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**New Jersey Pinelands Commission  
Long-Term Economic Monitoring Program**

**Summary of the 2003 Annual Report**

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**James J. Florio, Chairman**

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**October 2003**

## Introduction

The Pinelands National Reserve was established in 1978 and is the nation's first federal reserve. It covers an area of over one million acres in the heart of southern New Jersey. The Pinelands Comprehensive Management Plan (CMP) was adopted in 1980 and manages land use activities at regional and local levels. Of particular importance to the regional economy are land use policies crafted by the Pinelands Commission and implemented by municipalities that significantly limit development in designated Preservation, Forest, and Agricultural Areas. Growth is permitted and even encouraged in other districts, particularly Regional Growth and Town Areas.

The goal of the Long-Term Economic Monitoring Program is to continually evaluate the health of the economy of the Pinelands region in an objective and reliable way. The economic monitoring program, in conjunction with an ongoing environmental monitoring program, provides essential information for consideration by the New Jersey Pinelands Commission as it seeks to meet the mandates set forth in federal and state legislation. Both monitoring programs are cooperative ventures administered by the Pinelands Commission and funded by the National Park Service.

Monitoring of economic conditions is accomplished by compiling data for key indicators (also referred to as variables) in the areas of population demographics, property values, economic growth, and municipal finance. To the extent possible, data for the variables are obtained from 1980 (the year the Pinelands Comprehensive Management Plan came into effect) to the present, and updated on an annual basis. Analysis relies on municipal level data for most economic indicators and county level data for some others (refer to Table 1 for specific indicators). To understand the larger context of Pinelands economic trends, the report provides comparisons between several different areas, including Pinelands, Non-Pinelands, Southern New Jersey, and New Jersey. Data compilation was initiated in 1996 with the first in a series of annual reports beginning in 1997. This Executive Summary accompanies the 2003 Annual Report, the seventh in the series of reports.

In addition to ongoing data compilation, the design of the Long-Term Economic Monitoring Program calls for the in-depth analysis of certain issues based on indications observed in the data. Projects currently underway are discussed at the end of this summary.

## What's New This Year

Table 1 shows the indicators tracked by the Long-Term Economic Monitoring Program and the years of data compiled. Major changes to variables collected this year include the temporary removal of tax collection rate and municipal expenditure data pending updated data, and the addition of four supplemental variables which provide additional insight into the regional economy but are too infrequently available to become core. In addition, the organization and format of the report have been enhanced and the municipal factbook has been expanded.

**Table 1. Summary of Core and Supplementary Variables in Seventh Annual Report**

<b>Core Variables</b>	<b>Years Collected<sup>1</sup></b>	<b>Years Added<sup>2</sup></b>	<b>Frequency Collected</b>	<b>Method of Analysis</b>
Population	'80, '90, '00	'90, '00 (Group Quarters)	Decennial	Inside/Outside Pinelands (I/OP)
Population (Census Block)	'90, '00	None	Decennial	Census Block
Demographics	'80, '90, '00	None	Decennial	I/OP
Building Permits	'80-'02	'02	Annual	I/OP
Median Prices of Homes	'88-'02	'02	Annual	I/OP
Vol. Real Est. Transactions	'88-'02	'02	Annual	I/OP
Per Capita Retail Sales / Establishments	'92, '97	'92, '97 (Establishments)	Quintennial	County, I/OP
Income	'79, '89, '99	None	Decennial	I/OP
Unemployment	'80-'02	'02	Annual	I/OP
Employment	'93-'99	None	Annual	I/OP
Number of Establishments	'93-'99	None	Annual	I/OP
Payroll by Major Ind. Sector	'93-'99	None	Annual	I/OP
Farmland Assessed Acres	'86-'00	'00	Annual	I/OP
Agricultural Census Data	'82, '87, '92, '97	None	Quintennial	County
Blueberry & Cranberry Prod.	'72-'01	None	Annual	State
Avg. Resid. Property Tax Bill	'83-'02	'02	Annual	I/OP
Equalized Property Value	'80-'02	'02	Annual	I/OP
Effective Tax Rate	'80-'02	'02	Annual	I/OP
Assessment Class Proportions in Municipal Tax	'80-'94, '02	'02	Annual	I/OP
<b>Supplemental Variables</b>	<b>Years Collected</b>			<b>Method of Analysis</b>
Population Density	'80, '90, '00			I/OP
Census of Housing Data	'80, '90, '00			I/OP
Place of Residence & Work	'00			I/OP
Municipal Services (Police Protection & Garbage Collection)	'01 '02			I/OP

<sup>1</sup> Data acquisition is based on the availability of data. An effort is made to acquire data for every year available from 1980 to the present.

<sup>2</sup> Refers to addition from 2002 Annual Report and specifies which years of data are new in this update.

## Definition of the Pinelands and Non-Pinelands Values

Data for most variables is at the municipal level and is aggregated to form Pinelands and Non-Pinelands values. The Pinelands aggregate consists of 47 municipalities in Southern Jersey that have at least ten percent of their land area within the state-designated Pinelands boundary. The remaining 155 municipalities compose the Non-Pinelands aggregate. The definition of Southern New Jersey used here includes the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem.

This aggregate system is not without limitation, as many Pinelands municipalities are split by the boundary. Thus, some phenomena occurring outside of the Pinelands boundary is included in the Pinelands aggregate. Nevertheless, this aggregate system has proven to be effective in comparing Pinelands and Non-Pinelands trends.

## Results in Brief

### Population and Demographics

Three variables are tracked annually to monitor population: municipal population change, census block population change, and age demographics. These variables were previously grouped under the Economic Growth category but were assigned to their own category in the 2003 report.

These variables have not been updated this year, but a new analysis revealed that several Pinelands municipalities have a large group quarters populations. Approximately 14,140 people lived in institutional quarters (prisons and hospitals) and 5,430 people lived in non-institutional quarters (military and university) in Pinelands municipalities.

Previous analysis indicated that approximately 615,980 people lived in the Pinelands municipalities, an increase of 12.1% between 1990 and 2000. An analysis at the census block level revealed that approximately 276,890 people lived inside the Pinelands boundary, while 412,560 people lived in areas of Pinelands municipalities that lie outside of the Pinelands boundary. Population inside the boundary grew by 5.5% between 1990 and 2000, while the population outside the boundary grew by 14.3%.

Supplemental data for population density demonstrated how sparsely populated the Pinelands is. The population density of the Pinelands municipalities was 304 persons per square mile, compared to a density of 1,046 persons per square mile for the Non-Pinelands region. An approximation of population

density for the area inside the Pinelands boundary revealed an even sparser density of 189 persons per square mile.

### Property Values and Residential Development

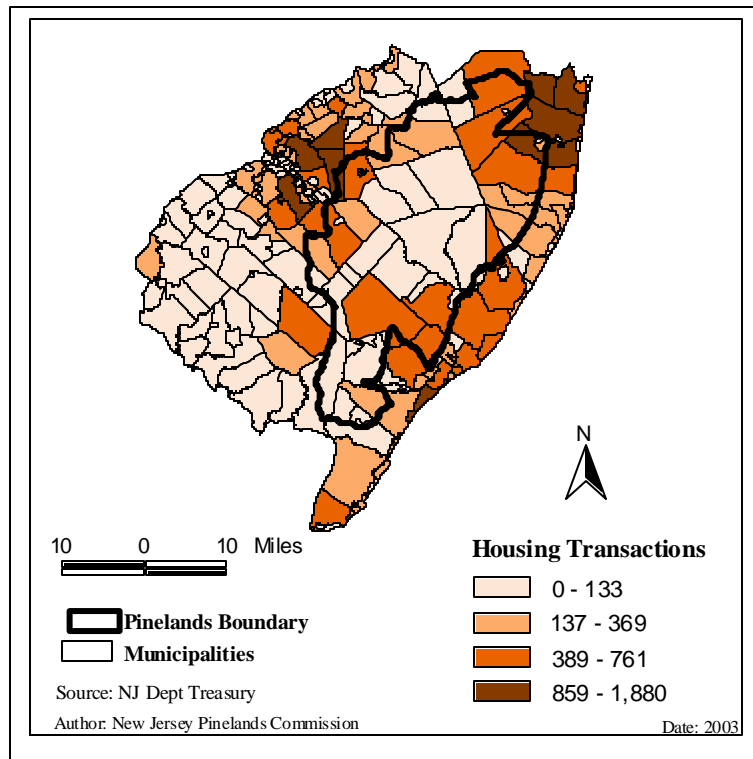
Three variables are tracked annually to monitor residential development activity and the vitality of property values: the average number of dwelling units authorized by building permits, median selling prices of homes, and volume of residential real estate transactions.

The average number of building permits issued in the Pinelands increased by 17% in 2002, following a small decline in 2001. In contrast, the average number of permits issued in the Non-Pinelands region was relatively stable, declining by 2.5%, while the average number for the entire state increased by 6.0%. The bulk of building permits issued continued to be along the northern, eastern, and western edges of the Pinelands region where development pressures are greatest and higher densities are permitted. A previous analysis revealed that, with the exception of a few regional growth municipalities, most of these permits were actually directed towards development outside of Pinelands boundaries.

***The inflation-adjusted median sale price of homes rose significantly for the first time in the monitoring period (1989–2002)***

A booming real estate market fueled by low interest rates characterized 2002. The inflation adjusted median selling price of homes increased significantly for all regions for the first time since monitoring began in 1989. The median sale price rose by 8.4% to \$122,500 for a Pinelands home and by 6.6% to \$129,200 for a Non-Pinelands home. The number of real estate transactions increased by 8.2% in New Jersey, 8.0% in the Non-Pinelands region, and 11.6% in the Pinelands region between 2001 and 2002. The Pinelands share of the state's total real estate transactions has increased steadily from 8.2% in 1999 to 9.4% in 2002. Similar to building permits, the bulk of home sales took place along the northern, eastern, and western edges of the Pinelands region.

## Residential Real Estate Transactions 2002



Supplemental data from the 2000 Census of housing revealed that the Pinelands region had a lower non-seasonal vacancy rate (4.0% versus 5.8%), a higher home-ownership rate (81% versus 74%), and a more recent housing unit median construction year (1972 versus 1961) than the Non-Pinelands region.

In addition to monitoring the variables mentioned above, the detailed design calls for more in-depth study of land and housing values. Data gathering for an analysis of vacant land transactions is ongoing, and analysis is scheduled to begin in 2003.

### Economic Growth

Five variables are monitored annually to provide insight into the regional business climate and key business sectors: retail sales; per capita income; unemployment; employment, establishments, and wages; and agriculture (including farmland assessed acreage, agricultural census data, and blueberry and cranberry production). Unemployment and assessed farmland acreage were the only economic variables updated this year due to the lack of recent data.

Unemployment levels continued to rise throughout the state in 2002, as the economy suffered from one of the worst job markets in recent history. The 2002 unemployment rate in the

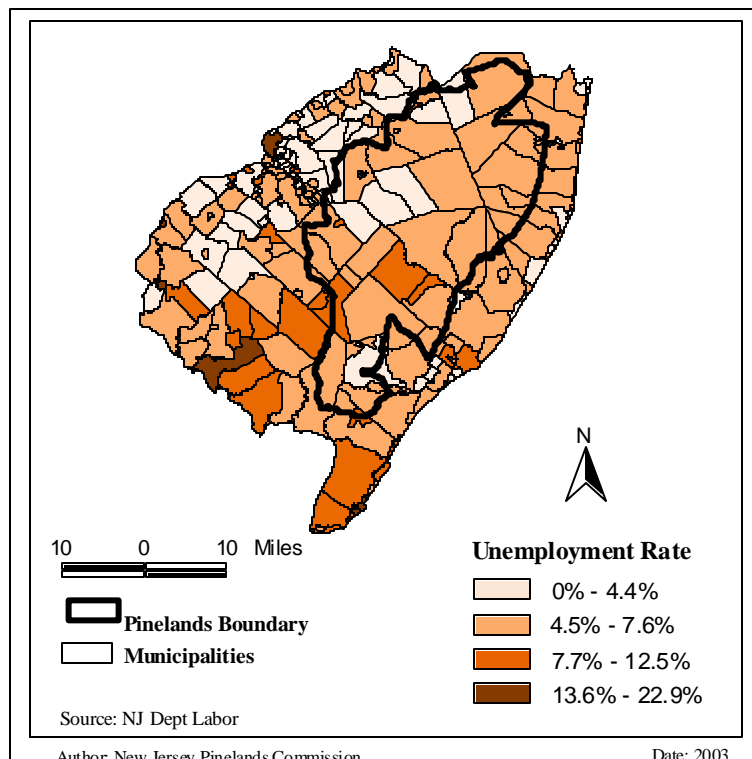
***Unemployment continued to increase in 2002, but the Pinelands rate remained below the national and state rate.***

Pinelands region rose from 4.7% in 2001 to 5.3% in 2002. Unemployment outside the Pinelands was greater, as unemployment rose from 4.5% to 6.0% in the Non-Pinelands region and increased from 4.2% to 5.8% for the state as a whole. The state unemployment rate was on par with the national rate of 5.8%. In general, suburban municipalities close to Philadelphia tended to have lower unemployment levels while higher unemployment levels could be found in rural southern municipalities.

The Pinelands five-year average for assessed farmland acreage was 212,700 acres for the 1996 to 2000 period. The Pinelands five-year average share of South Jersey's farmland acreage has increased from 34.8% between 1986-1990 to 38.7% between 1996-2000.

Supplemental data from the 2000 Census for journey to work patterns was included in the 2003 report. A greater percentage of the Pinelands resident labor force works in New Jersey (92.7%) and in their county of residence (61.1%) compared to the Non-Pinelands resident labor force (86.4% worked in New Jersey and 59.1% worked in their county of residence). A greater percentage of the Non-Pinelands resident labor force worked in their municipality of residence (22.2%) compared to the Pinelands resident labor force (18.8%).

## 2002 Unemployment Rate



Previous reports indicated that the Pinelands has a lower per capita income than the Non-Pinelands region, but that income levels grew at a faster rate in the Pinelands between 1989 and 1999. The largest employment sectors in the Pinelands in 1999 were retail, services, and construction. Employment levels and the number of establishments continued to increase in all regions of the state in 1999. Cranberry and blueberry farming is an important segment of the Pinelands economy. Cranberry prices rebounded somewhat between 1999 and 2001 following a steep decline in previous years, while blueberry prices remained relatively steady.

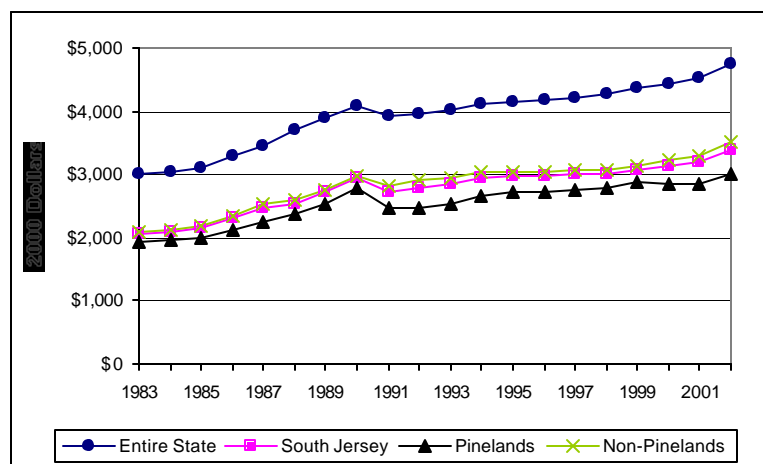
### Municipal Finances

Four variables are monitored annually to provide information on the fiscal health of municipalities: average residential property tax bill, state equalized valuation, effective tax rates, and assessment class proportions in municipal tax revenues. Tax collection rates, municipal expenditures by type per capita, and municipal expenditures per household were previously collected but monitoring has been discontinued until new data becomes available.

***The average inflation-adjusted residential property tax bill in the Pinelands is \$500 lower than the Non-Pinelands region***

The average residential property tax bill increased at a steeper rate than previous years in all regions of the state between 2001 and 2002. The average bill in the Pinelands rose by 5.3% between 2001 and 2002, compared to 5.2% for the state 6.9% for the Non-Pinelands region. The average inflation adjusted 2002 bill in the Pinelands region was \$3,010; \$500 lower than the Non-Pinelands region and \$1,740 lower than the state average.

### **Average Residential Property Tax Bill (Inflation Adjusted)**



The equalized value of property continued to rise for all regions of the state between 2001 and 2002, and rose at a greater rate in the Pinelands region (12.3%) compared to the Non-Pinelands region (9.5%). The average effective tax rate

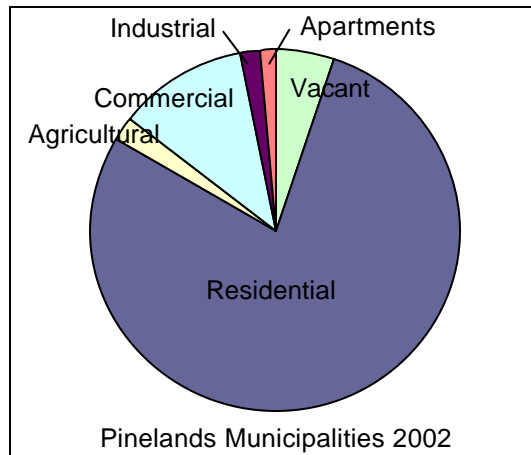


for all regions fell for the first time in eleven years. The effective rate for New Jersey, the Pinelands, and the Non-Pinelands fell by 7.0%, 7.5%, and 2.7% respectively. The average effective rate was 2.38 for the state, 2.33 for the Pinelands, and 2.60 for the Non-Pinelands.

***The proportion of total assessed valuation in the vacant land category decreased in the Pinelands from 8% in 1994 to 5% in 2002***

Recent data for assessment class proportions in municipal valuations has become available for the first time since 1994. In 2002 the Pinelands had a higher percentage of assessed valuation in the residential and vacant class than the Non-Pinelands region, while the Non-Pinelands had a higher percentage in the commercial, industrial, and apartment classes. The percentage of valuation in the agricultural category was roughly the same for both regions. The Pinelands region experienced a decline in the proportion of valuation in the vacant category from 8.0% to 5.0% between 1994 and 2002, and had a corresponding rise in the proportion of value in the residential class from 74.1% to 78.2%.

**Assessment Class Proportions in Municipal Valuation**



Supplemental municipal finance data in this year’s report gauged levels of municipal services. The percentage of Pinelands municipalities without a local police force was greater than the percentage of Non-Pinelands municipalities without a police force (36% versus 15%). A greater percentage of Pinelands municipalities use their municipal public works departments for trash collection than Non-Pinelands municipalities (42% versus 32%), as most Non-Pinelands municipalities contract trash collection to private companies (53% of Non-Pinelands municipalities secured private contracts for trash collection while only 36% of Pinelands municipalities followed this route). Pinelands municipalities were less likely than Non-Pinelands municipalities to secure inter-governmental contracts for hauling garbage (2% versus 7%) and more likely to leave garbage contracting up to residents (12% versus 8%).

## **Municipal Fact Book**

The municipal fact book first appeared in the 2002 Annual Report. Economic data is arranged by Pinelands municipality, rather than by variable, in order to provide a better understanding of the unique economic characteristics of each municipality. The fact sheets are arranged by county and display a number of variables for each municipality, listed alongside the average value for Southern New Jersey and a ranking for that variable among the 202 municipalities in Southern New Jersey. The fact book was enhanced for the 2003 report with population graphs, development area maps, and additional data for each Pinelands municipality. The fact book is located in the appendix of the Annual Report.

## **Special Studies**

Special studies represent the second major component of the program. The studies take a more in-depth look at specific topics uncovered during the course of the monitoring program. Special studies will be released as separate reports upon their completion.

### *1<sup>st</sup> Special Study: Value-Added Blueberry Products*

Completed in 2001. A detailed description of the project can be found in the 2001 Annual Report.

### *2<sup>nd</sup> Special Study: Indicators of Municipal Health*

The second special study focuses on characterizing and identifying municipalities experiencing poor health. The goals of the project are to: 1) produce a database of indicators that are reflective of municipalities' social, economic, physical, and fiscal conditions; 2) produce an objective, systematic and repeatable model that identifies municipalities experiencing poor health using the database of indicators; 3) select economically challenged communities using the results from the model; and 4) develop methods to calculate financial aid and/or other resources that may alleviate the degree of strain in the identified municipalities.

In January 2001, a short questionnaire was administered to municipal officials in thirty-six Pinelands municipalities. The questionnaire was designed to reveal opinions on indicators of fiscal health and on ways to measure and compare fiscal health among municipalities. In general, the results of the questionnaire suggest that the most pressing municipal health concerns of Pinelands municipalities relate to a healthy tax base (i.e., a mix of commercial, industrial, residential land), tax

rates, and school costs. These themes will be looked at more closely during the course of this project.

A database of indicators was created in 2003 and analysis continues. Preliminary results suggest that Pinelands municipalities generally suffer from low per capita income and a weak commercial and industrial ratable base compared to Non-Pinelands municipalities, while effective tax rates are consistently lower in the Pinelands compared to the Non-Pinelands. A model is being designed that will identify the most fiscally stressed Pinelands towns based on a mix of citizen and government fiscal stress measures.