

New York City Taxis: Demand and Revenue in an Uber World

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Rewriting in progress

Abstract

We empirically examine the effect of Uber presence on (medallion) taxi trip demand in NYC. We estimate Uber elasticities of demand for the Yellow cab and Green cab using NYC medallion taxi trip records and Uber pick-up records from April to September 2014, and January to June 2015. The elasticities are estimated along with instrumental variable estimations of a taxi trip demand model. We find an empirical evidence that, in overall, Uber is a complement, rather than a substitute, for both Yellow cab and Green cab passengers. For Yellow cab, the positive and significant elasticity is estimated only in Manhattan below 110th street, where 91% of daily Yellow cab trip and 72% of daily Uber trip were occurred. In addition, we find different elasticity estimate in different time and day at different area. Negative Uber elasticity of Yellow cab estimate in Manhattan below 110th street during the morning rush hour implies that; Uber turn out to be a substitute during the morning rush hour in the central business district of Manhattan.

1 Introduction

Uber is one of leading smartphone app based ride-hailing companies. Its positive effect that Uber is an efficient taxi service, and it benefits to both passengers and drivers have recently been examined by [Cramer and Krueger (2016); Hall and Krueger (2016); Cohen et al. (2016); Chen et al. (2017)]. In the meantime, Uber has been experienced temporary ban from major cities such as London, Delhi in India, and Austin Texas. Passenger safety,

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causing congesting, and surge pricing are known issues that Uber has been criticized. The impact of existing taxi cab services by Uber is also critical issue but has not been examined yet. Identifying the impact whether Uber is a threat to existing taxi cab services may help to resolve the conflict in those major cities with Uber.

New York City (NYC) is one of interesting and well established experimental fields to conduct research on Uber impact. NYC has about a half century old medallion cab service (Yellow cab) with the NYC Taxi & Limosine Commissions (TLC) as a regulator. Recently, TLC launched a new medallion cab service, called street hail livery (Green cab). TLC announced 18,000 Green cab licenses will be issued over three years from June 2013.¹ In 2015, 13,455 Green cabs were operating along with 13,587 Yellow cabs. In other words, the NYC taxi supply has been doubled while Uber launches its business in the city.²

We empirically examine the effect of Uber presence on (medallion) taxi trip demand in NYC. We estimate Uber elasticities of demand for the Yellow cab and Green cab using NYC medallion taxi trip records and Uber pick-up records from April to September 2014, and January to June 2015. The elasticities are estimated along with instrumental variable estimations of a taxi trip demand model. To control for endogenous Uber pick-up and taxi trip demand attributes such as trip distance, trip time and number of passengers; hourly precipitation and pick-up location indicator dummy variables are used as a set of instrumental variables.

We find an empirical evidence that, in overall, Uber is a complement, rather than a substitute, for both Yellow cab and Green cab passengers. The Uber elasticity of Yellow cab estimate for the entire NYC area is about 4.7%, and 9.1% for Green cab. These estimates are the GMM estimates with strong statistical significance and sufficiently small overidentification test statistics.

We find a further empirical evidence that Uber is a complement for Yellow cab passengers mostly in Manhattan below 110th street. Different Uber elasticities are estimated in different area such as Manhattan below/above 110th street, and the other boroughs than Manhattan. The Uber elasticity estimate of Yellow cab is about 4.1% in Manhattan below 110th street, which is the only area in NYC that yields a statistically significant Uber elasticity estimate. By looking at the median daily trip statistics, in addition, 91% of Yellow cab trip and 72% of Uber trip occurred in Manhattan below 110th street.

It is interesting to see that different Uber elasticity of Yellow cab is estimated in different hours of day, and weekday/weekend. In Manhattan below 110th street, we estimate -2.1%

¹Green cab is restricted not to pick-up passengers in Manhattan below west 110th street and east 96th street, the north end of Central Park. See [TLC \(2013\)](#).

²See [TLC \(2016\)](#) for more detail in NYC taxi statistics.

Uber elasticity during the morning rush hour between 6am and 9am in weekday, and 3.9% during the weekend. In the other boroughs than Manhattan, we estimate 4.6% Uber elasticity during the morning rush hour, and 9.7% during the weekend. This is an empirical evidence that Uber turns out to be a substitute for the morning rush hour Yellow cab passenger. We observe an opposite pattern in the Uber elasticity of Green cab trip demand. In the other boroughs, the Uber elasticity is about 5.3% during the morning rush hour, and -6.5% during the weekend. This result can be interpreted as which; for Green cab passengers, Uber is a complement during the morning rush hour; but it turns out to be a substitute during the weekend. These Uber elasticity estimates by different hours of day and weekday/weekend have, however, too big overid test statistics to accept them as supporting evidences.

The most closely related literature on taxi supply side is [Farber \(2015\)](#) and [Brodeur and Nield \(2016\)](#). They examine the NYC cabdrivers' labor supply, one of the famous behavioral economic subjects established by [Camerer et al. \(1997\)](#), [Farber \(2008\)](#), and [Crawford and Meng \(2011\)](#). [Farber \(2015\)](#) revisits this issue and show wage elasticity of NYC cabdrivers' labor supply is positive, which is a neoclassical labor supply model's prediction. He observes that; when it rains, number of taxi trips in NYC increases while the total fare income does not change; and examines the cabdrivers' heterogenous preference may yield negative wage elasticity. [Brodeur and Nield \(2016\)](#) examine Uber drivers' labor supply behavior using a similar research design to [Farber \(2015\)](#) that Uber rides substantially increases when it rains. They find that number of daily Uber rides increases in rainy day, and conclude that is an empirical evidence of which Uber drivers positive respond to demand increase. The validity of our instrumental variables relies on the positive rain effect on Uber and medallion taxi rides.

The other closely related literature on taxi demand side is [Cohen et al. \(2016\)](#) and [Buchholz \(2016\)](#). Using a large-scale individual Uber trip record data, [Cohen et al. \(2016\)](#) estimate demand elasticities of Uber and the associated consumer surplus in the four U.S. cities (New York, Chicago, Los Angeles, and San Francisco). They use Uber's surge pricing algorithms to identify price elasticity of Uber at each price point, and obtain a consumer surplus estimate from the price elasticity estimates. Unlike to [Cohen et al. \(2016\)](#), we focus on estimating Uber elasticity on medallion taxi demand in this study, instead of estimating price elasticities of Uber and medallion taxi. [Buchholz \(2016\)](#) demonstrates consumer surplus of taxi in NYC with respect to search friction and regulated taxi fare. He shows that if search friction is removed, which is similar to Uber, consumer surplus is doubled by substantially increasing number of daily trips (matched taxi supply and demand).

Random utility maximization (RUM) has been a predominant model in travel demand literature, since the seminal work by [Domencich and McFadden \(1975\)](#), [McFadden \(1974\)](#).

We use an aggregate version of the travel demand model, proposed by [Peters et al. \(2011\)](#). In this paper, we develop a demand model for trip count with a single trip mode. By using the count demand model; we can estimate a model for travel demand by taxi as the single trip mode; and the Uber elasticity of the taxi trip demand. Taxi trip market papers such as [Douglas \(1972\)](#), [De Vany \(1975\)](#), [Beesley and Glaister \(1983\)](#), [Cairns and Liston-Heyes \(1996\)](#), [Arnott \(1996\)](#), and [Flores-Guri \(2003\)](#) use the taxi trip demand but different model specifications. These studies analyze taxi trip market with taxi trip fare as a unit price of the trip, and discuss whether the regulated fare yield the second best in terms of efficiency because monopoly pricing would rise due to medallion licensing as an entry control.

[Jackson and Schneider \(2011\)](#) and [Schneider \(2010\)](#) examine the New York City taxi drivers' moral hazard which motivates the drivers to engage in risky driving and criminal activities. The unit of observation in these studies, however, is the individual driver's legal record, not individual taxi trips.

2 The Empirical Framework

The main goal is to estimate the elasticity of NYC medallion cab demand with respect to Uber. In order to consider spatiotemporal variation, we estimate a panel data model for taxi trip demand

$$y_{it} = \mathbf{x}_{it}\boldsymbol{\beta} + \delta \cdot u_{it} + \gamma_i + \theta_t + \epsilon_{it}, \quad (2.1)$$

where y_{it} is a number of NYC medallion trips, u_{it} is a number of Uber trips, \mathbf{x}_{it} is a vector of medallion trip attributes, γ_i and θ_t are location and time specific effects respectively. The unit of location for i is NYC zipcode, and hour of day of month of year is for t . The main focus is to estimate δ by controlling for endogenous Uber demand and medallion taxi trip attributes due to the cab drivers' labor supply behavior. Non-uniform, and nonstationary spatiotemporal variation of the taxi trip demand, in addition, is another factor to be considered in the δ estimation. By using log of y_{it} and u_{it} , the δ estimate implies the elasticity.

2.1 Data

We use the NYC medallion taxi trip records and the Uber pick-up records from April to September 2014, and January to June 2015. Both taxi trip records were collected by the NYC Taxicab & Limosine Commission (TLC), the NYC's taxi regulatory agency. The NYC medallion taxi cab consists of official taxicab vehicles (Yellow cab) and street hail livery

Table 1: Descriptive Statistics

	#of pick-ups			Total Fare		Total Trip Distance	
	Yellowcab	Greencab	Uber	Yellowcab	Greencab	Yellowcab	Greencab
Median	440,246	47,700	40,520	\$6,946,085	\$703,083	1,378,623	136,663
Std. dev	53,393.084	14,838.045	29,783.888	\$859,212.970	\$229,988.996	8,073,866.198	45,088.851
Max	544,519	81,574	136,193	\$10,000,912	\$1,569,859	60,720,968	244,962
Min	0.000	0.000	0.000	\$0.000	\$0.000	0.000	0.000
Total Sum	159,481,189	17,166,393	18,804,806	\$2,496,244,821	\$254,233,258	1,516,589,012	50,496,604

Note: Std. dev, Max, and Min stand for standard deviation, maximum and minimum value respectively. Median, Standard deviation, Minimum, and Maximum are daily taxi statistics. Total sum is for the entire dataset.

(Green cab). The medallion cabs’ individual trip records are open to the public from the TLC’s website. The medallion cab trip records have detail information about individual taxi trip such as pick-up and drop-off date/time, pick-up and drop-off location in GPS coordinates (latitude and longitude), trip distance, itemized fares, number of passengers and etc. The Uber trip records, however, are not publicly available from the TLC’s website, so we use the Uber trip records provided by FiveThirtyEight that have pick-up time and location only.

Over the sample period, Uber’s market share is around 10% to the NYC taxi trip market. Descriptive statistics for the daily taxi trip records are reported in Table 1. The median number of daily pick-ups, at the first row of left panel, are about 5 million for Yellow cab, six hundred thousand for Green cab, and sixty two hundred thousand. The median total taxi fare of daily trips, at the first row of the middle panel, are about 82 million dollars for Yellow cab, and 8 million dollars for Green cab. The median total distance of daily trips, at the first row of right panel, are about 51 million miles for Yellow cab, 2 million miles for Green cab. The total number of trips over the sample period, at the fifth row of left panel, are about 159 million for Yellow cab, 17 million for Green cab, and 19 million for Uber.

We aggregate individual trip records of Yellow cab, Green cab, and Uber by pick-up zipcode and hour of day of month of year. By doing so, we can merge them to have matched records for the three taxi trip services by pick-up zipcode and hour of day of month of year. 248 unique NYC zipcodes areas are used as a location identifier. We assign zipcode to the individual trip record according to its pick up geographic coordinates (longitude and latitude). The zipcode assignment for Uber pick-up is the same for the 2014 records. The 2015 Uber records have “taxi zone identifiers”, instead of the pick-up coordinates. We thus assign zipcode to the 2015 Uber trip records according to the most overlapped taxi zone. There are 364 days and 12 months over the sample period. The total number of time points,

which are hours of days of months of years, is 8,736. The total number of observations is 2,166,528 with which 248 zipcode areas are placed for every time point.

The rain data that we use for an instrumental variable is hourly precipitation accumulation in millimeter by four square kilometer boundary grid over NYC. This precipitation data have been produced by the National Centers for Environmental Prediction (NCEP) stage IV radar. The weather radar measures three meteorological quantities (reflectivity, radial velocity, and spectrum-width base) per grid. Hourly precipitation accumulation per grid then is calculated based on the three quantities. The stage IV radar has 1121×881 grids covering the entire U.S. territories in North American continent. We identify 189 out of 1121×881 stage IV radar grids covers NYC area, and use the hourly precipitation data of them for our empirical analysis.³

2.2 Identification

The regression model (2.1) is a demand model, and therefore controlling for endogeneity due to unobservable supply is crucial to identify the parameters in the model. We use hourly precipitation in millimeter and dummy variables for pick-up zipcodes as instrumental variables for number of Uber trips and the endogenous medallion taxi trip attributes such as trip distance and time, and number of passengers.

We argue that rain and pick-up location of taxi trips are valid instruments because; i) taxi trip demand is highly correlated with rain; ii) but the cab drivers' labor supply is uncorrelated with rain because of the compliance rule for any passengers' trip request. Farber (2015) and Brodeur and Nield (2016) are the first work of examining the rain effect on NYC taxi cab and Uber drivers' labor supply respectively. Farber (2015) find that taxi demand substantially increases when it rains, but drivers' income does not change. This is due to decreasing taxi trip supply, according to Farber (2015); because i) traffic congestion gets worse when it rains; and ii) drivers less prefer to drive under the rain so that they tend to stop their shift early. Brodeur and Nield (2016) documents an empirical evidence that Uber drivers positively respond to increasing demand when it rains. And, the magnitude of the Uber drivers' response is substantially greater than the NYC medallion cab driver.

Despite of the consensus on increased taxi trip demand when it rains, the rain effect on taxi supply still has room to examine. We argue that taxi trip supply is uncorrelated with rain due to the compliance rule. The TLC mandates drivers to accept any trip requests; unless the vehicle is occupied and the passengers do not want to pick-up additional passengers; or

³See Hamidi et al. (2017) for more details about the stage IV radar data. Many thanks to Ali Hamidi and Naresh Devineni at NOAA/Cooperative Remote Sensing Science and Technology Center at the City College of New York for sharing the Stage IV radar data.

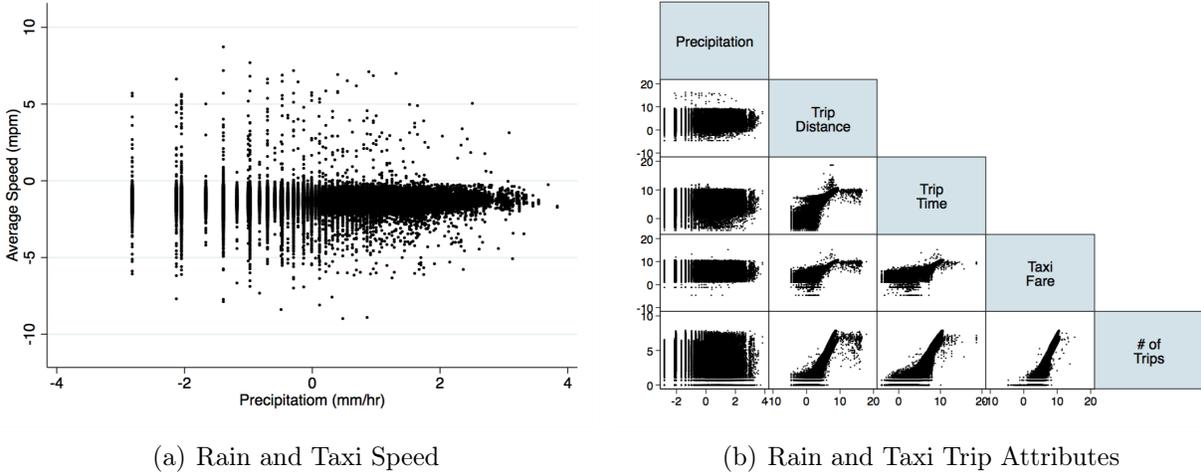


Figure 1: Scatterplot: Rain and Taxi Trips (Log-scale)

passengers seem to carry harmful objects that would damage the vehicle. According to the TLC rulebook, “a driver shall not seek to ascertain the destination of a passenger before such passenger is seated in the taxicab.”⁴

We revisit the rain effect on taxi trip supply and find that precipitation is almost uncorrelated with average speed of taxi trip. As shown in Figure 1(a), the scatterplot of average taxi trip speed is almost flat on precipitation. We further find that; log of precipitation is positively correlated with (log of) number of taxi trips (0.0081); and negatively correlated with trip distance (-0.0018), trip time (-0.0040), and total fare (-0.0013). These correlation coefficients rather support that taxi trips become more frequent and short when it rains. The magnitudes of the correlation coefficients are, however, too small to be treated as significant on, as shown at the first column of the scatterplot matrix in Figure 1(b).

2.3 Spatiotemporal Distribution

To control for nonstationarity issues, we apply the first-differencing transformation by day of month of year for all variables in (2.1). Number of NYC medallion taxi trips and Uber trips are nonstationary over time. The time variations of taxi pick-up such as day and night shifts, and rush hours are quite well known phenomena. The cab drivers’ income targeting, addressed by a number of behavioral economics papers, effects also on the nonstationary taxi trip. Farber (2015), in particular, demonstrates the time variation of the NYC medallion cab. He shows that day shift cab drivers have less flexible begin time, whereas end time is

⁴See TLC (2010) for more details about rules and regulations for the NYC Yellow cab and Green cab.

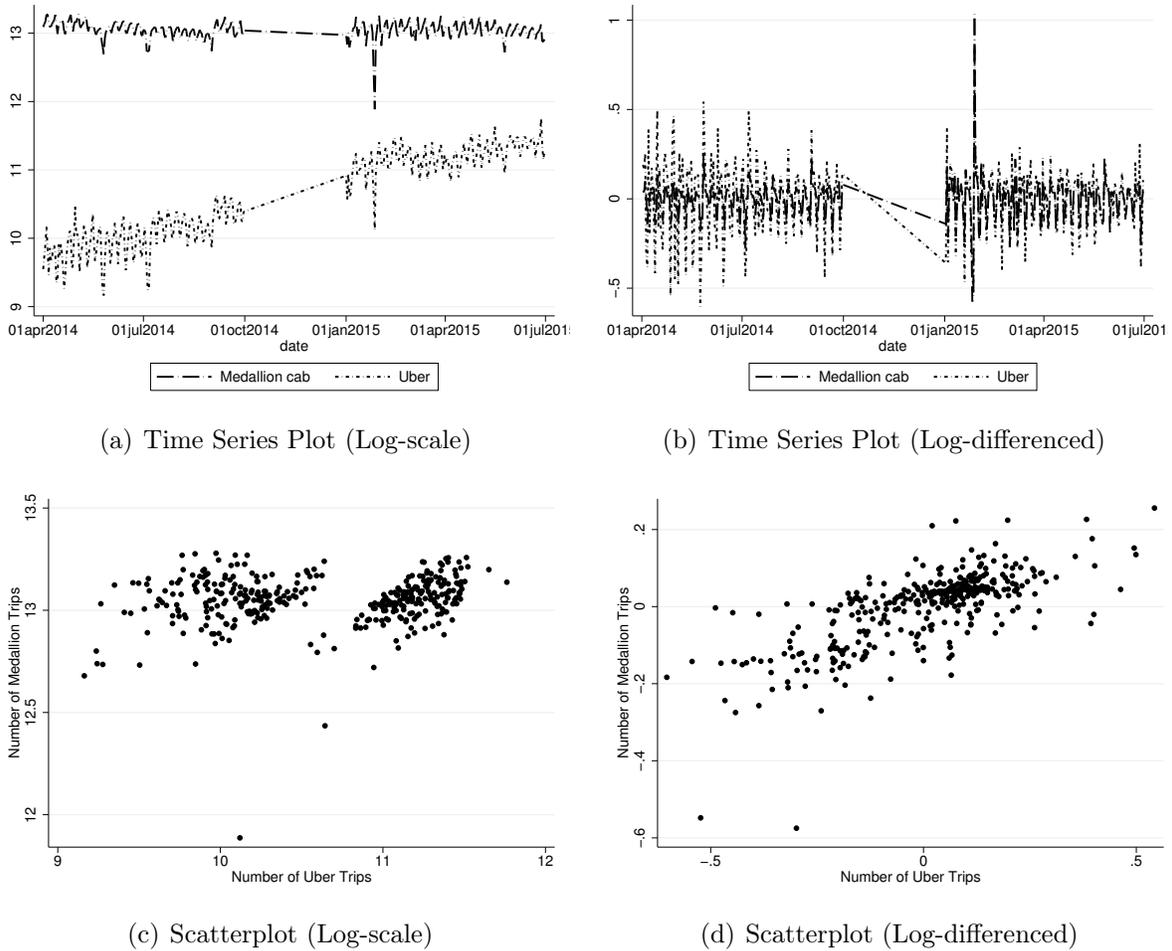


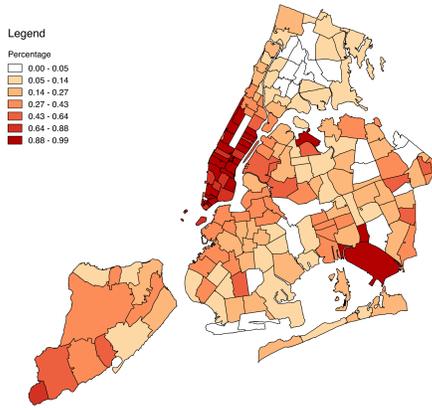
Figure 2: (Aggregate) Time Variation: Medallion Taxi pick-up and Total Fare

not flexible for night shift drivers.⁵ Econometric estimation with nonstationary data may cause either inconsistent target parameter estimation due to serially correlated error term, or inefficient standard error estimation due to heteroskedasticity.

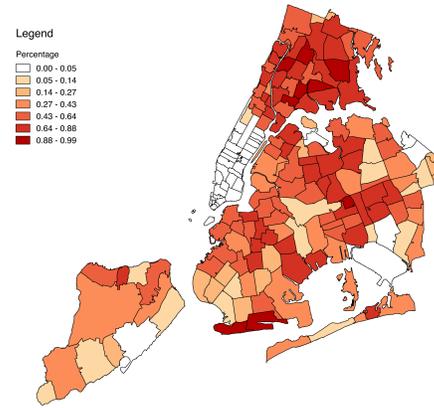
In our dataset, daily variation of taxi trip may cause the nonstationarity issue. Figure 2(a) is time series plots for number of NYC medallion cab trips and Uber trips by day. We can see that Uber trip has steady growth trend while NYC medallion cab is stable. These different long-run trends may interrupt to estimate the causal relationship between NYC medallion and Uber trip. The scatterplot of first differenced variables in Figure 2(d) shows a clear positive linear relationship, which does not appear in Figure 2(c).

By looking at the spatial distribution of the taxi trip data, we can see that the three NYC taxis serve for different area. Uber and Green cab pick-up occurred in wider areas than

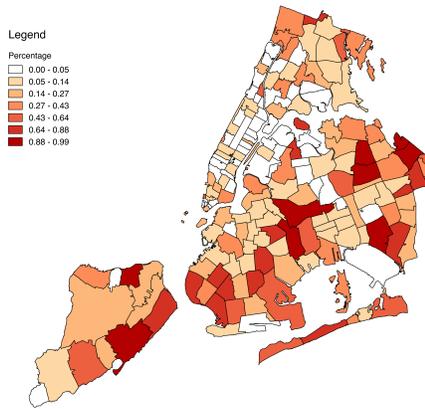
⁵Farber (2015) finds that there are two peaks in hourly distribution of shift start time. This is another evidence that the time variation of NYC taxi trips is nonstationary.



(a) Yellow cab pick-up



(b) Green cab pick-up



(c) Uber pick-up

Figure 3: Spatial Distribution: Proportion of pick-up by Zipcode

Table 2: Model Estimates with Log-Differenced Variables

	# of Taxi Pickups by hour and zipcode					
	Yellowcab			Greencab		
	OLS	TSLs	GMM	OLS	TSLs	GMM
Uber	0.0242***	0.0706***	0.0466**	0.0154***	0.1127***	0.0912***
(Log-differenced)	[0.000]	(0.017)	(0.018)	[0.001]	(0.027)	(0.025)
Trip distance	-0.0895***	-0.2494***	-0.2407***	-0.0906***	0.0543*	0.0212
(Log-differenced)	[0.004]	(0.053)	(0.063)	[0.005]	(0.029)	(0.027)
Trip time	0.1017***	0.1044**	0.0674**	0.0461***	0.0209	0.0170***
(Log-differenced)	[0.002]	(0.047)	(0.032)	[(0.001]	(0.013)	(0.004)
Passengers	0.4463***	0.5316***	0.6236***	0.4603***	0.4810***	0.4932***
(Log-differenced)	[0.002]	(0.027)	(0.045)	[0.002]	(0.035)	(0.043)
Meter fare	0.4514***	0.5269***	0.4800***	0.4841***	0.3177***	0.3513***
(Log-differenced)	[0.006]	(0.052)	(0.096)	[0.007]	(0.053)	(0.063)
Tip	-0.0420***	-0.0469***	-0.0388***	-0.0401***	-0.0359***	-0.0363***
(Log-differenced)	[0.001]	(0.004)	(0.007)	[0.001]	(0.004)	(0.005)
Constant	-0.0238***	-0.0297***	-0.0177**	-0.0243***	0.0065	0.0010
	[0.002]	(0.006)	(0.008)	[0.002]	(0.007)	(0.007)
# of obs	391,181	391,181	391,181	208,385	208,385	208,385
R^2	0.9008	0.8867	0.8787	0.8944	0.8774	0.8837
χ^2 Test (df)		375.92(150)	102.70(150)		276.89(126)	74.91(126)
(P-value)		(0.0000)	(0.9988)		(0.0000)	(0.9999)

Notes: Standard errors are reported in parentheses. Heteroskedasticity robust standard errors are reported in square brackets. The symbols, *, **, and *** indicate respectively that the estimated coefficient is statistically significant under 10%, 5%, and 1% significance levels. The TSLs and GMM estimates treat “# of Uber pickups”, “trip distance”, “trip time”, and “#of passenger”, as endogenous covariates. The instrumental variables are precipitation and the dummy variables for trip origin ZIP Code. The row for χ^2 Test, 2nd from the bottom, reports the overidentification test statistics with its degrees of freedom in parentheses. The associated P-values are reported at the bottom in parentheses. Note that all model estimates contains fixed effect dummy variables for i) months, ii) years, and iii) weekdays.

Yellow cab in NYC. Figure 3 presents the NYC taxi zone maps for the median proportion of daily pick-ups by zipcode. The Yellow cab pick-up had mostly occurred in Manhattan below Central park and a few other areas such as airports, whereas Uber and Green cab have relatively wider pick-up distributions. Note that the Green cabs are restricted to pick-up passengers up to Central park Manhattan, except special situations, and NYC airports.⁶ This is the reason that Green cab has almost no daily pick-ups in that area and the airports as shown in Figure 3(b).

3 Empirical Results

Table 2 reports estimation results of the model (2.1). Three columns on the left panel are the model estimates for Yellow cab trip, and the three on the right are for Green cab trip. The

⁶Recall that Green cab’s restriction is not to pick-up passengers in Manhattan below west 110th street and east 96th street, the north end of Central Park, and the two NYC airports. See TLC (2013).

data is a panel data with hours of days of months of year as its time unit. And the spatial unit is the 5-digit zip code polygon in NYC. Note that all variables, excluding indicators, are log-differenced from day ago. Since all the variables are in log scale, each coefficients implies elasticity of each variable.

Overall, we estimate 4.7% Uber elasticity of Yellow cab trip, and 9.1% Uber elasticity of Green cab trip. These positive and statistically significant coefficients imply that Uber is a complement for both Yellow cab and Green cab passengers. In particular, one additional Uber trip causes 4.7% of an additional Yellow cab trip, and 9.1% of an additional Green cab trip. We choose the GMM estimates and interpret them as our main result. The three different estimations report different Uber elasticity coefficients for each Yellow cab and Green cab trip. The sign and statistical significance are, however, not different in all three estimates.

Our identification strategy aims to control for endogenous cab drivers' labor supply, and nonstationary taxi pick-up. The GMM estimates seem to achieve the goal, and provide reliable and statistical consistent Uber elasticity estimates. By looking at the overidentification (overid) test statistics, we can see that the TSLS results strongly reject the null hypothesis in which the instrumental variables are exogenous, but GMM results do not. These overid test statistics do not mean that our instrumental variables are invalid. Rather, it means that heteroskedasticity due to nonstationary data cause rejecting the overidentifying restriction in TSLS.

The heteroskedasticity seems to come from hourly variation, which is nonstationary, and the GMM can successfully controls for it. Daily variation of the log-differenced variables that we use are (relatively) stationary, but their hourly variations do not. Figure 4 show daily and hourly variations of number of pick-ups and total fare before and after log-differencing. By looking at panel 4(a) and 4(b), the log-differencing makes daily variation stationary in which the data series randomly fluctuated around zero. The log-differencing for hourly variation, however, seems to amplify morning and evening rush hour, which is nonstationary. By looking at panel 4(c) and 4(d), the log-scale variable series substantially decline in night time. Their log-differenced series seem to have two peaks, one at morning rush hours between 6am and 9am, and the other at evening rush hours between 5pm and 7pm.

The Uber elasticity of Green cab is twice bigger than that of Yellow cab. This difference comes from different market share by NYC Borough that Yellow cab and Green cab differently have. As shown in Table 3, about 91% daily Yellow cab trips and 72% daily Uber trips occurred in Manhattan below 110th street, whereas only 7% of Green cab trips occurred in that area. The 4.7% Uber elasticity of Yellow cab trip is therefore mostly made in Manhattan below 110th street, and 9.1% Uber elasticity of Green cab trip is made mostly

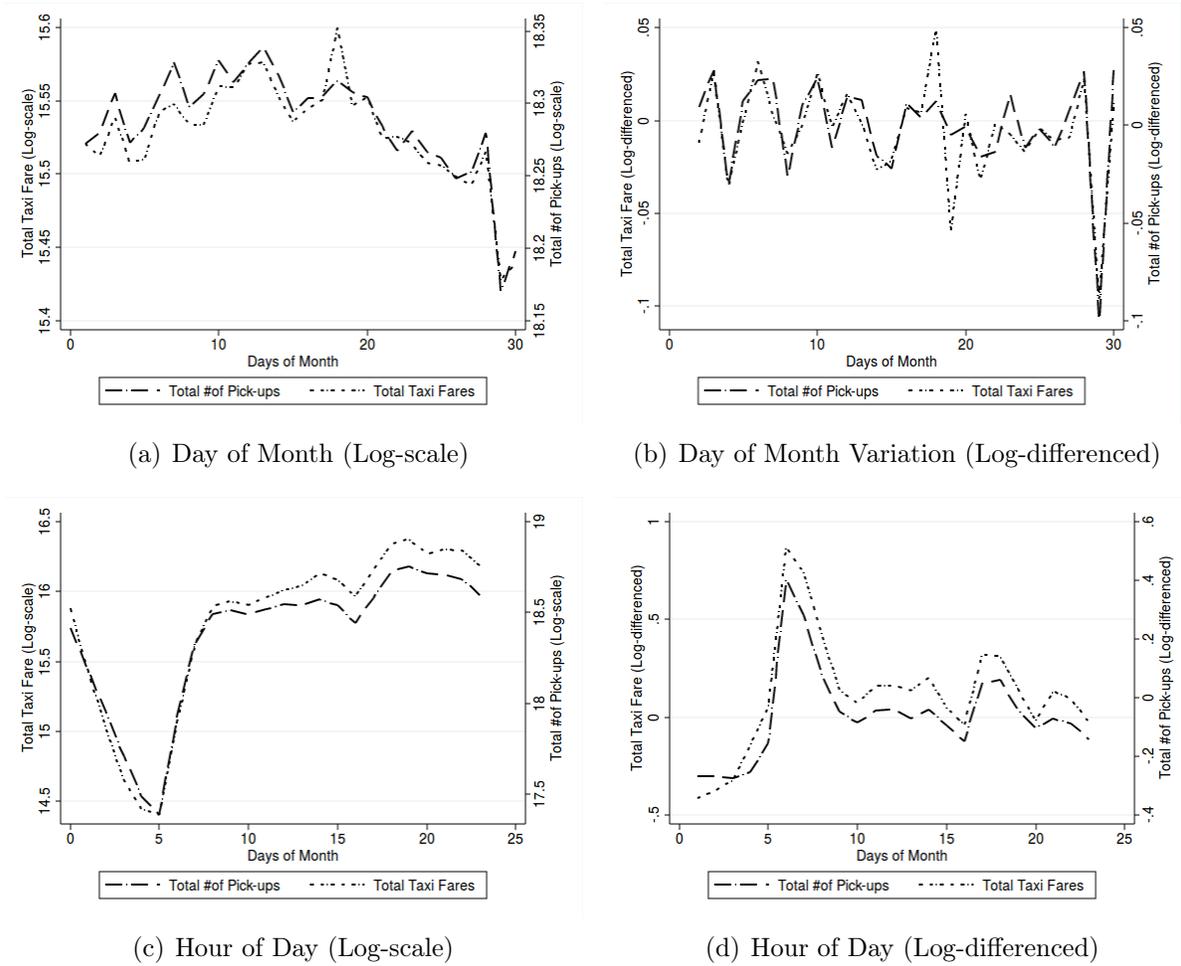


Figure 4: (Aggregate) Time Variation: Medallion Taxi pick-up and Total Fare

Table 3: Descriptive Statistics: Number of Trips by Borough

	Yellow cab			Green cab			Uber		
	Median	Std.Dev	Total	Median	Std.Dev	Total	Median	Std.Dev	Total
Below 110 th st	386,145	44,875	139,228,280	3,578	1,025	1,237,478	28,928	18,213	12,489,445
Above 110 th st	5,234	1,279	1,987,334	10,135	2,710	3,609,152	891	1,132	515,003
Brooklyn	8,356	3,810	3,513,685	16,440	6,567	6,074,914	6,544	5,327	2,811,660
Queens	15,320	2,148	5,563,737	13,023	4,021	4,703,185	2,408	2,858	1,399,821
Bronx	297	117	121,565	3,601	1,144	1,308,222	369	637	254,801
Staten Island	5	4.62	2,064	7	4.94	2,616	15	20	7,992
Airports	8,439	1,169	3,093,857	161	52.1	58,952	828	626	378,678

Table 4: GMM Estimates of Yellow Cab Demand (# of pick-ups)

	Entire sample	Manhattan		Brooklyn	Queens	Bronx	
		All	Below 110 th				Above 110 th
Uber	0.0466**	0.0330	0.0407**	0.2278	0.1082	0.1236	0.0344
(Log-differenced)	(0.018)	(0.022)	(0.021)	(0.271)	(0.097)	(0.096)	(0.077)
# of obs	391,181	259,791	228,679	31,112	75,543	46,014	1,785
R^2	0.8787	0.8889	0.9208	0.6974	0.8758	0.8173	0.7541
χ^2 Test (df)	102.70(150)	14.75(63)	9.90(51)	0.81(8)	19.74(32)	21.40(30)	8.49(11)
(P-value)	(0.9988)	(1.0000)	(1.0000)	(0.9992)	(0.9556)	(0.8751)	(0.6690)

Notes: Standard errors are reported in parentheses. Heteroskedasticity robust standard errors are reported in square brackets. The symbols, *, **, and *** indicate respectively that the estimated coefficient is statistically significant under 10%, 5%, and 1% significance levels.

in Brooklyn and Queens, where 63% Green cab trips occurred.

3.1 Uber Effect on NYC Yellow Cab

Table 4 reports the GMM estimates of the Uber elasticity of Yellow cab trip by borough. We use the same model specification as Table 2. The estimation results in Table 4 are thus an extension of the third column in Table 2, the GMM estimate for Yellow cab trip demand. We perform the GMM estimation by NYC borough, and Manhattan below/above 110th street, the north end of Central park. The overid test statistics at all seven columns do not reject the overidentifying restriction, and therefore our instrumental variables are valid one for all model estimates in Table 4.

The 4.7% Uber elasticity for all NYC Yellowcab trip demand comes mostly from Manhattan below 110th street. The Uber elasticity estimate in that area is about 4.1%, reported at the third column of Table 4. The Uber elasticity estimate in the entire Manhattan is about 3.3%, and 23% in Manhattan above 110th street. But, neither of both estimates are statistically significant under 10% significance level. This is an empirical evidence that Uber is a complement for Yellow cab passengers particularly in Manhattan below 110th street.

The Uber elasticity estimates in the other NYC boroughs than Manhattan are all positive but statistically insignificant under 10% significance level. The elasticity estimates in Brooklyn and Queens have, however, Z-statistics that exceed one. It is thus too early to conclude Uber has no impact on Yellow cab demand in the other boroughs but Manhattan below 110th street. We are unable to estimate the elasticity in Staten Island due to insufficient number of observations.

We estimate the Uber elasticity during rush hours in weekday and weekend, in Manhattan

Table 5: GMM Estimates for Yellow Cab By Rush Hour and Weekend

	Manhattan Below 110 th st			Manhattan Above 110 th st			Other Boroughs		
	Morning	Evening	Weekend	Morning	Evening	Weekend	Morning	Evening	Weekend
Uber	-0.0207** (0.010)	0.0041 (0.009)	0.0389*** (0.008)	0.0254 (0.141)	0.1278 (0.118)	-0.0488 (0.086)	0.0458* (0.024)	0.0443 (0.028)	0.0969*** (0.028)
# of obs	26,714	24,604	63,605	4,070	3,112	10,115	18,352	11,750	43,390
R ²	0.9309	0.8540	0.9139	0.7698	0.8252	0.7647	0.7194	0.8386	0.7587
χ ² Test (df)	79.73(49)	41.67(51)	233.41(51)	1.81(8)	3.00(8)	8.79(8)	88.55(70)	74.09(60)	128.71(78)
(P-value)	(0.0036)	(0.8213)	(0.0000)	(0.9863)	(0.9346)	(0.3607)	(0.0665)	(0.1043)	(0.0003)

Notes: Standard errors are reported in parentheses. Heteroskedasticity robust standard errors are reported in square brackets. The symbols, *, **, and *** indicate respectively that the estimated coefficient is statistically significant under 10%, 5%, and 1% significance levels. Morning rush hour is between 6am and 9am in weekday. Evening rush hour is between 5pm and 7pm.

below/above 110th street and the other NYC boroughs than Manhattan, reported in Table 5. Interestingly, we have a negative Uber elasticity estimate in Manhattan during the morning rush hour between 6am and 9am. The GMM estimate is about -2.1% and it is statistically significant under 5% significance level. The elasticity estimate for the weekend is about 4%, which is close to the overall Uber elasticity of Yellow cab trip. The elasticity estimate for the evening rush hour between 5pm and 7pm is less than 1% but it is not statistically significant under 10% significance level.

In summary, the Uber elasticity is significant during the morning rush hour and weekend. And, the morning rush hour elasticity is negative that means Uber is a substitute for the morning rush hour Yellow cab passengers. However, the overid test statistics for both morning rush hour and weekend strongly reject the overidentifying restriction. Thus, these two Yellow cab trip samples need to be re-examined with more observations.

3.2 The Uber effect on NYC Green Cab

Table 6 reports GMM estimates of the Uber elasticity of Green cab during the morning and evening rush hours in weekday, and during the weekend in Manhattan above 110th street and the other boroughs than Manhattan. Recall that Green cabs are restricted not to pick-up passengers in Manhattan below west 110th street and east 96th street. Other regulations imposed by the TLC are the same for both Yellow cab and Green cab.

In the other boroughs than Manhattan, the Uber elasticity estimate is about 5% during the morning rush hour, and it is statistically significant under 10% significance level. During the weekend, however, the elasticity estimate is about -6.5% with statistical significance under 1% significance level. The weekend elasticity estimate for Green cab has opposite

Table 6: GMM Estimates By Rush Hour and Weekend

	Manhattan Above 110 th st			Other Boroughs		
	Morning	Evening	Weekend	Morning	Evening	Weekend
Uber	-0.0080 (0.106)	0.0107 (0.086)	-0.0704 (0.051)	0.0526* (0.031)	-0.0000 (0.018)	-0.0648*** (0.024)
# of obs	4,346	3,472	10,719	20,802	17,655	52,202
R ²	0.8649	0.6257	0.8953	0.8244	0.7760	0.7799
χ ² Test (df)	4.23(8)	0.31(8)	5.65(8)	97.81(75)	91.36(78)	208.95(89)
(P-value)	(0.8358)	(1.0000)	(0.6868)	(0.0397)	(0.1430)	(0.0000)

Notes: Standard errors are reported in parentheses. Heteroskedasticity robust standard errors are reported in square brackets. The symbols, *, **, and *** indicate respectively that the estimated coefficient is statistically significant under 10%, 5%, and 1% significance levels. Morning rush hour is between 6am and 9am in weekday. Evening rush hour is between 5pm and 7pm.

sign with the positive Uber elasticity for Yellow cab. This negative elasticity might be an empirical evidence that; for Green cab passengers, Uber is a substitute in the other boroughs than Manhattan during the weekend. But, the Green cab's negative Uber elasticity estimate needs to be re-examined with more observations because its overid test statistics show that strongly reject the overidentifying restriction. There are no statistically significant Uber elasticity estimates in any time in Manhattan above 110th street.

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