

# HUD PD&R Regional Reports

## Region 2: New York/New Jersey



### Quick Facts About Region 2

Albany, New York

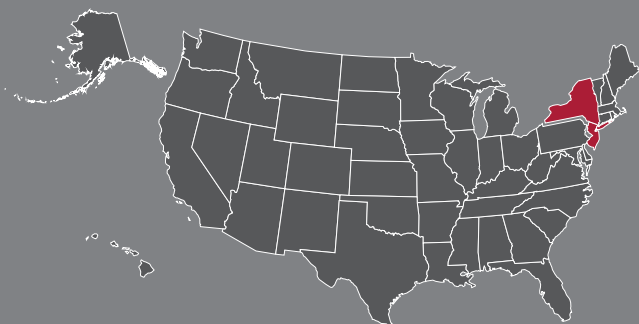
By Joseph Shinn | 3rd Quarter 2019

#### Sales market conditions—

Third quarter 2019: mixed (balanced to slightly soft)  
Second quarter 2019: balanced  
Third quarter 2018: balanced

#### Apartment market conditions—

Third quarter 2019: mixed (balanced to tight)  
Second quarter 2019: mixed (slightly soft to tight)  
Third quarter 2018: mixed (slightly soft to tight)



### Overview

The economy of the New York/New Jersey region expanded during the third quarter of 2019, led by strong gains in the education and health services and the leisure and hospitality sectors. The unemployment rate declined in New Jersey but increased in New York for the first time in 10 years. Compared with a year ago, sales market conditions remained balanced in New Jersey, but conditions softened in New York as the number of homes sold declined. Apartment market conditions in the major metropolitan areas in the region ranged from balanced to tight, compared with conditions ranging from slightly soft to tight a year ago. The apartment market in New York City (NYC) moved from slightly soft to balanced, as the apartment vacancy rate declined because of a decrease in the number of newly constructed apartment units coming on line.

During the third quarter of 2019—

- Nonfarm payrolls in the region increased 1.3 percent, to approximately 14.01 million jobs, compared with a 1.1-percent increase during the same period a year earlier. Nonfarm payrolls in New York and New Jersey each increased 1.3 percent, or by 122,500 and 52,400 jobs, respectively.
- Single-family homebuilding activity in the region increased 19 percent; a significant increase in New Jersey more than offset the decline in New York. Multifamily building activity

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in the region was up 47 percent, with strong increases in both New York and New Jersey.

- In the New York-Newark-Jersey City metropolitan area, single-family construction activity increased 34 percent from

a year ago; gains were largely concentrated in the New Jersey portions of the metropolitan area. Multifamily building activity also increased in the metropolitan area, up 37 percent compared with the third quarter of 2018.

## Economic Conditions

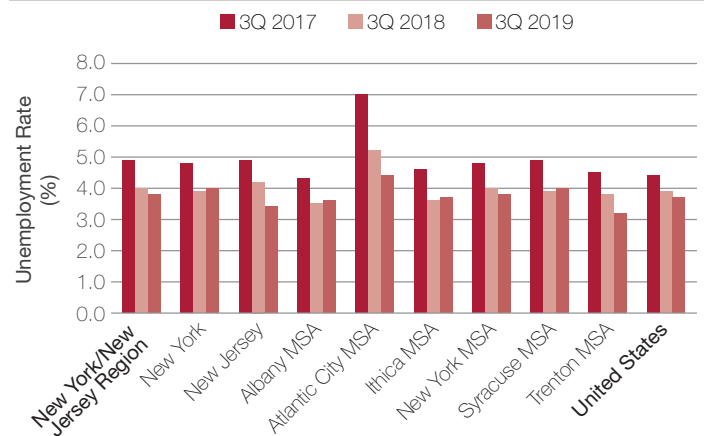
Economic conditions in the New York/New Jersey region strengthened during the third quarter of 2019, continuing a trend that began in the fourth quarter of 2010. During the third quarter of 2019, nonfarm payrolls in the region averaged approximately 14.01 million jobs, up by 174,900 jobs, or 1.3 percent, from the third quarter of 2018. For the eighth consecutive year, the education and health services sector led third-quarter job growth in the region. During the third quarter of 2019, nonfarm payrolls in the sector were up by 73,300 jobs or 2.7 percent. Nonfarm payroll growth was fastest in the leisure and hospitality and the mining, logging, and construction sectors, which were up 3.2 percent each, or by 45,400 and 18,900 jobs, respectively. Job growth is expected to remain strong in the leisure and hospitality sector in the near future. Approximately 1,300 new jobs are expected to be created in late 2019 with the opening of Nickelodeon Universe, an indoor theme park located in East Rutherford, New Jersey. Gains in most sectors in the region were partially offset by losses in the financial activities and information sectors, which decreased by 8,500 and 400 jobs, or 0.9 and 0.1 percent, respectively. These losses contrasted with gains a year ago, when nonfarm payrolls in these sectors were up 0.8 and 0.6 percent, respectively. The decline in the financial activities sector during the past year is partially due to approximately 300 employees being laid off at Goldman Sachs locations throughout New York.

During the third quarter of 2019, the unemployment rate in the New York/New Jersey region averaged 3.8 percent, down slightly from the average 4.0-percent rate during the third quarter of 2018. The

current unemployment rate in the region is similar to the national rate of 3.7 percent. In New Jersey, the unemployment rate was 3.4 percent, down from 4.2 percent a year ago. The 0.8 percentage-point decline in New Jersey was the second largest decrease in the nation, behind only the 1.2 percentage-point drop in Alabama.

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**The unemployment rate was down in New Jersey but slightly increased in New York during the third quarter of 2019.**



3Q = third quarter. MSA = metropolitan statistical area.  
Source: U.S. Bureau of Labor Statistics

**Nonfarm payrolls in the New York/New Jersey region increased in most sectors during the third quarter of 2019.**

	Third Quarter		Year-Over-Year Change	
	2018 (Thousands)	2019 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	13,840.0	14,014.9	174.9	1.3
Goods-Producing Sectors	1,278.9	1,298.7	19.8	1.5
Mining, Logging, & Construction	585.1	604.0	18.9	3.2
Manufacturing	693.8	694.7	0.9	0.1
Service-Providing Sectors	12,561.1	12,716.2	155.1	1.2
Wholesale & Retail Trade	1,933.1	1,941.1	8.0	0.4
Transportation & Utilities	499.6	508.9	9.3	1.9
Information	348.1	347.7	-0.4	-0.1
Financial Activities	981.9	973.4	-8.5	-0.9
Professional & Business Services	2,036.0	2,045.9	9.9	0.5
Education & Health Services	2,715.3	2,788.6	73.3	2.7
Leisure & Hospitality	1,422.2	1,467.6	45.4	3.2
Other Services	587.1	593.7	6.6	1.1
Government	2,037.8	2,049.2	11.4	0.6

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



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In New York, the unemployment rate was 4.0 percent, up slightly from the 3.9-percent rate during the same period a year earlier. The increase was due to a 0.7-percent decline in resident employment in the state, which was the first year-over-year decline in 5 years.

During the third quarter of 2019—

- Nonfarm payrolls in New York increased by 122,500 jobs, or 1.3 percent, compared with the third quarter of 2018. Nearly one-half of the net gains were in the education and health services sector, which increased by 58,200 jobs, or 2.9 percent.
- In the leisure and hospitality sector, nonfarm payrolls were up by 24,200 jobs in New York, or 2.4 percent, compared with a 0.2-percent increase during the same period a year earlier. The faster growth was largely due to gains in the accommodation and food services industry, where nonfarm payrolls rose 1.8 percent compared with a decline of 0.1 percent a year ago.
- Nonfarm payrolls in NYC increased by 87,500 jobs, or 1.9 percent, compared with the third quarter of 2018. In the

wholesale and retail trade sector, nonfarm payrolls were up by 7,800 jobs, or 1.6 percent, compared with a decline of 4,200 jobs, or 0.9 percent, during the same period a year earlier.

- In New Jersey, nonfarm payrolls increased by 52,400 jobs, or 1.3 percent compared with a 0.8-percent increase during the same period a year earlier. Jobs in the state increased at the fastest rates in the Ocean City, Trenton, and Vineland metropolitan areas, where nonfarm payrolls increased 7.4, 2.1, and 2.1 percent, or by 4,000, 5,700, and 1,200 jobs, respectively.
- The stronger job growth in New Jersey compared with a year ago was largely due to accelerated gains in the mining, logging, and construction sector, particularly associated with large increases in residential construction activity. Nonfarm payrolls in the sector were up 5.8 percent, or by 9,400 jobs, compared with a 0.1-percent increase during the same period a year earlier.

## Sales Market Conditions

Sales market conditions in the New York/New Jersey region ranged from balanced to slightly soft during the third quarter of 2019, compared with balanced conditions throughout the region during the third quarter of 2018. Conditions in New York were balanced from 2013 through 2018 but transitioned to slightly soft during the past year as home sales declined and inventory levels increased. In August 2019, the state had 4.9 months of available for-sale inventory, up from 4.6 months of inventory in August 2018 (CoreLogic, Inc.). During the 12 months ending September 2019, existing home sales in New York declined 1 percent to 129,000 homes sold (New York Association of Realtors®). By comparison, from 2012 through 2018, existing home sales in the state increased an average of 6 percent annually. In the Albany metropolitan area, sales of new and existing homes declined 7 percent to 13,800 homes sold during the 12 months ending August 2019, compared

with a 1-percent increase during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). In response to stronger population growth, sales of existing homes in the Rochester and Buffalo metropolitan areas increased 2 and 1 percent, respectively, during the 12 months ending September 2019 (Rochester Association of Realtors®; Buffalo Niagara Association of Realtors®). By comparison, during the previous 12-month period, home sales in these areas declined 1 and 9 percent, respectively. The average sales price of existing homes in New York increased 2 percent to \$368,100 during the 12 months ending September 2019 (New York Association of Realtors®). Average sales prices were up in the major metropolitan areas throughout the state, ranging from a 2-percent increase in the Albany metropolitan area, to a 6-percent increase in the Rochester metropolitan area.

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**Home sales were slightly down in New York and relatively unchanged in New Jersey; average sales prices were up or relatively unchanged throughout the region.**

	12 Months Ending	Number of Homes Sold				Price		
		2018	2019	Percent Change	Average or Median	2018 (\$)	2019 (\$)	Percent Change
New York*,** (E)	September	130,000	129,000	-1	AVG	360,200	368,100	2
New York City (N&E)**	August	45,300	45,850	1	AVG	913,500	911,700	0
Albany MSA (N&E)**	August	14,900	13,800	-7	AVG	216,100	219,900	2
Buffalo MSA** (E)	September	10,100	10,200	1	AVG	173,900	182,400	5
Rochester MSA** (E)	September	13,900	14,150	2	AVG	163,000	172,800	6
New Jersey*** (E)	September	81,000	81,100	0	AVG	391,900	398,000	2
Northern New Jersey*** (E)	September	29,850	29,750	0	MED	219,700-500,000	210,000-505,000	NA
Central New Jersey**** (E)	September	21,000	20,400	-3	MED	257,800-455,000	264,000-465,000	NA
Southern New Jersey*** (E)	September	30,100	31,000	3	MED	120,000-310,000	138,000-372,000	NA

AVG = average. E = existing. MED = median. MSA = metropolitan statistical area. N&E = new and existing. NA = data not available.

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®; CoreLogic, Inc., with adjustments by the analyst; Greater Rochester Association of Realtors®; New Jersey Association of Realtors®; New York State Association of Realtors®, Inc.





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Conditions in the NYC housing market, which consists of five boroughs—the Bronx, Brooklyn, Manhattan, Queens, and Staten Island—were balanced. During the past year, approximately 45,850 new and existing homes sold, up 1 percent compared with a year ago (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales declined an average of 5 percent annually during the previous 2 years. During the past year, home sales were up 17 percent in Manhattan, but down or relatively unchanged in the other four boroughs, including a 16-percent decline in Staten Island. The average sales price in NYC during the past year was \$911,700, relatively unchanged from a year ago. The average sales price increased 7 percent in the Bronx but declined between 1 and 5 percent in the other four boroughs.

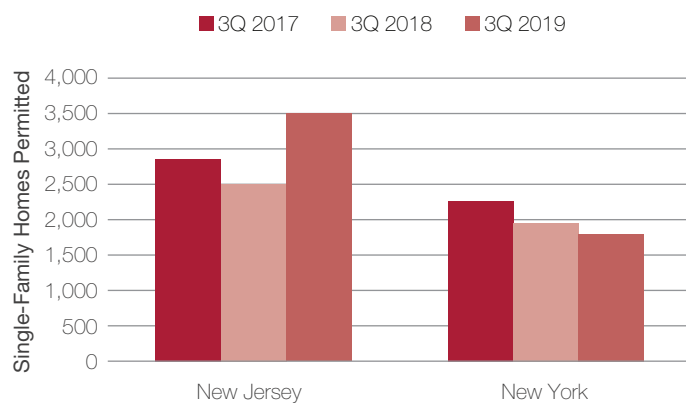
In New Jersey, the sales market was balanced, unchanged from a year ago with existing homes relatively unchanged, at 81,100 homes sold during the 12 months ending September 2019 (New Jersey Association of Realtors®). Home sales were relatively unchanged in northern New Jersey, with 29,750 homes sold, and down 3 percent in central New Jersey, with 20,400 homes sold. Sales activity in southern New Jersey, however, was up 3 percent, to 31,000 homes sold, compared with a year ago. Home sales increased in this part of the state in part because of strong job growth, especially in the Ocean City and Vineland metropolitan areas. The statewide average sales price in New Jersey increased 2 percent to \$398,000.

In August 2019, 2.6 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 3.3 percent in August 2018 (CoreLogic, Inc.). The current rate is higher than the 1.4-percent nationwide rate and is the highest of all HUD regions for the seventh consecutive year. In New Jersey and New York, the rates were 2.4 and 2.9 percent, respectively, in August 2019, down from 3.1 and 3.5 percent, respectively, a year ago.

During the third quarter of 2019 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, increased by 850 homes, or 19 percent, in the New York/New Jersey region to 5,300 homes permitted. By comparison, construction activity

**Single-family homebuilding activity increased in the New York/New Jersey region during the third quarter of 2019; a strong increase in New Jersey more than offset a slight decrease in New York.**



3Q = third quarter.

Note: Based on preliminary data.

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

during the third quarter of 2018 decreased 13 percent compared with the same period a year earlier.

- Homebuilding activity in New Jersey increased by 990 homes, or 39 percent, to 3,500 homes permitted. More than 95 percent of the net increase was in Hudson County where the number of units permitted totaled approximately 960 homes permitted, which was more than eight times the number of homes permitted during the same period a year earlier.
- In response to decreased home sales, single-family construction activity in New York declined by 140 homes, or 7 percent, to 1,800 homes permitted. Permitting activity was down throughout upstate New York, ranging from a 5-percent decline in the Albany metropolitan area to a 25-percent decrease in the Syracuse metropolitan area.
- Homebuilding activity in the New York-Newark-Jersey City metropolitan area increased by 840 homes, or 34 percent, to 3,325 homes permitted. Construction activity in the metropolitan area increased an average of 10 percent annually during the past 3 years, and third-quarter homebuilding is at its highest level since the third quarter of 2007.

## 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 third quarter of 2019. Conditions in New York also ranged from balanced to tight. The apartment market in NYC was balanced as compared with slightly soft a year ago, and the apartment vacancy rate was 4.0 percent, down from 4.3 percent during the third quarter of 2018 (Reis, Inc.). The

average apartment rent in NYC increased 3 percent to \$3,740. In Long Island, conditions were tight with a 2.7-percent vacancy rate, up slightly from 2.6 percent during the same period a year earlier (RealPage, Inc.). In response to continued tight apartment market conditions, the average rent increased 7 percent, to \$2,367, which was the largest increase in the region.

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Apartment market conditions ranged from balanced to tight throughout the New York/New Jersey region and average rents were up in all major metropolitan areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		3Q 2018 (%)	3Q 2019 (%)	Percentage Point Change	3Q 2018 (\$)	3Q 2019 (\$)	Percent Change
Albany <sup>a</sup>	Slightly Tight	3.8	3.8	0	1,223	1,271	3.9
Central New Jersey <sup>b</sup>	Tight	2.8	2.7	-0.1	1,412	1,432	1.4
Long Island <sup>a</sup>	Tight	2.6	2.7	0.1	2,216	2,367	6.8
New York City <sup>b</sup>	Balanced	4.3	4.0	-0.3	3,642	3,740	2.7
Northern New Jersey <sup>b</sup>	Balanced	4.7	4.9	0.2	1,993	2,073	4.0
Syracuse <sup>a</sup>	Slightly Tight	3.4	3.1	-0.3	907	934	3.0
Westchester <sup>b</sup>	Balanced	5.8	4.8	-1	2,281	2,329	2.1

3Q = third quarter.

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

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 5.8 to 4.8 percent because of a decrease in the number of newly constructed apartment units coming on line. During the 12 months ending September 2019, approximately 1,850 new apartment units were completed, down 11 percent compared with the number of units completed during the previous 12-month period (Dodge Data & Analytics LLC). Conditions in the Albany and Syracuse metropolitan areas were slightly tight. In the Albany metropolitan area, the apartment vacancy rate was unchanged from a year ago at 3.8 percent, and the average apartment rent increased 4 percent to \$1,271 (RealPage, Inc.). The apartment vacancy rate in the Syracuse metropolitan area was 3.1 percent, down from 3.4 percent, and the average apartment rent was \$934, up 3 percent from a year ago.

In New Jersey, apartment market conditions ranged from balanced to tight, unchanged from a year ago. In central New Jersey, conditions were tight, with a 2.7-percent vacancy rate, down slightly from 2.8 percent during the third quarter of 2018 (Reis, Inc.). In response to strong apartment construction activity in the New Jersey portions of the New York metropolitan area, the apartment vacancy rate in northern New Jersey increased to 4.9 percent, up from 4.7 percent a year ago, and the average apartment rent increased 4 percent to \$2,073.

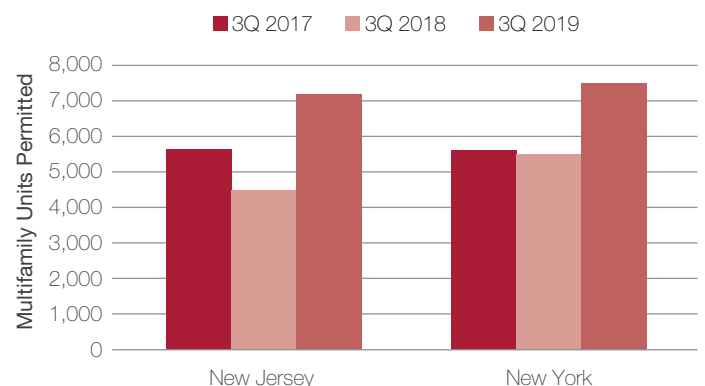
During the third quarter of 2019 (preliminary data)—

- In response to tight or tightening apartment conditions in some of the larger markets in the New York/New Jersey region, building activity, as measured by the number of multifamily units permitted, increased by 4,700 units, or 47 percent, to 14,700 units permitted. By comparison, during the third quarter of 2018, multifamily permitting activity declined 11 percent compared with the same period a year earlier.
- Multifamily construction activity in New Jersey increased by 2,725 units, or 60 percent, to 7,200 units permitted, which was

the highest level in more than 19 years. The increase was largely concentrated in Hudson, Middlesex, and Bergen Counties, where the number of units permitted increased by 570, 530, and 320 units, respectively.

- In New York, multifamily building activity increased by 1,975 units, or 36 percent, to 7,475 units permitted. By comparison, third-quarter construction activity declined an average of 6 percent annually during the previous 4 years.
- In the New York-Newark-Jersey City metropolitan area, multifamily construction was up by 3,300 units, or 37 percent, to 12,150 units permitted. Building activity was strongest in NYC, where approximately 5,250 units were permitted, up by 890 units or 20 percent, from the same period a year earlier; the strong increase in NYC occurred as developers responded to the declining vacancy rate in the city during the past year.

### Multifamily building activity significantly increased in both New York and New Jersey during the third quarter of 2019.



3Q = third quarter.

Note: Based on preliminary data.

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