Cape May County and Regional Economic Outlook

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Strong Job Growth Recorded in Cape May Last Year

- Ocean City metropolitan area economy added 2,900 jobs in 2019 (6.7% vs. 1.2% in 2018)
  - Largest annual gain ever recorded based on U.S. Bureau of Labor Statistics establishment (payroll) data that begin in 1990
  - 2018’s initially-reported rate of job growth was revised down significantly via BLS’s annual re-benchmarking process (3.2%)
- Third consecutive year of job growth
- Accommodations, restaurants/bars, and retail trade accounted for (just) 20% of last year’s job growth
- Data limitations preclude full identification of industries that drove non-L&H job growth. But, much of it occurred in:
  - Education and health services
  - Construction
  - Transportation
Cape May County Employment
1991 to 2019

Annual Change in Employment (left scale)
Total Employment (right scale)


2005-2011: -8.8%
2011-2019: +15.2%
Regional Employment Growth
2015 to 2019

New Jersey
Atlantic City-Hammonton (Atlantic County)
Ocean City (Cape May County)

% Change Year Ago

Regional Unemployment Rates Continued to Decline

2004 to 2019

Real Estate Central to Ocean City Economy’s Health

• 35% of metropolitan area’s economy tied to real estate, rental/leasing activity

• Summer Rental Season
  • Last summer’s hotel/motel sales tax collections up 8.1% (vs. 4.7% in 2018)

• Home buying
  • Single-family home prices in Cape May continued to advance in 2019
  • Fed interest rate cuts pushed 30-year mortgage rate below 4%
  • Cape May topped NAR list of vacation home counties where second home mortgages accounted for largest share of home purchase loans in 2018 (64%)
    - Median 2018 sales price $317,427 was 15th highest among all vacation home counties

• Cape May resident population declined 4.8% between 2010-2018
Single-Family Home Prices Rose for Fifth Consecutive Year in 2019

Single Family Home Price Growth: Ocean City, NJ Metropolitan Area
Freddie Mac Home Price Index
2000 to 2019

Source: Freddie Mac.
Homebuilding Permits Reached Highest Level Since 2007

Source: U.S. Census Bureau.
Regional Economy’s 2020 fortunes will be closely tied to national economy’s health.

Over half of Cape May’s economy tied to highly discretionary consumer spending.

Despite continued strong national job growth and a low national unemployment rate:

Summer 2020 11th anniversary of national expansion.

Disconnect between household and business spending.

Trade war dynamics, presidential election, sustainability of current high equity market valuations all significant wildcards.

Fed monetary policy critical to real estate.
2019 Minimum Wage Legislation

- Characteristics of workers that will benefit from MW increase to $15 by 2024
  - 1.1 million (25% NJ 2019 total workforce); 800K directly affected
  - 58% women
  - 90% age 20+
  - 55% full-time
  - 59% have high school degree or less
  - 49% in families with family income $50K or less
  - 26% married/single parents
  - 20% retail trade; 17% restaurants/bars; 14% health care

- Summer 2019 employment data puzzle
  - Total employment +6.4% vs. 2018
  - L&H employment -5.5% vs. 2018
    - Accommodations and food services (restaurant & bars) -4%
  - Retail trade +1.1%
  - Tipped wage workers saw $0.50 increase to $3.13 January 1, 2020. $1 increases in 2021 and 2022. January 2024 tipped wage = $9.87 less than minimum wage.
## 2019 Minimum Wage Legislation

### Average Employment (thousands) in Key Minimum Wage Industries: Cape May

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Retail Trade</th>
<th>Accommodation &amp; Food Services</th>
<th>Total</th>
<th>Retail Trade</th>
<th>Accommodation &amp; Food Services</th>
<th>Summer to Fall Employment Ratios</th>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Total</td>
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<tr>
<td>2018</td>
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<td>8.9</td>
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<tr>
<td>% Chg</td>
<td>6.4%</td>
<td>1.1%</td>
<td>-3.8%</td>
<td>6.7%</td>
<td>2.7%</td>
<td>12.1%</td>
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</table>
Job Growth in Selected Industries in U.S. Since 2015

- Total Employment
- Construction
- Manufacturing
- Retail Trade
- Leisure & Hospitality
- Accommodations & Food Services
- Restaurants & Bars

January 2015 = 100%


Averaging across all federal, state and local minimum wage laws, the effective minimum wage in the United States — the average minimum wage binding each hour of minimum wage work — was $11.80 an hour in 2019. Adjusted for inflation, this is arguably the highest minimum wage in American history. Given full-time employment (2,000 hours per year) this equals $23,600.
Be on the look out for the upcoming release of:

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If you’d like to be added to the Review’s release notification list, send an email to:

sjer@stockton.edu with the subject line “sjer”

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