



# Cape May County and Regional Economic Outlook

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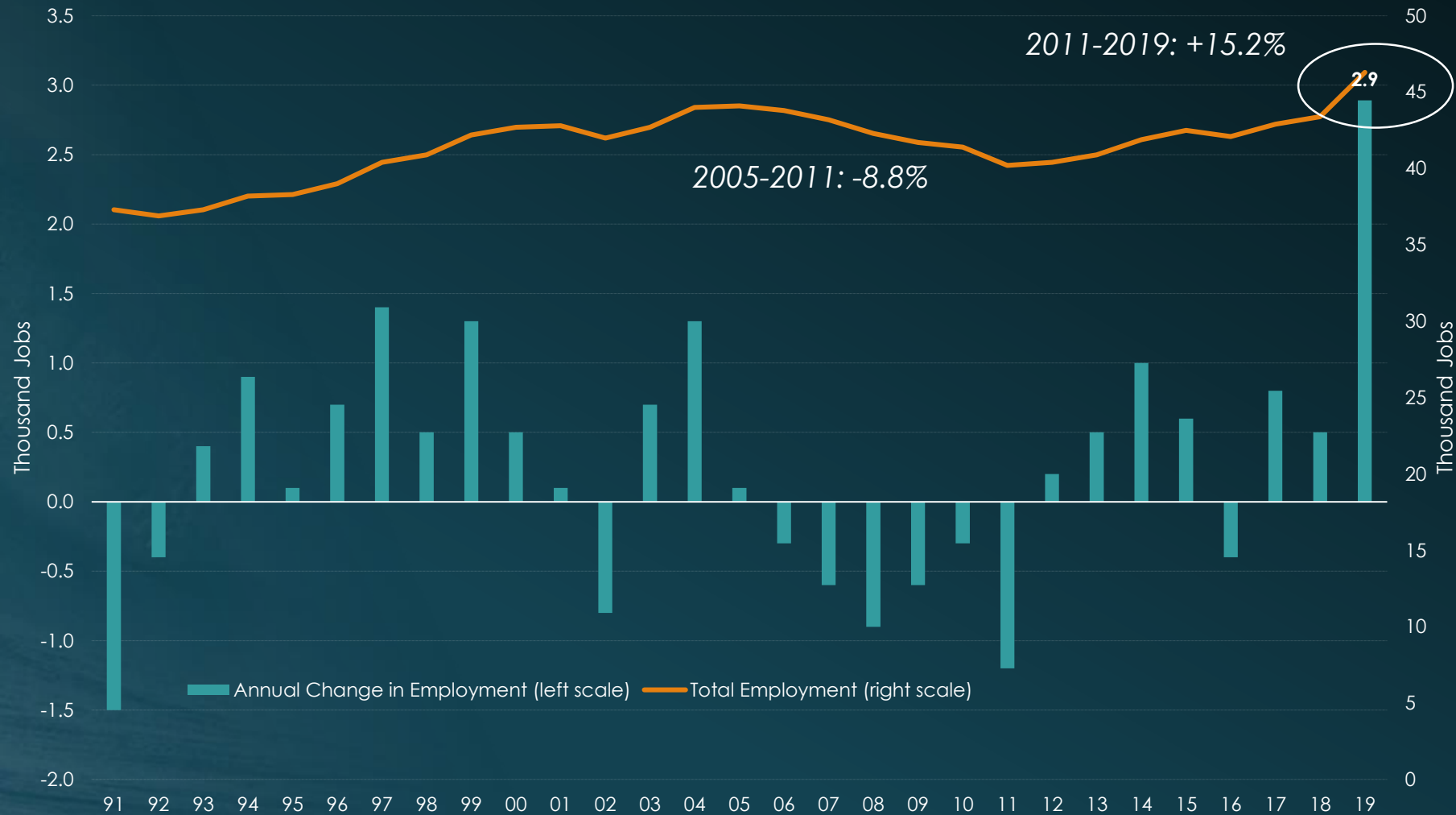
A background image of ocean waves with a dark teal overlay on the right side.

# 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

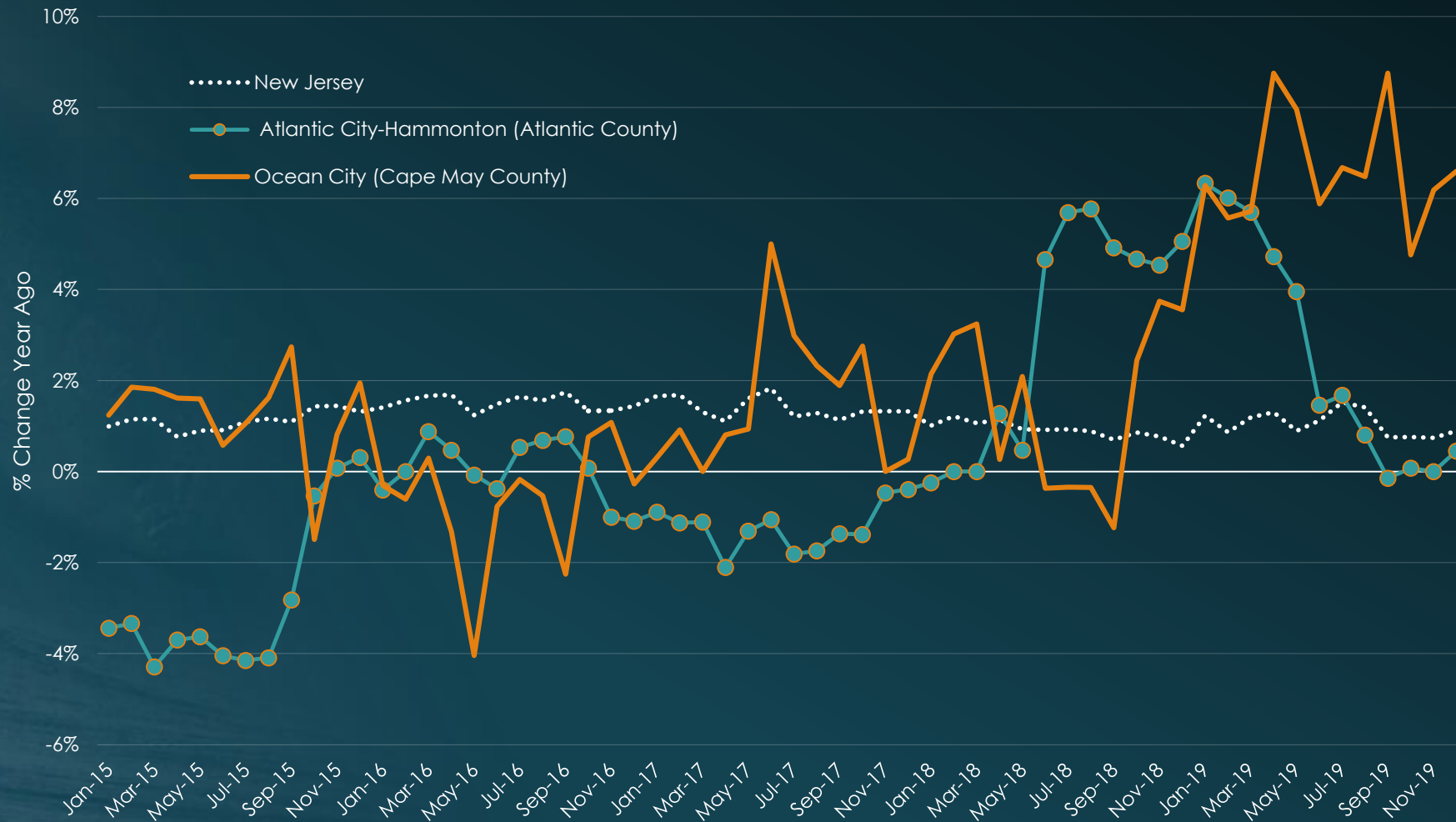
1991 to 2019



Source: U.S. Bureau of Labor Statistics.

# Regional Employment Growth

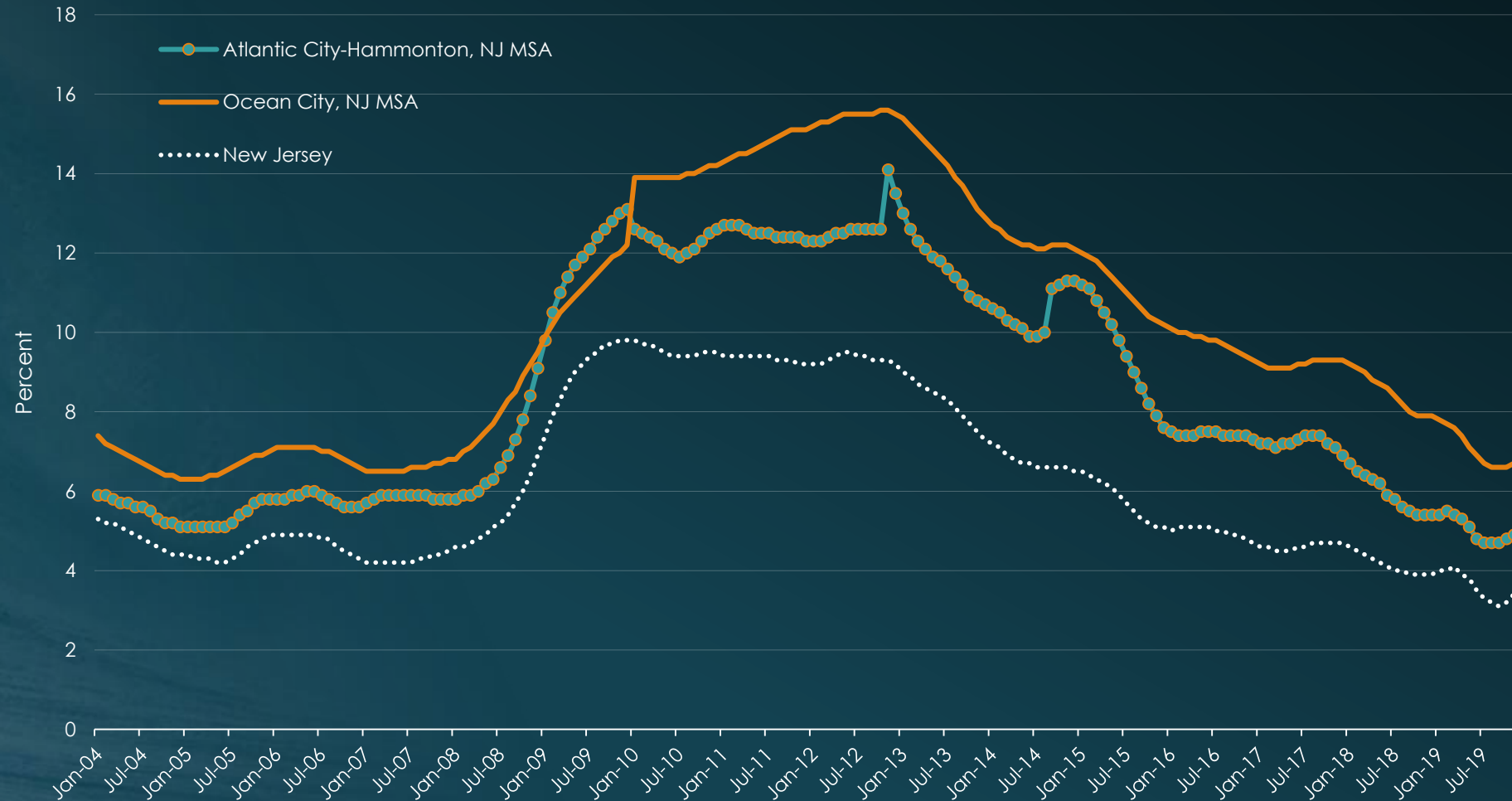
## 2015 to 2019



Source: U.S. Bureau of Labor Statistics.

# Regional Unemployment Rates Continued to Decline

2004 to 2019



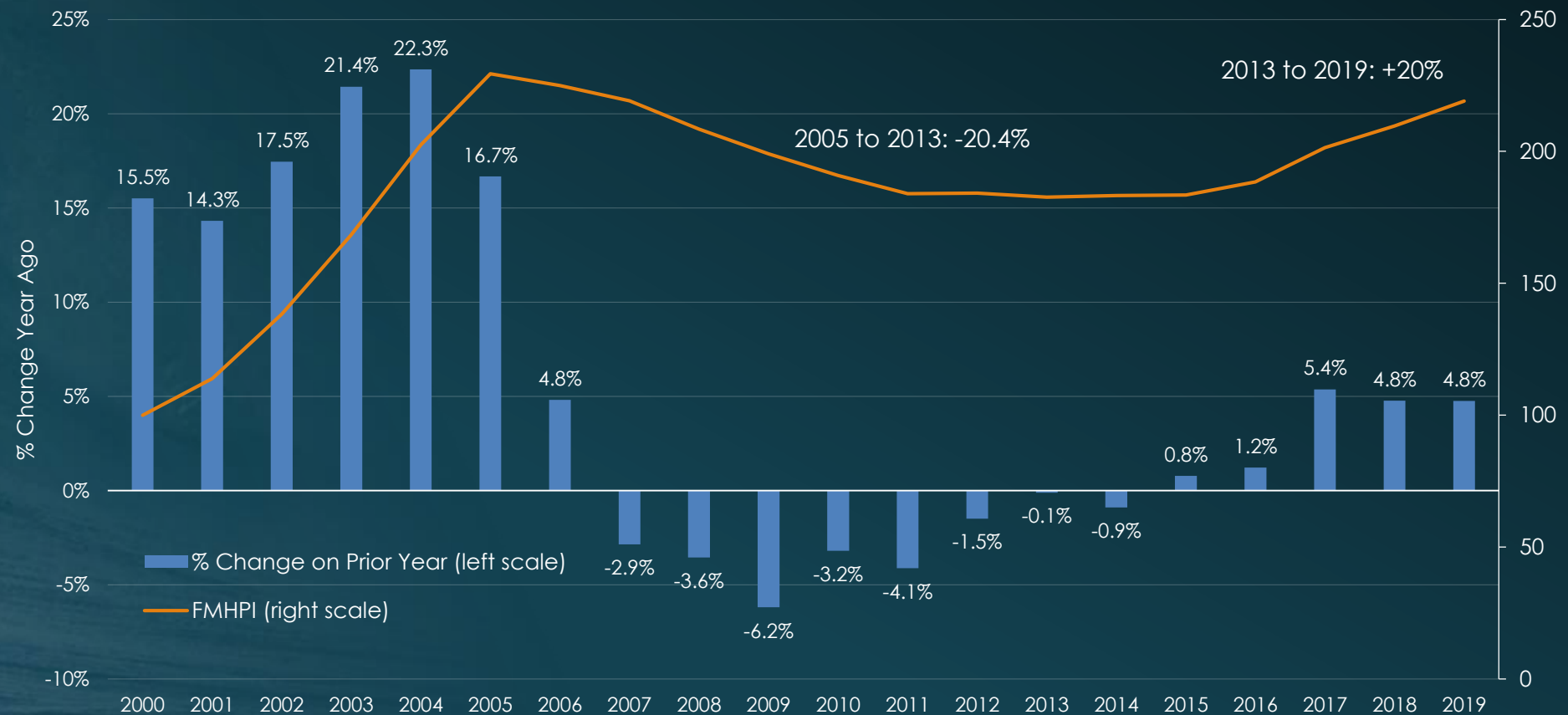
Source: U.S. Bureau of Labor Statistics.

# 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 15<sup>th</sup> highest among all vacation home counties
    - ❖ See: <https://www.nar.realtor/sites/default/files/documents/2019-us-vacation-home-counties-report-10-18-2019.pdf>
- **Cape May resident population declined 4.8% between 2010-2018**

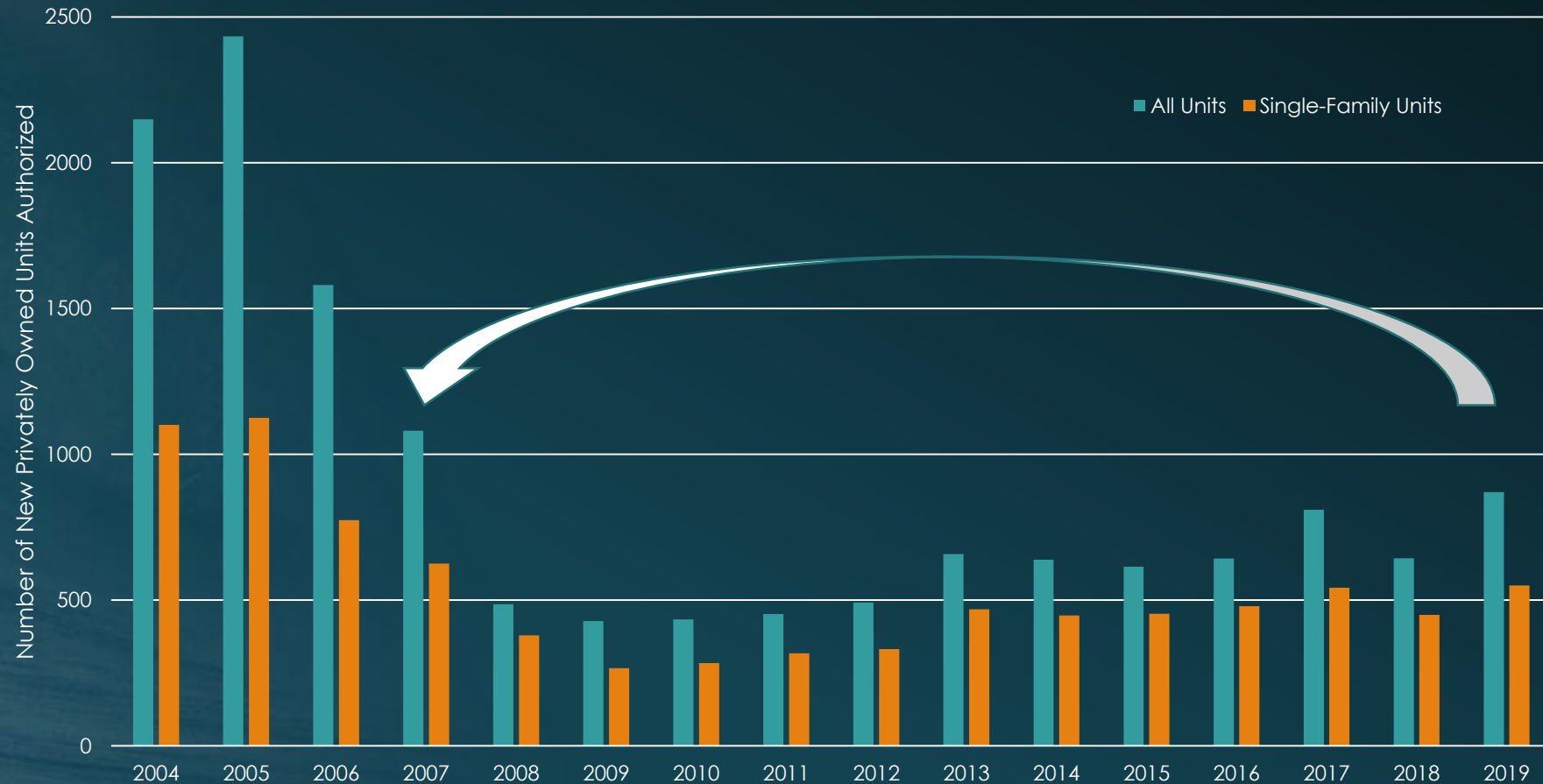
# Single-Family Home Prices Rose for Fifth Consecutive Year in 2019

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



Source: Freddie Mac.

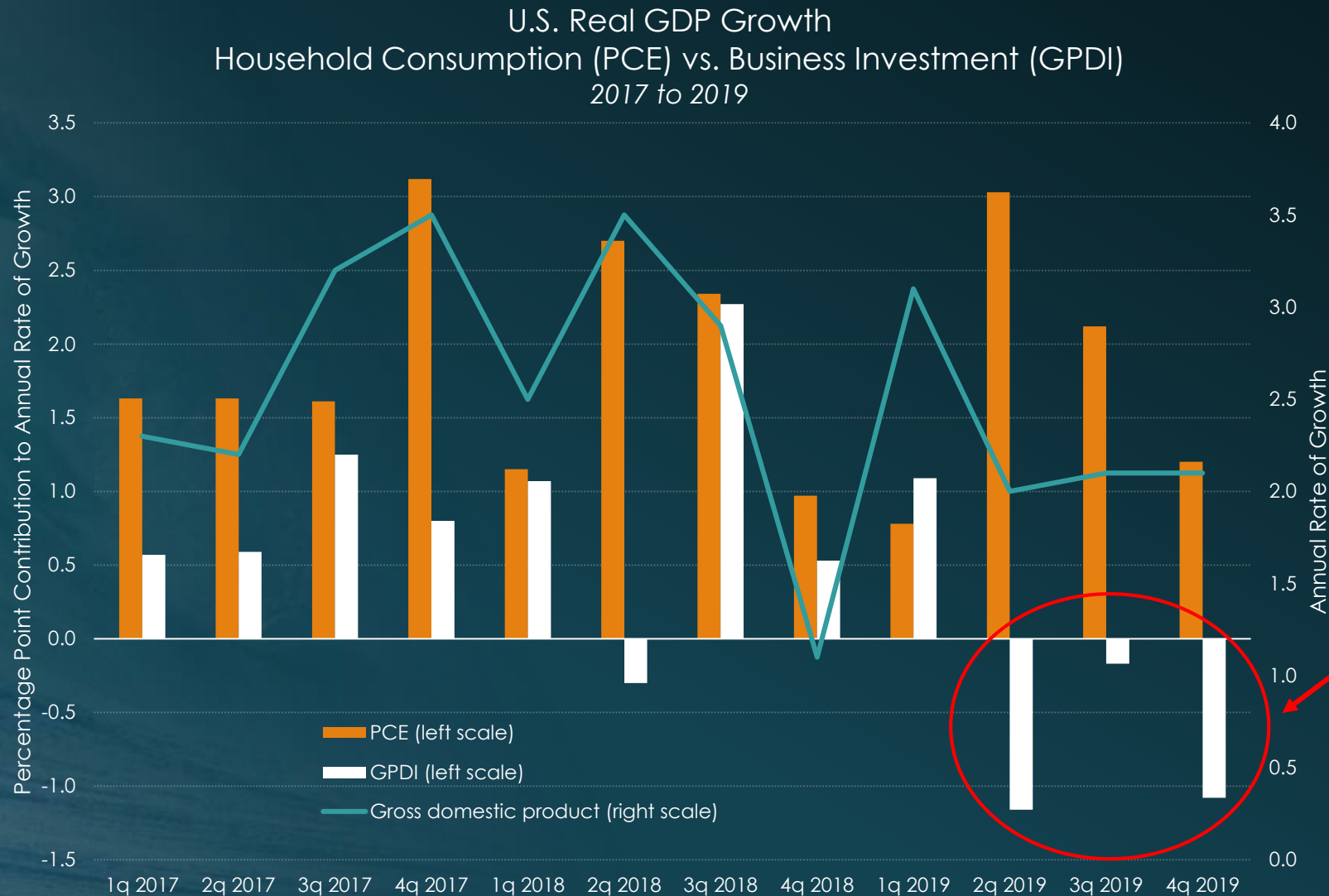
# Homebuilding Permits Reached Highest Level Since 2007



Source: U.S. Census Bureau.



# Regional Economic Outlook 2020



Source: U.S. Bureau of Economic Analysis.

- 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 11<sup>th</sup> 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

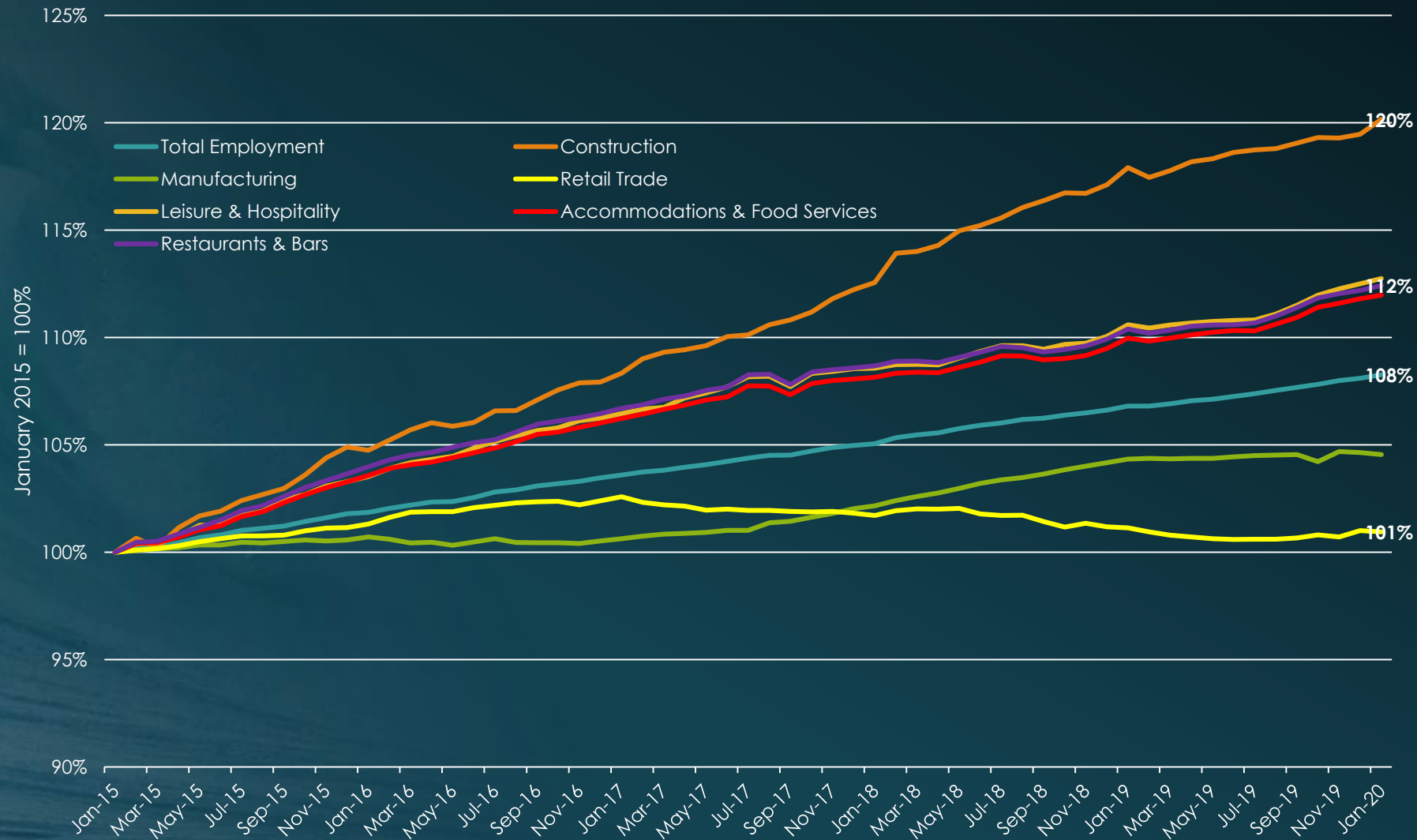
# 2019 Minimum Wage Legislation

- **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%**
  - **2019 minimum wage legislation provided carve out for seasonal workers and small businesses. No July 2019 increase. Minimum increased to \$10.30 January 1, 2020. \$15 by 2026.**
  - **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									
Year	Summer (June-August)			Fall (Sept-Dec)			Summer to Fall Employment Ratios		
	Total	Retail Trade	Accommodation & Food Services	Total	Retail Trade	Accommodation & Food Services	Total	Retail Trade	Accommodation & Food Services
2018	56.6	8.8	17.7	41.7	6.6	9.1	1.4	1.3	1.9
2019	60.2	8.9	17.0	44.5	6.7	10.2	1.4	1.3	1.7
Change	3.6	0.1	-0.7	2.8	0.2	1.1			
% Chg	<b>6.4%</b>	<b>1.1%</b>	<b>-3.8%</b>	<b>6.7%</b>	<b>2.7%</b>	<b>12.1%</b>			

# Job Growth in Selected Industries in U.S. Since 2015



Source: U.S. Bureau of Labor Statistics.

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.



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