



FEDERAL RESERVE BANK *of* NEW YORK

Overview of the Regional Economy

January 17, 2023

Jason Bram

Long Island Association Meeting

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

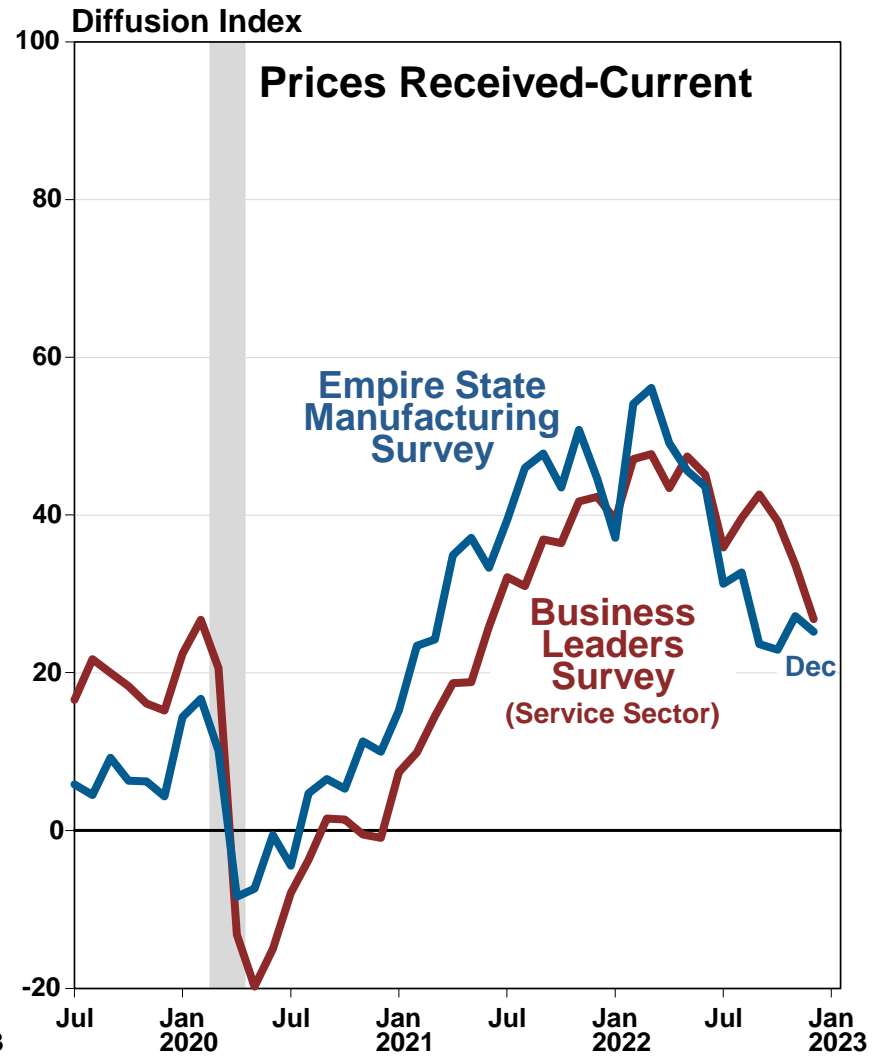
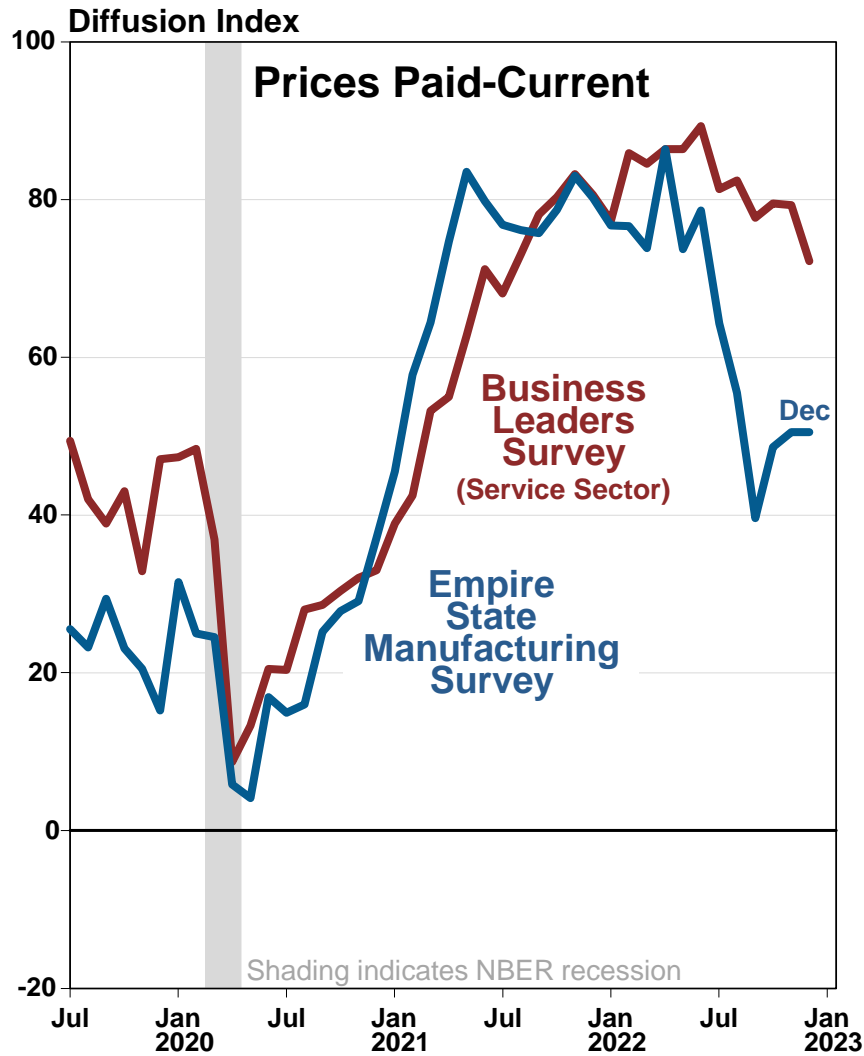
Preview

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



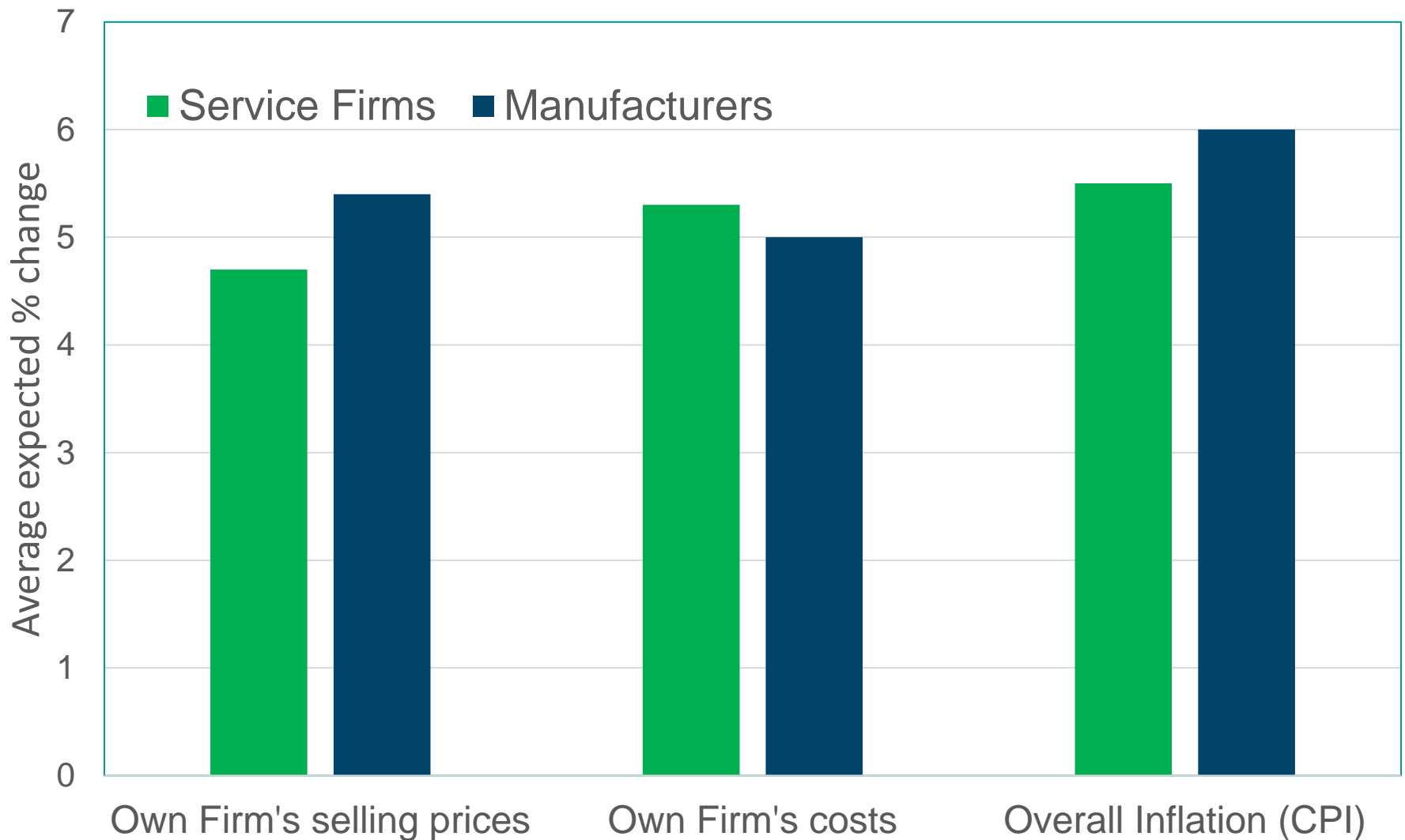
Price Pressures in the Region Have Receded...a Bit

New York Fed Regional Business Surveys



Businesses' Expected Change* in Prices, Next 12 Months

December 2022 Supplemental Surveys



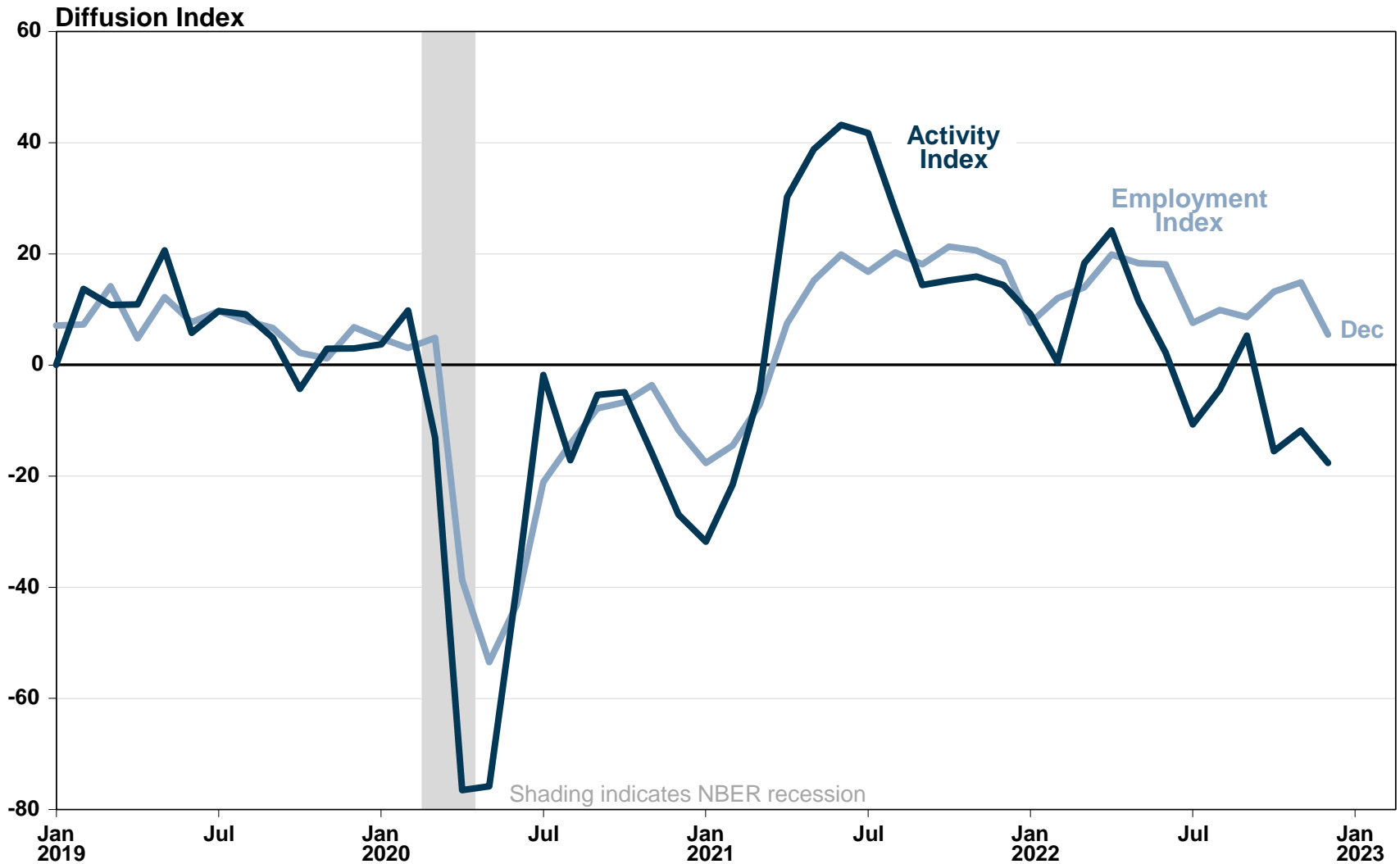
**The average represents a trimmed mean among responses; the highest 5% and lowest 5% of responses are excluded*

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

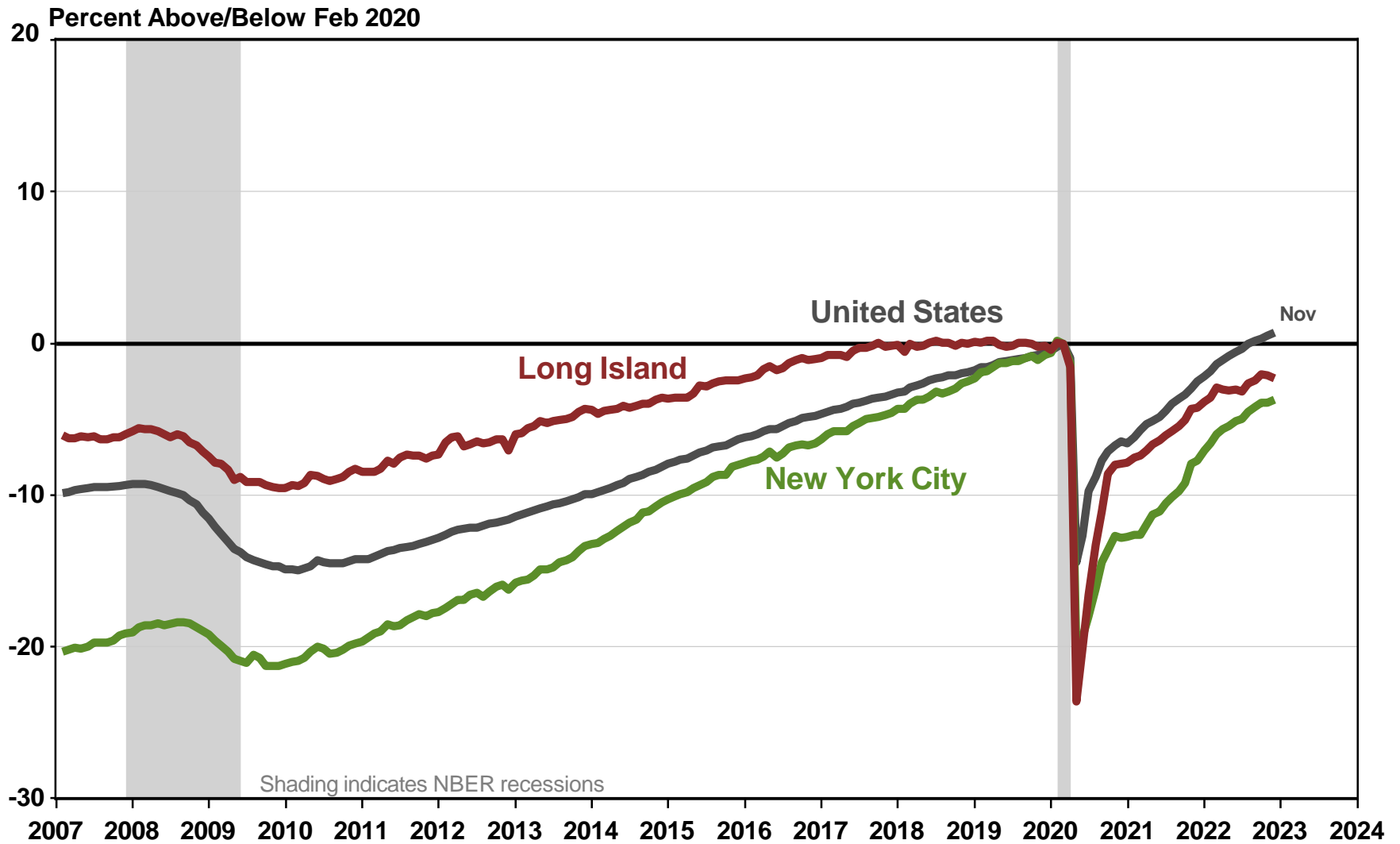
Surveys Show Business Activity & Jobs Diverging

Service Sector Diffusion Indexes, Business Leaders Survey



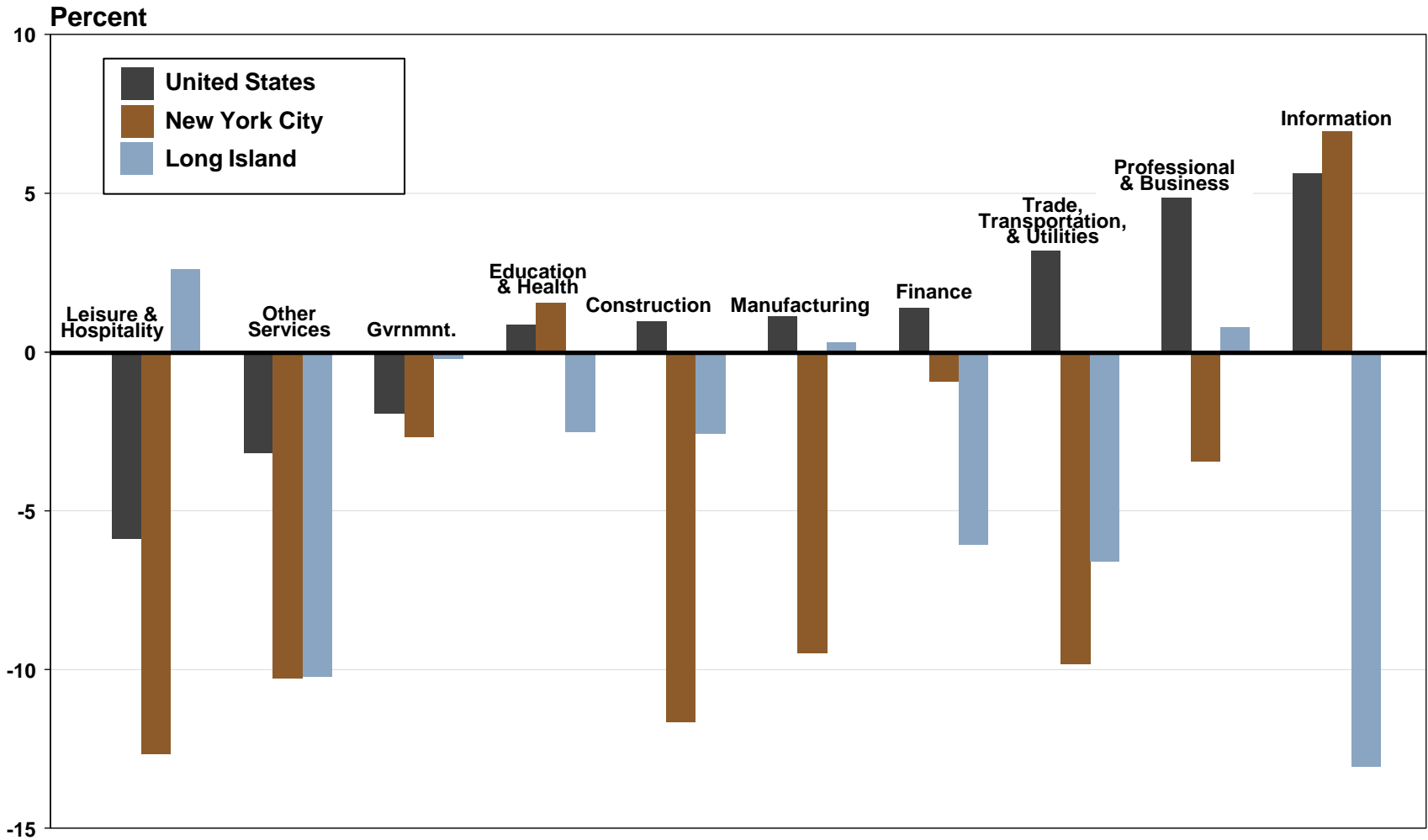
Total Employment

Seasonally Adjusted Index



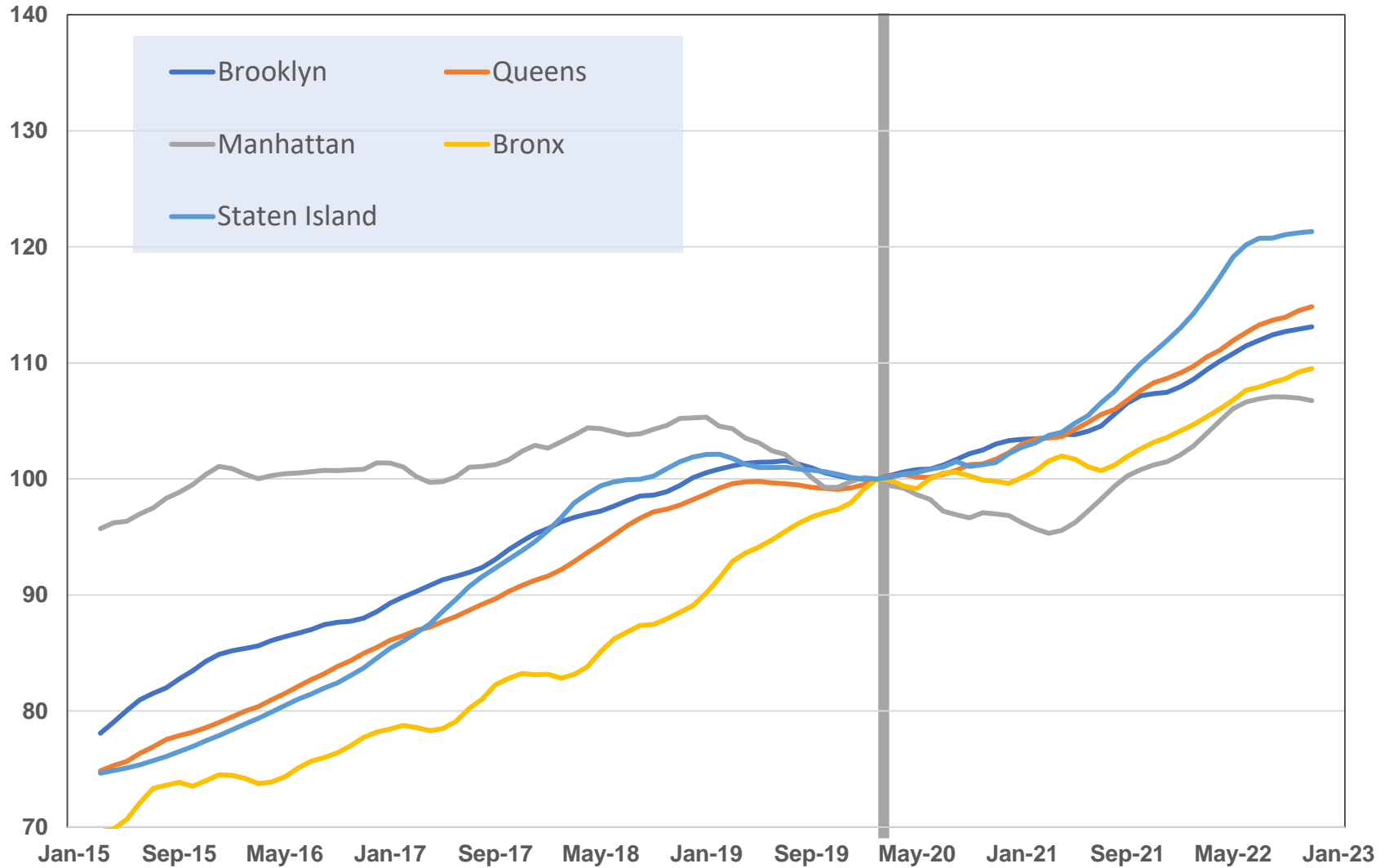
Job Gains/Losses by Industry Since the Pandemic

Percent Change from February 2020 to Nov. 2022



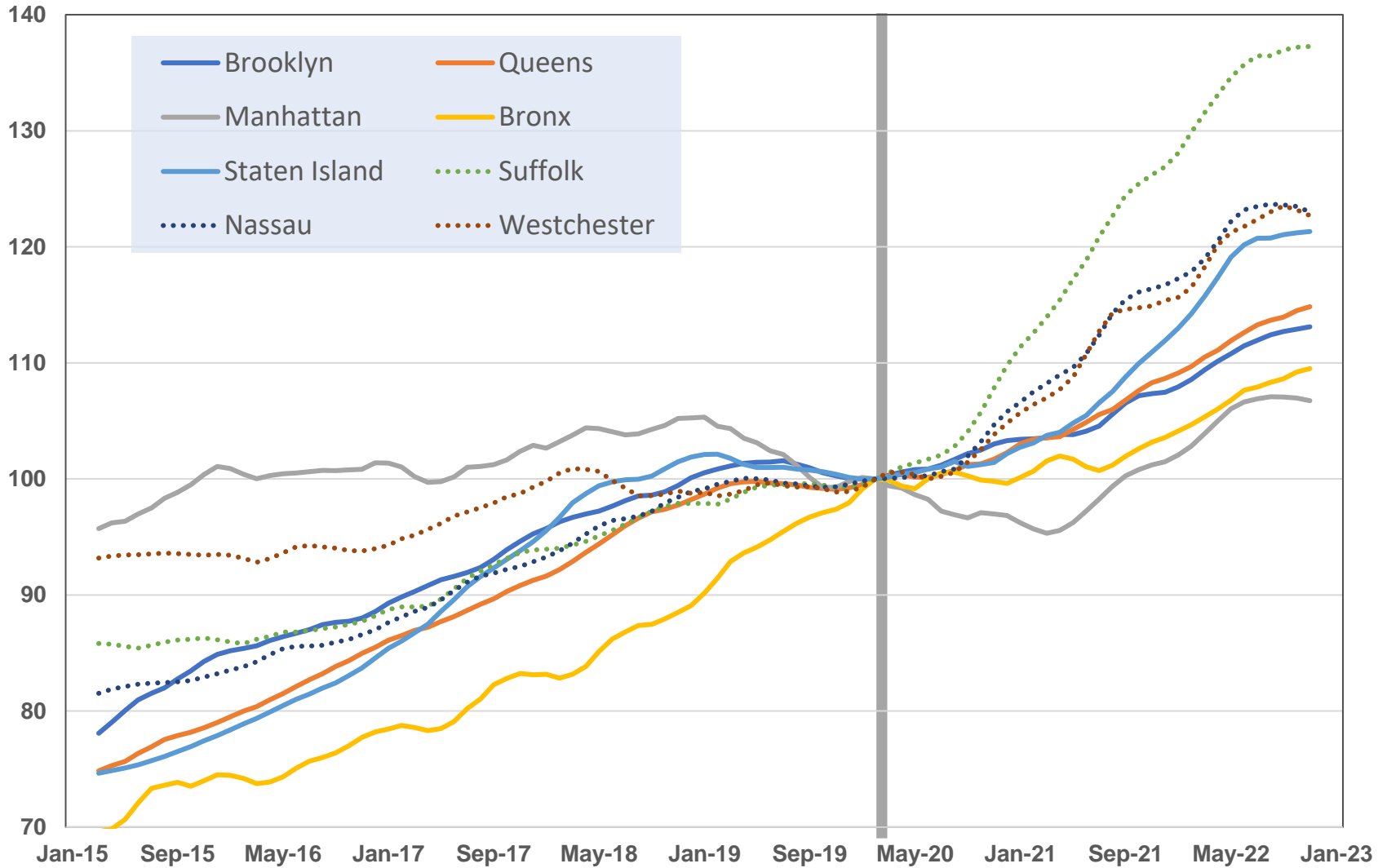
Manhattan Lags, Suburbs Lead in Home Price Appreciation

Index of Typical Home Prices, February 2020 = 100



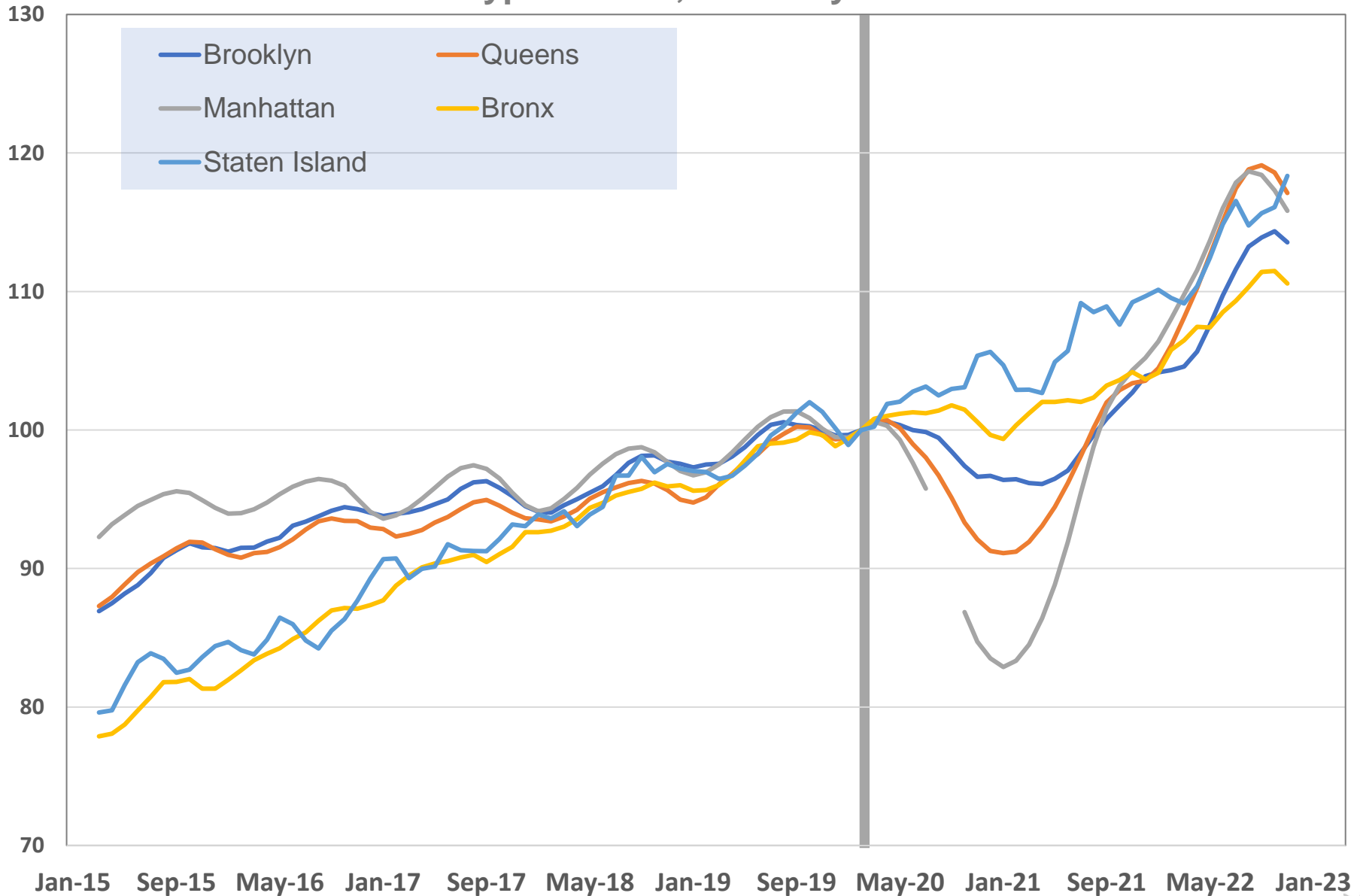
Manhattan Lags, Suburbs Lead in Home Price Appreciation

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Residential Rents Seem to Have Peaked

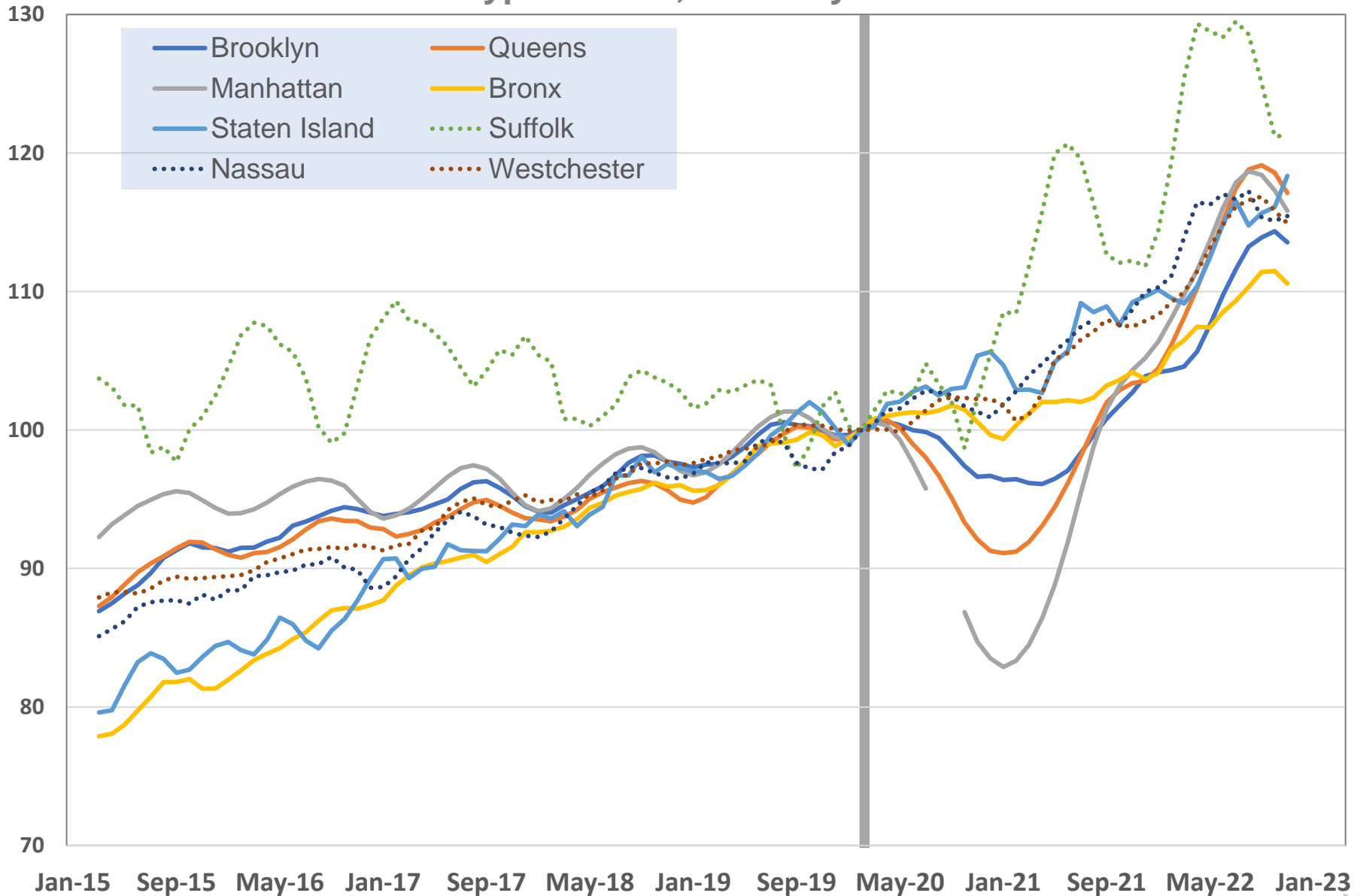
Index of Typical Rent, February 2020 = 100



Source: Zillow Observed Rent Index.

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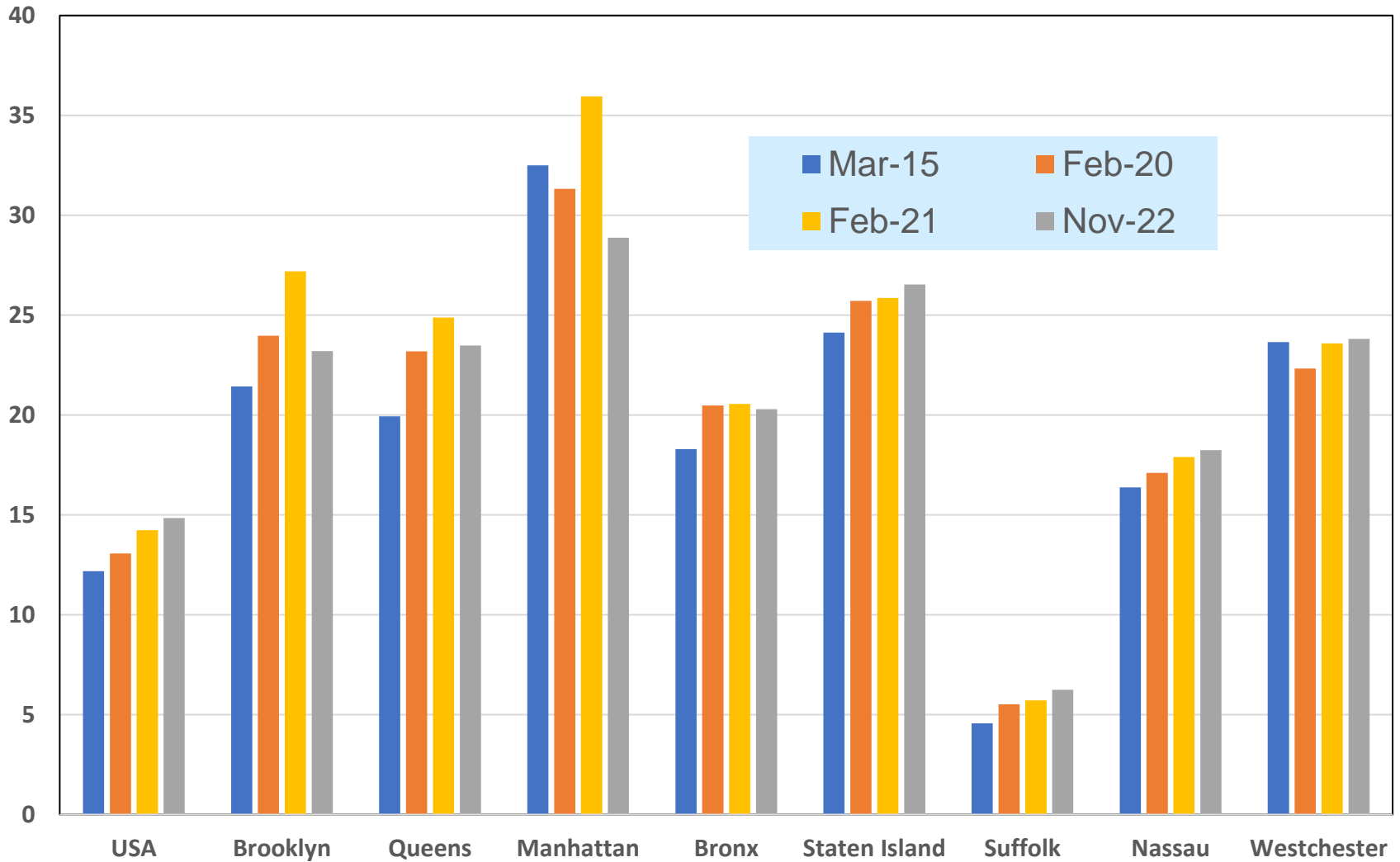
Index of Typical Rent, February 2020 = 100



Source: Zillow Observed Rent Index.

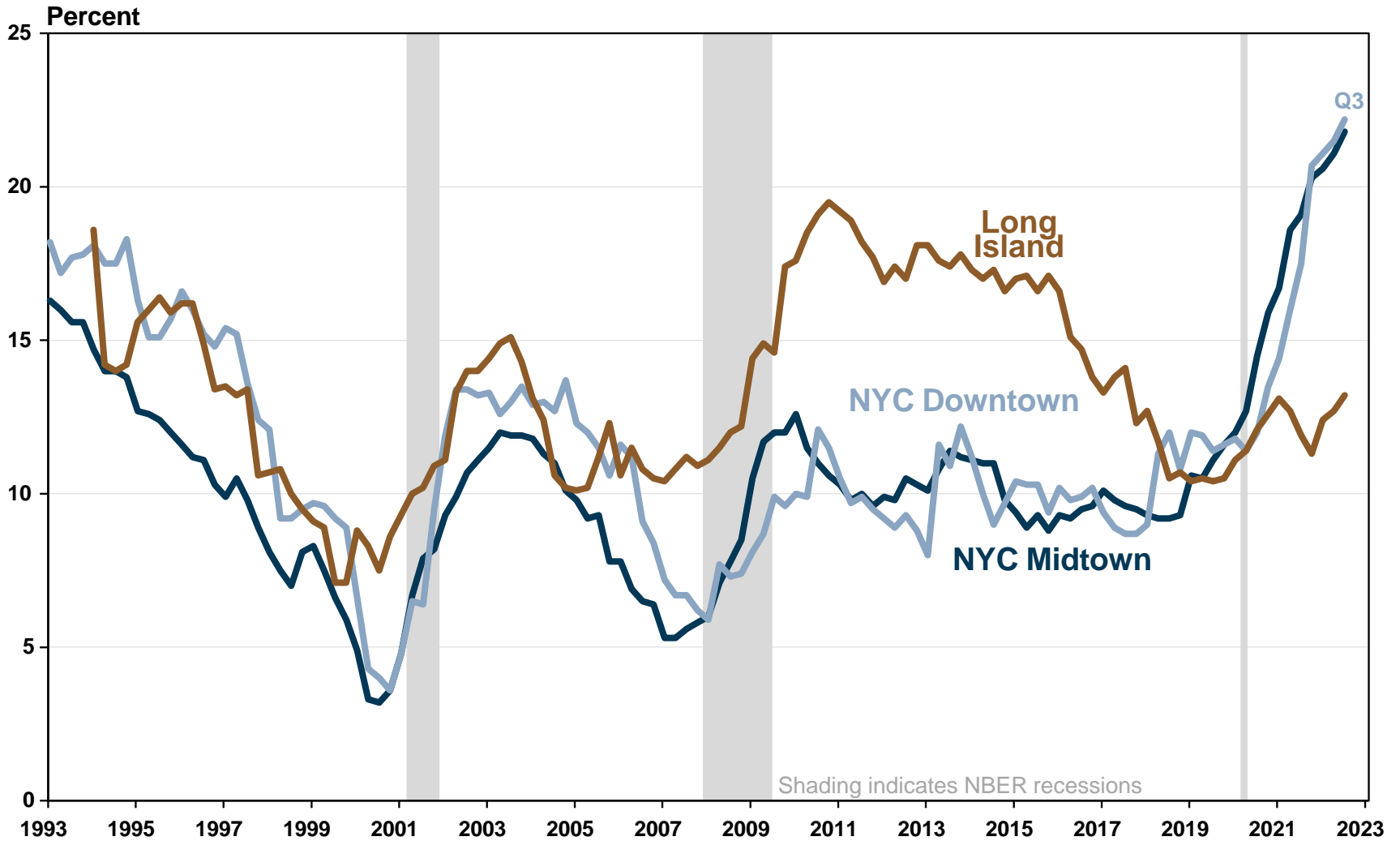
NYC Area Price/Rent Ratios Remain High

Typical Transaction Price Divided by Typical Annual Rent*



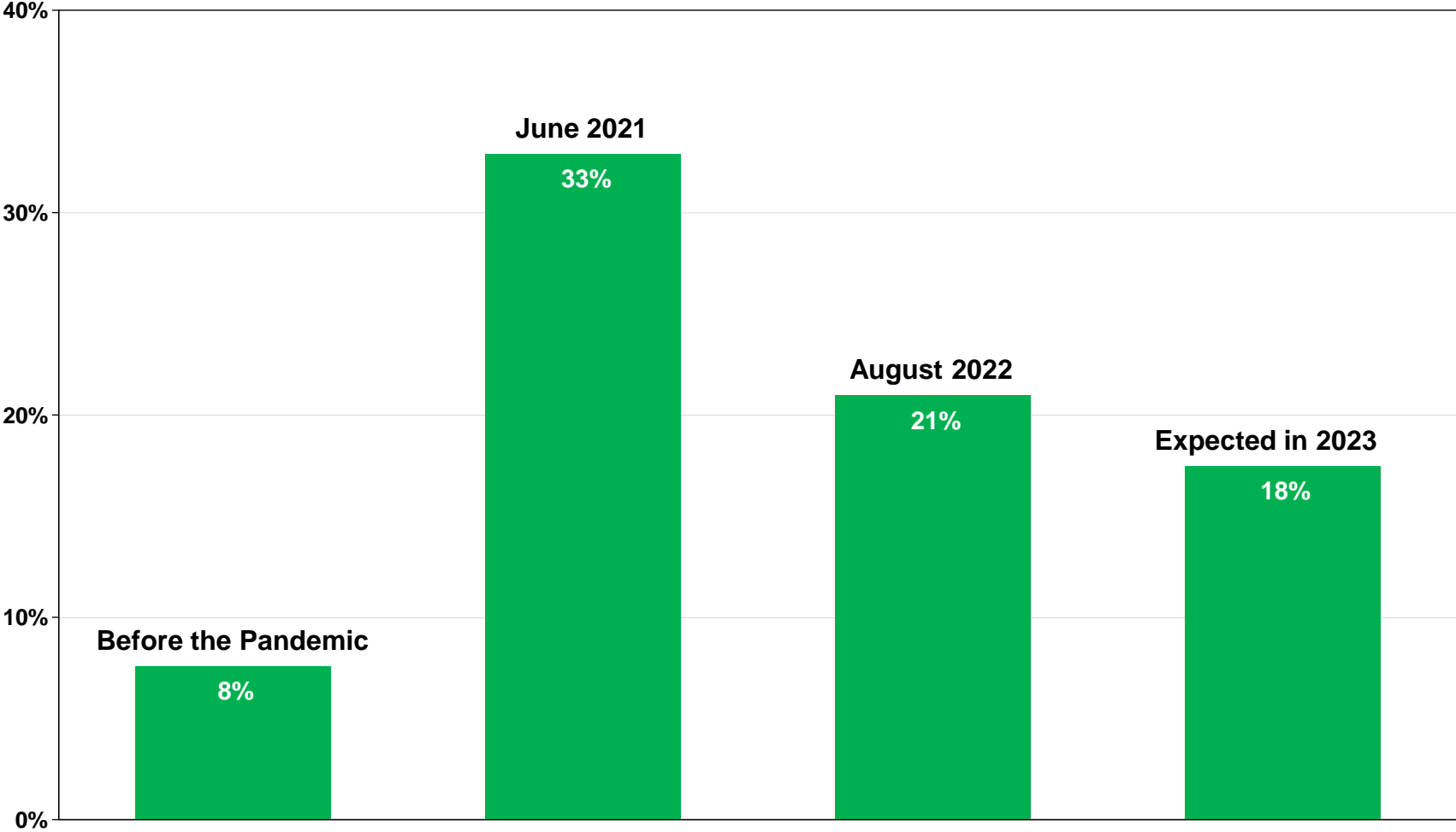
Office Vacancy Rates

Overall Vacancy Rates



Remote Work Is Sticking in the Region

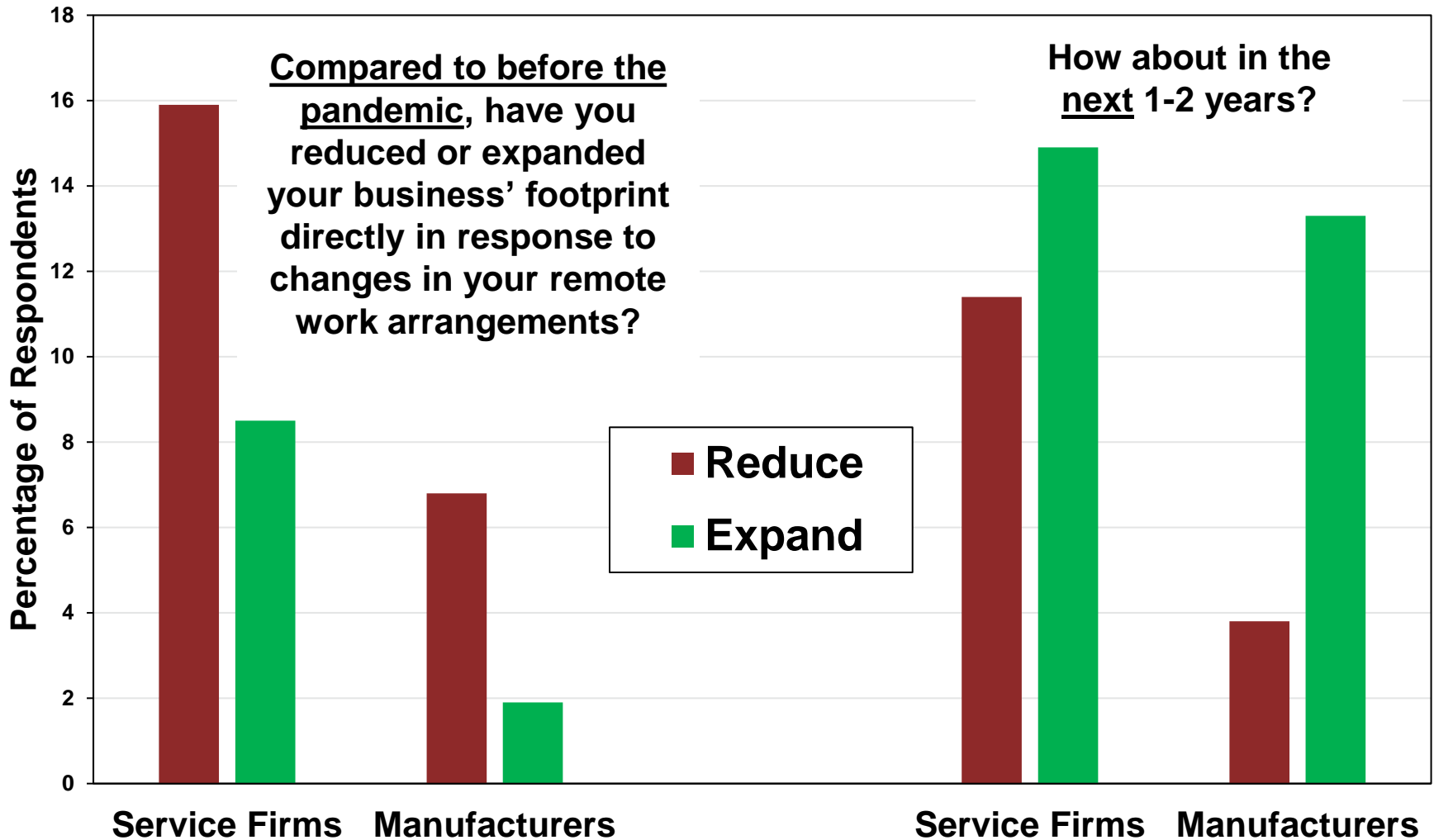
Average Share of Hours Worked Remotely, Service Firms



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 Ridership

Percent Change from Comparable Pre-Pandemic Day



Moving 7-day average of daily data

Source: MTA

Summary

- Regional business surveys show inflation receding, business slowing.
- Local employment is still 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.