

SOMERSET COUNTY PLANNING BOARD

Population, Households and Economic Trends: Where are we Heading?

Factors Affecting Future Residential and Non-residential Growth

Positive

- Epicenter of the largest consumer market
- Port of New Jersey-New York largest on east coast and growing
- Excellent regional infrastructure
- Federal Reserve's interest rate reductions
- \$168 billion federal stimulus
- Tax breaks for businesses
- Growing "green" markets
- New Jersey still one of the wealthiest states
- Highly educated, well paid workforce
- State is home to more scientists and engineers per square mile
- Core of region's economy holding with slow growth
- National housing bust not as severe here in New Jersey
- Compared to a year ago state's median home price showed modest 4% increase
- Demand for housing still strong
- Rate of foreclosures in state well below U.S. average
- Only 1.89 % of loans in the foreclosure process in 4th quarter 2007 versus 2.4% in 1992
- NJ Permit extension bill on horizon
- DEP Permit Efficiency Task Force recommendations expected in July 2008
- Smart growth and balanced housing principles are embraced
- Over-hiring did not occur since the 1990s, so significant layoffs are not expected to occur during the current downturn
- Housing values remain strong in areas dependent on both the NYC and NJ Job market
- Significant "re-fitting" and "green retrofitting" opportunities of the county's substantial office inventory in prime locations exist

- Demand for rental housing is strong and growing

Negative

- Housing costs in Somerset County are 78% above the national average
- NJ has significant “image” issues that must be resolved in order to attract corporate investments
- Artificially high consumption era, driven by over-borrowing (against home mortgages) is over; Much slower consumer spending is anticipated
- Sub-prime mortgage debacle
- Falling stock prices and volatile market
- Soaring energy and commodity costs
- Significant public sector budget deficits
- State did not recover from last job bust
- Between 1992-2000 New Jersey was part of one the slowest regional economies
- From 2004-2006 state added only 23,000 jobs
- In 2007 only 3,700 private sector jobs added
- Wall Street downsizing with lower profits, bonuses and salaries that ripple thru regional economy
- Cost of living 32% above national average
- Real estate, rent, property taxes and insurance very high- all factors driving jobs outside of state
- In 1990, state accounted for 20% of all pharmaceutical jobs. Today its 13%
- Telecommunication jobs disappeared due to breakup of AT&T and sale of Lucent
- Land availability and strict land development regulations
- COAH Round Three Rules
- Complex environmental regulatory requirements and permit process
- Lengthily redevelopment process
- Transportation Trust Fund renewal uncertainty
- Looming water supply deficits and sewer treatment plant limitations