



3rd Quarter Report on New Jersey Consumer Attitudes

New Jerseyans Outlook is Grim

New Jerseyans' outlook on the housing market has soured, and they are feeling distinctly worse off financially. According to the quarterly consumer survey by Fairleigh Dickinson University's Silberman College of Business, a majority of New Jerseyans (51%) say they are worse off financially than they were a year ago, a six-point increase since April of this year. About a quarter (26%) say they are about the same as a year ago, and about a quarter (23%) say they are better off.

People who own their house are more likely than renters to say they are worse off financially (53%-42%), and much less likely than renters to say they are better off (19%-35%). Looking at the year ahead, 38% say their financial well being will improve, while half (49%) think they will be the same or worse off.

One reason for consumers' grim outlook is housing prices. Half (49%) say they expect housing prices in their area to go down in the next 12 months. That is a huge turnaround from just six months ago when the same percentage (49%) said they expected housing prices to rise, and only 30% said they thought housing would decline.

"If your house is a key component of your wealth and it goes down in value with no sign of improvement, you will have a bleak view of your financial future," said Sorin Tuluca, professor of finance at FDU's Silberman College of Business.

Moreover, one in five homeowners (19%) say their mortgage is worth more than their house - an increase of five percentage points since April.

"Many homeowners used the equity in their house as an ATM, and this is no longer possible," said Tuluca. "Renters on the other hand relied mainly on their income and thus their budget was more independent of real estate prices."

Adding to consumers' anxiety is the prospect of losing a job: 37% of workers say they are somewhat or very concerned with losing their job in the next 12 months. That figure

is up five points from April and up seven points since January. Workers in households making less than \$50k per year are most worried about the possibility of losing their job, with 46% saying they are somewhat or very concerned. More than three in five of all adults (63%) continue to report that relatives or friends have lost a job in the past year.

The study also shows most people are concerned with price inflation: 62% are “very” concerned, and 24% are “somewhat” concerned. Just 13% are “a little” or “not concerned” with price inflation.

“Job concerns often dampen consumption and minimize the possibility of inflation—but not always,” added Tuluca. “Inflation is a real risk whenever the Federal Reserve attempts to spur economic growth and employment, and misses the mark.”

The telephone survey of 627 randomly selected adults throughout New Jersey who participate in their household’s financial decisions is sponsored by the Silberman College of Business at Fairleigh Dickinson University. It was conducted by Fairleigh Dickinson University’s PublicMind from Sept. 19 through Sept. 25, 2011, and has a margin of error of +/- 4% percentage points.

<p><i>Methodology, questions and tables are available on the Web at: http://publicmind.fdu.edu Radio actuality line: (201) 692-2846. For more information, please call (201) 692-7032</i></p>

Methodology, Questions, and Tables

The most recent consumer poll by Fairleigh Dickinson University's PublicMind was commissioned by the Silberman College of Business and conducted by telephone, both landlines and cell phones, from September 19 through September 25 using a randomly selected sample of 627 adults statewide (aged 18 and over) who report that they participate in financial decisions in their household. The sampling error for 627 randomly selected respondents is +/- 4 percentage points at the 95 percent level of confidence. Sampling error for subgroups is larger as noted in the tables. Survey results are also subject to non-sampling error. This kind of error, which cannot be measured, arises from a number of factors including, but not limited to, non-response (eligible individuals refusing to be interviewed), question wording, the order in which questions are asked, and variations among interviewers. Interviews were conducted by professionally trained interviewers using a CATI (Computer Assisted Telephone Interviewing) system. Random selection is achieved through computerized random-digit dialing. This technique gives every person with a land line (including those with unlisted numbers) an equal chance of being selected. Landline households are supplemented with a separate, randomly selected sample of cell-phone-only households, interviewed in the same time frame. The total combined sample is mathematically weighted to match known demographics of age, race and gender.

Table 1A: Personal finances in past year.

<i>Would you say you (and your family) are better off or worse off financially than you were a year ago?</i>									
All				Income				Housing	
		<i>Employed</i>	<i>Not-Employed</i>	<i>0-50k</i>	<i>51-100k</i>	<i>101-150k</i>	<i>151k+</i>	<i>Owner</i>	<i>Rent</i>
Better	23%	29	13	18	21	31	29	19	35
Same	26%	22	30	22	31	14	30	26	23
Worse	51%	49	55	59	47	54	41	53	42
Unsure	1%	-	2	1	1	-	-	2	0

Table 1B: Personal finances, trend

<i>Would you say you and your family living there are better off or worse off financially than you were a year ago?</i>				
	Better	Same	Worse	Unsure
2011(Oct.)	23%	26%	51%	0%
2011 (Apr)	26%	27%	45%	1%
2011 (Jan.)	25%	26%	48%	1%
2010 (Oct.)	21%	21%	56%	1%
2010 (April)	21%	32%	46%	1%
2010 (Jan)	18%	28%	54%	1%
2009 (Oct)	14%	30%	53%	2%
2009 (Jul)	15%	24%	59%	1%
2009 (Apr)	17%	23%	60%	0%
2009 (Jan)	13%	28%	58%	1%
2008 (Oct)	13%	27%	58%	2%
2008 (Jun)	20%	23%	54%	3%
2008 (Mar)	25%	23%	49%	2%
2008 (Jan)	27%	30%	41%	2%
2007	30%	34%	35%	1%
2006	35%	30%	35%	1%
2005	37%	31%	31%	2%
2004	36%	32%	30%	2%
2003	29%	31%	39%	1%

Table 2A: Personal finances in the year ahead

<i>Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially or worse off?</i>									
All				Income				Housing	
		<i>Employed</i>	<i>Not employed</i>	<i>0-50k</i>	<i>51-100k</i>	<i>101-150k</i>	<i>151k+</i>	<i>Owner</i>	<i>Rent</i>
Better	38%	43	29	33	38	42	41	33	50
Same	19%	18	20	18	23	15	16	20	17
Worse	30 %	29	33	31	31	31	29	35	16
Unsure	12%	10	18	18	8	13	14	12	16

2B: Personal finances in the year ahead, trend

Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially or worse off?

	Better	Same	Worse	Unsure
2011(Oct.)	38%	19%	30%	12%
2011 (Apr.)	40%	16%	30%	14%
2011 (Jan.)	46%	14%	27%	13%
2010 (Oct.)	41%	17%	29%	13%
2010 (April)	43%	16%	29%	12%
2010 (Jan)	48%	14%	23%	14%
2009 (Oct)	46%	15%	25%	15%
2009 (Jul)	45%	14%	32%	10%
2009 (Apr)	44%	14%	28%	14%
2009 (Jan)	46%	16%	25%	13%
2008 (Oct)	37%	16%	29%	18%
2008 (Jul)	34%	14%	36%	16%
2008 (Mar)	40%	15%	35%	10%
2008 (Jan)	37%	19%	33%	12%
2007	42%	22%	27%	10%
2006	42%	18%	30%	11%
2005	52%	17%	19%	12%
2004	55%	19%	15%	11%
2003	48%	20%	22%	11%

Table 3: Underwater mortgages

[For home owners] Would you say your home is worth more than your mortgage or the mortgage is worth more than the home?

N=467 MoE= +/-5	All	Employed	Not Employed	<50k	50-100k	100-150k	150k+	April 2011
No mortgage (vol)	19%	11	35	33	16	11	14	17%
Home is +	53%	58	45	40	49	62	70	59%
Same (vol.)	4%	6	2	2	9	4	2	3%
Mortgage +	19%	22	12	18	20	24	12	14%
Unsure	4%	3	6	7	6	-	2	7%

Table 4A: Housing price direction

During the next 12 months, do you think that housing prices in your area will go up or go down?

	All	Own	Rent	<50k	50-100k	100-150k	150k+	April 2011
Up	27%	23	35	33	29	20	25	58%
Same	13%	15	7	12	12	14	17	15%
Down	49%	51	42	38	51	58	52	23%
Unsure	12%	10	15	17	8	8	6	3%

Table 4B: Trend, direction of housing prices (January measures)

	Current	2011	2010	2009	2008	2007	2006	2005	2004
Up	27%	49	56	28	38	46	55	81	80
Same	13%	13	11	50	9	12	12	4	11
Down	49%	30	26	14	47	38	28	10	6
Unsure	12%	8	7	8	6	4	5	5	4

Table 5: Inflation

How concerned are you about price inflation, that is to say, rising prices of goods and services that you buy...READ?

	All	Men	Wom	<50k	50-100k	100-150k	150k+	April 2011
Very concerned	62%	58	66	68	56	70	54	63%
Somewhat concerned	24%	26	21	21	29	19	26	24%
A little concerned	9%	9	10	8	12	6	15	8%
Not concerned	4%	7	2	2	3	6	5	5%
Unsure	1%	--	2	1	-	-	-	--

Table 6A: Lost a job

Have you or any one of your relatives or close friends lost a job in the past year?								
All	Age				Race			
	18-29	30-44	45-59	60+	White	Non-White	African Am.	Hispanic
Yes 63%	62	69	66	54	61	67	67	68
No 37%	38	31	34	46	39	33	33	32

Table 6B: Trend: lost a job

	Current	Jan.11	Oct.10	Apr.10	Jan.10	Oct.09	Jul.09	Apr.09	Jan.09	2008	2007	2006	2005
Yes	63%	65	66	65	67	67	63	61	54	38	35	32	39
No	37%	34	33	34	33	32	36	38	46	61	64	67	61

Table 7: Job security

[If employed, ask...] How worried are you that you might lose your job in the next 12 months...?																
N=406 MoE= +/-	All	Income				Previous measures										
		<50k	50-100k	100-150k	150k	Apr 11	Jan 11	Oct 10	Apr 10	Jan 10	Oct 09	Jul 09	Apr 09	Jan 09	Oct 08	Jun 08
Very	15%	22	15	12	7	11	9	11	12	10	10	13	14	10	12	7
Somewhat	22%	24	27	19	7	21	21	19	24	23	22	19	24	24	18	17
Not very	25%	18	23	28	33	23	23	28	24	22	18	26	25	23	18	21
Not at all	38%	34	35	39	53	44	45	41	39	44	49	41	36	43	52	53
Unsure	1%	1	-	1	1	1	2	1	1	1	1	1	1	1	1	2

Exact Question Wording

US1-5 reported 9.29.11; NJ1-5 reported 9.27.11; NJ6A-8B held for later release.

CC1. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?

- Better
- Same [don't read]
- Worse
- DK/ref

CC2. Now looking ahead—do you think that a year from now you (and your family living there) will be better off financially or worse off?

- Better
- Same [don't read]
- Worse
- DK/ref

CC3a. And do you (and your family living there) own or rent the place you live...

- Own [ASK CC3b]
- Rent [SKIP CC3b]
- DK [SKIP CC3b]

CC3b. [ASK home owners] Would you say your home is worth more than your mortgage or the mortgage is worth more than the home?

- No mortgage
- Home is worth more
- Same
- Mortgage is worth more
- DK

CC4. Have you, or anyone of your relatives or close friends lost a job in the past year?

CC5. During the next 12 months, do you think that housing prices in your area will go up or go down?

- Up
- Same (vol)
- Down
- Dk (vol)

CC6. How concerned are you about price inflation, that is to say, rising prices of goods and services that you buy...READ?

- Very concerned
- Somewhat concerned
- A little concerned
- Not concerned
- DK (vol)

D3CC [IF employed and answered NJCC series ASK] How worried are you that you might lose your job in the next 12 months...READ...?

- Very worried
- Somewhat worried
- Not very worried
- Not at all worried
- Unsure [do not read]

Sample Characteristics (%)

Gender	
Male	50%
Female	50%

Age	
18-29	14%
30-44	28%
45-59	29%
60+	25%
Ref.	3%

In addition to being American, would you say you are...?	
White	69%
Black	12%
Hispanic or Latino	3%
Asian	11%
Other/ref.	2%

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