

# HUD PD&R Housing Market Profiles

## Nassau-Suffolk (Long Island), New York

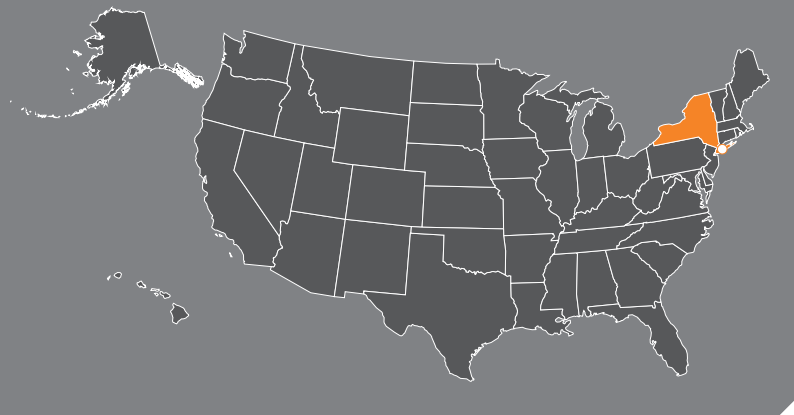


### Quick Facts About Nassau-Suffolk (Long Island)

Long Island, New York

By James Conner | As of May 1, 2023

- Current sales market conditions: tight but easing
- Current apartment market conditions: slightly tight
- The Nassau-Suffolk metropolitan division serves as a bedroom community for New York City, and it contains many affluent communities, such as the “Gold Coast” on the north shore facing Long Island Sound and areas in The Hamptons on the southeast shore of Suffolk County, along with more affordable communities that provide homeownership opportunities.



### Overview

The Nassau-Suffolk, NY Metropolitan Division (hereafter, Long Island) is part of the larger New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area and consists of Nassau and Suffolk Counties, east of New York City (NYC). Although the NYC boroughs of Brooklyn and Queens are geographically located on the island and cover the western 10 percent of the land area, they are not commonly considered part of Long Island. Significant local industries in the metropolitan division include healthcare and tourism. The largest employer is a healthcare provider, and popular tourist areas include Jones Beach State Park, Montauk Point State Park, and Fire Island. Government is also a major employment sector, with a federal government presence that includes U.S. Coast Guard and Air National Guard stations on Long Island.

- As of May 1, 2023, the estimated population of Long Island is 2.92 million, representing a decrease of approximately 710 a year since April 1, 2020, which followed an average annual increase of about 8,875, or 0.3 percent, from 2010 to 2020. The population decline was due to net out-migration since 2020, which was partly offset by net natural increase; previously, net in-migration averaged 2,125 people a year from 2010 to 2020.

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- Incomes on Long Island are relatively high. In 2020, the median household income in Nassau County was ranked tenth in the nation, at \$120,036, and Suffolk County was ranked thirtieth, at \$105,362; by comparison, the national median household income in 2020 was \$67,521 (U.S. Census Bureau, decennial census).
- Housing demand increased significantly during the COVID-19 pandemic. The home sales and apartment markets both tightened and remained tight as recently as a year ago, but weaker population and household growth have contributed to easing market conditions in the past 12 months.

## Economic Conditions

The economy of Long Island improved during the past year, and the number of jobs has nearly recovered to prepandemic levels. Nonfarm payrolls during the 3 months ending April 2023 were up by 24,000 jobs, or 1.8 percent, from a year earlier to 1.32 million jobs, but remained 8,800 jobs, or 0.7 percent, fewer than during the 3 months ending April 2019. The recent job gains were led by the professional and business services, the education and health services, and the leisure and hospitality sectors, which increased by 8,500, 5,800, and 5,400 jobs, or 5.0, 2.1, and 4.6 percent, respectively. The gains were partly offset by declines in the wholesale and retail trade and the transportation and utilities sectors of 4,400 and 400 jobs, or 2.1 and 0.9 percent, respectively.

- During the past year, the professional and business services sector increased 5.0 percent in the metropolitan division. Although the office vacancy rate increased 1.8 percentage points since the first quarter of 2019 to 10.2 percent in the first quarter of 2023, the increase was less than the increase of 5.2 percentage points to 16.2 percent in NYC (CoStar Group).

- In part because Long Island serves as a bedroom community for NYC, the education and health services sector is the largest job sector, accounting for more than 21 percent of nonfarm payrolls, and it includes the largest employer, Northwell Health. In the fourth quarter of 2022, Northwell Health opened a new \$1.8 million, 9,428-square-foot multidisciplinary practice in Bethpage in Nassau County and two multispecialty practices in Suffolk County: a \$1.8 million, 6,240-square-foot facility in Setauket and a \$500,000, 5,635-square-foot facility in Port Jefferson (*Long Island Business News*).
- The leisure and hospitality sector was hard-hit during the pandemic, with payrolls in April 2020 falling by 62,600 jobs, or 55 percent, from a month earlier (non-seasonally adjusted data); however, the sector recovered by early 2022, and payrolls in the 3 months ending April 2023 were up from the corresponding period in 2019 by 2,900 jobs, or 2.4 percent. In April 2023, the hotel occupancy rate was 66.7 percent,

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### Payrolls were up from a year ago in most nonfarm sectors on Long Island in the 3 months ending April 2023.

	3 Months Ending		Year-Over-Year Change	
	April 2022 (Thousands)	April 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,300.1	1,324.1	24.0	1.8
Goods-Producing Sectors	147.2	150.7	3.5	2.4
Mining, Logging, & Construction	77.5	80.1	2.6	3.4
Manufacturing	69.7	70.6	0.9	1.3
Service-Providing Sectors	1,152.9	1,173.4	20.5	1.8
Wholesale & Retail Trade	208.7	204.3	-4.4	-2.1
Transportation & Utilities	44.0	43.6	-0.4	-0.9
Information	14.5	14.6	0.1	0.7
Financial Activities	71.1	71.5	0.4	0.6
Professional & Business Services	170.9	179.4	8.5	5.0
Education & Health Services	277.1	282.9	5.8	2.1
Leisure & Hospitality	117.1	122.5	5.4	4.6
Other Services	54.8	56.0	1.2	2.2
Government	194.6	198.6	4.0	2.1
<b>Unemployment Rate</b>	3.2%	2.8%		

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

Source: U.S. Bureau of Labor Statistics



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down slightly from 67.4 percent a year earlier and below the 75.1-percent rate in April 2019, but the current rate is well above its low during the pandemic of 36.2 percent in April 2020 (CoStar Group).

- The retail trade subsector accounted for 4,100 of the 4,400 jobs lost in the wholesale and retail trade sector because of numerous store closures during the past 12 months. Bed Bath & Beyond Inc. announced that it would close five of its eight stores on Long Island and all of the locations of its subsidiary, Harmon Stores Inc.; Tuesday Morning Corporation closed its last remaining store on Long Island; and King Kullen Grocery Co., Inc., closed two stores on Long Island.

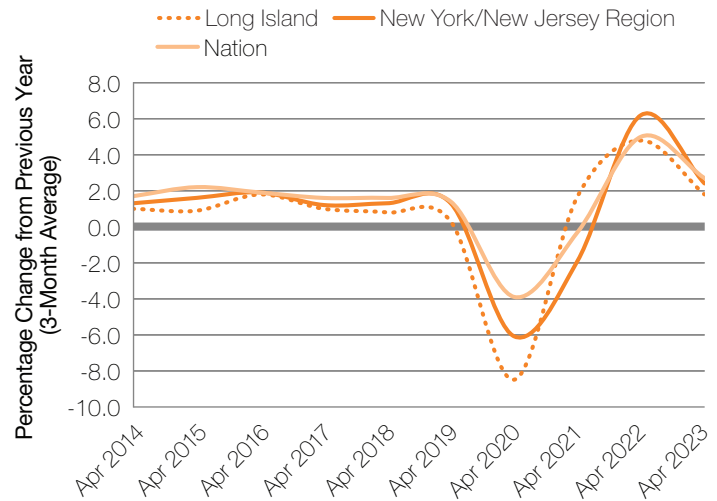
The labor market on Long Island is tight, with the unemployment rate averaging 2.8 percent in the 3 months ending April 2023, down from 3.2 percent a year ago and from its recent peak of 14.0 percent in May 2020 during the pandemic. The decline during the past year was due to resident employment growth of 1.4 percent surpassing the labor force growth of 1.0 percent. Although nonfarm payrolls remain slightly below prepandemic levels, the number of employed residents was 29,350, or 2.0 percent, above the same period in 2019, partly due to an increase in remote work. In 2021, nearly 18 percent of workers in Long Island aged 16 years and over reported working from home, up from 4 percent in 2019 (American Community Survey 1-year estimates).

## Sales Market Conditions

The home sales market on Long Island is currently tight, but conditions have eased slightly in the past 12 months. The area had a 3.0-month supply of homes for sale in April 2023, up from 2.4 months in April 2022 and the recent low of 1.4 months in December 2021 (Redfin, a national real estate brokerage). The sales market was more balanced before the pandemic; from February 2017 through February 2020, the supply of homes for sale averaged 4.4 months. Contributing to the recent increase in inventory was a sharp decline in home sales caused by rising mortgage rates. The 30-year fixed mortgage rate averaged 6.3 percent in April 2023, up from less than 5.0 percent a year earlier and well above the recent low of 2.7 percent in December 2020 (Freddie Mac). The recent increase in interest rates has contributed to a decrease in the number of home listings, partly because many owners refinanced their homes at lower interest rates, discouraging some households from moving. During the 12 months ending April 2023, the number of new listings averaged about 2,500 homes a month, down 19 percent from the previous 12 months (Redfin, a national real estate brokerage).

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## The rate of job growth on Long Island fell below regional and national rates during the past year.



Source: U.S. Bureau of Labor Statistics

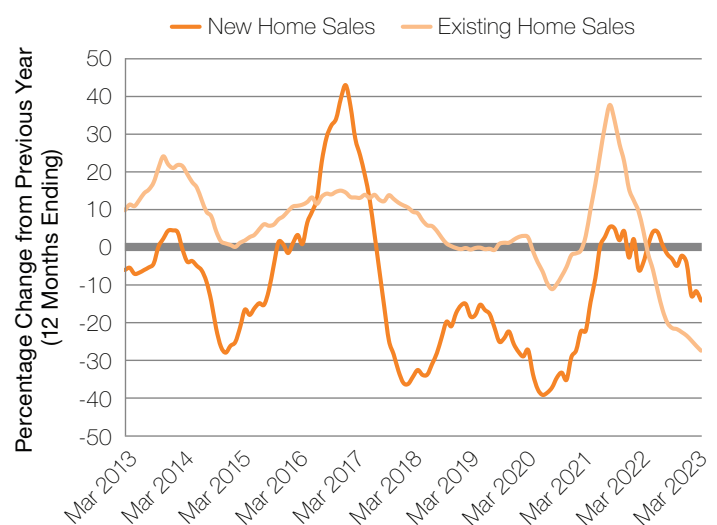
## Largest Employers on Long Island

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Northwell Health	Education & Health Services	60,000
Henry Schein, Inc.	Manufacturing	21,000
Altice USA, Inc.	Information	16,000

Note: Excludes local school districts and state and local governments.

Source: NYup.com, 2019

## Rising mortgage rates caused new and existing home sales on Long Island to decline during the past year.



Note: Sales are for single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

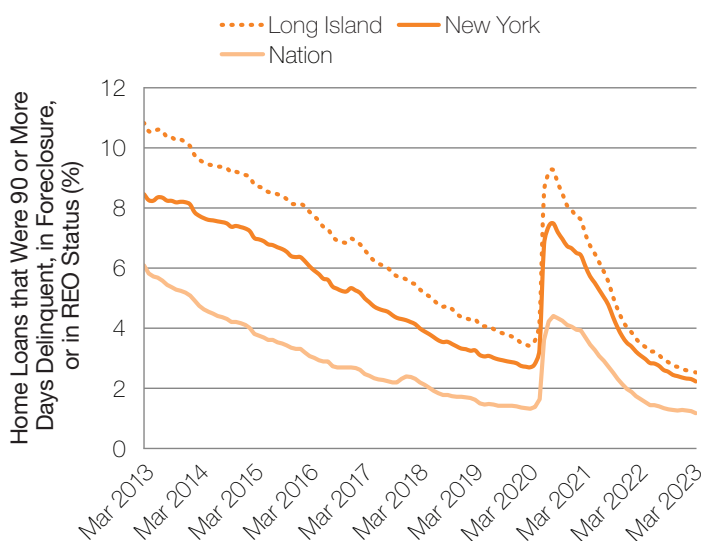


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In March 2023, the rate of home loans on Long Island that were seriously delinquent or had transitioned into real estate owned status was 2.5 percent, down from 3.5 percent a year earlier and below the 4.3-percent rate in March 2019, before the pandemic (CoreLogic, Inc.). The rate on Long Island in March 2023 was above the 1.1-percent national average, which was down from 1.6 percent a year earlier. During the pandemic, the rate increased because of reliance on mortgage forbearance among many homeowners, which led to rising delinquencies. The number of seriously delinquent mortgages on Long Island peaked at about 28,750 in August 2020, a more than four-fold increase from 6,600 a year earlier, but by March 2023, the number of seriously delinquent mortgages had declined to fewer than 5,400.

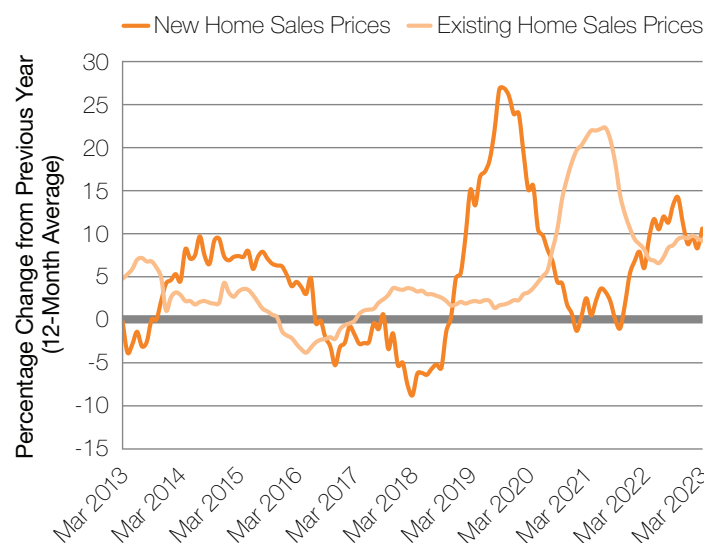
- During the 12 months ending March 2023, approximately 31,500 new and existing single-family homes, townhomes, and condominiums were sold on Long Island, down 27 percent from 43,400 homes a year earlier (CoreLogic, Inc., with adjustments by the analyst).
- Despite the slowdown in sales, home prices continued to increase strongly. During the 12 months ending March 2023, prices for existing single-family homes, townhomes, and condominiums on Long Island averaged approximately \$785,600, up 9 percent from a year earlier, and new home prices averaged \$902,700, up 11 percent from a year earlier.
- Price growth has been strong since the start of the pandemic, with prices for new and existing homes

**The rate of mortgages that are seriously delinquent or in REO status on Long Island has steadily decreased from its recent peak in August 2020.**



REO = real estate owned.  
Source: CoreLogic, Inc.

**Despite fewer home sales on Long Island, prices for new and existing homes have continued to increase strongly during the past year.**



Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

increasing at an average annual rate of more than 12 percent since March 2020, compared with average increases of less than 3 percent from February 2017 through February 2020. Price growth has slowed in recent months, however, with the average new and existing home price during the first quarter of 2023 up 3 percent from a year earlier to approximately \$742,500.

- Due to the high incomes on Long Island, homes tend to be expensive. In 2022, the median home price was approximately \$634,000, with a median of \$665,000 in Nassau County and \$515,000 in Suffolk County (Zonda). Population and housing densities on Long Island tend to be highest in western Nassau County, near NYC, and lowest in eastern Suffolk County; single-family homes accounted for 63 percent of all home sales in Nassau County in 2022, compared with 82 percent in Suffolk County.

The increase in interest rates during the past year led to a decline in homebuilding activity on Long Island, but permitting of single-family homes remained relatively elevated.

- During the 12 months ending April 2023, approximately 1,800 single-family homes were permitted on Long Island, down 14 percent from 2,100 homes a year earlier (preliminary data). Despite the decline, permitting in the past 24 months was comparable to the average annual level of 1,950 homes

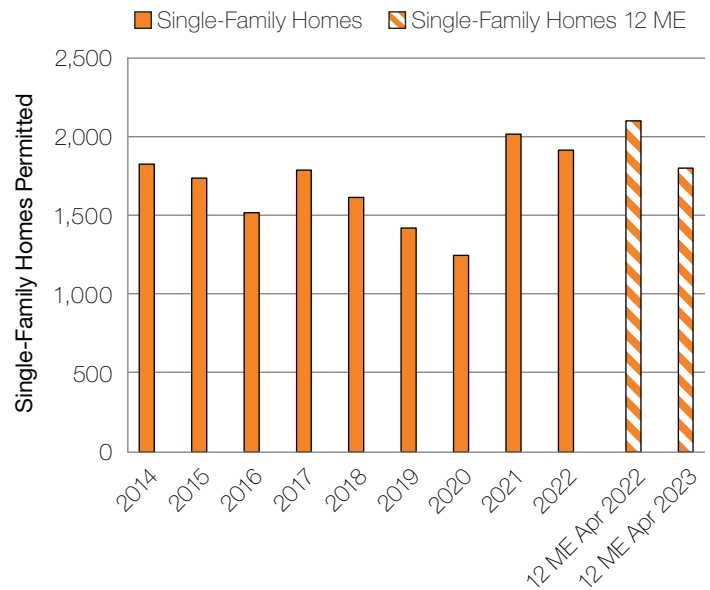
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permitted in 2021 and 2022, which was 19 percent more than the average annual level of 1,650 homes permitted from 2014 through 2019, before the pandemic.

- Since 2020, more than 60 percent of the single-family homebuilding on Long Island has been in Suffolk County, where approximately 3,175 homes were permitted, compared with 2,000 homes in Nassau County. Among permitting jurisdictions, the most active in Suffolk County included the towns of Brookhaven, Southampton, and East Hampton, where nearly 1,650 homes combined were permitted, and in Nassau County, the towns of Hempstead, North Hempstead, and Oyster Bay, where 1,300 homes combined were permitted.
- In the hamlet of Centereach in Suffolk County, the Hidden Oaks subdivision is nearing completion, with 26 of the 30 single-family homes sold; the homes average 2,400 square feet in size and are priced at \$595,000 (Zonda).
- In Westhampton Beach in Suffolk County, the Country Pointe Estates subdivision is under construction, with 6 of the 22 single-family homes sold; the homes range in size from 2,650 to 4,000 square feet, and the prices range from \$1.9 to \$3.5 million.

### Single-family homebuilding on Long Island declined in the past 12 months but remained relatively strong.



12 ME = 12 months ending.

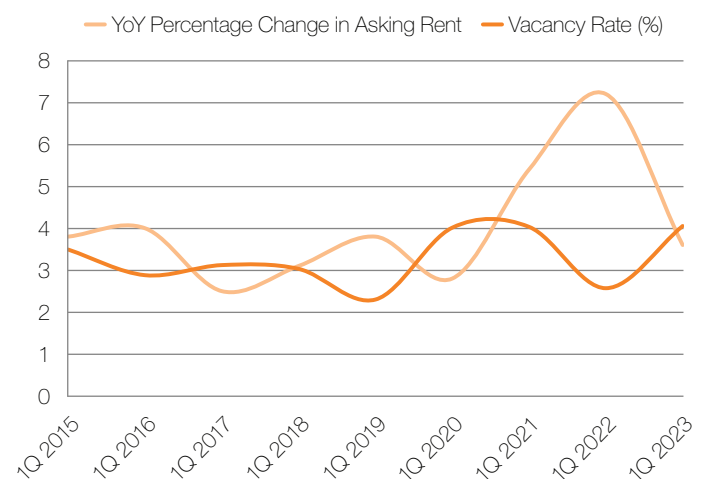
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Apartment Market Conditions

The apartment market on Long Island is currently slightly tight, but the market has eased from tight conditions a year ago because of an increase in apartment completions and a slowdown in absorption. During the 12 months ending March 2023, more than 1,050 units were completed, compared with fewer than 650 units a year earlier, but absorption during the 12 months ending March 2023 totaled only about 210 units, down from 1,425 units a year earlier (CoStar Group). The apartment market was tight from the first quarter of 2021 through the second quarter of 2022, with annual rent growth averaging more than 7.0 percent and vacancies averaging 3.0 percent. Apartment completions during that period averaged fewer than 700 units a year, but absorption averaged nearly 1,250 units a year.

- The apartment vacancy rate was 4.0 percent in the first quarter of 2023, up from 2.6 percent a year earlier (CoStar Group). Among the 10 CoStar Group-defined Long Island submarkets, Western Nassau and Central Nassau, which are near Queens, had the lowest vacancies, at 2.2 and 3.5 percent, respectively. The Northern Nassau and Southeastern Nassau submarkets had the highest vacancies, at 5.2 and 9.6 percent, respectively.
- Apartment rents on Long Island averaged \$2,776 in the first quarter of 2023, up nearly 4 percent from a year earlier.

### An increase in apartment vacancies on Long Island during the past year contributed to slower rent growth.



1Q = first quarter. YoY = year-over-year.

Source: CoStar Group

By comparison, in the first quarter of 2022, annual rent growth was almost twice as fast, at more than 7 percent.

- The Southeastern Nassau submarket had the fastest rent increase, rising 6.6 percent to an average of \$2,812,

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contributing to the recent rise in vacancies in that submarket. In the Northern Nassau submarket, the rents remained essentially flat at \$3,224. Northern Nassau had the highest rents among the submarkets in the first quarter of 2023, whereas Eastern Suffolk, the submarket farthest from NYC, had the lowest rents at \$2,598.

- During the 12 months ending March 2023, absorption was strongest in the Southwestern Nassau and Southwestern Suffolk submarkets, at about 285 and 105 units, respectively; however, vacancies increased 1.7 and 0.6 percentage points because about 440 and 145 units, respectively, were completed in those submarkets during the past 12 months. Weaker demand in Central Suffolk, Eastern Suffolk, and Northern Nassau led to negative absorption in those submarkets of 190, 35, and 35 units, respectively.

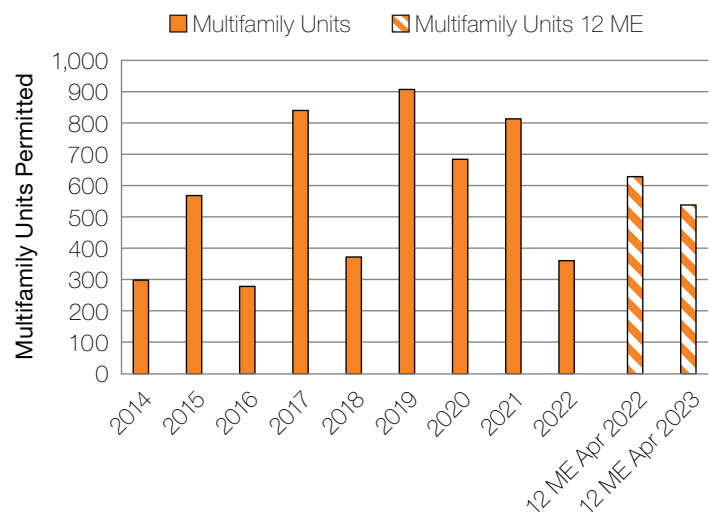
Builders have responded to weakening apartment demand by reducing construction; however, multifamily permitting remains strong when compared with prepandemic construction activity.

- During the 12 months ending April 2023, approximately 540 multifamily units were permitted on Long Island, down 14 percent from 630 units a year earlier (preliminary data). Although permitting declined, the average annual level of 585 units during the past 24 months was comparable to the average during 2021 and 2022 and was 7 percent more than the average of 545 units a year from 2014 through 2019, before the pandemic.
- In contrast to the single-family homebuilding on Long Island, which tends to be more concentrated in Suffolk County, most multifamily construction has been in Nassau County, where more than 80 percent of multifamily units have been permitted since 2020. Among the permitting jurisdictions, the most active in Nassau County included the communities

of Hempstead, Mineola, and Great Neck, which combined have permitted nearly 1,300 units since 2020.

- In Smithtown, in the Western Suffolk submarket, The Lofts at Maple & Main, with 62 units, is nearing completion, with proposed one- and two-bedroom unit rents ranging from \$2,912 to \$3,700.
- In Westbury, in the Central Nassau submarket, The Selby, with 237 units, was completed in 2022 and is currently leasing up, with rents for studio, one-, two-, and three-bedroom units ranging from \$3,200 to \$8,900.

**Multifamily permitting on Long Island decreased in the past 12 months but remained slightly above the average annual permitting before the pandemic.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Existing Home Sales	Includes resales, short sales, and real estate owned (REO) sales.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Net Natural Increase	Resident births are greater than resident deaths.
Seriously Delinquent Mortgages	Mortgages more than 90 days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area/metropolitan division definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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