

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

September 2014

UNEMPLOYMENT RATE (percent of labor force)	AUG 2014	PREVIOUS 3 MONTHS AVERAGE	AUG 2013
U.S. (seasonally adjusted)	6.1	6.2	7.2
U.S. (not seasonally adjusted)	6.3	6.3	7.3

UNEMPLOYMENT RATE (percent of labor force)	JUL 2014	PREVIOUS 3 MONTHS AVERAGE	JUL 2013
REGION (not seasonally adjusted)	7.0	7.1	8.2

NON-FARM EMPLOYMENT (thousands)	AUG 2014	PREVIOUS 3 MONTHS AVERAGE	% CHANGE AUG 2014 / AUG 2013
U.S.	139,118	138,746	1.8
REGION	8,546	8,586	1.5
Construction and Manufacturing	666	662	-0.1
Financial / Professional / Business	2,140	2,121	1.3
Government	1,139	1,186	-2.4
All Others	4,601	4,618	2.9

REAL GDP (percentage change)	2014Q2	2014Q1	2013Q4
U.S. (seasonally adjusted at annual rates)	4.6	-2.1	2.6
REGION (Oxford Economics Estimate)	2.8	0.7	1.9

CONSUMER PRICE INDEX (percentage change)	AUG '14/ AUG '13	AUG '14/ JUL '14	JUL '14/ JUL '13
U. S.	1.7	-0.2	2.0
Core	1.7	0.0	1.9
REGION	1.3	-0.2	1.6
Core	1.5	0.2	1.6
Food & Beverages	2.1	-0.4	2.6
Housing	2.2	0.1	2.2
Transportation	-0.9	-1.7	0.1
Energy	-1.4	-3.2	0.0

CONSTRUCTION COST INDEX (percentage change)	AUG '14/ AUG '13	AUG '14/ JUL '14	JUL '14/ JUL '13
U.S. 20-CITY	3.2	0.1	3.0
NY REGION	7.6	0.2	7.4

GASOLINE PRICES (US dollars per gallon)	AUG 2014	A month ago	A year ago
U.S. (all types NSA)	\$3.52	\$3.62	\$3.58
New York City (all types NSA)	\$3.87	\$3.96	\$3.98
Newark, NJ (all types NSA)	\$3.39	\$3.50	\$3.53

HOUSING PRICES (12-month percentage change)	JUL '14/ JUL '13	JUN '14/ JUN '13	MAY '14/ MAY '13
U.S. 20-CITY COMPOSITE	6.7	8.0	9.3
NY METROPOLITAN AREA	3.5	4.1	4.5

INTERNATIONAL TRADE (billions of dollars)	JUL 2014	% CHANGE VS. JUL 2013	% CHANGE YTD 2014 VS 2013
U.S.	337.9	3.7	3.3
NY CUSTOMS DISTRICT	36.1	0.3	1.0
NY Imports	24.2	4.0	5.5
NY Exports	12.0	-6.4	-6.0

MANHATTAN COMMERCIAL REAL ESTATE	AUG 2014	JUL 2014	JUN 2014
Availability (%)			
Manhattan Totals	9.4	9.7	10.1
Midtown	9.7	10.0	10.4
Downtown	10.0	10.3	10.9
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	75.5	75.3	74.9
Midtown	83.1	82.7	82.2
Downtown	55.2	55.1	55.2

REGIONAL ECONOMIC FORECAST	2014	2015	2016
Real GDP (%)	1.8	2.7	2.6
Nonfarm Employment Growth (%)	1.3	1.4	0.8

SPECIAL FOCUS

Lower Ticket Prices and Bigger Planes: The Change of the New York Premium

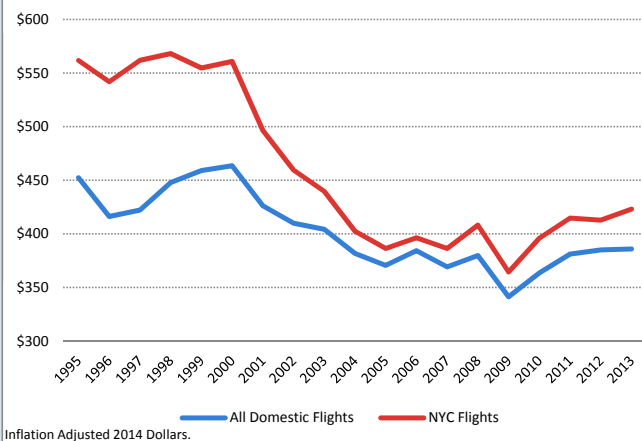
Since 2000, domestic airline carriers serving the New York region have seen substantial price and cost pressures. Data from the Bureau of Transportation Statistics show that in 2000, the average airfare in the New York region exceeded the average U.S. ticket price by \$95, a 21% surcharge. By 2004, New York ticket prices had dropped \$81 and the premium was only \$20, or less than 5%.

The drop in the premium came as discount carriers, notably Jet Blue, increased their presence in the region. Between 2000 and 2007, Jet Blue grew its domestic passenger volume at JFK Airport from 1.1 million to 12.8 million and became the airport's largest carrier. Jet Blue's growth may have put pressure on airfares not only at JFK but at LaGuardia and Newark, as the airline grew its network to compete with other carriers' flights to more domestic destinations. Such competition makes it more difficult for airlines to raise fares even in the face of other outside cost pressures such as elevated fuel costs.

At the same time, airlines appear to have focused on ways to optimize their networks to lower costs, with LaGuardia presenting an interesting example. The Federal government restricts the number of takeoff and landing slots at the airport, and the airport itself limits flights to an area within a 1600-mile radius of the airport, to manage congestion. Prior to the disappearance of New York's ticket premium, airlines used LaGuardia to service many small markets across the Northeast with multiple daily flights to each market. After the price drop, airlines limited service to smaller markets while expanding aircraft sizes to gain efficiencies from economies of scale.

The trend of using larger planes with a higher share of occupied seats is not unique to LaGuardia. But slot controls at LaGuardia heighten the effect. Consolidating passengers from two flights into one allows for another profit-generating flight to be added. This strategy allowed Delta, which took over a number of US Air's slots in 2011, to use slots saved by more efficiently serving smaller Northeast markets to service other, presumably more profitable routes and to do so with larger planes. Delta employed this strategy to establish its hub at LaGuardia, replacing flights to small markets such as Syracuse with flights to airports inside the 1600-mile radius with better possible connections, such as Chicago. For the Port Authority, this has translated into strong passenger growth at LaGuardia since 2011.

Average Domestic Ticket Price



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AVIATION	Jul '14	YTD	Jul '13/'14	YTD '13/'14
Revenue Passengers (000's)	11,068.9	66,317.8	3.6%	2.4%
John F. Kennedy International Airport (JFK)	5,227.9	30,343.1	5.2%	4.9%
LaGuardia Airport (LGA)	2,440.6	15,450.4	2.6%	0.7%
Newark Liberty International Airport (EWR)	3,372.2	20,342.4	2.0%	0.3%
Stewart International Airport (SWF)	28.2	181.9	-10.6%	-1.1%
Revenue Freight (Short Tons)	170,043	1,148,264	5.8%	-0.1%
Domestic	56,170	376,029	7.6%	-6.8%
International	113,873	772,235	4.9%	3.6%
Flights	113,217	714,233	0.9%	-2.0%
Domestic Air Carrier	78,318	501,583	0.7%	-3.0%
International Air Carrier	27,447	167,996	3.3%	1.9%
General Aviation	7,452	44,654	-5.0%	-5.1%
Paid Parked Cars	815,105	4,833,105	-1.9%	-4.2%
Revenue AirTrain Passengers	742,894	4,718,691	-2.4%	1.6%

FERRY OPERATIONS	Jul '14	YTD	Jul '13/'14	YTD '13/'14
Passengers (000's)				
New Jersey Ferries	813.6	4,629.6	12.0%	1.5%

PATH	Jul '14	YTD	Jul '13/'14	YTD '13/'14
Passengers (000's)	6,537.0	42,725.0	1.5%	2.5%
Average Weekday	258.0	1,737.3	3.2%	3.0%
Average Saturday	110.7	757.7	-3.7%	0.5%
Average Sunday	80.8	568.7	-7.8%	-1.6%

PORT COMMERCE	Jul '14	YTD	Jun '13/'14	YTD '13/'14
Port Trade				
Container Imports (TEUs)	NA	1,393,580	5.4%	5.5%
Container Exports (TEUs)	NA	704,599	4.4%	-5.0%
Containers lifted on/off Express Rail	NA	222,840	-0.7%	5.0%

TUNNELS, BRIDGES & TERMINALS	Jul '14	YTD	Jul '13/'14	YTD '13/'14
Eastbound Vehicle Volumes (000's)	10,138	65,025	-1.1%	-2.7%
George Washington Bridge	4,367	27,890	-2.2%	-2.3%
Lincoln Tunnel	1,603	10,761	1.5%	0.0%
Holland Tunnel	1,367	8,911	-2.6%	-4.8%
Bayonne Bridge	251	1,662	-16.3%	-16.7%
Goethals Bridge	1,271	7,857	-3.0%	-1.2%
Outerbridge Crossing	1,279	7,944	7.7%	-3.6%

Eastbound Volumes by Vehicle Type (000's)	Jul '14	YTD	Jul '13/'14	YTD '13/'14
Autos	9,265	59,203	-0.9%	-2.7%
Trucks	606	4,118	-4.4%	-3.5%
Buses	266	1,700	1.1%	-0.6%

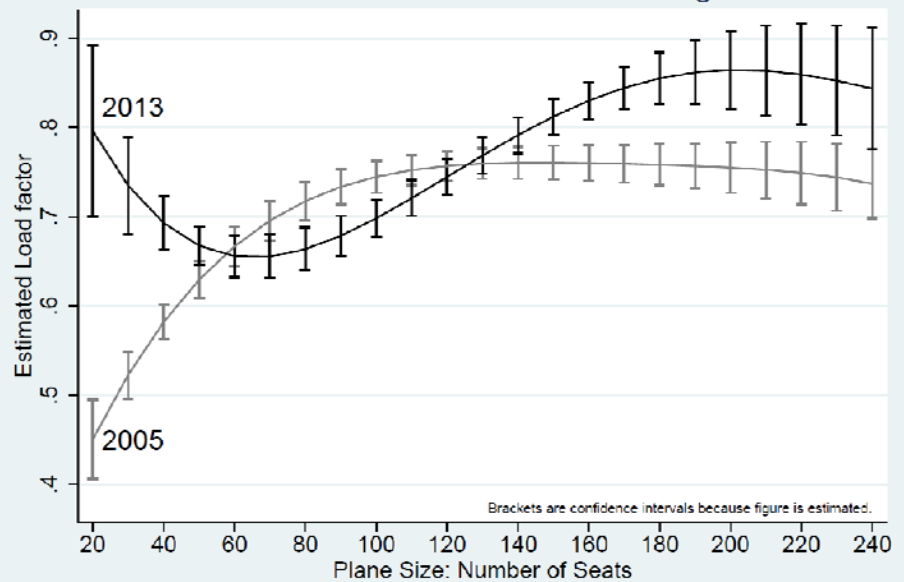
PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Jul '14	Jun '14	Change
PA Pulse (Transportation Activity Index)	NA	96.9	NA
PA Freight Pulse	NA	93.7	NA
PA Passenger Pulse	NA	100.2	NA

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Jul '14	Jun '14	Change
TSI - Combined Index	119.8	118.9	0.8%
TSI - Freight	119.6	118.6	0.8%
TSI - Passenger	119.8	119.4	0.3%

TRANSPORTATION FOCUS

In 2011 after several years of negotiations and Federal review, Delta took over a significant number of US Airways slots at LaGuardia. When US Air held the slots, it was willing to fly many smaller planes to smaller markets even though they were typically not very full. Delta used its slots at LaGuardia differently. It still serviced smaller markets, but less often and if possible with larger planes. The remaining flights to small markets were significantly fuller as a result. The change in the network also enabled Delta to free up slots to service other markets and bring even more people to LaGuardia. Thus, even though the slot restrictions at LGA have not changed we have seen record-breaking numbers of passengers at the airport.

Estimated Load Factor : LGA Domestic Flights



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