

# CAPITAL DISTRICT DATA

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## 1999 Economic Outlook & Perspective 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, the Regional economy entered a modest recovery phase which strengthened in 1998, and most indicators point to a transition of the recovery phase into a growth phase in the second half of 1999.

### Price Indices

○ The rate of change in the Consumer Price Index declined from 2.3% in 1997 to 1.6% in 1998, while the Producer Price Index experienced an actual decline (-2.5%), suggesting that inflation and interest rates should remain low for 1999.

### Employment

- Average annual Capital District employment in the four counties for 1998 rose by 2,475 or 0.6% following a 0.5% increase in 1997.
- Average annual Regional unemployment for 1998 fell by 1,125 or 7.1%, and the unemployment rate declined from 3.8% to 3.6%, following similar improvements in the previous year.
- Preliminary data for the first half of 1999 show a continuing rise in Regional employment, together with declines in the number unemployed and the unemployment rate.

### Albany-Schenectady-Troy MSA Sector Employment

- Total public and private sector employment in the Albany-Schenectady-Troy MSA rose by 7,100 jobs or 1.6% between 1997 and 1998.
- Manufacturing employment in the MSA was up by 400 or 1.1% for 1998, the first increase since 1984.

- MSA Transportation & Public Utilities sector employment was up by 300 or 1.8% for 1998.
- The high-paying State Government sector posted its fourth consecutive decline in employment for the MSA, falling by about 700 or 1.3%.

### Unemployment Benefits

- The average weekly number of persons collecting unemployment benefits in the Region fell sharply in 1998 to 2,224, representing a 3,799, 63.1% decline.
- The number of persons exhausting benefit rights in 1998 fell by 3,366 or 38.4%.

### Payroll & Average Pay

- 1997 Average annual constant dollar pay for the Region rose by \$340 or 1.2%.
- 1997 total constant-dollar payroll rose by \$244.9 million or 2.3% to a new Regional high.

### Regional Taxable Sales

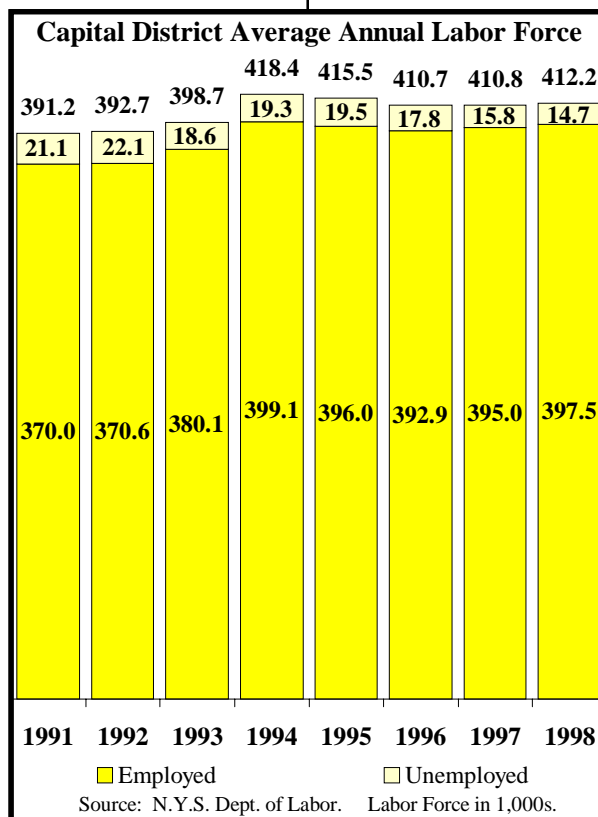
- For the period 3/97 through 2/98, Regional constant dollar taxable sales declined by \$30.9 million or 0.4% from the previous 12-month period.
- 1998 was the 4<sup>th</sup> consecutive year in which the Region's rate of taxable sales change was less than that of the State, which showed a 1.7% increase.
- Retail taxable sales rose \$15.8 million or 0.3% for the latest 12-month period.
- Service sector taxable sales rose \$42.1 million or 3.8% in 1998.

### Transportation Hub Activity

- Enplanements at the Albany International Airport rose 6.0% or 64,800 for 1998 following a 59,515, 5.9% increase in 1997.
- Total tonnage handled by the Port of Albany declined by 10,720 tons or 3.2% in 1998.

### Commercial Office Space

- For the Fall of 1998, total Capital District office space was up 4.1% to about 15,139,200 sq. ft., while occupied space increased 7.0% to 13,922,010 sq. ft.



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- Net absorption (net change in occupied space) was approximately 910,983 sq. ft. in 1998, representing gains for both the Albany CBD (+276,103 sq. ft.) and suburban areas (+634,880 sq. ft.).
- Commercial office vacancy rates declined in 1998 from 10.5% to 8.0%.

**Residential Building Permit Activity**

- Total residential permits rose by 475 or 26.8% in 1998, while the number of units covered by permits for new construction was up 1,075 or 48.9%.
- The total constant dollar value of residential permits rose by \$108.2 million or 46.5%.

**Existing Home Sales**

- Unit sales of existing homes in the Capital District were up 745 or 13.1% for 1998.
- Average days to sale declined by 5.4 days or 4.3%.
- The average (mean) constant dollar selling price for existing homes rose by \$832 or 0.7% for 1998 after eight consecutive years of declines.
- The median constant-dollar selling price fell to a new eleven-year low of \$109,667 in 1998, which represented a nine-year decline of \$28,886 or 20.8%, and a one-year decline of \$796 or 0.7% from 1997.

**Taxpayer Migration**

- As reported in the Nov./Dec. 1998 issue (vol. 21, #6), between 1992 and 1996 the Capital Region lost a net total of 18,717 taxpayers and their dependents according to the latest IRS data, a 3.0% decline.
- The Region lost a net \$472.7 million in aggregate taxable income from 1992 to 1996, a 3.7% decline.



The Region's main exports continue to be manufactured goods, State government services, and higher educational 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 output of goods and services, still rely on Capital District residents for the majority of their sales. In contrast, GE Power Systems makes no local sales and the amount of State government and higher education services consumed by local residents is only a small proportion of the total provided. If, as expected, the Region incurs no further significant losses in its main exporting sectors, its economy should make the transition from a moderate recovery phase to a moderate growth phase in late 1999 and that growth phase should continue into the year 2000.



**— 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

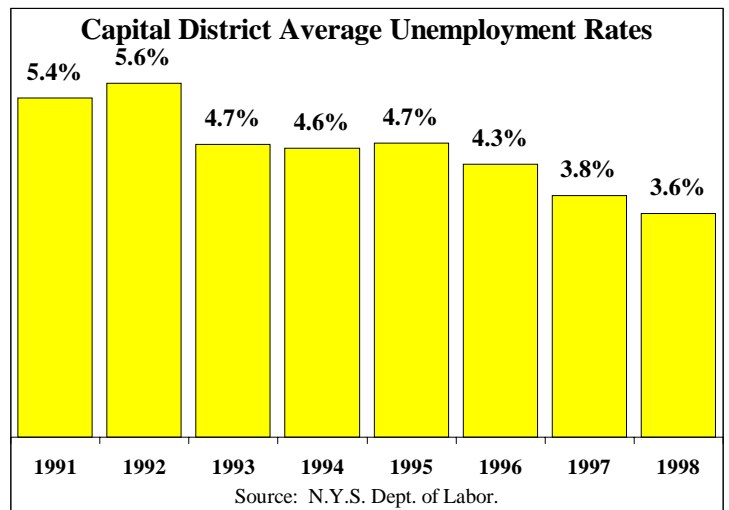
Price Index — rising, falling, or stable — has acted as either a coincident or a leading indicator for similar changes in direction for the Consumer Price Index since 1982. The rate of change of the PPI declined in 1998, from -0.1% to -2.5% (i.e., an absolute decline in the PPI), possibly signaling a stable or declining CPI for 1999.

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 rose 6.0%. In 1998, the U.S. City Average CPI increased by only 1.6%, while the Northeast Urban Average went up only 1.4%, both of which reflect significant declines in the rates of increase (inflation) experienced during the previous year. This represents the lowest rate of inflation since 1964. As cited above, the inflation rate may be expected to remain stable or decrease again slightly in 1999.

**— Labor Force by Place of Residence —**

Average annual employment for 1998 was approximately 397,500, up 2,500 or 0.6% from 395,000 in 1997. While data on employment by sector and place of residence are not available, it is reasonable to suggest that most of the employment gains in 1998 were due to job increases in the Service, Construction, and Local Government sectors based on Albany-Schenectady-Troy Metropolitan Statistical Area employment data by sector and place of work.

The Region's unemployment rate as of December 1998 was 3.8%, up from 3.6% in December 1997. The average annual unemployment rate for 1998 was 3.6%, down from 3.8% in 1997. Each of the Region's counties experienced lower levels of unemployment and unemployment rates for 1998, and significantly lower unemployment rates than either the State or the nation.

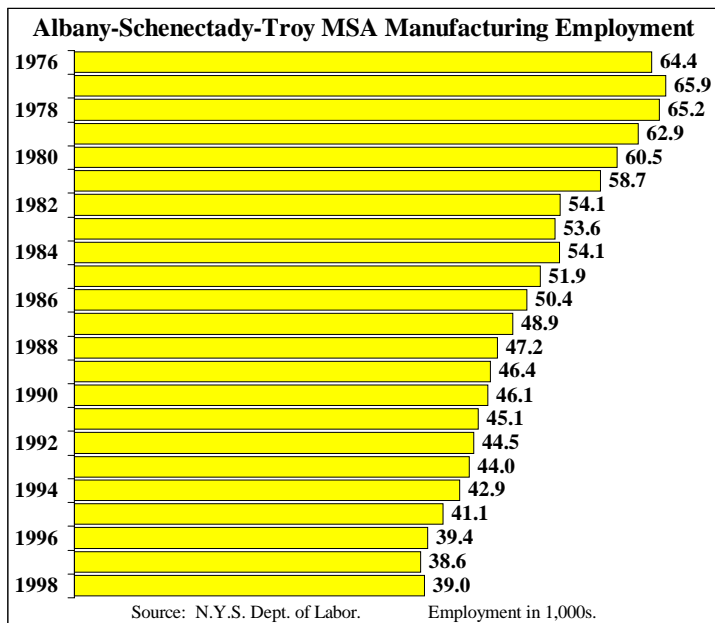


During 1995 and 1996, the Capital District economy contracted, showing successive annual losses in labor force, employment, and payroll. While the Region's labor force also declined marginally in 1997 (by 67 persons), total employment increased by 2,000. This represented a gain of a little less than two-thirds of the

employment loss in the previous year (1995-96), but still a reversal of the two-year decline and suggests the Region entered a modest recovery phase around the second quarter of 1997. For 1998, the Region's employment rose by 2,500 and unemployment was down 1,100, indicating a strengthening of the economic recovery. The Region's labor force remains 6,200 short of its 1994 high of 418,400 and total employment is still 1,600 shy of the 1994 all-time high of 399,100.

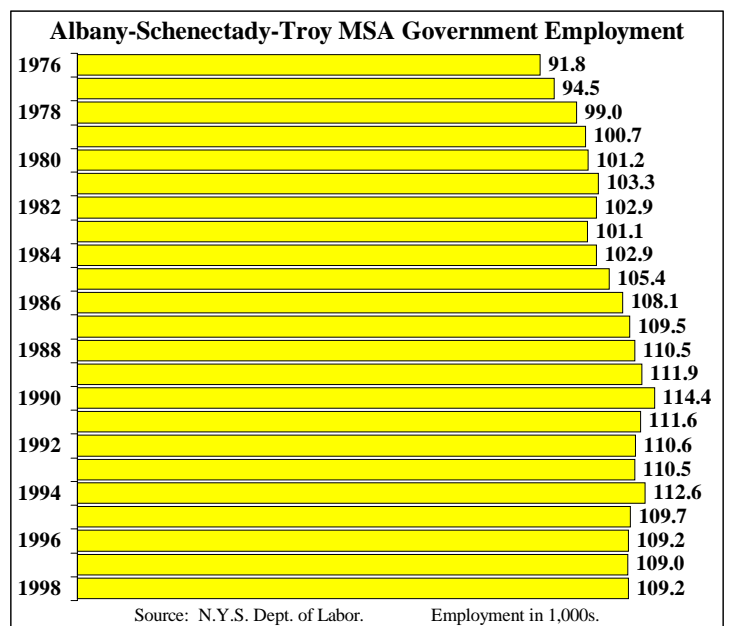
**— MSA Sector Employment by Place of Work —**

Total public and private sector employment in the Albany-Schenectady-Troy MSA increased by 7,100 jobs or 1.6% between 1997 and 1998. The only major private industry sector showing a decline for 1998 was Wholesale & Retail Trade, down 200 jobs or 0.2%.



Manufacturing employment rose for the first time in 14 years, with total Manufacturing jobs increasing 400, or 1.1%. The total net increase represented a 100-job, 0.6% decline in durable goods manufacturing and a 500-job, 2.4% increase in non-durable goods. Service sector MSA employment was up about 4,800 jobs or 3.6% in 1998; Construction employment was up 1,100 or 7.3%; Finance, Insurance, & Real Estate employment was up 600 or 2.4%; and Transportation and Public Utility employment rose 300 or 1.8%.

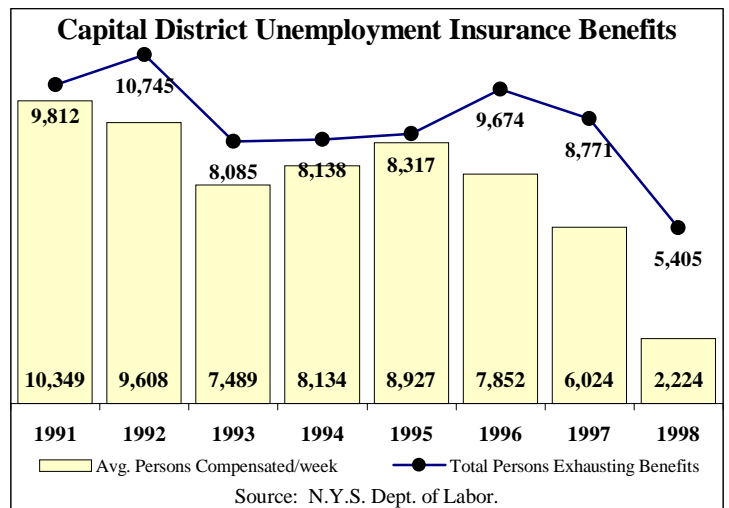
The Government sector gained a net 200 jobs or 0.2% between 1997 and 1998. The increase in government employment was entirely due to a 1,000-job, 2.4% gain in Local Government employment. Federal Government employment declined by 200, or 2.3%, while State Government employment declined for the fourth consecutive year; by 700 jobs or 1.3%. The Albany-Schenectady-Troy MSA again suffered a proportionately larger decline in State government employment than did the State as a whole, since there was no overall change in State Government employment for New York State in 1998.



**— Unemployment Insurance Benefit Payments —**

The average weekly number of persons collecting benefits under unemployment insurance in Labor Department offices serving the Capital District declined again sharply in 1998, from 6,024 persons in 1997 to 2,224, representing a 3,799, 63.1% decrease.

The number of persons exhausting benefit rights declined by 38.4% for the Region, reflecting declines of 70.6% in Schenectady County, 40.3% in Rensselaer, 33.4% in Albany County, and 7.5% in Saratoga County.



**— Average Annual Pay by Industry Sector —**

Average annual constant dollar pay (in 1998 constant dollars) for the Capital District rose by \$340 or 1.2% between 1996 and 1997. Private sector average constant dollar pay rose by \$453 or 1.8%, with only one major sector showing a loss: All Other Industries, down \$803 or 4.0%. The largest gain, by far, occurred in the Manufacturing sector, up \$1,527 or 3.8%, followed by the Finance, Insurance, & Real Estate (F.I.R.E.) sector, up \$1,025 or 3.2%, and Construction, up \$779 or 2.5%. The average annual pay values of \$41,973 and \$33,013

for the Manufacturing and F.I.R.E. sectors, respectively, represented the highest average constant dollar pay levels by a wide margin for those sectors in the 16-year data set. Government sector constant dollar average annual pay rose \$136 or 0.4% between 1996 and 1997. Both Federal and State Government average pay increased, the former by \$583 or 1.6% and the latter by \$470 or 1.3%. Local Government average annual pay declined by \$311 or 1.1% between 1996 and 1997.

Sector	1996	1997
All Industries	\$27,581	\$27,921
Total Private	\$25,886	\$26,339
Manufacturing	\$40,446	\$41,973
Construction	\$31,441	\$32,220
Transport. & Utilities	\$33,327	\$33,645
Wholesale & Retail	\$18,097	\$18,409
F.I.R.E.	\$31,988	\$33,013
Services	\$24,647	\$24,835
All Other Industries	\$19,922	\$19,119
Total Government	\$32,469	\$32,606
Federal Government	\$35,758	\$36,341
State Government	\$34,974	\$35,444
Local Government	\$28,424	\$28,113

Source: N.Y.S. Dept. of Labor. Average Pay in 1998 Constant Dollars.

For 1997, the highest average pay was earned in the Manufacturing sector, with a 1998 constant dollar average value of \$41,973, followed by Federal Government at \$36,341, State Government at \$35,444, and Transportation & Public Utilities at \$33,645. The lowest pay was earned in the Wholesale & Retail Trade sector, which at \$18,409 represented only 65.9% of the overall Regional average. The gap between the highest and the lowest paying sectors again widened between 1996 and 1997, as average annual pay in the Wholesale & Retail Trade sector fell from 44.7% of average annual Manufacturing pay in 1996 to 43.9% in 1997.

**— Annual Payroll by Industry Sector —**

After suffering a 2.1%, \$228.2 million decline in constant dollar value between 1990 and 1991 during the most recent national recession, Capital District total annual payroll steadily increased to a 1994 constant dollar high of over \$10.7 billion. For 1995, total payroll dropped \$162.9 million or 1.5%, and 1996 saw a further \$34.1 million, 0.3% decline. For 1997, total constant dollar payroll rose \$244.9 million or 2.3% to a new 1998 constant dollar high of \$10.8 billion.

Private sector payrolls posted a constant dollar increase of \$259.5 million or 3.5%, while government payrolls showed a loss of \$14.6 million or 0.5%. All private sector industries showed gains, led by the Service sector, up \$107.0 million or 3.8%, the Construction sector, up \$36.9 million or 9.1%, the Trade sector, up

\$33.9 million or 2.2%, and the Manufacturing sector, up \$33.3 million or 2.5%. In the Government sector, only Federal Government payrolls showed an increase, up \$9.9 million or 3.5%. State Government payrolls declined by \$17.4 million or 1.0%, while Local Government Payrolls declined by \$7.0 million or 0.6%.

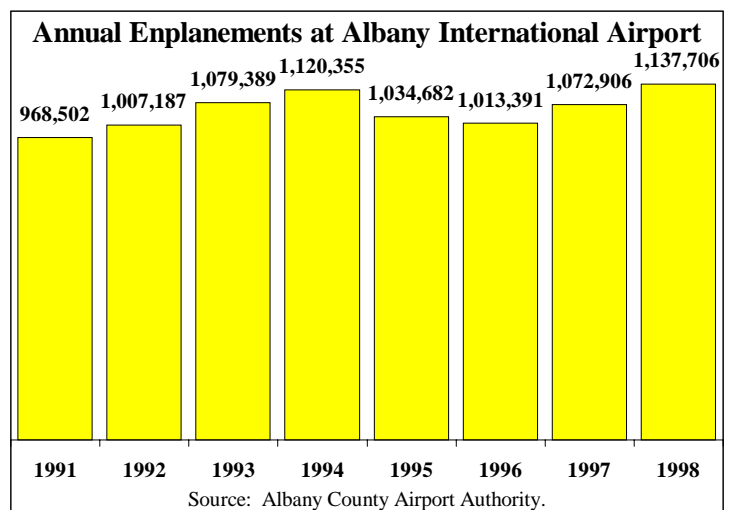
**— Taxable Sales by Sector —**

For the latest available period, March 1997 through February 1998, constant dollar taxable sales in the Capital District declined by \$30.9 million or 0.4% from the previous 12-month period after posting an \$8.6 million, 1.0% constant dollar gain for the 12-month period ending in February 1997. This is the fourth consecutive year — and only the fourth year in the last sixteen — in which the Region’s rate of constant dollar taxable sales change was less than that of the State, which showed a 1.7% increase in total taxable sales.

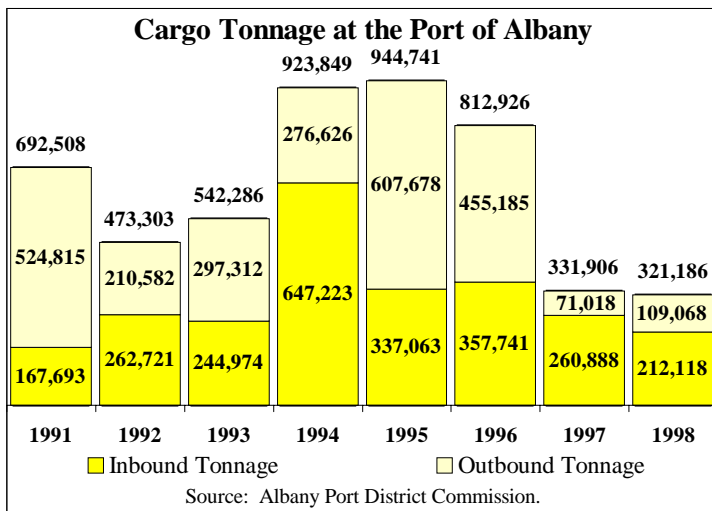
Only three of the Region’s major sectors showed sales gains. Constant dollar sales for the Service sector rose \$42.1 million or 3.8%, Wholesale Trade taxable sales rose \$17.2 million or 2.8%, and Retail sales rose \$15.8 million or 0.3%. The All Other Industries sector suffered the largest constant dollar taxable sales decline, down \$30.5 million or 9.1%, closely followed by the Construction sector, down \$29.1 million or 16.7%, and the Electric & Gas sector, down \$27.7 million or 4.6%.

**— Transportation Hub Activity —**

Annual enplanements at the Albany International 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%. The Airport’s 59,515, 5.9% increase in enplanements for 1997 and 64,800, 6.0% increase for 1998 help confirm that the Region’s economy has entered a recovery phase.



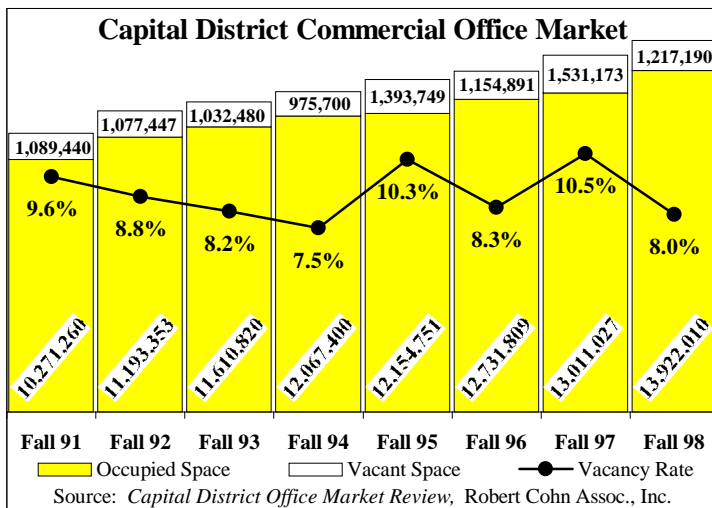
After losing two major commodities, bananas and motor vehicles, to other eastern ports, total tonnage at the Port of Albany fell to 302,008 in 1990, the lowest



level in a decade. From 1990 until 1995, tonnage handled at the Port experienced an erratic but strong recovery to reach a 16-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 in 1998, Port tonnage declined by 10,720 or 3.2% to 321,186 tons, the lowest level since 1990.

#### — Commercial Office Leasing —

Estimated total commercial office space in the Capital District as of the Fall of 1998 was up 4.1% or 597,000 to approximately 15,139,200 square feet. Total occupied space increased at an even higher rate, up 7.0% to about 13,922,010 square feet, and the net change in occupied space was about 910,983 square feet. Vacancy rates in both the Albany CBD and suburban areas, which had risen sharply in 1997, declined from 10.5% in 1997 to 8.0% in 1998.



#### — Residential Building Permit Activity —

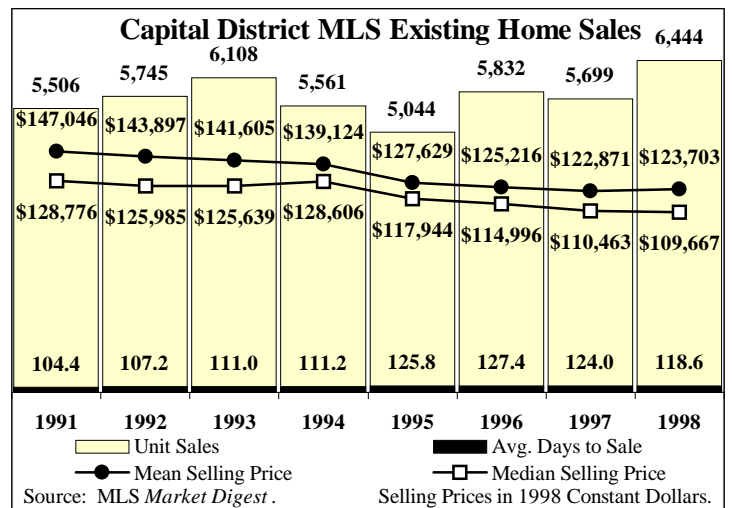
Total units for which building permits were issued peaked in 1986 at 5,251, and declined over the next several years, falling to 2,755 in 1990 before rising to 2,990 in 1992. Total units then declined at an increasing rate to a 1995 value of 2,393. For 1996, the number of

residential permits issued fell again (by 0.8%), but the number of units they represented increased by 2.4%. The reverse was true in 1997, with an increase in permits issued (up 4.4%) but a decline in units (by 10.3%). For 1998, both permits and units rose sharply, with permits up 475 or 26.8% and units up 1,075 or 48.9%.

The total value for residential permits peaked in 1988 at \$511.1 million in 1998 constant dollars, and then declined sharply to \$296.2 million in 1990. Following two years of modest increases to a 1992 level of \$338.3 million, the constant dollar value of permits again suffered a series of declines to a low of \$231.7 million in 1996, the lowest permit value since 1983. After rising only 0.6% in 1997, the 1998 constant dollar value of building permits posted a \$108.2 million, 46.5% increase to a new high for the 1990s of \$341.2 million.

#### — Existing Home Sales —

From an eleven-year high of 6,724 in 1988, Regional sales of existing homes through the Multiple Listing Service fell steadily to 5,506 in 1991. Unit sales went up in 1992 and 1993 before declining in 1994 and 1995. For 1996, units sales rose 15.6%, but 1997 saw another decline in sales. In 1998, units sales rose 13.1% or 745 units, to a new ten-year high of 6,444. Average days to sale dropped for the second consecutive year (after eight years of increases) to 118.6, a 4.3% decline.



The average selling price of existing homes reached an all-time high in 1989, with a mean of \$157,712 and a median of \$138,553 in 1998 constant dollars. From that point, the mean price fell steadily to \$122,871 in 1997, representing an eight-year constant dollar decline of \$34,842 or 22.1%. For 1998, however, the mean constant dollar selling price of existing homes in the Region was up \$832 or 0.7% to \$123,703. The median selling price fell to a new eleven-year low of \$109,667 in 1998, representing a nine-year decline of \$28,886 or 20.8%.

The moderate recovery in the local economy and low home mortgage interest rates can be expected to support further improvements in the market for both existing homes and new construction this year.



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### Poverty Level Threshold Estimates for 1998

The 1998 preliminary estimates of poverty level thresholds for the United States are now available from the U.S. Dept. of Commerce, Bureau of the Census. These figures update the 1997 poverty thresholds using the average change in the monthly Consumer Price Index between 1997 and 1998 (i.e., 1.5576%).

Two categories are listed for each household size based on the age of the householder or head of household. The general threshold represents a weighted average of both categories, while individual age-based thresholds are given for one and two person households.

For questions concerning the 1998 estimated poverty level thresholds, please contact the Census Bureau directly at 301-457-3242.

Household Size	Threshold
1 Person	\$8,310
Householder Under 65 Years Old	\$8,480
Householder 65 Years and Older	\$7,818
2 Persons	\$10,636
Householder Under 65 Years Old	\$10,973
Householder 65 Years and Older	\$9,863
3 Persons	\$13,001
4 Persons	\$16,655
5 Persons	\$19,682
6 Persons	\$22,227
7 Persons	\$25,188
8 Persons	\$28,023
9 or More Persons	\$33,073

### Employment, Unemployment, & Unemployment Rates

Employment	Jun 98	Jul 98	Aug 98	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	Jun 99
Albany County	154.3	154.8	154.7	151.0	152.1	153.4	152.9	150.1	151.3	151.7	151.8	152.1	154.4
Rensselaer County	78.0	78.3	78.2	76.4	76.9	77.6	77.4	76.0	76.6	76.8	76.9	77.0	78.2
Saratoga County	99.2	99.5	99.4	97.1	97.8	98.6	99.7	98.0	98.7	99.0	99.0	99.2	100.8
Schenectady County	71.2	71.4	71.3	69.6	70.1	70.7	70.7	69.5	70.0	70.2	70.2	70.4	71.5
Capital District Region	402.7	404.0	403.6	394.1	396.9	400.3	400.7	393.6	396.6	397.7	397.9	398.7	404.9
Unemployment	Jun 98	Jul 98	Aug 98	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	Jun 99
Albany County	4.8	4.3	4.2	4.8	4.2	3.9	3.7	4.6	4.7	4.7	4.1	4.3	4.3
Rensselaer County	3.1	3.0	3.0	3.1	2.5	2.7	2.7	3.5	3.5	3.6	2.9	2.9	2.8
Saratoga County	3.3	2.8	3.0	3.3	3.1	3.3	3.2	4.0	4.2	4.1	3.2	3.2	2.9
Schenectady County	2.9	2.8	3.1	3.0	2.6	2.4	2.3	2.8	2.8	2.8	2.4	2.6	2.4
Capital District Region	14.1	12.9	13.3	14.2	12.4	12.3	11.9	14.9	15.2	15.2	12.6	13.0	12.4
Unemployment Rates	Jun 98	Jul 98	Aug 98	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	Jun 99
Albany County	3.0%	2.7%	2.6%	3.1%	2.7%	2.5%	2.4%	3.0%	3.0%	3.0%	2.6%	2.7%	2.7%
Rensselaer County	3.8%	3.7%	3.7%	3.9%	3.1%	3.4%	3.4%	4.4%	4.4%	4.5%	3.6%	3.6%	3.5%
Saratoga County	3.2%	2.7%	2.9%	3.3%	3.1%	3.2%	3.1%	3.9%	4.1%	4.0%	3.1%	3.1%	2.8%
Schenectady County	3.9%	3.8%	4.2%	4.1%	3.6%	3.3%	3.2%	3.9%	3.8%	3.8%	3.3%	3.6%	3.2%
Capital District Region	3.4%	3.1%	3.2%	3.5%	3.0%	3.0%	2.9%	3.6%	3.7%	3.7%	3.1%	3.2%	3.0%
New York State	5.3%	5.6%	5.1%	5.2%	5.1%	5.1%	5.1%	5.9%	6.0%	5.5%	4.9%	4.9%	5.0%
United States	4.7%	4.7%	4.5%	4.4%	4.2%	4.1%	4.0%	4.8%	4.7%	4.4%	4.1%	4.0%	4.5%

Source: New York State Department of Labor

Employment & Unemployment figures in 1,000s

### Consumer Price Index

1998 Percent Change in CPI: 1.6%

Unadjusted CPI	Jun 98	Jul 98	Aug 98	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	Jun 99
U.S. City Average	163.0	163.2	163.4	163.6	164.0	164.0	163.9	164.3	164.5	165.0	166.2	166.2	166.2
Northeast Urban Average	169.6	169.9	170.5	170.6	171.3	171.2	171.2	171.4	171.6	171.9	172.8	172.8	173.1
% Change From Same Month in Previous Year	Jun 97- Jun 98	Jul 97- Jul 98	Aug 97- Aug 98	Sep 97- Sep 98	Oct 97- Oct 98	Nov 97- Nov 98	Dec 97- Dec 98	Jan 98- Jan 99	Feb 98- Feb 99	Mar 98- Mar 99	Apr 98- Apr 99	May 98- May 99	Jun 98- Jun 99
U.S. City Average	1.7%	1.7%	1.6%	1.5%	1.5%	1.5%	1.6%	1.7%	1.6%	1.7%	2.3%	2.1%	2.0%
Northeast Urban Average	1.6%	1.4%	1.6%	1.3%	1.5%	1.6%	1.7%	1.5%	1.5%	1.5%	1.9%	2.0%	2.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics

1982-84 = 100

Note: Data are NOT Seasonally Adjusted