Rochester, New York

The Rochester metropolitan area consists of Livingston, Monroe, Ontario, Orleans, and Wayne Counties, located in the Finger Lakes region of Upstate New York. As of April 1, 2009, the population of the metropolitan area is estimated at 1 million; the population is estimated to have declined by 0.2 percent since 2000, primarily as a result of net out-migration. Only Ontario County, a predominantly rural county, recorded population growth, with an average annual increase of less than 0.5 percent since 2000. This growth was concentrated in the northwestern part of the county due to its proximity to the New York State Thruway, which facilitates commutation to major employment centers in Monroe County.

The Rochester metropolitan area is known as a center of high-technology manufacturing. The local economy is dominated by three large manufacturing firms, including Eastman Kodak Company, Xerox Corporation, and Bausch & Lomb, Inc., which employ approximately 9,200, 7,600, and 1,700 people, respectively. Employment in the manufacturing sector has been declining for a long time and has decreased steadily since 1998. Compared with New York State, the Rochester metropolitan area remains highly dependent on manufacturing, which constitutes nearly 15 percent of total nonfarm employment versus a statewide ratio of only about 6 percent.

Despite the national recession, the metropolitan area has experienced net job growth during the past 2 years. During the 12-month period ending March 2009, total nonfarm employment increased by 1,900 jobs, or 0.4 percent, to 517,000 jobs. The most significant job growth occurred in the education and health services and the professional and business services sectors, where employment increased by 3,100 and 1,350 jobs, respectively. These gains were partially offset by 3- and 4-percent declines in the information and manufacturing sectors, where a total of 3,200 jobs were lost. Although employment in the manufacturing sector continued to decline, an increase in defense contracting resulted in employment growth in the computer and electronic production manufacturing industry, which added 300 jobs and increased by 3 percent to 9,100 jobs. During the 12-month period ending March 2009, the average unemployment rate increased to 6.3 percent from the 4.8-percent rate recorded during the previous 12-month period.

Weak economic conditions coupled with more stringent lending conditions have affected the sales housing market, which is currently soft. According to the Greater Rochester Association of REALTORS®, during the first quarter of 2009, existing home sales totaled 1,450 units, a 22-percent decline compared with the number of existing homes sold during the first quarter of 2008. In the city of Rochester, the number of existing homes sold in the first quarter of 2009 declined 18 percent to 280. During this period, the total number of homes sold in Monroe County, which accounts for more than 70 percent of the total sales in the metropolitan area, declined by 21 percent to 1,065. Despite fewer sales, the current unsold inventory of properties on the market remained stable, at 9,125 units, but the median price of an existing home decreased by 3 percent, from $108,750 to $105,000.

Declining home sales prompted builders to reduce the level of new home construction. During the 12 months ending March 2009, total housing (single-family and multifamily) construction activity, as measured by the number of units permitted, totaled 1,040 units, an 11-percent decline compared with the number of permits issued during the same period a year ago. During the most recent 12-month period, the number of single-family permits issued declined by 16 percent to 880. Single-family construction activity peaked in 2003, when permits were issued for 2,625 homes, and then declined for the next 4 years, averaging 2,060 homes a year through 2007. A negligible amount of multifamily development has occurred in the past few years. During the 12 months ending March 2009, only 160 multifamily units were permitted. Like single-family housing, multi-family housing construction peaked in 2003, at 800 units, and then declined each year since then, averaging 435 units annually for the subsequent 4 years. According to the McGraw-Hill Construction Pipeline database, approximately 770 multifamily units are currently under construction in the metropolitan area. Of this total, approximately 500 units, or nearly 65 percent, consist of townhomes and condominiums, primarily in Monroe and Ontario Counties.

During the first quarter of 2009, rental housing market conditions in the Rochester metropolitan area became more balanced but remain moderately tight. According to Reis, Inc., the apartment vacancy rate increased to 4.5 percent in the first quarter of 2009, up from 3.9 percent in the first quarter of 2008. Despite an increase in vacancies, in the first quarter of 2009, the average apartment asking rent in the metropolitan area was $750 a month, a 2-percent increase compared with the average asking rent recorded during the same quarter last year. During the fourth quarter of 2008, [the most recent data available], average monthly apartment asking rents ranged from $671 for a one-bedroom unit to $1,064 for a three-bedroom unit.