STOCKTON UNIVERSITY

WILLIAM J. HUGHES CENTER FOR PUBLIC POLICY

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

Current Regional Economic Conditions

Employment data through the early months of 2023 suggest that the Atlantic City metropolitan area economy continues to expand at a robust pace. (Figure 1) Establishment employment was up 4.8 percent year-over-year in the first quarter (+5,900 jobs). The good news is that this year's early job gains have been fairly broad-based with retail trade, casino hotels, restaurants and bars, professional and business services, and education and health care services all recording year-on-year, first-quarter gains of approximately 1,000 jobs. (Year-on-year growth rates for these five industries range between 4.6 percent in education and health services and a heady 9.3 percent in restaurants and bars).

As Figure 1 shows, this year's job growth has helped push the local economy's total employment nearly back to where it stood in the first quarter of 2020 — prior to the onset of the COVID lockdowns and the ensuing recession. This year's first-quarter employment stood at 129,000 just 800 jobs shy of its first-quarter 2020 level. The metropolitan area's unemployment rate, meanwhile, has continued to decline. It stood at a seasonally adjusted 4.5 percent in the first quarter. This was well below its first-quarter 2022 reading of 6.2 percent and even below its pre-COVID first-quarter 2019 level of 4.7 percent. The continued decline in the metropolitan area's unemployment rate is all the more impressive given that the local area's labor force grew 3 percent year-on-year in this year's first quarter.

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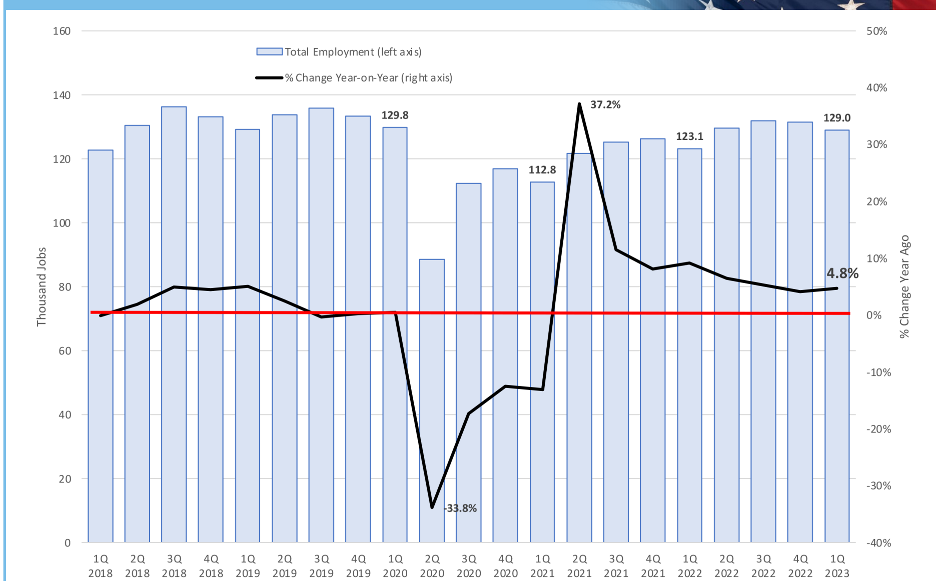
Figure 1: Atlantic City, NJ Metropolitan Area Total Establishment Employment
2018 through 1st Quarter 2023



Source: U.S. Bureau of Labor Statistics.

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While this year's early indications point to another strong summer shore season and continued positive momentum for the regional economy, much will depend upon the direction the national economy takes over the second half of the year. Considerable questions and uncertainty hang over the national economy. On one hand, despite the Federal Reserve's ongoing efforts to rein in inflation via ten interest rate hikes since March 2022, the national job market has remained robust this year as monthly job gains have averaged 314,000 and the unemployment rate (3.7 percent in May) remains near a 50-year low. Recent Commerce Department data also indicated that after easing somewhat earlier in the year, the pace of consumer spending picked back up again in April underscoring households' apparent resilience.

On the other hand, the housing market (the most interest-rate sensitive sector in the economy) has slowed considerably over the past year. Recent National Association of Realtors data indicate that the national median existing-home price fell 1.7% in April from a year earlier to $388,800, the biggest year-over-year price decline since January 2012. While the early spring banking sector crisis appears to have been stanched, financial markets remain on high alert. Finally, there is growing concern over the long-term health of many major cities' commercial office sectors whose post-COVID vacancy rates have remained elevated. This new reality has only added to the interest rate pressures the sector is facing.

Against the background of this rather complicated national economic picture, the three-year anniversary of the commencement of COVID-19 pandemic lockdowns recently passed. In light of that anniversary, this edition of the *South Jersey Economic Review* takes stock of the recovery experience of the southern New Jersey regional economy over the past two years. While the primary focus is on the regional economy, we also assess the state's recovery and place it in a national context.

COVID Impact on Regional Economy

The pandemic and its associated lockdowns took a heavy toll on the job market during 2020. (Table 1) While employment declined 5.8 percent nationally, it fell 8.1 percent in New Jersey and an eye-watering 15.9 percent (21,200 jobs) in Atlantic City. Atlantic City's significant job losses largely reflected the 16-week shutdown that its casino industry endured in the spring and early summer of 2020. Indeed, Atlantic City's leisure and hospitality sector (which includes gaming and other recreational industries, accommodations, and restaurants and bars) bore the brunt of the COVID recession as it accounted for 68 percent of all jobs lost in 2020 (14,400) compared to a national benchmark of 40 percent.

Unemployment rates, unsurprisingly, jumped significantly in the pandemic's early months. While the national unemployment rate climbed 11.2 percentage points (to 14.7 percent) during the spring of 2020, it rose 12.3 percentage points (to 15.8 percent) statewide. Atlantic City's unemployment rate, meanwhile, rose a remarkable 30.5 percentage points (to 35.1 percent). Reflecting the fallout of the commencement of pandemic lockdowns, the nation's labor force declined 5 percent between February 2020 and its 2020 trough. The state's labor force declined 4.3 percent over the same span, while Atlantic City's fell by 5.8 percent.

Overall, the national economy (in real gross domestic product (GDP) terms) contracted 2.8 percent in 2020. The comparable figures for the state and Atlantic City were -4.3 and -8.4 percent, respectively. Comparing these real GDP contractions to those experienced during the Great Recession is illustrative. In 2009, the national economy contracted 2.6 percent, while the state and Atlantic City economies contracted 5.2 and 12.8 percent, respectively. In sum, the COVID recession's impact on the job market in 2020 proved to be significantly *worse* than the Great Recession's in 2009. Yet, its broader impact on the New Jersey and Atlantic City economies (in terms of GDPs) proved to be *less* damaging than the Great Recession's. This was not true at the national level, however.

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Table 1:The 2020 COVID Recession and Recovery in Atlantic City, New Jersey and the U.S.

2020 COVID Recession	Atlantic City	New Jersey	U.S.
Employment Decline in 2020*	-15.9%	-8.1%	-5.8%
February 2020 Unemployment Rate and Increase from February 2020 to 2020 Peak (ppts.)	4.6%/30.5	3.5%/12.3	3.5%/11.2
Labor Force Decline February 2020 to 2020 Trough	-5.8%	-4.3%	-5.0%
Real GDP Decline in 2020	-8.4%	-4.3%	-2.8%
Recovery from COVID Recession			
2022 Employment Relative to 2019 Employment *	97.0%	101.3%	101.2%
December 2022 Unemployment Rate	4.6%	3.3%	3.5%
2022 Labor Force Relative to 2020 Labor Force	100.8%	100.5%	102.2%
Real GDP Increase in 2021 and 2022	8.8%/NA	5.9%/2.6%	5.9%/2.1%
Great Recession			
Employment Decline in 2009*	-5.8%	-3.9%	-4.3%
Real GDP Decline 2009	-12.8%	-5.2%	-2.6%

* Establishment (payroll) employment.

Source: U.S. Bureau of Labor Statistics. U.S. Bureau of Economic Analysis

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As Table 1 shows, the state and national economies experienced relatively strong job market recoveries during the past two years (2021 and 2022) as both saw their total payroll employment levels rebound back above their 2019 pre-pandemic benchmarks. Payroll employment in Atlantic City, however, remained 3 percent below that benchmark as of the end of last year. Unemployment rates, meanwhile, have declined back down to pre-pandemic levels. Equally important, labor forces have also recovered. Both Atlantic City and the state recorded strong real GDP rebounds in 2021. And though the state's economy slowed last year (to 2.6 percent), its pace of growth bettered the nation's 2.1 percent rate. (2022 GDP for metropolitan areas has not yet been released.)

The remainder of this edition of the *Review* sets out additional details surrounding Atlantic City's, Ocean City's, and the state's recovery experiences over the past two years with an eye toward placing them in a broader national context.

Atlantic City's COVID Recession and Recovery

Nineteen U.S. metropolitan areas recorded job losses of at least 10 percent during the 2020 COVID recession. (Table 2) The largest employment decline (-23.9 percent) was recorded by the Kahului-Wailuku-Lahaina, HI (Maui) metropolitan area. Atlantic City's decline of nearly 16 percent was the second largest among all U.S. metropolitan areas. The Ocean City metropolitan area (which lies immediately south of the Atlantic City metropolitan area) recorded a job loss of 11.9 percent in 2020—the ninth-largest job loss among all U.S. metropolitan areas.

As Table 2 reveals, many of the metropolitan areas that recorded the largest COVID job losses have economies that are heavily reliant upon hospitality and tourism or oil. While tourism-dependent metropolitan areas' 2020 experiences reflected the COVID-induced lockdowns and travel restrictions that cascaded across the nation that year, which severely undermined the broader leisure and hospitality sector, oil-dependent metropolitan areas' experiences reflected the collapse in oil prices induced by the wave of work-from-home protocols that significantly lowered commuting and the demand for gasoline. As shown in Table 2's right-most column, Las Vegas-Henderson-Paradise is the only metropolitan area (of these 19) whose employment had fully recovered from the 2020 COVID recession as of the end of last year.

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Table 2: U.S. Metropolitan Areas That Recorded Job Losses of 10% or More During the 2020 COVID Recession

Count	MSA	2020 % Change	2022 Employment Relative to 2019 Employment
1	Kahului-Wailuku-Lahaina, HI (Metropolitan Statistical Area)	-23.9%	92.5%
2	**Atlantic City-Hammonton, NJ (Metropolitan Statistical Area)**	**-15.9%**	**97.0%**
3	Lake Charles, LA (Metropolitan Statistical Area)	-15.7%	83.3%
4	Odessa, TX (Metropolitan Statistical Area)	-14.7%	92.6%
5	Midland, TX (Metropolitan Statistical Area)	-13.4%	98.7%
6	Urban Honolulu, HI (Metropolitan Statistical Area)	-13.3%	93.8%
7	Norwich-New London-Westerly, CT-RI NECTA	-12.2%	94.7%
8	Napa, CA (Metropolitan Statistical Area)	-11.9%	97.2%
9	**Ocean City, NJ (Metropolitan Statistical Area)**	**-11.9%**	**99.6%**
10	Las Vegas-Henderson-Paradise, NV (Metropolitan Statistical Area)	-11.8%	104.4%
11	Barnstable Town, MA NECTA	-11.5%	97.2%
12	Lynn-Saugus-Marblehead, MA NECTA Division	-10.7%	94.7%
13	New York City, NY	-10.7%	97.9%
14	Pittsfield, MA NECTA	-10.6%	95.2%
15	Kingston, NY (Metropolitan Statistical Area)	-10.2%	95.0%
16	East Stroudsburg, PA (Metropolitan Statistical Area)	-10.2%	96.3%
17	Saginaw, MI (Metropolitan Statistical Area)	-10.1%	94.6%
18	Wheeling, WV-OH (Metropolitan Statistical Area)	-10.1%	91.1%
19	San Rafael, CA Metropolitan Division	-10.0%	94.3%

*See endnote 3.

Source: U.S. Bureau of Labor Statistics

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Despite the fact that Atlantic City's economy has not quite fully recovered from the 2020 COVID recession, the metropolitan area's recovery continued to plow ahead last year, as the local economy added 7,500 jobs in 2022—a 6.2 percent increase. (Table 3)

The metropolitan area's job growth last year was driven by leisure and hospitality which recorded an overall job gain of 3,200 (+9.7 percent). Importantly, nearly half of this gain was tied to job creation in the key casino hotels industry that saw employment rise by 1,500 (+8.3 percent). Restaurants and bars, meanwhile, saw employment expand by 1,200 jobs (+10.5 percent). While last years' job growth in the metropolitan area's beleaguered leisure and hospitality sector was welcome news, it remains true that the sector's total employment (at 36,300 for the year) was 12.6 percent (-5,200 jobs) below its 2019 pre-pandemic level.

In addition to leisure and hospitality, other industries that have continued to struggle to regain their 2019 pre-pandemic benchmarks include other services and state and local government. While other services — which includes a host of industries traditionally associated with small businesses, e.g., dry-cleaners, automotive repair shops, salons, etc. — added 300 jobs last year (+5.9 percent), total employment in the industry remains 17.7 percent below its pre-pandemic benchmark. Employment in state and local government, meanwhile, remain 12.9 and 1.8 percent below that benchmark.

At the same time, job gains in several other Atlantic City industries last year worked to push employment levels *above* pre-pandemic levels. Most significantly, professional and business services employment, which rose 10.2 percent last year (1,200 jobs), now stands 12.4 percent above its 2019 pre-pandemic level. Among others, professional and business services include firms operating in the legal, accounting, architectural, computer, and advertising industries.

Last year also saw job gains in retail and wholesale trade, transportation and warehousing, construction, and manufacturing. All of these industries' employment levels also stand above their 2019 pre-pandemic benchmarks.

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Table 3: Industry Employment: Atlantic City, NJ Metropolitan Area

	Employment (thousands)				2019-2020		2020-2021		2021-2022		2019-2022	
Industry	2019	2020	2021	2022	Change	% Change	Change	%Change	Change	%Change	Change	%Change
Total	133.1	111.9	121.5	129.0	-21.2	-15.9%	9.6	8.6%	7.5	6.2%	-4.0	-3.0%
Construction	5.6	5.3	5.7	6.1	-0.3	-4.8%	0.4	8.2%	0.4	6.4%	0.5	9.6%
Manufacturing	2.2	2.2	2.4	2.5	0.0	1.9%	0.2	9.8%	0.1	2.4%	0.3	14.6%
Wholesale Trade	2.4	2.3	2.4	2.7	-0.1	-5.1%	0.1	3.6%	0.3	11.5%	0.2	9.6%
Retail Trade	15.0	13.7	14.8	15.4	-1.3	-8.5%	1.1	8.0%	0.6	3.9%	0.4	2.7%
Trans, Warehsg., Utils	2.9	2.8	2.8	3.1	-0.2	-5.7%	0.1	2.1%	0.2	7.9%	0.1	4.0%
Information	0.6	0.5	0.5	0.5	-0.1	-12.5%	0.0	-4.8%	0.0	-6.7%	-0.1	-22.2%
Financial Activities	3.9	3.8	3.9	4.0	-0.1	-3.2%	0.1	3.8%	0.1	3.6%	0.2	4.1%
Professional and Business Services	11.1	10.6	11.3	12.5	-0.5	-4.1%	0.7	6.3%	1.2	10.2%	1.4	12.4%
Education and Health Services	21.6	19.8	20.6	21.5	-1.9	-8.7%	0.8	4.3%	0.9	4.3%	-0.2	-0.7%
Hospitals	5.9	5.5	5.6	5.7	-0.3	-5.8%	0.1	1.5%	0.0	0.6%	-0.2	-3.8%
Leisure and Hospitality*	41.5	27.1	33.1	36.3	-14.4	-34.7%	6.0	22.0%	3.2	9.7%	-5.2	-12.6%
Accommodation and Food Services	39.2	25.3	30.6	33.7	-13.9	-35.5%	5.3	21.1%	3.0	9.9%	-5.6	-14.2%
Accommodation	26.8	16.2	19.6	21.4	-10.6	-39.4%	3.3	20.4%	1.9	9.5%	-5.4	-20.1%
Casino Hotels	24.6	14.6	17.7	19.2	-10.0	-40.6%	3.1	21.1%	1.5	8.3%	-5.4	-22.1%
Food Services and Drinking Places	12.4	9.1	11.1	12.2	-3.4	-27.1%	2.0	22.3%	1.2	10.5%	-0.2	-1.5%
Other Services	5.4	4.0	4.2	4.5	-1.4	-26.3%	0.2	5.4%	0.3	5.9%	-1.0	-17.7%
Government	20.8	19.8	19.7	20.2	-1.0	-4.8%	-0.1	-0.5%	0.4	2.1%	-0.7	-3.2%
Federal Government	2.5	2.6	2.5	2.5	0.1	5.7%	-0.1	-4.1%	0.0	1.0%	0.1	2.4%
State Government	3.7	3.3	3.3	3.2	-0.4	-10.2%	-0.1	-1.5%	0.0	-1.5%	-0.5	-12.9%
Local Government	14.7	13.9	14.0	14.4	-0.8	-5.2%	0.1	0.5%	0.4	3.2%	-0.3	-1.8%

* In addition to the accomodation and food services and drinking industries, the leisure and hospitality sector also includes the arts, entertainment, and recreation industry which is not directly reported. Thus the total changes shown for the leisure and hospitality sector may deviate from the sum changes of the accommodations and food services and drinking industries.

Source: U.S. Bureau of Labor Statistics

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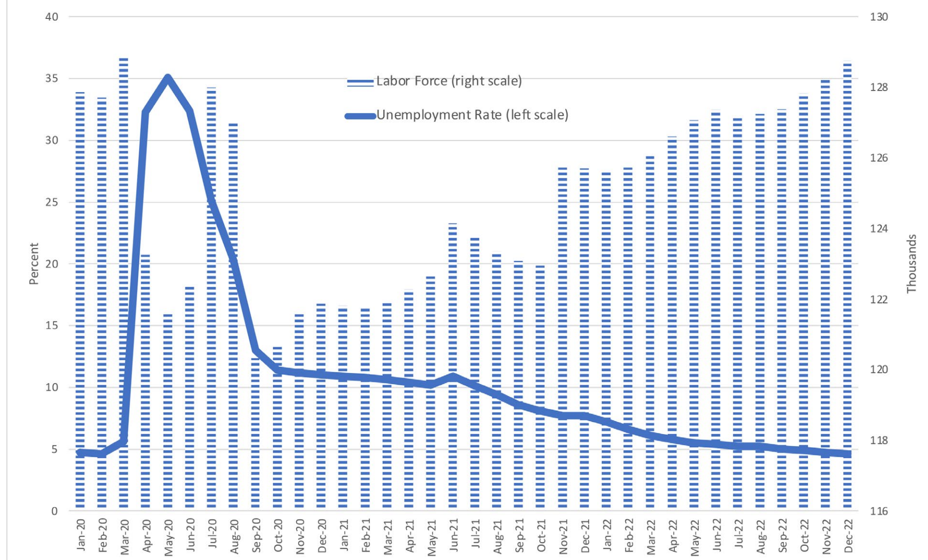
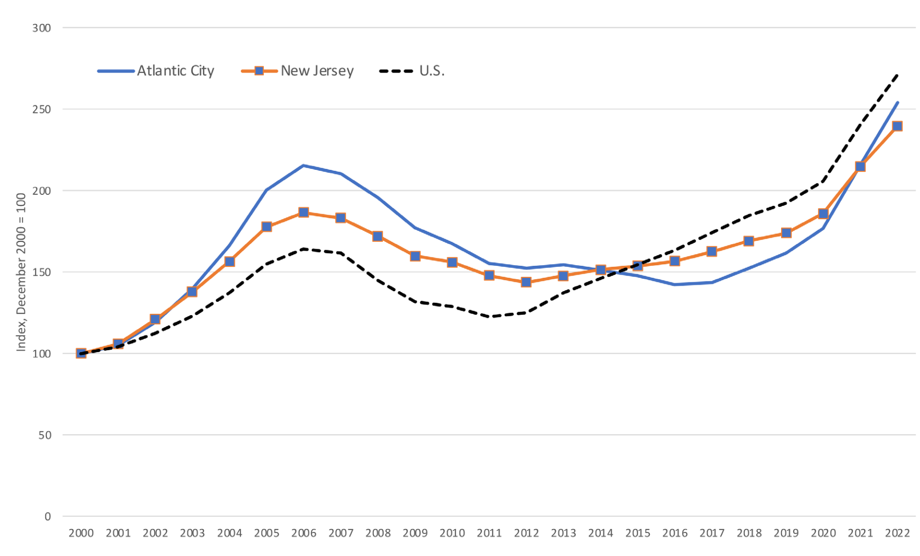
Figure 2: Unemployment Rate and Labor Force
Atlantic City Metropolitan Area
January 2020 to December 2022



Source: U.S. Bureau of Labor Statistics.

Figure 3: Single Family Home Prices: Atlantic City, New Jersey and the U.S
December 2020 to 2022*



Source: Freddie Mac.

Finally, employment in educational and health services industries — which account for 16 percent of all metropolitan area employment — rose 4.3 percent last year (+900 jobs). Total employment in the sector (which declined nearly 9 percent in 2020) is now just shy of its pre-pandemic level.

Unemployment and the Labor Force

Atlantic City's seasonally adjusted unemployment rate fell to 4.6 percent in December 2022. (Figure 2) This rate was identical to where it stood in February 2020 — the month immediately preceding the beginning of COVID lockdowns across the country. In December 2022, the metropolitan area's unemployment rate sat just over one percentage point above the state's (3.4 percent) and the nation's (3.5 percent). This fact is especially noteworthy given that Atlantic City's unemployment rate peaked at 35.1 percent in the spring of 2020 compared to peaks of 15.8 and 14.7 percent for the state and nation, respectively. As noted, Atlantic City saw its labor force decline by 5.8 percent between February and September 2020 — a decline of 7,400 individuals. Since then, the labor force has grown 7 percent. In December 2022, Atlantic City's labor force stood 0.8 percent above its pre-pandemic level.

Housing Market

Similar to many metropolitan areas, Atlantic City's housing market benefitted significantly as a result of the Federal Reserve Bank's ultra-accommodative monetary policy during the COVID pandemic. Single-family home prices in Atlantic City climbed 18 percent last year marking their sixth straight annual increase. (Figure 3) Last year's home price appreciation in the metropolitan area exceeded those posted by the state and the nation, which recorded gains of 11.6 and 13 percent, respectively. Since reaching their post-Great Recession trough in 2016, single-family home prices in Atlantic City have risen 78 percent (with much of this gain occurring during the past two years). This gain exceeded those posted by the state (53 percent) and the nation (66 percent).

Homebuilding activity has been an important part of Atlantic City's economy over the past several years and played an especially important role in aiding its recovery from the COVID recession. As Figure 4 shows, 2022 marked the third consecutive year that the number of single-family homes authorized by permit in the metropolitan area exceeded 400. The

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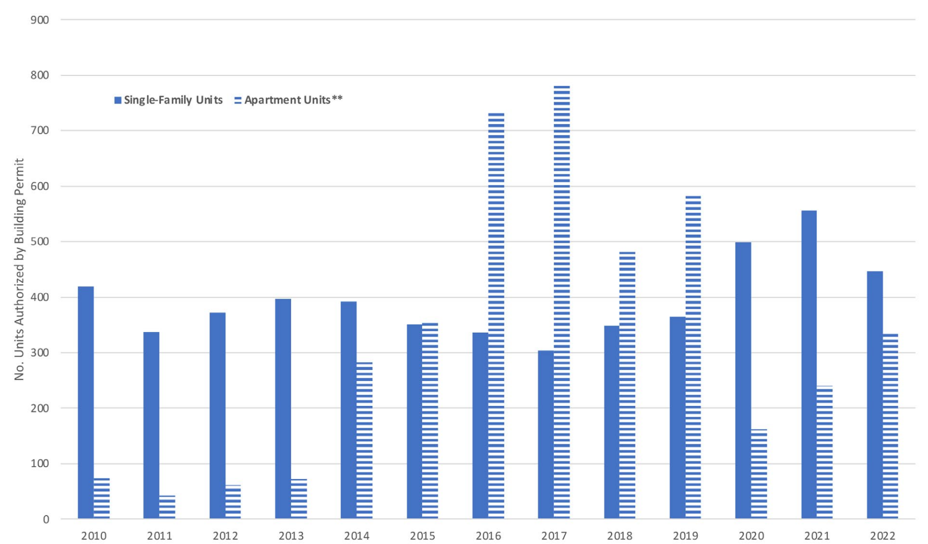
Figure 4: New Housing Units Authorized by Permit: Atlantic City Metropolitan Area
2010 to 2022*



* 2022 estimated based on year-to-date permit data thru December.
** Excludes dormitories.
Source: U.S. Census Bureau's Building Permits Survey program.

last year in which the 400-unit mark was topped was 2010.

While the pace of single-family homebuilding in Atlantic City slowed in 2022 (as the number of authorized units declined to 446 from 556 the prior year), it accelerated in the multi-family (apartment) segment. After jumping significantly in 2016 and 2017, the pace of construction in the multi-family segment slowed markedly in 2020 as several new apartments came online in 2018 and 2019. However, the pace of multi-family construction accelerated once again in 2021 and continued to trend upward last year as the number of apartment units authorized by permit climbed to 339 from 240.

The recent upturn in homebuilding activity in the metropolitan area, which began in earnest in 2016, has, in conjunction with a host of additional development projects (including Stockton University's development of an Atlantic City campus), supported the local economy's construction industry over the past several years.

Since declining to a post-Great Recession trough of 4,700 in 2013, employment in the metropolitan area's construction industry has increased by nearly 29 percent.

While homebuilding activity in the Atlantic City metropolitan area has aided the local economy over the past several years, it remains true that the area's population growth has remained rather anemic. Between 2014 and 2018, Atlantic City's population *declined* 1.7 percent. Between 2019 and 2021 annual population growth averaged just 0.2 percent. (Population data for 2022 will be released later this year.) Combined, weak population growth (which typically translates into low levels of household formation and thus home buying demand) and the past several years' robust homebuilding activity may (in conjunction with continued increases in mortgage rates tied to the Fed's current inflation-fighting campaign) begin to weigh on home prices in the metropolitan area over the near-term future.

Assessing New Jersey's Recovery from the 2020 COVID Recession

New Jersey's employment declined 8.1 percent during the 2020 COVID recession — the ninth largest decline among the states (and the District of Columbia) and more than twice the size of the job decline it recorded in 2009 amid the Great Recession (-3.9 percent). (Table 4) New Jersey's employment has rebounded over the past two years, however. Among the 20 states recording the largest 2020 COVID employment losses, only New Jersey, Nevada, California, and New Hampshire had seen their employment totals rebound back above their 2019 pre-pandemic levels by the end of last year.

On a real GDP basis, New Jersey's economy contracted 4.3 percent in 2020 — the 11th largest decline among the states (and the District of Columbia). (Table 4) This was less than the 5.2 percent decline in real GDP it recorded in 2009 amid the Great Recession. Similar to the employment situation, New Jersey's broader economy rebounded the past two years. Of the 20 states recording the largest real GDP contractions in 2020, 14 (including New Jersey) recorded real GDPs last year that exceeded their pre-pandemic 2019 levels. New Jersey ranked seventh among those 14 as its real GDP in 2022 was 3.9 percent above its 2019 level. In terms of GDP, New Jersey's rebound over the past two years has been stronger than Pennsylvania's, while it has lagged New York's by a small margin.

Additional insight into New Jersey's recovery from the COVID recession is shown in Figure 5 (p.8), which shows the employment and real GDP recoveries of the 13 states that appear in *both* top 20 lists shown in Table 4. These states represent those whose economies were arguably the most severely impacted by the 2020 COVID recession — at least in terms of total job losses and overall economic contraction as measured by real GDP.

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Table 4: 20 States with the Largest Employment and Real GDP Declines During the 2020 COVID Recession and their Recoveries

20 States with the Largest Employment Losses in 2020

	State	2020 Employment Decline	2022 Employment Relative to 2019 Employment
1	Hawaii*	-14.9%	93.8%
2	New York*	-10.0%	97.3%
3	Nevada*	-9.9%	104.9%
4	Vermont	-9.3%	96.0%
5	Michigan*	-9.1%	98.2%
6	Rhode Island*	-8.5%	98.4%
7	Massachusetts	-8.3%	99.1%
8	Alaska*	-8.2%	97.0%
9	**New Jersey***	**-8.1%**	**101.3%**
10	Pennsylvania*	-7.6%	98.7%
11	Louisiana*	-7.6%	96.4%
12	Connecticut*	-7.4%	98.3%
13	California	-7.2%	101.5%
14	Illinois*	-7.0%	98.5%
15	Maryland*	-6.9%	97.8%
16	District of Columbia	-6.8%	95.9%
17	West Virginia	-6.7%	97.2%
18	Minnesota*	-6.7%	98.3%
19	New Hampshire	-6.6%	100.4%
20	New Mexico	-6.5%	99.1%

20 States with the Largest Real GDP Declines in 2020

	State	2020 Real GDP Decline	2022 Real GDP Relative to 2019 Real GDP
1	Hawaii	-11.5%	95.2%
2	Louisiana	-7.9%	91.6%
3	Nevada	-6.7%	105.4%
4	Connecticut	-6.5%	100.4%
5	Wyoming	-5.7%	94.5%
6	Illinois	-5.4%	102.8%
7	Alaska	-5.1%	92.9%
8	North Dakota	-4.8%	94.2%
9	Pennsylvania	-4.8%	101.5%
10	New York	-4.6%	104.1%
11	**New Jersey**	**-4.3%**	**103.9%**
12	Oklahoma	-4.3%	95.1%
13	Maryland	-4.3%	100.2%
14	Michigan	-4.0%	105.0%
15	Rhode Island	-3.5%	103.7%
16	Minnesota	-3.5%	102.9%
17	Georgia	-3.5%	106.1%
18	Wisconsin	-3.5%	102.6%
19	Indiana	-3.1%	104.5%
20	Ohio	-3.1%	104.2%

* Indicates a state whose 2020 employment *and* real GDP declines were among the 20 largest, i.e., these states appear on both top 20 lists shown above.
Source: U.S. Bureau of Economic Analysis.

As shown, New Jersey and Nevada are the only two states in this cohort that saw their 2022 employment and real GDP levels rebound back above their 2019 pre-pandemic levels. Overall, New Jersey's employment recovery ranks as the second best, trailing only Nevada's, while its real GDP recovery ranks as the fourth best among this group of state economies that were hit hard by COVID.

Table 5 provides a more detailed look at New Jersey's experience during the 2020 COVID recession and the subsequent recovery over the past two years based on industry employment. Comparisons with New York and the nation provide benchmarks against which the state's recovery experience over the past two years can be gauged.

As shown, a handful of industries bore the brunt of the COVID recession. Job losses in leisure and hospitality (39.4 percent), professional and business services (11 percent), and retail trade (8.6 percent) accounted for 59 percent of all jobs lost nationally in 2020. These same industries accounted for 55 percent of all jobs lost statewide. The comparable figure for New York was 56 percent. Job losses in New Jersey's health care services and other services industries — 12 and 8.7 percent respectively — were larger than those recorded on the national level (7.2 and 6.4 percent) or in New York (8.1 and 6.9 percent). Declines in local government employment also accounted for a more significant share of job losses in New Jersey than they did nationally or in New York.

As noted, New Jersey saw total establishment employment decline by 8.1 percent in 2020—a loss of over 336,000 jobs. The state gained 180,000 of those back in 2021. Last year's gain of an additional 209,000 pushed its total employment above its 2019 pre-pandemic benchmark by 52,000 (+1.3 percent). Thus, New Jersey's employment rebound over

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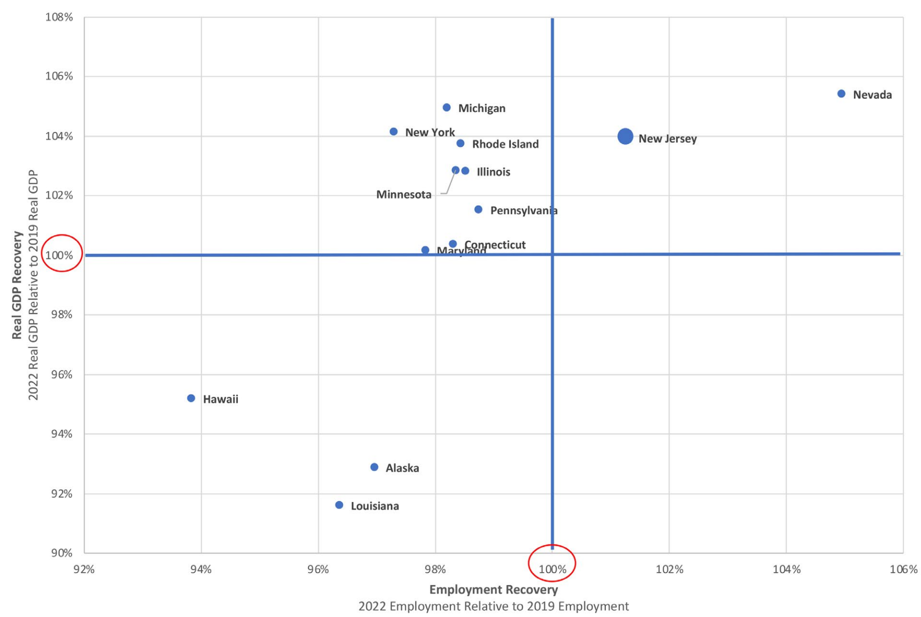
Figure 5: Employment and Real GDP Recoveries Among the 13 States Whose Employment and Real GDP Declines During 2020 Ranked Among the Top 20



Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

the past two years has far outpaced neighboring New York's. Total employment in the Empire State remains 2.7 percent below (267,500) its 2019 pre-pandemic level. Nationally, employment is up 1.2 percent (nearly 1.7 million) relative to this benchmark.

As one of the states hardest hit by the COVID recession in 2020, New Jersey's jobs recovery over the past two years is noteworthy. At the same time, it remains true that the state's recovery has been uneven on an industry basis. In particular, two industries—transportation, warehousing and utilities and professional and business services — have played an outsized role in job creation over the past two years. Both of these industries have recorded job gains of 39,000 since 2019. The information, financial activities, health care, and private educational services industries have also seen solid

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Table 5: Industry Based Employment Recoveries from 2020 COVID Recession: New Jersey, New York, and the U.S.

	NEW JERSEY				NEW YORK				U.S.			
Sector/Ind	% '20 Emp. Loss	'22/'19 Emp. Ratio	'19-'22 Emp. Chg.*	% '19-'22 Emp. Chg.	% '20 Emp. Loss	'22/'19 Emp. Ratio	'19-'22 Emp. Chg.*	% '19-'22 Emp. Chg.	% '20 Emp. Loss	'22/'19 Emp. Ratio	'19-'22 Emp. Chg.*	% '19-'22 Emp. Chg.
Nonfarm	100.0%	101.3%	52.0	100.0%	100.0%	97.3%	-267.5	100.0%	100.0%	101.2%	1,671	100.0%
Mining & Logging	0.0%	103.1%	0.1	0.1%	0.0%	102.4%	0.1	0.0%	1.5%	83.2%	-122	-7.3%
Construction	2.5%	101.7%	2.7	5.1%	4.5%	95.4%	-18.5	6.9%	2.7%	103.4%	255	15.3%
Manufacturing	3.9%	99.4%	-1.4	-2.8%	4.0%	96.3%	-16.3	6.1%	7.5%	100.1%	8	0.5%
Wholesale Trade	3.6%	101.3%	2.7	5.2%	3.4%	94.5%	-18.2	6.8%	2.9%	101.3%	74	4.4%
Retail Trade	11.9%	97.7%	-10.4	-20.0%	12.0%	92.7%	-66.5	24.9%	8.6%	99.5%	-84	-5.0%
Transportation, Warehousing, and Utilities	0.4%	117.4%	39.0	74.9%	3.3%	103.3%	10.3	-3.9%	-5.8%	115.9%	991	59.3%
Information	0.4%	109.9%	6.8	13.2%	2.0%	102.3%	6.7	-2.5%	1.6%	107.3%	210	12.6%
Financial Actvts	2.3%	102.6%	6.7	12.8%	2.2%	99.8%	-1.7	0.6%	0.6%	103.3%	290	17.4%
Professional and Business Srvcs	10.6%	105.7%	39.2	75.4%	10.8%	100.9%	12.7	-4.7%	11.0%	105.8%	1,237	74.1%
Educational Srvcs*	2.7%	104.8%	5.4	10.3%	3.8%	97.9%	-10.6	4.0%	3.0%	101.4%	53	3.2%
Health Services & Social Assist.	12.0%	101.3%	7.8	15.0%	8.1%	100.8%	12.6	-4.7%	7.2%	100.7%	134	8.0%
Leisure and Hospitality	32.9%	95.6%	-17.3	-33.2%	33.6%	90.3%	-93.1	34.8%	39.4%	95.5%	-750	-44.9%
Other Services	8.7%	96.0%	-6.9	-13.2%	6.9%	91.9%	-33.6	12.6%	6.4%	96.9%	-183	-11.0%
Federal Govt.	-0.6%	100.7%	0.3	0.6%	-0.5%	98.6%	-1.6	0.6%	-1.1%	101.3%	38	2.3%
State Govt.	0.8%	94.5%	-7.8	-14.9%	0.1%	95.5%	-11.6	4.3%	0.8%	97.8%	-115	-6.9%
Local Govt.	7.8%	96.4%	-14.9	-28.7%	5.8%	96.6%	-38.2	14.3%	-1.1%	101.3%	38	2.3%

* Thousand
** Private educational services. Public education is included in local government.
Source: U.S. Bureau of Labor Statistics.

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though less robust job growth over the past two years.

Several industries have, however, seen their employment levels continue to languish below their 2019 pre-pandemic benchmarks. These include, manufacturing, retail trade, leisure and hospitality, other services, and state and local government. In absolute terms, leisure and hospitality, local government, and retail trade have exerted significant drags on the state's recovery. These industries' employment levels remain 4.4, 3.6, and 2.3 percent, respectively, below their 2019 pre-pandemic levels.

Ocean City, NJ Metropolitan Area Current Economic Conditions

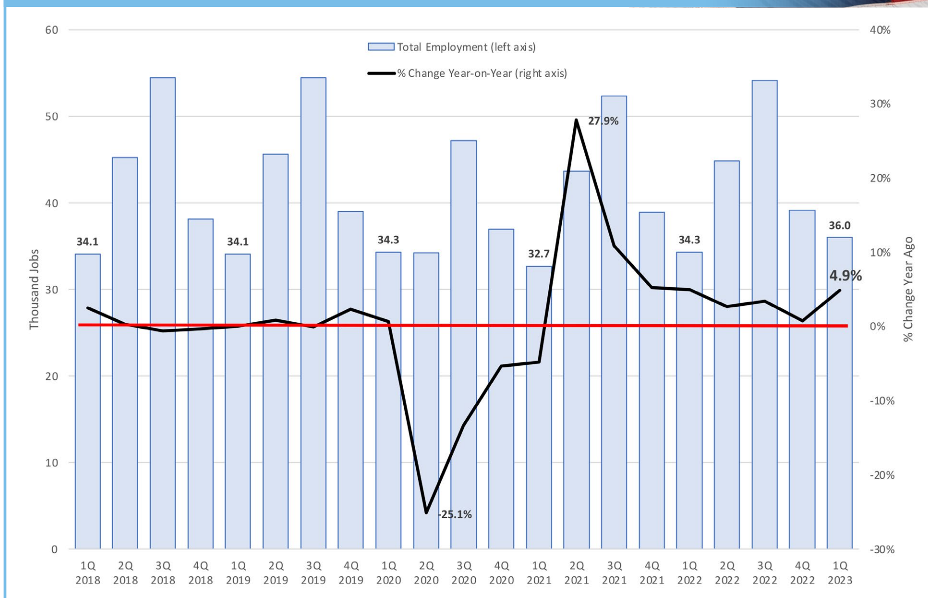
Similar to Atlantic City, the Ocean City metropolitan area economy (which is coincident with Cape May County) posted solid job growth in the early months of this year. Total employment was up 4.9 percent (+1,700 jobs) year-on-year in the first quarter. (Figure 6) Gains in the leisure and hospitality (L&H) sector — which along with real estate (owing to the summer shore rental market) drives the metropolitan area's economy — accounted for 1,500 of the total first-quarter gain. Interestingly, four-fifths of L&H job gains through the first quarter of this year occurred in the arts, entertainment and recreation segment not the much larger accommodations and restaurants/bars segment (which accounts for 75-80 percent of all L&H sector employment). Arts, entertainment and recreation includes employment in amusement parks, arcades, museums, zoos and theatre establishments. Ocean City's unemployment rate in this year's first quarter stood at a seasonally adjusted 6.1 percent.

Ocean City's Recovery from COVID

As Table 2 (above) shows, Ocean City's economy was (like Atlantic City's) particularly hard hit by the COVID recession of 2020. The metropolitan area's employment loss of nearly 12 percent that year was the ninth-largest among all U.S. metropolitan areas. During the COVID summer of 2020, Cape May's employment averaged 46,000, approximately 10,000 less (-18 percent) than its usual 56,000 level. Hotel and motel tax receipts plunged by nearly 24 percent that summer. The metropolitan area largely recovered the following summer as average employment during the key summer months rebounded back up to 54,000. Last summer, which proved to be a banner one for many summer shore business operators, saw employment reach 56,100 — a level just shy of the 56,500-level recorded during the summers of 2018 and 2019.

In addition to the hospitality and tourism sector, Ocean City's economy also relies heavily on the real estate sector, which includes summer shore rental activity. But, equally, the real estate market — in particular the second/vacation-home segment — played an important role in the local economy's ability to weather the COVID recession in 2020 and its fallout, which lasted well into 2021. In fact, Cape May County ranked 15th on the National Association of Realtors' list of hottest "vacation home counties" in 2020. According to Freddie Mac home price data, single-family home prices in Cape May County climbed 10 percent in 2020, 24 percent in 2021 and another 17.5 percent last year (which marked their eighth consecutive annual gain).

Figure 6: Ocean City Metropolitan Area Total Establishment Employment
2018 through 1st Quarter 2023



Source: U.S. Source: U.S. Bureau of Labor Statistics.

Endnotes

1 The Atlantic City and Ocean City metropolitan areas are coincident with Atlantic County and Cape May County, New Jersey.

2 Employment data are drawn from two primary sources: the household survey (Current Population Survey) and the payroll survey (Current Employment Statistics). The **payroll survey** is designed to measure employment, hours, and earnings in the nonfarm sector, with industry and geographic detail. The survey is best known for providing a highly reliable gauge of monthly change in nonfarm payroll employment. A representative sample of businesses in the U.S. provides the data for the payroll survey. The household survey is designed to measure the labor force status of the civilian noninstitutional population with demographic detail. The national unemployment rate is the best-known statistic produced from the household survey. The household survey also however provides a measure of employed people, one that includes agricultural workers and the self-employed. A representative sample of U.S. households provides the information for the household **survey**. Because the household survey has a broader employment definition than the payroll survey (which in addition to the unincorporated self-employed and agricultural workers also includes unpaid family workers in family businesses, workers in private households, and workers on unpaid leave) employment estimates drawn from the two surveys may differ. These differences explain why Atlantic City's payroll (or establishment) employment remained 3 percent below its 2019 pre-pandemic level as of the end of 2022, despite the fact that its unemployment rate has declined back down to that level while its labor force had rebounded above that level. Employment data drawn from the household survey indicate that household employment in Atlantic City last year was up 0.8 percent on its 2019 level.

3 The term "metropolitan area" is used loosely here so as to include all U.S. metropolitan statistical areas (MSAs), metropolitan divisions, and New England City and Town Areas (NECTAs) for which the U.S. Bureau of Labor Statistics publishes employment data via its Current Employment Statistics (CES) program. Among the nation's Metropolitan Statistical Areas (MSAs) and New England City and Town Areas (NECTAs), 11 are large enough to be subdivided into metropolitan divisions. Including all of the above yields 427 "metropolitan areas."

4 See endnote 2.

5 The NAR classifies about 10 percent of all U.S. counties as "vacation home counties" where vacant, seasonal, occasional, or recreational use housing account for at least 20 percent of the housing stock. Fifty-one percent of Cape May's housing stock falls in this category which, at 50,400 units, is the fourth-largest stock in the country.

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