

HUD PD&R Regional Reports

Region 2: New York/New Jersey

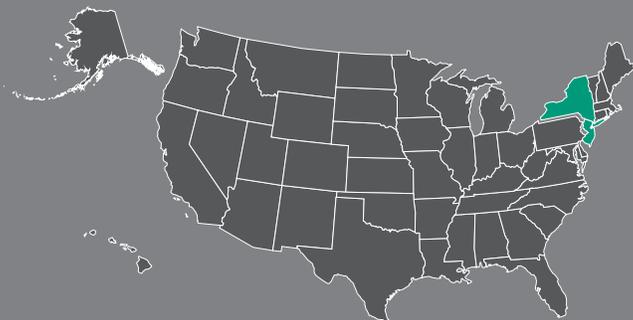


Quick Facts About Region 2

Hoboken, New Jersey

By Joseph Shinn | 1st Quarter 2020

- **Sales market conditions—**
First quarter 2020: balanced
Fourth quarter 2019: balanced
First quarter 2019: balanced
- **Apartment market conditions—**
First quarter 2020: mixed (balanced to tight)
Fourth quarter 2019: mixed (balanced to tight)
First quarter 2019: mixed (soft to tight)



Overview

This report reflects market conditions as of the first quarter of 2020. Much of this period was prior to the COVID-19 outbreak in the United States and therefore most of the data in this report do not reflect the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. Initial unemployment insurance claims in the New York/New Jersey region rose by approximately 539,000 claims—a 27-fold increase to 559,300—during the week ending March 28, 2020, compared with the same week a year earlier. HUD will continue to monitor market conditions in the region and provide an updated report reflecting conditions during the second quarter of 2020.

Nonfarm payrolls in the New York/New Jersey region increased during the first quarter of 2020 compared with the same quarter a year ago. Job growth slowed compared with a year ago, largely due to declines in 5 of the 11 sectors, led by decreases in the wholesale and retail trade and the leisure and hospitality sectors. The unemployment rate declined in New York but was unchanged in New Jersey. As a result of high net out-migration, the population of the region declined from 2018 to 2019 due to decreases in

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both New Jersey and New York. Sales market conditions were balanced in New York and New Jersey—unchanged compared with a year ago. Apartment market conditions in the major metropolitan areas in the region ranged from balanced to tight during the first quarter of 2020. The apartment vacancy rate increased from 3.5 to 4.0 percent in New York City (NYC), although the apartment market remained balanced.

During the first quarter of 2020—

- Nonfarm payrolls in the region increased 0.7 percent, to approximately 13.85 million jobs, compared with a 1.3-percent increase during the same period a year earlier. Nonfarm payrolls

in New York and New Jersey were up by 59,600 and 40,200 jobs, or 0.6 and 1.0 percent, respectively.

- Single-family homebuilding activity in the region increased 32 percent compared with the first quarter of 2019, with gains in New Jersey partially offset by a slight decrease in New York. Multifamily building activity declined 13 percent due to decreases in both states.
- In the New York-Newark-Jersey City metropolitan area, single-family homebuilding activity increased 33 percent, largely due to gains in the New Jersey portion of the metropolitan area. Multifamily building activity in the metropolitan area decreased 8 percent, with most of the decline in NYC.

Economic Conditions

The economy of the New York/New Jersey region expanded during the first quarter of 2020 compared with the first quarter of 2019, continuing a trend that began during the fourth quarter of 2010. Job growth slowed during the past year, however. During the first quarter of 2020, nonfarm payrolls in the region averaged nearly 13.85 million jobs—up by 99,900 jobs, or 0.7 percent, compared with the first quarter of 2019. By comparison, during the first quarter of 2019, nonfarm payrolls were up 1.3 percent compared with the same period a year earlier. The slowdown during the past year was largely the result of a significant deceleration in job growth during March 2020 compared with a year ago, partly due to the initial impacts of COVID-19. In both January and February 2020, nonfarm payrolls increased 1.0 percent compared with a year

earlier, but growth slowed considerably—to 0.2 percent—by March 2020 compared with March 2019. During the first quarter of 2020, nonfarm payrolls in the wholesale and retail trade and the leisure and hospitality sectors decreased by 16,900 and 7,800 jobs, or 0.9 and 0.6 percent, respectively. Compared with a year earlier, nonfarm payrolls in the leisure and hospitality sector increased by 0.3 and 0.6 percent in January and February 2020, respectively, but then declined 2.7 percent in March 2020. Declines in those sectors, however, were more than offset by gains in the education and health services and the professional and business services sectors, which increased by 64,000 and 36,700 jobs, or 2.2 and 1.8 percent, respectively. In the education and health services sector, all net gains were in the health care and social assistance

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Nonfarm payrolls in the New York/New Jersey region increased in six sectors but declined in the remaining five sectors during the first quarter of 2020.

	First Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	13,748.3	13,848.2	99.9	0.7
Goods-Producing Sectors	1,227.3	1,231.6	4.3	0.4
Mining, Logging, & Construction	539.2	544.3	5.1	0.9
Manufacturing	688.1	687.3	-0.8	-0.1
Service-Providing Sectors	12,521.0	12,616.5	95.5	0.8
Wholesale & Retail Trade	1,893.5	1,876.6	-16.9	-0.9
Transportation & Utilities	522.6	534.7	12.1	2.3
Information	339.4	337.7	-1.7	-0.5
Financial Activities	970.5	966.7	-3.8	-0.4
Professional & Business Services	2,002.3	2,039.0	36.7	1.8
Education & Health Services	2,847.9	2,911.9	64.0	2.2
Leisure & Hospitality	1,274.1	1,266.3	-7.8	-0.6
Other Services	579.9	588.1	8.2	1.4
Government	2,091.0	2,095.5	4.5	0.2

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

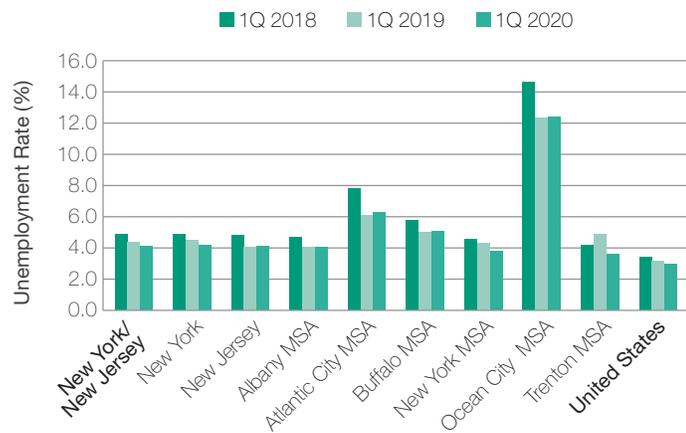


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industry, which was up by 65,800 jobs, or 3.0 percent. In the educational services industry, nonfarm payrolls declined by 1,800 jobs, or 0.3 percent. Payrolls in the industry were down for the first time in more than 30 years, largely because schools throughout the region closed their campuses and moved all courses online for the second half of the spring semester in response to COVID-19. Compared with a year earlier, nonfarm payrolls in the industry were up 1.3 percent in January but down 0.7 and 1.3 percent in February and March, respectively.

During the first quarter of 2020, the unemployment rate in the New York/New Jersey region averaged 4.1 percent, down from the 4.4-percent rate during the first quarter of 2019. Although the unemployment rate declined during the past year, the number of unemployed workers is estimated to have significantly risen during March 2020. The data used by the U.S. Bureau of Labor Statistics to calculate the unemployment rate were collected during the week ending March 14, 2020, however, and many of the workers that became unemployed during March as a result of COVID-19 were not counted in the unemployment numbers. During the weeks ending March 21 and March 28, 1.13 million initial unemployment

The unemployment rate was down in New York but unchanged in New Jersey during the first quarter of 2020.



1Q = first quarter. MSA = Metropolitan Statistical Area. Source: U.S. Bureau of Labor Statistics

claims were filed in the region (U.S. Department of Labor). By comparison, from 1987 (the oldest data available) through February 2020, there were no more than 188,800 initial unemployment claims filed during any 2-week period. The unemployment rate in New York was 4.2 percent, down from 4.5 percent a year ago, and the unemployment rate in New Jersey was unchanged, at 4.1 percent.

During the first quarter of 2020—

- In New York, nonfarm payrolls were up 0.6 percent, or by 59,600 jobs, compared with a 1.4-percent growth rate during the same period a year earlier. During the past year, job gains were concentrated in the service-providing sectors, which increased by 62,400 jobs, or 0.7 percent. In contrast, payrolls in the goods-producing sectors were down by 2,800 jobs, or 0.3 percent.
- More than 80 percent of the net job gain in New York was in the education and health services sector, which increased by 49,100 jobs, or 2.3 percent. Partially offsetting that gain were losses in the wholesale and retail trade and the leisure and hospitality sectors, which declined by 16,800 and 8,800 jobs, or 1.4 and 1.0 percent, respectively.
- Nonfarm payrolls in NYC increased by 58,000 jobs, or 1.3 percent; gains were largest in the education and health services and the professional and business services sectors, which were up by 37,600 and 22,800 jobs, or 3.6 and 2.9 percent, respectively. In the wholesale and retail trade sector, nonfarm payrolls decreased by 7,700 jobs, or 1.3 percent, because of losses in both the retail trade and the wholesale trade subsectors, which were down by 5,800 and 1,900 jobs, or 1.7 and 1.3 percent, respectively.
- In New Jersey, nonfarm payrolls increased by 40,200 jobs, or 1.0 percent, compared with an increase of 42,900 jobs, or 1.1 percent, a year ago. In the Trenton metropolitan area and the Camden metropolitan division, nonfarm payrolls increased by 3,100 and 1,100 jobs, or 1.1 and 0.2 percent, respectively.
- Nonfarm payrolls in New Jersey increased at the fastest pace in the transportation and utilities sector, which was up 4.2 percent, or by 9,200 jobs. By comparison, during the first quarter of 2019, nonfarm payrolls in the sector increased 3.6 percent, or by 7,500 jobs, compared with the same period a year earlier.

Population

The population of the New York/New Jersey region decreased by approximately 80,650 people, or 0.3 percent, from 2018 to 2019 (U.S. Census Bureau population estimates as of July 1). By comparison, the U.S. population increased 0.5 percent compared with a year earlier, and no other HUD-defined region had a decline in population during the past year. The population of the region decreased every year from 2015 to 2019 and at an increasingly

faster rate of decline. The population decreased during the past year due to the net out-migration of 162,500 people—more than offsetting a net natural change (resident births minus resident deaths) of 81,900 people. Net out-migration from the region has exceeded 100,000 people each year during the past 4 years, largely attributed to slower job growth in the region relative to the rest of the nation.

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The population of the New York/New Jersey region decreased from 2018 to 2019, mostly due to a decline in New York.

	Population Estimate (as of July 1)			Percent Change	
	2017	2018	2019	2017 to 2018	2018 to 2019
United States	324,985,539	326,687,501	328,239,523	0.5	0.5
New York/New Jersey Region	28,475,097	28,416,376	28,335,751	-0.2	-0.3
New York	19,589,572	19,530,351	19,453,561	-0.3	-0.4
New York City	26,396,352	26,291,377	26,161,672	-0.4	-0.5
New Jersey	8,885,525	8,886,025	8,882,190	0.0	0.0

Source: U.S. Census Bureau

During the 12 months ending July 2019—

- The population of New York decreased by approximately 76,800, or 0.4 percent, which was the largest decline of all states in the nation. The population of New York declined an average of 0.3 percent annually from 2015 to 2019, compared with an average 0.3-percent increase from 2010 to 2015.
- The population decreased in all metropolitan areas and metropolitan divisions throughout New York. In the Albany metropolitan area, the population declined 0.2 percent, compared with an average increase of 0.2 percent annually from 2010 to 2018.
- In NYC, the population declined by 129,700, or 0.5 percent, due to the net out-migration of 228,200 people more than offsetting net natural change of 98,450 people. Net out-

migration from NYC occurred each year from 2011 to 2019, which is partially attributed to residents moving to nearby areas with more affordable housing options.

- In New Jersey, the population declined by 3,825, or less than 0.1 percent, because net out-migration of 27,600 people more than offset net natural change of 23,800 people. By comparison, the population increased an average of 11,400, or 0.1 percent, annually each year from 2000 to 2018.
- The population declined or was relatively unchanged in 17 of the 21 counties in New Jersey, led by a decrease of 1,675, or 0.3 percent, in Monmouth County. In the Camden metropolitan division, however, the population increased by 830, or 0.1 percent, compared with an average decline of 1,400, or 0.1 percent, annually from 2011 to 2018.

Sales Market Conditions

Sales market conditions in the New York/New Jersey region were balanced during the first quarter of 2020—unchanged compared with a year ago. In February 2020, the region had 3.8 months of available for-sale inventory, up slightly from 3.6 months of inventory in February 2019 (CoreLogic, Inc.). During the 12 months ending March 2020, existing home sales in New York increased by 600 homes, or less than 1 percent, to 129,700 homes sold (New York Association of Realtors®). By comparison, during the 12 months ending March 2019, existing home sales were down by 1,750, or 1 percent, compared with the same period a year earlier. During the past year, the average sales price of existing homes in New York increased 3 percent to \$375,200. Sales of existing homes in the Buffalo and Rochester metropolitan areas increased 5 and 2 percent, respectively, compared with declines of 5 and 1 percent a year ago (Buffalo Niagara Association of Realtors®; Rochester Association of Realtors®). The average sales prices in both metropolitan areas increased 6 percent during the past year, to \$187,500 and \$177,200, respectively. The average sales price of new and existing homes in the Albany metropolitan area was down 6 percent, compared with an average 2-percent

increase during the previous 2 years (Metrostudy, A Hanley Wood Company). By comparison, home sales increased an average of 13 percent annually in corresponding periods during 2016 and 2017. Home sales slowed and eventually declined during the past 3 years in response to net out-migration from the metropolitan area (Metrostudy, A Hanley Wood Company). A decline in sales contributed to a lower average sales price, which decreased 1 percent to \$235,700.

Sales market conditions in the NYC housing market, which consists of the five boroughs—the Bronx, Brooklyn, Manhattan, Queens, and Staten Island—were balanced. During the 12 months ending February 2020, new and existing home sales were down by 400 homes, or 1 percent, to 46,350 homes sold (Metrostudy, A Hanley Wood Company). Home sales in NYC have declined an average of 3 percent annually since 2016, which was largely attributed to high net out-migration. During the past year, home sales were up 16 percent in Manhattan and 5 percent in Queens but down in the other boroughs, including a 30-percent decrease in Staten Island. Despite the decline in the number of homes sold, the average sales price in NYC increased 8 percent to \$1.05 million,

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largely due to an increased number of home sales in Manhattan, where the average sales price is the highest in the city, at \$1.72 million. Within NYC, the average sales price was down 4 percent in Brooklyn but up in the other four boroughs, including a 16-percent increase in Queens.

In New Jersey, the sales market was balanced, unchanged compared with the first quarter of 2019. During the 12 months ending March 2020, existing home sales were up by 700 homes, or 1 percent, to 82,000 homes sold (New Jersey Association of Realtors®). Home sales have increased an average of 1 percent annually since 2018, compared with an average 11-percent increase from 2015 through 2017. The slowdown in recent years was partially due to strong net out-migration from the state. During the past year, existing home sales in southern New Jersey and northern New Jersey increased 2 and 1 percent, to 31,250 and 30,200 homes sold, respectively. In central New Jersey, however, home sales declined 1 percent to 20,600 homes sold. The statewide average sales price increased 4 percent during the past year, to \$410,600.

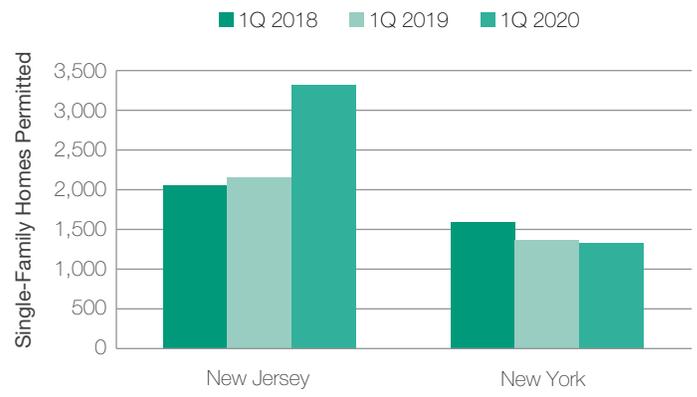
In February 2020, 2.4 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 3.0 percent in February 2019 (CoreLogic, Inc.). The current rate for the region is notably higher than the 1.3-percent national rate and is the highest of all HUD regions for the eighth consecutive year. In New York, the rate of seriously delinquent or REO-transitioned home loans was 2.7 percent, down from 3.2 percent in February 2019, but the highest rate in the nation. The rate in New Jersey was 2.1 percent, down from 2.7 percent a year ago.

During the first quarter of 2020 (preliminary data)—

- Single-family homebuilding activity in the region, as measured by the number of homes permitted, increased by 1,125 homes, or 32 percent, to 4,650 homes permitted. The first-quarter permitting activity was at its highest since 2007, partially attributed to mild winter weather in the region allowing construction activity to start at a faster pace.

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Single-family homebuilding activity increased in the New York/New Jersey region during the first quarter of 2020 due to gains in New Jersey.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Home sales slightly increased in New Jersey during the past year but were relatively unchanged in New York, whereas average sales prices were up throughout most of the region.

	12 Months Ending	Number of Homes Sold			Percent Change	Average or Median	Price		
		2019	2020	2019 (\$)			2020 (\$)	Percent Change	
New York*** (E)	March	129,100	129,700	0	AVG	364,400	375,200	3	
New York City (N&E)**	February	46,750	46,350	-1	AVG	974,300	1,050,800	8	
Albany MSA (N&E)**	February	12,500	11,700	-6	AVG	237,300	235,700	-1	
Buffalo MSA** (E)	March	9,925	10,400	5	AVG	177,100	187,500	6	
Rochester MSA** (E)	March	14,000	14,250	2	AVG	166,500	177,200	6	
New Jersey*** (E)	March	81,300	82,000	1	AVG	396,000	410,600	4	
Northern New Jersey*** (E)	March	29,950	30,200	1	MED	160,000-470,000	202,000-510,000	NA	
Central New Jersey**** (E)	March	20,850	20,600	-1	MED	240,000-425,000	272,500-462,500	NA	
Southern New Jersey*** (E)	March	30,500	31,250	2	MED	121,500-300,300	119,500-329,000	NA	

AVG = average. E = existing. MSA = metropolitan statistical area. MED = median. NA = data not available. N&E = new and existing.
 Notes: *Excludes parts of NYC. **Includes single-family homes, townhomes, and condominiums. ***Includes only single-family homes. ****Includes Hunterdon, Mercer, Middlesex, Monmouth, and Somerset Counties.
 Sources: Buffalo Niagara Association of Realtors®; Metrostudy, A Hanley Wood Company; Greater Rochester Association of Realtors®; New Jersey Association of Realtors®; New York State Association of Realtors®, Inc.



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- In New Jersey, construction activity increased by 1,150 homes, or 53 percent, to 3,300 homes permitted. Single-family construction increased in 18 of 21 counties in the state, with the largest increases of 220 homes each, or 46 and 127 percent, in Ocean and Monmouth Counties, respectively.
- Homebuilding activity in New York decreased by 2 percent, to 1,325 homes permitted. Single-family construction activity in the state decreased an average of 8 percent annually during

the past 2 years compared with an average annual increase of 8 percent from the first quarter of 2016 through the first quarter of 2018.

- In the New York-Newark-Jersey City metropolitan area, single-family homebuilding activity increased by 740 homes, or 33 percent, to 2,950 homes permitted. In the Newark metropolitan division, construction activity increased by 240 homes, or 46 percent, to 760 homes permitted.

Apartment Market Conditions

Apartment market conditions in the major metropolitan areas in the New York/New Jersey region ranged from balanced to tight during the first quarter of 2020. Conditions also ranged from balanced to tight within New York. In NYC, conditions remained balanced, although the vacancy rate increased during the past year in response to high net out-migration. During the first quarter of 2020, the apartment vacancy rate in NYC was 4.0 percent, up from 3.5 percent during the same period a year earlier (Reis, Inc.). The average apartment rent in NYC increased 3 percent, to \$3,764. Conditions in Long Island, New York, were slightly tight, with a vacancy rate of 3.7 percent, up from 2.8 percent during the first quarter of 2019. The vacancy rate increase was largely due to a significant number of newly constructed apartment units that came online during the past year. During the 12 months ending March 2020, approximately 3,675 new apartments were completed in Long Island—more than four times the number of units completed during the previous 12-month period (Dodge Data & Analytics LLC). Due in part to the influx of new, primarily high-priced apartment units, the average apartment rent in Long Island increased nearly 6 percent to \$2,386 during the first quarter of 2020—the largest and fastest increase in the region.

Apartment market conditions were slightly tight in the Albany and Syracuse metropolitan areas, with vacancy rates of 3.8 percent in both areas, down from 4.5 and 4.0 percent, respectively, a year ago (RealPage, Inc.). The average rents in the metropolitan areas were \$1,275 and \$951, up 2 and 3 percent, respectively, compared with the first quarter of 2019. In the Reis, Inc.-defined Westchester market area, conditions transitioned from slightly soft to balanced during the past year, and the vacancy rate decreased from 5.3 to 4.4 percent (Reis, Inc.) because of a decline in the number of newly constructed apartment units coming online. During the 12 months ending March 2020, approximately 2,775 new apartments were completed in the market area, down 3 percent compared with the number of units completed during the same period a year earlier (Dodge Data & Analytics LLC).

In New Jersey, conditions ranged from balanced to tight. In northern New Jersey and central New Jersey, conditions were balanced and tight, respectively—unchanged compared with a year ago. In northern New Jersey, the vacancy rate slightly increased from 4.7 to 4.9 percent, and the average rent rose 2 percent, to \$1,984. The vacancy rate in central New Jersey was 2.6 percent, down slightly from the 2.7-percent rate during the first quarter

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Vacancy rate changes varied throughout the New York/New Jersey region, but average rents were up in all major metropolitan areas in the region.

Market Condition	Vacancy Rate			Average Monthly Rent			
	1Q 2019 (%)	1Q 2020 (%)	Percentage Point Change	1Q 2019 (\$)	1Q 2020 (\$)	Percent Change	
Albany ^a	Slightly Tight	4.5	3.8	-0.7	1,252	1,275	2
Central New Jersey ^b	Tight	2.7	2.6	-0.1	1,423	1,442	1
Long Island ^a	Slightly Tight	2.8	3.7	0.9	2,257	2,386	6
New York City ^b	Balanced	3.5	4.0	0.5	3,660	3,764	3
Northern New Jersey ^b	Balanced	4.7	4.9	0.2	1,936	1,984	2
Syracuse ^a	Slightly Tight	4.0	3.8	-0.2	922	951	3
Westchester ^b	Balanced	5.3	4.4	-0.9	2,294	2,334	2

1Q = first quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) RealPage, Inc.; (b) Reis, Inc.



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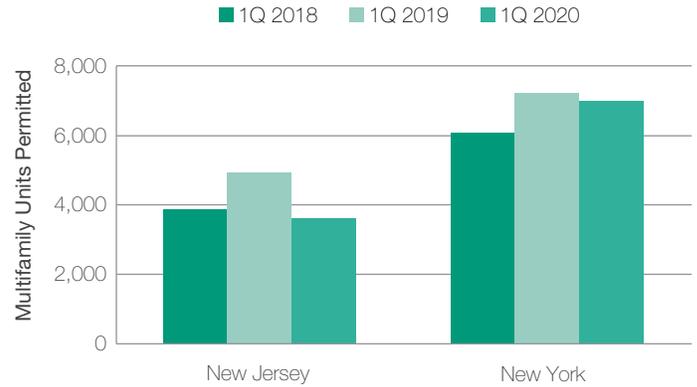
of 2019, and the average rent was \$1,442, up 1 percent from a year ago.

During the first quarter of 2020—

- Multifamily building activity, as measured by the number of multifamily units permitted, totaled 10,650 units permitted in the New York/New Jersey region—down by 1,550 units, or 13 percent, from the first quarter of 2019. By comparison, during the first quarter of 2019, multifamily building activity increased by 2,200 units, or 22 percent, compared with the same period a year earlier.
- Multifamily permitting in New Jersey declined by 1,325 units, or 27 percent, to 3,625 units permitted. In the Atlantic City and Ocean City metropolitan areas, building activity decreased by 130 and 30 units, or 66 and 31 percent, respectively.
- Multifamily permitting in New York declined 3 percent to 7,000 units permitted, compared with a 19-percent increase during the same period a year earlier. NYC accounted for 77 percent of the decline, however, whereas multifamily building activity in the Rochester, Buffalo, and Albany metropolitan areas increased by 75, 65, and 30 units, or 39, 125, and 27 percent, respectively.
- In the New York-Newark-Jersey City metropolitan area, multifamily building activity declined by 820 units, or 8 percent,

to 9,600 units permitted. More than three-fourths of the decline was in NYC, where the number of units permitted was down by 630 units, or 10 percent, to 5,600 units permitted.

Multifamily building activity declined in both New York and New Jersey during the first quarter of 2020.



1Q = first quarter.

Note: Based on preliminary data.

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

