

# ECONOMIC SNAPSHOT

A Summary of New York City's Economy

FEBRUARY 2008

## HIGHLIGHTS

Private employment fell by 5,900 jobs in December, after a decrease of 1,300 jobs in November.

The unemployment rate rose to 5.4 percent in December, from 5.1 percent in November.

The NYC hotel occupancy rate in December 2007 was 85.1 percent, down from 85.4 percent in December 2006.

The Direct Class A office vacancy rate was 4.4 percent in January 2008, while the average asking rent was \$81 PSF.

Passengers in NYC's airports totaled 8.7 million in November 2007, up 2.5 percent from November 2006.

## Employment Facts

- Private sector jobs in New York City fell by 5,900 in December 2007 after a decrease of 1,300 in November 2007.
- Government jobs in the City rose by 600 for a net loss of 5,300 total (private and public sector) jobs.
- Since December 2006, the private sector has grown by 1.4 percent, adding 45,800 total jobs.
- The City's unemployment rate rose to 5.4 percent in December 2007, from 5.1 percent in November 2007.
- On average, 3.62 million NYC residents were employed in 2007, the highest since 1978.

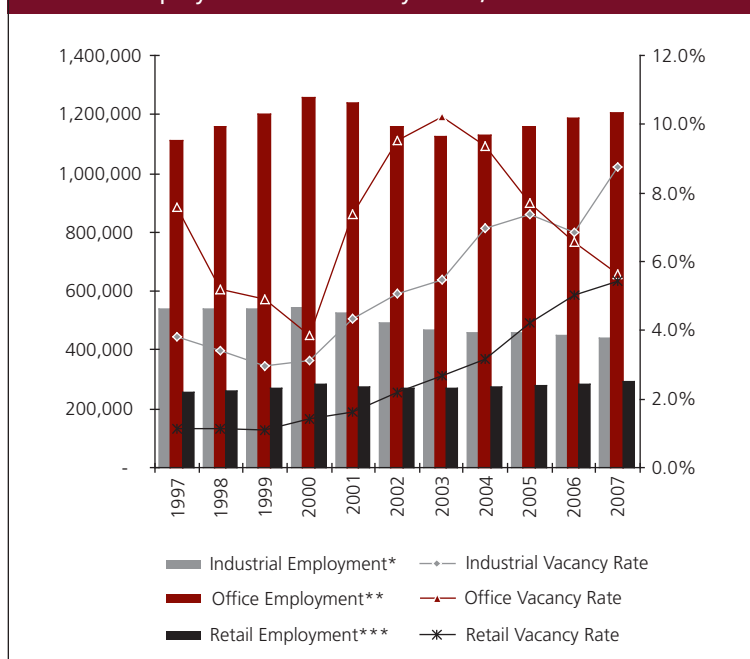
Industry	Employment (000s)			
	Dec-07	Nov-07	Change From Prev. Month	Change From Dec-06
<b>FIRE</b>	<b>472</b>	<b>474</b>	<b>(2)</b>	<b>11</b>
Finance and Insurance	352	354	(2)	9
Real Estate	120	120	(0)	2
<b>SERVICES</b>	<b>1,915</b>	<b>1,915</b>	<b>(1)</b>	<b>29</b>
Information	166	166	(0)	0
Professional & Business	591	591	0	15
Educational	149	150	(1)	(3)
Health & Social Assistance	561	561	(0)	10
Arts & Entertainment	64	65	(0)	1
Accommodation & Food	228	226	1	4
Other	156	156	(0)	1
<b>TRADE</b>	<b>437</b>	<b>438</b>	<b>(2)</b>	<b>3</b>
Retail	291	292	(1)	5
Wholesale	146	146	(0)	(2)
<b>MANUFACTURING</b>	<b>98</b>	<b>99</b>	<b>(0)</b>	<b>(6)</b>
<b>TRANSPORTATION &amp; UTILITY</b>	<b>125</b>	<b>126</b>	<b>(1)</b>	<b>3</b>
<b>CONSTRUCTION</b>	<b>126</b>	<b>126</b>	<b>(0)</b>	<b>6</b>
<b>TOTAL PRIVATE</b>	<b>3,173</b>	<b>3,178</b>	<b>(6)</b>	<b>46</b>
GOVERNMENT	563	562	1	8
<b>TOTAL (Private &amp; Government)</b>	<b>3,735</b>	<b>3,741</b>	<b>(5)</b>	<b>53</b>

Source: New York State Department of Labor (NYSDDL)

## Commercial Real Estate Trends

- NYC vacancy rates for office and industrial space are more responsive to employment in related sectors than retail space vacancy rates.
- Office space vacancy rates in New York City have increased when the office employment was declining. As employment in the sector rebounded since 2003, office vacancy rates have been moving downward.
- Industrial space vacancy rates in the City have increased as industrial sector employment has contracted, especially since 2001.
- NYC retail space vacancy rates, especially since 2004, have not reflected the trends in retail employment in the City. Even as the retail employment has increased every year from 2004 to 2007, vacancy rates for retail space have continued to increase.
- In 2006, NYC office space inventory was 571 million SF. The total NYC office space inventory is relatively proportionately distributed among the boroughs in relation to the office employment distribution among the boroughs. In 2006, on average office employees in the Bronx occupied the lowest SF per employee, while those in Manhattan had the largest office spaces. In the Bronx, 58 percent of the office employment was in the Health Care and Social Assistance and Real Estate sectors. In comparison, the Professional, Scientific, and Technical Services, and Finance and Insurance sectors accounted for 65 percent of the office employment in Manhattan.

Industrial, Retail and Office sectors:  
Employment and Vacancy Rates, 1997 to 2007

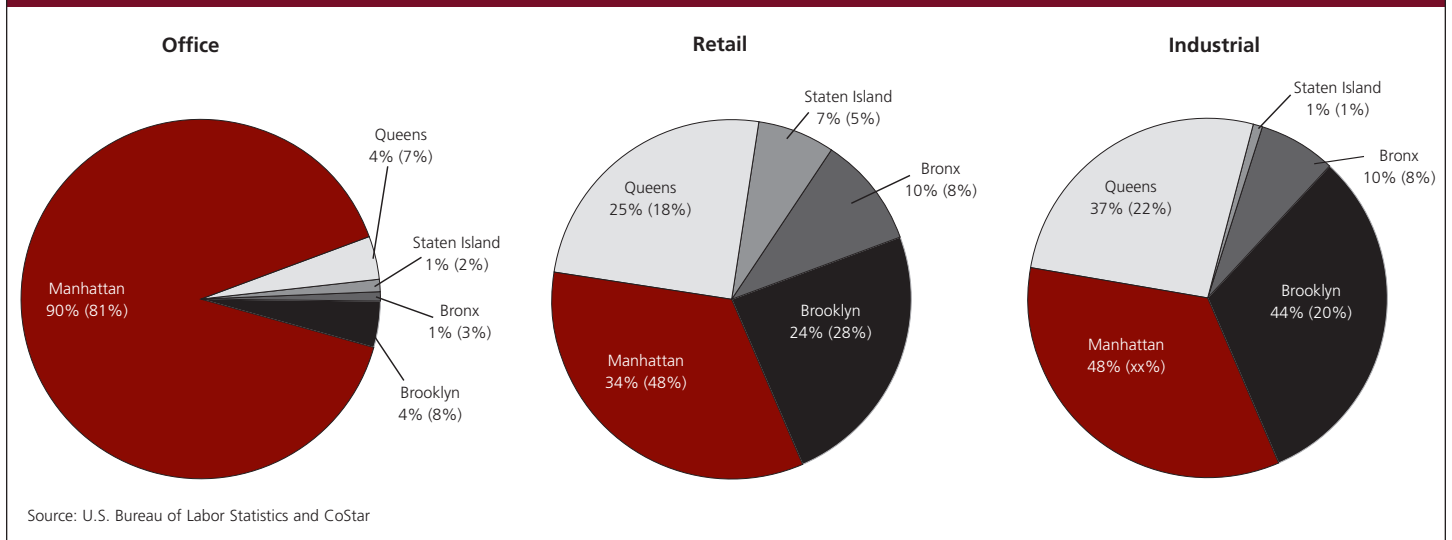


Source: U.S. Bureau of Labor Statistics and CoStar  
 \*NAICS Codes: 31, 32, 33, 42 and 562  
 \*\*NAICS Codes: 52, 53 and part of 51, 56, 62 and 81  
 \*\*\*NAICS Codes: 44 and 45

## Commercial Real Estate Trends

- Half of the total retail space inventory of 134 million SF in 2006 was in Queens and Brooklyn. These two boroughs accounted for 37.9 percent of the retail employment in the City. In 2006, the average SF per employee for retail was much lower in Manhattan than in the other boroughs. In particular, Clothing and Clothing Accessories Stores accounted for a third of the retail employment in Manhattan; in the other boroughs the largest single retail employment sub-sector was Food and Beverage Stores (accounting for at least one-fourth of the retail employment in these boroughs).
- In 2006, the NYC distribution of the 82 Million SF of industrial space does not reflect the employment distribution among the boroughs. In terms of SF per employee, the industrial sector in Manhattan was the densest. A Brooklyn industrial employee, on average, occupied the most space. In Manhattan, non-wholesale related industrial jobs accounted for 20 percent of the total sector employment; in Brooklyn these jobs made up 47 percent of the sectoral employment.

NYC Office, Retail and Industrial Sectors: Square Footage and (Employment) Distribution by Borough, 2006



### Real Estate

- In January 2008, direct rental rates in Midtown areas remained at \$85 PSF, however, direct office vacancy rates climbed 0.3 percentage points to 5.0 percent.
- In the same month, Downtown Class A direct office vacancy rates fell to 3.1 percent while average rental rates increased \$4 to \$60 PSF.
- The total Manhattan sublease vacancy rate was 1.1 percent in January 2008, the same level as in December 2007.

Class A Office Vacancy Rates and Average Rents

	Vacancy Rate			Average Rents/SF		
	Direct		Sublease	Direct		Sublease
	Jan-08	Dec-07	Jan-08	Jan-08	Dec-07	Jan-08
Midtown	5.0%	4.7%	1.2%	\$85	\$85	\$75
Midtown South	1.0%	0.7%	0.2%	\$65	\$62	\$41
Downtown	3.1%	3.9%	1.0%	\$60	\$56	\$43
<b>Manhattan Totals</b>	<b>4.4%</b>	<b>4.3%</b>	<b>1.1%</b>	<b>\$81</b>	<b>\$80</b>	<b>\$69</b>

Source: Metropolitan Transportation Authority

## Other Indicators

### Tourism and Travel

#### Air Traffic

- In November 2007, 8.7 million passengers flew into and out of the region's airports, a 2.5 percent increase from November 2006 passenger levels.

Source: Port Authority of New York and New Jersey

#### Hotel Occupancy

- In December 2007, the average daily hotel room rate was \$379, a 12 percent increase from December 2006.
- Hotel occupancy was 85.1 percent in December 2007, down from 85.4 percent in December 2006.

Source: PKF Consulting

#### Broadway Ticket Sales

- Broadway attendance during the four weeks ending January 27, 2008 was approximately 900,000, a 3 percent increase from the same period last year.
- Broadway revenue during this period was roughly \$67 million, a 1 percent increase from last year.

Source: The League of American Theatres and Producers

### Subway Ridership

- Total ridership on MTA subways, trains and buses in November 2007 was roughly 212 million, an increase of 2.6 percent from November 2006.
- In November 2007, subway ridership was roughly 134 million, an increase of 4 percent from November 2006.

Source: Metropolitan Transportation Authority

### New Construction

For the four months ending December 2007:

- There were 2,111 building projects (including new, additions and alterations) that started construction in NYC, a 13 percent decrease from the four months ending December 2006. There were 66 infrastructure (non-building) project starts, a decrease of 36 percent from last year.
- Planned space for building project starts is approximately 8.5 million square feet, a 53 percent decrease from the same period in 2006.

Source: Dodge Analytics

For more information regarding this issue of *Economic Snapshot*, please contact [snapshot@nycedc.com](mailto:snapshot@nycedc.com)



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