Output rose in both 2011 and 2012 putting the state on track to more than regain the full loss this year. By way of a comparison, real output in the U.S. declined 3.5 percent from 2007 to 2009, and surpassed its previous peak in 2011. Between 2013 and 2023, output in New Jersey will expand at an average rate of 2.2 percent a year, nearly half a percent slower than the average rate expected nationwide. The differential is due to, among other things, the relatively higher costs of living and doing business in New Jersey, the state’s lower rate of population growth, and the shift in industrial composition ever more heavily into the service economy.

The state’s unemployment rate will fall from its current (May 2013) level of 8.6 percent to 5.4 percent at the end of the forecast period. Even though the state rate has...
fallen substantially in the past year, it is still more than a percentage point higher than the national rate; it will remain higher throughout the forecast period.

New Jersey’s consumer prices rose 1.9 percent in 2012, close to the inflation rate in the U.S. The state’s inflation rate will fall to 1.3 percent this year and average, like that of the U.S., about 2 percent in the forecast period. Thus the inflation rate is well within the comfort level of the Federal Reserve.

Personal income rose 4.2 percent in 2011 as the state began to come out of the recession but only 2.8 percent in 2012. Growth will be stronger in 2013 as employment picks up. Income is expected to rise at an average rate of 4.3 percent a year from 2013 to 2023, somewhat lower than the 4.5 percent growth expected for the U.S.

The state added 434,000 residents between 2000 and 2012, growing at an average annual rate of 0.42 percent. This was just over half as fast as population growth in the 1980s and was only half as fast as national population growth. Population growth will average 0.65 percent a year from 2012 to 2023, compared to 0.8 percent a year for the U.S. The state will add 659,000 residents in that period. As a result, New Jersey’s population will top 9 million in 2015 and end the forecast period at 9.5 million. Since New Jersey’s population growth will continue to be slower than growth nationwide, the state’s share of U.S. population will fall from the current 2.81 percent to 2.78 percent in 2023. The state’s share of national employment and personal income will remain higher than its share of the national population, so it will continue to be a high income state—that is, a good place for retailers but not necessarily for businesses looking for a low wage state in which to expand.