

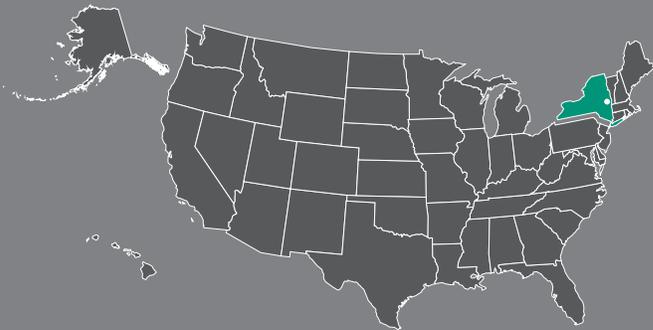
# HUD PD&R Housing Market Profiles

## Albany-Schenectady-Troy, New York



### Quick Facts About Albany-Schenectady-Troy

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **The State University of New York, College of Nanoscale Science and Engineering, with more than \$20 billion in public and private investments since its establishment in 2001, has raised the national profile of the metropolitan area in the field of nanotechnology.**



By Benjamin B. Houck | As of March 1, 2014

### Overview

The Albany-Schenectady-Troy (hereafter, Albany) metropolitan area comprises Albany, Rensselaer, Saratoga, Schenectady, and Schoharie Counties in eastern Upstate New York. Historically known as the Capital Region, it includes the city of Albany, state capital of New York. It is also within a larger 19-county region known as Tech Valley because of its growing high-technology economy.

- As of March 1, 2014, the estimated population in the metropolitan area was 879,100, an average annual increase of 1,800, or 0.2 percent, since July 2013.
- Population growth since July 2013 was down from an annual average of 2,500 people, or 0.3 percent, during the previous 2 years because of a slowdown in economic growth since mid-2012. Net in-migration averaged 1,150 people annually from July 2011 to July 2013 but declined to an average of 400 people annually since July 2013.
- Albany and Saratoga Counties, the two most populous counties in the metropolitan area, accounted for 95 percent of the population growth since 2010.



The share of government-sector jobs in the Albany area has declined with economic diversification.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	442.6	442.5	- 0.1	0.0
Goods-producing sectors	39.2	40.7	1.5	3.8
Mining, logging, and construction	15.7	16.7	1.0	6.4
Manufacturing	23.4	24.0	0.6	2.6
Service-providing sectors	403.4	401.8	- 1.6	- 0.4
Wholesale and retail trade	61.1	61.5	0.4	0.7
Transportation and utilities	12.2	12.3	0.1	0.8
Information	8.5	8.2	- 0.3	- 3.5
Financial activities	25.2	25.2	0.0	0.0
Professional and business services	51.9	50.4	- 1.5	- 2.9
Education and health services	90.1	90.9	0.8	0.9
Leisure and hospitality	34.5	34.1	- 0.4	- 1.2
Other services	17.7	17.7	0.0	0.0
Government	102.2	101.4	- 0.8	- 0.8
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.9	6.1		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

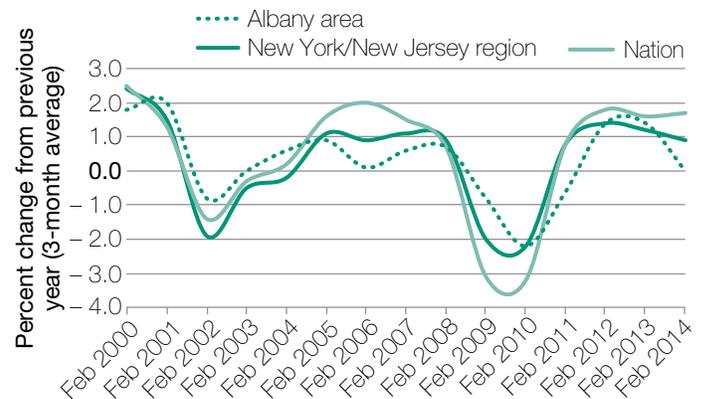
## Economic Conditions

Annual nonfarm payroll growth in the Albany metropolitan area averaged more than 1 percent from mid-2011 through mid-2013. Growth halted more recently, however, with losses in the professional and business services and the leisure and hospitality sectors, offsetting gains in other sectors.

During the 3 months ending February 2014—

- Nonfarm payrolls were unchanged compared with average payrolls a year earlier, at 442,500 jobs, down from a gain of nearly 6,000 jobs, or 1.4 percent, during the 3 months ending February 2013.
- The mining, logging, and construction sector increased by 1,000 jobs, or 6.4 percent. The construction of the \$2 billion GlobalFoundries Inc. Technology Development Center (TDC), which began in Saratoga County in early 2013, is expected to be complete by the end of 2014. GlobalFoundries plans to add a combined 1,000 employees during 2014 at the TDC and its \$7 billion computer chip production facility, which opened in 2012.
- The education and health services sector added 800 jobs, a 0.9-percent increase. Albany Medical Center opened the \$360 million Patient Pavilion in June 2013, which added an estimated 1,000 jobs to the sector.
- The professional and business services sector declined by 1,500 jobs, or 2.9 percent, mostly because of 1,300 jobs, or 4.2 percent, lost in the professional, scientific, and technical services subsector.

## Economic growth in the Albany area slowed, despite regional and national gains.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Albany area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Peter's Health Partners	Education and health services	9,100
General Electric Company	Manufacturing	7,000
Albany Medical Center	Education and health services	6,825

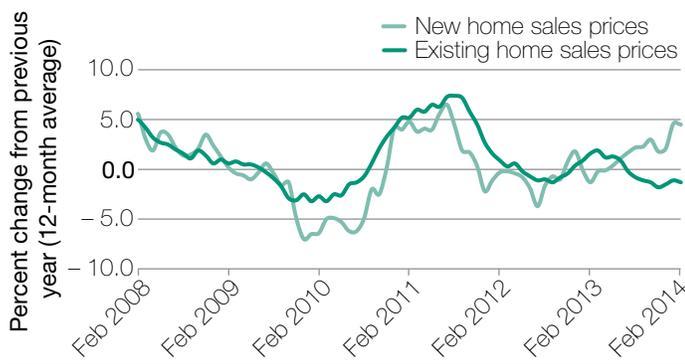
Notes: Employee totals as of 2013. Excludes local school districts.  
Source: Albany Business Review

## Sales Market Conditions

The sales housing market in the Albany metropolitan area is slightly soft. Despite declines in sales volume during the past year, average sales prices for new and existing homes were stable during the past 5 years. The mortgage delinquency rate remains high.

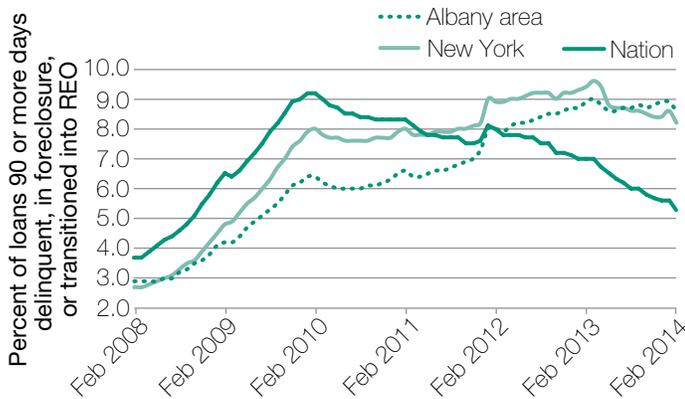
- Existing home sales (including single-family homes, townhomes, and condominiums) declined 14 percent from the previous 12 months, to 8,850 homes sold during the 12 months ending February 2014. The average existing home sales price declined 1 percent, to \$200,800 (CoreLogic, Inc.).
- New home sales (including single-family homes, townhomes, and condominiums) totaled 580 during the 12 months ending February 2014, down 9 percent from a year earlier but up 24 percent compared with the average number sold annually from

Despite some variation, home sales prices in the Albany area have been stable for the past 5 years.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

New York has one of the longest foreclosure timelines in the nation, elevating the percentage of distressed mortgages in the Albany area.



REO = Real Estate Owned. Source: Black Knight Financial Services, Inc.

2009 through 2011. The average new home sales price rose 4 percent, to \$366,200, during the 12 months ending February 2014.

- As of February 2014, the inventory of unsold new and existing homes was slightly more than an 8-month supply, down from supplies of more than 9 months a year earlier and more than 10 months from 2009 through 2011 (Greater Capital Association of REALTORS®).
- The percentage of mortgage loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status has generally increased for the past 6 years, to 8.6 percent as of February 2014 (Black Knight Financial Services, Inc.). This rate is higher than the 8.2-percent rate for New York, which has the third highest statewide rate in the nation.

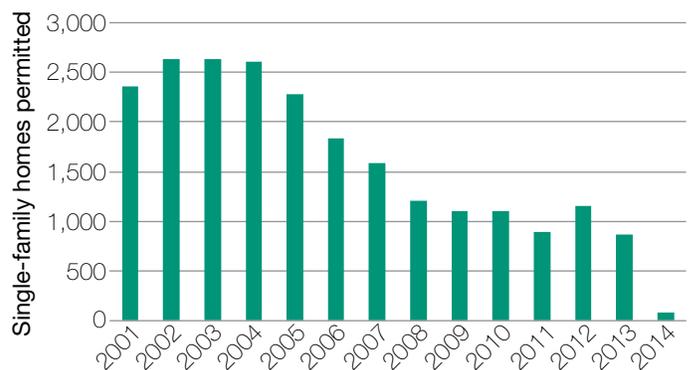
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The decline in home sales in the Albany area was likely the result of increasing mortgage interest rates.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

Home builders constructed approximately 1,000 single-family homes annually in the Albany area from 2008 through 2013.



Note: Includes preliminary data from January 2013 through February 2014. Source: U.S. Census Bureau, Building Permits Survey



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Severe winter weather hindered homebuilding activity in early 2014. Nonetheless, 840 permits were issued for single-family homes during the 12 months ending February 2014, 11 percent more than the 760 homes permitted during the previous 12 months (preliminary data).

- From 2009 through 2011, the number of single-family homes permitted averaged 1,025 annually, 59 percent less than the average of 2,500 homes permitted annually from 2001 through 2005.

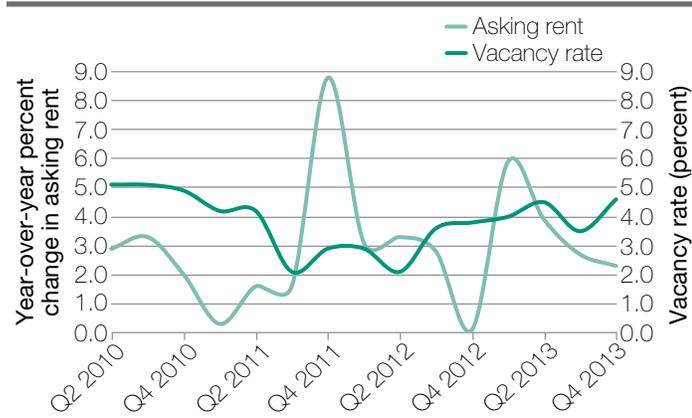
## Apartment Market Conditions

Apartment market conditions in the Albany metropolitan area are balanced. Annual rent growth averaged 3 percent and the vacancy rate was less than 5 percent during the past 3 years.

During the fourth quarter of 2013—

- The apartment vacancy rate was 4.6 percent, up from 3.8 percent during the fourth quarter of 2012 (MPF Research). The increase in the vacancy rate during the past 2 years coincided with heightened multifamily construction activity.
- The average effective rent was \$1,016, a 2.3-percent increase compared with the average effective rent a year earlier.
- The average effective rent in the Albany metropolitan area was approximately 25 percent more than the rent in other metropolitan areas in upstate New York, including Buffalo, Rochester, and Syracuse, but approximately 20 percent less than the rent in the New Haven, Connecticut, and Providence, Rhode Island, metropolitan areas.

### Low vacancy rates resulted in positive rent growth in the Albany area during the past 5 years.



Source: MPF Research

- Cities and towns in Saratoga County accounted for 55 percent of the permits issued for single-family homes during the 12 months ending February 2014. Subdivisions under construction in Saratoga County include 153 homes at Lakeview Landing, where prices start at \$330,440 for a two-bedroom home.
- The construction of 72 quadplex condominium homes at The Reserve at Whitehall Pointe, with prices starting at \$199,900, is expected to be complete in the city of Albany during 2014.

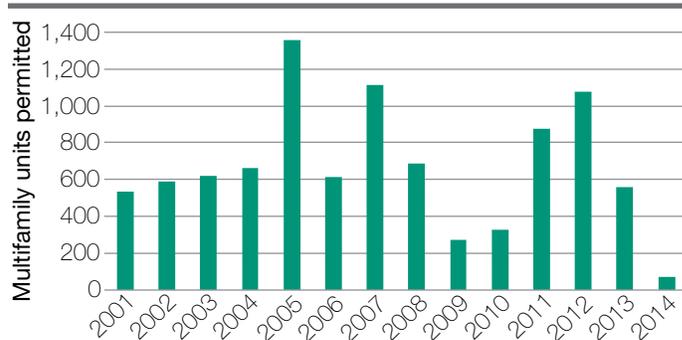
- The average effective rents by number of bedrooms were \$888, \$1,065, and \$1,433 for one-, two-, and three-bedroom apartments, respectively.

Approximately 3,200 apartments have been built or added through nonresidential conversions in the metropolitan area since January 2010 (CB Richard Ellis). Many were completed near the Hudson and Mohawk Rivers, which run through larger cities and towns. New apartment construction activity averaged 650 units a year from 2008 through 2012.

- During the 12 months ending February 2014, 590 apartments were permitted for new construction in the metropolitan area compared with the 720 apartments permitted during the previous 12 months (preliminary data).
- The Kensington at Halfmoon, a 200-unit, garden-style apartment community under construction in Saratoga County, is expected to be complete in April 2014. Rents for the one- and two-bedroom apartments start at \$1,300 and \$1,600, respectively (Axiometrics Inc.).

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### The Albany area had 14 new apartment construction projects valued at \$80 million under way as of March 2014.



Note: Includes preliminary data from January 2013 through February 2014. Sources: U.S. Census Bureau, Building Permits Survey; CB Richard Ellis



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- The conversion of a former school building into 103 apartments for seniors began in December 2013 in the city of Albany. The low-income housing tax credit-funded development is expected to be complete in early 2015, with rents starting at \$665 for a studio unit.
- The 7-year renovation of a former cotton mill into 332 apartments in the town of Cohoes in Albany County was completed in December 2013. Rents for The Lofts at Harmony Mills start at \$1,250 for a one-bedroom unit.
- Nearly 1,400 apartments in the Albany metropolitan area are in the final stages of planning and could begin construction in 2014 (CB Richard Ellis). Among them are 444 units at City Station North, proposed new construction near the campus of Rensselaer Polytechnic Institute in the city of Troy in Rensselaer County.

