The New York-Newark-Jersey City, NY-NJ-PA (hereafter New York) metropolitan area, coterminous with the metropolitan statistical area of the same name, is the most populous metropolitan area in the country. The 25 counties that comprise the metropolitan area are divided into four metropolitan divisions: the 14-county New York-Jersey City-White Plains, NY-NJ metropolitan division, which includes the 5 boroughs of New York City (NYC), 3 counties in the state of New York, and 6 counties in New Jersey; the Suffolk County-Nassau County, NY metropolitan division, also known as Long Island; the Dutchess County-Putnam County, NY metropolitan division; and the Newark, NJ-PA metropolitan division, which includes 6 counties in New Jersey and 1 county in Pennsylvania. NYC, the most populous city in the nation with a population estimated at 8.4 million in 2018 (U.S. Census Bureau population estimates as of July 1), is the financial center of the United States and a major destination for domestic and international tourists.

As of May 1, 2019, the population of the New York-Newark-Jersey City metropolitan area was estimated at 19.97 million, reflecting an average annual decline of 14,900 people, or 0.1 percent, since 2017. During that time, net out-migration averaged 101,000 annually, overshadowing an average annual net natural
change (resident births minus resident deaths) of 86,650. By comparison, the population increased by an average of 66,200 people, or 0.3 percent, annually from 2010 to 2017.

- International migration to the metropolitan area has helped offset some domestic net out-migration, but that effect has diminished recently. From 2017 to 2018, international net in-migration of 97,700 offset almost one-half of the decline from domestic net out-migration which totaled approximately 199,000 (U.S. Census Bureau population estimates as of July 1). By comparison, from 2010 to 2017, international net in-migration mitigated nearly 65 percent of domestic net out-migration.

- Approximately 71 percent of residents in the New York metropolitan area live in the New York-Jersey City-White Plains metropolitan division, 14 percent live in Long Island, 13 percent live in the Newark metropolitan division, and the remaining 2 percent reside in the Duchess County-Putnam County metropolitan division (2018 U.S. Census Bureau population estimates).

### Economic Conditions

Uninterrupted job growth has occurred in the New York metropolitan area since the Great Recession, with nonfarm payrolls increasing by an average of 153,800 jobs, or 1.7 percent, a year from 2011 through 2018. During the first 3 years of economic recovery, payroll growth averaged 1.5 percent annually, and the economy recovered the number of jobs lost during the recession by 2013. Subsequently, economic recovery transitioned to expansion, with payroll growth accelerating to an average annual rate of 2.0 percent from 2014 through 2016. Currently, economic conditions in the metropolitan area are strong; however, payroll growth has moderated to levels more indicative of a late-cycle economic expansion, increasing an average of 1.5 percent a year from 2017 through 2018.

In the New York metropolitan area, the education and health services sector accounted for 54 percent of nonfarm payroll growth during the 3 months ending April 2019 but comprised only 21 percent of total nonfarm payrolls.

<table>
<thead>
<tr>
<th>3 Months Ending</th>
<th>Year-Over-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2018</td>
<td>April 2019</td>
</tr>
<tr>
<td>(Thousands)</td>
<td>(Thousands)</td>
</tr>
<tr>
<td>Total Nonfarm Payrolls</td>
<td>9,728.6</td>
</tr>
<tr>
<td>Goods-Producing Sectors</td>
<td>755.9</td>
</tr>
<tr>
<td>Mining, Logging, &amp; Construction</td>
<td>395.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>360.7</td>
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<tr>
<td>Service-Providing Sectors</td>
<td>8,972.6</td>
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<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>1,346.3</td>
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<tr>
<td>Transportation &amp; Utilities</td>
<td>373.6</td>
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<tr>
<td>Information</td>
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<tr>
<td>Financial Activities</td>
<td>773.3</td>
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<tr>
<td>Professional &amp; Business Services</td>
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<tr>
<td>Education &amp; Health Services</td>
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<tr>
<td>Leisure &amp; Hospitality</td>
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<tr>
<td>Other Services</td>
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<tr>
<td>Government</td>
<td>1,329.5</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>(Percent)</th>
<th>(Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics
The rate of nonfarm payroll growth in the New York metropolitan area fell below the national growth rate during the past year.

During the 3 months ending April 2019—

- Job growth continued to slow, with nonfarm payrolls increasing by 126,900 jobs, or 1.3 percent, to 9.86 million jobs compared with a year earlier. By comparison, payrolls increased by 151,800 jobs, or 1.6 percent, during the 3 months ending April 2018 compared with the previous year.

- Approximately 83 percent of all nonfarm payrolls gains in the New York metropolitan area occurred in the New York-Jersey City-White Plains metropolitan division despite the metropolitan division accounting for only 73 percent of all metropolitan area jobs. Approximately 4.60 million jobs, or 47 percent of jobs in the metropolitan division, are in NYC.

- Long Island and the Newark metropolitan division combined to account for 12 percent of all jobs gained while consisting of 26 percent of total nonfarm payrolls. The remaining job growth occurred in the Dutchess County-Putnam County metropolitan division.

- More than 78 percent of job gains in the New York metropolitan area occurred in the education and health services; the professional and business services; and the mining, logging, and construction sectors. The three sectors accounted for 62 percent of all job gains from the start of economic recovery in 2011 through 2017.

- The leisure and hospitality sector added 8,300 jobs, or 0.9 percent, compared with a year ago. A large portion of the jobs added stemmed from hiring in the hotel industry to accommodate increased tourism to the metropolitan area; the number of people visiting NYC increased 3.6 percent from 2017 to 2018 (NYC & Company). Since the beginning of 2018, 28 hotels opened in NYC, adding 5,900 rooms, bringing the supply to a total of 121,100 rooms. That figure is expected to grow to 137,000 rooms by 2021, based on current pipeline and development patterns (NYC & Company).

- The loss of 4,000 jobs, or 0.5 percent, in the financial activities sector was in stark contrast to the corresponding 3-month period in 2018 in which payrolls increased by 8,100 jobs, or 1.1 percent. More than one-half of job losses in the sector occurred in the New York-Jersey City-White Plains metropolitan division, and the majority of those were in the finance and insurance industry because of high volatility in financial markets during the fourth quarter of 2018.

- The unemployment rate in the New York metropolitan area averaged 3.8 percent, down from 4.3 percent during the 3 months ending April 2018. All four metropolitan divisions had declining unemployment rates.

### Largest Employers in the New York Metropolitan Area

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Nonfarm Payroll Sector</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwell Health</td>
<td>Education &amp; Health Services</td>
<td>37,000</td>
</tr>
<tr>
<td>Montefiore Health System</td>
<td>Education &amp; Health Services</td>
<td>32,232</td>
</tr>
<tr>
<td>Mount Sinai Health System</td>
<td>Education &amp; Health Services</td>
<td>32,074</td>
</tr>
</tbody>
</table>

Note: Excludes local school districts. Source: Moody’s Analytics

The $25 billion Hudson Yards is the most expensive real estate development in the history of the United States, encompassing 28 acres built atop active rail yards in the Chelsea and Hudson Yards neighborhoods of Manhattan in NYC. Construction began in 2012 on the first phase of the development, which opened to the public in March 2019. Once built out (expected in 2024), the development will consist of more than 18 million square feet of commercial and residential space. Some of the main features of the development are a mall with more than 100 shops and restaurants, 4,000 residential units (a combination of affordable and market-rate apartments, and luxury condominiums), a cultural center, a hotel, an elementary school, and 14 acres of open public space. The tallest building in the megadevelopment is 30 Hudson Yard, topping out at 1,296 feet. The building is expected to open in the latter half of 2019. WarnerMedia has leased 1.50 million square feet of office space in the building and will relocate approximately 5,000 employees from its subsidiaries HBO, CNN, and Turner Broadcasting. From breaking ground in 2012 to completion, Hudson Yards is estimated to support more than 23,000 construction jobs.
Sales housing market conditions in the New York metropolitan area are currently balanced but softening. New and existing home sales (includes single-family homes, townhomes, and condominiums; hereafter, home sales) declined 6 percent to 206,500 during the 12 months ending April 2019, compared with an increase of more than 5 percent during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). During the same period, the average sales price increased slightly more than 1 percent to $531,500, compared with a 3-percent increase during the previous 12-month period.

By comparison, homes sales and prices increased at average annual rates of 6 and 2 percent, respectively, from the start of the housing market recovery in 2010 through 2017. In April 2019, 2.9 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, and the rate has declined every year since an April high of 9.7 percent in 2013. Within the metropolitan area, the inventory of homes for sale in April 2019 ranged from a 4.8-month supply in the Newark metropolitan division to an 8-month supply in the New York-Jersey City-White Plains metropolitan division (Redfin). The elevated rate in the latter is the result of a spike in for-sale inventory in Manhattan, which pushed the supply of inventory in NYC to 18.4 months compared with a 13.4-month supply a year ago.

In the New York metropolitan area, the rate of seriously delinquent loans fell below the state rate in early 2018 but remains well above the national rate.

- Approximately 126,800 homes sold in the New York-Jersey City-White Plains metropolitan division during the 12 months ending April 2019, reflecting a 6-percent decrease compared with home sales a year earlier. Home sales in the metropolitan division accounted for 61 percent of all homes sold in the New York metropolitan area (CoreLogic, Inc., with adjustments by the analyst). The average home sales price in the metropolitan division was $580,800, up less than 1 percent from a year ago and representing the highest average home sales price within the metropolitan area.

- Home sales declined 5 percent during the 12 months ending April 2019 compared with a year ago in both Long Island and the Newark metropolitan division, to 37,600 and 36,400 home sales, respectively, each accounting for 18 percent of homes sales in the metropolitan area. The average home sales price in both Long Island and the Newark metropolitan division increased 2 percent from a year ago to respective average prices of $411,100 and $380,600.

- In the Duchess County-Putnam County metropolitan division, home sales totaled 5,775 during the 12 months ending April 2019, down almost 6 percent from a year ago and comprising less than 3 percent of total home sales in the metropolitan area. The average home sales price was $310,600 during the past 12 months, up 5 percent from a year earlier, reporting the lowest average sales price in the metropolitan area.

- Condominium sales comprise approximately 20 percent of home sales in the New York-Jersey City-White Plains metropolitan division where 24,150 new and existing condominiums sold in 2018, down 12 percent from the number sold in 2017, and the median sales price fell 16 percent to $411,900 (Metrostudy, A Hanley Wood Company). The decline in sales and prices stemmed from a reduction in new condominium sales by nearly 60 percent during the period to 2,400 sales, while the median sales price declined 3 percent to $931,100.

- Ocean County in New Jersey (part of the New York-Jersey City-White Plains metropolitan division) recorded 840 new home sales (includes single-family homes and townhomes) in 2018, the most new home sales among all counties in the New York metropolitan area, with a median sales price of $401,100 (Metrostudy, A Hanley Wood Company). In NYC, the largest share of new home sales in 2018 was in Richmond County (Staten Island) where 80 new homes sold at a median price of $653,800.

In the New York metropolitan area, the rate of seriously delinquent loans fell below the state rate in early 2018 but remains well above the national rate.

LOANS 90 OR MORE DAYS DELINQUENT, IN FORECLOSURE, OR TRANSITIONED INTO REO (%)

- New York Metropolitan Area
- New York
- Nation

In the New York-Newark-Jersey City, New York-New Jersey-Pennsylvania metropolitan division, as of May 1, 2019, 2.9 percent of home loans were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status. This rate has declined every year since an April high of 9.7 percent in 2013. Within the metropolitan area, the inventory of homes for sale in April 2019 ranged from a 4.8-month supply in the Newark metropolitan division to an 8-month supply in the New York-Jersey City-White Plains metropolitan division (Redfin). The elevated rate in the latter is the result of a spike in for-sale inventory in Manhattan, which pushed the supply of inventory in NYC to 18.4 months compared with a 13.4-month supply a year ago.

In the New York metropolitan area, the rate of seriously delinquent loans fell below the state rate in early 2018 but remains well above the national rate.

REO = real estate owned.
Source: CoreLogic, Inc.
A total of 2,475 new condominiums sold in the New York metropolitan area during 2018, down significantly from more than 6,000 new condominium sales in 2017, and the median sales price dropped 3 percent to $914,700. In 2018, new condominium sales were greatest in Kings County (Brooklyn) in NYC with 660 sales and a median sales price of $894,900, followed by New York County (Manhattan) where 600 new condominiums sold at a median sales price of $2.14 million.

In April 2019, delinquency rates in the New York-Jersey City-White Plains metropolitan division and Newark metropolitan division were lower than the metropolitan area rate at 2.6 and 2.4 percent, respectively, while rates in the Dutchess County-Putnam County metropolitan division and Long Island exceeded the average at 4.1 and 3.8 percent, respectively. All rates declined compared with a year ago (CoreLogic, Inc.).

New home construction, as measured by the number of single-family building permits issued, has generally increased since a low of 7,800 new homes were built, annually, from 2008 through 2012 because of the housing market collapse and Great Recession. Recently, however, new home construction has slowed in response to a slowdown in economic growth and a declining population. During the 12 months ending April 2019, 10,500 new homes were built in the metropolitan area, down 3 percent from the previous 12 months (preliminary data). By comparison, 10,800 new homes were built during the 12 months ending April 2018, up 7 percent from a year prior.

During the past 12 months, the Newark metropolitan division was the only division in the metropolitan area to report an increase in new home construction, with 2,325 new homes permitted, up 12 percent from a year ago. Part of the increase in activity is due to the higher cost of living elsewhere in the metropolitan area; the average price of a new home in the Newark metropolitan division is 21 and 11 percent less than in the New York-Jersey City-White Plains metropolitan division and Long Island (the two most expensive metropolitan divisions in the metropolitan area), respectively.

The New York-Jersey City-White Plains metropolitan division and Long Island combine to account for nearly three-fourths of all new home construction in the metropolitan area, with 6,625 and 1,175 new homes permitted, respectively, during the past 12 months, down 1 and 30 percent from a year ago.

Approximately 230 new homes were permitted in the Dutchess County-Putnam County metropolitan division during the 12 months ending April 2019, down 18 percent compared with a year ago. Slightly more than 2 percent of new home construction activity in the metropolitan area was in the Dutchess County-Putnam County metropolitan division.
Recent condominium developments within Hudson Yards include the 88-story 15 Hudson Yards which opened in early spring of 2019 with 285 units (approximately 50 are intended for rental occupancy), and 35 Hudson Yards, a 92-story mixed-use development with 143 condominium units currently under construction with expected completion in the last half of 2019. Both developments offer extensive and luxurious amenities and 360-degree views of the Hudson River and NYC skyline. Nearly 150 homes have sold in 15 Hudson Yards at an average sales price of $6.9 million. 35 Hudson Yards will include a mix of two- to six-bedroom condominiums; 14 homes are currently listed for sale with an average price of $11.4 million (StreetEasy, a Zillow, Inc. company).

Apartment Market Conditions

Currently, apartment market conditions in the New York metropolitan area are balanced. Increased apartment construction throughout the metropolitan area has eased some of the strain on the apartment market following several years of tight conditions due to limited construction during and just after the Great Recession.

The third-party apartment market data that covers the New York metropolitan area does not follow the same geographic boundaries that define each metropolitan division; therefore, the following discussion is based on four market areas as defined by the data providers. During the first quarter of 2019, apartment market conditions ranged from slightly soft in the Reis, Inc.-defined Poughkeepsie-Middletown market area (roughly equivalent to the Dutchess County-Putnam County metropolitan division) with a 6.5-percent vacancy rate, to balanced or slightly tight throughout most of the remaining areas in the metropolitan area, with all other market areas reporting vacancy rates less than 4 percent (Reis, Inc.; RealPage, Inc.). From the first quarter of 2018 to the first quarter of 2019, there was little variation in average annual rent growth among the four market areas, ranging from 3 to 4 percent.

New York-White Plains

There has been little fluctuation in the vacancy rate in the New York-White Plains market area despite large swings in asking rents.

Continued on page 7
completed since the first quarter of 2018, compared with an average of 13,450 units, annually, during the same period in 2017 and 2018.

- Apartment market conditions in NYC were balanced during the first quarter of 2019. Vacancy rates declined or remained stable in 10 of the 12 areas that make up NYC compared with the first quarter of 2018. The Bronx Borough and the Harlem area recorded the lowest vacancy rates, both at 1.5 percent, down from 2.2 and 3.1 percent a year ago, respectively. The highest rate was in the Midtown West area at 3.7 percent, down from 4.2 percent a year ago.
- Average asking rents in NYC ranged from $1,941 in the Staten Island area to $5,004 in the Lower West Side area. Year-over-year rent growth ranged from no change in the Lower West Side area to a 9-percent increase in the Harlem area.
- The two areas outside of NYC, South Westchester County and New York Northern Suburbs, had vacancy rates of 4.7 and 2.3 percent, respectively, compared with 4.4 and 3.1 percent during the first quarter of 2018. Asking rents averaged $2,389 and $1,684 during the first quarter of 2019, up 6 and 4 percent from a year ago, respectively. Combined, these two areas accounted for less than 6 percent of apartment construction in the New York-White Plains market area during the past year.

**Long Island**

Rent growth slowed dramatically in Long Island toward the end of 2016 as a surge of new apartments entered the market.

During the first quarter of 2019—

- The vacancy rate averaged 3.4 percent, down slightly from 3.5 percent during the first quarter of 2018, and the average asking rent increased 3 percent to $2,143 (Reis, Inc.). Approximately 450 units were completed since the first quarter of 2018, compared with 250 units completed during the same period a year earlier.
- The Nassau County area had the highest vacancy rate and asking rent at 4.3 percent and $2,398, respectively. The West Suffolk and Brookhaven/East areas had vacancy rates of 2.2 and 2.4 percent, respectively, and average asking rents of $1,850 and $1,804.

**Poughkeepsie-Middletown**

The vacancy rate in the Poughkeepsie-Middletown market area has increased since 2017 despite slowing rent growth.

During the first quarter of 2019—

- The average vacancy rate increased to 6.5 percent compared with 6.2 percent during the first quarter of 2018, and the average asking rent increased 4 percent to $1,444 (Reis, Inc.).
- By comparison, rent growth averaged 5 percent annually from the first quarter of 2015 through the first quarter of 2018.
Newark-Jersey City

In the Newark-Jersey City market area, rent growth slowed in the past year while the vacancy rate increased.

During the first quarter of 2019—

- The average apartment vacancy rate in the RealPage, Inc.-defined Newark-Jersey City market area was unchanged at 3.5 percent, while the average asking rent increased 4 percent to $1,932 (RealPage, Inc.). An estimated 7,225 apartments were completed from the first quarter of 2018 to the first quarter of 2019, 7 percent greater than the annual average during the previous 2 years.

- Of the 15 areas that comprise the Newark-Jersey City market area, 9 had declining or stable vacancy rates and none had an increase larger than 0.7 percentage points. The Somerset/Hunterdon Counties area had the highest rate at 4.6 percent, and the lowest rate was in the Ocean County area at 2.3 percent.

- Average annual rent growth ranged from a 5-percent decline to $1,557 in the Passaic/Sussex County area, to 6-percent increases in the West Essex County and Northeast Middlesex County areas to $1,832 and $1,653, respectively.

- The Newark area had a vacancy rate of 2.4 percent, up slightly from 2.3 percent a year ago, and the average asking rent increased 1 percent to $1,309, the lowest asking rent in the Newark-Jersey City market area.

- The vacancy rate in the Jersey City area declined to 3.6 percent compared with 3.9 percent a year ago, and the average asking rent was up 4 percent to $2,954, the highest asking rent in the Newark-Jersey City market area. Nearly 30 percent of all new apartment construction in the Newark-Jersey City market area occurred in the Jersey City area.

Multifamily construction activity, as measured by the number of multifamily building permits issued, spiked in 2015 to 75,250 units, more than double the number of units permitted the year prior and after. Part of the increase was a result of developers rushing to capitalize on the strong market conditions before the expiration of a property tax exemption program in NYC that lapsed in January of 2016 and was renewed in 2017. With the exception of 2015, multifamily construction has been relatively flat since 2013 following 4 years of very limited construction due to the Great Recession. During the 12 months ending April 2019, 40,050 units were permitted, up 8 percent from a year ago (preliminary data).

- Approximately 98 percent of apartment construction in the metropolitan area since 2010 occurred in the New York-Jersey City-White Plains and Newark metropolitan divisions. In the New York-Jersey City-White Plains metropolitan division, multifamily construction increased 6 percent during the 12 months ending April 2019 to 33,500 units permitted. In the Newark metropolitan division, multifamily permitting increased 37 percent to 6,125.

- An estimated 50,000 apartment units are currently under construction in the New York metropolitan area; 84 percent, or 43,100 units, in the New York-Jersey City-White Plains metropolitan division. NYC accounts for 10,300 units under construction, with the highest concentration in the boroughs of Brooklyn and Manhattan.

- In the past year, six apartment developments with more than 500 units each opened in NYC, four of which were in Brooklyn. The largest development, the 44-story, 1,028-unit The Max, opened in Midtown West in 2018 with a mix of studio, one-, two-, and three-bedroom unit luxury apartments. Rents start at $3,263 for studio units, $4,114 for one-bedroom units, and $6,399 for two-bedroom units. Three-bedroom unit rents were not disclosed.
In the Newark metropolitan division, four properties opened in the past year with 200 or more units, three of which are in the West Essex County area. The 220-unit ParkVue at Livingston opened in March of 2019 with one- and two-bedroom units in four-story garden-style buildings. Rents start at $2,360 and $2,825 for the one- and two-bedroom units, respectively.

Three mixed-use developments in downtown White Plains are expected to start construction in 2020. In total, there will be 1,800 new residential units, including 860 apartments, 90 of which will be income restricted. The development represents $1.2 billion in private investment and is anticipated to take 5 to 6 years to complete.

Multifamily building activity has moderated since peaking in 2015 as market conditions became more balanced due to the sharp increase in inventory.

[Bar chart showing multifamily units permitted from 2010 to 2019 for different regions, including New York-Jersey City-White Plains, NY-NJ, Long Island, NY, Newark, NJ-PA, Dutchess County-Putnam County, NY.]

Note: Includes preliminary data from January 2019 through March 2019. Source: U.S. Census Bureau, Building Permits Survey.