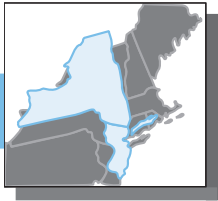


Housing Market Profile

New York/New Jersey • HUD Region II



Atlantic City-Hammonton, New Jersey

Located along the southern New Jersey shore, about 60 miles southeast of Philadelphia, Pennsylvania, the Atlantic City-Hammonton metropolitan area is coter-minous with Atlantic County, New Jersey. The metropolitan area is among the leading tourist destinations in the nation for gaming entertainment, with 32 million visitors generating \$4.5 billion in casino revenue annually, according to data from the New Jersey Casino Control Commission. Harrah's Entertainment, the leading private-sector employer, has 16,100 employees, followed by Trump Entertainment Resorts, with 8,700 employees. As of January 1, 2010, the metropolitan area population is estimated at 271,700. During 2009, the population grew by 1,060 people, or 0.3 percent, the same growth rate as during the past 2 years. Population growth peaked at 4,200, or 1.6 percent, during the 12 months ending June 2004.

During the 12 months ending November 2009, average nonfarm employment totaled 142,600 jobs, down 4 percent, or 6,000 jobs, compared with the number of jobs during the 12-month period ending November 2008. The leisure and hospitality sector, which accounts for 40 percent of all area jobs, decreased by 4.9 percent, or 2,700 jobs, during the 12 months ending November 2009. The mining, logging, and construction sector and the manufacturing sector decreased by 1,200 and 600 jobs, respectively, while the government and the professional and business services sectors each lost 500 jobs. In response to current economic conditions, the completion of Revel Entertainment's \$2.6 billion hotel and casino, expected to add 5,500 jobs, has been postponed until 2011, when consumer travel and spending are anticipated to improve. The creation of an additional 2,000 jobs is expected with the completion of the \$80 million NextGen Aviation Research and Technology Park, where the first of seven buildings is expected to open in early 2011. During the 12 months ending November 2009, the average unemployment rate increased to 11.6 percent from 6.7 percent during the previous 12 months.

The sales housing market in the metropolitan area is currently soft, with an estimated vacancy rate of 3 percent, due to tighter mortgage lending standards than in recent years and because of the weakening economy. According to the most recent data from the New Jersey Association of REALTORS®, the median sales price of an existing home was \$239,800 during the third quarter of 2009, down nearly 7 percent from \$257,400

during the third quarter of 2008 and down 16 percent compared with the median price during the third quarter of 2007. Total existing homes sales increased to 490 during the third quarter of 2009 compared with the 430 sold during the third quarter of 2008. During the 12 months ending October 2009, foreclosures nearly doubled to 4 percent of outstanding mortgage loans compared with the national foreclosure average of 3 percent, according to data from First American CoreLogic, Inc.

The soft sales market has resulted in decreased single-family construction activity, as measured by the number of building permits issued. During the 12 months ending November 2009, single-family homebuilding activity totaled 480 homes, down 31 percent compared with the number of homes permitted during the previous 12 months, according to preliminary data. Single-family home construction peaked during 2003, when 2,060 homes were permitted, before declining to an average of 1,075 homes for each year from 2006 to 2008. New developments include Eastwind, a 106-home community; Bayport on Lake's Bay, a 131-home community; and Gateway West, an 84-home community. Prices for these new homes range from \$160,000 to \$320,000, with the lower range priced for the casino workforce. Since 2000, new condominium construction has been relatively nonexistent; however, an estimated 2,200 condominium units have been added through conversions of residential and nonresidential structures.

Despite current economic conditions and increased out-migration, the overall rental housing market is balanced, with an estimated vacancy rate of 6.5 percent, virtually unchanged since 2006. According to Reis, Inc., the average rent in the third quarter of 2009 was \$950, unchanged from the third quarter of 2008. Apartment construction in the metropolitan area, as measured by the number of units permitted, has decreased significantly since 2006. From 2000 through 2006, apartment-permitting activity averaged 180 units a year before declining to an annual average of 100 units during both 2007 and 2008. According to preliminary data, 90 apartment units have been issued permits during the 12 months ending November 2009. Average asking rents for newly constructed one-, two-, and three-bedroom apartment units are \$890, \$1,100, and \$1,900, respectively. The timing of new development in the area is expected to correspond with the anticipated opening of the Revel Hotel and Casino. The District at City Center, or phase I of the \$150 million redevelopment project in Pleasantville, will consist of 300 garden-style apartments to be completed by 2011. These units, which are being constructed for people in the income range of the casino workforce, will rent for approximately \$850 to \$1,000 a month.