

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

May 2014

UNEMPLOYMENT RATE (percent of labor force)	APR 2014	PREVIOUS 3 MONTHS AVERAGE	APR 2013
U.S. (seasonally adjusted)	6.3	6.7	7.5
U.S. (not seasonally adjusted)	5.9	6.9	7.1

UNEMPLOYMENT RATE (percent of labor force)	MAR 2014	PREVIOUS 3 MONTHS AVERAGE	MAR 2013
REGION (not seasonally adjusted)	7.3	7.5	8.1

NON-FARM EMPLOYMENT (thousands)	APR 2014	PREVIOUS 3 MONTHS AVERAGE	% CHANGE APR 2014 / APR 2013
U.S.	138,252	136,255	1.7
REGION	8,479	8,265	0.8
Construction and Manufacturing	649	628	0.0
FIRE / Professional / Business	2,088	2,039	1.1
Government	1,199	1,188	-2.7
All Others	4,543	4,410	1.7

REAL GDP (percentage change)	2014Q1	2013Q4	2013Q3
U.S. (seasonally adjusted at annual rates)	-1.0	2.6	4.1
REGION (Oxford Economics Estimate)	1.3	1.9	5.0

CONSUMER PRICE INDEX (percentage change)	APR '14/ APR '13	APR '14/ MAR '14	MAR '14/ MAR '13
U. S.	2.0	0.3	1.5
Core	1.8	0.2	1.6
REGION	1.6	0.0	1.3
Core	1.7	0.2	1.4
Food & Beverages	0.6	0.0	1.1
Housing	2.7	-0.1	2.6
Transportation	0.9	0.8	-1.0
Energy	2.5	-1.6	1.2

CONSTRUCTION COST INDEX (percentage change)	APR '14/ APR '13	APR '14/ MAR '14	MAR '14/ MAR '13
U.S. 20-CITY	2.8	0.5	2.6
NY REGION	7.5	0.0	7.5

GASOLINE PRICES (US dollars per gallon)	APR 2014	A month ago	A year ago
U.S. (all types NSA)	\$3.83	\$3.87	\$3.79
New York City (all types NSA)	\$4.15	\$4.17	\$4.02
Newark, NJ (all types NSA)	\$3.70	\$3.74	\$3.61

HOUSING PRICES (12-month percentage change)	MAR '14/ MAR '13	FEB '14/ FEB '13	JAN '14/ JAN '13
U.S. 20-CITY COMPOSITE	12.3	12.8	13.2
NY METROPOLITAN AREA	6.2	5.8	6.6

INTERNATIONAL TRADE (billions of dollars)	MAR 2014	% CHANGE VS. MAR 2013	% CHANGE YTD 2014 VS MAR 2013
U.S.	334.5	5.2	2.3
NY CUSTOMS DISTRICT	37.1	4.5	2.6
NY Imports	23.0	9.6	7.0
NY Exports	14.1	-3.0	-3.7

MANHATTAN COMMERCIAL REAL ESTATE	APR 2014	MAR 2014	FEB 2014
Availability (%)			
Manhattan Totals	10.6	10.4	10.7
Midtown	10.7	10.8	11.0
Downtown	12.0	12.1	12.7
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	74.0	73.8	73.5
Midtown	82.5	82.1	81.6
Downtown	55.1	55.4	55.3

REGIONAL ECONOMIC FORECAST	2014	2015	2016
Real GDP (%)	2.7	2.7	2.5
Nonfarm Employment Growth (%)	1.4	1.7	1.6

## SPECIAL FOCUS

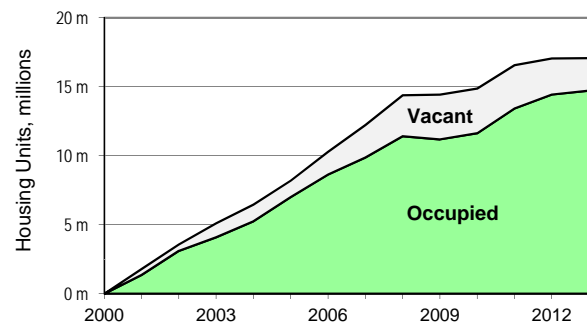
### Deflating The Housing Bubble

In the aftermath of the Great Recession, the housing sector, which typically leads the way out of recessions, has been a laggard. A combination of supply and demand factors explain this weakness: over-building during the bubble left an excess of supply on the market while the weak economy has cut demand for housing.

During the housing bubble of 2000-2007, homebuilding ran well above the demand for new homes. Analysis by the Federal Reserve Bank of New York suggests that by 2007, the US had developed a surplus of about 3.4 million housing units above the typical rate at which new households were forming. These homes sat empty waiting to be sold, rented, or were taken off the market as owners waited for the economy to improve.

On the other side of the ledger, demand for new housing appears to have slowed with the onset of the recession in 2007. Normally, US population growth translates into about 1.2 million new households every year as young adults move out on their own or start families. However, the weak job market caused by the financial crisis made it impossible for many young adults graduating from high school or college to afford their own homes, so they moved back in with their parents. The stock market and housing crashes deflated families' nest eggs, so parents could no longer afford to help their kids with down payments or rent. Banks tightened credit requirements, making it more difficult for new families to buy a first home. Hard times also led a large number of unrelated families to cohabitate.

Cumulative Growth in Housing Stock Since 2000



Increased crowding within households can be inferred from national data. Between 2003 and 2009, the US Department of Housing and Urban Development found that the number of households containing unrelated families between 2003 and 2009 had tripled and that the number of young adults moving back in with their parents grew significantly. The rate of homeownership also plummeted among adults ages 18-44 years old: between 2007 and 2012, the rate fell from 53 to 45 percent for this group.

Regional data are harder to come by, but a 2011 survey by New York City found that crowding in rental apartments had increased to levels not seen since 1960 and that the number of "doubled-up" homes – homes that house multiple families or unrelated individuals – had jumped 10 percent since the previous survey in 2008.

The housing sector has stalled in part due to the over-building of housing during the boom years and the economic crunch for new households. Facing an excess supply, homebuilders have cut their activity by more than 70 percent compared with the peak of the boom: the 930,000 housing starts last year were below any level seen in the half-century before the recession. Yet the number of vacant homes remains unusually high. Analysis of housing trends, shown in the figure below, suggests that the surplus housing stock has fallen since 2007 but is still between 2 and 2.5 million units. Until young adults begin moving out of their parents' homes, and doubled-up households find the wherewithal to strike out on their own, the housing sector is likely to remain depressed.

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AVIATION	Mar '14	YTD	Mar '13/'14	YTD '13/'14
<b>Revenue Passengers (000's)</b>	<b>9,446.5</b>	<b>24,777.4</b>	<b>-0.4%</b>	<b>-0.8%</b>
John F. Kennedy International Airport (JFK)	4,114.8	11,085.0	-1.3%	0.1%
LaGuardia Airport (LGA)	2,249.5	5,796.0	-2.4%	-3.6%
Newark Liberty International Airport (EWR)	3,056.3	7,824.4	2.5%	0.2%
Stewart International Airport (SWF)	26.0	72.0	-10.6%	-5.1%
<b>Revenue Freight (Short Tons)</b>	<b>176,058</b>	<b>473,440</b>	<b>-0.2%</b>	<b>-3.3%</b>
Domestic	54,914	156,663	-9.8%	-11.4%
International	121,144	316,777	4.9%	1.3%
<b>Flights</b>	<b>105,263</b>	<b>281,716</b>	<b>-0.7%</b>	<b>-4.9%</b>
Domestic Air Carrier	75,924	200,065	0.3%	-5.8%
International Air Carrier	23,855	65,553	0.7%	-1.5%
General Aviation	5,484	16,098	-17.8%	-6.1%
<b>Paid Parked Cars</b>	<b>670,164</b>	<b>1,855,296</b>	<b>-6.6%</b>	<b>-5.7%</b>
<b>Revenue AirTrain Passengers</b>	<b>726,558</b>	<b>1,852,025</b>	<b>9.0%</b>	<b>7.4%</b>

FERRY OPERATIONS	Mar '14	YTD	Mar '13/'14	YTD '13/'14
<b>Passengers (000's)</b>				
New Jersey Ferries	595.8	1,629.0	-0.2%	-10.0%

PATH	Mar '14	YTD	Mar '13/'14	YTD '13/'14
<b>Passengers (000's)</b>	<b>6,134.0</b>	<b>17,150.0</b>	<b>3.3%</b>	<b>4.5%</b>
Average Weekday	248.1	712.5	5.3%	3.8%
Average Saturday	110.7	311.7	-6.4%	9.9%
Average Sunday	73.9	225.3	-7.5%	6.7%

PORT COMMERCE	Mar '14	YTD	Mar '13/'14	YTD '13/'14
<b>Port Trade</b>				
Container Imports (TEUs)	234,059	673,643	10.1%	6.9%
Container Exports (TEUs)	135,779	333,225	2.7%	-9.4%
Containers lifted on/off Express Rail	41,439	104,372	11.9%	2.9%

TUNNELS, BRIDGES & TERMINALS	Mar '14	YTD	Mar '13/'14	YTD '13/'14
<b>Eastbound Vehicle Volumes (000's)</b>	<b>9,363</b>	<b>25,230</b>	<b>-2.8%</b>	<b>-5.9%</b>
George Washington Bridge	4,003	10,745	-1.5%	-5.1%
Lincoln Tunnel	1,575	4,262	-0.8%	-2.8%
Holland Tunnel	1,314	3,558	-4.0%	-6.6%
Bayonne Bridge	248	691	-12.6%	-15.0%
Goethals Bridge	1,100	2,953	-3.1%	-6.3%
Outerbridge Crossing	1,123	3,021	-5.8%	-9.0%

Eastbound Volumes by Vehicle Type (000's)	Mar '14	YTD	Mar '13/'14	YTD '13/'14
Autos	8,524	22,890	-3.1%	-6.0%
Trucks	598	1,667	0.5%	-4.8%
Buses	241	671	-1.0%	-2.5%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Mar '14	Feb '14	Change
<b>PA Pulse (Transportation Activity Index)</b>	na	92.2	
<b>PA Freight Pulse</b>	na	89.2	
<b>PA Passenger Pulse</b>	na	95.2	

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Mar '14	Feb '14	Change
<b>TSI - Combined Index</b>	117.1	115.7	1.2%
<b>TSI - Freight</b>	116.7	114.9	1.6%
<b>TSI - Passenger</b>	117.7	117.4	0.3%

## TRANSPORTATION FOCUS

### A Region of Commuters

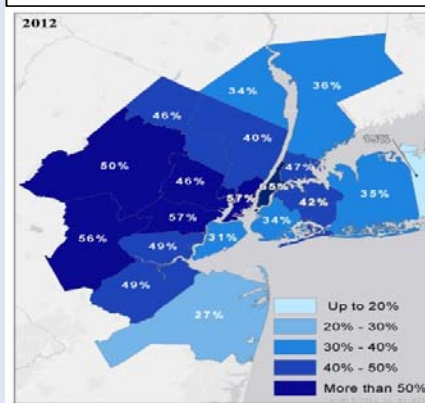
It's no secret that workers who commute across county lines to their jobs play an important role in the regional economy. Using U.S. Bureau of Economic Analysis's gross outflow of earnings data, we can see just how important the contributions of these residents are. Gross outflow of earnings is the amount of wages and salaries earned by workers who reside in a different county from their places of work. The map presented here reflects 2012 gross outflow of earnings as a share of total earnings by place of work for each of the region's 18 counties.<sup>1</sup>

In most counties in the region, commuters from other counties take home at least one-third of the income earned in that county. The counties with the highest share of income earned by commuters include New York (Manhattan), Hudson, Union, Essex, and Somerset. The reasons why these counties attract large numbers of commuters are complex, but there are two readily identifiable features of these counties that make them stand out. First, the counties' access to multiple transportation options makes them attractive as locations for businesses. Second, the large number of high-income industries within the counties, ranging from finance to healthcare, draw upon a diverse pool of specialized talent from across the region to meet their staffing needs.

Gross outflow of earnings data do not identify whether commuters are arriving from New York, New Jersey, or outside the region, nor do the data identify travel mode.

However, these data highlight the importance of commuters to the regional economy and offer insight to how the availability of transportation options and the density of jobs and industries affect commuting behavior throughout the region.

**Non-Resident Commuters' Share of Earnings by Place of Work**



[1] Proprietors' income, which includes income from partnerships and non-profit organizations, was subtracted from earnings by place of work to avoid understating the share of salary and wage income captured by commuters.

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