



BOUNCING BACK

New York is one of those indefatigable cities – it takes a hit and bounces back time and again. 2013 may be its biggest rebound yet

NEW YORK, NEW YORK. THE BIG APPLE. THE CITY OF dreams. The city that never sleeps. The city so nice, they named it twice. The city of far too many monikers. No matter who you are or where you are from, this is a city that grabs you in a big bear hug and takes you off to teach you about the world. Although lately the city has had to learn a few hard lessons itself.

New York State has not had an easy ride recently, in line with the situation in the rest of the country. According to the US Fiscal Policy Institute, the global recession, which true to its title has impacted most developed economies in the world, has been followed by the weakest recovery since the 1930s. Despite New York State showing some economic improvement, the Institute predicts: “moderate growth, prolonged high unemployment, and a continued squeeze on lower- and middle-income New Yorkers”.

New York City has fared slightly better. The impact of the global financial crisis is still being felt but the cycle of recession and recovery has been far less pronounced, a testament in part to the indomitable spirit of the city and its people, as well as the city’s diverse industry base. Wall Street may still be a long way from recovery, but the rest of the city was inching its way closer to some form of stability... until Hurricane Sandy.

In late October, the storm shut down the city and caused somewhere between US\$10 – 20 billion worth of damage, according to Eqecat, which provides loss estimates to the insurance industry (although many estimates are higher). It then blew out of town, leaving the city that never sleeps

with a nightmare. The magnitude of this disaster can be seen in the closure of the US stock exchanges – it was the first time in 27 years that bad weather forced a market shutdown.

Despite the drenching and damage, economists surveying the aftermath of the storm say there may be little, if any, impact on the nation’s economy overall. Some of the costs from the hurricane will be paid by insurers and the government’s national flood insurance programme, and other costs will be offset with rebuilding and recovery efforts. There will be winners and losers – fishermen suffer, plumbers prosper.

Economic growth dipped at the end of last year but it is predicted that the reconstruction work in progress now will add as much as half a point to growth in the first quarter this year. The stimulus provided by insurance claim payments and government funds is likely to boost the economy on an ongoing basis for anywhere from eighteen months to three years. Many whisper that the ripple effects could actually leave New York City further ahead than before the storm.

Bloomberg is predicting that the US economy will grow by 3.0 percent in 2013. Factor in the Sandy effect and those in the know are adding 0.4 percent. This could be the most positive impact on growth since the financial crisis started and it may roll into 2014 and beyond.

As many as 30,000 new construction jobs are in the works for 2013, a large portion in the north-east to cater to New York. But while the construction industry may be rubbing its collective hands together in anticipation, Wall Street is still limping. This richest of New York industries has regained less than a third of the jobs that melted into the ether courtesy of the financial crisis.

To his credit, New York City Mayor Michael Bloomberg laboured to diversify the city’s economy before reconstruction took up all of his waking thoughts, and the fruit of his labour was being seen in a sharp increase in tourism, and in the technology companies taking seed. With any luck these beginnings will resume with airline flights.

New York City, and the US as a whole, still has a long way to go before the economy can be called stable. But a city like New York will not stay down. The economy may slow but the city will bounce back with attitude: it always does. In line with New York Fashion Week predictions, it will probably be wearing sassy graphic panels and go-faster stripes screaming “look at me” when it does. ☺

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