

VOLUME 5 • 2019

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



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INSIDE THIS VOLUME



Private sector employment made major, broad-based gains in April 2019



Venture capital funding had its strongest first quarter ever in New York City



Average rents continued to accelerate



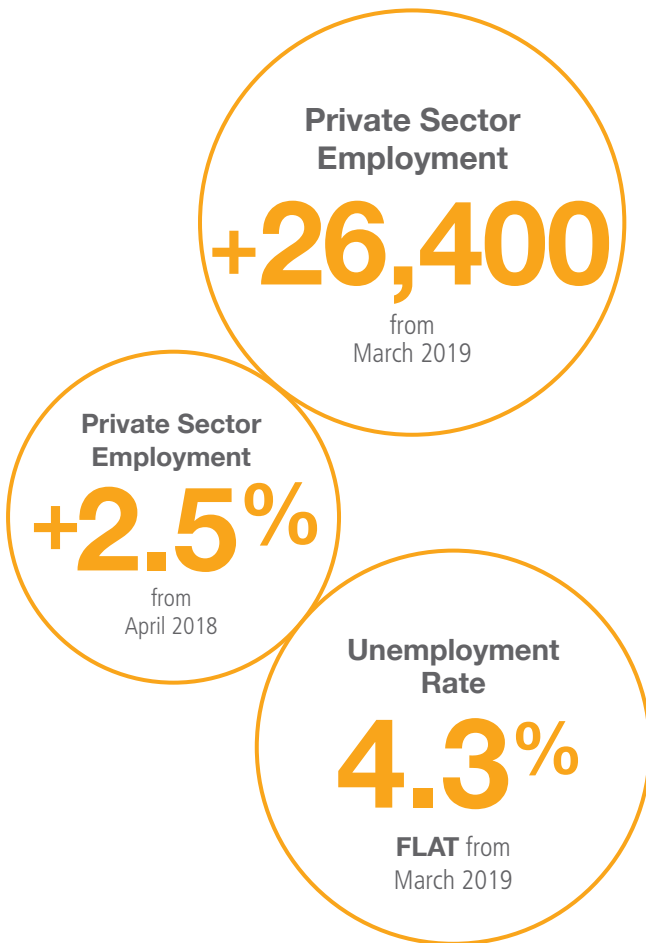
The retail market lost ground in Manhattan in the first quarter



Ridership on the region's mass transit continued to fall



EMPLOYMENT



EMPLOYMENT SNAPSHOT

New York City's private sector experienced a major surge in April 2019, adding 26,400 jobs. This strong growth was broad-based, with all but two sectors making gains (*Real Estate* fell by 1,000 and *Transportation & Utilities* lost 1,600 jobs). Several sectors experienced unusually strong growth: *Healthcare & Social Assistance* added 6,900 jobs, its third strongest month in the current data series, which records data back to 1990; *Administrative & Support Services* added 6,000 jobs, its second strongest month in the data series; and *Arts & Entertainment* grew by 4,500 jobs, its highest monthly gain since 1990. *Government* employment fell by 700. Revisions to last month's data were minor, removing 100 jobs for a private-sector gain of 6,000 in March 2019.

The city's unemployment rate remained at 4.3% in April 2019. This is on par with the unemployment rate last year. The US unemployment rate declined from 3.8% to 3.6%. A continued drop in average weekly hours worked pulled average wages down. New York City employees worked on average 33.7 hours per week in April 2019, 0.6 hours fewer than last year. As a result, despite a 1.2% increase in inflation-adjusted average hourly earnings to \$37.43, real average weekly earnings fell 0.5% from April 2018 to \$1,261.

Monthly employment data seasonally adjusted by NYC OMB.

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



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)			
	Apr. 2019	Mar. 2019	Previous Month Change	Year-Over-Year Change
FIRE	473	471	0.3%	0.6%
Finance & Insurance	342	340	0.7%	1.3%
Securities	181	180	0.6%	1.0%
Banking	102	101	1.4%	2.4%
Other	59	59	0.0%	0.2%
Real Estate/Rental/Leasing	130	131	-0.8%	-1.1%
SERVICES	2,712	2,688	0.9%	3.2%
Information	211	209	0.9%	5.6%
Professional/Business	780	774	0.9%	2.5%
Professional/Scientific/Technical	429	429	0.2%	2.4%
Management of Companies & Enterprises	73	73	0.1%	-0.5%
Administrative	278	272	2.2%	3.4%
Educational	257	256	0.1%	-1.2%
Healthcare/Social Assistance	792	785	0.9%	6.9%
Arts/Entertainment/Recreation	103	99	4.6%	9.5%
Accommodation/Food	370	367	0.7%	-1.6%
Other	199	198	0.5%	2.3%
TRADE	495	493	0.3%	1.0%
Retail	355	354	0.1%	1.7%
Wholesale	140	139	0.8%	-0.5%
MANUFACTURING	69	69	0.2%	-3.2%
TRANSPORTATION & UTILITIES	144	145	-1.1%	1.8%
CONSTRUCTION	163	162	0.7%	3.0%
TOTAL (PRIVATE)	4,055	4,029	0.7%	2.5%
GOVERNMENT	593	593	-0.1%	1.4%
TOTAL (PRIVATE + GOVERNMENT)	4,648	4,622	0.6%	2.3%

Note: Numbers may not add to totals due to rounding.



EMPLOYMENT

National Infrastructure Week took place in May, so in this volume we'll be looking into the Construction industry, with a deep dive into the Heavy & Civil Engineering Construction subsector.



INDUSTRY SNAPSHOT

As of April 2019, there are 163,200 workers in the *Construction* industry. The industry gained 1,200 jobs from March 2019 and 4,700 from last year.

From 2013 to 2017, employment in the *Construction* industry grew by 29,500 jobs, an increase of 25.1%. This is much faster than the 12.2% growth experienced by the city's overall private sector during the same period. The *Construction* industry has seen continuous employment growth since falling to a post-recession low of 108,000 in 2011. Average annual employment was 147,000 in 2017, well above the pre-recession peak of 128,800.

In 2017, the annual average wage in the *Construction* industry was \$80,460. From 2013 to 2017, real annual average wages in the industry grew by 5.5%. This growth rate falls behind the private sector's rate of 6.3%, however, and this industry's average wages are below the private sector's 2017 average of \$93,100.

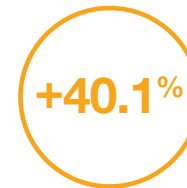
The *Heavy & Civil Engineering Construction* subsector, which includes *Utilities Construction, Land Subdivision, Highway, Street, & Bridge Construction, and Other Infrastructure-related Construction*, is the industry's smallest of three subsectors. In 2017, it employed 8,800 workers—6.0% of all construction jobs. It is also the industry's slowest-growing subsector, with employment up just 5.1% from 2013. However, it is the highest-paid subsector, with the average *Heavy & Civil Engineering Construction* worker taking in \$117,394 in 2017.

Highway, Street, & Bridge Construction is the largest subsector within *Heavy & Civil Engineering Construction*, employing 4,000 workers. Between 2013 and 2017 employment in this subsector rose by 20.6%, or 700 jobs. This is slightly slower than *Utility System Construction*, which grew 22.1% over the same period to 2,900 jobs in 2017.

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

CONSTRUCTION

Employment Change
2013-2017



CONSTRUCTION
OF BUILDINGS



SPECIALTY TRADE
CONTRACTORS



HEAVY & CIVIL
ENGINEERING
CONSTRUCTION

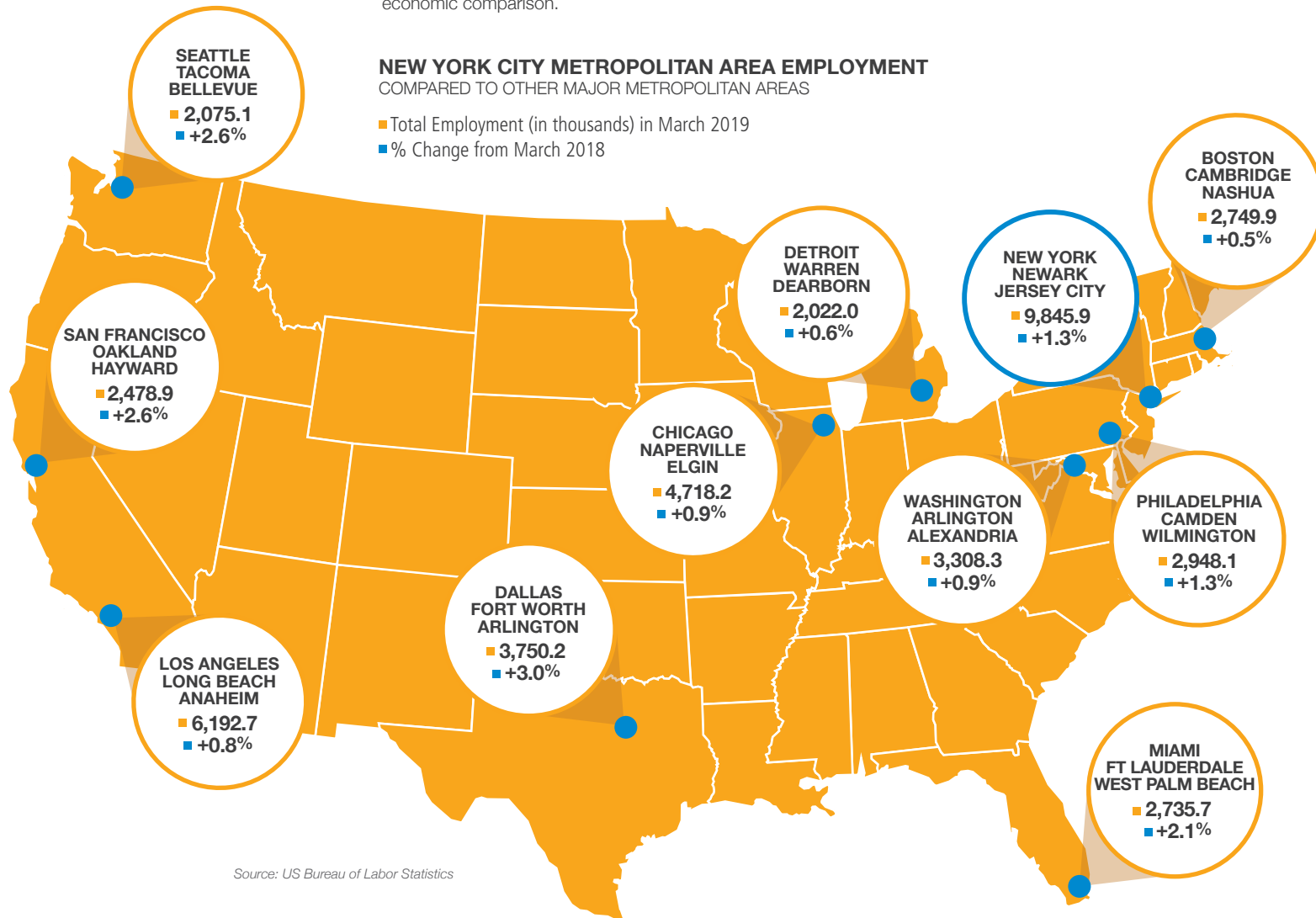


EMPLOYMENT

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 March 2019
- % Change from March 2018



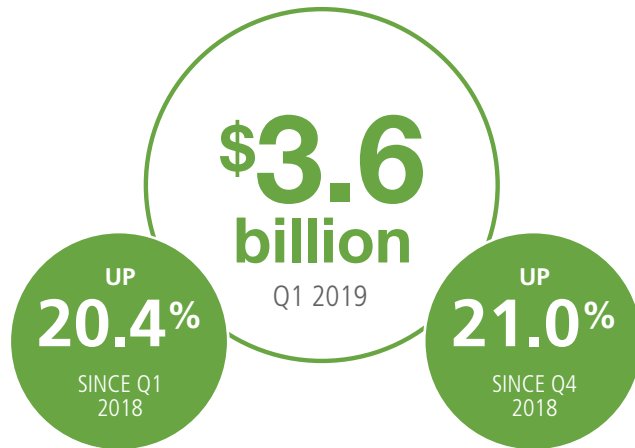
Source: US Bureau of Labor Statistics



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 venture capital.

Venture Capital Financing



Venture Capital Deals



FINANCE SNAPSHOT

Venture Capital investment in NYC companies had a strong quarter in Q1 2019, as companies headquartered in NYC received \$3.6 billion in VC funding during the quarter, a 20.4% increase from Q1 2018. This is the strongest first quarter in the current dataset, which goes back to 2000. Investment was 21.0% higher than the Q4 2018 total. There were 258 deals recorded in the quarter, up from 240 deals in the previous quarter, but below last year's 393 deals.

Of the 258 deals, seven exceeded \$100 million. These were led by Knock, a real estate services company that received \$400 million in their Series B round. This is the second straight quarter that startups aiming to simplify real estate transactions received the highest level of financing. This could signal an emerging sector with high demand among both consumers and investors.

Source: Yahoo Finance



HOUSING



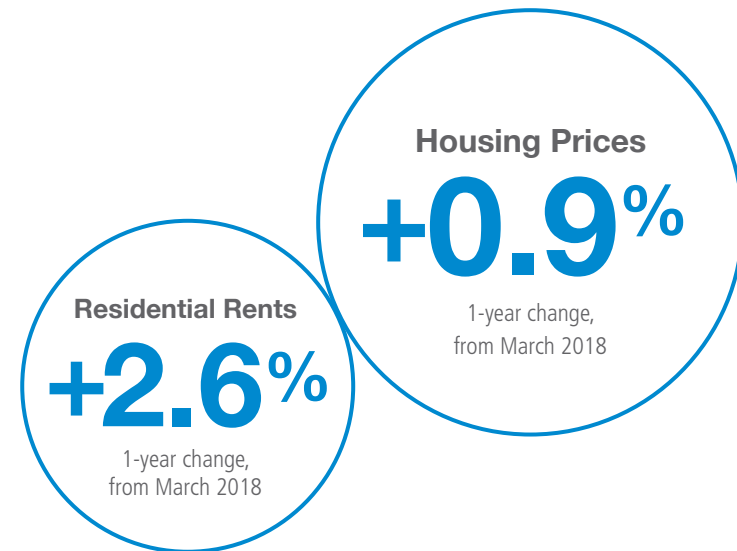
HOUSING SNAPSHOT

In March 2019, average rent in New York City rose 2.6% from last year—the highest rate of inflation since May 2016. This is the 15th consecutive month of accelerating average rent inflation. At the same time, home price growth slowed, rising just 0.9% from the prior year—one of the lowest growth rates since the beginning of 2017.

Housing construction fell slightly over the 12-month period ending in April 2019, down 1.5% from the prior year. Three boroughs—the Bronx, Manhattan, and Queens—saw falling new housing construction from the prior year, while Brooklyn propped up citywide construction numbers. In April alone, 732 units started construction in Brooklyn.

Source: StreetEasy; Dodge Data & Analytics - New York, NY - 877-784-9556

Starting in Volume 2 2019, Dodge construction index has been revised to reflect changes of rolling annual sums. Please note that Dodge data is preliminary and subject to revision.



HOUSING UNITS STARTING CONSTRUCTION

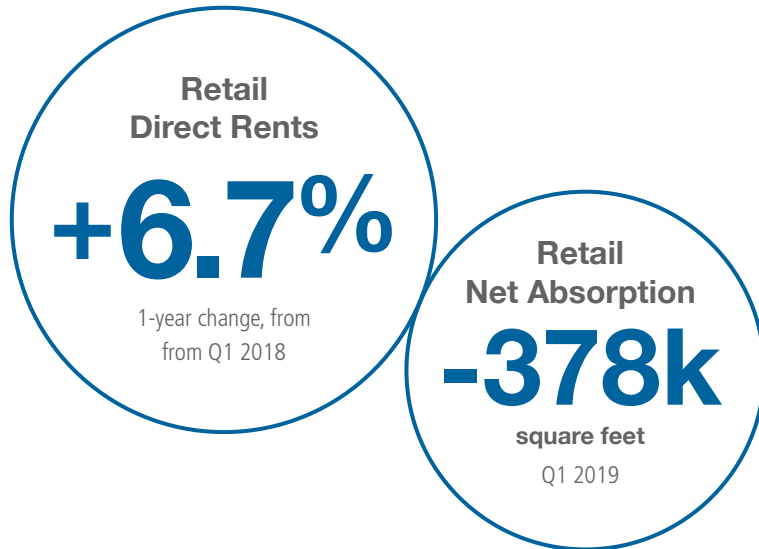
Annual change, 12 months ending April 2019

BRONX	-31.3%
BROOKLYN	+48.8%
MANHATTAN	-23.5%
QUEENS	-18.7%
STATEN ISLAND	+13.4%
TOTAL	-1.5%



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 retail 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.)

Annual change, 12 months ending April 2019

BRONX	-10.1%
BROOKLYN	+56.0%
MANHATTAN	-22.6%
QUEENS	+3.1%
STATEN ISLAND	-73.3%
TOTAL	-14.1%



REAL ESTATE SNAPSHOT

The amount of occupied space in New York City's retail market fell by 377,541 square feet in the first quarter of 2019. As a result, the citywide vacancy rate increased to 3.8%—up 0.2 percentage points from Q4 2018. Manhattan led the boroughs in both the loss of occupied square footage and rising vacancy, experiencing its third consecutive month of falling occupied space. Average rents, however, saw rapid growth of 6.7% from Q1 2018. This trend was most pronounced in Manhattan. Citywide, 13 buildings delivered 258,406 square feet in the beginning of 2019. Meanwhile, 102 buildings of 5,881,392 square feet were under construction, among which, 19 buildings of 2,282,857 square feet were in Manhattan.

Non-residential construction dropped 14.1% citywide during the 12-month period ending April 2019. The decline was fairly broad-based, with only Brooklyn greatly exceeding prior-year averages (Queens non-residential construction totals were slightly positive over the same period). In April alone, 372,000 square feet kicked off in Brooklyn, the most of any borough and Brooklyn's highest total since October 2018.

Sources: CoStar Property; Dodge Data & Analytics, New York, NY 877-784-9556



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Ridership on mass transit in the New York region fell from March 2018 to March 2019. The only exception was the Long Island Rail Road, which saw ridership increase 1.4% over that period, though ridership is still below March 2017 levels. Automotive traffic across the region's bridges and tunnels, meanwhile, surged 5.8% from March 2018—the highest year-over-year increase since March 2016 and 21st consecutive month of increase. Broadway revenue rose 1.2% from last year—its lowest rate of growth since October 2017. Attendance rose, but its 7.4% growth was still the lowest rate of year-over-year growth since July 2018. Subway and bus ridership in New York fell from March 2018 to March 2019. Meanwhile, commuter rail saw an increase in ridership by 1.4% over the same period, remaining below March 2017 ridership levels.

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

TOURISM CHANGE COMPARED TO 2018



TRANSIT CHANGE COMPARED TO 2018

