

VOLUME 1 • 2018

NYCEDC

# ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



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TRANSIT &  
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VOLUME 1 • 2018

# ECONOMIC Snapshot

A Summary of New York City's Economy

**NYCEDC**

## HIGHLIGHTS



Unemployment fell for the third straight month



Venture capital investment closed 2017 with a near-record-breaking quarter



New housing construction slowed in December 2017



The Manhattan office market ended 2017 on a high



Airport travel rose in November 2017, driven by international flights

**NYCEDC**

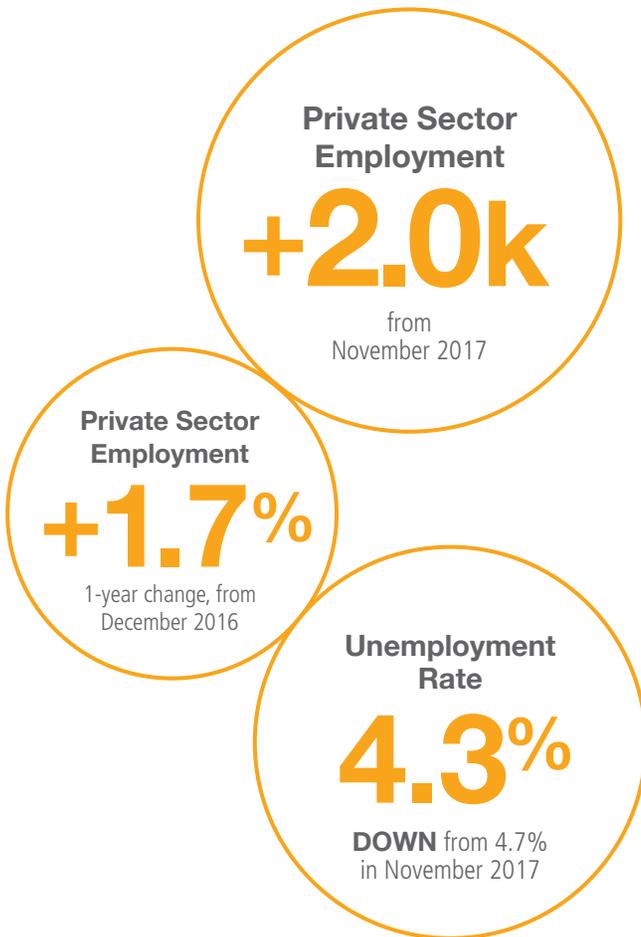
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# EMPLOYMENT



## EMPLOYMENT SNAPSHOT

Private sector employment rose by 2,000 jobs in December 2017, after November's gain of 2,700.<sup>1</sup> Gains were fairly evenly distributed across industries, with *administrative services* and *health care and social assistance* leading with 3,200 and 3,000 jobs, respectively. Job losses were similarly broad-based. *Information, arts and entertainment*, and *education* lost the most jobs in December, with decreases between 1,500 and 2,100 jobs.

Unemployment fell for the third consecutive month, reaching 4.3% in December 2017, down from November's rate of 4.7%. New York State stood at 4.6% in December 2017 and the US as a whole was at 4.1%. The December 2016 rate for New York City was 4.9%. Real average hourly earnings rose 3.0% from December 2016, to \$35.55. Average hours worked fell slightly from 34.3 to 34.1, resulting in a 2.4% increase in average weekly earnings from last year. This is the highest wage growth since July 2017.

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

<sup>1</sup> Private sector employment estimates were revised down from + 4,000 in November 2017



# EMPLOYMENT

## NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	Dec. 2017	Nov. 2017		
<b>FIRE</b>	<b>477</b>	<b>476</b>	<b>0.0%</b>	<b>3.0%</b>
Finance & Insurance	342	342	0.0%	2.8%
Securities	182	182	-0.2%	4.0%
Banking	100	100	0.3%	2.4%
Other	60	60	0.0%	0.0%
Real Estate/Rental/Leasing	134	134	0.1%	3.5%
<b>SERVICES</b>	<b>2,543</b>	<b>2,541</b>	<b>0.1%</b>	<b>1.9%</b>
Information	187	189	-1.1%	-3.6%
Professional/Business	749	745	0.6%	2.2%
Professional/Scientific/Technical	428	427	0.2%	2.9%
Management of Companies & Enterprises	69	69	0.0%	-0.6%
Administrative	252	248	1.3%	2.0%
Educational	248	250	-0.6%	0.2%
Health Care/Social Assistance	721	718	0.4%	3.2%
Arts/Entertainment/Recreation	83	85	-2.2%	-3.9%
Accommodation/Food	363	362	0.2%	3.6%
Other	193	193	0.0%	2.5%
<b>TRADE</b>	<b>482</b>	<b>483</b>	<b>-0.2%</b>	<b>-1.7%</b>
Retail	341	342	-0.1%	-2.1%
Wholesale	141	142	-0.5%	-0.6%
<b>MANUFACTURING</b>	<b>74</b>	<b>75</b>	<b>-1.0%</b>	<b>-0.5%</b>
<b>TRANSPORTATION &amp; UTILITIES</b>	<b>138</b>	<b>137</b>	<b>0.2%</b>	<b>2.1%</b>
<b>CONSTRUCTION</b>	<b>157</b>	<b>156</b>	<b>0.9%</b>	<b>6.8%</b>
<b>TOTAL (PRIVATE)</b>	<b>3,871</b>	<b>3,869</b>	<b>0.1%</b>	<b>1.7%</b>
<b>GOVERNMENT</b>	<b>554</b>	<b>554</b>	<b>0.0%</b>	<b>0.1%</b>
<b>TOTAL (PRIVATE + GOVERNMENT)</b>	<b>4,425</b>	<b>4,422</b>	<b>0.1%</b>	<b>1.5%</b>

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 accommodation and food services industry.



## INDUSTRY SNAPSHOT

*Accommodation and food services* is New York City's third largest industry with 362,500 employees as of December 2017. Employment in the industry grew at a brisk annual average rate of 5.9% between 2012 and 2015, before softening to 2.5% growth in 2016. The sector gained 12,800 private sector jobs between December 2016 and December 2017, growing 3.6%—the second-largest year-over-year percentage gain of any sector.

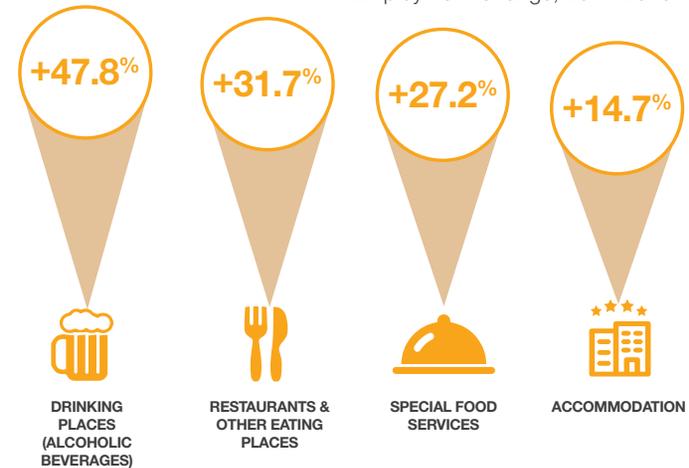
All of the industry's major subsectors experienced employment growth over the last five years. However, growth was not even, with lower-wage food service subsectors outpacing better-paying accommodation subsectors. *Restaurants and other eating places* constitute the industry's largest subsector with 259,400 employees as of 2016. Employment grew between 5.8% and 7.0% annually between 2012 and 2015, but slowed to 2.4% growth in 2016. While real earnings are now rising, growing more than 3% in each of the past two years, employees in the subsector face among the lowest wages in New York City, with average annual earnings at only \$27,900.

*Mobile food services*—consisting mainly of street vendors—is growing the fastest of any subsector, with 66% employment growth in the past five years. Nevertheless, mobile vendors remain among the smallest subsectors in the industry with fewer than 500 jobs in 2016. *Drinking laces*, which employ 12,300, have also seen rapid and consistent employment growth—48% over five years—and annual growth never falling below 4%.

The accommodation sector, which employs 51,300, has seen the least growth, with employment gains of under 2% in three of the past four years. Wages in accommodation are higher than in the food services subsectors, with average earnings of \$61,800 in 2016. Like employment, however, wages have also seen modest gains, with real wages rising less than 1% each of the past two years.

## ACCOMMODATION AND FOOD SERVICES

Employment Change, 2011-2016



Source: New York State Department of Labor; US Census Bureau Quarterly Workforce Indicators

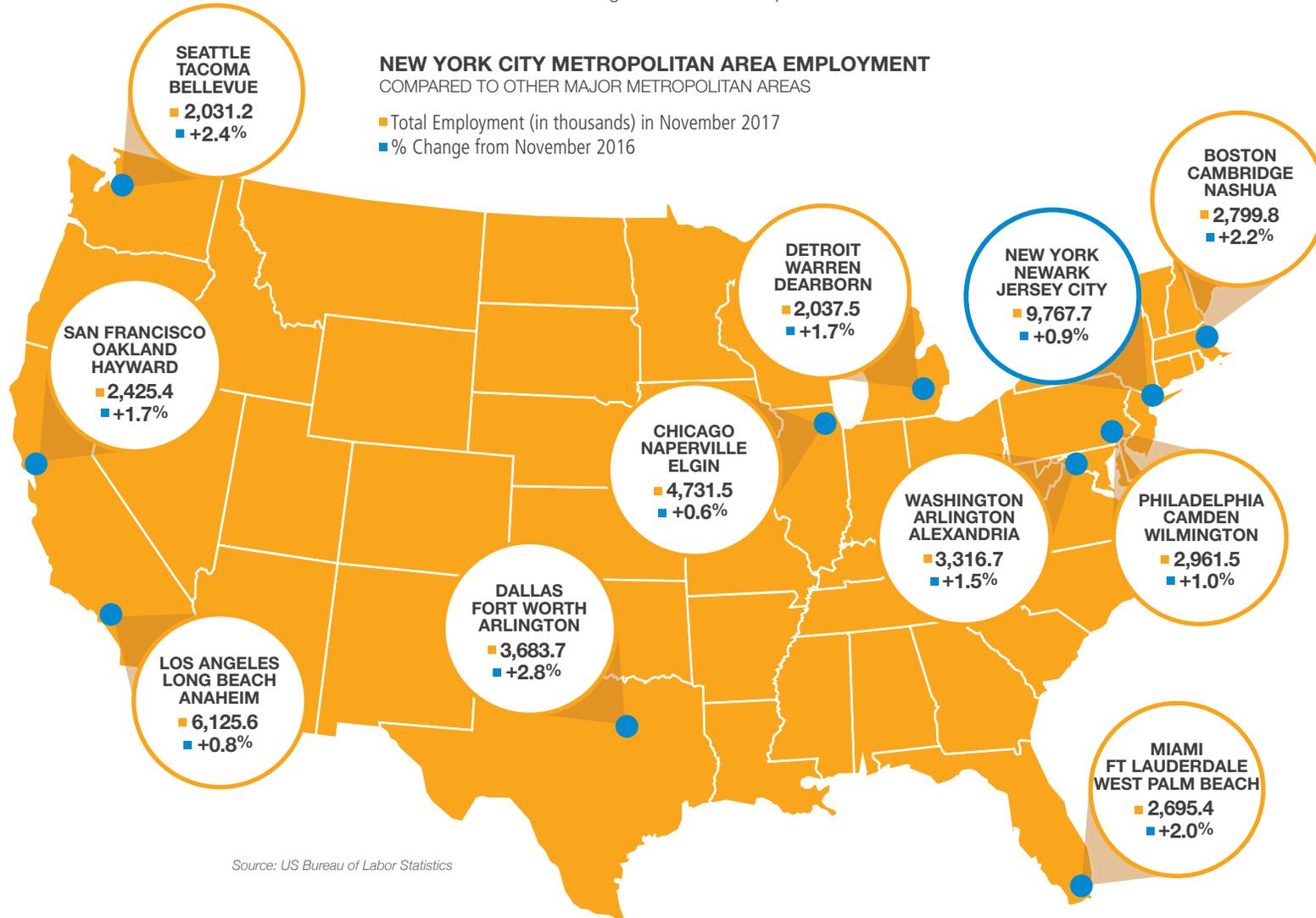


# EMPLOYMENT

Each month, 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 November 2017
- % Change from November 2016

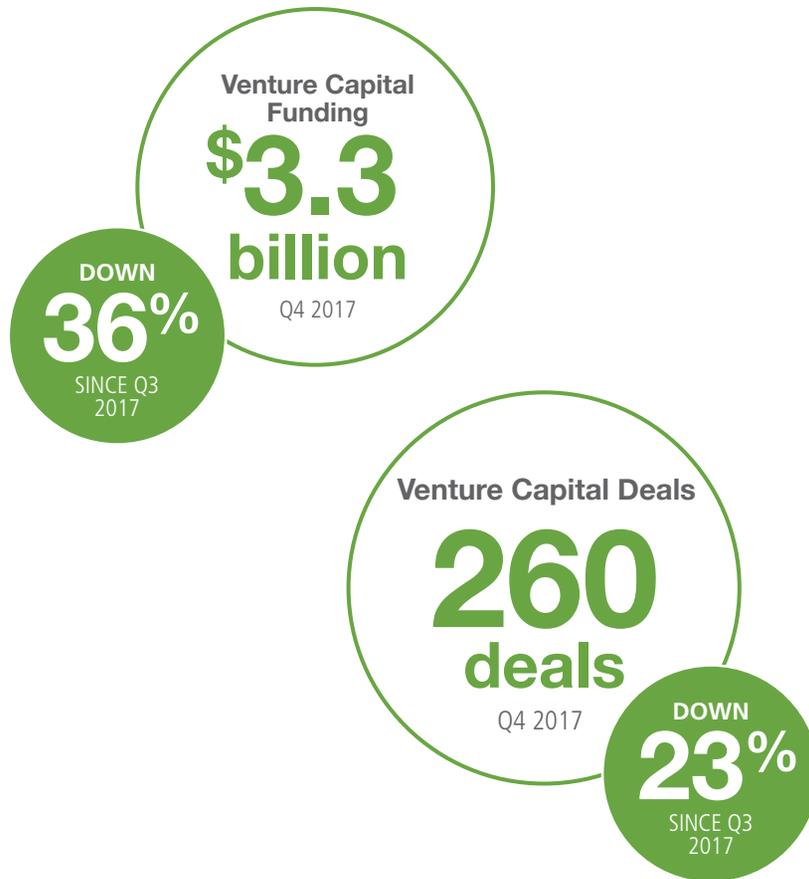


Source: US Bureau of Labor Statistics



# 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 venture capital financing.



## FINANCE SNAPSHOT

Venture capital in New York City had a happy holiday quarter, with the fourth quarter of 2017 experiencing the second highest level of venture capital investment since the start of the data series in 2000. Firms headquartered in the city brought in nearly \$3.3 billion. Only the prior quarter—the third quarter of 2017—experienced more venture capital invested in the city, with \$5.2 billion in investments. Despite the high level of investment, the quarter's 260 reported deals are among the lowest since 2012, indicating larger deals on average.

In Q4 2017, six companies received over \$100 million in venture capital financing. The largest of these deals went to Compass, a real estate company, which has received a combined \$600 million in two deals. Via, a ride sharing app, received \$250 million, while Intersection, an urban technology firm, received \$150 million.

Source: Pitchbook



# HOUSING



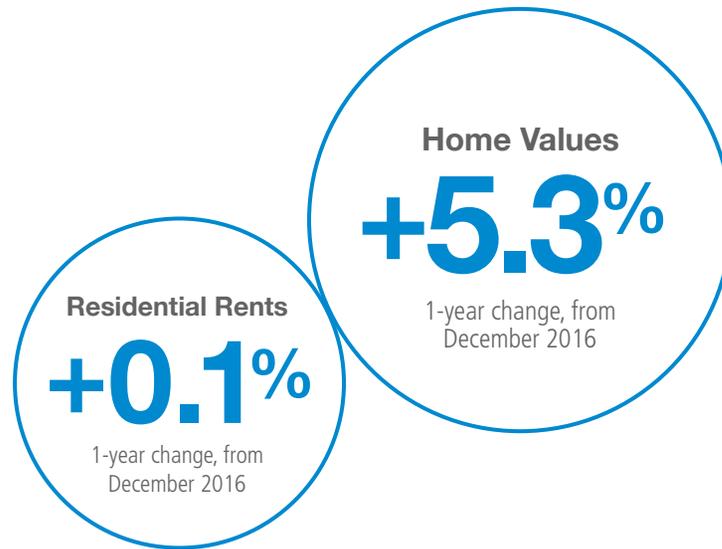
## HOUSING SNAPSHOT

Median residential rent reached \$2,745 in December 2017, a 0.1% increase from last year. Home values meanwhile continued to rise. Median sale price climbed to \$661,700 in December, up 5.3% from last year.

Residential construction slowed again in December, with the city seeing 27.2% fewer housing units beginning construction than the monthly average for the prior year. The Bronx was the only borough to see an upward trend in housing, with 378 units starting construction. However, large drops in Manhattan and Brooklyn drove down citywide numbers. The 1,497 new units citywide were the lowest monthly total since February 2017. <sup>2</sup>

Source: StreetEasy; Dodge Data & Analytics

<sup>2</sup> Note that these figures report median rent and prices, and are therefore not comparable with last month, which reported asking rents and prices.



## UNITS STARTING CONSTRUCTION (Dec. 2017)

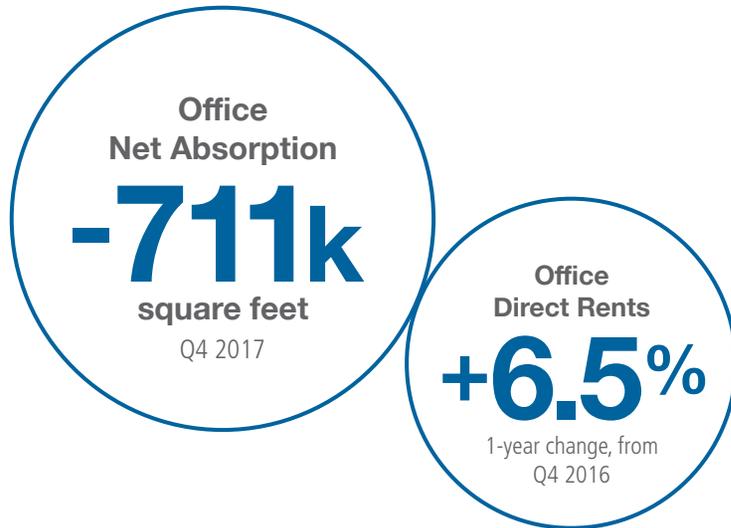
From prior-year monthly average

BRONX	+6.5%
BROOKLYN	-44.3%
MANHATTAN	-39.9%
QUEENS	-9.1%
STATEN ISLAND	-0.5%
TOTAL	-27.2%



# 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., Nov. 2017)

From prior-year monthly average

<b>BRONX</b>	-0.2%
<b>BROOKLYN</b>	-35.7%
<b>MANHATTAN</b>	-92.5%
<b>QUEENS</b>	+0.8%
<b>STATEN ISLAND</b>	+192.4%
<b>TOTAL</b>	<b>-14.9%</b>



## REAL ESTATE SNAPSHOT

New York City's office market showed mixed signals in the fourth quarter of 2017. Net absorption—the change in occupied space—was down 711,128 square feet across the city, with the vacancy rate rising 0.1 percentage points to 7.9%. The negative trends were driven by markets outside of Manhattan, with net absorption at -800,653 and the vacancy rate jumping from 6.3% to 7.2% from the previous quarter. Meanwhile, rent in the city rose to \$60.88, a 6.5% increase from last year and the largest increase since the end of 2016. The Manhattan market led this increase with rent going up 7.4% from last year. Five buildings delivered 282,891 square feet in the fourth quarter, with 63% of this square footage in Manhattan. Among the 21 million square feet in 70 buildings that were being constructed, 74% were located in Manhattan.

After an unusually slow November, non-residential construction picked up in December, despite being 14.9% below the prior-year monthly average. While only five non-residential projects began construction in Staten Island, the fewest of any borough, the construction of a 450,000-square-foot warehouse drove the borough's city-leading growth. Manhattan's construction starts on 40 buildings containing a total of 56,000 square feet constituted the least amount of space started in any borough.

Sources: CoStar Property; Dodge Data & Analytics



# TRANSIT & TOURISM



## TRANSIT & TOURISM SNAPSHOT

International tourism picked up steam in November 2017, with Broadway revenues rising 11.8%, to \$130 million, after sliding the prior month. Airport passenger traffic rose, driven by international flights. Ridership on local public transit networks fell in November 2017 from the prior year. This was led by bus ridership, with fell 5.0%.

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

## TRANSIT CHANGE COMPARED TO 2016



COMMUTER RAIL  
RIDERSHIP  
↓ 3.2%



SUBWAY + BUS  
RIDERSHIP  
↓ 2.6%

## TOURISM CHANGE COMPARED TO 2016



AIRPORT  
PASSENGERS  
↑ 1.0%



BROADWAY  
REVENUE  
↑ 11.8%