

## **NOVEMBER 2009 CONSTRUCTION HIGHLIGHTS**

- In the last half century, 2009 looks to be one of the worst years for New Jersey's construction industry, and November building permit activity was typical of previous months this past year.
- The estimated cost of construction authorized by building permits in November was \$663.8million; 545 municipalities reported.
- Residential construction totaled \$343.2 million. This was 51.7 percent of all activity. New home construction totaled \$158.3 million, or 23.9 percent of all work.
- Nonresidential construction amounted to \$320.6 million, accounting for 48.3 percent of all activity. Only 299,600 square feet of new office space was authorized by permits in November. New retail space amounted to 213,057 square feet.
- Newark led all municipalities with \$41.3 million of work in November.

### **Year to Date**

With 11 months of building permit data, several trends are evident for 2009.

- New Jersey's construction industry declined in 2008, and all indicators show that conditions grew worse in 2009.
- All major indicators are down. The depressed housing market continues, both for single- and multi-family developments
- Between January and November 2009, the estimated cost of construction authorized by permits was \$8.8 billion. This is \$4.3 billion below this same time period for 2008, for a decline of 32.8 percent.

| <b>Major Construction Indicators, New Jersey<br/>November Year-to-Date Figures Compared to Annual Totals</b> |                                               |                                         |                                                      |                                                      |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|------------------------------------------------------|------------------------------------------------------|
| <b>Period</b>                                                                                                | <b>Estimated<br/>Cost of<br/>Construction</b> | <b>Authorized<br/>Housing<br/>Units</b> | <b>Authorized<br/>Office Space<br/>(square feet)</b> | <b>Authorized<br/>Retail Space<br/>(square feet)</b> |
| <b>Year-to-Date Figures (January to November)</b>                                                            |                                               |                                         |                                                      |                                                      |
| <b>January – November 2009</b>                                                                               | \$8,768,876,384                               | 9,685                                   | 3,673,085                                            | 2,186,908                                            |
| <b>January – November 2008</b>                                                                               | \$13,041,696,998                              | 15,233                                  | 7,552,009                                            | 5,289,369                                            |
| <b>January – November 2007</b>                                                                               | \$13,906,929,474                              | 24,001                                  | 8,069,087                                            | 4,531,899                                            |
| <b>Annual Figures</b>                                                                                        |                                               |                                         |                                                      |                                                      |
| <b>2008</b>                                                                                                  | \$13,944,534,578                              | 16,338                                  | 7,962,998                                            | 5,557,101                                            |
| <b>2007</b>                                                                                                  | \$15,356,572,820                              | 25,948                                  | 9,569,501                                            | 5,423,889                                            |
| <b>2006</b>                                                                                                  | \$15,675,107,955                              | 32,050                                  | 11,113,555                                           | 5,186,662                                            |
| <b>2005</b>                                                                                                  | \$15,397,507,147                              | 39,688                                  | 11,038,132                                           | 5,965,258                                            |
| <b>2004</b>                                                                                                  | \$14,274,331,850                              | 39,254                                  | 12,219,068                                           | 4,911,257                                            |
| <b>2003</b>                                                                                                  | \$12,148,747,807                              | 35,171                                  | 9,744,146                                            | 6,038,428                                            |
| <b>2002</b>                                                                                                  | \$12,079,942,099                              | 34,589                                  | 9,261,054                                            | 7,560,913                                            |
| <b>2001</b>                                                                                                  | \$12,007,456,630                              | 35,680                                  | 19,134,533                                           | 7,244,833                                            |
| <b>2000</b>                                                                                                  | \$11,387,683,514                              | 38,065                                  | 15,531,039                                           | 6,063,412                                            |
| <b>1999</b>                                                                                                  | \$10,584,167,530                              | 37,536                                  | 13,237,891                                           | 6,229,471                                            |
| <b><i>Difference between January–November 2008 &amp; January–November 2009</i></b>                           |                                               |                                         |                                                      |                                                      |
| <b>2008 – 2009 (year to date)</b>                                                                            | -\$4,272,820,614                              | -5,548                                  | -3,878,924                                           | -3,102,461                                           |
| <b>Percent Change</b>                                                                                        | -32.8%                                        | -36.4%                                  | -51.4%                                               | -58.7%                                               |
| Source: N.J. Department of Community Affairs, 1/7/10                                                         |                                               |                                         |                                                      |                                                      |

- Between January and November 2009, New Jersey localities issued building permits for 9,685 new dwellings. This is 5,500 fewer units than during the same 11-month period in 2008 (a 36 percent decline in new homes). Compared to the same time period two years ago, there were 24,000 fewer new homes built, for a decline of 60 percent.
- Jersey City accounts for more than 11 percent of the new homes built in the State. Between January and November 2009, the City's construction office issued building permits for 1,128 new dwellings. A strong market for new homes in both Jersey City and the City of Newark is a trend that has continued for about ten years.

| Authorized Housing in Newark and Jersey City, 2001-2007 |                  |      |                  |      |                  |
|---------------------------------------------------------|------------------|------|------------------|------|------------------|
| Year                                                    | Newark           |      | Jersey City      |      | All New Jersey   |
|                                                         | Authorized Units | Rank | Authorized Units | Rank | Authorized Units |
| 2001                                                    | 1,066            | 2    | 2,009            | 1    | 35,680           |
| 2002                                                    | 1,223            | 1    | 907              | 2    | 34,589           |
| 2003                                                    | 1,730            | 1    | 969              | 2    | 35,171           |
| 2004                                                    | 1,702            | 2    | 2,156            | 1    | 39,254           |
| 2005                                                    | 2,611            | 2    | 3,778            | 1    | 39,688           |
| 2006                                                    | 2,125            | 2    | 2,578            | 1    | 31,709           |
| 2007                                                    | 927              | 2    | 2,765            | 1    | 25,948           |
| 2008                                                    | 289              | 6    | 1,468            | 1    | 16,338           |
| 2009 ytd                                                | 270              | 4    | 1,128            | 1    | 9,685            |
| Source: N.J. Department of Community Affairs, 1/7/10    |                  |      |                  |      |                  |

- In 2008, big, commercial and public-works developments helped cushion the effects of a depressed homebuilder industry. Atlantic City led all municipalities with \$594.2 million of work. Much of this was from the new casino, hotel, and parking complex for Revel Entertainment.



*Revel Entertainment casino and hotel, Atlantic City*

- Voorhees Township in Camden County had \$357.6 million of construction. A new hospital for Virtua Health network was reported with an estimated construction cost of \$300 million.
- Jersey City ranked third among localities in 2008 with \$349.2 million of work, and much of this was from a strong housing market.
- Between January and November 2009, Jersey City continues to lead all municipalities with the most construction with \$419.1 million. New home construction accounts for more than 67 percent of all authorized work there.
- Franklin Township, Somerset Count ranks second with \$270 million of work. Most of this was for new office construction for the investment bank Morgan Stanley. The facility will have total floor area of more than 370,000 square feet.
- Newark ranks third among localities with \$196.1 million of work through November.
- “State Buildings” refers to permits for projects reviewed at the Department of Community Affairs. They typically include large, public projects managed or constructed by State Government agencies or their instrumentalities. Since January, more than \$282 million was authorized for such projects in communities throughout the New Jersey. Many are major capital improvements at public universities, including Stockton, Montclair, and Rutgers Universities. This figure also includes facility improvements for New Jersey Transit.

| Dollar Amount of Authorized Construction<br>Top Performers, 2009 year to date |            |                                                |                                |                                             |                                             |
|-------------------------------------------------------------------------------|------------|------------------------------------------------|--------------------------------|---------------------------------------------|---------------------------------------------|
| Municipality                                                                  | County     | Estimated Cost of<br>Construction<br>(dollars) | Authorized<br>Housing<br>Units | Authorized<br>Office Space<br>(square feet) | Authorized<br>Retail Space<br>(square feet) |
| Jersey City                                                                   | Hudson     | \$419,075,874                                  | 1,128                          | 77,990                                      | 5,400                                       |
| Franklin Twp                                                                  | Somerset   | 270,042,581                                    | 124                            | 393,090                                     | 0                                           |
| Newark City                                                                   | Essex      | 196,064,789                                    | 270                            | 117,079                                     | 26,588                                      |
| Woodbury City                                                                 | Gloucester | 163,475,783                                    | 1                              | 460                                         | 0                                           |
| Paterson City                                                                 | Passaic    | 147,662,611                                    | 84                             | 206                                         | 7,938                                       |
| Toms River                                                                    | Ocean      | 98,812,723                                     | 81                             | 41,807                                      | 5,764                                       |
| Lakewood                                                                      | Ocean      | 87,743,450                                     | 311                            | 76,660                                      | 5,955                                       |
| Woodbridge                                                                    | Middlesex  | 84,025,162                                     | 19                             | 29,190                                      | 78,851                                      |
| Plainsboro                                                                    | Middlesex  | 77,965,114                                     | 7                              | 0                                           | 0                                           |
| Hopewell                                                                      | Mercer     | 76,068,977                                     | 4                              | 0                                           | 0                                           |
| State Buildings                                                               |            | \$282,371,911                                  | 0                              | 112,158                                     | 48,536                                      |

|                                                      |                 |       |           |           |
|------------------------------------------------------|-----------------|-------|-----------|-----------|
| <b>New Jersey</b>                                    | \$8,768,876,384 | 9,685 | 3,673,085 | 2,186,908 |
| Source: N.J. Department of Community Affairs, 1/7/10 |                 |       |           |           |