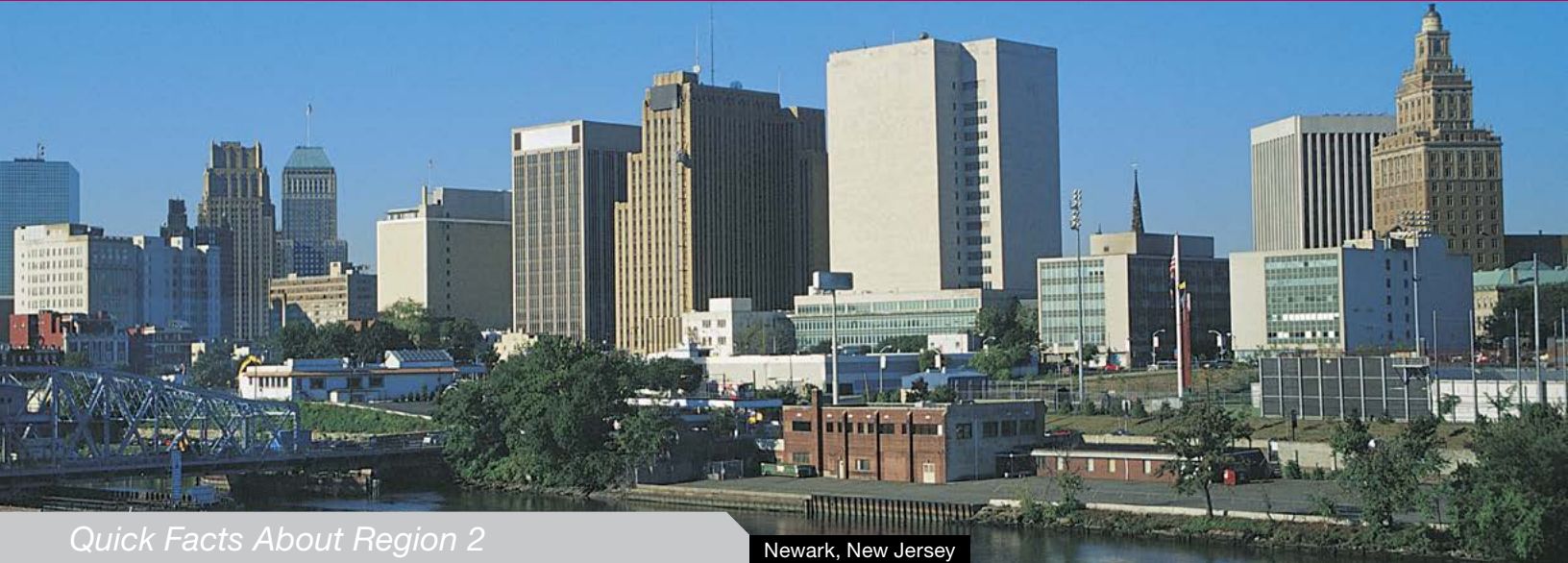


HUD PD&R Regional Reports

Region 2: New York/New Jersey

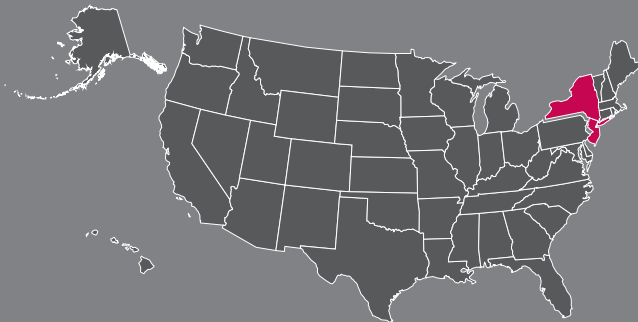


Newark, New Jersey

By Patricia Moroz | 3rd quarter 2013

Quick Facts About Region 2

- **Sales market conditions—**
Third quarter 2013: balanced.
Second quarter 2013: balanced.
Third quarter 2012: soft.
- **Apartment market conditions—**
Third quarter 2013: tight.
Second quarter 2013: tight.
Third quarter 2012: mixed (balanced to tight).



Overview

Economic conditions in the New York/New Jersey region have been improving since the summer of 2010. During the third quarter of 2013, sales housing markets in the region were balanced, an improvement from the soft conditions during the third quarter of 2012. During the past 2 years, single-family construction activity increased as builders responded to improvements in sales market conditions. Rental housing market conditions in the region were tight in the third quarter of 2013 compared with the mixed (balanced to tight) conditions of a year ago, as indicated by declining vacancy rates and rising rents. Multifamily construction activity continued to increase in response to tight rental markets.

- Sales markets improved throughout the region, with increases in home sales, average home prices, and single-family home-building activity during the past year.
- During the third quarter of 2013, apartment vacancy rates remained low throughout the region, with rates of 2.1 percent in Syracuse; 2.4 percent in New York City (NYC); and 2.7 percent in Buffalo and in Central New Jersey.
- Apartment construction activity increased significantly in the region, with gains largely concentrated in New York, particularly in NYC.



PD&R

Nonfarm payrolls have increased in the New York/New Jersey region since the third quarter of 2010.

	3 Months Ending August		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	12,742.9	12,932.1	189.2	1.5
Goods-producing sectors	1,176.9	1,179.8	2.9	0.2
Mining, logging, and construction	468.6	484.3	15.7	3.4
Manufacturing	708.3	695.5	-12.8	-1.8
Service-providing sectors	11,566.0	11,752.3	186.3	1.6
Wholesale and retail trade	1,913.7	1,943.3	29.6	1.5
Transportation and utilities	416.5	425.1	8.6	2.1
Information	341.8	333.3	-8.5	-2.5
Financial activities	942.8	943.6	0.8	0.1
Professional and business services	1,809.3	1,854.8	45.5	2.5
Education and health services	2,323.4	2,389.1	65.7	2.8
Leisure and hospitality	1,232.6	1,274.0	41.4	3.4
Other services	550.4	557.8	7.4	1.3
Government	2,035.5	2,031.3	-4.2	-0.2

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

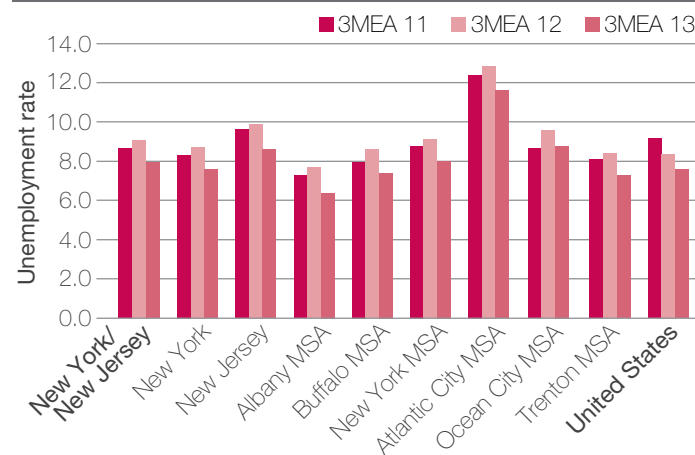
Economic Conditions

The economy of the New York/New Jersey region expanded in 2013, as the economic recovery continued into its third year. During the 3 months ending August 2013, nonfarm payrolls averaged 12.93 million jobs, an increase of 189,200 jobs, or 1.5 percent, from a year ago. The education and health services sector, the only sector that added jobs each year during the recent recession, led job growth and has increased by an average of 47,600 jobs, or 2.1 percent, annually since 2010. During the past 3 years, growth in the professional and business services sector was concentrated in the professional, scientific, and technical services subsector, which gained an average of 21,400 jobs, or 2.5 percent, annually; the subsector accounted for 50 percent of new jobs added in the professional and business services sector in 2011 and 2012.

During the 3 months ending August 2013—

- New York gained 111,700 jobs, an increase of 1.3 percent from the 3 months ending August 2012. The education and health services and the professional and business services sectors, which increased by 40,000 and 31,200 jobs, or 2.3 and 2.6 percent, respectively, led job growth.
- Nonfarm payrolls in New Jersey increased by 77,500 jobs, or 2.0 percent, led by an increase of 25,700 jobs, or 4.2 percent, in the education and health services sector and an increase of 14,300 jobs, or 2.3 percent, in the professional and business services sector.

Unemployment rates declined from a year ago throughout the New York/New Jersey region.



3MEA = 3 months ending August. MSA = metropolitan statistical area.

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

- NYC nonfarm payrolls increased by 83,700 jobs, or 2.2 percent, accounting for 75 percent the net job increase in New York.
- The financial activities sector in NYC added 800 jobs, a 0.2-percent increase compared with the decline of 1,800 jobs, or 0.4 percent, a year earlier and the loss of more than 39,000 jobs from 2008 through 2010.
- The unemployment rate in the region averaged 7.9 percent, down from 9.1 percent a year earlier.

Sales Market Conditions

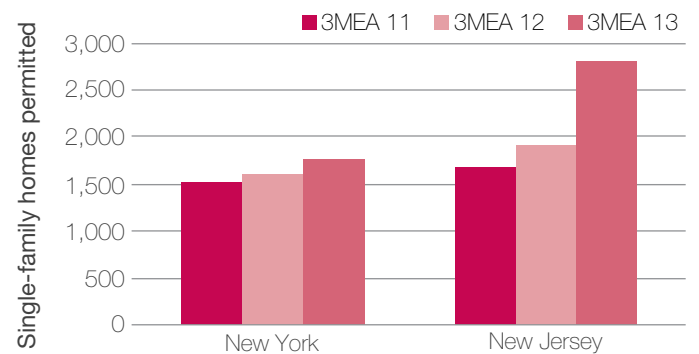
Sales housing markets in the New York/New Jersey region were balanced in the third quarter of 2013, by contrast to the soft conditions of a year ago. Sales markets in New York improved, with increases in home sales and prices. In New Jersey, sales market conditions were nearly balanced, a result of increased home sales and prices during the past year. The NYC sales market improved during the past year and was balanced. During the 12 months ending September 2013, in Manhattan, the number of new and existing condominiums and cooperatives sold increased 19.7 percent, to 14,200 units, and the average sales price increased 3.3 percent, to \$1.36 million. The greatest increase in average prices for new and existing homes in NYC occurred in Brooklyn, where prices increased 7.9 percent, to \$620,000, and sales increased 15.3 percent, to 10,950 units, from a year ago. In Queens, sales increased 12.7 percent, to 13,050 homes, and the average sales price increased 5.2 percent, to \$419,900. Sales increased 54.7 percent, to 3,500 homes, on Staten Island, where the average sales price remained unchanged, at \$420,900 (Real Estate Board of New York). In September 2013, 9.6 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 10.3 percent a year ago (LPS Applied Analytics).

Improvements in the sales markets in the region during the past year led to an increase in single-family homebuilding activity, as measured by the number of homes permitted.

During the 3 months ending August 2013 (preliminary data)—

- In total, 4,600 single-family homes were permitted in the region, a 30-percent increase from the same period in 2012.
- In New Jersey, single-family permitting increased 47 percent, to 2,825 homes, and accounted for more than 80 percent of the increase in homebuilding activity in the region.
- In New York, single-family permitting increased 11 percent, to 1,775 homes, after a 5-percent increase a year earlier.

Single-family permitting increased in the New York/New Jersey region during the past 2 years.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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

Home sales and sales prices increased within the New York/New Jersey region.

	12 Months Ending	Number of Homes Sold				Price		
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
New York* (E)	September	92,700	98,050	5.8	AVG	292,900	313,800	7.1
New York City (N&E—1–3 family)	September	15,750	18,800	19.4	AVG	559,600	600,700	7.3
New York City (N&E—condo & co-op)	September	21,700	25,500	17.5	AVG	892,900	933,900	4.6
Rochester MSA** (E)	September	10,350	10,850	4.8	AVG	162,200	157,700	– 2.8
Buffalo MSA** (E)	September	9,275	10,000	7.8	AVG	141,000	148,700	5.5
New Jersey*** (E)	September	53,900	62,900	16.7	AVG	386,900	399,100	3.2
Northern New Jersey*** (E)	September	22,300	26,400	18.4	MED	220,000–420,000	230,000–445,000	NA
Central New Jersey**** (E)	September	14,350	16,700	16.4	MED	265,000–437,500	280,000–447,500	NA
Southern New Jersey*** (E)	September	17,250	19,800	14.8	MED	145,000–300,000	135,000–300,000	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 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

Rental housing market conditions ranged from balanced to tight in Upstate New York and in New Jersey, and NYC remained the tightest rental market in the country. Apartment vacancy rates, which were already low, ranging from 2 to less than 4 percent in the third quarter of 2013, declined in many major metropolitan areas of the New York/New Jersey region. In the Syracuse metropolitan area, the apartment vacancy rate was among the lowest in the nation at 2.1 percent, down from 2.8 percent a year earlier, and the average asking rent increased more than 2 percent, to approximately \$740 (Reis, Inc.). In the Buffalo metropolitan area, the apartment vacancy rate decreased from 3.4 to 2.7 percent, and the average rent increased 2 percent, to nearly \$780. In Northern New Jersey, the apartment vacancy rate decreased from 3.9 to 3.5 percent, and the average rent increased 2 percent, to more than \$1,600. In Central New Jersey, the apartment vacancy rate remained unchanged at 2.7 percent, and the average rent increased more than 2 percent, to approximately \$1,225. The apartment vacancy rate in NYC increased from 2.2 to 2.4 percent, and the average asking rent in NYC increased nearly 2 percent, to more than \$3,100. On Long Island, the vacancy rate declined from 3.4 to 3.3 percent, and the average rent increased approximately 2 percent, to nearly \$1,650.

Metropolitan apartment markets in the New York/New Jersey region ranged from balanced to tight.

Metropolitan Area	Market Condition
Buffalo	Tight
Central New Jersey	Tight
Long Island	Balanced
New York City	Tight
Northern New Jersey	Tight
Syracuse	Tight

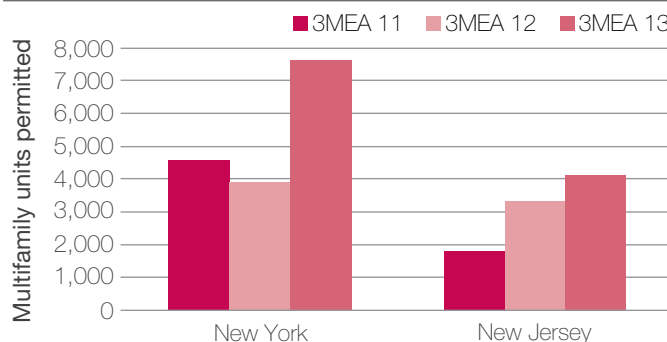
Source: HUD, PD&R, Economic and Market Analysis Division

As builders have responded to tight rental markets, multifamily construction, as measured by the number of units permitted, has increased significantly in the region since 2009, with gains largely concentrated in New York, particularly in NYC. Although condominium construction increased during the past year, apartment construction accounted for more than 85 percent of the 51,150 multifamily units under construction in the region and nearly 95 percent of the 30,000 multifamily units under construction in NYC (McGraw-Hill Construction Pipeline database).

During the 3 months ending August 2013 (preliminary data)—

- In total, 11,800 multifamily units were permitted, a 62-percent gain compared with the number permitted during the 3 months ending August 2012.
- The number of units permitted in New York increased 95 percent, to 7,650 units, accounting for more than 80 percent of the increase in multifamily construction activity in the region.
- The number of units permitted in New Jersey increased 24 percent, to 4,150 units, after increasing 79 percent a year ago.

Multifamily permitting increased in the New York/New Jersey region, with strong growth in New York.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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