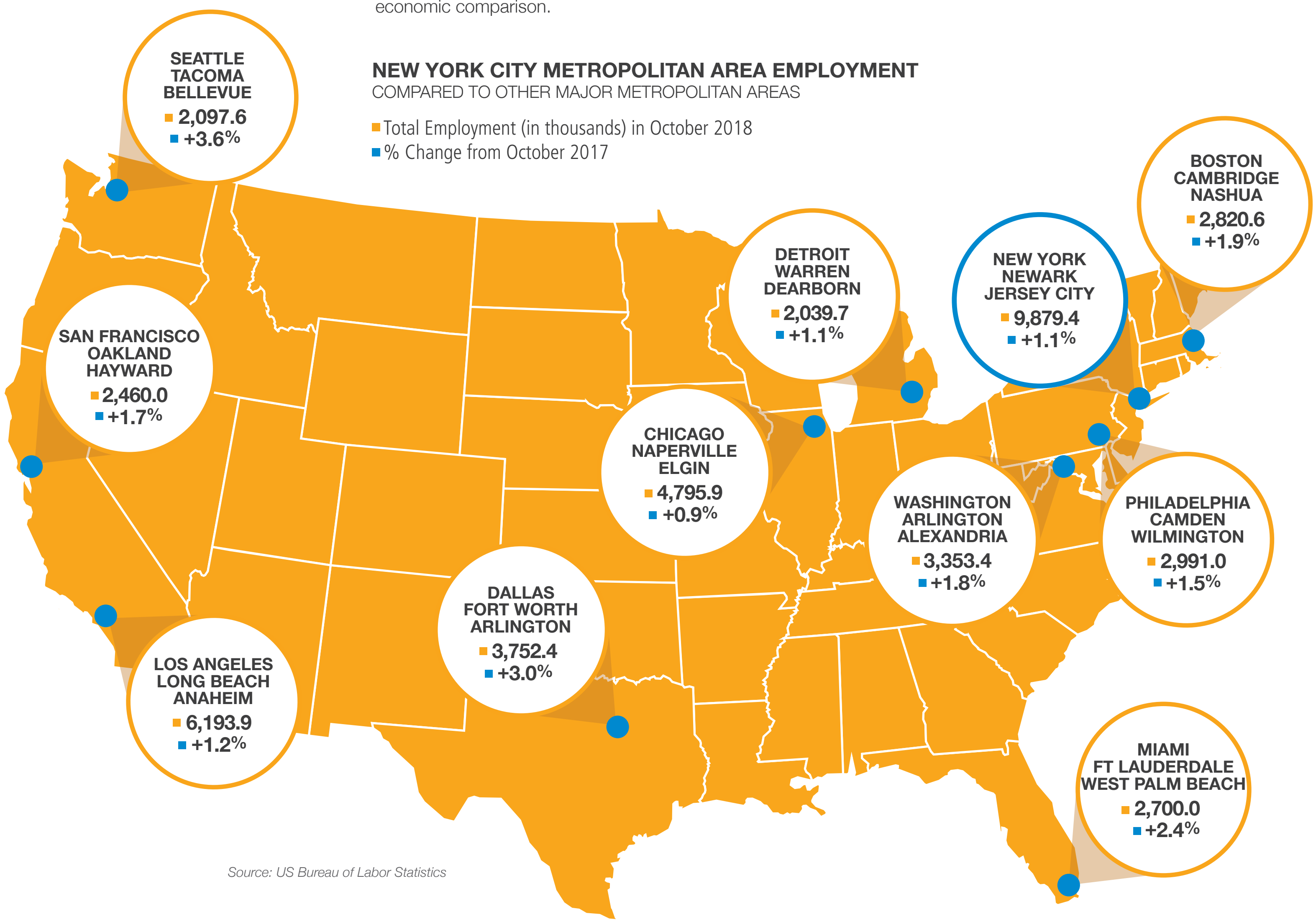
Source: New York State Department of Labor; US Census Bureau Quarterly Census of Employment and Wages

[1]Monthly data is not available at the subsector level.

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



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 corporate finance in the city, including measures of mergers and acquisitions and initial public offerings in the previous quarter.

Mergers and Acquisitions

74 deals
Q3 2018

DOWN **1.3%** SINCE Q3 2017

$22.0 billion
Q3 2018

UP **136.4%** SINCE Q3 2017

Initial Public Offerings (IPO)

4 deals
Q3 2018

DOWN **42.9%** SINCE Q3 2017

$1.2 billion
Q3 2018

UP **104%** SINCE Q3 2017

FINANCE SNAPSHOT

In Q3 2018, 74 mergers and acquisitions involving a New York City-based company were announced. The deals were valued at a collective $22 billion. While the volume was on par with Q3 2017's 75 deals, their value far exceeded last year's $9.3 billion. Total deal value in Q3 2018 represents the third highest Q3 since 2000, trailing only 2008 and 2014. Almost half of this capital was due to the acquisition of New York City-based HRG Group, a holding company, for $10 billion by Spectrum Brands, a conglomerate focused on household goods and appliances.

Four companies headquartered in New York City went public in the third quarter of 2018, raising over $1.2 billion in combined capital. This continues a relatively quiet year for IPOs in the city as Q3 matches the four IPOs in Q2 and falls below seven IPOs from Q3 2017. IPOs included Focus Financial Partners, a financial services company, which raised $600 million in July, and Spartan Energy Acquisition, which raised $480 million in August.

Source: Pitchbook

HOUSING

HOUSING SNAPSHOT

Average rents and sales prices in the city both rose 1.8% between October 2017 and October 2018. This parity is unusual, given that home price inflation has been consistently higher than rent inflation since December 2016. Home price inflation has fallen from its peak of 3.8% annual growth in March 2018, while rent inflation is up from its 0.2% low in December 2017.

Construction began on 1,252 new residential units in November 2018. This represents a 41.5% drop from the prior year's monthly average—the largest drop in monthly construction starts, and the fewest new units, since November 2016, when 1,161 new units began construction. Manhattan was the top performing borough, starting construction on 558 units, the highest figure for the borough since October 2017.

Sources: StreetEasy; Dodge Data & Analytics

Home Values

+1.8%

1-year change, from October 2017

Residential Rents

+1.8%

1-year change, from October 2017

UNITS STARTING CONSTRUCTION (Nov. 2018)

From prior-year monthly average

BRONX	-71.4%
BROOKLYN	-60.1%
MANHATTAN	+69.6%
QUEENS	-67.8%
STATEN ISLAND	+30.3%
TOTAL	**-41.5%**

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 industrial market. We also report monthly construction starts on non-residential buildings, which includes commercial and public-use buildings.

Industrial Direct Rents

+6.7%

1-year change, from Q3 2017

Industrial Net Absorption

-670k

square feet

Q3 2018

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

From prior-year monthly average

BRONX	+370.7%
BROOKLYN	-22.3%
MANHATTAN	-86.5%
QUEENS	-76.6%
STATEN ISLAND	-59.2%
TOTAL	**-55.6%**

REAL ESTATE SNAPSHOT

The New York City industrial market lost ground in Q3 2018. Total occupied industrial space—or net absorption—fell by 670,500 square feet, while vacancy rose 1.7 percentage points from Q3 2017, reaching 5.6%. Losses continued a yearlong trend—with year-to-date net absorption down 3 million —and occurred across the city. Brooklyn saw the biggest decline in occupied space this year, losing 1.8 million square feet of industrial occupancy, 30% of its total. Nevertheless, average rents rose $20.98 per square foot in Q3 2018, up 6.7% from last year.

Non-residential construction starts fell below monthly averages over the prior 12 months for the fifth consecutive month. Construction started on 927,000 square feet of non-residential space, which includes office and retail buildings. This is the lowest figure since November 2017. Only the Bronx exceeded its prior year monthly averages, with 293,000 square feet starting construction—the most since July 2017. Four hotel projects were the biggest contributors to this, accounting for 133,000 square feet.

Sources: CoStar Property; Dodge Data & Analytics

TRANSIT & TOURISM

TRANSIT & TOURISM SNAPSHOT

More people took local public transit in October than in any other month during 2018, with the subway and busses carrying over 206 million riders. This high ridership is still lower than October 2017, but the 0.7% year-over-year decline marks the smallest decline of any month of 2018 so far. This was driven by subway ridership, which rose 0.4% from the prior year. Commuter Rail ridership rose 3.3% over last year, the highest increase since October of 2017, and marks the first month with over 31 million rides since the beginning of the current administration.

Broadway attendance continued to rise in October, up by 10.8% from the prior year. Broadway revenues also rose, up 12.4% since last year. This is the sixth consecutive month of double-digit year-over-year growth.

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

TOURISM CHANGE COMPARED TO 2017

AIRPORT PASSENGERS ↑ 4.3%

BROADWAY REVENUE ↑ 12.4%

TRANSIT CHANGE COMPARED TO 2017

COMMUTER RAIL RIDERSHIP ↑ 3.3%

SUBWAY + BUS RIDERSHIP ↓ 0.7%

BRIDGE & TUNNEL TRAFFIC ↑ 3.4%