

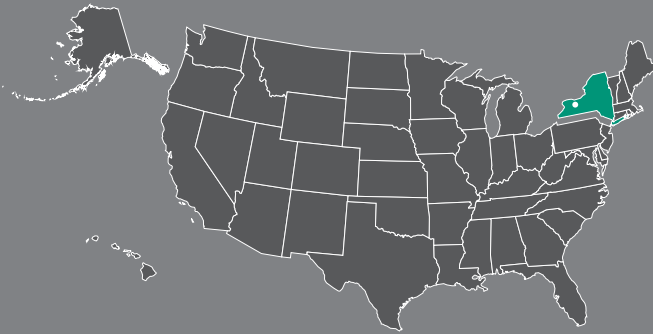
# HUD PD&R Housing Market Profiles

## Rochester, New York



### Quick Facts About Rochester

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **The education and health services sector is the largest sector in the metropolitan area, comprising more than 23 percent of all non-farm payrolls.**



By Joseph Shinn | As of March 1, 2014

### Overview

The Rochester, NY Metropolitan Statistical Area (hereafter, the Rochester metropolitan area), comprises Livingston, Monroe, Ontario, Orleans, and Wayne Counties in the Finger Lakes region of New York. Monroe County, which includes the city of Rochester, is home to more than 70 percent of the population in the metropolitan area.

- As of March 1, 2014, the estimated population of the metropolitan area was 1.06 million.
- From July 2007 to July 2010, population growth averaged 2,650 people, or 0.3 percent, annually, and net out-migration averaged 80 people annually.
- Since July 2010, the population has increased by an average of 1,100, or 0.1 percent, annually, and net out-migration has averaged 1,325 people annually; significant job losses from 2009 through late 2010 and corresponding high unemployment levels contributed to the increased net out-migration.



The education and health services sector, the largest sector in the Rochester area, added the most jobs during the past 3 months.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	510.9	511.5	0.6	0.1
Goods-producing sectors	75.6	73.6	-2.0	-2.6
Mining, logging, and construction	17.0	15.5	-1.5	-8.8
Manufacturing	58.6	58.1	-0.5	-0.9
Service-providing sectors	435.3	437.8	2.5	0.6
Wholesale and retail trade	72.0	71.2	-0.8	-1.1
Transportation and utilities	9.8	9.8	0.0	0.0
Information	8.9	8.3	-0.6	-6.7
Financial activities	21.2	21.3	0.1	0.5
Professional and business services	65.0	64.6	-0.4	-0.6
Education and health services	116.6	119.3	2.7	2.3
Leisure and hospitality	40.9	42.3	1.4	3.4
Other services	20.6	20.9	0.3	1.5
Government	80.4	80.1	-0.3	-0.4
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	8.6	6.8		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

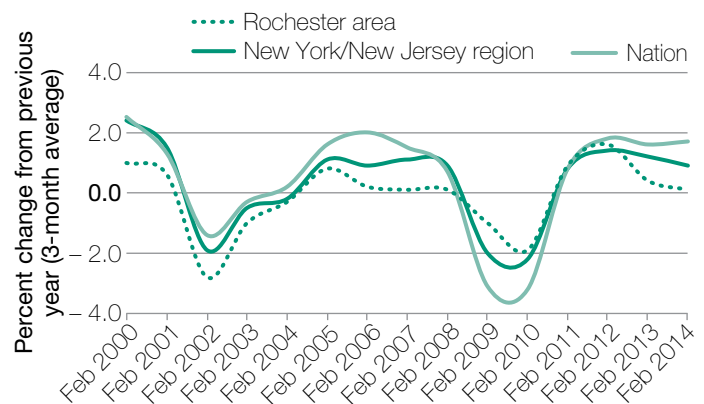
Economic conditions in the Rochester metropolitan area improved during the past 4 years after significant job losses from 2009 through late 2010. Nonfarm payrolls, however, have not fully recovered to the levels recorded during 2008.

During the 3 months ending February 2014—

- Nonfarm payrolls in the metropolitan area averaged 511,500 jobs, up by approximately 600 jobs, or 0.1 percent, compared with the number of jobs recorded during the 3 months ending February 2013.
- Job gains were greatest in the education and health services and the leisure and hospitality sectors, which were up by 2,700 and 1,400 jobs, or 2.3 and 3.4 percent, respectively. In the education and health services sector, the University of Rochester, the largest employer in the metropolitan area, with 20,350 employees, added approximately 740 new jobs during 2013.
- The mining, logging, and construction sector, which recorded significant losses, was down by 1,500 jobs, or 8.8 percent, from the 3 months ending February 2013; the construction subsector, which declined by 1,500 jobs, or 9.1 percent, accounted for all the net loss.

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## Nonfarm payroll growth in the Rochester area lagged regional and national growth during the past 2 years.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Rochester area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Rochester	Education and health services	20,350
Wegmans Food Markets, Inc.	Wholesale and retail trade	14,000
Rochester General Health System	Education and health services	7,600

Note: Excludes local school districts.  
Source: Greater Rochester Enterprise



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- The average unemployment rate in the metropolitan area was 6.8 percent, down from 8.6 percent during the same period a year earlier and lower than the current statewide rate of 7.2 percent. The large decline in the unemployment rate in the metropolitan area was partially because the labor force declined by 5,325 people, or 1.0 percent.

During the next 3 years, nonfarm payrolls in the metropolitan area are estimated to increase by an average of 3,100 jobs, or 0.6 percent, annually. Costco Wholesale Corporation, which will open a new store in mid-2014 to late 2014, is expected to create 250 to 300 new jobs.

## Sales Market Conditions

The sales housing market in the Rochester metropolitan area is currently slightly soft, with an estimated 1.6-percent vacancy rate, up from the 1.4-percent rate recorded in April 2010. The vacancy rate was up from 2010 primarily because of increased net out-migration. Approximately 13,250 existing homes (including single-family homes, townhomes, and condominiums) sold during 2013, up 6 percent compared with the 12,450 homes sold a year earlier (Metrostudy, A Hanley Wood Company). During the same period, the average sales price of an existing home was \$148,300, relatively unchanged from 2012.

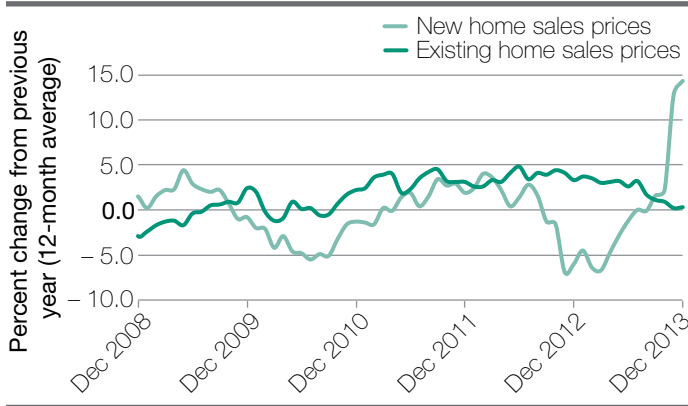
- From 2009 through 2011, existing home sales averaged 12,400 annually, and the average sales price was \$139,000.
- During 2013, approximately 490 new homes (including single-family homes, townhomes, and condominiums) sold, down 19 percent from a year earlier, but the average sales price increased 14 percent, to \$264,000.
- REO (Real Estate Owned) sales accounted for 4 percent of all existing home sales during 2013, an increase from 2 percent of existing sales during 2012 but down from an average of 7 percent from 2007 through 2010 (CoreLogic, Inc.).

- As of February 2014, 7.0 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down slightly from 7.1 percent a year earlier (Black Knight Financial Services, Inc.).

Home construction activity, as measured by the number of single-family homes permitted, increased slightly during the past 2 years but remained significantly less than the levels of activity recorded from 2002 through 2006.

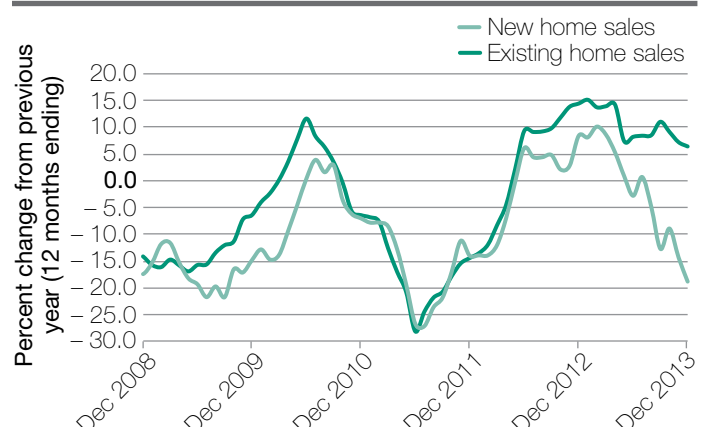
- During the 3 months ending February 2014, approximately 150 homes were permitted, more than 96 percent of which were permitted in Monroe and Ontario Counties (preliminary data).
- Permitting during the most recent 3-month period was up approximately 3 percent from the 145 homes permitted during the 3 months ending February 2013 but down 52 percent from the comparable 3-month periods from 2002 through 2006.
- Auburn Meadows, a residential community in Farmington, Ontario County, that has completed approximately 200 homes since 2006, is expected to complete an additional 270 homes during the next 10 years; prices for three-bedroom, two-bathroom homes start at approximately \$220,000.

### New home sales prices in the Rochester area increased at the fastest pace since 2005; existing home sales prices increased at a more moderate pace.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

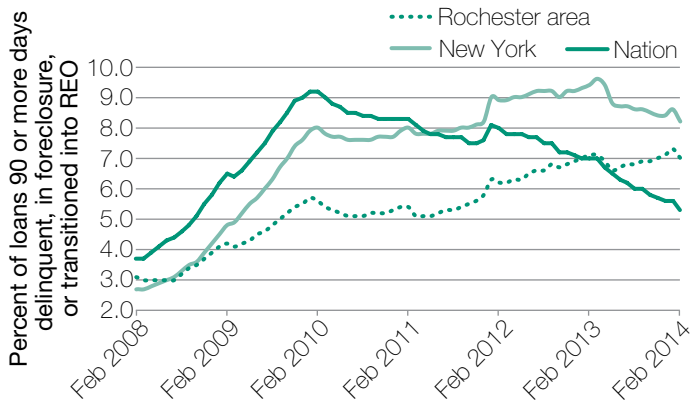
### Existing home sales continued to increase, but new home sales declined at the fastest pace in 2 years in the Rochester area.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

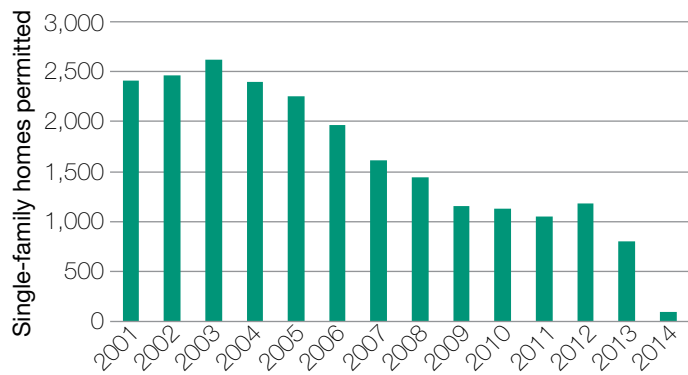


By contrast with national trends, the distressed loan rate in the Rochester area has increased since 2011 because of a lengthy foreclosure process in New York.



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

Since 2009, single-family permitting in the Rochester area has been less than half the average level recorded during the early 2000s.



Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey

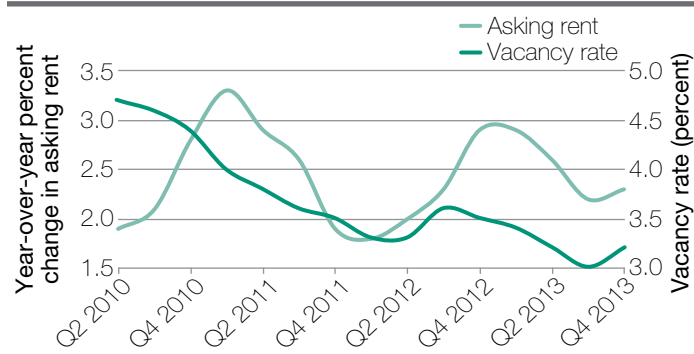
## Apartment Market Conditions

Current apartment market conditions in the Rochester metropolitan area are balanced. The apartment market has improved since 2010 because of increased demand for rental units and limited additions to the supply.

During the fourth quarter of 2013—

- The apartment vacancy rate in Monroe County (the only part of the metropolitan area covered by Reis, Inc.), which contains approximately 78 percent of all rental units in the metropolitan area, was 3.2 percent, down from 3.5 percent during the fourth quarter of 2012 (Reis, Inc.).

The vacancy rate in the Rochester area has declined and growth in apartment rents has fluctuated since 2010.



Note: Data reflect only units in Monroe County.  
Source: Reis, Inc.

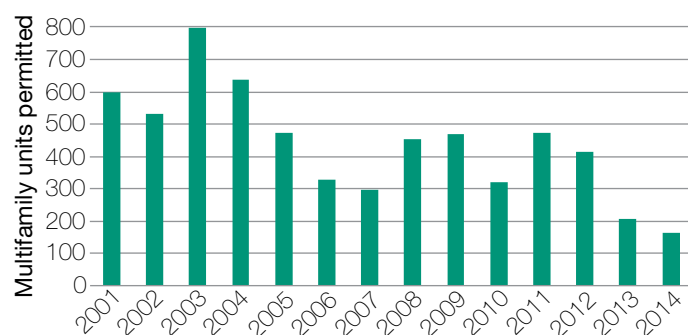
- The average apartment asking rent increased 2.3 percent, to \$832, compared with the average asking rent during the same period a year earlier.
- Current average asking rents in Monroe County ranged from \$744 in the Reis-defined market area of West Monroe County to \$925 in the Southeast Monroe County market area.

Multifamily building activity, as measured by the number of units permitted, recently declined. In response to increased demand for rental units, however, current construction levels remain higher than the levels recorded from 2006 through 2009.

- During the 12 months ending February 2014, approximately 330 units were permitted compared with the 370 units permitted during the previous 12 months (preliminary data).

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More than 300 multifamily units were permitted in the Rochester area in all but 1 year from 2001 through 2012.



Note: Includes preliminary data from January 2013 through February 2014.  
Source: U.S. Census Bureau, Building Permits Survey



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- By comparison, during the comparable periods from 2006 through 2009, an average of 100 units were permitted annually.
- Since 2010, Monroe County has accounted for more than 70 percent of all multifamily units permitted in the metropolitan area.
- Recent construction activity includes approximately 110 units for seniors at The Legends at North Ponds in Webster, Monroe County; rents for one- and two-bedroom units start at approximately \$900 and \$1,000, respectively.
- Approximately 870 apartment units at eight complexes are currently under construction or in planning and are likely to be complete during the next 2 years; more than 75 percent of these units are in Monroe County.

