

# MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

November 2013

UNEMPLOYMENT RATE (percent of labor force)	OCT 2013	PREVIOUS 3 MONTHS AVERAGE	OCT 2012
U.S. (seasonally adjusted)	7.3	7.3	7.9
U.S. (not seasonally adjusted)	7.0	7.3	7.5
REGION (not seasonally adjusted)	N/A	8.0	8.6

NON-FARM EMPLOYMENT (thousands)	OCT 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE OCT 2013 / OCT 2012
U.S.	136,554	136,162	1.7
REGION	8,499	8,432	2.2
Construction and Manufacturing	651	655	1.2
FIRE / Professional / Business	2,089	2,093	1.5
Government	1,191	1,159	2.7
All Others	4,568	4,525	2.5

REAL GDP (percentage change)	2013Q3	2013Q2	2013Q1
U.S. (seasonally adjusted at annual rates)	2.8	2.5	1.1
REGION (Oxford Economics Estimate)	3.1	2.9	1.8

CONSUMER PRICE INDEX (percentage change)	OCT '13 / OCT '12	OCT '13 / SEP '13	SEP '13 / SEP '12
U. S.	0.9	-0.1	1.2
Core	1.7	0.1	1.7
REGION	1.1	-0.6	1.6
Core	1.9	0.0	2.0
Food & Beverages	0.7	-0.4	1.3
Housing	2.0	-0.6	2.4
Transportation	-1.3	-1.2	0.1
Energy	-5.6	-6.0	-1.9

CONSTRUCTION COST INDEX (percentage change)	OCT '13 / OCT '12	OCT '13 / SEP '13	SEP '13 / SEP '12
U.S. 20-CITY	3.3	1.4	2.3
NY REGION	7.6	7.5	0.2

GASOLINE PRICES (US dollars per gallon)	OCT 2013	A month ago	A year ago
U.S. (all types NSA)	\$3.45	\$3.48	\$3.59
New York City (all types NSA)	\$3.84	\$3.85	\$4.17
Newark, NJ (all types NSA)	\$3.45	\$3.42	\$3.75

HOUSING PRICES (12-month percentage change)	SEP '13 / SEP '12	AUG '13 / AUG '12	JUL '13 / JUL '12
U.S. 20-CITY COMPOSITE	13.3	12.8	12.4
NY METROPOLITAN AREA	4.4	3.7	3.5

INTERNATIONAL TRADE (billions of dollars)	SEP 2013	% CHANGE VS. SEP 2012	% CHANGE YTD 2013 VS SEP 2012
U.S.	319.3	1.5	0.1
NY CUSTOMS DISTRICT	32.4	-6.1	-1.9
NY Imports	20.7	-1.1	-1.7
NY Exports	11.7	-13.9	-2.1

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

### Does Pricey Parking in Manhattan Account for Declining Auto Traffic?

Throughout the region, the volume of auto crossings at regional bridges and tunnels to Manhattan has been declining since 2007. At the same time, the number of off-street parking spaces in Manhattan's central business district (CBD) has hit a record low of 102,000 spaces and the prices of unreserved monthly parking in the CBD are among the highest in the nation. Could the shrinking supply of parking in midtown and downtown Manhattan and associated high prices for parking be linked with declining auto crossings to Manhattan?

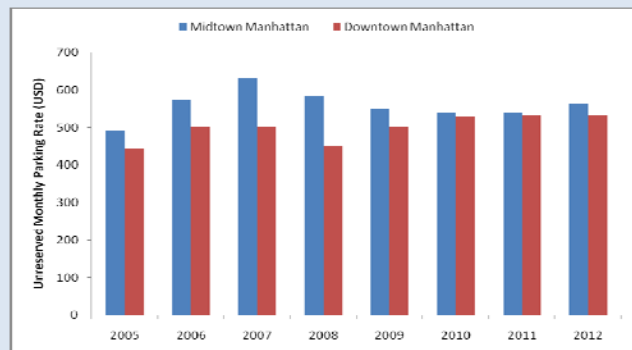
Over the past three decades, off-street parking spaces in Manhattan's CBD (blocks south of 60<sup>th</sup> street) have become scarcer. From 1978 to 2010, the number of public off-street parking spaces in the central business district, which includes retail garages and spaces associated with residential buildings (but operated as publicly accessible lots), has fallen almost 20 percent from 127,000 spaces to 102,000 spaces according to New York City's Department of City Planning. The decline is due in part to a 1982 change to city statutes regulating the amount of parking required by new development. Prior to 1982, new buildings in the CBD were required to provide a minimum amount of parking. After 1982, the statute made it optional for developers to add parking and set maximum parking allowances for new buildings. In addition, old public parking facilities have been converted into new commercial and residential developments, further reducing supply.

The smaller supply of off-street parking has contributed to making off-street parking spaces in the CBD among the most expensive in the nation. As of 2012, according to data from commercial real estate advisor Colliers International, the median value of CBD off-street parking was nearly \$145 higher than CBD off-street parking in Boston, which has the second most expensive rate at \$405. Yet sticker shock is likely not what is keeping drivers out of the CBD. If demand for parking had remained constant while the supply of spaces has continued to fall, then we would expect to see the price of spaces continue to rise. Instead, as of 2012, the median price of off-street parking in the CBD is about where it was in 2006.

One factor keeping prices in check may be the use of digital technology by visitors, residents, and commuters to identify the best available parking deals. More informed consumers might have created intense price pressure, leading garages to offer a variety of discounts for drivers.

But the more obvious explanation for lower parking demand is that the region's economy has changed in significant ways since the Great Recession. The number of high-paying jobs in finance, insurance and real estate has not returned to its pre-recession level. This is meaningful because the propensity for car ownership increases with income levels. Work schedules have also become more flexible and telecommuting has grown in popularity as a result. Gas prices, which until recently had hovered near the \$4.00 mark, may also have played a role in pushing visitors and commuters to public transportation.

It is tempting to single out the high price of parking as the main reason why auto crossings to Manhattan's CBD have been trending downward, but, as we have noted in previous newsletters, the data suggest that employment levels and other larger economic factors have stronger relationships with the current trend.





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AVIATION	Sep '13	Sep '12	Change
<b>Revenue Passengers (000's)</b>	<b>9,105.2</b>	<b>8,930.5</b>	<b>2.0%</b>
John F. Kennedy International Airport (JFK)	4,191.1	4,133.3	1.4%
LaGuardia Airport (LGA)	2,104.2	2,133.4	-1.4%
Newark Liberty International Airport (EWR)	2,784.7	2,639.6	5.5%
Stewart International Airport (SWF)	25.2	24.2	4.0%
<b>Revenue Freight (Short Tons)</b>	<b>157,476</b>	<b>172,710</b>	<b>-8.8%</b>
Domestic	53,192	63,627	-16.4%
International	104,284	109,084	-4.4%
<b>Flights</b>	<b>101,032</b>	<b>101,328</b>	<b>-0.3%</b>
Domestic Air Carrier	72,142	71,765	0.5%
International Air Carrier	23,014	23,580	-2.4%
General Aviation	5,876	5,983	-1.8%
<b>Paid Parked Cars</b>	<b>700,822</b>	<b>725,306</b>	<b>-3.4%</b>
<b>Revenue AirTrain Passengers</b>	<b>750,467</b>	<b>722,993</b>	<b>3.8%</b>

FERRY OPERATIONS	Sep '13	Sep '12	Change
<b>Passengers (000's)</b>			
New Jersey Ferries	632.9	619.0	2.2%

PATH	Sep '13	Sep '12	Change
<b>Passengers (000's)</b>	<b>6,199.0</b>	<b>6,354.0</b>	<b>-2.4%</b>
Average Weekday	256.7	267.5	-4.0%
Average Saturday	125.8	132.0	-4.7%
Average Sunday	95.6	103.8	-7.8%

PORT COMMERCE	Sep '13	Sep '12	Change
<b>Port Trade</b>			
Container Imports (TEUs)	235,665	238,063	-1.0%
Container Exports (TEUs)	113,282	129,863	-12.8%
Containers lifted on/off Express Rail	34,460	35,739	-3.6%

TUNNELS, BRIDGES & TERMINALS	Sep '13	Sep '12	Change
<b>Eastbound Vehicle Volumes (000's)</b>	<b>9,575</b>	<b>9,620</b>	<b>-0.5%</b>
George Washington Bridge	4,099	4,071	0.7%
Lincoln Tunnel	1,562	1,562	0.0%
Holland Tunnel	1,324	1,349	-1.9%
Bayonne Bridge	286	283	1.0%
Goethals Bridge	1,241	1,153	7.6%
Outerbridge Crossing	1,063	1,202	-11.6%

Eastbound Volumes by Vehicle Type (000's)	Sep '13	Sep '12	Change
Autos	8,752	8,804	-0.6%
Trucks	585	582	0.5%
Buses	238	235	1.1%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Sep '13	Aug '13	Change
<b>PA Pulse (Transportation Activity Index)</b>	<b>93.8</b>	<b>95.6</b>	<b>-1.9%</b>
<b>PA Freight Pulse</b>	<b>90.0</b>	<b>92.7</b>	<b>-2.9%</b>
<b>PA Passenger Pulse</b>	<b>97.7</b>	<b>98.5</b>	<b>-0.8%</b>

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Sep '13	Aug '13	Change
<b>TSI - Combined Index</b>	<b>116.4</b>	<b>115.8</b>	<b>0.6%</b>
<b>TSI - Freight</b>	<b>115.8</b>	<b>114.9</b>	<b>0.8%</b>
<b>TSI - Passenger</b>	<b>118.0</b>	<b>118.0</b>	<b>0.0%</b>

## TRANSPORTATION FOCUS

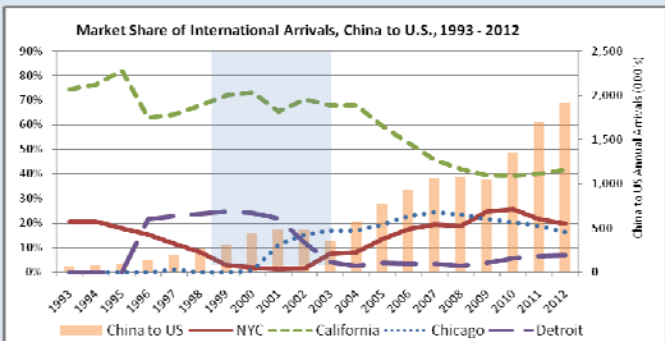
### Inbound International Air Market: China to U.S.

The aviation industry plays a vital role in enabling the economic growth of the region and promoting tourism and trade. By taking advantage of the region's busy airports, New York City continues to be the world's premier travel destination. In recent years, attracting international visitors to New York City became a priority for the regional travel and tourism industry, since international travelers spend much more than domestic travelers on every visit.

Boosted by rising disposable incomes and the relaxation of restrictions on foreign travel, China has become the world's fastest-growing source of international tourists. In 2012, 83 million Chinese travelers spent \$102 billion abroad — overtaking Americans and Germans — to become the top nation in terms of tourist spending abroad. Chinese visitors spend about \$6,000 each on every visit to the U.S. — much more than the average spending from visitors of other nationalities.

Looking at the trend of arrivals from China to the U.S. over the past two decades, the growth is astonishing. China ranked 11<sup>th</sup> in 2012 as origin of international arrivals to the U.S., rising from 62<sup>nd</sup> place in 1993. While the trauma of 9/11 and the SARS outbreak in China in 2003 temporarily slowed air travel growth, the most powerful forces that have affected and continue to affect the U.S.-China travel market are political and trade restrictions and airline network strategies.

Inbound China-U.S. traffic was until recently concentrated at just a few U.S. airports, partly due to the "bilateral Air Service Agreements" (ASAs) between U.S. and China. Until 1996, NYC and California were the only two major U.S. ports of entry for arrivals from China. Beginning in the early nineties, the loosening of ASAs between the U.S. and China allowed more airlines and U.S. airports to enter the U.S.-China market. The new competition caused the market share of NYC and California to drop significantly after 1995.



Source: Bureau of Transportation Statistics T-100 database

Until 1996, Air China — a major international carrier of China — was the only airline serving the China-NYC market. When Air China stopped flights to NYC in 1999, NYC's share of the U.S.-China market tumbled to the lowest in its history. New services, such as United Airlines's nonstop service from Chicago to China, initiated in 2001, contributed to downward pressure on NYC and California. Beginning in 1996, Detroit absorbed more than 20% of the U.S.-China market share when Northwest Airlines struck a deal with Air China and started serving nonstop flights from Detroit. However, traffic dropped dramatically after 2002 as Northwest Airlines ended its nonstop operations. NYC picked up the slack right away as Air China resumed its NYC nonstop service in late 2002 using the new, faster polar route. In 2003 Air China joined a marketing alliance with United Airlines, boosting NYC's market share even further. In 2009, New York City's share of the U.S.-China market recovered to its 1993 level.

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