Quick Facts About Albany-Schenectady-Troy

- Current sales market conditions: slightly soft
- Current apartment market conditions: balanced
- The city of Albany, along the western bank of the Hudson River, is the capital of the state of New York and was officially chartered in 1686, making it the oldest continuous settlement in the original 13 English colonies (Discover Albany).

Overview

The Albany-Schenectady-Troy (hereafter, Albany) metropolitan area is coterminous with the Albany-Schenectady-Troy, NY Metropolitan Statistical Area and is in the eastern portion of the state of New York, bordering the states of Vermont and Massachusetts. The Albany metropolitan area consists of Albany, Rensselaer, Saratoga, Schenectady, and Schoharie Counties. Tourism has a significant impact on the local economy. In 2018, tourists spent $2.1 billion in the Capital-Saratoga region, an area that includes the Albany metropolitan area, up more than 3 percent from a year earlier (Discover Albany). Albany County accounted for $1 billion of those sales, with an average of more than 4,300 visitors each day supporting approximately 15,750 local jobs. The Albany metropolitan area is home to many colleges and universities, the largest of which is the State University of New York at Albany (SUNY Albany), which had a 2019–2020 academic year enrollment of approximately 13,500 undergraduate students. SUNY Albany employs more than 1,200 faculty and staff and has an overall annual impact of more than $1 billion on the Capital-Saratoga region (Capital District Regional Planning Commission). The Albany metropolitan area is also home to the Port of Albany, which has an economic impact of $813 million on the state of New York (Albany Port District Commission).
The population of the Albany metropolitan area is estimated at 880,300 as of May 1, 2020, representing an average increase of 950, or 0.1 percent, annually since April 2010, with all of the population growth resulting from net natural change (resident births minus resident deaths) (Census Bureau decennial census counts and estimates by the analyst).

Net natural change averaged 1,130 people during this period, offsetting an average annual out-migration of 180 people. Net out-migration has occurred each year since 2013 except for 2017, following large job gains in 2016. In addition, net natural change has also been lower in recent years relative to earlier in the decade. As a result, the overall population growth rate slowed from an average of 0.2 percent annually from 2010 to 2013 to an average of 0.1 percent annually since 2013 (Census Bureau population estimates as of July 1 and estimates by the analyst).

Economic Conditions

The impact on the labor market in the Albany metropolitan area of countermeasures to contain the spread of COVID-19 started to appear in nonfarm payroll data in April 2020. On March 7, 2020, a state of emergency was declared for New York state, and on March 20, 2020, the governor ordered that all nonessential businesses be closed statewide. As a result, total nonfarm payrolls during the month of April 2020 were down by 72,300 jobs, or 15.3 percent, compared with April 2019; the most pronounced decline was in the leisure and hospitality sector, accounting for 36 percent of all job declines in the metropolitan area.

The Albany metropolitan area added nonfarm payrolls at a moderate pace during the earlier part of the 2010s, increasing at an average annual rate of 1.1 percent from 2011 through 2015. After reaching a recent peak rate of 1.6 percent during 2016, nonfarm payroll growth slowed to an average annual rate of 0.6 percent through 2019. Part of the recent slowdown is attributed to tight labor market conditions causing businesses to have increased difficulty finding qualified workers. Since 2011, the fastest growing sector in the metropolitan area has been the manufacturing sector, with an average annual rate of growth of 2.9 percent, or 700 jobs. The largest sector in the economy is the government sector, accounting for approximately 23 percent of the jobs in the area. As the state capital, the metropolitan area benefits from relatively stable employment in the state government subsector, which accounts for nearly 11 percent of all area payrolls.

During the 3 months ending April 2020—

- Nonfarm payrolls averaged 448,100 jobs, a decrease of 20,500 jobs, or 4.4 percent, relative to a year earlier as a result of the impact of countermeasures to reduce the spread of COVID-19, including the closing of nonessential businesses.
- All sectors in the metropolitan area declined except for the mining, logging, and construction sector, which was up by 700 jobs, or 3.8 percent.

Large job declines occurred in the Albany metropolitan area during the 3 months ending April 2020, led by significant losses in the leisure and hospitality sector.

<table>
<thead>
<tr>
<th>3 Months Ending</th>
<th>Year-Over-Year Change</th>
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<tr>
<td><strong>Total Nonfarm Payrolls</strong></td>
<td>-20.5</td>
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<td><strong>Goods-Producing Sectors</strong></td>
<td>-0.5</td>
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<td><strong>Mining, Logging, &amp; Construction</strong></td>
<td>0.7</td>
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<td><strong>Manufacturing</strong></td>
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<td><strong>Service-Providing Sectors</strong></td>
<td>-20.0</td>
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<td><strong>Wholesale &amp; Retail Trade</strong></td>
<td>-3.8</td>
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<td><strong>Transportation &amp; Utilities</strong></td>
<td>-0.5</td>
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<td><strong>Information</strong></td>
<td>-0.1</td>
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<td><strong>Financial Activities</strong></td>
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<td><strong>Professional &amp; Business Services</strong></td>
<td>-0.6</td>
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<tr>
<td><strong>Education &amp; Health Services</strong></td>
<td>-3.6</td>
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<tr>
<td><strong>Leisure &amp; Hospitality</strong></td>
<td>-9.1</td>
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<tr>
<td><strong>Other Services</strong></td>
<td>-1.7</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>-0.6</td>
</tr>
<tr>
<td><strong>Unemployment Rate</strong></td>
<td>3.8%</td>
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Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics
The largest decline occurred in the leisure and hospitality sector, down by 9,100 jobs, or 23.2 percent, resulting from losses stemming from the closure of restaurants and hotels. Jobs in the accommodation and food services industry were down by 7,700 jobs, or 22.1 percent.

The wholesale and retail trade and the education and health services sectors also had significant declines—of 3,800 and 3,600 jobs, or 6.5 and 3.7 percent, respectively. Payrolls in the food and beverage stores industry were down by 700 jobs, or 7.0 percent, accounting for part of the decline in the retail trade subsector. Jobs declined in the health care and social assistance industry by 2,700, or 4.0 percent, due to canceled appointments and delayed elective procedures.

Despite the decline of 1,300 manufacturing jobs, or 5.0 percent, employment at several companies continued to grow. Plug Power Inc., a fuel cell producer, added 150 jobs during the past year.

State government payrolls remained relatively constant at 51,200, a decline of less than 1 percent from 51,300 jobs a year earlier.

The unemployment rate rose to 6.7 percent from 3.8 percent a year earlier.

Despite the recent job declines, some companies have adapted to the current situation and experienced job gains or maintained current levels of employment. AgroChem, Inc., in the city of Saratoga Springs, began selling more than 3,000 gallons per week of a new hand-sanitizing gel in April 2020. In the city of Greenbush, Regeneron Pharmaceuticals, Inc. produced a portion of the 500,000 coronavirus test kits supplied to the state of New York. Spectrum, the dominant cable and internet provider in the metropolitan area, hired 200 new customer service representatives and students at home (Center for Economic Growth).

The rate of nonfarm payroll growth in the Albany metropolitan area has remained below the national average since 2011.

Sales housing market conditions are slightly soft in the Albany metropolitan area, with declining sales, falling new home prices, and relatively stable existing home sales prices. The estimated sales vacancy rate is currently 1.5 percent, down slightly from 1.7 percent as of April 1, 2010. All measures of the inventory of homes available for sale in April 2020 reflected fewer homes on the market compared with a year earlier; the inventory of homes for sale was 4,149, down 21 percent from 5,256 homes a year ago (Greater Capital Association of Realtors®). New listings were down 58 percent, to 824, and the number of days a home remained on the market declined to 69 days from 76 days a year earlier. There was also a 4.1-month supply of homes on the market, down from a 4.9-month supply a year ago and a 5.2-month supply 2 years ago.

The percentage of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 2.3 percent in April 2020, down from 2.6 in April 2019 (CoreLogic, Inc.). These rates were below the rates for New York state, which were 2.8 and 3.1 percent for the same periods. The rates for the nation were lower, however, at 1.4 percent in April 2020 and 1.5 percent a year ago. The national rate peaked at 8.6 percent in February 2010, whereas the rates in the Albany metropolitan area and the state of New York did not peak until January 2013 at 7.4 and 8.6 percent, respectively. New York is a judicial foreclosure state, which has resulted in the foreclosure process taking longer in the state of New York than in nonjudicial states.

During the 12 months ending April 2020—

- New and existing home sales declined due to the impacts of COVID-19, the decrease in available inventory, and the
New and existing home sales have been declining year-over-year in the Albany metropolitan area since the fall of 2019.

- The average sales price for a new home was $346,100, down nearly 4 percent from the average of $359,900 during the 12 months ending April 2019. The average new home sales price has declined 6 percent annually since August 2018.

- The home price for existing homes averaged $229,600, up more than 1 percent from $226,300 a year ago. Existing home sales prices increased an average of 4 percent annually during 2017 and 2018 after a modest decline of an average of 1 percent annually during 2015 and 2016.

- REO sales accounted for more than 6 percent of existing home sales, down from nearly 9 percent a year ago and from a recent peak of more than 11 percent during the 12 months ending April 2017.

As new home sales have declined during the past year, single-family homebuilding has also slowed, as measured by the number of single-family homes permitted.

- During the 12 months ending April 2020, the number of single-family homes permitted totaled 1,100 homes, down 10 percent from the 1,225 homes permitted a year ago (preliminary data and adjustments by the analyst).

- The number of single-family homes permitted has been stable in recent years, averaging 1,225 homes from 2012 through 2018. The recent peak occurred in 2016, with 1,375 homes permitted.

- Several single-family developments are under construction throughout the metropolitan area. Stonefield in Bethlehem, continued on page 5

The percentage of seriously delinquent mortgages and REO properties in the Albany metropolitan area remains below the rate for New York state but has been above the national rate since July 2012.

- The new home sales price has been declining year-over-year in the Albany metropolitan area since August 2018, whereas the existing price has been stable since July 2019.

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

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst.

slowdown in the rate of nonfarm payroll growth since 2017. New home sales decreased 21 percent, to 740 homes, and existing homes decreased 5 percent, to 11,000 homes, compared with the previous 12 months (Metrostudy, A Hanley Wood Company).

- Although new home sales decreased significantly, they were returning to more moderate levels after a recent peak. The 940 new homes sold during the 12 months ending April 2019 was the highest level of new home sales in the past 15 years.

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Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst.

REO = real estate owned.
Source: CoreLogic, Inc.

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which is southwest of the city of Albany, has 29 home sites available with homes starting in the mid-$400,000s. Heritage Manor is also in the city of Bethlehem, with 82 single-family home sites planned and prices starting in the mid-$300,000s.

- Harmon Grove, in the town of Niskayuna in Schenectady County, is a 66-home development, with prices starting near $400,000. Fair Oaks Estates in the city of Ballston Spa, which is also in Schenectady County, has 52 home sites available, with prices starting in the low $300,000s. Windsor Oaks, in the city of Colonie, northwest of the city of Albany, has 44 lots available, with home prices starting in the high $300,000s.

The number of single-family homes permitted in the Albany metropolitan area has been relatively constant since 2012, with a slightly elevated level in 2016.

![Graph showing single-family homes permitted from 2011 to 2020](image)

Note: Includes preliminary data from January 2020 through April 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst.

### Apartment Market Conditions

Apartment market conditions are currently balanced in the Albany metropolitan area, with an average apartment vacancy rate of 4.3 percent during the first quarter of 2020, down from 5.4 percent a year earlier (Reis, Inc.). After balanced conditions in 2010, the market tightened during the next 2 years with the vacancy rate declining to 2.9 percent by the first quarter of 2012. Asking rents rose more than 4 percent in 2013, compared with an average of 2 percent annually during the previous 4 years. Increased apartment construction in the middle of the decade helped bring the market back into balance, as the vacancy rate gradually rose to 5.4 percent in 2019 and new units added to the inventory outpaced absorption. Asking rents rose an average of 4 percent annually from 2014 through the first quarter of 2019 as a result of new, higher priced units coming on the market.

Enrollment at the colleges and universities in the Albany metropolitan area is small in proportion to the population, so the impact of students on the local rental market is not significant; student households represent approximately 2 percent of renter households in the metropolitan area.

During the first quarter of 2020—

- The average asking rent was up by slightly more than 1 percent, to $1,245, relative to a year ago. Rent growth slowed from its previous pace, as the addition of units to the inventory with higher rents slowed.
- Vacancy rates ranged from a low of 2.5 percent in the RealPage, Inc.-defined Schenectady County market area to 4.4 percent in the Saratoga County market area. Rent growth was highest in the Northeast Albany County market area, where SUNY at Albany is located, and the Troy/Rensselaer County market area where rents were up 4 percent each relative to a year ago (RealPage, Inc.).
- Effective rents for Class A, B, and C properties in the metropolitan area averaged $1,721, $1,244, and $1,088, respectively. The largest increase from a year ago occurred with rents for Class C properties, which rose 5 percent. The Class A rent increased 4 percent, and the Class B rent declined 1 percent.

Multifamily construction activity in the Albany metropolitan area, as measured by the number of multifamily units permitted, averaged 940 units a year from 2011 through 2014. In 2015, the number of

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units permitted rose significantly to 2,450 in response to the tighter apartment market conditions. Since 2016, the number of units permitted has declined each year to 750 units in 2019.

- During the 12 months ending April 2020, approximately 800 multifamily units were permitted, down 14 percent from the 930 units permitted a year ago (preliminary data and adjustments by the analyst).
- Approximately 10 percent of the multifamily units permitted since 2010 have been for condominiums.
- Starbuck Island Luxury Apartment Community in the city of Troy was completed in 2019, with 267 units, including a mix of general occupancy and age 55-plus units. Rents for one- and two-bedroom units start at $1,450 and $1,550, respectively.
- Solara Luxury Apartments in Rotterdam was also completed in 2019, with 96 units and rents starting at $1,350 and $1,625 for one- and two-bedroom units, respectively.

After a peak in 2015, the number of multifamily units permitted in the Albany metropolitan area has declined each year.

Note: Includes preliminary data from January 2020 through April 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst.