

ECONOMICSNAPSHOT

A Summary of New York City's Economy

AUGUST 2016

HIGHLIGHTS

Private employment in New York City rose by 21,500 between June and July 2016.

The unemployment rate rose to 5.2% over the last month, but is down from 6.6% this time last year.

Subway and bus ridership fell from June 2015, with Bridge and Tunnel transit increasing.

Hotel room rates fell by 12.5% in May 2016 compared to one month prior.

Innovative economic activity is continuing to expand in New York City, according to our updated Innovation Index.

Employment

- Private sector jobs in New York City rose by 21,500 in July, following June's gain of 12,800.¹
- Government jobs increased by 200, resulting in overall gains of 21,700 jobs between June and July 2016.
- The fastest-growing sectors were Education and Accommodation and Food Services, which gained 7,200 jobs and 5,200 jobs, respectively.
- Information and Real Estate also experienced strong growth, with 2,800 and 2,500 jobs added, respectively.
- Since July 2015, private sector employment has risen by 93,800 jobs, an increase of 2.6% (more than the national growth rate of 1.9%).
- The City's unemployment rate rose to 5.2% in July 2016, up from 5.0% in June.

¹ June 2016 employment gains were revised down from 26,400 by the NYS Department of Labor

Industry	Employment (000s)			
	Jul-16	Jun-16	Change From Prev. Month	Change From Jul-15
FIRE	461	457	4.1	-0.2%
Finance & Insurance	333	332	1.6	-0.2%
Securities	174	173	0.8	0.5%
Banking	95	95	0.6	-1.0%
Other	64	64	0.2	-1.1%
Real Estate	127	125	2.5	0.0%
SERVICES	2,461	2,445	16.1	3.5%
Information	199	196	2.8	4.6%
Professional & Business	713	713	(0.1)	1.5%
Prof., Scientific & Tech.	406	408	(1.7)	1.5%
Mgt. of Companies & Enterprises	71	71	0.1	0.3%
Administrative	236	234	1.6	2.0%
Educational	232	225	7.2	7.1%
Health & Social Assistance	674	674	(0.4)	2.8%
Arts & Entertainment	89	88	0.4	6.9%
Accommodation & Food	364	359	5.2	5.7%
Other	191	190	0.9	3.2%
TRADE	499	498	1.3	0.3%
Retail	349	349	0.2	-0.7%
Wholesale	150	149	1.1	2.7%
MANUFACTURING	79	79	-	0.9%
TRANSPORTATION & UTILITIES	137	136	1.3	3.5%
CONSTRUCTION	143	145	(1.3)	3.3%
TOTAL PRIVATE	3,780	3,759	21.5	2.6%
GOVERNMENT	554	554	0.2	0.8%
TOTAL (Private & Government)	4,335	4,313	21.7	2.3%

Unemployment Rates

Place of Residence	12 Months Ending	
	Jun-16	Jun-15
Bronx	7.2%	8.9%
Brooklyn	5.4%	6.9%
Manhattan	4.5%	5.5%
Queens	4.5%	5.8%
Staten Island	5.2%	6.6%
NYC	5.2%	6.6%

Source: New York State Department of Labor (NYS DOL)
Note: Data are not seasonally adjusted.

Source: New York State Department of Labor (NYS DOL)
Note: Rows may not sum to totals due to rounding. Data are seasonally adjusted by NYC OMB.

INNOVATION INDEX

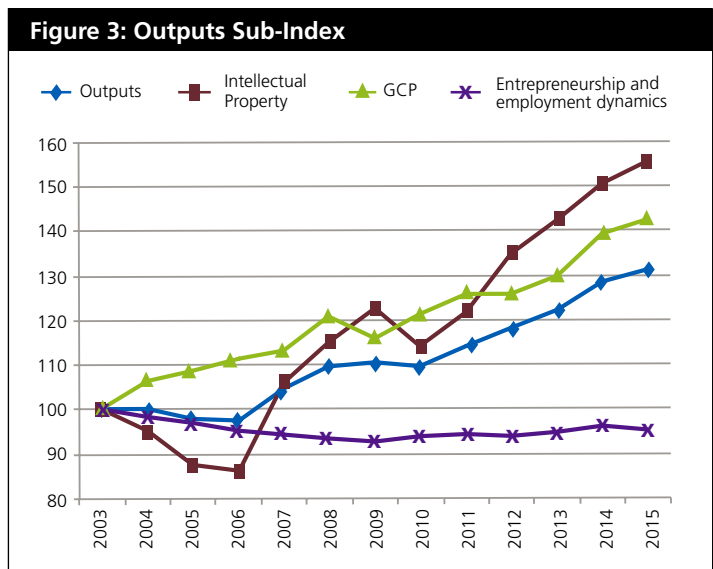
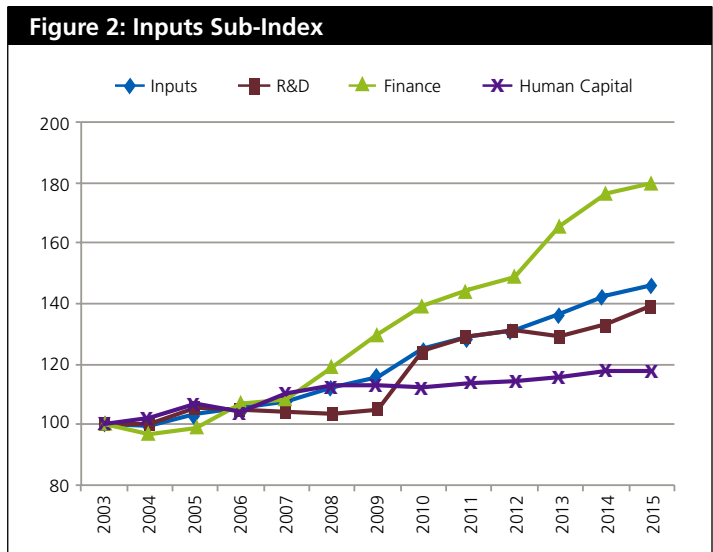
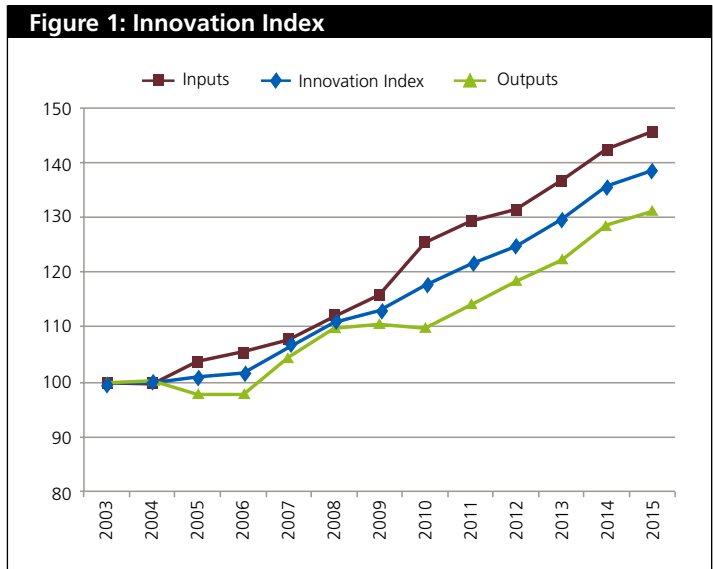
- How does one measure innovation in New York City? How innovative is our city? What does so-called “innovation” entail? The Economic Research & Analysis (ERA) team at NYCEDC answers these questions with a simple index—the Innovation Index¹—that can help quantify innovation growth over time. Index inputs show metrics that contribute to the creation of innovative products, and the outputs show metrics that track economic growth in New York City. According to ERA’s figures, innovation has increased by 38% since the index began in 2003, growing at a compound annual rate of 2.7%. In short, New York City has seen substantial growth in innovation in recent years.
- Inputs used to measure innovation can be broken down into finance, research and development (R&D) spending, and human capital, which collectively grew 2.2% between 2014 and 2015 and 46% overall between 2003 and 2015.
- Between 2003 and 2015, the finance category, which is measured by venture capital funding (VC) and federal funding received through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer programs (STTR), saw the strongest growth of nearly 80%. VC investment alone exceeded \$7 billion in 2015, with the largest single deal going to WeWork for \$433.9 million.
- Human capital in the science and engineering fields (S&E), measured by graduate student enrollment and employment, has grown less prominently relative to the other input metrics, increasing 18% between 2003 and 2015. While the number of graduate and post-doctoral students in S&E professions grew by 5% between 2010 and 2015, the actual number of S&E employees in New York City grew by 14%, indicating that students are migrating to the City for work. Roughly 44% of the STEM workforce in New York City is foreign-born, further suggesting that a large portion of labor in the innovation economy is imported from abroad.^{2, 3}
- Outputs used to assess innovation include intellectual property (IP), Gross City Product for high-tech industries (GCP), and entrepreneurship, which collectively grew 1.9% between 2014 and 2015 and 31% overall between 2003 and 2015.
- Real GCP (in 2009 dollars) within high-tech sectors exceeded \$26 billion in 2015, which is more than double the 2003 value.⁴ Workers in the high-tech industries have also become more productive over the years, as the amount of GCP per worker steadily grew at a compound annual growth rate of 2.2% between 2003 and 2015.

¹ Sources for Innovation Index include: AUTM, Bureau of Labor Statistics, Moody’s, PwC MoneyTree, National Science Foundation, UPSTO, SBA, Quarterly Workforce Indicators, NASDAQ, Bloomberg, World Federation of Exchanges.

² For a list of NAICS codes used to define STEM, please contact us at nycera@edc.nyc.

³ American Community Survey, Microdata, 2014.

⁴ For a list of high-tech industries, please contact us at nycera@edc.nyc



Real Estate and Construction

Manhattan Office Market

- In July 2016, the Manhattan Class A direct vacancy rate rose to 8.6% from 8.5% one-month prior, while the average rental rate remained at \$81 per square foot.
- While month-to-month vacancy and rental rates have been steady, rental rates are up 4.7% over the last year.
- The Class A sublease rental rate rose by \$2 from one-month prior, led by the Midtown and Downtown markets.

Class A Office Vacancy Rates and Average Rents

	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Jul-16
	Jul-16	Jun-16	Jul-16	Jul-16	Jun-16	
Midtown	8.5%	8.3%	1.3%	\$88	\$88	\$60
Midtown South	3.2%	3.2%	1.0%	\$86	\$85	\$60
Downtown	11.0%	11.1%	0.6%	\$63	\$63	\$49
Manhattan Totals	8.6%	8.6%	1.1%	\$81	\$81	\$59

Source: Cushman and Wakefield
Note: based on latest available data

Construction

For the 12-months ending July 2016:

- The number of residential construction projects fell by 1.1% for the twelve-month period ending July 2016. Further, non-building construction projects saw a 21.5% drop over this time. Only non-residential building projects have seen gains, rising 0.4% over the last twelve months.
- Both the value and square footage of construction projects were down from July 2015 totals. Total new building square footage was down 36.0%, while the corresponding value of new building projects was down 35.2%.
- 1,847 dwelling units began development across the City in July 2016.

Construction Starts, Twelve Months Ending

Indicator	Building		Non-Building	
	Jul-16	Jul-15	Jul-16	Jul-15
Number of projects	7,006	7,032	370	489
Square feet (000s)	51,434	80,343	n.a.	n.a.
Value (\$000ws)	24,626,425	37,999,522	2,419,718	4,654,326

Source: McGraw-Hill

Transit, Travel, and Tourism

Transit Ridership

- Total ridership on MTA New York City subways and buses in June 2016 was 205.1 million, a 1.2% decrease from June 2015. Subway ridership fell 0.8% since last June, and bus ridership fell 2.1%.
- The greatest growth in ridership was for MTA Bridges and Tunnels, which saw an increase of 4.3% from last June, reaching 27.3 million.

Source: Metropolitan Transportation Authority

Travel and Tourism

Air Traffic

- In June 2016, 11.7 million passengers flew into and out of the New York City region's airports, an increase of 5.5% from June 2015.
- There were 79,088 domestic flights, carrying roughly 7.6 million passengers in June 2016. This compares to the 25,583 international flights carrying 4.1 million passengers.
- Freight transport also increased at regional airports, rising 0.8% from May 2016. This increase was led by domestic freight, which grew 19.5% from last month.

Source: Port Authority of New York and New Jersey

Broadway Ticket Sales

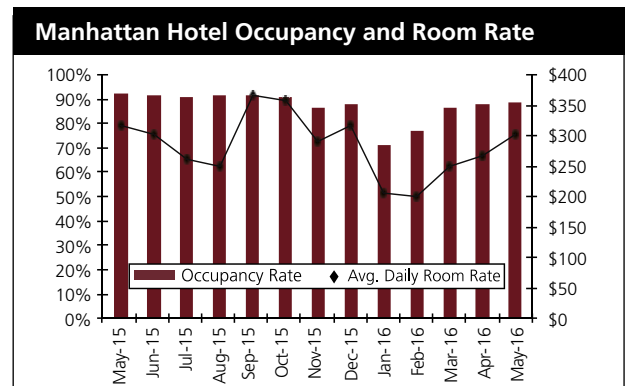
- Total Broadway attendance was 1,239,086 during the four weeks ending August 2, 2016, down 3.0% from the same period last year.
- Broadway revenues during this period were roughly \$130.1 million, down 5.5% from last year. This was the result of average ticket prices falling to \$105 from \$108 last July, as well as decreased attendance.

Source: The Broadway League

Note: Gross revenue and attendance figures may not include all shows

Hotel Occupancy

- In May 2016, the average daily hotel room rate was \$305, a 4.6% decrease from May 2015.
- Hotel occupancy was 90.0% in May 2016, down from 93.2% in May 2015.
- These declining room and occupancy rates were present across all price classes and submarkets.



Source: PKF Consulting

Note: Based on latest available data

About NYCEDC

The New York City Economic Development Corporation is the City's primary engine for economic development charged with leveraging the City's assets to drive growth, create jobs and improve quality of life. NYCEDC is an organization dedicated to New York City and its people. We use our expertise to develop, advise, manage and invest to strengthen businesses and help neighborhoods thrive. We make the city stronger.

About NYCEDC Economic Research & Analysis

The Economic Research and Analysis group from NYCEDC's Center for Economic Transformation conducts economic analysis of New York City projects, performs industry and economic research on topics affecting the city and tracks economic trends for the Mayor, policy-makers and the public as a whole. As part of its goal of providing up-to-date economic data, research and analysis to New Yorkers, it publishes a monthly New York City Economic Snapshot as well as the Trends & Insights series of publications covering such topics as Tech Venture Capital Investment, Borough & Local Economies, and Industry Economic Sectors. It also sponsors the Thinking Ahead series of events that brings together thought leaders and stakeholders to discuss and debate key issues shaping New York City's economic future.

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