

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

January 2014

UNEMPLOYMENT RATE (percent of labor force)	DEC 2013	PREVIOUS 3 MONTHS AVERAGE	DEC 2012
U.S. (seasonally adjusted)	6.7	7.1	7.9
U.S. (not seasonally adjusted)	6.5	6.9	7.6
REGION (not seasonally adjusted)	N/A	7.5	8.4

NON-FARM EMPLOYMENT (thousands)	DEC 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE DEC 2013 / DEC 2012
U.S.	136,877	136,576	1.6
REGION	8,553	8,494	1.3
Construction and Manufacturing	637	653	0.3
FIRE / Professional / Business	2,081	2,084	0.1
Government	1,198	1,182	-2.6
All Others	4,638	4,575	3.0

REAL GDP (percentage change)	2013Q4	2013Q3	2013Q2
U.S. (seasonally adjusted at annual rates)	3.2	4.1	2.5
REGION (Oxford Economics Estimate)	1.5	3.4	3.3

CONSUMER PRICE INDEX (percentage change)	DEC '13/ DEC '12	DEC '13/ NOV '13	NOV '13/ NOV '12
U. S.	1.5	0.3	1.2
Core	1.7	0.1	1.7
REGION	1.5	0.0	1.2
Core	1.9	-0.3	2.2 #
Food & Beverages	0.4	0.0	0.3 #
Housing	2.2	0.4	1.9 #
Transportation	1.1	0.0	-0.1 #
Energy	-1.0	2.8	-6.4 #

CONSTRUCTION COST INDEX (percentage change)	DEC '13/ DEC '12	DEC '13/ NOV '13	NOV '13/ NOV '12
U.S. 20-CITY	2.7	0.0	2.9
NY REGION	7.6	0.0	7.6

GASOLINE PRICES (US dollars per gallon)	DEC 2013	A month ago	A year ago
U.S. (all types NSA)	\$3.45	\$3.49	\$3.52
New York City (all types NSA)	\$3.86	\$3.93	\$4.00
Newark, NJ (all types NSA)	\$3.46	\$3.51	\$3.59

HOUSING PRICES (12-month percentage change)	NOV '13/ NOV '12	OCT '13/ OCT '12	SEP '13/ SEP '12
U.S. 20-CITY COMPOSITE	13.7	13.6	13.3
NY METROPOLITAN AREA	6.0	4.9	4.4

INTERNATIONAL TRADE (billions of dollars)	NOV 2013	% CHANGE VS. NOV 2012	% CHANGE YTD 2013 VS NOV 2012
U.S.	325.0	0.1	0.5
NY CUSTOMS DISTRICT	32.8	-0.4	-0.1
NY Imports	20.7	-2.7	0.3
NY Exports	12.1	3.7	-0.7

MANHATTAN COMMERCIAL REAL ESTATE	DEC 2013	NOV 2013	OCT 2013
Availability (%)			
Manhattan Totals	10.8	11.0	11.1
Midtown	10.8	10.8	11.0
Downtown	12.9	13.3	13.1
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	72.1	71.3	71.1
Midtown	80.0	78.8	78.6
Downtown	55.3	55.6	53.4

REGIONAL ECONOMIC FORECAST	2014	2015	2016
Real GDP (%)	3.0	2.8	3.0
Nonfarm Employment Growth (%)	1.4	1.7	1.6

Sources available upon request.

The views expressed herein are solely those of the authors and do not reflect the official positions of PANYNJ or its leadership.

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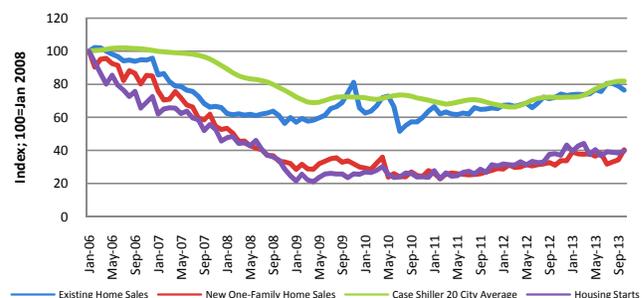
SPECIAL FOCUS

Housing: Critical to Growth in 2014

At the beginning of 2014, the consensus among economists is that the current economic expansion will pick up speed this year. In particular, the consumer sector has been resilient and is expected to further drive economic growth in the near term. However, there are several emerging risks that may provide constraints and barriers for the macroeconomy. One of these concerns is a possible slowdown in the housing sector.

Home prices have been recovering significantly since the collapse of the market before and during the financial crisis. This has erased much of the negative equity and has created an improved wealth position for consumers hit hard by the recession. But analysts suggest that the price appreciation is largely due to a lack of inventory and strong demand, in particular by investor purchases of homes. As can be seen in the graph below, several indicators of housing activity have passed their respective troughs and started to move upwards. Existing home sales stand at roughly 80 percent of their pre-crisis levels [though it may be unrealistic to assume that the market will go back to pre-crisis conditions] but new home construction has been much slower to recover. Housing starts are still hovering at roughly 40 percent of their 2006 levels. As a result, the inventory of newly constructed homes is essentially at a 50-year low, according to the National Association of Realtors.

Housing Market Trends



Home sales are expected to grow in 2014; NAHB is forecasting nearly 25 % gain in total housing starts, with a 32% pickup in single-family construction. However, demand for housing is expected to outpace these additions to the housing stock resulting in continuing tight inventory levels even despite relative tight lending standards at most financial institutions. The New York City Building Congress has identified a related issue: the cost effectiveness of home construction. Whereas \$5.9 billion spending in 2008 resulted in 33,000 additional units, a similar volume of spending only created 11,000 units in 2012. The bottom line is that nationally and regionally home prices and rents will keep on rising in 2014.

The Federal Reserve holds the key to continue mortgage affordability but if rates start creeping up, as they did in the spring and summer of last year, more and more borrowers will be pushed out of the market. This may slow down price appreciation in many regional markets and provide additional pressures for households that are already reeling under slow or non-existing income growth over the last few years.

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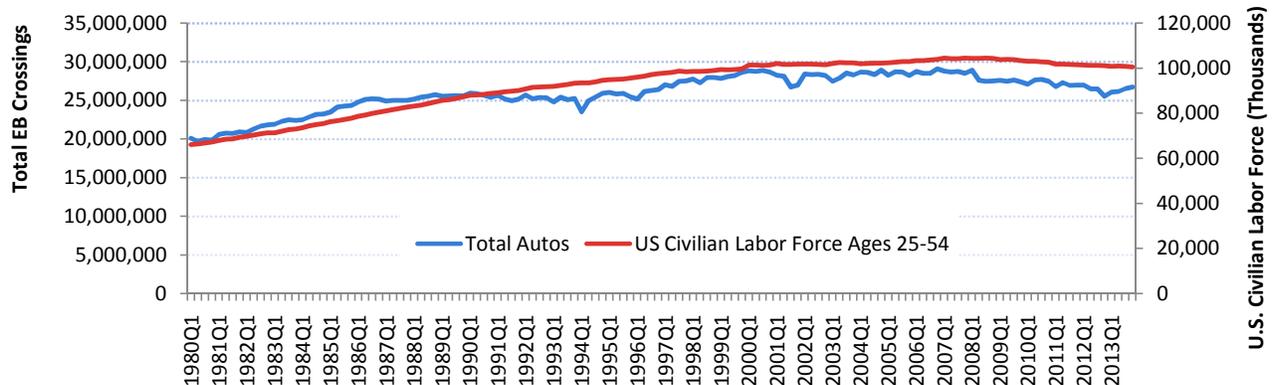
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AVIATION	Nov '13	Nov '12	Change	PORT COMMERCE	Nov '13	Nov '12	Change
Revenue Passengers (000's)	8,527.5	8,428.6	1.2%	Port Trade			
John F. Kennedy International Airport (JFK)	3,717.7	3,738.7	-0.6%	Container Imports (TEUs)	209,290	224,732	-6.9%
LaGuardia Airport (LGA)	2,099.7	2,084.5	0.7%	Container Exports (TEUs)	125,545	106,603	17.8%
Newark Liberty International Airport (EWR)	2,684.0	2,580.4	4.0%	Containers lifted on/off Express Rail	34,673	26,112	32.8%
Stewart International Airport (SWF)	26.0	25.0	4.0%				
Revenue Freight (Short Tons)	175,026	179,005	-2.2%	TUNNELS, BRIDGES & TERMINALS	Nov '13	Nov '12	Change
Domestic	57,907	67,886	-14.7%	Eastbound Vehicle Volumes (000's)	9,421	9,041	4.2%
International	117,119	111,119	5.4%	George Washington Bridge	4,016	3,892	3.2%
Flights	98,772	98,347	0.4%	Lincoln Tunnel	1,560	1,520	2.6%
Domestic Air Carrier	71,874	71,244	0.9%	Holland Tunnel	1,327	1,046	26.9%
	21,955	21,631	1.5%	Bayonne Bridge	283	281	0.7%
General Aviation	4,943	5,472	-9.7%	Goethals Bridge	1,123	1,154	-2.7%
Paid Parked Cars	639,417	655,104	-2.4%	Outerbridge Crossing	1,112	1,148	-3.1%
Revenue AirTrain Passengers	638,731	560,936	13.9%	Eastbound Volumes by Vehicle Type (000's)			
				Autos	8,611	8,149	5.7%
				Trucks	574	644	-10.9%
				Buses	236	249	-5.2%
FERRY OPERATIONS	Nov '13	Nov '12	Change	PORT AUTHORITY PULSE	Oct '13	Sep '13	Change
Passengers (000's)				(Seasonally Adjusted, 2010=100)			
New Jersey Ferries	584.8	890.4	-34.3%	PA Pulse (Transportation Activity Index)	n/a	93.8	n/a
				PA Freight Pulse	n/a	90.0	n/a
				PA Passenger Pulse	n/a	97.7	n/a
PATH	Nov '13	Nov '12	Change	U.S. TRANSPORT. SERVICES INDEX	Nov '13	Oct '13	Change
Passengers (000's)	5,860.0	2,944.0	99.0%	(Prelim., Seasonally Adj., 2000=100)			
Average Weekday	252.0	121.7	107.1%	TSI - Combined Index	116.9	115.9	0.9%
Average Saturday	113.5	49.6	128.8%	TSI - Freight	116.5	115.1	1.2%
Average Sunday	82.8	36.5	127.0%	TSI - Passenger	117.7	117.7	0.0%

TRANSPORTATION FOCUS

Regional Crossings and an Aging Labor Force



Eastbound Crossings and Labor Force series are seasonally adjusted
 Source: Port Authority of New York & New Jersey, U.S. Bureau of Labor Statistics

As members of the civilian labor force exit their peak working years, typically considered ages 25-54, their propensity to drive also falls as they have less need to commute and likely less money to spend on recreational activities. The aging of the national labor force, reflected in the shrinking of the 25-54 cohort, exhibits a strong relationship with the number of crossings at Port Authority facilities. Though the aging of the labor force is only one of a multitude of factors that affect travel trends, its relationship to regional crossings is worth following as the Baby Boom generation heads toward retirement.

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