

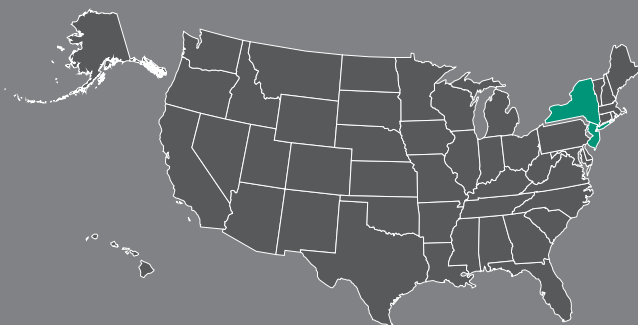
# HUD PD&R Regional Reports

## Region II: New York/New Jersey



### Quick Facts About Region II

- **Sales market conditions—**  
First quarter 2013: mixed (balanced to soft).  
Fourth quarter 2012: slightly soft.  
First quarter 2012: soft.
- **Rental market conditions—**  
First quarter 2013: tight.  
Fourth quarter 2012: mixed (balanced to tight).  
First quarter 2012: mixed (balanced to tight).



By Parker A. Ross | 1st quarter 2013

### Overview

Economic conditions in the New York/New Jersey region have been improving since the summer of 2010. During the first quarter of 2013, sales housing markets in the region ranged from balanced to soft, improving from soft conditions during the first quarter of 2012. During the same period, single-family construction activity increased as builders responded to improvements in sales market conditions. Rental housing market conditions in the region were tight in the first quarter of 2013 compared with the mixed conditions of a year ago, as indicated by declining vacancy rates and rising rents. Multifamily construction activity continued to increase rapidly in response to tight rental markets.

- Sales markets improved throughout the region, with increases in home sales, average sales prices, and single-family building activity during the past year.
- During the first quarter of 2013, apartment vacancy rates declined to 1.9 percent in New York City (NYC), 3.6 percent in Northern New Jersey, and 2.8 percent in Buffalo, New York.
- Apartment construction activity increased significantly in the region, with gains largely concentrated in New York, particularly in NYC.



Nonfarm payrolls have increased in the New York/New Jersey region since the third quarter of 2010.

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	12,466.5	12,599.2	132.7	1.1
Goods-producing sectors	1,116.8	1,105.1	- 11.6	- 1.0
Mining, logging, and construction	416.7	416.5	- 0.2	0.0
Manufacturing	700.1	688.6	- 11.4	- 1.6
Service-providing sectors	11,349.7	11,494.1	144.4	1.3
Wholesale and retail trade	1,870.4	1,894.6	24.2	1.3
Transportation and utilities	425.1	426.0	0.9	0.2
Information	334.0	328.7	- 5.3	- 1.6
Financial activities	925.4	921.6	- 3.9	- 0.4
Professional and business services	1,729.6	1,775.6	45.9	2.7
Education and health services	2,378.2	2,424.1	45.9	1.9
Leisure and hospitality	1,062.1	1,092.8	30.7	2.9
Other services	533.9	543.4	9.5	1.8
Government	2,090.9	2,087.3	- 3.7	- 0.2

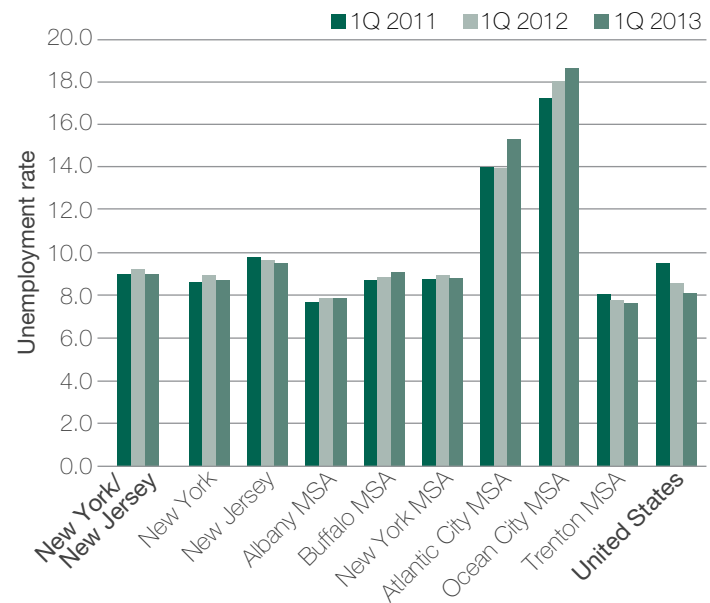
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

Economic conditions in the New York/New Jersey region continued to improve during the past quarter. During the first quarter of 2013, nonfarm payrolls averaged 12.60 million jobs, an increase of 132,700 jobs, or 1.1 percent, from the first quarter of 2012. The largest job gains occurred in the professional and business services, education and health services, and leisure and hospitality sectors, which gained 45,900, 45,900, and 30,700 jobs, or 2.7, 1.9, and 2.9 percent, respectively. These increases more than offset the losses of 11,400, 5,300, and 3,900 jobs, or 1.6, 1.6, and 0.4 percent, respectively, in the manufacturing, information, and financial activities sectors.

- During the first quarter of 2013, New York gained 82,100 jobs, an increase of 0.9 percent from the first quarter of 2012. The professional and business services and the education and health services sectors, which increased by 34,700 and 34,300 jobs, or 3.1 and 1.9 percent, respectively, led job growth.
- Nonfarm payrolls in New Jersey increased by 50,700 jobs, or 1.3 percent, led by an increase of 1.9 percent in both the education and health services and the professional and business services sectors, gains of 11,600 and 11,300 jobs, respectively.
- NYC nonfarm payrolls increased by 58,800 jobs, or 1.5 percent, accounting for nearly 45 percent of all jobs added in the region.
- The financial activities sector in NYC, which lost more than 39,000 jobs between 2008 and 2010, declined by 3,800 jobs,

## Unemployment rates remain high throughout the New York/New Jersey region.



1Q = first quarter. MSA = metropolitan statistical area.  
Source: U.S. Bureau of Labor Statistics

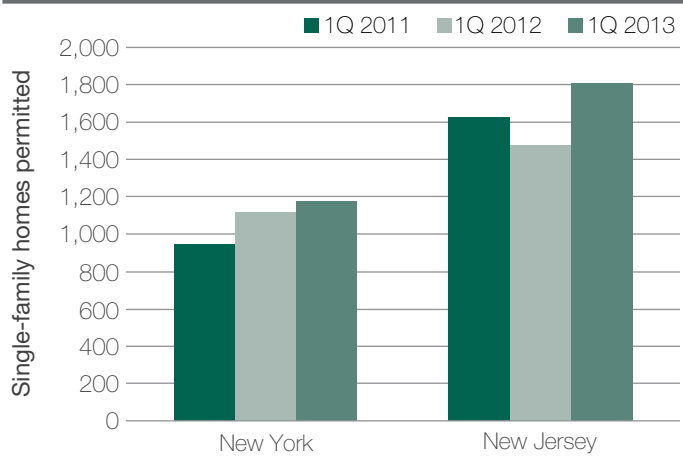
- or 0.9 percent, during the first quarter of 2013 after posting a gain of 3,000 jobs, or 0.7 percent, during the first quarter of 2012.
- During the first quarter of 2013, the unemployment rate in the region averaged 9.0 percent, down from 9.2 percent during the first quarter of 2012.



## Sales Market Conditions

Sales housing markets in the New York/New Jersey region ranged from balanced to soft in the first quarter of 2013 compared with the soft conditions of a year ago. Sales markets in New York improved, nearly reaching balanced conditions. In New Jersey, sales markets remained soft despite some improvement during 2012 after 5 years of declining sales and prices. The NYC sales market improved during the past year and is nearly balanced. During the

### Single-family permitting increased in New York and New Jersey during the first quarter of 2013.



1Q = first quarter.

Note: Based on preliminary data.

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

12 months ending March 2013, the number of new and existing condominiums and cooperatives sold in Manhattan increased 15.6 percent, to 13,250 units, and the average sales price increased 2.4 percent, to \$1.34 million. The greatest increase in average new and existing home sales prices in NYC during the past year occurred in Brooklyn, where prices increased 7.3 percent, to \$605,600, and sales increased 4.9 percent, to 9,950. Sales in Queens increased 2.2 percent, to 11,900 homes, and the average sales price increased 3.9 percent, to \$408,500. Sales increased 30.9 percent, to 2,825 homes, on Staten Island, and the average sales price there increased 4.8 percent, to \$426,600. In March 2013, 10.8 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or transitioned into REO (Real Estate Owned), up from 9.9 percent a year ago (LPS Applied Analytics).

Improvements in the New York/New Jersey sales markets during the past year led to an increase in single-family homebuilding activity, as measured by the number of homes permitted.

Based on preliminary data, during the first quarter of 2013—

- In total, 2,975 single-family homes were permitted in the region, a 14-percent increase from the first quarter of 2012.
- Single-family home permitting increased 22 percent, to 1,800 homes, in New Jersey, accounting for nearly 90 percent of the increase in homebuilding activity in the region.
- Single-family permitting increased 4 percent in New York, to 1,175 homes.

### Home sales and prices increased across the New York/New Jersey region.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
New York* (E)	March	88,200	93,000	5.4	AVG	292,500	300,500	2.7
New York City (N&E—1-3 family)	March	15,600	16,800	7.7	AVG	552,000	589,700	6.8
New York City (N&E—condo & co-op)	March	21,500	23,600	9.8	AVG	876,500	929,300	6.0
Rochester** (E)	March	9,350	9,900	5.9	AVG	144,800	151,400	4.6
Buffalo** (E)	March	8,950	9,400	5.0	AVG	136,500	145,100	6.3
		<b>2011</b>	<b>2012</b>			<b>2011 (\$)</b>	<b>2012 (\$)</b>	
New Jersey*** (E)	December	79,400	88,700	11.7	AVG	324,800	323,600	-0.4
Northern New Jersey*** (E)	December	38,500	42,500	10.4	AVG	374,300	369,200	-1.4
Central New Jersey*** (E)	December	21,100	23,700	12.3	AVG	327,400	326,900	-0.2
Southern New Jersey*** (E)	December	19,800	22,500	13.6	AVG	230,100	234,800	2.0

AVG = average. co-op = cooperatives. condo = condominiums. E = existing. N&E = new and existing.

\*Excludes parts of New York City and includes single-family homes, townhomes, and condominiums. \*\*Includes single-family homes, townhomes, and condominiums.

\*\*\*Includes single-family homes only.

Sources: New York State Association of REALTORS®; Real Estate Board of New York; Greater Rochester Association of REALTORS®; Buffalo Niagara Association of REALTORS®; New Jersey Association of REALTORS®



## Rental Market Conditions

Rental housing market conditions ranged from balanced to tight in Upstate New York and in New Jersey, and NYC remained the tightest rental market in the country. In the first quarter of 2013, the apartment vacancy rate in the Buffalo metropolitan area was 2.8 percent, down from 3.4 percent a year earlier, and the average asking rent increased 2 percent, to \$767 (Reis, Inc.). In the Syracuse metropolitan area, the apartment vacancy rate decreased from 3.3 to 2.4 percent, and the average rent increased more than 2 percent, to \$732. In Northern New Jersey, the apartment vacancy rate decreased from 4.0 to 3.6 percent, and the average rent increased more than 2 percent, to \$1,586. In Central New Jersey, the apartment vacancy rate declined from 3.0 to 2.9 percent, and the average rent increased nearly 3 percent, to \$1,214. The apartment vacancy rate in NYC was 1.9 percent, down from 2.1 percent a year earlier, and the average asking rent increased more than 3 percent, to \$3,044. On Long Island, the vacancy rate increased from 3.3 to 3.5 percent, and the average rent increased more than 2 percent, to \$1,640.

### Metropolitan apartment markets in the New York/New Jersey region ranged from balanced to tight.

Metropolitan Area	Market Condition
Buffalo	Tight
Central New Jersey	Tight
Long Island	Balanced
New York City	Tight
Northern New Jersey	Slightly tight
Syracuse	Tight

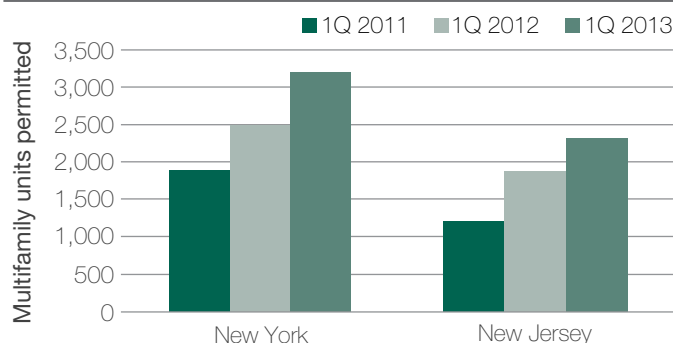
Source: HUD, PD&R, Economic and Market Analysis Division

In response to tight rental markets, multifamily construction, as measured by the number of units permitted, has increased significantly in the New York/New Jersey region since 2009, with gains largely concentrated in New York, particularly in NYC. Apartment construction accounts for nearly 75 percent of the 44,000 multifamily units under construction in the region and about 90 percent of the 23,000 units under construction in NYC (McGraw-Hill Construction Pipeline database).

Based on preliminary data, during the first quarter of 2013—

- In total, 25,550 multifamily units were permitted, a 27-percent gain that followed a 32-percent increase during the first quarter of 2012.
- The number of units permitted in New York increased 28 percent, to 3,200 units, accounting for nearly two-thirds of the increase in multifamily construction activity in the region.
- The number of units permitted in New Jersey increased 24 percent, to 2,325 units, after increasing 53 percent a year ago.

### Multifamily permitting continues to increase in the New York/New Jersey region.



1Q = first quarter.

Note: Based on preliminary data.

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