

Sussex County Economic and Demographic Profile

Framework for Future Development

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Edward J. Bloustein School of Planning and Public Policy

Dr. James W. Hughes

Dr. Joseph J. Seneca

Will Irving

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Edward J. Bloustein School
of Planning and Public Policy

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State and Regional Economic Framework

In order to understand the future direction and economic development options for Sussex County, it is essential to understand the broader demographic, economic, and technological changes that are shaping the larger region. These forces have profound implications for workforce, commercial office space, and residential patterns. They also echo on municipal service demands, fiscal operations, school systems, and property tax rates. Thus, we begin the analysis with a retrospective examination of the fundamental forces that shaped the amount, location, and type of development that led to the regional economy of the early 21st century.

50 YEARS OF SUSTAINED REGIONAL SUBURBANIZATION

In the second half of the twentieth century, the north-central New Jersey-New York City metropolitan region experienced an extended period of unbridled automobile-driven suburbanization. A regional economy that was once highly centralized and concentrated became decentralized and dispersed. In 1950, New York City was the overwhelmingly dominant economic force in the region. At that time, the size of New Jersey's economy – measured by total employment – was less than one-half that of New York City. But during the 50 years that followed, suburban New Jersey increasingly assumed the role of regional economic locomotive. By the mid-1980s, the state's employment base gained parity with New York City; by the year 2000 it actually eclipsed it by a substantial margin.

However, as the 2000s have evolved, there has been an unexpected economic role reversal. New York City has re-emerged as the dominant driving economic force in the region. By 2013, it had not only regained employment parity with New Jersey, but surpassed it. New regional dynamics are now emerging, with new

geographic consequences.¹ This raises a number of key questions for the future of north-central New Jersey. Is the long-standing, outward-bound tidal wave of metropolitan expansion attenuating? Is the region recentralizing? Are long-standing suburban locational preferences and office building protocols shifting? The answers to these questions are crucial to the shape of the region to come. Some of the answers will come from the changing direction of historical trend lines. Thus, it is informative to examine post-World War II development phases and the forces underlying the long-term regional economic trajectory.

Postwar Affluence and Residential Suburbanization: 1950-1970

In 1950, New Jersey's total employment base (1,656,800 jobs) was less than half the size (48 percent) of that of New York City (3,468,200 jobs), which stood as the region's powerful economic epicenter. America, at the time, was the unchallenged global economic leader, but New Jersey was about to benefit greatly from two powerful emerging forces – game-changing residential suburbanization and the emergence of a robust postwar consumer economy virtually immune to any significant international competition. The state's economic development also would benefit from an efficient transportation infrastructure that was already in place and able to accommodate and facilitate sustained growth.

During the 1920s and 1930s, the New Jersey had constructed one of the finest state highway networks in the country.² This first-wave highway infrastructure was the envy of America, and the postwar prosperity of the 1950s

¹ The most recent state job patterns are detailed in: Joseph J. Seneca and Will Irving, "Employment Recession and Recovery in the 50 States: A Further Update," *Rutgers Regional Report Number 36* (July 2013).

² Parts of this network were numerous nation-leading highway innovations, such as the first divided highway and the first cloverleaf interchange. Noted projects of this era include the Pulaski Skyway (US Route 1&9) and the Edison Bridge. The Skyway – a designated civil engineering landmark completed in 1932 – was a limited-access elevated freeway directly linking the cities of Newark and Jersey City. The Edison Bridge (US Route 9) across the Raritan River was the longest and highest span of its type in the United States when completed in 1939.

was based on this transportation capacity; it provided the accessibility necessary to support the strong economic growth of this era. But, a second wave of transportation investment was already underway: the state's nation-leading toll roads. These served to facilitate the economic success of the 1960s.³

On the basis of this expanding transportation infrastructure, auto-dependent tract-house suburbia spread deep into New Jersey. Former rural areas were engulfed by vast migrations of middle-class, child-rearing households from New York City and from New Jersey's urban centers. The resulting housing era could be labeled the *Post-World War II Nesting Generation* or the *Original Levittowners*. The signature demographic event of this era was the spawning of the fabled baby-boom generation, the oversized population cohort born between 1946 and 1964. The baby boom served as the great engine of demography and the economy, driving standardized suburban housing-volume production, production which was dominated by the requirements of child rearing.

Between 1950 and 1970, the state added more than *1-million housing units*, a record level of production, along with accompanying new suburban retail capacity and population-serving business activities. New Jersey also manufactured many of the consumer goods that stocked all the new housing units and that made this new residential geography possible – such as automobiles, sewing and washing machines, refrigerators, telephones, and black and white tube televisions, among others. In the same twenty years, New Jersey also added *nearly 1-million jobs* (947,499 jobs), more than triple that gained (277,300 jobs) by New York City during this time. In addition, the manufacturing sector grew substantially in New Jersey, albeit at a slower rate than the service sector. As a result, manufacturing jobs

³ Just as New Jersey created a nation-leading highway system prior to World War II, it created a network of nation-leading toll roads in the postwar years. The New Jersey Turnpike's 142-mile length was completed in 1952, while the Garden State Parkway's entire 164-mile length was completed by 1955. The Turnpike represented another New Jersey transportation first. Its funding came from the largest bond issue at the time – \$225 million – to build a toll road.

reached their all-time peak in 1970.⁴ But, this seemingly golden economic era would soon come under challenge.

The Decade of Unanticipated Change: 1970-1980

The decade of the 1970s saw increasing global competition challenging America's worldwide economic dominance, and two oil shocks profoundly redefined the world energy order. The "Rise of the Sunbelt" and the "Decline of the Northeast" were catch phrases capturing new patterns of growth and retreat within the United States. New Jersey's and New York City's great manufacturing hemorrhages began, and industrial production shifted to the South and West, and then, increasingly, overseas. New Jersey, however, still added 454,200 jobs in the decade, almost matching the employment growth of the 1950 to 1970 period (474,700 jobs per decade). In contrast, New York City experienced a substantial employment *decline* (-443,800 jobs) between 1970 and 1980, as rising crime levels and a deep fiscal crisis took their tolls.⁵ By 1980, New Jersey's employment level (3,060,400 jobs) was closing in on that of New York City (3,301,700 jobs). So, in 30 years, New Jersey's employment moved from 48 percent (1950) of New York City's to 93 percent (1980). The gap was narrowing substantially.

The 1970 to 1980 period also saw the emergence of a second postwar housing era – *Early Baby-Boom Housing Demand* – as the fabled population cohort itself began to enter the housing market directly and in full force. Thus, the second housing era was powered by the offspring of the first. Baby-boom driven new household configurations redefined shelter in the region, leading to more diversified and higher-density housing types in the suburbs.

The decade also marked the first stage of the urbanization of the inlying suburbs. In addition to baby-boom housing demand, more comprehensive retailing and services emerged as the overall suburban population achieved critical mass. A

⁴ There were 890,000 manufacturing jobs in 1970, or nearly one out of three jobs in the state.

⁵ New Jersey's urban centers were suffering the same fate.

hallmark of this era was the proliferation of the enclosed super regional mall. New Jersey would ultimately contain 29 such behemoths encompassing more than *30 million square feet* before this retail format ran its course. It ultimately began to succumb to a phenomenon known as regional mall fatigue as the century came to a close.⁶

Metropolitan Spillover and the Suburban Growth Corridor: 1980-2000

The 1980 to 2000 period heralded another new development era, one of further decentralization and suburbanization. However, this time it fully encompassed all dimensions of the regional economy, representing the second stage of the urbanization of the suburbs – a second dimension of intense suburban development spreading farther away from New York City and the state’s urban centers. It was spurred by a third era of transportation investment. Although the Interstate Highway System was designed in the 1950s, it was not until the early 1990s before it was fully completed in New Jersey. This system and its additional carrying capacity helped to accommodate the state’s economic growth between 1980 and 2000.⁷

The first dynamic of this 20-year “run” was a complete structural economic transformation: New Jersey changed from an aging manufacturing state – a state hemorrhaging blue-collar, industrial-age jobs and physical plant – to a post-

⁶ The broad 31-county Tri-State Region, centered on Manhattan, and including portions of Connecticut, New Jersey, and New York, ultimately had a comprehensive regional mall grid comprising 47 million square feet of regional mall space located in 48 enclosed super-regional malls. See James W. Hughes and George Sternlieb, *Retailing and Regional Malls*, Rutgers Regional Report, Volume III, 1991

⁷ Its first substantial impact on the economy was during the 1982-1989 economic expansion, which set a new record employment gain in the state (622,000 jobs). The basic transportation framework of this expansion was the new mobility and accessibility provided by an Interstate System bound for completion. The system’s final capacity additions and expansions were in place just in time to accommodate the economic growth (578,000 jobs) of the subsequent 1992-2000 expansion.

industrial, information-age, white-collar service economy, comprising legions of high-wage, middle-skilled, knowledge-based baby-boom workers.

The second dynamic was the state's burgeoning new commercial office inventory – the factory floors of the new economy – which housed all of the new white-collar jobs. The signature spatial force was the growth of suburban office space accessed primarily by the completed – or nearly completed – Interstate system, as well as upgraded components of the basic state highway system and toll roads.

New Jersey's great 1980s office building boom had emerged directly out of the 1981-1982 national recession. This boom completely reinvented and transformed the state's economic landscape. *By 1990, 80 percent of all the commercial rental office space ever built in the history of New Jersey had been erected in the 1980s.* By 1990, the 11-county northern and central New Jersey market area rapidly emerged as the fifth largest metropolitan office market in the country.⁸

Much of this new product, and that subsequently produced in the 1990s, was located in the state's auto-dependent, suburban-growth corridors. This became the Garden State's end-of-millennium core economic specialization – its unique nation-leading spatial competency.⁹ New Jersey was globally recognized as the model for emerging “edge cities,” supposedly the future shape of the American economy.¹⁰ The suburban highway network became the critical pipeline of the new economy.

In the midst of this reordering, New Jersey had fully evolved from a minor regional participant to a major regional player. By 1988, the state finally surpassed New York City in total employment (3,651,000 jobs versus 3,605,800 jobs). And, by the end of the century (2000), New Jersey's total employment level was 7 percent greater (3,994,500 jobs versus 3,718,600 jobs). However, New York City finally

⁸ This market area was commonly used by the major commercial real estate brokerage firms. It comprises Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Passaic, Somerset, and Union counties.

⁹ This is fully detailed in James W. Hughes and Joseph J. Seneca, “The Emerging Wealth Belt: New Jersey's New Millennium Geography,” *Rutgers Regional Report Number 17*, September 1999

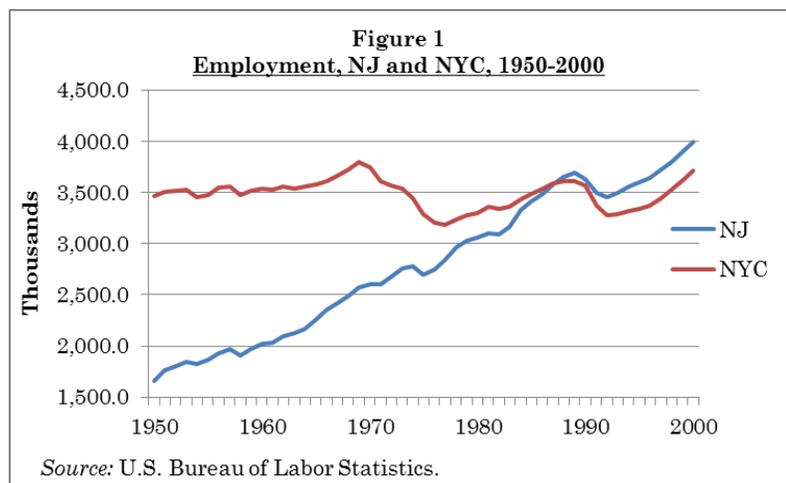
¹⁰ Joel Garreau, *Edge City: Life on the New Frontier*, Doubleday, 1991

began to again add jobs following the losses of the 1970's. Between 1980 and 2000, it gained 416,900 jobs. But, New Jersey had added more than twice as many (934,100 jobs).

A third housing era simultaneously appeared during this economic transformation – *Maturing Baby-Boom Housing Demand* – which represented second generation baby-boom demand. Households in the child-rearing stage of the life cycle dominated, and baby boomers demanded family-raising shelter in ever-larger single-family units, ultimately culminating in “McMansions.” A huge web of trade-up housing markets emerged, many in the outer metropolitan perimeter and beyond. A new term emerged to describe the new geography: “rururbia.” This was a hybrid form of suburban, exurban, and rural shelter development that was increasingly-distant from the regional core.

In this new dispersed, ever-larger, family-raising housing stock, the baby boom produced the second great population bulge of the 20th century, originally labeled the baby-boom echo generation, born between 1977 and 1994. Also called echo-boomers or millennials, they would ultimately drive the great age-structure transformation in the second decade of the 21st century.¹¹

Moreover, by the middle of the 1980-1990 period, the regional mall grid was finally completed; the state's primary 21st century retail infrastructure was seemingly set firmly in place. But, during the 1990s, the “mall” of New Jersey was supplanted by the “big-boxing” of New Jersey – the “Power Centering” of New



¹¹ Millennials is another term substituted for echo boomers, although millennial age boundaries are sometimes defined slightly differently.

Jersey. This was also linked to the unending maturation of the baby-boom generation. Time starved because of intensive family and career responsibilities, there was decreasing inclination to take the time required to shop at the large regional mall. New retail formats catered to the need of easier and quicker shopping.

POST-2000: SHIFTING DYNAMICS

This remarkable half-century-long metropolitan transformation was striking in many dimensions. During the 50-year period between 1950 and 2000, New Jersey experienced a total employment increase of 2,337,700 jobs. This was almost *ten* times the gain achieved by New York City (250,400 jobs). But, the unfolding of the new century brought with it significant changes in many of the forces and trends that shaped the second half of the 20th century: growth in employment slowed and its structural composition changed dramatically; new demographics have begun to reshape the workforce, workplace geography, and housing markets; profound advances in information technology and the forces of globalization have fundamentally altered knowledge-based work and business models, and suburban office corridors have aged, sometimes badly, and may be approaching obsolescence. These changes, at a minimum, suggest a much less suburban-centric future in the region.

Slower Employment Growth

Payroll employment statistics were first compiled in the United States in 1939. During the ensuing six decades (through 2000), national employment growth per decade never fell below 20 percent. However, during the 2000s there was an actual decline in employment. This was the first time that the nation ended a decade with fewer jobs than when it started. So, too, for New Jersey: between 2000 and 2010, the state lost 143,900 jobs. This unprecedented negative performance

followed a half century where the state had gained a total of 2,337,700 jobs, or, an average 467,500 jobs per decade (table 1)! It was truly the lost employment decade. This was also (technically) the case for New York City, although the phenomenon was far more muted. It lost just 7,300 jobs during the decade. The City's lost employment decade actually took place 30 years earlier in its deeply troubled 1970s when it lost 443,800 jobs. In any case, New York City's labor markets surprisingly outperformed both New Jersey and the nation in the 2000s.

Regional Employment Shifts

New Jersey's employment advantage over New York City peaked in 2003, when the state's job base was 13 percent larger than the City's. This happened just as the 2001-2003 national employment down turn bottomed out. During the next 10 years, New York City became the regional growth locomotive. Between 2003 and 2013, it was New Jersey that *lost* employment (-71,800 jobs), while New York City *gained* (464,880 jobs)!¹²

Table 1
New Jersey and New York City Employment
1950-2013
(non-seasonally adjusted annual averages)

Year	New Jersey	New York City	Ratio: NJ/ NYC
1950	1,656,800	3,468,200	0.48
1970	2,606,200	3,745,500	0.70
1980	3,060,400	3,301,700	0.93
1985	3,414,100	3,488,500	0.98
1988	3,651,000	3,605,800	1.01
2000	3,994,500	3,718,600	1.07
2003	3,978,800	3,531,700	1.13
2013	3,907,000	3,996,500	0.98

Source: U.S. Bureau of Labor Statistics.

¹² This period encompassed a tumultuous ride on the economic roller coaster. It started with the weak 2003-2007 national employment expansion; it was followed by the 2007-2009 Great Recession and the less-than-great national employment recovery (2010-2013). New York City's remarkable performance was partially assisted by the extensive federal rescue package that supported Wall Street and ameliorated the credit crisis.

As a result, by 2013, New Jersey lost its employment advantage and had 2 percent fewer jobs than New York City. This reversal took the state back to its relative position of 1985, more than a quarter of a century ago, when the state was still in the midst of its great office building boom. Regional employment dynamics during the past 10 years have undergone a profound and fundamental shift.

Aging Suburban Office Corridors

The fashionability and attraction of suburban-centric, auto-dependent office corridors may have run its course. This 1980s-based office geography was New Jersey's core economic competency. But, new locational preferences centered on a different set of social and physical attributes have gained momentum. This is true not only in the region, but nationally as well.

The legacy of the state's great 1980s office building boom – comprising at one time a leading-edge, state-of-the-art inventory – is by now (2014) an aging and far less competitive product that is between 24 and 34 years of age. Changing technology has also greatly ratcheted up the internal/backbone office infrastructure requirements – fiber, power, and air conditioning – on a scale and complexity that could not have been imagined when the earliest inventory was set in place. As the balance of the current decade unfolds, the supply of obsolete and underperforming office product is destined to grow. The same reality may confront their stand-alone campus settings and their disbursed suburban corridor locations.

Information Technology and Globalization

Office obsolescence is not determined solely by age, but also by changing economic functions. As noted earlier, New Jersey's successful structural transformation to a knowledge-based, information-age economy was based on legions of middle-skilled knowledge workers flourishing in suburban work environments. Through much of the 1980s and deep into the 1990s, most of their

day-to-day tasks involved pre-Internet based information processing and record keeping – legions of workers following routine, segmented, standardized work procedures. This was done most efficiently by having large office floor plates to accommodate such processes. This made old urban office structures, which generally had much smaller floor plates, functionally obsolete.

But advances in information technology ultimately kept redefining the very nature of knowledge-based work, and redefined the very nature of the office building itself. Many of the basic work processes that helped define the internal structure of the state's original suburban office inventory have disappeared. Basic process management is no longer the primary function taking place in office buildings. Many of the jobs associated with such functions have been automated or outsourced. Increasingly, sophisticated, creative work is the new task taking place in office buildings.

Thus, the number of middle-skilled office jobs that were a staple of the 1980s have started to dwindle over the past decade. They have succumbed to the new reality defined by globalization, cost discipline, and information technology. And, as a result, this change is lessening basic corporate space requirements, as will be discussed subsequently.

In addition, a new era of mobile information technology is, despite its obvious profound impacts, still in its early years. Already, it is unshackling and untethering workers from fixed-in-place information technology systems. Essentially, information-age umbilical cords are being severed by sustained advances in communications technology. Workers now have threshold increases in mobility and are no longer geographic prisoners – no longer cubicle captives. A new mantra has emerged: Any space is a work place. This has redefined and extended the spatial boundaries and composition of the traditional workplace. And it has further reduced corporate space needs.

The Great Space Deleveraging: The New Normal

Globalization-inspired cost cutting has finally gotten around to office space utilization. It is now being implemented and maximized. The great majority of companies relocating to new office space consume less space – between one-quarter and one-third less space.¹³ The old 20th century question was: How much additional space will we need in the future? The new 21st century question is: How do we reduce our real estate footprint?

A survey by CoreNet Global indicates that average office space per worker globally dropped to 150 square feet in 2013 from 225 square feet in 2010. While this trend eventually will slow, the economic reality of today and tomorrow increasingly suggests there may be too much office product in north-central New Jersey, particularly older, outer-suburban product. Suburban locational differentiation is also now becoming paramount. Singular, auto-centric, dispersed and isolated suburban office buildings are last century's model. Suburban product, closer to a metropolitan center, and near to desirable suburban multi-functional activity nodes that have rail accessibility, has much greater future potential: in other words, an urban vibe in a suburban setting. For example, Morristown in Morris County has been labeled as *Hoboken West*, an activity-laden, rail-access, echo-boom haven. The examples of recent successful office projects noted in footnote 13 are in geographic propinquity.

¹³ For example, in 1994 BASF (the giant German chemical company) opened a 950,000 square feet US corporate headquarters structure in Mount Olive along I-80 in western Morris County in 1994. In 2012, it moved to a new 325,000 square feet structure in Florham Park, close to Morristown, in eastern Morris County. The physically-impressive Mount Olive property sits vacant, with dwindling potential for reuse as an office building. Similarly, in 2013 real estate giant Realogy – which owns real estate firms Century 21, Coldwell Banker and ERA – moved eastward in Morris County from an obsolete 370,000 square feet headquarters office building in Parsippany located along Route 10 to a new 270,000 square f headquarters in Madison, again close to Morristown.

The Greatest Age-Structure Transformation in History

A key demographic force has also been instrumental in helping to reshape north-central New Jersey's metropolitan geography: the greatest age-structure transformation in history. It is defined by two demographic cohorts that were described earlier – now *mature baby boomers* pursuing empty nester lifestyles, trying to adapt to cutting-edge technologies, and facing retirement, and *young-adult echo boomers or millennials* defining a resurgent entry level rental housing market, and new workplace protocols, location preferences and life style values. Each of these transformational components deserves further analysis.

As previously noted, the baby boom is the vastly oversized population cohort born between 1946 and 1964, often described as the “pig in the demographic python.” This is the largest generation ever produced in New Jersey history – the largest generation in American history. Being the vast suburban catchment area for New York City, north-central New Jersey turned out to be baby boom central. This was the most suburban-centric generation in history, and it fundamentally defined every dimension of the state at each stage of its life cycle stages.¹⁴ Tract house suburban New Jersey was invented to meet the requirements of raising and sheltering the baby boom. The baby boom then dominated New Jersey, its economy, and its housing and retail markets throughout each of its life cycle stages. It not only was born and reared in suburbia, it went to school there, it formed households there, produced the echo-boom generation there, consumed there, worked in office corridors there, traded up in the housing market there, and reached the peak of its housing consumption there. By the end of 2014, the entire baby boom will be between 50 and 68 years of age. In 2015, exactly one-half of them will be in their 60s. And, in 2016, the first baby boomer will turn 70 years of age! Many are, or will be, empty nesters, re-sizing in the housing market and confronting retirement. Increasingly they will represent the workforce of the past.

¹⁴ The demographic forces are analyzed in: James W. Hughes and Joseph J. Seneca, “Demographics, Economics, and Housing Demand,” *Rutgers Regional Report Number 29*, April 2012.

The second cohort of the great age-structure transformation is the baby-boom echo, born between 1977 and 1995. Other labels are echo boomers, Gen Y, or millennials. Echo boomers represent the second great population bulge of the 20th century, falling just short of the size of the original baby boom. They are now heavily renters, and are a tech-savvy, 24-hour lifestyle generation, wanting to live in higher density activity environments. And they don't find one-dimensional office campuses particularly attractive. Basically, they did not experience the urban decay nor the "bad days" of public transit of the 1970s and 1980s. Thus, their basic life perspectives are quite different from those of their baby boom parents.

The most talented and highly skilled are now known as the "digerati" or "technorati," and they have even stronger work and life-style preferences. Such talented individuals that have the technical competency to fill the new creative jobs central to corporate America are already shaping the region's economic geography. Since they are less auto-centric than their parents, transit-challenged employment and distant and dull, single dimension residential locations are at an increasing disadvantage.

Changing Corporate Strategies

As a result of the forces detailed above, corporate cultures, business models, and knowledge-based jobs have been radically transformed. Sterile, insular corporate communities are out. Exciting, interactive, multi-functional 24-hour environments are preferred, as are such attributes as diversity, sustainability, rail accessibility, and walkability. In addition to locational preferences, interior office ecosystems, driven by technology and changing work tasks and work protocols are also shifting, helping make obsolete the internal structure of a significant portion of the region's office inventory. The cubicle grids inhabited by the baby-boom workforce of yesteryear have been yielding to the flexible collaborative spaces needed by new work protocols of today and the accompanying desires for such spaces by the echo-

boom workforce. The new work configurations – in addition to tele-working – further reduce office square footage requirements.

SUMMARY OF SUSSEX COUNTY METRICS

The sections which follow provide extensive detail of Sussex County's demographic and economic change in the context of the broader 13-county North Jersey region, New Jersey and, where appropriate, New York City and Manhattan. Below is a summarization of the key metrics that were examined. As would be expected, Sussex has been swept up in all of the dynamics that have just been reviewed. To a large degree, it is inevitably subject to these long and short-term forces. At best, they can be only modestly deflected.

- During the second half of the 20th century (1950-2000), Sussex County experienced the highest population growth rate of any county in the 13-state region, New Jersey as a whole, New York City, and Manhattan.
- It was the western metropolitan perimeter of the New York centered region – Sussex, Warren, and Hunterdon counties – that demonstrated the highest growth rates during this 50-year period.¹⁵
- But, there were distinct inter-period variations. Between 1950 and 1960, Sussex's growth (+43.1 percent) was almost double that of 13-county region (+22.6 percent).
- The advantage widened in the 1960s (+57.4 percent versus +15.7 percent), and then again in the 1970s (+49.8 percent versus -1.4 percent). Suburbanization and urban decline characterized the region in the 1970s in the context of unprecedented low growth in the state's population.¹⁶
- Sussex County's population growth rate declined to just 12.8 percent in the 1980s, but was still five times greater than that of the 13-county region (+2.5

¹⁵ The high rates are partially a function of the small 1950 population bases of the three counties, all below 55,000 people. The average population of the 13 counties was 303,000 people.

¹⁶ New Jersey's population growth rate (+2.7 percent) in the 1970s was a dramatic decline from that in the 1960s (+18.2 percent).

percent). But, the advantage virtually disappeared in the 1990s, as Sussex's rate of growth (+10.2 percent) converged to that of a resurgent region (+8.9 percent).

- In these last two periods, international migration contributed to the overall growth of New Jersey, and it slowed the population declines in the inlying counties of the region. Concurrently, New York City and Manhattan ended a three-decade long period of population decline as they experienced population increases. Regional growth patterns started to fundamentally shift.
- In particular, the decade of the 1990s was quite different from the one-half century (1950-2000) growth trend. The overall 50-year period was overwhelmingly suburban-centric and New Jersey centric. But, between 1990 and 2000, this trend slowed dramatically, led by a resurgence of Hudson County and New York City.
- In the first decade (2000-2010) of the new century, the population growth rate in Sussex County (+3.4 percent) dropped in absolute and relative terms, falling below that of New Jersey (+4.5 percent) and the 13-county region (+3.6 percent). More than half of the counties in the region had growth rates higher than that of Sussex. The westernmost counties in the region were rapidly losing their fast growth status.
- This pattern of deceleration continued between 2010 and 2012.¹⁷ The only counties to experience population declines during this 2-year period were Sussex (-1.2 percent), Hunterdon (-1.0 percent), and Warren (-1.0 percent). Thus, crest of the wave trends indicate a flat-lining/weakening of the regional perimeter and a strengthening of the regional core and the inlying suburbs.
- Total population change can be disaggregated into two basic components: *net natural increase* (births minus deaths) and *net migration* (net international migration plus net internal migration).¹⁸ In recent decades, New Jersey has

¹⁷ Caution is urged in analyzing a very short-term two-year trend.

¹⁸ Net international migration is the difference between the number of people moving into the United States (or any subarea of the United States) from abroad and the number of people in the United States (or any subarea) moving broad. Net domestic migration is the difference between the number

had significant net domestic migration losses (more people moving out to the rest of country than moving in) and strong net international migration gains. The latter was the most significant source of growth and almost compensated for net domestic losses.

- In the post- 2010 period, the western perimeter counties experienced net domestic migration losses for the first time: Sussex (-1,803 persons), Hunterdon (-1,962 persons), and Warren (-1,757 persons). In each case, net international migration was far too small to compensate.
- Sussex, in particular, had the smallest international migration of any county, just 344 persons. So, the lack of international migration in the context of the emergence of net domestic migration losses has been a contributing factor to Sussex County's population decline post 2010.
- With international migration being a key source of population growth in New Jersey and the 13-county region, it is not surprising that the state has the third highest percentage of foreign born population among the 50 states.
- In 2012, 21.2 percent of New Jersey's population was foreign born; the 13-county region was even higher (25.7 percent), more than one out of four. Sussex County, with just 7.3 percent of the population foreign born, had the lowest share in the 13-county region, followed by Hunterdon County (9.2 percent) and Warren County (10.9 percent).
- Dwellings authorized by building permits mirrored slowing population growth in Sussex County. In 2001, 808 permits were authorized. By 2011, permits had dropped to just 172, before rebounding to 267 in 2012.
- This "downsizing" is linked to a broader structural housing shift in New Jersey and the United States. The multifamily sector has gained increasing housing market penetration; in 2012, only 31.7 percent of total permits in the 13-county region were single-family units.

of people from the rest of country moving to New Jersey (or any subarea of New Jersey) and the number of people moving from New Jersey (or any subarea) to the rest of the country.

- In contrast, Sussex for the most part remained single-family unit centric. Historically single-family homes accounted for more than 90 percent of all permits – and in many years 100 percent – before declining to 80.8 percent in 2011 and 61.4 percent in 2012, a historic low.
- Multifamily housing in transit-accessible locations – or in areas easily accessible to job concentrations – emerged as the “hot” shelter market sector from just before the Great Recession (2007-2009) and then its aftermath. As long as such market conditions prevail, Sussex will be a low-production county.
- Building permit trends are linked to changes in the equalized value of real property in Sussex County and the region. In 1997, Sussex accounted for approximately 1.7 percent of the state’s total valuation. By 2013, its share of the state total had dropped to 1.5 percent. Between 2010 and 2013, total equalized value in New Jersey declined by 9.4 percent. In Sussex County, it declined by 13.4 percent. Only Warren County had a greater decline (-16.2 percent).
- While Sussex County experienced a small decline in its total population from 2005 to 2012 (-2.6 percent), the decrease in the county’s school enrollment over that period was much more pronounced (-21.0 percent). This decrease was far greater than that experienced by the 13-county region (-2.3 percent) and New Jersey (-2.1 percent). The second and third highest rates of decline were experienced by Warren (-8.3 percent) and Hunterdon (-8.2 percent).
- This decline suggests a relative lack of new young households in the family-raising stage of the life cycle moving to Sussex (as well as to Warren and Hunterdon), and/or resident households transitioning into the post-child rearing stage of the life cycle staying in place and/or not being replaced by younger households.
- This is reflected by the county’s median age. Sussex County is aging far faster than New Jersey and the 13 counties in the region. In 2012, it had the highest median age (43.1 years) of any county and was 3.6 years older than

New Jersey's (39.4 years). It also had the largest increase in median age between 2005 and 2012 (3.9 years). As was the case for other metrics, Hunterdon and Warren counties experienced basically the same median age pattern. This aging is linked to both the lagging growth of the echo-boom population in Sussex County and the lack of new, younger foreign-born populations.

- The workforce of the future is represented by the second great population bulge of the twentieth century – the echo-boom generation born between 1977 and 1995. In 2012, this cohort was between 17 and 35 years of age. Thus, it fully encompassed the 20-29 year old sector of the population.
- This sector was stagnant in Sussex County between 2005 and 2012, increasing by just 0.8 percent. In contrast, the “20-something” population grew by 15.1 percent in New Jersey, 17.3 percent in the 13-county region, 37.8 percent in Hudson County, and 45.8 percent in Manhattan. The geographic locational preferences of this age group should be evident.
- As was the case with population in the 21st century, growth in Sussex County's households has lagged the state and much of the 13-county region. Between 2005 and 2012, the number of households increased by 2.5 percent in the 13-county region. In Sussex County, they declined by 1.8 percent. Only Warren County (-4.6 percent) had a greater decrease.
- Despite lack of significant growth in population, households, and young adults, Sussex County's median household income of \$86,625 in 2012 was among the highest in the region, ranking fourth. It's income growth between 2005 and 2012 was also among the strongest, ranking third.
- While part of this may be due to the minimal growth in young and foreign-born households – who tend to have lower incomes – it also reflects the general affluence of the residents of Sussex, and the high quality of jobs that county residents hold.
- Concurrently, while housing costs grew significantly for Sussex County over the period 2005-2012, they remain among the lowest in the 13-county region.

In the context of its high household incomes, this suggests a relative economic advantage to living in Sussex County.

- In terms of its economy, Sussex County is under-represented in externally-supported basic industries compared to many other counties. (Such industries are key to economic health and are explained on pages 56-57.) It obviously does not have office corridors that characterize the more developed suburban counties to the east.
- As a result, Sussex County's employment profile is distinguished by its low percentage of private-sector employment relative to that of the 13-county region and the state as a whole. This under-representation of the private sector overall, and in externally-supported industries in particular, gives a greater relative presence in the county to public-sector employment.
- Sussex is significantly under-represented relative to New Jersey and the 13-county region in its share of employment in higher-paying industries such as information (which includes telecommunications and Internet related activities), financial activities and professional and business services, while it is over-represented in lower paying industries.
- Leisure and hospitality, a lower-paying industry, is a key sector for Sussex County. Accounting for one-out-of-eight (12.8 percent) total jobs in the county, leisure and hospitality comprises activities and services (many tourist related) that are externally-supported, i.e., they bring dollars from out-of-county to support them. This sector is obviously an important foundation for the future of the Sussex County economy.
- Relative to the state and 13-county region, Sussex County's employment growth trajectory since 1992 has been strong, outpacing the 13-county region and the state for most of the period. However, it has been a distinct laggard during the last three years of recovery (2010-2013) following the Great Recession of 2007-2010.
- While New Jersey and the 13-county region regained some of the steep losses incurred during the Great Recession, albeit at a slow pace, employment in

Sussex County was essentially flat. A key question is whether this is just a lag in post-recession recovery period that will ultimately be rectified, or whether it represents the impact of a shift of the once dominant forces of suburbanization.

- Commuting patterns for those living and working in Sussex County provide additional perspective on the county's employment profile and dynamics. While just over 61 percent of workers in New Jersey and in the 13-county region worked in a county (or state) other than the one in which they lived in 2011, the share was significantly higher – 71.3 percent – for Sussex County. This was the second highest percentage of out-commuters among the 13 counties, behind only Warren County (74.7 percent).
- This high percentage of out-commuters is further evidenced in travel time to work data tracked by the U.S. Census Bureau. In 2012, residents of Sussex County had the longest commute (36.8 minutes) in the 13-county region, a time far higher than any of the 13 counties, and well above the state average of 30.7 minutes.
- In contrast to its high percentage of out-commuters, in 2011 Sussex County had the region's lowest percentage of out-of-county commuters holding jobs in Sussex (40.7 percent), well below the 61.6 percent average for the 13 counties and the 58.2 percent average for the entire state.
- According to projections by New Jersey Department of Labor and Workforce Development, Sussex County's labor force growth is projected to continue to further slow between 2010 and 2030. Between 2000 and 2010, it grew by 8.3 percent. The projected rate of growth declined to 3.1 percent between 2010 and 2020, and then fell to 1.9 percent between 2020 and 2030.

All of these metrics, particularly the post-2010 numerical indicators, paint a picture of a state, region, and county undergoing a major transformation. The unbridled suburbanization and peripheral expansion of the twentieth century has been replaced by an economic, demographic and development shift to more inlying areas.

CONCLUSIONS AND OBSERVATIONS

A key question is whether the tepid post-2010 economic growth trends in Sussex County represent a new post-recession normal, or a temporary shift that will default to the “old normal” of further suburban growth in the near future. However, from the preceding analysis, which is documented in considerably more detail in the metrics that follow this section, it is evident that the 50-year period of economic development moving ever distant from the historic regional core has come to an end.

Suburbanization, particularly at the metropolitan perimeter, has slowed considerably. This deceleration may well have actually been “accelerated” by the Great Recession, where many economic activities responded rapidly to what they envisioned to be new fundamentals.

Certainly, faster adaptation to advances in information technologies, particularly mobile technology, to new, ever present, and intense cost constraints, and to new demographics, have started to seriously affect locational choices and the way real property sectors are evolving. As one important example of this, office building tenants are relentlessly using less space per worker; they are reconfiguring space for more collaboration; and they are starting to shun isolated, one dimensional locations.

The suburban office parks of yesteryear, a former New Jersey strength and advantage, have started to lose ground to 24/7 walkable environments that are transit accessible. This is a strong national trend that is now fully reflected in New Jersey. Its broader ramifications are problematical for the state, since New Jersey’s core economic specialization has been in these very same suburban office parks/corridors that are now falling out of favor.

Economic development strategies based on assumptions about steady growth in such suburban office markets will not prove viable. This is especially true for exurban and rural locations such as Sussex County.

Changing demographics are also contributing factors to changing economic and office dynamics. The workforce of the future will soon be dominated by the echo-boom generation, a cohort that lives, works, and recreates in different ways than previous generations. It is much less suburban centric and is a growing powerful engine of development going forward. It also is destined to soon be the most important demand cohort in the residential sector. It is important to recognize their live-work preferences and whether Sussex County can provide the requisite environments that can attract the workforce of the future.

What can't be determined today is whether the current live-work preferences of this generation will continue to endure tomorrow. But, this generation's preferences assuredly will not replicate those of their baby-boom parents' dedication to the single-family home on a large lot with a large vehicle and a long single-occupancy commute to an isolated suburban office park. All this suggests that the metropolitan perimeter has entered a new phase of very slow "traditional" economic growth.

No single strategy will provide an optimal combination of further growth, fiscal stability, and retention and improvement of quality of life for the county. One alternative approach, consistent with the "balanced growth" theme of the Sussex Chamber of Commerce and the deep concerns about quality of life of county residents is to leverage the considerable natural assets of the county – an unparalleled concentration of preserved open space of extraordinary ecological value.

Much has already been done to promote tourism and recreation by the county and the state government. These extensive, high quality natural assets are year-round attractions with the potential to bring in significant expenditures from out of county tourists. They can also attract significant investment and employment opportunities to provide upper-end, year-round recreation and leisure activities. The development of externally supported industries, i.e., businesses which sell products and services primarily to out of county users and buyers, are true wealth

and income creators for the county. They bring in economic activity that would not otherwise have been generated internal to the county and its residents and businesses.

Care and attention to infrastructure, particularly highway and transit, is an important component of future economic success as well. A capital investment plan for the county should be part of any economic development strategy.

Key Metrics of Demographic and Economic Change

This section of the report presents a series of metrics depicting demographic and economic change in Sussex County, the broader 13-county North Jersey region, and Manhattan. These metrics provide a framework for the discussion of the economic opportunities and challenges found in the following section. Long-run trends in regional population and employment are presented, as well as more recent trends in other key metrics. The data analyses which follow are consistent with the contextual framework for the region that was presented above.

POPULATION

Population Metrics: The Long Term

During the second half of the 20th century, Sussex County experienced the highest population growth rate of any county in the 13-state region. It also grew faster than New Jersey as a whole, New York City, and Manhattan. Between 1950 and 2000, the population base of Sussex more than quadrupled, increasing by 319.3 percent (table 2).

This pace was more than half again that of the second-ranked county – Somerset – which had a population gain of 200.4 percent over the 50-year period. And it was more than four times greater than New Jersey as a whole (+74.0 percent), nearly six-times greater than the 13-county region (+56.0 percent), and over 200-times greater than New York City (+1.5 percent). In contrast, Manhattan had a population decline of 21.6 percent between 1950 and 2000, just over one out of five.

Table 2
Population Change, 1950-2000

Area	Absolute Change	Percent Change
New Jersey	3,579,435	74.0
13-County Region	2,208,513	56.0
Bergen County	345,040	64.0
Essex County	-113,714	-12.6
Hudson County	-38,396	-5.9
Hunterdon County	79,374	185.7
Mercer County	120,992	52.7
Middlesex County	485,403	183.3
Monmouth County	389,926	173.0
Morris County	305,906	186.1
Passaic County	153,192	45.4
Somerset County	198,492	200.4
Sussex County	109,920	319.3
Union County	124,369	31.2
Warren County	48,009	88.3
Manhattan	-422,906	-21.6
New York City	116,321	1.5

Source: U.S. Census Bureau

Part of this startling performance was simply due to the small starting population base of Sussex County in 1950. As shown in table 3, Sussex had the lowest population (34,423 persons) in the 13-county region. It was challenged in “small” size only by Hunterdon (42,739 persons) and Warren (54,374 persons). This is not surprising, since these three counties were geographically situated on the outer western perimeter – or rural fringe – of the metropolitan region, with the forces of suburbanization just starting to unfold. Every other county at the time had a population greater than 100,000 persons, and the region’s dominant population concentrations were found in the inlying core counties close to New York City: Essex (905,909 persons), Hudson (647,437 persons), Bergen (539,139 persons), and Union (398,138 persons).

Table 3
Population, 1950

Area	Population
New Jersey	4,835,329
13-County Region	3,942,692
Bergen County	539,139
Essex County	905,949
Hudson County	647,437
Hunterdon County	42,736
Mercer County	229,781
Middlesex County	264,872
Monmouth County	225,327
Morris County	164,371
Passaic County	337,093
Somerset County	99,052
Sussex County	34,423
Union County	398,138
Warren County	54,374
Manhattan	1,960,101
New York City	7,891,957

Source: U.S. Census Bureau

1950-1960

But, the 50-year trend masks distinct inter-period variations (table 4). In the first decade of rapid suburbanization (1950-1960), the population growth rate of Sussex County (+43.1 percent) was nearly double that of the state (+25.5 percent) and region (+22.6 percent). However, the growth leaders were the larger suburban counties to the east of Sussex that had accessibility to the regional core as well as easily developable land: Middlesex (+63.8 percent), Morris (+59.2 percent), and Bergen (+44.7 percent). In terms of absolute population growth in the 1950s, Bergen (+241,116 persons), Middlesex (+168,984 persons), Monmouth (+109,074 persons), Union (+106,117 persons) and Morris (+97,297 persons) counties dominated. Sussex County's high growth rate applied to its small 1950 population base (34,423 people) yielded a net decade increase of only 14,832 persons.

At the same time, the core of the region was beginning to contract. Hudson County's population declined by 5.7 percent, as did that of New York City (-1.4 percent) – led by Manhattan (-13.4 percent). Essex County barely eked out a population gain (+1.9 percent), as growth in its western suburbs counterbalanced losses in its urban core.

1960-1970

During the 1960-to-1970 period, Sussex County's growth rate increased as it became the fastest growing county. At the same time, while still robust, growth in the state and region slowed somewhat from the furious pace of the 1950s. Sussex's population growth rate (+57.4 percent) between 1960 and 1970 was the highest in the region, eclipsing that of the former leaders of the 1950s: Middlesex (+34.6 percent), Morris (+46.6 percent), and Bergen (+15.1 percent) counties. Still, Sussex County's absolute 1960-1970 growth (+28,273 persons) – while nearly double that of the previous decade (+14,832 persons) – was still significantly below the leading counties: Middlesex (+149,957 persons), Monmouth (+124,978 persons), Morris (+121,834 persons) and Bergen (+117,757 persons). Concurrently, the region's core continued to lag badly. Hudson County experienced further population decline (-0.2 percent), as did Manhattan (-9.4 percent), while Essex County's growth rate slipped from 1.9 percent (1950-1960) to 0.7 percent (1960-1970).

The two-decade period (1950-1970) represented the greatest population surge in the state's history. New Jersey's population consistently grew faster than that of the nation, increasing by nearly half (+48.2 percent), and adding over 2.3 million people. New Jersey was at the leading edge of America's great suburban tidal wave. However, things were about to change dramatically.

Table 4
Population and Change, NJ, Sussex and 13 County Region, and Manhattan and NYC, 1950-2000

Population						
Area	1950	1960	1970	1980	1990	2000
New Jersey	4,835,329	6,066,782	7,168,164	7,364,823	7,730,188	8,414,764
13-County Region	3,942,692	4,832,171	5,591,273	5,510,749	5,646,250	6,151,205
Bergen County	539,139	780,255	898,012	845,385	825,380	884,179
Essex County	905,949	923,545	929,986	851,116	778,206	792,235
Hudson County	647,437	610,734	609,266	556,972	553,099	609,041
Hunterdon County	42,736	54,107	69,718	87,361	107,776	122,110
Mercer County	229,781	266,392	303,968	307,863	325,824	350,773
Middlesex County	264,872	433,856	583,813	595,893	671,780	750,275
Monmouth County	225,327	334,401	459,379	503,173	553,124	615,253
Morris County	164,371	261,620	383,454	407,630	421,353	470,277
Passaic County	337,093	406,618	460,782	447,585	453,060	490,285
Somerset County	99,052	143,913	198,372	203,129	240,279	297,544
Sussex County	34,423	49,255	77,528	116,119	130,943	144,343
Union County	398,138	504,255	543,116	504,094	493,819	522,507
Warren County	54,374	63,220	73,879	84,429	91,607	102,383
Manhattan	1,960,101	1,698,281	1,539,233	1,428,285	1,487,536	1,537,195
New York City	7,891,957	7,781,984	7,894,862	7,071,639	7,322,564	8,008,278

Population Change, Absolute						
Area		1950-1960	1960-1970	1970-1980	1980-1990	1990-2000
New Jersey	-	1,231,453	1,101,382	196,659	365,365	684,576
13-County Region	-	889,479	759,102	-80,524	135,501	504,955
Bergen County	-	241,116	117,757	-52,627	-20,005	58,799
Essex County	-	17,596	6,441	-78,870	-72,910	14,029
Hudson County	-	-36,703	-1,468	-52,294	-3,873	55,942
Hunterdon County	-	11,371	15,611	17,643	20,415	14,334
Mercer County	-	36,611	37,576	3,895	17,961	24,949
Middlesex County	-	168,984	149,957	12,080	75,887	78,495
Monmouth County	-	109,074	124,978	43,794	49,951	62,129
Morris County	-	97,249	121,834	24,176	13,723	48,924
Passaic County	-	69,525	54,164	-13,197	5,475	37,225
Somerset County	-	44,861	54,459	4,757	37,150	57,265
Sussex County	-	14,832	28,273	38,591	14,824	13,400
Union County	-	106,117	38,861	-39,022	-10,275	28,688
Warren County	-	8,846	10,659	10,550	7,178	10,776
Manhattan	-	-261,820	-159,048	-110,948	59,251	49,659
New York City	-	-109,973	112,878	-823,223	250,925	685,714

Population Change, Percent						
Area		1950-1960	1960-1970	1970-1980	1980-1990	1990-2000
New Jersey	-	25.5	18.2	2.7	5.0	8.9
13-County Region	-	22.6	15.7	-1.4	2.5	8.9
Bergen County	-	44.7	15.1	-5.9	-2.4	7.1
Essex County	-	1.9	0.7	-8.5	-8.6	1.8
Hudson County	-	-5.7	-0.2	-8.6	-0.7	10.1
Hunterdon County	-	26.6	28.9	25.3	23.4	13.3
Mercer County	-	15.9	14.1	1.3	5.8	7.7
Middlesex County	-	63.8	34.6	2.1	12.7	11.7
Monmouth County	-	48.4	37.4	9.5	9.9	11.2
Morris County	-	59.2	46.6	6.3	3.4	11.6
Passaic County	-	20.6	13.3	-2.9	1.2	8.2
Somerset County	-	45.3	37.8	2.4	18.3	23.8
Sussex County	-	43.1	57.4	49.8	12.8	10.2
Union County	-	26.7	7.7	-7.2	-2.0	5.8
Warren County	-	16.3	16.9	14.3	8.5	11.8
Manhattan	-	-13.4	-9.4	-7.2	4.1	3.3
New York City	-	-1.4	1.5	-10.4	3.5	9.4

Source: U.S. Census Bureau.

1970-1980

During the 1970s, population growth slowed drastically in the state, increasing just 2.7 percent (+196,659 persons) for the entire decade. This was part of a broad national demographic and economic reordering significantly abetted by two sharp energy-caused recessions, as the Northeast and Midwest regions of the United States experienced declining growth rates while those of the South and West surged. In New Jersey, urban decay advanced and spread, while population growth in the early suburban leaders slowed dramatically. The counties with fastest rates of growth were Sussex (+49.8 percent), Hunterdon (+25.3 percent), and Warren (+14.3 percent), the region's three smallest and westernmost counties. No other county in the region had a double digit growth rate! Five counties experienced population declines: Hudson (-8.6 percent), Essex (-8.5 percent), Union (-7.2 percent), Bergen (-5.9 percent), and Passaic (-2.9 percent). As a result, the 13-county region's population actually slipped into decline (-1.4 percent). At the same time, New York City experienced a severe population contraction, losing more than one-out-of-ten residents (-10.4 percent) in the 1970-1980 period.

Despite its still small absolute size (77,528 people) in 1970, Sussex County's absolute growth between 1970 and 1980 (+38,591 persons) was the second largest of any county, just behind Monmouth (+43,794 persons). Sussex was the one of state's few bright spots during a sobering decade. But, growth in Sussex would never again reach the record level of this 10-year period.

1980-1990

Population growth rebounded in New Jersey during the 1980s – bolstered by international migration – but the state's growth continued to lag that of the nation. The same held true for the 13-county region as the population decline that it experienced in the 1970s (-80,524 persons) shifted to modest growth in the 1980s (+135,501 persons). At the same time, growth slowed significantly in Sussex

County. It gained only 14,824 persons between 1980 and 1990, down from 38,591 persons during the previous decade. The slowdown in the growth rate was even more precipitous (49.8 percent in the 1970s to 12.8 percent in the 1980s).

Nonetheless, suburban growth continued to shift outward to areas that had easy access to the burgeoning suburban office inventory. Hunterdon (+23.4 percent), Somerset (+18.3 percent), and Middlesex (18.3 percent) were the county leaders. At the same time, the inlying counties of Essex (-8.6 percent), Bergen (-2.4 percent), Union (-2.0 percent), and Hudson (-0.7 percent) saw their populations continuing to contract, but at slower rates compared to the 1970-to-1980 period. Concurrently, New York City and Manhattan ended a three-decade long period of population decline. Immigration from abroad was a significant factor in this transformation.

1990-2000

With a further boost from growing international migration, population growth in the state and region rebounded further, as did that of New York City. New Jersey's rate of growth between 1990 and 2000 (+8.9 percent), was nearly double that of the preceding 10 years (+5.0 percent). Population growth in the 13-county region experienced an even greater acceleration, from +2.5 percent in the 1980s to +8.9 percent in the 1990s. In a countertrend, growth in Sussex County slowed from +12.8 percent between 1980 and 1990 to +10.2 percent between 1990 and 2000). Thus, in the final decade of the 20th century, growth in Sussex County (+10.2 percent barely exceeded that of New Jersey and the 13-county region (+8.9 percent each). This is a startling contrast to the growth pattern of the 1950 to 1990 period, when Sussex experienced a huge and sustained growth rate advantage.

The regional growth leaders during the 1990s were the suburban counties of Somerset (+23.8 percent), Middlesex (+11.7 percent), Morris (+11.6 percent), and Monmouth (+11.2 percent). However, not a single county experienced a population

decline during the decade, as substantial reversals from the 1980s were recorded by Hudson (-0.7 percent to +10.1 percent), Bergen (-2.4 percent to +7.1 percent), Union (-2.0 percent to +5.8 percent), and Essex (-8.6 percent to +1.8 percent). Thus, the New Jersey sector of the regional core experienced a remarkable turnaround.

New York City's resurgence was even more startling. Its population growth rate nearly tripled, increasing from +3.5 percent in the 1980s to +9.4 percent in the 1990s. The latter eclipsed for the first time the population growth rate of New Jersey and the 13-county region (+8.9 percent). And the city's absolute growth (+685,714 persons) also surpassed that of New Jersey (+684,576 persons) for the first time.

Thus, the decade of the 1990s was quite different from the full one-half century (1950-2000) growth trend. The overall 50-year period was overwhelmingly suburban-centric and New Jersey centric. Between 1950 and 2000, New Jersey population gain totaled almost 3.6 million people, while New York City added just 116,321 people. However, in the last 10 years of this period (1990-2000), New York City's absolute population growth and rate of growth both surpassed those of New Jersey. Similarly, for entire 50-year period, Sussex County's growth rate (+319.3 percent) eclipsed by far that of New Jersey (+74.0 percent) and any other county. However, in the 1990s, Sussex County's growth rate (+10.2 percent) barely surpassed that of New Jersey (+8.9 percent) and New York City (+9.4 percent). Five counties in the region had higher growth rates than Sussex. The demographic dynamics of the end of the five-decade period had changed markedly.

The 21st Century

Slower population growth in New Jersey and New York City was the hallmark of the first decade of the new century (table 5). New Jersey gained 377,130 people between 2000 and 2010, far below the 684,576-person increase between 1990 and 2000. The 2000s' performance (+377,130) was a virtual return to

that of the 1980s (+365,365 persons). Thus, the growth surge of the 1990s proved to be short-lived. New Jersey's population growth rate fell by nearly one half (from 8.9 percent in the 1990s to 4.5 percent in the 2000s).

Even greater slowdowns were evident in the 13-county region (from +504,955 people or +8.9 percent in the 1990s to +218,648 people or +3.6 percent in the 2000s), and New York City (from +685,714 people or +9.4 percent in the 1990s to +166,858 people or 2.1 percent in the 2000s). In this slower growth context, there was actually a modest reversal of demographic fortune: New Jersey's growth rate (+4.5 percent) surpassed that of New York City (+2.1 percent), erasing the advantage that New York City had achieved in 1990s. This would not prove long lasting.

The population growth leaders in this period were suburban counties of Middlesex (+59,583 persons) and Somerset (25,900 persons), and urban Hudson County (+25,225 persons). Essex County slipped back into decline (-8,266 persons). The three counties that had the lowest growth totals were Sussex (+4,922 persons), Hunterdon (+6,239 persons), and Warren (+6,309 persons). The westernmost counties in the region were losing their fast growth status.

Sussex County experienced an even greater relative decline in performance. Its 2000-2010 growth rate (+3.4 percent) fell below that of the state (+4.5 percent) and 13-county region (+3.6 percent) for the first time. During this time frame, more than half of the counties in the region had growth rates higher than that of Sussex.

This pattern of deceleration continued between 2010 and 2012.¹⁹ The latter three counties were the only ones to experience population declines during this period: Sussex (-1.2 percent), Hunterdon (-1.0 percent), and Warren (-1.0 percent). In contrast, the best performing counties were eastern ones: Hudson (+2.8 percent), Middlesex (+1.6 percent), Bergen (+1.5 percent), and Union (+1.4 percent). But all but Hudson were surpassed by New York City (+2.0 percent) and Manhattan (+2.1 percent). And New York City once again eclipsed New Jersey (+0.8 percent).

¹⁹ Caution is urged in analyzing a very short-term two-year trend.

**Table 5
Population and Change**

NJ, Sussex and 13 County Region, and Manhattan and NYC, 2000-2012

Population			
Area	2000	2010	2012
New Jersey	8,414,764	8,791,894	8,864,590
13-County Region	6,151,205	6,369,853	6,434,374
Bergen County	884,179	905,116	918,888
Essex County	792,235	783,969	787,744
Hudson County	609,041	634,266	652,302
Hunterdon County	122,110	128,349	127,050
Mercer County	350,773	366,513	368,303
Middlesex County	750,275	809,858	823,041
Monmouth County	615,253	630,380	629,384
Morris County	470,277	492,276	497,999
Passaic County	490,285	501,226	502,885
Somerset County	297,544	323,444	327,707
Sussex County	144,343	149,265	147,442
Union County	522,507	536,499	543,976
Warren County	102,383	108,692	107,653
Manhattan	1,537,195	1,585,873	1,619,090
New York City	8,008,278	8,175,136	8,336,697

Population Change, Absolute			
Area	2000-2010	2010-2012	2000-2012
New Jersey	377,130	72,696	449,826
13-County Region	218,648	64,521	283,169
Bergen County	20,937	13,772	34,709
Essex County	-8,266	3,775	-4,491
Hudson County	25,225	18,036	43,261
Hunterdon County	6,239	-1,299	4,940
Mercer County	15,740	1,790	17,530
Middlesex County	59,583	13,183	72,766
Monmouth County	15,127	-996	14,131
Morris County	21,999	5,723	27,722
Passaic County	10,941	1,659	12,600
Somerset County	25,900	4,263	30,163
Sussex County	4,922	-1,823	3,099
Union County	13,992	7,477	21,469
Warren County	6,309	-1,039	5,270
Manhattan	48,678	33,217	81,895
New York City	166,858	161,561	328,419

Population Change, Percent			
Area	2000-2010	2010-2012	2000-2012
New Jersey	4.5	0.8	5.3
13-County Region	3.6	1.0	4.6
Bergen County	2.4	1.5	3.9
Essex County	-1.0	0.5	-0.6
Hudson County	4.1	2.8	7.1
Hunterdon County	5.1	-1.0	4.0
Mercer County	4.5	0.5	5.0
Middlesex County	7.9	1.6	9.7
Monmouth County	2.5	-0.2	2.3
Morris County	4.7	1.2	5.9
Passaic County	2.2	0.3	2.6
Somerset County	8.7	1.3	10.1
Sussex County	3.4	-1.2	2.1
Union County	2.7	1.4	4.1
Warren County	6.2	-1.0	5.1
Manhattan	3.2	2.1	5.3
New York City	2.1	2.0	4.1

Source: U.S. Census Bureau.

Thus, crest of the wave trends indicate a flat-lining/weakening of the regional perimeter and a strengthening of the regional core and the inlying suburbs in terms of population change. The current (post-2000) weakening regional position of Sussex is consistent with the county's long-term population growth trajectory.

Table 6
Sussex County
Population Growth, 1960-2012

Period	Growth Rate
1960-1970	57.4%
1970-1980	49.8
1980-1990	12.8
1990-2000	10.2
2000-2010	3.4
2010-2012	-1.2

Source: U.S. Census Bureau.

Intercensal American Community Survey data provide more recent population growth detail for Sussex County.²⁰

Table 7
Sussex County
Population Growth 2005-2012

Period	Growth Rate
2005-2007	0.0%
2007-2009	-0.2
2009-2012	-2.4

Source: U.S. Census Bureau.

²⁰ Annual (intercensal) population estimates from the U.S. Census Bureau's American Community Survey differ somewhat from intercensal estimates published by the Census Bureau's Population Division. An explanation of some of the differences between the two instruments is available from the Census Bureau: <http://www.census.gov/population/www/documentation/twps0031/twps0031.html>

Eastern Pennsylvania

The tidal wave of metropolitan expansion that swept through Sussex County ultimately crossed the Delaware River into Monroe and Pike counties in Pennsylvania. In the decades of the 1950s and 1960s, the early years of suburbanization, population growth in both counties lagged that of Sussex County (table 8). But, between 1970 and 1980, growth accelerated rapidly in Pike (54.6 percent) and Monroe (52.8 percent) counties, actually surpassing – but barely – that of Sussex (49.8 percent).

Table 8
Percent Population Change, 1950-2000

NJ, Sussex, 13-County Region, Pike County (PA), Monroe County (PA), Manhattan and NYC

Area	1950-1960	1960-1970	1970-1980	1980-1990	1990-2000
New Jersey	25.5	18.2	2.7	5	8.9
13-County Region	22.6	15.7	-1.4	2.5	8.9
Bergen County	44.7	15.1	-5.9	-2.4	7.1
Essex County	1.9	0.7	-8.5	-8.6	1.8
Hudson County	-5.7	-0.2	-8.6	-0.7	10.1
Hunterdon County	26.6	28.9	25.3	23.4	13.3
Mercer County	15.9	14.1	1.3	5.8	7.7
Middlesex County	63.8	34.6	2.1	12.7	11.7
Monmouth County	48.4	37.4	9.5	9.9	11.2
Morris County	59.2	46.6	6.3	3.4	11.6
Passaic County	20.6	13.3	-2.9	1.2	8.2
Somerset County	45.3	37.8	2.4	18.3	23.8
Sussex County	43.1	57.4	49.8	12.8	10.2
Union County	26.7	7.7	-7.2	-2	5.8
Warren County	16.3	16.9	14.3	8.5	11.8
Monroe County	17.2	14.8	52.8	37.9	44.8
Pike County	8.7	29.0	54.6	53.1	64.9
Manhattan	-13.4	-9.4	-7.2	4.1	3.3
New York City	-1.4	1.5	-10.4	3.5	9.4

Source: U.S. Census Bureau.

During the following decade (1980-1990), the gap widened. Sussex County's rate of population growth (12.8 percent) decelerated, and fell far below that of Pike (53.1 percent) and Monroe (37.9 percent). The gap continued to widen in the final decade of the century. The growth rate in Sussex slowed further (10.2 percent), while it increased in Pike (64.9 percent) and Monroe (44.8 percent).

Growth slowed dramatically in the first decade of the new century (2000-2010) in all three counties but was still robust in Pike (24.4 percent) and Monroe (24.4 percent). Sussex County's rate of growth slipped to 3.4 percent (table 9). But just like in Sussex County (-1.2 percent), both Pike (-0.8 percent) and Monroe (-0.6 percent) counties experienced population declines in the 2010-2012 period. Thus, flat-lining/weakening of the outer regional edge is also reflected in Sussex's immediate neighbors in eastern Pennsylvania.

Table 9
Percent Population Change, 2000-2012
NJ, Sussex, 13-County Region, Pike County (PA), Monroe County (PA),
Manhattan and NYC

Area	2000-2010	2010-2012	2000-2012
New Jersey	4.5	0.8	5.3
13-County Region	3.6	1	4.6
Bergen County	2.4	1.5	3.9
Essex County	-1	0.5	-0.6
Hudson County	4.1	2.8	7.1
Hunterdon County	5.1	-1	4
Mercer County	4.5	0.5	5
Middlesex County	7.9	1.6	9.7
Monmouth County	2.5	-0.2	2.3
Morris County	4.7	1.2	5.9
Passaic County	2.2	0.3	2.6
Somerset County	8.7	1.3	10.1
Sussex County	3.4	-1.2	2.1
Union County	2.7	1.4	4.1
Warren County	6.2	-1	5.1
Monroe County	22.5	-0.6	21.8
Pike County	24.4	-0.8	23.4
Manhattan	3.2	2.1	5.3
New York City	2.1	2	4.1

Source: U.S. Census Bureau.

Components of Population Change

Total population change can be disaggregated into two basic components: *net natural increase* (births minus deaths) and *net migration* (net international migration plus net internal migration).²¹ New Jersey's peak growth years (1950-1970) were due to two factors: high birth rates and high net domestic migration, i.e., many more people were moving to New Jersey from the rest country (mainly New York City and Philadelphia) than people from New Jersey moving to the rest of the country. However, in recent decades, New Jersey has experienced a net domestic migration outflow at the same time that it has been the destination of new net international migration flows. This pattern of growth has been impacting Sussex County.

2000-2012

Between 2000 and 2009, the total population change in New Jersey, according to the Census Bureau's estimates series, was 293,361 persons (table 10).²² The state's population growth was reduced by a negative net migration of -60,000 persons. This total was the result of a huge net domestic migration loss: 459,803 more people moved out of New Jersey to the rest of the country (out-movers) than people from the rest of the country moved into New Jersey (in-movers).

International migration flows into the state (+399,803 persons) while significant, were not sufficient to fully counterbalance these losses, yielding an overall net migration loss of 60,000 persons. Consequently, the major source of population growth was net natural increase (+374,414 persons), the result of 1,038,937 births and 664,523 deaths. An alternative perspective is that net natural

²¹ Net international migration is the difference between the number of people moving into the United States (or any subarea of the United States) from abroad and the number of people in the United States (or any subarea) moving broad. Net domestic migration is the difference between the number of people from the rest of country moving to New Jersey (or any subarea of New Jersey) and the number of people moving from New Jersey (or any subarea) to the rest of the country.

²² This total includes a residual that represents the change in population that cannot be attributed to any specific demographic component.

increase (+374,414 persons) was not sufficient to counterbalance the net domestic migration loss (-459,803 persons). Consequently, the total population gain of the state was primarily due to international migration (+399,803 persons).

The migration losses in the 13-county region have been even more severe. On a domestic basis (internal to the United States), the region had a net migration loss of 521,162 persons. Thus, the region had over one-half million more people moving out than moving in. International flows (+363,194 persons) again failed to compensate for domestic losses, resulting in an overall (total) migration loss of 157,968 persons, more than double the statewide loss.

In the 2000-2009 period, only the westernmost counties of the region had positive net domestic migration flows: Hunterdon (+2,014 persons), Warren (+2,078 persons), and Sussex (+396 persons). In each county, with each having positive net international migration, the total population gained due to migration was considerable. When positive natural increases were added in, these counties had reasonable population growth between 2000 and 2009. However, this changed significantly after 2010 (table 11).

In the 2010-2012 period, total population change turned negative in all three counties: Sussex (-1,828 persons), Hunterdon (-1,299 persons), and Warren (-1,039 persons). This was due to each of the counties experiencing net domestic migration losses for the first time: Sussex (-2,607 persons), Hunterdon (-1,962 persons), and Warren (-1,757 persons). In each case, net international migration was far too small to compensate. Sussex, in particular, had the smallest international migration of any county, just 344 persons. So, the lack of international migration in the context of the emergence of net domestic migration losses has been a contributing factor to Sussex County's population decline post 2010.

Table 10

Cumulative Estimates of the Components of Resident Population Change, April 1, 2000 to July 1, 2009

Geographic Area	Total Population Change ^a	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International ^b	Domestic
New Jersey	293,361	374,414	1,038,937	664,523	-60,000	399,803	-459,803
13-County Region	137,414	312,940	758,347	445,407	-157,968	363,194	-521,162
Bergen County	11,128	24,476	90,828	66,352	-8,340	51,267	-59,607
Essex County	-22,669	47,519	108,429	60,910	-67,037	46,891	-113,928
Hudson County	-11,051	38,600	78,249	39,649	-48,083	68,108	-116,191
Hunterdon County	8,045	4,797	12,239	7,442	4,097	2,083	2,014
Mercer County	15,461	15,813	42,596	26,783	1,914	16,754	-14,840
Middlesex County	40,571	45,630	97,004	51,374	-548	59,078	-59,626
Monmouth County	28,802	20,440	69,361	48,921	-2,609	14,081	-16,690
Morris County	18,306	23,035	54,614	31,579	-1,851	20,205	-22,056
Passaic County	1,404	34,750	70,611	35,861	-31,000	32,369	-63,369
Somerset County	29,379	19,425	38,612	19,187	11,943	16,026	-4,083
Sussex County	6,953	5,930	15,161	9,231	1,805	1,409	396
Union County	3,885	28,870	68,802	39,932	-22,366	32,894	-55,260
Warren County	7,200	3,655	11,841	8,186	4,107	2,029	2,078

^a Total population change includes a residual. This residual represents the change in population that cannot be attributed to any specific demographic component. See State and County Terms and Definitions at <http://www.census.gov/popest/topics/terms/states.html>.

^b Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born, (b) the net migration between the United States and Puerto Rico, (c) the net migration of natives to and from the United States, and (d) the net movement of the Armed Forces population between the United States and overseas.

Source: U.S. Census Bureau, Population Division (Release Date: March 2010)

Table 11

Cumulative Estimates of the Components of Resident Population Change, April 1, 2010 to July 1, 2012

Geographic Area	Total Population Change ^a	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International ^b	Domestic
New Jersey	72,692	75,240	230,222	154,982	-1,594	101,658	-103,252
13-County Region	64,521	61,140	164,013	102,873	3,464	89,260	-85,796
Bergen County	13,772	4,558	19,578	15,020	9,497	11,926	-2,429
Essex County	3,775	9,984	23,018	13,034	-6,503	12,183	-18,686
Hudson County	18,036	11,727	20,150	8,423	6,061	18,623	-12,562
Hunterdon County	-1,299	193	2,053	1,860	-1,487	475	-1,962
Mercer County	1,792	3,253	9,548	6,295	-1,516	5,242	-6,758
Middlesex County	13,179	9,085	21,668	12,583	4,316	15,144	-10,828
Monmouth County	-994	1,919	13,739	11,820	-2,694	3,094	-5,788
Morris County	5,720	2,660	10,474	7,814	3,341	5,214	-1,873
Passaic County	1,661	7,891	15,665	7,774	-6,284	5,832	-12,116
Somerset County	4,269	2,749	7,647	4,898	1,377	3,180	-1,803
Sussex County	-1,828	450	2,975	2,525	-2,263	344	-2,607
Union County	7,477	6,393	15,214	8,821	970	7,597	-6,627
Warren County	-1,039	278	2,284	2,006	-1,351	406	-1,757

^a Changes shown here may differ slightly from those shown in table 5. The Census Bureau makes slight adjustments from its April 1 decennial Census count to the “estimates base” used for generating intercesnal estimates. (see <http://www.census.gov/popest/about/terms.html>). Total population change includes a residual. This residual represents the change in population that cannot be attributed to any specific demographic component. See State and County Terms and Definitions at <http://www.census.gov/popest/topics/terms/states.html>.

^b Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born, (b) the net migration between the United States and Puerto Rico, (c) the net migration of natives to and from the United States, and (d) the net movement of the Armed Forces population between the United States and overseas.

Source: U.S. Census Bureau, Population Division (Release Date: March 2013)

FOREIGN BORN POPULATION

The growth of foreign-born population shares in a geographic area is the consequence of net international in-migration that is either greater than net domestic in-migration, or is simply positive when net domestic outmigration is present. With international migration being a key source of population growth in New Jersey and the 13-county region, it is not surprising that the state has the third highest percentage of foreign born population among the 50 states. In 2012, 21.2 percent of New Jersey's population was foreign born, up from 19.5 percent in 2005 (table 12). And the 2012 share was far higher than that of the nation (13.0 percent). This state-national differential has been in place for more than four decades.

In the 13-county region, an even great differential between the United States is evident: 25.7 percent of the region's population was foreign born in 2012, up from 23.9 percent in 2005. Thus, more than one quarter – more than one out of four – of the region's population was born outside the United States and its territories.

Sussex County, with just 7.3 percent of the population foreign born, had the lowest share in the 13-county region, followed by Hunterdon County (9.2 percent) and Warren County (10.9 percent). But, Sussex was the only county whose foreign-born share did not increase between 2005 and 2012, remaining at the 7.3 percent level. This is consistent with the county's low levels of net international migration presented earlier.

Table 12
Percent Foreign Born

Area	2005	2012
<i>New Jersey</i>	<i>19.5</i>	<i>21.2</i>
<i>13-County Region</i>	<i>23.9</i>	<i>25.7</i>
Bergen County	28.4	30.5
Essex County	24.0	24.4
Hudson County	40.1	41.8
Hunterdon County	8.7	9.2
Mercer County	17.4	20.2
Middlesex County	27.8	31.1
Monmouth County	11.4	13.1
Morris County	17.0	19.2
Passaic County	27.8	28.5
Somerset County	22.1	23.1
<i>Sussex County</i>	<i>7.3</i>	<i>7.3</i>
Union County	26.6	27.3
Warren County	7.1	10.9
<i>Manhattan</i>	<i>28.0</i>	<i>28.9</i>

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

At the other end of the spectrum, 41.8 percent of Hudson County’s population was foreign born in 2012, followed by Middlesex (31.1 percent), Bergen (30.5 percent), Passaic (28.5 percent) and Union (27.3 percent) counties. All five of these counties exceeded the foreign-born share in the 13-county region (25.7 percent).

The absolute foreign-born population levels in 2005 and 2012 are presented in table 13, along with the change between the two years. During the seven-year 2005-2012 period, only Sussex County experienced a decline in foreign-born population (-294 persons or -2.7 percent).²³ This occurred while the state’s foreign-born population expanded by 13.3 percent, and that of the 13-county region grew by 12.0 percent.

²³ This absolute decrease in the foreign born was not sufficient in magnitude to lower their 7.3 percent share of the total population.

Table 13
Change in the Foreign Born Population, 2005-2012

Area	2005	2012	Change: 2005-2012	
			Absolute	Percent
<i>New Jersey</i>	1,662,857	1,883,299	220,442	13.3
<i>13-County Region</i>	1,477,741	1,655,284	177,543	12.0
Bergen County	253,537	279,994	26,457	10.4
Essex County	184,635	192,396	7,761	4.2
Hudson County	238,512	272,574	34,062	14.3
Hunterdon County	11,005	11,660	655	6.0
Mercer County	60,054	74,566	14,512	24.2
Middlesex County	213,379	256,372	42,993	20.1
Monmouth County	71,307	82,523	11,216	15.7
Morris County	81,909	95,386	13,477	16.5
Passaic County	135,575	143,552	7,977	5.9
Somerset County	69,682	75,557	5,875	8.4
<i>Sussex County</i>	11,010	10,716	-294	-2.7
Union County	139,413	148,235	8,822	6.3
Warren County	7,723	11,753	4,030	52.2
<i>Manhattan</i>	428,679	467,833	39,154	9.1

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

DWELLINGS AUTHORIZED BY BUILDING PERMITS

During the past 23 years (1990-2012, inclusively), there were 574,784 housing units authorized by building permits in New Jersey (table 14). The 13-county region accounted for 62.3 percent (357,971 units) of the state's total. Sussex County's share of the state total was only 1.9 percent (10,622 units). The average annual number of building permits for the county was 462 units (per year) for the 23 years.

Table 14
Aggregate Building Permits, 1990-2012

Area Name	Total	Share
New Jersey	574,784	100.0
13-County Area	357,971	62.3
Bergen County	36,788	6.4
Essex County	29,926	5.2
Hudson County	38,761	6.7
Hunterdon County	12,299	2.1
Mercer County	22,163	3.9
Middlesex County	48,092	8.4
Monmouth County	50,516	8.8
Morris County	35,369	6.2
Passaic County	12,495	2.2
Somerset County	33,965	5.9
Sussex County	10,662	1.9
Union County	16,188	2.8
Warren County	10,747	1.9

Source: U.S. Census Bureau.

However, this long-term average masks significant annual variations. There are two key factors underlying yearly fluctuations: cyclical and structural. In particular, housing construction is highly impacted by the stage of the business cycle and interest rates. During recessions, construction generally contracts; in recoveries and expansions, it experiences sharp increases. Structural variations reflect changes in relative market position, e.g., accessibility provided by newly developed highways making certain territories more attractive for housing development, while also making other places less attractive.

Table 15 provides the annual building permits for the 23 years ending in 2012 for New Jersey and the 13 counties. Statewide, permits in 1991 – the nadir of New Jersey’s 1989-1992 recession – totaled just 14,856 units. By 2000 – near the end of a very strong economic expansion – they had more than doubled to 34,585 units. The next year, 2001, was a recession year. But, for the first time, the permit level (28,267 units) did not decline sharply. Low interest rates and an

unprecedented credit and home-price bubble were able to surmount the negative construction impacts of the classic business cycle.

The subsequent economic recovery and the credit bubble stimulated housing construction. Permits subsequently peaked in 2005 (38,588 units), a total greater than the previous 2000 peak. The subsequent 2007-2009 Great Recession – the result of the bursting of the credit and housing bubbles – brought housing permits down to a new nadir in 2009 (12,421 units). They remained at that general level in 2010 and 2011, before rebounding to 17,939 units in 2012.

That general economic-cycle pattern was evident in the 13-county region and Sussex County. In the county, permits reached a cyclical low (282 units) in 1991, a recessionary year. They then reached a peak of 808 units in 2001, just as the great expansion of the 1990s came to an end. A slight decline was registered by 2003 (587 units) but unlike the state and 13-county region, Sussex did not surpass its earlier peak (808 units) during the housing bubble, topping out at 668 units in 2005. The Great Recession then caused a freefall, with permits falling to 182 units in 2009. They stayed in that vicinity in 2010 and 2011, before rebounding slightly to 267 units in 2012.

Table 15
Total Building Permits, 1990-2012

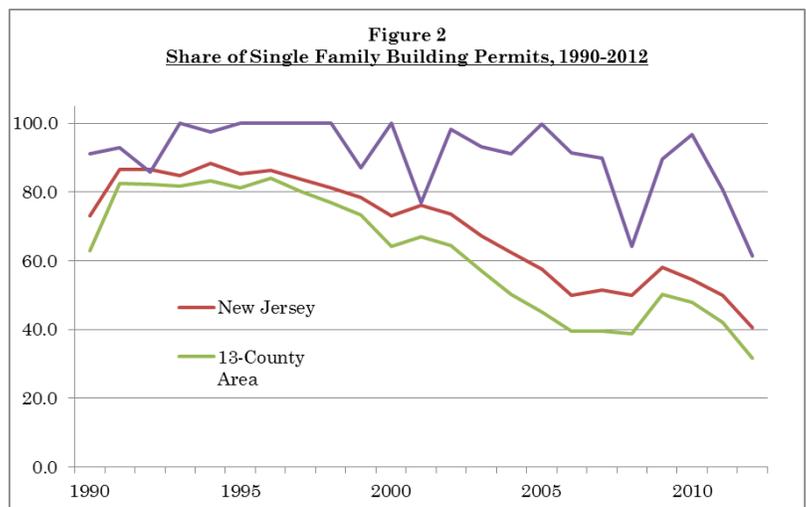
Area Name	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
New Jersey	17,524	14,856	19,072	25,188	25,388	21,521	24,173	28,018	31,345	31,976	34,585	28,267
13-County Area	9,644	8,671	11,969	15,773	15,139	13,818	14,498	17,274	19,667	19,490	20,761	16,337
Bergen County	817	420	661	924	991	946	1,240	1,713	1,931	1,661	2,847	1,784
Essex County	540	313	514	915	901	712	539	1,171	844	1,343	1,491	1,548
Hudson County	486	260	259	440	464	294	360	702	1,788	1,921	1,338	1,116
Hunterdon County	281	362	449	610	810	986	683	781	875	708	616	685
Mercer County	1,004	431	648	1,370	1,304	858	802	1,063	1,393	1,159	1,283	1,355
Middlesex County	1,486	1,293	1,893	2,496	2,087	2,090	2,992	3,037	2,837	3,102	2,460	1,884
Monmouth County	1,529	1,837	2,450	2,525	2,492	2,291	2,284	3,234	3,277	2,974	2,912	2,194
Morris County	798	1,189	1,614	2,416	2,372	2,088	1,742	1,622	1,881	1,853	2,684	1,577
Passaic County	728	172	412	647	591	410	366	452	509	533	457	631
Somerset County	1,273	1,419	1,887	1,963	1,593	1,997	2,264	2,146	2,508	2,146	2,282	1,439
Sussex County	337	282	447	356	469	382	515	473	552	687	719	808
Union County	138	497	447	645	459	320	267	429	488	513	776	551
Warren County	227	196	288	466	606	444	444	451	784	890	896	765

Area Name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
New Jersey	30,441	32,984	35,936	38,588	34,323	25,389	18,363	12,421	13,535	12,952	17,939
13-County Area	17,664	18,718	22,015	25,066	22,593	17,030	12,364	7,912	9,028	9,054	13,486
Bergen County	1,771	1,289	2,142	2,972	2,164	2,952	1,311	831	1,226	1,660	2,535
Essex County	1,588	2,235	2,343	3,128	3,284	1,854	1,314	777	663	575	1,334
Hudson County	1,534	2,116	3,808	4,498	4,275	3,081	3,229	1,618	917	1,581	2,676
Hunterdon County	602	814	648	506	350	316	206	268	275	287	181
Mercer County	1,428	1,188	1,641	1,296	847	700	625	269	655	400	444
Middlesex County	1,999	2,306	2,622	3,206	2,567	1,597	1,020	1,018	1,568	1,225	1,307
Monmouth County	2,372	2,756	2,628	2,584	2,820	2,054	1,526	964	915	864	1,034
Morris County	1,914	1,555	1,427	2,503	1,670	1,052	795	613	579	547	878
Passaic County	689	829	763	647	850	760	432	281	402	406	528
Somerset County	1,530	1,260	1,362	1,220	1,058	924	791	438	716	580	1,169
Sussex County	679	587	612	668	603	359	296	182	210	172	267
Union County	681	1,198	1,399	1,278	1,593	1,123	673	488	730	566	929
Warren County	877	585	620	560	512	258	146	165	172	191	204

Source: U.S. Census Bureau.

A structural shift is partially revealed by Sussex’s yearly share of New Jersey’s total permits (table 16). The share secured by the county peaked in 2001 (2.9 percent) and 2002 (2.2 percent). But during the last four years (2009-2012), the share averaged 1.5 percent. This decline occurred at the same time that the 13-county region was achieving record shares of total state permits – 69.9 percent in 2011 and 75.2 percent in 2012 – up from the 60 percent level at the turn of the century.

Part of this may be due to a changing mix of units in the market (figure 2 and table 16). During most years of the 1990s’ expansion, single-family units accounted for over 80-plus percent of total permits in New Jersey and the 13-county region. During that period, the proportion of single-family units was much higher in Sussex County, with six of the years reaching fully 100 percent! Sussex was at the top of the single-family market.



However, the 21st century brought new market dynamics. The multifamily sector gained increasing housing market penetration. By 2012, single-family units accounted for just 40.6 percent of total permits in New Jersey – just 31.7 percent in the 13-county region. In contrast, Sussex for the most part was still single-family unit centric, staying above 90-percent market penetration before declining to 80.8 percent in 2011 and 61.4 percent in 2012, a historic low.

Multifamily housing in transit-accessible locations – or in areas easily accessible to job concentrations – emerged as the “hot” shelter market sector from just before the Great Recession (2007-2009) and then its aftermath. As long as such market conditions prevail, Sussex County will be at a significant disadvantage.

Table 16
County Share of New Jersey Building Permits, 1990-2012

Area Name	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
New Jersey	100.0											
13-County Area	55.0	58.4	62.8	62.6	59.6	64.2	60.0	61.7	62.7	61.0	60.0	57.8
Bergen County	4.7	2.8	3.5	3.7	3.9	4.4	5.1	6.1	6.2	5.2	8.2	6.3
Essex County	3.1	2.1	2.7	3.6	3.5	3.3	2.2	4.2	2.7	4.2	4.3	5.5
Hudson County	2.8	1.8	1.4	1.7	1.8	1.4	1.5	2.5	5.7	6.0	3.9	3.9
Hunterdon County	1.6	2.4	2.4	2.4	3.2	4.6	2.8	2.8	2.8	2.2	1.8	2.4
Mercer County	5.7	2.9	3.4	5.4	5.1	4.0	3.3	3.8	4.4	3.6	3.7	4.8
Middlesex County	8.5	8.7	9.9	9.9	8.2	9.7	12.4	10.8	9.1	9.7	7.1	6.7
Monmouth County	8.7	12.4	12.8	10.0	9.8	10.6	9.4	11.5	10.5	9.3	8.4	7.8
Morris County	4.6	8.0	8.5	9.6	9.3	9.7	7.2	5.8	6.0	5.8	7.8	5.6
Passaic County	4.2	1.2	2.2	2.6	2.3	1.9	1.5	1.6	1.6	1.7	1.3	2.2
Somerset County	7.3	9.6	9.9	7.8	6.3	9.3	9.4	7.7	8.0	6.7	6.6	5.1
Sussex County	1.9	1.9	2.3	1.4	1.8	1.8	2.1	1.7	1.8	2.1	2.1	2.9
Union County	0.8	3.3	2.3	2.6	1.8	1.5	1.1	1.5	1.6	1.6	2.2	1.9
Warren County	1.3	1.3	1.5	1.9	2.4	2.1	1.8	1.6	2.5	2.8	2.6	2.7

Area Name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
New Jersey	100.0										
13-County Area	58.0	56.7	61.3	65.0	65.8	67.1	67.3	63.7	66.7	69.9	75.2
Bergen County	5.8	3.9	6.0	7.7	6.3	11.6	7.1	6.7	9.1	12.8	14.1
Essex County	5.2	6.8	6.5	8.1	9.6	7.3	7.2	6.3	4.9	4.4	7.4
Hudson County	5.0	6.4	10.6	11.7	12.5	12.1	17.6	13.0	6.8	12.2	14.9
Hunterdon County	2.0	2.5	1.8	1.3	1.0	1.2	1.1	2.2	2.0	2.2	1.0
Mercer County	4.7	3.6	4.6	3.4	2.5	2.8	3.4	2.2	4.8	3.1	2.5
Middlesex County	6.6	7.0	7.3	8.3	7.5	6.3	5.6	8.2	11.6	9.5	7.3
Monmouth County	7.8	8.4	7.3	6.7	8.2	8.1	8.3	7.8	6.8	6.7	5.8
Morris County	6.3	4.7	4.0	6.5	4.9	4.1	4.3	4.9	4.3	4.2	4.9
Passaic County	2.3	2.5	2.1	1.7	2.5	3.0	2.4	2.3	3.0	3.1	2.9
Somerset County	5.0	3.8	3.8	3.2	3.1	3.6	4.3	3.5	5.3	4.5	6.5
Sussex County	2.2	1.8	1.7	1.7	1.8	1.4	1.6	1.5	1.6	1.3	1.5
Union County	2.2	3.6	3.9	3.3	4.6	4.4	3.7	3.9	5.4	4.4	5.2
Warren County	2.9	1.8	1.7	1.5	1.5	1.0	0.8	1.3	1.3	1.5	1.1

Source: U.S. Census Bureau.

Table 17
Percentage of Single Family Permits, 1990-2012

Area Name	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
New Jersey	73.0	86.6	86.5	84.7	88.4	85.2	86.3	83.8	81.2	78.6	73.0	76.1
13-County Area	62.9	82.5	82.2	81.9	83.4	81.2	84.0	80.4	76.9	73.4	64.3	66.9
Bergen County	35.7	72.6	73.4	78.4	82.3	74.4	72.1	53.8	42.6	63.9	37.8	56.6
Essex County	23.9	34.5	39.7	61.4	53.6	43.1	52.5	45.2	56.4	46.6	46.0	31.9
Hudson County	2.1	25.4	24.7	57.7	59.5	49.7	36.4	19.4	24.1	5.8	7.3	6.1
Hunterdon County	100.0	100.0	100.0	98.7	100.0	100.0	100.0	92.2	87.3	99.0	100.0	98.0
Mercer County	51.8	95.6	92.3	64.3	81.0	94.3	98.3	97.8	86.1	94.8	94.3	86.5
Middlesex County	63.4	90.1	91.2	78.7	76.6	72.6	69.8	78.8	91.9	82.6	75.2	81.4
Monmouth County	94.9	85.3	91.3	94.3	98.9	97.3	99.4	94.2	96.4	87.0	77.9	85.3
Morris County	94.7	91.1	88.1	88.7	85.6	77.9	97.8	89.3	89.7	78.8	79.1	65.8
Passaic County	19.5	68.0	78.6	77.4	62.8	69.8	78.1	85.4	95.3	95.1	74.6	67.0
Somerset County	74.1	86.3	75.9	89.6	93.3	78.3	84.3	94.6	76.2	84.2	53.8	76.7
Sussex County	91.1	92.9	85.9	100.0	97.7	100.0	100.0	100.0	100.0	87.2	100.0	76.9
Union County	59.4	64.0	50.8	54.1	47.3	75.0	70.8	71.8	54.3	61.0	49.9	35.6
Warren County	92.1	84.7	100.0	93.1	92.7	95.5	100.0	99.6	97.1	97.5	84.3	95.9

Area Name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
New Jersey	73.5	67.2	62.4	57.7	49.9	51.5	49.9	58.1	54.5	50.0	40.6
13-County Area	64.4	57.1	50.2	45.3	39.6	39.6	38.8	50.2	47.9	42.0	31.7
Bergen County	57.3	59.0	42.7	41.0	50.6	33.2	51.2	65.5	49.4	30.0	25.4
Essex County	22.0	17.3	18.6	23.0	19.9	24.8	34.6	29.2	40.9	31.8	18.6
Hudson County	6.5	10.2	10.1	8.0	6.5	5.2	3.6	5.2	6.0	2.8	1.7
Hunterdon County	98.5	100.0	96.8	86.2	87.1	66.8	70.9	70.5	70.5	59.6	55.2
Mercer County	78.9	65.5	57.2	94.2	68.2	66.6	52.0	66.2	27.5	33.8	24.8
Middlesex County	81.2	78.4	72.4	55.3	45.9	55.0	57.7	59.2	53.3	59.1	56.5
Monmouth County	93.3	75.0	82.9	74.8	53.8	55.0	54.5	78.1	63.1	71.4	66.7
Morris County	58.9	56.9	62.2	37.0	47.4	65.4	50.6	53.5	70.6	72.8	65.7
Passaic County	82.9	89.4	57.3	35.5	44.1	34.9	48.1	52.3	38.8	40.9	30.7
Somerset County	56.8	70.6	58.5	67.0	58.9	64.2	52.0	81.7	61.7	59.8	34.6
Sussex County	98.2	93.2	91.2	99.7	91.4	90.0	64.2	89.6	96.7	80.8	61.4
Union County	36.3	17.8	29.4	46.9	34.5	31.2	48.0	48.0	31.2	35.0	27.6
Warren County	98.9	99.1	92.4	78.8	88.3	93.4	93.2	100.0	95.3	97.4	69.6

Source: U.S. Census Bureau.

Sussex County's residential market position is also weakened by several factors. Long commutes (see pp. 68-69) and increasing traffic congestion along the Interstate 80 corridor, including commuters from eastern Pennsylvania, detract from the residential appeal of the county. In addition, the slowdown in housing production in outlying counties such as Sussex has been correlated with rising gas prices. U.S. average retail prices for regular gasoline went from just over \$1 per gallon in 1998 to a peak of \$3.55 in 2012.²⁴ These higher gas prices largely offset the advantages of the lower housing costs available in exurban regions (see pp. 61-62).

²⁴ U.S. Energy Information Agency.

PROPERTY VALUE

In addition to building permit trends, it is also informative to examine the trend in the value of real property in Sussex County and the region. In 1997, Sussex County's \$8.4 billion in equalized property values accounted for approximately 1.7 percent of the state total (\$504.5 billion) and 2.2 percent of the 13-county regional total of \$381.2 billion (table 18).²⁵

Table 18
Share of State Equalized Value, 1997 and 2013

<u>Area</u>	<u>1997</u>	<u>2013</u>
New Jersey (\$ billions)	\$504.5	\$1,160.8
13-County Region	75.6	73.5
Bergen County	14.9	13.9
Essex County	7.2	7.0
Hudson County	3.8	4.9
Hunterdon County	2.0	1.8
Mercer County	3.8	3.6
Middlesex County	8.5	8.2
Monmouth County	8.3	9.5
Morris County	8.4	7.7
Passaic County	4.6	4.0
Somerset County	5.0	4.9
Sussex County	1.7	1.5
Union County	6.2	5.5
Warren County	1.1	0.9

Source: New Jersey Dept. of Treasury, Division of Taxation.

By 2013, Sussex County's share of the state total had dropped from 1.7 percent to 1.5 percent and the 13-county region's share had fallen from 75.6 percent

²⁵ Equalized values adjust assessed values to allow for comparison within and across taxing jurisdictions. "Equalization' is the process of insuring that each property in every taxing district carries its fair, legal share of the burden of taxation. Equalization in property taxation can mean either ensuring a just assessed value is placed on individual properties as compared to other properties within a taxing district or that true values assigned to entire municipalities are fair and just. In other words, equalization seeks to establish equity both within municipal borders and within county borders." *A Short and Simple Glimpse at the Property Tax in New Jersey*, New Jersey League of Municipalities.

to 73.5 percent. Within the region, almost all counties had declines in their shares of the state total, with the exception of Monmouth and Hudson. This shift indicates growing property demand in coastal areas and Hudson County's urban core cities of Hoboken and Jersey City. The region's declining share was the due to stronger growth in southern New Jersey prior to the Great Recession.

While the change in Sussex County's share of equalized value in the state from 1997 to 2013 was largely consistent with other counties in the region, the small change in share masks a sharper decline in value in more recent years. Table 19 provides the percent change in equalized value for the 13 counties and the state for the periods 1997-2007, 2007-2010, and 2010-2013.

Table 19
Percent Change in Equalized Value

Area	1997- 2007	2007- 2010	2010- 2013
New Jersey	163.2	-3.6	-9.4
13-County Region	155.8	-3.6	-9.2
Bergen County	139.1	-2.6	-7.9
Essex County	157.6	-2.8	-9.7
Hudson County	234.2	-4.3	-6.5
Hunterdon County	140.8	-6.0	-10.4
Mercer County	144.9	-2.6	-8.9
Middlesex County	153.7	-2.4	-10.5
Monmouth County	201.0	-3.8	-8.8
Morris County	140.1	-3.5	-9.2
Passaic County	140.1	-4.2	-12.4
Somerset County	147.4	-2.0	-6.9
Sussex County	147.6	-3.9	-13.4
Union County	145.0	-7.5	-9.7
Warren County	139.8	-6.4	-16.2

Source: New Jersey Dept. of Treasury, Division of Taxation.

Consistent with the results in the preceding table, during the property boom from 1997 to 2007, most counties in the region grew at a significant pace, though at a slower rate than the state (+163.2 percent). Monmouth and Hudson counties were

the exception, with both seeing equalized property values grow at a faster rate than the state and region. During the subsequent period (2007-2010), which covered the Great Recession and the beginning of the economic recovery, the state and region saw declines from their historic highs, with both declining at a rate of 3.6 percent, while property values in Sussex County declined by 3.9 percent. In the most recent period (2010-2013), however, Sussex saw its property value decline accelerate relative to the state and the region.

While equalized values in New Jersey dropped by 9.4 percent and in the region by a slightly slower 9.2 percent, the decline in Sussex County was 13.4 percent, from \$20.1 billion to \$17.4 billion. This was the second highest rate of decline in the region, ahead of only Warren County (-16.2 percent, or -\$2.1 billion). This accelerated decline in value is consistent with the county's recent population decline, as the effects of out-migration, the recession's lingering impacts, and changing residential preferences of young households and families erode demand for real estate.

SCHOOL ENROLLMENT

While Sussex County experienced a small decline in its total population from 2005 to 2012 (-2.6 percent), the decrease in the county's school enrollment over that period was much more pronounced. School enrollment in Sussex County dropped from 28,231 pupils in the 2004-2005 school year to 22,298 pupils in the 2012-2013 school year, a decline of almost 6,000 students, or 21 percent (table 20).

Table 20
Change in School Enrollment, 2004/2005-2012/2013

Area	2004/2005	2012/2013	Absolute	Percent
New Jersey	1,390,826	1,373,182	-17,644	-1.3
13-County Region	997,860	975,284	-22,576	-2.3
Bergen County	132,772	133,774	1,002	0.8
Essex County	126,552	117,224	-9,329	-7.4
Hudson County	82,258	80,170	-2,088	-2.5
Hunterdon County	23295	21374	-1,921	-8.2
Mercer County	60,487	57,805	-2,683	-4.4
Middlesex County	116,918	121,415	4,497	3.8
Monmouth County	108,996	101,588	-7,408	-6.8
Morris County	79,275	77,928	-1,347	-1.7
Passaic County	80,313	80,840	528	0.7
Somerset County	52,967	53,921	954	1.8
Sussex County	28,231	22,298	-5,933	-21.0
Union County	86,852	89,582	2,730	3.1
Warren County	18,946	17,368	-1,578	-8.3

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

This was more than double the decline for any other county in the 13-county North Jersey region, which had an overall enrollment decline of -22,576 pupils (-2.3 percent). Sussex County's enrollment decline accounted for over one quarter (26 percent) of the net decline in the 13-county region and over one-third of the statewide decline of -17,644 pupils (-1.3 percent). This suggests a relative lack of new young households in the family-raising stage of the life cycle moving to Sussex, and/or resident households transitioning into the post-child rearing stage of the life cycle staying in place and/or not being replaced by younger households. This is reflected by the county's increasing median age.

MEDIAN AGE AND SHIFTING AGE STRUCTURE

Sussex County is aging faster than New Jersey and the 13 counties in the region (table 21). Its median age in 2012 (43.1 years) was 3.6 years older than New Jersey's median age (39.4 years). Between 2005 and 2012, the median age of Sussex County increased from 39.2 years to 43.1 years, an absolute gain of 3.9 years.

Table 21
Median Age, 2005-2012

	2005	2012	Change
New Jersey	38.0	39.4	1.4
13-county area	-	-	-
Bergen County	40.4	41.5	1.1
Essex County	35.6	36.6	1.0
Hudson County	35.2	34.4	-0.8
Hunterdon County	41.0	44.8	3.8
Mercer County	37.6	38.5	0.9
Middlesex County	36.6	37.6	1.0
Monmouth County	39.6	42.0	2.4
Morris County	39.5	41.6	2.1
Passaic County	35.6	36.3	0.7
Somerset County	38.2	40.4	2.2
Sussex County	39.2	43.1	3.9
Union County	37.7	38.1	0.4
Warren County	39.6	41.9	2.3
Manhattan	37.5	36.5	-1.0
New York City	35.8	35.6	-0.2

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

This increase was significantly greater than the state's increase (+1.4 years) and the largest for any county. Only Hunterdon County's increase (+3.8 years) was similar in magnitude. While Hunterdon was still slightly older than Sussex in 2012 (44.8 years versus 43.1 years), Sussex was rapidly narrowing the gap. This aging is linked to both the lagging growth of the echo-boom population in Sussex County and the lack of new, younger foreign-born populations.

Another indicator of the aging of the population in Sussex County is the decreasing ratio of 4-year olds to 18-year olds. This ratio has declined over the past two decades, dropping particularly sharply from 1.25 in 2000 to 0.87 in 2010 (table

22). This indicates that fewer young people are choosing to start families in the county, echoing the trend of sharply decreasing school enrollment noted earlier.

Table 22
Sussex County Population, 4- and 18-year olds

	1990	2000	2010
4-year olds	2,204	2,149	1,794
18-year olds	1,666	1,725	2,071
Ratio: 4/18 year olds	1.32	1.25	0.87

Source: U.S. Census Bureau.

Today’s 18-year olds were four years old in 1996. As indicated in table 22, this age cohort – 2,071 persons in 2010 – was four years of age in the period between 1990 (2,204 four-year olds) and 2000 (2,149 four-year olds).

YOUNG WORKING-AGE POPULATION (20-29 YEAR OLDS)

As presented earlier, the workforce of the future is represented by the second great population bulge of the twentieth century – the echo-boom generation born between 1977 and 1995. In 2012, this cohort was between 17 and 35 years of age. Thus, it fully encompassed the 20-29 year old sector of the population.

Table 23 presents the absolute levels, absolute change and percent change in the number of 20-29 year olds from 2005 to 2012. The difference between the growth of this age-specific population in Sussex County and in the rest of the region is sharply evident. The number of 20-29 year olds in Sussex County increased by only 116 persons, or 0.8 percent, over the seven-year period. Thus, its “20-something” population was virtually stagnant. Even the second lowest rate of increase – +7.8 percent in Monmouth County – was nearly ten-times that of Sussex’s. To put Sussex County’s outlier 0.8 percent growth position in even greater perspective, the growth rate for the 13-county region was 17.3 percent and 15.1 percent for the state. The largest growth in this cohort in the 13-county region was in Hudson County (+32,104 persons or +37.8 percent).

Across the Hudson River in Manhattan, the 20-29 year olds increased by 101,148 persons. When combined with Hudson's gains (+32,104 persons), the geographic locational preferences of this age group are evident.

Table 23
20-29 Year Old Population, 2005-2012

Area	2005	2012	Change: 2005-2012	
			Absolute	Percent
New Jersey	971,194	1,117,870	146,676	15.1
13-County Region	698,134	818,657	120,523	17.3
Bergen County	88,722	101,042	12,320	13.9
Essex County	96,138	106,550	10,412	10.8
Hudson County	84,979	117,083	32,104	37.8
Hunterdon County	10,446	11,621	1,175	11.2
Mercer County	40,638	51,488	10,850	26.7
Middlesex County	97,385	114,269	16,884	17.3
Monmouth County	63,895	68,894	4,999	7.8
Morris County	43,414	50,100	6,686	15.4
Passaic County	60,232	70,305	10,073	16.7
Somerset County	28,958	32,398	3,440	11.9
Sussex County	15,372	15,488	116	0.8
Union County	58,395	68,146	9,751	16.7
Warren County	9,560	11,273	1,713	17.9
Manhattan	223,008	324,156	101,148	45.4

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

HOUSEHOLDS

As was the case with population in the early part of the 21st century, growth in Sussex County's households has lagged the state and much of the 13-county region. Table 24 presents the absolute and percent change in households in New Jersey, the 13-county region and Manhattan from 2005 to 2012.

Table 24
Households (Occupied Housing Units), 2005-2012

<u>Area</u>	<u>2005</u>	<u>2012</u>	<u>Change: 2005-2012</u>	
			<u>Absolute</u>	<u>Percent</u>
New Jersey	3,141,956	3,198,799	56,843	1.8
13-County Region	2,247,977	2,304,749	56,772	2.5
Bergen County	332,223	336,856	4,633	1.4
Essex County	283,841	279,102	-4,739	-1.7
Hudson County	229,240	249,028	19,788	8.6
Hunterdon County	46,141	47,227	1,086	2.4
Mercer County	127,125	132,004	4,879	3.8
Middlesex County	267,854	283,337	15,483	5.8
Monmouth County	230,896	236,447	5,551	2.4
Morris County	172,614	179,876	7,262	4.2
Passaic County	163,567	163,712	145	0.1
Somerset County	113,561	116,840	3,279	2.9
Sussex County	55,173	54,179	-994	-1.8
Union County	182,478	184,879	2,401	1.3
Warren County	43,264	41,262	-2,002	-4.6
Manhattan	731,439	746,686	15,247	2.1

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

Over the seven-year period the number of households in the 13-county region grew by 54,772, or 2.5 percent. This represented almost *all* (99.9 percent) of the growth in households in the state (56,843), which grew by 1.8 percent. At the same time, the number of households in Sussex County declined by nearly 1,000 (-994, or 1.8 percent). Only neighboring Warren County (-2,002) and Essex County (-4,739) also saw their household numbers decline. This reflects diminished flows of households to the outer suburbs and the metropolitan perimeter. In particular, the decline in households in the outer counties of Sussex and Warren is in sharp contrast to the trend in more urban core areas such as Manhattan (+15,247 households, or 2.1 percent), Middlesex County (+15,483, or 5.8 percent) and Hudson

County (19,788, or 8.6 percent). Such geographic locations appear to be highly attractive to young adults and young households.

MEDIAN HOUSEHOLD INCOME

Despite lack of significant growth in population, households, and young adults, Sussex County's median household income of \$86,625 in 2012 was among the highest in the region, well above that of Manhattan (\$67,099) and New Jersey (\$69,997). It ranked fourth in the broader 13-county region, behind only Hunterdon (\$105,186), Somerset (\$95,825) and Morris (\$95,294) counties (table 25).

Table 25
Median Household Income, 2005-2012

Area	2005	2012	<u>Change: 2005-2012</u>	
			Absolute	Percent
New Jersey	\$61,672	\$69,667	\$7,995	13.0
13-County Region	-	-	-	-
Bergen County	\$71,394	\$82,729	\$11,335	15.9
Essex County	\$49,460	\$51,009	\$1,549	3.1
Hudson County	\$44,440	\$57,539	\$13,099	29.5
Hunterdon County	\$93,342	\$105,186	\$11,844	12.7
Mercer County	\$64,657	\$67,991	\$3,334	5.2
Middlesex County	\$68,080	\$77,478	\$9,398	13.8
Monmouth County	\$74,798	\$81,308	\$6,510	8.7
Morris County	\$84,010	\$95,294	\$11,284	13.4
Passaic County	\$51,016	\$59,050	\$8,034	15.7
Somerset County	\$88,532	\$95,825	\$7,293	8.2
Sussex County	\$74,420	\$86,625	\$12,205	16.4
Union County	\$62,591	\$65,876	\$3,285	5.2
Warren County	\$60,825	\$71,086	\$10,261	16.9
Manhattan	\$55,973	\$67,099	\$11,126	19.9

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

Sussex County's median income growth of \$12,205 from 2005 to 2012 was also among the region's strongest in absolute terms, lagging behind only Hudson County (\$13,099). The rate of income gain of Sussex (16.4 percent) ranked third among the 13 counties, falling behind only Hudson (29.5 percent) and Warren (16.9 percent).

While part of this may be due to the minimal growth in young and foreign-born households – who tend to have lower incomes – it also reflects the general affluence of the residents of Sussex, and the high quality of jobs that county residents hold.

MEDIAN MONTHLY HOUSING COSTS

Median monthly costs of homes with a mortgage embody the basic costs of homeownership and serve as one important measure of the cost of living. While these costs grew significantly for Sussex County over the period 2005-2012, they remain among the lowest in the 13-county region (table 26).

Table 26
Median Monthly Housing Costs (with mortgage), 2005-2012

<u>Area</u>	<u>2005</u>	<u>2012</u>	<u>Change: 2005-2012</u>	
			<u>Absolute</u>	<u>Percent</u>
New Jersey	\$1,938	\$2,342	\$404	20.8
13-County Region	-	-	-	-
Bergen County	\$2,484	\$2,865	\$381	15.3
Essex County	\$2,218	\$2,725	\$507	22.9
Hudson County	\$2,150	\$2,644	\$494	23.0
Hunterdon County	\$2,271	\$2,559	\$288	12.7
Mercer County	\$1,832	\$2,203	\$371	20.3
Middlesex County	\$1,943	\$2,350	\$407	20.9
Monmouth County	\$2,150	\$2,487	\$337	15.7
Morris County	\$2,292	\$2,719	\$427	18.6
Passaic County	\$2,104	\$2,510	\$406	19.3
Somerset County	\$2,249	\$2,615	\$366	16.3
Sussex County	\$1,790	\$2,273	\$483	27.0
Union County	\$2,158	\$2,598	\$440	20.4
Warren County	\$1,721	\$2,165	\$444	25.8
Manhattan	\$2,527	\$2,895	\$368	14.6

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

Sussex County's median monthly housing costs of \$1,790 were the second lowest among the counties in 2005, higher only than those in Warren (\$1,721) and nearly 8 percent below the state (\$1,938). They then grew by \$483 from 2005 to 2012. This was the third highest absolute increase among the 13 counties after Essex (\$507) and Hudson (\$494), and the fastest growth rate (27.0 percent) in the

region. Nevertheless, their current level of \$2,273 is still the third lowest in the region and slightly below the state (\$2,342). Thus, while the growth in housing costs has accelerated faster in Sussex than in other parts of the region, Sussex remains relatively low-cost compared to other counties, both urban and suburban. In the context of its high household income ranking, this suggests a relative economic advantage to living in Sussex County. This advantage, however, is somewhat offset by the proximity of the lower-cost counties of eastern Pennsylvania. Median monthly housing costs for homes with a mortgage were significantly lower in both Monroe County (\$1,731 in 2012) and Pike County (\$1,561 average for 2010-2012). This reflects, in part, significantly lower real estate taxes. In 2012, median real estate taxes for homes with a mortgage were \$6,876 in Sussex, compared to \$4,024 in Monroe and \$3,001 (2010-2012 average) in Pike.

EMPLOYMENT

Employment Trends

In analyzing employment and the economic base, it is useful to review the two key types of private-sector economic activity and employment. The first comprise what can be termed externally-supported, export-based, or basic industries. These are economic activities that sell their products or services outside of their local market area. An example of such a business in Sussex is Selective Insurance whose services and products are sold in 22 primary eastern and Midwestern states. Consequently, most of its revenues originate from outside of Sussex County; new dollars flowing into Sussex ultimately support the salaries of Selective's employees and those local enterprises that service Selective. Thus, externally-supported/basic industries are wealth creating, and have large economic multiplier effects.

The second category of private-sector activity comprises businesses that are dependent on local spending by externally-supported industries, other small

businesses and consumers. These are often called non-basic industries. Typical examples would be small legal and accounting firms, business supplies, caterers, and supermarkets. While such activities do involve attractive jobs, they are primarily dependent on existing dollars recycled through the local economy. Thus, the economic multiplier effects of non-basic industries are far smaller.

Sussex County is under-represented in externally-supported basic industries compared to many other counties. It obviously does not have office corridors that characterize the more developed suburban counties to the east. As a result, its employment profile is distinguished by its low percentage of private-sector employment relative to that of the 13-county region and the state (table 27).

Table 27
Private Sector Employment Share, Q2 1992 - Q1 2013

<u>Area</u>	<u>Q2 1992</u>	<u>Q1 2013</u>	<u>Change</u>
New Jersey	83.5	84.0	0.6
13-County Region	83.8	83.9	0.2
Bergen County	89.1	88.9	-0.2
Essex County	81.3	77.7	-3.7
Hudson County	82.2	83.6	1.4
Hunterdon County	80.7	82.0	1.3
Mercer County	65.5	70.2	4.7
Middlesex County	85.6	85.8	0.2
Monmouth County	80.4	85.5	5.1
Morris County	87.3	88.7	1.4
Passaic County	86.4	82.6	-3.8
Somerset County	88.8	89.9	1.0
Sussex County	78.1	79.6	1.5
Union County	88.3	85.4	-2.9
Warren County	84.6	82.4	-2.1
Manhattan	78.1	81.8	3.7

Source: U.S. Bureau of Labor Statistics.

In the second quarter of 1992, Sussex had the lowest share of private sector employment in the 13-county region (78.1 percent), with the exception of Mercer, home to the state capital. The overall 13-county share of 83.8 percent was 5.7 percentage points higher than Sussex, and slightly above the statewide share (84.0 percent). While the share of private-sector jobs in Sussex County's total employment base did increase by 1.5 percentage points from Q2 1992 to Q1 2013 – a

pace greater than that of New Jersey and the 13-county region – it still had the third lowest share in the region, behind Mercer and Essex counties. And it still trails the private sector’s statewide share by 4.4 percentage points.²⁶ This under-representation of the private sector overall, and in externally-supported industries in particular, gives a greater relative presence in the county to public-sector employment.

Table 28 provides the employment distribution by industry sector for Sussex County, the region, the state and Manhattan. While the share of goods-producing industries in Sussex County is comparable to that of the state and region, its high share of government employment is reflected in a significantly lower share of private-sector service industry employment relative to the state and region.

Table 28
Employment Distribution by Sector, Q1 2013

Sector	New Jersey	13-County Region	Sussex County	Manhattan
Total Nonfarm	100.0	100.0	100.0	100.0
Total Private	84.0	83.9	79.6	81.8
Goods Producing	9.9	9.9	9.9	2.4
Natural Resources & Mining	0.2	0.1	0.3	0.0
Construction	3.4	3.1	4.3	1.4
Manufacturing	6.4	6.7	5.3	1.1
Private Service-Providing	74.1	74.1	69.7	79.3
Trade, Transportation and Utilities	21.3	21.3	20.1	10.5
Information	2.0	2.2	0.8	5.8
Financial Activities	6.3	6.6	2.8	14.5
Professional & Business Services	16.3	17.0	10.3	20.6
Education and Health Services	15.7	15.6	18.2	13.2
Leisure and Hospitality	8.6	7.6	12.8	10.5
Other Services	3.3	3.4	4.1	3.9
Government	16.0	16.1	20.4	18.2

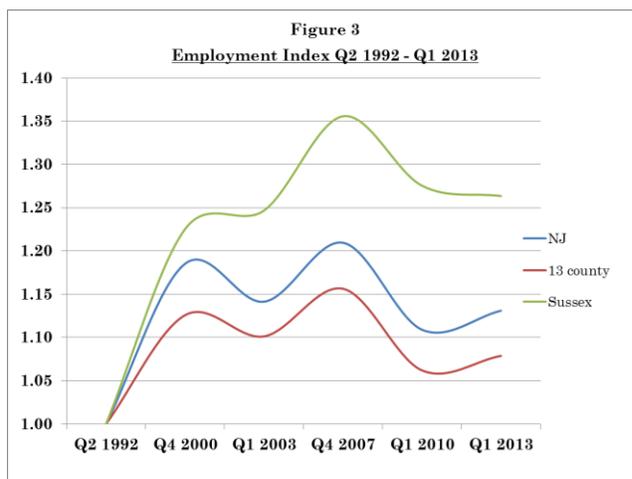
Source: U.S. Bureau of Labor Statistics.

Sussex is significantly under-represented relative to New Jersey and the 13-county region in its share of employment in higher-paying industries such as information (which includes telecommunications and Internet related activities), financial activities and professional and business services, while it is over-

²⁶ Contributing to Essex County’s low private-sector share is the very large public higher education complex in Newark

represented in lower paying industries such as education (private) and health services, and leisure and hospitality.²⁷ At the same time, leisure and hospitality is a key sector for the county. Accounting for one-out-of-eight (12.8 percent) total jobs in the county, leisure and hospitality comprises activities and services (many tourist related) that are externally-supported, i.e., they bring dollars from out-of-county to support them. This sector is obviously an important foundation for the future of the Sussex County economy.²⁸

Relative to the state and 13-county region, Sussex County's total employment growth trajectory since 1992 has been strong (figure 3). Its growth rate outpaced that of the 13-county region and the state for most of the period. However, it did not keep pace during the last three years of recovery (2010-2013) following the Great Recession of 2007-2010.



This is shown in table 29, which details the absolute change in employment in New Jersey, the 13-county region and Sussex County.²⁹

²⁷ This distribution is not inconsistent with Sussex County's relatively high median household income, as median household income is measured by residency, while employment and associated pay are measured by place of employment. According to U.S. Census data for 2011, a relatively high proportion (71.3 percent) of employed people living in Sussex County are employed outside the county. The proportion for the 13-county region is 62.2 percent. These commuting patterns are described later in this section.

²⁸ The North American Industry Classification System (NAICS) divides the Leisure and Hospitality industry into two main sub-sectors: Arts, Entertainment and Recreation, and Accommodation and Food Services. The first sub-sector encompasses performing arts, spectator sports, museums and historical sites, gambling, amusement parks as well as nature parks and preserves and facilities for outdoor and other recreation, including golf courses, country clubs and skiing facilities. The Accommodation and Food Services sub-sector includes restaurants, bars and establishments providing lodging.

²⁹ The figures cited here for New Jersey differ somewhat from other series published by the U.S. BLS. Quarterly totals provided in table 27 represent the three-month average of non-seasonally adjusted employment counts found in the BLS Quarterly Census of Employment and Wages.

Table 29
Employment Change, Q1 2010 - Q1 2013

	New Jersey	13-County Region	Sussex County
Total Nonfarm	73,099	43,431	-353
Total Private	103,598	64,333	201
Goods Producing	-7,958	-9,506	184
Natural Resources & Mining	35	171	12
Construction	7,317	3,606	-53
Manufacturing	-15,311	-13,283	225
Private Service-Providing	111,556	73,839	17
Trade, Transportation and Utilities	12,044	7,377	294
Information	-4,626	-4,017	-78
Financial Activities	-2,266	-6,291	-127
Professional & Business Services	50,267	33,547	-194
Education and Health Services	28,759	20,714	-87
Leisure and Hospitality	17,177	16,262	111
Other Services	4,282	2,945	123
Government	-30,499	-20,902	-554

Source: U.S. Bureau of Labor Statistics.

While New Jersey and the 13-county region regained some of the steep losses incurred during the Great Recession, albeit at a slow pace, employment in Sussex County was essentially flat, as the county failed to recover from losses in key sectors from Q4 2007 to Q1 2010 (table 30).

Table 30
Sussex County Employment, Q4 2007 - Q1 2010

	Q4 2007	Q1 2010	<u>Change</u>	
			Absolute	Percent
Total Nonfarm	40,148	37,770	-2,379	-5.9
Total Private	31,903	29,569	-2,334	-7.3
Goods Producing	4,773	3,511	-1,262	-26.4
Natural Resources & Mining	143	99	-44	-30.7
Construction	2,697	1,669	-1,028	-38.1
Manufacturing	1,933	1,742	-190	-9.8
Private Service-Providing	27,130	26,058	-1,072	-4.0
Trade, Transportation and Utilities	7,428	7,231	-197	-2.7
Information	463	388	-75	-16.3
Financial Activities	1,395	1,175	-221	-15.8
Professional & Business Services	4,944	4,059	-885	-17.9
Education and Health Services	6,483	6,879	396	6.1
Leisure and Hospitality	4,585	4,669	84	1.8
Other Services	1,617	1,404	-213	-13.2
Government	8,245	8,201	-44	-0.5

Source: U.S. Bureau of Labor Statistics.

Thus, following significant losses in higher-paying sectors such as professional and business services and financial activities, as well as construction, Sussex *continued* to lose jobs in those sectors during the recovery (table 29). The county also saw employment losses, or only tepid growth, in other major sectors such as education and health services (-87 jobs), leisure and hospitality (+111 jobs) and trade, transportation and utilities (+294 jobs), which together accounted for over 50 percent of the employment in the county in Q1 2013. In addition, Sussex lost 554 government jobs during the recovery, representing a significant loss in a sector that has been a major component of total county employment.

A key question is whether this is just a lag in post-recession recovery period that will ultimately be rectified, or whether it represents the impact of a shift of the once dominant forces of suburbanization.

Commuting Patterns

An examination of commuting patterns for those living and working in Sussex County provides additional perspective on the county's employment profile and dynamics. Table 31 compares Sussex County's out-commuters to those of the 13-county region and the state.

While approximately 61 percent of workers in New Jersey and 62 percent of workers in the 13-county region worked in a county (or state) other than the one in which they lived in 2011, the share was significantly higher – 71.3 percent – for Sussex County. This was the second highest percentage of out-commuters among the 13 counties, behind only Warren County (74.7 percent). This is consistent with the county's historical population growth during the second half of the twentieth century period of residential suburbanization.

Table 31
Percent Out-Commuters, 2011

Area	Percent
New Jersey	60.8
13-County Region	62.2
Bergen County	56.1
Essex County	62.2
Hudson County	71.0
Hunterdon County	71.2
Mercer County	49.4
Middlesex County	58.4
Monmouth County	55.5
Morris County	59.3
Passaic County	70.3
Somerset County	69.7
Sussex County	71.3
Union County	67.5
Warren County	74.7

Source: U.S. Census Bureau,
OnTheMap tool.

This high percentage of out-commuters is further evidenced in travel time to work data tracked by the U.S. Census Bureau. In 2012, residents of Sussex County had the longest commute in the 13-county region (table 32). The county's 36.8 minute average commute is far higher than all of the 13 counties, and well above the state average of 30.7 minutes.

Table 32
Average Commute Time, 2012

Area	Minutes
New Jersey	30.7
13-County Region	-
Bergen County	31.5
Essex County	32.8
Hudson County	34.7
Hunterdon County	31.7
Mercer County	27.7
Middlesex County	33.0
Monmouth County	34.0
Morris County	30.2
Passaic County	26.1
Somerset County	31.8
Sussex County	36.8
Union County	29.6
Warren County	34.8

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

In contrast to its high percentage of out-commuters, in 2011 Sussex County had the region's lowest percentage of out-of-county commuters holding jobs in Sussex (table 33). That is, only 40.7 percent of people employed in Sussex County commuted from outside the county, while 59.3 percent of jobs in the county were filled by local residents. This was easily the lowest percentage of in-commuters of any county in the region, well below the 61.6 percent average for the 13 counties and the 58.2 percent average for all counties in the state. This is further consistent with Sussex's post-World War II history as primarily a residential county – home to people who work elsewhere but not a destination for businesses attracting a large employment base from outside the county.

Table 33
Percent In-Commuters, 2011

Area	Percent
New Jersey	58.2
13-County Region	61.6
Bergen County	57.4
Essex County	64.9
Hudson County	65.5
Hunterdon County	63.2
Mercer County	64.8
Middlesex County	60.6
Monmouth County	47.2
Morris County	64.6
Passaic County	61.3
Somerset County	71.8
Sussex County	40.7
Union County	66.5
Warren County	60.2

*Source: U.S. Census Bureau,
OnTheMap tool.*

LABOR FORCE PROJECTIONS

The New Jersey Department of Labor and Workforce Development provides projections of labor force growth at the county level through 2030. An examination of these projections gives a context to the future extension of the employment trends explored earlier in this section.

The county's projected labor force growth rate of 5.1 percent from 2010 to 2030 is the second lowest rate in the 13-county region, trailing only Passaic County's projected 1.1 percent growth rate, and significantly slower than that of the region (8 percent) and state (8.2 percent).

Table 34
Projected Labor Force Growth, 2010-2030

Area	2010	2030	<u>Change</u>	
			Absolute	Percent
New Jersey	4,596,900	4,974,300	377,400	8.2
13-County Region	3,370,200	3,639,600	269,400	8.0
Bergen County	475,900	520,000	44,100	9.3
Essex County	398,200	423,300	25,100	6.3
Hudson County	358,600	396,500	37,900	10.6
Hunterdon County	69,200	74,100	4,900	7.1
Mercer County	193,800	209,900	16,100	8.3
Middlesex County	425,600	460,000	34,400	8.1
Monmouth County	332,300	353,000	20,700	6.2
Morris County	266,500	303,100	36,600	13.7
Passaic County	249,300	252,100	2,800	1.1
Somerset County	173,800	194,100	20,300	11.7
Sussex County	83,000	87,200	4,200	5.1
Union County	286,100	304,800	18,700	6.5
Warren County	57,900	61,500	3,600	6.2

Source: New Jersey Department of Labor.

This projection of relatively slow labor force growth in Sussex County over the two-decade period beginning in 2010 is consistent with the previously detailed sluggish growth patterns in the county's employment over the first 12 years of the 21st century. The sharpness of the decline is particularly notable in comparison to the faster rate projections of the preceding decade (table 35). Sussex County's labor force growth was projected to be 8.3 percent for the 2000-2010 decade (versus 9.6 percent for the state), but the projection for the following decade falls to 3.1 percent, and then under 2 percent for the 2020-2030 period. Indeed, the 20-year growth rate projections starting from 2010 may be overstated, as the 2010 to 2012 period saw declines in employment for the county.³⁰

Table 35
Labor Force Growth Rate (%), 2000-2010-2020-2030

Area	2000- 2010	2010- 2020	2020- 2030
New Jersey	9.6%	4.4%	3.7%
Sussex County	8.3%	3.1%	1.9%

Source: New Jersey Department of Labor Population and Labor Force Projections.

³⁰ New Jersey Department of Labor projections from 2010 to 2030 are based on historical data through 2010.

