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About the SJER

The SJER is part of a broader and ongoing Stockton University 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@stockton.edu with the subject line "sjer".

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ATLANTIC CITY'S CURRENT ECONOMIC SITUATION

As expected, last year's wave of casino closures has taken a toll on Atlantic City's economy in recent months. As Figure 1 shows, last year's early rate of job loss (tied to the Atlantic Club's closure in January 2014) accelerated over the final quarter of 2014 in tandem with the closures of Showboat, Revel, and Trump Plaza in late August and September. At the same time, the pace of job contraction in the metropolitan area moderated during this year's first quarter. Whereas the metro area's job base was contracting at a 3% year-on-year rate late last year, this year's first quarter saw the rate of contraction slow to 1%. Total employment in the metropolitan area was contracting at a 1.1% rate year-on-year in March, while it was growing 0.9% statewide and 2.2% nationally. Though the local economy remains in a precarious situation, this winter's moderation in the rate of job loss is both noteworthy and intriguing. (See *Benchmarking* analysis on p. 4.)

While efforts to chart redevelopment plans for the local economy are well underway, it is clear Atlantic City's economy will continue to face significant challenges over the near-term horizon. Among others, these include weak job and income growth, a declining labor force and population, significant fiscal pressures, and continued uncertainty over the future of gaming—both within Atlantic City (the potential for additional casino closures still hangs over the local economy) and in the state (the so-called northern option that would allow for casino gaming outside Atlantic City). The fluidity of the redevelopment process—both in political and technical terms—represents another source of uncertainty. Yet, despite these challenges, it remains clear that some private sector agents still view the metropolitan area as a good long-term investment.

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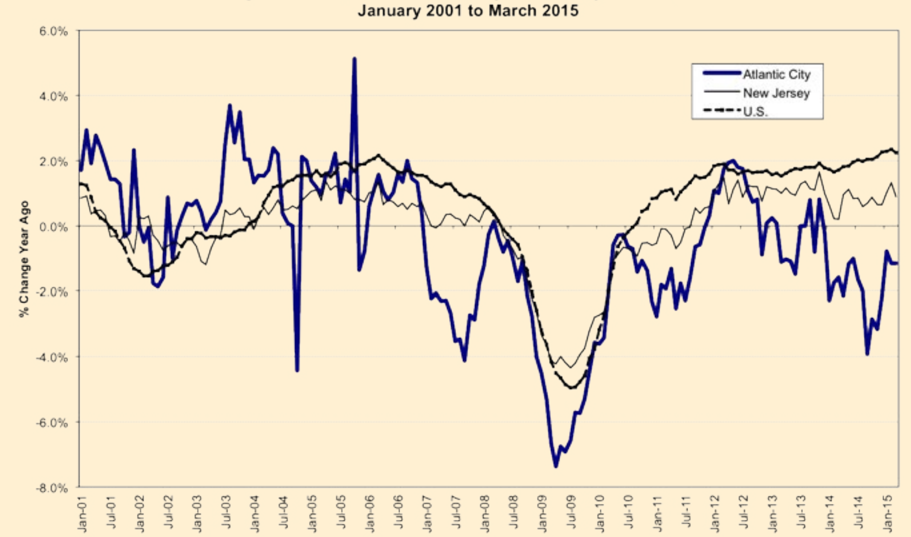

Figure 1: Job Growth: Atlantic City, New Jersey, and the U.S.
January 2001 to March 2015

Source: U.S. Bureau of Labor Statistics.

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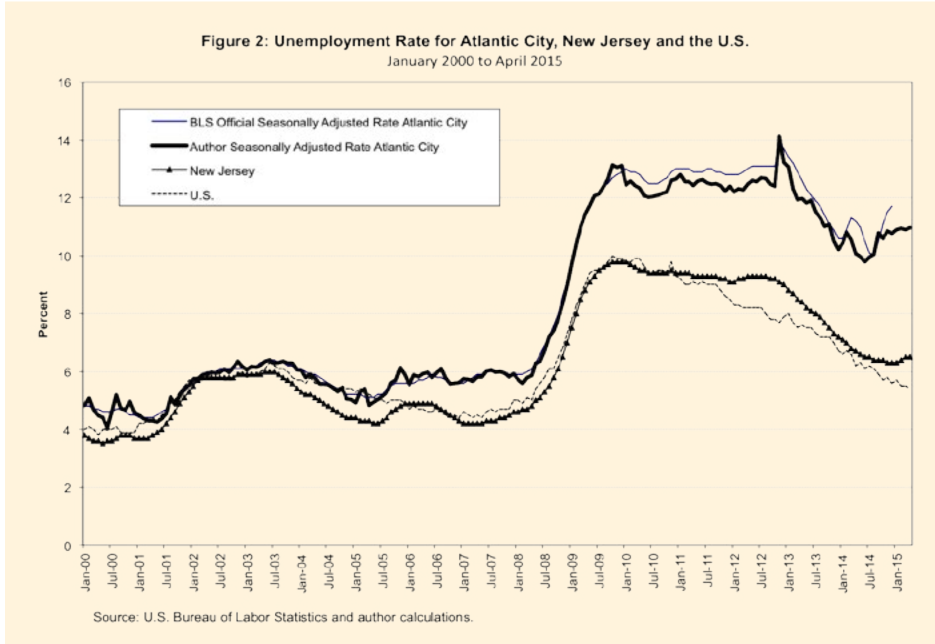
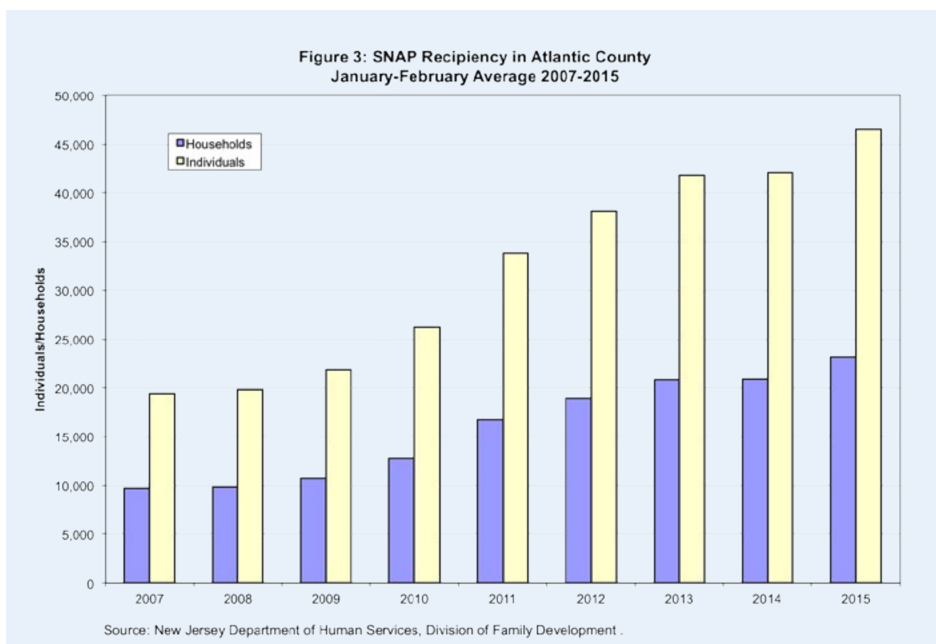
Reflecting last fall's casino closures, official U.S. Bureau of Labor Statistics estimates indicate that Atlantic City's seasonally adjusted unemployment rate rose sharply in last fall's final quarter. The metro area's unemployment rate rose from 10.5% in September to 11.7% in December.[1] (Figure 2) Unfortunately, official BLS seasonally adjusted unemployment rates for metro areas for the first several months of this year were still unavailable (due to an on-going revision process) at the time the *Review* went to press. My own estimates of Atlantic City's seasonally adjusted unemployment rate (which uses *available unadjusted* estimates through April of this year as an input) put the rate at 11% for the first quarter of this year. At the same time, as Figure 2 shows, while my estimation procedure produces seasonally adjusted figures that are (over the long-run) close to the BLS' official estimate, my estimates for the past few years have been consistently *lower* than official estimates. Thus, it seems likely that once the official estimates are released (some time this summer) they will show a seasonally adjusted unemployment rate in the metro area that lies somewhere north of 12%. As shown, Atlantic City's unemployment rate was far greater than the state's (6.4% in the first quarter) and the nation's (5.6%).



Given the loss of approximately 6,000 casino hotel jobs last fall, the rise in the metropolitan area's unemployment rate over the past several months has been rather modest. This reflects a significant decline in the metropolitan area's labor force however. Official BLS seasonally adjusted estimates (which, again, are only available through December 2014) indicate that the local area's labor force was down a whopping 5,500 (-4.2%) year-on-year in the final quarter of 2014. This decline reflects some combination of an increase in the local discouraged worker population and out-migration.[2] (See Population analysis p. 9)

SNAP RECIPIENCY

While the metropolitan area's unemployment rate has increased only modestly during the past few months (which, as noted, seems likely to reflect a growing pool of discouraged workers and/or out-migration—both of which serve to reduce the labor force), SNAP (food stamps) recipiency data compiled by the State's Division of Family Development (housed within the Department of Human Services) provide another means of gauging the extent of economic duress caused in the wake of last fall's casino closings. As Figure 3 shows, SNAP recipiency began to increase significantly in 2010 in the wake of the Great Recession and financial crisis. Between 2007 and 2012, the number of individuals and households receiving food stamps in Atlantic County nearly doubled. Food stamp recipiency continued to increase in 2013, but by early 2014 the rate of increase had slowed markedly, with the January-February 2014 average up only 0.6% year-on-year (its slowest rate of increase in seven years). In the wake of last fall's wave of casino closures, however, recipiency jumped again this past winter, as the January-February 2015 averages for individuals and households rose by 10% year-on-year. Statewide, recipiency over the same period was up 6% (households) and 5.6% (individuals).



EMPLOYMENT BY INDUSTRY

Through the first quarter of this year, total employment in the metropolitan area was down 1% (-1,300 jobs) year-on-year. (Table 1) This year-on-year job loss appears remarkably modest in light of last fall's wave of casino closures. As explained in more detail in the Benchmarking analysis discussion, the newly-benchmarked employment estimates that yielded this modest first-quarter job loss figure are especially intriguing. (See p. 4.)

Table 1: Atlantic City Establishment Employment by Industry

Industry	Employment (thousands) 1q 2011	1q 2012	1q 2013	1q 2014	1q 2015	1q 2011-1q 2012 Change	% Change	1q 2012-1q 2013 Change	% Change	1q 2013-1q 2014 Change	% Change	1q 2014-1q 2015 Change	% Change
Total	130.6	132.3	131.9	129.4	128.1	1.7	1.3%	-0.4	-0.3%	-2.5	-1.9%	-1.3	-1.0%
Private	107.2	109.0	108.4	105.9	104.6	1.8	1.7%	-0.7	-0.6%	-3.8	-3.5%	-1.3	-1.2%
Total ex-Leisure & Hospitality*	86.7	88.3	87.9	88.4	90.8	1.6	1.8%	-0.4	-0.5%	0.5	0.5%	2.4	2.7%
Leisure and Hospitality (L&H)	43.9	44.0	44.0	41.1	37.3	0.1	0.2%	0.0	0.1%	-6.7	-15.2%	-3.7	-9.1%
Accommodation and Food Services	42.6	42.7	42.8	39.7	35.3	0.1	0.2%	0.1	0.2%	-7.4	-17.4%	-4.4	-11.0%
Accommodation	32.5	32.0	31.5	27.9	22.7	-0.5	-1.5%	-0.5	-1.6%	-8.8	-28.0%	-5.2	-18.7%
Casino Hotels	31.0	30.5	30.0	26.4	20.8	-0.5	-1.7%	-0.5	-1.7%	-9.2	-30.6%	-5.6	-21.2%
Food Services and Drinking Places	10.1	10.7	11.2	11.8	12.6	0.6	5.6%	0.6	5.3%	1.4	12.5%	0.9	7.4%
Arts, Entertainment, and Recreation*	1.2	1.3	1.2	1.4	2.0	0.0	2.7%	0.0	-2.6%	0.1	10.8%	0.6	46.3%
Construction	4.1	5.1	4.3	4.1	5.1	1.0	25.2%	-0.8	-15.6%	0.8	17.7%	1.0	23.4%
Manufacturing	2.1	2.1	2.1	2.0	1.9	0.0	0.0%	-0.1	-3.1%	-0.1	-6.5%	0.0	-1.7%
Wholesale Trade	2.8	2.9	2.5	2.5	2.6	0.1	2.4%	-0.4	-12.8%	0.1	4.0%	0.1	5.4%
Retail Trade	14.8	14.9	15.1	15.2	15.6	0.1	0.4%	0.2	1.1%	0.5	3.5%	0.4	2.9%
Transportation and Utilities	2.6	2.9	2.8	2.9	3.1	0.3	10.3%	-0.1	-2.3%	0.3	10.7%	0.2	6.9%
Information	0.8	0.8	0.8	0.8	0.7	0.0	-4.0%	0.0	0.0%	-0.1	-12.5%	-0.1	-12.5%
Financial Activities	4.0	3.9	3.9	3.8	3.8	-0.1	-3.3%	0.0	0.0%	-0.1	-2.6%	0.0	0.9%
Professional and Business Services	9.4	8.9	8.9	9.1	9.4	-0.5	-5.0%	0.0	0.0%	0.5	5.6%	0.3	3.3%
Education and Health Services	18.2	18.7	18.4	18.7	19.0	0.5	2.6%	-0.3	-1.4%	0.6	3.3%	0.3	1.8%
Hospitals	6.3	6.5	6.1	6.0	6.0	0.2	2.6%	-0.4	-5.7%	-0.1	-1.6%	0.0	0.0%
Other Services	4.5	4.9	5.6	5.9	6.0	0.4	9.7%	0.7	14.3%	0.4	7.7%	0.2	2.8%
Government	23.4	23.2	23.5	23.5	23.5	-0.1	-0.6%	0.3	1.3%	0.0	-0.1%	0.0	-0.1%
Federal Government	2.8	2.7	2.7	2.6	2.6	-0.1	-2.4%	-0.1	-2.4%	-0.1	-2.5%	0.0	0.0%
State Government	4.4	4.1	4.6	4.4	4.6	-0.3	-6.9%	0.5	12.3%	0.0	0.0%	0.2	4.6%
Local Government	16.2	16.4	16.3	16.6	16.3	0.2	1.4%	-0.1	-0.8%	0.0	0.2%	-0.2	-1.4%

*Not an officially reported industry. Arts, Entertainment, and Recreation derived as the difference between total L&H employment and Accommodation & Food Services employment

Source: U.S. Bureau of Labor Statistics

As Table 1 reveals employment in the leisure and hospitality sector (L&H) declined by -3,700 in the first quarter. The loss of jobs in L&H was of course driven by declines in casino hotels whose employment was unsurprisingly down 5,600 in the first quarter. This decline was offset, however, by surprisingly strong first quarter employment gains in restaurants/bars (+900) and arts, entertainment, and recreation (+600). The arts, entertainment, and recreation industry comprises the other major component of the L&H sector, i.e., it captures employment *outside* accommodations and food services. Job gains were even recorded in the accommodations industry *excluding* casino hotels (+400).

Job losses in L&H were considerably offset, however, by gains in other industries that totaled 2,400 (+2.7%) in the first quarter. The largest job increase occurred in construction which saw employment increase +1,000 or 23.4% year-on-year. Other notable gains were recorded in retail trade (+400), professional & business services (+300), education & health services (+300), and other services (+200). The sizable increase in construction employment in the first quarter was linked to several planned spring and summer openings (e.g., the Bass Pro Shop and Borgata's Festival Park), major renovations at the Tropicana, and the on-going transformation of the Pier Shops into the Playground.

NEW RESIDENTIAL DEVELOPMENT...BUILD IT... ...WILL THEY COME?

While Atlantic City's redevelopment efforts in the years ahead seem likely to involve a dizzying array of projects, the longer-term success of many of those projects will hinge (to a greater or lesser extent) on the ability to attract new demographic cohorts to the metropolitan area—especially its urban core. Especially important in this vein are thought to be young, professional families whose arrival could help spur additional redevelopment initiatives. Given this, questions concerning housing and its role in Atlantic City's redevelopment have rightly become an important development issue.

The overall quality, attractiveness, convenience, and affordability of housing are undoubtedly important factors that influence metropolitan areas' long-term economic success. At the same time, the question of whether or not new residential development should be a central component of Atlantic City's redevelopment strategy in the years ahead seems less obvious. The role of new residential construction in local economic development is intimately connected to its long and important history in the United States. That history has served to create a vast home construction institutional infrastructure—one that stretches from the halls of Congress in Washington, D.C. to state-level houses and local economic development agencies across the country. From a political perspective, new residential construction is especially attractive. It not only serves as an instant job creator (in the form of construction jobs), but, perhaps more importantly, it is tangible and highly visible. Indeed, new residential construction is often taken as a sign that redevelopment is moving in the right direction.

Here, I want to argue that the rush to construct new residential housing (especially via various public subsidies and/or incentives) in Atlantic City may prove misguided. In short, attempts to use residential construction as a key component of redevelopment efforts may put the proverbial cart before the horse. The key to attracting new demographic cohorts to Atlantic City won't be shiny new homes and condos—as nice as they might be. Rather, the population gains the metropolitan area needs will be closely tied to redevelopment efforts that incubate new businesses and/or

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support existing firms' expansions. The job creation that will flow from such efforts will eventually serve to increase the demand for either new (or refurbished) housing—demand that private sector developers will (one day) eagerly rush to meet.

The basic economic logic underlying efforts to construct new housing and condos seems especially puzzling in light of the pressure that foreclosure activity continues to exert on the local housing market. Foreclosure data from *RealyTrac* indicate that 1 in every 293 residential properties in Atlantic County was in some stage (pre-foreclosure, auction, or bank-owned) of active foreclosure in April. This compares to 1 in every 594 properties statewide, and 1 in every 1,049 nationally. In April, the number of properties that received a foreclosure filing in Atlantic County was up 43% year-on-year. (In December, the same figure had ballooned to 221%, when 1 in every 176 residential properties was in some stage of active foreclosure.) Home sales for March 2015 were down 71% compared with a year ago. The median sales price of a non-distressed home was $162,450. The median sales price of a foreclosure home was $116,500, or 28% lower than non-distressed home sales.

Similar *RealtyTrac* data for the City of Atlantic City are even starker. In April, 1 in every 288 residential properties in the city was in some stage of active foreclosure. In April, the number of properties that received a foreclosure filing in Atlantic City was 128% higher than the same time last year. Home sales for March 2015 were down 81% compared with a year ago. The median sales price of a non-distressed home was $55,500. The median sales price of a foreclosure home was $87,500, or 58% higher than non-distressed home sales.

While there are wide variations in foreclosure rates by municipality across the county, the fact remains that the significant inventory of foreclosures across the region will continue to exert downward pressure on local housing prices over the near-term. New home and condo construction will add to these pressures. While falling home prices may well serve as an incentive to buy for some home shoppers and/or (what seems equally as likely) speculators, they might rationally lead other buyers to delay or forego home purchases.

Two additional home price data sets largely confirm the *RealyTrac* data. Freddie Mac's home price index for Atlantic City shows that single-family home prices have declined 27% (through March) since December 2007—the official onset of the Great Recession. National Association of Realtor median single-family home price data also testify to the local housing market's depressed state. The median home price of a single family home averaged $207,600 last year according to NAR data, compared to $220,400 in 2012 (-5.8%).

Finally, it is worth underscoring that to the extent private sector home- and condo-developers are willing to invest in the local economy *without* public subsidies, they clearly should be allowed to do so. The absence of public subsidies will allow such investors to weigh (and fully internalize) all market costs against estimated returns. Public subsidies by definition will undermine their ability to do this. Given the enormous near-term challenges the local economy faces, the expected return on subsidizing residential housing construction is surely less than those that could flow from many other types of publicly-subsidized investments, e.g., new firm recruitment or support for existing local business payroll expansion.

WHAT IS ANNUAL BENCHMARKING?

Every year state departments of labor across the country in partnership with the U.S. Bureau of Labor Statistics make benchmark revisions to establishment employment data for states and metro areas. These new estimates (which largely affect the prior 21 months of estimates) are released in early March along with the new year's January employment data. The establishment employment estimates (also known as nonfarm or payroll employment) released each month are developed from small samples of state employers. The annual benchmarking process allows departments of labor to revise previous estimates to a benchmark or universe count of employment derived from unemployment insurance records of state employers. The data collected through unemployment insurance records represent a nearly complete count of employment including, farms, forestry, and fisheries. More than 96% of total wage and salary civilian jobs are counted by the unemployment insurance program because employers are required by law to provide the state a quarterly count of the number of employees covered under unemployment insurance.

Newly benchmarked employment estimates should provide a more accurate picture of recent job trends in states and metro areas, as they redress limitations inherent in survey sample based estimation techniques. Among other issues, the samples used to derive monthly establishment employment estimates tend to over-represent large firm employment, and thus sampling errors can be large in industries dominated by small firms. An example: a sample of 60 firms used to estimate employment in a small area may include 10 large establishments and 50 small ones. Small establishments dominate the sample by a 5 to 1 margin. However, if employment in the 10 large establishments is 8,000 and employment in the small firms is 500 then the large establishments' employment dominates the sample by a ratio of 16 to 1. This problem may be exacerbated near business cycle turning points because the survey does not fully capture small firms that are going out of business during a downturn or the rapid business creation (and, job creation) during a recovery. Furthermore, as metro area size decreases so too does the sample size, resulting in larger relative standard errors. This tends to result in larger annual benchmark revisions (both in percentage and absolute terms) for smaller metro areas.

ANNUAL BENCHMARKING PROCESS YIELDS INTRIGUING RESULTS FOR ATLANTIC CITY

Annualized Estimates

The newly revised (benchmarked) employment estimates for Atlantic City (see box above) were especially interesting. In particular, the revisions show that total establishment employment in Atlantic City declined *less* last year than originally estimated. The new estimates show that total payroll employment in the metropolitan area declined by just 2,900 in 2014 (-2.1%) compared to its 2013 level. (Column G, Table 2) The original estimate had indicated that total employment declined by 5,300 (-3.9%) in 2014. (Column C, Table 2)

The newly revised employment estimates are especially intriguing in light of the four casino closures that occurred in 2014. Reports filed with the state's Division of Gaming Enforcement by the four now-shuttered casinos—Atlantic Club, Showboat, Revel, and Trump Plaza—indicate that their

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Table 2: Employment by Industry for Atlantic City: Original vs. New Benchmark Employment Estimates
Employment in thousands

COLUMN ID	A	B	C	D	E	F	G	H	I	J	K	L	M
	Original Estimates				New Bench Mark Estimates					4q 2013 to 4q 2014 Original Estimates		4q 2013 to 4q 2014 New Benchmark Est.	
Industry	2013	2014	Change	% Change	2013	2014	Change	% Change	2014 Revision (F-B) Change	Change	% Change	Change	% Change
Total	135.4	130.1	-5.3	-3.9%	136.5	133.5	-2.9	-2.1%	3.4	-8.8	-6.5%	-3.7	-2.7%
Private	112.6	107.8	-4.8	-4.2%	113.3	110.5	-2.8	-2.5%	2.7	-8.3	-7.4%	-3.4	-3.0%
Total ex-Leisure & Hospitality*	88.7	88.7	0.0	0.0%	89.8	90.7	0.8	0.9%	2.0	-0.3	-0.3%	1.4	1.5%
Leisure and Hospitality (L&H)	46.7	41.4	-5.3	-11.3%	46.6	42.9	-3.8	-8.1%	1.4	-8.5	-19.0%	-5.1	-11.4%
Accommodation and Food Services	45.2	39.6	-5.6	-12.4%	44.8	40.8	-4.1	-9.1%	1.2	-10.2	-23.1%	-5.9	-13.7%
Accommodation	32.0	26.3	-5.7	-17.9%	31.9	27.5	-4.4	-13.7%	1.2	-10.0	-32.4%	-6.5	-21.3%
Casino Hotels	30.4	25.0	-5.3	-17.6%	30.2	25.6	-4.6	-15.3%	0.6	-9.9	-33.8%	-6.9	-24.2%
Food Services and Drinking Places	13.2	13.3	0.1	0.9%	12.9	13.2	0.3	2.4%	-0.1	-0.2	-1.8%	0.6	4.8%
Arts, Entertainment, and Recreation*	1.5	1.8	0.3	21.1%	1.8	2.1	0.3	17.9%	0.3	1.7	227.3%	0.8	44.4%
Construction	4.7	4.4	-0.3	-6.2%	4.7	4.8	0.1	1.9%	0.4	0.1	1.5%	0.7	14.5%
Manufacturing	2.1	2.0	-0.1	-4.7%	2.1	2.1	-0.1	-2.8%	0.0	-0.1	-4.8%	0.0	0.0%
Wholesale Trade	2.6	2.6	0.0	0.0%	2.5	2.6	0.0	1.6%	0.0	0.0	0.0%	0.0	1.3%
Retail Trade	15.9	16.2	0.4	2.3%	15.8	16.0	0.2	1.2%	-0.2	-0.1	-0.4%	0.1	0.8%
Transportation and Utilities	2.9	3.0	0.1	4.7%	2.9	3.0	0.1	3.4%	0.0	0.1	2.2%	0.1	4.4%
Information	0.8	0.8	0.0	-4.2%	0.8	0.8	0.0	-4.2%	0.0	-0.1	-12.5%	-0.1	-12.5%
Financial Activities	4.0	3.9	-0.1	-1.3%	4.0	3.9	-0.1	-2.7%	0.0	-0.1	-2.5%	-0.1	-2.5%
Professional and Business Services	9.3	9.6	0.3	3.4%	9.3	9.6	0.3	3.6%	0.0	0.2	2.1%	0.4	4.7%
Education and Health Services	18.6	18.8	0.1	0.8%	18.6	18.9	0.3	1.6%	0.1	0.2	1.2%	0.4	2.1%
Hospitals	6.2	6.1	-0.1	-0.9%	6.2	6.0	-0.2	-2.7%	-0.1	0.0	-0.5%	-0.2	-2.7%
Other Services	5.1	5.2	0.0	0.7%	6.0	6.1	0.1	2.1%	0.9	0.0	0.0%	0.1	1.1%
Government	22.8	22.3	-0.5	-2.2%	23.2	23.1	-0.1	-0.5%	0.8	-0.5	-2.2%	-0.3	-1.3%
Federal Government	2.6	2.6	0.0	-1.3%	2.6	2.6	0.0	-1.0%	0.0	0.0	0.0%	0.0	0.0%
State Government	4.2	4.1	-0.1	-2.2%	4.2	4.2	-0.1	-2.0%	0.0	-0.1	-1.5%	0.0	0.0%
Local Government	15.9	15.6	-0.4	-2.3%	16.3	16.3	0.0	-0.1%	0.7	-0.4	-2.7%	-0.3	-1.8%

*Not an officially reported industry. Arts, Entertainment, and Recreation derived as the difference between total L&H employment and Accommodation & Food Services employment.

Source: U.S. Bureau of Labor Statistics

combined employment totaled 7,660 in the fourth quarter of 2013. (Atlantic Club, the first casino to close last year, ended operations on January 13, 2014. The other three casinos ceased operations by mid-September.)[3]

As Table 2 shows, the newly-benchmarked estimates pushed last year's total employment count in the metro area *up* by 3,400 jobs. (Column I) Employment in the leisure and hospitality sector (which includes the hotel casinos) was increased by 1,400 via the revision process. The remaining 2,000 jobs (of the total revised job increase) occurred outside leisure and hospitality. In particular, other services, government, and construction saw their job counts revised upward by, 900, 800, and 400 jobs, respectively.

Rather remarkably, the new annualized estimates for 2013 and 2014 yielded by the revision process indicate that—despite last year's four casino closures—the metro area lost *fewer* jobs in 2014 than it did in 2007 (-4,000 in 2007 vs. -2,900 last year). The closure of Sands and layoffs at Tropicana in the late fall of 2006 reduced casino hotels employment by -3,300 in 2007 compared to the 2006 figure. The new estimates show that casino hotels employment declined by -4,600 in 2014 compared to its 2013 level. (Column G) The surprising difference *in total* metro area job loss (2007 vs. 2014) is accounted for by two things. First, in 2007, employment in the L&H sector *excluding* casino hotels declined by -400 jobs. Last year, the new estimates suggest that employment in the L&H sector *excluding* casino hotels *increased* by +900 jobs. Second, in 2007, employment outside the L&H sector declined by -300 jobs. The new estimates suggest that employment outside the L&H sector *increased* by +800 jobs last year.

Fourth Quarter Estimates

Table 2's columns J-M show fourth-quarter 2013 to fourth-quarter 2014 employment changes by industry based on the two sets of employment estimates, i.e., the original pre-benchmark and newly-released benchmark ones. As shown, whereas total employment in the metropolitan area was originally estimated to have declined by 8,800 jobs (-6.5%) between these two quarters (columns J and K), the new benchmark estimates reduced this decline to just 3,700 (-2.7%, columns L and M). Examination of this 5,100 net positive job gain for the fourth quarter (produced via the revision process) proves especially interesting.

More specifically, the new benchmarked employment estimates show that employment in the casino hotels declined by 6,900 jobs between the fourth quarter of 2013 and 2014—broadly in line with the aforementioned DGE-reported fourth-quarter 2013 estimate of total employment at the four casinos that closed last year. This decline in casino hotels employment was far less than the originally-reported estimate of 9,900 (which seemed high relative to DGE-reported employment).[4]

The remaining portion of the 5,100 net positive job gain yielded via the revision process (approximately 2,100 jobs) was largely accounted for by significant upward

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revisions to restaurants/bars employment (+800 upward revision) and construction (+600 upward revision). Additional upward revisions were also recorded by retail trade (+200), professional and business services (+200), education and health services (+200), and government (+200). All told, employment *outside* the metro area's key leisure and hospitality sector saw its employment revised upward by 1,700 jobs for last year's final quarter. (An initially estimated -300 job decline was revised upward to a gain of +1,400).

Perhaps the most intriguing of all results yielded by the new benchmarked estimates is that employment in the metro area's all-important leisure and hospitality sector excluding the casino hotels recorded an eye-popping +1,900 job increase in the final quarter of last year (year-on-year). (Table 3) This figure was revised upward from an already surprisingly strong initial estimate of +1,400. This revision was largely driven by two things. First, the 4q 2013 estimate for restaurants/bars employment was revised down by 800 jobs, while the 4q 2014 estimate remained unchanged. The net result was to turn a previously-estimated year-on-year decline of 200 jobs in restaurants/bars employment into a gain of +600. Second, the revisions imply that accommodations employment *excluding casino hotels* increased by 500 jobs as opposed to an originally-estimated job loss of 100. Finally, the revised figures also suggest that employment in leisure and hospitality *excluding accommodations and restaurants/bars* (a sector referred to as arts, entertainment, and recreation) increased by +800 jobs year-on-year in the final quarter of last year, compared to an original estimate of +1,700—hence, this was a *downward* revision.

The new estimates also suggest that total employment outside the metro area's leisure and hospitality sector experienced a rather sizable year-on-year job gain (+1,400) in last year's final quarter, i.e., during the months immediately following three casino closures. (Column L, Table 2) Half of this gain was tied to construction (up +700 year-on-year in last year's final quarter). As previously noted, most of this increase in construction employment was linked to the pushes ahead of several planned spring and summer openings (e.g., the Bass Pro Shop and Borgata's Festival Park), as well as Tropicana's renovation, and the on-going transformation of the Pier Shops into the Playground. The other half of the 4q 2013 to 4q 2014 (+1,400) job gain produced by the revised estimates were accounted for by +400 job gains in both professional and business services and education and health services.

Assuming no substantial revisions occur over the coming months, the newly revised (benchmarked) employment estimates represent "good" news for the otherwise still-beleaguered Atlantic City metropolitan area economy. In particular, they suggest that last year's wave of casino closings had a surprisingly modest spillover effect (at least as measured on a 4q 2013 to 4q 2014 year-on-year basis) on the rest of the local economy. Again, the major wave of casino closings occurred in the early fall of 2014, and thus their immediate knock-on effects should have begun to be reflected in last year's final quarter monthly payroll surveys. Yet, the revisions suggest that employment outside the leisure and hospitality (L&H) sector grew (+1,400) in last year's final quarter. And, even more remarkably perhaps, they suggest that employment *within* the L&H sector excluding the *casino hotels* also expanded (by approximately +1,900).

What should be made of the recent benchmark revisions?

First, it should be noted that the recent revision process did *not* reflect final fourth-quarter 2014 data from the aforementioned unemployment insurance program. Data from that program represent a key input into the annual benchmarking process. Final fourth quarter 2014 data from the program will be released later this summer and will be incorporated into next spring's revisions. Second, the revised 4q 2013 to 4q 2014 estimate of job losses in the casino hotels industry (-6,900) seems broadly in line with

Table 3: Comparing AC's Leisure and Hospitality Sector Pre- vs. Post-Benchmarking

	Annual 2013 to 2014				4q 2013 to 4q 2014			
	Original Estimate		New Estimate		Original Estimate		New Estimate	
Industry	Change	% Change	Change	% Change	Change	% Change	Change	% Change
Total	-5.3	-3.9%	-2.9	-2.1%	-8.8	-6.5%	-3.7	-2.7%
Total ex-Leisure & Hospitality*	0.0	0.0%	0.8	0.9%	-0.3	-0.3%	1.4	1.5%
Leisure and Hospitality (L&H)	-5.3	-11.3%	-3.8	-8.1%	-8.5	-19.0%	-5.1	-11.4%
Accommodation and Food Services	-5.6	-12.4%	-4.1	-9.1%	-10.2	-23.1%	-5.9	-13.7%
Accommodation	-5.7	-17.9%	-4.4	-13.7%	-10.0	-32.4%	-6.5	-21.3%
Casino Hotels	-5.3	-17.6%	-4.6	-15.3%	-9.9	-33.8%	-6.9	-24.2%
Food Services and Drinking Places	0.1	0.9%	0.3	2.4%	-0.2	-1.8%	0.6	4.8%
Arts, Entertainment, and Recreation*	0.3	21.1%	0.3	17.9%	1.7	227%**	0.8	44.4%
Leisure and Hospitality ex-casino hotels	0.1	0.3%	0.9	5.3%	1.4	8.8%	1.9	11.7%
Accommodation ex-casinos hotels	-0.4	-23.2%	0.2	14.0%	-0.1	-4.5%	0.5	28.0%

* Not an officially reported industry. Arts, Entertainment, and Recreation derived as the difference between total L&H employment and Accommodation & Food Services employment.
** This high % increase resulted from an original 2013 employment estimate of just 700 in this industry. This was revised upward to 1,800 via the benchmarking process.

Source: U.S. Bureau of Labor Statistics

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the DGE-reported (fourth-quarter 2013) employment for the four casinos that closed during 2014, as well as employment loss estimates cited in the local press during the past winter.[5]

My own take on the revisions is that because the revision process excluded key fourth-quarter data from the unemployment insurance program, future revisions will likely occur. And, for reasons explained above—namely, those concerning the under-representation of small firms in the monthly payroll survey, and the implications of this during key cyclical turning points and/or other major dislocation events—I expect future revisions will be in the downward direction—especially those for the fourth-quarter of 2014 (and perhaps for the first quarter of 2015 as well). How large those revisions will be of course is unknowable.

On the assumption that the newly estimated job loss in the casino hotels (-6,900 between 4q 2013 and 4q 2014) is broadly accurate (which seems a reasonable assumption), the critical question becomes whether or not the newly estimated job gains *within* the L&H sector *excluding the casino hotels (+1,900* year-on-year in the final quarter of last year) *and outside* the L&H sector (+1,400) are accurate. Half of the latter gains were tied to construction—as previously mentioned—and, thus, they too seem reasonable in light of the aforementioned construction projects. Of course, once these construction projects are completed these jobs (which seem to have buoyed employment well in the months following last fall's casino closures) will ostensibly vanish absent additional new projects in the pipeline. More open to question are the 4q 2013 and 4q 2014 job gains in professional & business services, and education & health services. Finally, newly-estimated job gains in restaurants/bars and arts, entertainment, and recreation (which significantly reduced the total job loss in the L&H sector) also seem surprisingly robust.

Thus, I believe it is likely far too early to assume that the broader effects of last year's wave of casino closures on the local economy have entirely run their course. Equally (if not more importantly), the possibility of additional casino closures still hangs over the local economy. And, the fact remains that the local economy remains under serious duress—a reality that is reflected in its declining labor force and population (see next section), and rising food stamp recipiency. All of that said, should the revised estimates hold up, they suggest that the local economy's performance in the face of massive employment losses in its long-time economic engine has been rather remarkable over the past few months. Stay tuned.

AC'S POPULATION DECLINE AND IMMIGRATION'S POTENTIAL ROLE IN AC REDEVELOPMENT

While myriad factors will determine the success of Atlantic City's redevelopment over the coming years, the ability to attract new families and residents—especially into Atlantic City's urban core—will likely prove pivotal. While immigration policy is a politically divisive issue, there is a growing body of literature that suggests that immigrants can play an important positive role in urban redevelopment. Taking cues from this literature, many metropolitan areas—including Baltimore, Detroit, Cleveland, and Dayton—that have suffered long and steep economic declines (and the subsequent population losses that accompany them) have begun (over the recent past) to tailor policies designed to attract, recruit, and in some cases poach immigrants in an effort to revitalize their neighborhoods and economies. As a recent article by *The Economist* noted:

> "Rick Snyder, the Republican governor of Michigan, has asked the federal government to offer 50,000 visas to people who agree to live in Detroit. His administration has directed cash towards NGOs that market Motown to immigrants and made it easier for skilled migrants to get professional licenses. Like Baltimore, Detroit woos refugees brought to America under federal programmes—and even tries to poach those who may have settled elsewhere." [6]

While opponents of immigration often assume that immigrants put downward pressure on local wages (and thereby exacerbate the economic situation of existing workers) and/or represent additional demand on scarce public resources, the new body of literature suggests that immigrants often provide net benefits to the economies and communities into which they move.

A well-cited 2013 study by the right-leaning Manhattan Institute documented these various benefits.[7] Chief among these were:

- "Immigrants have different skills and job preferences from native-born Americans, and so they make American workers more productive. Immigrants complement rather than substitute for native-born workers and capital moves to take advantage of available labor."
- "The educational backgrounds of immigrants and native-born Americans are different. Statistically, the average skills of native-born American workers are distributed in a bell-shaped curve. Many Americans have high school diplomas and some college education, but relatively few adults lack high school diplomas and even fewer have Ph.D.'s in math and science. In contrast, immigrants' skills are distributed in a U-shaped curve, with disproportionate shares of adults without high school diplomas who seek manual work and others with Ph.D.'s in math and science."
- "Start-ups lead to economic growth, and immigrants found new companies in America at greater rates than do the native-born. Examples include Sergey Brin's Google, Andrew Grove's Intel; Jerry Yang's Yahoo!; Pierre Omidyar's eBay; and Elon Musk's PayPal and SpaceX, to name but a few. Alexander Graham Bell, Levi Strauss, Adolph Coors, and Henry Heinz were all immigrants who founded profitable new American businesses."
- "In recent years, immigrants have had higher labor force participation rates than native-born Americans . . . Since 1999, the difference between the labor force participation rates of the two groups have been steadily increasing. In 2012, 67.5 percent of immigrants participated in the labor force, compared to 63.2 percent of native-born Americans."
- "Immigrants increase economic efficiency by reducing labor shortages in low- and high-skilled markets because their educational backgrounds fill holes in the native-born labor market."

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This recent literature and the city-level policies it has begun to foster in recent years may prove relevant to Atlantic City's longer term redevelopment efforts. In particular, recently-released (late March) population estimates for metropolitan areas by the U.S. Census Bureau revealed that Atlantic City saw its population decline by -0.3% last year, as population fell to 275,209 from 276,167 in 2013. While the (annually released) new metro area population estimates provide data for the 2010-2014 period *only* (and thus make it difficult to construct a longer-term *consistent* annual population time series), it appears that last year's decline in population *may* be the first recorded by the metropolitan area since the late 1970s.[8] Whether or not this turns out to be the case or not, however, is unimportant to the larger issue under consideration here—namely, anemic population growth in the metropolitan area and its effect on its economy's longer-run redevelopment.

The Census data reveal that last year's population loss was the result of a large increase in domestic out-migration from the metropolitan area. Domestic out-migration jumped to -3,052 from -1,648 in 2013. This was offset to some extent by natural increase (births minus deaths) of +678, and positive international immigration of +1,506. Indeed, had it not been for positive international immigration during the last several years (which has averaged +1,464 since 2010) the metropolitan area would have recorded population losses (as domestic out-migration exceeded natural increase).

The recent population estimates are especially interesting. On one hand, last year's jump in domestic out-migration speaks to the significant economic dislocation the metropolitan area experienced over the past year. (Such domestic out-migration of course has also helped to keep the metro area's unemployment rate below what it otherwise would have been.) On the other, the estimates also suggest that—despite its weak economy—international immigrants continue to come to Atlantic City. This fact, along with the comments above concerning immigrants' apparent net positive role in economic (re)development, suggests that those charged with charting the region's redevelopment over the coming year may want to consider adopting policies that will continue to attract new immigrants, facilitate their entry into the local economy and community, and support their contributions to it (especially if those contributions involve new firm creation and job growth).

THE POTENTIAL OF ENTERTAINMENT IN ATLANTIC CITY'S REDEVELOPMENT

With redevelopment efforts well underway in Atlantic City, there remains debate over the best redevelopment strategy. While several strategies are on the table, interest in diversifying Atlantic City's leisure and hospitality sector has risen considerably over the recent past. This interest accelerated in the wake of last fall's casino closures. In addition to retailing and dining, many of those interested in this type of intra-sector diversification point to what they see as the untapped potential of the arts, entertainment, and recreation industry *outside gaming*. This part of the L&H sector includes the performance arts, spectator sports (which include professional sports, car- and horse-racing, etc.), museums, and amusement (and water) parks. (See Box below) Mindful of Las Vegas' expansive entertainment portfolio, some view expansion and development of the non-gaming portion of Atlantic City's L&H sector as one of the best hopes for Atlantic City's long-run redevelopment.

Given the growing interest in transforming Atlantic City into some type of East Coast entertainment mecca (in which gaming represents but one component), here I explore the possibilities associated with placing entertainment—defined as the arts, entertainment, and recreation industry (NAICS sector 71) —at the center of the metropolitan area's redevelopment. In particular, I try to shed light on the question of what the potential upside for entertainment is and how it might figure into Atlantic City's changing economic makeup and longer-term redevelopment.

BREAKING DOWN THE LEISURE AND HOSPITALITY SECTOR

Three large industries comprise the leisure and hospitality NAICS "supersector": accommodations (NAICS 721, which includes casino hotels); food services and drinking places (NAICS 722); and, arts, entertainment, and recreation (NAICS 71) which is comprised of three major sub-industries: performing arts, spectator sports, and related industries (NAICS 711); museums and historical sites (NAICS 712); and, amusement, gambling, and recreation Industries (NAICS 713). It should be noted that the "gaming" included in NAICS 713 is limited to bingo parlors, off-track betting, and riverboat casinos, i.e., it does not include major casino hotels which are classified in NAICS 721.

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Table 4's Panel A shows the fifteen U.S. metropolitan areas whose economies were the most reliant upon L&H (in terms of the sector's share of total metro employment) in 2014. As shown, Atlantic City ranked second (behind only Kahului-Wailuku-Lahaina—Maui's principal metro area) as employment in L&H accounted for 32% of its total employment base in 2014. Atlantic City's outsized reliance on its L&H sector as an employer is underscored by the fact that its L&H sector's share of employment far exceeds the median and average share (19.6% and 22.3%, respectively) of these L&H-dominated metro area economies.

Table 4's Panel A also shows the average annual rate of job growth between 1990 and 2014, as well as each metro area's rate of population growth between 1990 and 2013. Similar figures are shown for the U.S. Using the U.S. as a benchmark, it is clear that these L&H-dominated metro areas performed well over the past two-plus decades, as their median and average annual rates of job and population growth exceeded the nation's. At the same time, Atlantic City's performance within this group of L&H-dominated metro areas was very poor; it was the only metro area that saw its employment base shrink between 1990 and 2014. Ocean City, similarly, saw very weak average annual job growth (just 0.3%). While Atlantic City's total population gain between 1990 and 2013 was respectable (+22.4%), it trailed the group's median and average rate of population growth by a considerable margin.

Table 4's Panel B shows the top fifteen U.S. metropolitan areas for arts, entertainment, and recreation employment (again, as measured by the A&E sector's share of total metro area employment). (See Box on prior page) It also provides some detail regarding the nature of A&E employment in each metro area. Unsurprisingly, Disney-dominated Orlando tops the list with nearly 7% of its jobs base accounted for by A&E employment. For this group of A&E-dominated metro economies, A&E employment accounted for 3.3% of total employment. Panel B also shows what portion of *total* job growth in each metro area between 1990 and 2014 was accounted for by A&E employment gains. For the group as a whole, A&E employment gains between 1990 and 2014 accounted for just 4.2% of total job growth. Excluding the outlier Bridgeport metro area (in which gains in A&E employment accounted for 51% of a very

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Table 4: Leisure & Hospitality Dominated Metro Area Economies

PANEL A: Top 15 Metro Areas for Leisure & Hospitality	Total Employment (thousands)		L&H Employment (thousands)		L&H Share of total Employment		Average Annual Rate of Job Growth 1990-2014	Population Growth 1990-2013
Metro Area	**1990**	**2014**	**1990**	**2014**	**1990**	**2014**		
Kahului-Wailuku-Lahaina, HI	48.3	71.3	16.1	23.2	33.3%	**32.5%**	1.6%	**57.6%**
Atlantic City-Hammonton, NJ	135.7	133.5	56.4	42.9	41.6%	**32.1%**	**-0.1%**	**22.4%**
Las Vegas-Henderson-Paradise, NV	374.4	883.3	128.6	279.0	34.3%	**31.6%**	3.6%	**168.2%**
Ocean City, NJ	38.8	42.1	10.4	10.9	26.8%	**25.9%**	0.3%	**0.6%**
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	85.2	152.2	19.6	39.3	23.0%	**25.8%**	2.4%	**106.1%**
Orlando-Kissimmee-Sanford, FL	579.8	1,110.4	119.6	231.2	20.6%	**20.8%**	2.7%	**82.8%**
Flagstaff, AZ	40.3	64.3	8.6	13.0	21.3%	**20.2%**	2.0%	**40.6%**
Naples-Immokalee-Marco Island, FL	59.8	130.1	11.6	25.5	19.4%	**19.6%**	3.3%	**119.7%**
Crestview-Fort Walton Beach-Destin, FL	63.3	104.6	9.4	20.4	14.8%	**19.5%**	2.1%	**47.2%**
East Stroudsburg, PA	42.3	55.1	8.9	10.2	21.0%	**18.5%**	1.1%	**72.5%**
Barnstable Town, MA NECTA	77.5	102.1	14.0	18.5	18.1%	**18.1%**	1.2%	**14.8%**
Gulfport-Biloxi-Pascagoula, MS	116.7	154.1	11.2	27.8	9.6%	**18.0%**	1.2%	**22.4%**
Salinas, CA	111.1	130.7	17.9	22.9	16.1%	**17.5%**	0.7%	**19.9%**
Reno, NV	145.1	202.2	38.0	35.4	26.2%	**17.5%**	1.4%	**68.9%**
Panama City, FL	56.2	79.8	8.9	13.9	15.8%	**17.4%**	1.5%	**37.5%**
Total	**1,974.5**	**3,415.8**	**479.2**	**814.1**	24.3%	**23.8%**	2.3%	**77.2%**
Median					21.0%	**19.6%**	**1.5%**	**47.2%**
Average					22.8%	**22.3%**	**1.7%**	**58.7%**
U.S.	**109,527**	**139,042**	**9,288**	**14710**	**8.5%**	**10.6%**	**1.0%**	**26.6%**

PANEL B: Top 15 Metro Areas for Arts, Entertainment, and Recreation	Total Employment (thousands)		A&E Employment (thousands)		A&E Share of Total Employment		Nature of A&E employment	A&E Share Total Job Growth 1990-2014
Metro Area	**1990**	**2014**	**1990**	**2014**	**1990**	**2014**		
Orlando-Kissimmee-Sanford, FL	579.8	1,110.4	39.9	76.8	6.9%	**6.9%**	Disney	**7.0%**
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	85.2	152.2	3.8	6.6	4.5%	**4.3%**	Tourism, golf	**4.2%**
Ocean City, NJ	38.8	42.1	1.5	1.6	3.9%	**3.8%**	Summer tourism	**3.0%**
West Palm Beach-Boca Raton-Delray Beach, FL*	349.8	562.6	11.0	17.4	3.1%	**3.1%**	Various	**3.0%**
Kahului-Wailuku-Lahaina, HI	48.3	71.3	1.4	2.1	2.9%	**2.9%**	Tourism	**3.0%**
Shreveport-Bossier City, LA	146.5	183.7	4.7	5.3	3.2%	**2.9%**	Riverboat casinos	**1.6%**
Anaheim-Santa Ana-Irvine, CA*	1,182.0	1,495.9	25.0	42.8	2.1%	**2.9%**	Disney	**5.7%**
Vallejo-Fairfield, CA	96.8	128.0	1.7	3.5	1.8%	**2.7%**	Six Flags	**5.8%**
Reno, NV	145.1	202.2	5.7	5.3	3.9%	**2.6%**	Tied to gaming	**-0.7%**
Bend-Redmond, OR	33.1	69.0	0.8	1.8	2.4%	**2.6%**	Year-round tourism	**2.8%**
Bridgeport-Stamford-Norwalk, CT NECTA	398.0	406.4	5.7	10.0	1.4%	**2.5%**	Various	**51.2%**
Harrisburg-Carlisle, PA	276.1	327.9	3.6	7.4	1.3%	**2.3%**	Hersheypark	**7.3%**
Charlotte-Concord-Gastonia, NC-SC	685.0	1,064.9	10.7	22.8	1.6%	**2.1%**	Regional cultural/ent hub	**3.2%**
Las Vegas-Henderson-Paradise, NV	374.4	883.3	11.5	18.7	3.1%	**2.1%**	Various; tied to casino hotels	**1.4%**
Santa Cruz-Watsonville, CA	85.0	95.3	1.7	2.0	2.0%	**2.1%**	Various	**2.9%**
Total	**4,523.9**	**6,795.2**	**128.7**	**224.1**	**2.8%**	**3.3%**		**4.2%**
Median					**2.9%**	**2.7%**		
Average					**2.9%**	**3.1%**		**3.0%**
								6.8%
U.S.	**109,527**	**139,042**	**1,132**	**2,103**	**1.0%**	**1.5%**		**3.3%**
Atlantic City-Hammonton, NJ	**135.7**	**133.5**	**0.9**	**2.1**	**0.7%**	**1.6%**	**Tied to gaming-driven & summer tourism**	**NA****

*Metropolitan Division (Not Area)
**AC recorded a job loss between 1990 and 2014
Source: U.S. Bureau of Labor Statistics and author calculations.

ENTERTAINMENT POTENTIAL IN AC
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> While any increase in the metro area's jobs base should be welcomed the likelihood of the entertainment sector serving as the lynchpin of the metropolitan area's successful long-run redevelopment is remote

small total employment gain), Orlando, which again ranks first overall in A&E employment, saw job gains in A&E account for just 7% of its total job gain over the 1990 to 2014 period.

It is also noteworthy that while L&H employment dominates entertainment mecca Las Vegas' economy, A&E employment accounted for just 2.1% of the metropolitan area's total employment base in 2014. Perhaps more remarkably, A&E employment accounted for 8.9% of total L&H employment in Las Vegas in 1990, but accounted for only 6.7% in 2014. In other words, Las Vegas' A&E industry (as a share of total L&H sector employment) actually shrunk. Equally important, despite the job gains it recorded between 1990 and 2014 (+7,200), employment in Las Vegas' A&E industry accounted for a mere 4.8% of all jobs gained in L&H (+150,400) during the period. Alternatively, A&E job gains accounted for 1.4% of the total number of job gains recorded by Las Vegas (+508,000) between 1990 and 2014.

In contemplating the potential role that A&E might play in Atlantic City's redevelopment, policymakers and development officials should also consider the industry's wages, as higher-paying occupations will have larger knock-on effects on other parts of the local economy. Over half (53%) of all employment in A&E is accounted for by three occupational groups: personal care & services occupations (29% of the industry's employment); food prep & serving related occupations (15%); and arts, design, entertainment, sports, and media occupations (9%). The median hourly wages in these three occupational cohorts are, respectively: $10.15, $9.41, and $18.95. Average hourly wages are: $13.43, 11.14, and $26.47.[9] Thus, wages outside of the last occupational cohort—which again accounts for just 9% of total A&E industry employment) are undoubtedly quite low. For the entire Atlantic City metropolitan area, the median and average hourly wage across all occupational cohorts in 2014 equaled $15.69 and $21.23, respectively.

Dollars devoted to redevelopment—especially public ones—should seek to maximize taxpayers' returns. Calculation of those returns must not only include total projected employment gains (and the probabilities of those jobs' long-run viability), but equally, their hourly wages (as well as their associated benefits). Such calculations provide the basic framework for identifying and differentiating between low vs. high-wage-led redevelopment strategies.

The above analysis suggests two things. First, L&H-dominated metro area economies can and ostensibly will continue to be successful. As noted, as a group, the nation's metropolitan areas that are most heavily reliant upon L&H as an employment base performed quite well over the last twenty-five years—both in job and population growth terms—compared to the nation as a whole. At the same time, it is clear that diversification and expansion of Atlantic City's L&H sector—specifically its arts, entertainment, and recreation industry—has a rather limited upside.

As Table 4's Panel B shows, employment in Atlantic City's A&E industry already accounts for 1.6% of its total jobs base. Even if the industry's share of total metro area employment were to double over the next several years (to something around 3%), which would catapult it into the top tier of A&E-dominated metro area economies—the result would be an additional 2,000 or so jobs. While any increase in the metro area's jobs base should be welcomed (given the current dismal state of the economy), the likelihood of the entertainment sector serving as the lynchpin of the metropolitan area's successful long-run redevelopment is remote.

As noted in prior editions of the *Review*, the type of diversification that should lie at the center of Atlantic City's long-run redevelopment process is *inter-sectoral* diversification. While further expansion and *intra-sector* diversification of Atlantic City's L&H sector will clearly help, geography and Mother Nature won't change, viz., much of the metropolitan area L&H sector's future success will continue to hinge upon what amounts to a four-month long summer tourism season. Expansion of the shoulder season by several weeks (say via various concerts and festivals) in the fall (late September and early October) won't dramatically change this reality. Finding ways to broaden the metropolitan area's export base via expansion of industries and sectors that *don't* require a visit to Atlantic City and/or the shore (in order for consumption to take place) must form the centerpiece of Atlantic City's long-term redevelopment.

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ENDNOTES

[1] The survey from which official unemployment data are derived uses the 12th day of the month as a reference date. The three casino closures last fall occurred on August 31st, September 2nd and 16th. Thus, the first full month that would have captured the closings' immediate unemployment effects was October 2014—hence, the September reference in this sentence.

[2] Discouraged workers are not included in the official unemployment count.

[3] It should be noted, however, that casino-reported total employment (to the DGE) often differs considerably from the official establishment industry-based employment estimate. While these two estimates of casino employment are generally quite similar in *growth* terms, they differ in *level* terms.

[4] In other words, the new benchmarked employment estimates resulted in a positive 3,000 job *increase* for casino hotels employment for the 4q 2013 to 4q 2014 period: -9,900 (original estimate) vs. -6,900 (new benchmarked estimate).

[5] The -6,900 decline is also broadly consistent with my own estimate of total casino job loss (-7,300) developed under Scenario 2 in the Summer 2014 edition of the *South Jersey Economic Review.*

[6] The Economist article is accessible here:
http://www.economist.com/news/united-states/21642226-two-cities-hope-embracing-immigrants-can-reverse-their-decline-rolling-out-welcome

[7] The Manhattan Institute report is accessible here: http://www.manhattan-institute.org/html/ib_18.htm#.VNpGkebF-So. Additional research on the role of immigration in economic development (from the left-leaning Fiscal Policy Institute in New York City) is accessible here:
http://fiscalpolicy.org/wp-content/uploads/2012/06/immigrant-small-business-owners-FPI-20120614.pdf. Both of these two reports are cited in this article by Scott Beyer: http://www.the-american-interest.com/2014/11/14/the-immigrants-role-in-urban-renewal/

[8] The U.S. Bureau of Economic Analysis does provide consistent long-term population time series for metropolitan areas based on the U.S. Census Bureau's midyear population estimates (like those just recently released and discussed in the text). However, the BEA's data have not yet been updated to reflect the most recent Census Bureau release. The only annual population decline (-0.2%) shown by the BEA's time series for Atlantic City occurred in 1977.

[9] U.S. Bureau of Labor Statistics 2014 Occupational and Employment Statistics program.

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