

ECONOMIC SNAPSHOT

A Summary of New York City's Economy

MAY 2011

HIGHLIGHTS

Private employment rose by 7,000 in March 2011 after an increase of 3,900 jobs in February.

The unemployment rate fell to 8.7 percent in March from 8.9 percent in February.

The Manhattan hotel occupancy rate in March 2011 was 82.9 percent, down from 85.7 percent in March 2010.

The Manhattan Class A office vacancy rate was 8.6 percent in April 2011, while the average asking rent was \$65 PSF.

Passengers in NYC area airports totaled 6.6 million in February 2011, up 2.1 percent from February 2010.

Unemployment Rates

Place of Residence	12 Months Ending	
	Mar-11	Mar-10
Bronx	12.5%	12.7%
Brooklyn	9.9%	10.4%
Manhattan	7.6%	8.7%
Queens	8.3%	8.8%
Staten Island	8.4%	8.6%
NYC	9.2%	9.7%

Source: New York State Department of Labor (NYSDDL)

Employment

- Private sector jobs in New York City rose by 7,000 in March 2011 after an increase of 3,900 in February.
- In the same period, government jobs in the City fell by 1,400 for a net increase of 5,500 private and public sector jobs.
- Since March 2010, private sector employment has risen by 49,400 jobs or 1.6 percent.
- The City's unemployment rate fell to 8.7 percent in March from 8.9 percent in February.
- Between February and March 2011, the number of employed City residents rose by 5,800 and the number of unemployed City residents fell by 8,600.

Industry	Employment (000s)			
	Mar-11	Feb-11	Change From Prev. Month	Change From Mar-10
FIRE	435	435	(0)	9
Finance and Insurance	318	319	(1)	9
Securities	171	171	0	8
Banking	86	86	(0)	1
Other	62	62	(1)	(0)
Real Estate	117	117	1	(0)
SERVICES	1,999	1,999	1	40
Information	165	166	(1)	1
Professional & Business	587	585	2	17
Prof., Scientific, & Tech.	326	326	0	9
Mgt. of Companies & Enterprises	64	64	0	2
Administrative	197	195	2	7
Educational	176	178	(1)	8
Health & Social Assistance	589	587	2	9
Arts & Entertainment	62	63	(1)	(5)
Accommodation & Food	260	259	1	10
Other	161	161	0	1
TRADE	447	443	4	10
Retail	308	304	4	7
Wholesale	139	139	1	3
MANUFACTURING	75	75	(1)	(2)
TRANSPORTATION & UTILITIES	119	118	1	(0)
CONSTRUCTION	107	105	2	(7)
TOTAL PRIVATE	3,182	3,175	7	49
GOVERNMENT	547	548	(1)	(13)
TOTAL (Private & Government)	3,728	3,723	6	36

Source: New York State Department of Labor (NYSDDL)
Data are seasonally adjusted by NYC OMB.

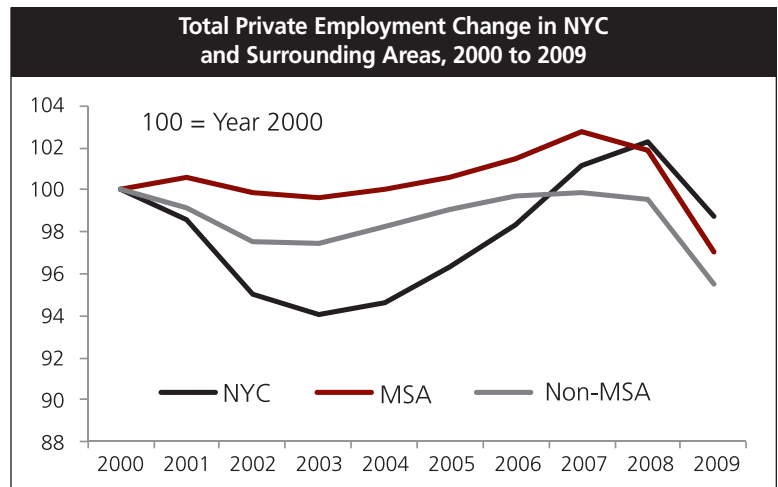
Job Losses and Competition from Surrounding Area

- Studying more general patterns of employment dynamics, specifically ways in which jobs relocate, provide an understanding of NYC's economy and its relationship with its geographic neighbors.
- From 2000 to 2009, NYC's net private sector employment contracted by 39,700 jobs (1.3 percent). While employment in counties within the MSA¹ dropped 2.9 percent, the decline was slower than NYC's during the dot-com bust and September 11th. The steepest declines from 2000 to 2009 were outside the MSA (4.4 percent). The majority of these declines occurred between 2008 and 2009 at the inception of the credit crisis.
- From 2000 to 2009, the net gains and losses in employment by sector in the MSA mirrored NYC trends. Specifically, all sectors where employment contracted in the City also declined in the MSA. However, trends did not adhere as closely in counties outside the MSA. Of the sectors where NYC lost employment, non-MSA employment grew in the Finance and Insurance, Transportation and Warehousing, and Utilities sectors.
- Of the 213,900 gross employment loss in NYC, 78.1 percent occurred within four sectors: Finance and Insurance, Manufacturing, Information, and Administrative and Support Services. Following nationwide trends, Manufacturing did not add any jobs within the tri-state area. Although some counties added Information and Administrative and Support Services jobs, the gains were minimal. 86.5 percent of 20,200 gross employment gains in Administrative and Support Services were added outside the MSA, of which more than a third were located in Burlington, NJ; New London and Middlesex, CT.
- Within Finance and Insurance, the Securities² subsector accounted for half of the sector's job loss, declining by 24,600 jobs in NYC. Surrounding counties in the tri-state area added 21,800 Securities jobs, for a net gain of 13,700. The majority of tri-state gains in the subsector concentrated outside of MSA, which added 11,100 net jobs, a 52.1 percent increase. The growth mostly occurred in Fairfield, CT (including Stamford) and a few counties in the middle of New Jersey. The balance of Securities job gains (2,600 jobs) were located within the MSA (5.4 percent increase).
- Most of the jobs lost in NYC were in tradable sectors. Job losses in non-tradable sectors³ such as Utilities, Wholesale trade, and Transportation and Warehousing, accounted for less than a quarter of the City's total job losses. Furthermore, 74.4 percent of NYC's job gains were in non-tradable sectors: Health Care and Social Assistance, Accommodation and Food, Educational Services and Retail Trade.

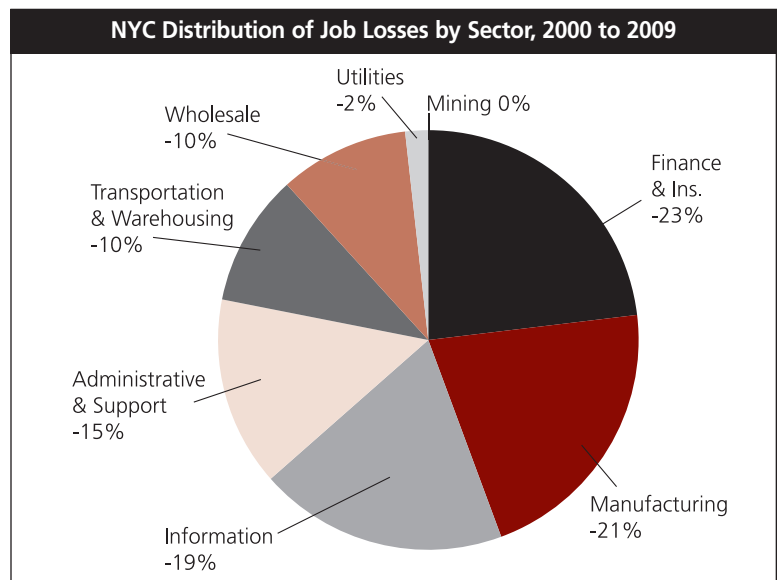
¹ Surrounding areas include counties from NJ, CT and the rest of NY State, where total private employment was at least 20,000 in 2000. There were 17 counties in the MSA and 41 counties outside of the MSA included in this analysis.

² Securities, Commodity Contracts, and Other Financial Investments and Related Activities.

³ Non-tradable sectors include location-specific industries that provide goods and services locally, although not exclusively to residents (e.g. tourism-related industries).



Source: Bureau Labor of Statistics, QCEW



Source: Bureau Labor of Statistics, QCEW

NYC and Surrounding Areas Net Employment Change, 2000 to 2009

Industry	NYC	MSA	Non-MSA
Finance & Ins.	(49,394)	(24,585)	2,922
Manufacturing	(45,476)	(157,103)	(197,012)
Information	(40,929)	(49,365)	(29,553)
Admin. & Support	(31,226)	(20,874)	(8,742)
Transport. & Warehousing	(21,741)	(12,826)	17,991
Wholesale	(21,307)	(16,666)	(13,876)
Utilities	(3,790)	(624)	6,522
Construction, Agric., Mining	391	17,733	(5,200)
Real Estate	425	2,080	(5,262)
Prof., Sci., and Tech.	1,648	(2,887)	11,818
Other	6,968	14,644	7,690
Mngt. of Comp.	8,352	10,785	6,892
Arts & Ent.	11,286	11,694	(9,312)
Non-class.	11,718	13,527	4,204
Retail	13,786	(26,003)	(25,239)
Education	30,686	20,791	28,715
Accommodation & Food	41,617	42,834	20,437
Health Care	86,581	124,481	106,217
Total	(39,717)	(112,778)	(171,770)

Source: Bureau Labor of Statistics, QCEW

Real Estate and Construction

Manhattan Office Market

- In April 2011, the Manhattan Class A direct vacancy rate and average rental rate remained at 8.6 percent and \$65 PSF, respectively.
- In the same month, the Midtown Class A direct vacancy rate fell to 9.0 percent and the rental rate remained at \$70 PSF.
- The Manhattan Class A sublease vacancy rate fell to 2.0 percent in April 2011 from 2.1 percent in March

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Apr-11	Mar-11	Apr-11	Apr-11	Mar-11	Apr-11
Midtown	9.0%	9.1%	2.0%	\$70	\$70	\$54
Midtown South	4.7%	4.1%	1.2%	\$55	\$56	\$44
Downtown	8.1%	8.1%	2.1%	\$45	\$45	\$37
Manhattan Totals	8.6%	8.6%	2.0%	\$65	\$65	\$50

Source: Cushman and Wakefield

Construction

For the four months ending March 2011:

- Building projects (including new, additions and alterations) that started construction in NYC increased by 45.3 percent and infrastructure (non-building) project starts increased by 14.9 percent from the four months ending March 2010.
- Planned space for building project starts fell 19.0 percent from the same period in 2010.
- 739 residential building projects started construction, an increase of 20.8 percent from the previous year. These starts contained 3,096 units of housing, a 13.5 percent decrease over the same period.

Construction Starts, Four Months Ending				
Indicator	Building		Non-Building	
	Mar-11	Mar-10	Mar-11	Mar-10
Number of projects	1,893	1,303	154	134
Square Feet (000s)	7,233	8,932	n.a.	n.a.
Value (\$,000s)	3,300,720	6,938,512	481,935	2,020,804

Source: McGraw Hill Construction

Tourism, Travel and Transit

Transit Ridership

- Total ridership on MTA subways, trains and buses in March 2011 was 234.6 million, an increase of 0.6 percent from March 2010.
- Subway ridership in March 2011 was 144.9 million, an increase of 2.3 percent from March 2010.

Source: Metropolitan Transportation Authority

Tourism and Travel

Air Traffic

- In February 2011, 6.6 million passengers flew into and out of the region's airports, an increase of 2.1 percent from February 2010.
- Domestic air carriers accounted for 4.5 million passengers, a 2.3 percent increase from the same month last year.
- 2.2 million passengers traveled with international air carriers in February 2011, a 1.8 percent increase from February 2010.

Source: Port Authority of New York and New Jersey

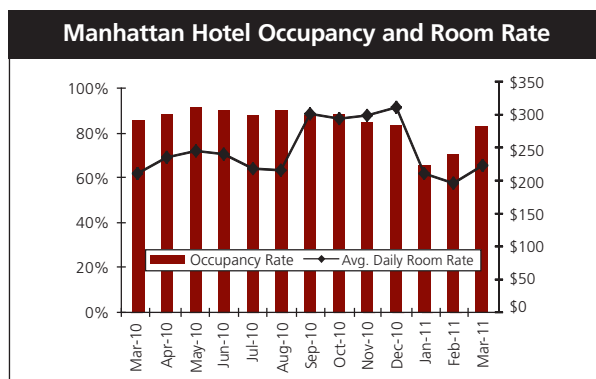
Broadway Ticket Sales

- Total Broadway attendance was approximately 1.2 million during the four weeks ending May 1, 2011, up 14.9 percent from the same period last year.
- Broadway revenue during this period was about \$99.5 million, up 14.9 percent from last year.

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

Hotel Occupancy

- In March 2011, the average daily hotel room rate was \$229, a 5.0 percent increase from March 2010.
- Hotel occupancy was 82.9 percent in March 2011, down from 85.7 percent in March 2010.
- The average daily hotel room rate increased the most in mid-priced hotels (charging between \$190 and \$250 per night).



Source: PKF Consulting

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