

Updated: March 16, 2021



ON THE ROAD BACK: METRICS OF NEW YORK CITY'S RECOVERY FROM COVID-19

ONE YEAR LATER

CBRE





OVERVIEW

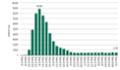
RECOVERY UPDATE: RECOVERY GAINS STEAM AS VACCINATIONS ACCELERATE AND FEDERAL RESOURCES ARE DIRECTED TO CITY

- One year after Covid-19 ground life in NYC to a halt, there are ubiquitous signs of economic recovery and civic health. An accelerating immunization campaign stemmed a rising infection rate in February and permitted the city to accelerate its reopening plans in March, resulting in busier streets and subways. On March 11, the American Rescue Plan was signed into law, promising \$6 billion in direct financial aid to NYC and an additional \$6.5 to the MTA – ensuring that critical public services and robust transit schedules will be maintained in 2021. The receding virus and promise of federal assistance are expected to stiffen the region’s recovery which is showing promising signs of acceleration.
- **Offices Slowly Reoccupy:** Office occupancy continued to tick upwards in March to levels not seen since October. Rising weekday passenger counts on the MTA’s commuter railroads indicate that some workers are ready to return to their Manhattan offices.
- **Residents and Visitors Return to Manhattan:** Residential leasing and property sales resumed their record-setting run of transactions in February and the city’s hotels experienced a sizeable increase in reservations in January. The lifting of quarantine requirements for domestic travelers and further reopening plans for live entertainment, expected to take effect in April, will further encourage a return to Manhattan by city residents as well as visitors.
- **Transit Ridership Rises as City Reopens:** Warming weather and vaccine availability have improved the city’s labor market and mobility as more New Yorkers return to the transit system to commute to jobs and access leisure activities. The subway notched some of the highest ridership counts since March 2020 this month, as nearly two million riders entered the system each weekday during the week of March 7.

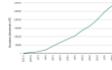
TABLE OF CONTENTS – NEW YORK CITY RECOVERY INDICATORS

Economy

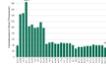
Infection Rates
Pg. 5



Vaccination Rates
Pg. 6



Unemployment Insurance Claims
Pg. 7



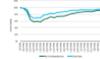
Private Sector Employment
Pg. 8



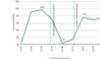
Office-Using Employment
Pg. 9



Consumer Spending
Pg. 10

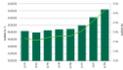


Construction Permits
Pg. 11

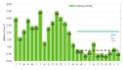


Office Market

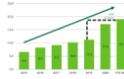
Office Availability
Pg. 12



Leasing Activity
Pg. 13



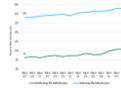
Sublease Space
Pg. 14



Net Effective Rents
Pg. 15

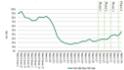


Office Key Card Swipes
Pg. 16

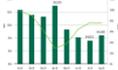


Civic Life

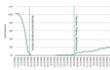
Manhattan Foot Traffic
Pg. 17



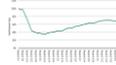
Apartment Rent
Pg. 18



Restaurant Reservations
Pg. 19



Small Businesses Open
Pg. 20



Hotel Occupancy
Pg. 21



University Status
Pg. 22

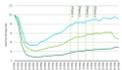


Mobility

Mobility
Pg. 23



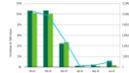
NYC Transit & Tolls
Pg. 24



MTA Commuter Rail
Pg. 25



Air Passengers
Pg. 26

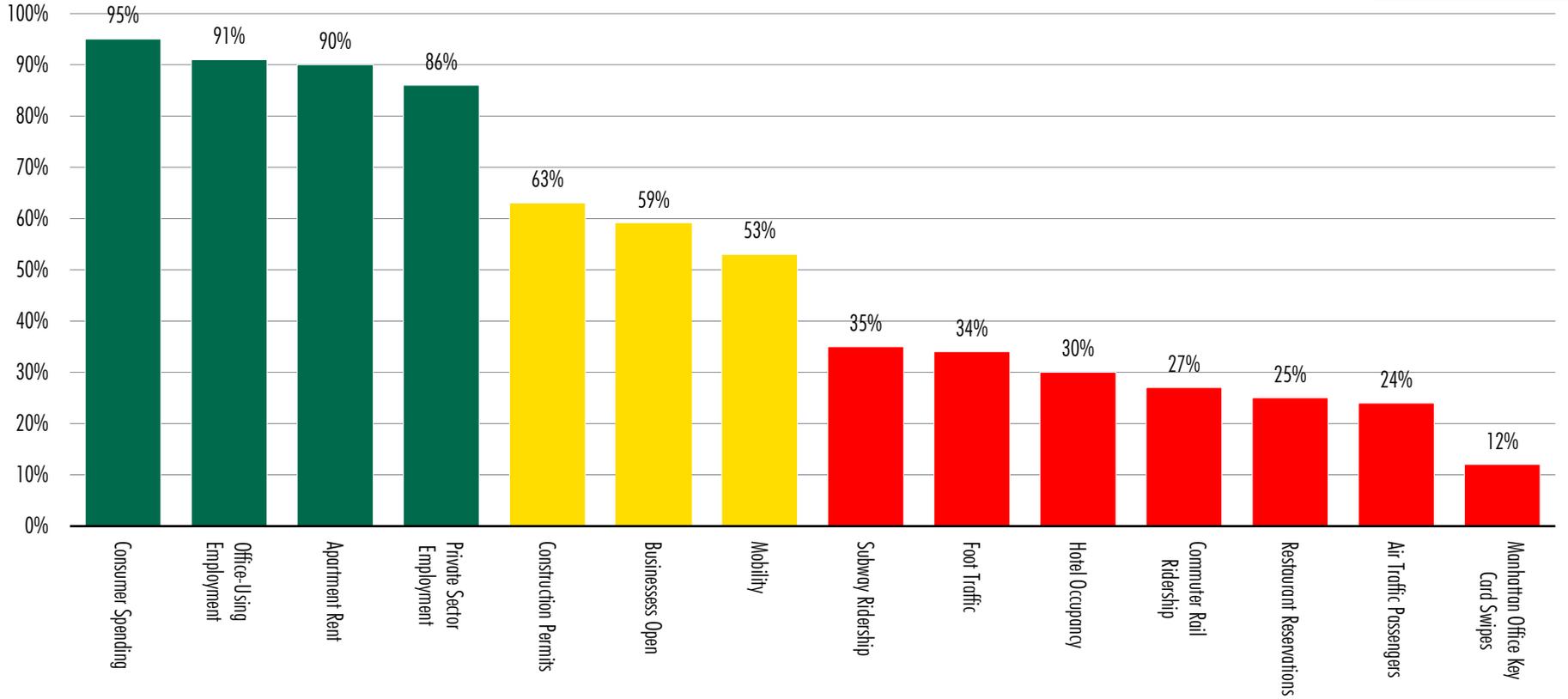
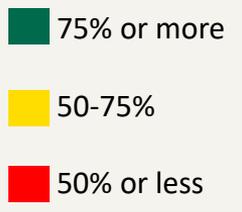


Infrastructure Status
Pg. 23



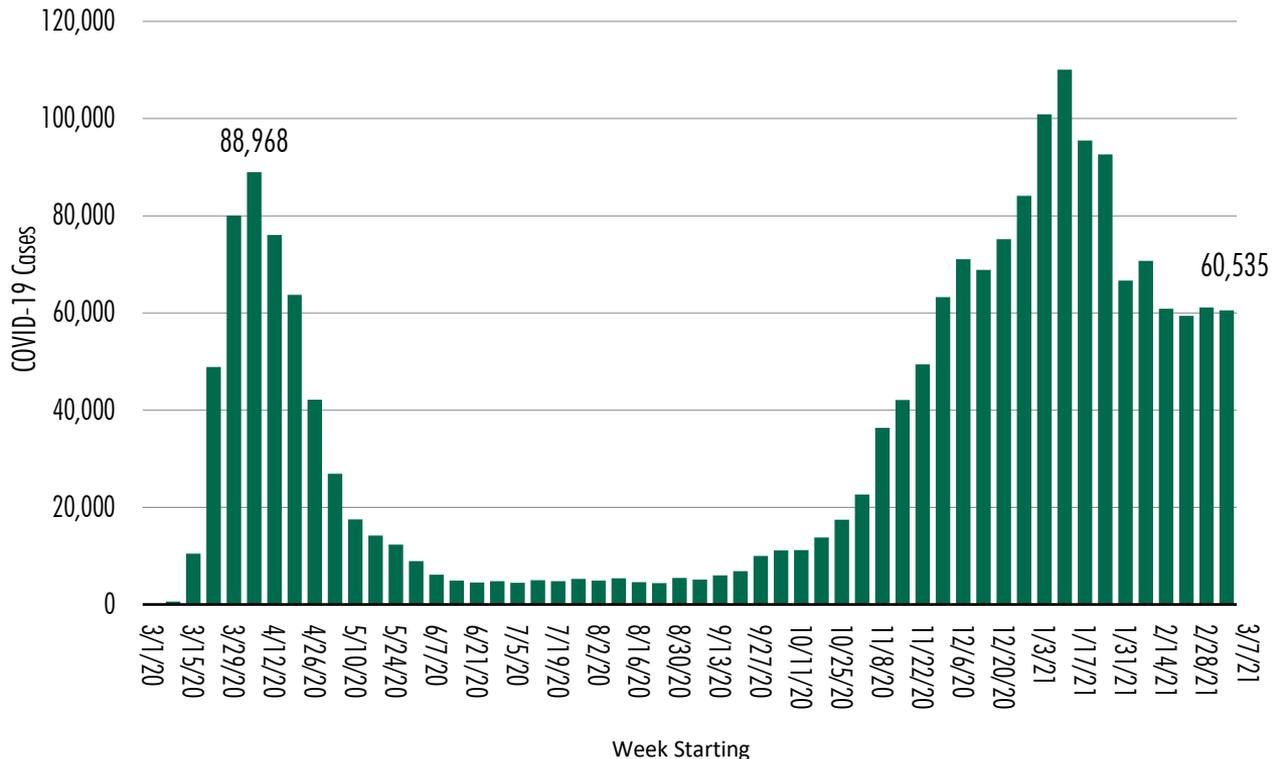
RANKING NYC'S RECOVERY INDICATORS

Current Measures vs. Pre-COVID Levels



TRI-STATE COVID-19 INFECTIONS

Weekly New Infections



Source: CBRE Research, The New York Times.

-32%

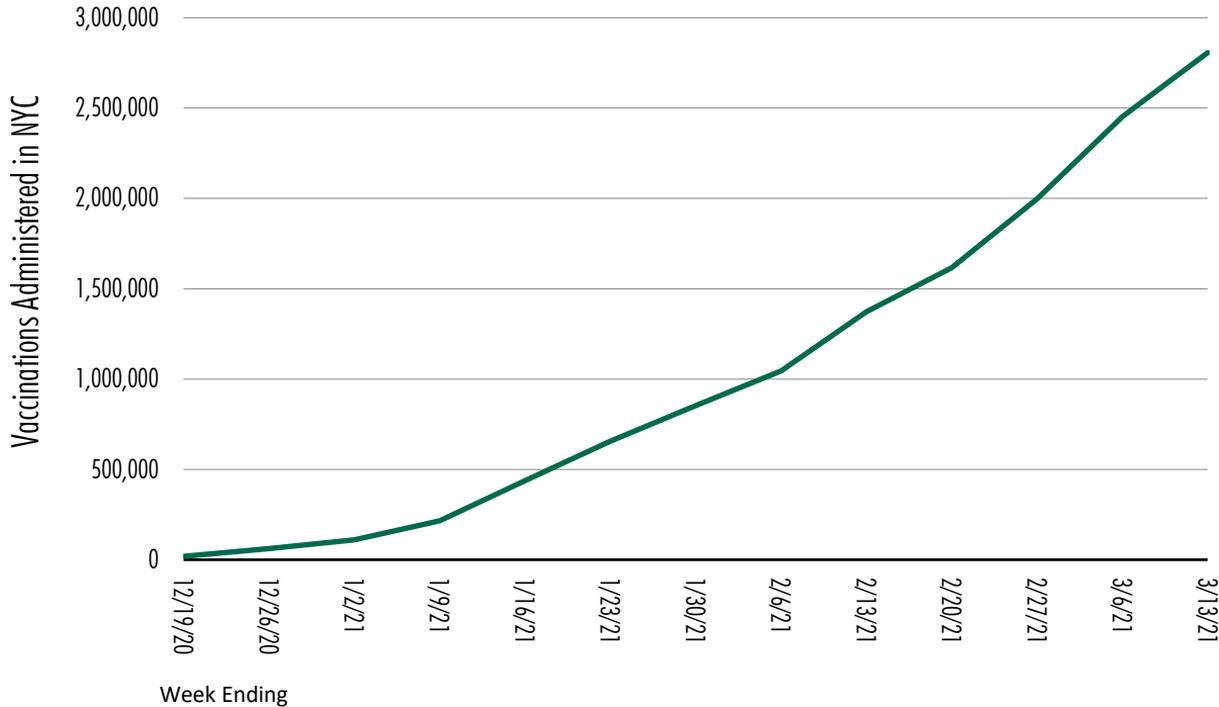
Below New York City's first infection peak in April

Most recent data: March 13, 2021

- New York City's test positivity rate was 4.0% for the week ending March 13.
- New York State's test positivity rate averaged 3.1% for the week ending March 13. Nationally, the test positivity rate for the same time period was 4.6%.
- With the infection rate falling, NYC continues to reopen and expand indoor capacity at bars, restaurants, and entertainment venues.
- Live indoor performance venues like Broadway theaters and comedy clubs will likely require a test positivity rate closer to 1% to begin reopening.

VACCINATIONS ADMINISTERED IN NYC

Weekly Vaccinations Administered to all NYS Residents in NYC



Source: CBRE Research, New York City Dept. of Health and Mental Hygiene.

9%

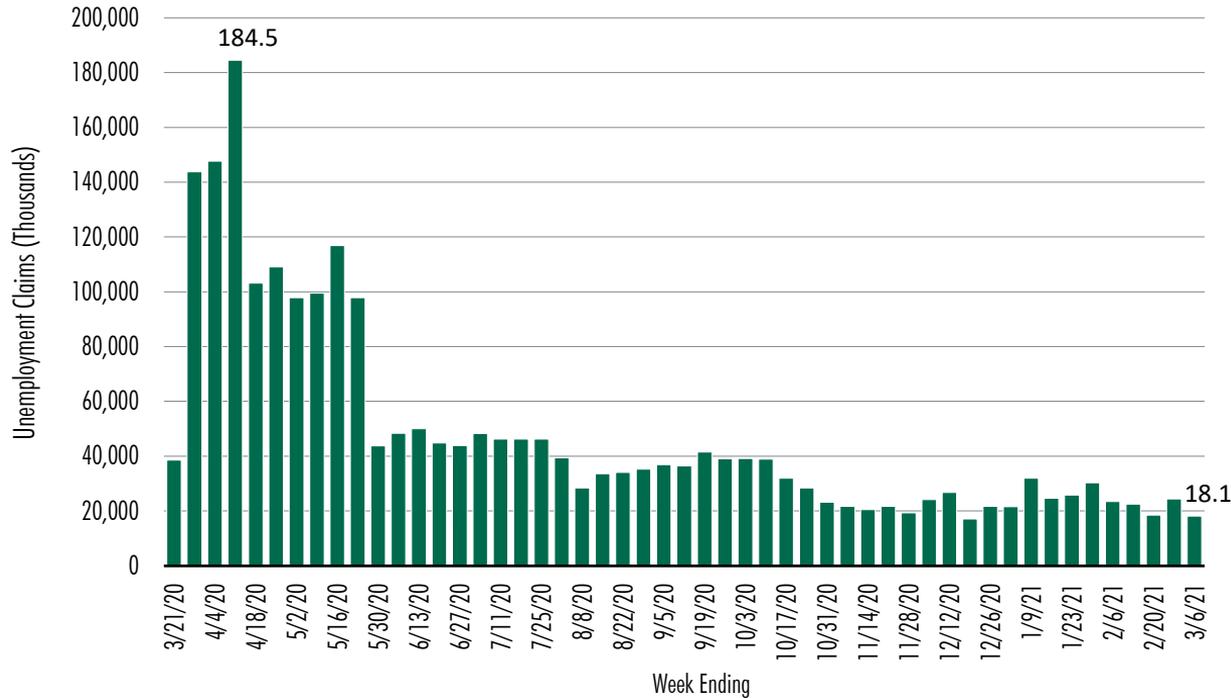
of NYC residents have been fully vaccinated

Most recent data: March 15, 2021

- Vaccines from Pfizer, Johnson & Johnson, and Moderna are all available in the Tri-State region, which has increased availability and allowed for around-the-clock vaccinations.
- New York City's vaccination rate of 9% lags the region's suburbs which are averaging vaccination rates of 10-15% as of March 15.
- NYC remains a crucial hub of vaccination efforts with major facilities at Citi Field, Yankee Stadium, and the Javits Center providing tens of thousands of daily injections.

NYC UNEMPLOYMENT INSURANCE INITIAL CLAIMS

Weekly Claim Totals



Source: CBRE Research, New York State Department of Labor.

-90%

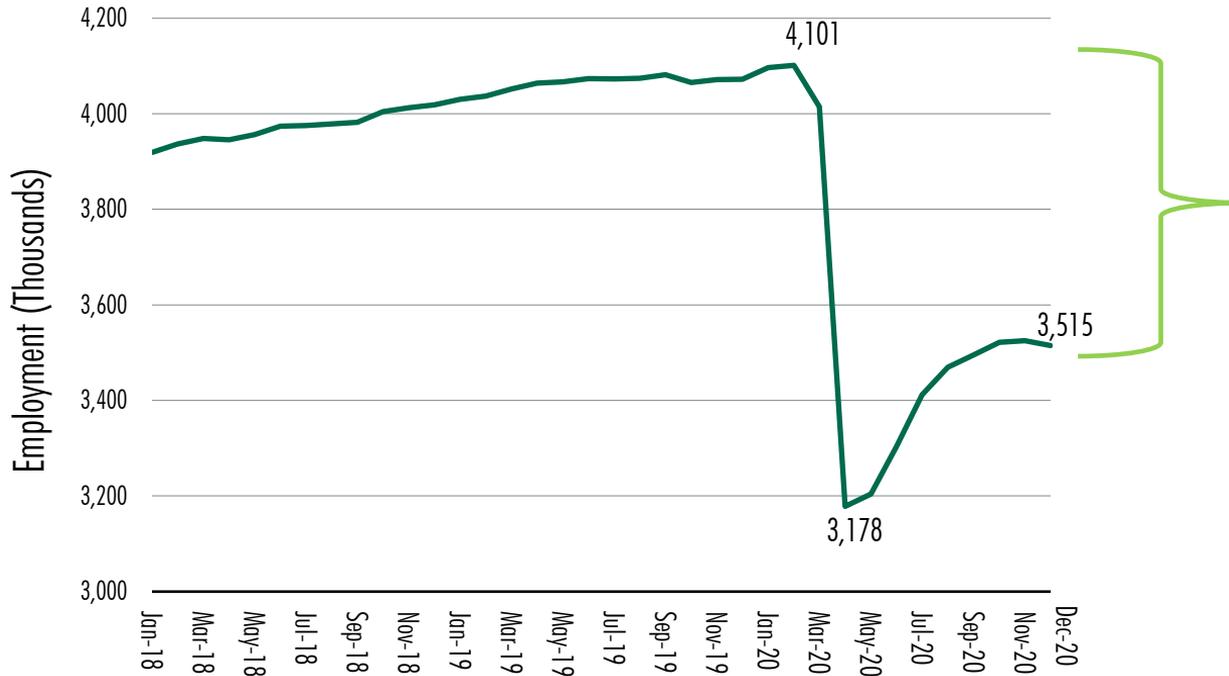
Decline in weekly claims
since April peak

Most recent data: March 6, 2021

- Claims for unemployment insurance spiked in late March and early April as New York City businesses laid off hundreds of thousands of employees to cope with the fallout of measures taken to curb the spread of COVID-19.
- Prior to COVID-19, weekly unemployment insurance claims typically number around 6,500.
- Weekly claims have generally hovered between 20,000 and 30,000 since November but are expected to fall further as vaccine distribution and warming weather improves the hiring landscape.

NYC PRIVATE SECTOR EMPLOYMENT

Seasonally-Adjusted Payroll Employment



Source: CBRE Research, St. Louis FRED.

86%

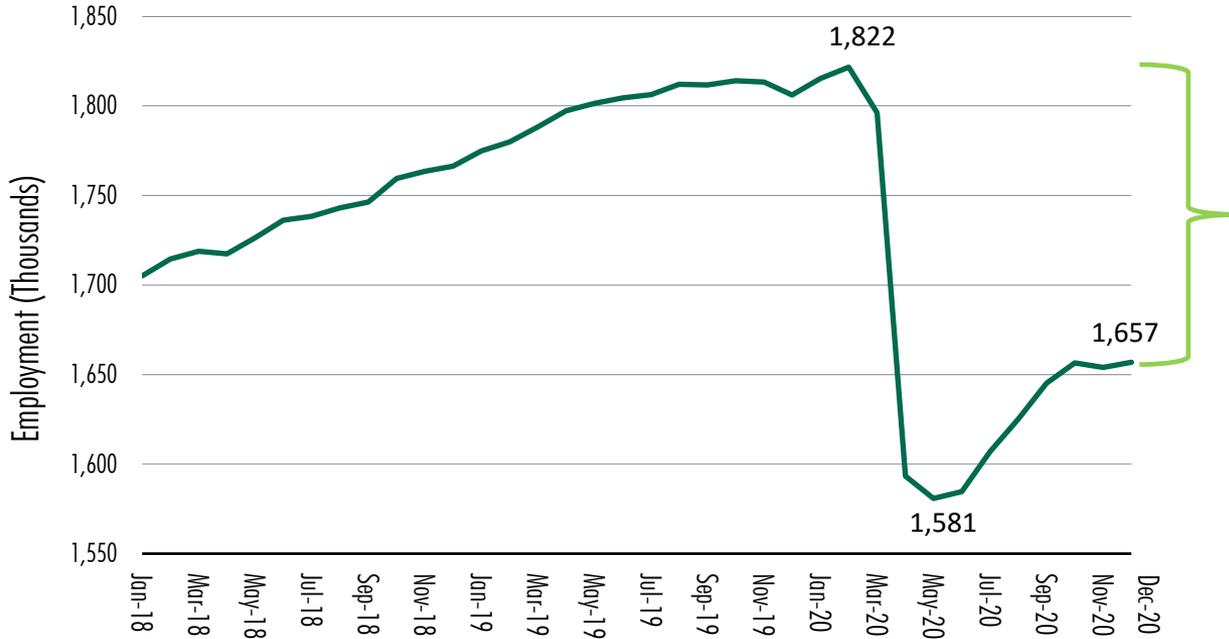
NYC private sector employment compared to pre-COVID peak

Most recent data: December 2020

- After peaking in February 2020, New York City's private sector employment fell by 23% to a low of 3.18 million in April, driven by enormous losses in the retail and hospitality sectors.
- As New York City's infection rate declined through April and May, these sectors returned some of their employees to the workforce but this recovery has slowed significantly as winter set in.
- So far, NYC has recovered 38% of the private jobs lost. Job gains are expected to accelerate in the spring and improve steadily through 2021.

NYC OFFICE-USING EMPLOYMENT

Seasonally-Adjusted Payroll Employment



Source: CBRE Research, St. Louis FRED.

91%

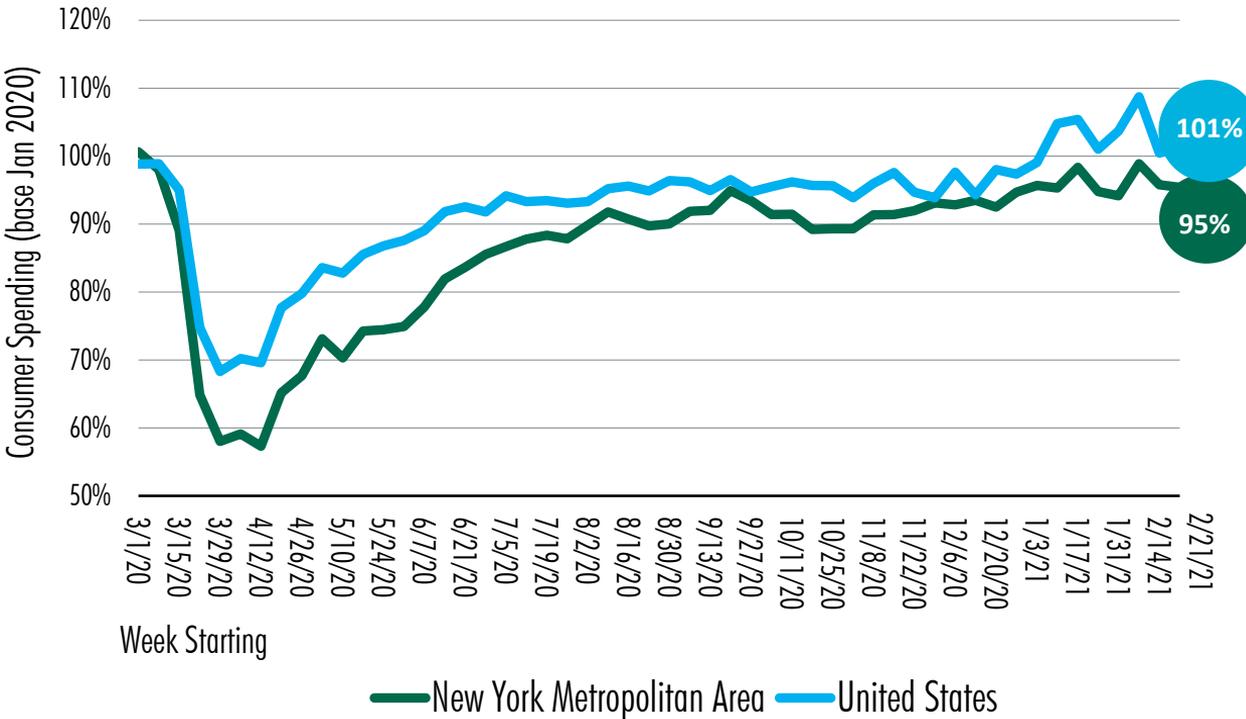
NYC office-using employment compared to pre-COVID peak

Most recent data: December 2020

- New York City's office-using employment (OUE) fell by 13% to a low of about 1.58 million in May, driven by contractions in administrative, hospitality, finance, insurance, and real estate positions.
- Office-using sectors returned some furloughed employees starting in June as businesses adjusted to the remote economy and resumed operations.
- While OUE suffered fewer losses than the retail and hospitality sectors, it has also been slower to recover with only 32% of jobs recouped so far. In addition, U.S. data show office-based workers are being moved from temporary furloughs to permanent lay-offs.

CONSUMER SPENDING – NYC METROPOLITAN AREA

Weekly Spending Activity Index



Source: CBRE Research, Opportunity Insights.

95%

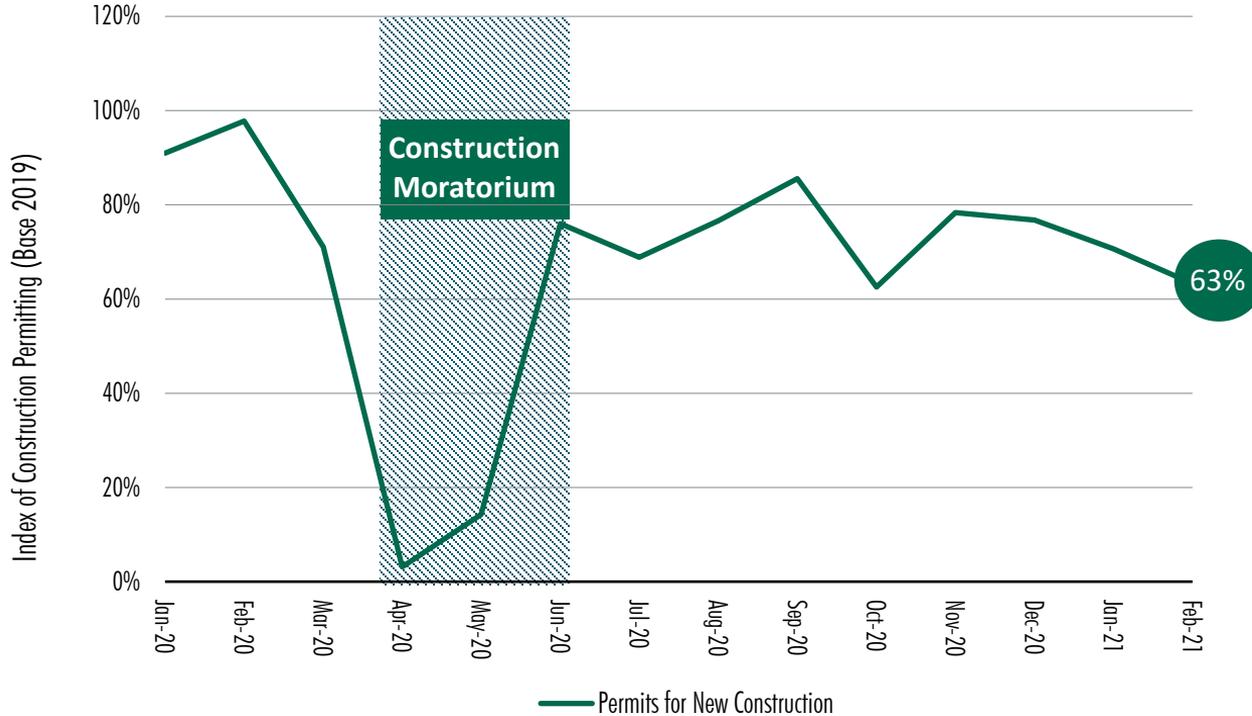
NYC metro weekly consumer spending compared to January 2020

Most recent data: February 28, 2021

- Consumer spending has steadily recovered after falling over 40% in March.
- The partial reopening of the economy that began in June, combined with spending power supported via the government stimulus checks and financial aid and have kept consumer spending elevated.
- Additional government stimulus checks and financial aid approved in the American Rescue Plan should continue to support the consumer spending recovery.

NYC DEPT. OF BUILDINGS NEW CONSTRUCTION PERMITS

Year-over-Year Comparisons of Total Monthly Permits Issued*



Source: CBRE Research, NYC Department of Buildings.

* Includes permitting for all construction activity (commercial, individual, government, etc.).
CBRE

63%

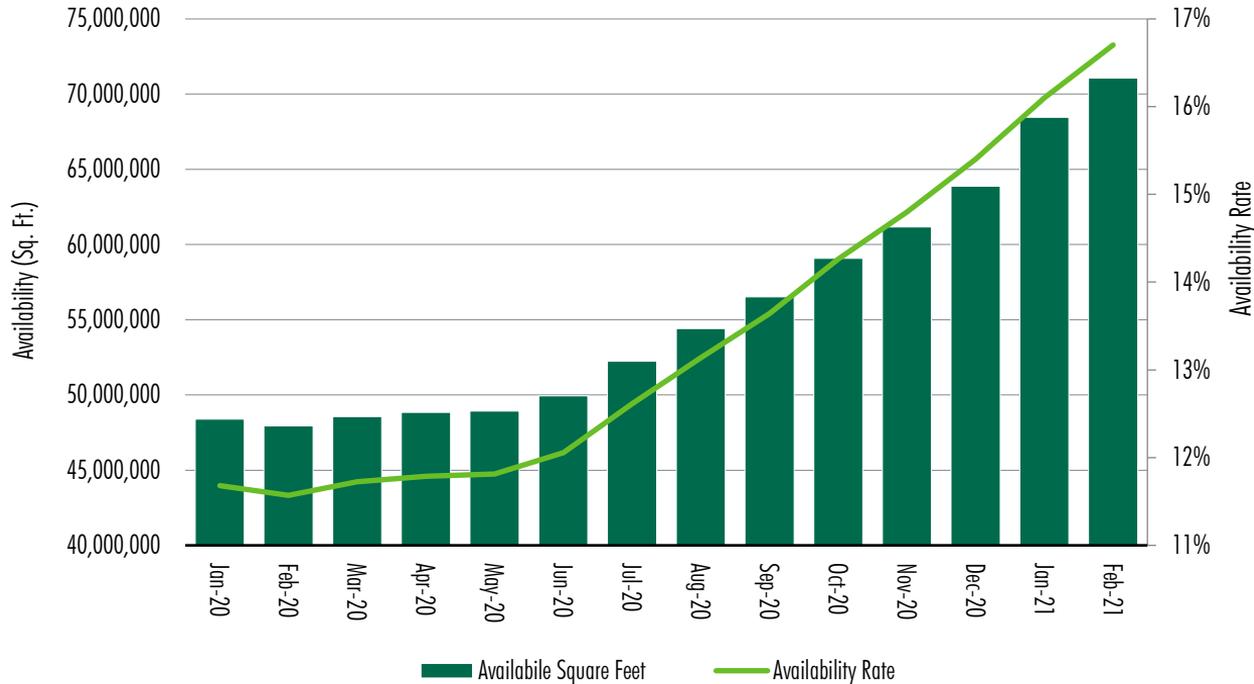
Monthly permits issued for new construction and demolition, compared to 2019

Most recent data: February 2021

- On March 27, the State of New York issued a mandate that restricted construction to only essential projects including medical buildings and affordable housing.
- On June 8, this moratorium was lifted, resulting in an immediate spike in issuances for permits relating to building demolition and new building site prep work.
- Construction spending in NYC was decelerating prior to COVID and is expected to fall further, however new housing and infrastructure initiatives could be a shot in the arm for the industry in the coming years.

MANHATTAN OFFICE AVAILABILITY

Monthly Availability Rate and Total Available Square Footage



Source: CBRE Research.

48%

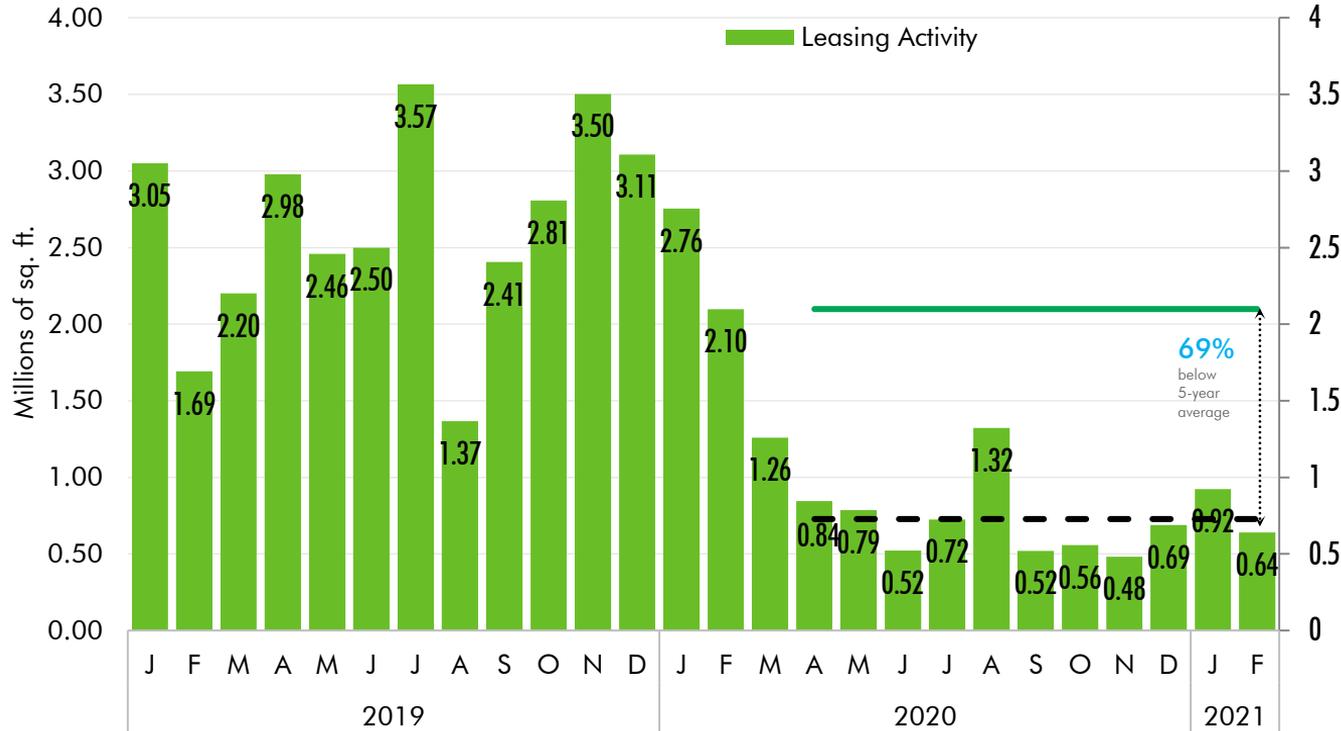
Increase in available square footage of office space since February 2020

Most Recent Data: February 2021

- Manhattan registered a record low absorption of negative 17.7 million sq. ft. in 2020 and another negative 7.2 million sq. ft. thus far in 2021.
- The Manhattan availability rate has climbed 513 basis points (bps) from 11.6% in February 2020 to 16.7% in February 2021.
- Midtown South has seen the largest increase in available space (62.1%), followed by Midtown (45.6%) and Downtown (44.5%).

LEASING ACTIVITY SAW SUDDEN DROP-OFF IN 2020 AS THE COVID CRISIS UNFOLDED

MANHATTAN MONTHLY LEASING ACTIVITY VS. 5-YEAR MONTHLY AVERAGE



69%

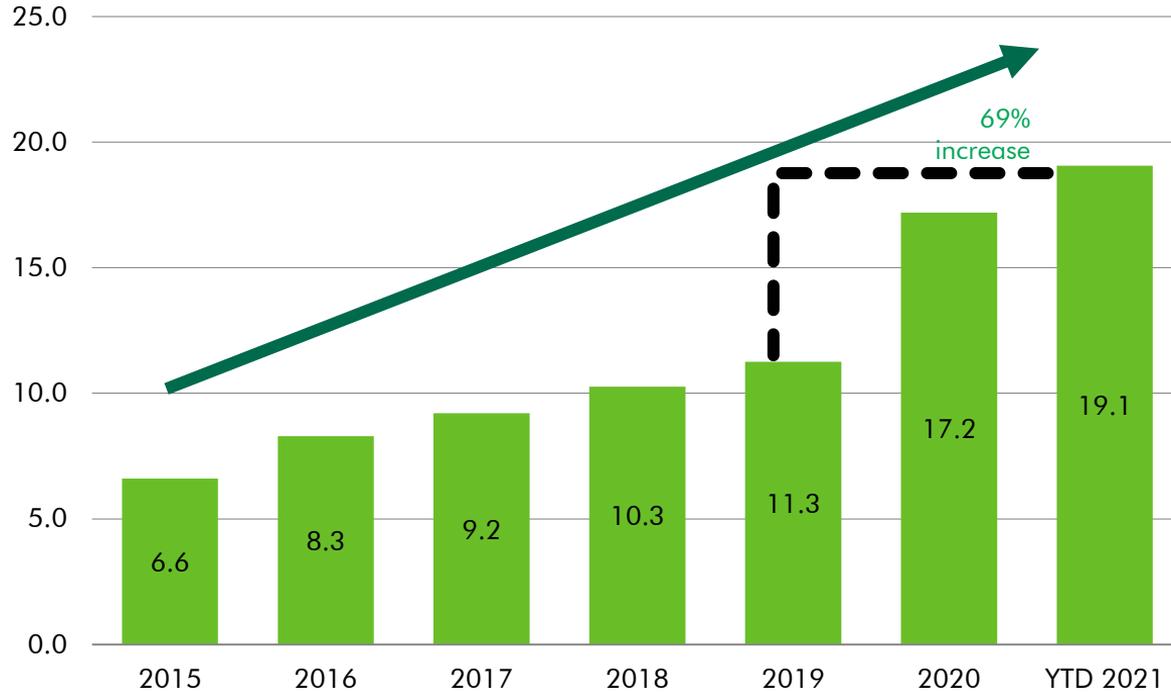
below the five-year monthly average

Most Recent Data: February 2021

- Muted leasing persisted since the onset of the pandemic in mid-March.
- February 2021's 640,000 sq. ft. of leasing activity was slightly behind the 728,000 sq. ft. average seen since April 2020.

MANHATTAN SUBLEASE SPACE HAS ADDED A NET 7.8 MSF SINCE YEAR-END 2019 (+69%)

SUBLET AVAILABLE SPACE



69%

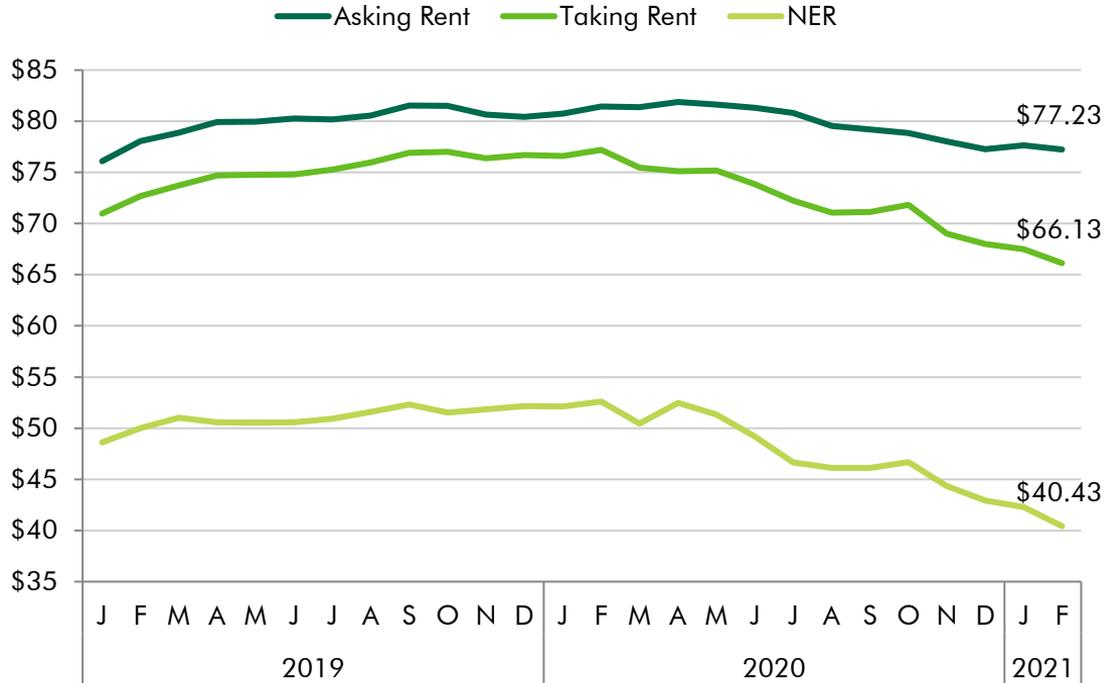
annual increase in sublease space

Most Recent Data: February 2021

- Manhattan saw a net addition of 7.8 million sq. ft. reaching 19.1 million sq. ft. of sublease space at year-end 2020.
- The amount of sublease space on the market is now greater than the peak level of 16.4 million sq. ft. witnessed during the Great Financial Crisis and the 18.4 million sq. ft. of sublease space that was on the market following the dotcom/9-11 recession.

NET EFFECTIVE RENTS (NER) FELL 22% FROM 2019

AVERAGE ASKING RENT VS. TAKING RENT VS. NET EFFECTIVE RENTS



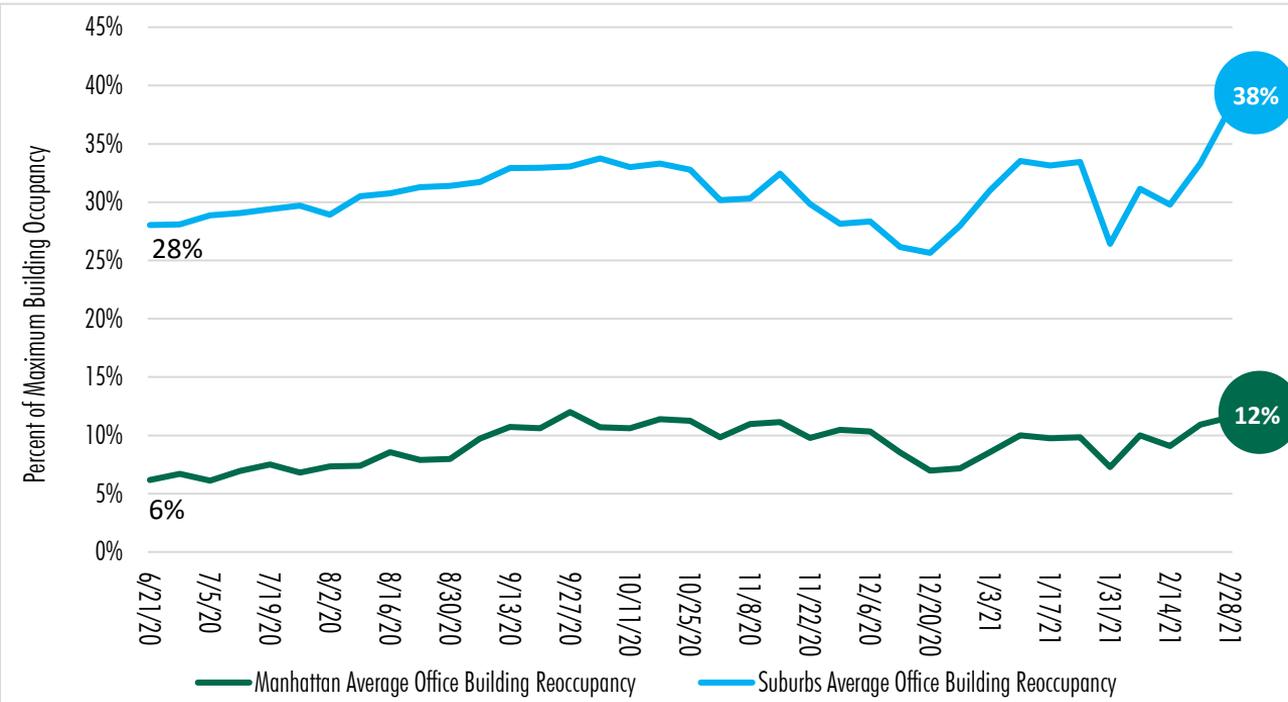
22%

NER decline since YE 2019
Most Recent Data: February 2021

- ASKING RENT DOWN
 - Since YE 2019 : (4.0%)
 - Since Start of Pandemic (March-Feb.) : (5.1%)
- TAKING RENT DOWN
 - Since YE 2019 : (13.8%)
 - Since Start of Pandemic (March-Feb.) : (12.4%)
- NET EFFECTIVE RENTS DOWN
 - Since YE 2019 : (22.4%)
 - Since Start of Pandemic (March-Feb.) : (19.9%)

UNIQUE KEY CARD SWIPES IN CBRE MANAGED OFFICE BUILDINGS

Weekly Average Percent of Total Active Key Cards | Manhattan & Suburban



Source: CBRE Property Management.

12%

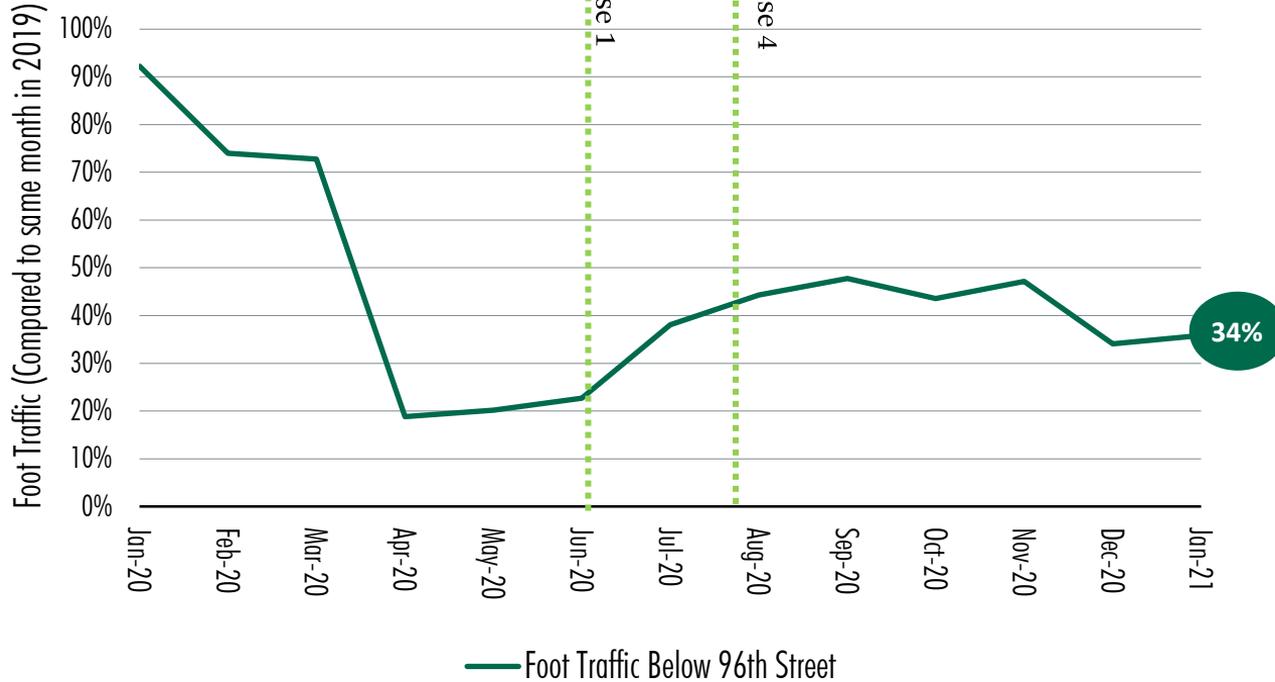
Average weekly key card swipes in Manhattan office buildings, compared to total active cards

Most Recent Data: March 5, 2021

- NYS ordered all non-essential workers to stay at home beginning March 20, 2020.
- On June 22, non-essential places of business, including office buildings, were allowed to reopen at 50% capacity.
- Manhattan office building occupancy has wavered between 6-12% since reopening in June but seems to be rising as the weather warms and vaccination efforts expand.
- Suburban occupancy rates have consistently outperformed Manhattan and experienced strong growth in late February and early March.

FOOT TRAFFIC IN MANHATTAN BELOW 96TH STREET

Total Weekly Smartphone “Heartbeat” Data – 2020 vs. 2019



Source: CBRE Research, CBRE Location Intelligence, Mobile Insights.

34%

Weekly total smart phone “heartbeats” in Manhattan south of 96th St., compared to the same week in 2019

Most recent data: January 2021

- The number of “heartbeats” from unique, individual cell phones found in Manhattan south of 96th Street fell precipitously in March and continued to rise again the summer as the infection positivity rate declined.
- The phased reopening in June spurred a recovery of activity to 57% by the end of August but this activity moderated and declined in the winter.
- The holiday season boosted foot traffic in Manhattan in December, but activity fell off again in January when infection rates rose and restaurants closed.

RESIDENTIAL RENT AND LEASING IN MANHATTAN

Indices of Monthly Average of Rent and Leasing Activity 2019 vs. 2020



Source: CBRE Research, Douglas Elliman.

90%

Average Manhattan apartment rent compared to February 2019

Most Recent Data: February 2021

- Average Manhattan rents declined by roughly 17% between April and November and vacancy rates tripled before compressing again starting in December 2020.
- Sliding prices and rising concessions have helped restore monthly leasing volume which has been hitting record highs since the early winter as thousands of apartments get snapped up at a discount.
- The occupancy rate in Manhattan's multifamily market is 95.0% as of February 2021 compared to 98.2% in February 2019.

RESTAURANT RESERVATIONS IN MANHATTAN

YoY Change in Weekly Dining Reservations

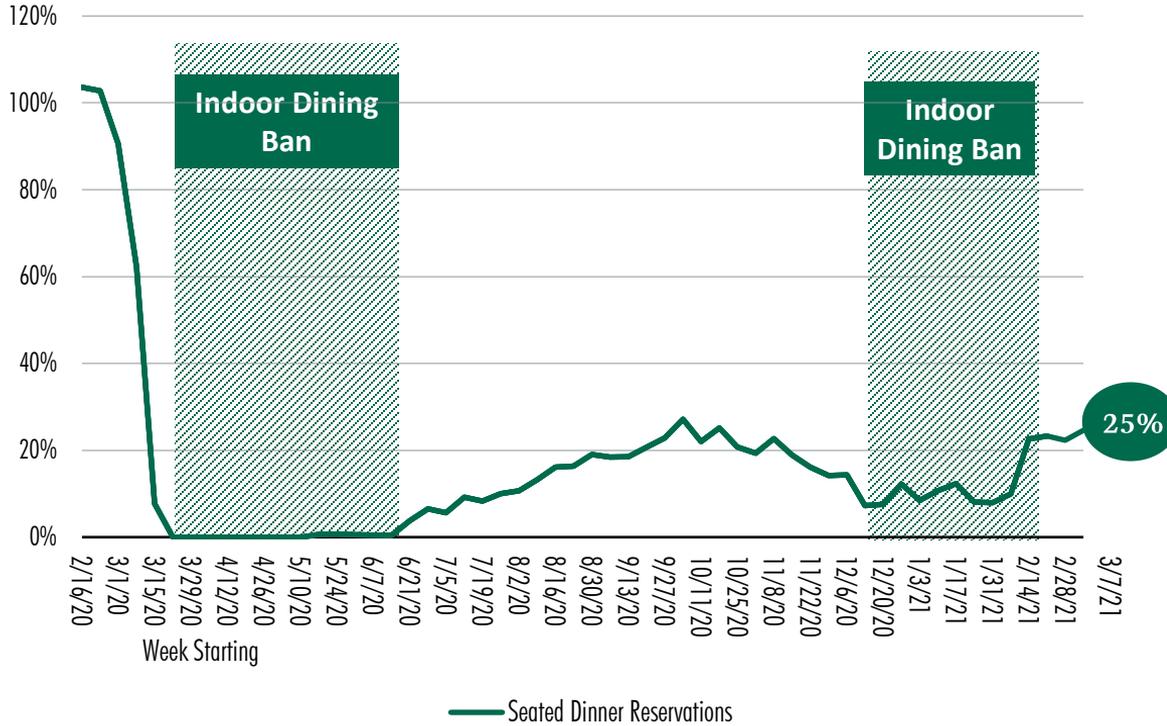
25%

Volume of seated dinner reservations YoY

Most recent data: March 13, 2021

- New York City has emerged from its second ban on indoor dining, which formally ended after two months of February 12.
- Restaurants are will be permitted to increase dining room capacity from 25% to 35% on February 26.
- Diners responded immediately to the lifting of the indoor dining ban with reservations doubling week-over-week as New Yorkers hurried to make Valentines Day reservations.
- 92% of NYC restaurants failed to make their December rent payments as the industry continues to struggle with the absence of commuters and visitors.

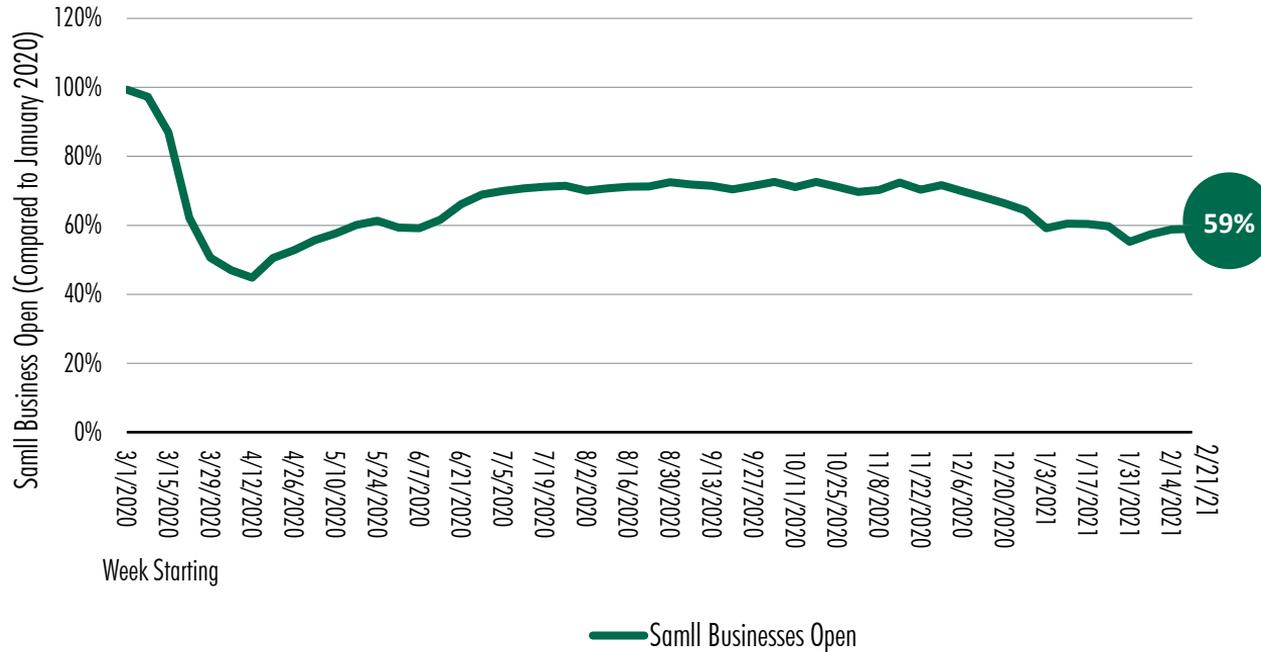
Dinner Reservations (Compared to Same Week in 2019)



Source: CBRE Research, OpenTable.

SMALL BUSINESSES OPEN IN NYC

Weekly Count as a Percent of Businesses Open in January 2020



Source: CBRE Research, Opportunity Insights.

59%

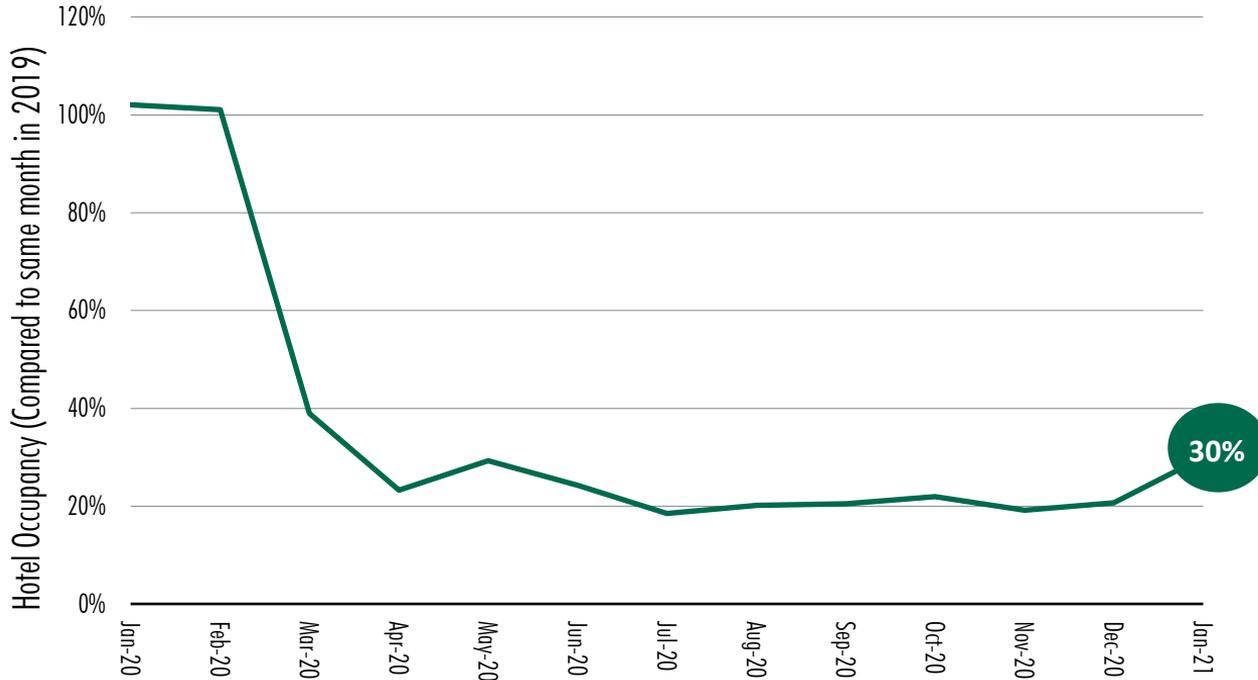
Number of small businesses open as compared to January 2020

Most Recent Data: February 27, 2021

- NYC businesses steadily opened their doors as the city progressed through the four phases of reopening between early June and mid-July but this progress plateaued in the summer and reversed slightly in the winter.
- Depressed tourism and absence of commuters, restrictions on entertainment venues and capacity, and seating limits for bars and restaurants have prevented many businesses from opening their doors.

MANHATTAN HOTEL OCCUPANCY

Index of Hotel Occupancy 2020/2021 vs. 2019



Source: CBRE Research, Kalibri Labs.

30%

of Manhattan hotel
rooms occupied compared to
January 2019

Most Recent Data: January 2021

- Hotel occupancy plummeted in Manhattan as the global travel industry shut down and the U.S. placed restrictions on international travel.
- Cancellation of local entertainment and business trade events, as well as limitations on corporate travel, further curtailed hotel occupancy.
- The closure of over 200 hotels means that occupancy levels could be restored as early as 2023, however pre-pandemic visitor counts are not expected until 2025.

SPRING SEMESTER AT NYC UNIVERSITIES

Status of Residence Halls and Instructional Method at NYC's 15 Largest Universities

School	Enrollment (2018)	Residence Halls	Classes
City University of New York	273,368	Open	Predominantly Remote
New York University	51,847	Open	Hybrid
Columbia University	31,077	Open	Predominantly Remote
St. John's University	21,365	Open	Hybrid
Fordham University	16,515	Open	Hybrid
Pace University	13,326	Open	Hybrid
Touro College	11,800	Open	Hybrid
The New School	10,544	Open	Hybrid
Yeshiva University	6,479	Open	Hybrid
Monroe College	6,386	Open	Hybrid
Pratt Institute	5,015	Open	Hybrid
Columbia Teachers College	4,549	Open	Predominantly Remote
School of Visual Arts	4,390	Open	Hybrid
ASA College	4,356	N/A	Hybrid
Manhattan College	4,232	Open	Hybrid

85%

Enrollment in U.S. colleges and universities as compared to Fall 2019

estimated April 2020

- Estimates place Fall 2020 enrollments at U.S. colleges and universities as being down 15-20% compared to Fall 2019.
- Enrollment for international students, too, is expected to drop by 25% as travel restrictions prevent many from getting to campus.
- Diminished enrollment in NYC colleges and universities is likely contributing to declining demand for rental housing and diminished foot traffic in Manhattan.

MOBILITY MEASURES

Number of Requests for Directions in Apple Maps Compared to January 2020



Source: CBRE Research, Apple Mobility.

53%

of Apple Maps users requested directions via public transit compared to January 2020

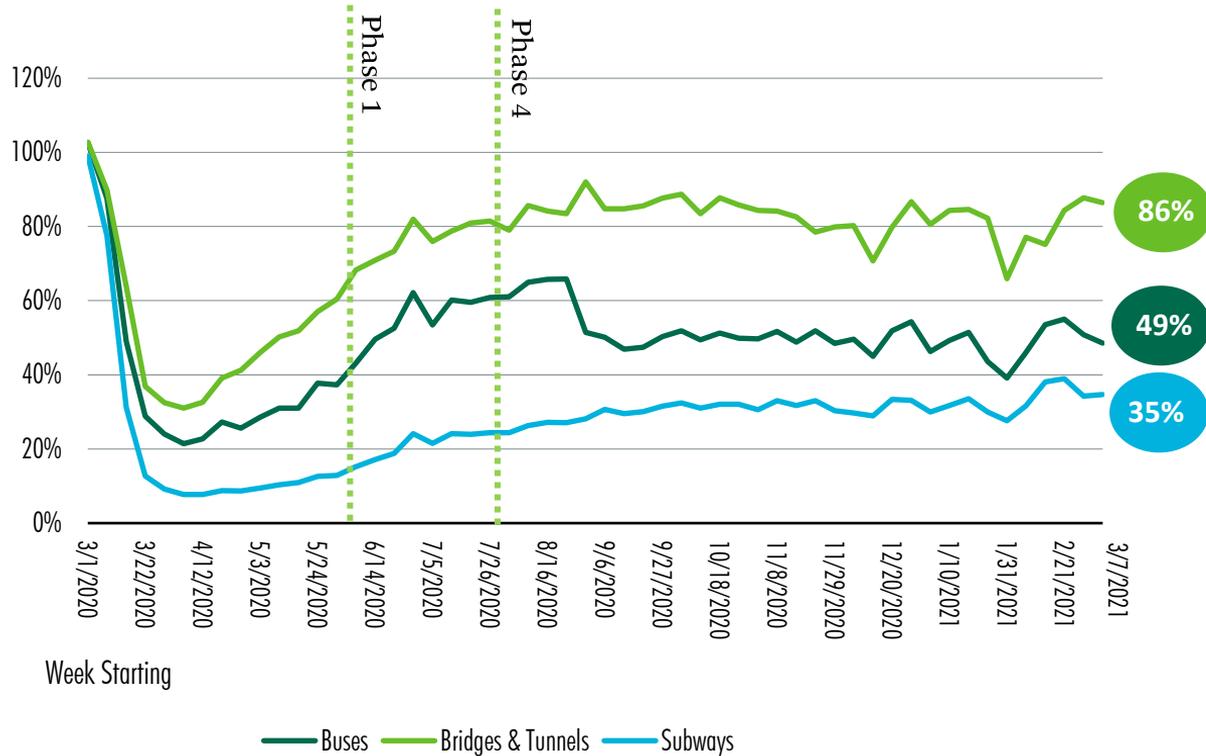
Most Recent Data: March 6, 2021

- Concern over the safety of public transit fueled a considerable mode-shift among Apple Maps users towards driving.
- Reduced mobility among walkers and transit riders suggests the absence of workers and visitors navigating their way across the region.

NYC TRANSIT RIDERSHIP / BRIDGE & TUNNEL USAGE

Weekly Ridership/Usage, 2020 vs. 2019

Toll and Transit Usage (Compared to Same Week in 2019)



Source: CBRE Research, MTA.

35%

of riders taking the subway compared to 2019

Most Recent Data: March 13, 2021

- The MTA's ridership recovery stalled at roughly 30-33% of 2019 levels between August and January before trending upwards again in February as vaccines were distributed.
- The subway is expected to continue adding riders as dining and entertainment options expand as the economy reopens and the weather warms.
- An infusion of federal relief funds will help the MTA avoid service cuts that might have hindered the ridership recovery in 2021/22.
- Pre-Covid ridership levels could still be years away as commuting patterns and tourism volume remain disrupted for the foreseeable future.

MTA COMMUTER RAIL RIDERSHIP

Ridership on the Long Island Railroad and Metro-North Railroad



Source: CBRE Research, MTA.

27%

of riders taking the MTA's
commuter railroads compared to
2019

Most Recent Data: March 14, 2021

Ridership on the LIRR and MNRR remains well below pre-COVID numbers as suburban mass transit riders have been slower to return to the rails than urban residents, reflecting the ease with which a greater share of suburban commuters have been able to transition to work-from-home for their jobs.

- The resumption of in-person attendance at arena events and reopening workplaces will likely push commuter rail ridership higher through the remainder of 2021.
- Federal monetary aid to the MTA has ensured that there will be no cuts to service in the coming year.

AIR TRAFFIC VOLUME IN NEW YORK CITY

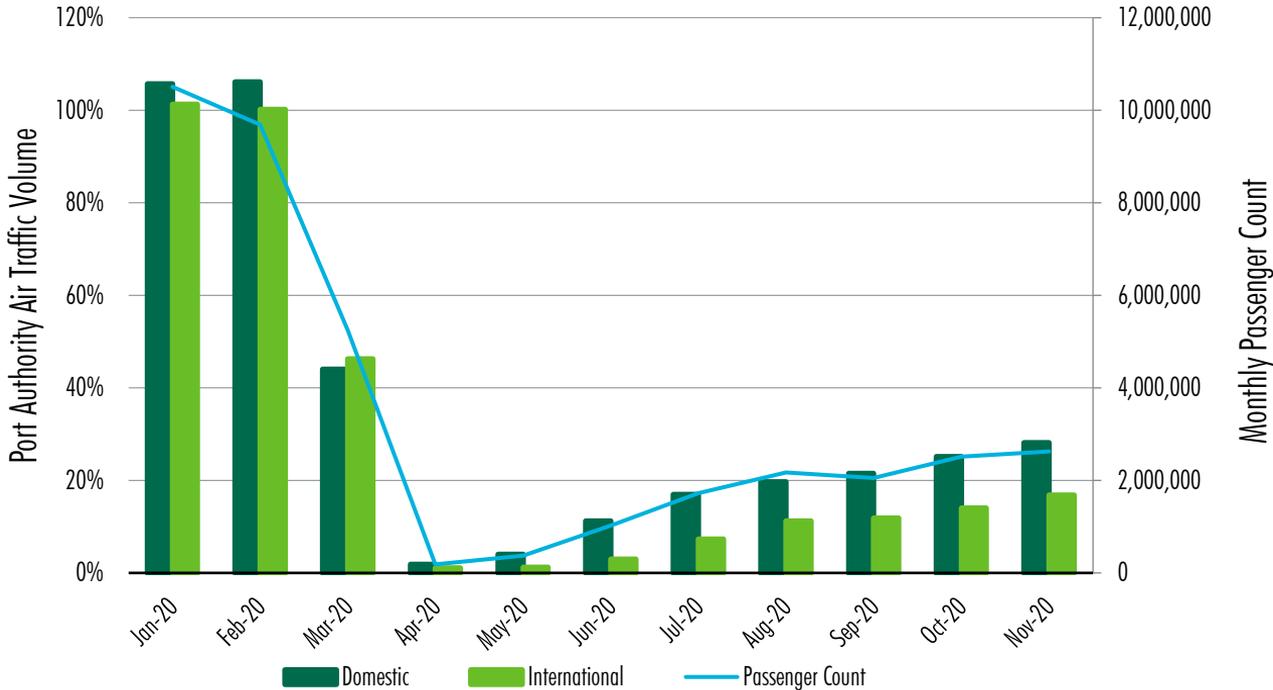
Passengers at Port Authority Airports Compared to 2019

24%

of air passengers transiting through NYC airports compared to November 2019

Most Recent Data: November 2020

- Air traffic plummeted in New York from March to April with only 191,000 passengers transiting through the region in April, a 98% decrease from April 2019.
- In November, passenger counts increased 4% MoM and passenger volume as a percent of 2019 levels grew to 24% - the seventh consecutive month of growth.
- Data from the Transportation Security Administration suggests that air traffic volumes have continued to grow since November with loosening domestic travel restrictions likely encouraging more airport traffic.



Source: CBRE Research, Port Authority of New York & New Jersey.

STATUS OF MAJOR INFRASTRUCTURE PROGRAMS

Status of Infrastructure Projects Overseen by the MTA and the Port Authority

Project	Objective	Status	Projected Completion
Moynihan Train Hall	Conversion of the Farley Post Office into a train hall for LIRR and Amtrak	Completed	
Newark Terminal 1	Construction of a new and expanded international terminal at Newark Liberty International Airport	Progressing Slight Delay	2021
Culver Line Signal Modernization	Modernized signals will allow for greater speed and capacity on the F subway line	Progressing On Schedule	2022
East Side Access	Will bring LIRR service to Grand Central Terminal	Progressing Indefinite Delay	2023 or later
LaGuardia Airport Reconstruction	Reconstruction and consolidation of LaGuardia Airport terminals and addition of an air train to Willets Point	Progressing On Schedule	2026
JFK Airport Expansion	Reconstruction and consolidation of JFK's six passenger terminals	Progressing Indefinite Delay	N/A
Penn Station Access	Will bring MNRR service to Penn Station	Stalled Pending Funding	N/A
Second Avenue Subway Phase 2	Extension of the Second Avenue subway line to East 125 th Street	Stalled Pending Funding	N/A

Source: CBRE Research, MTA, Port Authority of New York & New Jersey

**Pg. 18 Fall Semester at NYC
Universities**

Sources: CBRE Research, CUNY, NYU,
Columbia, SJU, Fordham, Pace, Touro College,
The New School, Yeshiva University, Monroe
College, Pratt Institute, Columbia Teachers
College, SVA, ASA College, Manhattan
College, American Council on Education



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