

October 26, 1998

**NOTE TO EDITORS**

The latest issue of the New York Fed's *Second District Highlights* -- *New York City's New-Media Boom: Real or Virtual?*--is enclosed for your review.

Author Jason Bram, an economist in the Bank's Domestic Research area, explains that "new media"--an industry broadly defined as the merging of computer and telecommunications technologies--has been portrayed as the New York City economy's new growth engine. New-media businesses, such as on-line magazine publishing, web-site design, and Internet advertising, have been cited as key contributors to city employment and earnings.

Despite New York City's reputation as a new-media hub, Bram argues that the industry's actual size and growth are open to debate. Accordingly, he investigates the extent to which a new-media boom is influencing the city economy by examining employment, earnings, and growth statistics from a local new-media association and the U.S. government.

Bram concludes that:

- New media has indeed been a strong contributor to New York City employment growth between 1995 and 1997.
- Despite new media's important contribution to the city economy, new media's share of that economy is not much different from the national average and is well below new media's share of the San Francisco area's economy.
- New York City's new-media growth is part of a national trend, rather than a local phenomenon--a finding that suggests that the city's reputation as a new-media hub is somewhat overstated.
- A good part of New York City's new-media activity is likely tied to the growing use of Internet technologies in the many traditional media industries there; however, these industries' new-media contributions to the city economy are not captured by the U.S. government data examined.

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