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.

In the New York/New Jersey region, nonfarm payroll jobs increased for the third consecutive quarter but remain below the peak of more than 12.8 million jobs recorded during the third quarter of 2008. During the 12 months ending September 2011, nonfarm payrolls totaled nearly 12.5 million jobs, an increase of 66,700 jobs, or 0.5 percent, compared with a year ago. New York State, where payrolls increased to an average of 8.6 million jobs, accounted for the growth, adding 69,600 jobs, a 0.8-percent gain. Increases in New York State were partially offset by losses in New Jersey, which reported a 0.1-percent decrease, or 2,900 jobs lost, and where nonfarm payrolls averaged 3.8 million jobs. Conditions improved in New Jersey, with recent losses being far less than the decline of 69,800 jobs, or 1.8 percent, that occurred during the 12 months ending September 2010.

In New York City (NYC), nonfarm payrolls increased by 40,000 jobs, or 1.1 percent, to 3.7 million jobs during the 12 months ending September 2011.

The employment sectors with the largest nonfarm payroll job gains in the New York/New Jersey region during the 12 months ending September 2011 were education and health services, professional and business services, and leisure and hospitality. The education and health services sector recorded an increase of 49,000 jobs, or 2.1 percent, with gains of 40,300 jobs, or 2.4 percent, in New York and 8,700 jobs, or 1.4 percent, in New Jersey. The professional and business services sector gained 42,000 jobs, or 2.5 percent, in the region and registered the largest job increase among all sectors in New Jersey, with a gain of 9,500 jobs, or 1.6 percent. The leisure and hospitality sector expanded by 20,500 jobs, a 1.9-percent increase, adding 18,500 and 2,000 jobs, or 2.5 and 2.0 percent, in New York and New Jersey, respectively. In NYC, the sectors with the highest job growth were the education and health services sector, which increased by 21,500 jobs or 2.9 percent; the professional and business services sector, which increased by 20,200 jobs, or 3.5 percent; and the leisure and hospitality sector, which
increased by 8,200 jobs, or 2.6 percent. NYC accounted for 40 percent or more of the job growth in each of those sectors in the region.

Offsetting job gains in the region, the government and manufacturing sectors and the construction subsector lost the most jobs during the 12 months ending September 2011. The government sector declined by 52,600 jobs, or 2.4 percent, with decreases of 29,400 jobs, or 1.9 percent, in New York and 23,200 jobs, or 3.6 percent, in New Jersey, resulting from state and local government budget cuts that began in the summer of 2010. Job losses in the manufacturing sector and the construction subsector were less than one-fourth of the totals recorded a year ago, registering job declines of 10,500 and 8,600, or 1.5 and 2.0 percent, respectively, during the 12 months ending September 2011. The manufacturing sector recorded a 2.2-percent decrease, or 5,600 jobs, in New Jersey and a 1.1-percent decline, or 4,800 jobs, in New York. The construction subsector decreased by 6,900 jobs, or 2.2 percent, in New York and decreased by 1,700 jobs, or 1.3 percent, in New Jersey. During the 12 months ending September 2011, average unemployment rates declined from 9.0 to 8.5 percent for the region and from 8.7 to 8.1 percent and 9.6 to 9.3 percent in New York and New Jersey, respectively.

In the third quarter of 2011, sales housing markets in the region were softer than they were in the preceding quarter and the previous year. According to data from the New York State Association of REALTORS®; during the 12 months ending September 2011, the number of existing single-family home sales in the state (excluding parts of NYC) declined by 12 percent, to 70,700 homes, compared with the number sold during the same period a year earlier. During the 12 months ending September 2011, the median sales price of an existing home decreased by more than 3 percent to $220,000. The number of homes sold declined but sales prices were relatively stable in Upstate New York during the third quarter of 2011. The Greater Rochester Association of REALTORS® reported an 18-percent decline in sales, to 9,025 homes sold, and an unchanged median sales price of $123,000 in the Rochester metropolitan area during the 12 months ending September 2011. In the Albany-Schenectady-Troy metropolitan area, the Greater Capital Association of REALTORS® reported that home sales declined 15 percent to nearly 7,000 but that the median sales price increased by less than 1 percent to $187,000 during the 12 months ending September 2011. According to the Buffalo-Niagara Association of REALTORS®, during the 12 months ending September 2011, the number of homes sold declined by 8 percent to 8,325 homes and the median sales price decreased by more than 3 percent to $117,000.

The NYC home sales market was slightly soft during the third quarter of 2011, relatively unchanged compared with the market during the third quarter of 2010. Home sales prices increased in Brooklyn and Queens and the sales market stabilized in Manhattan and Brooklyn, although the number of homes sold fell significantly in Queens. Miller Samuel reported that, during the 12 months ending September 2011, the number of existing home sales in Manhattan, Brooklyn, and Queens decreased 12 percent to 28,650 units compared with the number sold during the 12 months ending September 2010. During the 12 months ending September 2011, the average sales price rose by more than 10 percent to $827,100 and the average number of days a home remained on the market increased slightly to 123, which is 5 days more than the average during the 12 months ending September 2010. During the past year, the number of condominiums and cooperatives sold increased nearly 2 percent to 10,450 in Manhattan but the median sales price declined less than 1 percent to $911,300. The current number of home sales in Manhattan is 9 percent less than the average annual rate of 11,500 homes sold in 2007 and 2008. Home sales increased by more than 3 percent to 8,000 homes sold in Brooklyn, where the median sales price increased by 5 percent to $510,000. In Queens, home sales declined nearly 30 percent to 10,200 in response to the expiration of the federal homeowner tax credit, and the median sales price increased by more than 8 percent to $385,000.

In New Jersey, home sales markets were soft during the second quarter of 2011 compared with markets during the previous quarter and the previous year because of the declining number of homes sold and decreasing home sales prices. According to data from the New Jersey Association of REALTORS®; the number of existing homes sold during the 12 months ending June 2011 (the latest information available) decreased by 27,700, or 22 percent, to 100,100 homes sold compared with the 127,800 sold during the previous 12 months. The median home sales price in New Jersey decreased by nearly 2 percent to $300,300. All three regions of the state reported a decreased number of home sales, with declines of 26 percent in Southern New Jersey and about 20 percent in both Central and Northern New Jersey, to 24,300, 26,500, and 49,300 homes sold, respectively. Median sales prices declined by 5 percent to $196,300 in Southern New Jersey and by nearly 2 percent in both Northern and Central New Jersey, to $366,100 and $309,800, respectively.

In September 2011, according to LPS Applied Analytics, 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 14,750, or 6.2 percent, to 252,500 compared with the number of distressed loans in September 2010. This level represents a rate of 8.9 percent of all loans in September 2011 compared with a rate of 8.3 percent a year earlier. The rates rose from 9.2 to 10.2 percent in New Jersey and from 7.6 to 8.0 percent in New York. In September 2011, the national rate was 7.7 percent.
Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding; however, construction of multifamily units increased in both states. During the 12 months ending September 2011, based on preliminary data, the number of single-family homes permitted in the region decreased by 14 percent to 14,000 homes compared with a 10-percent increase recorded during the same period a year earlier. The current number of single-family permits issued amounts to approximately 60 percent of the average annual 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 1,000, or 16 percent, to 5,375 homes permitted in New York and by 1,025, or 13 percent, to 6,625 homes permitted in New Jersey. During the 12 months ending September 2011, multifamily building activity, as measured by the number of units permitted, increased by 5,400, or 41 percent, to 18,550 units permitted compared with a 1-percent decrease during the previous 12 months, based on preliminary data. More than 90 percent of the increase in multifamily construction activity in the region occurred in New York, with an increase of 5,025 units permitted to a total of 12,400. New Jersey registered a 7-percent increase, or 390, to a total of 6,150 permits issued for multifamily units, down from the 13-percent increase recorded during the same period a year ago. As indicated by the McGraw-Hill Construction Pipeline database, apartments account for more than 80 percent of the 29,250 multifamily units under construction in the region, and 98 percent of the 11,900 units being built in NYC.

Rental housing market conditions in the region became tighter in the third quarter of 2011 compared with market conditions in the second quarter of 2011 and a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and New Jersey, and NYC remained one of the tightest rental markets in the country. According to Reis, Inc., in the third quarter of 2011, the apartment vacancy rate in NYC was 2.6 percent, down from the 3.6-percent rate recorded a year earlier, and the average asking rent increased by more than 3 percent to $2,940. On Long Island, the vacancy rate declined from 3.9 to 3.5 percent and rents increased by nearly 3 percent to $1,590. The rental housing market tightened in the Syracuse metropolitan area, with the vacancy rate declining from 4.6 to 3.3 percent; the average rent increased slightly more than 2 percent to slightly more than $700. In the Buffalo metropolitan area, the vacancy rate decreased from 5.0 to 4.1 percent and the average rent increased by 2 percent to $750. In Northern New Jersey, the vacancy rate decreased from 4.8 to 4.3 percent and the average rent increased by more than 2 percent to $1,530. In Central New Jersey, the vacancy rate declined from 4.1 to 3.4 percent and the average rent increased by nearly 2 percent to $1,175.