

ECONOMIC SNAPSHOT

A Summary of New York City's Economy

MARCH 2014

HIGHLIGHTS

Private employment rose in New York City by 23,200 between December 2013 and January 2014.

The unemployment rate fell to 7.8 percent in January 2014 from 8.0 percent in December 2013.

The Manhattan Class A office vacancy rate was 10.1 percent in February 2014, while the average asking rent was \$70 PSF.

The Manhattan hotel occupancy rate in January 2014 was 76.8 percent, down from 77.8 in January 2013.

Passengers in NYC area airports totaled 9.6 million in December 2013, up 7.8 percent from December 2012.

Employment

- Private sector jobs in New York City rose by 23,200 in January 2014 after a decrease of 2,400 jobs in December 2013.
- In the same period, government jobs in the City fell by 1,800, resulting in a net increase of 21,400 total private and public sector jobs in January.
- Since January 2013, private sector employment has risen by 94,800 jobs or 2.8 percent.
- New York City's unemployment rate fell to 7.8% in January 2014 from 8.0% in December 2013.
- Between December 2013 and January 2014, the number of employed City residents increased by 15,900, and the number of unemployed City residents fell by 9,400.

Industry	Employment (000s)			
	Jan-14	Dec-13	Change From Prev. Month	Change From Jan-14
FIRE	440	439	1	4
Finance & Insurance	319	318	0	2
Securities	166	165	1	1
Banking	91	91	(0)	1
Other	61	62	(1)	0
Real Estate	121	121	0	2
SERVICES	2,221	2,204	17	67
Information	183	181	2	8
Professional & Business	649	648	1	13
Prof., Scientific & Tech.	370	369	1	10
Mgt. of Companies & Enterprises	68	68	0	1
Administrative	212	211	1	1
Educational	198	196	2	10
Health & Social Assistance	631	626	5	22
Arts & Entertainment	74	73	1	(0)
Accommodation & Food	310	307	3	11
Other	176	173	3	3
TRADE	493	489	4	20
Retail	349	347	2	18
Wholesale	144	142	2	3
MANUFACTURING	79	78	1	3
TRANSPORTATION & UTILITIES	123	124	(1)	1
CONSTRUCTION	121	119	2	(1)
TOTAL PRIVATE	3,476	3,453	23	95
GOVERNMENT	542	544	(2)	(4)
TOTAL (Private & Government)	4,018	3,997	21	91

Unemployment Rates

Place of Residence	12 Months Ending	
	Jan-14	Jan-13
Bronx	11.7%	12.6%
Brooklyn	9.2%	9.9%
Manhattan	7.1%	7.7%
Queens	7.6%	8.3%
Staten Island	7.7%	8.5%
NYC	8.5%	9.3%

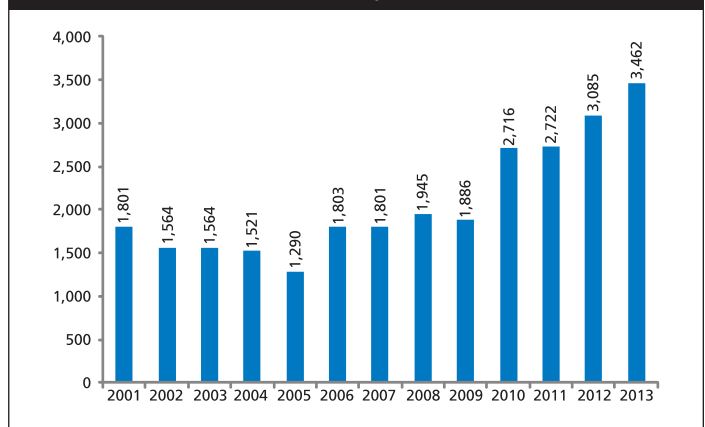
Source: New York State Department of Labor (NYSDOL)
Note: Data are not seasonally adjusted

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

Patents and Innovation in New York City

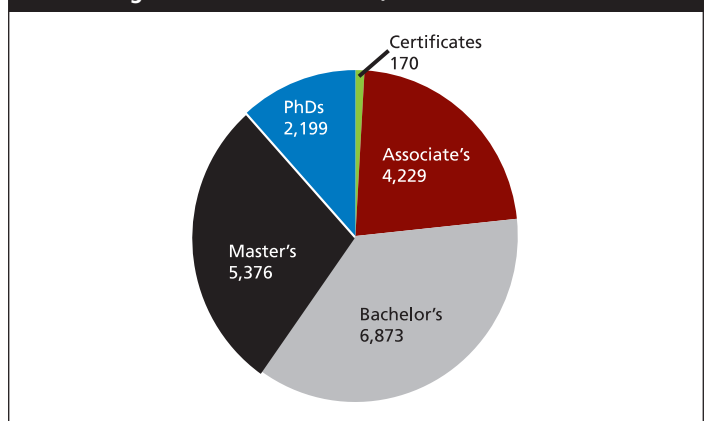
- Patents, issued by the U.S. Patent and Trademark Office for the invention of a new process, machine or improvement, are an important indicator of innovation. The number of patents issued to NYC-area residents has varied over the last decade, but has shown strong growth in recent years. From 2006 to 2011, patents issued to inventors in the New York metro area grew from 4,951 patents to 6,252, or 26 percent.¹ Additional data suggest that patents granted to NYC residents alone grew even faster—by 51 percent over the same period, and reaching 3,462 by 2013.
- NYC-area patents have been particularly concentrated in biotechnology and telecommunication. In 2011, the top three patent categories in the NYC area were multiplex communication (512); bio-affecting drugs (454); and financial/business data processing (425).²
- Driving innovation and patents in NYC are the many high-skilled New Yorkers employed in Science, Technology, Engineering and Math (STEM) fields. The New York State Department of Labor reports that there are over 400,000 people employed in STEM occupations in New York City, with a median wage of \$84,560.³
- Education is critical to a high-skilled STEM workforce. In 2012, New York City colleges and universities conferred 4,200 associate's degrees, 6,900 bachelor's degrees, 5,400 master's degrees and 2,200 PhDs in STEM fields.⁴ New York also attracts immigrants with STEM degrees who work in the U.S. via the H-1B visa program. New York MSA companies requested an average of 27,300 H-1B visas in STEM occupations over the two-year period of 2010 to 2011.⁵
- Computer occupations alone account for 112,000 jobs in New York City, over a quarter of NYC's STEM jobs. New York State is one of 17 states that offer the Advanced Placement test in computer science to high-school students, which has been linked to an increased likelihood to major in the subject.⁶
- NYCEDC's Innovation Index tracks indicators of innovation inputs and outputs. From 2003 to 2012, the Innovation Index has risen by 25 percent, driven by the strong performance of financing indicators.⁷ Federal grants to NYC companies through the Small Business Innovation Research and Small Business Technology Transfer programs increased by 50 percent from 2003 to 2012 (from 42 in 2003 to 63 in 2012), while the amount of funding from these grants more than doubled.⁸
- Venture funding, which is necessary to foster and grow early-stage companies, has also been rising over the last decade. In 2013, New York reached a decade-record high in venture capital deals and dollars of \$2.9 billion spread over 396 deals. Venture capital deals rose 230% from 2003 to 2013, while VC investment dollars increased 327%. NYC companies have recently been targets of major acquisitions, as well—Tumblr was acquired by Yahoo for over a billion dollars in 2013, and TravelClick was acquired in March 2014 by a private equity firm for \$930 million.

Patents Granted to New York City Residents



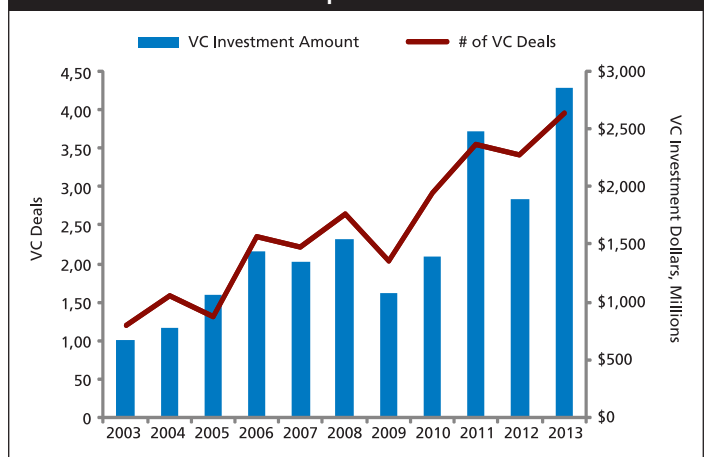
Source: U.S. Patent and Trademark Office

STEM Degrees Conferred in NYC, 2012



Source: National Science Foundation IPEDS Completions Survey

New York State Venture Capital Deals and Dollars



Source: PricewaterhouseCoopers/National Venture Capital Association MoneyTree Report

¹ U.S. Patent and Trademark Office, Patenting In U.S. Metropolitan and Micropolitan Areas, 2000-2011

² U.S. Patent and Trademark Office, Patenting In U.S. Metropolitan and Micropolitan Areas, 2000-2011

³ NYS DOL, "Careers in STEM," November 2013, www.labor.ny.gov/stats/PDFs/STEM-Factsheet-New-York-City.pdf

⁴ IPEDS Completions Survey, 2003-2012

⁵ The Brookings Institution, "The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas," July 18, 2012

⁶ Crain's New York, "NY Leads in Computer Science Education," 5 March 2014, www.craigslist.com/article/20140305/TECHNOLOGY/140309943/ny-leads-in-computer-science-education

⁷ NYCEDC, "Innovation Index," www.nycedc.com/economic-data/innovation-index

⁸ NYCEDC analysis of SBIR/STTR award data, www.sbir.gov/past-awards

Real Estate and Construction

Manhattan Office Market

- In February 2014, the Manhattan Class A direct vacancy rate fell to 10.1 percent while the average rental rate remained at \$70 PSF.
- In the same month, the Downtown Class A direct vacancy rate fell to 12.7 percent and the rental rate remained at \$54 PSF.
- The Manhattan Class A sublease vacancy rate remained at 2.0 percent from January to February.

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Feb-14	Jan-14	Feb-14	Feb-14	Jan-14	Feb-14
Midtown	9.7%	9.7%	2.2%	\$76	\$76	\$65
Midtown South	6.9%	7.1%	1.7%	\$72	\$74	\$51
Downtown	12.7%	13.1%	1.2%	\$54	\$54	\$34
Manhattan Totals	10.1%	10.2%	2.0%	\$70	\$70	\$60

Source: Cushman and Wakefield

Construction

For the twelve months ending January 2014:

- Building projects (including new, additions and alterations) that started construction in NYC rose by 3.3 percent, and infrastructure (non-building) project starts rose by 2.9 percent from the twelve months ending January 2013.
- Planned space for building project starts rose by 25.6 percent from the same period in 2013.
- 2,748 residential building project starts began construction, a 9.0 percent increase from the twelve months ending in January 2013. These starts contained 23,087 units, an increase of 67.3 percent from last year.

Construction Starts, Twelve Months Ending				
Indicator	Building		Non-Building	
	Jan-14	Jan-13	Jan-14	Jan-13
Number of projects	5,943	5,751	489	475
Square feet (000s)	38,754	30,846	n.a.	n.a.
Value (\$000s)	14,328,610	14,774,685	4,586,085	2,915,362

Source: McGraw Hill Construction

Tourism, Travel and Transit

Transit Ridership

- Total ridership on MTA subways, trains and buses in January 2014 was 211.0 million, a decrease of 2.8 percent from January 2013.
- Subway ridership in January 2014 was 137.1 million, which was essentially unchanged from January 2013.

Source: Metropolitan Transportation Authority

Tourism and Travel

Air Traffic

- In December 2013, 9.6 million passengers flew into and out of the region's airports, an increase of 7.8 percent from December 2012.
- Domestic air carriers accounted for 6.3 million passengers, a 6.9 percent increase from December 2012.
- 3.3 million passengers traveled with international air carriers in December 2013, a 9.4 percent increase from December 2012.

Source: Port Authority of New York and New Jersey

Broadway Ticket Sales

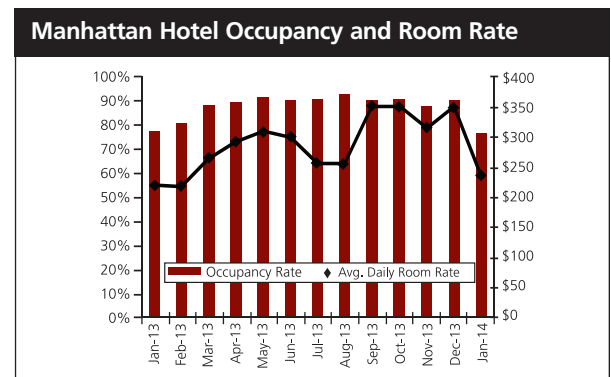
- Total Broadway attendance was approximately 804,000 during the four weeks ending March 2, 2014, up 9.9 percent from the same period last year.
- Broadway revenue during this period was about \$78.1 million, up 12.2 percent from last year.

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

Source: The Broadway League

Hotel Occupancy

- In January 2014, the average daily hotel room rate was \$237, an 8.0 percent increase from January 2013.
- Hotel occupancy was 76.8 percent in January 2014, down from 77.8 in January 2013.
- The average daily hotel room rate increased the most in hotels charging between \$265 and \$325 per night.



Source: PKF Consulting

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