

New York City Economic Snapshot

January 2023

Dear NYC Partner,

As the entity charged with driving the city's economic growth, we are pleased to release our latest monthly Economic Snapshot. This report assembles and highlights data from key sources that we track most closely in measuring the strength of NYC's economy.

Here at NYCEDC, we are focused on fostering an inclusive recovery with opportunities for all New Yorkers. In order to effectively do that, it is incumbent upon us to closely watch data that measure economic disparity. To that, we have added three new indicators to the Economic Snapshot this month: separate unemployment rates for BIPOC, Black, and white residents.

A few highlights from this month's report include:

- On balance, the labor market continues to heal, as the private sector has added jobs for 11 consecutive months and more New Yorkers are rejoining the labor force. However, job growth is slowing, and job posting activity is declining—both suggesting that some companies may be slowing hiring activity.
- There are significant disparities within the labor market, as measured by unemployment by race. We estimate the Black unemployment rate at 11.1% in Q4, roughly four times the white unemployment rate of 2.8%.
- Meanwhile, return-to-office metrics continue to hit new highs in early January, as office occupancy has doubled over the past year.
- While tourism indicators have declined from recent post-COVID highs, Broadway attendance, hotel occupancy rates, and Times Square foot traffic have all increased at least 10 percentage points over the past year as the tourism sector remains firmly in recovery territory.

Despite some slowdown in labor market improvements, the City continues to add jobs and our residents continue to start businesses—all hallmarks of a continuing recovery. Having a clear picture of the city's economic data informs our work here at NYCEDC, as we build a more vibrant and inclusive economy. We hope you find it useful in your work as well.



Andrew Kimball
President & CEO,
New York City Economic Development Corporation

Indicator	Latest	Previous	Since Jan. 1 '22 (Adams Admin)	Pre-COVID
Key Takeaways: Labor Market				
While NYC continues to add jobs faster than NYS or the US, the pace of job growth has slowed over the past six months (matching the trend we observe in the NYC metro area, most other large cities, and nationally). The unemployment rate continues to trend lower, while the labor force participation rate trends higher, suggesting the labor market continues to heal overall. However, there are significant disparities in unemployment rates by race. We estimate the Black unemployment rate was 11.1% in Q4 compared to a white unemployment rate of 2.8%. And job posting activity is slowing across most industries. Healthcare and social assistance remains a bright spot, as job postings continue to increase with this sector adding 65,000 jobs in 2022.				
City Private Sector Employment Change & Annual Growth Rate (Dec 2022)	+20,300 +5.1% y/y	+11,900 +5.4% y/y	+199,200	+6,500 per month +2.4% y/y (2019 avg)
Metro Area Employment (Dec 2022)	+16,800 +3.6% y/y	+20,800 +4.0% y/y	+344,400	+7,800 per month, +1.3% y/y (2019 avg)
Job Postings (Dec 2022)	59,700	63,500	987,400	76,600 (2019 avg)
Labor Force Participation (Dec 2022)	61.0%	60.8%	+2.1 pct pts	60.7% (Dec 2019)
Unemployment Rate (Dec 2022)	5.9%	5.8%	-1.5 pct pts	3.7% (Dec 2019)
White Unemployment Rate (2022:Q4)	2.8%*	3.4%	-2.5 pct pts	1.9% (2020:Q1)
BIPOC Unemployment Rate ** (2022:Q4)	7.3%*	7.4%	-1.4 pct pts	4.6% (2020:Q1)
Black Unemployment Rate (2022:Q4)	11.1% *	11.0%	-0.5 pct pts	5.3% (2020:Q1)

Key Takeaways: Business Activity				
New business creation reached a five-year high during 2022:Q2, as over 32,100 (or 1 in 9) businesses in NYC started in the past year (including 6,700 businesses in Q2). VC funding weakened in Q4 and, at \$3.6 billion, was down 75% from 2022:Q1. However, VC funding still managed to post its second-best year ever in 2022, with \$28 billion of VC activity, which is 20% higher than the city's funding total in 2019.				
New Business Formation (2022:Q2)	6,700	6,900	13,600	7,100 (2019 avg)
Net Business Formation (2022:Q2)	+2,250	+100	+2,350	+400 (2019 avg)
VC Funding (2022:Q4)	\$3.599B	\$6.121B (2022:Q3)	\$27.976B	\$5.599B (2019:Q4)
VC Funding (2022 through Q4)	\$27.976B	\$48.845B (2021 through Q4)	n/a	\$23.248B (2019 through Q4)

Key Takeaways: Real Estate				
Office occupancy metrics hit new highs in early January, signaling more New Yorkers are returning to office. Vacancy rates ticked up in Q4 and are elevated compared to pre-COVID, but they are not at crisis levels. Manhattan office vacancy rates are elevated compared to Citywide vacancy rates, having increased in Q4 to 18.3%.				

Indicator	Latest	Previous	Since Jan. 1 '22 (Adams Admin)	Pre-COVID
Kastle Office Occupancy (4-wk avg, 1/18/23 excluding holiday weeks)	47.2%	46.8%	+24.4 pct pts	100%
PFNYC Return to Office Survey (Sep 2022)	49%	38% (April)	+21 pct pts (Oct 2021)	n/a
Manhattan Office Vacancy Average*** (2022:Q4)	18.3%	17.8%	+0.5 pct pts	10.3% (2019 avg)
Office Vacancy Rate (2022:Q4)	13.0%	12.8%	+0.9 pct pts	7.6% (2019 avg)
Retail Vacancy Rate (2022:Q4)	4.1%	4.1%	+0.3 pct pts	3.4% (2019 avg)

Key Takeaways: Tourism & Transit

Tourism indicators have declined from recent post-COVID highs but are still firmly within recovery territory. Recovery in transit indicators is slowing, although subway is faring better than bus ridership.

Broadway Attendance (4-wk avg, 1/1/23)	87.1%	91.3%	+16.6 pct pts	100%
Hotel Occupancy Rate (Oct 2022)	84.5%	86.1%	+12.3 pct pts	n/a
Times Sq. Pedestrian Count (30-day avg, 12/18/22)	83.8%	86.7%	+11.3 pct pts	100%
Subway Ridership (30-day avg, 1/19/23)	63.3%	64.3%	+7.7 pct pts	100%
Bus Ridership (30-day avg, 1/19/23)	61.8%	64.0%	-1.1 pct pts	100%

Sources for the New York City Economic Snapshot include the NYS Department of Labor, the US Bureau of Labor Statistics, Lightcast, Pitchbook, Kastle Systems, the Partnership for New York City, Costar, Cushman & Wakefield, Newmark, Savills, Colliers, JLL, Broadway League, STR, Times Square Alliance, and MTA Open Data.

* Quarter-to-quarter changes within 1 percentage point are likely statistically insignificant due to the small sample size.

** BIPOC is defined as the NYC civilian labor force excluding the white non-Hispanic labor force.

*** this is a simple average of vacancy rates from Cushman & Wakefield and JLL, and availability rates from Newmark, Savills, Costar, and Colliers. The Citywide rates are using Costar data.

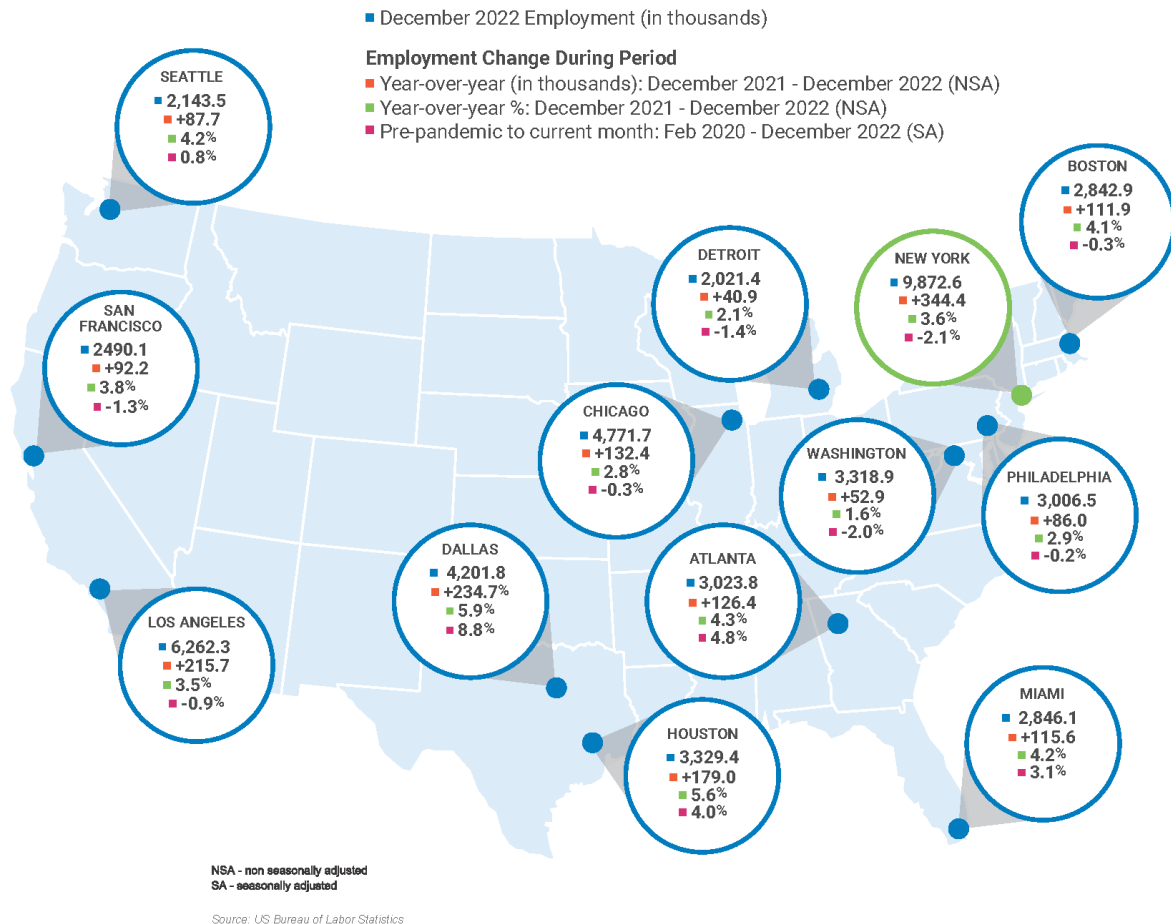
Legend

- Indicator improved from prior reading
- Indicator worsened from prior reading
- No change

NYC Metro Area Employment

Compared to Other Major Metro Areas

To give local employment data a national perspective, we compare employment in the NYC Metro Area to other major metro areas around the US. We use metro areas rather than cities to provide a more consistent basis for regional economic comparison.





About NYCEDC

New York City Economic Development Corporation is a mission-driven, nonprofit organization that creates shared prosperity across New York City by strengthening neighborhoods and creating good jobs. We work with and for communities to bring emerging industries to New York City; develop spaces and facilities for businesses; empower New Yorkers through training and skill-building; and invest in sustainable and innovative projects that make the city a great place to live and work.

For more economic data, insights, and analysis from NYCEDC's Economic Research & Policy group, and to receive economic reports via email, visit edc.nyc/insights.

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