

Rochester, New York

U.S. Department of Housing and Urban Development

Office of Policy Development and Research

As of April 1, 2014



Housing Market Area





The Rochester Housing Market Area (HMA), which consists of Livingston, Monroe, Ontario, Orleans, and Wayne Counties, on Lake Ontario in the Finger Lakes region of New York, is coterminous with the Rochester, NY Metropolitan Statistical Area. The HMA contains 13 colleges and universities, and the education and health services sector is the largest in the local economy, with approximately 23 percent of all nonfarm payrolls. For purposes of this analysis, the HMA is divided into two submarkets: (1) the Monroe County submarket and (2) the Remainder submarket, which consists of Livingston, Ontario, Orleans, and Wayne Counties.

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Summary

Economy

Led by growth in the education and health services sector, the economy of the Rochester HMA expanded during the past 4 years, although growth slowed during the past year. During the 12 months ending March 2014, nonfarm payrolls increased by 1,900 jobs, or 0.4 percent, to 514,900 jobs. The unemployment rate averaged 6.8 percent, less than the rate of 7.9 percent a year earlier and less than the current statewide rate of 7.4 percent. Nonfarm payroll growth is projected to be moderate during the 3-year forecast period, averaging 0.6 percent annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is currently slightly soft. The estimated

sales vacancy rate is 1.7 percent, up from 1.4 percent in 2010. During the next 3 years, demand is expected for 3,850 new homes (Table 1). The 400 homes under construction and some of the estimated 19,700 other vacant units in the HMA that may reenter the market will satisfy a portion of this demand.

Rental Market

The rental housing market in the HMA is currently balanced to slightly soft. The estimated rental vacancy rate is 7.6 percent compared with 8.0 percent in 2010. During the forecast period, demand is expected for 1,750 new rental units (Table 1). The 840 units currently under construction will satisfy a portion of this demand.

Table 1. Housing Demand in the Rochester HMA During the Forecast Period

	Rochester HMA			Monroe County Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	
Total demand	3,850	1,750	3,075	1,400	770	360	
Under construction	400	840	300	650	100	190	

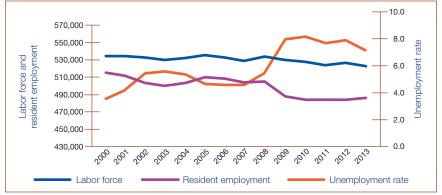
Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2014. A portion of the estimated 19,700 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Economic Conditions

conomic conditions in the Rochester HMA improved during the past 4 years, although job growth has moderated in the past year. During the 12 months ending March 2014, nonfarm payrolls increased by approximately 1,900 jobs, or 0.4 percent, to 514,900 jobs. By comparison, nonfarm payrolls increased an average of 0.8 percent during the previous 3 years. During the 12 months ending March 2014, the unemployment rate averaged 6.8 percent, less than the rate of 7.9 percent a year earlier but higher than the average rate of 4.6 percent

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Rochester HMA, 2000 Through 2013

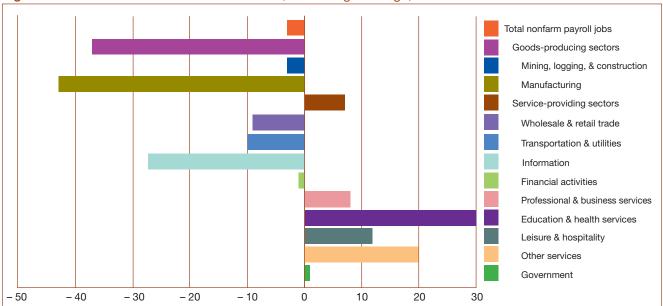


Source: U.S. Bureau of Labor Statistics

from 2005 through 2007. The decline in the unemployment rate during the past year was primarily attributed to the 0.9-percent labor force decrease. In addition, despite the recent declines in the unemployment rate, residential employment remains nearly 4 percent less than the rate in 2008. Figure 1 illustrates trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2013.

Since 2000, economic growth in the HMA has been tempered by significant losses in the manufacturing sector, which declined from 102,700 to 58,300 jobs, a 43-percent decline (Figure 2). The rate of decline in the manufacturing sector was significantly higher in the HMA than in the nation as a whole; nonfarm payrolls in the nation were down 17 percent since 2000. In the HMA, more than 60 percent of the losses were concentrated at the Eastman Kodak Company and Xerox Corporation. Eastman Kodak, where more than 62,000 people were employed in the 1980s, has cut thousands of jobs

Figure 2. Sector Growth in the Rochester HMA, Percentage Change, 2000 to Current



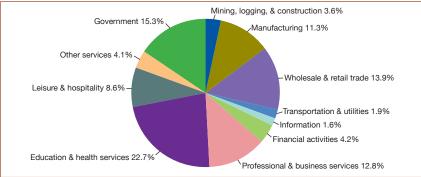
Note: Current is based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

annually because of decreased demand for its products as the industry transformed to digital technology. From 2000 to 2013, total employment at their facilities within the HMA was cut from 24,600 to 5,125, an average decline of 1,500 workers annually. In addition to losses at Eastman Kodak, Xerox has reduced its workforce by approximately 8,000 since 2000. In the manufacturing sector as a whole, the most severe losses were from 2000 through 2004, when payrolls declined by an average of 5,900 jobs, or 6.3 percent, annually. By comparison, payrolls have declined by an average of 2,300 jobs, or 3.3 percent, annually since 2005.

From 2000 through 2003, significant job losses were recorded in the HMA; nonfarm payrolls declined by an average of 7,000 jobs, or 1.3 percent,

Figure 3. Current Nonfarm Payroll Jobs in the Rochester HMA, by Sector



Note: Based on 12-month averages through March 2014. Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Rochester HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Rochester	Education & health services	20,350
Wegmans Food Markets, Inc.	Wholesale & retail trade	14,000
Rochester General Health System	Education & health services	7,600
Xerox Corporation	Manufacturing	6,125
Unity Health System	Education & health services	5,475
Eastman Kodak Company	Manufacturing	5,125
Paychex, Inc.	Professional & business services	3,700
The Lifetime Healthcare Companies	Financial activities	3,600
Rochester Institute of Technology	Education & health services	3,300
YMCA of Greater Rochester	Other services	2,725

Note: Excludes local school districts. Source: Greater Rochester Enterprise annually. More than 95 percent of these losses were in the manufacturing sector, which declined by an average of 6,700 jobs, or 7.0 percent, annually.

Economic conditions improved from 2004 through 2008, but job levels remained below those during 2000. During the 5-year period, nonfarm payrolls increased by an average of 1,300 jobs, or 0.2 percent, annually. Job growth was strongest in the education and health services sector, currently the largest sector in the HMA, with approximately 23 percent of all nonfarm payrolls (Figure 3), which increased by an average of 2,400 jobs, or 1.7 percent, annually. The University of Rochester, the largest employer in the HMA, with 20,350 current employees (Table 2), added approximately 700 employees annually from 2005 through 2008. The university, which includes a hospital, has been the fastest growing employer in the HMA since 2000, adding more than 8,475 jobs. In addition, during 2011, the university paid \$1.35 billion in wages and generated approximately \$143 million in tax revenue (Center for Government Research economic impact study).

Significant losses occurred during 2009 as nonfarm payrolls declined by 13,600 jobs, or 2.6 percent. The largest losses were in the manufacturing, professional and business services, and wholesale and retail trade sectors, which declined by 6,900, 3,000, and 3,000 jobs, or 9.9, 4.7, and 4.1 percent, respectively. Eastman Kodak and Xerox reduced their staff numbers by 700 jobs each and Circuit City closed three stores in the HMA, resulting in 170 jobs lost.

Since 2010, economic conditions in the HMA have improved at a moderate pace; nonfarm payrolls increased by an average of 3,100 jobs, or 0.6 percent, annually. By comparison, nonfarm payrolls increased nationwide and statewide by averages of 1.6 and 1.2 percent annually, respectively. Significant gains were recorded in the education and health services and the professional and business services sectors, which increased at an average annual rate of 1,900 and 1,300 jobs, or 1.7 and 2.1 percent, respectively. Gains in the education and health services sector were partially attributed to the University of Rochester, which added an average of 230 jobs annually. In the professional and business services sector, nearly 65 percent of the gains were concentrated in the administrative and support and waste management and remediation services industry, which increased by an average of 900 jobs, or 3.4 percent, annually.

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Rochester HMA, by Sector

_	12 Month	ns Ending	Absolute	Percent
	March 2013	March 2014	Change	Change
Total nonfarm payroll jobs	513,000	514,900	1,900	0.4
Goods-producing sectors	77,900	76,500	- 1,400	- 1.8
Mining, logging, & construction	18,600	18,300	- 300	- 1.6
Manufacturing	59,300	58,300	- 1,000	- 1.7
Service-providing sectors	435,100	438,300	3,200	0.7
Wholesale & retail trade	72,100	71,500	- 600	- 0.8
Transportation & utilities	9,700	9,700	0	0.0
Information	8,900	8,500	- 400	- 4.5
Financial activities	21,400	21,500	100	0.5
Professional & business services	65,900	66,100	200	0.3
Education & health services	114,300	116,700	2,400	2.1
Leisure & hospitality	42,900	44,500	1,600	3.7
Other services	20,700	20,900	200	1.0
Government	79,200	78,900	- 300	- 0.4

Notes: Numbers may not add to totals because of rounding. Based on 12-month

averages through March 2013 and March 2014.

Source: U.S. Bureau of Labor Statistics

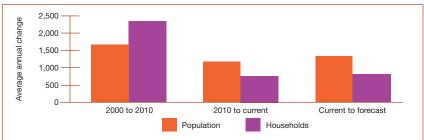
During the 12 months ending March 2014, gains in the service-providing sectors more than offset losses in the goods-producing sectors and nonfarm payrolls increased by approximately 1,900 jobs, or 0.4 percent. The largest gains were in the education and health services and the leisure and hospitality sectors, which were up by 2,400 and 1,600 jobs, or 2.1 and 3.7 percent, respectively (Table 3). The University of Rochester added 350 new jobs during 2013. During the 12 months ending March 2014, the manufacturing sector declined by 1,000 jobs, or 1.7 percent. Losses include the layoff of approximately 410 employees at Bausch & Lomb Incorporated during 2013.

During the 3-year forecast period, economic conditions in the HMA are expected to continue to improve at a moderate pace, with nonfarm payrolls increasing annually by 3,100 jobs, or 0.6 percent. Gains are expected to be concentrated in the service-providing sectors while smaller losses are anticipated to continue in the goodsproducing sectors, although at a slower pace. Expected gains include Verizon Wireless, adding 280 employees when the call center in Monroe County is expanded, and Goodwill of the Finger Lakes hiring 110 new employees when a new store opens in Monroe County.

Population and Households

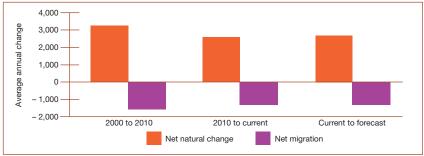
s of April 1, 2014, the estimated population of the Rochester HMA was 1.06 million. From July 2000 to July 2006, the population increased annually by an average of 600, or 0.1 percent. The slow population growth was due to strong net outmigration, which averaged 2,700 people annually and was attributed to significant declines in the manufacturing industry. From July 2006 to April 2010, in response to improving economic conditions from 2004 through 2008, net out-migration slowed to 480 people annually and population growth increased to an average of 2,400 people, or 0.2 percent, annually. Since April 2010, because of significant job losses during 2009 and corresponding high unemployment levels, net outmigration has increased to 1,325 people annually and population growth has slowed to 1,175 people, or 0.1 percent, annually. The population of the HMA

Figure 4. Population and Household Growth in the Rochester HMA, 2000 to Forecast



Notes: The current date is April 1, 2014. The forecast date is April 1, 2017. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Rochester HMA, 2000 to Forecast



Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

is expected to grow at a similar pace of 1,325, or 0.1 percent, annually during the 3-year forecast period. Because of moderate job growth and continued high unemployment levels during the forecast period, net out-migration is expected to continue during the next 3 years but to diminish to an average of 1,100 people annually. Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

The Monroe County submarket is the more populous of the two submarkets in the HMA, with a current population estimate of 750,800. From July 2000 to July 2006, net out-migration throughout the HMA was stronger in the Monroe County submarket, averaging 2,650 annually, leading to population decline that averaged 110 annually. Approximately 20 percent of the out-migration from the Monroe County submarket during this time, however, was into the Remainder submarket (Internal Revenue Service data). Residents moved into the Remainder submarket, specifically to Ontario County, because of its proximity to the Finger Lakes while they maintained the short commute into Monroe County. From July 2006 to April 2010, similar to the HMA as a whole, population growth averaged 0.2 percent, or 1,600 people, annually, as net out-migration slowed to 690 annually. Since April 2010, population growth continued at a similar pace, averaging 1,625 people, or 0.2 percent, annually, and net out-migration averaged 550 people annually. The population in the Monroe County submarket is estimated to increase by 1,700, or 0.2 percent, during the next 3 years, to 755,900.

The population of the Remainder submarket grew at a faster pace than

the Monroe County submarket from 2000 to 2010, but this trend has recently reversed. As economic growth has slowed since 2009, the number of residents moving from the Monroe County submarket into the Remainder submarket has decreased, primarily because of their financial inability to upgrade into the newer and more expensive housing options in the Remainder submarket. The current population in the Remainder submarket is estimated at 308,200. From 2000 to 2010, the population increased during all years, averaging 750, or 0.2 percent, annually, while net inmigration averaged 65 people annually. Migration into the submarket was partially driven by residents who moved from the Monroe County submarket into the Remainder submarket; 40 percent of in-migration was from the Monroe County submarket (Internal Revenue Service data). Since 2010, despite moderate economic growth in the HMA, net out-migration from the Remainder submarket averaged 770 annually, and population decline averaged 440 people, or 0.1 percent, annually. Net out-migration is estimated to continue during the forecast period, averaging 600 people annually, and population decline is estimated to continue at a rate 230 people, or 0.1 percent, annually, to 307,500 by April 1, 2017.

Within the Remainder submarket, net in-migration and population growth were concentrated in Ontario County because of the newer housing options and proximity to the Finger Lakes. The current population in Ontario County is estimated at 109,400. From 2000 to 2010, the population of Ontario County increased by an average of 770, or 0.7 percent, and net inmigration averaged 580. Since 2010,

net in-migration continued, but at a more moderate pace, averaging 320 people annually, and population growth averaged 360 people, or 0.3 percent, annually. Population growth is estimated to increase slightly in Ontario County during the next 3 years, averaging 570 people, or 0.5 percent, annually, to a population of 111,100, as net in-migration is expected to increase to 500 people annually.

Of the estimated 423,500 households

residing in the Rochester HMA as of April 1, 2014, nearly 67 percent were homeowners. The number of households has increased annually by an average of 740, or 0.2 percent, since April 2010. By comparison, the number of households increased annually by an average of 2,325, or 0.6 percent, from 2000 to 2010. The slower household growth since 2010 is partially attributed to moderate economic growth as the economy continues to recover from job losses in 2009 and to stricter lending requirements preventing young professionals from forming their own households and becoming first-time homebuyers. The number of households in the HMA is expected to increase at an average annual rate of 0.2 percent, or by 800 households, during the forecast period, to reach 425,900. Household growth is estimated to be concentrated in the Monroe County submarket as the number of households in the Remainder submarket is expected to decline by an average of 15 households, or less than 0.1 percent, annually. Despite a slight decline in the number of households in the Remainder submarket, household growth is anticipated in Ontario County. Figures 6 and 7 illustrate the number of households by tenure in both submarkets from 2000 to the current date.

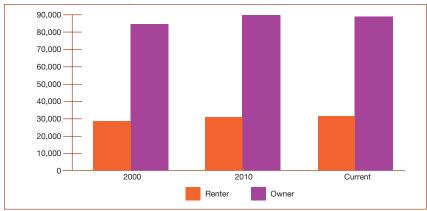
Figure 6. Number of Households by Tenure in the Monroe County Submarket, 2000 to Current



Note: The current date is April 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current-estimates by analyst

Figure 7. Number of Households by Tenure in the Remainder Submarket, 2000 to Current



Note: The current date is April 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Monroe County Submarket

The sales housing market in the Monroe County submarket is currently balanced, with an estimated vacancy rate of 1.1 percent, down from 1.3 percent in 2010 and 1.4 percent in 2000 (Table DP-2 at the end of the report). Conditions have remained balanced to slightly soft since 2000, but inventory levels have recently declined. During the first quarter of 2014, the inventory of unsold homes approximated a 3.9-month supply compared with a 4.6-month supply during the first quarter of 2013 (New York State Association

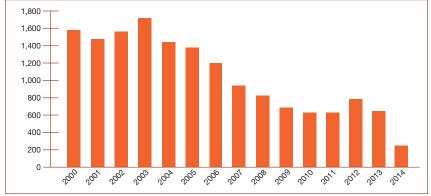
of REALTORS®, Inc.). The distressed loan rate in Monroe County recently decreased, but the level remains higher than the rates recorded before 2009. As of March 2014, 6.7 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 7.0 percent a year earlier but significantly higher than the 3.0-percent rate in March 2008 (Black Knight Financial Services, Inc.). The current rate is less than the statewide rate of 8.0 percent but higher

than the national rate of 5.2 percent. The rate of distressed loans and REO properties are higher in the submarket and statewide compared with the rest of the country because of New York's lengthy foreclosure process.

During the 12 months ending February 2014, approximately 10,100 new and existing homes (including singlefamily homes, townhomes, and condominiums) sold in the submarket, an increase of 430 homes, or 4 percent, from a year earlier (CoreLogic, Inc.). Recent sales activity, however, is down 36 percent compared with the average of 15,900 homes sold annually from 2000 through 2007. By comparison, the number of homes sold averaged 10,600 from 2008 through 2011. During the 12 months ending February 2014, the average sales price of new and existing homes sold increased 1 percent, to \$144,200. The current average sales price is at an all-time high and prices have increased every year since 2009, up an average of 3 percent annually.

Single-family construction activity, as measured by the number of homes permitted, remained relatively stable during the past 5 years, but levels remain below those recorded early in

Figure 8. Single-Family Homes Permitted in the Monroe County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2014. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

the 2000s. From 2000 through 2005, construction activity averaged 1,550 homes permitted annually (Figure 8). During 2006 and 2007, construction activity decreased to an average of 1,075 homes permitted because of slower population growth. Since 2008, construction activity further declined to an average of 720 homes permitted annually in response to a declining demand for new homes because of weak economic conditions in 2009 and 2010 and stricter borrowing requirements for homeowners. During the 12 months ending March 2014, approximately 610 new single-family homes were permitted compared with the 690 homes permitted during the previous 12 months (preliminary data). Recent construction activity includes Graywood Meadows in West Henrietta, with approximately 70 of the 120 planned single-family homes completed since 2011, and the developer expects the remaining homes to be built during the next 2 to 3 years. Sales prices of these three-bedroom, two-bathroom homes start at \$220,000.

During the next 3 years, demand is expected for 3,075 new homes, including single-family homes, townhomes, and condominiums (Table 1). The 300 homes under construction and some of the estimated 8,275 other vacant units in the submarket that may reenter the market will satisfy a portion of this demand. Demand is expected to be consistent during the forecast period as net migration and population growth are not anticipated to vary. New home prices in the submarket are expected to start at \$125,000, and approximately one-half of the demand will be for homes priced between \$200,000 and \$299,999 (Table 4).

 Table 4. Estimated Demand for New Market-Rate Sales Housing in the

morned dealing discrete and a secondary conductive and a							
Price R	ange (\$)	Units of	Percent				
From	То	Demand	of Total				
125,000	149,999	310	10.0				
150,000	199,999	460	15.0				
200,000	249,999	770	25.0				
250,000	299,999	770	25.0				
300,000	349,999	460	15.0				
350,000	and higher	310	10.0				

Monroe County Submarket During the Forecast Period

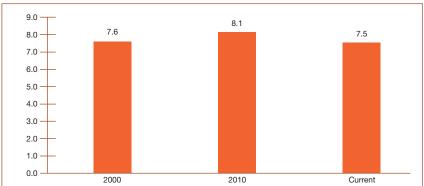
Notes: The 300 homes currently under construction and a portion of the estimated 8,275 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Rental Market—Monroe County Submarket

The rental housing market in the Monroe County submarket is currently balanced. The estimated vacancy rate is 7.5 percent, down from 8.1 percent in 2010 (Figure 9). Rent concessions were minimal at apartment complexes throughout the submarket in March

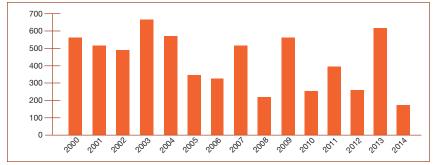
Figure 9. Rental Vacancy Rates in the Monroe County Submarket, 2000 to Current



Note: The current date is April 1, 2014.

Sources: 2000 and 2010-2000 Census and 2010 Census; current-estimates by analyst

Figure 10. Multifamily Units Permitted in the Monroe County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2014. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst 2014 (analyst's survey). Conditions were slightly soft in 2010 but have since been brought into balance because of increased demand for rental units and decreased construction activity.

From 2000 through 2009, multifamily building activity, as measured by the number of units permitted, averaged 480 units permitted annually (Figure 10). From 2010 through 2012, because of slightly soft market conditions, building activity declined to an average of 300 units permitted annually. Since 2013, in response to increased demand for rental units due to moderate economic growth and stricter home loan requirements, approximately 790 units were permitted, or an average of 630 units annually. More than 80 percent of these units, however, are still under construction. Recent construction activity includes approximately 110 units for seniors at The Legends at North Ponds in Webster: rents for one- and two-bedroom units start at approximately \$900 and \$1,000, respectively.

Students at 10 colleges and universities in Monroe County occupy a significant number of rental units in the submarket. Approximately 47,850 students are currently enrolled at these colleges

Rental Market-Monroe County Submarket Continued

and universities, nearly 40 percent of whom reside on campus. Of the remaining 28,700 students, approximately 80 percent live in the Monroe County submarket, mostly in the city of Rochester. Student households account for an estimated 7 percent of all rental households in Monroe County. Total student enrollment is expected to increase by approximately 350 students during the

units, including 150 privately owned off-campus units are expected to come on line during the next 3 years.

During the forecast period, demand is expected for 1,400 new rental units (Table 1). The 650 units under construction will satisfy a portion of this demand. Table 5 shows the estimated demand, by rent level and number of bedrooms, for new rental housing in Monroe County during the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Monroe County Submarket During the Forecast Period

3-year forecast period, while approxi-

mately 220 new student apartment

Zero Bedro	oms	One Bedro	oom	Two Bedro	oms	Three or More E	Bedrooms
Monthly Gross Rent (\$)	Units of Demand						
500 to 699	20	600 to 799	65	750 to 949	140	1,000 to 1,199	40
700 to 899	35	800 to 999	110	950 to 1,149	280	1,200 to 1,399	110
900 or more	20	1,000 or more	40	1,150 to 1,349	180	1,400 to 1,599	150
				1,350 or more	110	1,600 to 1,799	85
						1,800 or more	40
Total	70	Total	210	Total	700	Total	420

Notes: Numbers may not add to totals because of rounding. The 650 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

Sales Market—Remainder Submarket

The sales housing market in the Remainder submarket is currently soft, with an estimated vacancy rate of 2.9 percent, up from the 2010 rate of 1.7 percent (Table DP-3 at the end of the report). Conditions in Ontario County, however, are currently balanced. Conditions in the submarket were slightly soft from 2000 through 2009 but have become softer because of strong net out-migration and an excess supply. The distressed loan rate in the Remainder submarket declined during the past year, but levels remain high compared with those before 2009. As of March 2014, 6.5 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 7.4 percent

a year earlier but significantly higher than the 3.0-percent rate in March 2008 (Black Knight Financial Services, Inc.). Ontario County had the lowest rate of distressed loans and REO properties in the Remainder submarket, at 5.9 percent, in March 2014.

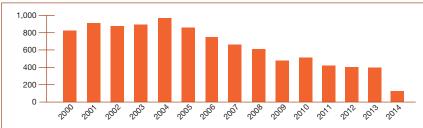
During 2013, approximately 3,350 new and existing homes (including single-family homes and townhomes) sold in the submarket, a decrease of 270 homes, or 7 percent, compared with the number sold a year earlier (CoreLogic, Inc.). Recent sales activity is down 28 percent from the average of 4,950 homes sold annually from 2000 through 2007 and down slightly compared with the 3,575 homes sold annually from 2008 through 2011.

Sales Market-Remainder Submarket Continued

During 2013, the average sales price of new and existing homes sold declined 1 percent, to \$141,900. By comparison, during 2012, the average sales price increased 2 percent, to \$143,300, which was the all-time highest recorded average price. Sales prices increased in all but 1 year from 2000 through 2012, up an average of 4 percent annually.

Single-family construction activity, as measured by the number of homes permitted, currently remains well below the levels of the early 2000s. From 2000 through 2005, construction activity averaged 890 units permitted annually (Figure 11). Since 2006, construction

Figure 11. Single-Family Homes Permitted in the Remainder Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2014. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket During the Forecast Period

Price F	Range (\$)	Units of	Percent
From	То	Demand	of Total
150,000	199,999	40	5.0
200,000	249,999	150	20.0
250,000	299,999	190	25.0
300,000	349,999	120	15.0
350,000	399,999	120	15.0
400,000	449,999	75	10.0
450,000	and higher	75	10.0

Notes: The 100 homes currently under construction and a portion of the estimated 11,400 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

activity has decreased as demand decreased because of stricter home loan requirements and decreasing population growth. Since 2006, the number of single-family homes permitted averaged 530 units annually. During the 12 months ending March 2014, approximately 170 homes were permitted, relatively unchanged from the previous 12-month period (preliminary data). Approximately 60 percent of the singlefamily homes permitted in the submarket since 2010 were in Ontario County, up from 50 percent in the 2000s. Recent construction activity includes Auburn Meadows in Farmington, Ontario County. Approximately 200 of the 470 planned single-family homes have been completed since 2006, and the developer expects the remaining homes to be built during the next 10 years. Sales prices of these three-bedroom, two-bathroom homes start at \$218,000.

During the 3-year forecast period, demand is expected for 770 new homes. with most of the demand concentrated in Ontario County (Table 1). The 100 homes under construction and some of the estimated 11,400 other vacant units that may reenter the market will satisfy a portion of this demand. Demand is expected to be consistent during the forecast period as net migration and population growth are not anticipated to vary. New home prices are expected to start at \$150,000, and approximately 45 percent of the demand will be for homes priced between \$200,000 and \$299,999 (Table 6).

Rental Market-Remainder Submarket

The rental housing market in the Remainder submarket is currently soft, but conditions in Ontario County are currently balanced. The estimated

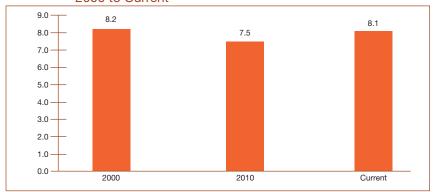
vacancy rate in the submarket is 8.1 percent, up from 7.5 percent in 2010 (Figure 12). Rental market conditions were balanced in the 2000s because

Rental Market—Remainder Submarket Continued

of steady building activity and net inmigration, but they have since softened because of net out-migration.

From 2000 through 2009, multifamily building activity, as measured by the

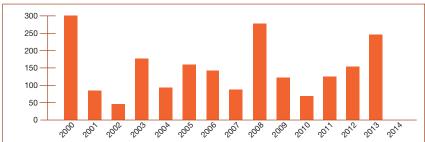
Figure 12. Rental Vacancy Rates in the Remainder Submarket, 2000 to Current



Note: The current date is April 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current-estimates by analyst

Figure 13. Multifamily Units Permitted in the Remainder Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2014. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Remainder Submarket During the Forecast Period

One Bedro	oom	Two Bedro	Two Bedrooms Three or More Bedroom		Bedrooms
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	30	800 to 999	150	1,000 to 1,199	30
900 or more	5	1,000 to 1,199	45	1,200 to 1,399	55
		1,200 or more	20	1,400 or more	20
Total	35	Total	220	Total	110

Notes: Numbers may not add to totals because of rounding. The 190 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analyst

number of units permitted, averaged 150 units permitted annually (Figure 13). Since 2010, despite net out-migration, building activity has remained steady, averaging 140 units permitted annually. Approximately 68 percent of the units permitted since 2010 have been in Ontario County because demand has been concentrated in this area because of population growth in the county. By comparison, approximately one-half of all units permitted in the submarket in the 2000s were in Ontario County. During the 12 months ending March 2014, approximately 95 new multifamily units were permitted compared with the 140 units permitted during the previous 12 months (preliminary data). Current construction activity includes the 184-unit Auburn Creek Apartments, in Victor, Ontario County. Preleasing for these apartments has begun and the first units are expected to come on line during the summer of 2014.

Similar to demand for owner units, demand for rental units in the Remainder submarket during the next 3 years will be concentrated in Ontario County. During the 3-year forecast period, demand in the Remainder submarket is expected for 360 rental units (Table 1). The 190 units currently under construction will satisfy a portion of this demand. Table 7 shows the estimated demand, by rent level and number of bedrooms, for new rental housing in the Remainder submarket during the forecast period.

Data Profiles

Table DP-1. Rochester HMA Data Profile, 2000 to Current

				Average Ann	nual Change (%)
	2000	2010	Current	2000 to 2010	2010 to Current
Total resident employment	515,129	484,236	485,600	- 0.6	0.1
Unemployment rate	3.6%	8.2%	6.8%		
Nonfarm payroll jobs	529,800	502,100	514,900	- 0.5	0.8
Total population	1,037,831	1,054,323	1,059,000	0.2	0.1
Total households	397,303	420,554	423,500	0.6	0.2
Owner households	269,879	282,672	282,300	0.5	0.0
Percent owner	67.9%	67.2%	66.7%		
Renter households	127,424	137,882	141,200	0.8	0.6
Percent renter	32.1%	32.8%	33.3%		
Total housing units	427,172	455,397	459,700	0.6	0.2
Owner vacancy rate	1.4%	1.4%	1.7%		
Rental vacancy rate	7.7%	8.0%	7.6%		
Median Family Income	\$50,600	\$54,056	\$68,700	0.7	8.3

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Monroe County Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	735,343	744,344	750,800	0.1	0.2
Total households	286,512	300,422	303,800	0.5	0.3
Owner households	186,426	193,125	193,400	0.4	0.0
Percent owner	65.1%	64.3%	63.7%		
Rental households	100,086	107,297	110,400	0.7	0.7
Percent renter	34.9%	35.7%	36.3%		
Total housing units	304,388	320,593	323,200	0.5	0.2
Owner vacancy rate	1.4%	1.3%	1.1%		
Rental vacancy rate	7.6%	8.1%	7.5%		

Notes: Numbers may not add to totals because of rounding. The current date is April 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Remainder Submarket Data Profile, 2000 to Current

				Average Ann	nual Change (%)
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	302,488	309,979	308,200	0.2	- 0.1
Total households	110,791	120,132	119,750	0.8	- 0.1
Owner households	83,453	89,547	88,900	0.7	- 0.2
Percent owner	75.3%	74.5%	74.2%		
Rental households	27,338	30,585	30,850	1.1	0.2
Percent renter	24.7%	25.5%	25.8%		
Total housing units	122,784	134,804	136,500	0.9	0.3
Owner vacancy rate	1.6%	1.7%	2.9%		
Rental vacancy rate	8.2%	7.5%	8.1%		

Notes: Numbers may not add to totals because of rounding. The current date is April 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2014—Analyst's estimates
Forecast period: 4/1/2014–4/1/2017—Analyst's
estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures

are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_RochesterNY_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.