

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

FEBRUARY 2012

UNEMPLOYMENT RATE (percent of labor force)	JAN 2012	PREVIOUS 3 MONTHS AVERAGE	JAN 2011
U.S. (seasonally adjusted)	8.3	8.9	9.1
U.S. (not seasonally adjusted)	8.8	8.5	9.8
Region (not seasonally adjusted)	NA	8.3	9.0

NON-FARM EMPLOYMENT (thousands)	JAN 2012	PREVIOUS 3 MONTHS AVERAGE	% CHANGE DEC 2011/ DEC 2010
U.S.	132,409	131,978	1.5
REGION	NA*	8,101	0.6
Construction and Manufacturing	NA*	631	-1.7
FIRE / Professional / Business	NA*	1,994	1.2
Government	NA*	1,169	-1.2
All Others	NA*	4,307	1.2

REAL GDP (percentage change)	2011Q4	2011Q3	2011Q2
U.S. (seasonally adjusted at annual rates)	3.0	1.8	1.3
REGION (quarterly at annual rate)	3.9	3.2	2.7

CONSUMER PRICE INDEX (percentage change)	JAN '12 / JAN '11	JAN '11 / DEC '11	DEC '11 / DEC '10
U. S.	2.9	0.2	3.0
Core	1.8	-0.2	2.2
REGION	2.8	0.4	2.7
Core	2.6	0.3	2.4
Food & Beverages	3.9	0.7	4.1
Housing	1.4	0.4	1.1
Transportation	5.8	0.6	6.2
Energy	2.7	1.7	2.4

CONSTRUCTION COST INDEX (percentage change)	JAN '12 / JAN '11	JAN '12 / DEC '11	DEC '11 / DEC '10
U.S. 20-CITY	2.7	0.0	2.5
NY REGION	3.1	0.0	3.0

GASOLINE PRICES (US dollars per gallon)	Current	A month ago	A year ago
U.S. (all types NSA)	\$3.87	\$3.56	\$3.49
New York City (all types NSA)	\$4.15	\$3.93	\$3.73
Newark, NJ (all types NSA)	\$3.75	\$3.53	\$3.35

HOUSING PRICES ¹ (12-month percentage change)	DEC '11 / DEC '10	NOV '11 / NOV '10	OCT '11 / OCT '10
U.S. 20-CITY COMPOSITE	-4.0	-3.8	-3.5
NY METROPOLITAN AREA	-2.9	-2.6	-2.4

INTERNATIONAL TRADE (billions of dollars)	DEC 2011	% CHANGE VS. DEC 2010	% CHANGE YTD 2011 VS. 2010
U.S.	310.9	9.7	11.8
NY CUSTOMS DISTRICT	33.9	10.5	14.8
NY Imports	20.6	9.9	17.9
NY Exports	13.3	11.6	18.2

MANHATTAN COMMERCIAL REAL ESTATE (class A office market)	JAN 2012	DEC 2011	JAN 2011
Vacancy Rate			
OVERALL	9.3	9.9	11.2
Midtown	10.1	10.6	11.4
Downtown	7.9	8.6	11.4
Average Asking Rent (\$/square foot)			
OVERALL	65.1	64.1	58.9
Midtown	71.7	70.9	65.3
Downtown	43.1	42.5	42.2

REGIONAL ECONOMIC FORECASTS ²	2012	2013	2014
Real GDP (%)	2.0	2.2	2.8
Employment change ('000's), Region	90	135	166

*The annual release of new benchmark data is effective with the preliminary January estimates each year. These estimates are available in early March

¹ Since the peak in June 2006, housing prices have fallen by 32.2 percent nationally and by 23.2 percent in the New York Region

² For optimistic and pessimistic alternative forecasts please contact the Planning and Regional Development Department.

Sources available upon request.

Contact: Alexander Heil, Chief Economist, aheil@panynj.gov

SPECIAL FOCUS

Construction Costs Up and Down

Over the last decade, construction costs have become much more volatile, as prices for raw materials have swung up and down, reflecting changes in the global economy. Growing demand in China and other emerging markets, in particular, has driven up the prices for key construction commodities such as steel at a much faster pace than consumer prices. At the same time, union labor costs, which typically account for more than half of public sector construction costs, have risen at a steady pace.

The volatility of materials prices can be seen in the fluctuating prices for a few key commodities. Prices for cement and ready-mix concrete jumped by a third between 2004 and 2008, reflecting in part higher energy costs. Since 2008, however, the collapse of the construction market has shuttered 18 cement plants nationally, and those that remain in operation are working at 60 percent of capacity. As a result, cement prices have fallen ten percent and ready-mix concrete prices have been flat. Steel prices have similarly fluctuated wildly with changes in global demand. The price for steel mill products rose 50 percent between 2004 and 2008, then plummeted by a quarter in 2009 as the global recession took its toll on demand, and finally surged again last year to near-record levels. Some of the volatility in construction costs also reflects the swings in world oil prices, as petroleum products account for as much as 20% of the materials cost of construction projects and are a major input to the manufacture of other inputs such as cement and steel. Oil prices rose to record levels in the summer of 2008, fell an astonishing seventy-five percent as the global economy collapsed, and now are nearing the record levels of 2008.

Union wage and benefit increases in our region have been much steadier, even as unemployment in the New York-New Jersey construction industry has soared. Since the onset of the recession, however, construction firms have more than made up for these increases by lowering their bid prices. With construction spending down, contractors have competed to retain business by slashing their profit margins and finding new efficiencies. This has translated into lower bid prices on some projects and has insulated developers and government agencies such as the Port Authority from recent labor cost increases.

As the economy recovers and regional construction spending begins to grow, there could at some point be a surge in bid prices as contractors rebuild their balance sheets and pass on the cost increases that they are currently absorbing. Materials costs are more difficult to estimate, since they depend on global supply and demand, but if major emerging economies do not suffer adverse shocks, such as a hard landing of the Chinese residential and commercial real estate markets, rising demand could push commodity prices further up. In the medium to long term, we expect demand from the growing middle classes in emerging nations to remain the key contributor to resource price increases, which in turn will directly affect the cost of construction throughout the nation and in our region.

Construction Materials Cost Inflation



Sources: Engineering News-Record; US Bureau of Labor Statistics

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AVIATION	Dec '11	Dec '10	PCT. CHANGE
Revenue Passengers (000's)	8,632.7	8,156.2	5.8%
John F. Kennedy International Airport (JFK)	3,828.4	3,690.2	3.7%
LaGuardia Airport (LGA)	2,005.2	1,927.8	4.0%
Newark Liberty International Airport (EWR)	2,766.3	2,506.9	10.3%
Stewart International Airport (SWF)	32.9	31.3	5.1%
Revenue Freight (Short Tons)	192,554	197,720	-2.6%
Flights	101,520	95,828	5.9%
Domestic Air Carrier	74,551	69,345	7.5%
International Air Carrier	22,339	20,900	6.9%
General Aviation	4,630	5,583	-17.1%
Ground Transportation			
Paid Parked Cars	704,494	713,209	-1.2%
Revenue AirTrain Passengers	712,770	640,840	11.2%
FERRY OPERATIONS	Dec '11	Dec '10	PCT. CHANGE
Passengers (000's)			
New Jersey Ferries	639.4	607.6	5.2%
PATH	Dec '11	Dec '10	PCT. CHANGE
Passengers (000's)	6,448.0	6,005.0	7.4%
Average Weekday	245.6	226.8	8.3%
Average Saturday	135.0	135.3	-0.2%
Average Sunday	101.6	81.5	24.6%
PORT COMMERCE	Dec '11	Dec '10	PCT. CHANGE
Port Trade			
Container Imports (TEUs)	211,256	202,868	4.1%
Container Exports (TEUs)	132,600	123,239	7.6%
Containers lifted on/off Express Rail	35,780	28,647	24.9%
TUNNELS, BRIDGES & TERMINALS	Dec '11	Dec '10	PCT. CHANGE
Eastbound Vehicle Volumes (000's)	9,993	9,729	2.7%
George Washington Bridge	4,175	4,111	1.6%
Lincoln Tunnel	1,672	1,653	1.2%
Holland Tunnel	1,423	1,378	3.2%
Bayonne Bridge	297	283	4.8%
Goethals Bridge	1,196	1,135	5.4%
Outerbridge Crossing	1,230	1,168	5.3%
Eastbound Volumes by Vehicle Type (000's)			
Autos	9,126	8,868	2.9%
Trucks	619	607	2.0%
Buses	249	254	-2.0%
USDOT TRANSPORT. SERVICES INDEX (TSI)	Dec '11p	Nov '11p	PCT. CHANGE
U.S. - Seasonally Adjusted			
TSI - Freight	113.7	109.5	3.9%
TSI - Passenger	116.3	115.6	0.6%

TRANSPORTATION FOCUS

FAF³ Snapshot of Domestic Freight Flows

In recent years, the Federal Highway Administration has been developing and improving its Freight Analysis Framework in order to address a shortage of timely, comprehensive, and publicly available data on goods movement. The third generation of this model, FAF³, marks a significant advance in methodology and is gaining acceptance as a reference for benchmarking the general patterns and scales of freight transportation. FAF³ combines data from the 2007 Commodity Flow Survey and other sources to develop detailed matrices of annual tonnage and dollar value of freight flows by commodity type, mode, origin, and destination. FAF³ also provides forecasts at five year intervals to 2040, and annual estimates based on the latest available data.

We have used FAF³ to create a profile of domestic freight movements to and from a 26-county metropolitan area, including 13 northern New Jersey counties and 13 lower New York State counties. For domestic freight originating in the NY/NJ metro region, 88% (by weight) is destined for locations within the region or elsewhere in the Mid-Atlantic States (NJ, NY, or PA). The remainder is bound for New England (2.8%), other locations east of the Mississippi River (6.0%), or west of the Mississippi (3.0%). Trucks carry most of this freight, including 92% bound for the Mid Atlantic, 78% of the New England and other East of Mississippi freight, and 54% of the freight heading West. Other modes are more regionally specific: water plays a large role in moving goods to New England, rail to other locations east of the Mississippi, and pipelines move much of the tonnage bound for locations in the West.

From NY/NJ Metro to...	Share of Total tons	Share of tons by mode				Mult. Modes/ Other
		Truck	Rail	Water	Pipeline	
Mid-Atlantic (incl. NY/NJ Metro)	88.2%	91.7%	1.2%	2.9%	3.4%	0.8%
New England	2.8%	78.2%	0.0%	11.5%	0.1%	10.2%
Other East of Mississippi River	6.0%	77.5%	8.7%	0.0%	4.6%	9.2%
West of Mississippi River	3.0%	53.9%	1.3%	0.2%	37.0%	7.7%
Total	100.0%	89.4%	1.6%	2.9%	4.4%	1.8%
To NY/NJ Metro from...	Share of Total tons	Truck	Rail	Water	Pipeline	Mult. Modes/ Other
Mid-Atlantic (incl. NY/NJ Metro)	81.6%	88.7%	0.2%	3.8%	6.3%	1.0%
New England	2.6%	96.1%	1.1%	0.0%	0.5%	2.3%
Other East of Mississippi River	6.2%	65.5%	18.7%	3.0%	3.0%	9.7%
West of Mississippi River	9.6%	13.5%	9.3%	6.9%	64.0%	6.4%
Total	100.0%	80.2%	2.2%	4.0%	11.5%	2.1%

In the other direction, the vast majority of domestic freight with destinations in the NY/NJ metropolitan region (82% by weight) originates within the region or elsewhere in the Mid-Atlantic States. The rest originates in New England (2.6%), other states East of the Mississippi River (6.2%) or in the West (9.6%). Trucks account for 89% of goods by weight from the Mid-Atlantic, 96% from New England, 65% elsewhere in the East, and only 13% from the West.

FAF³ can also provide detailed estimates of commodity flows. For example, the top commodity originating in the NY/NJ region by tonnage is waste/scrap (18.4%), while by value the top commodity is pharmaceuticals (9.3%).

The domestic goods movements described here are only part of the overall freight picture. FAF³ also includes flows of goods within the U.S. to and from international gateways, such as key border crossings and international seaports and airports. Generalizing about these flows adds considerable complexity, due to the many ways that international imports and exports can combine with domestic origins and destinations. Overall, the domestic trade described here accounts for about 78% of the total freight shipments originating in the NY/NJ metropolitan region on a tonnage basis, and about 82% of the freight shipments with destinations in the region. If you would like more detailed analysis of the FAF³ estimates, please contact the Planning and Regional Development Department.

Port Authority of NY & NJ
Planning & Regional Development Department
233 Park Avenue South, 11th Floor
New York, NY 10003

Alexander Heil, Ph.D., Chief Economist; aheil@panynj.gov
Graciela Ramirez, Input-Output Modeling & Regional Economics
Mark Seaman, Cost-Benefit Analysis & World Economy
Huajing Shi, Ph.D., Transportation Indicators Page