

DECEMBER 2005 HIGHLIGHTS

- New Jersey municipalities issued building permits for \$1.112 million of construction in December. In 2005, monthly activity exceeded \$1 billion every month except February.
- Housing accounted for \$618.4 million or 55.6 percent of monthly activity reported on building permits. The estimated cost of new homes authorized for construction in December was \$370.8 million. This was 33.4 percent of all work for the month. The total number of municipalities reporting for this month was 557.



The Madison condominium development in the Township of Ewing, Mercer County. Each building will have 32 dwelling units. Ewing's construction office issued building permits for six buildings in December 2004. This photograph was taken in March 2006.

- The City of Newark in Essex County and Atlantic City in Atlantic County had the most work in December. Both cities reported \$27.9 million of construction. A new hockey arena accounted for over one-third of the work in Newark. The City also had over 157 authorized dwellings, tops among localities for the month. Much of the activity in Atlantic City was to update the north expansion to the Borgata Hotel Casino & Spa.

Year to Date

- Construction activity in 2005 topped last year's record level by more than \$1 billion. The estimated cost of work reported by building permits was \$15.308 billion, 7.2 percent more than last year.
- Authorized dwellings reached 39,395 units, 141 more (.4 percent) than in 2004. Retail construction was up by one million square feet (20.9 percent), but new office space declined by 1.2 million square feet (9.9 percent) compared to last year.
- The estimated cost of work reported on building permits issued for housing was \$9.065 billion in 2005, 59.2 percent of all activity. New home construction amounted to \$5.599 billion, 36.6 percent.
- Among localities, Jersey City in Hudson County and Newark had the most construction in 2005, due mainly to a housing boom. While a strong housing market in both cities is a trend that has occurred over several years, both cities reached record levels of authorized housing units in 2005.

| Major Construction Indicators, New Jersey | | | | |
|--|---------------------------------------|---------------------------------|--|--|
| Period | Estimated Cost of Construction | 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 |
| 2002 | \$12,079,942,099 | 34,589 | 9,261,054 | 7,560,913 |
| 2003 | \$12,148,747,807 | 35,171 | 9,744,146 | 6,038,428 |
| 2004 | \$14,274,331,850 | 39,254 | 12,219,068 | 4,911,257 |
| 2005 (preliminary) | \$15,307,574,897 | 39,395 | 11,010,724 | 5,935,626 |
| <i>Difference Between 2004 and 2005 (preliminary)</i> | | | | |
| 2004 – 2005 (preliminary) | \$1,033,243,047 | 141 | -1,208,344 | 1,024,369 |
| Percent Change | 7.2% | 0.4% | -9.9% | 20.9% |
| Source: N.J. Department of Community Affairs, 2/7/06 | | | | |

- Jersey City led all municipalities with \$707.5 million of construction through December 2005. New home construction made up 73.2 percent of this total. Newark ranked second with \$344.6 million. Housing also played a key role; new

home construction amounted to \$157.3 million for the year, and the estimated cost of all residential additions and alterations accounted for another \$54.9 million.

- Jersey City and Newark also ranked first and second with the most new houses in 2005. Jersey City had 3,776 authorized dwellings, while Newark had 2,611. Together, both cities had a total of 6,387 dwellings. This was 16.2 percent of all the new houses in the State.
- Atlantic City and the City of Hoboken in Hudson County ranked third and fourth, respectively, in terms of the dollar amount of authorized construction. Atlantic City had \$308.3 million of construction. Expansion of the Borgata Hotel Casino & Spa accounted for much of this activity. In Hoboken, 79.2 percent of the \$173.7 million of construction authorized by building permits was to build new houses or renovate existing ones.

House Prices

- New home prices reported in new home warranties issued in the fourth quarter of 2005 increased by 1.8 percent compared to the previous quarter. The median sales price of a new home in New Jersey was \$386,703. Hunterdon and Morris Counties had the most expensive new houses.

| New House Prices | | | |
|------------------------------|----------------------|--------------------|-------------------------------|
| Period | Number of New Houses | Median Sales Price | Percent Change in Sales Price |
| 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% |
| 2002 | 23,647 | \$274,705 | 8.3% |
| 2003 | 22,226 | \$307,168 | 11.8% |
| 2004 | 23,844 | \$349,900 | 13.9% |
| 1 st Quarter 2004 | 4,924 | \$326,652 | |
| 2 nd Quarter 2004 | 6,350 | \$350,000 | 7.1% |
| 3 rd Quarter 2004 | 6,219 | \$350,539 | 0.2% |
| 4 th Quarter 2004 | 6,351 | \$365,000 | 4.1% |
| 1 st Quarter 2005 | 4,614 | \$357,604 | -2.0% |
| 2 nd Quarter 2005 | 5,689 | \$375,000 | 4.9% |
| 3 rd Quarter 2005 | 5,366 | \$379,733 | 1.3% |
| 4 th Quarter 2005 | 5,746 | \$386,703 | 1.8% |

Source: N.J. Department of Community Affairs, 2/7/06