4th Quarter Activity

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.

Employment in the New York/New Jersey region declined by 304,500 jobs in 2009, or 2.4 percent, to 12.5 million, compared with 2008 employment levels. This loss reversed a growth trend that occurred from 2004 to 2008; in 2008, 40,300 jobs were added to the regional economy, a 0.3-percent annual increase. During 2009, however, average annual nonfarm employment in New York State decreased by 183,500 jobs, or 2.1 percent, to 8.6 million. In New Jersey, average annual nonfarm employment decreased by 121,000 jobs, or 3 percent, to 3.9 million.

Widespread job losses occurred in most sectors of the regional economy. In 2009, service-providing employment decreased by 191,900, or nearly 2 percent, to 11.3 million compared with employment in 2008. Losses ranging between 4 and 5 percent occurred in the professional and business services, financial activities, and information sectors, totaling 139,400 eliminated jobs in those sectors during 2009. Manufacturing employment declined by 65,000 jobs, or almost 8 percent, to 768,000. This decline affected both states, with New York losing 39,900 jobs and New Jersey losing 25,100 jobs, down 7.5 and 8.4 percent, respectively, from the number of jobs in 2008. The only significant employment growth occurred in the education and health services sector, which added 40,000 jobs, a 1.8-percent gain, up to nearly 2.3 million jobs.

Approximately 45 percent of the total job losses in New York State were due to declines in New York City employment. In 2009, average annual nonfarm employment in the city decreased by 83,000, or 2.2 percent, to 3.7 million jobs. In 2008, 46,400 jobs were created in the city, a 1.2-percent gain compared with the number of jobs in 2007. In 2009, employment losses were concentrated in the financial activities sector and professional and business services sector, which lost 29,200 and 24,100 jobs, or 6.3 and 4 percent, respectively. Those losses were primarily due to the restructuring of the financial and banking indus-
tries in the city. Manufacturing employment in the city declined in 2009 by 11,800 jobs, or 12 percent, to 83,800 jobs. The average annual unemployment rate in the New York/New Jersey region increased from 5.4 percent in 2008 to 8.6 percent in 2009. During this period, the unemployment rate in New York increased from 5.4 to 8.3 percent and in New Jersey from 5.5 to 9.0 percent. The unemployment rate in New York City increased from 5.5 to 9.2 percent.

Existing home sales have continued to decline in New York State since 2006, but they improved slightly in New Jersey during 2009. The New York State Association of REALTORS® reported a 3-percent decrease in single-family sales (excluding parts of New York City) from 79,700 homes in 2008 to 77,200 homes in 2009. In 2008, sales declined by 15,200 homes, or 16 percent. In 2009, the median price of an existing home in New York decreased nearly 7 percent to $199,000 compared with the median price in the previous year. According to the Greater Capital Association of REALTORS®, home sales in the Albany-Schenectady-Troy metropolitan area declined almost 5 percent to 8,000 homes in 2009, with nearly a 5-percent decrease in median price to $183,500 compared with prices in 2008. Existing home sales market conditions are becoming more balanced, with a current estimated supply of approximately 8 months. The Buffalo Niagara Association of REALTORS® reported that in 2009, home sales decreased 3 percent to 9,900 units compared with homes sales in 2008, but the median price increased 9 percent to $105,000. In 2009, the number of active property listings declined nearly 6 percent to an average of 5,275 units a month, reflecting the balanced sales market conditions. Sales market conditions were also balanced in the Rochester area. According to the Greater Rochester Association of REALTORS®, the 8,350 homes sold in 2009 was comparable to 2008 sales levels, but the median price of an existing home decreased approximately 1 percent to $116,000. According to RealtyTrac® Inc. statistics, the number of foreclosure filings in New York State increased less than 1 percent in 2009 compared with the number filed in 2008.

Prudential Douglas Elliman Real Estate reported that despite the effects of employment losses, condominium/co-op sales in Manhattan increased 8 percent to 2,475 units during the fourth quarter of 2009 compared with sales volume during the fourth quarter of 2008. As a result, the listing inventory declined 25 percent from 9,100 to 6,850 units during 2009. Although sales increased, time-on-the-market increased 28 percent, from 159 to 204 days, and units were closing at nearly 13 percent below the asking price compared with 7 percent below the asking price reported in the same quarter of 2008. During 2009, the median price of an existing condominium/co-op decreased 10 percent, to $810,000, from the median price during 2008.

Sales market conditions in New Jersey are soft. According to preliminary data from the New Jersey Association of REALTORS®, however, single-family home sales increased nearly 10 percent to 32,200 units in the third quarter of 2009 (the most recent data available) compared with sales in the same quarter of 2008. Home sales increased by 14 percent in Central New Jersey to 8,675 homes and by 8 percent in Southern New Jersey to 8,375 homes. Sales volume in Northern New Jersey increased nearly 9 percent to 15,200 homes during the third quarter of 2009. During this same period, the median price of an existing home in New Jersey declined nearly 12 percent to $322,700 compared with the price during the third quarter of 2008. In Northern New Jersey, the most expensive area of the state, the median price of a home in 2009 decreased 14 percent to $388,500 compared with 2008 prices. The median sales price in Central New Jersey declined 11 percent to $320,400 from 2008 to 2009 and declined 7 percent to $216,100 in Southern New Jersey. In 2009, RealtyTrac® Inc. reported that the number of new foreclosure filings in New Jersey increased slightly more than 1 percent compared with the number filed in 2008.

As a result of fewer home sales and increased apartment vacancies, housing construction declined significantly in the New York/New Jersey region in 2009. Regionwide, single-family construction activity, as measured by the number of building permits issued, decreased by almost 25 percent to 16,600 homes permitted in 2009 compared with the number permitted in 2008, based on preliminary data. This trend included a 27-percent decrease, to 9,450, in the number of single-family homes permitted in New York and a 21-percent decline to 7,150 single-family homes permitted in New Jersey. In the region, multifamily housing construction activity, as measured by the number of units permitted, declined by nearly 74 percent in 2009 to 13,025 units, based on preliminary data. The most significant decrease occurred in New York, where the number of multifamily units permitted decreased 80 percent to 7,925. A significant decline in new multifamily construction occurred in the New York-Northern New Jersey-Long Island Metropolitan Statistical Area, where the number of units permitted declined more than 75 percent from 43,650 to 10,250 units. In New Jersey, the number of multifamily units permitted decreased by 4,900 units, or 49 percent, to 5,100 units.

Declining employment contributed to a moderate softening of rental markets throughout much of the region. Apartment vacancy rates in New York and New Jersey increased slightly and rent levels in many areas either increased moderately or declined slightly. Reis, Inc., data indicates that, although the New York City rental market remains tight, the apartment vacancy rate increased from 2.3 to 2.9 percent in the fourth quarter of 2009 compared with the rate in the same quarter of 2008. During the fourth quarter of 2009, apartment
vacancy rates in Central New Jersey increased from 3.6 to 3.9 percent and in Northern New Jersey from 3.5 to 5.2 percent. Average monthly apartment asking rents in New York City declined by 5.1 percent, from $2,885 to $2,739 a month, during the fourth quarter of 2009 compared with rents during the fourth quarter of 2008. Monthly asking rents in 2009 decreased to $1,146 in Central New Jersey, down 1 percent, and to $1,482 in Northern New Jersey, down more than 2 percent, compared with rent levels in 2008. Vacancy rates in Upstate New York metropolitan areas also increased in the fourth quarter of 2009, but rental markets still remain balanced. Apartment vacancy rates increased from 4.1 to 5.4 percent in the Buffalo metropolitan area, from 3.9 to 4.7 percent in the Rochester metropolitan area, and from 3.5 to 4.4 percent in the Syracuse metropolitan area. Average asking rents for apartments in Upstate New York metropolitan areas increased from $681 to $686 in Syracuse and from $747 to $754 in Rochester. During the fourth quarter of 2009, average monthly rents remained stable at $727 in the Buffalo metropolitan area compared with rents during the fourth quarter of 2008.