

Empty Nests

Written by

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New homes built but unsold, foreclosures and a higher number of available rentals are contributing to a rise in vacant housing units in New Jersey, officials and industry analysts say.

The number of vacant homes — houses, apartments and condos — in New Jersey climbed by 93,572 between 2000 and 2010, according to figures released Friday by the U.S. Census Bureau.

Of 3.5 million housing units, 339,202 were listed as vacant on April 1, 2010, the day of the census. That's a 9.5 percent rate of vacancy, compared with a 7.4 percent rate in 2000, when New Jersey had 3.3 million housing units and 245,630 vacancies.

A cocktail of economic conditions, shifting attitudes about home ownership and a migration out of state all factor into the rise in vacancies, said Jeffrey Otteau, president of Otteau Valuation Group, East Brunswick, whose firm tracks market data and trends.

"We spent decades in New Jersey building primarily the houses people in New Jersey will not be wanting," Otteau said, referring to the classic four-bedroom suburban home that no longer suits an increasing number of households without children.

Home-ownership rates declined from 69 percent to 65 percent from 2005 to 2009 in New Jersey, according to the Census' American Community Survey released last year.

"And coming right out of that (survey) is a continuing decline of childless households — 70 percent of all households in New Jersey are childless, a dramatic number," Otteau said.

Some municipal officials and real estate experts offer other explanations for why vacancy rates may be high in certain towns.

In Monmouth County, for example, Colts Neck's vacancy rate more than quadrupled in 10 years, according to the Census, going from 101 vacant units to 458.

But Colts Neck Township Planner Tim Anfuso accounted for 300 vacant units right off the top of his head.

"It's at the Navy base," Anfuso said, noting 300 soon-to-be-demolished units at Naval

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Weapons Station Earle, located in the southern part of Colts Neck. "The census is a snapshot in time, so those units were counted."

In Morris County, Pequannock Township Manager David Holberg said a very large, newly built continuing-care retirement community largely accounts for a spike similar to that in Colts Neck — almost 355 percent.

"The community is known as Cedar Crest and it has almost 2,000 units, including 1,500 residential units," Holberg said. "It's extremely fluid. Vacancy rates would be higher there than at a single-family housing development."

In other municipalities where the vacancy rate was markedly higher during the last decade, the new census figures were roundly questioned.

Lakewood, which according to the 2010 Census now is the most populous municipality in Ocean County, saw its housing vacancy rate jump almost 54 percent, from 1,338 vacant homes in 2000 to 2,054 in 2010.

Lakewood Manager Michael Muscillo can't figure out where the vacant units are.

"I don't see it here," Muscillo said. "From what I gather, I don't think there's much of a vacancy rate."

Jack Waters, the regional vice president for Weichert who oversees Middlesex,

Monmouth and Ocean counties, took stock of the census numbers and said, "Nowhere in my footprint can I see that vacancy rate. From my personal experience, there's nowhere that there's a glut of vacancies."

Waters said he recently reviewed market data showing a rental vacancy rate "much higher than I expected" and speculated that factored into the 2010 Census figures.

"There's a better housing affordability rate now, which might be driving a higher rental vacancy rate," Waters said.

Lawrence Vecchio, broker-owner of the statewide Better Homes Realty, said New Jersey isn't facing serious vacancy issues.

"My bet is those numbers would be related to multifamily (units)," Vecchio said. "I'd say garden apartment complexes, mostly. We have some foreclosures, people leaving their homes unsold, some unfinished developments, but that's not a big percentage of the inventory."

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Ronnie Glomb, broker-manager at Better Homes' offices in Morristown, said luxury apartments are going up right now in Morristown, where he says the rental market is "extremely busy. Landlords are getting wiser. Fairly priced rentals move quickly."

In Barnegat, in Ocean County, township Census liaison Michele Rivers noted "foreclosures, possibly rentals from people who are moving out and thinking they can then rent out their homes" as possible reasons for Barnegat's 67 percent rise in vacancies from 2000 to 2010.

"I cannot answer exactly," Rivers said. "It could be almost anything."

Officials in Sayreville in Middlesex County, where the vacancy rate jumped during the decade more than 170 percent, and Franklin Township in Somerset County, where the rate climbed more than 159 percent, could not be reached for comment.

Analyst Otteau said the vacancy issue is complex.

"There are so many different components to it," he said. "How do you separate what's what?"

Otteau does believe a key factor in the increase of the last decade can be attributed to the "compression of households," a trend caused by continued weak economic conditions.

"There are children moving back with their parents," Otteau said. "Grandparents moving in with their children."

At the same time, he added, plans for housing developments that took seed when the economy was stronger and came to fruition just as it nose-dived could be causing the high vacancy rate in some towns.

Look at the big picture, factor in the state's high cost of living and high taxes, and it's easy to surmise that it may take a while for the rate to level off, he said.

"Remember we've gone from a 69 percent homeownership rate to a 65 percent rate," Otteau said. "And that 70 percent of all households are childless. That speaks volumes about what's going to happen next."

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