

2022 Metro Latino GDP Report



New Jersey Metro Area

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Authors

Dan Hamilton, Ph.D. and Matthew Fienup, Ph.D.
California Lutheran University

David Hayes-Bautista, Ph.D. and Paul Hsu, Ph.D.
UCLA Geffen School of Medicine

California
Lutheran
University

UCLA Health

Center for the Study of
Latino Health and Culture

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ABOUT THE AUTHORS

Dan Hamilton, Ph.D.

Principal Investigator
Director of Economics, Center for Economic Research & Forecasting
California Lutheran University

Matthew Fienup, Ph.D.

Executive Director, Center for Economic Research & Forecasting
California Lutheran University

Paul Hsu, M.P.H., Ph.D.

Faculty, Department of Epidemiology
UCLA Fielding School of Public Health

David Hayes-Bautista, Ph.D.

Director, Center for the Study of Latino Health & Culture
UCLA Geffen School of Medicine

Center for Economic Research & Forecasting (CERF)

CERF is a nationally recognized economic forecasting center, which provides county, state and national economic forecasts and custom economic analysis for government, business and nonprofit organizations. CERF economists Matthew Fienup and Dan Hamilton are members of the Wall Street Journal Economic Forecasting Survey, the National Association of Business Economics (NABE) Economic Outlook Survey, and the Zillow Home Price Expectations Survey (formerly, the Case-Shiller Home Price Expectations Survey). CERF was awarded 2019, 2020 and 2021 Crystal Ball Awards for the Zillow Home Price Expectations Survey. CERF's U.S. home price forecast received multiple top-3 rankings among more than 100 forecasts included in the survey. CERF is housed at California Lutheran University, a federally designated Hispanic Serving Institution.

Center for the Study of Latino Health & Culture (CESLAC)

Since 1992, CESLAC has provided cutting-edge research, education and public information about Latinos, their health and their impact on California's economy and society. CESLAC is a resource for community members, business leaders and policy makers who want to gain insightful research and information about Latinos. It offers unparalleled insight into Latino issues through an approach that combines cultural research, demographic trends and historical perspective. In addition, it has helped the University of California meet its public service goal by increasing the effectiveness of their outreach to the Latino community.



Foreword

Continuing a Centuries-Old Tradition

For three centuries, spanning from 1521 to 1821, the Viceroyalty of New Spain brought increasingly large swaths of today's North American continent into the world's first global economy. For 300 years, New Spain brought together people from the Américas, Africa, Asia and Iberia. Living next to one another, they formed families together and created new mixtures of food, language, music and spirituality – the foundation of Latino society, identity and culture in today's United States of America.

In 1524 and 1525, shortly after the Viceroyalty was created, Esteban Gomez, an Afro-Latino navigator, brought New Jersey into the world of New Spain when he mapped the coast onto western cartography for the first time. For the next century it was known as the Tierra de Esteban Gomez (the Land of Esteban Gomez,). It became tightly woven into New Spain's economy which tied the Atlantic world together.

In addition to trade and commerce, education linked New Jersey to the world of New Spain. As early as 1838, college preparatory schools in New Jersey recruited Spanish speaking students to prepare them for university level studies at places such as Princeton and Rutgers (formerly Queens College). Born and raised in New Jersey, the bilingual Dominican-Puerto Rican physician and poet William Carlos Williams rose to literary fame. The Hollywood actor José Ferrer found his place in theater while a student at Princeton.

Immigrants from the island of Barbados in the Caribbean settled permanently in the Bound Brook area of New Jersey in 1698. Over the next three centuries they were followed by more immigrants from other parts of the world of New Spain: Cuba, Puerto Rico, Dominican Republic, Mexico, Honduras, Guatemala, Nicaragua and El Salvador. These Latinos have been joined over the years by immigrants from the sister Viceroyalty of Peru: Panamá, Colombia, Ecuador, Bolivia, Peru, Chile and Argentina. In 2022, New Jersey Latinos are the most diverse Latino population of any metropolitan area, and yet, as a group demonstrate the very same uniquely Latino patterns of behavior observed in all other areas of the United States: strong contributions to the population and labor force, relative youthfulness, strong work ethic, rapid gains in educational attainment, healthy behaviors, and entrepreneurship.

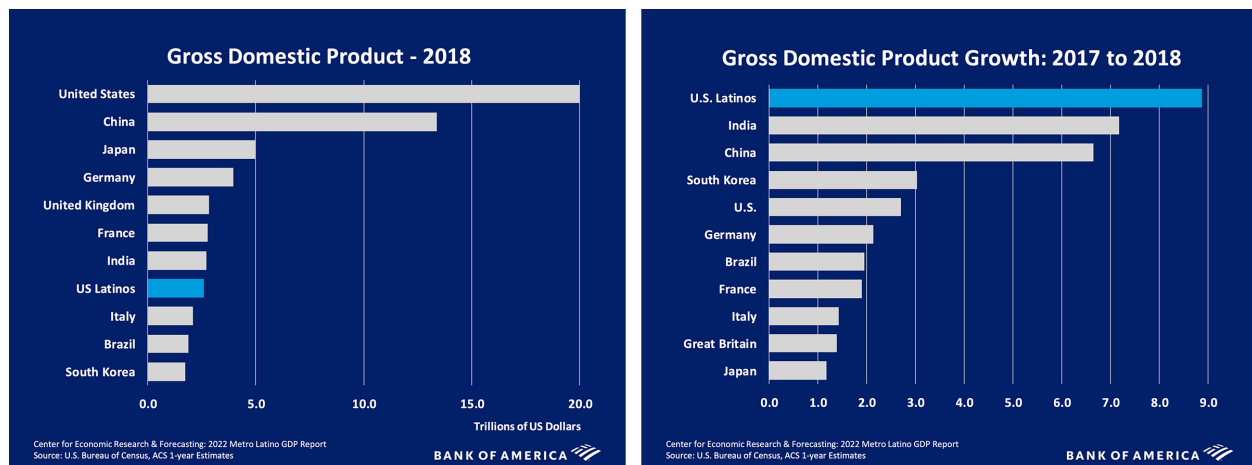
As we consider the large and rapidly growing economic contribution of Latinos living in the New Jersey Metro Area, it is important to understand that this impact is not new. It is actually the continuation of a 500 year-old tradition – a tradition of Latinos providing economic strength and resiliency for the benefit of all people.



U.S. Latino GDP

The *2020 LDC U.S. Latino GDP Report*¹ provides a factual view of the large and rapidly growing economic contribution of Latinos living in the United States. In that report, we estimate the U.S. Latino GDP based on a detailed, bottom-up construction which leverages publicly available data from major U.S. agencies. At the time of publication, the most recent year for which the core building block was available was 2018. Thus, the report provides a snapshot of the total economic contribution of U.S. Latinos in that year².

As a summary statistic for the economic performance of Latinos in the United States, the 2018 Latino GDP is extraordinary. The total economic output (or GDP) of Latinos in the United States was \$2.6 trillion in 2018, up from \$2.3 trillion in 2017, and \$1.7 trillion in 2010. If Latinos living in the United States were an independent country, the U.S. Latino GDP would be the eighth largest GDP in the world. The Latino GDP is larger even than the GDPs of Italy, Brazil or South Korea.



While impressive for its size, the U.S. Latino GDP is most noteworthy for its extraordinary growth rate. Among the world’s 10 largest GDPs in 2018, the Latino GDP was the single fastest growing. Latino real GDP grew 21 percent faster than India’s and 30 percent faster than China’s. Over the entire period from 2010 to 2018, the Latino GDP was the third fastest growing, while the broader U.S. economy ranked fifth. Latino GDP grew a remarkable 74 percent faster than non-Latino GDP from 2010 to 2018.

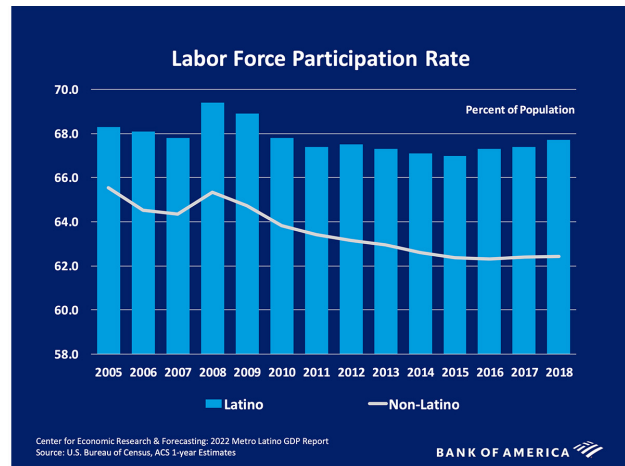
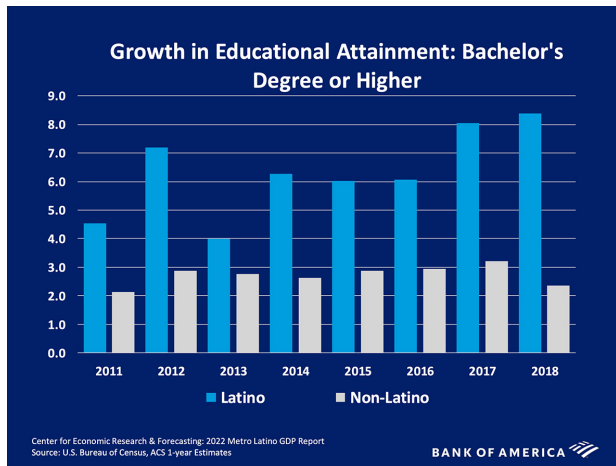
The single largest component of rapid Latino GDP growth since 2010 is personal consumption growth. From 2010 to 2018, Latino real consumption grew 135 percent faster than non-Latino consumption. This dramatic increase is driven by large gains in personal income, which naturally flow from Latinos’ rapid gains in educational attainment and strong labor force participation. Whereas the U.S. had average wage and salary growth of just 5.1 percent over the previous five years, wage and salary growth for Latinos averaged 8.6 percent. From 2010 to 2018, growth in the number of people with a

¹ 2020 LDC U.S. Latino GDP Report: <https://www.clucerf.org/2020/09/28/2020-ldc-u-s-latino-gdp-report/>

² Author’s note: the estimates provided in this report are based on source data that are revised on a regular basis. As source data are revised, these U.S. and State level Latino GDP estimates will also be revised and updated to reflect the latest information.

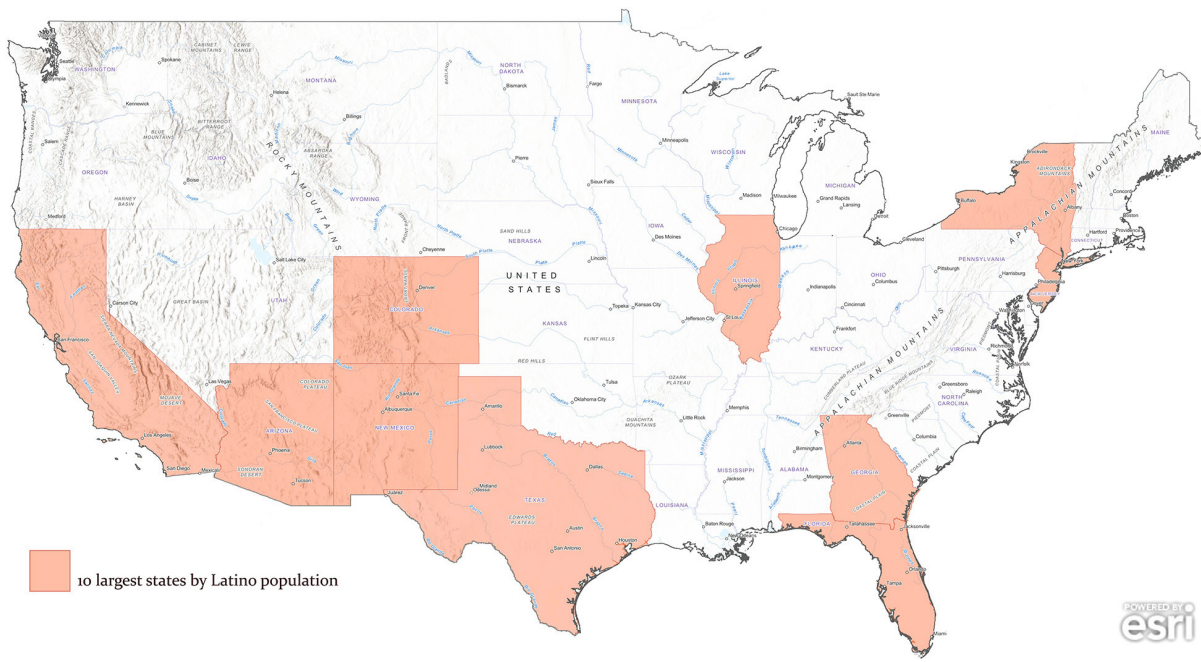


bachelor's degree or higher was 2.6 times more rapid for Latinos than Non-Latinos. And Latino labor force participation in 2018 was 67.8 percent, more than five percentage points higher than non-Latino.



State Latino GDP: 10 Largest States by Latino Population

The 2021 *Bank of America State Latino GDP Report* builds on the U.S. report by providing detailed state-level analysis of the total economic contribution of Latinos, benchmarked against the broader U.S. Latino GDP. Arizona, California, Colorado, Florida, Georgia, Illinois, New Jersey, New Mexico, New York, and Texas collectively contain more than three-quarters of the Nation's Latino population. The economic contribution of Latinos in these 10 states is even more impressive in a number of ways than that of the broader U.S. Latino cohort. The 10 had a combined 2018 Latino GDP of \$2.1 trillion dollars, representing nearly 80% of the U.S. Latino GDP.



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Ten Largest States by Latino Population

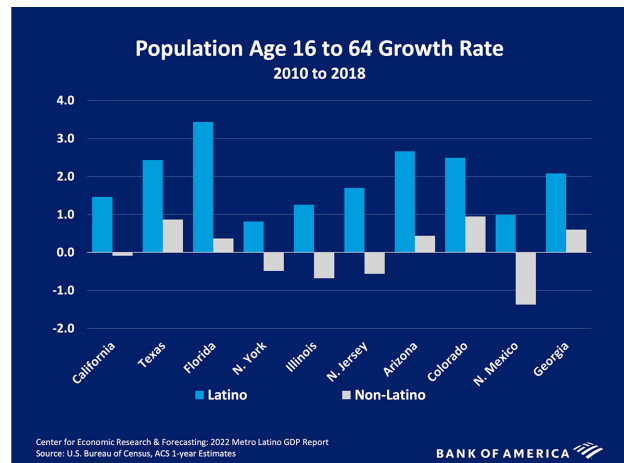
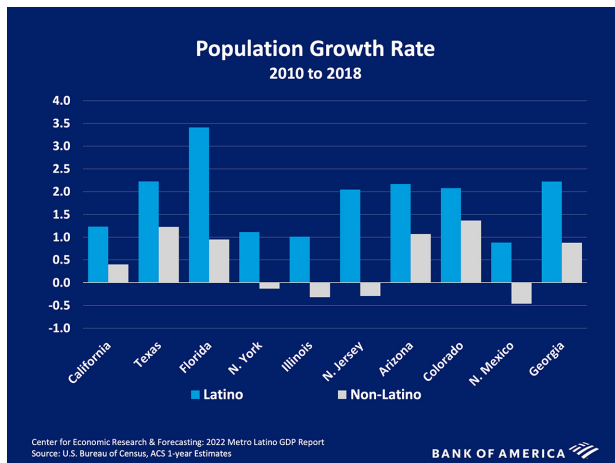
California
Texas
Florida
New York
Illinois
New Jersey
Arizona
Colorado
Georgia
New Mexico

Total of 10 states

Latino GDP	Share of U.S. Latino GDP
<i>billions of dollars</i>	<i>percent</i>
706.6	27.2
476.0	18.3
258.9	10.0
202.3	7.8
100.1	3.9
96.9	3.7
91.9	3.5
55.2	2.1
37.9	1.5
36.0	1.4
2,062.0	79.4

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF 2021 State Latino GDP Report

California's 2018 Latino GDP is \$707 billion. If it were its own state, the California Latino GDP would be the 7th largest state GDP, larger than the entire economic output of the state of Ohio. The Texas 2018 Latino GDP is \$476 billion, larger than the entire economy of Maryland, Colorado, or Minnesota. Even the smallest of the 10 target states is noteworthy. The Latino GDP of New Mexico is \$36 billion, larger than the entire economy of Vermont.



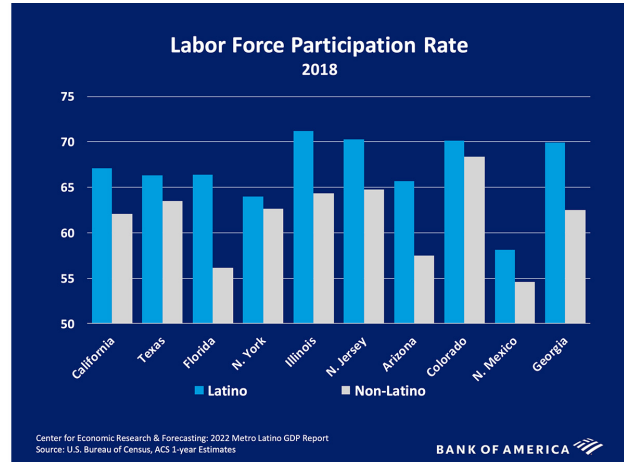
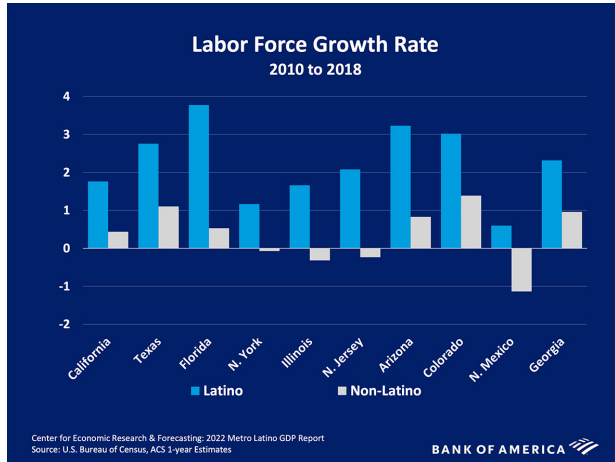
Latino population growth compares very favorably to that of Non-Latinos across all 10 states. Were it not for Latinos, the populations of Illinois, New Jersey, New Mexico, and New York would have contracted between 2010 and 2018. Non-Latino population growth was negative in each of these states, but Latino population growth was strong enough to turn each state's population growth positive overall. Even in those states with strong Non-Latino population growth, Latino population



growth enjoys a substantial growth premium between 2010 and 2018. Across all 10 states, population growth among Latinos was 3.8 times faster than population growth among Non-Latinos.

In addition to having a population that is growing more rapidly, Latinos have a younger median age than Non-Latinos. In 2018, the median age for U.S. Latinos was 29.5 years. For Non-Latinos, it was 40.6 years. Due to their age distribution, Latinos are adding substantial numbers of people in each of the 10 states to the critical category of working age adults, defined as ages 16-64. Meanwhile, Non-Latinos are experiencing a high concentration of population in the 55-64 year age range, the cohort of near-retirees. Were it not for Latinos, the working age populations of California, Illinois, New Jersey, New Mexico, and New York would have contracted from 2010 to 2018. Only five of the 10 states have growing Non-Latino working age populations: Arizona, Colorado, Florida, Georgia, and Texas.

In addition to contributing large numbers to the population of working age adults, Latinos are also significantly more likely to be actively working or seeking work than Non-Latinos. Across all 10 states featured here, the Latino labor force participation rate is substantially higher than that of Non-Latinos. Five of the 10 states enjoy a labor force participation premium that is even larger than the 5.3 percentage point premium enjoyed by Latinos nationally. Florida Latinos are a remarkable 10.3 percentage points more likely to be actively working than their Non-Latino counterparts. The participation premium is an impressive 8.2 percentage points in Arizona and 7.4 percent in Georgia, and 6.9 percent in Illinois.

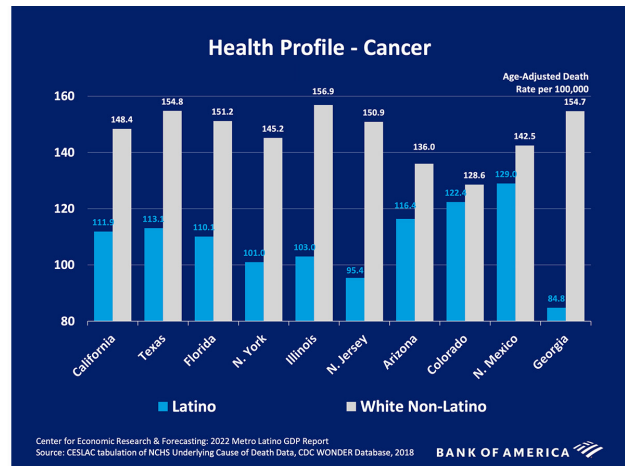
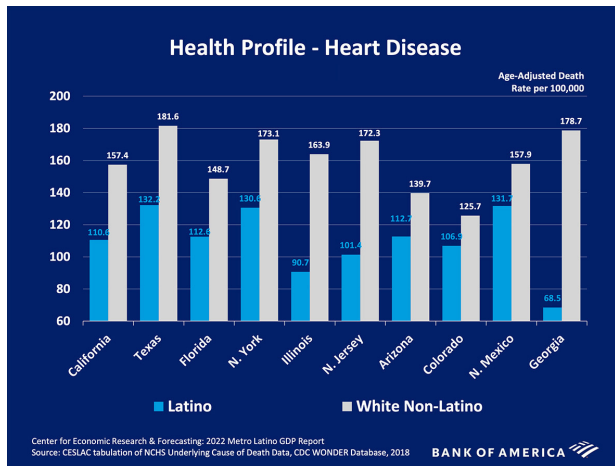


The younger age distribution, strong population growth, and higher labor force participation rate of Latinos in the 10 states have resulted in strong and consistent contributions to each state's labor force. Despite being only 29 percent of the population of the 10 states, Latinos are responsible for 65 percent of the growth of the labor force from 2010 to 2018.

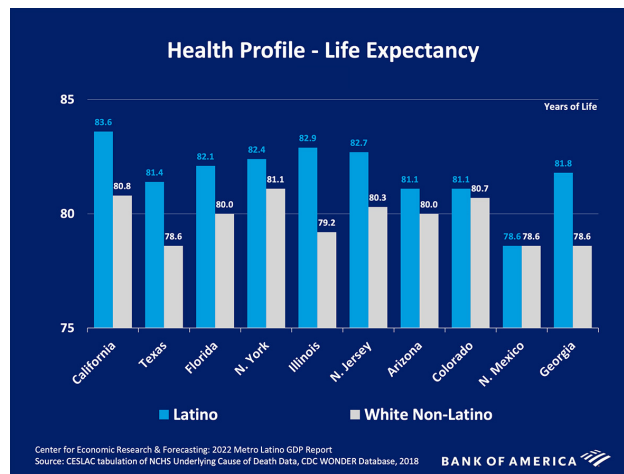
On top of more rapid population and labor force growth, more rapidly increasing educational attainment and incomes, Latinos in both the 10 states and the broader country enjoy stronger health outcomes than their non-Latino counterparts. In 2018, the top four causes of death in the U.S. were heart disease, cancer, unintentional injuries (accidents), and chronic lower respiratory



diseases. Compared to non-Hispanic Whites, Latinos in each of the 10 target states have an age-adjusted death rate that is significantly lower for each of these causes of death.



Life expectancy is one of the key summary statistics for the health of a population. In the 10 target states, the average life expectancy for Latinos ranges from being equal to that of non-Latino Whites to being more than three years longer. For the entire U.S., Latinos can expect to live an average of 81.8 years compared to 78.5 years for non-Latino Whites. Illinois boasts the largest Latino life expectancy premium. At birth, a Latino living in Illinois can expect to live a full 3.7 additional years than a non-Latino White counterpart.



From lower mortality for chronic and other noncommunicable causes of death to longer life expectancy, the strong Latino health profile provides a foundation for decades of continued Latino GDP growth.

State Latino GDP: New Jersey

New Jersey' 2018 Latino GDP is \$97 billion, larger than the entire economic output of the state of Hawaii. The state's top six 2018 Latino GDP sectors are: Professional & Business Services (15.9% share of the New Jersey Latino GDP), Finance & Real Estate (13.2%), and Government (11.7%),

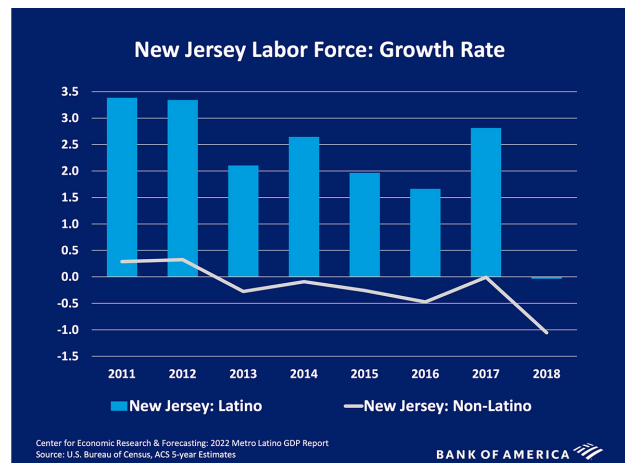
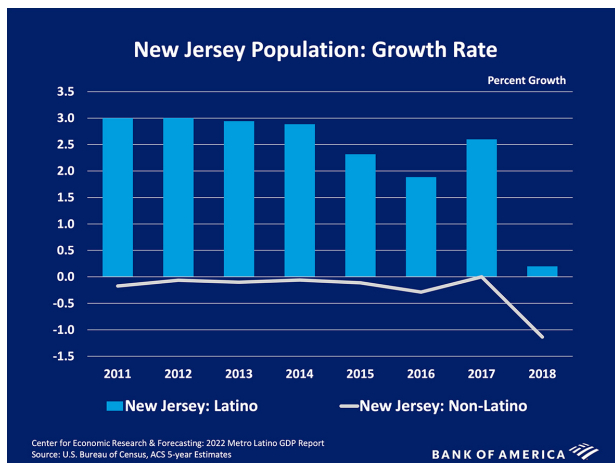


Transportation & Warehousing (10.2%), Education & Healthcare (8.9%), and Wholesale Trade (8.9%). The largest component of New Jersey’s Latino GDP is personal consumption. Latino consumption totaled more than \$73 billion in New Jersey in 2018.

New Jersey: Gross Domestic Product		
	<i>Latino GDP</i> Industry Share <i>percent</i>	<i>Statewide GDP</i> Industry Share <i>percent</i>
Agricultural/Natural Resources	0.2	0.1
Mining/Quarrying	0.0	0.0
Construction	5.6	3.8
Durables Manufacturing	3.7	3.0
Non-Durables Manufacturing	4.7	5.7
Wholesale Trade	8.9	8.2
Retail Trade	6.6	5.7
Transportation/Warehousing/Utilities	10.2	5.4
Information/Technology	2.6	4.3
Finance/Insurance/Real Estate	13.2	22.0
Professional/Business Services	15.9	16.3
Education/Healthcare/Social Assistance	8.9	9.3
Leisure/Hospitality	5.3	3.5
Personal/Repair/Maintenance Svcs	2.5	2.0
Government Services	11.7	10.5
Total All Industries	100	100

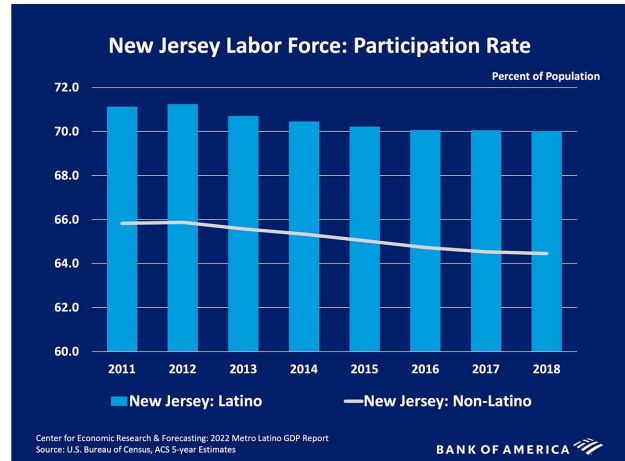
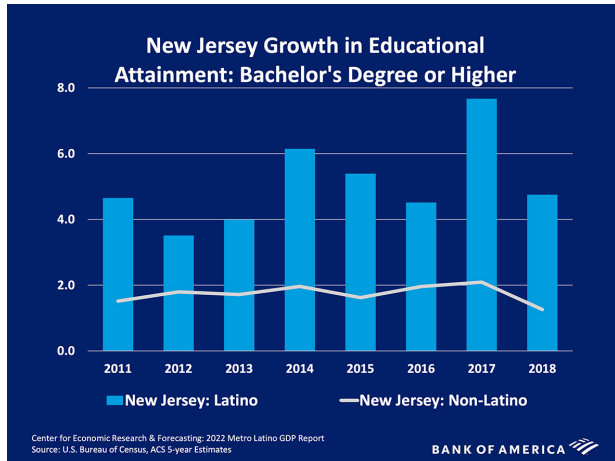
Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

Four different industry sectors account for out-sized shares of the state’s Latino GDP. For example, while Transportation & Warehousing accounts for only 5.4 percent of New Jersey GDP, it accounts for 10.2 percent of the New Jersey Latino GDP. Three other industry sectors account for a substantially larger share of the New Jersey Latino GDP than the corresponding share of the broader state GDP. These include Construction, Leisure & Hospitality, and Government. In general, New Jersey’s Latino economy is highly diversified. In this way, not only are Latinos an engine of economic growth, but they also provide a broad foundation of support for the state’s economy.

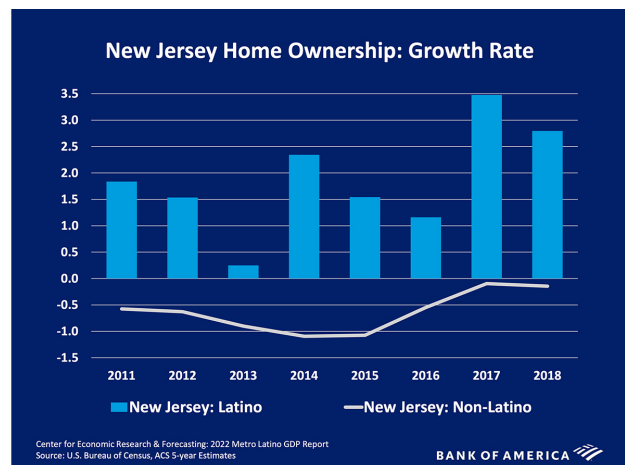
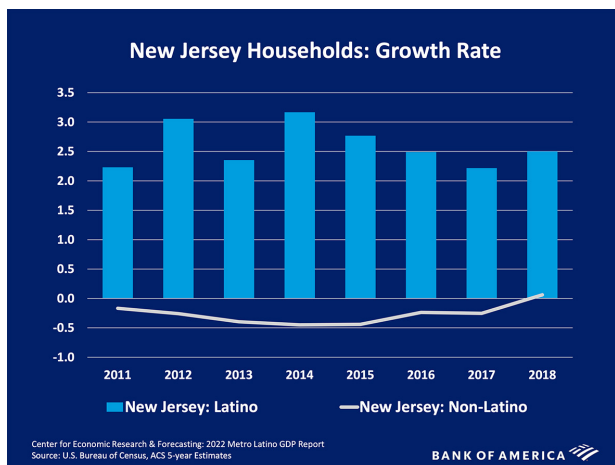




Latinos are making strong and consistent contributions to New Jersey's population and labor force. In fact, were it not for Latinos, both the population and labor force of New Jersey would have contracted from 2010 to 2018. During those years, New Jersey Latinos added an average of 37,500 people per year to the state's population, while Non-Latinos subtracted an average of 17,500 per year. Over that same period, New Jersey Latinos added an average of 18,500 workers per year to the state's labor force, while Non-Latinos subtracted an average of 7,500 per year.



The economic contribution of Latinos in New Jersey, as with U.S. Latinos broadly, is driven by rapid gains in human capital, strong work ethic, and a positive health profile. From 2010 to 2018, Latino educational attainment grew at a rate 3.3 times faster than the educational attainment of Non-Latinos. This represents an educational attainment growth premium even more impressive than that of the broader U.S. Latino cohort. From 2010 to 2018, New Jersey Latinos' labor force participation rate was an average of 5.2 percentage points higher than Non-Latinos. In 2018, Latino labor force participation was 5.4 percentage points higher.

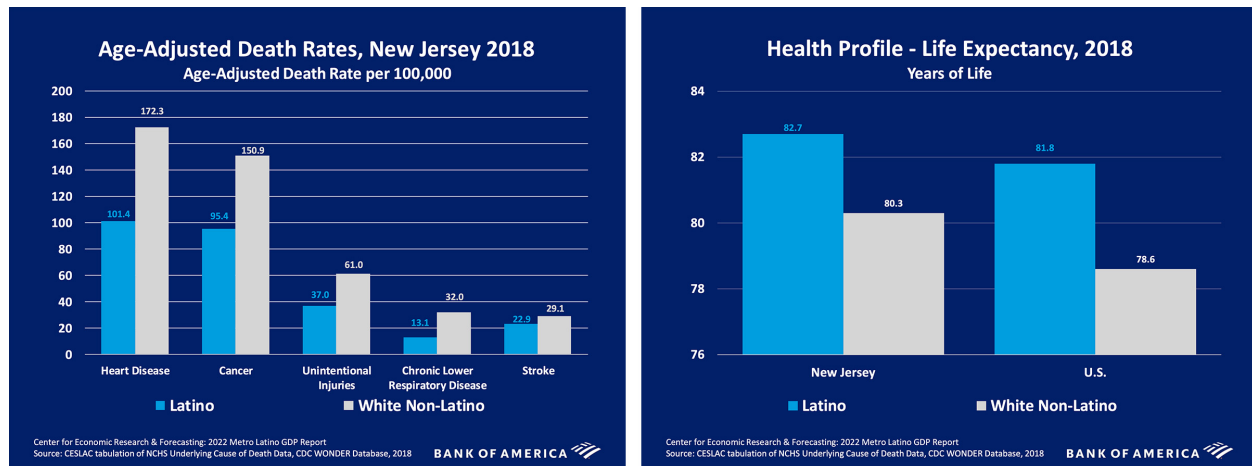


Latinos provide a very large and positive demographic punch in New Jersey through both the addition of workers and the formation of households. As with population and labor force, without Latinos, the number of households in New Jersey would have contracted from 2010 to 2018. From 2010 to 2018, the number of Latino households increased by 22.8 percent, while the number of



Non-Latino households decreased by 2.1 percent. A healthy rate of household formation is vital to economic growth, as new households increase current and future economic activity.

The growth of Latino households is accompanied by strong growth of Latino home ownership. The number of Non-Latino homeowners in New Jersey actually declined every year from 2010 to 2018, while Latino home ownership increased in every year. The number of Latino homeowners increased by 15.9 percent from 2010 to 2018. During that same period, the number of Non-Latino homeowners declined by 5.0 percent.



Latinos in New Jersey also boast stronger health outcomes than their non-Latino counterparts. In the United States in 2018, the top causes of death were heart disease, cancer, unintentional injuries, chronic lower respiratory disease and stroke. In New Jersey, the Latino age-adjusted mortality rates for all top five causes of death are lower than Non-Hispanic White rates. Latino rates range from approximately 21 to 59 percent lower. New Jersey Latinos' age-adjusted mortality rate is 37 percent lower than the state's White Non-Latinos for cancer and 42 percent lower for heart disease. New Jersey Latinos also enjoy greater longevity, with a life expectancy that is nearly two and a half years longer than Non-Hispanic Whites (82.7 years compared to 80.3).

New Jersey: Headline Characteristics			
	New Jersey		
	Latino Measure	Statewide Measure	Latino Share of State (percent)
Gross Domestic Product (\$-billions)	96.9	613.0	15.8
Personal Consumption Expenditures (\$-billions)	73.2	464.1	15.8
Population (thousands)	1,839.4	8,908.5	20.6
Labor Force (thousands)	954.5	4,726.8	20.2
Employment (thousands)	915.0	3,600.0	25.4
Households (thousands)	546.5	3,249.6	16.8
Home-Owning Households (thousands)	201.5	2,078.9	9.7
Education of BA/BS or higher (thousands)	233.7	2,525.0	9.3

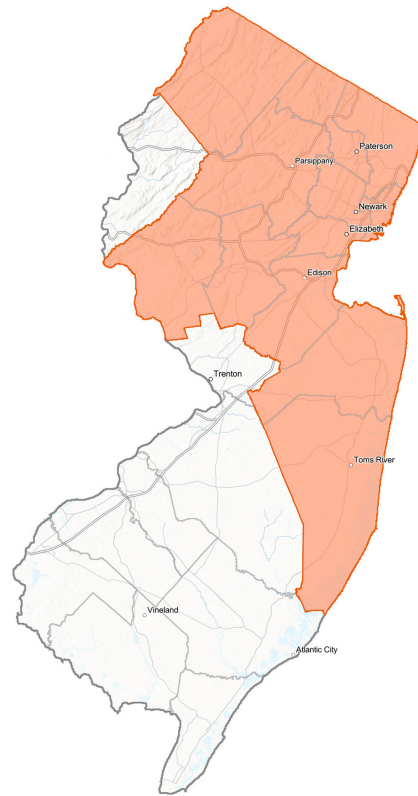
Sources: U.S. Bureau of Census (1-yr ACS), Cal Lutheran University-CERF



Metro Latino GDP: New Jersey Metro Area

The New York – Newark – Jersey City Metropolitan Statistical Area (MSA) is comprised of 12 counties in the State of New York, 12 counties in New Jersey and one in Pennsylvania. In 2018, the New York – Newark – Jersey City MSA was the single largest MSA in the nation with 20.0 million people of all ethnicities. The MSA is home to 4.9 million Latinos (representing 24.6 percent of MSA population), making it the second largest MSA in the nation by Latino population. Only the Los Angeles – Long Beach – Anaheim MSA is home to more Latinos.

For the purpose of this analysis, we divide the greater New York – Newark – Jersey City MSA into its New Jersey state and New York state components. These are referred to hereafter as the New Jersey Metro Area and the New York Metro Area. The New Jersey Metro Area is home to 33 percent of the broader MSA’s all-ethnicities population and 30 percent of the MSA’s Latino population.



New Jersey Metro Gross Domestic Product		
	Metro Latino GDP by Industry	Metrowide GDP by Industry
	<i>billions of dollars</i>	<i>billions of dollars</i>
Agricultural/Natural Resources	0.1	0.3
Mining/Quarrying	0.0	0.2
Construction	4.7	15.6
Durables Manufacturing	3.1	14.2
Non-Durables Manufacturing	3.9	29.2
Wholesale Trade	7.6	41.9
Retail Trade	5.1	26.4
Transportation/Warehousing/Utilities	8.7	25.3
Information/Technology	2.3	22.4
Finance/Insurance/Real Estate	11.1	106.7
Professional/Business Services	13.3	81.9
Education/Healthcare/Social Assistance	7.4	41.6
Leisure/Hospitality	3.9	14.8
Personal/Repair/Maintenance Svcs	2.1	9.4
Government Services	8.9	45.1
Total All Industries	82.3	475.1

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF



The 2018 New Jersey Metro Latino GDP is \$82.3 billion, larger than the entire economy of the state of Idaho or West Virginia. The largest component of the New Jersey Metro’s Latino GDP is personal consumption. Latino consumption in the New Jersey Metro Area totaled more than \$62.8 billion in 2018, representing a consumption market larger than the entire economy of the state of North Dakota.

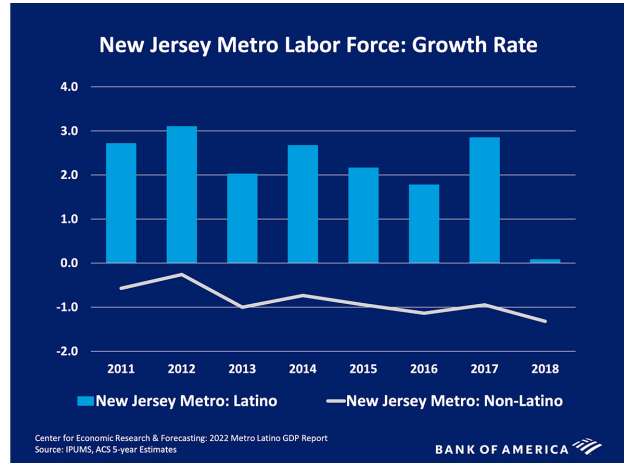
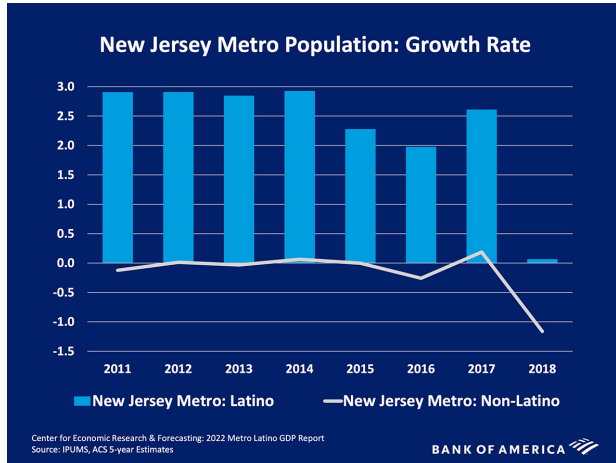
The New Jersey Metro Area’s top five 2018 Latino GDP sectors are: Professional & Business Services (\$13.3 billion), Finance & Real Estate (\$11.1 billion), Government (\$8.9 billion), Transportation & Warehousing (\$8.7 billion), and Wholesale Trade (\$7.6 billion).

New Jersey Metro Gross Domestic Product		
	Metro Latino GDP Industry Share <i>percent</i>	Metrowide GDP Industry Share <i>percent</i>
Agricultural/Natural Resources	0.1	0.1
Mining/Quarrying	0.0	0.0
Construction	5.8	3.3
Durables Manufacturing	3.7	3.0
Non-Durables Manufacturing	4.7	6.1
Wholesale Trade	9.2	8.8
Retail Trade	6.1	5.6
Transportation/Warehousing/Utilities	10.6	5.3
Information/Technology	2.8	4.7
Finance/Insurance/Real Estate	13.5	22.5
Professional/Business Services	16.2	17.2
Education/Healthcare/Social Assistance	9.0	8.8
Leisure/Hospitality	4.8	3.1
Personal/Repair/Maintenance Svcs	2.6	2.0
Government Services	10.9	9.5
Total All Industries	100	100

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

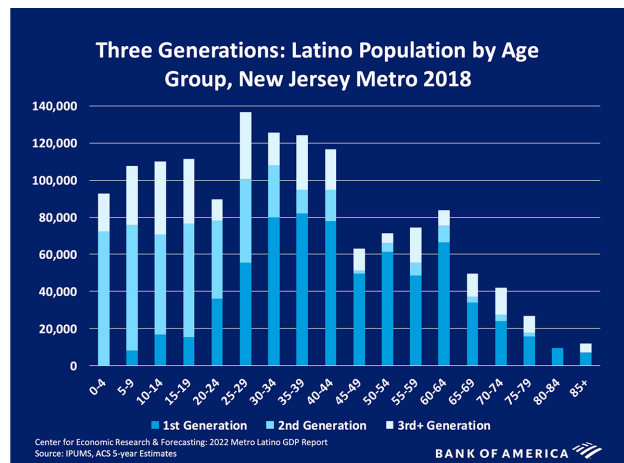
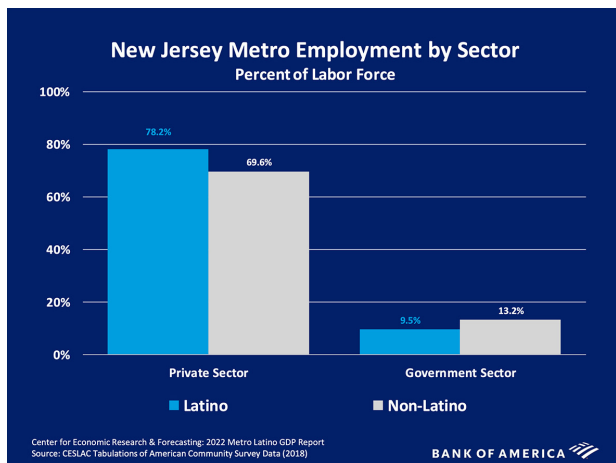
The New Jersey Metro Area’s Latino economy is highly diversified. Four different industry sectors account for out-sized shares of the New Jersey Metro Latino GDP. For example, while Transportation & Warehousing accounts for only 5.3 percent of the overall New Jersey Metro GDP, it accounts for 10.6 percent of the New Jersey Metro Latino GDP. Construction, Leisure & Hospitality, and Government also account for a substantially larger share of the New Jersey Metro Latino GDP than the industry’s corresponding share of the broader Metro Area GDP.

As in the state of New Jersey at large, Latinos are making strong and consistent contributions to the New Jersey Metro Area’s population and labor force. In fact, were it not for Latinos, the population of the New Jersey Metro Area would have contracted from 2010 to 2018. The Non-Latino population of the New Jersey Metro Area declined by 1.3 percent from 2010 to 2018 (declining by an average of more than 8,500 people per year). During those same years, the Metro Area’s Latino population grew by 20.1 percent (increasing by an average of more than 30,000 people per year). Overall population growth remained positive because of the contribution of Latinos.



Even more strikingly, the Non-Latino component of the New Jersey Metro Area’s labor force declined in every year from 2010 to 2018. Meanwhile Latinos added to the Metro Area labor force in every year. From 2010 to 2018, Latinos added an average of more than 15,000 workers per year to the Metro Area’s labor force. Non-Latinos subtracted an average of more than 17,600 workers per year.

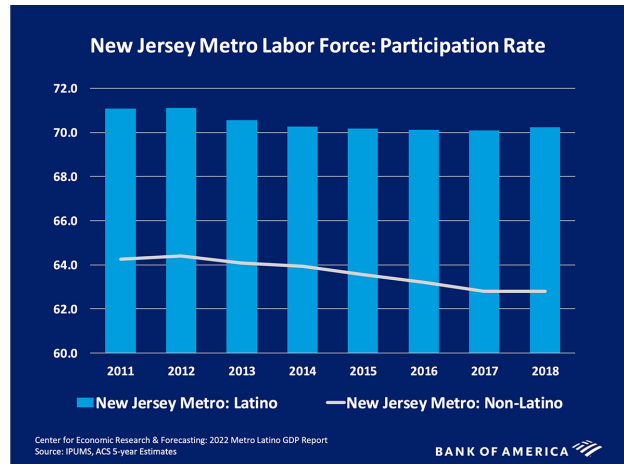
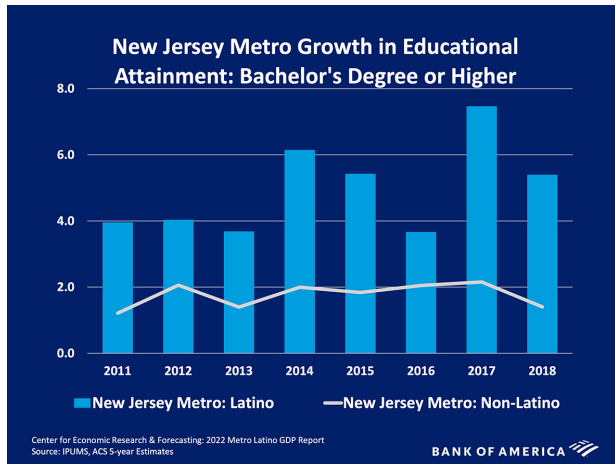
In addition to growing more rapidly, the composition of the New Jersey Metro Latino labor force is different in meaningful ways than the Non-Latino labor force. First, New Jersey Metro Latinos are significantly more likely than Non-Latinos to choose work in the private sector compared to the government sector. Latino workers are also younger on average. In the New Jersey Metro Area, Latinos coming of age and entering the labor force are overwhelmingly second- and third-generation Americans. These children and grandchildren of immigrants are combining the extraordinary and selfless work ethic of their elders with rapid educational attainment to propel not just Latino GDP but overall GDP growth in the New Jersey Metro Area, the state and the nation.



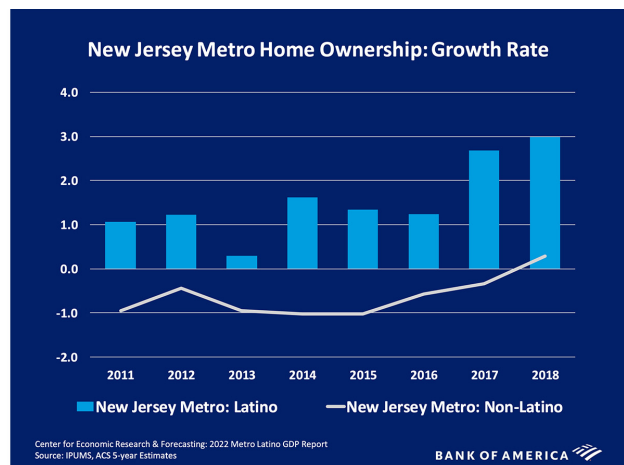
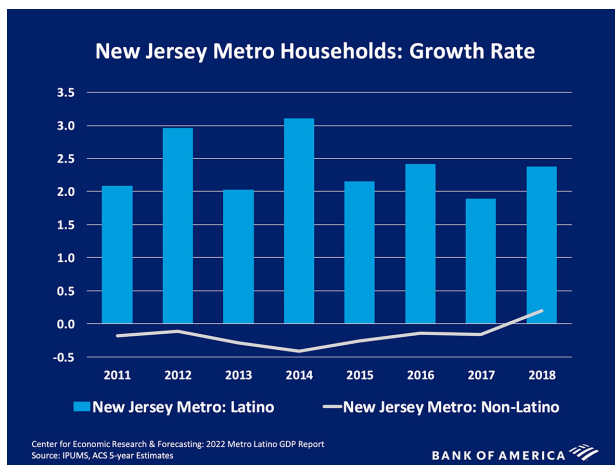
As with larger geographies, the economic contribution of Latinos in the New Jersey Metro Area is driven by rapid gains in human capital and a strong work ethic. From 2010 to 2018, Latino educational attainment grew at a rate 3.2 times faster than the educational attainment of New Jersey Metro Non-Latinos. Over those same years, New Jersey Metro Latinos’ labor force participation rate was an average of 6.9 percentage points higher than Non-Latinos. In 2018, Latino



labor force participation was a truly remarkable 7.5 percentage points higher, well above the labor force participation rate premium enjoyed by Latinos nationwide.



Latinos provide a very large and positive demographic punch in the New Jersey Metro Area through both the addition of workers and the formation of households. The number of Non-Latino households in the New Jersey Metro Area actually shrank every year from 2010 to 2017, growing only slightly in 2018. Over the entire period from 2010 to 2018, the number of Non-Latino households in the New York Metro Area declined by 1.4 percent. Meanwhile, the number of Latino households grew by 20.7 percent.



The growth of Latino households is accompanied by strong growth of Latino home ownership. The number of Non-Latino homeowners declined in every year from 2010 to 2017, again growing only slightly in 2018. Over the entire period from 2010 to 2018, the number of Non-Latino homeowners declined by nearly 5.0 percent. Meanwhile, homeownership among Latinos grew in every year from 2010 onward. Over the entire period from 2010 to 2018, the number of Latino homeowners grew by 13.1 percent.



New Jersey Metro‡ Headline Characteristics

	<i>New Jersey Metro Area</i>		
	Latino	All Ethnicities	Latino Share of MSA (percent)
Gross Domestic Product (\$-billions)	82.3	475.1	17.3
Personal Consumption Expenditures (\$-billions)	62.8	n/a	n/a
Population (thousands)	1,507.1	6,617.5	22.8
Labor Force (thousands)	760.4	2,718.7	28.0
Employment (thousands)	715.8	2,566.0	27.9
Households (thousands)	455.0	2,407.7	18.9
Home-Owning Households (thousands)	160.2	1,484.5	10.8
Education of BA/BS or higher (thousands)	206.3	1,992.4	10.4

Sources: U.S. Bureau of Census (1-yr ACS; labor market data is 5-yr ACS), Cal Lutheran University-CERF

‡ Defined as the portion of the NY-Newark-Jersey City MSA that resides in the state of New York

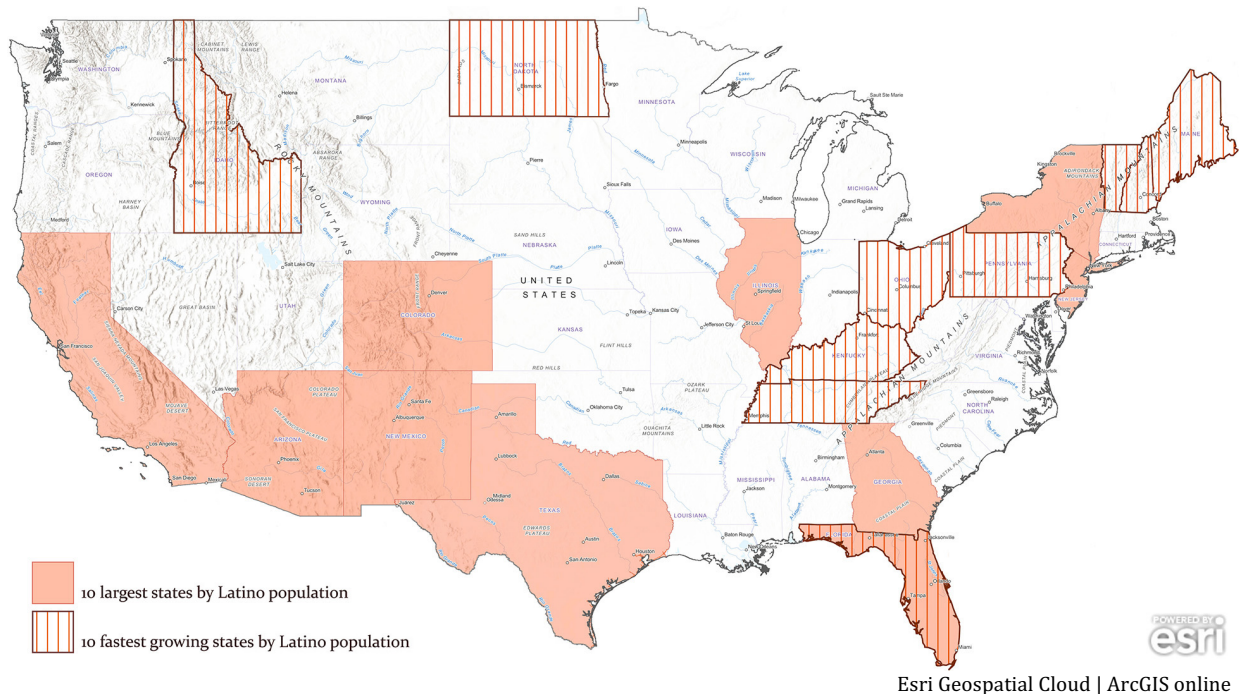


The Geography of the Latino GDP

Seeing the dramatic economic impact of Latinos living in the New Jersey Metro Area and the state of New Jersey more broadly, one might be misled to think that this extraordinary impact must be concentrated within a narrow geographic region. In fact, the New Jersey Metro Area and the state of New Jersey are merely examples of a nationwide phenomenon.

As we have noted for years, the story of the dramatic economic contribution of Latinos in the U.S. is foremost a story of extraordinary growth. The largest states by Latino population, in many instances, are adding the largest numbers of Latinos on an annual basis. In terms of people added, the fastest growing Latino populations are Texas, California and Florida. Texas added 852 thousand Latinos from 2015 to 2019. Florida added 700 thousand, and California added 390 thousand⁴. But ranked by percentage growth, we see that the fastest growing state Latino populations are spread far and wide across the United States. Comparing all 50 states, the three fastest growing states by Latino population are New Hampshire, Vermont and North Dakota. These three, along with Tennessee and Kentucky have Latino populations which grew 15 percent or more between 2015 and 2019. Of the ten fastest growing states by Latino population, only Florida (the ninth fastest growing) is among the 10 largest states by Latino population.

Largest & Fastest Growing States by Latino Population



With the exception of Florida, the major hotspots for the growth of Latino population and thus the growth of the Latino GDP are *outside* of the 10 states highlighted in this report. Thus, Latinos will continue to drive economic growth and be a source of economic resilience in places like California, Arizona and Texas. But the biggest impact of Latinos in the years ahead is likely to be seen in places less obvious, places like Idaho, North Dakota, Ohio and Tennessee.

⁴ U.S. Bureau of Census, ACS 1-year Estimates



Methodology

The starting point for the MSA-specific Latino GDP estimates in this report is the U.S. Latino GDP calculations undertaken by Hamilton, Fienup, Hayes-Bautista, and Hsu in the *LDC U.S. Latino GDP Report* (Hamilton et al. 2019, 2020, 2021b) and the State Latino GDP calculations undertaken by the same authors in the *Bank of America State Latino GDP Report* (Hamilton et al. 2021a). The U.S. calculations are based on publicly available national income and product accounts (NIPA) data as well as a wide set of nation-wide measures of Latino-specific demographic, housing, labor market, and other economic activities. The state-specific Latino GDP calculations start with the U.S. Latino GDP estimates and add state-level income and product account data, along with a wide set of state-specific measures of Latino demographics, housing, and labor market activity. Likewise, the MSA-specific Latino calculations start with the corresponding State Latino GDP estimates and utilize MSA-level income and product account data along with Latino specific measures of demographics, and housing market and labor market activities.

For national, state and MSA Latino GDP, we compute Latino versions of seven major expenditure components across many commodity definitions of economic activity. The level of detail includes 71 categories of commodities for the U.S. analysis. Those categories are aggregated into 21 broader commodity categories for the state- and aggregated into 15 categories for the MSA-level analyses.⁵ Our analysis requires detailed data from the U.S. Bureau of Economic analysis on GDP, income, expenditure, employment, and prices across all of the states and the nation. We also utilize the U.S. Input-Output (I-O) table, the foundation for the national income accounting system that produces GDP breakouts by expenditure type, income type, and industry sector. This effort also requires data on economic and demographic activity broken out by ethnicity, so that we can compute Latino shares of expenditures at a detailed industrial sector level. The Latino-specific data are sourced from the American Community Survey (BOC-ACS), integrated public use microdata series (BOC-UMN-IPUMS), the American Housing Survey (BOC-AHS), the Current Population Survey (BOC-CPS), the Population Estimates program (BOC-POPEST), the Housing Vacancy Survey (BOC-HVS), and the Consumer Expenditure Survey (BLS-CEX). The Latino GDP is calculated as the sum of Latino-specific measures of the seven major expenditure categories.

To compute the industry breakdowns of Latino GDP, for the MSAs, states and nation, we utilize BEA measures of income by type for all ethnicities, along with IPUMS data on Latino income by type. These data provide a way to calculate Latino-specific versions of three major income categories across 21 industries. The sum of these major income categories provides the industry breakdown of Latino GDP.

The Latino GDP estimates for the New York – Newark – Jersey City metropolitan statistical area (full-MSA) have been broken down into the New York and New Jersey portions of that MSA. The full MSA mostly spans two states, New York and New Jersey, thus the analysis starts with merging the

⁵ Commodities and industries both follow the NAICS classification scheme, but are conceptually different in that industries are the outputs of the production processes by sector, and commodities are the inputs to the production process by sector.



Latino GDPs for these two states into a two-state combination geography.^{6,7} From this geography, the full-MSA Latino GDP was calculated.

There are 12 counties in the New Jersey portion of the full-MSA, the *New Jersey Metro*, comprising 30 percent of the full-MSA Latino population, and for those 12 counties detailed data sets on Latino and Non-Latino demographics and income, as described above in this section, were collected, county-by-county. To estimate Latino GDP for this area, these measures were aggregated and the methods above were used to compute Latino GDP estimates for the *New Jersey Metro*. With the two sets of Latino GDP estimates, the full-MSA and the *New Jersey Metro*, the *New York Metro* Latino GDP estimates were derived using the definition that each of these metros, the New Jersey portion, and the New York portion, comprise the entirety of the full-MSA. This method accounts for the GDP estimates based from the other 70 percent of the Latinos living in the full-MSA.

As with standard GDP estimates by the BEA, our Latino GDP estimates are based on a detailed bottom-up calculation. The Metro Latino measures can be decomposed to seven major expenditure components, and they can be split out into 15 separate industrial sectors. The seven expenditure categories are: Personal Consumption, Residential Investment, Nonresidential Investment, Change in Inventories, Exports, Imports, and Government Consumption and Investment. The 15 industrial sectors are provided in the following table:

Table 1: Latino GDP Industry Categories

- Agriculture/Natural Resources
- Mining/Quarrying
- Construction
- Durables Manufacturing
- Non-Durables Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation/Warehousing/Utilities
- Information/Technology
- Finance/Insurance/Real Estate
- Professional/Business Services
- Education/Healthcare/Social Assistance
- Leisure/Hospitality
- Personal/Repair/Maintenance Services
- Government Services

⁶ There is one county, Pike County, with a Latino population of 5,900 persons, in Pennsylvania, which is 0.1 percent of the overall MSA population.

⁷ The Latino GDPs for these states are from the Bank of America State Latino GDP Report (Hamilton et al 2021a).



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