

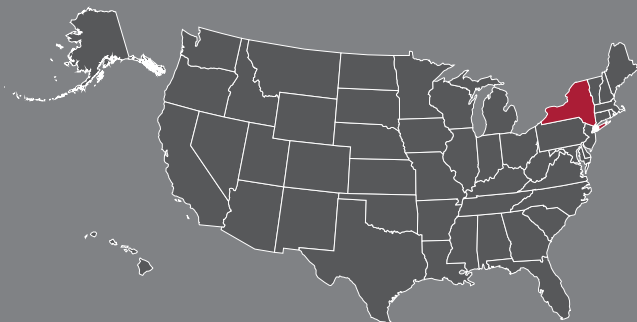
HUD PD&R Housing Market Profiles

New York City, New York



Quick Facts About New York City

- **Current sales market conditions: slightly tight**
- **Current rental market conditions: slightly tight**
- **Of the Fortune 500 companies, 44, or approximately 9 percent, are headquartered in New York City, and nearly 5 percent of the national gross domestic product was produced in the city during 2019 (Bureau of Economic Analysis).**



By Joseph Shinn | As of October 1, 2021

Overview

New York City (NYC) is the most populous city in the nation, with more than twice as many residents as any other city. NYC consists of five boroughs (or counties) in southeastern New York: The Bronx (Bronx), Brooklyn (Kings), Manhattan (New York), Queens (Queens), and Staten Island (Richmond). During the third quarter of 2021, nonfarm payrolls in NYC increased for the second consecutive quarter on a year-over-year basis, compared with year-over-year declines in each of the previous four quarters. As of September 2021, the level of nonfarm payrolls in NYC was approximately 481,900 jobs, or 10.3 percent, below the February 2020 level, which was before the United States began to experience the effects of the COVID-19 global pandemic (not seasonally adjusted). Nonfarm payrolls rose in 9 of 11 sectors during the past year, led by the leisure and hospitality and the education and health services sectors, which increased by 86,000 and 53,100 jobs, or 38.8 and 5.5 percent, respectively.

- As of October 1, 2021, the estimated population of NYC is 8.78 million, representing an average annual decline of 19,300, or 0.2 percent, annually since April 2020. Increased net out-migration from the city during the early stages of the pandemic contributed to the overall decrease, despite population growth from 2010 to 2020.

continued on page 2



PD&R

continued from page 1

- Elevated out-migration from NYC occurred during the early stages of the COVID-19 pandemic as people moved from the city to less densely populated areas. The trend has since reversed, however, as the restrictions put in place to slow the spread of COVID-19 have been eased, resulting in higher levels of migration into the city during the past year, especially within the past 6 months.

Economic Conditions

As a result of increased vaccination rates and the easing of statewide and citywide restrictions that were put in place to slow the spread of COVID-19, nonfarm payrolls in NYC rose significantly during the third quarter of 2021. The economic recovery in NYC has been weaker than in the rest of the nation, however; that fact is largely attributed to the restrictions being phased out at a relatively slower pace in NYC. As of September 2021, approximately 47 percent of the jobs lost during March and April 2020 have been recovered, compared with 84 percent of the jobs being recovered nationwide (not seasonally adjusted). During the third quarter of 2021, the sectors that gained the most jobs in NYC were sectors that declined the most during March and April 2020. Many establishments in those sectors were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic, but they have since reopened and are now able to operate at full capacity.

During the third quarter of 2021 —

- Nonfarm payrolls in NYC averaged 4.19 million, reflecting an increase of 220,300 jobs, or 5.5 percent, compared with the third quarter of 2020. By comparison, during the third quarter

- From 2010 to 2020, the population increased by an average of 62,900, or 0.7 percent, annually, and net in-migration averaged 3,375 people annually (Census Bureau decennial census count). By comparison, from 2000 to 2010, the population rose by an average of 16,700, or 0.2 percent, annually; the slower population growth occurred because of strong net out-migration, which averaged 45,700 people annually.

of 2020, nonfarm payrolls were down by 655,900 jobs, or 14.2 percent, compared with the same period a year earlier.

- Approximately 39 percent of the net gains were in the leisure and hospitality sector, which increased by 86,000 jobs, or 38.8 percent, compared with a decline of 249,600 jobs, or 52.9 percent, during the same period a year earlier. Approximately 72 percent of the increase in the sector was in the accommodation and food services industry, which was up by 61,600 jobs, or 34.6 percent; gains in the industry were largely attributed to indoor dining capacity limits that were put in place during the early stages of the COVID-19 pandemic being mostly eliminated by May 2021.
- Additional gains were in the education and health services and the professional and business services sectors, which increased by 53,100 and 32,600 jobs, or 5.5 and 4.8 percent, respectively. By comparison, during the third quarter of 2020, nonfarm payrolls in these sectors declined by 70,600 and 91,300 jobs, or 6.9 and 11.8 percent, respectively.

continued on page 3

Nonfarm payrolls increased in 9 of 11 sectors in New York City during the third quarter of 2021.

	Third Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	3,973.2	4,193.5	220.3	5.5
Goods-Producing Sectors	194.6	189.7	-4.9	-2.5
Mining, Logging, & Construction	143.3	137.0	-6.3	-4.4
Manufacturing	51.3	52.7	1.4	2.7
Service-Providing Sectors	3,778.7	4,003.7	225.0	6.0
Wholesale & Retail Trade	395.7	415.4	19.7	5.0
Transportation & Utilities	114.0	116.3	2.3	2.0
Information	197.6	218.4	20.8	10.5
Financial Activities	467.6	458.8	-8.8	-1.9
Professional & Business Services	685.6	718.2	32.6	4.8
Education & Health Services	958.2	1,011.3	53.1	5.5
Leisure & Hospitality	221.8	307.8	86.0	38.8
Other Services	152.3	158.9	6.6	4.3
Government	585.9	598.6	12.7	2.2
Unemployment Rate	16.1%	9.6%		

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

Source: U.S. Bureau of Labor Statistics

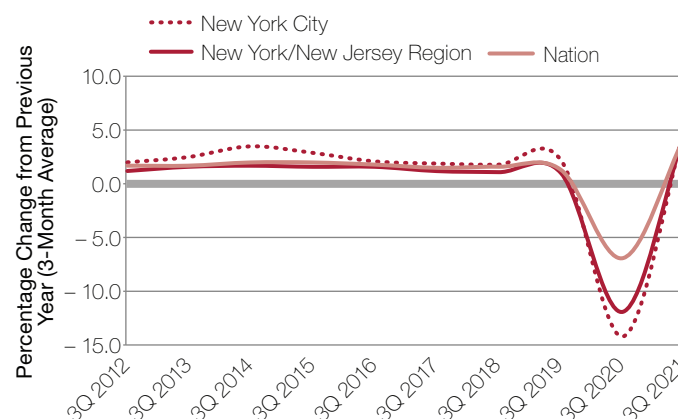


continued from page 2

- Partially offsetting those gains were losses in the financial activities and the mining, logging, and construction sectors, which declined by 8,800 and 6,300 jobs, or 1.9 and 4.4 percent, respectively. In the financial activities sector, nearly 99 percent of the decline was in the finance and insurance industry, where nonfarm payrolls were down by 8,600 jobs, or 2.5 percent, whereas the losses in the mining, logging, and construction sector were largely attributed to declining residential construction activity during the past year.
- The unemployment rate in NYC averaged 9.6 percent, down from 16.1 percent during the same period a year earlier but more than double the 3.9-percent rate during the third quarter of 2019, which was the lowest third quarter rate in more than 40 years. The latest quarterly rate is higher in NYC than the state and national rates of 6.9 and 5.2 percent, respectively.

Before the pandemic, nonfarm payrolls in NYC increased the fastest in the leisure and hospitality sector. From 2010 through 2019, nonfarm payrolls in the sector increased an average of 4.2 percent, or by 15,900 jobs, annually, compared with an average annual 2.4-percent gain nationwide. The strong growth in this sector in NYC during this period was largely attributed to rising tourism to the area. During 2019, approximately 66.6 million people visited NYC, representing an average increase of approximately 4 percent a year since 2010 (NYC & Company). Because of the COVID-19 pandemic, however, tourism to NYC during 2020 declined 67 percent compared with a year earlier, which contributed to a significant decrease in the leisure and hospitality sector. During 2020, the average level of nonfarm payrolls in the sector was down by 196,300 jobs, or 41.9 percent, compared with 2019. Hilton Worldwide Holdings Inc. and Omni Hotels & Resorts closed hotels in Manhattan during 2020, resulting in more than 460 jobs lost. Nonfarm payrolls in the sector rose during the past two quarters on a year-over-year basis; however, the level of nonfarm payrolls in the leisure and hospitality sector is 163,500 jobs, or 34.7

Nonfarm payrolls in New York City increased significantly during the third quarter of 2021, compared with a large decline a year earlier.



3Q = third quarter.

Source: U.S. Bureau of Labor Statistics

Largest Employers in New York City

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Montefiore Health System	Education & Health Services	32,250
Mount Sinai Health System	Education & Health Services	32,100
JPMorgan Chase & Co.	Financial Activities	29,000

Note: Excludes local school districts.

Source: Moody's Analytics

percent, below the level during the third quarter of 2019, which was an all-time peak third-quarter level. By comparison, nationwide payrolls in the sector during the third quarter of 2021 were down only 8.3 percent compared with the third quarter of 2019.

Sales Market Conditions

The sales housing market in NYC is currently slightly tight, with an estimated sales vacancy rate of 0.7 percent, down significantly from 2.9 percent in April 2010. In September 2021, NYC had 5.0 months of available for-sale housing inventory, down from 11.1 months of inventory in September 2020, and the average number of days that a home was on the market was 65, down 46 percent from the average of 120 days a year earlier (Redfin, a national real estate brokerage). Home sales in NYC surged during the past year, partially because of improving economic conditions and low mortgage interest rates. During the past year, the average interest rate of a 30-year fixed-rate mortgage was below 3.1 percent each month (Freddie Mac). By comparison, from 2015 through 2019, the average interest rate exceeded 3.4 percent each month, including the 5-year peak rate of 4.9 percent in November 2018.

During the 12 months ending September 2021, sales of new and existing homes (including single-family homes, townhomes, and

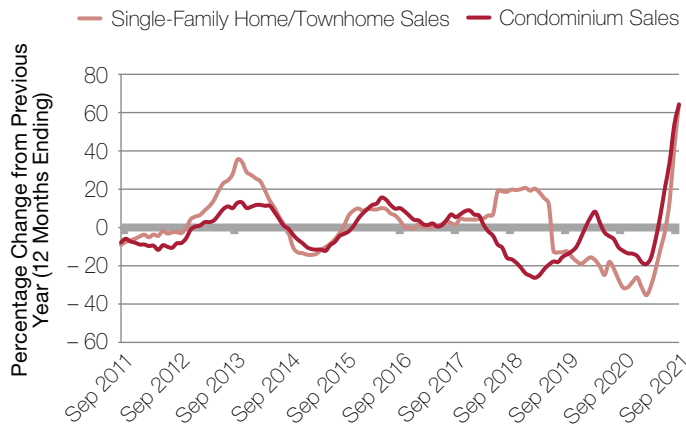
condominiums) increased by 10,850 homes, or 64 percent, to 27,700 homes sold (Zonda). By comparison, during the 12 months ending September 2020, home sales were down 23 percent compared with the same period a year earlier. Home sales were up in all five boroughs, led by Staten Island, where the number of homes sold more than doubled, compared with a 71-percent decline during the same period a year earlier. In response to tightening sales market conditions, the average sales price of new and existing homes in NYC rose 8 percent, to \$1.18 million, which was an all-time peak. Home sales were up in four of the five boroughs, ranging from a 7-percent increase in Queens to an 18-percent rise in Staten Island. Manhattan remains the borough with the highest sales price; however, the average sales price declined 2 percent, to \$2.07 million, because higher priced new home sales were a smaller share of overall home sales. During the 12 months ending September 2021,

continued on page 4

continued from page 3

new home sales in Manhattan accounted for 17 percent of all home sales in the borough, down from 24 percent of all home sales during the same period a year earlier.

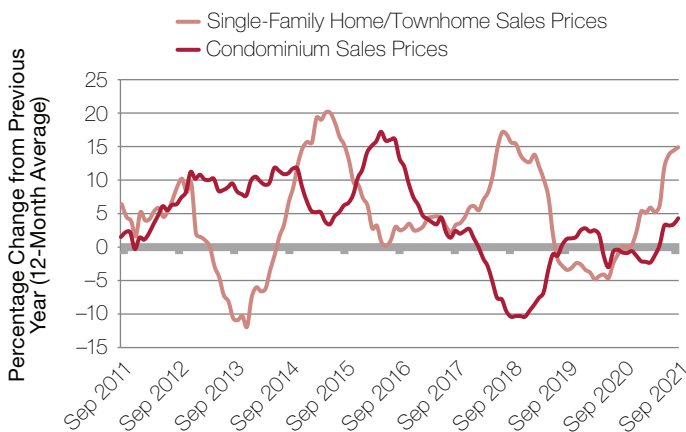
Sales of single-family homes, townhomes, and condominiums increased significantly since mid-2021 in New York City compared with a year earlier.



Note: Includes new and existing homes.

Source: Zonda

During the 12 months ending September 2021, the average sales price of single-family homes and townhomes in New York City increased 15 percent compared with a year earlier, whereas the average price of condominiums rose 4 percent.



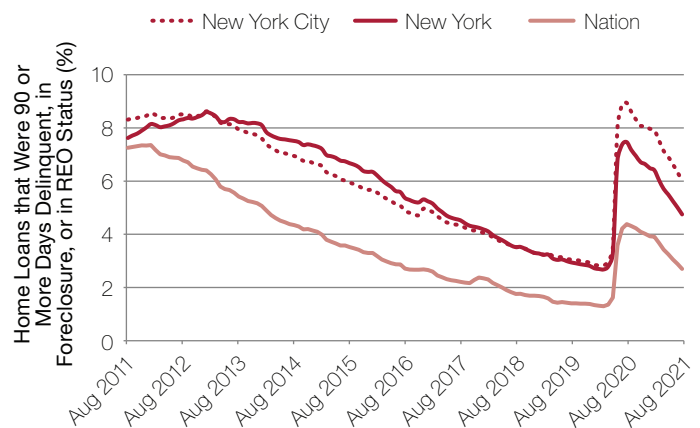
Note: Includes new and existing homes.

Source: Zonda

In August 2021, 6.0 percent of home loans in NYC were seriously delinquent or had transitioned into real estate owned (REO) status, down from 8.9 percent in August 2020 (CoreLogic, Inc.). The rate increased from 2.8 percent in March 2020 to 8.9 percent in August 2020 due to a more-than-five-fold increase in the number

of home loans that were 90 or more days delinquent. The increase in the rate during this period was largely attributed to households being unable to make their mortgage payments because of elevated unemployment rates. When the economy began to improve, however, job growth accelerated, the unemployment rate declined, and more households became current on their mortgage payments. As a result, the number of home loans that were 90 or more days delinquent has decreased 36 percent since August 2020, and the rate of homes that are seriously delinquent or have transitioned into REO status has declined in each of the past 12 months. Despite the recent decline, the rate in NYC is higher than the state and national rates of 4.7 and 2.7 percent, respectively. In NYC, the current rates range from 3.0 percent in Manhattan to 8.0 percent in the Bronx.

The rate of seriously delinquent mortgages and REO properties in New York City increased significantly from April 2020 through August 2020 but has steadily declined since September 2020.



REO = real estate owned.

Source: CoreLogic, Inc.

During the 12 months ending September 2021 —

- Approximately 14,100 new and existing single-family homes and townhomes were sold in NYC, an increase of 5,525 homes, or 65 percent, compared with the same period a year earlier (Zonda). By comparison, home sales declined an average of 23 percent annually in corresponding periods during 2019 and 2020.
- The average sales price of new and existing single-family homes and townhomes reached a new peak of \$905,100, up 15 percent compared with the average price during the same period a year earlier. By comparison, during the 12 months ending September 2020, the average sales price was relatively unchanged compared with the same period a year earlier.
- Sales of new and existing condominiums increased by 5,300 units, or 64 percent, to 13,600 units sold, which was an

continued on page 5

continued from page 4

all-time peak. The average sales price of new and existing condominiums rose 4 percent, to \$1.46 million, compared with a 1-percent decline during the same period a year earlier.

- The average sales price of condominiums has typically been higher than the average price of single-family homes and townhomes in NYC, which is largely due to condominiums being primarily in Manhattan and Brooklyn, where the combined average home sales price is more than double the average in the remainder of NYC. Since 2010, approximately 78 percent of all condominium sales in NYC were in Manhattan and Brooklyn, compared with approximately 26 percent of all single-family home and townhome sales.

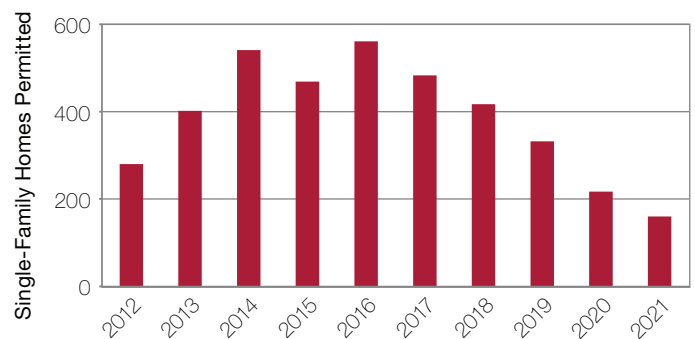
Despite strong increases in home sales, single-family construction activity, as measured by the number of homes permitted, has declined during the past year, especially during the third quarter of 2021. This trend is largely attributed to building material prices rising at a rapid pace. From September 2020 to September 2021, the price of inputs to residential construction rose 17.2 percent, compared with an average 2.1-percent annual increase from 2010 through 2019 (Bureau of Labor Statistics). Condominium construction activity has slowed since 2019, compared with strong construction activity from 2014 through 2018.

- During the 12 months ending September 2021, single-family construction activity in NYC totaled approximately 200 homes, down 13 percent compared with the 230 homes permitted during the same period a year earlier (preliminary data). Single-family homebuilding during the third quarter of 2021 was down 60 percent, to approximately 25 homes permitted, which was the lowest level of construction activity in any quarter in more than 20 years.
- Single-family homebuilding activity in NYC has typically been mostly in Queens and Staten Island, which is largely attributed

to a lack of developable land in the other boroughs. From 2010 to 2020, approximately 89 percent of all single-family homes permitted in NYC were in the boroughs of Queens and Staten Island, up slightly from 86 percent of all homes permitted from 2000 through 2009.

- Since 2019, an average of 1,175 condominium units were permitted annually, down 53 percent compared with the average of 2,475 units permitted annually from 2014 through 2018. Recent condominium construction activity includes The Vandewater, a 183-unit condominium building in the Upper West Side neighborhood of Manhattan that was completed in early 2021; prices for these newly constructed studio, one-bedroom, two-bedroom, three-bedroom, and four-bedroom units start at \$940,000, \$1.17 million, \$1.78 million, \$2.59 million, and \$3.70 million, respectively.

Single-family permitting activity in New York City has generally slowed since reaching a 10-year peak in 2016.



Note: Includes preliminary data from January 2021 through September 2021.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

The apartment market in NYC is currently slightly tight, unchanged compared with conditions in 2010. The apartment vacancy rate more than doubled from the first quarter of 2020 to the first quarter of 2021, which is largely attributed to strong net out-migration from the city. The rate has since declined, however, as the pace of people moving into the city has accelerated.

During the third quarter of 2021 —

- The apartment vacancy rate in NYC was 3.5 percent, up slightly from the 3.4-percent rate during the same period a year earlier (RealPage, Inc.). The apartment vacancy rate increased from a 10-year low rate of 2.1 percent during the first quarter of 2020 to 4.8 percent during the first quarter of 2021 but has decreased in each of the past two quarters.
- In Manhattan, the vacancy rate was 3.5 percent, down slightly from 3.7 percent during the third quarter of 2020 but higher than the 2.1-percent rate during the third quarter of 2019,

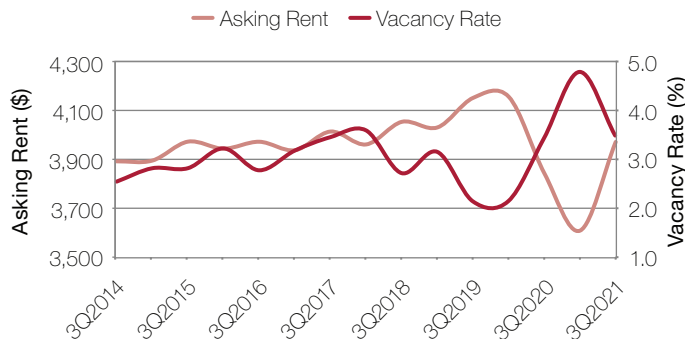
which was the lowest third quarter rate in more than 10 years. Vacancy rates declined in five of the eight RealPage, Inc.-defined market areas (hereafter, market areas) that make up Manhattan, led by a 3.3-percentage-point decrease, to 2.3 percent, in the Lower East Side market area.

- The vacancy rates in Brooklyn and Queens were 3.4 and 3.1 percent, up from 2.3 and 2.8 percent during the third quarter of 2020, respectively. In Staten Island, the vacancy rate was unchanged, at 7.7 percent, whereas the Bronx had no vacant units at any of the apartment communities surveyed by RealPage, Inc., compared with only one vacant unit during the third quarter of 2020.
- The average asking rent in NYC rose 3 percent, to \$3,971, compared with a 7-percent decline during the same period a year earlier. Average rents were up or relatively unchanged in all five boroughs, led by 3-percent increases in Manhattan and Staten Island.

continued on page 6

continued from page 5

Compared with a year ago, the vacancy rate in New York City is little changed, whereas the average rent is up.



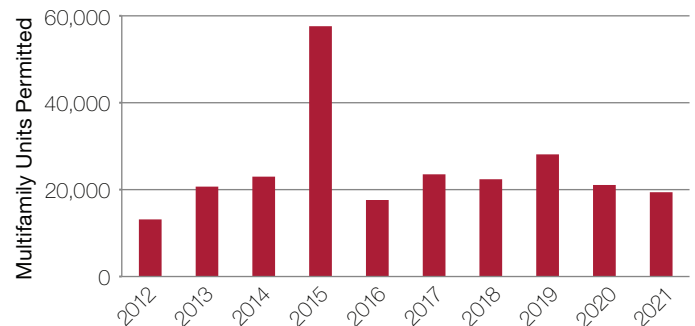
3Q = third quarter. YoY = year-over-year.
Source: RealPage, Inc.

Similar to single-family construction activity, multifamily construction activity in NYC, as measured by the number of units permitted, has declined during the past year. Construction activity has been relatively strong since 2013, however, which is largely attributed to the steady absorption of newly constructed apartments. Building activity spiked during 2015, primarily because developers took advantage of a multifamily property tax exemption before it originally lapsed in January 2016. The program was renewed in April 2017, however, and remains in effect.

- During the 12 months ending September 2021, approximately 21,300 multifamily units were permitted, down 17 percent compared with the 12 months ending September 2020 (preliminary data, with adjustments by the analyst). By comparison, multifamily building activity rose an average of 7 percent annually in corresponding periods during 2019 and 2020.

- Since 2013, an average of 26,650 multifamily units were permitted annually, ranging from 17,600 units permitted during 2016 to 57,600 units permitted during 2015. By comparison, from 2010 through 2012, an average of 11,500 multifamily units were permitted annually.
- Since 2009, approximately 7 percent of all multifamily units permitted were for condominiums, compared with 17 percent of all multifamily units permitted from 2004 through 2008.
- Recent construction activity includes the 394 apartment units at 5241 Center Blvd. in Queens, which opened in mid-2021. Rents for these newly constructed one- and two-bedroom apartments start at \$3,100 and \$4,550, respectively.
- In Manhattan, construction of The Smile, a 233-unit apartment community in the Harlem market area, was completed in mid-2021. Rents for the market-rate studio, one-bedroom, and two-bedroom apartments at this community start at \$2,650, \$2,825, and \$4,425, respectively.

Multifamily building activity in New York City has been strong since 2013, especially during 2015.



Note: Includes preliminary data from January 2021 through September 2021.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst