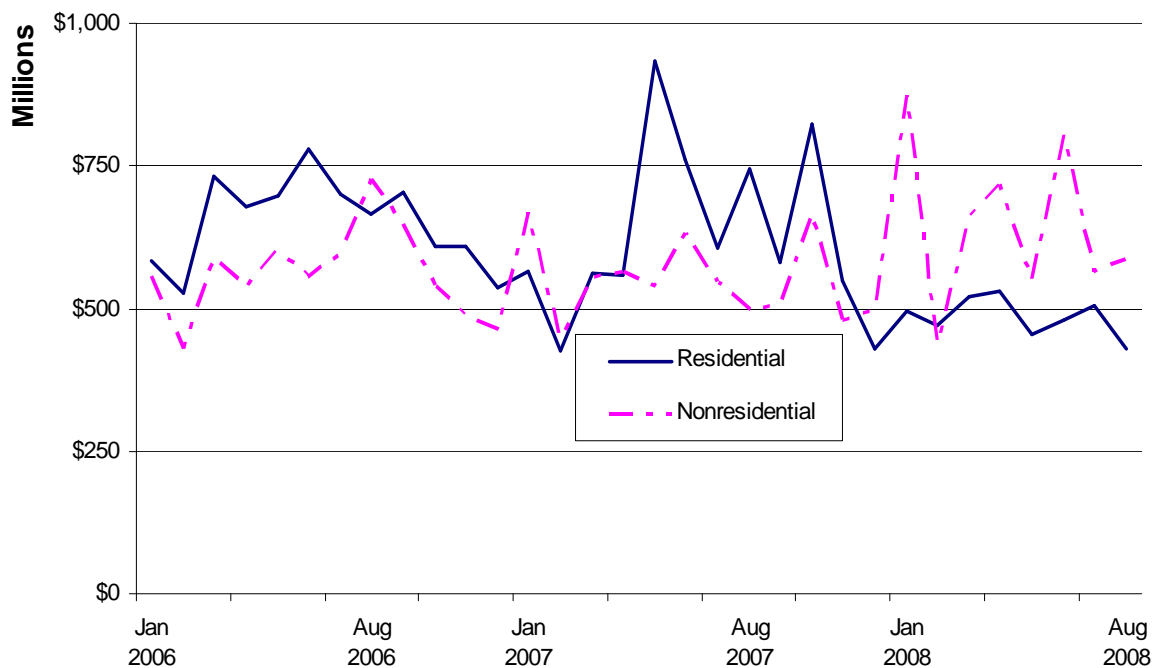


AUGUST 2008 HIGHLIGHTS

- August is usually a busy month for homebuilders, but not this year -- not for the nation and not in New Jersey. Only 895 housing units were authorized by construction officials in the State. This was the lowest number of new houses in *any* month in over 12 years.
- Residential construction accounted for \$427.9 million, 42.2 percent of the \$1.015 billion authorized by building permits in August. The number of municipalities reporting for August was 550.
- New homes comprised \$187.1 million of this amount. Additions and alterations to existing dwellings made up another \$290.8 million.
- Office, retail, and other nonresidential uses accounted for \$587.2 million, 57.8 percent of all activity.
- The housing industry continued a slump that began in 2007. Residential work exceeded commercial and other nonresidential construction in 11 of 12 months in 2006. In 2007, housing construction was higher than nonresidential work in 8 of 12 months. But in 2008 thus far, the only time the dollar amount of residential work authorized by permits was more than office, retail, and other nonresidential construction was in February; this was 1 month in 8 so far.

Residential & Nonresidential Construction



- Much of the decline was from a downturn in the construction of single-family houses.
- Between January and August of 2001 through 2006, the number of one- and two-family houses authorized by building permits averaged 16,321 units. During this same period of 2007 and 2008, the number of new homes declined by half. The average number of one- and two-family units is only 8,119.
- The multifamily housing market remained steady. Between 2001 and 2006, the number of multifamily units authorized by building permits averaged 6,496 units in the months of January through August. The average number of multifamily units for that same time period in 2007 and 2008 was 6,264, which is only 3.6 percent less than the earlier time period.

Authorized Housing Units, January-August 2001-2008



- Not surprisingly, much of the new houses in 2008 are in cities with large, high-rise developments. The hottest market is on the Hudson River waterfront.
- Jersey City leads all municipalities with 1,356 authorized dwellings between January and August 2008. The City of Bayonne has 581 units. The City of Hoboken and Weehawken Township have 435 and 273 authorized housing units, respectively. These four communities in Hudson County account for nearly 23 percent of all authorized dwellings in New Jersey.

Major Construction Indicators, New Jersey: Year-to-Date Trends				
Period	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
January – August 2008	\$9,881,873,384	11,584	5,145,483	4,826,935
January – August 2007	\$10,024,136,462	17,371	6,137,178	2,942,040
January – August 2006	\$10,450,657,277	21,884	7,315,171	4,375,293
January – August 2005	\$9,875,901,592	25,615	7,349,034	4,920,026
January – August 2004	\$8,864,794,829	25,153	7,191,451	3,603,455
January – August 2003	\$7,427,669,633	21,904	6,371,865	3,676,276
January – August 2002	\$8,009,676,773	21,699	6,845,554	5,613,885
<i>Difference Between 2007 and 2008</i>				
2007 - 2008	-\$142,263,078	-5,787	-991,695	1,884,895
Percent Change	-1.4%	-33.3%	-16.2%	64.1%
Source: N.J. Department of Community Affairs, 10/7/08				

- Despite a drop-off in new home production to a level that is one-third what it was this time last year, overall construction has declined by only a modest amount, less than two percent. The estimated cost of work authorized by permits totaled nearly \$9.9 billion through August. This is only \$142.3 million less than last year at this time. Big, new commercial developments have filled the dollar void left by the depressed new home construction market.
- Atlantic City in Atlantic County leads all municipalities with \$382.6 million of construction. This is due mainly to work authorized to Revel Entertainment for a new hotel, casino, and parking complex. The new casino will have two hotel towers, each of which will have a floor area of more than 1.5 million square feet. In addition, the complex includes a parking deck with an area of 2.9 million square feet.
- Voorhees Township in Camden County ranks second with \$345.7 million of work. In July, a state-of-the-art hospital broke ground. The structure is expected to have a floor area of 672,000 square feet.
- Piscataway Township in Middlesex County reported \$301.4 million of construction. Work began on a high-tech data warehouse with an estimated construction cost of \$254 million in June. It will have a total floor area in excess of 308,000 square feet.
- Princeton Township in Mercer County had \$293.7 million through August. Most of this was from a building permit authorizing Princeton University to build an office building for the Department of Chemistry. The permit was issued in January and the floor area reported for the new building was nearly 250,000 square feet.