



FEDERAL RESERVE BANK *of* NEW YORK

# Overview of the Regional Economy

February 16, 2023

Jason Bram

Greater Norwalk Chamber

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

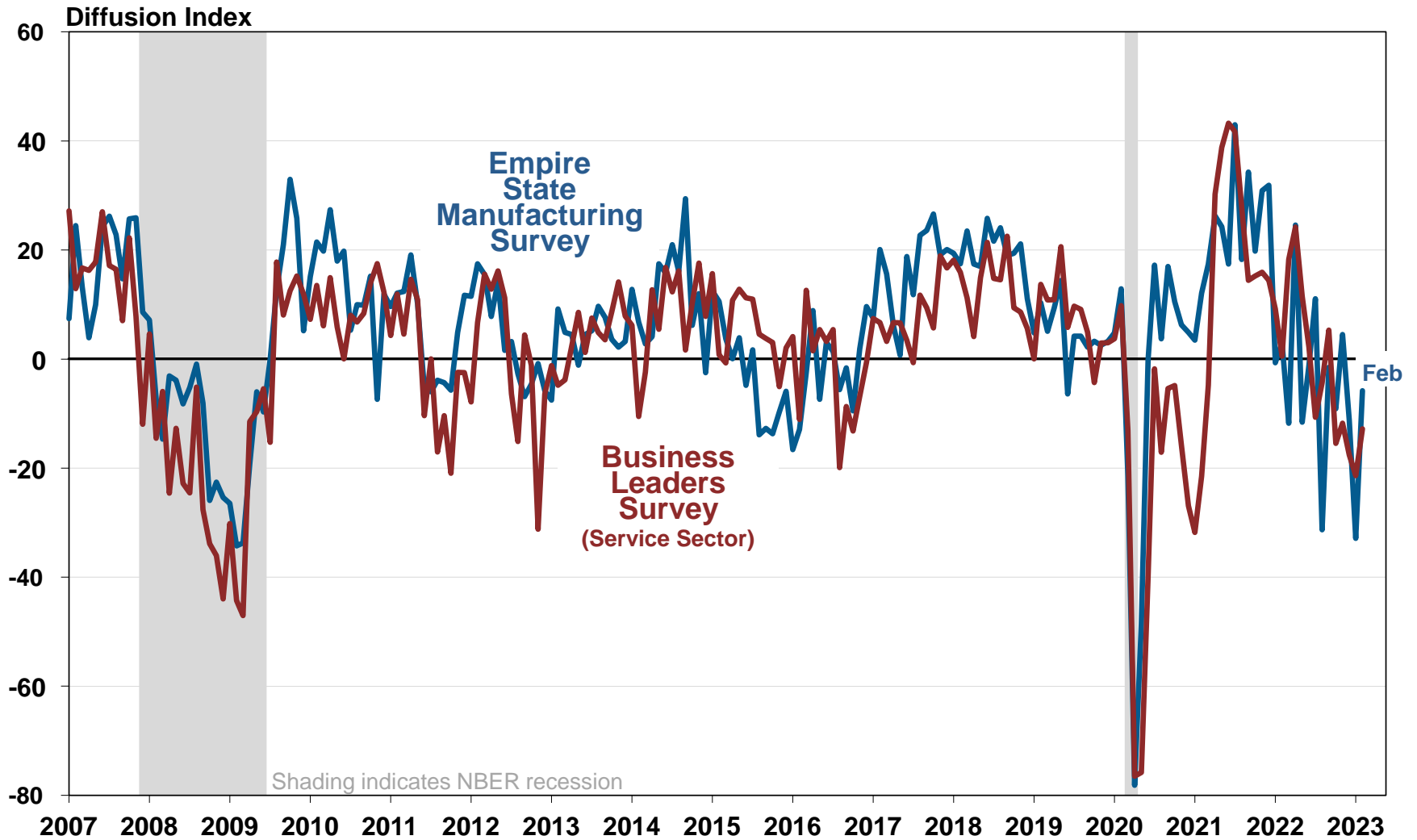
# Preview

- Recent findings from our business surveys
- Overview of local area employment trends
- Local housing markets
- Commercial real estate markets & remote work



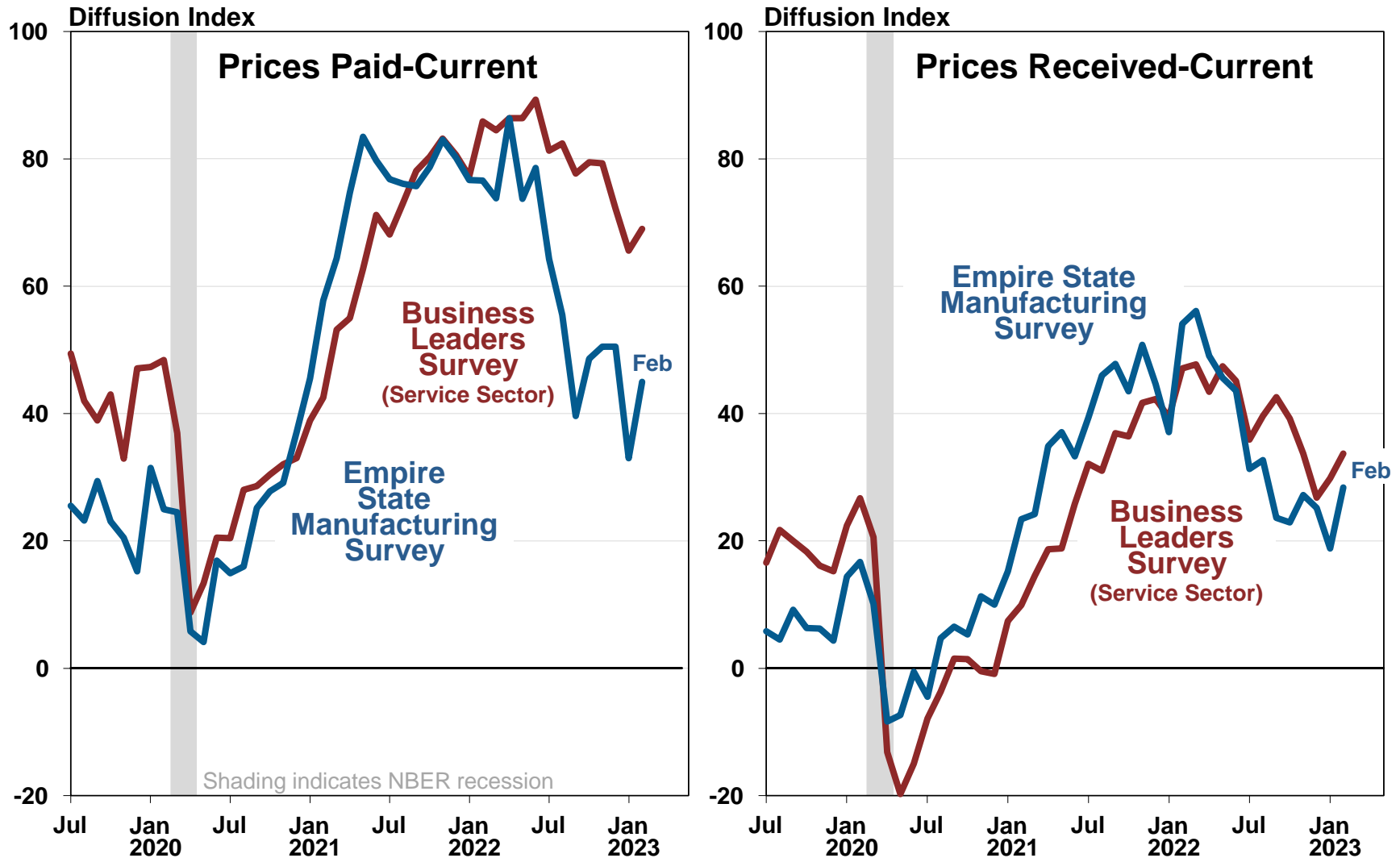
# Current Economic Conditions

## FRBNY Business Surveys, Current Conditions



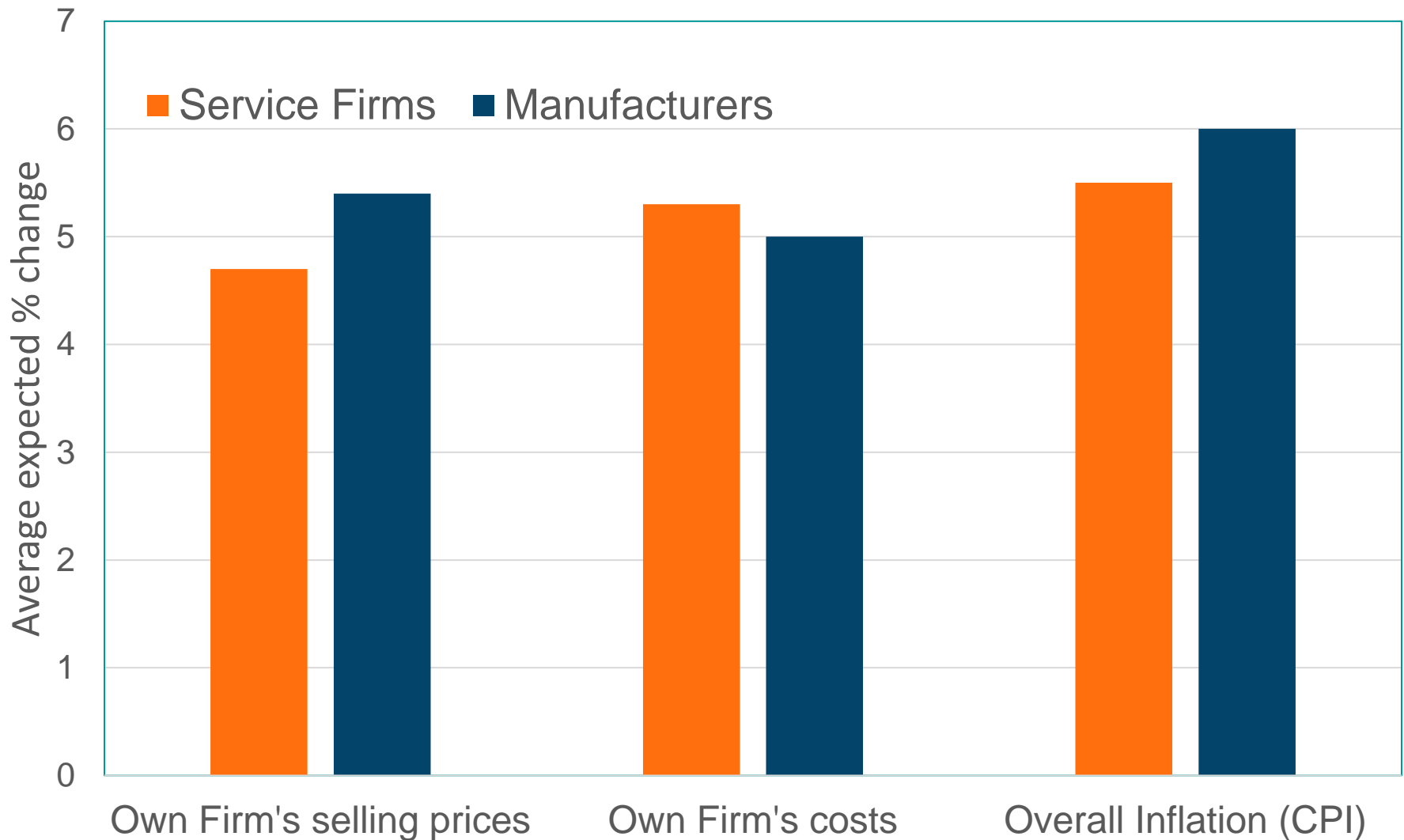
# Price Pressures in the Region Have Receded...a Bit

## 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

# Median Percent Change in Wages & Salaries

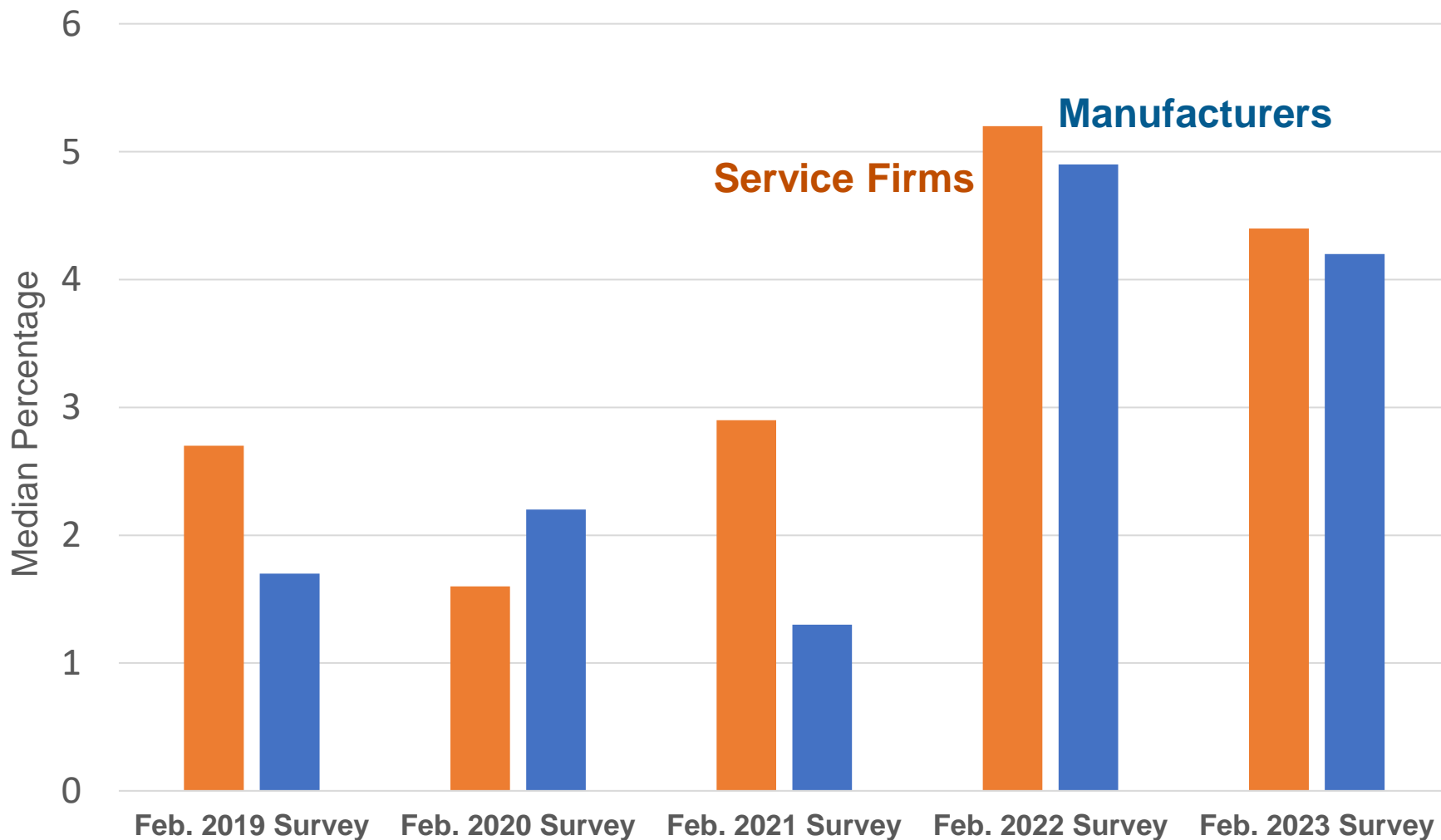
## New York Fed Supplemental Business Surveys



Source: Federal Reserve Bank of New York February 2023 Supplemental Survey

# Current Job Openings as a % of Employment

## New York Fed Supplemental Business Surveys

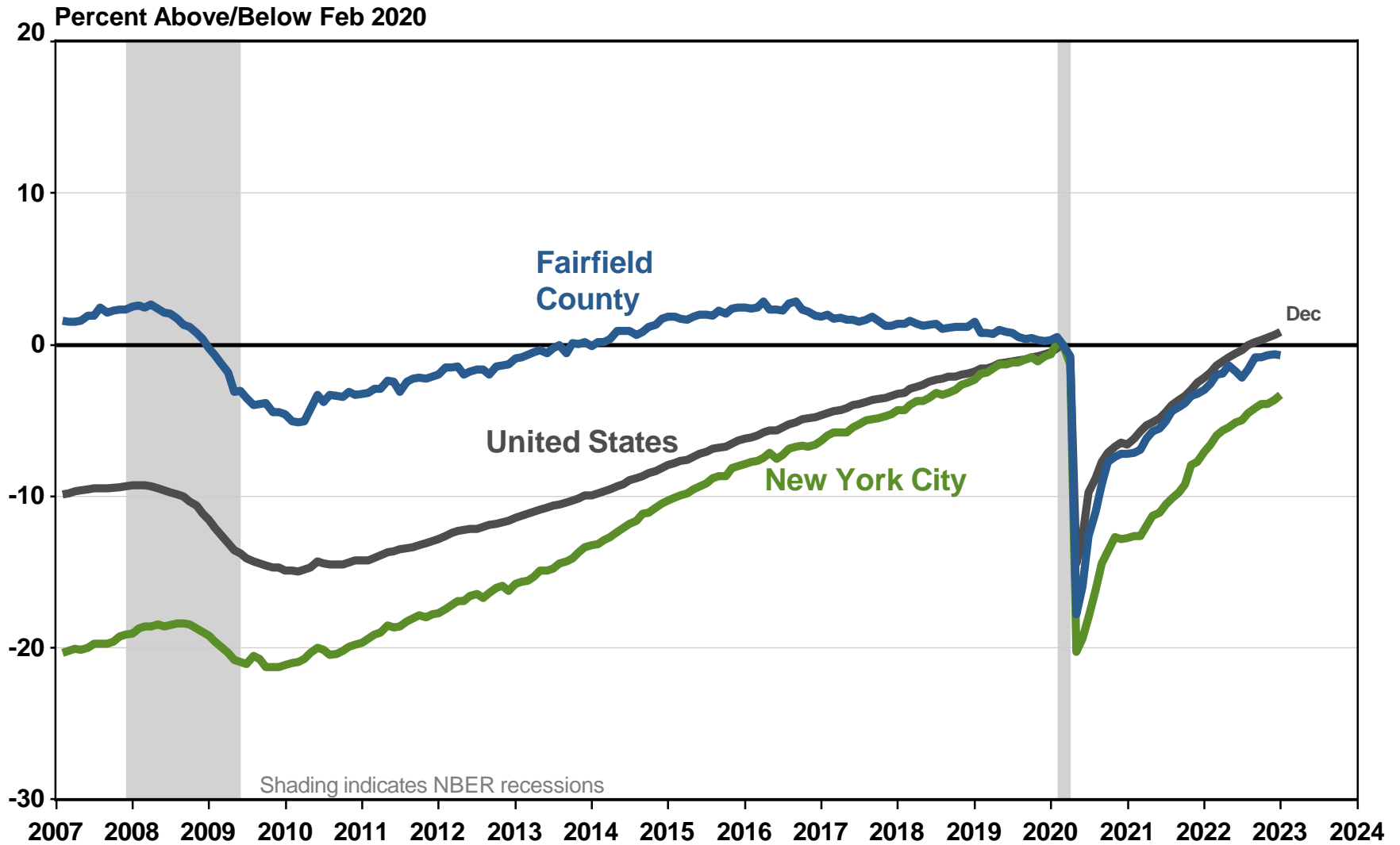


Source: Federal Reserve Bank of New York February 2023 Supplemental Survey



# Total Employment

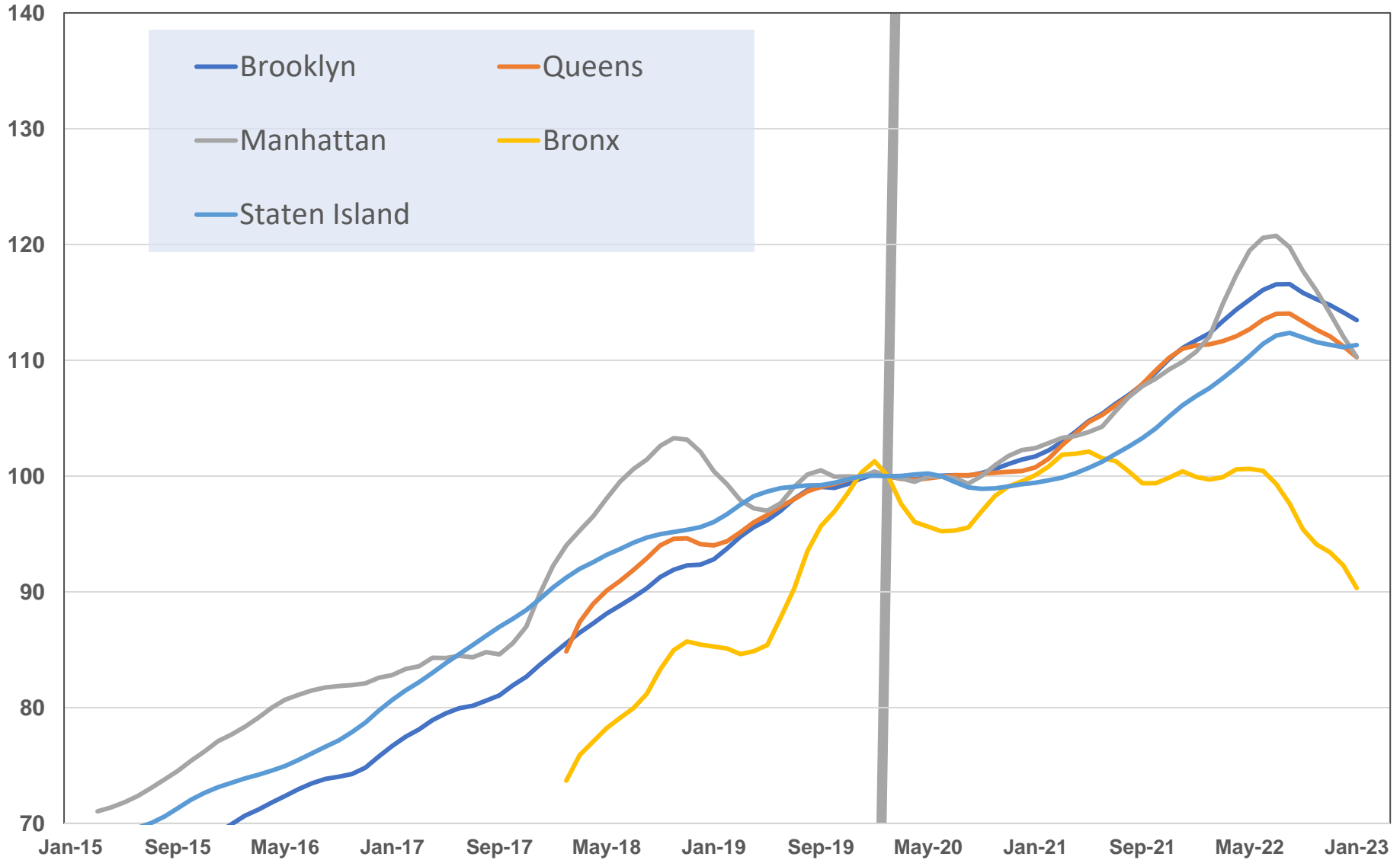
## Seasonally Adjusted Index





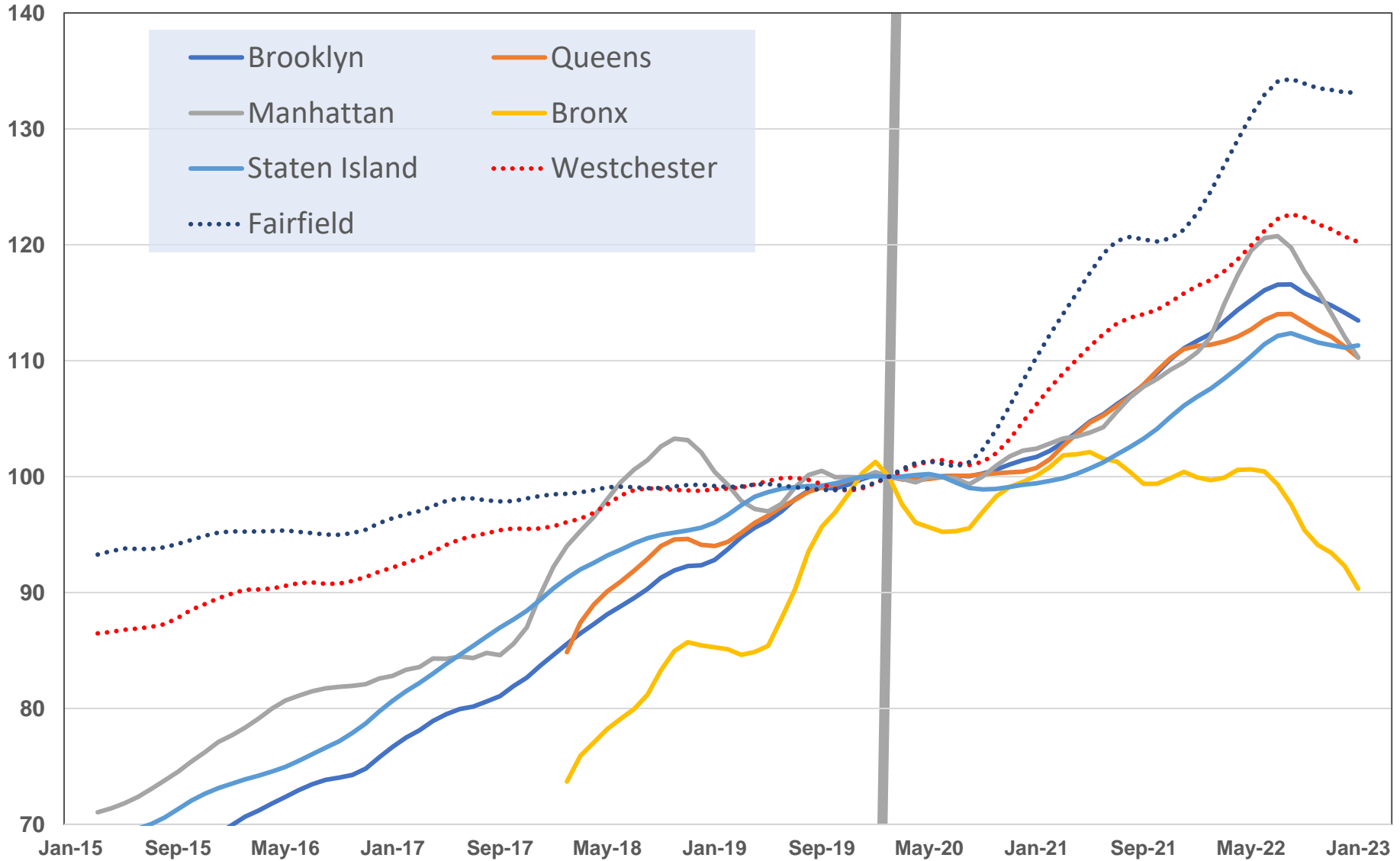
# Home Prices Have Retreated from Recent Highs

Index of Typical Home Prices, February 2020 = 100



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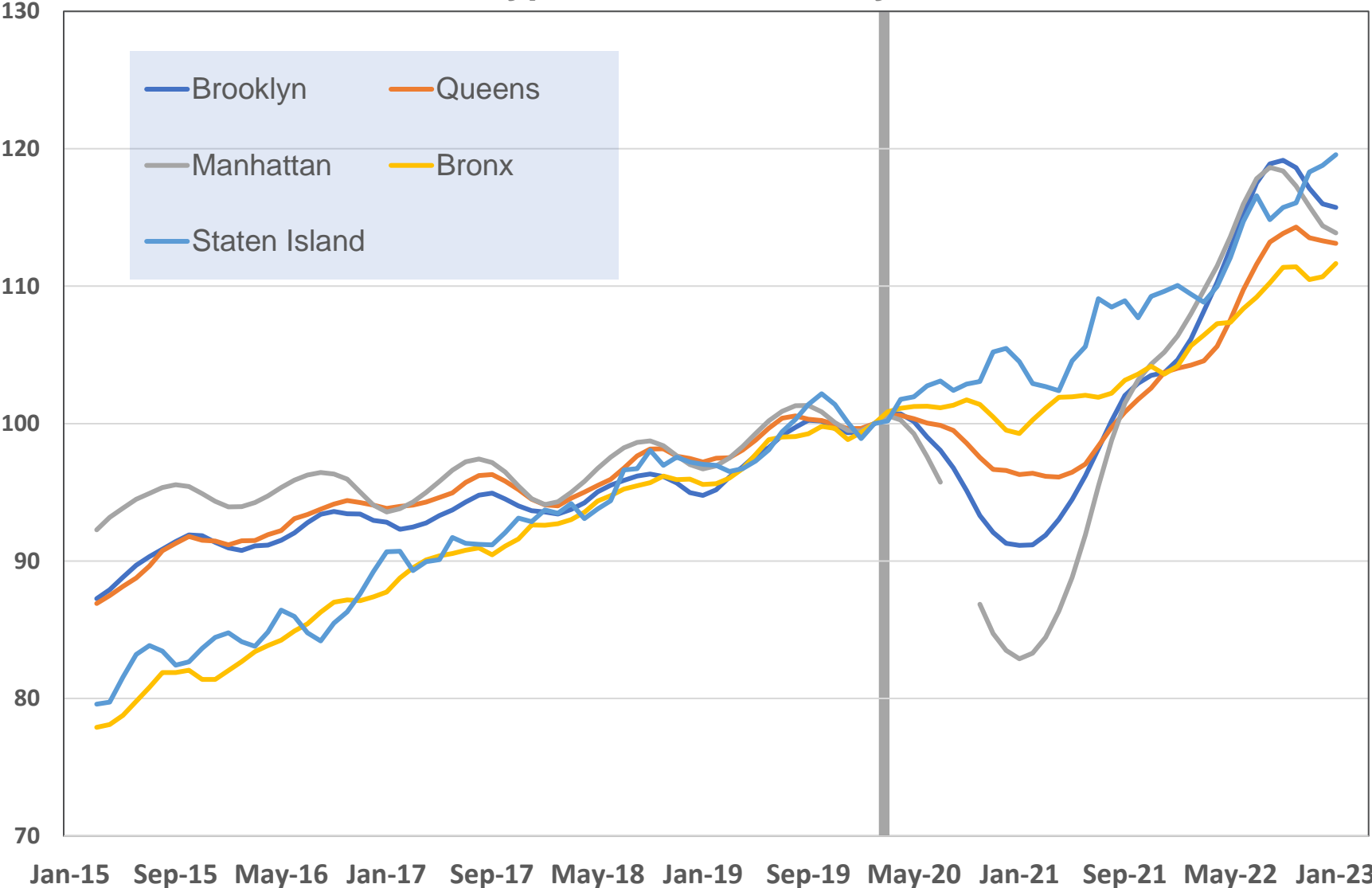
Index of Typical Home Prices, February 2020 = 100



Source: Zillow Home Value Index.

# Residential Rents Seem to Have Peaked

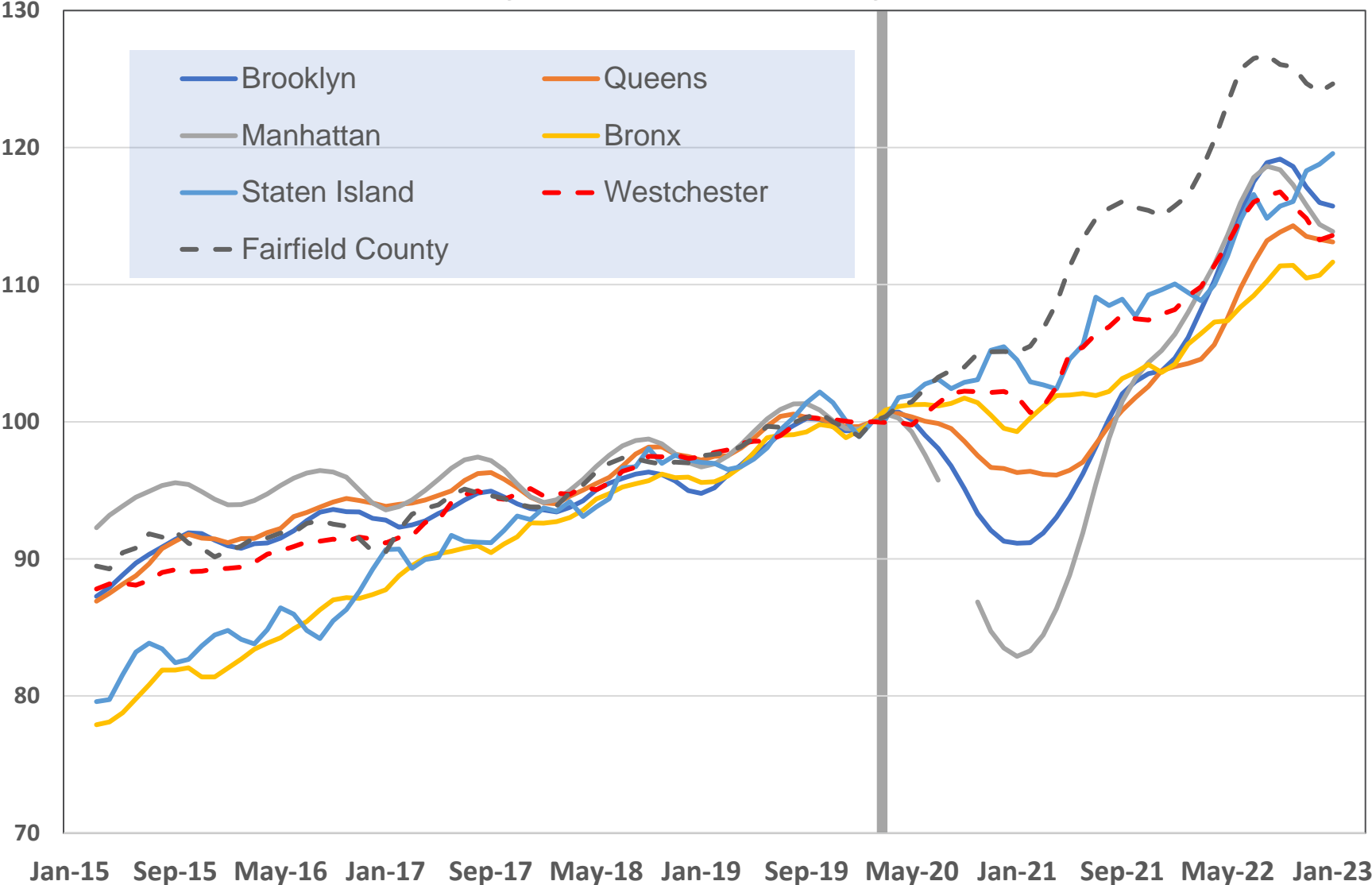
Index of Typical Rent, February 2020 = 100



Source: Zillow Observed Rent Index.

# Residential Rents Seem to Have Peaked

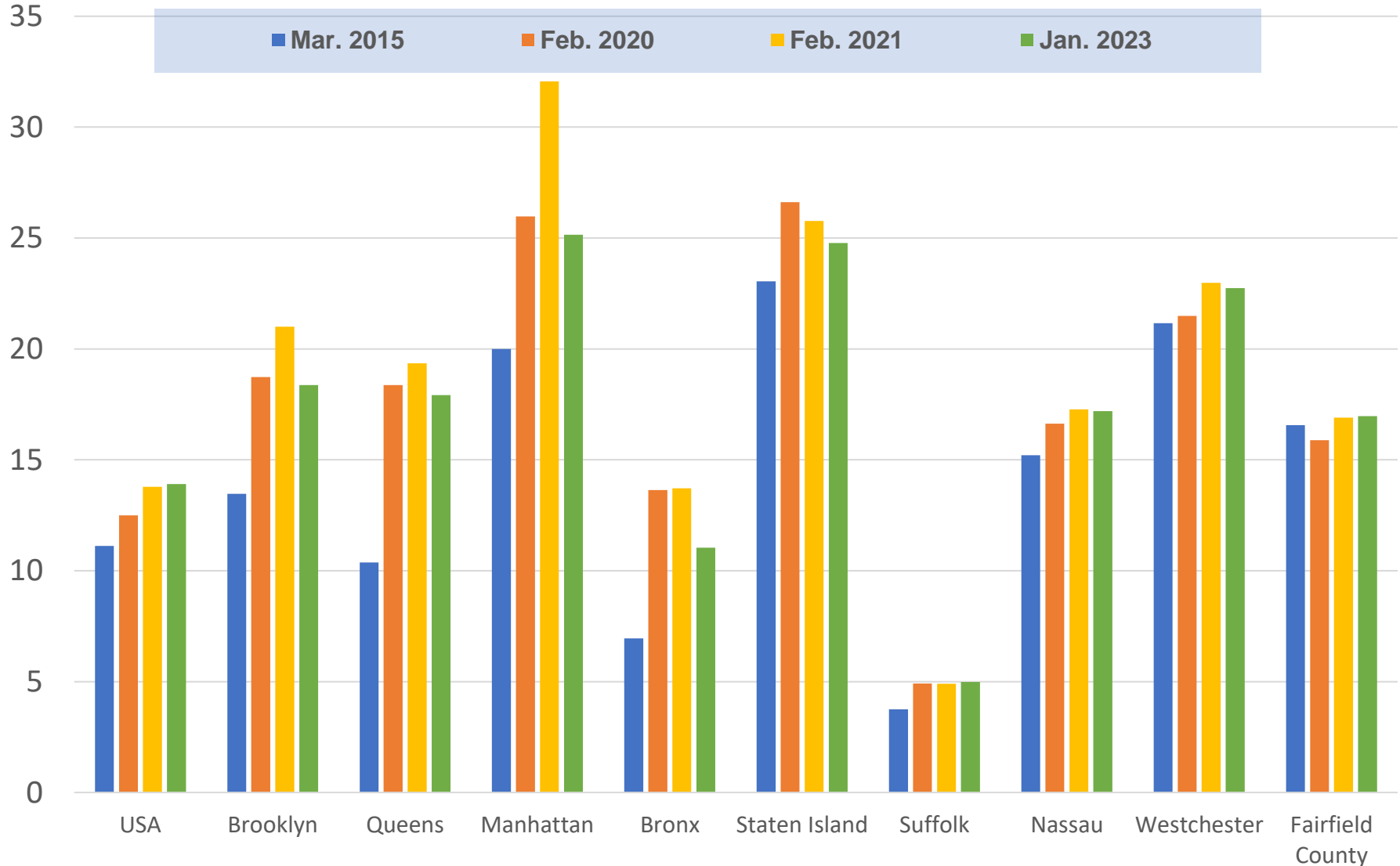
Index of Typical Rent, February 2020 = 100



Source: Zillow Observed Rent Index.

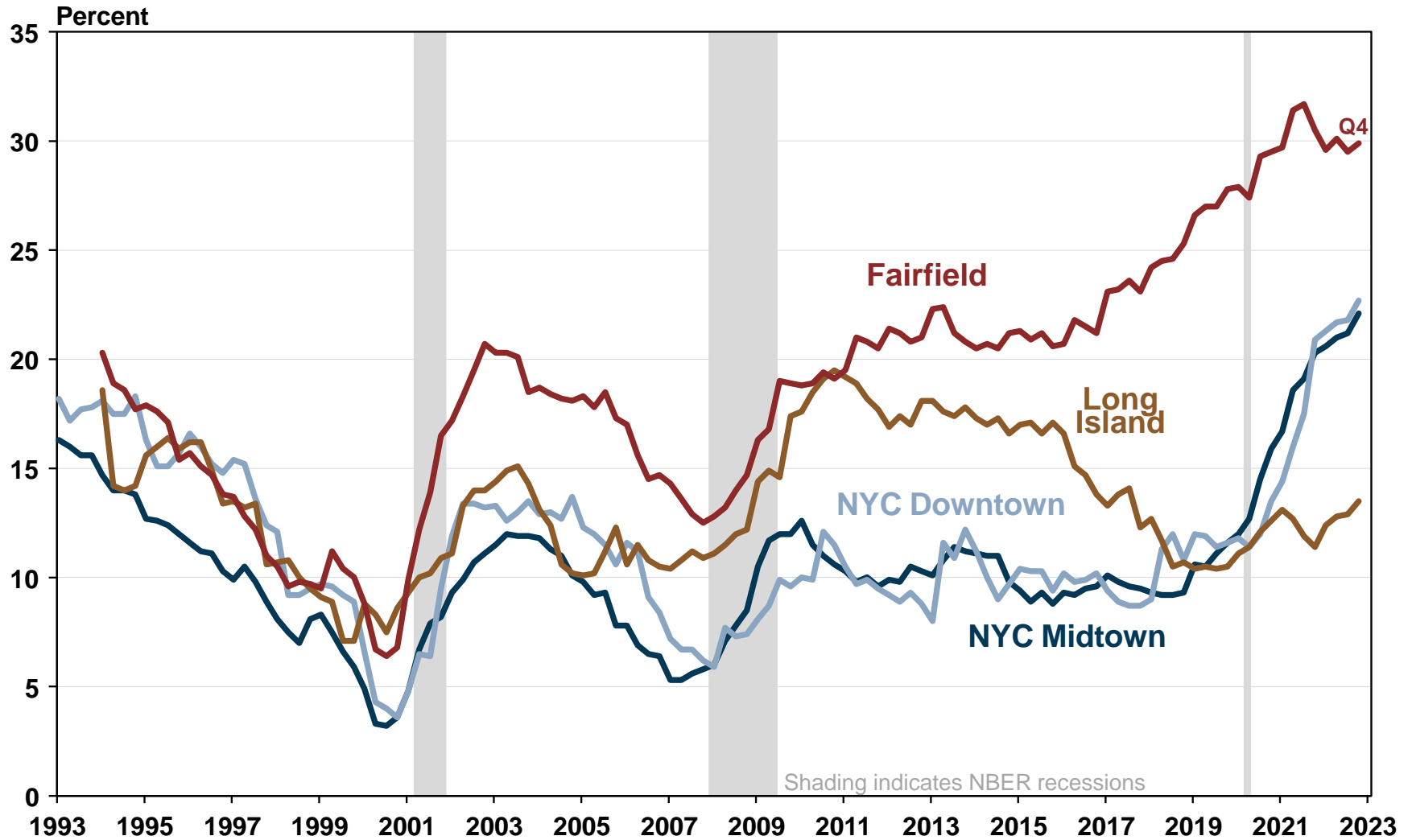
# NYC Area Price/Rent Ratios Remain High

Typical Transaction Price Divided by Typical Annual Rent\*



# Office Vacancy Rates

## Overall Vacancy Rates

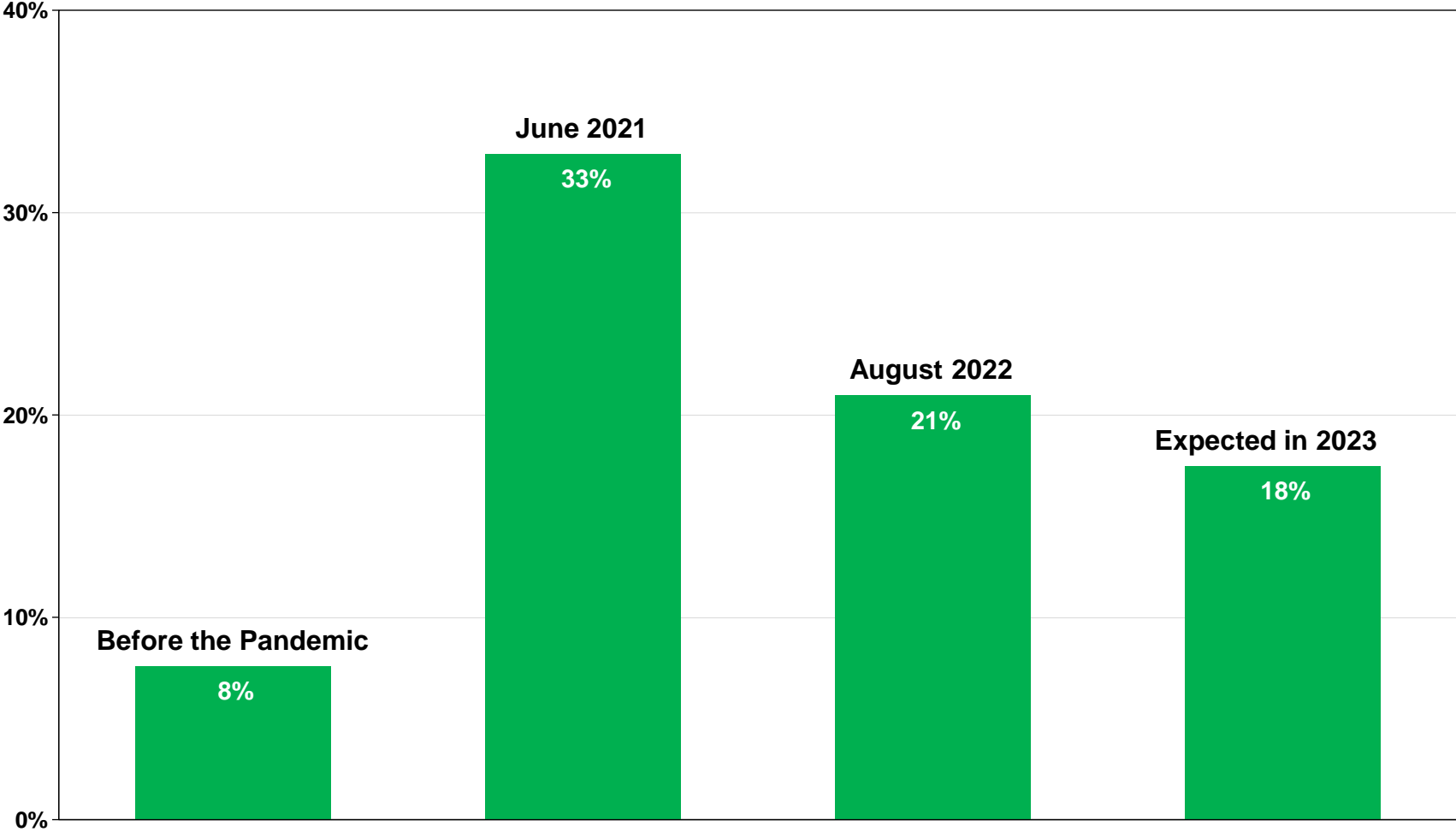


Shading indicates NBER recessions

Source: Cushman & Wakefield.

# Remote Work Is Sticking in the Region

Average Share of Hours Worked Remotely, Service Firms

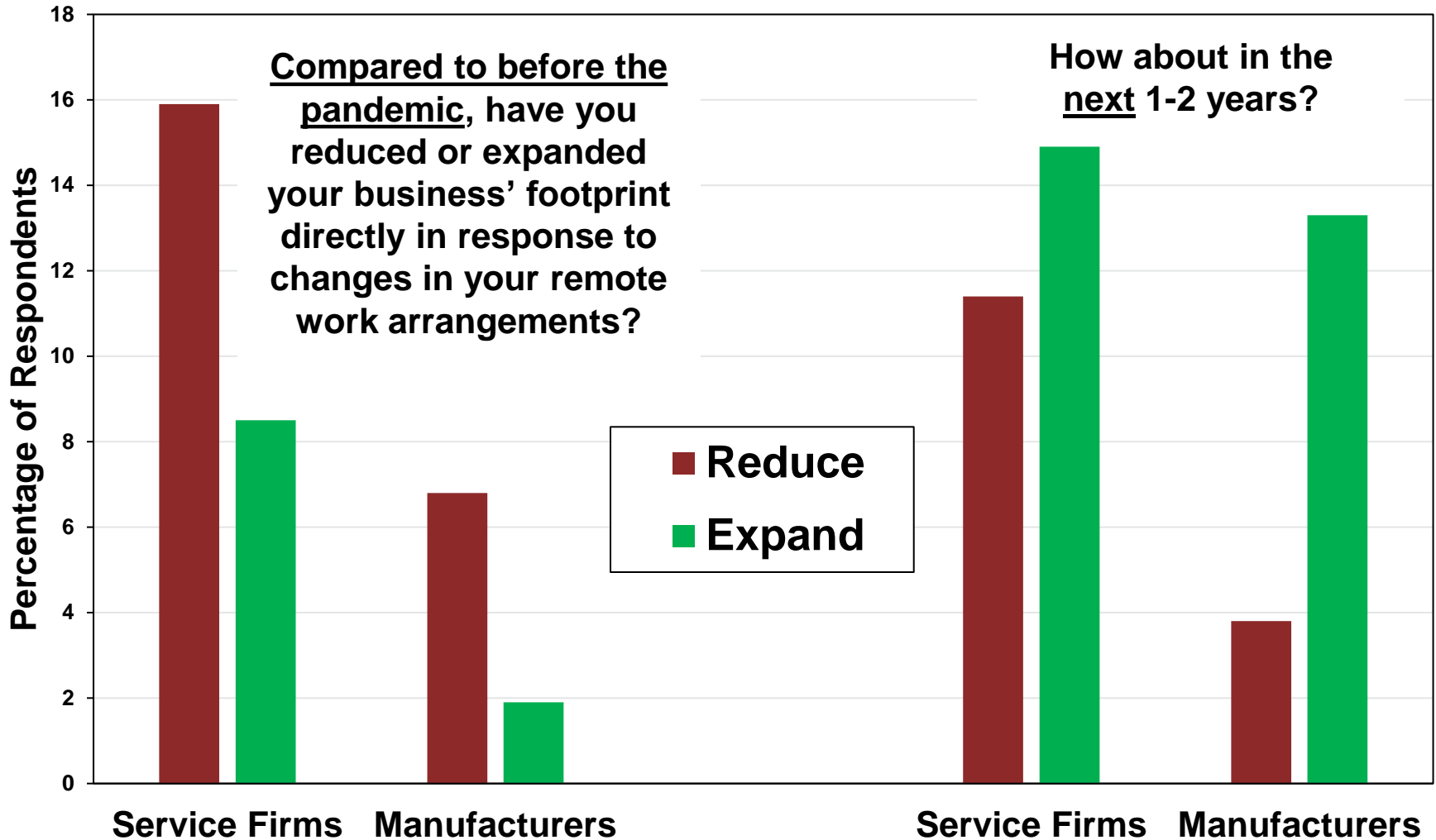


Source: Abel, Bram, and Deitz "[Remote Work is Sticking](#)," FRBNY *Liberty Street Economics*, August 18, 2022.



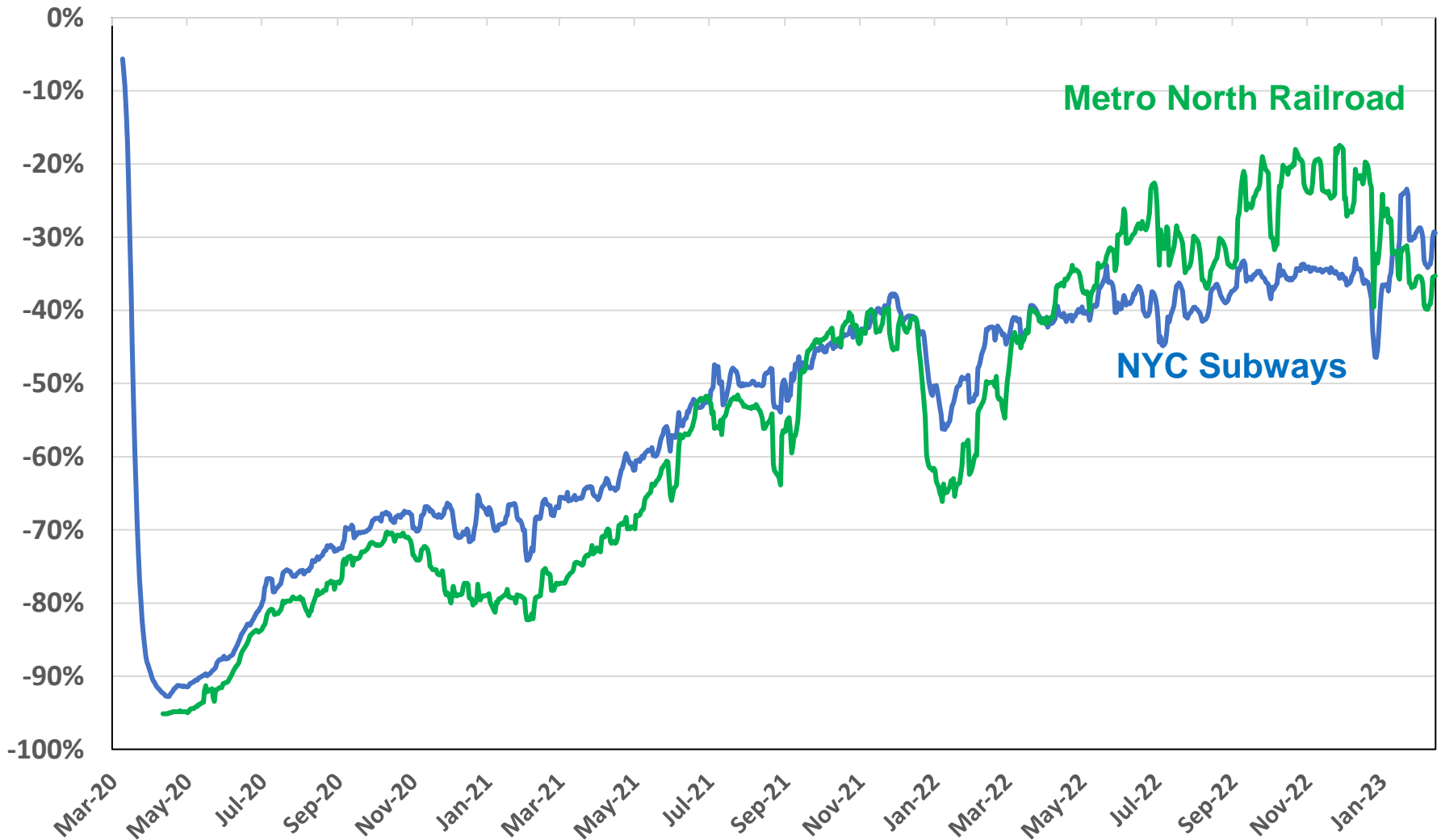
# Past and Expected Changes in Workspace Used

FRBNY Business Surveys, August 2022



# NYC Subway & Metro North Ridership

Percent Change from Comparable Pre-Pandemic Day



Moving 7-day average of daily data

Source: MTA

# Summary

- Regional business surveys show activity contracting, inflation receding, job openings plentiful, and wage growth expected to moderate.
- Local employment is still slightly below pre-pandemic levels and job growth slowed in late 2022.
- Local 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.