INSIDE THIS VOLUME

Unemployment remained at a record low for the fourth consecutive month in December 2018

NYC–based public companies took a hit amid a falling stock market in the fourth quarter

Rent hikes exceeded home price inflation for the first time in two years

The city’s office market contracted in the fourth quarter of 2018

Broadway attendance continued to rise in November 2018
EMPLOYMENT

EMPLOYMENT SNAPSHOT

2018 ended with modest employment growth, with December seeing an increase of 3,400 jobs over the previous month—2,600 in the private sector and 700 in the public sector. November estimates were revised up by 300 jobs.¹ Gains were concentrated in Health Care & Social Assistance, which added 5,400 jobs in the month, followed by Accommodation & Food Services (+1,200), and Transportation, Warehousing & Utilities (+1,100). Losses were more evenly spread, however, with Retail Trade down 1,700 jobs and Information Services down 1,400.

The unemployment rate remained at a record-low 4.0% for the fourth consecutive month. Real wage growth was strong in December 2018, with average weekly earnings up 3.6% from last year. This was driven in part by more weekly hours worked, which rose from 34.2 in December 2017 to 34.5 in December 2018, the highest of any December since 2013.

¹ Monthly employment data are seasonally adjusted by OMB.

Source: New York State Department of Labor; US Bureau of Labor Statistics
### NYC Employment by Industry

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>EMPLOYMENT (in thousands)</th>
<th>Previous Month Change</th>
<th>Year-Over-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance &amp; Insurance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td>178</td>
<td>-0.1%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Banking</td>
<td>103</td>
<td>0.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other</td>
<td>58</td>
<td>-0.6%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Real Estate/Rental/Leasing</td>
<td>134</td>
<td>0.4%</td>
<td>-0.9%</td>
</tr>
<tr>
<td><strong>Total (Private + Government)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (PRIVATE)</strong></td>
<td>3,987</td>
<td>0.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>GOVERNMENT</strong></td>
<td>551</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL (PRIVATE + GOVERNMENT)</strong></td>
<td>4,538</td>
<td>0.1%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add to totals due to rounding.
EMPLOYMENT

Each month, we draw on state and federal data to take a closer look at employment trends in one sector of the city’s economy. This month, we look at the Wholesale Trade industry.

INDUSTRY SNAPSHOT

Wholesale Trade lost 400 jobs in December from the previous month, and the industry is one of only three in NYC to lose jobs over the past 12 months, losing 1,700 jobs over that period.

Wholesale Trade was hit hard during the 2008 recession, with employment falling 8.6% (or 12,100 jobs), before then rising each year between 2010 and 2015, adding nearly 7,000 jobs in that span.

The industry is split into three subsectors: Merchant Wholesalers of Durable Goods, Merchant Wholesalers of Nondurable Goods, and Wholesale Electronic Markets and Agents and Brokers. Merchant Wholesalers of Nondurable Goods is the largest subsector in the industry, employing 71,500 people in 2017—more than half the industry total. Employment in this subsector is slightly more stable than in the industry as a whole. It was impacted less by the recession than the other subsectors and grew every year from 2010 to 2015, with employment falling slightly from 2015 to 2017. Two subsectors within Merchant Wholesalers of Nondurable Goods employed over 20,000 people; Apparel, Piece Goods, and Notions Merchant Wholesalers and Grocery and Related Product Merchant Wholesalers. The former has fallen by 2% over the last four years, while the latter grew 11% over that period.

Of the two remaining subsectors, Merchant Wholesalers of Durable Goods fell 11.5% during the recession and then held relatively steady, employing 48,900 workers in 2017. Wholesale Electronic Markets and Agents and Brokers, meanwhile, has gained substantially, rising 14.7% over the last four years, to 14,000 workers in 2017.

Source: New York State Department of Labor; US Census Bureau Quarterly Census of Employment and Wages
To give local employment data a national perspective, we compare employment in the New York City Metropolitan Area to other major metro areas around the US. We use metro areas, rather than cities, as they provide a more consistent basis for regional economic comparison.

NEW YORK CITY METROPOLITAN AREA EMPLOYMENT
COMPARSED TO OTHER MAJOR METROPOLITAN AREAS

- **Total Employment (in thousands) in November 2018**
- **% Change from November 2017**

### New York City Metropolitan Area

- **Total Employment**: 9,938.7
- **% Change**: +1.2%

### Other Major Metro Areas

- **Miami**: 2,727.7, +2.3%
- **West Palm Beach**: 2,727.7, +2.3%
- **Fort Lauderdale**: 2,727.7, +2.3%
- **San Francisco**: 2,482.4, +1.9%
- **Oakland**: 2,482.4, +1.9%
- **Hayward**: 2,482.4, +1.9%
- **Los Angeles**: 6,220.6, +2.6%
- **Long Beach**: 6,220.6, +2.6%
- **Anaheim**: 6,220.6, +2.6%
- **Seattle**: 2,104.3, +3.5%
- **Tacoma**: 2,104.3, +3.5%
- **Bellevue**: 2,104.3, +3.5%
- **Detroit**: 2,042.5, +0.6%
- **Warren**: 2,042.5, +0.6%
- **Dearborn**: 2,042.5, +0.6%
- **New York**: 2,823.9, +1.8%
- **Newark**: 2,823.9, +1.8%
- **Jersey City**: 2,823.9, +1.8%
- **Boston**: 3,360.3, +1.6%
- **Cambridge**: 3,360.3, +1.6%
- **Nashua**: 3,360.3, +1.6%
- **Washington**: 2,998.9, +1.5%
- **Arlington**: 2,998.9, +1.5%
- **Alexandria**: 2,998.9, +1.5%
- **Chicago**: 4,804.3, +1.0%
- **Naperville**: 4,804.3, +1.0%
- **Elgin**: 4,804.3, +1.0%
- **Philadelphia**: 2,998.9, +1.5%
- **Camden**: 2,998.9, +1.5%
- **Wilmington**: 2,998.9, +1.5%
- **Dallas**: 3,765.7, +1.6%
- **Fort Worth**: 3,765.7, +1.6%
- **Arlington**: 3,765.7, +1.6%

**Source**: US Bureau of Labor Statistics
NYCEDC monitors financial activity in New York City, including the stock market, venture capital financing, and corporate finance, each of which is reported on a quarterly basis. This month, we are reporting on the stock market. Our index includes the companies in the S&P 500 that are based in New York City, with performance weighted by market capital—the same methodology used by Standard & Poor’s.

FINANCE SNAPSHOT

Amid a broad-based dip in stock prices, the index of New York City–based companies fell in Q4 2018. The index fell by 15.6% from Q3 2018 and by 18.3% from Q4 2017. This illustrates a steep drop during the quarter, returning the market to essentially the same level as a year ago. By comparison, the overall S&P fell 14% in Q4 2018.

Of the 49 companies representing New York City in the S&P 500, only six experienced rising stock prices over the quarter. Gains were minimal, with the best performing company—the Omnicom Group, a communications conglomerate—gaining 8% over Q4. By comparison, 16 companies saw stock prices fall at least 20%. The quarter was more mixed for the largest companies in the city, with three of the seven largest companies seeing increasing stock prices. Finance firms were hit hardest, with Citigroup, Goldman Sachs, and Blackrock underperforming the index, and communications companies, including Verizon and Fox, remaining positive from last quarter.

Source: Yahoo Finance
HOUSING

HOUSING SNAPSHOT

Rents increased sharply in November 2018. The year-over-year growth of the median rent reached 2.2%—the highest rate since June 2016. Housing prices, meanwhile, increased by 1.8% from November 2017. This is the first time since December 2016 that rent hikes outpaced home price inflation.

The number of new residential units starting construction in December 2018 fell below its average pace over the last year. This is the fifth consecutive month in which new housing construction has slowed from its prior year monthly average. Only in Brooklyn did new housing construction exceed its prior year pace, with 848 units starting construction. These units accounted for nearly half of the 1,792 units starting construction citywide. Construction in Queens fell the fastest, with construction starting on just 129 new units.

Sources: StreetEasy; Dodge Data & Analytics

Residential Rents
+2.2%
1-year change, from November 2017

Housing Prices
+1.8%
1-year change, from November 2017

UNITS STARTING CONSTRUCTION (Dec. 2018)
From prior-year monthly average

<table>
<thead>
<tr>
<th>Borough</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRONX</td>
<td>-0.2%</td>
</tr>
<tr>
<td>BROOKLYN</td>
<td>+4.9%</td>
</tr>
<tr>
<td>MANHATTAN</td>
<td>-0.4%</td>
</tr>
<tr>
<td>QUEENS</td>
<td>-69.8%</td>
</tr>
<tr>
<td>STATEN ISLAND</td>
<td>-46.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-14.0%</td>
</tr>
</tbody>
</table>
Commercial real estate data is reported for office, retail, and industrial markets on a rotating, quarterly basis. This month, we explore New York City’s office market. We also report monthly construction starts on non-residential buildings, which includes commercial and public-use buildings.

**COMMERCIAL REAL ESTATE**

**REAL ESTATE SNAPSHOT**

The New York City office market lost occupied space in Q4 2018. Net absorption, or change in occupied space, was -1,550,000 square feet, the highest drop of any quarter in the last two years. As a result, vacancy rose to 7.3% in Q4 2018, from 7.0% last quarter. Falling occupied space was focused in Manhattan, where net absorption was -1,372,600 square feet. Nevertheless, year-to-date net absorption is still positive in Manhattan (+4,130,200 square feet), driven by strong performance earlier in 2018. The year-to-date figure is -551,500 square feet for boroughs outside Manhattan. At same time, average rents held relatively steady, up just 0.4% from Q4 2017.

December 2018 starts on new non-residential buildings were at their lowest level since November 2017, in square footage terms. Citywide, construction began on 693,000 square feet of non-residential buildings. The decline in new construction from monthly averages over the last year was unusually broad-based, with no borough exceeding its prior year pace of new construction. Construction in Manhattan fell the most—its 83,000 new square feet in December 2018 was the least since December 2017.

<table>
<thead>
<tr>
<th>NON-RESIDENTIAL BUILDINGS STARTING CONSTRUCTION (sq. ft., Dec. 2018)</th>
<th>From prior-year monthly average</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRONX</td>
<td>-64.5%</td>
</tr>
<tr>
<td>BROOKLYN</td>
<td>-24.2%</td>
</tr>
<tr>
<td>MANHATTAN</td>
<td>-92.0%</td>
</tr>
<tr>
<td>QUEENS</td>
<td>-55.5%</td>
</tr>
<tr>
<td>STATEN ISLAND</td>
<td>-64.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-67.5%</td>
</tr>
</tbody>
</table>

Sources: CoStar Property; Dodge Data & Analytics
TRANSIT & TOURISM

TRANSIT & TOURISM SNAPSHOT

November’s public transportation ridership—which includes subways and buses—fell 4.0% from last November. After regaining ground in October, subway ridership resumed its fall, down 2.6% from November 2017. Commuter rail ridership also fell from last year, dropping by 0.8%. Following its 2018 trend, bridge and tunnel use rose, increasing 1.6% this November compared to last year.

Broadway attendance continued to rise in November, up by 19% from the previous year. Increased attendance led to a 15.3% increase in Broadway revenues from last year and a 12% increase from October.

TOURISM CHANGE COMPARED TO 2017

Sources: Port Authority of New York and New Jersey; Metropolitan Transportation Authority; Broadway League; CBRE

Source: edc.nyc/NYCEconomics | NYCEconomics@edc.nyc