The following summary of the New York/New Jersey region’s housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development’s (HUD’s) field offices. The report provides overviews of economic and housing market trends within the New York/New Jersey region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD’s programs.

After 2 years of job losses, economic conditions in the New York/New Jersey region improved during the past year, although most hiring was concentrated in New York City (NYC). During the 12 months ending March 2011, nonfarm payrolls increased by 25,800 jobs, or 0.2 percent, to 12.4 million, a significant improvement compared with the loss of 370,600 jobs, or 2.9 percent, during the previous 12 months. The increase of 43,350 jobs, or 0.5 percent, in New York State was offset by the loss of 17,550 jobs, or 0.5 percent, in New Jersey. Total nonfarm payrolls averaged 8.6 million jobs in New York and 3.9 million in New Jersey. Employment in NYC increased by 36,300, or 1.0 percent, to more than 3.7 million jobs.

Job growth in the New York/New Jersey region was strongest in the education and health services, professional and business services, and leisure and hospitality sectors. An increase of 46,350 jobs, or 2.0 percent, was recorded in the education and health services sector, with gains of 38,900 jobs, or 2.3 percent, in New York and nearly 7,500 jobs, or 1.2 percent, in New Jersey. The professional and business services sector increased by 26,500 jobs, or 1.6 percent, in the region primarily because of hiring in NYC, which added 16,350 jobs, or 2.9 percent. The leisure and hospitality sector expanded by 24,950 jobs, a 2.4-percent increase, with additions of 22,050 and 2,900 jobs, or increases of 3.1 and 0.9 percent, in New York and New Jersey, respectively. After 3 years of declining payrolls, the financial activities sector of NYC recorded an increase of 2,400 jobs, or 0.6 percent, a significant improvement compared with the loss of 30,750 jobs, or 6.7 percent, during the previous 12 months. In NYC, the sector with the largest increase in payrolls was education and health services, which added 19,500 jobs, or 2.6 percent. During the 12 months ending March 2011, the construction and manufacturing sectors declined by 20,600 and 16,200 jobs, or 4.6 and 2.2 percent, respectively, which reflects a significant improvement compared with the declines of 60,500
and 85,100 jobs, or 11.8 and 10.5 percent, respectively, recorded during the previous 12 months. The Newark metropolitan area, which lost 9,975 jobs, or 1.0 percent, recorded the largest payroll decline in the region, largely because of losses in the government sector. During the 12 months ending March 2011, the unemployment rate in the New York/New Jersey region averaged 8.7 percent, down slightly from the 9.0-percent rate recorded during the previous 12 months. The average unemployment rate declined from 8.7 to 8.3 percent in New York and from 9.5 to 9.3 percent in New Jersey.

As the economy improved, most sales housing markets in the New York/New Jersey region show signs of strengthening but remain slightly soft. According to the NATIONAL ASSOCIATION OF REALTORS®, home sales in the region during 2010 (the latest information available) declined by 17,100 homes, or 5 percent, from 2009 to a seasonally adjusted annual rate of 352,000 homes sold. According to LPS Applied Analytics, during March 2011, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region increased to 8.6 percent compared with 8.4 percent a year earlier. The rate in New Jersey rose from 9.3 to 9.7 percent, but in New York it remained unchanged at 7.8 percent.

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According to data from the New York State Association of REALTORS®, during the 12 months ending March 2011, the number of existing single-family home sales in the state (excluding parts of NYC) declined by 8 percent, to 74,150 homes, compared with the number sold during the same period a year earlier. The median price of an existing home increased 3 percent to $215,000. Most Upstate New York metropolitan areas reported declining sales and moderate price increases. According to the Greater Capital and Greater Rochester Associations of REALTORS®, in the Albany-Schenectady-Troy and Rochester metropolitan areas, home sales were down 11 percent to 7,400 and 9 percent to 9,950, respectively. The median sales price rose by 2 percent in the Rochester metropolitan area, increasing to $114,900, and remained unchanged at $175,000 in the Albany metropolitan area. According to the Buffalo Niagara Association of REALTORS®, during the 12 months ending February 2011, home sales declined by 13 percent to 8,625 homes sold and the median sales price increased by 5 percent to $105,000.

The NYC home sales market is balanced, although prices have continued to decline in Manhattan. Prudential Douglas Elliman Real Estate reported that, during the 12 months
ending March 2011, existing condominium and cooperative unit sales in Manhattan, Brooklyn, and Queens increased 6 percent to 29,900 units compared with the number sold during the 12 months ending March 2010. The average sales price rose by 10 percent to $789,000, and the average number of days a home remained on the market declined by 22 days to 111 days, which is 12 days fewer than the average of 123 days recorded during the 12 months ending March 2009. During the past year, home sales increased 17 percent to 10,100 in Manhattan and rose by 6 percent to 7,650 in Brooklyn, while sales declined 1 percent to 12,150 in Queens. The current level of home sales in Manhattan is 5 percent higher than the average annual rate of 9,575 homes sold from 2006 through 2010. In Manhattan, the median price declined approximately 10 percent a year during the past 2 years to $782,100 in March 2011. The median price increased by 2 percent, to $475,000, in Brooklyn, and by 1 percent, to $350,000, in Queens.

In New Jersey, home sales markets are slightly soft. Home sales declined in 2010 and home prices remained relatively flat in most areas. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold declined by nearly 5 percent, down from 115,300 homes sold in 2009 to 110,000 homes sold during 2010 (the latest data available). During 2010, the median sales price in New Jersey remained nearly unchanged at $304,000. All three regions of the state reported decreased home sales, with declines in Southern, Central, and Northern New Jersey of 11, 3, and 2 percent, to 27,400, 29,200, and 53,400, respectively. In Southern New Jersey, the median price increased by nearly 2 percent to $207,400, but median prices remained unchanged at $370,000 and $314,900 in Northern and Central New Jersey, respectively.

As economic conditions in the New York/New Jersey region showed signs of improving, builders increased multifamily construction, but single-family homebuilding declined slightly. During the 12 months ending March 2011, multifamily building activity, as measured by the number of units permitted, increased by 34 percent to 15,150 units compared with a 74-percent decrease during the previous 12 months, based on preliminary data. During the past 12 months, apartments accounted for approximately 80 percent of permitting activity in the region, up from 70 percent during the 2000s. In New York, the number of multifamily units permitted increased by 2,025 units, or 28 percent, to 9,125 units from a year earlier. In New Jersey, the number of multifamily units permitted increased by 1,850, or 45 percent, to about 6,025 units, a significant improvement compared with the 55-percent decline that occurred a year earlier. For comparison, from 2006 through 2008, the number of multifamily units permitted annually averaged 36,750 units in New York and 12,900 units in New Jersey. During the 12 months ending March 2010, based on preliminary data, the number of single-family homes permitted in the region decreased by approximately 4 percent to 13,150 homes compared with an 11-percent decline recorded during the same period a year earlier. The current level of single-family permitting remains well below the 47,200 homes permitted in the region from 2000 through 2005. Single-family home construction decreased by 150, or 2 percent, to 5,975 homes in New York and by 440, or 6 percent, to 7,175 homes in New Jersey.

As of the first quarter of 2011, most rental markets in the region were tight, with declining vacancy rates and rising rents. According to Reis, Inc., in the first quarter of 2011, the apartment vacancy rate in NYC remained unchanged at 2.8 percent compared with the rate recorded a year earlier. During the first quarter of 2011, the average asking rent increased by more than 4 percent to $2,875. In Long Island, the vacancy rate declined slightly from 3.8 to 3.7 percent; rents increased by 3 percent to $1,560. The Westchester market tightened as the vacancy rate declined from 4.8 to 3.7 percent, and rents increased by less than 1 percent to $1,855. The Rochester metropolitan area rental market tightened, as the vacancy rate decreased from 5.1 to 3.8 percent, and the average rent increased more than 3 percent to $780. In the Syracuse metropolitan area, the vacancy rate declined from 4.8 to 3.7 percent, and the average rent increased by more than 1 percent to $780. In the Buffalo metropolitan area market tightened as the vacancy rate decreased from 5.0 to 4.2 percent, and the average rent increased 1 percent to nearly $740. In Central New Jersey, the vacancy rate declined from 4.1 to 3.7 percent, and the average rent increased by more than 1 percent to $1,160. In Northern New Jersey, the vacancy rate decreased from 5.3 to 4.7 percent, and the average rent increased by 2 percent to nearly $1,520.