

## **1<sup>st</sup> Quarter Report on New Jersey Consumer Attitudes**

### ***New Jerseyans Feel Uneven Economic Recovery; Worry About Inflation***

According to the quarterly consumer survey by Fairleigh Dickinson University's Silberman College of Business, 26% of New Jerseyans say they are better off financially than they were a year ago, better than this time last year, but essentially flat compared to the last quarter. At the same time, 45% say they are worse off financially, only a little improved from 48% in January.

Those between 18 and 44 years of age are significantly more likely than those 45 and over to report they are better off now than a year ago.

"Most recoveries favor those who are younger and better prepared to take the new jobs generated by increased economic activity," said Sorin Tuluca, professor of finance at the Silberman College of Business.

Income is also an important dividing line. Among those with incomes less than \$100,000 per year, more than twice as many report they are worse off than report they are better off, but among those with household incomes over \$100,000 more report they are better off than worse off.

"Those with higher incomes benefit from a return to normalcy in the financial markets, either from an increase in the credit available to them, or from an increase in the value of their investments," Tuluca said.

Looking at the year ahead, 40% say their financial well-being will improve, a drop from 46% in January. Meanwhile 30% think they will be worse off in the coming year. Those in households with income over \$100,000 are distinctly more optimistic than those with a lower income.

"The economy has picked up but very slowly and unevenly," said Tuluca. "This makes New Jerseyans cautious."

A large majority, 63%, are "very concerned" with price inflation. And 24% are "somewhat concerned" about inflation. Only 13% are a "little concerned" or not concerned at all. Three-quarters (76%) of those in households with incomes under \$50,000 are "very concerned," compared to 38% in households with incomes over \$150,000.

"Consumers have started to feel the price increase in grocery stores and at the gas pump," said Tuluca. "And people with smaller incomes will feel the increases first and hardest."

Tuluca also said that "while higher prices look like a trend toward inflation, there are signs that it might be a temporary imbalance in the global demand and supply for food stuff and oil. Still, the consumer has reason to worry."

At the same time that a quarter (27%) say their household income has increased in the past year, 69% say their income has stayed the same or declined. Again there is an income divide. A plurality of households making less than \$100,000

say their income has stayed about the same in the past year, while a plurality of households making more than \$100,000 report their income has increased in the past year.

Adding to some people's worries is their home mortgage. About one in seven homeowners (14%) say they are underwater: Their mortgage is worth more than their house.

About half (48%) think housing prices will rise in 2011, while 30% think they will decline.

"Every recession tends to take everyone down together," said Tuluca, "but every recovery doesn't take everyone up at the same time."

Other findings of the study:

- One in three workers (32%) are "somewhat worried" or "very worried" that they might lose their job this coming year.
- 46% report that they could live off their savings for more than six months if they were to lose their jobs -- a decline from 51% a year ago.

The telephone survey of 610 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, and was conducted by Fairleigh Dickinson University's PublicMind from March 29 through April 4, 2011, and has a margin of error of +/- 4% percentage points.

***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.***

## 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 March 29 through April 4 using a randomly selected sample of 610 adults statewide (aged 18 and over) who report that they participate in financial decisions in their household. The sampling error for 610 randomly selected respondents is +/- 4 percentage points at the 95 percent level of confidence. 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>All</i>	<i>Better</i>	<i>Same</i>	<i>Worse</i>	<i>Unsure</i>	
		<b>26%</b>	<b>27%</b>	<b>45%</b>	<b>1%</b>	
<b>Question:</b> Would you say you (and your family) are better off or worse off financially than you were a year ago?	Employed	30%	29%	40%	-	
	Not employed	18%	24%	54%	3%	
	<i>Income</i>	0-50k	26%	18%	53%	3%
		51-100k	14%	35%	50%	1%
		101-150k	<b>41%</b>	25%	32%	1%
		151k+	<b>38%</b>	28%	35%	-
	<i>Age</i>	18-29	29%	25%	40%	6%
		30-44	39%	23%	37%	-
		45-59	19%	28%	52%	1%
		60+	16%	32%	50%	1%

**Table 1B: Personal finances, trend**

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

	All	Better	Same	Worse	Unsure	
		40%	16%	30%	14%	
<b>Question:</b> 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?	Employed	45%	16%	25%	13%	
	Not employed	31%	16%	38%	15%	
	Income	0-50k	39%	14%	32%	15%
		51-100k	36%	18%	33%	12%
		101-150k	49%	19%	28%	4%
		151k+	50%	15%	23%	13%
	Age	18-29	55%	17%	22%	5%
		30-44	50%	11%	26%	13%
		45-59	37%	17%	32%	14%
		60+	25%	22%	35%	17%

**2B: Personal finances in the year ahead, trend**

	current	Better	Same	Worse	Unsure
		40%	16%	30%	14%
<b>Question:</b> 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?	<b>2011 (Jan.)</b>	<b>46%</b>	<b>14%</b>	<b>27%</b>	<b>13%</b>
	2010 (Oct.)	41%	17%	29%	13%
	<b>2010 (April)</b>	<b>43%</b>	<b>16%</b>	<b>29%</b>	<b>12%</b>
	2010 (Jan)	48%	14%	23%	14%
	2009 (Oct)	46%	15%	25%	15%
	2009 (Jul)	45%	14%	32%	10%
	<b>2009 (Apr)</b>	<b>44%</b>	<b>14%</b>	<b>28%</b>	<b>14%</b>
	2009 (Jan)	46%	16%	25%	13%
	2008 (Oct)	37%	16%	29%	18%
	2008 (Jul)	34%	14%	36%	16%
	<b>2008 (Mar)</b>	<b>40%</b>	<b>15%</b>	<b>35%</b>	<b>10%</b>
	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**

<i>[For home owners] Would you say your home is worth more than your mortgage or the mortgage is worth more than the home?</i>							
N=477	All	men	wom	<50k	50-100k	100-150k	150k+
No mortgage (vol)	<b>17%</b>	13	20	27	15	14	12
Home is +	<b>59%</b>	63	54	47	64	59	70
Same (vol.)	<b>3%</b>	2	4	1	6	1	1
Mortgage +	<b>14%</b>	16	13	20	12	20	16
Unsure	<b>7%</b>	6	8	4	3	6	1

**Table 4A: housing price direction**

<i>During the next 12 months, do you think that housing prices in your area will go up or go down?</i>							
	All	men	wom	<50k	50-100k	100-150k	150k+
Up	<b>48%</b>	49%	48%	57%	44%	45%	58%
Same	<b>14%</b>	15%	13%	6%	15%	19%	15%
Down	<b>30%</b>	32%	28%	26%	35%	32%	23%
<b>Unsure</b>	<b>8%</b>	4%	11%	10%	6%	4%	3%

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

	2011	2010	2009	2008	2007	2006	2005	2004
Up	<b>49%</b>	56	28	38	46	55	81	80
Same	<b>13%</b>	11	50	9	12	12	4	11
Down	<b>30%</b>	26	14	47	38	28	10	6
<b>Unsure</b>	<b>8%</b>	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+
Very concerned	<b>63%</b>	61%	64%	76%	69%	49%	38%
Somewhat concerned	<b>24%</b>	23%	24%	14%	20%	42%	36%
A little concerned	<b>8%</b>	7%	9%	8%	5%	5%	17%
Not concerned	<b>5%</b>	8%	2%	3%	5%	3%	9

**Table 6: job security**

*[If employed, ask...] How worried are you that you might lose your job in the next 12 months...?*

N=387 MoE= +/-5	All	Age				Jan	Oct	Apr	Jan	Oct	Jul	Apr	Jan	Oct	Jun
		18-29	30-44	45-59	60+										
Very worried	<b>11%</b>	15	9	13	4	9	11	12	10	10	13	14	10	12	7
Somewhat	<b>21%</b>	16	17	25	23	21	19	24	23	22	19	24	24	18	17
Not very	<b>23%</b>	33	26	20	15	23	28	24	22	18	26	25	23	18	21
Not at all	<b>44%</b>	36	47	39	59	45	41	39	44	49	41	36	43	52	53
Unsure (vol)	<b>1%</b>	-	1	2	-	2	1	1	1	1	1	1	1	1	2

**Table 7: savings as safety net**

*[If employed, ask...] If you were to lose your job tomorrow, how long could you live off your savings?*

N=387 MoE= +/-5	All	18-29	30-44	45-59	60+	Apr '10	Jan '10	Oct '09	Jul '09	April '09	Jan '09
0 months/no savings	<b>8%</b>	19	2	11	4	<b>7</b>	7	9	8	5	10
1 or 2 months	<b>19%</b>	22	24	16	6	<b>18</b>	20	20	15	22	21
3 to 5 months	<b>20%</b>	22	25	18	6	<b>21</b>	18	17	24	22	16
6 months or more	<b>46%</b>	29	46	47	73	<b>51</b>	49	48	48	47	46
Don't know	<b>7%</b>	8	2	8	10	<b>2</b>	5	5	5	3	7

**Table 8: household income**

*In the past year, has your household income gone...*

	All	men	wom	<50k	50-100k	100-150k	150k+
Up	<b>27%</b>	32	23	22	21	40	46
Same	<b>43%</b>	37	49	42	53	36	32
Down	<b>26%</b>	25	26	34	26	24	23
Unsure/ref.	<b>4%</b>	6	2	1	-	-	-

Exact Question Wording

CC1. We are also interested in how people in New Jersey are getting along financially at the present time. 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

CC6A. And do you (and your family living there) own or rent the place you live...

Own [ASK CC6b]  
Rent [SKIP CC6b]  
DK [SKIP CC6b]

CC6B And  
Home is worth more/no mortgage  
Same (vol)  
Mortgage is worth more  
DK (vol)

CC7. 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)

CC8. 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

D3a. Are you currently employed full time, part time, or are you retired or not employed outside the home?

FT [AND ANSWERED NJCC SERIES: ASK D3B AND D3C]  
PT [AND ANSWERED NJCC SERIES: ASK D3B AND D3C]  
Retired [SKIP TO D4]  
Not employed outside the home [SKIP TO D4]  
DK/Ref [DON'T READ]

D3b [ASK only those employed from previous question who also answered NJCC SERIES...] 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
- DK (vol)

D3c [ASK only those employed from previous question who also answered NJCC SERIES...] If you were to lose your job tomorrow, how long could you live off your savings...READ?

- 0 months/no savings [VOL]
- 1 or 2 months
- 3 to 5 months
- 6 months or more
- Don't know (vol)
- D12 In the past year, has your household income...READ/ROTATE?

- Gone up
- Stayed the same
- Gone down

D13 And which group best describes you're yearly household income:

- PROMPT UNTIL ANSWERED
- Up to 50,000
  - Up to 100,000
  - Up to 150,000
  - Over 150,000
  - Ref.

Sample Characteristics (%)

Gender	
Male	50
Female	50

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

In addition to being American, would you say you are...?	
White	67
Black	13
Hispanic or Latino	12
Asian	4
Other/ref.	4

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