NEW YORK CITY COMPTROLLER
BRAD LANDER

New York by the Numbers

Monthly Economic and Fiscal Outlook

By NYC Comptroller Brad Lander
Francesco Brindisi, Executive Deputy Comptroller for Budget and Finance
Krista Olson, Deputy Comptroller for Budget
Jonathan Siegel, Chief Economist
Jason Bram, Director of Economic Research

No. 90 – June 11th, 2024

1 Centre Street, New York, NY 10007
(212) 669-3916 | www.comptroller.nyc.gov

Contents

A Message from the Comptroller

Dear New Yorkers,

Last month, Mayor Adams empaneled a Charter Revision Commission, ostensibly to review the City Charter and propose ways to improve City government. While there is good reason to doubt Mayor Adams' motives for hastily appointing the Charter Revision Commission (done as part of ongoing battles with the City Council), there's no doubt that our City would benefit from better management—including better fiscal stewardship.

Responding to this opportunity, our Office has proposed a *A Stronger Fiscal Framework for New York City,* a comprehensive set of proposals to solidify our financial foundation for the future. Five decades after the City's fiscal crisis led to the Financial Emergency Act (FEA), our proposals build upon the FEA's core provisions.

Our five proposals would ensure that we (1) accumulate sufficient "rainy-day" reserves for times of economic recession, (2) mandate regular efficiency reviews to run City agencies more efficiently while avoiding cuts to vital services, (3) ensure the long-term affordability of the City's debt, (4) overhaul our capital planning to better face the future in an era of aging infrastructure and climate crisis, and (5) start paying our vendors on time – including our nonprofit human service providers and MWBEs – something we have failed to do for many years.

I'll be testifying before the Charter Revision Commission this week and urging them to place these proposals on the ballot this fall for voters to consider.

I'm also excited to unveil a great new municipal transparency tool developed by our team. Today, we are launching the NYC Agency Staffing Dashboard, which includes the number of authorized and actual full-time employees for each City agency. Our Spotlight this month includes analysis of City employment and vacancy trends before, during, and since the pandemic. But you don't have to take our word for it. The dashboard allows you to look at authorized and actual headcount, by agency and employee type, going back to FY 2017, and will be updated monthly., and since the pandemic. But you don't have to take our word for it. The dashboard allows you to look at authorized and actual headcount, by agency and employee type, going back to FY 2017, and will be updated monthly.

In other words: we invite you to join us in watching the numbers,

Spotlight

Watching the Workforce

Using data from its NYC Agency Staffing Dashboard launched today, this month's Spotlight examines how the number of actual full-time City employees, as well as the number of full-time positions that City agencies are authorized to hire, has changed over time and highlights how different agencies have fared. This new dashboard—which includes data going back to FY 2017 that will be updated monthly—allows the public to access to up-to-date information on City staffing by agency.

Read more at:
comptroller.nyc.gov/reports/spotlight

Brad

In Case You Missed It

Over the past month, the Office of Comptroller released the following announcements on the state of NYC's economy and finances:

- A Stronger Fiscal Framework For New York City
- Comptroller Lander Audit Finds Driscoll Foods Shortchanged City by $9.39 Million
- NYC Comptroller Lander and Partners Celebrate $60 Million Investment To Preserve Nearly 35,000 Rental Units
- Statement from Comptroller Lander on Court Decision on Medicare Advantage
- Comptroller Lander Releases Analysis on FY 2025 Budget and Testifies to City Council

The U.S. Economy

- The national economy has continued to show resilience in the face of higher interest rates and low consumer confidence. Preliminary data show that **real GDP** growth slowed to a 1.6% annual rate in Q1 and is projected to have remained close to 2% in the current quarter.
- Underlying, or at least reflecting, the strength of the national economy is a persistently robust job market. While the nation's unemployment rate has edged up over the past year—reaching 4.0% in May, its highest level since the beginning of 2022—it is still at an historically low level; moreover, payroll job growth has been strong and actually accelerated in May, and initial jobless claims have remained reassuringly low. Wage growth also picked up in May, though they still have a ways to go to catch up with inflation, as discussed in the next section.
- Meanwhile consumer confidence, which typically correlates closely with the job market, has been uncharacteristically weak, given the persistent strength in employment. Within the Conference Board's survey, the public has been broadly positive in its assessment of job availability but quite negative in its views on general business conditions—a divergence that is unprecedented, even during long stretches of high inflation in the 1970s.
- As for the latest reads on inflation, there were further signs of moderation in April, as the core PCE deflator rose 0.2% and the core CPI rose 0.3%—for both, the smallest increases this year.

Lagging Real Wages May Explain Low Sentiment

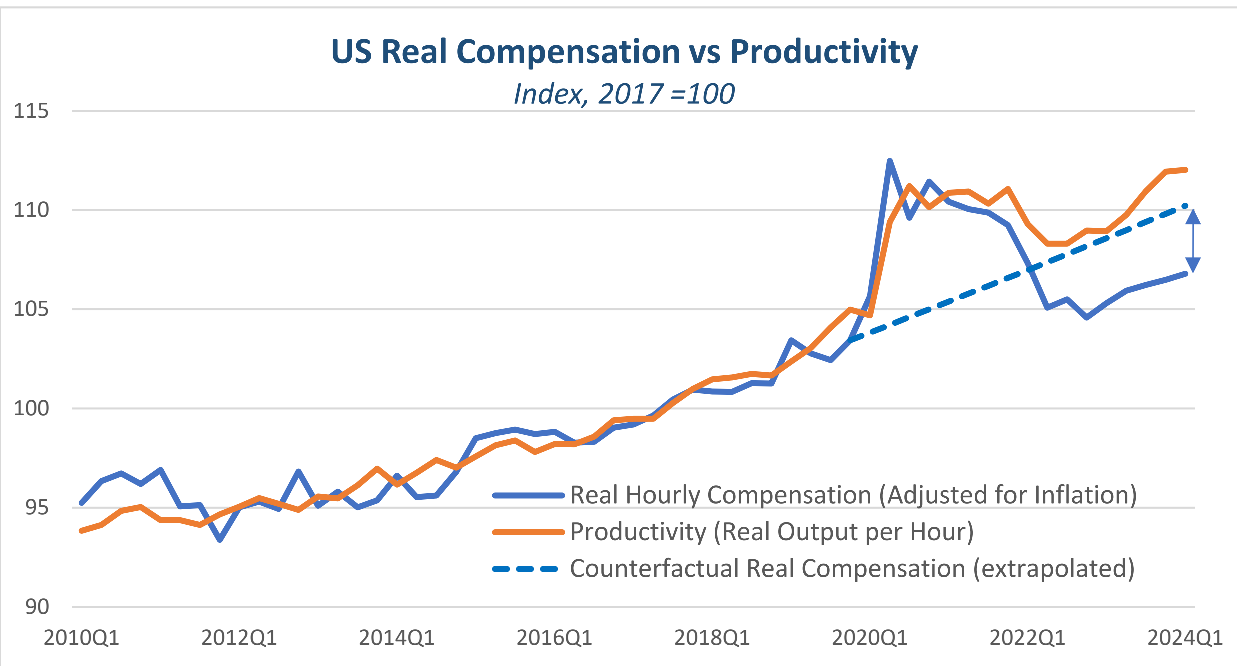
- Given the persistent strength of the labor market, along with the moderation in inflation, one might wonder why consumer sentiment is as low as it is. One explanation may involve the cumulative effect of higher inflation on living standards.
- Despite the tight labor market and chronic shortages of workers in a variety of industries, real wages are barely higher than before the pandemic—that is, they have only barely kept pace with inflation. This would be understandable if there had been no productivity growth over the past four years. But, in fact, the average U.S. worker is 7% more productive now than in early 2020—yet is barely paid more in real terms. Over time, real compensation and real wages track closely together, but in recent years, they have diverged, as shown in Chart 1.
- So how has this unfolded? Early in the pandemic, with steep job losses in lower-wage, lower productivity industries and occupations, there was a jump in both measures, reflecting a shift in the mix of jobs. But as the pandemic faded and the hardest-hit industries recovered, productivity trends got back to normal, as indicated by the blue line below returning to trend. But real wage trends did not. There are a number of plausible explanations for this.
    - First and foremost, the surge in inflation starting in 2021 did not adversely affect productivity; but it did have a direct impact on real wages. This is because nominal wages, which are often

budgeted a year or more in advance (at least at large organizations), tend to be slow to adjust to changes in inflation. As economists would say, wages are "sticky". Starting in early 2023, as inflation came down, nominal wage growth remained steady, and real wages began to rebound, albeit gradually. But they still grew more slowly than productivity, leading to a further divergence, as shown in the chart below.

- Of course, other factors may have contributed to this as well, such as a shift to remote work, in which some workers may have traded off some of their wages for work-from-home options, as suggested in [this 2022 NBER working paper], reflecting issues such as saving both time and money spent commuting.
- Another caveat here is that the measurement of hours worked—a key component of both productivity and hourly compensation—may have been distorted by the seismic shift to remote work.

- At any rate, it is clear that real compensation remains well below where it would have been if pre-pandemic trends had continued up until now—specifically about 3% below, as shown by the dotted line and arrow in Chart 1 below.

Chart 1



Sources: U.S. Bureau of Labor Statistics, Moody's economy.com

- Of course, these are economy-wide averages; so is this "shortfall" in real wages more pronounced in some industry sectors than others? This is a question we further address as it pertains to New York City later in this Newsletter.

New York City Economy

Payroll Employment & Industry Trends

Table 1: Seasonally Adjusted NYC Private Employment, by Industry (‘000s)

(1,000s)	Seasonally Adjusted NYC Employment					April 2024 Change from			
Industry:	Feb. '20	Apr. '23	Oct. '23	Mar. '24	Apr. '24	Feb. '20	Apr. '23	Oct. '23	Mar. '24
Total non-farm	4,702.5	4,648.2	4,685.6	4,720.2	4,719.2	16.7	71.0	33.6	(1.0)
Total Private	4,108.0	4,087.2	4,117.7	4,145.4	4,146.7	38.8	59.6	29.1	1.4
Government	594.5	561.1	567.9	574.8	572.5	(22.0)	11.4	4.6	(2.4)
Financial Activities	487.1	498.8	503.0	501.7	498.5	11.4	(0.3)	(4.5)	(3.2)
Securities	182.6	197.6	197.1	195.8	195.2	12.6	(2.4)	(1.9)	(0.6)
Information	229.2	231.7	213.0	220.1	216.9	(12.2)	(14.8)	4.0	(3.2)
Prof. and Bus. Serv.	781.2	799.5	791.7	791.5	793.4	12.2	(6.1)	1.6	1.9
Educational Services	256.4	257.2	254.8	254.0	254.6	(1.8)	(2.6)	(0.3)	0.6
Health Care & Soc. Asst.	823.5	902.4	940.1	975.3	983.4	159.9	81.0	43.4	8.2
Arts, Ent., and Rec.	95.7	83.4	86.4	87.4	87.9	(7.8)	4.5	1.5	0.5
Accomm. & Food Svc.	374.4	346.0	358.0	355.5	353.9	(20.5)	7.9	(4.1)	(1.6)
Retail Trade	346.1	308.8	305.4	302.4	302.2	(43.9)	(6.6)	(3.2)	(0.2)
Wholesale Trade	139.8	131.9	128.9	131.6	131.3	(8.5)	(0.6)	2.4	(0.3)
Trans. & Warehousing	134.9	131.7	135.1	134.8	133.9	(1.0)	2.2	(1.2)	(0.9)
Construction	162.6	142.1	143.6	138.2	137.0	(25.6)	(5.1)	(6.6)	(1.2)
Manufacturing	66.0	57.4	57.8	55.9	56.3	(9.6)	(1.1)	(1.5)	0.4

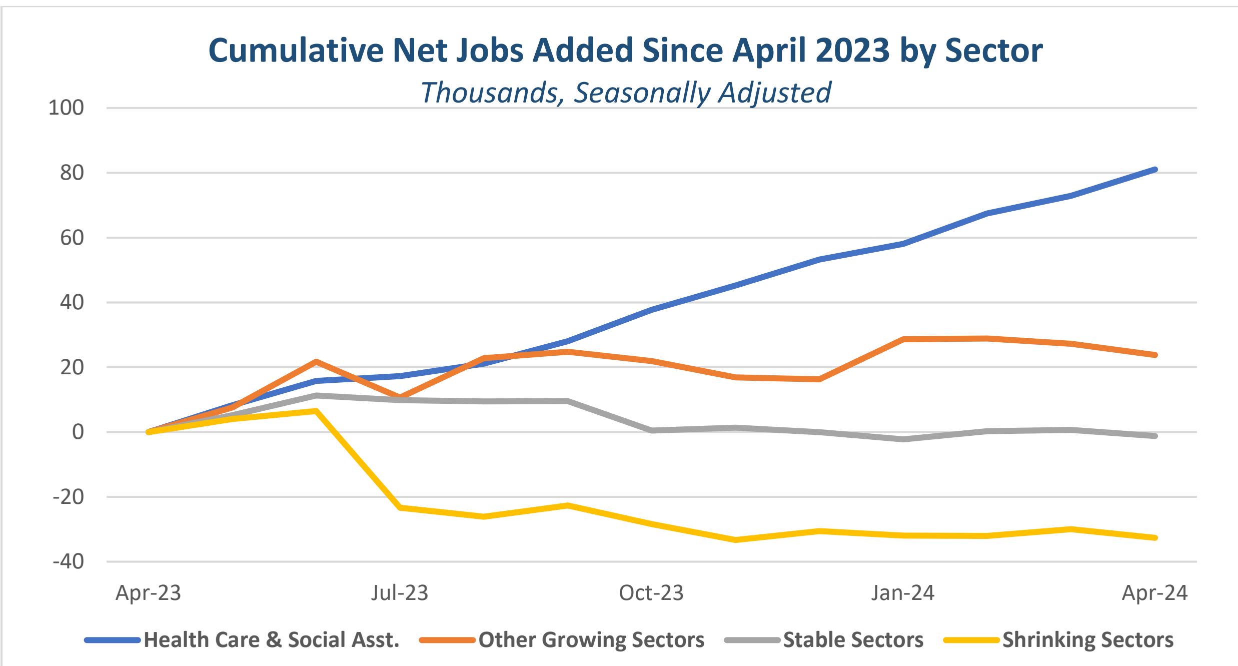
Source: NY Department of Labor, NYC Office of Management and Budget, and Office of the New York City Comptroller

Note: Due to revisions to earlier months made by NY DOL through February 2024, numbers may not match to previous monthly newsletters.

- City-wide private-sector employment edged up 1,400 in April, following an upwardly-revised gain of 8,200 in March. It is up 59,600 or 1.5% over the past 12 months.
- As has been the case for most of the past year, Health Care & Social Assistance was the only major sector to add a significant number of jobs (8,200) in April.

- At the other end of the spectrum, employment in the Information sector appears to have resumed its downward trend, after a brief rise during the winter (when the labor disputes were settled); it was down 3,200 in April and down almost 15K over the past year.
- Chart 2 below shows employment trends in growing, declining, and stable sectors grouped according to trends over the past year.
- Among the growing sectors (other than Health Services), Government accounts for about half of the net job gain over the past year, while the remainder accrues to Accommodation & Food and Arts, Entertainment & Recreation.
- The Information sector accounts for about half of the job loss in the shrinking sectors as depicted below.

Chart 2



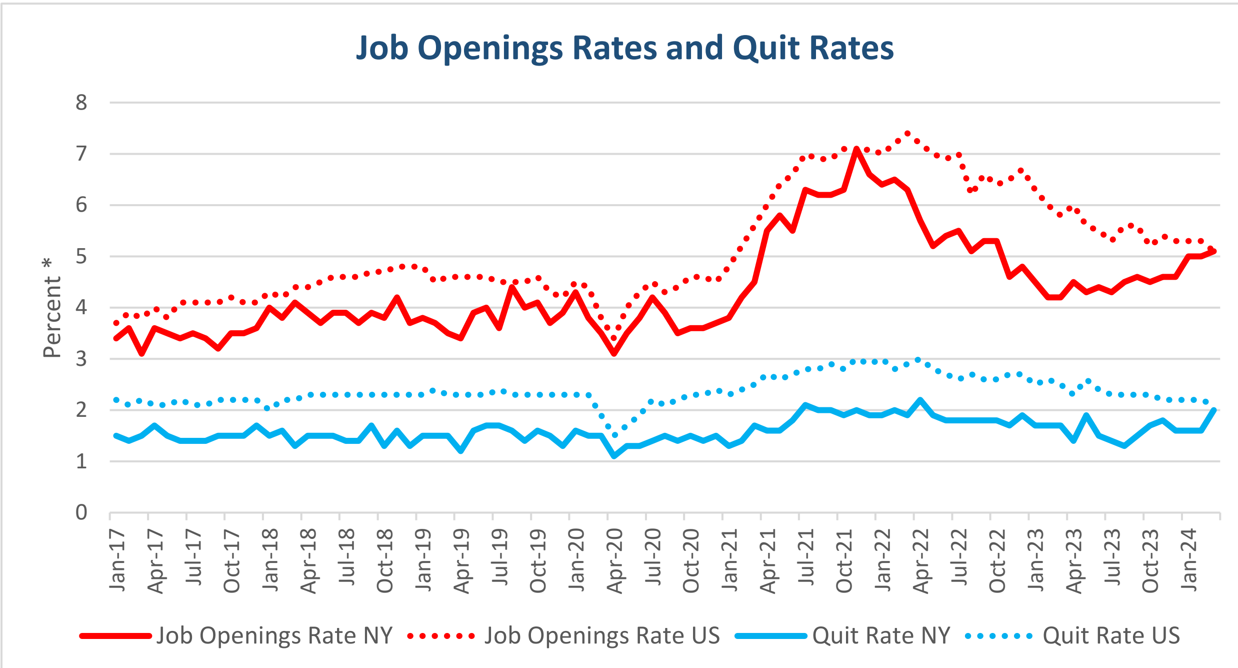
Other Growing Sectors: Accommodation & Food, Arts/Entertainment/Recreation, Government
Stable Sectors: Wholesale, Trans/Warehousing, Finance, Private Educational Svcs.
Shrinking Sectors: Information, Prof. & Business Svcs., Retail Trade, Construction

Sources: NY Department of Labor, US Bureau of Labor Statistics, Moody's economy.com, NYC Office of Management & Budget

Labor Force Trends

- Recently released JOLTS data (monthly summary of labor turnover) for March show that statewide job openings and quit rates picked up noticeably—all signaling ongoing tightness in the job market. Meanwhile layoffs and discharges were virtually unchanged at a low level. [*Data are not available for New York City specifically*.]

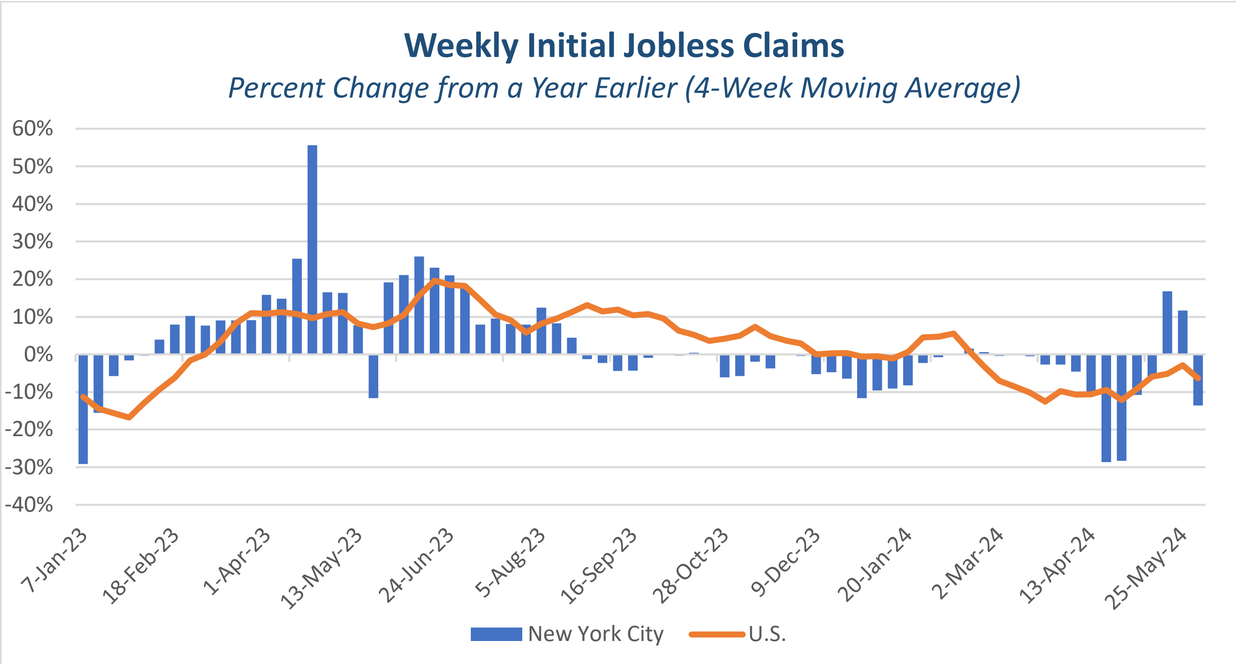
Chart 3



*Quit rate is measured as the number of quits during the entire month as a percent of employment.
*Job Openings rate is the number of job openings at the end of the month as a percent of employment plus job openings.
Sources: NY Department of Labor, U.S. Bureau of Labor Statistics, Moody's economy.com

- More up-to-date information about employment trends can be gleaned from the weekly data on initial jobless claims, which are signaling a continued tight job market.
- Claims fell well below comparable 2023 levels in mid-April and then shot above year-ago levels in mid-May before settling down, as shown in Chart 2 below. These gyrations reflected seasonal shifts—most notably a shift in the timing of NYC schools' spring break from early April to late April. Year-earlier levels were also distorted somewhat by the looming writers' and actors' strikes, as well as tech layoffs.
- Now that this shift is behind us, smoothed claims are back to running below 2023 levels.

Chart 4



Sources: NY Department of Labor; U.S. Department of Labor; and Office of the New York City Comptroller

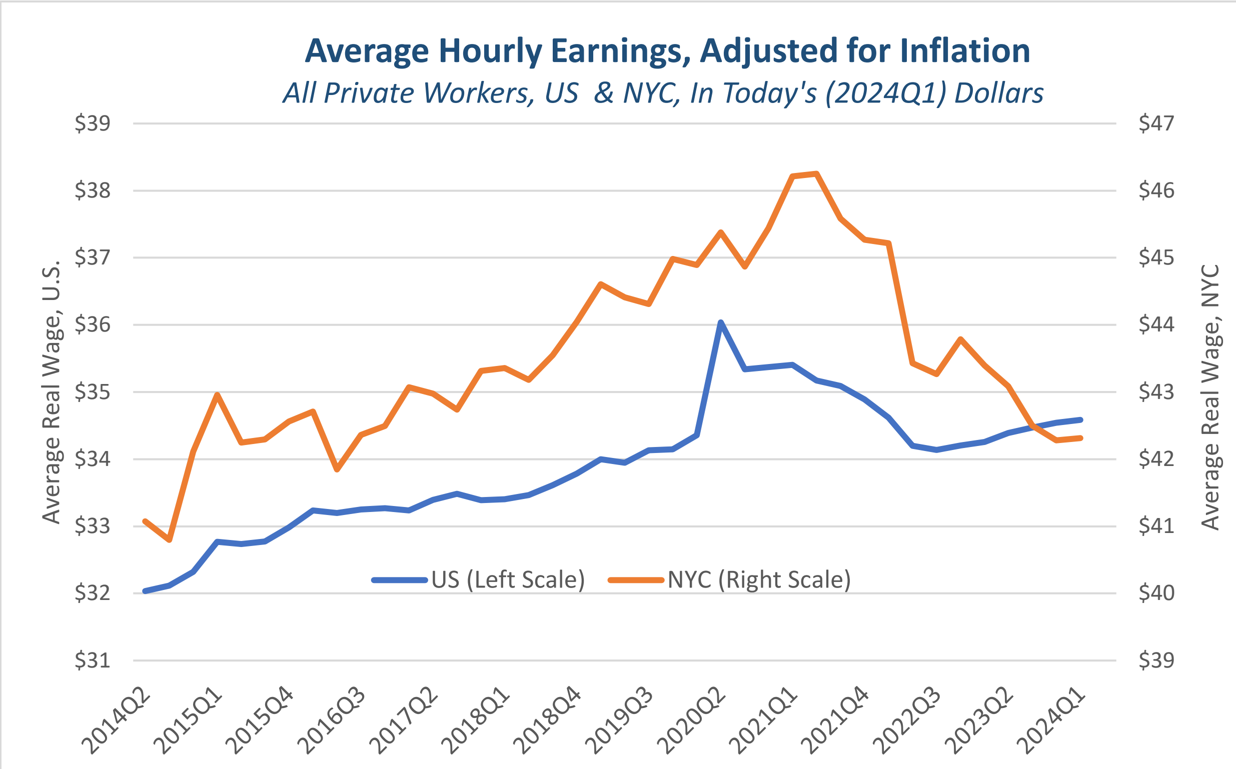
Inflation & Wages

- Consumer price inflation in the metro area has remained elevated: both the overall CPI and the core rate (excluding food & energy) rose 0.4% in April and were up 3.8% and 3.9%, respectively, from a year earlier. Food prices, which had declined in March, spiked up in April; but housing inflation continued to recede, energy prices declined, and medical care costs fell for the second straight month and were down 2% from a year ago.

- Since the start of the pandemic, inflation has averaged somewhat lower locally than nationally. From early 2020 to early 2024, the overall price level, as measured by the CPI, was up 20% nationwide versus 17% in the New York City metro region.

- Nevertheless, real wages (adjusted for inflation), have lagged even more locally than nationally—the latter discussed in the opening section—as shown in Chart 5 below.

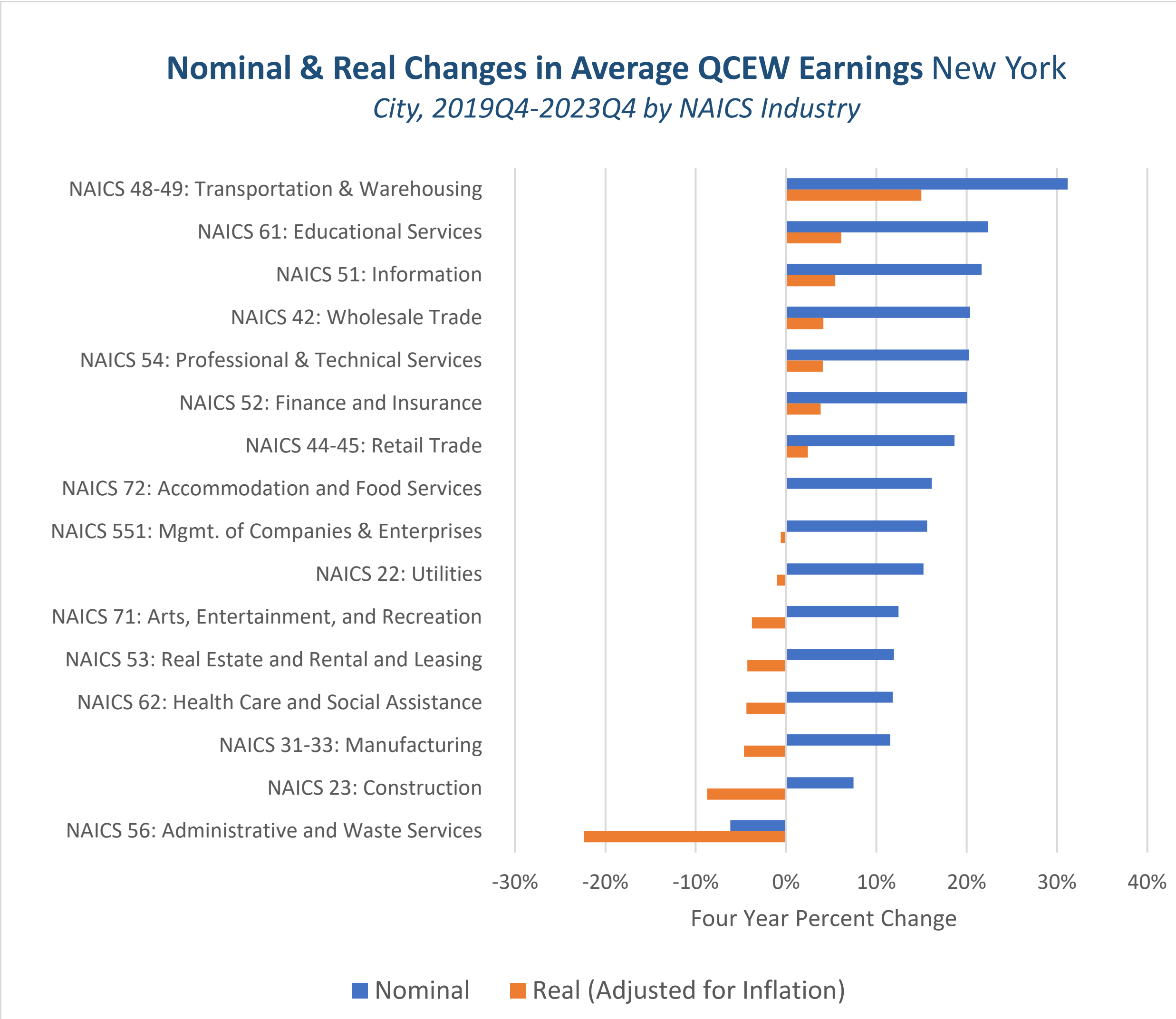
Chart 5



Sources: NY Department of Labor, U.S. Bureau of Labor Statistics, Office of the NYC Comptroller

- This sizable decline over the past three years is attributable to a number of forces. To get a better read on them, we focus on more complete and more detailed tabulations from the QCEW (Quarterly Census of Employment & Wages). Unlike the hourly earnings in the prior chart, this data set measures *quarterly* wage & salary earnings, regardless of hours.
    - Industry Mix: During the years leading up to the pandemic, there was relatively strong job growth in higher-wage industries—notably tech and finance—which helped elevate average wages overall. This mix effect was amplified early in the pandemic by scores of job cuts in the lower-wage restaurant, retail and related sectors, which were largely reversed in 2021 and 2022. Thus, the pre-pandemic period (2019Q4) serves as a more reasonable baseline. Over the past three years, employment has rebounded in these lower-wage sectors and has exploded in the home health care industry, while remaining steady in most higher-wage sectors, thus pulling down the city-wide average wage.
    - Sluggish Wage Growth within Sectors: Even within a number of industries, wage & salary earnings have lagged inflation (CPI), as shown in Chart 6 below. Notably, real (inflation-adjusted) wages in Health Services have declined largely due to home health care accounting for a rising share of jobs in that sector. Wages also did not keep up with inflation in the manufacturing and construction sectors. Even more striking is the steep 22% inflation-adjusted decline in Administrative & Waste Services (6% before inflation).

Chart 6

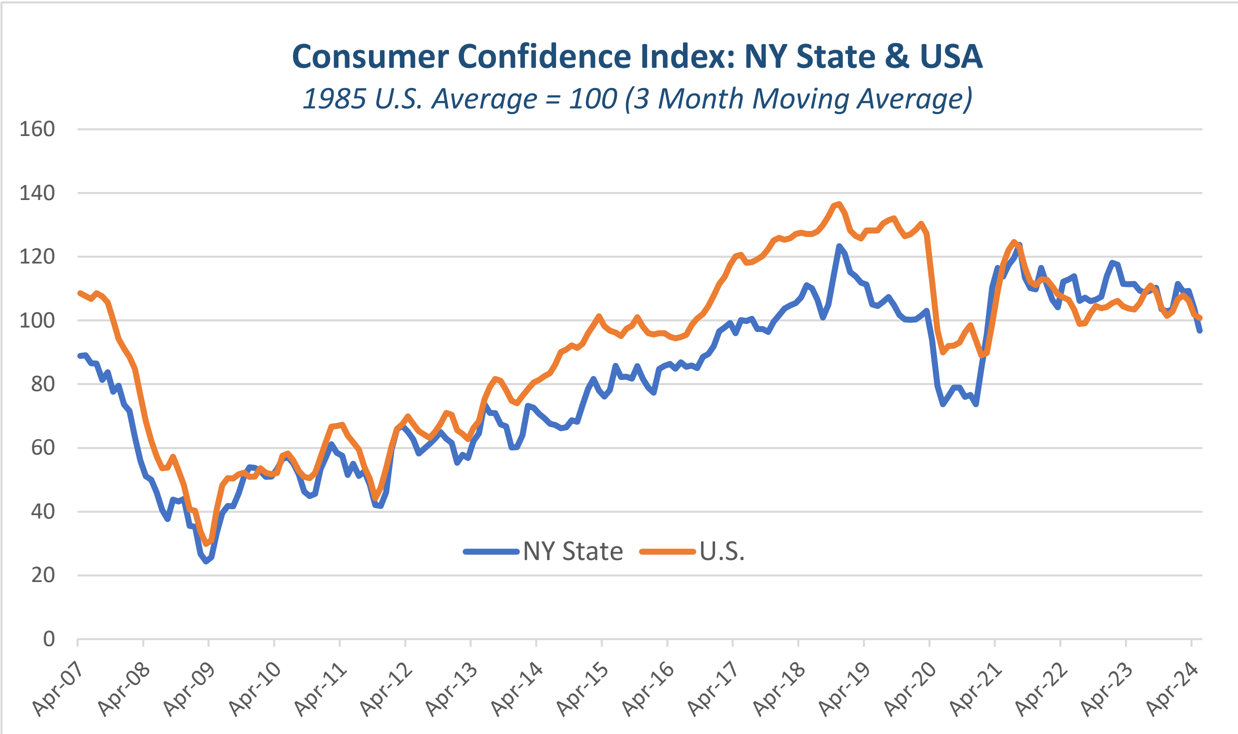


Sources: NY State Department of Labor (Quarterly Census of Employment & Wages); US Bureau of Labor Statistics (CPI); Moody's economy.com; Office of the NYC Comptroller

Consumer & Business Sentiment

- Despite the solid economy, consumer sentiment has been weak—likely due, at least partly, to the slippage in real wages. Based on the Conference Board's monthly survey, consumer confidence across New York State fell in May to its lowest level since late-2020, lagging behind the U.S. level, which rose modestly but remains low.
- The 3-month moving averages, shown in Chart 7 below, also slipped in May—among New York State residents, it fell to a more than three-year low, while the nationwide index fell to a nearly two-year low.

Chart 7



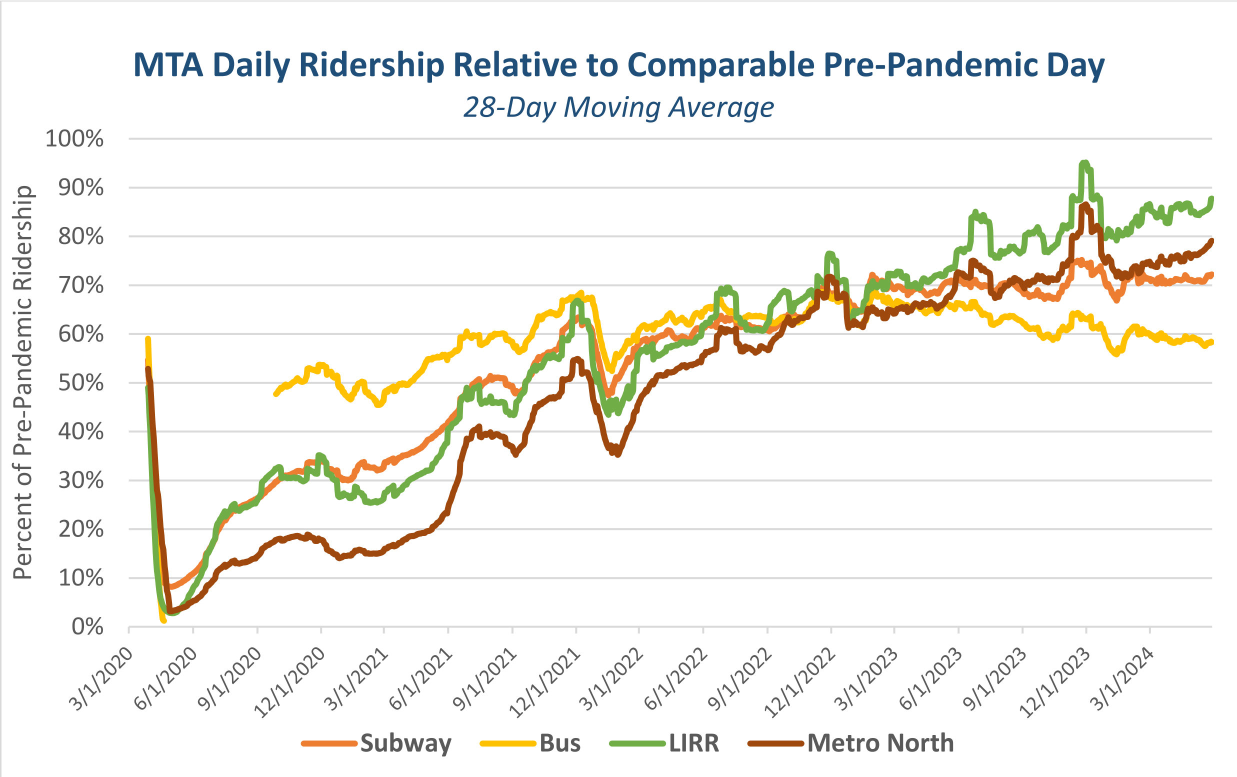
Sources: The Conference Board, Moody's economy.com

- Regional business sentiment has been mixed but remains fairly weak, based on the New York Fed's May surveys. Their tri-state service-sector Business Leaders Survey shows sentiment reaching a 20-month high, though only barely in positive territory, while their Empire State Manufacturing Survey shows sentiment little changed at depressed levels.

Office Market & Remote Work

- New York City's office market, though still quite slack, has shown signs of stabilizing: vacancy rates have leveled off and market rents have edged up. Moreover, as noted in our May Spotlight, the Department of Finance's assessed market valuation of all Manhattan office buildings is up 2% in the current fiscal year (FY2025).
- Weekday office attendance appears to have reached a plateau. As estimated by Placer AI, it has generally been running about 25% below pre-pandemic levels since mid-2023. Subway ridership has been averaging about 30% below comparable pre-pandemic levels midweek (Tuesday through Thursday) and about 35% below on Mondays and Fridays. Overall, including both weekdays and weekends, subway ridership has been running 28% below pre-pandemic levels, as shown in Chart 8 below.

Chart 8

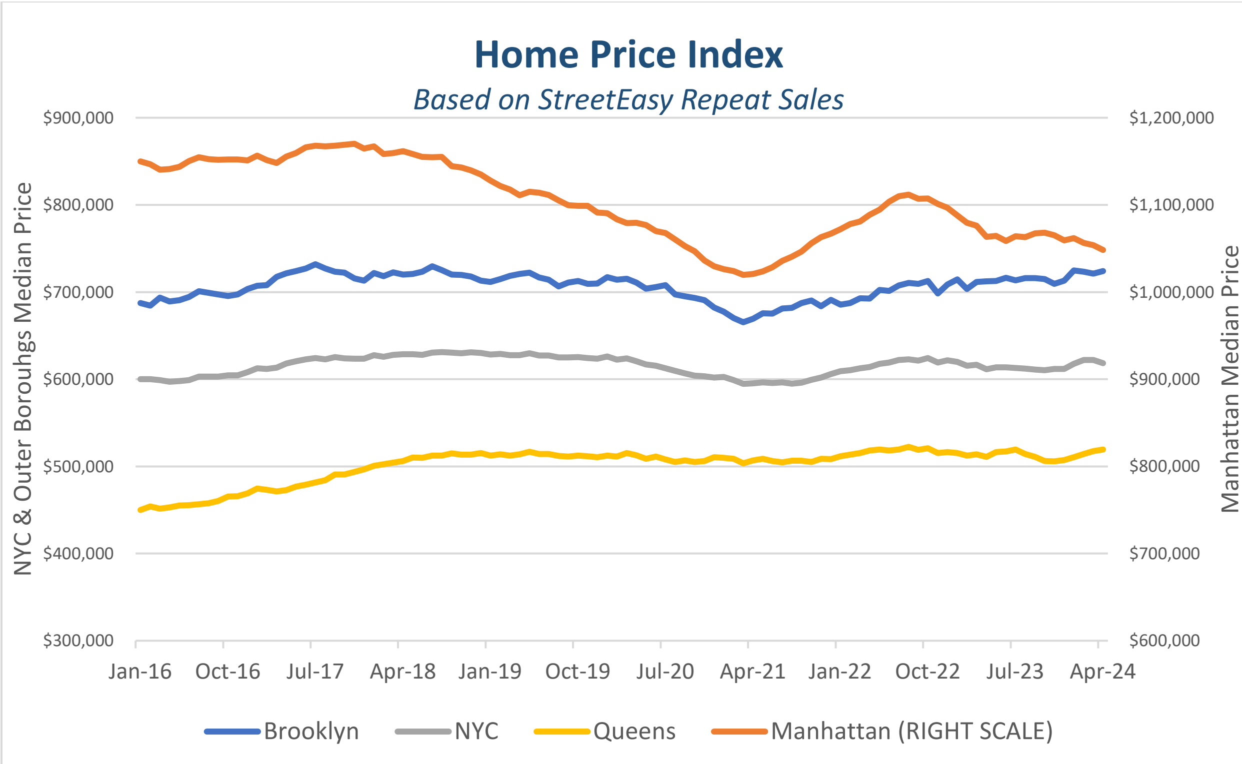


Source: MTA

Residential Real Estate Market

- The home sales market has been steady thus far in 2024, based on data from StreetEasy. Selling prices, which had risen in January, have leveled off since and are little changed from a year earlier citywide—down in Manhattan but up modestly in Brooklyn and Queens as shown in Chart 9. The inventory of homes on the market has risen, though it remains low.
- The rental market has resumed tightening in the first four months of 2024. Rents have resumed a modest upward trend and were up 3-5% from a year earlier as of April and up nearly 20% from pre-pandemic levels.
- The inventory of available rental units has remained exceptionally low—down slightly from a year ago and substantially lower than during the years leading up to the pandemic.

Chart 9



Source: StreetEasy

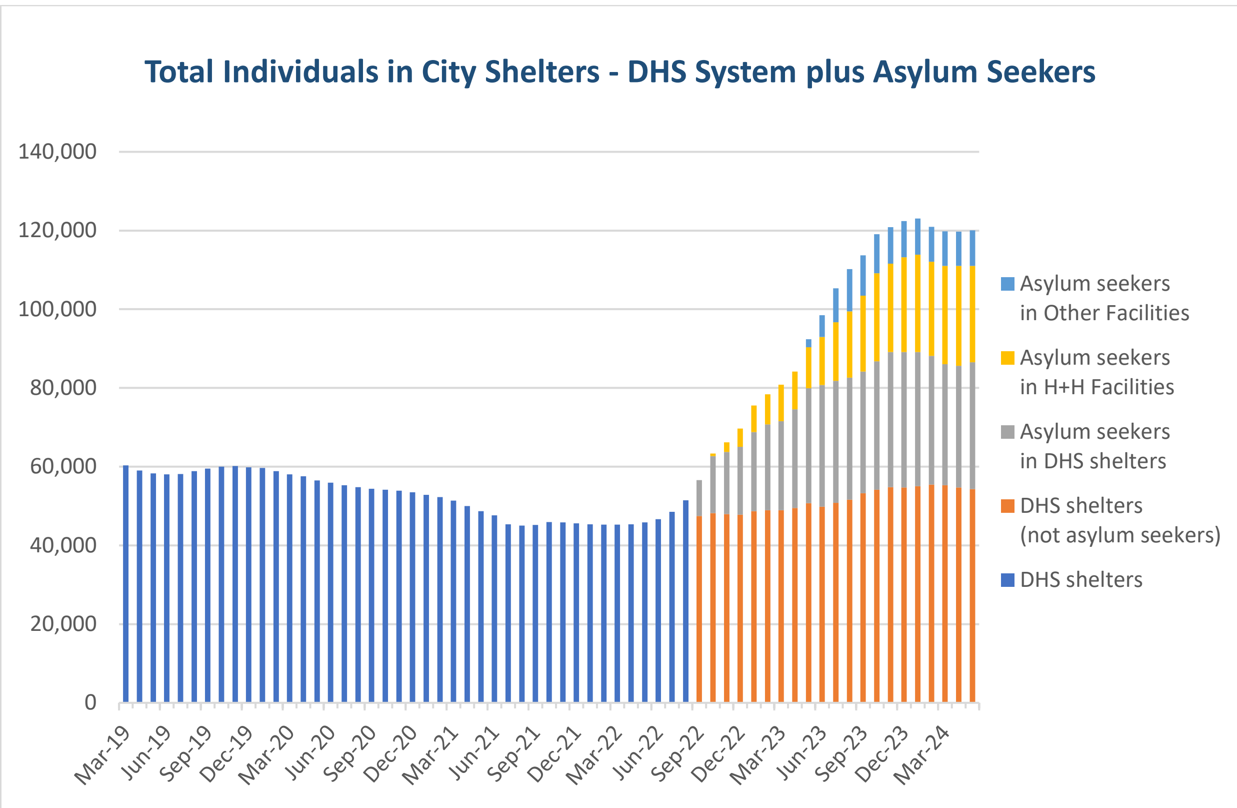
Homelessness & Asylum Seekers

- Chart 10 shows the population (as a monthly average) in City shelters and other City-provided facilities through May 31, 2024.
- The average number of newly arrived migrants in City-funded shelter increased by approximately 650 individuals compared to April 2024. Overall, this population represents approximately 55% of the total individuals in shelter.
- On March 15, 2024, the Adams Administration entered into a stipulation of settlement agreement with the Legal Aid Society and Coalition for the Homeless regarding the City's Right to Shelter law, as it applies to single adults who arrived in New York City from outside the U.S. after July 2022. Under the stipulation, newly arrived single adults 23 and older will be granted a shelter stay for 30 days, and single adult new arrivals between 18 and 23 will be granted a shelter stay for 60 days. Those seeking an extension of their stay must prove they have a disability or extenuating circumstances. Since early April there has been an increase of nearly 1,000 single adults in shelter. In addition to recent arrivals, this may be a one-time increase because of the policy change, as the City brought into shelter many migrants that had been waiting for days that weren't previously included in the census numbers. The first of these

stricter 30-day notices, which the City began to distribute in late April on a rolling basis, went into effect on May 22.

- For newly arrived families with children, the 60-day shelter stay rule implemented by the Adams Administration in January continues to apply. As of May 26, a total of 10,909 families with children in emergency shelters have been given 60-day notices. These households include a total of 38,025 individuals, 19,706 adults, and 18,319 children. Of the 13,710 adults from families with children in households whose 60-day notices had expired as of May 26, 17% remain in the shelter where their 60-day notice was given, 32% have been transferred to other shelters, and 51% do not remain in shelter. See the Comptroller's recent investigation of the Adams Administration's implementation of the 60-day rule.
- The number of people in shelter who are not asylum-seekers decreased by approximately 350 individuals in May; this population has increased by more than 3,500 since July 2023.

Chart 10



Source: NYC DHS, NYC Mayor's Office, Office of the NYC Comptroller

Note: Figures shown are monthly averages. Data on the asylum seeker population within DHS shelters is not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

City Finances

FY 2025 Property Tax Final Roll

- The NYC Department of Finance (DOF) released the FY 2025 property tax roll on May 24th, 2024. The final roll reflects changes to the tentative roll, released in January 2024; these changes largely reflect reassessments of property values in response to property owners' petitions, as well as additional approval or recording of property tax exemptions. The final roll also incorporates final NY State valuations of some Class 3 utility properties that were not included in the published tentative roll, but for which the Office of the NYC Comptroller had previously estimated values.

- This section focuses on the difference between tentative and final values and how they compare to our previous estimates, which formed the basis of the forecast in the recently published report on the FY 2025 Executive Budget. In the aggregate, final DOF market and billable assessed values were higher than we had expected. In our May Spotlight we examined the NYC office market and related tax revenue in FY2025 relative to our even earlier projections made in 2023. The spotlight too was updated (see Table 3) to reflect the higher final 2025 values.

- Overall, across all tax classes, the change to the billable assessed values was small—a 0.2% increase in the final billable assessed value as compared to their tentative assessed values, as shown in Table 2. This contrasts somewhat from the FY 2020 to FY 2024 period, when the total final value was, on average, 0.9% smaller than the tentative value. As a result, the tax levy in FY 2025 is higher than we had previously expected, as outlined below.

- Small reductions near 1 percent from the tentative to final rolls—in line with past years' changes—were seen for the total billable assessed value of tax Class 1 (1 to 3 unit residential) properties, Class 2 (4+ unit residential) properties, and Class 4 (commercial) properties.

- The overall 0.2% increase in billable values deviated from the typical 0.9% decline due to an outsized increase of 13.8% in the final billable assessed value of Class 3 (utility) properties for FY2025 compared to their partially estimated tentative values, even though this tax class is comparatively small. A similar pattern occurred in FY2024. This Class 3 segment is prone to large adjustments because the State does not submit its portion of Class 3 properties that it values until after the tentative roll is released. This would not be an issue if the valuations were steady; but in the last two fiscal years, their final values have increased sharply from the prior fiscal year.

- Having previously expected a decline overall in valuations from the tentative to final rolls, this new data pushes the FY 2025 forecast of the total property tax levy upward by about $288 million, a 0.8% increase compared to our previous estimate.

Table 2. Real Property Tax, FY 20205 Tentative and Final Roll ($ in Millions)

	DOF Tentative Roll		DOF Final Roll		% Change: Tentative to Final Roll	
Tax Class	DOF Market Value*	Billable Assessed Value	DOF Market Value*	Billable Assessed Value	DOF Market Value*	Billable Assessed Value
1	$738,794	$26,053	$738,510	$25,834	0.0%	-0.8%
2	$370,420	$116,078	$369,474	$115,180	-0.3%	-0.8%
3	$51,902	$23,210	$58,972	$26,402	13.6%	13.8%
4	$329,595	$133,516	$326,946	$132,015	-0.8%	-1.1%
Total	**$1,490,711**	**$298,858**	**$1,493,903**	**$299,432**	**0.2%**	**0.2%**

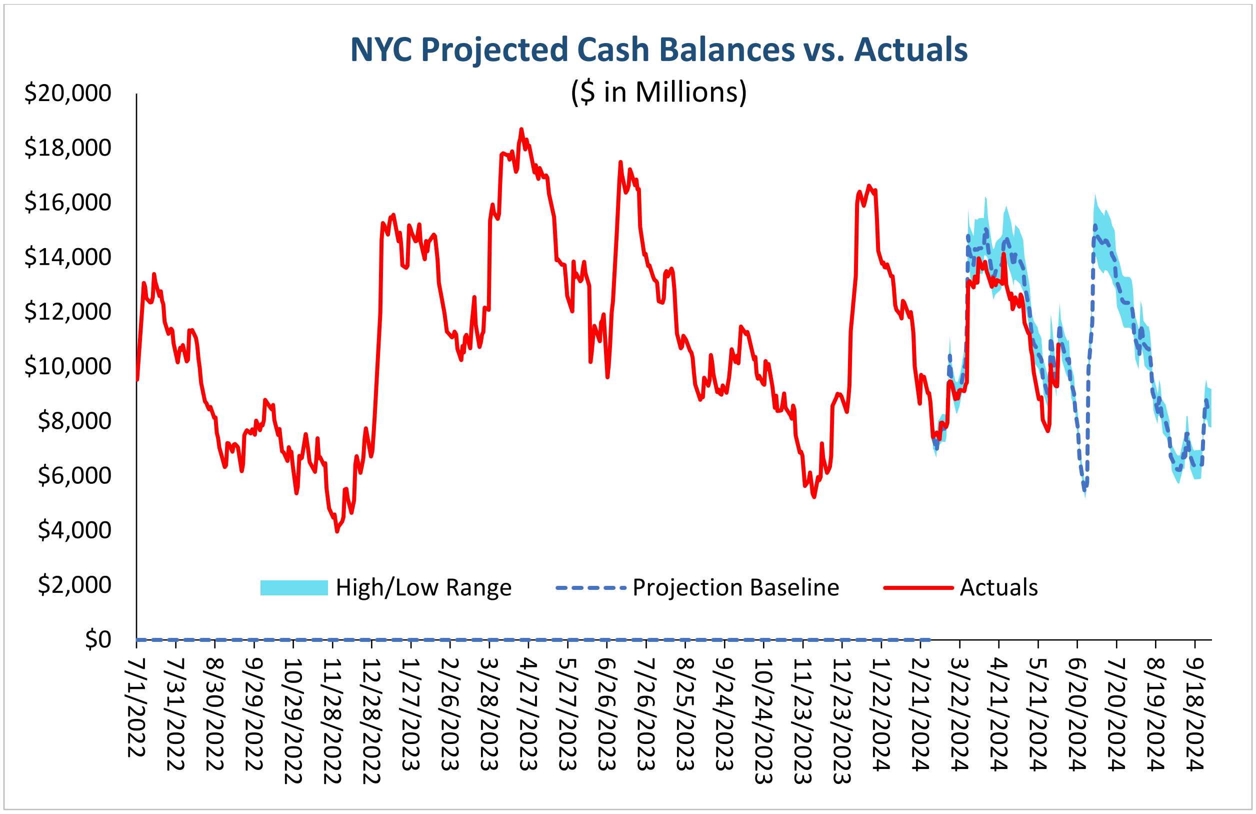
* "DOF Market Value" is the Department of Finance's valuation of properties for tax purposes—it is not equivalent to what these properties would sell for in an arms-length transaction.
Source: NYC Department of Finance Tentative and Final Roll.

New York City's Cash Balances

- As of June 5th, 2024, the cash balance stood at $10.801 billion, compared to $13.123 billion in FY 2023, $7.597 billion in FY 2022, and $10.412 billion in 2021. Last year, in the second half of FY 2023, the cash balances reached record high numbers, benefitting from robust tax collections and Covid-19 federal aid.
- Each quarter, the Comptroller's Office releases projections for the following four months. As shown in Chart 11 below, cash balances declined significantly in the second half of FY 2024, more than we anticipated in our March 2024 forecast. We projected that cash balances would average $11.766 billion between March and May 2024, but they averaged $10.935 billion. PIT + PTET collections fell below forecast, as discussed in more detail in the May Economic Newsletter. Also, the City received about $1 billion less in capital reimbursements than projected.
- Going forward, we expect that the cash balances will stay close to FY 2022 and FY 2021 cash balances. The Comptroller's Office's review of the City's cash position during the

third quarter of FY 2024 and projections for cash balances through September 30, 2024 are available here.

Chart 11



Source: Office of the NYC Comptroller

Contributors

Comptroller Lander thanks the following members of the Bureau of Budget for their contributions to this newsletter: Jonathan Siegel, Chief Economist; Jason Bram, Director of Economic Research; Yaw Owusu-Ansah, Director of Tax Policy and Revenue Analysis; Steve Corson, Senior Research Analyst; Elizabeth Brown, Senior Director of Budget Oversight; Astha Dutta, Economic Data Analyst; Krzysztof Haranczyk, Director of Budget Analysis and Research; Jack Kern, Senior Budget & Policy Analyst; Irina Livshits, Chief, Fiscal Analysis Division; Kieran Persaud, Principal Budget Analyst; Andre Vasilyev, Principal Economic Development Analyst; Marcia Murphy, Principal Revenue Analyst; Krista Olson, Deputy Comptroller; and Francesco Brindisi, Executive Deputy Comptroller. The Comptroller also thanks Archer Hutchinson, Creative Director, and Angela Chen, Senior Website Developer for design and layout.

SIGILLUM·CIVITATIS·NOVI·EBORACI

·1625·

NEW YORK CITY COMPTROLLER
BRAD LANDER

1 Centre Street, New York, NY 10007
www.comptroller.nyc.gov
@NYCComptroller
(212) 669-3916