

# COMPREHENSIVE HOUSING MARKET ANALYSIS

# Trenton, New Jersey

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

As of January 1, 2019

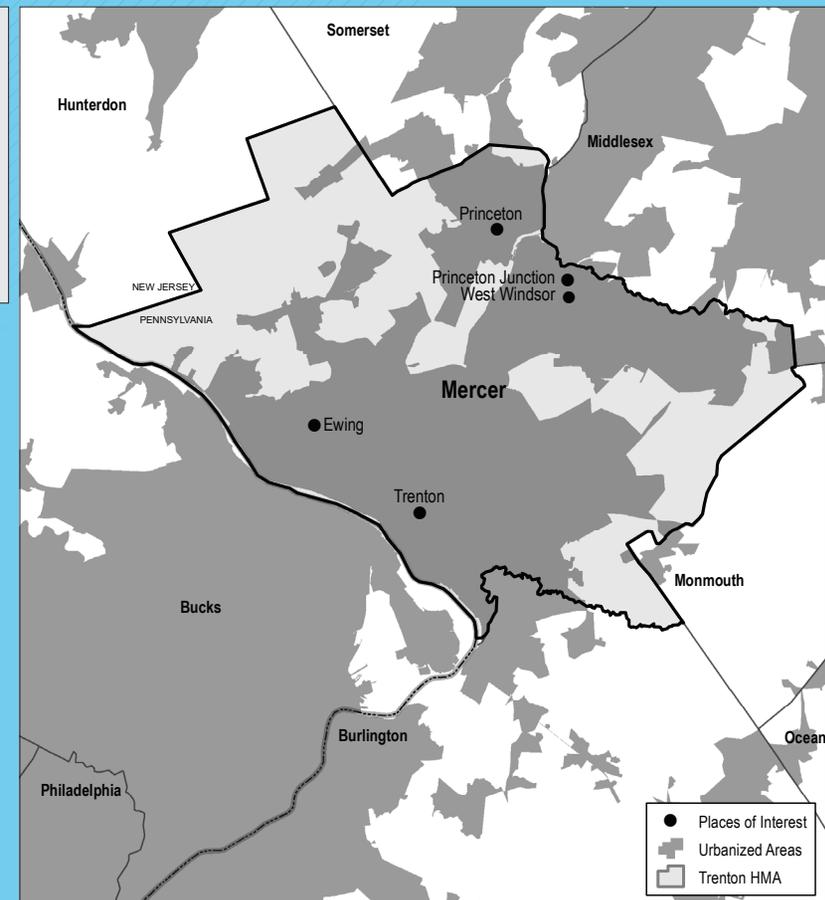


# Executive Summary

## Housing Market Area Description

The Trenton Housing Market Area (HMA) consists of Mercer County, in central New Jersey. The HMA is coterminous with the Trenton, NJ Metropolitan Statistical Area and is approximately 30 miles from Philadelphia and 50 miles from New York City. The transportation and utilities sector has been the fastest growing sector in the HMA since 2010; recent gains include Amazon.com, Inc., adding more than 4,000 jobs at fulfillment centers in the HMA since 2014.

The current population is estimated at 376,800.



## 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



Strong: with 8,100 jobs added during 2018.

Economic conditions in the Trenton HMA have strengthened since 2010, including accelerated job growth during the past 5 years. During 2018, nonfarm payrolls in the HMA increased by 8,100 jobs, or 3.0 percent, to 275,100 jobs. Nonfarm payrolls increased an average of 2.2 percent annually from 2013 through 2018, compared with an average 0.4-percent growth rate from 2010 through 2012. During the 3-year forecast period, nonfarm payrolls are expected to grow at an average annual pace of 2.1 percent annually, and growth is expected to be primarily concentrated in service-providing sectors.

### Sales Market



Balanced: with new and existing home sales increasing 6 percent during 2018, compared with 2017.

The sales market in the HMA is balanced, with an estimated sales vacancy rate of 1.5 percent, down slightly from 1.6 percent in 2010. During 2018, approximately 4,975 new and existing homes sold, representing an increase of 270 homes, or 6 percent, from 2017 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the next 3 years, demand is estimated for 1,775 new homes. The 50 homes under construction will satisfy a portion of this demand.

### Rental Market



Slightly soft: but improving, with the average rent during the fourth quarter of 2018 increasing 7 percent, compared with a year ago.

The rental housing market in the HMA is currently slightly soft, but conditions are improving. The overall rental vacancy rate is estimated at 8.0 percent, down from 8.6 percent in 2010. Conditions in the apartment market, however, are balanced. During the fourth quarter of 2018, the average apartment asking rent increased 7 percent, to \$1,639, compared with the fourth quarter of 2017 (RealPage, Inc.). During the forecast period, demand is estimated for 1,475 new rental units. The 450 units under construction will satisfy a portion of this demand.

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### 3-Year Housing Demand Forecast

	Sales Units	Rental Units
<b>Trenton HMA</b>		
Total Demand	1,775	1,475
Under Construction	50	450

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2019. The forecast period is January 1, 2019, to January 1, 2022.

Source: Estimates by the analyst



# Economic Conditions

Largest sector: Government

Nonfarm payrolls in the HMA increased during the past 8 years, and job growth during the past year was the strongest since 2000.

## Primary Local Economic Factors

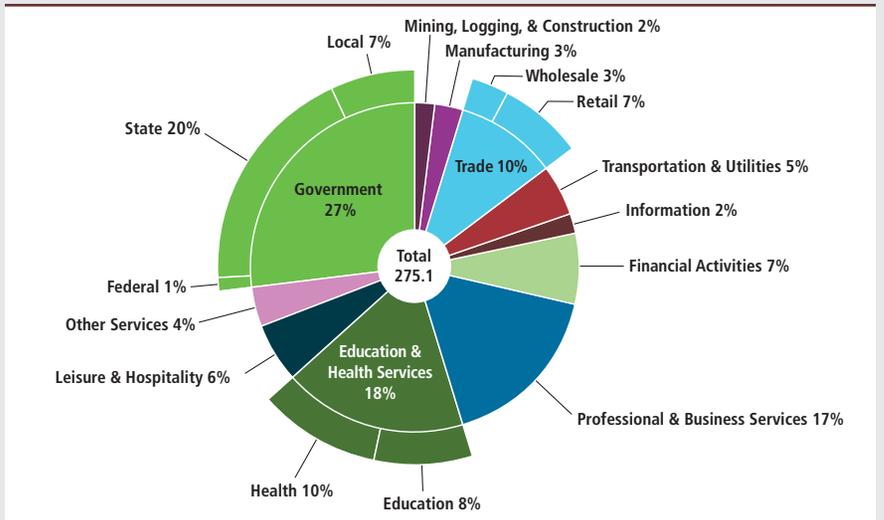
The Trenton HMA includes the city of Trenton, which is the state capital of New Jersey, and approximately 38 percent of all state government jobs are in the HMA. The HMA is also home to numerous institutions of higher learning including the public schools, The College of New Jersey [TCNJ], Thomas Edison State University, and Mercer County Community College, and the private schools, Princeton University and Rider University. Enrollment at these schools totals approximately 45,800 students but has declined an average of 2 percent annually since 2011 (National Center for Education Statistics).

## Economic Sectors of Significance

### Government

The government sector is the largest sector in the HMA, with approximately 27 percent of all nonfarm payrolls (Figure 1). The sector includes the State of New Jersey, which is the largest employer in the HMA, with 33,850 employees, excluding state-run hospitals and colleges and universities (Table 1). Since 2010, nonfarm payrolls in the sector have increased by an average of 600 jobs, or 0.8 percent, annually; all net gains were in the state government subsector, which was up by an average of 700 jobs, or 1.4 percent, annually. Growth in the government sector since 2010 was slower than from 2001 through 2009, when payrolls increased by an average of 1,500 jobs, or 2.4 percent, annually, in part because of state budget cuts that were made to reduce the state budget deficit.

Figure 1. Current Nonfarm Payroll Jobs in the Trenton HMA, by Sector



Notes: Numbers may not add to 100 percent due to rounding. Total number is in thousands. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Trenton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The State of New Jersey	Government	33,850
Bank of America Corporation	Financial Activities	10,000
Princeton University	Education & Health Services	6,000
Bristol-Myers Squibb Company	Professional & Business Services	6,000
Amazon.com, Inc.	Transportation & Utilities	4,100
Capital Health System	Education & Health Services	3,800
New Jersey Manufacturers Insurance Company	Financial Activities	2,550
Princeton Healthcare System	Education & Health Services	2,400
Educational Testing Service	Education & Health Services	2,275
Pharmanet Development Group, Inc.	Professional & Business Services	2,000

Notes: Excludes local school districts. Employment totals for The State of New Jersey exclude employment at state-run hospitals and colleges/universities. Sources: Economy.com; U.S. Bureau of Labor Statistics



## Transportation and Utilities

Since 2010, nonfarm payrolls have increased at the fastest pace in the transportation and utilities sector. During this period, payrolls in the sector increased an average of 11.3 percent, or by 900 jobs, annually. These gains are largely attributed to Amazon.com, Inc. opening a new fulfillment center in the HMA in 2014, resulting in approximately 3,000 new full-time jobs being added. In addition, during 2018, operations at the facility were expanded, and approximately 1,100 new part-time jobs were added.

## Education and Health Services

The education and health services sector is the second largest nonfarm payroll sector in the HMA and includes four of its nine largest employers. Since 2010, nonfarm payrolls in the sector have increased by an average of 500 jobs, or 1.1 percent, annually; all net gains were concentrated in the educational services industry, which was up by an average of 600 jobs, or 2.6 percent, annually. Payroll increases during this period were largely because of Princeton University increasing employment totals by an average of approximately 170 jobs annually.

## Economic Periods of Significance

### 2001 through 2008

Nonfarm payrolls in the HMA increased each year from 2001 through 2008 (Figure 2), and job growth outpaced the national rate. During the 8-year period, nonfarm payrolls in the HMA increased by an average of 3,300 jobs, or 1.4 percent, annually, compared with an average 0.5-percent growth rate nationwide. Job growth during this period was largely concentrated in the state government subsector, where nonfarm payrolls were up by an average of 1,500 jobs or 3.6 percent, annually. These gains were largely attributed to New Jersey building and expanding state-run healthcare facilities throughout the state. Between 2001 and 2008, state government payrolls in the healthcare and social assistance industry more than quadrupled, from 2,600 in 2001 to 10,800 in 2008 (Quarterly Census of Employment and Wages).

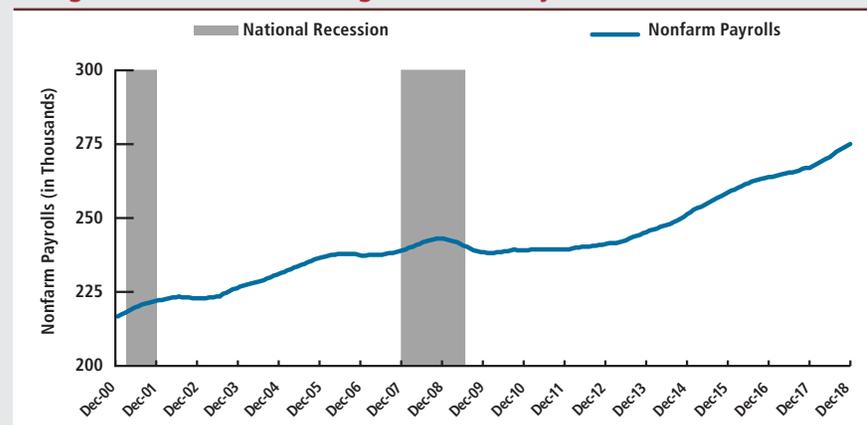
### 2009

Similar to the rest of the nation, nonfarm payrolls in the HMA declined during 2009, but the losses were not as severe as those of the nation as a whole. During 2009, payrolls in the HMA declined by 4,600 jobs, or 1.9 percent, compared with a 4.3-percent decrease nationwide. Losses in the HMA were largest in the professional and business services, the financial activities, and the wholesale and retail trade sectors, which declined by an average of 2,000, 1,000, and 1,000 jobs, or 5.3, 6.0, and 3.8 percent, respectively. Approximately 60 percent of the losses in the professional and business services sector were in the administrative and support and waste management and remediation services industry, which was down by 1,200 jobs, or 10.6 percent. The decline in the financial activities sector was partially attributed to Princeton Financial Systems laying off approximately 80 workers.

### 2010 through 2012

Economic conditions in the HMA improved from 2010 through 2012, albeit at a slow pace. During the 3-year period, nonfarm payrolls increased by an average of 1,000 jobs, or 0.4 percent. Gains were largest in the professional and business

Figure 2. 12-Month Average Nonfarm Payrolls in the Trenton HMA



Note: 12-month moving averages.  
Source: U.S. Bureau of Labor Statistics

services and the education and health services sectors, which annually increased by an average of 700 and 600 jobs, or 2.0 and 1.3 percent, respectively. Partially offsetting these gains were losses in the government, the mining, logging, and construction, and the manufacturing sectors, which declined annually by an average of 400, 200, and 200 jobs, or 0.5, 3.1, and 2.3 percent, respectively. In the government sector, the city of Trenton laid off approximately 150 city employees during 2011 to reduce the city's budget deficit.

### 2013 through 2017

Job growth accelerated from 2013 through 2017; nonfarm payrolls were up by an average of 5,100 jobs, or 2.0 percent, annually. Approximately two-thirds of the net job growth was in the transportation and utilities, the government, and the professional and business services sectors, which increased by an average of 1,200, 1,100, and 1,000 jobs, or 16.4, 1.5, and 2.6 percent, respectively. Gains in the transportation and utilities sector were largely because of the Amazon.com, Inc. fulfillment center opening in 2014. In the professional and business services sector, approximately 70 new jobs were added during 2014 when Sandoz Inc., a generic pharmaceutical manufacturer, expanded its U.S. corporate headquarters.

## Current Conditions—Nonfarm Payrolls

Economic conditions have continued to improve during the past year, and payrolls have increased at the fastest pace since 2000. During 2018, nonfarm payrolls increased by 8,100 jobs, or 3.0 percent (Table 2). Job additions were largest in the professional and business services and the transportation and utilities sectors, which increased by 3,000 and 1,700 jobs, or 7.0 and 15.3 percent, respectively. More than 55 percent of the gains in the professional and business services sector were in the professional, scientific,

and technical services industry, which added 1,700 jobs, or 7.1 percent. In addition to the 1,100 new jobs added at the Amazon.com, Inc. fulfillment center, gains in the transportation and utilities sector included Federal Express opening a new distribution center in mid-2017, resulting in approximately 280 new jobs.

**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Trenton HMA, by Sector**

	12 Months Ending December 2017	12 Months Ending December 2018	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	267.0	275.1	8.1	3.0
<b>Goods-Producing Sectors</b>	13.6	14.3	0.7	5.1
Mining, Logging, & Construction	5.2	5.5	0.3	5.8
Manufacturing	8.4	8.8	0.4	4.8
<b>Service-Providing Sectors</b>	253.4	260.8	7.4	2.9
Wholesale & Retail Trade	27.7	27.9	0.2	0.7
Transportation & Utilities	11.1	12.8	1.7	15.3
Information	5.2	5.1	-0.1	-1.9
Financial Activities	18.7	18.9	0.2	1.1
Professional & Business Services	43.0	46.0	3.0	7.0
Education & Health Services	47.9	48.5	0.6	1.3
Leisure & Hospitality	15.9	16.4	0.5	3.1
Other Services	10.3	10.6	0.3	2.9
Government	73.6	74.6	1.0	1.4

Notes: Based on 12-month averages through December 2017 and December 2018. Numbers may not add to totals due to rounding. Total number is in thousands.  
Source: U.S. Bureau of Labor Statistics

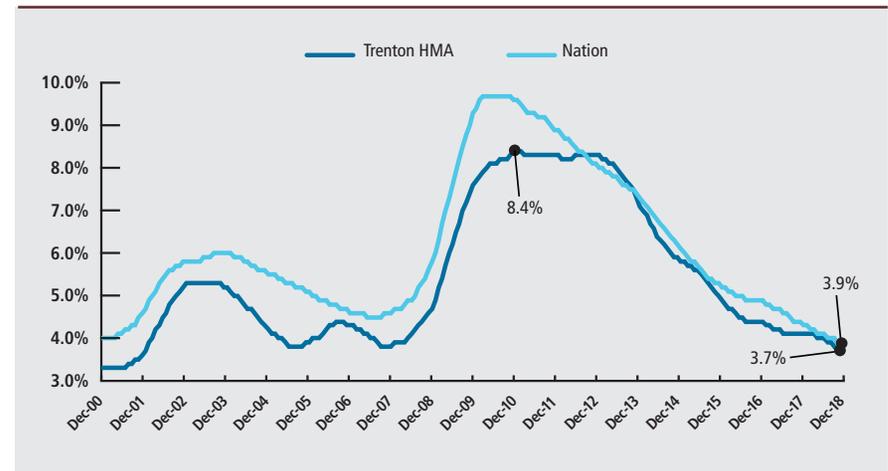
## Current Conditions—Unemployment

During 2018, the unemployment rate in the HMA averaged 3.7 percent, down from 4.1 percent during 2017 and from the 8.4-percent rate during 2010 (Figure 3). The current rate is lower than the statewide and nationwide rates of 4.2 and 3.9 percent, respectively.

## Employment Forecast

During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 5,775 jobs, or 2.1 percent, annually, and growth is expected to be relatively steady during all 3 years. Gains are anticipated to continue to be primarily concentrated throughout multiple service-providing sectors, although no large-scale job additions are anticipated. Expected gains include approximately 30 new jobs added at Trenton Water Works in early 2019. In the government sector, Mercer County Community College is expected to add an unspecified number of new jobs during 2019 to accommodate increased enrollment resulting from a state government program that provides free tuition to low-income households.

Figure 3. 12-Month Average Unemployment Rate in the Trenton HMA and the Nation



Note: Based on 12-month averages.  
Source: U.S. Bureau of Labor Statistics

# Population and Households

Current population: 376,800

Recent population growth in the HMA has been slow, in part, because of net out-migration since 2013.

## Population Trends

As of January 1, 2019, the estimated population of the Trenton HMA is 376,800, representing an average increase of 1,175, or 0.3 percent, annually since April 2010 (Table 3). From 2000 to 2004, the population increased by an average of 2,450, or 0.7 percent, annually (Figure 4; Census Bureau decennial census count and population estimates as of July 1). Population growth during this period was because of a combination of net natural increase (resident births minus resident deaths), which averaged 1,725 people annually, and

net in-migration, which averaged 750 people annually. From 2004 through 2009, population growth slowed to an average of 830 people, or 0.2 percent, annually because of net out-migration, which averaged 970 people annually. The net out-migration was largely into nearby counties in Pennsylvania, especially into Bucks County, and was partially attributed to high property tax rates in the HMA. On average, 2.02 percent of the assessed value of a property is collected as property tax in the HMA, compared with 1.27 percent of the assessed value in Bucks County ([Tax-Rates.org](http://Tax-Rates.org)). The trend of out-migration reversed from 2009 to 2013 because declining home prices made it difficult for residents to sell their homes and relocate. During the 4-year period, there was net in-migration, which averaged 200 people annually, and population growth increased to an average of 1,725 people, or 0.5 percent annually. Improving economic conditions and rising housing prices, however, have resulted in net out-migration since 2013, averaging 380 people annually, and population growth has slowed to an average of 820 people, or 0.2 percent annually.

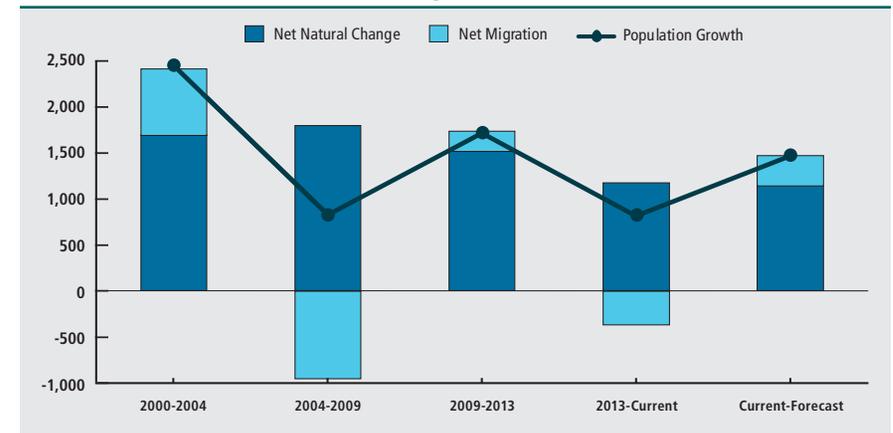
**Table 3. Trenton HMA Quick Facts**

	2010	Current	Forecast	
<b>Population Quick Facts</b>	<b>Population</b>	366,513	376,800	381,300
	Average Annual Change	1,575	1,175	1,475
	Percentage Change	0.4%	0.3%	0.4%
<b>Household Quick Facts</b>	<b>Households</b>	133,155	137,800	140,100
	Average Annual Change	730	540	750
	Percentage Change	0.6%	0.4%	0.5%

Note: Average annual changes and percentage changes are based on averages from 2000–2010, 2010 to current, and current to forecast.

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

**Figure 4. Components of Population Change in the Trenton HMA, 2000 Through the Forecast**



Note: Net natural change and net migration totals are average annual totals over the time period. Source: U.S. Census Bureau



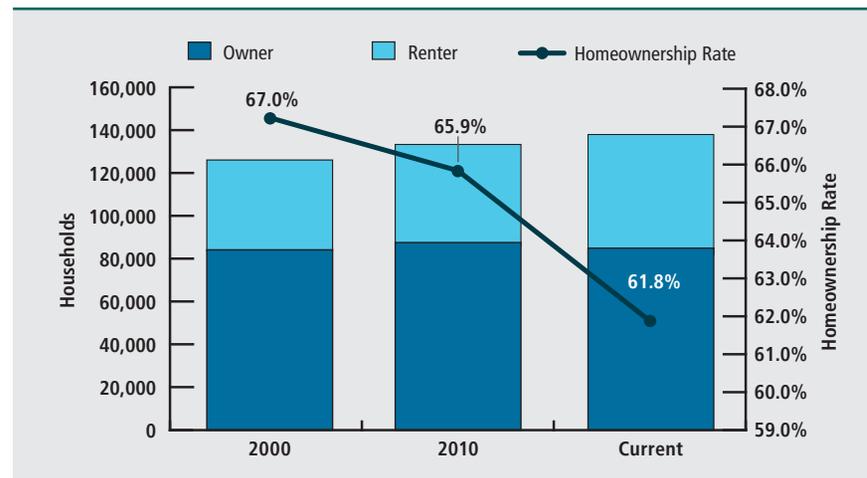
## Household Trends

An estimated 137,800 households currently reside in the Trenton HMA, 61.8 percent of whom are owners (Figure 5). Since 2010, the number of households has increased by an average of 540, or 0.4 percent annually, compared with an average increase of 730, or 0.6 percent annually from 2000 to 2010. Since 2010, renter household growth accounted for all net household growth, which is attributed to more young professionals choosing to rent rather than own because of high home sales prices and tighter lending standards. The number of renter households since 2010 has increased by an average of 820, or 1.7 percent annually. By comparison, the number of owner households during the same period has declined by an average of 290, or 0.3 percent annually.

## Forecast

During the 3-year forecast period, steadily improving economic conditions are expected to contribute to slight net in-migration into the HMA, which is estimated to average 330 people annually. As a result, the population is expected to increase by an average of 1,475, or 0.4 percent, a year, reaching approximately 381,300 by January 1, 2022. Households are estimated to increase during the forecast period by an average of 750, or 0.5 percent, annually, reaching 140,100 households.

Figure 5. Households by Tenure and Homeownership Rate in the Trenton HMA



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

# Home Sales Market Conditions

## Market Conditions: Balanced

Sales housing market conditions in the Trenton HMA have been balanced since 2009.

## Current Conditions

Since 2010, conditions have remained balanced, despite stronger population growth, because of increased foreclosure resolution sales. The current vacancy rate is estimated at 1.5 percent, down slightly from the 1.6-percent rates in 2010 and 2000 (Table 4). During 2018, the HMA had 4.1 months of available new and existing inventory, down slightly from 4.2 months of inventory during 2017 (New Jersey Association of Realtors®). Sales market conditions in the HMA were balanced in 2000 but transitioned to tight from 2000 through 2004 because of net in-migration and strong demand for owner units because of lenient borrowing requirements. Conditions transitioned back into balance from 2004 through 2009 because of strong net out-migration. Since 2010, conditions have remained balanced, despite stronger population growth, because of limited single-family construction activity.

**Table 4. Home Sales Quick Facts in the Trenton HMA**

	Trenton HMA	Nation
<b>Vacancy Rate</b>	1.5%	NA
<b>Months of Inventory</b>	4.1	3.2
<b>Total Home Sales</b>	4,975	6,067,000
1-Year Change	5.8%	-2.4%
<b>Average Price–New</b>	\$487,600	\$379,300
1-Year Change	8.7%	1.5%
<b>Average Price–Existing</b>	\$302,600	\$286,500
1-Year Change	0.0%	5.1%
<b>Mortgage Delinquency Rate</b>	2.9%	1.7%

NA = data not available.

Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2018; and months of inventory and mortgage delinquency data are as of December 2018.

Sources: Metrostudy, A Hanley Wood Company, with adjustments by the analyst; CoreLogic, Inc.; New Jersey Association of Realtors®

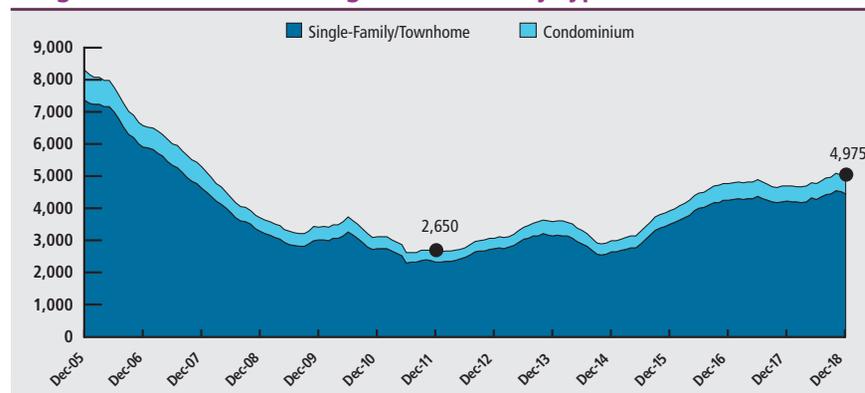
## REO Properties and Delinquent Mortgages

In December 2018, 2.9 percent of home loans in the Trenton HMA were seriously delinquent or had transitioned into real estate owned (REO) status, down from 4.5 percent in December 2017 and a peak of 11.1 percent in March 2013 (CoreLogic, Inc.). The current rate is the same as the statewide rate but higher than the 1.7-percent national rate. The rate of seriously delinquent loans and REO properties in the HMA and New Jersey as a whole have remained elevated relative to the nation because New Jersey is a judicial foreclosure state, where the average length of the foreclosure process is longer than in states where a nonjudicial foreclosure process exists.

## Single-Family Home and Townhome Sales

Sales of single-family homes and townhomes in the HMA have increased during the past 7 years in response to steadily improving economic conditions. During 2018, approximately 4,450 new and existing single-family homes and townhomes sold, up 5 percent compared with the number of homes sold during 2017 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Sales activity increased an average of 10 percent annually during the past 7 years, compared with an average decline of 17 percent annually from 2006 through 2011. Figure 6 shows the 12-month average sales totals by sales type

**Figure 6. 12-Month Average Total Sales by Type in the Trenton HMA**

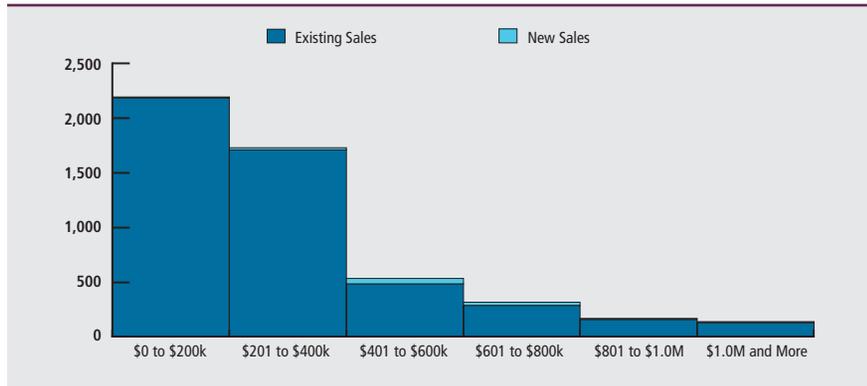


Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



in the HMA since 2005, and Figure 7 shows the number of new and existing home sales by price range during 2018.

**Figure 7. Sales by Price Range During the 12 Months Ending December 2018 in the Trenton HMA**



Source: Metrostudy, A Hanley Wood Company

## Condominium Sales

Sales of new and existing condominium units increased during the past year and in 5 of the past 7 years. During 2018, approximately 530 new and existing condominium units sold, representing an increase of 40 units, or 8 percent, compared with the number of units sold during 2017 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Condominium sales increased an average of 7 percent annually during the past 7 years, and the current level of sales is up 66 percent compared with the 320 units sold during 2011. Sales activity, however, is still down 44 percent compared with the 940 condominium units sold during 2005, when the housing market was tight.

## Home Sales Prices

The average sales price of existing homes sold decreased or was relatively unchanged during each of the past 4 years because lower priced REO sales

made up a relatively large portion of all home sales. Since 2015, nearly 17 percent of all existing home sales were REO sales, compared with 10 percent of existing home sales from 2009 through 2014 and less than 3 percent of existing home sales from 2005 through 2008 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During 2018, the average sales price of existing homes was relatively unchanged, at \$302,600 (Figure 8). By comparison, from 2015 through 2017, the average sales price declined an average of 4 percent annually. The average existing home sales price in 2018 was down 11 percent from the 10-year peak price of \$338,600 during 2014. For new homes, the average sales price increased 9 percent, to \$487,600, in 2018, compared with 2017. The price in 2018 was up 27 percent compared with the average price of \$383,900 during 2012 but was still down 5 percent compared with the all-time high price of \$515,500 during 2008.

**Figure 8. 12-Month Average Sales Price by Type of Sale in the Trenton HMA**



Sources: Metrostudy, A Hanley Wood Company; with adjustments by the analyst

## Sales Construction Activity

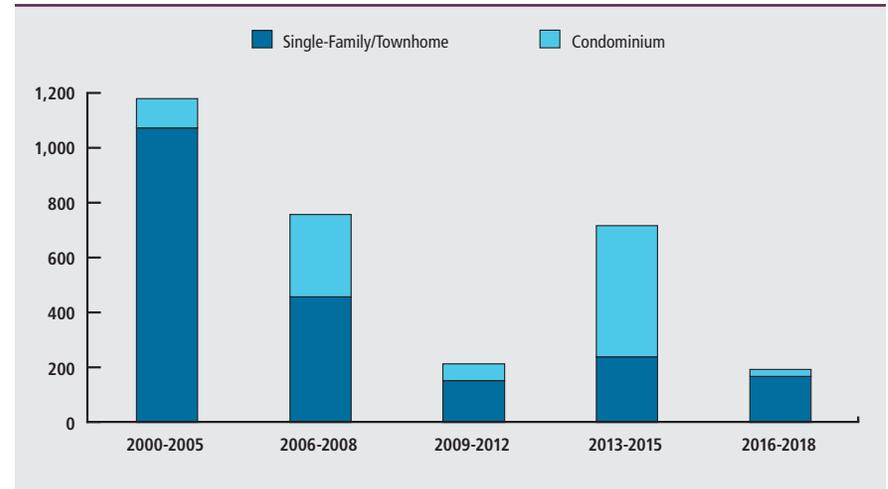
Sales construction activity, as measured by the number of single-family homes, townhomes, and condominium units permitted, has been limited during the

past 3 years; construction levels remain well below those from the early-to-mid-2000s, when home sales activity was at its highest level. From 2000 through 2005, an average of 1,175 sales units were permitted annually (Figure 9). In response to declining home sales activity, construction declined to an average of 760 units permitted from 2006 to 2008 and to an average of 210 units permitted annually from 2009 through 2012. Sales permitting activity increased to an average of 720 units permitted annually from 2013 through 2015, but the increase was largely from strong condominium construction activity. During the 3-year period, an average of 480 condominium units were permitted annually, compared with an average of 140 units permitted annually from 2000 through 2012. The construction of new condominium units has subsided since 2016, causing total sales permitting activity to decrease to an average of 190 units permitted annually. During the 12 months ending December 2018, approximately 190 sales units were permitted, up 3 percent compared with the previous 12-month period (preliminary data with adjustments by the analyst).

## New Construction

Recent construction activity includes Stonegate at Braeburn, which is a single-family home community that is currently under construction in Ewing Township. Approximately one-fourth of the 28 homes planned at buildout have been completed or began construction during 2018, and the remaining homes are expected to be built during the next 2 years. All homes will have four bedrooms and two-and-one-half bathrooms, with prices ranging from \$381,900 to \$445,900. Enclave at Princeton Junction is a townhome community in the census-designated place of Princeton Junction in West Windsor Township that began construction in early 2018. More than 70 percent of the 51 planned homes at buildout are currently being built, with construction on the remaining homes expected to begin during 2019. Prices for these newly constructed three-bedroom townhomes start at approximately \$797,900.

Figure 9. Average Annual Sales Permitting Activity in the Trenton HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and estimates by the analyst

## Forecast

During the 3-year forecast period, demand is estimated for 1,775 new single-family homes, townhomes, and condominiums in the HMA (Table 5). The 50 homes under construction will satisfy some of this demand. Demand is expected to slightly increase each year because of improving economic conditions.

Table 5. Demand for New Sales Construction Units in the Trenton HMA, During the Forecast Period

Sales Units	
<b>Demand</b>	1,775 Units
<b>Under Construction</b>	50 Units

Source: Estimates by the analyst

# Rental Market Conditions

**Market Conditions:** Slightly soft, but improving

Conditions in the overall rental market are slightly soft, but apartment market conditions are balanced.

## Current Conditions and Recent Trends

The rental housing market, including apartment units and single-family homes for rent, in the Trenton HMA is currently slightly soft. In 2017, approximately 51 percent of all rental units were in structures with four or fewer units, up from 47 percent in 2010 (ACS 1-year data). The overall rental vacancy rate is estimated at 8.0 percent, down from 8.6 percent in 2010 (Table 6). Rental market conditions were balanced from 2000 through 2004 but transitioned to soft from 2005 through 2010 because of steady net out-migration. Since 2011, conditions have slowly improved to slightly soft because of higher demand for rental units in response to young professionals choosing to rent as opposed to purchasing homes because of the elevated home sales prices in the HMA.

Conditions in the apartment market are balanced, unchanged compared with conditions in 2010. During the fourth quarter of 2018, the apartment vacancy rate in the HMA was 3.8 percent, little changed compared with the 3.7-percent rate during the same period a year earlier (Figure 10; RealPage, Inc.). The apartment vacancy rate has not exceeded 4.6 percent since the fourth quarter of 2010 because of strong demand for new apartment units, especially those located near transit stations. During the fourth quarter of 2018, the vacancy rates in the Trenton/Ewing and North Mercer County RealPage, Inc.-defined market areas were 3.6 and 4.0 percent, respectively. During the fourth quarter of 2018, the average rent in the HMA was \$1,639, up 7 percent compared with the fourth quarter of 2017. Rents were higher in the North Mercer County market area, which includes the boroughs of Princeton and West Windsor, at \$1,968, but the average rent increased at a faster pace in the Trenton/Ewing market area, at 11 percent.

**Table 6. Rental and Apartment Market Quick Facts in the Trenton HMA**

Rental Market Quick Facts	2010	Current	
	Rental Vacancy Rate	8.6%	8.0%
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	29%	36%
	Multifamily (2-4 Units)	18%	15%
Multifamily (5+ Units)	53%	49%	
Other (Including Mobile Homes)	0%	0%	

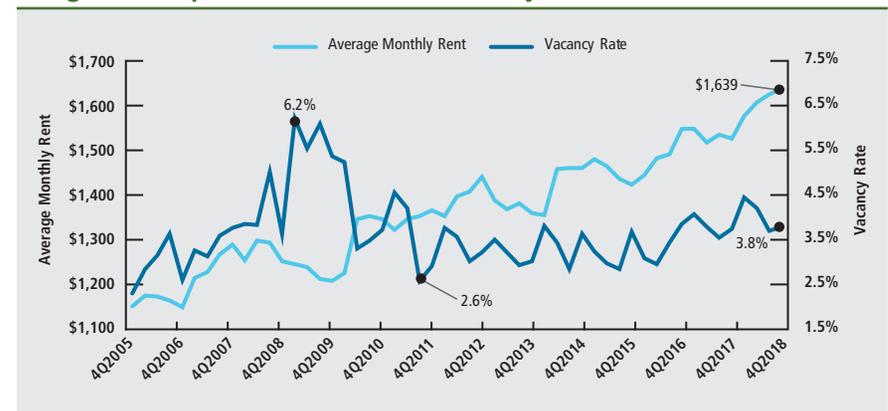
Apartment Market Quick Facts	Current	YoY Change
	Apartment Vacancy Rate	3.8%
Average Rent	\$1,639	7%

YoY = year-over-year.

Notes: The current date is January 1, 2019. Current data for "rental units by structure" is American Community Survey, 2017 1-year data; Apartment data is RealPage, Inc.

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

**Figure 10. Apartment Rents and Vacancy Rates in the Trenton HMA**



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



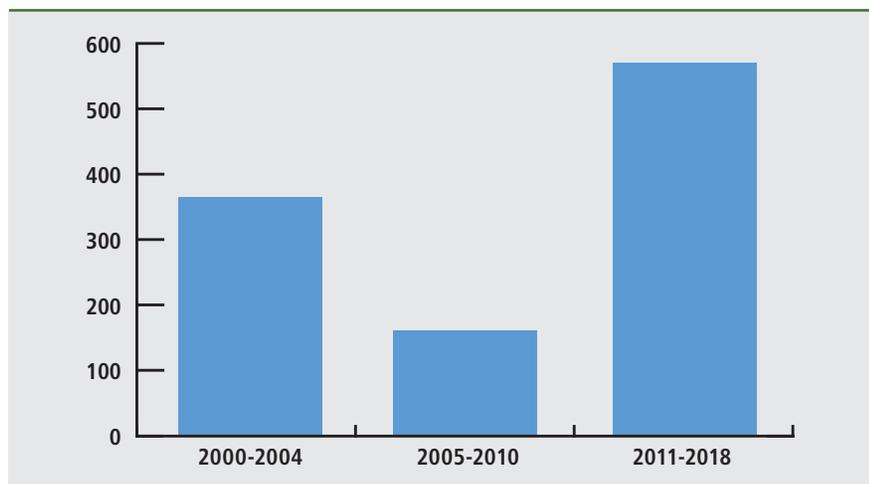
## Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, has been strong since 2011 in response to newly constructed apartment units being absorbed at a rapid pace. An average of 360 rental units was permitted annually from 2000 through 2004, but construction activity declined to an average of 160 units permitted annually from 2005 through 2010 in response to net out-migration (Figure 11). Since 2011, however, rental building activity has increased to an average of 570 units permitted annually. During the 12 months ending December 2018, approximately 500 rental units were permitted, down 27 percent compared with the previous 12-month period (preliminary data, with adjustments by the analyst).

## New Construction

Recent construction activity includes the 232-unit Parc at Princeton Junction, which was completed in late 2018. Rents for these newly constructed one- and two-

**Figure 11. Average Annual Rental Permitting Activity in the Trenton HMA**



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and estimates by the analyst

bedroom units start at \$2,050 and \$2,500, respectively. The construction of Greene 750 at Bear Tavern, which is a 312-unit apartment community in the township of Ewing, was completed in 2018. Rents for the one- and two-bedroom units at this community start at \$1,625 and \$2,000, respectively. In the city of Trenton, the 138-unit Roebling Lofts was completed in late 2017. Rents at this community range from \$1,400 to \$1,525 for the one-bedroom units and from \$1,750 to \$2,000 for the two-bedroom units.

## Student Housing

The HMA is home to three colleges and universities that house students: Princeton University, TCNJ, and Rider University. The total enrollment at these schools is approximately 20,900; enrollment is estimated to have remained relatively unchanged since 2010. Approximately 64 percent of the students enrolled at these colleges and universities are housed in on-campus dormitories. Of the remaining students, an estimated 90 percent reside within the HMA, and student households account for approximately 4 percent of all renter households. TCNJ completed a new dormitory during 2016, which houses nearly 170 students. No additional student housing is currently planned at any of the schools in the HMA.

## Forecast

During the 3-year forecast period, demand is estimated for 1,475 new rental units in the HMA (Table 7). The 450 units under construction will satisfy some of this demand. Demand is expected to be relatively steady throughout the forecast period, but new supply should be targeted to become available during the second and third years because the units under construction will satisfy most demand during the first year.

**Table 7. Demand for New Rental Construction Units in the Trenton HMA During the Forecast Period**

Rental Units	
Demand	1,475 Units
Under Construction	450 Units

Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

<b>Demand</b>	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.
<b>Other Vacant Units</b>	In this 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.
<b>Building Permits</b>	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.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.

<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Forecast Period</b>	1/1/2019–1/1/2022—Estimates by the analyst

## 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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau's 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.	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.
2.	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.
Photo 1	iStock – Christopher Boswell

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