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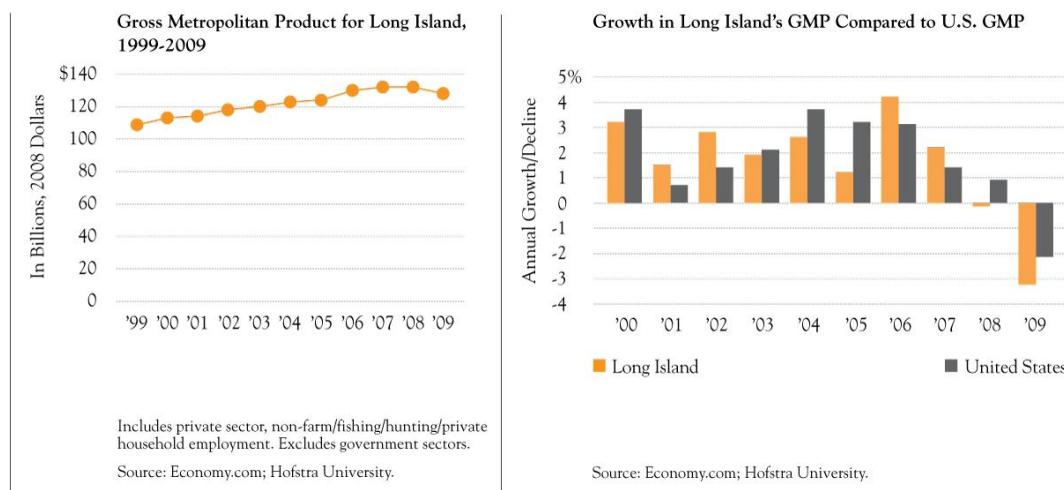
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Economy

Gross Domestic Product / Gross Metropolitan Product

Long Island's economic trend reflects the national recession.



Why is this important?

The Gross Domestic Product (GDP) is a measure of the extent of economic activity within a defined geographical region or within a sector of a defined economic region. When referencing a defined metropolitan area it is sometimes referred to as the Gross Metropolitan Product (GMP). Essentially the GDP/GMP measures the economic output of a region and can be used to compare overall economic activities across regions, or the contributions of various sectors.

How are we doing?

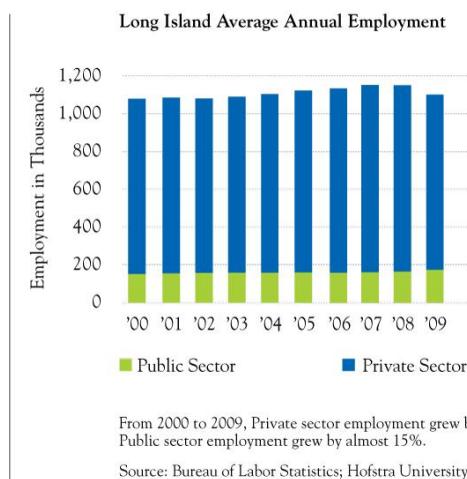
In 2009, the total private sector GDP for Long Island was about \$128 billion in 2008 dollars, down from about \$132 billion in 2008 (a decline of 3.2%). Overall, Long Island's private sector of the economy grew by 17% from 1999 to 2009. However, there was greater growth earlier in the period, slower growth more recently, and stagnation and decline most recently. There was almost no change between 2007 and 2008 (contraction of .1%), prior to the substantial decline between 2008 and 2009.

Comparisons with the US economy as a whole indicates that the national economy grew slightly more between 2000 and 2009 (15.2%) compared to Long Island (13.6%). In 2008 the Long Island economy was stagnant while the nation's economy experienced almost 1% growth. In 2009, the U.S. economy contracted less than did our local economy (-2.1% versus -3.2%).



Employment Trends

Employment grew slightly until 2008 but declined in 2009.



Why is this important?

Job gains or losses measure regional economic vitality. This chart shows annual average private non-farm employment, government and military and total employment on Long Island during the past ten years.

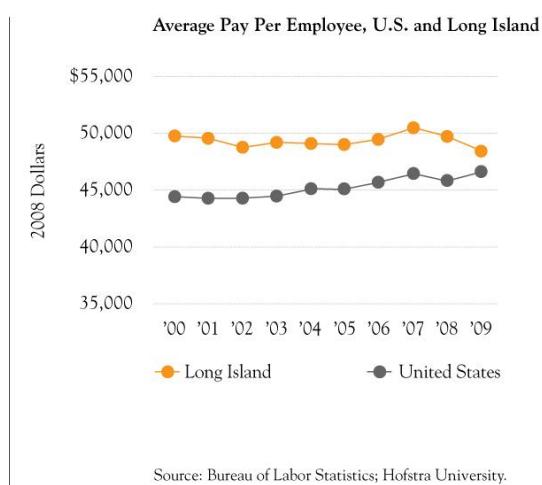
How are we doing?

Long Island's overall private sector showed almost no growth between 2000 and 2009. Between 2000 and 2007, the private sector gained about 63,000 jobs (6.8% growth). More recently, between 2007 and 2009, private sector employment lost about 62,000 jobs (6.25% decline).



Growth in Wages over the Past 10 Years

Long Island wages have been declining while US wages rose.



Why is this important?

Average pay per employee is a basic measure of the economy's health. Increasing or decreasing inflation-adjusted pay per employee reflects the relative economic vitality of Long Island. It does not, however, assess whether the returns of economic activity are being distributed equally throughout the workforce.

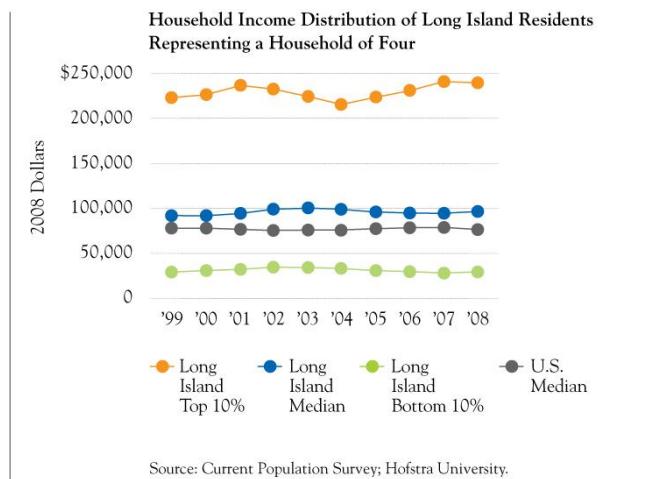
How are we doing?

Average pay per employee on Long Island decreased by 2.6% from 2000 to 2009 compared to the US which rose 4.9%. Between 2007 and 2009 Long Island wages per employee actually fell 4%, while the U.S. figures were stable. In constant 2008 dollars, average pay per employee was \$1,285 lower in 2009 than it was in 2000.



Household Income Distribution

Recently median household income has declined steadily but risen for the top 10% and dropped significantly for the bottom 10%.



Why is this important?

This measure shows how Long Island's standard of living among households at different income levels has changed from year to year. It tracks the income of a representative four-person household. The chart plots the family-of-four household income of the top 10%, the median and the bottom 10% of the income distribution. Household income includes income from wages, investments, Social Security and welfare payments for all people residing in a household.

How are we doing?

Looking at the long-term trend from 1999 to 2008:

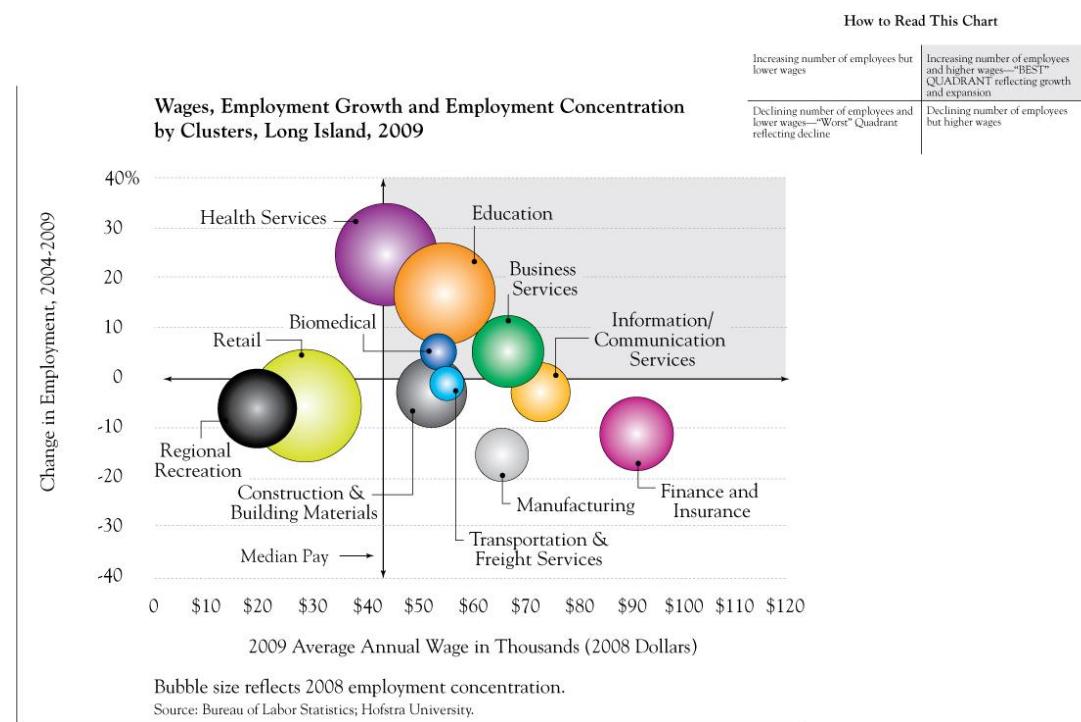
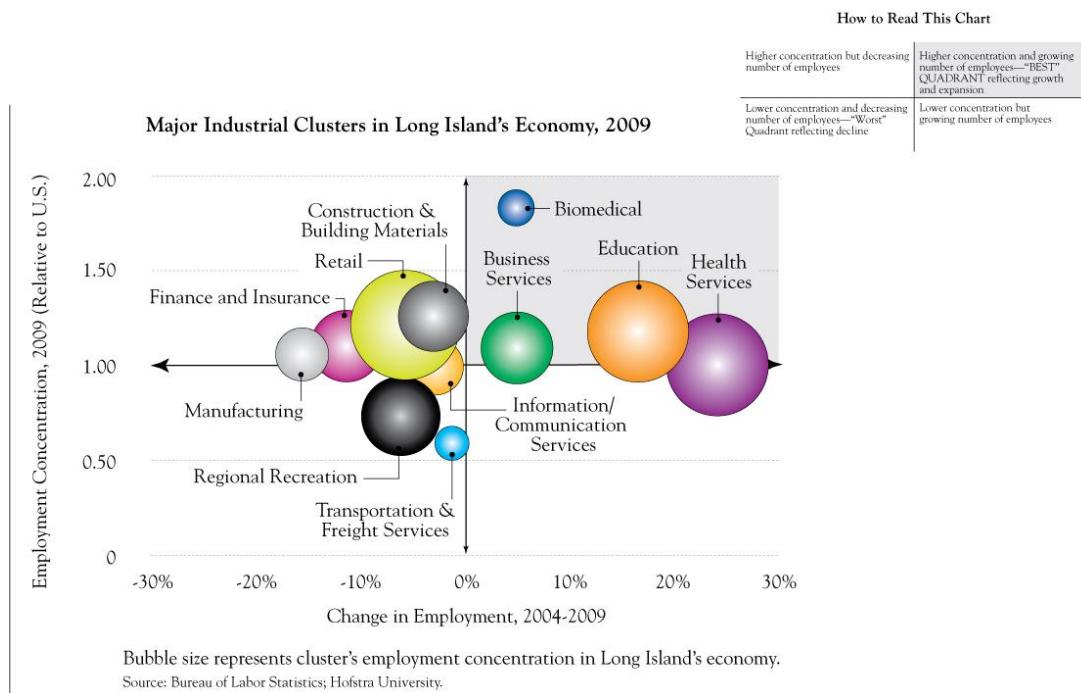
- Real incomes for households in the bottom 10% were stagnant.
- Real incomes for households at the top 10% rose by 7.5%
- Median household income rose 5%

More recently, since 2003, median household income has declined relatively steadily (4% decline). During that same period, household income for the top 10% increased by almost 7% while the income for the bottom 10% fell by about 14%. These patterns indicate a widening of income inequality on Long Island and an increased economic burden on those Long Island households least able to afford it.



Industry Clusters

Retail, which pays below-average wages, continues to be Long Island's the most concentrated industrial sector. Health Services and Education, which pay near-average wages, are the sectors with the greatest employment growth.



Why is this important?

Long Island's industry clusters make up approximately 70% of Long Island's employment base. An industry cluster is a geographic concentration of interdependent firms in related industries and includes a significant number of companies that sell their products and services outside the region.

The first bubble chart illustrates three key dimensions of Long Island's industry cluster:

- The cluster's employment concentration relative to the nation (vertical axis).
 - Employment concentration measures the percentage of employment on Long Island compared to the same cluster, nationally.
 - A concentration greater than one indicates that Long Island has relatively more employment in that sector as compared to the national economy as a whole.
- Change in employment from 2004 to 2009 (horizontal axis)
- Concentration in 2009 (size of circle). Concentration shows the size of the cluster relative to the LI economy as a whole.

The second bubble chart illustrates key dimensions of Long Island's industry clusters in relationship to wages and employment growth from 2004 to 2009.

On each chart, the upper right hand quadrant represents those clusters with the most positive indicators in concentration and employment (first chart) or employment and wages (second chart).

How are we doing?

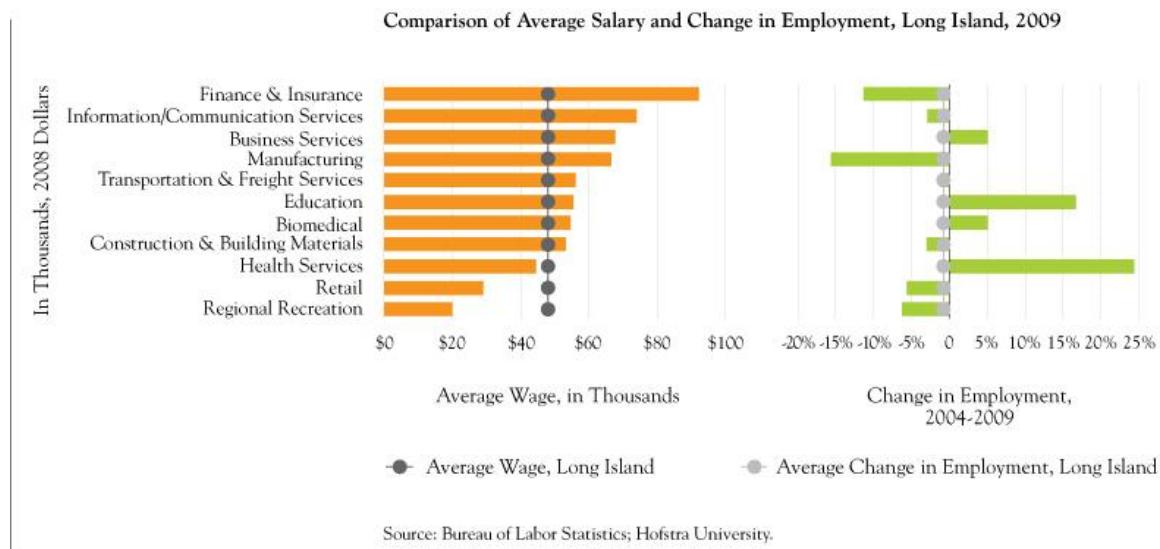
Reading the two charts in relationship to each other, a critically important trend becomes apparent. Overall, employment in these strategic clusters is slightly declining. This reflects the recent economic recession. Employment opportunities tend to be increasing in sectors of the economy that pay wages close to or somewhat below the median, and declining in those sectors that generally offer higher wages and salaries, but also in the low-wage sectors of retail and recreation.

- The first chart shows that the most concentrated cluster relative to the U.S. economy is Biomedical. The least concentrated cluster is "Transportation and Freight Services." The second chart indicates that these two clusters are close to the median wage divide.
- Retail is the largest cluster on Long Island with employment with the highest number of employees of any cluster although it has contracted 6% in the past six years.
- The clusters experiencing the greatest employment growth have been Education (17% in past six years) and Health Services (24%). Along with Retail, both are among the three most concentrated clusters (each representing about 12% of employment). The second chart indicates that Education and Health Services pay close to median level wages. Retail pays below the median.
- For Long Island, those clusters yielding the highest average pay tend to be both the smaller sectors and those that have experienced



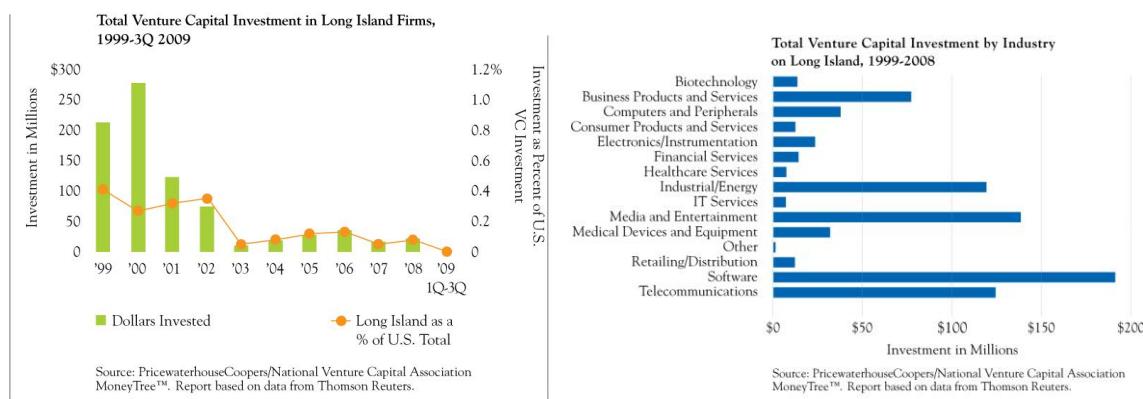
- Employment declines between 2004 and 2009. (Information and Communication Services fell 3%, Manufacturing fell 16%, Finance and Insurance fell 11%).

Another way to view this data is to compare the average growth in wages with the average change in employment. Again, we see that growth is occurring in those industries where salaries are near the average rather than in the higher paying clusters.



Venture Capital Financing

Long Island's venture capital investment continues to sink.



Why is this important?

New venture capital investment is an indicator of innovation and dynamism within the economy. Venture capitalists generally seek to invest in new enterprises that have a potential for strong growth. Typically, only firms with potential for exceptionally high rates of growth over a 5- to a 10-year period will attract venture capital. Thus, a high rate of venture capitalist investment suggests a changing and dynamic economy with relatively new enterprises entering the scene. A lower rate of venture capitalist investment suggests a less dynamic mix of economic enterprises in the regional economy.

How are we doing?

Long Island's share of venture capital funds has been steadily declining for the past four years. As a percentage of total venture capital investment in U.S. firms, we have hit rock bottom: 0% of the total \$12 billion invested across the country.

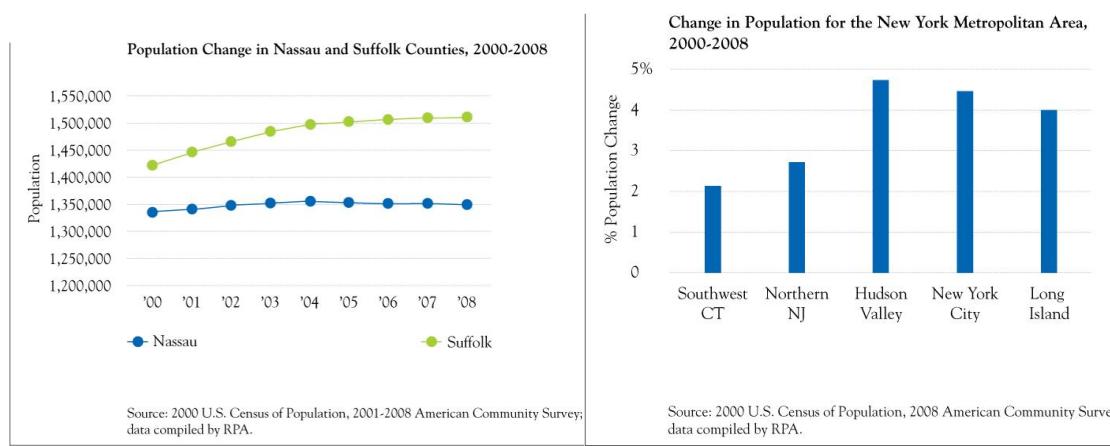
The four industries receiving the largest investments over the past ten years are Telecommunications, Industrial/Energy, Media and Entertainment, and Software.



Our Communities

Long Island's Changing Population

U.S. Census population estimates 2008 indicate that Long Island's population declined slightly between 2007 and 2008, following three years of slow growth.



Why is this important?

The level of population growth is a fundamental benchmark of how attractive Long Island is as a place to live. New residents require more housing and services, but can also add to the vibrancy of growing communities, increase sales for local businesses and provide additional tax revenues. Increasing diversity can provide a cultural richness that many people value, but can also add to social tensions. In addition, some economists have found that workforce diversity leads to a stronger regional economy.

How are we doing?

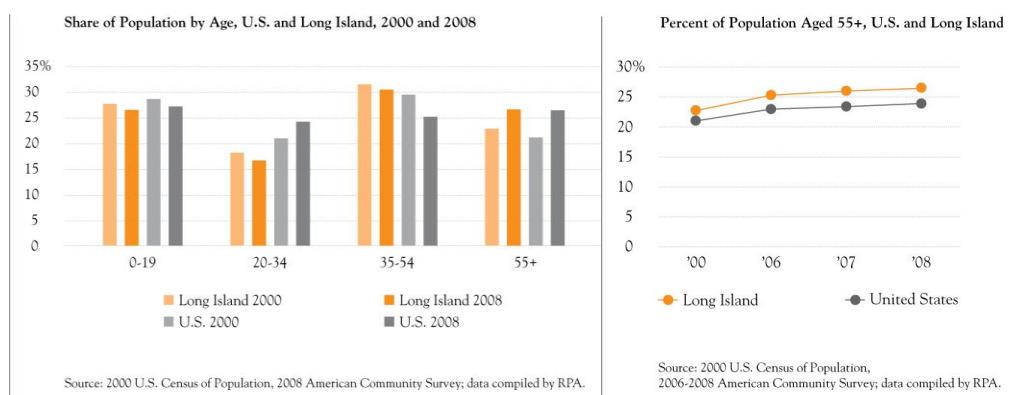
Population trends for 2008 are difficult to interpret for two reasons. First, it was a year of transition as Long Island and the rest of the metropolitan area caught up with recession that had already taken hold in the rest of the nation. Also, 2008 was the first year since Nassau and Suffolk counties successfully challenged the Census estimates for 2001-2007. Population numbers for those years were revised higher, so it is not clear how much of the change from 2007 to 2008 reflects a difference in methodology.

For the Island as a whole, population declined by less than a thousand persons in 2008. Nassau's population declined by an estimated 1,436 while Suffolk increased by 492. This continued a trend in which growth had slowed markedly in recent years. While population grew by an average of 24,000 per year from 2000-2004, it slowed to an average of 3,000 per year from 2004-2007.

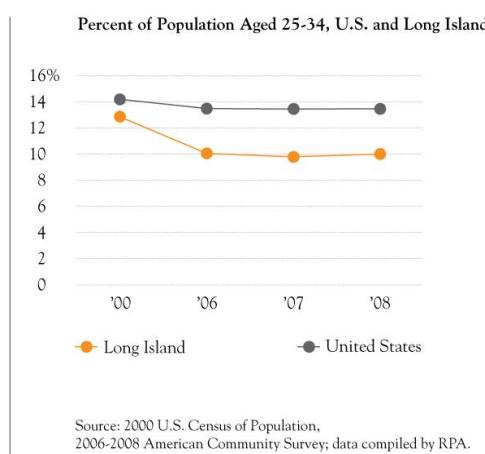


Compared to other parts of the tri-state metropolitan area, Long Island's population has grown faster than northern New Jersey and southwestern Connecticut over the last 8 years. However, the Island's 4.0% growth was slightly less than the 4.4% growth in New York City and 4.7% in the Hudson Valley suburbs north of the city.

Age Distribution



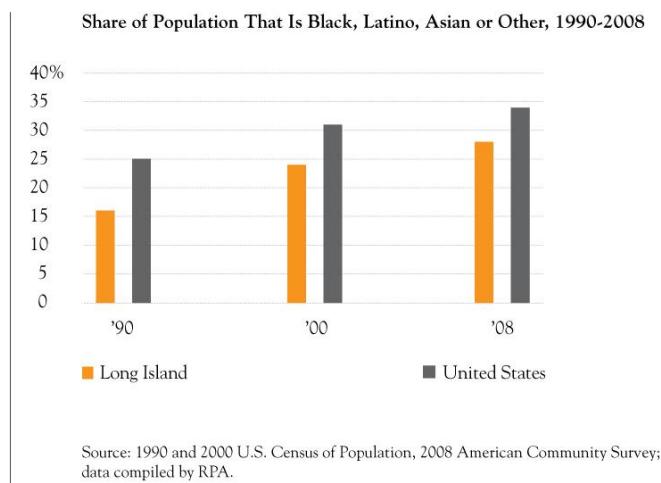
The aging of Long Island's population continued in 2008, as persons aged 55 and older increased from 26.0% to 26.6%. By comparison, persons over 55 in the United States increased from 23.4% to 23.9%. Since 2000, Long Islanders in the age group grew by 21%, the fastest growth of any age group. This trend should continue in the future as the large Baby Boom population continues to age and as life expectancies continue to increase.



Young adults, those 25-34, increased slightly from 9.8% of Long Island's population in 2007 to 10.0% in 2008. This is the first time in at least 8 years that this percentage has not declined. From 2000-2008, those 25-34 declined from 12.8% to 10.0%. In the U.S., the share for this age group had a much smaller decline, from 14.2% to 13.5%. This age cohort should increase in future years due to an increase in birth rates following the 1974-1983 decade in which current 25-34 year-olds were born. However, whether this occurs, and to what degree, will depend on the availability of employment opportunities and suitable housing options for young adults beginning their careers and families.



Race and Ethnicity



Hispanics continued to increase as a share of Long Island's population in 2008. Hispanics increased from 12.9% of the population in 2007 to 13.3%, up from 10.3% in 2000. The share of African-Americans was stable at 8.8% in both 2007 and 2008, but an increase from 8.1% in 2000. The Asian share of the population declined slightly last year, but still increased from 3.5% in 2000 to 5.0% in 2008. The non-Hispanic white population declined from 76.4% to 71.1%. All of these are long-standing trends. One of the biggest unknowns moving forward is how changes in the global economy might affect future immigration.



Affordable Homes

We generate housing options that are affordable to people of all ages and income levels.

Housing affordability

Even though home sale prices have come down two years in a row (after stagnating in 2006 and 2007), housing cost burdens remain high. The incidence of foreclosures increased in the last year, and looks like it will likely continue its upward trajectory in 2010 and 2011. The number of homes sold this year will likely be less than half what it was in the first half of the decade.

Why is this important?

From one perspective, declining home sale prices on Long Island are welcome news after a very hot housing market for the better part of a decade. Yet the sudden drop in home values prevents many home owners from selling their homes; with increasing frequency, it has also forces many homeowners into foreclosure.

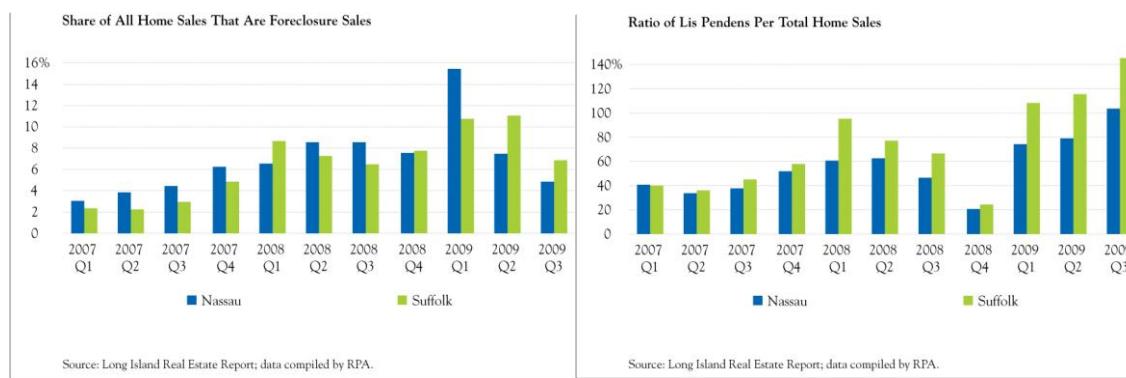
Foreclosure is a tragic event for any household, not only disrupting lives, but also often leading to damaged credit, bankruptcy and sometimes even homelessness. Empty, foreclosed homes also negatively affect their communities, and can depress the value of nearby homes.

In the early stages of the national foreclosure crisis, it was over-leveraged borrowers who succumbed to foreclosure. Today it appears that a growing number of foreclosures are happening to borrowers with good credit who have lost their jobs in the economic recession. Thus, foreclosure is affecting a greater range of homes in a greater range of communities.

How are we doing?

Following more than a decade of rapid growth, sales prices on Long Island have declined for two years in a row. Just as significantly, the number of homes sold this year was less than one half what it had been earlier this decade, affecting Long Island homeowners' ability to upsize, downsize or move out of the region (and preventing others from moving into Long Island).

Foreclosures



In the first quarter of 2009, one in eight homes sold on Long Island were foreclosure sales (15% in Nassau County, 11% in Suffolk). The number of foreclosure sales has been decreasing since, but

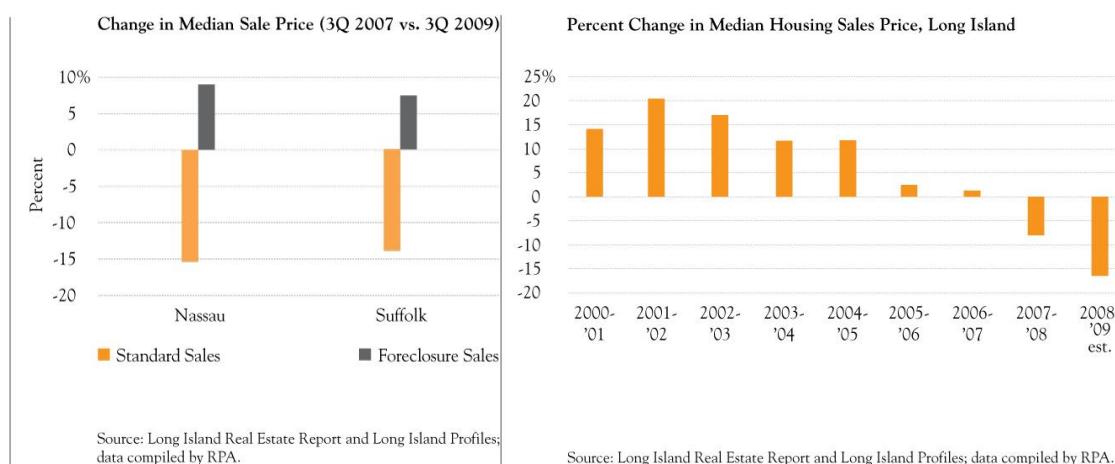


that decrease is most likely just temporary. An August 2008 law, meant to reduce foreclosures by encouraging lenders to renegotiate the terms of loans, caused a temporary dip – a 90-day delay, really – in the number of lis pendens filed at the end of 2008. Lis pendens, the first step of the year-long foreclosure process, quickly rebounded in early 2009, and so a surge in foreclosures can likely be expected in late 2010. (If there's any way this time delay can be graphically represented, that would be helpful.)

Notably, in the last two years when the value of homes has declined significantly, the median sale price of foreclosed homes has increased. This indicates that foreclosure is increasingly affecting a wider range of households, not only sub-prime borrowers who got in over their heads.

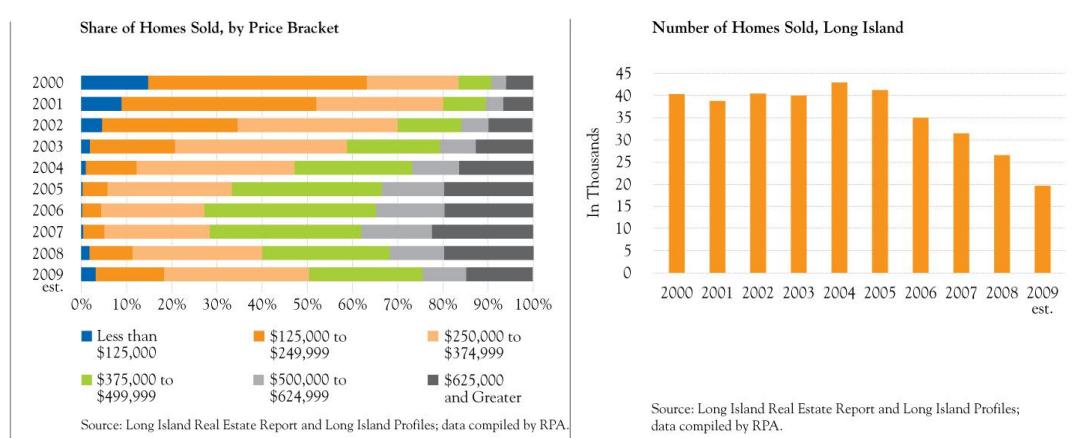
In Nassau County today the median sale price of foreclosed homes is the same as that of standard homes.

Home sales prices



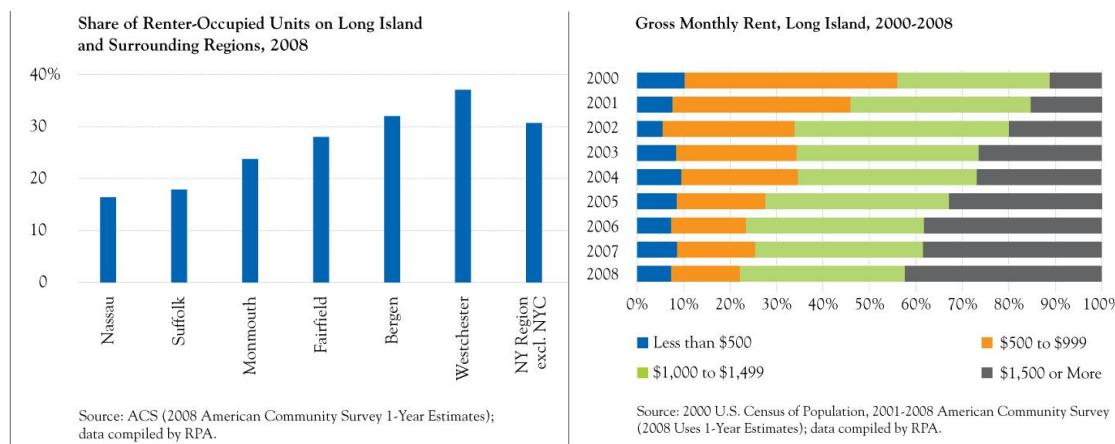
After two years of stagnation in 2006-07, home sale prices have decreased dramatically in the last two years. The median sales price of a home in the first half of 2009 was \$372,000, down from \$410,000 last year and a peak of \$445,000 in 2007.

Home sale prices are now at approximately 2004 levels.



Because of the difficulty of obtaining financing, and because people are not able to sell their homes for the price they need to pay off their existing mortgage, the number of homes sold on Long Island has dropped significantly in recent years. In 2009, the number of homes sold will likely be less than half of how many were sold in the first half of the decade. This means that many homeowners are unable to upgrade, downsize or move.

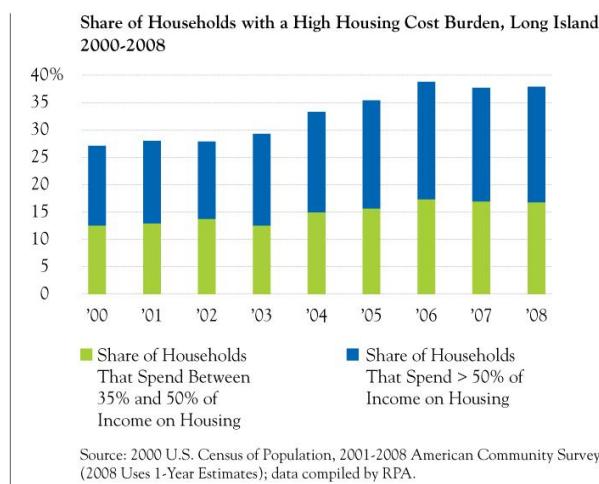
Rents



Rental units, whether single-family homes rented by the owner or apartments in multi-family buildings, constitute less than 1 in 5 homes on Long Island. The share of units that are rented in the New York region excluding New York City is almost twice Long Island's share.

Rents on Long Island have been stable for three years as a result of the overall cooling off of the real estate market. Rents are still expensive, however, with more than 4 in 10 rentals costing more than \$1,500 a month (only 12% of rentals were in that price range in 2000).

The burden of high housing costs

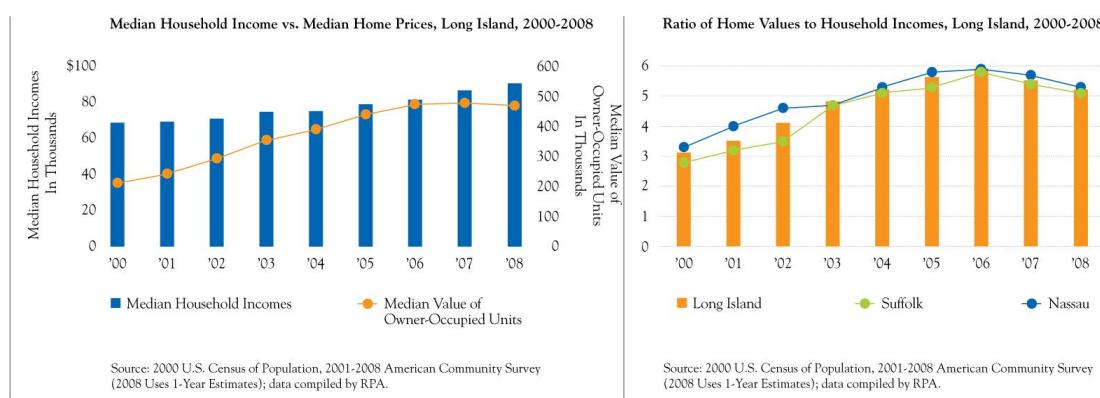


More than a third of all Long Islanders are burdened with high housing costs – that is, they spend more than 35% of their income on their housing. One in five residents, in fact, spend more than



half of their income on housing. That said, thanks to lower sales prices, lower rents and higher household incomes for the last two years, the share of households with high housing cost burdens has been stable since 2006. It is still significantly higher, however, than it was earlier in the decade.

Home values compared to household incomes

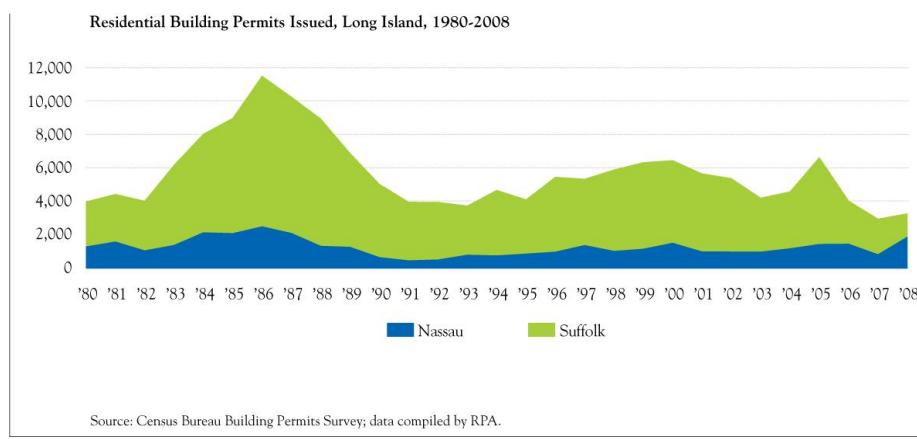


After years of escalation, home values on Long Island have remained stable two years in a row. The median value of a home, as measured in the Census, was \$469,000 in 2008.

Although median household income increased in 2008, incomes are sometimes lagging indicators in a recession. In other words, as job losses and wage declines in the country and on Long Island catch up with losses in the financial and housing markets, declines in household incomes may not appear until 2009.

Stabilized home values, along with rising household incomes, have improved the ratio of home value to income, but it is still much higher than it was earlier in the decade, and still more than twice the conventional rule of thumb, which is that a household's house value should be 2.5 times its income.

What's getting built?

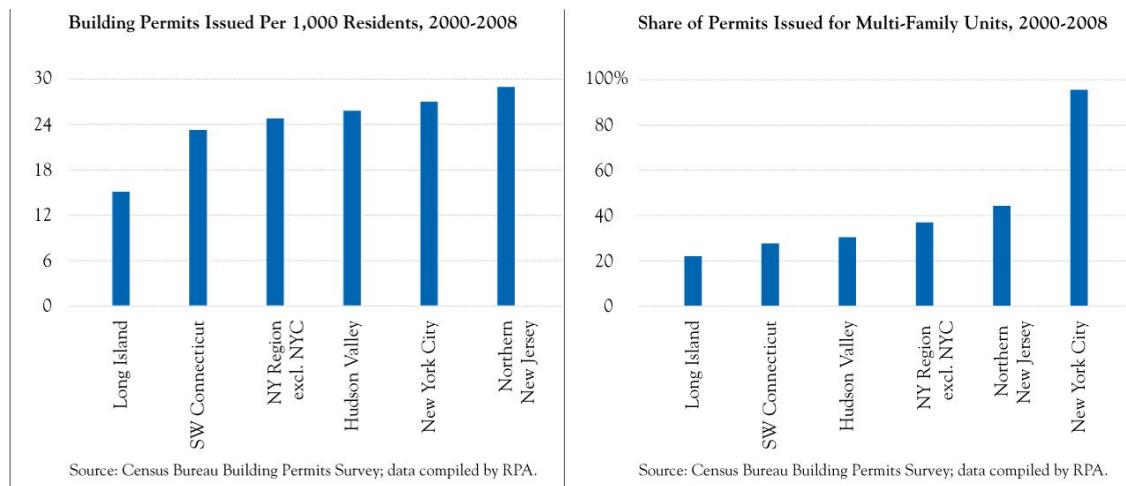


The number of building permits issued for new housing increased slightly, but continues to be the lowest in the region.



Much of Long Island was built up following World War II and both the shrinking availability of land for new residential subdivisions and the weakening housing market appear to have contributed to the decline.

Other parts of the region have been growing at a much more rapid pace than Long Island. In Northern and Central New Jersey, 29 building permits per 1,000 residents were issued in the last nine years. That number was 26 in the Hudson Valley, 23 in Southwest Connecticut, and only 15 on Long Island.



Long Island has also been producing significantly lower shares of multi-family units as it continued on its downward trajectory of building multi-family housing. About 22% of all building permits issued on Long Island since 2000 has been for multi-family units, compared with 37% in the region excluding New York City.

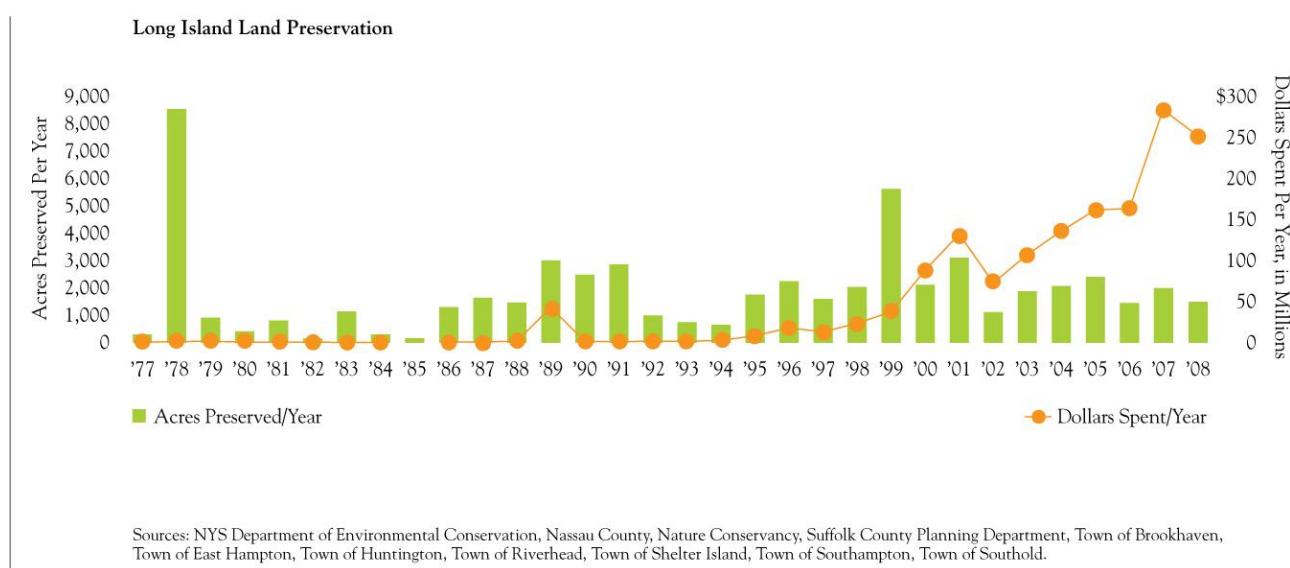
Many of the problems associated with housing on Long Island—including its high cost and lack of rental units—can be traced to low rates of housing production, and particularly low rates of multi-family units production.



Our Environment

Land Preservation

Despite high levels of spending, acres preserved total is lowest since 2002. Preservation goals are not likely to be met.



Why is this important?

Land preservation is important on Long Island for reasons both environmental and economic. Preserved lands protect the Island's drinking water, provide critical habitat for wildlife, ensure the viability of the Island's farming industry and maintain the strength of its tourism sector.

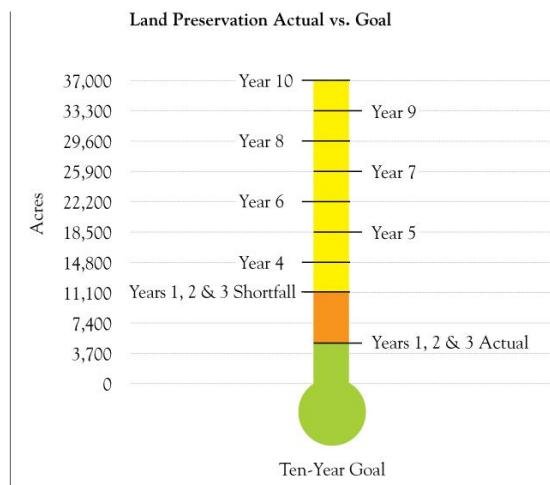
How are we doing?

Since 1997, New York State, both counties and numerous towns across the Island cumulatively expended over \$1.5 billion for the preservation of 58,987 of Long Island's approximately one million acres. With experts forecasting the Island's final build-out to take place within the next decade, the Department of Environmental Conservation's (DEC) 2006 plan calls for the additional preservation of 25,000 acres of environmentally significant open space and 12,000 acres of working farmland before that time. These goals would leave the Island with 92,147 acres of preserved land, just 1/10th of its total land mass, at the time of final build-out.

The \$251 million cumulatively spent on land preservation in 2008 was the second highest total to date, but resulted in the preservation of only 1,452 acres, the lowest number of acres preserved since 2002. Since 2006, Long Island has preserved only 4,909 of its 32,000 acre goal. At current



rates, it would take almost 20 years for the Island to meet its preservation goals. If final build-out does occur within the next decade, Long Island is on course to fall far short of its goal.



One reason for the difficulty in achieving the Island's preservation goals has been the tremendous escalation in the cost of land. Despite a slowdown in the real estate market, preservation entities paid, on average, approximately \$173,000 per acre in 2008. That represents a 21% increase over last year's prices and a staggering 316% increase over the \$41,579 spent per acre in 2000.



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Child Care Council of Suffolk	Town of Huntington
Collaborative Economics	Town of Huntington HART Bus Systems
Early Childhood Finance Project	Town of North Hempstead
Early Years Institute	Town of Oyster Bay
Eastern Suffolk BOCES	Town of Riverhead
Empire Justice Center	Town of Shelter Island
Fiscal Policy Institute	Town of Southampton
Health and Welfare Council of Long Island	Town of Southold
Hofstra University	Western Suffolk BOCES
Long Island Bus	
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Suffolk County Planning Department	
New York State Council on Children and Families	
Suffolk County Transit	
Sustainable Long Island	





“Working Together in New Ways for Long Island’s Future”

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