

Table 1. Housing Demand in the Albany HMA During the Forecast Period

	Albany HMA		Albany County Submarket		Saratoga County Submarket		Mohawk River Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	3,180	2,690	880	980	1,500	1,050	800	660
Under construction	740	1,450	250	500	360	410	130	540

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2014. A portion of the estimated 25,400 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

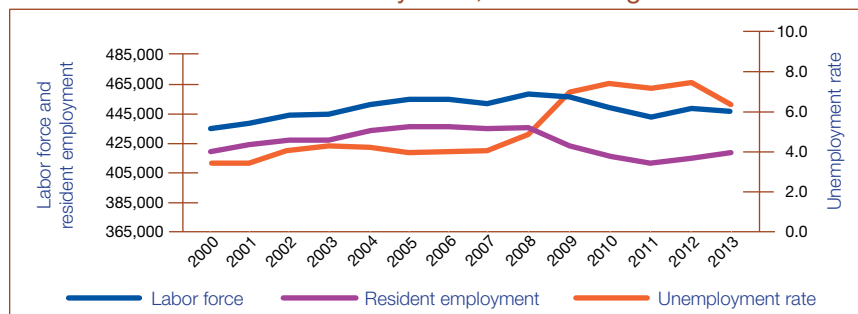
Source: Estimates by analyst

Economic Conditions

The Albany HMA is part of a 19-county region known as Tech Valley because of its growing high-technology economy. Economic conditions in the HMA improved during the past 3 years, with an increase in jobs and a decline in unemployment. The significant growth in jobs related to manufacturing, educational institutions, and healthcare providers defines the economic recovery currently under way in the HMA and illustrates how nonfarm payrolls in the HMA have changed since 2000 with the recent growth in high-technology jobs.

Since 2000, the HMA economy has experienced two contraction cycles and three periods of expansion. Total non-farm payrolls increased by 3,900 jobs,

or 0.9 percent, from the end of 2000 through 2001, the final year of a period of growth that began in 1997. Payrolls declined, however, by an average of 1,300 jobs, or 0.6 percent, annually during 2002 and 2003. Significant losses in the manufacturing sector occurred during this period, including the closures of Garden Way Inc., a lawn-tool maker in the city of Troy, and Guilford Mills, Inc., a textile manufacturer in Schoharie County, each of which employed at least 500 workers. Job growth resumed in 2004 and continued through 2008, with the average annual addition of 2,700 jobs, a 0.6-percent increase. The professional and business services and the education and health services sectors led job growth during this expansion. The effects of the national recession, which began in 2007, reduced the number of jobs in the HMA by an average of 7,300, or 1.6 percent, annually during 2009 and 2010 and raised the average unemployment rate to more than 7.0 percent. By comparison, the unemployment rate averaged 4.1 percent from 2000 through 2008 (Figure 1). Job declines during 2009 and 2010 occurred in nearly every

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Albany HMA, 2000 Through 2013

Source: U.S. Bureau of Labor Statistics

sector, with the most significant losses occurring in the professional and business services sector and the retail trade and state government subsectors. The third and current period of job growth occurred from the end of 2010 through the current 12 months, when job growth averaged 0.8 percent annually (Table DP-1 at the end of the report). Goods-producing sectors have contributed 47 percent of total job growth since the end of 2010 compared with only 2 percent from 2004 through 2008.

During the 12 months ending June 2014, total nonfarm payrolls increased

by 2,000 jobs, or 0.4 percent, to 448,000 jobs (Table 2). The mining, logging, and construction sector added 1,200 jobs, a 6.9-percent increase. The ongoing construction of the \$2 billion Technology Development Center (TDC) at GLOBALFOUNDRIES Inc. and the \$191 million Zero Energy Nanotechnology (ZEN) building at The State University of New York (SUNY) Polytechnic Institute, Colleges of Nanoscale Science and Engineering, supported an increase in the construction subsector during the past year. The manufacturing sector increased by 600 jobs, or 2.6 percent. GLOBALFOUNDRIES is adding a combined 1,000 employees during 2014 at its \$4.6 billion semiconductor production facility, which opened in 2012, and at the TDC, which is expected to open in late 2014.

The education and health services sector gained 1,200 jobs, or 1.3 percent, during the 12 months ending June 2014. Albany Medical Center opened a \$360 million Patient Pavilion in mid-2013, adding 1,000 jobs to the sector. Several healthcare providers are among the largest employers in the HMA (Table 3). St. Peter's Health Partners, the largest employer in the HMA, recently began a 4-year, \$150 million modernization of two hospitals in the city of Troy. The number of jobs in the education and health services sector has increased 30 percent since 2000 (Figure 2). The educational services industry accounted for 62 percent of this growth, including the opening of 10 privately managed charter schools in the HMA from 2002 through 2010. The share of jobs in the education and health services sector as a percentage of all jobs in the HMA also increased during this period, from

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Albany HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	June 2013	June 2014		
Total nonfarm payroll jobs	446,000	448,000	2,000	0.4
Goods-producing sectors	40,700	42,600	1,900	4.7
Mining, logging, & construction	17,300	18,500	1,200	6.9
Manufacturing	23,500	24,100	600	2.6
Service-providing sectors	405,300	405,300	0	0.0
Wholesale & retail trade	61,200	61,300	100	0.2
Transportation & utilities	12,300	12,400	100	0.8
Information	8,500	8,300	-200	-2.4
Financial activities	25,300	25,200	-100	-0.4
Professional & business services	52,600	52,100	-500	-1.0
Education & health services	89,400	90,600	1,200	1.3
Leisure & hospitality	36,800	36,800	0	0.0
Other services	17,800	17,800	0	0.0
Government	101,400	100,900	-500	-0.5

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2013 and June 2014.

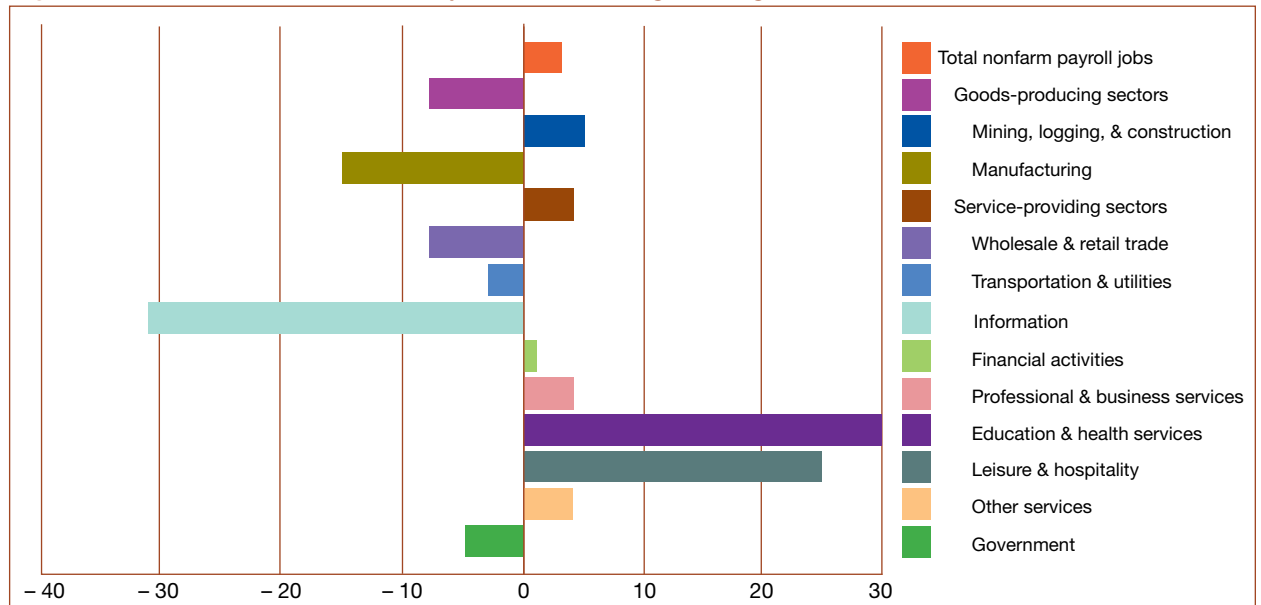
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Albany HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Peter's Health Partners	Education & health services	12,334
Golub Corporation (Price Chopper)	Wholesale & retail trade	8,740
Albany Medical Center	Education & health services	8,048
General Electric	Manufacturing	7,000
Ellis Medicine	Education & health services	3,346
Stewart's Shops Corporation	Wholesale & retail trade	3,121
Bechtel Marine Propulsion Corporation	Professional & business services	3,000
Hannaford Brothers Company	Wholesale & retail trade	3,000
Glens Falls Hospital	Education & health services	2,736
Center for Disability Services Holding Corporation	Education & health services	2,556

Notes: Excludes local school districts and state government. Data and rank as of July 2014.

Source: Albany Business Review

Figure 2. Sector Growth in the Albany HMA, Percentage Change, 2000 to Current

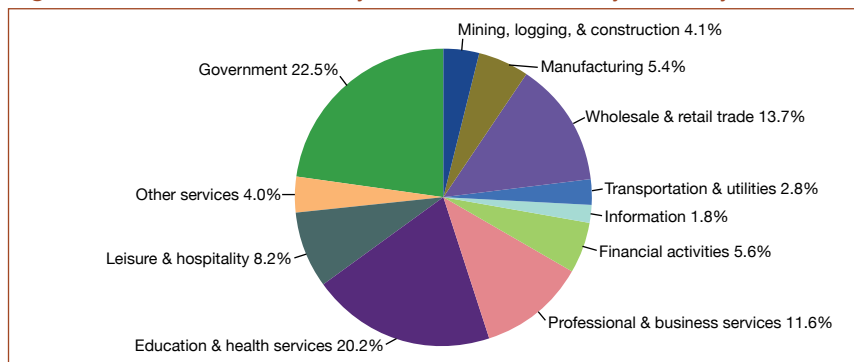
Note: Current is based on 12-month averages through June 2014.

Source: U.S. Bureau of Labor Statistics

16 percent in 2000 to approximately 20 percent of current total nonfarm payrolls (Figure 3).

Colleges, universities, and professional schools have contributed to economic growth in the Albany HMA. The SUNY Colleges of Nanoscale Science and Engineering (now part of the merged SUNY Polytechnic Institute) was established in 2001 in the city of Albany as the first college in the world dedicated to the research and development of nanotechnology. The college, which has garnered more than \$20 billion in public and private investments

since 2001, is now home to approximately 3,100 scientists, researchers, and engineers and nearly 400 students. Rensselaer Polytechnic Institute (RPI) and Siena College, with enrollments of 6,575 and 3,050 students, respectively, are among the largest private-sector employers in the HMA, with 2,000 and 900 employees, respectively (*Albany Business Journal*). Hudson Valley Community College, with an enrollment of 6,825 students, opened a \$47 million science center in August 2013 in response to the growth in jobs requiring training in science, health care, and high technology.

Figure 3. Current Nonfarm Payroll Jobs in the Albany HMA, by Sector

Note: Based on 12-month averages through June 2014.

Source: U.S. Bureau of Labor Statistics

The government sector is the largest in the HMA, and 50 percent of jobs in the sector are attributed to the state government subsector. The HMA is home to 24 percent of the New York state government workforce, including SUNY Albany. As a share of total nonfarm jobs in the HMA, however, government sector jobs declined from 25 percent in 2000 to less than 23 percent currently because of declines in

the local, state, and federal government subsectors. Mount McGregor Correctional Facility, a medium-security prison in Saratoga County, is expected to close in July 2014 because of a statewide decline in inmate populations. The closure will result in the loss of 320 jobs in the state government subsector.

The presence of large, research-intensive employers in the HMA, including General Electric and RPI, along with public and private investment, has attracted and engendered the growth of high-technology companies in the Albany HMA. Quirky, an inventor-assistance company based in New York City and a partner with General Electric, opened a quality assurance lab in the city of Schenectady in May 2014, adding 180 jobs to the professional and business services sector.

Apprenda Inc., a software developer founded in 2006 in Saratoga County, is in the process of adding 150 workers and relocating closer to RPI, from where it hires many of its workers (*Albany Business Journal*). The number of high-technology workers in the HMA, whose salaries are 50 to 130 percent higher than the median salary for all occupations, was estimated at approximately 17,300 as of May 2013. High-technology job growth is stimulating

new luxury apartment development in more urbanized areas of the HMA, including the cities of Saratoga Springs, Schenectady, and Troy.

During the next 3 years, nonfarm payroll growth is expected to average 3,125 jobs, or 0.7 percent, annually. The greatest gains are expected in the manufacturing and the leisure and hospitality sectors. The ZEN building is expected to add 1,500 high-technology jobs to the manufacturing sector when complete in the fall of 2015. In the leisure and hospitality sector, the second highest growth sector in the HMA since 2000, the completion of at least eight hotels throughout the HMA and a convention center in the city of Albany by the end of 2016 is expected to add hundreds of jobs. In addition, the New York State Gaming Commission is expected to issue licenses for four new destination gaming resorts in Upstate New York in the fall of 2014, at least one of which may be awarded to and eventually developed in the HMA. The potential siting, construction, and operation of a casino gaming facility in the HMA is estimated to create 1,700 construction subsector jobs and 740 leisure and hospitality sector jobs by 2017 (New York State Gaming Commission).

Population and Households

The population of the Albany HMA was an estimated 879,800 as of July 1, 2014. Since 2010, population growth has averaged 2,125 people, or 0.2 percent, annually. During the 2000s, the greatest population gains occurred from 2000 through 2006, at an average of 5,500 people, or

0.7 percent, annually resulting from overall economic expansion from 1997 through 2006 and relatively high levels of homebuilding activity in the early 2000s. From 2006 to 2010, job declines in the HMA halved annual population growth to an average of 2,750 people, or 0.3 percent. With

expectations for a modest acceleration in job growth, population growth is expected to increase to 2,675 people, or 0.3 percent, annually during the next 3 years (Figure 4).

Net in-migration accounted for 60 percent of the 44,850 people added to the population from 2000 to 2010. Approximately 50 percent of migration into the HMA was from other counties in New York, especially from counties surrounding New York City to the south (U.S. Census Bureau estimates). Movement from other U.S. states, led by Massachusetts, Florida, and New Jersey, accounted for another 40 percent. In-migration from outside of the United States accounted for the remaining 10 percent, although

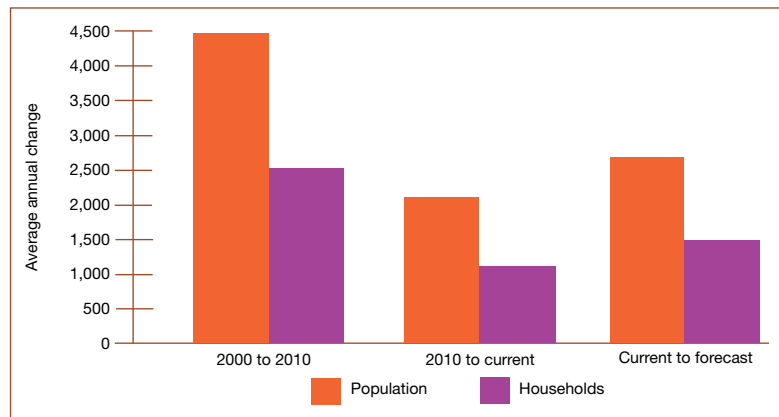
residents born abroad account for only about 7 percent of the population of the HMA. The growth in high-technology and healthcare jobs attracted an increased number of workers from abroad.

Since 2010, net in-migration has averaged 625 people annually, accounting for 30 percent of population growth in the HMA. Despite the growth in jobs since 2010, the economy has not yet regained the total number of jobs lost from the effects of the national recession. Analysts estimate that residents of the HMA, rather than people moving into the HMA, filled most of the jobs created during the current expansion. In addition, a decline in higher education enrollment since 2010 has further restrained in-migration.

In the fall of 2000, 44,550 full-time students attended the 26 colleges and universities in the HMA. Enrollment increased to 57,400 by the fall of 2010 but declined to 54,750 as of the fall of 2013 (New York State Education Department). With the decrease in net in-migration, net natural change (resident births minus resident deaths) has represented 70 percent of population growth since 2010 (Figure 5) compared with 40 percent during the 2000s. Net natural change has declined from an average of 1,800 people annually from 2000 to 2010 to 1,500 people annually since 2010 because of a fall in the number of births. During the 3-year forecast period, net natural change is expected to decline further, to an average of 1,450 people annually, accounting for approximately 55 percent of the forecast population growth.

In the Albany County submarket, the population increased by an average of 960, or 0.3 percent, annually from 2000 to 2010. Growth has remained

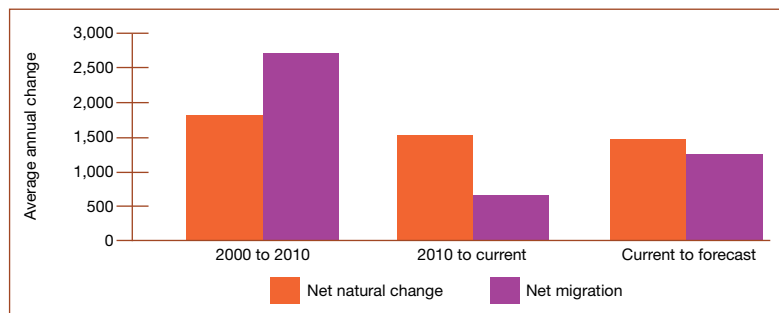
Figure 4. Population and Household Growth in the Albany HMA, 2000 to Forecast



Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Albany HMA, 2000 to Forecast



Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

somewhat consistent at an average gain of 800, or 0.3 percent, since 2010, partially because of job growth of more than 1 percent in the submarket during 2012 and 2013. The population of the Saratoga County submarket increased the most of all submarkets in the Albany HMA, by an average of 1,900, or 0.9 percent, annually from 2000 to 2010. Saratoga County is also one of the fastest growing counties in Upstate New York because of relatively lower property tax rates and strong job growth. Since 2010, population growth in the submarket has remained the highest in the HMA but has declined to an average of 1,250 people, or 0.6 percent, partially because of fewer births and reduced net in-migration. Population growth in the Mohawk River submarket averaged 1,625 people, or 0.5 percent, annually from 2000 to 2010 but has declined to an only slight increase since 2010. A decline in jobs in the submarket overall since 2010 has contributed to the fall in population growth, as did population loss in Schoharie County after Hurricane Irene damaged more than 1,100 homes in the county in 2011. During the next 3 years, the populations

of the Albany County and Saratoga County submarkets are expected to increase at rates similar to the rates that have occurred since 2010. In the Mohawk River submarket, the population is expected to increase by an average of 700, or 0.2 percent, annually, or about 45 percent of the average annual growth recorded during the 2000s.

Since 2010, 1,075 new households have formed in the HMA each year. During the 2000s, household growth averaged 2,500, or 0.7 percent, annually, and owner households constituted 64 percent of new households. Since 2010, one-half of new households have been renter households, resulting in a shift in residential construction activity toward multifamily rental units. In addition, renter household income gains (1.5 percent) were greater than the growth in owner household incomes (1.0 percent) from 2009 to 2013, leading to rent growth but only modest increases in home prices. During the next 3 years, 1,475 new households are expected to form in the HMA each year, for an annual increase of 0.4 percent.

Housing Market Trends

Sales Market—Albany County Submarket

The sales housing market in the Albany County submarket is balanced. Increasing home sales and limited homebuilding activity during 2012 and 2013 resulted in a decrease in the estimated sales vacancy rate from 1.6 percent in 2010 to 1.3 percent currently (Table DP-2 at the end of the report). A 7-month supply of homes was available for sale as of June 2014, down

from a nearly 8-month supply a year earlier (Greater Capital Association of Realtors®).

During the 12 months ending June 2014, sales of new and existing single-family homes, townhomes, and condominiums totaled 3,500, up 9 percent from the previous 12 months (CoreLogic, Inc.). Total home sales

Housing Market Trends

Sales Market—Albany County Submarket *Continued*

peaked in 2004, at 5,350 homes, but declined an average of 9 percent, or by 370 homes, annually from 2005 through 2011. Coincident with improving economic conditions in the Albany HMA, sales in the submarket increased an average of 11 percent, or 310 homes, annually during 2012 and 2013. The average existing home sales price rose from 2000 through 2007 by an average of 8 percent annually, reaching \$201,400, but was mostly unchanged from 2008 through 2013. During the 12 months ending June 2014, the average price for an existing home sold in the submarket was \$202,900, down 2 percent from the average price during the previous 12 months.

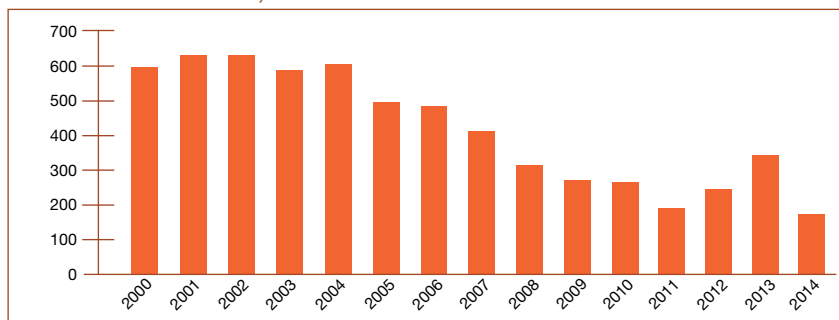
Increases in the sale of REO (Real Estate Owned) homes and the number of distressed mortgages have limited home price appreciation since 2007. Sales of foreclosed homes rose from an average of 2 percent of existing homes sold annually from 2000 through 2007 to as much as 8 percent of existing homes sold from 2008 through 2013. The average price for an REO home was 40 to 60 percent less than the average existing home sales price. In addition, 8.2 percent of the home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status as of June 2014, down from 8.4 percent

a year earlier (Black Knight Financial Services, Inc.) and compared with 3.1 percent in June 2008. By comparison, the percentage of distressed mortgages was less in both New York and the nation, at 7.8 and 4.9 percent, respectively.

The average sales price for a new home in the submarket rose only slightly, from \$362,600 during 2008 to \$370,200 during 2013, but increased 12 percent, to \$379,400, during the 12 months ending June 2014 compared with the average during the previous 12 months. The rise in sales prices coincided with increased homebuilding activity in the submarket. Permitting of new single-family homes increased in 2012 and 2013 by an average of 80 homes, or 35 percent, to 340 homes permitted during 2013. This increase, which ended a decline in homebuilding activity that lasted from 2005 through 2011 (Figure 6), continued into 2014. During the 12 months ending June 2014, 330 single-family homes were permitted in the submarket, up 33 percent compared with the number of homes permitted during the previous 12 months (preliminary data). Subdivisions under construction in the Albany County submarket include Canterbury Crossing, a seven-phase development comprising 210 quad-style condominiums with prices starting at \$236,000. The first phase of 18 condominiums has been sold out since breaking ground in 2013. Also under construction is Stone Creek Estates, in New Scotland, with 30 two-bedroom townhomes for residents 55 years of age and older starting at \$299,900.

During the next 3 years, demand is expected for 880 new homes in the Albany County submarket, including single-family homes, townhomes, and condominiums (Table 1). Demand

Figure 6. Single-Family Homes Permitted in the Albany County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Albany County Submarket *Continued*

will result from improving economic conditions and continued growth in owner households. Figure 7 shows the number of households by tenure in 2000, 2010, and the current date. The 250 homes currently under construction

and a portion of the 6,550 other vacant units in the submarket that may return to the market will satisfy some of the demand. The most demand is expected for new homes priced from \$300,000 to \$400,000 (Table 4).

Figure 7. Number of Households by Tenure in the Albany County Submarket, 2000 to Current



Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Albany County Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
236,000	299,999	170	19.0
300,000	349,999	210	24.0
350,000	399,999	240	27.0
400,000	449,999	130	15.0
450,000	499,999	90	10.0
500,000	and higher	45	5.0

Notes: The 250 homes currently under construction and a portion of the estimated 6,550 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

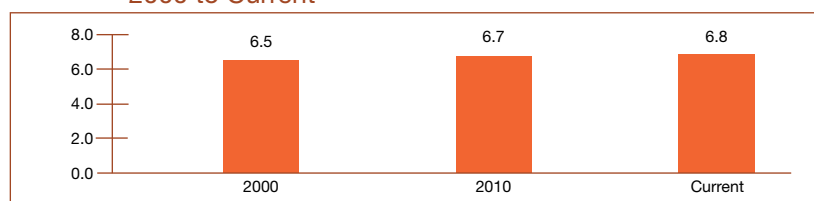
Source: Estimates by analyst

Rental Market—Albany County Submarket

The rental housing market in the Albany County submarket is balanced. Even with an increase in multifamily

construction activity in recent years, strong rental unit absorption in the submarket helped to keep the estimated overall rental vacancy rate at 6.8 percent, only slightly higher than the 6.7 percent rate recorded in 2010 (Figure 8). The apartment market is slightly tight, with a vacancy rate of 4.0 percent as of the second quarter of 2014, up from 2.7 percent a year earlier (MPF Research).

Figure 8. Rental Vacancy Rates in the Albany County Submarket, 2000 to Current



Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market—Albany County Submarket *Continued*

Rising incomes among renter households in the submarket supported growth in apartment rents. From the second quarter of 2013 to the second quarter of 2014, the average monthly rent in the submarket increased 1 percent, to \$1,033 (MPF Research). Renter households within the submarket had a median income of \$33,050 in 2013, a 3-percent average annual increase since 2009 (2009 and 2013 American Community Survey 1-year data).

Approximately 21,650 students, or about one-half of the students living off campus in the Albany HMA, reside in the Albany County submarket. Although not all institutions in the submarket provide on-campus housing, the larger colleges and universities do. The share of students living on campus varies from 45 percent of

undergraduates at The College of Saint Rose to 81 percent of undergraduates at Siena College. Most college students living off campus live in older single-family homes in the city of Albany (local property management professionals).

Typical asking rents for new apartments in the submarket start at \$1,100, \$1,500, and \$1,800 for one-, two-, and three-bedroom units, respectively (Table 5). The first phase of Shelter Cove Apartments opened in June 2014 along the Mohawk River, on the northern border of the Albany County submarket, with 104 apartments with rents starting at \$1,250, \$1,825, and \$2,000 for one-, two-, and three-bedroom units, respectively.

Multifamily construction activity, as measured by the number of units permitted, increased to 460 units during 2013 (Figure 9). This total was more than the average of 350 multifamily units permitted annually from 2010 through 2012 and equal to the number permitted during recent peak years of 2005 and 2006. At least 400 condominium units, less than 10 percent of the multifamily units permitted, have been built in the Albany County submarket since 2000. During the 12 months ending June 2014, 120 multifamily units were permitted in the submarket, down from 340 units permitted during the previous 12 months (preliminary data). Multifamily units currently under construction include 62 apartments for residents 55 years of age and older at The Spinney at Van Dyke, with one-bedroom units starting at \$1,625.

During the next 3 years, demand is expected for 980 new market-rate rental units in the Albany County

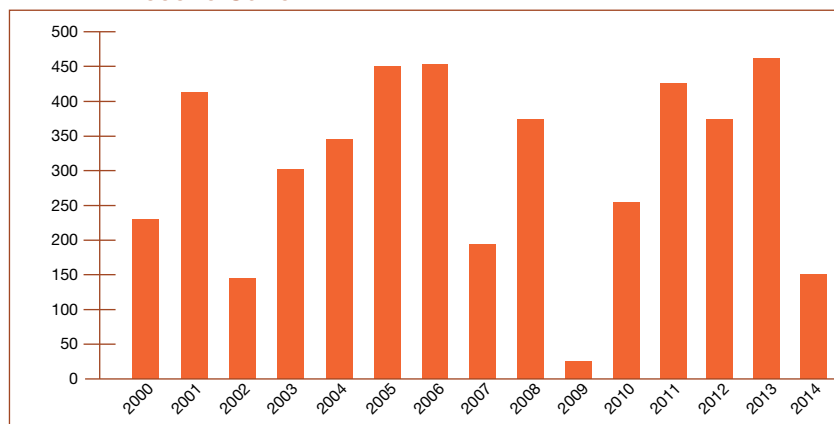
Table 5. Estimated Demand for New Market-Rate Rental Housing in the Albany County Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,100 to 1,299	260	1,500 to 1,699	440	1,800 to 1,999	35
1,300 or more	85	1,700 to 1,899	90	2,000 or more	10
		1,900 or more	60		
Total	340	Total	590	Total	50

Notes: Numbers may not add to totals because of rounding. The 500 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Figure 9. Multifamily Units Permitted in the Albany County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

submarket (Table 1). The 500 apartments currently under construction will meet approximately one-half of the forecast demand. An additional 180 units in planning are likely to break ground in the near future and meet an additional portion of

demand. Those units include 138 apartments in the first phase of The Residences at Lexington Hills, which is expected to start construction in July 2014 and may add 300 more units in future phases.

Sales Market—Saratoga County Submarket

The sales housing market in the Saratoga County submarket is slightly soft. Strong job growth and net in-migration from 2011 through 2013 stimulated home sales and homebuilding activity, but the pace of sales and construction activity declined in 2014. The current owner vacancy rate is estimated at 1.7 percent, unchanged from 2010 (Table DP-3 at the end of the report). A 9-month supply of homes was available for sale as of June 2014, unchanged from a year earlier (Greater Capital Association of Realtors®).

Sales of new and existing single-family homes, townhomes, and condominiums peaked in 2004, when 5,250 homes sold. Home sales declined an average of 11 percent, or by 470 homes, annually during the next 5 years, reaching a low of 2,900 homes sold during 2009. The construction of the \$4.6 billion GLOBALFOUNDRIES semiconductor production facility—a 3-year project that began in June 2009 in the southern portion of the submarket that added thousands of construction and manufacturing jobs—resulted in increased home sales in the submarket. Total home sales averaged 4,650 during 2011 and 2012. During the 12 months ending June 2014, 3,400 new and existing homes sold, down 11 percent from the previous 12 months (CoreLogic, Inc.), mostly because of a 13-percent decline in existing home sales.

The number of distressed mortgages in the Saratoga County submarket is lower than in the other submarkets in the Albany HMA and in the state of New York as a whole. Of the home loans in the submarket, 5.6 percent were 90 or more days delinquent, were in foreclosure, or transitioned into REO status as of June 2014, down from 6.1 percent a year earlier (Black Knight Financial Services, Inc.). For the state as a whole, the percentage was 7.8 percent as of June 2014.

The average existing home sales price increased an average of 10 percent, to \$237,000, from 2000 through 2007 but rose less than 1 percent annually from 2008 through 2013. During the 12 months ending June 2014, the average price for an existing home sold in the submarket was \$251,700, up 3 percent compared with the average price during the previous 12 months. The average sales price for new homes increased 9 percent annually, from \$205,500 to \$379,600, from 2000 through 2007 but was unchanged overall from 2008 through 2013. Although new home sales prices were stable, the average size of a new single-family home sold in the submarket decreased 10 percent, from 2,525 square feet in 2007 to 2,275 square feet in 2013 (Metrostudy, A Hanley Wood Company). During the 12 months ending June 2014, the average new

home sales price declined 1 percent, to \$363,800, compared with the average during the previous 12 months.

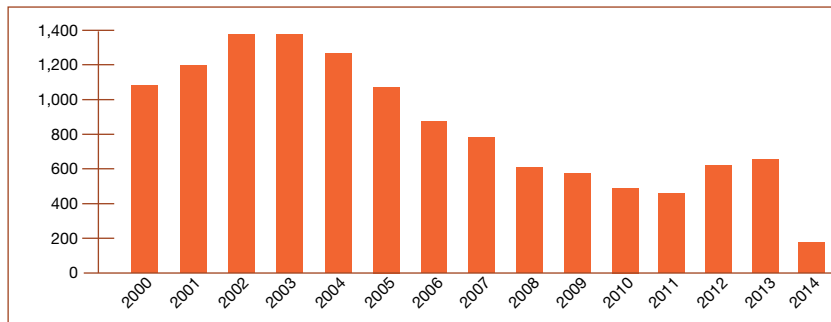
Condominium construction activity in the HMA since 2000 has been most prevalent in the Saratoga County submarket. Condominiums constituted 18 percent of multifamily units permitted in the submarket during the 2000s. Most units were built in the city of Saratoga Springs, including The Lofts at 18 Division Street, where 28 condominiums with prices starting at approximately \$316,000 were completed in 2007. Condominium construction has slowed since 2010, representing less than 2 percent of multifamily units permitted in the submarket, partially because of restrictive lending standards.

Approximately one-half of all single-family homes permitted in the HMA

since 2000 have been in the Saratoga County submarket. Homebuilding activity increased in the submarket during 2012 and 2013 to an average of 640 single-family homes permitted annually, reversing a decline in construction activity from 2004 through 2011 (Figure 10). More recently, the decline in new and existing home sales reduced construction activity. During the 12 months ending June 2014, 430 single-family homes were permitted in the submarket, down 10 percent compared with the number permitted during the previous 12 months (preliminary data). Lakeview Landing, with plans for 162 homes near Saratoga Lake in the center of the submarket, offers two-bedroom homes starting at \$347,500, three-bedroom homes starting at \$372,800, and four-bedroom homes starting at \$509,000. At Lakeview Landing, 9 homes have been built since construction began in 2013 and 14 are currently under construction. At The Mill at Smith Bridge, 9 of the planned 63 single-family homes have sold since the development broke ground in late 2013. Prices for these homes range from \$330,000 to \$440,000.

During the next 3 years, demand is expected for 1,500 new single-family homes, townhomes, and condominiums in the Saratoga County submarket (Table 1). The 360 homes currently under construction and a portion of the 7,825 other vacant homes in the submarket that may come back on the market will likely satisfy part of the forecast demand. The most demand is expected for homes priced from \$300,000 to \$400,000 (Table 6). Figure 11 shows the number of households by tenure in the submarket in 2000, 2010, and the current date.

Figure 10. Single-Family Homes Permitted in the Saratoga County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.

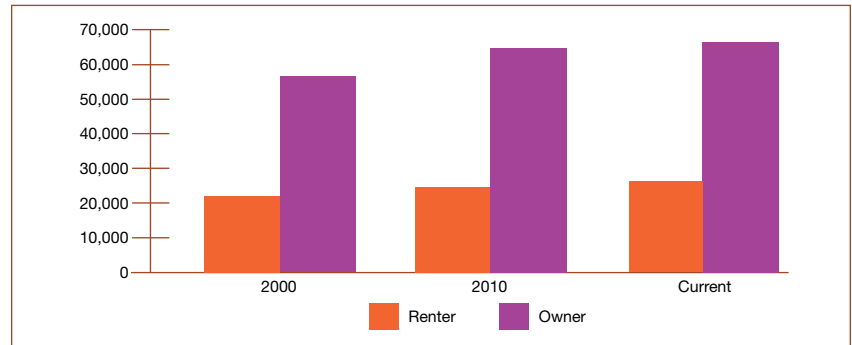
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Saratoga County Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
225,000	299,999	320	21.0
300,000	349,999	470	31.0
350,000	399,999	390	26.0
400,000	449,999	140	9.0
450,000	499,999	60	4.0
500,000	and higher	140	9.0

Notes: The 360 homes currently under construction and a portion of the estimated 7,825 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Figure 11. Number of Households by Tenure in the Saratoga County Submarket, 2000 to Current

Note: The current date is July 1, 2014.

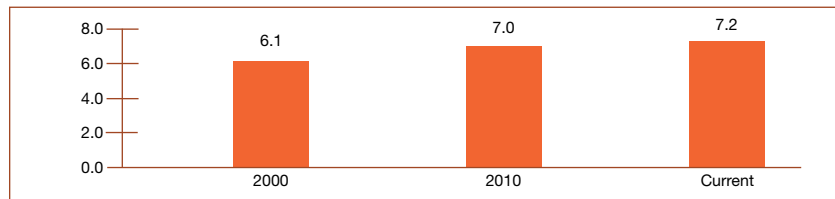
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Rental Market—Saratoga County Submarket

The rental housing market in the Saratoga County submarket is balanced, with an overall vacancy rate currently estimated at 7.2 percent, up from 7.0 percent in 2010 (Figure 12). The submarket was formerly a bedroom community for surrounding counties, but it has transitioned in recent years into a live-work location with new garden apartment communities in southern portions of the submarket and midrise

rental options in the urbanizing city of Saratoga Springs. Single-family homes comprise approximately 20 percent of the rental market (2007–2012 American Community Survey 5-year data). The apartment market is tight, with a vacancy rate of 3.3 percent as of the second quarter of 2014, down from 5.1 percent a year earlier (MPF Research).

During the second quarter of 2014, the average monthly apartment rent in the submarket was \$1,097, up more than 1 percent from a year earlier (MPF Research). The apartment rent increased partially because of a relatively strong growth in the median income of renter households, which averaged 7 percent annually from 2009 through 2013, reaching \$46,350 in 2013 (2009 and 2013 American Community Survey 1-year data). Typical asking rents for new market-rate apartments built in the submarket start at \$1,025, \$1,325, and \$1,625 for one-, two-, and three-bedroom apartments (Table 7). Starting rents are typically higher in the city of Saratoga Springs, located in the center of the submarket, because of its proximity to entertainment and shopping destinations.

Figure 12. Rental Vacancy Rates in the Saratoga County Submarket, 2000 to Current

Note: The current date is July 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Saratoga County Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,025 to 1,224	240	1,325 to 1,524	270	1,625 to 1,824	20
1,225 to 1,424	45	1,525 to 1,724	200	1,825 to 2,024	10
1,425 or more	30	1,725 to 1,924	140	2,025 to 2,224	10
		1,925 or more	70	2,225 or more	10
Total	320	Total	680	Total	55

Notes: Numbers may not add to totals because of rounding. The 410 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Housing Market Trends

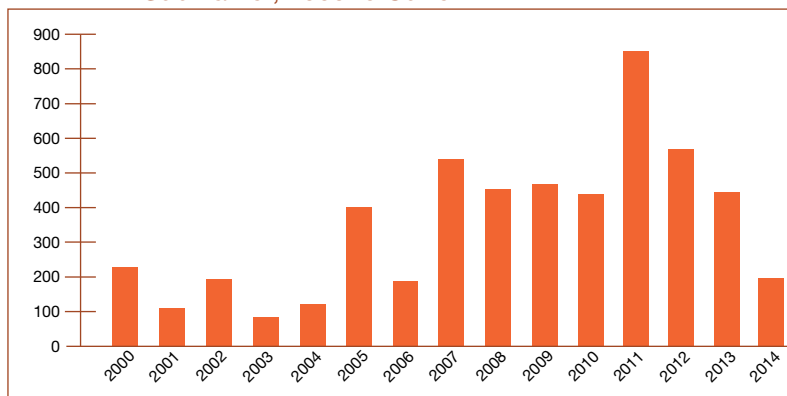
Rental Market—Saratoga County Submarket *Continued*

Multifamily construction activity in the submarket increased significantly starting in 2007. The number of multifamily units permitted for new construction averaged 180 annually from 2000 through 2006 but subsequently increased nearly 200 percent, to an average of 530 units permitted annually, from 2007 through 2013 (Figure 13). Some of the largest apartment

communities in the Albany HMA began construction in the Saratoga County submarket in 2007 and have since added units in phases. The Paddocks of Saratoga completed 336 apartments in 2008 and added 84 apartments in 2012. Winner's Circle at Saratoga completed its first 100 apartments in 2009, with later phases adding 120 units each in 2012 and 2013. Park Place at Saratoga, with 57 apartments under construction in the city of Saratoga Springs, offers one- and two-bedroom units starting at \$1,600 and \$1,700, respectively.

During the 3-year forecast period, demand is expected for 1,050 new market-rate rental units in the Saratoga County submarket (Table 1). The 410 apartments under construction and an additional 60 units likely to break ground in 2015 are expected to satisfy a portion of the forecast demand.

Figure 13. Multifamily Units Permitted in the Saratoga County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Sales Market—Mohawk River Submarket

The sales housing market in the Mohawk River submarket is soft. The current owner vacancy rate is estimated at 1.7 percent, down slightly from 1.8 percent in 2010 (Table DP-4 at the end of the report). The inventory of homes available for sale as of June 2014 ranged from approximately a 10-month supply in Rensselaer and Schenectady Counties to a 21-month supply in Schoharie County (Greater Capital Association of Realtors®).

Sales of new and existing single-family homes, townhomes, and condominiums in the Mohawk River submarket peaked in 2005, at 6,925 homes, before declining an average of 12 percent, or by 610 homes, annually from 2006 through 2011 (CoreLogic, Inc.). Home

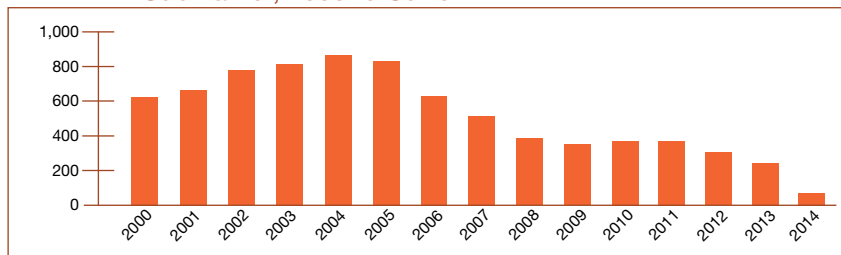
sales increased an average of 10 percent, or by 340 homes, annually from 2012 through 2013 and were up 7 percent from the previous 12 months during the 12 months ending June 2014, to 4,000 homes. The average existing home sales price rose an average of 8 percent from 2000 through 2008, reaching \$158,200 in 2008, but decreased an average of 1 percent annually from 2009 through 2013. Existing home sales prices during the 12 months ending June 2014 averaged \$147,900, down 1 percent compared with the average during the previous 12 months. The average existing home sales prices during this period for Rensselaer, Schenectady, and Schoharie Counties were \$160,800, \$149,300, and \$96,500, respectively.

Housing Market Trends

Sales Market—Mohawk River Submarket Continued

The average new home sales price increased an average of 8 percent from 2000 through 2007, to \$292,800, but was unchanged overall from 2008 through 2013. Sales prices for new homes in the submarket during the 12 months ending June 2014 averaged \$280,300, down 1 percent compared with the average during the previous 12 months.

Figure 14. Single-Family Homes Permitted in the Mohawk River Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

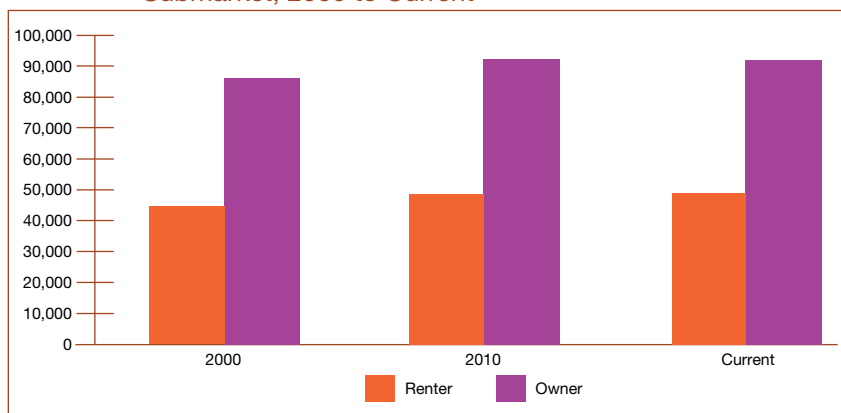
Table 8. Estimated Demand for New Market-Rate Sales Housing in the Mohawk River Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	40	5.0
200,000	249,999	80	10.0
250,000	299,999	200	25.0
300,000	349,999	200	25.0
350,000	399,999	120	15.0
400,000	and higher	160	20.0

Notes: The 130 homes currently under construction and a portion of the estimated 11,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Figure 15. Number of Households by Tenure in the Mohawk River Submarket, 2000 to Current



Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Homebuilding activity declined in the Mohawk River submarket from a peak of 860 single-family homes permitted during 2004 to 240 homes permitted during 2013 (Figure 14). New homes under construction in the submarket include those at Country Gardens of Niskayuna, in Schenectady County, with 52 condominium townhomes starting at \$254,900. Since the project broke ground in 2012, 15 townhomes have been built; another 13 are under construction. A decline in jobs in the submarket from 2010 through 2013 and a relatively high rate of distressed mortgages have restrained household growth and homebuilding activity in recent years. During the 12 months ending June 2014, 80 single-family homes were permitted, down from nearly 90 homes during the previous 12 months (preliminary data). As of June 2014, 10.3 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 10.6 percent a year earlier (Black Knight Financial Services, Inc.).

During the next 3 years, demand is expected for 800 new single-family homes, townhomes, and condominiums in the Mohawk River submarket (Table 1). The 130 homes currently under construction and a portion of the 11,000 other vacant homes in the submarket that may come back on the market will likely satisfy part of the forecast demand. New home sales prices are expected to start at \$150,000, with one-half of the demand estimated for homes priced from \$250,000 to \$350,000 (Table 8). Figure 15 shows the number of households by tenure in the submarket in 2000, 2010, and the current date.

Rental Market—Mohawk River Submarket

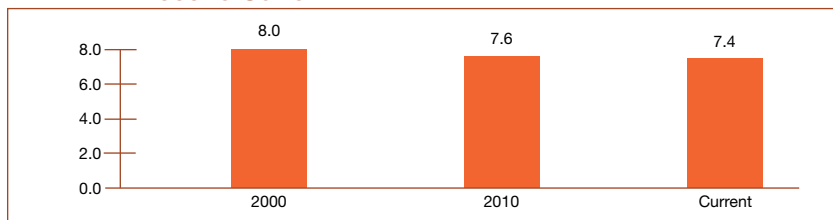
The rental housing market in the Mohawk River submarket is slightly soft, although conditions have improved since 2010. The overall rental vacancy rate is estimated at 7.4 percent, down from 7.6 percent in 2010 (Figure 16). Single-family homes constitute approximately 17 percent of renter-occupied housing units in the submarket (2007–2012 American Community Survey 5-year data). Apartment market conditions, however, are slightly tight. The apartment vacancy rate in Rensselaer County was 4.4 percent during the second quarter of 2014, up slightly from 3.6 percent a year earlier (MPF Research). In Schenectady County, the apartment vacancy rate decreased from 3.3 to 3.0 percent during the same period.

As of the second quarter of 2014, the average monthly rents in Rensselaer and Schenectady Counties were \$968 and \$886, respectively, an increase

of approximately 2 percent in each county (MPF Research). Market-rate apartment development is uncommon in Schoharie County, where approximately 60 percent of renter households live in structures with four or fewer units. Starting rents for new apartments in the submarket are typically lower than minimum rents elsewhere in the HMA because renter household incomes are also slightly lower. In 2013, the median incomes for renter households were \$33,500 in Rensselaer County and \$25,250 in Schenectady County (2013 American Community Survey 1-year data). Rents for new apartments during the next 3 years are expected to start at \$900, \$1,100, and \$1,350 for one-, two-, and three-bedroom units, respectively (Table 9). Apartments completed during the past year include the 206-unit Stoneledge Terrace Apartments in the city of Troy, in Rensselaer County, with rents starting at \$1,270 and \$1,530 for one- and two-bedroom apartments, respectively.

Developers responded to tightening apartment market conditions during the past year by increasing production. During 2013, 620 multifamily units were permitted in the Mohawk River submarket, nearly twice the number of units permitted in 2012 (Figure 17). From 2000 through 2007, population and job growth in the submarket were relatively high, and an average of 400 multifamily units were permitted annually. In addition to new construction, adaptive reuse developments in the cities of Troy and Schenectady have added at least 140 units to the multifamily inventory since 2000, although those properties were typically 30 units or less. Apartments currently under

Figure 16. Rental Vacancy Rates in the Mohawk River Submarket, 2000 to Current



Note: The current date is July 1, 2014.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Mohawk River Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900 to 1,099	120	1,100 to 1,299	180	1,350 to 1,549	25
1,100 or more	40	1,300 to 1,499	140	1,550 or more	10
		1,500 to 1,699	90		
		1,700 or more	45		
Total	170	Total	460	Total	35

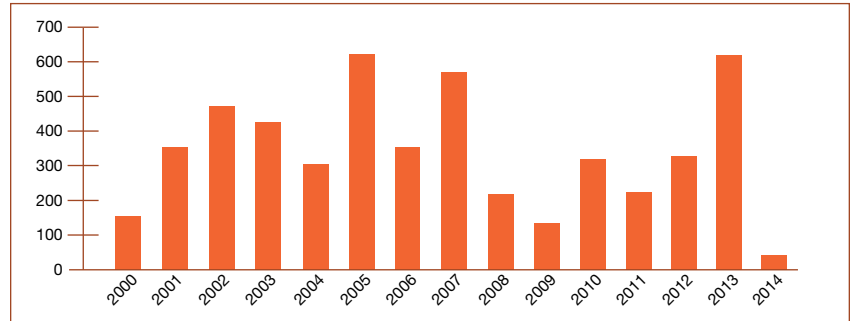
Notes: Numbers may not add to totals because of rounding. The 540 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Housing Market Trends

Rental Market—Mohawk River Submarket Continued

Figure 17. Multifamily Units Permitted in the Mohawk River Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

construction include Patriot Square, in Schenectady County, with 156 units expected to be complete by late 2014.

The recent increase in multifamily permitting in the submarket resulted in a level of construction activity that is expected to satisfy most of the estimated demand for 660 new

market-rate rental units during the next 3 years (Table 1). In addition to the 540 apartments currently under construction or being converted from nonresidential buildings, an additional 320 apartments are likely to begin construction by the end of 2014, which is expected to satisfy the remaining demand in the submarket.

Data Profiles

Table DP-1. Albany HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	419,620	415,957	416,900	- 0.1	0.1
Unemployment rate	3.4%	7.4%	5.8%		
Nonfarm payroll jobs	435,500	435,700	448,000	0.0	0.8
Total population	825,875	870,716	879,800	0.5	0.2
Total households	330,246	355,301	359,900	0.7	0.3
Owner households	212,760	228,741	231,200	0.7	0.3
Percent owner	64.4%	64.4%	64.2%		
Renter households	117,486	126,560	128,700	0.7	0.4
Percent renter	35.6%	35.6%	35.8%		
Total housing units	363,740	393,297	398,900	0.8	0.3
Owner vacancy rate	1.8%	1.7%	1.6%		
Rental vacancy rate	7.0%	7.1%	7.1%		
Median Family Income	\$55,308	\$74,100	\$77,700	3.0	1.2

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2014. Median Family Incomes are for 1999, 2009, and 2013. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Albany County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	294,565	304,204	307,600	0.3	0.3
Total households	120,512	126,251	127,300	0.5	0.2
Owner households	69,534	72,577	73,400	0.4	0.3
Percent owner	57.7%	57.5%	57.7%		
Rental households	50,978	53,674	53,900	0.5	0.1
Percent renter	42.3%	42.5%	42.3%		
Total housing units	129,972	137,739	138,700	0.6	0.2
Owner vacancy rate	1.8%	1.6%	1.3%		
Rental vacancy rate	6.5%	6.7%	6.8%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Saratoga County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	200,635	219,607	224,900	0.9	0.6
Total households	78,165	88,296	91,650	1.2	0.9
Owner households	56,316	64,205	65,850	1.3	0.6
Percent owner	72.0%	72.7%	71.8%		
Rental households	21,849	24,091	25,800	1.0	1.6
Percent renter	28.0%	27.3%	28.2%		
Total housing units	86,701	98,656	102,600	1.3	0.9
Owner vacancy rate	1.4%	1.7%	1.7%		
Rental vacancy rate	6.1%	7.0%	7.2%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Mohawk River Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	330,675	346,905	347,300	0.5	0.0
Total households	131,569	140,754	140,950	0.7	0.0
Owner households	86,910	91,959	91,950	0.6	0.0
Percent owner	66.1%	65.3%	65.2%		
Rental households	44,659	48,795	49,000	0.9	0.1
Percent renter	33.9%	34.7%	34.8%		
Total housing units	147,067	156,902	157,500	0.6	0.1
Owner vacancy rate	2.1%	1.8%	1.7%		
Rental vacancy rate	8.0%	7.6%	7.4%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 7/1/2014—Analyst’s estimates
 Forecast period: 7/1/2014—7/1/2017—
 Analyst’s estimates

The Albany-Schenectady-Troy, NY Metropolitan Statistical Area, as defined in this report, is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork,

makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_AlbanyNY_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.