

Stockton's Atlantic City campus not economic 'magic bullet,' report finds

DAVID DANZIS Staff Writer Feb 22, 2019



Stockton University's arrival — or rather its return — will have a long-term positive impact on the local economy, but officials caution against overly optimistic ideas that it will radically reshape the city's fortunes.

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ATLANTIC CITY — Stockton University's arrival — or rather its return — will have a long-term positive impact on the local economy, but officials caution against overly optimistic ideas that it will radically reshape the city's fortunes.

A new report from the William J. Hughes Center for Public Policy at Stockton included a study on the institution's long-range impact on its host city and determined the university will ultimately serve as a catalyst for economic growth. But, despite the rosy outlook, the study's author cautions against putting too much stock in the university's ability to alter Atlantic City's growth.

"Clearly, (the campus) will deliver a lot of long-term benefits, even if it's not transformative in some magic-bullet sense," said Oliver D. Cooke, assistant professor of economics at Stockton and editor of the South Jersey Economic Review. "But it will make very important contributions going forward."

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THE SOUTH JERSEY ECONOMIC REVIEW

About the SJER

Since its inception more than ten years ago, the South Jersey Economic Review has been committed to providing the region's stakeholders and policymakers timely, high-quality research that focuses on the Southern New Jersey regional economy. Over the course of its history, the Review has provided in-depth analyses of the regional economy's health care, construction, retail trade, and gaming industries. It has also explored key trends in the region's labor force, demographics, and wages. Economic diversification has also been a key focus of the SJER. The SJER is published bi-annually under the aegis of Stockton University's William J. Hughes Center for Public Policy.



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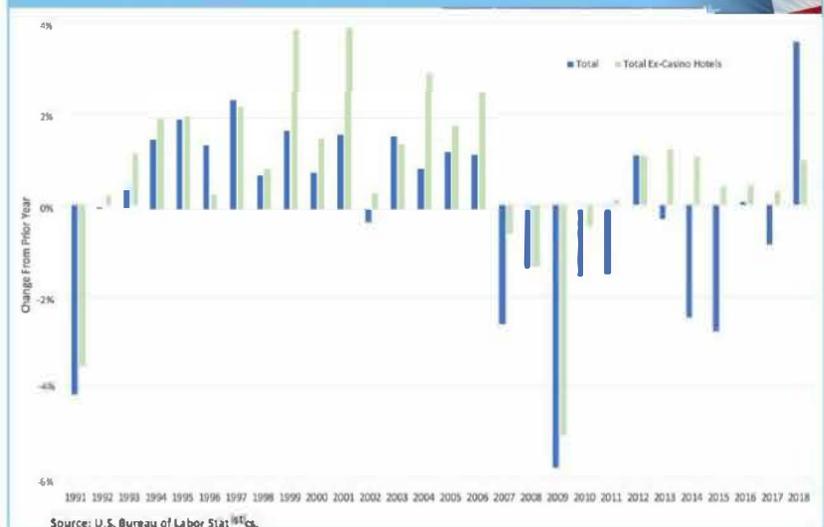
ATLANTIC CITY'S ECONOMY

Buoyed by the opening of two new casino hotels last summer—Hard Rock and Ocean Resort—Atlantic City's economy added 4,600 jobs in 2018, an increase of 3.6 percent. Last year's rate of job growth in Atlantic City was its best since the late 1980s, a period that saw robust job creation tied to that decade's second wave of casino building. Employment in the metropolitan area's casino hotels increased by 3,500 (+17.8 percent) last year.¹ The increase was the gaming sector's largest (in absolute terms) since 1990—the year the Taj Mahal opened its doors.

While non-gaming related job growth was more modest last year it was relatively broad-based. Total employment excluding the gaming sector increased by 1,100—a 1 percent increase. (Table 1) The acceleration in regional homebuilding (see discussion below), in tandem with other major construction

projects over the past year (especially the AC Devco Gateway Project that includes Stockton University's Atlantic City campus), led to an increase in construction employment in the metropolitan area last year, as construction payrolls expanded by nearly 700—a 12.7 percent increase. Education and health services employment rose by 800, a 3.8 percent increase. Professional and business services employment increased by 500 jobs, a 4.6 percent increase. Additional gains occurred in restaurants and bars (up 1.8 percent) and state government (up 2.6 percent). Even the metropolitan area's small manufacturing sector recorded job gains, as employment rose 5.4 percent (+116 jobs). The only industries that experienced job losses in 2018 were retail and wholesale trade, and federal and local government. Combined, these four industries' job losses totaled 233.

Figure 1: Annual Employment Growth in Atlantic City. Total and Total Excluding Casino Hotels 1991 to 2018

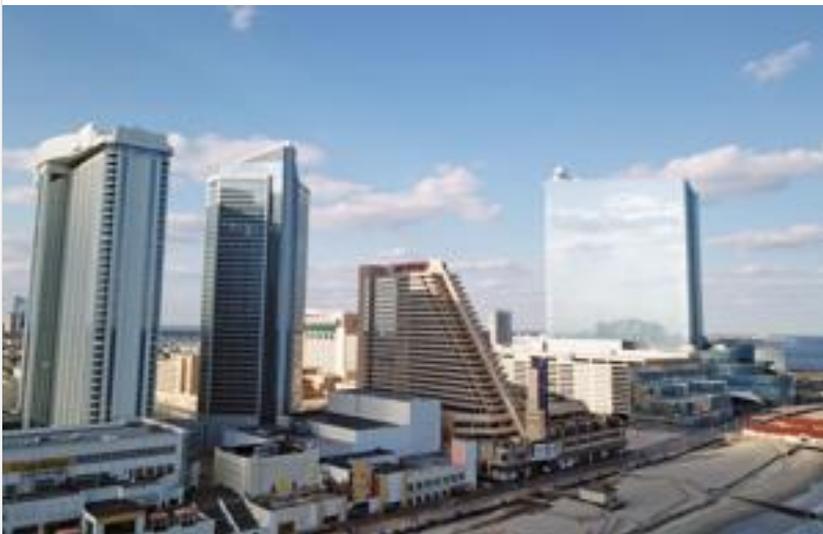


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Cooke studied three comparable higher-learning institution openings and their impact on the surrounding metropolitan economies. He examined those institutions' impact on areas such as procurement, diversification and commercial development, foot traffic, real estate and community development. Cooke theorized Stockton's presence could benefit Atlantic City in each of these areas.

But, educational attainment for the residents of Atlantic City and the surrounding area will have the largest, and most influential, impact in the long term, he said.

Having more college graduates leads to higher wages, a well-trained and prepared workforce and additional economic opportunities for the city.



Atlantic City looks to build on 2018 successes, execute in 2019

"It's hard to understate the importance of that," Cooke said.

Anchor institutions, which Stockton now is in Atlantic City, "serve as a magnet for existing employers" in the region, which provides additional opportunities for growth.

Sixth Ward Councilman Jesse Kurtz, who represents the neighborhood Stockton now calls home, said the university's impact can already be seen in the Lower Chelsea neighborhood.

He noted several new businesses, such as Chico and Sons pizzeria, Drip N Scoop and a family dental office — all three of which either expanded from existing locations or relocated — as evidence of Stockton's immediate economic impact.

"There are projects that have happened or are underway, and it's because of the Gateway Project," Kurtz said. "Those projects were enabled and inspired by the arrival of Stockton and South Jersey Gas."

Kurtz said there has also been an increase in real estate transfers and overall interest in long-vacant properties in the neighborhood.



A.C. gives final approval for university district near Stockton

Still, the councilman said the long-term benefits of Stockton will require "leadership and a focus" from stakeholders. He cited the flawed mentality of people who believed Revel Casino Hotel had the ability to automatically transform the South Inlet as a reason a more

concentrated effort is needed to capitalize on Stockton's arrival.

"We don't magically add another element to the local economy just because Stockton opens its doors," he said. "Stockton alone doesn't solve the economic development situation by itself. It's an ongoing process and requires consistent work and attention."

Brian Jackson, chief operating officer of Stockton, said part of that ongoing effort is the city's designation of a university overlay district around the campus.

The overlay allows for additional zoning uses in the district and lacks the ability for condemnation of personal property, something other neighborhoods in Atlantic City have seen as a result of defined districts.



Atlantic City considers University District zone near Stockton

"For us, it was important that we become part of the community instead of dropping in and walling ourselves off," said Jackson. "We recognize that we can play a critical role in how Atlantic City is transformed going forward."

Jackson said that although university and city officials have high hopes for Stockton's impact, "it's important to manage expectations."

"We've been very careful to do that, to not overpromise," he said.

Cooke's research of the three other colleges — University of California, Merced; Nevada State College, Henderson; and Georgia Gwinnett College, Lawrenceville — reinforces that idea.

"These three openings also make clear that such institutions will not quickly nor radically transform their local economies," he wrote, later concluding, "Despite the understandable interest in Stockton's role in the economic revitalization of Atlantic City and its economy in the near-term, those contributions (whatever they may be) will, in the long run, be dwarfed by the far more significant educational ones it delivers to those who walk through its doors."

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Summer was 'best in recent years' for Atlantic City