

VOLUME 2 • 2019

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



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INSIDE THIS VOLUME



Private sector employment hit 4 million in January 2019.



Five NYC-based companies received over \$100 million in VC funding in Q4 2018.



Residential construction boomed in Brooklyn.



The city's retail market retrenched in 2018.



Broadway revenue topped \$200 million for the first time in December 2018.



EMPLOYMENT



EMPLOYMENT SNAPSHOT

In January 2019, private sector employment in New York City fell by 800 from the prior month. Losses were led by *Administrative Services* (-5,500), *Educational Services* (-4,800) and *Arts, Entertainment, & Recreation* (-2,300). Gains were more evenly distributed among *Retail Trade* (+3,800), *Transportation, Warehousing, & Utilities* (+2,200), *Construction* (+2,000), and *Health Care & Social Assistance* (+2,000), the sectors with the strongest gains. As of the March 7 data release, which incorporates annual benchmarking revisions of last year's data, New York City private sector employment is estimated to be 4 million for the first time. December 2018 employment estimates were revised down to +2,000 private jobs from the prior month.

The unemployment rate was 4.1% in January 2019. This is a slight increase over the all-time low of 3.9% set in September 2018. However, labor force participation remained at a record-high 60.9% in January for the third consecutive month. Real wage growth was strong in January 2019. Average hourly earnings rose 3.5% to \$37.67. Average hours worked decreased slightly to 33.5, resulting in weekly earnings of \$1,262, a growth of 2.9% over the year prior, after adjusting for inflation. This is the third strongest month for wage growth over the last year.

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)		Previous Month Change	Year-Over-Year Change
	Jan. 2019	Dec. 2018		
FIRE	476	475	0.1%	1.0%
Finance & Insurance	343	342	0.0%	1.1%
Securities	181	182	-0.5%	1.5%
Banking	101	101	0.8%	1.4%
Other	59	59	0.2%	-0.5%
Real Estate/Rental/Leasing	134	133	0.5%	0.7%
SERVICES	2,655	2,665	-0.4%	2.8%
Information	206	206	0.1%	3.6%
Professional/Business	761	766	-0.7%	1.4%
Professional/Scientific/Technical	423	423	0.1%	1.3%
Management of Companies & Enterprises	73	72	0.2%	-1.1%
Administrative	265	271	-2.0%	2.2%
Educational	256	261	-1.8%	2.5%
Health Care/Social Assistance	774	772	0.3%	6.6%
Arts/Entertainment/Recreation	95	97	-2.3%	1.6%
Accommodation/Food	367	368	-0.2%	-1.7%
Other	196	195	0.4%	2.5%
TRADE	494	490	0.9%	0.6%
Retail	356	352	1.1%	1.5%
Wholesale	139	138	0.3%	-1.9%
MANUFACTURING	70	70	0.1%	-2.7%
TRANSPORTATION & UTILITIES	145	142	1.5%	2.3%
CONSTRUCTION	161	159	1.2%	4.4%
TOTAL (PRIVATE)	4,000	4,001	0.0%	2.2%
GOVERNMENT	593	593	0.1%	1.3%
TOTAL (PRIVATE + GOVERNMENT)	4,593	4,593	0.0%	2.1%

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 looked into the Health Care & Social Assistance industry, with a special deep dive into the Medical and Diagnostics Laboratories subsector—an important part of New York City's life science ecosystem.



INDUSTRY SNAPSHOT

In January 2019, *Health Care & Social Assistance* employment rose by 2,000 to 773,600 jobs. This continues a strong positive trend, with employment up 6.6% from January 2018.

Health Care & Social Assistance is New York City's largest industry, comprising 18.9% of private employment in 2017. It grew 15.0% from 2013 to 2017, adding 92,000 jobs. The strongest growth has happened most recently as industry employment grew 4.9% in 2017—adding 32,700 jobs.

Despite strong demand for jobs in the industry, real wages have been falling. Between 2013 and 2017, the inflation-adjusted average annual wage in the industry fell 2.9% to \$49,683. This is largely the result of the changing composition of jobs within the industry. *Home Health Care Services*, the lowest-paying subsector with a 2017 average annual wage of only \$25,594, grew 56.5% over this period, faster than any other subsector. Consequently, that subsector's share of industry employment rose from 17.3% in 2013 to 22.4% in 2017, depressing the average wage for the industry overall.

The *Medical and Diagnostic Laboratories* subsector plays a key role in the city's life science ecosystem. While the subsector is small—employing 5,000 New Yorkers in 2017—it is the locus of the scientific innovations central to a vibrant life sciences sector. This subsector has experienced strong employment (up 10.7% since 2013) and wage growth in recent years. The real annual average wage grew by 16.6% between 2013 and 2017 to reach \$81,256—the third highest of any subsector in the industry.¹

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

¹ Besides Home Health Care Services and Medical and Diagnostic Laboratories, there are 16 subsectors at this level of detail

HEALTH CARE & SOCIAL ASSISTANCE

Employment Change 2013–2017



AMBULATORY HEALTH CARE SERVICES*



SOCIAL ASSISTANCE



HOSPITALS



NURSING & RESIDENTIAL CARE FACILITIES

*Ambulatory Health Care includes Offices of Physicians, Dentists, and other Health Care Professionals, which includes Home Health Care & Medical Diagnostics Labs.

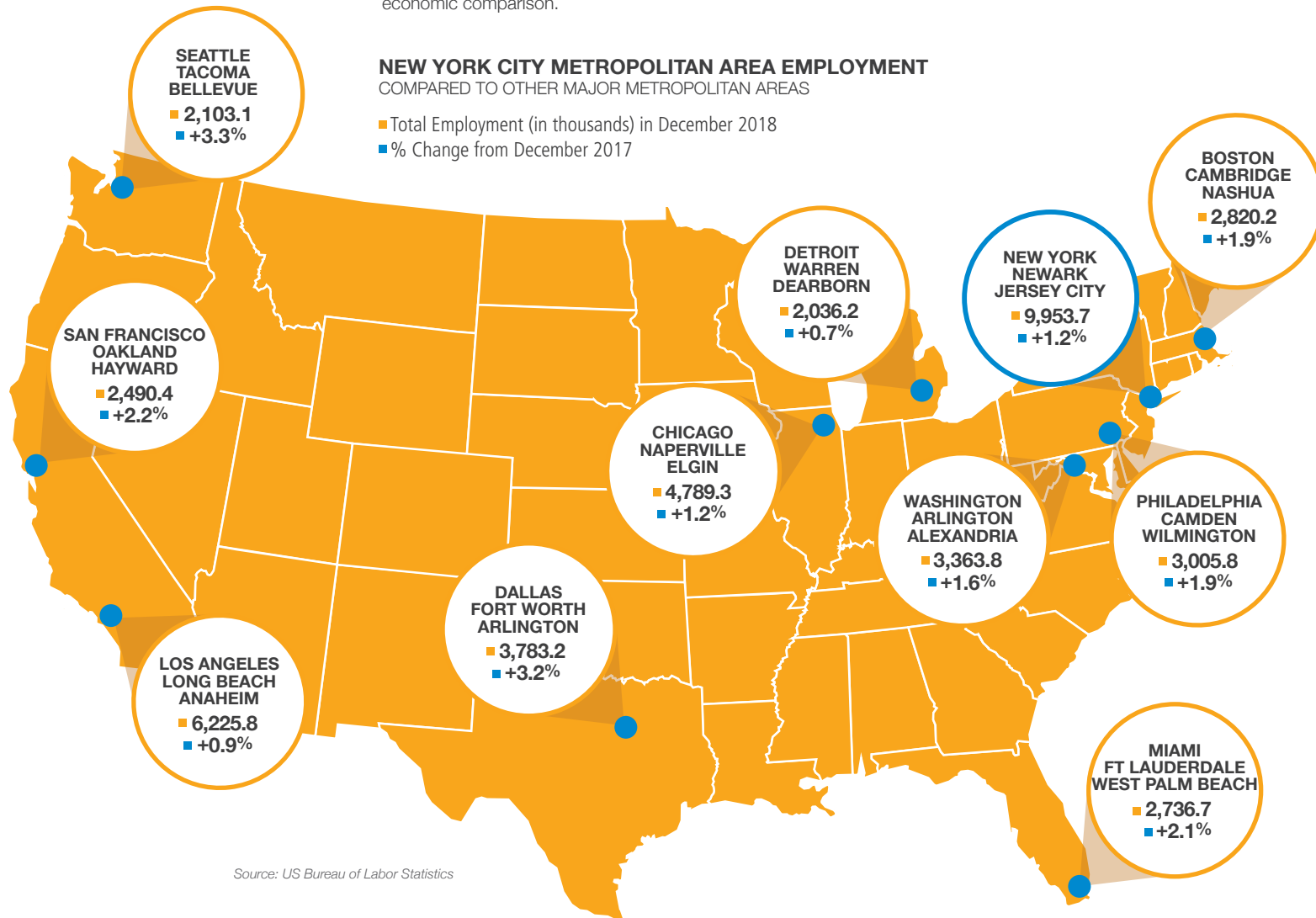


EMPLOYMENT

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 December 2018
- % Change from December 2017

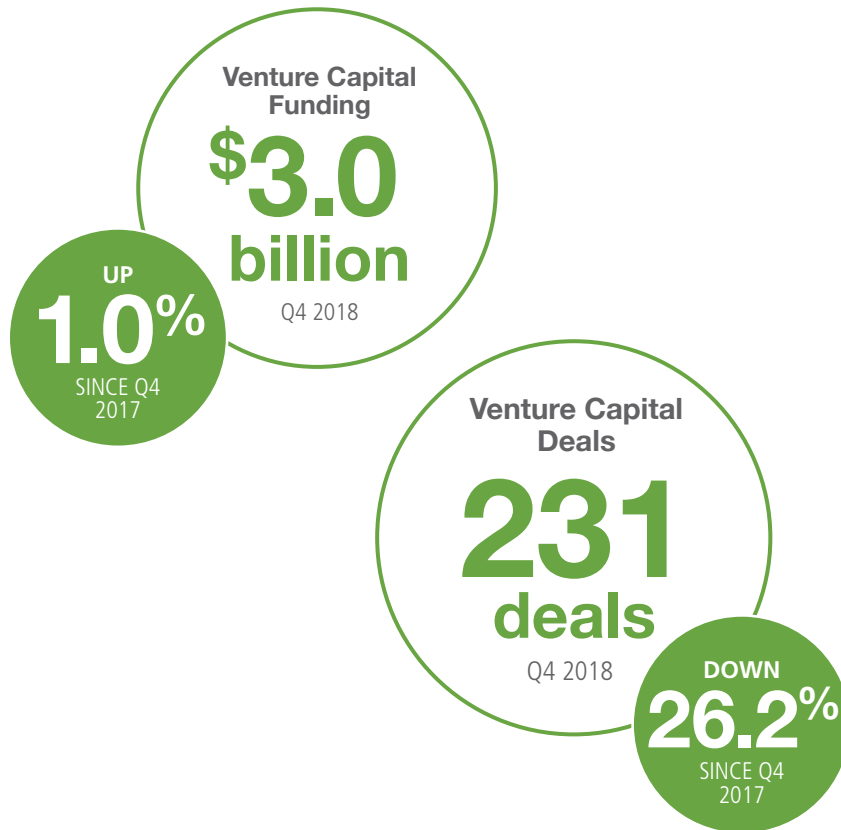


Source: US Bureau of Labor Statistics



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.



FINANCE SNAPSHOT

After a record-setting Q3 2018 with \$2.96 billion invested in companies headquartered in New York City, in Q4, venture capital investment in the city returned to prior 2018 levels. Q4's total nearly matches totals for Q1 and Q2, which experienced \$3.01 billion and \$3.03 billion in VC funding respectively. With 231 deals reported in the quarter, Q4 2018 had the fewest VC deals since Q4 2012. But small deals are often reported some time after they're made, so this number may still grow.

Of the 231 deals, five received more than \$100 million in VC financing. Ribbon, a real estate services company, received \$225 million in their Series A round. UiPath, a developer of workplace automation technologies, also received \$225 million at a \$3 billion valuation. The three other largest deals to close out 2018 were with Vroom (an online used car marketplace), InVision (a design software), and Dataiku (a data science platform).

Source: Yahoo Finance



HOUSING



HOUSING SNAPSHOT

Rent continued to increase rapidly in December 2018. The year-over-year growth of median rent was 2.1%. Housing prices, meanwhile, increased 1.6% from the previous year, which was the lowest growth rate since April 2017.

Construction of new residential units in New York City rose 6.9% during the 12 months from February 2018 through January 2019, compared to the same period a year prior. Manhattan was the only borough that saw a decline, decreasing 34.1% from the prior year. Brooklyn led the growth at 34.2%, with 912 units starting construction in January 2019 alone.

Sources: StreetEasy; Dodge Data & Analytics. New York, NY 877-784-9556

Starting in Volume 2 2019, Dodge construction index has been revised to reflect changes of rolling annual sums. Please note that Dodge data is preliminary and subject to revision.



UNITS STARTING CONSTRUCTION

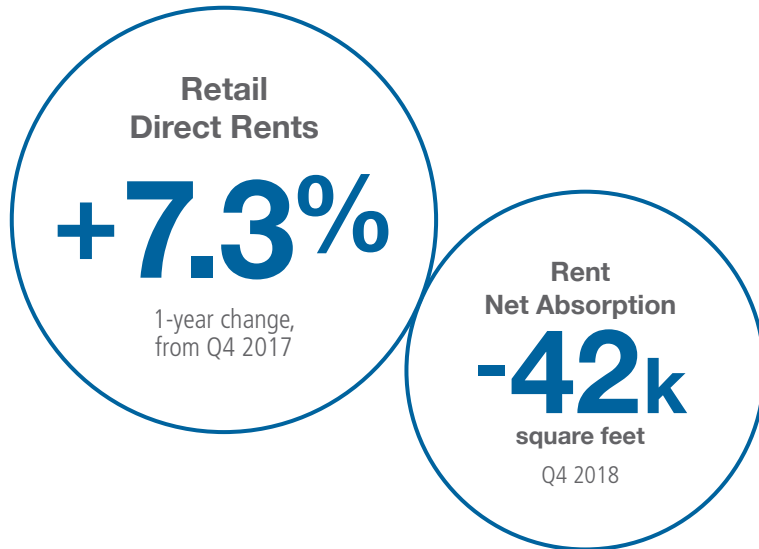
Annual change, 12 months ending Jan. 2019

BRONX	+1.3%
BROOKLYN	+34.2%
MANHATTAN	-34.1%
QUEENS	+27.8%
STATEN ISLAND	+3.9%
TOTAL	+6.9%



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.)

Annual change, 12 months ending Jan. 2019

BRONX	-20.3%
BROOKLYN	+85.8%
MANHATTAN	+32.3%
QUEENS	-1.3%
STATEN ISLAND	-67.6%
TOTAL	+11.3%



REAL ESTATE SNAPSHOT

The New York City retail market lost 41,587 square feet of occupied space in Q4 2018. The decline was largest in Manhattan, where net absorption was negative 66,009 square feet. For all of 2018, both Manhattan and the other four boroughs saw occupied space decline at 85,376 square feet and 278,751 square feet, respectively. As a result, the retail vacancy rate increased from 3.3% citywide in Q4 2017 to 3.8% in Q4 2018. For Manhattan, the vacancy rate was 4.4% last quarter, the highest vacancy rate since the 2008 recession. Average citywide rents were \$59.98 per square foot, which was 7.3% higher than the same period in the last year.

The square footage of new non-residential construction projects rose 11.3% citywide during the 12-month period ending in January 2019, compared to the prior year. Manhattan was the center of new construction, with 665,000 square feet starting in January 2019. This total comprised 51.2% of the month's new construction citywide. Meanwhile, Brooklyn showed the strongest growth of all the boroughs over the last year, while construction slowed down in Queens, the Bronx, and Staten Island.

Sources: CoStar Property; Dodge Data & Analytics, New York, NY 877-784-9556



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

In December 2018, ridership on New York's subways and busses fell by 2.9% from the previous December. This marks the 14th straight month in which transit ridership has fallen from the previous year. While local ridership is falling, commuter rail ridership increased by 1.2% from December 2017. Following a similar trend, automotive traffic over bridges and tunnels continued to increase, rising 2.9% from December 2017.

The city's tourism sector was as strong as ever this holiday season. Broadway revenue continued to rise in December 2018, up 16.6% from the year prior. Christmas week brought in nearly \$58 million of revenue on its own—about \$7.5 million more than last year. Broadway revenue totaled over \$216 million for the month, which was the first time revenue has topped \$200 million. Along with rising revenue, Broadway attendance in December increased by 22.8% from last year. Airport volumes increased as well with a 2.6% increase in passengers compared to December 2017.

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

