

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

January 2015

UNEMPLOYMENT RATE (percent of labor force)	DEC 2014	PREVIOUS 3 MONTHS AVERAGE	DEC 2013
U.S. (seasonally adjusted)	5.6	5.8	6.7
U.S. (not seasonally adjusted)	5.4	5.6	6.5
UNEMPLOYMENT RATE (percent of labor force)	NOV 2014	PREVIOUS 3 MONTHS AVERAGE	NOV 2013
REGION (not seasonally adjusted)	6.6	7.7	6.6
NON-FARM EMPLOYMENT (thousands)	DEC 2014	PREVIOUS 3 MONTHS AVERAGE	% CHANGE DEC 2014 / DEC 2013
U.S.	140,347	139,773	2.1
REGION	8,680	8,612	1.2
Construction and Manufacturing	648	658	0.2
Financial / Professional / Business	2,141	2,135	1.9
Government	1,197	1,180	-2.2
All Others	4,695	4,639	1.9
REAL GDP (percentage change)	2014Q4	2014Q3	2014Q2
U.S. (seasonally adjusted at annual rates)	2.6	4.6	-2.1
REGION (Oxford Economics Estimate)	2.7	2.9	-3.8
CONSUMER PRICE INDEX (percentage change)	DEC '14/ DEC '13	DEC '14/ NOV '14	NOV '14/ NOV '13
U. S.	0.7	-0.4	1.3
Core	1.6	0.0	1.7
REGION	0.3	-0.5	0.8
Core	1.1	-0.3	1.1
Food & Beverages	3.3	0.4	2.8
Housing	1.0	-0.1	1.5
Transportation	-5.9	-2.8	-3.1
Energy	-12.9	-4.3	-6.4
CONSTRUCTION COST INDEX (percentage change)	DEC '14/ DEC '13	DEC '14/ NOV '14	NOV '14/ NOV '13
U.S. 20-CITY	2.8	0.2	2.5
NY REGION	4.6	3.8	0.7
GASOLINE PRICES (US dollars per gallon)	DEC 2014	A month ago	A year ago
U.S. (all types NSA)	\$2.25	\$2.50	\$3.45
New York City (all types NSA)	\$2.67	\$3.07	\$3.86
Newark, NJ (all types NSA)	\$2.19	\$2.59	\$3.46
HOUSING PRICES (12-month percentage change)	NOV '14/ NOV '13	OCT '14/ OCT '13	SEP '14/ SEP '13
U.S. 20-CITY COMPOSITE	4.3	13.6	13.3
NY METROPOLITAN AREA	1.6	4.9	4.4
INTERNATIONAL TRADE (billions of dollars)	NOV 2014	% CHANGE VS. NOV 2013	% CHANGE YTD 2014 VS. 2013
U.S.	324.3	-0.2	3.0
NY CUSTOMS DISTRICT	35.1	6.9	2.3
NY Imports	21.7	4.9	4.8
NY Exports	13.4	10.3	-1.8
MANHATTAN COMMERCIAL REAL ESTATE	SEP 2014	AUG 2014	JUL 2014
Availability (%)			
Manhattan Totals	9.5	9.4	9.7
Midtown	9.9	9.7	10.0
Downtown	9.8	10.0	10.3
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	75.8	75.5	75.3
Midtown	83.1	83.1	82.7
Downtown	54.9	55.2	55.1
REGIONAL ECONOMIC FORECAST	2014	2015	2016
Real GDP (%)	1.8	2.7	2.5
Nonfarm Employment Growth (%)	1.3	1.4	0.8

## SPECIAL FOCUS

### Millennials Move to the Cities

Over the past decade, members of the Millennial Generation (currently 18-35 years olds) have flooded major American cities. Notably, the number of Millennials migrating to cities has surpassed levels of previous generations of young adults entering the labor force that moved to cities. According to a [City Observatory report](#) based on 2010 U.S. Census data, in 1980 young adults were 10 percent more likely to live in cities compared to the rest of the population. By 2010 that number had jumped to 51 percent for all young adults and 126 percent for college-educated young adults. The old saw is that today's young adults are lured to high-priced cities by fashionable amenities such as restaurants, museums, and shopping outlets. But recent analysis of U.S. Census data and other research suggests that Millennials' historic migration to metro areas is due to a combination of financial and personal reasons. Millennials come to cities for jobs and economic mobility; they stay, in part, for the lifestyle built around easy access to entertainment.

After decades of losing population and employment, many major American cities have once again become net job creators. [Analysis of 2012 U.S. Census data by Zillow.com](#) points to a strong inverse relationship between the unemployment levels of major metropolitan areas and the Millennial share of movers to those metros in 2011. Urban regions with lower unemployment generally attracted higher shares of Millennials. The NY-NJ-Long Island-PA metro region, which encompasses the Port Authority region, was an outlier: it saw a large Millennial share of movers (47%) relative to other metros, even though the unemployment rate (9.7%) was among the highest of the major metro regions at the time. This finding suggests that there are factors beyond job openings drawing Millennials to cities.

Economic mobility—the potential for income advancement afforded by a job market—is also luring Millennials to expensive urban hubs. According to [a landmark study](#) by Harvard economist Raj Chetty and others, large, dense, highly integrated urban regions with good schools typically afford workers greater economic mobility compared to less dense, highly segregated regions with bad schools. However, cities with high scores for economic mobility, like New York City, are typically among the least affordable to young adults (as measured by the share of median income devoted housing costs). That suggests that Millennials are making a bet that their first jobs in a new city will not be their last jobs, nor their starting salaries their final salaries.

Of course, Millennials are not just choosing to work in cities; they are living in them as well. Urban amenities, such as restaurants and theaters, are major draws to today's young adults. This has not always been the case. Harvard economists Edward Glaeser and Joshua Gottlieb [have pointed out](#) that in the 1970's businesses had to pay workers a premium to live in cities due to the prevalence of crime and other urban challenges. But as crime levels in cities have fallen over the past decades, property values have risen, and amenities have become centerpieces of cities' marketing strategies to potential inhabitants. Millennials, particularly college-educated Millennials who can afford to spend money on amenities, want to live in regions with robust entertainment options close to where they work.

To be sure, a number of other factors could be affecting Millennials' decision to migrate to cities. An interest in pursuing an environmentally sustainable lifestyle and other social values may also play important roles. It is also unclear whether Millennials who move to cities will remain city-dwellers as they begin to raise families and desire more housing. For the time being, today's young adults appear to take the high cost of living in cities as a fair price of admission to regions that offer jobs, economic mobility, and entertainment nearby.

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

January 2015

AVIATION	Nov '14	YTD	Nov '13/14	YTD '13/14	PORT COMMERCE	Nov '14	YTD	Nov '13/14	YTD '13/14
<b>Revenue Passengers (000's)</b>	<b>8,932.5</b>	<b>106,155.1</b>	<b>4.7%</b>	<b>3.2%</b>	<b>Port Trade</b>				
John F. Kennedy International Airport (JFK)	3,957.8	48,811.2	6.5%	5.8%	Container Imports (TEUs)	N/A	N/A	N/A	N/A
LaGuardia Airport (LGA)	2,120.6	24,591.9	1.4%	0.9%	Container Exports (TEUs)	N/A	N/A	N/A	N/A
Newark Liberty International Airport (EWR)	2,829.0	32,464.8	4.9%	1.3%	Containers lifted on/off Express Rail	N/A	N/A	N/A	N/A
Stewart International Airport (SWF)	25.2	287.2	-3.3%	-2.2%					
<b>Revenue Freight (Short Tons)</b>	<b>177,642</b>	<b>1,841,388</b>	<b>1.5%</b>	<b>0.8%</b>	<b>TUNNELS, BRIDGES &amp; TERMINALS</b>	<b>Nov '14</b>	<b>YTD</b>	<b>Nov '13/14</b>	<b>YTD '13/14</b>
Domestic	57,559	605,456	-0.6%	-4.2%	<b>Eastbound Vehicle Volumes (000's)</b>	<b>9,369</b>	<b>106,255</b>	<b>-0.5%</b>	<b>-1.9%</b>
International	120,083	1,235,932	2.6%	3.4%	George Washington Bridge	4,063	44,846	1.2%	-1.3%
<b>Flights</b>	<b>101,035</b>	<b>1,141,211</b>	<b>-0.3%</b>	<b>-1.4%</b>	Lincoln Tunnel	1,549	17,187	-0.7%	0.1%
Domestic Air Carrier	72,396	801,108	-0.7%	-2.4%	Holland Tunnel	1,279	14,240	-3.6%	-3.9%
International Air Carrier	22,576	267,122	2.7%	2.6%	Bayonne Bridge	208	2,545	-26.5%	-19.8%
General Aviation	6,063	72,981	-6.7%	-4.6%	Goethals Bridge	1,140	12,693	1.5%	-1.8%
<b>Paid Parked Cars</b>	<b>630,913</b>	<b>7,631,252</b>	<b>-1.3%</b>	<b>-3.3%</b>	Outerbridge Crossing	1,130	12,771	1.6%	0.3%
<b>Revenue AirTrain Passengers</b>	<b>706,541</b>	<b>7,526,392</b>	<b>3.4%</b>	<b>-0.6%</b>	<b>Eastbound Volumes by Vehicle Type (000's)</b>				
					Autos	8,579	95,075	-0.4%	-1.8%
					Trucks	556	6,494	-3.1%	-3.2%
					Buses	234	2,711	-0.6%	0.1%
<b>FERRY OPERATIONS</b>	<b>Nov '14</b>	<b>YTD</b>	<b>Nov '13/14</b>	<b>YTD '13/14</b>	<b>PORT AUTHORITY PULSE</b>	<b>Nov '14</b>	<b>Oct '14</b>	<b>Change</b>	
<b>Passengers (000's)</b>					<b>(Seasonally Adjusted, 2010=100)</b>				
New Jersey Ferries	602.6	7,555.7	3.0%	5.2%	<b>PA Pulse (Transportation Activity Index)</b>	N/A	N/A	N/A	
					<b>PA Freight Pulse</b>	N/A	N/A	N/A	
					<b>PA Passenger Pulse</b>	N/A	N/A	N/A	
<b>PATH</b>	<b>Nov '14</b>	<b>YTD</b>	<b>Nov '13/14</b>	<b>YTD '13/14</b>	<b>U.S. TRANSPORT. SERVICES INDEX</b>	<b>Nov '14</b>	<b>Oct '14</b>	<b>Change</b>	
<b>Passengers (000's)</b>	<b>5,639.0</b>	<b>67,570.0</b>	<b>-3.8%</b>	<b>1.0%</b>	<b>(Prelim., Seasonally Adj., 2000=100)</b>				
Average Weekday	253.3	2,761.2	0.5%	2.3%	<b>TSI - Combined Index</b>	122.2	121.4	0.7%	
Average Saturday	100.3	1,178.7	-11.6%	-4.9%	<b>TSI - Freight</b>	123.2	122.2	0.8%	
Average Sunday	79.0	898.6	-4.6%	-4.8%	<b>TSI - Passenger</b>	119.7	119.3	0.3%	

## TRANSPORTATION FOCUS

### Oil Prices Fall through the Floor, But Are All Effects Positive?

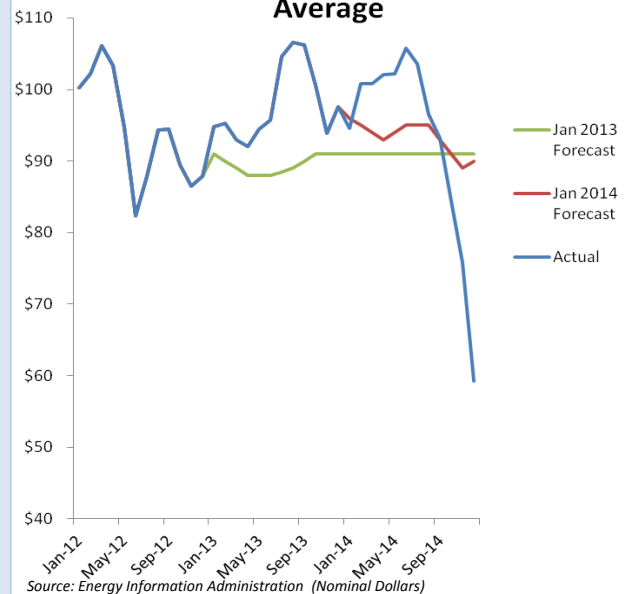
At the time of publication of this newsletter, crude oil is priced at just above \$45 per barrel, far below the level forecast as recently as one year ago as reflected in the accompanying chart of Energy Information Administration's short-term oil predictions over the past several years. The recent drop (over 40 percent in just two months) puts oil prices at their lowest level in nearly a decade. Is this steep drop in oil prices a net positive or negative for the national and regional economies?

On the positive side, the drop in oil prices has certainly put more money back in consumers' pockets. Estimates vary, but analysts at the Energy Information Administration say that the typical American household will save around \$750 this year due to lower gasoline prices. Some consumers will save that money while others spend it on goods and services, pumping more money into the economy. From a public policy perspective, low oil prices also offer state governments the opportunity to raise gasoline taxes and replenish dwindling transportation funds without risking as much political capital as they would if they attempted to raise taxes when oil prices are relatively higher.

But low oil prices also come with drawbacks. For one, they make carbon-based fuels more attractive relative to renewable energy sources. That makes it more challenging for alternative energy companies to foster demand for their products. Temporarily low oil prices may also attract new and used car buyers to less fuel-efficient vehicles than they would purchase otherwise. Those vehicles will become more costly if oil prices return to their previous heights. Wall Street will also feel some pain. Banks that have lent billions of dollars to energy companies in recent years as America's domestic oil production ramped up are expected to incur losses as loans sour and energy companies that relied on near-term high oil prices shutter.

On net the drop in oil prices is likely welcome news to cash-strapped consumers, but the wider environmental and financial implications of the oil drop may not be as pleasant.

### West Texas Intermediate Spot Average



Port Authority of NY & NJ  
Planning & Regional Development Department  
233 Park Avenue South, 11th Floor  
New York, NY 10003

Alexander Heil, Ph.D., Chief Economist; aheil@panynj.gov  
Graciela Ramirez, Input-Output Modeling & Regional Economics  
Mark Seaman, Cost-Benefit Analysis & World Economy  
Andrew Liebowitz, Forecasting  
Huajing Shi, Ph.D., Transportation Statistics  
Bradley Egbert, Forecasting  
Xiao Wang, Ph.D., Regional Economics