

The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

Atlantic City-Hammonton, New Jersey

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2020



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Executive Summary

Housing Market Area Description

The Atlantic City-Hammonton Housing Market Area (HMA) is coterminous with the Metropolitan Statistical Area (MSA) of the same name. It consists of Atlantic County, along the southern New Jersey Shore, and it is approximately 60 miles southeast of the city of Philadelphia. The HMA is home to nine casinos, including the Hard Rock Hotel and Casino and the Ocean Casino Resort, which both opened during 2018.

The current population of the HMA is estimated at 265,200.



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, but Strengthening: During 2019, nonfarm payrolls averaged 134,500, representing an increase of 3,300 jobs, or 2.5 percent.

Since 2018, nonfarm payrolls in the Atlantic City-Hammonton HMA have increased by an average of 3,600 jobs, or 2.8 percent, annually. By comparison, from 2007 through 2017, nonfarm payrolls declined or were relatively unchanged each year, down by an average of 2,400 jobs, or 1.7 percent, annually. In the leisure and hospitality sector, nonfarm payrolls increased by an average of 3,400 jobs, or 9.2 percent, annually during the past 2 years. This increase was largely due to approximately 8,000 new jobs being created when two new casinos opened in Atlantic City during 2018. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 0.4 percent annually.

Sales Market



Soft: The HMA had 9.2 months of available for-sale housing inventory in December 2019 (New Jersey Association of Realtors®).

The sales market in the HMA is soft, with an estimated vacancy rate of 2.9 percent, up from 2.6 percent in April 2010. During 2019, approximately 5,850 new and existing homes were sold, down by 210 home sales, or 4 percent, compared with 2018 (Metrostudy, A Hanley Wood Company). During the next 3 years, demand is estimated for 570 new homes, and the 90 homes under construction will satisfy a portion of this demand.

Rental Market



Slightly Soft, but Improving: The overall rental vacancy rate is estimated at 8.6 percent, down from 9.6 percent in April 2010.

The rental housing market in the HMA is currently slightly soft, but conditions are improving. Conditions in the apartment market, however, are tight. During the fourth quarter of 2019, the apartment vacancy rate was 2.2 percent, down from 4.2 percent during the same period a year earlier, and the average apartment rent increased 5 percent, to \$1,275, during the past year (RealPage, Inc.). During the forecast period, demand is estimated for 610 new rental units. The 320 units currently under construction will satisfy a portion of this demand.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Atlantic City-Hammonton HMA		
Total Demand	570	610
Under Construction	90	320

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2020. The forecast period is from the current date (January 1, 2020), to January 1, 2023.

Source: Estimates by the analyst



Economic Conditions

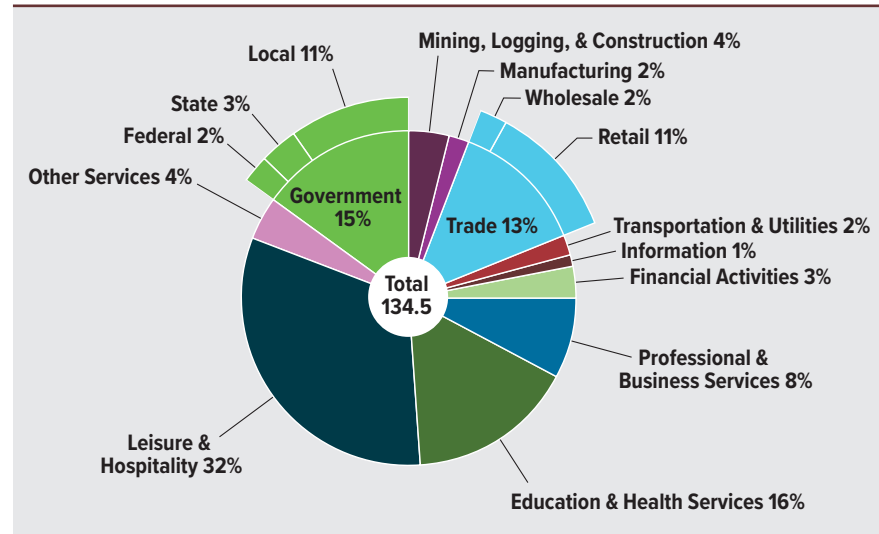
Largest Sector: Leisure and Hospitality

Nonfarm payrolls in the HMA increased during the past 2 years after nonfarm payrolls declined or were relatively unchanged during each of the previous 11 years.

Primary Local Economic Factors

The leisure and hospitality, the education and health services, and the government sectors are the largest nonfarm payroll sectors in the HMA, accounting for 32, 16, and 15 percent of all nonfarm payrolls, respectively (Figure 1). Additionally, all 10 of the largest employers in the HMA are in one of these three sectors, led by Caesars Entertainment Corporation with 8,700 jobs (Table 1). The economy of the HMA is heavily reliant on tourism, with

Figure 1. Share of Nonfarm Payroll Jobs in the Atlantic City-Hammonton 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 December 2019. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Atlantic City-Hammonton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Caesars Entertainment Corporation	Leisure & Hospitality	8,700
Borgata Hotel Casino & Spa	Leisure & Hospitality	5,925
Hard Rock International	Leisure & Hospitality	3,900
Federal Aviation Administration	Government	3,500
AtlantiCare Regional Medical Center	Education & Health Services	3,500
Ocean Casino Resort	Leisure & Hospitality	3,300
Tropicana Atlantic City	Leisure & Hospitality	3,150
DGMB Casino, LLC	Leisure & Hospitality	1,950
Shore Medical Center	Education & Health Services	1,600
Stockton University	Government	1,600

Note: Excludes local school districts. Sources: Economy.com; NJBIZ; *New Jersey Business Magazine*

people visiting the area for gambling, concerts, conventions, and other events throughout the year. During 2018, tourism in the HMA generated nearly \$7.39 billion in direct sales and supported approximately 51,700 jobs, mostly in the leisure and hospitality sector and the retail trade subsector. Sales and employment totals were both up 8 percent compared with 2017 (Tourism Economics). Additionally, during 2018, visits to the HMA totaled 20.61 million, up nearly 15 percent from a year earlier.

Economic Sectors of Significance

Leisure and Hospitality

The HMA is home to nine casinos, and more than 60 percent of all payrolls in the leisure and hospitality sector are in the casino hotels industry. Additionally, with more than \$2.51 billion in gambling revenue, the HMA is the second largest commercial casino market in the nation behind the Las Vegas Strip Market (American Gaming Association’s *State of the States 2019* report).

Nonfarm payrolls in the leisure and hospitality sector were relatively unchanged from 2001 through 2005, but they declined by an average of 1,900 jobs, or 4.0 percent, annually from 2006 through 2017. All net losses in this sector were



concentrated in the hotel casinos industry, which was down by an average of 1,900 jobs, or 6.3 percent, annually. In addition to a decline in tourism that resulted from The Great Recession and its aftermath, casinos in the HMA were negatively impacted by increased competition from new casinos in the major metropolitan areas from Washington, D.C. to New York City. The stronger competition was especially notable in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA, where three new casinos opened between 2007 and 2010 and have since expanded.

During the 11-year period from 2006 through 2016, the number of casinos in Atlantic City declined from 12 to 7. Additionally, Revel Hotel and Casino opened in 2012 but closed 2 years later. The first casino to close was Sands Atlantic City, which ceased operations in late 2006, resulting in more than 2,150 jobs lost. Employment steadily declined in the industry from 2007 through 2013, but no additional casinos closed. By 2014, however, gross gambling revenue in Atlantic City was down 53 percent compared with the all-time peak of \$5.17 billion in 2006 (New Jersey Division of Gaming Enforcement), resulting in four additional casinos closing during 2014 and more than 10,000 jobs being lost. Finally, the Trump Taj Mahal closed during 2016, resulting in approximately 2,850 additional jobs lost.

The casino industry, however, has bounced back in recent years as a result of the legalization of online gambling and sports betting in the state, which occurred in 2013 and 2017, respectively. Since 2018, nonfarm payrolls in the leisure and hospitality sector have increased by an average of 3,400 jobs, or 9.2 percent, annually. These gains were largely due to the opening of the Ocean Casino Resort and the Hard Rock Hotel and Casino in mid-2018, which resulted in approximately 8,000 new jobs created.

Education and Health Services

In contrast to the decline in jobs in the leisure and hospitality sector, nonfarm payrolls in the education and health services sector have increased most years

since 2001. From 2001 through 2019, nonfarm payrolls in the sector annually increased by an average of 300 jobs, or 1.7 percent. Gains during this period were partially attributed to an increase in the number of urgent care facilities in the HMA. In 2018, there were nearly 50 establishments in the outpatient care centers industry, which was up compared with nearly 20 establishments during 2001, while covered payrolls increased by an average of 45, or 8.1 percent, annually during this period (Quarterly Census of Employment and Wages).

Government

The government sector is also a major part of the economy of the HMA, but payrolls have declined during the past 5 years. Since 2015, nonfarm payrolls in the sector were down by an average of 400 jobs, or 1.6 percent, annually, compared with an average 0.6-percent increase from 2001 through 2014. Recent losses were concentrated in the local government subsector, which declined by an average of 400 jobs, or 2.4 percent, annually.

Stockton University, a public university with a total enrollment of more than 9,900 students and approximately 1,600 employees, is included in the government sector. In contrast to many other colleges and universities throughout the state and nation, Stockton University has been steadily growing during the past 10 years, which is largely attributed to the university attempting to attract students from a larger geographic area. Since 2010, total enrollment and employment at the university have had average annual increases of 3 and 4 percent, respectively. In September 2018, the university, whose main campus is in Galloway Township, opened a new campus in Atlantic City, which included a three-story academic building and a new dormitory building. The new campus contributed to total employment at the university, increasing by more than 90 jobs during 2018. Plans for the second phase of the campus were announced in mid-2019, but the timeline is currently unknown.



Historic Conditions—Nonfarm Payrolls

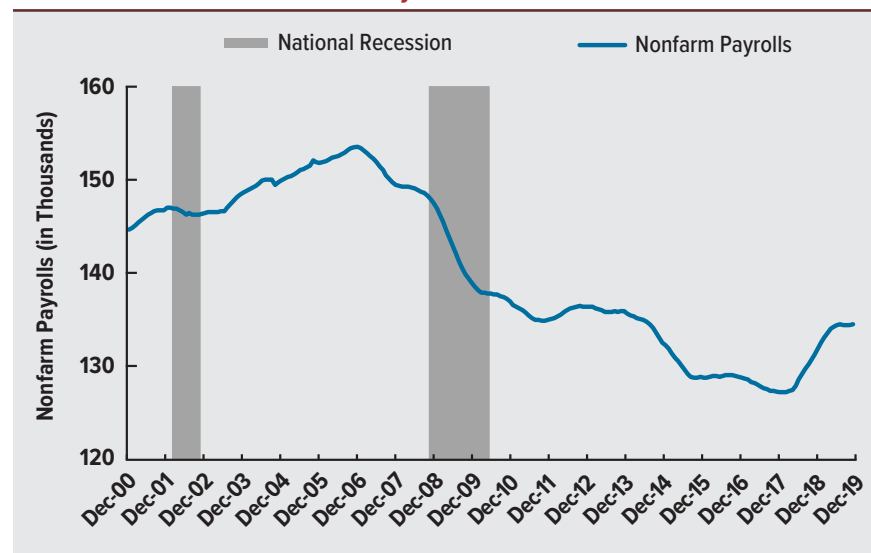
The economy of the Atlantic City-Hammonton HMA has been closely linked with the casino industry. From 2001 through 2006, nonfarm payrolls in the HMA increased by an average of 1,500 jobs, or 1.0 percent, annually, compared with an average annual growth rate of 0.6-percent nationwide. Due to the economic-reliance on tourism in the HMA, the Great Recession, which occurred nationally from December 2007 to June 2009, had a more severe impact on the HMA than the nation. From 2007 through 2010, nonfarm payrolls in the HMA declined by an average of 4,200 jobs, or 2.8 percent, annually. By comparison, nationwide payrolls during the 4-year period were only down an average of 1.1 percent annually. Nonfarm payrolls continued to decrease in the HMA from 2011 through 2017, despite job gains nationwide, due to continued losses in the leisure and hospitality sector. During the 7-year period, nonfarm payrolls in the HMA were down by an average of 1,400 jobs, or 1.0 percent, annually, led by the decline in the leisure and hospitality sector, which decreased by an average of 1,800 jobs, or 4.3 percent, annually.

During 2018, economic conditions in the HMA began to improve; nonfarm payrolls increased by 3,900 jobs, or 3.1 percent. The number of jobs added during 2018 in the HMA was the largest in more than 30 years, and the growth rate was nearly double the 1.6-percent national rate. Nearly 95 percent of the net job gains in the HMA were in the leisure and hospitality sector, which was up by 3,700 jobs, or 10.4 percent, largely because of the opening of the Ocean Casino Resort and the Hard Rock Hotel and Casino. Partially offsetting these gains were losses in the wholesale and retail trade and the government sectors, which declined by 600 and 300 jobs, or 3.2 and 1.4 percent, respectively. In the wholesale and retail trade sector, Sears, Roebuck and Company and Apple Inc. closed stores in the HMA, resulting in approximately 65 and 50 jobs lost, respectively. Figure 2 shows the 12-month average nonfarm payrolls in the HMA since 2000.

Current Conditions—Nonfarm Payrolls

Economic conditions continued to improve during the past year, while the rate of growth slightly slowed. During 2019, nonfarm payrolls increased by 3,300 jobs, or 2.5 percent (Table 2). For the second consecutive year, gains were

Figure 2. 12-Month Average Nonfarm Payrolls in the Atlantic City-Hammonton HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

primarily concentrated in the leisure and hospitality sector, which was up by 3,200 jobs, or 8.1 percent. These job additions were largely attributed to the Ocean Casino Resort and the Hard Rock Hotel and Casino continuing to add staff while the other casinos added jobs in response to sports betting becoming legal in New Jersey in mid-2018. Nonfarm payrolls during the past year were also up in the professional and business services and the education and health services sectors, which increased by 300 and 200 jobs, or 2.8 and 0.9 percent, respectively.

Partially offsetting these gains were losses in the mining, logging, and construction and the wholesale and retail trade sectors, where nonfarm payrolls declined by 400 jobs each, or 6.9 and 2.2 percent, respectively. The decrease in the mining, logging, and construction sector was partially attributed to the completion of the construction of the two new casinos during 2018. In the wholesale and retail trade sector, an unspecified number of jobs were eliminated when the Kmart Corporation closed a store in Somers Point in late-2019.



Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Atlantic City-Hammonton HMA, by Sector

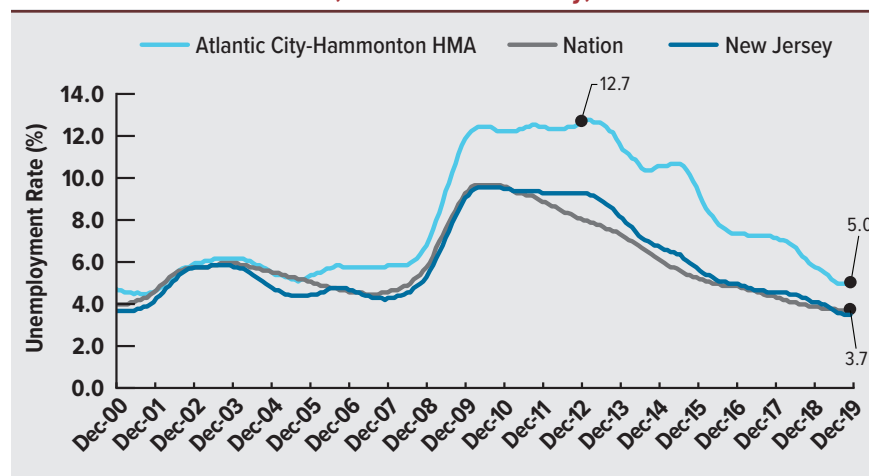
	12 Months Ending December 2018	12 Months Ending December 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	131.2	134.5	3.3	2.5
Goods-Producing Sectors	8.0	7.7	-0.3	-3.8
Mining, Logging, & Construction	5.8	5.4	-0.4	-6.9
Manufacturing	2.3	2.3	0.0	0.0
Service-Providing Sectors	123.2	126.8	3.6	2.9
Wholesale & Retail Trade	18.2	17.8	-0.4	-2.2
Transportation & Utilities	3.2	3.3	0.1	3.1
Information	0.7	0.7	0.0	0.0
Financial Activities	3.7	3.7	0.0	0.0
Professional & Business Services	10.6	10.9	0.3	2.8
Education & Health Services	21.2	21.4	0.2	0.9
Leisure & Hospitality	39.4	42.6	3.2	8.1
Other Services	5.4	5.6	0.2	3.7
Government	20.9	20.8	-0.1	-0.5

Notes: Based on 12-month averages through December 2018 and December 2019. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

During 2019, the unemployment rate in the HMA was 5.0 percent (Figure 3). The rate is down from the average rate of 5.9 percent during 2018 and from the recent 2012 peak rate of 12.7 percent. The unemployment rate declined in each of the past 7 years, but the reason for the decrease has recently changed. From 2013 through 2017, the unemployment rate was down due to the labor force declining at a faster pace than resident employment. Since 2018, however, strong nonfarm payroll growth has resulted in resident employment growth, which caused the unemployment rate to continue to fall. Despite the recent declines, the unemployment rate in the HMA is still higher than the statewide and nationwide rates of 3.5 percent and 3.7 percent, respectively.

Figure 3. 12-Month Average Unemployment Rate in the Atlantic City-Hammonton HMA, State of New Jersey, and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Employment Forecast

During the 3-year forecast period, nonfarm payroll growth is expected to continue, but at a significantly slower pace compared with the previous 2 years. Nonfarm payrolls are anticipated to increase by an average of approximately 600 jobs, or 0.4 percent, annually, and payroll growth is projected to be relatively steady during all 3 years. Job gains are expected to be the largest in the education and health services and the government sectors. In the education and health services sector, a to-be-determined number of jobs are expected to be created during the next 3 years when AtlantiCare opens a new facility in Atlantic City. Between 125 and 200 new jobs are expected to be added in the government and the transportation and utilities sectors at Atlantic City International Airport once construction of a new hangar is completed; the current timeline, however, is unknown. In the leisure and hospitality sector, small losses are expected during the next 3 years as casinos adjust to the increased competition from the Hard Rock Hotel and Casino and the Ocean Casino Resort.

Population and Households

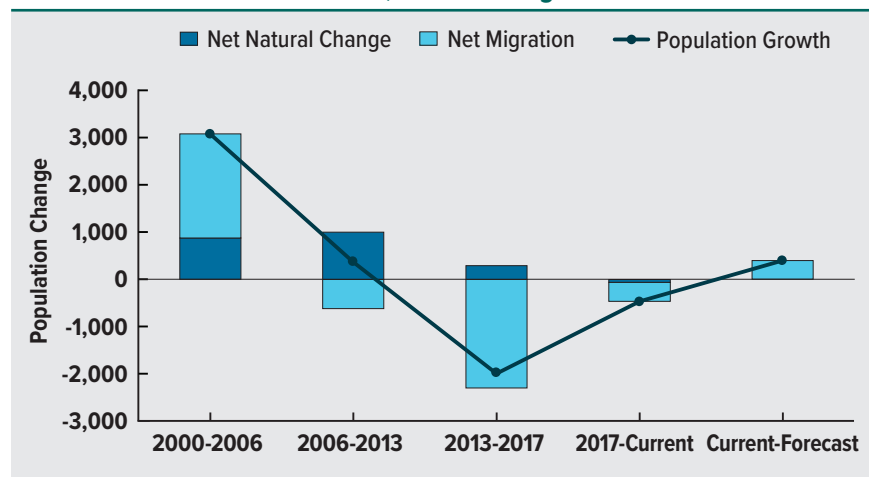
Current Population: 265,200

The population of the HMA has decreased since 2013, but the decline has slowed since 2017 due to lower levels of net out-migration.

Population Trends

As of January 1, 2020, the population of the Atlantic City-Hammonton HMA is approximately 265,200, representing an average decrease of 960 people, or 0.4 percent, annually since April 2010 (Table 3). From 2000 to 2006, the population increased by an average of 3,075 people, or 1.2 percent, annually (Figure 4). More than 70 percent of the growth during this period was due to strong net in-migration, which averaged 2,200 people annually and was largely attributed to stronger job gains in the HMA than the rest of the nation. From 2006 to 2013, in response to sustained job losses, people left the HMA in search of work. Net outmigration averaged 630 people annually during the period, causing population growth to slow to an average of 370 people, or 0.1 percent, each year. From 2013 to 2017, the population of the HMA decreased by an average of 2,000 people, or 0.7 percent, annually. This decline was due

Figure 4. Components of Population Change in the Atlantic City-Hammonton HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2020), to January 1, 2023. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

to higher levels of net out-migration, which averaged 2,300 people annually, largely attributable to continued job losses, especially those associated with the closure of four casinos. The largest outflow of residents from the HMA during this period was into the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD and New York-Newark-Jersey City, NY-NJ-PA MSAs, which accounted for 46 percent of the out-migration (2013–2017 American Community Survey [ACS] 5-year data). By comparison, from 2008 to 2012, approximately 38 percent of net out-migration from the HMA was into these metropolitan areas (2008–2012 ACS 5-year data).

Recent job gains in the HMA have led to net out-migration slowing to an average of 400 people annually since 2017, causing the population decline to slow to an average of 460 people, or 0.2 percent, annually. Net natural change (resident births minus resident deaths) has significantly declined in recent years. Since 2010, net natural change has averaged 370 people annually, down 63 percent compared with the average of 990 people annually from 2000 to 2010.

Table 3. Atlantic City-Hammonton HMA Population and Household Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	274,549	265,200	266,400
	Average Annual Change	2,200	-960	400
	Percentage Change	0.8	-0.4	0.2
Household Quick Facts	Households	102,847	99,750	100,400
	Average Annual Change	780	-320	220
	Percentage Change	0.8	-0.3	0.2

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 (January 1, 2020), to January 1, 2023. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst



Household Trends

An estimated 99,750 households currently reside in the Atlantic City-Hammonton HMA. Household growth trends in the HMA have been similar to population growth trends. Since 2010, the number of households in the HMA has declined by an average of 320 households, or 0.3 percent, annually. By comparison, from 2000 to 2010, the number of households in the HMA increased by an average of 780 households, or 0.8 percent, annually.

Households by Tenure

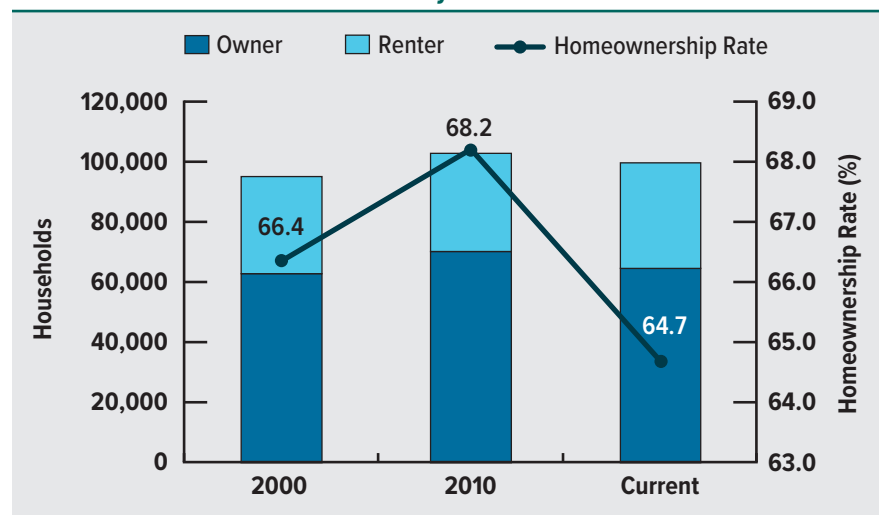
The current homeownership rate in the HMA is estimated at 64.7 percent (Figure 5). The homeownership rate increased from 66.4 percent in 2000 to

68.2 percent in 2010, largely due to significant increases from 2000 through 2006 when job growth was strong. The homeownership rate, however, is down compared with 2010 because of elevated foreclosure rates causing households to switch from owner to renter.

Forecast

During the 3-year forecast period, net in-migration in the HMA is expected to resume and to average 400 people annually in response to recent strong job growth. As a result, the population is expected to increase by an average of 400 people, or 0.2 percent, a year, reaching approximately 266,400 by January 1, 2023. Households are also expected to increase during the forecast period, up by an average of 220, or 0.2 percent, annually, reaching 100,400 households.

Figure 5. Households by Tenure and Homeownership Rate in the Atlantic City-Hammonton HMA



Note: The current date is January 1, 2020.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



Home Sales Market Conditions

Market Conditions: Soft

Sales market conditions in the HMA have been soft since 2010 due to continued net out-migration.

Current Conditions

The sales housing market in the Atlantic City-Hammonton HMA is currently soft. The current vacancy rate is estimated to be 2.9 percent, up from 2.6 percent in April 2010 and 2.2 percent in April 2000 (Table 4). In December 2019, the HMA had 9.2 months of available for-sale housing inventory, down from 9.6 months of inventory in December 2018 (New Jersey Association of Realtors®). Sales market conditions were balanced from 2000 through 2006, but they transitioned to soft from 2007 through 2009 and have remained soft since then due to continued net out-migration.

Table 4. Home Sales Quick Facts in the Atlantic City-Hammonton HMA

	Atlantic City-Hammonton HMA	Nation
Vacancy Rate	2.9%	NA
Months of Inventory	9.2	2.9
Total Home Sales	5,850	5,732,000
1-Year Change	-4%	2%
New Home Sales Price	\$464,200	\$411,400
1-Year Change	0%	2%
Existing Home Sales Price	\$237,200	\$312,300
1-Year Change	11%	3%
Mortgage Delinquency Rate	3.5%	1.4%

NA = data not available.

Notes: The vacancy rate is as of the current date (January 1, 2020); home sales and prices are for the 12 months ending December 2019; and months of inventory and mortgage delinquency data are as of December 2019.

Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company; New Jersey Association of Realtors®

REO Properties and Delinquent Mortgages

In December 2019, 3.5 percent of home loans in the Atlantic City-Hammonton HMA were seriously delinquent or had transitioned into real estate owned (REO) status, down from 4.5 percent in December 2018 (CoreLogic, Inc.). The current rate in the HMA is higher than both the statewide and nationwide rates of 2.2 and 1.4 percent, respectively. The rate in the HMA peaked at 16.7 percent in January 2013. In contrast to the rest of the nation, however, the rate in the HMA was high during 2013 and 2014, which is partially attributed to the high repair costs for homes damaged by Hurricane Sandy in late-2012, resulting in more home foreclosures. According to the New Jersey Department of Community Affairs, approximately 9 percent of the households in Atlantic County had sustained severe or major damage as a result of Hurricane Sandy.

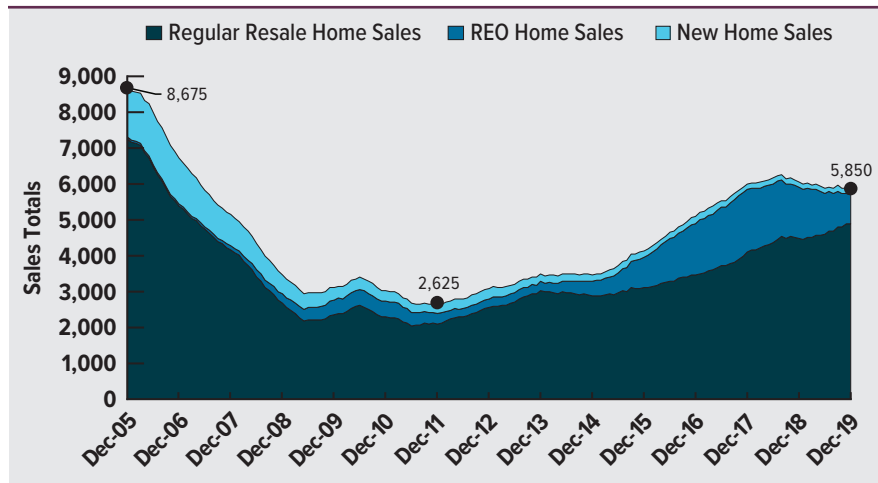
Existing Home Sales

Existing home sales (including REO sales and regular resales) declined during the past year after gains during the previous 7 years. During 2019, approximately 5,700 existing homes were sold, down 3 percent compared with the number of homes sold during 2018 (Metrostudy, A Hanley Wood Company). By comparison, despite strong net out-migration from the HMA, existing home sales increased an average of 14 percent annually from 2012 through 2018 to 5,900 homes sold. The increase from 2012 through 2014 was partially attributed to lower interest rates. During 2011, the average interest rate of a 30-year fixed rate mortgage in the United States was as high as approximately 5.1 percent (Federal Reserve Bank of Saint Louis). The average rate, however, steadily declined during 2012 and 2013, reaching a low of 3.3 percent in mid-2013. Existing homes sales continued to rise from 2015 through 2018, but the increase was largely due to significantly higher levels of REO sales. During the 4-year period, an average of approximately 1,375 REO homes sold each year, up nearly 300 percent compared with the average of 340 REO homes sold annually from 2009 through 2014.

The current level of existing home sales is up 137 percent compared with the 2,400 existing homes sold during 2011. Recent home sales, however, are down 21 percent compared with the 7,300 homes sold during 2005, when the sales market was stronger. Figure 6 shows the 12-month average sales totals by sales type in the HMA since 2005, and Figure 7 shows the number of new and existing home sales by price range during 2019.

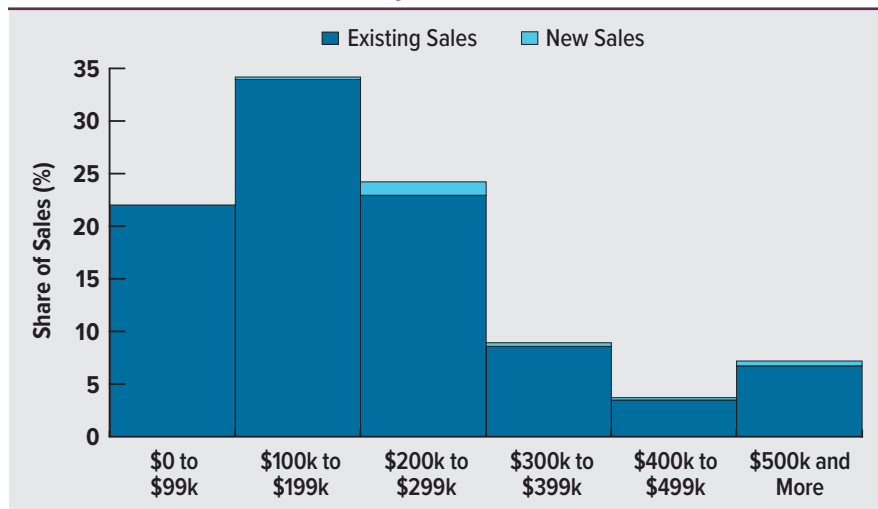


Figure 6. 12-Month Sales Totals by Type in the Atlantic City-Hammonton HMA



REO = real estate owned.
Source: Metrostudy, A Hanley Wood Company

Figure 7. Share of Sales by Price Range During 2019 in the Atlantic City-Hammonton HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Metrostudy, A Hanley Wood Company

New Home Sales

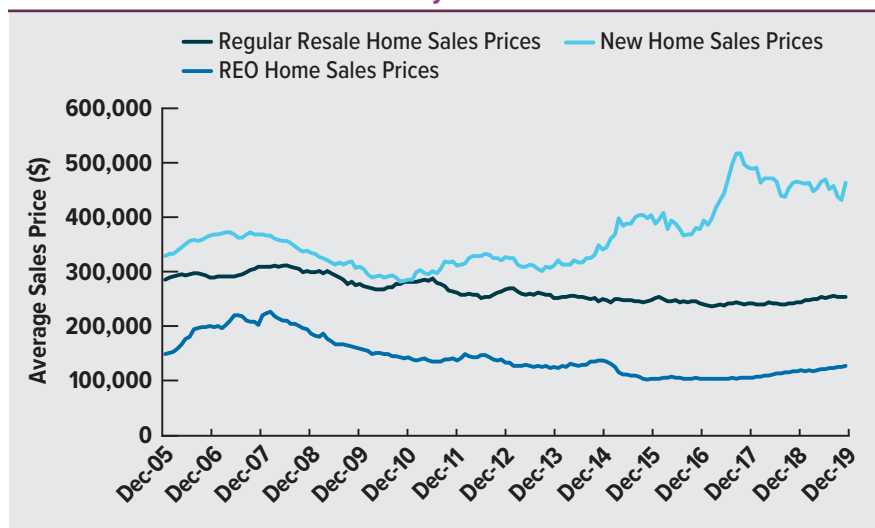
Unlike existing home sales, new home sales have steadily declined since 2006 because poor economic conditions have prevented residents from purchasing the higher-priced new homes. During 2019, approximately 140 new homes were sold, down 11 percent compared with the number of new homes sold during 2018 (Metrostudy, A Hanley Wood Company). New home sales have declined an average of 15 percent annually during the past 14 years, and the current level of sales is down 90 percent compared with the 1,375 new homes sold during 2005.

Sales Prices

During 2019, the average sales price of existing homes (including REO sales and regular resales) increased 11 percent, to \$237,200 (Metrostudy, A Hanley Wood Company). The average sales price increased an average of 9 percent annually during the past 2 years. Despite the recent increase, however, the current average sales price of existing homes is down 19 percent compared with the average sales price of \$291,800 from 2005 through 2008. This rate decrease is partly because REO sales, which have an average sales price approximately 50 percent lower than regular resales, have constituted a significantly larger portion of all home sales in recent years. During the past 2 years, REO sales were 19 percent of all existing home sales, compared with less than 3 percent of all existing home sales from 2005 through 2008.

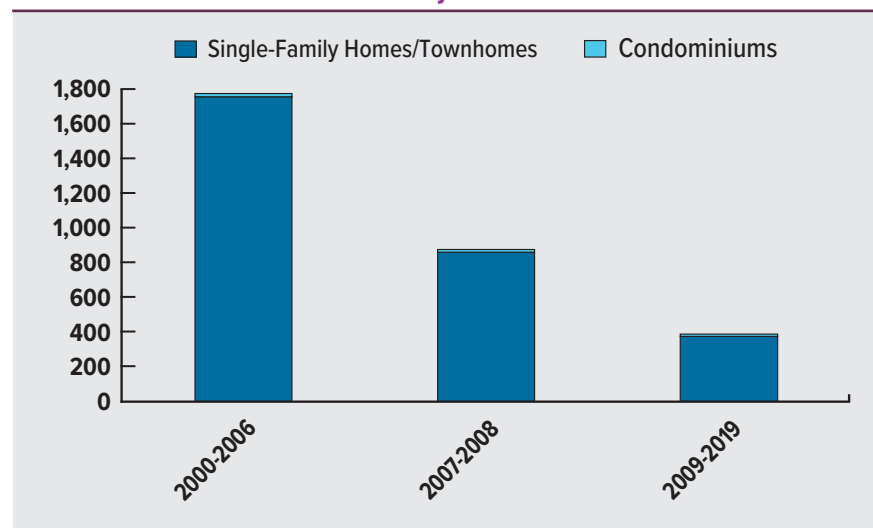
The average sales price of \$464,200 for new homes was relatively unchanged during 2019. The average sales price, however, has increased an average of 6 percent annually during the past 9 years, and the current price is up 63 percent compared with the average price of \$285,000 during 2010. This increase was especially notable during 2017, when the average sales price of new homes was up by \$112,700, or 30 percent, compared with the previous year. The significant rise in the average sales price during this year was largely due to new home sales in the higher-priced vacation communities of Brigantine, Longport, Margate City, and Ventnor City, making up a larger portion of all new homes sales. During 2017, the average sales price of new homes in these communities was approximately \$1.03 million, nearly four times the average price of homes in the rest of the HMA, while homes sales in these communities made up 30 percent of all new home sales, up from 19 percent a year earlier. Figure 8 shows the 12-month average sales price by sales type in the HMA since 2005.

Figure 8. 12-Month Average Sales Price by Type of Sale in the Atlantic City-Hammonton HMA



REO = real estate owned.
Source: Metrostudy, A Hanley Wood Company

Figure 9. Average Annual Sales Permitting Activity in the Atlantic City-Hammonton HMA



Note: Includes single-family homes, townhomes, and condominiums.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

Sales Permit Activity

Sales permitting activity, as measured by the number of single-family home, townhome, and condominium building permits issued, has been limited since 2009 because of steadily declining levels of new home sales. From 2009 through 2018, an average of 380 sales units was permitted annually. Sales permitting activity is down from an average of 860 sales units permitted annually during 2007 and 2008 and from an average of 1,775 units permitted annually from 2000 through 2006 (Figure 9). During 2019, approximately 420 sales units were permitted, up 21 percent compared with the number of sales units permitted during 2018 (preliminary data with adjustments by the analyst). Condominiums are not a significant part of the sales housing inventory, having consistently accounted for 2 percent or less of new construction annually since 2000.

New Construction

Recent construction activity has been primarily concentrated outside Atlantic City and in suburban portions of the HMA, where more developable land is available. Recent construction activity includes Crystal Lakes, a single-family home community in Egg Harbor Township. More than one-half of the 70 planned homes have been completed since 2018, and the remaining homes are expected to be built as they are sold. Prices for these four-bedroom, three-bathroom homes range from \$247,000 to \$315,000. More than 70 percent of the 24 planned single-family homes have been completed at Galloway Pines in the city of Absecon during 2019, with the remaining homes expected to be built within the next year. Prices for these four- and five-bedroom homes start at \$268,000 and \$300,000, respectively. In Hamilton Township, nearly 65 percent of the 124 planned single-family homes at Artists Walk have been completed



since 2018. The remaining homes are expected to be built during the next 2 years, with prices for these newly constructed three-, four-, and five-bedroom homes starting at \$227,000, \$241,000, and \$262,500, respectively.

Housing Affordability

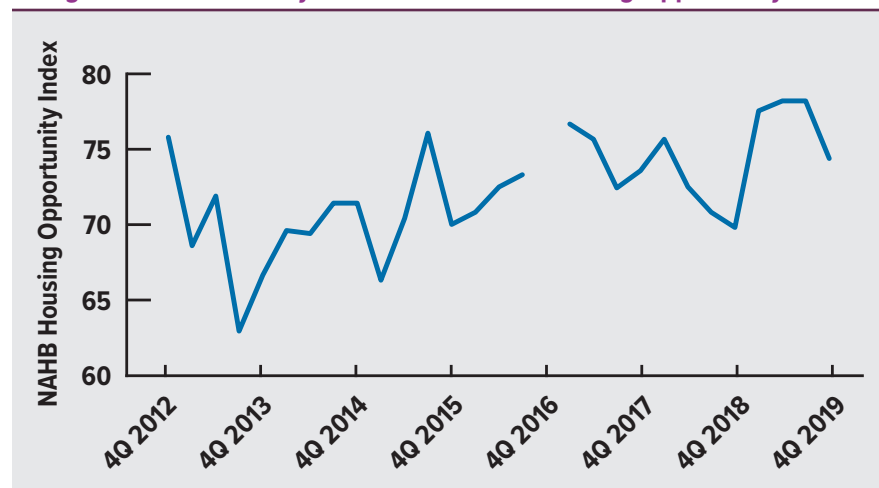
Homeownership in the Atlantic City-Hammonton HMA is generally affordable, and the affordability has trended upwards since 2013 because of many REO homes for sale putting downward pressure on sales prices. The National Association of Homebuilders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 74.4 during the fourth quarter of 2019, up from 69.8 during the fourth quarter of 2018 and a recent-low of 62.9 during the third quarter of 2013 (Figure 10). During the

fourth quarter of 2019, according to the HOI, 108, or less than 46 percent, of the 237 ranked metropolitan areas and divisions in the nation were more affordable than the Atlantic City-Hammonton HMA. By comparison, during the fourth quarter of 2012, 175, or nearly 74 percent, of the ranked metropolitan areas and divisions in the nation were more affordable than the HMA.

Forecast

During the 3-year forecast period, demand is estimated for 570 new single-family homes, townhomes, and condominiums in the HMA (Table 5). The 90 homes under construction will satisfy some of this demand. Demand is expected to slightly increase each year because of improving economic conditions.

Figure 10. Atlantic City-Hammonton HMA Housing Opportunity Index



NAHB = National Association of Home Builders. 4Q = fourth quarter.
 Note: Data were not available for the fourth quarter of 2016.
 Sources: NAHB; Wells Fargo

Table 5. Demand for New Sales Units in the Atlantic City-Hammonton HMA During the Forecast Period

Sales Units	
Demand	570 Units
Under Construction	90 Units

Note: The forecast period is from the current date (January 1, 2020), to January 1, 2023.
 Source: Estimates by the analyst



Rental Market Conditions

Market Conditions: Slightly Soft, but Improving

Despite slightly soft overall rental market conditions in the HMA, the apartment market is tight, with a low vacancy rate and strong rent growth in the past year.

Current Conditions and Recent Trends

The rental market in the Atlantic City-Hammonton HMA, including apartment units and single-family homes for rent, is currently slightly soft, but conditions are improving. In 2018, approximately one-half of all rental units were in structures with four or fewer units, down from 58 percent of all rental units in 2010 (ACS 1-year data). Additionally, 31 percent of all rental units in 2018 were single-family homes, down from 34 percent of all rental units in 2010. The overall rental vacancy rate is estimated at 8.6 percent, down from 9.6 percent in April 2010 (Table 6). Conditions were slightly soft from 2000 through 2005,

but they transitioned to soft from 2006 through 2010 due to net out-migration. Since 2011, conditions have slowly improved to slightly soft in response to residents choosing to rent both single-family rental units and apartments as opposed to purchasing homes because of weak economic conditions.

Conditions in the apartment market are tight, compared with balanced conditions in 2010. During the fourth quarter of 2019, the apartment vacancy rate in the HMA was 2.2 percent, down from the 4.2-percent rate during the fourth quarter of 2018 (Figure 11). Since 2014, the apartment vacancy rate has fluctuated, ranging from highs of 4.2 percent during the fourth quarters of 2015 and 2018 to its current low. These fluctuations were due to a steady flow of newly constructed apartment units entering the market, causing the vacancy rates to rise, but then being rapidly rented, causing the rates to decline. During the fourth quarter of 2019, the average rent in the HMA was \$1,275, up 5 percent compared with the same period a year earlier. The average rent increased an average of 6 percent annually during the past 4 years, compared with an average 3-percent increase in corresponding periods from 2013 through 2015.

Table 6. Rental and Apartment Market Quick Facts in the Atlantic City-Hammonton HMA

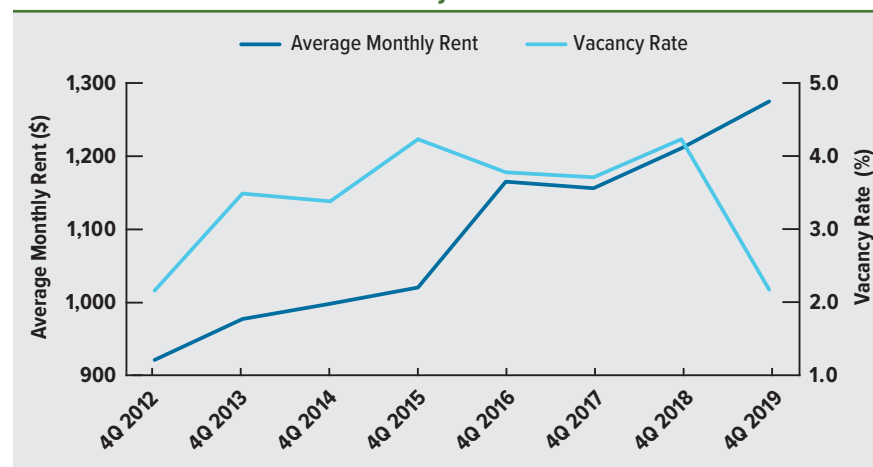
		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	9.6	8.6
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	34	31
	Multifamily (2–4 Units)	24	19
	Multifamily (5+ Units)	41	48
Other (Including Mobile Homes)	1	2	
		Current	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	2.2%	-2.0
	Average Rent	\$1,275	5%

YoY = year over year.

Notes: The current date is January 1, 2020. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2018 American Community Survey, 1-year data; RealPage, Inc.

Figure 11. Apartment Rents and Vacancy Rates in the Atlantic City-Hammonton HMA



4Q = fourth quarter.
Source: RealPage, Inc.

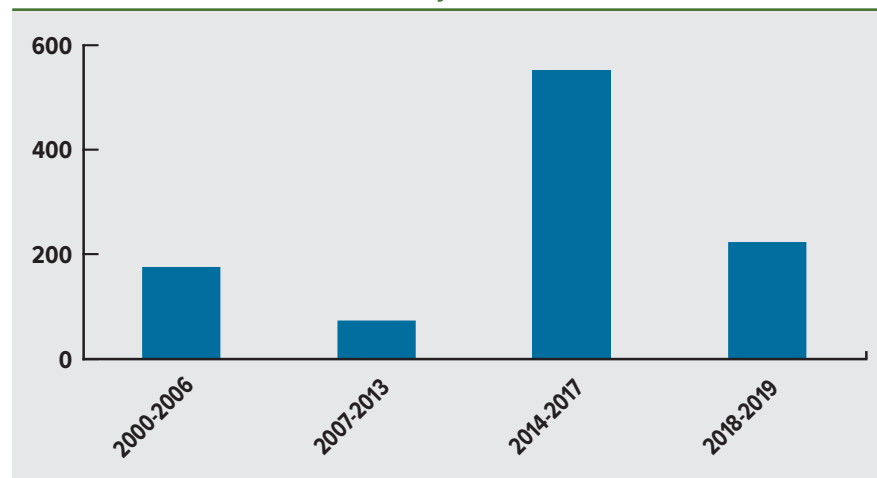


The recent faster rate of growth is largely attributed to higher priced, newly constructed apartment units making up a larger portion of the apartment market.

Rental Permit Activity

In response to tightening apartment market conditions, rental permitting activity, as measured by the number of rental units permitted, has been strong in the HMA since 2014. From 2000 through 2006, an average of 180 rental units was permitted annually (Figure 12). In response to net out-migration, rental permitting activity then declined to an average of 75 units permitted annually from 2007 through 2013. From 2014 through 2017, rental permitting activity increased to an average of 550 units permitted annually. The higher levels of construction during this period were partly due to an increase in the construction of low-income housing tax credit (LIHTC) communities as a result of funding through Hurricane Sandy Community Development Block Grant Disaster Recovery Grants. During the 4-year period, an average of 170 LIHTC units was permitted annually, compared with an average of 40 LIHTC units

Figure 12. Average Annual Rental Permitting Activity in the Atlantic City-Hammonton HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through December 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

permitted annually from 2000 through 2013. Rental permitting activity is down since 2018, but activity is still above permitting levels from 2000 through 2013. During the past 2 years, an average of approximately 220 rental units was permitted annually. During 2019, approximately 230 rental units were permitted, up 4 percent compared with the number of rental units permitted during 2018 (preliminary data, with adjustments by the analyst).

New Construction

Apartment construction activity in recent years has been largely spread throughout the HMA. Recent construction activity includes nearly 270 units at Cresson Hill, in the city of Northfield, which was completed in late 2019. Rents for these one- and two-bedroom apartment units start at \$1,275 and \$1,550, respectively. In late 2018, the 600NoBe at North Beach apartment community in Atlantic City was the first market-rate apartment community to be built in the city in more than 40 years. The community contains approximately 250 apartments, and the rents for these one- and two-bedroom units start at \$1,350 and \$1,475, respectively. An additional 220 apartment units are currently under construction at The Glades at Hamilton Greene, in the unincorporated community of Mays Landing in Hamilton Township. All units are expected to be completed by mid-2020, with rents starting at \$1,475 and \$1,575 for these one- and two-bedroom units, respectively.

Student Housing

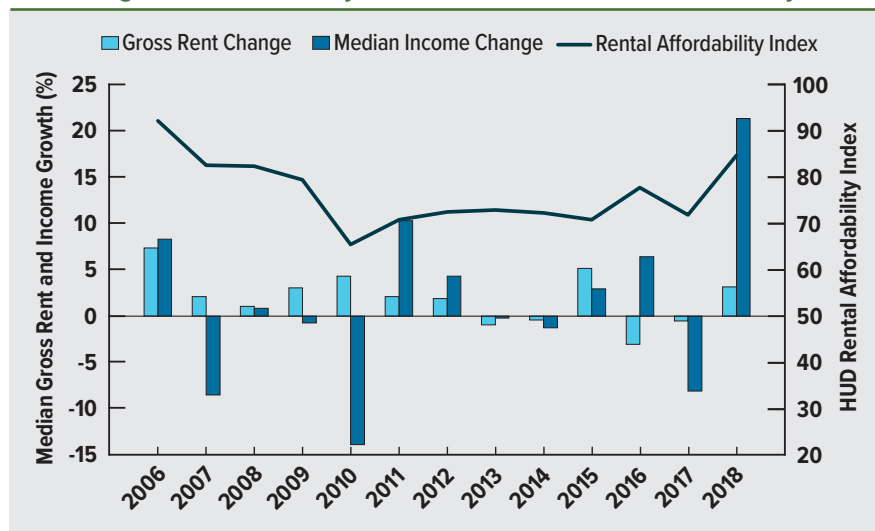
Stockton University is the only university in the HMA that houses students. Current enrollment at the school is approximately 9,925 students, and enrollment has increased an average of 3 percent annually since 2010. Approximately one-fourth of the students enrolled at the university are housed in on-campus dormitories. Of the remaining students, an estimated 95 percent reside within the HMA, and student households account for approximately 7 percent of all renter households in the HMA.

Approximately 530 new dormitory beds were completed in late 2018 as part of the new Atlantic City campus. The \$64 million second phase of the campus includes plans for a 405-bed dormitory building. The timeline of construction, however, is currently unknown.

Housing Affordability: Rental

Rental housing in the Atlantic City-Hammonton HMA is becoming more expensive, but rental affordability has increased since 2010 due to renter income levels rising faster than rents. In 2018, the median income of renter households was \$35,952, up 38 percent compared with the median income of renter households in 2010 (ACS 1-year data). The median monthly rent during this same period, however, only increased a total of 7 percent. 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 85 in 2018, up from 65.5 in 2010 (Figure 13).

Figure 13. Atlantic City-Hammonton HMA Rental Affordability



Source: American Community Survey, 1-year data

Forecast

During the 3-year forecast period, demand is estimated for 610 new rental units in the HMA (Table 7). The 320 units currently under construction will satisfy a portion of this demand. Demand is expected to be relatively steady throughout the forecast period. Still, new supply should be targeted to come online during the second and third years of the forecast period because units under construction will satisfy all demand during the first year.

Table 7. Demand for New Rental Units in the Atlantic City-Hammonton HMA During the Forecast Period

Rental Units	
Demand	610 Units
Under Construction	320 Units

Note: The forecast period is from the current date (January 1, 2020), to January 1, 2023.
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	1/1/2020–1/1/2023—Estimates by the analyst
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales	Includes single-family home, townhome, and condominium sales.
Net Out-Migration	Net out-migration occurs when out-migration is greater than in-migration.



Rental Market	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

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.



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