

# ECONOMIC SNAPSHOT

## A Summary of New York City's Economy

AUGUST 2013

### HIGHLIGHTS

Private employment rose by 14,900 in June 2013 after an increase of 4,500 in May.

The unemployment rate rose from 8.3 percent in May to 8.4 percent in June.

The Manhattan hotel occupancy rate in June 2013 was 90.4 percent, down from 91.2 percent in June 2012.

The Manhattan Class A office vacancy rate was 9.7 percent in June 2013, while the average asking rent was \$69 PSF.

Passengers in NYC area airports totaled 9.8 million in May 2013, up 2.7 percent from May 2012.

### Employment

- Private sector jobs in New York City rose by 14,900 in June 2013 after an increase of 4,500 in May.
- In the same period, government jobs in the City fell by 300, resulting in a net increase of 14,600 total private and public sector jobs.
- Since June 2012, private sector employment has risen by 78,400 jobs or 2.3 percent.
- The City's unemployment rate rose slightly from 8.3 percent in May to 8.4 percent in June.
- Between May and June, the number of employed City residents increased by 12,000, and the number of unemployed City residents rose by 3,900.

Industry	Employment (000s)			
	June-13	May-13	Change From Prev. Month	Change From June-12
<b>FIRE</b>	<b>441</b>	<b>439</b>	<b>2</b>	<b>1</b>
Finance & Insurance	322	320	2	1
Securities	167	167	0	-
Banking	91	91	0	1
Other	64	63	1	0
Real Estate	119	118	1	1
<b>SERVICES</b>	<b>2,177</b>	<b>2,169</b>	<b>8</b>	<b>62</b>
Information	173	173	(0)	(5)
Professional & Business	636	639	(4)	18
Prof., Scientific & Tech.	356	359	(3)	5
Mgt. of Companies & Enterprises	63	63	0	(2)
Administrative	216	217	(1)	14
Educational	194	189	5	12
Health & Social Assistance	622	620	2	21
Arts & Entertainment	78	76	1	3
Accommodation & Food	297	294	4	6
Other	177	177	(0)	7
<b>TRADE</b>	<b>479</b>	<b>478</b>	<b>1</b>	<b>12</b>
Retail	335	335	0	10
Wholesale	143	143	0	3
<b>MANUFACTURING</b>	<b>75</b>	<b>75</b>	<b>0</b>	<b>(2)</b>
<b>TRANSPORTATION &amp; UTILITIES</b>	<b>121</b>	<b>122</b>	<b>(0)</b>	<b>(1)</b>
<b>CONSTRUCTION</b>	<b>122</b>	<b>117</b>	<b>5</b>	<b>7</b>
<b>TOTAL PRIVATE</b>	<b>3,413</b>	<b>3,398</b>	<b>15</b>	<b>78</b>
GOVERNMENT	542	542	(0)	(3)
<b>TOTAL (Private &amp; Government)</b>	<b>3,955</b>	<b>3,940</b>	<b>15</b>	<b>76</b>

### Unemployment Rates

Place of Residence	12 Months Ending	
	Jun-13	Jun-12
Bronx	12.1%	12.8%
Brooklyn	9.6%	10.0%
Manhattan	7.4%	7.8%
Queens	8.0%	8.4%
Staten Island	8.1%	8.5%
<b>NYC</b>	<b>8.9%</b>	<b>9.3%</b>

Source: New York State Department of Labor (NYSDOL)

Source: New York State Department of Labor (NYSDOL), seasonally adjusted by NYC OMB.

Note: Rows may not sum to totals due to rounding.

## Industries Driving Employment and Establishment Growth in New York City

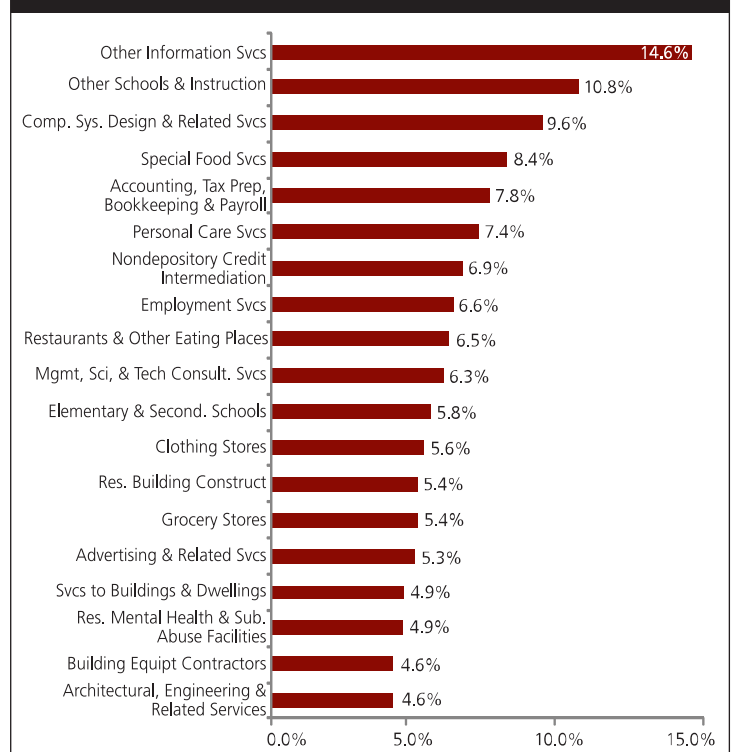
- The US Quarterly Census of Employment and Wages (QCEW) provides information on employment, number of establishments, and wages by industry. The New York State Department of Labor recently released 2012 QCEW data for New York City.
- From 2000 to 2012, the number of private establishments in NYC increased by 17.7 percent while employment levels rose 5.3 percent. The resulting decline in the average number of employees per establishment (13.1 in 2012 versus 14.6 in 2000) illustrates the important role of small businesses in the NYC economy.
- Industry examinations at the 2- and 3-digit NAICS<sup>1</sup> levels indicate that Banking (60.4 percent), Management of Companies and Enterprises (49.0 percent), and Educational Services (45.2 percent) experienced the most rapid establishment growth between 2000 and 2011. Educational Services also saw the greatest gains in terms of employment over the period (38.5 percent), followed by Accommodation and Food Services (38.3 percent).
- From 2011 to 2012, the number of private establishments in NYC grew 2.3 percent, while overall employment increased 2.8 percent. A number of key industries outperformed these average rates, however, including the Professional, Scientific, and Technical Services sector, which saw employment rise 4.8 percent between 2011 and 2012 after experiencing only minimal average annual growth during the prior decade.
- The Construction sector also made notable gains in 2012, with employment increasing 3.0 percent over the previous year—a reversal of the negative employment trend (a decrease of 0.8 percent per year, on average) that it displayed from 2000 to 2011. Much of the sector's growth is attributable to gains in the Residential Building Construction sector, where average annual employment increased 5.4 percent in 2012 over 2011, indicative of the continuing recovery of the NYC housing market.
- Accommodation and Food Services posted impressive growth figures in 2012: employment increased 6.4 percent, while establishments rose 4.0 percent, surpassed only by Educational Services, which expanded its number of establishments by 5.1 percent over the year.
- Tech-related sectors similarly showed above-average employment growth in 2012, reflecting the advancement of Silicon Alley. Computer Systems Design and Related Services exhibited the third-fastest rate of employment growth from 2011 to 2012 at 9.6 percent, far exceeding the sector's average annual growth of 0.4 percent from 2000 to 2011. Further validating NYC as a locus of technological innovation, Other Information Services (including news syndicates, internet publishing and broadcasting and web search portals) posted the greatest employment growth out of all the 4-digit NAICS sectors in NYC from 2011 to 2012, with establishments rising by 16.7 percent and employment by 14.6 percent.
- NYCEDC also tracks employment in the high-tech sector, as well as in tech-based segments of industries spanning transportation, industrials, energy, and biosciences. Initiatives intended to encourage growth in these industries, such as the NYC BigApps competition and the allocation of affordable workspace incubators, appear to have been successful in generating employment. From 2009 to 2011, employment in the tech sector grew at an annual average rate of 5.4 percent. The tech sector performed even better in 2012, with employment levels growing 7.1 percent over 2011—more than double the growth rate for the private sector overall.

**Establishment and Employment Growth Rates of Selected NYC Industries (2-Digit and 3-Digit NAICS Level)**

Sector	Establishment Growth		Employment Growth	
	2000-2011 CAGR	2011-2012	2000-2011 CAGR	2011-2012
Accommodation & Food Svcs.	3.2%	4.0%	3.0%	6.4%
Prof., Sci., & Tech Svcs.	0.8%	2.4%	0.3%	4.8%
Educational Services	3.4%	5.1%	3.0%	4.1%
Retail Trade	0.4%	1.8%	1.1%	4.1%
Construction	1.1%	-0.7%	-0.8%	3.0%
Information	-0.9%	1.1%	-1.7%	2.7%
Banking	4.4%	3.6%	-1.2%	1.7%
Transportation	-0.2%	-0.1%	-1.0%	1.0%
Mgmt of Companies & Enterprises	3.7%	1.9%	1.9%	0.3%
Other Finance	-1.5%	1.2%	-1.3%	-1.1%
<b>Total Private</b>	<b>1.3%</b>	<b>2.3%</b>	<b>0.2%</b>	<b>2.8%</b>
<b>All Industry Total (Private + Govt)</b>	<b>1.3%</b>	<b>2.3%</b>	<b>0.1%</b>	<b>2.4%</b>

\*CAGR: Compound annual growth rate  
Source: NYSDOL, QCEW

**4-Digit NAICS Industries with Greatest Employment Gains from 2011 to 2012**



Note: Includes only those industries with at least 0.5% of total NYC private employment  
Source: NYSDOL, QCEW

<sup>1</sup> The North American Industry Classification System (NAICS) is a business and government standard for classifying establishments based on type of economic activity.

## Real Estate and Construction

### Manhattan Office Market

- In July 2013, the Manhattan Class A direct vacancy rate rose to 9.7 percent while the average rental rate fell \$1 PSF to \$69 PSF.
- In the same month, the Downtown Class A direct vacancy rate rose to 12.6 percent, and the rental rate remained at \$52 PSF.
- The Manhattan Class A sublease vacancy rate fell from 2.1 percent to 2.0 percent from June to July.

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Jul-13	Jun-13	Jul-13	Jul-13	Jun-13	Jul-13
Midtown	9.2%	9.1%	2.3%	\$75	\$75	\$58
Midtown South	6.5%	6.3%	1.2%	\$82	\$82	\$51
Downtown	12.6%	12.4%	1.3%	\$52	\$52	\$34
<b>Manhattan Totals</b>	<b>9.7%</b>	<b>9.5%</b>	<b>2.0%</b>	<b>\$69</b>	<b>\$70</b>	<b>\$55</b>

Source: Cushman and Wakefield

### Construction

For the twelve months ending June 2013:

- Building projects (including new, additions and alterations) that started construction in NYC fell by 9.9 percent and infrastructure (non-building) project starts rose by 10.3 percent from the twelve months ending June 2012.
- Planned space for building project starts rose by 57.3 percent from the same period in 2012.
- 2,294 residential building project starts began construction, a 6.6 percent decrease from the twelve months ending in June 2012. These starts contained 18,863 units, an increase of 59.1 percent from last year.

Construction Starts, Twelve Months Ending				
Indicator	Building		Non-Building	
	Jun-13	Jun-12	Jun-13	Jun-12
Number of projects	5,199	5,772	471	427
Square feet (000s)	38,522	24,495	n.a.	n.a.
Value (\$000s)	16,323,822	11,166,281	2,431,736	3,310,930

Source: McGraw Hill Construction

## Tourism, Travel and Transit

### Transit Ridership

- Total ridership on MTA subways, trains and buses in June 2013 was 220.5 million, a decrease of 1.2 percent from June 2012.
- Subway ridership in June 2013 was 141.1 million, a decrease of 0.7 percent from June 2012.

Source: Metropolitan Transportation Authority

### Tourism and Travel

#### Air Traffic

- In May 2013, 9.8 million passengers flew into and out of the region's airports, an increase of 2.7 percent from May 2012.
- Domestic air carriers accounted for 6.4 million passengers, a 0.9 percent increase from May 2012.
- 3.4 million passengers traveled with international air carriers in May 2013, a 6.4 percent increase from May 2012.

Source: Port Authority of New York and New Jersey

#### Broadway Ticket Sales

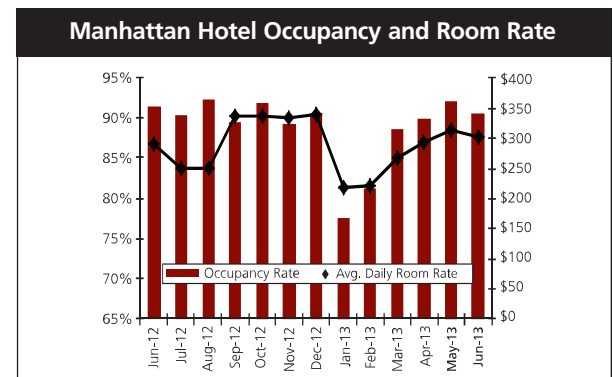
- Total Broadway attendance was approximately 881,000 during the four weeks ending July 28, 2013, down 8.1 percent from the same period last year.
- Broadway revenue during this period was about \$93.8 million, up 0.3 percent from last year.

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

Source: The Broadway League

#### Hotel Occupancy

- In June 2013, the average daily hotel room rate was \$301, a 3.5 percent increase from June 2012.
- Hotel occupancy was 90.4 percent in June 2013, down from 91.2 percent in June 2012.
- The average daily hotel room rate increased the most in the highest-priced hotels (those charging over \$375 per night).



Source: PKF Consulting

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