Barbara Byrne Denham
Chief Economist
Eastern Consolidated

T646-658-7363
bdenham@easternconsolidated.com

EASTERN CONSOLIDATED
Real estate investment services

NYC Employment Alert

March 2012

The following report covers the New York City employment results for March 2012. The results are based on data released from the New York State Department of Labor that was seasonally adjusted by Eastern Consolidated.

New York City added a stunning 11,500 jobs in March including 13,100 private sector jobs. For the first quarter, the City added 42,400 jobs – the largest three-month job gain since 2000[1].

These results not only defy the national employment trend, but they contradict the tepid office leasing market that recorded one of its slowest quarters of the last few years.

Moreover, for the third month in a row, the gains found in the employment survey significantly contradicted the household employment survey that showed that unemployment in the City actually increased to 9.7%, up from 9.6% last month and 9.1% at the end of 2011. We have addressed the discrepancies in the two surveys in previous reports (see appendix A). In short, we believe the discrepancies lie in the inherent sampling differences of the two series of data.

The professional business services industries added 4,900 jobs in March, yet the underlying industries did not show similar growth patterns. We believe that this gap between the gains in the broader professional services sector and the underlying industries can be attributed to technology firms that are not easily classified.

Interestingly, three industries added 2,800 jobs each in March: retail trade, employment services and health services. Growth in employment services is seen as a lead indicator of future job growth: the industry includes temporary services that are tapped by employers for immediate hires before they take on full-time staff. While March's gain is a positive sign, this industry has been volatile of late and has only added 1,300 jobs (net) in the last three months.

Health services had been on an upward trajectory of job growth since the early 1990s before losing 4,700 jobs in 2011. It has since added back 7,500 jobs. Retail trade added 8,100 jobs in the first quarter. Other strong gains were found in accounting (+1,300) and social services (+1,200).

The surprising negative news in the March data was that restaurants lost 1,600 jobs, although this industry had added 4,400 jobs in the previous two months. The closely-watched securities industry lost 800 jobs in March but its year-to-date net shows a gain of 800 jobs.

The table below ranking industries by gains and losses in the first quarter shows both the depth and the breadth of New York City's growth. Only construction and government have seen significant losses in 2012.

[2] Except when temporary census workers were hired in the spring of 2010

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Industries With the Biggest Gains and Losses in the First Quarter of 2012									
Industry	**New York City Year-to-Date Gain**		**U.S. Year-to-Date Change**		**Industry**	**New York City Year-to-Date Loss**		**U.S. Year-to-Date Change**	
	Total	**Percent**	**Total**	**Percent**		**Total**	**Percent**	**Total**	**Percent**
Retail Trade	8,100	2.5%	-37,500	-0.3%	Construction	-3,300	-3.0%	5,000	0.1%
Health Services	5,300	1.3%	101,800	0.7%	Federal Government	-2,100	-4.0%	-10,000	-0.4%
Accounting	5,100	11.2%	15,600	1.6%	Local Government	-1,900	-0.4%	-3,000	0.0%
Motion Picture and Sound Recording	3,200	7.0%	-1,000	-0.3%	Transportation, Util.	-600	-0.5%	34,300	0.8%
Social Services	3,000	1.8%	7,900	0.3%	Apparel Manufacturing	-500	-3.2%	-100	-0.1%
Arts, Entertainment, Recreation	2,700	4.0%	15,700	0.8%	Publishing	-400	-0.9%	-5,900	-0.8%
Food Services and Drink Places	2,700	1.2%	103,100	1.1%	Manufacturing	-200	-0.3%	120,000	1.0%
Real Estate	1,600	1.4%	11,800	0.6%	Legal Services	-200	-0.3%	800	0.1%
Wholesale Trade	1,300	0.9%	25,600	0.5%	State Government	-100	-0.2%	17,000	0.3%
Employment Services	1,300	1.9%	88,800	2.9%					
Hotels	1,000	2.2%	4,300	0.2%					
Advertising and Public Relations	1,000	1.7%							

Source: Eastern Consolidated, New York State Department of Labor and U.S. Bureau of Labor Statistics

This third month in a row of sizable gains is not only remarkable but confounding. While some anecdotal evidence has indicated that employers are feeling more confident about economic conditions, plenty of other statistics suggest that headwinds continue to weigh on the economy: the national employment trend has decelerated, the stock market declined this month and many are still concerned about the situation in Europe. In New York City, the Manhattan office leasing market recorded its worst quarter in years. The multifamily investment market was very strong in the first quarter, but investment in office, hotel and development site properties fell. We will continue to monitor these contradictions.

Since bottoming in September 2009, New York City has added 168,200 jobs, a growth rate of 4.6%. The private sector has added 181,300 jobs, a growth rate of 5.8%. At the national level, the U.S. has added 3.58 million jobs since the trough of February 2010, a growth rate of 2.8%; the national private sector has grown by 4.05 million jobs or 3.8%.

March results are preliminary. The NYS Department of Labor revises its estimates on a monthly basis as well as annually. See complete list of employment changes on page 4.

Appendix A

For the third month in a row, the City added significant jobs in the same month that unemployment increased, but these reports come with a few caveats. First, the results of the household survey measuring the number of residents employed and unemployed showed that not only did unemployment go up but the number of employed residents went down in both months. How can this be?

Frequently, there are discrepancies between the two sets of data. It's important to clarify inherent differences in the dual surveys. The employment statistics are from the employer survey: firms are periodically asked how many people they employ – regardless of where the employees live. This survey, that includes commuters, covers a broader sample since one phone call to a large bank can cover thousands of employees.

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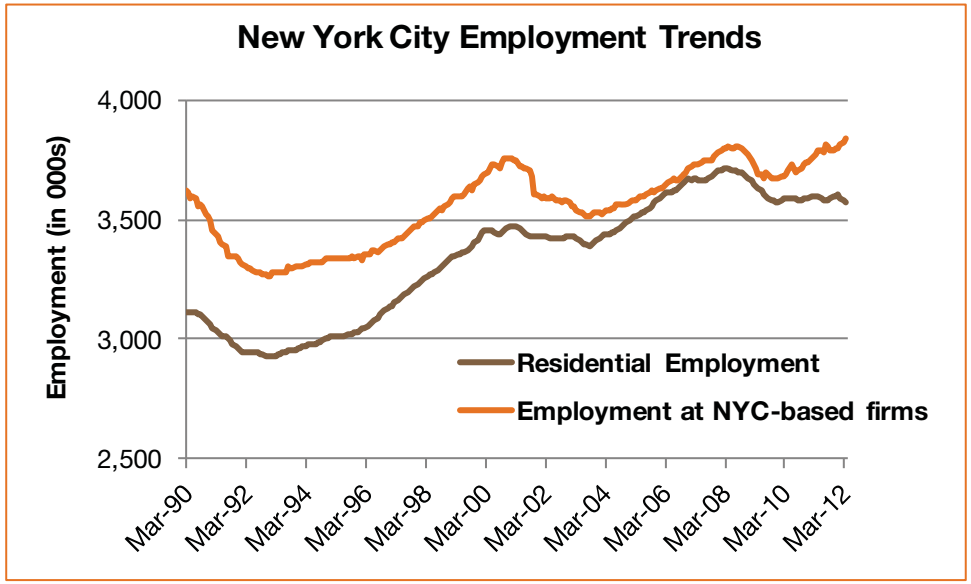
The labor force statistics come from the household survey and cover a smaller sample of the local population. This survey asks residents "are you employed? If not, are you looking for a job?" One is only counted as unemployed if they are actively looking for a job. People who have two or more jobs will be counted only once in the household survey but could be counted twice in the employer survey.

The size of the sample surveyed and the double counting of jobs account for some of the discrepancies, but other issues seem to be affecting the results. As shown below, the gap between the New York City residential employment and the number of employed at New York-based firms has always existed and has changed inconsistently.



Source: Eastern Consolidated and NYS Department of Labor

The brown line shows that the number of employed New Yorkers has barely changed since 2009, yet employers have added 168,000 jobs (orange line).

Reconciling these discrepancies will take more time and effort. I firmly believe that the 2010 Census data to which the household survey is tied may have something to do with the gap. The 2010 Census count for New York City is rife with errors. If given more time, I hope to expose more problems with the undercounted 2010 Census data but this will require more digging.

Eastern Consolidated is a full-service real estate investment services firm, headquartered in New York City.

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EASTERN CONSOLIDATED Real estate investment services March 2012	New York City Employment Changes					U.S. Employment Changes			
	One Month	Year-to-Date (Since December 2011)	Year-to-Date % (Since December 2011)	Since Trough (September 2009)	Since Trough % (September 2009)	One Month	Year-to-Date (Since December 2011)	Year-to-Date % (Since December 2011)	Since Trough (February 2010)
Construction	0	-3,300	-3.0%	-10,000	-8.5%	-7,000	5,000	0.1%	22,000
Manufacturing	-300	-200	-0.3%	-6,400	-8.1%	37,000	120,000	1.0%	466,000
Apparel Manufacturing	-100	-500	-3.2%	-2,000	-11.6%	300	-100	-0.1%	-11,200
Wholesale Trade	300	1,300	0.9%	2,900	2.1%	4,100	25,600	0.5%	150,200
Retail Trade	2,800	8,100	2.5%	34,300	11.7%	-33,800	-37,500	-0.3%	299,900
Transportation, Util.	300	-600	-0.5%	-2,100	-1.7%	2,800	34,300	0.8%	212,400
Air Transportation	200	700	2.5%	1,800	6.7%	1,200	1,400	0.3%	-5,700
Information	2,200	5,100	3.0%	10,700	6.5%	-9,000	-13,000	-0.5%	-102,000
Publishing	-100	-400	-0.9%	-2,600	-5.4%	-600	-5,900	-0.8%	-23,500
Motion Picture and Sound Recording	400	3,200	7.0%	5,200	11.8%	-7,900	-1,000	-0.3%	-11,200
Broadcasting	400	100	0.4%	900	3.3%	2,900	3,100	1.1%	-11,300
Telecommunications	200	100	0.5%	500	2.3%	-3,600	-9,300	-1.1%	-80,900
Financial Activities	-300	5,600	1.3%	16,200	3.8%	15,000	25,000	0.3%	61,000
Banking	100	200	0.2%	4,200	5.0%	11,000	19,700	0.8%	42,000
Securities	-800	800	0.5%	8,300	5.1%	-1,600	-3,000	-0.4%	2,800
Insurance	0	100	0.2%	1,300	2.4%	-700	-4,100	-0.2%	21,000
Real Estate	100	1,600	1.4%	300	0.3%	5,100	11,800	0.6%	-1,600
Professional and Business Services	4,900	13,500	2.2%	59,700	10.6%	31,000	196,000	1.1%	1,247,000
Legal Services	200	-200	-0.3%	0	0.0%	-1,300	800	0.1%	3,200
Accounting	1,300	5,100	11.2%	6,100	13.7%	2,300	15,600	1.6%	72,300
Architectural and Engineering	200	200	0.7%	1,500	5.8%	3,600	14,800	1.1%	38,800
Computer Systems Design	-800	600	1.1%	8,700	19.6%	3,900	16,100	1.0%	144,100
Management Consulting	100	500	1.3%	6,700	21.5%	5,300	20,500	1.9%	131,700
Advertising and Public Relations	400	1,000	1.7%	8,900	17.1%	N/A			
Employment Services	2,800	1,300	1.9%	10,600	18.3%	-14,200	88,800	2.9%	536,700
Educational and Health Services	4,500	8,300	1.1%	31,000	4.2%	37,000	134,000	0.7%	820,000
Educational Services	1,000	300	0.2%	3,200	1.9%	10,900	24,100	0.7%	191,700
Health Services	2,800	5,300	1.3%	20,700	5.1%	26,000	101,800	0.7%	600,400
Social Services	1,200	3,000	1.8%	7,600	4.6%	100	7,900	0.3%	27,600
Leisure and Hospitality	-900	6,200	1.8%	39,100	12.6%	39,000	123,000	0.9%	663,000
Arts, Entertainment, Recreation	700	2,700	4.0%	2,400	3.5%	100	15,700	0.8%	34,600
Museums and Historical Sites	100	0	0.0%	300	2.6%	500	500	0.4%	9,200
Hotels	100	1,000	2.2%	5,400	13.1%	1,300	4,300	0.2%	65,300
Food Services and Drinking Places	-1,800	2,700	1.2%	31,500	15.6%	36,900	103,100	1.1%	562,600
Other Services	-200	3,400	2.1%	5,700	3.6%	3,000	3,000	0.1%	45,000
Religious, Civic and Non-Profits	-800	400	0.4%	-200	-0.2%	3,000	9,900	0.3%	-15,200
Government	-1,600	-4,100	-0.7%	-13,100	-2.4%	-1,000	4,000	0.0%	-474,000
Federal Government	-1,100	-2,100	-4.0%	-4,900	-8.9%	0	-10,000	-0.4%	-45,000
State Government	0	-100	-0.2%	-1,500	-3.1%	2,000	17,000	0.3%	-81,000
Local Government	-500	-1,900	-0.4%	-6,700	-1.5%	-3,000	-3,000	0.0%	-348,000
Total	11,500	42,400	1.1%	168,200	4.6%	120,000	635,000	0.5%	3,577,000
Total Private Sector	13,100	46,500	1.4%	181,300	5.8%	121,000	631,000	0.6%	4,051,000
Office Sector	6,200	26,000	1.8%	89,300	6.4%	44,100	243,500	0.7%	1,341,000

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