

ECONOMIC SNAPSHOT

A Summary of New York City's Economy

AUGUST 2008

HIGHLIGHTS

Private Employment fell by 1,400 jobs in June, after a decrease of 2,500 jobs in May.

The unemployment rate rose to 5.4 percent in June, from 5.2 percent in May.

The NYC hotel occupancy rate in June 2008 was 89.7 percent, up from 89.2 percent in June 2007.

The Direct Class A office vacancy rate was 5.4 percent in July 2008, while the average asking rent was \$90 PSF.

Passengers in NYC area airports totaled 9.5 million in May 2008, down 2.0 percent from May 2007.

Employment

- Private sector jobs in New York City decreased by 1,400 in June 2008 after a decrease of 2,500 in May 2008.
- Government jobs in the City fell by 3,000 for a net loss of 4,400 total (private and public sector) jobs.
- Since June 2007, the private sector has grown by 0.6 percent, adding 20,700 total jobs.
- The City's unemployment rate rose to 5.4 percent in June, from 5.2 percent in May.
- The number of employed City residents rose by 14,800 and the number of unemployed City residents rose by 10,700 between May and June.

Industry	Employment (000s)			
	June-08	May-08	Change From Prev. Month	Change From June-07
FIRE	466	470	-4	-2
Finance and Insurance	342	346	-4	-5
Securities	179	183	-4	-4
Banking	96	96	0	0
Other	67	67	0	0
Real Estate	124	124	0	3
SERVICES	1,941	1,938	3	21
Information	170	172	-1	5
Professional & Business	594	594	0	1
Educational	155	152	3	1
Health & Social Assistance	559	559	0	7
Arts & Entertainment	65	65	1	0
Accommodation & Food	238	237	1	6
Other	159	160	0	1
TRADE	452	453	-1	5
Retail	303	303	0	6
Wholesale	150	150	0	0
MANUFACTURING	93	94	-1	-8
TRANSPORTATION & UTILITY	128	128	1	3
CONSTRUCTION	130	129	1	2
TOTAL PRIVATE	3,210	3,212	-1	21
GOVERNMENT	560	563	-3	3
TOTAL (Private & Government)	3,770	3,775	-4	24

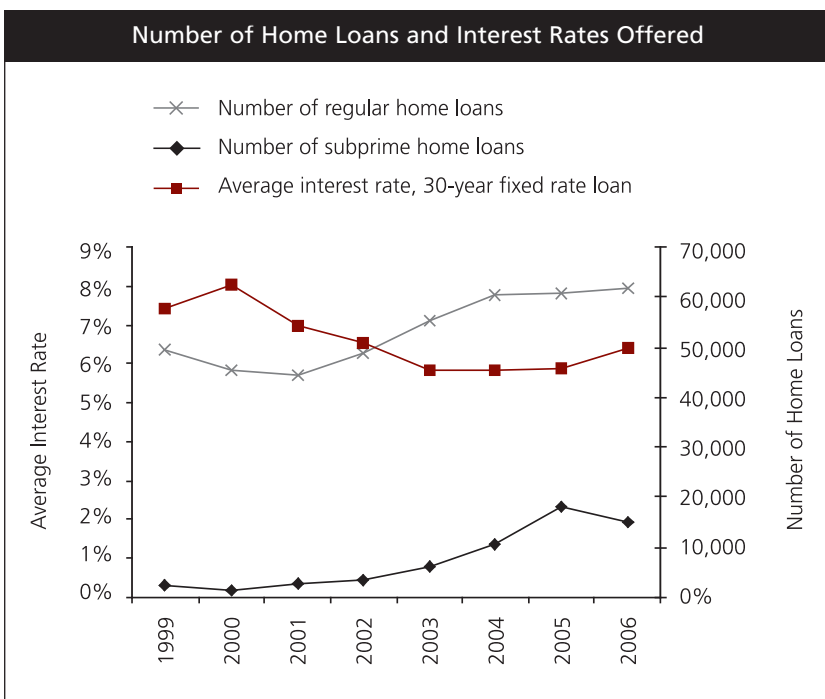
Unemployment Rates		
Place of Residence	12 Months Ending	
	Jun-08	Jun-07
Bronx	6.9%	6.5%
Brooklyn	5.5%	5.2%
Manhattan	4.4%	4.2%
Queens	4.5%	4.3%
Staten Island	4.7%	4.3%
NYC	5.1%	4.8%

Source: New York State Department of Labor (NYS DOL)

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Data are seasonally adjusted

NYC Subprime Mortgages

- The NYC housing market experienced a boom between 2001 and 2005, with interest rates declining and the number of home loans increasing. During this period, lenders made mortgages to borrowers with poor credit histories. The popularity of these risky 'subprime' mortgages has driven the recent increase in foreclosures in the City.
- For typical subprime borrowers, mortgages had low interest rates that rose sharply after an initial period. In addition, home prices started to decline in some areas of the City, making refinancing difficult. Inability to make the higher mortgage payments or obtain refinancing for the loan has led to foreclosures of many homes. From 2005 to 2007, the number of foreclosure notices in the City rose by 79 percent.
- In 2005, the number of subprime mortgages taken in NYC reached a high of 18,010. The biggest percentage increases in NYC subprime loans, in 2001 and 2003, were conversely related to the biggest decreases in the average interest rates during this time period.

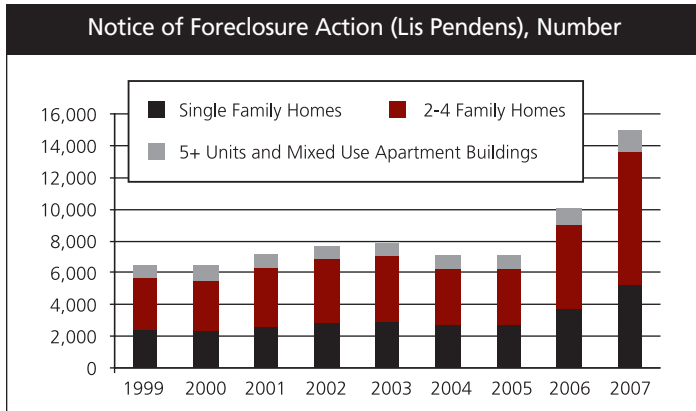


Source: The Furman Center for Real Estate and Urban Policy at NYU, Freddie Mac Primary Mortgage Market Survey
Note: Includes only purchase mortgages (excludes refinancing)

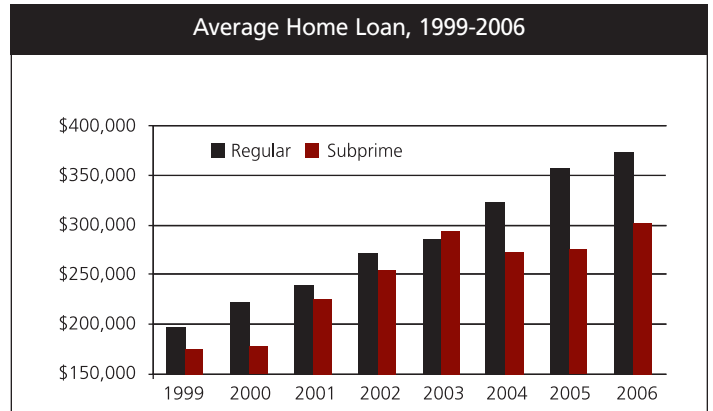
- From 1999 to 2006, the number of subprime loans made to NYC borrowers increased by 581 percent. In 1999, 4 percent of all home loans were given to subprime borrowers; in 2006 subprime loans accounted for 20 percent of all City home loans.
- From 1999 to 2003, the increase in the average value of subprime home loans (68 percent) outpaced the increase in

the value of regular loans (45 percent). As a result, in 2003, the average NYC subprime loan was greater than the regular loan.

- In the three years that followed, the average value of subprime loans grew only marginally, while the regular loan amount increased by 30 percent. In 2006, the value of a subprime loan was 81 percent of the regular loan on average.



Source: The Furman Center for Real Estate and Urban Policy at NYU



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Real Estate and Construction

Real Estate

- In July 2008, the Midtown Class A direct vacancy rate rose to 6.1 percent, while the average direct office rental rate rose \$1 to \$95 PSF.
- In the same month, the Downtown direct vacancy rate dropped to 3.4 percent while the average rental rate remained at \$63 PSF.
- The total Manhattan sublease vacancy rate was 2.1 percent in July, up from 2.0 percent in June.

Construction Starts

For the four months ending June 2008:

- Building projects (including new, additions and alterations) that started construction in NYC fell by 45.0 percent and infrastructure (non-building) project starts decreased by 21.0 percent from the four months ending June 2007.
- Planned space for building project starts fell 42.2 percent from the same period in 2007.
- 794 residential buildings with 4,818 units of housing started construction, decreases of 51.1 and 24.5 percent respectively from the previous year.

	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Jul-08	Jun-08	Jul-08	Jul-08	Jun-08	Jul-08
Midtown	6.1%	5.7%	1.9%	\$95	\$94	\$86
Midtown South	2.9%	0.6%	1.3%	\$63	\$68	\$57
Downtown	3.4%	3.5%	2.9%	\$63	\$63	\$51
Manhattan Totals	5.4%	4.9%	2.1%	\$90	\$89	\$75

Source: Cushman and Wakefield

Indicator	Building		Non-Building	
	Jun-08	Jun-07	Jun-08	Jun-07
Number of projects	1,489	2,705	113	143
Square Feet (000s)	8,011	13,855	n.a.	n.a.
Value (\$,000s)	2,582,221	3,734,662	1,443,761	1,352,492

Source: McGraw Hill Construction

Tourism, Travel and Transit

Tourism and Travel

Air Traffic

- In May 2008, 9.5 million passengers flew into and out of the region's airports, a decrease of 2.0 percent from May 2007.

Source: Port Authority of New York and New Jersey

Broadway Ticket Sales

- Broadway attendance during the four weeks ending July 27, 2008 was approximately 1.0 million, a 1.7 percent increase from the same period last year.
- Broadway revenue during this period was roughly \$75.3 million, a 0.2 percent decrease from last year.

Note: Gross revenue and attendance figures do not include all shows
Source: The Broadway League

Hotel Occupancy

- In June 2008, the average daily hotel room rate was \$326, a 7.0 percent increase from June 2007.
- Hotel occupancy was 89.7 percent in June 2008, up from 89.2 percent in June 2007.

Source: PKF Consulting

Transit Ridership

- Total ridership on MTA subways, trains and buses in May 2008 was roughly 223 million, an increase of 0.5 percent from May 2007.
- In May 2008, subway ridership was roughly 140 million, an increase of 1.8 percent from May 2007.

Source: Metropolitan Transportation Authority