

The Good the Bad and the Ugly

A CUTTING-EDGE PROFILE OF THE GARDEN STATE



By James W. Hughes & Joseph J. Seneca

As 2008 unfolds, it's appropriate to update the demographic-economic profile of New Jersey, including both its positive and negative dimensions. We will start with six key factoids updated with the latest available data.

DESPITE HAVING THE HIGHEST POPULATION DENSITY, A HIGHER PROPORTION OF NEW JERSEY IS COVERED BY FOREST THAN STATES SUCH AS CALIFORNIA AND ALASKA.

1. Income In 2006, according to the Census Bureau's American Community Survey (released in the summer of 2007), New Jersey had the second highest median household income (\$64,470) among the 50 states and the District of Columbia. While we were knocked off of our top-ranked perch by Maryland for the first time, the state's median household income remained 33 percent higher than that of the nation (\$48,451), the same advantage for New Jersey as in 2005. If we seceded from the United States and became a separate nation, we'd be the wealthiest country on earth, closely followed by Luxembourg. This assumes, of course, that Maryland was not smart enough to secede! Nonetheless, this benchmarks New Jersey's unique demographic-economic capacity, and the high productivity of our job base, and the high quality of our workforce.



2. Immigration New Jersey ranks third in the country in the percentage of foreign born. In 2006, 20.1 percent of the state's population was foreign born—one out of five people. This benchmarks our unique demographic diversity, a key advantage in a global economy.

3. Transportation and Energy The state ranks third in public transit usage, behind New York and the District of Columbia: 10.3 percent—slightly more than one out of ten—New Jerseyans use public transportation to travel to work. This is more than double the national average, which is just below 5 percent. As a result of this and

other factors, New Jersey is a very energy-efficient state. Our energy consumption per dollar of Gross Domestic Product is 26 percent lower than the national average. This benchmarks our unique demographic transportation virtue.

4. Commute Times However, New Jersey ranks fourth in time of commute. The average travel time to work in the state was 29.1 minutes, only 1.8 minutes* shorter than nation-leading New York's 30.9 minutes. Nothing, absolutely nothing, inhibits New Jerseyans from getting to work in the morning, even though it takes a long time!

5. Consumerism New Jersey remains unchallenged as the densest state in America, a position we have held since 1970, 37 years ago. We are also the first state to have more than 1,000 people per square mile, a status New Jersey achieved in 1982, 25 years ago. Our 2006 density was 1,176 people per square mile. To put this in perspective, the density of Japan is 835 people per square mile; the density of India is 928 people per square mile. And when this density is combined with our high income capacity, the result is one of the deepest and most powerful consumer markets in the country. Thus, it is not surprising that national retail and restaurant chains, and branch banks, continue to proliferate throughout the municipalities of the state. We are a potent consumer market in which they all want to have a presence.

6. Environment Finally despite this density, a higher proportion of New Jersey is covered by forest than states such as California and Alaska. In fact, we have more horses per square mile than any other state. That benchmarks our unique environment and quality of life, another key advantage in a global economy.

So the Garden State indeed has many virtues. But we also have some demerits, many of which revolve around the cost of living. While New Jersey now ranks number two in median household income in 2006, we

unfortunately maintained our number one ranking in housing costs. The state's median monthly housing costs (for owner-occupied housing units with a mortgage) were 52 percent higher than those of the nation (\$2,130 versus \$1,402), significantly reducing our supposed income advantage.

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To no one's surprise, one of the growing costs of housing is property taxes. And New Jersey is in a property-tax league of its own. According to the Census Bureau's American Community Survey, the median annual real estate taxes paid by owner-occupied units in New Jersey was \$5,773 in 2006. This was far greater than any other state and it was 231 percent greater than the

Median Household Income New Jersey Counties, 2006

National Rank	County	Median HH Income
4	Hunterdon County	93,297
6	Somerset County	91,688
7	Morris County	89,587
25	Sussex County	78,488
28	Monmouth County	77,160
34	Bergen County	75,851
48	Middlesex County	72,669
71	Burlington County	68,090
78	Gloucester County	66,759
89	Mercer County	65,305
104	Union County	62,260
107	Warren County	62,087
148	Salem County	58,164
156	Camden County	56,913
187	Ocean County	54,820
244	Atlantic County	52,230
251	Essex County	51,879
304	Cape May County	50,024
306	Passaic County	49,940
313	Hudson County	49,557
357	Cumberland County	47,443
2	New Jersey	64,470
	United States	48,451

Source: American Community Survey, U. S. Census Bureau.

Real Estate Taxes New Jersey Counties, 2006

National Rank	County	Real Estate Taxes
9	Union County	6,703
10	Passaic County	6,663
13	Monmouth County	6,206
14	Hudson County	5,887
16	Sussex County	5,539
18	Middlesex County	5,485
19	Mercer County	5,466
21	Warren County	4,944
24	Camden County	4,846
26	Burlington County	4,793
29	Gloucester County	4,679
49	Atlantic County	3,849
51	Salem County	3,841
59	Ocean County	3,780
97	Cape May County	3,192
101	Cumberland County	3,138
1	New Jersey	5,773
	United States	1,742

* Includes units with and without mortgages.

Source: American Community Survey, U. S. Census Bureau.

median real estate taxes for the nation as a whole (\$1,742). So, while New Jersey's income is 33 percent higher than that of the nation, its housing costs are 52 percent higher and its real estate taxes are 231 percent higher.

The examination of Census Bureau county rankings provides an even more startling picture of property taxes in the Garden State. As shown in the first chart, Hunterdon County had the dubious honor to lead the nation's counties in real estate taxes in 2006, ranking number one among the 795 counties in the United States that had a population of 65,000 people or more. The median annual real estate taxes paid by owner-occupied units was \$7,999 in Hunterdon, fully 359 percent higher than those of the nation (\$1,742)! Somerset County ranked fourth in the country, with real estate taxes of \$7,318, a level 320 percent higher than the nation,

closely followed by fifth-ranked Bergen (\$7,237), sixth-ranked Essex (\$7,148), eighth-ranked Morris (\$6,852), ninth-ranked Union (\$6,703), and tenth-ranked Passaic (\$6,663). Thus, of the top ten counties in the nation with the highest resident real estate taxes, seven are from New Jersey—70 percent! This is a top-ten ranking that we can do without! Of the top 20, 12 are from New Jersey—60 percent. And of the top 25, 14 are from New Jersey 56 percent. Our lowest rated county—101st-ranked Cumberland—had median residential real estate taxes (\$3,138) 80 percent higher than the nation (\$1,742)! If your greatest ambition in life is to pay exorbitant real estate taxes, this is a great time to be a New Jerseyan.

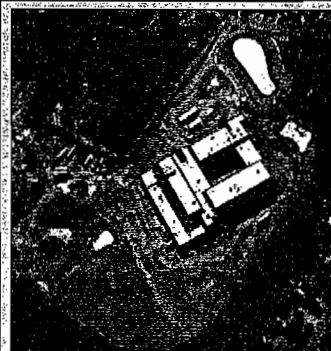
The second chart provides the median household incomes for New Jersey's counties and their national ranking among the 795 large coun-

ties in the country. Income levels in 20 of the 21 counties of New Jersey exceeded the national median. Only Cumberland County, which ranked 357th, had a lower median household income (\$47,443) than that of the nation (\$48,451). In contrast, Hunterdon ranked fourth (\$93,297), Somerset sixth (\$91,688), and Morris seventh (\$89,587). Thus, we had three counties among the top ten in income level in the entire nation. But, remember we had seven of the top ten in residential real estate taxes. So, despite our generally high incomes, our real estate taxes are far out of line. It is no wonder that property tax have become the focus of the public's attention. ▲

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