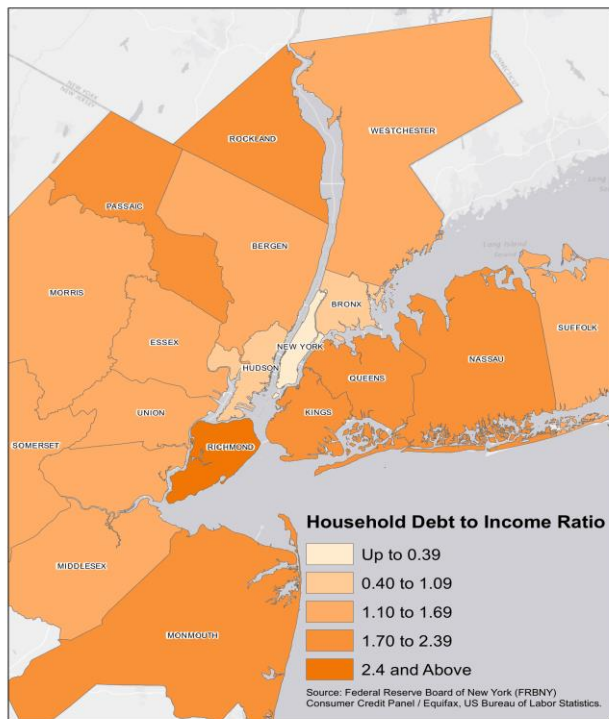


## The Resurgence of Household Debt

Economists are always trying to pinpoint factors that may spark the next economic slowdown, and one frequent topic of consideration is household debt. Debt across the United States is, following a period of balance sheet improvements, now higher than it has been in years, and New Jersey is near the front of the pack. To what extent could that trend burden regional and national growth?

Combined household debt – counting student loans, mortgages, auto loans, credit card debt, et cetera – fell steadily as the country began to rebound from the Great Recession. It has grown significantly since then, leaving many households perched to encounter challenges if another downturn proves severe. By the middle of 2017, consumer debt had topped its pre-recession peak, with student loans accounting for three times as much of the portfolio as with earlier generations.

There are some real reasons to pay close attention to this trend. Here’s one: while economic expansions and, particularly, contractions can come on a moment’s notice, household debt generally takes a while to shed. Credit card interest rates haven’t been this high in nearly two decades. And it can be all the more difficult to reduce household debt in tougher economic conditions, when more people will be unemployed or underemployed.



## THE WATCHLIST

Economic Variables	Current	One Year Trend
<b>UNITED STATES</b>		
Real GDP [Annual Rate]	Q12019	3.1%
Unemployment Rate	Apr-19	3.6%
Consumer Price Index [Annual]	Apr-19	2.0%
Gasoline Price [Regular]	Apr-19	\$2.80
<b>PORT AUTHORITY REGION</b>		
Regional Employment [NY MSA]	Apr-19	9,968
Consumer Price Index [Annual]	Apr-19	1.6%
Port District Exports [\$Bill]	Mar-19	\$11.86
Port District Imports [\$Bill]	Mar-19	\$21.61
Case-Shiller Home Price Index	Mar-19	2.3%
<b>Commercial Real Estate Asking Rent</b>		
Midtown	Q12019	\$82.04
Downtown	Q12019	\$67.74

Average per-capita debt in New Jersey at the end of 2018 was \$32,000, above the national average by a full \$5,000, according to data from the Federal Reserve Bank of New York. It had the 19<sup>th</sup> highest household debt-to-income ratio among US states as of the end of 2017, using a separate analysis from the bank’s national research team.

### Household debt-to-income ratios, 2017 Q4

Chicago	1.2
Dallas	1.1
Los Angeles	1.7
New York	1.1
Philadelphia	1.3
NJ (state)	1.6
NY (state)	0.7
United States	1.0

\* City names represent metro areas

Those numbers hurt the Greater New York area’s general debt profile. The region, including Northern New Jersey and New York City, typically has different debt profiles than their counterparts in other parts of the country, reflecting the average metro resident’s characteristics – slightly more educated with a lower probability of home or auto ownership and, for homeowners, a higher average mortgage balance – than outside the region. Household debt, as a share of income, is in high territory across much of Northern New Jersey including Sussex, Ocean and Warren counties.

It is not just the level of debt that is worth investigating but also how many loans are delinquent, which we’ll define as more than 90 days past due. For the country overall, delinquencies of most loan types have fallen but there are two notable exceptions. The percentage of student loans that are more than 90 days past due has not improved over the last few years and delinquency of auto loans has actually worsened over the last 36 months. In the Port Authority’s 18-county region, mortgage delinquency has grown and is holding well above the national average following the

[ continued on next page ]

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

May 2019

AVIATION	Mar '19	YTD	Mar '19/'18	YTD '19/'18
<b>Revenue Passengers (000's)</b>	<b>11,748.8</b>	<b>31,146.1</b>	<b>6.6%</b>	<b>5.0%</b>
John F. Kennedy International Airport (JFK)	5,180.3	13,934.9	7.2%	6.9%
LaGuardia Airport (LGA)	2,589.6	6,703.3	6.9%	4.1%
Newark Liberty International Airport (EWR)	3,935.6	10,384.5	5.7%	3.1%
Stewart International Airport (SWF)	43.2	123.4	-9.5%	-5.6%
<b>Revenue Freight (Short Tons)</b>	<b>192,737</b>	<b>530,702</b>	<b>-0.7%</b>	<b>-1.9%</b>
Domestic	69,179	197,640	0.9%	0.9%
International	123,558	333,062	-1.5%	-3.6%
<b>Flights</b>	<b>126,309</b>	<b>349,274</b>	<b>7.3%</b>	<b>2.7%</b>
Domestic Air Carrier	81,157	226,066	7.6%	4.0%
International Air Carrier	26,237	72,804	11.6%	5.2%
General Aviation	18,915	50,404	0.4%	-6.2%
<b>Paid Parked Cars</b>	<b>523,582</b>	<b>1,460,156</b>	<b>-2.7%</b>	<b>-3.1%</b>
<b>Revenue AirTrain Passengers</b>	<b>1,567,392</b>	<b>4,159,289</b>	<b>-5.5%</b>	<b>-6.4%</b>

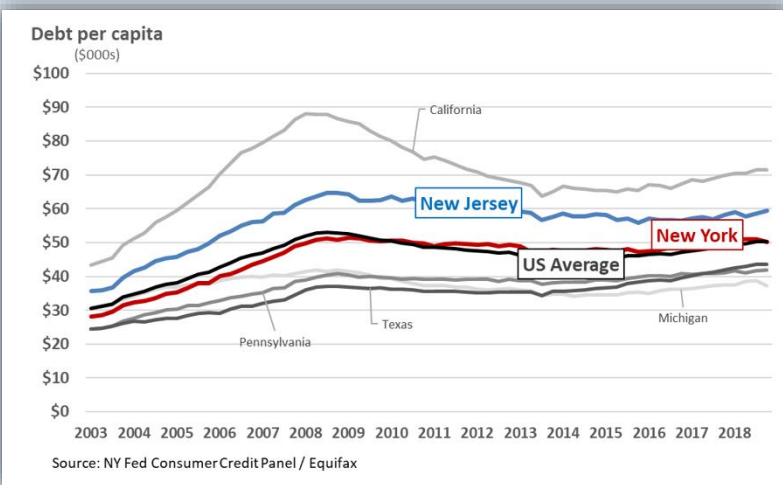
FERRY OPERATIONS	Mar '19	YTD	Mar '19/'18	YTD '19/'18
<b>Passengers (000's)</b>				
New Jersey Ferries	873.0	2,351.0	21.1%	17.2%

PATH	Mar '19	YTD	Mar '19/'18	YTD '19/'18
<b>Passengers (000's)</b>	<b>6,793.0</b>	<b>19,323.0</b>	<b>0.5%</b>	<b>-0.2%</b>
Average Weekday	281.6	277.3	6.3%	2.7%
Average Saturday	106.1	95.8	-10.6%	-11.2%
Average Sunday	69.6	67.4	-16.5%	-11.6%

PORT	Mar '19	YTD	Mar '19/'18	YTD '19/'18
<b>Port Trade</b>				
Container Imports (TEUs)	282,981	905,849	-1.9%	3.9%
Container Exports (TEUs)	130,038	355,229	-1.6%	-1.8%
Containers lifted on/off Express Rail	58,877	163,133	11.1%	8.2%
<b>TUNNELS, BRIDGES &amp; TERMINALS</b>	<b>Mar '19</b>	<b>YTD</b>	<b>Mar '19/'18</b>	<b>YTD '19/'18</b>
<b>Eastbound Vehicle Volumes (000's)</b>	<b>10,003</b>	<b>27,915</b>	<b>4.1%</b>	<b>2.6%</b>
George Washington Bridge	4,242	11,841	3.4%	1.6%
Lincoln Tunnel	1,585	4,380	0.8%	-1.1%
Holland Tunnel	1,267	3,605	3.8%	4.9%
Bayonne Bridge	249	643	12.4%	0.4%
Goethals Bridge	1,431	4,003	12.0%	11.6%
Outerbridge Crossing	1,229	3,443	1.8%	-0.2%
<b>Eastbound Volumes by Vehicle Type (000's)</b>				
Autos	9,145	25,448	4.5%	2.8%
Trucks	612	1,769	0.2%	1.5%
Buses	246	697	1.2%	0.6%

U.S. TRANSPORT. SERVICES INDEX	Mar '19	Feb '19	Change
<b>(Prelim., Seasonally Adj., 2000=100)</b>			
<b>TSI - Combined Index</b>	134.3	133.9	0.3%
<b>TSI - Freight</b>	136.2	135.6	0.4%
<b>TSI - Passenger</b>	130.4	130.2	0.2%

## TRANSPORTATION FOCUS



[from page one]

Great Recession. Regional delinquencies regarding student and auto loans were lower than the nation as a whole, while credit card debt was roughly on par with the country.

The national economic expansion is nearing record post-World War II territory. Consumer confidence has followed, and the region is buying and carrying more debt than in years. While economic expansions don't die of old age, they are made to end, a fact worth reminding ourselves as we look to the months and years ahead.



Have you listened to one of our recent podcasts?

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