WILLIAM J. HUGHES CENTER FOR PUBLIC POLICY
STOCKTON UNIVERSITY

THE SOUTH JERSEY Economic Review

About the SJER

Since 2006, the South Jersey Economic Review has provided the region's stakeholders and policymakers timely, high-quality research that focuses on the regional economy. The Review analyzes the region's key industries and tracks its most important labor force, wage, and demographic trends. The Review is published bi-annually under the aegis of Stockton University's William J. Hughes Center for Public Policy.

IN THIS ISSUE

Welcome to the "New" Atlantic City Metropolitan Area

Employment in the "new" Atlantic City metropolitan economy was up a strong 4.2 percent year-on-year in this year's first quarter of 2025. This was well above the state's 0.6 percent pace of job growth as well as the nation's 1.3 percent. While first-quarter job gains were broad based, those in restaurants and bars and retail trade were the largest in absolute terms at 2,600 (17 percent) and 1,400 (7.1 percent), respectively. The most notable exception to this generally upbeat first-quarter jobs picture occurred in casino hotels which saw employment decline 7 percent year-on-year (-1,400).

Last year, the regional economy's employment increased 1 percent as 1,700 jobs were added. (Figures 1 and 2) This rate of job growth outpaced the state's 0.9 percent gain but trailed the nation's 1.3 percent increase. While last year's rate of job growth in the metropolitan area represented a moderation on 2023's 1.2 percent pace, New Jersey and the nation recorded more significant slowdowns, from 1.9 and 2.2 percent, respectively.

What's up with the "new" Atlantic City metropolitan area? New standards and 2020 Census population data resulted in revised delineations (geographic definitions) of U.S. Metropolitan Statistical Areas. The new delineations were published in mid-2023 by the federal government's Office of Management and Budget.[1] The new delineations resulted in a redefinition of the Atlantic City-Hammonton metropolitan area.

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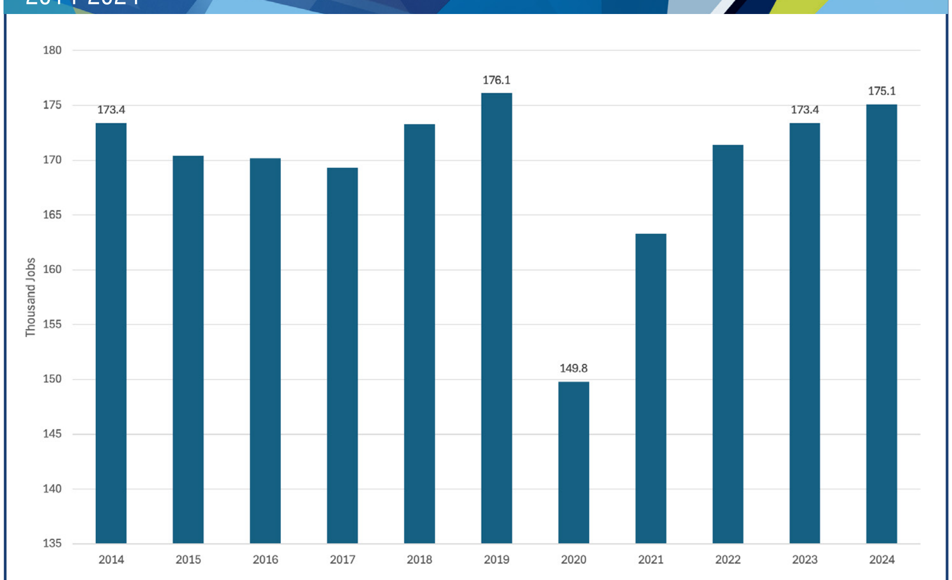
Figure 1: Total Establishment Employment in the "new" Atlantic City-Hammonton Metropolitan Area
2014-2024



Source: U.S. Bureau of Labor Statistics.

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Under the old delineation, the Atlantic City-Hammonton metropolitan area was coincident with Atlantic County. Under the new delineation, it comprises Atlantic County and Cape May County. Thus, the Ocean City metropolitan area—once coincident with Cape May County—no longer exists.[2] The U.S. Bureau of Labor Statistics' March 2025 release of establishment employment data incorporated the new metropolitan delineation for the first time. These March data were also re-benchmarked.[3] All future federal and state government releases of a wide range of metropolitan area data, including employment data, will reflect this new delineation. As the discussion on pages 4-6 explains, several implications flow from this change. Unless otherwise specified, all references to the Atlantic City-Hammonton metropolitan area in this edition of the Review reflect the new delineation.

Job Gains and Losses by Industry

Last year's job gains were concentrated in the leisure and hospitality (L&H) sector, which recorded total job growth of 1.8 percent (+900). The L&H sector comprises three industries: accommodations (which includes casino hotels), restaurants and bars, and arts, recreation, and entertainment. Restaurants and bars saw employment expand by 500 (+2.5 percent). Casino hotels employment held steady at 20,000. The much smaller arts, entertainment, and recreation industry saw employment climb by 400 (+8.2 percent). Among others, this latter industry includes employment in performing arts companies, museums, zoos, amusement and theme parks, golf courses, and marinas.

Other notable job gains occurred in retail trade (+300) and private education and health services (+500), and local government (+300). On

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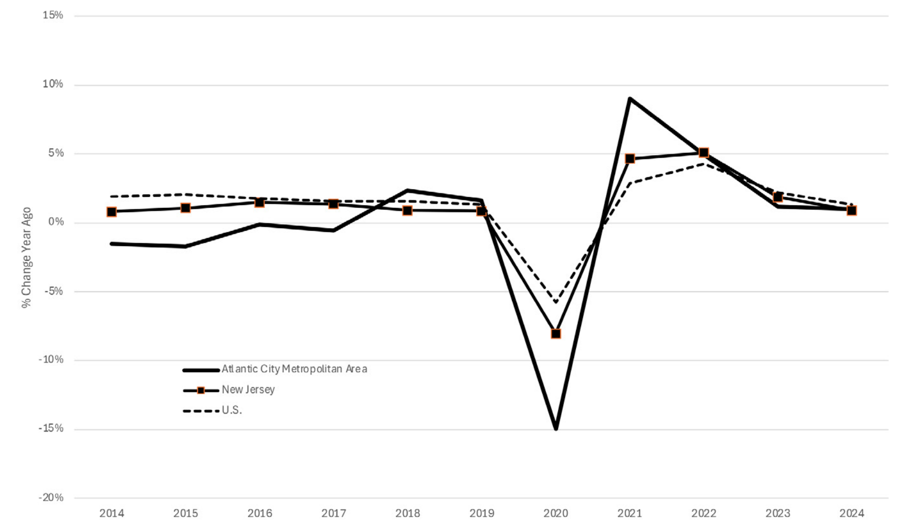
Figure 2: Job Growth in the "new" Atlantic City Metropolitan Area, New Jersey, and United States
2014 to 2024



Source: U.S. Bureau of Labor Statistics.

Table 1: Employment by Industry/Sector Atlantic City-Hammonton Metropolitan Area (Thousands)

Industry/Sector	2023	2024	2023-2024 Change	2023-2024 % Change
Total	173.4	175.1	1.7	1.0%
Construction	8.6	8.5	-0.1	-1.2%
Manufacturing	3.6	3.7	0.1	2.8%
Wholesale Trade	3.1	3.1	0.0	0.0%
Retail Trade	21.8	22.1	0.3	1.4%
Trans., Wareh., Utils.	3.2	3.2	0.0	0.0%
Information	0.7	0.7	0.0	0.0%
Financial Activities	5.8	5.8	0.0	0.0%
Professional and Business Services	15.3	15.1	-0.2	-1.3%
Private Education and Health Services	25.6	26.1	0.5	2.0%
Leisure and Hospitality	50.8	51.7	0.9	1.8%
Arts, Entertainment, and Recreation	4.9	5.3	0.4	8.2%
Accommodation and Food Services	45.8	46.4	0.6	1.3%
Accommodation	25.4	25.5	0.1	0.4%
Casino Hotels	20.0	20.0	0.0	0.0%
Food Services and Drinking Places	20.4	20.9	0.5	2.5%
Other Services	6.5	6.6	0.1	1.5%
Government*	28.4	28.6	0.2	0.7%
Federal Government	3.0	3.0	0.0	0.0%
State Government	4.2	4.2	0.0	0.0%
Local Government	21.1	21.4	0.3	1.4%

* Sub-sectors may not sum to sector level due to rounding.

Source: U.S. Bureau of Labor Statistics.

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the other side of the ledger, the construction industry recorded a job loss of 1.2 percent (-100 jobs). This was the industry's second consecutive annual employment decline. Professional and business services employment declined 1.3 percent (-200). Additional details on industry-based employment are set out in the "The New Atlantic City Metropolitan Area" discussion below.

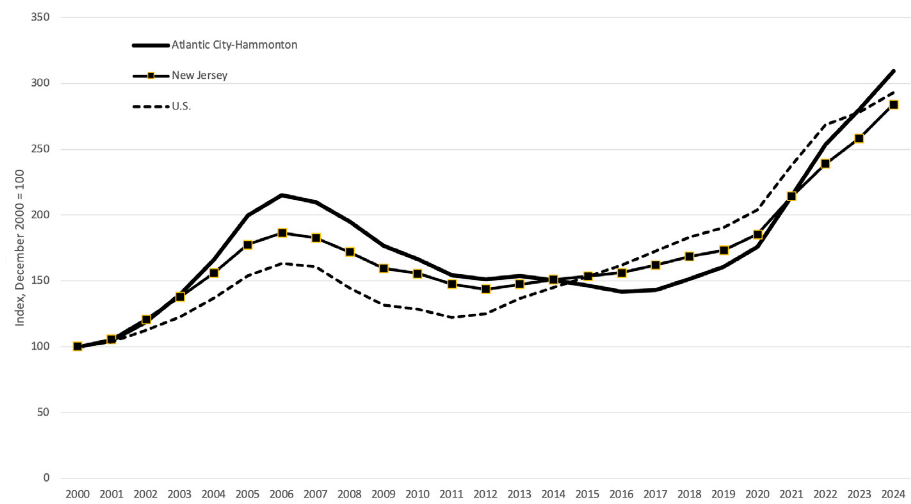
Unemployment and Labor Force

Because of the new metropolitan area delineation as well as methodological changes, the U.S. Bureau of Labor Statistics will not release seasonally adjusted unemployment and labor force data for metropolitan areas for a few months. We do have unadjusted unemployment data. These figures indicate that Atlantic City's unemployment rate climbed to 6.3 percent last year, up from 5.9 percent in 2023.[4] Last year's figure was considerably above the state's 4.5 percent and the nation's 4 percent. The metropolitan area's labor force edged up 0.4 percent last year to nearly 181,000 marking its fourth consecutive advance. It remained 0.5 percent below its 2019 pre-COVID peak, however. Unadjusted data from this year's first quarter put the metropolitan area's unemployment rate at 8.2 percent. Again, owing to its unadjusted nature, this rate, in isolation, is difficult to gauge.[5] It was, however, greater than the 7.9 percent recorded in 2024's first quarter.

Housing Market

Single-family home prices in the "old" Atlantic City metropolitan area rose 10.4 percent last year according to Freddie Mac.[6] This gain, the metro area's eighth consecutive, outpaced gains of 9.9 and 5.3 percent by the state and nation, respectively. Since bottoming out in 2016, single-family home prices in Atlantic City have increased 118 percent. (Figure 4) The state's comparable gain (based on its 2012 trough) is 98 percent. Based on its 2011 trough, the nation's is 139 percent. National Association of Realtors data indicate that last year's median sales price of an existing single-family home in the metropolitan area ($349,400) was up 9.7 percent on 2023's $318,500 figure.

Figure 3: Single-Family Home Price Trends in Atlantic City-Hammonton*, New Jersey, and the U.S.
2000 to 2024



* "Old" Atlantic City metropolitan area.
Source: Freddie Mac House Price Index (FMHPI).

The continued climb in local home prices in the metropolitan area has helped fuel strong homebuilding activity over the past few years. As Figure 5 shows, single-family building permits (a leading indicator for homebuilding) climbed above 1,000 units in 2024. While this level lagged the surge in single-family permitting recorded in 2021 (when permits topped the 1,200 mark) it nevertheless represented the sixth-consecutive year north of the 800-unit mark. Multi-family permits also climbed last year to 508 units. About 58 percent of these units were in apartment structures with five or more housing units. After a strong four-year run between 2016 and 2019 (when the number of multi-family units permitted averaged 886 annually), the pace of multi-family construction slowed considerably between 2020 and 2023 (449 units).

The robust pace of homebuilding activity in the metropolitan area over the past several years is driven by the region's — especially Cape May County's — booming summer vacation economy. In December 2024, Pacaso, a co-ownership real estate platform, ranked Cape May as the nation's top luxury vacation home market in the country based on mortgage rate lock data, pricing trends (properties priced above $700,000), transactions volume and proportion of second to primary homes.[7] Cape May's second-to-primary home ratio, at 150 percent, was nearly double second-place finisher Gulf County, FL's 78 percent. The average 2024 second home price in Cape May, according to Pacaso's report, was $1.1 million. Rounding out the top five markets were Walton County, FL, Barnstable County, MA, and Collier County, FL.

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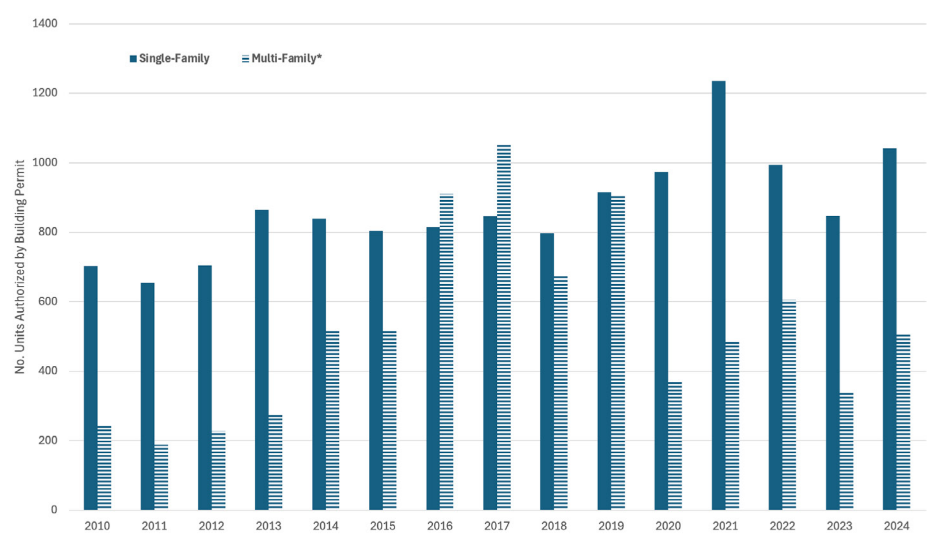
Figure 4: New Housing Units Authorized by Permit
Atlantic City-Hammonton Metropolitan Area
2010 to 2024



* Multi-family structures include all those with two or more housing units. Dormitories are excluded from the mutli-family cohort.

Source: U.S. Census Bureau.

The "New" Atlantic City Metropolitan Area

New standards and 2020 Census population data resulted in revised delineations (geographic definitions) of U.S. Metropolitan Statistical Areas. The new delineations were published in mid-2023 by the federal government's Office of Management and Budget.[8] They resulted in a redefinition of the Atlantic City-Hammonton metropolitan area. Under the old delineations, the Atlantic City-Hammonton metropolitan area was coincident with Atlantic County. Under the new delineations, it comprises Atlantic County and Cape May County. All future federal and state government releases of a wide range of metropolitan area-based data, including employment data, will reflect this new delineation. Several implications flow from this change.

Of special importance to the Review is the loss of high-quality, industry-based employment data for Atlantic County and Cape May County. These establishment (payroll) employment data are released for states and metropolitan areas every month by the U.S. Bureau of Labor Statistics (BLS). These data provide researchers, policymakers, and development officials with the ability to develop detailed and near real-time analyses of metropolitan areas' economic trends. The new definition of the Atlantic City-Hammonton metropolitan area means that these data will now combine establishment employment from both counties. As a result, analysts will no longer be able to separately track two metropolitan area economies.[9] While the Atlantic County and Cape May County economies are clearly related and linked, they are also different in important ways.

Consider Figure 6 which shows total employment for the old and newly defined Atlantic City metropolitan areas. Reflecting the addition of Cape May County, total employment in the newly defined Atlantic City metropolitan area is higher than in the old one. Figure 7 shows the same two series in annual growth terms. As shown, the two series tend to track one another closely — but not always. Consider the 2014-2015 period when Atlantic City experienced a wave of casino closures and their aftershock. It is precisely these types of events where the loss of information tied to the new delineation will, unfortunately, have its greatest impact. For example, under the old delineation, Atlantic City's overall employment declined 2.4 and 2.9 percent in 2014 and 2015, respectively. Under the new delineation, those years' job losses would obviously have been recorded as smaller ones (-1.5 and -1.7 percent). But it is also true that Cape May County (the old Ocean City metropolitan area) recorded job gains (of 2.4 and 1.4 percent) in those two years.

This example underscores the point above. While the two local economies are related (and thus rightly understood to constitute, along with Cumberland County, a wider regional economy), their economic conditions are not always similar. In fact, years or periods in which they were the most discordant coincide with important economic turning points or shocks. In 2006, the year national home prices peaked ahead of the financial crisis and the onset of the Great Recession, Atlantic City recorded job growth of 1.2 percent, while Cape May County saw employment decline 0.7 percent. Between 2013-2017, a period of deep retrenchment in its gaming industry, Atlantic City's employment declined by 6.4 percent, while Cape May's grew by 4.9 percent. Going forward, we will lack the ability to parse such differences across the two local economies as they now constitute a single metropolitan area economy. Analysts, policymakers, and development officials will need to keep this issue in mind going forward. The inability to parse out Atlantic County from Cape May County under the new delineation will render analysis of the two areas' housing markets,

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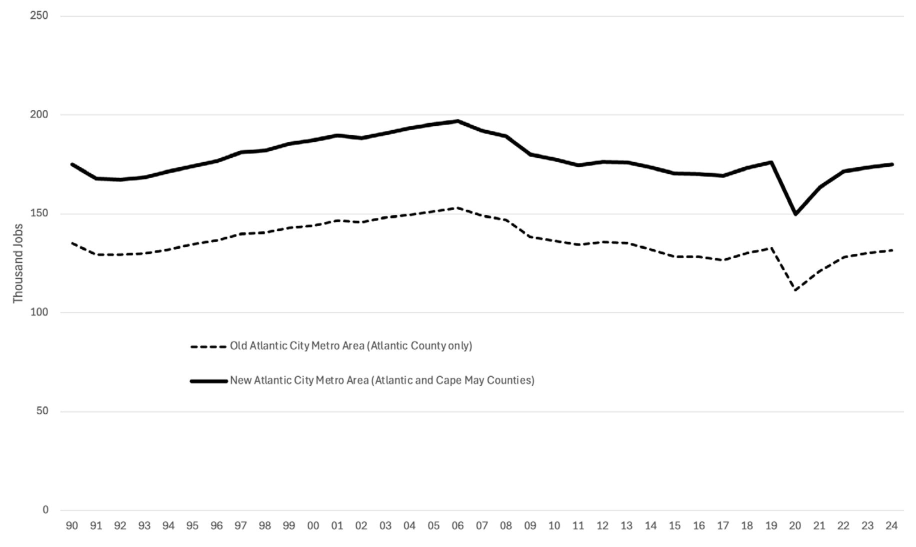
which have very different trends and dynamics, especially difficult.

Table 2 shows industry-level employment data for the "old" and the "new" Atlantic City metropolitan area for three periods: the 2020 COVID recession, last year, and 2019 vs. 2024. It thus provides additional insight into the implications of the recent definitional change. As shown, proportional changes in industry employment during the 2020 COVID recession were broadly similar across the two areas. Above all, this reflects the fact that Atlantic County's total employment (approximately 132,000 last year) is significantly greater than Cape May County's (approximately 42,000). Thus, changes to Atlantic City's economy will dominate changes in the newly delineated two-county metropolitan area. (See the right-most column of Table 2.) Second, both counties' economies rely heavily on the leisure and hospitality sector and related industries, e.g., retail trade and restaurants and bars. The burden of pandemic-era lockdowns fell disproportionately on that sector and those industries.

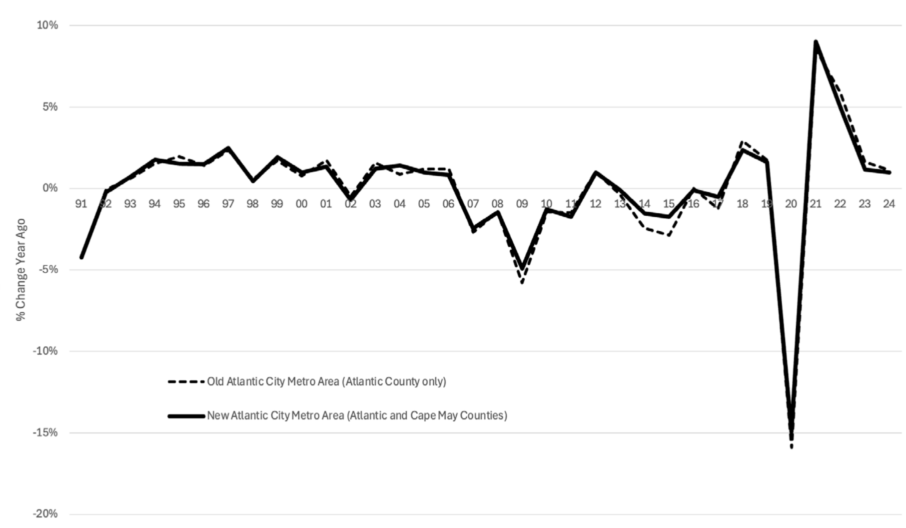
The 2020 similarity between the old and new Atlantic City employment dynamics was not repeated last year. While overall job growth in 2024 was nearly identical (1.1 vs. 1.0 percent) there were considerable differences at the industry level. For example, under the old definition, construction employment in Atlantic City rose 2.3 percent last year. Under the new definition, it declined 1.2 percent. Or, take professional and business services employment. It increased 3.6 percent last year under the old definition but declined 1.3 percent under the new definition. What explains these large swings especially given that Atlantic County employment, as noted, dominates the new bi-county metropolitan area economy?

Figure 5: Total Employment in the Atlantic City Metropolitan Area
1990 to 2024



Source: U.S. Bureau of Labor Statistics.

Figure 6: Job Growth in the Atlantic City Metropolitan Area
1991 to 2024



Source: U.S. Bureua of Labor Statistics.

In addition to the new delineation issue, the recently released employment data were also re-benchmarked. This annual process conducted by the U.S. Bureau of Labor Statistics results in changes to published establishment employment data going back approximately 21 months.[10] Thus, unlike the 2020 data, which show differences that are exclusively the result of the definitional change, those for the 2023-2024 period also include changes tied to the benchmarking process.[11] Unfortunately, it is not possible to perfectly parse out the two factors' (new definition vs. re-benchmarking) respective contributions to the 2023-2024 differences shown.

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Under normal circumstances, analysts can simply compare older industry-based employment data with newly re-benchmarked data and identify where changes occurred at the industry level. The one industry where such an approach is possible is casino hotels, which of course are entirely in Atlantic County and thus were unaffected by the definitional change. Thus, we can conclude that the re-benchmarking process resulted in an upward revision to casino hotels employment in Atlantic City. Post re-benchmarking, casino hotels employment held steady last year (at approximately 20,000) compared to an originally estimated 2.5 percent decline (from 19,900 to 19,400).

Though far from perfect, we can still get some sense of the origins of the re-benchmarking changes by taking into consideration Atlantic County's outsized share of the new bi-county metropolitan area. (Again, see the right-most column of Table 2, which indicates the old Atlantic City's share of employment by industry in the new Atlantic City.) Thus, for example, the aforementioned re-benchmarking change to professional and business services job growth (again, from an originally estimated 3.6 percent to a -1.3 percent decline) is almost wholly attributable to a downward revision in this industry's Atlantic County employment as it accounts for nearly 90 percent of the industry's total employment in the new bi-county metropolitan area. The same can largely be said for construction's downward revision last year (from +2.3 percent to -1.2 percent) as Atlantic County accounts for about 70 percent of construction employment in the new bi-county metropolitan area. Retail trade and other services saw small downward revisions to their growth last year. Atlantic County's share of employment in both these industries is about 70 percent in the new metropolitan area.

The most notable upward revision besides the one that occurred in casino hotels was in manufacturing. Whereas manufacturing employment under the old metro definition and before re-benchmarking was originally estimated to have declined by 0.3 percent.

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Table 2: Establishment Employment by Industry, the "old" vs. the "new" Atlantic City Metropolitan Area,
Selected Periods

Industry	2019-2020 % Change old	2019-2020 % Change new	2023-2024 % Change old	2023-2024 % Change new	2019-2024 % Change old	2019-2024 % Change new	old Atlantic City's Share of New Atlantic City*
Total	-15.9%	-14.9%	1.1%	1.0%	-0.7%	-0.6%	75.2%
Construction	-5.4%	-3.8%	2.3%	-1.2%	5.8%	6.3%	69.8%
Manufacturing	0.0%	0.0%	-0.3%	2.8%	13.6%	15.6%	67.3%
Wholesale Trade	-4.2%	-6.3%	-4.0%	0.0%	0.0%	-3.1%	77.4%
Retail Trade	-8.7%	-8.3%	2.0%	1.4%	1.9%	1.8%	69.2%
Trans., Wareh., Utils.	-3.4%	-8.8%	0.6%	0.0%	-3.4%	-5.9%	88.0%
Information	-16.7%	-12.5%	-20.0%	0.0%	-33.3%	-12.5%	57.1%
Financial Activities	-2.6%	-3.4%	-0.6%	0.0%	4.4%	0.0%	70.3%
Professional and Business Services	-4.5%	-4.4%	3.6%	-1.3%	19.3%	11.9%	87.8%
Education and Health Services	-9.0%	-8.8%	3.0%	2.0%	4.2%	0.4%	84.4%
Hospitals	-5.5%	N/A	0.3%	N/A	-3.5%	N/A	N/A
Leisure and Hospitality	-34.7%	-32.2%	-0.1%	1.8%	-8.4%	-3.9%	73.2%
Accommodation and Food Services	-35.5%	-32.7%	-1.7%	1.3%	-12.4%	-6.3%	73.7%
Accommodation	-39.6%	-37.6%	-2.4%	0.4%	-18.2%	-14.4%	85.7%
Casino Hotels	-40.7%	-40.7%	-2.5%	0.0%	-21.0%	-18.7%	97.0%
Food Services and Drinking Places	-26.6%	-24.9%	-0.4%	2.5%	0.1%	6.1%	59.1%
Other Services	-25.9%	-22.5%	2.4%	1.5%	-12.8%	-7.0%	71.3%
Government	-4.8%	-5.4%	0.0%	0.7%	-2.1%	-3.4%	71.4%
Federal Government	4.0%	6.9%	1.0%	0.0%	1.1%	3.4%	84.2%
State Government	-10.8%	-11.8%	-0.8%	0.0%	-12.3%	-17.6%	78.0%
Local Government	-5.4%	-6.0%	0.1%	1.4%	-0.8%	-1.4%	68.3%

* Based on old Atlantic City 2024 pre-benchmarked employment shares of new Atlantic City's benchmarked establishment employment.

Source: U.S. Bureua of Labor Statistics.

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Under the new definition and after re-benchmarking, it grew 2.8 percent. (I return to the issue of manufacturing in the context of diversification below. See p. 12)

Finally, Table 2 also indicates where industry-based employment in the old vs. new Atlantic City metropolitan area stood in 2024 relative to its 2019 pre-COVID level. As shown, the definitional and re-benchmarking changes had little impact on where total 2024 employment stood relative to its 2019 level (-0.7 percent vs. -0.6 percent). There were, however, some sizable industry-based differences. Wholesale trade employment under the new definition and re-benchmarking process declined 3.1 percent between 2019 and last year vs. an original estimate of zero growth. The comparable figures for financial activities were zero and 4.4 percent. Perhaps most importantly given its outsized role in the regional economy, leisure and hospitality's originally estimated job decline of 8.4 percent between 2019 and 2024 was reduced significantly to -3.9 percent. Much of this change appears to have been driven by restaurants and bars employment (a sub-component of the leisure and hospitality sector) which grew 6.1 percent under the new definition and re-benchmarking vs. an original estimate of just 0.1 percent.

The New York City Shoe & Economic Shocks

As most southern New Jersey residents and stakeholders know, there is a looming development that will have important consequences on the regional economy's near to medium-term fortunes. Namely, the greater New York City area will become home to at least one (and perhaps as many as three) major casino(s) in the reasonably near future. Albany has authorized up to three casino licenses for downstate New York, which includes New York City, Long Island, and Westchester County. Licenses are expected to be awarded in late 2025. Given the expectations that these casinos will generate billions in revenues, the competition for licenses has been intense. As the Review went to press, there were still 10 proposals on the board.

These Greater New York area casinos will not be mere gaming facilities. Rather, several of the current proposals not only involve the construction of full-service resort casinos, but also a slew of accompanying projects including conference, performance, and retail spaces, apartments, restaurants, museums, schools, and urban parks.[12] The question of how soon the new casinos will come on line is difficult to answer as several economic and political forces will play a role, including how the new facilities are constructed — from scratch or via expansions and renovations of existing structures and spaces. Construction of Norfolk, Virginia's new $750 million casino project broke ground in February of this year. Its developers expect the full project to be completed in late 2027. Given that the size and scope of the proposed New York City area projects will dwarf the Norfolk project, the actualization of a full-scale resort casino in greater New York seems likely to be at least 2-3 years off.[13]

Regardless of whether the New York City casino shoe drops in 2028, 2029, or beyond, it seems clear that it will adversely affect Atlantic City's gaming industry. Several factors will condition the size of the eventual impact. The consequences for the regional economy that would flow from a replay of the industry's 2014-2017 deep retrenchment (when five casinos closed) would, of course, be significant. This would be true despite the fact that the gaming industry's share of the regional economy has declined markedly over the past decade. Another Atlantic City gaming industry "right-sizing" era would represent yet another shock to a metropolitan area that has endured far too many over the past two decades.

Indeed, the various headwinds that the Atlantic City regional economy has battled over the past two decades have been fierce.[14] As many greater Atlantic City residents and community members know (all too well), Atlantic City's economy has been buffeted by a rather remarkable series of shocks over the past 18 years. In fact, the metropolitan area economy has enjoyed only four "shock-free" years since 2006.

As shown in Table 3, this series of shocks began in 2006 with the onset of the national housing crisis — the precursor to the financial crisis and Great Recession that officially began in late 2007. In late 2006, the Sands casino closed in Atlantic City, while the first slots casino, Mohegan Sun at Pocono Downs, opened in Pennsylvania. The onset of slot-based casino gaming in Pennsylvania marked a decisive turning point in the Atlantic City gaming industry's history as it arguably represented the first significant crack in the resort's long-standing East Coast gaming monopoly.

The housing crisis eventually set in motion a much larger and wider spread financial crisis that in turn ushered in the Great Recession. The national economy contracted in both 2008 and 2009 and sent the unemployment rate to 10 percent in late 2009 — a level it had not seen since the early 1980s. While the Great Recession officially ended in June 2009, the national labor market did not fully recover until late 2014 when the unemployment rate finally eased back below 6 percent. It would take another two years, until late 2016, before it fell back to its late 2006 level.

During those dark years, Atlantic City (along with the rest of the Jersey Shore

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Table 3: Atlantic City's Economy has Endured Several Major Economic Shocks Since 2006

Event	Date
Housing crisis (Atlantic City's employment peak)	2006
Sands closes & PA gaming begins	November 2006
Great Recession begins	December 2007
Slow-moving jobs recovery	Mid-2009 to Late-2014
Hurricane Sandy	October 2012
Wave of casino closures	2014
Gaming industry retrenchment	2014-2017
Gaming industry stabilization & recovery	2018-2019
COVID Recession	2020
COVID Recession Recovery	2021-2022
Expansion	2023-2024

Table 4: Atlantic City Metropolitan Area Economy* Key Metrics
Selected Periods

Metric	The Lost Decade 2006-2017	Stabilization & Recovery 2017-2019	COVID Recession 2020	Recovery & Expansion 2019-2023/4
Real GDP**	-20.8% (382)***	2.3% (267)	-5.7% (341)	8.7% (158)
Employment	-17.3%	4.7%	-16.0%	-0.7%
Population	0.7% (325)	0.2% (267)	0.04% (247)	0.4% (230)

* "Old" Atlantic City metropolitan area.
** 2008 was GDP peak.
*** Atlantic City's rank among 384 U.S. metropolitan areas.

Sources: U.S. Bureaus of Economic Analysis and Labor Statistics.

regional community) also suffered through Hurricane Sandy in late 2012. It then endured several years of deep casino industry retrenchment. The year 2014 proved especially hard as the metropolitan area watched four local gaming halls close their doors. Between 2013 and 2017, casino hotels employment declined by a jaw-dropping 35 percent (to 19,700 from 30,200). This decline — tied both to the aftermath of the Great Recession as well as intensifying regional gaming competition — merely added to the 28 percent decline in employment the industry recorded between 2006 (the year metro-wide employment in Atlantic City peaked) and 2013.

The regional economy finally got some relief in 2018 and 2019 owing to the opening of the Hard Rock and Ocean casinos in mid-2018. These openings pushed the industry's employment up by nearly 5,000 (25 percent). This relief was short-lived as the COVID pandemic struck in the spring of 2020. The 2020 COVID recession cut deeply into the local economy as the gaming industry was shuttered for approximately 16 weeks between mid-March and early July. Economy-wide employment in the metropolitan area declined by 16 percent in 2020, while the local economy contracted 5.7 percent in real (GDP) terms. The local economy bounced back somewhat in 2021 and 2022 — recovering nearly 80 percent of the jobs it lost during 2020. The pace of job recovery slowed significantly in 2023 (to 1.6 percent from 5.9 percent) and slowed still further last year.

Table 4 underscores just how fierce the headwinds have been for Atlantic City. In particular, it shows how the metropolitan area stacks up against all other U.S. metropolitan areas across three key metrics — real GDP growth, job growth, and population growth — over different periods during the past 18 years.

The 2006-2017 period — which I have previously referred to as the lost decade — saw the local economy shrink nearly 21 percent in real terms between 2008 (when real GDP peaked) and 2017. Between 2006 (when total employment peaked) and 2017, employment declined 17.3 percent. As shown in the tables' parentheses, these declines ranked Atlantic City among the worst performing metropolitan areas across the U.S. While Atlantic City's total economy's performance ranked as third worse (382 out of 384), its job growth ranked last (389). The table also makes clear how devastating the 2020 COVID recession was on the local economy. In particular, Atlantic City's overall job decline that year was second worse in the nation behind only the Kahului-Wailuku-Lahaina, HI (Maui) metropolitan area's.

The Resilience of the Atlantic City Economy & the Diversification Road

Figure 8 shows the significant drag that the local gaming industry has had on Atlantic City's economy since 2006. As shown, gaming industry employment has declined an eye-watering 53.6 percent since its peak in 2006. At the same time, and rather remarkably, total employment excluding casino hotels increased by 1 percent (1,000).[15] So, while the gaming industry's struggles over the past (nearly) two decades have taken a significant toll on the local

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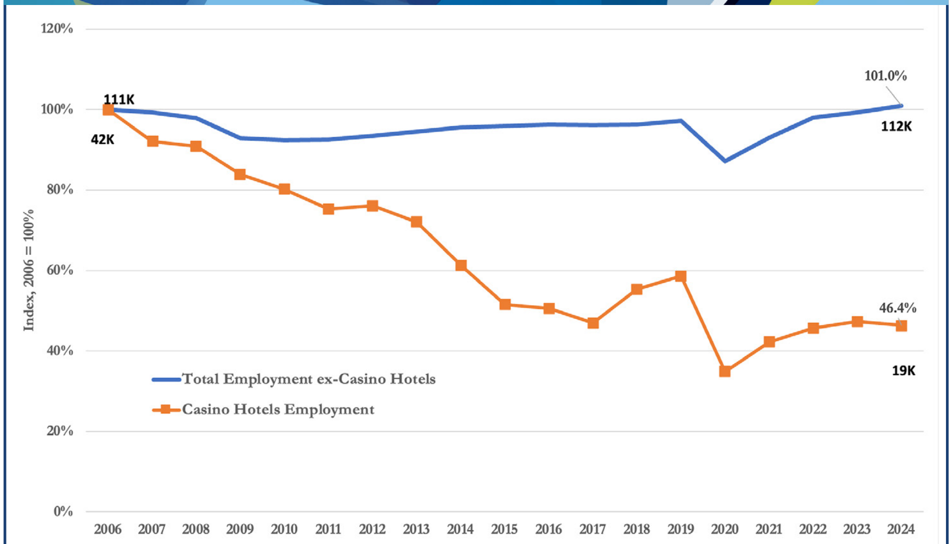
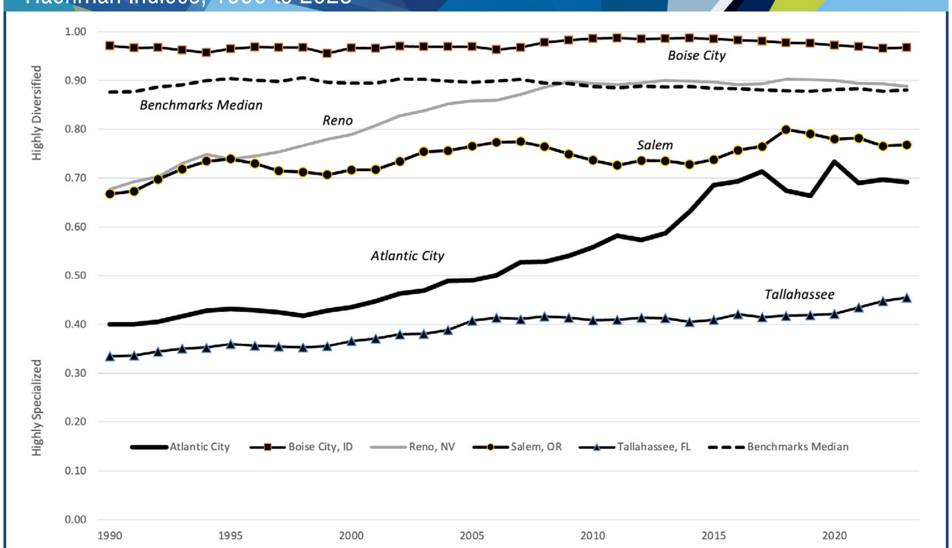
economy's overall performance, the non-gaming portion of the economy nevertheless managed to eke out a very small gain. Suffice it to say that the headwinds faced by Atlantic City would have undermined the performance of any metropolitan area economy. The fact that the non-gaming economy has managed to muddle along — with some notable and significant areas of growth — is a testament to the iconic resort town's resilience. As most readers of the Review know, Atlantic City has reinvented itself more than once. Its future economic fortunes over the coming decades will turn on whether it can pull off such a reinvention once more.

Figure 7: Atlantic City's* Gaming Industry Drag
2006 to 2024



* "Old" Atlantic City.
Source: U.S. Bureau of Labor Statistics.

Figure 8: Evolution of Industrial Diversification in Atlantic City and Selected Metropoitan Areas
Hachman Indices, 1990 to 2023



Source: U.S. Bureau of Labor Statistics.

As most regional residents and stakeholders know, such a reinvention will turn on the ability to reshape the regional economy. This recent history, along with the reality of New York City casinos in the not-too-distant future, gives today's on-going efforts to diversify the regional economy considerable urgency. The good news is that some of these efforts are beginning to gather momentum.[16] Yet, the hard reality is that restructuring a metropolitan area economy's industrial structure takes considerable time — even given well-designed and executed economic development plans. In light of the urgency surrounding this issue, this final section takes stock of Atlantic City's diversification evolution and places it in a larger national context.

A Deeper Dive into Diversification[17]

So where exactly is Atlantic City on the road to diversification? Figure 8 shows Hachman indices for Atlantic City and a handful of other metropolitan areas since 1990. These areas are members of a benchmark group of metropolitan areas I highlight and discuss here that were selected on the basis of their size: their total employment fell between 80-120 percent of Atlantic City's 1990 total employment.[18] (Table 5) The Hachman index is a commonly used measure of industrial diversification that compares a state or metro area economy's industrial makeup to the nation's, which is taken to be the archetype diversified (or, reference) economy.[19] Hachman index values are bound between 0 and 1, with values closer to 1 indicating greater industrial diversity and those closer to 0 indicating highly specialized economies.

As shown, Atlantic City's diversification was very low in the 1990s as its Hachman index stood at 0.40, well below the most diversified benchmark metro area, Boise City (0.97), as well as the benchmark group's median (0.88). The only metropolitan area whose economy was less diversified

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Table 5: Diversification, Growth, and Unemployment Among a Benchmark Group of Metropolitan Areas
Ranked by largest increase in diversification. See "Rank on Change" column.

Metro Area	Industrial Diversification (Hachman Index)						Job Growth	Average Unemp.	Change in Manufacturing Employment 1990-2023	
	1990	Rank 1990**	2023	Rank 2023	Change '90-'23	Rank on Change	'90-'23	'91-'23	Absolute	Share
Atlantic City-Hammonton, NJ (ACY)*	0.40	40	0.69	40	0.29	1	-4%	8.2%	-	-
Reno, NV (REN)	0.68	37	0.89	17	0.21	2	83%	5.8%	+	+
Ogden-Clearfield, UT (OGD)	0.59	39	0.79	36	0.20	3	109%	4.2%	+	-
Lafayette, LA (LAY)	0.75	35	0.93	6	0.18	4	41%	5.3%	+	-
Tallahassee, FL (TAL)	0.34	41	0.46	41	0.12	5	53%	4.4%	-	-
Salem, OR (SAL)	0.67	38	0.77	37	0.10	6	64%	6.3%	-	-
Pensacola-Ferry Pass-Brent, FL (PEN)	0.82	26	0.91	11	0.09	7	55%	5.0%	-	-
Anchorage, AK (ANC)	0.75	36	0.84	32	0.09	8	50%	6.0%	-	-
Deltona-Daytona Beach, FL (DEL)	0.82	27	0.90	15	0.09	9	69%	5.7%	+	-
Rockford, IL (ROK)	0.76	34	0.84	30	0.08	10	5%	7.3%	-	-
Springfield, MO (SPG)	0.91	15	0.96	2	0.06	11	78%	4.5%	-	-
Salinas, CA (SAL)	0.80	31	0.835	33	0.04	12	31%	9.4%	-	-
Lincoln, NE (LIN)	0.78	32	0.82	34	0.04	13	51%	2.9%	+	-
Erie, PA (ERI)	0.83	25	0.87	24	0.03	14	4%	6.3%	-	-
York-Hanover, PA (YRK)	0.81	28	0.84	29	0.03	15	25%	5.0%	-	-
Huntsville, AL (HNV)	0.81	29	0.84	31	0.03	16	75%	4.6%	-	-
Binghamton, NY (BNG)	0.86	22	0.88	19	0.02	17	-17%	5.7%	-	-
Asheville, NC (ASH)	0.91	13	0.93	8	0.02	18	57%	4.8%	-	-
Duluth, MN-WI (DUL)	0.85	23	0.87	23	0.02	19	21%	5.7%	-	-
Evansville, IN-KY (EVN)	0.94	5	0.95	4	0.01	20	17%	4.9%	-	-
Cape Coral-Fort Myers, FL (CCL)	0.80	30	0.81	35	0.01	21	143%	5.3%	+	-
Peoria, IL (PER)	0.91	12	0.92	9	0.01	22	9%	5.8%	-	-
Colorado Springs, CO (COS)	0.90	17	0.91	13	0.01	23	108%	5.4%	-	-
Mobile, AL (MOB)	0.96	3	0.96	3	0.00	24	36%	6.4%	-	-
Boise, ID (BOI)	0.97	1	0.97	1	0.00	25	181%	4.6%	+	-
Kalamazoo-Portage, MI (KLZ)	0.89	20	0.88	21	0.00	26	17%	5.5%	-	-
Salisbury, MD-DE (SLB)	0.91	14	0.90	14	-0.01	27	55%	6.1%	N/A	N/A
Palm Bay-Melbourne, FL (PBM)	0.92	9	0.91	12	-0.01	28	59%	5.7%	+	-
Reading, PA (RDG)	0.88	21	0.86	25	-0.01	29	16%	5.5%	-	-
Corpus Christi, TX (CPS)	0.89	19	0.88	20	-0.01	30	40%	6.7%	-	-
Lakeland-Winter Haven, FL (LAK)	0.90	18	0.89	18	-0.02	31	83%	6.6%	-	-
Savannah, GA (SAV)	0.93	7	0.91	10	-0.02	32	77%	5.3%	+	-
Huntington-Ashland, WV-KY-OH (HTG)	0.95	4	0.93	7	-0.02	33	13%	6.6%	-	-
Santa Maria-Santa Barbara, CA (SBA)	0.96	2	0.94	5	-0.02	34	27%	5.8%	-	-
Spartanburg, SC (SPG)	0.77	33	0.74	38	-0.03	35	35%	6.2%	-	-
South Bend-Mishawaka, IN-MI (SBN)	0.93	8	0.89	16	-0.03	36	12%	5.6%	-	-
Beaumont-Port Arthur, TX (BEA)	0.92	10	0.87	22	-0.05	37	13%	8.3%	-	-
Utica-Rome, NY (UTI)	0.91	16	0.86	27	-0.05	38	-5%	5.7%	-	-
Modesto, CA (MOD)	0.92	11	0.86	28	-0.06	39	60%	11.2%	+	-
Green Bay, WI (GNB)	0.93	6	0.86	26	-0.07	40	50%	4.5%	+	-
Montgomery, AL (MTG)	0.85	24	0.74	39	-0.11	41	31%	5.5%	+	-

* Abbreviations reflect those used in Figure 9 below.
** Where 1 indicates the most diverse area in the benchmark group, and 41 the most specialized.

Source: U.S. Bureau of Labor Statistics and author calculations.

Table 6: A Closer Look at How Big Diversifiers Did it
Shares of Total Employment

Industry/Sector	Atlantic City-Hammonton, NJ 1990	2023	Lafayette, LA 1990	2023	Ogden-Clearfield, UT 1990	2023	Reno, NV 1990	2023	Salem, OR 1990	2023	Tallahasee, FL 1990	2023	Boise, ID 1990	2023
Mng., Log., Constr.	5.0%	4.5%	17.4%	10.0%	4.3%	8.0%	6.5%	8.5%	5.7%	7.7%	5.3%	4.9%	4.6%	8.7%
Manufacturing	3.0%	1.9%	9.7%	8.4%	17.6%	13.6%	5.3%	10.8%	13.0%	6.6%	3.8%	2.1%	17.5%	7.9%
Wholesale Trade	1.7%	1.9%	5.8%	4.2%	3.4%	2.7%	5.3%	3.9%	2.9%	2.3%	2.6%	2.2%	4.8%	4.8%
Retail Trade	10.4%	11.5%	13.3%	12.8%	12.8%	11.1%	12.5%	9.2%	11.5%	10.4%	12.2%	9.7%	12.7%	10.1%
Trans., Wareh., Utils.	2.1%	2.2%	5.2%	3.1%	3.1%	3.7%	5.1%	9.2%	1.9%	3.8%	1.1%	1.4%	4.4%	4.4%
Information	1.0%	0.4%	1.4%	0.8%	1.5%	0.8%	2.5%	1.4%	1.4%	0.9%	2.7%	2.1%	2.3%	1.2%
Financial Activities	2.8%	3.1%	5.7%	5.3%	3.0%	3.8%	5.8%	4.2%	5.5%	3.6%	4.5%	4.6%	5.7%	5.8%
Prof. & Bus. Svs.	6.5%	9.8%	6.6%	11.0%	6.4%	10.8%	7.1%	12.7%	5.4%	9.6%	6.2%	13.9%	9.9%	15.3%
Health & Educ. Svs.*	8.5%	16.4%	8.5%	17.2%	8.0%	13.2%	8.0%	11.2%	10.7%	18.6%	9.4%	13.7%	8.7%	15.0%
Leisure and Hospitality	41.8%	29.1%	7.5%	10.6%	7.7%	9.7%	26.2%	14.4%	8.1%	8.8%	7.4%	10.6%	9.1%	10.3%
Other Services	2.7%	3.5%	3.5%	3.7%	2.4%	2.7%	3.0%	2.8%	4.2%	3.1%	2.7%	3.3%	2.6%	3.4%
Federal Government	2.0%	1.9%	1.0%	0.7%	16.6%	7.7%	2.2%	1.5%	1.6%	0.8%	1.4%	1.2%	3.4%	1.8%
State Government	2.8%	2.5%	3.5%	2.8%	3.1%	2.6%	4.1%	4.1%	17.1%	12.3%	30.8%	22.8%	6.3%	4.2%
Local Government	9.7%	11.2%	10.9%	9.3%	10.3%	9.8%	6.4%	6.1%	11.1%	11.3%	9.9%	7.4%	7.9%	7.1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Hachman Industrial Diversification Index	0.40	0.69	0.75	0.93	0.59	0.79	0.68	0.89	0.67	0.77	0.34	0.46	0.97	0.97
Chgn. in Hachman -90-'23/Rank**	0.29	1	0.18	4	0.20	3	0.21	2	0.10	6	0.12	5	0.0	25
Job Growth '90 to '23/Rank Among Benchmarks	-3.6%	39	41.2%	21	109.4%	3	83.3%	5	64.2%	11	53.4%	17	180.6%	1
Manufacturing Jobs 1990-2023	-		+		+		+		-		-		+	
Manufacturing Sector's Share of Employment 1990-2023	-		-		-		+		-		-		+	
Population (thousands)	225	275	383	482	390	721	259	502	280	437	261	393	322	825
Population Growth 1990 to 2023	22%		26%		85%		94%		56%		50%		156%	

* Private educational services only. Public educational services classified under local government. Because private educational services employment is typically small, the vast majority of this industry is health care.
Source: U.S. Bureau of Labor Statistics and author calculations.
* See Figure 9.
**Rank among the benchmark group.

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than Atlantic City's was Tallahassee's (0.34). Whereas Atlantic City's low diversification was driven by its heavy reliance on the leisure and hospitality sector (which includes the gaming industry), Tallahassee's was tied to state government. The leisure and hospitality sector accounted for nearly 42 percent of total employment in Atlantic City in 1990, while state government accounted for 31 percent of state capital Tallahassee's employment that year. (Table 6)

The lack of diversification in Atlantic City and Tallahassee can be better appreciated via comparison with Reno, NV and Salem, OR. In the 1990s, Reno's economy, like Atlantic City's, was heavily dependent on its gaming industry. Yet this heavy reliance still only translated into a 26 percent share of total employment for its leisure and hospitality sector — 16 percentage points less than in Atlantic City. State government employment in Salem, OR, another state capital like Tallahassee, accounted for 17 percent of total employment — 14 percentage points less than in Tallahassee.

The six metropolitan areas shown in Table 6 (excluding Boise City which is included for reference purposes only) recorded the largest increases in diversification among the benchmark group. In fact, Atlantic City saw the largest increase in diversification among the entire benchmark group as its Hachman rose from 0.40 in 1990 to 0.69 in 2023. Atlantic City's economy has not only diversified over the past 35 years but has diversified more than other comparably sized metropolitan areas' economies. The rub, of course, is that Atlantic City's diversification has been associated with job loss — not growth. As shown in the last row of Table 6, total employment in Atlantic City declined 3.6 percent between 1990 and 2023. Only two other metro areas in the benchmark group recorded job loss during this period: Utica-Rome, NY (-4.6 percent), and Binghamton, NY (-17 percent). To a considerable extent, Atlantic City's future economic well-being will turn on its ability to alter this dynamic. Diversification with job growth will be the key.

All of the other "largest-diversifying" metropolitan areas in Table 6 recorded job growth between 1990 and 2023. (Again, Boise City, the most diversified of all the benchmark metros, is included for reference purposes.) Job growth among the top diversifiers ranged from a low of 41 percent in Lafayette, LA to 109 percent in Ogden-Clearfield, UT. How did these five metropolitan areas diversify while also growing their employment?

Diversification Plus Job Growth: Case Studies

Lafayette, LA

Lafayette's Hachman stood at 0.75 in 1990 reflecting its historic reliance upon the oil and gas industry. Mining, logging, and construction employment accounted for 17.4 percent of total employment in 1990 — well above a national benchmark of 5.5 percent. By 2023, this share had declined to 10 percent. Sixty percent of Lafayette's total employment gain between 1990 and 2023 was driven by increases in health care and professional and business services employment. Leisure and hospitality accounted for an additional 18 percent, while retail trade accounted for 11 percent. Lafayette's manufacturing sector also saw an absolute gain in employment over this period, despite the fact that its share of total employment fell to 8.4 from 9.7 percent. In fact, Lafayette was one of just 12 metropolitan areas in the benchmark group that recorded an absolute gain in manufacturing employment. (I return to this point below.) By 2023, Lafayette's Hachman stood at 0.93.

Ogden-Clearfield, UT

Ogden-Clearfield's 1990 Hachman stood at a very low 0.59 reflecting its historic dependence upon federal government employment — the product of hosting one of the nation's largest IRS processing centers. Federal government employment accounted for nearly 17 percent of total employment in Ogden in 1990 compared to a national benchmark of 2.9 percent. By 2023, the share of federal government employment in Ogden had declined to 7.7 percent while its Hachman had risen to 0.79. Ogden's job growth (which ranked as third-best among the benchmark group) was broad based. Like Lafayette, Ogden saw an absolute increase in manufacturing employment though its share of total employment declined. In fact, manufacturing accounted for 10 percent of Ogden's total job gain between 1990 and 2023.[20] Other major contributors to job growth and increased diversification included health care (which accounted for 18 percent of total job growth), professional and business services (15 percent), and leisure and hospitality (nearly 12 percent). In 2023, Ogden's Hachman equaled 0.79.

Reno, NV

As noted, Reno's low Hachman of 0.68 in 1990 reflected the outsized role that gaming played in its economy at that time. By 2023, this had risen to 0.89. Reno's overall job growth (83.3 percent) between 1990 and 2023, which ranked as fifth best among the benchmark group, was fueled by gains in professional and business services, manufacturing, health care, and transportation, warehousing, and utilities. These sectors accounted for two-thirds of the metropolitan area's job growth. The role that manufacturing played in Reno's increased diversification over the past three decades is especially noteworthy. Reno was the only metropolitan area in the benchmark group that recorded

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absolute job gains in manufacturing and an increase in the sector's share of total employment.[21] Whereas that share was just 5.3 percent in 1990, by 2023 it stood at 10.8 percent.

Tallahassee, FL

As noted, Tallahassee's very low industrial diversification in 1990, the lowest in the benchmark group, reflected the outsized role of state government in its economy. In that year, state government employment accounted for 31 percent of total employment compared to a national benchmark of just 4 percent. While state government, of course, remains central to the metropolitan area's economy, this share fell to 23 percent over the ensuring three decades as other parts of the economy experienced solid job growth. Tallahassee's overall job growth (53 percent) between 1990 and 2023, which ranked as seventeenth best among the benchmark group, was fueled by gains in professional and business services, health care, and leisure and hospitality. These sectors accounted for more than two-thirds of the metropolitan area's job growth. Unlike the three metropolitan areas highlighted above, manufacturing did not play a significant role in Tallahassee's diversification. Manufacturing employment declined by 1 percent, while its share of employment fell to 2.1 percent from 3.8 percent.

Salem, OR

Similar to Tallahassee's, Salem's economy was heavily reliant upon state government employment in the 1990s as it accounted for 17 percent of total employment. This was reflected in a low Hachman of 0.67. While state government employment (which accounted for a still far-above-average 12 percent share of total employment in 2023) remains important to Salem's economy, its economy, like Tallahassee's, diversified over the past 35 years. Nearly half of the metropolitan area's employment growth of 64 percent (which ranked as the eleventh best among the benchmark metropolitan areas) was tied to significant gains in health care and professional and business services. (Both sectors saw their employment nearly triple.) Another aspect of Salem's diversification evolution is tied to the resilience of its logging industry, which has long played a role in the regional economy. Employment in Salem's mining, logging, and construction sector increased in both absolute and share terms between 1990 and 2023. In fact, the sector's job growth accounted for 10 percent of the area's total growth during this period.

Atlantic City

The above descriptions of these leading (benchmark) metropolitan area diversifiers over the past 35 years allow us to place Atlantic City's experience in a national content. Again, as Table 6 indicates, Atlantic City's economy has diversified (rather significantly) over the past three-plus decades. Unfortunately, much of this diversification was driven by heavy job losses in its long-time economic engine, gaming, which is part of the leisure and hospitality (L&H) sector. Whereas employment in L&H accounted for nearly 42 percent of total Atlantic City employment in 1990, by 2023 it accounted for just 29 percent — as its employment declined from over 56,000 to 38,000 (-33 percent). At the same time, Atlantic City saw significant job gains in health care services, whose employment climbed to 21,000 from 11,500 (+86 percent). The only other sizable private sector job gain occurred in professional and businesses services, which saw employment rise by 4,000 (+45 percent).

So, what might be learned from these leading diversifiers that could be relevant for thinking about Atlantic City's ongoing and future diversification? First, it seems clear that there is no universal "diversification-plus-job growth" path. Each of the five metropolitan areas highlighted in Table 6 experienced diversified growth in its own way. For example, while professional and business services along with health care accounted for an average of 45 percent of employment growth across the large diversifiers, their contribution ranged from 33 percent in Ogden to 60 percent in Lafayette. (Table 7) Similarly, the public sector's contribution ranged from 6 percent (Lafayette) to 17 percent (Salem). Meanwhile, manufacturing's contribution to growth varied significantly across the largest diversifiers. It accounted for 17 percent of total job growth in Reno, 10 percent in Ogden, and 5 percent in Lafayette. It made no contribution to Salem's or Tallahassee's growth.

The bottom panel of Table 7 shows industry employment per 1,000 residents for the largest diversifiers along with Atlantic City and Boise. The rightmost columns show how Atlantic City stacks up. Such comparisons provide a ballpark sense of where there may be room for pursuing additional diversified growth in Atlantic City in the years ahead.[22] Some of these areas are, of course, already well known, e.g., manufacturing and transportation and warehousing. As shown, employment per 1,000 residents in both of these two sectors is relatively small in Atlantic City. As noted, there are already significant development efforts underway that aim to increase these sectors' roles in Atlantic City's economy. Other sectors where it is clear that Atlantic City is "underweight" — for example in mining, logging, and construction — are unlikely to offer significant growth opportunities as these industries' roles in the large diversifiers reflect strategic locations, geography, and natural resources. The broader mining or logging industries, for example, continue to occupy important places in the economies of Lafayette, Ogden, Reno, and Salem.

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Two other sectors that appear to have potential for growth in Atlantic City are financial activities and information. As the rightmost column of Table 7 indicates, employment per 1,000 residents in these sectors is well below the averages for the large diversifiers. This is especially true for the information sector. This sector comprises a diverse set of industries. Among others, it includes the motion picture and sound recording industries, radio and television broadcasting, data processing, hosting, and related services, along with cable, wireless, and satellite telecommunications. Were Atlantic City to "close the gap" between its current 2 information sector

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Table 7: What Drove Large Diversifiers' Job Growth?

Sector/Industry Share of Total Job Growth 1990-2023

Sector/Industry	Lafayette, LA	Ogden-Clearfield, UT	Reno, NV	Salem, OR	Tallahassee, FL	Average	Boise, ID
Mng., Log., Constr.	-8%	11%	11%	11%	4%	6%	11%
Manufacturing	5%	10%	17%	-3%	-1%	6%	3%
Wholesale Trade	0%	2%	2%	1%	1%	1%	5%
Retail Trade	11%	9%	5%	9%	5%	8%	9%
Trans., Wareh., Utils.	-2%	4%	14%	7%	2%	5%	4%
Information	-1%	0%	0%	0%	1%	0%	1%
Financial Activities	5%	4%	2%	1%	5%	3%	6%
Professional and Business Services	22%	15%	19%	16%	29%	20%	18%
Health Care and Educational Services*	38%	18%	15%	31%	22%	25%	18%
Leisure and Hospitality	18%	12%	0%	10%	16%	11%	11%
Other Services	4%	3%	3%	1%	4%	3%	4%
Federal Government	0%	0%	1%	0%	1%	0%	1%
State Government	1%	2%	4%	5%	8%	4%	3%
Local Government	5%	9%	6%	12%	3%	7%	7%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Employment Per 1,000 Residents 2023

	Lafayette	Ogden-Clearfield	Reno	Salem	Tallahassee	Average of Large Diversifiers	Boise	Atlantic City	AC Relative to Average
Total	**424**	**407**	**530**	**415**	**498**	**455**	**476**	**473**	**104%**
Mng., Log., Constr.	43	33	45	32	24	35	42	21	60%
Manufacturing	35	55	57	27	10	37	38	9	24%
Wholesale Trade	18	11	21	9	11	14	23	9	65%
Retail Trade	54	45	49	43	48	48	48	55	114%
Trans., Wareh., Utils.	13	15	49	16	7	20	21	10	51%
Information	4	3	7	4	11	6	6	2	32%
Financial Activities	23	15	22	15	23	20	28	15	76%
Professional and Business Services	47	44	67	40	70	53	73	47	87%
Health Care and Educational Services*	73	54	59	77	69	66	71	78	117%
Leisure and Hospitality	45	40	76	37	53	50	49	138	275%
Other Services	16	11	15	13	16	14	16	17	119%
Federal Government	3	31	8	3	6	10	9	9	87%
State Government	12	10	22	51	114	42	20	12	29%
Local Government	39	40	32	47	37	39	34	53	136%

Sources: U.S. Bureaus of Labor Statistics and Economic Analysis.

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employees per 1,000 residents and the average 6 seen in the largest diversifiers, it would gain roughly 1,100 jobs. A similar gap closing in financial activities (which is also diverse and includes industries such as banking, insurance, and real estate) would result in about 1,400 jobs.[23] Recognizing these "smaller" types of opportunities for diversification and growth are especially important given the constraints that some more high-profile diversification and development efforts may face. For example, while growing the regional economy's manufacturing sector could have significant long-run returns, the ability to do so may be limited. Indeed, it should not go unnoticed that only 12 of the benchmark metro areas in Table 5 recorded increases in manufacturing employment between 1990-2023. While the range of these (proportional) increases varied widely (from just 0.4 percent in Modesto to 240 percent in Reno), the median increase equaled 20 percent. Such an increase on Atlantic City's 2023 manufacturing employment base would translate into about 750 jobs. More broadly, it seems very likely that the number of manufacturing jobs in the U.S. will continue to decline over the coming decades — just as it has for the past several. This has little to do with international trade. It reflects technological progress: manufacturing simply does not absorb labor the way it once did.

One final note regards the role that the health care sector may play in Atlantic City economy's ongoing diversification and future growth. As shown in the rightmost column of Table 7's bottom panel, Atlantic City already has 78 health care sector employees per 1,000 residents. This is well above an average of 66 for the large diversifiers as well as Boise's 71. While a host of factors will influence the relative size of Atlantic City's future health care sector (from federal health care policy, to regional competition, to population growth) this fact may suggest that there is less upside for significant job growth in health care. Of course, were the region's health care sector to evolve significantly (e.g., were it to gain a significant health care research institution or a medical school) this would change.

Concluding Remarks on Diversification

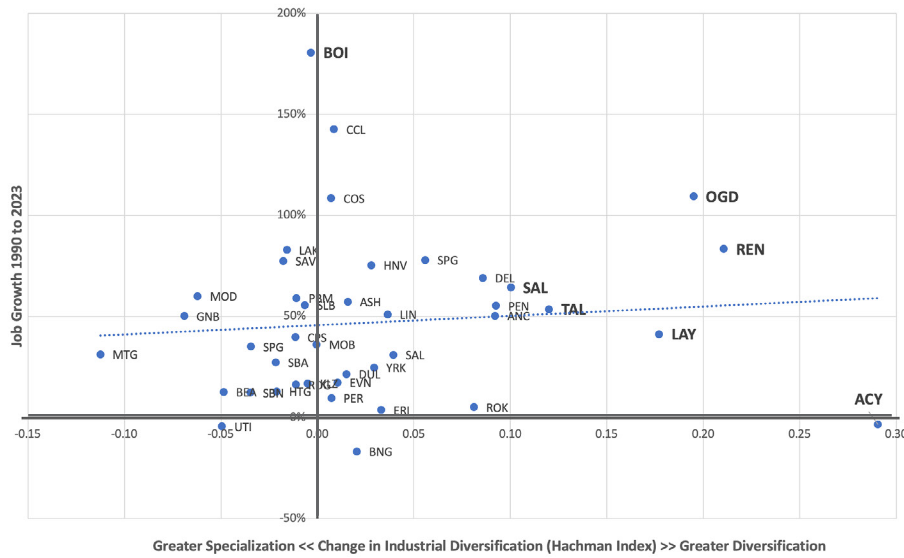
Another important point that flows from the above analysis regards time. In particular, significant diversification of a metropolitan area economy takes considerable time. Indeed, of the 41 benchmark metropolitan areas that appear in Table 5, only 23 recorded increases in diversification (based on Hachman values) between 1990 and 2023. The median Hachman increase was just 0.04 – far less than those recorded by the metro areas highlighted and discussed above. Thus, technically, the other 18 benchmark metropolitan areas became more specialized, i.e., they grew less diversified. In truth, though, the median change in diversification among these areas was a tiny -0.02.

Finally, it should be understood that there is no simple or automatic link between diversification and job growth. As discussed, Atlantic City's economy did diversify and yet it experienced job loss. The same happened in Binghamton, NY. (Utica-Rome, NY grew more specialized and lost jobs.) The exact nature of the causal relationship (if there is indeed one at all) is also complex. Does diversification follow job growth or is it the other way around? There is also an upper limit on diversification: once a metropolitan area becomes highly diversified its ability to continue to diversify is obviously limited. Yet, that fact need not constrain job growth. Boise is a case in point. It was a highly diversified economy in 1990 and proceeded to post remarkable employment growth over the next 35 years.

The relationship between changes in diversification and job growth between 1990 and 2023 among the benchmark group is shown in Figure 10. As seen, while there is a positive association between increases in diversification and job growth (at least among these particular metro areas), it is not particularly strong. While Ogden and Reno are good examples of diversified job growth, there are cases of metropolitan areas with smaller diversification increases (even ones that grew more specialized) and higher rates of job growth than those posted by Lafayette, Tallahassee, or Salem. Figure 11 shows a similar relationship between diversification in 1990 and average unemployment rates between 1991 and 2023. The relationship here is even more ambiguous.

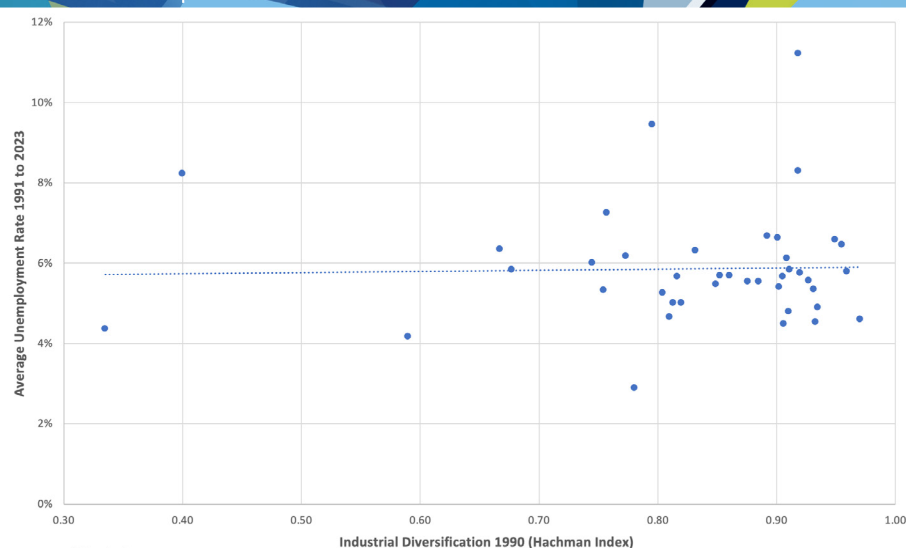
Clearly, industrial diversification matters in *some* sense. In Atlantic City's case, its historic heavy reliance upon gaming (which brought it considerable growth for about two decades) eventually proved a liability. But, diversification's relationship with job growth and the labor market over the long run is complex and conditioned by a host of factors that likely evolve over time. None of this, of course, changes Atlantic City's economic challenges and the urgency surrounding them today, especially in light of the potential adverse implications that may flow from New York City-area casino development in the not-too-distant future. Atlantic City's economy must continue to diversify. The challenge in the years ahead — one that must be embraced by its region's many stakeholders — is to ensure that that process occurs alongside job growth.

Figure 9: Changes in Diversification vs. Job Growth
1990 to 2023
Benchmark Metropolitan Areas*



* See metropolitan area abbreviations indicated in Table 5.
Source: U.S. Bureau of Labor Statistics and author calculations.

Figure 10: 1990 Diversification vs. Average Unemployment Rate
1991 to 2023
Benchmark Metropolitan Areas



Source: U.S. Bureau of Labor Statistics and author calculations.

End Notes

[1] For additional information, see: https://www.bls.gov/bls/omb-bulletin-23-01-revised-delineations-of-metropolitan-statistical-areas.pdf

[2] Under the old delineations, Cape May County coincided with the Ocean City metropolitan statistical area. Thus, under the old standards and delineations, the southern New Jersey regional economy included three metropolitan areas: Atlantic City-Hammonton, Ocean City, and Vineland-Bridgeton (Cumberland County). It will now comprise two.

[3] For details regarding benchmarking see endnote 10.

[4] While monthly unadjusted and seasonally adjusted unemployment rates are different, their annualized counterparts are generally not meaningfully different.

[5] Thus, it can't be meaningfully compared to the annualized 6.3 percent just cited (for 2024). It can however be compared to the prior year's first quarter. So, it is likely that once seasonally adjusted data are published later this year, they will show that the metropolitan area's unemployment rate has been trending up over the past few months.

[6] Freddie Mac's home price index does not yet incorporate the new Atlantic City-Hammonton metropolitan area definition.

[7] See https://www.pacaso.com/blog/top-vacation-home-markets-2024

[8] https://www.bls.gov/bls/omb-bulletin-23-01-revised-delineations-of-metropolitan-statistical-areas.pdf

[9] There are similar industry-based employment data published on a quarterly basis via the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages program. While these data are considered high quality because they are derived from state unemployment insurance records, their quarterly nature along with the fact that they are released with a considerable lag makes them far less timely and thus often less useful in some research and policymaking contexts.

[10] Additional details about the Bureau's annual benchmarking process can be found here: https://www.bls.gov/blog/2019/what-is-benchmarking-of-bureau-of-labor-statistics-employment-data.htm

[11] Note for instance that casinos hotels employment declined 40.7 percent in 2020 under both the old and new definition. This makes sense because these hotels are exclusively in Atlantic City.

[12] See: https://www.cityandstateny.com/policy/2025/02/breaking-down-every-2025-new-york-casino-licenses-bid/402815/

[13] In addition to the financial, political, and logistical issues that any major casino resort project in the greater New York City area will confront, the gaming industry continues to evolve. Indeed, Sands cited the threat that online gambling posed to its profits as one of the reasons it recently elected to pull the plug on its New York City casino bid which involved the Nassau Coliseum in Uniondale, Nassau County (Long Island). See: https://www.nytimes.com/2025/04/23/nyregion/las-vegas-sands-casino-nassau-coliseum.html

[14] It should be noted that the discussion here of headwinds and shocks concerns the "old" Atlantic City metropolitan area economy.

[15] Data for Figure 8 reflect employment trends for the "old" Atlantic City metropolitan area.

[16] See: https://www.aceanj.com/wp-content/uploads/2021/05/ACEA-2024-Annual-Report-Web-PF-Jan-25.pdf

[17] All references to Atlantic City and the Atlantic City metropolitan area in this section refer to the "old" delineation.

[18] Two additional metropolitan areas (Shreveport, LA and Spokane, WA) met the size criteria but lacked complete data to calculate Hachman index values for the entire period.

[19] Hachman diversity indices begin with location quotients (LQs) – which are widely used in urban and regional economics to measure specialization or diversification. LQs compare the shares of economic output or employment in a state, regional, or metropolitan area economy's industries with those of the national economy. An industry with a LQ equal to 1 indicates its share matches the national share. LQs greater (or smaller) than 1 mean an industry in a specific area economy has a greater (or smaller) output or employment share than it does at the national level. The summation of an area economy's industry or sectoral LQs (often referred to as the coefficient of specialization) is often used as a measure of specialization. The reciprocal

of the sum of LQs weighted by industry shares gives the Hachman index of economic diversity.

[20] Among others, Ogden is home PCC Structurals (a specialist manufacturer of superalloy, aluminum, and titanium castings for the aerospace, energy, and medical equipment industries), pet food manufacturer, Alphia, Folsom Industrial (a specialist in flow solutions and industrial equipment), and Kimberly-Clark.

[21] Reno is home to slot machine manufacturer, International Game Technology as well as the Hamilton Company, a global leader in the design and manufacturing of precision measurement devices.

[22] Of course, there are a variety of diversification strategies that may prove successful, e.g., leveraging locational or natural resource advantages to drive growth and nurture new industries, boosting the growth of existing small businesses, anchor-led development, etc. While thinking in per capita terms is certainly not equivalent to these strategic approaches, it nevertheless can provide an alternative and simple way of gauging an area's industrial diversity. Many industries – especially retail, financial services, professional and businesses services, and other services – tend to serve local demands, i.e., they typically do not produce significant exports. At the same time, these industries may be relatively undersized (as explained here) and thus provide additional possibilities for diversification and growth.

[23] The sizable large gap in state government employment per 1,000 residents in Atlantic City and the average across the diversifiers (reflected in the 29% in the rightmost column of Table 7's bottom panel) is largely the product of the inflated Tallahassee figure (114).

Note:
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