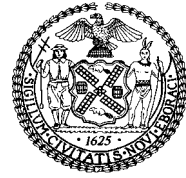


Economic Notes



New York City Office of the Comptroller

William C. Thompson, Jr., Comptroller

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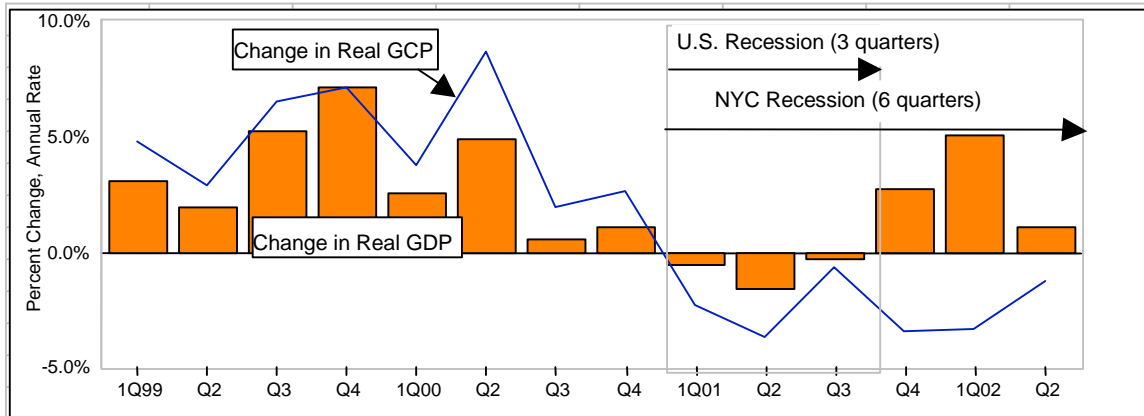
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September 2002

NYC RECESSION PERSISTS IN 2Q02, BUT EASES

SUMMARY: In the second quarter of 2002 the City's economy remained in a recession that continued for its sixth consecutive quarter, but the loss was less than in the first quarter of 2002. The U.S. growth rate decreased in the second quarter, so the City's economic gap narrowed relative to the nation. Both the U.S. and City gross products were negative for the first three quarters of 2001, but beginning in the fourth quarter the nation recovered while the City did not, as reflected in the Summary Chart.

Summary Chart. Before 9/11, NYC Grew Faster than U.S. But Since 9/11 It Has Continued to Contract



Sources: See Chart 1. Percent changes are quarter-to-quarter. GDP = U.S. Gross Product. GCP = Gross [New York] City Product.

- **Real Gross City Product (GCP)**, fell at an annual rate of 1.3 percent in 2Q02, but the rate of decline eased as the 2Q02 loss rate is smaller than the 3.3 percent loss in 1Q02 decline. U.S. GDP in 2Q02 (a preliminary number) grew 1.1 percent, which is a smaller increase than the previous quarter. The difference between the City's performance and the nation's performance was therefore smaller in 2Q02 than in 1Q01 or 4Q01. See the Summary Table, which is on the next page.
- **Payroll Jobs** in 2Q02, seasonally adjusted, grew by 7,500 or 0.8 percent, the first quarter of job growth out of the last six, with a rise of 7,800 private jobs. However, NYC jobs (for comparative purposes not adjusted for seasonal fluctuations) were still down in 2Q02 by 2.7 percent over the same quarter a year earlier (2Q01). On a comparative basis this reflects the fourth-highest rate of job loss among the 20 largest metropolitan areas.
- **Personal Income Tax (PIT)** revenues, a proxy for personal incomes, were down 35.9 percent in 2Q02 over 2Q01. Estimated taxes were down 41.3 percent, reflecting lower dividends and capital gains.
- **The Inflation Rate** in the NYC metropolitan area was 2.2 percent in 2Q02, the third highest among the 14 largest metropolitan areas, after Los Angeles and Washington, D.C, but lower than NYC's 1Q02 rate of 2.3 percent. The cost of services rose 4.2 percent.

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- **The Unemployment Rate** in NYC, seasonally adjusted, rose to 7.9 percent in 2Q02, the highest since the 8.0 percent in 2Q98. The U.S. unemployment rate, also seasonally adjusted, rose to 5.9 percent in 2Q02 from 5.6 percent in 1Q02.
- **Real Estate Commercial Vacancies Rose and Rents Fell.** The Manhattan commercial vacancy rate in 2Q02 almost doubled to 11.3 percent from 6.7 percent in 2Q01. Average Manhattan commercial rents fell 8.8 percent to \$44.46 per square foot in 2Q02, down from \$48.75 in 2Q01.
- **Leading Indicators** for the City point to continued economic weakness. The Help-Wanted Ads Index dropped to 22.3 in 2Q02, the lowest since 1951. The number of building permits fell 2.9 percent in 2Q02 over 2Q01, the biggest second-quarter loss since 1992.

Summary Table. Five Key Economic Indicators, NYC and U.S., 2Q02

	1. GCP/GDP Growth, SAAR	2. Payroll-Jobs Growth, SA	3. Personal-Income-Tax Growth, NSA	4. Inflation Rate, NSA	5. Unemployment Rate, SA
NYC	-1.3% B	+0.8% B	-35.9% W	2.2% B	7.9% W
U.S.	+1.1% W	-0.2% B	-32.5% W	1.3% N	5.9% W

B=Better than prior period. **N**=No change. **W**=Worse. Indicators 1, 2, 5 compare 2Q02 with 1Q02; indicators 3-4 compare 2Q02 with 2Q01. See Charts 1, 3, 7, 10, and 11. NSA=Not Seasonally Adjusted. SA= Seasonally Adjusted. SAAR=SA Annualized Rate.

The second quarter of 2002 was notable for a massive loss of confidence in the reported earnings of corporate America, as a sequence of disclosures destroyed the market values of Enron in March, of its accounting firm Arthur Andersen, and of other firms such as Global Crossing, Qwest, and Adelphia. The dramatic earnings restatement of WorldCom, the nation's second-largest wireless company, was swiftly followed by bankruptcy.

The stock markets responded with steep declines that have meant great losses of personal wealth and wealth-related incomes. This in turn has triggered a "negative wealth effect"; consumers' reduced wealth makes them more cautious about spending. Lower consumer confidence and spending is in turn affecting businesses' willingness to invest. Consumer spending accounts for more than two-thirds of gross product, so that weak consumer spending is sufficient to explain weak second-quarter GDP growth.

NYC is especially hard hit by this loss of confidence. It is particularly vulnerable to bad news that affects the financial markets because its economy and tax revenues remain highly dependent on these markets. One-third of NYC's industry-based taxes in 1999 derive from the finance, insurance and real estate (FIRE) subsectors. The securities industry alone accounted for more than half of the FIRE sector, nearly one-fifth of all taxes, as is shown in Table 1.

Table 1. *FIRE and Securities Industry Taxes per Worker, Share of Taxes, and Growth, 1999*

Category and Tax Year	Workers '000	Taxes per Worker	Total Tax (\$ millions)	FIRE Sector Share of Tax, %	Securities Industry Share of Tax, %
1. Total	3,511	3,449	12,109	32.4%	17.6%
2. Private	2,965	3,802	11,273	34.8%	18.9%
2a. FIRE Sector	481	8,162	3,926	100%	54.3%
2aa. Finance and Insurance Subsectors	377	9,312	3,511		60.8%
2aaa. Securities Industry Only	169	12,629	2,134		100%
2ab. Real Estate Subsector	104	3,995	415		

Source: NYC Department of Finance; count of workers from NYS Department of Labor ("ES 202" data). Percentage shares computed by the NYC Comptroller's Office. Taxes in the second column include personal income and sales taxes paid by workers in each sector, plus corporate income taxes and property taxes, and sales taxes paid by corporations. Industry Taxes = Taxes paid by Businesses, Governments and Workers. Private = Businesses (including Private Nonprofits) and Workers. Payment of property taxes on private residences is not included in any of the industry-based tax data. The "FIRE" sector is composed of the Finance, Insurance and Real Estate subsectors. The Finance subsector includes banking and securities.

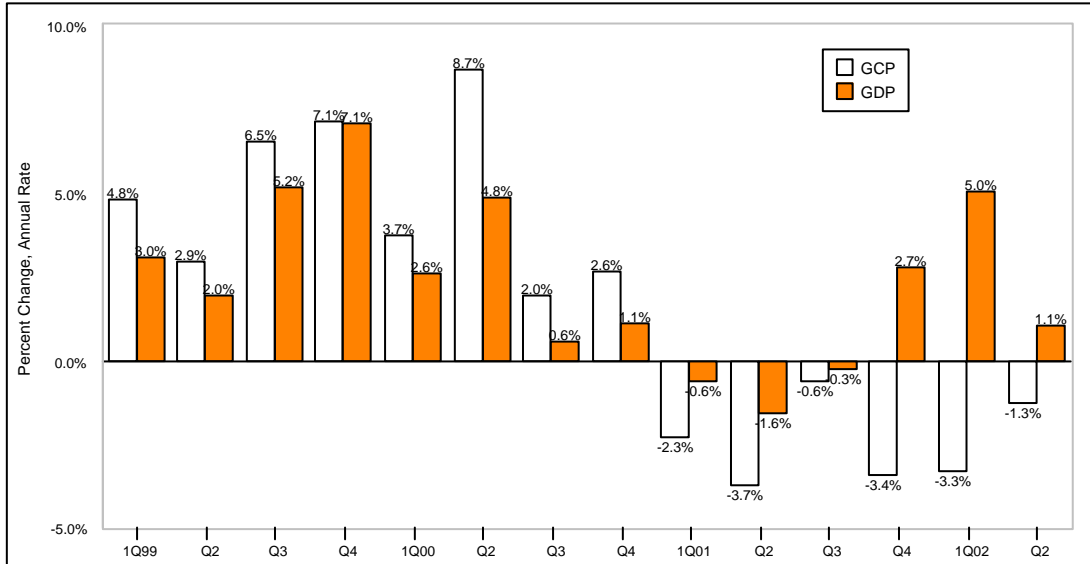
1. Gross City Product and the Silicon Alley 20

Real (inflation adjusted) Gross City Product (GCP), which is the output of goods and services produced by labor and property located in NYC declined in the second quarter while the nation's real gross domestic product (GDP) increased, though at a slower pace than in the first quarter. GDP increased 1.1 percent in the second quarter after a five percent increase in the first quarter. Consumer spending, mostly on services and durable goods, rose 1.9 percent after increasing 3.1 percent in the first quarter. Private investment increased 8.1 percent, down from 18.2 percent increase in the first quarter. Government expenditure was up 1.8 percent as a result of higher Federal spending on national defense, homeland security, and various domestic programs, while state and local government spending fell 1.1 percent. Exports decreased and imports increased, leaving a trade gap of \$223.1 billion, up from \$180.8 billion in the first quarter.

GCP fell 1.3 percent in the second quarter for the sixth consecutive quarter of losses, as shown in Chart 1. The second-quarter decline mostly reflects losses of income, as reflected by the City's personal income taxes, which also fell significantly. (See Section 3, p. 6.) However, the second-quarter loss in GCP was

smaller than the first-quarter loss, while the growth in GDP fell from the first quarter, thereby narrowing the gap in economic performance between the City and the nation.

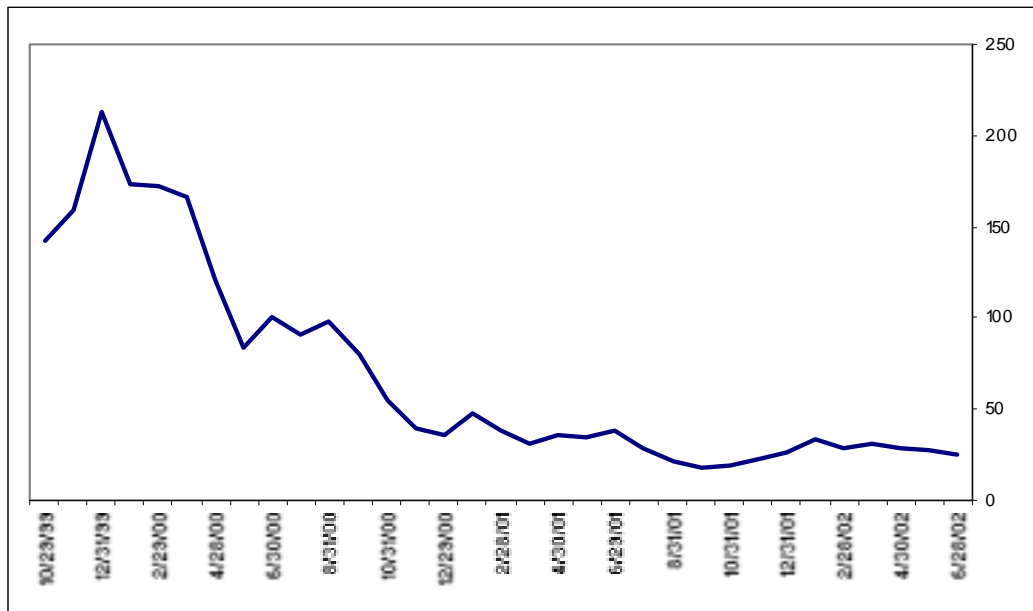
Chart 1. *Real GCP and Real GDP, Percent Change, Annual Rate, Quarterly, 1Q99-2Q02*



Source: GDP growth data from U.S. Department of Commerce. NYC GCP estimates are from the NYC Comptroller’s Office. GDP=Changes in real GDP, based on chain-weighted 1996 dollars.

Continuing weakness in the dot-com industry is reflected in the “Silicon Alley 20” index. Values of surviving companies have remained stable over the past year compared with the previous year and a half, as shown in Chart 2. On the positive aside, the losses have leveled off since 2000.

Chart 2. *The “Silicon Alley 20” Index, Monthly Data, 1999-2002*



Note: The Comptroller’s “Silicon Alley 30” index of companies was reduced to “Silicon Alley 20” in 2002 as the number of qualifying businesses fell below 30.

Source: NYC Comptroller’s Office, based on NASDAQ month-end stock prices of 20 NYC-headquartered dot-com

companies, weighted by their market capitalization. June 2000 (6/30/00)=100.

The summer 2002 decline in stock market values is a broader manifestation of the decline in confidence that affected the dot-com sector in 2000. Silicon Alley companies continue to provide jobs to NYC residents but have lost the flow of private capital that formerly allowed these enterprises to cover losses with new capital. The survivors have found other revenue streams.

2. Jobs

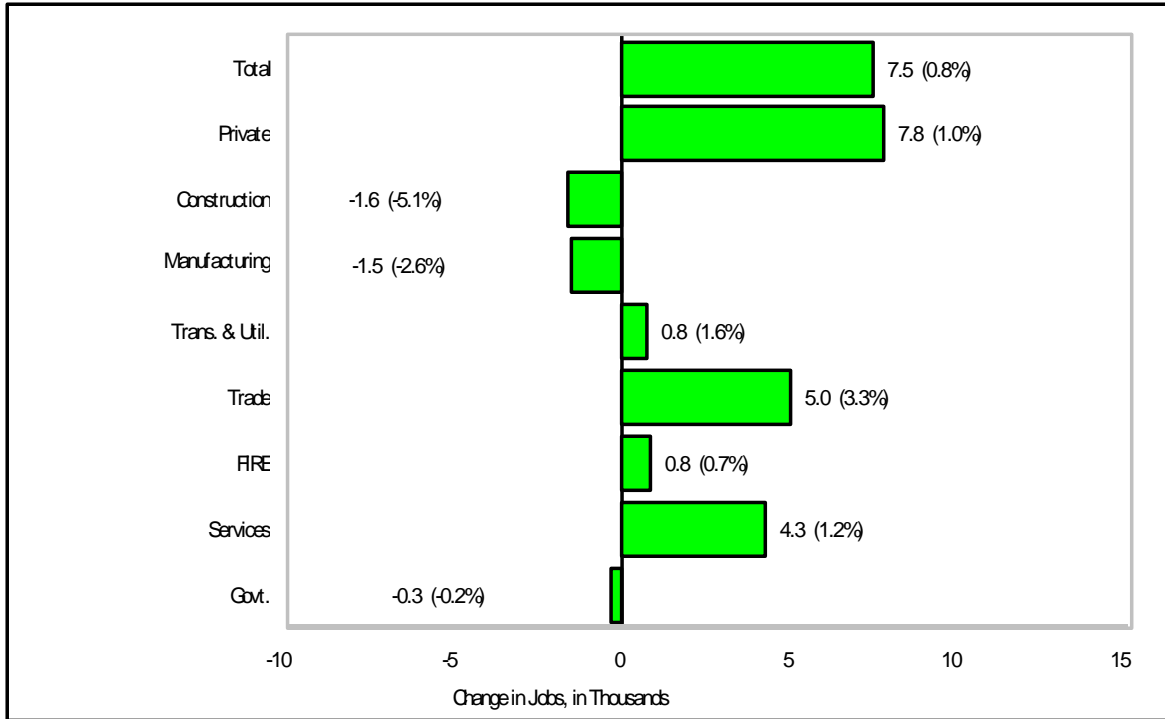
Based on seasonally adjusted data, NYC enjoyed its first quarter of job growth since the fourth quarter of 2000. Total jobs rose by 7,500 in the second quarter. (Government jobs fell by 300, thereby offsetting the private-sector's increase of 7,800.) This increase in private jobs was not, however, enough to offset the severe decline in incomes in the second quarter. As a result, GCP declined in the second quarter. The loss of government jobs consists of a decline of 2,100 Federal jobs and 200 State jobs, offset by a growth of 2,000 local government jobs (i.e., jobs with City agencies and independent agencies such as the Metropolitan Transportation Authority).

The transportation and utilities sector had its first positive quarter in the last six. Trade added 5,000 jobs in the quarter (evenly divided between wholesale and retail), but is still 16,600 jobs below the average in the third quarter of 2001. The FIRE sector as a whole grew by 800 jobs, with gains of 400 jobs in banking, 200 in insurance, and 400 in securities, offset by a loss of 200 jobs in real estate. Services as a whole grew by 4,300 jobs in the second quarter. Much of this growth can be explained by a recovery in eating and drinking establishments (up 1,600 following another increase of 1,900 in the first quarter after an 8,300-job loss in fourth-quarter 2001) and another 1,300 increase in health services. Social services jobs in the second quarter increased by 500 and motion pictures and amusements increased by 300.

Quarterly declines in manufacturing have continued since the first quarter of 1998. Construction suffered its fifth consecutive job loss, falling by 1,600 jobs in the second quarter as reflected in Chart 3.

Chart 3. NYC Quarterly Job Growth ('000) and Annualized Percent Change,

Seasonally Adjusted, 2Q02 vs. 1Q02

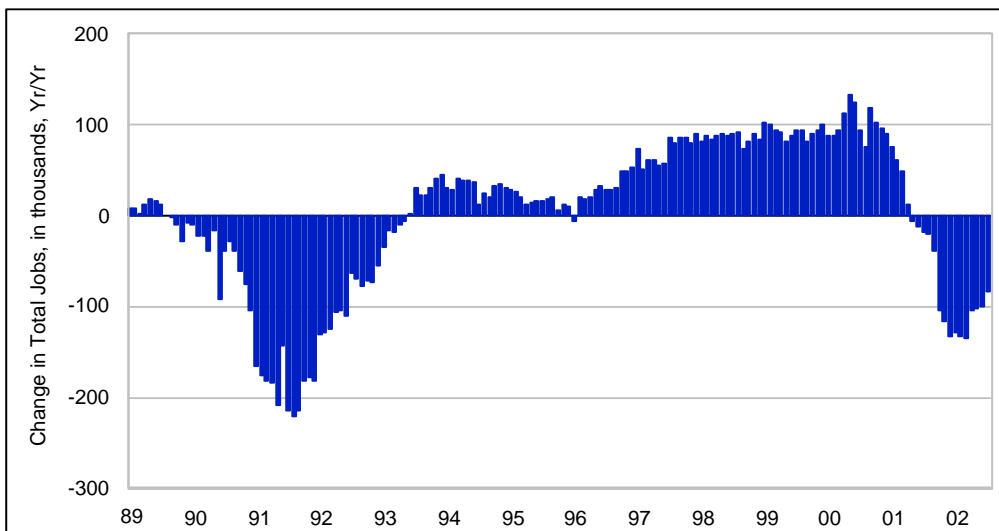


Source: NYS Department of Labor. Quarterly seasonal adjustments by the NYC Comptroller's Office. Changes are from the prior quarter. The number 7.5 means a gain of 7,500 jobs in the second quarter of 2002 compared with the first quarter. The number in parentheses (0.8%) means the percentage job gain between the first and second quarter. The August 2002 jobs numbers may be found on the Comptrollers website, www.comptroller.nyc.gov

Services as a whole, as mentioned, gained 4,300 jobs, but some subsectors sustained significant losses, particularly the important business services sector (which includes many dot-com jobs). Business services lost 1,200 jobs, legal services lost 300, and engineering and management consulting lost 1,200.

The year-over-year change in City payroll jobs reflects a mild recovery from the steep declines of late 2001 and early 2002. Payroll jobs decreased by 83,700 jobs in July 2002 over July 2001. July 2002 was the second month out of the last 10 when year-over-year job declines were below 100,000. (See Chart 4.)

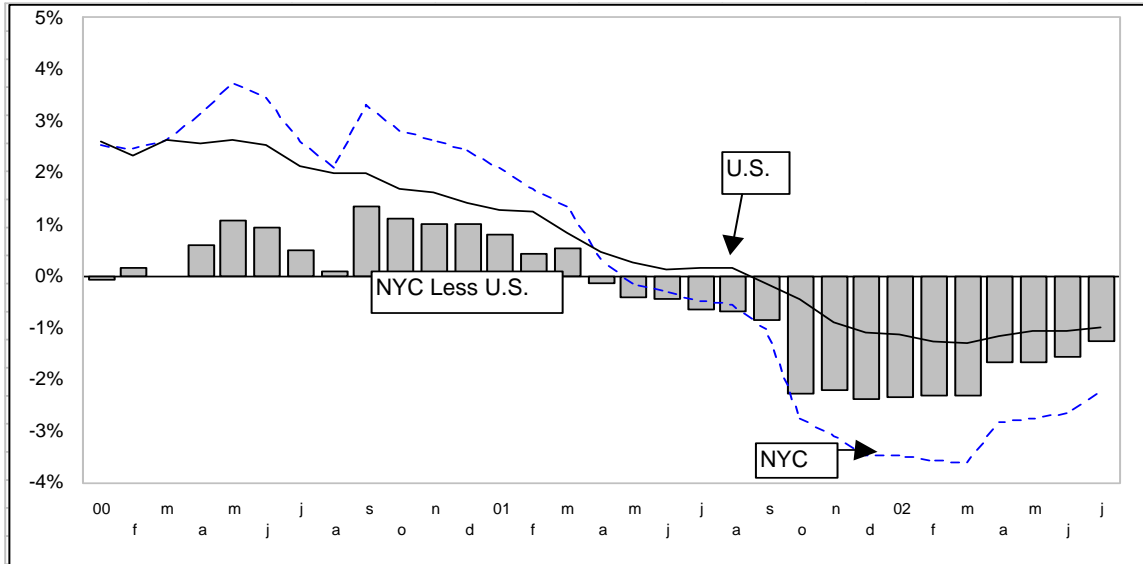
Chart 4. NYC, Changes in Total Jobs, Monthly, Year-over-Year, Thousands of Jobs, 1988-2002



Source: NYS Department of Labor.

Year-over-year comparisons of monthly job losses since September 2001 reflect the fact that NYC jobs have declined twice as much as all U.S. jobs, in percentage terms. The number of jobs located in NYC in July declined by 2.3 percent from July 2001. Nationally, jobs in July declined by only 1.0 percent on a year-over-year basis. (See Chart 5.)

Chart 5. Payroll-Jobs Growth, NYC and the U.S., Year-over-Year, Percent Change, Jan. 00-July 02



Source: U.S. Bureau of Labor Statistics and NYS Department of Labor.

The City suffered huge job losses after September 2001, especially in the high-income FIRE sector. Since January 2002, the City slowly has been recovering jobs. However, cumulative job losses persist in the FIRE sector, especially in the securities industry and business services. Wholesale and retail trade have created the most jobs. (See Table 2.)

Table 2. Seasonally Adjusted Annualized Month-to-Month Changes, December 2000 to July 2002

	Dec 00-Sept 01		Sept 01-July 02		Dec 01-July 02	
	'000	%	'000	%	'000	%
Total	-47.6	-1.7%	-83.1	-2.7%	-0.6	-0.0%
Private	-46.1	-1.9%	-82.5	-3.1%	0.6	0.0%
FIRE	-2.7	-0.7%	-32.4	-7.8%	-4.7	-1.7%
Real Estate	-0.6	-0.6%	-2.3	-2.2%	-0.8	-1.1%
Banking	-1.3	-1.6%	-8.7	-9.6%	0.8	1.4%
Insurance	-1.0	-1.9%	-2.5	-4.2%	0.6	1.5%
Securities	0.2	0.1%	-19.0	-12.0%	-5.4	-5.2%
Services	-21.4	-1.9%	-18.0	-1.5%	1.6	0.2%
Eat & Drink	2.8	2.3%	-5.5	-4.0%	2.7	2.9%
Social Services	2.8	2.1%	2.6	1.7%	3.3	3.1%
Health Services	4.3	1.8%	4.8	1.8%	4.1	2.1%
Business Services	-28.8	-10.8%	-19	-7.0%	-9.9	-5.4%
Picture & Amusement	-2.2	-2.9%	0.8	1.0%	4.0	7.3%
Legal	0.9	1.5%	0.5	0.7%	-0.3	-0.6%

Engineer & Mgmt.	-4.4	-4.6%	-4.8	-4.7%	-1.5	-2.1%
Manufacturing	-12.8	-7.1%	-7.5	-4.0%	-2.8	-2.2%
Construction	-1.4	-1.5%	-2.6	-2.5%	-1.6	-2.2%
Trade	-3.8	-0.8%	-9.7	-1.9%	9.5	2.7%
Transportation and PU	-4.0	-2.5%	-12.4	-7.0%	-1.5	-1.3%
Government	-1.5	-0.4%	-0.6	-0.1%	-1.2	-0.4%

Source: Seasonally adjusted data from the NYC Comptroller's Office based on unadjusted data from the NYS Department of Labor. Percent changes are annualized.

Compared with the 19 next-largest metropolitan areas and the U.S. average, NYC had the fourth-highest rate of 2Q02 job decline (NYC also suffered a decline in jobs on a non-seasonally adjusted basis; the unadjusted number is used since seasonal adjustments are not available for the other metropolitan areas), after Seattle, San Francisco, and Atlanta. (See Chart 6.)

3. Income

Changes in the personal income tax (PIT) are used as a proxy for income because NYC wages are reported with a three-quarter lag. However, the full effects of economic changes may take months before they affect personal-income-tax data:

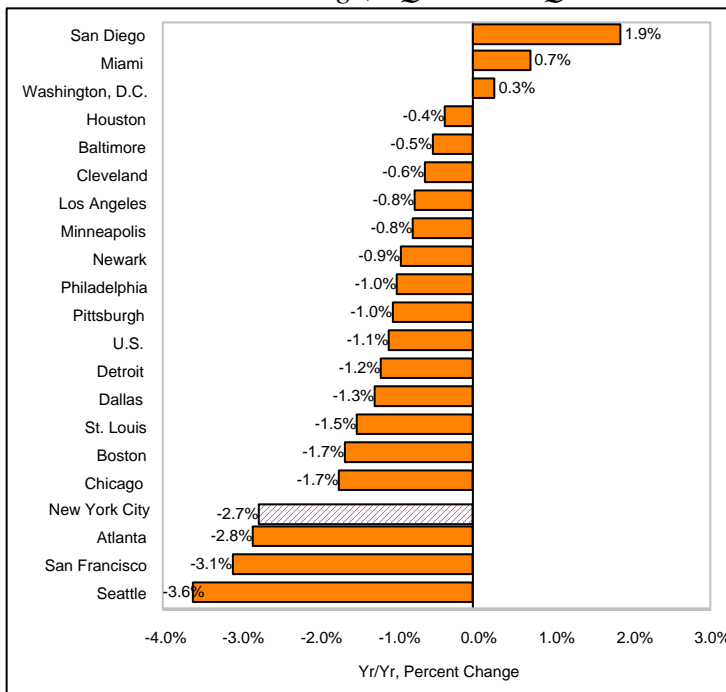
1. Corporations require time to implement layoffs and compensation adjustments.
2. Individuals require time to absorb the full effects of corporate personnel decisions.
3. Taxpayers require time to change their estimated-tax payments to catch up to changed incomes.

There was a significant decline in the PIT and its components, withholding and estimated taxes, in second-quarter 2002 over second-quarter 2001. PIT declined 35.9 percent in second-quarter 2002 compared with an increase of 5.8 percent in second-quarter 2001. Estimated taxes, a proxy for income from capital gains and dividends, declined by an even larger, 41.3 percent. Despite the growth in jobs in the second quarter, withholding taxes, which reflect basic wages, fell 1.7 percent, as shown in Chart 7.

The City's year-over-year quarterly declines in PIT (35.9 percent) and estimated taxes (41.3 percent) are the highest on record.

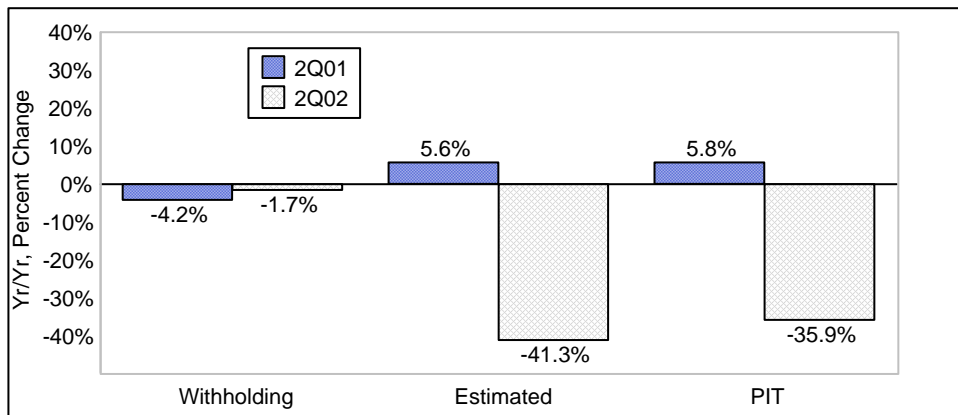
Chart 6. *Job Growth, NYC, the 19 Next-Largest Metro Areas and U.S. Average,*

Percent Change, 2Q02 over 2Q01



Source: U.S. Bureau of Labor Statistics (BLS). All data are for Metropolitan Statistical Areas (MSAs) or Primary MSAs (PMSAs), except for NYC, for which City data are used. The job numbers are not seasonally adjusted because adjusted numbers are not available for cities other than NYC.

Chart 7. Personal Income Taxes, Year-over-Year Percent Change, 2Q01 and 2Q02

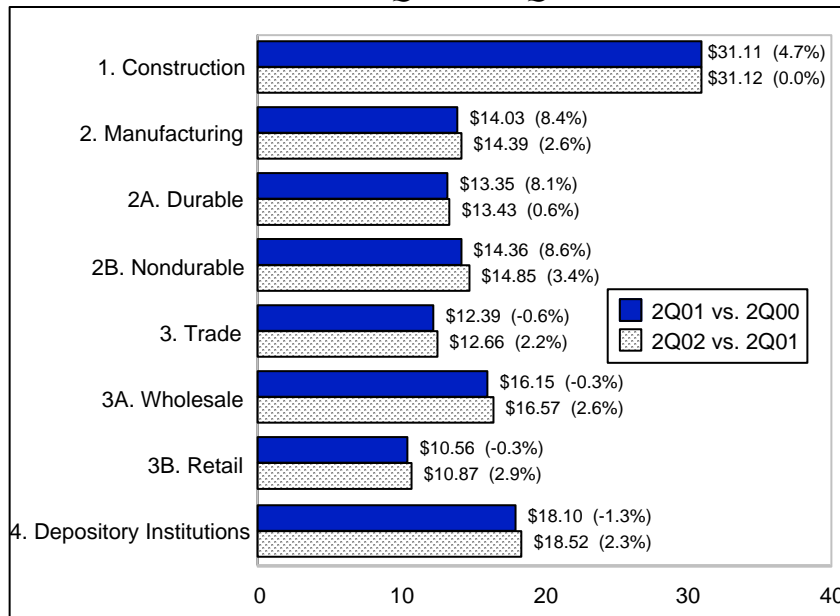


Source: NYC Comptroller’s Office, based on data from the NYC Department of Taxation and Finance. Quarterly data on withholding and estimated taxes are components of personal income taxes (PIT) and provide an indication of the mix of changes in PIT revenue.

Another measure of income is average hourly wages. Average hourly wages are published monthly for four industries — construction, manufacturing, wholesale and retail trade, and depository institutions — by the NYS Department of Labor. On a year-over-year basis, second-quarter average hourly wages increased in all the published industries except construction. Average hourly wages in manufacturing rose the most, 2.6 percent, followed by depository institutions, 2.3 percent, and trade, 2.2 percent.

Average hourly wages in construction remained unchanged in second-quarter 2002 over second-quarter 2001. (See Chart 8.)

Chart 8. Average Hourly Wages for Selected Industries, NYC, Year-over-Year Percent Change, 2Q01 and 2Q02



Source: NYS Department of Labor.

4. Inflation

On a year-over-year basis, the inflation rate in the NYC metropolitan area (NYC plus three upstate NYS counties plus Northeastern NJ) was 2.2 percent in the second quarter, slightly below the 2.3 percent rate in the first quarter. The core inflation rate, which includes all items less food and energy, was 3.6 percent in the second quarter, implying dormant energy and food prices. Energy prices fell for the fourth consecutive quarter, by 10.4 percent in the second quarter, after falling 15.3 percent in the second quarter. The price of food and beverages rose a mere 1.3 percent, down from an increase of 2.2 percent in the first quarter. Apparel and upkeep fell for the ninth consecutive quarter, by 1.5 percent, and transportation prices fell for the third consecutive quarter, by 2.0 percent, in the second quarter. By contrast, services prices rose by 4.2 percent, medical care by 4.0 percent, and housing by 3.7 percent.

The NYC metropolitan inflation rate of 2.2 percent was higher than the U.S. urban average of 1.3 percent, but both rates of inflation are well below historical levels. The core inflation rate for the nation was 2.4 percent because of a 10.6 percent decline in energy prices in the second quarter.¹ (See Chart 9.)

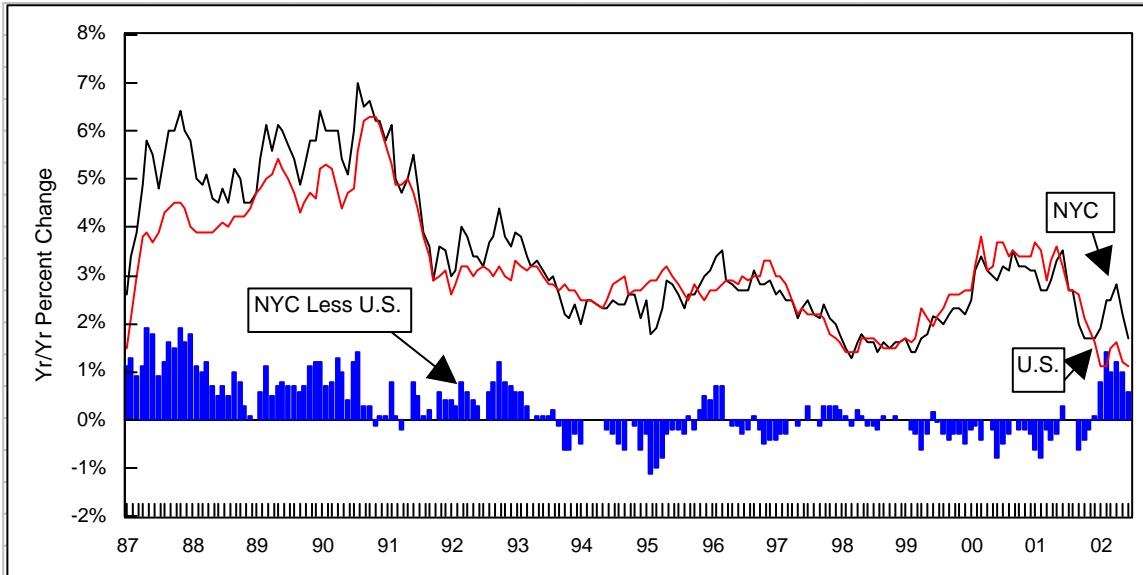
Compared with 13 other metropolitan areas and the United States, the NYC metropolitan area's 2.2 percent inflation in the second quarter ranked third highest. (See Chart 10.)

With NYC in a recession for the last three quarters and the nation not, why is the NYC metropolitan suffering recently, from somewhat more inflation than the nation? Several possible explanations may

¹ The June 2002 inflation rate for the NYC metropolitan area was 1.7 percent, higher than the 1.1 percent rate for the United States.

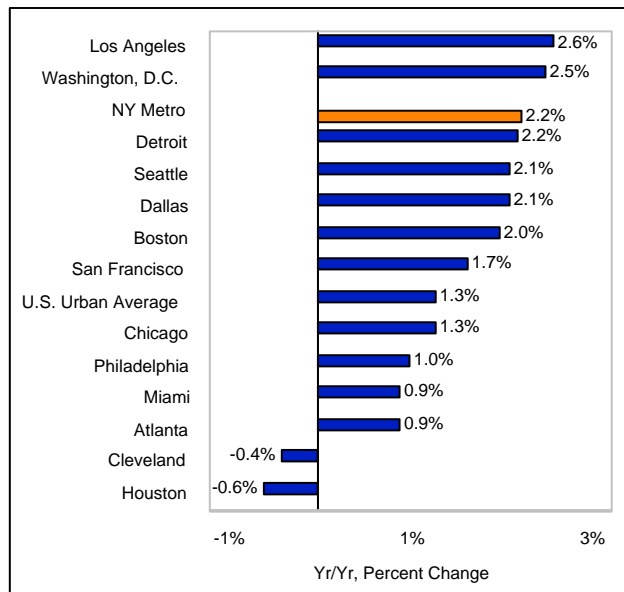
contribute to the difference: (1) The housing market in NYC has been stronger than the rest of the nation, as NYC is still a destination city for the young and ambitious and has housing shortages. (2) Many prices and hourly wages in large cities are more fixed or administered (cost-push and wage-push inflation is greater) than in smaller cities. (3) While the underlying NYC economy is weak, the insurance payments, Federal aid and charitable contributions could be creating a temporary excess demand for certain goods and services.

Chart 9. *Inflation Rates: NYC Area, U.S., and NYC Minus U.S., Monthly, Year-over-Year, 1987-2002*



Source: U.S. Bureau of Labor Statistics (BLS). Computation of differences by the NYC Comptroller's Office. Inflation data for NYC and other cities are collected by the BLS on a metropolitan-wide basis.

Chart 10. *Inflation Rate, 14 Large Metro Areas and U.S. Urban Average, 2Q02*

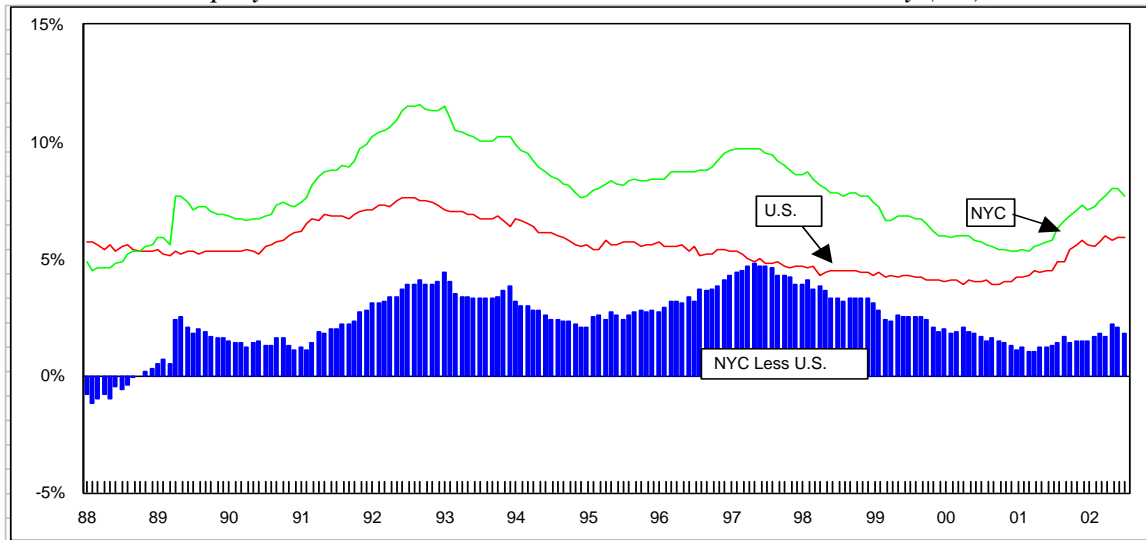


Source: U.S. Bureau of Labor Statistics (BLS). Quarterly inflation rates are computed by the NYC Comptroller's Office as averages of monthly BLS data. Data are collected by the BLS for the 14 largest metropolitan areas.

5. Unemployment

Seasonally adjusted civilian employment, the number of City residents with jobs, rose by 25,200 in the second quarter of 2002, up from a first-quarter increase of 12,700. This increase in employment was more than offset by an increase in the labor force of 50,800 workers, following a 21,300-person increase in the first quarter. The number of unemployed therefore rose by 25,600 in the second quarter, compared with an increase of 8,700 in the first quarter. As a result, the City's unemployment rate rose to 7.9 percent in the second quarter of 2002, from 7.3 percent in the first quarter. This rate of unemployment is the highest since 8.0 percent in the second quarter of 1998. The U.S. unemployment rate also increased, to 5.9 percent in the second quarter, the highest since 6.0 percent in third-quarter 1994. The gap has increased between the NYC and U.S. unemployment rates in 2001-2002. This trend contrasts with the narrowing gap in the period between 1997 and 2000. (See Chart 11.)

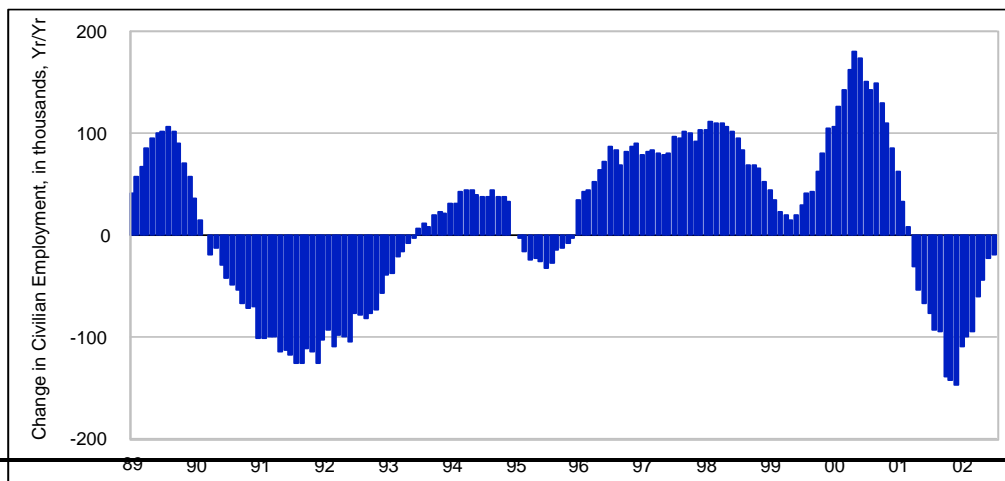
Chart 11. *Unemployment Rate, NYC, U.S. and NYC Less U.S., Monthly (SA), 1988-2002*



Source: Seasonally Adjusted (SA) series and differences computed by the NYC Comptroller's Office based on monthly data from the NYS Department of Labor and U.S. Bureau of Labor Statistics. The June 2002 NYC unemployment rate rose to 8 percent, a four-year high. The second-quarter 2002 NYC unemployment rate is 7.9 percent.

The City's labor-force-participation rate rose to 58.2 percent in the second quarter, from 57.6 percent in the first quarter. The U.S. rate rose slightly to 66.7 percent in the second quarter, from 66.5 percent in the first quarter.

Chart 12. *Change in Civilian Employment, NYC, Monthly, Year-over-Year, '000, 1988-2002*



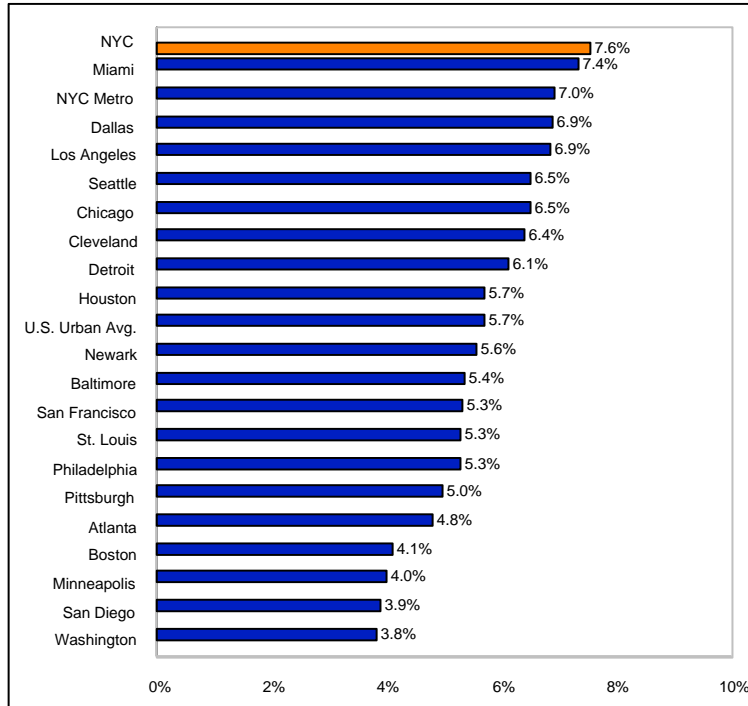
Source: NYS Department of Labor and U.S. Bureau of Labor Statistics.

The City's employment/population ratio rose slightly at 53.6 percent in the second quarter, up from 53.4 percent in the first quarter. The U.S. rate remained unchanged at 62.8 percent in the second quarter, the lowest since 62.8 percent in the first quarter of 1996.

The year-over-year decline in the number of NYC civilians employed peaked at 146,700 in December 2001, a notably sharper loss than in the 1989-1992 recession. The loss decreased to 18,500 in July 2002 as shown on Chart 12.

Compared with the 20 largest metropolitan areas and the U.S. urban average, the City's unemployment rate remains the highest, followed by Miami, NYC metro, and Los Angeles. Washington had the lowest unemployment rate. (See Chart 13. Note that these rates are not seasonally adjusted.)

Chart 13. *Unemployment Rate, NYC and 20 Largest Metro Areas and U.S. Urban Average, 2Q02*



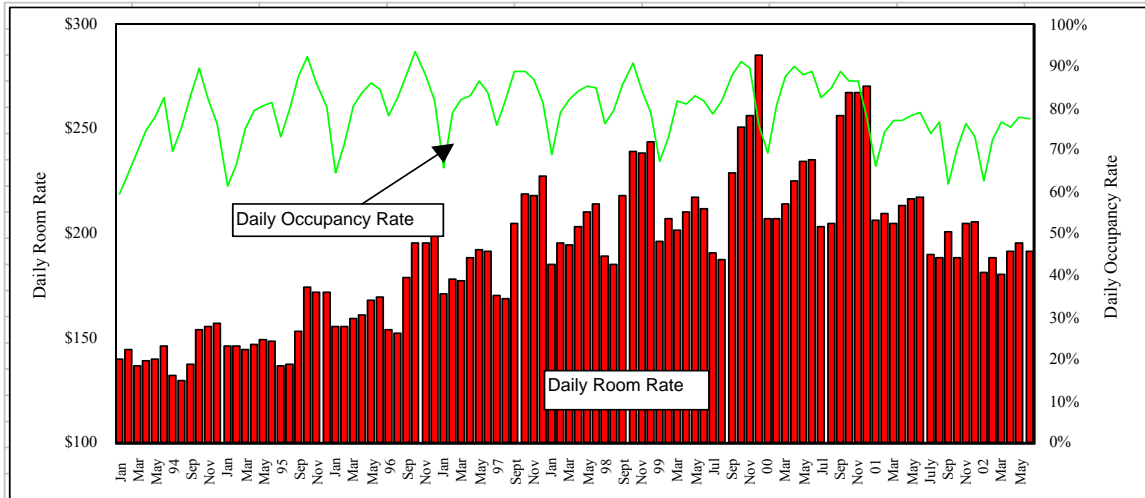
Source: BLS. All data are for the entire metropolitan areas (MSAs or PMSAs, as defined in Chart 6); the NYC metropolitan area is a PMSA, which is composed of the five NYC boroughs plus Westchester, Putnam, and Rockland counties. The unemployment rate for NYC alone is slightly higher and is shown for comparison. These numbers are *not* seasonally adjusted.

6. Tourism and the Hotel Industry

The hotel industry has slowed considerably since the peaks of 1999-2000, but occupancy rates may have bottomed out in 2002. The hotel-occupancy rate averaged 77.1 percent in the second quarter of 2002, down slightly from 78.2 percent in same quarter of 2001. The average daily room rate for the second quarter was \$193, down from \$216 in the second quarter of 2001. (See Chart 14.)

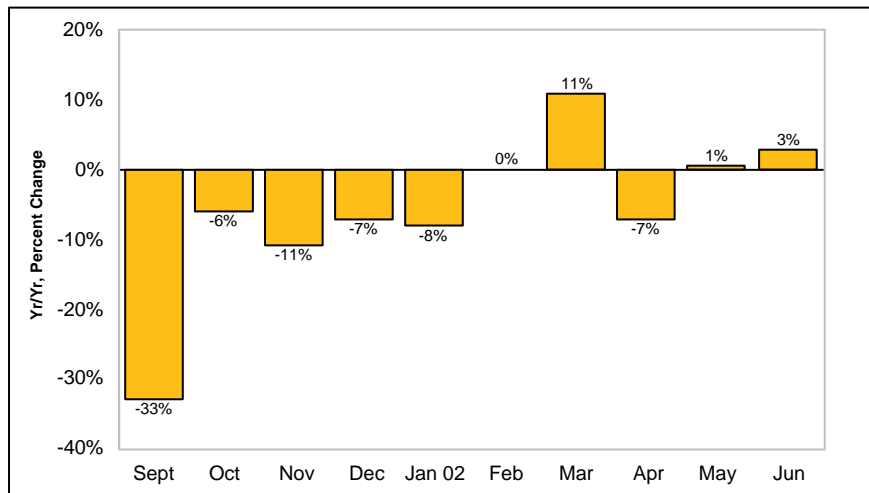
At the same time, recent monthly growth in Broadway ticket sales is slow, but has been on a positive trend since February. (See Chart 15.)

Chart 14. *Daily Room and Occupancy Rates, NYC Hotels, 1994-2002*



Source: PKF Consulting.

Chart 15. *Broadway Ticket Sales, Percent Change, Year-over-Year, Sept. 2001-June 2002*

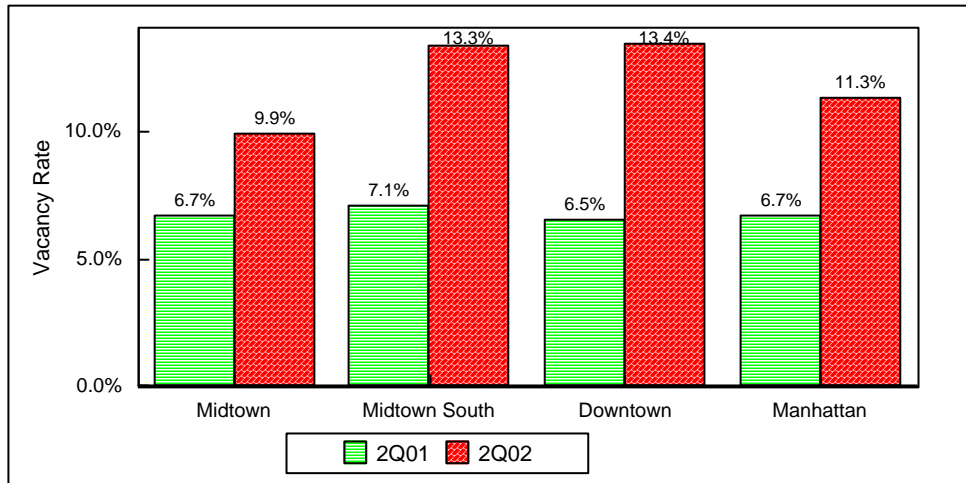


Source: NYC & Company. Change is in the dollar revenue from ticket sales.

7. Real Estate

The Manhattan office market continued to deteriorate as vacancy rates rose and rental rates declined. The Manhattan commercial vacancy rate was 11.3 percent in the second quarter of 2002, almost double the 6.7 percent in the second quarter of 2001, and above the 10.4 percent in the first quarter. The largest increase was Downtown, where the vacancy rate more than doubled to 13.4 percent in the second quarter of 2001, compared with 6.5 percent in the second quarter of 2001. Midtown South and Midtown had the second- and third-highest vacancy rates, as shown in Chart 16.

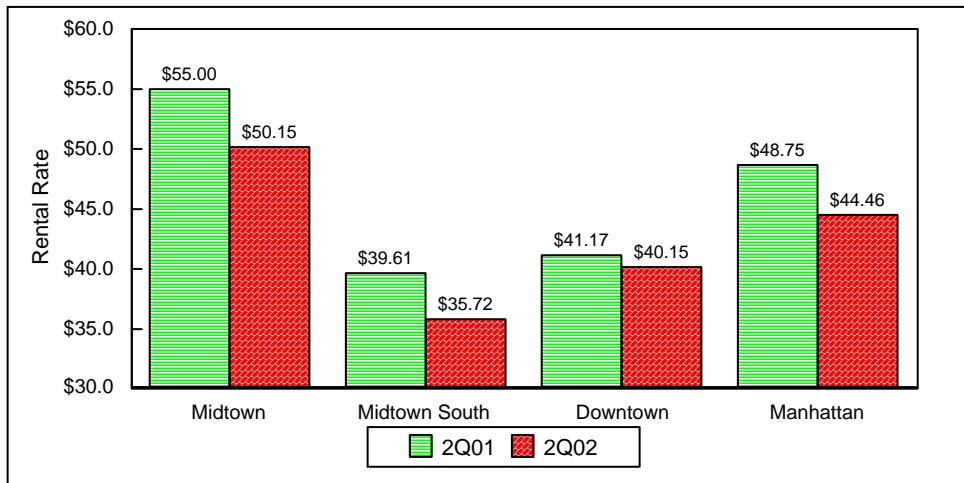
Chart 16. *Vacancy Rates, Manhattan, Overall Commercial, 2Q01 and 2Q02*



Source: Cushman & Wakefield.

The excess supply of commercial space has pushed average Manhattan rents down to \$44.46 per square foot (sf) in the second quarter of 2002, from \$48.75/sf in the second quarter of 2001. Rents were lowest in Midtown South, \$35.72/sf, and highest in Midtown, \$55.00/sf. (See Chart 17.)

Chart 17. *Rental Rates per Square Foot, Manhattan, Commercial, Average, 2Q01 and 2Q02*



Source: Cushman & Wakefield. The average is weighted by square footage; only “direct” rentals are included, i.e., space that is immediately available, not space under construction.

8. Leading Economic Indicators

The City's leading economic indicators in the second quarter reflect a continued slowdown. The help-wanted-advertising index averaged 22.3 in the second quarter, the lowest level since 1951. However, the year-over-year decline of 30.2 percent in the second quarter was an improvement over the 37.7 percent decline in second-quarter 2001 and the 43.8 percent decline in first-quarter 2002. Also, the number of building permits authorized fell by 2.9 percent, the biggest second-quarter decline since 1992. (See Table 3.)

Table 3. *Two Leading Economic Indicators, NYC, 2Q02 over 2Q01*

	2Q01	2Q02	Change*
Help-Wanted-Advertising Index (1987=100)	32.0	22.3	-30.2% B

Number of Building Permits Authorized	23,568	22,877	-691 W
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***B**=Better than prior period; **N**=No change; **W**=Worse.

Source: The Conference Board (help-wanted ads) and NYC Dept. of Buildings (permits).

New York City Economic Indicators

	Labor Market											Inflation			
	Payroll Jobs ¹ (thousands)		Private Jobs ¹ (thousands)		Civilian Employment ² (thousands)		Unemployment Rate (%)		Labor Force Participation Rate (%)		Help Wanted Advertising	Consumer Price Index (CPI), 1982-84 = 100			
	NSA*	SA	NSA	SA	NSA	SA	NSA	SA	NSA	SA	1987=100	All Items		Core CPI ³	
2000	NSA*	SA	NSA	SA	NSA	SA	NSA	SA	NSA	SA	1987=100	Level	%ch year ago	Level	%ch year ago
Aug.	3,704.3	3,718.8	3,129.8	3,154.1	3,382.2	3,372.5	5.7	5.6	60.1	59.9	47	183.1	3.1	194.1	2.6
Sept.	3,719.8	3,744.5	3,172.9	3,178.5	3,349.6	3,378.1	5.4	5.5	59.2	59.8	48	184.4	3.5	195.2	2.8
Oct.	3,767.7	3,749.7	3,203.6	3,181.4	3,383.5	3,380.2	5.5	5.4	59.8	59.7	44	184.6	3.2	195.9	2.8
Nov.	3,798.6	3,752.8	3,235.2	3,187.7	3,387.9	3,378.8	5.4	5.4	59.8	59.6	42	184.6	3.2	195.5	2.7
Dec.	3,821.4	3,753.8	3,254.6	3,188.5	3,397.3	3,373.7	5.1	5.3	59.7	59.4	49	184.2	3.1	194.8	2.5
2001															
Jan.	3,702.9	3,751.7	3,137.2	3,183.1	3,342.7	3,359.9	5.7	5.3	59.0	59.1	44	184.9	3.1	195.2	2.3
Feb.	3,708.3	3,746.5	3,151.0	3,181.4	3,343.3	3,347.7	5.7	5.4	59.0	58.9	39	185.3	2.7	196.3	2.5
Mar.	3,728.7	3,742.5	3,165.4	3,177.2	3,344.1	3,338.8	5.6	5.3	58.9	58.7	38	186.4	2.7	198.0	2.6
Apr.	3,717.6	3,722.7	3,147.2	3,154.8	3,311.4	3,321.1	5.3	5.5	58.1	58.4	34	186.6	2.9	198.2	2.9
May	3,725.9	3,727.0	3,163.4	3,163.5	3,293.4	3,315.7	5.1	5.6	57.6	58.3	31	187.3	3.3	198.0	2.9
June	3,730.6	3,720.7	3,168.6	3,157.1	3,301.8	3,305.8	5.3	5.7	57.8	58.1	31	188.3	3.5	198.8	3.2
July	3,712.8	3,707.3	3,129.1	3,150.4	3,331.3	3,295.8	6.0	5.8	58.7	57.9	30	187.8	2.7	198.4	2.9
Aug.	3,684.2	3,699.9	3,115.2	3,139.6	3,289.8	3,280.3	6.3	6.3	58.1	57.9	26	188.1	2.7	199.4	2.7
Sept.	3,681.7	3,706.2	3,136.5	3,142.4	3,255.2	3,284.0	6.5	6.6	57.5	58.1	27	188.0	2.0	199.9	2.4
Oct.	3,663.5	3,646.4	3,106.0	3,084.8	3,244.9	3,241.8	6.9	6.8	57.5	57.4	25	187.8	1.7	200.7	2.5
Nov.	3,681.2	3,636.8	3,118.3	3,072.0	3,245.7	3,236.5	7.1	7.1	57.6	57.5	25	187.8	1.7	201.1	2.9
Dec.	3,689.0	3,623.7	3,123.6	3,059.3	3,250.6	3,226.7	7.1	7.3	57.6	57.3	23	187.3	1.7	200.9	3.1
2002															
Jan.	3,574.1	3,620.7	3,014.5	3,058.4	3,232.9	3,250.1	7.5	7.1	57.5	57.6	23	188.5	1.9	202.2	3.6
Feb.	3,575.1	3,612.2	3,016.8	3,045.8	3,244.1	3,248.4	7.6	7.2	57.7	57.5	22	189.9	2.5	204.3	4.1
Mar.	3,593.8	3,607.4	3,032.8	3,044.2	3,249.6	3,244.5	7.7	7.5	57.8	57.6	23	191.1	2.5	205.6	3.8
April	3,612.8	3,617.2	3,047.2	3,054.3	3,252.2	3,261.9	7.5	7.7	57.7	58.0	24	191.8	2.8	205.8	3.8
May	3,623.4	3,624.2	3,058.7	3,057.6	3,250.2	3,272.4	7.6	8.0	57.6	58.3	21	191.4	2.2	205.5	3.8
June	3,630.8	3,621.2	3,069.6	3,058.6	3,280.4	3,284.2	7.6	8.0	58.1	58.4	22	191.5	1.7	204.9	3.1

*NSA=Not Seasonally Adjusted. SA=Seasonally Adjusted.

Notes: 1. Payroll jobs are derived from the Establishment Survey.

2. Civilian employment is derived from the Household Survey.

3. Core CPI=all items less food and energy.

Continued →

New York City Economic Indicators

Cont'd	Real Estate Transaction Taxes		Income-Sensitive Taxes				Manhattan Commercial Real Estate (Overall)				Construction		Hotel	
							Vacancy Rate		Asking Rental Rate		Total Number of Building Permits Authorized		Hotel Occupancy Rate	Daily Room Rate
	MRT ¹	RPTT ²	Sales	Corp.	Bank	PIT	Midtown	Downtown	Midtown	Downtown				
	\$ mil.	\$ mil.	\$ mil.	\$ mil.	\$ mil.	\$ mil.	(%)	(%)	(\$/s.f.)	(\$/s.f.)	(# of units)	Year-to-date	(%)	(\$)
2000														
Aug.	33.7	43.4	233.4	0	0	313.4	na	na	na	na	8,545	58,136	84.8	205.20
Sept.	26.2	27.6	359.9	388.3	142.7	471.5	3.2	4.0	54.24	41.76	7,246	65,382	88.8	256.31
Oct.	34.3	32.6	290.0	35.6	10.5	336.1	na	na	na	na	7,516	72,898	86.5	267.77
Nov.	29.5	28.5	273.7	-2.7	-0.8	303.5	na	na	na	na	6,817	79,715	86.4	267.66
Dec.	30.7	36.1	379.7	357.9	74.3	595.0	3.6	3.6	56.56	43.52	6,556	86,271	77.5	270.88
2001														
Jan.	38.1	44.3	320.0	55.8	-0.6	930.5	na	na	na	na	6,560	6,560	66.2	206.37
Feb.	32.1	43.2	228.1	11.9	-33.8	459.5	na	na	na	na	6,399	12,959	74.6	210.07
Mar.	36.8	38.0	402.6	527.1	76.4	230.7	4.8	4.8	56.89	43.73	7,410	20,369	77.3	205.20
Apr.	36.3	50.6	259.4	82.0	9.1	1008.7	na	na	na	na	7,530	27,899	77.2	213.75
May	52.5	61.8	259.8	-23.1	-3.9	191.8	na	na	na	na	8,296	36,195	78.4	216.98
June	34.6	30.8	353.2	301.1	145.5	433.1	6.7	6.5	55.00	41.17	7,742	43,937	79.0	217.85
July	55.7	48.0	237.9	0.0	0.0	304.1	na	na	na	na	7,654	51,591	74.0	190.15
Aug.	28.6	29.5	241.9	0.0	0.0	287.2	na	na	na	na	8,515	60,106	76.7	188.98
Sept.	35.7	22.2	328.7	233.9	56.0	359.4	7.9	6.4	53.21	38.95	3,872	63,978	61.9	201.98
Oct.	35.3	29.9	248.9	22.6	8.6	331.6	na	na	na	na	8,119	72,097	70.7	189.05
Nov.	35.5	50.2	288.1	20.7	-3.9	314.0	na	na	na	na	7,615	79,712	76.3	205.10
Dec.	35.0	20.1	273.1	283.4	106.2	530.3	8.2	9.5	52.83	39.45	6,823	86,535	73.4	205.52
2002														
Jan.	39.8	22.9	340.9	43.7	0.7	719.5	na	na	na	na	7,040	7,040	62.5	181.50
Feb.	35.1	15.3	242.2	31.4	-9.4	347.7	na	na	na	na	6,706	13,746	72.3	188.54
Mar.	39.1	20.5	255.7	397.5	88.9	229.8	9.3	11.9	51.68	40.55	7,338	21,084	76.8	180.72
April	41.6	57.1	265.3	42.8	20.2	499.8	na	na	na	na	7,627	28,711	75.6	191.75
May	45.7	70.8	249.8	-42.0	-21.0	192.5	na	na	na	na	7,782	36,493	78.1	196.04
June	44.0	25.0	322.0	260.0	84.0	355.0	9.9	13.4	50.15	40.15	7,468	43,961	77.6	191.83

Sources: Bureau of Labor Statistics, The Conference Board, Bureau of the Census, NYS Department of Taxation, Cushman & Wakefield, PKF Consulting, NYC Dept. of Buildings, NYS Dept. of Labor, and NYC Comptroller's Office.

1. MRT= Mortgage Recording Tax. 2. RPTT= Real Property Transfer Tax. n.a.=not available.