



THE SOUTH JERSEY ECONOMIC REVIEW

About the SJER

The SJER is part of a broader and on-going Stockton College initiative whose aim is to provide the region's stakeholders and policy-makers timely, high-quality research products and technical assistance that focus on the region's economy, its development, and its residents' well-being. The SJER is produced and distributed exclusively as an electronic journal. If you would like to be electronically notified of future releases of the Review, send an email to sjer@loki.stockton.edu with the subject line "Subscribe SJER".

Atlantic City's Economy is Struggling

Atlantic City's economy grew 0.5% (+800 jobs) last year – the slowest rate of job growth recorded since 2002 when total establishment employment declined. Last year's rate of job growth in the Atlantic City metropolitan area (which is coincident with Atlantic County) was below state and national benchmarks of 0.9% and 1.8%. Last year's slowdown has accelerated this year. Presently, the area's employment is contracting at a rate of 1.3% year-on-year. This compares to current year-on-year rates of job growth of 0.6% and 1.5% for the state and nation respectively. (See Figure 1)

Atlantic City's current economic

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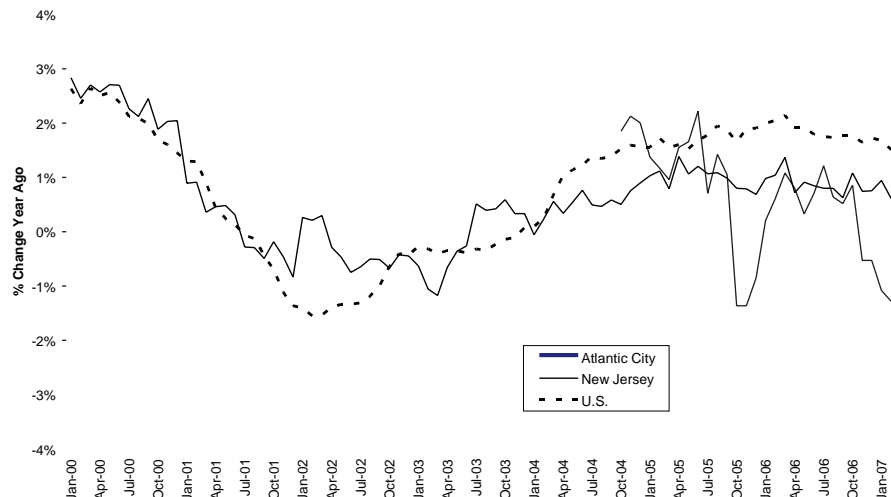
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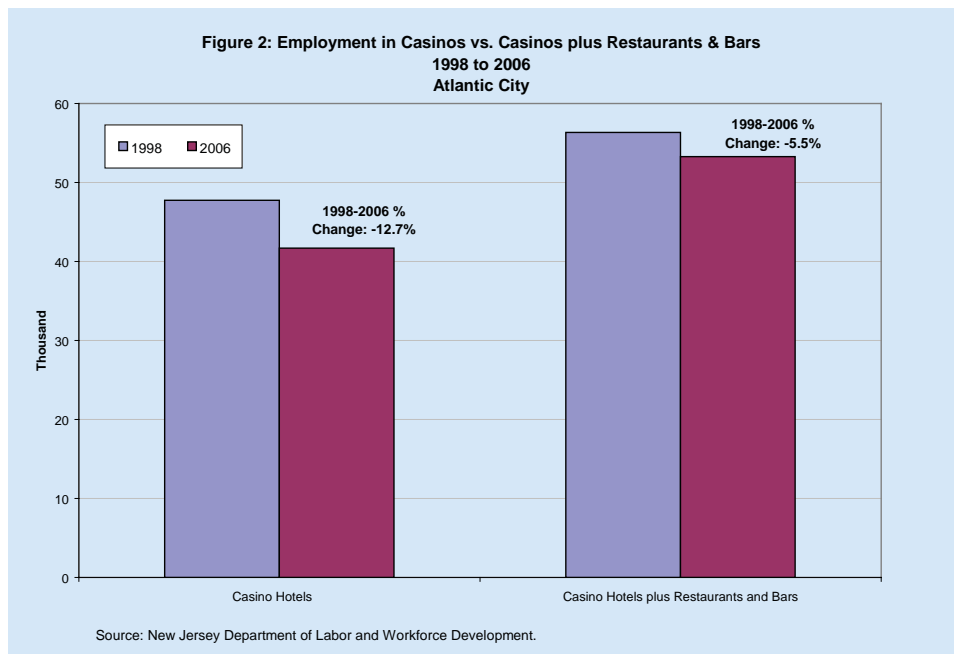
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Figure 1: Establishment Employment Growth
Atlantic City, New Jersey and the U.S.
January 2000 to February 2007



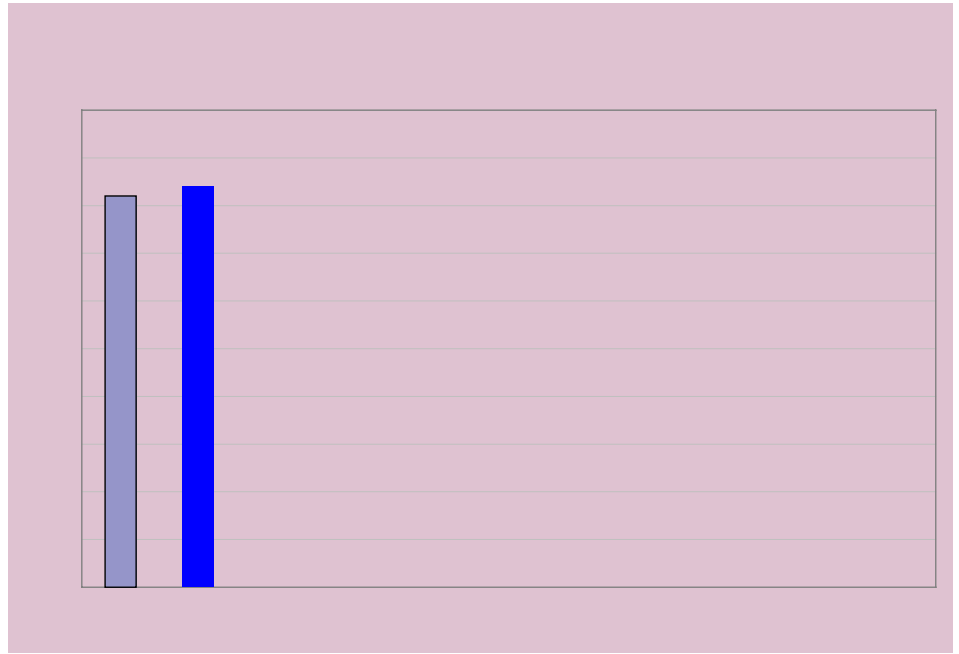
Source: New Jersey Department of Labor and Workforce Development.

the scheduled completion of Harrah's Atlantic City \$550-million expansion by Memorial Day may provide some relief for the economy during the second half of the year. In addition, there are several on-going casino expansion plans that may provide a lift to the economy during 2008. These include: the second phase of Harrah's Atlantic City expansion (scheduled for completion in mid-2008); the second phase of the Borgata's \$600 million expansion (scheduled



Economic Conditions in Ocean City and Vineland-Millville-Bridgeton

Similar to Atlantic City's economy, Vineland-Millville-Bridgeton's (VMB) economy slowed last year as job growth moderated to 0.1% from 0.9% in 2005. In February, establishment employment in the metropolitan area was contracting at a 0.2% rate year-on-year. In stark contrast to trends in the Atlantic City and VMB economies, job growth in Ocean City accelerated in 2006 (to 0.7% from 0.2%). This acceleration represented 300 jobs. Presently (and, somewhat surprisingly), Ocean City's employment base is growing at a 2.5% rate year-on-year. A significant portion of Ocean City's current robust job growth is attributable to a large (+700) winter (January/February) increase in employment in the metropolitan area's accommodation and food service industries.⁵ (See Figure 4)



metropolitan area declined 0.5% last year (to \$254,800 from \$256,100 in 2005).⁶

Of course, the trend in home prices in the South Jersey region is hardly unique, as many metropolitan areas' housing markets have experienced marked declines in home prices over the past several quarters. The ramifications of the national slowdown in the housing market continue to play out. Importantly, while

2006 Employment Data Revised Downward

The Department of Labor and Workforce's recently completed annual benchmarking process, which revises metropolitan areas' establishment employment statistics, resulted in a significant 2.1% reduction in Atlantic City's 2006 annual average employment. The metropolitan area's annual employment figure for last year was revised down to 153,000 from an original estimate of 156,100. Table 3 shows the results of the benchmark revisions for the state's other metropolitan areas and divisions. As shown, the two other southern metropolitan areas – Ocean City and Vineland-Millville-Bridgeton – also saw their 2006 employment levels revised downward.



¹Thanks is due to Tony Marino for raising this important issue.

²Chet Sheman, "Developments in the PIPELINE for Atlantic & Cape May counties" 2/22/07

³Discouraged workers are not included in the official labor force count because they have not actively sought out employment in the past four