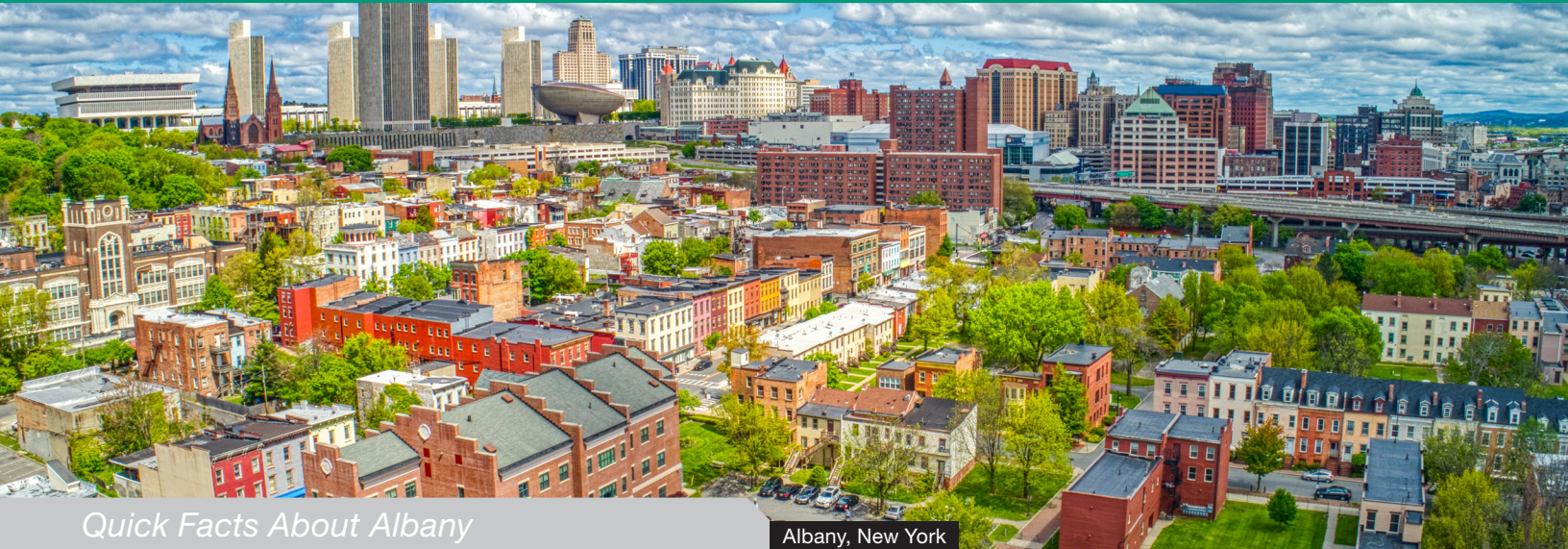


HUD PD&R Housing Market Profiles

Albany-Schenectady-Troy, New York

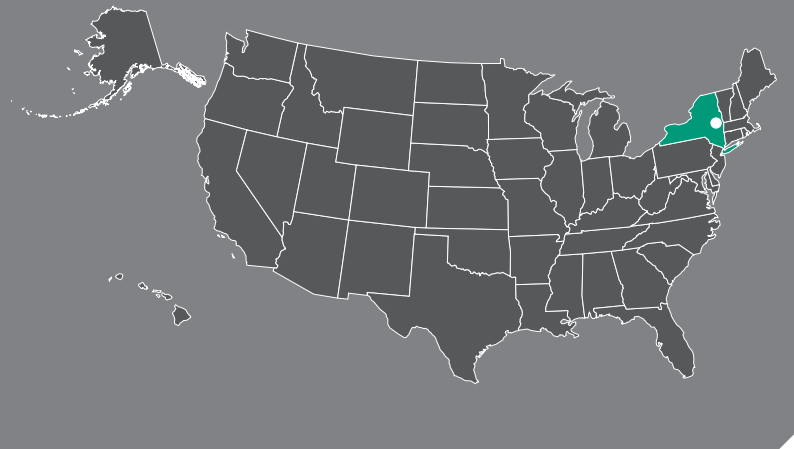


Quick Facts About Albany

Albany, New York

By Matthew Tieff | As of February 1, 2022

- **Current sales market conditions: tight**
- **Current rental market conditions: balanced**
- **The Albany metropolitan area is home to the Saratoga Race Course in the city of Saratoga Springs, one of the oldest horse racing tracks in the country.**



Overview

The Albany-Schenectady-Troy, NY Metropolitan Statistical Area, (hereafter, Albany metropolitan area) consists of five counties in Upstate New York: Albany, Rensselaer, Saratoga, Schenectady, and Schoharie. The metropolitan area is adjacent to Massachusetts and Vermont, and it is home to the city of Albany, the largest city in the metropolitan area and the capital of New York. The metropolitan area is part of the eight-county Capital District, which has become an East Coast destination for technology firms during the past decade due to generous state subsidies and several colleges and universities focusing on science and engineering. Following interventions that began in mid-March 2020 to slow the spread of COVID-19, economic conditions have improved as restrictions have eased since May 2020. Partly because of improving economic conditions, a decline in single-family home construction before 2020, and a shortage of for-sale housing due to a surge in homebuying, the home sales market is tight. The rental market is balanced but tightening due to a decline in multifamily construction and an increase in net in-migration.

- As of February 1, 2022, the estimated population of the metropolitan area is 900,900, reflecting an average annual

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increase of 2,525, or 0.3 percent, since 2016, with an average net natural increase of 120 people each year and an average net in-migration of 2,400 people annually. By comparison, population growth averaged 2,625 people, or 0.3 percent, a year from 2010 to 2016, and net natural increase averaged a higher 1,425 people each year compared with the more recent period, whereas net in-migration averaged a lower 1,200 people annually (Census Bureau decennial census counts, and population estimates as of July 1).

- From 2015 through 2019, the population in the metropolitan area of those 60 years and older grew at an average annual

rate of 3.6 percent, compared with 2.9 percent nationally (2015 and 2019 American Community Survey [ACS] 1-year data). During 2019, the median age of the population was 40.0 years, older than the national median age of 38.5 years.

- Albany County is the largest county in the metropolitan area and accounts for 35 percent of the population, with 0.3 percent annual growth since 2010. By comparison, Saratoga County, the second largest county, accounted for 26 percent of the population, growing 0.7 percent each year during the same period. The faster rate of growth compared with Albany County is partly due to technology firms relocating to the metropolitan area during the past decade, particularly in Saratoga County.

Economic Conditions

The Albany metropolitan area was adversely affected by countermeasures implemented to slow the spread of COVID-19. In mid-March 2020, the governor of New York ordered the closure of numerous nonessential businesses to mitigate adverse pandemic health outcomes. As businesses reopened with limited capacity beginning in May 2020, some lost jobs gradually returned. By January 2022, the economy had fully reopened, and approximately 65 percent of the 64,900 jobs lost from March through May of 2020 were recovered (not seasonally adjusted). During the 3 months ending January 2022, nonfarm payrolls in the metropolitan area increased 2.8 percent, year-over-year, slower than statewide and nationwide growth

rates of 4.9 and 4.5 percent, respectively. From 2011 through 2019, before the COVID-19 pandemic, nonfarm payrolls in the metropolitan area grew an average of 1.0 percent annually. The government and the education and health services sectors are the largest sectors, accounting for 22 and 20 percent of jobs in the metropolitan area, respectively. Despite their size, during the 3 months ending January 2022, these sectors were two of only three sectors to decline, falling 0.6 and 0.4 percent, respectively.

During the 3 months ending January 2022—

- Nonfarm payrolls averaged 450,900—an increase of 12,300 jobs, or 2.8 percent, from a year earlier, with gains in 8 of

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The reopening of the Albany metropolitan area economy beginning in May 2020 contributed to significant job gains in 8 of 11 sectors during the 3 months ending January 2022.

| | 3 Months Ending | | Year-Over-Year Change | |
|----------------------------------|-----------------------------|-----------------------------|-------------------------|---------|
| | January 2021 (Thousands) | January 2022 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 438.6 | 450.9 | 12.3 | 2.8 |
| Goods-Producing Sectors | 44.9 | 45.6 | 0.7 | 1.6 |
| Mining, Logging, & Construction | 19.2 | 19.3 | 0.1 | 0.5 |
| Manufacturing | 25.7 | 26.3 | 0.6 | 2.3 |
| Service-Providing Sectors | 393.7 | 405.3 | 11.6 | 2.9 |
| Wholesale & Retail Trade | 58.2 | 60.3 | 2.1 | 3.6 |
| Transportation & Utilities | 15.3 | 16.8 | 1.5 | 9.8 |
| Information | 7.6 | 7.4 | -0.2 | -2.6 |
| Financial Activities | 26.0 | 26.4 | 0.4 | 1.5 |
| Professional & Business Services | 54.8 | 55.7 | 0.9 | 1.6 |
| Education & Health Services | 90.7 | 90.3 | -0.4 | -0.4 |
| Leisure & Hospitality | 27.2 | 34.3 | 7.1 | 26.1 |
| Other Services | 16.1 | 16.8 | 0.7 | 4.3 |
| Government | 97.9 | 97.3 | -0.6 | -0.6 |
| Unemployment Rate | 5.5% | 3.1% | | |

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

Source: U.S. Bureau of Labor Statistics



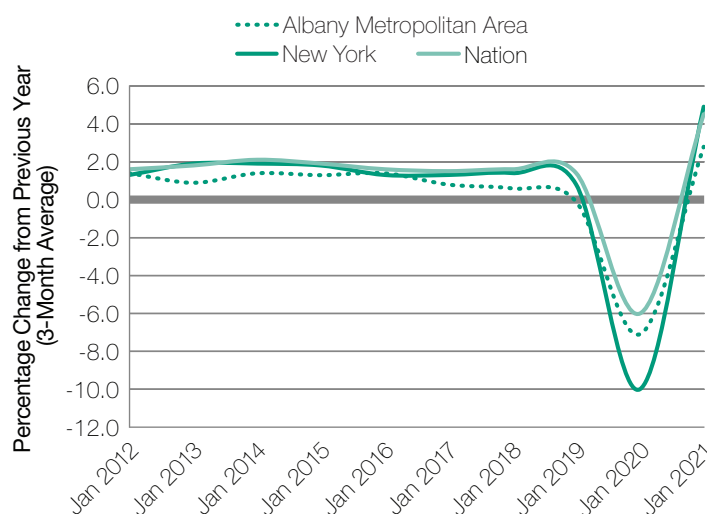
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11 sectors. By comparison, during the 3 months ending January 2021, nonfarm payrolls declined 7.1 percent compared with the same period a year earlier.

- The largest increase was in the leisure and hospitality sector, which grew by 7,100 jobs, or 26.1 percent, due to the easing of restrictions put in place to slow the spread of COVID-19, including limits on indoor dining capacity. The number of jobs in this sector averaged 34,300, 13 percent lower than the average of 39,400 jobs during the 3 months ending January 2020.
- The transportation and utilities sector was up by 1,500 jobs, or 9.8 percent, and was the second fastest growing sector in the metropolitan area. By comparison, during the 3 months ending January 2021, this sector increased by 600 jobs, or 4.3 percent, compared with the previous year, and it was the only sector in the metropolitan area to expand during this period due to high demand for shipping and warehousing.
- The unemployment rate averaged a historically low 3.1 percent, lower than the state and national averages of 4.9 and 4.0 percent, respectively. The unemployment rate in the metropolitan area during the 3 months ending January 2022 was below the 5.5-percent rate during the same period a year ago and also below the 3.5-percent rate for the 3 months ending January 2020.

The manufacturing sector, historically one of the largest sectors in the Albany metropolitan area, is now one of the smallest, but employment gains in this sector since 2011 have reversed more than two decades of declines. While the manufacturing sector accounts for only 6 percent of jobs in the metropolitan area, since 2011, it has grown by an average of 2.3 percent annually, making it one of the fastest growing sectors during this period. By comparison, from 2001 through 2010, the manufacturing sector declined an average of 3.3 percent annually. The growth during the more recent period is partly led by technology firms establishing East Coast locations, drawn to the area due to sizeable state subsidies, including more than \$4 billion awarded to semiconductor manufacturers during the past 2 decades (New York Focus), and a workforce with strong science and engineering backgrounds, educated at local colleges and

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



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Albany Metropolitan Area

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|-----------------------------|-----------------------------|---------------------|
| St. Peter's Health Partners | Education & Health Services | 12,000 |
| Albany Medical Center | Education & Health Services | 9,500 |
| Golub Corporation | Wholesale & Retail Trade | 8,100 |

Note: Excludes local school districts.

Source: Albany Business Review

universities such as State University of New York (SUNY) Polytechnic Institute and Rensselaer Polytechnic Institute. In 2011, GlobalFoundries, Inc. opened a semiconductor fabrication facility in Saratoga County, creating over 1,500 jobs. In 2021, the same firm moved its headquarters from the Silicon Valley region in California to that Saratoga County facility and currently employs over 3,000 people in the metropolitan area.

Sales Market Conditions

Sales housing market conditions in the Albany metropolitan area are tight due to a decline in the inventory of single-family homes for sale. The current vacancy rate is estimated at 1.1 percent, down from 1.7 percent in April 2010, when market conditions were soft. The supply of homes for sale declined from a 1.3-month supply in January 2021 to a 1.2-month supply as of January 2022 (CoreLogic, Inc.). The decline in home supply was partly due to

an increase in sales, a decline in single-family home construction before 2020, and improving economic conditions. During the 12 months ending December 2022, real estate owned (REO) sales accounted for approximately 1 percent of existing home sales, down from 4 percent a year ago, well below a recent high of 9 percent in 2017. The percentage of home loans in the metropolitan area that were seriously delinquent or had

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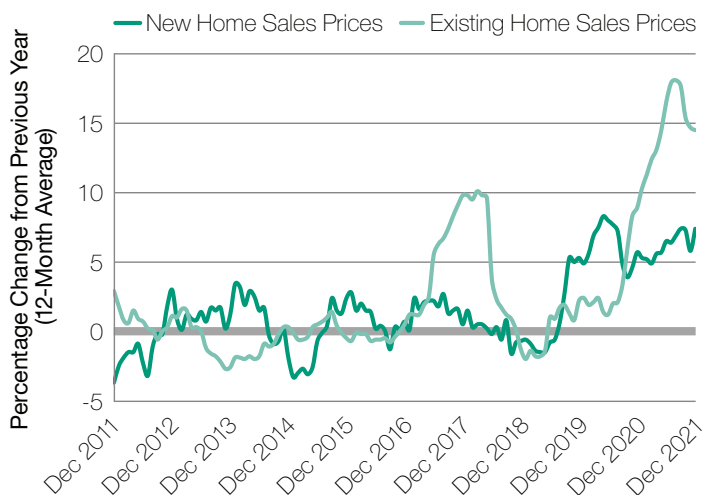
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transitioned into REO status was 2.6 percent in December 2021, down from 4.7 percent a year earlier. The rate of seriously delinquent home loans and REO properties in the metropolitan area in December 2021 was lower than the statewide rate of 3.5 percent but above the national rate of 2.0 percent.

During the 12 months ending December 2021 —

- Existing home sales—including single-family homes, townhomes, and condominiums—totaled 14,450, up 6 percent from the

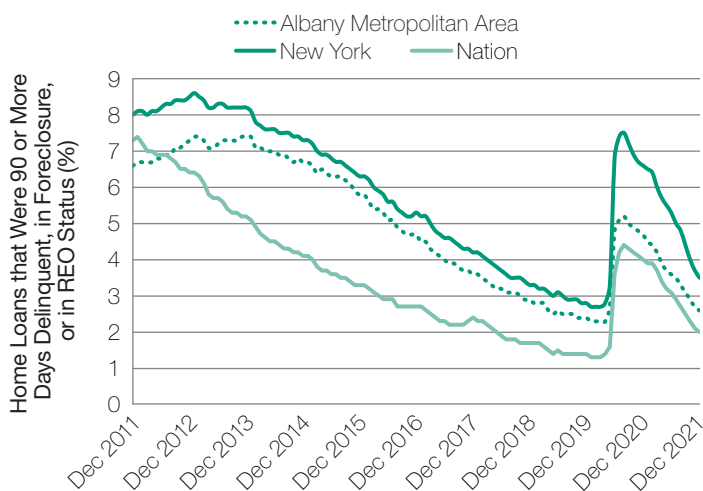
The average new and existing home sales prices in the Albany metropolitan area have increased by more than 5 and 15 percent, respectively, since 2020.



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

Source: CoreLogic, Inc., with adjustments by the analyst

The proportion of homes that were 90 or more days delinquent, in foreclosure, or in REO status in the Albany metropolitan area grew sharply in mid-2020, following more than 6 years of steady declines.



REO = real estate owned.

Source: CoreLogic, Inc.

13,600 homes sold during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst).

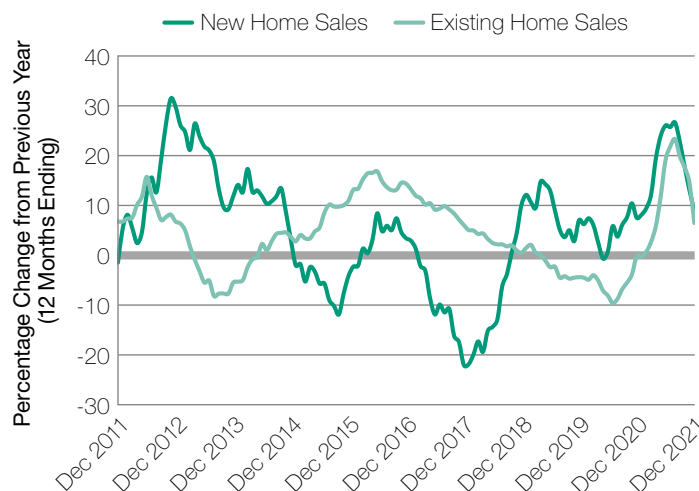
- The average sales price of existing homes was \$264,700, representing an increase of 15 percent from an average price of \$231,100 during the previous year. By comparison, from 2013 through 2019, the average existing home sales price declined an average of 2 percent annually.
- The number of new homes sold—including single-family homes, townhomes, and condominiums—totaled 840 homes, up 9 percent from the 770 homes sold during the previous 12 months.
- The average sales price for new homes was \$430,300, a 7-percent increase from \$400,600 a year earlier. By comparison, from 2013 through 2019, the average price of a new home grew an average of 1 percent each year.

Following a tightening market, single-family home construction activity, as measured by the number of homes permitted, has been elevated after declining, on average, from 2017 through 2019 in response to a soft market before 2020.

- During the 12 months ending January 2022, approximately 1,325 single-family homes were permitted, down 2 percent from the 1,350 homes permitted a year earlier (preliminary data).
- From 2013 through 2019, home construction activity averaged 1,225 single-family homes each year, ranging from a high of 1,375 homes permitted during 2016 to a low of 1,125 homes permitted during 2019.

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In the Albany metropolitan area, new home sales have increased since mid-2020, and existing home sales have increased since early 2021.



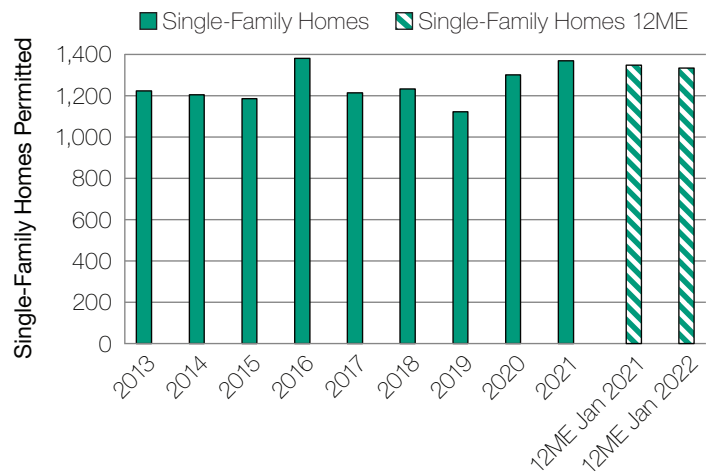
Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

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- The Village at Shaker Creek is a luxury townhome community in the town of Latham, in Albany County, with 32 townhomes built and sold; an additional 20 homes are expected to be constructed as they are sold, with prices starting at \$560,000.
- Alexandria is a single-family home community in Saratoga County, offering residents maintenance-free living, and of the 48 homes planned, 43 have been built, with prices for a three-bedroom home starting at \$500,000.

After a recent peak in 2016, single-family home construction activity in the Albany metropolitan area fell to a recent low in 2019.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Market Conditions

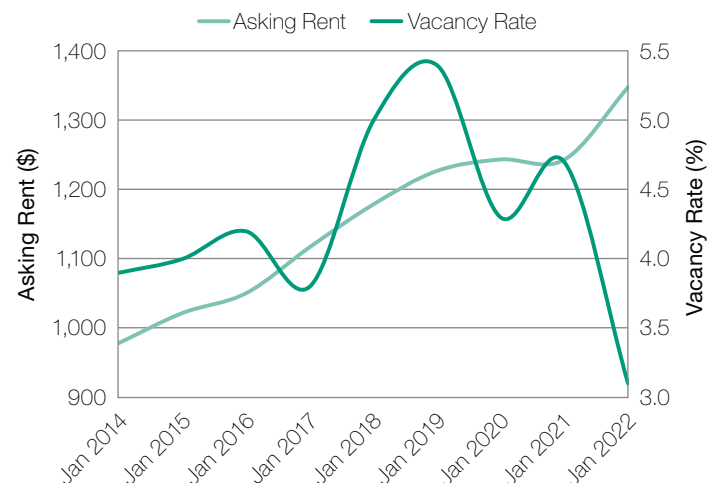
Rental housing market conditions in the Albany metropolitan area are balanced, with an overall rental vacancy rate estimated at 5.5 percent, a decrease from the April 2010 rental vacancy rate of 7.1 percent, when conditions were slightly soft.

Apartment market conditions in the Albany metropolitan area, however, are slightly tight. Since 2010, the apartment market has varied from balanced to slightly tight, with vacancy rates ranging between 2.9 and 5.4 percent. In 2019, approximately 86 percent of renter households in the Albany metropolitan area resided in multifamily structures with two or more units, much higher than the national rate of 67 percent (ACS 1-year data). Smaller multifamily developments make up a relatively large portion of rental units in the metropolitan area, with an estimated 40 percent of renter households residing in buildings with two to four units, significantly higher than the national rate of 17 percent. Student households are estimated to account for 10 percent of all renter households in the metropolitan area.

During January 2022—

- In the Moody's Analytics REIS-defined Albany market area, the apartment vacancy rate was 3.1 percent, down from 4.7 percent a year earlier, and it has declined during the past year as restrictions to prevent the spread of COVID-19 have eased, offices have reopened, and people have returned to more densely populated areas.
- In Upstate New York, the apartment markets were slightly tight, with a weighted average vacancy rate of 3.1 percent, similar to

During the past year, the apartment vacancy rate in the Albany metropolitan area has fallen to nearly 3 percent, whereas the average apartment rent increased sharply.



Source: Moody's Analytics REIS

the Albany market area. Apartment vacancy rates in Upstate New York varied from a low of 2.7 percent in the Rochester market area to a high of 4.7 percent in the Ithaca market area.

- The apartment rent in the Albany market area averaged \$1,358, up 8 percent from a year ago, after declining less than 1 percent during the same period a year earlier. From

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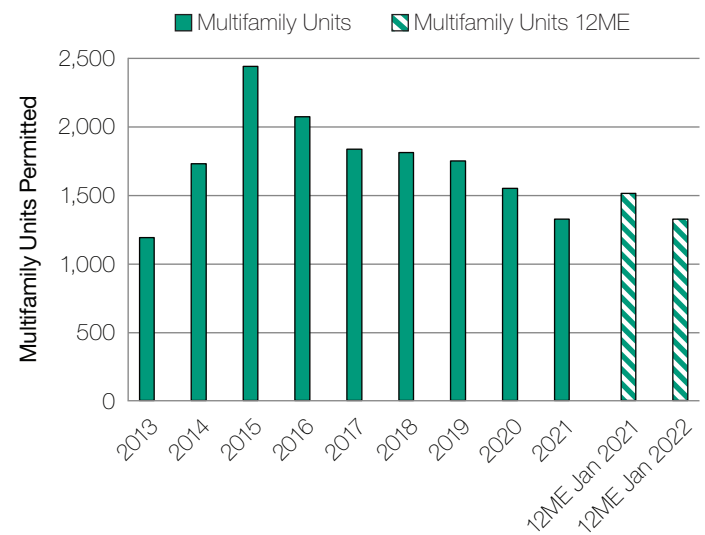
January 2013 to January 2019, apartment rents rose steadily at an average rate of 4 percent each year.

- The average apartment rent in the Albany market area is 17 percent lower than the national average of \$1,637, but it is 16 percent above the Upstate New York market area average rent of \$1,161.

Multifamily construction activity, as measured by the number of multifamily units permitted, is down from a recent high in 2015. Overall multifamily construction activity has generally declined each year since 2016, despite an increase in net in-migration, resulting in a tightening apartment market.

- During the 12 months ending January 2022, approximately 1,325 multifamily units were permitted, a decrease of 175, or 12 percent, from the 1,500 units permitted during the 12 months ending January 2021 (preliminary data, with adjustments by the analyst).
- After a recent high of 2,450 units permitted during 2015, multifamily construction activity from 2016 through 2020 declined by an average of 170 units, or 9 percent, each year, to 1,550 multifamily units permitted during 2020.
- Nearly 45 percent of multifamily construction in the metropolitan area since 2011 has been concentrated in Saratoga County, and 31 percent has been concentrated in Albany County.
- King's Isle Apartments—a 123-unit senior apartment development in the town of Mechanicville in Saratoga County scheduled for completion in the summer of 2022—will have a mix of one-, two-, and three-bedroom apartments with rents starting at \$1,050, \$1,300, and \$1,600, respectively.

After a recent high in 2015, the rate of multifamily construction activity in the Albany metropolitan area fell each year from 2016 through 2021.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

- The conversion of a warehouse at 413 N. Pearl Street, in the city of Albany, into a mixed-use development is underway as part of a greater redevelopment plan for the warehousing district. Within walking distance of Albany Medical Center and University at Albany (SUNY), the renovation is expected to be complete in the spring of 2022 with a planned 80 residential units and more than 13,500 square feet of commercial space.

Terminology Definitions and Notes

A. Definitions

| | |
|-----------------------------------|---|
| Building Permits | Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits. |
| Capital District | An area of New York that includes Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren, and Washington counties. |
| Existing Home Sales | Include resales, short sales, and REO sales. |
| Home Sales/Home Sales Prices | Includes single-family, townhome, and condominium sales. |
| Net Natural Increase | Resident births are greater than resident deaths. |
| Rental Market/Rental Vacancy Rate | Includes apartments and other rental units such as single-family, multifamily, and mobile homes. |
| Seriously Delinquent Home Loans | Home loans 90+ days delinquent or in foreclosure. |
| Upstate New York | The state of New York, excluding Rockland and Westchester counties, New York City, and Long Island. |

B. Notes on Geography

1. The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.