

**NEW JERSEY  
PINELANDS COMMISSION**

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**LONG-TERM ECONOMIC  
MONITORING PROGRAM**

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**FIRST ANNUAL REPORT  
EXECUTIVE SUMMARY**

**1997**

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The first annual report is available for review in its entirety at the following libraries:

Alexander Library, Rutgers University, New Brunswick

The New Jersey State Library, Trenton

The Stockton State College Library, Pomona

The Burlington County College Library, Pemberton

It is also available for purchase from the Pinelands Commission. The cost is \$31.20 plus \$3.00 shipping and handling and a check should be sent to:

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## Introduction

The Long-Term Economic Monitoring Program is a cooperative venture, administered by the New Jersey Pinelands Commission and funded by the U. S. National Park Service. The program collects data to monitor economic conditions in southern New Jersey with a focus on the area of the Pinelands that is protected under federal and state legislation.

The initial annual report of the Pinelands Commission's Long-Term Economic Monitoring Program reviews the program's first year of data collection. Data collection began in July 1996 following the outline in the Detailed Design for Long-Term Economic Monitoring. This detailed design specified the data to be collected and the objectives of the program, and called for findings to be reported annually, with a summary report being issued every five years.

Based on indications observed in the data, the program will analyze issues more closely by embarking on "Special Studies" on an annual basis. Potential topics for special study are included at the end of each topic area section below. The possibilities included here should not be seen as an exhaustive list of topics for studies, but rather as a starting point for consideration of special studies. Final determination of which special studies to embark upon is the responsibility of the Pinelands Commission; however, the Commission has requested the advice of the public as to which areas to explore.

## Results in Brief

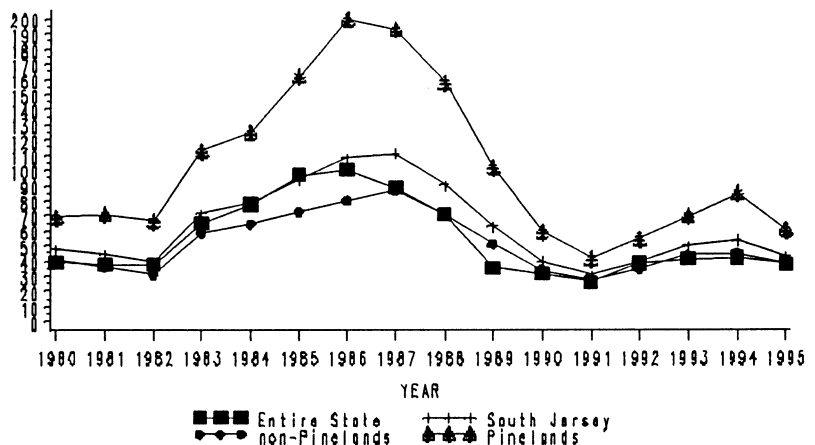
### **Property Values and Residential Development**

The level of residential development and vitality of property values were monitored using real estate transactions data and the number of dwelling units authorized by building permits.

South Jersey municipalities authorized more dwelling units, on average, than municipalities in the remainder of the state, and Pinelands municipalities had higher activity than surrounding South Jersey communities. When subgroups of Pinelands municipalities were compared with similar subgroups of

*Average dwelling units authorized by building permits per municipality was consistently higher in the Pinelands towns than in the surrounding portions of South Jersey.*

**Dwelling Units Authorized by Building Permits**  
Average per Municipality



Source: N.J. Department of Community Affairs

municipalities outside of the Pinelands, average activity levels in the non-Pinelands areas tended to be close to those of the Pinelands municipalities. Exceptions were found in the two subgroups that contain the Pinelands municipalities of Manchester, Hamilton, Galloway, and Winslow. These Pinelands subgroups, and especially these four towns, demonstrated significantly higher activity than similar municipalities outside of the Pinelands, peaking in the mid-1980s, and declining at the end of the decade and into the early 1990s. This decline was concurrent with diminishing building activity, in general, at a time when the nation was undergoing a recession. There was some indication that the gap grew again as activity began to increase in the 1990s.

*Selling prices for residential real estate in South Jersey declined moderately from 1986-1995. This decline was less than that for the entire state.*

Mean selling prices for residential real estate declined from 1986-1995, with the rate of decline roughly equal for the Pinelands and non-Pinelands portions of southern New Jersey. However, the relative size of the decline in South Jersey was considerably more modest than that experienced throughout New Jersey, which also had substantially higher selling prices. Volume of transactions, that is, the actual number of transactions occurring per municipality, was predominantly steady inside of the Pinelands while declining in surrounding communities of South Jersey. Both average volume of transactions and average selling prices tended to be lower in Pinelands municipalities than in the surrounding towns.

The real estate transactions data that were acquired for this analysis provided information sufficient only to determine the mean selling price for all of residential properties sold in each municipality for a given year. (The data used excludes certain transactions which are considered to not be "arms-length," such as the transfer of property between relatives). Such data do not provide information that could indicate, for instance, whether the distribution is skewed towards higher or lower transaction prices (a few sales of uncharacteristically high priced homes in a community would pull the average upwards, away from the prices more commonly transacted). In addition, no information is provided about the values for the properties that are not being transacted; if the type of property that is commonly being held onto in a particular community is significantly unlike those changing hands, the inferences that can be drawn based on the transactions data are rather limited.

*A more detailed analysis of real estate values is planned for the upcoming year.*

The measurement of real estate values is an extremely complicated area, and one for which meaningful inferences are not easily obtained. For this reason, this topic will be explored in much greater detail in the Delphic methodology (a technique incorporating the experiences of South Jersey real estate professionals into measurement of activity in real estate markets), which is scheduled to be implemented in the coming fiscal year (FY98).

**Possible Special Studies within the Property Values and Residential Development topic area:**

1. Acquire real estate transactions data that are more appropriate to the intended analysis. For instance, acquisition of data suitable to derivation of the *median* selling price, as opposed to the *mean*, as currently used.
2. Acquire transactions data to extend the range of years that are covered.
3. Investigate why average transaction prices are lower inside of the Pinelands.
4. Investigate the higher turnover rates found for homes in the Pinelands.
5. Explain the higher rents paid within the Pinelands that were found by the Cook College study of the Pinelands.
6. Investigate and explain the higher levels of building permit activity within the Pinelands.

These are in addition to the already scheduled analysis to be conducted within the Delphi Methodology.

## Economic Growth

General economic vitality and prosperity of the Pinelands and the surrounding region were assessed through data on retail sales, per capita income, the unemployment rate, new car registrations, employment, number of establishments, wages, farmland, returns to farming, and production of cranberries and blueberries.

*Per capita incomes grew faster inside of the Pinelands than in surrounding communities from 1980 to 1990.*

Although communities surrounding the Pinelands had higher average incomes than Pinelands municipalities in both 1980 and 1990, per capita incomes within the Pinelands grew by a 44% rate compared to the 38% growth experienced in the remainder of South Jersey. This higher rate of growth narrowed the gap in per capita incomes between the Pinelands and the remainder of South Jersey from 9.7% in 1980 to 5.2% in 1990. Per capita income data was collected for 1980 and 1990 for each municipality in South Jersey.

Employment in the Pinelands had completely recovered from the recession by 1993, when the number of jobs caught up to the 1989 high, while the remainder of South Jersey had not yet done

*Jobs in Pinelands municipalities recovered from the 1990 recession by 1993, ahead of the remainder of South Jersey*



so by 1995, the last year for which data was available. In 1995, there were 111,621 private jobs within the Pinelands and 574,324 in the remainder of South Jersey. Seventy-five percent of South Jersey's private sector jobs were in the retail, manufacturing, or service sectors. The service sector provided more jobs than any other sector and employment in this sector continued to grow throughout the 1989-1995 period. Retail sales jobs, while showing weakness during the recession, began growing again after the recession ended. The manufacturing sector, consistent with its performance in the northeast in general, declined throughout the 1989-1995 period. Over the entire 1989-1995 period, the number of establishments (places having employees) was increasing in South Jersey, with the rate of increase inside of the Pinelands exceeding that outside of the Pinelands. The average wages paid (not adjusted for differences in occupational or industrial mix) tended to be lower within the Pinelands.

*Unemployment rates in the Pinelands have remained similar to those of South Jersey and the state since 1980.*

From 1980 to 1995, unemployment rates in the Pinelands tracked closely with those for the remainder of southern New Jersey and generally followed state and national economic trends. The unemployment rate in Pinelands communities was slightly lower, on average, than it was in the surrounding portions of South Jersey over the period.

Across the state, farmland is being converted to other uses. From 1982 to 1992, the state lost 7.5% of its farmland. The seven counties within the Pinelands lost 9.5% of the farmland base, their share of the state's total farmland dropping to 34.0% from 34.6% in 1982. The severest losses were in the counties of Camden (33%), Cape May (17%), and Burlington (14%); in contrast, Ocean and Atlantic Counties actually increased their total farmland slightly.

Fifty-four percent of aggregate net farm returns in New Jersey in 1992 came from the Pinelands Counties. Cumberland County generated 18% of returns, while Burlington, Atlantic, and Gloucester Counties generated about 11% each. Aggregate returns in real dollars, however, fell 24.2% statewide from 1987 to 1992, the period during which the state underwent a recession. In the Pinelands counties, declines in returns ranged from 23% in Burlington County to 63% in Ocean County. Cumberland County's returns showed an anomalous 38% growth; the source of this growth is unknown and would provide an interesting area for further study. In addition, due to the extreme variation in the data, it is recommended that these results be viewed with some caution until the data may be explored in further detail.

*While the value of cranberries produced has shown a rapid growth over the last two decades, the value of blueberries produced has stagnated*

Blueberries and cranberries are the predominant crops in South Jersey, with nearly all of their production taking place inside of the Pinelands. The real value of utilized production of cranberries increased by 178% from 1972-1992, while the (inflation adjusted) value of blueberries produced remained basically unchanged.

*Retail sales remained relatively constant throughout southern New Jersey since 1990.*

Retail sales data by county were collected for South Jersey for 1990-1995. The data showed stability over the period, indicating little fluctuation. Because more fluctuation is expected as a result of the normal economic cycle, exploration of the lack of change in the data would be an appropriate area for a special study. Also, the data that was collected did not allow differentiation between the portions of the county in the Pinelands as compared to that outside of the Pinelands, and only covered a limited time period. Acquisition of more years of data and investigation of more geographically detailed sources of data are recommended in the future.

The purchase of a new car represents a substantial investment for the average consumer, and can be used to provide some measure of the degree of optimism among consumers. Registrations of new cars were tracked from 1991 through 1995. Over this period, registrations were generally stable. The Pinelands demonstrated less registration activity than the remainder of South Jersey and the state as a whole, which is

consistent with its lower population and lower income levels. Behavior of this indicator over time was consistent with the economic cycle and between the Pinelands and non-Pinelands portions of South Jersey.

**Possible Special Studies within the Economic Growth topic area:**

1. Acquire more geographically detailed data on retail sales.
2. Explore the lack of fluctuation in the retail sales data.
3. Acquire more years of retail sales data to extend the series further into the past.
4. Explore the loss of farmland in more detail.
5. Explore the anomalous performance of Cumberland County farms, which increased their net cash return (unlike all other South Jersey counties).
6. Acquire agricultural data that differentiates between inside the Pinelands and outside.
7. Explore the stagnation of the value of blueberry production.
8. Examine factors in the financial viability of farms.
9. Explore the higher rate of increase in per capita income within the Pinelands relative to the surrounding communities.
10. Explore the lower unemployment rates within the Pinelands.
11. Examine fluctuations in the ratio of employees to establishments.
12. Explore the cause of the lower wages paid, on average, by jobs within the Pinelands relative to those in surrounding communities.
13. Examine individual industries, e.g., boat building, mining.
14. Acquire more years of data on employment, establishments, and payrolls to extend the available data further into the past.

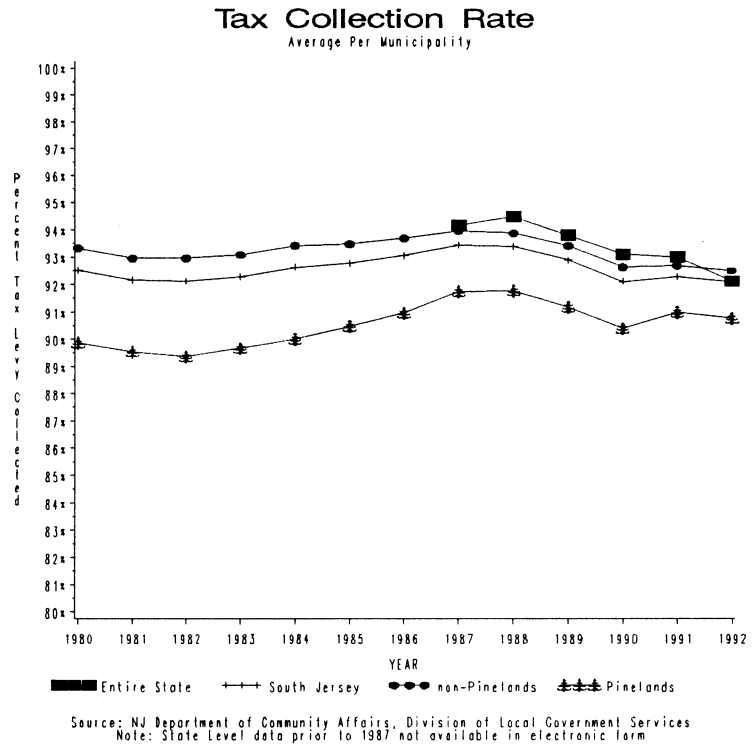
### **Municipal Finance**

The fiscal conditions faced by municipalities inside of the Pinelands were examined in terms of municipalities' ability to collect real estate taxes (Tax Collection Rates), the relative importance of different types of property to municipal tax revenues (Assessment Class Proportions), demands for and costs of services and the value of those services relative to local income levels (Municipal Expenditures per Capita, per Household, and Relative to Median Household Income), the average residential property tax bill, total (assessed) value of property subject to property taxes (State Equalized Valuation), the rate at which property is taxed (Effective Tax Rates), and the changes in population and proportion of residents of different ages (Demographics).



***Tax collection rates have historically been lower in the Pinelands than in surrounding areas.***

Tax collection rates in the Pinelands were historically lower than in the surrounding areas of South Jersey, but this gap narrowed



***Vacant land plays a larger part in the total value of taxable property within the Pinelands than in surrounding areas. The share represented by vacant land is decreasing, while that represented by residential property is increasing.***

over the 1980-1992 period. When groups of municipalities inside of the Pinelands are compared to groups of similar municipalities outside, Pinelands and the non-Pinelands tax collection rates continue to move together over time.

Vacant land represents, on average, a larger share of assessed valuation in Pinelands municipalities than it does in non-Pinelands municipalities. The dominant trend in the Pinelands from 1980 to 1992 was a decline in the share of valuation represented by vacant land and a roughly equal increase in the share of valuation representing residential property. Over the same time period, the share of valuation represented by vacant land in non-Pinelands municipalities was fairly stable, though this share remained, on average, smaller than it was in Pinelands municipalities in 1992. Pinelands communities continued to differ in this way from non-Pinelands communities when comparisons were made within groups of similar municipalities. The most likely explanations for this effect would be that either vacant land in the Pinelands is being converted to residential use or that the value of residential property is increasing at a faster rate than the value of vacant land. A special study could provide a more definitive explanation. It would also be useful to examine how the municipality's fiscal stability is related to the relative shares of the

assessment class types.

*Spending by Pinelands municipalities is less than that of the surrounding communities of South Jersey, and South Jersey communities spend less than New Jersey municipalities in general.*

Municipal expenditures were examined from three different viewpoints: 1) broken down by type and analyzed per capita (total expenditures by the municipality broken down into five types of expenditure, and divided by the population of the municipality); 2) per household (total expenditures by the municipality divided by the total number of households in the municipality); and 3) relative to median household income (expenditures per household divided by the median household income). By all three of these measures, Pinelands municipalities, on average, spent less than non-Pinelands municipalities, and South Jersey spent less than the entire state in both 1980 and 1990; this result was also found for each of the five expenditure types (the five expenditure types are capital and debt expenditures, general government, public safety, recreation and conservation, and schools).

*Pinelands municipalities spent less in the area of "general government," those expenditures for the basic functions and overhead of government, than did non-Pinelands communities. The rate of increase in expenditures of this type, over the period, was also lower within the Pinelands.*

From 1980 to 1992, expenditures by Pinelands and non-Pinelands municipalities increased at roughly the same rate. Over the period, the average of total expenditures per capita by Pinelands municipalities were 78% of the average of total expenditures per capita in the remainder of South Jersey. The largest single expenditure item was schools, which averaged about 50% of expenditures inside and 43% of expenditures outside. Pinelands municipalities spent significantly less than non-Pinelands municipalities on general government functions in 1980, and the rate of growth of expenditures on these functions increased at a significantly lower rate in the Pinelands. The reason for this result is unknown, and would be a potential area for a special study.

EXPENDITURES PER CAPITA IN REAL (1995 \$)				
	PINELANDS		NON-PINELANDS	
	1980	1992	1980	1992
SCHOOLS	\$ 575	\$ 845	\$ 707	\$ 999
RECREATION & CONSERVATION	\$ 8	\$ 13	\$ 20	\$ 20
PUBLIC SAFETY	\$ 92	\$ 113	\$ 156	\$ 199
GENERAL GOVERNMENT	\$ 307	\$ 381	\$ 367	\$ 498
DEBT	\$ 29	\$ 51	\$ 44	\$ 79
<b>TOTAL</b>	<b>\$ 1011</b>	<b>\$ 1403</b>	<b>\$ 1294</b>	<b>\$ 1795</b>

The comparison of expenditures within groups of similar municipalities inside and outside of the Pinelands did not provide

any indication of meaningful trends. The lack of apparent trends could indicate that the methodology used to identify similar municipalities does not adequately account for factors relevant to municipalities' expenditure decisions. Further examination of methods to compare municipal expenditures among "similar" municipalities and of the means of establishing "similarity" would be areas more appropriately addressed through a special study.

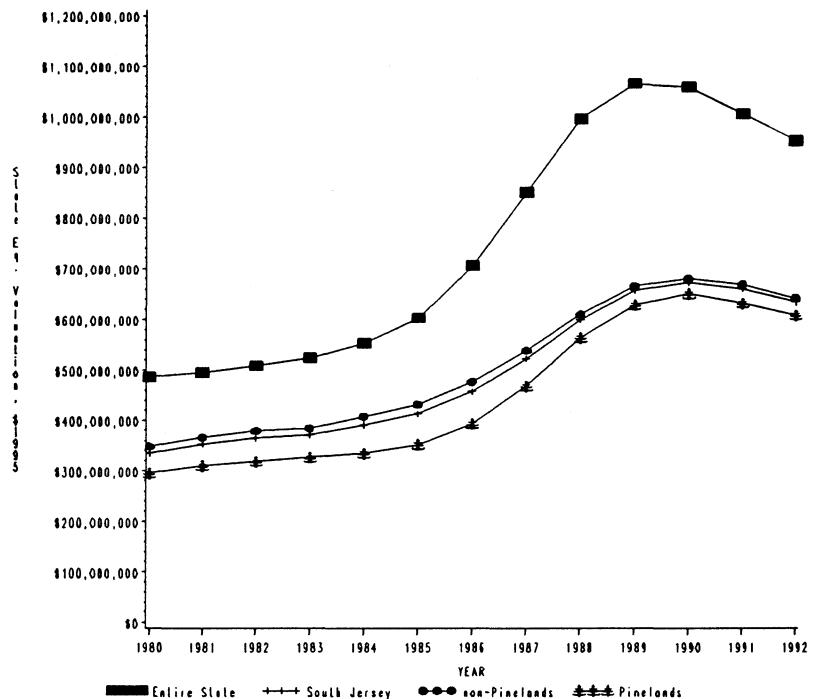
Expenditures per household increased at roughly the same rate for the Pinelands and for the non-Pinelands areas. The ratio of expenditures to median household income was essentially unchanged from 1980 to 1990, at 8.9% for the non-Pinelands and 7.5-7.6% in the Pinelands. As was the case in the analysis of expenditures by type per capita, no trends in expenditures per household and relative to median household income were apparent within groups of similar municipalities.

Average residential tax bills were lower in the Pinelands than in the remainder of South Jersey throughout the period for which data was collected, 1983-1994. Similarly, South Jersey average tax bills were lower than those for the state as a whole. Changes in the average bill over time tended to be similar for the Pinelands and non-Pinelands portions of South Jersey. When comparisons were made within groups of similar municipalities, Pinelands communities tended to have higher average bills than similar towns outside of the Pinelands. Fluctuations in the average bill in the Pinelands towns tended to mirror those of the non-Pinelands towns.

*Property tax bills were, on average, lower in the Pinelands than in surrounding communities, and lower in South Jersey compared to the state as a whole.*

*Although the average equalized value of property is growing at a faster rate in the Pinelands municipalities, it remains lower than in the remainder of South Jersey.*

**State Equalized Valuation**  
in Real 1995 Dollars  
Average Per Municipality



Source: NJ Department of Community Affairs, Division of Local Government Services

The average state equalized valuation per Pinelands municipality was lower than the average per municipality in the remainder of South Jersey throughout the 1980-1992 period, but the gap may be closing. Groups of Pinelands municipalities actually tended to have higher average total valuations than groups of similar non-Pinelands municipalities. The average total valuation per municipality in South Jersey was less than the statewide average; the gap between South Jersey and the entire state, however, seems to be increasing.

Pinelands municipalities had, on average, lower effective property tax rates than the remainder of South Jersey over the 1980-1992 period. This gap, however, seems to be closing. The average effective tax rates for the state as a whole were lower in 1987, the first year for which statewide data was acquired, but by 1990 the state had caught up. Since the necessary data was only available in electronic form beginning in 1987, statewide averages are not included for prior years. It would be helpful in the future to acquire this data, along with that for several other variables, for the years prior to 1987. The analysis of groups of similar municipalities supports the suggestion that effective tax rates in Pinelands municipalities are catching up to those in the rest of South Jersey. In two of the six groups of similar towns, Pinelands towns had lower rates but the gap was shrinking. In three more groups, rates were roughly equal between the Pinelands and non-Pinelands towns. In the remaining group, the Pinelands towns had, on average, higher rates than those in similar non-Pinelands towns.

*The population of Pinelands municipalities has increased since 1980 much more rapidly than that of surrounding municipalities and the state as a whole.*

The population of Pinelands municipalities increased rapidly, demonstrating 30% growth from 1980, compared to 7% growth in the remainder of South Jersey and 5% statewide. This high population growth in Pinelands communities appears to have continued into the 1990s. The contrast between Pinelands and non-Pinelands growth rates is most apparent in Atlantic County, where the Pinelands portion of the county had a 1980-1990 population growth rate ten times that of the non-Pinelands portion of the county. This differential may be related to the pre-existence of fully developed communities immediately surrounding Atlantic City, causing growth to be concentrated in the less developed Pinelands communities of Egg Harbor, Galloway, and Hamilton. Possible areas for special study are a detailed analysis of development in relation to the Pinelands Comprehensive Management Plan management areas and an analysis of population trends in municipalities split by the Pinelands border.

Population			
AREA	1980	1990	1994
New Jersey	7,365,011	7,730,188	7,902,523
South Jersey	1,854,074	2,083,938	2,137,032
non-Pinelands	1,430,609	1,534,417	1,566,002
Pinelands	423,465	549,521	571,030

*The population of South Jersey is aging, and the Pinelands population is aging more rapidly than that of surrounding communities.*

South Jersey's population is aging. Median ages are increasing and the proportion of the population over 65 years of age is increasing, while the proportion of people less than 18 years of age is declining. The population of the Pinelands is aging at a higher rate than that of the surrounding communities. The extremes of the age distribution are concentrated around the edges of the region. The towns with the highest median ages are along the southern and eastern edge, i.e., along the shore. At the same time, the lowest median age population towns are concentrated to the north and west, between Camden and the Fort Dix/ McGuire/Lakehurst Military Complex.

Possible Special Studies within the Municipal Finance topic area:

1. Refinement of the municipal comparables grouping methodology.
2. Explanation of the shifting share of assessments from vacant land to residential property within the Pinelands.
3. Examination of the relationship between the municipal assessment class mix and the municipality's fiscal well-being.
4. Exploration of the lower level and growth rate of expenditures on "general government" by Pinelands municipalities.
5. Examination of the behavior of the comparables groups with respect to the expenditure data and the failure to identify trends in this data.
6. Acquisition of pre-1987 state level data on tax collection rate, municipal assessment class shares, and effective tax rate.
7. Examine the role of factors related to the tax revenues of each municipality in the level and quality of services provided by municipalities.
8. Detailed analysis of trends in municipal expenditures.
9. Analysis of population trends and growth levels by Pinelands management area.
10. Analysis of population trends and growth levels in municipalities split by the Pinelands border.

### **Use and Availability of Data**

The geographic division to which data applies differs by variable, and was generally determined by the geographic specificity available for the particular variable. Some variables were only available at the county or state level and were thus examined within this constraint. In some

cases, data were only available, or was more appropriate, at the county or state level. In general, for variables where data specific to individual municipalities could be acquired, the variable was analyzed by comparing a summary value (either the sum or the mean, as appropriate) for those municipalities inside of the Pinelands to the summary value for those outside of the Pinelands (municipalities with less than 10% of their area inside of the Pinelands are treated as outside for the purpose of this analysis). Most of the variables for which this “inside/outside Pinelands” analysis was conducted were also subjected to a “Municipal Comparables” analysis. In the Municipal Comparables analysis, municipalities were grouped with other municipalities that were similar in terms of access to major centers, population density, and per capita income (values of these variables as of 1980 were used to make grouping determinations). Summary values for those municipalities in each group that were inside of the Pinelands were then compared to the summary values for the outside towns in the group.