

VOLUME 10 • 2018

NYCEDC

# ECONOMIC Snapshot

A Summary of New York City's Economy



EMPLOYMENT



FINANCE



HOUSING



COMMERCIAL  
REAL ESTATE



TRANSIT &  
TOURISM

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# ECONOMIC Snapshot

A Summary of New York City's Economy

## HIGHLIGHTS



Total employment in NYC reached record highs in September 2018



The value of NYC-based companies outpaced the national average in the third quarter



New residential construction slowed across the city



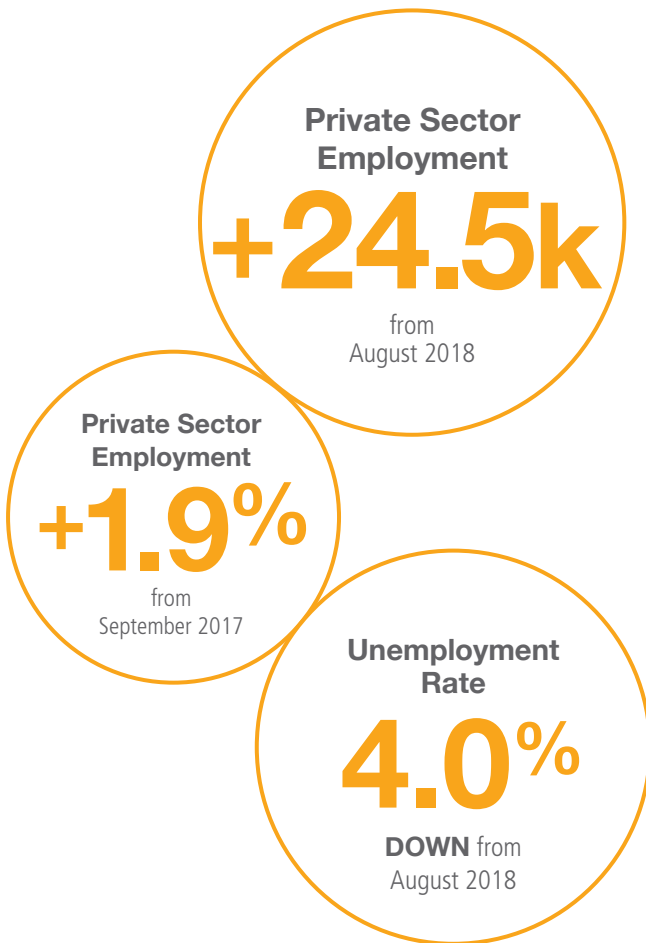
The Manhattan office market had a strong third quarter



Broadway revenues reach new highs



# EMPLOYMENT



## EMPLOYMENT SNAPSHOT

Private sector employment growth rose sharply in September 2018, adding 24,500 jobs from the prior month. Government jobs rose by 700, pushing total employment in New York City up 25,200 to 4,519,000. This is the first time employment in the city has passed 4.5 million. *Education*, a historically volatile sector, led growth, adding 8,400 jobs in September. Growth was strong even excluding *Education*, however, with *Health Care and Social Assistance* and *Information Services* adding 7,400 and 3,800 jobs, respectively. Job losses were concentrated in *Wholesale Trade*, *Retail Trade*, and *Professional, Scientific, and Technical Services*, which lost 2,000, 1,500, and 900 jobs, respectively.

The unemployment rate continued falling to a new low in New York City, hitting 4.0% in September 2018. Last year, the city's unemployment rate was 4.5%. Earnings also made above average gains. Average hourly earnings rose 2.8% from September 2017, reaching \$36.57. Average weekly hours also ticked up 0.2 to 34.3, resulting in average weekly earnings of \$1,254, up 3.4% from last year, after adjusting for inflation. This is the highest rate of year-over-year earnings growth since April 2017.

Monthly employment data are seasonally adjusted by OMB.

Source: New York State Department of Labor; US Bureau of Labor Statistics



# EMPLOYMENT

## NYC EMPLOYMENT BY INDUSTRY

INDUSTRY	EMPLOYMENT (in thousands)		Previous Month Change	Year-Over-Year Change
	Sep. 2018	Aug. 2018		
<b>FIRE</b>	<b>474</b>	<b>473</b>	<b>0.1%</b>	<b>0.5%</b>
Finance & Insurance	340	340	-0.1%	0.7%
Securities	178	179	-0.7%	0.1%
Banking	103	102	0.8%	2.6%
Other	59	59	0.1%	-0.8%
Real Estate/Rental/Leasing	134	133	0.6%	0.0%
<b>SERVICES</b>	<b>2,629</b>	<b>2,606</b>	<b>0.9%</b>	<b>2.4%</b>
Information	200	196	2.0%	0.0%
Professional/Business	756	757	-0.1%	0.8%
Professional/Scientific/Technical	427	428	-0.2%	1.4%
Management of Companies & Enterprises	74	74	0.2%	0.4%
Administrative	256	256	-0.1%	-0.1%
Educational	257	248	3.4%	3.3%
Health Care/Social Assistance	757	749	1.0%	4.6%
Arts/Entertainment/Recreation	95	94	0.6%	5.3%
Accommodation/Food	369	367	0.7%	1.8%
Other	195	194	0.6%	1.4%
<b>TRADE</b>	<b>499</b>	<b>502</b>	<b>-0.7%</b>	<b>0.7%</b>
Retail	354	356	-0.4%	1.0%
Wholesale	144	146	-1.4%	0.1%
<b>MANUFACTURING</b>	<b>72</b>	<b>72</b>	<b>0.8%</b>	<b>-0.1%</b>
<b>TRANSPORTATION &amp; UTILITIES</b>	<b>138</b>	<b>137</b>	<b>0.9%</b>	<b>-0.8%</b>
<b>CONSTRUCTION</b>	<b>157</b>	<b>155</b>	<b>1.8%</b>	<b>4.4%</b>
<b>TOTAL (PRIVATE)</b>	<b>3,969</b>	<b>3,945</b>	<b>0.6%</b>	<b>1.9%</b>
<b>GOVERNMENT</b>	<b>550</b>	<b>549</b>	<b>0.1%</b>	<b>-0.1%</b>
<b>TOTAL (PRIVATE + GOVERNMENT)</b>	<b>4,519</b>	<b>4,494</b>	<b>0.6%</b>	<b>1.6%</b>

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're diving into the *Transportation and Warehousing Industry*.



## INDUSTRY SNAPSHOT

*Transportation and Warehousing* is one of New York City's smallest industries, employing about 119,900 private sector workers in 2017. Nevertheless, it encompasses many of the functions necessary to keep the city moving, including air, rail, water, and freight transit, taxis and busses, mail services, and storage, among other activities. The industry added 1,000 jobs from August to September 2018, and it has grown quickly over the last five years. Between 2013 and 2017, average annual employment in the industry grew by 16.0%. By comparison, the city's total private sector growth was 12.2% over that period. Wages have grown 5.9%, after adjusting for inflation, slightly less than the private sector as a whole, which saw real wage growth of 6.3%.

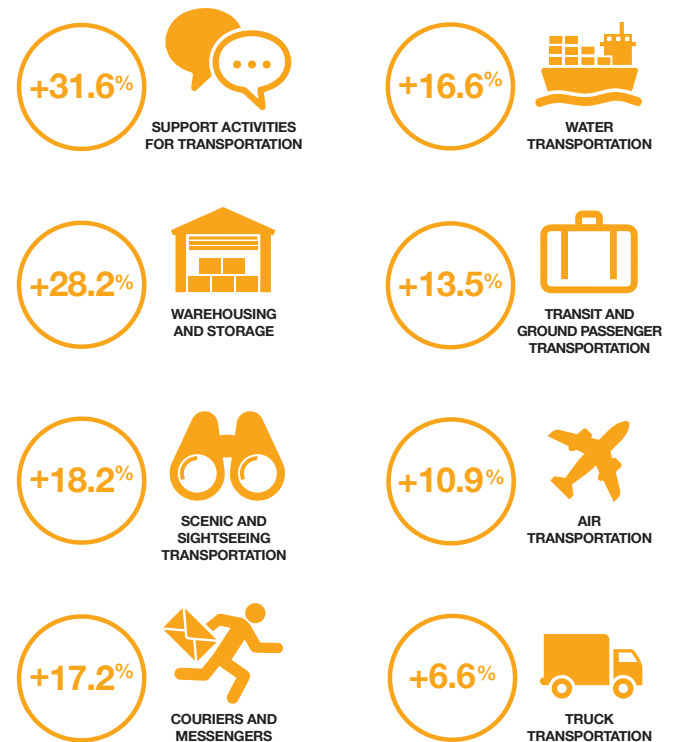
More than half of the industry's workers are employed in two subsectors: *Transit and Ground Passenger Transportation*, which encompasses all modes of mass transit as well as taxis; and *Air Transportation*. *Transit and Ground Passenger Transportation* is the largest subsector, employing 31,600 workers in 2017. Despite steady overall job growth since 2013 (+13.5%), real wages have lagged in the sector, growing only 2.6% to \$43,600 in 2017. By contrast, the relatively high-paying *Air Transportation* subsector, which employed 30,800 workers in 2017, saw a 17.4% real wage hike between 2013 and 2017, hitting \$86,600.

The subsector adding the most jobs and with the highest employment growth rate is *Support Activities for Transportation*, which encompasses ancillary activities for each transportation category, including air traffic control, port operations, and vehicle towing. Since 2013, the subsector's employment increased by 4,700 jobs (+31.6%) to 19,700. *Warehousing and Storage* was the second-fastest-growing subsector, expanding by 28.2% to 4,800 jobs in 2017. These two fast-growing subsectors were the only ones in the industry to see real wages fall since 2013. *Support Activities for Transportation* wages fell 8.5% to \$50,200 while *Warehousing and Storage* wages dropped 6.5% to \$38,500.

Source: New York State Department of Labor; US Census Bureau Quarterly Census of Employment and Wages

## TRANSPORTATION AND WAREHOUSING

Employment Change  
2013–2017



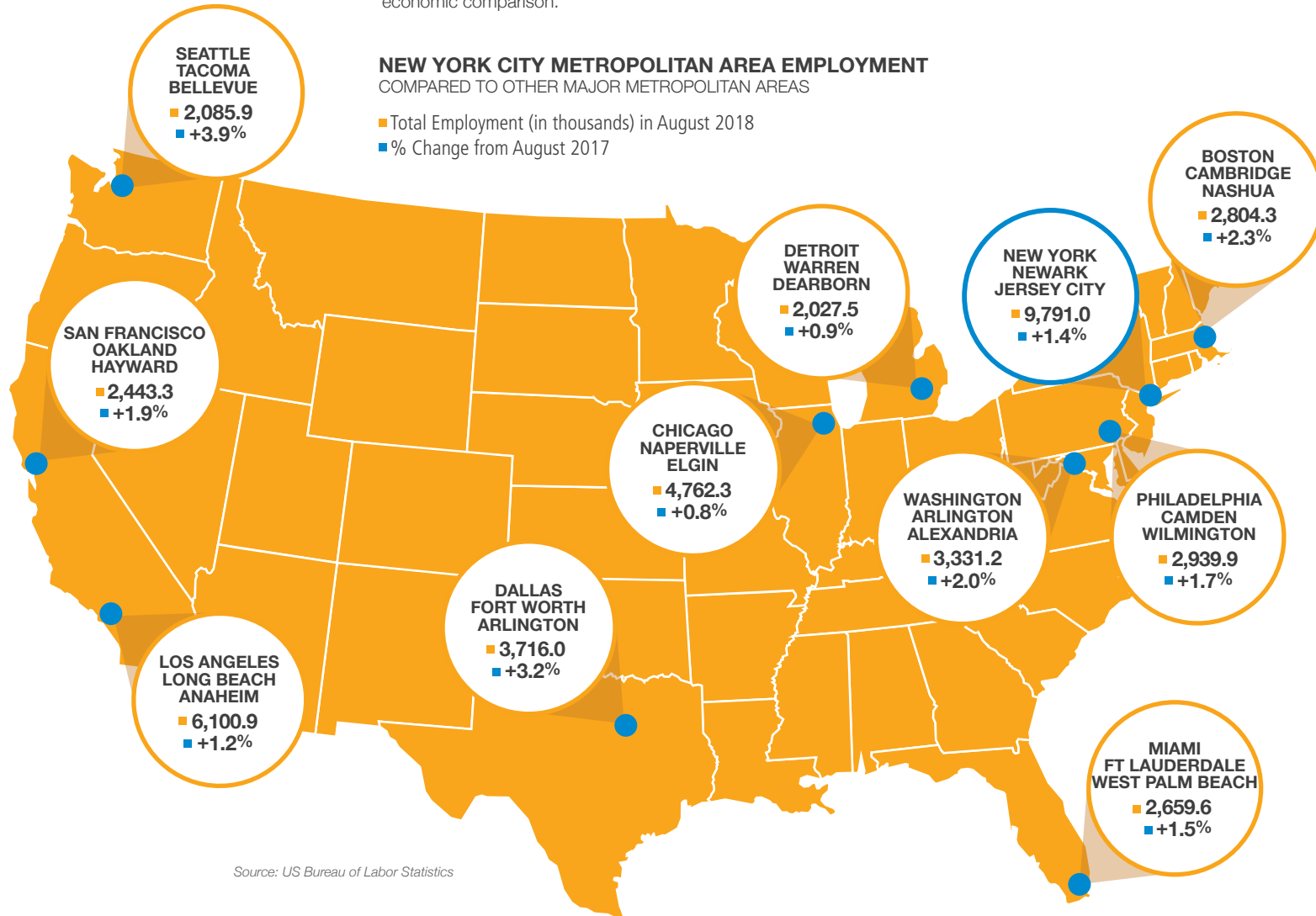


# EMPLOYMENT

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 COMPARED TO OTHER MAJOR METROPOLITAN AREAS

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



Source: US Bureau of Labor Statistics



# FINANCE

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 included in the S&P 500 that are also based in New York City, with performance weighted by market capital—the same methodology used by Standard & Poor's.

## Q3 2018 Stock Market Index



## FINANCE SNAPSHOT

The value of major companies based in New York City rose modestly over Q3 2018, up 1.2% from the end of the prior quarter. By comparison, the total stock market appreciated just 0.7% over the same period. While the New York City index is also 4.3% higher than its value at the same time last year, it remained 3.8% below its peak in Q1 2018.

Of the 47 companies listed in the New York City index, 25 saw an increase in their market capitalization, led by Arconic, an engineering and manufacturing firm, which saw its value rise 32% over Q3 2018. International Flavors & Fragrances, a chemicals firm, and Pfizer, a pharmaceutical company, followed suit, adding 30% and 23%, respectively, to their market capitalization. Of the city's top 10 largest companies, all but three made larger gains than the index overall in Q3 2018. Blackrock, an investment firm, and S&P Global, a financial services firm, lost 4% and 2% respectively, while Philip Morris, a tobacco manufacturer, gained only 1%.

Source: Yahoo Finance



# HOUSING

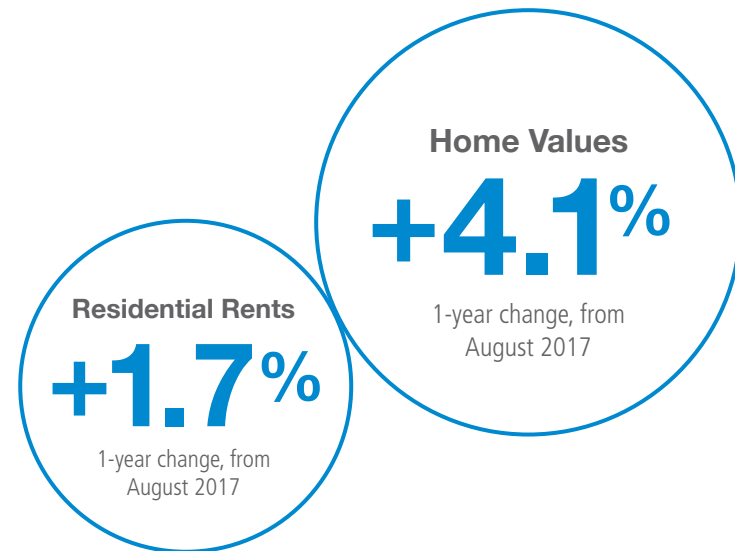


## HOUSING SNAPSHOT

The pace of rent hikes continued to quicken in August 2018. Median rents rose 1.7% from last year—the fastest rate since July 2016 and the eighth consecutive month of rent acceleration. Median housing prices, meanwhile, increased 4.1% from August 2017, reaching \$658,400. This year-over-year growth rate is slightly below the preceding 12 months' increase of 4.3%.

Residential construction slowed across the city in September 2018. Brooklyn was the only exception with 906 units breaking ground. Manhattan led the slowdown with just 63 housing units starting construction in September, the lowest level since June 2016. The Bronx and Queens, which experienced dramatic construction growth earlier in 2018, experienced drops from monthly averages over the prior year for the second and third consecutive month, respectively.

Sources: StreetEasy; Dodge Data & Analytics



## UNITS STARTING CONSTRUCTION (Sep. 2018)

From prior-year monthly average

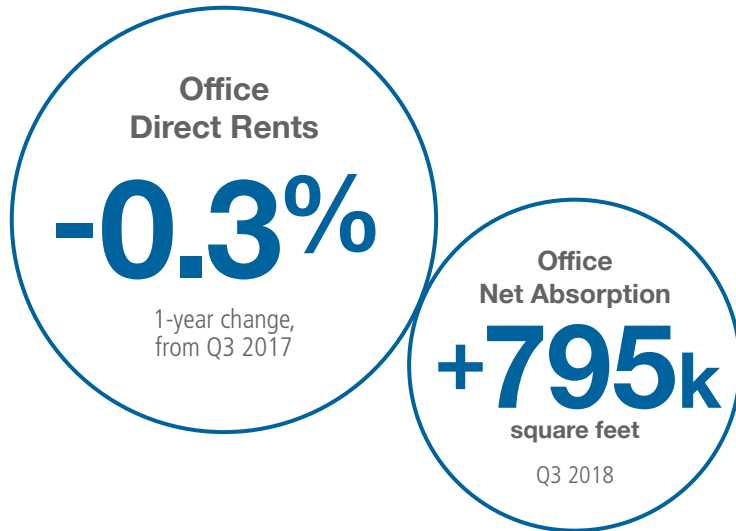
<b>BRONX</b>	<b>-62.9%</b>
BROOKLYN	+9.7%
<b>MANHATTAN</b>	<b>-84.5%</b>
QUEENS	-65.9%
<b>STATEN ISLAND</b>	<b>-15.7%</b>
<b>TOTAL</b>	<b>-39.6%</b>





# COMMERCIAL REAL ESTATE

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 industrial market. We also report monthly construction starts on non-residential buildings, which includes commercial and public-use buildings.



## NON-RESIDENTIAL BUILDINGS STARTING CONSTRUCTION (sq. ft., Sep. 2018)

From prior-year monthly average

BRONX	-37.5%
BROOKLYN	-14.3%
MANHATTAN	-90.9%
QUEENS	-23.8%
STATEN ISLAND	-56.6%
TOTAL	-60.7%



## REAL ESTATE SNAPSHOT

The New York City office market again sent out mixed signals in Q3 2018. Space in Manhattan, which accounted for 83.3% of the citywide office inventory, continued to be in demand. Net absorption, or change in occupied space, which has been positive since the end of 2017, grew by 1,725,067 square feet in the borough in Q3. The vacancy rate dropped to 7.7%, the lowest since 2015, while average rents were essentially flat from last year. The office market in boroughs outside Manhattan, however, headed in the opposite direction. Net absorption fell by 930,527 square feet with vacancy climbing to 9.2%, the highest since 2008, the earliest year for which this data is available. Average rents fell 4.3% from last year.

In September 2018, Non-residential construction fell below the monthly average over the previous year for the third consecutive month. Manhattan saw the largest decline, with 121,000 square feet starting construction. The majority of the new development was in Queens and Brooklyn with 379,000 and 342,000 square feet starting construction, respectively, which accounted for 69.7% of the new square footage.

Sources: CoStar Property; Dodge Data & Analytics



# TRANSIT & TOURISM



## TRANSIT & TOURISM SNAPSHOT

Tourism appeared strong in August 2018, with Broadway revenues and attendance experiencing their highest year-over-year growth since January 2018. Airport traffic continued rising, with 13.2 million passengers flying through regional airports in August 2018.

At the same time, ridership on the metro area's mass transit systems continued falling in August 2018. The city's subways and busses saw ridership fall from the same time last year for the tenth month in a row. Regional rail ridership also saw a year-over-year drop in August 2018. PATH trains led the way, falling 9.0% from last year. However, automotive traffic over bridges and tunnels rose from last year, driven by traffic over the city's East River crossings.

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

## TOURISM CHANGE COMPARED TO 2017



## TRANSIT CHANGE COMPARED TO 2017

