CED Report Outlines Plan to Accelerate NYC’s Growing Sectors to Build a Resilient, Future-Focused Economy

New York, NY, August 17, 2021... New York City is at a political and economic inflection point. New Yorkers are returning to the Big Apple, eager to restore the metropolis back to its international status as an economic and cultural giant. But the COVID-19 pandemic not only accelerated a major shift in how New Yorkers work, but also where New Yorkers will work, and which industries will pave the way for a new era of economic growth. To help business leaders and policymakers seize this transformational moment and capitalize on NYC’s rapidly growing sectors—primarily, health care and tech—the Committee for Economic Development of The Conference Board (CED) has issued a new report, New York City: Rebuilding a Future-Focused Economy.

As detailed in the report – the latest in a series of Solutions Briefs on Sustaining Capitalism – rising demand for groundbreaking health care solutions and the expanding integration of technology into the economy has contributed to significant growth in the city’s health care and tech sectors. An early epicenter of the COVID-19 pandemic, the city’s health care systems were forced to respond to the coronavirus early on, resulting in major scientific breakthroughs and new ways to deliver essential services. And while office buildings and tourist-laden establishments shuttered their doors at the pandemic’s outset, big tech companies, including Apple, Google, Amazon, and Facebook, increasingly moved in. By focusing on these promising industries, New York City can catapult to greater economic success.

“At the height of the pandemic, New York City’s technology and health care sectors were busy innovating and responding to the urgent needs in the region. A renewed focus on these transformative industries is exactly what the city needs as it rebuilds a more resilient, future-focused economy,” said Lori Esposito Murray, President of CED. “New York City is at a crossroads. Its reputation as a beacon for financial capital has long captured the respect of the world, yet maintaining the city’s status as a magnet of innovation and opportunity will require the public and the private sector partnering to implement strategies for developing new ideas, encouraging growth industries, and preparing a skilled workforce to compete on the international stage.”

Key takeaways from the new Solutions Brief include:

The postpandemic recovery in the NY metro area continues to lag recovery in other parts of the country.

- NYC lost almost 900,000 jobs during the initial months of the pandemic, recovering just over half of those positions by June 2021. Unemployment rates in New York City are higher than those in the surrounding New York metro area – and the jobs recovery continues to lag other major US cities.
The information and health care industries are recovering faster than finance & insurance and real estate; leisure & hospitality remains hardest hit.

- Disparities in the overall economic impact of the COVID-19 recovery also appear at the industry level. The information and health care industries are recovering faster than the traditional strongholds of finance and real estate. Leisure & hospitality employment, which fell by nearly two-thirds at the pandemic’s outset, remains the hardest hit.
Prepandemic, information and health care were driving NYC’s economic growth, while finance & insurance and real estate were a drag.

- Weakness in the real estate and insurance & finance sectors predate the pandemic, but each continues to struggle in COVID’s aftermath. Meanwhile, the information technology and health care sectors are riding an upward swing. These unbalanced trends indicate major shifts in the city’s industrial makeup that will drive NYC’s future commercial endeavors.

Key recommendations from the new Solutions Brief include:

In its new Solutions Brief, CED offers four recommendations through which policymakers and business leaders can revitalize the city’s economy into a leading powerhouse of jobs and innovation in the postpandemic global economy. They include:

- **Invest in a life sciences ecosystem and promote NYC as a bioinnovation hub:** Policymakers, business leaders, and academics should leverage the momentum of the pandemic response and partner to expand the city’s research capabilities, drive innovation, and commercialize innovative ideas that can generate new firms and job opportunities. Public-private partnerships should develop biotech incubation support centers for burgeoning start-ups, incentivize companies whose research is developed at local universities and research hospitals to remain local, and address supply chain challenges that can slow advances in the industry.
• **Establish a world-class and equitable public health delivery system**: NYC is home to top-ranked hospitals and research centers. These assets should be used to strengthen its nationally competitive health care system to serve more people across the country while ensuring quality health care for all New Yorkers. Public-private partnerships should be created to promote cutting-edge medical research and improve delivery by investing in health infrastructure; attracting and developing top medical workers across the caregiver spectrum who represent the communities they serve; and promoting the expansion of 5G to improve care, facilitate medical innovations, and expand reach to traditionally underserved communities.

• **Expand and improve a tech skills-building ecosystem for an inclusive workforce**: Starting in K-12 schools and expanding through postsecondary education, leaders should collaborate to grow and diversify talent pipelines that include support of underrepresented or otherwise vulnerable groups, such as those economically undermined by COVID-19. Actionable steps include partnering with high schools to provide teens with opportunities to gain workplace skills for academic credit; and working with community colleges and private training providers to develop stackable, short-term training opportunities that provide market-ready skills.

• **Promote and invest in NYC as an inclusive regional tech hub**: Ensuring that NYC’s economy comes back even stronger than before relies on bolstering the city’s tech sector. Policymakers and business leaders should leverage NYC’s potential to catch up with Silicon Valley and other top tech hubs, while advancing economic inclusion by creating start-up supports that provide more equitable access to capital and markets, and focusing on investing in areas within the five boroughs that have traditionally been left behind during past economic revivals.


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