

November 22, 2011

2012 Business Outlook
Modest Improvement Seen for Sales, Profits & Spending
But Business Outlook for Employment Remains Weak

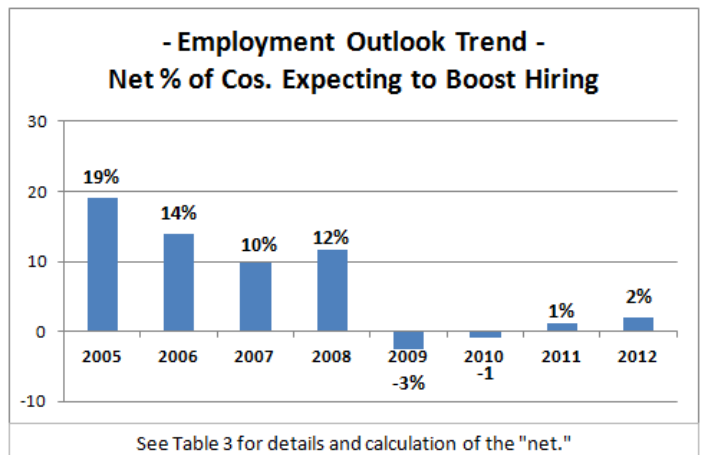
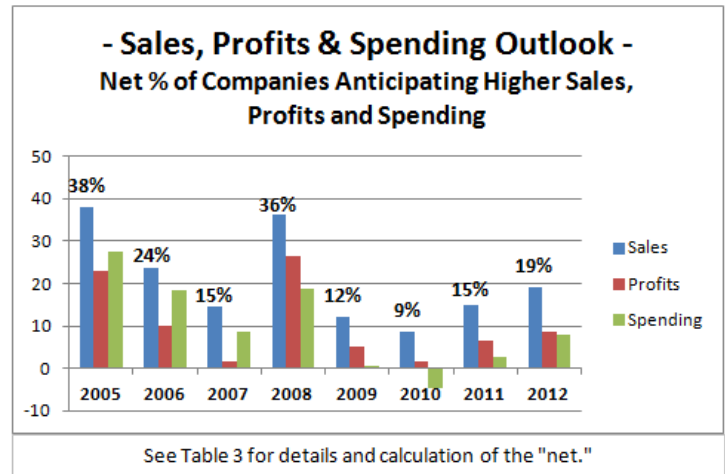
TRENTON—New Jersey businesses saw a second year of improved sales, profits, spending and employment in 2011, moving the state one more step away from the recession bottom recorded in 2009, NJBIA said today in releasing the findings of its 2012 Business Outlook Survey.

The survey also revealed a moderately improved outlook overall for sales, profits and spending in 2012. However, the outlook for employment remains weak and at low levels for an economic recovery.

“New Jersey is making progress towards a full recovery, but we aren’t there yet,” said NJBIA President Philip Kirschner, who presented the survey findings in a news conference at the Association’s Trenton headquarters. “There is some improvement, but many businesses continue to struggle, and they are understandably reluctant to hire.”

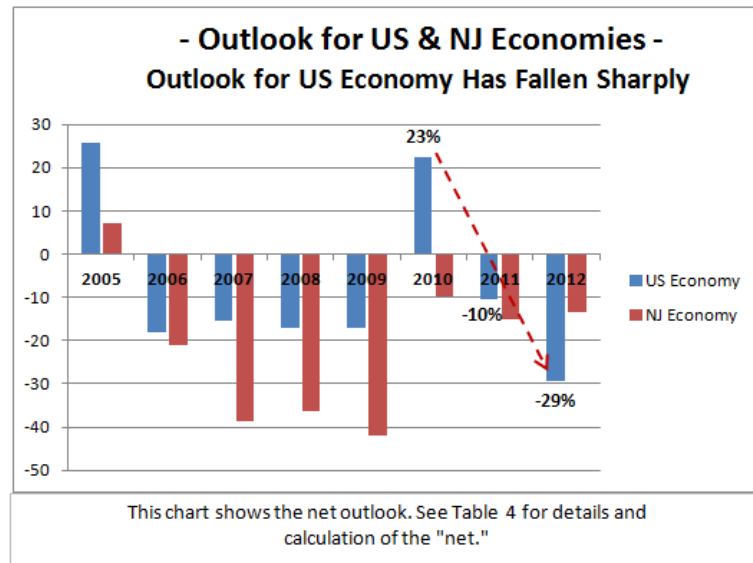
The survey, while finding that business conditions are making continued slow, steady improvement in New Jersey, also found that business activity remained at low levels in 2011. For a fourth consecutive year, more companies reported a decline in their sales, profits, spending and employment than reported an increase.

Take employment, for example. Nearly twice as many companies reported making layoffs as reported hiring additional workers in 2011, leaving the survey’s current-employment indicator at a negative level for a fourth consecutive year. (See Table 2)



And the 2012 outlook for employment is barely positive, with 15 percent planning to expand employment, 13 percent planning to make employment cuts, and 71 percent of businesses planning to keep employment stable. The net proportion of companies planning to expand employment is just 2 percent.

As for the national economy, business confidence has fallen sharply, declining to the lowest level of the past 20 years for this survey. The percentage of respondents saying US economic conditions will worsen in the first six months of 2012 is three times higher than the percentage saying conditions will improve, leaving this indicator at -29 percent. (See Chart 4)



As for New Jersey, 20 percent expect conditions to improve for the state in the first half of 2012, but 33 percent expect conditions to worsen, leaving a net negative of -13 percent. This is slightly improved from last year's outlook, as shown in Table 4.

The outlook for companies' own industries has deteriorated. Twenty-three percent expect conditions in their industries to improve over the next six months, but 32 percent expect them to deteriorate. This leaves a net outlook for companies' own industries of -9 percent, the lowest level of the past three years, as shown on Table 4.

The survey also found that businesses are feeling more positive about their state government leaders and the state's business climate.

Eighteen percent of companies said New Jersey is a good place in which to build new or expanded facilities, up from 9 percent in the previous year's survey, ending ten years of declining ratings for New Jersey in this regard. Fifty-four percent said New Jersey is fair or average as a place for business expansion, and 28 percent said it is poor.

In his second year in office, Governor Chris Christie continued to get high marks from the New Jersey business community, with 74 percent saying he is doing a good-to-excellent job, unchanged from last year. No other Governor in the past 20 years of available survey data has received such high marks two years running.

Approval ratings for the state Legislature improved for a second consecutive year, with 28 percent saying lawmakers are doing a good-to-excellent job, up from 15 percent last year and 5 percent the year before that.

For more information or to request an interview with NJBIA President Philip Kirschner, please contact Christopher Biddle, ext. 227, or Steve Wilson, ext. 245 (609-393-7707).

	2007	2008	2009	2010	2011
Sales					
Up	48%	34%	17%	31%	38%
Same	19	18	11	15	22
Down	34	48	72	54	40
*Net difference	14%	-14%	-55%	-23%	-1%
Profits					
Up	41%	28%	17%	25%	30%
Same	21	16	13	17	22
Down	38	56	71	58	48
*Net difference	3%	-28%	-54%	-33%	-18%
Spending					
Up	42%	30%	14%	24%	32%
Same	29	25	17	21	28
Down	29	45	69	55	40
*Net difference	13%	-15%	-55%	-31%	-8%

* The net difference is calculated by subtracting the percentage of companies reporting lower levels of sales, profits and spending in years shown from the percentage reporting higher levels of the same activities. Changes calculated before rounding. Totals may not equal 100 percent.

	2007	2008	2009	2010	2011
Hired additional workers	22%	13%	8%	12%	15%
Kept employment stable	60	54	44	53	58
Reduced size of workforce	18	33	48	35	27
Net hiring activity	3%	-19%	-40%	-23%	-12%

Tables 1 and 2 show the actual years in which the shown activities occurred.

	2008	2009	2010	2011	2012
Sales Outlook					
More	57%	41%	40%	42%	42%
Same	22	30	28	31	34
Less	21	29	32	27	24
Net outlook*	36%	12%	9%	15%	19%
Profits Outlook					
More	51%	39%	36%	37%	36%
Same	25	28	30	33	36
Less	24	33	34	30	28
Net outlook*	26%	5%	2%	7%	9%
Spending Outlook					
More	42%	33%	30%	33%	33%
Same	34	35	36	37	42
Less	23	32	34	30	25
Net outlook*	19%	1%	-5%	3%	8%
Employment Outlook					
More	25%	17%	16%	16%	15%
Same	61	64	67	70	71
Less	14	19	17	15	13
Net outlook*	12%	-3%	-1%	1%	2%

*The "net outlook" is calculated by subtracting the percentage of respondents anticipating "less" or lower levels of sales, profits, spending and employment from the percentage anticipating "more" or higher levels. Changes calculated before rounding. Totals may not equal 100 percent.

	2008	2009	2010	2011	2012
US Economic Outlook					
Better	20%	25%	42%	23%	14%
Same	43	33	39	44	43
Worse	37	42	19	33	43
Net outlook*	-17	-17	23	-10	-29
NJ Economic Outlook					
Better	13%	15%	27%	22%	20%
Same	38	29	36	41	47
Worse	49	57	37	37	33
Net outlook*	-36	-42	-10	-15	-13
Outlook for 'Your Industry'					
Better	25%	22%	34%	27%	23%
Same	42	37	35	41	46
Worse	33	40	31	32	32
Net outlook*	-7	-18	3	-5	-9

*The "net outlook" is calculated by subtracting the percentage of companies expecting conditions to worsen from the percentage anticipating conditions to improve over first six months of the year ahead. Changes are calculated before rounding. Totals may not equal 100 percent.