

VOLUME 1 • 2019

NYCEDC

# ECONOMIC Snapshot

A Summary of New York City's Economy



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# ECONOMIC Snapshot

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## INSIDE THIS VOLUME



Unemployment remained at a record low for the fourth consecutive month in December 2018



NYC-based public companies took a hit amid a falling stock market in the fourth quarter



Rent hikes exceeded home price inflation for the first time in two years



The city's office market contracted in the fourth quarter of 2018



Broadway attendance continued to rise in November 2018



# EMPLOYMENT



## EMPLOYMENT SNAPSHOT

2018 ended with modest employment growth, with December seeing an increase of 3,400 jobs over the previous month—2,600 in the private sector and 700 in the public sector. November estimates were revised up by 300 jobs.<sup>1</sup> Gains were concentrated in *Health Care & Social Assistance*, which added 5,400 jobs in the month, followed by *Accommodation & Food Services* (+1,200), and *Transportation, Warehousing & Utilities* (+1,100). Losses were more evenly spread, however, with *Retail Trade* down 1,700 jobs and *Information Services* down 1,400.

The unemployment rate remained at a record-low 4.0% for the fourth consecutive month. Real wage growth was strong in December 2018, with average weekly earnings up 3.6% from last year. This was driven in part by more weekly hours worked, which rose from 34.2 in December 2017 to 34.5 in December 2018, the highest of any December since 2013.

<sup>1</sup> 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
	Dec. 2018	Nov. 2018		
<b>FIRE</b>	<b>473</b>	<b>473</b>	<b>0.0%</b>	<b>-0.2%</b>
Finance & Insurance	339	339	-0.2%	0.1%
Securities	178	178	-0.1%	0.2%
Banking	103	103	0.0%	1.6%
Other	58	58	-0.6%	-2.8%
Real Estate/Rental/Leasing	134	133	0.4%	-0.9%
<b>SERVICES</b>	<b>2,644</b>	<b>2,640</b>	<b>0.2%</b>	<b>2.5%</b>
Information	197	198	-0.7%	-1.1%
Professional/Business	759	761	-0.3%	1.2%
Professional/Scientific/Technical	430	431	-0.3%	1.6%
Management of Companies & Enterprises	74	74	-0.3%	0.9%
Administrative	256	257	-0.4%	0.6%
Educational	259	259	0.2%	2.7%
Health Care/Social Assistance	765	759	0.7%	4.7%
Arts/Entertainment/Recreation	96	95	0.5%	7.2%
Accommodation/Food	372	370	0.3%	1.5%
Other	198	197	0.1%	2.7%
<b>TRADE</b>	<b>499</b>	<b>501</b>	<b>-0.4%</b>	<b>0.3%</b>
Retail	354	356	-0.5%	0.9%
Wholesale	145	145	-0.3%	-1.2%
<b>MANUFACTURING</b>	<b>72</b>	<b>72</b>	<b>0.9%</b>	<b>0.1%</b>
<b>TRANSPORTATION &amp; UTILITIES</b>	<b>140</b>	<b>139</b>	<b>0.8%</b>	<b>1.2%</b>
<b>CONSTRUCTION</b>	<b>158</b>	<b>159</b>	<b>-0.6%</b>	<b>1.9%</b>
<b>TOTAL (PRIVATE)</b>	<b>3,987</b>	<b>3,984</b>	<b>0.1%</b>	<b>1.8%</b>
<b>GOVERNMENT</b>	<b>551</b>	<b>551</b>	<b>0.1%</b>	<b>0.0%</b>
<b>TOTAL (PRIVATE + GOVERNMENT)</b>	<b>4,538</b>	<b>4,535</b>	<b>0.1%</b>	<b>1.6%</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 look at the Wholesale Trade industry.



## INDUSTRY SNAPSHOT

*Wholesale Trade* lost 400 jobs in December from the previous month, and the industry is one of only three in NYC to lose jobs over the past 12 months, losing 1,700 jobs over that period.

*Wholesale Trade* was hit hard during the 2008 recession, with employment falling 8.6% (or 12,100 jobs), before then rising each year between 2010 and 2015, adding nearly 7,000 jobs in that span.

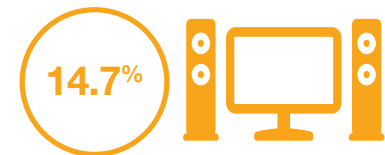
The industry is split into three subsectors: *Merchant Wholesalers of Durable Goods*, *Merchant Wholesalers of Nondurable Goods*, and *Wholesale Electronic Markets and Agents and Brokers*. *Merchant Wholesalers of Nondurable Goods* is the largest subsector in the industry, employing 71,500 people in 2017—more than half the industry total. Employment in this subsector is slightly more stable than in the industry as a whole. It was impacted less by the recession than the other subsectors and grew every year from 2010 to 2015, with employment falling slightly from 2015 to 2017. Two subsectors within *Merchant Wholesalers of Nondurable Goods* employed over 20,000 people: *Apparel, Piece Goods, and Notions Merchant Wholesalers* and *Grocery and Related Product Merchant Wholesalers*. The former has fallen by 2% over the last four years, while the latter grew 11% over that period.

Of the two remaining subsectors, *Merchant Wholesalers of Durable Goods* fell 11.5% during the recession and then held relatively steady, employing 48,900 workers in 2017. *Wholesale Electronic Markets and Agents and Brokers*, meanwhile, has gained substantially, rising 14.7% over the last four years, to 14,000 workers in 2017.

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

## Wholesale Trade

Employment Change 2013–2017



WHOLESALE  
ELECTRONIC  
MARKETS



MERCHANT  
WHOLESALE  
NONDURABLE  
GOODS



MERCHANT  
WHOLESALE  
DURABLE  
GOODS

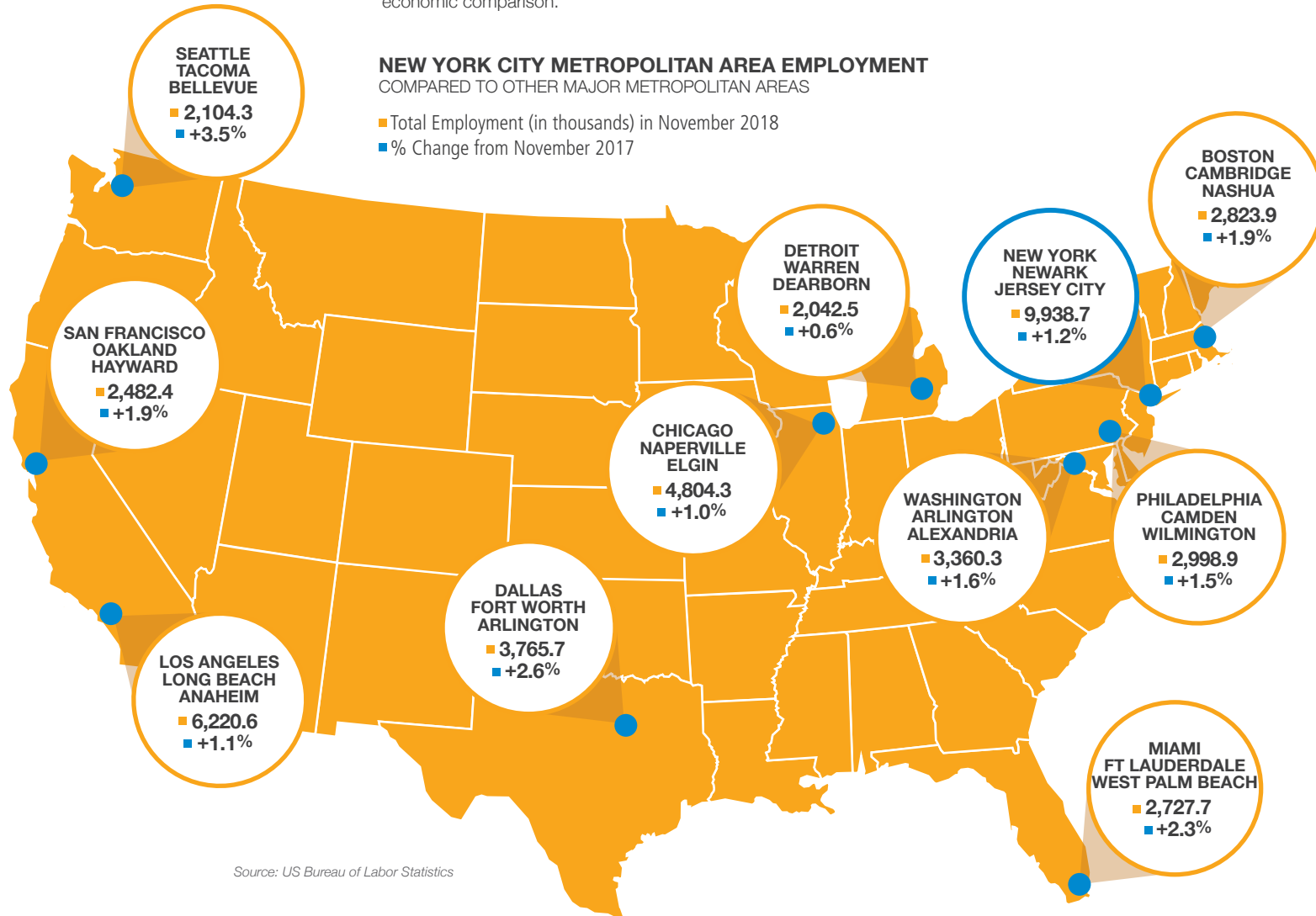


# EMPLOYMENT

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 November 2018
- % Change from November 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 the stock market. Our index includes the companies in the S&P 500 that are based in New York City, with performance weighted by market capital—the same methodology used by Standard & Poor's.

## Q4 2018 Stock Market Index



### FINANCE SNAPSHOT

Amid a broad-based dip in stock prices, the index of New York City–based companies fell in Q4 2018. The index fell by 15.6% from Q3 2018 and by 18.3% from Q4 2017. This illustrates a steep drop during the quarter, returning the market to essentially the same level as a year ago. By comparison, the overall S&P fell 14% in Q4 2018.

Of the 49 companies representing New York City in the S&P 500, only six experienced rising stock prices over the quarter. Gains were minimal, with the best performing company—the Omnicom Group, a communications conglomerate—gaining 8% over Q4. By comparison, 16 companies saw stock prices fall at least 20%. The quarter was more mixed for the largest companies in the city, with three of the seven largest companies seeing increasing stock prices. Finance firms were hit hardest, with Citigroup, Goldman Sachs, and Blackrock underperforming the index, and communications companies, including Verizon and Fox, remaining positive from last quarter.

Source: Yahoo Finance



# HOUSING



## HOUSING SNAPSHOT

Rents increased sharply in November 2018. The year-over-year growth of the median rent reached 2.2%—the highest rate since June 2016. Housing prices, meanwhile, increased by 1.8% from November 2017. This is the first time since December 2016 that rent hikes outpaced home price inflation.

The number of new residential units starting construction in December 2018 fell below its average pace over the last year. This is the fifth consecutive month in which new housing construction has slowed from its prior year monthly average. Only in Brooklyn did new housing construction exceed its prior year pace, with 848 units starting construction. These units accounted for nearly half of the 1,792 units starting construction citywide. Construction in Queens fell the fastest, with construction starting on just 129 new units.

Sources: StreetEasy; Dodge Data & Analytics



## UNITS STARTING CONSTRUCTION (Dec. 2018)

From prior-year monthly average

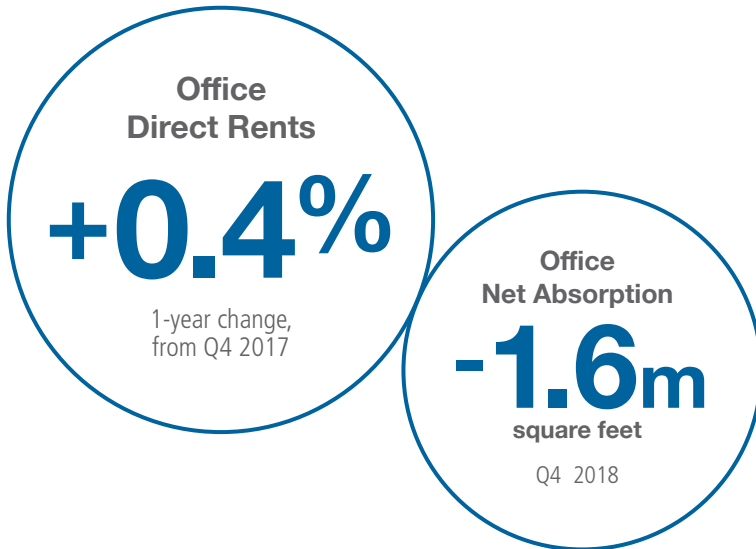
BRONX	-0.2%
BROOKLYN	+4.9%
MANHATTAN	-0.4%
QUEENS	-69.8%
STATEN ISLAND	-46.6%
TOTAL	-14.0%





# 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 office 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., Dec. 2018)

From prior-year monthly average

BRONX	-64.5%
BROOKLYN	-24.2%
MANHATTAN	-92.0%
QUEENS	-55.5%
STATEN ISLAND	-64.9%
TOTAL	-67.5%



## REAL ESTATE SNAPSHOT

The New York City office market lost occupied space in Q4 2018. Net absorption, or change in occupied space, was -1,550,000 square feet, the highest drop of any quarter in the last two years. As a result, vacancy rose to 7.3% in Q4 2018, from 7.0% last quarter. Falling occupied space was focused in Manhattan, where net absorption was -1,372,600 square feet. Nevertheless, year-to-date net absorption is still positive in Manhattan (+4,130,200 square feet), driven by strong performance earlier in 2018. The year-to-date figure is -551,500 square feet for boroughs outside Manhattan. At same time, average rents held relatively steady, up just 0.4% from Q4 2017.

December 2018 starts on new non-residential buildings were at their lowest level since November 2017, in square footage terms. Citywide, construction began on 693,000 square feet of non-residential buildings. The decline in new construction from monthly averages over the last year was unusually broad-based, with no borough exceeding its prior year pace of new construction. Construction in Manhattan fell the most—its 83,000 new square feet in December 2018 was the least since December 2017.

Sources: CoStar Property; Dodge Data & Analytics



# TRANSIT & TOURISM



## TRANSIT & TOURISM SNAPSHOT

November's public transportation ridership—which includes subways and buses—fell 4.0% from last November. After regaining ground in October, subway ridership resumed its fall, down 2.6% from November 2017. Commuter rail ridership also fell from last year, dropping by 0.8%. Following its 2018 trend, bridge and tunnel use rose, increasing 1.6% this November compared to last year.

Broadway attendance continued to rise in November, up by 19% from the previous year. Increased attendance led to a 15.3% increase in Broadway revenues from last year and a 12% increase from October.

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

