

# ECONOMIC SNAPSHOT

A Summary of New York City's Economy

NOVEMBER 2007

## HIGHLIGHTS

Private employment fell by 3,000 jobs in September, after an increase of 1,600 jobs in August.

The unemployment rate fell to 5.1 percent in September, from 5.7 percent in August.

The NYC hotel occupancy rate in August 2007 was 91 percent, up from 87 percent in August 2006.

The Direct Class A office vacancy rate was 4.2 percent in October 2007, while the average asking rent was \$77 PSF.

Passengers in NYC's airports totaled 10.6 million in August 2007, up 5.6 percent from August 2006.

## Employment Facts

- Private sector jobs in New York City fell by 3,000 in September 2007 after an increase of 1,600 in August 2007.
- Government jobs in the City rose by 9,400 for a net gain of 6,500 total (private and public sector) jobs.
- Since September 2006, the private sector has grown by 1.5 percent, adding 48,000 total jobs.
- The City's unemployment rate fell to 5.1 percent in September 2007, from 5.7 percent in August 2007.
- In September 2007, Finance and Insurance sector jobs rose by 2,000; reaching the highest employment level for this sector since September 2001.

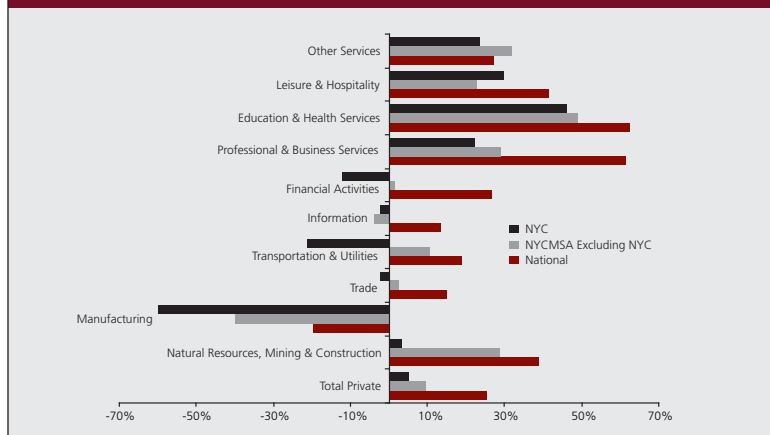
Industry	Employment (000s)			
	Sept-07	August-07	Change From Prev. Month	Change From Sept-06
<b>FIRE</b>	<b>474</b>	<b>472</b>	<b>2</b>	<b>13</b>
Finance and Insurance	355	353	2	12
Real Estate	120	120	0	1
<b>SERVICES</b>	<b>1,911</b>	<b>1,915</b>	<b>(3)</b>	<b>31</b>
Information	164	166	(2)	(0)
Professional & Business	591	589	1	15
Educational	150	152	(2)	(2)
Health & Social Assistance	558	559	(1)	11
Arts & Entertainment	65	65	1	2
Accommodation & Food	228	230	(2)	6
Other	155	155	0	(0)
<b>TRADE</b>	<b>438</b>	<b>441</b>	<b>(3)</b>	<b>3</b>
Retail	292	294	(2)	5
Wholesale	146	146	(0)	(2)
<b>MANUFACTURING</b>	<b>98</b>	<b>99</b>	<b>(1)</b>	<b>(7)</b>
<b>TRANSPORTATION &amp; UTILITY</b>	<b>125</b>	<b>124</b>	<b>(1)</b>	<b>2</b>
<b>CONSTRUCTION</b>	<b>126</b>	<b>125</b>	<b>1</b>	<b>7</b>
<b>TOTAL PRIVATE</b>	<b>3,172</b>	<b>3,175</b>	<b>(3)</b>	<b>48</b>
GOVERNMENT	560	551	9	0
<b>TOTAL (Private &amp; Government)</b>	<b>3,732</b>	<b>3,726</b>	<b>7</b>	<b>48</b>

Source: New York State Department of Labor (NYSDOL)

## City and MSA Private Employment

- In 2006, 3.1 million people were employed in New York City by private sector employers, an increase of 5 percent from 1990. The City accounted for 43 percent of the total private employment in the Metropolitan Statistical Area (MSA) in 2006.
- Growth in private employment in the City has been slower than in the rest of the MSA (the "Suburbs") and the Nation as a whole.
- Employment across all sectors of the economy grew at a faster rate in the Suburbs than in the City, with the exception of the Leisure and Hospitality and Information sectors.
- The Trade and Financial Activities sectors experienced a loss in employment from 1990 to 2006 in NYC, while growing in the Suburbs and the U.S.
- From 1990 to 2006, the Education and Healthcare Services sector grew the most across all geographies.
- In most of the MSAs and nationally, the growth in private employment was primarily driven by the Professional and Business, Education and Health, and Leisure and Hospitality Services sectors. In 2006, these sectors accounted for 42 to 47 percent of the private sector employment (up from 33 to 39 percent in 1990) in the MSAs and nationally.

### Change in Private Employment: NYC, NYCMSA excluding NYC, and U.S., 1990-2006



Source: Bureau of Labor Statistics

- The Trade, Transportation and Utilities, Information Services and Financial Activities sectors reduced their share of total private jobs from 1990 to 2006, nationally as well as in all the MSAs except Los Angeles. However, only Manufacturing and Information sectors suffered absolute job losses in more than one MSA during this period.

- Among the six largest MSAs, private employment in Houston and Phoenix grew from 1990 to 2006 at a faster pace than in the U.S., with each sector experiencing job growth. Sectors that grew by more than 50 percent accounted for 90 percent of 2006 total private employment in Phoenix; employment in the Natural Resources,

Mining and Construction, Professional and Business Services, and Education and Healthcare Services sectors (42 percent of total private employment) more than doubled during the same period.

- New York was the only MSA where Transportation and Utilities, and Financial Activities jobs declined from 1990 to 2006.

MSA Private Employment by Sector: Total Private Employment Shares 2006 and Change 1990-2006														
	New York		Los Angeles		Chicago		Houston		Phoenix		Philadelphia		National	
	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %	% Total Private <sup>1</sup>	Change <sup>2</sup> %
Total Private	100	8	100	5	100	13	100	38	100	92	100	13	100	25
Natural Resources, Mining, & Construction	5	19	6	19	6	21	12	32	11	204	5	14	7	39
Manufacturing	7	(46)	13	(38)	12	(29)	11	11	8	3	9	(34)	12	(20)
Trade	18	1	18	8	18	3	18	24	19	74	18	1	19	15
Transportation & Utilities	4	(4)	4	6	5	11	6	24	4	61	4	18	4	19
Information	4	(3)	5	12	2	(10)	2	0	2	38	2	(12)	3	14
Financial Activities	11	(7)	8	4	8	11	7	23	9	93	9	10	7	26
Professional & Business Services	18	26	18	23	18	42	17	71	19	190	17	36	15	62
Education & Health Services	20	47	13	31	15	48	13	68	12	115	21	45	16	62
Leisure & Hospitality	9	26	11	29	10	34	10	60	11	74	9	33	12	42
Other Services	5	28	4	12	5	22	4	50	4	92	5	30	5	27

Source: Bureau of Labor Statistics

<sup>1</sup> Sector Employment as percent of Total Private Employment, 2006. <sup>2</sup> Percent Change in Employment 1990-2006.

### Real Estate

- In October 2007, Downtown Class A direct office vacancy rates decreased from 4.4 percent to 4.0 percent while average rental rates increased to \$55 PSF.
- From September to October 2007, total Manhattan sublease vacancy rates remained at approximately 1.1 percent.
- Over the same period, total Manhattan sublease average rents decreased \$1 PSF to \$67 PSF, due to a \$1 PSF decrease in Midtown areas.

### Class A Office Vacancy Rates and Average Rents

	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Oct-07	Sept-07	Oct-07	Oct-07	Sept-07	Oct-07
Midtown	4.6%	4.5%	1.2%	\$84	\$84	\$74
Midtown South	0.5%	0.5%	0.2%	\$56	\$57	\$41
Downtown	4.0%	4.4%	1.2%	\$55	\$53	\$44
<b>Manhattan Totals</b>	<b>4.2%</b>	<b>4.2%</b>	<b>1.1%</b>	<b>\$78</b>	<b>\$77</b>	<b>\$67</b>

Source: Cushman and Wakefield

### Other Indicators

#### Tourism and Travel

##### Air Traffic

- In August 2007, 10.6 million passengers flew into and out of the region's airports, a 5.6 percent increase from August 2006 passenger levels.

Source: Port Authority of New York and New Jersey

##### Hotel Occupancy

- In September 2007, the average daily hotel room rate was \$340, an 11 percent increase from September 2006.
- Hotel occupancy was 87.5 percent in September 2007, down from 88 percent in September 2006.

Source: PKF Consulting

##### Broadway Ticket Sales

- Total Broadway attendance was approximately 1.1 million during the five weeks ending November 4, 2007, a 1 percent decrease from the same period last year.
- Broadway revenue during this period was roughly \$83 million, a 1.6 percent decrease from last year.

Source: The League of American Theatres and Producers

#### Subway Ridership

- Total ridership on MTA subways, trains and buses, and bridge and tunnel use in August 2007 was roughly 206 million, an increase of 1.5 percent from August 2006.
- In August 2007, subway ridership was roughly 129 million, an increase of 2 percent from August 2006.

Source: Metropolitan Transportation Authority

#### New Construction

For the four months ending September 2007:

- There were 2,507 building projects (including new, additions and alterations) that started construction in NYC, a 30 percent decrease from the four months ending September 2006. There were 115 infrastructure (non-building) project starts, a decrease of 18 percent from last year.
- Planned space for building project starts is approximately 10 million square feet, a 50 percent decrease from the same period in 2006.

Source: Dodge Analytics