

VOLUME 3 • 2018

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ECONOMIC Snapshot

A Summary of New York City's Economy



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HIGHLIGHTS



Unemployment in New York City fell to a record low in February 2018



NYC-based public companies outperformed the national average in the fourth quarter of 2017



Construction on new housing spiked in Queens



The city's industrial real estate market exhibited mixed signals



Broadway attendance and revenue continued to rise

NYCEDC

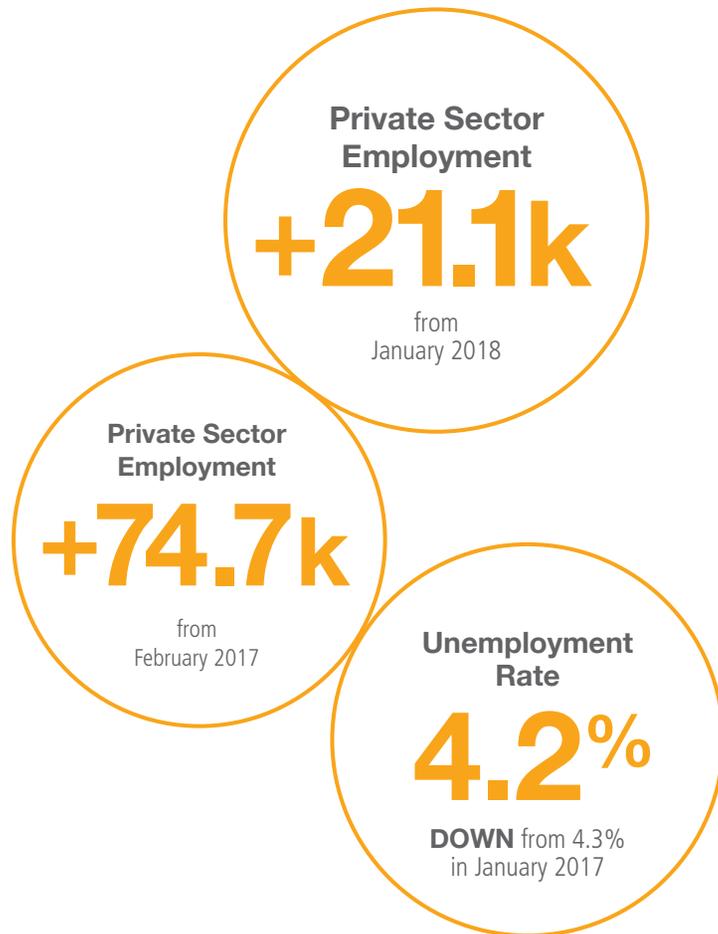
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ECONOMIC
Snapshot

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EMPLOYMENT



EMPLOYMENT SNAPSHOT

Private sector employment spiked in February 2018. The 21,100 job increase more than makes up for last month's drop of 6,700 private sector jobs. However, 46.0% of net growth was accounted for by *educational services*, a sector that historically has exhibited high volatility in monthly employment estimates and major subsequent revisions. Other sectors with strong employment gains in February 2018 were *health care and social assistance*, *arts and entertainment*, and *other services*.¹ The worst performing sectors were real estate, which lost 1,400 jobs, and *manufacturing*, which fell by 1,000.

Unemployment in New York City fell to a record low 4.2% in February 2018, down 0.1 percentage points from last month and 0.4 percentage points from last year. The city's trend is in keeping with the nation's; US unemployment was 4.1% in February 2018. The city's employment to population ratio ticked up 0.1 percentage points to 58.3%—a record high. Wage growth rebounded after last month's dip. Both hourly earnings and average hours worked rose slightly from February 2017, resulting in average weekly earnings rising 1.3%, 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 Other services includes Repair & Maintenance, Personal & Laundry Services, Religious & Non-profit Organizations



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)			
	Feb. 2018	Jan. 2018	Previous Month Change	Year-Over-Year Change
FIRE	472	473	-0.3%	1.1%
Finance & Insurance	339	339	0.0%	1.0%
Securities	178	178	0.2%	1.2%
Banking	102	102	-0.3%	1.4%
Other	59	59	-0.2%	-0.3%
Real Estate/Rental/Leasing	133	135	-1.1%	1.3%
SERVICES	2,590	2,568	-0.8%	2.4%
Information	196	196	-0.3%	0.3%
Professional/Business	754	752	0.3%	2.5%
Professional/Scientific/Technical	423	423	-0.1%	2.0%
Management of Companies & Enterprises	73	72	1.3%	1.8%
Administrative	258	257	0.5%	3.6%
Educational	258	248	3.9%	1.1%
Health Care/Social Assistance	733	728	0.6%	4.7%
Arts/Entertainment/Recreation	91	88	3.4%	1.1%
Accommodation/Food	366	366	0.1%	0.5%
Other	193	190	1.6%	1.3%
TRADE	499	499	0.1%	1.1%
Retail	353	353	0.1%	1.2%
Wholesale	146	146	0.0%	1.0%
MANUFACTURING	72	73	-1.3%	-2.6%
TRANSPORTATION & UTILITIES	139	139	0.2%	-0.2%
CONSTRUCTION	158	157	0.8%	4.6%
TOTAL (PRIVATE)	3,930	3,909	0.5%	2.0%
GOVERNMENT	551	552	-0.1%	-0.4%
TOTAL (PRIVATE + GOVERNMENT)	4,482	4,461	0.5%	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 health care and social assistance industry.



INDUSTRY SNAPSHOT

Health care and social assistance is New York City's largest industry, employing 732,800 as of February 2018. This accounts for 18.6% of the city's private sector, nearly double the size of *professional, scientific and technical services*—the city's next largest industry.

Historically, *health care and social assistance* has experienced consistent moderate growth. Between 2008 and 2012, the industry's employment grew steadily between 1.5% and 1.9% per year—only a slight slowdown from a pre-recession average of 2.0% between 2005 and 2007. Since 2012, however, the industry has gained steam, averaging 3.2% annual growth between 2013 and 2016.

While *health care and social assistance* has grown consistently as a whole, growth has not been evenly distributed within the industry's subsectors. Between 2012 and 2016, three-quarters of the industry's gains have come from its largest subsector—*ambulatory health care services*, which employs 253,900 workers and includes doctors' offices and medical labs. Within *ambulatory health care services*, growth has been concentrated in *home health care services*. Employment in *home health care services* has grown by 55.1%, to 130,200 jobs, since 2012.

While most of the industry's recent growth is in *ambulatory health care services*, other parts of the industry are growing as well. *Social assistance*, a subsector with 182,900 workers spanning *social services* and *child and elder care*, grew 9.2% since 2012. While employment growth in *hospitals*, which employs 151,600, has been slow over the last five years, only the industry's smallest subsector, *nursing and residential care facilities*, has lost jobs. Employment in that subsector fell by 1,200 to 68,100 between 2013 and 2016.

Despite strong employment in *health care and social assistance*, wages are among the lowest in the city. In 2016, the average wage was \$48,900, down 2.6% from 2012, after adjusting for inflation. This was the result of the changing composition of the sector's employment. While real wages rose for each subsector except *ambulatory health care services*, the increasing share of *home health care services* workers (whose average wage was \$25,100 in 2016) in that subsector pushed down its overall wages. Moreover, wages for *home health care services* workers fell 7.3% between 2012 and 2016, after adjusting for inflation. By comparison, wages for the highest-pay subsector, *hospitals*, rose 1.0% to \$81,200 over the same period.

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

HEALTH CARE AND SOCIAL ASSISTANCE

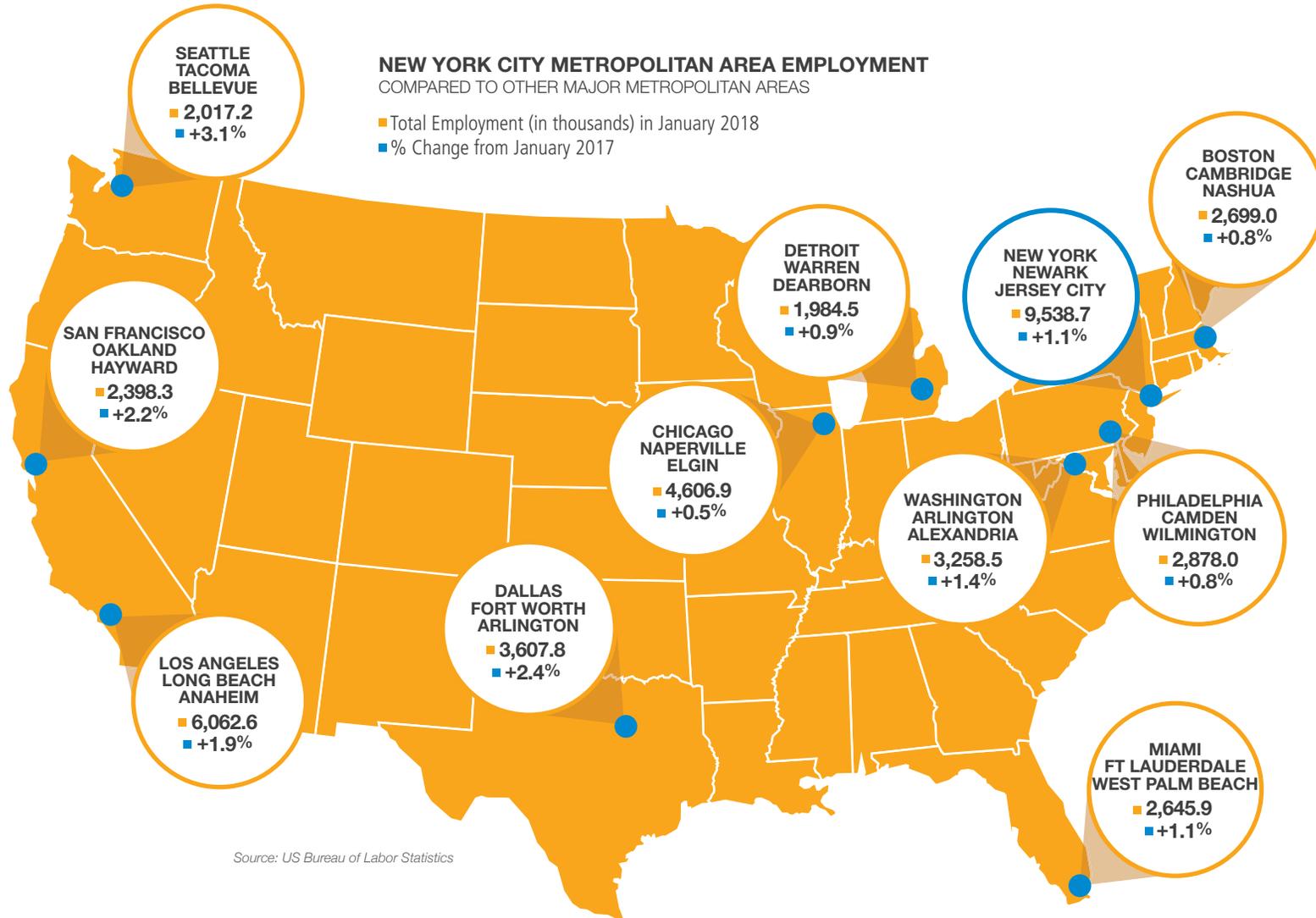
Employment Change
2012-2016





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 the stock market.

Our stock market index tracks the performance of New York City-based companies included in the S&P 500, which is made up of the largest public companies in the US. To calculate the index, we weight performance of companies' stock by market capital—the same methodology used by the S&P 500.



FINANCE SNAPSHOT

New York City's major public companies closed 2017 on a high note, with stock prices up 7.7% from the close of the third quarter of 2017. Meanwhile, the total S&P 500 rose 6.1% over that period. Stock prices of New York City-based companies rose each quarter of 2017, tallying up a 20.5% gain from last year, and beating the nationwide index by 1.1 percentage points.

Taken together, the city's 10 largest public companies by market capitalization outperformed the market as a whole, with stock prices up 9.1% between the third and fourth quarters of 2017, and up 24.3% over the previous year. Financial services companies led the pack, with Blackrock, JP Morgan Chase, American Express, and Morgan Stanley each gaining more than 10% quarter-to-quarter.

Source: Pitchbook; Yahoo Finance



HOUSING



HOUSING SNAPSHOT

Median rent in New York City was \$2,750 in February 2018, a 0.5% increase from February 2017. The annual increase is a slight acceleration from last month's 0.3% year-over-year gain. Rent increases have remained below 1% per year since November 2016. Housing prices, meanwhile, continued growing, up 4.9% from last year to \$663,830 in February 2018. However, this was 0.3% lower than prices in January 2018.

Residential construction rose in February 2018 with construction starting on 2,847 housing units. Queens led the upswing, with 1,234 units entering construction—43.3% of all units starting construction in the city. February's starts—the borough's highest level since December 2015—were concentrated in 12 new apartment buildings. The Bronx and Staten Island markets also gained over prior-year averages, adding 726 and 63 units, respectively. Meanwhile, Brooklyn and Manhattan lagged behind prior-year averages, with 298 and 526 units starting construction, respectively. This constituted the fewest new units in Manhattan since January 2017.

Sources: StreetEasy; Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (Feb. 2018)

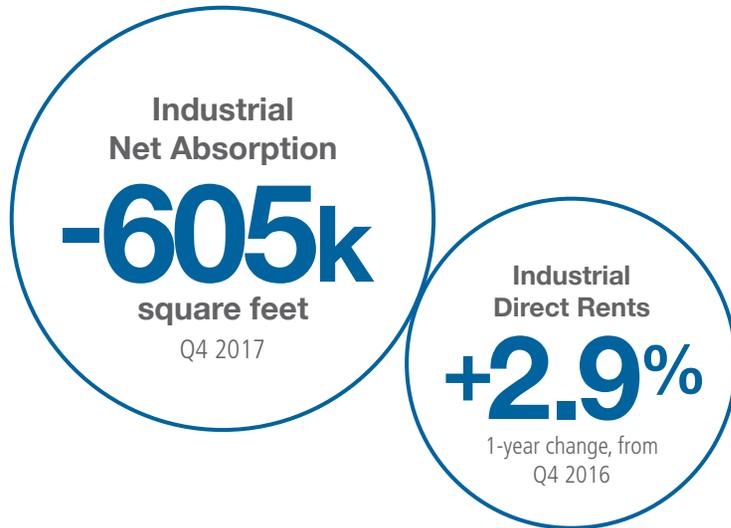
From prior-year monthly average

BRONX	+85.5%
BROOKLYN	-13.2%
MANHATTAN	-44.2%
QUEENS	+297.0%
STATEN ISLAND	+16.8%
TOTAL	+50.2%



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., Feb. 2018)

From prior-year monthly average

BRONX	-27.1%
BROOKLYN	-10.0%
MANHATTAN	+6.4%
QUEENS	-36.0%
STATEN ISLAND	-96.1%
TOTAL	-24.8%



REAL ESTATE SNAPSHOT

New York City's market for industrial real estate exhibited mixed signals in the fourth quarter of 2017. Net absorption, or change in occupied space, fell 605,416 square feet—the eighth consecutive quarter with negative net absorption for the sector. Average rent, meanwhile, continued its upward trend, reaching \$20.16 per square foot. This is a rise of 2.9% from the year prior. The *warehouse* submarket, which accounts for nearly 95% of all industrial inventory, led in the market, with rent up 2.6% from the end of 2016, though net absorption was down 618,415 square feet. Conversely, the *flex* market contributed a positive 12,999 square feet net absorption, but saw rents fall 5% year-over-year. Staten Island was the only market that balanced positive net absorption (28,643 square feet) and affordability; it remained the most affordable in the city at \$14.41 per square foot. Brooklyn remained the most expensive market for industrial tenants, with rents reaching \$22.26 per square foot in the end of 2017.

Non-residential construction fell again in February 2018 compared to the monthly average of the prior 12 months. The drop was concentrated in boroughs outside Manhattan, with Staten Island experiencing the most dramatic decrease. For the second month in a row, Manhattan was the only borough to see accelerating non-residential construction, with construction starting on 834,000 square feet—58.6% of the city's total. Office space and hotels accounted for the majority of new Manhattan construction projects.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Travel into and around the city started 2018 on a down. Passenger transit into and out of regional airports, and ridership on local transit systems were lower in January 2018 than in the same time last year. Lagging domestic travel pulled down air travel, while bus ridership fell faster than subway ridership in a continuation of recent years' trends. Meanwhile, Broadway continued its upward trend, seeing both attendance and revenue rise (up 7.5% and 22.6%, respectively) from January 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

