HUD PD&R **Regional Reports**

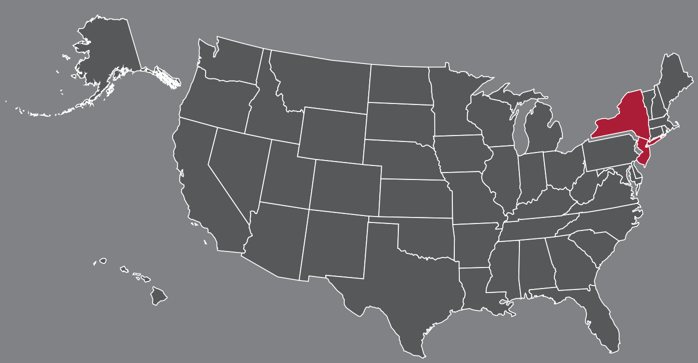
Region 2: New York/New Jersey

Syracuse, New York

Quick Facts About Region 2

- **Sales market conditions—**
  Third quarter 2020: mixed (slightly soft to slightly tight)
  Second quarter 2020: balanced
  Third quarter 2019: mixed (balanced to slightly soft)

- **Apartment market conditions—**
  Third quarter 2020: mixed (slightly soft to tight)
  Second quarter 2020: mixed (balanced to slightly tight)
  Third quarter 2019: mixed (balanced to tight)



By Joseph Shinn | 3rd Quarter 2020

Overview

The New York/New Jersey region was especially hard hit from the COVID-19 global pandemic. Interventions were taken in mid-March to slow the spread of COVID-19, including enforcing social distancing and discouraging nonessential travel, causing economic activity in the region to slow dramatically. For the second consecutive quarter, nonfarm payrolls in the New York/New Jersey region significantly declined on a year-over-year basis, compared with year-over-year increases each quarter from the fourth quarter of 2010 through the first quarter of 2020. During the past year, a combined 59 percent of the job losses were in the leisure and hospitality, the professional and business services, and the education and health services sectors. Sales market conditions in the region ranged from slightly soft to slightly tight. In New York City (NYC), which was among the cities hardest hit by COVID-19, conditions in the sales market transitioned from balanced to slightly soft during the past year. Conditions in the apartment markets in the major metropolitan areas in the region ranged from slightly soft to tight. Conditions remained balanced in the NYC apartment market, but the average rent declined for the first time in more than 10 years.

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During the third quarter of 2020—

- Nonfarm payrolls in the region decreased 11.4 percent year-over-year, to 12.39 million jobs, compared with a 1.0-percent increase during the same period a year earlier. Nonfarm payrolls in New York and New Jersey declined 12.3 and 9.2 percent, respectively; in NYC, nonfarm payrolls were down 14.2 percent compared with the same period a year earlier.
- Single-family homebuilding in the region increased 3 percent compared with a year ago; an increase in New York more than offset a small decline in New Jersey. Multifamily building activity in the region was down 22 percent; in New Jersey and New York, multifamily construction decreased 34 and 7 percent, respectively.
- In the New York-Newark-Jersey City metropolitan area, single-family home construction activity was down 3 percent compared with the third quarter of 2019. Multifamily building activity in the metropolitan area declined 20 percent, with decreases in all metropolitan divisions that make up the metropolitan area.

Economic Conditions

As a result of the restrictions put in place in response to the COVID-19 global pandemic, nonfarm payrolls in the New York/New Jersey region significantly declined during the third quarter of 2020. The decrease, however, has slowed compared with the second quarter of 2020 because the restrictions in both states have been eased in recent months. During the third quarter of 2020, nonfarm payrolls in the region averaged approximately 12.39 million, representing a decrease of 1.59 million jobs, or 11.4 percent, compared with the third quarter of 2019. By comparison, during the second quarter of 2020, nonfarm payrolls were down 17.1 percent compared with the same period a year earlier. During the third quarter of 2020, approximately one-third of the losses were in the leisure and hospitality sector, which declined by 527,300 jobs, or 37.0 percent. More than three-fourths of the decrease in the sector was in the accommodation and food services industry, which was down by 398,000 jobs, or 34.9 percent; those declines were partially attributed to state and local restrictions in both states either preventing indoor dining or limiting the capacity in restaurants. Additional significant losses were in the professional and business services and the education and health services sectors, which declined by 222,400 and 196,800 jobs, or 10.7 and 7.0 percent, respectively.

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Nonfarm payrolls significantly declined in the New York/New Jersey region, led by a 37.0-percent decrease in the leisure and hospitality sector.

	Third Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	13,985.3	12,392.4	-1,592.9	-11.4
Goods-Producing Sectors	1,286.4	1,178.0	-108.4	-8.4
Mining, Logging, & Construction	593.8	538.7	-55.1	-9.3
Manufacturing	692.6	639.3	-53.3	-7.7
Service-Providing Sectors	12,698.9	11,214.4	-1,484.5	-11.7
Wholesale & Retail Trade	1,903.6	1,733.9	-169.7	-8.9
Transportation & Utilities	519.0	447.3	-71.7	-13.8
Information	349.0	328.5	-20.5	-5.9
Financial Activities	991.0	936.2	-54.8	-5.5
Professional & Business Services	2,077.3	1,854.9	-222.4	-10.7
Education & Health Services	2,795.1	2,598.3	-196.8	-7.0
Leisure & Hospitality	1,425.6	898.3	-527.3	-37.0
Other Services	590.9	510.4	-80.5	-13.6
Government	2,047.4	1,906.6	-140.8	-6.9

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

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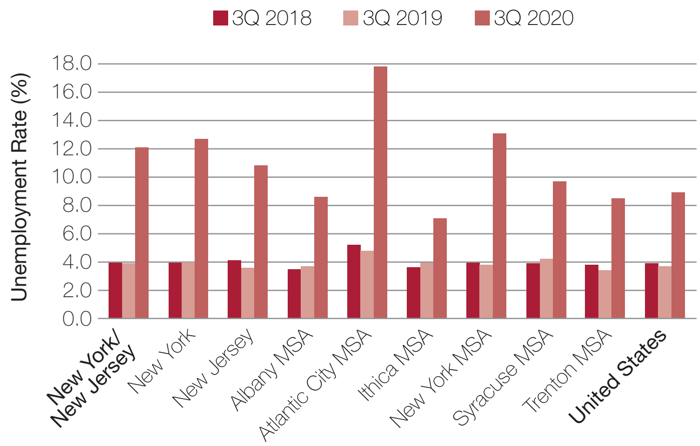
Nearly 80 percent of the losses in the professional and business services sector occurred in the New York-Newark-Jersey City metropolitan area, where nonfarm payrolls in the sector declined by 175,000 jobs, or 10.8 percent.

During the third quarter of 2020, the unemployment rate in the New York/New Jersey region averaged 12.1 percent, more than three times the 3.9-percent rate during the third quarter of 2019. In New York and New Jersey, the unemployment rates were 12.7 and 10.8 percent—up from 4.0 and 3.6 percent a year ago, respectively. The current unemployment rate in the region is higher than the national rate of 8.9 percent and is the highest of the 10 HUD regions. In addition, the current unemployment rate in New York is the third highest in the nation, behind only Hawaii and Nevada, where the state economies are heavily reliant on tourism, which has been especially hard hit during the COVID-19 pandemic.

During the third quarter of 2020—

- Nonfarm payrolls in New York declined by nearly 1.21 million jobs, or 12.3 percent, compared with the third quarter of 2019. By comparison, nonfarm payrolls increased by an average of 127,400 jobs, or 1.4 percent, annually in corresponding periods from 2010 through 2019.
- Nearly 47 percent of the losses during the past year in New York were in the leisure and hospitality and the professional and business services sectors, which decreased by 397,900 and 165,100 jobs, or 39.8 and 11.9 percent, respectively. In the leisure and hospitality sector, nearly 1,450 employees have been permanently laid off at 11 Dave & Buster's Entertainment, Inc. locations throughout the state as a result of a significant decline in sales.
- In NYC, nonfarm payrolls decreased by 658,500 jobs, or 14.2 percent, compared with the same period a year earlier. Partly due to a significant decline in tourism during the COVID-19 pandemic, nonfarm payrolls in the leisure and hospitality sector were down 50.4 percent, or by 237,000 jobs, compared with an average 4.2-percent increase during the previous 10 years.
- In New Jersey, nonfarm payrolls declined by 387,300 jobs, or 9.2 percent, compared with a 0.9-percent increase during the same period a year ago. In the Newark and Camden metropolitan divisions, nonfarm payrolls were down by 125,200 and 43,800 jobs, or 10.2 and 8.1 percent, respectively.
- Nonfarm payrolls in New Jersey decreased in all sectors, led by the leisure and hospitality and the education and health services sectors, which declined by 129,400 and 59,000 jobs, or 30.5 and 8.4 percent, respectively. In the government sector, nonfarm payrolls were down by 32,900 jobs, or 5.6 percent; as a result of classes being delivered primarily online for the fall 2020 semester, Rutgers University, a public university, permanently laid off 900 employees and furloughed 6,400 additional workers.

During the third quarter of 2020, the unemployment rate significantly increased in the region and in both states.



3Q = third quarter.
Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales market conditions in the New York/New Jersey region ranged from slightly soft to slightly tight during the third quarter of 2020. Statewide conditions were balanced in New York—unchanged compared with the third quarter of 2019—but home sales significantly declined compared with a year ago. In September 2020, the state had 6.3 months of available for-sale inventory—up slightly from 6.2 months of inventory in September 2019 (CoreLogic, Inc.). As a result of the significant job losses during the past year, existing home sales in New York declined by 10,100 homes, or 8 percent, to 118,900 homes sold (New York Association of Realtors®). By comparison, home sales were relatively unchanged during the previous 2 years. During the past year, home sales in the Albany, Rochester, and Buffalo metropolitan areas decreased 14, 11, and 9 percent, to 10,650, 12,650, and 9,300 homes sold, respectively (Zonda; Greater Rochester Association of Realtors®; Buffalo Niagara Association of Realtors®). The average sales prices of homes in the Rochester, Buffalo, and Albany metropolitan areas increased 10, 6, and

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Home sales decreased in New York but were relatively unchanged in New Jersey during the past year; average sales prices were up in most areas.

	12 Months Ending	Number of Homes Sold 2019	Number of Homes Sold 2020	Number of Homes Sold Percent Change	Price Average or Median	Price 2019 ($)	Price 2020 ($)	Price Percent Change
New York*,** (E)	September	129,000	118,900	-8	AVG	$368,100	$388,400	6
New York City (N&E)**	August	22,850	17,600	-23	AVG	$1,189,700	$948,100	-20
Albany MSA (N&E)**	August	12,400	10,650	-14	AVG	$234,500	$237,800	1
Buffalo MSA** (E)	September	10,200	9,300	-9	AVG	$182,400	$193,000	6
Rochester MSA** (E)	September	14,150	12,650	-11	AVG	$172,800	$189,900	10
New Jersey*** (E)	September	81,150	81,350	0	AVG	$398,000	$448,500	13
Northern New Jersey*** (E)	September	29,750	29,750	0	MED	210,000-505,000	280,000-609,500	NA
Central New Jersey***,**** (E)	September	20,400	20,250	-1	MED	264,000-465,000	341,000-565,000	NA
Southern New Jersey*** (E)	September	30,950	31,350	1	MED	138,000-372,000	169,500-449,750	NA

AVG = average. E = existing. MED = median. 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.

1 percent, to $189,900, $193,000, and $237,800, respectively. Average sales prices increased in those areas as a result of decreases in the number of homes for sale, which is partially attributed to a reluctance of homeowners to list their homes for sale 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, which is partially attributed to increased net out-migration from NYC during the COVID-19 pandemic. During the 12 months ending August 2020, sales of new and existing homes declined by 5,250, or 23 percent, to 17,600 homes sold (Zonda). Home sales were down in all five boroughs, ranging from a 9-percent decrease in Queens to a 68-percent decline in Staten Island. In response to declining demand, the average sales price in NYC decreased 20 percent, to $948,100, compared with a 10-percent increase during the same period a year earlier; the current average price is the lowest in 7 years.

In New Jersey, sales market conditions were slightly tight, compared with balanced conditions during the third quarter of 2019. Conditions have tightened compared with a year ago due to a 39-percent decrease in the number of homes for sale, which is partially attributed to a reluctance of homeowners to list their homes for sale during the COVID-19 pandemic. In September 2020, the state had 2.8 months of available for-sale inventory—down from 4.4 months of inventory in September 2019 (CoreLogic, Inc.). During the 12 months ending September 2020, approximately 81,350 existing homes were sold—an increase of 200 homes, or less than 1 percent, compared with the previous 12-month period (New Jersey Association of Realtors®). The net increase occurred primarily in southern New Jersey, where the number of homes sold increased by 400, or 1 percent, to 31,350 homes sold. By comparison, home sales declined 1 percent, to 20,250 homes sold, in central New Jersey, and were relatively unchanged in northern New Jersey, at 29,750 homes sold.

In August 2020, 7.3 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 2.7 percent in August 2019 (CoreLogic, Inc.). The large rise during the past year was due to an increase of more than 330 percent in the number of home loans that were 90 or more days delinquent, which is largely attributed to homeowners being unable to make their mortgage payments as a result of the significant job losses during COVID-19. In New York and New Jersey, the rates were 7.5 and 6.9 percent, respectively—the two highest rates in the nation.

During the third quarter of 2020 (preliminary data)—

- Single-family homebuilding activity in the New York/New Jersey region, as measured by the number of homes permitted, increased by approximately 180 homes, or 3 percent, to 5,375 homes permitted. By comparison, during the third quarter of 2019, single-family home construction

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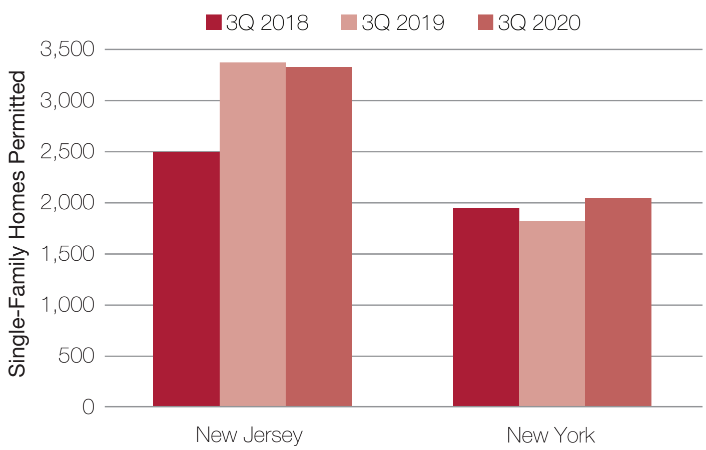
activity increased by 750 homes, or 17 percent, compared with the same period a year earlier.

- In New York, construction activity increased by 230 homes, or 12 percent, to 2,050 homes permitted. In the Buffalo and Albany metropolitan areas, single-family homebuilding activity increased by 75 and 55 homes, or 31 and 18 percent, to 310 and 360 homes permitted, respectively.
- Homebuilding activity in New Jersey decreased by 50 homes, or 1 percent, to 3,325 homes permitted. By comparison, third-quarter construction activity increased an average of 15 percent annually from 2017 through 2019.
- In the New York-Newark-Jersey City metropolitan area, single-family homebuilding activity was down by 100 homes, or 3 percent, to 3,125 homes permitted, compared with a 30-percent increase during the same period a year earlier. During the third quarter of 2020, homebuilding activity in the New York-Jersey City-White Plains metropolitan division declined by 200 homes, or 9 percent, to 2,075 homes permitted.

Single-family homebuilding activity increased in New York but slightly decreased in New Jersey during the third quarter of 2020.



3Q = third 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 third quarter of 2020. In NYC, conditions were balanced, unchanged compared with a year ago, but the vacancy rate rose during the past year due to increased net out-migration. During the third quarter of 2020, the apartment vacancy rate in NYC was 4.4 percent, up from the 3.7-percent rate during the same period a year earlier (Reis, Inc.). In response to the rising vacancy rate, the average rent in NYC declined 7 percent, to $3,468, which was the first decrease since 2009. Conditions were slightly tight in Long Island, with an apartment vacancy rate of 3.5 percent—up from the 2.7-percent rate during the same period a year earlier (RealPage, Inc.). The vacancy rate increased during the past year in part due to a rise in the number of newly constructed apartment units coming online. During the 12 months ending September 2020, approximately 2,700 new apartment units were completed in Long Island—up 25 percent compared with the 12 months ending September 2019 (Dodge Data and Analytics, LLC). Despite the recent increase in the vacancy rate, the average apartment rent increased 2 percent, to $2,442. In the Albany and Syracuse metropolitan areas, conditions were slightly tight and tight, respectively, and vacancy rates declined in both areas. In the Albany metropolitan area, the vacancy rate was 3.2 percent—down slightly from 3.4 percent a year earlier—and the average apartment rent increased 1 percent, to $1,291. The apartment vacancy rate in the Syracuse metropolitan area declined from 3.2 percent during the third quarter of 2019 to 2.6 percent during the third quarter of 2020. In response to tightening apartment market conditions, the average apartment rent in the metropolitan area was up 4 percent, to $987, which was the largest increase in the region. In the Reis, Inc.-defined Westchester market area, conditions were slightly soft, with a 5.1-percent vacancy rate, and the average apartment rent was relatively unchanged, at $2,324.

Conditions in New Jersey ranged from slightly soft to tight. In northern New Jersey, conditions transitioned from balanced to slightly soft during the past year and the apartment vacancy rate increased from 4.9 to 5.3 percent. Conditions softened during the past year in response to an increase in the number of newly constructed apartment units coming online. During the 12 months ending September 2020, approximately 9,825 new apartment units were completed—up 16 percent compared with the same period a year earlier (Dodge Data and Analytics, LLC). In central New Jersey, conditions were tight, with a vacancy rate of 2.7 percent—unchanged compared with the third quarter of 2019—and the average apartment rent was $1,430, relatively unchanged from a year ago.

During the third quarter of 2020 (preliminary data)—

- Multifamily building activity, as measured by the number of multifamily units permitted, totaled 12,900 units permitted in the New York/New Jersey region—down by 3,625 units, or

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Apartment market conditions ranged from slightly soft to tight in the major metropolitan areas in the New York/New Jersey region; rent changes varied by area.

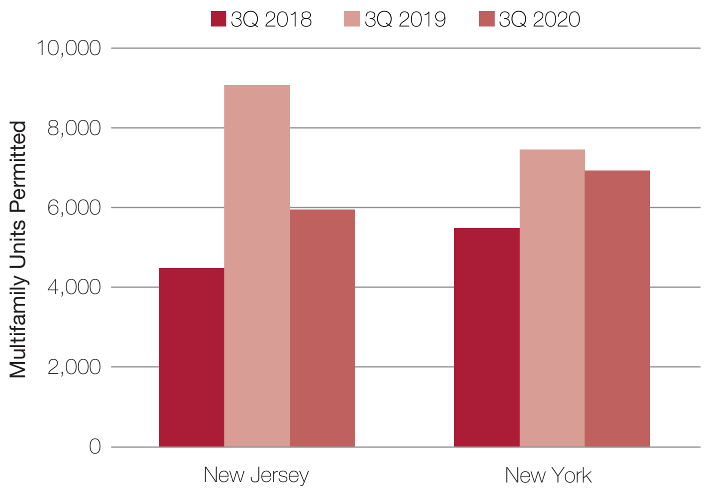
	Market Condition	Vacancy Rate			Average Monthly Rent		
		3Q 2019 (%)	3Q 2020 (%)	Percentage Point Change	3Q 2019 ($)	3Q 2020 ($)	Percent Change
Albany[a]	Slightly Tight	3.4	3.2	-0.2	1,280	1,291	1
Central New Jersey[b]	Tight	2.7	2.7	0	1,436	1,430	0
Long Island[a]	Slightly Tight	2.7	3.5	0.8	2,405	2,442	2
New York City[b]	Balanced	3.7	4.4	0.7	3,745	3,468	-7
Northern New Jersey[b]	Slightly Soft	4.9	5.3	0.4	2,071	2,044	-1
Syracuse[a]	Tight	3.2	2.6	-0.6	946	987	4
Westchester[b]	Slightly Soft	4.8	5.1	0.3	2,326	2,324	0

3Q = third quarter.
Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) RealPage, Inc.; (b) Reis, Inc.

22 percent, from the third quarter of 2019. By comparison, during the third quarter of 2019, building activity increased by 6,500 units, or 65 percent, compared with the same period a year earlier.

- In New Jersey, multifamily permitting activity declined by 3,100 units, or 34 percent, to 5,950 units permitted. Multifamily construction activity in the Newark metropolitan division declined 40 percent, or by 960 units, compared with an average 33-percent increase during the previous 3 years.
- Multifamily permitting activity in New York decreased by 530 units, or 7 percent, to 6,925 units permitted. In the Nassau County-Suffolk County metropolitan division and the Buffalo metropolitan area, the number of units permitted declined by 290 and 130 units, or 72 and 43 percent, respectively.
- In the New York-Newark-Jersey City metropolitan area, multifamily building activity was down by 2,875 units, or 20 percent, to 11,150 units permitted. In response to rising vacancy rates, nearly 80 percent of the net decrease was in the New Jersey portions of the metropolitan area, where multifamily building activity declined by 2,275 units, or 31 percent.

Multifamily building activity significantly declined in the New York/New Jersey region during the third quarter of 2020, with decreases in both states.



3Q = third quarter.
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Source: U.S. Census Bureau, Building Permits Survey