

MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

| | Actual | | Annual Forecast |
|-------------------------------------------------|---------------------|---------------------|-----------------|
| March 2017 | | | |
| UNEMPLOYMENT RATE | FEB 2017 | FEB 2016 | 2017 |
| U.S. REGION | 4.7% | 4.9% | 4.6% |
| | NA | NA | - |
| NON-FARM EMPLOYMENT | FEB 2017 | FEB '17/ FEB '16 | 2017 |
| U.S. REGION | 145.80M | 1.6% | 1.3% |
| | 9.04M | 1.3% | 1.2% |
| REAL GDP | 2016Q4 | 2016Q3 | 2017 |
| U.S. REGION | 1.9% | 3.5% | 2.3% |
| | 2.1% | 2.5% | 2.5% |
| INTERNATIONAL TRADE | JAN 16 | JAN '16/ JAN '15 | 2017 |
| U.S. (Imports + Exports) | \$128.9B | 13.4% | |
| NY CUSTOMS DISTRICT | \$15.3B | 8.8% | |
| NY Imports | \$11.9B | 8.8% | |
| NY Exports | \$3.4B | 8.9% | |
| GASOLINE PRICE | FEB 2017 | FEB 2016 | 2017 |
| New York City | \$2.58/g | \$2.21/g | |
| Newark, NJ | \$2.29/g | \$1.85/g | |
| PRICES | FEB '17/ FEB '16 | FEB '16/ FEB '15 | 2017 |
| Consumer Prices - U. S. | 2.8% | 1.0% | 2.3% |
| Consumer Prices - REGION | 2.6% | 0.6% | 2.0% |
| Personal Income - U. S. | 4.4% | 3.6% | 3.2% |
| Personal Income - REGION | 4.8% | 3.5% | 3.1% |
| Construction Costs - U.S. 20-CITY | 1.0% | 2.2% | - |
| Construction Costs - NYC | 13.2% | -0.2% | - |
| PRICES | JAN '15/ JAN '16 | JAN '15/ JAN '16 | 2017 |
| Housing Prices - U.S. 20-CITY | 5.7% | 5.6% | 5.7% |
| Housing Prices - NYC | 3.2% | 2.7% | 3.1% |
| CLASS A OFFICE SPACE AVERAGE ASKING RENT | 2016Q4 | 2016Q3 | 2017 |
| Manhattan Totals | \$76.76/sf | \$79.47/sf | - |
| Midtown | \$81.67/sf | \$85.10/sf | - |
| Downtown | \$63.17/sf | \$62.18/sf | - |

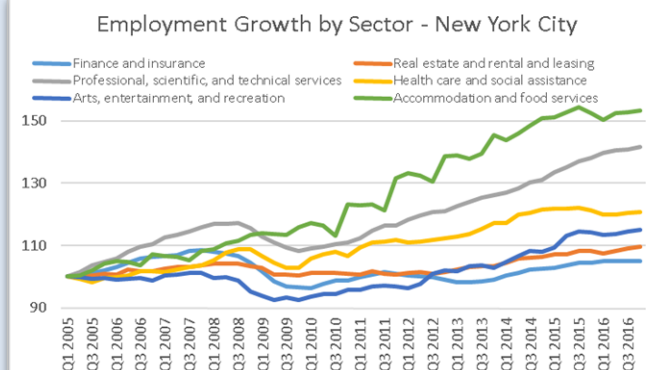
* For Unemployment Rates, Employment and GDP, U.S. data are seasonally adjusted, regional data are not.

* Forecast developed by PA Planning staff using Oxford Economics' Macro Model.

SPECIAL FOCUS

NYC Tourism: An Economic Growth Engine under Pressure?

The Port District has seen significant growth in employment and output since the end of the Great Recession in 2009. Whereas prior to the financial crisis much of the growth occurred in industry sectors such as financial services or real estate, the post-recession economy has expanded as a result of sectors such as professional business services, healthcare, leisure and hospitality. Industry sectors associated with tourism in New York City in particular have seen tremendous expansion. The total number of visitors exceeded 60 million in 2016 according to NYC & Co. While New York is a center of interest for domestic tourists, it is international travelers that have fueled the growth. But with the election of Donald Trump in November 2016, there appears to be growing concern about the attractiveness of the United States, and New York City in particular, as a foreign tourist destination. In fact, after several years of record tourism growth, NYC & Co. now predicts for the first time that the total number of foreign tourists coming to New York City might actually fall below last year's level. The change represents an expected decline of 300,000 from 2016 not counting the lost positive growth predicted prior to the election.



The big question is how much the regional economy might be affected adversely by any declining volume of international visitors. A large share of tourism's contribution to the regional economy comes from tourist spending. In particular, estimates reported in the NY Times suggest that foreign visitors spend roughly four times more than their domestic counterparts, \$2,000 compared to \$500 per traveler per trip, respectively. And these effects are not limited to New York City alone. In fact, bookings by foreigners for travel to the United States overall appear to be down also lowering total spending. Specifically, foreign tourist expenditures may fall by 3% nationally, or roughly \$7.5 billion, in 2017 according to Tourism Economics. According to NYC & Company, applying the estimate of 300,000 lost international travelers to the Big Apple to the average expenditure estimate per capita results in a loss of tourism expenditures of roughly \$600 million in the city.

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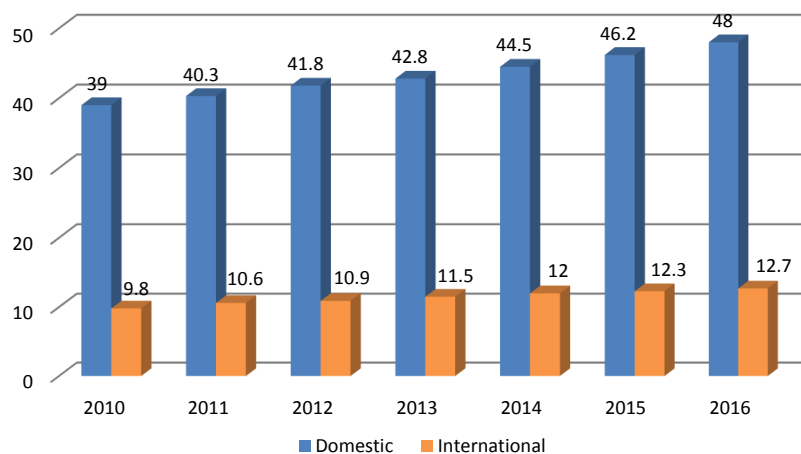
Planning and Regional Development Department

March 2017

| AVIATION | Jan '17 | YTD | Jan '17/'16 | YTD '17/'16 | PORT COMMERCE | Jan '17 | YTD | Jan '17/'16 | YTD '17/'16 |
|---------------------------------------------|----------------|----------------|--------------------|--------------------|--------------------------------------------------|----------------|----------------|--------------------|--------------------|
| Revenue Passengers (000's) | 9,658.9 | 9,658.9 | 5.0% | 5.0% | Port Trade | | | | |
| John F. Kennedy International Airport (JFK) | 4,463.9 | 4,463.9 | 5.2% | 5.2% | Container Imports (TEUs) | 260,725 | 260,725 | 5.5% | 5.5% |
| LaGuardia Airport (LGA) | 1,966.9 | 1,966.9 | -3.1% | -3.1% | Container Exports (TEUs) | 110,958 | 110,958 | 8.1% | 8.1% |
| Newark Liberty International Airport (EWR) | 3,206.2 | 3,206.2 | 10.3% | 10.3% | Containers lifted on/off Express Rail | 43,408 | 43,408 | 10.3% | 10.3% |
| Stewart International Airport (SWF) | 21.9 | 21.9 | 4.4% | 4.4% | | | | | |
| Revenue Freight (Short Tons) | 165,882 | 165,882 | 6.0% | 6.0% | TUNNELS, BRIDGES & TERMINALS | Jan '17 | YTD | Jan '17/'16 | YTD '17/'16 |
| Domestic | 58,766 | 58,766 | 8.0% | 8.0% | Eastbound Vehicle Volumes (000's) | 9,103 | 9,103 | 5.7% | 5.7% |
| International | 107,116 | 107,116 | 4.9% | 4.9% | George Washington Bridge | 3,951 | 3,951 | 6.2% | 6.2% |
| Flights | 101,332 | 101,332 | -0.7% | -0.7% | Lincoln Tunnel | 1,480 | 1,480 | 4.2% | 4.2% |
| Domestic Air Carrier | 73,123 | 73,123 | -0.8% | -0.8% | Holland Tunnel | 1,172 | 1,172 | 2.4% | 2.4% |
| International Air Carrier | 22,878 | 22,878 | 1.7% | 1.7% | Bayonne Bridge | 137 | 137 | 6.2% | 6.2% |
| General Aviation | 5,331 | 5,331 | -8.9% | -8.9% | Goethals Bridge | 1,203 | 1,203 | 7.4% | 7.4% |
| Paid Parked Cars | 576,812 | 576,812 | -7.8% | -7.8% | Outerbridge Crossing | 1,160 | 1,160 | 7.4% | 7.4% |
| Revenue AirTrain Passengers | 756,556 | 756,556 | 12.5% | 12.5% | Eastbound Volumes by Vehicle Type (000's) | | | | |
| | | | | | Autos | 8,303 | 8,303 | 5.7% | 5.7% |
| | | | | | Trucks | 569 | 569 | 4.8% | 4.8% |
| | | | | | Buses | 230 | 230 | 5.0% | 5.0% |
| FERRY OPERATIONS | Jan '17 | YTD | Jan '17/'16 | YTD '17/'16 | PORT AUTHORITY PULSE | Oct '16 | Sep '16 | Change | |
| Passengers (000's) | | | | | (Seasonally Adjusted, 2010=100) | | | | |
| New Jersey Ferries | 621.9 | 621.9 | 4.6% | 4.6% | PA Pulse (Transportation Activity Index) | 100.7 | 101.0 | -0.3% | |
| | | | | | PA Freight Pulse | 98.7 | 95.6 | 3.2% | |
| | | | | | PA Passenger Pulse | 102.7 | 106.4 | -3.5% | |
| PATH | Jan '17 | YTD | Jan '17/'16 | YTD '17/'16 | U.S. TRANSPORT. SERVICES INDEX | Jan '17 | Dec '16 | Change | |
| Passengers (000's) | 6,323.0 | 6,323.0 | 9.9% | 9.9% | (Prelim., Seasonally Adj., 2000=100) | | | | |
| Average Weekday | 266.8 | 266.8 | 6.5% | 6.5% | TSI - Combined Index | 123.8 | 123.5 | 0.2% | |
| Average Saturday | 97.0 | 97.0 | 10.4% | 10.4% | TSI - Freight | 123.2 | 123.2 | 0.0% | |
| Average Sunday | 78.6 | 78.6 | 16.3% | 16.3% | TSI - Passenger | 124.8 | 124.1 | 0.6% | |

TRANSPORTATION FOCUS

Tourism in New York City
(Visitors in millions)



Source: NYC & Company

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In the Port District, international arrivals have seen tremendous growth in recent years and it is too early to predict if such growth is going to subside this year. PA aviation staff is still expecting total arrivals at all three airports to increase, with JFK airport carrying the lion's share of international trips. A decline in international tourism would certainly diminish economic activity and potentially reduce the amount of revenue generated via flight fees, concessions, and other variable revenue sources. But even more importantly, it would negatively impact one of the region's major industries behind its economic growth. The extent to which this occurs is still uncertain and we will follow regional trends closely in the coming months to assess any such negative impacts.

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