

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

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### **ECONOMIC REPORT ASKS: WHAT WILL BE 'NEW NORMAL'?**

**Success in post-recession economy will depend on understanding how finance, real estate, credit sectors evolve in response to today's global crises**

NEW BRUNSWICK, N.J. – The post-recession economy that emerges for the United States and New Jersey will look very different from the bubble-driven experience of recent years, and success will depend on how well fundamental changes are understood, according to a new Rutgers economic report issued by Dean James W. Hughes and Professor Joseph J. Seneca of the Edward J. Bloustein School of Planning and Public Policy. The Sitar-Rutgers Regional Report also includes preliminary employment data for New Jersey for 2008, “a year best forgotten.”

The full report is available at: <http://www.policy.rutgers.edu/reports/sitar/sitarfeb09.pdf>.

“A key question is not: When will things return to normal? But rather: What will the new normal look like?” Hughes and Seneca wrote in the report. “And, rest assured, there will be a new normality, because the sources of our current economic difficulties took the form of unsustainable bubbles and trends.”

The report sees a post-recession economy with a “reduced-scale, less potent” financial sector, more constrained global credit markets, consumer retrenchment characterized by higher savings and lower consumption, decelerating home ownership and a “fundamentally reshaped” commercial real estate sector.

“Eventually, the current downturn will end, and both the United States and New Jersey will move into a post-recession future,” the report concludes. “Success in that future will be based on understanding the new normality that will emerge.”

The report cited initial state employment data for all of 2008, which recorded the loss of 63,000 jobs, the worst job loss since 1991. The numbers include the loss of 3,200 public sector jobs, the first decline in government jobs in 11 years. Final data for 2008 will be available in March.

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