

ECONOMIC SNAPSHOT

A Summary of New York City's Economy

JANUARY 2009

HIGHLIGHTS

Private Employment fell by 20,800 in November, after a decrease of 7,500 jobs in October.

The unemployment rate rose to 6.3 percent in November from 5.7 percent in October.

The Manhattan hotel occupancy rate in November 2008 was 80.8 percent, down from 88.7 percent in November 2007.

The Direct Class A office vacancy rate was 5.6 percent in December 2008, while the average asking rent was \$87 PSF.

Passengers in NYC area airports totaled 8.6 million in October 2008, down 4.7 percent from October 2007.

Employment

- Private sector jobs in New York City decreased by 20,800 in November 2008 after a decrease of 7,500 in October 2008.
- Government jobs in the City rose by 1,100 for a net loss of 19,700 total (private and public sector) jobs.
- Since November 2007, the private sector has declined by 0.5 percent, shedding 17,100 total jobs.
- The City's unemployment rose to 6.3 percent in November from 5.7 percent in October.
- The number of employed City residents fell by 30,700 and the number of unemployed City residents rose by 24,800 between October and November.

Industry	Employment (000s)			
	Nov-08	Oct-08	Change From Prev. Month	Change From Nov-07
FIRE	455	458	-3	-16
Finance and Insurance	330	333	-3	-19
Securities	170	172	-1	-17
Banking	94	94	-1	-2
Other	66	67	-1	0
Real Estate	125	125	0	3
SERVICES	1,941	1,950	-9	9
Information	170	170	-1	2
Professional & Business	592	597	-5	-4
Educational	153	155	-2	-1
Health & Social Assistance	564	562	2	8
Arts & Entertainment	64	65	-1	0
Accommodation & Food	238	240	-2	3
Other	161	161	-1	2
TRADE	446	452	-5	-2
Retail	298	303	-5	0
Wholesale	148	149	-1	-2
MANUFACTURING	92	93	-1	-6
TRANSPORTATION & UTILITY	126	127	-1	0
CONSTRUCTION	127	129	-2	-2
TOTAL PRIVATE	3,187	3,208	-21	-17
GOVERNMENT	562	560	1	-1
TOTAL (Private & Government)	3,748	3,768	-20	-18

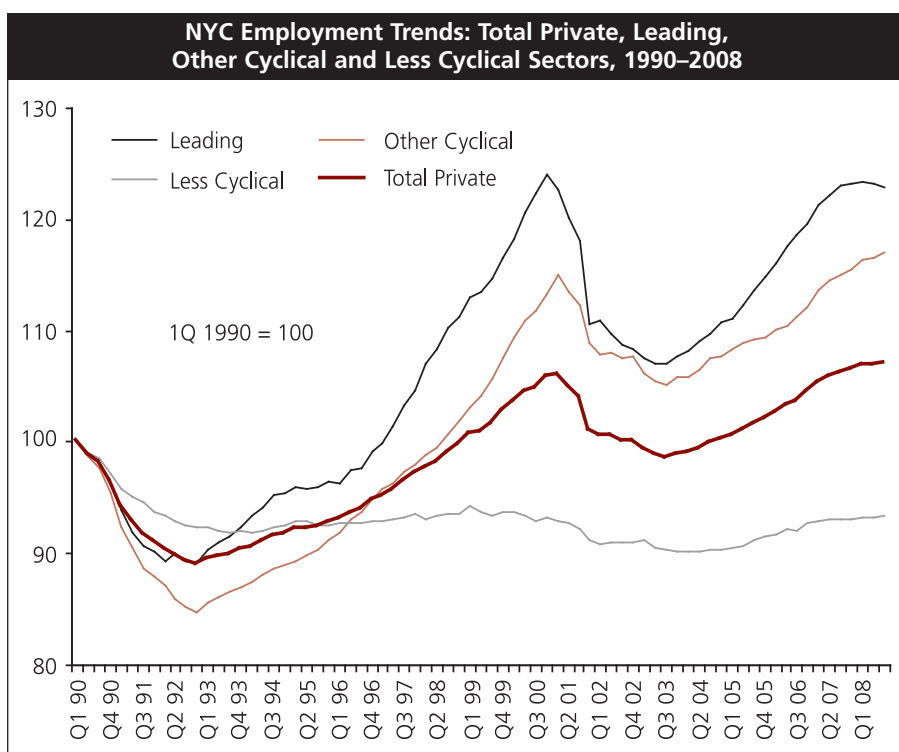
Unemployment Rates		
Place of Residence	12 Months Ending	
	Nov-08	Nov-07
Bronx	7.2%	6.8%
Brooklyn	5.7%	5.4%
Manhattan	4.6%	4.3%
Queens	4.7%	4.4%
Staten Island	4.8%	4.5%
NYC	5.3%	5.0%

Source: New York State Department of Labor (NYSDDL)

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Data are seasonally adjusted

NYC Sectoral Employment Trends in Recession and Recovery, 1990 to 2008

- Peaks of NYC total private employment during the business cycles of the period from 1990 to 2008 occurred in 1990 (1st quarter), 2001 (1st quarter), and 2008 (3rd quarter). Troughs were in 1992 (4th quarter) and 2003 (3rd quarter).
- NYC's industries vary in the sensitivity of their employment to the business cycle. Analyzing the timing and fluctuation of their quarterly employment during this period allows them to be placed in three groups.
- In the "leading" sectors — Securities, Real Estate, and Professional, Scientific, and Business Services — employment highs and lows have consistently preceded these turning points in overall private employment by one quarter.



Source: NYSDOL

- For a larger group of “other cyclical” industries, employment peaks and troughs coincided with those of the City’s total private employment. In addition, these industries (like the leading sectors) experienced large differences between employment changes in the expansion and contraction periods.
- The last group of “less cyclical” industries showed less sensitivity to the business cycle, but had different growth patterns during the period. For example, employment in the Health and Social Assistance sector increased during the contraction as well as expansion periods, while Manufacturing declined in the expansion as well as contraction periods.

Percent Change in NYC Private Sector Employment by Sector Between Selected Quarters, 1990-2008					
		1Q 1990-4Q 1992 (I)	4Q 1992-1Q 2001 (II)	1Q 2001-3Q 2003 (III)	3Q 2003-3Q 2008 (IV)
Leading	Securities, Commodity Contracts & Other*	-9.1%	38.0%	-19.8%	13.5%
	Real Estate*	-6.7%	16.3%	-4.1%	8.0%
	Professional, Scientific & Technical Services*	-13.6%	50.3%	-13.4%	18.7%
	Total Leading*	-10.8%	39.0%	-13.7%	15.0%
Other Cyclical	Retail Trade	-14.4%	21.5%	-4.2%	14.0%
	Leisure and Hospitality Services	-13.8%	38.1%	-2.2%	18.1%
	Information Services	-11.5%	36.1%	-20.9%	5.4%
	Other Services	-5.2%	25.5%	-0.2%	7.6%
	Construction	-31.8%	50.6%	-9.5%	14.9%
	Admin. & Support & Waste Mgmt. Services	-17.5%	54.1%	-15.0%	3.4%
	Total Other Cyclical	-15.2%	35.7%	-8.5%	11.2%
Less Cyclical	Management of Companies	14.3%	2.8%	12.7%	-1.5%
	Transportation and Warehousing	-16.0%	3.8%	-13.4%	8.1%
	Finance & Insurance Except Securities Commodities & Other	-16.2%	-22.0%	-8.4%	3.7%
	Educational Services	-3.6%	36.7%	9.9%	8.7%
	Health and Social Assistance	9.5%	19.6%	5.6%	8.9%
	Wholesale Trade	-13.8%	-0.8%	-7.7%	1.0%
	Manufacturing	-19.7%	-26.2%	-24.3%	-24.7%
	Utilities	-3.6%	-28.6%	0.8%	6.7%
		Total Less Cyclical	-7.6%	0.5%	-2.7%
Total Private		-10.9%	19.0%	-7.0%	8.5%

Source: NYSDOL; *Percentage changes for those industries in columns II, III and IV are based on employment levels in one quarter earlier than the column heading indicates.

Real Estate and Construction

Real Estate

- In December 2008, the Manhattan Class A direct vacancy rate remained at 5.6% and average asking rent fell to \$87 PSF.
- In the same month, the Downtown Class A direct vacancy rate remained at 3.4%, while the average direct office rental rate fell \$1 to \$60 PSF.
- The total Manhattan sublease vacancy rate was 2.7 percent in December, up from 2.6 percent in November.

Construction

For the four months ending November 2008:

- Building projects (including new, additions and alterations) that started construction in NYC rose by 2.3 percent and infrastructure (non-building) project starts increased by 67.1 percent from the four months ending November 2007.
- Planned space for building project starts fell 4.2 percent from the same period in 2007.
- 1,092 residential buildings with 7,435 units of housing started construction, an increase of 2.1 and decrease of 15.0 percent respectively from the previous year.

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Dec-08	Nov-08	Dec-08	Dec-08	Nov-08	Dec-08
Midtown	6.4%	6.3%	2.8%	\$92	\$93	\$71
Midtown South	3.6%	3.6%	0.5%	\$64	\$64	\$57
Downtown	3.4%	3.4%	3.2%	\$60	\$61	\$46
Manhattan Totals	5.6%	5.6%	2.7%	\$87	\$88	\$65

Source: Cushman and Wakefield

Construction Starts, Four Months Ending				
Indicator	Building		Non-Building	
	Nov-08	Nov-07	Nov-08	Nov-07
Number of projects	2,123	2,075	122	73
Square Feet (000s)	13,467	14,053	n.a.	n.a.
Value (\$,000s)	2,736,426	3,984,856	1,463,004	2,599,865

Source: McGraw Hill Construction

Tourism, Travel and Transit

Tourism and Travel

Broadway Ticket Sales

- There were approximately 984,000 tickets sold during the four weeks ending December 28, 2008, a 7.1 percent decrease from the same period last year.
- Broadway revenue during this period was roughly \$85.1 million, a 3.5 percent decrease from last year.

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

Air Traffic

- In October 2008, 8.6 million passengers flew into and out of the region’s airports, a decrease of 4.7 percent from October 2007.

Source: Port Authority of New York and New Jersey

Hotel Occupancy

- In November 2008, the average daily hotel room rate was \$347, a 9.9 percent decrease from November 2007.
- Hotel occupancy was 80.8 percent in November 2008, down from 88.7 percent in November 2007.

Source: PKF Consulting

Transit Ridership

- Total ridership on MTA subways, trains and buses in November 2008 was roughly 204 million, a decrease of 3.8 percent from November 2007.
- In November 2008, subway ridership was roughly 129 million, a decrease of 3.7 percent from November 2007.

Source: Metropolitan Transportation Authority

For more information regarding this issue of *Economic Snapshot*, please contact snapshot@nycfedc.com



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