

# MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

October 2016

	Actual		Annual Forecast
<b>UNEMPLOYMENT RATE</b>	<b>AUG 2016</b>	<b>AUG 2015</b>	<b>2016</b>
U.S.	4.9%	5.1%	4.9%
REGION	5.2%	5.5%	-
<b>NON-FARM EMPLOYMENT</b>	<b>SEP 2016</b>	<b>SEP '16/ SEP '15</b>	<b>2016</b>
U.S.	144.75M	1.7%	1.6%
REGION	9.07M	1.5%	1.4%
<b>REAL GDP</b>	<b>2016Q3</b>	<b>2016Q2</b>	<b>2016</b>
U.S.	2.9%	1.4%	1.7%
REGION	NA	2.3%	2.1%
<b>INTERNATIONAL TRADE</b>	<b>AUG 2016</b>	<b>AUG '16/ AUG '15</b>	<b>2016</b>
U.S. (Imports + Exports)	\$126.3B	-8.2%	
NY CUSTOMS DISTRICT	\$16.8B	-6.7%	
NY Imports	\$13.1B	-7.1%	
NY Exports	\$3.7B	-5.2%	
<b>GASOLINE PRICE</b>	<b>SEP 2016</b>	<b>SEP 2015</b>	<b>2016</b>
New York City	\$2.48/g	\$2.46/g	\$2.26/g
Newark, NJ	\$2.06/g	\$1.94/g	\$1.87/g
<b>PRICES</b>	<b>SEP '16/ SEP '15</b>	<b>SEP '15/ SEP '14</b>	<b>2016</b>
Consumer Prices - U. S.	1.5%	0.0%	1.5%
Consumer Prices - REGION	1.0%	0.3%	1.2%
Personal Income - U. S.	3.4%	4.2%	2.8%
Personal Income - REGION	4.6%	3.7%	2.7%
Construction Costs - U.S. 20-CITY	3.5%	2.0%	-
Construction Costs - NYC	3.0%	4.2%	-
Housing Prices - U.S. 20-CITY	5.0%	5.1%	4.8%
Housing Prices - NYC	2.0%	2.0%	-
<b>CLASS A OFFICE SPACE AVERAGE ASKING RENT</b>	<b>2016Q3</b>	<b>2016Q2</b>	<b>2016</b>
Manhattan Totals	\$79.47/sf	\$78.50/sf	-
Midtown	\$85.10/sf	\$84.28/sf	-
Downtown	\$62.18/sf	\$62.24/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

### Transportation Investments in the Region

As we have documented in the MEI frequently, transportation investments are critical to the national as well as regional economies. But funding availability has been lagging behind the demand for projects for many years. With the Federal share of funding declining over time, states have been forced to increase their own expenditures. For instance, New York and New Jersey spent \$2.9 and \$2.6 billion on highway capital outlays in 2013, up from \$984 and \$271 million three decades earlier, according to the Federal Highway Administration [FHWA]. These increased demands to pay for projects on the state level have forced states to add to their debt burdens considerably. Some of the additional borrowing is not only due to greater needs for maintenance and repairs but also a declining share of transportation investments funded by pay-as-you-go sources according to Bloomberg News. Most notably, the state of New Jersey now by far exceeds all other states in the amount of total highway debt outstanding [Figure 1]. These debts need to be repaid on long maturity schedules while new projects add on to the need for additional borrowing.

Now it seems that State and local governments have been forced to become more independent and entrepreneurial and rely more on designated funding sources. The New York Times reports in an editorial on October 30<sup>th</sup> that ballots on November 8 will include up to 45 specific transportation funding measures. There are also pressures to raise gas taxes. Most recently, New Jersey has passed a 23 cent gas tax creating a new source of revenue that will be fully dedicated for infrastructure investment into the future. The gas tax is anticipated to pay for an eight-year, \$32 billion reauthorization of the Transportation Trust Fund which had been depleted. *(continued on page 2)*

Top 15 States by Outstanding Highway Debt (2014)

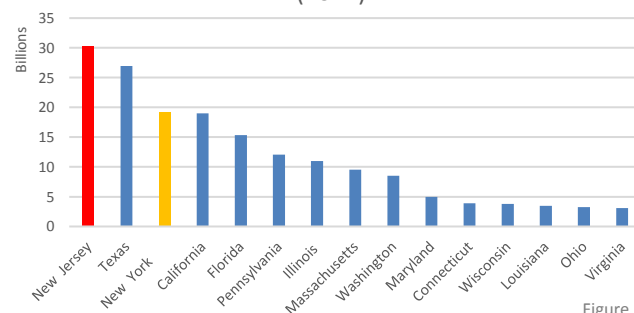


Figure 1

Notes from FHWA: New Jersey amounts shown represent data for 2013, Massachusetts amounts shown represent data reported for 2010.

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AVIATION	Aug '16	YTD	Aug '16/'15	YTD '16/'15	PORT COMMERCE	Aug '16	YTD	Aug '16/'15	YTD '16/'15
<b>Revenue Passengers (000's)</b>	<b>12,313.1</b>	<b>86,089.9</b>	<b>2.2%</b>	<b>4.8%</b>	<b>Port Trade</b>				
John F. Kennedy International Airport (JFK)	5,820.3	39,518.8	0.0%	3.6%	Container Imports (TEUs)	304,274	2,123,100	6.5%	-1.6%
LaGuardia Airport (LGA)	2,679.3	19,615.0	0.1%	4.1%	Container Exports (TEUs)	118,306	903,829	3.1%	-3.3%
Newark Liberty International Airport (EWR)	3,787.6	26,773.9	7.3%	7.5%	Containers lifted on/off Express Rail	49,628	364,366	9.0%	4.2%
Stewart International Airport (SWF)	26.0	182.2	-4.0%	-4.7%					
<b>Revenue Freight (Short Tons)</b>	<b>171,335</b>	<b>1,337,406</b>	<b>5.5%</b>	<b>-0.8%</b>	<b>TUNNELS, BRIDGES &amp; TERMINALS</b>	<b>Aug '16</b>	<b>YTD</b>	<b>Aug '16/'15</b>	<b>YTD '16/'15</b>
Domestic	62,007	476,849	13.5%	6.2%	<b>Eastbound Vehicle Volumes (000's)</b>	<b>10,735</b>	<b>78,847</b>	<b>1.1%</b>	<b>3.0%</b>
International	109,328	860,557	1.4%	-3.6%	George Washington Bridge	4,763	34,290	0.9%	2.9%
<b>Flights</b>	<b>118,714</b>	<b>876,983</b>	<b>0.9%</b>	<b>2.8%</b>	Lincoln Tunnel	1,659	12,743	-0.1%	2.1%
Domestic Air Carrier	82,885	619,612	2.0%	3.4%	Holland Tunnel	1,330	10,197	-2.5%	-0.4%
International Air Carrier	27,864	200,199	-0.3%	1.4%	Bayonne Bridge	136	1,071	-15.0%	-25.1%
General Aviation	7,965	57,172	-5.3%	6.4%	Goethals Bridge	1,434	10,440	6.8%	9.4%
<b>Paid Parked Cars</b>	<b>743,531</b>	<b>5,475,359</b>	<b>-8.1%</b>	<b>-0.6%</b>	Outerbridge Crossing	1,413	10,106	3.0%	6.1%
<b>Revenue AirTrain Passengers</b>	<b>918,236</b>	<b>6,502,481</b>	<b>-0.2%</b>	<b>4.3%</b>	<b>Eastbound Volumes by Vehicle Type (000's)</b>				
					Autos	9,823	72,029	0.9%	3.2%
					Trucks	644	4,833	3.4%	0.8%
					Buses	268	1,987	3.5%	0.6%
<b>FERRY OPERATIONS</b>	<b>Aug '16</b>	<b>YTD</b>	<b>Aug '16/'15</b>	<b>YTD '16/'15</b>	<b>PORT AUTHORITY PULSE</b>	<b>Aug '16</b>	<b>Jul '16</b>	<b>Change</b>	
<b>Passengers (000's)</b>					<b>(Seasonally Adjusted, 2010=100)</b>				
New Jersey Ferries	861.6	5,884.0	7.0%	9.3%	<b>PA Pulse (Transportation Activity Index)</b>	101.1	100.1	0.9%	
					<b>PA Freight Pulse</b>	98.6	96.1	2.6%	
					<b>PA Passenger Pulse</b>	103.5	104.2	-0.6%	
<b>PATH</b>	<b>Aug '16</b>	<b>YTD</b>	<b>Aug '16/'15</b>	<b>YTD '16/'15</b>	<b>U.S. TRANSPORT. SERVICES INDEX</b>	<b>Aug '16</b>	<b>Jul '16</b>	<b>Change</b>	
<b>Passengers (000's)</b>	<b>6,899.0</b>	<b>52,418.0</b>	<b>5.8%</b>	<b>4.2%</b>	<b>(Prelim., Seasonally Adj., 2000=100)</b>				
Average Weekday	269.4	2,136.7	3.9%	5.1%	<b>TSI - Combined Index</b>	123.2	124.7	-1.2%	
Average Saturday	97.2	874.8	-18.6%	-1.8%	<b>TSI - Freight</b>	122.3	124.5	-1.8%	
Average Sunday	78.3	668.8	-18.1%	-2.4%	<b>TSI - Passenger</b>	125.0	124.9	0.1%	

## TRANSPORTATION FOCUS

(from page 1)

Despite the arguments for and against these types of tax increases, the general question whether these new sources of revenue should be dedicated only to infrastructure investments is now again being considered. With states having budgetary issues stemming from pensions shortfalls, increased debt service, healthcare funding, and other fiscal challenges is it wise to constrain new revenue to one type of expenditure? By creating a "lockbox" the hope is to limit political tampering with new revenue sources and to ensure necessary projects get funding.

Other states whose constituents want dedicated funding for infrastructure have also moved to lockbox funding sources through legislation or voter referendums. Despite these approaches, how safe are dedicated infrastructure funding sources? A review done by the Council of State Governments shows that 46 states restrict the use of infrastructure revenue sources for other purposes with 60% of those states having constitutionally empowered restrictions on spending for non-infrastructure projects.

This makes sense as transportation funding has broad bi-partisan support with county and local governments enthusiastic about the prospects of more funding. According to the Council over the past 10 years, 72 percent of ballot measures pertaining to transportation funding have passed. In addition, recent announcements from the governors of New York, Maryland, Massachusetts, and Rhode Island have all made infrastructure spending a top priority.

Despite the enthusiasm for funding infrastructure and installing spending restrictions, various state governments have found ways to essentially open these funding sources by having emergency provisions or expanding the definition of what can be funded. Although constituents may support the idea of lockboxes, when push comes to shove, they may feel that opening these forbidden coffers are a necessary step. As pointed out in our previous monthly indicators report, a majority of commuters, nationally 72% according to the 2009-2013 Journey to Work data, live and work in the same county. This minimizes their exposure to transportation network shortfalls and thereby reduces political outrage when dedicated state transportation funding sources get shifted to more localized issues like schools, healthcare, or balancing a budget to avoid a government shutdown.

Regardless of the deployment of lockboxes for new transportation funding the Council's review observed that these approaches may not fundamentally fix systemic transportation funding problems. In the case of New Jersey and New York, one only needs to look at the amount of [outstanding highway debt](#) against the funding needs for an efficient transportation system to fully appreciate the fiscal and management challenges in the future.

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