MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

February 2013

UNEMPLOYMENT RATE (percent of labor force)	JAN 2013	PREVIOUS 3 MONTHS AVERAGE	JAN 2012
U.S. (seasonally adjusted)	7.9	7.8	8.3
U.S. (not seasonally adjusted)	8.5	7.7	8.8
REGION (not seasonally adjusted)	N/A	8.5	9.1

NON-FARM EMPLOYMENT (thousands)	JAN 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE JAN 2013/ JAN 2012
U.S.	134,668	134,455	1.5
REGION	N/A	N/A	N/A
Construction and Manufacturing	N/A	N/A	N/A
FIRE / Professional / Business	N/A	N/A	N/A
Government	N/A	N/A	N/A
All Others	N/A	N/A	N/A

REAL GDP (percentage change)	2012Q4	2012Q3	2012Q2
U.S. (seasonally adjusted at annual rates)	0.1	3.1	1.3
REGION (Oxford Economics Estimate)	1.9	2.4	2.1

CONSUMER PRICE INDEX (percentage change)	JAN '13 / JAN '12	JAN '13 / DEC '12	DEC'12 / DEC'11
U. S.	1.6	0.0	1.8
Core	1.9	0.3	1.9
REGION	2.2	0.5	2.1
Core	2.0	0.0	2.0
Food & Beverages	1.7	0.6	1.8
Housing	2.4	0.7	2.1
Transportation	2.3	0.0	2.9
Energy	4.3	2.4	3.6

CONSTRUCTION COST INDEX (percentage change)	JAN '13 / JAN '12	JAN '13 / DEC '12	DEC '12 / DEC '11
U.S. 20-CITY	2.6	0.0	2.6
NY REGION	5.0	0.0	5.0

GASOLINE PRICES (US dollars per gallon)	FEB 2013	A month ago	A year ago
U.S. (all types NSA)	$3.93	$3.50	$3.83
New York City (all types NSA)	$4.25	$3.98	$4.12
Newark, NJ (all types NSA)	$3.82	$3.57	$3.71

HOUSING PRICES (12-month percentage change)	DEC '12 / DEC '11	NOV '12 / NOV '11	OCT '12 / OCT '11
U.S. 20-CITY COMPOSITE	6.8	5.4	4.2
NY METROPOLITAN AREA	-0.5	-1.6	-1.8

INTERNATIONAL TRADE (billions of dollars)	DEC 2012	% CHANGE VS. NOV 2011	% CHANGE YTD 2012 VS DEC 2011
U.S.	307.6	-1.2	3.6
NY CUSTOMS DISTRICT	33.4	-1.8	-1.4
NY Imports	20.2	-2.4	-1.3
NY Exports	13.2	-1.0	-1.6

MANHATTAN COMMERCIAL REAL ESTATE (Class A Office Market)	JAN 2013	DEC 2012	JAN 2012
Vacancy Rate			
OVERALL		9.8	9.3
Midtown	N/A*	10.9	10.1
Downtown	N/A	8.2	7.9
Average Asking Rent ($/square foot)			
OVERALL	N/A	69.2	65.1
Midtown	N/A	75.9	71.7
Downtown	N/A	44.5	43.1

REGIONAL ECONOMIC FORECAST	2013	2014	2015
Real GDP (%)	1.7	2.6	2.9
Nonfarm Employment Growth (%)	1.5	1.7	1.8

Sources available upon request.

* New source and methodology for commercial real estate data is being explored.

The views expressed herein are solely those of the authors and do not reflect the official positions of PANYNJ or its leadership.

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SPECIAL FOCUS

Income Inequality: A Long Term Economic Problem

Income inequality was front and center during the last election cycle. Everyone was reminded of the income differential between the top 1% and bottom 99% of US households. While the data on this issue are complex, as are the number of ways you can look at the data, we can still glean some important information from them without getting too technical. Data recently published by Saez & Piketty (2013) suggest that the level of income inequality of U.S. households in 2011 has nearly equaled that of U.S. households prior to the Great Depression. Based on their analysis, the degree of income inequality in the United States has doubled as measured by total income, including capital gains. Nearly 20% of total income can be attributed to the top 1% income-earning households in 2011. This compares to approximately 9% of total income in the early 1970s.

Some may assert that income inequality has actually declined over time, taking into account that many products that add value to our quality of life have become more affordable, and that income mobility is still alive and well in the U.S. Data on the first claim are difficult to collect, although the impact of cheaper, high-quality goods could contribute to reducing income inequality. With regard to the second issue, a Treasury Department analysis in 2007 found that there is some mobility. Between 1996 and 2005, 42% of households that fell into the lowest income quintile (defined as one fifth of the total) did not move out of this position over the next decade. Over the same period, nearly 70% of the households in the top quintile remained in the same position. For the median income household, the analysis showed that one third remained in their relative position, 42% moved higher, and 25% moved lower.

Maybe the more critical issue is to what extent overall economic gains are shared across the entire household distribution. Again, based on analysis by Saez & Piketty (2013), it is clear that while during the Clinton and Bush expansions, 45% and 65% of total income growth accrued to the top 1% of households, the bottom 99% still achieved total real income gains of 20 and 7% - by no means an insignificant relative overall gain. The recent post-recession years tell a different story: For the 2009-2011 economic recovery, all of the income gains have accrued to the top 1% of households. In fact, the bottom 99% saw their real incomes fall by 0.4%.

If the trend of flat average income gains persists beyond 2011, then households in the majority 99% of the income distribution may not be in a position to support spending to the same extent to which we have been accustomed. And these income figures only tell the story of the vast 99% of US households. Even more troubling trends of stagnant wages and other economic calamities would appear if we focused on the two lowest income quintiles. But we will reserve this analysis for a future MEI.

Real Income Growth by Groups

	Average Income Real Growth (1)	Top 1% Incomes Real Growth (2)	Bottom 99% Incomes Real Growth (3)	Fraction of total growth (or loss) captured by top 1% (4)
Full period 1993-2011	**13.1%**	**57.5%**	**5.8%**	**62%**
Clinton Expansion 1993-2000	31.5%	98.7%	20.3%	45%
2001 Recession 2000-2002	-11.7%	-30.8%	-6.5%	57%
Bush Expansion 2002-2007	16.1%	61.8%	6.8%	65%
Great Recession 2007-2009	-17.4%	-36.3%	-11.6%	49%
Recovery 2009-2011	1.7%	11.2%	-0.4%	121%

Source: Saez & Piketty (2013)

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AVIATION	Dec '12	Dec '11	Change
Revenue Passengers (000's)	**8,946.3**	**8,626.4**	**3.7%**
John F. Kennedy International Airport (JFK)	3,992.5	3,822.1	4.5%
LaGuardia Airport (LGA)	2,202.3	2,005.2	9.8%
Newark Liberty International Airport (EWR)	2,725.3	2,766.3	-1.5%
Stewart International Airport (SWF)	26.2	32.9	-20.4%
Revenue Freight (Short Tons)	**189,445**	**192,733**	**-1.7%**
Domestic	73,192	77,288	-5.3%
International	116,253	115,445	0.7%
Flights	**97,375**	**101,970**	**-4.5%**
Domestic Air Carrier	70,630	74,551	-5.3%
International Air Carrier	22,878	22,339	2.4%
General Aviation	3,867	5,080	-23.9%
Paid Parked Cars	**598,628**	**704,494**	**-15.0%**
Revenue AirTrain Passengers	**664,886**	**712,770**	**-6.7%**

FERRY OPERATIONS	Dec '12	Dec '11	Change
Passengers (000's)			
New Jersey Ferries	698.2	639.4	9.2%

PATH	Dec '12	Dec '11	Change
Passengers (000's)	**4,459.0**	**6,448.0**	**-30.8%**
Average Weekday	185.8	245.6	-24.3%
Average Saturday	77.4	135.0	-42.7%
Average Sunday	61.1	101.6	-39.9%

PORT COMMERCE	Dec '12	Dec '11	Change
Port Trade			
Container Imports (TEUs)	n/a	211,256	n/a
Container Exports (TEUs)	n/a	132,600	n/a
Containers lifted on/off Express Rail	n/a	35,780	n/a

TUNNELS, BRIDGES & TERMINALS	Dec '12	Dec '11	Change
Eastbound Vehicle Volumes (000's)	**9,783**	**9,993**	**-2.1%**
George Washington Bridge	4,096	4,175	-1.9%
Lincoln Tunnel	1,605	1,672	-4.0%
Holland Tunnel	1,400	1,423	-1.6%
Bayonne Bridge	288	297	-3.0%
Goethals Bridge	1,166	1,196	-2.5%
Outerbridge Crossing	1,228	1,230	-0.2%
Eastbound Volumes by Vehicle Type (000's)			
Autos	8,943	9,126	-2.0%
Trucks	595	619	-3.9%
Buses	244	249	-1.9%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Dec '12	Nov '12	Change
PA Pulse (Transportation Activity Index)	n/a	94.4	n/a
PA Freight Pulse	n/a	95.8	n/a
PA Passenger Pulse	n/a	93.0	n/a

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Dec '12	Nov '12	Change
TSI - Combined Index	112.2	111.2	0.9%
TSI - Freight	109.9	108.9	1.0%
TSI - Passenger	118.4	117.6	0.7%

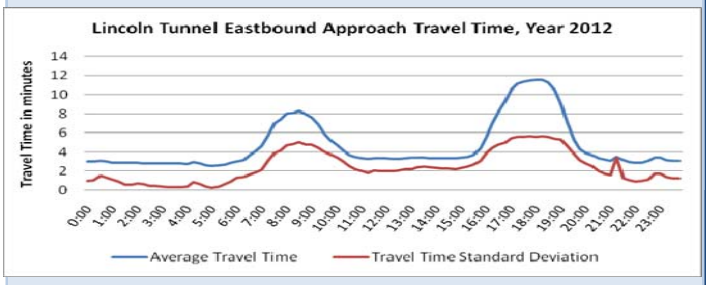
TRANSPORTATION **FOCUS**

The Desire for Travel Time Reliability

Highway congestion and delay is common in many U.S. cities, and especially in the high density NY/NJ metropolitan region. Most travelers and freight operators do expect and plan for some delay and adjust their schedules or budget extra time to allow for traffic delays. But sometimes traffic delays are much worse than expected due to uncertainties, such as demand fluctuations, traffic incidents, weather, work zones, special events etc.

Travel time reliability is defined as the consistency or dependability in travel times, as measured from day-to-day and/or across different times of the day. Reliable and consistent travel times are related to improved safety, efficiency, and quality of life. On the other hand, unreliable travel times could impose substantial costs to transportation system users.

The figure below shows the general trends of travel time variation by time of day at 15 minute interval in year 2012, for the eastbound traffic approaching Lincoln Tunnel, coving a distance of a 2-mile stretch immediately west to the toll plaza. The standard deviation, in this case, measures the volatility and dispersion of travel times away from the average travel time.



The travel time standard deviation is highly correlated with the average travel time. In general, longer delays are associated with higher variability in travel times. However, the standard deviation tapers off when traffic condition become hyper-congested as during the PM peak hours (5 to 7PM). Hyper-congested condition starts when travel time keeps increasing while traffic throughput decreases.

In addition to the standard deviation, the 90th percentile travel time is another critical indicator of travel time reliability. It measures the extremes and is often used in making scheduling decisions in order to ensure on-time arrival 90 percent of the time. The minimum and maximum travel times are also used since they represent the best and the worst case scenarios.

The table below shows the annual average AM peak (6 to 10AM) travel time statistics of eastbound traffic approaching the Lincoln Tunnel. It shows that the travel time reliability has improved from 2010 to 2012 both in terms of reduced average and reduced standard deviation of travel time. According to the 90th percentile travel time, one can be 90% sure to cover the 2-mile distance in 12.52 minutes in 2012, saving more than 1 minute compared to 2010. The maximum travel time which indicates the worst case scenario decreased significantly and consistently by more than 68% during this period. (Data source : INRIX Inc.)

Travel Time (minutes)	2010	2011	2012	%Change 10/11	%Change 11/12
Average	6.69	6.66	5.98	-0.41%	-10.29%
Standard Deviation	4.51	4.61	4.13	2.13%	-10.33%
Minimum	1.70	1.88	1.87	10.32%	-0.15%
90th Percentile	13.63	13.77	12.52	1.03%	-9.08%
Maximum	61.30	20.39	19.44	-66.75%	-4.65%

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