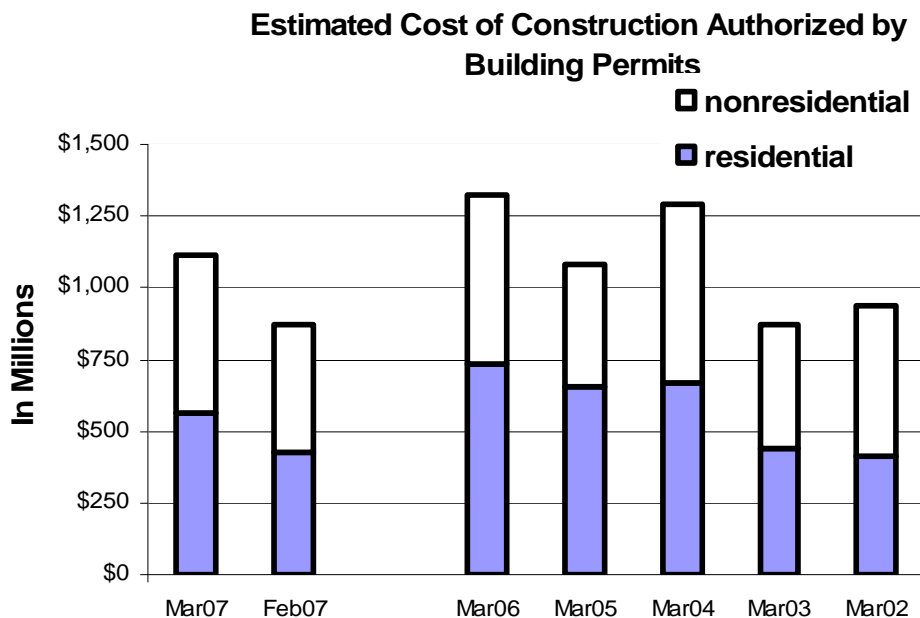


## MARCH 2007 HIGHLIGHTS

- March is usually a good month for New Jersey's construction industry. This year was no exception. The spring thaw brought an increase in activity compared to an especially cold February. The estimated cost of all work was \$1.116 billion, spilt evenly between residential and nonresidential structures. New homes and home repairs accounted for \$561 million authorized by building permits. This was 50.3 percent of all activity. Office, retail, and other nonresidential construction totaled \$555 million -- 49.7 percent of all activity. There were 552 municipalities that reported this month.



- Three Hudson County communities had the most work. Jersey City led all municipalities with \$92.5 million in March. A new Westin Hotel on Washington Boulevard accounted for \$76.9 million. The City of Hoboken had \$56.3 million authorized by permits. A six-story condominium development with parking and 220 dwelling units accounted for \$51 million. The Town of Secaucus had \$25.9 million of work. The biggest development had an estimated construction cost of \$20.9 million for an office renovation of a computer software firm specializing in data recovery.
- Other top performers were Eatontown Borough in Monmouth County, the City of Bridgeton in Cumberland County, Parsippany-Troy Hills Township in Morris

County, and the City of New Brunswick in Middlesex County. Two elementary school renovations for \$14.8 million and \$24.2 million comprised most of the work in Eatontown. Bridgeton reported \$22.1 million of activity, of which \$19.7 million was for a new soy milk factory. Parsippany-Troy Hills had \$19.2 million of work; an addition to a middle school accounted for nearly \$13 million. New Brunswick had \$18.6 million of work in March, of which \$12.75 million was for a new, nine-story office building on French Street.

#### Year to Date

- All major indicators are down for the first quarter of 2007 compared to last year. The dollar amount of work reported on building permits between January and March 2007 was \$3.245 billion. This was \$299.3 million less than the first quarter of 2006, a drop of 8.4 percent. Authorized housing is off by more than 5,200 dwellings (34.7 percent), and new office and retail construction is 37.6 percent and 22.5 percent, respectively, off last year's pace.

<b>Major Construction Indicators, New Jersey</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 through March 2001	\$2,693,697,622	7,649	1,599,036	1,520,020
January through March 2002	\$2,527,798,171	6,948	1,755,610	879,075
January through March 2003	\$2,290,325,619	6,448	1,607,895	1,688,879
January through March 2004	\$2,794,204,925	8,068	3,227,919	407,238
January through March 2005	\$3,084,919,710	7,877	1,909,144	1,174,320
January through March 2006	\$3,544,459,009	7,980	3,314,345	1,015,428
January through March 2007	\$3,245,111,665	5,210	2,069,794	787,396
<b><i>Difference between 2006 and 2007</i></b>				
2006 – 2007	-\$299,347,344	-2,770	-1,244,551	-228,032
Percent Change	-8.4%	-34.7%	-37.6%	-22.5%
Source: N.J. Department of Community Affairs, 5/7/07				

- Four cities had the most work in the first quarter of 2007. Jersey City tops all localities with \$129.8 million. The Westin Hotel that broke ground in March accounts for more than half of this activity. This City also has issued building permits for 402 dwelling units. No other locality had more new housing. The City of Newark in Essex County ranks second with \$98.9 million of work. Much of this activity is the result of work on the new sports arena. Another major construction project in the first quarter was an \$11-million warehouse renovation. Newark also had 322 authorized dwellings in the first three months of 2007. Only Jersey City and Secaucus had more new housing. The City of East Orange in Essex

County had \$73 million of work. Two new schools accounted for nearly \$68 million. Atlantic City in Atlantic County ranks fourth among municipalities with \$68.4 million of work, much of it for renovation and expansion of casinos.

- Hoboken had \$64.4 million of construction. Over 96 cents of every dollar authorized was either to build a new house or fix up an existing dwelling. The City has authorized 230 new dwellings in the first quarter of 2007, ranking fourth among localities.
- East Windsor Township in Mercer County had \$59.2 million of construction; nearly \$55 million was for renovation of an existing office facility by McGraw Hill publishing company.
- Two big warehouses accounted for much of the activity in Monroe Township, Middlesex County. One of the buildings will be a distribution center with over 980,000 square feet and has an estimated construction cost of more than \$30.6 million.
- There are several big developments in Secaucus. As mentioned in the March overview, the construction office issued an alteration permit for \$20.9 million to renovate a building for a computer software firm. The Town also has authorized 378 new dwellings since January. Riverside Station, an affordable housing development, accounted for 304 affordable apartments.

#### **New Home Prices**

- Further evidence of a slowdown in the homebuilding industry can be seen in figures from new home warranty companies. Only 3,689 new houses began enrollment in a warranty program in the first quarter of 2007. The median sales price of these houses was \$415,000, which was very close to the median sales price last quarter. The most expensive new houses were in Morris, Hunterdon, and Bergen Counties. Half of the 81 new homes that began enrollment in a warranty program in the first quarter of 2007 cost more than \$739,900.

<b>New House Prices</b>			
<b>Period</b>	<b>Number of New Houses</b>	<b>Median Sales Price</b>	<b>Percent Change in Sales Price</b>
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%
2005	24,571	\$378,992	8.3%
2006			
1 <sup>st</sup> Quarter 2005	5,205	\$367,900	
2 <sup>nd</sup> Quarter 2005	6,564	\$379,954	3.3%
3 <sup>rd</sup> Quarter 2005	6,207	\$378,554	-0.4%
4 <sup>th</sup> Quarter 2005	6,595	\$387,709	2.4%
1 <sup>st</sup> Quarter 2006	5,220	\$409,365	5.6%
2 <sup>nd</sup> Quarter 2006	6,319	\$425,000	3.8%
3 <sup>rd</sup> Quarter 2006	6,207	\$405,150	-4.7%
4 <sup>th</sup> Quarter 2006	6,595	\$413,500	2.1%
1 <sup>st</sup> Quarter 2007	3,689	\$415,000	0.4%

Source: N.J. Department of Community Affairs, 5/7/07