COMPREHENSIVE HOUSING MARKET ANALYSIS

Bergen-Hudson-Passaic, New Jersey

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research
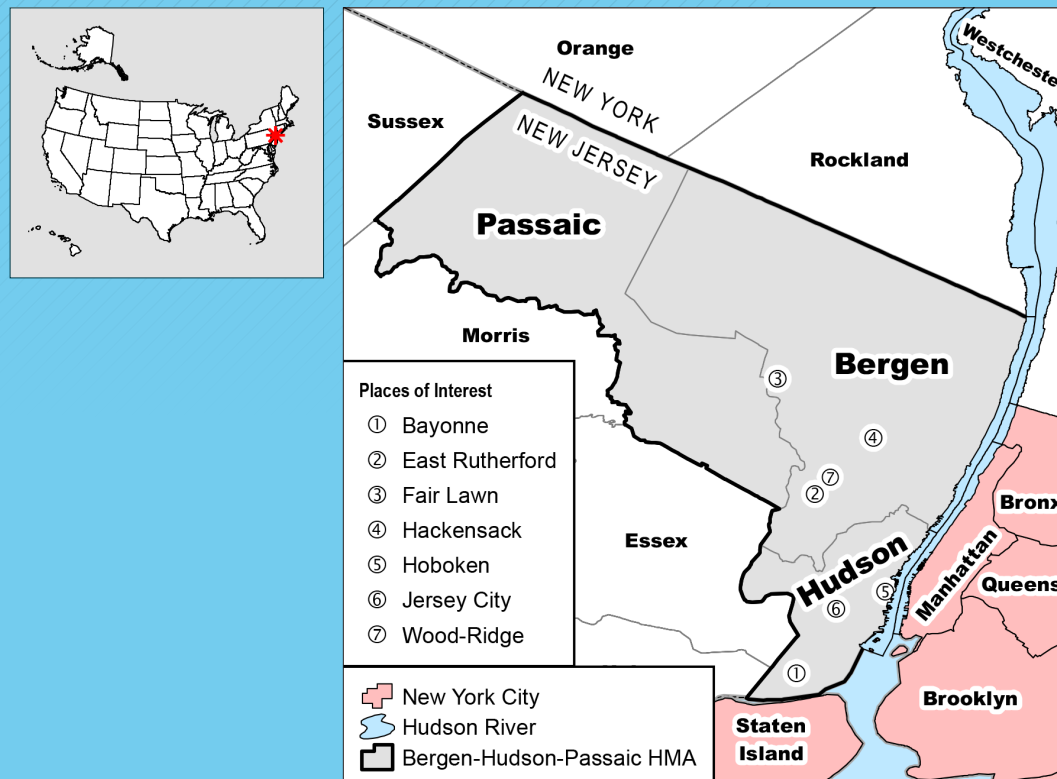
As of April 1, 2021

Executive Summary

Housing Market Area Description

The Bergen-Hudson-Passaic housing market area (HMA) consists of Bergen, Hudson, and Passaic Counties in northern New Jersey. The HMA is made up of the New Jersey portion of the New York-Jersey City-White Plains, NY-NJ Metropolitan Division, which is part of the larger New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA). Relative to the rest of the nation, the Bergen-Hudson-Passaic HMA was especially hard hit by the COVID-19 global pandemic, with steeper job declines and nearly twice the rate of deaths compared to the national average.

The current population of the HMA is estimated at 2.10 million.

Places of Interest

① Bayonne
② East Rutherford
③ Fair Lawn
④ Hackensack
⑤ Hoboken
⑥ Jersey City
⑦ Wood-Ridge

New York City
Hudson River
Bergen-Hudson-Passaic HMA

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Weak: During the 12 months ending March 2021, nonfarm payrolls declined by 115,700 jobs, or 12.3 percent, compared with the same period a year earlier.

Nonfarm payrolls in the Bergen-Hudson-Passaic HMA declined significantly during the past year after 10 consecutive years of gains, largely due to statewide restrictions put in place in March 2020 to slow the spread of COVID-19. As of March 2021, the level of payrolls in the HMA was approximately 92,200 jobs, or 9.9 percent, below the February 2020 level, before the impact of the COVID-19 global pandemic (not seasonally adjusted). During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.4 percent annually.

Sales Market

Slightly Tight: The HMA had 2.2 months of available for-sale housing inventory in March 2021, down from 3.4 months in March 2020 (CoreLogic, Inc.).

The sales market in the HMA has a current estimated vacancy rate of 1.3 percent, down from the 1.9-percent rate in 2010. During the 12 months ending March 2021, new and existing home sales increased 8 percent, to 26,150 homes sold, and the average sales price was up 14 percent, to $574,900, which was an all-time high (Zonda, with adjustments by the analyst). During the next 3 years, demand is estimated for 3,775 new homes, and the 920 homes under construction will satisfy a portion of that demand.

Rental Market

Slightly Soft: The overall rental vacancy rate is estimated at 6.6 percent, up from the rates of 6.0 and 2.7 percent in 2010 and 2000, respectively.

Conditions in the apartment market in the HMA have softened during the past 2 years due to strong apartment construction activity. During the first quarter of 2021, the apartment vacancy rate was 6.7 percent, up from the 5.6-percent rate during the first quarter of 2020, and the average apartment rent declined 5 percent, to $2,464 (Moody's Analytics, REIS). During the forecast period, demand is estimated for 6,500 new rental units. However, the 9,900 rental units that are currently under construction in the HMA will more than satisfy all of that demand.

TABLE OF CONTENTS

3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Bergen-Hudson-Passaic HMA **Total Demand**	3,775	6,500
Under Construction	920	9,900

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2021. The forecast period is April 1, 2021, to April 1, 2024.
Source: Estimates by the analyst

Comprehensive Housing Market Analysis Bergen-Hudson-Passaic, New Jersey
U.S. Department of Housing and Urban Development, Office of Policy Development and Research

Economic Conditions

Largest Sectors: Wholesale and Retail Trade and Education and Health Services

Nonfarm payrolls in the Bergen-Hudson-Passaic HMA decreased significantly during the past year, and the decline was more severe than in the nation overall.

Primary Local Economic Factors

The wholesale and retail trade and the education and health services sectors are the largest sectors in the HMA, each accounting for approximately 18 percent of all nonfarm payrolls (Figure 1). The wholesale and retail trade sector has been the largest sector in the HMA since 2000, but the gap between the number of jobs in the sector and the second largest sector has narrowed over the past 20 years due to declines in the retail trade subsector as a result of competition from online retailers. In 2000, there were 182,400 jobs in the sector, accounting for 20 percent of all nonfarm payrolls in the HMA. Nonfarm payrolls in the sector, however, have declined or been relatively unchanged in 13 of the past 20 years, down by an average of 1,800 jobs, or 1.1 percent, annually.

In contrast to the wholesale and retail trade sector, the education and health services sector has become a bigger part of the overall economy of the HMA over the past 20 years. Prior to the job losses during the past year, the education and health services sector added the most jobs from

Figure 1. Share of Nonfarm Payroll Jobs in the Bergen-Hudson-Passaic HMA, by Sector
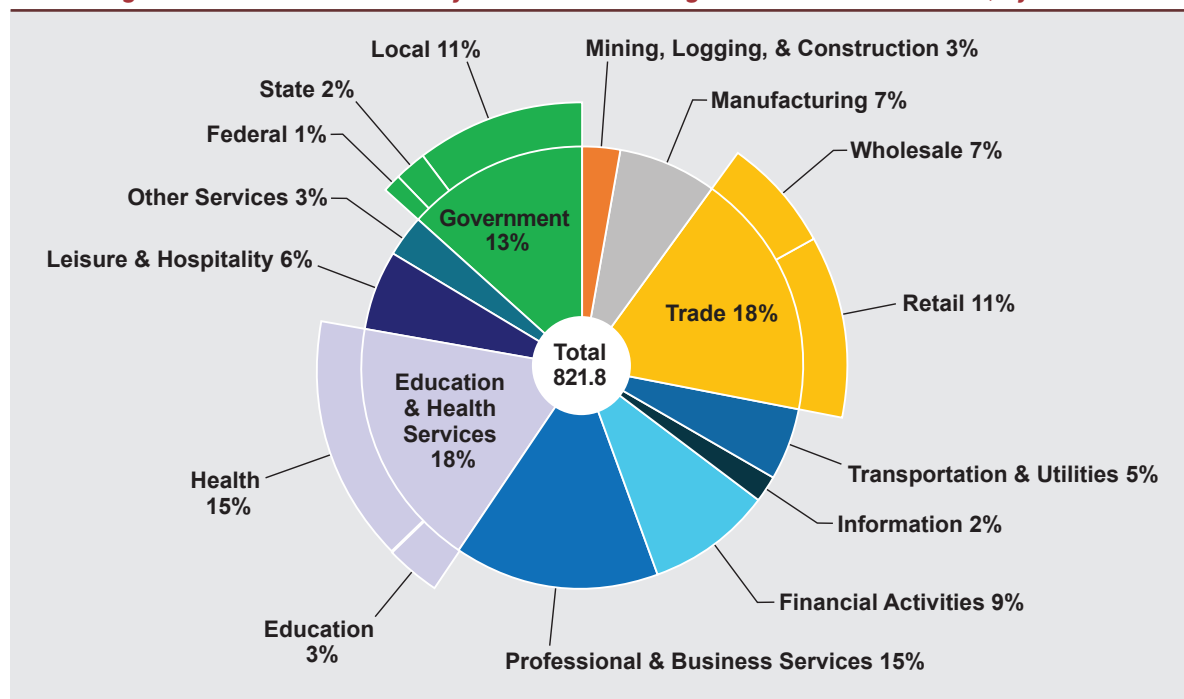
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2021.
Source: U.S. Bureau of Labor Statistics

2001 through 2019. It was the only sector in the HMA to add jobs each year during this period. During the 19-year period, nonfarm payrolls in the sector increased by an average of 2,900 jobs, or 2.2 percent, annually. Nearly 90 percent of the gains in the sector during this period were in the health care and social assistance subsector, which increased by an average of 2,600 jobs, or 2.3 percent, annually. Included in this subsector are five of the nine largest employers in the HMA, led by Hackensack Meridian Health, the largest employer in the HMA, with approximately 8,000 employees (Table 1).

Higher education is also a contributor to the local economy. The HMA is home to 12 public and private colleges and universities, including three community colleges, with approximately 121,200 students and 15,400 employees (National Center for Educational Statistics). From 2010 to 2019, total enrollment and employment at these schools have been relatively unchanged.

Prior to the job losses during the past year that resulted from the COVID-19 pandemic, nonfarm payrolls in the HMA increased at the fastest pace in the leisure and hospitality sector. From 2011 through 2019, nonfarm payrolls in the sector were up an average of 2.3 percent, or by 1,600 jobs, annually. The strong job growth in the sector was largely attributed to rising tourism in the HMA, especially from individuals who wanted to visit New York City but were looking for cheaper hotel options. During 2019, tourism spending in the HMA totaled nearly $6.28 billion, representing an average increase of more than 4 percent annually since 2011 (Tourism Economics). Nickelodeon Universe, an indoor theme park in East Rutherford, Bergen County, opened in late 2019, resulting in approximately 1,300 new jobs.

Current Conditions— Nonfarm Payrolls

The first confirmed case of COVID-19 in the Bergen-Hudson-Passaic HMA was reported on March 5, 2020 (Centers for Disease Control and Prevention [CDC]). The interventions taken in mid-March 2020 to slow the spread of COVID-19, including enforcing social distancing and discouraging nonessential travel, caused economic activity in the HMA to decline significantly. As of March 2021, only 43 percent of the 162,500 jobs lost during March and April 2020 have been recovered (not seasonally adjusted). The nonfarm payroll sectors that

Table 1. Major Employers in the Bergen-Hudson-Passaic HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Hackensack Meridian Health	Education & Health Services	8,000
United States Postal Service	Government	6,000
St. Joseph's Wayne Medical Center	Education & Health Services	5,200
Hoboken University Medical Center	Education & Health Services	5,125
UBS Financial Services Inc.	Financial Activities	5,000
John Wiley & Sons, Inc.	Information	4,900
Valley Health System	Education & Health Services	4,650
Goldman Sachs & Co. LLC	Financial Activities	3,775
BioReference Laboratories	Education & Health Services	2,900
Express Scripts Holding Company	Wholesale & Retail Trade	2,800

Note: Excludes local school districts.
Sources: Bergen County Economic Development Corporation; Choose New Jersey, Inc.; Hudson County Economic Development Corporation

were most affected were those heavily reliant on tourism and those dependent on in-person interactions, which were not able to easily adhere to the social distancing guidelines.

During the 12 months ending March 2021, nonfarm payrolls in the HMA declined by 115,700 jobs, or 12.3 percent, compared with the 12 months ending March 2020 (Table 2). By comparison, nonfarm payrolls nationwide declined 7.4 percent compared with the same period a year earlier. The largest losses in the HMA were in the leisure and hospitality sector, which decreased by 26,800 jobs, or 34.4 percent, compared with increases in each of the previous 27 years. Approximately 74 percent of the loss in the sector during the past year was in the accommodation and food services industry, which was down by 19,800 jobs, or 31.3 percent; decreases in the industry were largely attributed to statewide restrictions on indoor dining capacities at restaurants and bars.

Nonfarm payrolls in the wholesale and retail trade and the education and health services sectors decreased by 19,800 and 19,300 jobs, or 11.9 and 11.7 percent, respectively. More than two-thirds of the wholesale and retail trade sector losses were in the retail trade subsector, which declined by 13,300 jobs, or 12.8 percent. Lord & Taylor closed three stores in the HMA in December 2020, resulting in nearly 180 jobs lost. In the education and health services sector, approximately 83 percent of the decrease was in the health care and social assistance subsector, which was down by 16,100 jobs, or 11.5 percent. Declines in the subsector were partially attributed to nonessential and elective surgeries being prohibited or limited during the past year due to statewide restrictions that were put in place during the COVID-19 pandemic.

The smallest percentage of jobs lost were in the financial activities and information sectors, which declined 4.3 and 4.2 percent, or by 3,200 and 800 jobs, respectively. Job losses in these sectors were relatively low because jobs in these industries were more easily converted to a telecommute model, resulting in fewer layoffs. In March 2020, JP Morgan Chase & Co., Fidelity Investments, and The Charles Schwab Corporation, all of which have offices in the HMA, allowed employees whose jobs could be done remotely to work from home.

Current Conditions— Unemployment

As a result of significant job losses during the past year, the unemployment rate in the HMA more than tripled. During the 12 months ending March 2021, the unemployment rate in the HMA averaged 11.9 percent, up significantly from the average 3.3-percent rate during the 12 months ending March 2020 (Figure 2). The unemployment rate in the HMA during the past 12 months was the highest in more than 30 years and is greater than both the statewide and nationwide rates of 10.8 percent and 8.7 percent, respectively.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Bergen-Hudson-Passaic HMA, by Sector

	12 Months Ending March 2020	12 Months Ending March 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**937.5**	**821.8**	**-115.7**	**-12.3**
Goods-Producing Sectors	91.9	81.8	-10.1	-11.0
Mining, Logging, & Construction	31.6	28.1	-3.5	-11.1
Manufacturing	60.3	53.7	-6.6	-10.9
Service-Providing Sectors	845.6	740.0	-105.6	-12.5
Wholesale & Retail Trade	165.7	145.9	-19.8	-11.9
Transportation & Utilities	47.6	44.7	-2.9	-6.1
Information	18.9	18.1	-0.8	-4.2
Financial Activities	74.8	71.6	-3.2	-4.3
Professional & Business Services	140.6	125.3	-15.3	-10.9
Education & Health Services	165.3	146.0	-19.3	-11.7
Leisure & Hospitality	77.8	51.0	-26.8	-34.4
Other Services	37.5	28.1	-9.4	-25.1
Government	117.3	109.3	-8.0	-6.8

Notes: Based on 12-month averages through March 2020 and March 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. 12-Month Average Unemployment Rate in the Bergen-Hudson-Passaic HMA and the Nation
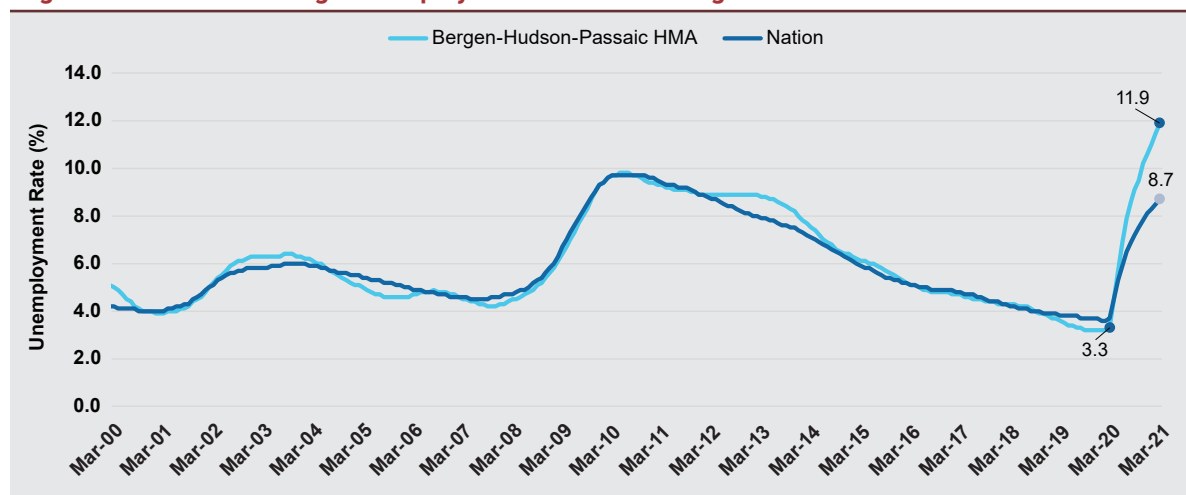
Note: Based on the 12-month moving average.
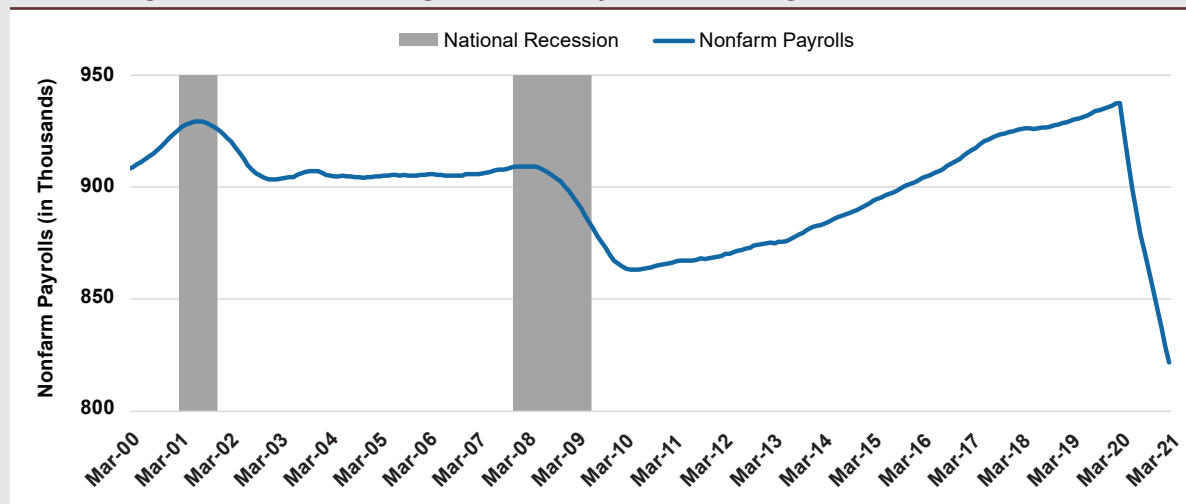Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2002 Through 2004

Nonfarm payrolls declined in the HMA in 2 of 3 years from 2002 through 2004, and the job losses were more severe than in the nation as a whole. During the 3-year period, nonfarm payrolls in the HMA were down by an average of 7,000 jobs, or 0.8 percent, annually, to a low of 904,400 jobs in 2004. By comparison, nonfarm payrolls decreased an average of 0.1 percent annually in the nation. Within the HMA, the largest losses were in the manufacturing and the professional and business services sectors, with average annual decreases of 6,800 and 3,100 jobs, or 7.1 and 2.2 percent, respectively. Partially offsetting these losses were gains in the education and health services and the government sectors, with average annual increases of 3,400 and 3,000 jobs, or 3.0 and 2.6 percent, respectively. Figure 3 shows the 12-month average nonfarm payrolls in the HMA since 2000.

2005 Through 2007

The economy of the HMA improved from 2005 through 2007, but net job growth was slow due to continued declines in the manufacturing sector. During this period, nonfarm payrolls increased by an average of 1,600 jobs, or 0.2 percent, annually, to 909,200 jobs in 2007. By comparison, nonfarm payrolls nationwide rose an average of 1.5 percent annually. Within the HMA, the largest gains were in the education and health services and the leisure and hospitality sectors, with average annual

Figure 3. 12-Month Average Nonfarm Payrolls in the Bergen-Hudson-Passaic HMA

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

increases of 2,600 and 1,000 jobs, or 2.0 and 1.7 percent, respectively. These gains, however, were partially offset by declines in the manufacturing sector, which was down by an average of 3,400 jobs, or 4.4 percent, annually.

2008 Through 2010

Similar to the nation overall, nonfarm payrolls in the HMA declined each year from 2008 through 2010, but the impact of the Great Recession was not as severe in the HMA due to continued gains in the education and health services and the leisure and hospitality sectors. During the 3-year period, nonfarm payrolls in the HMA declined by an average of 14,500 jobs, or 1.6 percent, annually, compared with an average annual 1.9-percent nationwide decrease. More than one-half of the net decrease was in the manufacturing and the wholesale and retail trade sectors, which were down by averages of 3,900 and 3,600 jobs, or 5.7 and 2.2 percent, respectively. In the manufacturing sector, President Container Group, a manufacturer of cardboard and packaging materials, closed a Bergen County location in 2010, resulting in approximately 230 jobs lost. Nonfarm payrolls in the education and health services and the leisure and hospitality sectors, on the other hand, increased by averages of 3,000 and 700 jobs, or 2.2 and 1.1 percent, a year, respectively.

2011 Through 2019

The economy of the HMA recovered from the Great Recession from 2011 through 2016 and continued to expand from 2017 through 2019. However, job growth during the entire 9-year period was slower than in the nation overall. From 2011 through 2019, nonfarm payrolls in the HMA increased by an average of 7,700 jobs, or 0.9 percent, annually, compared with an average 1.6-percent rise nationwide. The largest gains in the HMA were in the education and health services, the leisure and hospitality, and the professional and business services sectors, which were up by averages of 2,700, 1,600, and 1,300 jobs, or 1.8, 2.3, and 0.9 percent, respectively. In the education and health services sector, total employment at Stevens Institute of Technology, the fastest growing university in the HMA, expanded by approximately 280 jobs from 2013 to 2019 in response to rising enrollment. Nearly 63 percent of the leisure and hospitality sector gains were in the restaurant and other eating places industry, which increased by an average of 1,000 jobs, or 2.1 percent, annually. In the professional and business services sector, approximately 140 new jobs were added when Tory Burch LLC, a fashion-design company, opened a new office in Jersey City in 2017.

Commuting Patterns

Many people who live in the HMA work in other parts of the New York-Newark-Jersey City, NY-NJ-PA MSA. During the 5-year period from 2011 to 2015, nearly 35 percent of the working residents in the HMA, or approximately 352,600 residents, worked in other portions of the New York-Newark-Jersey City metropolitan area (2011–2015 American Community Survey [ACS] 5-year data). The commuting of HMA residents was especially notable into New York City, where nearly 20 percent of the working residents in the HMA, or approximately 198,800 residents, commuted for work.

Employment Forecast

During the 3-year forecast period, the economy of the HMA is expected to slowly recover from recent job losses. Nonfarm payrolls are estimated to increase an average of 2.4 percent annually during the next 3 years. Many of the statewide restrictions that were put in place to slow the spread of COVID-19 are expected to end by summer 2021. As a result, job growth is expected to be relatively rapid during the first year of the forecast period but then slow during the second and third years after the initial surge. However, because the job losses during the COVID-19 pandemic were so severe, the level of payrolls is not expected to reach the pre-pandemic levels by the end of the forecast period. During the next 3 years, job gains are expected to be largely concentrated in the leisure and hospitality, the education and health services, and the wholesale and retail trade sectors—those most impacted by the statewide restrictions. Additional gains are expected in the transportation and utilities sector as companies find ways to compete with online retailers by speeding up the delivery of their products. United Parcel Service, Inc. recently announced plans to open a new 880,000 square foot distribution center in the city of Bayonne. Approximately 1,000 new jobs are expected to be created at this facility within the next 3 years.

Population and Households

Current Population: 2.10 Million

> The population of the HMA has declined since 2017 due to strong net out-migration.

Population Trends

As of April 1, 2021, the estimated population of the Bergen-Hudson-Passaic HMA is approximately 2.10 million, representing an average increase of 4,975, or 0.2 percent, annually since 2010 (Table 3). From 2001 to 2007, the population decreased by an average of 220, or less than 0.1 percent, annually (Figure 4). The population decline was due to strong net out-migration, which averaged 10,750 people annually and was largely attributed to job losses during the early parts of the 2000s and the slow recovery that followed. Partially offsetting the population decline from net out-migration were gains from net natural increase (resident births minus resident deaths), which averaged 10,550 people annually. As a result of unemployment rates in the HMA being lower than in the nation during and immediately following the Great Recession, there was net in-migration each year from 2007 to 2011, averaging 4,750 people annually, causing the population to increase by an average of 15,900, or 0.8 percent, annually.

However, as the job growth following the Great Recession continued to be slow, net out-migration from the HMA resumed. From 2011 to 2017, net

Table 3. Bergen-Hudson-Passaic HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	2,040,608	2,095,000	2,097,000
	Average Annual Change	5,850	4,975	420
	Percentage Change	0.3	0.2	0.0
		2010	Current	Forecast
Household Quick Facts	**Households**	748,952	791,500	797,900
	Average Annual Change	2,375	3,875	2,150
	Percentage Change	0.3	0.5	0.3

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2021) to April 1, 2024.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Bergen-Hudson-Passaic HMA, 2000 Through the Forecast
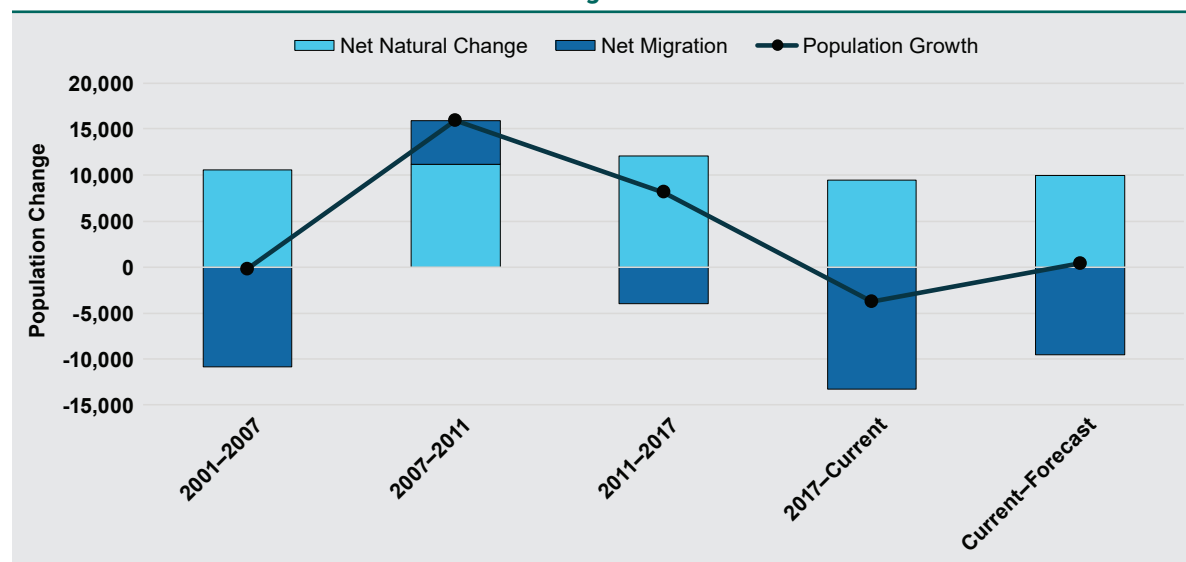
Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2021) to April 1, 2024.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

out-migration averaged 3,975 people annually, which caused population growth to slow to an average of 8,125, or 0.4 percent, annually. Since 2017, net out-migration has accelerated to an average of 13,250 people annually, causing the population to decline by an average of 3,800, or 0.2 percent, annually.

The level of net migration in the HMA is determined by the balance of the countervailing forces of domestic out-migration, and foreign in-migration. The elevated levels of net out-migration since 2017 were partially due to increased domestic net out-migration, primarily attributed to people moving to other suburban portions of the New York-Newark-Jersey City metropolitan area for more affordable housing options. From 2017 to 2020, domestic net out-migration from the HMA averaged 22,150 people annually, up 24 percent from the average of 17,850 people from 2011 to 2017. At the same time, slower international net in-migration also contributed to higher overall net out-migration levels in the HMA. From 2017 to 2020, international net in-migration into the HMA averaged 9,525 people annually, down from the average of 13,900 people from 2011 to 2017. Additionally, international net in-migration is estimated to have further declined during the past year due to the international travel restrictions that were put in place to slow the spread of COVID-19.

Net Natural Change

After reaching a 10-year peak of approximately 12,750 people from 2015 to 2016, the net natural increase in the HMA has declined each year. From 2016 to 2020, the net natural increase in the HMA slowed by an average of 960, or 8.6 percent, annually compared with an average increase of 85, or 0.7 percent, annually from 2010 to 2016.

The decline in recent years was due to a combination of decreasing births and increasing deaths. From 2016 to 2020, resident births in the HMA declined by an average of 390, or 1.5 percent, annually, while resident deaths rose by an average of 570, or 3.8 percent, annually. Additionally, net natural increase is estimated to have further decreased during the past year due to deaths related to the COVID-19 pandemic. As of March 31, 2021, there have been approximately 6,650 COVID-related deaths in the HMA (CDC). The impact of COVID-related deaths in the HMA was more severe than in the nation; there were approximately 3.2 COVID-related deaths per 1,000 residents in the HMA, compared with 1.7 deaths per 1,000 residents nationally (CDC).

Migration Trends

While there has been strong overall domestic net out-migration from the HMA in recent years, there has been a trend of people moving into the HMA from New York City because of lower housing costs, especially for rental units. During the 5 years from 2014 to 2018, approximately 31 percent of the domestic in-migration into the HMA was from New York City, compared with only 11 percent of the domestic out-migration from the HMA to New York City (2014–2018 ACS 5-year data). The in-migration from New York City was especially notable in the cities in Hudson County along the Hudson River, where residents can easily access the borough of Manhattan by train, ferry, and bus. From 2010 to 2019, the combined population of the cities of Jersey City, Hoboken, and Bayonne increased by an average of 2,050, or 0.6 percent, annually. By comparison, the population of the rest of the HMA was up an average of 0.3 percent annually during the same period.

While much of the growth within the HMA was concentrated along the Hudson River in Hudson County from 2010 to 2019, it is estimated that this trend has reversed during the COVID-19 pandemic. Similar to other parts of the country, there appears to have been a trend of residents in the HMA moving from densely populated cities to more suburban areas, both inside the HMA and outside. Additionally, it is estimated that a larger portion of people who were moving into the HMA were moving to less densely populated areas within the HMA, especially for owner housing, which was in higher demand due to lower interest rates for mortgages.

Household Trends

An estimated 791,500 households currently reside in the Bergen-Hudson-Passaic HMA, representing an average increase of 3,875 households, or 0.5 percent, annually since 2010. By comparison, from 2000 to 2010, the number of households was up by an average of 2,375 households, or 0.3 percent, annually. Since 2010, nearly 91 percent of all net household growth was from renter households, up from

approximately 63 percent of all household growth from 2000 to 2010. The strong increase in renter households during the past decade is largely attributed to migration into the cities of Jersey City, Hoboken, and Bayonne, where rental housing is more prevalent. As a result of renters making up most of the household growth since 2010, the homeownership rate in the HMA declined from 52.5 percent in 2010 to a current estimate of 50.1 percent (Figure 5).

Household growth in recent years has also been concentrated in non-family households, which is largely attributed to families moving out of the HMA to areas where they can afford a larger house. From 2017 to 2019, the number of family households in the HMA declined by an average of 590, or 0.1 percent, annually, compared with an average annual increase of 3,925, or 0.8 percent, from 2010 to 2017 (ACS 1-year data). By comparison, the number of family households nationwide increased by an average of 0.6 percent annually from 2017 to 2019, only a slight change compared with the average annual 0.5-percent increase from 2010 to 2017.

Student Households

Of the 12 colleges and universities in the HMA, 9 offer students on-campus housing. Nearly two-thirds of the students, or approximately 80,450 students, attend one of these nine colleges and universities; enrollment has been relatively unchanged since 2010. Approximately 18 percent of the students enrolled at these colleges and

Figure 5. Households by Tenure and Homeownership Rate in the Bergen-Hudson-Passaic HMA
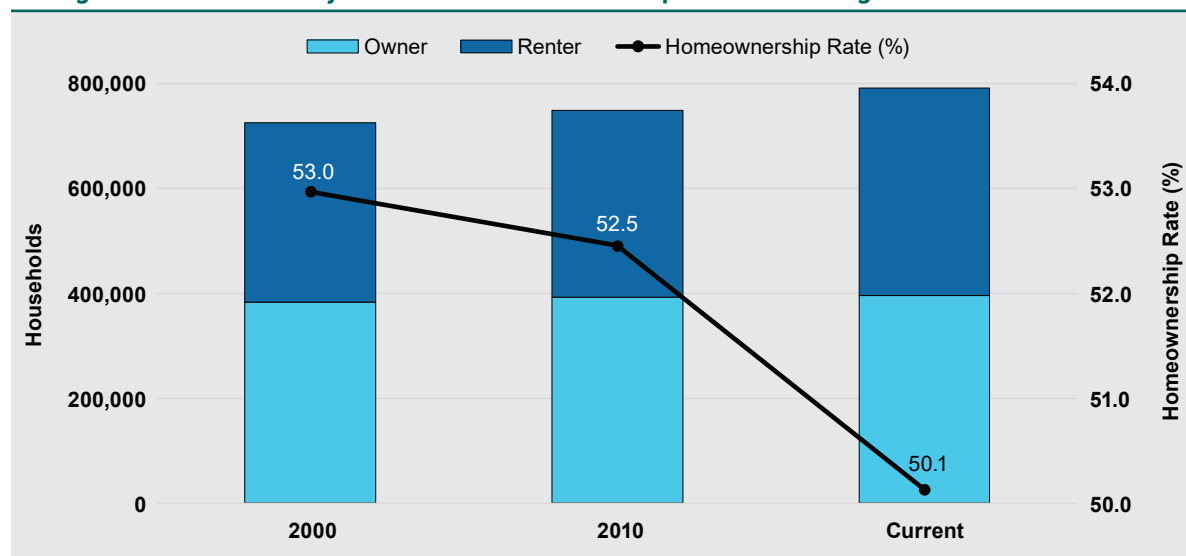
Note: The current date is April 1, 2021.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

universities are housed in on-campus dormitories. Of the remaining students, approximately 90 percent reside in the HMA, and student households account for an estimated 5 percent of all renter households.

Forecast

During the 3-year forecast period, the population of the HMA is expected to be relatively unchanged at 2.10 million, increasing by an average of 420 people annually. The population is projected to decline during the first year of the forecast period due to continued strong net out-migration. However, during the second and third years of the forecast period, net out-migration is expected to slow, partially because of improving economic conditions, and slight population growth is anticipated during these years. Households are also expected to increase during the forecast period, up by an average of 2,150, or 0.3 percent, to 797,900 households. Household growth is estimated to exceed population growth as smaller-sized households move into the HMA, mostly into the cities located along the Hudson River, while larger-sized households, especially family households, move out of the HMA for more affordable owner housing options in other suburban parts of the metropolitan area.

Home Sales Market

Market Conditions: Slightly Tight

Sales market conditions were balanced during 2018 and 2019 but have tightened during the past year because of a decline in the number of homes being listed for sale.

Current Conditions

The sales housing market in the Bergen-Hudson-Passaic HMA is currently slightly tight. The current vacancy rate is estimated at 1.3 percent, down from 1.9 percent in April 2010 (Table 4). Sales market conditions were slightly tight in 2000, but transitioned to slightly soft from 2001 through 2007 due to strong net out-migration, and stayed slightly soft from 2008 through 2011. In response to improving economic conditions, the sales market transitioned to balanced from 2011 through 2017 and remained balanced during 2018 and 2019. Sales market conditions have tightened during the past year, partially due to a 24-percent decline in the number of homes for sale (CoreLogic, Inc.). The decline in available inventory was primarily attributed to the reluctance of homeowners to list their homes for sale during the COVID-19 pandemic and a surge in homebuying during the past year. In March 2021, the HMA had 2.2 months of available for-sale housing inventory, down from 3.4 months in March 2020 (CoreLogic, Inc.).

Table 4. Home Sales Quick Facts in the Bergen-Hudson-Passaic HMA

		Bergen-Hudson-Passaic HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.3%	NA
	Months of Inventory	2.2	1.3
	Total Home Sales	26,150	6,894,000
	1-Year Change	8%	14%
	New Home Sales Price	$1,039,000	$395,600
	1-Year Change	9%	4%
	Existing Home Sales Price	$547,700	$329,100
	1-Year Change	14%	17%
	Mortgage Delinquency Rate	5.6%	3.7%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2021; and months of inventory and mortgage delinquency data are as of March 2021. The current date is April 1, 2021.
Sources: Vacancy rate—estimate by the analyst; months of inventory and mortgage delinquency rates—CoreLogic, Inc.; HMA home sales and prices—Zonda, with adjustments by the analyst; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

REO Properties and Delinquent Mortgages

In March 2021, 5.6 percent of home loans in the Bergen-Hudson-Passaic HMA were seriously delinquent or had transitioned into real estate owned (REO) status, up significantly from the 1.6-percent rate in March 2020 (CoreLogic, Inc.). The current rate in the HMA is higher than the statewide and nationwide rates of 5.2 and 3.7 percent, respectively. The significant rise in the rate in the HMA during the past year was due to a more than 400-percent increase in the number of home loans that were 90 or more days delinquent, which is largely attributed to households being unable to make their mortgage payments as a result of the significant job losses during the COVID-19 pandemic. However, due to more households receiving forbearance on their mortgage payments, partially because of the CARES Act, the number of home loans in foreclosure or REO status is down 27 percent compared with March 2020.

Single-Family Home and Townhome Sales

Despite significant job losses during the past year, sales of new and existing single-family homes and townhomes increased at the fastest pace in 4 years, largely attributable to mortgage interest rates reaching their lowest levels in more than 50 years during 2020. In December 2020, the average interest rate of a 30-year fixed-rate

mortgage was 2.7 percent, down from 3.7 percent in December 2019 (Freddie Mac). The average interest rate rose to 3.2 percent by March 2021 but was still well below the 10-year peak rate of 4.9 percent in November 2019. During the 12 months ending March 2021, approximately 20,000 new and existing single-family homes and townhomes sold, representing an increase of 1,950 homes, or 11 percent, compared with the 12 months ending March 2020 (Zonda, with adjustments by the analyst). By comparison, from 2017 through 2019, home sales rose an average of 4 percent annually. After the recent surge in home sales during the past year, the current level of sales is up nearly 110 percent compared with the 9,575 homes sold during 2011, which was a 15-year low. However, sales activity during the past year is still down 20 percent from the peak of 25,000 homes sold during 2005. Figure 6 shows the 12-month sales totals by unit type in the HMA since 2006, and Figure 7 shows the shares of new and existing home sales by price range during the 12 months ending March 2021.

Condominium Sales

Sales of new and existing condominiums declined during the past 3 years after increasing each of the previous 6 years. The decrease during the past year was in contrast to the strong gains in the sales of single-family homes and townhomes, which is largely attributed to a majority of condominiums being in Hudson County—especially in the cities of Jersey City,
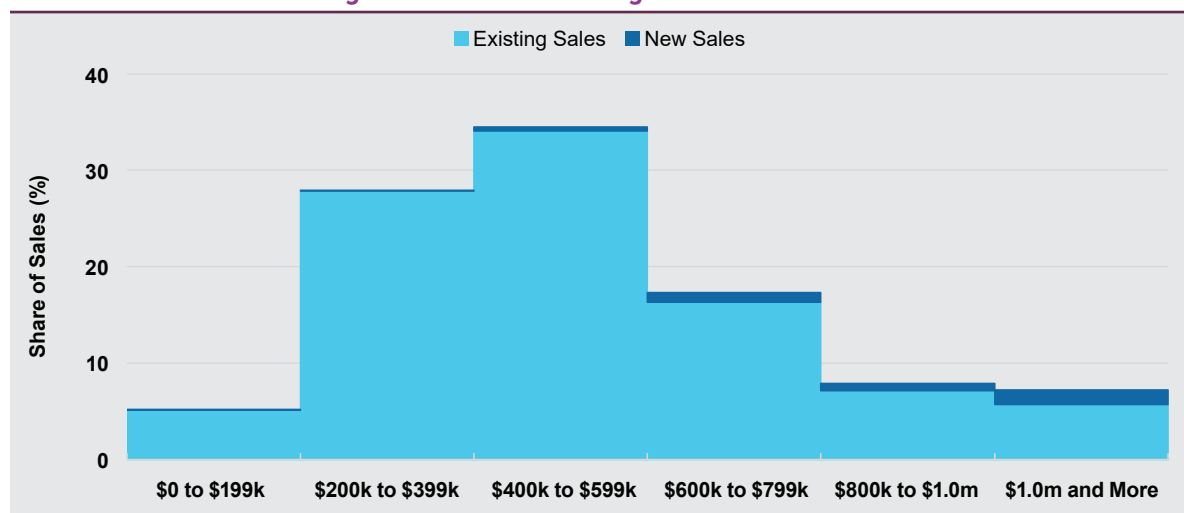
Figure 6. 12-Month Sales Totals by Type in the Bergen-Hudson-Passaic HMA
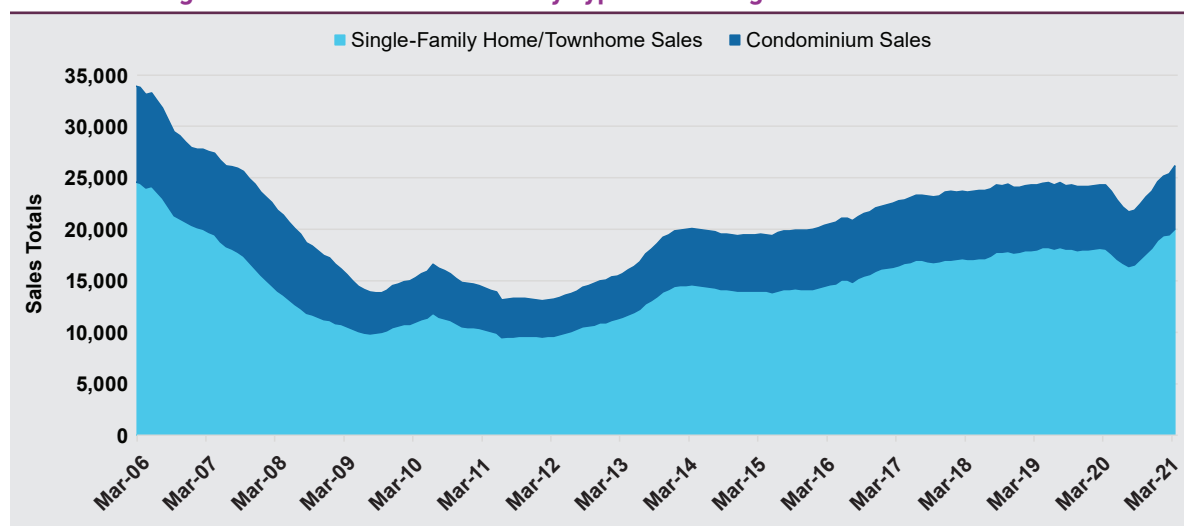
REO = real estate owned.
Source: Zonda, with adjustments by the analyst

Figure 7. Share of Overall Sales by Price Range During the 12 Months Ending March 2021 in the Bergen-Hudson-Passaic HMA

Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda, with adjustments by the analyst

Hoboken, and Bayonne, where there was an estimated population decline during the past year. Since 2010, approximately 59 percent of all condominium sales were in Hudson County, compared with only 20 percent of all single-family home and townhome sales (Zonda, with adjustments by the analyst). During the 12 months ending March 2021, approximately 6,175 new and existing condominiums sold, down by 60 units, or 1 percent, compared with the previous 12-month period. Condominium sales have declined an average of 2 percent annually since 2018. The current level of sales is down 7 percent compared with the 6,625 condominiums sold during 2017, which was a 10-year peak.

Sales Prices

As a result of a combination of a significant rise in the number of homes sold as well as a decrease in the available for-sale inventory, the average sales price of new and existing single-family homes and townhomes increased at the fastest pace in more than 15 years, reaching an all-time peak. During the 12 months ending March 2021, the average sales price of new and existing single-family homes and townhomes increased 17 percent to $598,500 (Zonda, with adjustments by the analyst). The average sales price has increased an average of 4 percent annually since 2013. The current average price is 44 percent higher than the 10-year low price of $416,300 during 2012. Additionally, after the

strong increase during the past year, the average sales price is up 15 percent compared with the average price of $521,600 during 2007, which was the previous all-time peak.

The average sales price of condominiums increased or was relatively unchanged in 7 of the past 8 years, reaching a new all-time peak level in each of the past 3 years. However, the price growth during the past year was not as significant compared with single-family homes and townhomes because of decreased demand for condominiums. During the 12 months ending March 2021, the average sales price of new and existing condominiums increased 2 percent to $493,700 (Zonda, with adjustments by the analyst). The average sales price has increased an average of 3 percent annually since 2014 compared with an average annual 3-percent decline from 2009 through 2013. Figure 8 shows the 12-month average sales price by unit type in the HMA since 2006.

Sales Construction Activity

In response to increases in the number of homes sold, sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted (see building permits), has been strong since 2014. Sales construction activity was strongest during 2005 and 2006 when an average

Figure 8. 12-Month Average Sales Price by Type of Sale in the Bergen-Hudson-Passaic HMA
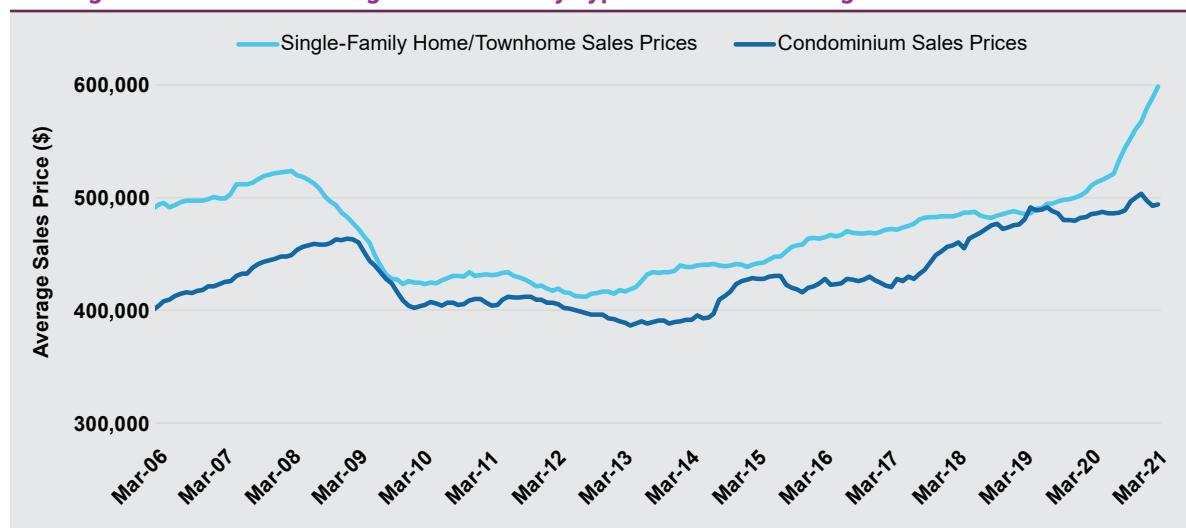

Source: Zonda, with adjustments by the analyst

of 5,125 sales units were permitted annually (Figure 9). However, in response to decreased sales activity, construction of sales units slowed to an average of 1,775 units permitted annually during 2007 and 2008 and to an average of 1,175 units permitted annually from 2009 through 2012. From 2013 through 2020, sales construction activity accelerated to an average of 2,125 units permitted annually. During the 12 months ending March 2021, approximately 2,000 sales units were permitted, down 46 percent compared with the same period a year earlier (preliminary data, with adjustments by the analyst). Since 2018, approximately 9 percent of all sales units permitted have been for condominiums, down significantly from 29 percent of all sales units from 2010 through 2017. Condominium construction activity has declined in recent years because of a slowdown in absorption of recently completed condominium units.

Because developable land in the HMA is relatively limited, especially in growth areas, new construction of sales units is primarily in townhome developments and condominium buildings, although condominium construction has slowed since 2018. Recent activity includes Link at Wesmont Station, a townhome community in Wood-Ridge, Bergen County, that began construction in late 2020. Nearly 30 percent of the 190 planned homes in this community are currently under construction, and the remaining townhomes are expected to be built within

Figure 9. Average Annual Sales Permitting Activity in the Bergen-Hudson-Passaic HMA
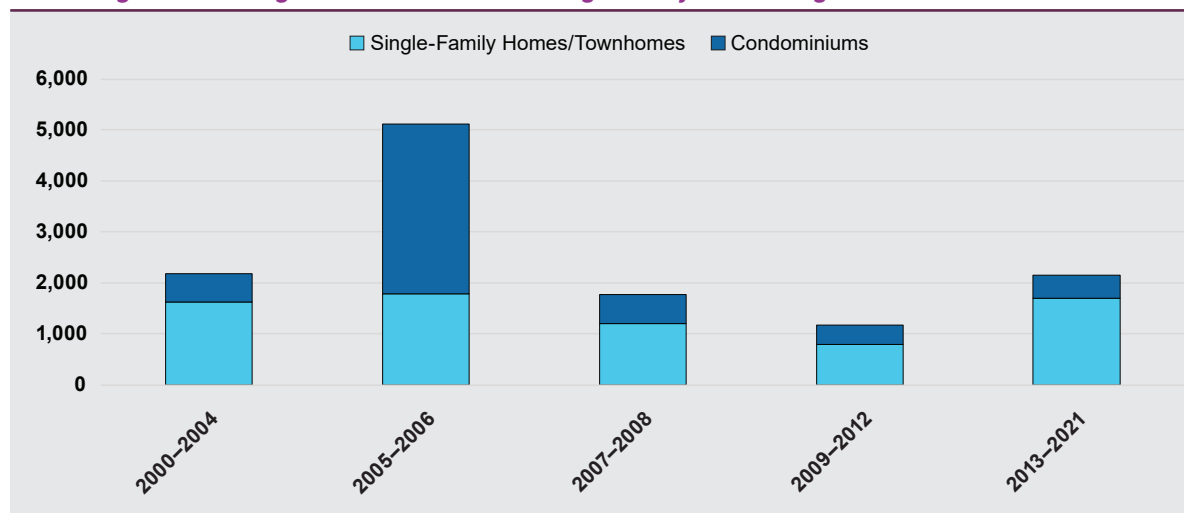
Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through March 2021.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

the next 2 years. All townhome units in this community will have two bedrooms, and prices for these newly constructed homes range from $420,000 to $572,000. In Fairlawn, Bergen County, approximately 55 percent of the planned 132 townhome units at Crossings at Radburn have been completed since 2017, and the remaining homes are expected to be built within the next 3 years. Prices for the newly constructed three-bedroom, two-and-a-half bathroom homes at this community start at $605,000. Recent condominium construction activity includes Park and Shore, a 429-unit condominium community located on the Hudson River in Jersey City. Nearly 45 percent of the units at this community have been sold since construction was completed in mid-2019, and prices for these studio, one-bedroom, two-bedroom, and three-bedroom condominiums start at $600,000, $725,000, $1.11 million, and $2.22 million, respectively.

Housing Affordability in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division–Sales

Homeownership in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division is extremely expensive, and the affordability of owning a home has generally declined during the past 2 years due

to increases in median sales prices outpacing rises in median income. The National Association of Homebuilders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the metropolitan division, which represents the share of homes sold that would have been affordable to a family earning a local median income, was 31.6 during the first quarter of 2021, down from 36.5 during the first quarter of 2020 and from 38.0 during the first quarter of 2019 (Figure 10). During the first quarter of 2021, only 13, or fewer than 6 percent, of the 233 ranked metropolitan areas and divisions in the nation were less affordable than the New York-Jersey City-White Plains metropolitan division. By comparison, during the first quarter of 2019, nearly 10 percent of all metropolitan areas and divisions were less affordable than the New York-Jersey City-White Plains metropolitan division.

Forecast

During the 3-year forecast period, demand is estimated for 3,775 new single-family homes, townhomes, and condominiums (Table 5). The 920 homes under construction will satisfy some of that demand. Demand is expected to be strongest during the first year of the forecast period because of low interest rates but then slow during the second and third years as rates are expected to rise.

Figure 10. New York-Jersey City-White Plains, NY-NJ Metropolitan Division Housing Opportunity Index
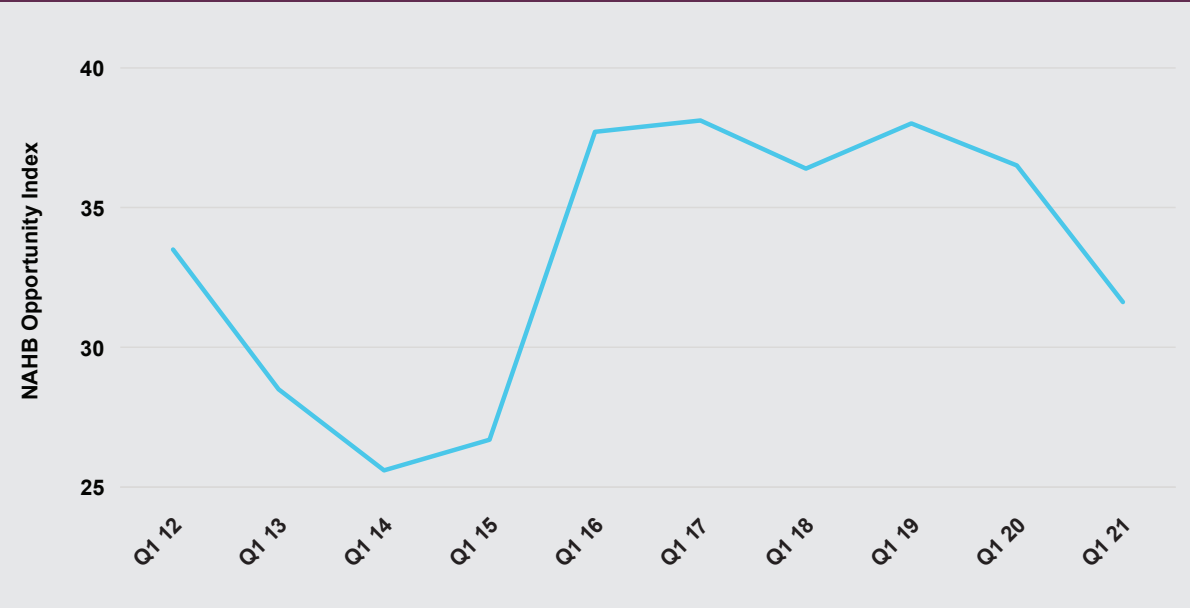
NAHB = National Association of Home Builders. **Q1** = first quarter.
Sources: NAHB; Wells Fargo

Table 5. Demand for New Sales Units in the Bergen-Hudson-Passaic HMA During the Forecast Period

Sales Units	
Demand	3,775 Units
Under Construction	920 Units

Note: The forecast period is from April 1, 2021, to April 1, 2024.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Soft

Conditions in the underline rental market underline in the HMA have softened since 2019, compared with balanced conditions during the previous 11 years.

Current Conditions and Recent Trends

The rental market in the Bergen-Hudson-Passaic HMA—including apartment units, single-family homes, townhomes, condominiums, and mobile homes for rent—is currently slightly soft. The overall rental vacancy rate is estimated at 6.6 percent, up from 6.0 percent in 2010 and the 2.7-percent rate in 2000 (Table 6). Conditions in the rental market were tight in 2000 but transitioned into balanced from 2001 through 2007 due to strong net out-migration, and conditions remained balanced from 2008 through 2018. Since 2019, conditions have softened due to a significant uptick in the number of new apartment units completed. In 2019, approximately 47 percent of all renter units were in structures with four or fewer units, down from 52 percent of all units in 2010 (ACS 1-year data).

Conditions are also slightly soft in the apartment market, compared with balanced conditions in 2010. During the first quarter of 2021, the apartment vacancy rate was 6.7 percent, up from 5.6 percent during the first quarter of 2020

(Figure 11; Moody's Analytics, REIS). From 2010 through 2018, conditions in the apartment market were balanced, and the first-quarter vacancy rates were below 5.0 percent each year, ranging from a low of 3.8 percent in 2013 to a high of 4.9 percent in 2010. However, due to strong apartment construction

Table 6. Rental and Apartment Market Quick Facts in the Bergen-Hudson-Passaic HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	6.0	6.6
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	11	11
	Multifamily (2–4 Units)	41	36
	Multifamily (5+ Units)	48	52
	Other (Including Mobile Homes)	0	0
		Current	**YoY Change**
	Apartment Vacancy Rate	6.7	1.1
	Average Rent	$2,464	-5

YoY= year-over-year.
Notes: The current date is April 1, 2021. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; Moody's Analytics, REIS

Figure 11. Apartment Rents and Vacancy Rates in the Bergen-Hudson-Passaic HMA
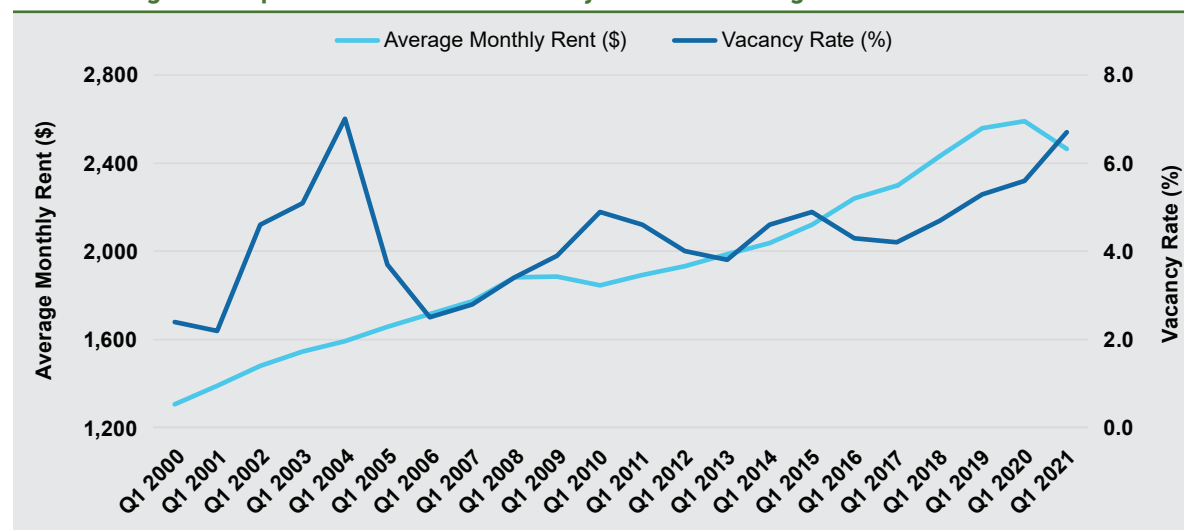
Q1 = first quarter.
Source: Moody's Analytics, REIS

activity, conditions have softened since 2019. The apartment vacancy rate exceeded 5.0 percent in each of the past 3 years. Additionally, the current vacancy rate is the highest first-quarter rate since 2004.

During the first quarter of 2021, the highest vacancy rate and the largest percentage-point increase compared with a year ago was in Hudson County, where the apartment vacancy rate was 8.0 percent, up from the 6.5-percent rate during the same period a year earlier. By comparison, the vacancy rates in Bergen and Passaic Counties were 6.4 and 4.0 percent, up from 5.4 and 3.9 percent during the first quarter of 2020, respectively. The large rise in the vacancy rate in Hudson County during the past year was largely due to a combination of strong apartment construction activity and net out-migration from the major cities in the county during the COVID-19 pandemic.

In response to elevated vacancy rates, the average apartment rent declined during the past year after increasing in each of the previous 10 years. During the first quarter of 2021, the average apartment rent in the HMA decreased 5 percent to $2,464. By comparison, the first-quarter average rent increased an average of 3 percent annually from 2011 through 2020. During the first quarter of 2021, average rents were down in all three counties in the HMA, ranging from a decrease of less than 1 percent in Passaic County to a 6-percent decline in Hudson County.

Rental Construction Activity

The number of rental units permitted in the HMA has been strong since 2012, including accelerated permitting activity since 2019. From 2000 through 2008, rental construction activity averaged 3,200 rental units annually (Figure 12). After the housing crisis, strict borrowing requirements for builders caused permitting activity to slow to an average of 2,025 rental units permitted annually from 2009 through 2011. In response to newly constructed apartment units being absorbed at a steady pace, rental permitting activity increased to an average of 5,925 units permitted annually from 2012 through 2018 and further accelerated to an average of 10,050 rental units permitted annually during 2019 and 2020. During the 12 months ending March 2021, approximately 9,100 rental units were permitted, down 14 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst).

New Construction

Rental construction activity in the HMA in recent years has been largely concentrated in the cities of Jersey City, Hoboken, and Bayonne, where population growth was strongest. In Jersey City, Hudson

Figure 12. Average Annual Rental Permitting Activity in the Bergen-Hudson-Passaic HMA
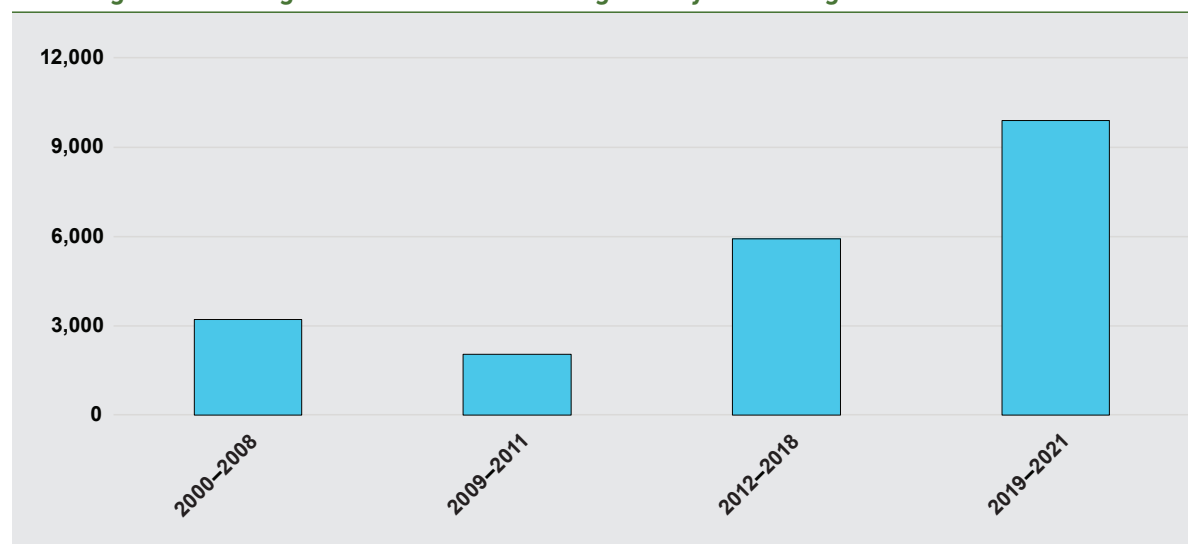
Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through March 2021.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

County, construction of the 432-unit VYV apartment community was completed in early 2021. Rents for these studio, one-bedroom, and two-bedroom units start at $2,550, $2,700, and $4,375, respectively. The 200-unit Bay 151 apartment community in the city of Bayonne, Hudson County, was completed in late 2020. Rents for the studio, one-bedroom, two-bedroom, and three-bedroom apartments at this community start at $1,700, $1,925, $2,575, and $3,050, respectively. Recent construction activity in Bergen County includes The Current on River, a 254-unit apartment community in the city of Hackensack that was completed in late 2020. Rents for the studio, one-bedroom, and two-bedroom units at this community start at $1,825, $2,075, and $2,500, respectively.

Student Housing

Although total enrollment in the HMA has been stable in recent years, there have been increases at Stevens Institute of Technology and Saint Peter's University. As a result of these increases, new dormitories are underway at these schools that are expected to accommodate a total of nearly 1,150 students by the start of the fall 2021 school year, which may attract some students from the broader rental market. Construction of a new dormitory began in early 2020 at Stevens Institute of Technology in the city of Hoboken. The dormitory will house more than 990 students once completed before the start of the fall 2021

semester. An additional 150 students will be housed at a new dormitory at Saint Peter's University in Jersey City once a new residence hall is constructed in mid-2021.

Housing Affordability in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division–Rental

Rental housing in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division is generally expensive, but rental housing has become more affordable since 2012 due to strong increases in median income of renter households. In 2019, the median income of renter households was $55,964, representing an average increase of 5 percent annually from 2012 to 2019 (ACS 1-year data). The rise in the median income of renter households outpaced the average 3-percent increase in the median income of owner households, which is largely attributed to more high-income households choosing to rent. Additionally, the strong increase in the median income of renter households during this period was faster than the average annual 3-percent rise in the median rent. As a result, the HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has trended upwards. The index was 94.2 in 2019, up from 82.8 in 2011 (Figure 13). By comparison, the index nationwide was 96.8 in 2019, up from 88.8 in 2011.

Figure 13. New York-Jersey City-White Plains, NY-NJ Metropolitan Division Gross Rent Affordability Index
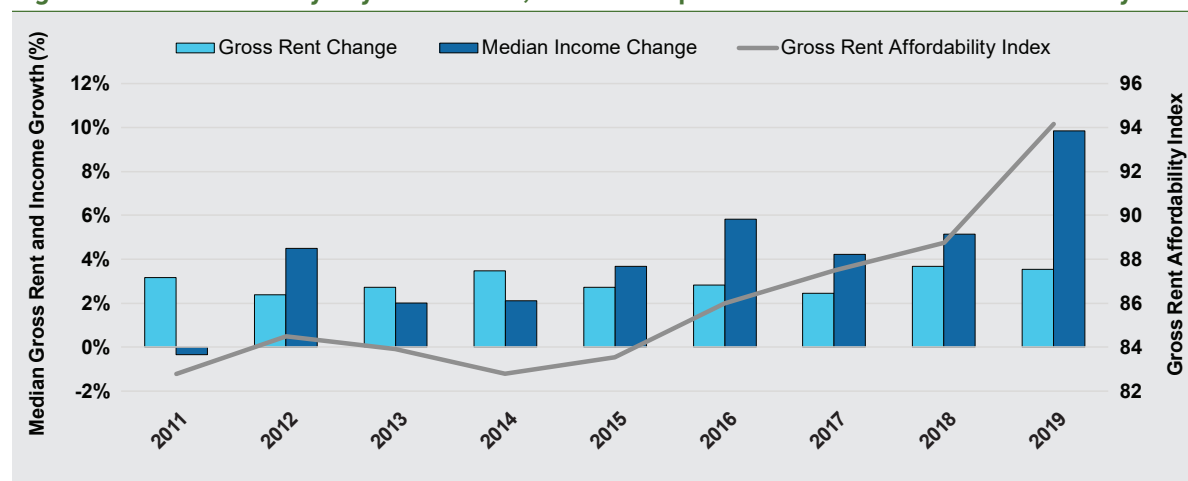
Notes: Rental affordability is for the larger New York-Jersey City-White Plains, NY-NJ Metropolitan Division. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.
Source: American Community Survey, 1-year data

Forecast

During the 3-year forecast period, demand is estimated for 6,500 new rental units in the HMA (Table 7). Demand is expected to be relatively steady during the forecast period. However, the 9,900 units currently under construction will more than satisfy all demand for new rental units during the forecast period.

Table 7. Demand for New Rental Units in the Bergen-Hudson-Passaic HMA During the Forecast Period

Rental Units	
Demand	6,500 Units
Under Construction	9,900 Units

Note: The forecast period is April 1, 2021, to April 1, 2024.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Forecast Period	4/1/2021–4/1/2024—Estimates by the analyst.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales	Includes single-family, townhome, and condominium sales.
Other Vacant Units	In the analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.
Rental Market	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B.　Notes on Geography

1.	The metropolitan statistical area and metropolitan division definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.

C.　Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D.　Photo/Map Credits

Cover Photo	iStock

Contact Information

Joseph Shinn, Economist
Philadelphia HUD Regional Office
215-430-6683
joseph.j.shinn@hud.gov