New York City, New York

New York City (NYC), the financial center of the United States, encompasses the five counties of Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island). The population of the city, the largest in the nation, is estimated to be nearly 8.4 million as of January 2010. During 2009, the population increased by 23,550, or 0.3 percent, one-half the 0.6-percent rate of growth that occurred during 2008. Despite a significant amount of international immigration to NYC, there has been a net out-migration of approximately 15,000 people a year since 2004, partially because of the high cost of housing in the city.

Employment levels in NYC have declined during the past year, continuing a trend that started during the 12 months ending April 2009, when job losses began to offset job gains. During the 12 months ending November 2009, total nonfarm employment in the city declined by 81,175 jobs, or 2.1 percent, compared with employment levels during the previous year. These job losses indicate a significant reversal of the growth that occurred during the 12 months ending November 2008, when 55,700 jobs were added. The unemployment rate at that time was 5.3 percent; it has since increased to an average of 9 percent for the 12 months ending November 2009.

The education and health services sector is the largest employment sector, with nearly 20 percent of the jobs in the city, and includes the leading employer, New York-Presbyterian Healthcare System, with 28,900 employees. During the 12 months ending November 2009, the education and health services sector added nearly 17,700 jobs, an increase of 2.5 percent, compared with the number of jobs during the same period a year earlier. During the past decade, this sector has continued to expand, adding an average of more than 13,000 jobs annually since 2000.

Job gains in the education and health services sector have been more than offset by recent losses in several other sectors. The professional and business services and financial activities sectors together account for more than one-fourth of total employment in NYC and have registered more than 60 percent of the total job losses, or nearly 51,200 jobs, during the 12 months ending November 2009. Layoffs at securities, commodities, and investment firms totaled more than 20,000 employees. The leisure and hospitality sector also weakened during the past year, declining by 2,350 jobs, or 0.8 percent, compared with the number of jobs during the 12-month period ending November 2008, reflecting rates that are well below the average growth rate of more than 3 percent, recorded annually from 2003 through 2008. The weakened economy did not affect business and leisure travel to the city. Visitor spending in NYC totaled nearly $33.5 million in 2008 [the most recent data available], indicating an increase of 5 percent compared with spending in 2007, according to Tourism Economics, Inc.

As economic conditions in NYC have declined, builders have reduced construction of new homes. During the 12 months ending November 2009, based on preliminary building permit data, the number of single-family homes permitted decreased by 39 percent, to 310 units, compared with the number of new homes permitted during the previous 12-month period. Between 2006 and 2008, an average of 680 single-family homes were permitted each year, with more than 45 percent of the new units built in Staten Island. During the 12 months ending November 2009, multifamily construction activity, as measured by the number of units permitted, declined by 84 percent, to 5,725 units, compared with the number of permits issued during the same period in the previous year, based on preliminary data. Multifamily construction reached a peak during the 12 months ending June 2008, when 42,250 permits were issued. Condominium and co-op units accounted for approximately 20 percent of multi-family units built in NYC since 2000. Of all the newly constructed condominium and co-op units, more than 75 percent were located in Manhattan and nearly 20 percent were in Brooklyn.

Home sales market conditions in NYC are currently soft, reflecting the decline in economic growth. According to Prudential Douglas Elliman Real Estate, during the 12 months ending September 2009, the most recent data available, existing condominium and co-op home sales in Manhattan, Brooklyn, and Queens declined by 37 percent, to 23,000 units, compared with sales during the 12 months ending September 2008. During the same period, the average sales price declined by 9 percent, from $813,650 to $740,250. The average number of days a home remained on the market increased by 20 days to 140 days. In Manhattan, during the fourth quarter of 2009, the median sales price declined by 7 percent, to $630,000, for a co-op unit and by 11 percent, to $995,000, for a condominium unit. The median sales price for luxury homes in the top 10 percent of condominium and co-op sales decreased by 9 percent, to $3.7 million.

The NYC rental market is currently tight, but vacancy rates have risen slightly during 2009. According to
Reis, Inc., the apartment vacancy rate increased from 2.1 percent in the third quarter of 2008 to 2.9 percent in the third quarter of 2009. The highest rates of vacancy occurred in older units (built before 1970), which increased from 1.5 percent in the third quarter of 2008 to 3.6 percent. The vacancy rate for newer units (built since 2000) declined slightly from 3.3 to 2.8 percent.

The development of new apartment units in Manhattan exceeded the absorption of the units, while demand has kept pace with construction in the Bronx, Queens, and Brooklyn. In the third quarter of 2009, average rents increased by 5.4 percent, to $1,150, in the Bronx, and by 1 percent, to nearly $1,390, in Queens. Average rents in Brooklyn declined slightly, by 1 percent, to approximately $1,410. Rents declined throughout Manhattan, ranging from a decrease of 4.7 percent in the West Village (Downtown) and Midtown West areas to a nearly 12-percent decrease in the Upper West Side, where the average rent was $4,030. Average rents in downtown Manhattan were $3,790.

The New Housing Marketplace Plan (NHMP) has a 10-year goal to create 165,000 affordable housing units in the city by 2013. By May 2009, NYC had reached the halfway point of the goal by starting 82,500 affordable units. To date, more than 50,000 existing units have been preserved and at least 31,350 new units are under construction. Of the units financed, 70 percent are rental units and 30 percent are single-family homes and condominium units, and approximately 75 percent of all financed units have rents or purchase prices that are affordable to low-income families. Of the total units funded, approximately one-third are located in the Bronx and Manhattan, one-fourth are in Brooklyn, and the remainder are in Queens and Staten Island.