

HUD PD&R Regional Reports

Region 2: New York/New Jersey



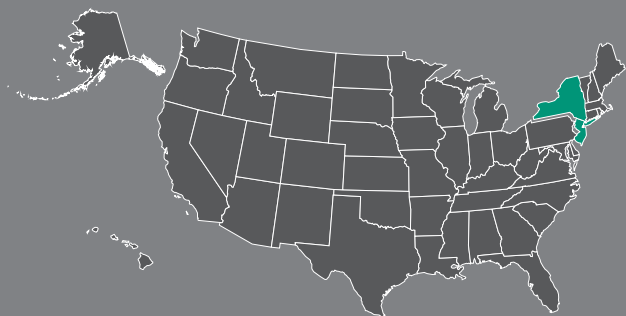
Quick Facts About Region 2

New York, New York

By Patricia Moroz | 1st quarter 2014

Sales market conditions—
First quarter 2014: balanced.
Fourth quarter 2013: balanced.
First quarter 2013: mixed (balanced to soft).

Apartment market conditions—
First quarter 2014: mixed (balanced to tight).
Fourth quarter 2013: tight.
First quarter 2013: tight.



Overview

The economy of the New York/New Jersey region grew more slowly during the first quarter of 2014, adding fewer jobs compared with the number added during the same period a year ago. Housing markets strengthened; single-family home sales and sales prices increased, and the percentage of distressed mortgages in March 2014 declined from the previous year. In response to economic growth, builders increased construction of single-family homes and multifamily units during the first quarter of 2014. Apartment market conditions were balanced to tight throughout the New York/New Jersey region, and apartment rents increased in most areas.

- From 2012 to 2013, the population of the region increased 0.4 percent, equal to the rate of growth a year earlier.
- The homeownership rate declined 0.4 percentage point, to 65.2 percent, in New Jersey but remained unchanged, at 51.9 percent, in New York during the first quarter of 2014.
- Apartment markets were balanced to tight in New York and balanced in New Jersey; the New York City (NYC) apartment market eased slightly but remained tight, and Upstate New York and Northern New Jersey markets that were previously tight became more balanced.



Nonfarm payrolls in the New York/New Jersey region increased at a lower rate than a year ago.

	First Quarter		Year-Over-Year Change	
	2013 (thousands)	2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	12,590.6	12,699.3	108.7	0.9
Goods-producing sectors	1,123.0	1,110.6	- 12.4	- 1.1
Mining, logging, and construction	429.6	421.9	- 7.7	- 1.8
Manufacturing	693.4	688.7	- 4.7	- 0.7
Service-providing sectors	11,467.6	11,588.7	121.1	1.1
Wholesale and retail trade	1,876.1	1,906.5	30.4	1.6
Transportation and utilities	425.7	433.2	7.5	1.8
Information	331.0	331.4	0.4	0.1
Financial activities	927.4	923.3	- 4.1	- 0.4
Professional and business services	1,781.7	1,809.1	27.4	1.5
Education and health services	2,415.4	2,460.2	44.8	1.9
Leisure and hospitality	1,095.3	1,113.7	18.4	1.7
Other services	541.0	547.1	6.1	1.1
Government	2,074.0	2,064.2	- 9.8	- 0.5

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

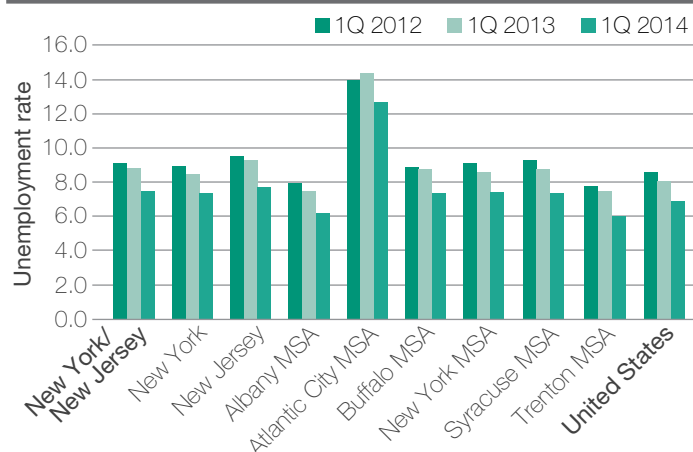
Economic Conditions

The economy of the New York/New Jersey region expanded moderately during the first quarter of 2014. Nonfarm payrolls averaged 12.70 million jobs, an increase of 108,700 jobs, or 0.9 percent, from a year ago. By comparison, nonfarm payrolls increased by 135,100 jobs, or 1.1 percent, during the first quarter of 2013 from a year earlier. The slower growth during the first quarter of 2014 was partially because of continued job losses in the government sector, which occurred in all subsectors during the past 5 years, and job declines in the construction subsector, primarily because harsh weather conditions delayed the building phase for many projects. These job losses were more than offset by job gains in the education and health services sector, which added 44,800 jobs, a 1.9-percent increase, equal to the average annual increase during the past 8 years. Growth continued, but at a slower pace, in the professional and business services sector, which increased by 27,400 jobs, or 1.5 percent, compared with the gain of 50,400 jobs, or 2.9 percent, a year ago.

During the first quarter of 2014—

- The economy in New York remained strong; nonfarm payrolls increased by 109,500 jobs, or 1.3 percent, from the first quarter of 2013. The education and health services, professional and business services, and leisure and hospitality sectors led the growth with increases of 40,000, 24,100, and 22,700 jobs, or 2.2, 2.1, and 2.9 percent, respectively.

The unemployment rate in the New York/New Jersey region declined for the fifth consecutive quarter.



1Q = first quarter. MSA = metropolitan statistical area.

Source: U.S. Bureau of Labor Statistics

- Nonfarm payrolls were relatively unchanged in New Jersey; the greatest decline, of 5,500 jobs, or 4.4 percent, occurred in the construction subsector, whereas the retail trade subsector increased by 5,900 jobs, or 1.4 percent.
- NYC gained 81,700 nonfarm payroll jobs, or 2.1 percent, accounting for 75 percent of the job gains in the New York/New Jersey region.
- In NYC, the education and health services and the professional and business services sectors led the growth, increasing by 28,800 and 15,200 jobs, or 3.6 and 2.4 percent, respectively.
- The unemployment rate for the region averaged 7.5 percent, down from 8.8 percent a year earlier; state unemployment rates declined to 7.4 percent in New York and to 7.7 percent in New Jersey.

Population

The population of the New York/New Jersey region increased at a moderate, 0.4-percent pace, or by nearly 106,600, from July 2012 to July 2013. Growth was slower than the national rate of 0.7 percent, but faster than the rate of 0.3 percent for the Northeast census region. All the net population increase in the New York/New Jersey region was because of net natural change (resident births minus resident deaths), which totaled approximately 122,200 people in the region, up slightly from 120,800 people during the previous 12 months. Net migration in the region was nearly flat, with a minimal net out-migration of 1,350 people; the out-migration of 149,500 people from the region to other parts of the United States offset international in-migration to the region.

During the 12 months ending July 1, 2013—

- The population of the New York/New Jersey region accounted for 9 percent of the population of the United States.
- Nearly 148,200 people immigrated to the region from other countries, accounting for nearly 18 percent of international migration to the United States; the New York/New Jersey region ranked second among the 10 HUD regions in international in-migration, after the Pacific region.
- New York accounted for 70 percent of the population growth in the region, unchanged from a year ago.
- Population growth in NYC decreased to 0.7 percent, or 61,450 people, compared with 0.9 percent a year earlier; out-migration from the city to other parts of the United States increased, offsetting an increase in international in-migration.

Population increased at a steady rate in the New York/New Jersey region.

	Population Estimate (as of July 1)			Percent Change	
	2011	2012	2013	2011 to 2012	2012 to 2013
United States	311,582,564	313,873,685	316,128,839	0.7	0.7
New York/New Jersey	28,339,367	28,443,874	28,550,466	0.4	0.4
New Jersey	8,836,639	8,867,749	8,899,339	0.4	0.4
New York	19,502,728	19,576,125	19,651,127	0.4	0.4
New York City	8,273,130	8,344,397	8,405,837	0.9	0.7

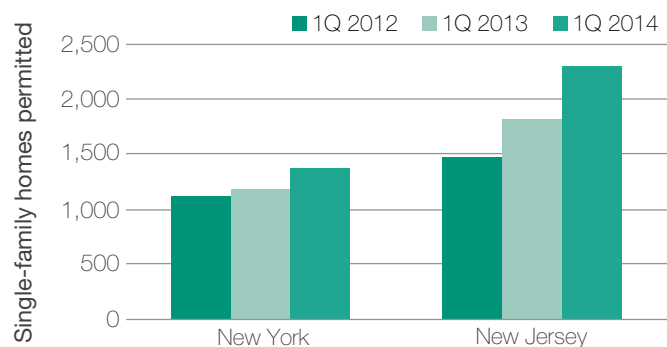
Source: U.S. Census Bureau

Sales Market Conditions

Sales housing market conditions in the New York/New Jersey region were balanced in the first quarter of 2014. Sales markets in both states have improved since the first quarter of 2013, when conditions were mixed (balanced to soft) in New York and soft in New Jersey. During the 12 months ending March 2014, the average number of days a home remained on the market decreased by 15, to 99 days, in New Jersey and by 13, to 106 days, in New York (New Jersey Association of REALTORS®; New York State Association of REALTORS®, Inc.). In March 2014, 8.8 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 10.8 percent a year ago (Black Knight Financial Services, Inc.).

The NYC sales market improved from slightly soft in the first quarter of 2013 to balanced in the first quarter of 2014. In Manhattan, during the 12 months ending March 2014, the number of new and existing condominiums and cooperatives sold increased 11 percent, to 14,900 units, and the average sales price increased 1 percent, to

Single-family permitting increased at a higher rate in the New York/New Jersey region during the first quarter of 2014 than during the past 2 years.



1Q = first quarter.

Note: Based on preliminary data.

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

\$1.43 million. The greatest increase in average home sales prices in NYC (including condominiums, cooperatives, and one- to three-family homes) during the past year, of 5 percent, occurred in Brooklyn and Queens, where the average sales prices were \$634,100

continued on page 4

continued from page 3

and \$430,200, respectively. Sales increased 17 and 22 percent from a year ago, to 11,650 and 14,550 homes, in Brooklyn and Queens, respectively. Sales increased 40 percent, to 3,950 homes, on Staten Island, where the average sales price declined 3 percent, to \$413,200. In the Bronx, sales rose 16 percent, to 2,550 homes, and the average sales price increased 4 percent, to \$354,400 (Real Estate Board of New York).

During the first quarter of 2014 (preliminary data)—

- In the region, 3,675 single-family homes were permitted, a 22-percent increase from the same period in 2013.

- Single-family permitting in New Jersey increased 26 percent, to 2,300 homes, and accounted for more than 60 percent of the increase in homebuilding activity in the region.
- In New York, single-family permitting increased 16 percent, to 1,375 homes, after increasing 6 percent a year earlier.
- In the New York-Northern New Jersey-Long Island metropolitan area, single-family construction activity increased nearly 50 percent from a year earlier, to approximately 800 homes permitted; NYC accounted for 15 percent of homebuilding in the metropolitan area.

Home sales and sales prices increased within the New York/New Jersey region during the first quarter of 2014.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2013	2014	Percent Change		2013 (\$)	2014 (\$)	Percent Change
New York* (E)	March	96,100	105,100	9	AVG	298,700	321,500	8
New York City (N&E—1–3 family)	March	16,800	20,550	22	AVG	591,900	609,100	3
New York City (N&E—condo & co-op)	March	23,550	27,150	15	AVG	929,300	921,400	– 1
Rochester MSA** (E)	March	10,800	10,800	0	AVG	151,600	153,900	2
Buffalo MSA** (E)	March	9,675	10,100	4	AVG	144,800	148,900	3
New Jersey*** (E)	March	56,550	65,850	16	AVG	391,700	400,900	2
Northern New Jersey*** (E)	March	23,450	27,150	16	MED	240,000–390,000	199,900–427,000	NA
Central New Jersey**** (E)	March	15,000	17,300	15	MED	248,750–380,000	254,000–443,000	NA
Southern New Jersey*** (E)	March	18,100	21,400	18	MED	140,000–300,500	131,000–366,000	NA

AVG = average. condo = condominium. co-op = cooperative. E = existing. MED = median. MSA = metropolitan statistical area. NA = data not available. N&E = new and existing.

*Excludes parts of New York City and includes single-family homes, townhomes, and condominiums. **Includes single-family homes, townhomes, and condominiums.

Includes single-family homes only. *Includes only single-family homes in Hunterdon, Mercer, Middlesex, Monmouth, and Somerset Counties.

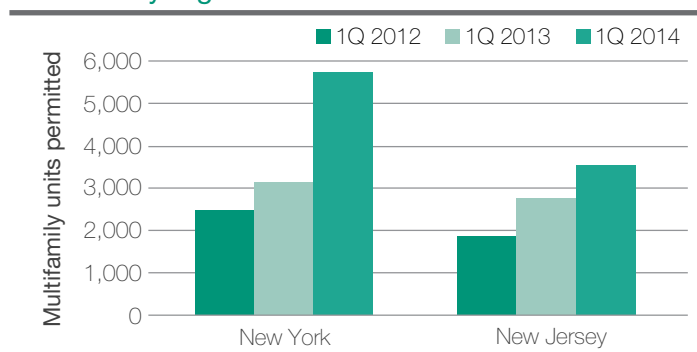
Sources: Buffalo Niagara Association of REALTORS®; Greater Rochester Association of REALTORS®, Inc.; New Jersey Association of REALTORS®; New York State Association of REALTORS®, Inc.; Real Estate Board of New York

Apartment Market Conditions

Apartment market conditions were mixed (balanced to tight) in the New York/New Jersey region during the first quarter of 2014. Conditions remained tight in Central New Jersey and were balanced in Northern New Jersey compared with slightly tight conditions a year ago. The NYC apartment market was tight during the first quarter of 2014, but conditions eased; the vacancy rate has increased since the second quarter of 2013. The number of apartment units in lease up in NYC increased, with 6,500 units completed during the 12 months ending March 2014 compared with the 4,650 units completed a year earlier (McGraw-Hill Construction Pipeline database). The apartment market on Long Island tightened because of a limited number of completions; however, 950 units are under construction and likely to be complete by mid-2015 (McGraw-Hill Construction Pipeline database). Apartment market conditions

continued on page 5

Multifamily permitting increased significantly in New York during the first quarter of 2014 in response to moderate economic growth in the New York/New Jersey region.



1Q = first quarter.

Note: Based on preliminary data.

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

continued from page 4

were mixed in Upstate New York; most markets were balanced, but conditions were slightly soft in Rochester and slightly tight in Buffalo. The Syracuse apartment market is slightly tight but is expected to soften with the completion of 350 apartment units during the next year.

During the first quarter of 2014 (preliminary data)—

- Approximately 9,275 multifamily units were permitted in the region, a 57-percent gain compared with the number permitted a year ago, after a 34-percent increase a year earlier.

- In New York, the number of units permitted increased 82 percent, to 5,750 units, accounting for more than 60 percent of the increase in multifamily construction activity in the region.
- In New Jersey, the number of units permitted increased nearly 30 percent, to 3,525 units, after increasing 45 percent a year ago.
- In the New York-Northern New Jersey-Long Island metropolitan area, the number of multifamily units permitted increased 84 percent from a year earlier, to 8,450 units; the approximately 5,000 units permitted in NYC accounted for nearly 60 percent of multifamily units permitted in the metropolitan area.

Apartment rents increased throughout most of the New York/New Jersey region during the first quarter of 2014.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2013 (%)	1Q 2014 (%)	Percentage Point Change	1Q 2013 (\$)	1Q 2014 (\$)	Percent Change
Central New Jersey	Tight	2.9	2.8	- 0.1	1,214	1,236	2
Long Island	Tight	3.5	3.1	- 0.4	1,640	1,655	1
New York City	Tight	1.9	2.8	0.9	3,043	3,187	5
Northern New Jersey	Balanced	3.7	3.8	0.1	1,590	1,626	2
Syracuse	Slightly tight	2.7	3.0	0.3	732	745	2

1Q = first quarter.

Sources: market condition—HUD, PD&R, Economic and Market Analysis Division; vacancy rate and average monthly rent—Reis, Inc.