

NEW YORK

EMPLOYMENT GROWTH RANK

2009-2011

283

4th quintile

2009-2014

343

5th quintile

Best=1, Worst=392

VITALITY

RELATIVE

99%

U.S.=100%

RANK

187

Best=1 Worst=384

RELATIVE COSTS

LIVING

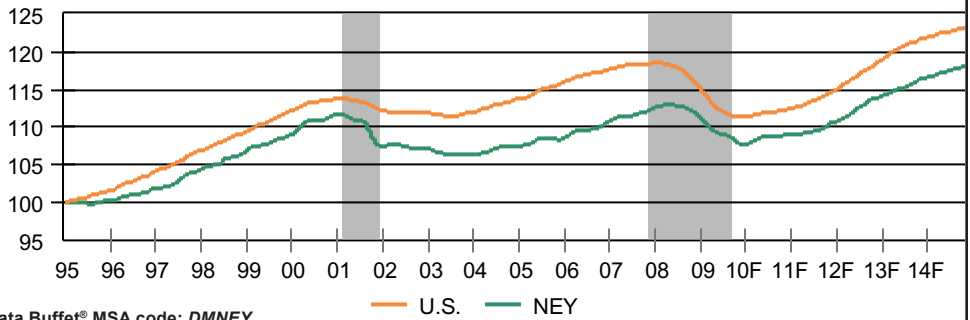
127%

U.S.=100%

BUSINESS

150%

RELATIVE EMPLOYMENT PERFORMANCE (1995=100)



Data Buffet® MSA code: DMNEY

LIFE CYCLE PHASE

Mature/Decline

2003	2004	2005	2006	2007	2008	2009	INDICATORS	2010	2011	2012	2013	2014
536.9	552.1	580.5	616.8	647.0	660.5	653.3	Gross metro product (C\$B)	674.8	705.2	745.2	776.4	803.1
2.2	2.8	5.2	6.2	4.9	2.1	-1.1	% change	3.3	4.5	5.7	4.2	3.4
4,992.0	5,016.1	5,069.9	5,139.7	5,231.3	5,273.7	5,109.7	Total employment (000)	5,091.0	5,137.2	5,273.7	5,407.4	5,507.7
-0.9	0.5	1.1	1.4	1.8	0.8	-3.1	% change	-0.4	0.9	2.7	2.5	1.9
7.4	6.4	5.3	4.8	4.6	5.4	9.2	Unemployment rate	9.8	9.4	8.1	6.7	5.7
1.7	6.9	6.9	9.7	9.3	2.4	-4.5	Personal income growth	4.2	4.6	7.3	6.9	5.7
11,446.0	11,489.6	11,528.4	11,554.9	11,614.9	11,664.9	11,732.2	Population (000)	11,816.1	11,875.6	11,912.7	11,937.8	11,956.8
4,508	4,053	4,340	3,532	2,905	2,126	1,342	Single-family permits	1,984	2,532	3,797	4,272	4,014
23,534	30,335	37,219	36,366	38,402	37,636	7,816	Multifamily permits	9,575	34,728	55,571	68,888	75,852
385.5	431.9	503.4	518.0	537.5	493.3	433.4	Existing-home price (\$ths)	424.8	375.8	391.6	412.6	439.7
116,677	92,753	106,286	104,454	96,936	49,385	54,934	Mortgage originations (\$mil)	50,040	43,373	48,692	52,800	56,307
-109.9	-119.0	-134.3	-128.2	-83.7	-35.6	-15.1	Net migration (000)	2.6	-23.6	-47.5	-60.9	-68.1
38,266	40,203	58,292	11,410	15,793	20,363	26,901	Personal bankruptcies	34,376	44,087	45,878	37,216	33,973

STRENGTHS & WEAKNESSES

STRENGTHS

- Financial capital of the world.
- High level of international immigration.
- High per capita income and limited exposure to manufacturing.

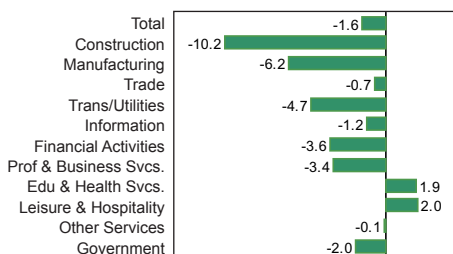
WEAKNESSES

- High business costs, especially from energy costs.
- High income inequality.
- Very unaffordable housing and high tax burdens on residents.

CURRENT EMPLOYMENT TRENDS

APRIL 2010

% change yr ago, 3-mo MA



FORECAST RISKS

SHORT TERM ▲ LONG TERM ▲

RISK-ADJUSTED RETURN, '09-14 **0.33%**

UPSIDE

- The economy diversifies over time, becoming less volatile.
- Wall Street profitability continues through 2010, contributing to the recovery in supporting industries.

DOWNSIDE

- City and state budget deficits require massive cuts in services or additional taxes.
- Financial regulatory reform severely limits profitability of NEY's largest banks.

ANALYSIS

Recent Performance. New York City is firmly in recovery; improvements in the labor and housing markets have only strengthened since the start of the year. The metro division has already regained nearly one-quarter of the private sector jobs it lost during the recession. Employment is rising in every major industry, and the federal government's temporary hiring for the 2010 census is giving the public sector a much-needed boost to offset losses at the state and local levels. At 9.7%, the unemployment rate is slightly below the national average, but a growing labor force could push it higher in coming months.

A healthy bonus payout on Wall Street earlier this year is contributing to strength in retailing and the housing market. The biggest risk to the recovery now is the public sector.

Local government. Albany's financial support for New York City's government has been cut drastically, leading Mayor Bloomberg to announce the elimination of nearly 11,000 city jobs beginning in late June. The NEY forecast already assumed a decline of about 15,000 jobs over the next year, so the forecast will not be adjusted downward. This does raise the possibility that as private sector gains are muted by losses in local government, the pace of recovery in NEY will be knocked down a notch or two. During the second quarter, temporary hiring by the federal government to conduct the census will more than offset any losses at the state and local levels; the forecast assumes that federal government payrolls will rise by 10,000 in the second quarter, roughly the same increase as in 2000. Overall job gains in NEY during the second half of the year will be much smaller as large local government losses offset private hiring.

Tourism. Leisure/hospitality has been a remarkable source of growth in the metro division, and this momentum is expected to be maintained over the next several quarters. According to NEY's tourism and marketing arm, NYC & Co., tourist visits

to the city rose 11% in the first quarter compared with the first quarter of last year, and foreign visitor spending rose 13%. The agency estimates that foreign tourists spend nearly five times more than domestic visitors, so this market segment is a linchpin in the metro division's recovery. The agency also reported that in 2009 New York City surpassed Orlando FL as the number one travel destination for international visitors. Data from Smith Travel Research show that hotel occupancy rates and average room rates are up from a year earlier. The depreciation of the euro is, at this point, a downside risk to the leisure/hospitality forecast.

Real estate. The residential housing market in NEY is entering recovery, and the price forecast could prove too pessimistic. The forecast of Case-Shiller condo prices calls for a decline of another 15% through 2012 and a 9% decline in the single-family market through the middle of next year. Given the faster than expected rebound in the job market thus far, the condo price decline seems particularly pessimistic, although the glut of shadow inventory that will come on line later this year will certainly exert some downward pressure on prices.

New York City's recovery is in full swing, and the near-term outlook calls for healthy job growth in the private sector to continue through the remainder of the year. The biggest risks to the outlook are the looming job cuts in the public sector and a resumption of house price declines later this summer. Restrictions imposed by financial regulatory reform will likely be a temporary speed bump for Wall Street's banks that will not alter the medium- or long-term profitability of the industry. In the short term, job growth will be slower than the national average but will outpace the nation by late next year.

Marisa Di Natale
May 2010

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

New York-Presbyterian Healthcare System	28,909
Citigroup, Inc.	26,809
JPMorgan Chase & Company	20,883
Verizon Communications	17,622
Federated Department Stores, Inc.	17,000
Continuum Health Partners, Inc.	15,592
Columbia University	13,151
Time Warner Inc.	12,890
North-Shore Long Island Jewish Health System	12,857
New York University	12,621
Mount Sinai Medical Center	12,279
Personal Touch Home Care, Inc.	12,000
Consolidated Edison, Inc.	11,743
Saint Vincent Catholic Medical Centers	10,764
Montefiore Medical Center	10,682
Morgan Stanley	10,047
Medisys Health Network, Inc.	8,974
Memorial Sloan-Kettering Cancer Center	8,791
Bank of New York Company	8,750
Goldman Sachs Group, Inc.	8,382

Source: Crain's New York Business - Book of Lists, January 2007

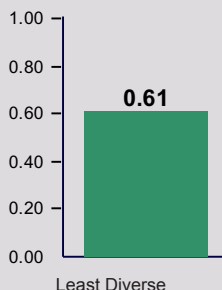
PUBLIC

Federal	71,019
State	79,355
Local	632,810

2009

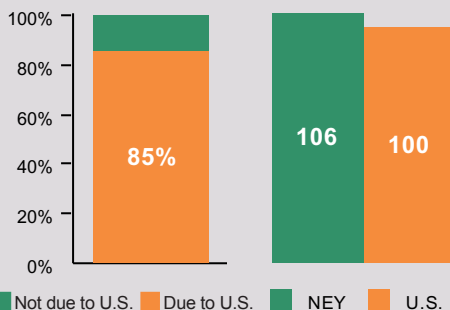
INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



EMPLOYMENT VOLATILITY

Due to U.S. fluctuations Relative to U.S.



MIGRATION FLOWS

INTO NEW YORK, NY

NUMBER OF MIGRANTS

Nassau, NY	21,474
Newark, NJ	18,108
Edison, NJ	10,916
Philadelphia, PA	5,780
Poughkeepsie, NY	5,375
Washington, DC	4,956
Bridgeport, CT	4,954
Los Angeles, CA	4,821
Orlando, FL	4,004
Atlanta, GA	3,903
Total In-migration	217,286

FROM NEW YORK, NY

Nassau, NY	33,773
Newark, NJ	26,273
Edison, NJ	19,406
Poughkeepsie, NY	10,970
Atlanta, GA	9,120
Bridgeport, CT	8,183
Orlando, FL	6,772
Philadelphia, PA	6,114
Los Angeles, CA	5,965
Washington, DC	5,173
Total Out-migration	291,678

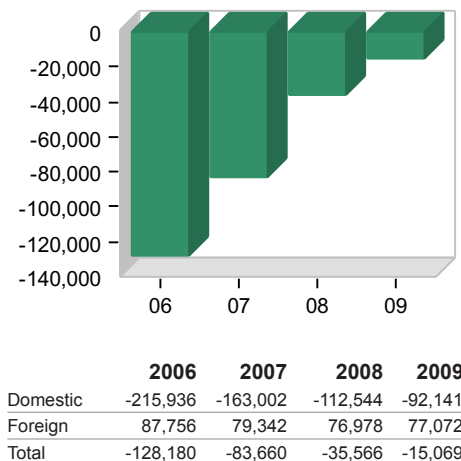
Net Migration -74,392

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	NEY	NY	U.S.	NEY	NY	U.S.
Mining	0.0%	0.1%	0.5%	nd	\$107,908	\$95,714
Construction	3.5%	3.8%	4.6%	\$68,023	\$58,708	\$50,090
Manufacturing	3.4%	5.6%	9.1%	\$82,582	\$74,111	\$70,410
Durable	41.6%	59.0%	61.5%	nd	\$74,407	\$71,594
Nondurable	58.4%	41.0%	38.5%	nd	\$73,686	\$68,393
Transportation/Utilities	3.5%	3.1%	3.7%	nd	\$53,483	\$57,767
Wholesale Trade	4.4%	3.9%	4.3%	\$94,476	\$82,445	\$74,146
Retail Trade	8.7%	10.1%	11.1%	\$40,067	\$33,573	\$30,217
Information	3.8%	3.0%	2.1%	\$150,504	\$131,306	\$86,949
Financial Activities	10.6%	7.9%	5.9%	\$150,507	\$112,344	\$48,585
Prof. and Bus. Services	15.1%	12.8%	12.7%	\$96,767	\$79,027	\$57,552
Educ. and Health Services	19.3%	19.5%	14.7%	\$50,940	\$48,072	\$46,922
Leisure and Hosp. Services	8.1%	8.3%	10.0%	\$38,449	\$30,930	\$23,447
Other Services	4.3%	4.3%	4.1%	\$41,670	\$38,371	\$33,191
Government	15.3%	17.8%	17.2%	\$74,829	\$70,746	\$62,914

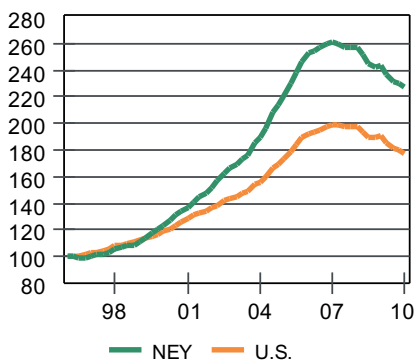
Sources: Percent of total employment — Moody's Economy.com & BLS, 2009; Average annual earnings — BEA, 2008

Net Migration, NEY



Sources: IRS (top), 2008; Census Bureau, 2009

HOUSE PRICES



Source: FHFA, 1996Q1=100, NSA

LEADING INDUSTRIES

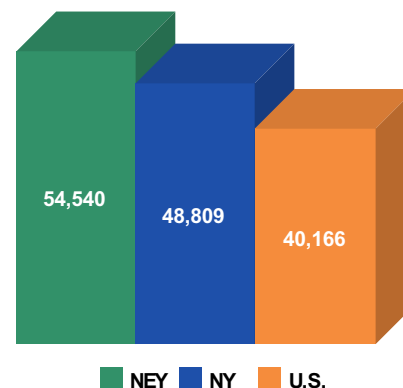
NAICS INDUSTRY EMPLOYEES (000)

GVSL State & Local Government	712.2
6221 General Medical and Surgical Hospitals	195.6
7221 Full-Service Restaurants	147.7
5231 Sec. & Commod. Cont. Intermed. & Brokerage	135.1
6241 Individual and Family Services	133.4
6113 Colleges, Universities & Professional Schools	101.6
5511 Management of Companies and Enterprises	97.3
5411 Legal Services	94.5
6216 Home Health Care Services	85.8
4451 Grocery Stores	80.7
7222 Limited-Service Eating Places	79.8
6211 Offices of Physicians	78.0
5613 Employment Services	77.8
5311 Lessors of Real Estate	76.9
GVF Federal Government	71.0

High-tech employment	204.2
As % of total employment	4.0

Sources: BLS, Moody's Economy.com, 2009

PER CAPITA INCOME



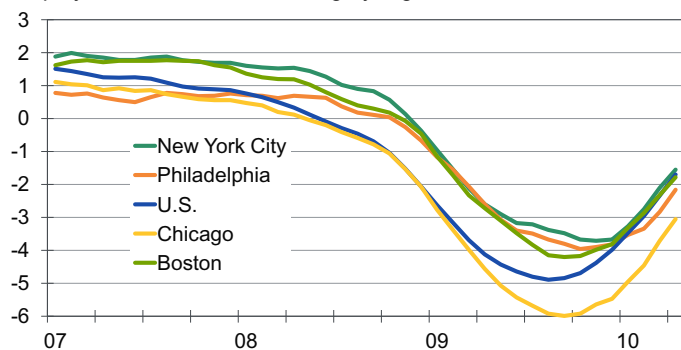
Source: Bureau of Economic Analysis, 2008

CREDIT QUALITY

MOODY'S RATING **Aa2** **CITY**

The Big Apple Is Still the Leader

Employment, 3-mo MA, % change yr ago

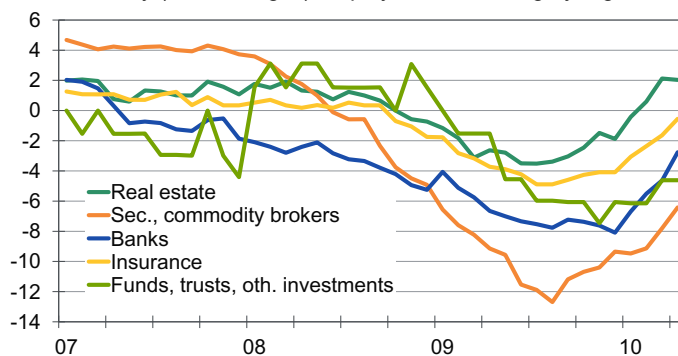


Source: BLS

NEY's recession was much milder than expected, and its recovery thus far has also been stronger than average. Among other large metro areas of similar industrial structure, NEY not only outperformed during the expansion thanks to growth in financial services, but also experienced a milder downturn thanks to unprecedented aid from the federal government. NEY's largest banks received nearly 50% of all of the TARP funds that were dispersed to the banking industry and auto industry. Without this help, layoffs and income declines surely would have been larger.

Real Estate Gains Push Finance Up

New York City (five boroughs) employment, % change yr ago

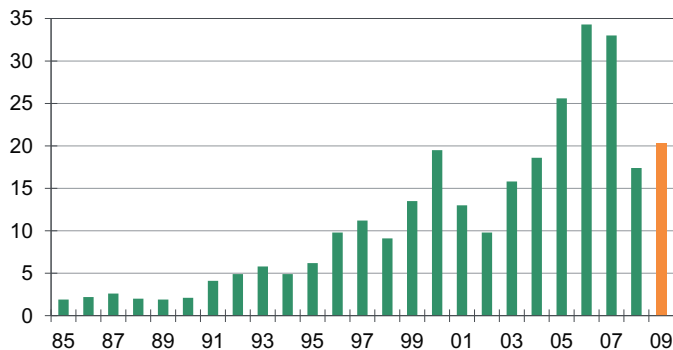


Source: BLS

Only in the last couple months have job losses in NEY's financial activities industry come to an end. The industry lost a little more than 50,000 jobs from its peak in late 2007 and has regained about 3,000 jobs since December. Detailed industrial data for financial services are not reported for the metro division, but the data for the city show that most of these gains have come from the real estate rental and leasing industry. Since the start of the year, leasing activity in both the apartment rental market and the commercial markets has begun to pick up.

Wall Street Bonuses Back in the Stratosphere

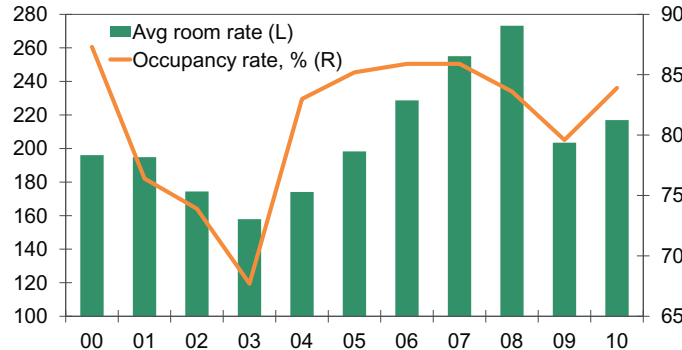
Estimated Wall Street bonus payout for each yr, \$ bil



Source: New York State Comptroller

Hospitality Market Is Recovering

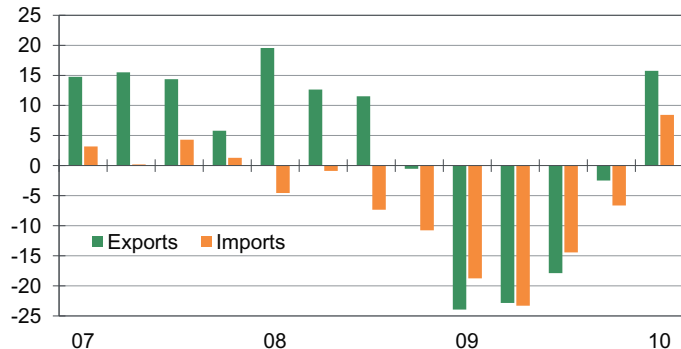
April of each yr



Source: Smith Travel Research

Trade Recovery Boosts New York's Port

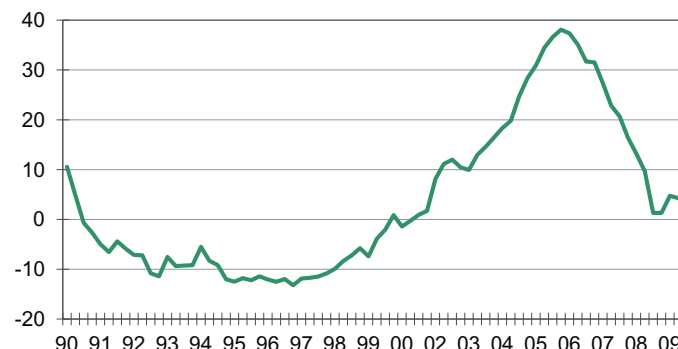
% change yr ago, \$05 bil



Sources: Census Bureau, BEA

Price Declines Balance Single-Family Market

Single-family houses, % overpriced



Source: Moody's Analytics

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