

## MAY 2008 HIGHLIGHTS

- Home builders continued to struggle in May, as permits were issued for only 1,134 new houses. May was one of the worst months measured by the number of new homes in more than a decade.
- The estimated cost of all authorized work, however, was \$1.005 billion. Several big public improvement projects broke ground to compensate for the housing slump. Residential work amounted to \$455.7 million, 45.3 percent of all activity. Nonresidential work was \$549.6 million, 54.7 percent. The number of municipalities reporting for May was 540.
- “State Buildings” is a category of construction that includes big capital improvements that get permits from State plan reviewers. Typically, this includes public works projects built by State agencies or their instrumentalities. It can include dormitories for public universities or toll plazas for highway authorities. The estimated cost of construction authorized for State buildings in May was \$73.3 million. One of the bigger developments reported was an addition to and renovation of the Rutgers Business School, Newark in Essex County. The estimated cost of work was \$42.1 million. Another big development was for nearly \$18 million of work for the New Jersey Sports & Exposition Authority to build a new practice facility for the New York Giants.
- Among municipalities, the City of Hackensack in Bergen County had the most work in May, \$44.4 million. Cherry Hill Township in Camden County had \$37.1 million. Jersey City in Hudson County and Livingston Township in Essex County followed with \$35.9 million and \$32.2 million, respectively.
- Two big projects broke ground in Hackensack. The first was for the Hackensack University Medical Center with an estimated cost of \$34.9 million. Also, a new construction permit was issued in May for an eight-story apartment building of 40 dwellings with an estimated construction cost of nearly \$9 million.
- Cherry Hill reported two big developments in May. One was a \$20.7-million alteration for a retail fit out at the Garden State Mall for Nordstrom’s department store. Another \$9.1 million was for a new parking deck.
- Jersey City’s construction office issued a permit for a new 54-unit condominium development. The estimated cost of construction thus far was \$7.6 million. The City authorized 67 new dwellings in May, second only to Franklin Borough in Sussex County, which had 94.
- The Livingston construction office issued a permit for a new municipal building with an estimated cost of \$25.9 million.

### Year to Date

- Between January and May 2008, the estimated cost of authorized construction was \$5.916 billion. This is \$67.9 million less than last year at this time, a decline of 1.1 percent.
- The number of new dwellings was 7,973. This was 2,185 fewer than the first five months of 2007, a decline of 21.5 percent. Compared to January through May 2006, authorized dwellings declined by 51.4 percent. There were 8,425 fewer dwellings than the same five-month period in 2006.
- Office construction is at about the same as last year. Between January and May 2008, building permits authorized 3,505,577 square feet of office space. This is 67,596 square feet more than last year, an increase of 2 percent. Just over 3.7 million square feet of additional retail space was authorized between January and May 2008. This is nearly 1.9 million square feet more, an increase of 98.1 percent.

<b>Major Construction Indicators, New Jersey: January – May</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>
January – May 1998	\$3,164,853,868	11,956	3,034,481	3,583,066
January – May 1999	\$3,943,487,194	12,635	4,203,626	2,876,614
January – May 2000	\$3,868,595,659	13,618	5,278,447	2,066,933
January – May 2001	\$4,782,986,399	13,001	7,229,819	2,404,072
January – May 2002	\$4,471,610,569	12,002	3,807,699	3,332,698
January – May 2003	\$4,265,221,462	11,939	3,347,463	2,805,420
January – May 2004	\$5,074,637,462	14,156	4,784,991	1,453,455
January – May 2005	\$5,240,237,921	13,366	3,530,402	2,426,679
January – May 2006	\$6,150,756,218	16,398	4,937,085	1,565,187
January – May 2007	\$5,984,572,328	10,158	3,437,981	1,871,638
January – May 2008	\$5,916,688,836	7,973	3,505,577	3,707,786
<b><i>Difference</i></b>				
2007-2008	-\$67,883,492	-2,185	67,596	1,836,148
Percent Change	-1.1%	-21.5%	2.0%	98.1%
Source: N.J. Department of Community Affairs, 7/7/08				

- State buildings accounted for \$286.1 million of construction through May. Some of the bigger developments are two large dormitories at Kean University in Union Township, Union County with a combined estimated cost in excess of \$65 million. The College of New Jersey in Ewing Township, Mercer County received a new construction permit authorizing \$27.8 million for a new dormitory. The Rutgers Business School renovation in the City of Newark described earlier accounted for \$42.1 million. More than \$62 million of construction was authorized for the new sports facilities in the Meadowlands. New Jersey Transit has over \$20 million in renovations underway at the train station in the City of South Amboy, Middlesex County.
- Princeton Township in Mercer County leads all municipalities with \$277.3 million of construction through May. Most of this was to build a new office building for the chemistry department at Princeton University. The new building is expected to have a total floor area of nearly 250,000 square feet.
- The City of New Brunswick in Middlesex County ranks second with \$164.3 million of work through May. A new high school with a floor area of just under 400,000 square feet accounted for more than \$134 million of construction.
- Bridgewater Township in Somerset County had \$157.3 million of construction. Most of this was for an office expansion and renovation for the Goldman Sachs investment firm. The firm purchased a site formerly occupied by the Olivetti computer company.
- The housing market in Jersey City has slowed compared to recent years, but the community still leads all municipalities with the most new houses (704 units). New home construction accounted for 27.7 percent of the \$155.6 million of work. In addition to Jersey City, the other top municipalities with the most new housing are in Hudson County: the City of Bayonne (560), the City of Hoboken (460), and Weehawken Township (273).
- Atlantic City in Atlantic County has \$141.9 million of construction through May. Big new casino developments are underway by Revel Entertainment and Harrah's Entertainment, Inc.
- One trend evident in 2008 is the slowdown in new home construction. Most of the decline is from a downturn in single-family houses. In 2002, single-family houses and duplexes accounted for over three-quarters of all authorized dwellings. Thus far, for the first five months of 2008, single-family houses and duplexes account for just about half of all authorized dwellings.

## Authorized Housing Units, January through May

