

## DECEMBER 2009 CONSTRUCTION HIGHLIGHTS

- 2009 looks to be one of the worst years for New Jersey's construction industry in more than twenty years, and December building permit activity was typical of previous months this past year.
- The estimated cost of construction authorized by building permits in December was only \$643.3million; 553 municipalities reported.
- Residential construction totaled \$373.6 million. This was 58.1 percent of all activity. New home construction totaled \$193.2 million, or 30 percent of all work.
- Nonresidential construction amounted to \$269.7 million, accounting for 41.9 percent of all activity. A total of 356,606 square feet of new office space was authorized by permits in December. New retail space amounted to 230,721 square feet.
- Evesham Township, Burlington County led all municipalities with \$23.5 million of work in December. Most of this was for assisted living complexes with 91 apartments. Evesham also ranked third among municipalities with the most new houses in December. Delanco, also in Burlington County, had 100 authorized units. Lower Township, Cape May County had 93. In all three communities, age- and income-restricted apartment buildings accounted for most of the housing activity.

### Year to Date

Even though year-to-date figures are preliminary, as a few municipalities still must submit monthly building permit reports, several trends are evident for 2009:

- New Jersey's construction industry, which declined in 2008, grew worse in 2009.
- All major indicators are down compared to 2008. The depressed housing market continues, both for single- and multi-family developments.
- Between January and December 2009, the estimated cost of construction authorized by permits was \$9.4 billion. This is \$4.4 billion less than this same time period for 2008, for a decline of 31.7 percent.

<b>Major Construction Indicators, New Jersey December Year-to-Date Figures Compared to Annual Totals</b>				
<b>Period</b>	<b>Estimated Cost of Construction</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
<b>Year-to-Date Figures (January to December)</b>				
<b>January – December 2009</b>	\$9,446,838,643	11,067	4,035,812	2,417,629
<b>January – December 2008</b>	\$13,834,284,685	16,203	7,869,822	5,459,374
<b>January – December 2007</b>	\$14,907,746,308	25,472	8,875,968	4,993,848
<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–December 2008 &amp; January–December 2009</i></b>				
<b>2008 – 2009 (Jan – Dec)</b>	-\$4,387,446,042	-5,136	-3,834,010	-3,041,745
<b>Percent Change</b>	-31.7%	-31.7%	-48.7%	-55.7%
Source: N.J. Department of Community Affairs, 2/8/10				

- New home construction declined by over 5,100 units (31.7 percent). Only 11,067 new dwellings were authorized by permits between January and December 2009. Two years ago, the number exceeded 25,000.
- For the past ten years, one of the strongest housing markets in the State has been along the Hudson River waterfront in Jersey City. This trend continued in 2009. Jersey City accounted for one in ten new houses built in the State in 2009. Between January and December 2009, the City's construction office issued building permits for 1,129 dwellings.

<b>Authorized Housing in Newark and Jersey City, 2001-2009 ytd</b>					
<b>Year</b>	<b>Newark</b>		<b>Jersey City</b>		<b>All New Jersey</b>
	<b>Authorized Units</b>	<b>Rank</b>	<b>Authorized Units</b>	<b>Rank</b>	<b>Authorized Units</b>
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	285	4	1,129	1	11,067
Source: N.J. Department of Community Affairs, 2/8/10					

- The City of Newark also had a strong demand for new houses in 2009, ranking fourth among all municipalities with 285 dwellings authorized by permit. As in Jersey City, Newark's strong housing market has occurred throughout most of the decade.

### **2008**

- Last year, in 2008, big, commercial and public-works developments softened the effects of a depressed homebuilding 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.
- 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.



*Revel Entertainment casino and hotel, Atlantic City*

### **2009**

- Between January and December 2009, Jersey City had the most authorized construction among all municipalities. The estimated cost of all work reported on building permits was \$436.4 million. Nearly two-thirds of all permit activity was for new home construction.
- Franklin Township, Somerset County ranks second with \$278.8 million. Most of this was for one development, a new office complex for investment bank Morgan Stanley. The facility will have total floor area of more than 370,000 square feet.
- Newark ranked third with \$204.9 million. Rehab work on office, retail, and other existing commercial buildings accounted for almost of the activity in the City.
- “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, \$297.9 million was authorized for such projects in communities throughout the New Jersey. Many are big 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 Top Performers, 2009 year to date					
Municipality	County	Estimated Cost of Construction (dollars)	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
Jersey City	Hudson	\$436,436,533	1,129	77,990	5,400
Franklin Township	Somerset	278,821,851	139	393,090	0
Newark City	Essex	204,934,234	285	117,079	26,588
Woodbury City	Gloucester	164,002,923	1	460	0
Paterson City	Passaic	150,213,279	86	206	7,938
Toms River	Ocean	105,306,547	98	41,807	5,764
Lakewood	Ocean	98,735,713	368	84,230	5,955
Edison Township	Middlesex	88,202,530	29	57,977	161,284
Woodbridge	Middlesex	88,128,550	22	29,535	78,851
Princeton Twp	Mercer	82,165,958	20	30,588	0
State Buildings		297,895,137	0	112,566	48,536
<b>New Jersey</b>		<b>\$9,446,838,643</b>	<b>11,067</b>	<b>4,035,812</b>	<b>2,417,629</b>
Source: N.J. Department of Community Affairs, 2/8/10					

### New Home Prices

- In the fourth quarter of 2009, a total of 2,045 new houses were completed, occupied, and began enrollment in a new home warranty program.
- Five counties accounted for over half of these new houses. Ocean County had for 261 new homes. Monmouth had 199. Gloucester had 185. Hudson had 179, and Bergen County had 178 new homes that began enrollment in a warranty program in the fourth quarter of 2009.
- The median sales price of the new houses built in the State during this time was \$340,521. This was a decline of 8.1 percent compared to last quarter.
- Somerset, Hunterdon, and Cape May Counties had the highest priced homes.

New House Prices			
<i>Period</i>	<b>Number of New Houses</b>	<b>Median Sale Price</b>	<b>Percent Change in Sale Price</b>
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
2003	22,226	\$307,168	11.8%
2004	23,844	\$349,900	13.9%
2005	24,571	\$378,992	8.3%
2006	22,697	\$413,825	9.2%
2007	18,397	\$424,570	2.6%
2008	13,841	\$425,000	0.1%
4 <sup>th</sup> Quarter 2007	4,155	\$410,000	-0.4%
1 <sup>st</sup> Quarter 2008	3,637	\$432,900	5.6%
2 <sup>nd</sup> Quarter 2008	4,240	\$475,000	9.7%
3 <sup>rd</sup> Quarter 2008	3,204	\$405,000	-14.7%
4 <sup>th</sup> Quarter 2008	2,760	\$380,000	-6.2%
1 <sup>st</sup> qtr 09 prelim	1,564	\$360,000	-5.3%
2 <sup>nd</sup> qtr 09 prelim	2,041	\$375,000	4.2%
3 <sup>rd</sup> qtr 09 prelim	1,726	\$370,400	-1.2%
4 <sup>th</sup> qtr 09 prelim	2,045	\$340,521	-8.1%
Source: N.J. Department of Community Affairs, 2/8/10			