

DIVERSECITY

NYC Economic Diversification Program



THE
Five Borough
Economic Opportunity
PLAN

DIVERSECITY: A comprehensive, long-term strategy to build a local economy that provides a wide array of opportunities to New Yorkers with varied skills and backgrounds, while simultaneously lessening dependence on the performance of any one sector. Central to this effort are entrepreneurship-related activities that foster the innovation vital to the City's future economic growth, policies that attract and retain top talent, and programs that support existing businesses across the five boroughs.

WHY DIVERSIFY?

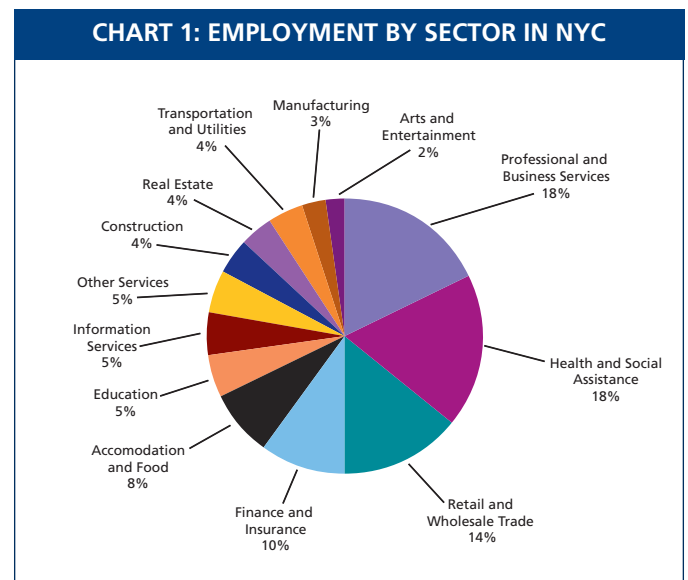
The Bloomberg Administration's long-term, strategic economic development vision for New York City, known as the Five Borough Economic Opportunity Plan, aims to create jobs for all New Yorkers. A crucial element involves building upon the Bloomberg Administration's success since 2002 in weaning the City from its traditional dependence on a small number of cyclical industries that are subject to booms and busts that, in turn, can make or break the City's finances. These notable gains in diversifying the City's economy made under the leadership of the Bloomberg Administration are reflected in the following developments:

- The City's film and television production sector saw an 83% increase in shooting days between 2002 and 2008.
- The number of visitors to the City jumped by 33% between 2002 and 2008, growing from just over 35 million tourists in the first year of the Bloomberg Administration to a record 47 million tourists in 2008.
- Private sector employment in the City's education sector increased nearly 20% between 2002 and 2009, rising from approximately 139,000 workers to more than 166,000 workers.
- The City's health care sector witnessed a 27% increase in funding from the National Institutes of Health between 2002 and 2007, increasing from just over \$1 billion to \$1.3 billion.

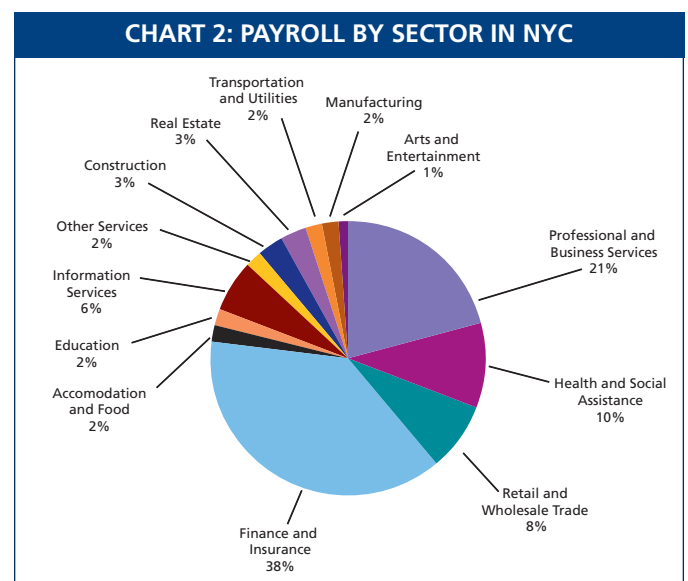
The Bloomberg Administration's diversification initiatives are one reason the City's economy already reflects a diverse workforce, with more than 3.1 million private sector workers employed in over a dozen industries and sub-sectors across the five boroughs. In fact, ten industry sectors each employ more than 100,000 people, with no one sector accounting for more than 18% of total employment (see Chart 1).

But, of course, more can be done to create good jobs for all New Yorkers. For example, even with the gains made since 2002, four industries – finance and insurance, professional and business services, health and social assistance, and retail and wholesale trade – still generate more than three-quarters of the City's private sector payroll, accounting for approximately \$196 billion of the Citywide total of \$262 billion (see Chart 2).

To address these challenges, the Bloomberg Administration is making investments that will help the City's economy compete globally in the 21st Century and beyond. The City is working to bolster its standing – and create good middle-class jobs – across a number of industries. In addition to supporting entrepreneurship throughout the five boroughs generally, the City is focusing its efforts on fields in which it has particular competitive advantages, including bioscience, fashion, financial services, green, manufacturing/distribution, media/technology, non-profit, and tourism.



Source: New York State Department of Labor, May 2009



Source: New York State Department of Labor, 2007

OUR APPROACH

The City's diversification strategy has involved in-depth study of various sectors to understand the City's strengths – and challenges – in these sectors. This, in turn, has enabled the Bloomberg Administration to outline a vision for each industry's future and implement a set of actionable initiatives. Each step of this strategy includes the participation of key stakeholders in the private sector. This collaborative approach will position the City as a vibrant, global leader for the future, while simultaneously generating good jobs for tens of thousands of New Yorkers in all five boroughs.

We have focused our efforts on eight industries that we believe have significant growth potential for the City. Here is a brief look at the City's efforts in each field:



BIOSCIENCE

Overview: The City boasts a large concentration of scientific talent, with nine academic medical institutions – the most in the United States. Additionally, the metropolitan area is home to the nation's largest population of bioscience employees – more than 110,000.

Challenges: Despite these assets, the City lacks the commercial lab space to retain the 20 to 30 new bioscience companies that start here annually. The City also needs to redouble its efforts to capitalize more effectively on the 6,800 life science patents generated over the past decade in the City and the thousands more to come.

Solutions: The City has major commercial lab development projects underway which, when completed, will result in a thousand percent increase in commercial lab space available in the City. These projects include the East River Science Park, which will eventually become a one-million square foot state-of-the-art facility on Manhattan's East Side, and BioBAT, which will eventually offer 500,000 square feet of lower-cost lab space at the Brooklyn Army Terminal. BioBAT welcomed its first major tenant, the International AIDS Vaccine Initiative, in November 2008.



FASHION

Overview: Over nine hundred fashion companies are headquartered in the City – more than double the number in Paris – supporting 175,000 jobs, \$1.6 billion in annual tax revenue, and \$10 billion in annual wages. More than half a million buyers and fashion event attendees visit New York City annually.

Challenges: Despite New York City's prominence as a leading wholesale marketplace, its position has been challenged by the rise of apparel trade shows in other cities. Lack of advanced scheduling of "Market Weeks," poor customer access to trade show information, and inconvenient transportation options to and from showrooms and trade show venues have been cited by industry leaders as particular areas where improvement is needed.

Solutions: The City has introduced several initiatives to help foster growth within the wholesale sector, including the launch of NYCFashionInfo (accessible at nyc.gov), the first ever online directory of the City's more than 5,000 showrooms; and Citywide wholesale events, known as "Fashion Market Weeks," to facilitate a better wholesale buying experience in the City. Additionally, the City helped relocate the bi-annual Fashion Week to Lincoln Center to accommodate future growth and continues to work with stakeholders to ensure the Garment Center remains a vital core district for the fashion industry, supporting wholesale, manufacturing, and design jobs for middle-class New Yorkers.



FINANCIAL SERVICES

Overview: New York City remains a preeminent global financial capital, with more than 320,000 financial service workers; four major stock, commodities, and futures exchanges; and over 200 banks from more than 40 countries. 50% of the world's equity trading flows through the City on a daily basis.

Challenges: The latest downturn in the financial services sector produced three significant challenges for the City: it placed the City's financial services network under stress; it acutely affected the City's strongest sub-sector, capital markets; and it led to massive lay-offs in the industry, which could result in talent leaving the City.

Solutions: The Bloomberg Administration released a set of initiatives in February 2009 to strengthen the City's standing as a financial capital; grow sectors in which the City has traditionally been underrepresented, like venture capital; and retain talent in the City by encouraging entrepreneurship through job training programs. The set of initiatives is expected to generate 25,000 jobs over the next ten years.



GREEN

Overview: The City's dense urban environment, mass transit system, and extensive parks network make it one of the most sustainable cities in the world. This provides the City with a unique opportunity to capture growth in the emerging green industry and create jobs for middle-class New Yorkers in fields like green building design and construction.

Challenges: Employment in the green sector is growing nationally, but the City faces competition from other cities in capturing these new jobs. Additionally, the City is underrepresented in the number of green start-up companies operating here and faces challenges in capitalizing on new energy technologies.

Solutions: The City is working to create more middle-class jobs in the green sector by, among other things, implementing sustainability initiatives, like the "Greener, Greater Buildings Plan," announced by the Bloomberg Administration and the City Council on Earth Day 2009. The plan is designed to reduce the City's energy usage and save consumers money, while simultaneously creating thousands of well-paying green jobs. Furthermore, in order to ensure that New Yorkers are well-trained for these jobs, the City will provide workforce training in green sub-sectors such as renewable energy and carbon finance.



MANUFACTURING/DISTRIBUTION

Overview: The City is home to more than 10,000 manufacturing and industrial firms, which together employ nearly half a million people. Companies are attracted to the City because of its location at the heart of the nation's largest metropolitan region and its talented workforce.

Challenges: The City's manufacturers and distributors are under increasing pressure as they are forced to compete in a globalized marketplace. Manufacturing companies that choose to locate in New York City face a number of challenges, including access to financing and finding appropriate real estate.

Solutions: Projects are underway to support this industry, including significant investment in the more than 14 million square feet of City-owned and managed industrial space. Initiatives include developing a sustainable waterfront district in Brooklyn's Sunset Park, which has already been tapped as the home of a modern recycling plant at the South Brooklyn Marine Terminal; increasing capacity at the New York Container Terminal on Staten Island; and making tens of millions of dollars of infrastructure improvements at the Hunts Point Food Distribution Center in the Bronx. Industrial companies can also access the New York City Industrial Business Solutions web site (accessible at nyc.gov) for hiring support, business training, and information about financing assistance, such as triple tax-exempt bond financing and tax exemptions and/or deferrals available through the New York City Industrial Development Agency (NYCIDA). Since January 1, 2002, NYCIDA has closed 140 manufacturing and industrial transactions, leveraging \$966 million in private investment and creating or retaining more than 15,000 jobs in all five boroughs.



MEDIA/TECHNOLOGY

Overview: Media companies headquartered in the City generate approximately half the nation's revenue in magazines, books, and broadcast television and a quarter of the nation's revenue in newspapers and cable television. The City's media industry employs more than 300,000 people, with small to medium-sized media companies of less than 500 employees accounting for nearly one-half of the media jobs in the City.

Challenges: The City's media companies are under threat due to new technologies. Additionally, despite the significant number of media start-ups and rich talent pool located here, the City lacks depth within some of the industry's sub-sectors – such as gaming and social networking – that are expected to see significant growth.

Solutions: The Bloomberg Administration released a set of initiatives in July 2009 to encourage further innovation and collaboration in the media industry; attract top talent to the City; recruit leading foreign media companies; and help New York City-based companies expand abroad. The initiatives are expected to create or retain 6,000 to 8,000 jobs by the year 2020.



NON-PROFIT

Overview: The City is home to more than 40,000 cultural, health, and social service non-profit organizations. In the education sector alone, the City boasts more academic institutions than any other city in the country – 110 – attracting a student population of 500,000, or almost as many people as the entire population of Boston.

Challenges: The financial downturn has hit the non-profit and arts sectors particularly hard, negatively affecting revenues and endowments. Many of the City's institutions also depend on contributions from the private sector, which have also declined.

Solutions: The Bloomberg Administration outlined initiatives in April 2009 to help the City's non-profit organizations survive the economic downturn. One strategy is to reform City processes like contracting and procurement to make it easier for non-profits to do business with the City. Another program increases the City's pool of interest-free bridge loans available to non-profits by 150%. The City is also helping non-profit groups strengthen their management through an initiative called "Greater New York," which pairs private sector executives with their counterparts in non-profits to help these institutions address some of their greatest business challenges.



TOURISM

Overview: More than 47 million tourists visited the City last year, making it the #1 tourist destination in the United States for the second year running. The City's tourism industry supports over 350,000 jobs and generates \$17 billion in wages.

Challenges: The financial downturn has affected all sectors of the tourism industry, with hotels cutting rates and restaurants and retailers experiencing lower sales revenue.

Solutions: The City partnered with Google, Travelocity, and various media outlets to launch an official visitor information center in Midtown along with a website that provides event listings. These efforts supplement existing partnerships and visitor centers in Harlem and Lower Manhattan. The City has also completed the expansion of its overseas visitors bureaus and continues to promote the City's unique attractions and accessibility throughout the nation with initiatives like "Restaurant Week" and the "Nine in '09" campaign, which promotes the City's culturally-diverse neighborhoods. In the cruise industry, the City has secured port calls by new cruise lines and ships. These efforts will bring tens of thousands of additional passengers to the Brooklyn and Manhattan Cruise Terminals in the coming years.

In addition to its industry-specific initiatives, the Bloomberg Administration is working hard to promote entrepreneurship more generally, understanding that doing so fosters new ideas that will keep the City competitive for decades to come.



ENTREPRENEURSHIP

Overview: The five boroughs are home to approximately 225,000 small businesses, which employ 1.5 million New Yorkers – approximately half of the City's private sector workforce.

Challenges: The cost of doing business – coupled with high real estate prices – in the City presents a significant challenge to business owners. Start-up companies often have trouble accessing financing, as well as information about networking events and marketing opportunities in the entrepreneurial community. For example, while the New York metropolitan area attracted approximately \$1.7 billion in venture capital investment in 2007, it still lags significantly behind the Silicon Valley and New England regions.

Solutions: The Bloomberg Administration has introduced a number of initiatives to help entrepreneurs, including the formation of an early stage funding program to increase angel investment in the City by 25%; the launch of training programs which target potential and existing business owners; and the creation of incubator spaces that provide start-up companies with discounted office space and administrative support. Furthermore, the City is working to create an online database that will connect the entrepreneurial and venture capital communities. This past year, the City also supported successful tax reform legislation that will eliminate or reduce the unincorporated business tax liability for approximately 17,000 small businesses.