Overview of the Regional Economy
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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

Diffusion Index

Shading indicates NBER recession

Source: Federal Reserve Bank of New York.
Price Pressures in the Region Have Receded…a Bit

New York Fed Regional Business Surveys

Source: Federal Reserve Bank of New York.
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

Shading indicates NBER recessions

Source: Bureau of Labor Statistics and Moody's Economy.com; data are early benchmarked by FRBNY staff.
Home Prices Have Retreated from Recent Highs

Index of Typical Home Prices, February 2020 = 100

Source: Zillow Home Value Index.
Home Prices Have Retreated from Recent Highs

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

- Brooklyn
- Queens
- Manhattan
- Bronx
- Staten Island
- Westchester
- Fairfield County

Source: Zillow Observed Rent Index.
NYC Area Price/Rent Ratios Remain High

Typical Transaction Price Divided by Typical Annual Rent*

Source: Zillow Home Value Index, Zillow Observed Rent Index, FRBNY Staff Calculations.
Office Vacancy Rates

Overall Vacancy Rates

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

Compared to before the pandemic, have you reduced or expanded your business’ footprint directly in response to changes in your remote work arrangements?

How about in the next 1-2 years?

Source: Federal Reserve Bank of New York, Supplemental Survey Reports.
NYC Subway & Metro North Ridership

Percent Change from Comparable Pre-Pandemic Day

Source: MTA

Moving 7-day average of daily data

Source: MTA. Note: Moving 7-day average of daily data.
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.