

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

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THE PORT AUTHORITY OF NY & NJ

September 2018












Quantifying the Region's Gig Economy

The labor market is near its peak. Employers are reporting difficulties finding workers and reports have been citing "full employment" for months. Many reports state that the makeup of the workforce has changed significantly since before the Great Recession, with the rise of the "nontraditional" workforce capturing much of the conversation around employment trends. Locally, signs suggest the gig economy now represents a significant and growing share of the Greater New York labor market.

A recent study by Kruger & Katz estimated that more than 90 percent of net jobs added to the labor market since 2005 are, indeed, in nontraditional employment situations. That estimate suggested a dramatic increase in the number of employees working in temporary roles. However, subsequent data published by the Bureau of Labor Statistics corrected these findings in favor of the conclusion that the share of the gig economy has remained fairly unchanged over the last decade.

In order to develop a better understanding, we used the U.S. Census Bureau's nonemployer statistics data to estimate the gig economy in the region. The nontraditional workforce we are referring to includes those who work side jobs but are not employees of a company; they instead act as individual contractors. The most recent year's data shows that nearly 1.9 million people are working on an individual basis in the

THE WATCHLIST

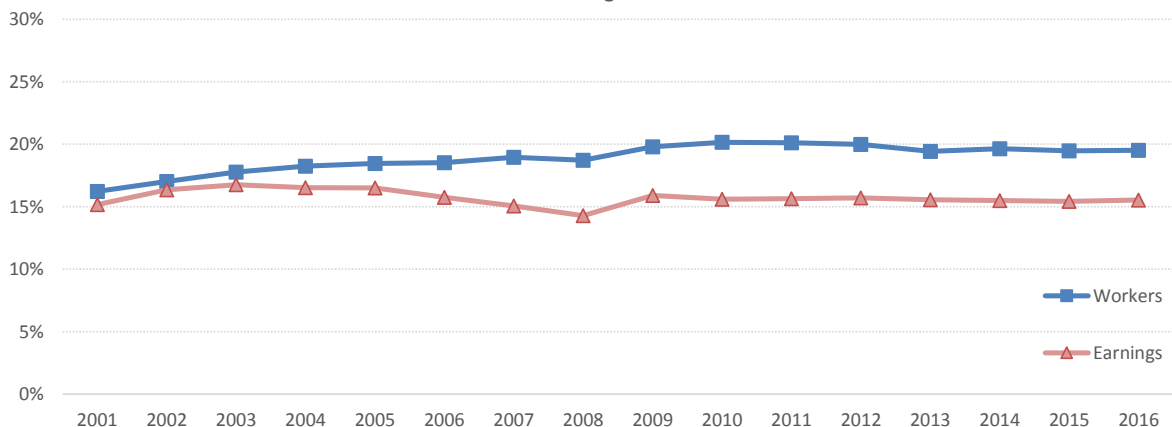
Economic Variables			Current - One Year Trend	
UNITED STATES			Aug 2017 - Aug 2018	
Real GDP [Annual Rate]	Q2 2018	4.2%		
Unemployment Rate	Aug-18	3.9%		
Consumer Price Index [Annual]	Aug-18	2.7%		
Gasoline Price [Regular]	Aug-18	\$2.84		
PORT AUTHORITY REGION				
Regional Employment [NY MSA]	Aug-18	9,798		
Consumer Price Index [Annual]	Aug-18	2.2%		
Port District Exports [\$Bill]	Jul-18	\$10.83		
Port District Imports [\$Bill]	Jul-18	\$25.05		
Case-Shiller Home Price Index	Jul-18	3.5%		
Commercial Real Estate Asking Rent				
Midtown	Q22018	\$84.17		
Downtown	Q22018	\$66.47		

region and the individual contractor workforce has grown by nearly 33,000 annually since 2016.

As a comparative benchmark, we used payroll employment data from the U.S. Bureau of Labor Statistics to gauge the growth of individual contractors over time. This was done for various industries in the metro area. In the aggregate, the individual contractors group grew faster than the payroll workforce by 1.5% annually. However, compensation, be it through wages or earnings receipts, for the individual contractor workforce grew slower than for payroll employees by 1.3% annually. The longer term trends are illustrated in the figure below. Over time, the ratio of nonemployer to payroll employee has grown slightly, indicating growth in the gig economy. *[Continued on next page]*

Non-traditional Employment

As share of PANYNJ regional total*



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AVIATION	Jul '18	YTD	Jul '18/'17	YTD '18/'17	PORT COMMERCE	Jul '18	YTD	Jul '18/'17	YTD '18/'17
Revenue Passengers (000's)	13,134.9	79,657.3	4.0%	4.2%	Port Trade				
John F. Kennedy International Airport (JFK)	6,042.4	35,321.9	3.2%	2.5%	Container Imports (TEUs)	322,093	2,079,661	10.4%	8.2%
LaGuardia Airport (LGA)	2,741.4	17,201.7	4.4%	2.9%	Container Exports (TEUs)	116,441	872,830	3.3%	8.4%
Newark Liberty International Airport (EWR)	4,281.2	26,757.0	4.6%	7.1%	Containers lifted on/off Express Rail	54,254	369,265	10.5%	14.3%
Stewart International Airport (SWF)	70.0	376.6	25.7%	85.7%					
Revenue Freight (Short Tons)	186,753	1,301,230	2.0%	4.6%	TUNNELS, BRIDGES & TERMINALS	Jul '18	YTD	Jul '18/'17	YTD '18/'17
Domestic	65,698	463,237	12.7%	6.8%	Eastbound Vehicle Volumes (000's)	10,691	68,848	0.4%	0.8%
International	121,055	837,993	-3.0%	2.9%	George Washington Bridge	4,601	29,598	-1.9%	-0.1%
Flights	127,716	856,883	-0.1%	1.1%	Lincoln Tunnel	1,640	10,962	1.2%	0.3%
Domestic Air Carrier	81,161	544,865	2.4%	2.4%	Holland Tunnel	1,305	8,561	1.3%	0.5%
International Air Carrier	28,508	176,697	-1.7%	1.3%	Bayonne Bridge	235	1,646	18.7%	28.2%
General Aviation	18,047	135,321	-7.6%	-4.2%	Goethals Bridge	1,526	9,247	7.0%	2.8%
Paid Parked Cars	661,711	3,901,147	-6.7%	-5.6%	Outerbridge Crossing	1,384	8,834	-3.3%	-1.1%
Revenue AirTrain Passengers	1,725,881	11,785,813	-10.6%	-1.3%	Eastbound Volumes by Vehicle Type (000's)				
					Autos	9,794	62,821	0.0%	0.7%
					Trucks	636	4,307	6.4%	2.9%
					Buses	261	1,721	-0.4%	1.0%
FERRY OPERATIONS	Jul '18	YTD	Jul '18/'17	YTD '18/'17					
Passengers (000's)									
New Jersey Ferries	903.0	5,339.0	0.8%	4.7%					
PATH	Jul '18	YTD	Jul '18/'17	YTD '18/'17	U.S. TRANSPORT. SERVICES INDEX	Jul '18	Jun '18	Change	
Passengers (000's)	6,858.0	47,549.0	-3.8%	0.1%	(Prelim., Seasonally Adj., 2000=100)				
Average Weekday	281.8	1,960.2	-5.4%	0.0%	TSI - Combined Index	134.1	134.8	-0.5%	
Average Saturday	107.2	791.4	-9.5%	0.2%	TSI - Freight	135.1	136.3	-0.9%	
Average Sunday	79.6	576.8	-16.1%	-6.5%	TSI - Passenger	131.8	131.5	0.2%	

TRANSPORTATION FOCUS

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The nonemployer data also provide insight into industries that are dominated by nontraditional workers. Some industries, such as photographers and appraisers, are well known for freelance employment. Nontraditional work arrangements have remained relatively constant in those sectors. But, not surprisingly, sectors that have experienced significant growth in nontraditional employment are Room and Boarding (i.e. renting out rooms) and Ground Transportation (i.e. taxiing services). Both of these industries are reliant on app based systems such as Uber, Lyft and AirBnB.

[For a more detailed discussion of the methodology used for this analysis, please listen to this month's Econ Insight podcast. A link to the list of podcast episodes is below.]

The Greater New York region has the largest raw number of independent contractors in the country, representing nearly 7.7% of the nation's total. Miami's pool of contractors is half as large but is growing twice as fast. San Francisco, despite being the birthplace of gig apps, has a lower ratio of independent-to-traditional employment than our region. This might be indicative of the higher share of personal services employment in the region compared with other parts of the United States.

Bottom line: Greater New York has a robust gig workforce that encompasses a variety of industries. There are specific sub-sectors that are experiencing rapid growth but overall the total group of nontraditional workers has been fairly constant. One interesting trend to watch is the extent to which average wages will behave in these industries when more and more people seek out such employment relationships. If the slow growth or even decline in average compensation continues, then the gig economy may not be a good replacement of traditional employment.



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