

## **JUNE 2009 HIGHLIGHTS**

- The dollar value of construction on June building permits totaled \$744.8 million, split between residential construction (\$359.9 million) and office, retail, and other commercial uses (\$384.9 million).
- 555 of 566 municipalities reported permits and certificates in June.
- Hopewell Township in Mercer County led them all with \$18.9 million of work. Most of this was from a permit update, authorizing \$17.1 million of construction on the Capital Health System new Mercer County hospital. Work began on the 350 bed hospital in September 2008.
- Glen Rock Borough, Bergen County, had \$17.4 million of work. A \$14.5 million high school addition accounted for most of this.
- Toms River, Ocean County had \$16 million of activity. The biggest development reported was a new warehouse for an auto body shop.
- Nearly 80 percent of the \$15.3 million authorized in Jersey City (Hudson County) was for new commercial space or renovation of existing nonresidential structures.
- “State buildings” refers to a category of building permits issued to New Jersey State government agencies or their instrumentalities. June activity for State buildings totaled \$22.0 million. Some of the bigger developments were a \$3.5 million renovation of a dormitory at The College of New Jersey in Ewing Township. Two permits totaling nearly \$10 million were issued for an addition and renovation of office space for the science department at William Paterson University in Wayne.

### **Midyear Review**

- 2008 was a bad year for the construction industry, particularly homebuilders. Halfway through 2009, signs show conditions could get worse.
- All major indicators are significantly down compared to this time last year. Between January and June 2009, the estimated cost of work authorized by permits is \$4.8 billion. This is \$2.5 billion below last year’s level, a decline of 52.8 percent.
- Only 5,097 new houses were authorized by permits in the first half of 2009. This was 82.5 percent less than the 9,304 authorized dwellings this time last year. New home construction declined by over 4,200 units.

<b>Major Construction Indicators, New Jersey: Six-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 – June 2009	\$4,786,597,993	5,097	1,601,287	1,048,198
January – June 2008	\$7,314,157,255	9,304	4,275,268	3,946,329
January – June 2007	\$7,436,971,200	12,852	4,364,617	2,256,732
January – June 2006	\$7,582,375,400	17,139	6,034,350	1,954,303
January – June 2005	\$7,081,730,877	18,587	5,106,005	3,158,251
January – June 2004	\$6,449,484,680	18,075	5,510,963	1,816,673
January – June 2003	\$5,331,838,015	15,060	4,572,969	3,116,205
January – June 2002	\$5,530,176,347	15,026	4,717,733	4,255,238
January – June 2001	\$6,157,204,386	16,834	9,771,589	3,244,421
January – June 2000	\$4,798,965,724	16,849	5,972,159	2,233,888
January – June 1999	\$4,994,367,961	16,809	5,254,870	3,596,066
January – June 1998	\$4,121,149,094	15,139	4,780,300	4,128,120
January – June 1997	\$3,926,007,970	12,824	3,527,402	2,622,495
<b>Change, 2008 - 2009</b>				
2008-2009	-\$2,527,559,262	-4,207	-2,673,981	-2,898,131
Percent Change	-52.8%	-82.5%	-167.0%	-276.5%
Source: N.J. Department of Community Affairs, 8/7/09				

- Office and retail construction declined at even faster rates. New office space is down by more than one and one-half times compared to last year. New retail development declined by more than two and one-half times the level for the first half of 2008.
- Jersey City leads all municipalities with the most new houses through June, with 1,060 authorized dwellings. One in every five houses authorized by permit in New Jersey was in Jersey City.
- Franklin Township, Somerset County ranks second among municipalities with \$172.2 million of work through June. Most of this is for work that just began on a new office complex for Morgan Stanley Investment Bank.
- Woodbury in Gloucester County had \$161.6 million of work. The Gloucester County justice complex accounts for most of this.
- Paterson in Passaic County reported \$127.3 million of construction. The big development in the City was a new addition to St. Joseph Hospital and Medical Center.

### New House Prices

- Only 2,041 new homes were completed and started enrollment in a new home warranty program in the second quarter of 2009. The median sales price of these houses was \$375,000.
- The most expensive new houses were in Hunterdon and Bergen Counties.

New House Prices			
Period	Number of New Houses	Median Sale Price	Percent Change in Sale 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%
2005	24,571	\$378,992	8.3%
2006	22,697	\$413,825	9.2%
2007	18,397	\$424,570	2.6%
2008	13,841	\$425,000	0.1%
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	3,637	\$432,900	5.6%
2 <sup>nd</sup> Quarter 2008	4,240	\$475,000	9.7%
3 <sup>rd</sup> Quarter 2008	3,204	\$405,000	-14.7%
4 <sup>th</sup> Quarter 2008	2,760	\$380,000	-6.2%
1 <sup>st</sup> Quarter 2009	1,564	\$360,000	-5.3%
<b>2<sup>nd</sup> Quarter 2009</b>	<b>2,041</b>	<b>\$375,000</b>	<b>4.2%</b>
Source: N.J. Department of Community Affairs, 8/7/09			