

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

April 2015

UNEMPLOYMENT RATE (percent of labor force)	MAR 2015	PREVIOUS 3 MONTHS AVERAGE	MAR 2014
U.S. (seasonally adjusted)	5.5	5.6	6.6
U.S. (not seasonally adjusted)	5.6	5.8	6.8

UNEMPLOYMENT RATE (percent of labor force)	FEB 2015	PREVIOUS 3 MONTHS AVERAGE	FEB 2014
REGION (not seasonally adjusted)	6.5	5.9	7.6

NON-FARM EMPLOYMENT (thousands)	MAR 2015	PREVIOUS 3 MONTHS AVERAGE	% CHANGE MAR 2015 / MAR 2014
U.S.	141,183	140,814	2.3
REGION	8,720	8,724	1.4
Construction and Manufacturing	653	656	0.4
Financial / Professional / Business	2,119	2,124	1.5
Government	1,225	1,216	-1.5
All Others	4,723	4,728	2.4

REAL GDP (percentage change)	2015Q1	2014Q4	2014Q3
U.S. (seasonally adjusted at annual rates)	0.2	2.2	5.0
REGION	1.5	2.8	3.4

CONSUMER PRICE INDEX (percentage change)	MAR '15/ MAR '14	MAR '15/ FEB '15	FEB '15/ FEB '14
U. S.	0.0	0.2	-0.1
Core	1.8	0.2	1.7
REGION	-0.1	0.2	0.1
Core	1.6	0.4	1.5
Food & Beverages	2.6	0.0	3.0
Housing	0.5	-0.3	1.1
Transportation	-8.4	1.2	-8.9
Energy	-21.9	-2.0	-19.3

CONSTRUCTION COST INDEX (percentage change)	MAR '15/ MAR '14	MAR '15/ FEB '15	FEB '15/ FEB '14
U.S. 20-CITY	2.8	0.1	2.9
NY REGION	4.5	0.0	4.5

GASOLINE PRICES (US dollars per gallon)	MAR 2015	A month ago	A year ago
U.S. (all types NSA)	\$2.75	\$2.63	\$3.87
New York City (all types NSA)	\$3.03	\$2.85	\$4.16
Newark, NJ (all types NSA)	\$2.62	\$2.41	\$3.73

HOUSING PRICES (12-month percentage change)	FEB '15/ FEB '14	JAN '15/ JAN '14	DEC '14/ DEC '13
U.S. 20-CITY COMPOSITE	5.0	4.5	4.4
NY METROPOLITAN AREA	2.5	2.0	1.8

INTERNATIONAL TRADE (billions of dollars)	FEB 2015	% CHANGE VS. FEB 2014	% CHANGE YTD 2015 VS. 2014
U.S.	280.2	-4.8	-4.2
NY CUSTOMS DISTRICT	32.3	2.4	-0.6
NY Imports	20.2	5.3	2.9
NY Exports	12.2	-2.0	-6.2

MANHATTAN COMMERCIAL REAL ESTATE	MAR 2015	FEB 2015	JAN 2015
Availability (%)			
Manhattan Totals	9.8	9.8	9.9
Midtown	9.9	10.1	10.0
Downtown	12.6	12.2	12.4
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	76.5	77.7	76.3
Midtown	85.0	85.1	85.0
Downtown	61.6	61.4	60.3

REGIONAL ECONOMIC FORECAST	2015	2016	2017
Real GDP (%)	2.8	2.5	2.9
Nonfarm Employment Growth (%)	1.6	0.7	0.7

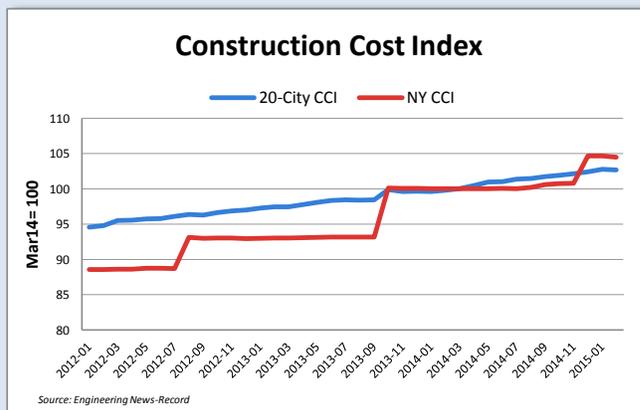
## SPECIAL FOCUS

### Construction Costs on the Rise?

While general inflationary pressure in the US economy has been subdued, recent post recession data show increases in building and construction costs that significantly exceed the pace of general price appreciation. For instance, the construction cost index as measured by ENR increased by 22 percent over the last 59 months, nearly tripling the rate measured by the Consumer Price Index. Over the same period of time, questions have been raised about the collapsing price of crude oil and the extent to which those lower resource prices will moderate or even outweigh the increase in the cost for building materials and construction labor. On balance, based on the review of industry sources and our own judgment, it appears that the effect of falling oil prices will likely not hold down construction material prices substantially. Rather, it seems likely that construction costs in New York will continue their upward trend and grow by up to 4 percent in the near term.

When looking at historical trends in construction costs for the New York Metropolitan region over the last twenty years, one notices that, when ignoring the dramatic annual change in 2004, the ENR construction cost index increased by roughly 3 percent annually in the decade before and after 2004. Comparatively, the CPI-U for New York Metro increased by approximately 2.5, respectively, for the same two-time periods. Construction costs in the region have generally exceeded consumer price inflation but the differential between the two has been relatively modest.

Monthly data for the ENR index now seem to show that construction costs are picking up at a more rapid pace in recent months. Qualitative findings and data from industry trade literature suggest that the rising construction costs in the New York – New Jersey region are due to a combination of factors, including but not limited to increases in insurance costs, rising material expenses, and union wages. Among materials, fuel oil, gypsum products, lumber and plywood, insulation materials, pipe products, and steel shapes have been among the largest drivers of costs, though cement prices have been nearly flat over the past year. On the labor side, some private developers have noted that their labor costs have increased 15% to 20% over the past two years as the result of a tightening labor market. Additionally, adjustments in union wage agreements put regular upward pressures on costs especially in the second half of the year.



Falling crude oil prices do affect the market for some building supplies as well as transportation and that may mitigate some of the expected construction cost inflation for at least the remainder of 2015. However, construction activity in the residential sector has picked up, especially for multi-family housing units, and while labor and materials in that sector are not perfect substitutes for resources used in industrial and commercial construction projects, upward price pressures may continue to emerge as substitutable resources are diverted.

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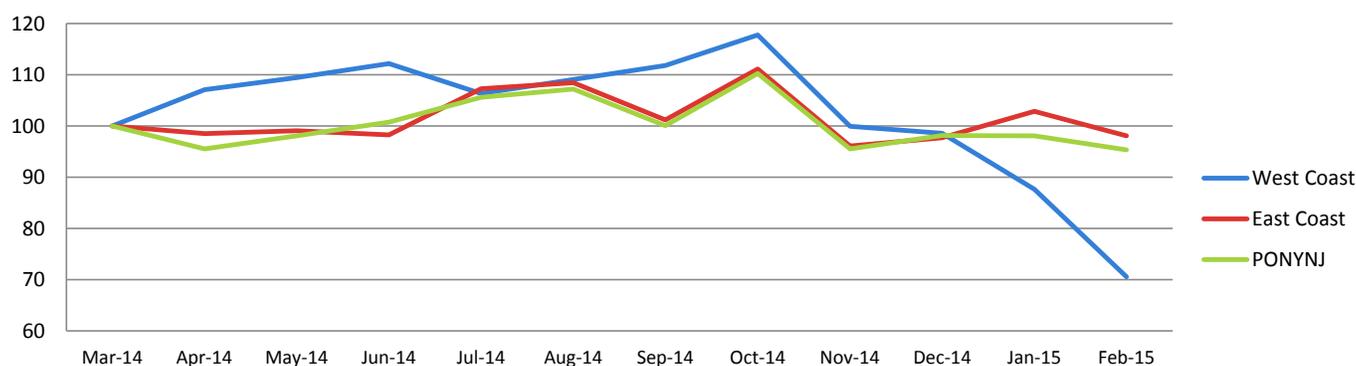
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AVIATION	Feb '15	YTD	Feb '15/'14	YTD '15/'14	PORT COMMERCE	Feb '15	YTD	Feb '15/'14	YTD '15/'14
<b>Revenue Passengers (000's)</b>	<b>7,803.1</b>	<b>16,218.3</b>	<b>8.8%</b>	<b>5.8%</b>	<b>Port Trade</b>				
John F. Kennedy International Airport (JFK)	3,522.5	7,472.6	8.7%	7.1%	Container Imports (TEUs)	240,453	475,746	15.8%	8.2%
LaGuardia Airport (LGA)	1,831.6	3,663.4	8.7%	3.3%	Container Exports (TEUs)	102,326	206,527	10.3%	4.6%
Newark Liberty International Airport (EWR)	2,429.2	5,041.5	9.3%	5.7%	Containers lifted on/off Express Rail	35,818	72,950	18.0%	15.9%
Stewart International Airport (SWF)	19.8	40.8	-7.3%	-11.5%					
<b>Revenue Freight (Short Tons)</b>	<b>154,432</b>	<b>313,102</b>	<b>6.8%</b>	<b>5.0%</b>	<b>TUNNELS, BRIDGES &amp; TERMINALS</b>	<b>Feb '15</b>	<b>YTD</b>	<b>Feb '15/'14</b>	<b>YTD '15/'14</b>
Domestic	52,970	108,803	11.2%	6.8%	<b>Eastbound Vehicle Volumes (000's)</b>	<b>7,914</b>	<b>16,317</b>	<b>5.6%</b>	<b>2.8%</b>
International	101,462	204,299	4.7%	4.0%	George Washington Bridge	3,377	6,991	6.4%	3.7%
<b>Flights</b>	<b>88,197</b>	<b>183,834</b>	<b>5.1%</b>	<b>4.2%</b>	Lincoln Tunnel	1,345	2,746	5.3%	2.2%
Domestic Air Carrier	63,103	131,770	7.0%	6.3%	Holland Tunnel	1,103	2,249	3.9%	0.2%
International Air Carrier	20,091	42,474	2.1%	1.5%	Bayonne Bridge	166	365	-20.0%	-17.8%
General Aviation	5,003	9,590	-5.0%	-9.6%	Goethals Bridge	979	2,004	11.6%	8.2%
<b>Paid Parked Cars</b>	<b>528,673</b>	<b>1,142,133</b>	<b>-0.6%</b>	<b>-3.6%</b>	Outerbridge Crossing	944	1,962	4.9%	3.4%
<b>Revenue AirTrain Passengers</b>	<b>599,003</b>	<b>1,252,100</b>	<b>5.9%</b>	<b>11.3%</b>	<b>Eastbound Volumes by Vehicle Type (000's)</b>				
					Autos	7,182	14,826	5.9%	3.2%
					Trucks	518	1,057	2.6%	-1.1%
					Buses	212	433	3.6%	0.7%
<b>FERRY OPERATIONS</b>	<b>Feb '15</b>	<b>YTD</b>	<b>Feb '15/'14</b>	<b>YTD '15/'14</b>	<b>PORT AUTHORITY PULSE</b>	<b>Feb '15</b>	<b>Jan '15</b>	<b>Change</b>	
<b>Passengers (000's)</b>					<b>(Seasonally Adjusted, 2010=100)</b>				
New Jersey Ferries	451.4	982.2	-7.6%	-4.9%	<b>PA Pulse (Transportation Activity Index)</b>	97.9	94.9	3.2%	
					<b>PA Freight Pulse</b>	95.9	92.2	4.0%	
					<b>PA Passenger Pulse</b>	99.9	97.6	2.3%	
<b>PATH</b>	<b>Feb '15</b>	<b>YTD</b>	<b>Feb '15/'14</b>	<b>YTD '15/'14</b>	<b>U.S. TRANSPORT. SERVICES INDEX</b>	<b>Feb '15</b>	<b>Jan '15</b>	<b>Change</b>	
<b>Passengers (000's)</b>	<b>5,410.0</b>	<b>10,877.0</b>	<b>2.2%</b>	<b>-1.3%</b>	<b>(Prelim., Seasonally Adj., 2000=100)</b>				
Average Weekday	245.2	472.8	5.3%	1.8%	<b>TSI - Combined Index</b>	120.3	121.6	-1.1%	
Average Saturday	94.7	183.6	-13.7%	-8.7%	<b>TSI - Freight</b>	120.4	122.6	-1.8%	
Average Sunday	69.4	135.2	-11.7%	-10.7%	<b>TSI - Passenger</b>	119.8	119.0	0.7%	

## TRANSPORTATION FOCUS

### Total Container Trade Index



Source: World Trade Atlas (measured in \$Million); the West Coast ports include: Los Angeles, Long Beach, Tacoma, and Seattle; the East Coast ports include New York, Newark, Savannah, Norfolk, and Charleston.

Since December 2014, the total container trade of the East Coast ports has been relatively stable compared to the West Coast. Specifically, the West Coast saw a dramatic decrease in TEUs, which was mainly due to the West Coast Port Shutdown. The Port of New York and New Jersey experienced higher volume of containerized cargo. However, one could not attribute the shift in trade entirely to the port closure. The strengthening U.S. dollar is likely a factor as well. In addition, declining oil prices might contribute to the increase in trade. In the second quarter, we expect to see some containers permanently being routed via the East Coast, while the majority of the shift should return to the West Coast.

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