

VOLUME 7 • 2018

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ECONOMIC Snapshot

A Summary of New York City's Economy



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HIGHLIGHTS



Private sector employment fell in June 2018, while unemployment held at a record low



The market value of NYC companies remained above 2017 levels



Housing price inflation slowed in June 2018



Office and hotel construction surged in Manhattan in June 2018



Local tourism continued to boom in May 2018

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EMPLOYMENT



EMPLOYMENT SNAPSHOT

Private sector employment slipped in June 2018, shedding 5,700 jobs, after strong growth the month before.¹ Further, government jobs fell by 500, resulting in a net loss of 6,200.

Finance and Insurance led June growth, adding 3,200 jobs—the sector’s highest month-to-month growth since April 2005. *Professional, Scientific, and Technical Services* and *Information* also had a strong month, adding 3,100 and 2,200 jobs, respectively. The month’s private sector job losses were concentrated in *Education*, a historically volatile sector that has seen jobs decrease by 10,000 since May. Other sectors with substantial losses were *Accommodation and Food Services* and *Administrative and Support and Waste Management and Remediation Services*, which lost 2,600 and 2,200 jobs, respectively.

The city’s unemployment rate was steady from May to June 2018 at 4.2%, the lowest on record since the data series began in 1976. This is slightly above the US rate of 4.0%, but lower than New York State’s 4.5%. All three areas have seen a decrease in the unemployment rate from June 2017, with the city experiencing the largest decline, falling from 4.7% a year ago. The city’s employment to population ratio remained at an all-time high of 58.3% for the fifth consecutive month. Wage growth remains somewhat subdued, with average weekly wages at \$1,211 in June 2018, just 0.19% higher than June 2017.

Monthly employment data are seasonally adjusted by OMB.

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

¹ *May 2018 private sector employment gains were revised up from 15,800 to 17,600.*



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	June 2018	May 2018		
FIRE	476	473	0.7%	0.9%
Finance & Insurance	343	339	0.9%	1.3%
Securities	181	178	1.6%	1.6%
Banking	103	103	0.3%	1.9%
Other	59	59	0.0%	-0.3%
Real Estate/Rental/Leasing	133	133	0.0%	-0.3%
SERVICES	2,594	2,603	-0.4%	2.3%
Information	199	197	1.1%	1.7%
Professional/Business	756	755	0.1%	1.8%
Professional/Scientific/Technical	429	426	0.7%	3.0%
Management of Companies & Enterprises	73	74	-0.4%	0.5%
Administrative	253	255	-0.9%	0.2%
Educational	247	257	-3.9%	1.1%
Health Care/Social Assistance	741	742	-0.2%	3.9%
Arts/Entertainment/Recreation	93	92	1.5%	6.0%
Accommodation/Food	365	368	-0.7%	1.5%
Other	192	192	0.0%	0.4%
TRADE	504	504	0.1%	1.5%
Retail	356	356	0.0%	1.5%
Wholesale	148	148	0.1%	1.4%
MANUFACTURING	72	72	-0.3%	-2.2%
TRANSPORTATION & UTILITIES	138	137	0.6%	0.0%
CONSTRUCTION	156	157	-0.2%	5.5%
TOTAL (PRIVATE)	3,940	3,946	0.1%	2.0%
GOVERNMENT	550	550	-0.1%	-0.4%
TOTAL (PRIVATE + GOVERNMENT)	4,490	4,496	-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 *Real Estate, Rental, & Leasing Industry*.



INDUSTRY SNAPSHOT

In June 2018, employment in the *Real Estate, Rental, & Leasing Industry* was flat from the prior month and relatively stable over the last year, down 400 jobs from June 2017. This low growth has been standard in the 131,000-worker industry over recent years.² Since 2009, employment in the industry has grown slowly and steadily every year, never rising above 3% annual growth. Wage growth in the industry has been stronger, with real wages up 23% since 2009.

The *Real Estate, Rental, and Leasing Industry* is dominated by *Lessors of Real Estate*, which accounts for over half of the jobs (68,200) within the industry. Lessors are companies that rent out residential and non-residential buildings or act as landlords. The subsector lost jobs in eight of the 12 years between 2000 and 2012, losing 7.2% of employment (or 5,000 jobs) over the span. In 2013, however, the subsector began to rebound, adding jobs for five straight years and pulling even with pre-recession employment levels.

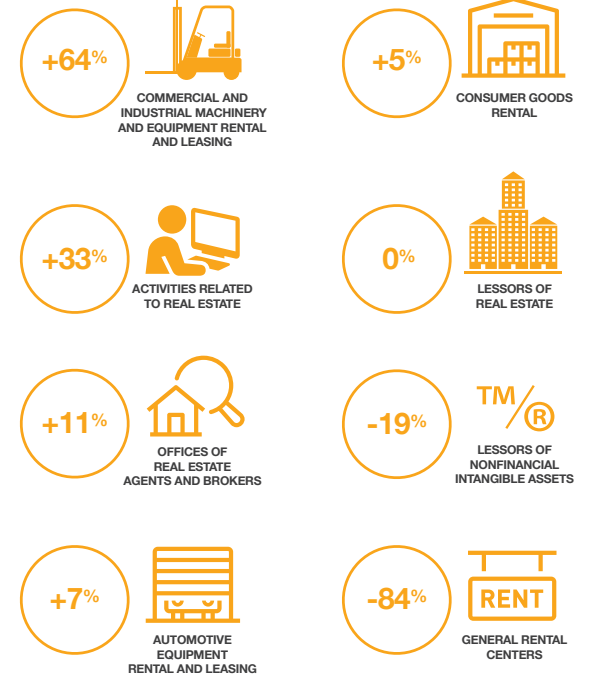
The next largest subsectors, which, together with *Lessors of Real Estate*, comprise over 90% of industry employment, have recently experienced far higher growth. *Activities Related to Real Estate*, which is composed of property managers and real estate appraisers, employs 37,400 workers in New York City. This subsector has seen steady, above-industry-average growth since 2002 in all years except one. Even during the recession, from 2008 to 2009, job growth remained positive (1.7%), while jobs in the industry overall fell by 3.1%. *Offices of Real Estate Agents and Brokers* is the smallest of the industry's three major subsectors, employing 14,300 in 2017. This subsector has experienced consistent job growth of at least 2% every year since 2011 and has the highest salary of these three major *Real Estate* subsectors, averaging \$132,700 in 2017.

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

² The estimate of 131,000 Real Estate, Rental, and Leasing Industry jobs in 2017 is derived from the Quarterly Census of Employment and Wages and differs from current monthly estimates, which are based on the more timely but less accurate Current Employment Survey.

REAL ESTATE, RENTAL, AND LEASING

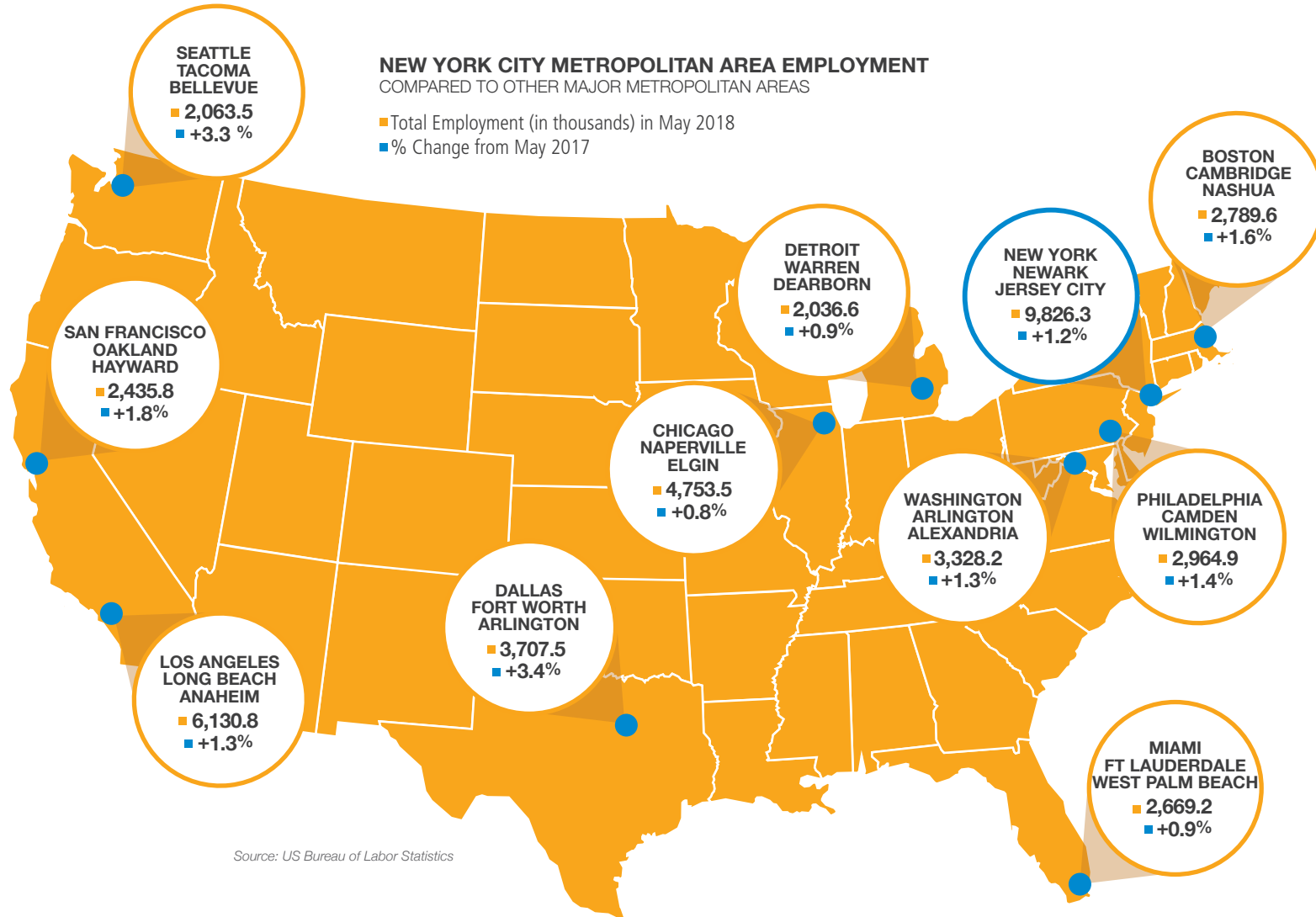
Employment Change
2008–2017





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 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 included in the S&P 500 that are also based in New York City, with performance weighted by market capital—the same methodology used by Standard & Poor's.

Q2 2018 Stock Market Index



FINANCE SNAPSHOT

After two strong quarters in our stock market index, the index fell by 5.0% in Q2 2018. This is the first quarter since Q4 2017—when we began gathering data—in which New York City lagged behind the national S&P 500, which rose 2.9% between Q1 and Q2 2018. Nevertheless, the New York City index remains 8.5% higher than the same time last year. Half of the 48 companies in our index saw their stock prices rise over the quarter, including MSCI Inc., a financial services firm associated with Morgan Stanley and the city's newest addition to the S&P 500.

Twenty-First Century Fox saw a dramatic increase in market capitalization as Comcast and Disney bid over key parts of its business, propelling its two units (class A and B shares) into the top 10 companies by market cap in the city, pushing out Goldman Sachs and BlackRock. Despite this, the city's top 10 firms saw stock prices fall by 4.8%, led by double-digit drops for Morgan Stanley, Bristol-Myers Squibb, and Philip Morris International.

Source: Yahoo Finance



HOUSING

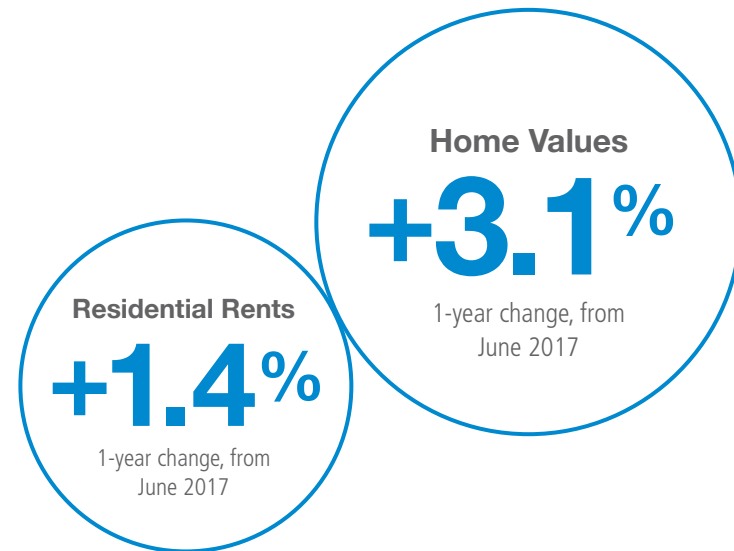


HOUSING SNAPSHOT

Median rent continued accelerating in June 2018, reaching \$2,819. The 1.4% increase represents the seventh consecutive month of rising year-over-year rent. Meanwhile, median housing price inflation slowed slightly in June 2018, with sales prices rising 3.1% from last year. This is compared to an average increase of 4.4% over the last 12 months.

In June 2018, residential construction in boroughs other than Manhattan bounced back from a May slowdown, with 2,289 housing units starting construction citywide. Brooklyn led the city for the second consecutive month, with 857 units starting construction, followed by Queens' 685 units, the Bronx's 468, Manhattan's 212, and Staten Island's 67. Manhattan was the only borough in which housing starts lagged the prior year's monthly average, continuing the downward trend since November 2017.

Sources: StreetEasy; Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (June 2018)

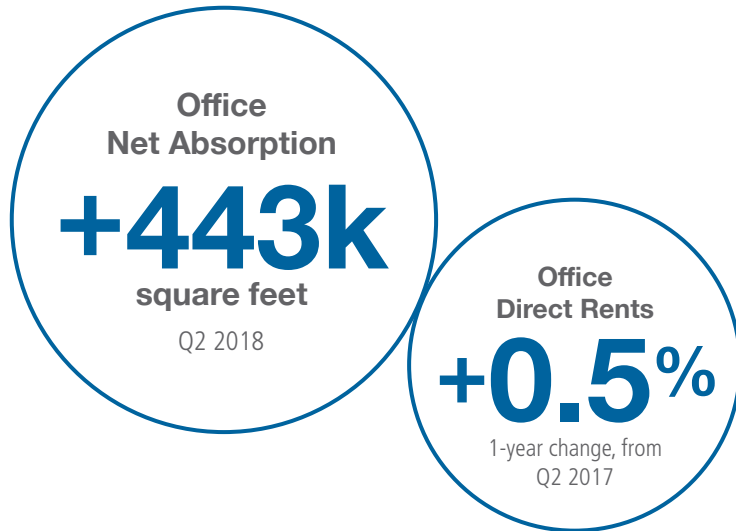
From prior-year monthly average

BRONX	+7.6%
BROOKLYN	+32.6%
MANHATTAN	-54.1%
QUEENS	+42.3%
STATEN ISLAND	+14.2%
TOTAL	+9.9%



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 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., June 2018)

From prior-year monthly average

BRONX	-76.3%
BROOKLYN	+32.6%
MANHATTAN	+473.5%
QUEENS	+69.8%
STATEN ISLAND	-51.2%
TOTAL	+218.6%



REAL ESTATE SNAPSHOT

The New York City office market exhibited mixed signals in Q2 2018. The Manhattan market, which accounted for 83.5% of the total inventory, continued to grow. Its net absorption, or change in occupied space, was up 1,468,980 square feet, the third consecutive quarter in which it added over a million square feet of occupied space. The vacancy rate was 8.1%, up 0.2% from Q1, due to increasing inventory. Average rents in Manhattan rose 0.7% from the previous year, reaching \$60.26 per square feet. Office markets in boroughs outside Manhattan, meanwhile, were weaker, with net absorption down 1,025,538 square feet. The vacancy rate rose 1.0% from Q1 to 8.7%. Compared to the previous year, average rents fell 1.0% to \$31.84 per square feet. Citywide, six buildings delivered 222,654 square feet in Q2 2018 with 74 buildings, and 20,414,175 square feet, under construction.

Manhattan led a citywide surge in non-residential construction in June 2018. More than 5.5 million square feet of non-residential construction started—a 473.5% jump from the previous year's monthly average. The majority of the growth was in office and hotel spaces. Non-residential construction in Queens and Brooklyn was also up, 69.8% and 32.6%, respectively, mostly due to school and hotel construction. Meanwhile, construction slowed in the Bronx and Staten Island.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Tourism indicators for New York City rose sharply in May 2018. Passenger traffic through the region's airports was up 7.6% from last year, the highest year-over-year growth since September 2016. International passenger transit led growth (up 9.6%), though the typically subdued domestic passenger traffic also rose 6.5% compared to May 2017, after an average 1.7% prior-year increase for each of the last 12 months. Broadway revenues saw their strongest showing since January 2018, rising 13.8% from May 2017. Commuter rail ridership remained positive over last year for the second month in a row, standing out from an otherwise negative 12 months, while the city's subway and bus ridership continued to fall.

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

