Economic Conditions in the Region
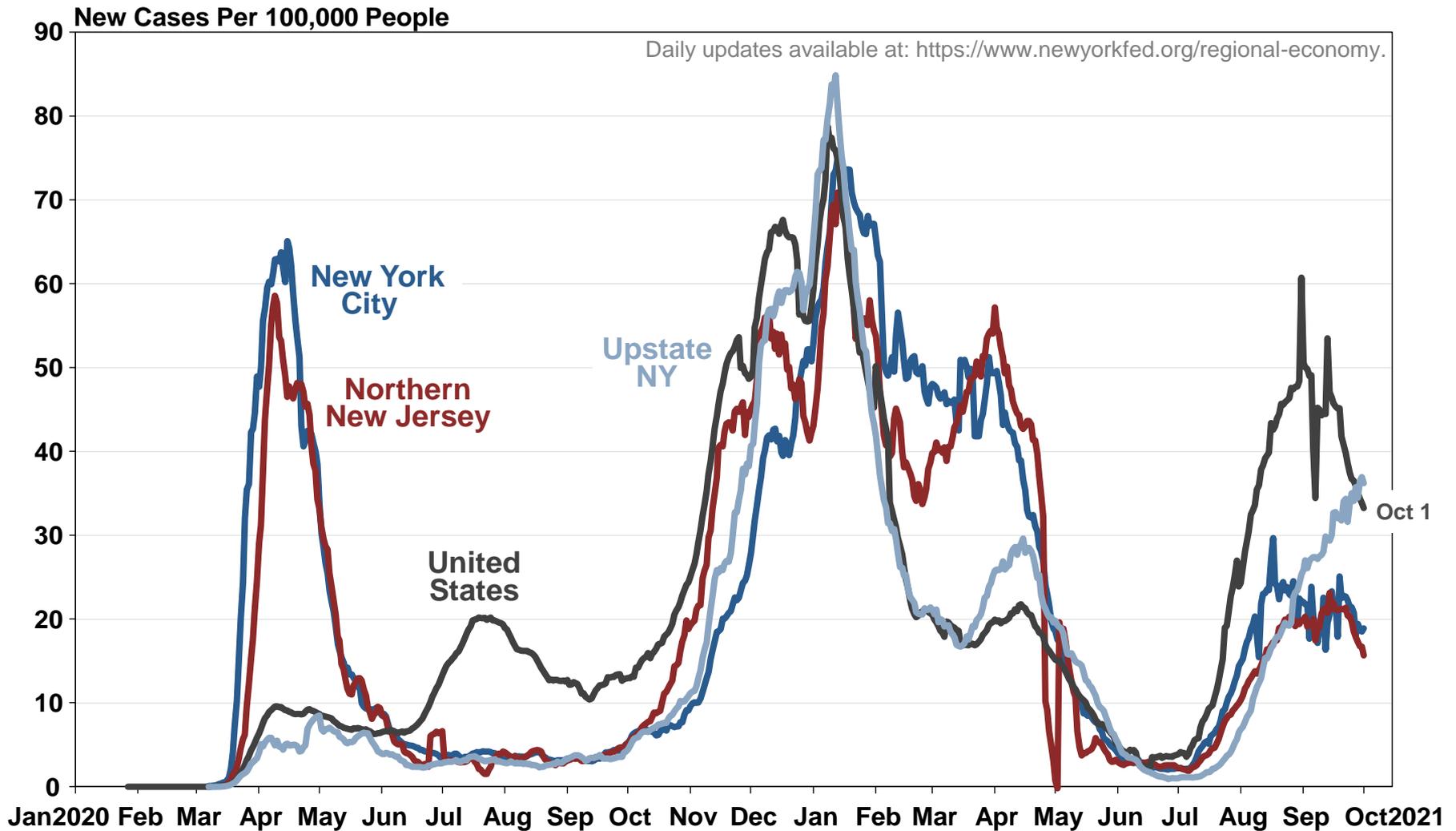
Jaison R. Abel

CDIAC Meeting – October 7, 2021

Overview of Regional Conditions

- With the rise of the Delta variant, growth has slowed in the region's service sector but remains solid in the manufacturing sector.

- The labor market is exceptionally tight with widespread reports of hiring difficulties. While the region has continued to steadily add jobs, employment remains well below pre-pandemic levels, particularly in New York City.

- Home prices have increased sharply through the pandemic, while rents in New York City have rebounded modestly but have not returned to pre-pandemic levels.

Coronavirus Spread in the Region

Daily New Cases Per Capita, 7-Day Average

New Cases Per 100,000 People

Daily updates available at: https://www.newyorkfed.org/regional-economy.

New York City

Northern New Jersey

Upstate NY

United States

Oct 1

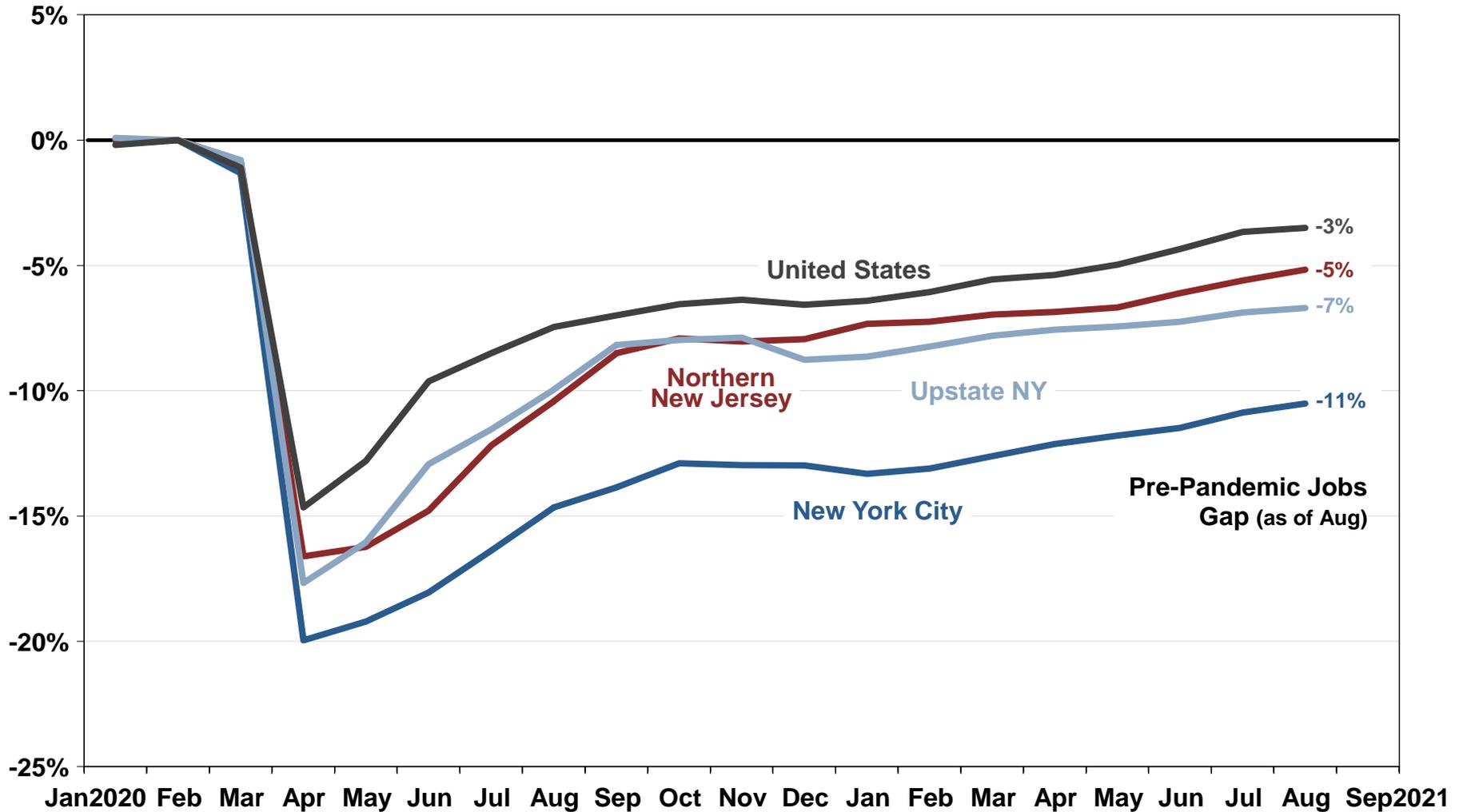Source: NY Times Covid-19 Data, U.S. Census Bureau.

2

Growth Has Slowed in the Service Sector

New York Fed Regional Business Surveys
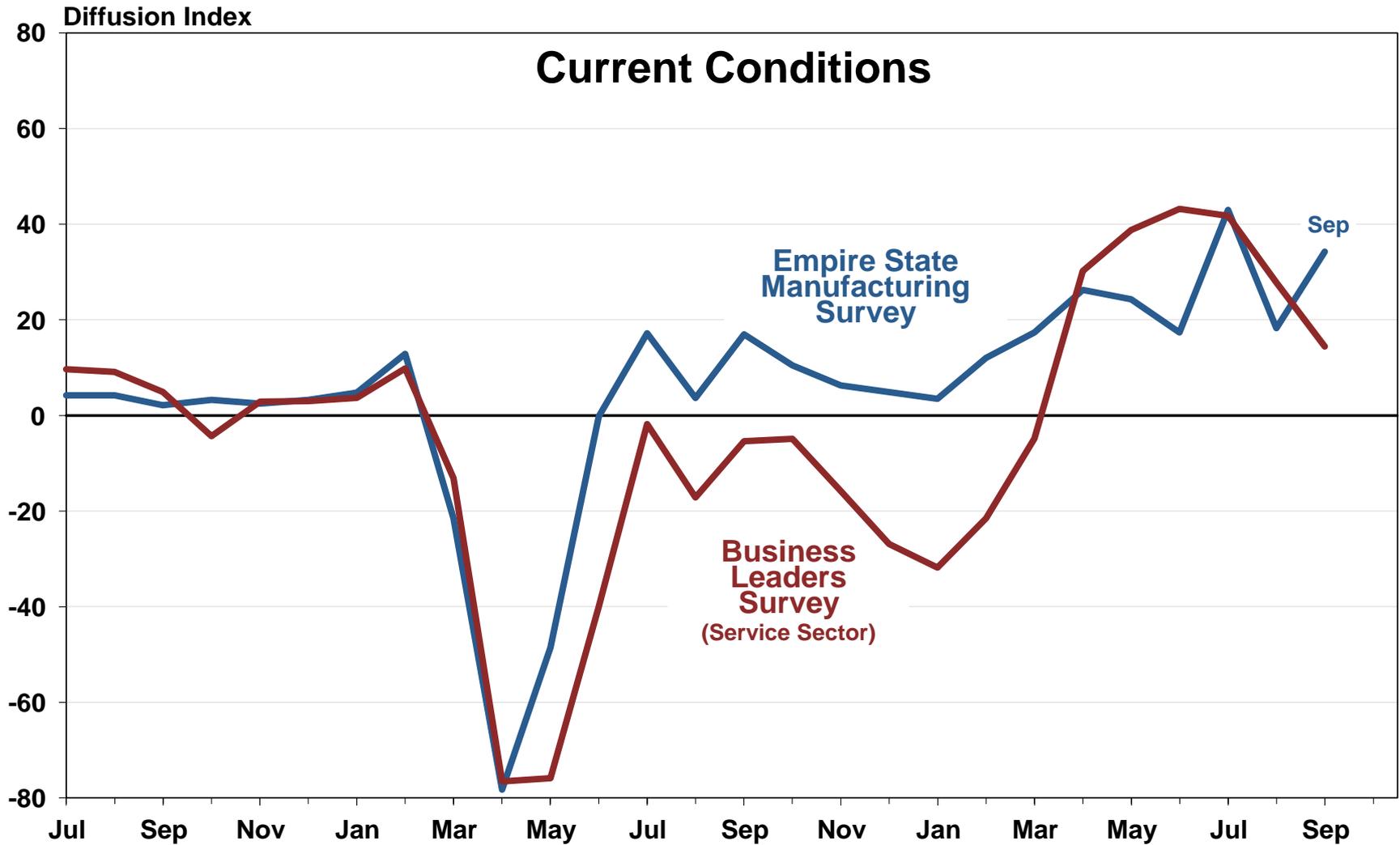
Employment Still Below Pre-Pandemic Levels

Percent Change in Total Employment Since Feb 2020

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com.

4

Businesses Are Having Difficulty Hiring

New York Fed Supplemental Surveys, August 2021

Share of Respondents with Job Openings Reporting Difficulty Hiring

Service Sector (BLS)	**80%**

Manufacturing Sector (Empire)	**89%**

Most Widely Cited Reasons:

- Lack of qualified candidates
- Compensation

Other Reported Factors:

- Covid-related health concerns
- Enhanced unemployment insurance benefits
- Preference for remote work arrangements
- Drug tests

Source: Federal Reserve Bank of New York Supplemental Surveys, August 2021.

5

Sharp Rise in Home Prices

Percent Change in Home Prices, Indexed to Jan 2015

Source: CoreLogic Home Price Index (including distressed sales).

6
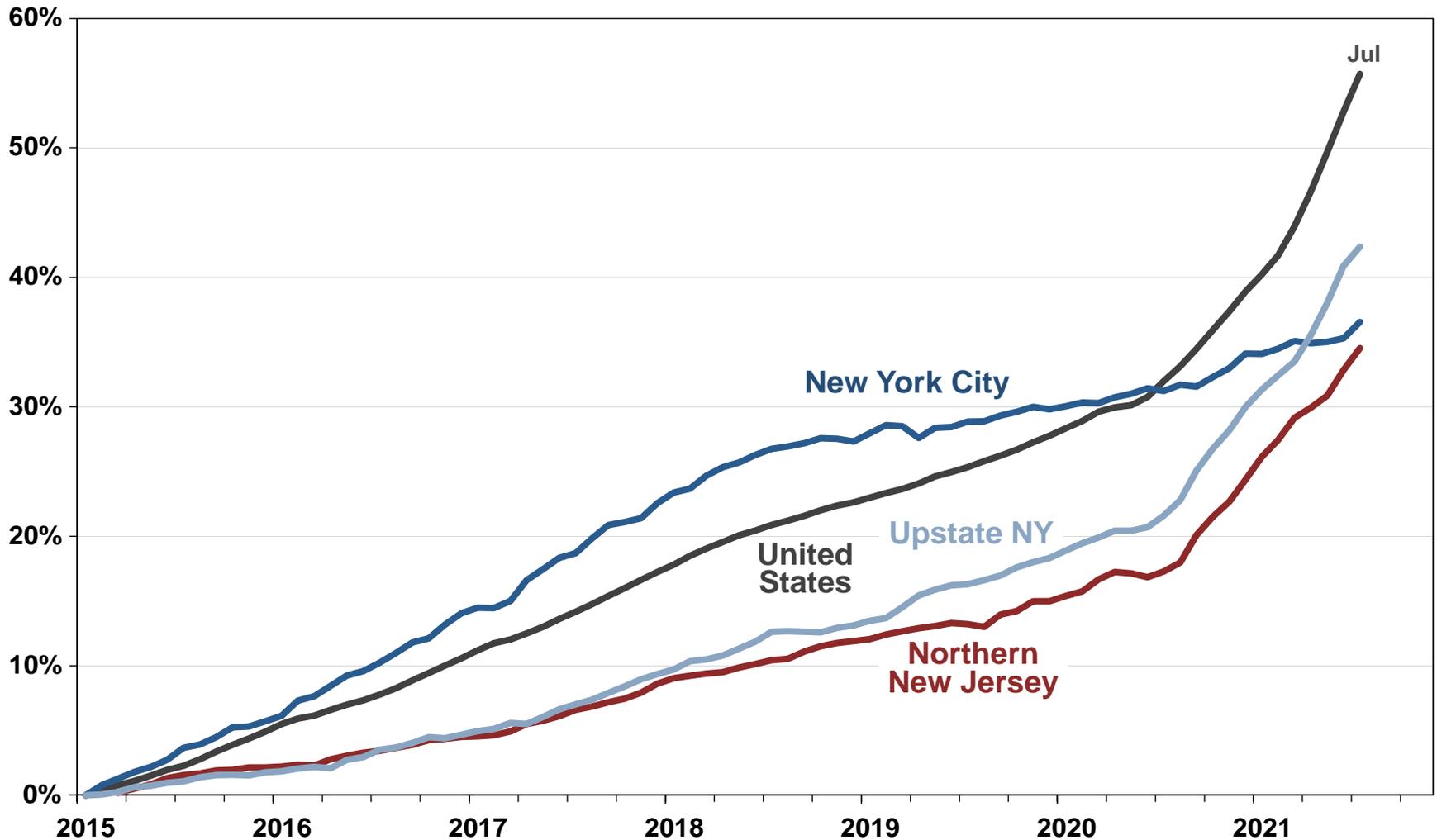
NYC Rents Have Rebounded But Remain Soft

Percent Change in Median Rents, Indexed to Feb 2020
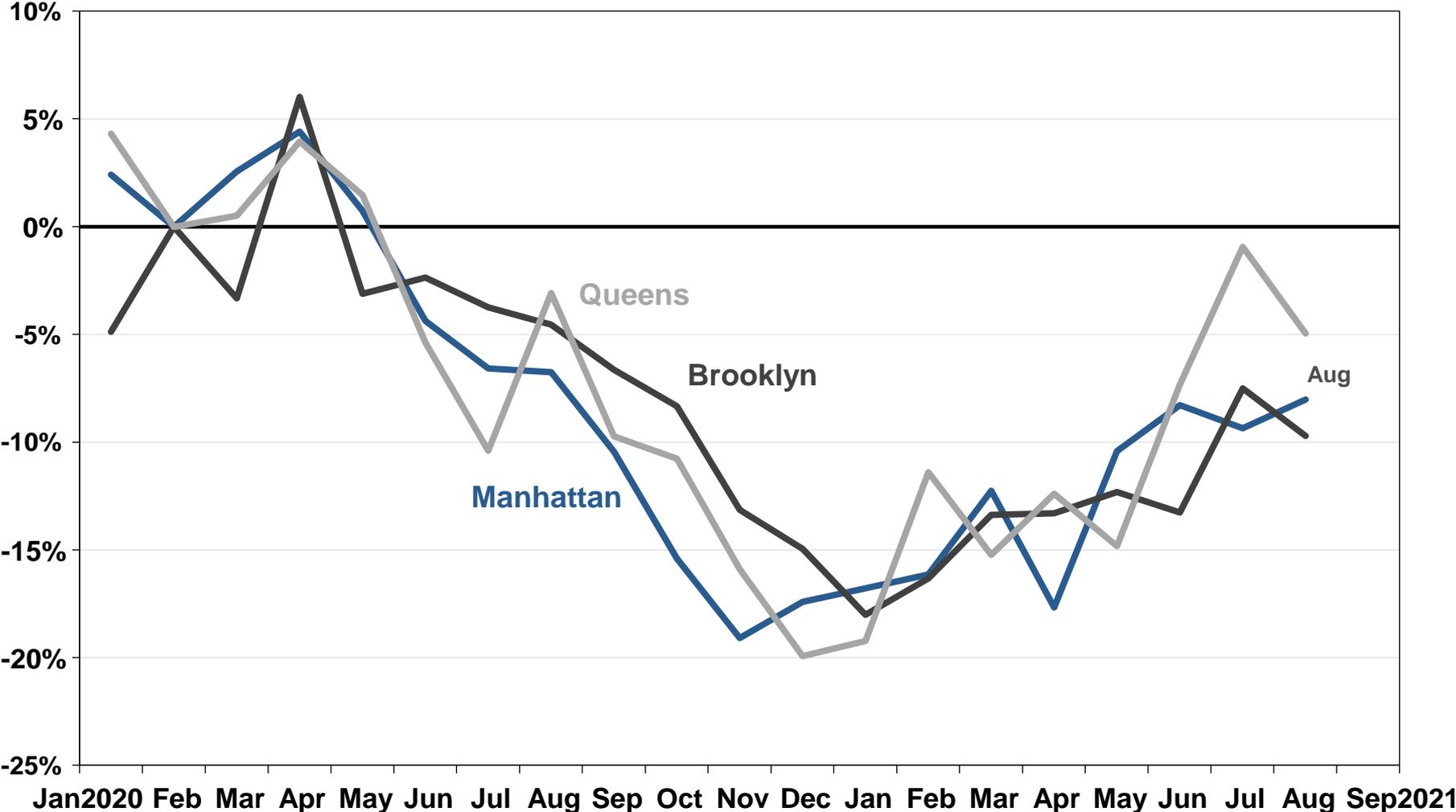
Reference Slides

Pre-Pandemic Jobs Gap by Local Area

Percent Below Pre-Pandemic Employment Level (as of Aug 2021)

Area	Value
U.S.	-3%
New York City	-11%
Dutchess-Putnam	-10%
Kingston	-9%
Orange-Rockland-Westchester	-9%
Long Island	-8%
Fairfield	-5%
Northeast NJ*	-6%
Newark Metro Div	-5%
Central NJ*	-4%
Glens Falls	-10%
Buffalo	-8%
Elmira	-8%
Utica	-7%
Binghamton	-7%
Syracuse	-7%
Albany	-6%
Rochester	-6%
Watertown	-6%
Ithaca	-2%
U.S. Virgin Islands	-13%
PR	-2%

Northeast NJ is Bergen-Hudson-Passaic and Central NJ is Middlesex-Monmouth-Ocean.

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com.

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Job Losses and Gains in the Second District

Change in Employment Level by Sector

Percent of lost jobs gained back.

Job Change

- Apr20 to Aug21
- Feb20 to Apr20

Sector	Percent
Leisure & Hospitality	59%
Education & Health	66%
Retail Trade	74%
Professional & Business	57%
Construction	70%
Other Services	64%
Mnfctrng.	75%
Transport & Utilities	63%
Wholesale Trade	34%
Inform.	44%
Gov.	Ongoing Loses
Finance	Ongoing Loses

Aggregate of NYS, NNJ, Fairfield, PR, and the USVI.

Source: U.S. Bureau of Labor Statistics and Moody's Economy.com.

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