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.

Economic conditions improved in the New York/New Jersey region during the 12 months ending March 2012. Nonfarm payrolls totaled nearly 12.6 million jobs, an increase of 139,400 jobs, or 1.1 percent, from a year ago. In New York, which accounted for nearly 86 percent of the job growth, payrolls increased by 119,300 jobs, or 1.4 percent, to an average of 8.7 million jobs. New Jersey payrolls increased by 20,200 jobs, or 0.5 percent, to an average of nearly 3.9 million jobs. In New York City (NYC), nonfarm payrolls increased by 71,050 jobs, or 1.9 percent, to 3.8 million jobs. The professional and business services, education and health services, and leisure and hospitality sectors reported the largest nonfarm payroll job gains in the region. The professional and business services sector added 53,200 jobs, a 3.1-percent increase, with gains of 41,400 jobs, or 3.7 percent, in New York and 11,800 jobs, or 2.0 percent, in New Jersey. The education and health services sector recorded an increase of 43,400 jobs, or 1.9 percent, in the region and registered the largest nonfarm payroll increase among all sectors in New Jersey with a gain of 14,350 jobs, or 2.4 percent. The leisure and hospitality sector expanded by 30,250 jobs, a 2.8-percent increase, adding 28,450 and 1,800 jobs, 3.8- and 0.5-percent increases, in New York and New Jersey, respectively. According to NYC & Company, the official marketing, tourism, and partnership organization of NYC, the number of leisure travelers to NYC during 2011 increased 3.5 percent, from 48.8 million to a record 50.5 million, compared with a 7-percent increase during 2010. As a result, the leisure and hospitality sector in NYC increased by 18,050 jobs, or 5.5 percent. The financial activities sector increased by 11,150 jobs, or 2.6 percent, after losing 39,050 jobs from 2008 through 2010.

The government and manufacturing sectors lost jobs during the 12 months ending March 2012. The government sector declined by 29,100 jobs, or 1.4 percent, with budget cuts that began in the summer of 2010, causing...
the number of condominiums and cooperatives sold during the previous 12 months. During the past year, increased slightly, to 130, 19 days more than the average number of days a home remained on the market are significantly less expensive than in Manhattan. The in the number of homes sold in Queens, where homes decreased more than 10 percent, to 26,900 homes, compared with a 4-percent decline recorded during the previous 12 months. The number of single-family homes permitted during the past 12 months represented slightly more than 50 percent of the annual average level of 23,000 units increased in both states, however. According to preliminary data, during the 12 months ending March 2012, the number of single-family homes permitted in the region decreased 12 percent, to 11,650 homes, compared with a 4-percent decline recorded during the previous 12 months. The number of single-family homes permitted during the past 12 months represented slightly more than 50 percent of the annual average level of 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 630, or 11 percent, to 5,325 homes permitted in New York and by 930, or 13 percent, to 6,325 homes permitted in New Jersey. According to preliminary data, multifamily building activity, as measured by the number of units permitted, increased by 4,950, or 32 percent, to 20,200

In New Jersey, home sales markets are currently soft. Market conditions were softer during 2011 than during 2010 because of declining home sales and prices. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during 2011 [the most recent information available] decreased by 5,000, or 6 percent, to 79,400 homes sold compared with sales during 2010. The median home sales price in New Jersey decreased nearly 8 percent, to $276,900. All three regions of the state reported a decreased number of home sales, with declines of approximately 6 percent each in Southern, Central, and Northern New Jersey, to 19,800, 21,100, and 38,500 homes sold, respectively. Median sales prices declined nearly 9 percent, to $191,200, in Southern New Jersey; more than 11 percent, to $282,400, in Central New Jersey; and slightly less than 7 percent, to $331,200, in Northern New Jersey.

According to LPS Applied Analytics, in March 2012, the number of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 35,450, or 14 percent, to 282,000 loans compared with the number of distressed loans in March 2011. In March 2012, this total represented 9.9 percent of all home loans compared with the 8.6-percent rate of a year earlier. The rate rose from 9.7 to 11.5 percent in New Jersey and from 7.8 to 8.9 percent in New York. Both rates are above the national average of 7.8 percent.

Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding. Construction of multifamily units increased in both states, however. According to preliminary data, during the 12 months ending March 2012, the number of single-family homes permitted in the region decreased 12 percent, to 11,650 homes, compared with a 4-percent decline recorded during the previous 12 months. The number of single-family homes permitted during the past 12 months represented slightly more than 50 percent of the annual average level of 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 630, or 11 percent, to 5,325 homes permitted in New York and by 930, or 13 percent, to 6,325 homes permitted in New Jersey. According to preliminary data, multifamily building activity, as measured by the number of units permitted, increased by 4,950, or 32 percent, to 20,200
units permitted compared with a 35-percent increase during the previous 12 months. Nearly 80 percent of the increase in multifamily construction activity in the region occurred in New York, where permitting increased by 3,800 units, or 42 percent, to 13,000 units permitted. New Jersey multifamily permitting increased by 1,125 units, or 18 percent, to 7,200 units permitted, down from the 46-percent increase recorded during the previous 12 months. Based on data from the McGraw-Hill Construction Pipeline database, apartments accounted for nearly 80 percent of the 29,250 multifamily units under construction in the region and more than 97 percent of the 13,650 units being built in NYC.

Rental housing market conditions in the region were tighter in the first quarter of 2012 than they were a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and New Jersey, whereas NYC remained one of the tightest rental markets in the country. According to Reis, Inc., in the first quarter of 2012, the apartment vacancy rate in the Syracuse metropolitan area was 3.2 percent, down from the 3.7-percent rate recorded a year earlier, and the average asking rent increased nearly 2 percent, to $710. In the Buffalo metropolitan area, the apartment vacancy rate decreased from 4.2 to 3.4 percent, and the average rent increased 2 percent, to $750. In Northern New Jersey, the apartment vacancy rate decreased from 4.7 to 4.0 percent, and the average rent increased more than 2 percent, to $1,550. In Central New Jersey, the apartment vacancy rate declined from 3.7 to 3.0 percent, and the average rent increased nearly 2 percent, to $1,180. The apartment vacancy rate in NYC was 2.0 percent, down from the 2.7-percent rate recorded a year earlier, and the average asking rent increased nearly 3 percent, to $2,950. On Long Island, the vacancy rate declined from 3.7 to 3.3 percent, and the average rent increased nearly 3 percent, to $1,600.