

COMPREHENSIVE HOUSING MARKET ANALYSIS

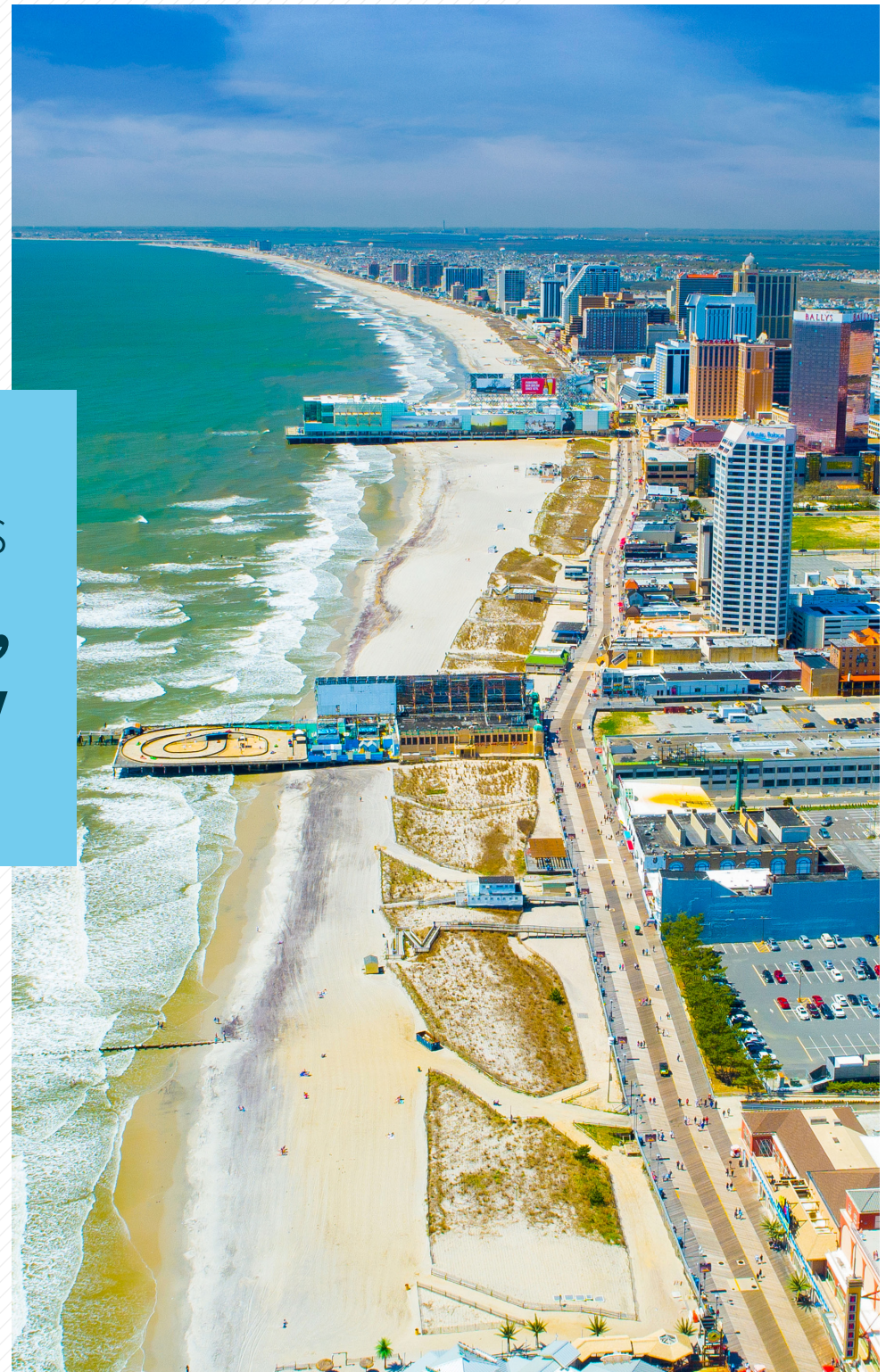
Atlantic City-Hammonton, New Jersey

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

As of December 1, 2022



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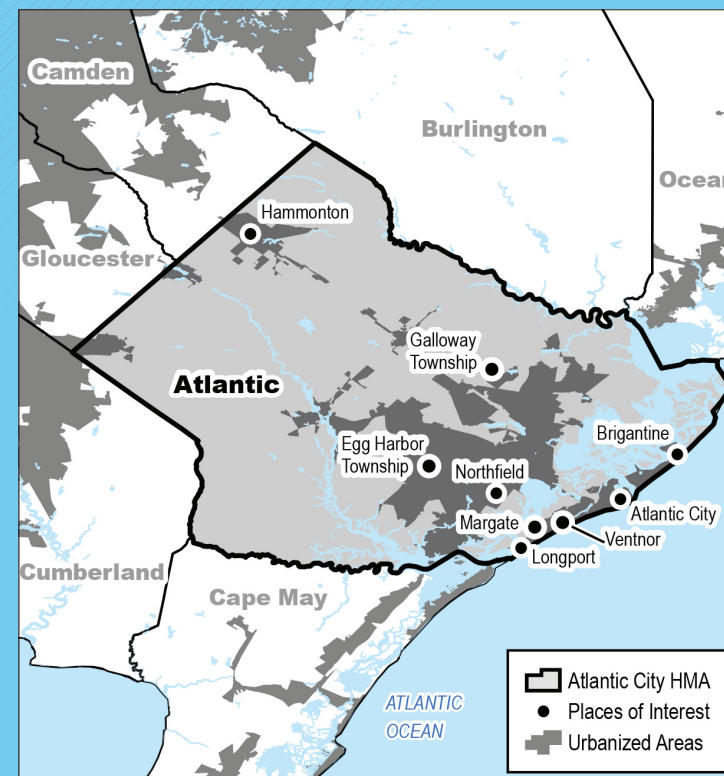
Executive Summary

Housing Market Area Description

The Atlantic City Housing Market Area (HMA) is defined as Atlantic County in New Jersey and is coterminous with the Atlantic City-Hammonton, NJ Metropolitan Statistical Area. The HMA is situated along the southern New Jersey Shore, approximately 60 miles southeast of Philadelphia and 130 miles south of New York City.

The current population of the HMA is estimated at 275,500.

Known as the gaming and resort capital of the East Coast, Atlantic City is home to nine casinos, including the Hard Rock Hotel, Inc. and the Ocean Casino Resort, both of which opened in 2018. The HMA is also home to Stockton University, a public university with 9,080 students enrolled during the fall of 2022, 1,184 full-time and 400 part-time employees, and campuses in Galloway Township and Atlantic City.



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: Job growth in the Atlantic City HMA was strong during the 12 months ending November 2022, with nonfarm payrolls rising by 13,700 jobs, or 11.3 percent, compared with an increase of 7,400 jobs, or 6.6 percent, during the 12 months ending November 2021.

The economy in the HMA is strong after fully recovering from the recession resulting from the COVID-19 pandemic during the spring of 2020. Approximately 45,200 jobs were lost in April and May 2020, and all jobs were recovered by April 2022 (monthly data, not seasonally adjusted). During the 12 months ending November 2022, nonfarm payrolls increased in 9 of 11 sectors, led by the leisure and hospitality sector, which rose by 9,300 jobs, or 28.3 percent. The unemployment rate averaged 5.2 percent during the 12 months ending November 2022, down from 9.9 percent during the previous 12-month period. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.1 percent annually.

Sales Market



Balanced: The HMA had 2.7 months of available for-sale housing inventory during November 2022, up from 2.0 months a year earlier but significantly less than the 16.1 months of inventory in November 2010 (CoreLogic, Inc.).

The home sales market in the HMA is currently balanced, with an estimated sales vacancy rate of 2.1 percent, down from 2.6 percent in April 2010 when conditions were soft. Net in-migration since 2020 and a low supply of for-sale inventory have contributed to the improving market conditions. During the 12 months ending November 2022, new and existing home sales totaled 4,475, down 34 percent from a year earlier partly because of increasing mortgage interest rates, and the average sales price increased 9 percent to \$341,700 (CoreLogic, Inc.). During the next 3 years, demand is estimated for 1,400 new homes. The 150 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market



Slightly Tight: The overall rental market has an estimated vacancy rate of 6.0 percent, down from 9.6 percent in April 2010.

Rental housing market conditions in the HMA are currently slightly tight compared with soft conditions in 2010. Apartment market conditions are tight, with an apartment vacancy rate of 2.7 percent during the fourth quarter of 2022, up from 1.7 percent during the fourth quarter of 2021 but much less than the 10.9-percent high during the fourth quarter of 2019 before the COVID-19 pandemic (CoStar Group). The asking rent for apartments in the HMA averaged \$1,500 during the fourth quarter of 2022, up 6 percent from the fourth quarter of 2021. During the forecast period, demand is estimated for 960 new rental units. The 360 rental units under construction will satisfy a portion of that demand.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Atlantic City HMA		
Total Demand	1,400	960
Under Construction	150	360

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2022. The forecast period is December 1, 2022, to December 1, 2025.

Source: Estimates by the analyst



Economic Conditions

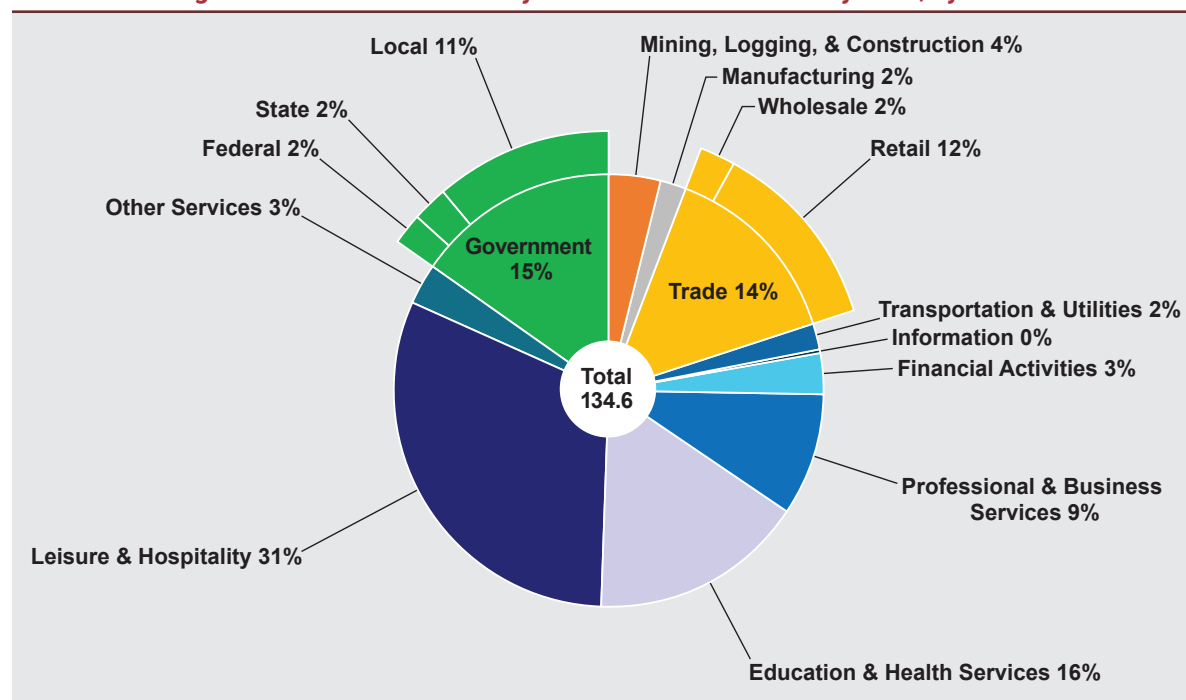
Largest Sector: Leisure and Hospitality

Leisure and hospitality payrolls account for 31 percent of nonfarm payroll jobs, anchored by the gaming and tourism industries in the Atlantic City HMA.

Primary Local Economic Factors

The economy in the HMA has traditionally depended on the leisure and hospitality, the education and health services, and the government sectors—the largest sectors, accounting for 31, 16, and 15 percent of all nonfarm payrolls, respectively (Figure 1). The gaming and tourism industries, which are significant sources of economic activity, have supported jobs in the leisure and hospitality sector. During the 12 months ending November 2022, an average of 22,900 jobs were in the casino hotels industry, accounting for 11 percent of jobs in the industry nationwide and 54 percent of all payrolls in the leisure and hospitality sector in the HMA. Currently, 6 of the 10 major employers are in the casino hotels industry, including the 3 largest employers in the HMA (Table 1). The casinos in Atlantic City, boardwalk attractions, and the beach cities of Brigantine, Margate City, and Ventnor City attract tourists. During 2021, an estimated 20.3 million people visited the HMA, 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 HMA generated \$6.85 billion in

Figure 1. Share of Nonfarm Payroll Jobs in the Atlantic City HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2022.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Atlantic City HMA

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
Federal Aviation Administration	Government	3,500
AtlantiCare	Education & Health Services	3,500
Ocean Casino Resort	Leisure & Hospitality	3,300
Tropicana Atlantic City Corp.	Leisure & Hospitality	3,150
Resorts Casino Hotel	Leisure & Hospitality	1,950
Shore Medical Center	Education & Health Services	1,600
Stockton University	Government	1,584

Note: Excludes local school districts.

Sources: *New Jersey Business Magazine*, 2021; Stockton University; Zippia, Inc.

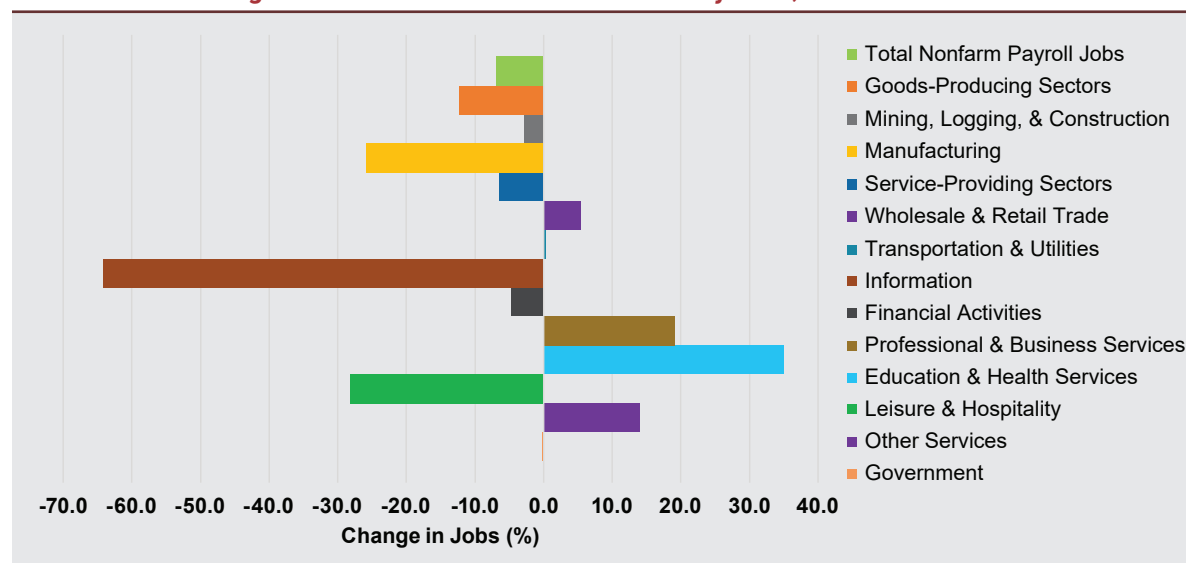
visitor spending in 2021, representing a 44-percent increase from 2020, and supported 61,508 jobs, up 41 percent from 2020.

The education and health services and the government sectors are also major parts of the HMA economy. Growth in the education and health services sector, the fastest growing in the HMA since 2001 (Figure 2), has resulted partly from increasing demand for healthcare services due to the rising share of people at retirement age in the HMA. The share of residents 65 years and over has increased from 14.2 percent in 2010 to 19.2 percent in 2021 (2010 and 2021 American Community Survey [ACS] 1-year data). The presence of Stockton University supports jobs in the government sector. Stockton University opened the Atlantic City campus in September 2018 and added more than 90 jobs during 2018. Based on the most recent study, the economic impact of Stockton University on the HMA was more than \$442 million during fiscal year 2011 (Stockton University).

Current Conditions— Nonfarm Payrolls

The HMA economy has fully recovered from severe job losses that occurred during April and May 2020 because of the countermeasures taken to slow the spread of COVID-19. Job growth in the HMA has been strong during the 12 months ending November 2022, increasing by 13,700 jobs, or 11.3 percent, from a year ago (Table 2). By comparison, nationally, jobs rose 4.5 percent

Figure 2. Sector Growth in the Atlantic City HMA, 2001 to Current



Note: The current date is December 1, 2022.

Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending November 2021	12 Months Ending November 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	120.9	134.6	13.7	11.3
Goods-Producing Sectors	8.4	8.7	0.3	3.6
Mining, Logging, & Construction	5.6	5.6	0.0	0.0
Manufacturing	2.8	3.0	0.2	7.1
Service-Providing Sectors	112.6	126.0	13.4	11.9
Wholesale & Retail Trade	17.0	18.3	1.3	7.6
Transportation & Utilities	2.8	3.1	0.3	10.7
Information	0.5	0.5	0.0	0.0
Financial Activities	3.9	4.0	0.1	2.6
Professional & Business Services	11.2	11.6	0.4	3.6
Education & Health Services	20.3	21.1	0.8	3.9
Leisure & Hospitality	32.9	42.2	9.3	28.3
Other Services	4.2	4.6	0.4	9.5
Government	19.8	20.7	0.9	4.5

Notes: Based on 12-month averages through November 2021 and November 2022. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

during the same period. Nonfarm payrolls in the HMA were up or unchanged in the 11 sectors during the 12 months ending November 2022. The sector with the fastest and largest job gains was the sector that declined the most during April and May 2020: leisure and hospitality. 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 have since reopened and are now able to operate at full capacity. During the 12 months ending November 2022, the leisure and hospitality sector grew by 9,300 jobs, or 28.3 percent, from a year earlier. Job additions in the sector accounted for 68 percent of net job gains in the HMA. Nonfarm payrolls in the casino hotels industry rose by 5,200 jobs, or 29.6 percent, accounting for 56 percent of the total jobs added in the leisure and hospitality sector during the 12 months ending November 2022. Casinos held job fairs early in the spring of 2022 to fill more than 2,500 positions, contributing to job growth in the sector. An increase in overnight visitors to the HMA and rising hotel occupancies also supported job growth. During November 2022, the average hotel occupancy rate 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.

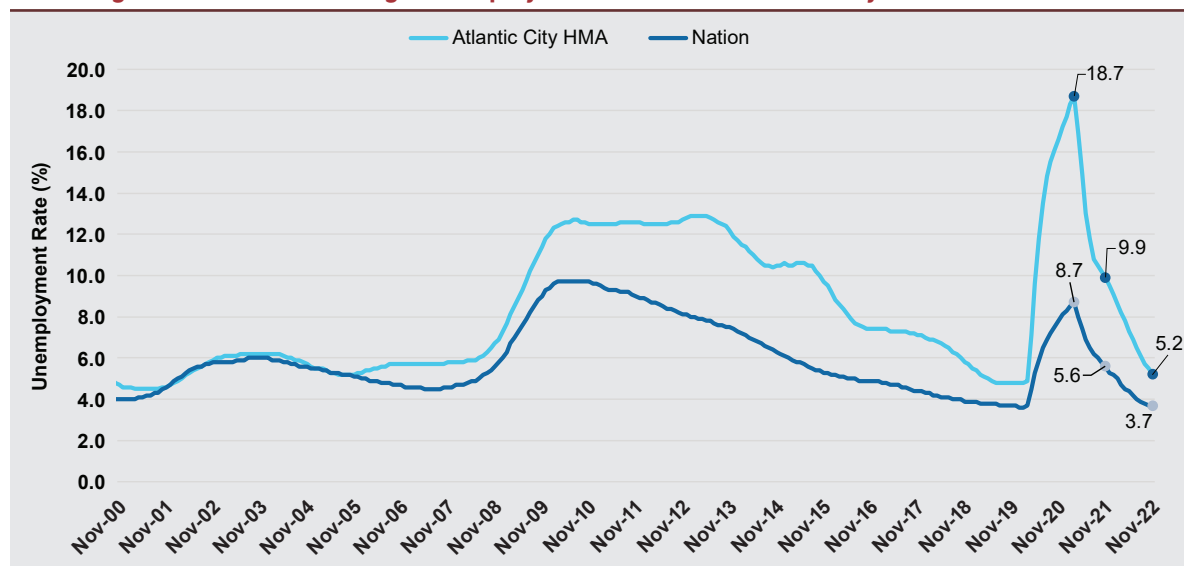
Moderate job gains in the wholesale and retail trade, the government, and the education and health services sectors also contributed to job growth in the HMA during the 12 months ending

November 2022. Payrolls in the wholesale and retail trade sector averaged 18,300 jobs, representing an increase of 1,300, or 7.6 percent, compared with the 12 months ending November 2021. The government sector increased by an average of 900 jobs, or 4.5 percent, during the 12 months ending November 2022 compared with the previous 12 months. Job gains were also notable in the education and health services sector, increasing by an average of 800 jobs, or 3.9 percent, from the previous 12-month period to 21,100 jobs. The opening of the \$38.3 million AtlantiCare Medical Arts Pavilion in Atlantic City in November 2022 contributed to job gains in the sector.

Current Conditions—Unemployment

The average unemployment rate in the HMA declined during the 12 months ending November 2022 to 5.2 percent, down from 9.9 percent a year earlier and from a peak of 18.7 percent during the 12 months ending March 2021 (Figure 3). The average unemployment rate in the HMA was higher than the national rate, which was 3.7 percent during the 12 months ending November 2022, down from 5.6 percent a year earlier and from a recent high of 8.7 percent during the 12 months ending March 2021. Before the COVID-19 pandemic, the average unemployment rate in the HMA had been declining each year from 2013 through 2019. By comparison, the average unemployment rate nationwide had been declining for 9 consecutive years from 2011 through 2019.

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



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



Economic Periods of Significance: 2001 Through 2019

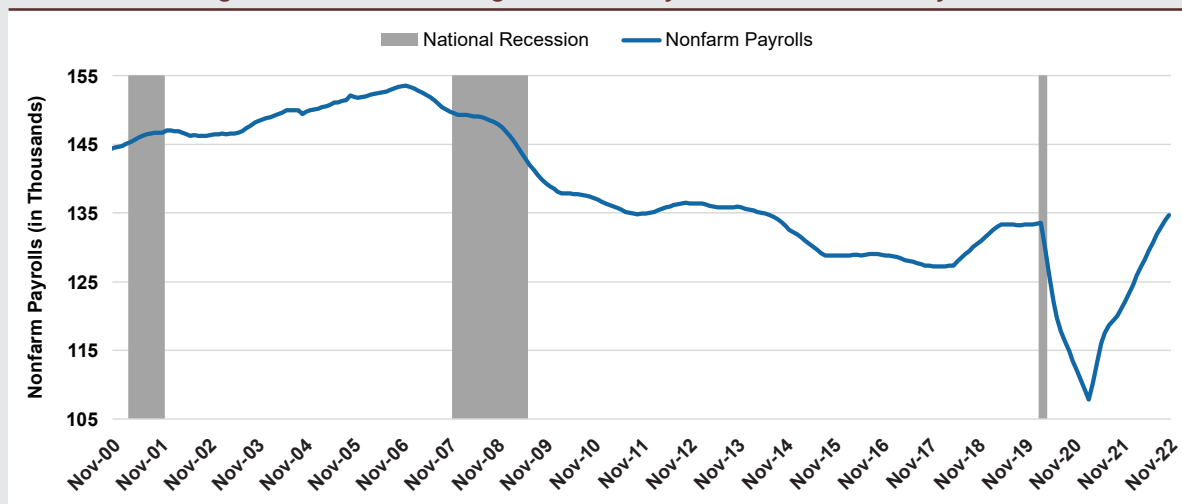
2001 Through 2006

The HMA economy, as measured by nonfarm payrolls, generally expanded during the early and mid-2000s (Figure 4). From 2001 through 2006, nonfarm payrolls increased by an average of 1,500 jobs, or 1.0 percent, a year. By comparison, jobs nationwide declined an average of 0.4 percent annually from 2001 through 2003, before increasing an average of 1.5 percent a year from 2004 through 2006. Eight of 11 sectors in the HMA added jobs during the period. Job gains were concentrated in the education and health services and the government sectors, which rose by averages of 400 jobs each, or 2.4 and 1.9 percent, respectively, each year. Job gains in the education and health services sector were partially attributed to the completion in 2005 of a \$35 million, 67,500-square-foot addition to the main campus of AtlantiCare Regional Medical Center in Pomona in Galloway Township.

2007 Through 2010

Economic conditions in the HMA weakened from 2007 through 2010. Because it depends heavily on tourism, the Great Recession had a more severe impact on the HMA than the nation. Nonfarm payrolls declined by an average of 4,200 jobs, or 2.8 percent, annually—a much higher rate than in the nation, which declined an average of 1.1 percent a year during the 4-year period.

Figure 4. 12-Month Average Nonfarm Payrolls in the Atlantic City HMA



Note: 12-month moving average.

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

Job losses in the HMA occurred in 9 of 11 nonfarm payroll sectors but were concentrated in the leisure and hospitality, the mining, logging, and construction, and the manufacturing sectors, which accounted for 86 percent of net job losses. The leisure and hospitality sector was the most severely affected sector, down by an average of 2,500 jobs, or 4.6 percent, a year from 2007 through 2010. In addition to the decline in tourism during the period, increased competition from new casinos in major metropolitan areas including Washington D.C., New York City, and Philadelphia—where three new casinos opened between 2007 and 2010—negatively affected casinos in the HMA. Declining levels of residential construction led to payrolls falling by an average of 600 jobs, or 10.3 percent, a year in the mining, logging, and construction sector, while the national recession led to a loss of 500 jobs, or 14.9 percent, a year in the manufacturing sector.

2011 Through 2017

Despite nationwide job growth, nonfarm payrolls continued to fall in the HMA from 2011 through 2017, due to continuing job losses in the leisure and hospitality sector. During the 7-year period, payrolls fell by an average of 1,400 jobs, or 1.0 percent, annually; nationwide jobs increased an average of 1.7 percent a year. In the HMA, the leisure and hospitality sector declined by an average of 1,800 jobs, or 4.3 percent, annually. Four casinos closed during 2014, including the Atlantic Club Casino Hotel, Showboat Atlantic

City, Revel Casino Hotel Atlantic City, and Trump Plaza Hotel and Casino, resulting in approximately 8,000 jobs lost. In 2016, the Trump Taj Mahal closed, resulting in nearly 3,000 additional jobs lost.

2018 Through 2019

Following more than 10 years of economic decline, the HMA economy began to recover in 2018. Job growth during 2018 and 2019 was relatively strong,

averaging 3,100 jobs, or 2.4 percent, annually—a faster rate than nationwide job growth, which averaged 1.5 percent a year. Job gains in the HMA were strongest in the leisure and hospitality sector, which rose by 2,900, or 7.8 percent, each year and accounted for 94 percent of the net job growth. These gains were largely due to the opening of the Ocean Casino Resort and the Hard Rock Hotel, Inc. in mid-2018, which resulted in approximately 8,000 new jobs.

Forecast

During the 3-year forecast period, nonfarm payroll jobs in the HMA are expected to increase at an average rate of 2.1 percent annually. Job gains are expected to be the strongest in the leisure and hospitality sector—a continuation of recent trends—as casinos and hotels continue to expand. Caesars Entertainment, Inc. plans to open a new restaurant. Hard Rock

Hotel, Inc. plans to spend \$30 million on live entertainment in 2023. Ocean Casino Resort plans to add a private helipad. Additional 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.



Population and Households

Current Population: 275,500

Population growth in the Atlantic City HMA has accelerated since 2020 due to net in-migration.

Population and Migration Trends

As of December 1, 2022, the HMA population is estimated at 275,500, an average annual increase of 70, or less than 1 percent, since April 2010 (Table 3). Economic conditions have generally affected population growth and migration trends in the HMA since the 2000s.

From 2000 to 2006, the HMA had relatively strong population growth, averaging 3,075 people, or 1.2 percent, annually, partly because of economic expansion during the period (Figure 5). Net in-migration averaged 2,200 people a year, accounting for 72 percent of population growth during the period, whereas net natural increase averaged nearly 880 people a year and accounted for the remaining 28 percent of population growth. Enrollment at Stockton University increased by an average of 130 students, or 2.0 percent, annually from 2000 to 2006, contributing to population growth in the HMA.

Population growth subsequently slowed to an average of 670 people, or 0.2 percent, annually from 2006 to 2013, partly because of job losses

Table 3. Atlantic City HMA Population and Household Quick Facts

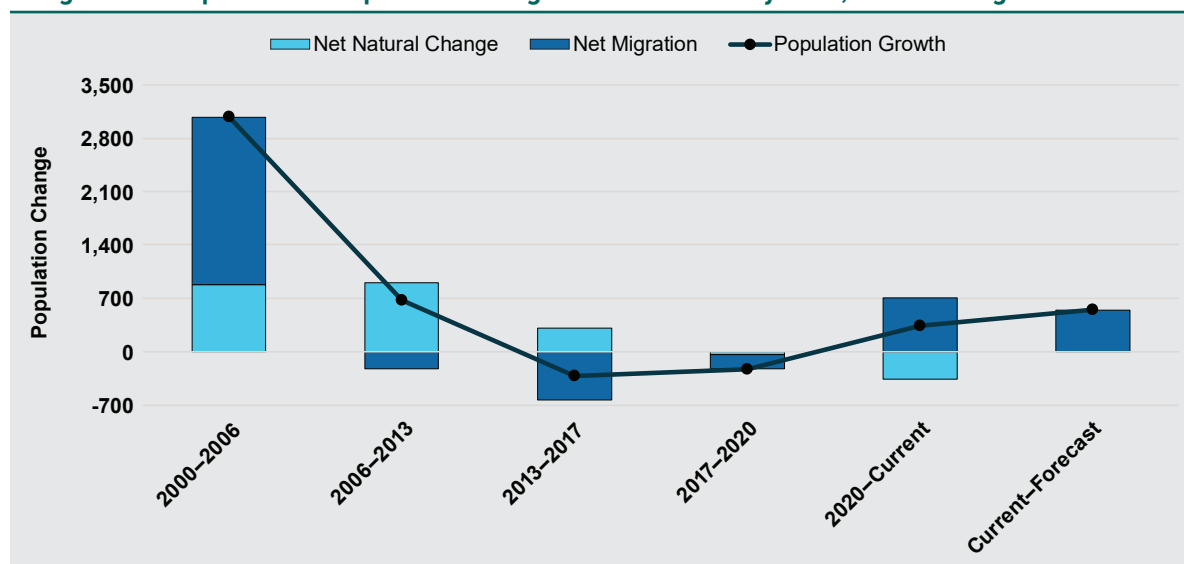
Population Quick Facts		2010	Current	Forecast
	Population	274,549	275,500	277,100
	Average Annual Change	2,200	70	550
	Percentage Change	0.8	0.0	0.2
Household Quick Facts		2010	Current	Forecast
	Households	102,847	107,600	108,800
	Average Annual Change	780	380	400
	Percentage Change	0.8	0.4	0.4

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

The forecast period is from the current date (December 1, 2022) to December 1, 2025.

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

Figure 5. Components of Population Change in the Atlantic City HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (December 1, 2022) to December 1, 2025.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

that resulted in people leaving the HMA in search of work opportunities in nearby metropolitan areas. Net natural increase accounted for all population growth, averaging 900 people a year, and was partially offset by net out-migration averaging 230 people annually. From 2013 to 2017, the population declined by an average of 320, or 0.1 percent, annually, when more people left the HMA in response to continuing job

losses. The decline resulted from higher levels of net out-migration, which averaged 630 people a year; net natural increase averaged 310 people annually from 2013 to 2017. The largest outflow of residents from the HMA during this period was into the Philadelphia and New York metropolitan areas, which accounted for 46 percent of the out-migration (2013–2017 ACS 5-year data). By comparison, from 2008 to 2012, approximately 38 percent of net out-migration from the HMA was into these metropolitan areas (2008–2012 ACS 5-year data).

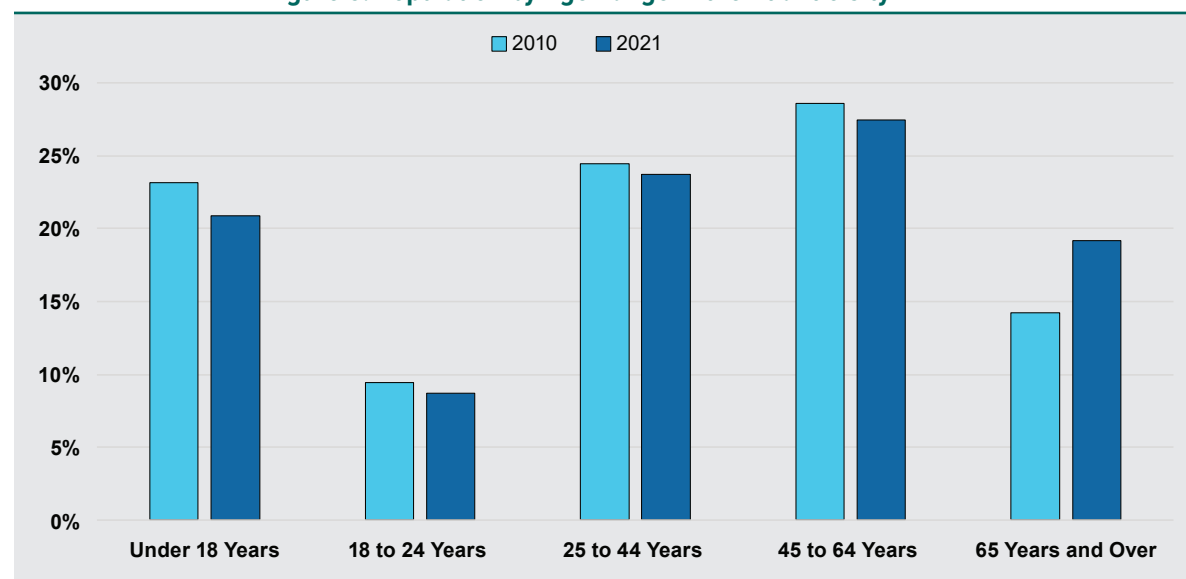
Job growth during 2018 and 2019 partially contributed to lower levels of net out-migration from the HMA. From 2017 to 2020, net out-migration slowed to an average of 190 people a year. Despite lower levels of net out-migration, the population continued to decline, down by an average 230, or 0.1 percent, a year. Net natural decline, which averaged 40 people a year, constrained population growth during 2017 to 2020.

Population growth has resumed since 2020, increasing by an average of 340, or 0.1 percent, annually. All population growth since 2020 has been due to net in-migration, which averaged 700 people a year, partly because people moved away from dense, urban metropolitan areas during the pandemic to less populated areas such as the HMA. In addition, the partial return to in-person classes at Stockton University during the fall of 2020, following a period of remote learning because of the COVID-19 pandemic, contributed to people moving to the HMA.

Age Cohort Trends

The largest age cohort in the HMA in 2021 was residents aged 45 to 64 years, which accounted for 27.5 percent of the total population (Figure 6). The median age in the HMA during 2021 was 42.2 years. By comparison, in the state of New Jersey and the nation, the largest age cohorts were also aged 45 to 64, and the median ages were 40.3 and 38.8, respectively. The cohort aged 65 and older was the only cohort to increase from 2010 to 2021, which reflects aging of the existing population in the HMA.

Figure 6. Population by Age Range in the Atlantic City HMA



Source: 2010 and 2021 American Community Survey 1-year data

Household Trends

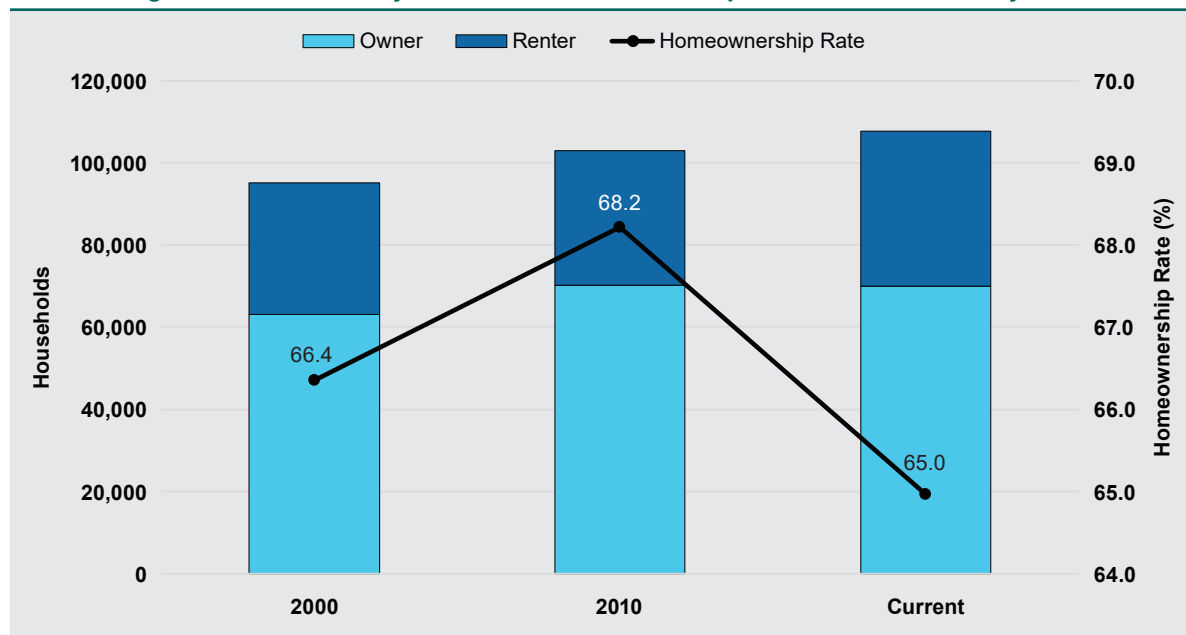
As of December 1, 2022, an estimated 107,600 households reside in the HMA, including an estimated 69,900 owner and 37,700 renter households. From 2000 to 2010, the number of households increased by an average of approximately 780 households, or 0.8 percent, a year—the same rate of growth as the population in the HMA during the same period. Since 2010, the number of households has increased by an average of 380, or 0.4 percent, annually compared with an average population growth rate of less

than 1 percent annually during the same period. An estimated 65.0 percent of households are homeowners, down from 68.2 percent in 2010 (Figure 7).

Forecast

During the next 3 years, the pace of population growth in the HMA is expected to increase from the recent population growth rate. The population is expected to reach 277,100 by December 1, 2025, reflecting an average annual growth of 550, or 0.2 percent. Population growth will be steady throughout the 3-year forecast period, reflecting similar steady economic growth during the forecast period, and will be entirely due to net in-migration. Household growth is expected to average 400, or 0.4 percent, annually, reaching 108,800 households in the HMA by the end of the forecast period. Due in part to continued net in-migration, rising home prices, and high mortgage interest rates, the number of renter households is expected to increase at a faster rate than the number of owner households, resulting in a modest decline in the homeownership rate.

Figure 7. Households by Tenure and Homeownership Rate in the Atlantic City HMA



Note: The current date is December 1, 2022.

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

Home Sales Market

Market Conditions: Balanced

Despite a 34-percent decline in home sales during the past 12 months, the average home sales price in the Atlantic City HMA rose 9 percent compared with the previous 12-month period (CoreLogic, Inc.).

Current Conditions

The sales housing market in the HMA is balanced, with an overall estimated vacancy rate of 2.1 percent (Table 4), down from 2.6 percent in April 2010 when conditions were soft. Net in-migration since 2020 and a low supply of for-sale inventory have contributed to improving market conditions. The inventory of available homes for sale was 2.7 months in November 2022, up from 2.0 months a year earlier but significantly less than the 16.1 months of inventory in November 2010 (CoreLogic, Inc.). In addition to the low inventory of homes for sale, increasing mortgage interest rates, which rose from an average of 3.1 percent for a 30-year fixed-rate mortgage in November 2021 to 6.6 percent in November 2022, contributed to a decline in home sales during the 12 months ending November 2022 (Freddie Mac). 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 ending November 2022 compared with the 3 months

ending November 2021 (CoreLogic, Inc.). However, the average home sales price of new and existing homes increased 9 percent to an all-time high of \$341,700 compared with an 11-percent increase a year earlier. During the 12 months ending November 2022, 35 percent of total homes sold at prices ranging from \$100,000 to \$249,000, the greatest share in the HMA (Figure 8).

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

Home Sales Quick Facts	Atlantic City HMA		Nation
	Vacancy Rate	2.1%	NA
	Months of Inventory	2.7	2.1
	Total Home Sales	4,475	6,499,000
	1-Year Change	-34%	-15%
	New Home Sales Price	\$614,100	\$486,000
	1-Year Change	26%	15%
	Resale Sales Price	\$334,700	\$399,900
	1-Year Change	8%	8%
	Mortgage Delinquency Rate	2.2%	1.2%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2022; and months of inventory and mortgage delinquency data are as of November 2022. The current date is December 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory, home sales and prices, and mortgage delinquency rate—CoreLogic, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending November 2022 in the Atlantic City HMA



Notes: New and existing sales include single-family homes, townhomes, and condominium units. Existing home sales include regular resales and real estate owned sales.

Source: Zonda

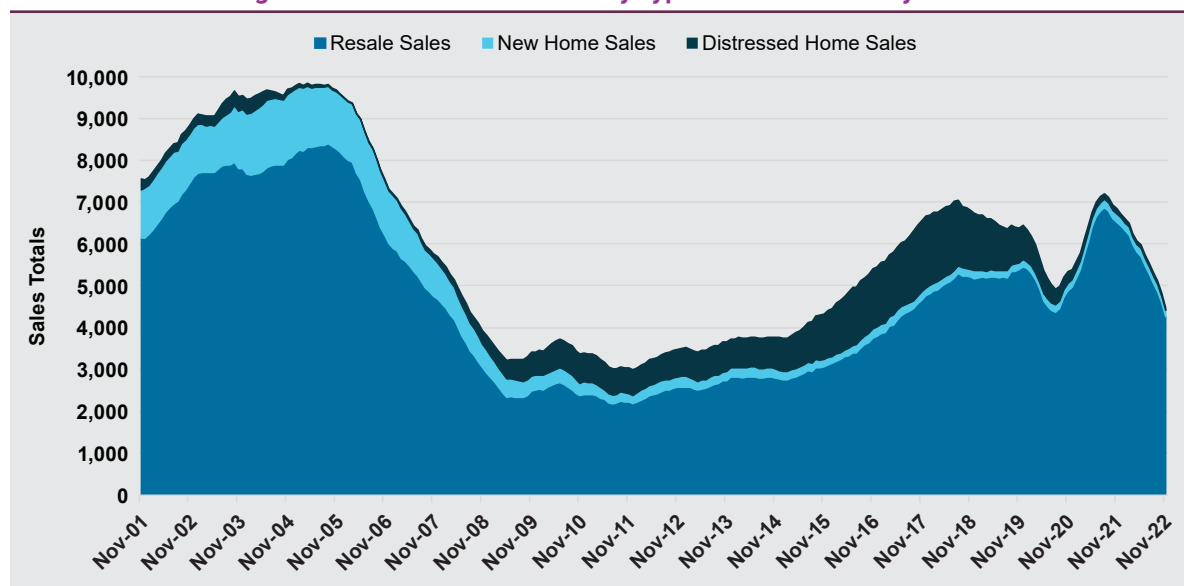


Home Sales

Home sales were generally high during the early to mid-2000s, averaging 8,550 homes annually from 2000 through 2006 (CoreLogic, Inc.). Strong economic growth, lenient mortgage lending standards, and net in-migration during the period allowed a greater proportion of households to purchase homes, which contributed to relatively high levels of home sales. The tightening of mortgage lending standards starting in 2007, when the subprime mortgage crisis began and subsequent economic contraction in the HMA contributed to a decrease in the number of homes sold. From 2007 through 2011, new home sales and resale sales declined by averages of 31 and 18 percent a year, respectively, to lows of 200 new homes sold and 2,175 resale sales in 2011 (Figure 9).

However, an increasing number of home sales were distressed home sales. An average of 470 distressed sales a year accounted for 14 percent of total existing sales during 2007 through 2011 compared with 3 percent of total existing sales during 2000 through 2006. From 2012 through 2019, total home sales increased 10 percent annually despite net out-migration. The increase was due to a rise in resale sales and distressed home sales, up averages of 12 and 4 percent annually, respectively, whereas new home sales declined an average of 3 percent a year. During the early stages of the pandemic, the number of homes sold declined partly because of concerns

Figure 9. 12-Month Sales Totals by Type in the Atlantic City HMA



Note: Distressed home sales include real estate owned homes and short sales.
Source: CoreLogic, Inc.

regarding both the economic impact and the spread of COVID-19. During 2020, 5,375 homes sold in the HMA, down 16 percent from 6,450 homes sold during 2019. The decline was entirely due to reduced numbers of existing home sales. The number of resale sales declined 9 percent to 4,975, and the number of distressed home sales fell 71 percent to 240. However, the number of new homes sold rose 9 percent to 180 homes. As economic conditions in the HMA began to recover, home sales increased 25 percent to 6,725 during 2021. Resale sales increased 29 percent to 6,425, and new home sales increased 11 percent to 200, whereas distressed home sales declined 54 percent to approximately 100.

Delinquent Mortgages

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the HMA reached a recent peak in January 2013 at 16.7 percent compared with a 6.4-percent rate nationwide (CoreLogic, Inc.). The rate in the HMA subsequently declined to a low of 3.2 percent in March 2020 compared with a 1.3-percent rate nationwide. The COVID-19 pandemic-induced economic contraction contributed to an overall increase in the rate of delinquent mortgages and REO properties in the HMA because homeowners

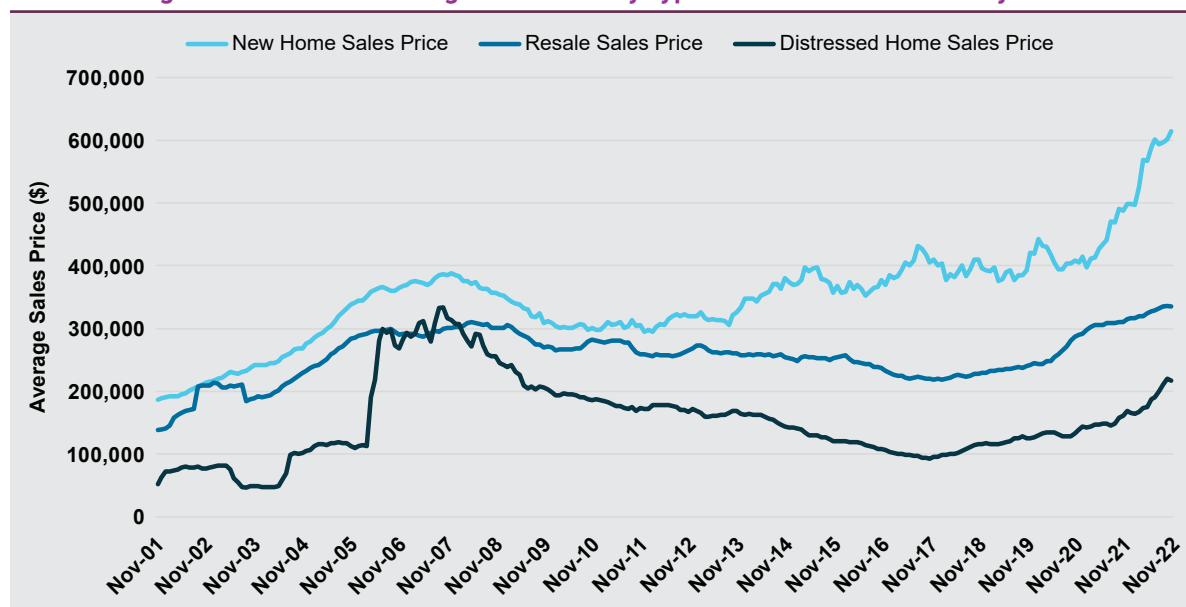
struggled to make mortgage payments, reaching 9.0 percent in August 2020 compared with a 4.4-percent rate nationwide. The increase in the rate during this period was due to a rise in delinquent mortgages when many homeowners were able to avoid foreclosures due to federal and local mortgage forbearance programs. From March to August 2020, the number of home loans in the HMA that were 90 or more days delinquent increased more than threefold, and the number of home loans that were either in foreclosure or transitioned into REO status declined a combined 20 percent. The number of home loans that are 90 or more days delinquent has declined 80 percent since August 2020, while the number of home loans that are either in foreclosure or transitioned into REO status has declined 20 percent. As of November 2022, the rate of seriously delinquent mortgages and REO properties in the HMA was 2.2 percent, down from 4.0 percent in November 2021. By comparison, the rate for the nation was 1.2 percent as of November 2022, down from 2.1 percent in November 2021.

Home Sale Prices

After reaching a high of \$314,700 in 2007, the average new and existing home sales price in the HMA fell at the same time the market softened and economic conditions declined (CoreLogic,

Inc.). The average home sales price fell by an average of \$12,200, or 5 percent, a year from 2008 through 2017 to \$192,600 during 2017. The decline was entirely due to reductions in the prices of existing homes. The average resale sales price declined 3 percent annually to \$219,100, and the average distressed home sales price fell 11 percent a year to \$95,650 (Figure 10). However, the average new home sales price rose 1 percent annually to \$409,400. Total home prices in the HMA rose each year from 2018 through 2021, a period when demand for sales housing increased and available inventory continued declining. The average home price increased by an average of \$31,200, or 13 percent, annually from 2018 through 2021, surpassing the prerecessionary high during 2007 and reaching \$317,400 in 2021. From 2018 through 2021, the average new home sales price rose by an average of \$22,150, or 5 percent, annually to \$498,000, whereas the average resale sales price and distressed home sales price increased by \$23,800 and \$18,300, or 9 and 15 percent, respectively, a year to \$314,400 and \$168,800 in 2021.

Figure 10. 12-Month Average Sales Price by Type of Sale in the Atlantic City HMA



Note: Distressed home sales include real estate owned homes and short sales.
Source: CoreLogic, Inc.

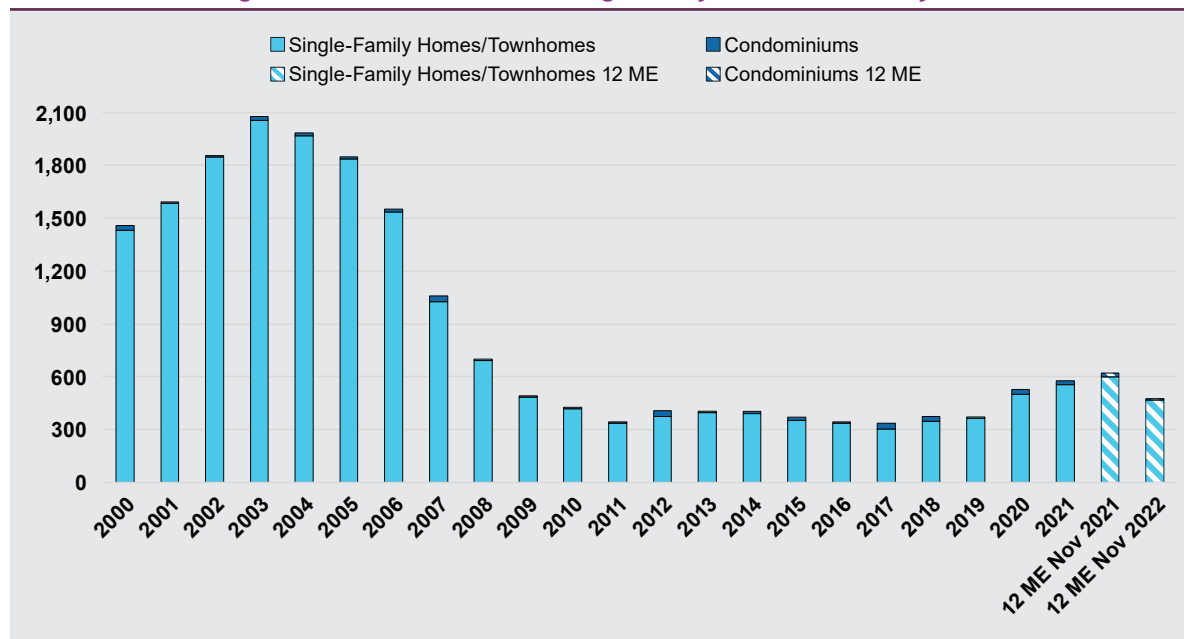
Sales Construction

Homebuilding in the HMA—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted—was strong during the 2000s compared with the 2010s (Figure 11), partly because of strong economic growth during the early to mid-2000s. From 2000 through 2006, an average of 1,775 homes were permitted annually. As economic conditions weakened and the market softened during the housing market crisis, for-sale home construction declined, down by an average of 240 homes, or 26 percent, a year to 340 homes in 2011. Sales construction activity remained relatively steady through 2019, averaging 370 homes annually from 2012 through 2019. Net in-migration since 2020 persuaded builders to increase new home construction during 2020 and 2021, averaging 550 homes a year, but more recently rising interest rates have led them to cut back. During the 12 months ending November 2022, 470 homes were permitted, down 24 percent from the approximately 620 homes permitted during the 12 months ending November 2021 (preliminary data, with adjustments by the analyst).

New Construction

For-sale home construction is spread throughout the HMA. During the 12 months ending November 2022, Egg Harbor Township and the beach cities of Brigantine, Margate City, and Ventnor City accounted for approximately 55 percent of all

Figure 11. Annual Sales Permitting Activity in the Atlantic City HMA



12 ME = 12 months ending.

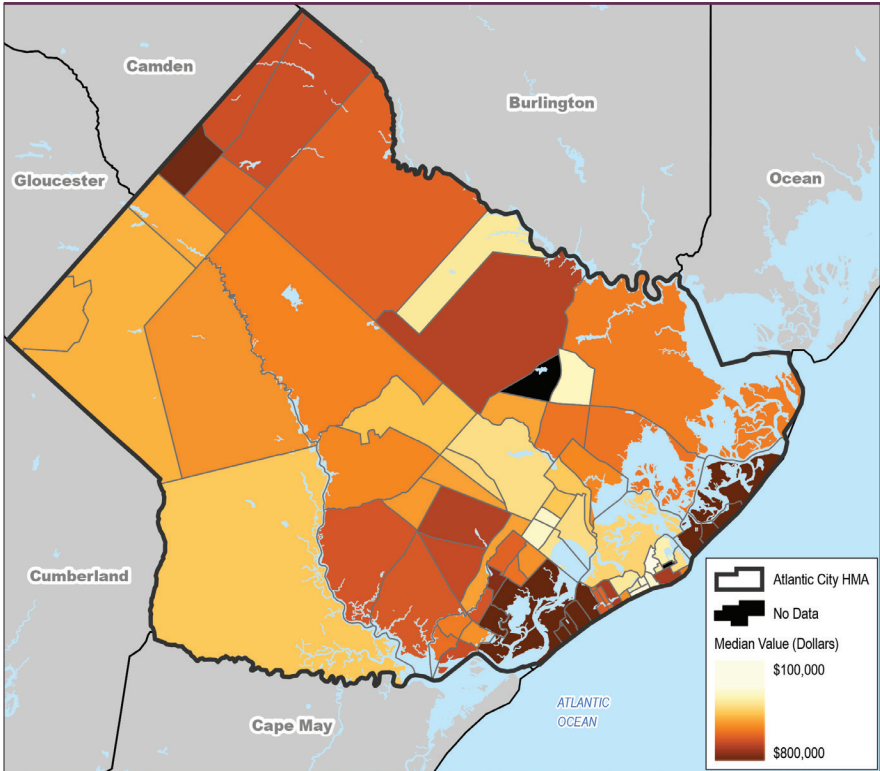
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

single-family homes permitted in the HMA. Although home values within the HMA vary, they are generally elevated in coastal communities (Map 1). New home construction is underway at The Breakers at Atlantic City, an oceanfront townhome community, which is expected to have 12 four-bedroom homes with more than 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. The community is expected to have 11 four-bedroom homes when complete, with prices starting at \$479,999.

Forecast

During the next 3 years, demand is estimated for 1,400 new homes (Table 5). The 150 homes under construction in the HMA will satisfy only a portion of demand in the first year of the 3-year forecast period. Demand is expected to be relatively steady throughout the forecast period.

Map 1. Atlantic City HMA Median Home Values



Source: 2017–2020 American Community Survey 5-year data

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

Sales Units	
Demand	1,400 Units
Under Construction	150 Units

Note: The forecast period is from December 1, 2022, to December 1, 2025.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Tight

Rent growth in the Atlantic City HMA has accelerated since the beginning of the COVID-19 pandemic.

Current Conditions and Recent Trends

Rental housing market conditions in the HMA are slightly tight. As of December 1, 2022, the overall rental vacancy rate is estimated at 6.0 percent, down from 9.6 percent in April 2010 when conditions were soft (Table 6). Strong renter household growth has resulted in increased absorption of vacant rental units, contributing to the tightening of the rental market since 2010. Rental housing in the HMA has been shifting to more apartments, as multifamily construction during the 2010s increased the supply of apartment units. In 2021, approximately 48 percent of renter households in the HMA resided in multifamily structures with five or more units, typically apartments, compared with 41 percent in 2010 (2010 and 2021 ACS 1-year data). The remainder of renter households, or 52 percent, resided in single-family homes, mobile homes, townhomes, and two- to four-unit structures in 2021, a decline from 59 percent in 2010.

Single-Family Home Rentals

Approximately 32 percent of renter households in the HMA live in single-family homes (2021 ACS 1-year data). The rental market for single-family homes is very tight—unchanged from conditions a year ago but tighter than during the early 2010s. Demand for single-family homes is strong, partly because these homes typically have greater space and more bedrooms compared with traditional apartments. The average vacancy rate for professionally managed single-family rental homes during October 2022 was 1.0 percent, down from 1.2 percent a year ago and less than the 4.2-percent vacancy rate in October 2012 (CoreLogic, Inc.). During the past year, average rents for one- and two-bedroom single-family homes increased 14 and 3 percent, respectively. As of October 2022, average monthly rents for one- and two-bedroom homes were \$1,186 and \$1,305, respectively.

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

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	9.6	6.0
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	34	32
	Multifamily (2–4 Units)	24	19
	Multifamily (5+ Units)	41	48
	Other (Including Mobile Homes)	1	1

Apartment Market Quick Facts		4Q 2022	YoY Change
	Apartment Vacancy Rate	2.7	1.0
	Average Rent	\$1,500	6%

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

Notes: The current date is December 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

Apartment Market Conditions

Apartment market conditions in the HMA are tight, with a 2.7-percent vacancy rate during the fourth quarter of 2022, up from 1.7 percent during the fourth quarter of 2021 but significantly less than the 7.0 vacancy rate during the fourth quarter of 2020 (Figure 12; CoStar Group). The apartment market in the HMA has tightened since the start of the COVID-19 pandemic, partly because of generally lower levels of rental construction and resumed net in-migration since 2020. Before the pandemic, apartment market conditions fluctuated between balanced and soft conditions, with apartment vacancy rates ranging from a low of 6.7 percent during the fourth quarter of 2002 to a high of 10.9 percent during the fourth quarter of 2019. During the fourth quarter of 2022, the average monthly apartment asking rent in the HMA was \$1,500, up 6 percent from \$1,412 during the fourth quarter of 2021. Average monthly apartment asking rents have generally increased each year since 2000, up an average of 2 percent a year.

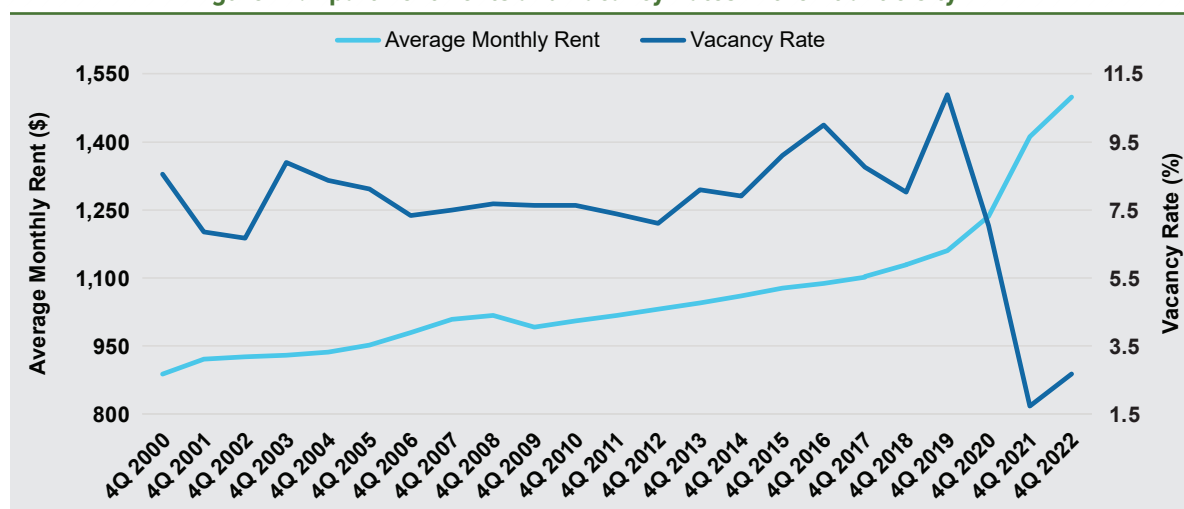
In the CoStar Group-defined Atlantic City market area, which includes the cities of Atlantic City, Brigantine, Margate City, and Ventnor City, apartment market

conditions are also tight. During the fourth quarter of 2022, the apartment vacancy rate in the market area was 2.5 percent, up from 2.0 percent during the fourth quarter of 2021. The average apartment asking rent in the Atlantic City market area was \$1,173, representing a 7-percent increase from \$1,096 during the fourth quarter of 2021.

Rental Construction Activity

Despite tight apartment market conditions during the past 2 years, rental construction activity in the HMA—as measured by the number of rental units permitted—has fallen to levels comparable to the 2000s, following a period of strong rental construction during the mid- and late 2010s (Figure 13). From 2000 through 2006, an average of 220 units were permitted annually before declining to an average of 140 units a year from 2007 through 2013, a period when builders scaled back construction in response to weak economic conditions and net out-migration. Despite continued net out-migration, rental construction rose to an average of 570 units a year from 2014 through 2019, a period following Hurricane Sandy, which reduced the rental housing supply in the HMA. Rental construction was strong from 2014 through 2019, partly because of an increase in the construction of low-income housing tax-credit (LIHTC) developments in response to the availability of funding through Hurricane Sandy Community Development Block Grant Disaster Recovery grants. An average of 240 LIHTC units were permitted annually from 2014 through 2019 compared with an average of 40

Figure 12. Apartment Rents and Vacancy Rates in the Atlantic City HMA

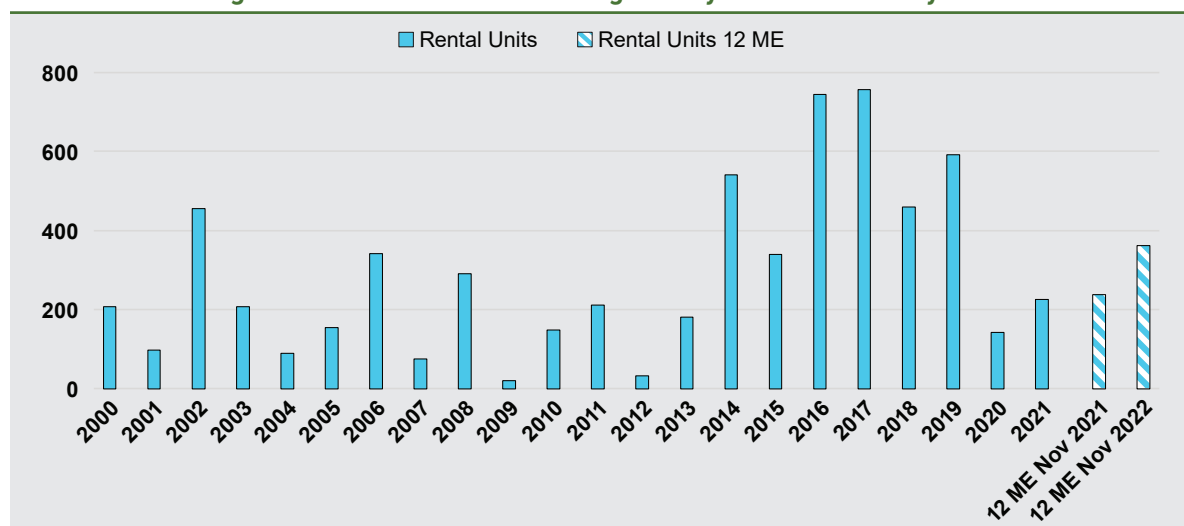


4Q = fourth quarter.

Note: The vacancy rates and average monthly rents 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.

Source: CoStar Group

Figure 13. Annual Rental Permitting Activity in the Atlantic City HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

LIHTC units permitted from 2000 through 2013. As the relatively large number of units permitted were completed and added to the rental supply, permitting fell during 2020 and 2021 to an average of 180 units each year. During the 12 months ending November 2022, 360 rental units were permitted, reflecting a 52-percent increase from the nearly 240 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

Student Housing

Approximately 35 percent of undergraduate students at Stockton University live in university-owned, -operated, or -affiliated housing. Of the remaining students, an estimated 95 percent reside within the HMA. Off-campus student households currently account for an estimated 5 percent of all renter households in the HMA.

Construction of a 416-bed residence hall is underway at the Atlantic City campus. The new residence hall will add more student housing to the existing 530 dormitory beds completed in 2018 when the Atlantic City campus opened. The completion of the new residence hall is anticipated by the fall of 2023 and is expected to help ease tight apartment market conditions.

New Construction

Although new developments are being built throughout the HMA, notable recent apartment construction has been in the city of Northfield and Egg

Harbor Township. Nearly 160 units are underway in the third and fourth phases of Cresson Hill, an apartment community in the city of Northfield. When the development is complete, 266 one- and two-bedroom units will be available, with rents for one-bedroom units starting at \$1,775 and two-bedroom units starting at \$1,925. 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—was completed in 2021. Monthly rents for the one-, two-, and three-bedroom units are \$851, \$1,000, and \$1,250, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 960 new rental units in the HMA (Table 7). The 360 units under construction are expected to satisfy part of the demand during the first and second years of the forecast period. Demand is expected to be relatively steady throughout the forecast period.

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

Rental Units	
Demand	960 Units
Under Construction	360 Units

Note: The forecast period is from December 1, 2022, to December 1, 2025.
Source: 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/ Permitting/ Permitted	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes regular resales and REO sales.
Forecast Period	December 1, 2022–December 1, 2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Home Value	The owner's estimate of how much the property (house and lot, mobile home and lot, or condominium unit) would sell for if it were for sale.
Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Resale Sales	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.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are 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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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.
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2.	<p>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.</p>
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