

VOLUME 4 • 2019

NYCEDC

ECONOMIC Snapshot

A Summary of New York City's Economy



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INSIDE THIS VOLUME



Private sector employment growth remained high through Q1 2019



The stock prices of NYC-based companies remained below last year's highs



Rent price inflation stabilized while sales prices rose



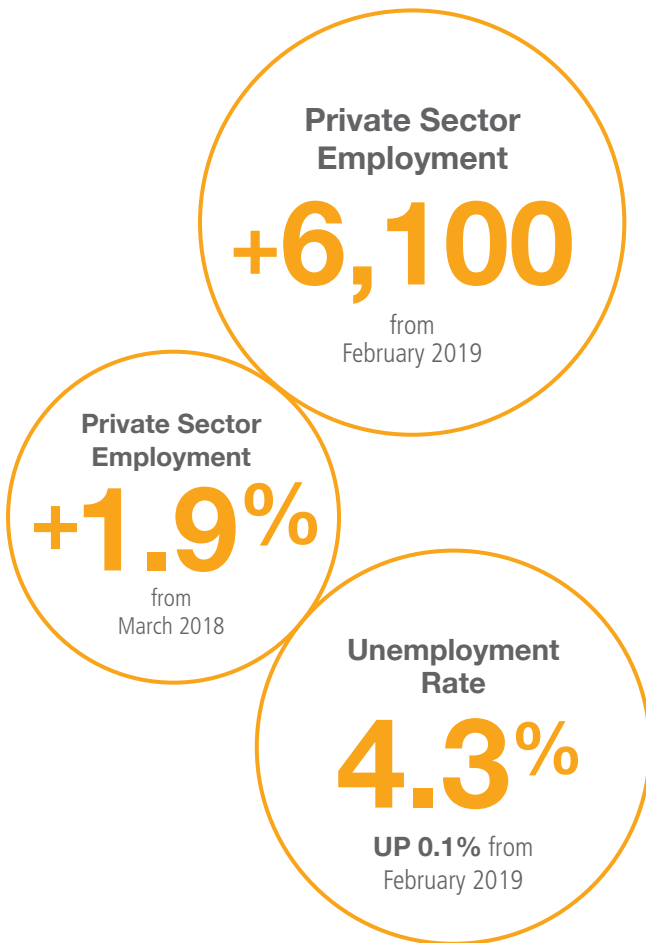
New development in Manhattan led an expansion in the city's office stock



Transit ridership fell across the region



EMPLOYMENT



EMPLOYMENT SNAPSHOT

The New York City private sector picked up 6,100 jobs in March 2019. Government jobs increased by 600, bringing total job growth to 6,700. New data also revised February's private sector gains up by 9,000 jobs (to +17,500), indicating strong, consistent employment gains at the start of 2019. Private sector gains were led by *Healthcare & Social Assistance* and *Professional, Scientific, & Technical Services*, which added 5,400 and 3,800 jobs, respectively. These strong sectors more than made up for losses in eight sectors, led by *Real Estate* and *Information*, where employment fell by 2,000 and 1,700, respectively.

The NYC unemployment rate ticked up 0.1 percentage points for the third consecutive month, reaching 4.3% in March 2019. This is on par with the unemployment rate last year. The US unemployment rate has held at 3.8% over the last two months. The city's labor force participation rate remained at an all-time high of 60.9% for the fifth consecutive month in March 2019.

Strong hourly earnings growth was tempered by a continued drop in average hours worked in March 2019. Average hourly earnings rose 2.4% from March 2018, adjusting for inflation. Average hours worked, meanwhile, fell to 33.7 per week, resulting in a 1.8% rise in real weekly earnings from last year.

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
	Mar. 2019	Feb. 2019		
FIRE	470	473	-0.6%	-0.5%
Finance & Insurance	339	340	-0.2%	0.2%
Securities	180	180	-0.3%	0.2%
Banking	101	101	0.0%	0.9%
Other	59	59	-0.2%	-0.7%
Real Estate/Rental/Leasing	131	133	-1.5%	-2.3%
SERVICES	2,686	2,679	0.3%	2.6%
Information	209	211	-0.8%	2.4%
Professional/Business	774	770	0.5%	2.4%
Professional/Scientific/Technical	429	426	0.7%	2.3%
Management of Companies & Enterprises	73	73	0.2%	-1.2%
Administrative	272	271	-0.3%	3.5%
Educational	256	257	-0.3%	-1.2%
Healthcare/Social Assistance	784	779	0.7%	6.6%
Arts/Entertainment/Recreation	99	98	1.1%	2.8%
Accommodation/Food	367	367	0.1%	-1.9%
Other	198	198	-0.1%	2.0%
TRADE	494	494	0.0%	0.5%
Retail	355	354	0.1%	1.7%
Wholesale	139	139	-0.3%	-2.2%
MANUFACTURING	69	70	-0.5%	-2.4%
TRANSPORTATION & UTILITIES	146	145	0.5%	2.9%
CONSTRUCTION	163	162	0.6%	3.0%
TOTAL (PRIVATE)	4,028	4,002	0.2%	1.9%
GOVERNMENT	593	593	0.1%	1.3%
TOTAL (PRIVATE + GOVERNMENT)	4,621	4,615	0.1%	1.8%

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



EMPLOYMENT

Many people spend April thinking about their finances, so this month we'll be looking into the Finance & Insurance industry, with a deep dive into Nondepository Credit Intermediation, which includes consumer finance and lending.



INDUSTRY SNAPSHOT

As of March 2019, there are 339,400 people working in *Finance & Insurance*. The industry lost 700 jobs from the previous month. But over the past 12 months, the industry gained 800 jobs.

Between 2013 and 2017, employment in *Finance & Insurance* grew by 18,000 jobs, an increase of 5.8%. This is below the 12.2% growth of the city's overall private sector over the same period. *Finance & Insurance* has seen continuous growth since 2014, though employment has yet to recover from losses sustained in the years following the 2008 recession.

In 2017, the annual average wage in *Finance & Insurance* was \$310,600. From 2013 to 2017, real annual average wages in the industry grew by 11.8%. This rate exceeds the private sector's rate of 6.3%, and this industry's average wages are far above the private sector's 2017 average of \$93,100.

There are 23,100 people employed in the *Nondepository Credit Intermediation* subsector. Between 2013 and 2017 employment in this sector rose by 0.5%, or 100 jobs. This is the second-slowest growth of any major subsector (at least 5,000 employees) within *Finance & Insurance* for which data is available.¹

The average annual wage in *Nondepository Credit Intermediation* was \$265,600 in 2017. This is the third-highest subsector by wage in the industry, behind *Other Financial Investment Activities* and *Securities, Commodity Contracts, Investments*, where the annual average wages in 2017 were \$429,700 and \$414,700, respectively. Real average annual wages in *Nondepository Credit Intermediation* rose 3.5% from 2013 to 2017.

FINANCE & INSURANCE

Employment Change
2013-2017



CREDIT
INTERMEDIATION
& RELATED
ACTIVITIES



SECURITIES,
COMMODITY CONTRACTS,
INVESTMENTS



INSURANCE
CARRIERS & RELATED
ACTIVITIES

¹Data in the Monetary Authorities – Central Bank subsector is suppressed due to small samples in the publicly available version of the Quarterly Census of Employment and Wages. The Security & Commodity Exchanges subsector saw employment fall by 22.2%, but only has 1,300 employees.

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

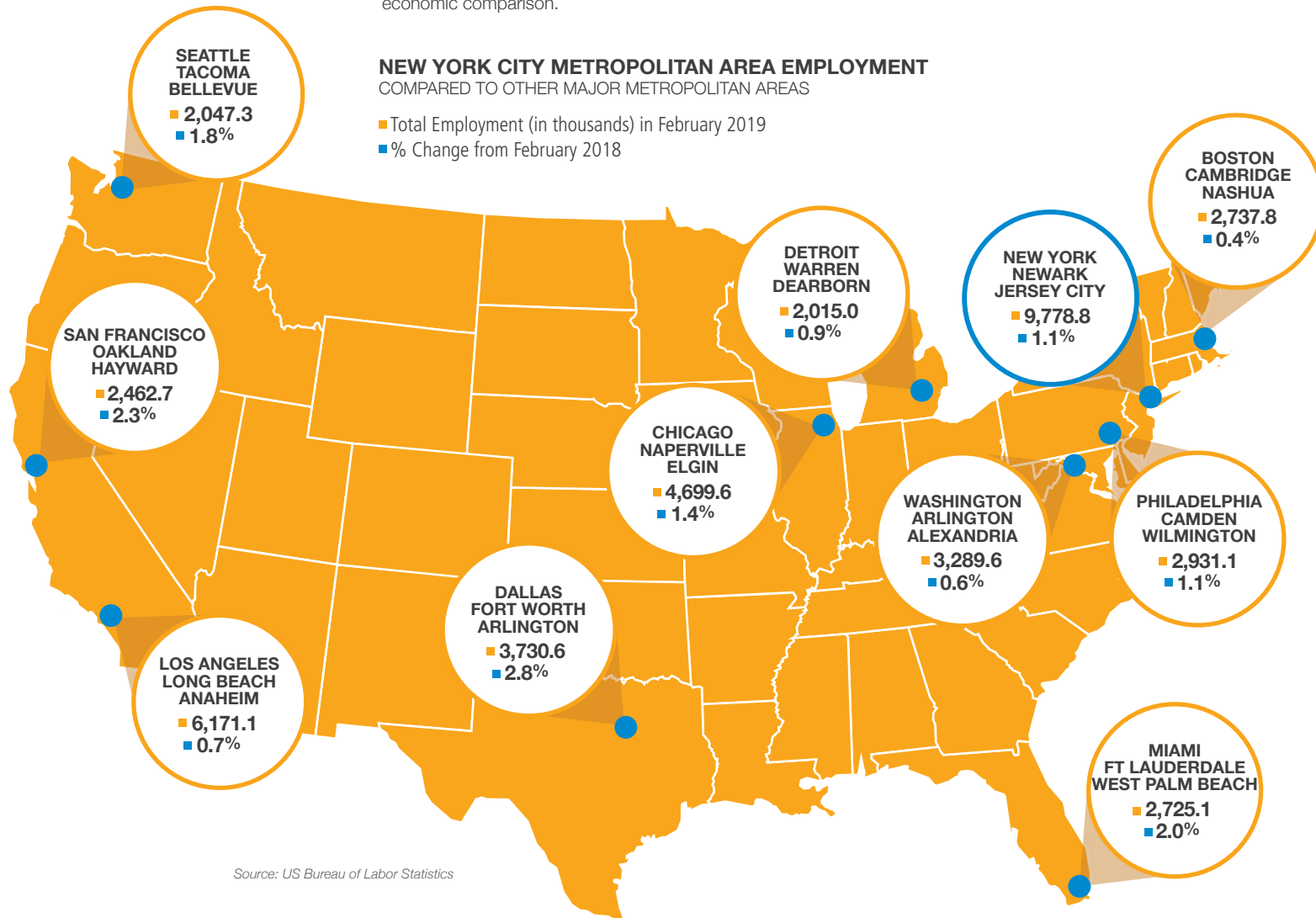


EMPLOYMENT

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 February 2019
- % Change from February 2018



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 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.

Q1 2019 Stock Market Index



FINANCE SNAPSHOT

As of the end of Q1 2019, the US stock market has yet to return to prior-year highs after a sharp downturn in December. The same is true for the stock prices of NYC-based companies. NYCEDC's index of these companies was 16.3% higher at the end of Q1 2019 than at the end of the previous quarter, but it was 5.6% lower than the same time last year. 41 of the 49 stocks that make up this index saw their prices rise within the quarter, showing growth throughout a wide variety of companies.

No new companies joined the index during this quarter, but Michael Kors Holdings rebranded as Capri Holdings after the fashion corporation acquired the Versace brand—a move that caused the stock price to rise 21% over the quarter. Following Disney's acquisition of 21st Century Fox, both Fox stocks (FOX & FOXA) lost 74% of their market value, dropping them out of the 10 largest NYC-based companies by market capitalization. Goldman Sachs Group & BlackRock now round out the top 10.

Source: Yahoo Finance



HOUSING



HOUSING SNAPSHOT

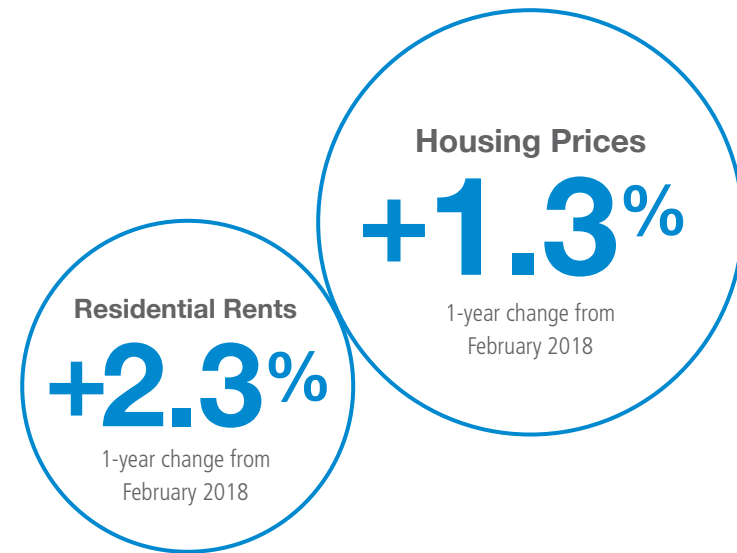
In February 2019, rents continued to rise briskly, up 2.3% from a year ago. This has been relatively stable over recent months. Housing prices, meanwhile, increased 1.3% year-over-year, an acceleration from January's 0.8% rate of annual growth.²

During the 12-month period ending in March 2019, new housing units starting construction fell 0.9% citywide compared to the previous 12-month period. Bronx and Manhattan saw the largest decreases of 41.0% and 35.0%, respectively. Brooklyn continued to lead growth at 45.1%, with 1,018 units kicking off construction in March alone.

²Year-over-year January home price growth was revised up from the 0.4% reported last month.

Sources: StreetEasy; Dodge Data & Analytics. New York, NY 877-784-9556

Starting in Volume 2 2019, Dodge construction index has been revised to reflect changes of rolling annual sums. Please note that Dodge data is preliminary and subject to revision.



HOUSING UNITS STARTING CONSTRUCTION

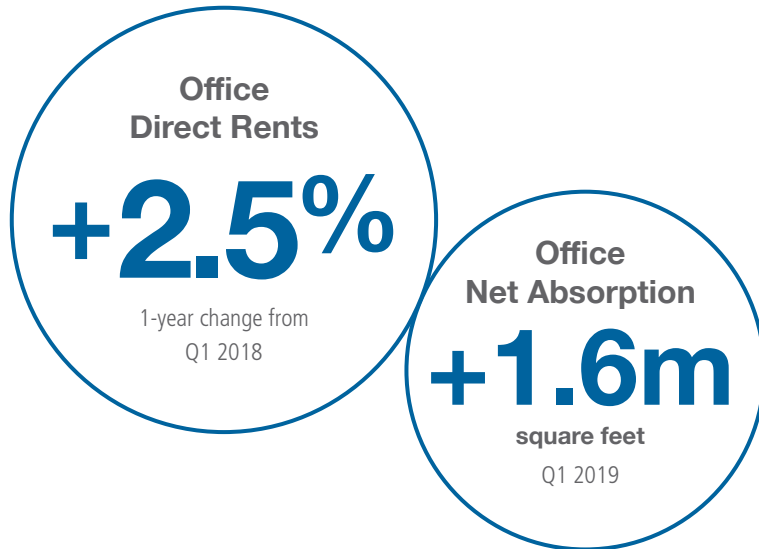
Annual change, 12 months ending March 2019

BRONX	-41.0%
BROOKLYN	+45.1%
MANHATTAN	-35.0%
QUEENS	+14.5%
STATEN ISLAND	+10.6%
TOTAL	-0.9%



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 retail 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.)

Annual change, 12 months ending March 2019

BRONX	-25.1%
BROOKLYN	+55.6%
MANHATTAN	+45.3%
QUEENS	-1.0%
STATEN ISLAND	-72.9%
TOTAL	+11.9%



REAL ESTATE SNAPSHOT

The New York City office market added 1,591,529 square feet of occupied space in Q1 2019. This was led by increased demand in Manhattan, where net absorption, or change in occupied space, was up 2,165,813 square feet. As a result, the borough's vacancy rate dropped slightly to 7.7%. In boroughs outside of Manhattan, the market moved in the opposite direction with net absorption down 574,284 square feet and vacancy rate up 0.6 percentage points to 8.7% from the previous quarter. Citywide, rents increased 2.5% from Q1 2018, reaching \$57.85 per square foot. Nine buildings, including seven in Manhattan, delivered 2,046,156 square feet in the first quarter while 81 buildings, totaling 24,843,378 square feet, were under construction.

New non-residential construction rose 11.9% from April 2018 to March 2019. Brooklyn saw largest growth at 55.6% over the 12 months, followed by Manhattan's 45.3%, while the other boroughs experienced a decline. In March 2019, new construction was concentrated in Manhattan, which saw construction starts on 1,139,000 square feet in new non-residential buildings, which was 75.1% of total new construction citywide.

Sources: CoStar Property; Dodge Data & Analytics, New York, NY 877-784-9556



TRANSIT & TOURISM



TRANSIT & TOURISM SNAPSHOT

Transit ridership across the region stalled in February 2019. Ridership on regional commuter rails fell 0.5% from February 2018. The Staten Island Railway experienced the largest decline, with ridership falling 3.8%. Ridership on New York City Transit also fell, led by falling bus ridership. Bus ridership was 5.8% lower than last year and is down nearly 10% from February 2017. At the same time, Broadway attendance and revenue continued their rise from prior-year levels.

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

TOURISM CHANGE COMPARED TO 2018



TRANSIT CHANGE COMPARED TO 2018

