

Gloom and gloomier in 2009

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New York had a terrible year and next year looks worse.

Even a mayor who is running for re-election doesn't sugarcoat the economic problems the city is facing.

"We're going to have some very tough times ... the bad news is going to come and come at an ever-growing rate," Mayor Michael Bloomberg said earlier this week.

So much for hopes of a bright New Year. The problems are overwhelming as the city tries to make up for lost tax revenue from the collapse on Wall Street.

"New York is going to be late to the recession game, but it's definitely going to get hit hard," said Felix Salmon, a finance blogger and East Village resident. "We're an industry town and our main industry is at the center of this."

Here is a look at issues that are likely to weigh heavily on the economy next year:

Out of work in NYC

The city had been adding jobs until August, but since then 10,000 jobs have been lost. A report by the [Fiscal Policy Institute](#) predicts the

city will lose 10,000 jobs a month throughout 2009.

Wall Street

Many investors have been hoping the markets have reached bottom. One theory is that all the bad news has been priced into stocks, but Salmon warns that the markets are not "shock proof." Any new jolt could prompt another selloff.

City real estate woes

The retail vacancy rate could be as high as 15 percent by the end of the year as more stores shutter, according to some estimates. Housing prices are also likely to fall off this year.

Dollar drop?

The dollar is resurging, but some are betting against the greenback as the Fed prints money to pay for its big bail-out plan and the government takes on mountains of debt. Of course, predicting dollars is a risky game. No one thought we'd be dealing with the deflation we have now.

Bankruptcy

Private equity companies with too much debt may be forced to close if they can't access credit. A lot is riding on the Fed's ability to stimulate the economy in 2009.

The AP contributed to this report.



Lines of job seekers, like the one seen here at an IRS recruitment event, are expected to be more commonplace in 2009. (GETTY)

