



**2050 SOCIOECONOMIC AND DEMOGRAPHIC MODELS ENHANCEMENTS AND  
DEVELOPMENT OF THE FUTURE FORECASTS  
MAP Forum Presentation, 12/04/2020**

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# Outline

- ⦿ Introduction/NYMTTC SED Context
- ⦿ Impacts of COVID-19 on Forecasts
  - › Initial Data
  - › What economists are saying nationally
  - › What other agencies and MPOs are doing
- ⦿ NYMTTC SED Options and Decision
  - › Stay with current employment forecasts
  - › Push employment growth out in the near term

# NYMTC SED Context

## ◎ 2055 SED Forecasts

- › Update of 2050 Forecasts, with a 2017 base year.
- › 2-year process began in January 2019, with target adoption date of August 2020.
- › Next set of forecasts will be prepared in 5 years.
  
- › Special COVID-19 Forecast Working Group Meeting held May 13, 2020.

# Current Data: Unemployment Claims vs. Recent Job Growth

## ◎ **March 2020** Unemployment Claims\*:

- NYS NYMTC Counties: **241,400**
  - New York City: **151,500**
  - Long Island: **53,700**
  - Mid Hudson: **36,200**
- SW Connecticut LMA: **41,090**
- New Jersey (entire state): **214,836**

## ◎ NYMTC Region Employment Growth 2010-2017\*\*:

- NYS NYMTC counties: 755,100
  - New York City: 587,400
  - Long Island: 96,500
  - Mid Hudson: 71,200
- Connecticut NYMTC counties: 59,700
- New Jersey NYMTC counties: 173,100

Sources: \*NYS DOL, NJ DOL, CT DOL;

\*\*NYMTC Forecast Update

# Current Data: Unemployment Rates

	October 2019	October 2020
New York City	3.7%	13.1%
Long Island	3.4%	6.5%
Hudson Valley	3.7%	6.5%
New Jersey	3.7%	8.2%
Connecticut	3.5%	5.8%

Sources: \*NYS DOL, NJ DOL, CT DOL

# Current Consensus Among Economists

- ⦿ Sectors are affected to varying degrees.
- ⦿ There are too many unknowns to make long term forecast adjustments with any degree of accuracy.
  - Too few data points
  - Unknown when and to what extent the region will “reopen”
  - Unknown how fast the affected industries will rebound
- ⦿ Definite short term impacts, but economy is expected to rebound in the long term.

Sectors With Job Losses:	
NYS Change In Jobs By Major Industry Sector, October 2019 – October 2020	
Leisure & Hospitality	-329,100
Trade, Transportation & Utilities	-161,200
Educational & Health Services*	-153,200
Professional & Business Services	-147,400
Other Services	-55,100
Financial Activities	-41,400
Government*	-39,700
Manufacturing	-39,200
Construction	-31,300
Information	-9,200
Natural Resources & Mining	-800

# Insights on Economic Recovery from Recent Downturns

- ⦿ Post 9/11, there was a lag in regional employment growth/development of roughly 5 years.
- ⦿ After 2007 recession, employment returned at different rates according to firm size:
  - > 500+ employees            4 years
  - > 10-499 employees        8 years
  - > <10 employees            12 years

According to County Business Patterns 2017, 76.9% of NYMTC region firms have fewer than 10 employees; only 0.3% have more than 500 employees. Regardless, recovery did occur within the short term (5-10 year) forecast period.

# Insights on Economic Recovery from Significant Historical Downturns

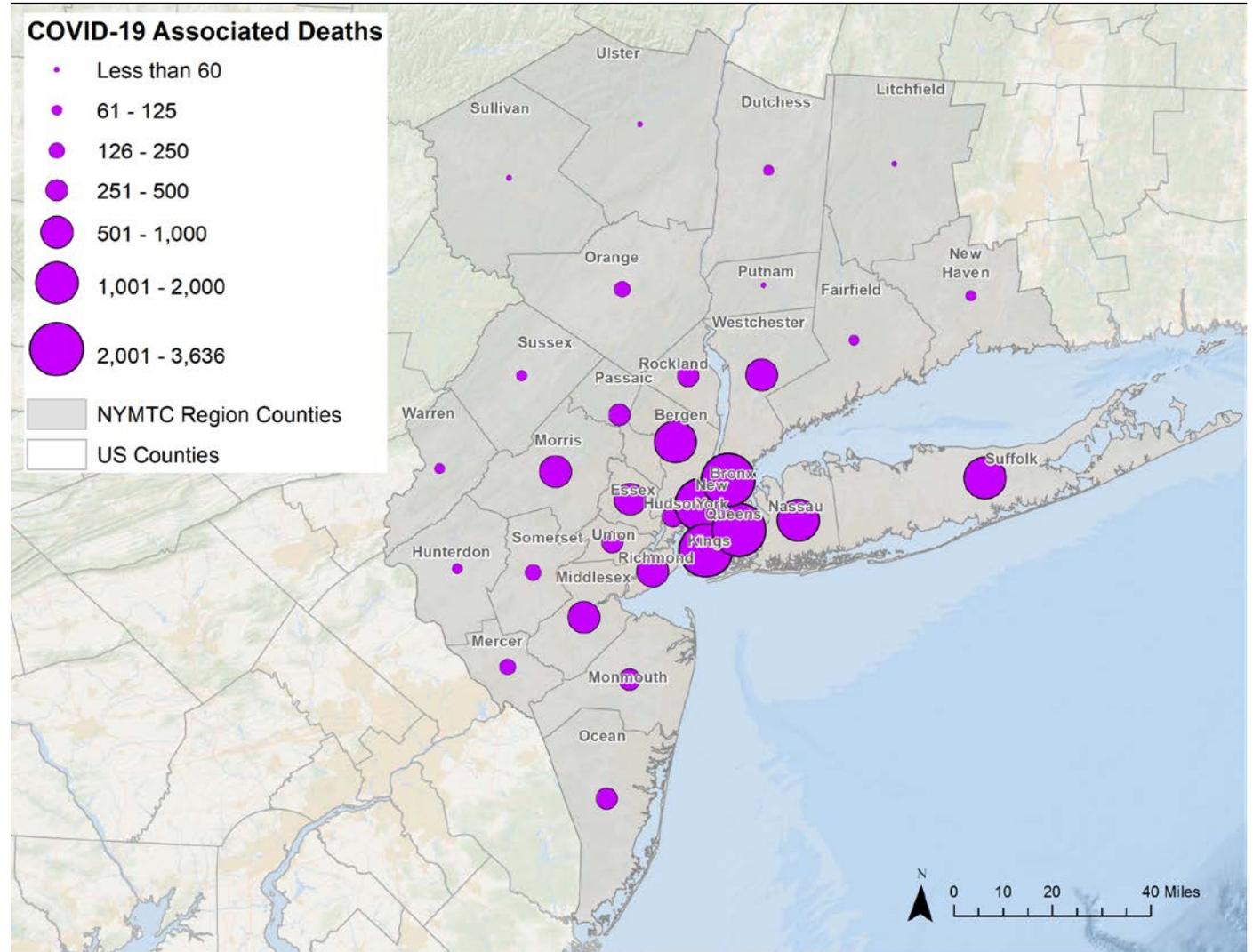
- ④ University of Groningen, Netherlands Study tracks economic recovery for countries with events causing GDP loss of greater than 10% going back to 1870. (COVID-19 impact models project losses to Regional GDP of up to 17.5%)
  - > Average 5 year recovery period to return pre-event GDP
  - > Can be greater than 10 years

Source: <https://www.economist.com/finance-and-economics/2020/03/19/economies-can-rebound-quickly-from-massive-gdp-slumps-but-not-always>

# Current Data: NYMTC Region Deaths 2/1/2020-11/28/2020

	COVID-19	All Causes	% COVID-19
February 1 - April 2	23,266	76,657	30.4%
April 3 – November 28	23,379	116,098	20.1%
February 1 - November 28	46,645	192,755	24.2%

Source: National Center for Health Statistics, county data  
<https://data.cdc.gov/NCHS/Provisional-COVID-19-Death-Counts-in-the-United-St/kn79-hsxy>



# Potential Population Forecast Implications

- ⦿ Until there is widespread availability of a vaccine, mortality rates will be higher than previously seen. (Current estimates for US are May of 2021.)
- ⦿ Potential for shifts away from urban centers to smaller towns
  - Population—distrust of proximity
  - Employment—large scale trial of working remotely

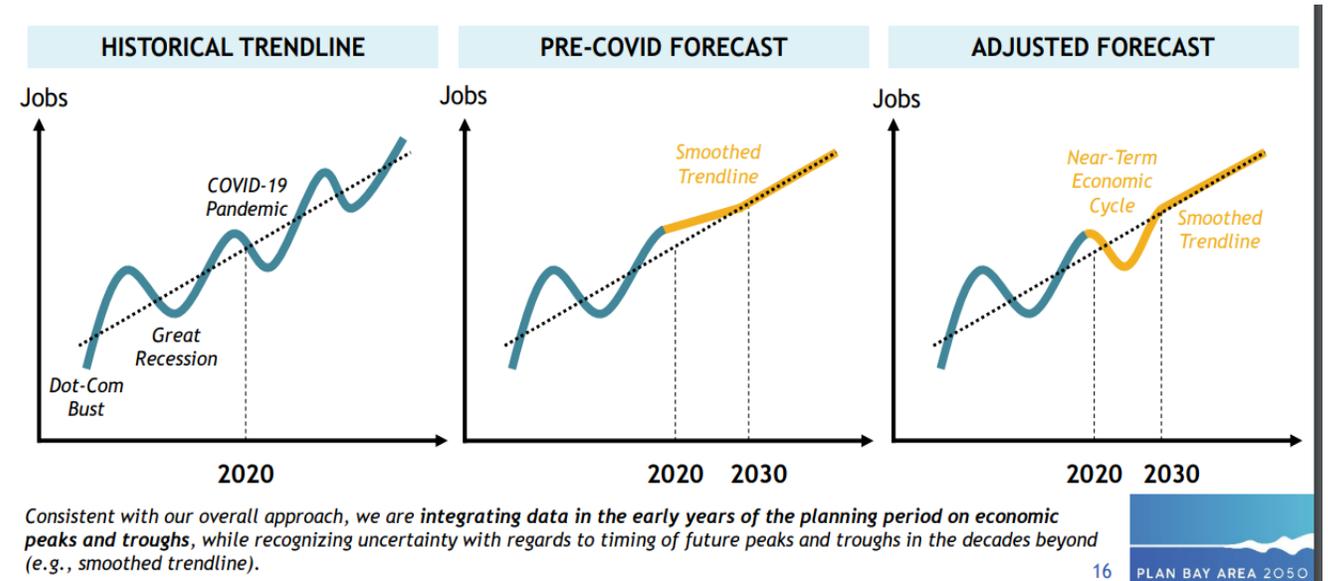
# What Other Agencies are Doing (Employment)

- ⦿ US Bureau of Labor Statistics Employment Forecasts: COVID-19 is considered a cyclical fluctuation instead of a structural change; therefore, BLS will not adjust ten year forecasts. <https://www.bls.gov/bls/effects-of-covid-19-pandemic-on-employment-and-unemployment-statistics.htm#LAUS>
- ⦿ NYS DOL: New 10 year employment projections will be prepared in July/August using data through year end 2019. At this time no change in methodology is anticipated.

# What Other MPOs are Doing (Employment)

## Bay Area MTC:

- Examining short term impacts (2020-2025) using industry specific modeling (REMI);
- Long term forecasts (2030-2050) expected to be unaffected.\*



Other MPOs are focused on modeling revenue implications in the short term while, like NYMTC, exploring options for their respective forecasts.

\*At this time, COVID-19 is assumed to create a cyclical impact on the economy, and as such, the economy is expected to rebound within the next decade. It is possible that COVID-19 will have structural impacts on the economy, but that will not be determined for some time.

# What Other Agencies are Doing (GDP/Population)

- ◎ NYS Office of Budget: Preliminary Economic Impact Analysis projects recovery to 2019 GDP levels in the 3Q2023: assuming a 3Q2020 reopening of the State and no additional waves of infection.  
<https://www.budget.ny.gov/pubs/archive/fy21/ny-covid19-economic-impact-prelim.pdf>
  - > Update: Projected loss \$15.5 Billion in State Revenues per year through 2024.
- ◎ NYC DCP: Population dislocation resulting from COVID may only be a temporary phenomenon. Given the extreme fluidity of the situation, it is too early to predict longer-term trends, and would thus like to stick to our current projections.

# Options for NYMTC forecasts

- Let the employment forecasts stand.
  - > Models are based on long term drivers that include cyclical downturns.
  - > Current forecasts show lower level of daily job growth than historic QCEW data, which include several recessions.
- Follow post 9/11 and 2007 experience and lag employment growth by 5 years in the near term in order to be responsive

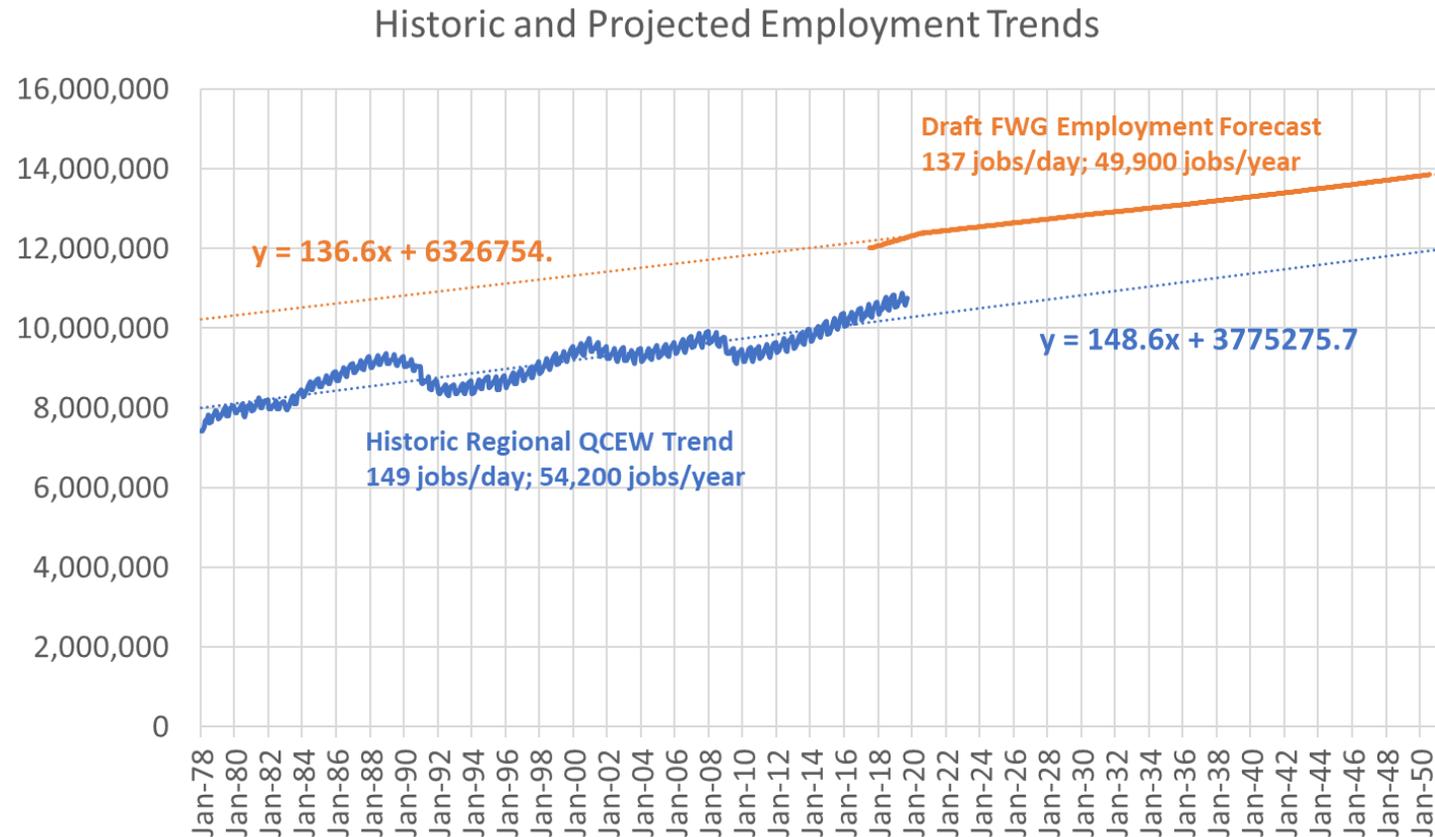


Chart Source: PANYNJ, Todd Goldman

# Ultimate 2055 SED Forecasts

- ⦿ Eliminated employment growth from 2015-2020 (2020 being a forecast year). Assumed rebound to forecasted levels by 2030.
- ⦿ Population, largely driven by labor induced migration, follows employment.

# Thank You!

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Questions?

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