

HUD PD&R Housing Market Profiles

Atlantic City-Hammonton, New Jersey



Quick Facts About Atlantic City-Hammonton

- Current sales market conditions: balanced
- Current rental market conditions: slightly tight
- Known as the gaming and resort capital of the East Coast, Atlantic City is home to nine casinos, including the Hard Rock Hotel & Casino and the Ocean Casino Resort, both of which opened in 2018. The metropolitan area is also home to Stockton University, which has a campus in Galloway Township and another in Atlantic City, with total enrollment of 9,080 students during the fall of 2022 and 1,184 full-time and 400 part-time employees (Stockton University Institutional Data). The economic impact of Stockton University on the metropolitan area was more than \$442 million during fiscal year 2011 (Stockton University).

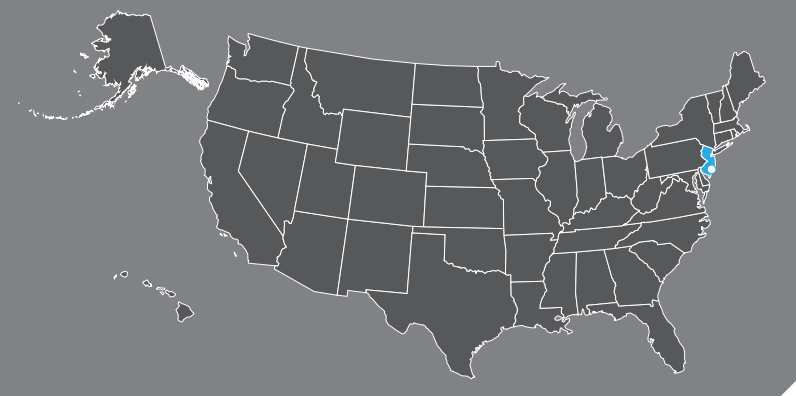
Atlantic City, New Jersey

By Mildred Jara Ramirez | As of December 1, 2022

Overview

The Atlantic City-Hammonton, NJ Metropolitan Statistical Area (hereafter, Atlantic City metropolitan area) is defined as Atlantic County, New Jersey, and is situated along the southern New Jersey Shore, approximately 60 miles southeast of Philadelphia and 130 miles south of New York City. The economy in the Atlantic City metropolitan area depends heavily on the gaming and tourism industries. During the 3 months ending November 2022, there was an average of 23,900 jobs in the casino hotels industry, accounting for 11 percent of the 209,800 jobs in the industry nationwide during the same period. The casinos in Atlantic City, boardwalk attractions, and beach cities of Brigantine, Margate, and Ventnor attract tourists, especially during the summer months. During 2021, an estimated 20.3 million people visited the metropolitan area, up from 16.2 million in 2020, which was low because of the COVID-19 pandemic, but below 23.0 million people in 2019 (Tourism Economics). The tourism industry in the metropolitan area generated \$6.85 billion in visitor spending in 2021, representing a 44-percent increase from 2020, and supported 61,508 jobs in the metropolitan area, up 41 percent from 2020.

continued on page 2



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continued from page 1

- As of December 1, 2022, the estimated population of the Atlantic City metropolitan area was approximately 275,500, representing an average increase of 340, or 0.1 percent, annually since April 2020. All of the population growth since 2020 was due to net in-migration, which averaged 700 people a year, as people moved away from dense, urban cores during the pandemic to less populated areas like the Atlantic City metropolitan area.
- From July 2014 to April 2020, the population of the metropolitan area declined, falling by an average of 340, or 0.1 percent, a year because net out-migration averaged 420 people a year (U.S. Census Bureau decennial

census count and population estimates as of July 1). By comparison, from April 2010 to July 2014, the population increased by an average of 460, or 0.2 percent, each year; all population growth was attributed to net natural increase because net out-migration averaged 310 people annually.

- The largest age cohort in the metropolitan area in 2021 included residents aged 40 to 64 years, accounting for 33.1 percent of the total population; the median age was 42.2 years (2021 American Community Survey [ACS] 1-year data). Similarly, in the state of New Jersey and the nation, the largest age cohorts were the 40- to 64-year-olds, and the median ages were 40.3 and 38.8, respectively.

Economic Conditions

The economy in the Atlantic City metropolitan area is strong after fully recovering from the recession resulting from the COVID-19 pandemic in early 2020. As of November 2022, nonfarm payroll jobs totaled 137,500, 6,200 jobs, or 4.7 percent, higher than the number of jobs in March 2020, before the downturn (monthly data, not seasonally adjusted). Approximately 45,200 jobs were lost in April and May 2020, and all jobs were recovered by April 2022. During the 3 months ending November 2022, nonfarm payrolls in the metropolitan area increased 8.6 percent, year over year, faster than job growth in New Jersey and the nation, which grew 4.1 and 3.5 percent, respectively. The sector that gained the most jobs in the metropolitan area during the 3 months ending November 2022 was the sector that declined the most during April and May 2020—the leisure and hospitality sector. Many

establishments, including casinos and hotels, were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic, but they have since reopened and are now able to operate at full capacity.

During the 3 months ending November 2022—

- Nonfarm payrolls in the Atlantic City metropolitan area averaged 137,500, representing an increase of 10,900 jobs, or 8.6 percent, from the 3 months ending November 2021, when nonfarm payroll growth was up by 9,200 jobs, or 7.8 percent.
- The fastest and largest job increase was in the leisure and hospitality sector, which rose by 7,900 jobs, or 22.3 percent,

continued on page 3

Job gains in the leisure and hospitality sector contributed the most to the overall increase in jobs in the Atlantic City metropolitan area during the 3 months ending November 2022.

	3 Months Ending		Year-Over-Year Change	
	November 2021 (Thousands)	November 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	126.6	137.5	10.9	8.6
Goods-Producing Sectors	8.5	8.8	0.3	3.5
Mining, Logging, & Construction	5.6	5.7	0.1	1.8
Manufacturing	2.9	3.1	0.2	6.9
Service-Providing Sectors	118.2	128.7	10.5	8.9
Wholesale & Retail Trade	17.8	18.3	0.5	2.8
Transportation & Utilities	3.0	3.2	0.2	6.7
Information	0.5	0.5	0.0	0.0
Financial Activities	3.9	4.0	0.1	2.6
Professional & Business Services	11.6	12.0	0.4	3.4
Education & Health Services	20.7	21.2	0.5	2.4
Leisure & Hospitality	35.4	43.3	7.9	22.3
Other Services	4.3	4.7	0.4	9.3
Government	20.9	21.5	0.6	2.9
Unemployment Rate	7.4%	3.9%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



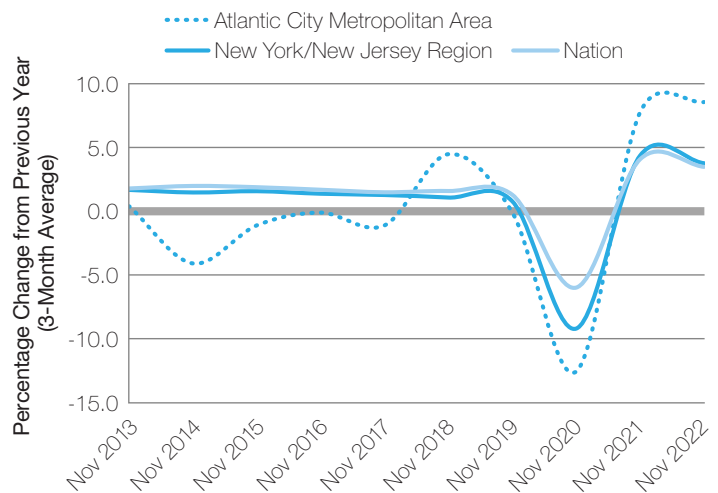
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compared with an increase of 4,700 jobs, or 15.5 percent, during the same period a year earlier; job additions in the sector accounted for 72 percent of net job gains in the metropolitan area. The casino hotels industry added 5,400 jobs, or 29 percent, contributing to sector growth; job fairs were held by casinos early in the spring of 2022, with more than 2,500 positions that needed to be filled.

- Moderate gains in the government, the wholesale and retail trade, and the education and health services sectors also contributed to job growth in the metropolitan area, increasing by 600, 500, and 500 jobs, or 2.9, 2.8, and 2.4 percent, respectively, from a year ago. The opening of the \$38.3 million AtlantiCare Medical Arts Pavilion in Atlantic City in November 2022 supported job growth in the education and health services sector.
- The unemployment rate in the Atlantic City metropolitan area averaged 3.9 percent, down from 7.4 percent during the 3 months ending November 2021 and from 11.2 percent during the 3 months ending November 2020. By comparison, the unemployment rate in the nation averaged 3.4 percent during the 3 months ending November 2022, down from 4.3 percent during the same period a year earlier and from 6.9 percent during the 3 months ending November 2020.

The leisure and hospitality sector, with 43,300 jobs, is the largest sector in the Atlantic City metropolitan area, accounting for 31 percent of all nonfarm payrolls during the 3 months ending November 2022. The COVID-19 pandemic adversely impacted the sector when the state of New Jersey declared a state of emergency on March 9, 2020, and nonessential businesses, including casinos, were issued orders to close on March 21, 2020. The gradual reopening of businesses, social distancing requirements, indoor limitations on food and beverage consumption, and indoor capacity limitations slowed the economic recovery. Restrictions ended on June 4, 2021, and by April 2022, all leisure and hospitality sector jobs that had been lost were recovered (monthly data). Job growth was supported by an increase in overnight visitors to the metropolitan area and rising hotel occupancies. During

Job growth in the Atlantic City metropolitan area was faster than in the New York/New Jersey region and the nation during the 3 months ending November 2022.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Atlantic City Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Caesars Entertainment, Inc.	Leisure & Hospitality	7,142
Borgata Hotel Casino & Spa	Leisure & Hospitality	4,289
Hard Rock Hotel, Inc.	Leisure & Hospitality	3,696

Note: Excludes local school districts.

Source: *New Jersey Business Magazine*, 2021

November 2022, the average occupancy rate at hotels was 45.0 percent, up from 41.7 percent in November 2021 and from 27.5 percent in November 2020 (CoStar Group). By comparison, before the pandemic, the average occupancy rate at hotels was 54.7 percent in November 2019. Job gains are anticipated in the leisure and hospitality sector when the construction of the \$100 million indoor Island Waterpark along the Atlantic City boardwalk is complete in 2023.

Sales Market Conditions

The sales housing market in the Atlantic City metropolitan area is balanced, with an estimated sales vacancy rate of 2.1 percent—down from 2.6 percent in April 2010, when the market was soft. Net in-migration since 2020 and a low supply of for-sale inventory have contributed to the improving market conditions. The inventory of available homes for sale was 2.7 months in December 2022, up from 1.8 months a year earlier but significantly lower than the 15.6 months of inventory in December 2010 (CoreLogic, Inc.). During the 12 months

ending November 2022, the average home sales price of new and existing homes—including single-family homes, townhomes, and condominiums—increased 9 percent, to an all-time high of \$341,700, compared with an 11-percent increase a year earlier (CoreLogic, Inc.). Total home sales declined 34 percent to 4,475 homes sold during the 12 months ending November 2022, compared with a year earlier; however, the decrease has been more severe recently, with home sales declining 50 percent during the 3 months

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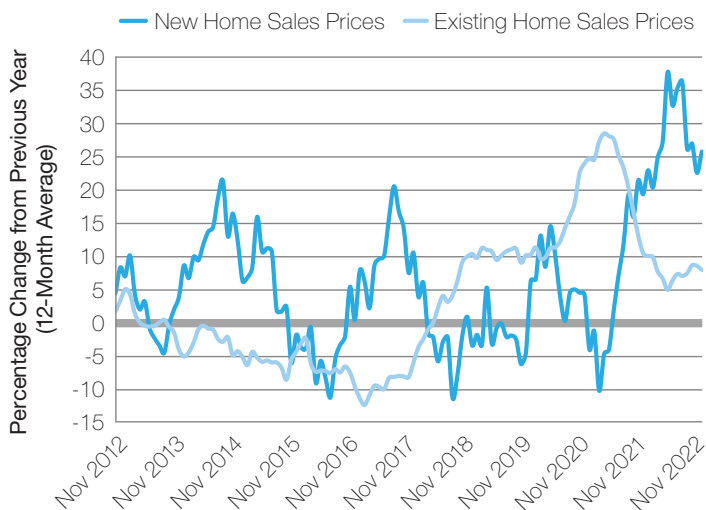
ending November 2022, compared with the 3 months ending November 2021. Increasing mortgage interest rates, which rose from a 3.1-percent rate for a 30-year fixed mortgage in November 2021 to 6.6 percent in November 2022, partially contributed to the decline in total home sales (Freddie Mac).

The percentage of home loans in the Atlantic City metropolitan area that were seriously delinquent or had transitioned into real estate owned (REO) status fell to 2.2 percent in November 2022 from 4.0 percent in November 2021 (CoreLogic, Inc.). The percentage has declined nearly each month since reaching a recent high of 9.0 percent in August 2020. The decline in the rate has occurred as the economy recovered following the economic downturn caused by the COVID-19 pandemic. The November 2022 rate in the Atlantic City metropolitan area was higher than the 1.6-percent rate for New Jersey and the 1.2-percent rate for the nation.

During the 12 months ending November 2022—

- Existing home sales in the Atlantic City metropolitan area totaled 4,350, reflecting a 35-percent decline from the 6,650 homes sold during the previous 12-month period (CoreLogic, Inc.). By comparison, existing home sales increased 29 percent during the 12 months ending November 2021 from a year earlier.
- The average sales price for existing homes reached an all-time high of \$332,700, representing an increase of 8 percent compared with the 12 months ending November 2021, when the average sales price increased 11 percent from a year

New home sales price growth exceeded existing home sales price growth in the Atlantic City metropolitan area during the 12 months ending November 2022.



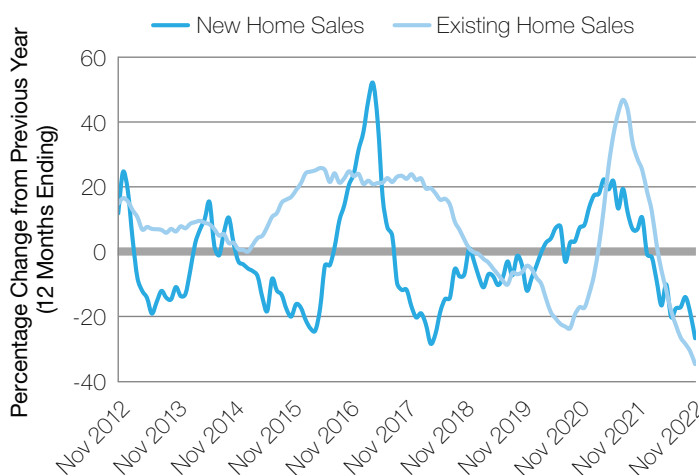
Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

earlier. By comparison, the average sales price increased an average of 14 percent a year from 2018 through 2021.

- New home sales totaled 140 homes, reflecting a 27-percent decrease from the nearly 200 new homes sold during the previous 12-month period. By comparison, new home sales increased an average of 10 percent annually during 2020 and 2021.

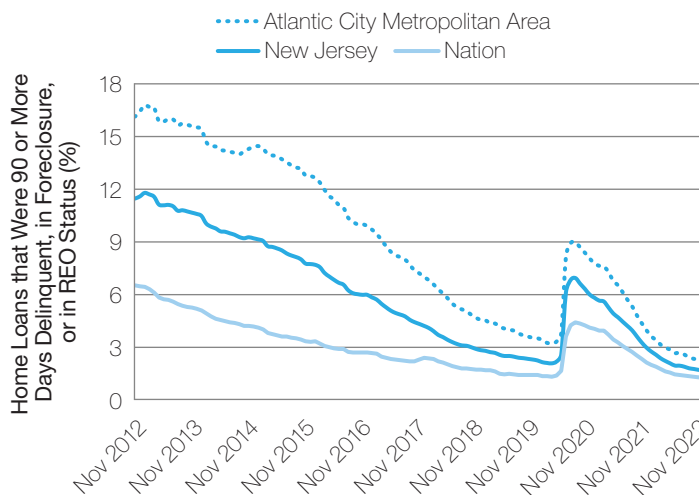
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New and existing home sales in the Atlantic City metropolitan area declined during the 12 months ending November 2022 compared with increasing home sales a year ago.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

The rate of seriously delinquent mortgages and REO properties in the Atlantic City metropolitan area has declined relatively slowly after a significant increase during 2020 and remains higher than the rates for the state and the nation.



REO = real estate owned.
Source: CoreLogic, Inc.

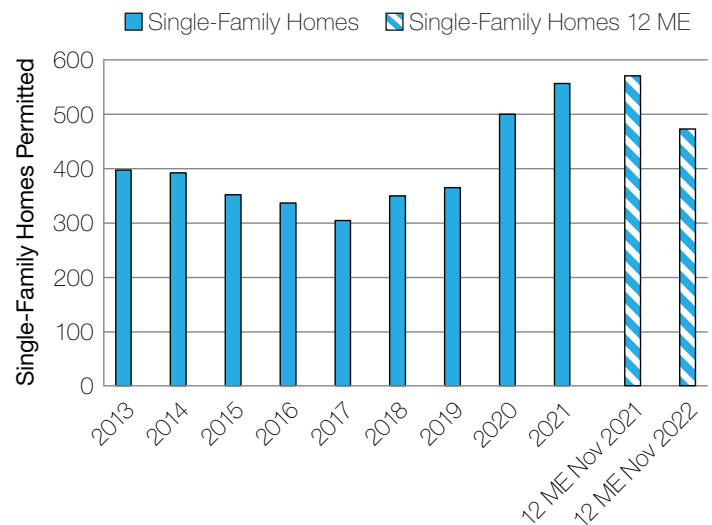
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- The average sales price for new homes was \$614,100, approximately 26 percent higher than the \$488,100 average sales price during the 12 months ending November 2021. For context, the average new home sales price increased at an average annual rate of 6 percent from 2018 through 2021.

New home construction, as measured by the number of single-family homes permitted, reached the highest level in 14 years during 2021, when nearly 560 single-family homes were permitted. Moderate economic growth during the 2 years preceding the pandemic was partly attributed to the opening of two new casinos in 2018, and net in-migration since 2020 contributed to rising new home construction each year from 2018 through 2021.

- During the 12 months ending November 2022, approximately 470 single-family homes were permitted, representing a 17-percent decline from the 570 homes permitted during the 12 months ending November 2021 (preliminary data, with adjustments by the analyst).
- During the 12 months ending November 2022, Egg Harbor Township and the beach cities of Brigantine, Margate, and Ventnor accounted for approximately 55 percent of all single-family homes permitted in the Atlantic City metropolitan area, with a total of 260 homes permitted.
- New home construction is underway at The Breakers at Atlantic City, an oceanfront townhome community which will have a total of 12 four-bedroom homes with more than

Single-family home construction in the Atlantic City metropolitan area increased every year from 2018 through 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

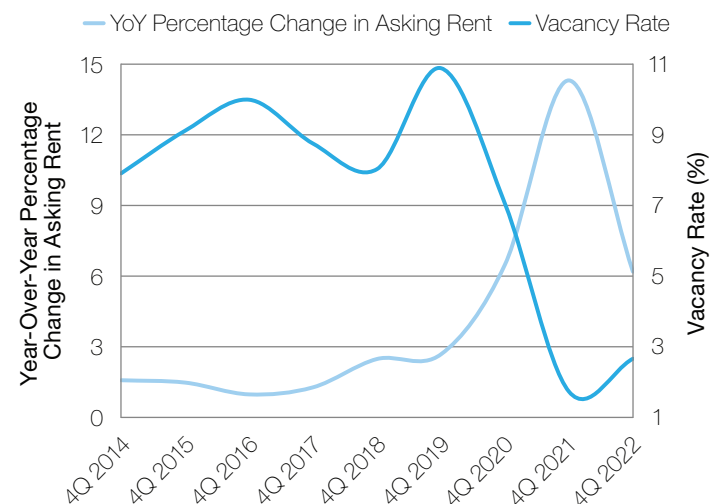
3,000 square feet of living space; prices at the community start at \$1.29 million. Ridgewood Point is a single-family home community currently under construction in Egg Harbor Township which will have 11 four-bedroom homes when complete, with prices starting at \$479,999.

Rental Market Conditions

Rental market conditions in the Atlantic City metropolitan area are currently slightly tight compared with soft conditions in 2010. A rise in the number of renter households since 2010 has generally outpaced the construction of new rental units, contributing to the tightening of the rental market. Structures with five or more units, typically apartments, are the most common types of rental units in the metropolitan area, accounting for 48 percent of all occupied rental units in 2021, up from 41 percent in 2010 (2010 and 2021 ACS 1-year data). Single-family homes accounted for 32 percent of all occupied rental units during 2021, down from 34 percent in 2010.

- The overall rental vacancy rate (including single-family homes, mobile homes, and apartments) is estimated at 6.0 percent as of December 1, 2022, down from 9.6 percent in 2010.
- During the fourth quarter of 2022, the apartment market in the metropolitan area was tight, with a vacancy rate of 2.7 percent, up from 1.7 percent during the fourth quarter of 2021 (CoStar Group). The average apartment asking rent was \$1,500, up 6 percent from \$1,412 during the fourth quarter of 2021.

Rent growth in the Atlantic City metropolitan area slowed during the fourth quarter of 2022.



4Q = fourth quarter. YoY = year-over-year.

Source: CoStar Group

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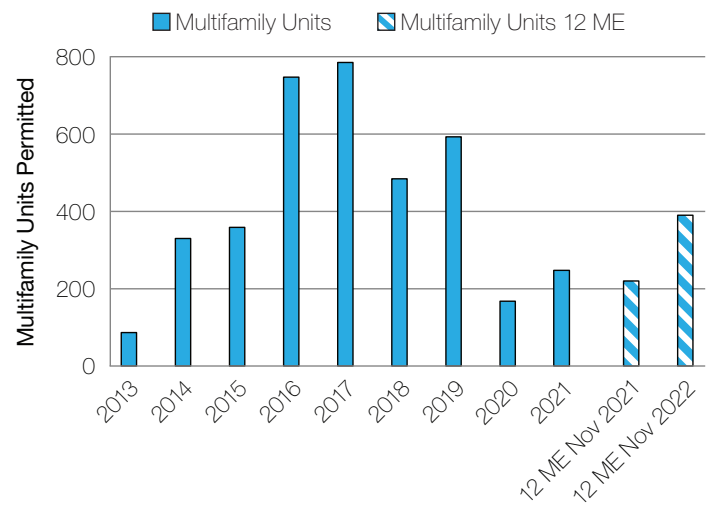
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- The apartment vacancy rate in the CoStar Group-defined Atlantic City market area, which includes the cities of Atlantic City, Brigantine, Margate, and Ventnor, was 2.5 percent during the fourth quarter of 2022, up from 2.0 percent during the fourth quarter of 2021. The average apartment rent in the Atlantic City market area was \$1,173, reflecting a 7-percent increase from \$1,096 during the fourth quarter of 2021.
- In October 2022, the average vacancy rate for professionally managed single-family homes in the metropolitan area was 1.0 percent, down from 1.2 percent in October 2021 (CoreLogic, Inc.). The average rent for professionally managed, two-bedroom single-family homes was \$1,305 in October 2022, up 3 percent from a year earlier.

Multifamily construction in the Atlantic City metropolitan area, as measured by the number of multifamily units permitted, was at relatively high levels from 2016 through 2019 before falling in 2020 and remaining at low levels in 2021.

- During the 12 months ending November 2022, 390 multifamily units were permitted, representing a 77-percent increase from the 220 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).
- After averaging approximately 350 units permitted during 2014 and 2015, multifamily permitting rose to an average of 650 units annually from 2016 through 2019 before falling to an average of 210 units during 2020 and 2021.
- A total of nearly 160 units are under construction in the third and fourth phases of Cresson Hill, an apartment community in the city of Northfield. When the development is complete, there will be 266 one- and two-bedroom units, with rents for one-bedroom units starting from \$1,775 and two-bedroom units starting from \$1,925.

The number of multifamily units permitted in the Atlantic City metropolitan area increased during the 12 months ending November 2022.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- The second phase of 2720 Fire Road, an apartment community in Egg Harbor Township with 60 one-, two-, and three-bedroom units affordable to households earning between 30 and 60 percent of the area median income (AMI), was completed in 2021. Monthly rents for the one-, two-, and three-bedroom units are \$851, \$1,000, and \$1,250, respectively.
- At Stockton University Atlantic City, a 416-bed residence hall is underway. The completion of the residence hall is expected by 2023, and it will help ease tight apartment market conditions. Student households account for approximately 5 percent of renter households in the metropolitan area.

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area 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.
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