

VOLUME 7 • 2019

NYC / EDC

ECONOMIC Snapshot

A Summary of New York City's Economy



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INSIDE THIS VOLUME



New York City's unemployment rate held steady at 4.3% in June



Stock index of NYC-based companies up 8% year-over-year



Rents rose 2.9% year-over-year, fastest growth since May 2016



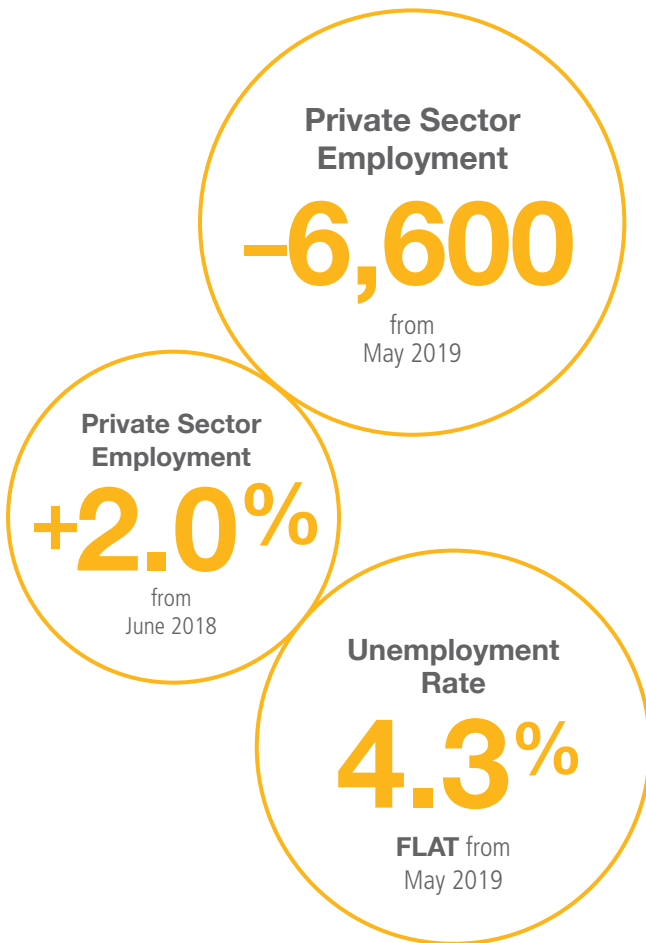
Gross office rents increased 2.2% compared to Q2 2018



NYC Transit ridership fell year-over-year, while LIRR posted another strong month



EMPLOYMENT



EMPLOYMENT SNAPSHOT

After May's decline of 7,000 private sector jobs (following two months of downward revisions), New York City lost 6,600 private sector jobs in June 2019 (based on the August 2019 data release, following initial revisions). Job gains in June were highest in the *Professional, Scientific, and Technical Services* sector, which added 3,000 jobs. *Healthcare and Social Assistance* also saw modest gains, adding 2,300 jobs. The historically volatile *Education* sector lost 10,100 jobs. The *Arts, Entertainment, and Recreation* sector experienced a decline of 2,900 jobs, marking the second consecutive month that the industry lost approximately 3,000 jobs (3,200 in May). The industry's 102,400 jobs in April 2019 represented an all-time high. *Accommodation and Food Services* jobs fell by 1,600 over the month. Overall, six sectors lost jobs over the month, while 10 experienced employment gains.

The city's unemployment rate remained at 4.3 percent for the fourth consecutive month in June 2019. The US unemployment rate rose slightly from 3.6 percent in May to 3.7 percent in June. Labor force participation in New York City fell to 60.7 percent, down from 60.8 percent in May. Real average weekly earnings grew by 5.8 percent year-over-year, driven by a 4.5 percent inflation-adjusted increase in average hourly earnings. This was the strongest year-over-year growth in real hourly earnings since April 2017. Weekly hours worked increased by 1.2 percent year-over-year from 33.9 to 34.3.

Monthly employment data are seasonally adjusted by OMB.

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



EMPLOYMENT

NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)			
	June 2019	May 2019	Previous Month Change	Year-Over-Year Change
FIRE	473	474	-0.1%	-0.8%
Finance & Insurance	341	342	-0.4%	-0.2%
Securities	181	183	-0.6%	-0.4%
Banking	101	101	-0.2%	0.9%
Other	59	59	0.0%	-1.5%
Real Estate/Rental/Leasing	132	131	0.8%	-2.2%
SERVICES	2,692	2,700	-0.3%	2.9%
Information	209	209	-0.1%	2.4%
Professional & Business Services	782	778	0.5%	2.4%
Professional, Scientific & Technical Services	431	428	0.7%	2.7%
Management of Companies & Enterprises	74	73	0.5%	-0.3%
Administrative Services	277	276	0.2%	2.6%
Educational Services	249	259	-3.9%	1.9%
Healthcare & Social Assistance	794	792	0.3%	6.0%
Arts, Entertainment & Recreation	96	99	-2.9%	4.6%
Accommodation & Food Services	365	367	-0.4%	-0.8%
Other Services	197	196	0.3%	1.4%
TRADE	497	495	0.3%	1.4%
Retail Trade	358	356	0.5%	2.3%
Wholesale Trade	140	139	0.1%	-0.9%
MANUFACTURING	69	69	0.1%	-3.1%
TRANSPORTATION & UTILITIES	142	142	0.5%	1.1%
CONSTRUCTION	159	160	-0.6%	0.5%
TOTAL (PRIVATE)	4,033	4,040	-0.2%	2.0%
GOVERNMENT	595	594	0.2%	1.3%
TOTAL (PRIVATE + GOVERNMENT)	4,628	4,634	-0.1%	1.9%

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 New York City's economy. This month, we're taking a closer look at the Manufacturing sector.



INDUSTRY SNAPSHOT

As of June 2019, there are 68,900 people working in the *Manufacturing* sector, gaining 100 jobs from May 2019. Over the past year, however, the *Manufacturing* sector has lost 2,200 jobs.

From 2014 to 2018, employment within the *Manufacturing* sector fell by approximately 5,900 jobs, a decrease of 7.9 percent. This follows a long-term trend within the industry, which has seen employment drop by nearly 57,400 jobs since 2000—a decrease of 45.5 percent. Nationally, the *Manufacturing* sector has lost over 4.6 million jobs since 2000—a decrease of 27 percent. Despite these employment losses, the *Manufacturing* sector in New York City has experienced relatively strong wage growth over the same period. At \$62,200 in 2018, average annual pay in the sector is up 11.2 percent in real terms from the average annual pay in 2000, and up 9.3 percent in real terms from the average annual pay in 2014. In comparison, real private sector wages in New York City increased 4.6 percent since 2000 and 2 percent since 2014.

The three *Manufacturing* subsectors that saw the largest job losses from 2000 to 2018 were *Apparel Manufacturing* (-45,300), *Printing and Related Support Activities* (-11,000), and *Miscellaneous Manufacturing* (-14,400), whose combined job loss represented 66.3 percent of the total job losses within the overall sector over that time period. This subsector job loss concentration has continued in recent years, as the same three *Manufacturing* subsectors saw their combined job losses represent a similar share of the total job losses within the *Manufacturing* sector, representing 68.7 percent of the total *Manufacturing* job losses from 2014 to 2018. These subsector losses highlight the extreme changes seen within the greater *Manufacturing* sector in New York City over the past few decades. To this effect, there are five emerging subsectors within the *Manufacturing* sector that have shown the potential for continued growth in the coming years. From 2014 to 2018, the *Food Manufacturing* (+900), *Beverage and Tobacco Product Manufacturing* (+400), *Nonmetallic Mineral Product Manufacturing* (+400), *Electrical Equipment and Appliance Manufacturing* (+200), *Chemical Manufacturing* (+100) and *Machinery Manufacturing* (+100) subsectors each saw gains, and together represented 39 percent of total *Manufacturing* jobs in 2018—up from a 31.7 percent share in 2014. Of these *Manufacturing* subsectors that have seen gains from 2014 to 2018, *Food Manufacturing*, *Nonmetallic Mineral Product Manufacturing*, *Chemical Manufacturing*, and *Machinery Manufacturing* each saw their annual average wages increase in real terms, with *Food Manufacturing* (+12.2%) and *Chemical Manufacturing* (+14.1%) wages increasing at a faster rate than the *Manufacturing* sector's wages as a whole (+9.3%) over the same period.

MANUFACTURING

Employment Change
2014–2018

Chemical mfg.	59.6%
Textile Mills	39.7%
Transportation equipment mfg.	28.6%
Primary metal mfg.	22.3%
Beverage and tobacco product	5.7%
Computer and electronic product mfg.	4.7%
Plastics and rubber products mfg.	3.1%
Fabricated metal product mfg.	-4.5%
Miscellaneous mfg.	-6.1%
Machinery mfg.	-7.3%
Food mfg.	-7.9%
Furniture and related product mfg.	-12.8%
Printing and related support activities	-14.7%
Apparel mfg.	-17.9%
Petroleum and coal products mfg.	-21.1%
Paper mfg.	-21.7%
Leather and allied product	-24.2%
Electrical equipment and appliance mfg.	-32.2%
Textile product mills	-35.1%
Wood product mfg.	-35.7%
Nonmetallic mineral product mfg.	-52.5%

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

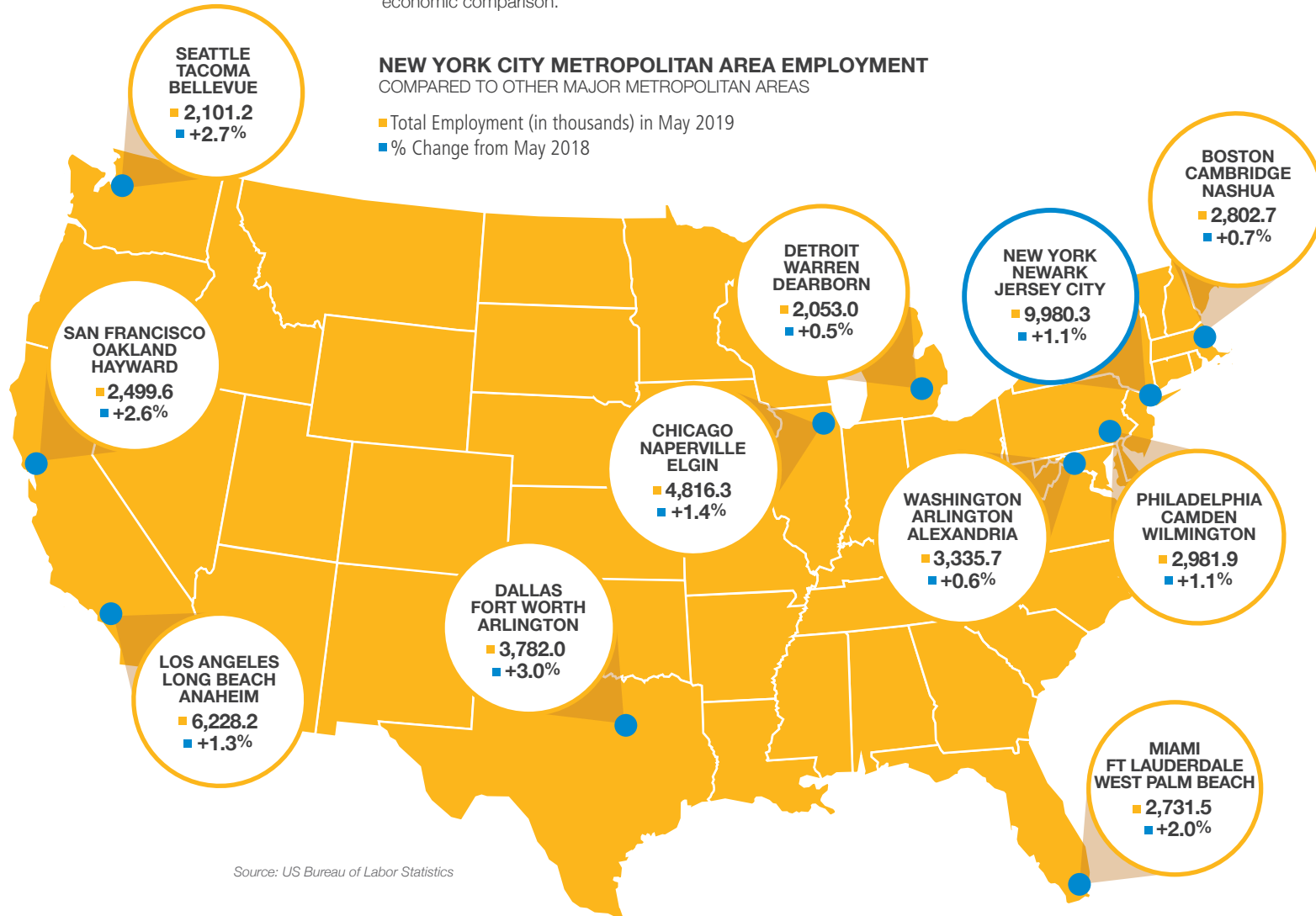


EMPLOYMENT

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 May 2019
■ % Change from May 2018



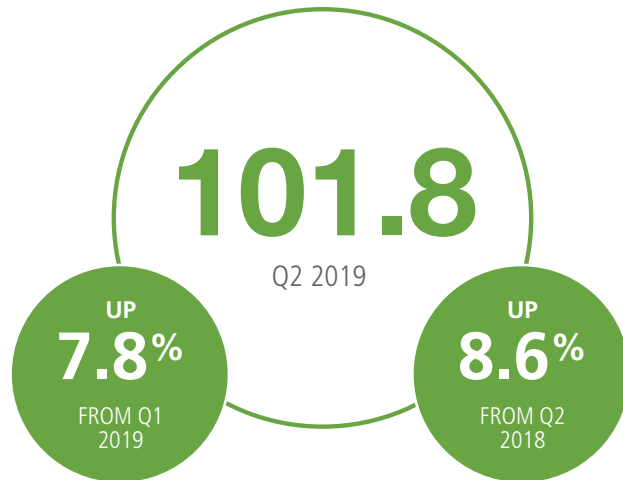
Source: US Bureau of Labor Statistics



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 the stock market. Our index includes the companies included in the S&P 500 that are also based in New York City, with performance weighted by market capitalization—the same methodology used by Standard & Poor’s.

NYC Stock Index



FINANCE SNAPSHOT

The stock market, including stocks of New York City-based companies, has remained relatively stable with modest changes between quarters. NYCEDC’s index of NYC-based companies was 8 percent higher at the end of Q2 2019 than at the end of the previous quarter, and 9 percent higher than at the same time last year. Annual growth trends for the top 10 NYC-based companies by market capitalization stayed consistent with those of Q1—both quarters saw more than 30 percent growth from the corresponding 2018 quarter. Thirty-four of the 49 stocks that make up this index saw their stock prices rise within the quarter, showing growth throughout a wide variety of companies.

No new companies joined the index during this quarter, but Arconic Inc., a manufacturing company, saw the largest increase in stock price (35%) following talks that it would split into two separate companies. The top 10 largest NYC-based companies by market capitalization remained the same with only slight rank changes among them, including Goldman Sachs Group’s two-position ascent to become the seventh-largest NYC-based company.

Source: Yahoo Finance



HOUSING



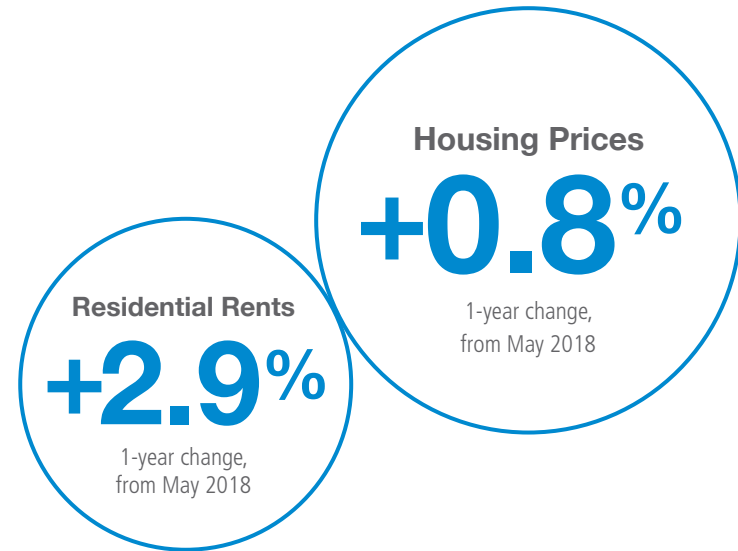
HOUSING SNAPSHOT

In May 2019, rents continued to rise rapidly at 2.9 percent year-over-year, which was the fastest growth rate since May 2016. Meanwhile, home prices were slightly up, with the year-over-year growth rate matching April's 0.8 percent growth.

Housing construction in the city was slightly up 0.5 percent during the 12-month period ending in June 2019, due to the growth in Brooklyn, which had 1,221 units kicking off in June. Queens, with 947 units starting construction, experienced a decline at 15.8 percent. Compared to the annual sum of the previous 12 months, construction in the Bronx, Manhattan, and Staten Island were also slightly down by 19.1, 18.1, and 10 percent, respectively.

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

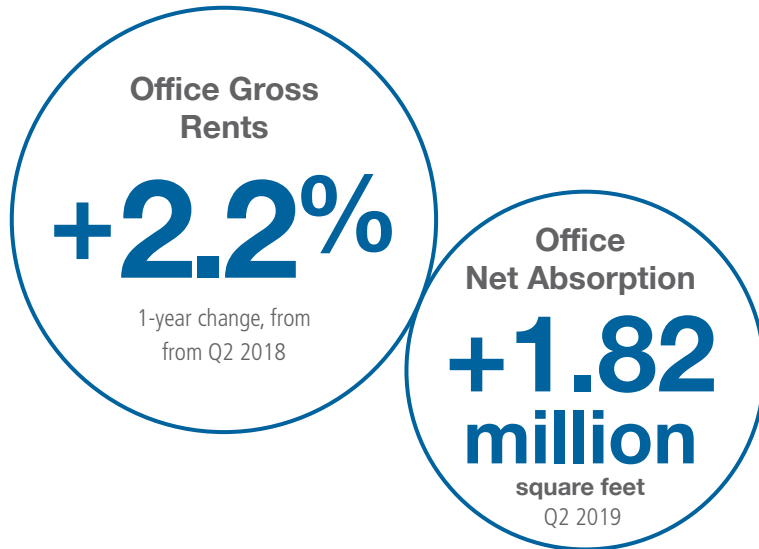
Annual change, 12 months ending May 2019

THE BRONX	-19.1%
BROOKLYN	+37.2%
MANHATTAN	-18.1%
QUEENS	-15.8%
STATEN ISLAND	-10.0%
TOTAL	+0.5



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 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.)

Annual change, 12 months ending May 2019

THE BRONX	+52.1%
BROOKLYN	+22.1%
MANHATTAN	-77.7%
QUEENS	-26.2%
STATEN ISLAND	-76.0%
TOTAL	-50.1%



REAL ESTATE SNAPSHOT

The New York City office market experienced growth in the second quarter of 2019. Net absorption, or change in occupied space, was up 1,822,752 square feet. Vacancy rate, at the same time, slightly increased to 8 percent, due to increased inventory. Gross rents were also up 2.2 percent compared to same period last year, reaching \$56.71 per square feet. Manhattan, which accounts for over 80 percent of the total inventory, was the major driver behind the good performance. During the second quarter, Manhattan had net absorption up 2,636,221 square feet, gross rents increased by 1.2 percent, and the vacancy rate stayed the same at 7.8 percent. The Bronx, Brooklyn, Queens, and Staten Island saw occupied space fall by 200,145 square feet while gross rents surged by 10.8 percent compared to a year ago.

Non-residential construction further slowed down during the 12-months from July 2018 to June 2019. Citywide new construction was down 50.1 percent, led by the declines in Manhattan (-77.7%), Staten Island (-76.0%), and Queens (-26.2%). At the same time, the Bronx and Brooklyn were more active compared to the previous 12-month period. Brooklyn had 451,000 square feet kicking off in June, which represented 43.6 percent of the new construction citywide.

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 area fell from May 2018 to May 2019. Most notably, total New York City Transit ridership decreased by 0.7 percent during this time, the 18th year-over-year decline in 19 months. The Long Island Rail Road experienced another strong month of growth, as ridership increased 3.4 percent year-over-year. Traffic on Port Authority and MTA bridges and tunnels increased by 3.1 percent over the same period. Metro-North saw a modest 0.2 percent year-over-year increase, while Staten Island Railway ridership fell by 2.6 percent.

Broadway revenue fell 7.5 percent from last year, the second consecutive month of year-over-year decline and the biggest fall since January 2017. Attendance increased, however, up by 2.1 percent from May 2018 to May 2019 and marking the thirteenth consecutive month of year-over-year growth.

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

TOURISM CHANGE COMPARED TO MAY 2018



TRANSIT CHANGE COMPARED TO MAY 2018

