

Unemployment returns to recession level

Job gains for the city were not enough to prevent the unemployment rate from hitting double digits, according to state data released Thursday.

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Despite continued job gains, the city's unemployment rate jumped to 10% in June, from 9.7% in May, matching its recession peak, the state Department of Labor reported Thursday.

The jobless rate was more than a full percentage point above last June's figure.

"It's definitely sending a message that residents are having a harder time finding work this year than last year," said James Brown, principal economist at the Labor Department.

Not all the news was bad. The city economy added jobs in June, though not at the dizzying pace of recent months. The five boroughs added 6,100 private-sector jobs, but more than half came in private education and were probably the result of seasonal adjustment vagaries, according to an analysis by Barbara Byrne Denham, chief economist at real estate services firm Eastern Consolidated. Most of the remaining gains came in professional and business services, which added 2,800 jobs last month.

The securities industry shed 1,400 jobs in June, which likely means fewer summer interns than usual were hired and doesn't necessarily indicate widespread pink slips. The government sector dropped 1,000 positions in June, reducing net job gains to 5,100.

The ongoing disconnect between job gains and rising unemployment has confounded economists. The two figures come from different surveys. Job numbers are derived from employer surveys and measure positions in the city regardless of where the workers reside. The unemployment rate comes from a monthly telephone survey of households that counts how many city residents have jobs, regardless of the jobs' locations.

Mr. Brown said the leading explanation is that the city is adding jobs in sectors dominated by commuters or newcomers. Neither would be included in the household survey that determines the unemployment rate.

"The biggest issue is that a lot of the growth is in industries that attract commuters and new residents, which makes it a more competitive job market for current residents," he said.

Beyond.com saw a 276% jump in job postings on its network of sites that cover the city from June 2011 to June 2012, with a lot of that growth attributable to a tech boom in the city, according to James John, its chief operating officer.

"Silicon Alley is hot," Mr. John said. "There's high demand for tech. They're posting and reposting the jobs, changing keywords to find someone who even looks like what they're looking for."

Industries dominated by New York City residents, on the other hand, are not faring as well. Construction, for example, is down by 4,000 positions this year, while government has shed 8,800 jobs, according to Eastern Consolidated.

An analysis of employment over the past four years by the Fiscal Policy Institute shows that blacks have been hit especially hard. Household employment in the city was down 2.9% for the 12 months through May from four years earlier, but down 13.3% for black men and 8.6% for black women. It was up 8.4% for white women, the analysis showed.

An increase in people who held multiple jobs or were self-employed moving back into payroll employment could also account for some of the disparity. Mayor Michael Bloomberg also pointed to another factor: an expanding workforce. "As fast as New York City is creating jobs, people are entering the labor market even faster, which indicates optimism and confidence in the long-term future of New York City," he said in a statement.

But the increase in the workforce has not been sharp enough to account for the difference between the two surveys, which is so stark that some economists expect data issues may also be at play.

"We've never seen such a long-lived discrepancy like this that can't be explained," said James Parrott, chief economist at the Fiscal Policy Institute.

Other economic indicators—from tourism to real estate to income—are pointing upwards, according to Marisa Di Natale, a director at Moody's Analytics, leading some to put less credence in the soaring unemployment number.

"I'm still upbeat on the economy," Ms. Di Natale said. "Things overall still look good outside of this household survey number that I can't wrap my head around and explain."