

VOLUME 2 • 2018

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ECONOMIC Snapshot

A Summary of New York City's Economy



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HIGHLIGHTS



Private sector employment dipped slightly from December, but is up over last year



A major acquisition led a boom in fourth quarter corporate finance



Residential construction surged in January, led by the Bronx



The retail market closed out 2017 with modest gains



Broadway's best week ever drove a strong month for tourism

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EMPLOYMENT



EMPLOYMENT SNAPSHOT

New York City's private sector entered 2018 slightly down from December 2017, but the year-over-year picture remains positive. The private sector lost 3,700 jobs from December 2017, but employment was 77,400 higher than in January 2017. The monthly losses were concentrated in education and health care, which lost 5,200 and 3,800 jobs, respectively, in January 2018. *Administrative services* led private sector employment gains, picking up 4,300 jobs in January 2018. *Construction* and *retail* also had strong months, each adding 2,400 jobs.

New York City's unemployment rate fell to 4.3% in January 2018, after sticking at 4.4% for several months. This rate is below New York State's rate of 4.7%, but above the nationwide rate of 4.1%. Last year in January, unemployment stood at 4.7% in New York City. While real average hourly earnings rose 1.1%, average weekly hours fell 0.5 hours to 33.7. As a result average weekly earnings fell 0.4% to \$1,214 from the inflation-adjusted January 2017 average.

Monthly employment data are seasonally adjusted by OMB.
Source: New York State Department of Labor; US Bureau of Labor Statistics

Every year, January employment data is released the second Thursday of March. This delay is the result of rebenchmarking, a process that revises data to reflect the more accurate estimates produced by a separate data source. Also note that the New York City Office of Management and Budget has changed the methodology used to seasonally adjust monthly employment estimates. Revised data estimates that 4,700 private sector jobs were added in December 2017, and that unemployment was constant at 4.4% from October through December 2017.



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	Jan. 2018	Dec. 2017		
FIRE	473	474	-0.3%	1.3%
Finance & Insurance	339	338	-0.3%	0.9%
Securities	178	177	-0.3%	1.4%
Banking	102	102	0.0%	1.5%
Other	59	59	-0.7%	-1.3%
Real Estate/Rental/Leasing	135	135	-0.3%	2.3%
SERVICES	2,568	2,577	-0.3%	2.6%
Information	196	199	-0.5%	1.3%
Professional/Business	752	749	0.6%	3.2%
Professional/Scientific/Technical	423	422	0.2%	2.7%
Management of Companies & Enterprises	72	73	-0.5%	2.1%
Administrative	257	253	1.7%	4.3%
Educational	248	251	-2.1%	0.9%
Health Care/Social Assistance	728	732	-0.5%	4.7%
Arts/Entertainment/Recreation	88	88	1.0%	1.3%
Accommodation/Food	366	366	-0.2%	0.6%
Other	190	193	-0.7%	0.2%
TRADE	499	497	0.4%	0.5%
Retail	353	350	0.7%	0.3%
Wholesale	146	147	-0.2%	1.3%
MANUFACTURING	73	72	0.5%	-1.9%
TRANSPORTATION & UTILITIES	139	4,025	-0.5%	0.1%
CONSTRUCTION	157	156	1.6%	4.4%
TOTAL (PRIVATE)	3,909	3,914	-0.1%	2.0%
GOVERNMENT	552	552	0.0%	-0.4%
TOTAL (PRIVATE + GOVERNMENT)	4,461	4,467	-0.1%	1.7%

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 information services industry.



INDUSTRY SNAPSHOT

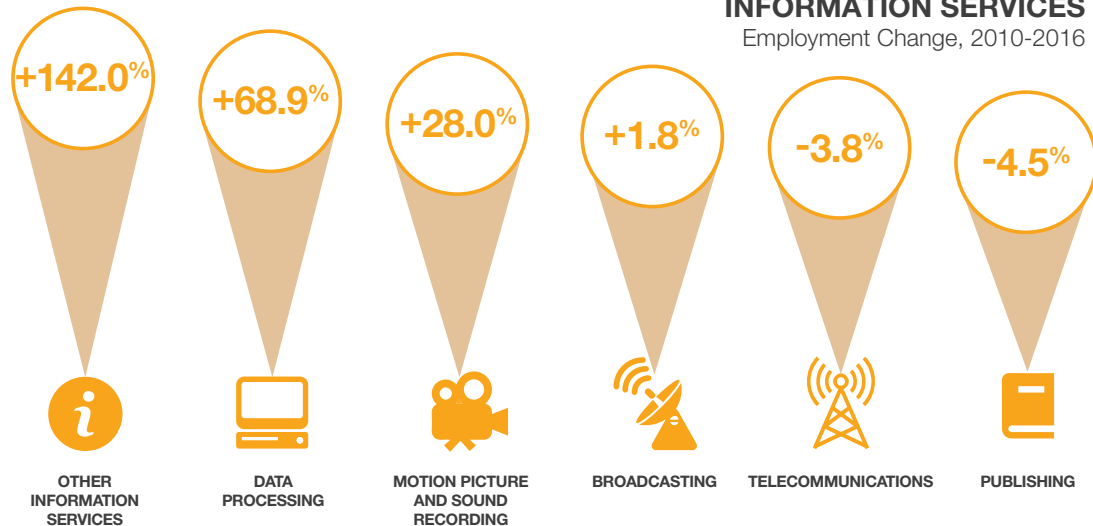
Information services, a sector encompassing print and digital publishing, motion pictures, broadcasting, and telecommunications, stagnated in 2017, growing by just 400 jobs over the year. But the sector's year-over-year picture appears healthier in January 2018, with 2,500 more jobs than the prior January.

A deeper dive at historical data shows that even as the sector thrived during the recovery from the 2008 recession, *information services'* largest subsector, *publishing*, lost 2,050 jobs between 2010 and 2016. *Publishing*, which employed 43,700 workers in 2016, includes newspaper, periodical, and book publishers, but excludes companies that publish content exclusively on the internet. Internet-exclusive publishers are categorized as *other information services*, which grew the fastest of all *information services* subsectors since 2010, increasing by 142.0% to 38,200 in 2016.

Other gains were seen in *motion picture and sound recording*, which grew 28.0% to 42,600 from 2010 to 2016, nearly overtaking *publishing* as the largest subsector, and *data processing, hosting, and related services*, which grew 68.9% to 8,000 jobs over that period. The only subsector within *information services* to lose jobs between 2010 and 2016 other than *publishing* was *telecommunications*, which fell by 800 jobs to 19,500. The future strength of information services in New York City depends on whether employment in emerging media and technological subsectors is able to keep pace with ongoing declines in legacy subsectors.

INFORMATION SERVICES

Employment Change, 2010-2016

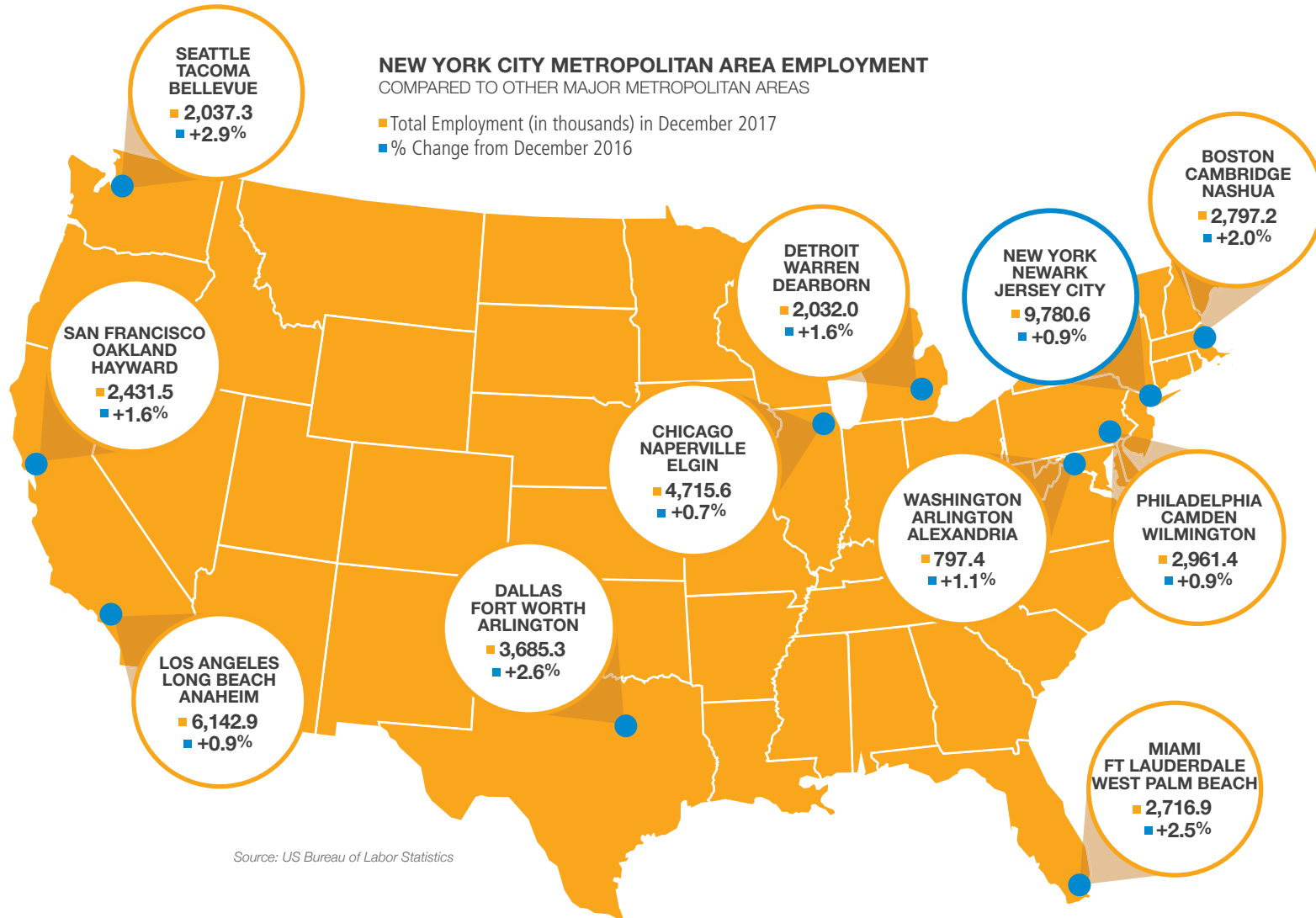


Source: New York State Department of Labor; US Census Bureau Quarterly Census of Employment and Wages



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.



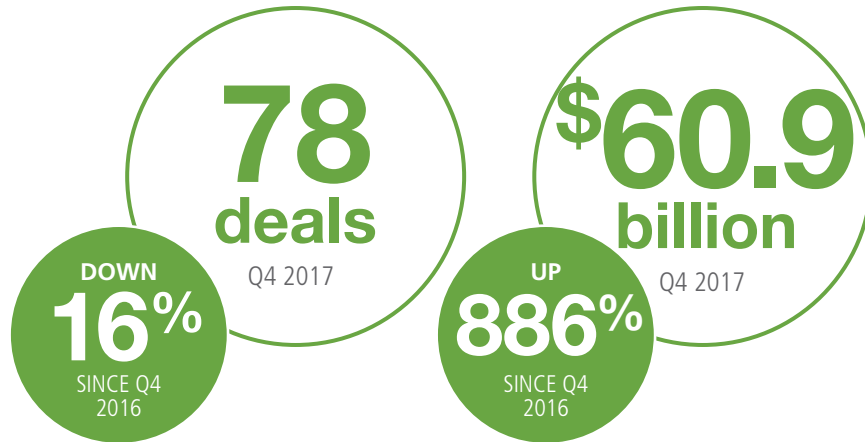
Source: US Bureau of Labor Statistics



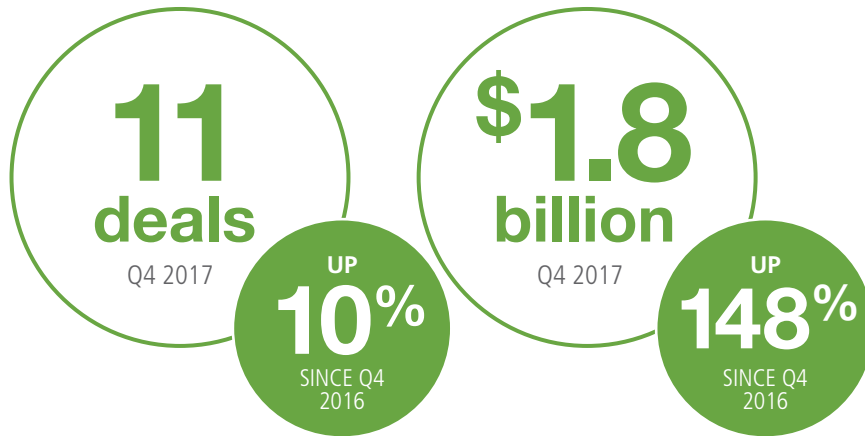
FINANCE

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

Mergers and Acquisitions



Initial Public Offerings (IPO)



FINANCE SNAPSHOT

Corporate financing transactions closed out 2017 with a healthy quarter. Mergers and acquisitions of companies headquartered in New York City announced in the fourth quarter of 2017 totaled \$60.9 billion. The large majority of this was Disney's proposed \$52.4 billion acquisition of 21st Century Fox, a major media and entertainment conglomerate. This brought the capital total of local mergers and acquisitions to its highest level since the second quarter of 2016. Other major M&As included Softbank's \$3.3 billion acquisition of Fortress Investment Group and CBS Radio's \$2.9 billion merger with Entercom, a radio broadcaster.

Eleven New York companies made initial public offerings worth a collective \$1.8 billion in the fourth quarter of 2017. These totals are near record highs. Newmark Knight Frank had the quarter's largest IPO, raising \$615 million for a \$4.9 billion valuation. Other major corporate finance transactions were led by Mars, a food producer, buying a \$4 billion share of Kind Snacks.

Source: Pitchbook; data represents major corporate finance transactions involving New York City-based companies announced in a given time frame.



HOUSING

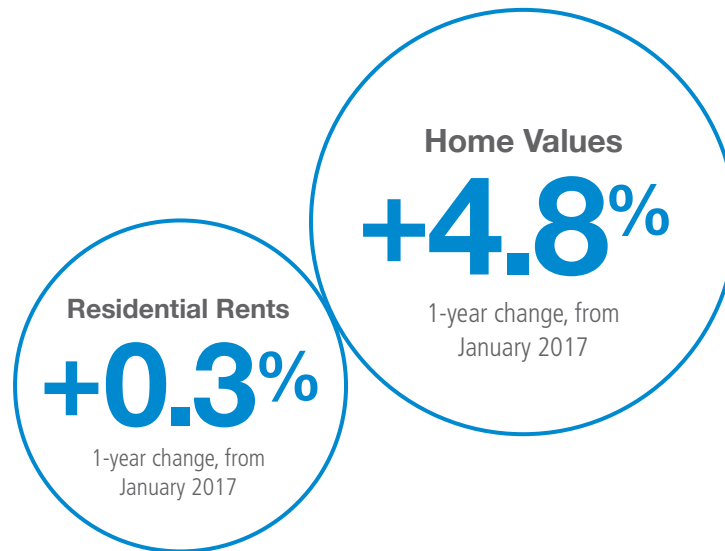


HOUSING SNAPSHOT

Median rent in New York City was steady at \$2,745 in January 2018 from the month prior. This figure is 0.3% higher than last year. Rent hikes have been slowing since October 2015, and median rents have stabilized around their current levels since November 2016. Housing prices, meanwhile, continue to increase, rising 4.8% from last year to a median price of \$666,150 in January 2018. This is the tenth consecutive month in which home prices have increased more than 4% from the prior year.

Residential construction soared in January 2018 with 2,424 housing units starting construction. This total is 23.8% higher than the prior-year monthly average. The Bronx led growth, with construction starting on 787 units, more than twice last year's average. Staten Island also outpaced citywide gains; its 80 units are the most to enter construction in the borough since May 2017. Brooklyn and Manhattan bounced back from last month's losses, adding 709 and 513 units, respectively, though Manhattan still fell short of prior-year levels. Queens, with 335 units being constructed, was the only borough that continued its downward trend seeing a 9.3% drop from 2017's average.

Source: StreetEasy; Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (Jan. 2018)

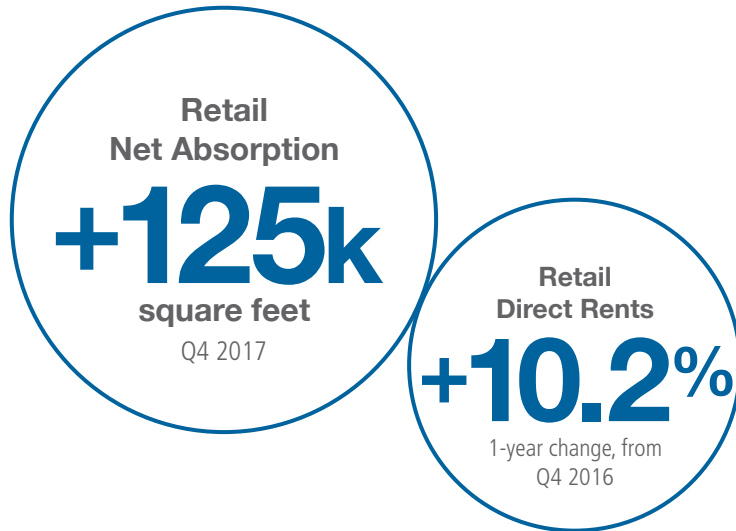
From prior-year monthly average

BRONX	+132.8%
BROOKLYN	+3.9%
MANHATTAN	-0.5%
QUEENS	-9.3%
STATEN ISLAND	+51.2%
TOTAL	+23.8%



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.



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

From prior-year monthly average

BRONX	-13.6%
BROOKLYN	-57.0%
MANHATTAN	+7.9%
QUEENS	-89.2%
STATEN ISLAND	-69.8%
TOTAL	-42.8%



REAL ESTATE SNAPSHOT

Retail markets in New York City sent mixed signals in the fourth quarter of 2017. While net absorption, or total change in occupied space, was positive and rent increased 10.2% from the end of 2016, vacancy also rose slightly, reaching 3.5% citywide. The Manhattan market led rent growth, seeing a 17.4% year-over-year increase. Retail markets outside Manhattan saw rents increase at a more moderate 6.5%, but contributed 83% of citywide net absorption with an addition of 104,515 square feet. Six new buildings delivered 681,611 square feet of retail space across the city, while 5.2 million square feet are under construction. Midtown accounted for 57% of the construction happening in Manhattan.

New non-residential construction in New York City fell again in January 2018, with construction starts on 1.2 million square feet. This was 42.8% less than the prior-year monthly average. Boroughs outside Manhattan led this plunge. Queens, Staten Island, and Brooklyn experienced drops of 89.2%, 69.8%, and 57%, respectively, from the same month last year. The Bronx experienced a moderate loss of 13.6%. Manhattan was the only borough that saw construction pick up in January 2018 from the prior-year average, with 785,000 square feet starting construction. Hotel and office construction led this increase.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Broadway revenues continued to rise in December 2017, up 53.1% from the same month last year. The week ending December 31, 2017, was the highest grossing week in Broadway history, topping \$50 million in revenues for the first time. Airport passenger traffic also rose in December 2017, completing a picture of high levels of tourism during the holidays.

Following November's downward trend, ridership on local public transit fell again in December 2017, led by an 8.7% decrease in bus ridership from same month last year. Automotive commuting rose, however, as regional bridge and tunnel traffic increased 1.5% from December 2016.

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

TOURISM CHANGE COMPARED TO 2016



TRANSIT CHANGE COMPARED TO 2016

