THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

The South Jersey Economic Review

Winter 2009

About the SJER

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In This Issue

Similar to the rest of the national economy, the present condition of the southern New Jersey regional economy is easily summed up: it's bad. Unfortunately, as with the national economy, it appears increasingly likely that the regional economy (and, in particular, the labor market) will continue to deteriorate during much of 2009. While monetary and fiscal policy efforts may help move the national and regional economies toward a stabilization phase by the latter part of the year, any sustained recovery will likely not take hold until some time in 2010 – and, that appears a best-case scenario.

CURRENT SITUATION

New Jersey's Economy

The state's economy began to slow in 2007, as the rate of growth of real gross state product fell to 1.1% from 2.3% in 2006. Despite that slowing, the state's employment expanded in 2007 – albeit a mere 0.1%. Very modest year-on-year job increases continued through the first four months of 2008. Since last May, however, the state has recorded eight consecutive months of year-on-year job loss (through last December). Recent months' losses, moreover, indicate that the rate of employment contraction has begun to accelerate. (See Figure 1) While most sectors of the economy have seen employment shrink (save for education and health services and professional and business services), job losses have been most concentrated in manufacturing, finance, and retail trade.

Reflecting these deteriorating conditions, the state's unemployment rate climbed to a seasonally adjusted 7.1% in December

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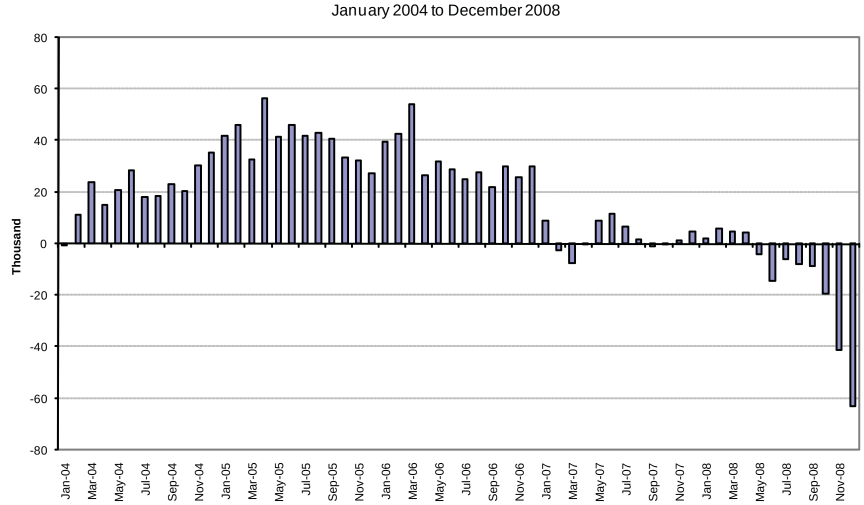
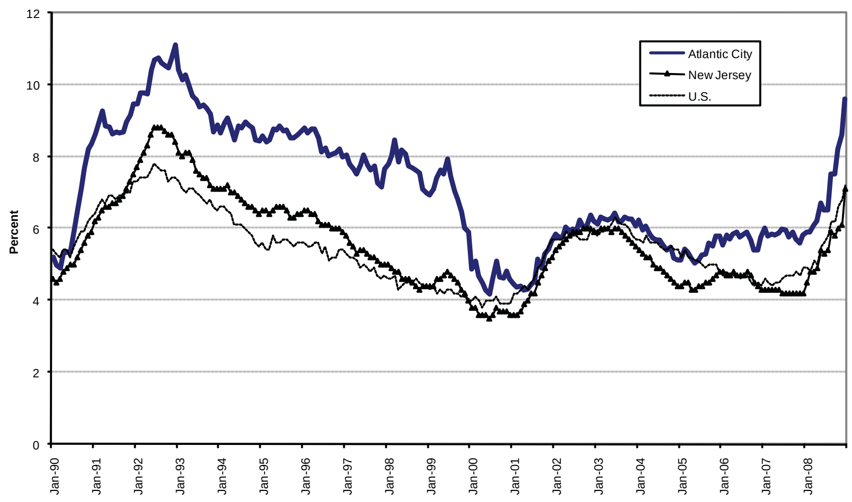
Figure 1: New Jersey Slips Deeper into Recession
Year-on-Year Changes in New Jersey Total Establishment Employment
January 2004 to December 2008



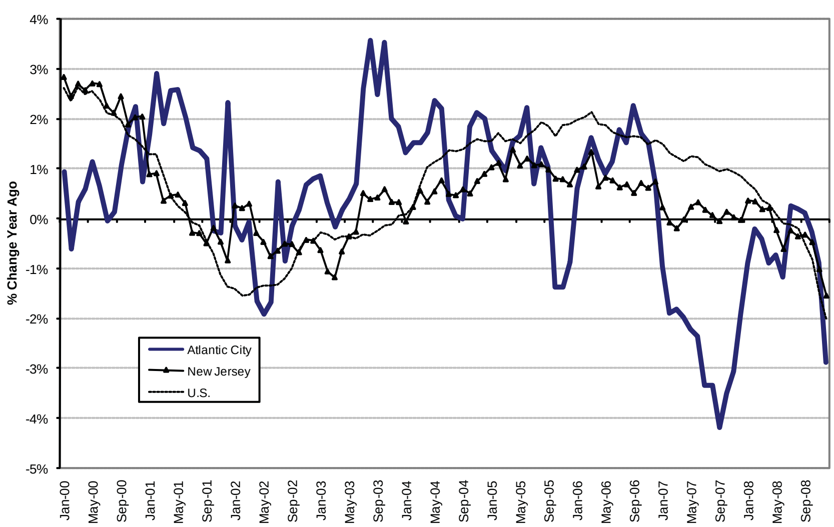
Source: New Jersey Department of Labor and Workforce Development.

Figure 2: Unemployment Rate: Atlantic City, New Jersey, and the U.S.
January 1990 to December 2008
Seasonally adjusted



Sources: New Jersey Department of Labor and Workforce Development, and U.S. Bureau of Labor Statistics. Atlantic City unemployment rate seasonally adjusted by author.

Figure 3: Establishment Employment Growth: Atlantic City, New Jersey, and the U.S.
January 2000 to December 2008



Sources: New Jersey Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics.

CURRENT SITUATION
New Jersey's Economy
cont'd from page 1

– up nearly three percentage points since December 2007 – as the number of officially unemployed individuals in the state climbed to nearly 325,000 – a level not seen since 1993. (See Figure 2)

Atlantic City's Economy

Since reaching its most recent business cycle peak in September 2006 (more than one year prior to the onset of the national recession which began in December, 2007), total seasonally adjusted establishment employment in Atlantic City has declined by 9,400 (a steep 6.1% decline) from 155,500 to 146,000 last December. On a year-on-year basis, employment in Atlantic City was contracting at a 2.9% pace in December. Statewide, employment was contracting 1.5% year-on-year in December, while nationally, it was contracting 2%. (See Figure 3)

As Figure 3 shows, the pace of job growth in Atlantic City plummeted in late 2006 following the closing of the Sands casino which cost the local economy approximately 2,200 jobs. The pace of job contraction accelerated over the next several months, before moderating in late 2007. Employment in the local economy continued to contract during the first part of 2008. Somewhat surprisingly, Department of Labor employment data show that employment in the metropolitan area expanded (albeit at a very modest pace) on a year-on-year basis last summer. These modest year-on-year gains, however, were quickly reversed over the final months of last year amid the financial and credit market tumult that shook the world economy and deepened the current national recession. While these events adversely affected many industries in the local economy, they resulted in significant job losses in the gaming industry. (See p. x for a more detailed discussion of the gaming industry.)

Reflecting the increasingly poor economic environment, the unemployment rate in the Atlantic City metropolitan area climbed to a seasonally adjusted 9.6% in November – up 3.8 percentage points from the prior November. This rate of unemployment was 2.5 percentage points

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above the statewide rate. (See Figure 2) The significant rise in the rate of unemployment over the past year reflected a 67% increase in the number of unemployed persons in the metropolitan area, as the unemployment roll rose to 13,200 in December from 7,900 in December, 2007.

Figure 4 provides information on job growth across the state's metropolitan areas and divisions. Two points stand out. First, all the state's metropolitan areas and divisions were contracting in December on a year-on-year basis, suggesting that no part of the state has remained immune from the events of last year's final quarter and the deepening national recession. Second, the southern region of the state (as comprised of its two southern metropolitan areas, Atlantic City and Vineland-Millville-Bridgeton) has been harder hit in relative terms compared to other regions in the state. Specifically, average monthly employment last year in these two southern metropolitan areas was down 0.9% from its prior year average. For the combined Newark-Edison metropolitan divisions, average employment over the same period was down 0.3%, while employment in the combined Trenton-Camden metropolitan areas was up 0.1%.

Atlantic City's Industries in Detail

Figure 5 provides detailed employment data for industries in the Atlantic City metropolitan area over several periods. As shown, it is clear that the bulk of job losses experienced in the local economy over the past two years occurred primarily in 2007 – not 2008. Official New Jersey Department of Labor employment estimates indicate that 3,900 jobs were lost in 2007, whereas 1,000 were lost last year. (As noted, total establishment employment in the metropolitan area peaked during the most recent business cycle expansion in September, 2006, more than one year ahead of the onset of the national recession in December, 2007.)

The vast majority of jobs lost during 2007 occurred in the casino industry. As noted, approximately 2,200 casino jobs were lost when the Sands casino closed in late 2006. Owing to their timing, these job losses reduced metropolitan area employment primarily in 2007. Beyond the casino industry, the rest of the job losses recorded in 2007 occurred primarily in the manufacturing, construction, and government sectors.

While last year's job loss was smaller than the prior year's, it should be noted that last year's losses were more broadly based, as declines occurred in: manufacturing, construction, restaurants and bars, financial activities, professional & business services, and wholesale trade. (Losses in state government employment were partially offset by gains in federal and local government.)

There is one important caveat that should be noted regarding the above analysis, as it complicates the analytical interpretation of the metropolitan area's overall employment trend over the past year. In particular, there is a marked difference between the New Jersey Department of Labor's and the New Jersey Casino Control Commission's estimate of casino employment in Atlantic City. On one hand, this difference is neither surprising (as the methodologies used to generate the two series are dissimilar) nor problematic (as the basic long-term trends in these two series are quite similar). On the other hand, as Figure 5 reveals, the difference between the two series over the past year or so translate into important differences in terms of gauging the metropolitan area's overall employment trajectory and, thus the recent health of its labor market.

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Figure 4: Job Growth Around the State

	Employment			Average Employment			
Metropolitan Area/Division	**Dec. 2007**	**Dec. 2008**	**% Change**	**2007**	**2008**	**Change**	**% Change**
Atlantic City	149.6	145.3	-2.9%	150.2	149.3	-1.0	-0.6%
Bergen-Hudson-Passaic	924.5	906.1	-2.0%	907.5	905.3	-2.2	-0.2%
Camden, NJ Metropolitan Division	550.1	543.0	-1.3%	540.9	541.6	0.7	0.1%
Edison-New Brunswick, NJ Metropolitan Division	1,049.0	1,030.4	-1.8%	1,041.8	1,037.2	-4.6	-0.4%
Newark-Union, NJ-PA Metropolitan Division	1,048.9	1,042.5	-0.6%	1,036.3	1,034.4	-1.9	-0.2%
Trenton-Ewing	240.9	237.9	-1.2%	237.8	238.0	0.2	0.1%
Vineland-Millville-Bridgeton	62.4	61.3	-1.8%	62.0	61.0	-1.0	-1.7%
New Jersey	4,121.2	4,057.6	-1.5%	4,073.8	4,061.2	-12.7	-0.3%

Source: New Jersey Department of Labor and Workforce Development.

FIGURE 5: INDUSTRY EMPLOYMENT DETAIL FOR ATLANTIC CITY METROPOLITAN AREA

	AVERAGE EMPLOYMENT (000)			2006-2007		2007-2008					
	2006	2007	2008	Change	% Change	Change	% Change	4q2007	4q2008	Change	% Change
Total Establishment Employment	**154.2**	**150.2**	**149.3**	**-3.9**	**-2.6%**	**-1.0**	**-0.6%**	**149.4**	**147.4**	**-2.0**	**-1.3%**
Total Establishment Employment w/NJCCC casino employment*	**157.4**	**153.3**	**151.1**	**-4.1**	**-2.6%**	**-2.2**	**-1.4%**	**152.0**	**148.4**	**-3.6**	**-2.4%**
Total Private Sector	130.8	127.6	126.7	-3.2	-2.5%	-0.9	07.7%	126.5	124.6	-1.9	-1.5%
Manufacturing	4.2	3.8	3.7	-0.3	-8.0%	-0.2	-4.1%	3.8	3.6	-0.2	-4.4%
Natural Resources, Mining & Construction	7.1	6.9	6.5	-0.2	-2.7%	-0.5	-6.7%	6.7	6.3	-0.4	-5.5%
Leisure and Hospitality	58.5	54.7	54.4	-3.9	-6.6%	-0.3	-0.5%	53.2	52.6	-0.5	-1.0%
Accommodation	44.8	41.1	41.2	-3.8	-8.4%	0.1	0.2%	40.5	40.7	0.1	0.3%
Casino Hotels	**41.9**	**38.6**	**38.9**	**-3.3**	**-7.9%**	**0.3**	**0.8%**	**38.1**	**38.3**	**0.1**	**-3.7%**
NJCCC Casino Hotels	**45.1**	**41.7**	**40.7**	**-3.5**	**-7.7%**	**-0.9**	**-2.3%**	**40.8**	**39.3**	**-1.5**	**-3.7%**
Food Services and Drinking Places	11.6	11.8	11.8	0.2	1.7%	-0.1	-0.4%	11.8	11.7	-0.1	-0.8%
Accommodation and Food Services	56.4	52.9	52.9	-3.6	-6.3%	0.0	0.1%	52.3	52.4	0.0	0.1%
Educational, Health and Social Services	18.1	18.2	18.5	0.1	0.5%	0.3	1.5%	18.3	18.6	0.2	1.3%
Hospitals	6.2	6.2	6.4	0.1	1.5%	0.1	1.9%	6.3	6.4	0.1	1.6%
Financial Activities	4.5	4.5	4.4	0.0	-0.0%	-0.2	-3.9%	4.5	4.2	-0.3	-6.7%
Information	1.1	1.1	1.2	0.1	6.2%	0.0	0.7%	1.1	1.1	0.0	-2.9%
Professional and Business Services	11.1	11.5	11.3	0.4	3.5%	-0.2	-2.0%	11.6	11.2	-0.4	-3.2%
Other Services	4.3	4.4	4.5	0.1	3.5%	0.1	1.9%	4.4	4.5	0.1	2.3%
Retail Trade	16.0	16.4	16.6	0.4	2.3%	0.2	1.4%	17.0	16.8	-0.2	-1.2%
Wholesale Trade	2.9	3.0	2.8	0.1	2.8%	-0.2	-6.1%	3.0	2.7	-0.3	-10.0%
Transportation and Warehousing, Utilities	2.9	2.9	3.0	0.0	1.1%	0.0	0.6%	3.0	3.0	0.0	0.0%
Government	23.4	22.7	22.6	-0.7	-3.1%	-0.1	-0.4%	22.9	22.8	-0.1	-0.3%
Federal Government	2.7	2.7	2.8	0.0	-0.9%	0.1	2.2%	2.8	2.8	0.0	0.0%
State Government	4.4	3.9	3.6	-0.5	-11.7%	0.3	-6.8%	3.9	3.7	-0.2	-6.0%
Local Government	16.2	16.0	16.2	-0.2	-1.1%	0.1	0.8%	16.2	16.4	0.2	1.0%

* NJDOL total estalishment employment estimae for AC minus NJDOL casino employment estimate plus New Jersey Casino Control Commission casino employment estimate.
Sources: New Jersey Department of Labor & Workforce Development, New Jersey Casino Control Commission, and author's calculations.

CURRENT SITUATION
Atlantic City's Economy
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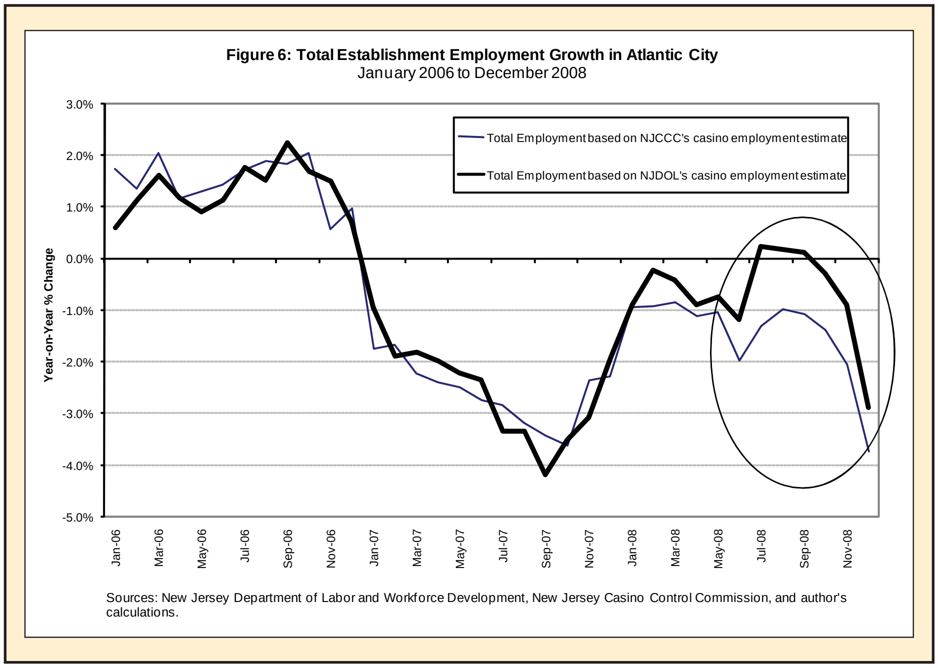
This discrepancy translates into a significant difference (1,200 jobs) in terms of the change in total employment that occurred in the metropolitan area last year. In particular, official Department of Labor (DOL) estimates imply that total employment declined by 1,000 (-0.6%) last year. In contrast, if Casino Control Commission estimates of casino employment are used in place of the DOL's casino employment estimate, total employment declined by 2,200 (-1.4%) last year. This discrepancy is made clearer in Figure 6 which shows the difference in the rates of year-on-year growth in total employment in Atlantic City based on the two different casino employment series.

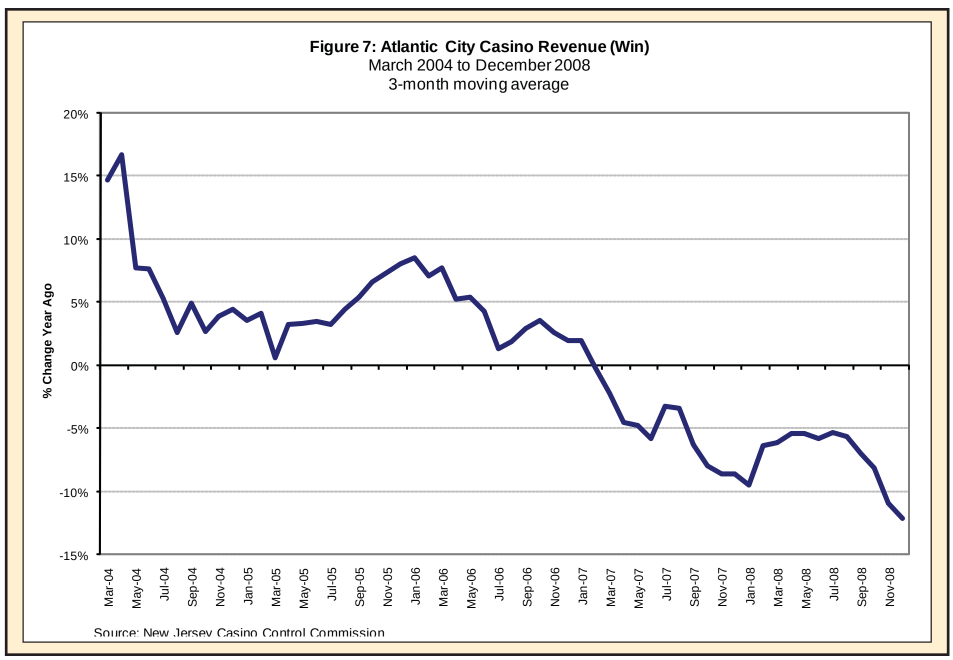


While this difference is important from an analytical perspective, it does not alter the basic conclusion that must be drawn regarding the general health of the local economy's labor market: it is extremely poor, and will likely deteriorate further over much of the coming year in tandem with expected continued weak national economic conditions.

Indeed, the effects of the past several months' turbulent national economic and financial forces are already evident at the local level. In particular, if one compares the rates of employment contraction for all of 2008 with those for just the fourth-quarter of 2008, it is clear that the pace of job loss has begun to accelerate in many industries in the metropolitan area (restaurants and bars, financial activities, professional and business services, retail trade, and wholesale trade).

Casino Industry Reeling

The recent wave of layoffs in Atlantic City's casino industry (between 2,500-3,000 casino jobs were eliminated during the final few months of last year) is not only wrecking havoc with the metropolitan area's economy, but has quashed any notion that the industry is (as some analysts assumed) recession-proof. Admittedly, the current recession appears likely to be the worst on record since the early 1980's and possibly the Great Depression. While the recession has taken a toll on the gaming industry's revenue flows, the financial and credit market turmoil of recent months has adversely affected some operators' balance sheets and credit ratings. (See Figure 7) In addition to these woes, the industry remains under assault from heightened regional gaming competition.



None of these negative factors are likely to vanish any time soon. Hence, the outlook for the industry will remain poor over the coming year. Continued restructuring of households' spending outlays amid an apparently deepening recession – which already show

Casino Industry Reeling
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clear signs of significant transfers away from more discretionary leisure and entertainment expenditures toward basic necessities and savings – will continue to constrain the industry's revenue growth in 2009. And, while last fall's unprecedented volatility in the financial markets has abated somewhat, and credit markets show some modest signs of thawing, the deepening national recession will continue to put significant pressure on gaming operators' balance sheets and credit ratings. This implies that operational budgets will remain under pressure and significant capital outlays will be put on hold. Indeed, three of the four planned new casinos (Pinnacle, MGM, and Bashaw-Barr) for Atlantic City that were scheduled to open by 2012 have been put on indefinite hold. The only project that is continuing, albeit at a slower pace than originally planned, is Revel Entertainment Group's. Revel announced last week, in laying off 400 construction workers, that it has stopped all interior work on its project as it attempts to secure long-term financing.

The decisions to delay new casino construction in Atlantic City necessarily move back the date by which the gaming industry's competitive position will be significantly altered. (The slate of new casino projects was widely envisioned as a strategic plan that would reposition the industry and insulate it from the heightened regional gaming competition that has hurt the local industry's revenues over the past few years.) In the event the industry's revenue continues to decline over the coming year at a pace similar to last year's (revenue was down 7.6% in 2008), additional layoffs in the industry seem all but certain. This possibility would necessarily constitute an additional drag on the local economy and would significantly expand the metropolitan area's unemployment roll as additional casino industry job losses would necessarily cascade across the regional economy and translate into additional job losses in other parts of the economy.

Bankruptcies Up Significantly in Southern New Jersey

County-level bankruptcy data offer further evidence of the pain emanating from the current economic malaise in the regional economy. As Figure 8 shows, total bankruptcy filings (including both personal and business cases) in Atlantic County for the 12-month period ended in September 30, 2008 rose to 1,298 from 892 the previous year – a 45.5% increase.[1] This rate of increase was above the New Jersey county median increase of 35% over the same period. More troubling, however, is the fact that on a per capita basis Cumberland and Atlantic counties had the highest rates of bankruptcy among all New Jersey counties during the 12-month period that ended September 30, 2008. These per capita rates were 0.53% and 0.48% respectively. The state rate over the same period was 0.29%.

Figure 8: Bankruptcy Filings in New Jersey by County*
12-month period ended September 30, 2007 and 2008

County	2007	2008	% Change	Filings Per Capita**
CUMBERLAND	676	826	22.2%	0.53%
ATLANTIC	892	1,298	45.5%	0.48%
CAMDEN	1,881	2,289	21.7%	0.45%
SALEM	201	273	35.8%	0.41%
GLOUCESTER	816	1,085	33.0%	0.38%
BURLINGTON	1,261	1,659	31.6%	0.37%
OCEAN	1,403	2,034	45.0%	0.36%
WARREN	265	377	42.3%	0.34%
CAPE MAY	255	324	27.1%	0.34%
SUSSEX	338	493	45.9%	0.33%
HUDSON	1,262	1,625	28.8%	0.27%
UNION	996	1,410	41.6%	0.27%
ESSEX	1,775	2,065	16.3%	0.27%
MERCER	752	953	26.7%	0.26%
PASSAIC	839	1,271	51.5%	0.26%
MONMOUTH	1,276	1,555	21.9%	0.24%
BERGEN	1,367	1,863	36.3%	0.21%
MIDDLESEX	1,214	1,627	34.0%	0.21%
MORRIS	631	918	45.5%	0.19%
HUNTERDON	174	242	39.1%	0.19%
SOMERSET	392	562	43.4%	0.17%
NEW JERSEY	18,702	24,764	32.4%	0.29%

* Includes non-business and business filings (Chpts. 7, 11, and 13).

** Population count = July 2007

Sources: U.S. Bankruptcy Courts and U.S. Census Bureau.

Housing Market Woes Continue

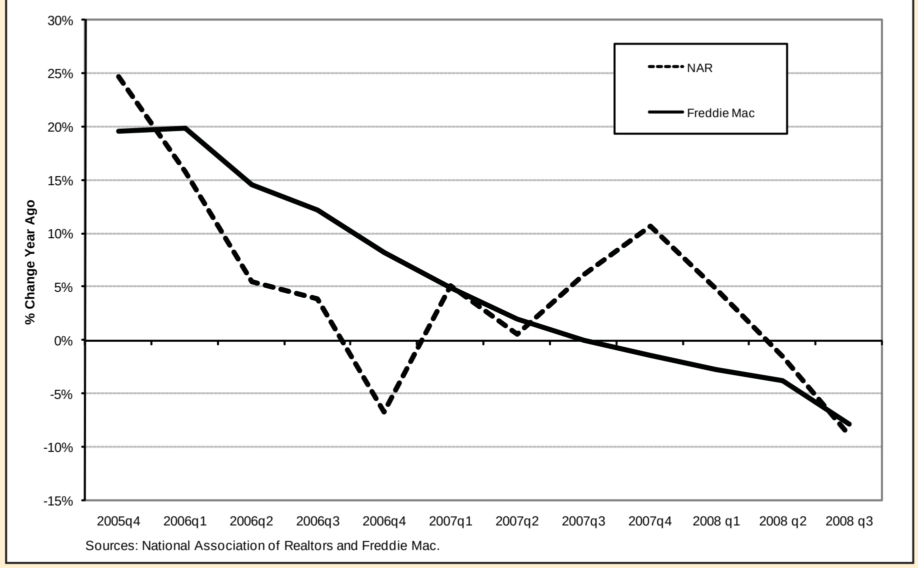

Figure 9: Single Family Home Price Trends in Atlantic City
4q 2005 to 3q 2008

Sources: National Association of Realtors and Freddie Mac.

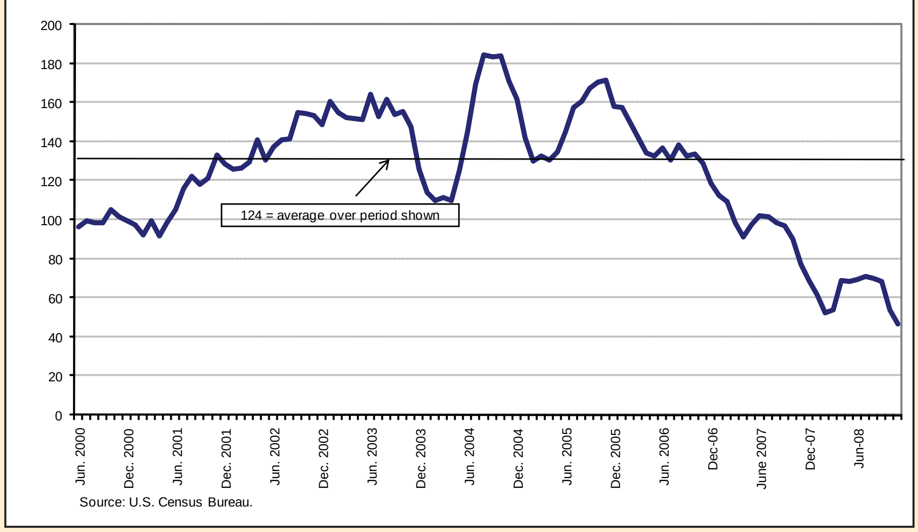

Figure 10: Single Family Housing Permits in Atlantic County
Units Authorized
June 2000 to November 2008
6-month moving average

Source: U.S. Census Bureau.

Home Prices

National Association of Realtor (NAR) home price data indicate that the median sales price of existing single-family homes in Atlantic County declined to $248,900 in the third quarter of last year – down 8.9% from the prior year's third quarter. (Fourth quarter figures are due out in mid-February.) (See Figure 9) This rate of decline was greater than the -1.5% rate recorded in last year's second quarter. It should be noted that while Atlantic City's third-quarter decline paled in comparison to those recorded in many other metropolitan areas (the NAR data show third-quarter year-on-year median price declines of 20% or greater in 17 of 152 metropolitan areas tracked), it was nevertheless above the 152 metropolitan area median decline of 5.3%.

The basic trend in single-family home prices in Atlantic City provided by Freddie Mac's conventional mortgage home price index (CMHPI) is similar to the NAR trend. More specifically, the CMHPI for Atlantic City indicates that single-family home prices declined 7.8% year-on-year in last year's third quarter. Both the NAR and Freddie Mac home price series suggest that, despite the significant decline in homebuilding activity in the regional economy that has occurred over the past two years, single-family home prices in the Atlantic City metropolitan area have not yet stabilized.

As with many other metropolitan areas around the country, home price stabilization in the regional economy will require the coalescence of a host of factors, including: broader-based stabilization in the credit market and banking sectors, a continued low-level of homebuilding, a decline in the rate of foreclosures, and, perhaps most importantly, a dramatic increase in consumer and investor confidence. On-going policy efforts seem likely to address the foreclosure issue in coming months. And, recent permit activity (see discussion below) implies that homebuilding activity in the region (and, across the nation) will remain moribund over much of the coming year. At the same time, there is mounting evidence that suggests that assets tied to consumer credit may pose the next challenge for the credit markets and banking sector. Moreover, the likely continued deterioration of the labor market over the coming year will continue to weigh on consumer confidence. This all suggests that home-price stabilization is unlikely to materialize until late 2009 (at the earliest).

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2009 Outlook

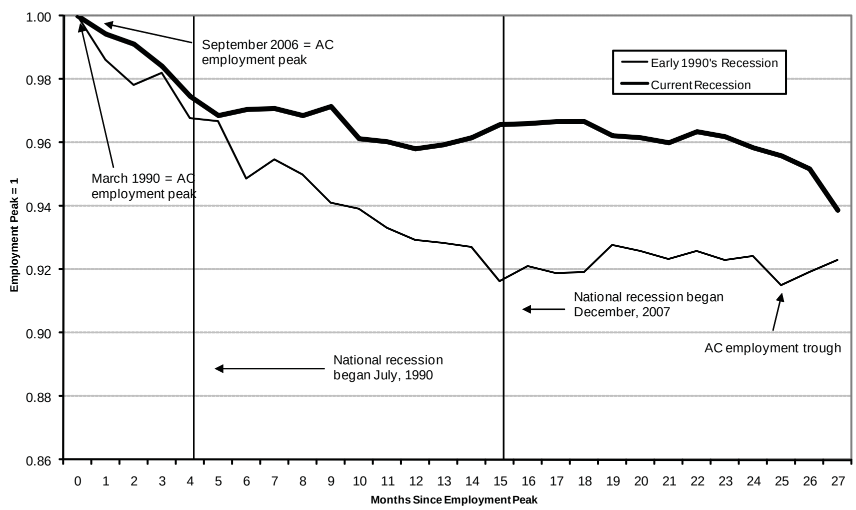
New Jersey

Most analysts expect that the current national recession will prove to be as least as bad as the early 1980's recession, which resulted in a 3% decline in GDP and a 10% unemployment rate. Indeed, last week's GDP figures revealed that the U.S. economy experienced its sharpest contraction in twenty-six years in last year's final quarter, as output declined at a 3.8% annual rate. Reflecting such expectations, many analysts have begun to reexamine the early 1980's period in order to broadly gauge what the current recession's minimum toll is likely to be.[2] Unfortunately, such a comparative exercise for New Jersey is complicated owing to the fact that the rapid build-out of the gaming industry in Atlantic City (which directly created 30,000 jobs or so between 1978 and 1982, and thousands more indirectly) spanned the early 1980's twin national recessions and helped buoy employment and personal income in the state.[3]

During the early 1990's national recession (which was precipitated by financial and real estate market collapses) New Jersey's establishment employment contracted approximately 5% (or, 180,000 jobs between 1989 and 1992).[4] If this estimate is used as a rough (and, very likely conservative) guide of what may transpire during the current recession, it would suggest that the state's economy will shed approximately 200,000 jobs during the current recession. Current New Jersey Department of Labor employment estimates indicate that the state's economy has already lost 63,000 jobs since the onset of the national recession in December, 2007.[5] Thus, the state's economy could lose approximately 140,000 more jobs over the remainder of the current recession. Again, such a total job loss estimate assumes that the early 1990's recession provides a rough benchmark against which the current recession's eventual employment impact might be estimated.

Comparisons of existing statewide industry-based employment trends with national ones since the onset of the national recession suggests that this year's expected job losses will be most heavily concentrated in the state's construction, wholesale trade, retail trade, transportation, and professional and business services sectors. To date, job losses in these sectors across the state have been modest compared to those on the national level. Further, as private sector job losses spread, state and local government fiscal conditions will continue to deteriorate which will likely result in additional employment losses in the public sector.[6]

Figure 11: Atlantic City Total Employment Trajectory: Early 1990's vs. Current Recession



Atlantic City

Similar to the state's, Atlantic City's economic outlook over the coming year is poor. While the gaming industry's woes will continue to plague the regional economy, the deepening national recession will increasingly begin to take a larger toll on local and regional payrolls and economic activity across a growing number of industries and sectors.

During the early 1990's national recession, employment in Atlantic City contracted 8.5% (11,900 jobs) from its peak month (March 1990 – four months prior to the onset of the national recession) to its trough (April 1992). (See Figure 11) During that period, casino employment declined 10% (4,800 jobs).

In the current situation, employment in Atlantic City (given existing New Jersey Department of Labor employment estimates) peaked in September, 2006, more than a year prior to the onset of the national recession. (Of course, the closing of the Sands casino in November, 2006 considerably complicates the identification of the most recent business cycle's peak employment month for Atlantic City.)[7] Since September, 2006, employment in Atlantic City has declined 6.1% (9,400 jobs). Since the onset of the national recession in December, 2007, employment in Atlantic City has declined 2.8% (4,300 jobs).[8]

If the early 1990's recession is used as a rough (and, likely conservative) guide to the eventual impact of the current recession on employment in Atlantic City (i.e., employment will contract by roughly 8.5% from peak to trough), the implication is that an additional approximately 3,800 jobs will be lost in Atlantic City over the remainder of the current recession. Importantly, this figure uses September, 2006 as the peak month of employment in Atlantic City – thus, it includes the job losses tied to the closing of Sands.[9] In other words, this may well prove an underestimate of the number of jobs that could be lost in the local economy over the remainder of the current national recession. [10]

Finally, in considering the longer-term implications of the current recession on Atlantic City's economy, it is noteworthy that it took 86 months for Atlantic City to recover all of the jobs it lost during the early 1990's recession, as total employment in the metropolitan area did not surpass its March, 1990 employment peak until May, 1997.) Should the current recession prove to be as protracted as the early 1990's recession, the implication is that Atlantic City's economy will not surpass its prior September,

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Building Permits and Construction Employment
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Single-family homebuilding permit activity reflects the continued dismal conditions prevailing in the homebuilding sector. (See Figure 10) The six-month average number of single-family units authorized by permit in Atlantic County fell to 46.7 in November, a decline of 40% from their prior year level of 77.3. November's level of authorized units moreover represented just 25% of its most recent peak level of 184 units reached in mid-2004.

Unsurprisingly, the dearth of homebuilding activity in the local economy is reflected in construction employment statistics for the metropolitan area. Presently, employment in the sector is contracting at a 6.2% year-on-year pace, compared to rates of contraction of 5.4% statewide and 8.7% nationally. Since peaking near 7,500 in mid-2006, construction employment in Atlantic City has declined by 1,200 jobs.

2009: How Bad Will It Be?
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2006 employment peak until November, 2013.

Of course, these bleak outlooks for the state and local economies could prove too pessimistic. In order for that to be the case, however, a host of factors and indicators would have to radically and suddenly change course. In particular, credit, financial, and housing market conditions, and perhaps most importantly, the general state of business and consumer confidence – which have fallen precipitously in recent months – would have to dramatically stabilize and improve over the coming months. With ongoing monetary policy efforts wading ever-deeper into uncharted waters (as a consequence of the apparent impotence of more traditional measures), and fiscal policy efforts likely to take some time to significantly alter spending behavior in any sustained way, such a quick-turnaround scenario seems increasingly unlikely. Moreover, even if current conditions do improve significantly over the coming quarters, it seems unlikely that the job market will improve quickly, as business hiring policies will (as they did following the last national recession in 2001) likely remain extremely cautious for some time. This implies that the significant consumer retrenchment that has set in over the past several months (and, which has proven to be the most important defining (and, worrisome) characteristic of the current recession) is unlikely to reverse course any time soon. All of this suggests that while the current national recession may not prove to be as bleak as many have assumed it will be, it will surely be the most challenging one experienced in decades for most businesses and, an ever-increasing number of households.

ENDNOTES:

1 96% of all bankruptcy filings commenced during this period were non-business filings.

2 Between January 1980 and November 1982 the national economy experienced two contractionary periods totaling 22 months that were interrupted by a very weak 12 month expansionary phase.

3 Total establishment employment in New Jersey increased by 65,000 between 1979 and 1982.

4 The national recession officially began in July, 1990 and ended in March, 1991.

5 It seems likely that the Department of Labor's annual upcoming benchmark revisions process will result in *downward* revisions to the state's employment estimates. Among other reasons, this seems likely owing to the methodology used to generate the estimates. This methodology tends to underestimate job losses (or, gains), especially in smaller establishments, near business cycle turning points.

6 Expected state and local government retrenchment over the coming year, moreover, will likely adversely affect the health, education, and social services sectors which have been important contributors to job and income growth in many parts of the state (especially the southern New Jersey region) in recent years.

7 In particular, it seems likely that in the absence of the Sands closing, Atlantic City's peak employment month would have fallen closer (some time later in 2007) to the onset of the national recession.

8 These calculations are based on the author's seasonal adjustments to the Department of Labor's current employment estimates. For reasons set out previously (see endnote four), once these estimates are revised it seems likely they will indicate that employment in Atlantic City declined by more than this. If this proves\ to be the case, it would imply fewer job losses (than those cited in the next paragraph) over the coming year

9 These job losses were ones that were largely unrelated to the national business cycle.

10 If one excludes the 2,200 jobs lost that were tied to the Sands closing (on the assumption they were not related to the business cycle), the number of expected lost jobs (over the remainder of the current recession) increases to 6,000.

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