



## FORECAST OF APRIL 2013

# NEW JERSEY: THE MORE THINGS CHANGE, THE MORE THEY STAY THE SAME

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### EXECUTIVE SUMMARY

The April 2013 R/ECON™ forecast for New Jersey looks for growth in nonagricultural employment of 1.2 percent or 48,600 jobs in 2013, after growth of 1.3 percent or 49,100 jobs in 2012. Most of the increase last year was in the first and last quarters. Hurricane Sandy's impact was seen, in job terms, as a small loss in November followed by a big gain in December.

The above-average growth rates in 2012 and 2013 will slow as the recovery/expansion after the "Great Recession" progresses. (See **Table 1**.) Employment growth between 2013 and 2023 will average 0.9 percent or 36,600 jobs per year. The level of jobs will recover to the 2007 peak in mid-2017; by the end of the forecast period the employment base will be 234,000 jobs greater than the peak level of 4,092,200 achieved in January 2008.

The U.S. is much further along in its recovery than is New Jersey. By February 2013 it had already recouped 5.7 million, or two-thirds, of the 8.7 million jobs lost during the recession. It will begin its job expansion nearly three years earlier—in late 2014. By the end of the

forecast period the nation's employment base will exceed the peak reached in January 2008 by 9.4 percent. Given its slower recovery and expansion New Jersey's share of the national job base will decline from its current 2.91 percent to 2.86 percent in 2023.

As a result of the recession, New Jersey lost 4 percent of its gross output between 2008 and 2011. It is on track to regain that loss by 2014. By way of a comparison, real output in the U.S. declined 3.5 percent from 2007 to 2009, and surpassed its previous peak in 2011. Between 2013 and 2023, output in New Jersey will expand at an average rate of 2.2 percent a year, or half a percent slower than the average

**Table 1**  
**SUMMARY OF NEW JERSEY ECONOMIC FORECAST**

	2011	2012	2013	2013 to 2023
<i>Annual Percentage Change</i>				
Nonagricultural Employment	0.0%	1.3%	1.2%	0.9%
Real Gross State Product	-0.5%	0.9%	1.1%	2.2%
Personal Income	4.2%	3.0%	4.4%	4.2%
Population	0.3%	0.3%	0.4%	0.5%
Consumer Prices	2.7%	1.9%	1.6%	2.0%
<i>Percentage</i>				
Unemployment Rate(average)	9.4%	9.5%	9.0%	6.5%

Source: R/ECON™, April 2013.

rate expected nationwide. The differential is due to, among other things, the relatively higher costs of living and doing business in New Jersey and the state's lower rate of population growth.

The state's unemployment rate will fall from its current (February 2013) level of 9.3 percent to 6 percent at the end of the forecast period. By 2023 the unemployment rate will be just below the 6.1 percent state average unemployment rate over the period from 1970 through 2007.

New Jersey's consumer prices rose 2.7 percent in 2011 because of high inflation rates in agricultural and oil prices in the early part of the year. The rate of inflation fell to 1.9 percent in 2012, and it is expected to average 2 percent in the forecast period.

Personal income rose 4.2 percent in 2011 as the state began to come out of the recession, and based on data for the first three quarters of 2012, we expect that it rose 3 percent in 2012. It will rise at an average rate of 4.2 percent a year from 2012 to 2023, somewhat lower than the 4.4 percent growth expected for the U.S. On a per capita basis, income will grow at the same rate as in the country as a whole.

The state added 378,000 residents between 2000 and 2010, growing at an average annual rate of 0.44 percent. This was just over half as fast as population growth in the 1980s and was only half as fast as national population growth. Population growth will average 0.5 percent a year from 2010 to 2023, compared

to 0.8 percent a year for the U.S. The state will add 575,000 residents in that period. As a result, New Jersey's population will top 9 million in 2017 and come close to 9.4 million in 2023. Since New Jersey's population growth will continue to be slower than growth nationwide, the state's share of U.S. population will fall from the current 2.81 percent to 2.74 percent in 2023. The state's share of national employment and personal income will remain higher than its share of the national population, so that it will continue to be a high income state—that is, a good place for retailers but not so much for businesses looking for low wage employment opportunities.