



FEDERAL RESERVE BANK *of* NEW YORK

# The Region's Recovery from the Pandemic Recession

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# The Tri-State Region's Recovery

- Three years after the pandemic hit, the region has nearly gained back the jobs that were lost:
  - New York City has rebounded, with a job shortfall now less than 1 percent.
  - Job growth in downstate New York outside of the City and upstate New York remains weak, with employment still well below pre-pandemic levels.
  - Employment in Northern New Jersey and Fairfield has fully recovered.
- The pandemic has changed the mix of jobs in the region:
  - Many jobs in leisure & hospitality, personal services, retail, and healthcare have not come back.
  - Transportation & warehousing and business services jobs have grown strongly and are now well above pre-pandemic levels.
- Worker shortages in a number of sectors are constraining the ability of the region to fully recover.



# A Focus on New York City

- Many of the City's unique attributes such as its dense population, crowded offices, mass transit, and numerous bars and restaurants, became liabilities, and exacerbated the City's pandemic downturn.
- Manhattan remains in a deeper hole than the outer boroughs, with a job shortfall of around 3 percent. Outer boroughs have essentially recovered.
  - Significant job shortfalls remain in leisure & hospitality.
  - Most of the dip in the city's (and especially Manhattan's) population early in the pandemic reflected a drop-off in people moving into the city, rather than a surge in people moving out.
- The closing of businesses and the shuffling of residents jolted both the residential and commercial real estate markets.
  - Residential real estate markets have rebounded.
  - Office vacancies rose sharply and rents fell, especially in Manhattan, and slack remains.