

COMPREHENSIVE HOUSING MARKET ANALYSIS

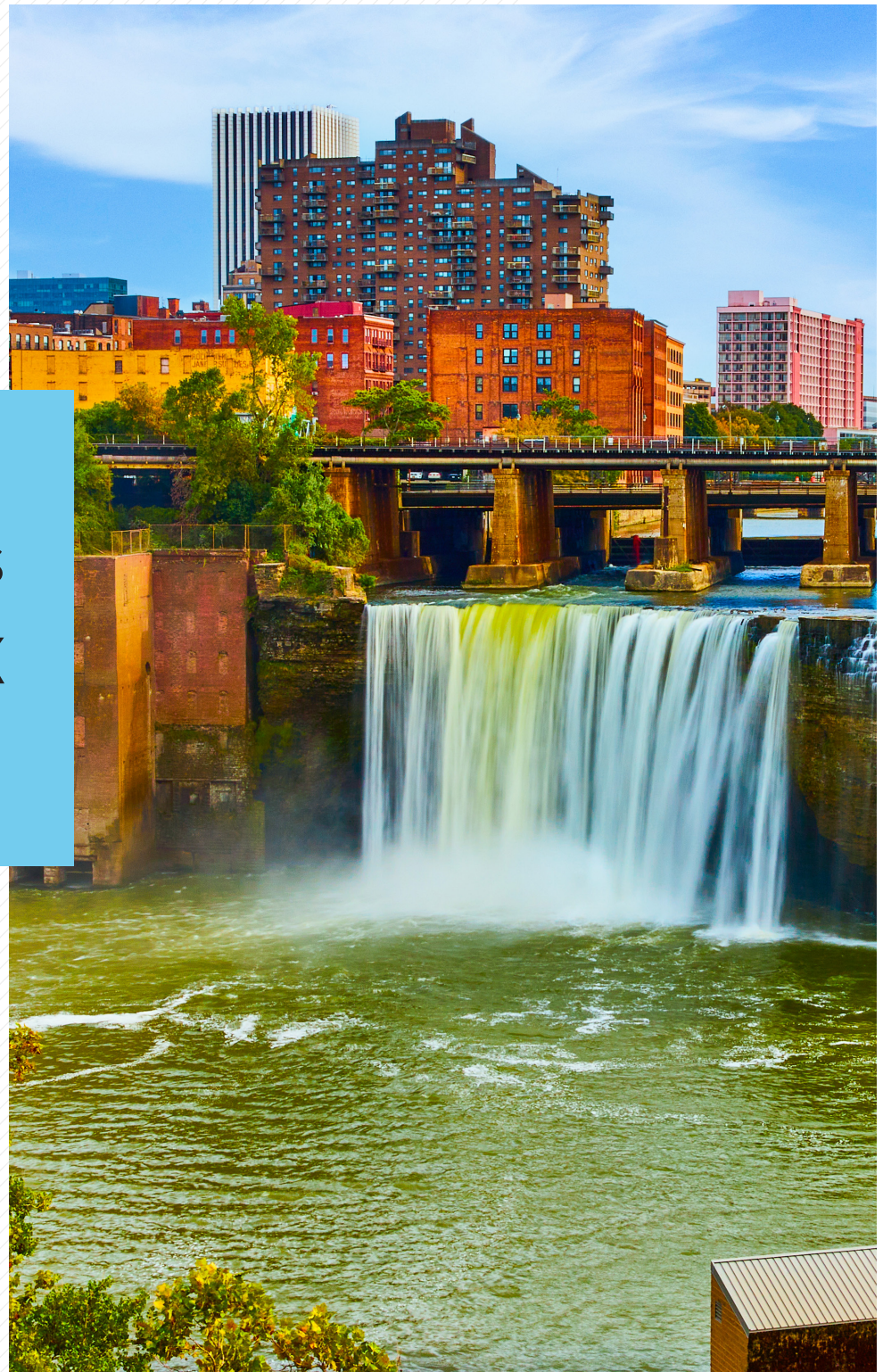
Rochester, New York

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

As of December 1, 2023



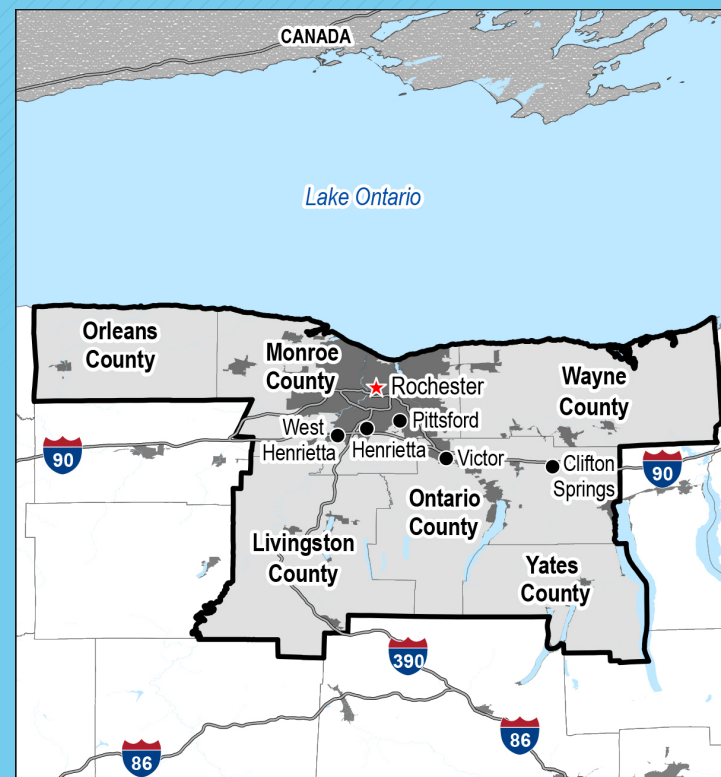
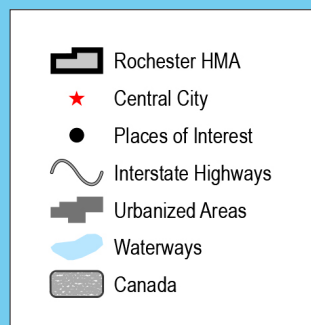
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Housing Market Area Description

The current population of the HMA is estimated at 1.08 million.


The HMA historically has been a hub for manufacturing; notable companies include Eastman Kodak Company and Xerox Holdings Corporation. The HMA is also home to the University of Rochester and the Rochester Institute of Technology. During the fall of 2023, total undergraduate and graduate enrollment at the main campuses were 12,179 and 16,948 students, respectively (University of Rochester and Rochester Institute of Technology Institutional Research).



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:** As of the 12 months ending November 2023, approximately 97 percent of the 89,000 jobs lost in the Rochester HMA in March and April 2020 due to the COVID-19 pandemic have been recovered (monthly data, not seasonally adjusted).


Nonfarm payrolls increased by 5,400 jobs, or 1.0 percent, during the 12 months ending November 2023, following growth of 3.4 percent during the 12 months ending November 2022. Payrolls increased or were unchanged in 8 of the 11 nonfarm sectors during the 12 months ending November 2023, led by gains in the education and health services sector, which rose 3.7 percent from a year earlier. The unemployment rate averaged 3.3 percent during the 12 months ending November 2023, down from 3.4 percent a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.0 percent annually.

Sales Market

 **Tight:** A 1.0-month supply of for-sale housing was available in the HMA in November 2023, down slightly from a 1.1-month supply a year earlier (Redfin, a national real estate brokerage).

The sales vacancy rate in the HMA is estimated at 1.0 percent, unchanged from April 2020. Rising mortgage interest rates contributed to a decline in total home sales during the past 12-month period. During the 12 months ending November 2023, new and existing home sales totaled 13,300, representing a 21-percent decline from a year ago (CoreLogic, Inc.). By comparison, home sales declined 5 percent during the 12 months ending November 2022. The average home sales price increased 7 percent to \$233,700 during the 12 months ending November 2023 compared with an 8-percent increase a year ago. During the next 3 years, demand is estimated for 3,800 new homes. The 400 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market

 **Balanced:** The overall rental market has an estimated vacancy rate of 6.9 percent, up slightly from 6.8 percent in April 2020.

Conditions in the apartment market are also balanced, with an apartment vacancy rate of 5.0 percent as of the fourth quarter of 2023, up from 4.0 percent as of the fourth quarter of 2022 (CoStar Group). The average monthly apartment rent in the HMA was \$1,357 as of the fourth quarter of 2023, up 5 percent from a year earlier. During the forecast period, demand is estimated for 4,550 new rental units. The 1,825 rental units under construction will satisfy all the demand during the first year of the forecast period and a portion of the demand during the second year.

TABLE OF CONTENTS

Economic Conditions 4

Population and Households 9

Home Sales Market 12

Rental Market 16

Terminology Definitions and Notes 20

3-Year Housing Demand Forecast			
Rochester HMA		Sales Units	Rental Units
	Total Demand	3,800	4,550
	Under Construction	400	1,825

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2023. The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

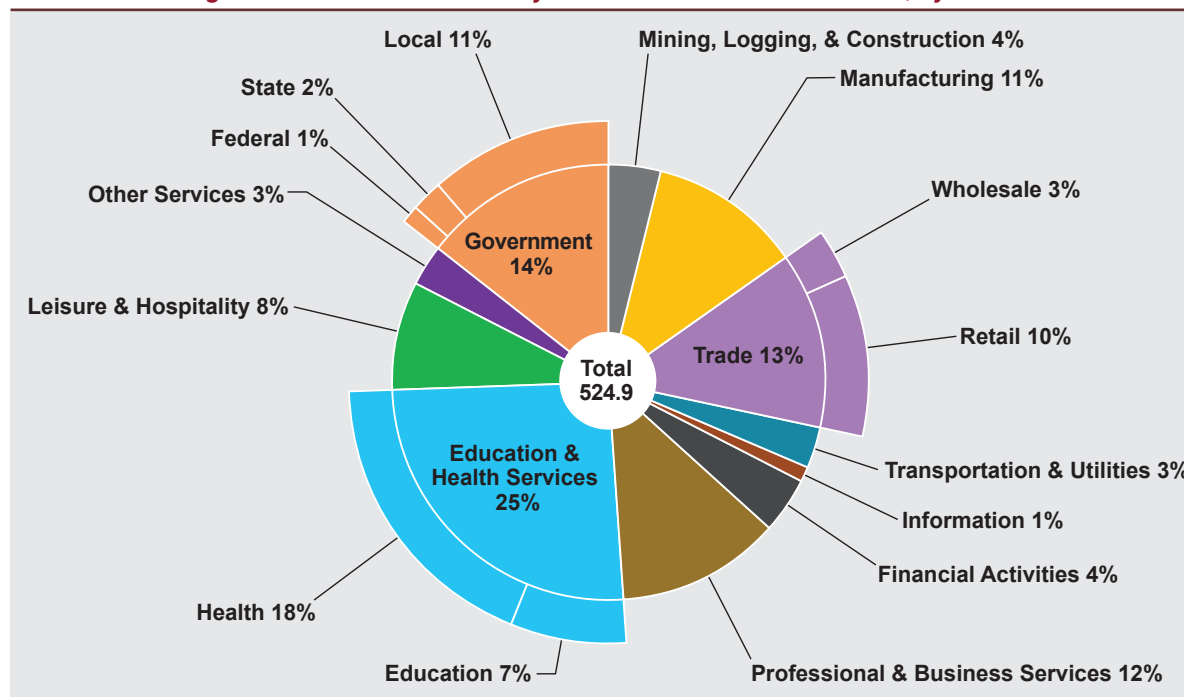
The large share of nonfarm payroll jobs in the education and health services sector contributes stability to the Rochester HMA economy, anchored by the University of Rochester and Rochester Regional Health.

Primary Local Economic Factors

The HMA is in Upstate New York, nestled between the Buffalo and Syracuse metropolitan areas. The HMA is a hub for healthcare, higher education, manufacturing, and tourism. The education and health services sector accounted for 25 percent of all nonfarm payroll jobs during the 12 months ending November 2023 (Figure 1). The University of Rochester and Rochester Regional Health, with a combined 49,237 employees, are the largest employers in the HMA (Table 1). The University of Rochester had an estimated annual economic impact of \$4.7 billion on the state of New York in 2019 (Center for Governmental Research Report, University of Rochester News Center, 2021). Rochester Regional Health generates \$7.20 billion in annual economic activity in the state of New York (Rochester Regional Health, 2024).

The manufacturing and the leisure and hospitality sectors are also important components of the HMA economy. The presence of the Eastman Kodak Company and Xerox Holdings Corporation, both founded in the HMA in the 1880s and 1900s, respectively, helped establish the HMA as a

Figure 1. Share of Nonfarm Payroll Jobs in the Rochester 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 November 2023.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Rochester HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Rochester	Education & Health Services	31,940
Rochester Regional Health	Education & Health Services	17,297
Wegmans Food Markets, Inc.	Wholesale & Retail Trade	15,000
Paychex, Inc.	Professional & Business Services	4,536
Rochester Institute of Technology	Education & Health Services	4,155
L3Harris Technologies, Inc.	Manufacturing	3,800
The Lifetime Healthcare Companies	Professional & Business Services	3,000
Heritage Christian Services, Inc.	Education & Health Services	2,687
Maximus, Inc.	Professional & Business Services	2,100
Angels in Your Home	Education & Health Services	2,082

Note: Excludes local school districts.

Source: Greater Rochester Enterprise, April 2023

manufacturing hub. The tourism industry, which is part of the leisure and hospitality sector, also has a significant economic impact because the HMA is in the Finger Lakes region, which offers outdoor recreation areas and other attractions. The Finger Lakes region is the largest wine-producing region in the eastern United States, with more than 130 wineries (Finger Lakes Regional Tourism Council). The economic impact of visitor spending in the Finger Lakes region was approximately \$4 billion in 2022, up from \$3.3 billion in 2019 before the pandemic (Visit Rochester). Winery and vineyard tours, combined with visits to tasting rooms and restaurants affiliated with wineries, contribute to job growth in the leisure and hospitality sector.

Current Conditions— Nonfarm Payrolls

The HMA economy is still recovering from significant job losses in March and April 2020 as a result of countermeasures taken to slow the spread of COVID-19. As of November 2023, approximately 97 percent of the 89,000 jobs lost in March and April 2020 were recovered (monthly data, not seasonally adjusted). Job growth in the HMA and the nation slowed during the past 12-month period. During the 12 months ending November 2023, nonfarm payrolls in the HMA rose by 5,400 jobs, or 1.0 percent, to 524,900 (Table 2). By comparison, jobs rose by 16,900, or 3.4 percent, during the 12 months ending November 2022. Nationally, jobs rose 2.4 percent during the 12 months

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

	12 Months Ending November 2022	12 Months Ending November 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	519.5	524.9	5.4	1.0
Goods-Producing Sectors	78.8	79.0	0.2	0.3
Mining, Logging, & Construction	23.5	23.4	-0.1	-0.4
Manufacturing	55.2	55.6	0.4	0.7
Service-Providing Sectors	440.7	445.8	5.1	1.2
Wholesale & Retail Trade	67.6	67.7	0.1	0.1
Transportation & Utilities	14.1	14.1	0.0	0.0
Information	6.2	5.9	-0.3	-4.8
Financial Activities	22.7	22.8	0.1	0.4
Professional & Business Services	66.1	64.5	-1.6	-2.4
Education & Health Services	128.4	133.2	4.8	3.7
Leisure & Hospitality	43.6	43.8	0.2	0.5
Other Services	17.7	18.2	0.5	2.8
Government	74.3	75.6	1.3	1.7

Notes: Based on 12-month averages through November 2022 and November 2023. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

ending November 2023 compared with a 4.4-percent increase during the 12 months ending November 2022. Nonfarm payrolls in the HMA were up in 7 of the 11 job sectors during the 12 months ending November 2023. The sectors with the largest job gains were the education and health services and the government sectors, up by 4,800 and 1,300 jobs, or 3.7 and 1.7 percent, respectively. The University of Rochester Medicine Orthopaedics and Physical Performance Center in the town of Henrietta began construction on a \$227 million ambulatory surgery center in 2021 and completed construction in February 2023, adding 200 new jobs to the education and health services sector. The Rob and Pamela Sands Emergency Department at Clifton Springs Hospital & Clinic opened in the town of Clifton Springs in September 2023, supporting additional job gains in the sector. In the government sector, all job gains were in the local government subsector, up by 1,500 jobs, or 2.6 percent. Losses in the state and federal government subsectors, down 2.3 and 0.8 percent, respectively, partially offset those gains.

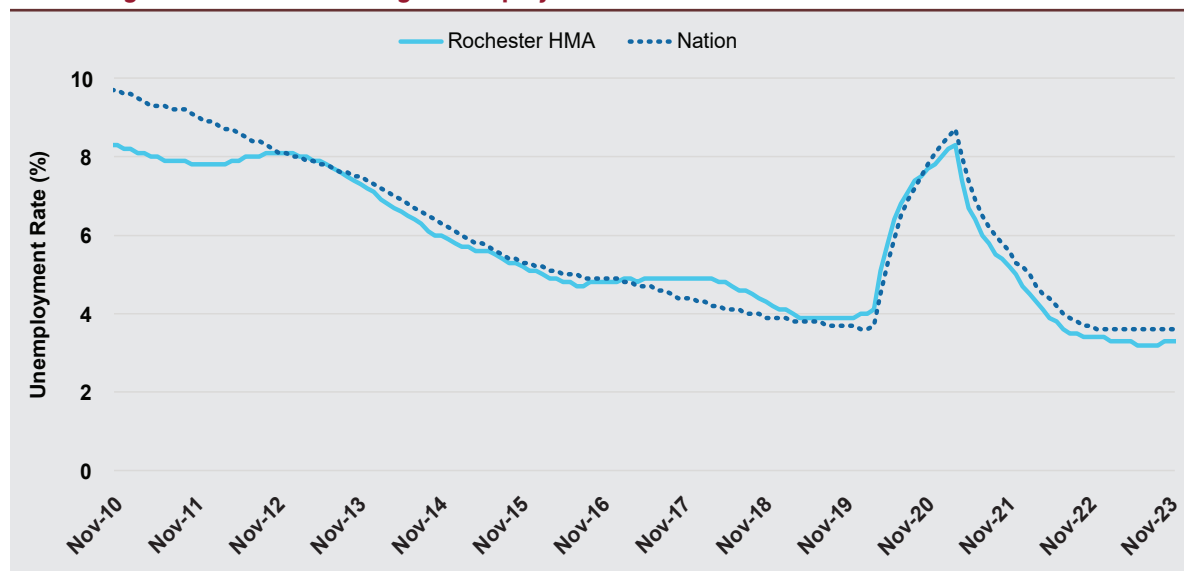
Current Conditions—Unemployment

The average unemployment rate in the HMA declined during the 12 months ending November 2023 to 3.3 percent, down from 3.4 percent a year earlier and from a recent 8.3-percent peak during the 12 months



ending March 2021 (Figure 2). The average unemployment rate in the HMA was lower than the national rate, which was 3.6 percent during the 12 months ending November 2023, down from 3.7 percent a year earlier and from a recent 8.7-percent peak during the 12 months ending March 2021. Before the COVID-19 pandemic, the average unemployment rate in the HMA had been generally declining from 2011 through 2019, closely following the nationwide trend during most of those years.

Figure 2. 12-Month Average Unemployment Rate in the Rochester HMA and the Nation



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

Economic Periods of Significance

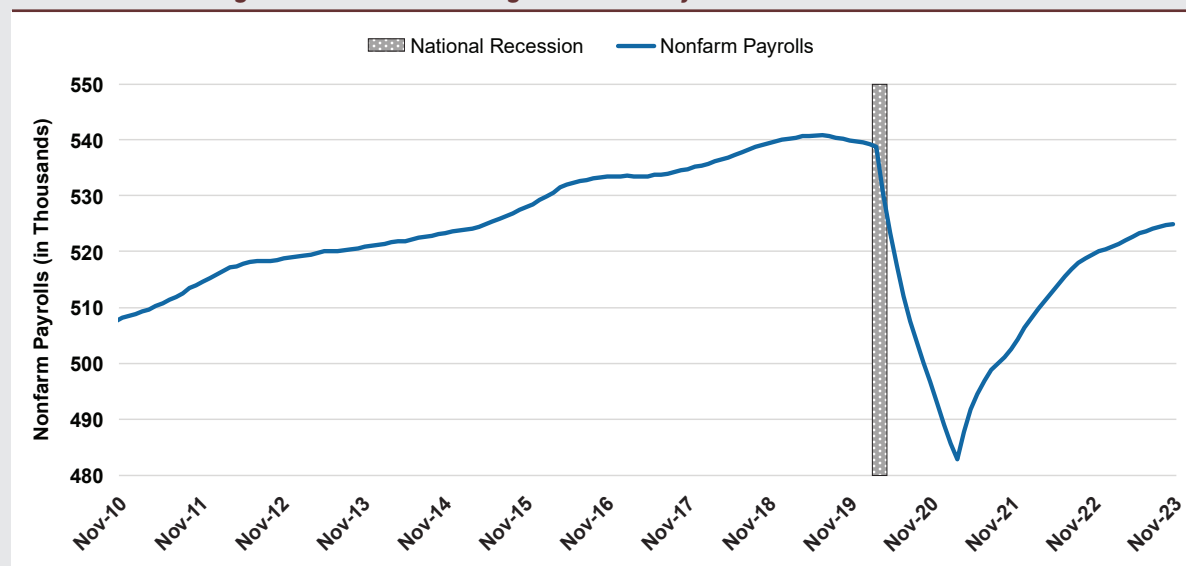
2011 Through 2016

The economy in the HMA began to recover from the Great Recession in 2011. From 2011 through 2016, nonfarm payrolls increased by an average of 4,200 jobs, or 0.8 percent, a year (Figure 3). By comparison, growth in nonfarm payrolls nationwide was stronger, averaging an annual increase of 1.7 percent during the same period. Job gains in the HMA occurred in 8 of the 11 sectors and were strongest in the education and health services, the professional and business services, and the leisure and hospitality sectors, which rose annually by averages of 2,200, 1,300, and 700 jobs, or 1.9, 2.0, and 1.5 percent, respectively. Jobs increased in the education and health services sector, partly due to the continued growth at the University of Rochester and Rochester Institute of Technology, with fall enrollment increasing by a combined average of 300 students, or 1.1 percent, each year from 2011 through 2016. In addition, the completion of the first phase of the \$145 million expansion of Golisano Children's Hospital in 2015 contributed to job additions in the sector. Job losses in the government, the manufacturing, and the information sectors—which were down by respective averages of 600, 400, and 200 jobs, or 0.8, 0.8, and 1.6 percent, annually—offset job gains in the HMA.

2017 Through 2019

Job growth in the HMA from 2017 through 2019 slowed compared with the preceding period.

Figure 3. 12-Month Average Nonfarm Payrolls in the Rochester HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Nonfarm payroll growth in the HMA averaged 2,100 jobs, or 0.4 percent, annually from 2017 through 2019—a much lower rate than payroll growth in the nation, which increased at an average rate of 1.5 percent a year during the same period. Large declines in the wholesale and retail trade and the manufacturing sectors, which lost averages of 1,000 and 400 jobs, or 1.3 and 0.7 percent, respectively, a year contributed to the slow growth. In 2018, Xerox Holdings Corporation announced that nearly 250 jobs would be eliminated in the HMA, contributing to job losses in the manufacturing sector. Department store closures—including Macy's at Marketplace Mall in 2017 and Sears at Eastview Mall in 2018, both in the city of Rochester—led to job losses in the wholesale and retail trade sector. Job additions in the HMA during this period were largely concentrated in the education and health services and the mining, logging, and construction sectors, which were up by averages of 2,500 and 700 jobs, or 2.0 and 3.5 percent, a year, respectively.

2020

The economy in the HMA contracted sharply in 2020 because of the countermeasures taken to slow the spread of COVID-19. On an annual basis, nonfarm payrolls declined by 46,900 jobs, or 8.7 percent, from a year earlier. The rate of decline in the HMA was higher than in the nation, where payrolls fell 5.8 percent

during the same year. All 11 sectors in the HMA lost jobs, with the greatest loss in the leisure and hospitality sector, which declined by 12,600 jobs, or 26.9 percent, largely because many establishments, including restaurants and hotels, were required to close or operate at limited capacity during the early stages of the COVID-19 pandemic. Jobs in the sector also fell, partly because of a decrease in visitors to the HMA and a decline in hotel occupancies. In April 2020, the average occupancy rate at hotels in the CoStar Group-defined Rochester Hospitality Submarket declined by more than one-half to 25.9 percent, down from 58.4 percent in April 2019 (CoStar Group).

2021 and 2022

Economic conditions in the HMA began improving in 2021. Nonfarm payroll job growth during 2021 and 2022 was strong, increasing by an average of

13,600 jobs, or 2.7 percent, annually. By comparison, nationwide job growth averaged 3.6 percent. Job gains in the HMA occurred in 10 of the 11 sectors and were strongest in the leisure and hospitality, the professional and business services, and the education and health services sectors, which rose by annual averages of 4,800, 1,800, and 1,700 jobs, or 13.0, 2.8, and 1.3 percent, respectively, and accounted for a combined 61 percent of the job growth in the HMA. In 2021, a Courtyard by Marriott Hotel with 122 guest rooms opened in downtown Rochester, supporting job additions in the leisure and hospitality sector. In addition, hotel occupancies in the HMA rose. In December 2022, the average hotel occupancy rate was 49.3 percent, up from 47.9 percent in December 2021 (CoStar Group).

Forecast

During the 3-year forecast period, nonfarm payroll growth in the HMA is expected to continue at a steady pace, with jobs increasing at an average rate of 1.0 percent annually. Job gains are expected to continue to be strongest in the education and health services and the government sectors. Rochester Regional Health announced the construction of an 8,000-square-foot Women's Health & Wellness Center in the village of Pittsford that is

expected to open in the spring of 2024. In addition, an expansion project by the University of Rochester at Strong Memorial Hospital is expected to more than triple the size of the Emergency Department and add a nine-story patient building totaling 650,000 square feet of new space. Although the expansion project is not expected to be complete until 2027, it will add jobs in the education and healthcare and the mining, logging, and construction sectors during the forecast period.



Population and Households

Current Population: 1.08 Million

The population of the Rochester HMA has declined since April 2020 because of increased net out-migration compared with the 2010s and net natural decline.

Population Trends

The population of the HMA is estimated at 1.08 million as of December 1, 2023, representing an average annual decline of 3,000, or 0.3 percent, since April 2020 (Table 3). Approximately 70 percent of the HMA population lives in Monroe County, and nearly 10 percent resides in Ontario County. The remaining 20 percent of the HMA population resides in Livingston, Orleans, Wayne, and Yates Counties.

Population growth in the HMA generally slowed during the 2010s, and since April 2020, the population has declined. From 2010 to 2013, population growth was relatively strong, averaging 1,900 people, or 0.2 percent, annually (Figure 4). The economic recovery following the Great Recession partly contributed to the population growth. Net natural increase averaged 2,275 people a year, accounting for all the population growth because net out-migration averaged 375 people a year. Despite the economy improving, population growth slowed to an average of 810 people, or 0.1 percent, annually from 2013 to 2016

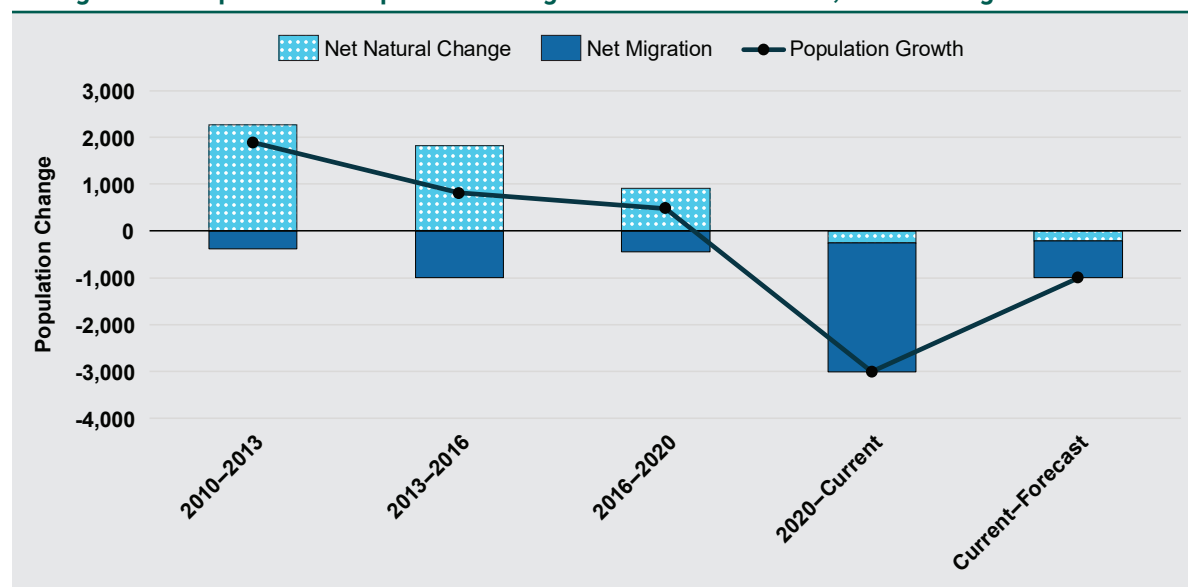
Table 3. Rochester HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	1,090,135	1,079,000
	Average Annual Change	1,050	-3,000
	Percentage Change	0.1	-0.3
Household Quick Facts	2020	Current	Forecast
	Households	450,845	455,000
	Average Annual Change	2,075	1,125
	Percentage Change	0.5	0.3

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (December 1, 2023) to December 1, 2026.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Rochester HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (December 1, 2023) to December 1, 2026.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

because of higher levels of net out-migration and slowing net natural increase. Net natural increase continued to account for all the population growth in the HMA from 2013 to 2016, averaging 1,825 people a year, whereas net out-migration averaged 1,025 people a year. From 2016 to April 2020, population

growth slowed further to an average of 490 people, or less than 0.1 percent, annually. Moderating economic growth beginning in 2017 partly contributed to the slower population growth during the period. Net natural increase slowed further to an average of 920 people a year, whereas net out-migration averaged 430 people a year from 2016 to April 2020. Since April 2020, the population in the HMA has declined because net out-migration increased to an average of 2,750 people annually, and net natural change turned negative, with declines averaging 240 people each year, largely due to an elevated number of COVID-19-related deaths.

Migration Trends

Most migration into the HMA has been the result of domestic migration from nearby metropolitan areas and international migration from Asia, primarily China and India. The two largest sources of net in-migration to the HMA from 2016 through 2020 were the New York-Newark-Jersey City, NY-NJ-PA MSA (hereafter, New York MSA) and the Buffalo-Cheektowaga, NY MSA (Table 4; U.S. Census Bureau Metro-to-Metro Migration Flows; 2016–2020 American Community Survey [ACS] 5-year data). Relatively more affordable housing in the HMA contributes to net in-flows from those metropolitan areas. The

Table 4. Rochester HMA Migration Flows: 2016–20

Into the HMA	
New York-Newark-Jersey City, NY-NJ-PA MSA	6,649
Buffalo-Cheektowaga, NY MSA	3,074
Syracuse, NY MSA	2,807
Asia	2,287
Boston-Cambridge-Newton, MA-NH MSA	1,138
Out of the HMA	
New York-Newark-Jersey City, NY-NJ-PA MSA	5,447
Buffalo-Cheektowaga, NY MSA	2,355
Syracuse, NY MSA	1,220
Albany-Schenectady-Troy, NY MSA	1,200
Charlotte-Concord-Gastonia, NC-SC MSA	1,108

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

average price of a home in the New York MSA was more than three times the average price of a home in the HMA in 2020 and nearly 5 percent higher in the Buffalo-Cheektowaga, NY MSA (CoreLogic, Inc.).

Age Cohort Trends

The HMA has a relatively older resident population, with a median age of 40.5 years compared with 39.0 years nationally and a high percentage of retirement-age residents. The cohort of residents aged 65 and older grew at a rate of 3.0 percent annually from 2010 to 2022, a period of relatively slow overall population growth in the HMA (2010 and 2022 ACS 1-year data). As a result, the cohort of residents aged 65 and older increased from 14.1 percent of the HMA population in 2010 to 19.7 percent in 2022 and was above the 17.3-percent national rate in 2022. The increasing share of retirement-age residents has contributed to the declining rate of net natural change and shrinking average household size and has incentivized age-restricted housing development.

Student Population

From 2010 to 2023, total enrollment at the University of Rochester and the Rochester Institute of Technology rose an average of 1 percent annually and totaled approximately 24,800 full-time students enrolled in the HMA as of the fall semester of 2023. The student population at the two universities accounts for approximately 2 percent of the HMA population. Approximately 7,900 full-time students are housed in on-campus dormitories and university-affiliated apartments. The remaining 16,900 students living off campus account for an estimated 4 percent of renter households in the HMA.

Household Trends

As of December 1, 2023, an estimated 455,000 households reside in the HMA. Since 2020, the number of households has increased by an average of 1,125, or 0.3 percent, annually, in contrast to the average population decline of 0.3 percent a year. The number of households in the HMA grew despite the falling population because of a shrinking average household size.

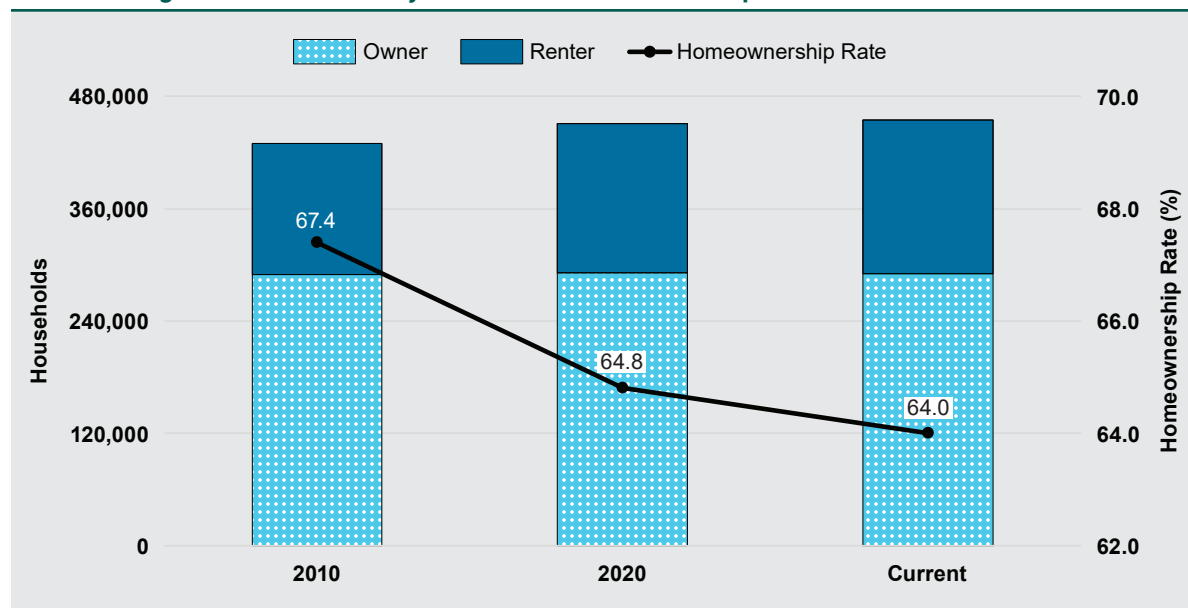


From 2010 to 2020, the number of households increased by an average of approximately 2,075 households, or 0.5 percent, a year—faster than the 0.1-percent annual population growth rate in the HMA during the same period. An estimated 64.0 percent of households are homeowners, down from 64.8 percent in 2020 and from 67.4 percent in 2010 (Figure 5). As of the current date, 291,200 owner households and 163,800 renter households reside in the HMA. The number of owner households has declined by an average of 270, or 0.1 percent, each year since 2020 compared with renter household growth averaging 1,400, or 0.9 percent, annually.

Forecast

During the next 3 years, the pace of population decline in the HMA is expected to slow from recent trends. The population is expected to decline by approximately 990, or 0.1 percent, annually, reaching an estimated population of 1.08 million by December 1, 2026. Population decline is expected to remain steady throughout

Figure 5. Households by Tenure and Homeownership Rate in the Rochester HMA



Note: The current date is December 1, 2023.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

the 3-year forecast period and continue to be predominantly due to net out-migration, which is expected to account for 80 percent of the population decline. Household growth is expected to average 1,875, or 0.4 percent, annually, reaching 460,600 households in the HMA by the end of the forecast period.

Home Sales Market

Market Conditions: Tight

New and existing home sales declined substantially during the past 12 months. However, growth in the average home sales price has been relatively strong.

Current Conditions

The sales housing market in the Rochester HMA is tight, unchanged from a year ago. The home sales vacancy rate is estimated at 1.0 percent (Table 5), unchanged from April 2020. The home sales market has been tight since 2020, when demand for homes in the HMA rose and the inventory of homes declined sharply from 1.9 months of supply in November 2019, before the pandemic, to 1.1 months in November 2020 (Redfin, a national real estate brokerage). In November 2023, the supply of homes available for sale represented a 1.0-month supply compared with 1.1 months in November 2022. The current supply is significantly less than the previous high for a November of 6.7 months in 2012.

Table 5. Home Sales Quick Facts in the Rochester HMA

	Rochester HMA	Nation
Vacancy Rate	1.0%	NA
Months of Inventory	1.0	2.9
Total Home Sales	13,300	5,053,000
1-Year Change	-21%	-25%
New Home Sales Price	\$455,000	\$491,300
1-Year Change	13%	1%
Existing Home Sales Price	\$227,500	\$394,100
1-Year Change	7%	0%
Mortgage Delinquency Rate	1.1%	1.0%

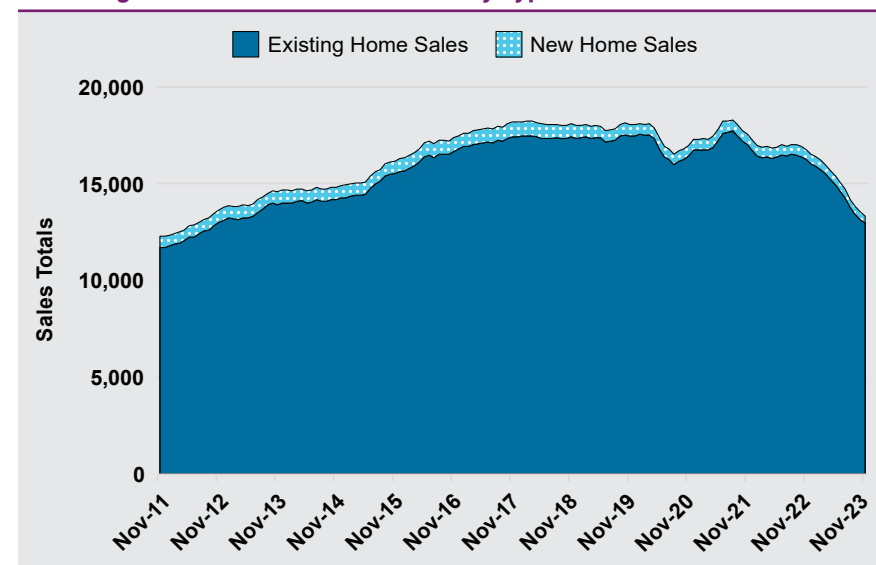
NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2023; and months of inventory and mortgage delinquency data are as of November 2023. The current date is December 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate, home sales, and home sales prices—CoreLogic, Inc.

Higher mortgage rates contributed to a decline in home sales during the past year. The average rate for a 30-year fixed-rate mortgage rose from 6.8 percent in November 2022 to 7.4 percent in November 2023 (Freddie Mac). During the 12 months ending November 2023, total new and existing home sales fell by approximately 3,450 homes, or 21 percent, to 13,300 homes sold, following a 5-percent decline a year earlier (CoreLogic, Inc.). Existing home sales declined 20 percent to 12,950 during the 12 months ending November 2023, whereas new home sales declined 30 percent from a year earlier to approximately 350 new homes sold (Figure 6). New home sales accounted for 3 percent of total home sales during the 12 months ending November 2023, unchanged from a year earlier. Among existing home sales, resales accounted for 98 percent of the total during the 12 months ending November 2023, and the remaining 2 percent were distressed home sales; the proportion was unchanged from the previous 12-month period. The share of home sales that are distressed peaked in 2016, accounting for 10 percent of existing home sales.

Figure 6. 12-Month Sales Totals by Type in the Rochester HMA



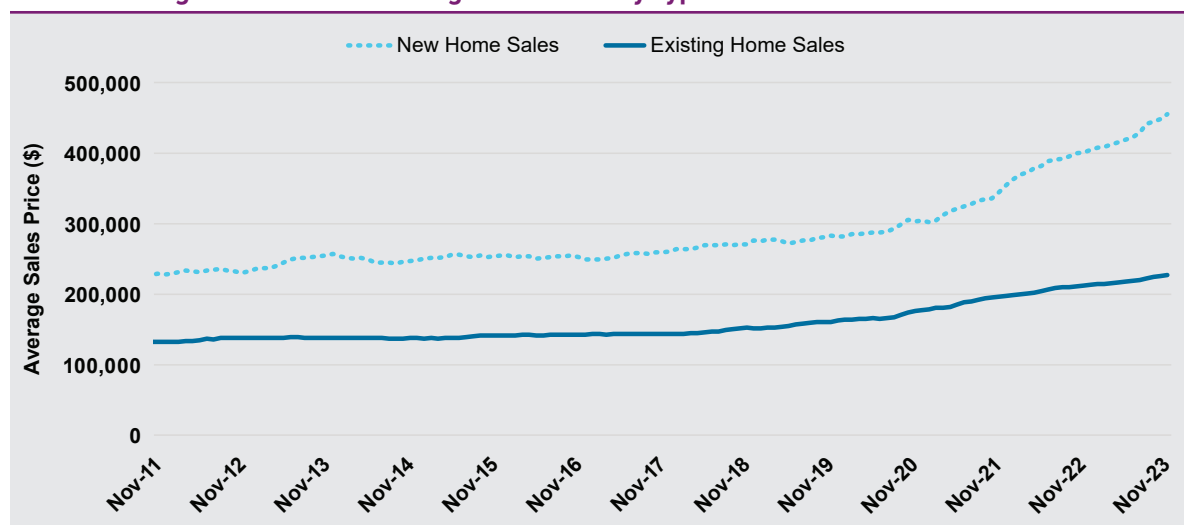
Source: CoreLogic, Inc.

Despite the home sales declines, home price growth in the HMA has been strong since 2020. However, price growth slowed slightly during the past year. The average home price increased 7 percent to \$233,700 during the 12 months ending November 2023 compared with an 8-percent increase during the 12 months ending November 2022. During the 12 months ending November 2023, the average new home price rose 13 percent to an average of \$455,000, while the average sales price of an existing home rose 7 percent to \$227,500 (Figure 7). During the 12 months ending November 2023, the plurality of existing home sales, 32 percent, were at prices ranging from \$100,000 to \$199,000, whereas the majority of new home sales were in the \$300,000-to-\$499,000 price range (Figure 8; Zonda).

Home Sales Trends

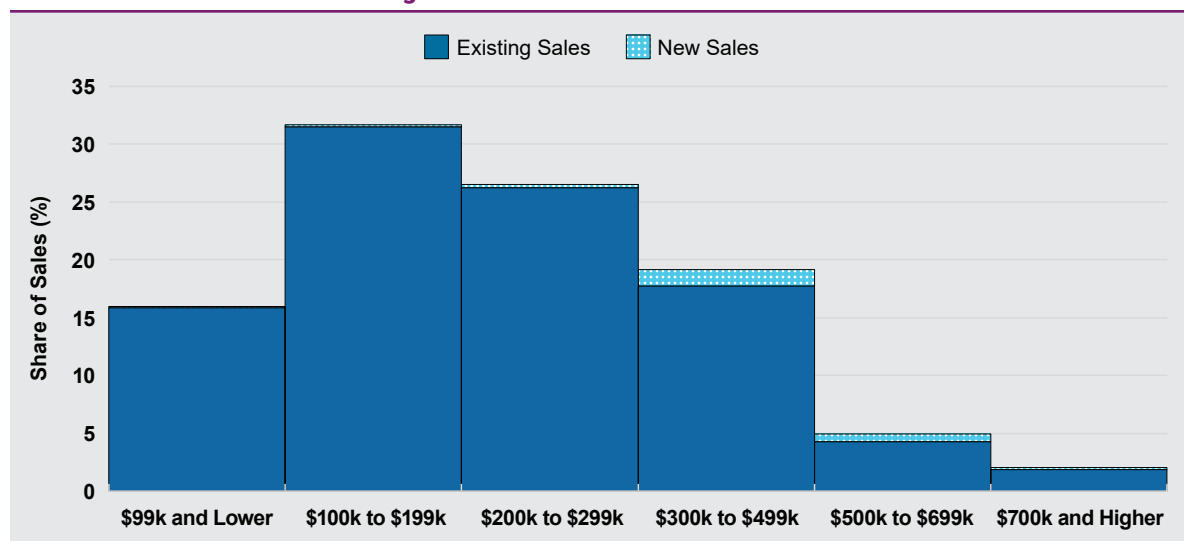
The number of existing home sales fell substantially during the housing crisis of the late 2000s and the subsequent Great Recession to a low of 11,700 homes sold in 2011, before generally increasing each year from 2012 through 2019 (CoreLogic, Inc.). From 2012 through 2016—a period that included economic recovery following the Great Recession and the subsequent expansion—existing home sales growth was strong, rising by an average of 1,000 homes, or 7 percent, a year. As economic growth in the HMA moderated and population growth slowed compared with the previous period, existing home sales decelerated, rising by an average of 230, or 1 percent,

Figure 7. 12-Month Average Sales Price by Type of Sale in the Rochester HMA



Source: CoreLogic, Inc.

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending November 2023 in the Rochester HMA



Notes: New and existing sales include single-family homes, townhomes, and condominium units. Existing home sales include regular resales and real estate owned sales.

Source: Zonda

annually from 2017 through 2019. Existing home sales declined by an average of 480 homes, or 3 percent, a year from 2020 through 2022, a period that included the onset of the COVID-19 pandemic. During this period, net out-migration from the HMA increased, contributing to the decline in home sales.

New home sales in the HMA declined following the housing crisis and Great Recession to a low of 570 homes sold in 2011. New home sales began increasing in 2012, as economic conditions in the HMA were improving, up by an average of 30 homes, or 5 percent, annually through 2017 to 750 homes. From 2018 through 2020, new home sales fell by an average of 70 homes, or 11 percent, a year to 530 homes, partly because of slowing population growth, including strong net out-migration. Economic uncertainty and concerns regarding the spread of COVID-19 contributed to the decline in the number of new homes sold during 2020. During 2021, new home sales stabilized at 540 homes, but during 2022, sales declined by 40 homes, or 8 percent, partly in response to rapidly rising mortgage interest rates.

Home Sales Price Trends

Home prices in the HMA increased at a generally modest but steady pace from 2011 through 2019 before rising sharply beginning in 2020. From 2011 through 2019, the average new home price increased by an average of \$7,675, or 3 percent,

annually (CoreLogic, Inc.). The average existing home price increased at a similar pace, up an average of 3 percent, or by \$3,875, a year. The modest price growth contributed to the relative affordability of sales housing in the HMA. The average sales prices for both new and existing homes began accelerating with the onset of the COVID-19 pandemic, and prices in the HMA have risen at a fast pace since 2020. From 2020 through 2022, new home price growth averaged \$40,950, or 13 percent, annually, and the average existing home price rose by an average of \$16,700, or 9 percent, a year. The relative affordability of homes in the HMA compared with the New York MSA and historically low mortgage interest rates during 2020 and 2021 contributed to demand and put upward pressure on home prices. In addition, the low inventory of homes for sale contributed to the increase in existing home prices, and increased construction material costs and labor shortages from the pandemic contributed to the increase in new home prices.

Seriously Delinquent Mortgages and Real Estate Owned Properties

In November 2023, 1.1 percent of home loans in the HMA were seriously delinquent mortgages or had transitioned into real estate owned (REO) status, down from 1.4 percent in November 2022 and below the 5.5-percent peak in January 2014 (CoreLogic, Inc.). Improving economic conditions during the past year contributed to the decrease in the percentage of seriously delinquent mortgages and REO properties in November 2023 compared with a year earlier. By comparison, the rate for the nation was 1.0 percent as of November 2023, down from 1.2 percent in November 2022 and from an 8.6-percent peak in February 2010.

The percentage of seriously delinquent mortgages and REO properties in the HMA rose sharply during the early stages of the COVID-19 pandemic, when weak economic conditions made it more difficult for many homeowners to stay current on mortgage payments. The rate increased from 1.5 percent in April 2020 to a recent 4.1-percent peak in August 2020. By comparison, the rate nationwide increased from 1.4 percent in April 2020 to 4.4 percent in August 2020.

Sales Construction Trends

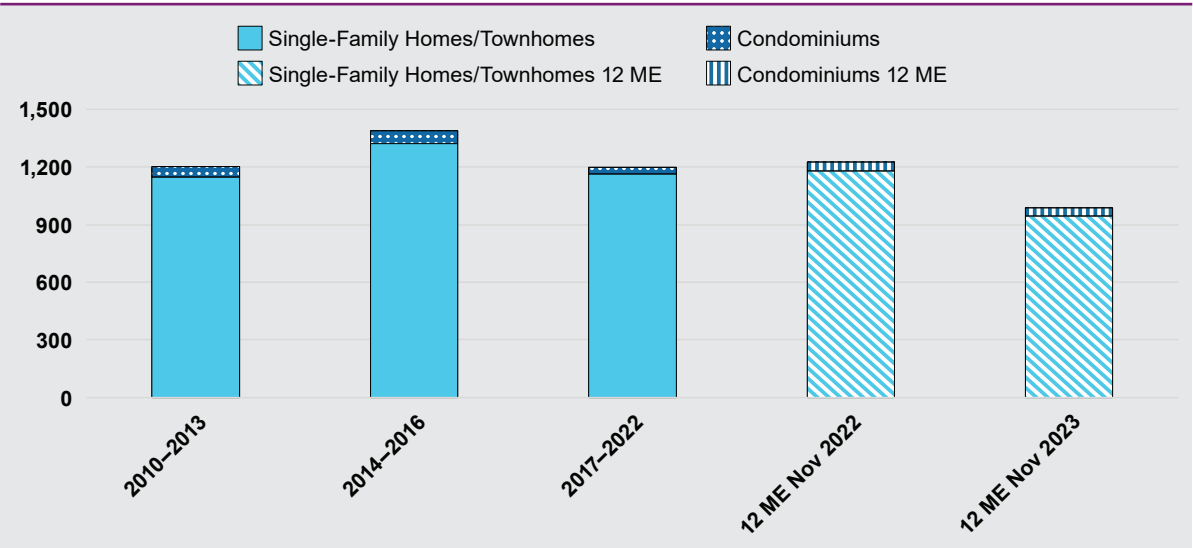
New sales housing construction in the HMA—as measured by the number of single-family homes, townhomes, and condominiums permitted—has been at lower levels since 2017 compared with the recent peak from 2014 through 2016, coinciding with periods of slower population growth or population declines (Figure 9). From 2010 through 2013, homebuilding activity was relatively low, averaging 1,200 homes permitted annually. Weak economic conditions and low demand for homes following the Great Recession

resulted in subdued levels of homebuilding activity during the 4-year period. Rising demand for homes and economic growth led to higher levels of new home construction, which averaged 1,400 homes annually from 2014 through 2016. New home production fell back to levels comparable with the early 2010s, averaging 1,200 homes permitted a year from 2017 through 2022. Slowing population growth from 2016 to April 2020 and a declining population due to higher levels of net out-migration since April 2020 partly contributed to the decline in new home production. During the 12 months ending November 2023, 990 homes were permitted, down 19 percent from a year earlier (preliminary data, with adjustments by the analyst). Rising mortgage interest rates partly contributed to the recent decline in new home permitting.

New Sales Construction

A large portion of new sales housing construction has been concentrated in Monroe and Ontario Counties, accounting for 57 and 24 percent, respectively, of all single-family home construction in the HMA since 2010. During the 12 months ending November 2023, nearly 48 percent of all single-family homes permitted in the HMA were in Monroe County, where approximately 190 new homes are under construction. Construction is underway at Regency Park, a single-family home community in the city of Rochester, which is expected to have 162 homes at buildout. The three-, four-, and five-bedroom homes in the community range in size from approximately 1,607 to 3,264 square feet,

Figure 9. Annual Sales Permitting Activity in the Rochester HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; annual averages 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

and prices start from \$334,900. A total of 130 of the homes have been built and sold, with the remaining 32 to be built in a future phase. In the town of West Henrietta in Monroe County, The Fairways at Riverton, a single-family home community under construction, is expected to have 130 homes at buildout, with prices starting from \$409,900. Construction began in 2021, and approximately 25 homes have been built and sold.

Forecast

During the next 3 years, demand is expected for 3,800 new homes (Table 6). The 400 homes under construction in the HMA will satisfy a portion of the demand in the first year of the 3-year forecast period. Demand is expected to be relatively steady throughout the forecast period. Sales housing construction is expected to continue to be primarily in Monroe County.

Table 6. Demand for New Sales Units in the Rochester HMA During the Forecast Period

Sales Units	
Demand	3,800 Units
Under Construction	400 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The average apartment vacancy rate as of the fourth quarter of 2023 increased from a year earlier, and growth in the average apartment rent slowed slightly.

Current Conditions and Recent Trends

The overall rental housing market in the Rochester HMA is currently balanced. As of December 1, 2023, the rental vacancy rate is estimated at 6.9 percent, up slightly from 6.8 percent in April 2020, when rental conditions were also balanced (Table 7). In the past year, a large number of new apartments have been completed, contributing to an increase in the overall rental vacancy rate. In 2022, 42 percent of renter households lived in multifamily buildings with five or more units, predominantly apartments, up from 41 percent in 2013 (2013 and 2022 ACS 1-year data). The remaining 59 percent of renter households resided in single-family homes, mobile homes, townhomes, or two- to four-unit structures, which make up an unusually large proportion of the rental stock compared with other markets.

Table 7. Rental and Apartment Market Quick Facts in the Rochester HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	6.8	6.9
		2013 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	28	27
Apartment Market Quick Facts	Multifamily (2–4 Units)	29	29
	Multifamily (5+ Units)	41	42
	Other (Including Mobile Homes)	0	1
		4Q 2023	YoY Change
	Apartment Vacancy Rate	5.0	1.0
	Average Rent	\$1,358	5%

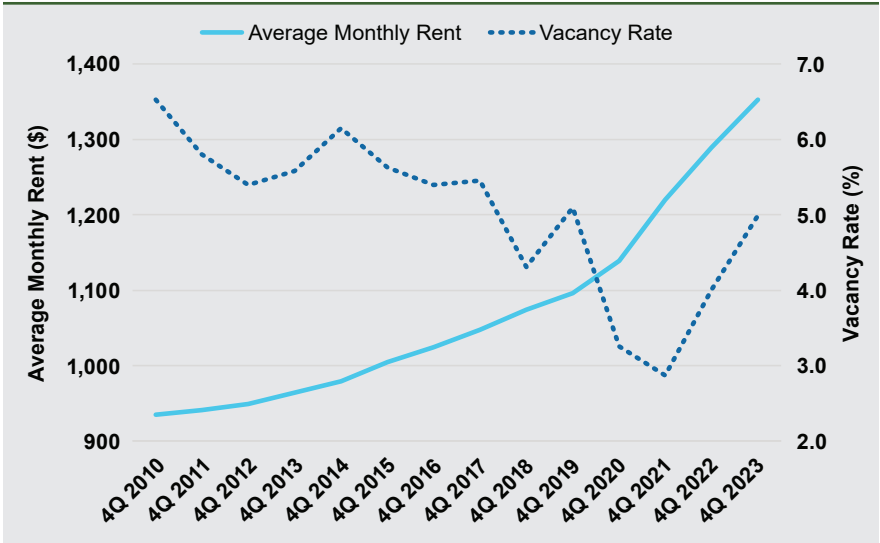
4Q = fourth quarter. YoY = year-over-year.
Notes: The current date is December 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2013 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

Apartment Market Conditions

Apartment market conditions in the HMA were balanced as of the fourth quarter of 2023, with a 5.0-percent vacancy rate, up from 4.0 percent as of the fourth quarter of 2022 and from a recent low of 2.9 percent as of the fourth quarter of 2021—when the apartment market was tight (Figure 10; CoStar Group). During the past 2 years, rent growth slowed slightly, partly in response to increasing vacancy rates. As of the fourth quarter of 2023, the average apartment rent in the HMA rose 5 percent from a year earlier to \$1,358 compared with a 6-percent increase as of the fourth quarter of 2022 and a 7-percent increase as of the fourth quarter of 2021.

From 2010 to 2019, apartment market conditions in the HMA generally improved from slightly soft in 2010 to balanced in 2019. Apartment vacancy rates in the HMA during the period ranged from a high of 6.5 percent as of the fourth quarter of 2010 to a low of 4.3 percent as of the fourth quarter

Figure 10. Apartment Rents and Vacancy Rates in the Rochester HMA



4Q = fourth quarter.
Note: The vacancy rates and average monthly rents are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
Source: CoStar Group



of 2018. From the fourth quarter of 2010 to the fourth quarter of 2019, the average apartment rent in the HMA rose a modest 2 percent annually. During the early stages of the COVID-19 pandemic, supply chain disruptions and labor shortages resulted in extended construction times for apartment developments and delayed completions, limiting the number of new units added to the rental supply. In addition, rental housing demand increased during the pandemic, and absorption of apartment units outpaced the supply of new units entering the market, contributing to a sharp decline in apartment vacancy rates in 2020 and 2021. Approximately 1,925 apartment units were absorbed during 2020 and 2021, whereas approximately 660 units were completed during the 2 years (CoStar Group). The apartment vacancy rate declined to 3.3 percent as of the fourth quarter of 2020 and to a low of 2.9 percent as of the fourth quarter of 2021. Market conditions have eased during the past 2 years partly because of an increase in the number of new apartment units completed and a decline in the number of units absorbed. More than 1,850 apartment units were completed during 2022 and 2023, whereas approximately 610 were absorbed.

Apartment Market Conditions by Geography

Market conditions vary across the HMA, ranging from soft to tight. Among the 13 CoStar Group-defined market areas in the HMA, the vacancy rate ranged from 2.4 percent in the Orleans County market area to 8.4 percent in the South Monroe County market area—the location of the Rochester Institute of Technology—as of the fourth quarter of 2023. Twelve of the 13 market areas had increasing vacancy rates from a year earlier. The only market area with a year over year vacancy rate decrease was the Brighton/Fairport market area in southeast Monroe County, with an 8.1-percent vacancy rate as of the fourth quarter of 2023, down from 10.6 percent—which was the highest vacancy rate in the HMA as of the fourth quarter of 2022.

Average apartment rents rose in all market areas as of the fourth quarter of 2023, ranging from an 8-percent increase in the Greece/Northwest Monroe County market area to a modest 1-percent increase in the Brockport market area. The highest average apartment rent was in the Victor/Farmington

market area—the area with the second highest vacancy rate in the HMA, averaging 8.1 percent—at \$1,682, up 6 percent from \$1,586 as of the fourth quarter of 2022. The lowest average rent was in the Orleans County market area—the smallest market area by number of units in the HMA, with nearly 340 units, and accounting for less than 1 percent of all units in the HMA—with an average rent of \$725, up 6 percent from \$683 as of the fourth quarter of 2022. The Greece/Northwest Monroe County and the Downtown Rochester market areas have the largest inventories of all the 13 market areas, accounting for a combined 34 percent of all the units in the HMA.

Student Housing

The University of Rochester and Rochester Institute of Technology are in portions of the CoStar Group-defined Downtown Rochester and South Monroe County market areas, respectively. In the Downtown Rochester market area, the vacancy rate was 5.3 percent as of the fourth quarter of 2023, up from 4.6 percent a year earlier but well below the 7.0 percent as of the fourth quarter of 2019, before the pandemic. The average rent was \$1,350 as of the fourth quarter of 2023, up 3 percent from a year earlier. In the South Monroe County market area, the vacancy rate was 8.4 percent as of the fourth quarter of 2023, up from 3.5 percent a year earlier. The average rent was \$1,488 as of the fourth quarter of 2023, up 5 percent year over year, but slowing from a 7-percent increase a year earlier. The sharp rise in the vacancy rate was partly due to the delivery of The Marshall Rochester, with a capacity for 494 students, in the town of West Henrietta in July 2023.

At student apartments offering leases by the bedroom, the vacancy rate at the University of Rochester was 3.7 percent as of the fourth quarter of 2023, up from 1.9 percent as of the fourth quarter of 2022 (CoStar Group). The average asking rent for each bedroom was \$968 as of the fourth quarter of 2023, up nearly 5 percent from \$926 as of the fourth quarter of 2022. At Rochester Institute of Technology, the vacancy rate was 3.6 percent as of the fourth quarter of 2023, up from 2.5 percent as of the fourth quarter of 2022. The average asking rent for each bedroom was \$1,017 as of the fourth quarter of 2023, up nearly 5 percent from \$972 as of the fourth quarter of 2022.



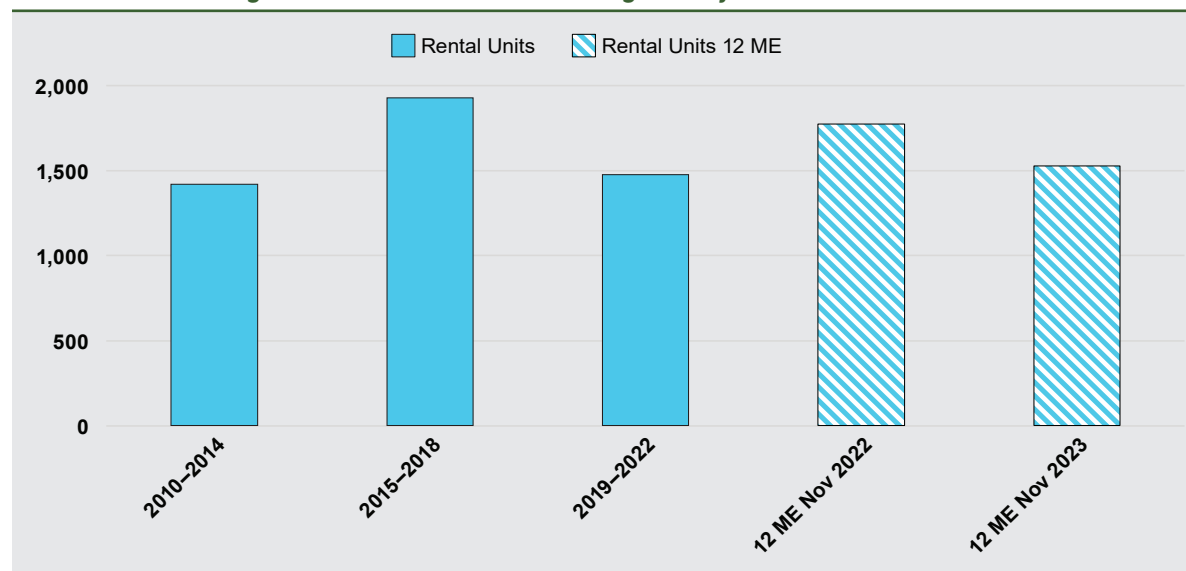
Single-Family Home Rentals

During 2022, 27 percent of renter households in the HMA lived in single-family homes, down slightly from 28 percent in 2013 (2013 and 2022 ACS 1-year data). The average vacancy rate for professionally managed, single-family rental homes in the HMA during November 2023 was 1.9 percent, up slightly from 1.8 percent in November 2022 but below the most recent November high of 2.4 percent in 2014 (CoreLogic, Inc.). Average rent growth for single-family homes in the HMA was strong during the past year. As of November 2023, monthly rents for one-, two-, three-, and four-bedroom homes in the HMA averaged \$1,212, \$1,522, \$1,775, and \$2,164, respectively, and were up 8, 5, 7, and 5 percent from a year earlier. The average rent per square foot in the HMA rose 6 percent as of November 2023 from a year earlier.

Rental Construction Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted, was generally at lower levels from 2019 through 2022 compared with the preceding 4 years (Figure 11). Slightly soft rental market conditions during the early 2010s limited the demand for additional rental units, which resulted in an average of 1,425 rental units permitted annually from 2010 through 2014. In response to stronger rental demand stemming from an increase in household growth, rental construction rose to an average of 1,925 units a year from 2015

Figure 11. Annual Rental Permitting Activity in the Rochester HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; annual averages 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

through 2018—a period when apartment market conditions tightened. Rental construction slowed to an average of 1,475 units permitted annually from 2019 through 2022, partly in response to population decline beginning in 2020. In response to the surge in new supply and easing apartment market conditions during the past year, builders scaled back construction compared with the previous year. Approximately 1,525 rental units were permitted during the 12 months ending November 2023, representing a 14-percent decline from the 1,775 units permitted during the 12 months ending November 2022 (preliminary data, with adjustments by the analyst).

New apartment construction has been concentrated in Monroe County since 2010, accounting for more than 73 percent of multifamily permitting in the HMA. In the town of Henrietta, Marketplace Senior Apartments—a four-story development with 150 age- and income-restricted units—is under construction at the Marketplace Mall shopping center. When the apartment community is complete by the summer of 2024, all the units will be restricted to households aged 55 or older with incomes at or below 60 percent of the Area Median Income. Champion Reserve Townhomes, a 70-unit rental community in the town of

Victor, is under construction with expected completion in early 2024. The community offers two- and three-bedroom units with monthly rents ranging from \$2,900 to \$3,725 for two-bedroom units and from \$3,100 to \$3,975 for three-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 4,550 new rental units in the HMA (Table 8). The 1,825 units under construction are expected to satisfy all the demand during the first year of the forecast period and a

portion of the demand during the second year. Demand is expected to be relatively steady throughout the forecast period and will continue to be concentrated in Monroe County.

Table 8. Demand for New Rental Units in the Rochester HMA During the Forecast Period

Rental Units	
Demand	4,550 Units
Under Construction	1,825 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
Building Permits/Permitting/Permitted	Building permits do not necessarily reflect all residential building activity. 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.
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 Home Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Finger Lakes Region	An area of New York that includes 11 long, narrow lakes that run north to south, six of which are in the housing market area.
Forecast Period	December 1, 2023–December 1, 2026—Estimates by the analyst.

Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than 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 Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area and metropolitan division definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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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.
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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.
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D. Photo/Map Credits

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