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New York Rebounds From Slump, but Unevenly

By Patrick McGeehan



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Alexandra Ben Othman, 29, of Sunnyside, Queens, has spent six months working in temporary positions since being laid off from her job at a publishing company.

By most standard measures of economic health, New York City's recovery from the financial crisis and the [recession](#) it started is well under way.

The typical New Yorker is less likely to be unemployed or facing foreclosure or bankruptcy than the average American. Homes in the metropolitan area have held their value better than in most other big cities as more people are moving to the region than deserting it. Tourists continue to flock to the city, filling hotel rooms at the highest rate in the country, and at rising prices.

Wall Street — still the engine that powers the city — roared back faster than expected, eliminated far fewer jobs than had been forecast, resumed paying out big bonuses and has begun to hire again. Despite a faltering stock market and recent signals that the national economy is losing steam, economists expect New York to remain on the rebound.

"We have been feeling on more solid footing the last six months," said Marcia Van Wagner, the city's assistant comptroller for budget. "If there's no major shock, I think we're going to have a slow, relatively steady recovery."

There were some major shocks two years ago, most notably [the collapse of the Lehman Brothers investment bank](#), which heralded the end of the boom years. Lehman's failure, in September 2008, caused a panic in financial markets that spurred predictions of another Great Depression.

But in the city, far fewer jobs were lost than had been predicted and there has been job growth for the last six months. In July, the number of jobs in the city was down 108,000, or less than 3 percent, from July 2008. Over the same 24 months, the nation lost 6.7 million jobs, or more than 4.5 percent. The city's unemployment rate slipped last month to 9.4 percent, slightly below the national rate.

Still, experts on the city's economy said the effects of the recession were spread unevenly across the local landscape, leaving many people in dire financial condition. David R. Jones, the chief executive of the [Community Service Society of New York](#), an antipoverty group, said that the farther away from Midtown one wandered, the more ravaged the city appeared.

"While we're seeing in Manhattan that things are going relatively well and there's been a sharp rebound, in some neighborhoods of New York things are not going well," Mr. Jones said.

Away from the office towers and rooftop cocktail lounges, long-term unemployment is a persistent problem, and young job seekers are losing hope, Mr. Jones said. A survey in late July of city residents who meet or barely exceed the definition of poor found that only about one-fifth of them thought the city's economy was improving, he said.

The city's construction industry, which practically ground to a halt in 2009, is still mired in a slump. The total value of building projects begun in the second quarter was less than half the level of two years earlier.

And so, while economists agree that the recession is over in the city and that it did not last as long or exact as harsh a toll as on the rest of the country, the key determinant of people's current well-being appears to be whether they came out of the recession with a job.

Those who remained employed, especially if they had professional or managerial positions, were fortunate. James A. Parrott, chief economist of the [Fiscal Policy Institute](#), found that in the city, the income data masked a deep divide: the pay of managers rose at a healthy clip through the recession while lower-level workers took significant cuts in pay.

According to Mr. Parrott's analysis of local wage data, the median pay of managerial workers in the city was \$990 a week in the first four months of this year, up 11 percent in three years. But the median weekly pay for nonmanagers was \$472, or 10.4 percent less than they earned in the first four months of 2007.

The growing gap "indicates a worrisome weakening in the ability of less-skilled New York workers to maintain their wage-earning power," Mr. Parrott said.

"That doesn't bode well for the recovery in consumer spending in New York's neighborhoods," he continued.

Personal incomes dropped more in New York than in the rest of the country last year, largely because of the smaller bonuses that were paid out in early 2009 for the dismal performance in 2008. But 2009 was very profitable for some of the banks that survived, like Goldman Sachs, and the corresponding bonuses have helped buoy the city this year, economists said.

"Even though the recession was milder in terms of the number of jobs lost, the income loss was much greater," said Marisa Di Natale, an economist with [Moody's Economy.com](#).

The quick bounce back for the city's best-paid workers has helped fuel a pickup in business at exclusive boîtes and expensive hotels, consultants and business operators said. On Friday, Tiffany & Company said sales at its flagship jewelry store on Fifth Avenue rose 16 percent in the first half of the year.

But many businesses, particularly those that cater to the city's workers rather than executives or tourists, are struggling to stay afloat, they said.

"The 25 most-coveted restaurants in New York are doing an incredible amount of business," serving 10 percent to 15 percent more diners than they did a year ago, said Steven Kamali, who brokers sales of restaurants and bars and advises hotel owners on food service. "On the other side of the argument, what we're finding is the local neighborhood restaurants are taking the brunt of the pain."

The steady stream of visitors has kept the city's hotels nearly full, though room rates remain well below the levels they reached before the recession.

"Things seem to be getting better, almost inching back to late-2007 levels," said [André Balazs](#), who operates boutique hotels including the Standard and the Mercer.

But, Mr. Balazs said, even his wealthiest clients had not kicked a habit from the recession of haggling over their bills. "People who would fly a private plane to a destination suddenly feel the need to negotiate the price of a suite," he said.

On the streets of some neighborhoods, working-class residents like Selina Sharmin are still dreading the recession's aftermath.

Ms. Sharmin, 37, has worked in public libraries in Queens since she immigrated from her native Bangladesh 10 years ago. Just six months after she was promoted to a full-fledged librarian's position, she received notice that she and 45 other employees of the borough's public library system would be laid off on Thursday because of budget cuts.

"This is my dream job, I can tell you," said Ms. Sharmin, who lives in Jamaica with her husband and two young children. "Now my future is dark and unknown."

If she is laid off as scheduled, she said, she doubted that she would be able to afford the family health insurance her job provided. She said continuing that coverage would cost at least \$700 a month. But she would receive just \$405 a week in unemployment benefits, barely enough to cover her \$1,200 monthly house payment, she said.

"Now I really don't know what I should do and what I am going to do," said Ms. Sharmin, whose husband has not been able to find work since he was laid off from a job in a gift shop. "Who's going to hire me?"

Proposals to lay off more employees of city and state agencies like the [Metropolitan Transportation Authority](#) could continue to temper a local recovery, economists said. A reluctance to hire full-time employees in some struggling industries like publishing is another drag on the city's economy, they said.

Alexandra Ben Othman, 29, of Sunnyside, Queens, can tell that tale in the first person.

Through most of last year, Ms. Ben Othman could not find any work after she was laid off by a publishing company. For the last six months, she has worked steadily as a proofreader, but the jobs have been temporary, leaving her to fear that the next paycheck could be the last. She receives no benefits, so she has gone without health insurance for almost a year.

"For a while I was looking for full-time," Ms. Ben Othman said, describing her job search. "Then at one point I needed to take whatever I could get." Her current assignment with an educational publisher is "still a little bit shaky but definitely a lot more secure than most other temporary assignments."

Her husband, Mohamed Ben Othman, a Tunisian immigrant who drives a taxi on weekends, is looking for work as a plumber's apprentice. She said she had considered taking classes toward a graduate degree in marketing or Islamic art history. A more remote possibility, she added, would be to move to Tunisia to teach English.

In the meantime, Ms. Ben Othman said, she is taking lunch to work, shopping at Costco and Target and frequenting her local movie theater on Tuesdays when tickets are just \$5. "These days," she said, "I'm being very frugal."

This article has been revised to reflect the following correction:

Correction: August 30, 2010

An earlier version of this article misstated the percentage change in median pay found in James A. Parrott's analysis of local wage data as an increase of 7.5 percent for managerial workers and a decrease of 6.3 percent for non-managerial workers. Also, the article mistakenly said the period studied was the first three months of 2010.