

CAPITAL DISTRICT DATA

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1998 Economic Outlook for the Capital District

After the 1990-91 recession, the Regional economy experienced a strong growth phase in 1994, with all-time high employment and a low unemployment rate. In 1995, Regional employment was down by 3,100, unemployment rose by 200, and the Region entered into a local recession which persisted through 1996. For 1997, economic data portray a Capital District economy in a modest recovery phase and most indicators point to a continuation of that recovery throughout 1998.

Price Indices

- The rate of change in the Consumer Price Index declined from 3.0% in 1996 to 2.3% in 1997, while the Producer Price Index experienced an actual decline (-0.1%), suggesting that inflation and interest rates should remain low for 1998.

Employment

- Average Capital District employment for 1997 rose 2,000 or 0.5% after two years of declines.
- Average unemployment for 1997 fell by 2,067 or 11.6% and the average unemployment rate fell from 4.3% to 3.8%.
- While employment rose during the 4th quarter of 1997 and early 1998, so did unemployment rates.
- Additional relocations and losses for the Capital District have been announced by GE, only partially offset by announcements of new facilities and jobs by Bitwise Designs and Sentinel Products Co.

Albany-Schenectady-Troy MSA Sector Employment

- Total public and private sector employment in the MSA rose by 5,300 jobs or 1.2% in 1997.
- The low-paying Service and Trade sectors experienced the largest gains in MSA employment for 1997. Service sector jobs went up by 3,700 or 2.9%, while Trade employment increased by 800 or 0.9%.

- The high-paying State Government and Manufacturing sectors showed job declines in the Albany-Schenectady-Troy MSA, Manufacturing for the thirteenth year in a row. State Government employment was down 900 or 1.6%, while Manufacturing employment declined by 600 or 1.5%.
- MSA State government jobs again declined at a higher rate (-1.6%) than the 1997 Statewide average (-1.5%).

Unemployment Benefits

- The average number of persons collecting weekly benefits declined again sharply in 1997, to 6,024, a 1,828, 23.3% drop.
- The number of persons exhausting benefit rights fell 903 or 9.3%.

Payroll & Average Pay

- 1996 Average annual constant dollar pay in the Region rose by \$231 or 0.8%.
- In 1996, total constant-dollar payrolls declined by \$34.1 million to \$10.5 billion, a 0.3% decline.
- The gap between the highest and lowest paying sectors again widened, as average annual pay in the Trade sector fell to 44.7% of Manufacturing pay.

Year	Employed	Unemployed	Total Labor Force
1991	370.0	21.1	391.2
1992	370.6	22.1	392.7
1993	380.1	18.6	398.7
1994	399.1	19.3	418.4
1995	396.0	19.5	415.5
1996	392.9	17.8	410.7
1997	395.0	15.8	410.8

Source: N.Y.S. Dept. of Labor. Labor Force in 1,000s.

Regional Taxable Sales

- For the period March 1996 through February 1997, constant dollar taxable sales increased by \$106.5 million or 1.3% over the previous 12-month period.
- Service sector taxable sales rose \$35.1 million or 3.4% for the latest 12-month period.
- Retail taxable sales declined \$14.0 million or 0.3% for the latest 12-month period.

Transportation Hub Activity

- Enplanements at the Albany County Airport rose 59,515 or 5.9% in 1997.



Capital District Regional Planning Commission

30 YEARS SERVICE TO ALBANY, RENSSELAER, SARATOGA, & SCHENECTADY

- Total tonnage handled by the Port of Albany declined by 481,020 tons or 59.2% in 1997.

Commercial Office Space

- As of the Fall of 1997, total commercial office space in the Capital District was up 4.7%, while total occupied space increased 2.2% to about 13,011,027 sq. ft.
- Net absorption (net change in occupied space) was approx. 381,078 sq. ft. for suburban areas in 1997.
- Albany CBD net absorption was a -101,860 sq. ft.
- Office vacancy rates rose from 8.3% to 10.5%.

Residential Building Permit Activity

- Total residential building permits in terms of units rose by 2.4% in 1996.
- Total constant dollar value declined by 0.2% in 1996 to \$228.1 million, the lowest level since 1983.

Existing Home Sales

- Average days to sale declined by 3.4% or 4.3 days in 1997, the first decline in a decade.
- For 1997, sales of existing homes in the Capital District were down 270 units or 4.6%.
- The mean constant-dollar selling price of existing homes fell to a new ten-year low of \$121,085 in 1997, representing an eight-year decline of \$34,208 or 22.0%, and a one-year decline of \$2,211 or 1.8% from 1996.
- The median constant-dollar selling price fell to a new ten-year low of \$108,881 in 1997, which represented an eight-year decline of \$27,546 or 20.2%, and a one-year decline of \$4,351 or 3.8% from 1996.
- Continued uncertainty about the local economy and the large stock of existing housing available for sale will likely keep the Region's housing prices depressed in 1998, despite expectations for a continuation of a modest recovery in the economy and low home mortgage interest rates.

The Capital District's main exports continue to be manufactured goods, State government services, and higher education services. These three sectors provide the basis for the Region's economy and the principal support for its remaining sectors. Sectors such as retail trade, finance, and medical services, while exporting some of their goods and services out of the Region, still rely on Capital District residents for the majority of sales. In contrast, GE Power Systems makes no local sales and the amount of State government and higher education services consumed locally is only a small proportion of the total. Continued reductions in manufacturing and State government jobs from completed, announced, and anticipated layoffs and relocations should continue to have a braking effect on the Region's economy. The modest economic recovery which began in 1997 should continue throughout 1998, but is not expected to make the transition to a growth phase by the end of this year.



- Price Indices -

The Producer Price Index (PPI) is often a leading indicator for inflationary pressures which are later reflected in the Consumer Price Index. The change in

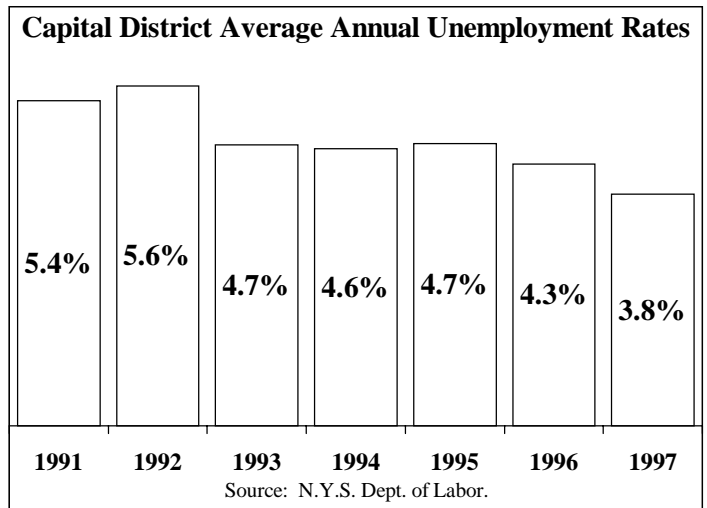
direction of the percentage change in the Producer Price Index — rising, falling, or stable — has acted as either a coincident or a leading indicator for similar changes in direction for the Consumer Price Index since 1982. The rate of change of the PPI declined in 1997, from 2.3% to -0.1% (i.e., an absolute decline in the PPI), probably indicating a decline in the CPI for 1998.

The largest change in the Consumer Price Index in the last decade occurred between 1989 and 1990, when the U.S. City Average showed a 5.4% increase and the Northeast Urban Average showed an increase of 6.0%. Between 1996 and 1997, the U.S. City Average CPI increased by only 2.3%, while the Northeast Urban Average went up 2.4%, both of which reflect declines in the rates of increase experienced in the previous year. Inflation rates may be expected to decrease again slightly in 1998, and interest rates should remain reasonably stable in response to Federal Reserve Board actions to minimize the impact on the nation of the Asian currency crises.

- Labor Force by Place of Residence -

Average employment for 1997 was approximately 394,900, up 2,000 or 0.5% from 392,900 in 1996. While Regional data on employment by sector and place of residence are not available, it is reasonable to suggest that most of the 1997 employment gains were due to job increases in the Service, Transportation & Public Utilities, and Trade sectors, based on Albany-Schenectady-Troy MSA employment data by sector and place of work.

The Capital District's unemployment rate as of December 1997 was 3.8%, up from 3.6% in December 1996. The average annual unemployment rate for 1997 was 3.8%, down from 4.3% in 1996.

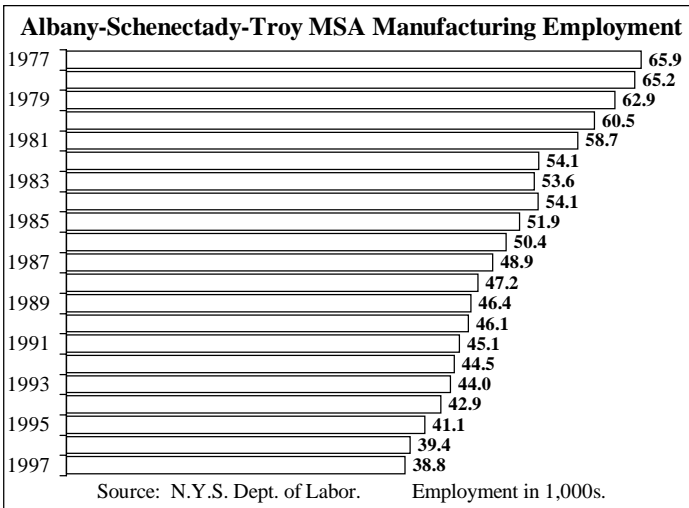


During 1995 and 1996, the Capital District economy contracted, showing successive annual losses in labor force and employment. While the Region's labor force also declined marginally in 1997 (by only 67 persons), total employment increased by 2,000. This represented a gain of a little less than two-thirds of the employment loss in the previous year (1995-96), but is still a reversal of a two-year downward trend and suggests that the Region entered a modest recovery phase around the second quarter of 1997. Unfortunately, the recent relocation and

layoff announcements by GE Power Systems may indicate that the recovery will be short-lived.

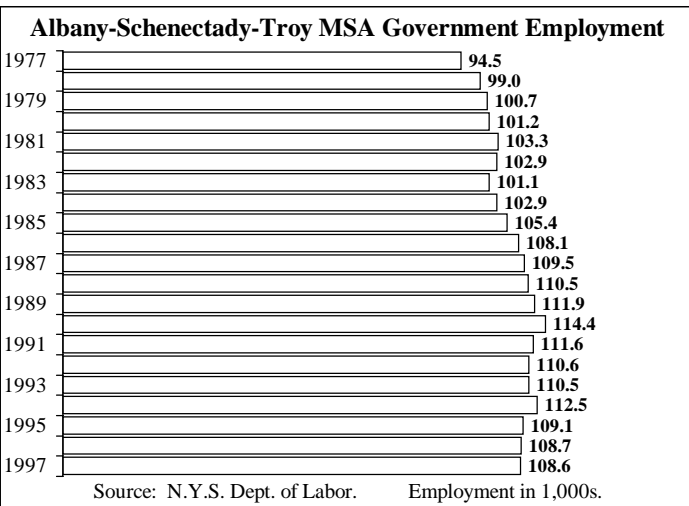
- MSA Industry Sector Employment by Place of Work -

Total employment in the Albany-Schenectady-Troy MSA increased by 5,300 jobs or 1.2% between 1996 and 1997. Only two of the six major private industry sectors showed declines for 1997: Manufacturing, down about 600 jobs or 1.5%, and Finance, Insurance, & Real Estate, down 100 jobs or 0.4%. Manufacturing employment declined for the thirteenth year in a row, representing a total loss of 15,300 jobs or 28.3% of manufacturing employment over the 13-year period.



Service sector MSA employment was up about 3,700 jobs or 2.9% in 1997, Transportation & Public Utilities jobs were up 800 or 5.0%, Trade sector jobs increased 800 or 0.9%, and Construction employment was up 700 or 5.0%.

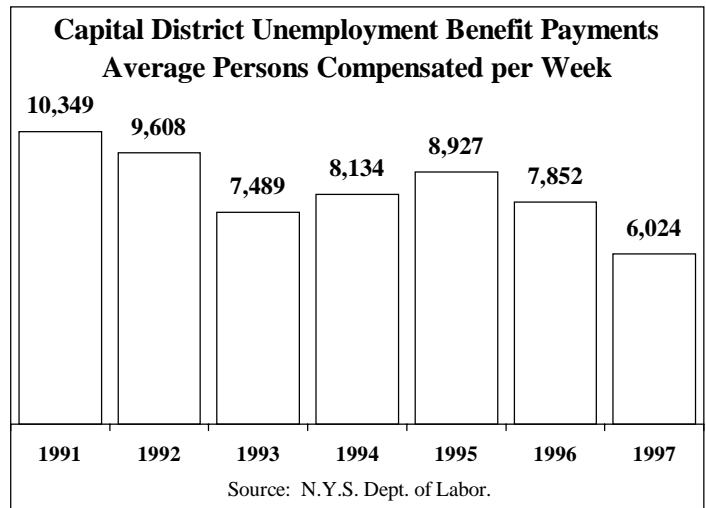
The Government sector lost 100 jobs or 0.1% between 1996 and 1997. The decline in Government employment (1.6%) was entirely due to the loss of 900 State government jobs. Federal and Local government showed increases of 200 (1.9%) and 600 (1.5%) jobs, respectively.



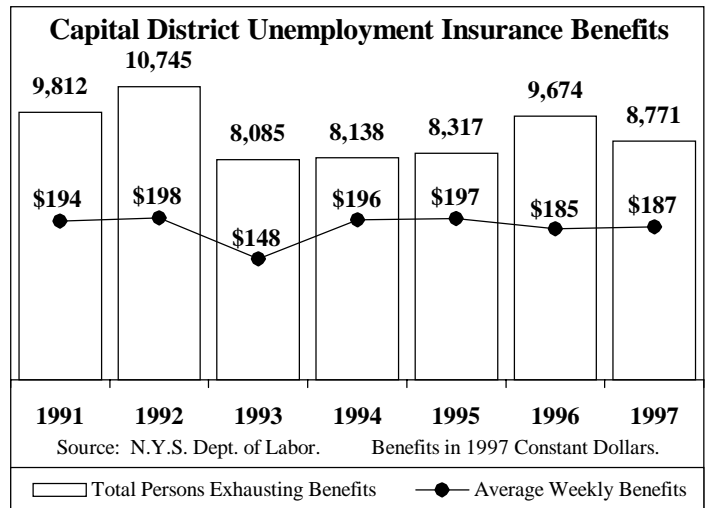
- Unemployment Insurance Benefit Payments -

The average weekly number of persons collecting unemployment insurance benefits in Labor Department offices serving the Capital District declined sharply in

1997; from 7,852 persons in 1996 to 6,024, representing a 1,828, 23.3% decrease. Total 1997 constant-dollar benefits declined by 22.7%, resulting in a marginal increase in the average weekly 1997 constant-dollar benefits from \$185 to \$187.



The number of persons exhausting benefit rights declined by 9.3% for the Region. A total of 8,771 persons in the Capital District exhausted their rights to unemployment insurance benefits during 1997.



- Average Annual Pay by Industry Sector -

Average annual constant dollar pay (in 1997 constant dollars) for the Capital District rose by \$231 or 0.8% between 1995 and 1996. Private sector average constant dollar pay rose by \$404 or 1.6%, with only one major sector showing a loss: Transportation & Public Utilities, down \$87 or 0.3%. The largest gain, by far, occurred in the Finance, Insurance, & Real Estate sector, up \$1,576 or 5.2%, followed by Construction, up \$684 or 2.2%, and Services, up \$608 or 2.5%. Constant dollar Manufacturing average pay rose \$377 or 0.9%, Trade sector pay rose \$128 or 0.7%, and average pay for the All Other Industries sector went up \$110 or 0.6%. Government sector constant dollar average annual pay declined by \$249 or 0.8%, led by a decline of \$1,244 or 3.4% in Federal Government pay, a \$184, 0.6% decline in Local Government pay, and an \$18.00, 0.1% decline in State Government average pay.

For 1996, the highest average pay was earned in the Manufacturing sector, with a 1997 constant dollar average of \$40,446, followed by Federal Government at \$35,758, State Government at \$34,974, and Transportation & Public Utilities at \$33,327. The lowest pay was earned in the Wholesale & Retail Trade sector, which at \$18,097 represented only 65.6% of the overall Regional average. The gap between the highest and lowest paying sectors again widened for 1996, as average annual pay in the Wholesale & Retail Trade sector fell from 44.8% of Manufacturing pay in 1995 to 44.7% in 1996.

Sector	1994	1995	1996
All Industries	\$27,660	\$27,349	\$27,581
Total Private	\$25,798	\$25,481	\$25,886
Manufacturing	\$39,836	\$40,069	\$40,446
Construction	\$31,458	\$30,757	\$31,441
Transport. & Utilities	\$34,804	\$33,413	\$33,327
Wholesale & Retail	\$18,152	\$17,969	\$18,097
F.I.R.E.	\$31,158	\$30,413	\$31,988
Services	\$23,971	\$24,039	\$24,647
All Other Industries	\$20,076	\$19,811	\$19,922
Total Government	\$32,891	\$32,718	\$32,469
Federal Government	\$36,828	\$37,002	\$35,758
State Government	\$35,463	\$34,991	\$34,974
Local Government	\$28,163	\$28,609	\$28,424

Source: N.Y.S. Dept. of Labor. Average Pay in 1997 Constant Dollars.

□ 1994 □ 1995 ■ 1996

- Annual Payroll by Industry Sector -

After suffering a 2.1%, \$228.2 million decrease in 1997 constant-dollar value between 1990 and 1991 during the most recent recession, Capital District total annual payroll increased by 1.5% or \$157.2 million between 1991 and 1992, by 0.3% or \$29.9 million between 1992 and 1993, and by 1.2% or \$122.6 million between 1993 and 1994 to \$10.7 billion. This represented a new constant dollar high for the Region. For 1995, total payroll dropped \$162.9 million or 1.5%, and 1996 saw a \$34.1 million, 0.3% decline in payroll to \$10.5 billion.

Private sector payrolls showed a constant dollar increase of \$36.6 million or 0.5% in 1996, while government payrolls showed a decrease of \$70.7 million or 2.2%. Within the private sector, only the Manufacturing and Construction sectors posted declines, with Manufacturing down \$38.0 million or 2.8% and

Construction down \$8.7 million or 2.1%. Service sector payrolls experienced the largest gain, up \$41.0 million or 1.5%, followed by Finance, Insurance, & Real Estate, up \$25.1 million or 3.3%, and the Trade sector, up \$14.0 million or 0.9%. State Government payrolls declined by \$77.7 million or 4.1%, while Federal Government payrolls were down \$2.8 million or 1.0%. Local Government payrolls posted a \$9.7 million, 0.9% increase.

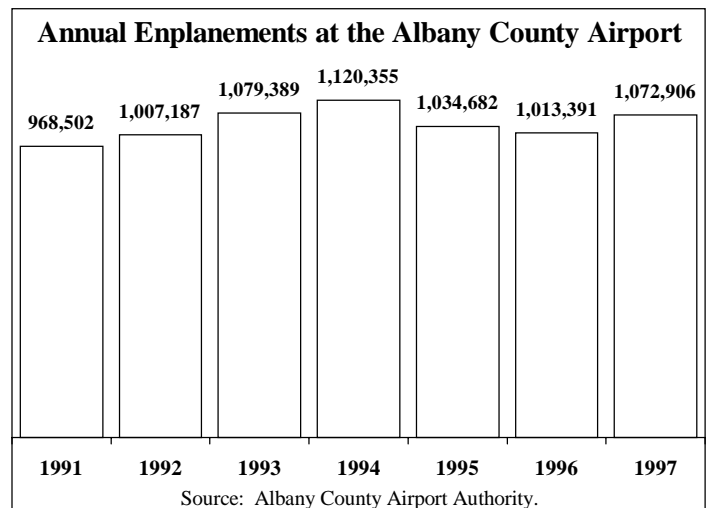
- Taxable Sales by Sector -

For the latest available period, March 1996 through February 1997, constant dollar taxable sales in the Capital District increased by \$106.5 million or 1.3% from the previous 12-month period after suffering a 2.3%, \$194.5 million constant dollar decline for the 12-month period ending in February 1996. While positive, the latest 12-month increase falls short of re-gaining the sales lost in the previous period and is a full percentage point less than the New York Statewide gain of 2.3%. This is the third consecutive year — and only the third year in the last fifteen — in which the Region's rate of constant dollar taxable sales change was less than that of the State.

Three of the Region's major sectors posted sales declines. Manufacturing sales were down \$15.4 million or 3.2%, Retail Trade sales declined by \$14.0 million or 0.3%, and Communications sales were down \$13.0 million or 4.3%. The largest gains in constant dollar sales were shown by the Wholesale Trade sector, up \$59.2 million or 10.8%, the Service sector, up \$35.1 million or 3.4%, and the All Other Industries sector, up \$29.8 million or 8.0%.

- Transportation Hub Activity -

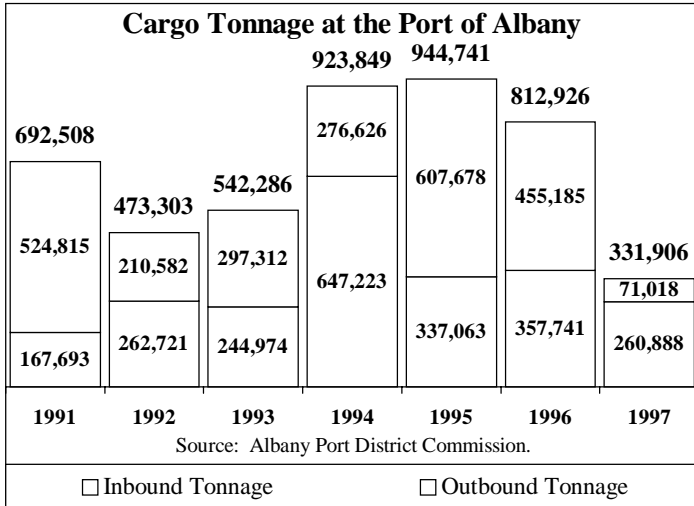
Annual enplanements at the Albany County Airport reached a high of 1,169,139 in 1990 before suffering a severe decline of 200,637 or 17.2% in 1991. From 1991 through 1994, enplanements made a strong recovery to 1,120,355 in 1994. In 1995, enplanements declined by 85,673 or 7.6%, followed by a 1996 decline of 21,291 or 2.1%. However, for 1997, enplanements were up by 59,515 or 5.9%, which helps to confirm that the Region's economy is in a recovery phase.



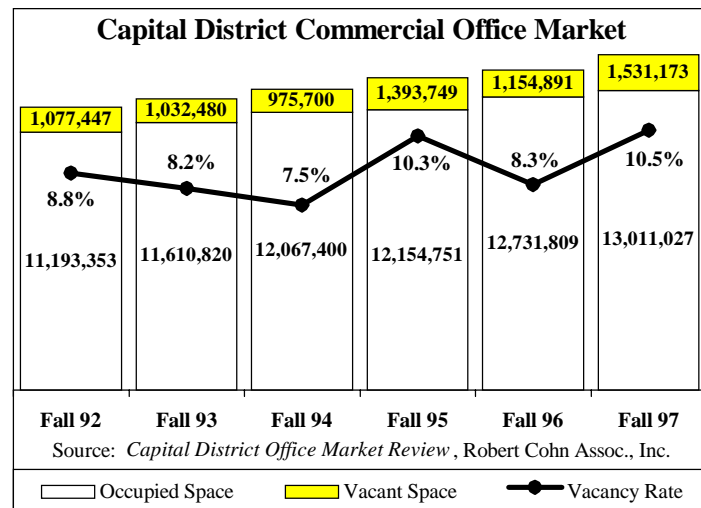
After losing two major commodities, bananas and motor vehicles, to other eastern ports, total tonnage at the Port of Albany fell to 302,008 in 1990, the lowest level in a

decade. From 1990 until 1995, tonnage handled at the Port experienced an erratic but strong recovery to reach a 15-year high of 944,741 in 1995. While total tonnage handled by the Port declined by 131,815 tons or 14.0% for 1996, this still represented the third highest tonnage since 1980. But in 1997, tonnage handled at the Port plummeted by 481,020 to 331,906, a 59.2% decline, and the lowest level since 1990.

- Commercial Office Leasing -



Estimated total commercial office space in the Capital District as of the Fall of 1997 was up 4.7% or 655,500 to approx. 14,542,200 sq. ft., all of which was added in suburban areas. Total occupied space increased at much lower rate, up 2.2% to about 13,011,027 sq. ft. Net absorption (the net change in occupied space) was about 279,218 sq. ft. for 1997, representing a loss of approx. 101,860 sq. ft. for the Albany CBD and an increase of 381,078 sq. ft. in suburban areas. Vacancy rates in both the CBD and suburban areas rose sharply, with the 10.5% overall rate representing the weighted average of a 15.1% Albany CBD rate and an 8.3% suburban rate.



- Residential Building Permit Activity -

Total residential building permits in terms of units peaked in 1986 at 5,251, and have been declining over the past several years, falling to 2,755 in 1990 before moving

up to 2,990 in 1992, the highest number of units registered in the 1990s. Since then, the number of units represented by residential building permits declined at an increasing rate to a 1995 value of 2,393, the lowest value since 1982, and a 13.8% decline from the previous year. For 1996, the actual number of residential permits issued fell again (by 13 or 0.8%), but the number of units for which permits were issued increased by 58, or 2.4%, to 2,451.

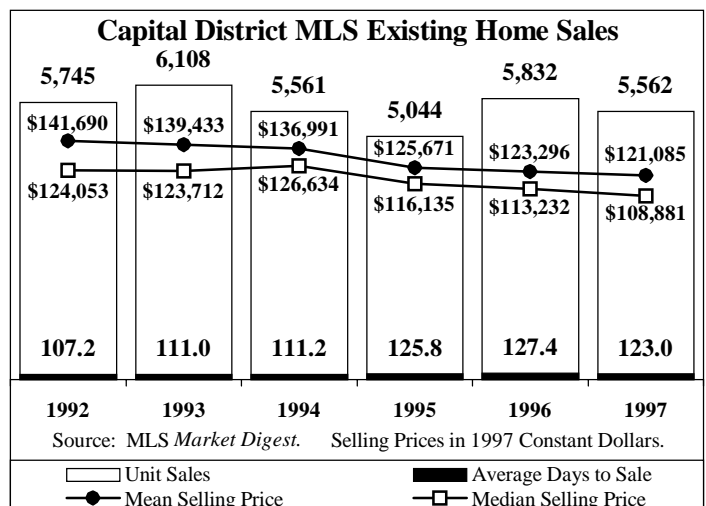
The total value for residential permits peaked in 1988 at \$503.3 million in 1997 constant dollars, and then declined to \$291.6 million in 1990 before moving up to \$333.1 million in 1992, the highest total permit value in this decade. Total permit value then declined at an increasing rate to a 1996 value of \$228.1 million, the lowest value since 1983.

- Existing Home Sales -

From an eight-year high of 6,724 in 1988, sales of existing homes in the Capital District through the Multiple Listing Service fell steadily to 5,506 in 1991 before resuming an upwards movement. Unit sales went up in 1992 and 1993 before declining 9.0% in 1994 and 9.3% in 1995 to 5,044 units. For 1996, units sales were up 562 or 11.1% over the previous year, but 1997 saw a 4.6%, 270-unit decline in sales to 5,562. Average days to sale for 1997, however, declined for the first time in the ten-year data series, dropping from 127.4 to 123.0, a 3.4% decline.

The average price of existing homes sold reached an all-time high in 1989, with a mean of \$155,294 and a median of \$136,428 in 1997 constant dollars. The mean selling price has since fallen steadily to a new ten-year low of \$121,085 in 1997, which represents an eight-year constant dollar decline of \$34,208 or 22.0%, and a one-year decline of \$2,211 or 1.8% from 1996. The median selling price fell to a new ten-year low of \$108,881 in 1997, which represented an eight-year decline of \$27,546 or 20.2%, and a one-year decline of \$4,351 or 3.8% from 1996.

Continued uncertainty about the Region's economic outlook and the large and increasing stock of housing available for sale should keep Capital District housing prices depressed in 1998, despite expectations for a continuation of a moderate recovery in the local economy and low home mortgage interest rates.





Capital District Regional Planning Commission

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New CDRPC Publications

The complete *1998 Economic Outlook for the Capital District* is available from CDRPC for \$10.00. This 56-page report includes 33 full-page charts and an analysis of the most recent Regional economic data. *1998 Economic Data Chartbooks* for the Region's four counties are available for \$5.00 each. Each *Chartbook* contains 23 pages of county-specific economic data and 17 full-page charts.

The *Capital District Atlas* is now available from CDRPC for \$50.00. This is the first book of digital maps produced using the Commission's Geographic Information System, a computer-assisted system which is used to create, store, analyze, and display geographic data. The *Atlas* contains a series of maps which portray characteristics such as major transportation routes, municipalities, environmental features, land cover, relief, major industrial sites, public water service areas, and a variety of demographic attributes. Each 11"×15" *Atlas* has 26 pages, with 24 full-size color maps.

Employment, Unemployment, & Unemployment Rates

Employment	Feb 97	Mar 97	Apr 97	May 97	Jun 97	Jul 97	Aug 97	Sep 97	Oct 97	Nov 97	Dec 97	Jan 98	Feb 98
Albany County	146.3	147.4	148.4	148.9	151.4	152.3	151.0	148.0	149.4	149.9	152.2	150.1	150.7
Rensselaer County	76.0	76.5	77.0	77.3	78.6	79.1	78.4	76.9	77.6	77.8	77.0	75.9	76.2
Saratoga County	96.0	96.6	97.3	97.6	99.3	99.8	99.0	97.1	98.0	98.3	97.9	96.5	96.9
Schenectady County	69.6	70.1	70.6	70.8	72.0	72.4	71.8	70.4	71.1	71.3	70.2	69.2	69.5
Capital District Region	387.9	390.6	393.3	394.6	401.3	403.6	400.2	392.4	396.1	397.3	397.3	391.7	393.3
Unemployment	Feb 97	Mar 97	Apr 97	May 97	Jun 97	Jul 97	Aug 97	Sep 97	Oct 97	Nov 97	Dec 97	Jan 98	Feb 98
Albany County	5.6	5.0	4.4	4.7	4.5	5.2	5.0	5.5	5.5	5.2	5.0	5.9	6.1
Rensselaer County	4.1	3.9	3.2	3.4	3.1	3.7	3.5	3.5	3.6	3.5	3.4	4.1	4.3
Saratoga County	4.7	4.3	3.6	3.6	3.3	3.5	3.3	3.7	3.9	4.1	4.2	5.0	5.0
Schenectady County	3.2	3.1	2.8	3.2	2.9	3.5	3.3	3.5	3.4	3.1	3.1	3.4	3.6
Capital District Region	17.6	16.3	14.0	14.9	13.8	15.9	15.1	16.2	16.4	15.9	15.7	18.4	19.0
Unemployment Rates	Feb 97	Mar 97	Apr 97	May 97	Jun 97	Jul 97	Aug 97	Sep 97	Oct 97	Nov 97	Dec 97	Jan 98	Feb 98
Albany County	3.7%	3.3%	2.9%	3.1%	2.9%	3.3%	3.2%	3.6%	3.6%	3.4%	3.2%	3.8%	3.9%
Rensselaer County	5.1%	4.9%	4.0%	4.2%	3.8%	4.5%	4.3%	4.4%	4.4%	4.3%	4.2%	5.1%	5.3%
Saratoga County	4.7%	4.3%	3.6%	3.6%	3.2%	3.4%	3.2%	3.7%	3.8%	4.0%	4.1%	4.9%	4.9%
Schenectady County	4.4%	4.2%	3.8%	4.3%	3.9%	4.6%	4.4%	4.7%	4.6%	4.2%	4.2%	4.7%	4.9%
Capital District Region	4.3%	4.0%	3.4%	3.6%	3.3%	3.8%	3.6%	4.0%	4.0%	3.8%	3.8%	4.5%	4.6%
New York State	6.9%	6.7%	6.2%	6.2%	6.2%	6.5%	6.2%	6.1%	6.1%	5.9%	5.7%	6.6%	6.8%
United States	5.7%	5.5%	4.8%	4.7%	5.2%	5.0%	4.8%	4.7%	4.4%	4.3%	4.4%	5.2%	5.0%

Source: New York State Department of Labor

Employment & Unemployment figures in

Consumer Price Index

1997 Percent Change in CPI: 2.3%

Unadjusted CPI	Feb 97	Mar 97	Apr 97	May 97	Jun 97	Jul 97	Aug 97	Sep 97	Oct 97	Nov 97	Dec 97	Jan 98	Feb 98
U.S. Average	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3	161.6	161.9
Northeast Urban Avg.	166.9	167.3	167.1	166.8	167.0	167.6	167.8	168.4	168.7	168.5	168.4	168.8	169.1
% Change from Same Month in Previous Year	Feb 96-Feb 97	Mar 96-Mar 97	Apr 96-Apr 97	May 96-May 97	Jun 96-Jun 97	Jul 96-Jul 97	Aug 96-Aug 97	Sep 96-Sep 97	Oct 96-Oct 97	Nov 96-Nov 97	Dec 96-Dec 97	Jan 97-Jan 98	Feb 97-Feb 98
U.S. Average	3.0%	2.8%	2.5%	2.2%	2.3%	2.2%	2.2%	2.2%	2.1%	1.8%	1.7%	1.6%	1.4%
Northeast Urban Avg.	2.9%	2.8%	2.6%	2.3%	2.4%	2.6%	2.3%	2.3%	2.2%	1.9%	1.6%	1.6%	1.3%