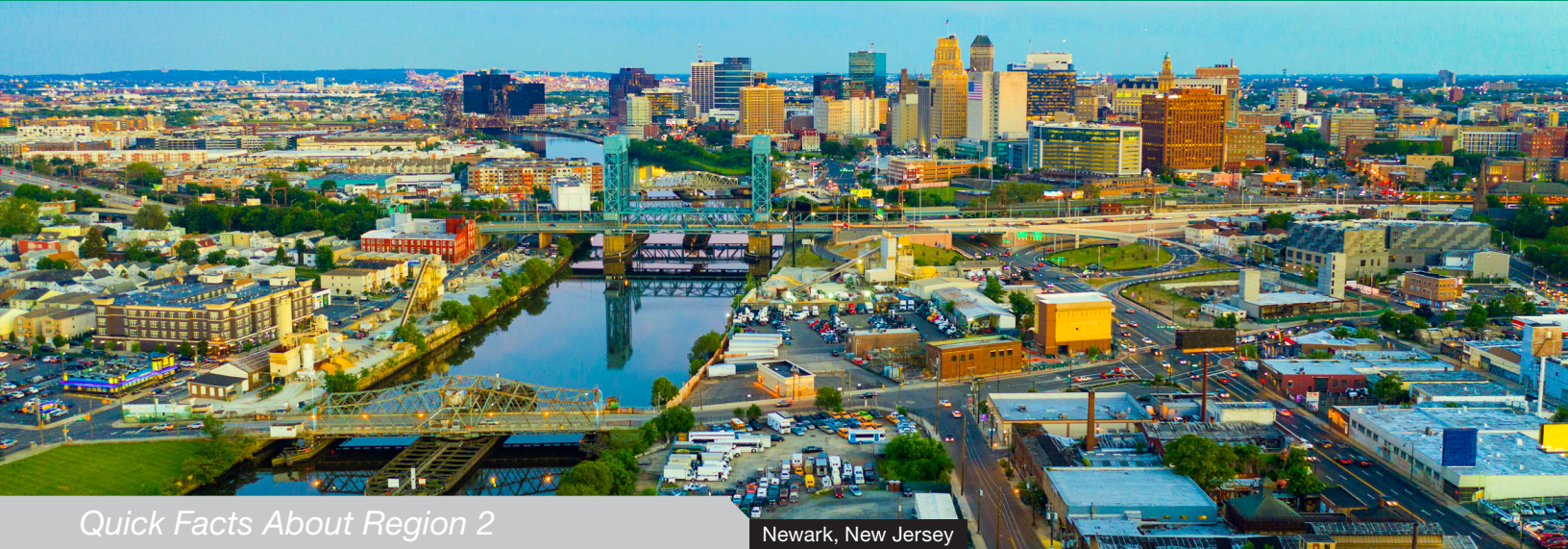


HUD PD&R Regional Reports

Region 2: New York/New Jersey



Quick Facts About Region 2

Newark, New Jersey

By Joseph Shinn | 1st Quarter 2021

Sales market conditions—

First quarter 2021: mixed (slightly soft to slightly tight)
Fourth quarter 2020: mixed (slightly soft to slightly tight)
First quarter 2020: balanced

Apartment market conditions—

First quarter 2021: mixed (slightly soft to tight)
Fourth quarter 2020: mixed (slightly soft to tight)
First quarter 2020: mixed (balanced to tight)

Overview

Nonfarm payrolls in the New York/New Jersey region declined for the fourth consecutive quarter on a year-over-year basis, compared with year-over-year gains each quarter from the fourth quarter of 2010 through the first quarter of 2020. As of March 2021, the level of nonfarm payrolls in the New York/New Jersey region was approximately 1.28 million jobs, or 9.2 percent, below the February 2020 level; that period was before the effects of the COVID-19 global pandemic (not seasonally adjusted). Interventions taken in mid-March 2020 to slow the spread of COVID-19 have been gradually eased, but most businesses are still not permitted to operate at full capacity. During the first quarter of 2021, nonfarm payrolls declined in all sectors, led by the leisure and hospitality and the education and health services sectors. From 2010 to 2020, population growth in the New York/New Jersey region and both states exceeded growth during the 2000s. Sales market conditions ranged from slightly soft to slightly tight, compared with balanced conditions throughout the region during the first quarter of 2020. The apartment markets in the major metropolitan areas in the region ranged from slightly soft to tight during the first quarter of 2021. In New York City (NYC),

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PD&R

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conditions in the apartment market softened during the past year due to strong net out-migration from the city during the COVID-19 pandemic.

During the first quarter of 2021 —

- Nonfarm payrolls in the region decreased by 1.34 million jobs, or 9.7 percent, compared with a 0.5-percent increase during the same period a year earlier. In New York and New Jersey, nonfarm payrolls were down 10.4 and 8.1 percent, respectively, compared with the first quarter of 2020; nonfarm payrolls in NYC declined by 601,000 jobs, or 12.9 percent.

- Single-family homebuilding activity in the region rose 17 percent, increasing in both New York and New Jersey. Multifamily permitting activity in the region declined 5 percent; building activity in New York and New Jersey was down 6 and 4 percent, respectively.
- In the New York-Newark-Jersey City metropolitan area, single-family construction activity was up 16 percent compared with the first quarter of 2020. Multifamily building activity in the metropolitan area declined 9 percent, with nearly 80 percent of the net decrease in NYC.

Economic Conditions

As a result of the statewide restrictions put in place in response to the COVID-19 global pandemic, nonfarm payrolls in the New York/New Jersey region declined significantly during the past year. During the first quarter of 2021, nonfarm payrolls in the region averaged 12.48 million, representing a decrease of 1.34 million jobs, or 9.7 percent, compared with the first quarter of 2020. By comparison, during the first quarter of 2020, nonfarm payrolls increased 0.5 percent compared with the same period a year earlier. The nonfarm payroll sectors that were most affected during the past year were heavily reliant on tourism and dependent on in-person interactions; these sectors could not easily adhere to the social distancing guidelines. During the first quarter of 2021, the largest losses were in the

leisure and hospitality sector, which declined by 423,900 jobs, or 33.6 percent. Approximately 80 percent of the decline in this sector was in the accommodation and food services industry, which was down by 337,400 jobs, or 32.3 percent. Additional decreases were in the education and health services, the wholesale and retail trade, and the professional and business services sectors, which were down by 217,500, 155,700, and 132,200 jobs, or 7.5, 8.3, and 6.6 percent, respectively. The financial activities sector had the lowest rate of job losses in the region due, in part, to a high number of jobs that can be done via telework. During the first quarter of 2021, nonfarm payrolls in the sector declined 3.5 percent, or by 34,100 jobs, compared with a year ago.

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Nonfarm payrolls in the New York/New Jersey region declined in all 11 sectors during the first quarter of 2021.

	First Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm	13,823.2	12,482.9	-1,340.3	-9.7
Goods-Producing Sectors	1,223.7	1,129.0	-94.7	-7.7
Mining, Logging, & Construction	542.9	490.6	-52.3	-9.6
Manufacturing	680.8	638.4	-42.4	-6.2
Service-Providing Sectors	12,599.5	11,353.9	-1,245.6	-9.9
Wholesale & Retail Trade	1,867.2	1,711.5	-155.7	-8.3
Transportation & Utilities	537.9	496.9	-41.0	-7.6
Information	362.5	330.2	-32.3	-8.9
Financial Activities	977.2	943.1	-34.1	-3.5
Professional & Business Services	1,999.4	1,867.2	-132.2	-6.6
Education & Health Services	2,906.4	2,688.9	-217.5	-7.5
Leisure & Hospitality	1,261.3	837.4	-423.9	-33.6
Other Services	578.2	474.3	-103.9	-18.0
Government	2,109.3	2,004.6	-104.7	-5.0

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

Source: U.S. Bureau of Labor Statistics



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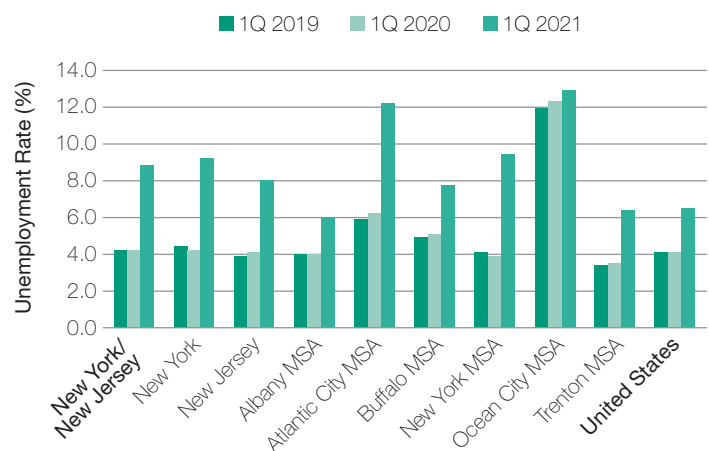
During the first quarter of 2021, the unemployment rate in the New York/New Jersey region averaged 8.8 percent, which was more than double the 4.2-percent average rate during the first quarter of 2020. In New York and New Jersey, the rates were 9.2 and 8.0 percent, up from 4.2 and 4.1 percent a year ago, respectively. The current unemployment rates in the region and in both states are higher than the national unemployment rate of 6.5 percent, which is up from the 4.1-percent rate during the first quarter of 2020.

During the first quarter of 2021 —

- Nonfarm payrolls in New York declined by more than 1.00 million jobs, or 10.4 percent, compared with the first quarter of 2020. Nonfarm payrolls declined in every sector in the state, led by the leisure and hospitality and the education and health services sectors, which decreased by 327,700 and 158,500 jobs, or 7.3 percent each, respectively.
- Nearly 60 percent of the losses in New York were in NYC, where nonfarm payrolls declined by 601,000 jobs, or 12.9 percent, compared with a 1.4-percent increase during the same period a year earlier. Because of visitor spending in NYC declining 73 percent during 2020 (Office of the New York State Comptroller), nearly 38 percent of the job losses were in the leisure and hospitality sector, which decreased by 227,800 jobs, or 50.9 percent.
- In the Buffalo and Rochester metropolitan areas, nonfarm payrolls were down by 44,300 and 35,200 jobs, or 8.0 and 6.6 percent, respectively. By comparison, during the first quarter of 2020, nonfarm payrolls in the metropolitan areas were down 0.4 and 0.7 percent, respectively.

- In New Jersey, nonfarm payrolls were down by 335,700 jobs, or 8.1 percent, compared with the first quarter of 2020. By comparison, first-quarter nonfarm payrolls rose an average of 1.1 percent annually from 2012 through 2020.
- The largest losses in New Jersey were in the leisure and hospitality, the education and health services, and the wholesale and retail trade sectors, which were down by 96,200, 58,900, and 40,000 jobs, or 26.4, 8.1, and 6.1 percent, respectively. In the leisure and hospitality sector, Grand Lux Cafe LLC closed a restaurant in Cherry Hill in August 2020, resulting in nearly 120 employees being permanently laid off.

During the first quarter of 2021, the unemployment rate increased in both states and all metropolitan areas in the New York/New Jersey region.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

Population

As of April 1, 2020, the population of the New York/New Jersey region was approximately 29.49 million (Census Bureau decennial census counts). From April 2010 to April 2020, the population increased by an average of 132,000, or 0.5 percent, a year, compared with an average increase of 77,900, or 0.3 percent, annually from 2000 to 2010. By

comparison, the population of the United States rose an average of 0.7 percent annually from 2010 to 2020, which was down from an average increase of 0.9 percent a year from 2000 to 2010. The region was one of only two HUD regions where growth during the past decade exceeded growth during the

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In contrast to the nation overall, population growth from 2010 to 2020 accelerated in the New York/New Jersey region, compared with growth during the 2000s.

	Population (as of April 1)			Average Annual Percentage Change	
	2000	2010	2020	2000 to 2010	2010 to 2020
United States	285,230,516	312,471,327	334,735,155	0.9%	0.7%
New York/New Jersey Region	27,390,807	28,169,996	29,490,243	0.3%	0.5%
New York	18,976,457	19,378,102	20,201,249	0.2%	0.4%
New Jersey	8,414,350	8,791,894	9,288,994	0.4%	0.6%

Note: Data for the United States include Puerto Rico.

Source: U.S. Census Bureau



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2000s. The 0.2-percentage-point increase in the growth rate compared with 2000 to 2010 was the largest rise of all regions.

As of April 1, 2020—

- The population of New York was approximately 20.20 million, up by an average of 82,300, or 0.4 percent, annually since 2010, compared with an average annual increase of 40,150, or 0.2 percent, from 2000 to 2010. New York was one of only

five states in the nation where population growth from 2010 to 2020 was more than double the growth during the 2000s.

- In New Jersey, the population was approximately 9.29 million, representing an average annual increase of 49,700, or 0.6 percent, from 2010 to 2020. By comparison, from 2000 to 2010, the population of New Jersey increased by an average of 37,750, or 0.4 percent, annually.

Sales Market Conditions

Sales market conditions in the New York/New Jersey region ranged from slightly soft to slightly tight during the first quarter of 2021. Statewide conditions in New York were balanced, but conditions tightened during the past year partially due to a 23-percent decline in the number of homes listed for sale (CoreLogic, Inc.). The decline in available inventory was primarily attributed to a rise in homebuying during the past year, coupled with a reluctance of homeowners to list their homes for sale during the COVID-19 pandemic. In March 2021, New York had 3.6 months of available for-sale inventory, down from the 5.0 months of inventory in March 2020. Despite significant job losses during the past year, existing home sales in New York increased by 6,200 homes, or 5 percent, to 135,900 homes sold during the 12 months ending March 2021, compared with home sales being relatively unchanged during the previous 3 years. The recent surge in homebuying was largely attributed to mortgage interest rates reaching their lowest levels in more than 50 years during 2020. In December 2020, the average interest rate of a 30-year fixed rate mortgage was 2.7 percent, down from 3.7 percent in December 2019 (Federal Home Loan Mortgage Corporation). The average interest rate rose to 3.2 percent by March 2021 but was still well below the 10-year peak rate of 4.9 percent in November 2019. In response to tightening sales market conditions, the average sales price of existing homes in New York rose 14 percent, to \$426,600, the fastest 1-year increase in more than 10 years. In the Rochester, Buffalo, and Albany metropolitan areas, the average sales price increased 12, 11, and 10 percent, respectively.

As a result of strong net out-migration during the COVID-19 pandemic, sales market conditions in the NYC housing market, which consists of the five boroughs—Bronx, Brooklyn, Manhattan, Queens, and Staten Island—transitioned from balanced to slightly soft during the past year. During the 12 months ending February 2021, new and existing home sales in NYC declined 26 percent, or by 6,100 homes, compared with an average 4-percent annual decrease during the previous 2 years (Zonda). Home sales were down in all five boroughs, ranging from a 13-percent decline in Brooklyn to a 69-percent

decrease in Staten Island. In response to the significant decline in home sales, the average sales price of new and existing homes in NYC decreased 5 percent, to \$1.16 million, compared with a 16-percent increase during the same period a year earlier.

In New Jersey, sales market conditions were slightly tight, compared with balanced conditions during the first quarter of 2020. In March 2021, New Jersey had 1.6 months of available for-sale inventory, less than one-half the 3.4 months of inventory in March 2020 (CoreLogic, Inc.). Similar to New York, home sales in New Jersey increased significantly during the past year. The increase, however, was stronger than in New York because no part of New Jersey had a significant sales decline, unlike NYC. During the 12 months ending March 2020, existing home sales in New Jersey increased by 9,600 homes, or 12 percent, to 91,600 homes sold (New Jersey Association of Realtors®). Home sales rose in all parts of the state, up 12 percent in northern New Jersey and 11 percent in both central New Jersey and southern New Jersey. In response to the strong increase in home sales, the average sales price of existing home sales in New Jersey rose 20 percent, to \$492,600.

In February 2021, 6.1 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, up from 2.5 percent in February 2020 (CoreLogic, Inc.). The significant rise during the past year was due to a nearly four-fold increase in the number of home loans that were 90 or more days delinquent as strong job losses during the past year rendered some homeowners unable to make their mortgage payments. By comparison, the number of home loans that were in foreclosure or had transitioned into REO status declined 28 percent. In New York and New Jersey, the percentage of home loans that were seriously delinquent or had transitioned into REO status were 6.4 and 5.6 percent, up from 2.7 and 2.1 percent a year ago, respectively.

During the first quarter of 2021 (preliminary data)—

- In response to tightening sales market conditions, single-family homebuilding activity in the New York/New Jersey

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During the past year, home sales rose in New York and New Jersey and average sales prices increased significantly in both states.

	12 Months Ending	Number of Homes Sold				Price		
		2020	2021	Percent Change	Average or Median	2020 (\$)	2021 (\$)	Percent Change
New York*, ** (E)	March	129,700	135,900	5	AVG	375,200	426,600	14
New York City** (N&E)	February	23,250	17,150	-26	AVG	1,212,300	1,156,300	-5
Albany MSA** (N&E)	February	12,400	12,000	-3	AVG	234,900	259,400	10
Buffalo MSA** (E)	March	10,400	10,400	0	AVG	187,500	208,800	11
Rochester MSA** (E)	March	14,250	14,550	2	AVG	177,200	197,700	12
New Jersey*** (E)	March	82,000	91,600	12	AVG	410,600	492,600	20
Northern New Jersey*** (E)	March	30,200	33,900	12	MED	202,000-510,000	290,000-590,000	NA
Central New Jersey***, **** (E)	March	20,600	22,950	11	MED	272,500-462,500	349,000-549,000	NA
Southern New Jersey*** (E)	March	31,200	34,700	11	MED	119,500-329,000	179,900-415,000	NA

AVG = average. MED = median. E = existing. MSA = metropolitan statistical area. NA = data not available. N&E = new and existing.

Notes: *Excludes parts of NYC. **Includes single-family homes, townhomes, and condominiums. ***Includes only single-family homes. ****Includes Hunterdon, Mercer, Middlesex, Monmouth, and Somerset Counties.

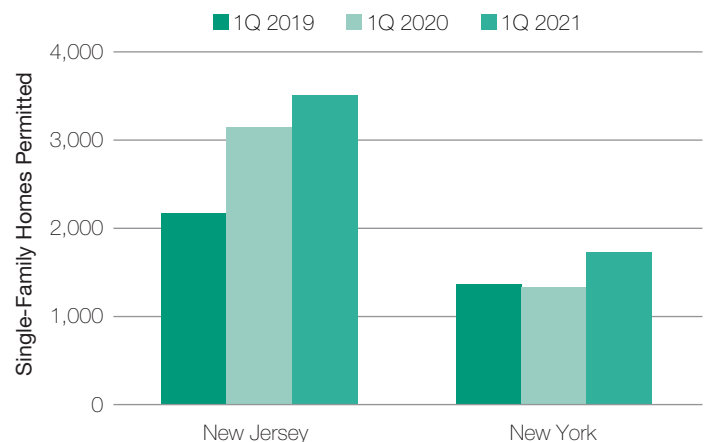
Sources: Buffalo Niagara Association of Realtors®; Zonda; Greater Rochester Association of Realtors®; New Jersey Association of Realtors®; New York State Association of Realtors®, Inc.

region, as measured by the number of homes permitted, increased by approximately 770 homes, or 17 percent, to 5,225 homes permitted. Homebuilding activity in the region increased an average of 22 percent during the past 2 years, and first-quarter building activity during 2021 was at the highest level since 2007.

- In New York, construction activity was up by 400 homes, or 30 percent, to 1,725 homes permitted. By comparison, during the first quarter of 2020, single-family homebuilding activity declined by 40 homes, or 3 percent, compared with the same period a year earlier.
- Homebuilding activity in New Jersey increased by 370 homes, or 12 percent, to 3,500 homes permitted. Approximately 73 percent of the statewide gains were in the New Jersey portions of the New York-Newark-Jersey City metropolitan area, where single-family construction activity in New Jersey was up by 270 homes, or 16 percent, to 1,925 homes permitted.
- In the New York-Newark-Jersey City metropolitan area, single-family homebuilding activity increased by 460 homes, or 16 percent, to 3,275 homes permitted. First-quarter construction activity in the metropolitan area increased an

average of 21 percent annually during the past 2 years, and the current level of single-family homebuilding is at the highest level in 15 years.

Single-family homebuilding activity in the New York/New Jersey region increased during the first quarter of 2021, with gains in both states.



1Q = first quarter.

Note: Based on preliminary data.

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

Apartment Market Conditions

Apartment market conditions in the major metropolitan areas in the New York/New Jersey region ranged from slightly soft to tight during the first quarter of 2021. Conditions generally tightened in most areas in the region during the past year,

which is partially attributed to state and federal eviction protection policies that were put in place to protect renters who lost their jobs during the COVID-19 pandemic. In NYC, however, conditions softened as a result of increased net out-

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migration from the city. During the first quarter of 2021, the apartment vacancy rate was 4.8 percent, more than double the 2.1-percent rate during the same period a year earlier (RealPage, Inc.). Additionally, the average asking rent in NYC declined 13 percent, to \$3,559, compared with a 3-percent increase during the first quarter of 2020. The average asking rent declined in each of the past 3 quarters compared with the average rent increasing or being relatively unchanged each quarter from the fourth quarter of 2014 through the second quarter of 2020. Conditions in Long Island were tight, compared with slightly tight conditions a year ago. During the first quarter of 2021, the apartment vacancy rate in Long Island was 2.8 percent, down from the 3.7-percent rate during the first quarter of 2020, and the average apartment rent rose 2 percent, to \$2,463.

Conditions in upstate New York ranged from slightly tight to tight, and apartment vacancy rates declined throughout the area. Conditions were tight in the Syracuse, Rochester, and Buffalo metropolitan areas, with vacancy rates of 2.8, 2.5, and 2.1 percent, down from 3.8, 3.7, and 2.8 percent a year ago, respectively. In response to tightening conditions, average rents were up in all three areas, ranging from a 3-percent increase in the Buffalo metropolitan area to a 6-percent rise in the Rochester metropolitan area. In the Albany metropolitan area, conditions were slightly tight, unchanged compared with a year ago, but the apartment vacancy rate declined from 3.7 percent during the first quarter of 2020 to 3.2 percent during the first quarter of 2021. The average asking rent in the metropolitan

area rose 3 percent, to \$1,324, compared with a 1-percent increase during the same period a year earlier.

In New Jersey, conditions ranged from balanced to tight. Conditions were slightly tight and tight in the Trenton and Atlantic City metropolitan areas, with vacancy rates of 3.4 and 1.3 percent, respectively. The average asking rent in the Atlantic City metropolitan area increased 5 percent to \$1,346, whereas the average rent rose 2 percent to \$1,741 in the Trenton metropolitan area. Conditions were balanced in the Newark metropolitan division, but the vacancy rate increased from 3.2 to 3.9 percent during the past year. As a result of the rising vacancy rate, the average apartment rent declined 1 percent to \$1,988, which was the first decrease in 8 years.

During the first quarter of 2021 (preliminary data)—

- Multifamily building activity, as measured by the number of multifamily units permitted, totaled approximately 10,850 units, representing a decrease of 570 units, or 5 percent, compared with the first quarter of 2020. First-quarter multifamily building activity declined an average of 6 percent annually during the past 2 years compared with an average 15-percent increase in corresponding periods from 2017 through 2019.
- In New York, multifamily permitting activity was down by 400 units, or 6 percent, to 6,550 units permitted. In response to strong net out-migration, multifamily permitting in NYC declined by 750 units, or 13 percent, compared with a net increase of 350 units, or 26 percent, in the rest of the state.

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Apartment market conditions tightened in most areas in the New York/New Jersey region, except in NYC and the Newark metropolitan division, where the vacancy rates rose during the past year.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2020 (%)	1Q 2021 (%)	Percentage Point Change	1Q 2020 (\$)	1Q 2021 (\$)	Percent Change
Albany	Slightly Tight	3.7	3.2	-0.5	1,291	1,324	3
Atlantic City	Tight	2.3	1.3	-1	1,277	1,346	5
Buffalo	Tight	2.8	2.1	-0.7	1,006	1,040	3
Long Island	Tight	3.7	2.8	-0.9	2,415	2,463	2
New York City	Slightly Soft	2.1	4.8	2.7	4,092	3,559	-13
Newark	Balanced	3.2	3.9	0.7	2,013	1,988	-1
Rochester	Tight	3.7	2.5	-1.2	1,048	1,112	6
Syracuse	Tight	3.8	2.8	-1	954	1,005	5
Trenton	Slightly Tight	3.6	3.4	-0.2	1,701	1,741	2

1Q = first quarter.

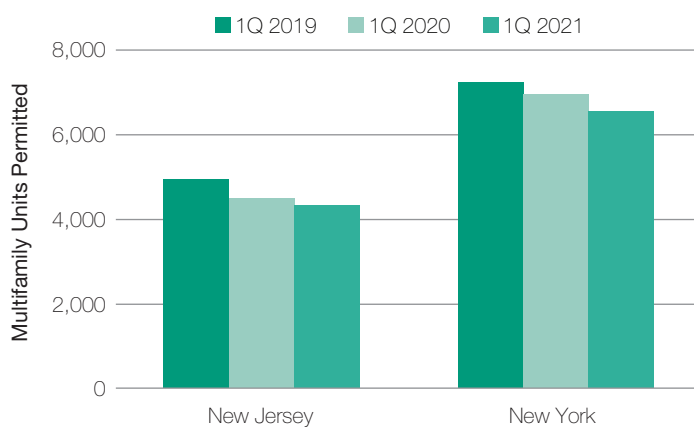
Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.



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- In the New York-Newark-Jersey City metropolitan area, multifamily permitting activity declined by 940 units, or 9 percent, to 9,475 units permitted. By comparison, during the first quarter of 2020, permitting activity was relatively unchanged compared with the same period a year earlier.
- Multifamily permitting activity in New Jersey declined by 170 units, or 4 percent, compared with a 9-percent decrease during the same period a year earlier. Multifamily building activity in Hudson County has significantly slowed as a result of rising apartment vacancy rates; permitting activity in the county declined by 1,800 units, or 80 percent, compared with the first quarter of 2020.

Multifamily building activity declined in the New York/New Jersey region during the first quarter of 2021; more than 70 percent of the decrease was in New York.



1Q = first quarter.

Note: Based on preliminary data.

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