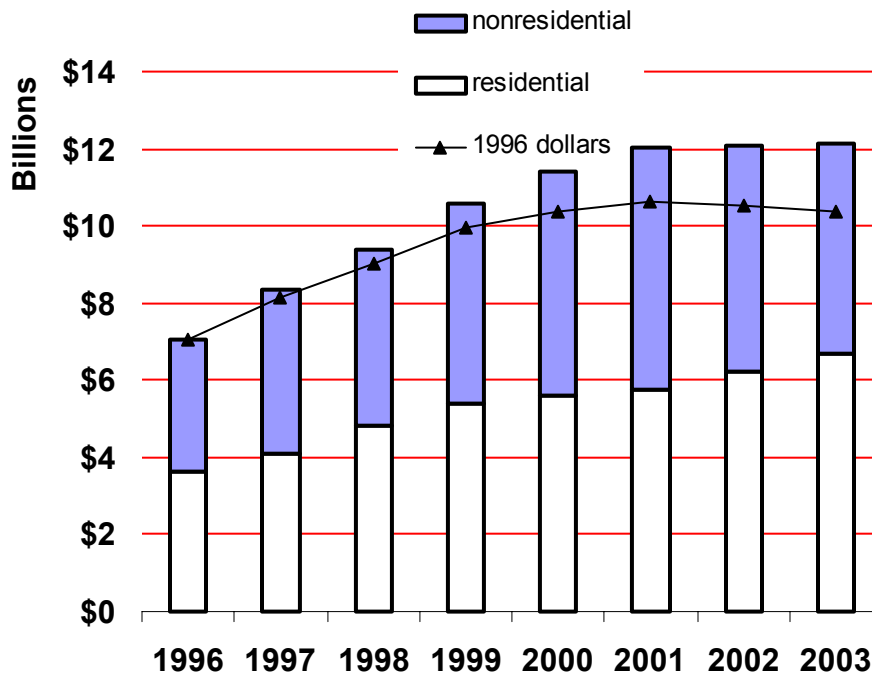


2003 HIGHLIGHTS

This was a good year for New Jersey's construction industry. A strong housing market and State buildings sustained the industry's performance. State buildings refer to a category of construction that includes structures built by State governmental agencies or any of its instrumentalities, like transit and highway authorities, and State colleges and universities. School construction also had a featured role. But, the lead story was the way New Jersey's housing industry performed, especially in the State's big cities.

Estimated construction costs authorized by building permits were \$12.1 billion. This was about the same as last year (0.6 percent more). In real terms, assuming prices grew by 2.3 percent, estimated construction costs declined by 1.7 percent compared to last year.

Estimated Cost of Construction Authorized by Building Permits, 1996-2003



Housing construction accounted for \$6.7 billion. This was 54.9 percent of all activity authorized by permits. Nonresidential structures made up \$5.5 billion, 45.1 percent of all work for the year. Three of the four major construction indicators in the *CONSTRUCTION REPORTER* were at or slightly above last year's levels. Total work was about the same. New houses authorized by permits increased by 582 units, about 1.6 percent. Office space was up by over 483,000 square feet, a 2.5-percent increase

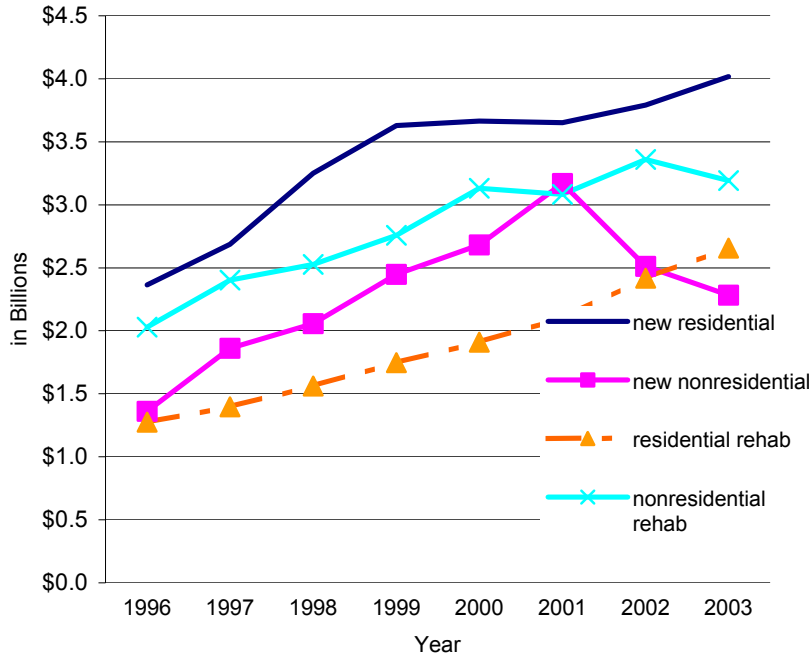
compared to last year, but significantly lower than in 2001, when a record 19.1-million square feet of new office space were authorized. That year, Jersey City in Hudson County accounted for 4.1-million square feet of new office space. Only new retail space was down by 21 percent compared to 2002.

New Jersey Construction Indicators: 1996-2003				
	Estimated Construction Costs	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
1996	\$7,028,424,990	27,577	6,229,515	4,880,139
1997	\$8,346,533,144	30,017	10,409,171	5,688,955
1998	\$9,396,755,517	35,676	12,703,824	7,921,892
1999	\$10,584,167,530	37,536	13,237,891	6,229,471
2000	\$11,387,683,514	38,065	15,531,039	6,063,412
2001	\$12,007,456,630	35,680	19,134,533	7,244,833
2002	\$12,079,942,099	34,589	9,261,054	7,560,913
2003	\$12,148,747,807	35,171	9,744,146	6,038,428
<i>Change between 2002 and 2003</i>				
2002-2003	\$68,805,708	582	483,092	-1,522,485
Percent Change	0.6%	1.6%	2.5%	-21.0%
Source: N.J. Department of Community Affairs, 4/7/04				

New home production continued as the most significant force in New Jersey's construction economy. While the number of new houses grew by only 1.6 percent between 2002 and 2003, the estimated construction cost of these houses increased by \$224.4 million, or 5.9 percent. Housing renovations grew even faster. Last year, the estimated cost of all residential alterations and additions was \$2,417.9 million. In 2003, it was \$2,656.4 million, increasing by \$238.4 million, or 9.9 percent.

The strong housing market compensated for sluggish activity in the nonresidential sector. New, nonresidential buildings accounted for only \$2,282.1 million of authorized construction in 2003. This was \$228.5 million less (9.1 percent) than last year. Commercial and other nonresidential rehabilitation also dropped. The estimated cost of rehab work on nonresidential structures declined by \$166.5 million, or 5 percent. This year was the first time in recent history that the amount of money spent to fix up existing housing exceeded the amount authorized to build new office buildings, stores, and other nonresidential structures.

Estimated Cost of Construction Authorized by Building Permits



Activity by Region

Central New Jersey had 36.3 percent of all new houses authorized by permits and 45.2 percent of all new office space. The region had the largest amount of new retail space, 38.2 percent, and accounted for \$4.5 billion, or 36.7 percent, of the estimated cost of construction authorized by permits.

Northern New Jersey had the most work, \$4.6 billion. This was 37.8 percent of all activity. Due in large measure to strong housing markets in the City of Newark in Essex County, the City of Hoboken and Jersey City in Hudson County, and the City of Elizabeth in Union County, northern New Jersey was the location of 32.5 percent of all the new houses in 2003.

Southern New Jersey had the smallest proportion of activity compared with other regions of the State. But, construction work has grown in this area, due in large measure to a strong housing market. Southern New Jersey communities accounted for 21.4 percent of all activity in 2003. This region also had 31.2 percent of all the new houses. In 1998, southern New Jersey had only 17.5 percent of all work in the State and 23.4 percent of the new dwellings.

Major Construction Indicators by Region: 2003				
Region	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
North	\$4,587,958,818	11,431	3,079,208	2,239,779
Central	\$4,461,322,637	12,752	4,405,090	2,307,208
South	\$2,598,232,120	10,982	1,950,854	1,414,982
State Buildings	\$501,234,232	6	308,994	76,459
New Jersey	\$12,148,747,807	35,171	9,744,146	6,038,428
<i>Percent Distribution by Region</i>				
North	37.8%	32.5%	31.6%	37.1%
Central	36.7%	36.3%	45.2%	38.2%
South	21.4%	31.2%	20.0%	23.4%
State Buildings	4.1%	0.017%	3.2%	1.3%
New Jersey	100.0%	100.0%	100.0%	100.0%
Source: N.J. Department of Community Affairs, 4/7/04				
Northern New Jersey: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Union, and Warren Counties				
Central New Jersey: Hunterdon, Mercer, Middlesex, Monmouth, Ocean, and Somerset Counties				
Southern New Jersey: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem Counties				

Leading Role for Big Cities

New Jersey's big cities were top performers. This continued a trend of recent years. No other municipality had more work authorized by permits than Jersey City, with \$322.9 million. Newark ranked second with \$248.1 million. Housing was a key reason for much of the activity in both cities. Newark had the most new houses with 1,730 authorized units. Jersey City ranked second among all localities with 969 new houses.

Other top urban performers were Atlantic City in Atlantic County, Hoboken, and Elizabeth. Most of the work in Atlantic City was hotel and casino related. New housing construction was the driving force, however, in Hoboken and Elizabeth. Nine of the top 15 communities with the most work had over 400 new houses in 2003.

Construction Indicators Top New Jersey Municipalities: 2003					
Municipality	County	Estimated Cost of Construction (Dollars)	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
Jersey City	Hudson	\$322,912,488	969	378,189	83,540
Newark City	Essex	248,116,867	1,730	236,042	16,205
Franklin Twp.	Somerset	177,453,393	569	121,117	6,335
Dover Twp.	Ocean	144,277,904	299	196,846	27,280
Atlantic City	Atlantic	126,745,674	100	6,900	0
Hoboken City	Hudson	117,919,493	599	52,858	83,690
East Brunswick Twp.	Middlesex	110,386,950	340	143,932	3,868
Princeton Twp.	Mercer	108,984,189	13	116,234	12,126
Jackson Twp.	Ocean	106,811,341	590	5,088	12,100
Edison Twp.	Middlesex	99,321,148	91	240,273	20,642
Woodbridge Twp.	Middlesex	95,371,392	110	15,081	355,624
Elizabeth City	Union	95,052,210	649	22,450	0
Ocean City	Cape May	94,779,047	432	99,648	22,851
Lakewood Twp.	Ocean	93,181,492	558	136,814	0
Cherry Hill Twp.	Camden	92,958,402	465	58,675	34,290
Top Municipalities		\$2,034,271,990	7,514	1,830,147	678,551
New Jersey		\$12,148,747,807	35,171	9,744,146	6,038,428
Source: N.J. Department of Community Affairs, 4/7/04					

New House Prices

Another indicator on the strength of the New Jersey housing market is the price of a new home. The median sales price of a new house broke the \$300,000 level in 2003. The median sales price of the 22,226 new houses that began enrollment in a new home warranty program in 2003 was \$307,168. Last year it was \$274,705. This increase of 11.8 percent was the largest annual increase in recent years. New houses in Hunterdon County cost the most. The median sales price in 2003 of a new Hunterdon County house was \$563,308.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
2003	22,226	\$307,168	11.8%
1 st Quarter 2003	4,465	\$295,000	
2 nd Quarter 2003	5,540	\$300,793	2.0%
3 rd Quarter 2003	6,091	\$307,950	2.4%
4 th Quarter 2003	6,130	\$319,650	3.8%
1 st Quarter 2004	4,280	\$323,870	1.3%

Source: N.J. Department of Community Affairs, 4/7/04

