

BROOKLYN LABOR MARKET REVIEW

Winter 2012



A message from the president

It's no secret that Brooklyn is synonymous with great food. But now more than ever, the Brooklyn food landscape is exploding. Brooklyn's restaurant scene is bigger and better than ever, and more importantly, the food we eat here is often food that's made here. Specialty food manufacturing, restaurants and gourmet food stores are growing in Brooklyn. I'm proud to say that Brooklyn is creating new businesses and new jobs. I hope you find this issue of the Brooklyn Labor Market Review informative to your work in the borough.

Keep eating, and Brooklyn will keep serving it up!



Carlo A. Scissura, President and CEO

● Brooklyn's food chain

Food plays a critical role in 21st century urban life and has helped nourish Brooklyn's economic renaissance. Restaurants, cafes, coffee shops and grocery stores added one out of every five new jobs in Brooklyn since 2000. The Fall 2011 Brooklyn Labor Market Review noted that Brooklyn added, by far, the most jobs among the city's five boroughs between 2000 and 2010, gaining 50,000 jobs, more than two-and-a-half times as many jobs as the Bronx, the borough with the 2nd greatest job growth.

When you look at the entire Brooklyn food chain—starting with food manufacturing and

wholesale distribution, and including grocery stores, specialty food stores, restaurants and coffee shops—nearly 59,000 people are employed in 7,800 businesses. Thus, the food chain accounts for 16 percent of the 49,000 businesses in Brooklyn, and 12.5 percent of the borough's 472,000 private sector jobs.

If you consider the Brooklyn food chain a sector, its 2011 job numbers were surpassed only by health care (108,000) and the food chain tops the 51,000 jobs in social assistance and the 44,000 jobs in non-food retail stores. Total wages in the Brooklyn food chain sector came to \$1.46 billion in 2011.

FIGURE I.
From bakery to restaurant: businesses in Brooklyn's food chain

2011 annual average	# businesses	# jobs	total wages
Food and beverage manufacturing	372	5,650	\$197,173,700
Grocery, farm product and beverage wholesale	658	8,116	\$386,240,440
Grocery stores	1,988	12,674	\$256,292,431
Specialty food stores	622	3,734	\$88,413,418
Beverage, wine and liquor stores	299	920	\$21,398,362
Restaurants, bars and other food services	3,847	27,775	\$514,322,965
Total, Brooklyn Food Chain Sector	7,786	58,869	\$1,463,841,316

Source: FPI analysis of NYS DOL Quarterly Census of Employment and Wages.

● Food and beverage manufacturing

The base of Brooklyn's food chain begins with food manufacturing since the borough's densely-settled urban environment does not leave much room for farming (the state labor department reports 10-15 agricultural businesses in Brooklyn but fewer than 100 employees). While overall manufacturing employment has continued to decline in Brooklyn in recent years, food manufacturing has held on, hovering around or close to 6,000 jobs over the past decade. In 2011, there were 372 food manufacturers employing 5,650 workers.

About half (2,800) of Brooklyn's food manufacturing employment is in bakeries. This category includes retail bakeries that bake their own goods on site since that is considered a manufacturing process. Other significant sub-areas within Brooklyn's food manufacturing are listed in Figure 2.

Since many bakeries are also retail operations, they tend to be much smaller and pay lower wages than other food manufacturing businesses. Brooklyn bakeries average about 11 employees per business with an average wage of \$24,200. All

other Brooklyn food manufacturers have an average of 25 workers with those workers making \$45,300 per year, on average. This is quite a bit higher than Brooklyn's overall private sector average wage of \$38,300.

In addition to the 372 Brooklyn food and beverage manufacturing businesses with employees, there are 377 Brooklyn food manufacturing businesses who do not report any employees, about a third more than a decade ago. These include new start-up operations and one-person specialty food businesses. Many of these are either bakeries or confectionery producers, as well as a range of ethnic and other specialty food businesses.

Food wholesaling businesses have flourished in recent years in Brooklyn, adding nearly 1,000 workers over the past five years, led by an increase of nearly 800 workers in beer, wine and distilled beverage wholesaling. Food wholesaling workers earn an average annual wage of \$47,600. As with food manufacturing, there are a sizable number of one-person food wholesaling businesses in Brooklyn: in 2010, there were 832 one-person food wholesalers.

FIGURE 2.

Major segments by employment, Brooklyn food and beverage manufacturing 2011

Segment	2011 employment
Bakeries	2,800
Fruit, vegetable and specialty foods	650
Meat processing	360
Seafood products	320
Sugar and confectionery products	225
Coffee and tea manufacturing	225
Spice manufacturing	210
Perishable prepared foods	170
Subtotal, these 8 segments	4,960
Total, Brooklyn food and beverage manufacturing	5,650

Source: FPI analysis of NYS DOL Quarterly Census of Employment and Wages.

● Value added, suppliers and exporters in Brooklyn's \$2.2 billion food manufacturing sector

Brooklyn's food manufacturing sector has an annual total output of \$2.2 billion, and generated \$463 million in value-added in 2011, based on estimates by the Fiscal Policy Institute using the IMPLAN regional input-output model. Value-added approximates the difference between the purchased inputs used in production and the dollar value of the sales generated from that production. Out of the value-added, employee compensation accounted for \$273 million for wages, fringe benefits and payroll taxes, and business profits amounted to about \$150 million.

The table below shows the estimated 2011 output for each of the 10 largest segments of the Brooklyn food and beverage manufacturing sector.

Brooklyn's food and beverage manufacturing sector purchases an estimated \$524 million in goods and services from businesses located within the borough. The largest purchased input (\$164 million) is from other Brooklyn-based food manufacturers. This is followed by \$110 million in purchases from various Brooklyn wholesalers, \$91 million in business services (e.g., accounting and

legal services), utilities (\$51 million), transportation and warehousing services (\$37 million), and finance, insurance and real estate services (\$16 million.)

Nearly a quarter of the output of Brooklyn food and beverage manufacturers is sold outside of the borough

- \$326 million in domestic sales outside of Brooklyn
- \$134 million of Brooklyn's food and beverage output is exported outside of the U.S.

Source: Fiscal Policy Institute analysis using IMPLAN.

FIGURE 3.
Brooklyn food manufacturing, estimated 2011 output by segment

	2011 Output (\$millions)
All other food manufacturing (e.g., perishable prepared foods, coffee & teas, spices, nuts)	\$313
Bread and bakery product manufacturing	\$279
Frozen food manufacturing	\$210
Soft drink and ice manufacturing	\$210
Breweries	\$181
Meat processing	\$154
Cookie- cracker- and pasta manufacturing	\$145
Seafood product preparation and packaging	\$127
Seasoning and dressing manufacturing	\$105
Fruit and vegetable canning and pickling	\$90
Subtotal, these 10 segments	\$1,814
Total Brooklyn food and beverage manufacturing	\$2,215

Source: Fiscal Policy Institute analysis using IMPLAN.

This issue of Brooklyn Labor Market Review was prepared by the Fiscal Policy Institute (www.fiscalpolicy.org).

This project is generously supported by the Brooklyn delegations of the New York State Assembly and the New York City Council.