

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

March 2013

UNEMPLOYMENT RATE (percent of labor force)	FEB 2013	PREVIOUS 3 MONTHS AVERAGE	FEB 2012
U.S. (seasonally adjusted)	7.7	7.8	8.3
U.S. (not seasonally adjusted)	8.1	7.8	8.7
REGION (not seasonally adjusted)	NA	8.7	9.1

NON-FARM EMPLOYMENT (thousands)	JAN 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE JAN 2013/ JAN 2012
U.S.	134,810	134,463	1.5
REGION	8,179	8,338	1.9
Construction and Manufacturing	614	636	0.1
FIRE / Professional / Business	2,029	2,069	2.4
Government	1,139	1,162	-0.1
All Others	4,398	4,471	2.5

REAL GDP (percentage change)	2012Q4	2012Q3	2012Q2
U.S. (seasonally adjusted at annual rates)	0.4	3.1	1.3
REGION (Oxford Economics Estimate)	1.9	2.4	2.1

CONSUMER PRICE INDEX (percentage change)	FEB '13 / FEB '12	FEB '13 / JAN '13	JAN '13 / JAN '12
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)	FEB '13 / FEB '12	FEB '13 / JAN '13	JAN '13 / JAN '12
U.S. 20-CITY	2.3	0.0	2.6
NY REGION	5.1	0.0	5.0

GASOLINE PRICES (US dollars per gallon)	MAR 2013	A month ago	A year ago
U.S. (all types NSA)	\$3.80	\$3.94	\$4.06
New York City (all types NSA)	\$4.08	\$4.17	\$4.19
Newark, NJ (all types NSA)	\$3.70	\$3.80	\$3.85

HOUSING PRICES (12-month percentage change)	JAN '13 / JAN '12	DEC '12 / DEC '11	NOV '12 / NOV '11
U.S. 20-CITY COMPOSITE	8.1	6.8	5.4
NY METROPOLITAN AREA	0.6	-0.6	-1.6

INTERNATIONAL TRADE (billions of dollars)	JAN 2012	% CHANGE VS. JAN 2012	% CHANGE YTD 2013 VS JAN 2012
U.S.	308.5	2.2	2.2
NY CUSTOMS DISTRICT	33.0	1.2	1.2
NY Imports	20.1	-2.2	-2.2
NY Exports	12.9	7.0	7.0

MANHATTAN COMMERCIAL REAL ESTATE	MAR 2013	FEB 2013
Availability (%)		
Manhattan Totals	11.8	11.4
Midtown	12.0	11.6
Downtown	13.6	13.0
Average Asking Rent (Class A Office Market) (\$/square foot)		
Manhattan Totals	70.3	70.2
Midtown	78.5	78.6
Downtown	52.6	52.4

REGIONAL ECONOMIC FORECAST	2013	2014	2015
Real GDP (%)	1.9	3.5	3.5
Nonfarm Employment Growth (%)	0.7	1.2	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

Baseline Economic Forecasts March 2013

Ah, the life of an economist... Just when one thinks that despite the fiscal drag, the domestic economy finally is sustaining some momentum into the new year, the European debt crisis raises its ugly head again. The fiscal restraint on spending as a result of the sequestration agreement combined with the expiration of the payroll tax holiday and extension of long-term unemployment benefits, also came at exactly the wrong time in the business cycle and will lower 2013 Real GDP growth without a doubt. Additional concerns about Europe may dim prospects for the year but, on a more hopeful note, 2013 might still be the year in which the underlying private sector fundamentals of the economy provide significant support for growth.

Overall, employment and other economic data suggest that starting in the summer of 2012, strength developed for the current economic expansion. Throughout the rest of 2012, consumer spending, nearly 70 percent of total economic activity, grew at a healthy clip. This was in large part due to a measurable improvement in the residential housing sector and an uptick in consumer confidence. Based on Federal Reserve data, household de-leveraging seems to have been completed, and consumers feel more confident again to take on additional debt, especially at the current low interest rates.

The improvement in housing in particular is quite impressive. Sales transactions are up and many markets around the country now find themselves in a position of very low inventory levels. Private sector firms have been exploring investments in lower priced homes for a while and funds have begun to flow into the most devastated markets in the country, turning formerly owner-occupied homes into potentially lucrative rentals. The Case-Shiller 20-City Index experienced its largest year-over-year increase in January since the summer of 2006, with growth of 8.1 percent.

Nevertheless, our baseline forecast for 2013 and beyond has come down from last year's baseline. As shown in the table below, we expect Real GDP growth for 2013 to be 1.7 percent. Beyond 2013, growth is projected to pick up to approximately 3 percent in 2014 through 2016. Total employment growth in 2013 is likely going to be held back by the fiscal drag, especially in the first half of the year. In fact, we would not be surprised if hiring slowed to approximately 100,000 jobs per month at some point. So far private sector job growth has appeared to be relatively unaffected early in 2013 but that might change during the second quarter as the sequestration cuts start to take hold more broadly.

Economic Forecasts		2013	2014	2015	2016
US	Real GDP [%]	1.7	2.9	3.1	3.2
	Unemployment [%]	7.9	7.7	6.8	5.8
Region	Real GRP [%]	1.9	3.5	3.5	3.1
	Employment gains [%]	0.7	1.2	1.6	1.6

Source: Oxford Economics Macro Model, calibrated by PA Economics Unit.

For the PA region, our forecasts have real output growth to be slightly stronger than for the US economy. This is largely due to the strong regional employment growth, in particular the record jobs growth in New York City, last year. On balance, we expect employment growth to slow slightly for the city and the region but continue on a path that will continue its healthy pace into next year and beyond. As was the case since the end of the Great Recession, we expect that sectors such as leisure and hospitality, healthcare, education, and professional business services will be the main drivers for growth in the region.

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AVIATION	Jan '13	Jan '12	Change
Revenue Passengers (000's)	8,229.6	7,736.0	6.4%
John F. Kennedy International Airport (JFK)	3,725.8	3,522.6	5.8%
LaGuardia Airport (LGA)	1,927.3	1,727.8	11.5%
Newark Liberty International Airport (EWR)	2,552.2	2,456.5	3.9%
Stewart International Airport (SWF)	24.3	29.1	-16.4%
Revenue Freight (Short Tons)	156,082	158,031	-1.2%
Domestic	59,380	58,951	0.7%
International	96,702	99,080	-2.4%
Flights	98,311	97,593	0.7%
Domestic Air Carrier	71,375	71,763	-0.5%
International Air Carrier	22,915	21,516	6.5%
General Aviation	4,021	4,314	-6.8%
Paid Parked Cars	671,134	677,229	-0.9%
Revenue AirTrain Passengers	575,000	571,003	0.7%
FERRY OPERATIONS	Jan '13	Jan '12	Change
Passengers (000's)			
New Jersey Ferries	693.3	602.0	15.2%
PATH	Jan '13	Jan '12	Change
Passengers (000's)	5,316.0	6,129.0	-13.3%
Average Weekday	217.2	245.5	-11.5%
Average Saturday	81.7	107.2	-23.8%
Average Sunday	61.9	79.2	-21.8%
PORT COMMERCE	Jan '13	Jan '12	Change
Port Trade			
Container Imports (TEUs)	215,142	228,051	-5.7%
Container Exports (TEUs)	116,455	129,432	-10.0%
Containers lifted on/off Express Rail	34,315	34,009	0.9%
TUNNELS, BRIDGES & TERMINALS	Jan '13	Jan '12	Change
Eastbound Vehicle Volumes (000's)	9,062	9,027	0.4%
George Washington Bridge	3,830	3,782	1.3%
Lincoln Tunnel	1,474	1,511	-2.4%
Holland Tunnel	1,283	1,287	-0.3%
Bayonne Bridge	280	278	0.8%
Goethals Bridge	1,069	1,062	0.7%
Outerbridge Crossing	1,126	1,107	1.7%
Eastbound Volumes by Vehicle Type (000's)			
Autos	8,216	8,214	0.0%
Trucks	612	582	5.1%
Buses	234	230	1.6%
PORT AUTHORITY PULSE	Jan '13	Dec '12	Change
(Seasonally Adjusted, 2010=100)			
PA Pulse (Transportation Activity Index)	n/a	n/a	n/a
PA Freight Pulse	n/a	n/a	n/a
PA Passenger Pulse	n/a	n/a	n/a
U.S. TRANSPORT SERVICES INDEX	Jan '13	Dec '12	Change
(Prelim., Seasonally Adj., 2000=100)			
TSI - Combined Index	112.9	112.2	0.6%
TSI - Freight	111.3	109.9	1.2%
TSI - Passenger	117.3	118.4	-1.0%

TRANSPORTATION FOCUS

A Greater Region

The New York metropolitan region continues to expand. According to new federal metropolitan area designations, the greater region now extends across 35 counties in four states.

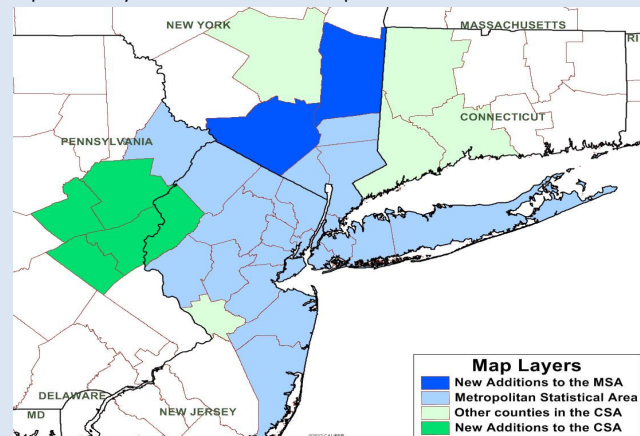
The federal government delineates metropolitan regions to facilitate meaningful statistical comparisons nationwide. It defines a Metropolitan Statistical Area (MSA) as a region meeting certain population criteria and having "a high degree of social and economic integration with the central county or counties as measured through commuting."

The federal Office of Management and Budget (OMB) establishes the standards used to delineate metropolitan areas for the purposes of statistical analysis. According to the 2010 standards, an outlying county is added to an MSA if at least 25 percent of the workers living in the county work in the MSA, or if at least 25 percent of the employment in the county is accounted for by workers who reside in the MSA. A county or smaller MSA that borders a larger MSA becomes part of its larger Combined Statistical Area (CSA) if the share of its employed residents who work in the larger MSA plus the share of its employment held by residents of the larger MSA (the "employment interchange measure") exceeds 15 percent.

OMB's new metropolitan area delineations, applying these rules to the results of the 2010 Census and the American Community Survey, were released this month. They show a broader area of economic integration than ever before. The central "New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area" now includes the former Poughkeepsie MSA (Orange and Dutchess counties) for a total of 25 counties, nearly 8,300 square miles, and over 19.5 million residents (shown in blue below).

The larger "New York-Newark, NY-NJ-CT-PA CSA" gained five counties with the addition of the Allentown and East Stroudsburg MSAs. It now includes ten counties outside the central MSA (shown in green), for a total of 13,800 square miles and 23 million residents. These outer areas are not necessarily "suburbanizing" or changing in other ways, but by the measure of commuting, their ties to the metro area are strengthening.

No single definition of the region fits all purposes. The Port Authority's traditional 18-county planning area is still the hub of most of the region's economic activity. And with distribution centers increasingly located 150 miles or more from their markets, a much larger scale is often needed for goods movement planning. But the new 35-county region is interesting because it roughly matches the area from which commuters can reach the Port Authority Bus Terminal, Penn Station or Grand Central Terminal by transit, and suggests an expanded way to think about our metropolis.



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