

ECONOMICSNAPSHOT

A Summary of New York City's Economy

JUNE 2016

HIGHLIGHTS

Private employment in New York City fell 6,700 between April and May 2016.

The unemployment rate fell to 5.1%, down from 5.7% this time last year.

Tourists from abroad are visiting New York City at an increasing rate.

10.7 million passengers flew into and out of the region's airports in March 2016, a 7.9% increase from March 2015.

Attendance at Broadway shows reached 1.4 million for May 2016, up 5.2% from the prior year.

Employment

- Private sector jobs in New York City fell by 6,700 in May 2016, following a gain of 4,400 jobs in April 2016.
- Government jobs in the City increased by 600, resulting in a net overall decrease of 6,100 jobs between May and April 2016.
- Employment losses were led by the Information industry, which lost 3,500 jobs in large part due to the Verizon strike.
- The Wholesale and Retail industries experienced job losses—2,700 and 2,400, respectively—as did Financial Activities, which lost 2,500 jobs.
- Private sector employment has risen by 80,900 jobs since May 2015, an increase of 2.2%, in comparison to the national growth rate of 1.9%.
- New York City's unemployment rate fell to 5.1% in May 2016 from 5.4% in April 2016, due in part to falling labor force participation.

Industry	Employment (000s)			
	May-16	Apr-16	Change From Prev. Month	Change From May-15
FIRE	460	463	(2.5)	-0.5
Finance & Insurance	333	334	(0.8)	-0.2
Securities	174	175	(0.6)	-0.4
Banking	95	95	(0.3)	-0.3
Other	65	65	0.1	0.2
Real Estate	127	129	(1.6)	-1.3
SERVICES	2,431	2,432	0.6	0.0
Information	191	194	(3.5)	-1.8
Professional & Business	717	719	(0.3)	0.0
Prof., Scientific & Tech.	409	409	1.2	0.3
Mgt. of Companies & Enterprises	72	72	(0.2)	-0.3
Administrative	236	238	(1.4)	-0.6
Educational	224	222	1.6	0.7
Health & Social Assistance	671	673	(0.3)	0.0
Arts & Entertainment	87	86	1.7	2.0
Accommodation & Food	352	349	2.4	0.7
Other	189	190	(1.0)	-0.5
TRADE	494	498	(5.1)	-1.0
Retail	347	349	(2.7)	-0.8
Wholesale	147	149	(2.4)	-1.6
MANUFACTURING	79	79	(0.2)	-0.3
TRANSPORTATION & UTILITIES	136	135	0.3	0.2
CONSTRUCTION	145	144	0.2	0.1
TOTAL PRIVATE	3,745	3,751	(6.7)	-0.2
GOVERNMENT	553	553	0.6	0.1
TOTAL (Private & Government)	4,299	4,304	6.1	-0.1

Unemployment Rates

Place of Residence	12 Months Ending	
	Apr-16	Apr-15
Bronx	7.4%	9.2%
Brooklyn	5.5%	7.2%
Manhattan	4.6%	5.7%
Queens	4.7%	6.0%
Staten Island	5.4%	6.8%
NYC	5.4%	6.8%

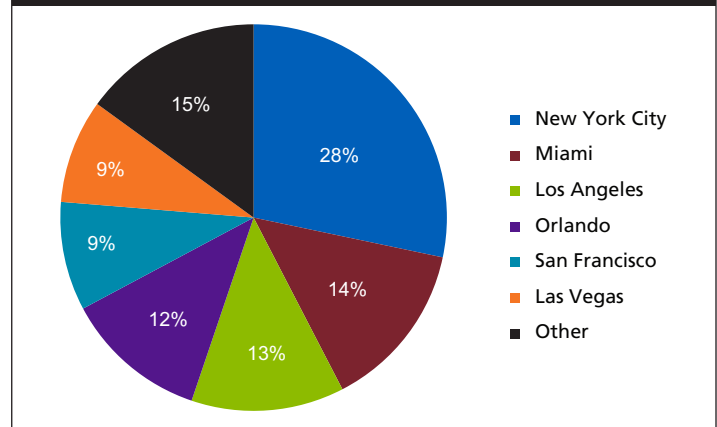
Source: New York State Department of Labor (NYSDOL)
Note: Data are not seasonally adjusted.

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Note: Rows may not sum to totals due to rounding. Data are seasonally adjusted by NYC OMB.

TOURISM

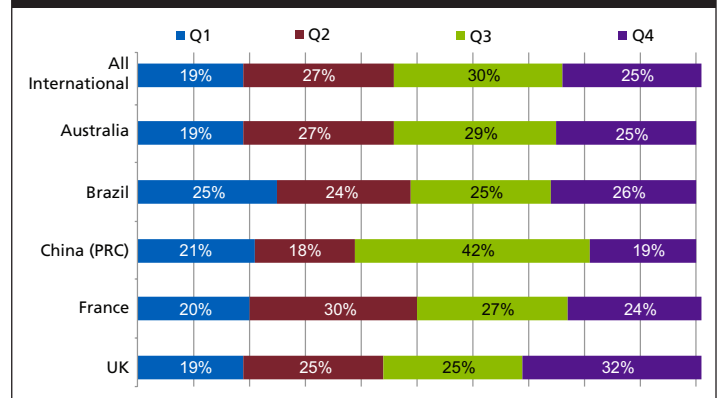
- Tourism is a major pillar of New York City's economy. Visitations from abroad represent a growing segment of the City's tourism industry, and a record number of visitors are expected this year. In fact, New York City was the most popular destination for tourists visiting the US from abroad by a wide margin in 2014. The City's 9.7 million overseas visitors—not including Canada and Mexico—more than doubled the number of visitors to Miami, the next most popular city. In total, New York City hosted 28.3% of the nation's overseas visitors (see figure 1).
- An increasing portion of total tourism to the city is by international visitors, making up 21.2% of all tourism in 2014—an all-time high—up 5 percentage points from 2005. International tourism is projected to continue as the fastest-growing tourism segment over the coming years, outpacing domestic visitors, though at a slower rate than previous years. Although domestic tourists are arriving in higher numbers, international tourists account for 50% of total tourism spending, as they tend to stay in the City for longer periods of time.¹
- International tourism was concentrated in the third quarter of 2014. China was the fourth largest source of tourists to New York City, and Chinese tourists were a key driver of summertime visitation with 42% of visitors arriving in July, August, and September (see figure 2). This pattern of increasing tourism from abroad over the summer differs from domestic tourism, when the fourth quarter—October, November, and December—is more popular.²
- The currency exchange rate is one of the defining factors for where an international tourist will travel, and the exchange rates affect the visitors' spending habits once abroad. As the US dollar grows stronger against the euro, for example, EU residents may be less inclined to visit the US, or may be hesitant to spend once here. In order to determine the impact that exchange rates have on international travel to New York City, we took the percentage change of annual tourism from the top 15 countries that sent the most visitors to New York City in 2015 and compared them to the exchange rates between the US dollar and the tourists' respective national currency from 2007 to 2015.³ What we saw hints at major differences between these countries. Italy exhibits the strongest relationship between exchange rate and tourism to New York City, with more than half of the variation in Italian visitor levels attributable to exchange rate changes. This is not the case for other countries using the euro, however, as Spanish tourists tend to be the least responsive to exchange rates. At the other end of the spectrum, Japanese tourism to New York City appears to change wholly independently of currency fluctuations.

Figure 1. Overseas Tourism to US Cities (2014 Market Share)



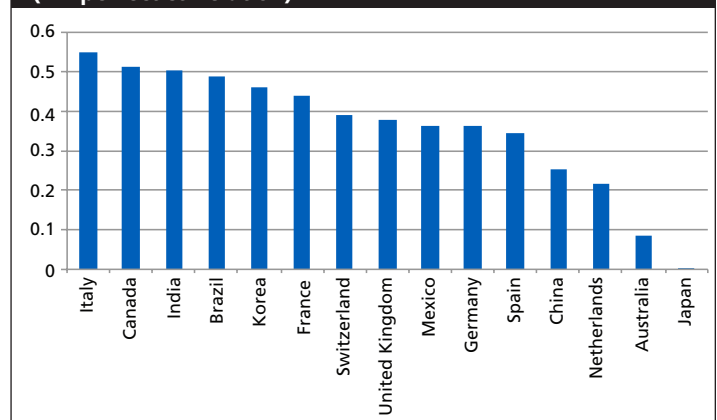
US Department of Commerce, International Trade Administration

Figure 2. Seasonal Trends in Overseas Tourism



NYC & Company

Figure 3. Relationship between exchange rates and tourism (1 = perfect correlation)



Federal Reserve Economic Data; NYC & Company

¹ NYC & Company, New York City Travel + Tourism Trend Report, September 2015.

² NYC & Company

³ Exchange rate data from the Federal Reserve Bank of St. Louis' Federal Reserve Economic Data.

Real Estate and Construction

Manhattan Office Market

- In May 2016, the Manhattan Class A direct lease commercial real estate market remained stable, with vacancy rates staying at 8.8% and average rents rising less than \$1 to \$81 per square foot
- The sublease market tightened modestly, with the vacancy rate falling 0.1 percentage points to 1.1% and rents rising from \$55 to \$57 per square foot
- Class A vacancy rates have remained steady when compared to May 2015, while direct rental rates have risen 3.3% over the last year, driven by a growing Midtown South office market

Class A Office Vacancy Rates and Average Rents

	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		May-16
	May-16	Apr-16	May-16	May-16	Apr-16	
Midtown	8.5%	8.4%	1.2%	\$88	\$88	\$58
Midtown South	3.4%	3.3%	1.2%	\$83	\$83	\$60
Downtown	11.6%	11.9%	0.8%	\$62	\$62	\$46
Manhattan Totals	8.8%	8.8%	1.1%	\$81	\$80	\$57

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

Construction

For the twelve months ending April 2016:

- The number of building projects that began construction, including new, additions, and alterations, rose by 20.8%. Non-building infrastructure project starts were down 18.9% from the prior 12 months.
- The total value of construction projects grew by 6.5%, reaching \$36 billion, with a corresponding growth in square footage by 40.4%. Residential buildings saw a 54% increase, the strongest growth in square footage since April 2015; and
- Of the 7,800 building projects that began construction, 3,863 were residential, representing a 28.9% increase from the 12 months ending April 2015. These starts contained 48,164 units, up 61.6% from the previous 12 months.

Construction Starts, Twelve Months Ending

Indicator	Building		Non-Building	
	Apr-16	Apr-15	Apr-16	Apr-15
Number of projects	7,800	6,297	391	482
Square feet (000s)	76,892	54,775	n.a.	n.a.
Value (\$000ws)	33,221,749	28,857,768	2,859,174	5,027,792

Source: McGraw-Hill

Transit, Travel, and Tourism

Transit Ridership

- Total ridership on MTA subways, trains, and buses in April 2016 was 201.5 million, a 2.4% decrease from April 2015.
- MTA Bridges and Tunnels was the only division to see increased revenue passengers from last year, expanding 2.6% to 25.5 million.

Source: Metropolitan Transportation Authority

Travel and Tourism

Air Traffic

- 10.7 million passengers flew into and out of the region's airports in March 2016, a 7.9% increase from March 2015.
- Airports hosted 126.4 million passengers over the 12 months ending in March 2016, and 66.9% of this traffic was from domestic flights.
- The region's airports transported a total of 174,935 tons of freight in March 2016, down 2.5% from the prior year, however 64.3% of freight was from international flights.

Source: Port Authority of New York and New Jersey

Broadway Ticket Sales

- Total Broadway attendance was 1,430,790 over the five weeks ending May 29, 2016, up 5.2% from the same time in 2015.
- Over these five weeks, ticket sale revenues rose 1.9% in comparison to the same time last year, reaching \$139.7 million.
- Average tickets prices fell to \$97.66 from \$100.79 in May 2015.

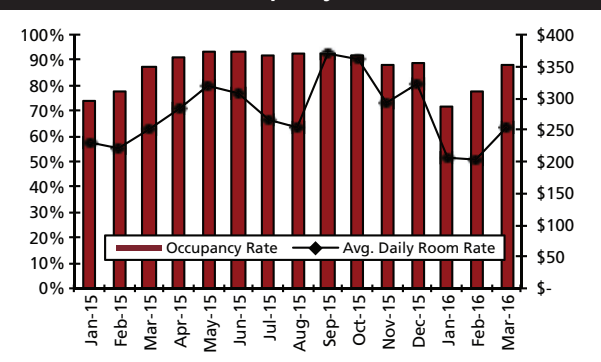
Source: The Broadway League

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

Hotel Occupancy

- The average daily hotel room rate was \$254 in March 2016, a 1.1% increase from March 2015.
- Hotel occupancy was 87.9% in March 2016, on par with March 2015.
- On average, hotels charging between \$375 and \$500 per night increased their daily rental rates the most of any hotel class.

Manhattan Hotel Occupancy and Room Rate



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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