

Economic Conditions

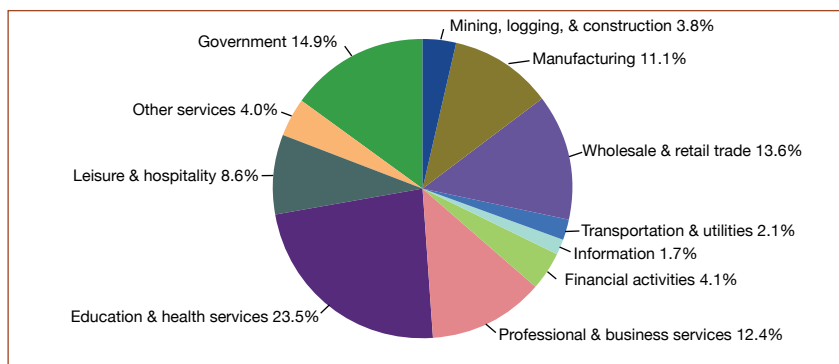
The manufacturing sector has historically led the economy of the Rochester HMA. Significant declines in the sector since 2000, however, have caused economic conditions in the HMA to remain weak compared with conditions in the rest of the nation. In 2000, payrolls in the manufacturing sector totaled 103,700 jobs, which was the highest of any sector in the HMA, accounting for more than 19 percent of all nonfarm payrolls. Since 2001, however, payrolls in the sector have decreased by an average of approximately 2,800 jobs, or 3.5 percent, annually, resulting in a total decline of 45,300 jobs. Approximately two-thirds of these job losses were the result of significant reductions at Eastman Kodak Company (hereafter, Kodak) and Xerox Corporation (hereafter, Xerox). Kodak employed more than 62,000 people at facilities in the HMA during the 1980s, but the company has consistently and rapidly cut jobs since, because of decreased demand for its products as the photography industry transformed to digital technology. Approximately 22,850 jobs have been eliminated since 2000, and only 1,750 Kodak jobs currently remain in the HMA. At Xerox, current employment in the HMA is down by approximately

7,725 jobs from 2000, but most losses were prior to 2012, and employment levels have since stabilized.

The decline in the manufacturing sector has slowed in recent years, which is attributed to reduced levels of layoffs at Kodak and Xerox. Since 2011, nonfarm payrolls in the manufacturing sector have decreased by an average of 400 jobs, or 0.7 percent, annually compared with an average decline from 2001 through 2010 of 4,300 jobs, or 5.2 percent, annually. Additionally, in 2015, the city of Rochester was selected to be the site of the American Institute for Manufacturing Integrated Photonics. The award will make Rochester the nationwide hub for the innovation and manufacturing of Photonics products, which use technology to generate, control, and detect photons. In addition to directly creating research and development jobs in the professional and business services sector for the technology used in the products, an unspecified number of manufacturing jobs are expected to be created during the next few years, as companies are created or move into the HMA to produce products using the new technology. To assist with the process, the state recently established a \$10 million “multi-year Photonics Venture Challenge,” which will award investments ranging from \$100,000 to \$1 million to 10 to 15 startup companies to start and maintain their business in the HMA.

Strong and consistent gains in the education and health services sector, which has surpassed the manufacturing sector as the largest in the HMA with currently more than 23 percent of all nonfarm payrolls, partially offset job losses in the manufacturing sector (Figure 1). Since 2001,

Figure 1. Current Nonfarm Payroll Jobs in the Rochester HMA, by Sector



Note: Based on 12-month averages through December 2016.

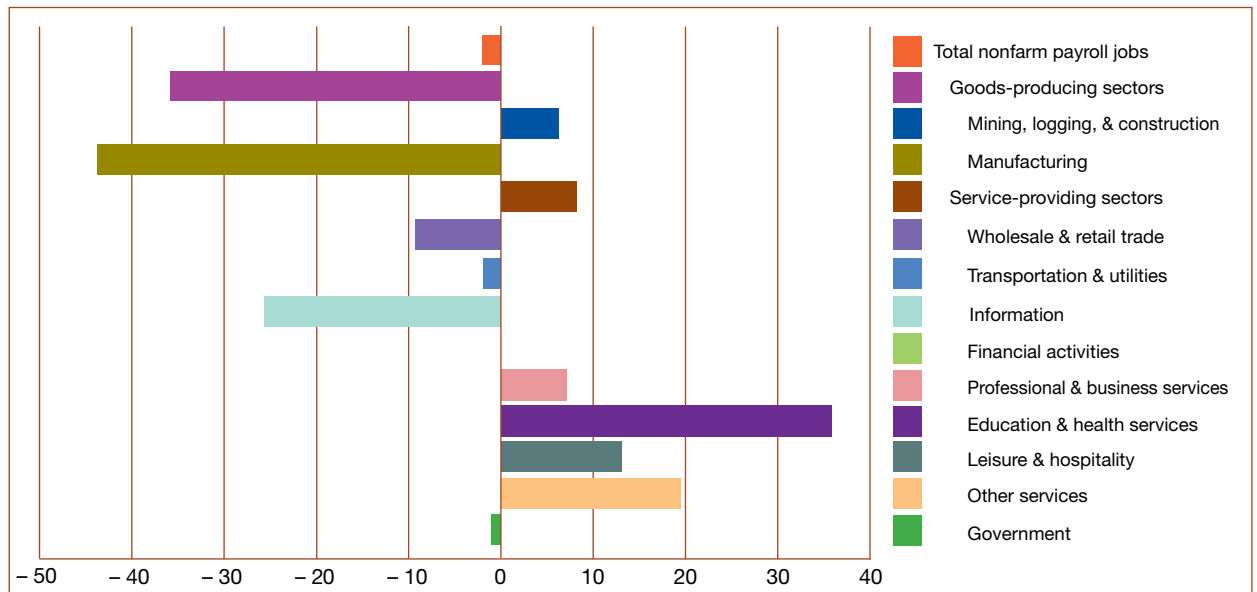
Source: U.S. Bureau of Labor Statistics

nonfarm payrolls in the sector have increased by an average of 2,100 jobs, or 2.0 percent, annually, and the current level of jobs has increased 36 percent during that timeframe, which is the largest increase of any nonfarm payroll sector in the HMA (Figure 2). Approximately 52 percent of the gains in the sector were in the educational services industry, which increased by an average of 1,100 jobs, or 3.3 percent, in response to steadily increasing enrollment levels at local private colleges and universities located in the HMA. The largest of these colleges and universities is the University of

Rochester, which is the largest employer in the HMA with 26,650 total employees (Table 2) and has a total enrollment of nearly 11,250 students. During 2015, the University of Rochester was estimated to be responsible for 56,000 direct and indirect jobs throughout the state of New York, resulting in approximately \$3.21 billion in wages (*University of Rochester & Affiliates 2015 NYS Economic Impact*).

The economy of the HMA struggled from 2001 through 2007, largely because of losses in the manufacturing sector. From 2001 through 2003,

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



Notes: Current is based on 12-month averages through December 2016. During this period, payrolls in the financial activities sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Rochester HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Rochester	Education & health services	26,650
Rochester Regional Health	Education & health services	15,550
Wegmans Food Markets, Inc.	Wholesale & retail trade	13,850
Xerox Corporation	Manufacturing	6,575
Paychex, Inc.	Professional & business services	4,125
Rochester Institute of Technology	Education & health services	3,925
The Lifetime Healthcare Companies	Financial activities	3,525
Sutherland Global Services, Inc.	Professional & business services	3,075
Tops Markets	Wholesale & retail trade	2,900
YMCA of Greater Rochester	Other services	2,425

Note: Excludes local school districts.

Source: *Economy.com*

nonfarm payrolls declined by an average of 6,800 jobs, or 1.3 percent, annually. Nearly all net losses were in the manufacturing sector, which declined by an average of 6,700 jobs, or 6.9 percent annually. Closures and large-scale layoffs at multiple large manufacturing establishments, including several Kodak and Xerox facilities, significantly contributed to the decline. During the 3-year period, the number of establishments with at least 500 employees declined by approximately 40, representing a 25-percent decline (Census Bureau Statistics of U.S. Businesses). Economic conditions improved from 2004 through 2007, but job growth was minimal. Nonfarm payrolls during the 4-year period increased by an average of 1,300 jobs, or 0.3 percent, annually compared with a 1.9-percent average annual growth rate in the nation as a whole. Within the HMA, the greatest gains were in the education and health services and the professional and business services sectors, which increased by an average of 2,300 and 1,100 jobs, or 2.3 and 1.8 percent, respectively.

From 2008 through 2010, the national recession impacted economic conditions in the HMA but not as severely as in the nation as a whole. During this period, nonfarm payrolls decreased by an average of 3,800 jobs, or 0.7 percent, annually compared with job losses nationwide that averaged 1.9 percent annually. The largest declines were in the manufacturing and the wholesale and retail trade sectors, which decreased by an average of 4,500 and 1,100 jobs, or 6.5 and 1.5 percent, respectively. These losses, however, were partially offset by gains in the education and health services and the government sectors, which were up by an average of 2,600 and

500 jobs, or 2.4 and 0.6 percent, respectively. In the education and health services sector, more than 60 percent of the gains were in the health care and social assistance industry, which increased by an average of 1,600 jobs, or 2.2 percent, annually. The University of Rochester Medical Center, which is part of the University of Rochester, opened a new ambulatory surgery center in 2009, resulting in approximately 95 new jobs.

Economic conditions improved at a moderate pace from 2011 through 2015, but job growth was slower than the national average. During the 5-year period, nonfarm payrolls increased by an average of 3,500 jobs, or 0.7 percent, annually. By comparison, nonfarm payrolls nationwide increased an average of 1.7 percent annually. Within the HMA, gains were largest in the education and health services and the professional and business services sectors, which were up by an average of 1,800 and 1,200 jobs, or 1.6 and 1.9 percent, respectively. Gains in the education and health services sector were partially attributed to University of Rochester adding an average of 490 jobs annually in response to steadily increasing enrollment levels. Job losses continued in the manufacturing sector, but at a drastically reduced pace. Nonfarm payrolls in the sector declined by an average of 300 jobs, or 0.6 percent. The slowdown in the rate of losses was partially attributed to growth of small- and medium-sized manufacturing firms. From 2013 to 2014 (the most recent data available), employment at manufacturing establishments with fewer than 500 employees increased by 1,375 compared with an average decline of 4,425 employees annually from 2000 to 2010 (Census Bureau Statistics of

U.S. Businesses). Included in these gains are the 120 jobs added when Valeant Pharmaceutical International, Inc. opened a new contact lens manufacturing line at its Bausch + Lomb facility in the city of Rochester in 2014.

During 2016, nonfarm payrolls slightly decreased by 400 jobs, or 0.1 percent, from a year ago (Table 3). Losses were the greatest in the professional and business services and the manufacturing sectors, which were down by 2,100 and 700 jobs, or 3.1 and 1.2 percent, respectively. The decline

in the professional and business services sector was concentrated in the administrative and support and waste management and remediation services industry, which decreased by 2,300 jobs, or 8.1 percent; the decline is partially attributed to administrative and support job losses at Xerox, where total employment decreased by 180 during the past year. In the manufacturing sector, the decrease was partially attributed to SentrySafe, a maker of safes and storage containers, relocating manufacturing operations out of the HMA because of cheaper operating costs; the relocation resulted in approximately 350 jobs lost. Partially offsetting these losses were gains in the education and health services and the leisure and hospitality sectors, which increased by 1,500 and 600 jobs, or 1.2 and 1.3 percent, respectively. In the education and health services sector, gains were partially attributed to total employment at Rochester Regional Health System increasing by approximately 210 during the past year.

During 2016, the unemployment rate in the HMA averaged 4.7 percent.

The current rate is down from the average rate of 5.2 percent during 2015 and from the 7.9-percent average rate from 2009 through 2012. The current unemployment rate in the HMA is slightly lower than the rates in the state of New York and the nation of 4.9 and 4.8 percent, respectively. Figure 3 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2016.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1,600 jobs, or 0.3 percent, annually and growth is expected to be relatively steady

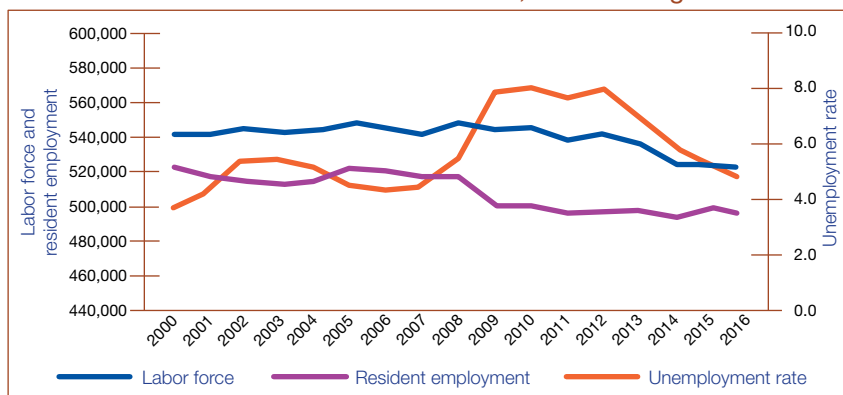
Table 3. 12-Month Average Nonfarm Payroll Jobs in the Rochester HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2015	December 2016		
Total nonfarm payroll jobs	526,600	526,200	- 400	- 0.1
Goods-producing sectors	78,900	78,500	- 400	- 0.5
Mining, logging, & construction	19,900	20,200	300	1.5
Manufacturing	59,100	58,400	- 700	- 1.2
Service-providing sectors	447,700	447,600	- 100	0.0
Wholesale & retail trade	72,300	71,700	- 600	- 0.8
Transportation & utilities	10,400	10,800	400	3.8
Information	9,000	8,800	- 200	- 2.2
Financial activities	21,600	21,800	200	0.9
Professional & business services	67,500	65,400	- 2,100	- 3.1
Education & health services	122,200	123,700	1,500	1.2
Leisure & hospitality	44,900	45,500	600	1.3
Other services	21,100	21,300	200	0.9
Government	78,800	78,600	- 200	- 0.3

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2015 and December 2016.

Source: U.S. Bureau of Labor Statistics

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



Source: U.S. Bureau of Labor Statistics

during all 3 years. Gains are expected to be in the service-providing sectors, especially the education and health services and the professional and business services sectors. During the next year, Datto, Inc., a technical support company, and Coast Professional, Inc., a debt collection agency, plan to expand facilities in the HMA, which will result in approximately 200 new jobs each. In the manufacturing sector, job losses are expected to

continue to slow. In addition to potential Photonics manufacturing jobs, growth is expected in the beverage manufacturing industry. More than 110 licensed breweries, wineries, and distilleries currently are in the HMA, including 16 that received their initial license during 2016 (New York State Liquor Authority). Additionally, Genesee Brewery is expected to expand its facility, resulting in approximately 130 new jobs over the next 5 years.

Population and Households

As of January 1, 2017, the estimated population of the Rochester HMA is 1.08 million, which is relatively unchanged from April 2010. Since 2000, economic conditions in the HMA relative to the rest of the nation have impacted population trends in the HMA. During years when economic conditions in the HMA were weak, net out-migration was strong, which was attributed to residents moving throughout the country to areas with more job opportunities. The largest outflow of the approximately 36,450 residents leaving the HMA from 2010 to 2014 (the most recent data available) were into the New York-Newark-Jersey City, NY-NJ-PA MSA, accounting for 12 percent of the total out-migration from the HMA; overall, however, nearly 55 percent of the out-migration from the HMA was out of New York to other states (2010–2014 American Community Survey [ACS] 5-year data). The total migration out of the HMA was especially notable for larger-sized households, which is attributed to families with children moving to areas with more

economic stability to raise their family. From 2000 to 2015, the number of households with four or more people declined by 15,825, a 16-percent decrease in the HMA since 2000 (U.S. Census Bureau decennial census counts and 2015 ACS). By comparison, the number of households with three or fewer people increased by 37,025, or 12 percent, during the same period. The trend of declining larger-sized households in the HMA was in contrast to nationwide trends, where the number of households with four or more people increased 1 percent from 2000 to 2015 compared with a 16-percent increase in households with three or fewer people.

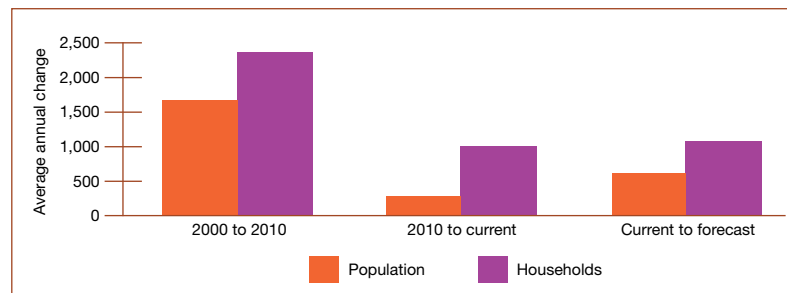
From 2000 to 2007, the population increased by an average of 1,325 people, or 0.1 percent, annually (Census Bureau decennial census counts and population estimates as of July 1). Population growth was slow because of net out-migration, which averaged 2,075 annually, partially offsetting growth from net natural change (resident births minus resident

deaths), which averaged 3,400 annually. Influenced by a slower rate of job losses relative to the rest of the nation during the Great Recession, net out-migration slowed to an average of 130 annually from 2007 to 2011, which resulted in population growth increasing to an average of 2,650, or 0.2 percent, annually. Slow job growth since 2011 has caused net out-migration to increase to an average of 2,475, which has caused the population to slightly decline by an average of 290 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.

Although the population of the HMA has been relatively unchanged since 2010, the population has grown in Monroe and Ontario Counties. By 2015, the populations in Monroe and Ontario Counties have increased by 5,250 and 1,625, or 0.7 and 1.5 percent, respectively, since 2010. This growth is in contrast to the other four counties, where the combined population was down by 4,600, representing a 2.0-percent decline. People moving into the HMA often chose to reside in Monroe and Ontario Counties because of their proximity to the city of Rochester or the Finger Lakes. During the 5-year period from 2010 through 2014, more than three-fourths of the in-migration to the HMA was into those two counties (2010–2014 ACS 5-year data).

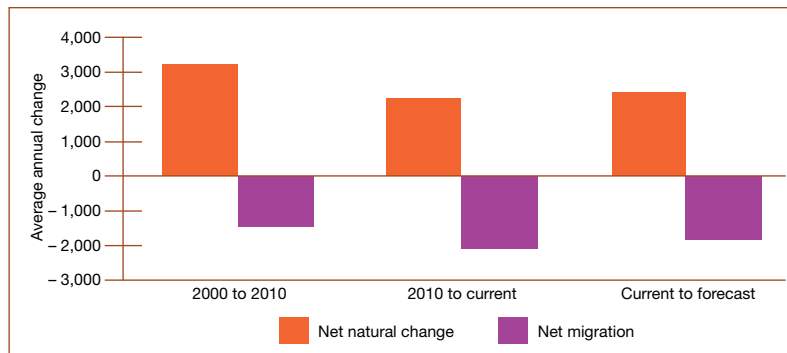
An estimated 437,200 households currently reside in the HMA. Since 2010, the number of households in the HMA has increased an average of 0.2 percent annually, or by 1,050 households, down from an average of 0.6 percent, or by 2,375 households, from 2000 to 2010. The current homeownership rate in the HMA is estimated at 66.2 percent, down from 67.4 percent in 2010. The cause for the decline is a combination of households switching from owner to renter status because of foreclosures and new households opting to rent rather than own because of strict borrowing requirements for homeowners. All net household growth since 2010 has been in renter households, with a slight decline in owner households. Figure 6 illustrates the number of households by tenure in the HMA from 2000 to the current date.

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

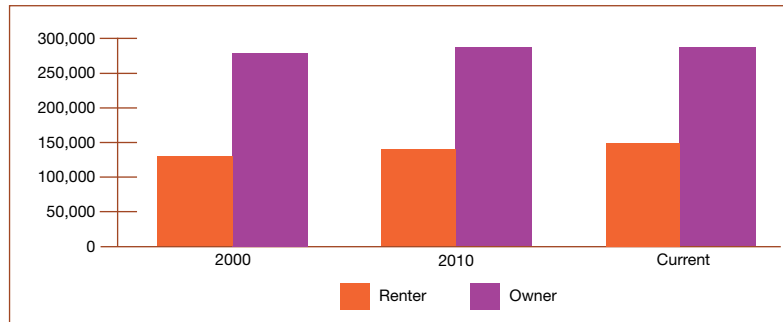


Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



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

Population and Households *Continued***Figure 6.** Number of Households by Tenure in the Rochester HMA, 2000 to Current

Note: The current date is January 1, 2017.

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

The population of the HMA is expected to expand by an average of 670, or 0.1 percent, annually during the 3-year forecast period. Net out-migration is expected to continue, but slow slightly during each year of the forecast period as jobs are added. The number of households is estimated to increase during the forecast period at an average annual rate of 0.3 percent, or by 1,100 households, to reach 440,500.

Housing Market Trends

Sales Market

The sales housing market in the Rochester HMA is currently slightly soft. The current sales vacancy rate is estimated at 2.0 percent, up from 1.4 percent in 2010 (Table DP-1 at the end of this report). During 2016, the HMA had 2.7 months of available inventory, down from 4.2 months of inventory during 2015 (Greater Rochester Association of Realtors®). The decline, however, was partially because the number of homes for sale decreased 32 percent during the past year, which is largely attributed to residents not putting their homes on the market because they are aware demand for these homes is low. During the 12 months ending November 2016, the median number of days a home remained on the market in the HMA was approximately 112 compared with a median of 90 days nationwide (Yahoo!-Zillow Real Estate Network).

Sales market conditions in the HMA were slightly soft in 2000 and transitioned from slightly soft to balanced

from 2000 through 2007, because the ease with which homebuyers could obtain a mortgage created strong demand for owner housing units. Conditions transitioned to slightly soft from 2008 through 2012 because elevated levels of unemployment and stricter borrowing requirements reduced the demand for housing. Since 2013, conditions have remained slightly soft, but vacancy rates have been declining because of limited construction activity.

During the 12 months ending October 2016 (the best representative data available), approximately 16,750 new and existing homes sold, an increase of 830 homes, or 5 percent, from the previous 12-month period (CoreLogic, Inc. with adjustments by the analyst). The current level of sales is up 26 percent compared with the average of 13,300 homes sold annually from 2010 through 2012, but was down 14 percent compared with the 19,500 homes sold annually from 2000 through 2005, when the

housing market was strongest. During the past 5 years, nearly 98 percent of the increased sales activity was from existing home sales because of limited demand for higher-priced new homes, which is attributed to weak job growth that has led to strong net out-migration. During the past 5 years, existing home sales increased by an average of 870 homes, or 5 percent, annually compared with an average increase in new home sales of 20 homes, or 3 percent, annually. During the 12 months ending October 2016, the average sales price increased 2 percent, to \$148,700, from a year ago. The housing crisis did not impact the HMA as badly as the rest of the nation, and the percentage of real estate owned (REO) sales as a portion of all existing home sales remained low, allowing sales prices to continue to rise. The average sales price has increased in all but 2 years since 2000 (the earliest data available), up an average of 2 percent annually, and the current price is at a peak level.

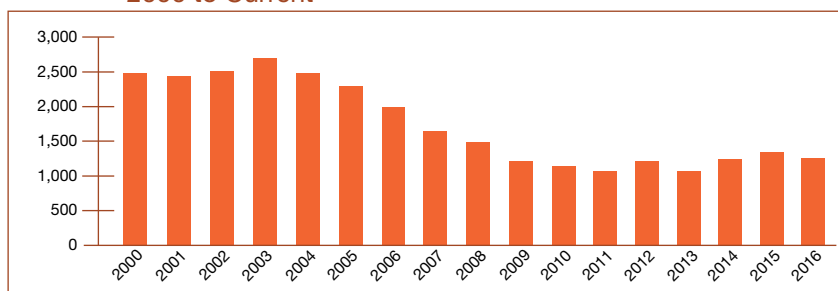
The rate of seriously delinquent loans (90 or more days delinquent or in foreclosure) and REO properties in the HMA is currently higher than the national rate. Rates in the HMA, however, did not reach the same peaks as the nation because of relatively small rates of job losses during the recession. In October 2016,

3.2 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 4.3 percent in October 2015 and a peak of 5.5 percent in January 2014 (CoreLogic Inc., with adjustments by analyst). The current rate in the HMA is lower than the 5.2-percent rate in New York, but above the nationwide rate of 2.6 percent. The peak rate in the HMA, however, was notably lower than the statewide peak of 8.6 percent in January 2013 and the nationwide peak of 8.6 percent in February 2010.

Single-family homebuilding activity, as measured by the number of homes permitted, has increased slightly during the past 3 years, but levels are well below those from the early 2000s, when the housing market was strongest and demand for new homes was highest. From 2000 through 2005, an average of 2,500 homes were permitted annually (Figure 7). Homebuilding declined to an average of 1,725 homes permitted annually from 2006 through 2008, in response to strong net out-migration, and further declined to an average of 1,150 from 2009 through 2013 because of decreased sales activity. During 2014 and 2015, an average of 1,325 homes were permitted annually, a slight increase in homebuilding activity; levels remained low, however, because of strong net out-migration. During the 12 months ending December 2016, approximately 1,275 homes were permitted, down 4 percent from the previous 12-month period (preliminary data).

Construction activity has been strongest in Monroe and Ontario Counties, the two counties in the HMA where population growth has been concentrated since 2010. Recent construction activity includes the completion of a 484 single-family

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



Notes: Includes townhomes. Current includes data through December 2016.

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

community at Berkshire Park, in the town of Henrietta in Monroe County. The units were completed between 2006 and 2016, and sales prices of the recently completed homes, which have four bedrooms and two and one-half bathrooms, start at \$249,900. Activity in Ontario County includes Estates in Beaver Creek, which is in the town of Farmington. More than three-fourths of the 63 planned homes have been completed since 2012, and the

remaining homes will be built as they are sold. Prices for these three- and four-bedroom homes start at \$298,900 and \$312,900, respectively.

During the 3-year forecast period, demand is estimated for 2,450 new single-family homes, townhomes, and condominiums (Table 1). The 390 homes under construction and a portion of the estimated 26,000 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 net out-migration slows. New homes, however, will not be needed until the second year of the forecast period, after the current excess supply and homes under construction are absorbed. New home prices are expected to start at \$150,000, and 45 percent of the demand is estimated to be for homes priced from \$200,000 to \$299,999 (Table 4).

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	370	15.0
200,000	249,999	490	20.0
250,000	299,999	610	25.0
300,000	349,999	370	15.0
350,000	399,999	250	10.0
400,000	449,999	120	5.0
450,000	and higher	250	10.0

Notes: The 390 homes currently under construction and a portion of the estimated 26,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

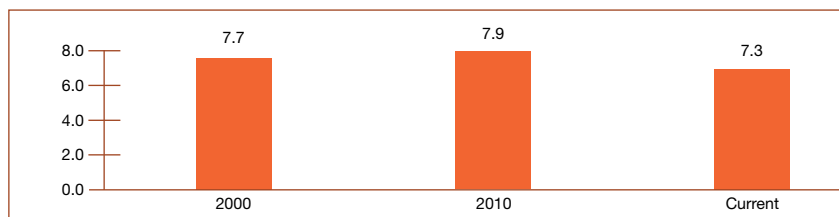
Rental Market

The rental housing market, including apartment units and single-family rental homes, in the Rochester HMA is currently balanced. The overall rental vacancy rate is estimated at 7.3 percent, down from 7.9 percent in 2010 (Figure 8). Rental market conditions in the HMA were slightly soft from 2000 through 2007 because of strong net out-migration. The market transitioned into balance from 2008

through 2010 because of lower levels of net out-migration. Conditions have remained balanced since 2011, which is attributed to a limited number of new apartment units coming online from 2011 through 2015.

Conditions in the apartment market are currently slightly tight compared with balanced conditions in 2010. During the fourth quarter of 2016, the apartment vacancy rate was 3.4 percent, up from 2.6 percent during the fourth quarter of 2015 (Reis, Inc.). The vacancy rate has increased during the past year because of nearly 900 new market-rate apartment units coming online, up compared with 300 new units coming online a year ago. The current rate, however, remains below the 5.1-percent rate during

Figure 8. Rental Vacancy Rates in the Rochester HMA, 2000 to Current



Note: The current date is January 1, 2017.

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

the first quarter of 2010, which is attributed to limited apartment construction activity prior to 2015. During the fourth quarter of 2016, the average asking rent was \$894, up 2 percent compared with the fourth quarter of 2015. Rents were highest in the Reis-defined East Monroe market area, at \$1,044, where a majority of the newly constructed apartment units are being built. Since 2010, more than one-half of all completed apartment units have been in the East Monroe area (Reis, Inc.), a high-growth area within Monroe County.

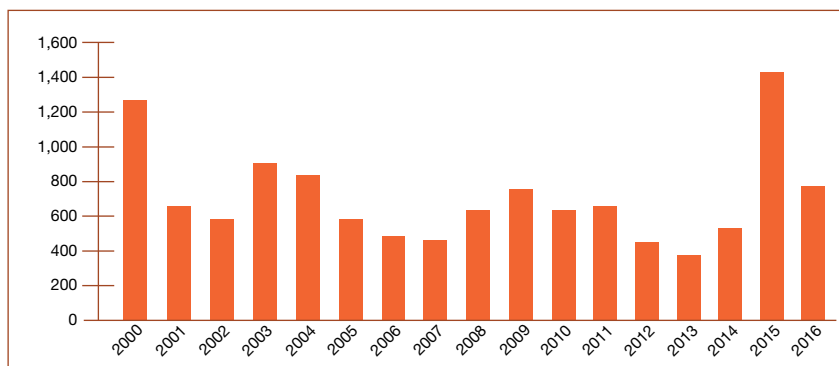
In response to improving apartment markets, multifamily construction activity in the HMA has been strong since 2015, and recent levels are the highest they have been in more than 15 years. From 2000 through 2004, multifamily building activity, as measured by the number of units permitted, averaged 850 units permitted. Figure 9 shows the number of multifamily units permitted in the HMA since 2000, of which more than 95 percent were for apartments. Elevated apartment vacancy rates from 2002 through 2004 caused construction activity to decline and remain low from 2005 through 2014, averaging 550 units permitted annually. In response to improving

apartment markets, construction activity significantly increased to 1,425 units permitted during 2015, which was the highest level since 1999, when 1,525 units were permitted. Approximately 720 units were permitted during the 12 months ending December 2016 (preliminary data). Construction activity decreased during the past year in response to the strong activity during the previous year.

Recent apartment construction activity includes the 339-unit Waters Edge Apartments, in the town of Webster in Monroe County. All units were complete by mid-2016, and rents for these one-, two-, and three-bedroom units start at \$1,150, \$1,425, and \$1,725, respectively. Auburn Creek Apartments is a 184-unit apartment community in the city of Victor, in Ontario County, which was completed in 2015. Rents start at \$1,200 for two-bedroom, two-bathroom units and \$1,525 for three-bedroom, two-bathroom units. Within the city of Rochester, the 181-unit Tower280, which is in the Central Business District, was completed in mid-2016. Rents for these efficiency, one-bedroom, and two-bedroom units start at \$1,425, \$1,800, and \$1,825, respectively. Charlotte Square in the East End of Rochester was completed in late 2016. Rents for these 72 units range from \$1,450 to \$2,000 for one-bedroom units, \$1,625 to \$2,400 for two-bedroom units, and \$2,475 to \$2,775 for three-bedroom units.

The HMA is home to eight colleges and universities that house students. The total enrollment at these schools is 54,200 students, of which approximately 20,050 are housed in on-campus dormitories. Of the remaining students, 95 percent are estimated to reside within the HMA,

Figure 9. Multifamily Units Permitted in the Rochester HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

and student households account for approximately 7 percent of all renter households. University of Rochester and Rochester Institute of Technology are each currently constructing new dormitories. All buildings are expected to be complete by the summer of 2017 and will house nearly 300 total students.

During the 3-year forecast period, demand is expected for 2,250 new market-rate rental units (Table 1). The 700 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 second and third years, because the units under construction will satisfy all demand during the first year. Continuing recent trends, demand is estimated to be strongest in Monroe and Ontario Counties. 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 Rochester HMA During the Forecast Period

Zero Bedrooms		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	Monthly Gross Rent (\$)	Units of Demand
600 to 799	30	800 to 999	100	1,000 to 1,199	230	1,300 to 1,499	70
800 to 999	55	1,000 to 1,199	170	1,200 to 1,399	450	1,500 to 1,699	170
1,000 or more	30	1,200 to 1,399	50	1,400 to 1,599	280	1,700 to 1,899	240
		1,400 or more	15	1,600 or more	170	1,900 to 2,099	140
						2,100 or more	70
Total	110	Total	340	Total	1,125	Total	680

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	523,393	501,995	498,800	-0.4	-0.1
Unemployment rate	3.7%	8.1%	4.7%		
Nonfarm payroll jobs	535,900	509,300	525,600	-0.5	0.5
Total population	1,062,452	1,079,671	1,081,000	0.2	0.0
Total households	406,332	430,071	437,200	0.6	0.2
Owner households	276,839	289,865	289,600	0.5	0.0
Percent owner	68.1%	67.4%	66.2%		
Renter households	129,493	140,206	147,600	0.8	0.8
Percent renter	31.9%	32.6%	33.8%		
Total housing units	439,236	468,888	480,700	0.7	0.4
Owner vacancy rate	1.5%	1.4%	2.0%		
Rental vacancy rate	7.7%	7.9%	7.3%		
Median Family Income	\$54,100	\$66,500	\$67,700	2.1	0.3

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is January 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: 1/1/2017—Analyst’s estimates
Forecast period: 1/1/2017–1/1/2020—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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

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

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

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_RochesterNY_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 HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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