COMPREHENSIVE HOUSING MARKET ANALYSIS

Trenton-Princeton, New Jersey

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

As of July 1, 2024
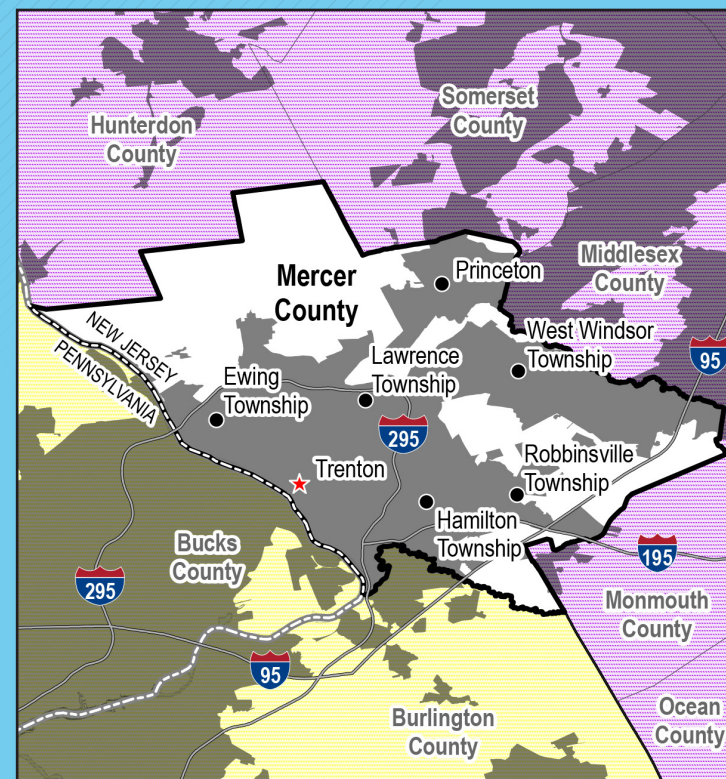
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Executive Summary

Housing Market Area Description

The Trenton-Princeton Housing Market Area (hereafter, Trenton HMA) is coterminous with the Trenton-Princeton, NJ Metropolitan Statistical Area (MSA) and is defined as Mercer County, New Jersey. The Trenton HMA is in central New Jersey, approximately 30 miles northeast of Philadelphia and 50 miles southwest of New York City. The principal city of Trenton is the state capital; thus, the government sector is a major presence in the economy of the HMA.

The current population of the HMA is estimated at 382,800.

Legend:
- Trenton HMA
- Philadelphia MSA
- New York MSA
- ★ Central City
- ● Places of Interest
- Interstate Highways
- Urbanized Areas

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

Stable: During the 12 months ending June 2024, total nonfarm payrolls averaged 292,500, an increase of 4,500 jobs, or 1.6 percent, compared with the previous 12-month period, when jobs rose 2.9 percent.

During the 12 months ending June 2024, nonfarm payrolls were up in 8 of the 11 sectors, led by gains in the government and the education and health services sectors, which increased by 2,600 and 2,100, or 3.4 and 4.2 percent, respectively. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.2 percent annually.

Sales Market

Slightly Tight: The home sales vacancy rate in the HMA is estimated at 1.0 percent as of July 1, 2024, down from 1.4 percent in April 2020, when the sales market was balanced.

During the 12 months ending June 2024, home sales totaled 4,850, a 14-percent decline from a year earlier, and the average home sales price increased 14 percent to $454,700 (Zonda). The supply of homes available for sale in the HMA is low but rising; the for-sale inventory represented a 1.9-month supply during June 2024, up from a 0.9-month supply a year earlier (CoreLogic, Inc.). During the next 3 years, demand is estimated for 930 new homes; the 440 homes under construction in the HMA will satisfy a portion of the demand.

Rental Market

Soft: The overall rental vacancy rate is estimated at 8.7 percent as of July 1, 2024, up from 7.7 percent in April 2020, when rental market conditions were balanced.

The apartment market in the HMA is balanced, with a 4.1 percent vacancy rate as of the second quarter of 2024, up from 2.6 percent a year earlier and 3.6 percent as of the second quarter of 2022, when the market was tight (CoStar Group). The average apartment rent in the HMA was $2,113 as of the second quarter of 2024, up 2 percent from the same period a year earlier. During the forecast period, demand is estimated for 2,125 new rental units. The 2,075 units under construction are expected to satisfy most of that demand.

TABLE OF CONTENTS

3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Trenton HMA Total Demand	930	2,125
Under Construction	440	2,075

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 July 1, 2024. The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Government

During the 12 months ending June 2024, nonfarm payrolls in the Trenton HMA were approximately 5 percent above the average during the 12 months ending June 2019, the most recent comparable period before the COVID-19 pandemic.

Primary Local Economic Factors

The government sector is the largest job sector in the HMA, accounting for approximately 27 percent of all nonfarm payrolls (Figure 1). The sector includes the State of New Jersey, the largest employer in the HMA, with approximately 60,000 employees (Table 1). From 2010 through 2023, payrolls in the sector increased by an average of 800 jobs, or 1.1 percent, annually, with all the net gains in the state government subsector, which was up by an average of 800 jobs, or 1.5 percent, annually. The government sector also includes staff and faculty at public colleges in the HMA, including The College of New Jersey, Mercer County Community College, and Thomas Edison State University, with approximately 1,550, 920, and 340 employees, respectively (National Center for Education Statistics). Total enrollment at these public colleges and universities was approximately 21,700 in 2022.

In addition to government, the education and health services sector is a significant part of the economy, making up 18 percent of all nonfarm payrolls in the HMA. The sector includes 4 of the 10 largest employers in the HMA, including Princeton University, with 6,725 employees. Princeton is one of the leading universities in the world; *U.S. News and World Report* ranked Princeton as the top university in the nation in 2024. Princeton, one of several private colleges and universities in the HMA, had a total enrollment of approximately 8,925 students in 2023 (Princeton University Office of Institutional Research). Other institutions of higher education and research in the HMA include the Institute for Advanced Study, Princeton Theological Seminary, and Rider University, which includes Westminster Choir College.

Figure 1. Share of Nonfarm Payroll Jobs in the Trenton HMA, by Sector
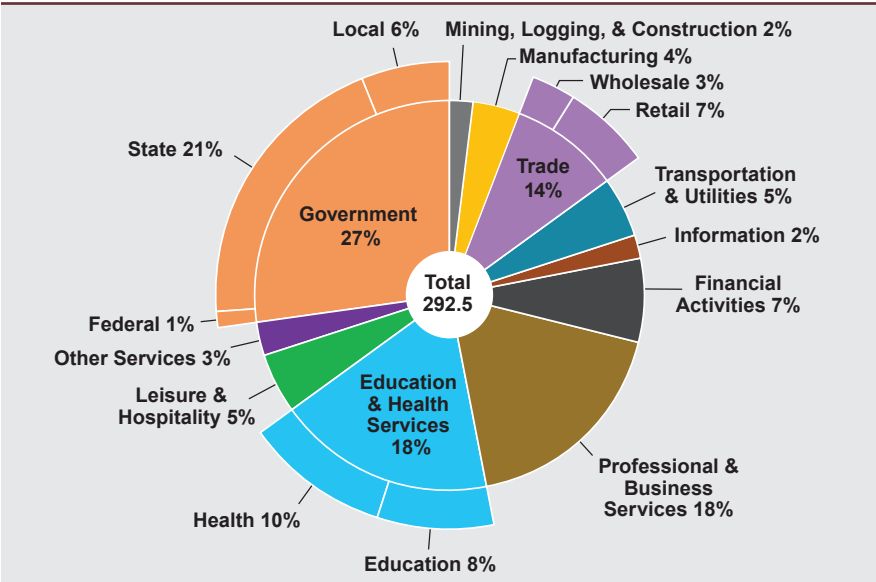
Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2024.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Trenton HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of New Jersey	Government	60,000
Princeton University	Education & Health Services	6,725
Bristol-Myers Squibb Company	Professional & Business Services	5,500
Bank of America Corporation	Financial Activities	4,000
Capital Health System, Inc.	Education & Health Services	3,400
Educational Testing Service (ETS)	Education & Health Services	3,000
Amazon.com, Inc.	Transportation & Utilities	2,500
Mathematica Inc.	Professional & Business Services	2,250
Rider University	Education & Health Services	1,850
NJM Insurance Group	Financial Activities	1,700

Note: Excludes local school districts.
Sources: U.S. Bureau of Labor Statistics; Mercer County Office of Economic Development

Although accounting for only 5 percent of all jobs in the HMA, the transportation and utilities sector has been the third fastest growing payroll sector in the HMA since 2014, trailing only the professional and business services and the government sectors in the number of jobs added (Figure 2). The HMA is traversed by interstates, including I-95 and I-295, allowing quick access to neighboring metropolitan areas, including New York and Philadelphia. Many companies, including Amazon.com, Inc. and FedEx Corporation, have opened facilities in the Trenton HMA in response to rising demand for e-commerce and logistics since 2014. Contributing to growth in the transportation and utilities sector, Amazon.com, Inc. opened a 1.2 million-square-foot fulfillment center in Robbinsville Township in 2014, employing 2,500 people, and FedEx Corporation opened a 340,000-square-foot distribution center in Hamilton Township in 2017, employing 280 people.

Current Conditions—Nonfarm Payrolls

Job growth in the HMA is moderating after strong gains during the 2 years of economic recovery following the onset of the COVID-19 pandemic. Nonfarm payrolls in the Trenton HMA averaged 292,500 jobs during the 12 months ending June 2024, an increase of 4,500 jobs, or 1.6 percent (Table 2), compared with the 12 months ending June 2023 when jobs rose by 8,100, or 2.9 percent. During the 12 months ending June 2024, nonfarm payrolls increased in 8 of 11 payroll sectors, led by gains in the government and the education and health services sectors. Jobs in the government sector rose by 2,600, or 3.4 percent, during the period, largely due to a 2,100-job increase, or 3.6 percent, in state government subsector jobs. By comparison, jobs in the government sector increased by 1,200, or 1.6 percent, during the 12 months ending June 2023. Education and health services sector payrolls averaged 52,300 during the 12 months ending June 2024, an increase of 2,100 jobs, or 4.2 percent, from a year earlier. During the 12 months ending June 2023, education and health services sector jobs rose by 1,400, or 2.8 percent, partially due to a 200-job increase at Princeton University. Transportation and utilities continued to be the third fastest growing nonfarm payroll sector

Figure 2. Sector Growth in the Trenton HMA, 2014 to Current
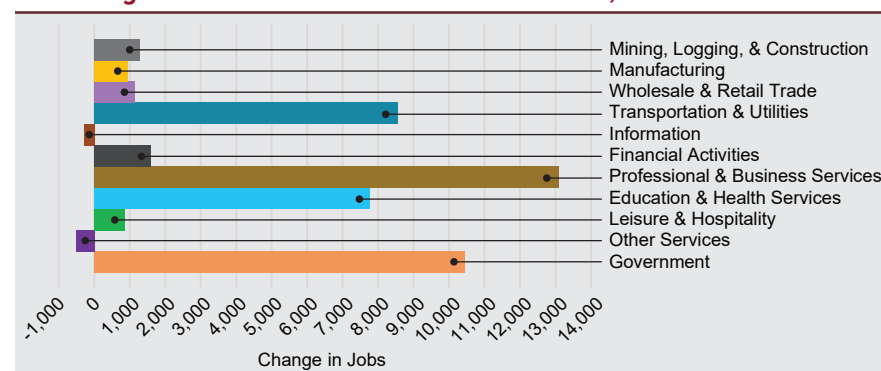
Note: Current data are based on the 12-month averages ending June 2024.
Source: U.S. Bureau of Labor Statistics

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

	12 Months Ending June 2023	12 Months Ending June 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**288.0**	**292.5**	**4.5**	**1.6**
Goods-Producing Sectors	16.8	17.1	0.3	1.8
Mining, Logging, & Construction	5.9	6.1	0.2	3.4
Manufacturing	10.9	11.1	0.2	1.8
Service-Providing Sectors	271.3	275.3	4.0	1.5
Wholesale & Retail Trade	26.9	27.2	0.3	1.1
Transportation & Utilities	13.5	13.9	0.4	3.0
Information	5.8	4.9	-0.9	-15.5
Financial Activities	20.1	20.2	0.1	0.5
Professional & Business Services	53.1	52.7	-0.4	-0.8
Education & Health Services	50.2	52.3	2.1	4.2
Leisure & Hospitality	15.0	14.9	-0.1	-0.7
Other Services	9.1	9.2	0.1	1.1
Government	77.6	80.2	2.6	3.4

Notes: Based on 12-month averages through June 2023 and June 2024. Numbers may not add to totals due to rounding. Data are in thousands.
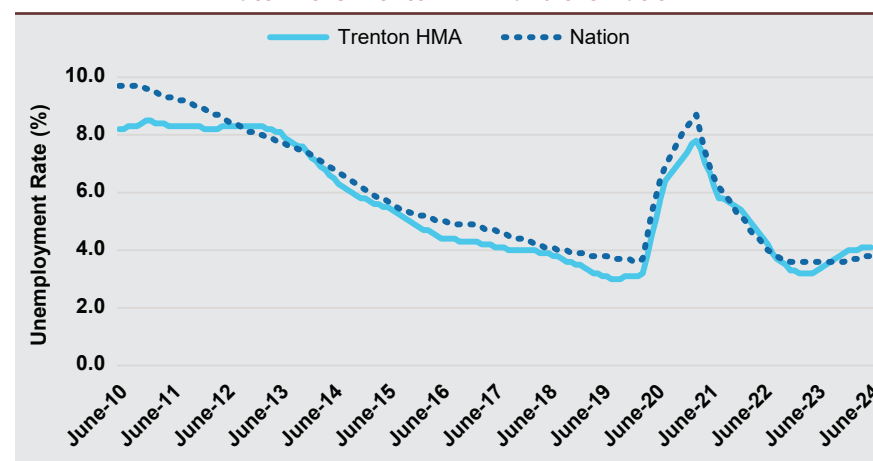Source: U.S. Bureau of Labor Statistics

during the 12 months ending June 2024, increasing by 400 jobs, or 3.0 percent. Partly offsetting the gains, the information sector declined by 900 jobs, or nearly 16 percent. In addition, professional and business services sector jobs fell by 400, or 0.8 percent, during the 12 months ending June 2024, largely due to more than 1,000 layoffs at Bristol-Myers Squibb Company during the past year. By contrast, professional and business services sector jobs grew by 400, or 0.8 percent, during the 12 months ending June 2023.

Current Conditions—Unemployment

The unemployment rate in the HMA declined from 8.5 percent in 2010, when the economy was weak, to 3.1 percent in 2019 before rising to a peak of 7.8 percent during the 12 months ending March 2021, following the outbreak of the COVID-19 pandemic (Figure 3). As the economy recovered and continued expanding following the pandemic-related economic downturn, the unemployment rate in the HMA fell to a recent low of 3.2 percent during the 12 months ending May 2023. However, the unemployment rate has risen recently; it averaged 4.1 percent during the 12 months ending June 2024, up from 3.3 percent a year earlier. The current unemployment rate is slightly higher than the national unemployment rate of 3.8 percent.

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

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

Economic Periods of Significance

Economic Recovery and Expansion: 2010 Through 2019

Following the end of the Great Recession, the economy of the Trenton HMA added jobs each year from 2010 through 2019. Nonfarm payrolls averaged 241,300 in 2010 before increasing by an average of 2,100 jobs, or 0.8 percent, annually from 2011 to 247,500 jobs in 2013, when the local economy transitioned from recovery to expansion (Figure 4). Notably, the professional and business services sector added an average of 1,000 jobs, or 2.7 percent, annually—the most of any sector. Church & Dwight Co., Inc., the parent company of the Arm & Hammer and OxiClean consumer goods

brands, opened its new headquarters in Ewing Township in 2013, contributing to the job growth in the sector during the period. From 2014 through 2019, nonfarm payrolls in the HMA rose by an average of 5,400, or 2.1 percent. The transportation and utilities sector was the fastest growing sector during the period, increasing an average of 12.6 percent, or by 900 jobs, annually. During this period, the total square footage of warehouse and distribution facilities in the HMA increased an average of 3 percent annually (CoStar Group). Moreover, jobs in the government and the education and health services sectors rose by averages of 1,100 and 900, or 1.5 and 1.9 percent, a year, respectively. Partly offsetting the gains, information sector jobs fell by an average of 200, or 3.1 percent, annually from 2014 through 2019.

COVID-19 Recession: 2020

The interventions taken in mid-March 2020 to slow the spread of COVID-19 weakened the economy in the HMA. The mitigation efforts, including business closures and a statewide stay-at-home order, caused nonfarm payrolls in the HMA to decline by 14,400, or 5.1 percent, during 2020. By comparison, nonfarm payrolls nationwide declined 5.8 percent during the period. During 2020, 10 of the 11 nonfarm payroll sectors lost jobs, with the most severe losses in the leisure and hospitality sector, which declined by 4,900 jobs, or 30.8 percent. Transportation and utilities was the only sector that added jobs during the year, rising by 1,000 jobs, or 9.3 percent. Transportation and warehousing jobs grew to fulfill the demand for e-commerce and logistics because of increased online shopping. In 2020, Cohen Asset Management, Inc., and Metrix Real Estate Services, LLC, opened new warehouse and distribution centers in the HMA, totaling more than 500,000 square feet, contributing to job growth in the sector.

Economic Recovery: 2021 Through 2022

Following the downturn, the economy of the Trenton HMA recovered gradually, with the 12-month average nonfarm payrolls surpassing prepandemic levels by 2022. During 2021 and 2022, the Trenton HMA added an average of 9,700 nonfarm payroll jobs, or 3.6 percent, annually. By comparison, job growth nationwide and in New Jersey averaged 3.6 percent and 5.0 percent, respectively. The professional and business services and the

Figure 4. 12-Month Average Nonfarm Payrolls in the Trenton HMA
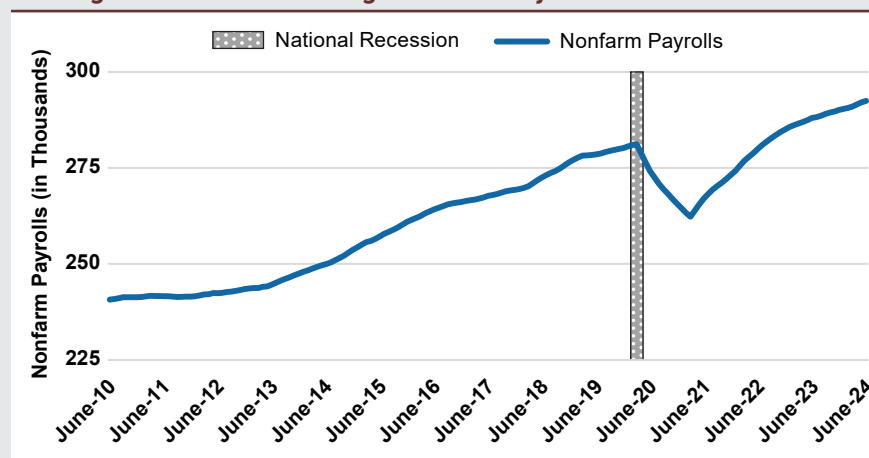
Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

education and health services sectors in the HMA rose by annual averages of 2,600 and 1,200 jobs, or 5.4 percent and 2.4 percent, respectively, during the period. In addition, leisure and hospitality sector jobs rose by an average of 1,800, or 15.2 percent. The sector benefited from the 2021 opening of the 118-room Courtyard Hamilton hotel in Hamilton Township. Despite these gains, the 14,600 leisure and hospitality jobs during 2022 were still 8 percent below the 15,900 jobs during 2019, before the COVID-19 pandemic.

Commuting Patterns

A sizable portion of workers commute into and out of the HMA, especially to and from the neighboring New York-Newark-Jersey City, NY-NJ and Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSAs. During 2022, 36 percent of workers in the HMA commuted from the New York MSA and

25 percent commuted from the Philadelphia MSA (U.S. Census Bureau, OnTheMap). In addition, during 2022 approximately 40 percent of HMA residents worked in the New York MSA and 13 percent worked in the Philadelphia MSA.

Forecast

During the 3-year forecast period, the economy of the HMA is expected to continue to expand. Nonfarm payrolls are expected to grow an average of 1.2 percent annually during the next 3 years, although job growth will decelerate each year of the forecast. Jobs in the government, the education and health services, and the transportation and utilities sectors are expected to lead payroll growth in the coming years. Robert Wood Johnson University Hospital Hamilton, a 287-bed hospital in Hamilton Township, is scheduled to open a new Cardiac Catheterization Lab in January 2025.

Population and Households

Current Population: 382,800

> The population in the Trenton HMA has declined since 2019 due to net out-migration and slower <u>net natural increase</u>.

Population Trends

As of July 1, 2024, the population of the HMA is estimated at 382,800, representing an average annual decrease of approximately 1,050, or 0.3 percent, since 2020 compared with an average annual gain of 2,075, or 0.6 percent, from 2010 to 2020 (Table 3). Hamilton Township is the largest municipality in the HMA and currently accounts for approximately 24 percent of the population. It had a 0.2-percent average annual decline in population from 2020 to 2023 (U.S. Census Bureau population estimates as of July 1). The city of Trenton—the second largest municipality in the HMA, with 23 percent of the population—declined an average of 0.4 percent annually from 2020 to 2023.

Since 2010, population changes in the HMA have largely been attributable to fluctuations in net migration. From April 2010 to July 2013, the population increased by an average of 2,450, or 0.7 percent, annually; net in-migration averaged 1,050 people annually, and net natural increase averaged 1,400 each year (Figure 5). From 2013

Table 3. Trenton HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	387,340	382,800	387,700
	Average Annual Change	2,075	-1,050	1,650
	Percentage Change	0.6	-0.3	0.4

Household Quick Facts		2020	Current	Forecast
	Households	139,361	143,000	145,300
	Average Annual Change	620	860	770
	Percentage Change	0.5	0.6	0.5

Notes: Average annual and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (July 1, 2024) to July 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Trenton HMA, 2010 Through the Forecast
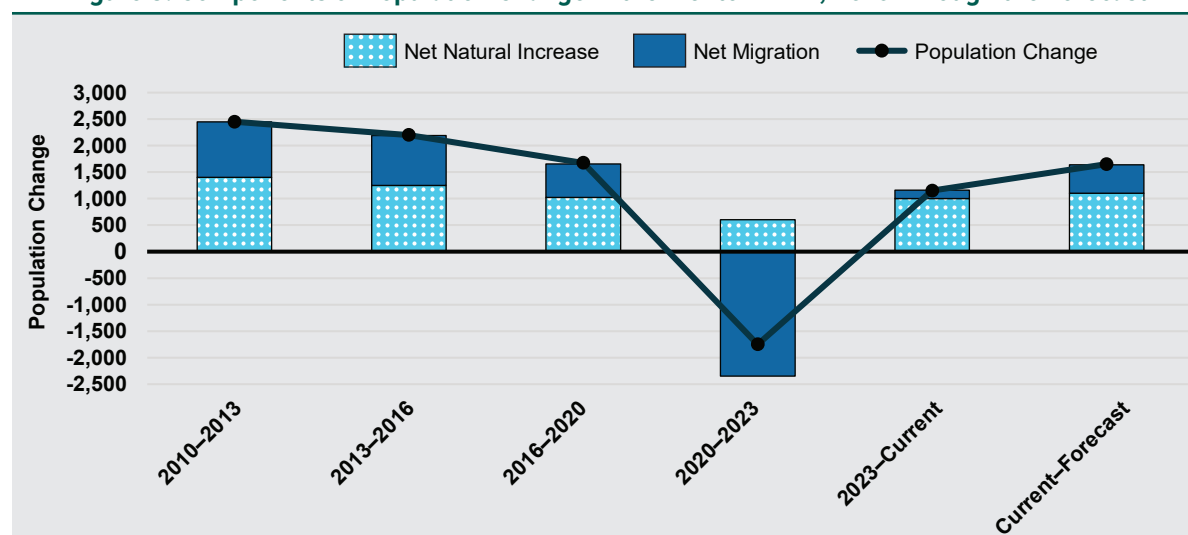
Notes: Data displayed are average annual totals. The forecast period is from the current date (July 1, 2024) to July 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

to 2016, population growth decelerated, averaging 2,200 people annually, or 0.6 percent, largely resulting from average annual net in-migration of 950 people and a slight decline in net natural increase to 1,250. Despite job growth in the HMA, partially due to the rise of e-commerce and logistics jobs in the transportation and warehousing industry, net in-migration slowed during the period. From 2016 to 2020, population growth in the HMA continued to decelerate, averaging 1,675 people annually, or 0.4 percent. The slowdown in population growth is partially attributable to a 32-percent decline in net in-migration, which averaged 650 people annually. In addition, net natural increase declined 18 percent to an average of 1,025 people annually during this period due to a decrease in births.

From 2020 to 2023, the population in the HMA declined by an average of 1,750, or 0.5 percent, annually, largely due to net out-migration of 2,350 people a year. Much of that was because of the COVID-19 pandemic, which caused many students at local universities, colleges, and boarding schools to move out of the HMA. The enrollment at colleges and universities in the HMA declined an average of 3 percent annually from fall 2019 to fall 2022 (National Center for Education Statistics). In addition, international net in-migration fell due to pandemic-related restrictions. Average net natural increase also fell during this period, to an average of 600 people annually, largely due to increased mortality related to the pandemic. However, population growth has resumed since 2023, averaging 1,150, or 0.3 percent, a year, including net in-migration of 150 people.

Household Trends

An estimated 143,000 households reside in the Trenton HMA as of July 1, 2024, reflecting an average annual increase of 860 households, or 0.6 percent, since 2020, despite the population declining an average of 0.3 percent annually during the period. By comparison, household growth averaged 620, or 0.5 percent, annually from 2010 to 2020, when the population increased an average of 0.6 percent annually. The faster rate of household growth compared with population growth reflects an increase in smaller households, which can be partially attributed to the pandemic, when many people in shared

Figure 6. Households by Tenure and Homeownership Rate in the Trenton HMA
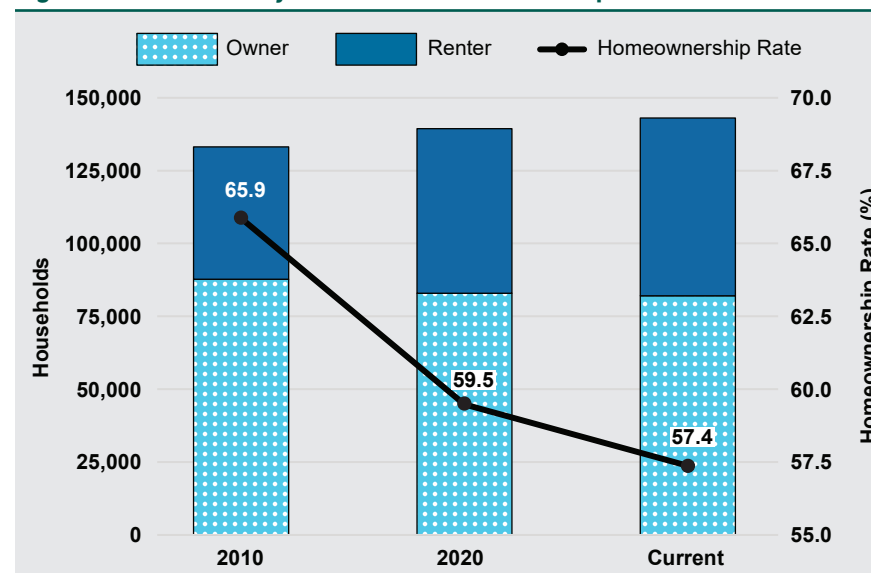
Note: The current date is July 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

housing dispersed into separate households and older couples may have lost partners. The current homeownership rate in the HMA is estimated at 57.4 percent, down from 59.5 percent in 2020 and 65.9 percent in 2010 (Figure 6).

Forecast

During the 3-year forecast period, the population of the Trenton HMA is expected to increase by an average of 1,650, or 0.4 percent, annually to 387,700, though population growth will decelerate in each year of the forecast period. Net in-migration is expected to increase to an average of 550 people annually, and net natural increase is expected to rise slightly to an average of 1,110 people annually. The number of households in the HMA is expected to increase by an average 770, or 0.5 percent, to 145,300, decelerating each year during the forecast.

Home Sales Market

Market Conditions: Slightly Tight

> During the 12 months ending June 2024, the average home sales price rose 14 percent, despite declining sales, partially because the supply of homes for sale is near a historic low.

Current Conditions

The sales housing market in the Trenton HMA is slightly tight, but conditions are easing. The current 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 June 2024, home sales totaled 4,850, a decline of 790, or 14 percent, from a year earlier (Zonda; Table 4). Total home sales have declined significantly after reaching a peak as of the 12 months ending September 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 June 2024, up from 6.7 percent in June 2023 and 3.0 percent in June 2021 (Freddie Mac). Also contributing to slowing sales were low levels of available inventory. The inventory of homes for sale decreased from 4.3 months of supply in June 2019 to 1.9 months in June 2024 (CoreLogic, Inc.).

Table 4. Home Sales Quick Facts in the Trenton HMA

		Trenton HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.0%	NA
	Months of Inventory	1.9	3.4
	Total Home Sales	4,850	4,979,000
	1-Year Change	-14%	-11%
	New Home Sales Price	$697,000	$492,500
	1-Year Change	18%	0%
	Existing Home Sales Price	$448,500	$402,900
	1-Year Change	13%	6%
	Mortgage Delinquency Rate	1.1%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending June 2024; and months of inventory and mortgage delinquency data are as of June 2024. The current date is July 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; HMA home sales and prices—Zonda; National home sales and prices—CoreLogic, Inc.

Total Home Sales

From 2010 through 2012, total home sales averaged 3,825 before sales began increasing in 2013, coinciding with the rise of net in-migration into the HMA (Figure 7). From 2013 through 2018, total home sales rose an average of 10 percent annually to 7,400 homes sold in 2018. Home sales then fell an average of 7 percent annually during 2019 and 2020. During the pandemic, homebuyers were incentivized by low mortgage interest rates and a desire for larger homes and total home sales rebounded strongly. During 2021, home sales increased by 1,175, or 18 percent, from a year earlier to 7,600 before declining an average of 20 percent a year during 2022 and 2023, when mortgage interest rates increased. During the 12 months ending June 2024, total home sales averaged 4,850, a 14-percent decline from a year earlier, which followed a 22-percent decline to 5,650 homes sold during the 12 months ending June 2023.

The decrease in total home sales during the 12 months ending June 2024 was primarily because of a decline in existing home sales, which fell 15 percent to 4,750 homes sold. In contrast, new home sales nearly doubled from a year earlier to approximately 110 homes sold. New home sales accounted for 2 percent of total home sales during the 12 months ending June 2024, up from 1 percent a year earlier. Among existing home sales, regular resales accounted for 98 percent of the total during the 12 months ending

June 2024, and the remaining 2 percent were real estate owned (REO) sales, a proportion unchanged from the previous 12-month period.

Seriously Delinquent Mortgages and Real Estate Owned Properties

The rate of seriously delinquent mortgages and real estate owned (REO) properties in the HMA increased from 2.0 percent in March 2020 to a recent peak of 6.1 percent in August 2020 (CoreLogic, Inc.), largely due to the COVID-19-related economic contraction, which caused homeowners to struggle to make mortgage payments. Despite the rise in seriously delinquent mortgages and REO properties during this period, the rate was below the high of 11.1 percent in March 2013, following the Great Recession and the housing crisis. As of June 2024, 1.1 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 1.4 percent in June 2023 and 1.9 percent in June 2022. By comparison, 1.0 percent of home loans in the nation were seriously delinquent or had transitioned into REO status in June 2024.

Home Sales Prices

Competition for homes among potential homebuyers has been strong since the onset of the COVID-19 pandemic, and because of low levels of available for-sale inventory, the average sales price

Figure 7. 12-Month Sales Totals by Type in the Trenton HMA
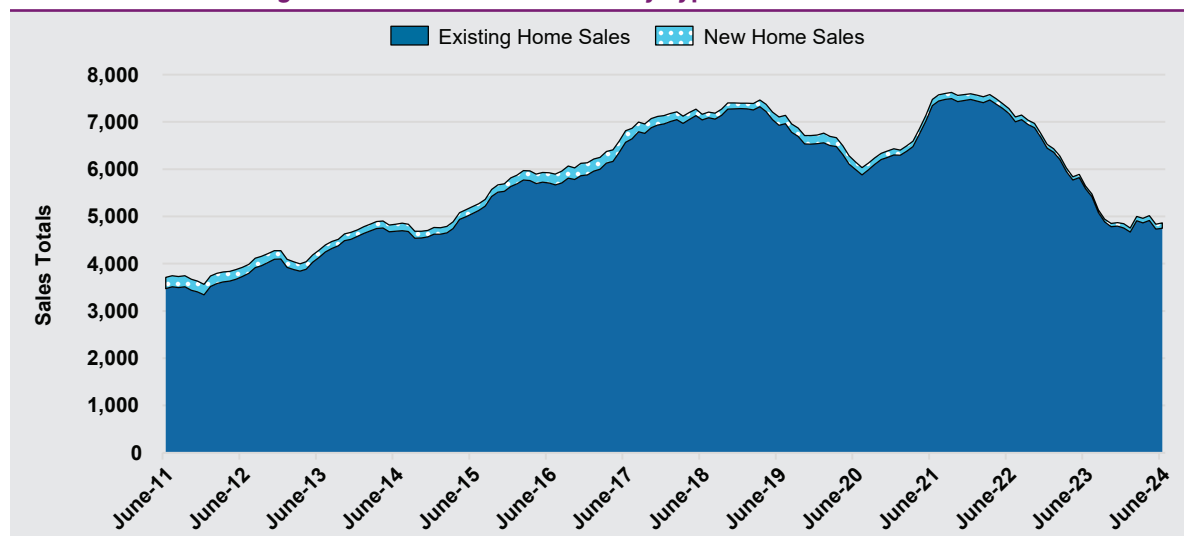
Notes: New and existing sales include single-family homes, townhomes, and condominiums. Existing sales include regular resales and REO sales.
Source: Zonda

for a home has risen significantly. During the 12 months ending June 2024, the average home sales price in the HMA was $454,700, a 14-percent increase from the average during the 12 months ending June 2023. Existing home prices averaged $448,500 and new home prices averaged $697,000, increases of 13 and 18 percent, respectively (Figure 8). By comparison, the average home sales price rose 6 percent a year earlier. From 2011 through 2014, the average home sales price rose from $307,200 to $322,300, an average increase of 1 percent yearly. However, home sales prices began to fall in 2015, corresponding to a period of slower population growth. From 2015 through 2019, the average sales price of a home fell an average of 2 percent annually before accelerating to an average annual growth rate of 9 percent from 2020 through 2022.

Sales Construction

New home construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted (building permits)—has fluctuated since 2010. From 2010 through 2012, an average of 180 sales units were permitted annually before increasing to an average of 330 homes annually from 2013 through 2016 as the local economy strengthened and demand for homes increased. Permitting fell in

2017, and from 2018 through 2020, homebuilding activity gradually increased an average of 6 percent a year. In response to increased sales demand during 2021 following the onset of the COVID-19 pandemic and when mortgage interest rates were low, approximately 280 new homes were permitted, up 24 percent from 2020. However, permitting fell to 170 homes during 2022 as sales demand declined and mortgage interest rates rose (Figure 9). Despite high mortgage rates and declining overall home sales, homebuilding activity recently increased as builders responded to rising home sales prices caused by a low supply of existing homes for sale. During the 12 months ending June 2024, nearly 620 homes were permitted, up approximately 82 percent from the 340 homes permitted a year earlier (preliminary data, with adjustments by the analyst).

Lawrence Township, with 8 percent of the population in the HMA, has accounted for 34 percent of all new single-family homes permitted since 2020. Robbinsville Township contains 4 percent of the population of the HMA but accounted for 20 percent of all single-family home construction. The high volume of homebuilding in these two townships partly reflects a greater availability of developable land. In Lawrence Township, the construction of Princeton Pike Towns started in 2022. During the 12 months ending June 2024, 58 three-bedroom townhomes in the development sold, ranging in price from $615,600 to $740,000. Since construction in the subdivision began in 2022, 71 of 145 lots in the

Figure 8. 12-Month Average Sales Price by Type of Sale in the Trenton HMA
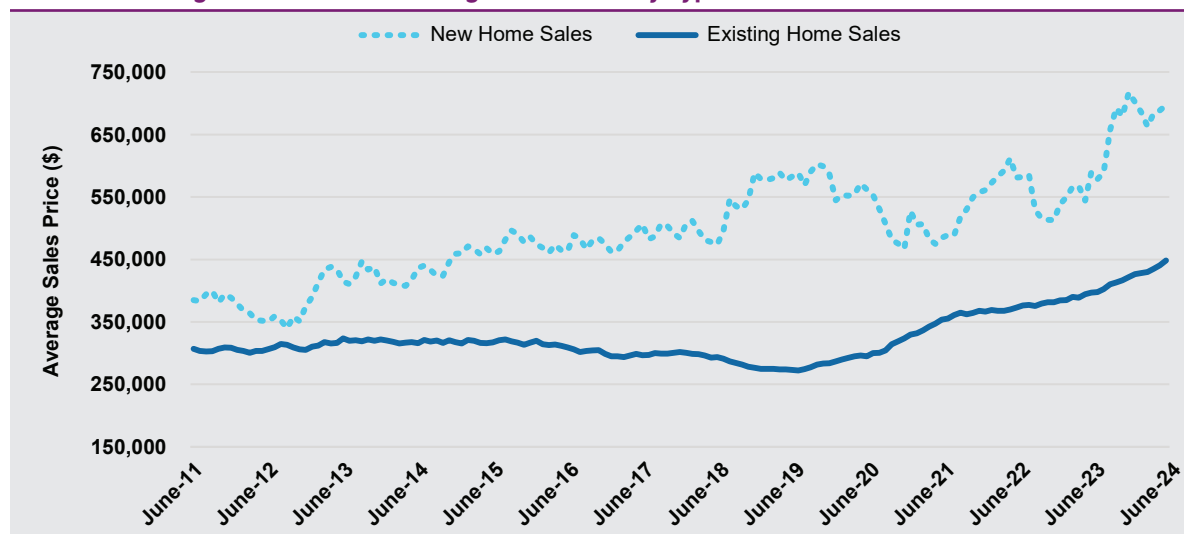
Notes: New and existing sales include single-family homes, townhomes, and condominiums. Existing sales include regular resales and REO sales.
Source: Zonda

Figure 9. Annual Sales Permitting Activity in the Trenton HMA
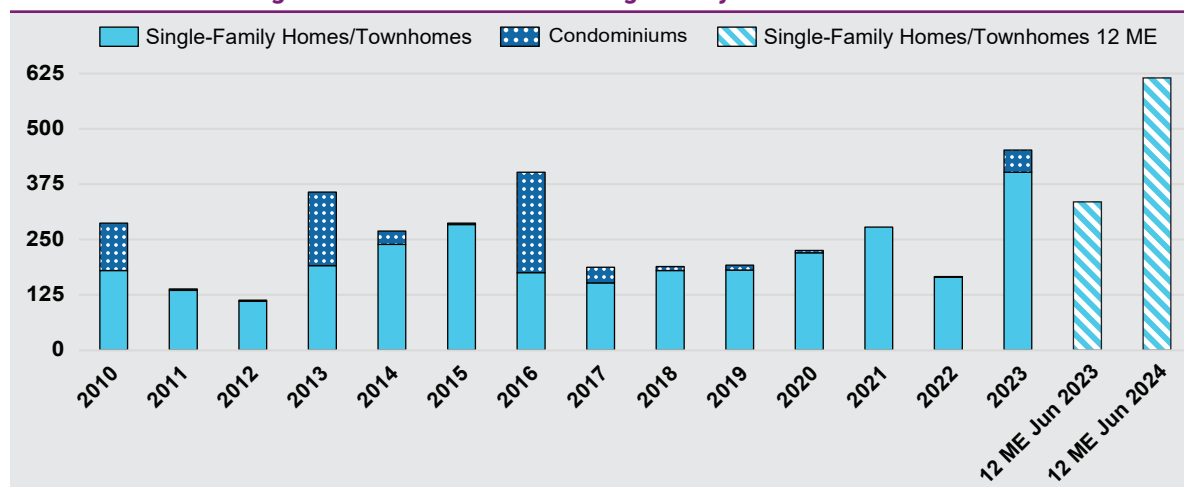
12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Princeton Pike Towns have been sold. In Robbinsville Township, construction began at the Raajipo at Robbinsville age-restricted senior home community in 2017, and all 115 homes have been completed and sold. During the past 12 months, 10 homes sold, with two or three bedrooms, ranging in price from $425,000 to $620,000.

Forecast

During the next 3 years, demand is estimated for 930 new homes (Table 5). New home sales demand is expected to decelerate slightly during each year of the forecast period, partly because of a slowdown in employment growth. The

440 homes under construction will meet a portion of the demand during the first and second years of the forecast.

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

Sales Units	
Demand	930 Units
Under Construction	440 Units

Note: The forecast period is from July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Rental Market

Market Conditions: Soft

Conditions in the overall <u>rental market</u> are soft, but apartment market conditions are balanced.

Current Conditions and Recent Trends

Rental market conditions in the Trenton HMA are currently soft. The estimated vacancy rate for all rental units—including single-family homes, mobile homes, and apartments—is 8.7 percent as of July 1, 2024, up from 7.7 percent in April 2020, when conditions were balanced. In 2023, 53 percent of all renter households in the HMA lived in structures with five or more units, typically apartments, unchanged from 2010 (American Community Survey 1-year data). The remaining 47 percent of renter households lived in single-family homes or two- to four-unit multifamily structures (Table 6).

Single-Family Rentals

Attached and detached single-family homes accounted for 31 percent of all occupied rental units in 2023, up from approximately 29 percent in 2010. Professionally managed single-family homes for rent make up a small portion of all single-family homes for rent in the HMA. The rental vacancy rate for professionally managed single-

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

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	7.7	8.7
		2010 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	29	31
	Multifamily (2–4 Units)	18	16
	Multifamily (5+ Units)	53	53
	Other (Including Mobile Homes)	0	0
		2Q 2024	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	4.1	1.5
	Average Rent	$2,113	2%

2Q = second quarter. YoY= year-over-year.
Notes: The current date is July 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

family homes of all sizes was 1.0 percent in June 2024, unchanged from a year earlier. The average rent for professionally managed two-bedroom single-family homes was $4,470 in June 2024, up 13 percent from a year ago (CoreLogic, Inc.). From June 2019 to June 2023, the average rent for a professionally managed, two-bedroom single-family home rose an average of 6 percent a year. By comparison, the average rent for a two-bedroom single-family home grew by an average of 1 percent annually from June 2012 to June 2019.

Apartment Market

The apartment market in the HMA was balanced as of the second quarter of 2024, with a 4.1-percent vacancy rate, up from 3.6 and 2.6 percent as of the second quarters of 2022 and 2023, respectively, when the market was tight (CoStar Group; Figure 10). During the past 24 months, new apartment completions have outpaced the <u>absorption</u> of apartment units, causing market conditions to ease during the past year from the previously tight conditions. Apartment market conditions in the Trenton HMA have ranged from tight to slightly soft since 2010. From the second quarter of 2010 to the second quarter of 2019, the apartment market was balanced and the <u>apartment vacancy rate</u> averaged 4.2 percent. The apartment market then tightened, and the vacancy rate fell to 3.2 percent as of the second quarter of 2020. Apartment market conditions softened temporarily in 2021—when the vacancy rate rose to 5.7 percent as of the second

quarter of 2021, largely due to net out-migration from the area following the COVID-19 pandemic—before the market tightened again.

The <u>average apartment rent</u> in the HMA was $2,113 as of the second quarter of 2024, up less than 2 percent from the same period a year earlier. By comparison, apartment rents increased an average of 7 percent a year from the second quarter of 2020 to the second quarter of 2023 because of high demand, when many people living in shared housing dispersed to form separate households. Previously, from the second quarter of 2010 to the second quarter of 2020, apartment rents in the HMA increased an average of 2 percent annually.

Student Housing

At Princeton University, approximately 94 percent of undergraduate students live in housing owned by, operated by, or affiliated with the college, and 6 percent live off campus. At The College of New Jersey and Rider University, 55 and 50 percent of students live off campus, respectively. Off-campus students at these three colleges currently account for an estimated 3 percent of all renter households in the HMA. At Princeton, Hobson College is a new residence college under construction that is expected to include more than 1,000 dormitory bedrooms. Completion is scheduled for the fall of 2027.

Figure 10. Apartment Rents and Vacancy Rates in the Trenton HMA
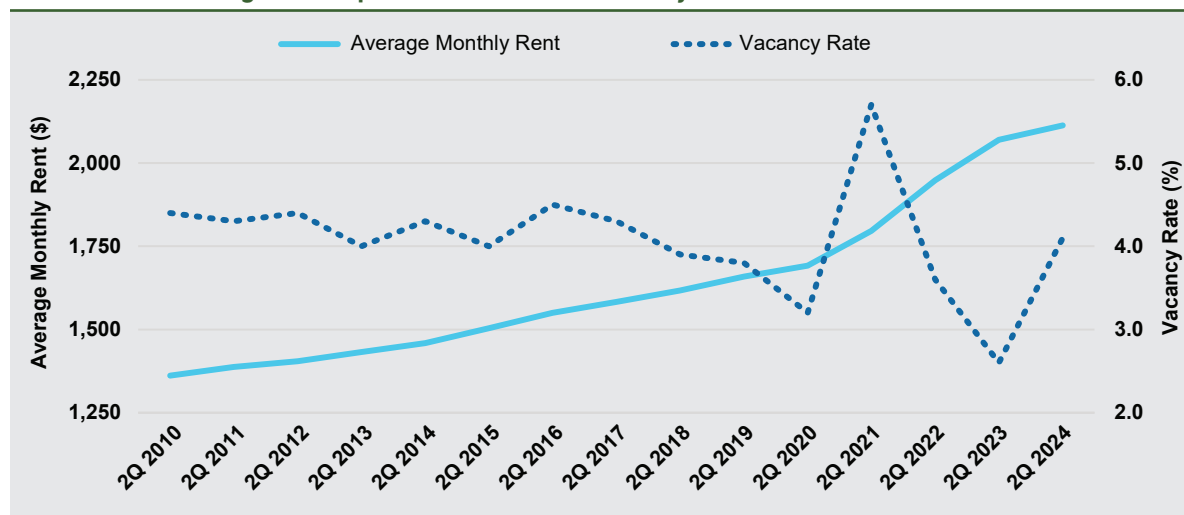
2Q = second quarter.
Source: CoStar Group

Rental Construction

Rental construction activity, as measured by the number of units permitted, has been relatively strong since 2020 compared with the previous 10 years (Figure 11). An average of 530 rental units were permitted annually from 2010 through 2014, during relatively high population growth in the HMA. Rental construction increased to an average of 680 units annually from 2015 through 2019. Despite a decline in net in-migration in the HMA during the period, the increased supply of units was absorbed, and the market remained balanced. From 2020 through 2023, rental permitting rose to an average of 740 units despite a declining population and a softer apartment market in 2021.

During the 12 months ending June 2024, rental building activity totaled 1,425 units permitted, more than double the 590 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst). The substantial increase in permitting during the past 12 months is partially attributed to a new law enacted by the State of New Jersey to shorten the time from permit application to approval.

Nearly 33 percent of all rental units permitted in the HMA since 2020 have been in West Windsor Township, and 28 percent were in Ewing Township. The 443-unit Woodmont Way at West Windsor apartment development in West Windsor Township was completed in November 2022. It offers one-, two-, and three-bedroom units with rents starting at $2,700, $3,484, and $4,350, respectively. In addition, the first phase of Ewing Town Center in Ewing Township 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 second and third phases of Ewing Town Center are under construction. The development will have 800 units once completed in the summer of 2025.

Forecast

During the 3-year forecast period, demand is estimated for 2,125 new rental units in the HMA (Table 7). Demand is expected to moderate during the second and third years of the forecast period due to a deceleration in population and household growth. The 2,075 units under construction will satisfy nearly all of the demand during the forecast period.

Figure 11. Annual Rental Permitting Activity in the Trenton HMA
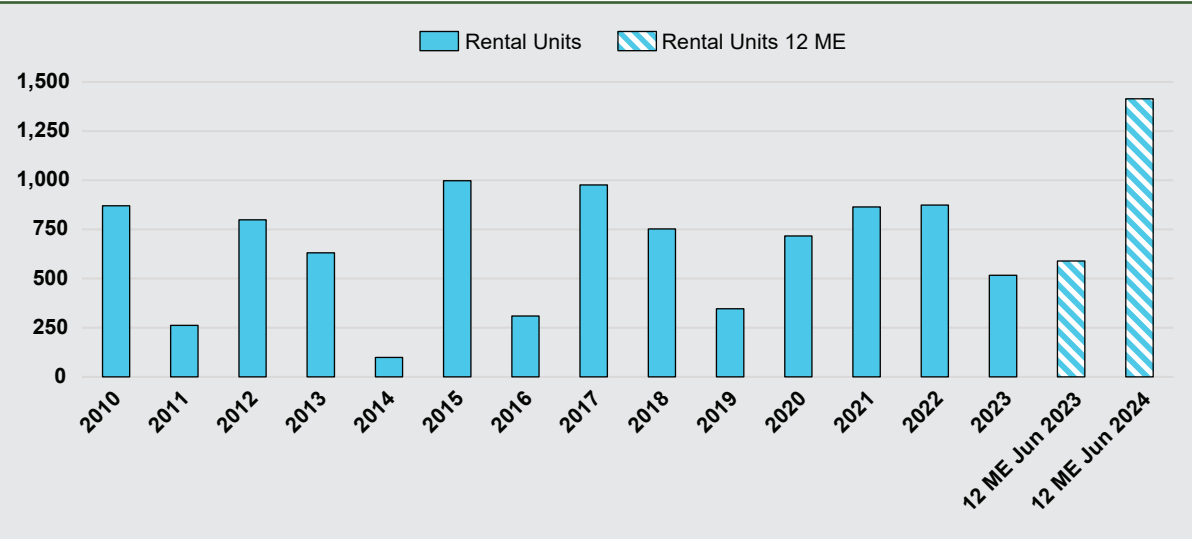
12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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

Rental Units	
Demand	2,125 Units
Under Construction	2,075 Units

Note: The forecast period is July 1, 2024, to July 1, 2027.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Apartment 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.
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.
Existing Home Sales	Includes regular resales and REO sales.
Forecast Period	July 1, 2024–July 1, 2027—Estimates by the analyst.
Home Sales/Home Sales Price	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Regular 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 and include short sales.
Rental Market	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 Trenton-Princeton, NJ 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.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

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.
2.	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.

D. Photo/Map Credits

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