

HUD PD&R Regional Reports

Region 2: New York/New Jersey

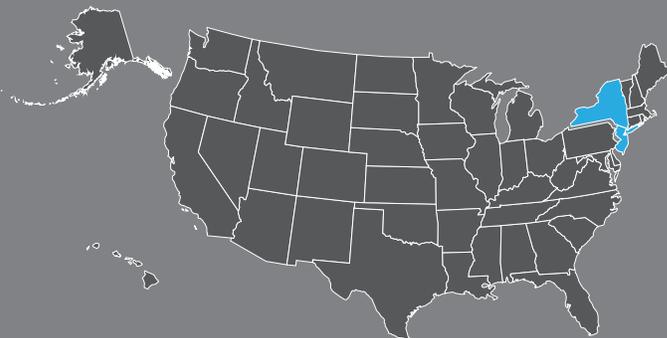


Quick Facts About Region 2

New York City, New York

By Joseph Shinn | 4th Quarter 2019

- **Sales market conditions—**
 - Fourth quarter 2019: balanced
 - Third quarter 2019: mixed (balanced to slightly soft)
 - Fourth quarter 2018: balanced
- **Apartment market conditions—**
 - Fourth quarter 2019: mixed (balanced to tight)
 - Third quarter 2019: mixed (balanced to tight)
 - Fourth quarter 2018: mixed (slightly soft to tight)



Overview

Economic conditions in the New York/New Jersey region strengthened during the fourth quarter of 2019, continuing a period of growth that began during the fourth quarter of 2010. Nonfarm payroll jobs in the region increased at the fastest pace in the leisure and hospitality sector, and the largest number of jobs added was in the education and health services sector. Sales market conditions were balanced in the region and both states. Apartment market conditions in the major metropolitan areas in the region ranged from balanced to tight during the fourth quarter of 2019, and apartment vacancy rates declined in most areas throughout the region. The apartment market in New York City (NYC) was balanced, but the vacancy rate was down from a year ago.

During the fourth quarter of 2019—

- Nonfarm payrolls in the region increased 1.0 percent, to approximately 14.15 million jobs, compared with the fourth quarter of 2018. Payrolls were up by 111,000 jobs, or 1.1 percent, in New York and by 33,500 jobs, or 0.8 percent, in New Jersey.

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- Single-family homebuilding in the region decreased 1 percent compared with a year ago; a decline in construction activity in New York more than offset a slight increase in activity in New Jersey. Multifamily building activity was up 58 percent in the region from a year ago, with substantial gains in both states.
- In the New York-Newark-Jersey City metropolitan area, single-family home construction activity was up 6 percent compared with the fourth quarter of 2018. Multifamily building activity in the metropolitan area increased 61 percent; approximately 58 percent of the gain was in NYC.

Economic Conditions

The economy of the New York/New Jersey region expanded during the fourth quarter of 2019, and job growth accelerated compared with a year ago. During the fourth quarter of 2019, nonfarm payrolls in the region averaged approximately 14.15 million jobs—up by 144,500 jobs or 1.0 percent, compared with the fourth quarter of 2018. By comparison, during the fourth quarter of 2018, nonfarm payrolls were up 0.7 percent compared with the same period a year earlier. The faster growth rate during the past year was primarily due to stronger job gains in the leisure and hospitality sector, which was up by 37,900 jobs, or 2.9 percent, compared with an increase of 6,000 jobs, or 0.5 percent, during the same period a year earlier. In the wholesale and retail trade sector, payrolls increased by 1,600 jobs, or 0.1 percent. By comparison, during the previous 3 years, fourth-quarter payrolls in the sector declined by an average of 10,800 jobs, or 0.5 percent, annually. For the seventh consecutive year, fourth-quarter job gains in the region were most substantial in the education and health services sector, which increased by 67,600

jobs, or 2.4 percent. Gains in the sector primarily occurred in the health care and social assistance industry, which increased by 73,600 jobs, or 3.4 percent. Losses in the financial activities and the manufacturing sectors, which declined by 5,900 and 3,400 jobs, or 0.6 and 0.5 percent, respectively, offset job growth in most sectors in the region. In the manufacturing sector, New England Motor Freight closed its facility in Elizabeth, New Jersey in early 2019, resulting in nearly 1,700 jobs lost.

During the fourth quarter of 2019, the unemployment rate in the New York/New Jersey region averaged 3.6 percent—unchanged from the average rate during the fourth quarter of 2018. By comparison, the fourth-quarter unemployment rate declined each year from 2012 through 2018. In New Jersey, the unemployment rate averaged 3.4 percent (the lowest fourth-quarter rate since 2000), down slightly from 3.5 percent a year ago. The unemployment rate in New York was 3.7 percent—unchanged from the fourth quarter of 2018.

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Nonfarm payrolls in the New York/New Jersey region were up overall in service-providing sectors but down slightly in goods-producing sectors during the fourth quarter of 2019.

	Fourth Quarter		Year-Over-Year Change	
	2018 (Thousands)	2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	14,003.1	14,147.6	144.5	1.0
Goods-Producing Sectors	1,269.6	1,268.8	-0.8	-0.1
Mining, Logging, & Construction	576.1	578.7	2.6	0.5
Manufacturing	693.5	690.1	-3.4	-0.5
Service-Providing Sectors	12,733.6	12,878.8	145.2	1.1
Wholesale & Retail Trade	1,968.5	1,970.1	1.6	0.1
Transportation & Utilities	538.1	547.8	9.7	1.8
Information	345.6	346.0	0.4	0.1
Financial Activities	966.0	960.1	-5.9	-0.6
Professional & Business Services	2,034.6	2,061.1	26.5	1.3
Education & Health Services	2,839.3	2,906.9	67.6	2.4
Leisure & Hospitality	1,328.9	1,366.8	37.9	2.9
Other Services	589.3	592.3	3.0	0.5
Government	2,123.3	2,127.7	4.4	0.2

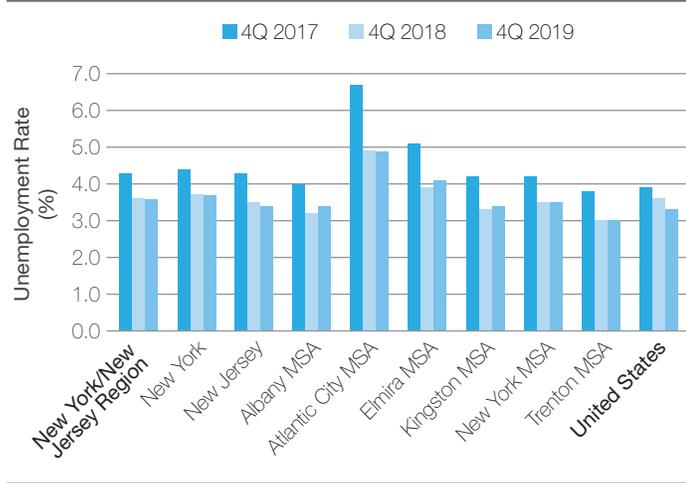
Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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The unemployment rate was down in New Jersey but unchanged in New York during the fourth quarter of 2019.



4Q = fourth quarter. MSA = metropolitan statistical area.
Source: U.S. Bureau of Labor Statistics

During the fourth quarter of 2019—

- Nonfarm payrolls in New York increased by 111,000 jobs, or 1.1 percent—up from the 0.8-percent growth rate during the fourth quarter of 2018. In the Rochester and Buffalo metropolitan areas, nonfarm payrolls were up 1.3 and 0.6 percent, respectively, compared with payrolls increasing 0.1 percent in the Rochester metropolitan area and remaining

relatively unchanged in the Buffalo metropolitan area during the same period a year earlier.

- More than one-half of the statewide increase in New York occurred in the education and health services sector, which was up by 59,200 jobs, or 2.8 percent. Additional gains were in the professional and business services and the leisure and hospitality sectors, which increased by 28,200 and 18,900 jobs, or 2.1 and 2.0 percent, respectively.
- In NYC, nonfarm payrolls increased by 76,100 jobs, or 1.6 percent; the service-providing sectors had the most job gains, up by 83,300 jobs, or 1.9 percent. Partially offsetting those gains were losses in the mining, logging, and construction and the manufacturing sectors, which declined by 5,600 and 1,600 jobs, or 3.5 and 2.3 percent, respectively.
- Nonfarm payrolls in New Jersey increased by 33,500 jobs, or 0.8 percent, compared with a 0.7-percent growth rate during the same period a year ago. Job gains in the state were largest in the leisure and hospitality and the education and health services sectors, which increased by 19,000 and 8,500 jobs, or 5.0 and 1.2 percent, respectively.
- Job growth in New Jersey slowed due to declines in the information, the wholesale and retail trade, and the government sectors, which decreased by 2,900, 2,700, and 2,400 jobs—or 4.3, 0.4, and 0.4 percent—respectively. In the wholesale and retail trade sector, approximately 300 jobs were lost during 2019 when Petland Discounts, a pet-supply company, closed all 10 of its locations in New Jersey.

Sales Market Conditions

Sales market conditions in the New York/New Jersey region were balanced during the fourth quarter of 2019. Conditions remained balanced in New York—unchanged from those during the fourth quarter of 2018. In November 2019, the state had 4.0 months of available-for-sale inventory, down from 4.9 months of inventory in November 2018 (CoreLogic, Inc.). During 2019, approximately 129,400 existing homes sold in the state (New York Association of Realtors®). Existing home sales have been relatively unchanged in the state for the past 3 years compared with an average annual increase of 8 percent from 2011 through 2016. During the past year, the average home sales price in New York increased 2 percent, to \$371,400. Sales of new and existing homes in the Albany metropolitan area declined 7 percent during the 12 months ending November 2019 (CoreLogic, Inc., with adjustments by the analyst), which is partially attributable to a slowdown in job growth in the area. In response to the decreased sales activity, the average home sales price in the metropolitan area declined 5 percent from a year ago, to \$206,300. Sales of existing homes in the Rochester

and Buffalo metropolitan areas were up 2 percent each, and the average sales prices increased 6 and 5 percent, to \$175,300 and \$185,800, respectively (Rochester Association of Realtors®, Buffalo Niagara Association of Realtors®).

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 November 2019, new and existing home sales were relatively unchanged at 45,300 homes sold compared with a 10-percent decline during the same period a year earlier (CoreLogic, Inc., with adjustments by the analyst). Home sales were up 17 percent in Manhattan but were down or unchanged in the other four boroughs. The average home sales price in NYC increased 2 percent, to \$922,300, due in part to the increased number of sales in Manhattan, which has the highest average sales price of the five boroughs, at \$1.38 million. Within NYC, changes in the average sales prices ranged from a 5-percent increase in the Bronx to 2-percent declines in both Queens and Brooklyn.

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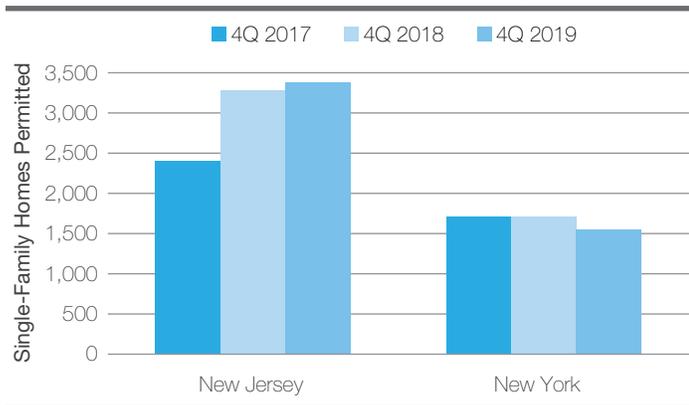
Home sales increased in New Jersey but were relatively unchanged in New York; average sales prices were up throughout much of the region.

	12 Months Ending	Number of Homes Sold				Price		
		2018	2019	Percent Change	Average or Median	2018 (\$)	2019 (\$)	Percent Change
New York*** (E)	December	129,900	129,400	0	AVG	363,500	371,400	2
New York City (N&E)**	November	45,150	45,300	0	AVG	903,900	922,300	2
Albany MSA (N&E)**	November	14,850	13,800	-7	AVG	216,800	206,300	-5
Buffalo MSA** (E)	December	10,100	10,300	2	AVG	176,500	185,800	5
Rochester MSA** (E)	December	13,950	14,250	2	AVG	166,000	175,300	6
New Jersey*** (E)	December	81,100	81,600	1	AVG	394,300	404,100	2
Northern New Jersey*** (E)	December	29,850	30,050	1	MED	213,100-480,000	252,000-487,500	NA
Central New Jersey**** (E)	December	20,850	20,550	-1	MED	237,000-438,300	273,500-485,000	NA
Southern New Jersey*** (E)	December	30,400	30,900	2	MED	125,000-292,500	125,000-350,500	NA

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

Single-family homebuilding activity decreased slightly in the New York/New Jersey region during the fourth quarter of 2019; losses occurred in New York, and New Jersey showed a small gain.



4Q = fourth quarter. Note: Based on preliminary data. Source: U.S. Census Bureau, Building Permits Survey

In New Jersey, the sales market was balanced, unchanged from a year ago. In November 2019, the state had 3.8 months of available-for-sale inventory—down from 4.2 months of inventory in November 2018 (CoreLogic, Inc.). During 2019, existing home sales increased 1 percent, to 81,600 homes sold (New Jersey Association of Realtors®), which is partially attributable to accelerating statewide job growth. Existing home sales in southern New Jersey and northern New Jersey were up 2 and 1 percent, to 30,900 and 30,050 homes sold, respectively. In central New Jersey, however, existing home sales declined 1 percent, to 20,550 homes sold. The statewide average sales price in New Jersey was \$404,100 during 2019, up 2 percent compared with the average sales price during 2018.

In November 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 3.2 percent in November 2018 (CoreLogic, Inc.). The current rate is higher than the 1.4-percent national rate, and the regional rate has been the highest of all HUD regions since late 2012. The 0.6-percentage-point decline in the rate during the past year, however, was the largest decline of all HUD regions. In New York and New Jersey, the rates of seriously delinquent or REO-transitioned home loans were 2.8 and 2.3 percent in November 2019, down from 3.4 and 2.9 percent in November 2018, respectively.

During the fourth quarter of 2019 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, was relatively flat in the New York/New Jersey region, decreasing by only 50 homes, or 1 percent, to 4,925 homes permitted. During the fourth quarter of 2018, construction activity was up 21 percent compared with the same period a year earlier.
- In New York, homebuilding activity decreased by 150 homes, or 9 percent, to 1,550 homes permitted. Single-family construction was down or unchanged in 48 of 62 counties in New York, with the largest decline of 55 homes, or 29 percent, in Monroe County.
- Construction activity in the New York-Newark-Jersey City metropolitan area increased by 200 homes, or 6 percent, to 3,325 homes permitted. Gains were concentrated in the New York-Jersey City-White Plains metropolitan division, where single-family homebuilding rose by 260 homes, or 12 percent, to 2,375 homes permitted.
- Homebuilding activity in New Jersey was up by 100 homes, or 3 percent, to 3,375 homes permitted compared with a 36-percent increase during the same period a year earlier. During the past year, the most substantial gain was in Hudson County, where the number of homes permitted increased by 170 homes, or 22 percent, to 960 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 fourth quarter of 2019. Conditions also ranged from balanced to tight in New York. In NYC, conditions were balanced despite a decrease in the vacancy rate, down to 3.9 percent from 4.1 percent during the same period a year earlier (Reis, Inc.). The vacancy rate in NYC declined during the past year due in part to a decrease in the number of newly constructed apartment units coming on line. During 2019, approximately 19,300 new apartment units were completed, down 24 percent compared with the number of units completed during 2018 (Dodge Data & Analytics LLC). The average asking rent in NYC was the highest in the region, at \$3,755, up 3 percent compared with the fourth quarter of 2018 (Reis, Inc.). The apartment market in Long Island was tight, with a 2.9-percent vacancy rate, up slightly from 2.8 percent during the same period a year earlier (RealPage, Inc.). As a result of low vacancy rates during the past year, the average asking rent increased 7 percent, to \$2,366—the largest increase in the region.

Apartment market conditions in the Buffalo metropolitan area were tight, with a vacancy rate of 2.2 percent, down from 3.4 percent a year earlier, and the average asking rent increased 3 percent, to \$983 (RealPage, Inc.). Tightening conditions in the metropolitan area occurred partially because of increased migration into the area, particularly into the city of Buffalo. The apartment markets in Albany and Rochester were balanced and slightly tight, with vacancy rates of 4.0 and 3.5 percent, respectively (RealPage, Inc.). The average rents in Albany and Rochester were \$1,263 and \$1,029, up 3 and 4 percent from a year ago, respectively.

Conditions in New Jersey ranged from balanced to tight. In northern New Jersey, conditions were balanced, with a vacancy rate of 4.8 percent, unchanged from a year ago, and the average rent increased 3 percent, to \$2,076 (Reis, Inc.). In the Atlantic

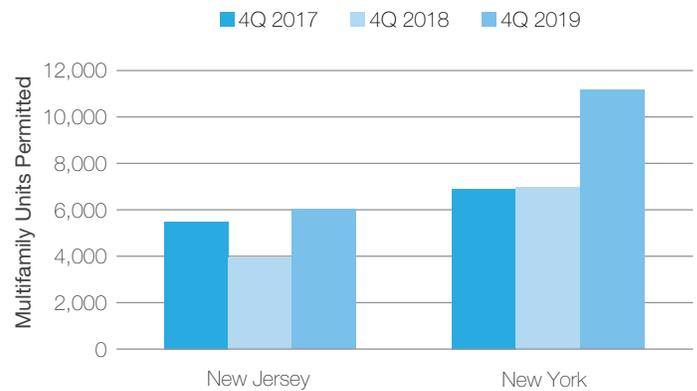
City metropolitan area, conditions tightened compared with a year ago, because of increased net in-migration in response to substantial job gains during 2018. During the fourth quarter of 2019, the apartment vacancy rate was 2.1 percent, down from 3.9 percent a year earlier, and the average apartment rent increased 5 percent, to \$1,267 (RealPage, Inc.).

During the fourth quarter of 2019 (preliminary data)—

- Building activity, as measured by the number of multifamily units permitted, totaled 17,200 units permitted in the New York/New Jersey region, up by 6,275 units, or 58 percent, from the fourth quarter of 2018. Tightening apartment market conditions contributed significantly to the increased level of permitting throughout the region, which was the highest fourth-quarter total since 2015.

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



4Q = fourth quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment vacancy rates declined or were little changed, whereas average rents increased throughout the major metropolitan areas in the New York/New Jersey region.

Market Condition	Vacancy Rate			Average Monthly Rent			
	4Q 2018 (%)	4Q 2019 (%)	Percentage Point Change	4Q 2018 (\$)	4Q 2019 (\$)	Percent Change	
Albany ^a	Balanced	4.8	4.0	-0.8	1,229	1,263	3
Atlantic City ^a	Tight	3.9	2.1	-1.8	1,211	1,267	5
Buffalo ^a	Tight	3.4	2.2	-1.2	950	983	3
Long Island ^a	Tight	2.8	2.9	0.1	2,212	2,366	7
New York City ^b	Balanced	4.1	3.9	-0.2	3,649	3,755	3
Northern New Jersey ^b	Balanced	4.8	4.8	0	2,021	2,076	3
Rochester ^a	Slightly Tight	4.4	3.5	-0.9	988	1,029	4

4Q = fourth 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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- Multifamily construction activity in New York increased by 4,175 units, or 60 percent, to 11,150 units permitted after increasing 1 percent during the same period a year earlier. Multifamily permitting rose throughout upstate New York, up three-fold—by 190 units—in the Rochester metropolitan area and two-fold—by 160 units each—in the Buffalo and Albany metropolitan areas.
- In the New York-Newark-Jersey City metropolitan area, multifamily building activity increased by 5,925 units, or 61 percent, to 15,550 units permitted. In response to declining vacancy rates, multifamily construction in NYC was up by 3,425 units, or 60 percent, to 9,150 units permitted.
- Multifamily building activity in New Jersey increased by 2,100 units, or 54 percent, to 6,025 units permitted, compared with a 28-percent decline during the same period a year earlier. Nearly one-half of the net gain was in the Newark metropolitan division, where the number of units permitted increased by 990 units, or 64 percent, to 2,525 units permitted.

