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Costs, land availability fuel South Jersey's growth, experts say

By Evelyn Lee

In the past decade, South Jersey has overtaken the northern part of the state in terms of population growth, according to new data released by the U.S. Census Bureau on Thursday. Economists and housing analysts attributed the increase to the region's lower living costs and greater supply of undeveloped land.

The eight counties in South Jersey — Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, Salem — grew 7.7 percent between 2000 to 2010, while the 13 counties in northern and central New Jersey grew only 3.3 percent, according to the census data.

The state of New Jersey saw its overall population rise 4.5 percent, from 8.4 million in 2000 to 8.8 million in 2010.

"I'm not surprised," said **Donald Scarry**, principal economist at New Jersey Economics, in Mount Laurel, noting South Jersey's fiscal appeal over the North. "Property taxes are a little lighter down here, house prices are a little lighter." The region's housing market is tied to Philadelphia, which experiences more subtle price increases than New York, Scarry said.

Also, "South Jersey is more thinly populated," he said. "As transportation facilities improve, it'll grow much more rapidly. And we still have room."

More undeveloped land in South Jersey was a major factor in the region's growth over the past decade, said **Jeffrey G. Otteau**, president of **Otteau Valuation Group**, an East Brunswick-based consulting and appraisal firm.

During the housing boom from 2000 to 2006, "developers were forced into less-developed areas" such as South Jersey, he said, "because that's where the land is."

The loosening of credit standards during the boom also primarily generated demand with entry-level buyers, who often were lower-income households, Otteau said. Areas with lower-priced land and lower-priced homes, such as South Jersey, "experienced the largest surge."

Other drivers of expansion included buyers' willingness to live further from employment in order to find housing opportunities during the "feeding frenzy" of the boom, and Atlantic City being a growth engine during the first half of the decade, which created jobs and housing demand, he said.

"All of that has changed, however," Otteau said. Growth patterns are reverting to cities, which are situated mostly in the northern half of the state, as a result of urban redevelopment, and rising gasoline prices are causing travel costs to exceed housing savings for long-distance commuters, he said.

Meanwhile, tougher lending standards have virtually shut out entry-level buyers, and Atlantic City is now bleeding jobs — 10,000 in the past five years — rather than creating them, Otteau said.

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