

# ECONOMIC SNAPSHOT

A Summary of New York City's Economy

DECEMBER 2009

## HIGHLIGHTS

Private Employment fell by 13,000 in October, after a loss of 20,500 jobs in September.

The unemployment rate remained at 10.3 percent between October and September.

The Manhattan hotel occupancy rate in October 2009 was 89.7 percent, up from 86.0 percent in October 2008.

The Manhattan Class A office vacancy rate was 8.6 percent in November 2009, while the average asking rent was \$67 PSF.

Passengers in NYC area airports totaled 8.2 million in September 2009, up 1.4 percent from September 2008.

## Unemployment Rates

Place of Residence	12 Months Ending	
	Oct-09	Oct-08
Bronx	11.1%	7.0%
Brooklyn	9.3%	5.6%
Manhattan	7.9%	4.5%
Queens	7.8%	4.6%
Staten Island	7.6%	4.7%
<b>NYC</b>	<b>8.7%</b>	<b>5.2%</b>

Source: New York State Department of Labor (NYSDOL)

## Employment

- Private sector jobs in New York City fell by 13,000 in October 2009 after a decline of 20,500 in September.
- In the same period, government jobs in the City fell by 2,600 for a net loss of 15,600 private and public sector jobs.
- Since October 2008, private sector employment has declined by 108,900 jobs or 3.3 percent.
- Between September and October 2009, the City's unemployment rate remained at 10.3 percent.
- Between September and October 2009, the number of employed City residents fell by 1,100 and the number of unemployed City residents fell by 600.

Industry	Employment (000s)			
	Oct-09	Sep-09	Change From Prev. Month	Change From Oct-08
<b>FIRE</b>	<b>428</b>	<b>430</b>	<b>(2)</b>	<b>(33)</b>
Finance and Insurance	312	313	(2)	(26)
Securities	160	162	(2)	(22)
Banking	86	86	(0)	(5)
Other	66	66	0	1
Real Estate	116	117	(1)	(6)
<b>SERVICES</b>	<b>1,945</b>	<b>1,952</b>	<b>(7)</b>	<b>(26)</b>
Information	160	161	(1)	(10)
Professional & Business	577	580	(2)	(29)
Prof., Scientific, & Tech.	328	330	(2)	(17)
Mgt. of Companies & Enterprises	62	62	0	0
Administrative	187	187	(1)	(13)
Educational	164	163	1	1
Health & Social Assistance	576	575	1	14
Arts & Entertainment	67	68	(1)	(1)
Accommodation & Food	239	241	(2)	(1)
Other	162	164	(2)	(1)
<b>TRADE</b>	<b>428</b>	<b>430</b>	<b>(2)</b>	<b>(19)</b>
Retail	289	290	(1)	(11)
Wholesale	139	140	(1)	(8)
<b>MANUFACTURING</b>	<b>82</b>	<b>82</b>	<b>(0)</b>	<b>(11)</b>
<b>TRANSPORTATION &amp; UTILITY</b>	<b>118</b>	<b>117</b>	<b>1</b>	<b>(7)</b>
<b>CONSTRUCTION</b>	<b>116</b>	<b>119</b>	<b>(3)</b>	<b>(14)</b>
<b>TOTAL PRIVATE</b>	<b>3,118</b>	<b>3,131</b>	<b>(13)</b>	<b>(109)</b>
GOVERNMENT	564	567	(3)	(1)
<b>TOTAL (Private &amp; Government)</b>	<b>3,681</b>	<b>3,697</b>	<b>(16)</b>	<b>(110)</b>

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

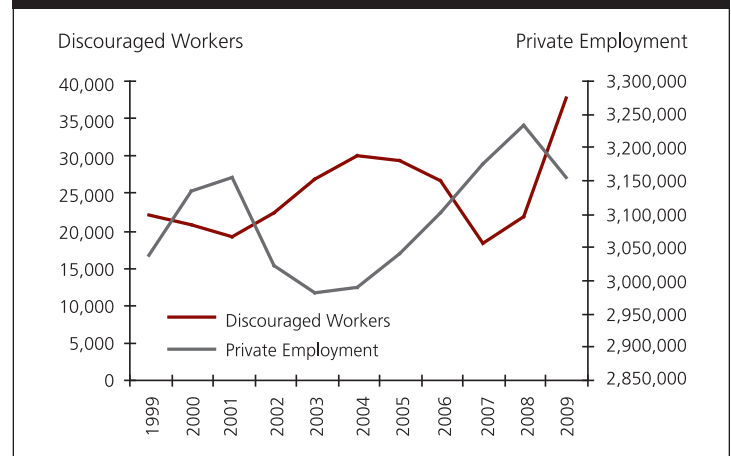
## Discouraged Workers

- People who are unemployed and not looking for work because they believe that no jobs are available or that they would not qualify for them are known as discouraged workers. They are not considered to be part of the labor force, which is the civilian population aged 16-years, employed or unemployed and actively looking for work.
- The BLS Current Population Survey collects information on people in the labor force as well as discouraged workers. Between November 2008 and October 2009, the monthly average number of discouraged workers in New York City was 37,608; representing the highest level on record over the 1999-2009 period.\*
- The number of discouraged workers is counter-cyclical, as shown in Chart 1. In general, over periods of employment gains, the number of discouraged workers falls (1999 to 2001 and 2004 to 2007). However, from 2003 to 2004, as NYC was recovering from the previous recession, private employment increased by 0.3 percent, while the number of discouraged workers increased by 12.0 percent. Similarly, NYC private employment grew by 1.8 percent between 2007 and 2008, and the number of discouraged workers increased by a much larger 19.0 percent.
- A growing labor force coupled with a decline in available jobs tends to result in a higher number of unemployed and discouraged workers. Between 1999 and 2009, the New York City labor force grew by 16.2 percent. Over the same period, the number of discouraged workers grew by a much larger 71.6 percent. However, over the same period, the share of discouraged workers in the working age population increased by only 0.2 percentage points while the share of employed grew by 0.5 percentage points and that of the unemployed by 1.3 percentage points. Nationally, the working-age share of discouraged workers grew at the same pace as in NYC, while that of the unemployed grew faster (2.9 percentage points), and that of the employed fell by 4.4 percent.
- In the U.S., there were 732,863 discouraged workers on average each month between November 2008 and October 2009, an increase of 158.0 percent relative to the monthly average calculated in October 1999. Between 2008 and 2009, NYC has fared slightly better than the Nation with regards to the number of discouraged workers, which increased by 74.1 percent in the City and by 75.8 percent in the U.S.

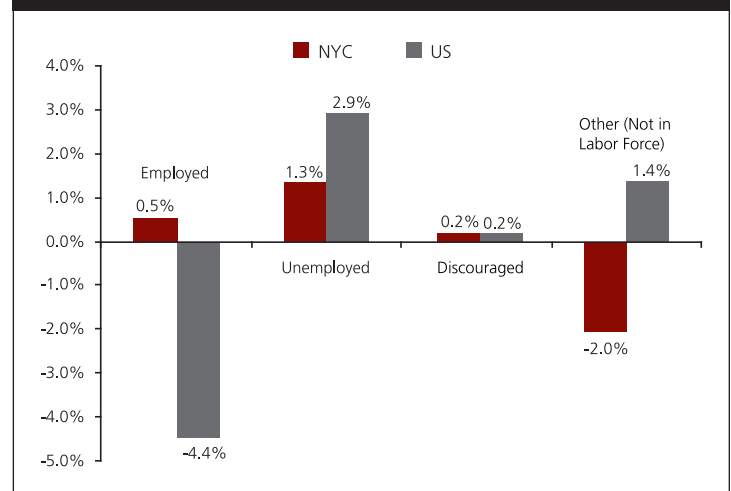
\* All year references are for 12 month periods ending in October of that year.

Source: Bureau of Labor Statistics, Current Population Survey.

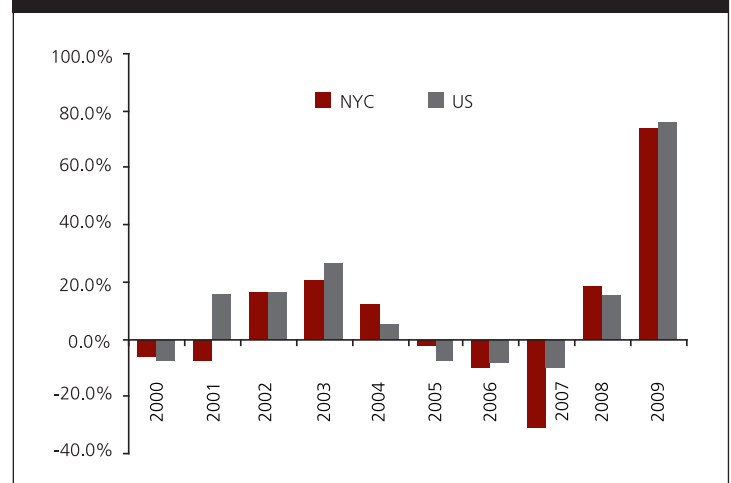
**Chart 1: Employment and Discouraged Workers in NYC, 1999-2009**



**Chart 2: Percentage Point Change in Shares of Working Age Population, NYC and US, 1999-2009**



**Chart 3: Year-Over-Year Percentage Change in Discouraged Workers, NYC and US, 2000 to 2009**



## Real Estate and Construction

### Manhattan Office Market

- In November 2009, the Manhattan Class A direct vacancy rate fell to 8.6 percent and average asking rate remained at \$67 PSF.
- In the same month, the Midtown South Class A direct vacancy rate fell from 4.7 to 3.7 percent and rental rate remained at \$51 PSF.
- The Manhattan Class A sublease vacancy remained stable at 3.7 percent between October and November.

Class A Office Vacancy Rates and Average Rents						
	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Nov-09	Oct-09	Nov-09	Nov-09	Oct-09	Nov-09
Midtown	9.7%	9.6%	3.7%	\$70	\$71	\$55
Midtown South	3.7%	4.7%	3.1%	\$52	\$51	\$42
Downtown	5.9%	6.4%	3.7%	\$47	\$48	\$40
<b>Manhattan Totals</b>	<b>8.6%</b>	<b>8.7%</b>	<b>3.7%</b>	<b>\$67</b>	<b>\$67</b>	<b>\$52</b>

Source: Cushman and Wakefield

### Construction

For the four months ending October 2009:

- Building projects (including new, additions and alterations) that started construction in NYC declined by 34.5 percent and infrastructure (non-building) project starts increased by 38.6 percent from the four months ending October 2008.
- Planned space for building project starts decreased 59.5 percent from the same period in 2008.
- 636 residential buildings with 3,785 units of housing started construction, decreases of 53.4 and 69.0 percent respectively from the previous year.

Construction Starts, Four Months Ending				
Indicator	Building		Non-Building	
	Oct-09	Oct-08	Oct-09	Oct-08
Number of projects	1,649	2,517	230	166
Square Feet (000s)	8,034	19,858	n.a.	n.a.
Value (\$,000s)	4,052,134	4,635,390	1,369,935	2,226,999

Source: McGraw Hill Construction

## Tourism, Travel and Transit

### Transit Ridership

- Total ridership on MTA subways, trains and buses in October 2009 was 223.0 million, a decrease of 3.5 percent from October 2008.
- In October 2009, subway ridership was 140.7 million, a decrease of 3.1 percent from October 2008.

Source: Metropolitan Transportation Authority

### Tourism and Travel

#### Air Traffic

- In September 2009, 8.2 million passengers flew into and out of the region's airports, an increase of 1.4 percent from September 2008.
- Domestic air carriers accounted for 5.4 million passengers, up 1.8 percent from the same month last year.
- 2.8 million passengers traveled with international air carriers in September 2009, a 0.7 percent increase from September 2008.

Source: Port Authority of New York and New Jersey

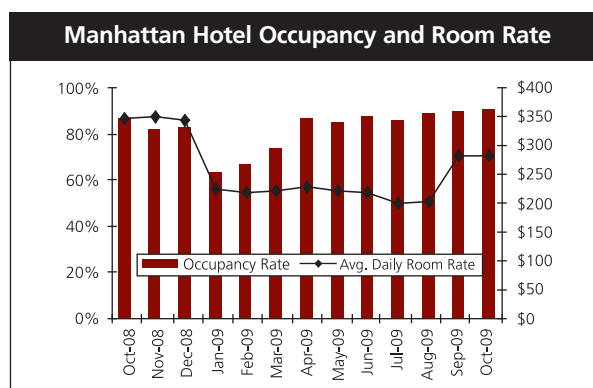
#### Broadway Ticket Sales

- Total Broadway attendance was approximately 980 thousand during the four weeks ending November 29, 2009, a 9.8 percent increase from the same period last year.
- Broadway revenue during this period was roughly \$86.3 million, an 18.8 percent increase from last year.

Note: Gross revenue and attendance figures may not include all shows  
Source: The Broadway League

#### Hotel Occupancy

- In October 2009, the average daily hotel room rate was \$280, an 18.4 percent decrease from October 2008.
- Hotel occupancy was 89.7 percent in October 2009, up from 86.0 percent in October 2008.
- The average daily hotel room rate declined the most in lower-priced hotels (charging between \$175 and \$225 per night).



Source: PKF Consulting