

ECONOMIC SNAPSHOT

A Summary of New York City's Economy

MAY 2014

HIGHLIGHTS

Private employment rose in New York City by 3,100 between February and March 2014.

The unemployment rate rose to 8.0 percent in March 2014 from 7.9 percent in February.

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

The Manhattan hotel occupancy rate in March 2014 was 85.7 percent, down from 87.6 in March 2013.

Passengers in NYC area airports totaled 7.3 million in February 2014, down 1.2 percent from February 2013.

Employment

- Private sector jobs in New York City rose by 3,100 in March 2014 after a decrease of 3,500 jobs in February 2014.
- In the same period, government jobs in the City fell by 700, resulting in a net increase of 2,400 total private and public sector jobs in March.
- Since March 2013, private sector employment has risen by 76,400 jobs or 2.3%.
- New York City's unemployment rate rose to 8.0% in March 2014 from 7.9% in February 2014.
- Between February and March 2014, the number of employed City residents increased by 10,100, and the number of unemployed City residents rose by 7,300.

Industry	Employment (000s)			
	Mar-14	Feb-14	Change From Prev. Month	Change From Mar-13
FIRE	437	437	-	0
Finance & Insurance	316	316	0	(1)
Securities	164	163	1	(2)
Banking	91	90	0	1
Other	62	62	(1)	1
Real Estate	121	121	(0)	1
SERVICES	2,223	2,222	2	58
Information	180	183	(3)	3
Professional & Business	653	654	(1)	16
Prof., Scientific & Tech.	373	374	(1)	12
Mgt. of Companies & Enterprises	68	68	(0)	1
Administrative	212	212	0	2
Educational	196	193	3	7
Health & Social Assistance	633	632	1	21
Arts & Entertainment	74	74	-	(1)
Accommodation & Food	310	310	1	9
Other	177	176	1	4
TRADE	491	491	1	14
Retail	348	348	0	12
Wholesale	143	143	0	2
MANUFACTURING	78	78	1	2
TRANSPORTATION & UTILITIES	123	122	0	2
CONSTRUCTION	121	121	(0)	(0)
TOTAL PRIVATE	3,473	3,470	3	76
GOVERNMENT	541	542	(1)	(3)
TOTAL (Private & Government)	4,014	4,012	2	74

Unemployment Rates

Place of Residence	12 Months Ending	
	Mar-14	Mar-13
Bronx	11.6%	12.5%
Brooklyn	9.1%	9.9%
Manhattan	7.0%	7.7%
Queens	7.6%	8.3%
Staten Island	7.6%	8.5%
NYC	8.4%	9.2%

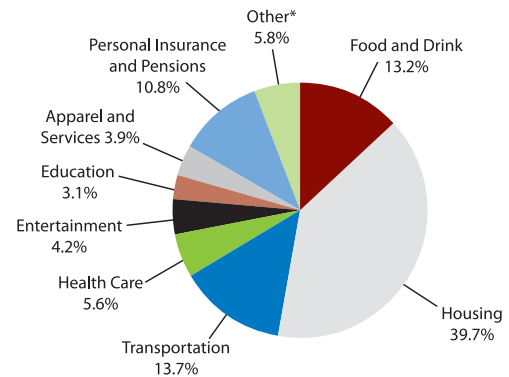
Source: New York State Department of Labor (NYSDOL)
Note: Data are not seasonally adjusted

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.

Consumer Expenditures in the New York City Metro Area

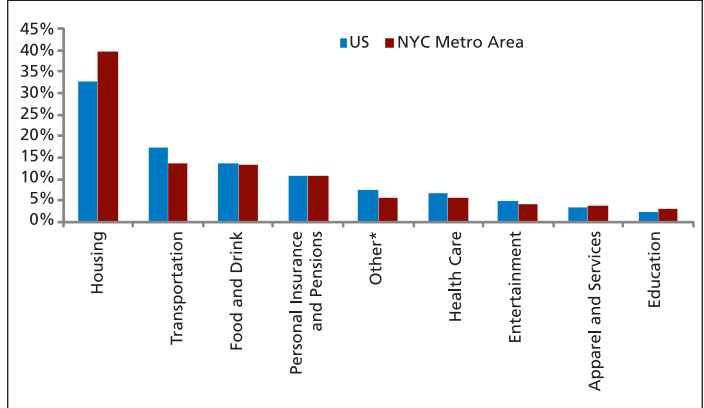
- The Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics (BLS) provides information on consumption for the United States and Metropolitan Statistical Areas (MSA), reflecting average annual data over a 2-year period. In this Snapshot, we analyze the latest data for the New York City metropolitan area.¹
- Consumer households in the NYC metro area had an average annual expenditure of \$58,658 in 2012, 6.2% higher than households in the Northeast and 14.0% higher than for the United States as a whole.² Almost 40 percent (39.7%) of budgets were allocated to housing expenses, compared to 35.6% for the Northeast and 32.8% for the U.S. as a whole.
- In the decade since 2001–2002, housing’s share of expenditures in the New York City metro area has risen from 37.4% to 39.7%. Other categories that have risen as a share of overall spending are Personal Insurance and Pensions (+1.9 percentage points), Health Care (+1.1 percentage points), and Education (+0.9 percentage points).
- 67.0% of housing costs in the NYC metro area are for shelter, compared to 58.6% in the United States. By contrast, utilities, fuels, and public services are 18.1% of NYC metro area housing costs, compared to 21.6% nationwide.
- Despite all the world-class places to eat and drink in New York City, the average household in the NYC metro area actually spends slightly less on food and drink than in the United States as a whole. The average annual food and drink expenditures were 13.2% in the NYC metro area, lower than the U.S. average (13.7%). 42.5% of food costs in New York are spent on food away from home, which is higher than the share for the United States (40.6%).
- Compared to the other four largest MSAs (Los Angeles, Chicago, Dallas-Fort Worth, and Houston), New York City had the largest overall annual average expenditure in 2011–2012 (\$58,658), closely followed by Houston (\$58,231).³ While housing is relatively more expensive in New York than the other four MSAs, transportation is cheaper—13.7% of budgets in New York, compared to a range of 15.0% to 20.3% in the other four MSAs.
- Proportions of expenditure categories vary by income level. Nationally, Personal Insurance and Pensions has the widest variation—2.2% of annual average spending among the lowest income quintile and 15.6% for the highest quintile.⁴ Housing also varies: the lowest quintile in the U.S. allocates 39.9% for housing expenses, compared to 29.9% for the highest quintile.
- In 2013, the NYC Human Resources Administration commissioned a study by Infogroup on consumer expenditure trends in New York City from 2006 through 2012. Their analysis found that Staten Island recorded the highest rise in consumer spending (8.7%) over the time period, followed by Manhattan (6.7%), Brooklyn (6.1%), Queens (5.4%), and the Bronx (4.7%).

Annual Average Household Spending by Category, New York City Metro Area, 2011–2012



Source: Bureau of Labor Statistics, Consumer Expenditure Survey

Spending by Category in the New York City Metro Area (2011–2012) and United States (2012)



Source: Bureau of Labor Statistics, Consumer Expenditure Survey

Annual Spending by Category in the Five Largest MSAs, 2011–2012

	New York	Los Angeles	Chicago	Dallas-Fort Worth	Houston
Food and Drink	13.2%	14.7%	13.2%	13.3%	13.3%
Housing	39.7%	37.7%	34.9%	32.9%	31.9%
Transportation	13.7%	16.0%	15.0%	18.6%	20.3%
Health Care	5.6%	4.9%	7.6%	6.5%	5.5%
Entertainment	4.2%	4.3%	4.9%	5.3%	5.0%
Education	3.1%	2.7%	3.7%	1.4%	1.4%
Apparel and Services	3.9%	3.9%	3.6%	4.3%	3.9%
Personal Insurance and Pensions	10.8%	10.2%	10.7%	11.2%	11.2%
Other*	5.8%	5.7%	6.5%	6.5%	7.6%

Source: Bureau of Labor Statistics, Consumer Expenditure Survey

*Other includes personal care products and services, reading, tobacco products, miscellaneous, and cash contributions.

¹ The latest data is for the two-year period of 2011–2012, which was released in September 2013. 2012 United States data was used to compare to the 2011–2012 NYC MSA data.

² Households in this Snapshot refer to consumer units, which include people who may share a household but are financially independent. ³ The five largest metropolitan statistical areas were determined based on 2013 population data.

⁴ Data on expenditures by income are not available at the MSA level.

Real Estate and Construction

Manhattan Office Market

- In April 2014, the Manhattan Class A direct vacancy rate rose to 10.1 percent while the average rental rate remained at \$70 PSF.
- In the same month, the Downtown Class A direct vacancy rate rose to 13.1 percent and the rental rate remained at \$55 PSF.
- The Manhattan Class A sublease vacancy rate fell to 1.7 percent from 1.8 percent from March to April.

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Apr-14	Mar-14	Apr-14	Apr-14	Mar-14	Apr-14
Midtown	9.7%	9.6%	2.1%	\$76	\$76	\$66
Midtown South	6.7%	6.6%	1.6%	\$69	\$69	\$50
Downtown	13.1%	12.3%	0.7%	\$55	\$55	\$31
Manhattan Totals	10.1%	9.9%	1.7%	\$70	\$70	\$62

Source: Cushman and Wakefield

Construction

For the twelve months ending March 2014:

- Building projects (including new, additions and alterations) that started construction in NYC rose by 8.0 percent, and infrastructure (non-building) project starts fell by 10.3 percent from the twelve months ending March 2013.
- Planned space for building project starts rose by 11.0 percent from the same period in 2013.
- 2,881 residential building project starts began construction, a 12.3 percent increase from the twelve months ending in March 2013. These starts contained 21,931 units, an increase of 21.4 percent from last year.

Construction Starts, Twelve Months Ending				
Indicator	Building		Non-Building	
	Mar-14	Mar-13	Mar-14	Mar-13
Number of projects	6,244	5,782	434	484
Square feet (000s)	38,620	34,790	n.a.	n.a.
Value (\$000s)	15,699,675	15,659,977	4,334,187	3,220,321

Source: McGraw Hill Construction

Tourism, Travel and Transit

Transit Ridership

- Total ridership on MTA subways, trains and buses in March 2014 was 232.5 million, an increase of 3.7 percent from March 2013.
- Subway ridership in March 2014 was 148.4 million, which was a 4.2 percent increase from March 2014.

Source: Metropolitan Transportation Authority

Tourism and Travel

Air Traffic

- In February 2014, 7.3 million passengers flew into and out of the region's airports, a decrease of 1.2 percent from February 2013.
- Domestic air carriers accounted for 4.8 million passengers, a 3.6 percent decrease from February 2013.
- 2.5 million passengers traveled with international air carriers in February 2014, a 3.9 percent increase from February 2013.

Source: Port Authority of New York and New Jersey

Broadway Ticket Sales

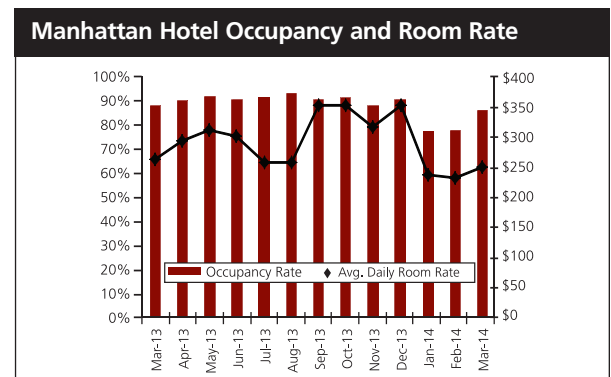
- Total Broadway attendance was approximately 1.2 million during the four weeks ending April 27, 2014, up 18.0 percent from the same period last year.
- Broadway revenue during this period was about \$122.5 million, up 24.5 percent from last year.

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

Source: The Broadway League

Hotel Occupancy

- In March 2014, the average daily hotel room rate was \$249, a 4.9 percent decrease from March 2013.
- Hotel occupancy was 85.7 percent in March 2014, down from 87.6 percent in March 2013.
- Rooms charging over \$350 per night were the only category that had an increase in the daily hotel room rate.



Source: PKF Consulting

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