

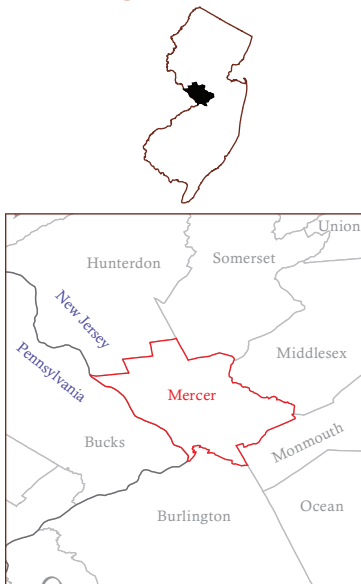


# Trenton-Ewing, New Jersey

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2012



## Housing Market Area



The Trenton-Ewing Housing Market Area (HMA), which is coterminous with Mercer County, has a current population of 367,600. The HMA is home to Princeton University, the second largest private employer in the HMA, which employs approximately 5,400 faculty and staff and enrolled 7,800 students during the 2011–12 school year. The central city of the HMA, Trenton, is the state capital.

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## Summary

### Economy

Economic conditions improved in the Trenton-Ewing HMA, which gained jobs during the past 2 years after recording job losses from mid-2009 through mid-2010. During the 12 months ending February 2012, nonfarm payrolls increased by approximately 2,100 jobs, or 0.9 percent, to approximately 241,800 jobs. Because the HMA contains approximately one-third of New Jersey state government jobs, the government sector has historically been the largest in the economy. Employment in the HMA is expected to increase by an average of 1,525 jobs, or 0.6 percent, annually during the 3-year forecast period.

### Sales Market

The sales housing market in the HMA currently is soft because of net out-migration since 2005. During the next 3 years, demand is forecast for 280 new homes (Table 1). The 150 homes currently under construction will satisfy some of this demand. It is likely that some of the 4,450 other vacant units currently in the HMA will reenter the market and satisfy a portion of the demand.

### Rental Market

The rental housing market in the HMA currently is soft but has tightened since 2010. The rental vacancy rate is estimated at 7.8 percent compared with the 8.6-percent rate recorded in 2010. During the 3-year forecast period, no new market-rate units should be built to allow for the market to absorb the current excess vacant units and the 340 units currently under construction (Table 1).

**Table 1. Housing Demand in the Trenton-Ewing HMA, 3-Year Forecast, March 1, 2012 to March 1, 2015**

	Trenton-Ewing HMA	
	Sales Units	Rental Units
Total Demand	280	0
Under Construction	150	340

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2012. A portion of the estimated 4,450 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

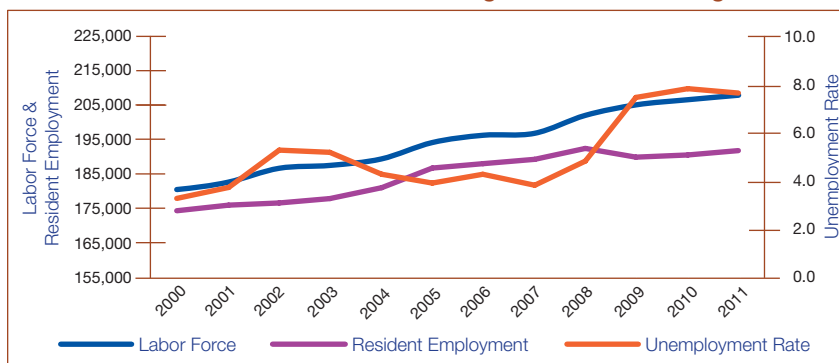
Economic conditions improved in the Trenton-Ewing HMA during the past 2 years after job losses were recorded from mid-2009 through mid-2010. During the 12 months ending February 2012, nonfarm payrolls increased by approximately 2,100 jobs, or 0.9 percent, to approximately 241,800 jobs. By comparison, during the 12 months ending February 2011, nonfarm payrolls averaged 239,700 jobs, an increase of 1,100 jobs, or 0.5 percent, compared with nonfarm payrolls during the previous 12 months. During the 12 months ending February 2012, the unemployment rate averaged 7.8 percent, identical to the rate recorded a year earlier but less than

the statewide 9.3-percent rate. The current unemployment rate is greater than the 4.3-percent average annual rate recorded from 2000 through 2008. Figure 1 illustrates trends in the labor force, resident employment, and unemployment rate in the HMA from 2000 through 2011.

From 2000 through 2008, nonfarm payrolls grew every year by an average of 3,325 jobs, or 1.5 percent, annually. Nearly one-half of the job growth occurred in the government sector, which increased by 1,600 jobs, or 2.6 percent, annually; more than 90 percent of the growth in this sector was in the state government subsector. More than 75 percent of the gain in the state government subsector during this time was in state-funded hospitals and universities. With Trenton, the state capital, part of the HMA, the government sector is the largest in the HMA, currently accounting for more than 28 percent of total nonfarm payroll jobs (Figure 2).

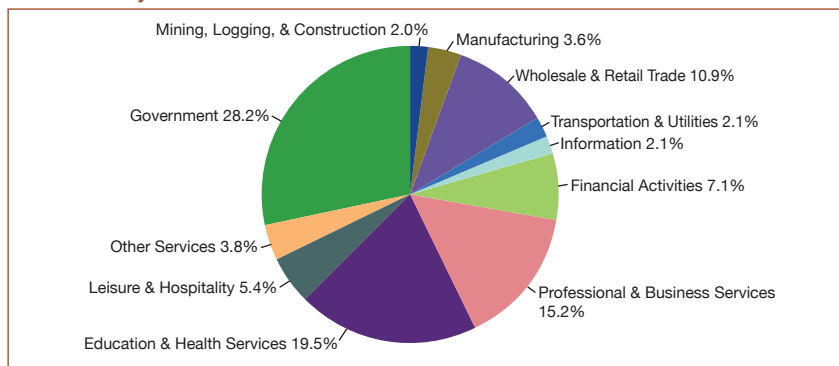
In 2009, the HMA began to lose jobs and, during the 12 months ending February 2010, nonfarm payrolls declined by 4,275 jobs, or 1.8 percent. Nearly one-half of those losses occurred in the professional and business services sector, which decreased by approximately 2,100 jobs, or 5.5 percent. A portion of these losses was attributed to a reduction of jobs, by 580 employees, at Bristol-Meyers Squibb locations throughout the HMA from 2008 through 2010. Since mid-2010, economic conditions have improved and job growth has resumed. Figure 3 shows the percentage change in sector growth from 2000 to the current date.

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Trenton-Ewing HMA, 2000 Through 2011



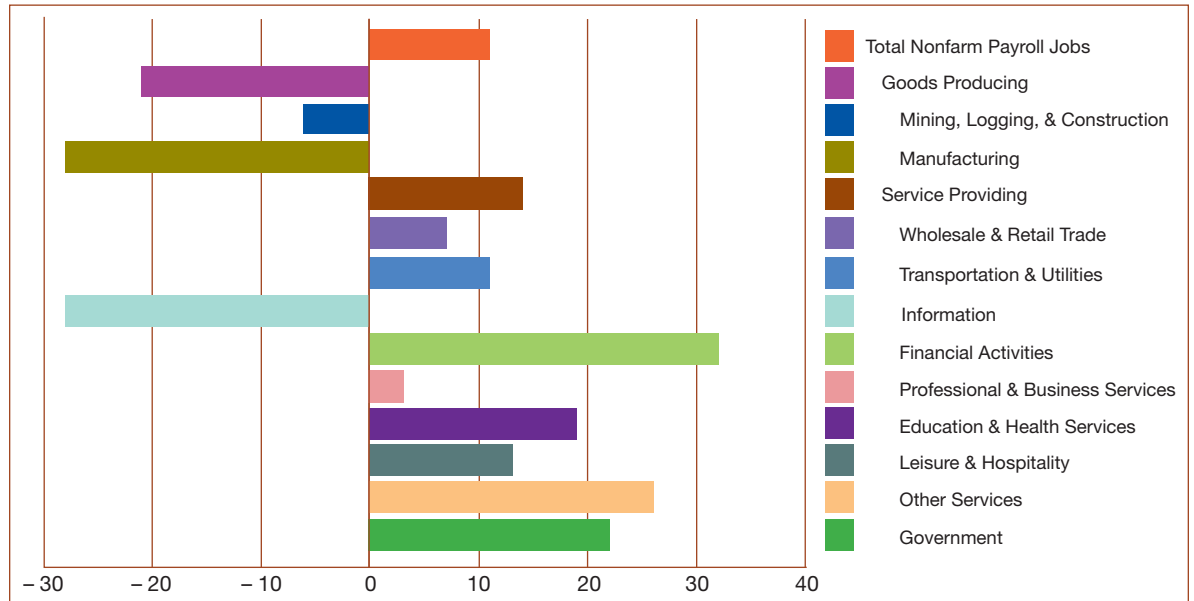
Source: U.S. Bureau of Labor Statistics

**Figure 2.** Current Nonfarm Payroll Jobs in the Trenton-Ewing HMA, by Sector



Note: Based on 12-month averages through February 2012.

Source: U.S. Bureau of Labor Statistics

**Figure 3. Sector Growth in the Trenton-Ewing HMA, Percentage Change, 2000 to Current**

Note: Current is based on 12-month averages through February 2012.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending February 2012, the greatest nonfarm payroll increase occurred in the education and health services sector, which added 1,350 jobs, a 3.0-percent increase. More than three-fourths of the gains in this sector were in the educational services subsector, which increased by 1,050 jobs, or 5.5 percent. This subsector includes Princeton University, the second largest private employer in the HMA. The university

currently enrolls more than 7,800 students and employs approximately 5,400 faculty and staff (Table 2). The total enrollment and number of employees remained relatively flat during the past year and neither is expected to change significantly during the next 3 years. According to a study by Princeton University, the university's economic impact on the HMA was approximately \$725 million in 2007, the most recent data available. Significant job gains also occurred in the financial activities and the professional and business services sectors, which increased by 850 jobs each, or 5.3 and 2.4 percent, respectively (Table 3). The financial activities sector includes Merrill Lynch & Co., Inc., the largest private employer in the HMA, with 6,000 employees.

Job losses during the 12 months ending February 2012 occurred in the information and the leisure and hospitality sectors, which declined by 650 and 600 jobs, or 11.1 and 4.2 percent,

**Table 2. Major Employers in the Trenton-Ewing HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The State of New Jersey	Government	26,900
Merrill Lynch & Co., Inc.	Financial Activities	6,000
Princeton University	Education & Health Services	5,400
Bristol-Myers Squibb Company	Professional & Business Services	3,800
Capital Health	Education & Health Services	3,500
New Jersey Manufacturers Insurance Company	Financial Activities	2,475
Princeton HealthCare System	Education & Health Services	2,400
Educational Testing Service	Education & Health Services	2,275
PharmaNet Development Group, Inc.	Professional & Business Services	2,000
The McGraw-Hill Companies	Information	2,000

Notes: Excludes local school districts. Most of the jobs at Bristol-Myers Squibb and PharmaNet Development Group are research and development jobs.

Sources: Economy.com; State of New Jersey Civil Service Commission

respectively. Approximately one-half of the losses in the information sector were in the telecommunications subsector. The government sector declined by 350 jobs, or 0.5 percent, from the previous 12 months. Nearly 80 percent of the gross losses were in the local government subsector, which decreased by approximately 750 jobs, or 4.1 percent. Declines in this subsector were partially because of a reduction of 110 officers in the city of Trenton police force. During the same period,

nonfarm payrolls in the state government subsector, which accounts for more than 70 percent of the total government jobs in the HMA and approximately one-third of state government jobs in New Jersey, increased by 550 jobs, or 1.1 percent, to 48,600 jobs.

During the forecast period, economic conditions in the HMA are expected to improve slowly, with an average nonfarm payroll increase of approximately 1,525 jobs, or 0.6 percent, annually. Job gains are estimated to be minimal during the first and second years of the forecast period and accelerate slightly during the third year. The job growth is expected to be concentrated in the private sector, with little growth estimated in the government sector. Kenco Logistic Services, which opened a 500,000-square-foot warehouse and hired 100 new workers in 2011, is expected to add approximately 200 additional jobs during the first year of the forecast period. The Cheesecake Factory is expected to open a new restaurant during the fall of 2012, creating an estimated 250 to 300 new part- and full-time jobs.

**Table 3. 12-Month Average Nonfarm Payroll Jobs in the Trenton-Ewing HMA, by Sector**

	12 Months Ending February 2011	12 Months Ending February 2012	Percent Change
Total Nonfarm Payroll Jobs	239,700	241,800	0.9
Goods Producing	14,100	13,650	- 3.3
Mining, Logging, & Construction	5,200	4,900	- 5.6
Manufacturing	8,925	8,750	- 2.0
Service Providing	225,600	228,100	1.1
Wholesale & Retail Trade	25,350	26,350	4.0
Transportation & Utilities	5,075	5,125	0.8
Information	5,725	5,075	- 11.1
Financial Activities	16,300	17,150	5.3
Professional & Business Services	35,950	36,800	2.4
Education & Health Services	45,900	47,250	3.0
Leisure & Hospitality	13,650	13,050	- 4.2
Other Services	9,125	9,100	- 0.2
Government	68,550	68,200	- 0.5

Notes: Based on 12-month averages through February 2011 and February 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

## Population and Households

As of March 1, 2012, the population of the Trenton-Ewing HMA was estimated at 367,600. From 2000 through 2010, the population increased by an average of 1,575, or 0.4 percent, annually. From April 2000 through July 2004, the population increased at a faster rate—0.7 percent, or 2,475 people, annually—because of net in-migration, which averaged 750 people annually. From July 2004

through April 2010, net out-migration averaged 790 people a year, causing population growth to slow to an average of 0.3 percent, or 920 people, annually. Since April 2010, weak economic conditions have caused net out-migration to increase to 1,050 people a year and population growth to slow to 0.2 percent, or 570 people, annually (Figure 4).

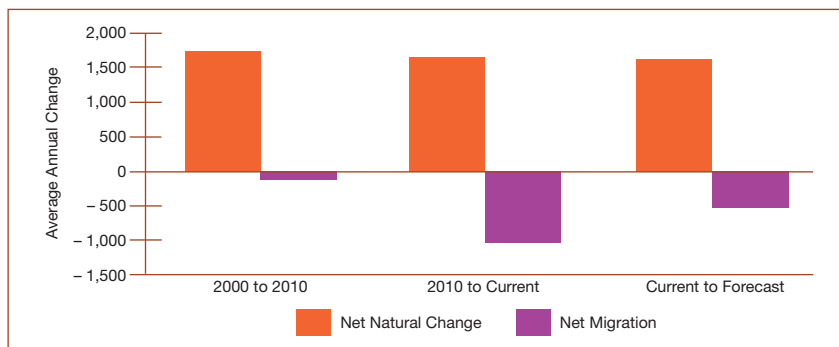
Based on Internal Revenue Service migration data, approximately one-fourth of the out-migration from July 2004 through April 2010 was to the adjacent areas of Burlington County, New Jersey, and Bucks County, Pennsylvania, because of more affordable housing options in those counties. According to a study conducted between 2005 and 2009 by the Tax Foundation,

a nonpartisan tax research group, median property taxes and home values each were 15 percent less in Burlington County than in the HMA. In Bucks County, the median home sales price was approximately equal to the median price in the HMA, but the median property taxes were 38 percent less. Average rents were also notably less in the adjacent counties. According to Reis, Inc. data, from 2005 through 2009, rents in the HMA were, on average, 26 percent more than in Burlington County and 9 percent more than in Bucks County.

An estimated 133,500 households currently reside in the HMA. The number of households has increased by an average of 180, or 0.1 percent, annually since April 2010. This rate was slower than the average annual increase of 730 households, or 0.6 percent, recorded from 2000 through 2010, primarily because of slower population growth (Figure 5).

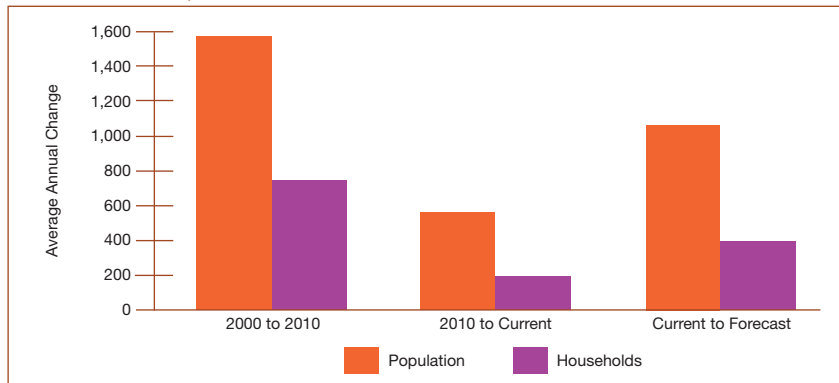
The population of the HMA is expected to grow by an average of 1,075, or 0.3 percent, annually during the forecast period, to 370,800. Net out-migration is expected during each year of the forecast period but is expected to decrease slightly during the second and third years in response to job creation. The number of households is expected to grow at an average rate of 0.3 percent, or 400 households, to 134,700 during the forecast period.

**Figure 4.** Components of Population Change in the Trenton-Ewing HMA, 2000 to Forecast



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

**Figure 5.** Population and Household Growth in the Trenton-Ewing HMA, 2000 to Forecast



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

# Housing Market Trends

## Sales Market

The sales housing market in the Trenton-Ewing HMA is currently soft, with an estimated vacancy rate of 2.1 percent, an increase from the 1.6-percent rate recorded in both 2000 and 2010 (Table DP-1 at the end of the report). The home sales market was balanced from 2000 through 2004 but has softened since 2005. From 2005 through 2008, the softening of the market was because of net out-migration from the HMA into nearby counties with more affordable housing options. Since 2009, weakening economic conditions and stricter lending requirements for homebuyers have also contributed to the soft market. According to LPS Applied Analytics, in February 2012, 10.1 percent of total home loans in

the HMA were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned). The current rate is less than the 10.9-percent statewide rate but more than the 9.0-percent rate recorded in the HMA in February 2011.

According to TREND MLS, during the 12 months ending February 2012, approximately 2,225 new and existing single-family homes sold, down 7 percent from a year earlier. The current level of sales is a 37-percent decline from the average annual number of 3,525 homes sold from 2005 through 2008. During the 12 months ending February 2012, the average price of new and existing single-family homes sold decreased 1 percent, to \$328,800, 14 percent less than the decade-high price of \$380,200 reported during the 12 months ending February 2008. The number of owner households decreased to 86,750, or 65.0 percent of all households, down from the 87,700 owner households, or 65.9 percent of all households, reported in April 2010 (Figure 6).

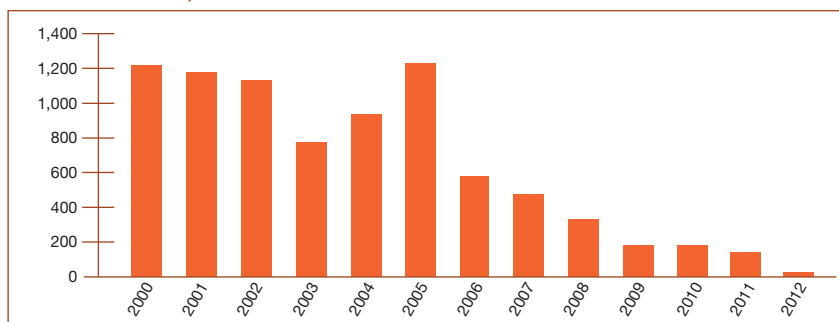
In response to the declining demand for new homes, single-family building activity, as measured by the number of single-family homes permitted, has decreased since 2005. In 2005, permits were issued for approximately 1,225 new homes compared with 130 homes permitted during 2011 (Figure 7). Based on preliminary data, during the 12 months ending February 2012, approximately 140 new single-family homes were permitted compared with 160 homes permitted during the previous 12 months. Recent construction includes 280 age-restricted townhomes completed from 2005 through 2011 at the Traditions at Hamilton Crossing in Hamilton Township. The average

**Figure 6.** Number of Households by Tenure in the Trenton-Ewing HMA, 2000 to Current



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

**Figure 7.** Single-Family Building Permits Issued in the Trenton-Ewing HMA, 2000 to 2012



Notes: Includes townhomes. Includes data through February 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

sales price of homes in this community is approximately \$280,000. In the HMA, the average sales price of all newly constructed single-family homes, including age-restricted homes, is estimated at \$450,000.

The condominium market, which comprises approximately 13 percent of the total sales market in the HMA, exhibited sales trends similar to the single-family market. According to TREND MLS, during the 12 months ending February 2012, approximately 330 new and existing condominium units sold, down 22 percent from a year earlier. The current sales level is 51 percent less than the average annual number of 670 units sold from 2005 through 2008. During the 12 months ending February 2012, the average sales price of new and existing condominiums increased 1 percent, to \$255,300, 5 percent less than the decade-high price of \$269,300 reported during the 12 months ending February 2007. Recent condominium construction activity includes approximately 30

units built in 2011 at The Crossings at Hamilton Station, with prices starting at \$250,000. The development currently includes 30 condominium units, 10 townhomes, and 30 apartment units and is expected to add an additional 100 condominium units during the next 3 years.

During the next 3 years, demand is estimated for 280 new homes, including single-family homes, townhomes, and condominiums. The 150 units currently under construction (Table 1) and some of the 4,450 other vacant units in the HMA that will likely reenter the market will satisfy a portion of the demand. New units are not needed until the third year of the forecast period, after the market absorbs the current excess supply of available units. New home prices are expected to start at \$100,000 in the city of Trenton and \$200,000 in the remainder of the HMA, with approximately 30 percent of the demand being for homes priced between \$200,000 and \$400,000 (Table 4).

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Trenton-Ewing HMA, March 1, 2012 to March 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	199,999	70	25.0
200,000	399,999	85	30.0
400,000	599,999	70	25.0
600,000	799,999	30	10.0
800,000	and higher	30	10.0

*Note: The 150 homes currently under construction and a portion of the estimated 4,450 other vacant units in the HMA will likely satisfy some of the forecast demand.  
Source: Estimates by analyst*

## Rental Market

The rental housing market in the Trenton-Ewing HMA is currently soft, but conditions have improved recently. The estimated 7.8-percent overall vacancy rate is more than the 5.4-percent rate recorded in 2000 but has fallen from the 8.6-percent rate of 2010 (Figure 8).

The rental market in the HMA was balanced from 2000 through 2004, but the market softened from 2005 through 2009 because of net out-migration. In addition, from 2005 through 2007, more than 730 new apartment units came on line. By comparison, approximately 1,300 new apartment units came on line during previous 3 years, a period of net in-migration when supply kept pace with demand. The new construction was because of builder optimism that resulted from low apartment vacancy

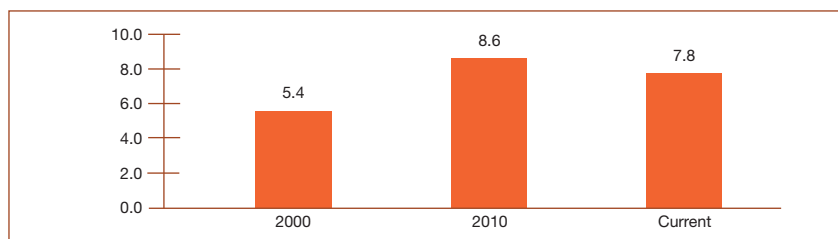
rates from 2000 through 2004, which, according to Reis, Inc. data, averaged 2.5 percent. From 2005 through 2007, the apartment vacancy rate increased to average 3.7 percent. Construction activity slowed during 2008 and 2009, when continued net out-migration resulted in a further softening of the market.

Since 2010, because of job losses and the resulting economic hardships, some households have moved from ownership to rental units out of necessity, and others have postponed buying. As a result, renter household growth outpaced new rental construction, leading to a tightening of the market since 2010; however, the market remains soft.

From 2000 through 2009, apartment building activity, as measured by the number of apartment units permitted, averaged 260 units permitted annually. Figure 9 shows the number of multifamily units permitted in the HMA since 2000, of which approximately 86 percent were for apartments. Since 2010, because of increased demand for rental units, building activity has increased to an average of 340 apartment units permitted annually. Recent completions include approximately 140 two- and three-bedroom apartment units at Princeton Terrace at West Windsor, which is expected to add an additional 210 units during the next 3 years. Rents for these apartments start at \$2,300.

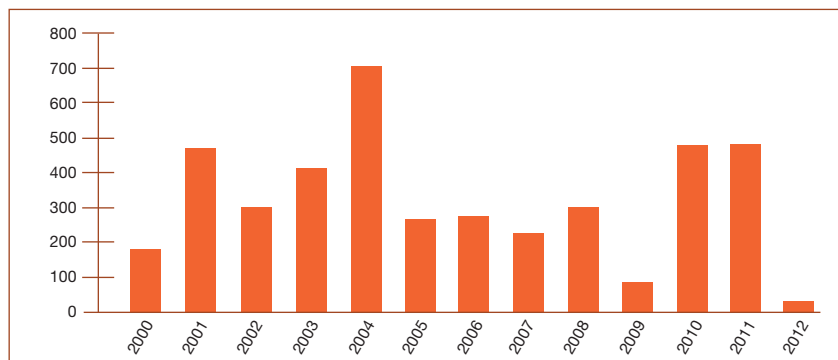
The HMA is home to Princeton University, The College of New Jersey, and Rider University, which enroll 7,800, 7,000, and 5,800 students, respectively. None of these universities, however, has a significant effect

**Figure 8.** Rental Vacancy Rates in the Trenton-Ewing HMA, 2000 to Current



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

**Figure 9.** Multifamily Building Permits Issued in the Trenton-Ewing HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through February 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst



## Housing Market Trends

### Rental Market *Continued*

on the rental market of the HMA. At Princeton, nearly every undergraduate student and approximately 70 percent of graduate students reside on campus. More than 70 percent of Rider University students live on campus. At the College of New Jersey, approximately 60 percent of students reside on campus. Some of the remaining 3,000 students reside in nearby

single-family rental units, but these students make up a small portion of the overall rental market in the HMA.

During the next 3 years, no additional rental units should be constructed to enable the absorption of the current supply of vacant available units and the 340 units under construction (Table 1).

## Data Profile

**Table DP-1.** Trenton-Ewing HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	174,307	188,013	188,600	0.8	0.3
Unemployment Rate	3.3%	7.8%	7.8%		
Nonfarm Payroll Jobs	216,900	239,500	241,800	1.0	0.8
Total Population	350,761	366,513	367,600	0.4	0.2
Total Households	125,807	133,155	133,500	0.6	0.1
Owner Households	84,338	87,700	86,750	0.4	-0.6
Percent Owner	67.0%	65.9%	65.0%		
Renter Households	41,469	45,455	46,750	0.9	1.5
Percent Renter	33.0%	34.1%	35.0%		
Total Housing Units	133,280	143,169	143,800	0.7	0.2
Owner Vacancy Rate	1.6%	1.6%	2.1%		
Rental Vacancy Rate	5.4%	8.6%	7.8%		
Median Family Income	\$65,000	\$90,751	\$85,547	3.4	-5.7

*Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through February 2012. Median family incomes are for 1999, 2009, and 2010.*

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

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census  
2010: 4/1/2010—U.S. Decennial Census  
Current date: 3/1/2012—Analyst’s estimates  
Forecast period: 3/1/2012–3/1/2015—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 the U.S. Department of Housing and Urban Development’s (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.

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_Trenton-EwingNJ\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_Trenton-EwingNJ_12.pdf).

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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.

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](http://www.huduser.org/publications/econdev/mkt_analysis.html).