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GREG DAVID ON NY

Reasons to celebrate New York City's economy—and one to worry about it

The Bloomberg-de Blasio boom continued through 2017. Here's how it could end



Photo: Bloomberg News

The GOP tax bill is a shadow looming over Gotham's economic recovery, Greg David writes.

By [Greg David](#)

With only a month to go in 2017, it is time to conclude that this will be [another year of growth](#) in New York City. It is also time to ask whether the tax legislation being considered by Congress is the event that will end the now eight-year-old Bloomberg–de Blasio boom.

Start with jobs. The city will gain about 70,000 this year, bringing the total to a record 4.45 million.

Even better, the number of new middle-income jobs equals the number of low-wage positions added. The unemployment rate has inched up from its record low earlier this year, but it remains under 5%, which is low by historical standards.

The good news on employment doesn't stop there. The number of city residents in the workforce—meaning employed or looking for work—is at an all-time high, and the labor force participation rate is hovering at about 60%, near its record high. The participation rate in the city has been climbing for years even as the national figure declined.

The tech sector is driving significant growth, with record venture capital investment in the third quarter. City tourism has survived the Trump travel ban and benefited from a somewhat weaker dollar. It will set another record.

The construction boom continues unabated. The New York Building Congress estimates construction spending in the city next year will reach a record \$52.5 billion, making 2016, 2017 and 2018 the top three years for construction spending ever. Construction jobs will exceed 150,000 next year, the city's seventh consecutive year of gains.

Data point

Jobs gained: 70,000
Total jobs: 4.45 million (a record)
Expected increase in Wall Street bonuses: 10%
Construction spending: \$45.3 billion

The news from Wall Street is good too. The securities industry is on track for its second straight yearly increase in profits for the first time since 2000, and it even added 11,000 jobs in New York City during the past three years. A survey this month indicated bonuses should rise by about 10%.

Everyone should be worried about the [state of retail](#), with [online shopping cutting into employment](#), sending retail rents crashing and even putting the future of Macy's in doubt. But that is a long-term problem.

The tax bill is a canary in the city's economic coal mine.

Much of the stock market's increase this year is predicated on a major cut in corporate taxes. Top Trump administration officials have said the market is likely to head south if the tax bill fails, and in this case they are probably right. If so, the outlook for Wall Street will change dramatically.

If the tax bill passes, the city faces a different threat. The economics of living in New York will change dramatically for the richest New Yorkers, who provide so much of the state's and city's tax revenue. If they decide to leave, the hit will be significant enough to put the economic expansion in jeopardy sooner or later.

Either way, the tax bill is the biggest risk for the economy.