

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

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THE PORT AUTHORITY OF NY & NJ

September 2019

## Buy Now:

### The Changing Nature of Regional Logistics

Since the end of the Great Recession the logistics industry landscape has been forever changed. E-Commerce companies seized on the brick and mortar retailers' weaknesses and filled the consumer void with next day delivery and a seemingly unlimited variety of goods accessible with the click of a mouse. Meanwhile, urban centers have continued their popularity in light of strong employment growth while some rural and suburban areas continued to struggle post-recession. As a result, real estate in urban centers has become more and more expensive with affordability now increasingly a problem for many city dwellers. This combination of concentrated consumers in expensive real estate markets forced warehousing operations that initially had been located in urban centers to the periphery.

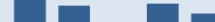


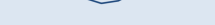





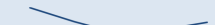
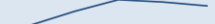
With the raising of the Bayonne Bridge and strong regional economic growth, container trade at Port Authority's facilities have consistently broken its own records. Based on 2019 data, the port of New York and New Jersey has now become the second largest port in the US. The proximity to the Port's gates has turned New Jersey into a warehousing powerhouse with permits to build warehousing square footage growing a cumulative 16% annually from 2000 to 2017 according to the NJDCA's building permit data. However, it has only been recently that warehousing morphed into "fulfillment centers" with employment growing 2-fold since 2014.

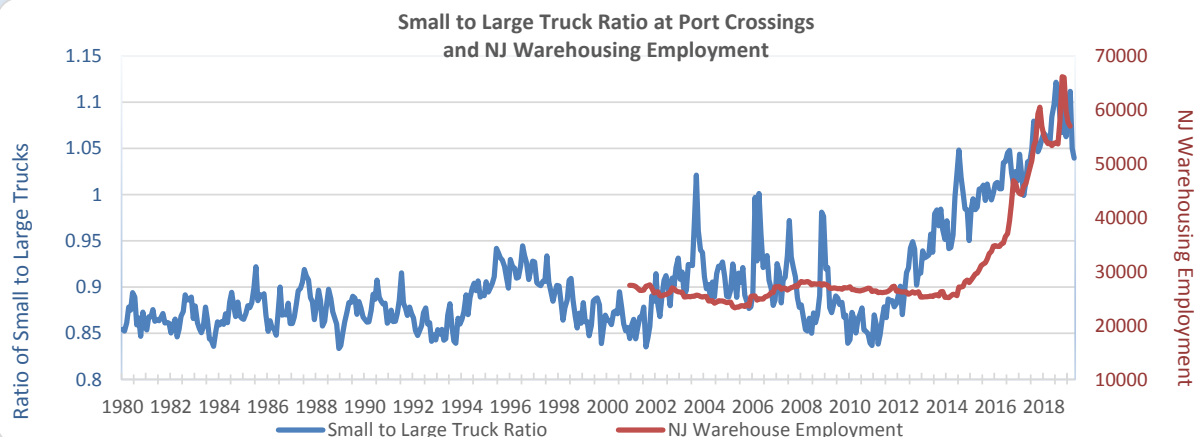
The result of the shift from store fronts with stocked shelves to cell phone apps linked warehouses and a fleet of delivery trucks is a flattening in large truck traffic (4 to 6 axles) and higher growth of small

delivery trucks (2 and 3 axles) coming across the Hudson River. Now that this trend has persisted for nearly a decade, we can start calling it a structural change in the regional economy and no longer a theory on the impacts of E-commerce in the region.

In the transportation planning world, the implications of a proliferation of day shipping has expanded the concept of freight planning beyond the model of shipping from a business (manufacturing) to another business (retail) with a stop in a warehouse. Now, manufacturers ship to fulfillment centers, which then ship directly to customers' homes. This is not to say that this new freight model supersedes the old. The business to business logistics chain is still evident and not going anywhere, but the addition of value-added warehousing with home deliveries adds a new level of complexity. For instance, the North American Industrial Code System (NAICS), used to identify industries such as warehousing, does not delineate between an "old style" warehouse which unloads, inventories, and reload trucks from a fulfillment center that receives, processes, sorts then ship to end customers.

## THE WATCHLIST

Economic Variables			Current - One Year Trend
UNITED STATES			Sep 2018 - Sep 2019
Real GDP [Annual Rate]	2019Q2	2.1%	
Unemployment Rate	Aug-19	0.0%	
Consumer Price Index [Annual]	Aug-19	0.0%	
Gasoline Price [Regular]	Aug-19	\$2.64	
PORT AUTHORITY REGION			
Regional Employment [NY MSA]	Aug-19	9,940	
Consumer Price Index [Annual]	Aug-19	1.8%	
Port District Exports [\$Bill]	Jul-19	\$9.59	
Port District Imports [\$Bill]	Jul-19	\$26.20	
Case-Shiller Home Price Index	Jul-19	1.2%	
Commercial Real Estate Asking Rent			
Midtown	2019Q2	\$81.69	
Downtown	2019Q2	\$67.88	



Source: Port Authority and Bureau of Labor Statistics

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AVIATION	Jul '19	YTD	Jul '19/'18	YTD '19/'18	PORT	Jul '19	YTD	Jul '19/'18	YTD '19/'18
<b>Revenue Passengers (000's)</b>	<b>13,023.8</b>	<b>81,261.5</b>	<b>-0.8%</b>	<b>2.3%</b>	<b>Port Trade</b>				
John F. Kennedy International Airport (JFK)	6,018.7	36,500.1	-0.4%	3.3%	Container Imports (TEUs)	336,972	2,183,034	4.6%	5.0%
LaGuardia Airport (LGA)	2,827.1	17,840.2	3.2%	3.7%	Container Exports (TEUs)	118,015	859,533	1.4%	-1.5%
Newark Liberty International Airport (EWR)	4,117.9	26,583.3	-3.8%	0.1%	Containers lifted on/off Express Rail	56,339	385,202	3.8%	4.3%
Stewart International Airport (SWF)	60.2	337.8	-14.1%	-10.3%	<b>TUNNELS, BRIDGES &amp; TERMINALS</b>	<b>Jul '19</b>	<b>YTD</b>	<b>Jul '19/'18</b>	<b>YTD '19/'18</b>
<b>Revenue Freight (Short Tons)</b>	<b>176,654</b>	<b>1,267,762</b>	<b>-6.8%</b>	<b>-2.4%</b>	<b>Eastbound Vehicle Volumes (000's)</b>	<b>10,753</b>	<b>70,004</b>	<b>0.6%</b>	<b>1.6%</b>
Domestic	67,224	491,983	2.3%	6.3%	George Washington Bridge	4,655	29,792	1.2%	0.7%
International	109,430	775,779	-11.6%	-7.2%	Lincoln Tunnel	1,537	10,697	-6.3%	-2.4%
<b>Flights</b>	<b>126,033</b>	<b>855,037</b>	<b>-1.4%</b>	<b>0.2%</b>	Holland Tunnel	1,331	8,928	2.0%	4.3%
Domestic Air Carrier	78,207	541,011	-3.6%	-0.2%	Bayonne Bridge	309	1,769	31.3%	7.4%
International Air Carrier	28,364	179,393	-0.7%	1.8%	Goethals Bridge	1,585	10,185	3.9%	10.1%
General Aviation	19,462	134,633	7.8%	-0.5%	Outerbridge Crossing	1,336	8,633	-3.5%	-2.3%
<b>Paid Parked Cars</b>	<b>657,924</b>	<b>3,819,479</b>	<b>-0.6%</b>	<b>-2.1%</b>	<b>Eastbound Volumes by Vehicle Type (000's)</b>				
<b>Revenue AirTrain Passengers</b>	<b>1,059,600</b>	<b>6,565,973</b>	<b>8.9%</b>	<b>7.6%</b>	Autos	9,872	63,977	0.8%	1.8%
<b>FERRY OPERATIONS</b>	<b>Jul '19</b>	<b>YTD</b>	<b>Jul '19/'18</b>	<b>YTD '19/'18</b>	Trucks	622	4,311	-2.2%	0.1%
<b>Passengers (000's)</b>					Buses	258	1,714	-0.8%	-0.4%
New Jersey Ferries	1,053.3	6,315.9	16.6%	18.3%	<b>U.S. TRANSPORT. SERVICES INDEX</b>	<b>Jul '19</b>	<b>Jun '19</b>	<b>Change</b>	
<b>PATH</b>	<b>Jul '19</b>	<b>YTD</b>	<b>Jul '19/'18</b>	<b>YTD '19/'18</b>	<b>(Prelim., Seasonally Adj., 2000=100)</b>				
<b>Passengers (000's)</b>	<b>7,117.0</b>	<b>47,606.0</b>	<b>3.8%</b>	<b>0.1%</b>	<b>TSI - Combined Index</b>	137.8	136.8	0.7%	
Average Weekday	288.2	284.1	2.3%	1.5%	<b>TSI - Freight</b>	139.0	137.7	0.9%	
Average Saturday	101.0	104.4	-5.7%	-8.0%	<b>TSI - Passenger</b>	135.2	134.6	0.4%	
Average Sunday	79.4	76.1	-0.2%	-7.6%					

## TRANSPORTATION FOCUS

[from page one]

Now that the region has demonstrated how supply chains and logistics relationships have been altered, the fundamental question for regional freight planners is: "How do we treat freight if it is more akin to mail delivery?" Inversely, do transportation planners reduce the weights of retail trip attractors in their models as retail centers are no longer in high demand? Transportation planning is complicated enough, adding new disruptive logistics innovations compounds the difficulty.

Although this trend has been deemed long term, there is also an expectation that it may subside as several multistory warehouses planned for New York City will be built by E-commerce companies. If these new types of urban fulfillment centers become successful, the patterns of traffic may revert. We may likely see the consequences of these logistics and business decisions in the traffic patterns across our facilities but in the meantime, we will be monitoring the continuing trend of relatively strong light truck volume growth compared to relatively flat heavy truck volumes. There are several transportation pricing policy changes on the horizon in the near future in New York City and those may also add to the changing nature of logistic patterns. We will see ...



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