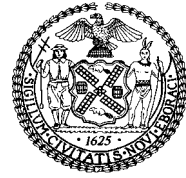


Economic Notes



New York City Office of the Comptroller

William C. Thompson, Jr., Comptroller

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NYC ECONOMY SLIDES IN 4Q01

SUMMARY: The City's recession deepened, despite an earlier-than-expected reported U.S. recovery.

- **Gross City Product (GCP)**, adjusted for inflation, fell at an annualized rate of 4.4 percent in 4Q01, a faster decline than 3Q01's 2.0 percent. U.S. GDP grew 0.2 percent in 4Q01.
- **Payroll Jobs** in NYC fell by a record 88,900 in 4Q01, after falling 22,000 in 3Q01. The private sector lost 95,300 jobs, while the public sector gained 6,400 jobs because of a 6,600-job increase in local government. The City's 4Q01 job growth ranked last among the 20 largest metro areas. On a year-over-year basis, non-seasonally adjusted NYC payroll jobs were down 2.1 percent in 4Q01, whereas jobs in San Diego and Dallas were up 2.0 percent. U.S. jobs fell 0.6 percent. NYC jobs were up 19,700 in 2001, less than one-fifth as many as the 99,800 new jobs in 2000. Although 2001 marked the ninth consecutive year of positive NYC job growth, it was the slowest year since 1995's 17,000-job increase.
- **Personal Income Tax (PIT)** revenues, a proxy for incomes, were down 4.8 percent in 4Q01.
- **The Inflation Rate** in NYC was 1.7 percent in 4Q01, the lowest in about two years and lower than the 1.9 percent U.S. rate. NYC energy prices declined 12.9 percent and apparel prices declined 8.8 percent.
- **The Unemployment Rate** in NYC, seasonally adjusted, rose to 6.8 percent in 4Q01, from 5.7 percent in 3Q01, while the U.S. unemployment rate rose to 5.6 percent from 4.8 percent over the same period. The number of NYC residents with jobs fell 50,000 in 4Q01, the biggest decline since 67,700 in 3Q77. Except for a slight increase of 300 in the 2Q01, civilian employment has been declining since 3Q00. As a result, the employment/population ratio fell to 53.6 percent in 4Q01, the lowest since 53.6 percent in 4Q97. The City's unadjusted unemployment rate of 6.7 percent ranked second highest of the 20 largest metro areas, after Miami's 7.6 percent. Minneapolis and Washington had the lowest unemployment rate, 3.4 percent.

Summary Table. *Five Key Economic Indicators, NYC and United States, 4Q01 and 2001**

	Period	1. GCP/GDP Growth	2. Payroll-Jobs Growth	3. Personal-Income-Tax Growth	4. Inflation Rate	5. Unemployment Rate, SA
NYC	4Q01	-4.4% W	-9.1% W	-4.8% W	1.7% B	6.8% W
USA		0.2% B	-2.6% W	2.9 % B	1.9% B	5.6% W
NYC	2001	1.4% W	0.5% W	-2.8% W	2.5% B	5.8% W
USA		1.1% W	0.3% W	-0.8% W	2.8% B	4.8% W

*B=Better than prior period. N=No change. W=Worse. Indicators 1, 2, and 5 compare 4Q01 with 3Q01; indicators 3-4 compare 4Q01 with 4Q00. Sources: See Charts 1, 5, 7, 9, and 11. SA= Seasonally adjusted.

- **Leading Indicators** for the City were mixed. Initial unemployment claims significantly deteriorated and the help-wanted advertising index declined, but not as swiftly as in 3Q01. But building permits were up, a sign of more construction to come. Also, the Manhattan commercial vacancy rate jumped to 9.0 percent in 4Q01, more than double the 4Q00 rate of 3.7 percent, with vacancy rates in all sub-markets approximately doubling as well. The hotel occupancy rate was 73.5 percent in 4Q01, the lowest fourth quarter in a decade.

The national economy ended 2001 on a slightly upbeat note, squeaking by with a positive, if very small, fourth-quarter growth rate. Although all the fourth-quarter economic numbers are preliminary and are subject to revisions, they have a positive psychological impact on consumer spending and on private-sector investment.

However, the NYC economy did not share in this good news. The combination of a rise in the civilian unemployment rate, the dramatic decline in the payroll jobs, the loss of income, the shutdown of many downtown businesses during the quarter, and the slow pace of recovery in the travel and tourist industry, all contributed to making the City's recession more pronounced.

The actions taken by the Federal Reserve (lowering the federal funds rate 11 times in 2001) and by the U.S. Government (increasing defense spending) have provided a small boost to the national economy. The good news is that more stimulative measures may be in the making and oil prices of \$20/barrel are at their lowest level in the past two years. But the future of the City economy is still less than clear.

1. Gross City Product and the Silicon Alley 30

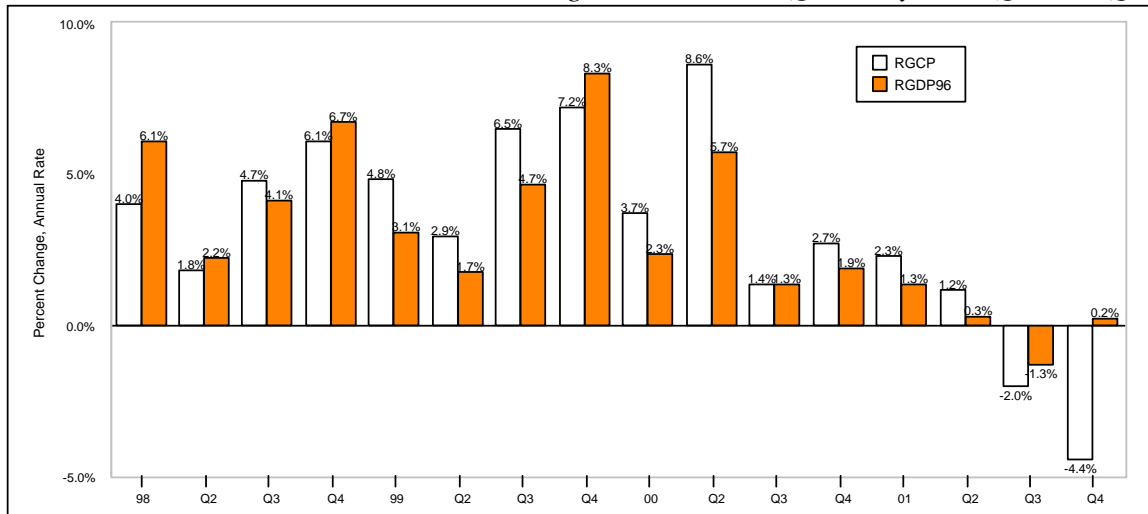
The national economy showed its strongest sign of recovery to date by posting a positive growth in the fourth quarter of 2001. Economic growth, i.e., the change in real gross domestic product (GDP)—a measure of the total production of U.S. goods and services—rose unexpectedly by 0.2 percent in the fourth quarter after falling 1.3 percent in the third quarter. GDP was up 1.1 percent in 2001 compared with 4.1 percent growth in 2000.

The rise in GDP was caused primarily by an increase in government expenditure, up 9.9 percent, and consumer spending, up 5.4 percent. Government spending was driven largely by defense spending. Consumer spending was largely driven by spending on durable goods, in particular automobiles, as consumers took advantage of the zero-financing incentive offered by car dealers. Also, imports declined and export growth slowed, which helped the economy, but was offset by a decline in private inventories. Of concern, however, was the drop in private investment, the nation's economic engine, which fell 23.7 percent in the fourth quarter.

The pleasant sounds in fourth-quarter national reports were not echoed in NYC. Real gross city product (GCP) fell 4.4 percent in the fourth quarter, after falling 2.0 percent in the third quarter. The entire City suffered a rise in the unemployment rate, a record decline in payroll jobs, and falling income. The economic impact was concentrated and more severe in NYC's downtown (below Canal Street) area and during the earliest weeks after September 11, when airports and thousands of businesses were either closed down or suffered losses because of restrictions on traffic flow. GCP rose 1.4 percent in 2001 down from a 5.2 percent rise in 2000. (See Chart 1.)

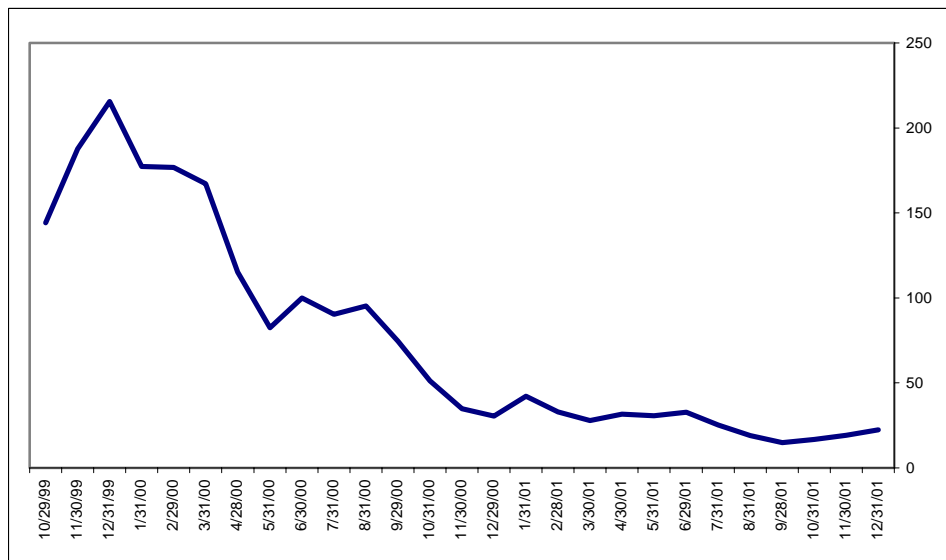
The dot-com sector, which was the most important generator of new NYC jobs from 1995 to 2000, showed some faint sign of life. With the end of the Y2K buildup, the dot-coms went into decline starting in January 2000, as illustrated by an equity index developed by the office of the Comptroller. The Alley 30 index, which measures the average equity value of the largest NYC-based dot-coms, averaged 19.5 (with the index set with June 2000 equal to 100) in fourth-quarter 2001. This represents a drop of nearly one-half of the market capitalization of these companies (i.e., an index value of 38.8) in fourth-quarter 2000. The index ended 2001 on a slight uptick. (See Chart 2.)

Chart 1. *Real GCP and GDP, Percent Change, Annual Rate, Quarterly, 1998Q1-2001Q4*



Source: GDP growth data are from U.S. Department of Commerce the fourth-quarter numbers will be revised in February and March. NYC GCP estimates are from the NYC Comptroller's Office, based on a model that incorporates (among other variables) monthly NYC jobs data and quarterly GDP data, and changes retroactively when these numbers are revised by the U.S. Department of Commerce for past months and years. RGDP96=Changes in real GDP, based on chain-weighted 1996 dollars.

Chart 2. *The Alley 30 Index, Monthly Data, 1999-2001*



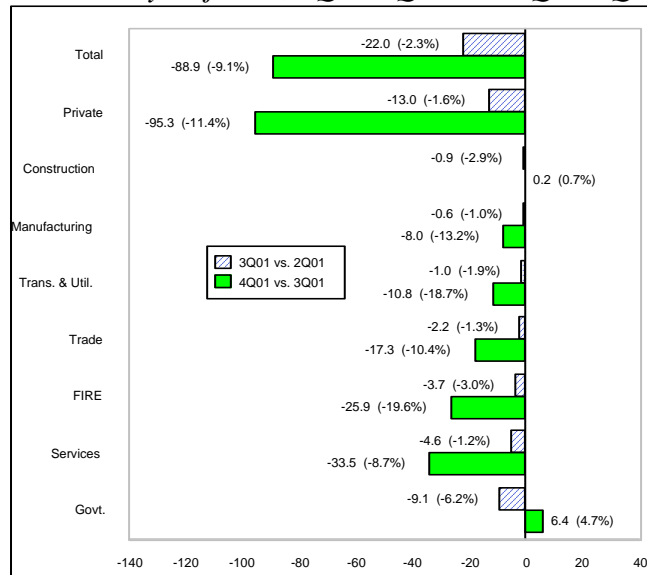
Source: NYC Comptroller's Office, based on NASDAQ month-end stock prices of 30 NYC-headquartered dot-com companies, weighted by their market capitalizations. June 2000 (6/30/00)=100.

2. Jobs

In fourth-quarter 2001, seasonally adjusted total jobs fell by a record 88,900, a 9.1 percent decline on an annualized basis. The private sector shed 95,300 jobs and the public sector gained 6,400 jobs. Within the private sector, services lost the most, 33,500 jobs, followed by finance, insurance, and real estate (FIRE),

which lost 25,900 jobs. Wholesale and retail trade lost 17,300 jobs, transportation and utilities lost 10,800 jobs, and manufacturing lost 8,000 jobs. Only construction gained, a negligible 200 jobs. (See Chart 3.)

Chart 3. *NYC Job Growth ('000) and Annualized Percent Change, Seasonally Adjusted, 4Q01/3Q01 and 3Q01/2Q01*



Source: NYS Department of Labor. Quarterly seasonal adjustments are by the NYC Comptroller's Office. Changes are from the prior quarter.

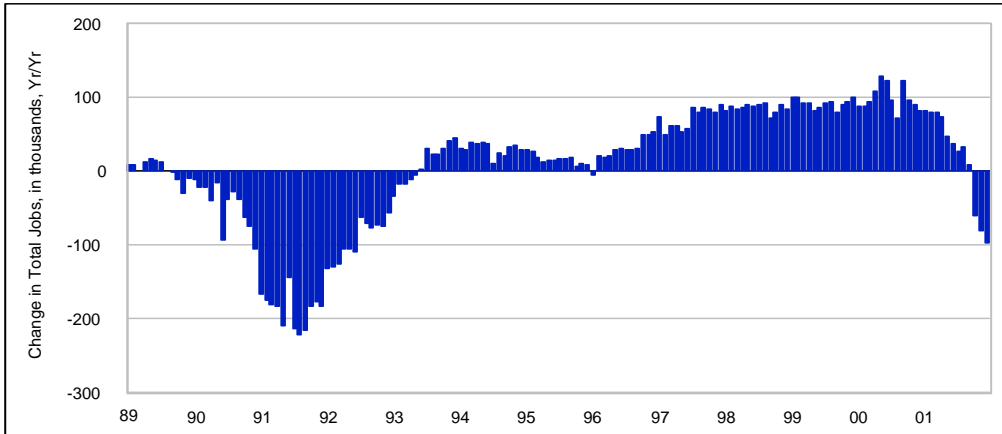
Within services, business services lost 15,300 jobs, theaters and amusement places lost 9,800 jobs, restaurants and bars lost 9,400 jobs, engineering and management lost 3,500 jobs, and legal lost 1,300 jobs. However, health services gained 900 jobs and social services added 100 jobs.

Within the FIRE sector, securities firms lost 14,600 jobs, banking lost 8,700 jobs, insurance lost 1,800 jobs, and real estate lost 800 jobs. Within trade, retail was down by 14,300 jobs and wholesale was down by 3,100 jobs.

Public sector jobs were up by 6,400 in fourth quarter. The entire gain was from the 6,600 gain in local government, which was partly offset by the 200 losses in the Federal jobs.

On a year-over-year basis, payroll jobs declined by 79,300 in fourth-quarter 2001, the first decline in over seven years. The year-over-year job losses were even worse in December 2001. Payroll jobs fell by 96,500 in December 2001 after declining by 81,400 in November, and 60,000 in October. (See Chart 4.)

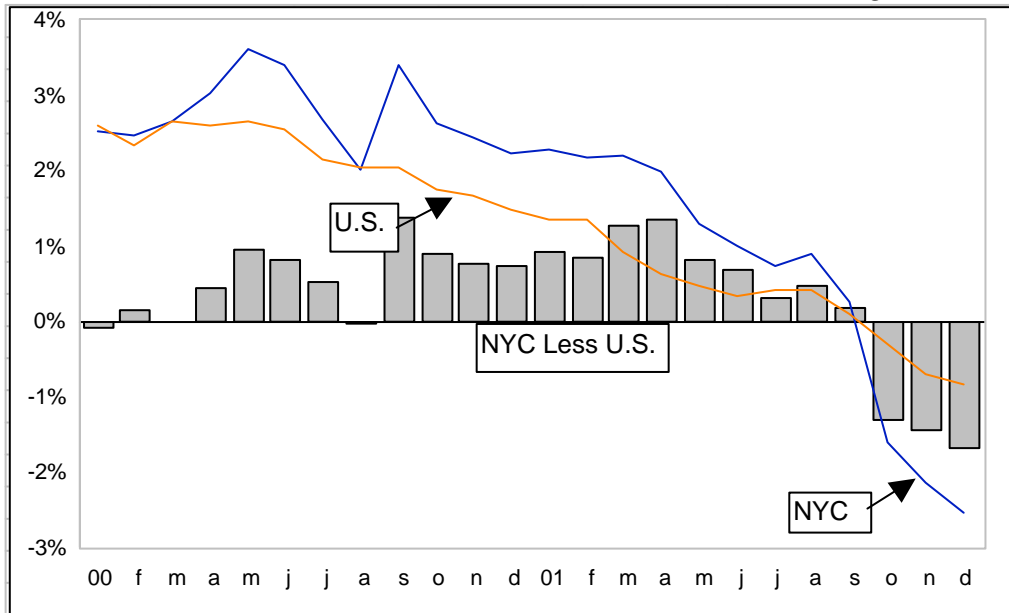
Chart 4. NYC, Changes in Total Jobs, Monthly, Year-over-Year, '000, 1988-2001



Source: NYS Department of Labor.

Also, year-over-year comparisons of job losses show that the decline in NYC jobs has been more than three times as great percentage-wise as in the nation. In December the loss for NYC was 2.5 percent, whereas for the nation it was 0.8 percent, i.e., three times greater for NYC than for the nation. In November, the loss for NYC was 2.2 percent, whereas for the nation it was 0.7 percent. In October, the loss for NYC was 1.6 percent, whereas it was 0.3 percent for the nation, i.e., five times as great for NYC as for the nation. (See Chart 5.)

Chart 5. Payroll-Jobs Growth, NYC and the U.S., Year-over-Year, Percent Change, Jan. 00-Dec. 01



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

The City's job growth ranked last among the 19 largest metro areas in fourth quarter of 2001. On a year-over-year basis, non-seasonally adjusted NYC payroll jobs were down by 2.1 percent in fourth-quarter 2001, whereas jobs in San Diego and Dallas were up by 2.0 percent. Jobs fell 0.6 percent in the nation in fourth-quarter 2001. For 2001, NYC with 0.5 percent job growth had the 12th highest job growth, higher than the national average of 0.3 percent, 14th highest job growth. (See Chart 6).

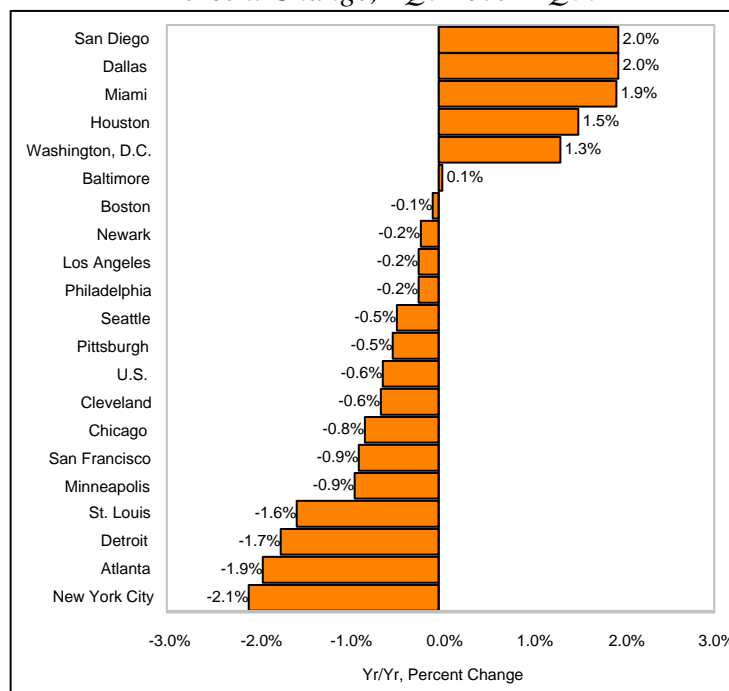
Despite the record job losses in fourth quarter, NYC jobs were up slightly in 2001 over 2000. The year-over-year growth in jobs for 2001 was 19,700. However, the growth was less than one-fifth of the 99,800 new jobs created in NYC in 2000. Although 2001 marked the ninth consecutive year of positive job growth in NYC, it was the slowest rate of growth in jobs since 1995, when NYC created 17,000 new jobs.

The private sector added 23,500 jobs in 2001, the slowest rate of growth since 6,000 new jobs in 1993. Within the private sector, manufacturing is down by 12,800 jobs and FIRE is down by 7,400 jobs. Within the FIRE sector, banking is down 5,300, the securities sector is down by 3,700, and insurance is down 500; but real estate is up 2,100.

Services are up by 33,800 because of an increase of 8,000 in business services, 4,700 in social services, 3,500 in engineering and management, 2,700 in health services, and 2,600 in legal and motion pictures and amusement places. Construction is up by 5,900, wholesale and retail trade is up by 3,500, and utility and transportation is up by 400.

The public sector lost 3,800 jobs as a result of a loss of 5,400 jobs in the Federal Government, but gained 1,400 jobs in local government and 200 jobs in state government.

Chart 6. *Job Growth, NYC, the 19 Next Largest Metro Areas and U.S. Average, Percent Change, 4Q01 over 4Q00*



Source: U.S. Bureau of Labor Statistics. All data are for the entire metro areas (MSAs or PMSAs), except for NYC, for which City data are used. The NYC PMSA would include also three counties north of NYC, i.e., Westchester, Putnam, and Rockland counties.

3. Income

Personal income taxes (PIT) and average hourly wages are used as a proxy for incomes. The reason is that personal income data are available only annually, from the Bureau of Economic Analysis of the

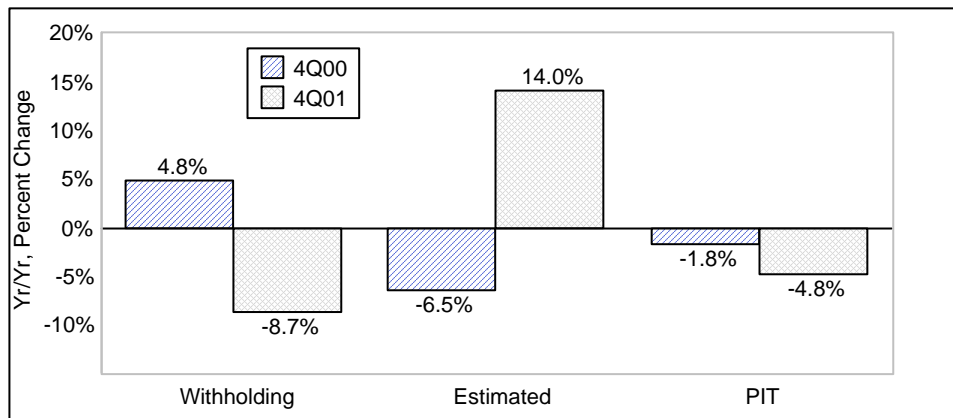
Department of Commerce, and with a one-year lag.

During the fourth quarter of 2001, PIT declined significantly from a year earlier, because of a drop in taxes withheld from wages. But estimated payments, based on taxpayers' estimates of interest earned, rental income, and capital gains, were up 14 percent. The drop in PIT reflects the general economic slowdown and the World Trade Center (WTC) attack. Both the City and the State are allowing postponement of payments, filings, and extensions for those affected by the attack. Affected individuals include relief workers, those with homes or jobs in the WTC area, those with records or tax preparers in the area, and those faced by significant transportation or communications disruptions. (See Chart 7.)

On a year-over-year basis, PIT fell 4.8 percent in the fourth quarter, after a drop of 15.7 percent in the third quarter. Withholding taxes, i.e., the amount of taxes withheld from employee paychecks, fell 8.7 percent in the fourth quarter. Withholding taxes have been falling since the second quarter of 2001; they fell 12.2 percent in the third quarter and 4.2 percent in the second quarter.

PIT in 2001 fell 2.8 percent, reversing a rise of 0.8 percent in 2000. Withholding taxes fell 4.3 percent in 2001 after rising 7.0 percent in 2000. Estimated payments were up 4.9 percent in 2001, well ahead of the gain of 1.6 percent in 2000.

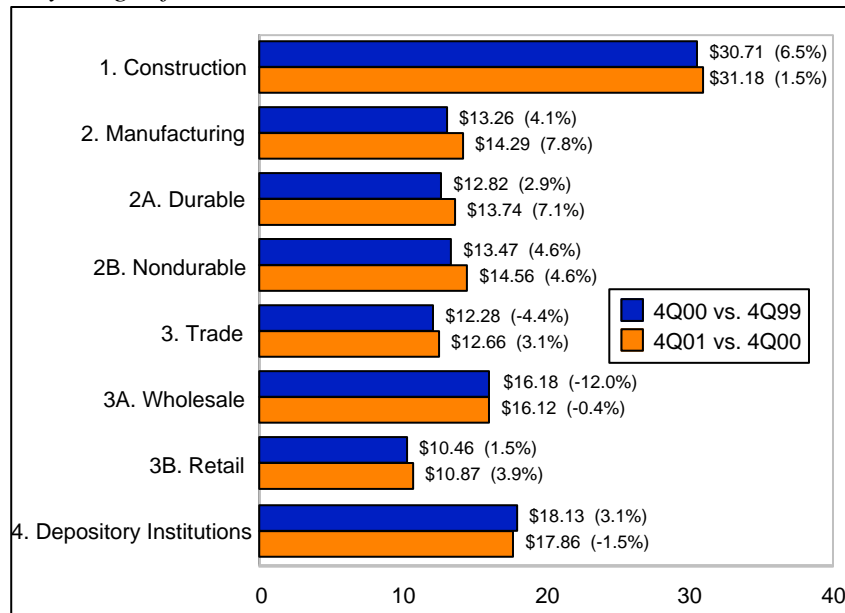
Chart 7. *Personal Income Taxes, Year-over-Year Percent Change, 4Q01 and 4Q00*



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.

Changes in average hourly wages were mixed in the fourth quarter. On a year-over-year basis, average hourly wages in manufacturing had the highest gain, 7.8 percent, followed by wholesale and retail trade, 3.1 percent, a sign of a pick up in trade activity. Average hourly wages for construction rose 1.5 percent, which might be because of the activities surrounding WTC. Finally, average hourly wages for depository institutions fell 1.5 percent. (See Chart 8.)

Chart 8. Average Hourly Wages for Selected Industries, NYC, Year-over-Year Percent Change, 4Q01



Source: NYS Department of Labor.

In 2001, average hourly wages in manufacturing had the highest gain, 8.0 percent, followed by construction, 4.4 percent, and trade, 0.5 percent. Average hourly wages for depository institutions fell 1.0 percent.

4. Inflation

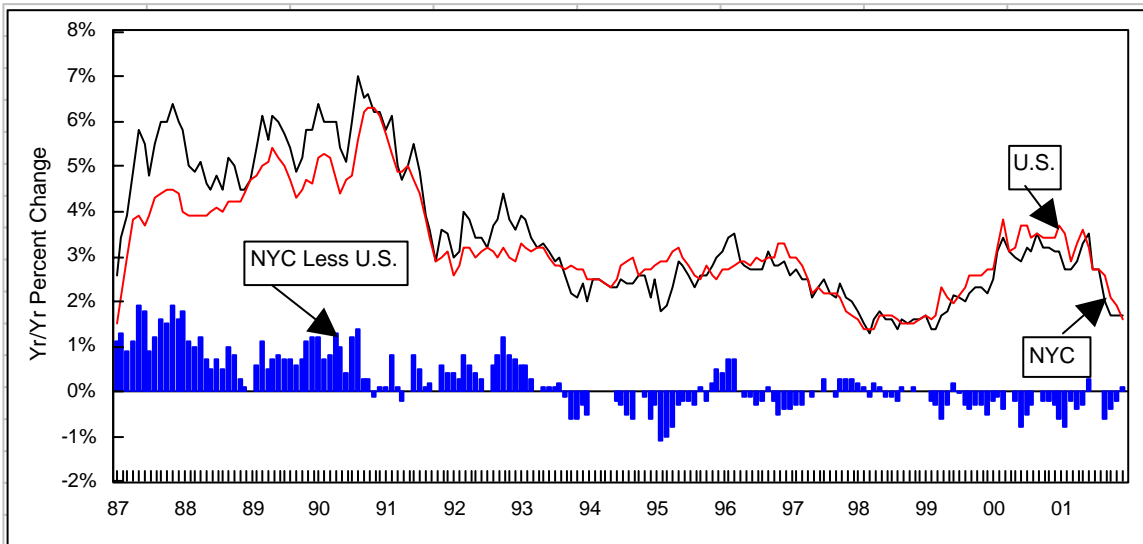
In the fourth quarter, the NYC metro area inflation rate, as measured by the year-over-year change in the consumer price index (CPI), was 1.7 percent, the lowest since 1.5 percent in first quarter of 1999. In the NYC metro area—which covers New York-Northern New Jersey-Long Island, Connecticut, and Pennsylvania—the inflation rate was 2.5 percent in the third quarter of 2001 and 3.2 percent in the second quarter.

The core rate, which is all items less food and energy, was 2.8 percent, slightly higher than 2.7 percent in the third quarter. A core rate higher than the inflation rate implies a decline in energy and/or food prices. While food prices rose only 2.5 percent in the fourth quarter, compared with 2.8 percent in the third quarter, energy prices fell 12.9 percent, the biggest decline in at least a decade. Lower energy prices helped to cut transportation costs. Transportation prices fell 2.3 percent in the fourth quarter, the biggest decline since 2.3 percent in fourth-quarter 1998. Apparel and upkeep prices fell 8.8 percent, the biggest decline in at least a decade. Except for a 0.5 percent growth in fourth-quarter 1999 and no change in first-quarter 2000, the price of apparel and upkeep has been falling since first-quarter 1998. Also in fourth quarter, medical care rose 3.9 percent and housing prices were up 3.0 percent.

The nation's inflation rate was 1.9 percent and the core rate was 2.7 percent in fourth-quarter 2001. Energy prices fell 9.5 percent, first decline in almost three years, but food prices were up 3.2 percent.

In December, for the first time in almost three years, the City's inflation rate was higher (1.7 percent) than the nation's (1.6 percent). (See Chart 9.)

Chart 9. *Inflation Rates: NYC Area, U.S., and NYC Minus U.S., Monthly; Year-over-Year, 1987-2001*

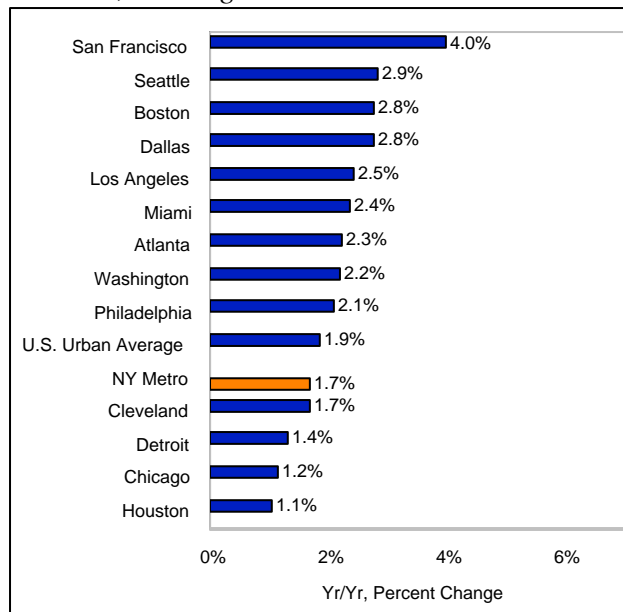


Source: U.S. Bureau of Labor Statistics (BLS). Computation of differences by the NYC Comptroller’s Office. Inflation data for NYC and other cities are collected for the BLS on a metropolitan-wide basis.

The City’s inflation rate for 2001 was 2.5 percent, lower than 3.1 percent in 2000. The core rate was 2.7 percent, the highest since 2.9 percent in 1996. Energy prices were up 0.6 percent in 2001 compared with 16.0 percent in 2000. Price of apparel and upkeep fell, for the fourth consecutive year, by 5.2 percent in 2001.

Compared with 14 largest metro areas and the U.S. urban average, New York City had the fifth-lowest rate of inflation in the fourth quarter. San Francisco had the highest rate, 4.0 percent, and Houston had the lowest, 1.1 percent. The U.S. urban average inflation was 1.9 percent. (See Chart 10).

Chart 10. *Inflation Rate, 14 Large Metro Areas and U.S. Urban Average, 4Q01*



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 ten of the largest 20 metro areas.

For 2001, the City's inflation rate ranked the lowest, 2.6 percent, the same as Chicago and Detroit. San Francisco had the highest rate, 5.3 percent and the U.S. urban average rate was 2.8 percent.

5. Unemployment

The City's civilian (household-survey-based, as opposed to payroll-based) employment data show that the City's employment has deteriorated in fourth quarter both compared with the previous quarters and compared with the national average. Seasonally adjusted civilian employment, i.e., the number of NYC residents with jobs, fell by 50,000 in the fourth quarter, the biggest decline since 67,700 in the third quarter of 1977. Except for a slight increase of 300 in the second quarter of 2001, civilian employment has been declining since the third quarter of 2000. As a result, employment/population ratio fell to 53.6 percent in the fourth quarter, the lowest since 53.6 percent in the fourth quarter of 1997.

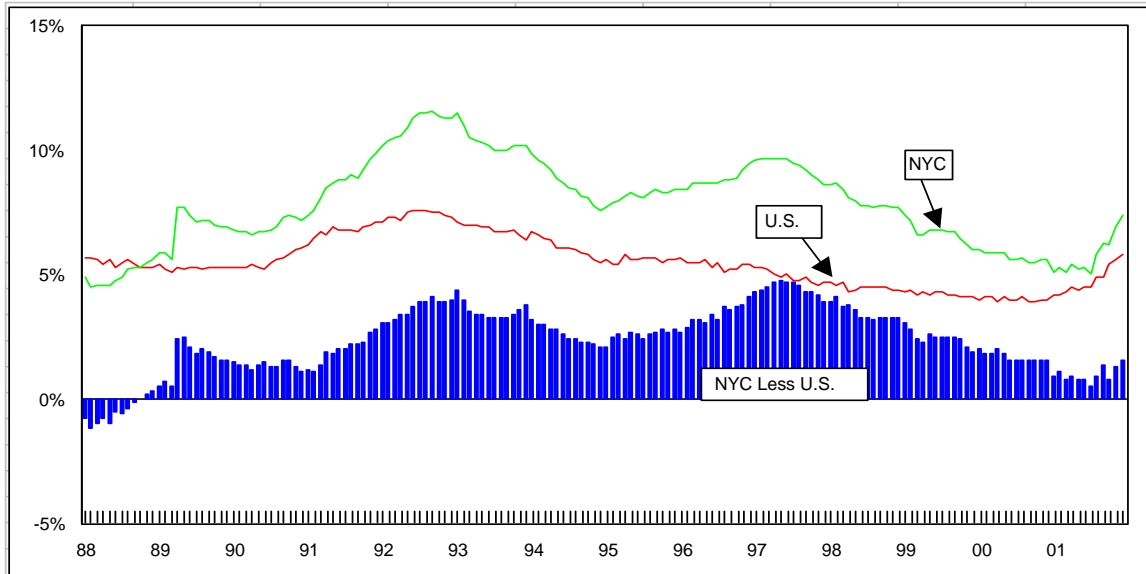
The decline in employment corresponds to a rise in the number of unemployed. The number of unemployed New Yorkers began to increase in the second quarter of 2001 after almost four years of decline. It increased by 38,300 in the fourth quarter after increasing by 14,200 in the third quarter and 3,900 in the second quarter. As a result, the unemployment rate rose to 6.8 percent in the fourth quarter from 5.7 percent in the third quarter, the highest since 7.1 percent in the first quarter of 1999. It should be noted that the City unemployment rate reached a three-year high of 7.4 percent in December.

The decrease in employment also results in part from a fall in the City's labor force. The City's labor force fell by 11,700 in the fourth quarter and by 17,400 in the third quarter of 2001.

Although the nation's civilian employment data deteriorated in the fourth quarter compared with the past quarters, they have out-performed the City's. The U.S. unemployment rate rose to 5.6 percent in the fourth quarter, the highest since 5.6 percent in the fourth quarter of 1995. The employment/population ratio fell to 63.1 percent, the lowest since 63.1 percent in the third quarter of 1996. However, labor-force-participation rate rose to 66.9 percent in the fourth quarter from 66.8 percent in the third quarter.

The gap between the City and the nation's unemployment rate was more pronounced when monthly data are compared. The difference between the City's unemployment rate and the nation's narrowed to 0.5 percentage points in July 2001 and then widened to 1.6 percentage points in December 2001. (See Chart 11.)

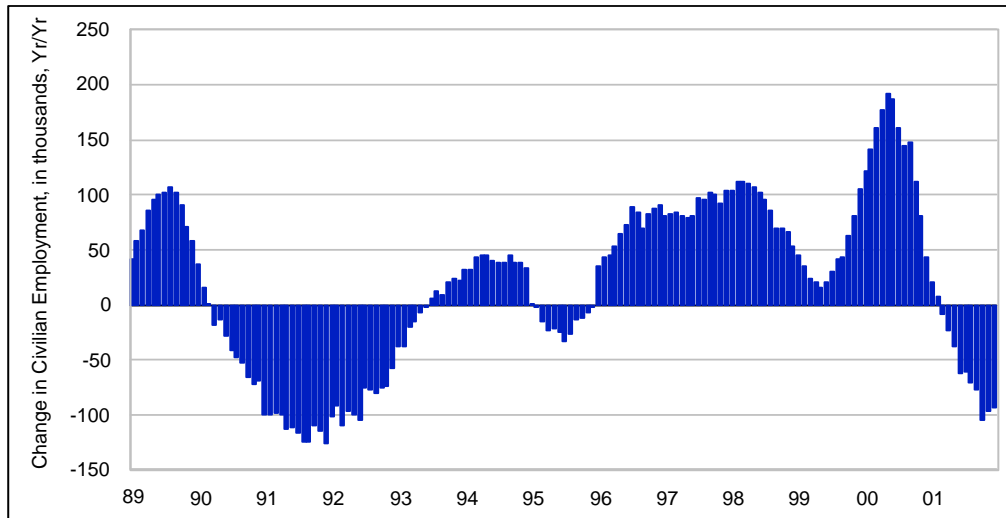
Chart 11. *Unemployment Rate, NYC, U.S. and NYC Less U.S., Monthly (SA), 1988-2001*



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.

On a year-over-year basis, NYC employment continued to drop although the preliminary loss in December was a small decline than in October and November. (See Chart 12).

Chart 12. *Change in Civilian Employment, NYC, Monthly, Year-over-Year, '000, 1988-2001*



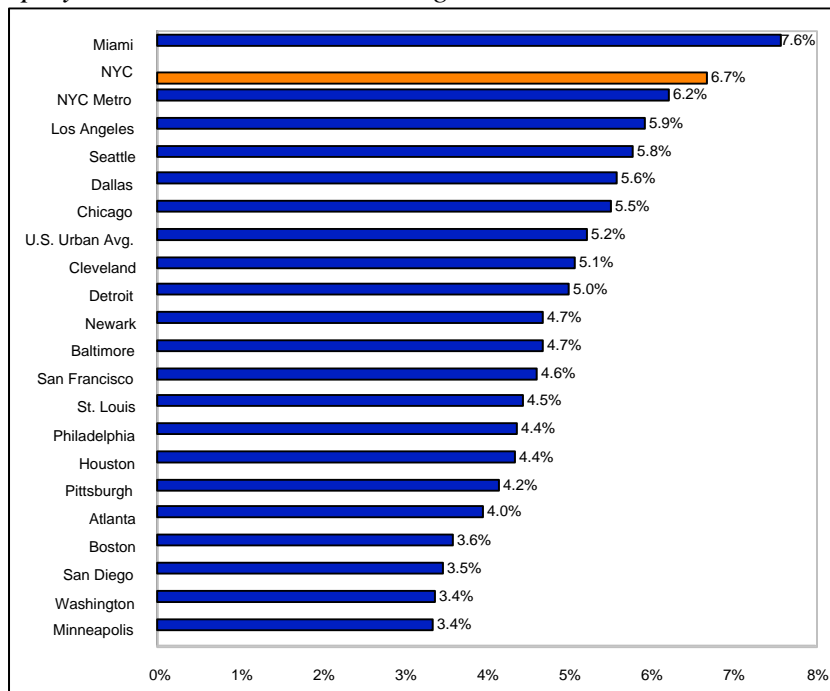
Source: NYS Department of Labor.

In 2001, the City’s residents lost 50,500 jobs compared with a gain of 139,200 in 2000. The number of unemployed fell by 1,400 and labor force shrank by 51,800. The average unemployment rate was 5.8 percent in 2001 slightly above 5.7 percent in 2000. Labor-force-participation rate fell to 58.1 percent in 2001 from 59.7 percent in 2000 and the employment/population ratio fell to 54.8 percent in 2001 from 56.3 percent in 2000.

Compared with 20 largest metro areas, the City’s unadjusted unemployment rate of 6.7 percent ranked second after Miami’s 7.6 percent. Minneapolis and Washington had the lowest unemployment rate of 3.4

percent. (See Chart 13.)

Chart 13. *Unemployment Rate, NYC and 20 Largest Metro Areas and U.S. Urban Average, 4Q01*



Source: BLS. All data are for metro statistical areas, i.e., MSAs or Primary MSAs (PMSAs); the NYC metro area is its 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

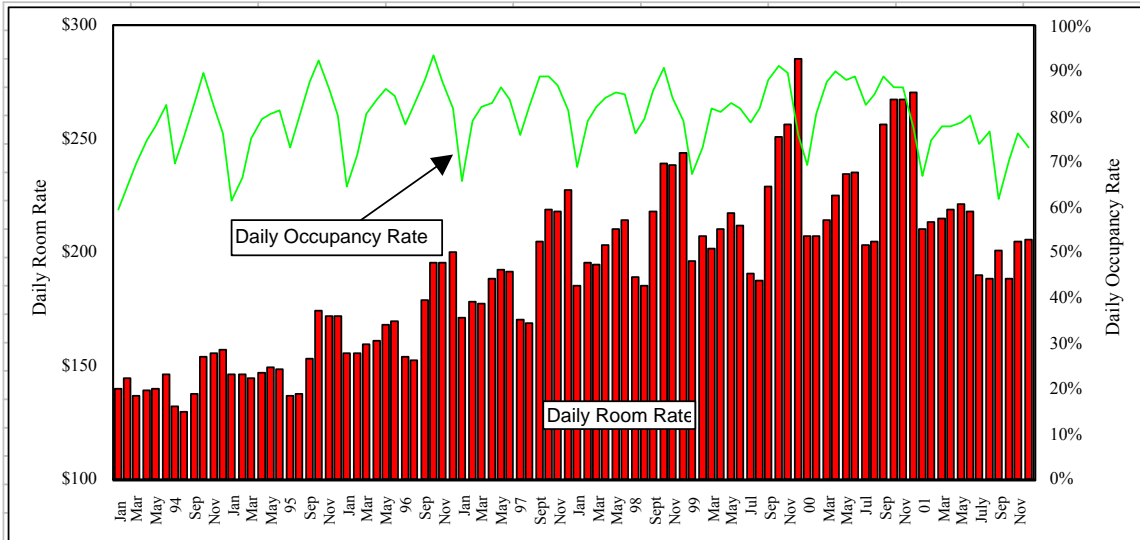
The hotel industry had a weak fourth quarter despite the mild mid-winter temperatures. Survey data by Pannell, Kerr, Forster Consulting (PKF) show hotel-occupancy rates and average daily room rates, compared on a year-over-year basis because the data are not seasonally adjusted. The hotel-occupancy rate was 73.5 percent in the fourth quarter of 2001, the lowest fourth quarter since 73.1 percent in fourth-quarter 1991. The higher unemployment rate, airport shut-downs and reduced schedules following the WTC attack, a decline in consumer confidence in the fourth quarter, and more stringent traveling security have made the hotel industry suffer. The average daily room rate was \$199.90 in the fourth quarter of 2001, the lowest fourth-quarter rate since \$197.10 in 1996. (See Chart 14.)

The average hotel-occupancy rate was 74.2 percent in 2001, the lowest since 69.9 percent in 1993. The average daily room rate was \$206.60 in 2001, the lowest since \$192.50 in 1997.

7. Real Estate

There was a significant slowdown in real-estate activities during the fourth quarter because of layoffs, downsizing, and moves to other areas. The overall Manhattan vacancy rate jumped to 9.0 percent in fourth-quarter 2001, more than double the 3.7 percent in fourth-quarter 2000. In fact, vacancy rates in all sub-markets were approximately doubled on a year-over-year basis in fourth-quarter 2001. Midtown South had the highest vacancy rate, 11.2 percent, which was 6.6 percentage points above the 4.6 percent

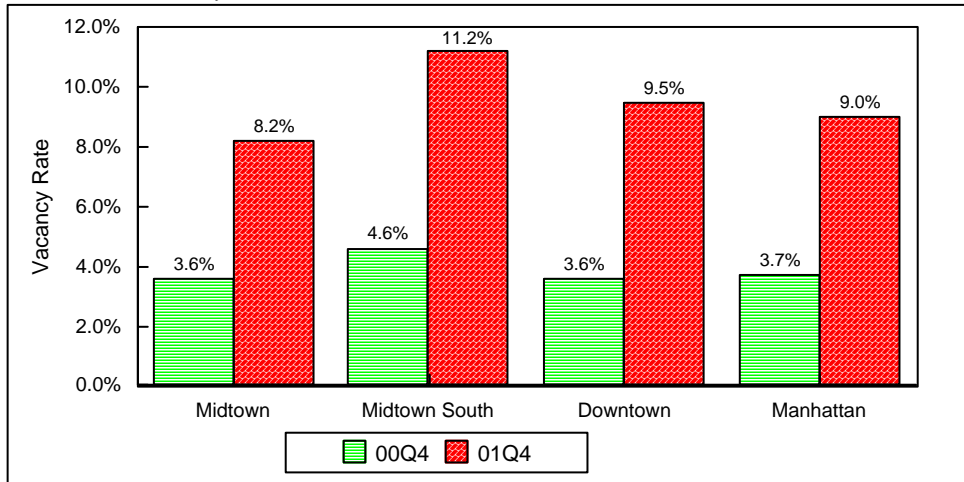
vacancy rate in fourth-quarter 2000. However, the Downtown vacancy rate of 9.5 percent in fourth-
 Chart 14. *Daily Room and Occupancy Rates, NYC Hotels, 1994-2001*



Source: PKF Consulting.

quarter 2001 was more than two-and-a-half times higher than the 3.7 percent in fourth-quarter 2000. The Midtown vacancy rate also was up significantly at 8.2 percent. (See Chart 15).

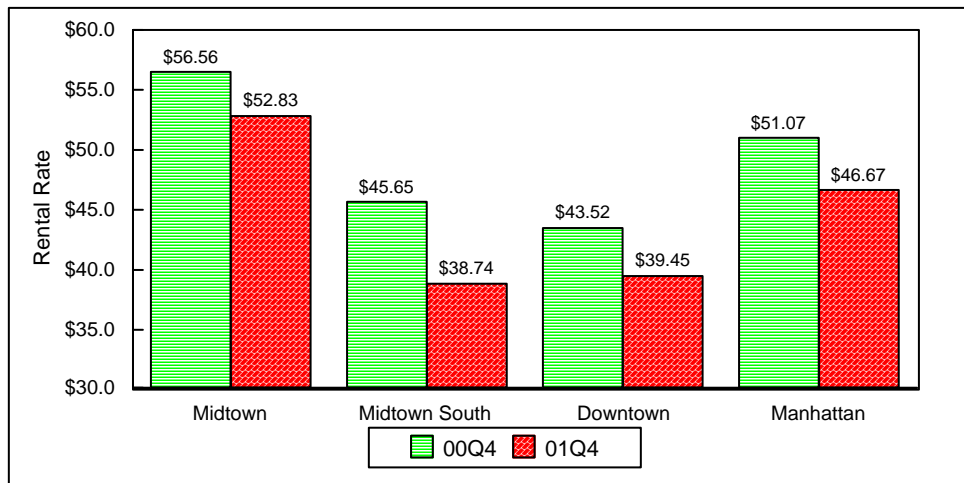
Chart 15. *Vacancy Rates, Manhattan, Overall Commercial, 4Q00 and 4Q01*



Source: Cushman and Wakefield.

Weaker demand for commercial real estate caused a decline in rental rates. Manhattan rental rates fell, on a year-over-year basis, 8.6 percent to \$46.67 in fourth-quarter 2001 compared a rise of 35.8 percent in fourth-quarter 2000. Rents in Midtown South fell 15.4 percent to \$38.74 in fourth-quarter 2001 compared with a rise of 54.4 percent in fourth-quarter 2000. Downtown rents were down 9.4 percent to \$39.45 and Midtown rents were down 6.6 percent to \$52.83 in fourth-quarter 2001. (See Chart 16).

Chart 16. *Rental Rates per Sq. Ft., Manhattan, Commercial, Average, 4Q00 and 4Q01*



Source: Cushman and 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 three leading indicators were mixed. The number of initial unemployment claims significantly deteriorated and the help-wanted advertising index declined, but not as badly as in the third quarter. The number of building permits was up, a sign of more construction to come. (See Table 1.)

Table 1. *Three Leading Economic Indicators, NYC, 4Q01 vs. 4Q00 and 3Q01**

Help-Wanted Ads (Averages of Monthly Indicators, Seasonally Adjusted)			
2000	50.6	3Q01	27.7
2001	31.1	4Q01	24.3
Change	-38.6% W	Change	-12.0% B
Initial Unemployment Claims (Monthly Average)			
2000	27,830	3Q01	45,102
2001	40,657	4Q01	56,416
Change	+ 12,827 W	Change	+ 11,313 W
Number of Building Permits Authorized (Period Totals, NSA)			
2000	86,271	4Q00	20,889
2001	86,535	4Q01	22,557
Change	+ 264 B	Change	+ 1,668 B

*B=Better than prior period; N=No change; W=Worse. NSA=Not seasonally adjusted.

Source: Conference Board (help-wanted ads), NYS Department of Labor (unemployment insurance claims), and NYC Dept. of Buildings (permits). Averages and seasonal adjustments by the NYC Comptroller’s Office.

The fourth quarter help-wanted-advertising index deteriorated, falling by 12.0 percent, but this was less of a decline than the 13.5 percent fall in third-quarter 2001. Nonetheless, the City’s index was the lowest in the nation. The U.S. average was 45.7 percent and Kansas City had the highest, 123.3. This index is sensitive to labor-market conditions and provides a gauge of changes in the demand for workers. The Conference Board publishes the help-wanted advertising index for 51 cities and the nation every month. In 2001, the City’s help-wanted advertising index fell by two-fifths to 38.1.

Initial unemployment claims, which measure the number of first-time applicants for unemployment insurance, were up significantly. The index rose 11,313 per month in the fourth quarter. In 2001, claims

were up for the first time in five years, by 12,827 per month.

The number of building permits issued rose to 22,557 in the fourth-quarter, 1,668 or 8.0 percent more than fourth-quarter 2000. This was the highest fourth quarter growth since 12.4 percent in fourth-quarter 1998.

The number of building permits authorized is an indicator of the level of construction activity in the City and is sensitive to interest rates and economic conditions. The fourth-quarter 2001 rise in the number of building permits could be attributed to the post-September 11 construction activity, a low-interest-rate environment, and a warmer-than-usual winter. The number of building permits authorized was up by 264 or 0.3 percent in 2001, the smallest increase since a decline of 0.7 percent in 1995.

The National Association for Purchasing Management numbers for NYC in January show a significant downdraft in the index to 32.6, which indicates a shrinking economy, from 62.2 percent in December. A number below 50 implies the economy is shrinking; a number greater than 50 indicates the economy is growing.

Finally, three companies with highly paid employees announced last week they were moving a substantial number of jobs from the City.

- Morgan Stanley, the largest securities company in Manhattan, announced an agreement last week to buy the former Texaco headquarters in Westchester County as part of an effort to decentralize its operations.
- Goldman Sachs is planning to move its entire equity trading department to Jersey City, to a \$1 billion complex it is building; the complex includes the tallest skyscraper in New Jersey.

New York City Economic Indicators

	Labor Market											Inflation			
	Payroll Jobs ¹ (thousands)		Civilian Employment ² (thousands)		Unemployment Rate (%)		Labor Force Participation Rate (%)		Initial Unemployment Claims		Help Wanted Advertising 1987=100	Consumer Price Index (CPI), 1982-84 = 100			
												All Items		Core CPI ³	
2000	NSA*	SA	NSA	SA	NSA	SA	NSA	SA	NSA	SA		Level	%ch year ago	Level	%ch year ago
Jan.	3,627.4	3,678.5	3,293.0	3,310.2	6.4	6.0	59.4	59.4	37,017	28,182.8	51	179.3	2.5	190.8	2.0
Feb.	3,647.2	3,685.3	3,324.7	3,329.1	6.2	5.9	59.8	59.6	27,232	27,943.6	68	180.5	3.1	191.5	2.2
Mar.	3,678.9	3,691.4	3,353.3	3,345.5	6.2	5.9	60.2	59.9	26,586	27,883.3	55	181.5	3.4	192.9	2.5
April	3,701.1	3,707.7	3,355.3	3,362.7	5.7	5.9	59.9	60.1	23,837	21,182.5	52	181.4	3.1	192.7	2.4
May	3,728.1	3,729.7	3,357.0	3,381.2	5.5	5.9	59.7	60.4	30,031	33,877.3	50	181.4	3.0	192.5	2.4
June	3,739.7	3,731.5	3,380.8	3,385.6	5.4	5.6	60.0	60.2	24,817	27,440.9	52	182.0	2.9	192.6	2.2
July	3,734.5	3,730.2	3,415.8	3,378.0	5.9	5.6	60.9	60.0	31,317	26,276.8	49	182.8	3.2	192.9	2.1
Aug.	3,700.8	3,709.9	3,382.6	3,371.5	5.6	5.7	60.0	59.9	29,625	33,194.9	47	183.1	3.1	194.1	2.6
Sept.	3,722.9	3,749.4	3,348.8	3,372.8	5.4	5.5	59.2	59.7	23,564	27,676.9	48	184.4	3.5	195.2	2.8
Oct.	3,761.3	3,744.4	3,364.2	3,363.6	5.5	5.5	59.5	59.4	25,105	28,381.3	44	184.6	3.2	195.9	2.8
Nov.	3,791.4	3,744.9	3,357.3	3,352.9	5.4	5.6	59.3	59.3	27,003	29,424.7	42	184.6	3.2	195.5	2.7
Dec.	3,813.8	3,745.7	3,355.6	3,335.5	5.2	5.6	59.0	58.9	27,284	24,841.4	49	184.2	3.1	194.8	2.5
2001															
Jan.	3,710.4	3,762.3	3,314.4	3,331.7	5.6	5.1	58.5	58.5	43,515	33,170.0	44	184.9	3.1	195.2	2.3
Feb.	3,727.0	3,765.6	3,333.0	3,337.3	5.7	5.3	58.8	58.7	30,693	31,489.7	39	185.3	2.7	196.3	2.5
Mar.	3,759.9	3,772.9	3,344.3	3,336.4	5.4	5.1	58.8	58.5	32,153	33,611.1	38	186.4	2.7	198.0	2.6
Apr.	3,774.7	3,781.1	3,332.4	3,339.6	5.2	5.4	58.4	58.6	40,597	35,910.8	34	186.6	2.9	198.2	2.9
May	3,776.2	3,778.4	3,318.9	3,343.1	4.9	5.2	57.9	58.5	35,578	40,230.7	31	187.3	3.3	198.0	2.9
June	3,777.8	3,769.5	3,318.7	3,323.6	5.0	5.3	57.9	58.2	34,002	37,593.2	31	188.3	3.5	198.8	3.2
July	3,762.2	3,758.6	3,354.4	3,314.7	5.3	5.0	58.7	57.8	43,324	36,354	30	187.8	2.7	198.4	2.9
Aug.	3,734.0	3,744.0	3,312.2	3,300.4	5.8	5.8	58.1	57.9	38,863	43,650	26	188.1	2.7	199.4	2.7
Sept.	3,732.8	3,760.3	3,272.2	3,296.6	6.2	6.3	57.6	58.1	47,147	55,303	27	188.0	2.0	199.9	2.4
Oct.	3,701.3	3,681.5	3,259.7	3,259.9	6.3	6.2	57.4	57.3	57,005	64,629	25	187.8	1.7	200.7	2.5
Nov.	3,710.0	3,664.1	3,260.6	3,257.8	6.8	6.9	57.7	57.7	44,354	48,202	25	187.8	1.7	201.1	2.9
Dec.	3,717.3	3,650.6	3,262.0	3,244.0	7.0	7.4	57.8	57.7	n.a.	n.a.	23	187.3	1.7	200.9	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

<i>Cont'd</i>	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				
2000	\$ mil.	\$ mil.	\$ mil.	\$ mil.	\$ mil.	\$ mil.	(%)	(%)	(\$/s.f.)	(\$/s.f.)	(# of units)	Year-to-date	(%)	(\$)
Jan.	38.0	33.3	303.1	49.3	5.8	826.5	na	na	na	na	6,217	6,217	69.2	207.60
Feb.	36.6	47.8	223.3	29.3	18.9	445.4	na	na	na	na	6,257	12,474	80.5	207.42
Mar.	35.5	55.5	345.1	521.2	51.5	360.5	4.9	6.6	44.93	36.28	8,069	20,543	87.7	214.32
April	35.7	46.9	274.6	74.3	27.6	874.5	na	na	na	na	6,918	27,461	89.9	225.00
May	26.4	31.2	240.9	28.3	-8.8	223.1	na	na	na	na	7,521	34,982	88.0	234.40
June	29.0	34.9	356.8	222.5	94.2	446.3	3.3	4.3	52.42	40.10	7,637	42,619	88.8	235.29
July	21.7	36.9	233.8	0	0	342.2	na	na	na	na	6,972	49,591	82.6	203.73
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	67.1	210.54
Feb.	32.1	43.2	228.1	11.9	-33.8	459.5	na	na	na	na	6,399	12,959	74.9	214.02
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	77.8	215.30
Apr.	36.3	50.6	259.4	82.0	9.1	1008.7	na	na	na	na	7,530	27,899	78.1	219.27
May	52.5	61.8	259.8	-23.1	-3.9	191.8	na	na	na	na	8,296	36,195	78.8	221.47
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	80.2	218.37
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.	34.8	20.2	273.0	283.4	106.2	530.2	8.2	9.5	52.83	39.45	6,823	86,535	73.4	205.52

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.