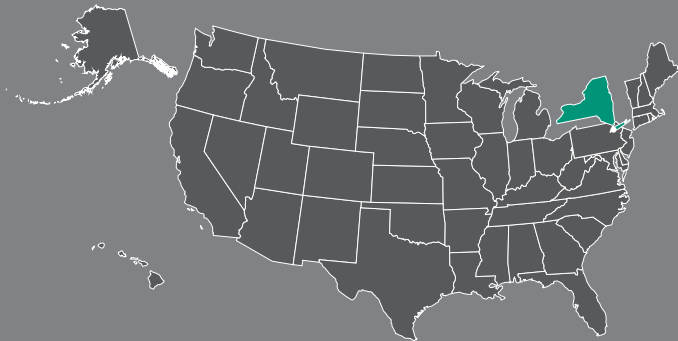


# HUD PD&R Housing Market Profiles

## New York City, New York

### Quick Facts About New York City

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: slightly soft.**
- **Of Fortune 500 companies, 48, or nearly 10 percent, are headquartered in the New York-Newark-Jersey City metropolitan area, including 5 of the 50 largest corporations.**



By Sam Young | As of February 1, 2018

### Overview

New York City (NYC) is the financial center of the United States and includes Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) Counties (or boroughs). NYC is the most populated city in the United States and is also a major tourist destination for domestic and international travelers. In 2017, approximately 61.8 million visitors traveled to the NYC metropolitan area, an increase of more than 2 percent from 2016 (NYC & Company). In 2017, the number of visitors set a new record, the ninth year of continuous expansion and the second time annual visitor volume topped 60 million.

- As of February 1, 2018, the estimated population in NYC was 8.63 million, reflecting an average annual increase of 58,100, or 0.7 percent, since April 2010.
- NYC received more international in-migration—85,000 people—than all but two states, California and Florida, from 2015 to 2016. Domestic net out-migration from NYC of approximately 121,400 residents occurred during the period, leading to total net out-migration of 36,400 people (U.S. Census Bureau population estimates as of July 1).
- In NYC, the 0.2-percent rate of population growth from 2015 to 2016 was more than double the less than 0.1-percent growth rate for the state of New York. Bronx and Staten Island were the fastest growing boroughs, with growth rates of 0.5 and 0.4 percent, respectively. Population growth in NYC was entirely due to net natural increase (resident births minus resident deaths) of 57,500 people.



Nonfarm payroll growth occurred in nearly every sector in New York City, offsetting declines in the manufacturing and government sectors.

	3 Months Ending		Year-Over-Year Change	
	January 2017 (thousands)	January 2018 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	4,403.2	4,476.6	73.4	1.7
Goods-producing sectors	222.6	226.5	3.9	1.8
Mining, logging, and construction	148.1	154.2	6.1	4.1
Manufacturing	74.6	72.2	- 2.4	- 3.2
Service-providing sectors	4,180.6	4,250.1	69.5	1.7
Wholesale and retail trade	506.1	507.1	1.0	0.2
Transportation and utilities	139.6	141.5	1.9	1.4
Information	196.1	198.0	1.9	1.0
Financial activities	465.0	471.9	6.9	1.5
Professional and business services	732.8	751.8	19.0	2.6
Education and health services	953.2	988.0	34.8	3.7
Leisure and hospitality	444.5	449.0	4.5	1.0
Other services	191.3	192.3	1.0	0.5
Government	552.0	550.5	- 1.5	- 0.3
	(percent)	(percent)		
Unemployment rate	4.6	4.2		

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

## Economic Conditions

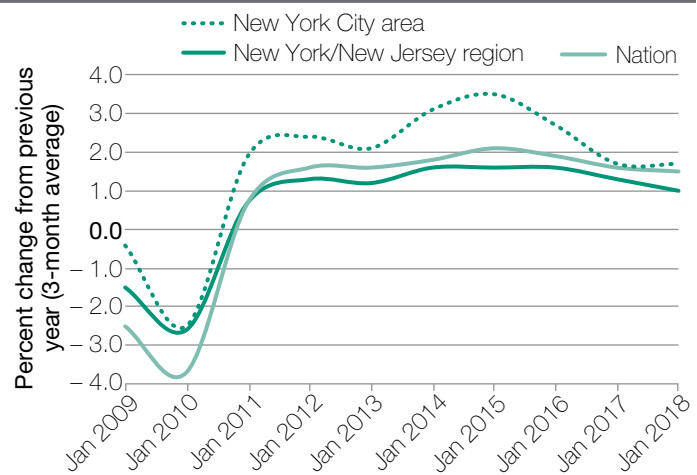
Economic conditions in NYC have been strong following a single year of job losses in 2009, although the rate of growth has moderated since 2016. In 2011, nonfarm payrolls in the city surpassed the prerecessionary high of 3.76 million, which occurred in 2007, and increased an average of 2.8 percent annually from 2011 through 2015. Job growth slowed to an average of 2.0 percent annually in 2016 and 2017.

During the 3 months ending January 2018—

- Nonfarm payrolls averaged 4.48 million, an increase of 73,400 jobs, or 1.7 percent, from a year earlier. The unemployment rate averaged 4.2 percent during the period, down from 4.6 percent a year earlier, because resident employment increased at a faster rate than the labor force.
- The greatest percentage growth in nonfarm payrolls was in the mining, logging, and construction sector, which increased by 6,100 jobs, or 4.1 percent. During the first 9 months of 2017, \$4.2 billion of institutional construction (including schools, hospitals, colleges and universities, courts, libraries, and cultural facilities) was under way in NYC, up from \$3.7 billion during 2016 (New York Building Congress). A large part of this construction was

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The rate of nonfarm payroll growth in New York City has outpaced the rates in the region and the nation since 2009.



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

## Largest employers in New York City

Name of Employer	Nonfarm Payroll Sector	Number of Employees
JPMorgan Chase & Co.	Financial activities	48,650
The Mount Sinai Hospital	Education & health services	32,056
Citibank, N.A.	Financial activities	24,991

Note: Excludes local school districts.  
Sources: New York Department of Labor; economy.com

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the \$1.2 billion expansion of the Jacob K. Javits Convention Center, the largest single institutional construction start, by value, during the past 10 years in NYC.

- The education and health services sector was the largest sector in the city and accounted for more than 20 percent of all non-farm payrolls. The sector averaged 988,000 jobs, an increase of 34,800 jobs, or 3.7 percent, from a year ago. The recent gains are in addition to average annual increases of 31,000 jobs, or 3.8 percent, from 2011 through 2016.
- The volatile financial activities sector in NYC increased by 6,900 jobs, or 1.5 percent, to 471,900 jobs. By comparison, the sector

grew by an average annual gain of 2.1 percent from 2013 through 2016 but declined an average of 0.2 percent annually in 2011 and 2012.

High levels of apartment construction will continue to support construction subsector jobs in the next 2 years. Included in the expected 15,000 apartment completions expected during 2018, multiple large apartment highrises are under way. Two of the largest are in Brooklyn. The 720-foot Brooklyn Point project is under way in Brooklyn, and groundwork is under way for the 1,066-foot tall 9 DeKalb Avenue Brooklyn skyscraper. Both are expected to be completed in 2020.

## Sales Market Conditions

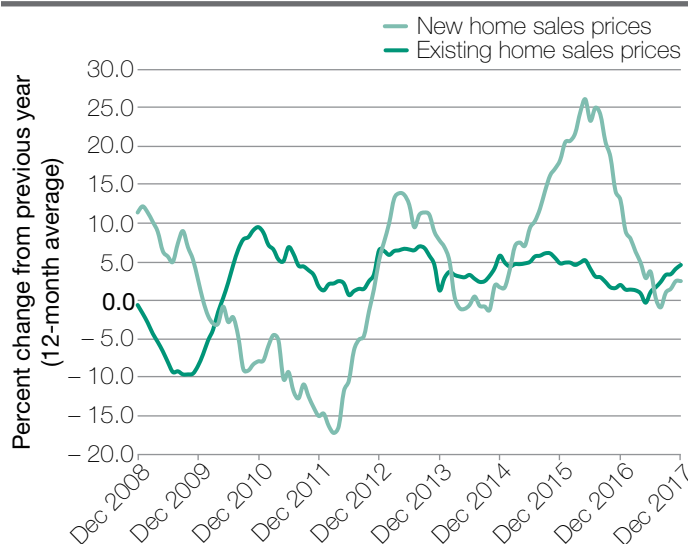
The rate of home sales growth slowed in the past year, and condominium construction increased, maintaining balanced housing market conditions in NYC. In the Bronx, new and existing home sales (including single-family homes, condominiums, and townhomes) rose 10 percent to 4,550 homes sold, and the average price was up 8 percent to \$411,200 in 2017 (CoreLogic, Inc., with adjustments by the analyst). The average home sales price increased 14 percent in Staten Island and 12 percent in Queens to \$529,800 and \$609,600, respectively, while home sales were up 7 and 4 percent to 5,275 and 15,750 homes, respectively. High-priced sales at Flushing Commons and Sky View Parc partially supported the increase in the average sales price in Queens. In Brooklyn, home sales remained unchanged at 12,725, but sale prices increased

11 percent to \$942,900. Manhattan was the only NYC borough in which home sales declined in 2017, with a decrease of 7 percent to 10,800 sales. The average sales price, however, increased 6 percent to \$1.43 million, partly a result of high sales prices at 50 West Street, a condominium development that completed construction in 2016.

- Home sales in NYC rose 1 percent during 2017 to 49,100 homes sold, and the average price increased 7 percent to \$849,900 (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales rose an average annual rate of more than 3 percent from 2012 through 2016.

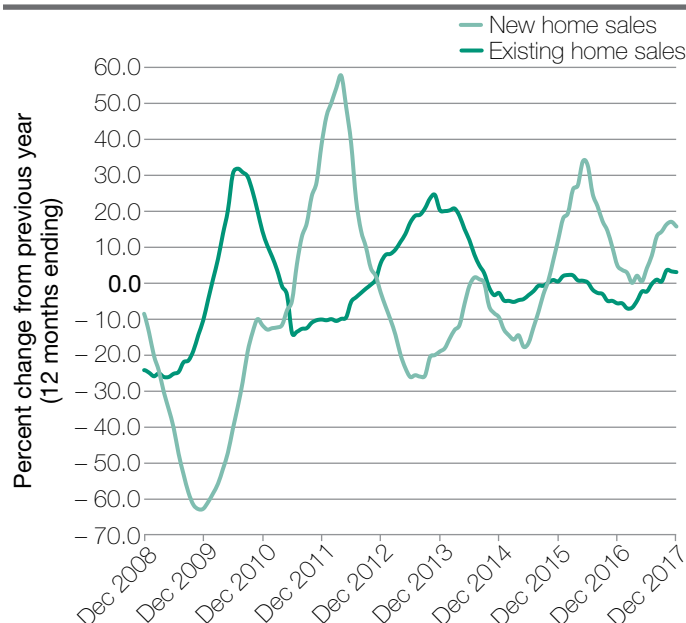
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### New and existing sales price growth in New York City has been positive since the summer of 2017.



Note: Price data are for single-family homes, townhomes, and condominiums.  
Source: Real Estate Board of New York

### Existing home sales in New York City remained relatively stable during the past 3 years, offsetting volatility in new home sales.



Note: Sales data are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

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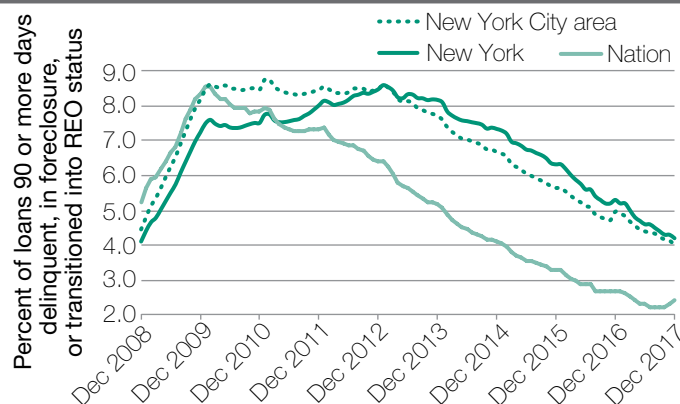
- The inventory of homes for sale fell in the past year, with an estimated 1.2-month supply in the fourth quarter of 2017, down slightly from the 1.3-month supply in the fourth quarter of 2016, as home sales increased faster than the inventory of homes listed for sale (New York State Association of Realtors®).
- Approximately 28 percent of all new and existing homes sold in January 2018 sold for \$1 million or more, up from 26 percent in January 2017 and more than double the 13 percent sold in January 2010 (Metrostudy, A Hanley Wood Company).
- As of December 2017, 4.0 percent of home loans in the city were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 5.0 percent a year earlier. The rate of seriously delinquent mortgages and REO properties peaked at 8.8 percent of home loans in February 2011 (CoreLogic, Inc.). Despite declines during each of the past 5 years, the state of New York had the second highest percentage of seriously delinquent mortgages and REO properties nationally during December 2017 at 4.2 percent, because it is a judicial state, which lengthens the foreclosure process.

Single-family homebuilding activity in NYC, as measured by the number of single-family homes permitted, is up considerably from the recent low during 2012 but is far below the average of 2,975 homes permitted annually from 2004 through 2006.

- During the 12 months ending January 2018, approximately 490 single-family homes were permitted, a 15-percent decline from the number permitted a year earlier (preliminary data).
- An average of only 300 homes were permitted annually from 2009 through 2012, a figure which subsequently increased to an average of 490 homes annually from 2013 through 2016.
- More than 1,800 condominiums are currently under construction in NYC, and nearly 60 percent are in Manhattan (McGraw-Hill Construction Pipeline database). By comparison, an average of 4,125 condominiums were completed annually in NYC during the recent peak from 2004 through 2006. From 2014 through 2016, an average of 1,500 condominiums were completed annually, before rising to 1,550 during 2017. Since 2010, condominiums have comprised approximately 6 percent of all multifamily construction in NYC.

- The 815-unit One Manhattan Square is on the Lower East Side and is expected to be completed in October 2018. Sales are already under way with one- to three-bedroom units ranging in price from \$1.22 to \$6.61 million.

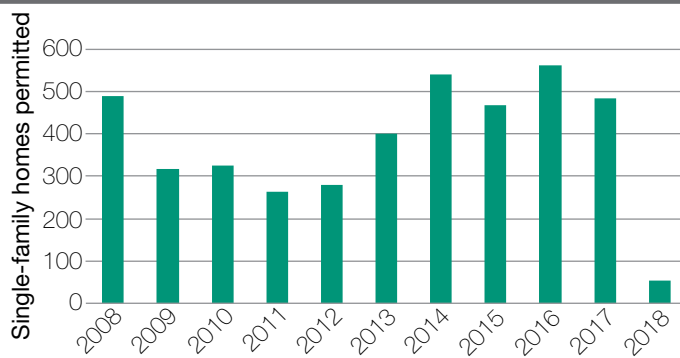
### The percentage of seriously delinquent mortgages and REO properties in New York City and the state of New York remained well above the national rate.



REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

### The average number of single-family homes permitted in New York City from 2014 through 2017 was nearly 50 percent higher than the average from 2008 through 2013.



Note: Includes preliminary data from January 2017 through January 2018.

Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

The apartment market in NYC is currently slightly soft. More than 13,000 new apartments were constructed during 2017, topping the previous record of 8,700 units in 1986, and nearly 15,000 apartments are scheduled to be completed during 2018. This large wave of new supply has outpaced absorption during the past eight quarters, leading to softening market conditions.

During the fourth quarter of 2017—

- The apartment vacancy rate averaged 3.5 percent, equal the rate from a year earlier (MPF Research, Inc.). Vacancy rates averaged 2.7 percent from the fourth quarter of 2011 to the fourth quarter of 2015.

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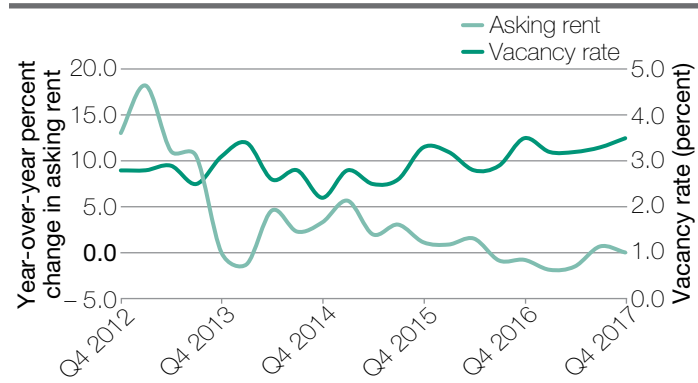
- Vacancy rates were lowest in the Staten Island submarket, at 1.3 percent, and highest in the Upper East Side (Manhattan) submarket, at 4.5 percent. By comparison, the Brooklyn, Queens, and Bronx submarkets had vacancy rates of 4.1, 3.3, and 1.7 percent, respectively. The higher vacancy rates in the Manhattan and Brooklyn submarkets are partly because more than 63 percent of multifamily permitting in NYC from 2013 through 2017 occurred in these boroughs compared with 49 percent from 2010 through 2012.
- Apartment rents averaged \$3,592 monthly in NYC, unchanged from a year earlier, compared with average rent increases of about 5 percent annually from 2012 through 2015.
- The sharp increase in new apartment supply led to increased use of concessions. Nearly 32 percent of apartments in NYC offered concessions, more than double the average of 14 percent from 2012 through 2015.

Multifamily construction, as measured by the number of units permitted, increased during the 12 months ending January 2018, following a decline from 2015 to 2016. Apartments comprise the majority of multifamily units permitted, averaging 94 percent of

multifamily units permitted since 2010 compared with about 86 percent of multifamily units permitted during the previous decade.

- The number of multifamily units permitted increased 5 percent during the 12 months ending January 2018 to 19,700 units (preliminary data).
- Following a low of 5,750 units permitted in 2009, permitting averaged 12,500 annually from 2010 through 2014, a period of steady economic growth and increased net in-migration. During 2015, multifamily permitting surged to 55,700 units in response to a proposed expiration of tax incentives for multifamily development.
- Approximately 35 percent, or 8,400, of the apartments under way in NYC are in Brooklyn (Reis, Inc.) By comparison, about 43 percent of the apartments completed from 2014 through 2016 were in Brooklyn (McGraw-Hill Construction Pipeline database).
- Apartment projects under way include the 330-unit 345 Kent Apartments in Williamsburg, in Brooklyn. Completion is expected in late 2019, with monthly market-rate rents ranging from \$2,415 for studios to \$5,220 for two-bedroom units. The development also includes 104 affordable units.

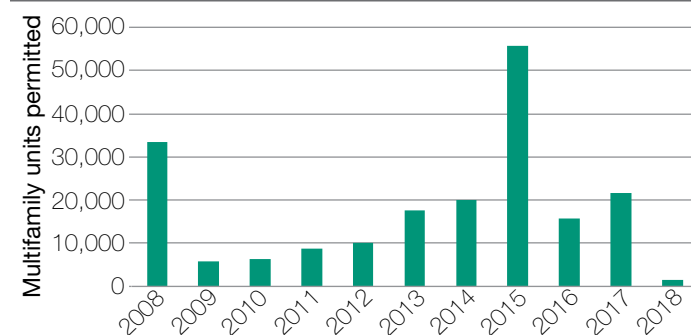
### The large number of recent apartment completions in New York City increased vacancy rates and slowed rent growth.



Q4 = fourth quarter.

Source: MPF Research, Inc.

### Multifamily permitting in New York City increased 5 percent in the past 12 months.



Note: Includes preliminary data from January 2017 through January 2018.

Source: U.S. Census Bureau, Building Permits Survey