MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

October 2013

UNEMPLOYMENT RATE (percent of labor force)	SEP 2013	PREVIOUS 3 MONTHS AVERAGE	SEP 2012
U.S. (seasonally adjusted)	7.2	7.4	7.8
U.S. (not seasonally adjusted)	7.0	7.6	7.6
REGION (not seasonally adjusted)	N/A	8.0	8.5

NON-FARM EMPLOYMENT (thousands)	SEP 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE SEP 2013 / SEP 2012
U.S.	136,290	135,984	0.1
REGION	N/A	8,480	N/A
Construction and Manufacturing	N/A	650	N/A
FIRE / Professional / Business	N/A	2,101	N/A
Government	N/A	1,187	N/A
All Others	N/A	4,543	N/A

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)	SEP '13 / SEP '12	SEP '13 / AUG '13	AUG '13 / AUG '12
U. S.	1.2	0.2	1.5
Core	1.7	0.1	1.8
REGION	1.6	0.3	1.7
Core	2.0	0.2	2.0
Food & Beverages	1.3	0.2	1.0
Housing	2.4	0.4	2.2
Transportation	0.1	-0.3	1.6
Energy	-1.9	1.7	-0.2

CONSTRUCTION COST INDEX (percentage change)	SEP '13 / SEP '12	SEP '13 / AUG '13	AUG '13 / AUG '12
U.S. 20-CITY	2.3	0.1	2.1
NY REGION	0.2	0.0	0.1

GASOLINE PRICES (US dollars per gallon)	SEP 2013	A month ago	A year ago
U.S. (all types NSA)	$3.46	$3.59	$3.72
New York City (all types NSA)	$3.83	$4.00	$4.15
Newark, NJ (all types NSA)	$3.41	$3.54	$3.76

HOUSING PRICES (12-month percentage change)	AUG '13 / AUG '12	JUL '13 / JUL '12	JUN '13 / JUN '12
U.S. 20-CITY COMPOSITE	12.8	12.4	12.1
NY METROPOLITAN AREA	3.7	3.5	3.1

INTERNATIONAL TRADE (billions of dollars)	AUG 2013	% CHANGE VS. AUG 2012	% CHANGE YTD 2013 VS AUG 2012
U.S.	325.8	0.7	-0.1
NY CUSTOMS DISTRICT	34.1	-1.0	-1.3
NY Imports	21.8	-2.5	-1.8
NY Exports	12.3	1.9	-0.6

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 (%)	1.5	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

Post-Sandy Financial District Employment Rebounds, Just Not in Finance

A little more than a year ago, the Northeast Seaboard emerged from the onslaught of Superstorm Sandy and began to evaluate the extent of the damage. Through nearly heroic efforts, much of the region's infrastructure was back up and running within a week, but hard-hit coastal areas suffered longer-lasting physical damage. As an agency with a keen interest in regional commuting trends, we have begun to explore how this damage may have affected employment in those areas, beginning with Lower Manhattan.

While much of Lower Manhattan saw power restored within a week, many buildings suffered physical damage that took much longer to repair. Heating systems that were at ground level or below had to be repaired, and Verizon's copper telephone lines downtown were effectively destroyed by corrosion from salt water. Tenants had to either make do and wait for systems to be restored, or relocate to other parts of the city. For some, the physical damage and loss of customers likely meant they had to close their business.

Detailed employment data from the New York State Department of Labor help shed light for the first time on how this damage affected employment downtown. In most of the city, the upward trend in employment that had existed before the storm in Manhattan and throughout New York City continued without any noticeable effects after the storm. However, the Financial District, specifically the six zip codes below Chambers Street and part of Worth Street, showed some striking effects. Overall Manhattan private sector employment grew by 2.3% over the four quarters ending in March 2013, but total private sector employment in the Financial District fell slightly, and financial sector employment in the neighborhood dropped by 2,900 jobs, or nearly 7%.

Yet, the Financial District is no longer – if it ever was -– just finance sector jobs. Although finance comprised nearly 28% of the Financial District's private sector employment in the first quarter of 2012, other sectors were responsible for sizable portions of the employment profile: professional services jobs made up 20% of Financial District jobs, administration – 9%, and health care – 10%. These other sectors offset some of the losses suffered in financial sector employment. Over the course of 2012, the professional services sector added more than 800 jobs and the administration and support sector added a little more than 1,200 jobs. Together these gains offset nearly 70% of the losses from the financial sector. The strength of these sectors in the wake of the storm reflects the continuing diversification of the downtown economy, as non-finance jobs have grown from 56% of the Financial District's jobs in 2000 to 72% today.

Longer term, it is unclear whether finance sector jobs that may have temporarily relocated to other parts of the region will actually return to Lower Manhattan. Both the public and private sector have invested and are continuing to invest enormous resources in restoring and strengthening the district's infrastructure. The payoff could be greater resilience for a home to both the finance sector and growing businesses in other sectors.

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AVIATION	Aug '13	Aug '12	Change
Revenue Passengers (000's)	**10,966.9**	**10,832.5**	**1.2%**
John F. Kennedy International Airport (JFK)	5,088.2	4,988.5	2.0%
LaGuardia Airport (LGA)	2,519.6	2,538.3	-0.7%
Newark Liberty International Airport (EWR)	3,326.8	3,268.0	1.8%
Stewart International Airport (SWF)	32.3	37.8	-14.6%
Revenue Freight (Short Tons)	**161,947**	**178,085**	**-9.1%**
Domestic	54,817	68,096	-19.5%
International	107,130	109,990	-2.6%
Flights	**111,092**	**112,866**	**-1.6%**
Domestic Air Carrier	78,986	80,869	-2.3%
International Air Carrier	26,712	26,421	1.1%
General Aviation	5,394	5,576	-3.3%
Paid Parked Cars	**831,529**	**864,375**	**-3.8%**
Revenue AirTrain Passengers	**800,058**	**777,752**	**2.9%**

FERRY OPERATIONS	Aug '13	Aug '12	Change
Passengers (000's)			
New Jersey Ferries	709.6	750.2	-5.4%

PATH	Aug '13	Aug '12	Change
Passengers (000's)	**6,383.0**	**6,789.0**	**-6.0%**
Average Weekday	245.5	256.1	-4.1%
Average Saturday	120.8	121.0	-0.2%
Average Sunday	94.3	100.6	-6.2%

PORT COMMERCE	Aug '13	Aug '12	Change
Port Trade			
Container Imports (TEUs)	263,549	257,122	2.5%
Container Exports (TEUs)	127,074	128,966	-1.5%
Containers lifted on/off Express Rail	35,752	40,976	-12.7%

TUNNELS, BRIDGES & TERMINALS	Aug '13	Aug '12	Change
Eastbound Vehicle Volumes (000's)	**10,440**	**10,458**	**-0.2%**
George Washington Bridge	4,501	4,422	1.8%
Lincoln Tunnel	1,656	1,641	0.9%
Holland Tunnel	1,406	1,444	-2.6%
Bayonne Bridge	307	312	-1.6%
Goethals Bridge	1,369	1,296	5.6%
Outerbridge Crossing	1,201	1,343	-10.6%
Eastbound Volumes by Vehicle Type (000's)			
Autos	9,546	9,545	0.0%
Trucks	632	650	-2.8%
Buses	262	264	-0.8%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Aug '13	Jul '13	Change
PA Pulse (Transportation Activity Index)	95.6	95.1	0.5%
PA Freight Pulse	92.7	92.2	0.6%
PA Passenger Pulse	98.5	98.0	0.4%

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Aug '13	Jul '13	Change
TSI - Combined Index	115.6	115.2	0.3%
TSI - Freight	114.8	114.3	0.4%
TSI - Passenger	117.6	117.4	0.1%

TRANSPORTATION FOCUS

Industry Logistics and Regional Truck Traffic

Since 2009, the Port Authority has observed a trend of declining truck trips on its Trans-Hudson facilities. With a growing regional population, this trend contradicts the expectation that an increased demand for goods should translate into increased truck traffic. The decrease may be attributable to higher vehicle operating costs but a careful review of the evidence suggests that other factors may be at work. After interviewing regional shippers, receivers, and third party logistics companies, one answer is clear: companies are investing in operational efficiencies. These efficiencies are largely the result of two complementary factors: (1) a new model for distribution center (DC) siting and (2) supply chain optimization. With operating costs, gas prices, land values, and congestion increasing in the metropolitan region, and the weak economy pressing trucking companies to develop smarter operations, these cost-saving efficiencies are becoming industry norms. Anecdotal evidence suggests these evolving practices may be contributing to the decline in truck traffic between the states.

Traditionally, companies located DCs near major population hubs. While a number of companies are constructing or expanding DCs near these hubs to accommodate expedited product delivery for on-line retailers, many companies, notably store-based retailers, are siting DCs outside of major population centers. Instead of providing direct access to a single market, these larger, regional DCs provide ease of access to multiple markets, ample labor availability, and multi-modal transportation, in addition to decreased land, congestion, and operational costs. For the New York-New Jersey metropolitan region, this means DCs are relocating to the Carolinas, Georgia, Tennessee, and Pennsylvania. As these facilities encompass an expanding service area, reliance on smaller, local warehouses wanes. Subsequently, the preferred size of truck shifts from smaller to larger to best accommodate the new, regional DCs. This shift increases carrying capacity, allowing shippers to reduce the number of trucks transporting goods.

Supply chain optimization also enhances a shipper's capacity to reduce truck trips. For instance, rather than delivering less-than-truckload shipments—as was common with the prevalence of smaller, local warehouses—many companies are combining shipments into one truck by developing merge or consolidation centers. Optimization also occurs as empty backhauls are eliminated by coordinating separate deliveries within one trip or through arranging backhauls at the shipping destination, such as transporting the receiver's recyclables or waste. Complementing these optimization efficiencies, shippers are enhancing space utilization to increase the trucks' carrying capacity. For one Fortune 500 retailer, this process has increased a truck's carrying capacity by 64 percent. These optimization techniques are becoming so critical for competitiveness that two national retail competitors have reported sharing space on less-than-truckload deliveries.

Evolving technologies are also facilitating supply chain optimization, and thus contributing to reduced truck trips. One example includes retailers investing in RFID technology to continuously track and monitor the location and inventory of their goods. Through more accurate tracking of inventory levels, retailers are reducing the number of truck trips servicing a facility as goods are replenished more accurately.

There is no single answer as to why truck trips are declining between New York and New Jersey — the trend is likely compounded by larger economic forces and evolving business models. However, it is clear that shifting logistics models and private sector efficiency measures are directly influencing the goods movement system in the New York-New Jersey metropolitan region.

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