

NED expansion remains solid but continues to lag the U.S.

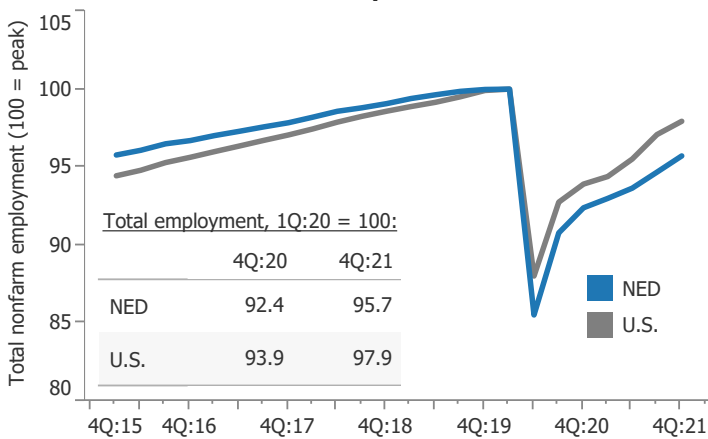
• **The U.S. and Northeastern District (NED) economies continue to recover although NED employment remains further from its pre-pandemic peak.** See Figure 1. Since bottoming in April of 2020, the U.S. has regained 87 percent of jobs lost due to the pandemic, while the NED has recouped an estimated 77 percent. Despite the Omicron surge, which kept workers and shoppers at home in January, job growth remains strong. The U.S. is expected to return to full employment toward the end of the year and the NED shortly thereafter.

• **Many consumer facing industries led job growth over the past year.** NED leisure & hospitality jobs leapt 19 percent but employment in the sector remains below its 1Q:20 high. By contrast, industries such as information and business services are close to regaining their pre-COVID levels. See Figure 2. Non-manufacturing sectors experienced big job losses in 2020 as pandemic restrictions depressed consumer spending on services. But, households may be starting to pivot as spending on services has outstripped that of goods over the past six months.

• **States in the northern NED experienced steeper contractions than those in the southern half due in part to more severe lockdown restrictions.** As a result, southern NED states are closer to regaining pre-pandemic employment levels, although in percentage terms the rebound in the northern half has been stronger (16.4 percent vs. 12.3 percent in the southern NED). See Figure 3. Businesses in the northern half are having more difficulty finding workers than in the southern half despite those states having high jobless rates.

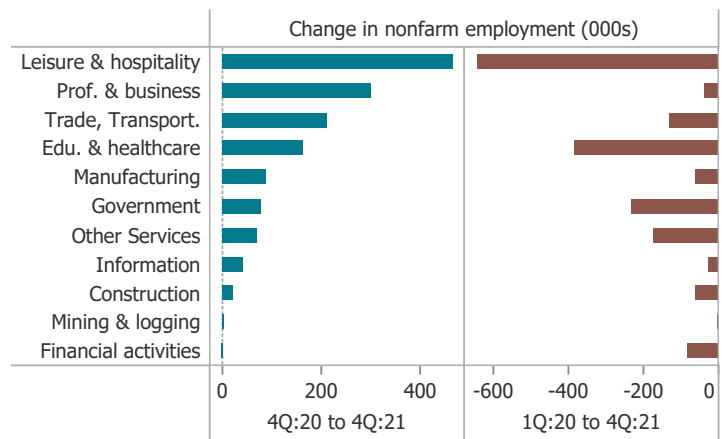
• **Metros in the northern half continued to underperform those in the southern NED.** Employment in NYC, a key driver of the northern NED economy, is still 7.4 percent below its 1Q:20 peak. The metro's critical financial sector has barely started to recover lost jobs. And jobs in the leisure and retail industries, which make up 18 percent of total NYC employment, are well below peak levels. By contrast, job totals are already above pre-pandemic highs in Greenville and Raleigh NC, Spartanburg SC, and Staunton and Winchester VA. See Figure 4.

Figure 1: NED economy is rebounding but continues to underperform the U.S.



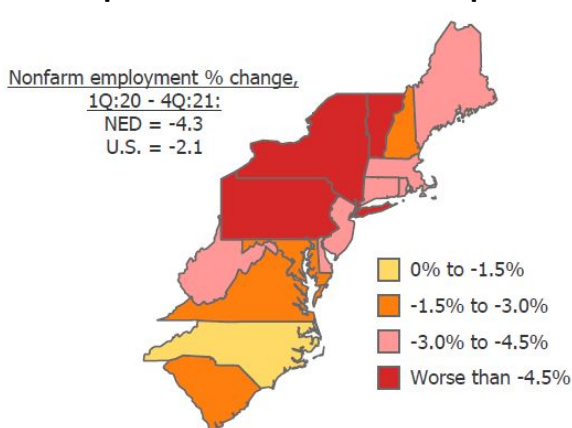
Source: BLS (data through December 2021)

Figure 2: Some of the hardest hit sectors are recovering rapidly but employment remains well below peak levels



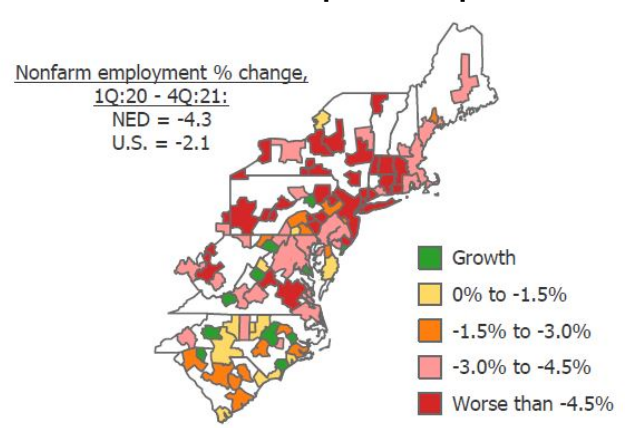
Source: BLS (data through December 2021)

Figure 3: Southern NED states continue to outperform those in the Northern portion



Source: BLS (data through December 2021)

Figure 4: Job levels in many Southern NED metros are close to or above pre-COVID peaks



Source: BLS (data through December 2021)