Quick Facts About Atlantic City-Hammonton

- Current sales market conditions: soft.
- Current rental market conditions: balanced.
- The Atlantic City metropolitan area is home to the Atlantic City Boardwalk, which was first built in 1870, and the Miss America pageant, which was first held in 1921.

Overview

The Atlantic City-Hammonton (hereafter, Atlantic City) metropolitan area is coterminous with Atlantic County in New Jersey. The metropolitan area is located along the Jersey Shore, approximately 130 miles south of New York City and 60 miles southeast of Philadelphia. It is home to nine casino hotels in Atlantic City, the second largest casino destination in the nation, and the beach cities of Brigantine, Margate, and Ventnor. The economic impact of tourism in the metropolitan area was nearly $6.98 billion in 2017, a 1.7-percent increase from $6.86 billion in 2016 (Tourism Economics).

- As of May 1, 2018, the population of the metropolitan area is estimated at 269,000, reflecting an average annual decrease of 1,400, or 0.5 percent, since 2013 (U.S. Census Bureau population estimates as of July 1). The population declined because net out-migration rose by an average of 1,675 people annually since 2013, partly because of accelerated job losses from the closure of five casinos.
- From 2010 to 2013, the population grew by an average of 400, or 0.1 percent, annually, because net natural increase (resident births minus resident deaths), averaging 780 people a year, more than offset net out-migration, averaging 380 people annually.
- Nearly all municipalities in the metropolitan area declined in population since 2013, however, recent growth has occurred in the city of Pleasantville, where the population grew an average of 1.2 percent from 2016 to 2017, primarily because of the construction of new subsidized and income-restricted apartments that have attracted residents to the city.
Nonfarm payrolls increased in 6 of 11 sectors in the Atlantic City area, led by job gains in the leisure and hospitality sector.

<table>
<thead>
<tr>
<th>Sector</th>
<th>April 2017 (thousands)</th>
<th>April 2018 (thousands)</th>
<th>Absolute (thousands)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total nonfarm payrolls</td>
<td>125.1</td>
<td>128.3</td>
<td>3.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Goods-producing sectors</td>
<td>7.1</td>
<td>7.9</td>
<td>0.8</td>
<td>11.3</td>
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<tr>
<td>Mining, logging, and construction</td>
<td>5.0</td>
<td>5.7</td>
<td>0.7</td>
<td>14.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.0</td>
<td>2.2</td>
<td>0.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Service-providing sectors</td>
<td>118.0</td>
<td>120.4</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>17.9</td>
<td>18.3</td>
<td>0.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Transportation and utilities</td>
<td>3.1</td>
<td>3.0</td>
<td>– 0.1</td>
<td>– 3.2</td>
</tr>
<tr>
<td>Information</td>
<td>0.8</td>
<td>0.7</td>
<td>– 0.1</td>
<td>– 12.5</td>
</tr>
<tr>
<td>Financial activities</td>
<td>3.8</td>
<td>3.7</td>
<td>– 0.1</td>
<td>– 2.6</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>10.1</td>
<td>10.6</td>
<td>0.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Education and health services</td>
<td>20.6</td>
<td>21.4</td>
<td>0.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>34.0</td>
<td>34.9</td>
<td>0.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Other services</td>
<td>5.5</td>
<td>5.4</td>
<td>– 0.1</td>
<td>– 1.8</td>
</tr>
<tr>
<td>Government</td>
<td>22.4</td>
<td>22.3</td>
<td>– 0.1</td>
<td>– 0.4</td>
</tr>
</tbody>
</table>

Unemployment rate

7.7 (percent) 6.9 (percent)

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Atlantic City metropolitan area generally declined from 2006 through 2017, largely because of the effects of the recession during the late 2000s and several casino closures. From 2006 through 2015, total nonfarm payrolls decreased by an average of 2,700 jobs, or 1.9 percent, annually. Job losses in the leisure and hospitality sector accounted for 85 percent of all job losses during the period, falling by an average of 2,300 jobs, or 4.7 percent, a year, including the loss of more than 8,000 jobs from the closure of four casino hotels during 2014. Overall payroll declines slowed from 2016 through 2017, however, to 500 jobs, or 0.4 percent, annually. Despite the closure of one casino hotel during 2016, leading to a loss of nearly 3,000 jobs, job losses slowed because of greater growth in the education and health services sector.

During the 3 months ending April 2018—

- Nonfarm payrolls averaged 128,300, an increase of 3,200 jobs, or 2.6 percent, from the same 3-month period in 2017. By comparison, nonfarm payrolls rose 1.6 percent nationally and 1.5 percent in New Jersey during the period.
- The education and health services sector increased by 800 jobs, or 3.9 percent, from the same period a year earlier. Job growth in the sector was nearly double the annual average from 2011

The rate of nonfarm payroll growth in the Atlantic City area outpaced the rates in the region and the nation during the 3 months ending April 2018, following 5 years of slower growth. The rate of nonfarm payroll growth in the Atlantic City area outpaced the rates in the region and the nation during the 3 months ending April 2018, following 5 years of slower growth.

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Largest employers in the Atlantic City area

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Nonfarm Payroll Sector</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borgata Hotel Casino &amp; Spa</td>
<td>Leisure and hospitality</td>
<td>6,165</td>
</tr>
<tr>
<td>Bally's Atlantic City</td>
<td>Leisure and hospitality</td>
<td>5,300</td>
</tr>
<tr>
<td>Federal Aviation Administration</td>
<td>Government</td>
<td>3,500</td>
</tr>
</tbody>
</table>

Note: Excludes local school districts.
Source: Moody’s Analytics
through 2016, when payrolls rose by 400 jobs, or 2.0 percent, annually, partly because the $62.5 million expansion of the AtlantiCare Regional Medical Center, Mainland Campus, opened in 2015.

• The fastest growing employment sector was the mining, logging, and construction sector, which increased by 700 jobs, or 14.0 percent, from a year earlier. The construction of several new facilities by Stockton University contributed to the increase, including the $220 million campus in Atlantic City, the $17.2 million National Aviation Research and Technology Park, and the $48 million academic quad expansion on the Stockton University main campus.

• The unemployment rate was 6.9 percent, down from 7.7 percent from a year ago and a recent high of 13.1 percent during the 3 months ending April 2011. Job gains were largest in the leisure and hospitality sector, the largest employment sector in the metropolitan area, accounting for 27 percent of all nonfarm payrolls during the 3 months ending April 2018. Jobs in the sector rose by 900, or 2.6 percent, from a year earlier. The gains in the sector occurred because of initial hiring at two new casinos, the Hard Rock Hotel and Casino Atlantic City and the Ocean Resort Casino, which plan to open in late June 2018 and are expected to create more than 6,000 jobs in the metropolitan area once fully operational.

Sales Market Conditions

The sales housing market in the Atlantic City metropolitan area is currently soft, with an estimated sales vacancy rate of 3.0 percent, up from 2.6 percent in April 2010. The rise in vacancy rate reflects the job losses in the metropolitan area since 2010 and subsequent rise in net out-migration. During April 2018, the supply of single-family homes in the metropolitan area averaged 9.7 months, and townhomes and condominiums had an average 10.7-month supply, down from 12.4 and 12.8 months, respectively, during April 2017 (New Jersey Realtors®). During April 2018, 6.1 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 8.7 percent a year earlier but among the 10 highest rates in metropolitan areas in the nation (CoreLogic, Inc.). By comparison, nearly 3.5 percent of home loans in New Jersey and 2.1 percent of home loans nationally were seriously delinquent or had transitioned into REO status during April 2018. The percentage of seriously delinquent home loans and REO properties in the metropolitan area reached a high of 16.7 percent during January 2013 compared with a peak of 11.8 percent in New Jersey during January 2013 and 8.6 percent in the nation during February 2010.

The average sales price of new homes increased during the past 2 years in the Atlantic City area, and the average sales price of existing homes has fallen each year since 2014.

Sales of new homes fell during past 12 months in the Atlantic City area after increasing rapidly a year earlier, and existing home sales have increased annually since 2012.

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Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst.
During the 12 months ending April 2018—

- Existing home sales totaled 6,475, a 16-percent increase from the 12 months ending April 2017 (CoreLogic, Inc.). Since reaching a recent low of 3,000 during the 12 months ending April 2011, existing home sales have increased an average of 14 percent annually, in part, because of a rise in REO sales and investor purchases for seasonal and rental use.

- The average price for an existing home was $190,200, nearly unchanged from a year ago. The average price of an existing home fell an average of 4 percent annually from an average price of $258,200 during the 12 months ending April 2011, largely because of an increase in REO sales.

- REO sales totaled 1,350, a 7-percent increase from a year ago, while the average price of REO sales was $90,300, up 1 percent from a year earlier. The average price of REO sales has fallen 36 percent since the 12 months ending April 2011, when REO sales totaled 380.

- New home sales (including single-family homes, townhomes, and condominiums) totaled 190, down 31 percent from 270 during the same period in 2017. The average sales price of a new home was $369,000, a 1-percent increase from a year earlier and up an average of 3 percent annually since the 12 months ending April 2011. New home prices rose because of an increase in the sale of luxury seasonal homes at the beaches of Brigantine, Longport, and Margate.

Since 2009, the rate of seriously delinquent mortgages and REO properties in the Atlantic City area has been significantly higher than the national and New Jersey rates.

Single-family home construction, as measured by the number of single-family homes permitted, decreased an average of 6 percent annually from 2013 through 2017, when net out-migration started to accelerate. In contrast, from 2011 through 2013, a period of moderate economic growth because of the opening of a new casino, the number of single-family homes permitted rose 9 percent a year from 340 in 2011 to nearly 400 homes by 2013.

- During the 12 months ending April 2018, 290 single-family homes were permitted, a 5-percent increase from 280 homes permitted during the 12 months ending April 2017 (preliminary data).

- Since 2013, 19 percent of single-family home construction has been in the city of Margate because of an increase in new homes built for seasonal use and the rebuilding of homes following Superstorm Sandy that made landfall in 2012. By comparison, from 2010 through 2012, 12 percent of single-family home construction in the metropolitan area occurred in the city of Margate.

- Nearly 15 percent of single-family home construction since 2013 has occurred in Egg Harbor Township, the most populous municipality in the metropolitan area. Recent construction during the 12 months ending April 2018 included nine two-bedroom, age-restricted single-family homes at The Village Grande at English Mill, ranging in price from $244,400 to $285,400. More than 90 percent of the nearly 400 homes planned at buildout have been completed and sold since construction began in 2006.

Single-family homes permitted in the Atlantic City area averaged 360 annually from 2011 through 2017 and was below the 2009 and 2010 levels.

Note: Includes preliminary data from January 2018 through April 2018.
Source: U.S. Census Bureau, Building Permits Survey
Rental Market Conditions

Rental housing market conditions in the Atlantic City metropolitan area have stabilized from previously soft conditions in 2010. The change in conditions occurred, because the weakened economy and foreclosure crisis in the metropolitan area increased demand for apartments and single-family homes for rent.

- The overall rental housing market in the metropolitan area is balanced, with an estimated vacancy rate (including apartments, single-family homes, and mobile homes) of 7.5 percent as of May 1, 2018, down from 9.6 percent in April 2010.
- The apartment market is also balanced. In the Reis, Inc.-defined Atlantic-Cape market area, where 90 percent of apartments surveyed are in the metropolitan area and the remaining 10 percent are in Cape May County, the apartment vacancy rate was 2.9 percent during the first quarter of 2018, down from 4.2 percent a year earlier (Reis, Inc.).
- The apartment vacancy rate averaged 6.7 percent from the first quarter of 2014 through the first quarter of 2016, when job losses proliferated in the metropolitan area. By comparison, the recent decline in apartment vacancy rate reflects the rise in demand for apartments, despite significant increases in apartment construction.
- The average asking rent for apartments in the metropolitan area was $1,047 during the first quarter of 2018, up 1 percent from $1,032 during the first quarter of 2017. By comparison, from the first quarter of 2014 to the first quarter of 2017, the average asking rent increased an average of 2 percent a year.

Multifamily construction activity, as measured by the number of units permitted, averaged 770 during 2016 and 2017 because of increased apartment construction in the cities of Absecon, Atlantic City, and Pleasantville. This increase was more than double the average of 350 multifamily units permitted during 2014 and 2015, with most of the construction occurring in Pleasantville during the period. By comparison, from 2010 through 2013, the number of multifamily units permitted in the metropolitan area averaged 75 units annually.

- During the 12 months ending April 2018, approximately 820 multifamily units were permitted, nearly doubling the 440 units permitted during the 12 months ending April 2017 (preliminary data).
- Since 2013, approximately 43 percent of all multifamily construction activity in the metropolitan area has been in the city of Pleasantville, where an average of 240 multifamily units were permitted annually from 2014 through 2017, nearly all of which were subsidized and income-restricted apartments.
- Recent construction activity in the city of Pleasantville includes the 300-unit Milan & Main at City Center, an income-restricted apartment development that was completed in the summer of 2017. Rents for one- and two-bedroom apartments start at $675 and $799, respectively.
- Nearly 26 percent of construction activity in the metropolitan area since 2013 has been in Atlantic City. Recent construction activity includes The Beach at South Inlet, a 250-unit market-rate development near the Atlantic City Boardwalk that is expected to open in the summer of 2018. Rents at The Beach at South Inlet have yet to be disclosed.

Greater rental demand in the Atlantic City area has led to a decrease in the apartment vacancy rate and an increase in the average rent since 2015.

Multifamily permitting in the Atlantic City area in 2016 and 2017 was at least 100 percent higher than any other year since 2009.

![Graph showing year-over-year percent change in asking rent and vacancy rate.](image-url)