



Partnership for New York City NYC ECONOMIC UPDATE

Three Years After 9/11

Overview

- In the three years since 9/11, NYC's economy has struggled to regain its footing and suffered through a prolonged recession. The city's unemployment rate is still higher than it was three years ago but has declined over the past year. Recent gains in employment, accompanied by higher than expected tax revenues, demonstrate the city's economy is rebounding. However, NYC's economy still has a long way to go before it reaches the level of growth characteristic of the period prior to 9/11 and the recent recession.

NYC GCP & U.S. GDP

- NYC's Gross City Product increased by a robust 7.0% in 1Q04, from \$407.1 billion to \$414.1 billion. This quarter's growth follows a 2.2% positive growth rate in 4Q03, the first consecutive positive gain in over 3½ years, but is still below the pre-9/11 peak of \$440.3 billion. The nation's Gross Domestic Product increased by only 2.8% to \$10.77 trillion in 2Q04 from \$10.70 trillion in the 1Q04. This represents a cooling of the 4+% growth rate that has driven the national economy since 2Q03 but is still well ahead of the pre-9/11 GDP levels around \$9.9 trillion.

Unemployment Rate and Employment

Unemployment Rate (SA*)						
	July '04	July '03	July '02	July '01	July '00	4-yr change
U.S.	5.5	6.2	5.8	4.6	4.0	+1.5
NYS	5.9	6.1	6.2	4.8	4.5	+1.4
NYC	7.5	8.4	8.0	5.9	5.7	+1.8

Employment ('000s, NSA*)						
	July '04	July '03	July '02	July '01	July '00	4-yr % change
U.S.	131,119	129,481	129,959	131,686	131,777	-0.50
NYS	8,939	8,874	8,962	8,806	8,937	+0.02
NYC	3,462	3,397	3,481	3,471	3,574	-3.13
Lower Manhattan	n.a.	454	440	475	497	-8.70**

*SA=seasonally adjusted; NSA=not seasonally adjusted; **3-yr % change

Personal Income

- Personal income fell by \$12 billion between 2001 and 2003 from \$192 billion to \$180 billion; a 6.4 percent decline. In the Financial Activities sector—the sector most affected by the events of 9/11—total personal income fell by over 20% or by \$15 billion.
- The Financial Activities sector share of total personal income has declined from 37.9% in 2001 to 32.0% in 2003. Over the same period, total income in the Leisure and Hospitality sector has increased its share from 3.9% to 4.3%.

Visitors

- Domestic tourism to NYC has steadily increased over the past three years. However, international tourists, who are known to contribute more to the city's economy in terms of direct spending, are still staying away. As a result, direct visitor spending is only just beginning to show signs of recovery, recently forecast to have reached \$16.2 billion for 2003.

Number of Visitors and Visitor Spending in New York City					
	2004f	2003	2002	2001	2000
Domestic (millions)	34.3	33.0	30.2	29.5	29.4
International (millions)	5.1	4.8	5.1	5.7	6.8
Total (millions)	39.4	37.8	35.3	35.2	36.2
Spending (billions)	n.a.	\$16.2	\$14.1	\$15.1	\$17.0

Note: 2003 spending figure is a forecast.

The Financial Recovery Fund

- The New York City Investment Fund approved \$11.4 million of grants to 122 small downtown companies directly affected by the events of 9/11. Thirty-three percent of grantees said overall their businesses were stronger now than 2003, while 43% said the strength of their businesses had remained about the same.

	Grantee Employee Count			Revenue Comparison		
	Full-time Employees	Part-time Employees	Total Full-time Employees*		Gross Revenue	% change
As of 9/11/01	1,409	375	1,597	2000	\$243.9	---
As of 6/30/03	1,011	302	1,162	2002	\$153.6	-37.0%
As of 6/30/04	1,047	229	1,162	2003	\$167.7	+9.2%

Excludes those grantees that have repaid their obligation and those grants that have been written off.
*Assumes two part-time employees equal one full-time employee equivalent.

Sources: New York City Comptroller, Bureau of Economic Analysis, Bureau of Labor Statistics, New York State Department of Labor, NYC & Co., New York City Investment Fund.