

VOLUME 6 • 2018

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



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HIGHLIGHTS



Private sector hiring bounced back in May 2018



Two big corporate acquisitions dominated the first quarter of 2018



New construction in Staten Island doubled over the previous year's average



Industrial occupancy decreased across the city



Commuter rail ridership rebounded in April 2018

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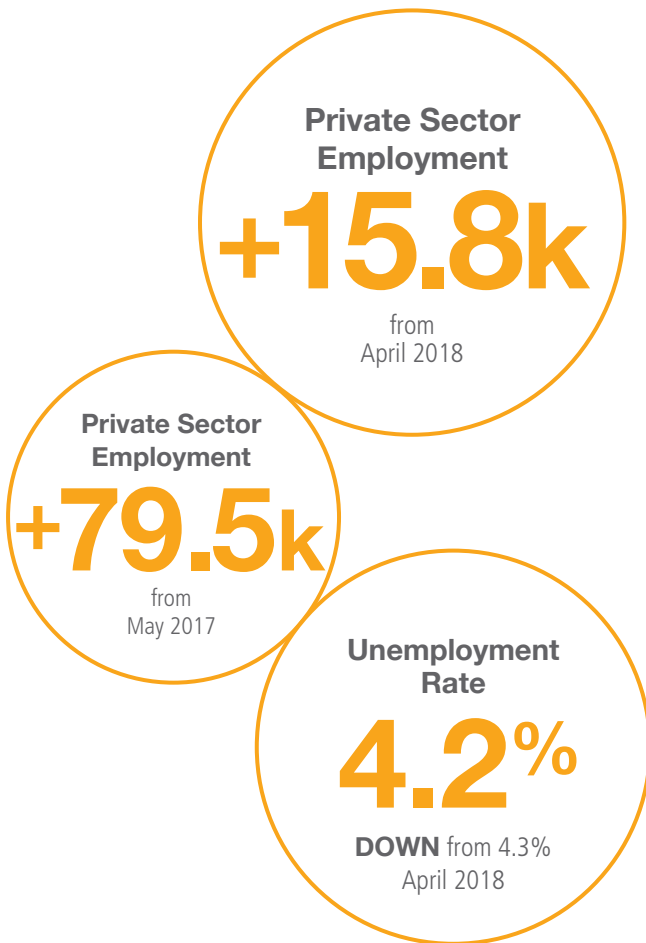
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ECONOMIC
Snapshot

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EMPLOYMENT



EMPLOYMENT SNAPSHOT

Private sector employment growth more than rebounded in May 2018. After losses of 4,500 private sector jobs over March and April, New York City added 15,800 jobs in May 2018.¹ *Professional, Scientific, and Technical Services* led employment gains, adding 4,500 jobs. *Health Care and Social Assistance* and *Accommodation and Food Services* followed, gaining 4,000 and 2,200 jobs, respectively. Job losses were led by *Administrative Services*, which lost 1,800 jobs after last month's losses of 3,500, and *Other Services*, which lost 700 jobs.²

The city's unemployment rate ticked down 0.1 percentage points in May 2018, to 4.2%, on par with the record low set over February and March 2018. Meanwhile, the US unemployment rate was 3.8% in May 2018. New York City's unemployment rate is down 0.4 percentage points from May 2017, when it was 4.6%, but wage growth has not kept pace—average weekly earnings are up just 0.4% from last year, after adjusting for inflation.

Monthly employment data are seasonally adjusted by OMB.

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

¹ March and April 2018 employment estimates were revised from negative to 1,800 and 3,800, respectively, to negative 1,300 and 3,200.

² The Administrative services sector includes Administrative and Support, and Waste Management and Remediation Services. Other services includes Repair & Maintenance, Personal & Laundry Services, Religious & Non-profit Organizations.



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	May 2018	Apr. 2018		
FIRE	473	471	0.5%	0.9%
Finance & Insurance	339	338	0.4%	0.9%
Securities	178	176	0.9%	0.2%
Banking	103	103	-0.1%	2.3%
Other	59	59	0.0%	0.3%
Real Estate/Rental/Leasing	134	133	0.6%	1.1%
SERVICES	2,600	2,589	0.4%	2.4%
Information	196	195	0.4%	-0.2%
Professional/Business	755	752	0.4%	2.1%
Professional/Scientific/Technical	425	421	1.1%	2.4%
Management of Companies & Enterprises	73	73	0.2%	0.7%
Administrative	256	258	-0.7%	2.1%
Educational	258	256	0.5%	2.7%
Health Care/Social Assistance	740	736	0.5%	4.0%
Arts/Entertainment/Recreation	92	91	0.5%	5.3%
Accommodation/Food	367	365	0.6%	1.1%
Other	193	194	-0.3%	1.4%
TRADE	504	502	0.3%	1.4%
Retail	356	356	0.1%	1.4%
Wholesale	147	147	0.5%	1.3%
MANUFACTURING	72	72	0.5%	-2.6%
TRANSPORTATION & UTILITIES	138	138	0.0%	-0.2%
CONSTRUCTION	157	156	0.6%	5.3%
TOTAL (PRIVATE)	3,944	3,928	0.4%	2.1%
GOVERNMENT	550	551	-0.1%	-0.4%
TOTAL (PRIVATE + GOVERNMENT)	4,494	4,479	0.3%	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 *Arts, Entertainment, and Recreation* industry.



INDUSTRY SNAPSHOT

Arts, Entertainment, and Recreation added 500 jobs in May 2018, reaching 91,800. Since May 2017, the industry has added 4,800 jobs, with almost all of that growth delivered by a blockbuster month in February 2018. The *Arts, Entertainment, and Recreation* industry is one of the smallest in the city, accounting for only 2.3% of all private sector employment, but it is central to the city's culture.

Arts, Entertainment, and Recreation has grown for six consecutive years, adding between 1,000 and 5,000 new jobs each year. In fact, the industry has grown almost constantly since 2000, only falling by 2% between 2001 and 2002, and then again between 2008 and 2009. Growth within the industry has been broad-based, spread across its three subsectors: *Performing Arts, Spectator Sports, and Related Industries*; *Amusement, Gambling, and Recreation Industries*; and *Museums, Historical Sites, and Similar Institutions*.

Amusement, Gambling, and Recreation, which employed 30,600 workers in 2016, is the fastest-growing among these subsectors, with 39% employment growth since 2011. About three-quarters of employment in the subsector is within *Fitness and Recreational Sports Centers*. A boom in the number of local gyms and sports clubs, which has grown by one-third since 2011, is responsible for much of this growth.

The largest subsector, *Performing Arts, Spectator Sports, and Related Industries*, which employed 39,900 workers in 2016, has grown by 19% since 2011. About half of those jobs are either in *Theater Companies* or are *Promoters of Events with Facilities*, which include major sporting and concert arenas. The industry's smallest subsector, *Museums, Historical Sites, and Similar Institutions*, with only 14,000 workers but many of the city's flagship cultural institutions, has grown at a similar rate since 2011.

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

ARTS, ENTERTAINMENT, AND RECREATION

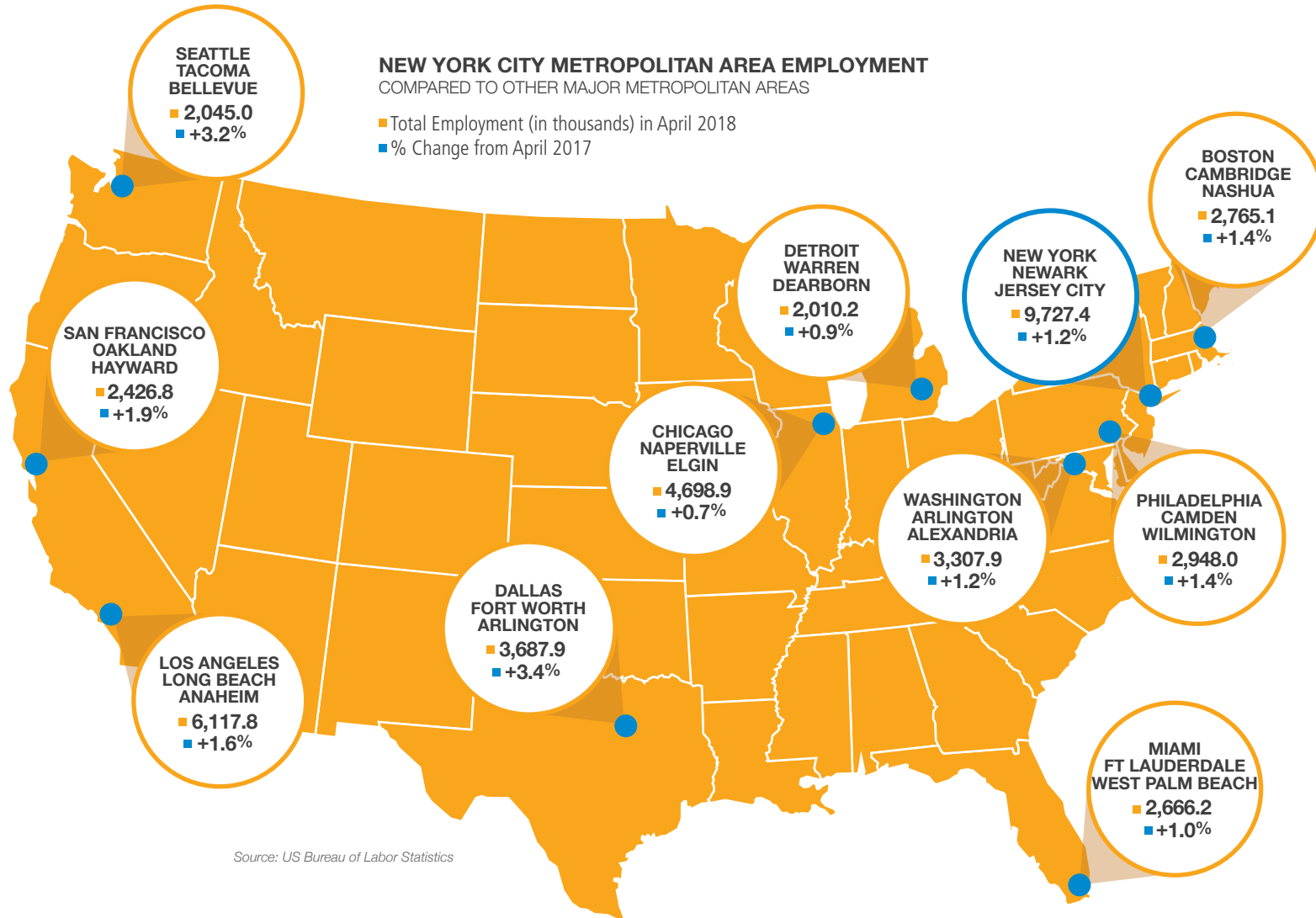
Employment Change
2011–2016





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.



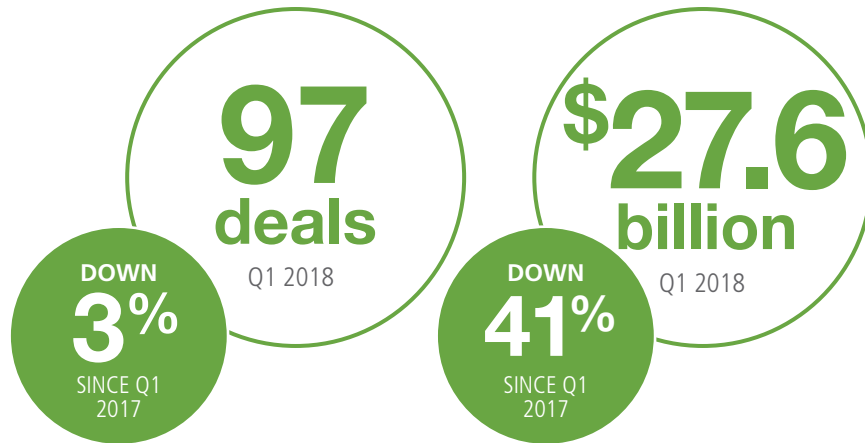
Source: US Bureau of Labor Statistics



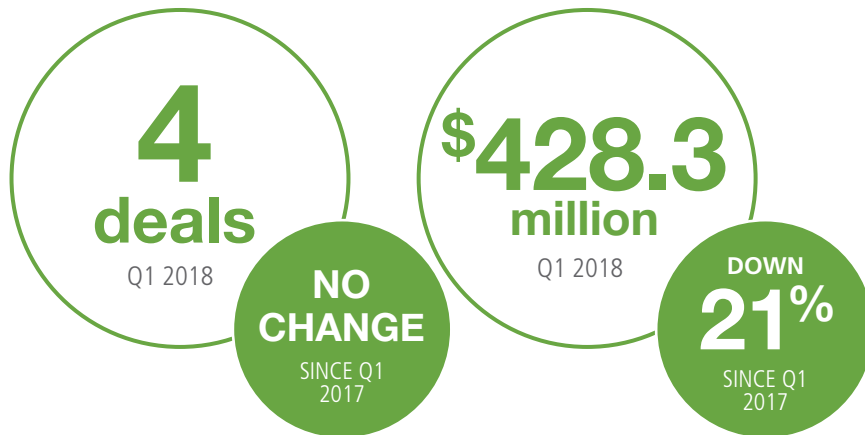
FINANCE

NYCEDC monitors financial activity in New York City, including venture capital financing, corporate finance, and the stock market, each of which is reported on a quarterly basis. This month we are reporting on corporate finance in the city, including measures of mergers and acquisitions and initial public offerings in the previous quarter.

Mergers and Acquisitions



Initial Public Offerings (IPO)



FINANCE SNAPSHOT

Mergers and Acquisitions had a mixed first quarter of 2018. First quarters are historically the year's highest in the number and size of deals. While this quarter of 2018 fell behind 2017, there was more capital invested than any other first quarter since 2009. Two announced \$10 billion deals, including acquisitions of Altice, a telecoms company, and HRG Group, a holding company, led the quarter's M&A activity. Other major acquisitions included two New York media companies. Time Inc. was acquired by Meredith, a Koch-owned media conglomerate, for \$2.8 billion, and Disney acquired the live-video firm BamTech for \$1.58 billion.

Four companies made their initial public offerings in the first quarter for a combined \$428.3 million, a total that is below long-run averages. The largest IPO was for One Madison, a capital investment and holding company, which raised \$300 million for a \$412.5 million valuation. Eyenovia, an ophthalmic device maker, raised \$27 million for a valuation just short of \$100 million.



HOUSING

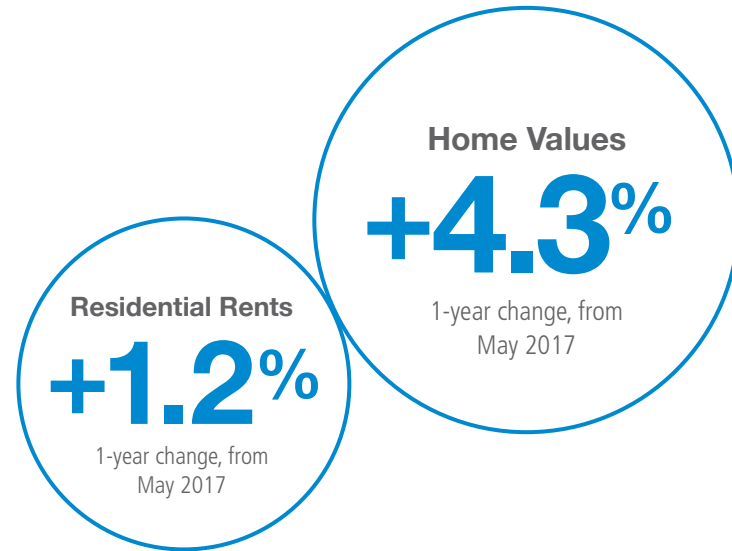


HOUSING SNAPSHOT

Median rent in New York City continued its upward trend in May 2018, reaching a record high of \$2,801. While rents had been stable through 2017, the rate of year-over-year increase has been rising for the last six months, and was at 1.2% in May. This is the fastest rate of annual increase since September 2016. Meanwhile, median housing prices reached \$658,366, a 4.3% increase from May 2017. This rate is on par with price increases over the last year.

Residential construction slowed in May 2018, after a four-month upswing. 1,533 housing units started construction citywide, with 41.1% of those located in Brooklyn. New construction in Staten Island doubled from the monthly average over the last 12 months, with 115 units starting construction. Meanwhile, residential construction fell below the prior year's monthly average across the Bronx, Queens, and Manhattan.

Sources: Dodge Data & Analytics; Streeteasy
(<https://streeteasy.com/blog/may-2018-market-reports/>)



UNITS STARTING CONSTRUCTION (May, 2018)

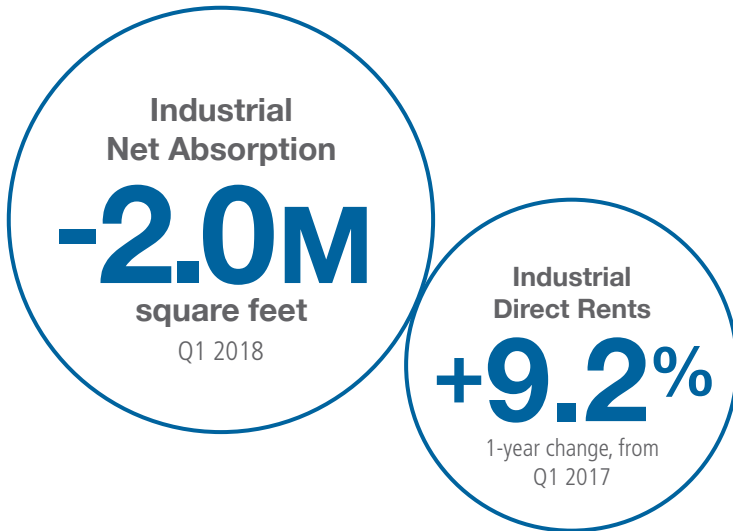
From prior-year monthly average

BRONX	-72.8%
BROOKLYN	+2.3%
MANHATTAN	-26.5%
QUEENS	-32.4%
STATEN ISLAND	+100.3%
TOTAL	-26.6%



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., May 2018)

From prior-year monthly average

BRONX	+70.6%
BROOKLYN	+65.3%
MANHATTAN	-90.0%
QUEENS	+56.5%
STATEN ISLAND	-47.4%
TOTAL	-25.7%



REAL ESTATE SNAPSHOT

The New York City industrial market lost tenants in the first quarter of 2018. Net absorption, or change in occupied space, fell by 2,011,471 square feet, after a drop of 683,203 square feet in the fourth quarter of 2017. At the same time, the vacancy rate rose to 5.6%. The decline was largely due to losses in the Brooklyn and Queens industrial market, of 1,033,625 and 799,873 square feet of occupied space, respectively. Despite this, average rents continued to rise, up 3.9% from last year, reaching \$20.46 per square foot. Two buildings delivered 37,276 square feet in the first quarter while 13 buildings with a total of 2,178,297 square feet were under construction.

Non-residential construction slowed in May 2018, down 25.7% from the prior year's monthly average. Manhattan saw the biggest drop, with its 99,000 square feet starting construction representing a 90% decrease from the last 12-month average and the least space among the five boroughs. This drop, together with a 47.4% decline in Staten Island, pulled the citywide total into negative territory.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

After five months of falling year-over-year ridership, regional commuter rails rebounded in April 2018. This bump—the first since October 2017—was driven by broad-based gains across the MTA's commuter rail lines, including Metro-North and Long Island Railroad. Declining subway and bus ridership continued in April. Broadway revenue made major gains in April. While attendance at shows was essentially unchanged, rising ticket prices pushed total revenue up 8.9% from last year.

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

