

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

August 2013

UNEMPLOYMENT RATE (percent of labor force)	JUL 2013	PREVIOUS 3 MONTHS AVERAGE	JUL 2012
U.S. (seasonally adjusted)	7.4	7.6	8.2
U.S. (not seasonally adjusted)	7.7	7.4	8.6
REGION (not seasonally adjusted)	8.0	7.8	9.4

NON-FARM EMPLOYMENT (thousands)	JUL 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE JUL 2013 / JUL 2012
U.S.	136,038	135,692	0.1
REGION	8,455	8,455	2.7
Construction and Manufacturing	650	640	1.4
FIRE / Professional / Business	2,104	2,080	2.1
Government	1,174	1,201	3.2
All Others	4,527	4,533	3.0

REAL GDP (percentage change)	2013Q2	2013Q1	2012Q4
U.S. (seasonally adjusted at annual rates)	2.5	1.1	0.1
REGION (Oxford Economics Estimate)	2.9	1.8	0.3

CONSUMER PRICE INDEX (percentage change)	JUL '13 / JUL '12	JUL '13 / JUN '13	JUN '13 / JUN '12
U. S.	2.0	0.2	1.8
Core	1.7	0.2	1.6
REGION	2.1	0.2	1.8
Core	2.1	0.1	1.8
Food & Beverages	1.1	-0.3	1.6
Housing	2.2	0.2	1.8
Transportation	3.5	0.8	2.0
Energy	4.0	1.9	1.4

CONSTRUCTION COST INDEX (percentage change)	JUL '13 / JUL '12	JUL '13 / JUN '13	JUN '13 / JUN '12
U.S. 20-CITY	2.4	0.3	2.7
NY REGION	5.1	0.0	5.0

GASOLINE PRICES (US dollars per gallon)	AUG 2013	A month ago	A year ago
U.S. (all types NSA)	\$3.75	\$3.79	\$3.97
New York City (all types NSA)	\$4.12	\$4.19	\$4.25
Newark, NJ (all types NSA)	\$3.68	\$3.76	\$3.85

HOUSING PRICES (12-month percentage change)	JUN '13 / JUN '12	MAY '13 / MAY '12	APR '13 / APR '12
U.S. 20-CITY COMPOSITE	12.1	12.2	12.1
NY METROPOLITAN AREA	3.3	3.2	3.0

INTERNATIONAL TRADE (billions of dollars)	JUN 2013	% CHANGE VS. JUN 2012	% CHANGE YTD 2013 VS JUN 2012
U.S.	319.2	-1.7	-0.9
NY CUSTOMS DISTRICT	34.5	-3.1	-2.1
NY Imports	20.1	-3.3	-2.3
NY Exports	14.4	-2.9	-1.9

MANHATTAN COMMERCIAL REAL ESTATE	JUL 2013	JUN 2013	MAY 2013
Availability (%)			
Manhattan Totals	11.4	11.7	11.5
Midtown	11.4	11.8	11.6
Downtown	14.6	13.5	14.3
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	69.3	70.4	69.5
Midtown	77.6	77.8	77.2
Downtown	52.4	53.4	52.6

REGIONAL ECONOMIC FORECAST	2013	2014	2015
Real GDP (%)	1.9	2.5	3.0
Nonfarm Employment Growth (%)	1.1	1.1	1.6

Sources available upon request.

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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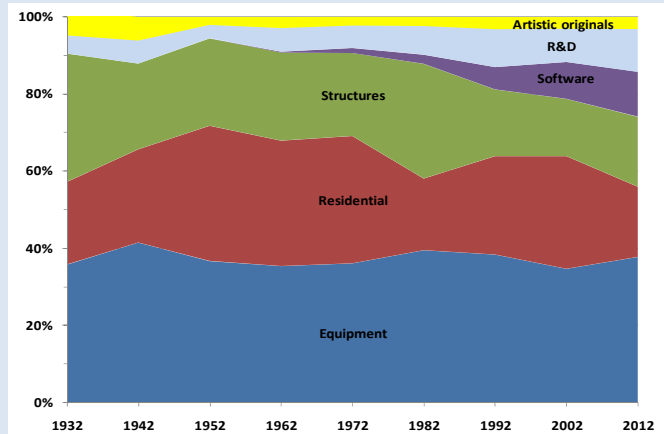
SPECIAL FOCUS

The New GDP: Do You Feel Richer?

Last month, the Bureau of Economic Analysis released a comprehensive revision to its calculations of Gross Domestic Product (GDP) that incorporated new categories of investment and bumped current US GDP up by more than \$500 billion. The revisions also showed that the recession was not quite as deep and the recovery stronger than originally thought. For 2012, US GDP growth was revised from 2.2% – fairly middling growth – to 2.8% – much more robust. Does this mean that we're richer than we thought?

In some sense, yes, although our individual bank accounts may not have seen a boost. GDP is an *estimate* of the value of goods and services produced in the US. Our understanding of the goods and services that are produced, and our ability to estimate their values, is continually evolving. Over the last decades, for example, intellectual properties such as research and development (R&D) have become a bigger part of our economy (see chart). Yet our measure of GDP had effectively ignored R&D by assuming it had no lasting value. In line with new international standards, the government now recognizes R&D as an investment that produces value over time. The government's calculations had also ignored the work that goes into creating "artistic originals" such as movies, music, books, and television programs. The new method now captures the work of film and TV producers, musicians, writers, and other artists – at least where the work is thought to have a value beyond the first year. Combined with several other corrections, GDP now appears about three percent higher than the earlier under-estimate.

Components of US Private Investment



It is important to realize that measures of economic output are inaccurate in nature as they only provide a best estimate of the monetary value of the volume of goods and services produced by an economy over a certain period of time. This revised GDP is still an incomplete estimate, in that it continues to ignore the value of certain goods and services. For example, over the last few years, so-called "green" accounting has begun to place a value on the services provided by our natural environment. A GDP measure that incorporated green accounting would consider the negative effects of pollution and strip-mining along with the beneficial effects of reforestation and land conservation, beyond the spending on these activities that is already counted. GDP also does not take into account quality of life indicators, such as increases or decreases in leisure time or life expectancy, nor does it account for how evenly GDP is distributed among the population.

(We should note that the revisions to GDP that show that the recession was slightly less deep and the recovery slightly stronger are mostly unrelated to these methodology refinements. Instead, these revisions reflect normal calibrations that occur as better data become available.)

In the end, then GDP is a useful measure of the performance of our economy; but it should not be taken as the definitive measure of everything in the economy. This year's revision does not put more money in our pockets; but it does help us understand better the value produced by our economy.

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AVIATION	Jun '13	Jun '12	Change
Revenue Passengers (000's)	10,099.9	9,987.0	1.1%
John F. Kennedy International Airport (JFK)	4,596.4	4,524.0	1.6%
LaGuardia Airport (LGA)	2,330.4	2,280.2	2.2%
Newark Liberty International Airport (EWR)	3,148.2	3,151.3	-0.1%
Stewart International Airport (SWF)	25.0	31.5	-20.5%
Revenue Freight (Short Tons)	166,374	175,702	-5.3%
Domestic	56,493	64,711	-12.7%
International	109,881	110,991	-1.0%
Flights	103,833	105,657	-1.7%
Domestic Air Carrier	73,537	75,905	-3.1%
International Air Carrier	24,454	24,022	1.8%
General Aviation	5,842	5,730	2.0%
Paid Parked Cars	799,142	797,182	0.2%
Revenue AirTrain Passengers	720,903	715,182	0.8%
FERRY OPERATIONS	Jun '13	Jun '12	Change
Passengers (000's)			
New Jersey Ferries	675.6	701.7	-3.7%
PATH	Jun '13	Jun '12	Change
Passengers (000's)	6,144.0	6,610.0	-7.0%
Average Weekday	252.3	264.7	-4.7%
Average Saturday	121.8	125.9	-3.3%
Average Sunday	97.9	105.3	-7.1%
PORT COMMERCE	Jun '13	Jun '12	Change
Port Trade			
Container Imports (TEUs)	229,211	238,627	-3.9%
Container Exports (TEUs)	112,884	130,153	-13.3%
Containers lifted on/off Express Rail	38,823	38,570	0.7%
TUNNELS, BRIDGES & TERMINALS	Jun '13	Jun '12	Change
Eastbound Vehicle Volumes (000's)	10,034	10,173	-1.4%
George Washington Bridge	4,292	4,298	-0.1%
Lincoln Tunnel	1,597	1,624	-1.7%
Holland Tunnel	1,387	1,425	-2.7%
Bayonne Bridge	294	304	-3.4%
Goethals Bridge	1,186	1,230	-3.6%
Outerbridge Crossing	1,278	1,291	-1.0%
Eastbound Volumes by Vehicle Type (000's)			
Autos	9,179	9,279	-1.1%
Trucks	607	642	-5.5%
Buses	248	253	-1.8%
PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Jun '13	May '13	Change
PA Pulse (Transportation Activity Index)	95.7	95.7	0.0%
PA Freight Pulse	92.5	93.9	-1.5%
PA Passenger Pulse	98.9	97.4	1.5%
U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Jun '13	May '13	Change
TSI - Combined Index	114.9	115.0	-0.2%
TSI - Freight	113.8	114.1	-0.2%
TSI - Passenger	117.5	117.4	0.1%

TRANSPORTATION FOCUS

Flexible Work Schedules and Travel Trends

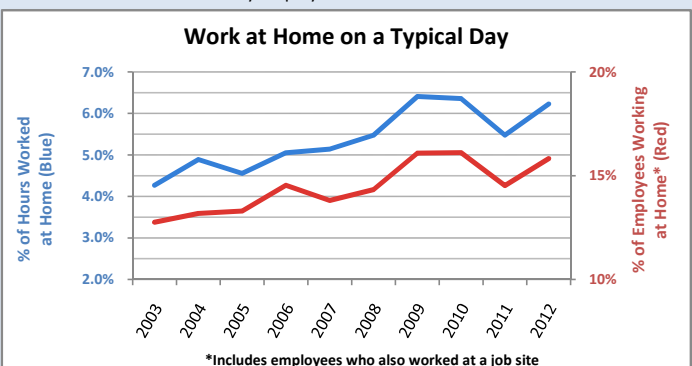
There has been great interest recently in the decline in personal travel nationally and within the region. Between June 2007 and June 2013, national Vehicle Miles Traveled declined by 0.8 percent (despite population growth of 5 percent) and automobile traffic at PA facilities fell by 8.2 percent. Among the many explanations for this trend are that employment has not fully recovered from the Great Recession (at least nationally), and that cultural and demographic changes are occurring (such as the Millennial generation's preference for urban living and reduced car ownership.)

Using the American Time Use Survey, we assessed additional possible explanations, including trends in the frequency in which people work at home and commute to work during the week. The results obtained from the survey show that over the last decade there has been an increase in the share of people working from home and a decline in the share of people working at work sites on any given day.

The American Time Use Survey is conducted by the Bureau of Labor Statistics and it provides estimates of how, where, and with whom Americans are spending their time. The data files from the survey include information collected from over 13,000 interviews conducted each year from 2003 to 2012.

Among many other indicators, the survey tracks the time employees spend working at home or at a jobsite on an average day (including both weekdays and weekends). In all cases, the overall number of people working in the country has increased, due to the nation growing in population over the ten years the survey has been conducted. Among the employees who worked on a typical day, the share who worked at a job site declined from about 87% in 2003 to about 84.5% in 2012. The share who worked at home rose from about 19% in 2003 to about 23% in 2012. People who worked at both locations are included in both groups.

The survey also tracks the average hours worked in each location. The results suggest that the share of hours worked at home has been increasing over the last decade, from about 4.3% in 2003 to about 6.2% in 2012. The following graph illustrates the trends in the share of employees that work from home and the share of hours worked from home by employees from 2003 to 2012.



Another possible explanation for the apparent decline in peak hour demand could be that more of the workforce has unconventional work schedules, such as work shifts on weekends. The American Time Use Survey includes data on the number of hours worked on weekdays vs. weekends, so it can provide some insight into this question. However, the data does not show a clear trend toward more work on weekends. Overall, the percentage of hours worked on the weekend/holiday has increased by roughly .2%.

The American Time Use Survey suggests that on average more people are working more often from home, working longer hours at home, and commuting less to work. However, there is no support for the hypothesis that commutes are shifting from weekdays to weekends. These results are independent of the unemployment rate and any cultural changes that may be occurring concerning popularity of the automobile, and may help explain the decline in travel observed over the last couple of years.

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