

ECONOMIC REPORT
of the
HUDSON VALLEY

Third Quarter 2012

MARIST COLLEGE

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While every effort has been made to ensure that the information in this report is accurate, Marist College cannot be held responsible for any remaining errors.

Hudson Valley Summary

Compared to the third quarter of 2011, labor-force participation in the Hudson Valley region advanced less than one percent, increasing from 1,139,000 participants in the third quarter of 2011 to 1,150,067 in the third quarter of 2012, while regional employment was little changed, rising (2,933) from 1,056,967 jobs to 1,059,900 jobs. Within the region, labor-force participation increased (2,100) from 446,200 to 448,300 participants in the Upper Hudson Valley—Dutchess, Orange, Sullivan and Ulster counties—and (8,933) from 692,800 to 701,733 in the Lower Hudson Valley—Putnam, Rockland and Westchester. Over the same period, employment increased in the Lower Hudson Valley (4,366) from 645,767 to 650,133 and fell (1,434) in the Upper Hudson Valley from 411,167 to 409,733¹. In New York State, labor-force participation increased (68,234) from 9,559,733 to 9,627,967 while employment advanced (12,867) from 8,776,933 to 8,789,800. Over the same 12-month period, the national (civilian) labor force posted a moderate year-over-year increase of 0.80 percent (1.23 million), rising from 153.80 million to 154.91 million as employment advanced 1.90 percent (2.66 million) from 139.80 million to 142.40 million.

Because the regional labor force increased at a faster rate than employment, the regional unemployment rate posted a year-over-year increase of 0.64 percentage points, from 7.20 percent in the third quarter of 2011 to 7.84 percent in the third quarter of 2012. The unemployment rate in the Lower Hudson Valley advanced 0.56 percentage points from 6.79 percent to 7.35 percent, while in the Upper Hudson Valley the unemployment rate advanced 0.75 percentage points from 7.85 percent to 8.60 percent. Statewide, the unemployment rate increased from 8.19 percent to 8.71 percent; nationwide, the unemployment rate fell from 9.05 percent to 8.05 percent.

Taken as a whole, the Hudson Valley labor market is rebuilding at a faster pace than nearby competitor markets. During the first 10 months of 2012 the regional labor force advanced 2.37 percent (26,500) compared to 1.95 percent (10,600) in the Capital region, 1.86 percent (27,000) in the Long Island region and 1.01 percent (40,000) in the New York City region. Over the same period, regional employment increased 1.87 percent (19,400) while employment in the Capital, Long Island and New York City regions increased 1.73 percent (8,700), 1.51 percent (20,400) and .63 percent (22,800), respectively. The statewide labor force increased 1.55 percent (147,000) while employment increased 1.27 percent (110,600).

Compared to the third quarter of 2011, the regional job count advanced 0.87 percent from 906,767 in the third quarter of 2011 to 914,667 in the third quarter of 2012; the private-sector job count increased 1.32 percent from 743,767 to 753,567 as the job count in the public sector continued to fall.

Year over year, the private-sector job count advanced in education and health (4,700), trade, transportation and utilities (3,400), professional and business services (3,133), leisure and hospitality (2,300) and financial activities (1,000). The information sector added (67) new jobs

¹ Numbers do not add to total labor force and total employment due to rounding.

after four years of steady decline. Employment continued to contract in natural resources, mining and construction (3,867) and manufacturing (1,433). Employment in the public sector (government) fell (1,900). Within the Hudson Valley the total job count advanced in the Rockland-Westchester-Putnam, NY, MSA, the Poughkeepsie-Newburgh-Middletown, NY, MSA (Dutchess and Orange counties) and the Kingston, NY, MSA (Ulster County) and fell slightly in Sullivan County.

As of the third quarter of 2012, 95 percent (56,333) of all jobs lost due to the recession (59,200) had been recaptured compared to 80 percent in the Long Island region, 86 percent in the Capital region and 113.00 percent statewide. Regionwide, several sectors—leisure and hospitality, professional and business and the other services—have created more jobs since the trough than were lost as a result of the recession. In contrast, the job count in both the information sector and the manufacturing sector continued to decline. As of the third quarter, the job count in the information sector was down 3,600 relative to the peak and 1,267 relative to the trough; the job count in the manufacturing sector was down 9,366 relative to the peak and 2,233 relative to the trough.

In the Lower Hudson Valley region (Rockland, Westchester and Putnam counties), 97 percent (39,200) of all jobs lost due to the recession (40,267) had been recaptured. The largest recapture rate occurred in the leisure and hospitality sector, followed by other services and professional and business services. In all three cases, more jobs have been created since the trough than were lost to the recession. In contrast, the job count in both the manufacturing sector and the information sector continued to decline. As of the third quarter, the job count in the manufacturing sector was down 5,667 relative to the peak and 2,367 relative to the trough while in the information sector the job count was down 867 relative to the peak and 2,567 relative to the trough.

In the Upper Hudson Valley (Dutchess, Orange, Ulster and Sullivan counties), 85 percent of all jobs lost (20,200) to the recession had been recovered (17,133). The trade, transportation and utilities sector, the professional and business services sector and the other services sector have created more jobs since the trough than were lost to the recession. In contrast, the job count in the information sector has fallen 1,033 below the peak and 400 below the trough.

Year over year, the Average Weekly Wage (AWW) in the private sector—valued in current dollars—advanced in Dutchess (2.60 percent), Sullivan (2.41 percent), Ulster (.48 percent), Putnam (.37 percent) and Orange (.15 percent), was unchanged in Rockland and fell .87 percent in Westchester. Regionwide, the AWW posted a year-over-year decline of .21 percent, falling from \$965 in the second quarter of 2011 to \$963 in the second quarter of 2012. Relative to nearby “regions,” the private-sector

46th and 56th, respectively. The statewide average private-sector wage—which is heavily impacted by the New York City region—was \$1,091².

Since the onset of the Great Recession, wage gains have been muted, with low single digits the norm. Regionwide, private-sector wages have grown at an annualized rate of 1.12 percent. With inflation averaging 2 percent per year, the real AWW has fallen. In contrast, public-sector wages have grown faster (2.77 percent) than inflation, resulting in a slight increase in the real AWW. Within the region, wage growth is as varied as the counties in which the wages are paid. One important similarity: the “average” worker continues

declined in all but two counties. The largest-level declines occurred in Westchester (358), Ulster (192), Orange (182), Sullivan (158) and Putnam (2). TA recipients increased in Rockland (137) and Dutchess (119). The largest percentage change occurred in Sullivan County at -6.69 percent followed by Ulster at - 5.23 percent. Within the region, Sullivan County was the most dependent on monthly TA benefits at one out of every 34.80 persons, followed by Ulster and Orange counties at one out of every 52.40 persons and one out of every 52.60 persons, respectively. Putnam County was the least dependent at one out of every 682.90 persons followed by Dutchess, Rockland and Westchester counties at one out of every 96.40 persons, one out of every 92.30 persons and one out of every 71.30 persons, respectively.

Hudson Valley Labor Force

During the first 10 months of 2012, the labor force increased by 26,500 while employment advanced 19,400.

Year over year, labor-force participation in the Hudson Valley region advanced less than one percent (11,067), from 1,139,000 participants in the third quarter of 2011 to 1,150,067 in the third quarter of

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154.91 million.

Year over
participation advanced 50,056 while the

645,767 to 650,133 while employment in the Upper Hudson Valley fell (1,434) from 411,167 to 409,733¹. Over the same 12-month period, employment in New York State advanced (12,867) from 8,776,933 in the third quarter of 2011 to 8,789,800 in the third quarter of 2012. Nationwide, employment advanced 1.90 percent (2.66 million) from 139.80 million to 142.40 million.

Because the regional labor force increased at a faster rate than employment, the regional unemployment rate posted a year-over-year increase of 0.64 percentage points, from 7.20 percent in the third quarter of 2011 to 7.84 percent in the third quarter of 2012. The unemployment rate in the Lower Hudson Valley advanced 0.56 percentage points from 6.79 percent to 7.35 percent while in the Upper Hudson Valley the unemployment rate advanced 0.75 percentage points from 7.85 percent to 8.60 percent. Statewide, the unemployment rate increased from 8.19 percent to 8.71 percent; nationwide, the unemployment rate fell from 9.05 percent to 8.05 percent.

Taken as a whole, the Hudson Valley labor market is rebuilding at a faster pace than nearby competitor markets. During the first 10 months of 2012, the regional labor force

Periods	Hudson Valley			Lower Hudson Valley			Upper Hudson Valley		
	Change in Labor Force	Change in Employment	Change in Unemp. Rate	Change in Labor Force	Change in Employment	Change in Unemp. Rate	Change in Labor Force	Change in Employment	Change in Unemp. Rate
Dec 11-Jan 12	-3,000	-13,000	0.92%	-1300	-6700	0.81%	-1700	-5900	0.99%
Jan 12-Feb 12	1,800	1,300	0.03%	-1300	-1300	0.01%	3100	2400	0.10%
Feb 12-Mar 12	-1,900	4000	-0.52%	-100	3300	-0.50%	-1800	700	-0.53%
Mar 12-April 12	5,400	6,900	-0.17%	4000	5000	-0.19%	1300	1800	-0.14%
April 12-May 12	10,500	4,700	0.45%	7800	4200	0.45%	2800	600	0.45%
May 12-June 12	24,900	19,100	0.34%	16700	13200	0.33%	8200	5900	0.36%
June 12-July 12	13,900	11,900	0.08%	11900	10400	0.09%	2000	1500	0.07%
July 12-Aug 12	-16,100	-13,600	-0.10%	-11700	-10600	-0.03%	-4500	-3100	-0.22%
Aug 12-Sept 12	-21,600	-15,700	-0.37%	-15200	-11700	-0.34%	-6300	-3900	-0.42%
Sept 12-Oct 12	12,600	13,800	-0.19%	7700	8400	-0.18%	4900	5400	-0.20%
YTD level Change	26,500	19,400	0.46%	18,500	14,200	0.45%	8,000	5,400	0.45%
YTD % Change	2.37%	1.87%	6.68%	2.72%	2.23%	6.87%	1.82%	1.33%	5.86%

advanced 2.37 percent (26,500) compared to 1.95 percent (10,600) in the Capital region, 1.86 percent (27,000) in the Long Island region and 1.01 percent (40,000) in the New York City region. Over the same period, regional employment increased 1.87 percent (19,400) while employment in the Capital, Long Island and New York City regions increased 1.73 percent (8,700), 1.51 percent (20,400) and .63 percent (22,800), respectively. The statewide labor force increased 1.55 percent (147,000) while employment increased 1.27 percent (110,600).

Regionwide, employment and labor-force participation peaked in July of 2008—seven months after the start of the **Great Recession**—at 1,128,500 and 1,189,500, respectively, and

¹ Numbers do not add to total labor force and total employment due to rounding.

Nonfarm Employment by Place of Work³

Year over year, employers in the Hudson Valley added 9,800 jobs while employment in the public sector fell 1,900.

Ninety-five percent of all private-sector jobs lost to the recession have been recovered.

Over the 12-month period ending in the third quarter of 2012, the regional job count advanced 0.87 percent from 906,767 in the third quarter of 2011 to 914,667 in the third quarter of 2012; the private-sector job count increased 1.32 percent from 743,767 to 753,567 while the job count in the public sector fell 1.17 percent from 163,000 to 161,100. As of the third quarter of 2012, one out of every 5.68 jobs in the Hudson Valley was in the public sector compared to one out of every 5.56 in the third quarter of 2011.

Year over year, the private-sector job count advanced in education and health (4,700), trade, transportation and utilities (3,400), professional and business services (3,133), leisure and hospitality (2,300) and financial activities (1,000). The information sector added (67) new jobs after four years of steady decline. Employment continued to contract in natural resources, mining and construction (3,867) and manufacturing (1,433). Employment in the public sector

lost to the recession. In contrast, the job count in both the manufacturing sector and the information sector continues to decline. As of the third quarter, the job count in the manufacturing sector was down 5,667 relative to the peak and 2,367 relative to the trough, while in the information sector the job count was down 867 relative to the peak and 2,567 relative to the trough.

In the Upper Hudson Valley (Dutchess, Orange, Ulster and Sullivan counties) the private-sector job count peaked in the third quarter of 2008 at 271,933 and reached a post-recession trough in the first quarter of 2010 at 251,733. As of the third quarter of 2012, 85

percent of all jobs lost (20,200) to the recession had been recovered (17,133). The trade, transportation and utilities sector, the professional and business services sector and the other services sector have created more jobs since the trough than were lost to the recession. In contrast, the job count in the information sector has fallen 1,033 below the peak and 400 below the trough.

First-Quarter 2012 Average Weekly Wages

Year over year, the Average Weekly Wage (AWW) in the private sector—valued in current dollars—advanced in Dutchess (2.60 percent), Sullivan (2.41 percent), Ulster (.48 percent), Putnam (.37 percent) and Orange (.15 percent), was unchanged in Rockland and fell .87 percent in Westchester. Regionwide, the AWW posted a year-over-year decline of .21 percent, falling from \$965 in the second quarter of 2011 to \$963 in the second quarter of 2012. Relative to nearby “regions,” the private-sector wage paid in the Hudson Valley ranked second behind the New York City region (\$1,375), but above both the Long Island and Capital regions at \$921 and \$822, respectively. By county, Westchester ranked second statewide, Rockland ranked fourth, Dutchess ranked seventh, Putnam ranked 15th and Orange ranked 30th. Ulster and Sullivan ranked near the bottom at 46th and 56th, respectively. The statewide average private-sector wage—which is heavily impacted by the New York City region—was \$1,091⁵.

Source: New York State Department of Labor: QCEW Series⁴

The AWW in the goods-producing industries (manufacturing, construction and mining) advanced in all but two counties. The largest percentage increase occurred in Sullivan at 6.56 percent followed by Westchester, Dutchess, Putnam and Ulster at 3.81 percent, 3.10 percent, 2.67 percent and 2.56 percent, respectively. The AWW declined in both Rockland (1.70 percent) and Orange (1.68 percent). As is typically the case, the highest goods-producing wages were paid in Dutchess County at \$1,694 followed by Westchester County at \$1,555. The lowest goods-producing wages were paid in Sullivan County at \$682.

⁴ Data secured by a special request from the New York State Department of Labor

⁵ As of the second quarter of 2012, the New York City region represented 56 percent of all private-sector wages paid statewide.

one-year period, the monthly expenditure for food stamps increased \$1.16 million from \$30.84 million per month to \$32.00 million per month.

Across the Hudson Valley, the number of residents who received monthly Temporary Assistance (TA) benefits—which includes Family Assistance (FA)⁶ and Safety Net Assistance (SNA)⁷—decreased 637 from 33,515 in the second quarter of 2012 to 32,878 in the third quarter. The number of TA recipients declined in all but two counties. The largest-level declines occurred in Westchester (358), Ulster (192), Orange (182), Sullivan (158) and Putnam (2). TA recipients increased in Rockland (137) and Dutchess (119). The largest

percentage change occurred in Sullivan County at - 6.69 percent followed by Ulster County at - 5.23 percent. Over the same three-month period, total TA expenditures decreased by 3.15 percent from \$13.80 million per month to \$13.36 million per month. The average monthly per-person SNA and FA benefits were \$457.10 and \$364.24,

respectively, down from \$491.85 and up from \$354.21 in the second quarter. Within the region, Sullivan County was the most dependent on monthly TA benefits at one out of every 34.80 persons, followed by Ulster and Orange counties at one out of every 52.40 persons and one out of every 52.60 persons, respectively. Putnam County was the least dependent at one out of every 682.90 persons followed by Dutchess, Rockland and Westchester counties at one out of every

Multifamily Construction Permits January—September 2012

Source: U.S. Census Bureau: Preliminary Numbers

County	Town/Village	Number of Buildings	Number of Units	Value of Construction Permit	Average Construction Cost per Unit
Dutchess	Total	0	0	\$0	\$0
Orange					
	Kiryas Joel village	18	191	\$21,272,288	\$111,373.24
	Montgomery village	11	68	\$3,470,828	\$51,041.59
	New Windsor town	8	121	\$12,283,170	\$101,514
	Total	37	380	\$37,026,286	\$97,438
Putnam					

Sales-Tax Collection

An important indicator of retail sales activity and state and county revenue is sales-tax