



FEDERAL RESERVE BANK *of* NEW YORK

Overview of the New York State Economy

February 28, 2023

Jason Bram, Economic Research Adviser

NY State Revenue Consensus Meeting

These views are my own and not necessarily the view of the Federal Reserve Bank of NY or the Federal Reserve System

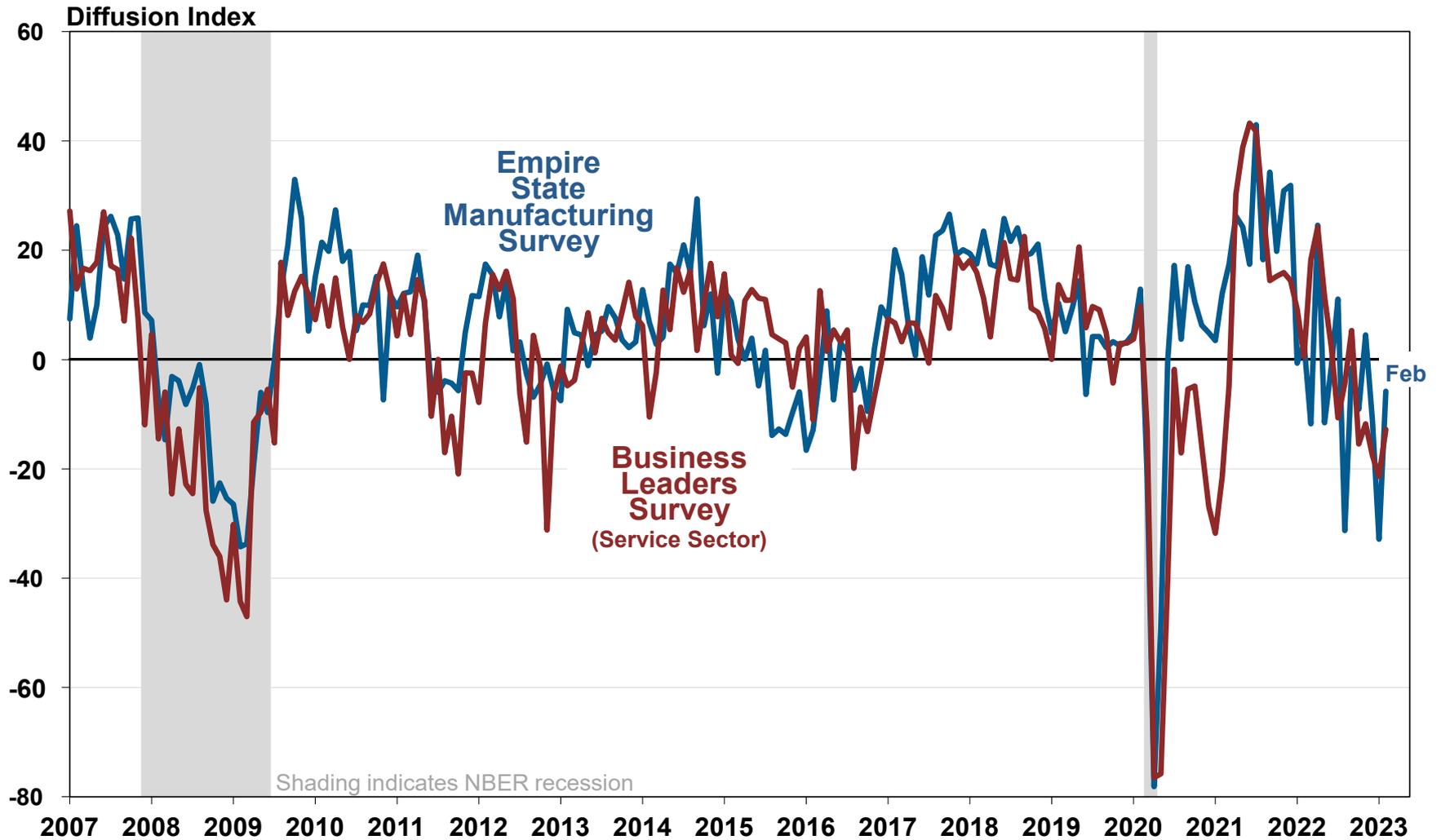
Preview

- Recent findings from our business surveys
- Employment trends across New York State
- Local housing markets
- Commercial real estate markets & remote work



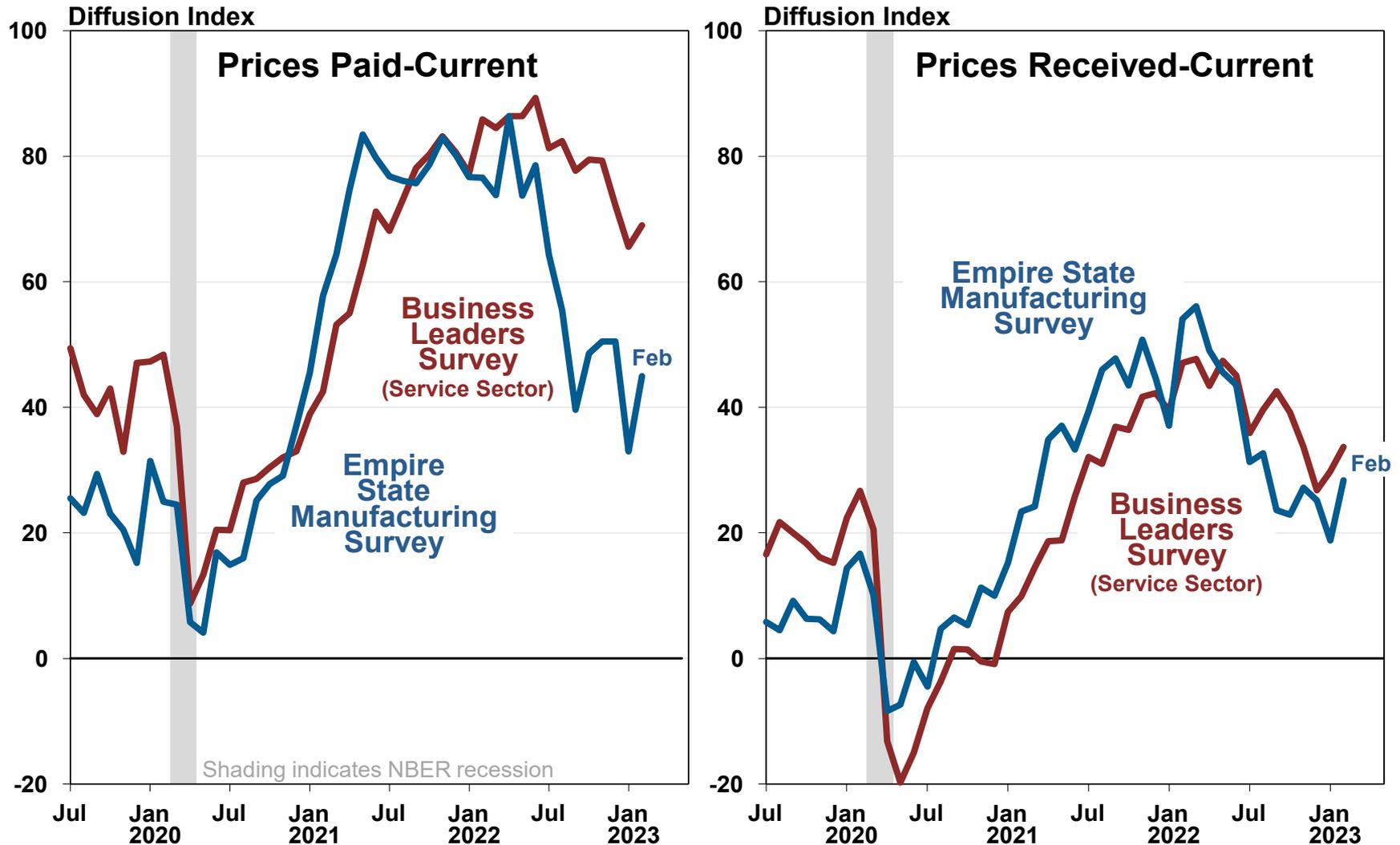
Current Economic Conditions

FRBNY Business Surveys, Current Conditions



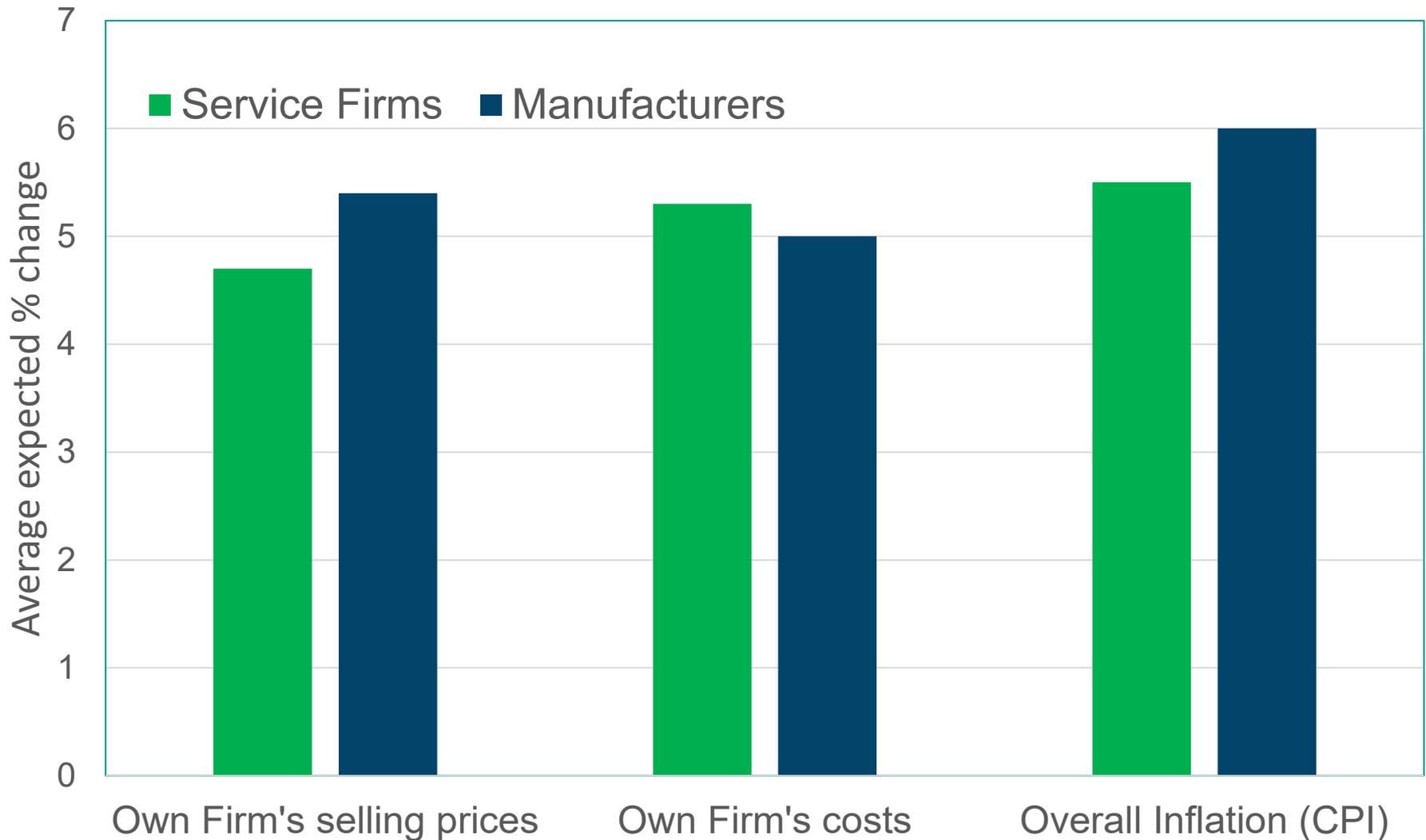
Price Pressures in the Region Have Receded...a Bit

New York Fed Regional Business Surveys



Businesses' Expected Change* in Prices, Next 12 Months

December 2022 Supplemental Surveys



**The average represents a trimmed mean among responses; the highest 5% and lowest 5% of responses are excluded*

Source: Federal Reserve Bank of New York December 2022 Supplemental Survey

https://www.newyorkfed.org/medialibrary/media/survey/business_leaders/2022/2022_12supplemental.pdf?la=en

Median Percent Change in Wages & Salaries

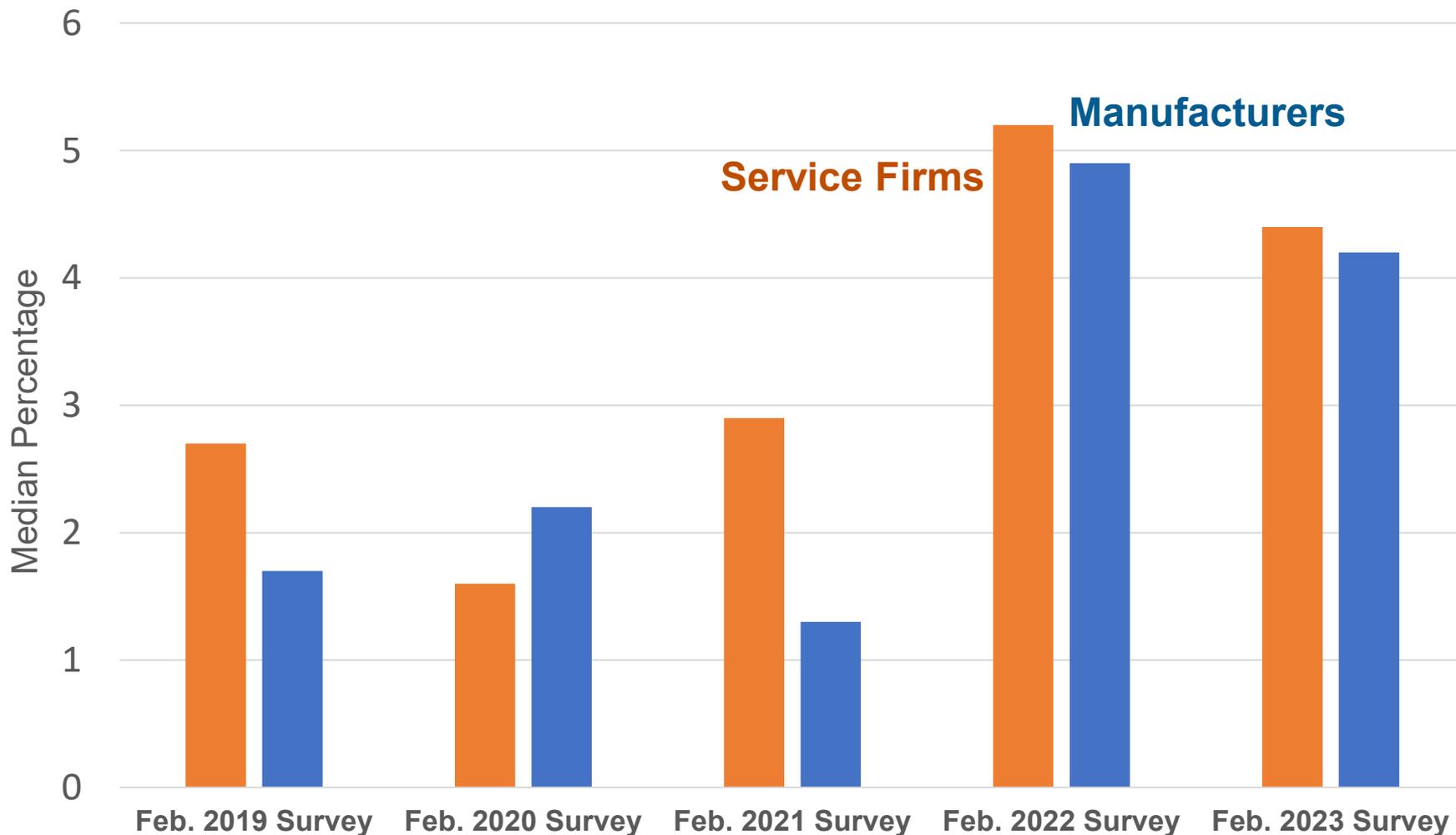
New York Fed Supplemental Business Surveys



Source: Federal Reserve Bank of New York Supplemental Survey, February 2023 and earlier months

Current Job Openings as a % of Employment

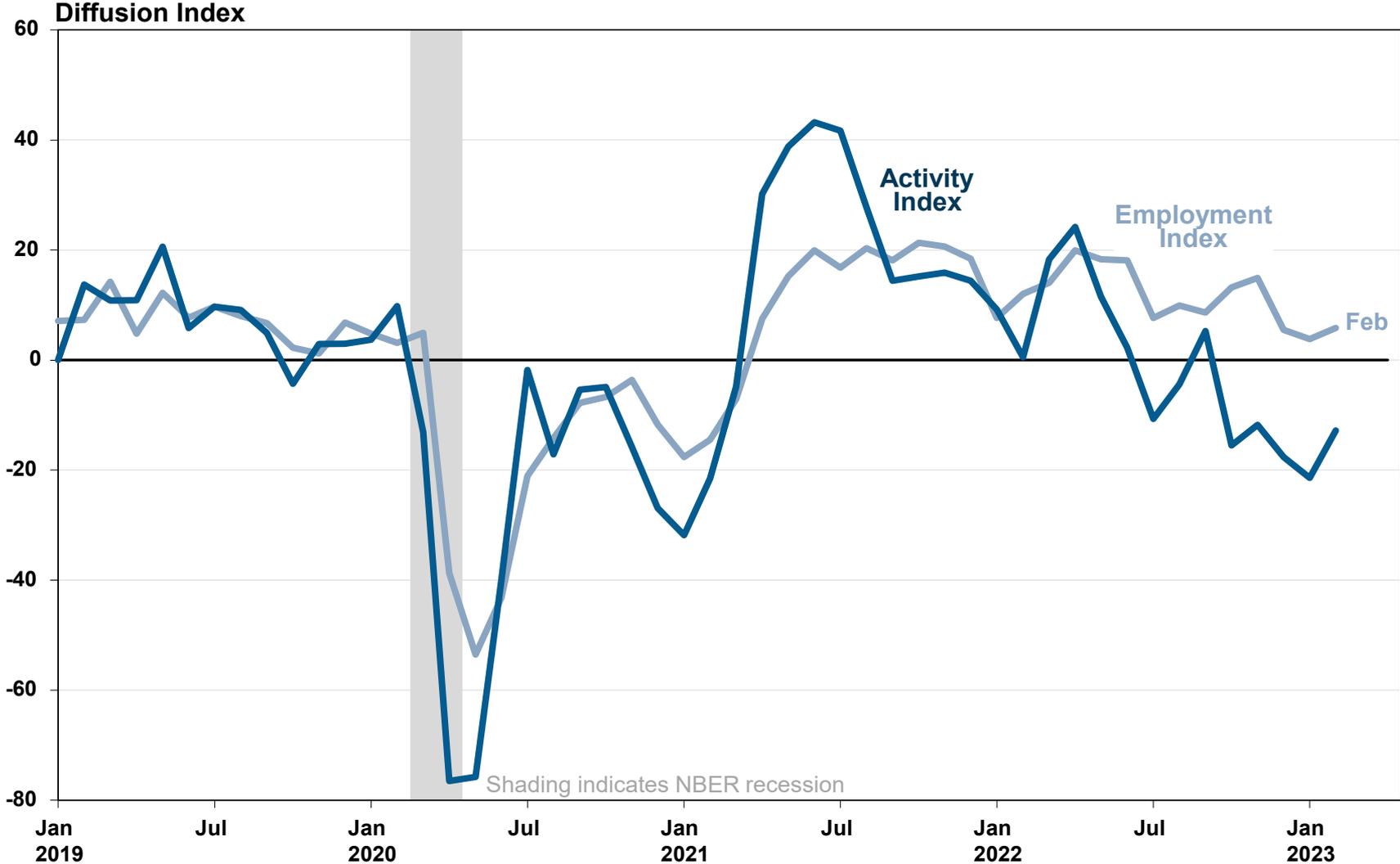
New York Fed Supplemental Business Surveys



Source: Federal Reserve Bank of New York Supplemental Survey, February 2023 and earlier months

Surveys Show Business Activity & Jobs Diverging

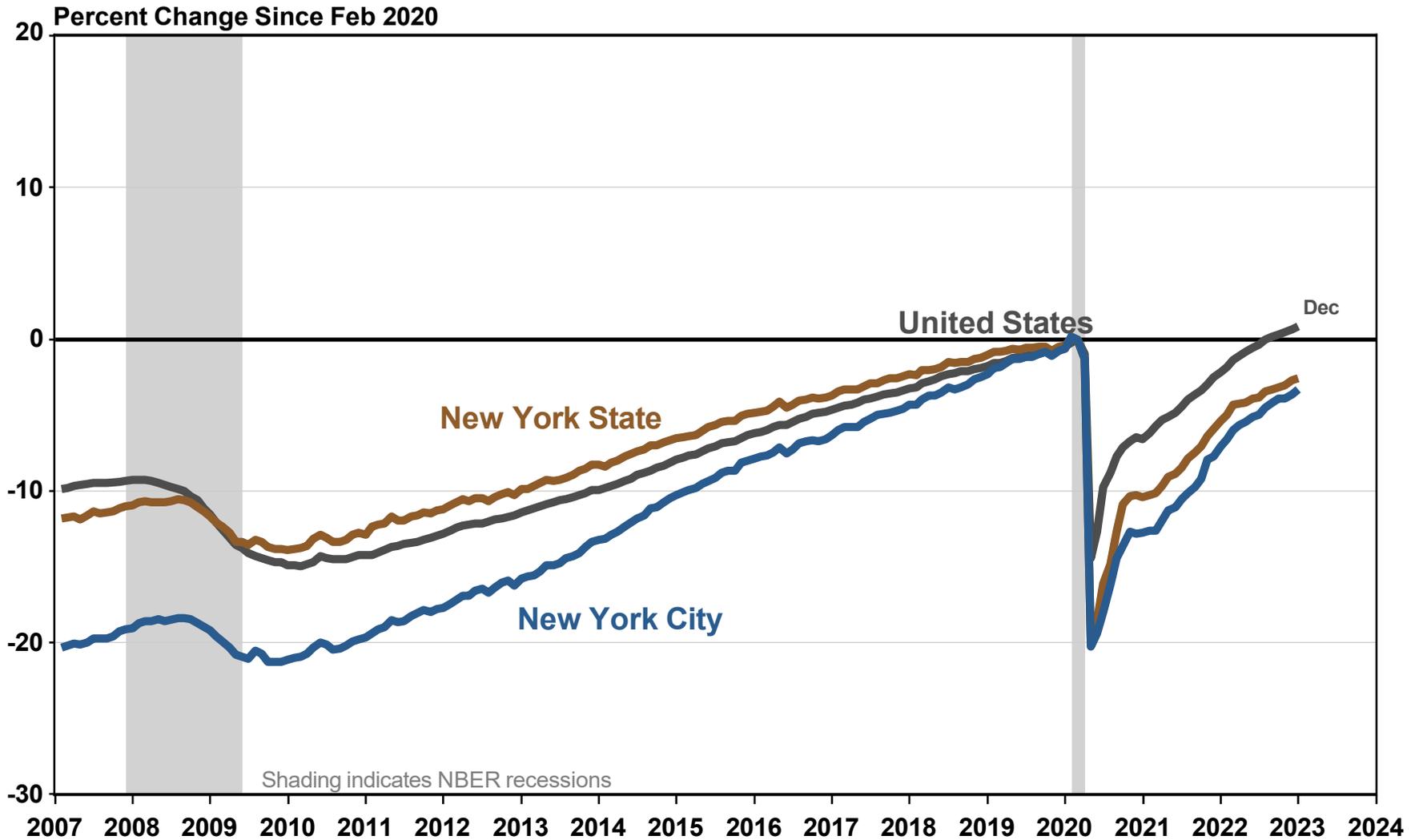
Service Sector Diffusion Indexes, Business Leaders Survey



Source: Federal Reserve Bank of New York.

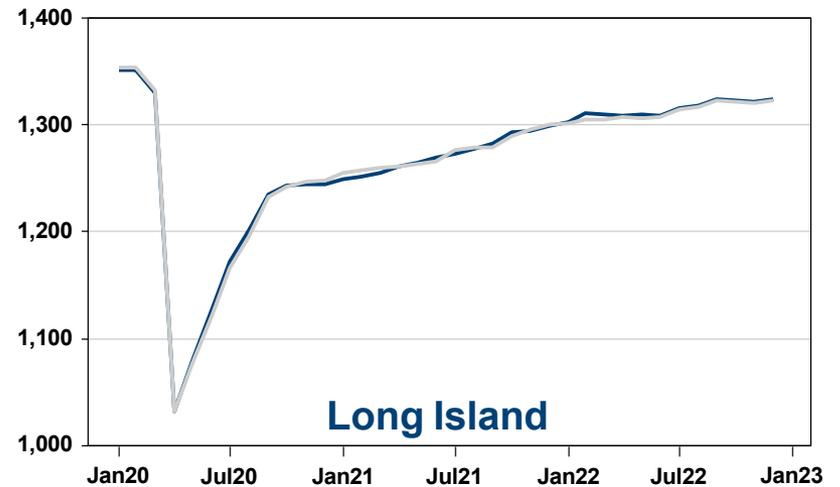
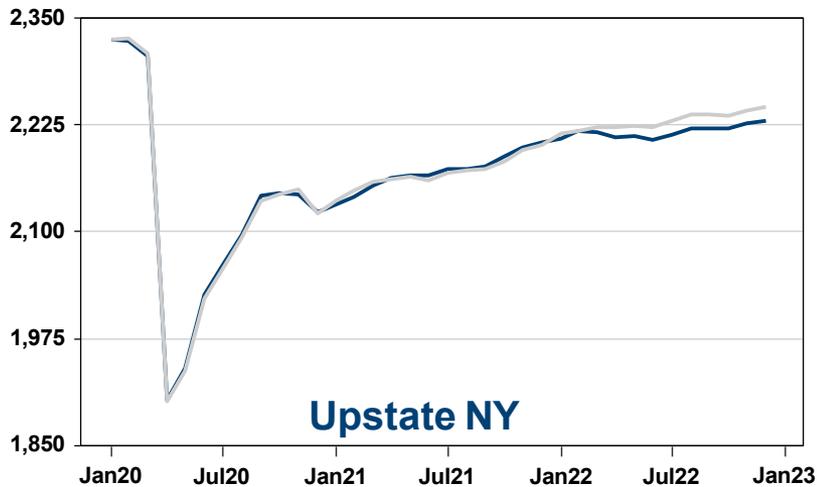
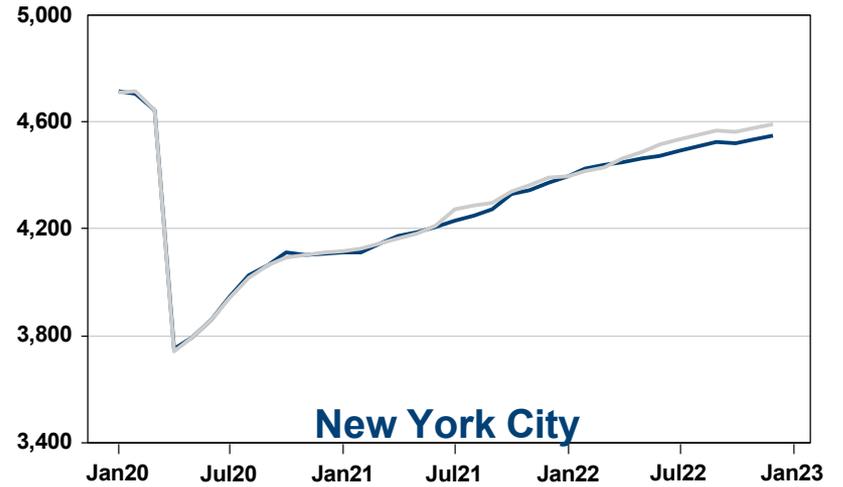
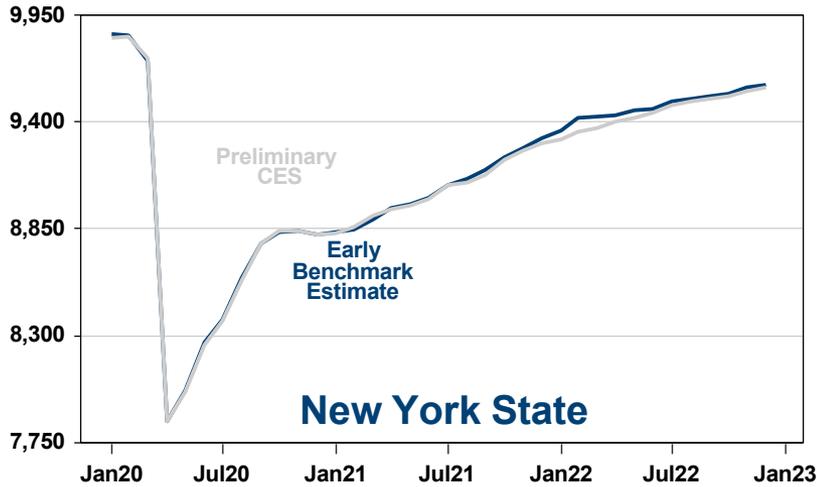
Total Employment

Seasonally Adjusted Index



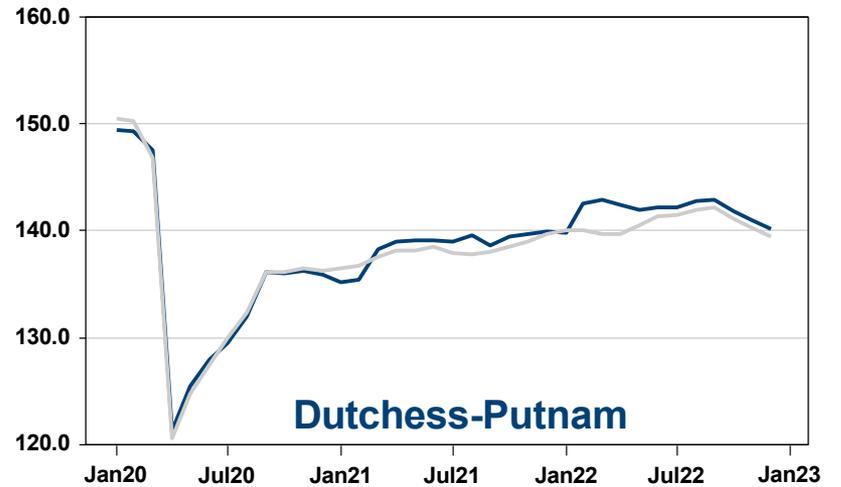
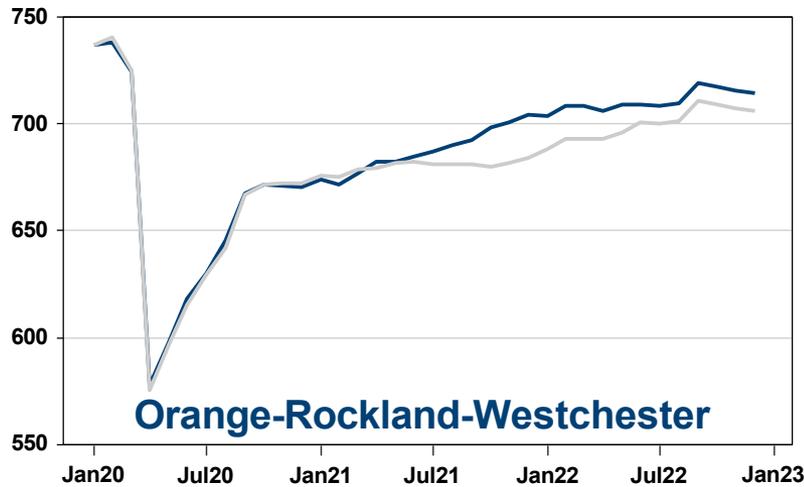
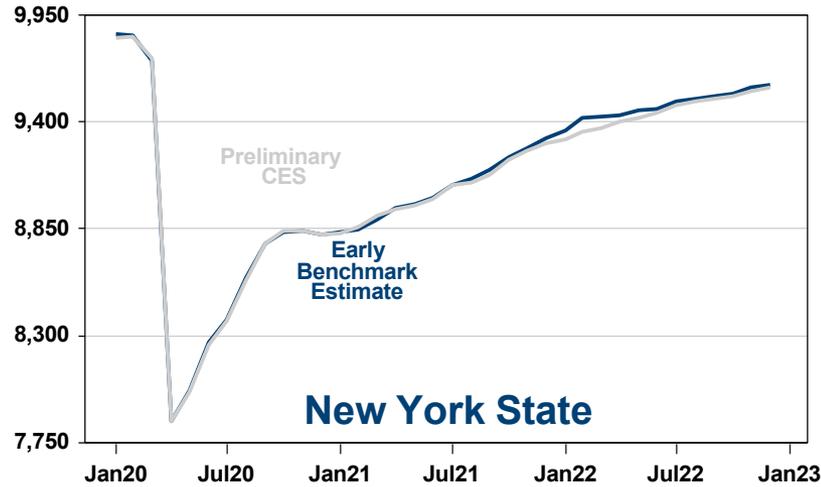
FRBNY Early Employment Benchmark

Total Employment in Thousands, Dec 2022 (QCEW Q22022)



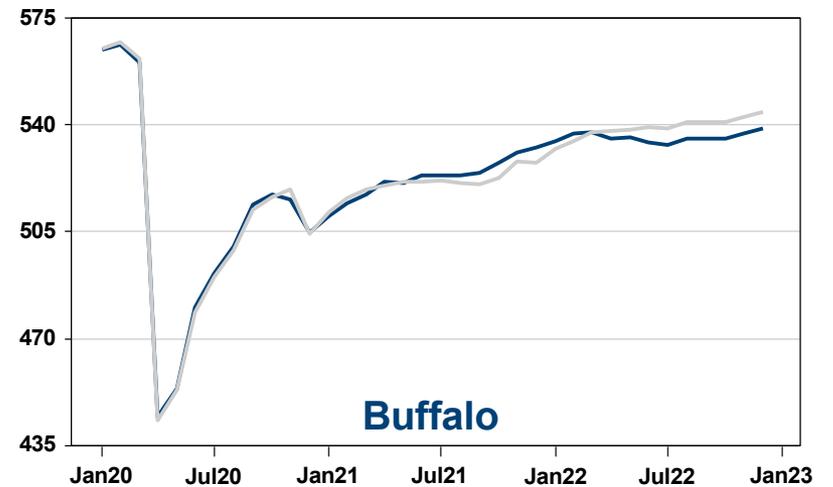
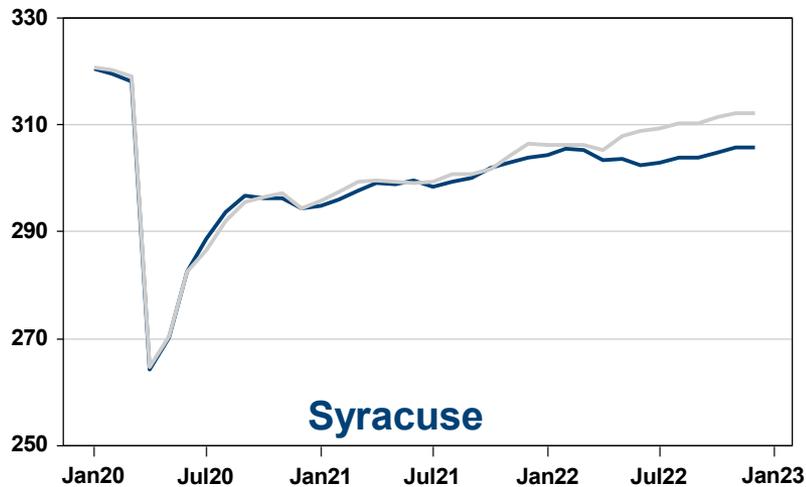
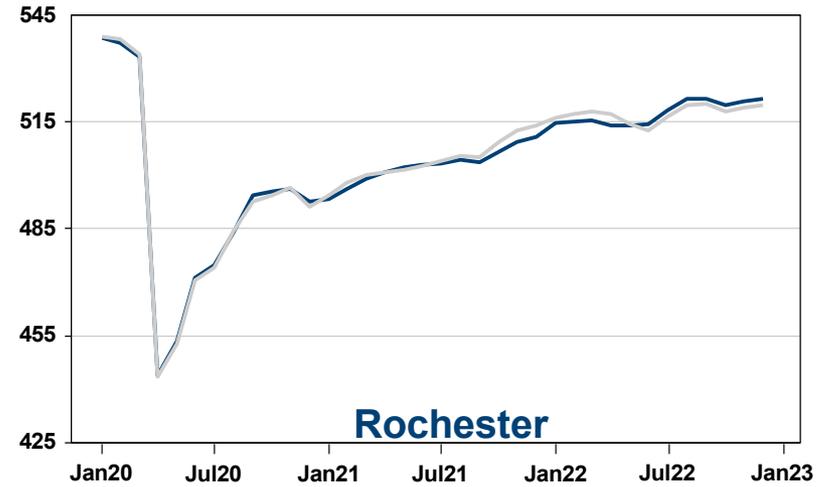
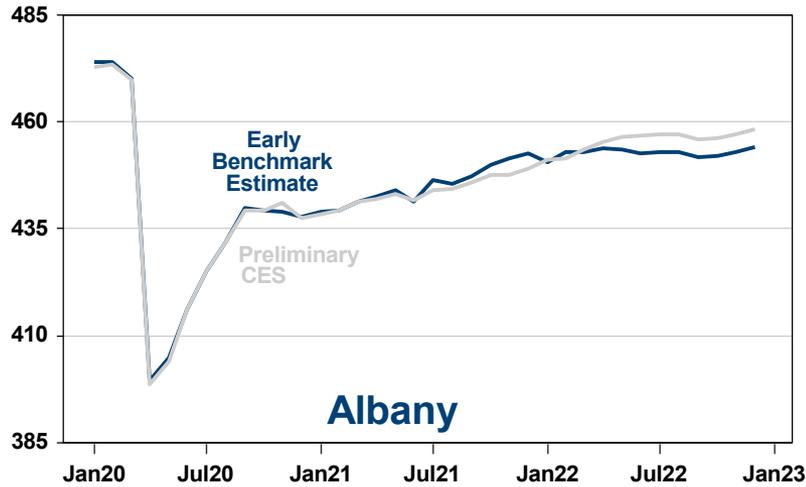
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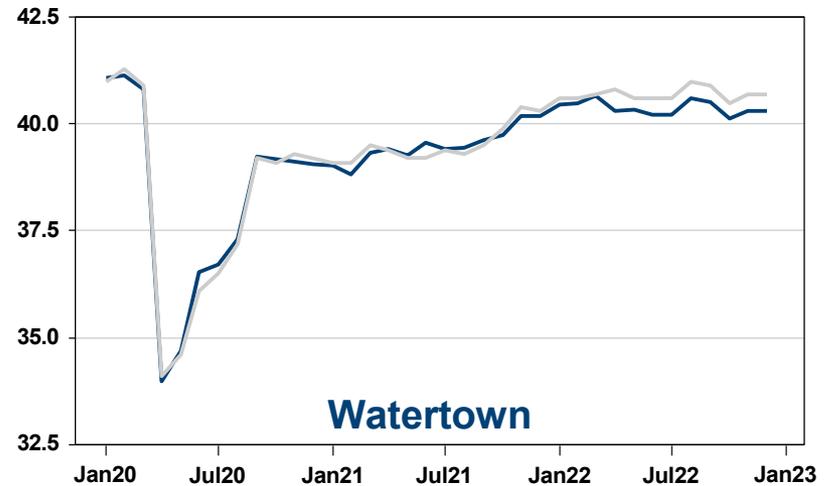
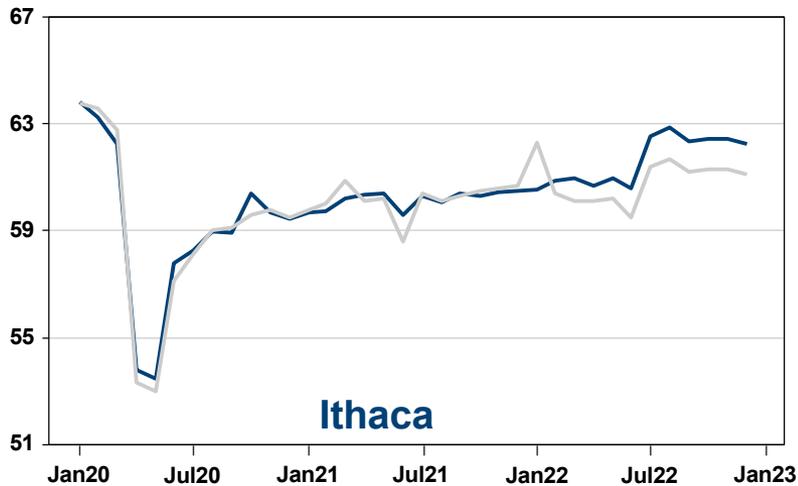
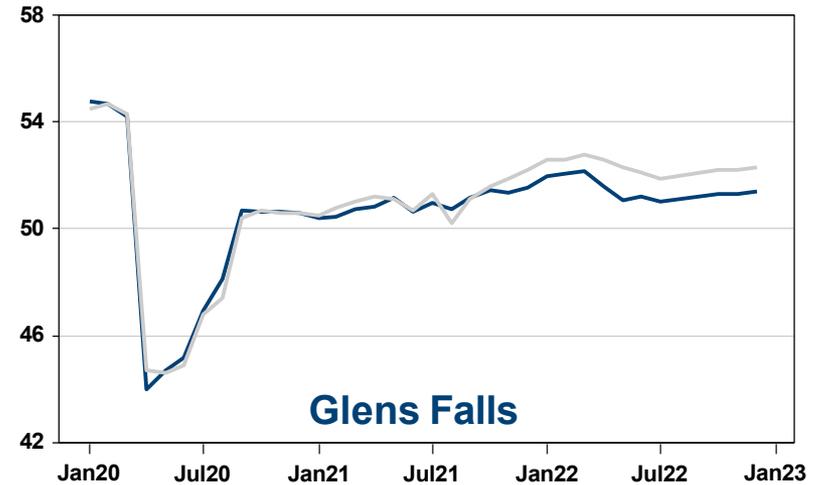
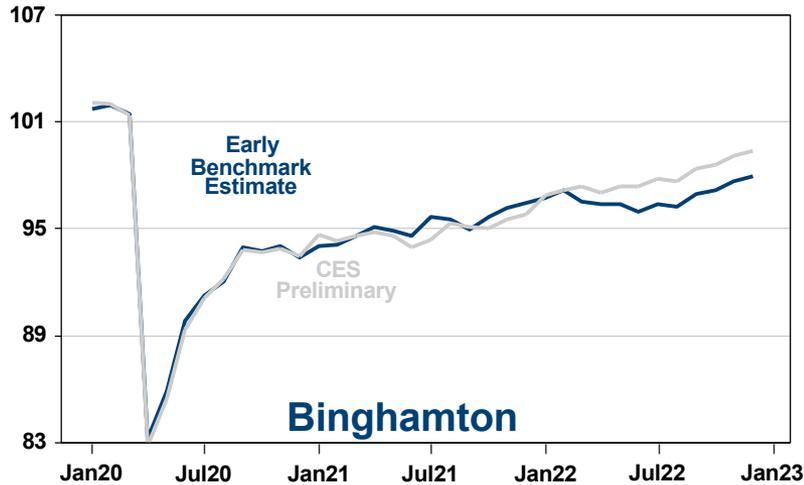
FRBNY Early Employment Benchmark

Total Employment in Thousands, Dec 2022 (QCEW Q22022)



FRBNY Early Employment Benchmark

Total Employment in Thousands, Dec 2022 (QCEW Q22022)



NY State Job Shortfalls by Sector

December 2022 Employment, Relative to February 2020

Above Pre-Pandemic Levels

- Information
- Professional & Business Services
- Transportation & Warehousing

Below Pre-Pandemic Levels But Rebounding

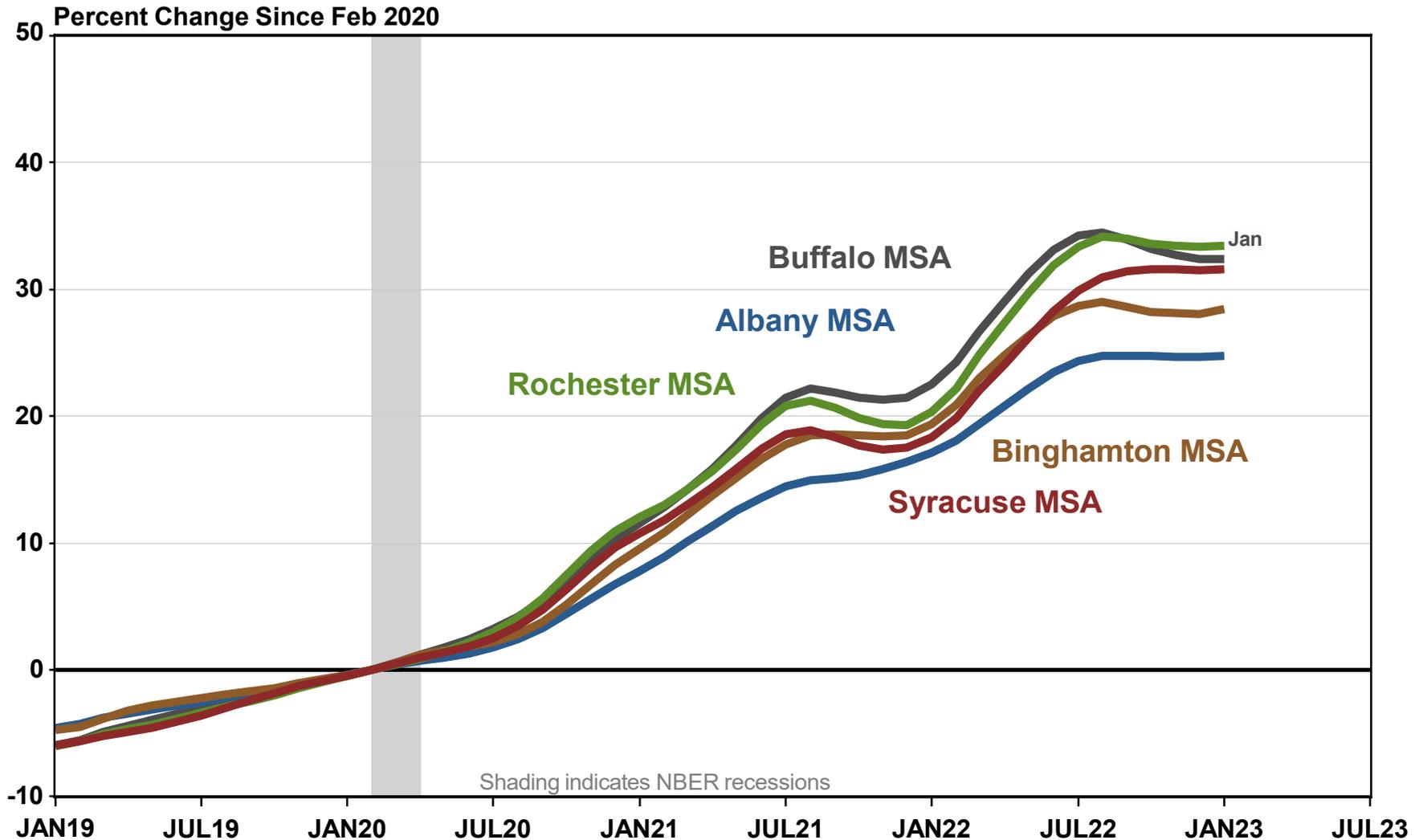
- Leisure & Hospitality
- Education & Health
- Construction

Below Pre-Pandemic Levels and Sluggish

- Manufacturing
- Finance
- Retail Trade
- Wholesale Trade
- Government

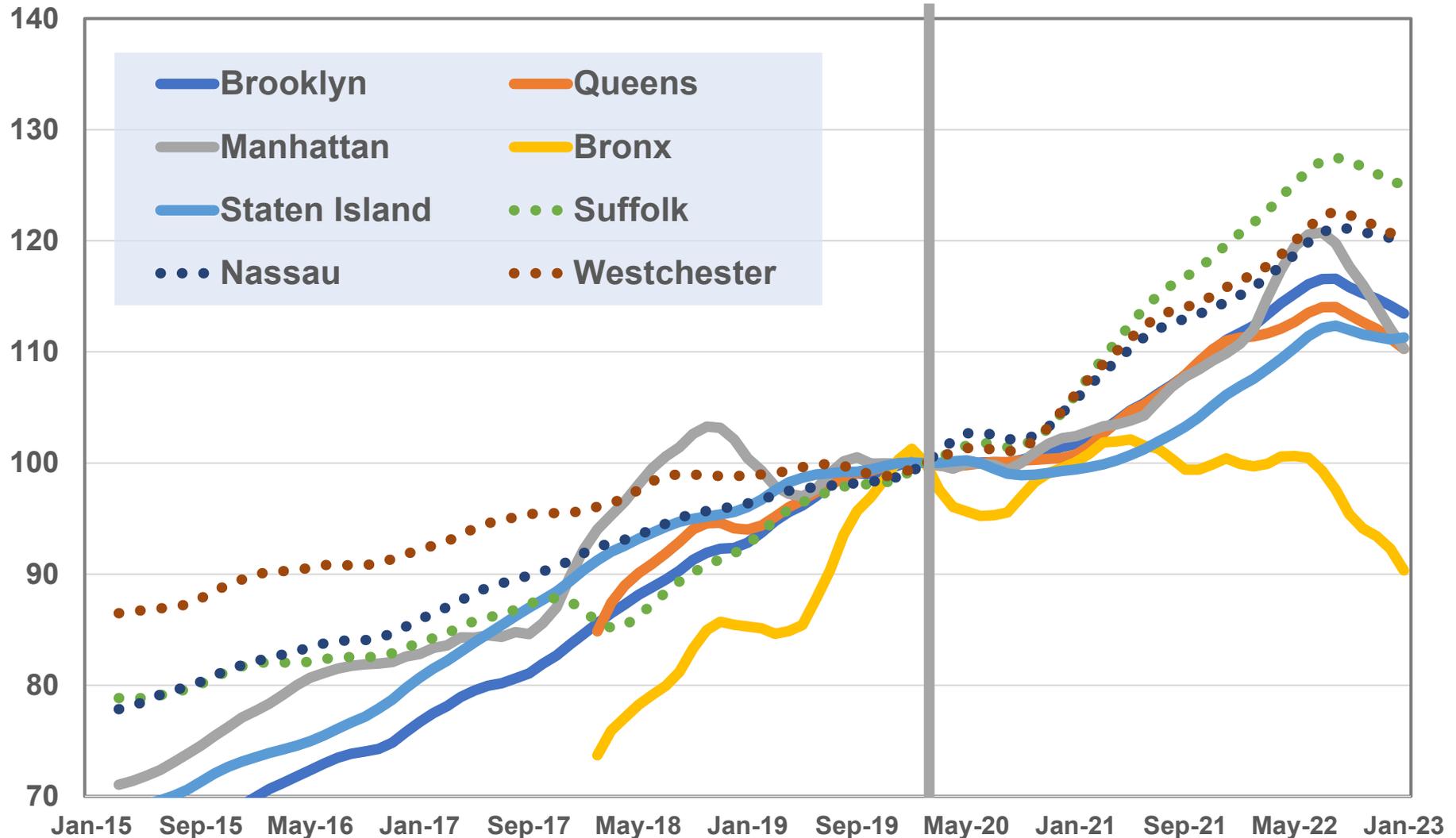
Upstate NY Home Prices Have Plateaued

Home Price Trends Based on Zillow Home Value Index



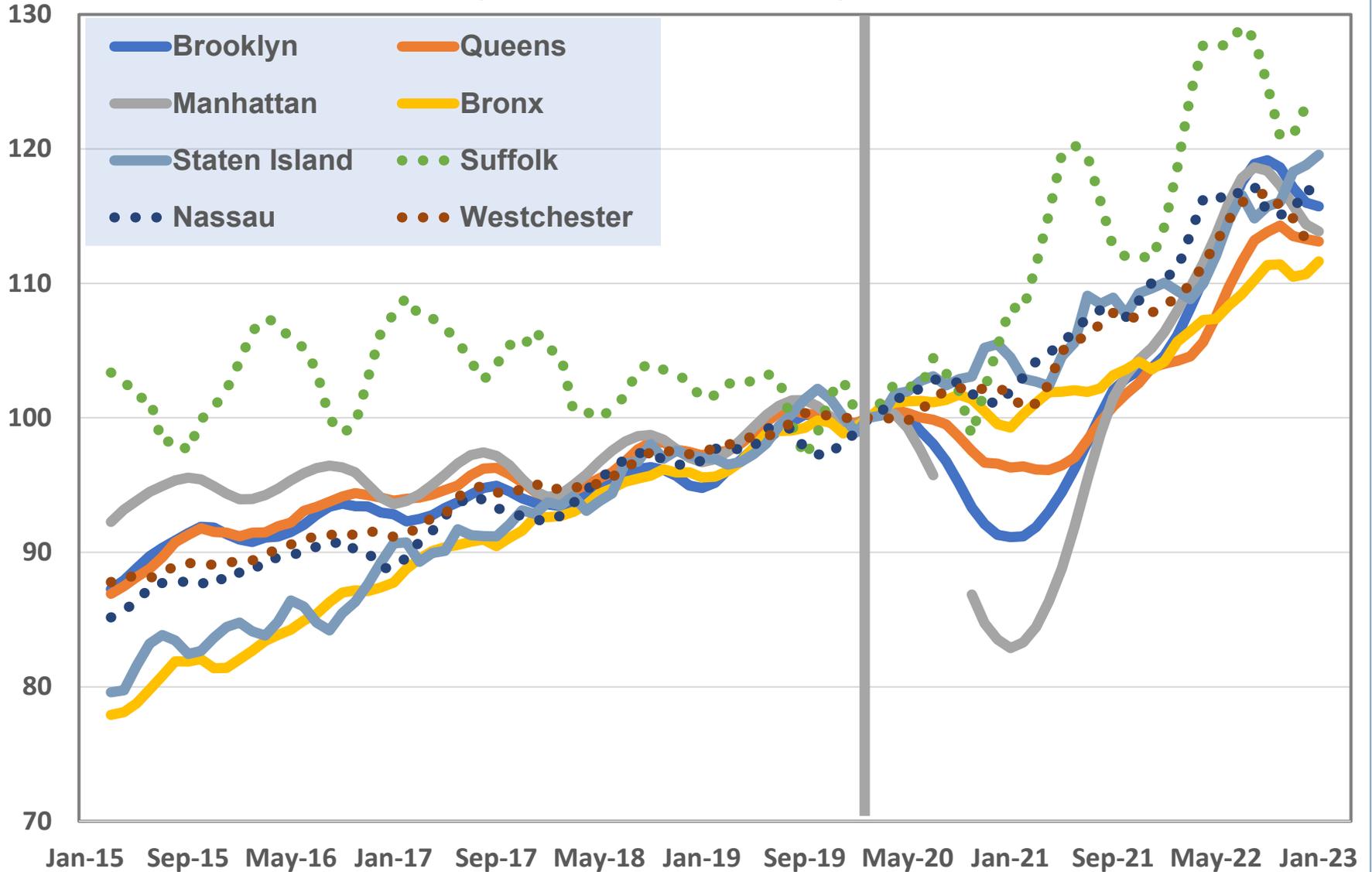
Downstate Home Prices Off Recent Highs

Zillow Home Value Index Based on February 2020 = 100



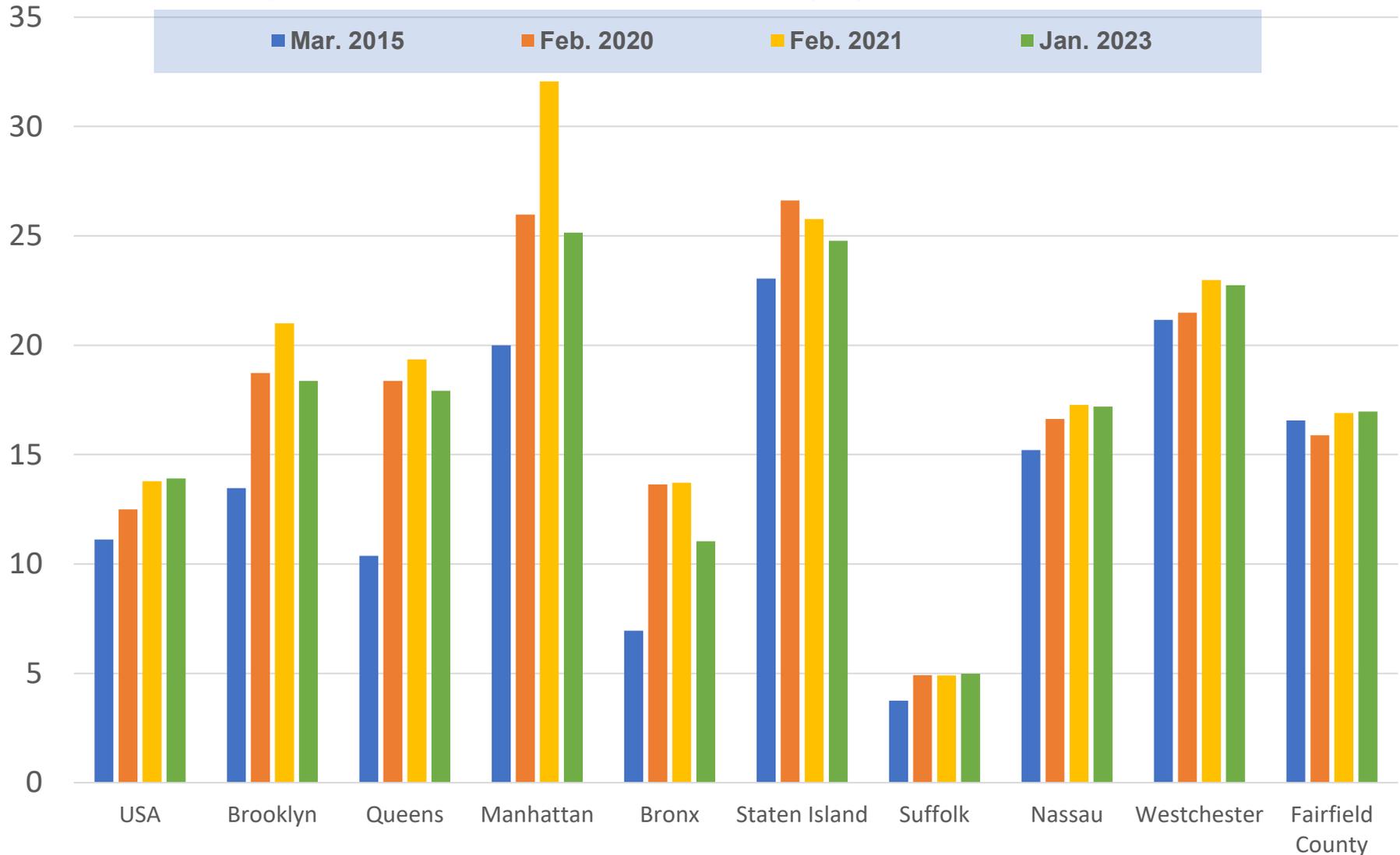
NYC-Area Residential Rents Seem to Have Peaked

Index of Typical Rent, February 2020 = 100



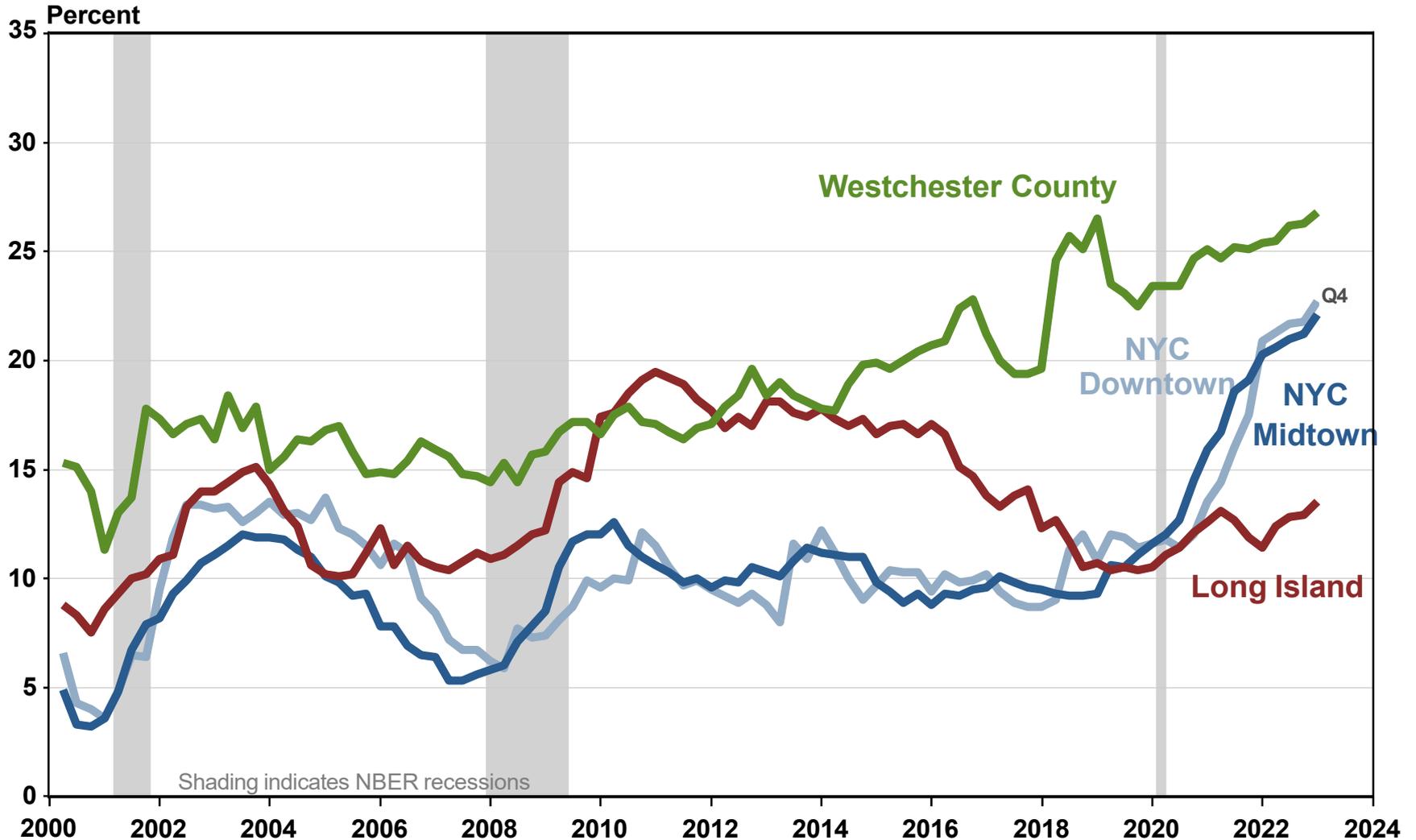
NYC Area Price/Rent Ratios Remain High

Typical Transaction Price Divided by Typical Annual Rent*



Office Vacancy Rates

Overall Vacancy Rates



Shading indicates NBER recessions

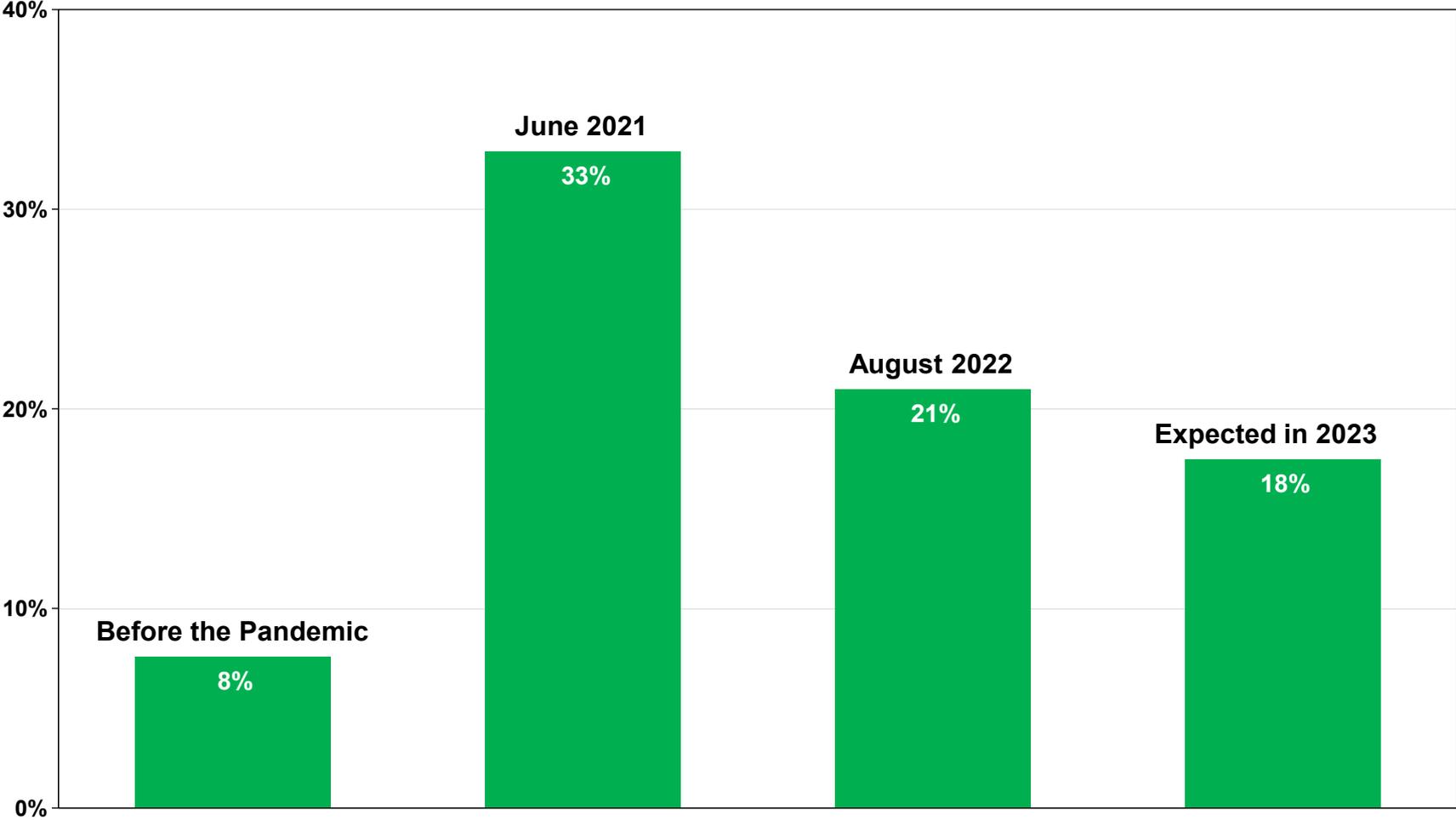
Summary

- Regional business surveys show inflation receding, business slowing.
- Employment is still below pre-pandemic levels but continuing to trend up.
- Housing markets, both sales and rental, have cooled in recent months.
- Commercial real estate markets have been weak reflecting the ongoing prevalence of remote work.

Appendix

Remote Work Is Sticking in the Region

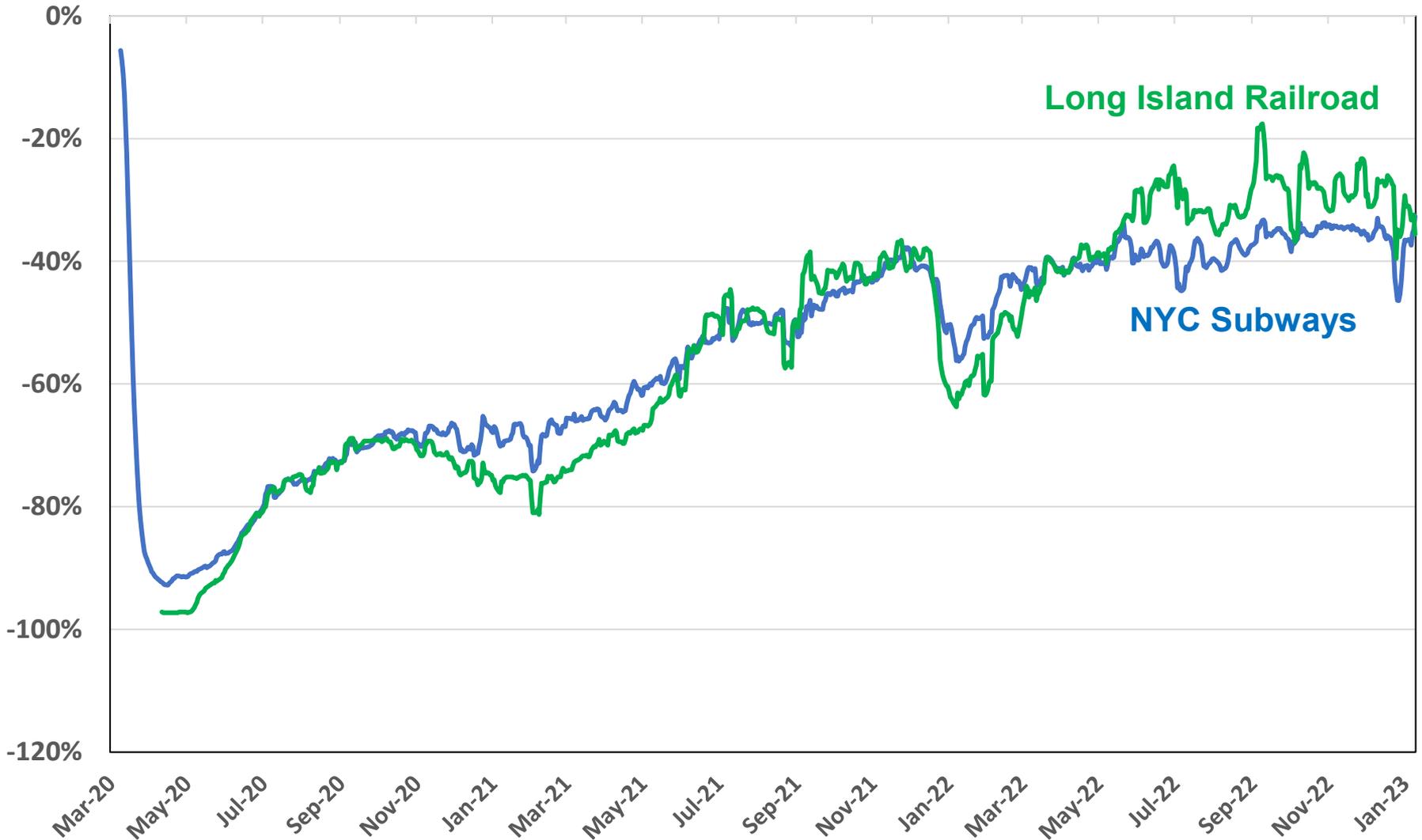
Average Share of Hours Worked Remotely, Service Firms



Source: Abel, Bram, and Deitz "[Remote Work is Sticking](#)," FRBNY *Liberty Street Economics*, August 18, 2022.

NYC Subway Ridership

Percent Change from Comparable Pre-Pandemic Day



Moving 7-day average of daily data

Source: MTA

Past and Expected Changes in Workspace Used

FRBNY Business Surveys, August 2022

