



Nassau-Suffolk (Long Island), New York

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2017



Housing Market Area



The Nassau-Suffolk Housing Market Area (HMA) consists of Nassau and Suffolk Counties in the southeastern portion of New York. The HMA, which is also known as Long Island, is coterminous with the Nassau-Suffolk, NY Metropolitan Division of the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA). The HMA is partially a bedroom community for New York City, with more than 20 percent of all working residents commuting into the city for work.

Market Details

- Economic Conditions 2
- Population and Households 5
- Housing Market Trends 7
- Data Profile 12

Summary

Economy

Nonfarm payrolls in the Nassau-Suffolk HMA increased during the past 7 years, although job growth has been slower than the rest of the nation. Nonfarm payrolls increased an average of 1.2 percent during the past 7 years compared with nationwide growth that averaged 1.5 percent annually. The education and health services sector is the largest in the HMA, and the sector has added at least 2,000 jobs every year since 2000. During the 12 months ending March 2017, nonfarm payrolls increased by 20,700 jobs, or 1.6 percent, to 1.33 million jobs. During the 3-year forecast period, nonfarm payrolls are expected to grow at an average annual rate of 0.9 percent.

Sales Market

The sales housing market in the HMA is currently balanced. The estimated sales vacancy rate is 1.2 percent, down from 1.4 percent in 2010. During the next 3 years, demand is estimated for 1,675 new homes (Table 1). The 700 homes under construction and some of the estimated 75,000 other vacant units that may reenter the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is currently slightly tight. The estimated overall rental vacancy rate is 5.0 percent, down from 5.5 percent in 2010. Conditions in the apartment market are also slightly tight. The apartment vacancy rate was 3.0 percent during the first quarter of 2017, down from 3.8 percent during the first quarter of 2010 (Reis, Inc.). During the forecast period, demand is estimated for 1,675 new market-rate units (Table 1). The 1,200 units under construction will satisfy a portion of that demand.

Table 1. Housing Demand in the Nassau-Suffolk HMA During the Forecast Period

	Nassau-Suffolk HMA	
	Sales Units	Rental Units
Total demand	1,675	1,675
Under construction	700	1,200

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, 2017. A portion of the estimated 75,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2017, to April 1, 2020.

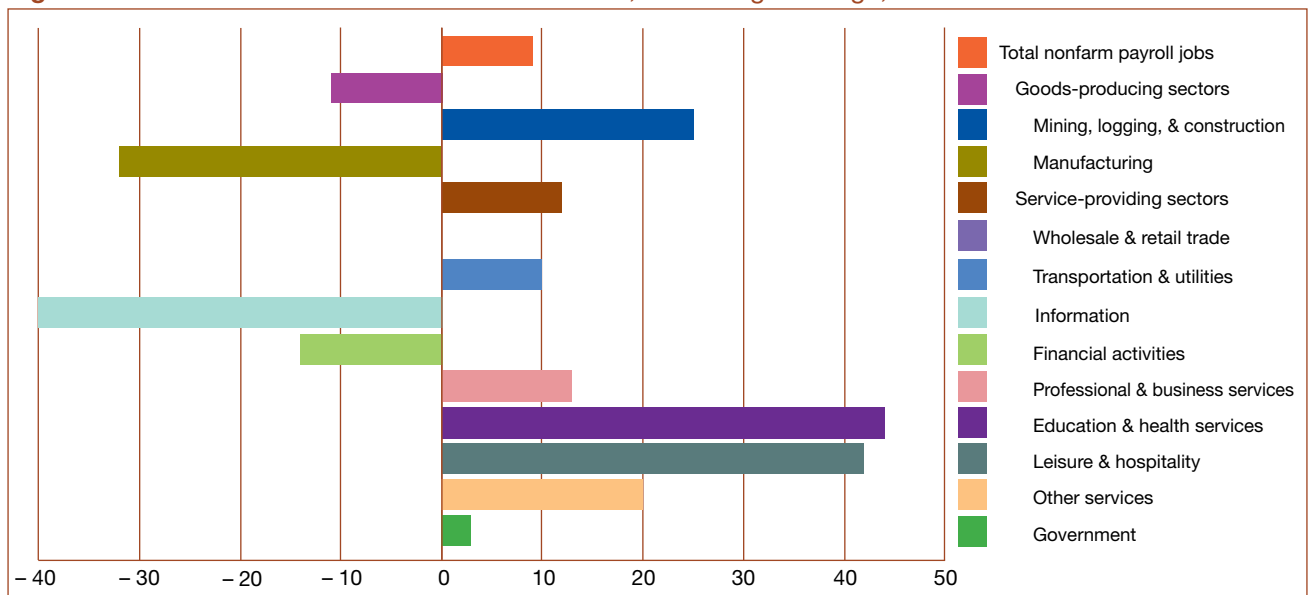
Source: Estimates by analyst

Economic Conditions

The main economic catalyst for the Nassau-Suffolk HMA, especially since 2000, has been the education and health services sector. Since 2000, approximately 79,700 nonfarm payrolls were added in this sector, which represents a 44-percent increase (Figure 1), with more jobs added and at a higher rate of growth than any other sector in the HMA. Additionally, gains in this sector accounted for more than 70 percent of all job growth in the HMA during this period. The sector is also the largest in the HMA, with nearly 20 percent

of all nonfarm payrolls (Figure 2), and includes Northwell Health, the largest employer in the HMA with 37,000 employees (Table 2). Within the sector, gains were strongest in the healthcare and social assistance industry, especially during the past 2 years. From 2000 through 2014, nonfarm payrolls in this industry increased by an average of 3,500 jobs, or 2.0 percent, annually. Growth accelerated to an average of 7,600 jobs, or 3.7 percent, annually during 2015 and 2016, which is attributed to increased use of medical services

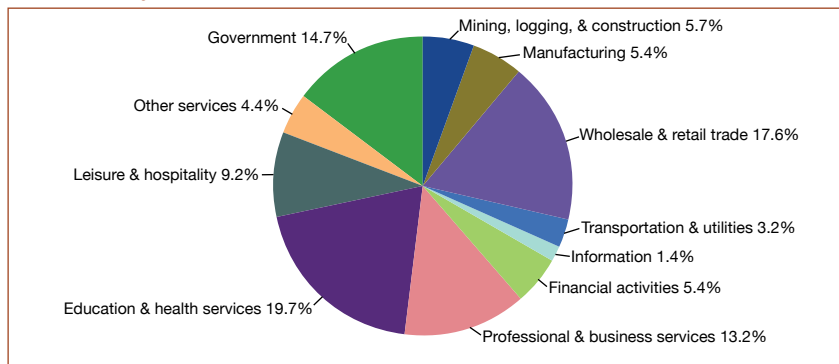
Figure 1. Sector Growth in the Nassau-Suffolk HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through March 2017. During this period, payrolls in the wholesale and retail trade sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Nassau-Suffolk HMA, by Sector



Note: Based on 12-month averages through March 2017.

Source: U.S. Bureau of Labor Statistics

due to more people having insurance. The rate of uninsured residents in the HMA declined from 10.5 percent in 2013 to 6.7 percent in 2015 (U.S. Census Bureau, Small Area Health Insurance Estimates; the most recent data available).

The wholesale and retail trade and the government sectors are the second and third largest sectors in the HMA, with approximately 18 and 15 percent of all nonfarm payrolls, respectively.

Table 2. Major Employers in the Nassau-Suffolk HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Northwell Health	Education & health services	37,000
Altice USA Inc.	Information	18,900
Henry Schein, Inc.	Wholesale & retail trade	15,000
CA Technologies	Professional & business services	13,600
Pall Corporation	Manufacturing	10,800
Broadbridge Financial Solutions, Inc.	Professional & business services	6,200
Systemax Inc.	Wholesale & retail trade	5,300
MSC Industrial Direct Co Inc.	Wholesale & retail trade	4,975
Hain Celestial Group Inc.	Manufacturing	3,725
Verint Systems Inc.	Professional & business services	3,200

Note: Excludes local school districts.

Source: Economy.com

These proportions are larger than those in the New York-Newark-Jersey City, NY-NJ-PA MSA overall, which is attributed, in part, to higher demand for the goods and services these sectors offer residents who work in New York City and bring outside income to the HMA. During the 5-year period from 2009 to 2013, more than 20 percent of all working residents in the HMA held a job in one of the five boroughs of New York City (American Community Survey [ACS]).

The tourism industry is also a significant contributor to the economy of the HMA, largely because of visitors to the Hamptons and North Fork regions of eastern Suffolk County. During 2015, tourism in the HMA supported approximately 76,400 jobs and resulted in approximately \$5.43 billion in total business sales, up 9 and 18 percent, respectively, compared with 2010 (Tourism Economics). Growth in the tourism industry since the recession has led to strong gains in the leisure and hospitality sector. Since 2010, payrolls in this sector increased an average of 3.1 percent, or by 3,300 jobs, annually, which is the fastest rate of growth among all sectors during this period.

The economy of the HMA grew at a moderate pace from 2003 through

2007, but job growth lagged the nation. During the 5-year period, nonfarm payrolls increased by an average of 9,200 jobs, or 0.7 percent, compared with nationwide growth that averaged 1.1 percent annually. Within the HMA, gains were largest in the education and health services and the professional and business services sectors, which increased by an average of 4,000 and 2,000 jobs, or 2.0 and 1.3 percent, respectively. Partially offsetting these gains were losses in the manufacturing, information, and financial activities sectors, which decreased by an average of 1,700, 900, and 600 jobs, or 1.9, 3.0, and 0.7 percent, annually, respectively.

During 2008 and 2009, the national recession impacted economic conditions in the HMA, but the effect was not as serious relative to other parts of the nation, in part, because of the relative stability of New York City. During this period, nonfarm payrolls in the HMA decreased by an average of 19,000 jobs, or 1.5 percent, annually. The rate of decline was higher than the 0.7-percent annual rate in New York City, but lower than the nationwide rate of 2.5 percent annually. Within the HMA, losses were largest in the wholesale and retail trade and the professional and business services sectors, which were down by respective

averages of 7,700 and 5,300 jobs, or 3.3 percent each, annually. Within the wholesale and retail trade sector, losses were in both the retail and wholesale trade subsectors, which declined by an average of 4,800 and 2,900 jobs, or 3.0 and 4.0 percent, respectively, largely in response to a decline in demand for consumer products because of elevated unemployment numbers. Futunoff Holdings, LLC, a retailer of jewelry and houseware, was among these losses, closing operations in 2009, resulting in approximately 380 jobs lost. Partially offsetting these losses were gains in the education and health services and the government sectors, which increased by 5,000 and 2,300 jobs, or 2.4 and 1.1 percent, respectively.

Economic conditions in the HMA improved at a moderate pace from 2010 through 2016, but job growth was slower than the nation. During the 7-year period, nonfarm payrolls increased by an average of 14,200 jobs, or 1.1 percent, annually, compared with nationwide payroll growth of 1.4 percent annually. Job gains were largest in the education and health services, the leisure and hospitality, and

the professional and business services sectors, which increased by an average of 5,400, 3,400, and 3,200 jobs, or 2.3, 3.2, and 1.9 percent, respectively. In the education and health services sector, the Hagedorn Little Village School added approximately 220 jobs from 2010 through 2015 because of expanded services offered for children with special needs. In the leisure and hospitality sector, Life Time Fitness, Inc. opened a new facility in Garden City, resulting in approximately 280 new full- and part-time jobs. These gains were partially offset by losses in the government and information sectors, which were down by an average of 1,600 and 1,100 jobs, or 0.8 and 4.8 percent, respectively. In the government sector, more than 80 percent of the decline was in the local government subsector, which was down by an average of 1,300 jobs, or 0.8 percent, annually, largely because of layoffs at multiple school districts, especially in Suffolk County, in response to declining enrollment levels.

Job growth accelerated during the past year. During the 12 months ending March 2017, nonfarm payrolls increased by 20,700 jobs, or 1.6 percent (Table 3). Growth was strongest in the education and health services, the professional and business services, and the wholesale and retail trade sectors, which were up by 9,200, 4,300 and 2,900 jobs, or 3.6, 2.5 and 1.2 percent, respectively. In the education and health services sector, all net gains were in the healthcare and social assistance industry, which was up by 9,800 jobs, or 4.6 percent. Recent gains in the wholesale and retail trade sector include ShopRite and Dick's Sporting Goods opening new stores in the HMA, resulting in 300 and 100 new jobs, respectively. Partially offsetting these

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Nassau-Suffolk HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2016	March 2017		
Total nonfarm payroll jobs	1,314,200	1,334,900	20,700	1.6
Goods-producing sectors	147,100	148,000	900	0.6
Mining, logging, & construction	75,500	76,600	1,100	1.5
Manufacturing	71,700	71,500	-200	-0.3
Service-providing sectors	1,167,100	1,186,800	19,700	1.7
Wholesale & retail trade	232,300	235,200	2,900	1.2
Transportation & utilities	41,700	43,000	1,300	3.1
Information	20,000	19,200	-800	-4.0
Financial activities	73,100	71,900	-1,200	-1.6
Professional & business services	172,500	176,800	4,300	2.5
Education & health services	253,500	262,700	9,200	3.6
Leisure & hospitality	121,200	122,600	1,400	1.2
Other services	58,400	58,800	400	0.7
Government	194,400	196,500	2,100	1.1

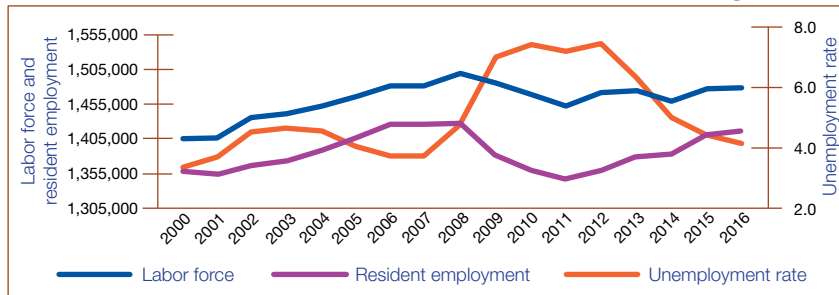
Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2016 and March 2017.

Source: U.S. Bureau of Labor Statistics

gains were losses in the financial activities sector, which declined by 1,200 jobs, or 1.6 percent. More than one-half of this decline was the result of First Data Corp, a credit card processing company, closing a facility in the hamlet of Melville, Suffolk County.

During the 12 months ending March 2017, the unemployment rate in the HMA averaged 4.1 percent. The current rate is down from an average of 4.3 percent during the 12 months ending March 2016 and from the 7.3-percent average rate from 2009 through 2012. The current unemployment rate is also less than the statewide and nationwide rates of 4.7 and 4.8 percent, respectively. Figure 3 shows

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Nassau-Suffolk HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

trends in the labor force, resident employment, and unemployment rates in the HMA from 2000 through 2016.

During the 3-year forecast period, nonfarm payrolls are estimated to increase by an average of 12,500 jobs, or 0.9 percent, annually, and growth is expected to be relatively steady during all 3 years. Gains are expected to continue to be strongest in the education and health services, the professional and business services, and the leisure and hospitality sectors. Dealertrack, Inc., a provider of digital technology for the automotive retail industry, is expected to add approximately 350 new jobs when the company moves into its new headquarters building in mid-2017. Nature's Bounty, Inc., a global wellness company, is also expected to add nearly 160 new jobs as part of its corporate headquarters expansion during the next year. In the education and health services sector, job gains are expected to continue across multiple businesses, although no large expansions are currently planned.

Population and Households

As of April 1, 2017, the estimated population of the Nassau-Suffolk HMA is 2.85 million, which is up by an average of 2,600 people, or 0.1 percent, annually since April 2010. Since 2000, economic conditions relative to the rest of the nation have impacted population trends in the HMA. During years when conditions were stronger in the nation than in the HMA, net out-migration was strong, which was

attributed to residents moving to parts of the country with more job opportunities and more affordable housing options. The out-migration was especially notable for families with children. From 2011 to 2015, the number of households with children decreased by an average of 9,075, or 1.1 percent, annually compared with an increase of these households by an average of 8,850, or 1.3 percent, annually from 2008 to 2011 (ACS).

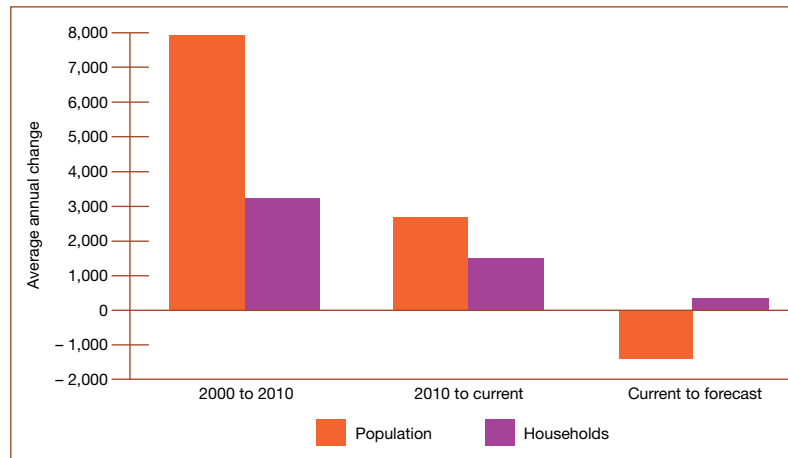
From 2003 to 2008, the population remained relatively stable, decreasing by an average of 1,050 people, or less than 0.1 percent, annually (Census Bureau decennial census counts and population estimates as of July 1). The decline was because of strong net out-migration, which averaged 13,650 annually, that more than offset gains from net natural change (resident births minus resident deaths), which averaged 12,600 annually. From 2008 to 2011, net out-migration halted, and net in-migration averaged 4,225 annually, because weak economic conditions throughout the country prevented job seekers from finding employment outside of the HMA. As a result, the population increased

each year during this period, up by an average of 13,900 people, or 0.5 percent, annually. Improving economic conditions nationwide has again resulted in net out-migration each year since 2011, including strong net out-migration since 2014 in response to the tightening national labor market. From 2011 to 2014, net out-migration averaged 3,625 annually, which caused population growth to slow to an average of 3,575 people, or 0.1 percent, annually. Since 2014, net out-migration further increased to an average of 8,375 annually, resulting in a population decline that averaged 2,475 people, or 0.1 percent, annually. Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

In addition to the year-round population, added population booms during warmer months, mostly in Eastern Suffolk County from seasonal homes, camping sites, and other lodging. During the 5-year period from 2010 to 2014, the seasonal population in Eastern Suffolk County averaged 242,200, compared with a year-round population during this period that averaged 138,000 (ACS; Suffolk County Planning).

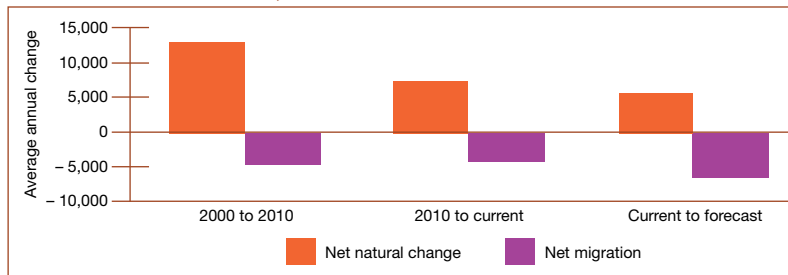
An estimated 958,800 households currently reside in the HMA. Since 2010, the number of households increased by an average of 1,475, or 0.2 percent, annually compared with household growth from 2000 to 2010 that averaged 3,175, or 0.3 percent, annually. Since 2010, all net household growth has been in renter households, with a decline in owner households, which is primarily attributed to new households choosing to rent rather

Figure 4. Population and Household Growth in the Nassau-Suffolk HMA, 2000 to Forecast



Notes: The current date is April 1, 2017. The forecast date is April 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Nassau-Suffolk HMA, 2000 to Forecast



Notes: The current date is April 1, 2017. The forecast date is April 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

than own because of high home sales prices and tighter lending standards. Figure 6 illustrates the number of households by tenure in the HMA from 2000 to the current date.

During the 3-year forecast period, net out-migration is expected to continue to be strong, and the population of

the HMA is estimated to slightly decrease by an average of 1,325 people, or less than 0.1 percent, annually. Households are estimated to slightly increase during the forecast period at an average annual rate of less than 0.1 percent, or by 330 households.

Figure 6. Number of Households by Tenure in the Nassau-Suffolk HMA, 2000 to Current



Note: The current date is April 1, 2017.

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

Housing Market Trends

Sales Market

The sales housing market in the Nassau-Suffolk HMA is currently balanced. The current sales vacancy rate is estimated at 1.2 percent, down from 1.4 percent in 2010 (Table DP-1 at the end of this report). During the 12 months ending March 2017, the HMA had 6.3 months of available new and existing inventory, down from 7.6 months of inventory during the previous 12-month period (New York State Association of Realtors®, Inc.).

Sales market conditions in the HMA were slightly tight from 2000 through 2002 but transitioned to slightly soft from 2003 through 2007, because of strong net out-migration and

elevated levels of single-family and condominium construction activity. Conditions remained slightly soft from 2008 through 2012, because elevated levels of unemployment and stricter borrowing requirements reduced the demand for housing. Since 2013, conditions have transitioned to balanced, because of low levels of construction activity and improved economic conditions enabling more residents to purchase homes.

During the 12 months ending March 2017, approximately 26,150 new and existing single-family homes and townhomes sold, representing an increase of 2,300 homes, or 10

Housing Market Trends

Sales Market *Continued*

percent, from the 12 months ending March 2016 (Miller Samuel Real Estate Appraisers and Consultants). Because of steadily improving economic conditions, sales activity increased in 4 of the past 5 years, and the current level of sales is up 49 percent compared with the average of 17,600 homes sold annually from 2009 through 2012. Sales activity, however, is 2 percent lower than the average of 26,600 homes sold annually from 2003 through 2006, which is partially attributed to young professionals choosing to purchase lower-priced condominium units when buying homes. During the 12 months ending March 2017, the average sales price of new and existing single-family homes and townhomes sold decreased 4 percent, to \$596,900. Despite the recent decline, the current average sales price is up 5 percent from the average sales price of \$567,300, from 2009 through 2013, but is 3 percent less than the average price of \$616,600 during the peak years of 2005 through 2008.

Conditions in the condominium market improved at a rapid pace over the past decade, because of the affordability of these units relative to single-family homes and townhomes. During the 12 months ending March 2017, approximately 4,075 new and existing condominium units sold, representing an increase of 230 units, or 6 percent, from the previous 12-month period (Miller Samuel Real Estate Appraisers and Consultants). Condominium sales activity increased in 9 of the past 14 years, and the current level of sales is at a peak level; the level of sales is up 58 percent compared with the average of 2,575 units sold annually, from 2008 through 2012 and more than double the average of 1,975 condominium units sold annually from 2002 through 2007.

During the 12 months ending March 2017, the average sales price of new and existing condominium units sold increased 4 percent from a year ago to \$369,700. As the result of strong sales gains, the average sales price increased an average of 4 percent annually during the past 4 years, and the current average price is up 16 percent compared with the average price of \$318,500 from 2009 through 2012.

Within the HMA, sales prices vary significantly by location. In the Nassau County-Western Suffolk County portion of the HMA, the average sales price of new and existing homes—including single-family homes, townhomes, and condominiums—was \$475,500 during the 12 months ending March 2017 (Miller Samuel Real Estate Appraisers and Consultants). The average sales price in the Eastern Suffolk County portion of the HMA, by comparison, was \$1.47 million, and the higher price was a combination of strong demand for these homes as second homes, because of their desirable location and limited supply from lack of developable land.

The rate of seriously delinquent loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the HMA is high, largely because rapidly rising sales prices in the early to mid-2000s caused a higher portion of homes to be underwater during the housing crisis than the rest of the country. Rates in the HMA and statewide also remain elevated, in part, because New York is a judicial foreclosure state where the average length of the foreclosure process is longer than in states with a nonjudicial foreclosure process. During the fourth quarter of 2016 (the most recent data available), properties took

Housing Market Trends

Sales Market *Continued*

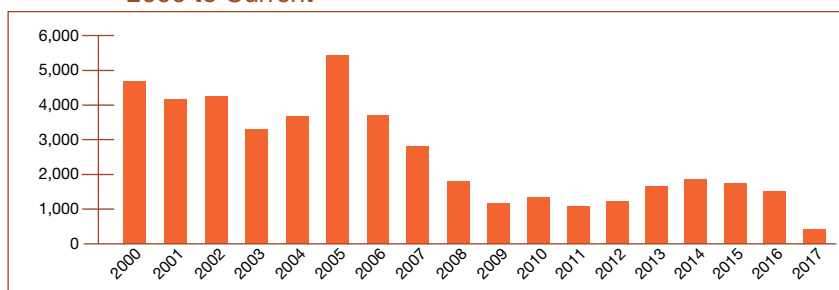
an average of 1,283 days to complete foreclosure, which was the third longest timeline in the nation and significantly higher than the nationwide average of 803 days (ATTOM Data Solutions). In March 2017, 6.5 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 7.8 percent in March 2016 and a peak of 11.0 percent in January 2013 (CoreLogic, Inc., with adjustment by the analyst). The current rate in the HMA is higher than the state of New York and nationwide rates of 4.9 and 2.4 percent, respectively.

Single-family homebuilding activity, as measured by the number of homes permitted, has increased during the past 4 years, but levels are well below those from the early 2000s when the housing market was strongest. From 2000 through 2005, an average of 4,250 homes were permitted annually (Figure 7). Homebuilding activity decreased to an average of 2,750 annually from 2006 through 2008, in response to strong net out-migration, and further declined to an average of 1,175 homes permitted annually from 2009 through 2012, because of low levels of sales activity. From 2013 through 2016, homebuilding activity increased to an average of 1,675 homes permitted annually in response

to strong improvements in the sales market. During the 12 months ending March 2017, approximately 1,550 homes were permitted, down 10 percent from the previous 12-month period (preliminary data).

Developable land is limited in the growth areas in the HMA; therefore, new construction of owner housing is mostly limited to replacement units, units in small subdivisions, and condominium complexes. Marina Pointe East Rockaway is an 86-unit planned community in Oceanside, Nassau County, which began construction in 2016 and will contain a mix of townhome and condominium units. All units are expected to be complete in 2017, and prices for these two-bedroom condominium units and townhomes start at \$435,000 and \$605,000, respectively. The second phase of 120 units at The Ritz-Carlton Residences condominium community is currently under way in North Hills, Nassau County. The first phase, which consisted of 124 units, was completed in 2016, and prices for these two- and three-bedroom units start at \$1.43 million and \$2.40 million, respectively. In Suffolk County, more than one-half of the planned 64 single-family homes have been completed at The Ranches at Eastport since 2014, with the remaining units built as they are sold. Prices for these three- and four-bedroom homes start at \$570,000 and \$669,000, respectively. In the hamlet of Central Islip, in Suffolk County, construction recently began at the second phase of Foxgate at Islip, which will add 46 condominium units to the 40 existing units from the first phase. All units are expected to be complete during 2017, and prices of these two-bedroom units range from \$270,000 to \$295,000.

Figure 7. Single-Family Homes Permitted in the Nassau-Suffolk HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2017.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2015 final data and analyst estimates; 2016–2017 preliminary data and analyst estimates

Housing Market Trends

Sales Market *Continued*

During the 3-year forecast period, demand is estimated for 1,675 new single-family homes, townhomes, and condominiums (Table 1). The

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Nassau-Suffolk HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
250,000	299,999	250	15.0
300,000	399,999	420	25.0
400,000	499,999	340	20.0
500,000	599,999	250	15.0
600,000	799,999	170	10.0
800,000	999,999	85	5.0
1,000,000	1,999,999	85	5.0
2,000,000	and higher	85	5.0

Notes: The 700 homes currently under construction and a portion of the estimated 75,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is April 1, 2017, to April 1, 2020.

Source: Estimates by analyst

700 homes under construction and a portion of the estimated 75,000 other vacant units that may reenter the market will satisfy some of the demand. Demand is expected to slightly increase during each of the 3 years of the forecast period as jobs continue to be added. The demand estimates are for full-time, year-round housing and does not include second homes. New home prices are expected to start at \$250,000, and 45 percent of the demand is estimated to be for homes priced from \$300,000 to \$499,000, with 10 percent of the demand also estimated for homes priced at \$1 million or more (Table 4).

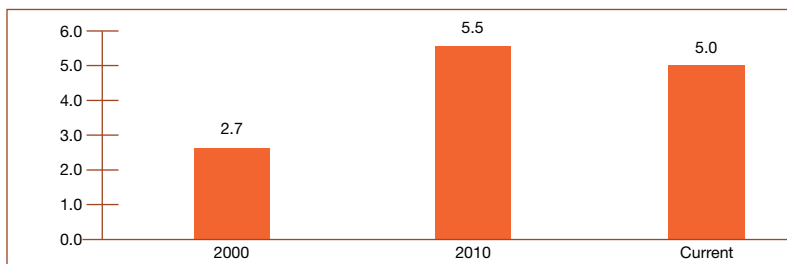
Rental Market

The rental housing market, including apartment units and single-family rental homes, in the Nassau-Suffolk HMA is currently slightly tight. The overall rental vacancy rate is estimated at 5.0 percent, down from 5.5 percent in 2010 (Figure 8). Rental market conditions were tight from 2000 through 2003 but transitioned into balance from 2004 through 2008, because of strong net out-migration. Conditions transitioned to slightly tight, from 2009 through 2013, because of increased demand for rental units due to stricter borrowing requirements for

homeowners. Conditions remain slightly tight because of limited apartment construction activity. In July 2015 (the most recent data available), approximately 63 percent of all rental units were in housing structures with four or fewer units, down slightly from 65 percent in 2000 (Census Bureau decennial census; ACS).

Conditions in the apartment market are also slightly tight, compared with balanced conditions in 2010. During the first quarter of 2017, the apartment vacancy rate was 3.0 percent (Reis, Inc.). The current vacancy rate is up slightly, compared with the 2.8-percent rate during the first quarter of 2016, but down from 3.8 percent during the first quarter of 2010, which is attributed to young professionals choosing to rent apartments as opposed to purchasing homes because of high housing prices. Apartment conditions have ranged from balanced to slightly tight since 2000, because a lack of developable land has kept the supply

Figure 8. Rental Vacancy Rates in the Nassau-Suffolk HMA, 2000 to Current



Note: The current date is April 1, 2017.

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

of apartment units limited. During the first quarter of 2017, the average asking rent was \$2,001, representing an increase of 4 percent compared with the first quarter of 2016. Rents have increased an average of more than 4 percent annually since the first quarter of 2010 in response to tightening apartment market conditions. During the first quarter of 2017, vacancy rates were higher in Nassau County, at 3.7 percent, attributed to more turnovers of apartment units by young professionals. Rents, however, were also higher, at \$2,231, because of the closer proximity to New York City. By comparison, the apartment vacancy rate and average asking rent in Suffolk County was 2.1 percent and \$1,718, respectively.

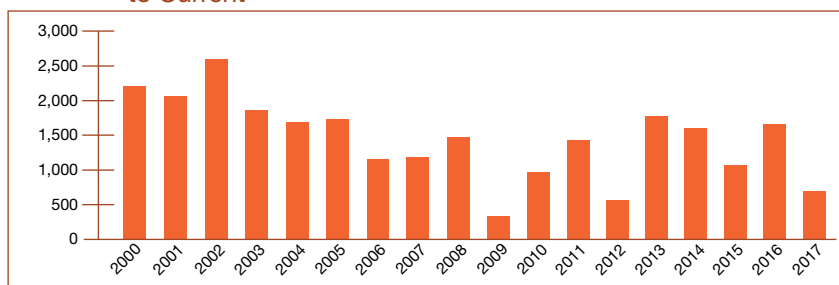
In response to tightening apartment market conditions, multifamily construction activity in the HMA has been up since 2011. From 2000 through 2005, multifamily building activity, as measured by the number of units permitted, averaged 2,025 units permitted annually. Figure 9 shows the number of multifamily units permitted in the HMA since 2000; approximately two-thirds were for apartments, with the remainder being for condominiums, a proportion that has been relatively consistent since 2000. Rising apartment vacancy rates, attributed to strong net out-migration, caused construction

activity to decline to an average of 1,275 units from 2006 through 2008 and to an average of 650 units during 2009 and 2010. In response to tightening apartment markets, construction activity increased to an average of 1,350 units permitted annually from 2011 through 2016.

Recent apartment construction activity includes the 283-unit One Third Avenue apartment community in the village of Mineola, Nassau County. All units were completed in late 2016, and rents for one-, two-, and three-bedroom apartments start at \$2,975, \$4,500, and \$4,900, respectively. Construction is under way at The Reserve at the Boulevard, which will be a 240-unit apartment community in the hamlet of Yaphank in Suffolk County. The apartment complex is expected to be complete in 2018 and is the first phase of The Meadows at Yaphank, a planned community with 850 apartments, condominiums, and townhomes in addition to more than 1.03 million square feet of commercial space. The community is expected to be complete by 2025.

The HMA is home to 19 colleges and universities that house students. The total enrollment at these schools is approximately 120,000 students, of which approximately 17 percent are housed in on-campus dormitories. Of the remaining students, an estimated 95 percent reside within the HMA, and student households account for approximately 13 percent of all renter households in the HMA. At Stony Brook University, approximately 300 new dormitory beds were completed in one building in 2016, with an additional 460 beds expected to come online during 2017 when the second phase of the project is finished.

Figure 9. Multifamily Units Permitted in the Nassau-Suffolk HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2017.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2015 final data and analyst estimates; 2016–2017 preliminary data and analyst estimates

Housing Market Trends

Rental Market *Continued*

During the 3-year forecast period, demand is expected for 1,675 new market-rate rental units (Table 1). The 1,200 units under construction will satisfy a portion of the demand. Demand is expected to be relatively steady throughout the forecast period, but new supply should be targeted to

become available during the third year, because the units under construction will satisfy all demand during the first and second year. Table 5 shows the estimated demand, by rent level and number of bedrooms, for new market-rate rental housing in the HMA.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Nassau-Suffolk HMA 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
1,700 to 1,899	40	2,200 to 2,399	75	2,500 to 2,699	15
1,900 to 2,099	150	2,400 to 2,599	110	2,700 to 2,899	25
2,100 to 2,299	150	2,600 to 2,799	110	2,900 to 3,099	35
2,300 to 2,499	110	2,800 to 2,999	150	3,100 to 3,299	25
2,500 to 2,699	110	3,000 to 3,199	150	3,300 to 3,499	25
2,700 or more	190	3,200 or more	150	3,500 or more	40
Total	750	Total	750	Total	170

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,200 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2017, to April 1, 2020.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	1,357,423	1,359,716	1,413,000	0.0	0.6
Unemployment rate	3.4%	7.5%	4.1%		
Nonfarm payroll jobs	1,222,400	1,229,800	1,335,000	0.1	1.3
Total population	2,753,913	2,832,882	2,851,000	0.3	0.1
Total households	916,686	948,450	958,800	0.3	0.2
Owner households	733,624	751,807	749,900	0.2	0.0
Percent owner	80.0%	79.3%	78.2%		
Renter households	183,062	196,643	208,900	0.7	0.9
Percent renter	20.0%	20.7%	21.8%		
Total housing units	980,474	1,038,331	1,054,000	0.6	0.2
Owner vacancy rate	0.7%	1.4%	1.2%		
Rental vacancy rate	2.7%	5.5%	5.0%		
Median Family Income	\$73,300	\$101,800	\$109,000	3.3	1.1

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2017. Median Family Incomes are for 1999, 2009, and 2015. The current date is April 1, 2017.

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: 4/1/2017—Estimates by the analyst
 Forecast period: 4/1/2017–4/1/2020—Estimates
 by the analyst

The metropolitan division and metropolitan statistical area definitions in this report are 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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 huduser.gov/publications/pdf/CMARtables_Nassau_SuffolkNY_17.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 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.

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