Data Show City Job Losses Going Far Beyond Finance

By PATRICK McGEEHAN

The number of jobs in the city’s economic sector that includes hotels, restaurants and theaters declined last month, new government statistics show, the first time that payrolls in that industry have shrunk from October to November in the nearly two decades that the data has been collected.

The data released by the state Labor Department indicates that the recession has reached one of the city’s strongest economic sectors, known in labor statistics as the leisure and hospitality industry. November historically is a time when hotels, restaurants and theaters are hiring for the holiday season.

Instead, the Labor Department statistics show, the number of jobs in the industry, which also covers museums, sports arenas and fitness centers, declined by 1,000, to 306,000.

The new data also shows that New York City’s unemployment rate jumped to 6.3 percent in November as employers continued whittling payrolls and retailers hired far fewer sales people for the holiday shopping season.

The city’s unemployment rate, which was 5.7 percent in October, is now at its highest level since February 2005 and appears headed higher. The federal Labor Department said on Thursday that the number of first-time claims for unemployment benefits in New York State rose by 11,901 in the week that ended Dec. 13.

"The recession and its very adverse effect on consumer spending is clearly translating into fewer retail jobs, and that situation is not going to improve any time soon," said James Parrott, chief economist for the Fiscal Policy Institute, a liberal research group.

Professional and business services, which also normally add jobs in November, also shrank last month, said James P. Brown, who analyzes the city’s job market for the state Labor Department. That economic sector, which includes law, accounting and consulting firms, shed 1,500 jobs, the first November decline since 1992, Mr. Brown said.

The sector has been losing jobs for a few months as a result of the implosion of Wall Street.

Statewide, the unemployment rate rose to 6.1 percent from 5.7 percent in October, as New York lost more private jobs than in any month in more than seven years.

The city and state unemployment rates are still below the national rate, which rose to 8.7 percent last month, but the gap is closing. Many of the thousands of laid-off workers from the city’s financial-services industry have begun showing up in the official statistics as they exhaust their severance payments.

The city’s retailers hired only 4,400 workers in November, fewer than half as many as in each of the previous two Novembers, the state Labor Department said.

Retailing has been one of the fastest-growing sources of jobs in the city in several years and is its "largest low-wage employer," said Mr. Parrott.

Citing a study the Fiscal Policy Institute published this month, he said that three-fifths of retail workers earn less than $13 an hour. Half of them are 35 or older and four out of five work full-time.

The financial sector eliminated 2,400 jobs in the city last month, taking the loss in that area in the past year to 16,400 jobs, the state Labor Department said.

That department adjusts the city and state jobless rates for seasonal fluctuations in hiring and firing. It does not make similar adjustments to the city’s monthly job statistics, but some economists do.

Barbara B. Denham, chief economist at Eastern Consolidated, a real estate services firm, estimated that the city had its biggest monthly decline in employment since 9/11, a loss of 19,800 jobs last month. The biggest surprise in the numbers, she said, was the loss of only 1,400 jobs in the securities industry.

"What still appears to be a trickle will likely be a deluge in the first quarter of 2009," Ms. Denham said. "Anecdotal reports suggest that Wall Street firms are postponing pink slips until after the holidays."