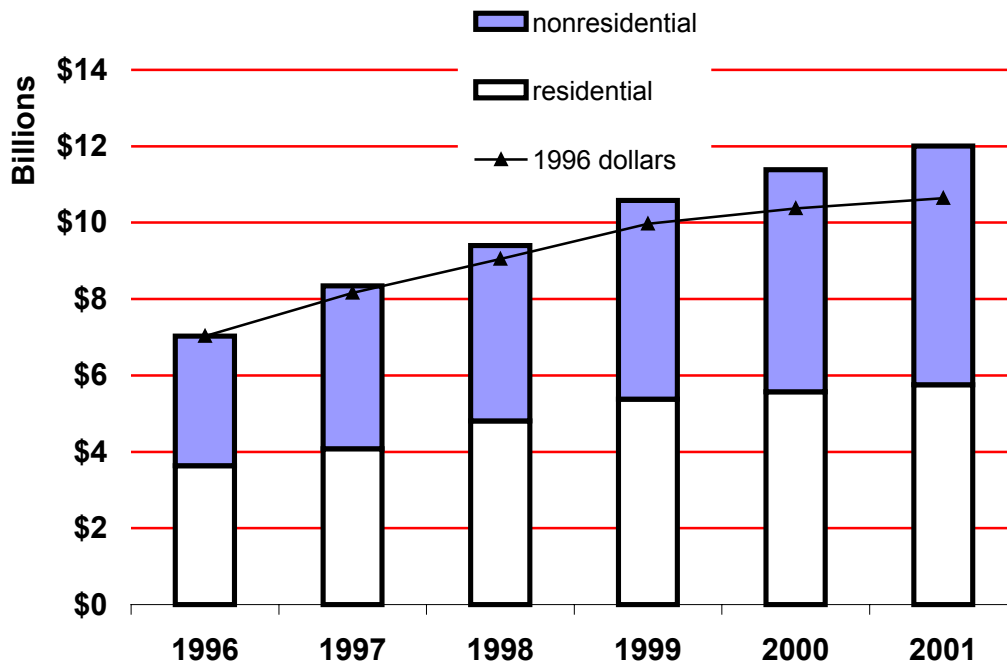


2001 Highlights

Despite a national recession that started in March, New Jersey's construction industry performed strongly in 2001. The estimated cost of work authorized by building permits reached \$12 billion, \$619.8 million more than last year. This was an increase of 5.4 percent. In real terms, assuming the value of a dollar declined by 2.8 percent, authorized work grew by 2.5 percent.

Estimated Cost of Construction Authorized by Building Permits, 1996-2001



Building permits were issued for 35,680 new houses, 2,385 units fewer than last year, for a decline of 6.3 percent. New office and retail space were up significantly. Office space increased by nearly 3.6 million square feet, 23.2 percent compared to last year. New retail space grew by 1.2 million square feet, an increase of 19.5 percent.

Activity by Region

Northern and central New Jersey had nearly 80 percent of the work authorized by permits. The amount in the northern part of the State was \$5.1 billion. In central New Jersey it was \$4.3 billion. Nearly \$2.6 billion was authorized for new office buildings or renovations to existing offices. Central and northern New Jersey issued permits for 8.8 million and 8.4 million square feet of new office space, respectively. Jersey City in Hudson County accounted for over 4.1 million square feet, nearly 22 percent of all the new office space in the State.

New Jersey Construction Indicators: 1996-2001				
	Estimated Construction Costs	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
1996	\$7,028,424,990	27,577	6,229,515	4,880,139
1997	\$8,346,533,144	30,017	10,409,171	5,688,955
1998	\$9,396,755,517	35,676	12,703,824	7,921,892
1999	\$10,584,167,530	37,536	13,237,891	6,229,471
2000	\$11,387,683,514	38,065	15,531,039	6,063,412
2001	\$12,007,456,630	35,680	19,134,533	7,244,833
2000- 2001	\$619,773,116	(2,385)	3,603,494	1,181,421
Percent Change	5.4%	-6.3%	23.2%	19.5%
Source: N.J. Department of Community Affairs, 5/13/02				

Central New Jersey had 38 percent of all the new houses built in the State. Three central New Jersey counties (Ocean, Middlesex, and Monmouth) had about 26.5 percent of all new houses.

Major Construction Indicators by Region: 2001				
Region	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
North	\$5,125,936,607	12,557	8,384,715	2,916,595
Central	4,339,933,807	13,549	8,840,389	3,121,272
South	2,141,943,546	9,561	1,286,408	1,206,546
State Buildings	399,642,670	13	623,021	420
New Jersey	\$12,007,456,630	35,680	19,134,533	7,244,833
<i>Percent Distribution by Region</i>				
North	42.7%	35.2%	43.8%	40.3%
Central	36.1%	38.0%	46.2%	43.1%
South	17.8%	26.8%	6.7%	16.7%
State Buildings	3.3%	0.037%	3.3%	0.01%
New Jersey	100.0%	100.0%	100.0%	100.0%
Source: N.J. Department of Community Affairs, 5/13/02 Northern New Jersey: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Union, and Warren Counties Central New Jersey: Hunterdon, Mercer, Middlesex, Monmouth, Ocean, and Somerset Counties Southern New Jersey: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem Counties				

Urban Development

Among municipalities, New Jersey's two largest cities stood out. Jersey City had the most work: \$867 million. The City had the most new houses (2,009 units) and the most new office space in 2001 (4.1 million square feet). The City of Newark in Essex County issued permits for an estimated \$213.6 million of construction, second among localities. Newark had 606,320 square feet of new office space in 2001 (fifth among all municipalities). Like Jersey City, Newark is in the midst of a housing boom and had 1,066 new houses in 2001, second among municipalities. But unlike Jersey City, where most of the new houses are market-rate units in high-rise structures, Newark had an increase in low-rise, single-family houses, duplexes, and three-family units for low- or moderate-income households. Together, Jersey City and Newark accounted for just over 8.6 percent of all the new houses in New Jersey in 2001.

Construction Indicators Top New Jersey Municipalities: 2001					
Municipality	County	Estimated Cost of Construction (Dollars)	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
Jersey City	Hudson	\$867,048,392	2,009	4,111,027	245,585
Newark City	Essex	213,559,984	1,066	606,329	7,906
Hopewell Twp.	Mercer	137,656,814	52	409,311	0
Rahway City	Union	135,594,569	38	261,471	6,111
Bridgewater Twp.	Somerset	128,127,081	82	844,664	153,379
Hoboken City	Hudson	126,770,013	207	191,304	0
Elizabeth City	Union	124,829,161	432	5,737	3,576
Atlantic City	Ocean	115,140,513	33	2,331	0
Dover Twp.	Atlantic	114,092,636	481	99,956	261,691
South Brunswick Twp.	Middlesex	110,566,696	139	196,053	6,209
Top Municipalities		2,073,385,859	4,539	6,728,183	684,457
New Jersey		\$12,007,456,630	35,680	19,134,533	7,244,833

Source: N.J. Department of Community Affairs, 5/13/02

Other cities with a high level of activity were the Cities of Rahway and Elizabeth in Union County, the City of Hoboken in Hudson County, and Atlantic City in Atlantic County. Most of the work in Rahway was for office development for Merck & Company, Inc., a pharmaceuticals firm. The other big projects were for public school additions and the construction of a new library. Elizabeth had 432 authorized units (15th among localities) and also issued permits for two new hotels. Hoboken had 207 authorized dwellings in 2001 and 191,304 square feet of new office space. In Atlantic City, casino development and new parking structures accounted for most of the work. The Atlantic City construction office also issued permits for two new elementary schools, each with an estimated construction cost of \$13 million.

Spotlight on Jersey City and Newark

One of the reasons construction activity was so strong in 2001 was because of development in Jersey City and Newark. Jersey City is in the midst of a housing and office boom. This trend began in the late 1990s and grew sharply this year. Newark also benefited from increased demand for housing and office development. The City has seen major renovations of existing buildings advanced in part by the State's adoption of the Rehabilitation Subcode, which reduces regulatory impediments to the reuse of existing structures.

The biggest project in Jersey City was the Goldman Sachs office tower. The 1.5-million-square-foot building sits on the Hudson River waterfront, across from New York City's financial district. The picture below shows the tower which, when complete, will be the tallest in the State. The estimated construction cost reported on the initial permit was \$242 million. This is the largest amount on a single permit in the more than six years that the Department of Community Affairs has published building permit data.



Goldman Sachs Tower and parking deck on Hudson Street, Jersey City
—photo by John Lago, New Jersey Department of Community Affairs

Next to Goldman Sachs is Liberty Towers, an apartment complex that broke ground in 2001. Two buildings make up the complex. They will have 648 market-rate units, parking facilities, and a gymnasium.



**Liberty Towers East and West, 33 Hudson Street, Jersey City. The Goldman Sachs office building is on the left. The two buildings to the right are the apartment complex.
--photo by John Lago, New Jersey Department of Community Affairs**

Along with the Goldman Sachs tower, two other new office buildings under construction were Harborside Financial Center Plaza Five and Newport Office Center VII. Plaza Five, a 34-story office building, is on Morgan Street. North of Plaza Five, on Washington Boulevard, is Newport Office Center VII, a 32-story office. All told, both buildings will have nearly 2 million square feet of office space. All of these office developments were well underway prior to the destruction of the World Trade Center on September 11.



Harborside Financial Center, Plaza Five, 20 Morgan Street, Jersey City
--photo by John Lago, New Jersey Department of Community Affairs



Newport Office Center VII, 480 Washington Boulevard, Jersey City
--photo by John Lago, New Jersey Department of Community Affairs

Newark also reported a high level of activity this year. Several large office and housing developments were built or started. In May 2001, the City's construction office issued a permit authorizing \$51.8 million of work on a 516,000-square-foot building that will have a mix of retail and office uses. The main use of the structure will be to house a branch office of the Federal Bureau of Investigation.

Newark issued building permits for 1,066 new houses. The City demolished old public housing apartments in high-rise buildings and replaced them with affordable townhouses, duplexes, and apartments. The picture below shows townhouses in a 206-unit development under construction by the New Community Corporation, a nonprofit housing and community development agency. These affordable units were funded by a grant from the United States Department of Housing and Urban Development, and are located in the City's south ward.



Community Hills Townhouses, 206-unit development in Newark's south ward. In the background is an old public housing development that the City will demolish. --photo by Chester Chinsky, New Jersey Department of Labor



Community Hills Townhouses, Newark south ward
--photo by Chester Chinsky, New Jersey Department of Labor



Three-family homes under construction in Newark's iron-bound district
--photo by Chester Chinsky, New Jersey Department of Labor



Buy-and-rent housing in Newark's north ward. Home buyers are able to live in one of the units and rent the other.

--photo by Chester Chinsky, New Jersey Department of Labor

New House Prices

A total of 23,372 new houses were completed and began enrollment in a new home warranty program in 2001. The median sale price of these houses was \$253,670. This was nearly 10 percent more last year. Bergen and Somerset Counties had the most expensive new homes. Half of the 1,055 new houses in Bergen County that began enrollment in a new home warranty program in 2001 cost more than \$452,900. In Somerset County, the median sale price was \$435,960.

New House Prices			
Period	Number of New Houses	Median Sale Prices	Percent Change in Sale Prices
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
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%
1 st Quarter 2001	5,305	\$243,696	
2 nd Quarter 2001	6,136	\$251,530	3.2%
3 rd Quarter 2001	6,225	\$259,000	3.0%
4 th Quarter 2001	5,606	\$260,925	0.7%

Source: N.J. Department of Community Affairs, 5/13/02