

## SEPTEMBER 2008 HIGHLIGHTS

- Construction officials issued building permits for \$1.147 billion of construction in September. There were 552 municipalities that reported this month.
- New houses accounted for \$246.8 million (21.5 percent). Home repairs and additions made up another \$255.2 million (22.3 percent). New commercial buildings totaled \$302.4 million (26.4 percent). Tenant fit ups, and commercial additions and renovations, amounted to \$342.5 million (29.9 percent).
- Building permits were issued for 1,427 new houses in September. This was 59.4 percent more than the record low of 895 in August 2008, but still below levels from previous years.
- The Town of Secaucus in Hudson County had 179 authorized dwellings in September, more than any other locality. All but one were new apartments that are part of the Fraternity Meadows development, which is expected to have over 2,000 new dwellings and include income-restricted apartments. The estimated dollar amount authorized by construction in Secaucus was \$25.9 million, \$20 million of which was for the new apartment building.
- Two other localities with big projects underway are West Windsor Township in Mercer County and Glassboro Borough in Gloucester County. Both reported improvements by local colleges. West Windsor had \$25.9 million of work. This included a \$7.9-million renovation of the One-Stop Student Center at Mercer County Community College. Glassboro reported \$20.2 million of activity, most of which was for new student housing for Rowan University.

### Year to Date

- With nine months of construction data, several trends for 2008 emerge. The housing industry will have another bad year, especially builders of single-family homes. Despite the slump, overall construction is down by only a small percentage because of commercial activity and large, public improvements.
- The category "State Buildings" refers to permits for projects that underwent plan review at the Department of Community Affairs. They typically include large, public projects managed or constructed by State Government agencies or their instrumentalities. Since January, more than \$618 million was authorized for such projects in communities throughout the State. Many are major capital improvements at public universities. Some of the bigger projects are two new dormitories at Kean University and a new math, science, and technology center (\$58.8 million). The College of New Jersey has a new dorm under construction (\$27.8 million). Rutgers, the State University of New Jersey reported a major renovation of the office building for its Business School at the Newark campus (\$42.1 million) and \$33.8 million of

construction was authorized for the stadium expansion. A new science building is under construction for William Paterson University (\$29.7 million).

<b>Major Construction Indicators, New Jersey: Nine-Month Comparison</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 – September 2008	\$11,083,588,256	13,048	5,983,442	4,978,343
January – September 2007	\$11,195,090,903	19,219	6,670,238	3,238,879
January – September 2006	\$11,882,033,473	24,842	8,777,597	4,527,828
January – September 2005	\$11,366,934,642	28,887	8,563,380	5,380,197
January – September 2004	\$10,128,167,925	28,703	8,280,276	4,086,071
January – September 2003	\$8,513,886,239	25,405	7,200,118	4,379,191
January – September 2002	\$8,999,773,233	25,351	7,727,817	6,286,676
January – September 2001	\$9,342,508,663	25,419	15,411,962	5,382,939
January – September 2000	\$7,903,432,878	26,486	9,917,532	3,838,654
January – September 1999	\$7,914,223,933	27,654	9,297,792	5,115,191
January – September 1998	\$6,678,258,864	24,609	8,647,701	5,745,808
January – September 1997	\$6,035,067,039	20,715	8,576,567	4,007,958
<i>Difference Between 2007 and 2008</i>				
2007 – 2008	-\$111,502,647	-6,162	-686,796	1,739,464
Percent Change	-1.0%	-32.1%	-10.3%	53.7%
<i>Difference Between 2006 and 2008</i>				
2006 – 2008	-\$798,445,217	-11,794	-2,794,155	450,515
Percent Change	-6.7%	-47.5%	-31.8%	9.9%
Source: N.J. Department of Community Affairs, 11/7/08				

- Atlantic City in Atlantic County lead all municipalities with \$484.1 million of construction through September. The hotel, casino, and parking complex for Revel Entertainment accounted for \$380 million.
- Voorhees Township in Camden County ranked second with \$346.9 million of work. A new state-of-the-art hospital broke ground in July with an estimated construction cost of \$300 million.
- Piscataway Township in Middlesex County had \$304.4 million of activity. A new data warehouse building accounted for \$254 million.
- Princeton Township in Mercer County had \$297.7 million of construction. A new office building for the chemistry department at Princeton University is underway and has an estimated construction cost of \$250 million.

- An estimated \$293.2 million of construction was authorized by permits in Jersey City, Hudson County. There are several, modest-sized commercial buildings under construction. Housing demand continues to be strong, though less than in previous years. The Jersey City construction office issued permits for 1,367 new dwellings, more than any other municipality. Five of the top six municipalities with the most new housing between January and September 2008 are in Hudson County: Jersey City (1,367 authorized units), the City of Bayonne (581), the City of Hoboken (457), Weehawken Township (273), and the Town of Secaucus (216).

#### **New House Prices**

- The price of a new house declined by 17.5 percent compared to the last quarter. Only 2,663 new houses were completed, occupied, and began enrollment in a new home warranty program in the third quarter of 2008. The median sale price of these houses was \$400,000.
- The most expensive new homes were in Hunterdon, Bergen, and Cape May Counties.
- Counties with some of the lowest new home prices were Camden, Cumberland, and Salem.

<b>New House Prices</b>			
<b>Period</b>	<b>Number of New Houses</b>	<b>Median Sale Price</b>	<b>Percent Change in Sale 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	22,697	\$413,825	9.2%
2007	18,397	\$424,570	2.6%
1 <sup>st</sup> Quarter 2006	5,220	\$409,365	
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	4,362	\$439,000	6.2%
2 <sup>nd</sup> Quarter 2007	5,270	\$430,000	-2.1%
3 <sup>rd</sup> Quarter 2007	4,610	\$411,480	-4.3%
4 <sup>th</sup> Quarter 2007	4,155	\$410,000	-0.4%
1 <sup>st</sup> Quarter 2008	3,195	\$435,000	6.1%
2 <sup>nd</sup> Quarter 2008	3,600	\$484,950	11.5%
3 <sup>rd</sup> Quarter 2008	2,663	\$400,000	-17.5%

Source: N.J. Department of Community Affairs, 11/7/08

