MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

August 2014

UNEMPLOYMENT RATE (percent of labor force)	JUL 2014	PREVIOUS 3 MONTHS AVERAGE	JUL 2013
U.S. (seasonally adjusted)	6.2	6.2	7.3
U.S. (not seasonally adjusted)	6.5	6.1	7.7

UNEMPLOYMENT RATE (percent of labor force)	JUN 2014	PREVIOUS 3 MONTHS AVERAGE	JUN 2013
REGION (not seasonally adjusted)	6.6	7.3	8.1

NON-FARM EMPLOYMENT (thousands)	JUL 2014	PREVIOUS 3 MONTHS AVERAGE	% CHANGE JUL 2014 / JUL 2013
U.S.	139,004	136,921	1.9
REGION	8,582	8,483	1.5
Construction and Manufacturing	666	656	0.7
FIRE / Professional / Business	2,139	2,089	1.4
Government	1,166	1,200	-2.4
All Others	4,612	4,538	2.7

REAL GDP (percentage change)	2014Q2	2014Q1	2013Q4
U.S. (seasonally adjusted at annual rates)	4.2	-2.1	2.6
REGION (Oxford Economics Estimate)	2.8	0.7	1.9

CONSUMER PRICE INDEX (percentage change)	JUL '14/ JUL '13	JUL '14/ JUN '14	JUN '14/ JUN '13
U. S.	2.0	0.1	2.1
Core	1.9	0.1	1.9
REGION	1.6	0.1	1.7
Core	1.6	0.0	1.7
Food & Beverages	2.6	1.0	1.3
Housing	2.2	0.0	2.5
Transportation	0.1	-0.8	1.7
Energy	0.0	-0.9	2.8

CONSTRUCTION COST INDEX (percentage change)	JUL '14/ JUL '13	JUL '14/ JUN '14	JUN '14/ JUN '13
U.S. 20-CITY	3.0	0.4	2.7
NY REGION	7.4	0.0	7.4

GASOLINE PRICES (US dollars per gallon)	JUL 2014	A month ago	A year ago
U.S. (all types NSA)	$3.62	$3.72	$3.71
New York City (all types NSA)	$3.98	$4.14	$4.10
Newark, NJ (all types NSA)	$3.50	$3.66	$3.66

HOUSING PRICES (12-month percentage change)	JUN '14/ JUN '13	MAY '14/ MAY '13	APR '14/ APR '13
U.S. 20-CITY COMPOSITE	8.0	9.3	10.7
NY METROPOLITAN AREA	4.1	4.5	4.9

INTERNATIONAL TRADE (billions of dollars)	JUN 2014	% CHANGE VS. JUN 2013	% CHANGE YTD 2014 VS JUN 2013
U.S.	335.7	5.2	3.2
NY CUSTOMS DISTRICT	35.3	2.2	1.1
NY Imports	22.0	9.3	5.7
NY Exports	13.3	-7.8	-6.0

MANHATTAN COMMERCIAL REAL ESTATE	JUL 2014	JUN 2014	MAY 2014
Availability (%)			
Manhattan Totals	9.7	10.1	10.1
Midtown	10.0	10.4	10.3
Downtown	10.3	10.9	10.9
Average Asking Rent (Class A Office APRket) ($/square foot)			
Manhattan Totals	75.3	74.9	74.6
Midtown	82.7	82.2	82.6
Downtown	55.1	55.2	55.2

REGIONAL ECONOMIC FORECAST	2014	2015	2016
Real GDP (%)	2.7	2.7	2.5
Nonfarm Employment Growth (%)	1.4	1.7	1.6

SPECIAL FOCUS

Why Fewer Trucks?

Over the past five years, the Port Authority has witnessed a continuous decline in truck volumes on its trans-Hudson crossings, even as the key sectors that generate truck trips—wholesale, construction, and retail trade—have gradually recovered from the Great Recession. There are numerous causes for the decline in truck activity. In October 2013, we pointed out that operational efficiency improvements and supply chain optimization are two potential reasons accounting for the lower truck traffic. In this article, we discuss some additional business and economic factors that likely have contributed to the decline in truck traffic across Port Authority facilities.

As a matter of fact, truck activity at Port Authority facilities has been roughly flat since the 1980s despite significant economic and population growth. Reduced manufacturing activity in the region over the past 30 years may explain some of the decline. In the 1970s, manufacturers started moving their production facilities out of the New York-New Jersey region. The chart on the second page shows that manufacturing jobs in New York City and Long Island dropped dramatically over the past several decades. From 2007 to 2013, manufacturing output in the region fell by an estimated 15 percent to $49 billion (in 2005 dollars) and has remained roughly flat since 2009. Since the transport of materials, intermediate goods, and outputs of the manufacturing sector accounts for a large percentage of truck traffic, this drop in manufacturing activity could explain part of the recent decline in trans-Hudson truck volumes.

Another factor that could be contributing to the decline in truck traffic is the rising average size and weight of the truck fleet in the region. According to Port Authority estimates using the Federal Highway Administration's (FHWA) Freight Analysis Framework, the average weight carried by eastbound trans-Hudson trucks grew 21 percent between 2007 and 2012, compared to an average increase of just 4 percent for the entire US. In addition, since the Federal government stopped requiring permits for trucks with 53-foot trailers in 1982, the number of 53-foot trailers also kept increasing in the region, even though New York City only allows these trucks on some of the highways. Because of this increase in size and weight, shippers can send the same amount of freight with fewer trucks.

The Port Authority's toll increases in recent years and the high level of investment in trans-Hudson road networks north of the George Washington Bridge may also be contributing to the decline in truck activity at Port Authority facilities. On the one hand, higher tolls might discourage operators driving between the states; on the other hand, since there are few alternatives for operators, the toll increases might have driven efficiency improvements in loading, leading shippers or carriers to transport more goods on each crossing. However, the level of impact from these changes is debatable and difficult to tease out from available data in light of the complex changes to the supply chain that have occurred in recent years. The region still strongly depends on trucks for commercial and retail goods movement, but economic changes and supply chain innovations have reduced truck volume in the region—at least for now.

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AVIATION	Jun '14	YTD	Jun '13/'14	YTD '13/'14
Revenue Passengers (000's)	**10,480.1**	**55,099.8**	**3.8%**	**1.9%**
John F. Kennedy International Airport (JFK)	4,838.6	24,968.4	5.3%	4.2%
LaGuardia Airport (LGA)	2,401.5	13,007.5	3.1%	0.4%
Newark Liberty International Airport (EWR)	3,213.9	16,970.2	2.1%	-0.1%
Stewart International Airport (SWF)	26.2	153.7	4.6%	0.9%
Revenue Freight (Short Tons)	**165,984**	**978,156**	**-0.4%**	**-1.0%**
Domestic	51,815	319,859	-8.6%	-9.0%
International	114,169	658,297	3.9%	3.3%
Flights	**109,744**	**598,440**	**2.7%**	**-3.0%**
Domestic Air Carrier	76,871	420,689	2.9%	-4.2%
International Air Carrier	25,800	140,549	5.2%	1.3%
General Aviation	7,073	37,202	-7.5%	-5.2%
Paid Parked Cars	**764,601**	**4,018,000**	**-4.3%**	**-4.6%**
Revenue AirTrain Passengers	**592,894**	**3,782,345**	**-17.8%**	**-2.6%**

FERRY OPERATIONS	Jun '14	YTD	Jun '13/'14	YTD '13/'14
Passengers (000's)				
New Jersey Ferries	770.1	3,816.0	14.0%	-0.5%

PATH	Jun '14	YTD	Jun '13/'14	YTD '13/'14
Passengers (000's)	**6,349.0**	**36,188.0**	**3.3%**	**2.6%**
Average Weekday	259.0	1,479.2	2.7%	3.0%
Average Saturday	112.6	647.0	-7.5%	1.2%
Average Sunday	92.0	487.9	-6.0%	-0.5%

PORT COMMERCE	Jun '14	YTD	Jun '13/'14	YTD '13/'14
Port Trade				
Container Imports (TEUs)	241,653	1,393,580	5.4%	5.5%
Container Exports (TEUs)	117,848	704,599	4.4%	-5.0%
Containers lifted on/off Express Rail	38,563	223,194	-0.7%	5.1%

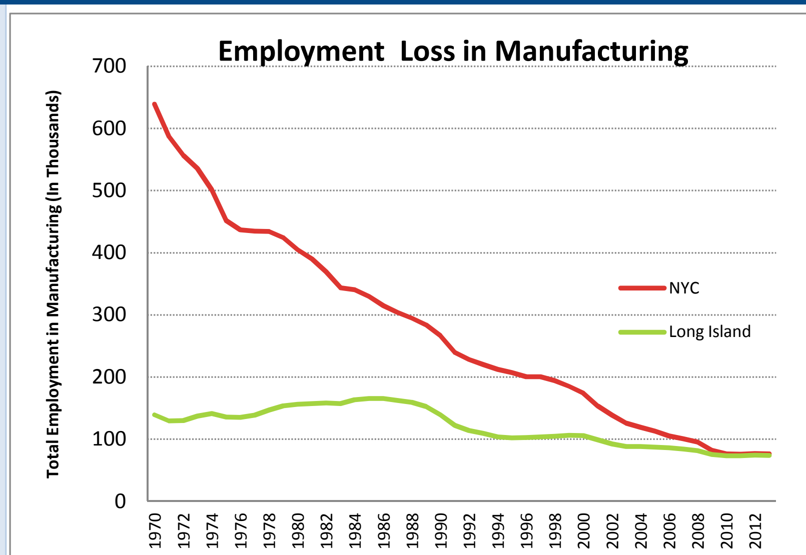
TUNNELS, BRIDGES & TERMINALS	Jun '14	YTD	Jun '13/'14	YTD '13/'14
Eastbound Vehicle Volumes (000's)	**9,953**	**54,887**	**-0.8%**	**-3.0%**
George Washington Bridge	4,248	23,523	-1.0%	-2.3%
Lincoln Tunnel	1,635	9,158	2.4%	-0.3%
Holland Tunnel	1,348	7,544	-2.8%	-5.2%
Bayonne Bridge	249	1,411	-15.0%	-16.8%
Goethals Bridge	1,227	6,586	3.5%	-0.9%
Outerbridge Crossing	1,246	6,665	-2.5%	-5.5%
Eastbound Volumes by Vehicle Type (000's)				
Autos	9,099	49,938	-0.9%	-3.1%
Trucks	599	3,512	-1.3%	-3.4%
Buses	254	1,434	2.6%	-0.9%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Jun '14	May '14	Change
PA Pulse (Transportation Activity Index)	96.9	97.7	-0.8%
PA Freight Pulse	93.7	94.4	-0.7%
PA Passenger Pulse	100.2	101.0	-0.9%

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Jun '14	May '14	Change
TSI - Combined Index	119.3	120.1	-0.6%
TSI - Freight	119.1	120.2	-0.9%
TSI - Passenger	119.6	119.6	0.0%

TRANSPORTATION **FOCUS**

Over the past four decades, New York City and Long Island have lost most of their manufacturing jobs. In New York City, manufacturing employment fell from 639,000 in 1970 to just 76,000 in 2013, a drop of 88 percent, or an average annual decline of 5 percent. By contrast, manufacturing jobs in the U.S. as a whole fell just 33 percent over the same period. In 1970, manufacturing jobs accounted for 17 percent of total non-farm employment in New York City and Long Island. Now their share has dropped to merely 3 percent. Since the 1970s, manufacturing has become more automated, so companies can produce more output with fewer workers. Stricter industrial and environmental regulations as well as increasing labor costs also forced manufacturers to move out of the city. Many jobs shifted to New Jersey, some jobs moved to other parts of the country, and some manufacturing moved overseas, in particular to Asia and South America, in order to take advantage of lower labor and capital costs and new free trade agreements. The decline in manufacturing had a profound impact on the region's economy, and services such as finance, information technology and healthcare have become the economy's driving force.



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