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NEWS RELEASE

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ADVANCE & RUTGERS REPORT: JOBS BY SECTOR, HOUSING PRODUCTION, HOMEOWNERSHIP REQUIRE FURTHER REBALANCING FOR ECONOMIC RECOVERY

NEW BRUNSWICK, N.J. – The painfully slow economic recovery since the end of the Great Recession has been marked by imbalances in several key sectors of the nation's economy, according the new *Advance & Rutgers Report*, "A Tripartite Post-Recession Rebalancing." Sponsored by real estate owner and developer [Advance Realty](#), authors James W. Hughes, dean of Rutgers University's [Edward J. Bloustein School of Planning and Public Policy](#), and Joseph J. Seneca, university professor and an economist at the Bloustein School, discuss how the rebalancing process is affecting the strength and timing of the economic recovery.

Private- versus public-sector job losses, housing production, and homeownership rates are three key areas accounting for much of the economic shortfall, the authors note. "Overall employment growth will continue to be restrained as private- and public-sector employment shift to more sustainable patterns," said Hughes and Seneca. "The Great Recession produced two record private-sector job-loss years while public-sector employment remained unscathed. Since the employment hemorrhage ceased in 2010 the opposite trend has now occurred, but on a much reduced scale."

The high level of home construction during the credit bubble years has driven housing production to extremely low post-recession levels with profound implications for the economy. New home construction, usually a key driver in economic recoveries, is now deeply constrained by previous overproduction. This has led to significant inventory overhang, which the authors indicate will likely not rebalance until 2015.

Related to housing overproduction was the dramatic increase in homeownership in the early part of the new millennium due to an extended period of high-risk lending and easy credit, key factors in the housing bubble and overproduction. The harsh hindsight knowledge that many of the households that became homeowners, should *not* have become homeowners, makes the process of correcting this imbalance no less painful.

These three imbalances—public-sector employment, housing production, and homeownership—occurred over a considerable period of time, so it is not surprising correcting the imbalances will also take considerable time. The authors conclude that steady though painful correction of these imbalances will lead to a stronger economic and fiscal foundation for the future.

“With regard to real estate, the focus has already started to shift toward ‘smart growth’ development, supported by legislative initiatives aimed at fostering a more sustainable real estate market,” stated Peter J. Coccoziello, CEO of Advance Realty. “While the market rebound will not happen overnight, the trend toward urban infill redevelopment and transit-oriented projects is an encouraging sign that we are headed in the right direction.”

The *Advance & Rutgers Report* is published by the Edward J. Bloustein School of Planning and Public Policy, with support from Advance Realty. “A Tripartite Post-Recession Rebalancing” is available at <http://policy.rutgers.edu/reports/arr/ARR-Nov2011.pdf> and at <http://www.advancerealtygroup.com>.

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