

# Housing in Newark



Status and Trends

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# Let's talk housing.

**Current Study: Newark**  
*Future study: Greater Newark*

- *Housing Stock*
  - **Housing Market**
  - **Resident  
Experience**
  - *Gentrification Risk and  
Index*
-

# What's happening in Newark?

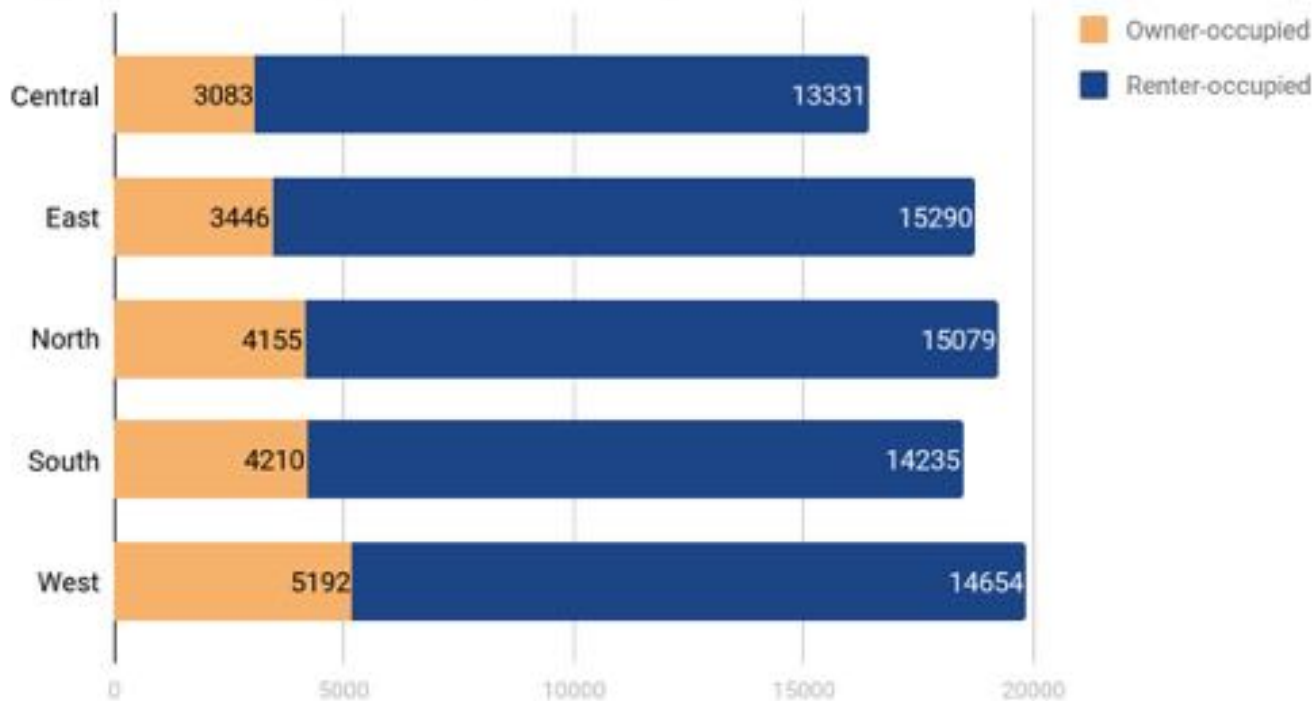
- The City of Newark has approximately **110,000 housing units** among 30,760 residential buildings.
- 45% of residents live in **small apartment buildings** of 2 to 4 units.
- 78% of Newark residents are **renters**, an unusually high rate.
- 60% of renters in Newark are **rent-burdened**, or *41,000 households*.
- 57% of homeowners in Newark are **mortgage-burdened**.
- Newark has **lost 3,300 homeowners** in 5 years.
- In the past year of home sales, the average home sold for **\$219,000**.
- In the current rental market, the average asking rent is **\$1,410** per month.

# Housing Market

→ **Renters**

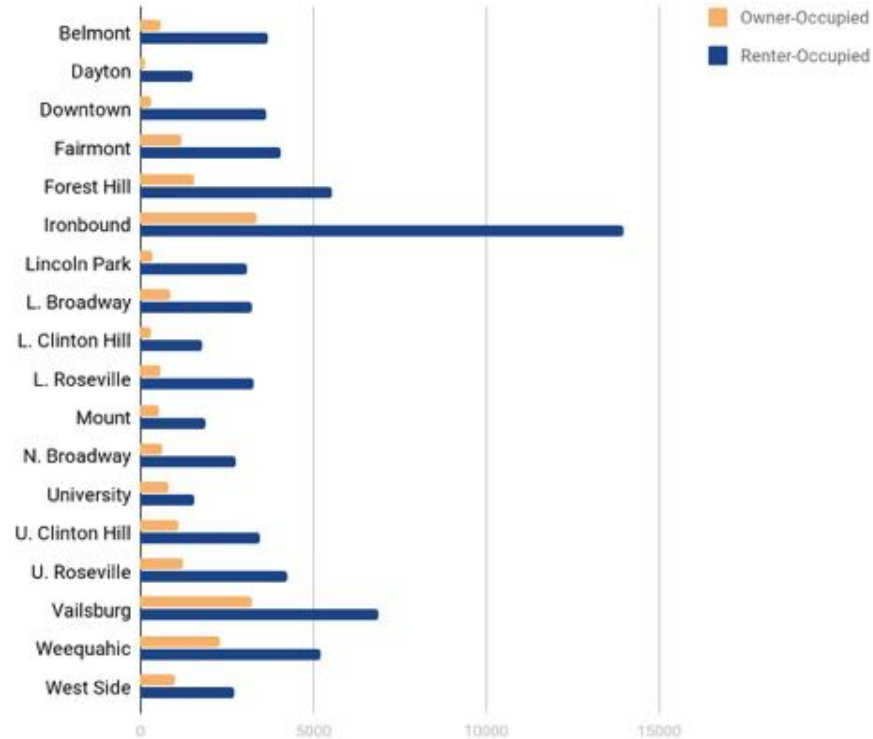
→ **Homeowners**

Figure 1: Housing Units by Tenure by Ward, 2015



**The West Ward has the most owner-occupied housing units.**

Figure 2: Housing Units by Tenure by Neighborhood, 2015

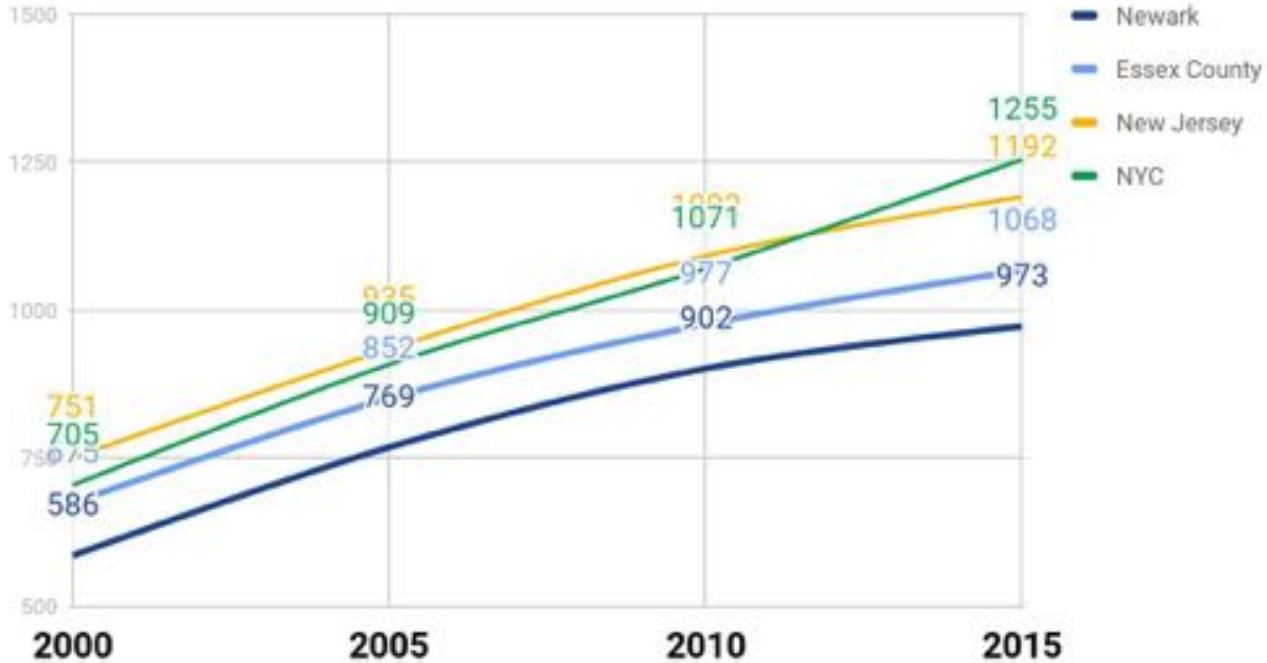


**All Newark neighborhoods are dominated by renters.**

# Rent Trends

**2000-2015**

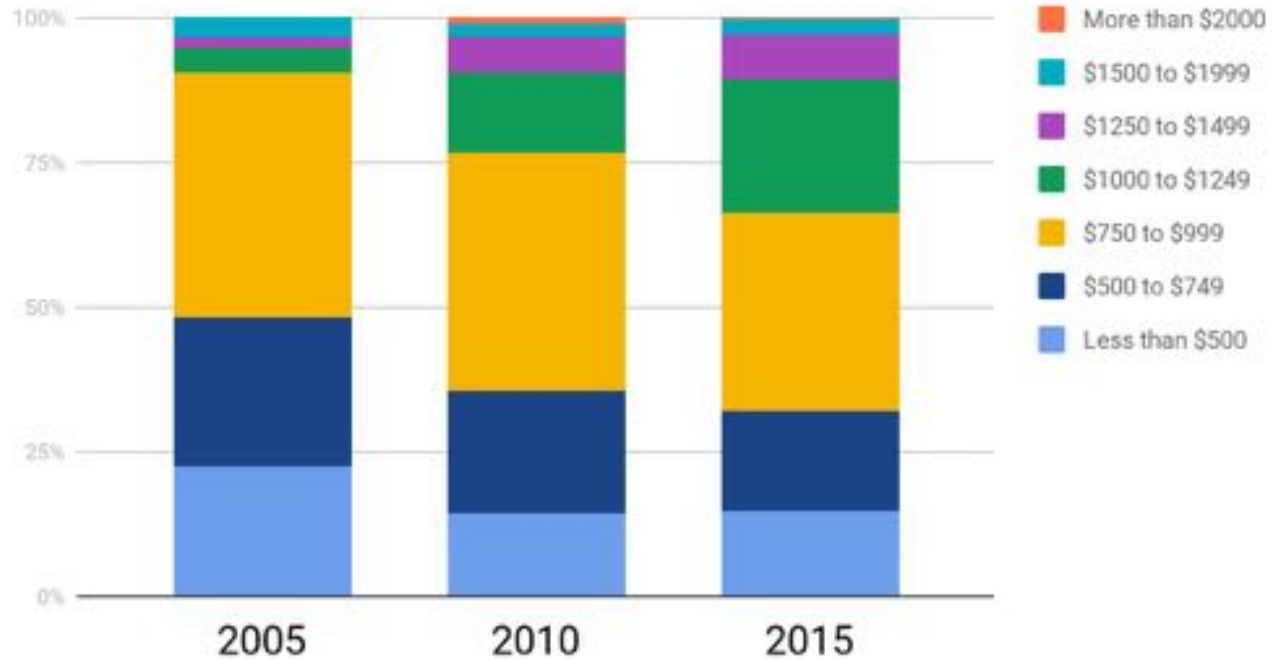
Figure 3: Median gross rents are rising at similar rates in the region.



**In Newark, rents have increased by 66% in 15 years. Household incomes have only increased by 24% in that time.**



Figure 4: A changing rental market in Newark, 2005-2015



**The increase in median rent is largely attributable to the increasing prevalence of rents in the \$1000-1249 range.**

# **Current Renter Market**

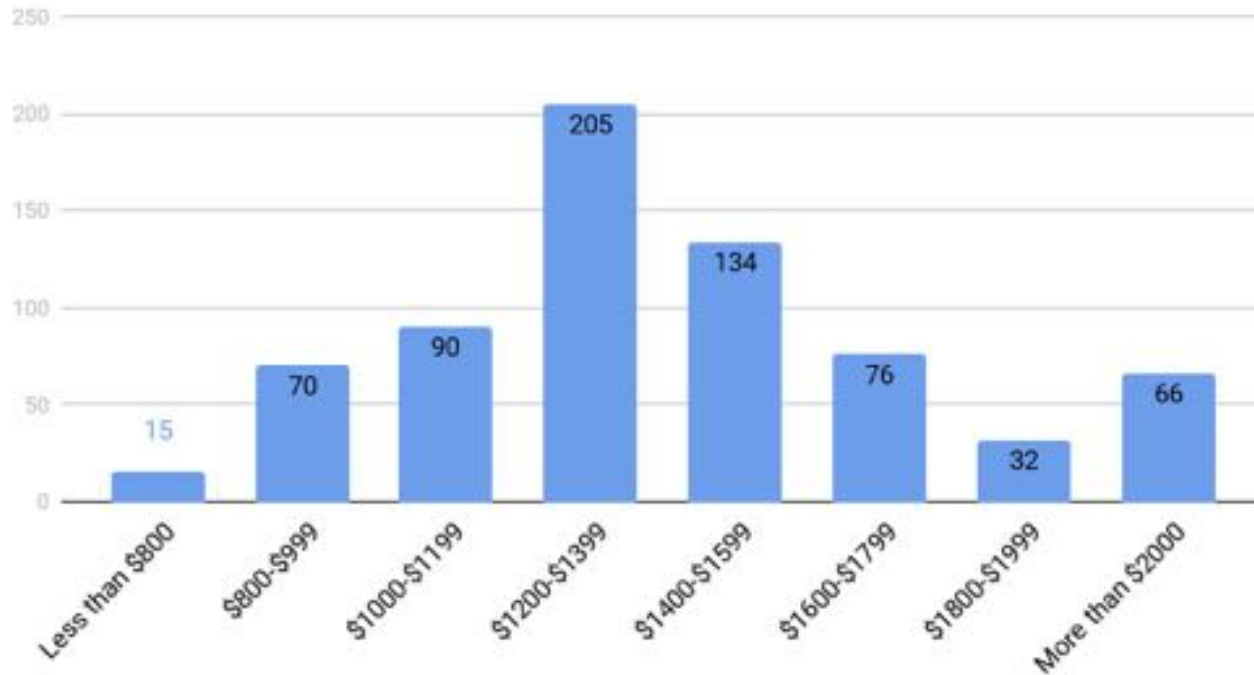
**Summer 2017**

# Citywide Snapshot

Data source: Craigslist + Trulia from 7/7/2017-8/8/2017  
(Duplicates removed)

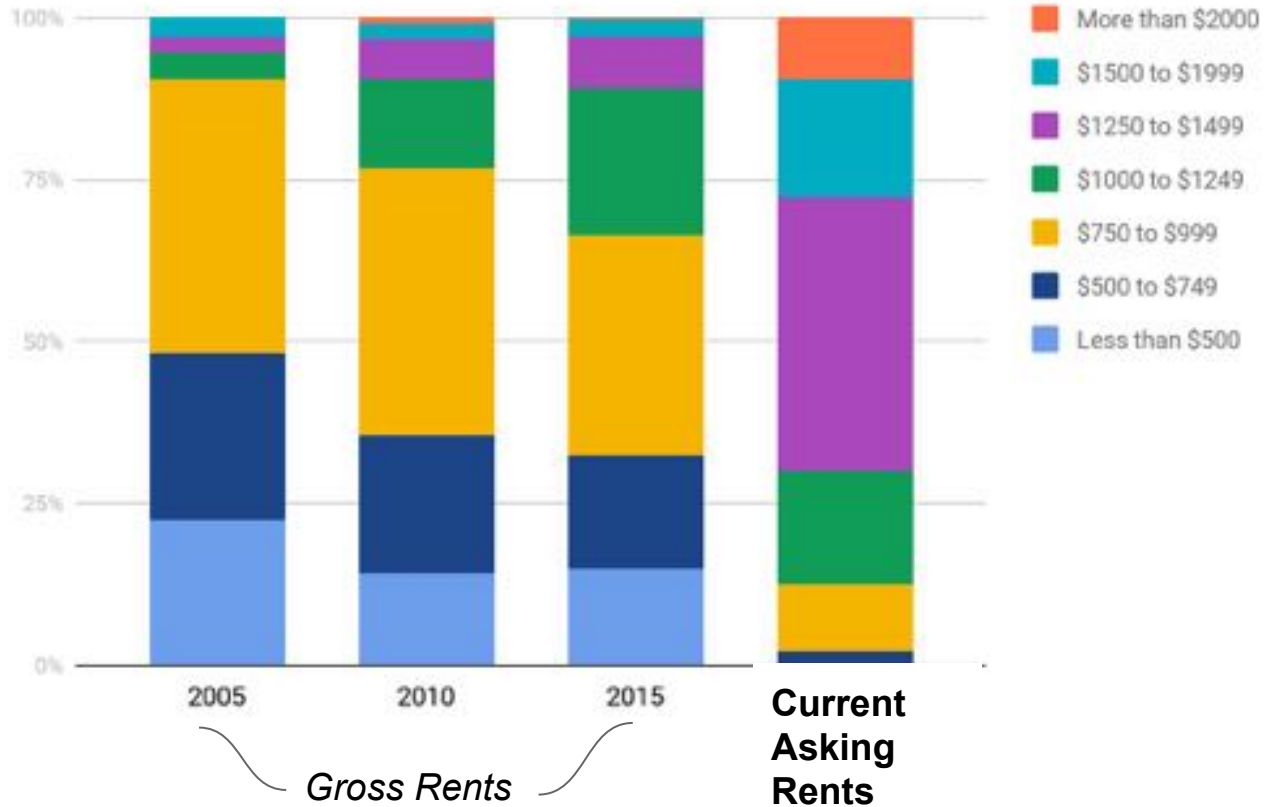
- Number of Listings: **688**
  - Average Asking Rent: **\$1,410**
  - Median Asking Rent: **\$1,350**
  - Average # of Bedrooms: **2.3**
  - Median # of Bedrooms: **2**
-

Figure 5: Asking Rents for Available Rentals in Newark, Summer 2017

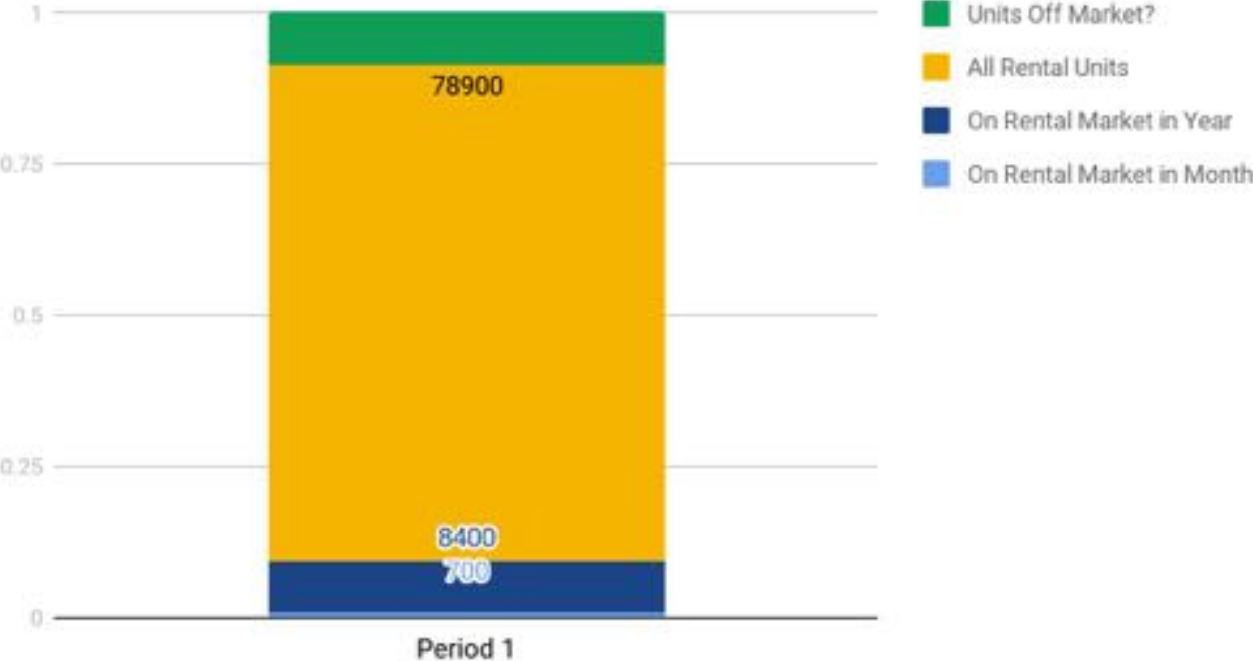


**Asking rents are clumped around the median.**

Figure 6: If representative, current asking rents are a dire warning.



# Model 1: Current asking rents only a small portion of rental pool

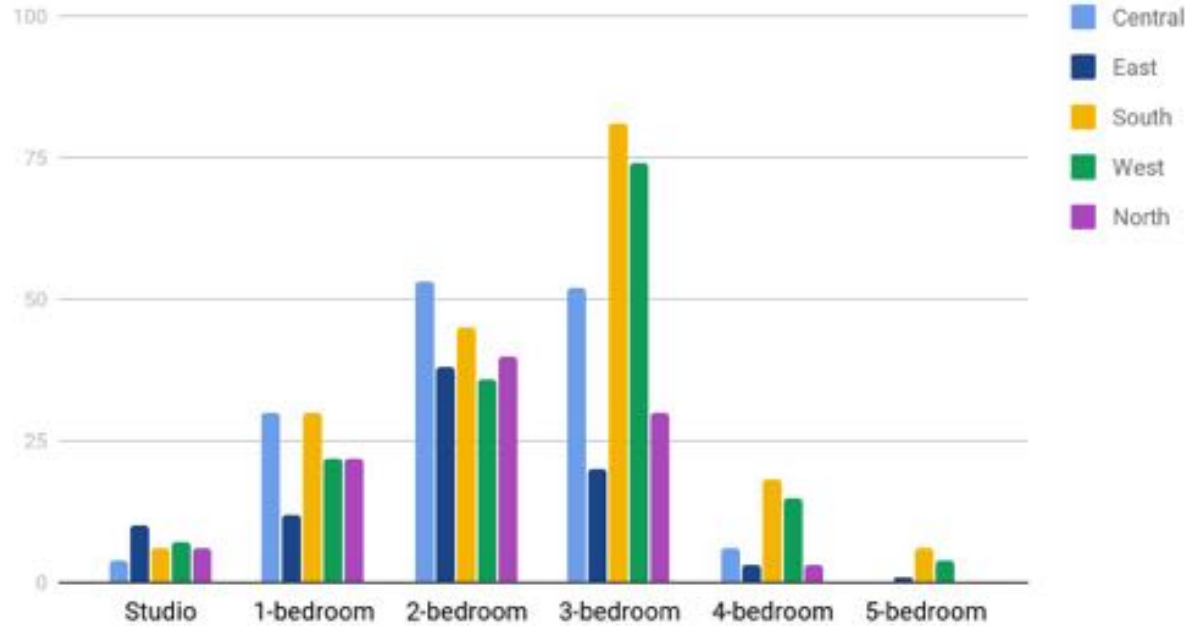


**Putting Current Asking Rents into Context**

# Ward Snapshot: Renter Market

Ward	Number of listings (July 7-Aug. 8)	Average Asking Rent	Average Number of Bedrooms
Central	147	\$1,609	2.3
East	84	<b>\$1,624</b>	2.2
South	<b>186</b>	\$1,302	<b>2.6</b>
West	158	\$1,311	<b>2.6</b>
North	102	\$1,284	2.1

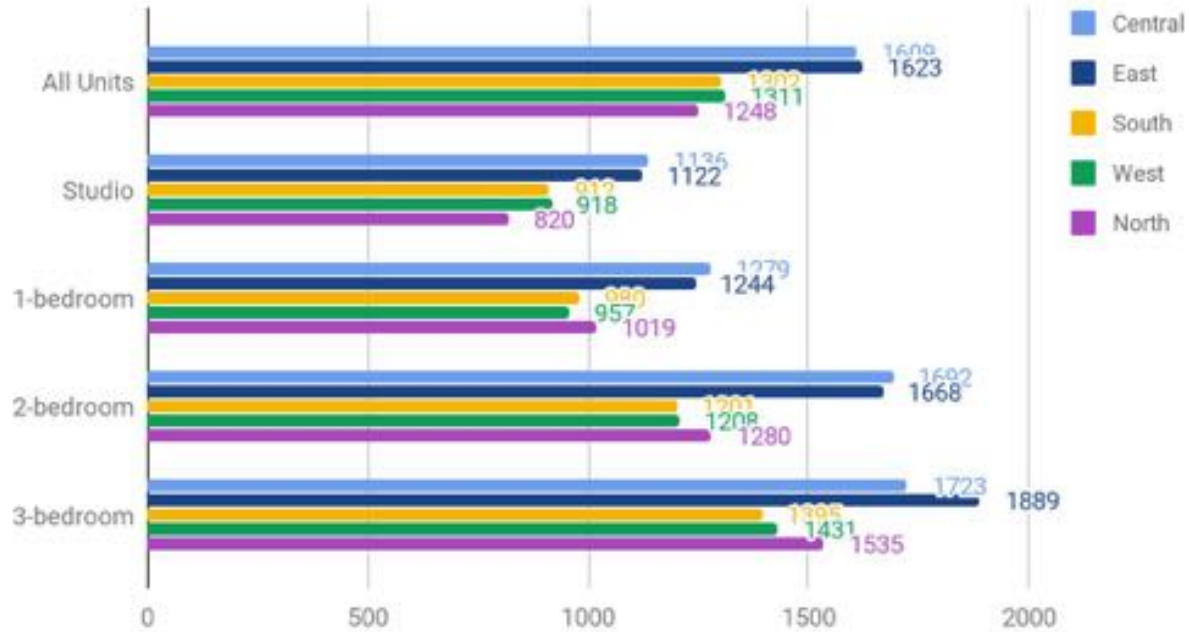
Figure 7: Current Rental Market by Ward- Summer 2017



**Most families will only find housing in South and West Wards.**

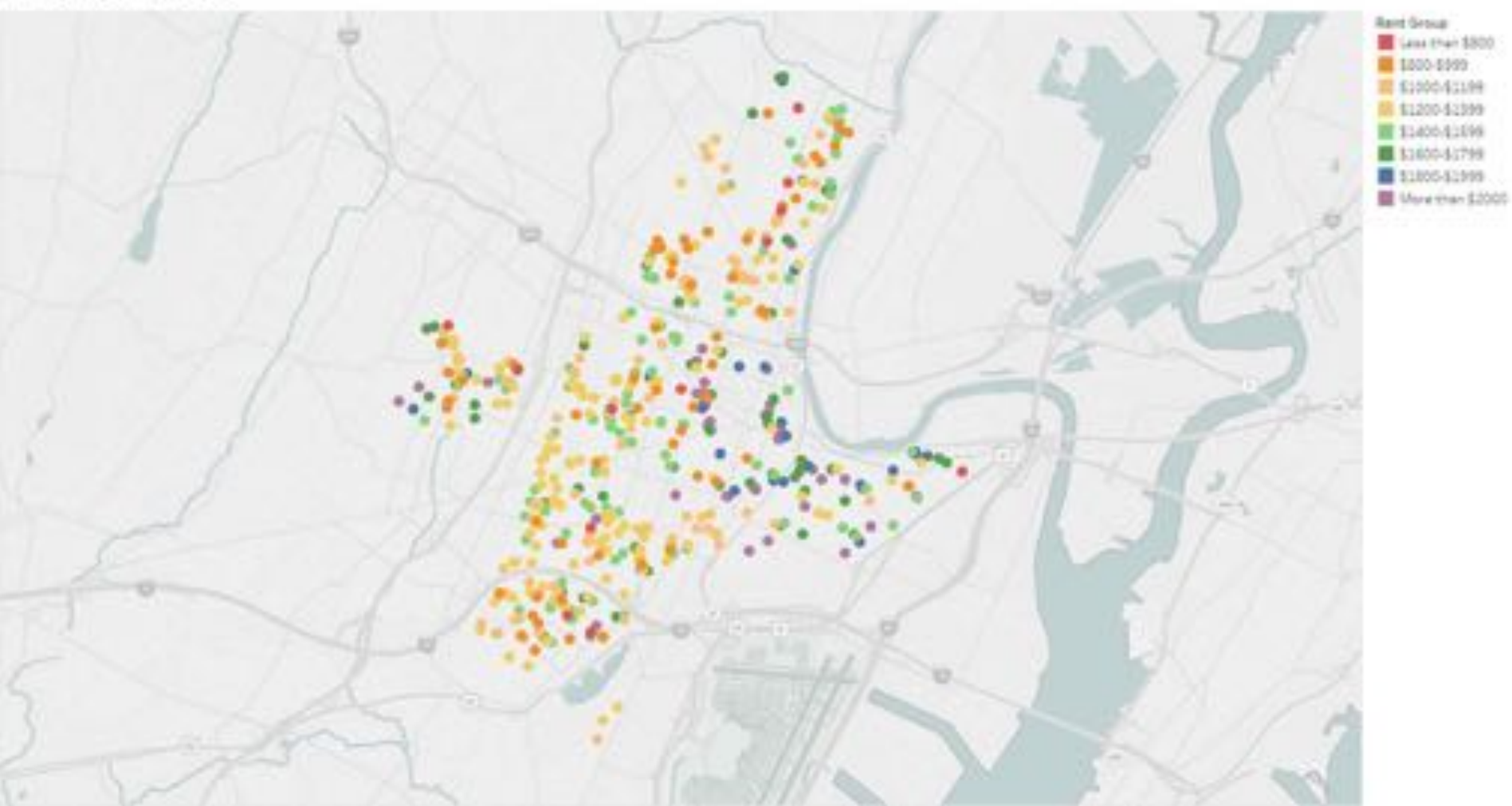


Figure 8: Average Asking Rent by Ward, Summer 2017



**Prospective renters who are budget-conscious are unlikely to find housing in Central or East Wards.**

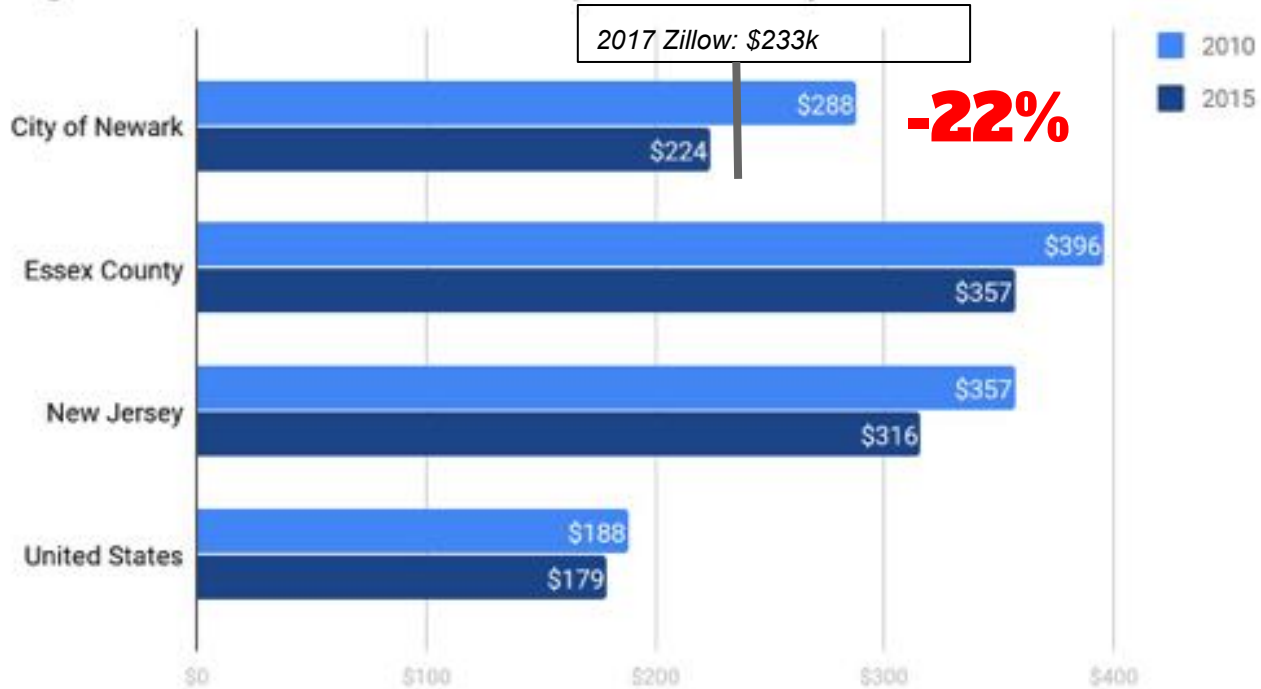
## Current Asking Rents



# Home Value Trends

**2010-2015**

Figure 9: Median Home Values (in thousands)



**Newark is struggling to recover from the recession much more than the region.**

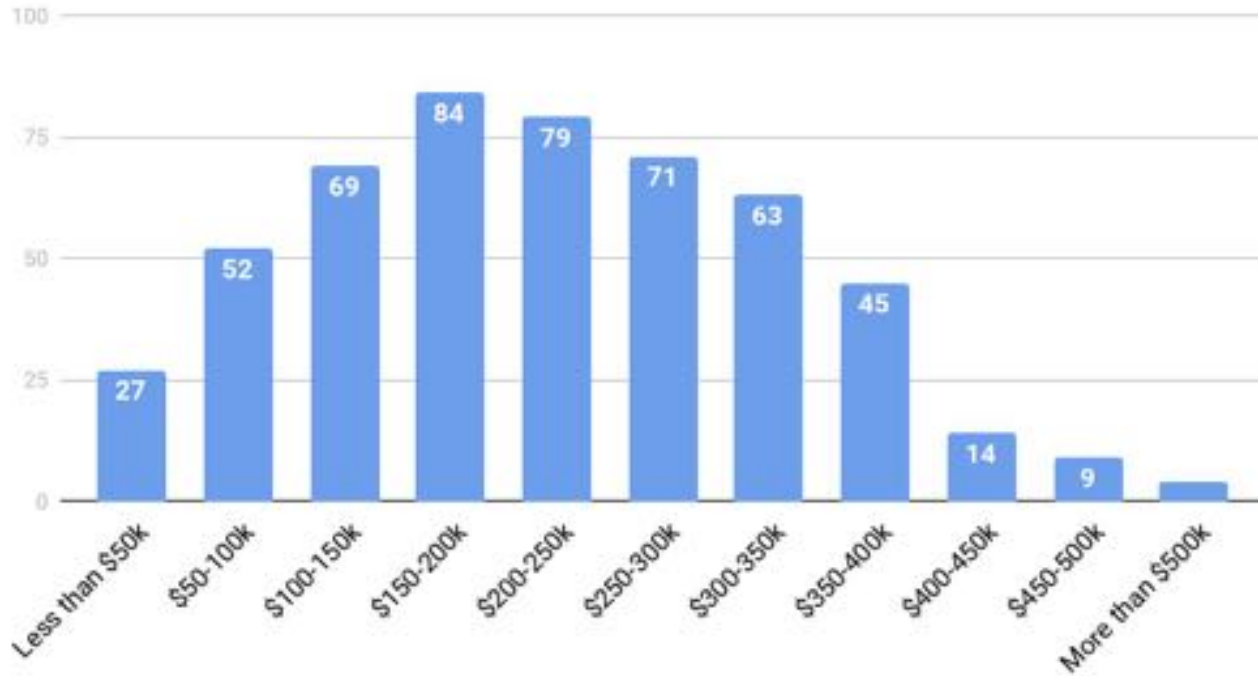
**Current  
Homeowner  
Market  
2016-2017**

# Citywide Snapshot

Data source: Trulia, September 2016-August 2017

- Number of Sales: **597**
  - Median Sale Price: **\$219,000**
  - Average Square Footage:  
**2,363 square feet**
  - Price per square foot: **\$93/sf**
-

Figure 10: Recent Home Sales in Newark, Sept 2016-August 2017



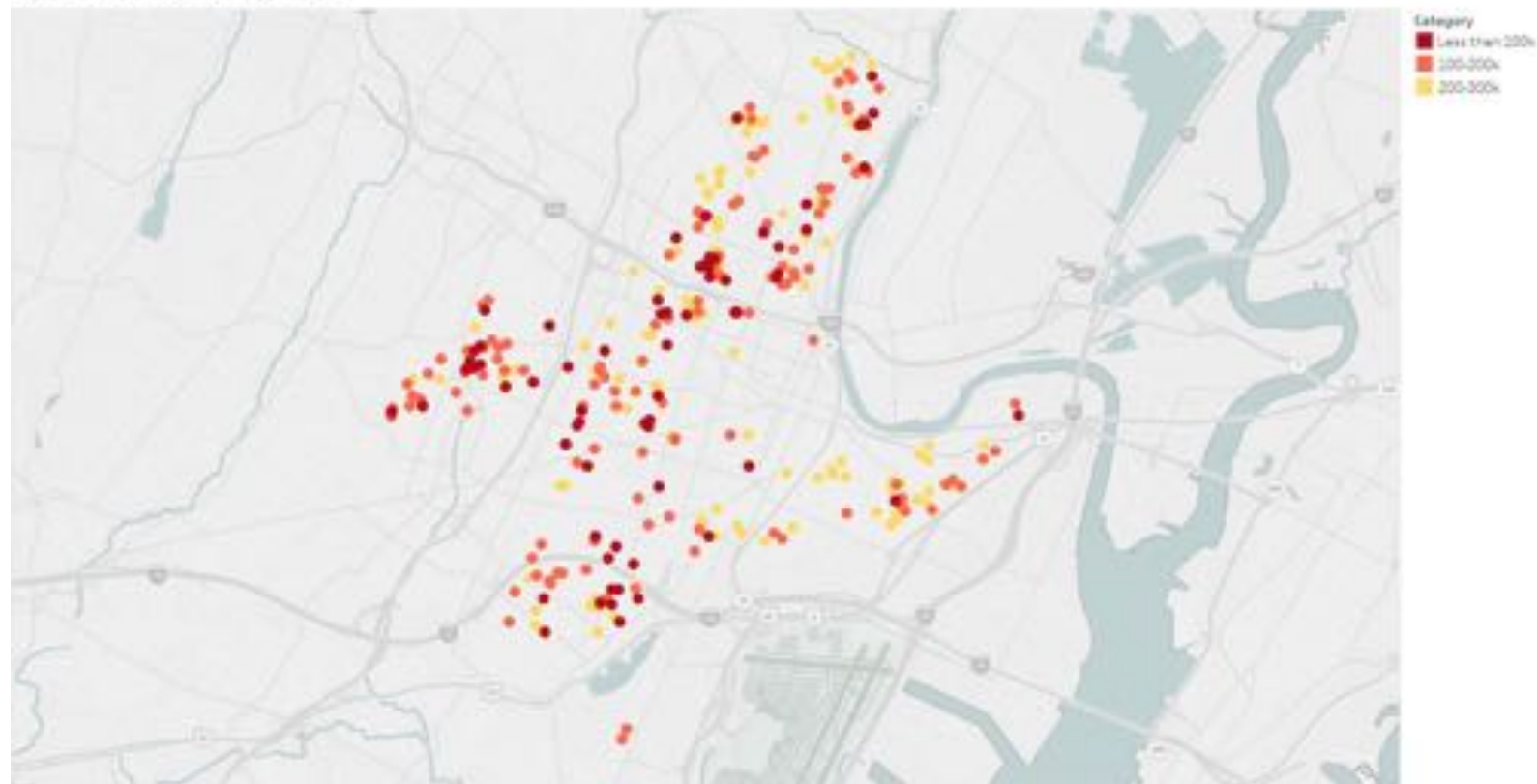
**Housing prices are equally distributed around the median sales price of \$219,000.**

# Ward Snapshot: Homebuyer Market

Ward	Number of listings sold (9/16-9/17)	Average Sales Price	Median Sales Price	Average Square Footage	Average price per square foot
Central	78	\$186,250	\$215,000	2,266 sf	\$82/sf
East	92	<b>\$288,302</b>	<b>\$291,500</b>	2,100 sf	<b>\$137/sf</b>
South	102	\$222,045	\$233,250	<b>2,568 sf</b>	\$86/sf
West	<b>133</b>	\$176,840	\$210,000	2,360 sf	\$75/sf
North	109	\$237,274*	\$215,000	2,336 sf	\$102/sf

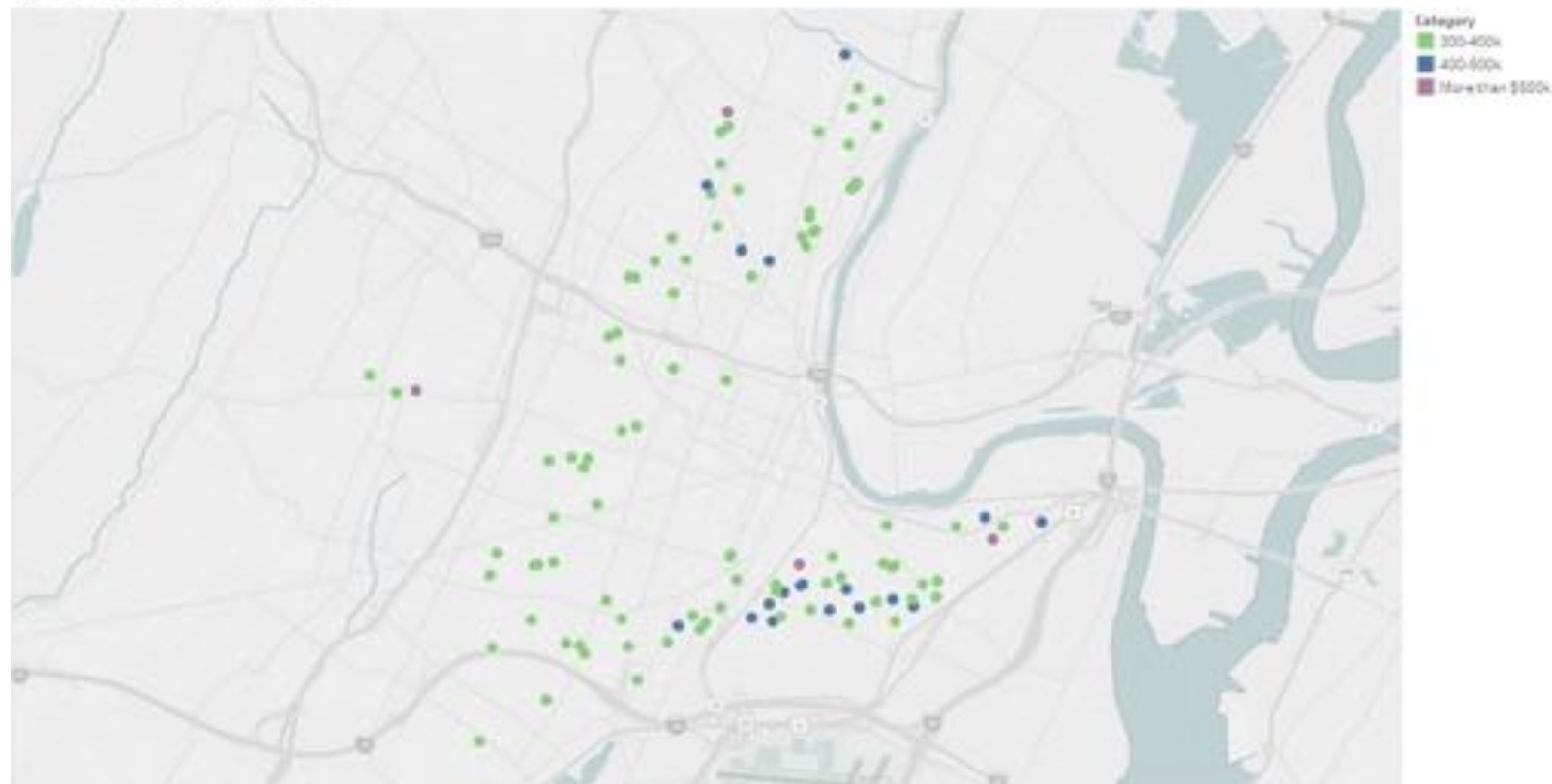


Recent Home Sales Filter Map



**Home Sales below \$300,000**

Recent Home Sales Filter Map

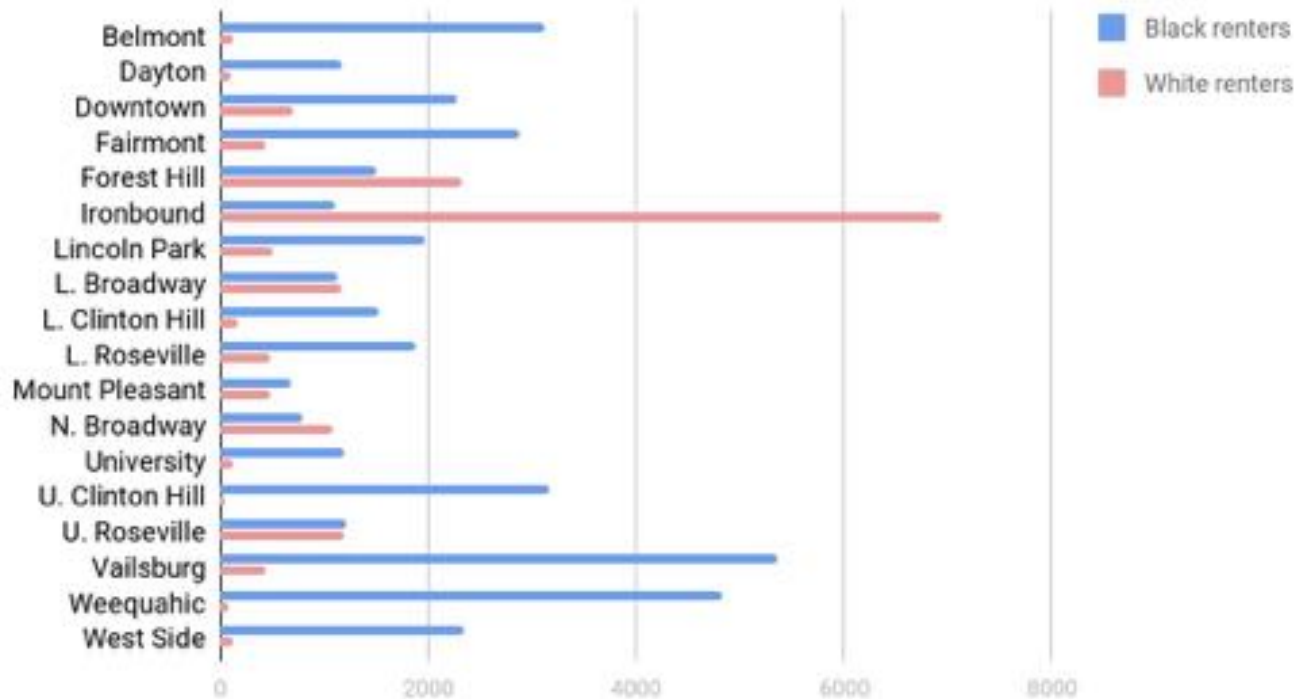


**Home Sales above \$300,000**

# **Resident Experience**

**Renters**

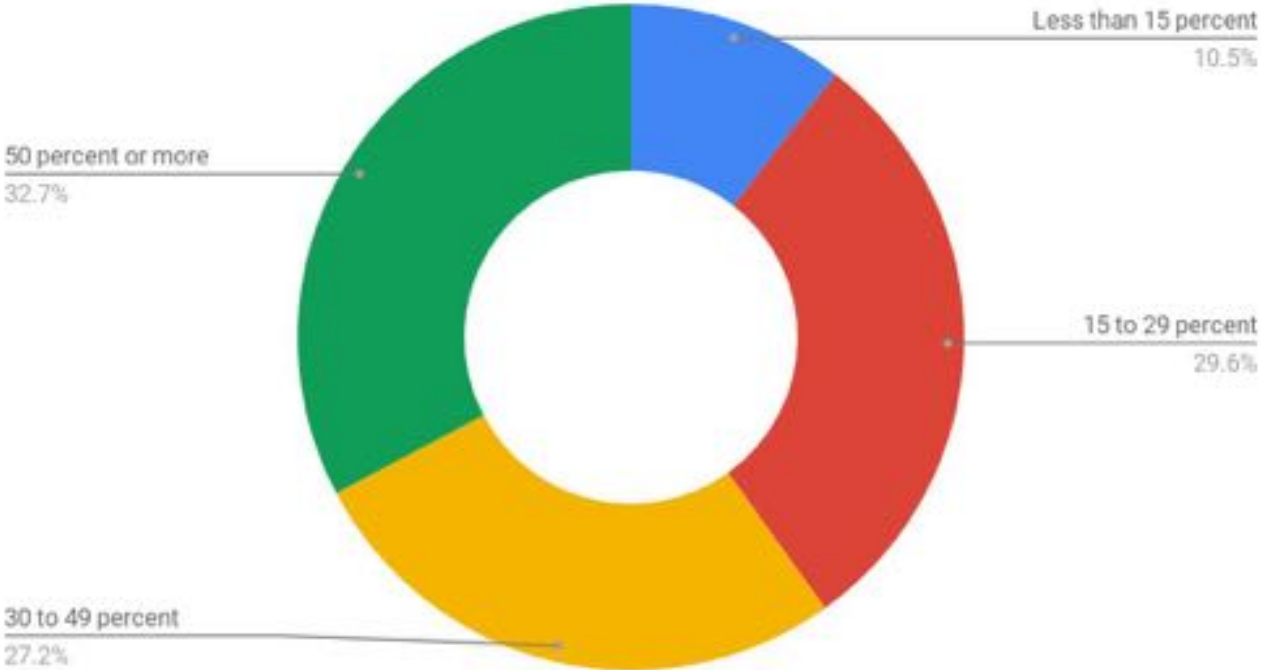
Figure 11: Renters by Race and Neighborhood in Newark, 2015



**White renters are highly concentrated in the Ironbound. Black renters are distributed across the entire city.**

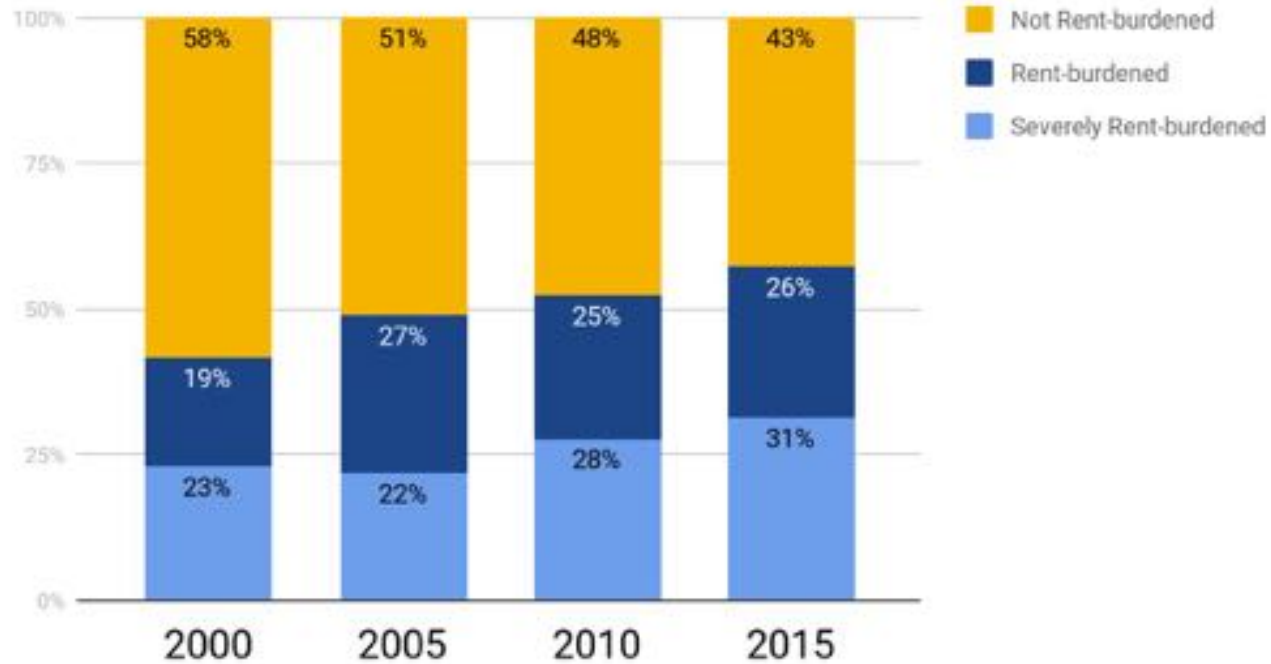
# Rent Burden

Figure 12: Gross Rent as a Percentage of Household Income, 2015



**Newark has become hard to afford for many residents.**

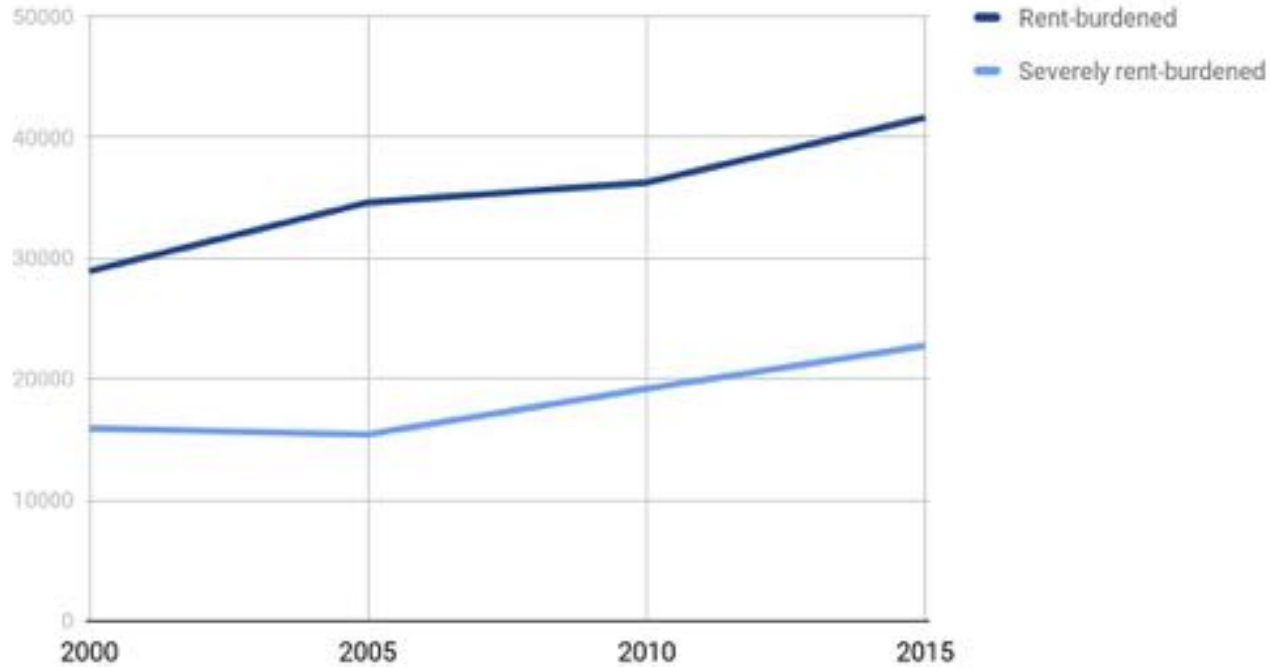
Figure 13: Rising Rent Burden in Newark, 2000-2015



**Rent burden rates have been rising for a long time.**

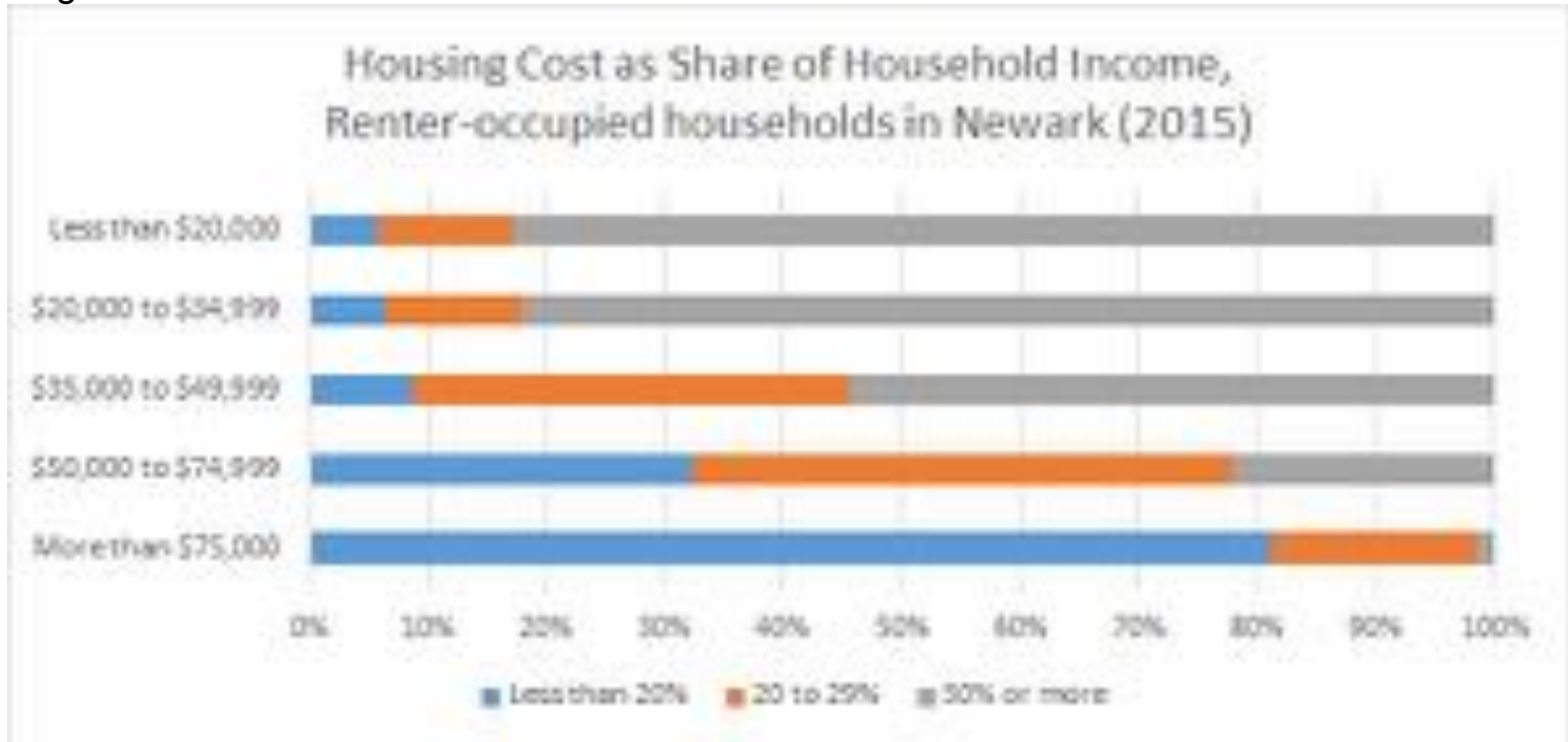


Figure 14: Rent-burdened population growth in Newark, 2000-2015



**Today, over 20,000 households in Newark are paying more than 50 percent of their income towards rent.**

Figure 15:



**Rent burden is the norm for those who make under \$50,000. The median household income in Newark is \$33,000.**

# Median Rent Burden by Place, 2015

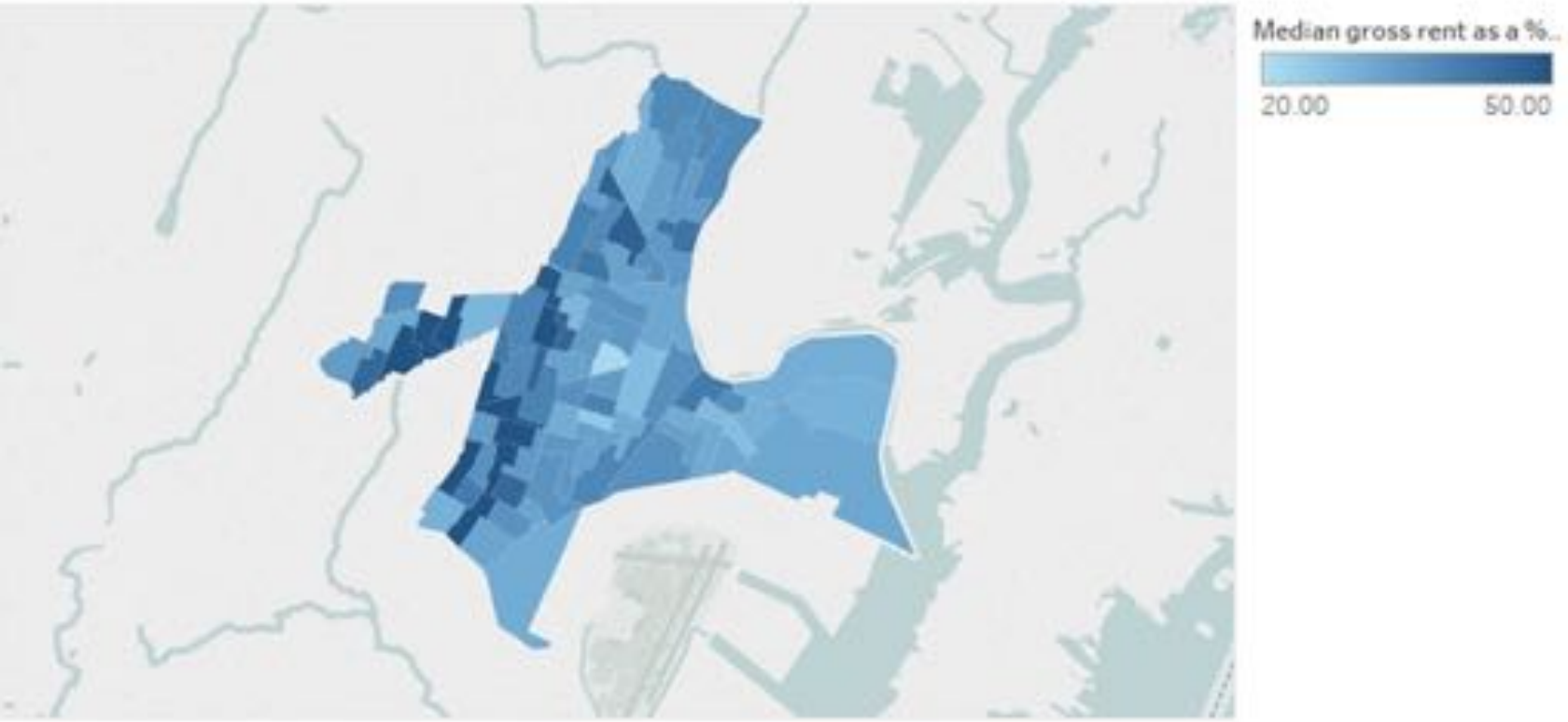
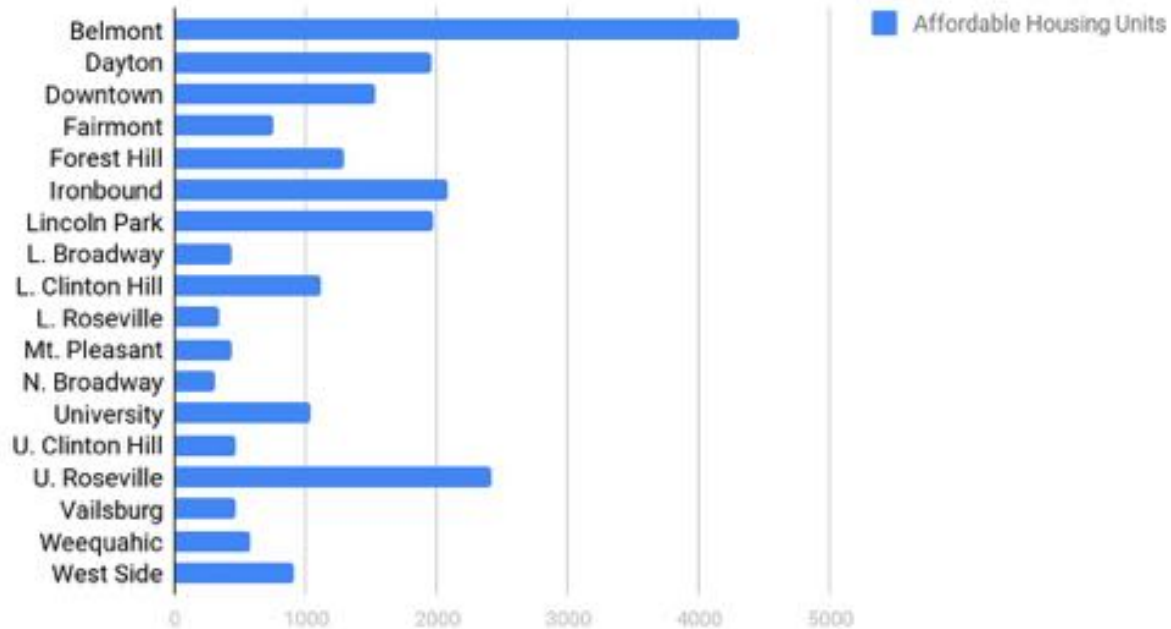


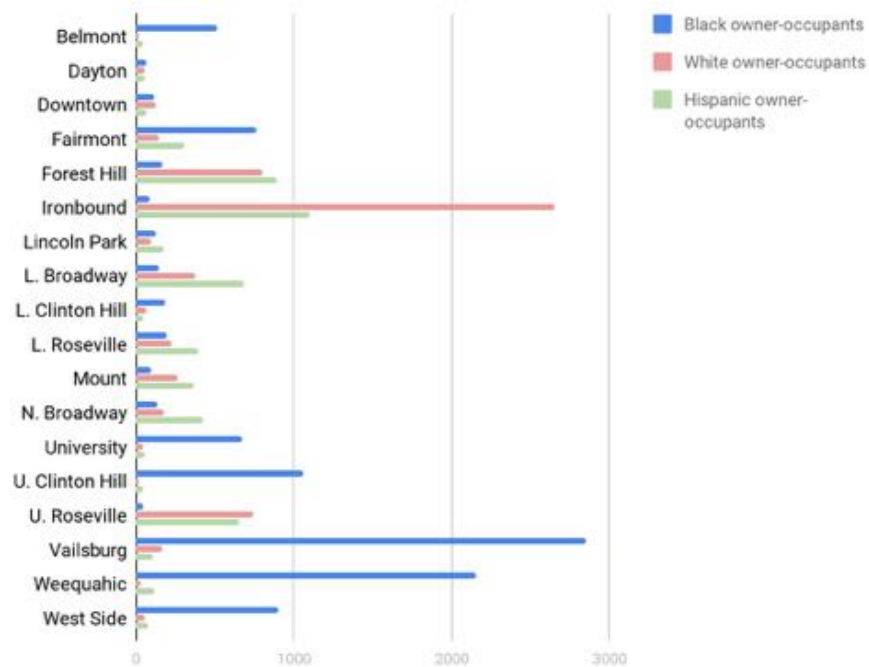
Figure 21: Affordable Housing by Neighborhood



**Open question: Is there less rent-burden where there is more public or subsidized housing?**

**Homeowners**

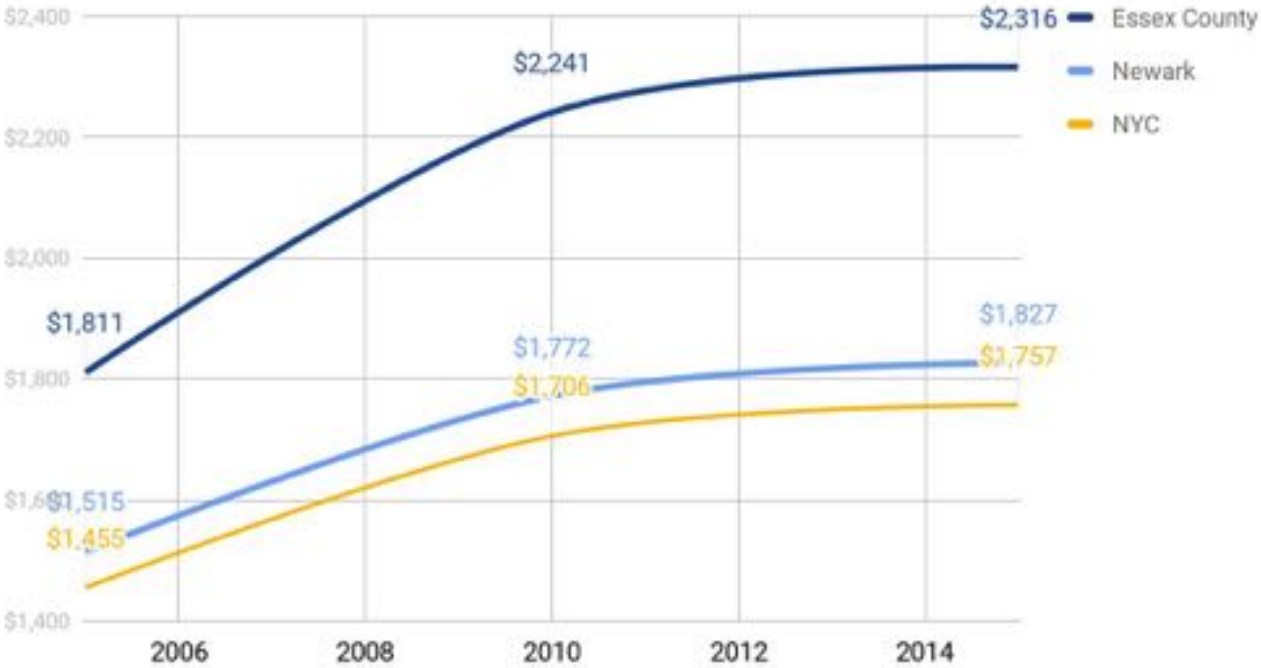
Figure 16: Homeowners by Race, Ethnicity, and Neighborhood, 2015



**Homeowners are more segregated by race than renters.**

# **Mortgage Burden**

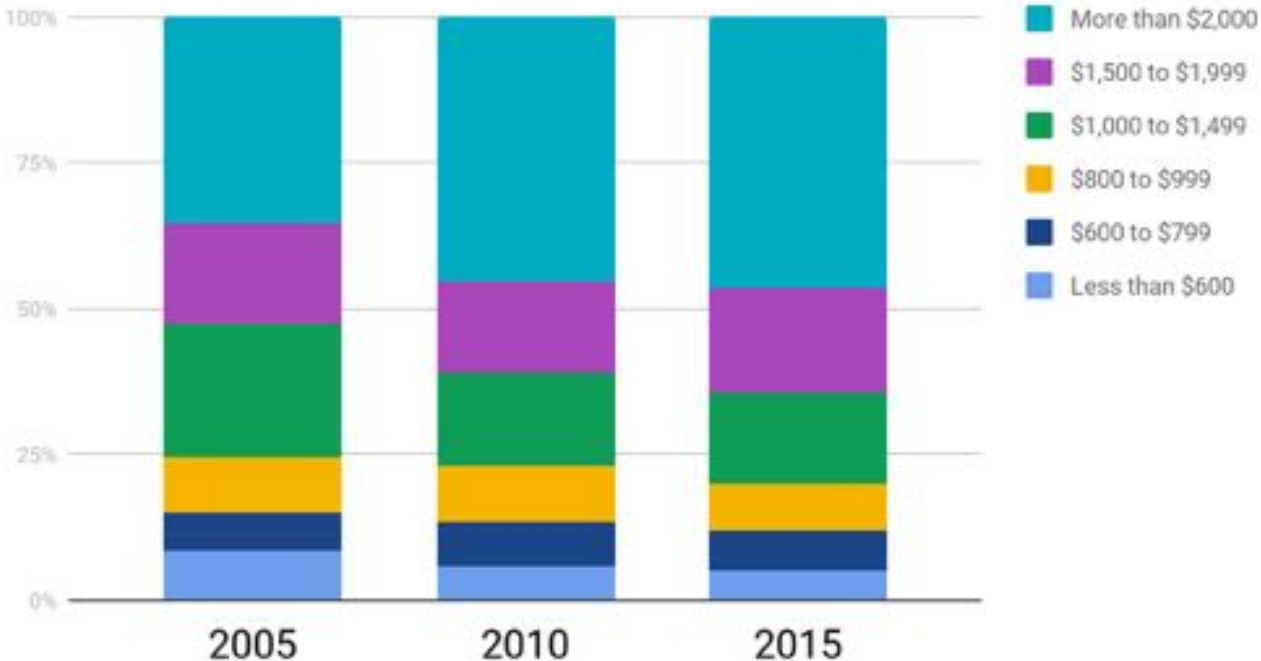
Figure 17: Median monthly homeowner costs



**It is much less expensive to be a homeowner in Newark than in other parts of the county.**



Figure 18: Monthly Homeowner Costs in Newark, 2005-2015



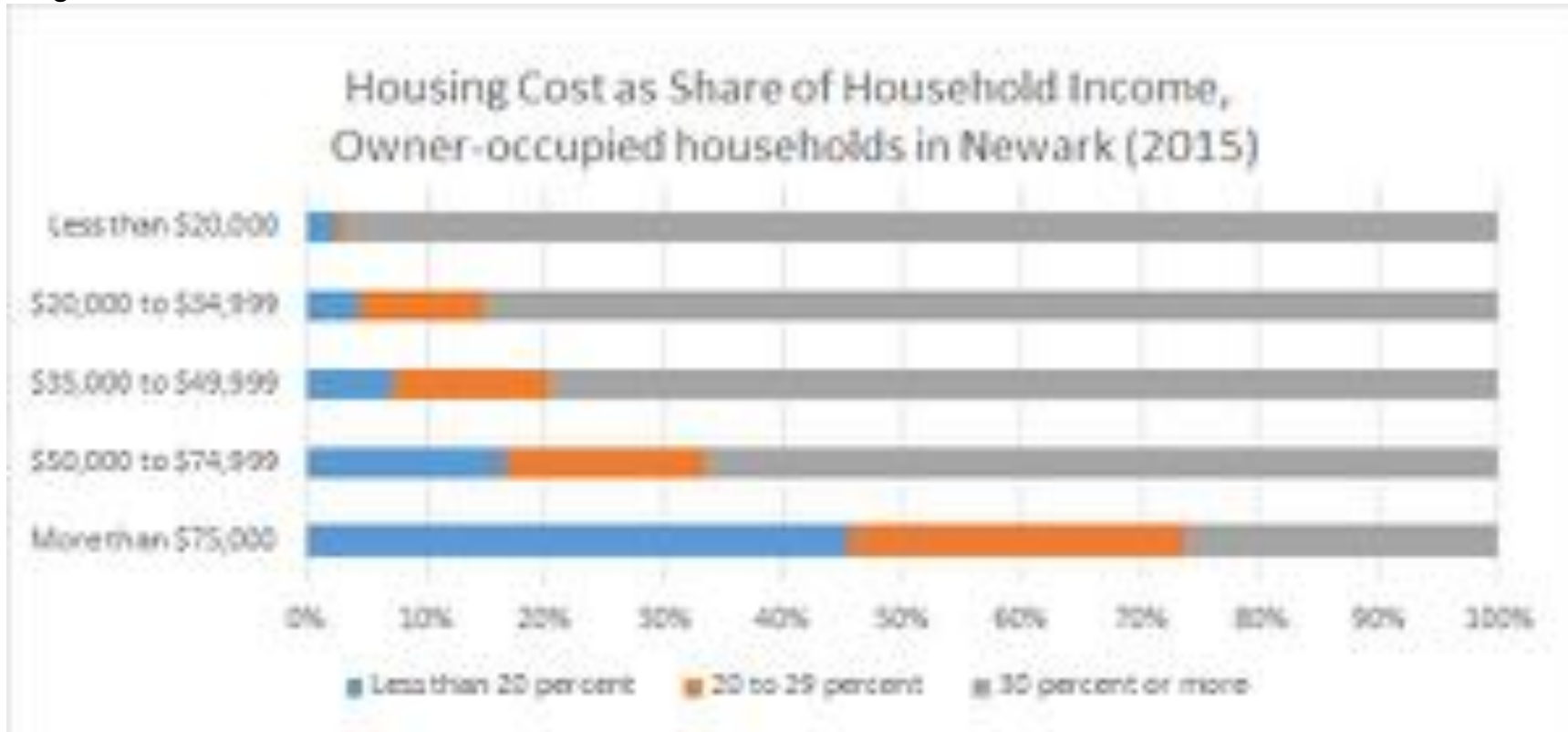
**Homeowner costs have remained stable, but are much higher than renter monthly costs.**

Figure 19: Housing Costs as a Percentage of Household Income, 2015



## Citywide Mortgage Burden, 2015

Figure 20:



**Mortgage burden is the norm for those who make under \$75,000.**

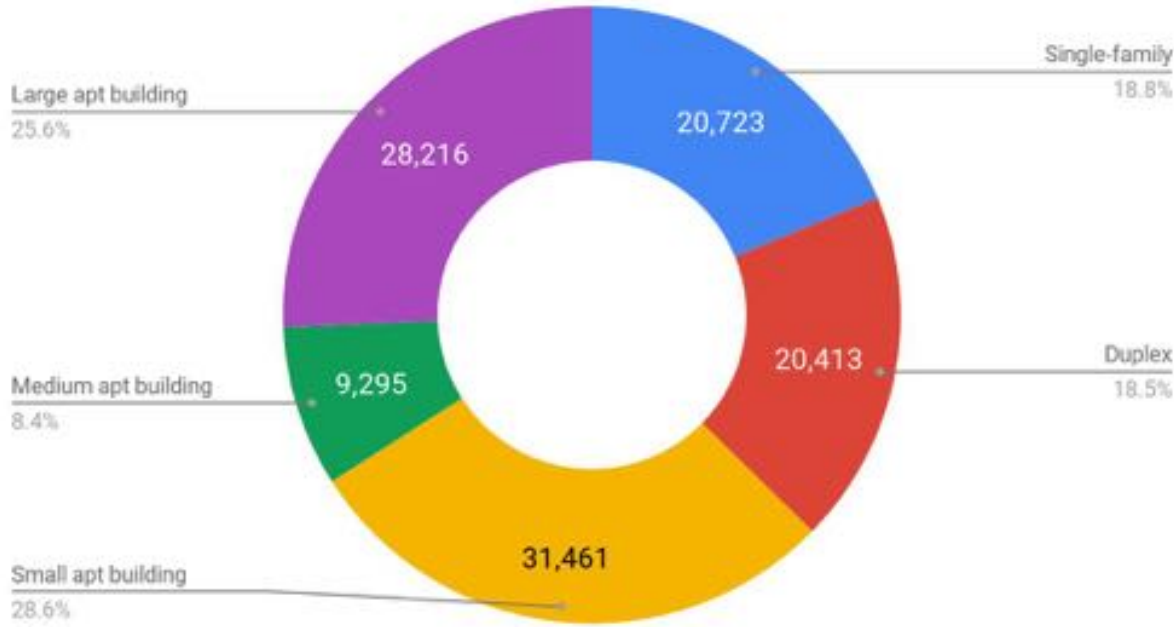
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# Appendix

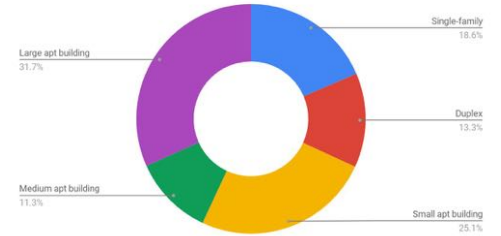
# Housing Stock

Figure 1a: Residential Building Types in Newark, 2015

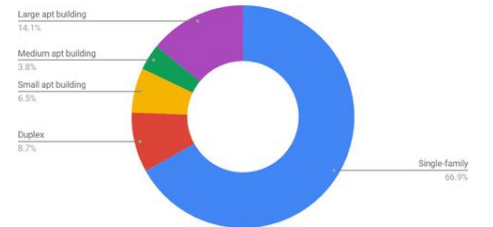


**Newark is similar to Boston in terms of building types.**

Boston



Philadelphia



Jersey City

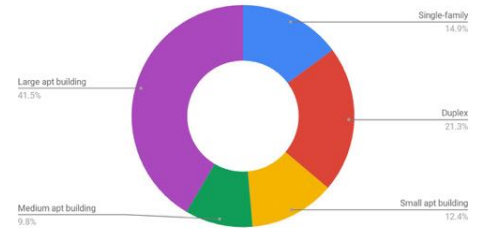
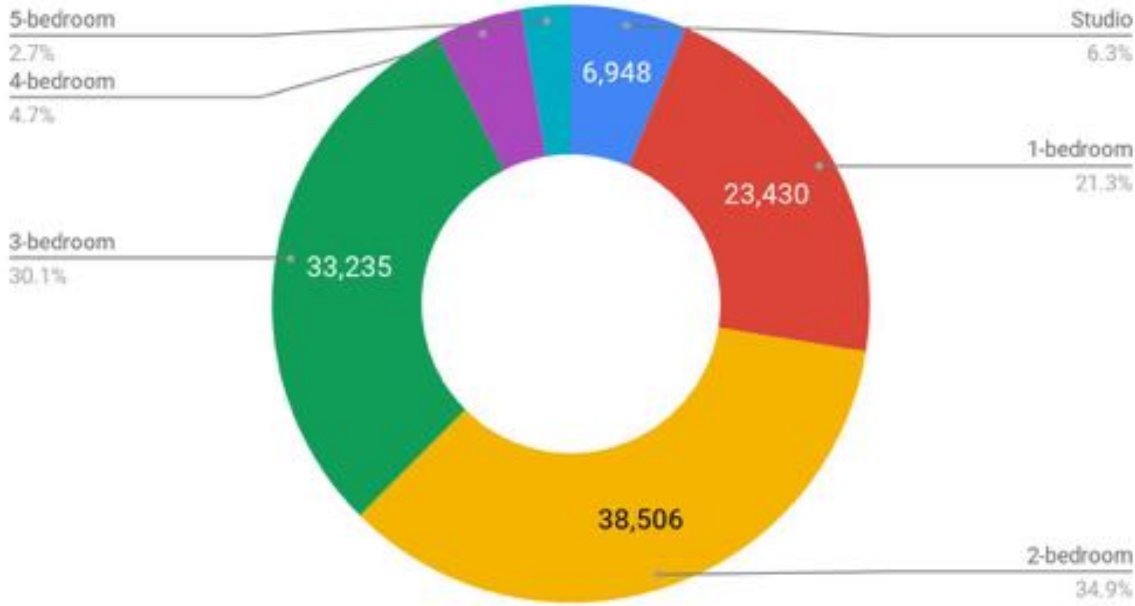
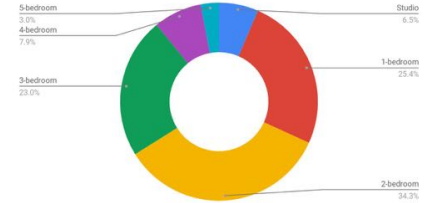


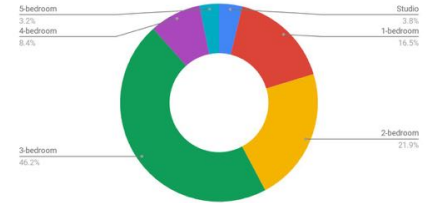
Figure 4: Housing Units by Number of Bedrooms in Newark, 2015



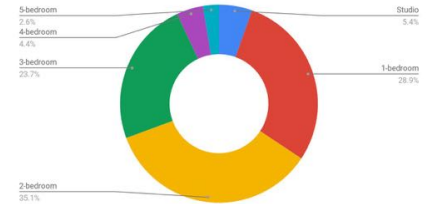
Boston



Philadelphia



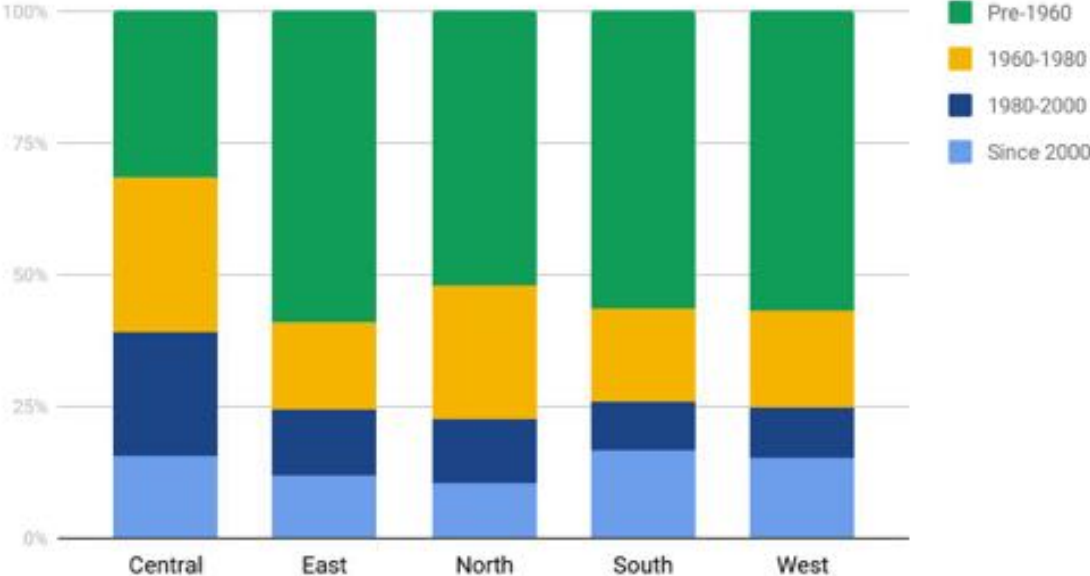
Jersey City



**Newark is similar to most other urban housing markets in terms of quantity of bedrooms.**

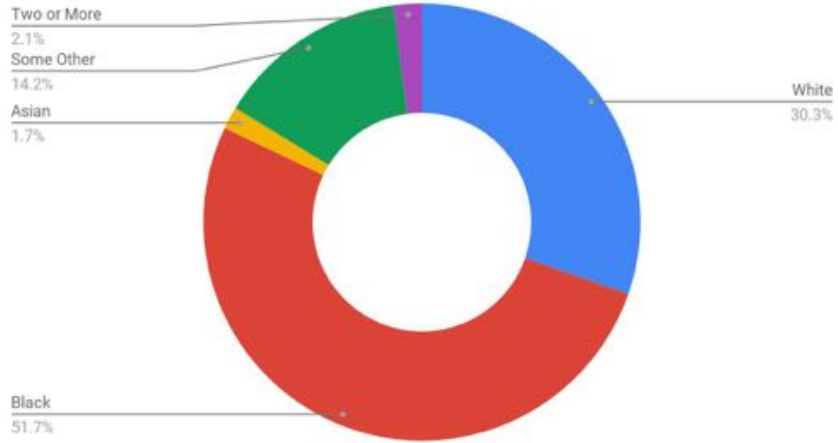


Figure 8: Year Built of Occupied Housing Units of Newark Wards, 2015

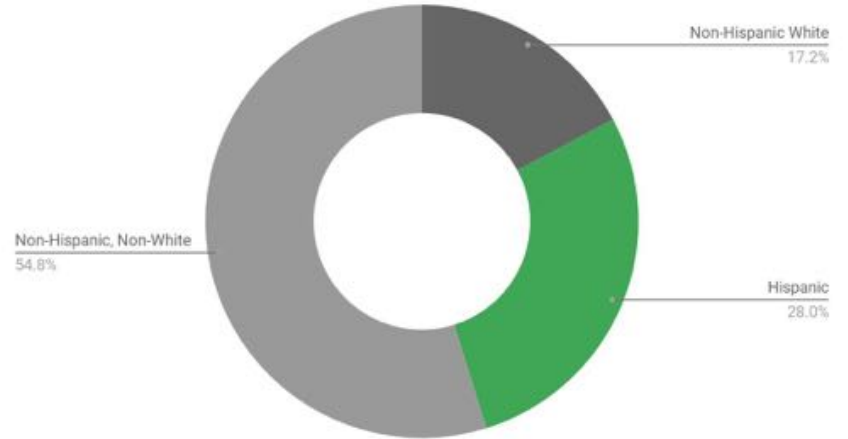


**Central Ward has the youngest housing stock.**

Race of Owner-Occupied Households in Newark, 2015



Hispanic Status of Owner-Occupied Households in Newark, 2015



**The race and ethnicity of homeowners is mostly proportional to the demographics of the city overall.**

**Gentrification**

# What is gentrification?

There are many definitions that revolve around these three issues:

**Race + Class + Change**

Original: “Gentry” moving in

Current working definition:

The displacement and alienation of long-term, low-income residents (and the businesses that serve them) by wealthier, whiter, more educated outsiders (and the businesses that serve them)

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# **Methodology of Indices**

# Measuring Gentrification

## Metrics typically used:

- Demographic change
  - ◆ Race
  - ◆ Household Income
  - ◆ Educational Attainment
  - ◆ Occupation
- Home value increases
- Median rent increases

## Used less often:

- Vacancy reduction
- Business openings

## Metrics not typically used, but important:

- Rate of Evictions
- Renovation Permits
- Loss of affordable units
- Loss of rent-controlled units
- **Displacement**
  - ◆ How many residents were not able to find replacement housing they could afford in their neighborhood?
- Business closures

# A Gentrification Index for Newark

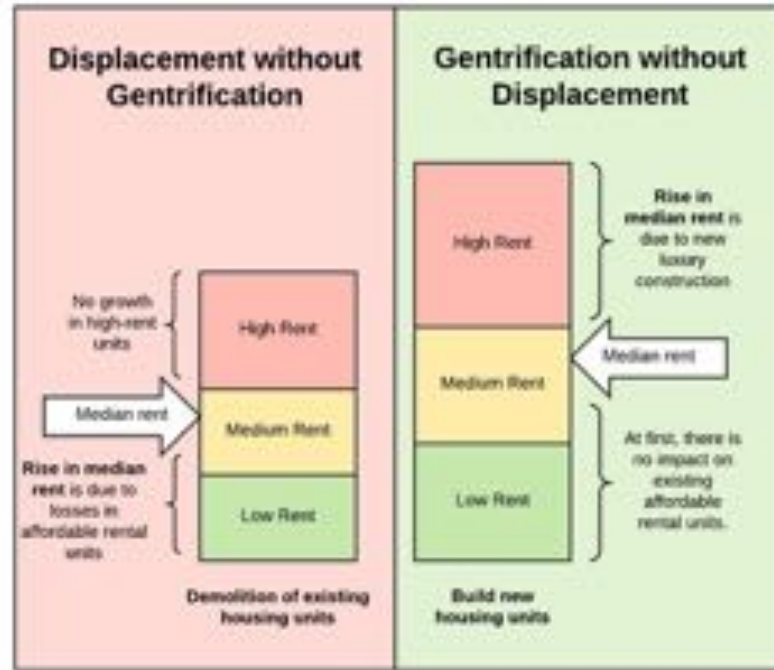
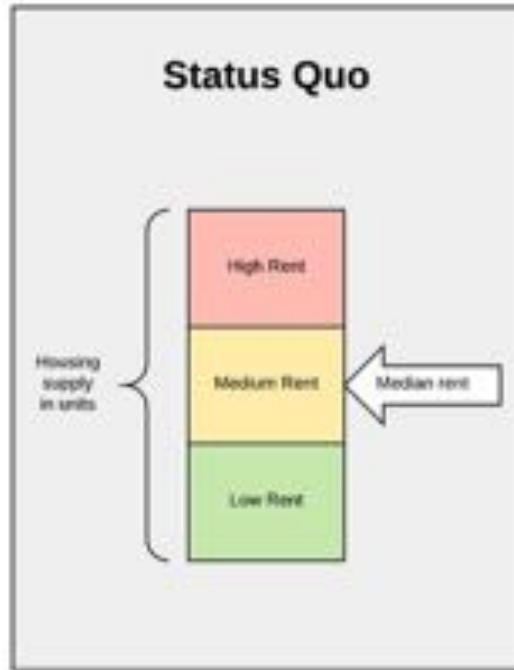
*In Progress*

## → Functional gentrification

- ◆ Rapid rise in home sale prices
- ◆ Rapid rise in current asking rents
- ◆ Rise in number of renovated units
- ◆ Loss of affordable units
- ◆ Rise in eviction rates
- ◆ Rise in tax foreclosure rates
- ◆ Loss of businesses used by residents
  - Example: Laundromats
- ◆ No change or loss of household income for current residents

## → Cultural gentrification

- ◆ Rapid change in race demographics
  - Only whites in black neighborhoods?
- ◆ Increase in educational attainment
- ◆ Increase in household income
- ◆ Increase in professional occupations
- ◆ Gain in businesses used by new residents
  - Example: Starbucks



**Displacement is an injustice accelerated by gentrification that can be prevented by regulating the market.**



# Measures of Success

# What type of redevelopment do we want in Newark?

Potential ideas:

- No displacement
  - Black-led gentrification
  - Minority wealth creation
  - Improvement in amenities and services
  - New businesses hire and serve local residents
  - New businesses and residents are engaged in community
-

# No displacement

## Measure of success:

Current residents should not be forced to leave their current housing and/or should be able to find replacement housing they can afford within Newark.

## How to measure:

- New development in areas without pre-existing residents
- New development in areas with high levels of vacancy
- Number of evictions
- Enforcement of rent control\*\*\*
- Rising property taxes on income-restricted households

# Minority wealth creation

Measure of success:

Residents should economically benefit from gentrification.

How to measure:

- Homeownership rates among minorities
- Housing price appreciation in black neighborhoods

Only 22% of Newark households are homeowners, the 4th lowest rate in the country for a city with more than 50,000 residents.

Neighborhoods with the highest numbers of owner-occupants are the Ironbound, Vailsburg, and Weequahic. The highest median home values are in the Ironbound, Forest Hill, and Upper Roseville.