

MONTHLY ECONOMIC INDICATORS

Planning Department

THE PORT AUTHORITY OF NY & NJ

FEBRUARY 2010

UNEMPLOYMENT RATE (percent of labor force)	JANUARY 2010	PREVIOUS 3 MOS AVERAGE	JANUARY 2009
U.S. ¹ (seasonally adjusted)	9.7	10.0	7.7
U.S. (not seasonally adjusted)	10.6	9.5	8.5
Region (not seasonally adjusted)	9.7	9.1	7.3

NON-FARM EMPLOYMENT (thousands)	JANUARY 2010	PREVIOUS 3 MOS AVERAGE	% CHANGE JAN 2010/ JAN 2009
U.S.	127,606	130,769	-3.0
REGION	7,559	7,770	-2.7
Construction	253	285	-11.9
Manufacturing	348	356	-8.1
Services	6,958	7,129	-2.0

CONSUMER PRICES (percentage change in the CPI)	FEB '10 / FEB '09	FEB '10 / JAN '10	JAN '10 / JAN '09
U. S.	2.1	0.0	2.6
Core	1.3	0.2	1.6
REGION	1.8	0.0	2.4
Core	1.1	0.1	1.6
Food & Beverages	-0.3	-0.3	-0.05
Housing	0.2	-0.1	0.4
Transportation	11.2	0.1	13.0
Energy	14.4	-1.0	16.4

CONSTRUCTION COST (percentage change in the CCI)			
U.S. 20-CITY	1.6	1.7	1.3
NY REGION	-0.3	0.2	-0.4

HOUSING PRICES ² (12-Month Percentage Change)	JAN '10 / JAN '09	DEC '09 / DEC '08	NOV '09 / NOV '08
U.S. 20-CITY COMPOSITE	-0.7	-3.1	-5.3
NY METROPOLITAN AREA	-5.5	-6.3	-7.2

INTERNATIONAL TRADE (billions of dollars)	JANUARY 2010	% CHANGE VS. JANUARY 2008	% CHANGE YTD 2008 VS. 2009
U.S.	228.8	14.1	14.1
NY CUSTOMS DISTRICT	25.8	15.5	15.5
NY Imports	16.0	12.3	12.3
NY Exports	9.8	21.1	21.1

MANHATTAN COMMERCIAL REAL ESTATE (Class A Office Market)	JANUARY 2010	DECEMBER 2009	JANUARY 2009
Vacancy Rate			
OVERALL	12.2	12.3	10.2
Midtown	13.8	13.9	11.3
Downtown	8.1	8.5	7.7
Average Asking Rent (\$/square foot)			
OVERALL	63.1	62.1	74.4
Midtown	67.6	67.3	80.7
Downtown	44.6	45.1	51.7

¹ The U.S. unemployment rate was 9.7 percent in February, bringing total job losses to 8.4 million since the start of the December 2007 recession.

² Since the peak in June 2006, housing prices have fallen by 29.1 percent nationally and by 20.7 percent in the New York Region

Sources:

Employment and Unemployment — New York and New Jersey Departments of Labor and U.S. Bureau of Labor and Statistics

Consumer Price Index — U.S. Bureau of Labor and Statistics

Construction Cost — Engineering News-Record

International Trade — Global Trade Informational Services Inc.

Commercial Real Estate — Cassidy Turley

Housing Prices — The Case-Shiller Price Index, which tracks the change in prices of a grouping of the same homes yearly

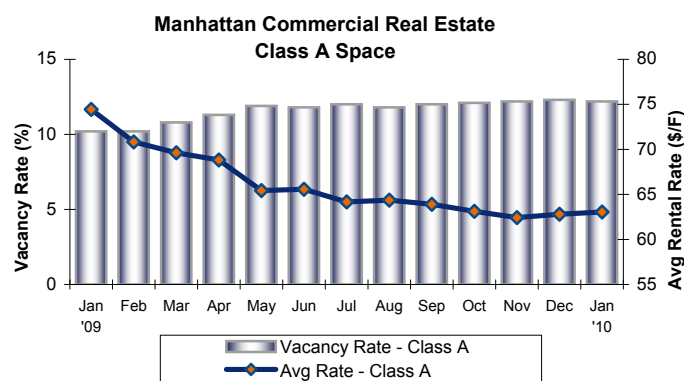
For Graphs, Cassidy Turley

SPECIAL FOCUS

Manhattan Office Real Estate Has Hit Bottom?

Regional businesses have been hit hard by the ongoing recession, and the office-using sectors of the economy have been especially affected. Given that Wall Street has been at the center of the financial crisis, the contraction in demand for office space in Manhattan has been acute, and the rapid price increases that pre-date the recession are distant memories.

The overall Manhattan vacancy rate for January 2010 was near a 13-year high at 13.3 percent. Rents for commercial office space dropped over the past two years faster than in any such period in the last 50 years. The overall average asking rent in January 2010 was \$50.80 per square foot, a 14 percent decline from January 2009. The market may, however, be stabilizing. In the fourth quarter of 2009, the Manhattan Class A vacancy rate averaged 12.2 percent and remained unchanged in January 2010. For the first time in five months, asking rental rates for Class A space in Manhattan climbed slightly, to \$63.05 per square foot in January, up from \$62.80 in December 2009. Downtown Class A vacancy rates improved for this period, falling from 8.5 percent to 8.1 percent, but average asking rent for Downtown Class A space decreased to \$44.63 per square foot, a minor change from \$45.06 per square foot in December 2009. Downtown vacancy and asking rents hang in the balance as major tenants like Goldman Sachs, Bank of America/Merrill Lynch, Deloitte, and Scotiabank consider their options. The Midtown Class A vacancy rate showed little improvement as it dropped slightly from 13.9 percent in December 2009 to 13.8 percent in January 2010. Likewise, the average asking rent increased from \$67.29 to \$67.57 in the same period.



Given the severity of the recession and New York's links to regions that are still wrestling with the aftermath of the recession, it will be some time before sustained growth returns to the office market. Only two years ago, Class A space in Manhattan commanded rents above \$87, and the vacancy rate was half its current level. Now, Moody's Economy.com expects Manhattan office employment will recover to pre-recession levels only by 2013. However, real estate experts are divided on whether the market will continue to erode and when it will turn around.

