

VOLUME 11 • 2018

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



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HIGHLIGHTS



Total employment in NYC reached a record high in October 2018



Seven NYC-based companies received over \$100 million in VC funding in Q3 2018



September was the ninth consecutive month of year-over-year residential rent increases



Manhattan retail hit its highest vacancy rate in a decade



Broadway revenues again reached new highs



EMPLOYMENT



EMPLOYMENT SNAPSHOT

New York City's private sector employment growth remained strong in October 2018, adding 9,600 jobs. This performance followed September's dramatic gain of 22,000 jobs.¹ *Health Care and Social Assistance* added 2,700, the most of any sector. This was followed by *Other Services* and *Professional, Scientific, and Technical Services*, which added 2,400 and 2,100 jobs, respectively. Sectors that lost jobs experienced minimal declines as *Real Estate and Rental and Leasing* and *Information Services* each lost 700 jobs—the biggest drops of any sector.

The unemployment rate remained at 4.0% in October 2018—an all-time low reached last month. Despite a strong labor market, wages appeared to fall last month. Average hourly wages fell 0.2% from October 2017, after adjusting for inflation. At the same time, average hours worked fell from 34.5 per week to 33.9. As a result, average weekly wages fell 1.9% from last year to \$1,231. This is the largest year-over-year wage drop since November 2016.

Monthly employment data are seasonally adjusted by OMB.

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

¹ September 2018 private sector gains were revised down from 24,500.



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	Oct. 2018	Sep. 2018		
FIRE	473	474	-0.2%	-0.2%
Finance & Insurance	339	340	-0.1%	0.3%
Securities	178	178	0.0%	0.1%
Banking	103	103	-0.3%	1.5%
Other	58	59	-0.3%	-1.2%
Real Estate/Rental/Leasing	133	134	-0.5%	-1.5%
SERVICES	2,637	2,630	0.3%	2.5%
Information	197	198	-0.4%	-0.3%
Professional/Business	760	758	0.2%	1.5%
Professional/Scientific/Technical	430	428	0.5%	2.4%
Management of Companies & Enterprises	73	74	-0.8%	-0.5%
Administrative	256	256	0.0%	0.5%
Educational	257	257	0.1%	2.5%
Health Care/Social Assistance	760	757	0.4%	4.5%
Arts/Entertainment/Recreation	96	95	1.5%	5.5%
Accommodation/Food	370	370	0.0%	1.5%
Other	197	195	1.2%	2.6%
TRADE	499	498	0.2%	0.6%
Retail	355	353	0.4%	0.8%
Wholesale	145	145	-0.2%	0.1%
MANUFACTURING	72	72	-0.4%	-0.1%
TRANSPORTATION & UTILITIES	139	137	1.4%	-1.6%
CONSTRUCTION	158	158	0.2%	2.7%
TOTAL (PRIVATE)	3,978	3,968	0.2%	1.7%
GOVERNMENT	550	550	0.0%	-0.1%
TOTAL (PRIVATE + GOVERNMENT)	4,528	4,518	0.2%	1.5%

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 looking into the Repair and Maintenance, Personal Care Services, and Dry Cleaning and Laundry Services subsectors within the Other Services Industry. Next Month, we'll look into the Religious, Grantmaking, Civic, Professional, and Similar Organizations Sector of the same Industry.



INDUSTRY SNAPSHOT

In October 2018, employment in the *Other Services*¹ Industry gained 2,400 jobs from the previous month, the second largest employment gain of any industry during the month. In the past 12 months, the industry has experienced strong employment growth, gaining 5,000 jobs.

Other Services accounted for 174,255 jobs in New York City in 2017, representing 4.7% of private sector employment. Employment in the sector is the highest since our data begins in 2000. Jobs in these sectors grew by 1.3% from 2016 to 2017. This modest gain falls below the strong and consistent growth from 2011 until 2015 when employment grew by between 3% and 4% every year.

Personal Care Services is the fastest growing subsector in the industry and represents hair, nail, and skin care, and diet services. Between these services, there are over 31,000 people employed in New York City, and employment grew 26% between 2013 and 2017. Unfortunately, high employment doesn't mean strong wages. This subsector has the second lowest wages in the industry, with the 2017 average annual wage less than \$25,000. Real wages fell 3.2% between 2013 and 2017. The only subsector with lower wages in the industry is *Dry Cleaning and Laundry Services* with an annual average wage of \$23,747, but unlike *Personal Care Services*, wages grew by 2.1% from 2013 to 2017.

Another subsector in the industry is *Repair and Maintenance*, which includes automotive, electronics, and machinery. With almost 15,000 jobs in 2017, the subsector stagnated between 2015 and 2017, but prior to that grew between 2% and 3% annually since 2010. Over two-thirds of the subsector is in automotive maintenance, where employment grew 8% between 2013 and 2017. Wages in *Repair and Maintenance* are also modest, at \$36,637 per year, although they are growing, with real wages improving by 6.8% between 2013 and 2017.

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

¹The Entire Other Services Industry, inclusive of Religious, Grantmaking, Civic, Professional, and Similar Organizations

OTHER SERVICES (Not including religious, grantmaking, civic, professional, and similar organizations)

Employment Change
2013–2017



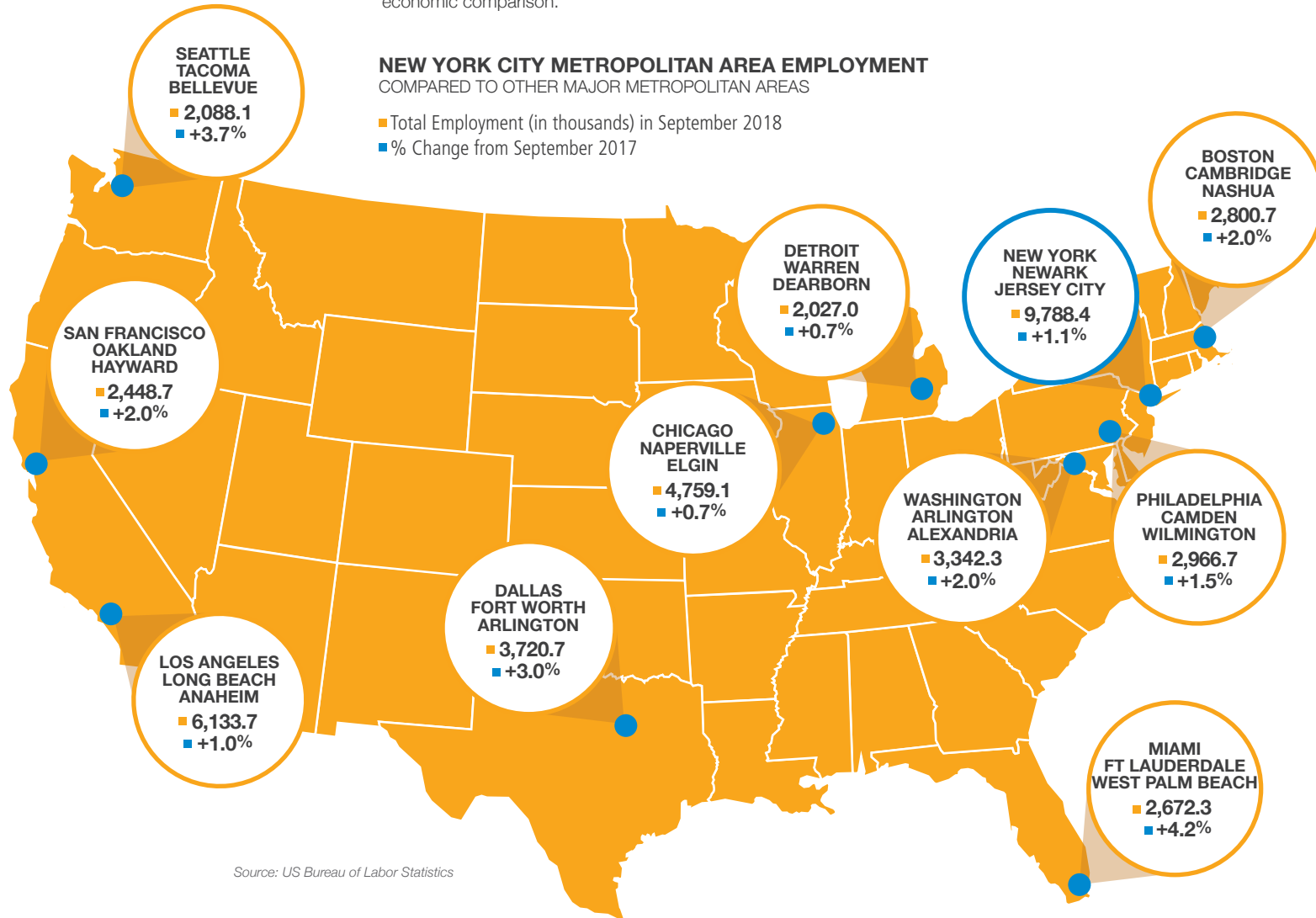


EMPLOYMENT

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.

NEW YORK CITY METROPOLITAN AREA EMPLOYMENT COMPARED TO OTHER MAJOR METROPOLITAN AREAS

- Total Employment (in thousands) in September 2018
- % Change from September 2017

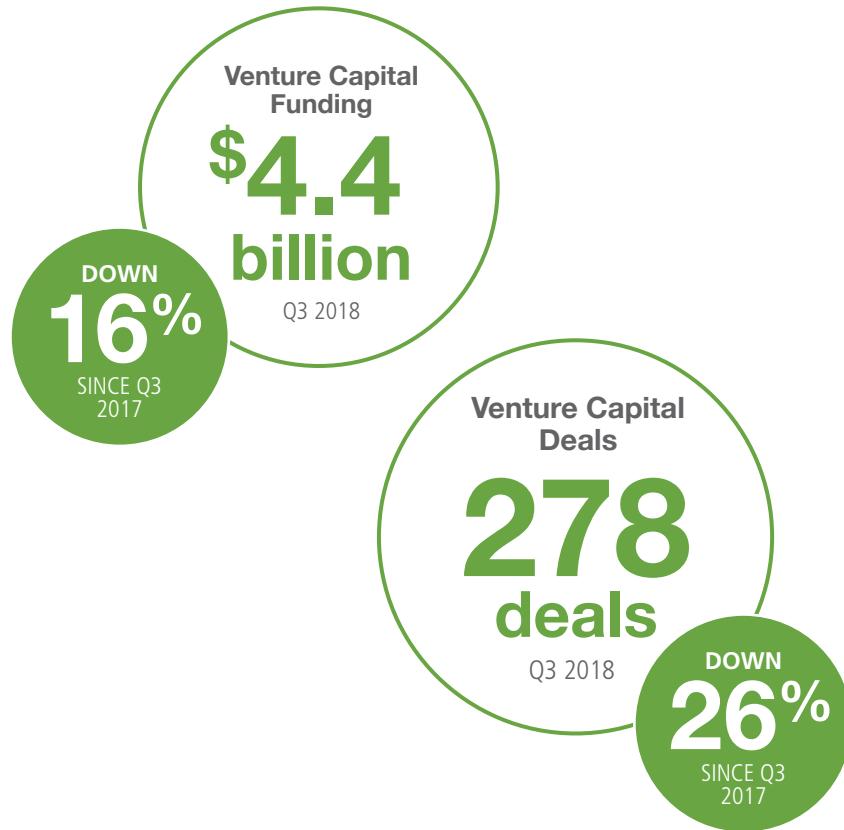


Source: US Bureau of Labor Statistics



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 venture capital in the city. Venture capital data is continually updated, so current estimates for a time period may not align with those in the past.



FINANCE SNAPSHOT

With almost \$4.4 billion in venture capital spent on New York City-based companies, Q3 2018 was the second highest quarter for VC funding in New York City since at least before 2000, behind only Q3 2017. Unlike last year, when a single \$3 billion deal for WeWork accounted for over half of VC funding in the city, many companies received strong funding during the current quarter. Only 278 VC deals have been reported so far, however, putting this quarter on track to have the lowest number of deals in a quarter since 2012.

Of those 278 deals, seven companies received over \$100 million in funding, including Peloton, an in-home fitness equipment seller, and Letgo, a marketplace for buying and selling local goods, which each received over half a billion dollars. The list of businesses with major deals is diverse and includes Compass, a real estate platform; Oscar, an online health insurance provider; MediaMath, a business-facing marketing company; Convene, which leases corporate and event spaces; and Boxed, a wholesale delivery company.

Source: Pitchbook



HOUSING

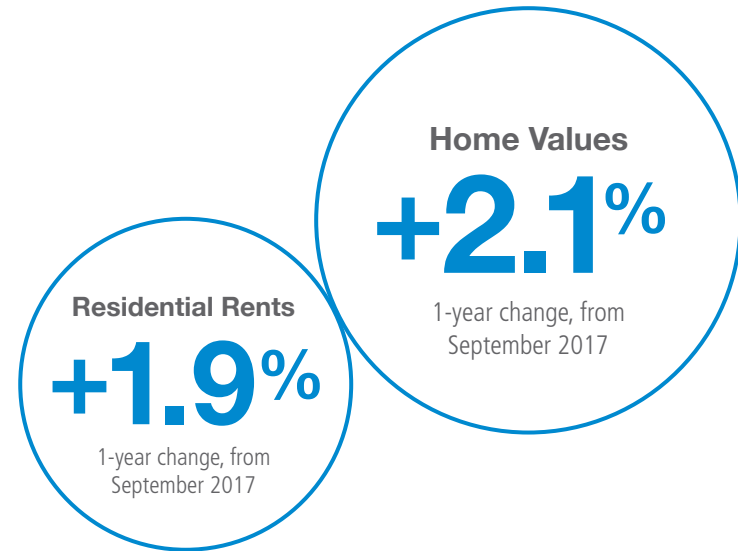


HOUSING SNAPSHOT

Residential rent increases continued accelerating in September 2018. Citywide rents rose 1.9% from last year to \$2,845. This represents the ninth consecutive month of rising year-over-year rent hikes. Housing price inflation, meanwhile, slowed considerably in September 2018, up just 2.1% from the prior year. This is the slowest growth rate since March 2017.

Residential construction remains slow across the city, as only Staten Island saw an increase in units breaking ground compared to last year. Those 64 new units represent a 6.2% increase from last year's total, but they make up a small portion of the city's total residential starts. Across the city, there were 1,655 housing units beginning construction in October and, while this is down 24.4% from last year, it is a tick-up from September's 1,364.

Sources: StreetEasy; Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (Oct. 2018)

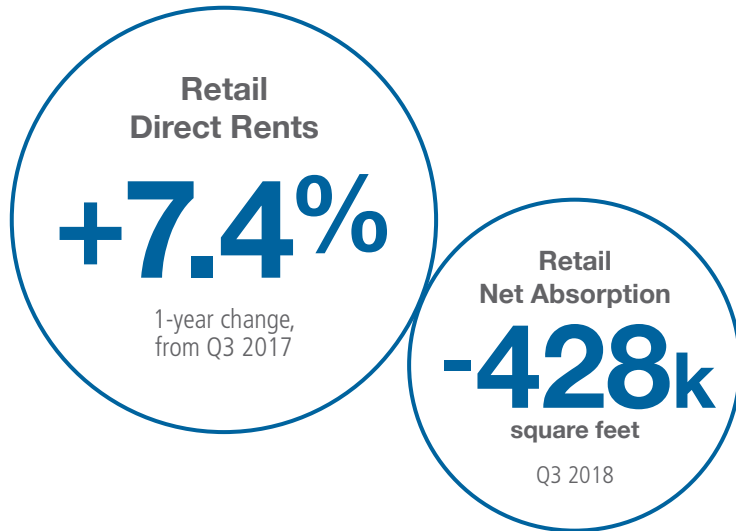
From prior-year monthly average

BRONX	-53.4%
BROOKLYN	-10.6%
MANHATTAN	-29.4%
QUEENS	-20.5%
STATEN ISLAND	+6.2%
TOTAL	-24.4%



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., Oct. 2018)

From prior-year monthly average

BRONX	-95.8%
BROOKLYN	+114.2%
MANHATTAN	-89.4%
QUEENS	+148.4%
STATEN ISLAND	-98.3%
TOTAL	-17.7%



REAL ESTATE SNAPSHOT

The New York City retail market appeared to soften in Q3 2018 even as rents rose. Total occupied retail space—or net absorption—fell by 428,000 square feet, with every borough except for the Bronx seeing a decline. As a result, the vacancy rate rose citywide. In Manhattan, vacancy reached 4.2%, up from 3.3% last year and the highest vacancy in at least 10 years. The uptick was more subdued in the other boroughs, where vacancy rose 0.4 percentage points to 3.6% in Q3 2018. Nevertheless, citywide average rents rose from \$56.08 per square foot in Q3 2017 to \$60.23 this year. Manhattan rents rose 13.8% from last year, while those in other boroughs rose just 3.6%.

Non-residential construction was a tale of two cities in October, as Brooklyn and Queens saw sky-high construction starts with both boroughs more than doubling the amount of space beginning construction over last year. The Bronx, Staten Island, and Manhattan, however, found new construction stalling almost to a standstill. In the Bronx, construction began on about 3,000 square feet of non-residential space—the lowest of any month since 2016.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

September marked another month of strong tourism for New York City. Broadway attendance increased by 10.1% from September 2017, with 111,037 more people enjoying the magic of Broadway this year. The increased attendance was accompanied by a 16.7% increase in revenue. Airport traffic is also on the rise as 11.1 million passengers flew into New York City in September; a 5.1% increase from last year.

Local transit, however, is seeing declining ridership by all measures. NYC public transportation continues to see a decline in ridership, as MTA subway and bus ridership fell 6.0% from last September. Ridership continues to fall outside of the city as well; commuter rail ridership fell by 2.7% 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

