

VOLUME 9 • 2018

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



FINANCE



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HIGHLIGHTS



Unemployment reached a record low in August 2018



Two megamergers were recorded in the second quarter of 2018



Residential construction continues rising in Brooklyn



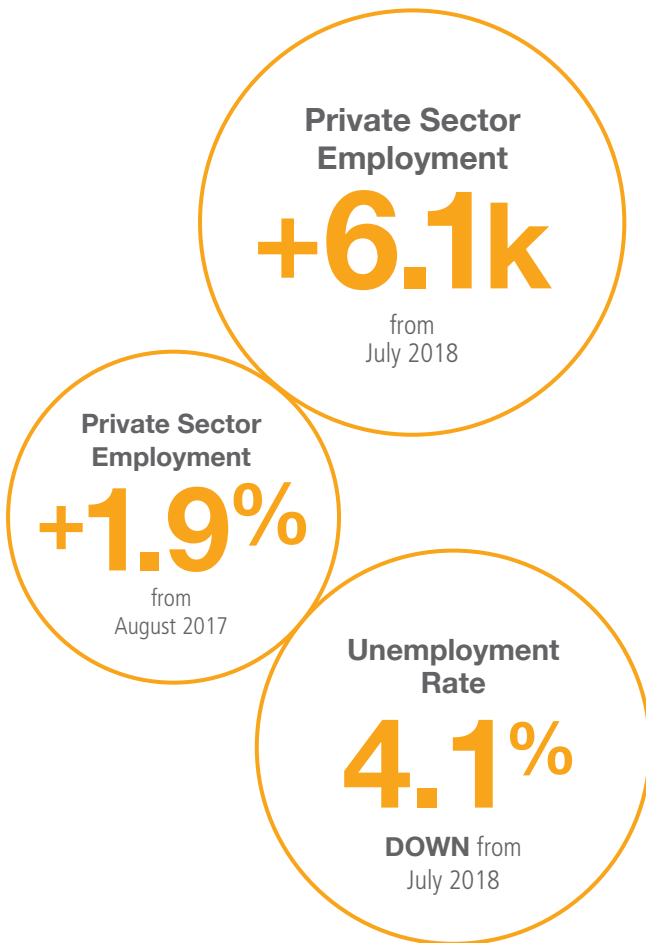
New York City's industrial market slackened in the second quarter



Measures of local tourism continued rising in July 2018



EMPLOYMENT



EMPLOYMENT SNAPSHOT

Private sector employment in New York City made moderate gains in August 2018. After two months of decline, the private sector added 6,100 jobs from July.¹ *Health Care and Social Assistance* led gains, picking up 3,600 jobs in August. *Information Services* and *Other Services*, which includes *Repair and Maintenance, Personal and Laundry, and Religious, Grantmaking, Civic and Professional Organizations*, followed, each adding 2,300 jobs. Losses were generally minor, with only one sector losing more than 1,000 jobs: Construction, which fell by 1,700.

Unemployment ticked down to 4.1% in August 2018 after remaining at 4.2% for the preceding three months. At the same time, the city's employment to population ratio ticked up to 58.4% after six months at 58.3%. These figures represent historic lows and highs (for the current data series, which reaches back to January 1976), respectively, for unemployment and employment rates. Average hourly earnings rose 1.9% from August 2017, after adjusting for inflation. With average weekly hours down 0.1 hours to 34.1, real weekly earnings rose 1.6% from last year to \$1,228. This is the strongest year-over-year growth since March 2018.

Monthly employment data are seasonally adjusted by OMB.

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

¹July 2018 private sector employment estimates were revised from positive 1,800 jobs to negative 100 jobs.



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	Aug. 2018	Jul. 2018		
FIRE	472	472	0.0%	0.0%
Finance & Insurance	340	340	0.0%	0.4%
Securities	179	178	0.3%	0.2%
Banking	102	103	0.0%	1.4%
Other	59	59	-0.5%	-0.8%
Real Estate/Rental/Leasing	132	132	-0.0%	-0.9%
SERVICES	2,605	2,595	0.4%	2.5%
Information	195	192	1.2%	-1.7%
Professional/Business	757	755	0.2%	1.5%
Professional/Scientific/Technical	428	427	0.2%	1.5%
Management of Companies & Enterprises	73	74	-0.2%	0.3%
Administrative	256	255	0.3%	1.7%
Educational	248	248	-0.1%	1.8%
Health Care/Social Assistance	749	745	0.5%	4.6%
Arts/Entertainment/Recreation	95	94	0.2%	7.6%
Accommodation/Food	367	367	0.1%	1.8%
Other	195	195	1.2%	2.5%
TRADE	502	503	-0.3%	1.5%
Retail	356	357	-0.3%	1.6%
Wholesale	146	147	-0.4%	1.2%
MANUFACTURING	72	72	0.1%	-1.4%
TRANSPORTATION & UTILITIES	137	137	-0.2%	0.3%
CONSTRUCTION	155	157	-1.1%	3.5%
TOTAL (PRIVATE)	3,942	3,936	0.2%	1.9%
GOVERNMENT	549	549	0.0%	-0.3%
TOTAL (PRIVATE + GOVERNMENT)	4,491	4,485	0.1%	1.6%

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



EMPLOYMENT

This month, we're looking at the *Administrative and Support and Waste Management and Remediation Services* Industry.



INDUSTRY SNAPSHOT

In August 2018, employment in this Industry increased by 700 from the previous month. Over the last year, the industry has grown 1.7%, only slightly slower than New York City's overall private sector growth of 1.9% from August 2017. Prior to this year, however, the sector has been growing fast, with employment gains exceeding 3.5% each year since 2013.

The industry, which encompasses establishments performing support activities for the operations of organizations as well as those relating to waste, is the city's sixth largest industry, employing 236,200 workers in 2017. Within the industry, recent growth has largely been driven by the *Employment Services* subsector, which includes recruitment, placement, and temporary employment agencies. *Employment Services* is the industry's largest subsector, with 91,800 workers in 2017. The subsector's growth since 2013 (up 25,000 jobs, or 37.4%) has outpaced every other subsector and accounts for two-thirds of all jobs created in the industry over that period.

Investigation and Security Services, the industry's second-largest subsector, is also among its fastest-growing. This sector may be most associated with private investigators—yet the number of gumshoes has been falling since 2000 and there are now fewer than 200 private eyes in the city. Rather, the subsector's 57,400 workers are almost entirely employed in the security guards and patrol services subsector.

While *Waste Management and Remediation Services* makes up half of the industry's title, its workers made up just 3.2% of the industry's 2017 employment. The subsector has grown more slowly than *Administrative and Support Services* over recent years, growing 6.5% since 2013 compared to *Administrative and Support's* 19.4% job growth. *Waste Management and Remediation Services'* two major subsectors have moved in opposite directions, with employment in the growing *Waste Collection* subsector overtaking *Remediation* for the first time in 2017.

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

ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES

Employment Change
2013–2017



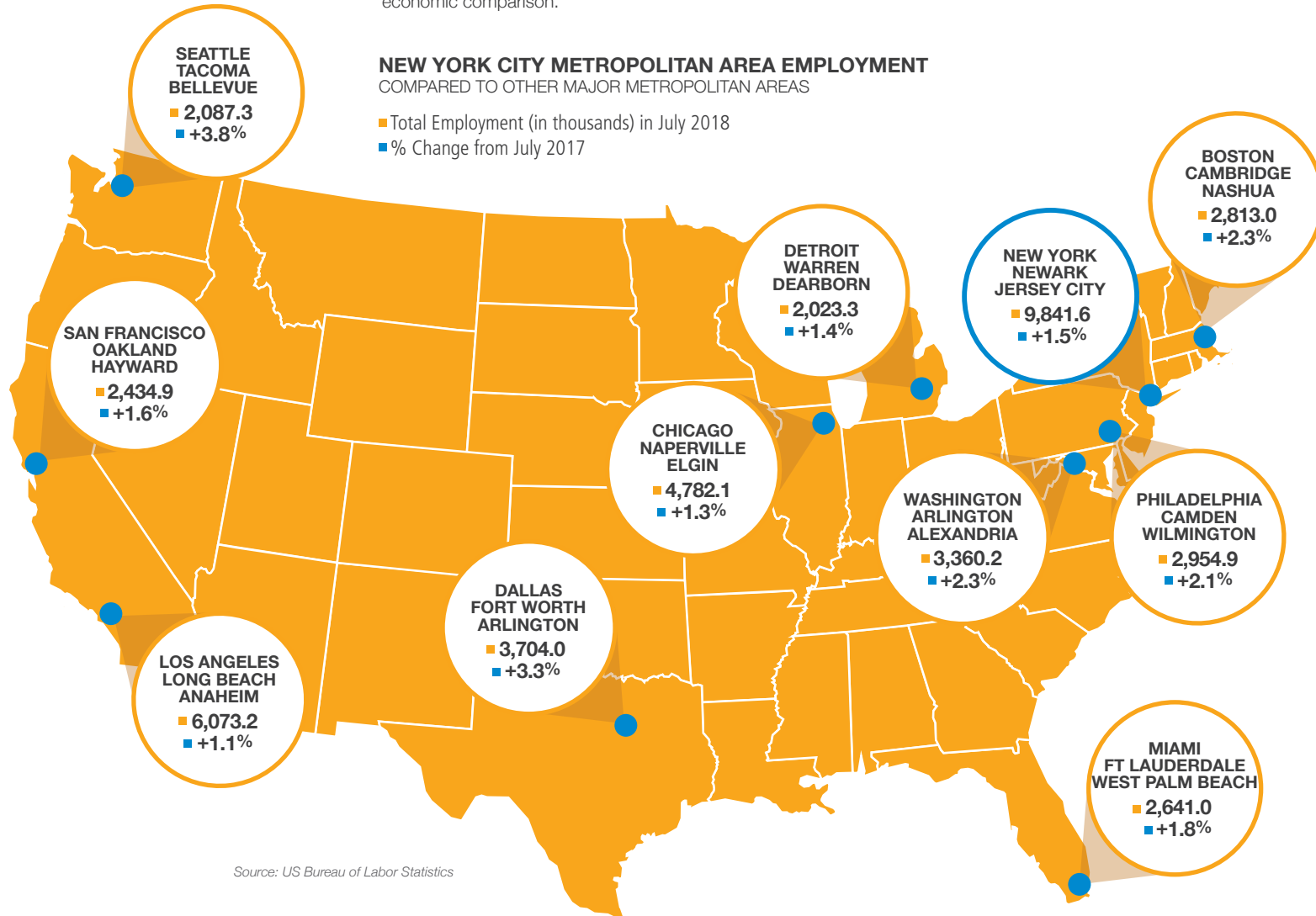


EMPLOYMENT

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 July 2018
■ % Change from July 2017

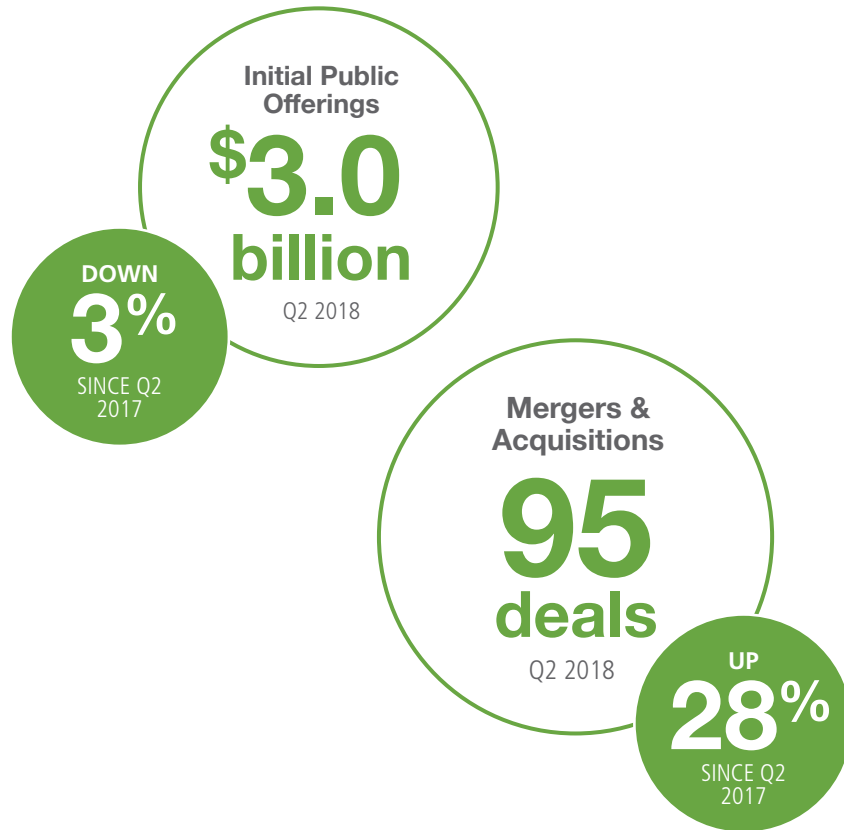


Source: US Bureau of Labor Statistics



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.



FINANCE SNAPSHOT

Mergers and acquisitions experienced an enormous Q2 2018, with a record-setting \$174 billion either spent or committed. This total surpasses the previous record of \$172 billion from Q1 2001. In fact, two of the five largest deals for NYC companies since the turn of the century were recorded in Q2 2018. The acquisition of WarnerMedia by AT&T for \$85.4 billion is the largest merger since WarnerMedia itself acquired AOL in 2001. The second largest is a pending deal in which Disney will acquire 21st Century Fox for a reported \$71.3 billion. These purchases by major media corporations come amid renewed focus by economists on the dangers of industrial consolidation.

Five NYC-based companies made initial public offerings in the quarter, raising a total of \$3.0 billion for a strong quarter. AXA Equitable Holdings, a financial services company, led the way, for a valuation of \$2.7 billion—the largest IPO since Blackstone in 2007.

Source: Pitchbook



HOUSING

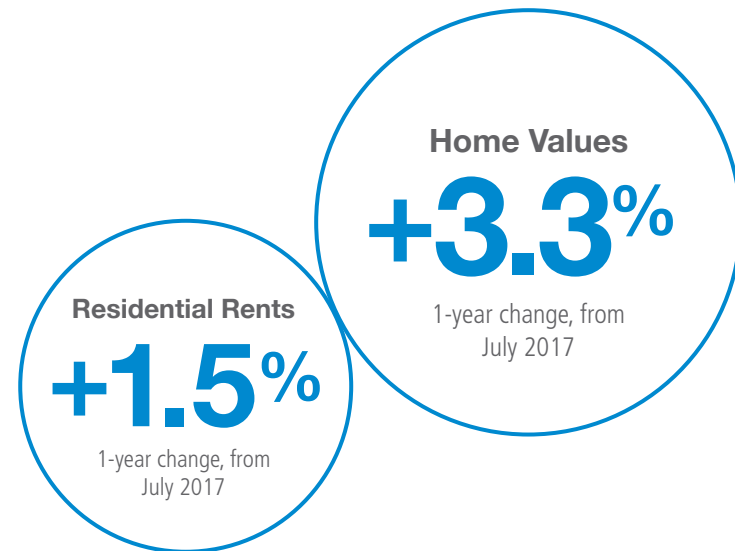


HOUSING SNAPSHOT

Rent growth continued to accelerate in July 2018. Median rent increased 1.5% year-over-year, the largest increase since the end of 2016. Meanwhile, home price inflation slowed, with the year-over-year increase in median prices falling to 3.3%, the lowest level since March 2017.

In August 2018, new housing units starting construction fell 9.6% from the prior-year monthly average. The decrease was concentrated in Queens and the Bronx, where construction starts fell 64.1% and 18.4%, respectively, from the prior-year monthly average. Meanwhile, construction in Manhattan, Staten Island, and Brooklyn rose moderately. Brooklyn continued to lead the way with 920 units starting construction in August, accounting for 45% of new construction citywide.

Sources: StreetEasy; Dodge Data & Analytics



UNITS STARTING CONSTRUCTION (Aug. 2018)

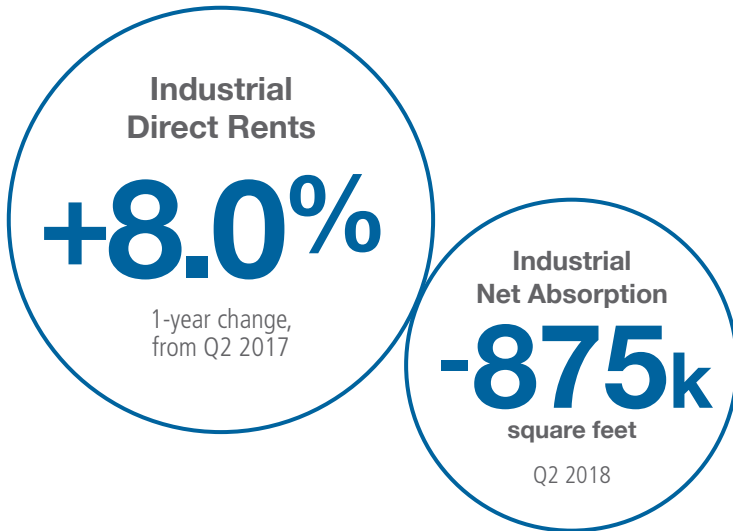
From prior-year monthly average

BRONX	-18.4%
BROOKLYN	+10.5%
MANHATTAN	+19.7%
QUEENS	-64.1%
STATEN ISLAND	+19.3%
TOTAL	-9.6%



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 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., Aug. 2018)

From prior-year monthly average

BRONX	+18.2%
BROOKLYN	+8.5%
MANHATTAN	-74.0%
QUEENS	-58.4%
STATEN ISLAND	-98.8%
TOTAL	-59.4%



REAL ESTATE SNAPSHOT

The New York City industrial market again saw a reduction of occupied space in Q2 2018. Net absorption, or change in occupied space, fell by 874,512 square feet and was negative in every submarket across the city, except in northeast Queens. The vacancy rate has been rising since 2015, reaching 5.6% in the second quarter. The rents, however, also rose, hitting \$21.30 per square foot, a 4.2% increase from Q1 2018 and an 8.0% increase from Q2 2017. Two warehouse buildings, both in Queens, delivered 18,750 square feet in Q2 2018.

Non-residential construction dropped 59.4% citywide in August 2018 from the prior-year monthly average. Staten Island saw the largest decline at 98.8% from the prior-year average, with only 4,000 square feet breaking ground in August. Construction in Manhattan and Queens also slowed down at 74.0% and 58.4%, respectively. Brooklyn, meanwhile, led the growth for the second consecutive month with 451,000 square feet kicking off construction.

Sources: CoStar Property; Dodge Data & Analytics



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

July 2018 was a strong month for tourism in New York City. Both Broadway attendance and revenues experienced strong growth from last year, rising 6.4% and 18.9%, respectively. These are the largest annual increases since January 2018. Meanwhile, the city's airports are busier than ever, with over 13 million passengers flying to or from the city—the highest in our data set, which goes back through 2014.

Unlike the airports, NYC public transit continues to see falling ridership. Ridership on MTA subways and busses fell 1.7% since last July and has now experienced a year-over-year decline in the number of passengers in 17 of the last 18 months. Ridership on commuter rail, however, was higher than last July, led by gains on the Long Island Rail Road.

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

