COMPREHENSIVE HOUSING MARKET ANALYSIS

Albany-Schenectady-Troy, New York

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of April 1, 2022

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PD&R

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Executive Summary

Housing Market Area Description

The Albany-Schenectady-Troy Housing Market Area, (hereafter, the Albany HMA) consists of five counties in Upstate New York: Albany, Rensselaer, Saratoga, Schenectady, and Schoharie. The HMA is adjacent to both Massachusetts and Vermont and is home to the city of Albany, the largest city in the HMA and the capital of New York. New York State is the largest employer in the HMA, employing more than 47,000 people. The Albany HMA is part of the eight-county Capital Region, which has become an East Coast destination for technology firms during the past decade due to generous state subsidies and the presence of several science and engineering focused colleges and universities, including the State University of New York (SUNY) at Albany and Rensselaer Polytechnic Institute. The area also includes parts of the Adirondack, Catskill, and Taconic Mountains, making it a popular seasonal tourist destination.

The current population of the HMA is estimated at 901,700.
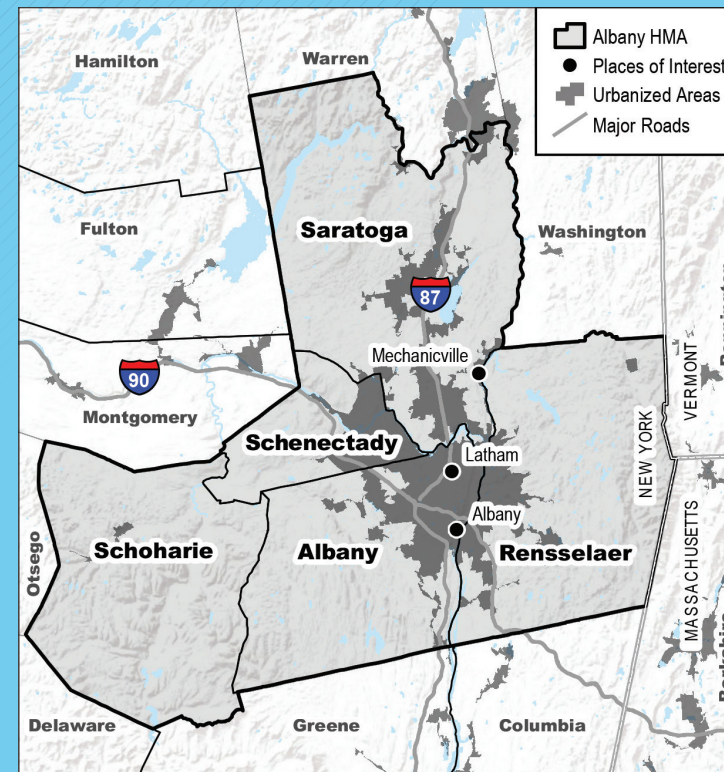
Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: During the 12 months ending March 2022, nonfarm payrolls increased by 14,700 jobs, or 3.4 percent, compared with the previous 12-month period; however, nonfarm payrolls are below their prepandemic peak, which occurred during the 12 months ending March 2020.

Nonfarm payrolls in the Albany HMA have approached prepandemic levels since restrictions put in place to slow the spread of COVID-19 were eased. After nonfarm payrolls declined by a total of 67,900 jobs during March and April of 2020, approximately 73 percent of those jobs have been recovered as of March 2022 (monthly data, not seasonally adjusted). During the 12 months ending March 2022, nonfarm payrolls rose in 8 of 11 sectors, led by job gains in the leisure and hospitality and the wholesale and retail trade sectors. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.0 percent annually as precautions to counter the spread of COVID-19 are further eased and people return to their prepandemic routines.

Sales Market

Tight: The HMA had 1.3 months of available for-sale housing inventory in March 2022, down from 1.4 months of inventory in March 2021 (CoreLogic, Inc.).

The sales market in the HMA is tight, with an estimated vacancy rate of 1.3 percent, down from 1.7 percent in April 2010. During the 12 months ending March 2022, the number of home sales increased by 600, or 4 percent, to 15,550, while the average home sales price increased by $33,000, or 13 percent, to $280,900. Low interest rates have fed greater demand while rising labor and construction costs have led to a decline in the inventory of homes available for sale. During the next 3 years, demand is estimated for 4,950 new homes; the 350 homes under construction in the HMA will satisfy a small portion of that demand.

Rental Market

Balanced: The overall rental vacancy rate is estimated at 6.3 percent, down from the 7.1-percent rate in April 2010.

The rental housing market in the HMA is currently balanced, compared with slightly soft conditions in 2010. The apartment market, however, is currently tight. The apartment vacancy rate during the first quarter of 2022 was 2.3 percent, down from 3.8 percent a year earlier; apartment rents in the HMA averaged $1,398, up 8 percent from a year ago. Apartment market conditions have been tightening since 2019 due to a decline in multifamily construction activity in response to a softening market from 2016 through 2018. During the forecast period, demand is estimated for 5,550 new rental units. The demand is expected to be partially met by the 1,400 units currently under construction.

TABLE OF CONTENTS

3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Albany HMA Total Demand	4,950	5,550
Under Construction	350	1,400

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2022. The forecast period is April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

Comprehensive Housing Market Analysis Albany-Schenectady-Troy, New York
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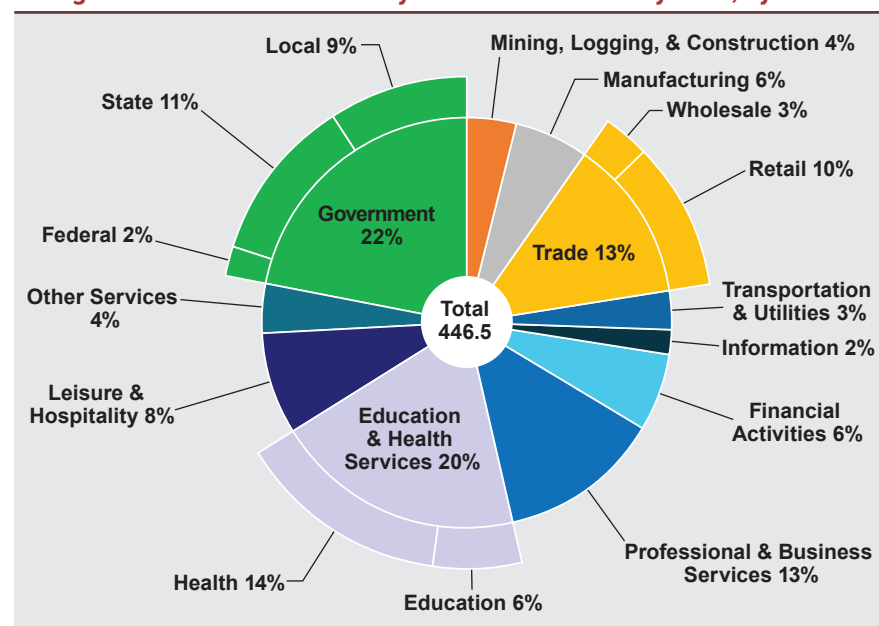
Economic Conditions

Largest Sector: Government

> The government sector accounted for approximately 22 percent of all nonfarm payroll jobs in the HMA during the 12 months ending March 2022; it was, however, 1 of only 2 sectors that declined during the period.

Primary Local Economic Factors

With the state capital of Albany located in the HMA, the government sector has had a disproportionately large economic impact on the HMA compared with other housing market areas. The government sector is currently the largest sector in the HMA, with state government jobs accounting for one-half of the jobs in this sector (Figure 1). Since 2011, however, the sector has declined
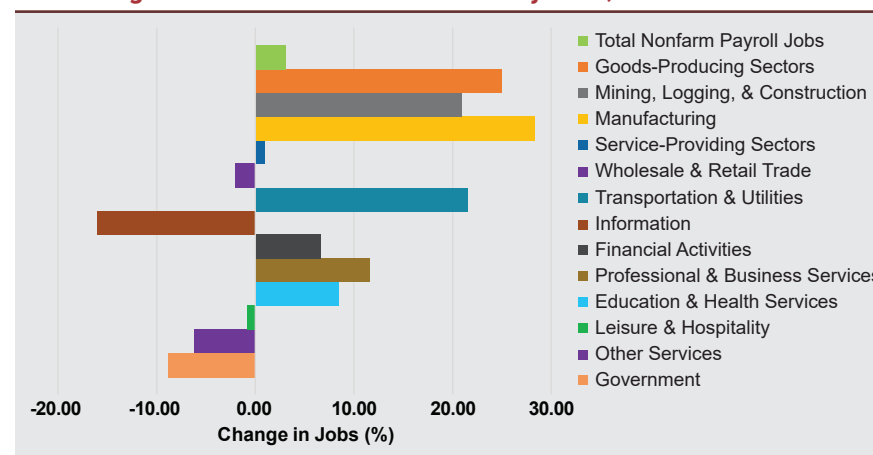
by nearly 9 percent, partly due to reduced tax revenue earlier in the 2010s following the Great Recession (Figure 2). The education and health services sector accounted for 20 percent of nonfarm payrolls in the HMA during the most recent 12 months, and it includes 3 of the top 10 largest employers in the HMA, including Albany Medical Health System and St. Peter's Health Partners (Table 1). Higher education is a sizeable industry, with a dozen 4-year colleges and

Figure 2. Sector Growth in the Albany HMA, 2011 to Current

Note: The current date is April 1, 2022.
Source: U.S. Bureau of Labor Statistics

Figure 1. Share of Nonfarm Payroll Jobs in the Albany HMA, by Sector

Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2022.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Albany HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
New York State	Government	47,800
Albany Medical Health System	Education & Health Services	14,600
St. Peter's Health Partners	Education & Health Services	12,350
Golub Corporation	Wholesale & Retail Trade	8,075
General Electric	Manufacturing	7,000
Haanaford Bros. Co., LLC	Wholesale & Retail Trade	5,000
Ellis Medicine	Education & Health Services	3,475
Stewart's Shops	Wholesale & Retail Trade	3,100
Bechtel Marine Propulsion Corporation	Manufacturing	3,000
GlobalFoundries Inc.	Manufacturing	3,000

Note: Excludes local school districts. New York State includes SUNY at Albany employees.
Sources: *American City Business Journals; All Over Albany*

Comprehensive Housing Market Analysis Albany-Schenectady-Troy, New York

U.S. Department of Housing and Urban Development, Office of Policy Development and Research

universities located in the HMA. SUNY at Albany, a public university and the largest university in the HMA, with more than 17,000 students and nearly 8,000 staff, has an estimated economic impact of $1 billion annually in the Capital Region (Capital District Regional Planning Commission). Tourism also has a significant impact on the economy of the HMA, with an economic impact of approximately $2 billion a year, supporting more than 38,000 jobs (Tourism Economics, Inc.).

The manufacturing sector, historically one of the largest sectors in the Albany HMA, is now one of the smallest, but employment gains in this sector since 2011 have reversed more than 2 decades of declines. Although the manufacturing sector currently accounts for only 6 percent of jobs, it has grown an average of 2.3 percent annually since 2011, making it the fastest growing sector. The recent growth was partly led by technology firms establishing East Coast footprints, drawn to the area due to sizeable state subsidies, including more than $4 billion awarded to semiconductor manufacturers during the past 2 decades (*New York Focus*), and a workforce with strong science and engineering backgrounds, educated at local colleges and universities. Approximately 10 percent of graduates from the Rensselaer Polytechnic Institute, the oldest technological research university in the nation, and the second largest university in the HMA by enrollment, currently reside in the Capital Region (*Albany Business Review*).

Current Conditions—Nonfarm Payrolls

Following the reopening of numerous nonessential businesses that were closed in order to mitigate the adverse health outcomes of the COVID-19 pandemic, the economy began recovering jobs in May 2020. By March 2022, 73 percent of the 67,900 jobs lost during March and April 2020 had been recovered (monthly data, not seasonally adjusted). During the 12 months ending March 2022, 14,700 jobs were added in the HMA, an increase of 3.4 percent from the previous 12 months (Table 2). The leisure and hospitality sector added the most jobs, after declining by more jobs than any other sector during the 12 months ending March 2021. During the 12 months ending March 2022, payrolls in this sector grew by 7,300 jobs, or 27.4 percent, compared with a loss of 14,200 jobs, or 34.8 percent, during the same period a year earlier. The transportation and utilities sector increased by 1,600 jobs, or 11.4 percent, during the 12 months ending March 2022, compared with a loss of 300 jobs during the previous 12-month period.

During the 12 months ending March 2022, the wholesale and retail trade sector grew by 2,700 jobs, or 4.9 percent, followed by the professional and business services sector, which added 2,500 jobs, or

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Albany HMA, by Sector

	12 Months Ending March 2021	12 Months Ending March 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**431.8**	**446.5**	**14.7**	**3.4**
Goods-Producing Sectors	44.7	46.0	1.3	2.9
Mining, Logging, & Construction	19.3	20.0	0.7	3.6
Manufacturing	25.4	26.0	0.6	2.4
Service-Providing Sectors	387.1	400.5	13.4	3.5
Wholesale & Retail Trade	55.4	58.1	2.7	4.9
Transportation & Utilities	14.0	15.6	1.6	11.4
Information	7.6	7.5	-0.1	-1.3
Financial Activities	26.1	26.1	0.0	0.0
Professional & Business Services	54.1	56.6	2.5	4.6
Education & Health Services	89.3	89.6	0.3	0.3
Leisure & Hospitality	26.6	33.9	7.3	27.4
Other Services	15.6	16.7	1.1	7.1
Government	98.4	96.5	-1.9	-1.9

Notes: Based on 12-month averages through March 2021 and March 2022. Numbers may not add to totals due to rounding. Data are in thousands.
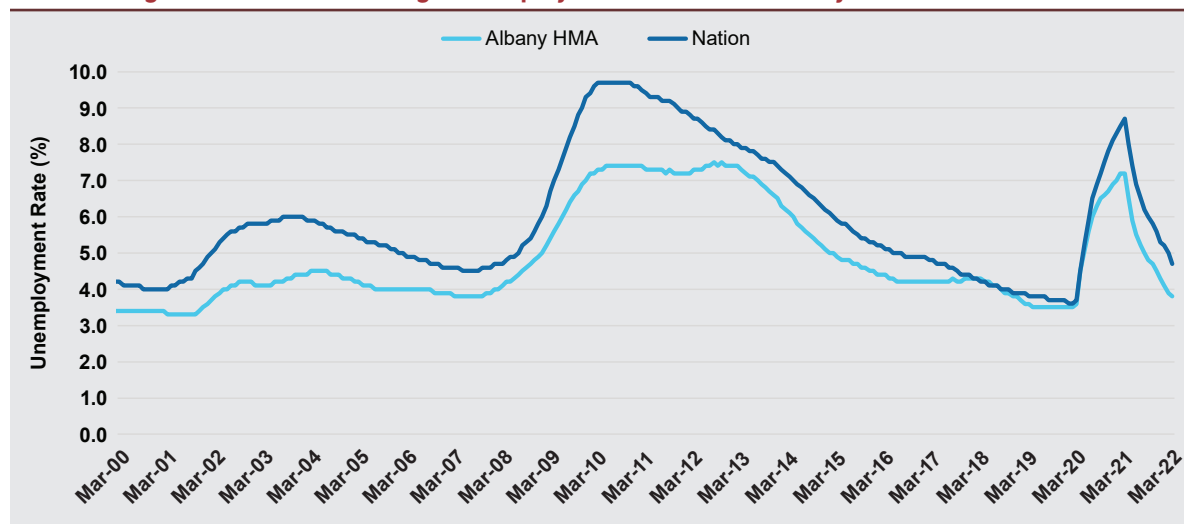**Source:** U.S. Bureau of Labor Statistics

4.6 percent. The education and health services sector expanded by 300 jobs, or 0.3 percent, to 89,600 jobs. The slower rate of recovery in the education and health services sector is partly due to the ongoing pandemic exacerbating a national shortage in nursing staff—older nurses are retiring early, and others are taking respite due to increased stress and workloads (Association of American Medical Colleges). The government sector declined by 1,900 jobs, or 1.9 percent, during the most recent 12 months, with state government job losses accounting for the total net jobs lost. Declines in state government jobs were due to attrition as a result of a state hiring freeze from March 2020 through September 2021.

Current Conditions— Unemployment

Due to an increase in resident employment and a decline in the labor force during the past year, the unemployment rate decreased year-over-

year in the HMA. During the 12 months ending March 2022, the unemployment rate averaged 3.8 percent, down from 7.2 percent during the previous 12-month period and lower than the national rate of 4.7 percent (Figure 3). At the beginning of the COVID-19 pandemic, when business restrictions were most severe, the unemployment rate in the HMA reached a high of 14.2 percent in April 2020 (monthly data, not seasonally adjusted). The monthly unemployment rate has since declined to 3.3 percent in March 2022.

**Figure 3. 12-Month Average Unemployment Rate in the Albany HMA and the Nation**

Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

Economic Decline: 2002 Through 2003

The national recession that resulted from the dot-com crash early in the decade had a modest impact in the Albany HMA. From 2002 through 2003, nonfarm payrolls in the HMA decreased by an average of 1,400, or 0.3 percent, a year to 434,900 (Figure 4). Nationally, nonfarm payrolls fell an average of 0.4 percent annually during this same period. In the HMA, losses were greatest in the manufacturing sector, contracting by an average of 2,400 jobs, or 9.0 percent, annually, continuing a decline from the previous decade. Closures at multiple manufacturing plants, including General Electric, contributed to the layoffs in this sector. During this period, the professional and business services
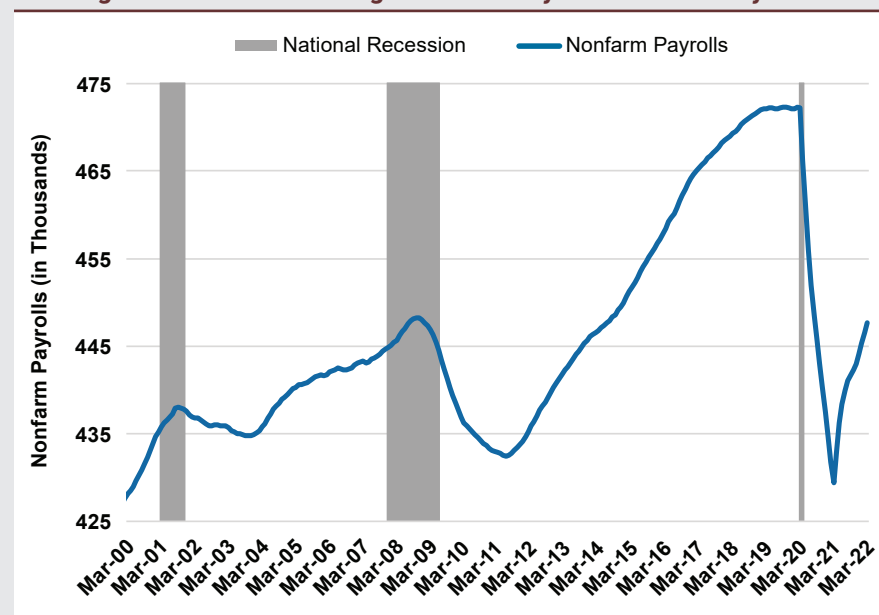
sector fell by 1,600 jobs, or 3.2 percent. Partially offsetting these losses were gains in the education and health services sector, which grew by an average of 1,700 jobs, or 2.4 percent, a year, the most jobs added in any sector in the HMA. Growth in this sector was partly due to the continued expansion of several hospitals, including a $10.6 million renovation and expansion of the Emergency Department at Albany Medical Center.

Economic Growth: 2004 Through 2008

Economic conditions in the HMA improved from 2004 through 2008, albeit slowly. During this period, nonfarm payrolls in the HMA grew by an average of 2,600, or 0.6 percent, annually, to 448,000. By comparison, nonfarm payrolls nationwide rose by an average of 1.5 percent each year. The professional and business services sector added an average of 1,400 jobs each year in the HMA, representing an average annual increase of 2.8 percent, while the education and health services sector increased by an average of 1,000 jobs, or 1.4 percent, annually. Partially offsetting these job gains were losses in the wholesale and retail trade sector, which fell by 600 jobs, or 0.9 percent, each year. Downsizing by traditional retailers, including Radio Shack, which closed four stores in the Albany HMA in 2006 to compete with online retailers, contributed to the losses in the sector.

The Impact of the Great Recession: 2009 Through 2010

From 2009 through 2010, a period that includes the Great Recession, payrolls in the HMA declined. During this period, the HMA lost an average of 7,300 jobs, or 1.6 percent, annually, compared with an average loss rate in the nation of 2.5 percent each year. The manufacturing and the mining, logging, and construction sectors fell by respective averages of 1,100 and 900 jobs each year, both at an average annual rate of 5.0 percent. Layoffs in the manufacturing sector were partly due to more aggressive industry downsizing in response to a contracting economy, whereas losses in the mining, logging, and construction sector were largely due to a sharp decrease in new home construction and a tightening credit market. The professional and business

Figure 4. 12-Month Average Nonfarm Payrolls in the Albany HMA

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

services and the wholesale and retail trade sectors declined by averages of 2,100 and 1,800 jobs, or 3.9 and 2.9 percent, each year, respectively. During 2010, DST Health Solutions, Inc. laid off 53 employees in the professional and business services sector, and Ruch Distributors, Inc. laid off 51 employees in the wholesale and retail trade sector. Job losses were also significant in the government sector, declining by an average of 1,500 jobs, or 1.4 percent, annually. State government job losses accounted for 80 percent of total government job declines, falling by an average of 1,200, or 2.2 percent, annually, coinciding with declining state tax revenue during the financial crisis. During this period, the education and health services sector continued to grow strongly, increasing by an average of 1,600 jobs, or 2.1 percent, annually.

Economic Recovery and Expansion: 2011 Through 2016
The economy of the HMA added jobs each year from 2011 through 2016, and the number of jobs lost during the economic downturn were recovered by the end of 2014. From 2011 through 2016, total nonfarm payrolls in the HMA increased by an average of 5,100 jobs, or 1.1 percent, annually, compared with average annual gains of 1.7 percent nationally. The education and health services sector led growth in the HMA during the period, expanding by an average of 1,600 jobs, or 1.9 percent, each year. In 2013, Albany Medical Center opened a $360 million Patient Pavilion, creating 1,000 jobs. The manufacturing sector increased by an average of 1,000 jobs, or 4.4 percent, annually from 2011 through 2016, partly because of the opening of the GlobalFoundries Inc. semiconductor manufacturing facility in Saratoga County in 2011, which employed more than 2,000 workers during that period and has since increased to 3,000 workers. The growth in the manufacturing sector reversed the

contraction from 2001 through 2010, which averaged 3.3 percent annually. Despite overall nonfarm payroll growth, the government sector declined by an average of 800 jobs, or 0.8 percent, annually, from 2011 through 2016, due to fiscal austerity measures implemented in response to revenue shortfalls. These measures included a reduction in hiring and job cutbacks through attrition, resulting in state and local government salary and wage expenditures declining an average of 0.3 percent each year during this period (State and Local Finance Data Query System, Urban Institute and Brookings Institution Tax Policy Center).

A Period of Modest Economic Growth: 2017 Through 2019
The economy of the Albany HMA continued to expand from 2017 through 2019, but at a slower rate compared with the early and mid-2010s. From 2017 through 2019, nonfarm payrolls in the HMA grew by an average of 2,600 jobs, or 0.6 percent, each year, to 472,000. The education and health services sector continued to lead job gains in the HMA during the period, increasing by an average of 1,400 jobs, or 1.5 percent, annually. In 2018, a $105 million addition at Samaritan Hospital by St. Peter's Health Partners was completed, contributing to job growth in this sector. From 2017 through 2019, the government sector grew by an average of 600 jobs, or 0.6 percent, annually; approximately 83 percent of the jobs gained were local government jobs, with local salary and wage expenditures increasing an average of 2.3 percent each year due to increasing tax revenue and the easing of austerity measures. The leisure and hospitality sector rose by an average of 400 jobs, or 0.9 percent, annually. In 2017 the Rivers Casino & Resort opened in Schenectady County, employing more than 1,500 people in 2018.

Forecast
During the 3-year forecast period, the economy of the HMA is expected to continue to recover from the impact of the pandemic, with nonfarm payrolls estimated to increase an average of 1.0 percent annually. Economic conditions are not expected to fully recover by the third year of the forecast, however,

due to a persistently low labor force participation rate compared with the prepandemic period. Job growth is expected to moderate during each of the next 3 years. Gains are expected to be largely concentrated in the education and health services and the leisure and the hospitality sectors as businesses such as medical offices and restaurants return to more normal operations.

Population and Households

Current Population: 901,700

Since 2011, population growth has been relatively steady, with increasing net in-migration largely mitigating a decline in net natural change.

Population Trends

As of April 1, 2022, the population of the HMA is estimated at approximately 901,700 (Table 3). Albany County is the largest county in the HMA and currently accounts for 35 percent of the population, with 0.3 percent average annual growth since 2010. By comparison, Saratoga County, the second largest county, grew an average of 0.7 percent each year during the same period and now accounts for approximately 26 percent of the population. The faster rate of growth compared with Albany County is partly due to technology firms relocating to the HMA, particularly into Saratoga County.

Net in-migration into the HMA has been largely linked with the performance of the local economy during much of the past two decades, and an aging population led to declining net natural change since the early 2010s. From 2002 to 2007, population growth averaged 5,275 people, or 0.6 percent, annually. Net in-migration into the HMA averaged 3,350 people each year, and net natural change averaged 1,925 people

annually (U.S. Census Bureau decennial census counts and population estimates as of July 1; Figure 5). By comparison, from 2007 to 2011, a period that includes the Great Recession, population growth slowed to an average of 2,675 people, or 0.3 percent, each year. The slower population growth was due to a decline in net in-migration to an average of 625 people a year, coinciding with the contracting economy,

Table 3. Albany HMA Population and Household Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	870,716	901,700	911,100
	Average Annual Change	4,475	2,575	3,125
	Percentage Change	0.5	0.3	0.3

Household Quick Facts		2010	Current	Forecast
	Households	355,301	380,100	387,700
	Average Annual Change	2,500	2,075	2,525
	Percentage Change	0.7	0.6	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2022) to April 1, 2025.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Albany HMA, 2002 Through the Forecast
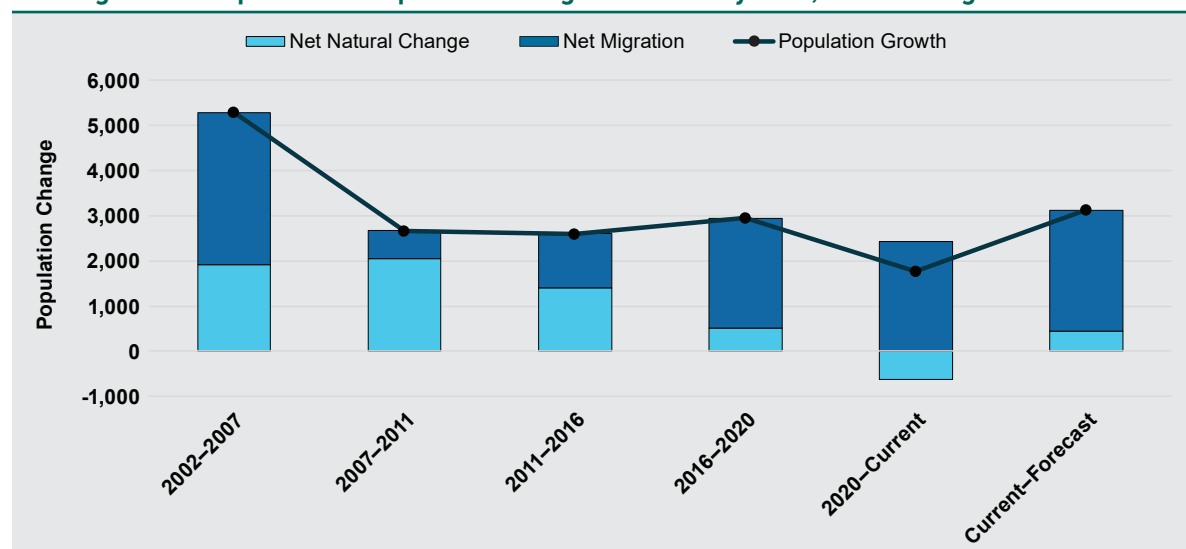
Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2022) to April 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

whereas net natural change grew to an average of 2,050 people each year. As the economy recovered after the recession, net in-migration increased, but births declined, and deaths increased as the population grew older.

From 2011 to 2016, population growth averaged 2,600 people, or 0.3 percent, each year. Net in-migration increased to an average of 1,200 people annually as the economy improved, but net natural change declined to an average of 1,400 people annually. From 2016 to 2020, net in-migration continued to increase, averaging 2,425 people a year; net natural change, however, slowed further to an average of 525 people each year. As a result, population growth increased modestly to an average of 2,950 people each year, compared with the previous period, but also reflecting an average growth rate of 0.3 percent annually. Since 2020, population growth has averaged 1,775 people, or 0.2 percent, annually, with average net in-migration of 2,400 people a year partially offset by net natural decline. Due to increased mortality as a result of the COVID-19 pandemic, net natural change turned negative, averaging a loss of 625 people annually in the HMA during this period.

Demographic Trends

The population of the Albany HMA has become notably older since the mid-2010s. Growth of the population aged 60 years and older has outpaced overall population growth, leading to a decline in net-natural change. From 2015 through 2019, the population aged 60 years and older in the HMA grew at an average annual rate of 3.6 percent, compared with 2.9 percent, nationally. The proportion of the population aged 60 years and older in the HMA increased from 16.8 percent in 2014 to 19.5 percent in 2019. During 2019, the median age of the population was 40.0 years, older than the national median age of 38.5 years (2014 and 2019 American Community Survey [ACS] 1-year data).

Student Population

Students account for a modest portion of the population of the HMA. Approximately 48,000 undergraduate and graduate students live in the HMA, a 5-percent share of the population (National Center for Education Statistics). Of those students, 21,600, or 45 percent, attend school in the city of Albany, accounting for 22 percent of the population of the city. Undergraduate and graduate enrollment at SUNY at Albany and Rensselaer Polytechnic Institute, the two largest universities in the HMA, has grown an average of 0.4 percent a year since 2010, compared with 0.3 percent growth for the general population.

Household Trends

An estimated 380,100 households are in the Albany HMA as of April 1, 2022, reflecting an increase of 2,075 households, or 0.6 percent, annually since 2010. The faster rate of household growth compared with population growth reflects a greater share of relatively smaller households, particularly those headed by householders aged 60 years and older. The homeownership rate is currently estimated at 63.1 percent, down from 64.4 percent in 2010, in part because of an increased rate of foreclosures compared with the previous 10-year period. The current homeownership rate estimate is below the 2019 estimate of 67.3 percent for Upstate New York and the 2019 rate of 64.1 percent for the nation. Figure 6 shows the number of households by tenure from 2000 to the current date.

Forecast

During the 3-year forecast period, the population of the Albany HMA is expected to increase by an average of 3,125 or 0.3 percent, annually, to 911,100. Net in-migration and net natural change are expected to return to prepandemic levels, with estimated annual average gains of 2,675 people and 450 people, respectively. The number of households in the HMA is expected to increase by an average of 2,525, or 0.7 percent, annually, to approximately 387,700.

Figure 6. Households by Tenure and Homeownership Rate in the Albany HMA
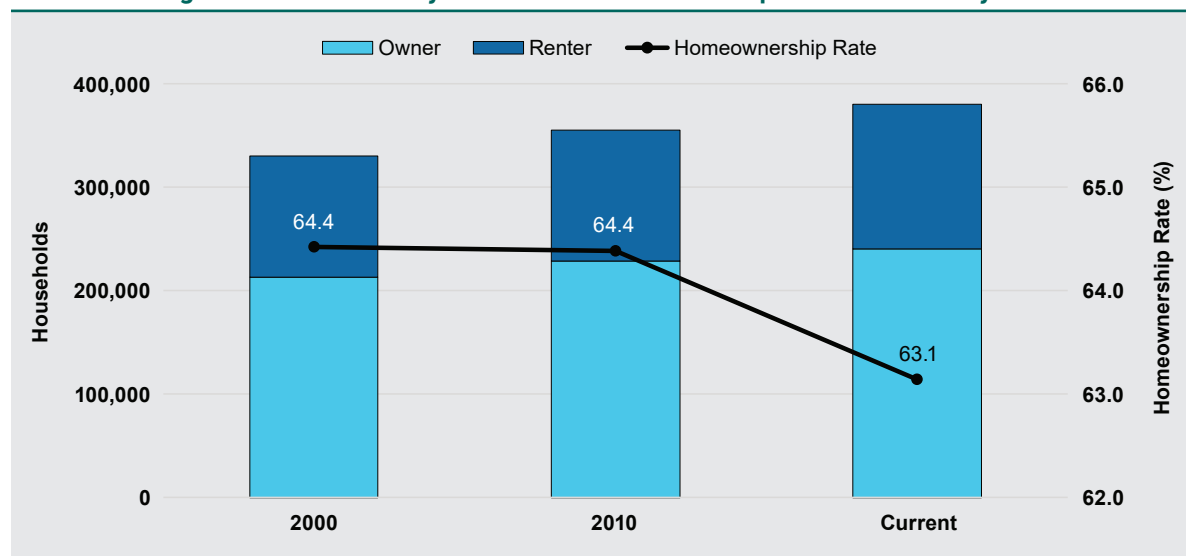
Note: The current date is April 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Tight

During the 12 months ending March 2022, the average home sales price rose 13 percent (CoreLogic, Inc., with adjustments by the analyst), partly because the supply of for-sale inventory has been below 2.0 months for the past 2 years.

Current Conditions

Sales housing market conditions in the Albany HMA are tight, with an estimated vacancy rate of 1.3 percent (Table 4), down from 1.7 percent in April 2010 when housing market conditions were balanced. The decline in the sales vacancy rate since 2010 has been due to relatively low levels of new home construction coinciding with historically low interest rates generating increased demand. Rising construction costs have contributed to a further decline in available for-sale inventory since the start of the pandemic. The inventory of homes for sale was down from a 1.4-month supply in March 2021 to a 1.3-month supply as of March 2022 and below the 2.5-month supply in April 2010 (CoreLogic, Inc.).

Home Sales

Total sales of new and existing homes in the HMA started to increase in 2012 after declining nearly every year from 2006 through 2011 (Figure 7). After reaching 17,050 homes sold during 2005,

**Table 4. Home Sales Quick Facts in the Albany HMA**

		Albany HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.3%	NA
	Months of Inventory	1.3	1.1
	Total Home Sales	15,550	6,815,000
	1-Year Change	4%	2%
	New Home Sales Price	$447,900	$477,500
	1-Year Change	12%	21%
	Existing Home Sales Price	$271,100	$374,500
	1-Year Change	13%	11%
	Mortgage Delinquency Rate	2.2%	1.5%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2022; and months of inventory and mortgage delinquency data are as of March 2022. The current date is April 1, 2022.
Sources: Vacancy rate—estimates by the analyst; HMA months of inventory, home sales, and prices—CoreLogic, Inc.; national home sales and prices—National Association of REALTORS® and Census Bureau/HUD

Figure 7. 12-Month Sales Totals by Type in the Albany HMA
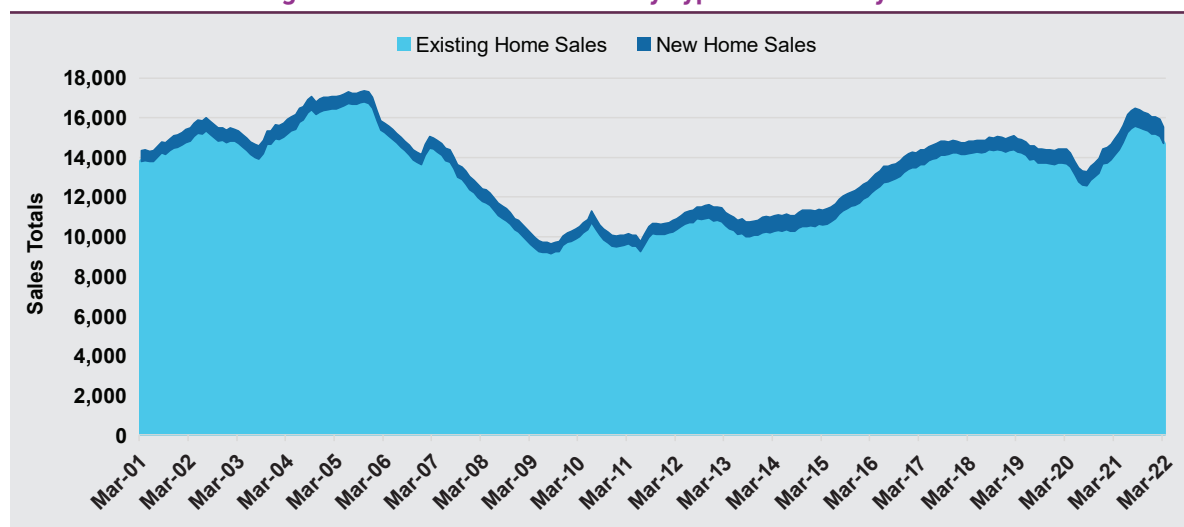
Source: CoreLogic, Inc. with adjustments by the analyst

home sales declined an average of 8 percent annually to 10,650 homes sold during 2011, coinciding with a decline in net in-migration. During this period, new homes sales fell at a slower rate of 1 percent each year and accounted for an average of 5 percent of homes sold annually. (CoreLogic, Inc., with adjustments

by the analyst). During 2012, homes sales increased by 840 homes, or 8 percent, before declining once again in 2013 by 520 homes, or 5 percent; new home sales during 2013 increased by 12 percent, briefly diverging from the overall home sales trend that year. From 2014 through 2019, home sales grew by an average of 570 homes, or 5 percent, annually, to 14,350 homes sold during 2019. During the 12 months ending March 2022, home sales were up 4 percent, with 15,550 homes sold, compared with 14,950 homes sold during the previous 12-month period. During the past year, new home sales accounted for approximately 6 percent of total home sales.

REO Sales and Delinquent Mortgages

Although the foreclosure crisis from 2007 through 2010 affected the Albany HMA, the impact was not to the same degree as other parts of the nation due to New York being a judicial foreclosure state, which automatically allows borrowers to contest a foreclosure, greatly extending the time it takes for a bank to foreclose on a home. As of March 2022, approximately 2.2 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 4.2 percent in March 2021 and below the peak of 7.4 percent in January 2013 (CoreLogic, Inc.). By comparison, the share of seriously delinquent

home loans and REO properties in the nation peaked at 8.6 percent during January 2010. The rate in the HMA was 5.5 percent during this same period.

During the 12 months ending March 2022, REO home sales accounted for approximately 1 percent of existing home sales in the HMA, down from 3 percent a year earlier and well below a recent high of 8 percent in 2017 (CoreLogic, Inc., with adjustments by the analyst). During the 12 months ending March 2022, the sales price of an REO home in the HMA averaged $105,800, representing a 6-percent increase in price from the previous 12-month period. During the current 12 months, the average price of an REO home was 39 percent of the price of a resale home, down from 41 percent a year earlier due to the average price of a resale home growing faster than the average REO home sales price.

Home Sales Prices

The housing crisis during the Great Recession was relatively modest in the HMA compared with the rest of the nation. The relatively low level of seriously delinquent home loans and REO sales in the HMA during that period helped to prevent home sales prices from falling during the financial crisis. After increasing an average 6 percent each year from 2005 through 2008, the average home sales price in the HMA was relatively unchanged from 2009 through 2010 (CoreLogic, Inc., with adjustments by the analyst; Figure 8).

**Figure 8. 12-Month Average Sales Price by Type of Sale in the Albany HMA**
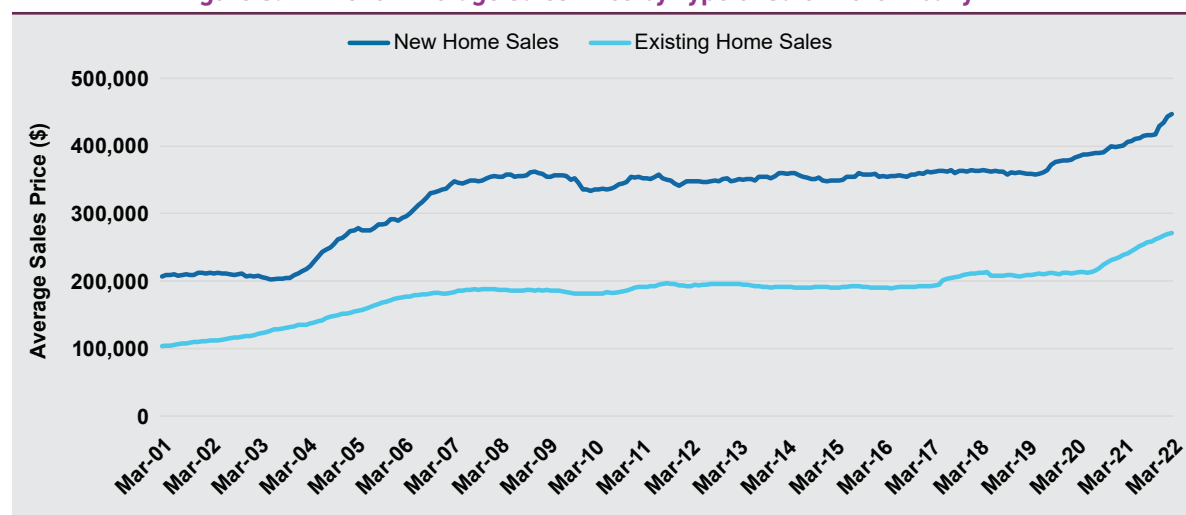
Source: CoreLogic, Inc. with adjustments by the analyst

As the economy recovered, the average home sales price increased an average of 1 percent each year from 2011 through 2019. During the 12 months ending March 2022, the average new and existing home sales price increased 13 percent to $280,900, compared with a 12 percent increase during the same period a year earlier. Figure 9 shows the share of home sales by price range during the 12 months ending March 2022.

The significant increase in home prices during the most recent 24 months is due to a decline in inventory associated with increased costs of construction materials and labor, as well as historically low interest rates that have spurred greater demand. Nationally, the price of lumber used to build an average home has increased substantially since April 2020, causing the price of a new single-family home to increase by nearly $18,600 compared with a year ago (National Association of Home Builders). While interest rates have risen during the past year, during March 2022, the average interest rate for a 30-year

fixed-rate mortgage was 4.2 percent, the third lowest March average since 1971, after the March 2020 and 2021 rates of 3.5 and 3.1 percent, respectively (Freddie Mac).

Sales Construction Activity

New home construction, as measured by the number of single-family homes, townhomes, and condominiums permitted (building permits) increased modestly during the 12 months ending March 2022, compared with the previous 12-month period, but the current rate of construction has not kept pace with demand. From 2000 through 2004, an average of 2,550 homes were permitted annually. The number homes permitted subsequently fell an average of 17 percent each year from 2005 through 2008 to 1,300 homes (Figure 10). From 2009 through 2012, the number of homes permitted averaged 1,225 annually, a figure which rose 12 percent to an average of 1,375 homes

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending March 2022 in the Albany HMA
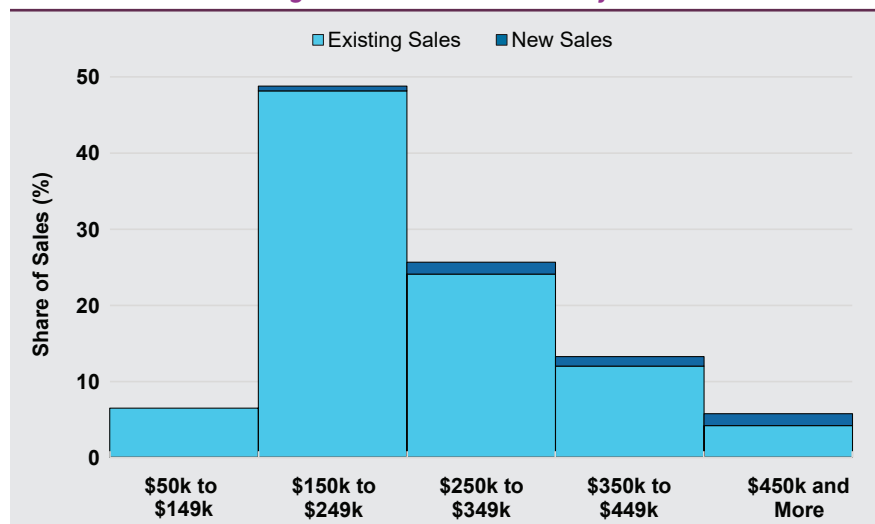
Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Figure 10. Annual Sales Permitting Activity in the Albany HMA
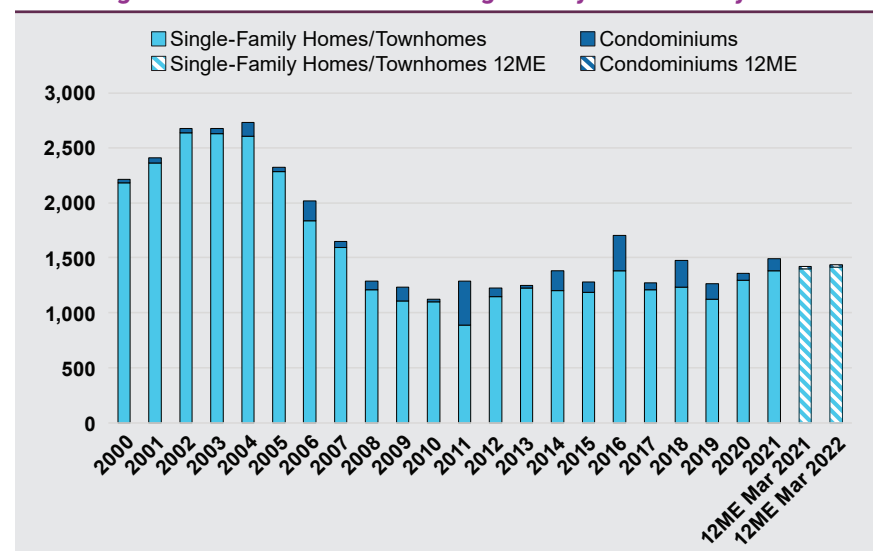
12ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Comprehensive Housing Market Analysis Albany-Schenectady-Troy, New York

U.S. Department of Housing and Urban Development, Office of Policy Development and Research

permitted each year from 2013 to 2019. Despite rising construction costs, home building activity has increased during the past 2 years in response to a tightening sales market. During the 12 months ending March 2022, nearly 1,450 homes were permitted, up 2 percent from the 1,425 homes permitted a year earlier (preliminary data, with adjustments by the analyst).

New Construction

An estimated 350 single-family homes are currently under construction in the HMA, with development concentrated near major commuting arteries, notably Interstates 87 and 90, connecting residents with Albany as well as New York City and Boston. The Village at Shaker Creek is a luxury townhome community in the town of Latham, located near Interstate 87 in Albany County. Currently, 32 townhomes have been built and sold at the development; an additional 20 homes are expected to be constructed as they are sold, with prices starting at $560,000. Since 2010, 55 percent of the single-family homes permitted in the HMA have been in Saratoga County, the fastest growing county by population. Alexandria, which offers residents maintenance-free living, is among the new

single-family home communities in Saratoga County. Of the 48 homes planned, 44 have been built, with prices for a three-bedroom home starting at $500,000.

Forecast

During the next 3 years, demand is expected for 4,950 new homes in the Albany HMA, with demand expected to decline each year as 30-year fixed mortgage rates increase. Demand is expected to remain significant in areas accessible to major highways connecting areas in the HMA to Albany. The 350 homes currently under construction will satisfy a portion of the demand (Table 5).

Table 5. Demand for New Sales Units in the Albany HMA During the Forecast Period

Sales Units	
Demand	4,950 Units
Under Construction	350 Units

Note: The forecast period is from April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

> Rental market conditions have moved from soft to balanced since 2020 due to relatively low levels of multifamily construction activity and steady population growth.

Current Conditions and Recent Trends

Rental housing market conditions in the Albany HMA are balanced, with an overall rental vacancy rate estimated at 6.3 percent as of April 1, 2022, down from the April 2010 rate of 7.1 percent (Table 6). Approximately 44 percent of renter households in the HMA resided in multifamily structures with five or more units, slightly below the national rate of 49 percent (2019 ACS 1-year data). Smaller multifamily developments make up a relatively large portion of rental units in the HMA, with an estimated 40 percent of renter households residing in buildings with two to four units, significantly higher than the national rate of 17 percent.

Apartment Market Conditions

Apartment market conditions in the Albany HMA are tight. During the first quarter of 2022, the apartment vacancy rate was 2.3 percent, down from 3.8 percent during the first quarter of 2021 (CoStar Group; Figure 11). The apartment vacancy rate has declined during each of the past 3 years from a recent high of 6.5 percent during

Table 6. Rental and Apartment Market Quick Facts in the Albany HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	7.1	6.3
		2010 (%)	**2019 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	17	14
	Multifamily (2–4 Units)	40	40
	Multifamily (5+ Units)	41	44
	Other (Including Mobile Homes)	3	2

Notes: The current date is April 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data

Figure 11. Apartment Rents and Vacancy Rates in the Albany HMA
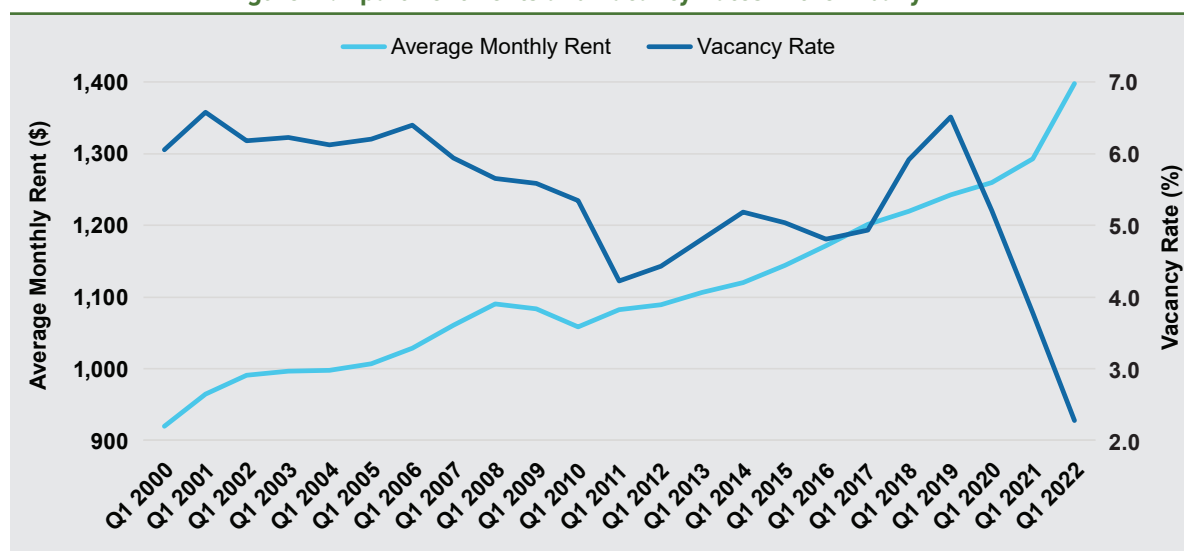
Q1 = first quarter.
Source: CoStar Group

the first quarter of 2019 due to limited multifamily construction activity and continued net in-migration. The apartment rent in the HMA averaged $1,398 during the first quarter of 2022, up 8 percent from a year ago, representing the fastest first quarter year-over-year rent increase during the past 20 years. By comparison, from 2011 to 2020, first quarter rents increased at an average rate of 2 percent each year. In

Saratoga County, apartment rents during the first quarter of 2022 averaged $1,494, up more than 10 percent from a year earlier, and the vacancy rate was 3.7 percent, down from 4.3 percent a year ago. During the first quarter of 2022, the average rent in Albany County, home to a majority of the student population in the HMA, was $1,341, up 7 percent from the first quarter of 2021, and the vacancy rate was 2.5 percent, down from 3.6 a year earlier.

Student Housing

The numerous universities in and around the city of Albany, in particular SUNY at Albany and Rensselaer Polytechnic Institute, have had a significant impact on the rental market in the HMA. Of the 48,000 graduate and undergraduate students in the HMA, nearly 15,000 are housed in on-campus dormitories and university-affiliated apartments. The remaining 33,000 students who live off campus account for an estimated 8 percent of renter households in the HMA.

Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, increased during the past year, coinciding with tightening apartment market conditions (Figure 12). During the 12 months ending March 2022, approximately 1,000 rental units were permitted, up 16 percent from the 860 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst). From 2000 through 2004, rental

Figure 12. Annual Rental Permitting Activity in the Albany HMA
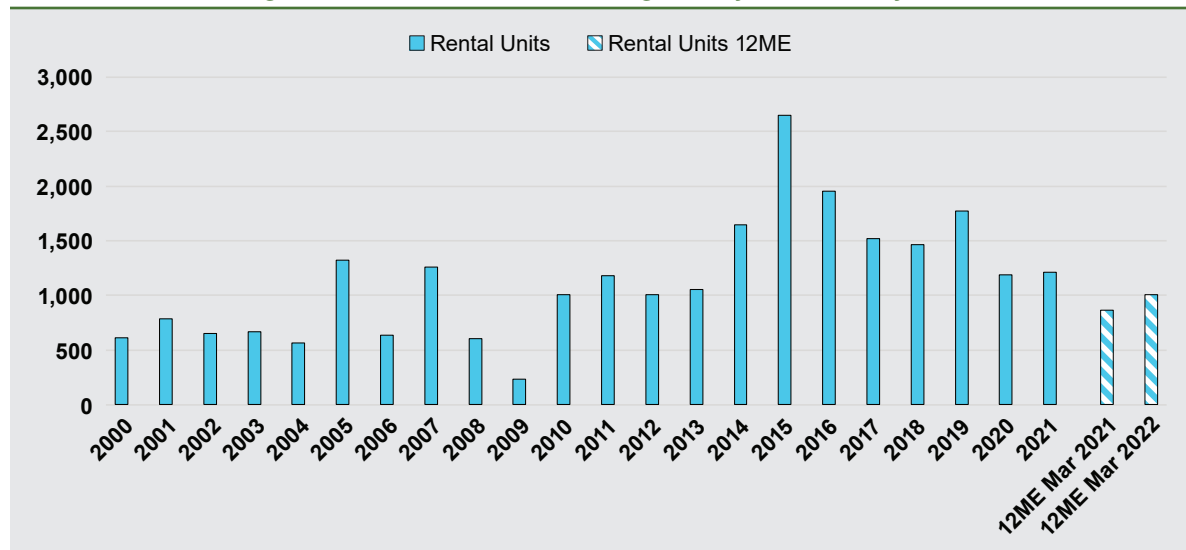
12ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

construction activity was steady, averaging 660 units annually, before increasing to an average of 1,075 units each year from 2005 through 2007. From 2008 through 2009, rental construction activity in the HMA fell to an average of 420 units each year, the lowest level of multifamily units permitted during the past 2 decades. From 2010 through 2013, rental construction activity averaged 1,050 units annually and grew to an average of 1,825 units annually from 2014 through 2019. In response to a softening market due to high levels of multifamily construction, rental construction activity dropped to 1,200 units permitted during 2020.

New Construction

Approximately 43 percent of multifamily building activity since 2010 has been in Saratoga County, including the King's Isle Apartments, a 123-unit senior apartment development currently under construction in the town of Mechanicville. Upon completion in the summer of 2022, the development will have a mix of one-, two-, and three-bedroom apartments with rents starting at $1,050, $1,300, and $1,600, respectively. The conversion of a warehouse at 413 N. Pearl Street in the city of Albany into a mixed-use development is currently underway as part of a greater plan for the redevelopment of the warehousing district. Within

walking distance to Albany Medical Center and SUNY at Albany, the renovation is expected to be complete in the spring of 2022, with 80 planned apartments and more than 13,500 square feet of commercial space. Plans are also currently underway to demolish a vacant hotel at 1415 Washington Avenue in the city of Albany and to construct a 240-unit off-campus student housing development.

Forecast

During the 3-year forecast period, demand is estimated for 5,550 new rental units in the HMA (Table 7). Demand is expected to rise modestly during the second and third years of the forecast period due to continuing population and household growth and rising interest rates making homeownership more difficult. The 1,400 units under construction will satisfy some of the demand during the first year of the forecast period.

Table 7. Demand for New Rental Units in the Albany HMA During the Forecast Period

Rental Units	
Demand	5,550 Units
Under Construction	1,400 Units

Note: The forecast period is April 1, 2022, to April 1, 2025.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.   Definitions

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.
Capital Region	An area of New York that includes Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren, and Washington Counties.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	4/1/2022–4/1/2025—Estimates by the analyst.
Great Recession	December 2007–June 2009.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.

Net Natural Change	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Home Loans	Home loans 90+ days delinquent or in foreclosure.
Upstate New York	The state of New York, excluding Rockland and Westchester Counties, New York City, and Long Island.

B.   Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C.   Additional Notes

1.	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.

| 2. | The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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. |

D.   Photo/Map Credits

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