



## S.J. Economic Review Estimates Impact of COVID Pandemic, Highlights Strong 2019

**For immediate release:**

April 20, 2020

**Galloway, N.J.** - In 2019, the South Jersey Regional Economy had its best year since 1984.

But, the very personal nature of the hospitality, tourism and gaming industries on which South Jersey's economy depends will create extra challenges for a quick recovery in 2020 from the ongoing COVID-19 pandemic, according to the Spring 2020 edition of [The South Jersey Economic Review](#), released today.

The issue provides an overview of 2019, and projects the impact of the pandemic on the South Jersey regional economy in 2020. Based on different scenarios, regional GDP could contract between 12 and 28 percent (\$2.1 to \$5.1 billion). During the Great Recession of 2009, it contracted 9.6 percent.

"The regional economy's reliance upon the leisure and hospitality sector again looms large," said Oliver Cooke, editor of the Review and associate professor of economics at Stockton. "We play and vacation together. And, personal, intimate, high-quality service (whether provided at a poker or restaurant table) arguably lies at the heart of the hospitality business."

The issue develops multiple scenarios for the 2020 season, based on three factors:

- The percentage of economic output lost in the regional economy between mid-March and the end of May—the ten-week period that roughly coincides with the start of the lockdown and the commencement of the summer shore season.
- The speed at which the economy returns to some semblance of "normalcy"—which dictates the number of summer shore season weeks that will be adversely affected by the lockdown.<sup>i</sup>
- The percentage of economic output lost *post* a return to normalcy—referred to as the "COVID-19 drag." This drag captures the longer-term adverse economic effects likely to be left in the pandemic's wake, e.g., enhanced fear of public spaces like restaurants, casinos, convention halls, entertainment venues, shopping districts, beaches, classrooms, and commercial aircraft cabins, etc.

"While the speed of the return to normalcy will dictate the number of lost summer 2020 shore weeks, my own sense is that the COVID-drag will eventually play the

more important role in determining the trajectory of the regional economy over the remainder of 2020 (and beyond)," Cooke said. "While we will eventually begin to work and play again, it strains credulity to believe that we will all do so at the same levels we previously did—at least for the better part of what remains of 2020."

Other highlights of the Review include:

- **South Jersey Regional Economy 2019:** Based on current U.S. Bureau of Labor Statistics (BLS) data, last year marked the southern New Jersey regional economy's best performance since 1984. Total employment in the three metropolitan areas that comprise the broad regional economy—Atlantic City-Hammonton, Ocean City, and Vineland-Bridgeton—increased by 7,300 last year.
- **Minimum Wage Hike Impact:** Last year's legislation differentially affected summer shore industries. More workers entered the labor force, and employers were willing to hire them at the higher wages. But workers rejected jobs in the industries shielded from the July increase (like retail and restaurants and bars) in favor of the more higher paying jobs.
- **Gaming in 2019:** The Atlantic City casino industry continued its gross gaming revenue surge that began in late June of 2018 with the opening of two new casinos and the launch of legal sports wagering activity. Of the three gaming options now available, brick and mortar casino gaming still contributed the lion's share of funds, about 82 percent.

"The decision to include our 2019 analysis was driven by a belief that the region's stakeholders would still benefit from having a comprehensive sense of where the regional economy stood prior to the onset of the COVID-19 crisis," Cooke said.

The Spring 2020 edition of the [South Jersey Economic Review](#) is produced by the [William J. Hughes Center for Public Policy](#) at Stockton University and is posted on its website.

# # #

**Contact:**

Diane D'Amico

Director of News and Media Relations

Galloway, N.J. 08205

[Diane.D'Amico@stockton.edu](mailto:Diane.D'Amico@stockton.edu)

609-652-4593

609-412-8069

[stockton.edu/media](http://stockton.edu/media)