NEW YORK CITY COMPTROLLER
BRAD LANDER

Spotlight

NYC's Economy: Overview and Prospects

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Introduction

As 2025 draws to a close, we look at recent trends and developments in New York City's economy as a guide to what we might expect for the year ahead and beyond. In this Spotlight report, we summarize economic highlights from our Annual State of the City's Economy and Finances report, released earlier this week, with a focus on the city's comparative performance in different areas. Economic prospects for New York City can be thought of as being composed of two primary factors: how the U.S. economy does, and the extent to which New York over- or under-performs the rest of the nation. While many of the risks we face are tied to national issues—particularly Trump Administration policies and Artificial Intelligence—our focus here will be on the latter question, how New York City diverges from the national economy.

New York City's economy has grown only modestly in 2025, with several of New York City's industries showing little-to-no growth in their payrolls. Yet there have been no major increases in claims for unemployment insurance nor a significant rise in the unemployment rate. The desirability of New York City as a place to live, work, and visit forms a strong foundation for economic resilience and prosperity—though there are, of course, some clouds on the horizon (we're economists, after all).

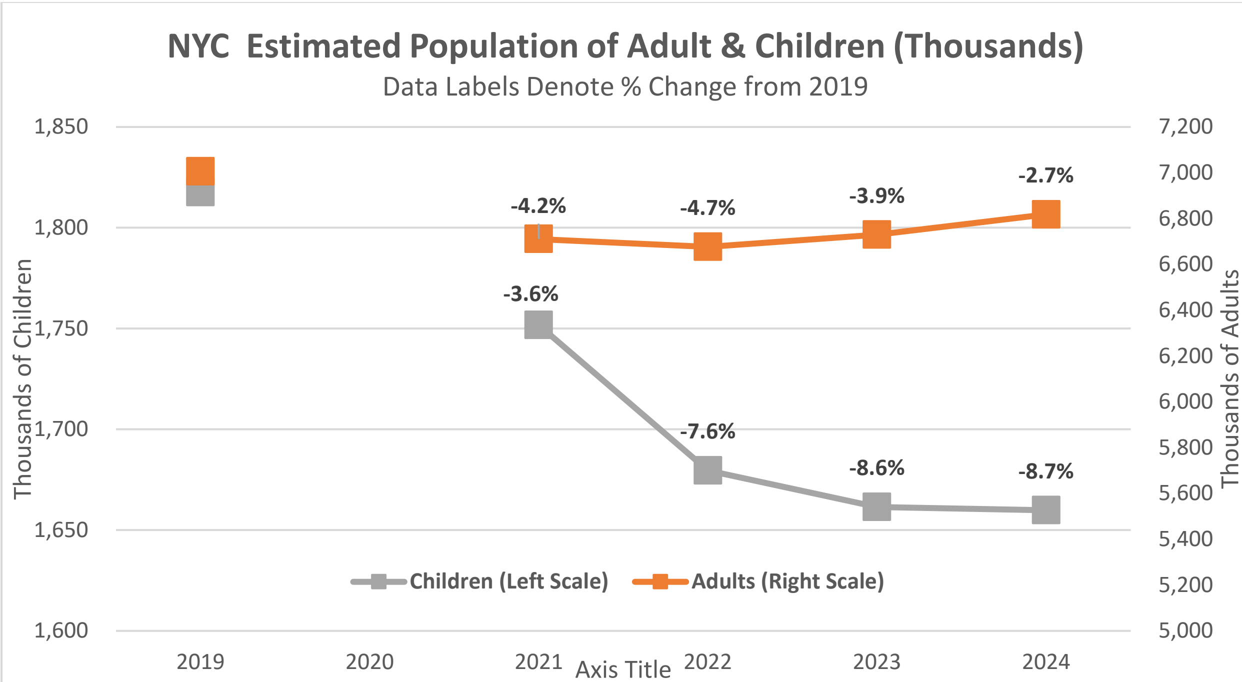
Long-Term Trends & Challenges

Population and Demographics

The COVID-19 pandemic hit New York City hard in 2020, and one of the city's historically key comparative advantages, density, became its Achilles' Heel as "social distancing" became a major health priority … at least for a while. The sudden and steep 5% drop in population that ensued was both caused by and contributed to an historic contraction in the local economy.[1] By 2022, as the pandemic gradually faded and offices had begun to re-open and bring back workers, many people returned and new residents came; the population stabilized and began to rebound thereafter. But as shown in Chart 1 below, while the adult population grew increasingly briskly in 2023 and 2024, the population of children (under 18) continued to fall. In fact, the total number of children under 18 living in New York City is at its lowest level in many decades, and children as a share of the city's population is at its lowest level on record.

[1] In addition, it is estimated that the Covid pandemic led to "excess" deaths, relative to a typical year, that amounted to roughly 0.3% of the population. See Excess Deaths in Mexico City and New York City During the COVID-19 Pandemic, March to August 2020 - PMC

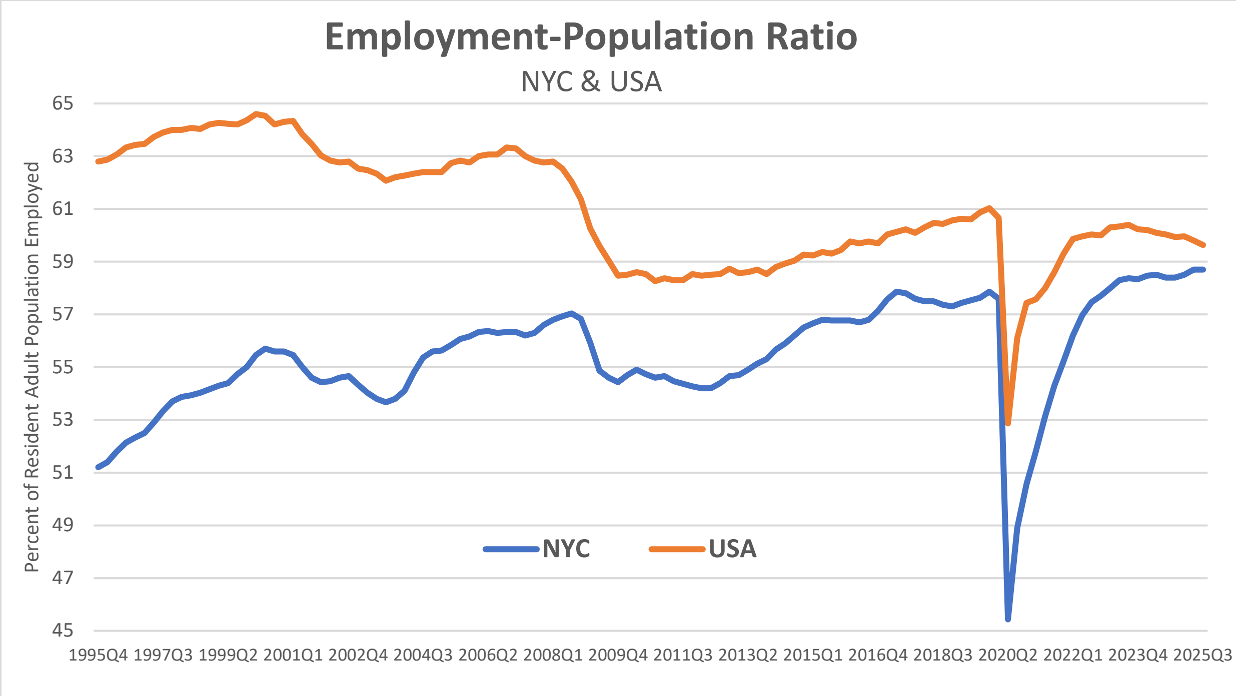
Chart 1



Sources: U.S. Census Bureau, Annual Population Estimates (Total population 2021-24), US Bureau of Economic Analysis (Total population 2019 from NIPA incorporating Census revisions); American Community Survey (Proportion of children vs adults for all years shown); Moody's economy.com

With the upturn in the adult population came an upturn in the available labor force. Moreover, by early 2023, a record 58% of working-age residents were employed, as shown in Chart 2 below. By September 2025, that ratio had climbed still higher to a new record high of 58.8%, in contrast with the nationwide ratio which has been drifting lower. These high levels reflect the fact that measured NYC resident employment was essentially unchanged from September 2019 to September 2025, while the city's adult population declined by roughly 2 percent over the same period. This trend contrasts with the national one, where the employment-population ratio has drifted down to 59.7 percent in September 2025—close to a four-year low and down from a post-pandemic peak of 60.4 percent in August 2023.

Chart 2



Source: NY State Department of Labor (NYC); U.S. Bureau of Labor Statistics (USA)

Domestic Migration in and out of NYC in 2024

Historically, New York City's economic growth has been driven, in large part, by international migration; population changes have largely reflected the degree to which international immigration has offset net domestic out-migration. Domestic migration in and out of NYC remained stable in 2024, based on an analysis of newly published American Community Survey data. Table 1 shows that the *domestic* migration balance totaled approximately -42,300 households and -114,500 individuals in households (international immigrants as well as individuals in group quarters are excluded from the computation). This is a smaller negative balance than in 2017-2019 and far from the losses experienced in 2021. Mean and upper quartile of annual income of incoming and outgoing households also remained relatively stable. 2021 remains the only year in the table when outgoing households showed higher values than those of incoming households.

Table 1. Domestic Migration Balance and Associated Household (HH) Incomes

Year	Migration Balance		Mean HH Income		Upper Quartile HH Income	
	HH	Individuals in HH	Incoming	Outgoing	Incoming	Outgoing
2017	-52,486	-146,584	$161,431	$136,712	$193,832	$166,875

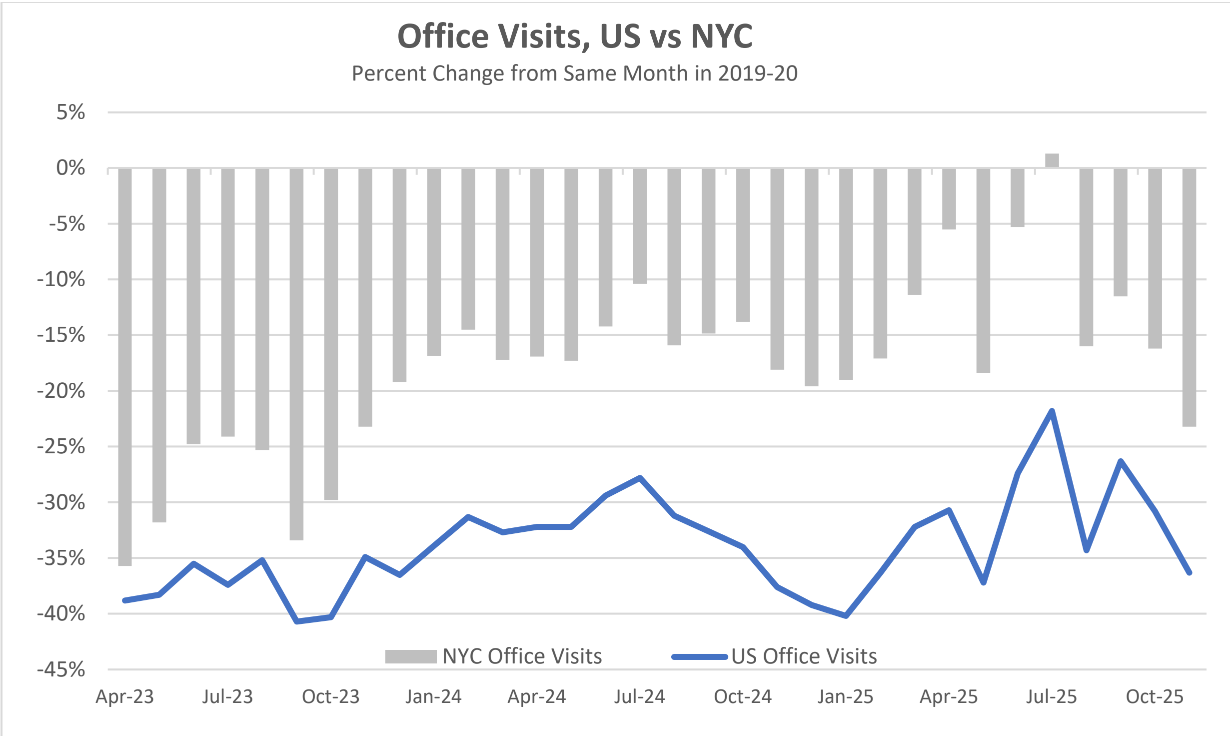
Year	Migration Balance		Mean HH Income		Upper Quartile HH Income	
	HH	Individuals in HH	Incoming	Outgoing	Incoming	Outgoing
2018	-57,735	-172,711	$148,432	$148,136	$175,815	$172,921
2019	-50,756	-144,586	$176,128	$154,853	$209,220	$196,913
2021	-90,459	-270,150	$143,132	$173,616	$169,151	$214,335
2022	-57,554	-183,718	$148,768	$143,194	$178,998	$176,854
2023	-39,384	-121,343	$179,694	$145,452	$205,876	$185,288
2024	-42,285	-114,498	$170,209	$143,294	$210,000	$180,050

Source: Office of the NYC Comptroller analysis of Census Bureau 2024 American Community Survey Public Use Micro Sample data. Incoming and outgoing households based on householder location data. Households reporting zero income are excluded from the income estimates but not from the migration balance. Income data are expressed in 2024 dollars. The inflation adjustment uses the Bureau of Labor Statistics' R-CPI-U-RS series, per Census Bureau documentation. The 2020 survey is excluded due to the experimental nature of the data.

Potential Effects of Remote Work

One lasting effect of the pandemic was a dramatic increase in the prevalence of remote work. While office attendance in New York City has rebounded substantially from its lows in the first year of the pandemic, and has far outpaced the nationwide rebound, attendance appears to have settled at a level 15-20% below pre-pandemic levels, as shown in Chart 3 below. While this shift toward more hybrid/remote work has clearly affected New York City's office market, as well as transit ridership, broader measures of economic activity suggest that any long-term effect on New York City's economy overall may be relatively muted.

Chart 3



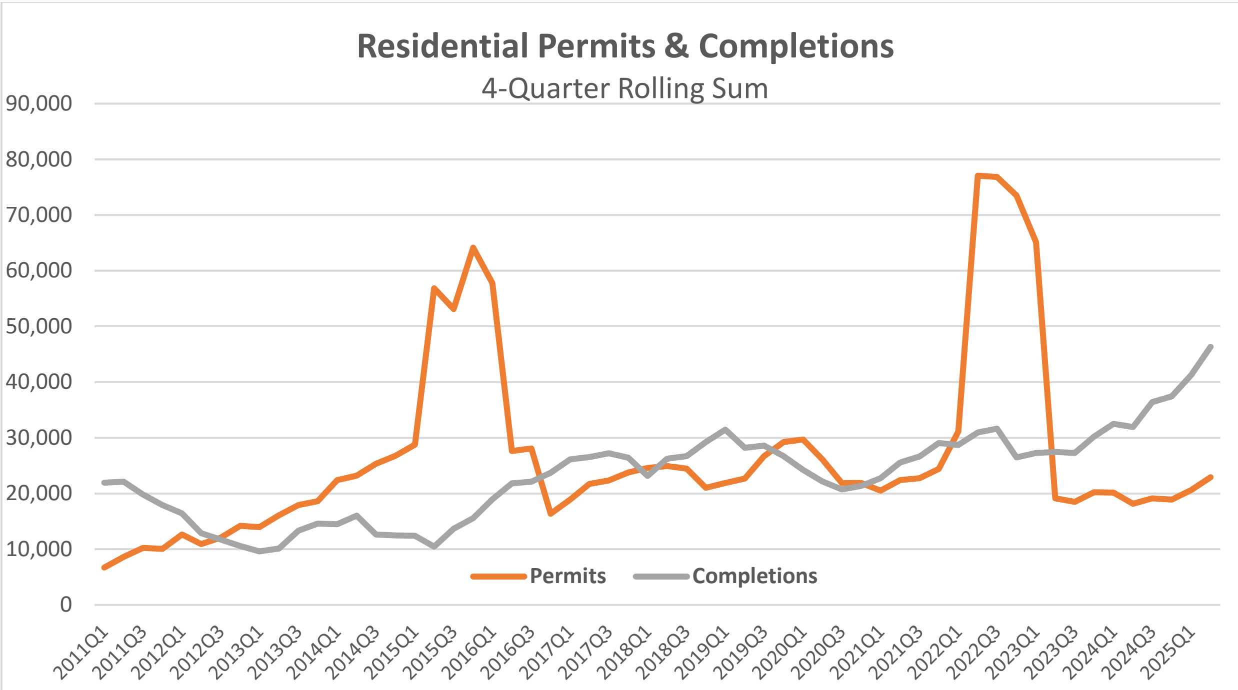
Source: Placer.ai

Housing Shortage Constraining Growth

With a strong rebound in demand for office space, steady and strong tourism, and a banner year on Wall Street—as will be discussed in the next section—a major constraint on growth going forward is the severe shortage of housing, particularly affordable housing. No statistic underscores the shortage of housing more than the estimated 1.4 percent citywide vacancy rate, based on the 2023 Housing & Vacancy Survey—the lowest in decades. While some policymakers had hoped that the 485-x tax incentive program, which replaced 421a, would generate a meaningful increase in housing supply, it has thus far fallen short of expectations. One provision that is a wage requirement that applies to large buildings (with 100 or more units). In the third quarter of 2025, it was reported that developers filed 21 permits for buildings with exactly 99 units but very few for larger buildings. Given that the program started taking applications less than a year ago (mid-January, 2025), it remains to be seen whether this pattern continues. On the other hand, office-to-residential conversions are accelerating and could bring to market more than 17,000 units in the short term, as shown in one of our Fiscal Notes. The extent to which this improving trend in the office market continues, however, also depends on the demand outlook.

As shown in Chart 4 below, when 421-a sunsets occurred in 2015 and again in 2022, the system was flooded with permits because the incentive actually pushed projects forward into the pipeline in time to qualify. Those waves later show up as increases in completions. And when the program most recently expired, permits collapsed from more than 70,000, to roughly 20,000 a year, while completions have stayed high as the old pipeline was still being built out.

Chart 4



Source: NYC Department of City Planning

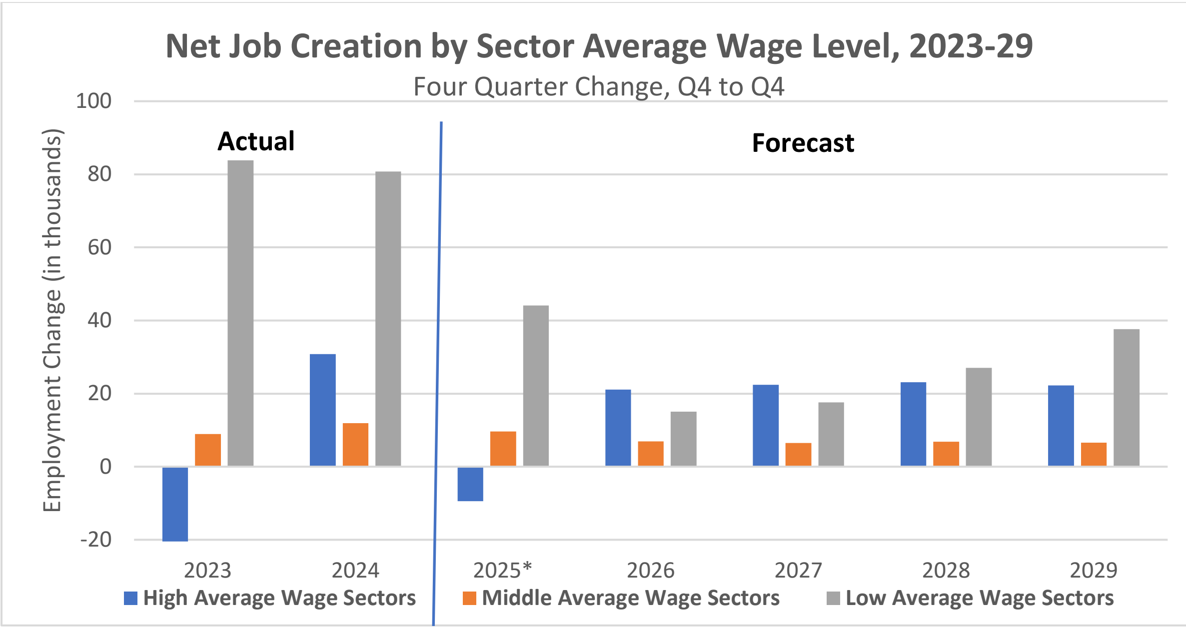
Note: Data for 2025 Q3, though available, are incomplete and thus not included here.

Cyclical Trends & Outlook

Employment & Earnings

In 2025, employment growth in New York City was stagnant in all but two industry sectors—Education & Health and Government. Job growth in the Health & Social Assistance sector has stood as the primary driver of NYC payroll expansion in the past three years. And within the sector, the subsectors of Home Health Care Services and Individual & Family Services have been responsible for most of the job growth. These are among the lowest average wage industries in the city, and, as can be seen in Chart 5, low wage industries have dominated job growth for the past three years. Over the next few years, growth in these lower wage sectors is forecast to diminish somewhat but remain the largest contributors to city job growth. The high wage sectors—which coincide with the industries most oriented toward office work and include finance, information, and professional services—are expected to reverse their recent downward trends and resume moderate growth.

Chart 5



Sources: Quarterly Survey of Employment and Wages (NY State Department of Labor), Mayor's Office of Management and Budget, Office of the New York City Comptroller

Note: *2025 change is derived from two quarters of preliminary actual data and two forecast quarters.

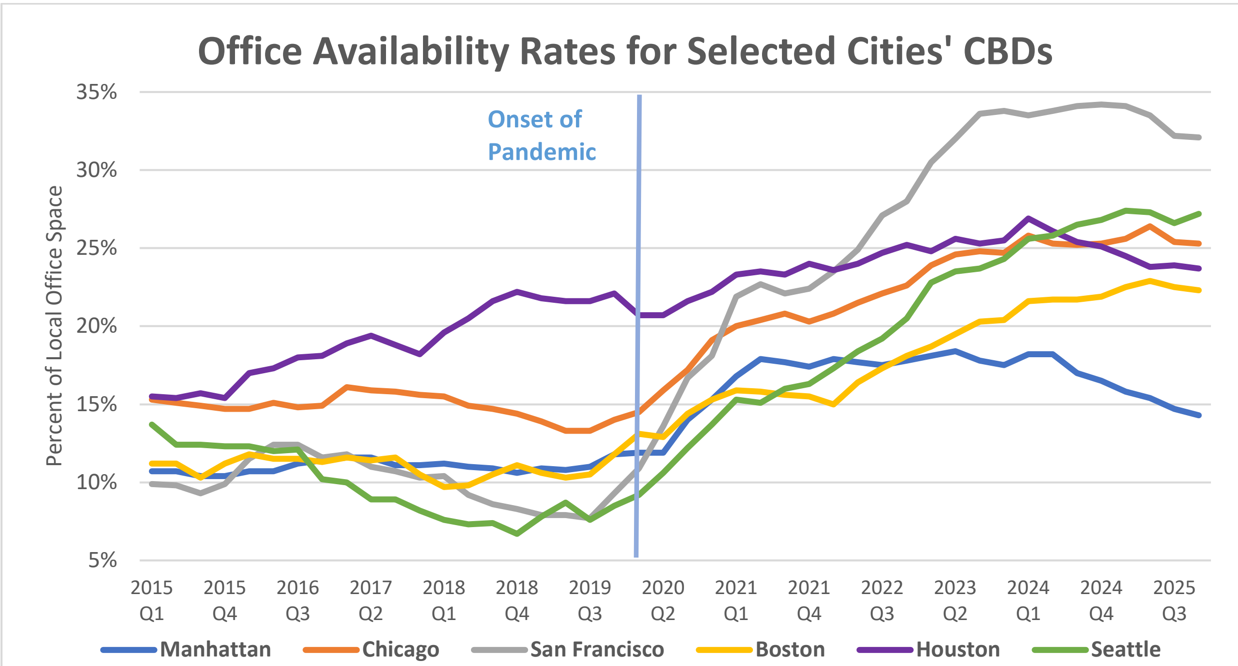
One key high-paying sector that is doing well is Finance & Insurance—specifically the Securities Industry (aka Wall Street). Between Q3 2024 and Q3 2025, New York Stock Exchange member firms reported a 40 percent increase in pre-tax profits, driven by strength across trading, investment banking, and asset management activities. The quarterly results continue a strong performance trajectory that began in 2024 and have fueled growth in both Wall Street employment and compensation. This performance puts the industry on pace for its one of the strongest years on record.

Residential & Commercial Real Estate

The housing market was characterized by mixed trends during 2025. The purchase market was essentially stagnant, with citywide home prices up just 0.5 percent from a year earlier, as of September, based on estimates from StreetEasy. In contrast, the rental market was increasingly tight, with rents rising nearly 6 percent over the same period. This divergence is even more pronounced when compared with pre-pandemic levels. Over this longer interval of six years, home prices edged down roughly 2 percent, whereas rents surged by an estimated 29 percent. This divergence has likely been driven largely by rising mortgage rates, which reduce home-purchase affordability and thus tend to put downward pressure on prices relative to rents.

Over the past year and a half, New York City's office market has outperformed the nationwide market, as well as those in most other central cities. Prior to the pandemic, the office availability rate, both nationwide and in Manhattan's CBD, stood at 12%. At mid-2024, Manhattan CBD's office availability rate stood at 18%—moderately above the nationwide rate of 16%. In the nearly one and a half years since, the New York City rate has fallen 4 points to roughly 14%, while the nationwide rate as declined only marginally, to 15.7%. Moreover, Manhattan's office market has far out-performed other major cities' CBDs (Central Business Districts), as shown in Chart 6.

Chart 6



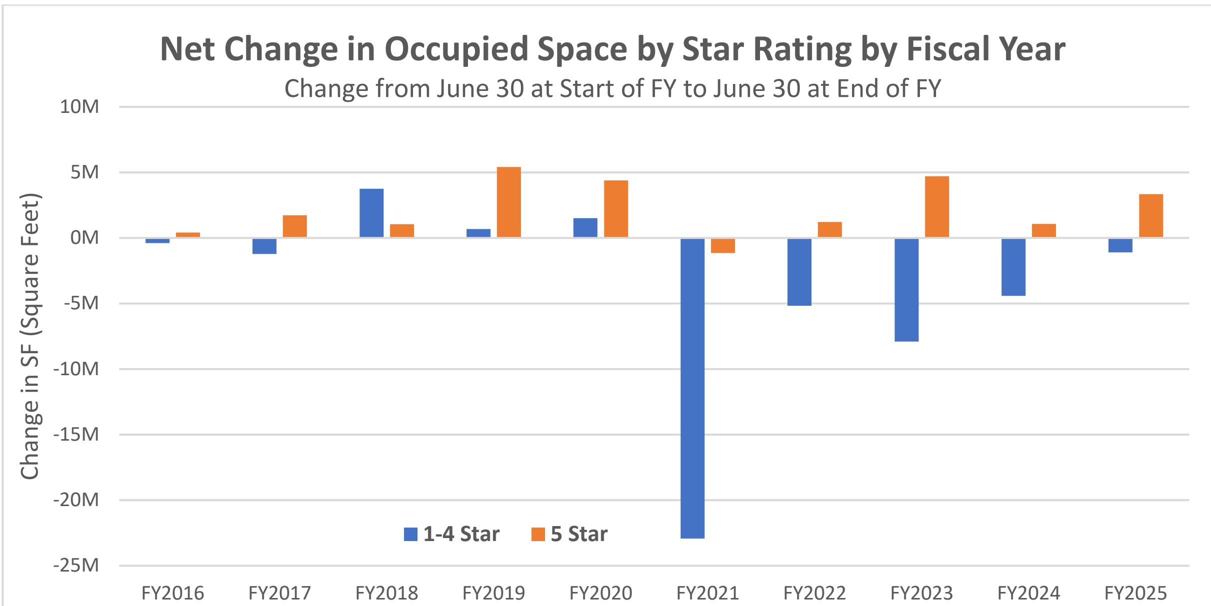
Sources: Costar; Office of the NYC Comptroller

Moreover, the improvement in the office market had not been all that broad-based until fairly recently. Specifically, up until early-2025, virtually all of the improvement in market conditions had been driven by top tier (5-star) office buildings. In that segment of the market, accounting for roughly 10 percent of the city's office space, mainly in Manhattan's CBD (central business district), new supply was coming on line but it was being snapped up. The rest of the market, in contrast, remained in the doldrums, with availability and vacancy rates stuck at or near post-pandemic highs and rents down sharply from pre-pandemic levels.

Starting in early 2025, however, leasing began to pick up modestly for these lower-tier properties. This, combined with a slow but steady reduction in supply—driven by a combination of renovations and office-to-residential conversions—led to a gradual downward trend in the availability rate for Class B and C properties citywide, which declined from nearly 14 percent at the end of 2024 to 12.4 percent in November 2025. This bodes well for the broader economic outlook, given that businesses tend not to commit to long-term office leases if they are not looking to expand and hire.

While office vacancy and availability rates are still somewhat elevated, relative to pre-pandemic levels, the tax base for commercial space has held up fairly well, as expounded upon in our November Spotlight report. In effect, two forces are driving the growth in office valuations. One is that much of the increase in vacant and available space reflects increased supply, as opposed to less actual occupied space (i.e. demand). The other is that there has been a substantial shift in occupied space, from lower-tier (and thus lower-rent) properties to higher-tier buildings. This "upscaling" of the city's office inventory, and especially space that is leased, has driven the rise in both office valuations and tax levies. Chart 7 below shows that, for 5-star properties in Manhattan's CBD, occupancy has increased in each of the past four fiscal years, whereas occupancy in lower-tier properties has fallen in each year.

Chart 7



Sources: Costar; Office of the NYC Comptroller

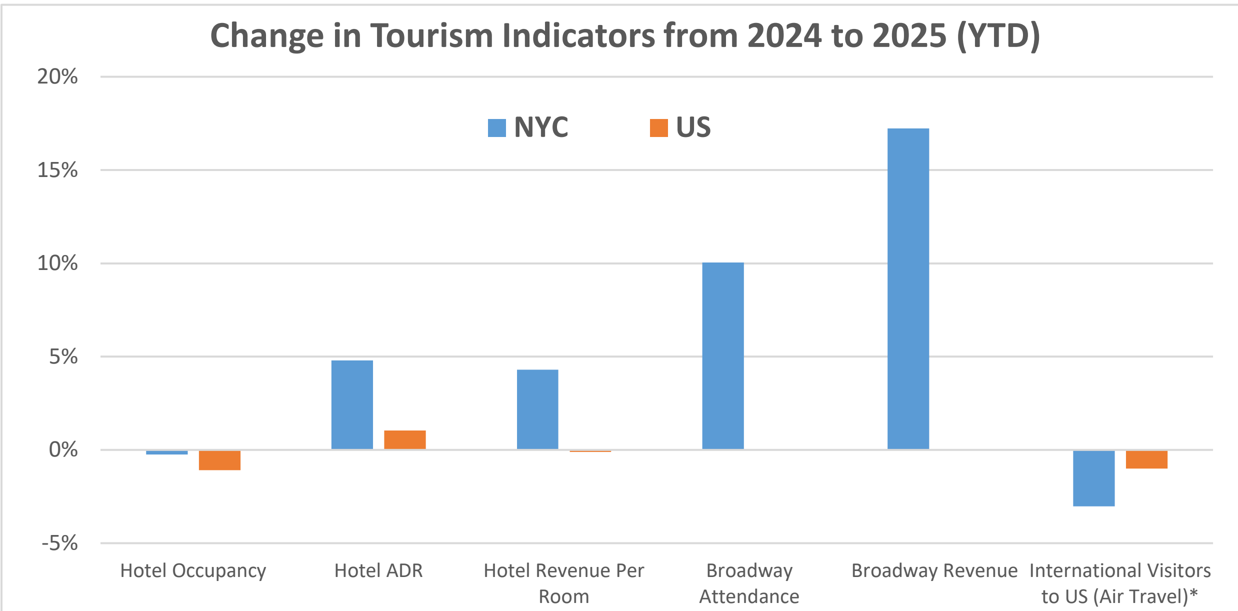
Tourism

Having fully rebounded from the severe pandemic-driven slump, tourism continued to show resilience throughout 2025, despite weak domestic consumer confidence and a pullback in international visitors—especially from Canada where visitors to the U.S. by air and automobile have fallen by 24 percent and 31 percent, respectively, in October 2025 versus the prior year. The decline in international visitors combined with growth in other tourism measures suggests some shift toward additional domestic tourism.

The city's overall hotel occupancy rate stood at just below 90%in October 2025—down marginally from a year earlier but otherwise the highest level since 2019. Year-to-date, hotel occupancy across the city has averaged 83.4%, just marginally below 2024 levels. However, total revenue per room, year-to-date, is up more than 4%, reflecting a similar rise in average room rates—a somewhat stronger performance than nationwide, as shown in Chart 6. Even after adjusting for inflation, room rates are modestly above pre-pandemic levels. Meanwhile, the inventory (supply) of hotel rooms had fully rebounded to pre-pandemic levels by 2023; in 2024 it rose by almost 4% but has leveled off over the past year.

Broadway theatres have also seen business rebound to around pre-pandemic levels. As of mid-November, attendance was running roughly on par with comparable 2024 levels, while revenues were up nearly 10%. While the implied 10%rise in average ticket prices over the past year far exceeds general inflation, ticket prices are only up about 11%since late 2019, which falls far short of general inflation over that 6-year period. Chart 8 below shows how these and other tourism indicators have changed between 2024 and 2025 (year-to-date).

Chart 8



Sources: Costar (hotels); League of Broadway Theatres (Broadway); International Trade Administration (visitors)
*Based on data from January-August of each year, by point of entry.

Outlook

The near-term outlook for New York City's economy seems generally positive at this point. Continued strong demand for housing suggests that the city is widely seen as a desirable place to live; the recent pickup in demand for office space implies it is seen as a desirable place to do business; and the resilience of tourism suggests it is seen as a desirable place to visit. Moreover, the city's key Finance sector is having a banner year.

Looking to the years ahead, we anticipate modest job growth and moderate economic growth, roughly in line with national growth, which is expected to average 2.0% annually through 2029. While job growth over the past year has almost entirely been concentrated in the Health and Social Assistance sector—both locally and nationally—it is expected to be somewhat more broad-based. Many of the headwinds that are constraining local growth are also headwinds for the U.S. economy: most notably, a shortage of housing (and housing affordability), immigration and trade restrictions, and potential disruptive effects of AI.

Risks on the Horizon

While the focus of this Spotlight has largely been New York City's performance relative to the nation as a whole, the biggest risk to the city's economy would be a U.S. slowdown or even recession driven by high and lasting tariffs, a trade war, and the surrounding uncertainty of U.S. trade policies. A recession would likely precipitate declines in financial markets and NYC's employment, wholesale and retail trade spending, and business profits. Immigration policies also pose a risk, as international immigration has offset net domestic out-migration The threat of increased deportations and diminished net international migration could lead to labor shortages in certain industries and segments of the labor market—both nationally and in NYC—which would in turn cause upward pressure on wages and create supply shortages likely increase inflation.

The rapid growth and potentially sweeping impact of artificial intelligence looms as a double-edged risk for NYC. If the technology can quickly achieve what many currently expect, significant disruption to NYC's workforce would be possible. As noted in our August Spotlight Report, large part of NYC's employment and wages are in occupations subject to high AI usage—including Arts, Design, Entertainment, Sports, and Media; Business and Financial Operations; Computer and Mathematical; Educational Instruction and Library; and Management occupations. On the flip side, if the hype over AI comes to be seen as premature, financial markets may plummet after having been largely fueled over the past year by the technology's promise. A crash in stock market values and a precipitous decline in private investment in AI software and computer hardware would have a strongly negative impact on the national economy and an even more negative impact on NYC, due to its role as the nation's financial capital.

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