

Employment

IN NEW YORK STATE

David A. Paterson, Governor
Colleen C. Gardner, Commissioner

At a Glance

In October 2010, New York's seasonally adjusted unemployment rate was 8.3 percent, unchanged from September. (The nation's unemployment rate was 9.6 percent in October.) In October 2010, the state had 8,519,600 nonfarm jobs, including 7,047,500 private sector jobs, after seasonal adjustment. The number of seasonally adjusted private sector jobs in the state increased by 0.6 percent from September, while the U.S. private sector job count increased by 0.1 percent. From October 2009 to October 2010, the number of private sector jobs increased by 1.0 percent in the state and by 0.9 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators increased at an annual rate of 1.0 percent in October 2010.

Change in Nonfarm Jobs

October 2009 - October 2010

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	35.2	0.4
Private Sector	72.9	1.0
Goods-producing	-4.7	-0.6
Nat. res. & mining	0.2	3.4
Construction	-2.8	-0.8
Manufacturing	-2.1	-0.4
Durable gds.	0.2	0.1
Nondurable gds.	-2.3	-1.2
Service-providing	39.9	0.5
Trade, trans. & util.	1.1	0.1
Wholesale trade	-4.3	-1.3
Retail trade	2.6	0.3
Trans., wrhs. & util.	2.8	1.1
Information	-4.1	-1.6
Financial activities	0.6	0.1
Prof. & bus. svcs.	31.7	2.9
Educ. & health svcs.	25.3	1.5
Leisure & hospitality	7.5	1.0
Other services	15.5	4.2
Government	-37.7	-2.5

Ad Agencies Go Online...

New York City Advertising Industry Changes with the Times

New York City's advertising industry has been hard-hit in recent years. Much of the current trouble stems from the lingering effects of the Great Recession. But even before the recent downturn, the industry was plagued by the decline of "old media" publishing companies and tight company marketing budgets. Technical advances in online advertising allow better judgments about creative campaigns. However, they also emphasize the tough competition in the emerging "social media" market.

Industry Environment

The shift toward digital content and a decline in print readership have led to a crisis in advertising. This has forced the industry to innovate. It has led to interactive ad agencies, an entirely

new breed of advertising service. Today, the most successful agencies provide a full menu of services that include:

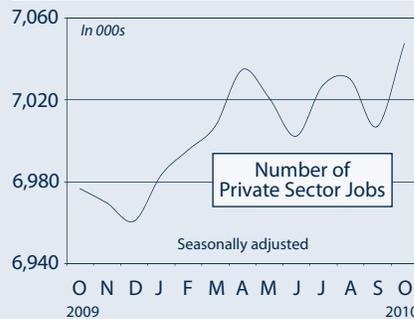
- Web design
- Search engine marketing
- Internet advertising
- E-commerce consulting

Social networking sites (e.g., Facebook and Twitter) generated \$627 million in revenues in 2009. They are expected to grow to over \$1 billion by the end of 2011. Advertising spending for social networking is projected to climb to \$1.4 billion in 2011 from \$1.1 billion in 2009. While this is a major increase, interactive ad agencies have not found a way to

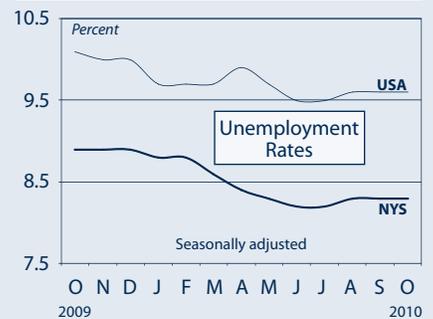
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IN OCTOBER...

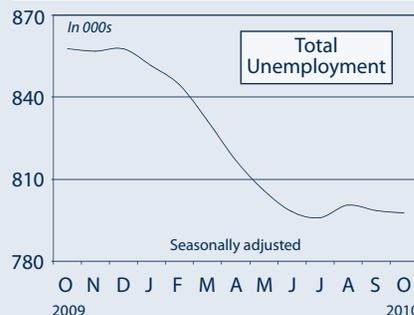
...NYS private sector jobs increased



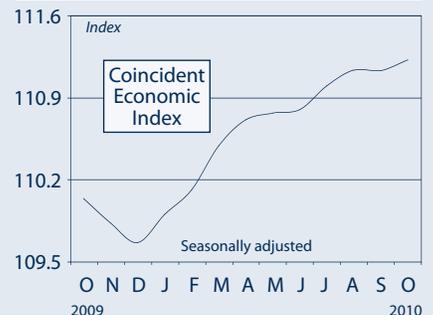
...NYS unemployment rate unchanged



...NYS unemployment decreased



...NYS economic index increased



Focus on Western New York

A Look Back at 2010

by John Slenker, Labor Market Analyst, Western New York

It looks like we will recall 2010 as a comeback year for the Western New York economy. The region lost thousands of jobs and saw record-high local unemployment rates during the Great Recession – the longest and deepest national economic slump since the 1930s. Now the economy has started to shake off the worst effects of this downturn, as it adds back jobs.

Grim January

Labor market conditions looked grim at the beginning of 2010. For the two years ending January 2010, the private sector job count in the Buffalo-Niagara Falls metro area dropped by 16,400, or 3.7%, to 428,900. This was a record-low number of jobs for the month since at least 1990. Almost every major industry sector, especially manufacturing, showed a loss.

In January 2010, another key labor market indicator – the unemployment rate – was at its highest level (9.2%) for the month in at least 20 years. Only two years earlier, before the onset of the Great Recession, this rate was 6.2%. The previous record January rate was 8.6%, set in 1992.

These higher rates were due to a large spike in unemployment. From January 2008 to January 2010, the number of unemployed residents in the Buffalo-Niagara Falls metro area climbed by almost 50% to 53,300. This was another January record.

The Economy Improves

Throughout the spring of 2010, employment levels began to rise. By June, the Buffalo-Niagara Falls area's job count exceeded year-ago job levels by 800.

By October, the local area's recovery was well under way, with an over-the-year private job gain of 3,100 (+0.7%). The largest sector job gains were registered in:

- Professional and business services (+2,700), with gains centered in professional, scientific, and technical services
- Leisure and hospitality (+1,900), with food services and drinking places accounting for most of the increase

The improving economy was also reflected in a lower local unemployment rate. By October 2010, it had dropped to 7.5%. This was actually below the comparable rates in the state (8.0%) and nation (9.0%).

There is one unusual aspect of the current economic recovery in

Western New York (and much of the rest of the state and nation). As private sector employers are adding jobs, the public sector is cutting its workforce. The State and many local government employers face unprecedented budget pressures. This is due in large part to the lingering negative impact of the Great Recession on State and local tax revenues.

For the 12 months ending October 2010, the government job count in the Buffalo-Niagara Falls area was down 1,900 (-1.9%). This industry sector was the largest source of local job losses over the past year. It even surpassed the hard-hit manufacturing sector (-1,400). Most government losses were at the local level (-1,700), but outside of public schools.

Data Centers Come to WNY

Western New York, especially Niagara County,



“Western New York's economy improved in 2010 due to private sector job growth. In contrast, unprecedented budget pressures have led to employee reductions at both the state and local government levels.”

Colleen C. Gardner,
Commissioner

“As private sector employers are adding jobs, the public sector is cutting its workforce.”

has attracted companies that want to build data centers. The factors that draw these businesses include:

- The region's skilled labor pool (there are 26 local colleges and universities)
- An abundant supply of low-cost hydro power
- A cool climate

In September, Yahoo! opened its data center in Lockport (Niagara County) with an investment of about \$150 million. Verizon recently announced interest in building a data center in Somerset (Niagara County). This would involve an investment of \$2 billion.

Summing Up

With the worst of the recession now over, things are starting to look up for the region's economy. The Buffalo-Niagara Falls area has seen private sector job growth for the past five months. The factory sector has experienced smaller job losses in recent months. The Buffalo-Niagara Falls area is undergoing a transformation. Once it was regarded as a blue-collar factory town. Today, the area's manufacturing sector accounts for about the same share (9%) share of local jobs as it does in the nation as a whole. ■

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make digital content pay the same way as print spots. In 2009, after the worst revenue drop in history, U.S. newspapers still took in some \$25 billion from ads.

Online pitches caught fire before traditional ad agencies had accepted the Internet. As the digital trend matures, agencies will likely combine conventional and Internet ad strategies. This will put pressure on smaller independent players. Earlier this year JWT, a NYC-based advertising network with over \$1.1 billion in global revenue, acquired Digitaria – an independent interactive agency.

Industry Employment Trends

New York City is a global advertising hub. It is the headquarters for 12 of the top 15 advertising agencies (ranked by U.S. revenue). These agencies had combined U.S. revenue of \$7.7 billion in 2009. New York City accounted for about 1 in 5 advertising jobs in the U.S., and over 90% of such jobs in New York State.

New York City ad agencies employed more than 33,000 in 2009, paying over \$3.7 billion in wages. Average industry wages topped \$111,000, much more than the City average of \$77,200.

The job count in advertising is highly cyclical. It follows the rise and fall of corporate profits. The industry fared relatively well during the last downturn – losing only about 1,700 jobs – but it is prone to very sharp swings. (See the figure on page 3). Industry employment peaked during the dot-com boom in 2000 at almost 37,000. It then plummeted 21% by the end of 2002, only to bounce back over the next 6 years. Despite all the movement in jobs over the decade, total industry employment in 2009 (33,000) was only 200 below its level in 1999.

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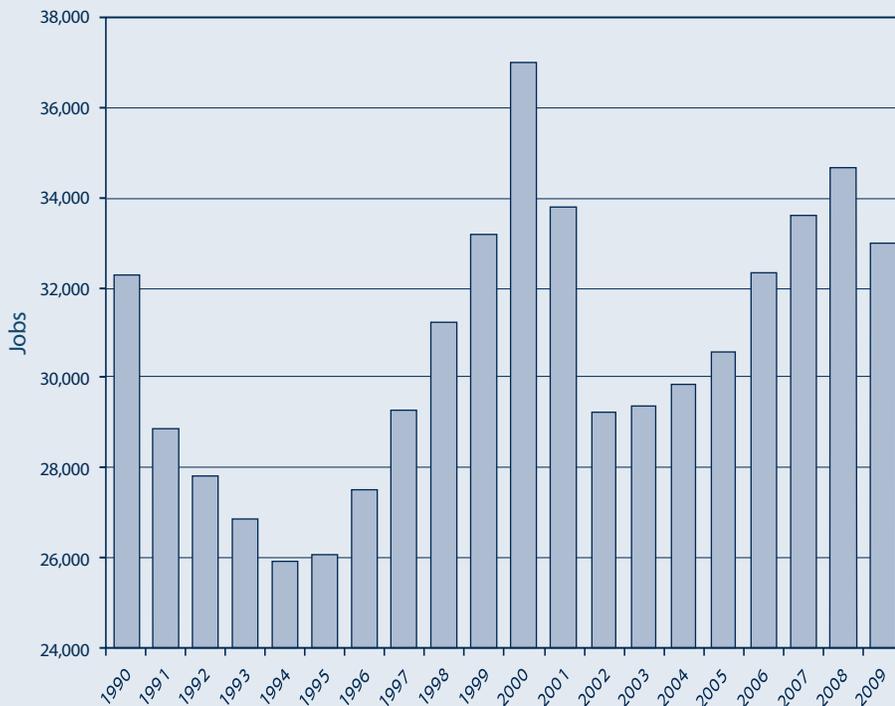
Unemployment Rates in New York State

Data Not Seasonally Adjusted

	OCT '09	OCT '10		OCT '09	OCT '10		OCT '09	OCT '10
New York State	8.7	8.0	Hudson Valley	7.4	7.1	Finger Lakes	7.6	7.3
Capital District	6.8	6.7	Dutchess	7.8	7.3	Genesee	7.2	6.7
Albany	6.7	6.6	Orange	7.7	7.6	Livingston	7.4	7.4
Columbia	7.2	6.8	Putnam	6.8	6.4	Monroe	7.8	7.4
Greene	7.9	7.7	Rockland	7.0	6.9	Ontario	6.8	6.4
Rensselaer	7.1	6.9	Sullivan	8.5	8.5	Orleans	7.8	8.3
Saratoga	6.2	6.1	Ulster	7.6	7.4	Seneca	7.1	7.2
Schenectady	7.3	7.1	Westchester	7.1	6.8	Wayne	7.4	7.2
Warren	7.2	7.2	Mohawk Valley	7.4	7.5	Wyoming	8.1	7.6
Washington	6.9	6.8	Fulton	9.1	9.1	Yates	6.0	5.7
Central New York	7.8	7.6	Herkimer	7.4	7.1	Western New York	8.0	7.6
Cayuga	7.7	7.2	Montgomery	8.6	8.5	Allegany	7.9	7.9
Cortland	8.2	7.6	Oneida	7.0	7.1	Cattaraugus	8.4	7.9
Madison	7.2	7.0	Otsego	6.7	6.8	Chautauqua	7.8	7.5
Onondaga	7.7	7.3	Schoharie	7.4	7.6	Erie	7.9	7.5
Oswego	8.9	9.3	North Country	8.4	8.8	Niagara	8.3	7.8
Southern Tier	7.9	7.4	Clinton	8.8	9.3	Long Island	7.1	6.9
Broome	8.1	7.8	Essex	8.1	8.0	Nassau	7.0	6.8
Chemung	8.5	7.7	Franklin	7.9	8.1	Suffolk	7.2	7.0
Chenango	8.5	8.1	Hamilton	6.2	6.5	New York City	10.4	9.2
Delaware	8.1	7.7	Jefferson	8.1	8.8	Bronx	13.6	12.5
Schuyler	7.5	7.1	Lewis	7.5	7.9	Kings	11.2	9.9
Steuben	9.3	8.7	St. Lawrence	9.0	9.5	New York	9.3	7.6
Tioga	7.7	7.0				Queens	9.4	8.2
Tompkins	5.6	5.5				Richmond	9.1	8.5

Ad Industry Changes... from page 2

Employment in Advertising Agencies New York City, 1990 - 2009



Source: Quarterly Census of Employment and Wages

Outlook

Advertising is a key indicator of corporate mood. After a poor 2009, spending on advertising is up this year, with continued growth expected in 2011 and 2012. Media firm ZenithOptimedia estimates global ad spending will grow by 4.9% by the end of 2010. The biggest ad contributors this year came from rebounding sectors such as finance, autos, and retail. For 2011, the firm forecasts growth of 4.6%, and 5.2% in 2012.

New York's position as a global advertising powerhouse, along with a drive to consolidate independent digital agencies should boost short- and long-term hiring in the industry. ■

by Elena Volovelskaya

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REGIONAL ANALYSTS' CORNER

CAPITAL DISTRICT

James Ross — 518-462-7600

From October 2009 to October 2010, the number of private sector jobs in the Albany-Schenectady-Troy area rose by 2,800, or 0.8 percent, to 338,500. Job gains were concentrated in professional and business services (+2,500), leisure and hospitality (+1,400), educational and health services (+900), and other services (+500). Employment losses were limited to trade, transportation and utilities (-3,300).

CENTRAL NY

Roger Evans — 315-479-3388

For the 12-month period ending October 2010, the private sector job count in the Syracuse metro area rose 1,900, or 0.7 percent, to 262,500. Job growth was concentrated in educational and health services (+1,200), professional and business services (+700), natural resources, mining and construction (+400), and other services (+300). The largest job losses occurred in manufacturing (-500).

FINGER LAKES

Tammy Marino — 585-258-8870

Private sector employment in the Rochester metro area rose over the year by 1,500, or 0.4 percent, to 426,100 in October 2010. Job gains were largest in educational and health services (+1,800), professional and business services (+1,400), leisure and hospitality (+900) and other services (+600). Losses were greatest in manufacturing (-1,500), construction (-900), and financial activities (-400).

HUDSON VALLEY

John Nelson — 914-997-8798

Private sector employment in the Hudson Valley decreased 4,700, or 0.6 percent, to 720,600 for the 12-month period ending October 2010. Employment gains were focused in leisure and hospitality (+900), other services (+800), and professional and business services (+800). Job losses were centered in natural resources, mining and construction (-3,300), trade, transportation and utilities (-2,800), and manufacturing (-900).

LONG ISLAND

Gary Huth — 516-934-8533

The private sector job count on Long Island rose over the year by 10,900, or 1.1 percent, to 1,035,500 in October 2010. Job gains were largest in educational and health services (+5,200), trade, transportation and utilities (+5,000), natural resources, mining and construction (+1,600), leisure and hospitality (+1,000), and other services (+900). Job losses were greatest in financial activities (-1,500) and manufacturing (-1,000).

MOHAWK VALLEY

Mark Barbano — 315-793-2282

For the 12-month period ending October 2010, the private sector job count in the Utica-Rome metro area decreased by 100, or 0.1 percent, to 98,100. Job gains were centered in educational and health services (+600). Losses were greatest in natural resources, mining and construction (-300) and trade, transportation and utilities (-300).

NEW YORK CITY

James Brown — 212-775-3330

The private sector job count in New York City rose by 55,400, or 1.8 percent, to 3,174,500 for the 12-month period ending October 2010. Job growth was greatest in professional and business services (+17,300), educational and health services (+12,100), other services (+9,900), and trade, transportation and utilities (+8,400). Losses were centered in information (-2,600) and manufacturing (-1,400).

SOUTHERN TIER

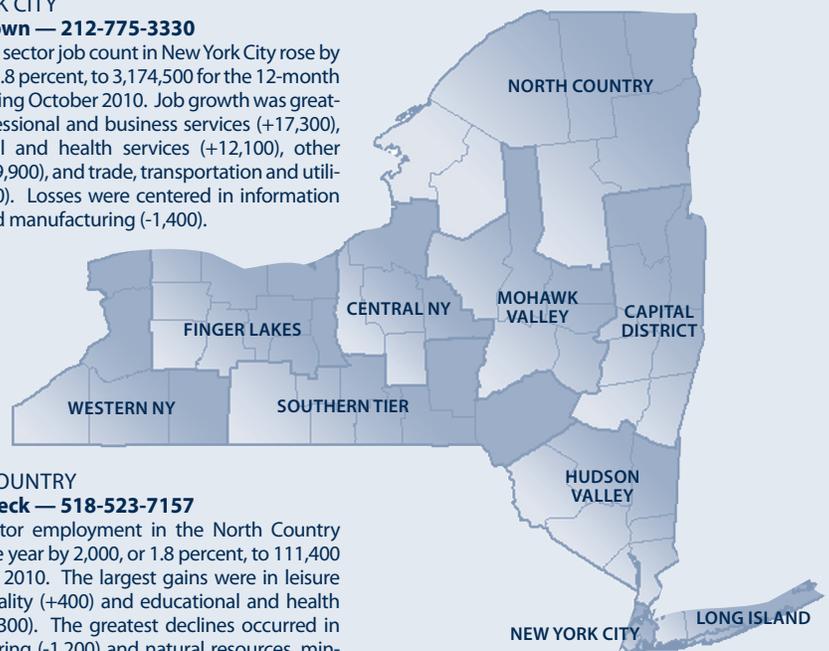
Christian Harris — 607-741-4485

Private sector jobs in the Southern Tier increased over the year by 1,800, or 0.8 percent, to 233,200 in October 2010. Job gains were largest in professional and business services (+1,000) and educational and health services (+900). Employment losses were greatest in manufacturing (-300).

WESTERN NY

John Slenker — 716-851-2742

Private sector employment in the Buffalo-Niagara Falls metro area increased by 3,100, or 0.7 percent, to 448,800 over the 12 months ending October 2010. Gains were centered in professional and business services (+2,700), leisure and hospitality (+1,900), and other services (+700). Losses occurred in manufacturing (-1,400), trade, transportation and utilities (-600), and financial activities (-300).



NORTH COUNTRY

Alan Beideck — 518-523-7157

Private sector employment in the North Country fell over the year by 2,000, or 1.8 percent, to 111,400 in October 2010. The largest gains were in leisure and hospitality (+400) and educational and health services (+300). The greatest declines occurred in manufacturing (-1,200) and natural resources, mining and construction (-500).