



NEW YORK CITY COMPTROLLER  
**SCOTT M. STRINGER**

Bureau of Budget

**Q4 2019**

# NYC Quarterly Economic Update

Economic Growth Accelerates In Q4 2019

**March 2020**



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# Overview

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- Residential Real Estate Sales Fall in Manhattan, Stronger in Brooklyn and Queens
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- Venture Capital Investment Solid
- Other Indicators Are Mixed
- Leading Economic Indicators Mixed

**Table 1: Fourth Quarter 2019 Key Economic Indicators for NYC and U.S. Compared with Q4 2018**

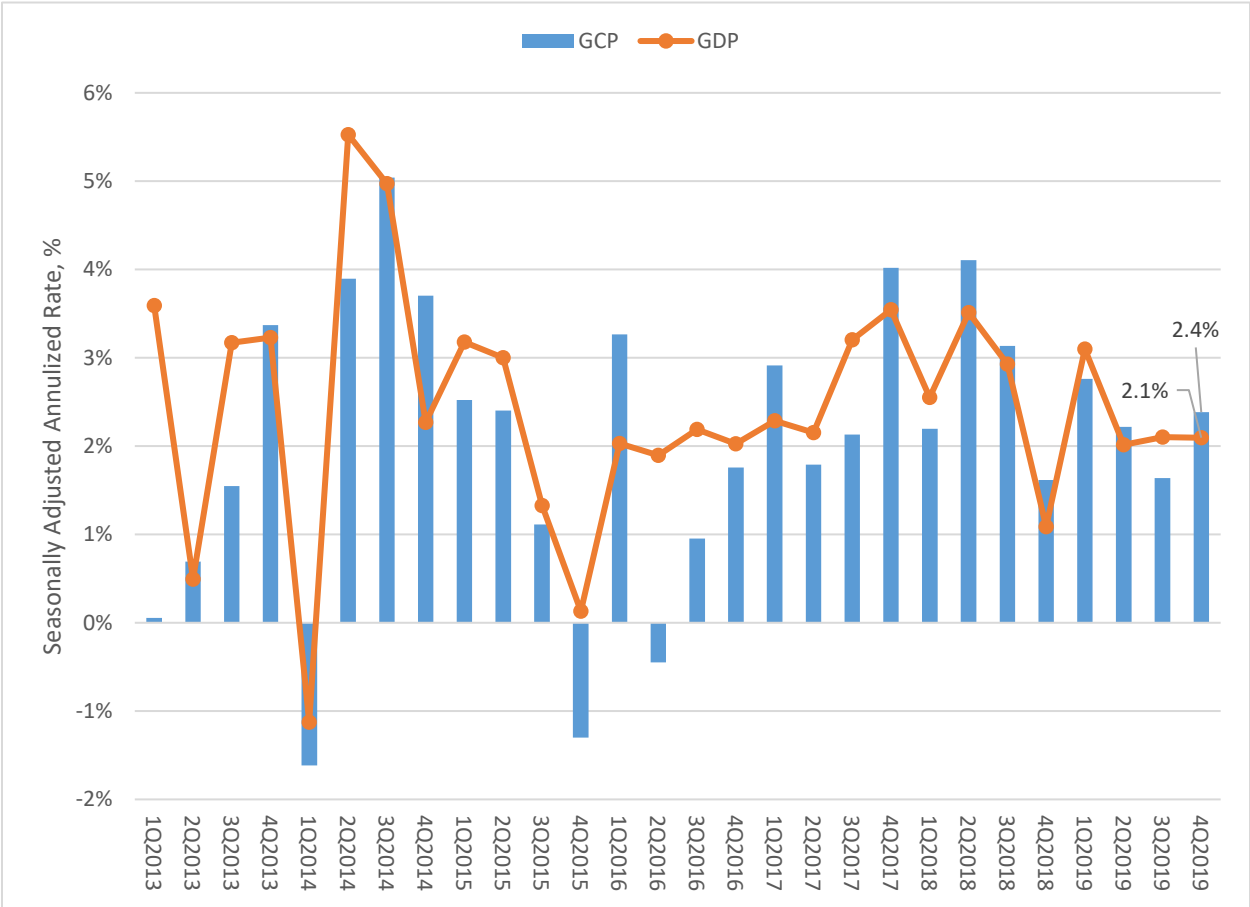
Economic Indicator		Q4 2018	Q4 2019
GCP/GDP Growth, SAAR	NYC	1.6	2.4
	U.S.	1.1	2.1
Payroll-Jobs Growth, SAAR	NYC	2.4	2.2
	U.S.	1.3	1.6
PIT Withheld, Growth, NSA	NYC	2.4	6.1
	U.S.	-6.3	3.2
Inflation Rate, NSA	NYC	1.8	1.8
	U.S.	2.2	2.0
Unemployment Rate, SA	NYC	4.0	4.0
	U.S.	3.8	3.5

SAAR=Seasonally adjusted annual rate. SA=Seasonally adjusted. NSA=Not seasonally adjusted

Full data series are available on-line at <https://comptroller.nyc.gov/reports/new-york-city-quarterly-economic-update/>

# NYC Economic Growth Accelerates

**Chart 1. NYC Real Gross City Product (GCP) Remains Above The U.S.**



Source: BEA and NYC Comptroller

The City’s economy grew 2.4 percent in Q4 2019 on an annualized basis, surpassing national economic growth, and up from 1.6 percent in the third quarter. The increased economic pace was led by a strong labor market and solid wage growth as measured by average hourly earnings.

U.S. GDP rose at a 2.1 percent annual rate in Q4 2019, matching the 2.1 percent growth rate in the previous quarter. The biggest contributor to GDP growth was a sharp decline in imports, and the largest drag on growth was a decline in inventory investment. Consumer spending contributed 1.20 percentage points (pp) to GDP growth, less than the 2.12 pp in Q3 2019. The decrease in consumer spending’s contribution was primarily driven by significant reductions in the purchase of durable and nondurable goods. Durable goods contribution dropped from 0.56 pp in Q3 2019 to 0.15 pp in Q4 2019. Similarly, nondurable goods contribution dropped from 0.53 pp in Q3 2019 to 0.11 pp in Q4 2019. The biggest contributor to GDP growth

was an 8.7 percent drop in imports (a net positive for GDP) most likely due to tariffs on goods from China.<sup>1</sup> Chinese's exports of goods to the U.S. accounted for 21.2 percent of all U.S. imports in 2018. , that share dropped to 18.1 percent in 2019. U.S. exports of goods to China dropped 11.3 percent in 2019 because of retaliatory tariffs imposed by China. Despite the reduction in exports for the year, in Q4 2019 exports to China rose likely as a conciliatory overture leading to the current agreement worked out between the US and China.. The result, a decrease in imports from China and a weaker decrease in exports led to this positive contribution to the US GDP. Government expenditures contributed 0.47 pp to GDP growth in the 4<sup>th</sup> quarter, of which 0.23 pp was federal and 0.23 pp were by state and local governments. Nondefense Federal government expenditure rose 1.6 percent, and defense spending grew 4.9 percent on an annualized basis in Q4 2019.

A continued slump in private investment deducted 1.08 pp from GDP growth after deducting 0.17 pp in Q3 2019 and 1.16 pp in Q2 2019. As a result, gross private investment dropped by 6.1 percent in Q4 2019 from the previous quarter. Two likely causes for the third consecutive quarterly decline in investment include the waning impact of the 2017 Tax Cuts and Jobs Act stimulus effect, and hesitation in the face of uncertainties over the path of trade negotiations (the U.S. and China signed a preliminary “phase one” deal in January 2020).

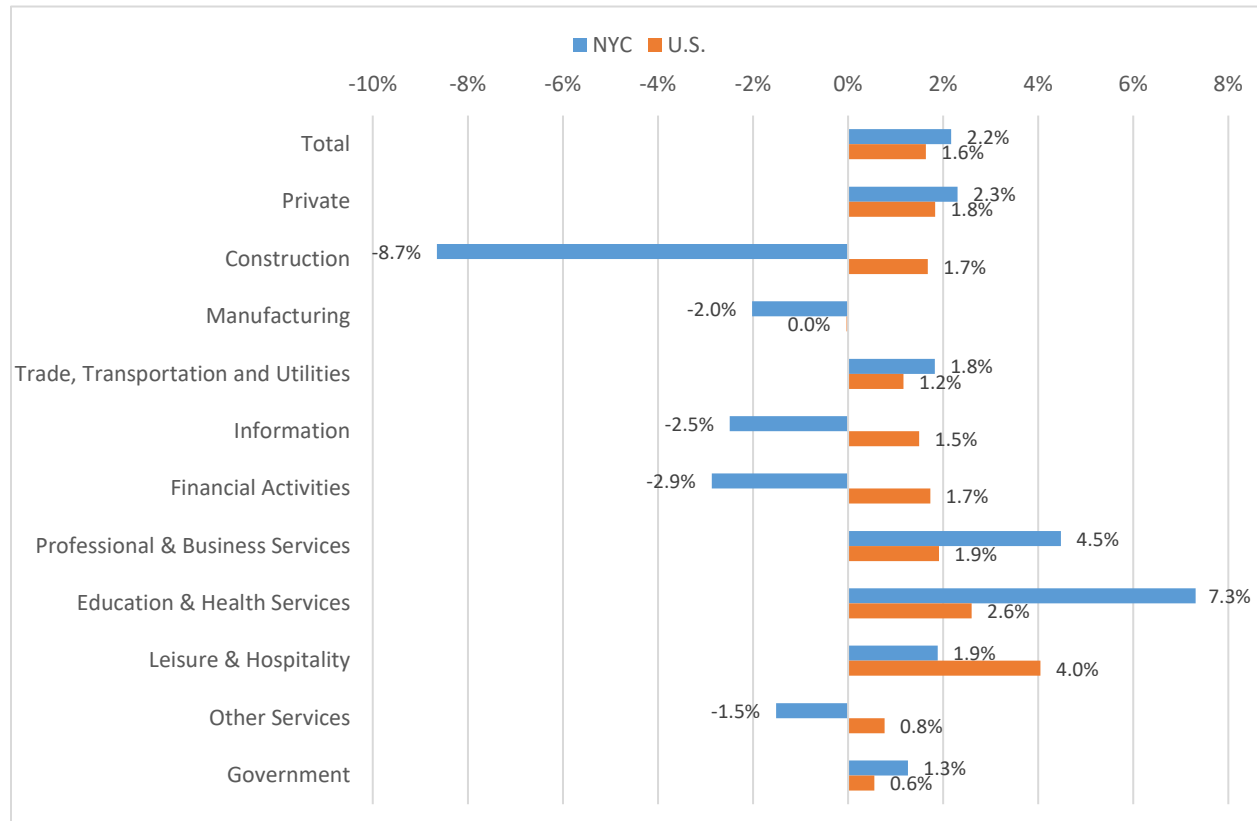
Finally, the U.S. inflation rate, as measured by the year-over-year change in the consumer price index rose 2.0 percent while the personal consumption expenditure (PCE) deflator rose 1.5 percent in Q4 2019. The PCE deflator is clearly below the Federal Reserve's 2.0 percent target.

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<sup>1</sup> The period covered here precedes the Phase One trade agreement between the U.S. and China signed on January 15, 2020, which removed some tariffs on Chinese goods that had been imposed by the Trump administration..

# Private-Sector Hiring Accelerates

Chart 2. NYC Job Growth Accelerates



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

Job growth in the City accelerated in Q4 2019. New York City establishments (including government) added 24,950 jobs, an increase of 2.2 percent on a seasonally adjusted annualized rate (SAAR) basis, the biggest gain since Q4 2018. U.S. jobs grew by 1.6 percent in Q4 2019 after increasing 1.5 percent (SAAR) in Q3 2019 (Chart 2).

The City’s private sector grew by 23,100 jobs or 2.3 percent (SAAR) in Q4 2019. The public sector added 1,900 jobs in Q4 2019 after adding 3,000 jobs in Q3 2019. Nationally, private-sector employment grew 1.8 percent (SAAR) in Q4 2019, up from 1.5 percent in Q3 2019.

In the private sector, the largest employment gains in the City were in healthcare and social assistance, with a gain of 12,600 new jobs, of which more than half (7,200 jobs) were in home healthcare services., likely driven by the Medicaid Consumer Directed Personal Assistance Program (CDPAP).<sup>2</sup>

<sup>2</sup> <https://cdpapny.org/>



Professional and business services (PBS) added 8,600 jobs. PBS has been adding jobs continuously since Q4 2009. Professional, scientific, and technical services added 3,800 jobs and administrative and support services added 4,100 jobs, of which 3,700 were in employment services.

The education services sector which has been adding an average of 1,700 new jobs on a quarterly basis since Q1 2010, added 6,200 jobs (the biggest gain since Q4 2000) after losing 6,000 jobs in the previous quarter. The information sector lost 1,300 jobs mostly due to motion pictures dropping 1,500 jobs, while broadcasting added 700 jobs. Trade, transportation and utilities added 2,900 jobs almost all of which, were in transportation and warehousing (+2,700) and retail trade (+500), while wholesale trade subtracted 300 jobs in Q4 2019.

Employment in the financial activities sector declined for the fifth consecutive quarter, shedding 3,400 jobs, the biggest loss of jobs since Q3 2009, as the earnings of the nation's six largest banks declined 4.3 percent in the fourth quarter on a year-over-year basis.<sup>3</sup> The financial activities sector has lost a total of 8,100 jobs since Q3 2018. Lower interest rates hurting bank profitability, the implementation of financial technology, and the relocation of jobs to lower cost geographies are the likely cause of this decline may be contributing to lower net interest income growth than banks may have anticipated.

Leisure and hospitality added 2,200 jobs, after dropping 500 jobs in the previous quarter. The main driver of this gain was food services and drinking places which added 4,300 jobs, the biggest increase since Q1 2017. Restaurants and other eating places added 2,600 jobs after adding 2,400 jobs in the previous quarter while arts, entertainment and recreation lost 1,300 jobs in Q4 2019.

Construction lost 3,500 jobs in Q4 2019 after losing a combine total of 4,000 jobs in the previous two quarters. Manufacturing continued to contract, losing 300 jobs.

The number of office workers increased by 3,900 in Q4 2019 after increasing by 1,300 in Q3 2019, the latest continuous increase in the past ten-years. However, housing employment, which includes construction workers and the real estate and property sector, lost 5,800 jobs after losing 1,200 jobs in Q3 2019, the third continuous quarter shredding jobs and the biggest decline since Q2 2009.

There were 17,400 new private-sector jobs in local-sector industries, such as education and health services. Export-sector industries, such as leisure and hospitality and professional and business services, added 5,700 jobs.<sup>4</sup> Local sector jobs accounted for 75.4 percent of all new private sector jobs while exports sector jobs accounted for the remaining 24.6 percent share.

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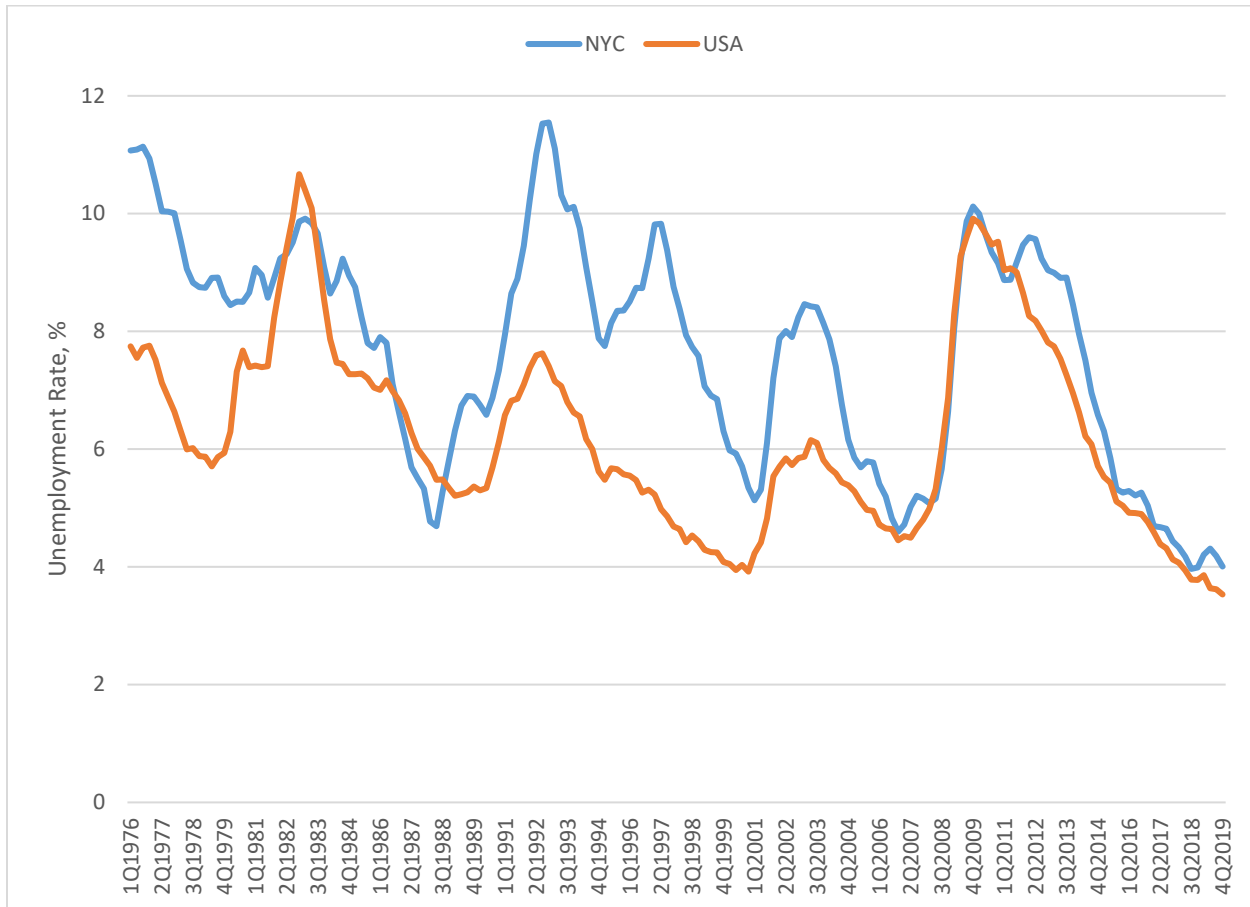
<sup>3</sup> JPMorgan Chase, Bank of America, Wells Fargo, Citigroup, Goldman Sachs, and Morgan Stanley. All but Bank of America and Wells Fargo are headquartered in NYC.

<sup>4</sup> Export sector jobs (generally higher paying) provide goods and services to people and firms outside of the five boroughs and depend more heavily on the national and global economies. Local sector jobs provide support for the export sector and the local population or local consumption.



# Unemployment Rate Remains At Record Low

Chart 3. NYC Unemployment Rate Fell



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

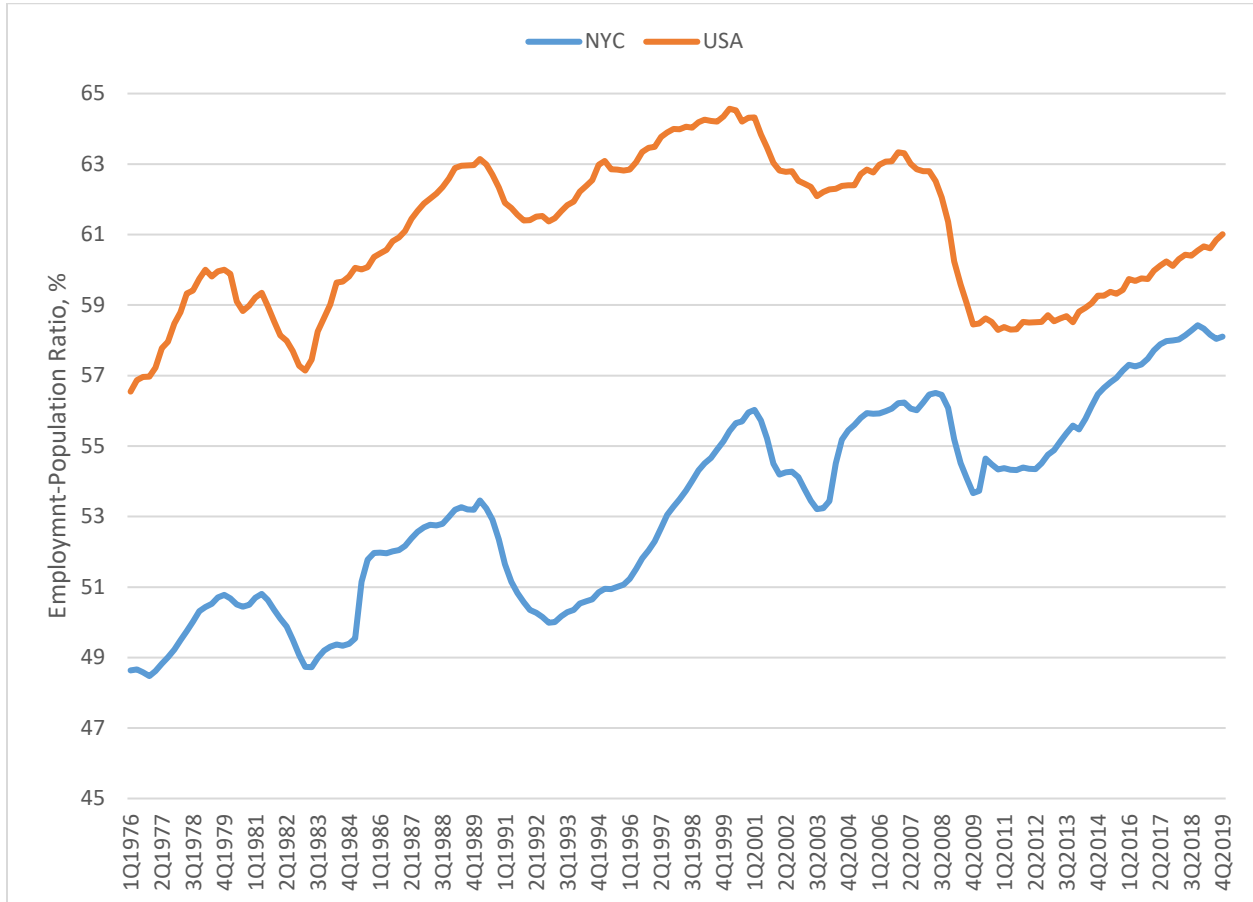
Increases in payroll jobs helped the City's unemployment rate fall to a seasonally adjusted rate of 4.0 percent in Q4 2019 from 4.2 percent in Q3 2019, matching its record low of 4.0 percent in third and fourth quarters of 2018 (Chart 3). The number of unemployed in the City declined by 7,500 to 163,700 in Q4 2019. The U.S. unemployment rate was 3.5 percent in Q4 2019, the lowest rate since the second quarter of 1969.

The unemployment rate (not seasonally adjusted) declined in all five boroughs in Q4 2019 from Q4 2018. Furthermore, the unemployment rates in all the five boroughs were at historically low fourth-quarter levels in Q4 2019. The borough unemployment rates changes from Q4 2018 to Q4 2019 were:

- 3.4 to 3.2 percent in Queens;
- 3.5 to 3.3 percent in Manhattan;
- 3.8 to 3.6 percent in Staten Island;

- 4.0 to 3.8 percent in Brooklyn; and
- 5.3 to 5.1 percent in the Bronx.

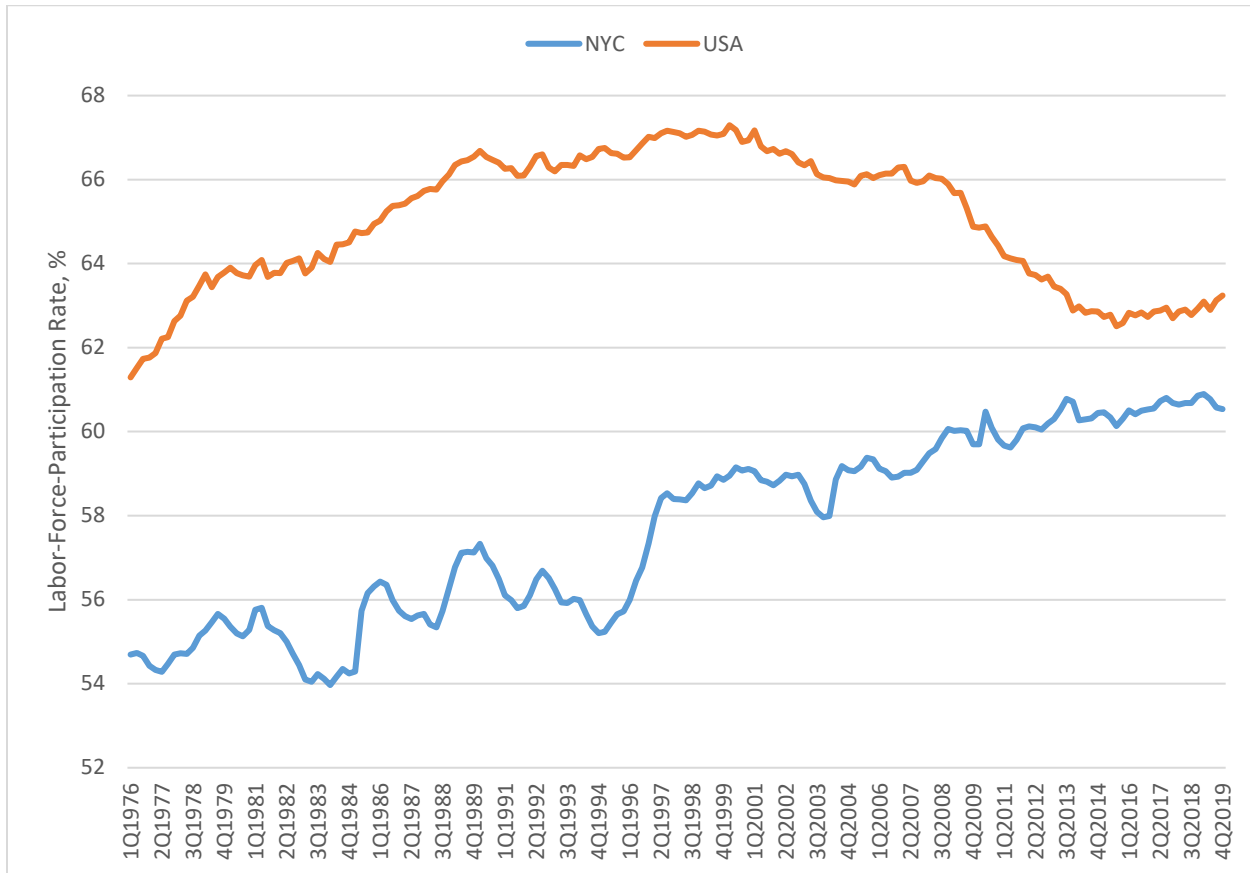
**Chart 4. The Percentage of New York City Residents Working Remains Near Record High**



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

On a quarter-over-quarter basis, the number of employed City residents (who may work either in the City or the commutable suburbs) experienced a marginal increase of 800 after dropping in the previous three quarters. The City’s employed residents remained at slightly over 3.9 million in Q4 2019. The City’s employment-to-population ratio tilted up a bit to 58.1 percent in Q4 2019 from 58.0 percent in Q3 2019 (Chart 4). The national employment-to-population ratio also experienced a marginal increased to 61.0 percent in Q4 2019, the highest rate since 61.4 percent in Q4 2008. The spread between the nation’s and the City’s employment-to-population ratios (which may be explained by differences in demographics, i.e. age or skill levels) rose to 2.9 percentage points in Q4 2019, the highest in five years.

**Chart 5. Labor Force Participation Rate Declined a Bit**



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

The City’s labor force declined by 6,700 in Q4 2019, the fourth consecutive decline in as many quarters. As a result, the City’s labor force participation rate (LFPR), which is the ratio of the total labor force to the total non-institutional population aged 16 years old and up, experienced a minor drop to 60.5 percent in Q4 2019 from 60.6 percent in Q3 2019. In contrast, the national labor force participation rate slightly rose to 63.2 percent in Q4 2019 from 63.1 percent in Q3 2019. Table 2 provides a summary of the City’s household data for the third and fourth quarters of 2019.

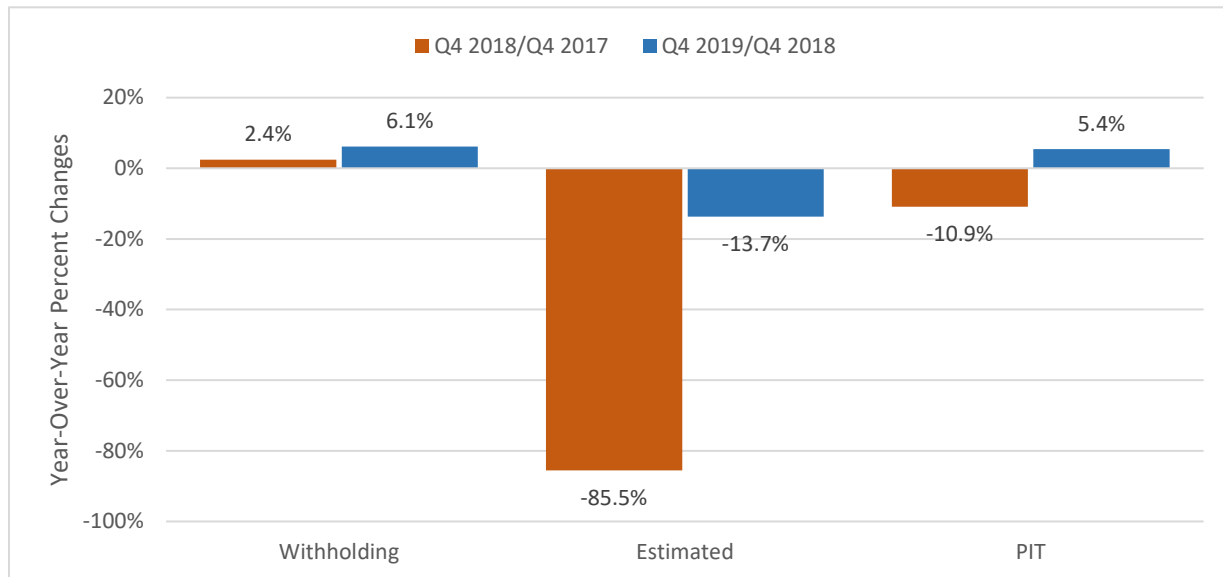
**Table 2. Employment Status of the Resident Population**

	Q3 2019	Change, Q4	Q4 2019
Employed City Residents	3,920,300	(800)	3,921,100
+ Unemployed City Residents	171,200	(7,500)	163,700
= Labor Force	4,091,500	(6,700)	4,084,800
Unemployment Rate	4.2%		4.0%
Civilian Non-institutional Population	6,754,200	(6,300)	6,747,900
Labor Force Participation Rate	60.6%		60.5%

Source: NYS Department of Labor

# Strong Growth in Wages and Earnings

Chart 6. Change in Personal Income Tax Collections



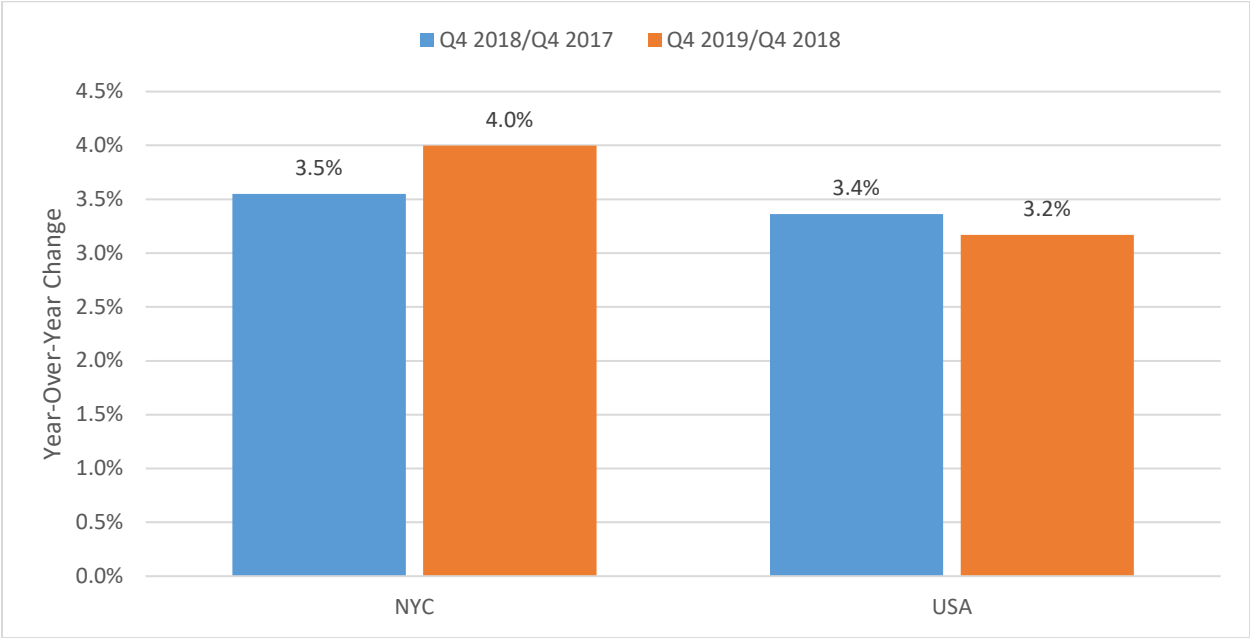
Source: NYS OPTA

NYC personal income tax (PIT) collections rose 5.4 percent or by \$153.1 million on a year-over-year basis to approximately \$3.0 billion in Q4 2019 (Chart 6). All the gains were as a result of withholding tax revenues, which are generally directly related to wages and salaries.

Estimated tax payments, which accounted for 22.9 percent share of PIT collections during calendar year 2019, were unusually low in the fourth quarters of 2018 and 2019. Estimated tax payments including extension payments, (generally related to dividends and other investment income), dropped 13.7 percent or \$12.4 million in Q4 2019 over a year ago.

Average hourly earnings (AHE) of all private sector NYC employees rose 4.0 percent on a year-over-year basis to \$38.23 in Q4 2019. U.S. average hourly earnings grew 3.2 percent to \$28.32 in Q4 2019 from 36.76 in Q4 2018. The 3.2 percent increase in the nation was less than the 3.4 percent in Q4 2018, but higher than the 2.5 percent average for the fourth quarters since 2007 (Chart 7). Wage gains exceeded the year-over-year change in the Consumer Price Index for urban consumers of 1.8 percent in the New York metro area.

**Chart 7. Growth in Average Hourly Earnings of Private Employees**



Source: U.S. Bureau of Labor Statistics

## Vacancy Rates Rise as New Commercial Spaces Available Increase

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According to Cushman and Wakefield, there were about 9.1 million square feet (msf) of new commercial leases in Manhattan in Q4 2019, “a healthy finish to 2019...and only the seventh time in the past 20 years quarterly leasing exceeded 9.0 msf.” Even though fourth quarter leasing was strong it was not enough to best the exceptionally strong 10.2 msf in Q4 2018. Leasing in Q4 was 24.7 percent higher than the 7.3 msf registered in Q3 2019. Underlying the healthy performance in the City as a whole was 6.4 msf of leasing in Midtown in Q4 2019, 1.3 msf in Midtown South, and 1.4 msf in Downtown.

Manhattan’s overall commercial vacancy rate increased to 11.1 percent in Q4 2019 from 9.2 percent in Q4 2018 (Table 3). The primary reason for the increase was an increased supply of available space, which grew by 22.2 percent leading to more than 8.2 msf of additional available space on a year-over-year basis. Available space increased in Midtown by 6.6 msf, in Midtown South by 0.8 msf, and by about 0.8 msf in Downtown. On a year-over-year basis, the vacancy rate rose 2.3 percentage points in Midtown to 11.6 percent, 1.3 percentage points in Midtown South to 8.5 percent, and 0.9 percentage points in Downtown to 11.7 percent in Q4 2019.

On a weighted average basis commercial rents increased in Manhattan although there were differences by neighborhood. Compared with Q4 2018, rents fell in Downtown and Midtown South, but increased in Midtown as higher-priced space entered those markets in Q4 2019.

**Table 3. Commercial Vacancy Rate, Available Space and Rental Rate Increased Year-Over-Year**

	Q4 2018	Q4 2019
Vacancy Rate, Manhattan	9.2%	11.1%
Pct. Change in Available Space, Q/Q annualized	4.8%	22.0%
Weighted Average Rental Rate (psf)	\$72.28	\$73.41

Source: Cushman & Wakefield

# Residential Real Estate Sales Are Mixed

**Table 4. Residential Sales Falls in Manhattan but rose in Brooklyn and Queens**

	Manhattan	Brooklyn	Queens
Avg. Sales Price	\$1,815,700	\$972,873	\$674,844
Avg. Sales Price (Y/Y)	-7.5%	-2.5%	5.9%
Number of Sales	2,404	2,545	3,468
Number of Sales (Y/Y)	-1.2%	2.9%	6.8%
Listing Inventory	6,643	2,943	5,456
Listing Inventory (Y/Y)	9.0%	-1.7%	5.7%
Absorption Rate (Months)	8.3	3.5	4.7
Average Days on Market	99	78	76
Days on Market (Y/Y)	6.5%	0.0%	-2.6%

Source: Douglas Elliman

According to Douglas Elliman, housing prices fell in Manhattan and Brooklyn, but increased in Queens in Q4 2019, on a year-over-year basis (Table 4). Prices in Manhattan and Brooklyn fell by 7.5 percent and 2.5 percent, respectively, while prices in Queens rose 5.9 percent.

In Manhattan, sales fell 1.2 percent to 2,404 in Q4 2019, after falling 14.2 percent in Q3 2019. The sharp increase in Q2, the sharp decline in Q3, and the moderate drop in Q4 is believed to be the result of a tax-avoidance strategy in reaction to the new Mansion Tax implemented on July 1, 2019.

The listing inventory in Manhattan rose 9.0 percent from the prior year to 6,643 in Q4 2019. Decline in sales and increase in inventory resulted in a higher absorption rate, defined as the number of months to sell all inventory at the current rate of sales. Absorption rate or months of supply, rose to 8.3 months in Q4 2019 from 7.5 months in Q4 2018. Days on the market from the last list date increased to 99 days in Q4 2019 from 93 days a year ago.

In Brooklyn, sales volume increased 2.9 percent, on a year-over-year basis to 2,545, leading to a 1.7 percent drop in the listing inventory to 2,943. The absorption rate declined to 3.5 months in Q4 2019 from 3.6 in Q4 2018, and the number of days on the market remains unchanged at 78.

In Queens, sales volume rose 6.8 percent to 3,468 in Q4 2019 over Q4 2018. As a result, the listing inventory only rose 5.7 percent to 5,456 in Q4 2019 compared with 21.3 percent average growth in the previous five quarters. The number of days on the market dropped to 76 days in Q4 2019, from 78 days in Q4 2018. The absorption rate experience a marginal drop to 4.7 months in Q4 2019 from 4.8 months in Q4 2018.

Douglas Elliman reports that the number of 1 to 3-family homes sold rose in Brooklyn (1.4 percent), and in Queens (9.7 percent) in Q4 2019, on a year-over-year basis. Similarly, the average sales price per square foot increased 5.9 percent in Brooklyn and 4.6 percent in Queens in Q4 2019 over Q4 2018.



**Table 5. StreetEasy Citywide Data**

	Q4 2018	Q4 2019
Sale-to-List Ratio	95.6%	94.7%
Share of Price Cuts	11.8%	11.1%

Source: Comptroller's Office based on data from StreetEasy

Nevertheless, signs of softness in the residential housing market are provided by StreetEasy, which reports that the citywide median sale-to-list ratio – the final recorded sales price of a home or apartment as a percentage of its initial asking price – was 94.7 percent in Q4 2019, down from 95.6 percent in Q4 2018 (Table 5).<sup>5</sup> A lower sale-to-list ratio is an indicator that sellers are not realizing the value they believe they have in their properties.

As an indicator that sellers may be adjusting to the lower prices, the share of all active sales listings on StreetEasy that had a reduction in asking price during Q4 2019 dropped to 11.1 percent from 11.8 percent in Q4 2018, albeit still high compared to the 8.5% average fourth quarters rate since 2010.

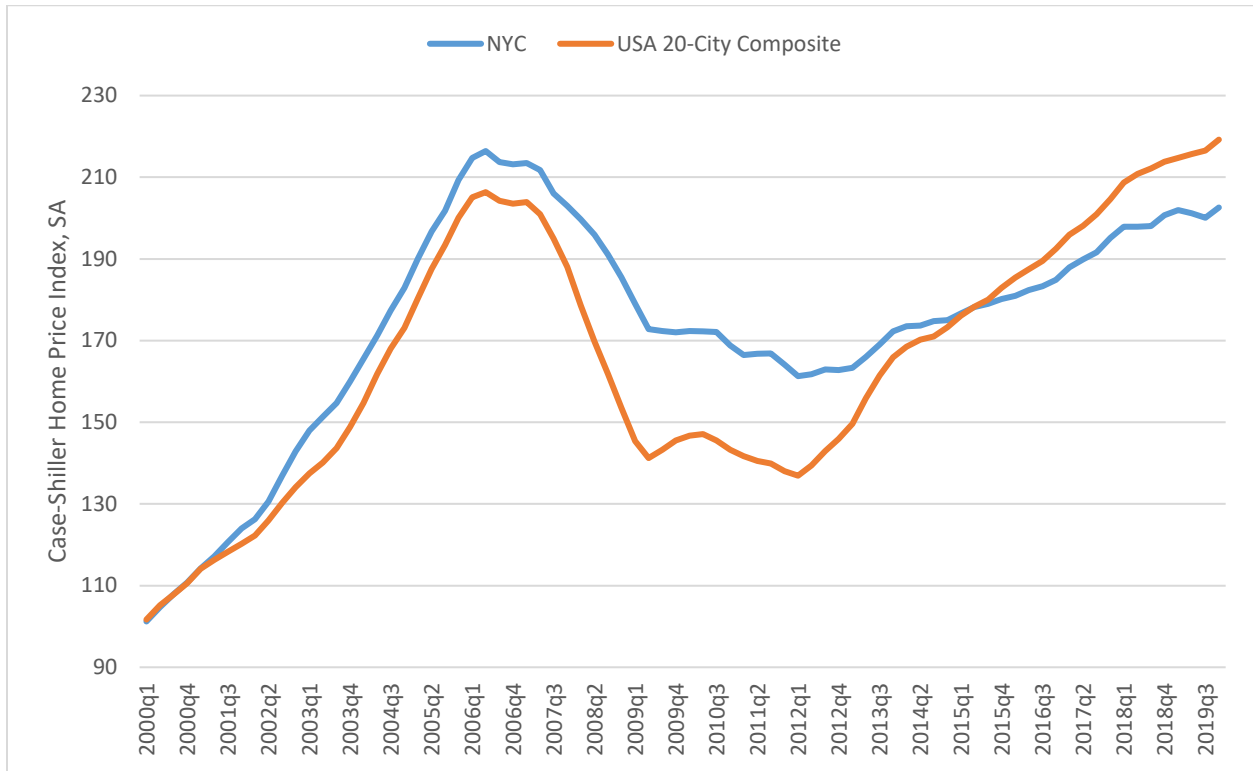
Finally, according to the Case-Shiller index, which tracks single-family home prices, single family homes in the New York metro area lagged price growth in the U.S. on average (Chart 8). The New York metro area home price index increased 0.9 percent in Q4 2019 over the same period in 2018, while the U.S. 20-city composite index rose 2.5 percent. As a comparison, both the U.S. and NYC metro area inflation rates were 2.0 percent and 1.8 percent, respectively in Q4 2019 on a year-over-year basis.

According to Case-Shiller, U.S. home prices have recovered their losses from the last recession while the New York metro area still lags behind. As of Q4 2019, the U.S. 20-city composite index was 60.1 percent higher than its trough in Q1 2012 and 6.2 percent above its previous peak in Q2 2006. In comparison, the New York metro area home price index was 25.6 percent higher than at its trough in Q1 2012, but was still 6.4 percent below the peak reached in Q2 2006.

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<sup>5</sup> <https://streeteasy.com/blog/data-dashboard/>

**Chart 8. NYC Single Family Home Price Recovery Lags the Nation**



Source: Standard and Poor's Case-Shiller Home Price Index

## Residential Rental Markets Remain Mixed

**Table 6. Residential Rents Were Mixed in December 2019**

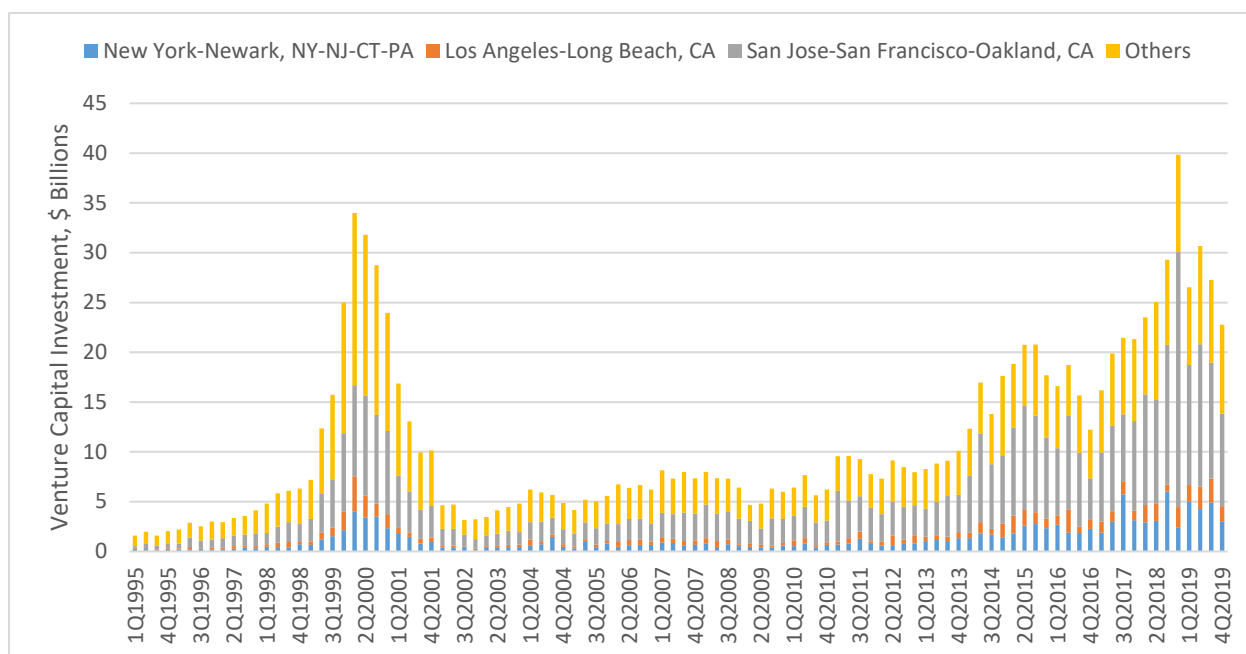
	Manhattan	Brooklyn	NW Queens
Avg. Rental Price	\$4,412	\$3,410	\$3,022
Avg. Rental Price (Y/Y)	6.4%	9.5%	3.8%
Number of New Leases	2,820	811	201
Number of New Leases (Y/Y)	-13.0%	-11.4%	-24.2%
Days on Market (from original list date)	31	28	26
Days on Market (Y/Y)	-3.1%	-9.7%	-3.7%
Listing Discount (from original list price)	2.5%	1.6%	1.4%
Listing Inventory	5,043	1,446	390
Listing Inventory (Y/Y)	1.8%	-26.6%	-11.0%
Share of New Leases with Concessions	40.3%	36.0%	54.2%

Source: Douglas Elliman

The rental market was mixed in December 2019, according to Douglas Elliman (Table 6). In Manhattan, the average rental price increased 6.4 percent, but the number of new leases fell 13.0 percent from a year ago. As a result, the vacancy rate in Manhattan rose slightly to 1.81 percent from 1.78 percent in December 2018. In Brooklyn, the average rental price rose 9.5 percent but the number of new leases dropped 11.4 percent. In Northwest Queens, the average rental price rose 3.8 percent but the number of new leases fell 24.2 percent in December 2019, from a year ago. Manhattan's share of new leases with concessions fell to 40.3 percent in December 2019 from 44.0 percent a year ago, in Brooklyn it fell to 36.0 percent from 49.2 percent and in Queens it rose to 54.2 percent from 52.8 percent.

# Solid Venture Capital Investment in the New York Region

Chart 9. Venture Capital Investment by Region, \$ in billions



Metro Area	Q4 2018	Q3 2019	Q4 2019
New York-Newark, NY-NJ-CT-PA	\$2.43	\$4.90	\$3.03
Los Angeles-Long Beach, CA	\$2.02	\$2.41	\$1.54
San Jose-San Francisco-Oakland, CA	\$25.59	\$11.67	\$9.27
Others	\$9.78	\$8.27	\$8.95
TOTAL	\$39.83	\$27.26	\$22.78

Source: PwC MoneyTree

Total Venture capital (VC) investment in the New York metro area rose in Q4 2019 from a year ago (Chart 9) while the nation experienced a significant decline. Despite the year-over-year gains, according to the PwC/CB MoneyTree Report<sup>6</sup>, quarterly weakened from the 3<sup>rd</sup> quarter of 2019 from \$4.90 billion to \$3.03 billion.. New York VC funding rounds in Q4 included four rounds of over \$100 million of which, one was in

<sup>6</sup> <https://www.pwc.com/us/en/industries/technology/assets/pwc-moneytree-2019-q4-final.pdf>

biotechnology (Nuvation Bio), two were in internet (Vroom and Riskified), and another was in software (Fabric).<sup>7</sup>

Total venture capital investment in the U.S. decreased 42.8 percent to \$22.78 billion from its record high \$39.83 billion in Q4 2018. Investment in the San Jose-San Francisco-Oakland, CA area, which usually has the highest concentration of VC investment, fell 63.8 percent from a year ago to \$9.27 billion in Q4 2019. Percentagewise, the decline was so large due to VC investment in Q4 2018 setting a \$25.59 billion record that the annual drop in Q4 2019 should not be a surprise. This is the second time in as many quarters that VC investment declined in both the nation and in the San Jose-San Francisco-Oakland, CA area.

The number of VC deals in the U.S., San Jose-San Francisco-Oakland, CA, and the New York metro area fell in Q4 2019, on a year-over-year basis, reflecting a trend to fewer investments at higher values. The number of deals in the New York metro area dropped to 189 in Q4 2019 from 193 in Q4 2018. The number of deals in San Jose-San Francisco-Oakland, CA area fell to 380 from 443 in Q4 2018. The number of deals in the U.S. fell to 1,303 from 1,446 in Q4 2018.

The NY metro area's share of VC investment increased to 13.3 percent in Q4 2019 from 6.1 percent in Q4 2018. Similarly, the share of deals rose to 14.5 percent in Q4 2019 from 13.3 percent in Q4 2018. San Jose-San Francisco-Oakland, CA area's share of VC investment dropped to 40.7 percent in Q4 2019 from 64.3 percent in Q4 2018.

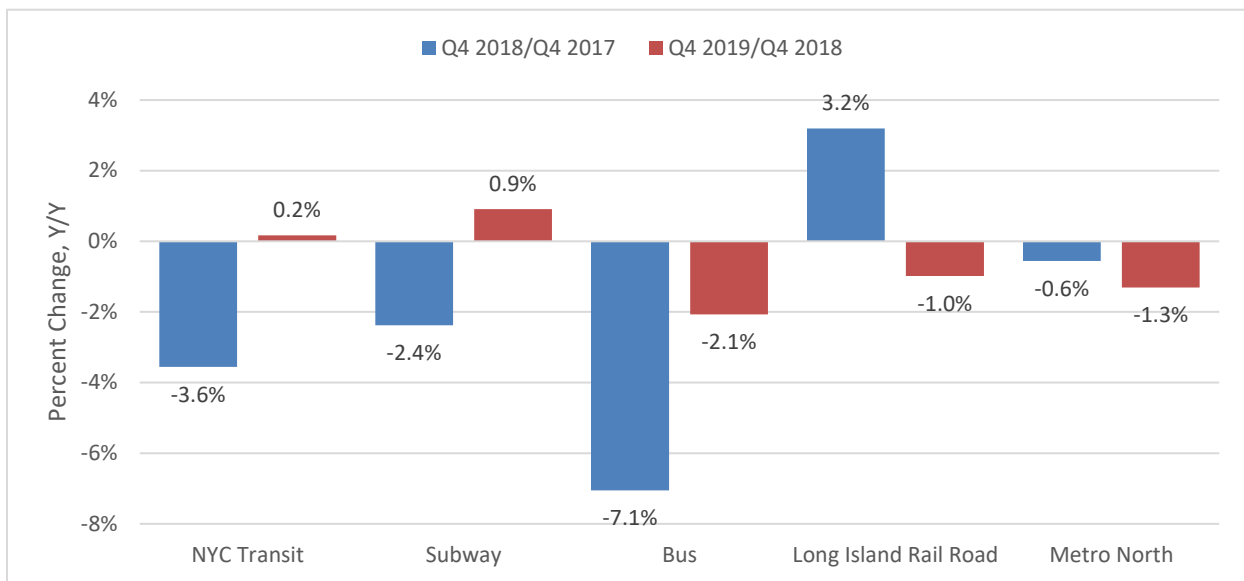
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<sup>7</sup> For a detailed review of recent venture capital activity in New York City, see Office of the New York City Comptroller, *Venture Capital in New York City's Economy*, April 2019 (<https://comptroller.nyc.gov/reports/venture-capital-in-new-york-citys-economy/>)

## Other Indicators Remains Mixed

Average weekday ridership on MTA NYC Transit (buses and subways) rose 0.2 percent in Q4 2019 from a year ago. Average weekday ridership on the system's subways rose 0.9 percent, but fell 2.1 percent for bus ridership. During the same period, ridership on the Long Island Rail Road (LIRR) dropped 1.0 percent and 1.3 percent on Metro North (Chart 10).

**Chart 10. NYC Public Transportation Ridership Mixed**



Source: Metropolitan Transportation Authority

According to the Broadway League, Broadway show ticket revenues and attendance decreased in Q4 2019, on a year-over-year basis. Total gross weekly Broadway ticket sales were \$481 million in Q4 2019, 4.0 percent less than in Q4 2018, this marked the third consecutive annual rate of decline in as many quarters. Total attendance fell 1.6 percent to 3.8 million in Q4 2019. This is consistent with arts, entertainment and recreation losing a combined total of 2,800 jobs in the second half of 2019.

The City's hospitality market remained steady in Q4 2019 over the same period in 2018. According to CBRE Hotels, the hotel occupancy rate in Manhattan averaged 90.7 percent in Q4 2019, about the same as the 90.5 percent during the same time in 2018. This is a bit inconsistent with the declines in employment in this sector. In contrast, the average daily room rate was \$332.02 in Q4 2019, lower than the \$344.40 in Q4 2018. The reason for the slowdown could be the strong dollar, a weaker global economy, and trade uncertainties.

## Leading Economic Indicators Mixed

Leading economic indicators were mixed, reflecting some short-term anxiety, but maintained a general positive future outlook. An assessment of business conditions among firms in the New York City area is provided by ISM-New York, Inc. (Table 7). The most recent report shows that business in the New York City metro area continue to be pessimistic since Q3 2019. The current business condition index (which measures the current state of the economy from the perspective of business procurement professionals) remains below the 50 percent threshold as it was 45.7 percent in Q4 2019, relatively unchanged from the 45.5 percent from the previous quarter. Any number below 50 percent typically indicates contraction. This may have been due to the uncertainties created by the trade war between the U.S. and China. The ISM six-month outlook (which measures where procurement professionals expect the economy to be in six months) stood at 60.2 percent in Q4 2019, changing very little from the 59.9 in the previous quarter, and well above the 50 percent threshold. The NY-BCI (which measures the cumulative change in business activity) fell modestly to 872.6 in Q4 2019 from the 877.7 in Q3 2019.

The number of City residents applying for unemployment insurance rose 5.2 percent to 27,306 in Q4 2019 from a year earlier. This reported increase contrasts with the City's overall employment figures (Chart 3, p. 8).

The U.S. Department of Housing and Urban Development, which reports the number of building permits in the City, shows that the total number of building permits rose 59.0 percent from a year ago to 9,225, the highest fourth-quarter level since 2015.

**Table 7: Leading Economic Indicators Mixed**

	Q4 2018	Q3 2019	Q4 2019
ISM-New York Metro Area, SA* Current Business Conditions	67.7	45.5	45.7
ISM-New York Metro Area, SA* Six-Month Outlook	67.1	59.9	60.2
ISM-New York Metro Area, SA* NY-BCI	840.4	877.7	872.6
Initial Unemployment Claims (Source: NYS DOL)	25,966	27,787	27,306
Number of Building Permits (Source: HUD)	5,803	5,336	9,225

Source: ISM-New York, Inc.



# Appendix: Q4 2019 Economic Indicators

**Table A: Fourth Quarter 2019 Economic Indicators Compared to Q3 2019 and Q4 2018**

		Q4 2018	Q3 2019	Q4 2019
County Unemployment Rate, NSA (Source: NYS DOL)	Bronx	5.3%	5.7%	5.1%
	Kings	4.0%	4.3%	3.8%
	New York	3.5%	3.7%	3.3%
	Queens	3.4%	3.6%	3.2%
	Richmond	3.8%	4.2%	3.6%
Commercial Vacancy Rate (Source: Cushman & Wakefield)	Midtown	9.3%	11.1%	11.6%
	Midtown South	7.2%	8.1%	8.5%
	Downtown	10.8%	11.1%	11.7%
	Manhattan Total	9.2%	10.6%	11.1%
Commercial Rental Rate (per sq ft) (Source: Cushman & Wakefield)	Midtown	\$75.03	\$76.41	\$76.80
	Midtown South	\$76.82	\$81.67	\$75.73
	Downtown	\$63.57	\$62.87	\$62.70
	Manhattan Total	\$72.28	\$73.91	\$73.41
Number of Apartment Sales (Source: Douglas Elliman)	Manhattan	2,432	2,562	2,404
	Brooklyn	2,474	2,596	2,545
	Queens	3,248	3,416	3,468
Case-Shiller Home Price Index, SA (Source: S&P) 100=2000	NY Metro Area	200.7	200.1	202.6
	US 20-City Composite	213.8	216.5	219.2
Hotel Industry (Source: CBRE Hotels)	Average Daily Occupancy Rate	90.5%	90.5%	90.7%
	Average Daily Room Rate	\$344.40	\$289.12	\$332.02
MTA Average Weekday Ridership (Source: MTA)	NYC Transit	7,322,707	7,143,788	7,334,751
	Subway	5,524,163	5,395,351	5,574,382
	Bus	1,797,545	1,749,833	1,760,369
	Long Island Rail Road	322,417	318,959	319,262
	Metro North	297,148	289,544	293,249
ISM-New York Metro Area, SA (Source: ISM-New York, Inc.)	Current Business Conditions	67.7	45.5	45.7
	Six-Month Outlook	67.1	59.9	60.2
	NY-BCI	840.4	877.7	872.6
Initial Unemployment Claims (Source: NYS DOL)	Initial Unemployment Claims	25,966	27,787	27,306
Number of Building Permits (Source: HUD)	Number of Building Permits	5,803	5,336	9,225

\*Data for Q3 2019 includes July and August, excludes September.

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