

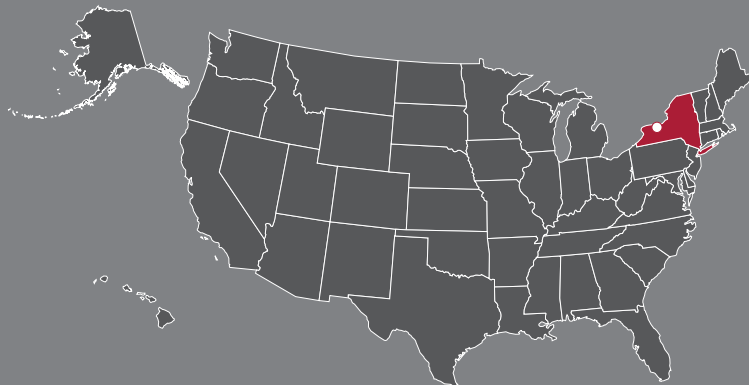
# HUD PD&R Housing Market Profiles

## Rochester, New York



### Quick Facts About Rochester

- **Current sales market conditions: tight**
- **Current rental market conditions: balanced**
- **Founded shortly after the American Revolution, the city of Rochester in Monroe County, New York, is the third most populous city in the state, with more than 210,000 residents.**



By [Matthew Tieff](#) | As of September 1, 2021

### Overview

The Rochester, NY Metropolitan Statistical Area (hereafter, Rochester metropolitan area) consists of Livingston, Monroe, Ontario, Orleans, Wayne, and Yates Counties in Upstate New York. Located along Lake Ontario, between the cities of Syracuse and Buffalo, the metropolitan area is part of the New York Finger Lakes region. The education and health services sector is the largest sector in the metropolitan area, accounting for 23 percent of all nonfarm payrolls. Included in this sector is the University of Rochester, which is the largest employer in the metropolitan area, with approximately 29,800 employees. Following interventions that began in mid-March 2020 to slow the spread of COVID-19, economic conditions have improved because restrictions have eased since June 2020. Partly because of improving economic conditions and a shortage of for-sale housing due to fewer homes being listed, the home sales market has tightened from a year ago. Likewise, although balanced, the rental market has also tightened during the past year, coinciding with a decline in multifamily construction.

- As of September 1, 2021, the estimated population of the metropolitan area is 1.09 million, reflecting an average

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annual increase of 420, or less than 0.1 percent, since 2014 (Census Bureau population estimates as of July 1 and estimates by the analyst). By comparison, population growth averaged 1,775 people, or 0.2 percent, a year from 2010 to 2014; the slowdown in population growth during the more recent period is largely due to a decrease in net natural change (resident births minus resident deaths) from 2,200 people each year from 2010 to 2014 to 940 people annually since 2014 as the population of the metropolitan area grew older.

- From 2014 to 2019, the population aged 65 and older in the Rochester metropolitan area grew by 4,700, or 2.6 percent, annually and was the fastest growing age group in the metropolitan area (2014 and 2019 American Community Survey

[ACS] 1-year data). As of 2019, the median age was 40.4 years, compared with 39.2 in New York State and 38.5 nationally.

- In contrast to the overall metropolitan area, the city of Rochester has attracted a younger population cohort because of its numerous universities and urban amenities. From 2014 to 2019, the population in the city age 20 to 34 years increased 1.0 percent each year; as of 2019, the median age in the city was 33.3 years. Of the 54,000 graduate and undergraduate students enrolled at a 4-year college or university in the Rochester metropolitan area, 68 percent attend school in the city of Rochester, where students who live in off-campus housing account for an estimated 15 percent of renter households in the city.

## Economic Conditions

The Rochester metropolitan area was affected particularly hard by the countermeasures implemented to slow the spread of COVID-19. In mid-March 2020, the governor of New York ordered the closures of numerous nonessential businesses to mitigate the adverse health outcomes of the pandemic. As businesses reopened with limited capacity beginning in May 2020, some of the jobs lost gradually returned. By August 2021, 75 percent of the 89,300 jobs lost from March through May of 2020 were recovered (not seasonally adjusted) due to the economy being fully reopened—with some precautions still in place, such as mask-wearing.

During the 3 months ending August 2021, nonfarm payrolls in the metropolitan area increased 7.9 percent, year-over-year, which was faster than the statewide and nationwide growth rates of 6.8 and 5.2 percent, respectively. From 2012 to 2019, before the COVID-19 pandemic, nonfarm payrolls in the metropolitan area grew an average of 0.6 percent annually.

During the 3 months ending August 2021—

- Nonfarm payrolls averaged 509,200—an increase of 37,200 jobs, or 7.9 percent, from a year earlier, with gains in 10 of 11 sectors. By comparison, during the 3 months ending

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**The reopening of the Rochester metropolitan area economy beginning in June 2020 contributed to significant job gains in 10 of 11 sectors.**

	3 Months Ending		Year-Over-Year Change	
	August 2020 (Thousands)	August 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	472.0	509.2	37.2	7.9
Goods-Producing Sectors	76.5	84.8	8.3	10.8
Mining, Logging, & Construction	22.6	25.1	2.5	11.1
Manufacturing	53.9	59.7	5.8	10.8
Service-Providing Sectors	395.5	424.3	28.8	7.3
Wholesale & Retail Trade	64.8	67.3	2.5	3.9
Transportation & Utilities	11.7	14.5	2.8	23.9
Information	6.4	6.6	0.2	3.1
Financial Activities	21.7	21.7	0.0	0.0
Professional & Business Services	60.6	64.1	3.5	5.8
Education & Health Services	116.2	118.0	1.8	1.5
Leisure & Hospitality	32.6	44.5	11.9	36.5
Other Services	15.5	16.7	1.2	7.7
Government	66.2	71.0	4.8	7.3
<b>Unemployment Rate</b>	10.7%	5.3%		

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

Source: U.S. Bureau of Labor Statistics



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August 2020, nonfarm payrolls declined 12.2 percent compared with the same period a year earlier.

- The largest increase was in the leisure and hospitality sector, which grew by 11,900 jobs, or 36.5 percent, due to the easing of restrictions put in place to slow the spread of COVID-19, including limits on indoor dining capacity. During the 3 months ending August 2021, the number of jobs in this sector averaged 44,500, nearly 12 percent lower than the average of 50,300 jobs during the 3 months ending August 2019.
- The education and health services sector—the largest sector in the metropolitan area, accounting for 23 percent of jobs—grew by 1,800 jobs, or 1.5 percent, compared with a decline of 10,800 jobs, or 8.5 percent, during the same period a year earlier. The rate of job recovery is slow because employers in this sector continue to incur significant costs associated with combatting COVID-19 due to reduced in-person attendance at local private colleges and universities and hospitals continuing to treat COVID-19 patients in lieu of performing elective surgeries.
- The unemployment rate averaged 5.3 percent, below the national average of 5.7 percent. The current unemployment rate in the metropolitan area is below the 10.7-percent rate for the 3-month period ending August 2020, but it is above the 4.0-percent rate for the 3-month period ending August 2019.

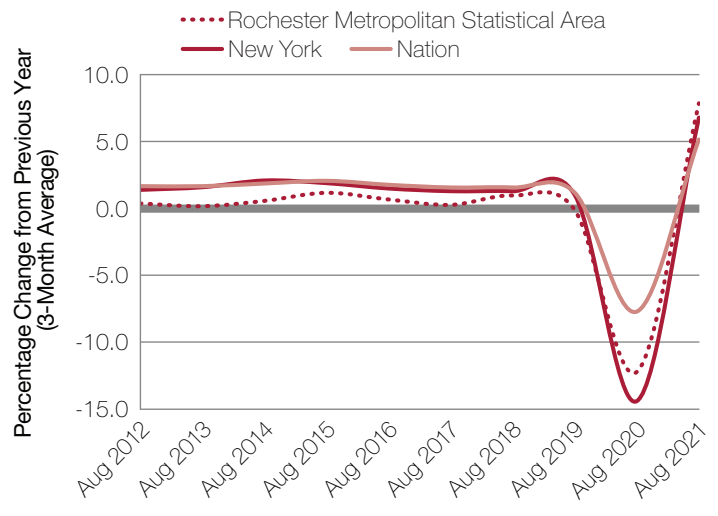
Although the manufacturing sector has had sharp declines during the past two decades, the sector currently accounts for nearly 12 percent of nonfarm payrolls in the metropolitan area, compared with 8 percent nationally. The economy of the Rochester metropolitan area has historically been closely tied with the Eastman Kodak Company, which, by the early 1980s, employed more than 60,000 people in the metropolitan area and more than 140,000 people globally. After filing for bankruptcy in 2012, the company now employs slightly more than 1,600 people locally. Partially offsetting that decline, however, were job gains at smaller manufacturing firms. The Finger Lakes region in New York, which includes the Rochester metropolitan area, has more than 120 wineries and vineyards. The region is also home to more than one-third of the breweries in New York, supporting more than 9,000 jobs in the region, with an economic impact of \$1.5 billion as of August 2020 (Oswego County Business).

## Sales Market Conditions

Sales housing market conditions in the Rochester metropolitan area are currently tight due to a decline in the inventory of single-family homes for sale. The current vacancy rate is estimated at 1.0 percent, down from 1.4 percent in April 2010, when market conditions were soft. The most recent inventory of homes for sale declined from a 1.9-month supply in June 2020 to a 1.1-month

supply as of June 2021 (Greater Rochester Association of Realtors®). The decline in the supply of inventory was partly due to a foreclosure moratorium on federally insured mortgages and also because of potential sellers having reservations about being able to locate and purchase another home in the current market. During the 12 months ending August 2021, the percentage of

**During the start of the COVID-19 pandemic, nonfarm payroll jobs in the Rochester metropolitan area declined at a slower rate than that of New York but faster than that of the nation.**



Source: U.S. Bureau of Labor Statistics

## Largest Employers in the Rochester Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Rochester	Education & Health Services	29,820
Rochester Regional Health	Education & Health Services	16,545
Wegmans Food Markets	Wholesale & Retail Trade	13,133

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

supply as of June 2021 (Greater Rochester Association of Realtors®). The decline in the supply of inventory was partly due to a foreclosure moratorium on federally insured mortgages and also because of potential sellers having reservations about being able to locate and purchase another home in the current market. During the 12 months ending August 2021, the percentage of

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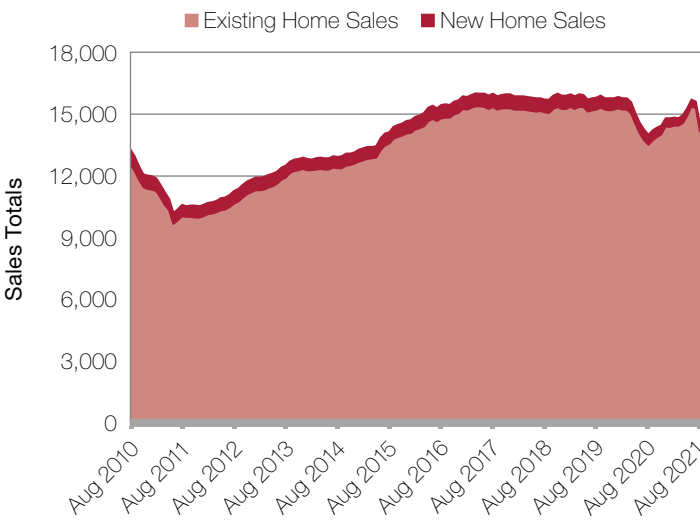
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real estate owned (REO) sales as a portion of existing home sales in the metropolitan area declined from a year earlier. During the more recent period, REO sales accounted for approximately 3 percent of existing home sales, down from 6 percent a year earlier and well below a recent high of 11 percent in 2016 (Zonda). The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 2.6 percent in July 2021—down from 4.1 percent a year earlier (CoreLogic, Inc.). The rate of seriously delinquent home loans and REO properties in the metropolitan area was lower than the New York rate of 5.0 percent and the national rate of 2.9 percent.

During the 12 months ending August 2021—

- Existing home sales—including single-family homes, townhomes, and condominiums—totaled 14,150—up 4 percent from the 13,550 homes sold during the previous 12-month period (Zonda).
- The average sales price of existing homes was \$196,500—an increase of 11 percent from \$176,400 during the previous year; it was one of the highest growth rates in existing home sales prices during the past decade due to the tightening market. By comparison, from 2015 through 2019, the average increase in existing home sales prices was 3 percent annually.
- The number of new homes sold—including single-family homes, townhomes, and condominiums—totaled 280 homes, down 42 percent from the approximately 480 homes sold during the previous 12 months.

**Total home sales in the Rochester metropolitan area are up since mid-2020 mostly due to gains in existing home sales.**



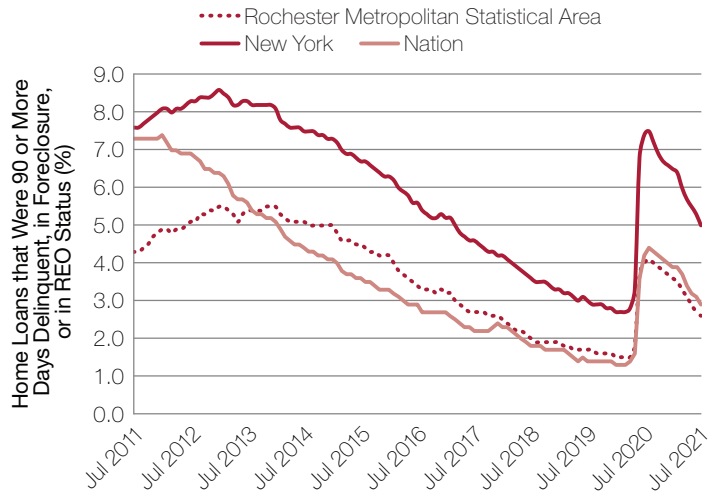
Note: Includes single-family homes, townhomes, and condominiums. Source: Zonda

- The average sales price for new homes was \$355,000, a 15-percent increase from \$309,200 a year earlier. By comparison, the price of a new home during 2019 fell 3 percent compared with 2018.

Single-family home construction activity, as measured by the number of homes permitted, has recently increased compared

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**The proportion of seriously delinquent home loans and REO properties in the Rochester metropolitan area increased substantially in mid-2020, following more than 6 years of steady declines.**



REO = real estate owned. Source: CoreLogic, Inc.

**The average new home sales price in the Rochester metropolitan area has been increasing at an accelerated pace since mid-2020.**



Note: Includes single-family homes, townhomes, and condominiums. Source: Zonda

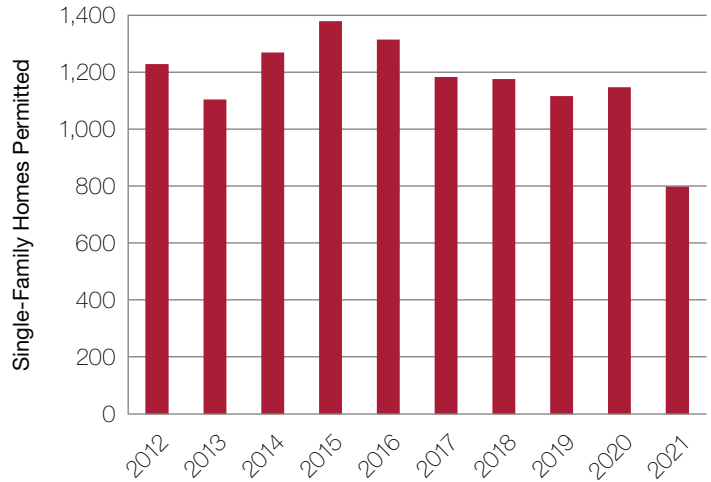


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with the previous year, after declining from 2016 through 2019 due to a slowdown in population growth.

- During the 12 months ending August 2021, approximately 1,175 homes were permitted—up 21 percent from the 970 homes that were permitted a year earlier (preliminary data).
- After a recent high of 1,375 homes permitted during 2015, home construction activity declined by 70 homes each year to 1,125 homes in 2019.
- The Gardens at Fieldstone is a senior townhome and patio-home community underway in the town of Greece in Monroe County. Of the 56 homes planned, 1 patio home and 2 townhomes remain to be built, with the base price of a patio home and townhome starting at \$242,000 and \$235,000, respectively.
- Legion Heights is a single-story, attached single-family home community in Ontario County, near Lake Canandaigua. Two of the planned 41 homes at this community have been built, and the remaining homes are expected to be constructed as they are sold; prices start at \$259,000.

After reaching a peak in 2015, single-family home construction in the Rochester metropolitan area slowed each year from 2016 through 2019 before rising again in 2020.



Note: Includes preliminary data from January 2021 through August 2021. Source: U.S. Census Bureau, Building Permits Survey

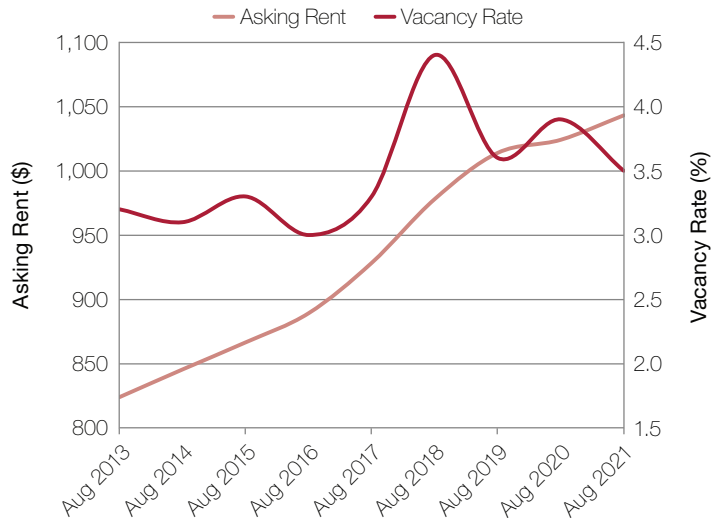
## Rental Market Conditions

Rental housing market conditions in the Rochester metropolitan area are currently balanced, with an overall rental vacancy rate estimated at 6.8 percent as of September 1, 2021—a decline from the April 2010 rental vacancy rate of 7.9 percent, when conditions were slightly soft. Apartment market conditions in the Rochester metropolitan area, however, are slightly tight. Since 2018, the apartment market has ranged from tight to balanced, with vacancy rates below 5 percent due to a greater preference to rent among the younger population in urban areas, including in the city of Rochester, in Monroe County, where a majority of apartments are built. In 2019, approximately 73 percent of renter households in the Rochester metropolitan area resided in multifamily structures with two or more units, a higher percentage than the national rate of 67 percent (ACS 1-year data).

During the 12 months ending August 2021—

- In the Moody’s Analytics REIS-defined Rochester market area, the apartment vacancy rate in August 2021 was 3.5 percent, down from 3.9 percent a year earlier. The August 2021 vacancy rate is up slightly, however, from a recent low of 3.0 percent in August 2016.
- Apartment rents in the metropolitan area averaged \$1,043, up 2 percent from a year ago. From August 2016 to August 2020, apartment rents rose steadily at an average rate of 4 percent each year.

The average apartment rent in the Rochester metropolitan area has increased since 2013, whereas the vacancy rate has been below 5.0 percent.



Source: Moody’s Analytics REIS

- In the Moody’s Analytics REIS-defined Central Rochester market area, which is essentially the city of Rochester, the apartment vacancy rate was 5.0 percent—down from 6.3 percent a year earlier but above the recent low of 4.0 percent in August 2017. The vacancy rate is higher

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in the city due to the greater proportion of newly constructed apartments entering the market compared with elsewhere in the metropolitan area.

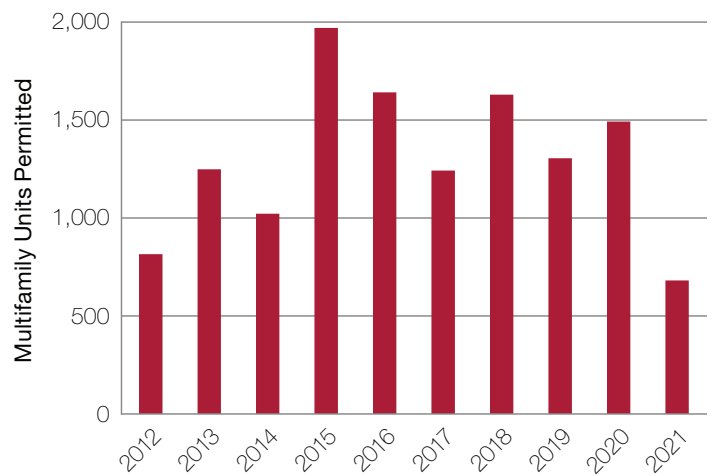
- Apartment rents in the Central Rochester market area averaged \$1,033, a decline of less than 1 percent from a year ago. By comparison, from August 2016 through August 2020, apartment rents in the market area grew at an average rate of 6 percent annually.

Multifamily construction activity, as measured by the number of multifamily units permitted, is down from a recent peak in 2015. Overall multifamily construction activity is relatively high compared with earlier in the decade, however, as demand for rental units is elevated due to growth in the population age 20 to 34 years in cities such as Rochester outpacing the overall population growth in the metropolitan area.

- During the 12 months ending August 2021, approximately 1,200 multifamily units were permitted—a decrease of 200, or 14 percent, from the 1,400 units permitted during the 12 months ending August 2020 (preliminary data, with adjustments by the analyst).
- After a recent peak of 1,975 units permitted during 2015, multifamily construction activity from 2016 through 2019 averaged 1,450 units each year, ranging from a low of 1,250 units permitted during 2017 to a high of 1,650 units permitted during 2016.
- Multifamily construction activity since 2016 has been concentrated in Monroe County, which has accounted for approximately 76 percent of multifamily building activity, because cities in the county, including Rochester, are attractive to college students, recent college graduates, and young professionals with a higher propensity to rent.

- Union Square is a 72-unit mixed-use development recently built on the site of the demolished eastern section of the “Inner Loop” highway in the city of Rochester. An additional 66-unit Union Square mixed-use development is planned nearby and expected to be completed in the spring of 2022.
- The 157-unit Skyview Park Apartments began leasing apartments in June 2021 in the city of Irondequoit in Monroe County. At the site of the former Medley Centre Mall, the development offers income-restricted housing to people age 55 and older, with one- and two-bedroom apartments starting at \$710 and \$995, respectively.

**The rate of multifamily construction activity in the Rochester metropolitan area is down from the recent peak in 2015.**



Note: Includes preliminary data from January 2021 through August 2021. Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

