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 in the New York/New Jersey region have continued to improve since early 2011. During the 12 months ending September 2012, nonfarm payrolls totaled nearly 12.67 million jobs, an increase of 162,900 jobs, or 1.3 percent, from a year ago. In New York, which accounted for nearly three-quarters of the job growth in the region, nonfarm payrolls increased by 120,600 jobs, or 1.4 percent, to an average of 8.78 million jobs. New Jersey nonfarm payrolls increased by 42,300 jobs, or 1.1 percent, to an average of nearly 3.89 million jobs. In New York City (NYC), nonfarm payrolls increased by 120,600 jobs, or 1.4 percent, to an average of 3.84 million jobs. Job gains in NYC were led by the professional and business services sector, the leisure and hospitality sector, and the retail trade subsector, which increased by 30,750, 16,050, and 12,650 jobs, or 5.2, 4.8, and 4.1 percent, respectively. The largest nonfarm payroll job gains in the region occurred in the professional and business services, education and health services, and leisure and hospitality sectors. The professional and business services sector added 57,800 jobs, a 3.4-percent increase, with gains of 50,950 jobs, or 4.5 percent, in New York and 6,850 jobs, or 1.1 percent, in New Jersey. The education and health services sector in the region recorded an increase of 55,700 jobs, or 2.4 percent; it registered the largest nonfarm payroll increase among all sectors in New Jersey, gaining 22,900 jobs, or 3.8 percent, and it increased by 32,800 jobs, or 1.9 percent, in New York. In the region, the leisure and hospitality sector increased by 29,600 jobs, or 2.7 percent, adding 21,850 and 7,750 jobs, 2.9- and 2.3-percent increases, in New York and New Jersey, respectively.

Job losses accelerated in the information sector in the region during the 12 months ending September 2012, recording a decline of 10,300 jobs, or 3.1 percent, compared with a loss of 1,925 jobs, or 0.6 percent, a year earlier. Conversely, job losses slowed significantly in the government sector because of decreased retirements and fewer
Federal and state government subsector payrolls continued to increase by 4,750 jobs, or 0.3 percent, compared with a decline of 52,100 jobs, or 2.4 percent, during the previous 12 months, when the local government subsector accounted for 61 percent of total government payroll declines. During the 12 months ending September 2012, local government subsector payrolls increased by 4,750 jobs, or 0.3 percent, compared with a decline of 31,900 jobs, or 2.0 percent, a year ago. Federal and state government subsector payrolls continued to decline during the past year. During the 12 months ending September 2012, the government sector lost 2,925 jobs, or 0.1 percent, compared with a decline of 52,100 jobs, or 2.4 percent, during the previous 12 months, when the local government subsector accounted for 61 percent of total government payroll declines. During the 12 months ending September 2012, local government subsector payrolls increased by 4,750 jobs, or 0.3 percent, compared with a decline of 31,900 jobs, or 2.0 percent, a year ago.

In the third quarter of 2012, sales housing markets in New York/New Jersey tightened but remain soft. According to data from the New Jersey Association of REALTORS®, during the 12 months ending September 2012, existing home sales in the state (excluding parts of NYC) increased nearly 6 percent, to 91,150 homes sold, and the median home sales price increased more than 4 percent, to $224,500, compared with the price a year ago. In Upstate New York, the number of home sales and average home prices increased during the third quarter of 2012. According to the Greater Rochester Association of REALTORS®, during the 12 months ending September 2012, home sales in the Rochester metropolitan area increased 8 percent, to 9,750 homes sold, and the median home sales price increased more than 8 percent, to $133,000. The Greater Capital Association of REALTORS® reported that, during the 12 months ending September 2012, home sales in the Albany-Schenectady-Troy metropolitan area increased nearly 10 percent, to 7,825 homes sold, and the median home sales price increased more than 1 percent, to $190,000. According to the Buffalo Niagara Association of REALTORS®, during the 12 months ending August 2012, the number of homes sold in the Buffalo metropolitan area increased 8 percent, to 9,225 homes sold, and the median home sales price increased slightly more than 7 percent, to $128,750.

The NYC home sales market remained somewhat soft during the third quarter of 2012. The Real Estate Board of New York reported that, during the 12 months ending September 2012, the number of existing home sales in NYC decreased 2 percent, to 37,500 homes, and the median home sales price rose 1 percent, to $497,000, from a year ago. During the past year, the number of condominiums and cooperatives sold in Manhattan increased 2 percent, to 12,100 homes, and the median home sales price increased nearly 2 percent, to $840,000. During the same period, Staten Island recorded the largest decline in home sales, decreasing by 540 homes, or more than 19 percent, to 2,250 homes sold, but the median home sales price increased 2 percent, to $380,000. The largest increase in median home sales prices during the past year occurred in Brooklyn, with prices up $20,000, or 4 percent, to $510,000. During the same period, home sales in Brooklyn declined slightly more than 1 percent, to 9,500 homes.

In New Jersey, home sales markets currently are soft. After 5 years of declining sales and prices, conditions began to stabilize during the past 12 months. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending June 2012 (the most recent data available) increased by 1,000 homes, or 1 percent, to 83,200 homes sold compared with the number sold a year earlier. Home sales in Southern and Central New Jersey increased 5 and 3 percent, to 21,000 and 22,400 homes sold, respectively, but homes sales in Northern New Jersey declined 2 percent, to 39,800 homes. During the second quarter of 2012, the median home sales price in New Jersey decreased 2 percent, to $292,700, compared with prices a year ago. Median home sales price trends varied in the state: prices declined 3 percent, to $357,900, in Northern New Jersey; declined 1 percent, to $299,100, in Central New Jersey; and increased nearly 1 percent, to $197,600, in Southern New Jersey.

According to LPS Applied Analytics, 10.3 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) as of September 2012, up from 9.9 percent a year ago. The rate rose from 10.2 to 12.0 percent in New Jersey and from 8.0 to 9.2 percent in New York. The share of distressed mortgages increased in New York and New Jersey, which are judicial foreclosure states, because of a backlog in the court systems.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased slightly during the past year in response to improving sales housing markets in the New York/New Jersey region. According to preliminary data, during the 12 months ending August 2012, the number of single-family homes permitted in the region increased 1 percent, to 12,400 homes, compared with the 13-percent decline recorded during the previous 12 months. The number of single-family homes permitted during the past 12 months represented less than 54 percent of the average level of 23,000 homes permitted annually in the region from 2007 through 2009. Single-family home construction increased by 75 homes, or 1 percent, to 5,575 homes permitted in New York and by 75 homes, or 1 percent, to 6,850 homes permitted in New Jersey. Multifamily building activity, as measured by the number of units permitted, increased in the region by 3,200 units, or 18 percent, to 21,450 units permitted compared with the 38-percent increase recorded during the previous 12 months, according to preliminary data. More than 90 percent of the increase in multifamily construction activity in the region occurred in New Jersey, where the number of units permitted increased by 2,900, or 47 percent, to 9,050 units permitted. In New York, the number of multifamily units permitted increased by 300, or 3 percent, to 12,400 units.
permitted, down from the nearly 60-percent increase recorded during the previous 12 months. The number of multifamily units permitted during the past 12 months represented only 43 percent of the average level of 50,500 units permitted annually in the region from 2005 through 2008. Based on data from the McGraw-Hill Construction Pipeline database, apartment construction accounted for nearly 75 percent of the 36,100 multifamily units under construction in the region and about 97 percent of the 17,350 units being built in NYC.

Rental housing market conditions in the New York/New Jersey region were tighter in the third quarter of 2012 than they were a year earlier, as indicated by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and in New Jersey, but NYC remained the tightest rental housing market in the country. According to Reis, Inc., in the third quarter of 2012, the apartment vacancy rate in the Syracuse metropolitan area was 2.6 percent, down from 3.3 percent a year earlier, and the average asking rent increased 3 percent, to $723. In the Buffalo metropolitan area, the apartment vacancy rate decreased from 4.1 to 3.4 percent, and the average rent increased nearly 2 percent, to $762. In Northern New Jersey, the apartment vacancy rate decreased from 4.3 to 3.8 percent, and the average rent increased 2 percent, to $1,568. In Central New Jersey, the apartment vacancy rate declined from 3.4 to 2.7 percent, and the average rent increased 3 percent, to $1,203. The apartment vacancy rate in NYC was 2.1 percent, down from 2.5 percent a year earlier, and the average asking rent increased nearly 4 percent, to $3,048. On Long Island, the vacancy rate declined from 3.5 to 3.4 percent, and the average rent increased nearly 3 percent, to $1,634.