

MONTHLY ECONOMIC INDICATORS

Planning Department

THE PORT AUTHORITY OF NY & NJ

MAY 2010

UNEMPLOYMENT RATE (percent of labor force)	APRIL 2010	PREVIOUS 3 MOS AVERAGE	APRIL 2009
U.S. ¹ (seasonally adjusted)	9.9	9.7	8.9
U.S. (not seasonally adjusted)	9.5	10.4	8.6
Region (not seasonally adjusted)	8.8	9.5	7.9

NON-FARM EMPLOYMENT (thousands)	APRIL 2010	PREVIOUS 3 MOS AVERAGE	% CHANGE APR 2010 / APR 2009
U.S.	130,108	128,219	-1.0
REGION	7,735	7,585	-0.5
Construction	271	255	-7.3
Manufacturing	345	346	-5.8
Services	330	283	-3.1

GDP (percentage change in the GDP)	2010Q1 / 2009Q4	2009Q4 / 2009Q3	2009Q3 / 2009Q2
U.S. (seasonally adjusted at annual rates)	3.0	5.6	2.2
REGION	1.1	1.1	0.2

CONSUMER PRICES (percentage change in the CPI)	MAY '10 / MAY '09	MAY '10 / APR '10	APR '10 / APR '09
U. S.	2.0	0.1	2.2
Core	0.9	0.0	0.9
REGION	2.2	0.2	2.1
Core	1.3	0.2	1.0
Food & Beverages	0.8	-0.2	0.8
Housing	0.8	0.3	0.3
Transportation	9.5	1.3	10.5
Energy	15.4	0.9	18.3

CONSTRUCTION COST (percentage change in the CCI)			
U.S. 20-CITY	2.2	1.0	1.7
NY REGION	3.2	3.4	-0.2

GASOLINE PRICES (US Dollars Per Gallon)	Current	A month ago	A year ago
U.S. (all types NSA)	\$2.88	\$2.95	\$2.84
New York (all types NSA)	\$3.13	\$3.26	\$3.08
Newark, NJ (all types NSA)	\$2.78	\$2.91	\$2.73

HOUSING PRICES ² (12-Month Percentage Change)	APR '10 / APR '09	MAR '10 / MAR '09	FEB '10 / FEB '09
U.S. 20-CITY COMPOSITE	NA	2.4	0.7
NY METROPOLITAN AREA	NA	-2.4	-4.1

INTERNATIONAL TRADE (billions of dollars)	APR 2010	% CHANGE VS. APR 2009	% CHANGE YTD 2009 VS. 2010
U.S.	255.0	27.5	22.6
NY CUSTOMS DISTRICT	108.3	32.2	22.6
NY Imports	17.0	30.8	21.9
NY Exports	10.9	34.3	23.8

MANHATTAN COMMERCIAL REAL ESTATE (Class A Office Market)	MAY 2010	APRIL 2010	MAY 2009
Vacancy Rate			
OVERALL	12.2	12.5	11.9
Midtown	13.0	13.5	13.7
Downtown	10.7	10.1	7.7
Average Asking Rent (\$/square foot)			
OVERALL	58.7	59.3	65.4
Midtown	64.2	64.4	69.2
Downtown	41.8	42.5	49.3

REGIONAL ECONOMIC FORECASTS ³	2010	2011	2012
CPI percent change, NYC MSA	2.0	2.2	2.6
CCI percent change, NYC	-1.8	0.8	5.7
Employment change ('000's), Region	-5.0	122	163

¹ The U.S. unemployment rate was 9.7 percent in May.

² Since the peak in June 2006, housing prices have fallen by 29.1 percent nationally and by 21.0 percent in the New York Region

³ For optimistic and pessimistic alternative forecasts please contact the Planning Department.

Sources available upon request.

SPECIAL FOCUS

Euro Concerns: The impact on the Region

Historically, New York City has been a mecca for tourists from all over the world, especially from European countries. Visitors provide an engine of economic growth as a result of their spending on lodging, meals, and transportation. For instance, at an occupancy rate of above 80 percent, nearly 5.5 million hotel room nights were sold in the year ending in March 2009. But two events cast a shadow on the economic performance of the tourism sector: The Great Recession and most recently the decline in the European Currency, the Euro.

The recession has had a dramatic effect on the NYC tourism industry as hotel room occupancy rates fell to 74 percent as of March 2010 compared to 86 percent in the previous year. Average daily room rates declined by 29 percent. The number of passengers utilizing the Port Authority's airport system declined from a monthly total of 9.1, to 8.7 and to 8.5 million as of April 2008, 2009 and 2010, respectively. International visitors from Europe exhibit declines across the board in 2009 as illustrated in Figure 1. This is largely due to the recession reducing the disposable incomes of households and making local vacations more attractive to European consumers. Fewer international visitors translate directly into less spending on goods and services and a noticeable drag on a regional economy slowly recovering from a recession.

How much will the recent decline in the Euro, roughly 15 percent since the beginning of 2010, affect tourism in the 17-county region? Whereas precise estimates are difficult to develop, the Planning Department expects that the depreciation of the Euro will likely have a noticeable near-term negative impact on tourism in the region. Some mitigating factors might be that travelers may have already booked their summer vacations or will purchase airfare from their local carriers in their domestic currencies. Furthermore, the reduction in hotel rates is making New York hotels more affordable. But even if the number of passengers recovers to nearly pre-recession levels, and current aviation forecasts project positive growth in 2010, the spending per passenger may still be lower as individuals adjust to their diminished purchasing power. If the decline of the Euro remains temporary, then negative impacts might be negligible, however, considering the continued debt crisis and austere fiscal policies, it is likely that the regional economy will suffer as a result.

