Estimating New Jersey's Housing Shortage and Future Demand

Executive Order 17 Housing Governing Council Data Brief

September 2026

Introduction

New Jerseyans do not need another study to tell them that the State is facing a housing affordability crisis. They feel it every month when their rent or mortgage is due. More than a third of New Jerseyans pay more than a third of their incomes on rent. These high housing costs mean families have less money available for food, childcare, healthcare, savings, or other essentials.

Within her first 100 days, Governor Sherrill issued Executive Order 17, which established the Housing Governing Council and brought together agencies from across state government to accelerate housing production, make better use of state resources, and connect more New Jerseyans with existing housing opportunities. As a part of the process, the Council produced this data brief to identify New Jersey's existing housing shortage and how much housing State-owned properties can deliver.

The housing data presented in this brief should serve as a call to action. The typical starter home is out of reach. Rents are too high, and New Jersey simply does not have enough homes for families at every income level. While not the sole driver of unaffordability, the housing shortage means that too many young people are living in their parents' basements, too many families are doubled up, and too many grandparents are thinking of moving away. This brief also finds that State land can deliver a small but meaningful part of the solution, providing homes where New Jerseyans want to live, work, and stay.

Governor Sherrill's Housing Strategy, released concurrently with this data brief, charts a bold and collaborative path toward housing affordability solutions, in the face of continued inflationary and interest-rate pressures. This brief offers important estimates and projections to ground that brief in the current market realities.

The Housing Challenge in New Jersey

The Cost Problem

As Governor Sherrill often says, you can't make New Jersey more affordable without making housing more affordable. When rent or a mortgage takes up too much of a paycheck, everything else gets harder, from transportation and childcare to groceries and healthcare. In New Jersey:

Half of renters are housing cost-burdened, and the crisis is moving up the economic ladder.

For New Jersey renters earning under $35,000, almost 88 percent were cost-burdened in 2024, a similar rate to 2019. Among renters earning $50,000 to $75,000, though, the share who were cost burdened rose from 39 percent in 2019 to 63 percent in 2024.[1]

Median rents have outpaced median incomes, with monthly rents increasing more than $400 between 2019 and 2024.[2]

Median rents across the state were about $1,380 in 2019 and rose to $1,800 in 2024 (an increase of 31 percent). This increase alone represents 7 percent of a typical family's budget. In the same period, median income increased by 22 percent.[3] Rents increased the fastest in parts of the state that were historically more affordable, with a 62 percent increase in Atlantic County.[4] This increase alone represents 8 percent of a typical family's budget.

Senior renters and single-parent households are those most at risk of housing instability.

66 percent and 76 percent of these cohorts respectively are housing cost-burdened, with the median single-parent household in the state spending more than 57 percent of their income on housing costs.[5]

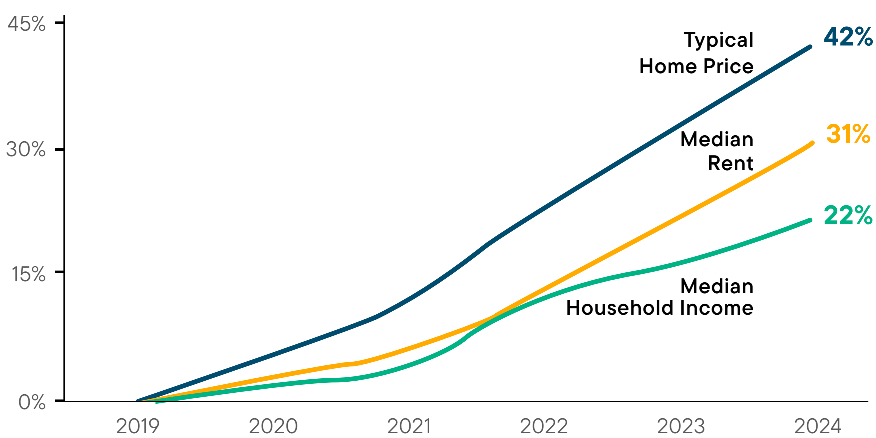
Black and Hispanic renters are more likely to be cost-burdened and less likely to become homeowners.

More than 55 percent of Black and Hispanic renter households are cost-burdened, compared to about 50 percent for non-Hispanic white households. 77 percent of non-Hispanic white households are homeowners, compared to about 40 percent for Black and Hispanic households. The homeownership rate for Black households has stayed flat over the last decade.[6]

Young families are being priced out of the communities in which they grew up.

In 2024, 40 percent of New Jerseyans lived in neighborhoods where recent homebuyers earned at least 50 percent more than the households already living there. That means many young families must earn substantially more than their parents and longtime neighbors just to buy a home in the same community.[7]

Figure 1: Percentage Growth in Statewide Home Prices, Incomes, and Rents (2019-2025)

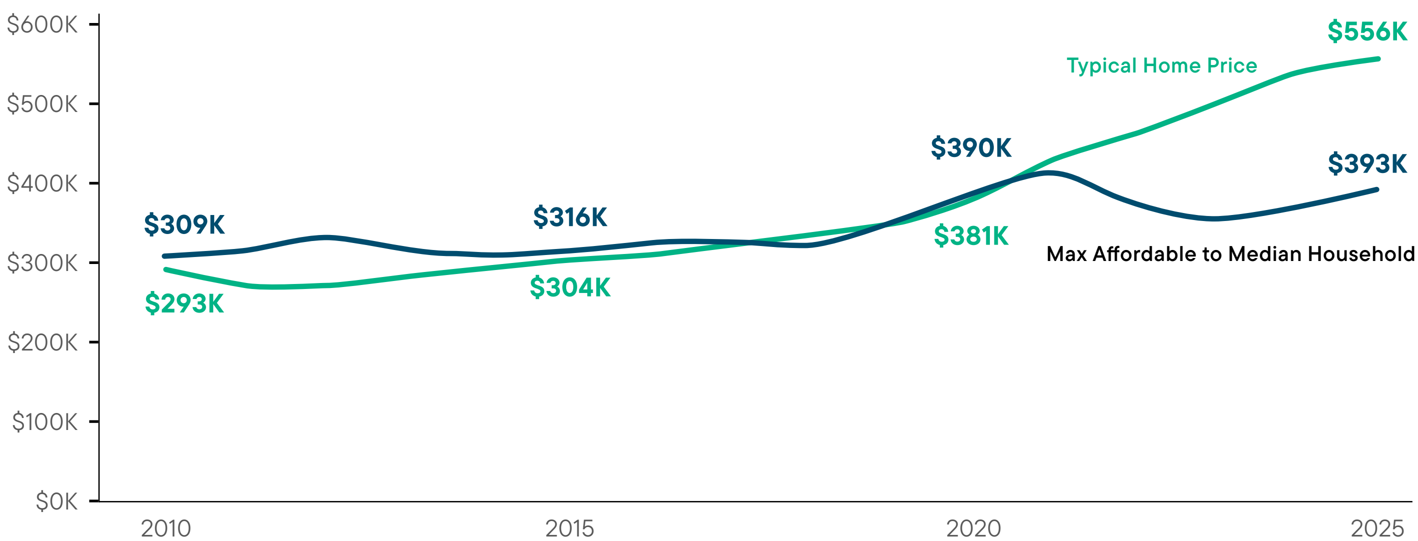


The median household income in Bergen County in 2024 was $124,900. The median household income of the purchaser of a new home in Bergen County in 2024 was **$187,000.[8]**

Constrained supply, rising costs, and high interest rates have put homeownership out of reach for many New Jerseyans.

The gap between what the median household can afford, and the median home price is now the widest on record. Factoring in taxes, mortgage rates, and insurance, the median household earning $106,000 can afford a $393,000 home, assuming a gross monthly payment at or below 30 percent of income at $2,650, while the median home costs $556,000, nearly $4,000 per month on a typical home. The median home now costs 5.26 times what the median household earns in a year.[9]

Figure 2: Statewide Typical Home Values and Maximum Affordable to Median Household



Estimating a current housing shortage

New Jersey has a large housing shortage. Estimating its size helps the state understand the scale of the problem and whether current production is enough to solve it. The State compiled an analysis of six published estimates of housing underproduction and replicated their methodologies using New Jersey specific data sources. The technical appendix to this document includes more details.

Based on the New Jersey application of this range of estimates by national agencies, think tanks, and advocacy organizations, data suggests a historic housing **shortage of between 216,100 and 253,300 homes across the Garden State.**[10] As Figure 4 indicates, this gap has been built up over decades of steady underbuilding and exacerbated by the near collapse in new construction between 2008 and 2014 following the Great Recession.

Decades of under construction have left the housing market with almost no slack. Only 1.6 percent of all homes in the State are vacant and available for purchase or rent, almost half of the percentage a decade ago (3.2% in 2014)[11] With almost nothing available, buyers and renters bid against each other for what comes on the market, driving prices up.

This housing shortage means too many families are doubled up or in substandard housing, adult children are living in their parents' basements, employees are living further from work, and seniors are thinking about moving away from home.

Building for the Future

New Jersey stands out as one of the fastest growing states in the northeast. Maintaining this trajectory will be key to expanding economic opportunity and equitable development for our residents. To sustain the State's growth, help young families put down roots, keep our young people in the state, and give seniors room to age in place, New Jersey will have demand for **an additional 134,400 to 153,200 homes** over the next ten years.

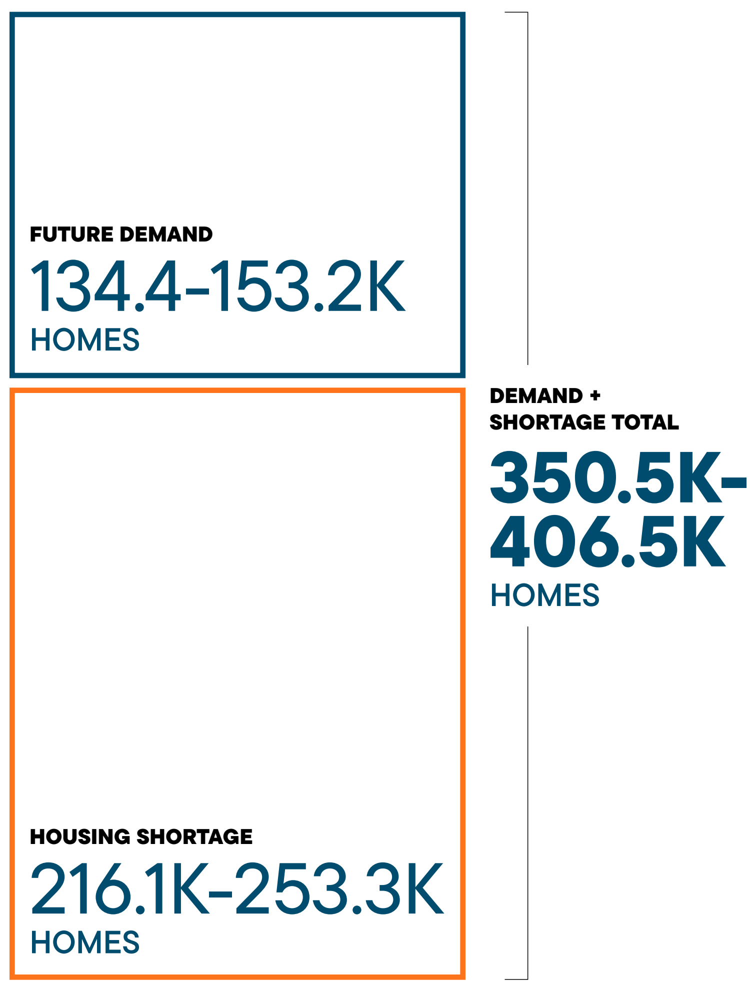
The UVA Weldon Cooper Center projects New Jersey will add 327,300 residents over the next decade.[12] How many households that growth produces depends on how people live. If new residents form households at today's average size, the State gains about 124,400 households. If households are smaller, driven by an aging population living in smaller households and more young adults moving out of their parents' homes, that figure climbs to 136,800.[13]

Household growth alone understates the need for new homes. Some existing homes will become second homes or short-term rentals, particularly at the Shore. Others will be demolished or lost to conversions, such as duplexes combined into single-family homes, and some planned projects will be delayed or never completed. These "losses" add approximately 8 to 12 percent to the projected demand, or 12,400 to 13,600 homes, bringing the decade's need to roughly 134,400 to 153,200 homes.[14]

Projected Housing Gap and Future Demand:

Taken in totality, these high-level estimates bring the estimated housing shortage and growth estimate for the next decade between **350,500 and 406,500 new homes**. These numbers offer a summary of thousands of individual circumstances: adult children living in their parents' basements, roommates who want their own place, employees who can't live near jobs, and seniors thinking of moving out of State.

Figure 3: New Jersey's Housing Shortage and Future Demand



Affordable Housing Responsibilities

Building enough homes is necessary to meet the housing crisis, but it is not enough. More homes can help stabilize rents and prices, but New Jersey needs a healthy market of affordable housing, focused on housing options for low- and moderate-income households. Some of these units will likely be in mixed-income developments or inclusionary projects, where a municipality requires developers to set aside a percentage of the total units for affordable housing units. Other units will be built through 100 percent affordable projects, financed through federal LIHTC (Low-Income Housing Tax Credits) and through various state programs to fill in remaining funding gaps.

Under New Jersey's *Mount Laurel* Doctrine, every municipality must provide a realistic opportunity for a fair share of its region's need for homes affordable to low- and moderate-income households, those earning up to 80 percent of area median income.

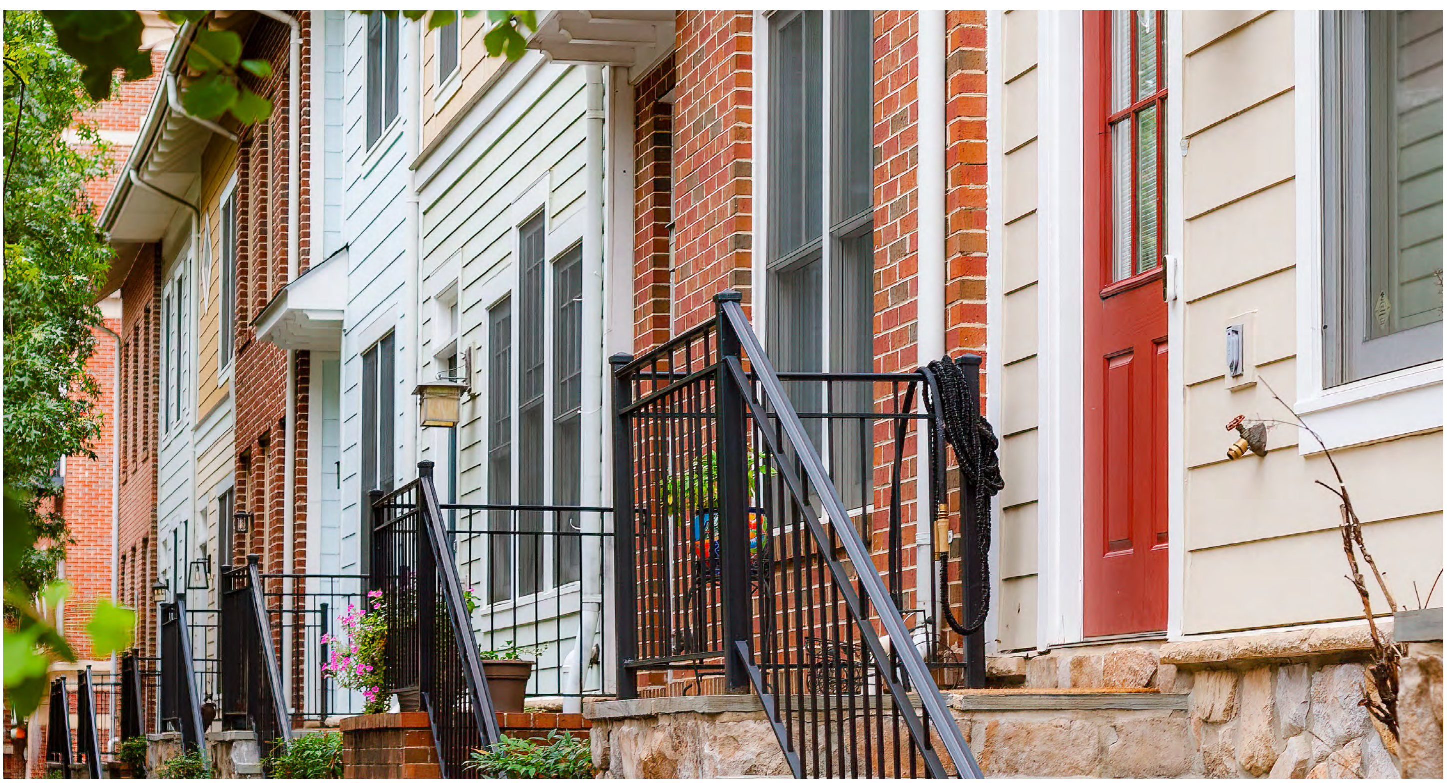
The Fourth Round of affordable housing obligations, covering 2025 to 2035, is the first under a 2024 Affordable Housing Law (P.L.2024, c.2.), which set a recommended formula and a faster process for resolving disputes defining each municipal obligation.

The Department of Community Affairs calculated the statewide responsibility at **150,108 homes**.[15]

- **84,698 new affordable homes** (prospective need) for low- and moderate-income household growth.
- **65,410 existing homes** (present need) occupied by low- and moderate-income households that need rehabilitation.

Under the State's Uniform Housing Affordability Controls (UHAC), at least half the units in any affordable development must serve households at or below 50 percent of area median family income, and at least 13 percent of the affordable units in a municipality's plan must serve very-low-income households at or below 30 percent.

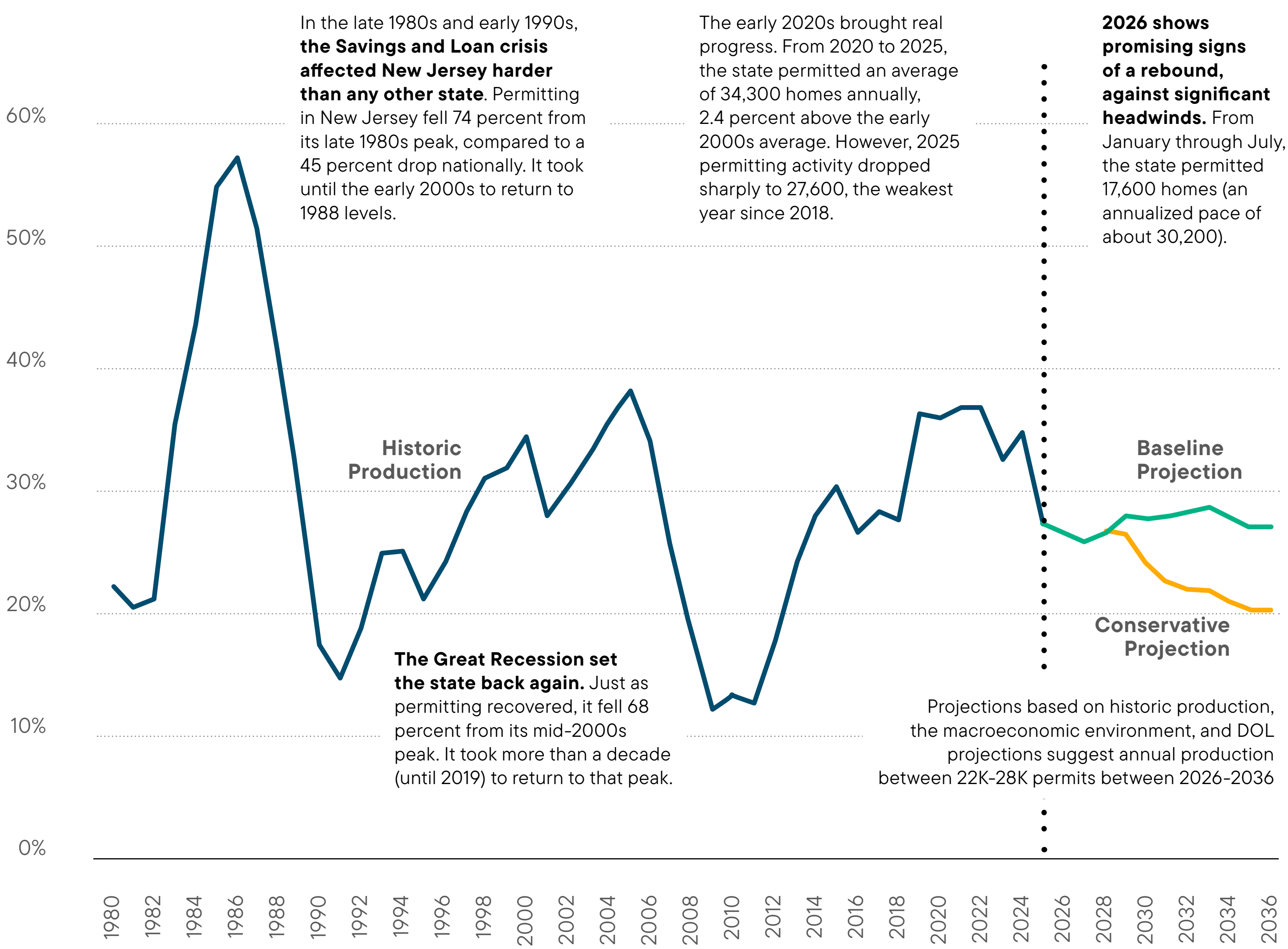
It is important to note that there are far more low- and moderate-income New Jerseyans who face housing cost burdens and could qualify for affordable housing than there are homes available or homes proposed under the Fourth Round. New construction alone will not fill this gap quickly.



Historical Pace of Construction

Years of underproduction have driven New Jersey's housing shortage. Restrictive land use rules, high development costs, and slow permitting and approval processes have held back construction. These issues compound when a national shock hits. The production dynamics of the early 2020s driven by low interest rates and available subsidies, are likely behind us. Today, rising borrowing, construction, and insurance costs are making it hard to sustain recent progress.

Figure 4: Statewide Annual Historic Housing Production 1980-2025, Baseline and Conservative Projections 2026-2036



Prospective Pace of Construction

The Governing Council forecasted likely housing development over the next ten years. These projections model future permitting based on the state's historic production and its relationship to unemployment, population growth, and interest rates, using New Jersey Department of Labor projections and bond-market yield forecasts.[16]

Under these conditions and absent policy change, New Jersey is not on pace to close the housing shortage. Projections based on the current economic trajectory suggest that our housing shortage could get worse. Under current conditions, the Governing Council estimates that New Jersey is likely to permit 28,000 homes per year over the next decade, 19.8 percent fewer than 2024. As described in the call-out box in Figure 4, there are meaningful headwinds slowing housing production. A more conservative projection estimates around 22,000 units annually. The conservative projection assumes interest rates remain elevated over the next decade, based on higher sustained Treasury yields and the federal funds rate.[17]

OVERCOMING MARKET AND PRODUCTION HEADWINDS

Sustaining and improving recent permitting numbers will require the state to overcome:

- **Borrowing costs:** both mortgage rates for homebuyers and financing for construction remain well above early 2020s rates and remain volatile. In September 2026, the 10-year US Treasury bond crossed 5 percent, increasing steadily from 4.2 percent in January 2026. A high interest-rate environment will make commercial and single-family construction much more difficult.[18]
- **Construction costs:** construction costs for multifamily construction have increased by 53 percent between 2016 and 2026. Tariffs on lumber, steel, and aluminum, in addition to international migration uncertainty threaten to raise materials and labor costs even further.[19]

Figure 5: Statewide Historic and Projected New Housing Units (1980-2036)

FUTURE DEMAND
134.4-153.2K
HOMES

HOUSING SHORTAGE
216.1K-253.3K
HOMES

CURRENT PACE OF HOUSING PRODUCTION
220K-280K
HOMES

Putting State Land to Work

The State of New Jersey can begin to address the housing shortage directly by tapping a resource it already owns: its underused land. NJ TRANSIT, alongside NJEDA, has created the New Jersey playbook. In 2025, NJ TRANSIT released its Leveraging Assets for Non-Farebox Dollars (LAND) Plan, which set forth proposed actions to accelerate delivery of housing, jobs, and recurring non-farebox revenues in support of reliable and high-quality transit service and wide-ranging benefits for the communities it serves.

Under Governor Sherrill's Executive Order No. 17, the Housing Governing Council was tasked with applying NJ TRANSIT's methodology to the entirety of the State's land identifying potential parcels suitable for housing and economic development.

The Governing Council assessed these EO17 submissions for their suitability for housing. State agencies collectively hold thousands of acres of surplus or otherwise underutilized property across New Jersey. That land has underutilized office and institutional buildings, underused park-and-ride lots, other uses, or is vacant. Putting that land to work for housing is an essential part of how New Jersey will address the housing shortage while also maintaining open spaces in the densest state in the country.

State-owned land offers a prime opportunity to build mixed-income housing. By law, at least 20 percent of any housing project built on State land must be affordable. The State can also make building affordable housing on land it owns cheaper and faster through tools like increasing the supply of that land, streamlining the property disposition and entitlement process, and pre-clearing some of the regulatory steps that typically slow or stop housing development.

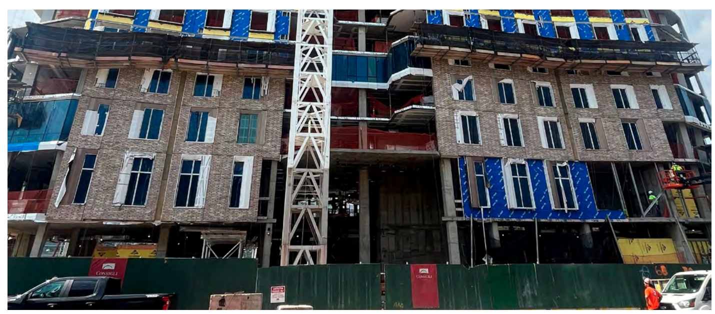
The Scale of the Opportunity

Based on a site-specific and contextual data methodology that screened state-owned parcels, filtering for common exclusions such as protected land, and parcels' physical, regulatory, environmental and market constraints, the State of New Jersey owns approximately 3,100 acres of land that may be suitable for housing development, based on a statewide inventory compiled across State agencies and authorities with suitable land. Analysis of this portfolio translated specific sites into an opportunity to build 37,200-42,800 homes on State land, including at least 7,500 to 8,600 affordable homes.

State-owned land offers an immediate, medium- and long-term opportunity to build housing New Jerseyans need. While unlocking the full potential of the State's surplus or otherwise available property will require coordination and planning among stakeholders, many sites are well positioned to support near-term development, allowing housing projects to break ground in the coming years.

Other construction sites

Metropark Transit-Oriented Development
Total Units: 245 (20% affordable)



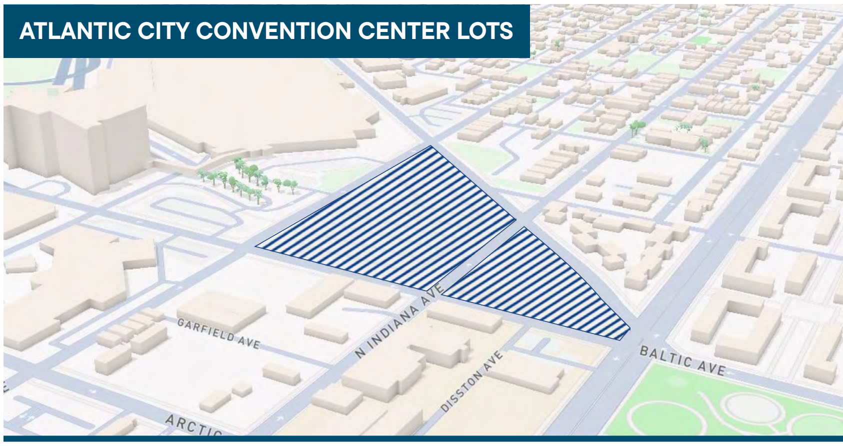
Hoboken Connect
Total Units: 386 (20% affordable)

Potential Collaborative Opportunities

The State of New Jersey's full property inventory was examined against a consistent set of criteria: development feasibility, housing yield, market strength, and readiness for near-term action. Four priority sites for housing development are shown below in alphabetical order. New Jersey will continue to examine its property portfolio for the next and best opportunities to build housing, working with the builder community and local municipalities to get housing built on State land.

STATE LAND SUMMARY	3,100 ACRES	37,200-42,800 HOMES
	STATE LAND POTENTIALLY SUITABLE FOR HOUSING DEVELOPMENT	**HOUSING PRODUCTION POTENTIAL OF STATE LAND** (could include 7,500-8,600 affordable homes)

ATLANTIC CITY CONVENTION CENTER LOTS



CITY
Atlantic City (Atlantic County)

OWNER
Casino Reinvestment Development Authority

SIZE
5 Acres

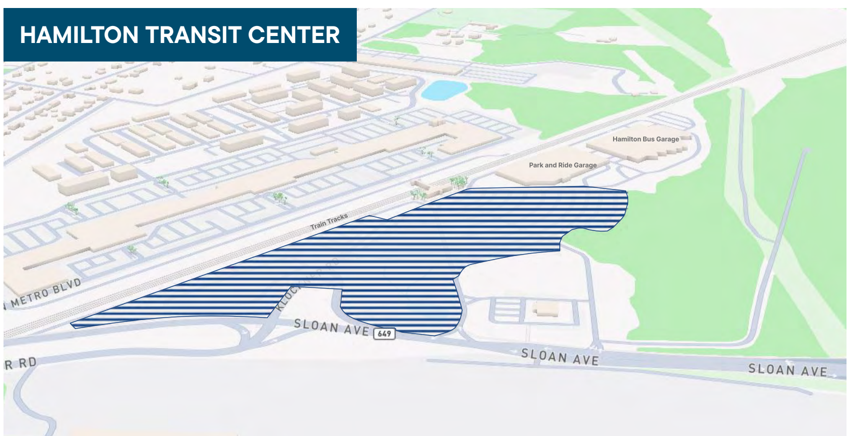
CAMDEN WATERFRONT

CITY
Camden (Camden County)

OWNER
Economic Development Authority and Department of Corrections

SIZE
13 Acres

HAMILTON TRANSIT CENTER

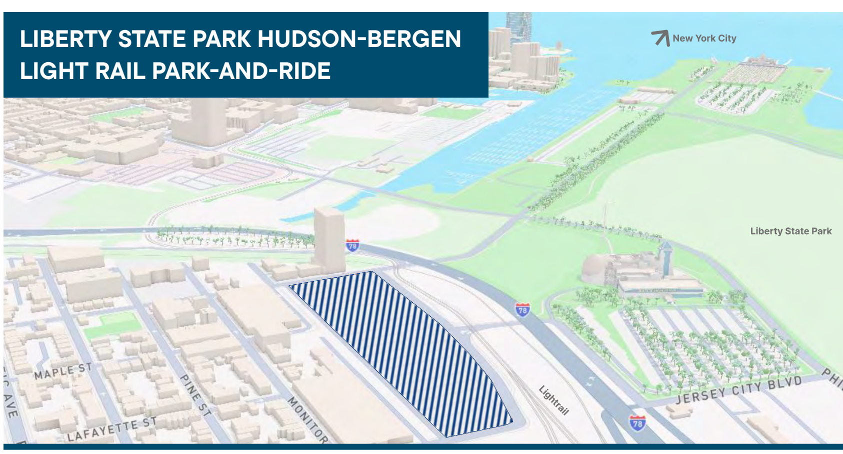


CITY
Hamilton Township (Mercer County)

OWNER
Economic Development Authority

SIZE
27 Acres

LIBERTY STATE PARK HUDSON-BERGEN LIGHT RAIL PARK-AND-RIDE



CITY
Jersey City (Hudson County)

OWNER
NJ TRANSIT

SIZE
12 Acres

Conclusion

This data brief responds directly to Governor Sherrill's charge under Executive Order 17. It identifies baseline numbers for New Jersey's housing shortage and future housing demand. The data makes the case for action clear: New Jersey needs more homes for every budget. The analysis makes clear that State land alone offers a meaningful opportunity to contribute to New Jersey's housing and affordable housing shortage. At the same time, it is one piece of a larger effort, not a solution to New Jersey's housing affordability crisis on its own.

These projections are important. While individual numbers and conditions may change and meta-analyses have their limits, the analysis makes a strong point about our current shortage and upcoming trajectory. On an order of magnitude basis, the data is: New Jersey needs to build more housing to ensure that its people can live, work, and stay here.

Addressing New Jersey's housing shortage and affordability crisis is going to require bold action across all five pillars of the Administration's housing strategy: delivering more homes where New Jerseyans want to live, work, and stay; increasing New Jersey's speed to shovel; partnering with municipalities to build and preserve housing; expanding access to housing opportunities for New Jersey families; and fighting unfair housing practices to keep New Jerseyans housed. Progress on State land is a down payment on that agenda. Sustained results will depend on advancing all five pillars together, with the urgency the crisis demands.

Technical Appendix

Housing Production Estimates

Historic housing permit data and net-new unit counts were developed using Census intercensal estimates, address count data, and HUD SOCDS Permit data.

Projections for 2027-2036 estimate future permits from economic conditions, including interest rates, unemployment and population growth.

- Single-family permits follow the national building cycle, the interest-rate spread (a gauge of how easy credit is) and state population growth. The model explains about 93 percent of past variation.
- Multifamily permits follow the previous year's permits, New Jersey unemployment and mortgage rates. That model explains about 84 percent of past variation.
- **Assumptions:** the Congressional Budget Office national housing outlook, population growth slowing from 0.55 percent to 0.45 percent per year, unemployment between 4.3 percent and 4.6 percent, and three interest-rate scenarios based on Q2 and Q3 2026-vintage bond-rate estimates.

Calculating the Housing Shortage

There is no single official measure of a housing shortage, with a wide variety of published national estimates with a wide variety of methodologies. Some studies estimate how many more homes it would take to return the market to a period when it was working "well", such as 1990 or 2000. Others count households that were never formed—young adults living with parents, roommates crowding into apartments when they would have formed their own households in previous years.

Rather than rely on one method, this analysis compiled six estimates of New Jersey's shortfall across six national sources. Only Up for Growth provided a published estimate for New Jersey—all other methodologies were replicated using current vintage New Jersey specific data.

SOURCE	SOURCE	METHODOLOGY	NJ ESTIMATE
National Association of Home Builders (NAHB)	2026	Compares current vacancy rates to historical norms and finds a 1.2M unit shortage nationally.	113,600
Up for Growth (UFG)	2025	Uses a four-component formula benchmarked to 2000 headship rates and a 5% vacancy rate to arrive at 3.8M units of underproduction, excludes seasonal homes.	155,400
Freddie Mac	2024	Applies a decomposition to isolate suppressed household formation from high housing costs, estimating 3.7M units of underproduction. Using 11.7% vacancy.	195,600
Kevin Erdmann (Mercatus Center)	2024	Regresses housing consumption against pre-2008 trendlines to account for missing household formation, estimating 10-20M	236,600
Zillow Research	2023	Subtracts market-available vacant units from overcrowding to estimate 4.7M units.	364,300
National Association of Realtors (NAR)	2021	Measures underbuilding since 2001 against the 1968-2000 construction pace, with an estimate of 4-5.5M units.	454,300

Future Housing Demand

The current shortage is only part of the need, because New Jersey's population is also growing. The University of Virginia's Weldon Cooper Center projects that the state will gain about 327,000 residents between 2025 and 2035. At the current average household size of 2.63 people, that's about 124,000 new households.

New households need more than one home each, because at any time some share of the housing stock is vacant. Some homes are between tenants or for sale. Some are seasonal homes, especially along the Shore, and some are sold or rented but not yet occupied. The report assumes 10% of new homes will be vacant. That's New Jersey's average vacancy rate from 2005 to 2023 in the ACS, the same long-run benchmark used in the vacancy rate gap method above. Over that period the rate ranged from about 8% to 12% before dropping to 7% in 2021–2023. The recent low reflects the shortage itself, so it isn't used as the target.

Endnotes

1 U.S. Census Bureau, American Community Survey 1-Year Estimates, 2019 and 2024, Table B25074, "Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months." Cost-burdened households pay 30 percent or more of household income on gross rent. Shares exclude households for which rent burden is not computed. The statewide share of cost-burdened renters is from Table B25070.

2 U.S. Census Bureau, American Community Survey 1-Year Estimates, 2019 and 2024, Table B25064, "Median Gross Rent (Dollars)." Values are in nominal dollars. Gross rent includes contract rent plus estimated utilities and fuels paid by the renter.

3 U.S. Census Bureau, American Community Survey 1-Year Estimates, 2019 and 2024, Table B19013, "Median Household Income in the Past 12 Months." Share of take-home pay is an estimate: the $500 monthly rent increase ($6,000 annually) divided by 2024 median household income less estimated 2024 federal income tax, New Jersey gross income tax, and employee FICA contributions, assuming married filing joint status with the standard deduction.

4 U.S. Census Bureau, American Community Survey 1-Year Estimates, 2019 and 2024, Table B25064, Atlantic County, New Jersey. Values are in nominal dollars.

5 Analysis of U.S. Census Bureau, American Community Survey 2024 1-Year Public Use Microdata Sample. Senior renter households are renter households with a householder age 65 or older. Single-parent households are households headed by a parent with at least one own child under 18 and no spouse or unmarried partner present. Housing costs are gross rent for renters and selected monthly owner costs for owners. Cost-burdened households pay 30 percent or more of household income on housing costs.

6 U.S. Census Bureau, American Community Survey 2024 1-Year Public Use Microdata Sample. Homeownership rates from American Community Survey 1-Year Estimates, 2014 and 2024, Tables B25003B; B25003H; and B25003I, Race and ethnicity refer to the primary householder.

7 Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act data, 2024, and U.S. Census Bureau, American Community Survey 5-Year Estimates, 2020–2024, Tables B19013, B01003. Neighborhoods are census tracts. Recent homebuyer income is the median applicant income on originated first-lien, owner-occupied home purchase loans for one- to four-unit site-built properties in each tract. HMDA data exclude cash purchases.

8 U.S. Census Bureau, American Community Survey 5-Year Estimates, 2020–2024, Table B19013, Bergen County, Homebuyer income is HR&A analysis of Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act data, 2024, median applicant income on originated first-lien, owner-occupied home purchase loans in Bergen County.

9 Home values from Zillow Home Value Index (ZHVI), all homes, New Jersey, December 2025. Household income from ACS 1-year, inflated using CPI-U to 2025. Affordable home price is an estimate assuming a 30-year fixed-rate mortgage at December rates for every year, 20% downpayment, average New Jersey property tax rate based on ACS tables, and homeowners insurance based on ACS averages, and total housing costs of no more than 30 percent of gross household income.

10 Compilation and analysis of six published estimates of housing underproduction, with methodology rebuilt using sources with New Jersey-level estimates. National Association of Home Builders (113,600); Up for Growth (155,400, only source with published New Jersey estimate); Freddie Mac (195,600); Kevin Erdmann, Mercatus Center (236,600); Zillow Research (364,300); National Association of Realtors (454,300). The range reflects the median (216,100) and mean (253,300) of these estimates. See Technical Appendix for methodology.

11 U.S. Census Bureau, American Community Survey [1-Year] Estimates, 2014 and [2024], Tables B25004 (Vacancy Status) and B25001 (Housing Units). Available vacancy is calculated as units vacant and for rent plus units vacant and for sale only, divided by total housing units.

12 University of Virginia, Weldon Cooper Center for Public Service, National and 50-State Population Projections, Vintage 2026 (Charlottesville, VA, July 2026), National Population Projections | Cooper Center. Calculated the ten-year population change by linearly interpolating between the 2030 and 2040 projections to estimate 2035 population and subtracting the Census Bureau's 2025 population estimate. The Cooper Center projections use the Hamilton–Perry method, which does not separately project births, deaths, or migration.

13 Household estimates divide projected population growth by average household size. The baseline scenario applies New Jersey's current average of 2.63 persons per household (U.S. Census Bureau, American Community Survey 2024 1-Year Estimates, Table B25010). The smaller-household scenario applies an average of 2.39 persons per household, reflecting assumption of household shrinkage driven by population aging and increased household formation among young adults.

14 The 10 percent adjustment reflects New Jersey's average total vacancy rate, 2005–2021, excluding 2020 (U.S. Census Bureau, American Community Survey 1-Year Estimates, Tables B25002 and B25004). Over this period, vacant units averaged 36 percent seasonal, recreational, or occasional use; 36 percent for rent or sale, or rented or sold but not yet occupied; and 29 percent other vacant.

15 The Fourth Round of affordable housing compliance, covering 2025 to 2035, is the first under a 2024 Affordable Housing Law (P.L.2024, c.2.), which codified a methodology for determining municipal affordable housing responsibilities, set an expedited schedule for municipal compliance, and provided a voluntary program to facilitate faster dispute resolution. In the vast majority of cases, exact numbers have been settled and adjudicated through the process established by the legislation. The ultimate cumulative municipal obligations will likely differ modestly from the DCA calculations presented below.

16 Projections are based on a regression analysis based on historic production, DOL projections of unemployment rate and population, and bond-market yield projections. Low and baseline scenarios toggle 10-year bond yields to a long-term average of 5.5% (conservative), 4% (baseline), and 3.5% (optimistic) respectively, along with minor scenario updates to unemployment and population projections. These are based on market reports from the Congressional Budget Office, Federal Reserve Bank of Philadelphia, MBA forecasts, and historical averages.

17 Ibid.

18 U.S. Department of the Treasury, Daily Treasury Par Yield Curve Rates, 10-year constant maturity, January–September 2026. Mortgage rates from Freddie Mac, Primary Mortgage Market Survey, 30-year fixed-rate average.

19 U.S. Census Bureau, Price Index of New Multifamily Housing Units Under Construction (Laspeyres, base year 2005), Q1 2016 and Q1 2026, Survey of Construction.

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