

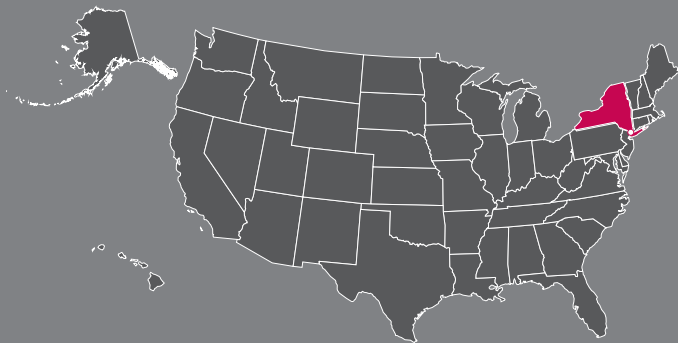
HUD PD&R Housing Market Profiles

New York City, New York



Quick Facts About New York City

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



By Sam Young | As of September 1, 2016

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 counts JPMorgan Chase & Co., Citibank NA, and Bank of America among its largest private employers (Moody's economy.com). NYC also is a major tourist destination for domestic and international travelers. In 2015, approximately 58.3 million visitors traveled to the NYC area, an increase of more than 3 percent from 2014 (NYC & Company). Tourism generated more than \$61 billion in revenue and supported more than 359,000 jobs.

- As of September 1, 2016, the estimated population in NYC is 8.61 million, reflecting an average annual increase of 68,500, or 0.8 percent, since April 2010.
- New York ranked second highest among states, after California, for international in-migration from 2014 to 2015, at 134,200 people. Although international in-migration to NYC

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averaged 90,750 people annually from 2013 to 2015, net out-migration averaged 4,850 people annually because an average of approximately 95,600 residents left each year (Census Bureau population estimates as of July 1).

- The 0.6-percent rate of population growth in NYC from 2014 to 2015 was triple the rate for the state of New York. Queens and the Bronx were the fastest-growing boroughs, with growth rates of 0.7 and 0.6 percent, respectively.

Economic Conditions

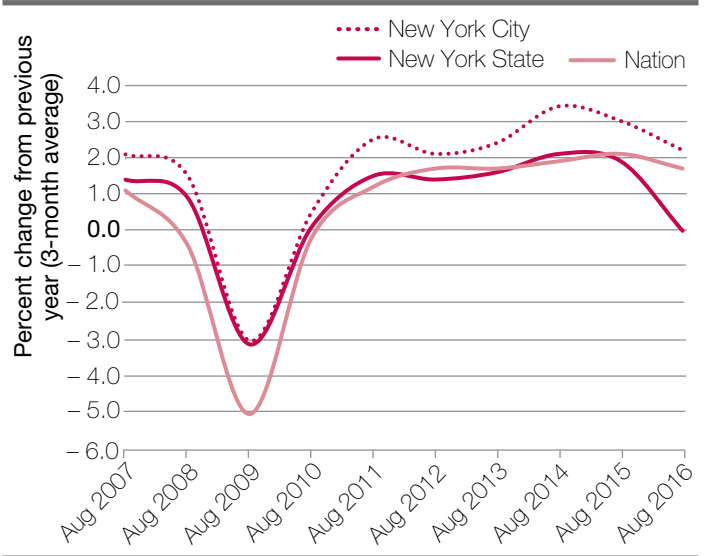
Economic conditions in NYC have improved in recent years after a single year of job losses in 2009. Nonfarm payrolls in NYC are nearly 14 percent higher than during the prerecession peak in 2008, gaining an average of 2.7 percent annually from 2011 through 2015.

During the 3 months ending August 2016—

- Nonfarm payrolls averaged 4.32 million, an increase of 94,100 jobs, or 2.2 percent, from a year earlier. The unemployment rate averaged 5.6 percent during the same period, up from 5.0 percent a year earlier, primarily because labor force increases outpaced gains in resident employment.
- The education and health services sector was the largest sector in NYC and accounted for more than 20 percent of all nonfarm payrolls. The sector averaged 880,000 jobs, an increase of 31,600 jobs, or 3.7 percent, from a year ago. The recent gains are in addition to average annual increases of 21,600 jobs, or 2.9 percent, from 2010 through 2014.

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Nonfarm payroll growth in New York City outpaced growth in New York State and the nation.



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

Nearly every payroll sector in New York City grew during the 3 months ending August 2016.

	3 Months Ending		Year-Over-Year Change	
	August 2015 (thousands)	August 2016 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	4,226.0	4,320.1	94.1	2.2
Goods-producing sectors	220.4	226.0	5.6	2.5
Mining, logging, and construction	142.0	147.1	5.1	3.6
Manufacturing	78.3	78.9	0.6	0.8
Service-providing sectors	4,005.6	4,094.1	88.5	2.2
Wholesale and retail trade	495.9	496.4	0.5	0.1
Transportation and utilities	130.1	134.9	4.8	3.7
Information	189.8	197.5	7.7	4.1
Financial activities	466.4	464.0	-2.4	-0.5
Professional and business services	706.1	717.3	11.2	1.6
Education and health services	848.4	880.0	31.6	3.7
Leisure and hospitality	431.7	456.1	24.4	5.7
Other services	185.4	191.0	5.6	3.0
Government	551.8	556.9	5.1	0.9
	(percent)	(percent)		
Unemployment rate	5.0	5.6		

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



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- The greatest percentage growth in nonfarm payrolls was in the leisure and hospitality sector, which increased by 24,400 jobs, or 5.7 percent. Approximately 1.23 million non-U.S. visitors came to NYC in the first quarter of 2016 (most current data available), up 9 percent from a year earlier (U.S. Department of Commerce).
- The volatile financial activities sector in NYC shrank by 2,400 jobs, or 0.5 percent, to 464,000 jobs. By comparison, the sector grew an average of 2.5 percent annually from 2013 through 2015 but declined an average of 0.2 percent annually in 2011 and 2012.

Largest private 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 and health services	32,056
NewYork-Presbyterian Hospital	Education and health services	21,802

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

Sales Market Conditions

The sales housing market in NYC is currently balanced. In Brooklyn, during the 12 months ending June 2016, the average home price rose 11 percent, to \$812,800, the most rapid increase in NYC (Real Estate Board of New York), although home sales (including condominiums, cooperatives, and one- to three-family homes) increased less than 1 percent, to 11,350 homes sold. In Queens, home sales were up 7 percent, to 15,300 homes sold, and the average price kept pace, increasing nearly 8 percent, to \$502,500. In the Bronx, home sales continued to increase steadily, at 25 percent, to 3,675 homes sold, and the average price increased 4 percent, to \$380,800. On Staten Island, home sales were up 17 percent, to 4,750 homes sold, and the average price rose nearly 5 percent, to \$440,900. Partially offsetting those increases, the number of home sales in Manhattan decreased 3 percent, to 13,100 units sold, but the average sales price increased 4 percent, to \$1.80 million.

- The average price for all homes in NYC increased more than 4 percent during the past 12 months and reached a new peak of \$912,200. Median sales prices also increased in each of the five boroughs, indicating strength in the middle segment of the sales market.
- The inventory of homes available for sale fell in the past year, with an estimated 5.8-month supply in August 2016, down from the 8.1-month supply a year earlier, as home sales increased and the number of homes listed for sale fell (New York State Association of Realtors®).
- Approximately 25 percent of new and existing homes sold in August 2016 sold for \$1,000,000 or more, up from 20 percent in August 2015 and more than double the 12 percent in August 2009 (Metrostudy, A Hanley Wood Company).

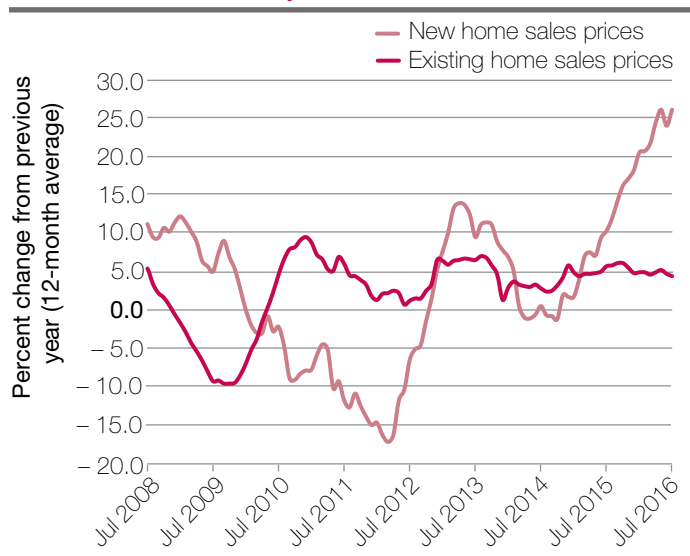
- As of July 2016, 5.1 percent of home loans in NYC were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO (Real Estate Owned) status, down from 6.0 percent a year earlier. The rate of seriously delinquent mortgages and REO properties peaked at 8.8 percent of home loans in February 2011 (CoreLogic, Inc.). Despite these declines in NYC, New York State still has one of the highest percentages of distressed mortgages in the nation, at 5.6 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, has increased from a recent low during 2012 but is still far less than the average of 2,975 homes permitted annually from 2004 through 2006.

- During the 3 months ending August 2016, approximately 180 single-family homes were permitted, a 29-percent increase from the number permitted a year earlier (preliminary data).
- An average of 300 homes were permitted annually from 2009 through 2012 before permitting increased 33 percent, to 400 homes, during 2013. Homebuilding activity has continued to increase and averaged more than 500 homes annually during 2014 and 2015.
- The Bridges at Whitestone, which encompasses 45 custom home sites in northern Queens, is currently under construction. New four-bedroom, four-bathroom homes are available, with prices starting at \$1,628,000.

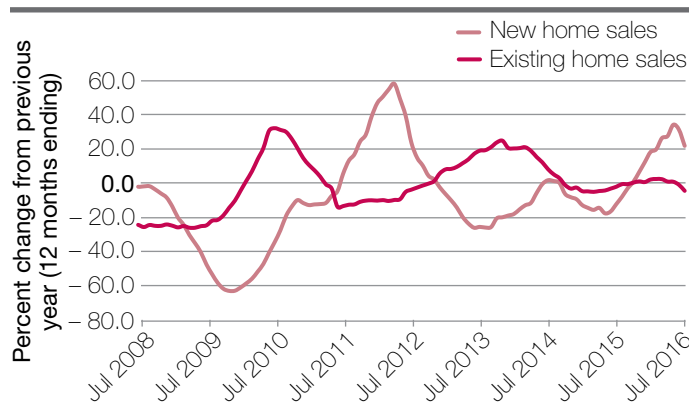


Sales price growth has surpassed 4 percent annually in New York City for new and existing homes since February 2015.



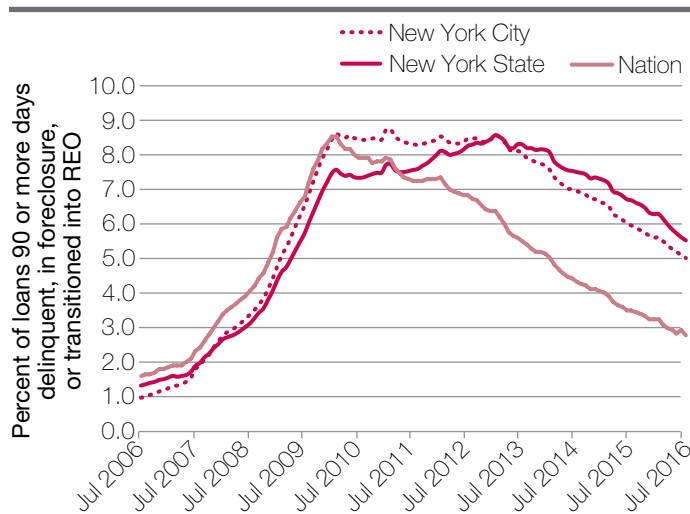
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

Existing home sales have remained stable in New York City during the past 2 years, offsetting volatility in new home sales.



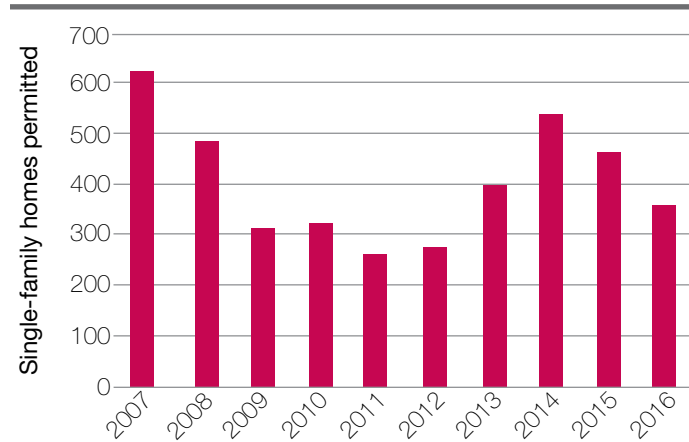
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

The percentages of seriously delinquent mortgages and REO properties in New York City and New York State remained well above the national rate.



REO = real estate owned. Source: CoreLogic, Inc., with adjustments by the analyst

In New York City, single-family home permitting in the first 8 months of the year was up nearly 25 percent from a year ago.



Note: Includes preliminary data from January 2016 through August 2016. Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

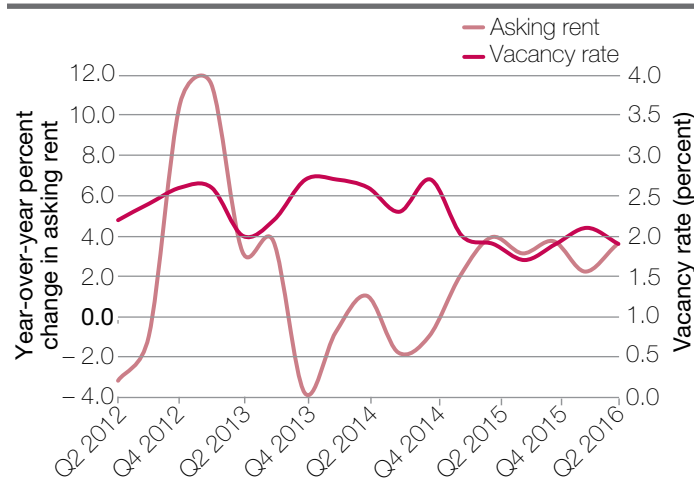
The apartment market in NYC is currently balanced, despite more than 15,500 apartments having been constructed annually from mid-2014 to mid-2016.

During the second quarter of 2016—

- The apartment vacancy rate averaged 1.9 percent, equal the rate from a year earlier (MPF Research, Inc.). Vacancy rates averaged 2.3 percent from the second quarter of 2011 to the second quarter of 2016.
- Vacancy rates were lowest in the Bronx submarket, at 0.7 percent, and highest in the Upper West Side (Manhattan) submarket, at 2.9 percent, during the period. By comparison, the Brooklyn and Staten Island submarkets had vacancy rates of 1.4 and 2.2 percent, respectively.
- Apartment rents averaged \$3,413 monthly in NYC, up more than 3 percent from a year ago compared with average rent increases of about 1 percent annually from 2012 through 2015.
- The Upper and Lower West Side submarkets recorded the strongest rent growth, increasing about 10 percent from a year earlier. Offsetting these gains, average rents in Staten Island and Brooklyn declined 6 and 4 percent, respectively, partly because of high levels of recent apartment completions.

Builders sharply decreased multifamily construction in 2016, after a surge in building activity in 2015, in response to the possibility that state tax incentives for multifamily development would expire for homes permitted after June 2015.

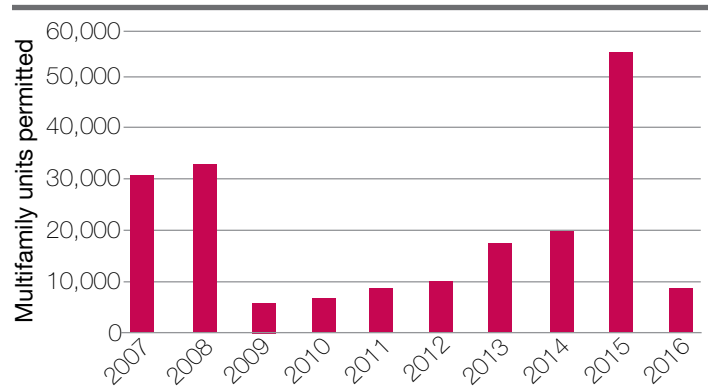
Despite a recent surge in completions, vacancy rates in New York City remained stable and rent growth continued.



Source: MPF Research

- More than 4,700 multifamily units were permitted (about 10 percent of which were for condominium units) in NYC during the 3 months ending August 2016, or about 70 percent of the multifamily units permitted statewide. By comparison, nearly 21,000 units were permitted during the 3 months ending August 2015, or 88 percent of those permitted in the state of New York (preliminary data).
- After a low of 5,750 multifamily units were permitted in 2009, permitting averaged 10,700 units annually from 2010 through 2013, when economic conditions improved and in-migration to NYC was increasing. By comparison, from 2004 through 2008, during a period of strong economic growth, multifamily permitting averaged 28,350 units annually.
- Approximately 55,700 apartment units are currently under construction in NYC, and nearly 72,000 units are in various stages of planning.
- Current developments under way in NYC include what will be the largest apartment tower in NYC. The 800-unit American Copper Buildings are nearing completion. The development includes 160 affordable, income-restricted units with rents for the studio, one-bedroom, two-bedroom, and three-bedroom units expected to start at \$833, \$895, \$1,082, and \$1,247 a month, respectively.
- The 709-unit Via 57 West, in Manhattan, is expected to be complete by the end of 2016, and rents for studio, one-bedroom, and two-bedroom units begin at \$3,654, \$3,942, and \$4,971, respectively.

Multifamily building activity in New York City decreased sharply during the past year.



Note: Includes preliminary data from January 2016 through August 2016. Source: U.S. Census Bureau, Building Permits Survey

