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. Nonfarm payrolls totaled nearly 12.71 million jobs during 2012, an increase of 167,400 jobs, or 1.3 percent, from 2011. In New York, which accounted for nearly three-fourths of the job growth in the region, nonfarm payrolls increased by 124,000 jobs, or 1.4 percent, to average 8.81 million jobs. New Jersey nonfarm payrolls increased by 43,400 jobs, or 1.1 percent, to average nearly 3.90 million jobs. New York City (NYC) nonfarm payrolls increased by 80,950 jobs, or 2.1 percent, to 3.88 million jobs, representing nearly one-half of the jobs gained in the region during 2012. Leading job gains in NYC were the professional and business services sector, the leisure and hospitality sector, and the retail trade subsector, which increased by 35,000, 16,000, and 11,950 jobs, or 5.8, 4.6, and 3.8 percent, respectively. In the region, the professional and business services sector added 60,950 jobs, a 3.5-percent increase, with gains of 54,200 jobs, or 4.8 percent, in New York and 6,750 jobs, or 1.1 percent, in New Jersey. The education and health services sector in the region recorded an increase of 58,450 jobs, or 2.5 percent. The sector registered the greatest nonfarm payroll increase among all sectors in New Jersey, gaining 23,450 jobs, or 3.8 percent, and it increased by 35,000 jobs, or 2.0 percent, in New York. The leisure and hospitality sector increased by 27,450 jobs, or 2.5 percent, adding 18,900 and 8,575 jobs, 2.5- and 2.6-percent increases, respectively, in New York and New Jersey.

Job losses accelerated during 2012 in the information sector, which recorded a decline of 8,250 jobs, or 2.5 percent, compared with a loss of 3,375 jobs, or 0.9 percent, in 2011. Payrolls in the government sector, however, were nearly unchanged in the region during 2012, increasing by 830 jobs compared with the decline of 43,100 jobs, or 2.0 percent, recorded during 2011. The local government subsector accounted for more than three-fourths of total
payroll declines in the government sector in 2010 and 2011, but it added 7,500 jobs, a 0.5-percent increase, during 2012. Payrolls in the federal and state government subsectors continued to decline during the past year. The unemployment rate in the region averaged 8.9 percent during 2012, up slightly from 8.5 percent a year earlier. The unemployment rate increased from 8.2 to 8.6 percent in New York and from 9.3 to 9.5 percent in New Jersey.

Sales housing market conditions in the New York/New Jersey region were tighter in the fourth quarter of 2012 than they were a year earlier. In the fourth quarter of 2012, sales housing markets in New York tightened and nearly reached balanced conditions. According to data from the New York State Association of REALTORS®, during 2012, existing home sales in the state (excluding parts of NYC) increased 7 percent, to 93,600 homes sold, and the median home sales price increased slightly more than 1 percent, to $215,000, compared with the number of sales and median price recorded a year ago. In Upstate New York, the number of home sales and average home prices increased during the past year. According to the Greater Rochester Association of REALTORS®, during 2012, home sales in the Rochester metropolitan area increased 8 percent, to 10,000 homes sold, and the median home sales price increased 4 percent, to $125,000. The Greater Capital Association of REALTORS® reported that, during 2012, home sales in the Albany-Schenectady-Troy metropolitan area increased nearly 14 percent, to 8,175 homes sold, and the median home sales price increased more than 4 percent, to $194,000, compared with the number of sales and median price recorded a year ago. In the fourth quarter of 2012, the median home sales price in New York increased more than 4 percent, to $376,000.

In New Jersey, home sales markets were soft during the fourth quarter of 2012. 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 September 2012 (the most recent data available) increased by 7,000 homes, or 9 percent, to 86,000 homes sold compared with the number sold a year earlier. Home sales increased 7 percent in Northern New Jersey, to 41,200 homes sold, and they increased 11 percent in Central and Southern New Jersey, to 23,200 and 21,600 homes sold, respectively. During the third quarter of 2012, the median home sales price in New Jersey decreased less than 1 percent, to $302,400, compared with the median price recorded a year ago. Median home sales prices declined nearly 3 percent, to $375,000, in Northern New Jersey, declined less than 1 percent, to $306,300, in Central New Jersey, and declined slightly more than 2 percent, to $197,900, in Southern New Jersey.

The share of distressed mortgages increased during 2012 in the New York/New Jersey region because of a backlog in the court systems. According to RealtyTrac® Inc., during the fourth quarter of 2012, it took 987 days to foreclose on a property in New Jersey, up from 964 days during the fourth quarter of 2011. The only state with a longer process was New York, where it took 1,089 days to foreclose on a property, up from 1,019 days a year ago. According to LPS Applied Analytics, as of December 2012, 10.4 percent of home loans in the region were 90 or more days delinquent or were in foreclosure, up from 9.2 percent a year ago. The rate rose from 10.6 to 12.2 percent in New Jersey and from 8.2 to 9.2 percent in New York.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the past year in response to improving sales housing markets in the New York/New Jersey region. According to preliminary data, during 2012, the number of single-family homes permitted in the region increased 11 percent, to 12,950 homes, compared with the 16-percent decline recorded during 2011. The number of single-family homes permitted during 2012 represented about 56 percent of the average level of 23,000 homes permitted annually in the region from 2007 through 2009. Single-family home construction increased 9 percent, to 5,625 homes permitted, in New York and increased nearly 13 percent, to 7,300 homes permitted, in New Jersey.

Rental housing market conditions in the New York/New Jersey region were tighter in the fourth 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 fourth quarter of 2012, the apartment vacancy rate in the Rochester metropolitan area was 3.2 percent, down from 3.3 percent a year earlier,
and the average asking rent increased nearly 3 percent, to $812. In the Albany metropolitan area, the apartment vacancy rate increased from 3.0 to 3.4 percent, and the average rent increased nearly 4 percent, to $944. In Northern New Jersey, the apartment vacancy rate decreased from 4.1 to 3.8 percent, and the average rent increased nearly 2 percent, to $1,579. In the Atlantic-Cape May area, the apartment vacancy rate declined from 5.8 to 5.4 percent, and the average rent increased more than 1 percent, to $973. The apartment vacancy rate in NYC was 2.1 percent, down from 2.2 percent a year earlier, and the average asking rent increased 3 percent, to $3,040. On Long Island, the vacancy rate declined from 3.3 to 3.2 percent, and the average rent increased more than 3 percent, to $1,639.

Multifamily building activity, as measured by the number of units permitted, increased 29 percent in the region during 2012, to 24,350 units permitted, compared with the 32-percent increase recorded during 2011, according to preliminary data. More than 75 percent of the increase in multifamily construction activity in the region occurred in New Jersey, where the number of units permitted increased 64 percent, to 10,700. Multifamily building activity leveled off in New York, where the number of units permitted increased nearly 11 percent, to 13,700, down from the 46-percent increase recorded during 2011. The number of multifamily units permitted in the region during 2012 represented less than 50 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 80 percent of the 33,000 multifamily units under construction in the region and about 97 percent of the 16,600 units under construction in NYC.