



Atlantic City-Hammonton, New Jersey

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2010



Housing Market Area



Located along the southern New Jersey Shore, 60 miles southeast of Philadelphia, Pennsylvania, the Atlantic City-Hammonton Housing Market Area (HMA) is coterminous with Atlantic County, New Jersey. The HMA is among the leading tourist destinations in the nation for gaming entertainment, with 30 million visitors generating \$3.8 billion in casino revenue during 2009, according to the New Jersey Casino Control Commission.

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Summary

Economy

Economic conditions have weakened in the Atlantic City-Hammonton HMA since 2007 because of a reduction in both consumer spending and tourism. During the 12 months ending June 2010, nonfarm payrolls declined by 5,700 jobs, or 4 percent, to an average of 137,500 jobs, with the greatest number of job losses in the leisure and hospitality sector. The unemployment rate was 12.9 percent, the highest rate in 20 years. Employment in the HMA is expected to improve starting in the second year of the forecast period.

Sales Market

Sales housing market conditions were soft in the HMA as of July 1, 2010, with an estimated 2.5-percent vacancy rate. During the second quarter of 2010, the median existing home sales price was \$227,400, up 1 percent from \$225,300 during the second quarter of 2009. During the forecast period, demand is expected for 890 new homes (see Table 1). Currently, approximately 110 homes are under construction, which will satisfy a portion of the forecast demand. Of the estimated 19,400 other vacant units in the HMA, nearly 75 percent are resort-oriented seasonal housing.

A portion of the remaining 25 percent of other vacant units may come back on line to satisfy some of the demand.

Rental Market

The rental housing market in the HMA has been balanced during the 24 months ending June 2010 because of considerably lower levels of apartment construction since 2006. The current rental vacancy rate is estimated at 6.8 percent. During the next 3 years, demand is expected for 440 new rental units (see Table 1). Approximately 80 apartments are currently under construction and will satisfy a portion of the forecast demand.

Table 1. Housing Demand in the Atlantic City-Hammonton HMA, 3-Year Forecast, July 1, 2010 to July 1, 2013

	Atlantic City-Hammonton, HMA	
	Sales Units	Rental Units
Total Demand	890	440
Under Construction	110	80

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2010. A portion of the estimated 19,400 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

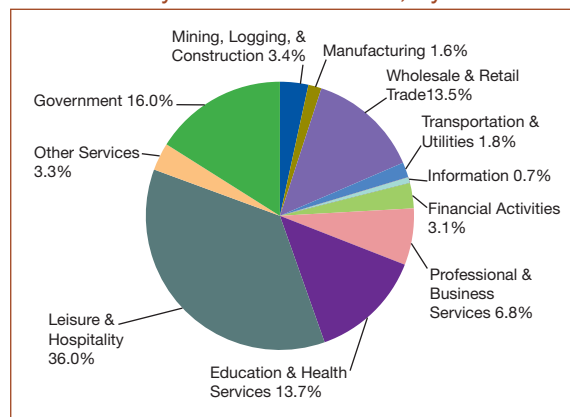
Economic Conditions

The economy of the Atlantic City-Hammonton HMA has depended on tourism for the past 160 years. The leisure and hospitality sector continues to be the leading sector in the HMA and accounts for 36 percent of all nonfarm payroll jobs despite declines since 2005 (see Figure 1). Currently, 6 out of the 10 leading employers in the HMA are in the casino hotels industry (see Table 2). The casino hotels industry, accounting for 70 percent of all jobs in the leisure and hospitality sector, provides 34,000 jobs and \$950 million in wages and salaries annually. According to data from the New

Jersey Casino Control Commission, consumer spending in the casino hotels industry averaged nearly \$5 billion a year between 2003 and 2006, more than \$1 billion more than any other year since 2000. The increased spending prompted the development of the Borgatta, a casino hotel, and nonfarm payrolls increased during that period by an average of 1,800 jobs a year, or 1.2 percent.

As a result of the slowdown in the national economy since 2007 and increased competition from casinos in neighboring Pennsylvania and Delaware, casino revenues and employment have recently declined. During the 12 months ending June 2010, gross casino revenue in Atlantic City declined by nearly 10 percent to \$3.8 billion but increased by 25 percent to \$1.7 billion in Pennsylvania, due in part to the opening of the Sands in Bethlehem and The Rivers in Pittsburgh. During the 12 months ending June 2010, nonfarm payrolls in the leisure and hospitality sector declined by 2,800 jobs, or 5.3 percent (see Table 3), and the average unemployment rate increased to 12.9 percent from 9.6 percent during the previous 12-month period (see Figure 2).

Figure 1. Current Employment in the Atlantic City-Hammonton HMA, by Sector



Note: Based on 12-month averages through June 2010.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Atlantic City-Hammonton HMA

Name of Employer	Employment Sector	Number of Employees
Harrah's Entertainment, Inc.	Leisure & Hospitality	11,350
Trump Entertainment Resorts	Leisure & Hospitality	6,690
AtlantiCare	Education & Health Services	4,990
Borgata Hotel Casino & Spa	Leisure & Hospitality	4,900
Tropicana Entertainment	Leisure & Hospitality	2,750
Atlantic City Hilton	Leisure & Hospitality	1,840
Resorts Atlantic City	Leisure & Hospitality	1,780
Shore Memorial Hospital	Education & Health Services	1,590
Federal Aviation Administration, William J. Hughes Technical Center	Government	1,500
Wakefern Food Corp.	Wholesale & Retail Trade	1,080

Note: As of 2009.

Source: Greater Atlantic City Chamber of Commerce

Economic Conditions *Continued*

Significant nonfarm payroll job losses also occurred in the mining, logging, and construction sector during the 12 months ending June 2010, declining by 1,000 jobs, or 18 percent, compared with 1,500 jobs lost in the previous 12-month period. Job losses were mainly a result of continued declines in residential construction; the number of housing units permitted decreased by 40 percent during the 12 months ending June 2010. Additional job losses occurred in

the manufacturing sector, which decreased by 600 jobs, or 21 percent, and reduced demand for business support services led to a decline of 600 jobs, or 6 percent, in the professional and business services sector.

The only sector to add a significant number of jobs during the 12 months ending June 2010 was the education and health services sector. Employment in the sector increased by 500 jobs, or 2.7 percent, as a result of hiring at local colleges and increased demand for healthcare services. Since 1990, the sector has increased by 63 percent (see Figure 3).

During the forecast period, several expansions will likely result in nonfarm payroll job growth. These expansions include the \$80 million NextGen Aviation Research and Technology Park, where the first of seven buildings is expected to open in early 2011; the \$16 million aviation training facility at Atlantic Cape Community College; and the three-phase science facility expansion at Richard Stockton College. The completion of these projects is expected to add 2,200 jobs during the next 3 years. An additional 5,500 jobs

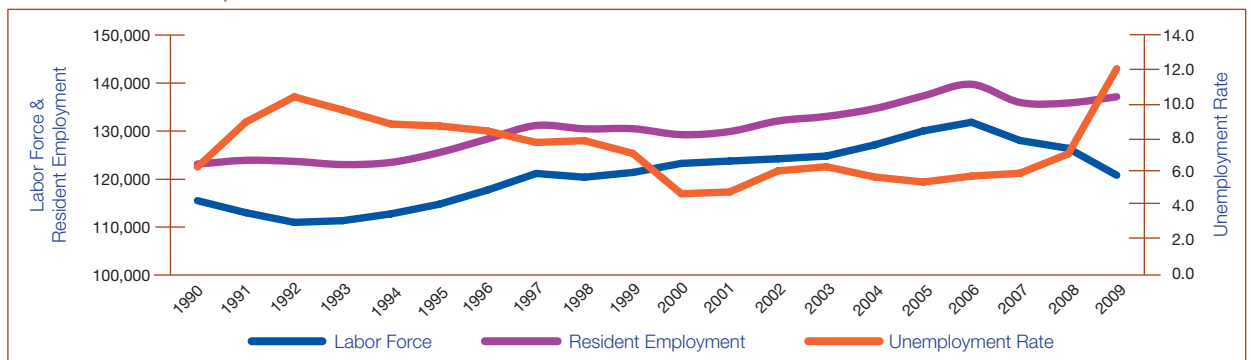
Table 3. 12-Month Average Employment in the Atlantic City-Hammonton HMA, by Sector

	12 Months Ending June 2009	12 Months Ending June 2010	Percent Change
Total Nonfarm Payroll Jobs	143,200	137,500	- 4.0
Goods Producing	8,500	6,900	- 18.8
Mining, Logging, & Construction	5,700	4,700	- 17.5
Manufacturing	2,800	2,200	- 21.4
Service Providing	134,600	130,600	- 3.0
Wholesale & Retail Trade	18,800	18,600	- 1.1
Transportation & Utilities	2,600	2,500	- 3.8
Information	1,000	1,000	0.0
Financial Activities	4,300	4,200	- 2.3
Professional & Business Services	10,000	9,400	- 6.0
Education & Health Services	18,300	18,800	2.7
Leisure & Hospitality	52,400	49,600	- 5.3
Other Services	4,500	4,600	2.2
Government	22,600	22,100	- 2.2

Note: Based on 12-month averages through June 2010.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Atlantic City-Hammonton HMA, 1990 to 2009



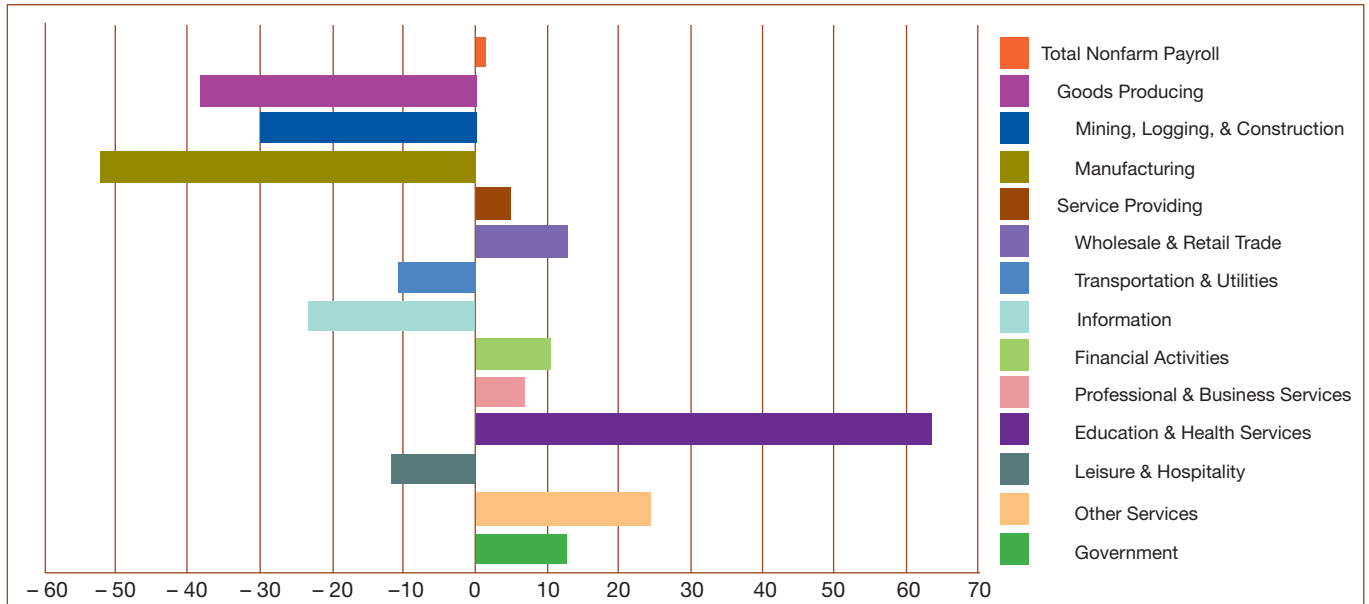
Note: Annual averages.

Source: U.S. Bureau of Labor Statistics

are expected to be created with the completion of the \$2.6 billion Revel Hotel and Casino in 2012. During the forecast period, nonfarm payroll jobs are expected to remain virtually

unchanged, increasing from 137,500 to 137,700, because expansions are expected to offset any continued declines in nonfarm payroll jobs.

Figure 3. Sector Growth in the Atlantic City-Hammonton HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through June 2010.

Source: U.S. Bureau of Labor Statistics

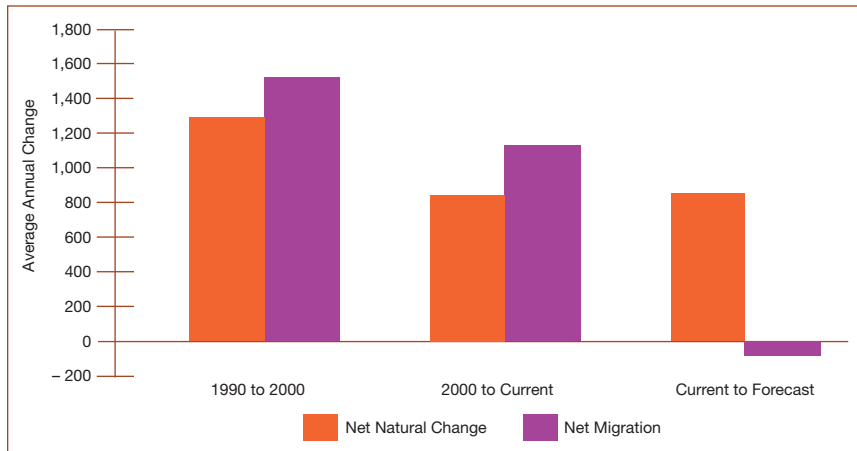
Population and Households

The population of the Atlantic City-Hammonton HMA, as of July 1, 2010, was estimated at 272,800, with an average annual increase of 1,975, or 0.8 percent, since 2000 (see Table DP-1 at the end of this report). According to the Census Bureau, the population in the HMA was 252,552 in 2000 compared with 224,327 in 1990, indicating an average growth of 2,825, or 1.2 percent, annually. During the past decade, the population increased at a faster rate from 2000 through 2006, at 1.1 percent annually, due in part to the opening and expansion of The

Borgatta along with several hotels during that period. The jobs created by these expansions resulted in an average annual net in-migration of 2,750 people from 2000 through 2006. According to data from the Internal Revenue Service, people were mainly relocating from surrounding Cape May, Burlington, and Ocean Counties in New Jersey. During that time, net in-migration accounted for 60 percent of total population growth in the HMA. Weakening economic conditions reversed the trend in 2007 and resulted in net out-migration of 530 people annually from 2007

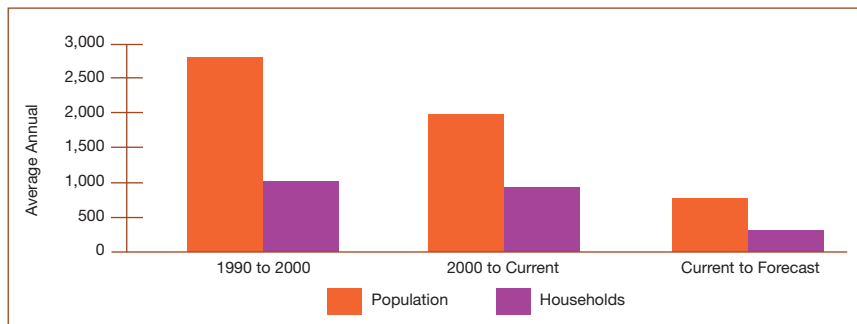
through 2008, reducing the annual population growth to an average of 0.3 percent, from 2007 through July 1, 2010. Net out-migration is expected

Figure 4. Components of Population Change in the Atlantic City-Hammonton HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Atlantic City-Hammonton HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

to decline to an average of 80 people a year as economic conditions and job growth slowly improve. Currently, net natural change (resident births minus resident deaths) accounts for nearly 80 percent of the population change in the HMA and is expected to account for all of the growth during the next 3 years. The population in the HMA is expected to grow at a slightly slower pace of 770, or 0.3 percent, annually during the forecast period. See Figure 4 for components of population change from 1990 through the forecast period.

An estimated 104,400 households currently reside in the HMA. The number of households increased at a moderate rate since 2000, due in part to slower growth in the population from 2007 through June 2010 that resulted from net out-migration as most households in the latter part of the decade sought jobs in surrounding counties. The number of households is expected to continue to grow at a modest pace, by 270 annually, or 0.3 percent, to 105,200 during the next 3 years. See Figure 5 for population and household estimates from 1990 through the forecast period.

Housing Market Trends

Sales Market

The sales housing market in the Atlantic City-Hammonton HMA is currently soft, with an estimated vacancy rate of 2.5 percent, resulting from a weaker economy, stricter mortgage underwriting, and overbuilding during the early 2000s; however, the market is improving. Although the

number of owner-occupied households has increased to an estimated 73,350 as of July 1, 2010 (see Figure 6), the production of new sales housing since 2000 exceeded demand for new homes by an estimated average of 400 units a year. Market conditions improved during the second quarter of 2010 with

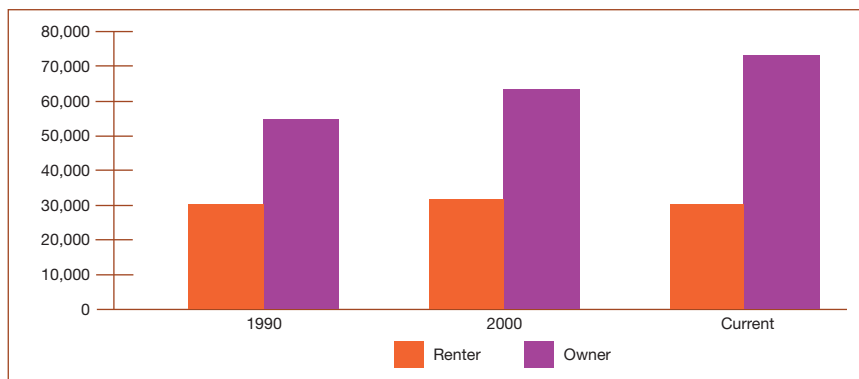
the first-time homebuyer tax credit, resulting in increased existing home sales. According to data from the New Jersey Association of REALTORS®, total existing home sales increased to 580 during the second quarter of 2010 compared with 470 homes sold during the second quarter of 2009 and 480 homes sold during the second quarter of 2008. The median sales price of an existing home increased to \$227,400 during the second quarter of 2010 from \$225,300 during the second quarter of 2009 but was still down 15 percent from \$267,600 during the second quarter of 2008. According to Lender Processing Services Mortgage Performance Data, from June 2009 to June 2010, the number of loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) increased from 7.2 to 11.6 percent, and remained

well above the national foreclosure average of 8.5 percent.

Single-family home construction activity, as measured by the number of single-family building permits issued, slowed since 2007 in response to declining demand. During the 12 months ending June 2010, 440 single-family homes were permitted, which is slightly less than the 490 homes permitted during the previous 12-month period, but is down nearly 50 percent from the 860 homes permitted during the 12 months ending June 2008, according to preliminary data. Since 2007, single-family home construction activity has been well below the average of nearly 1,750 homes permitted annually from 2000 through 2006 (see Figure 7).

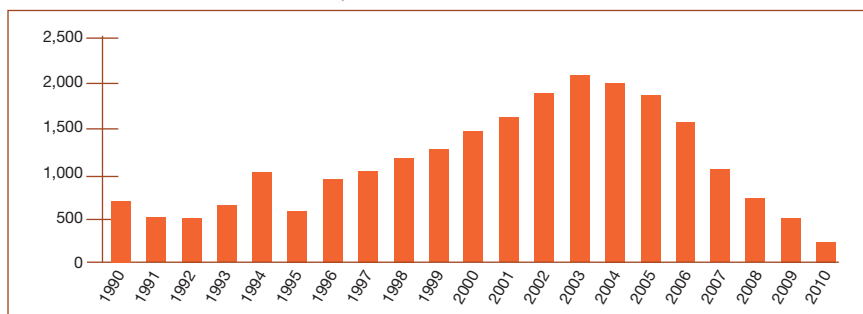
Single-family home construction during the earlier part of the decade was concentrated within the Egg Harbor, Galloway, and Hamilton Townships, Atlantic County's three largest growth areas. Currently, new single-family home construction includes smaller subdivisions with more affordable homes that are located in both Atlantic City's redevelopment areas as well as in Egg Harbor City, which is located north of Atlantic City. The larger subdivisions that initially broke ground from 2002 to 2004 continue to slowly build out within Egg Harbor Township, which is located west of Atlantic City. New smaller developments include Eastwind, a 113-home community with 30 homes completed; Bayport on Lake's Bay, a 131-home community with 24 homes completed; and Gateway West, an 84-home community intended for the casino workforce with 15 homes that have just started construction. Prices for these new homes range from \$160,000 to \$320,000, with the lower range intended for the casino workforce. Prices for larger homes in

Figure 6. Number of Households by Tenure in the Atlantic City-Hammonton HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 7. Single-Family Building Permits Issued in the Atlantic City-Hammonton HMA, 1990 to 2010



Notes: Includes only single-family units. Includes data through June 2010.
Source: U.S. Census Bureau, Building Permits Survey

subdivisions within Egg Harbor Township range from \$273,000 to \$400,000.

Concentrated around beachfront locations, condominiums represented about 5 percent of all existing home sales in the HMA in 2008 and 2009, according to the most recent data available from the South Jersey Shore Regional Multiple Listing Service. The average price for existing condominiums increased by less than 1 percent to \$207,800 during 2009 from \$206,300 during 2008, and the average number of days on the market declined to 120 from 135. Since 2000, new condominium construction has been limited; however, an estimated 2,200 condominium units have been added through the conver-

sion of apartments and nonresidential structures. Approximately 40 percent of all condominiums in the HMA are intended for seasonal housing, which accounts for approximately 10 percent of the housing inventory in the HMA. New construction intended for nonseasonal occupancy includes Absecon Gardens, a 76-unit condominium complex intended for young professionals and active adults that is expected to start construction in 2011. Prices for these condominiums range from \$235,000 to \$335,000.

During the 3-year forecast period, demand is estimated for 890 new market-rate sales units in the HMA. A portion of this demand will be met by the 110 homes currently under construction (see Table 1). In addition, of the estimated 19,400 other vacant units in the HMA, most are seasonal housing for use in the resort area, but a small portion of these units may come back on line and satisfy some of the forecast demand. Table 4 illustrates estimated demand for new sales housing in the HMA by price range. Demand is expected to be stronger starting in 2012 for units priced between \$200,000 and \$239,999.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Atlantic City-Hammonton HMA, July 1, 2010 to July 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
160,000	199,999	230	25.9
200,000	239,999	220	24.7
240,000	279,999	170	19.1
280,000	319,999	90	10.1
320,000	359,999	90	10.1
360,000	399,999	45	5.0
400,000	and higher	45	5.0

Source: Estimates by analyst

Rental Market

The rental housing market in the Atlantic City-Hammonton HMA is currently balanced, with a 6.8-percent vacancy rate, which is less than the 8-percent vacancy rate recorded in 2000 (see Figure 8). Due in part to significantly lower construction levels since 2007, the vacancy rate declined to 6.8 percent in 2007 and remained constant through July 1, 2010, despite the slower population growth during this period. According to data from Reis, Inc., as of the second quarter of 2010, the vacancy rate for apartments was 6.2 percent, a decline from 6.8

percent during the second quarter of 2009. Average rents increased by 2 percent from \$940 to \$960.

Apartment construction, as measured by the number of units permitted, has decreased significantly since 2006 (see Figure 9). From 2000 through 2006, an average of 200 apartments a year were permitted before declining to an average of 80 units a year from 2007 through 2009. According to preliminary data, 90 apartments were permitted during the 12 months ending June 2010, an increase from the

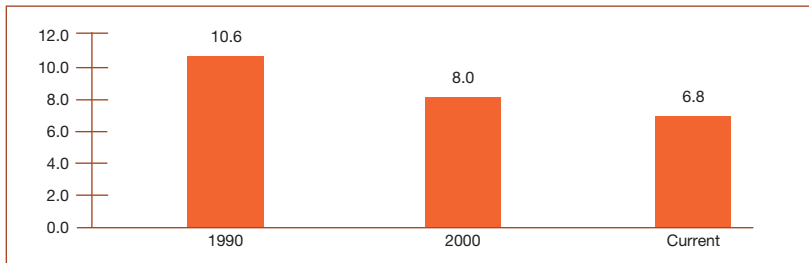
Housing Market Trends
Rental Market *Continued*

40 apartments permitted during the 12 months ending June 2009. Average asking rents for newly constructed one-, two-, and three-bedroom

apartments were \$890, \$1,100, and \$1,900, respectively. The development of new projects in the area is expected to correspond with the anticipated opening of the NextGen Aviation Research and Technology Park and the Revel Hotel and Casino. The District at City Center, which is phase I of the \$150 million redevelopment project in Pleasantville, will consist of 60 one-bedroom and 240 two-bedroom garden-style apartments. Construction of these apartments is expected to start in 2011. These units will be made affordable to those working in the casino workforce and will rent for approximately \$850 to \$1,000 a month.

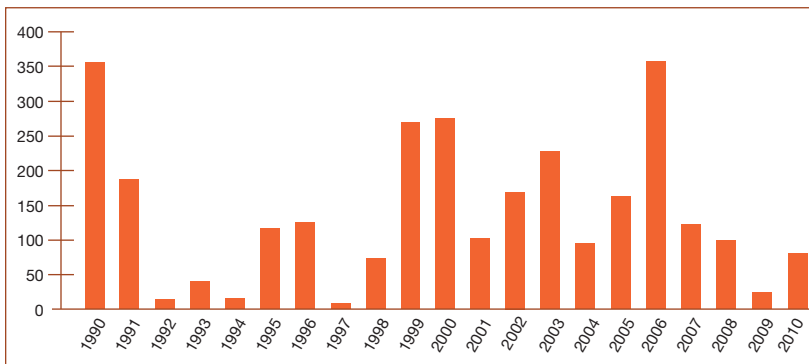
During the forecast period, demand is estimated for 440 new market-rate rental units in the HMA, with annual demand increasing from 120 units in 2011 to 180 units by 2013. A portion of this demand will be met by the 80 apartments currently under construction. Table 5 illustrates estimated demand for rental housing in the HMA by rent range.

Figure 8. Rental Vacancy Rates in the Atlantic City-Hammonton HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Atlantic City-Hammonton HMA, 1990 to 2010



Notes: Includes all multifamily units in structures with two or more units. Includes data through June 2010.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Atlantic City-Hammonton HMA, July 1, 2010 to July 1, 2013

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
800 to 999	120	1,000 to 1,199	140	1,200 to 1,399	75
1,000 to 1,199	25	1,200 to 1,399	20	1,400 to 1,599	15
1,200 or more	15	1,400 or more	10	1,600 or more	10
Total	160	Total	170	Total	110

Source: Estimates by analyst

Data Profile

Table DP-1. Atlantic City-Hammonton HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	115,200	123,000	119,700	0.7	- 0.3
Unemployment Rate (%)	6.2	4.7	12.9		
Nonfarm Payroll	135,700	144,900	137,500	0.7	- 0.6
Total Population	224,327	252,552	272,800	1.2	0.8
Total Households	85,123	95,024	104,400	1.1	0.9
Owner Households	54,923	63,054	73,350	1.4	1.5
Percent Owner (%)	64.5	66.4	70.3		
Renter Households	30,200	31,970	31,050	0.6	- 0.3
Percent Renter (%)	35.5	33.6	29.7		
Total Housing Units	106,877	114,090	127,925	0.7	1.1
Owner Vacancy Rate (%)	4.8	2.2	2.5		
Rental Vacancy Rate (%)	10.6	8.0	6.8		
Median Family Income	\$40,602	\$51,710	\$65,200	2.4	2.6

Notes: Median family incomes are for 1989, 1999, and 2008. Employment data represent annual averages for 1990, 2000, and the 12 months through June 2010.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 7/1/2010—Analyst's estimates

Forecast period: 7/1/2010–7/1/2013—Analyst's estimates

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.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_AtlanticCity-HammontonNJ_11.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.