

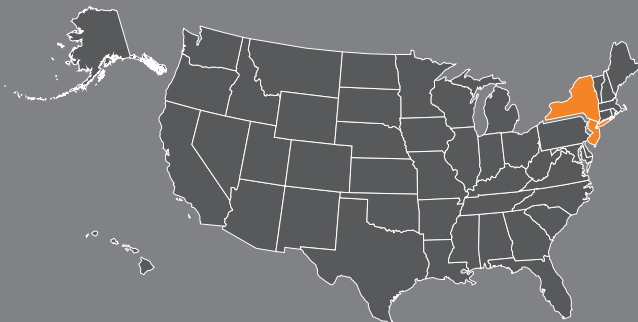
HUD PD&R Regional Reports

Region 2: New York/New Jersey



Quick Facts About Region 2

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



By Parker A. Ross | 2nd quarter 2013

Overview

Economic conditions in the New York/New Jersey region have been improving since the summer of 2010. During the second quarter of 2013, sales housing markets in the region were balanced, improving from slightly soft conditions during the second 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 second 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 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 second quarter of 2013, apartment vacancy rates declined to 2.0 percent in New York City (NYC), 3.6 percent in Northern New Jersey, and 3.1 percent in the Rochester, New York metropolitan area.
- Apartment construction activity increased significantly in the region, with gains largely concentrated in New York, particularly in NYC.



Nonfarm payrolls increased 1.3 percent in the New York/New Jersey region during the second quarter of 2013.

	Second Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	12,750.0	12,915.0	165.0	1.3
Goods-producing sectors	1,157.2	1,155.2	- 2.0	- 0.2
Mining, logging, and construction	450.9	462.0	11.1	2.5
Manufacturing	706.3	693.2	- 13.1	- 1.9
Service-providing sectors	11,592.8	11,759.8	167.0	1.4
Wholesale and retail trade	1,893.4	1,926.4	33.0	1.7
Transportation and utilities	428.8	432.9	4.1	1.0
Information	339.5	332.5	- 7.0	- 2.1
Financial activities	932.1	929.3	- 2.8	- 0.3
Professional and business services	1,784.9	1,836.3	51.4	2.9
Education and health services	2,387.2	2,445.3	58.0	2.4
Leisure and hospitality	1,170.5	1,202.0	31.6	2.7
Other services	547.0	555.4	8.4	1.5
Government	2,109.4	2,099.7	- 9.7	- 0.5

Source: U.S. Bureau of Labor Statistics

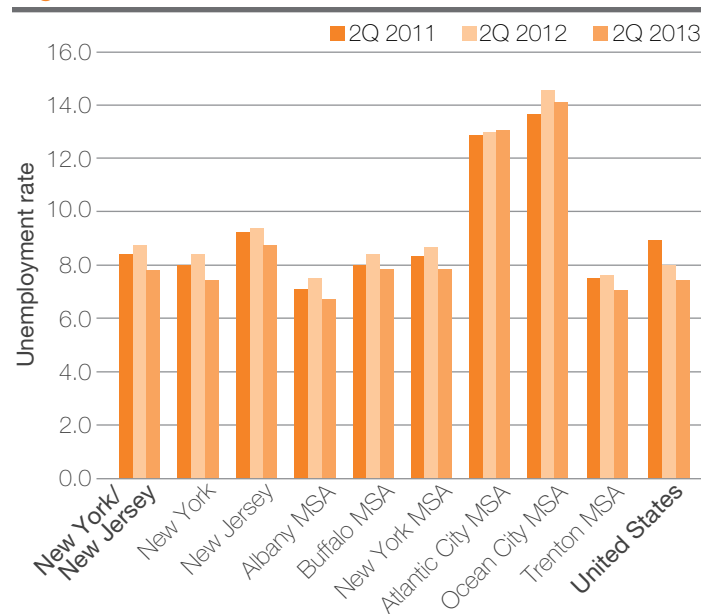
Economic Conditions

Economic conditions in the New York/New Jersey region improved during the past quarter, continuing a trend that began in 2010. During the second quarter of 2013, nonfarm payrolls averaged 12.92 million jobs, an increase of 165,000 jobs, or 1.3 percent, from the second quarter of 2012. The greatest job gains occurred in the education and health services, professional and business services, and leisure and hospitality sectors, which added 58,000, 51,400, and 31,600 jobs, increases of 2.4, 2.9, and 2.7 percent, respectively. These increases more than offset the losses of 13,100, 9,700, and 7,000 jobs, or 1.9, 0.5, and 2.1 percent, respectively, in the manufacturing, government, and information sectors.

During the second quarter of 2013—

- New York gained 98,400 jobs, an increase of 1.1 percent from the second quarter of 2012. The education and health services and the professional and business services sectors, which increased by 37,700 and 36,800 jobs, or 2.1 and 3.2 percent, respectively, led job growth.
- Nonfarm payrolls in New Jersey increased by 66,600 jobs, or 1.7 percent, led by an increase of 20,400 jobs, or 3.3 percent, in the education and health services sector and an increase of 14,500 jobs, or 2.4 percent, in the professional and business services sector.
- NYC nonfarm payrolls increased by 72,100 jobs, or 1.9 percent, accounting for nearly three-fourths of the net job increase in New York State.

Unemployment rates declined from a year ago but remain high throughout the New York/New Jersey region.



2Q = second quarter. MSA = metropolitan statistical area.

Source: U.S. Bureau of Labor Statistics

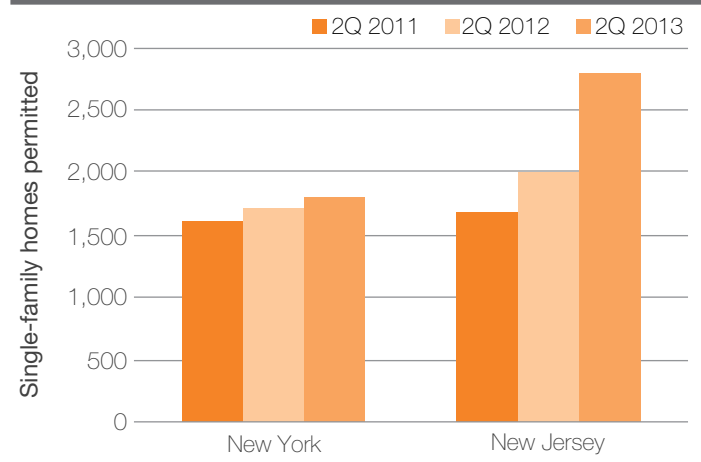
- The financial activities sector in NYC, which lost more than 39,000 jobs between 2008 and 2010, declined by 1,000 jobs, or 0.2 percent, during the second quarter of 2013 after remaining relatively unchanged during the second quarter of 2012.
- The unemployment rate in the region averaged 7.8 percent, down from 8.7 percent during the second quarter of 2012.



Sales Market Conditions

Sales housing markets in the New York/New Jersey region were mostly balanced in the second quarter of 2013 compared with the slightly soft conditions of a year ago. Sales markets in New York improved, reaching balanced conditions. In New Jersey, sales markets approached balanced conditions because of increased home sales and stable home prices during the past year. The NYC sales market improved during the past year and is currently balanced. During the 12 months ending June 2013, the number of new and existing

Single-family permitting increased in the New York/ New Jersey region during the second quarter of 2013.



2Q = second quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

condominiums and cooperatives sold in Manhattan increased 13.4 percent, to 13,200 units, and the average sales price increased 1.7 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 8.1 percent, to \$611,300, and sales increased 9.3 percent, to 10,250 homes. In Queens, sales increased 3.3 percent, to 11,950 homes, and the average sales price increased 4.5 percent, to \$413,700. Sales increased 63.6 percent, to 3,300 homes, on Staten Island, where the average sales price increased 2.3 percent, to \$422,300 (Real Estate Board of New York). In June 2013, 10.1 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), relatively unchanged from 10.2 percent a year ago (LPS Applied Analytics).

Improvements in the sales markets in the region 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 second quarter of 2013—

- In total, 4,600 single-family homes were permitted in the region, a 24-percent increase from the second quarter of 2012.
- Single-family home permitting increased 40 percent, to 2,800 homes, in New Jersey, accounting for nearly 90 percent of the increase in homebuilding activity in the region.
- Single-family permitting increased 6 percent in New York, to 1,800 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)	June	90,650	94,950	4.7	AVG	291,600	306,300	5.0
New York City (N&E—1–3 family)	June	15,400	17,600	14.3	AVG	555,600	597,700	7.6
New York City (N&E—condo & co-op)	June	21,500	23,600	9.8	AVG	891,000	926,500	4.0
Rochester** (E)	June	10,000	10,350	3.5	AVG	146,300	153,500	4.9
Buffalo** (E)	June	9,175	9,500	3.5	AVG	138,500	146,200	5.6
New Jersey*** (E)	March	80,400	90,600	12.7	AVG	322,100	322,300	0.1
Northern New Jersey*** (E)	March	38,800	43,600	12.4	AVG	368,700	369,900	0.3
Central New Jersey*** (E)	March	21,400	24,200	13.1	AVG	326,100	323,500	-0.8
Southern New Jersey*** (E)	March	20,200	22,800	12.9	AVG	230,500	232,800	1.0

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®



Apartment 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 second quarter of 2013, the apartment vacancy rate in the Rochester metropolitan area was 3.1 percent, down from 3.3 percent a year earlier, and the average asking rent increased more than 2 percent, to \$820 (Reis, Inc.). In the Albany metropolitan area, the apartment vacancy rate increased from 3.6 to 3.9 percent, and the average rent increased 3 percent, to \$956. In Northern New Jersey, the apartment vacancy rate decreased from 3.9 to 3.6 percent, and the average rent increased nearly 2 percent, to \$1,596. In the Atlantic-Cape May metropolitan area, the apartment vacancy rate declined from 5.6 to 4.1 percent, and the average rent increased more than 1 percent, to \$984. The apartment vacancy rate in NYC was 2.0 percent, down from 2.2 percent a year earlier, and the average asking rent increased more than 2 percent, to \$3,071. On Long Island, the vacancy rate increased from 3.3 to 3.5 percent, and the average rent increased nearly 2 percent, to \$1,645.

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

Metropolitan Area	Market Condition
Albany	Tight
Atlantic-Cape May	Balanced
Long Island	Balanced
New York City	Tight
Northern New Jersey	Tight
Rochester	Tight

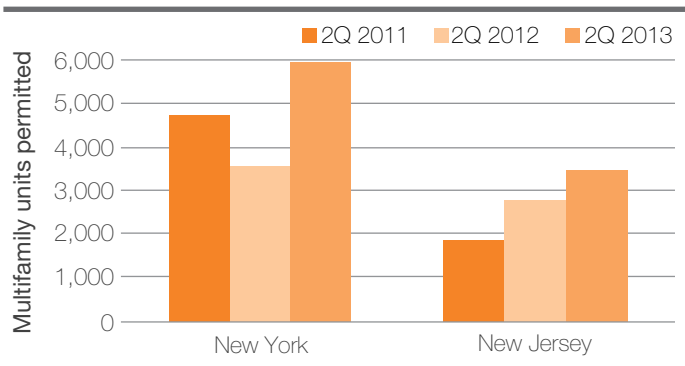
Source: HUD, PD&R, Economic and Market Analysis Division

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 85 percent of the 49,650 multifamily units under construction in the region and about 93 percent of the 27,650 units under construction in NYC (McGraw-Hill Construction Pipeline database).

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

- In total, 9,475 multifamily units were permitted, a 49-percent gain compared with the number permitted during the second quarter of 2012.
- The number of units permitted in New Jersey increased 26 percent, to 3,500 units, after increasing 52 percent a year ago.
- The number of units permitted in New York increased 67 percent, to 5,975 units, accounting for more than three-fourths of the multifamily construction activity in the region.

Multifamily permitting continued to increase in the New York/New Jersey region, particularly in New York State.



2Q = second quarter.

Note: Based on preliminary data.

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