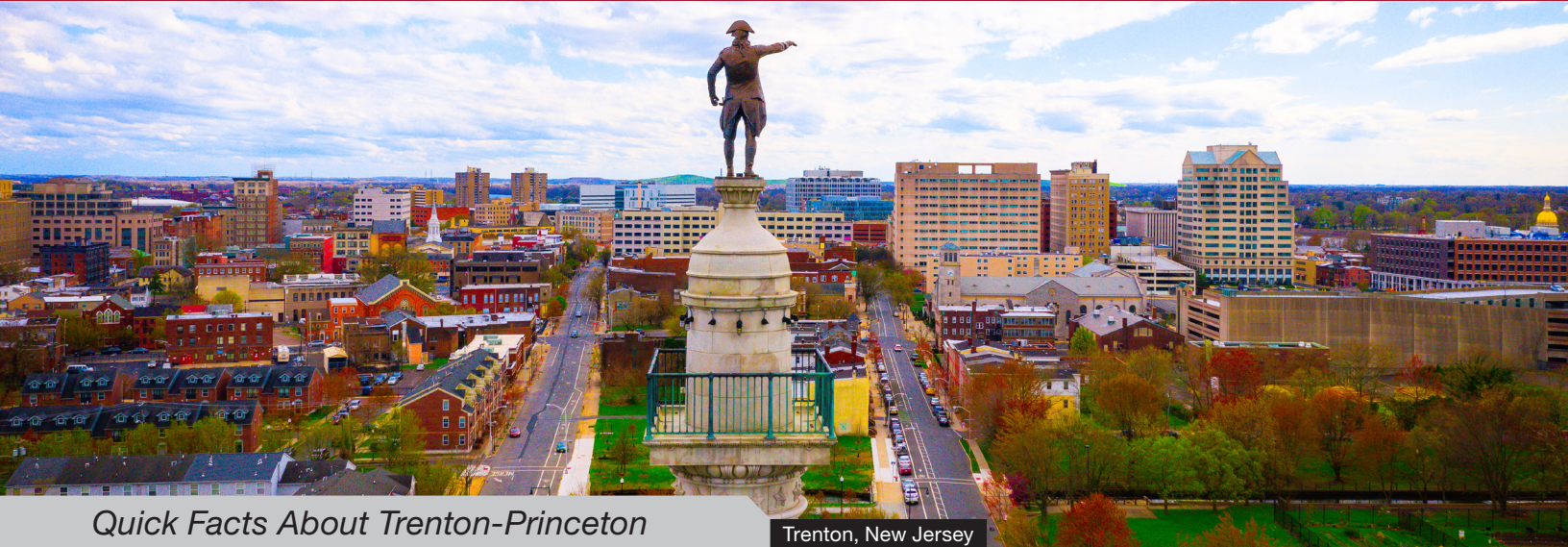


HUD PD&R Housing Market Profiles

Trenton-Princeton, New Jersey

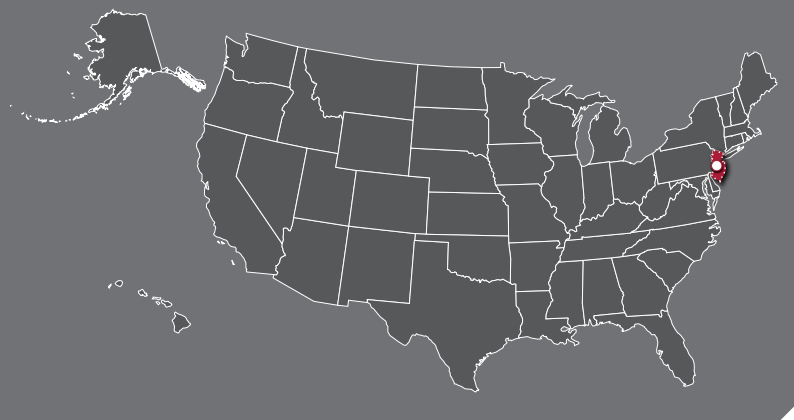


Quick Facts About Trenton-Princeton

Trenton, New Jersey

By [Michael Flannelly](#) | As of August 1, 2024

- Current sales market conditions: slightly tight
- Current apartment market conditions: balanced
- The “Trenton Makes...The World Takes” sign along the Lower Trenton Bridge harkens back to the early 20th century, when Trenton had a significant manufacturing industry, including iron, steel, rubber, and pottery. However, manufacturing now accounts for less than 4 percent of jobs in the metropolitan area.



Overview

The Trenton-Princeton, NJ Metropolitan Statistical Area (hereafter, Trenton metropolitan area) is defined as Mercer County, New Jersey. Located along Interstate 95 in central New Jersey, the metropolitan area is approximately 30 miles northeast of Philadelphia and 50 miles southwest of New York City. The principal city of Trenton is the state capital, and the government sector makes up more than one-quarter of jobs in the metropolitan area. The Trenton metropolitan area is also home to several public and private colleges and universities, including Princeton University, one of the most prestigious universities in the world; *U.S. News and World Report* ranked Princeton as the top university in the nation in 2024.

- As of August 1, 2024, the estimated population of the metropolitan area is 382,900, reflecting an average decrease of 0.2 percent annually since 2019. By comparison, the population grew from 2016 to 2019 by an average of 1,725, or 0.5 percent, annually (U.S. Census Bureau population estimates as of July 1; estimates by the analyst).
- Since 2019, net-out migration has averaged 1,400 people annually, compared with average net in-migration of 670 people from 2016 to 2019. The change in net migration

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is partially attributable to the COVID-19 pandemic, which caused many students at local universities, colleges, and boarding schools to move out of the Trenton metropolitan area. Enrollment at colleges and universities in the metropolitan area declined an average of 3 percent annually from the fall of 2019 to the fall of 2022 (National Center for Education Statistics).

- As of July 1, 2023, the populations in Hamilton Township and the city of Trenton each accounted for

24 percent of the total population of the metropolitan area, declining by annual averages of 0.2 and 0.4 percent, respectively, since 2020 (U.S. Census Bureau decennial census counts and population estimates). From April 2020 to July 2023, population growth was fastest in Lawrence Township, with increases averaging 3.3 percent a year; the township accounted for 8 percent of the population of the metropolitan area as of 2023.

Economic Conditions

The economy of the Trenton metropolitan area expanded during the past year, continuing stable nonfarm payroll job growth following the recovery from the COVID-19-related recession. As of the 3 months ending July 2024, nonfarm payrolls were 5.6 percent above the level as of the 3 months ending July 2019, before the start of the pandemic. Nonfarm payrolls in the metropolitan area averaged 296,300 jobs as of the 3 months ending July 2024, representing an increase of 5,900 jobs, or 2.0 percent, compared with the same period a year earlier, when jobs rose by 5,200, or 1.8 percent. By comparison, year-over-year job growth in both the HUD-defined New York/New Jersey region and the nation averaged 1.6 percent as of the 3 months ending July 2024, slowing from 2.1 and 2.3 percent increases, respectively, as of the 3 months ending July 2023.

As of the 3 months ending July 2024—

- The government sector, which accounts for 27 percent of all nonfarm payroll jobs in the metropolitan area, increased by 2,400 jobs, or 3.0 percent, from a year earlier to 81,300

jobs. Job growth in the state government subsector, which includes jobs in state agencies and The College of New Jersey, accounted for most of the net gain in the government sector, rising by 1,500 jobs, or 2.6 percent, following an increase of 1,900 jobs, or 3.3 percent, as of the 3 months ending July 2023.

- Jobs in the professional and business services sector, which accounts for nearly 18 percent of all nonfarm payrolls in the Trenton metropolitan area, averaged 53,300, representing a gain of 800 jobs, or 1.5 percent, from a year earlier. By comparison, jobs in this sector fell by 1,000, or 1.9 percent, as of the 3 months ending July 2023, partially because of layoffs at Bristol-Myers Squibb Company.
- Overall job gains were partially offset by a combined loss of 1,300 jobs in the information, the leisure and hospitality, the mining, logging, and construction, and the financial activities sectors.

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Jobs increased in 7 of the 11 nonfarm payroll sectors in the Trenton metropolitan area relative to a year ago.

	3 Months Ending		Year-Over-Year Change	
	July 2023 (Thousands)	July 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	290.4	296.3	5.9	2.0
Goods-Producing Sectors	17.2	17.3	0.1	0.6
Mining, Logging, & Construction	6.2	6.1	-0.1	-1.6
Manufacturing	11.0	11.1	0.1	0.9
Service-Providing Sectors	273.2	279.0	5.8	2.1
Wholesale & Retail Trade	27.0	27.3	0.3	1.1
Transportation & Utilities	13.3	13.6	0.3	2.3
Information	5.6	4.7	-0.9	-16.1
Financial Activities	20.3	20.2	-0.1	-0.5
Professional & Business Services	52.5	53.3	0.8	1.5
Education & Health Services	50.8	53.9	3.1	6.1
Leisure & Hospitality	15.6	15.4	-0.2	-1.3
Other Services	9.2	9.4	0.2	2.2
Government	78.9	81.3	2.4	3.0
Unemployment Rate	4.1%	4.4%		

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

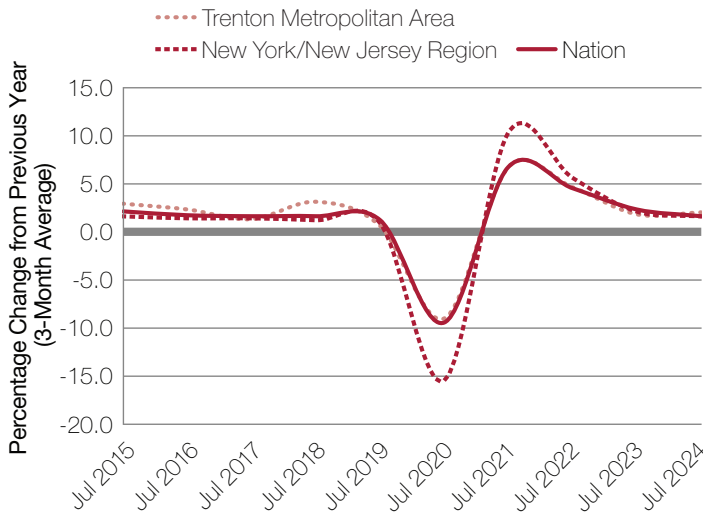
Source: U.S. Bureau of Labor Statistics



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- The unemployment rate in the metropolitan area averaged 4.4 percent, up from 4.1 percent as of the 3 months ending July 2023. By comparison, the unemployment rate in the New York/New Jersey region averaged 4.6 percent as of the 3 months ending July 2024, up from 4.2 percent as of the 3 months ending July 2023.

Nonfarm payroll growth in the Trenton metropolitan area as of the 3 months ending July 2024 was slightly higher than the rates for the New York/New Jersey region and the nation.



Source: U.S. Bureau of Labor Statistics

The education and health services sector is the second largest job sector in the metropolitan area, accounting for 18 percent of nonfarm payrolls. As of the 3 months ending July 2024, the number of jobs in the sector averaged 53,900, reflecting a year-over-year increase of 3,100 jobs, or 6.1 percent, compared with a gain of 1,300 jobs, or 2.6 percent, as of the 3 months ending July 2023. Jobs in the private educational services subsector, accounting for 43 percent of all education and health services sector jobs, were up 4.5 percent as of the 3 months ending July 2024, following a 2.4-percent increase as of the 3 months ending July 2023. The subsector includes Princeton University, the second largest employer in the metropolitan area, and Rider University. The two private universities had a total of nearly 12,900 students enrolled and 8,325 faculty and staff in the fall of 2022 (National Center for Education Statistics). The Trenton metropolitan area is also home to several prestigious private college preparatory schools, including The Lawrenceville School, The Hun School of Princeton, and The Peddie School.

Largest Employers in the Trenton Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of New Jersey	Government	60,500
Princeton University	Education & Health Services	6,725
Bristol-Myers Squibb Company	Professional & Business Services	5,500

Note: Excludes local school districts.

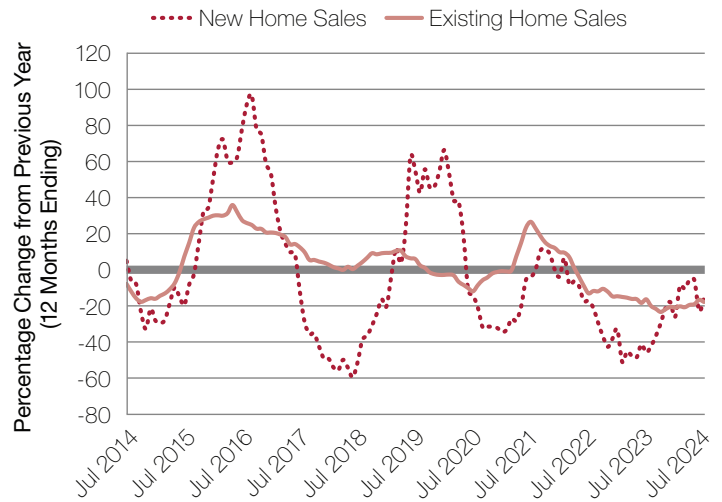
Sources: U.S. Bureau of Labor Statistics; Mercer County Office of Economic Development

Sales Market Conditions

The sales housing market in the Trenton metropolitan area is slightly tight, but conditions are easing. The current home sales vacancy rate is estimated at 1.0 percent, down from 1.4 percent in April 2020, when the market was balanced. During the 12 months ending July 2024, home sales totaled 4,175, a decline of 900, or 18 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). Total home sales have declined significantly after reaching a peak during the 12 months ending July 2021 because rising home prices and higher mortgage interest rates have made homeownership more expensive. The average interest rate for a 30-year, fixed-rate mortgage was 6.9 percent in July 2024, up from 6.8 percent in July 2023 and 5.4 percent in July 2022 (Freddie Mac). Elevated mortgage interest rates also contributed to low levels of available inventory, despite fewer sales, because many homeowners are deterred from selling their home if a subsequent purchase would require financing at a higher interest rate. The inventory of homes for sale decreased from 3.3 months of supply in April 2020 to 2.3 months in July 2024 but was up from 0.8 months in July 2023 (CoreLogic, Inc.).

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New and existing home sales in the Trenton metropolitan area have decreased since mid-2022.



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

Source: CoreLogic, Inc., with adjustments by the analyst

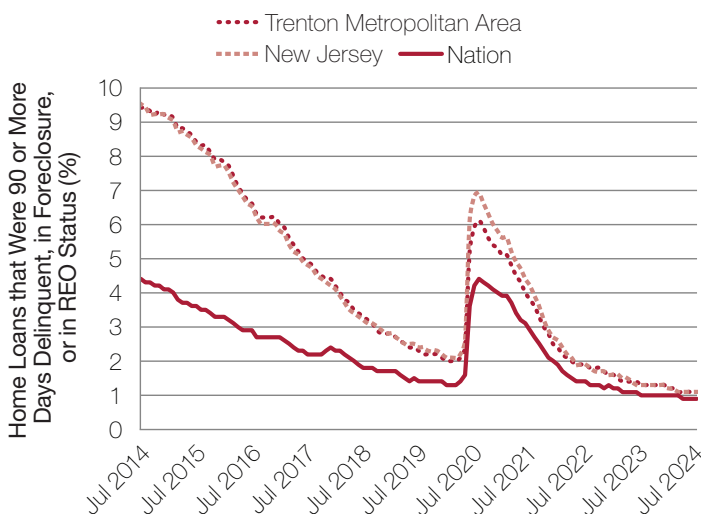
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During the 12 months ending July 2024—

- Existing home sales in the metropolitan area totaled 4,125, reflecting a decline of 890, or 18 percent, from a year earlier (CoreLogic, Inc.). By comparison, existing home sales fell 16 percent during the 12 months ending July 2023.
- The average sales price for existing homes was \$448,500, rising 16 percent from a year earlier and accelerating from a 2-percent increase during the 12 months ending July 2023.
- New home sales, which accounted for 1 percent of all homes sold, totaled 50, down by about 10 homes, or 17 percent, from a year earlier, partially because of weaker demand amid rising mortgage interest rates. By comparison, new home sales decreased 46 percent during the 12 months ending July 2023.
- The average price for a new home was up sharply, increasing 42 percent from a year earlier to \$780,700. Previously, the average price for a new home rose 9 and 3 percent during the 12 months ending July 2022 and July 2023, respectively.

Despite rising mortgage interest rates and declining home sales, homebuilding activity, as measured by the number of single-family homes permitted, increased recently as builders responded to rising home prices caused by a low supply of existing homes for sale. During the 12 months ending July 2024, 620 single-family homes were permitted, more than double the 300 homes permitted a year earlier (preliminary data).

The rate of seriously delinquent mortgages and REO properties in the Trenton metropolitan area has decreased since reaching a recent peak in August 2020.

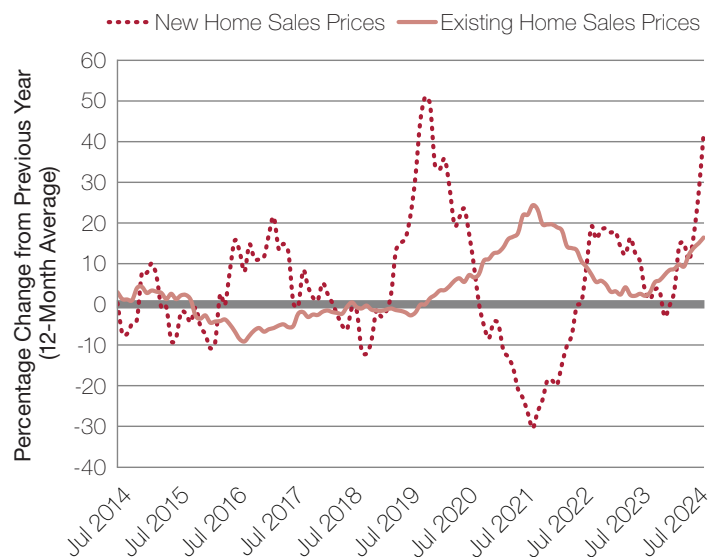


REO = real estate owned.
Source: CoreLogic, Inc.

- Homebuilding activity increased each year from 2018 through 2021 before permitting fell to 170 homes during 2022 when mortgage interest rates rose. However, single-family home permitting rose significantly during 2023 to 400 homes.

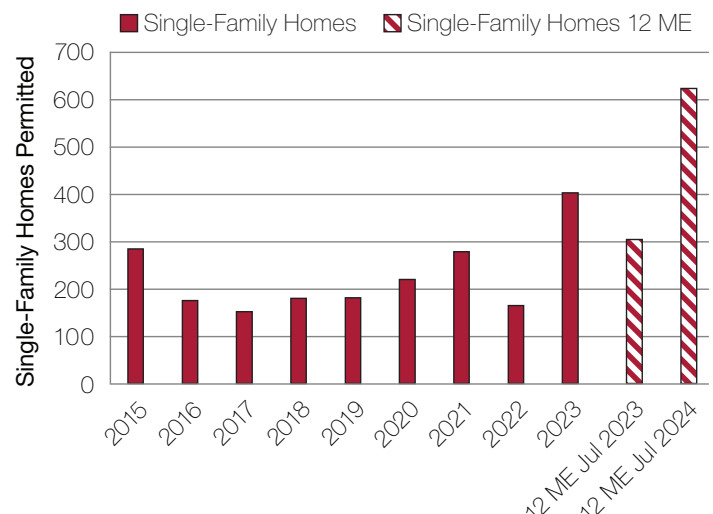
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New home sales price growth was greater than existing home sales price growth in the Trenton metropolitan area during the 12 months ending July 2024.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Homebuilding activity in the Trenton metropolitan area increased significantly during 2023 compared with a year earlier.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; January 2024 through July 2024—preliminary data and estimates by the analyst



continued from page 4

- Lawrence Township, with 8 percent of the population in the metropolitan area, has accounted for 34 percent of all new single-family homes permitted since 2020. By contrast, Hamilton Township, one of the most populous municipalities in the metropolitan area, has accounted for just 11 percent of all single-family home construction since 2020, largely because of a lack of developable land.

- A new housing development under construction in the metropolitan area is Princeton Pike Towns in Lawrence Township, with three-bedroom townhomes starting at \$615,000. Since construction of the subdivision began in 2022, 71 of 145 lots have been sold, and most are still under construction.

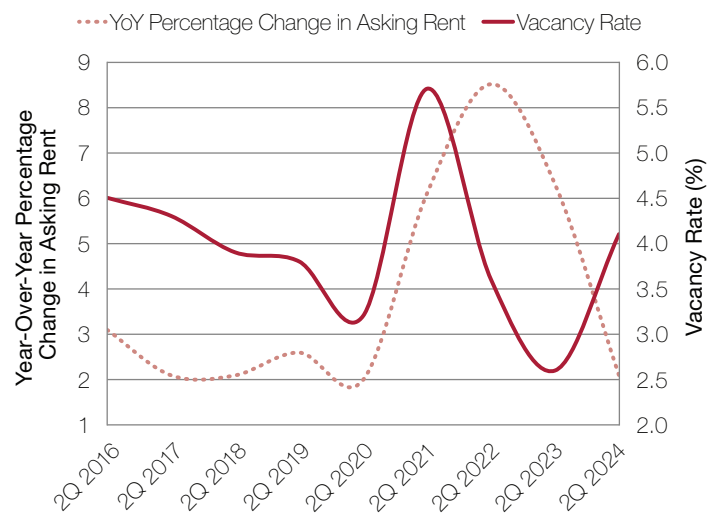
Apartment Market Conditions

Apartment market conditions in the Trenton metropolitan area were balanced as of the second quarter of 2024 compared with tight conditions a year earlier. Apartment conditions have transitioned from tight to balanced since 2021 because of an increased number of new apartments entering the market. As of the second quarter of 2024, the apartment vacancy rate in the metropolitan area was 4.1 percent, up from 2.6 percent and 3.6 percent as of the second quarters of 2023 and 2022, respectively (CoStar Group). The average apartment rent in the metropolitan area was \$2,113 as of the second quarter of 2024, up 2 percent from the same period a year earlier. By comparison, the average apartment rent increased an average of 6 percent a year from the second quarter of 2020 through the second quarter of 2023.

As of the second quarter of 2024—

- The apartment vacancy rate in the CoStar Group-defined Princeton/Lawrenceville market area, which includes areas near Princeton University and Rider University, rose from 2.9 percent as of the second quarter of 2023 to 4.3 percent, the highest vacancy rate in the metropolitan area, partially because of the completion of new apartment units during the period. Despite the rise in the vacancy rate, the average rent grew 1 percent to \$2,852, compared with a 3-percent increase as of the second quarter of 2023.
- The apartment vacancy rate was slightly lower in the Trenton/Hamilton/Ewing market area, which includes The College of New Jersey. The rate increased from 2.8 percent a year earlier to 3.8 percent, and the average rent rose 4 percent to \$1,855.
- The apartment vacancy rate in the Hamilton/Robbinsville market area was 2.8 percent, up slightly from 2.9 percent during the second quarter of 2023 and up from 1.8 percent during the second quarter of 2022. The average asking rent in the market area was \$1,807, up more than 4 percent from a year earlier.
- In the Hightstown/East Windsor market area, the apartment vacancy rate rose to 1.7 percent from 0.9 percent a year

The apartment vacancy rate in the Trenton metropolitan area increased as of the second quarter of 2024 from a year earlier, and average rent growth slowed.



2Q = second quarter. YoY = year-over-year.
Source: CoStar Group

ago, and the average asking rent was \$1,781, up 4 percent from a year earlier. By comparison, the average asking rent rose 8 and 9 percent as of the second quarters of 2023 and 2022, respectively, when the apartment market was tighter.

Multifamily construction activity, as measured by the number of multifamily units permitted, rose 52 percent during 2023 compared with the previous 2 years, when multifamily permitting averaged 370 units from 2021 through 2022. The rise in multifamily permitting can partially be attributed to a new law enacted by the State of New Jersey to shorten the amount of time from permit application to approval.

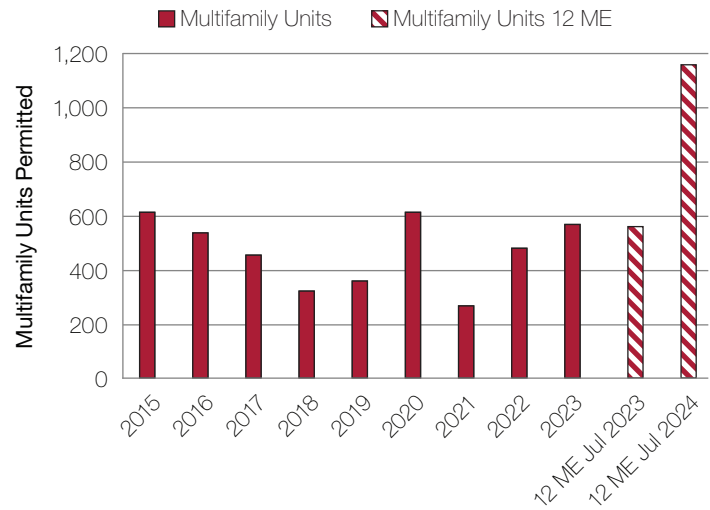
- During the 12 months ending July 2024, the number of multifamily units permitted totaled 1,150, representing an increase of 600 units, or more than double, from the 12 months ending July 2023, largely because construction began on W Squared, a large multifamily development with more than 800 apartment and condominium units in West Windsor Township (preliminary data).

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- Nearly 33 percent of all multifamily units permitted in the metropolitan area since 2020 have been in West Windsor Township, and 28 percent have been in Ewing Township.
- One recently completed apartment development in West Windsor Township is Woodmont Way at West Windsor, a 443-unit property with rents starting at \$2,700, \$3,484, and \$4,350 for one-, two-, and three-bedroom units, respectively.
- In Ewing Township, the first phase of Ewing Town Center was completed in March 2020. The 164-unit apartment property has one-, two-, and three-bedroom units with rents starting at \$2,045, \$2,695, and \$3,145, respectively.

The number of multifamily units permitted in the Trenton metropolitan area rose significantly during the 12 months ending July 2024.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; January 2024 through July 2024—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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 real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more 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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