

HUD PD&R Regional Reports

Region 2: New York/New Jersey

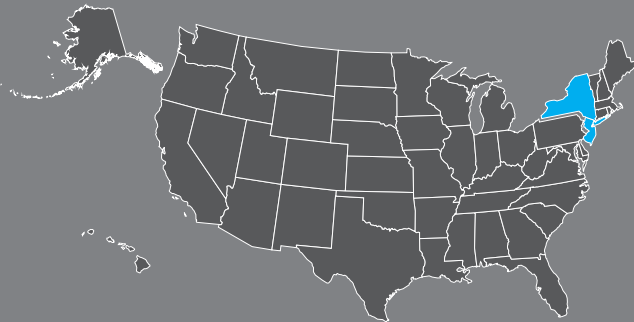


Bayonne City, New Jersey

By Patricia Moroz | 4th quarter 2013

Quick Facts About Region 2

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



Overview

Economic conditions continued to improve at a steady pace in the New York/New Jersey region during the fourth quarter of 2013. The education and health services, leisure and hospitality, and wholesale and retail trade sectors led the growth. Sales housing markets continued to recover in the fourth quarter of 2013, when the share of distressed mortgages declined. Demand for apartments remained strong in the region during the fourth quarter of 2013, as indicated by declining vacancy rates and rising rents in most areas. In response to the strengthening economy and housing markets, builders increased construction of single-family homes and multifamily units.

- Single-family home sales and sales prices increased throughout New York and New Jersey, including the major metropolitan areas in each state.
- Rental housing markets tightened throughout most of the region. In New York City (NYC), tight apartment market conditions eased slightly because of an increase in the number of units completed during 2013.
- Single-family homebuilding increased significantly in New York and New Jersey during the fourth quarter of 2013; multifamily construction also rose in both states, with the greater increase in New York.



Nonfarm payrolls have increased for the past 3 years in the New York/New Jersey region.

	Fourth Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	12,858.8	13,010.7	151.9	1.2
Goods-producing sectors	1,159.4	1,162.5	3.1	0.3
Mining, logging, and construction	457.1	467.3	10.2	2.2
Manufacturing	702.3	695.2	-7.1	-1.0
Service-providing sectors	11,699.4	11,848.2	148.8	1.3
Wholesale and retail trade	1,945.0	1,976.2	31.2	1.6
Transportation and utilities	439.3	448.4	9.1	2.1
Information	339.3	334.6	-4.7	-1.4
Financial activities	929.5	929.8	0.3	0.0
Professional and business services	1,816.8	1,830.1	13.3	0.7
Education and health services	2,438.8	2,511.8	73.0	3.0
Leisure and hospitality	1,132.8	1,168.0	35.2	3.1
Other services	548.7	550.1	1.4	0.3
Government	2,109.1	2,099.2	-9.9	-0.5

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

Source: U.S. Bureau of Labor Statistics

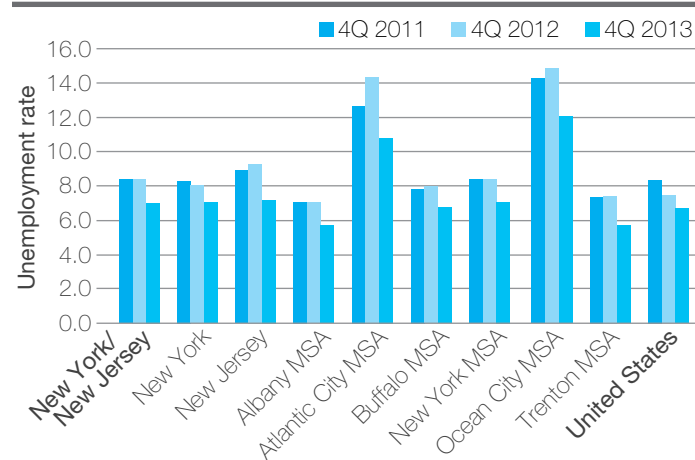
Economic Conditions

The economy of the New York/New Jersey region continued to expand in 2013. Nonfarm payrolls increased an average of 1.1 percent annually during the past 3 years, more than offsetting the loss of approximately 425,000 jobs in 2009 and 2010 as a result of the recent national economic recession. Nonfarm payrolls averaged 13.01 million jobs during the fourth quarter of 2013, an increase of 151,900 jobs, or 1.2 percent, from a year ago. The education and health services sector added 73,000 jobs, an increase of 3.0 percent, and accounted for nearly one-half of the jobs added in the region. The leisure and hospitality and the wholesale and retail trade sectors also recorded job gains, continuing the trend that began in 2010. During the fourth quarter of 2013, the government sector declined by 9,900 jobs, or 0.5 percent, with job losses in the federal, state, and local government subsectors.

During the fourth quarter of 2013—

- New York gained 107,300 jobs, increasing 1.2 percent, to 9.02 million jobs, from the fourth quarter of 2012. The education and health services and the leisure and hospitality sectors, which increased by 53,800 and 23,100 jobs, or 3.0 and 2.9 percent, respectively, led the growth.
- New Jersey added 44,600 jobs, a 1.1-percent increase to 3.99 million, with the education and health services, leisure and hospitality, and wholesale and retail trade sectors recording the greatest gains. The professional and business services sector declined

Unemployment rates declined in the New York/New Jersey region, but most remain above the national average.



4Q = fourth quarter. MSA = metropolitan statistical area.

Source: U.S. Bureau of Labor Statistics

by 6,000 jobs, or 1 percent, with losses primarily in the administrative and support and waste management and remediation services subsector.

- In NYC, nonfarm payrolls increased by 95,600, or 2.4 percent, to 4.02 million jobs. The education and health services sector gained 44,500 jobs in NYC, accounting for 80 percent of the jobs added in that sector for New York and 60 percent for the entire region. Most of those job gains in NYC were at firms providing outpatient healthcare services or social assistance.
- Nearly one-half of the decline in the government sector for the region was in the federal government subsector, with losses of 2,200 jobs each in New York and New Jersey, or 2.7 and 1.9

continued on page 3

continued from page 2

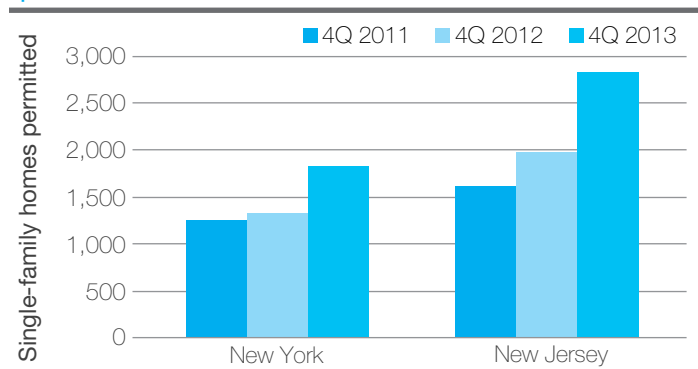
percent, respectively. In New York, the local government subsector decreased by 8,600 jobs, or 0.8 percent, primarily because of budget cuts at public schools, which more than offset the number of jobs added in New Jersey in that subsector.

- The unemployment rate in the region averaged 7.0 percent, down from 8.5 percent a year earlier; the state rates were 7.2 percent in New Jersey and 7.0 percent in New York.

Sales Market Conditions

Sales housing markets in the New York/New Jersey region were balanced in the fourth quarter of 2013. Sales markets in both states have improved since the fourth quarter of 2012, when conditions were slightly soft in New York and soft in New Jersey. The NYC sales

New Jersey led the increase in single-family permitting in the New York/New Jersey region during the fourth quarter of 2013.



4Q = fourth quarter.

Note: Based on preliminary data.

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

market improved from slightly soft conditions in the fourth quarter of 2012 to balanced conditions in the fourth quarter of 2013. In Manhattan, during 2013, the number of new and existing condominiums and cooperatives sold increased 16.0 percent, to 14,800 units, and the average sales price increased 2.3 percent, to \$1.36 million. The greatest increase in average home sales prices in NYC (including condominiums, cooperatives, and one- to three-family homes) during the past year occurred in Brooklyn, where average sales prices increased 7.0 percent, to \$626,500, and sales increased 19.1 percent, to 11,650 units, from a year ago. In Queens, sales increased 19.5 percent, to 14,200 homes, and the average sales price increased 4.8 percent, to \$423,600. Sales increased 51.1 percent, to 3,825 homes, on Staten Island, where the average sales price declined 1.1 percent, to \$419,400. In the Bronx, sales rose 15.8 percent, to 2,550 homes, and the average sales price increased 4.8 percent, to \$352,400 (Real Estate Board of New York). In December 2013, 9.3 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 10.4 percent a year ago (Black Knight Financial Services, Inc.).

continued on page 4

Home sales and prices increased in the New York/New Jersey region during the fourth quarter of 2013, continuing the trend that began during the first quarter of 2013.

	12 Months Ending	Number of Homes Sold				Price		
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
New York* (E)	December	94,850	101,900	7.4	AVG	297,600	317,100	6.6
New York City (N&E—1–3 family)	December	16,400	20,250	23.5	AVG	595,500	606,400	1.8
New York City (N&E—condo & co-op)	December	22,950	27,100	18.1	AVG	913,100	922,800	1.1
Rochester MSA** (E)	December	10,750	10,800	0.5	AVG	150,500	154,400	2.6
Buffalo MSA** (E)	December	9,550	10,250	7.3	AVG	143,800	148,200	3.1
New Jersey*** (E)	December	55,600	65,050	17.0	AVG	390,500	399,800	2.4
Northern New Jersey*** (E)	December	23,100	27,300	18.2	MED	225,000–435,000	230,000–460,000	NA
Central New Jersey**** (E)	December	14,750	17,400	18.0	MED	270,000–409,000	270,000–425,000	NA
Southern New Jersey*** (E)	December	17,800	20,350	14.3	MED	125,000–385,000	129,500–296,500	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



continued from page 3

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 fourth quarter of 2013 (preliminary data)—

- In the region, 4,675 single-family homes were permitted, a 41-percent increase from the same period in 2012.
- Single-family permitting in New Jersey increased 43 percent, to 2,850 homes, and accounted for 60 percent of the increase in homebuilding activity in the region.

Apartment Market Conditions

Apartment market conditions were tight in the New York/New Jersey region during the fourth quarter of 2013. Conditions were mixed (balanced to tight) in Upstate New York and in southern New Jersey. The NYC apartment market softened but remained among the tightest markets in the country. In the fourth quarter of 2013, the apartment vacancy rate in NYC increased to 2.7 percent, up from 2.1 percent a year earlier, and the average asking rent increased more than 4 percent, to \$3,164 (Reis, Inc.). The number of apartment units in lease up in NYC increased, because 2,900 units were completed in 2013, up from the 1,725 units completed in 2012 (McGraw-Hill Construction Pipeline database). In the fourth quarter of 2013, on Long Island, the vacancy rate declined slightly, from 3.4 to 3.3 percent, and the average rent increased 1 percent, to \$1,652 (Reis, Inc.). In the Rochester metropolitan area, the apartment vacancy rate decreased from 3.5 to 3.2 percent, and the average rent increased 2 percent, to \$832. In northern New Jersey, the apartment vacancy rate declined from 3.8 to 3.5 percent, and the average rent increased

- In New York, single-family permitting increased nearly 40 percent, to 1,850 homes, after increasing 2 percent a year earlier.
- In the New York-Northern New Jersey-Long Island metropolitan area, single-family construction activity increased more than 60 percent from a year earlier, to approximately 2,900 homes permitted.

nearly 2 percent, to \$1,615. In the Albany metropolitan area, the apartment vacancy rate was 3.6 percent, down from 4.2 percent a year earlier, and the average rent increased nearly 3 percent, to \$969.

During the fourth quarter of 2013 (preliminary data)—

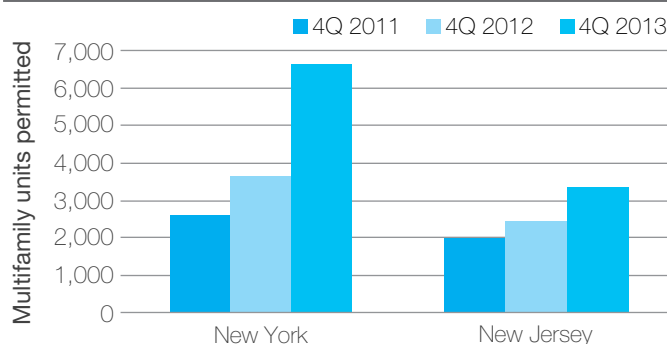
- Nearly 10,050 multifamily units were permitted in the region, a 65-percent gain compared with the number permitted a year ago, after a 31-percent increase a year earlier.
- In New York, the number of units permitted increased 84 percent, to 6,675 units, accounting for two-thirds of the increase in multifamily construction activity in the region.
- In New Jersey, the number of units permitted increased 38 percent, to 3,350 units, after increasing 21 percent a year ago.
- In the New York-Northern New Jersey-Long Island metropolitan area, the number of multifamily units permitted increased 80 percent from a year earlier, to 8,750 units.

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

Market Area	Market Condition
Albany	Tight
Atlantic City-Cape May	Balanced
Central New Jersey	Tight
Long Island	Balanced
New York City	Tight
Northern New Jersey	Tight
Rochester	Tight

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

Multifamily permitting increased significantly in New York during the fourth quarter of 2013, continuing the trend that began 2 years ago in the New York/New Jersey region.



4Q = fourth quarter.

Note: Based on preliminary data.

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