

Wall Street Profits Nearly Doubled In First Half Of Year, Helping Fund Hamptons Home Purchases

Maura McDermott | Oct 22, 2020



Wall Street profits nearly doubled in the first half of the year, adding to state tax coffers and boosting the Hamptons housing market even as the pandemic took hold across the country.

The finance industry's pretax profits hit \$27.6 billion in the January-through-June period, up from \$15.1 billion in the same period last year — an 82% gain — and the highest since 2009, state Comptroller Thomas DiNapoli said Thursday. DiNapoli said the reasons for Wall Street's strength include the market activity spurred by \$2.4 trillion in federal stimulus funds, along with rock-bottom interest rates. Together, the stimulus and cheap loans led to a surge in securities offerings, including record levels of debt, he said.

In addition, he said, the market's dramatic swings drove up trading volume, which increased commissions and income. "Wall Street is there to make money, so even in times of dislocation, smart people on Wall Street can figure out how to benefit from that," DiNapoli said. But, he said, "we should not be lulled into a sense that that's sustainable. In fact, we need a broader economic recovery... we need continued support in terms of stimulus and relief from Washington."

One industry critic, Dennis Kelleher, president and CEO of Washington, D.C.-based nonprofit Better Markets, called for a one-time tax on certain profits related to the pandemic, which he said should be used to help "struggling Main Street families and businesses."

The government, Kelleher said, has "saved Wall Street and the already wealthy while tens of millions of Americans on Main Street suffer from an economic catastrophe."

Wall Street salaries, including bonuses, averaged \$406,854 last year, up 2% from a year before and five times greater than the city's average private sector salary of \$82,938, the state comptroller reported. Last year's average bonus was \$164,100, up 3% annually, according to the report, which covers the 120 brokerages that are members of the New York Stock Exchange.

The industry paid \$15.1 billion in state taxes in the fiscal year that ended March 31, making up 18% of collections, the comptroller reported.

Wall Street bonuses often find their way into Long Island's economy, funding purchases of second homes in the Hamptons and other luxury items.

"If you're at the top of the food chain, you're doing well," said Judi Desiderio, CEO of Town & Country Hamptons. From July through September, 36 Hamptons homes sold for \$5 million or more, up from 11 a year earlier, the brokerage reported. For financiers buying Hamptons retreats during the pandemic, Desiderio said, "we're no longer a luxury, we're now a necessity."

Not all the news was good for Wall Street. Last year, industry employment reached its highest level since 2008, with 182,100 jobs, but the state comptroller expects Wall Street to shed 7,300 jobs this year, due in large part to the pandemic's economic impact. The state Division of the Budget projects a 28% decline in finance and insurance bonuses, the state comptroller said.