

## **JUNE 2008 HIGHLIGHTS**

- Authorized construction in June totaled \$1.282 billion. Residential work amounted to \$478.9 million, 37.3 percent of construction authorized by building permits. Nonresidential activity was \$803.4 million, 62.7 percent of the monthly total. There were 557 municipalities that reported this month.
- Only 1,342 new houses were authorized by permits. This was the eighth consecutive month that housing was below 2,000.
- Piscataway Township in Middlesex County led all municipalities with \$257.9 million of work, nearly all of which was for a new computer-data storage warehouse. The estimated cost to build the high-tech, 310,000-square-foot structure was \$254 million.
- Atlantic City in Atlantic County had \$65.3 million of construction. A permit update authorized an additional \$60 million of work for a new hotel and casino for Revel Entertainment.
- Union City's construction office in Hudson County reported \$28.9 million of activity. Over half of this was from a permit update for additional work on a 100-unit condominium development started in 2006.
- The City of Newark in Essex County had \$23.4 million of activity. The biggest project was a refrigerated warehouse with an estimated construction cost of \$15.4 million.
- North Bergen Township in Hudson County had \$23.4 million of work. A \$16.9-million office alteration was the largest project reported.
- Jersey City in Hudson County had \$20.9 million of construction in June, which included footing and foundation work for a 452-unit condominium development. The City had 462 authorized dwellings in June, tops among municipalities.

### **Midyear Review**

- New Jersey and the nation are in a housing slump that has continued through the first half of 2008. Only 9,304 new dwellings were authorized between January and June 2008. New home construction is down by 27.6 percent compared to the same six-month period in 2007. Compared to the first six months of 2006, when there were 17,139 authorized dwellings, the number of new homes has declined by about 45.7 percent.
- Twenty municipalities account for nearly half of the 9,304 new homes authorized by permit in the State in the first half of 2008. The top four localities are in Hudson

County and have 2,436 authorized dwellings, or more than one-quarter of the new houses in New Jersey. Jersey City has the most: 1,165 units or 12.5 percent of all authorized houses in the State.

<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 1997	\$3,926,007,970	12,824	3,527,402	2,622,495
January – June 1998	\$4,121,149,094	15,139	4,780,300	4,128,120
January – June 1999	\$4,994,367,961	16,809	5,254,870	3,596,066
January – June 2000	\$4,798,965,724	16,849	5,972,159	2,233,888
January – June 2001	\$6,157,204,386	16,834	9,771,589	3,244,421
January – June 2002	\$5,530,176,347	15,026	4,717,733	4,255,238
January – June 2003	\$5,331,838,015	15,060	4,572,969	3,116,205
January – June 2004	\$6,449,484,680	18,075	5,510,963	1,816,673
January – June 2005	\$7,081,730,877	18,587	5,106,005	3,158,251
January – June 2006	\$7,582,375,400	17,139	6,034,350	1,954,303
January – June 2007	\$7,436,971,200	12,852	4,364,617	2,256,732
January – June 2008	\$7,314,157,255	9,304	4,275,268	3,946,329
<b>Change, 2007 - 2008</b>				
2007-2008	-\$122,813,945	-3,548	-89,349	1,689,597
Percent Change	-1.7%	-27.6%	-2.0%	74.9%
Source: N.J. Department of Community Affairs, 8/7/08				

- Despite a large decline in new home construction, the dollar amount of work authorized by permits has declined at a much slower rate. Large commercial developments and the housing boom along the Hudson River waterfront cushioned the effects of the housing slump. The estimated cost of work authorized by permits between January and June 2008 totaled \$7.314 billion. This was \$122.8 million less than this time last year, a decline of only 1.7 percent. Office, retail, and other nonresidential uses accounted for \$4.217 billion of construction or 57.7 percent of all authorized work. Compared to last year, the dollar amount of nonresidential construction grew by 18.9 percent (\$670 million), while the dollar amount of residential construction is down by 20.4 percent for the first half of 2008, compared to the first half of 2007.
- The category “State Buildings,” an important sector in the nonresidential construction industry, includes many large-scale public improvement projects. Some, but not all, of these are for State Government agencies or their instrumentalities. They can include dormitories at public universities and train depots for transit authorities. Not all State buildings are publicly owned, however; but all the permits for these

structures are issued by the Department of Community Affairs. In the first half of 2008, State buildings accounted for \$379.1 million of construction. This was 10.9 percent of the estimated cost of all authorized work in the State. About one-fourth of the dollar amount was for three new college dormitories. Two of the dormitories are at Kean University in Union Township, Union County. The other is at The College of New Jersey in Ewing Township, Mercer County. State buildings also includes a \$42.1-million office renovation for the business school at Rutgers, The State University of New Jersey and \$33.8 million for stadium expansion. The College of New Jersey started to build a new arts and interactive media center with an estimated construction cost of \$18 million. The dollar amount for State buildings also includes \$44 million in permit updates for work on Giants Stadium and \$17.9 million for a new indoor-practice facility.

- Piscataway tops all municipalities with building permits, authorizing \$292.8 million of construction. Most of this was for the data storage warehouse described earlier. The estimated construction cost of the building is \$254 million.
- Princeton Township in Mercer County had \$284.3 million of construction. A new office building for Princeton University's Department of Chemistry accounted for \$250 million.
- Atlantic City had \$213.4 million of activity. Over half was for a new casino and hotel complex for Revel Entertainment.
- Jersey City reported \$175.8 million of work through June. New residential construction accounted for 45.2 percent of the dollar amount of work reported on building permits. The City had 1,165 authorized dwellings through June. This was more than any other municipality.

#### **New House Prices**

- Only 3,600 new homes were completed and started enrollment with a new home warranty in the second quarter of 2008. This was 762 less than last quarter.
- More than one-fourth of these new houses (968) were in Hudson County and most of these (718) were in Jersey City.
- Half of the 3,600 new homes had a sale price higher than \$484,950. This was 10.5 percent higher than the median sale price for the first quarter of 2008.
- The price of a new house was highest in Bergen County. The median sale price for a new house was \$602,500. Hudson County ranked second with a median sale price of \$575,000. Jersey City had 47 new homes that cost \$1 million or more.

<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 2007	4,362	\$439,000	
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%
Source: N.J. Department of Community Affairs, 8/7/08			

