



# Long Island, New York

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2011



## Housing Market Area



Located immediately to the east of New York City, the Long Island Housing Market Area (HMA), which is coterminous with the Nassau-Suffolk Metropolitan Division, comprises Nassau and Suffolk Counties. This report examines each county as a separate submarket. The East End of Suffolk County is home to the resort communities known as The Hamptons and North Fork, which support a seasonal increase in the population of more than 200,000 during the summer.

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## Summary

### Economy

Economic conditions in the Long Island HMA showed signs of improvement after 3 years of declining non-farm payrolls, primarily because of the strength of the education and health services sector, which is the largest sector in the HMA. During the 12 months ending September 2011, non-farm payrolls increased by 2,000 jobs, or 0.1 percent, which is a significant improvement compared with the loss of 11,850 jobs, or 1 percent, that occurred during the 12 months ending September 2010. Nonfarm payrolls are projected to increase by an average of 0.6 percent annually during the forecast period.

### Sales Market

The home sales market in the HMA remains soft but has stabilized

somewhat during the past year. Demand is expected for 4,200 new homes during the forecast period, 1,025 of which will be met by units currently under construction, as shown in Table 1. In addition, a portion of the 68,600 other vacant units in the HMA may reenter the market and satisfy some of the forecast demand.

### Rental Market

The rental housing market in the HMA is currently balanced, although conditions have eased slightly during the past 3 years. The overall rental vacancy rate for the HMA is estimated at 5.2 percent, up from 2.7 percent recorded in 2000. During the forecast period, demand is expected for 2,925 new rental units (see Table 1), 140 of which will be met by units currently under construction.

**Table 1. Housing Demand in the Long Island HMA, 3-Year Forecast, October 1, 2011 to October 1, 2014**

	Long Island HMA		Nassau County Submarket		Suffolk County Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	4,200	2,925	1,200	850	3,000	2,075
Under Construction	1,025	140	420	140	600	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2011. A portion of the estimated 68,600 other vacant units in the HMA will likely satisfy some of the forecast demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

# Economic Conditions

Economic conditions in the Long Island HMA have improved after 3 years of declining nonfarm payrolls. During the 12 months ending September 2011, nonfarm payrolls increased by 2,000 jobs, or 0.1 percent, which is a significant improvement compared with the loss of 11,850 jobs, or 1 percent, during the 12 months ending September 2010 (see Table 2). In comparison, annual gains from 2003 through 2007 averaged 9,100 jobs, or an increase of 0.7 percent.

During the 12 months ending September 2011, losses in the goods-producing sectors were offset by gains in several

service-providing sectors. The education and health services sector led job growth during the 12 months ending September 2011, with the addition of 3,400 jobs, an increase of 1.5 percent, compared with an increase of 5,200 jobs, or 2.4 percent, during the previous 12 months. The education and health services sector is both the largest employment sector in the area (see Figure 1) and the fastest growing sector since 2000 (see Figure 2). Continued employment opportunities in the sector have provided stability to the local economy by adding an average of 4,325 jobs, or 2.4 percent, each year from 2000 through 2010. Two of the largest employers in the area (see Table 3) are providers of health services: North Shore-Long Island Jewish Health System and Catholic Health Services of Long Island, which employ 42,000 and 18,300, respectively. The hiring outlook remains positive for the education and health services sector in the HMA because of the high concentration of elderly residents.

During the 12 months ending September 2011, the government sector, which is the second largest in the HMA, declined by 2,000 jobs, or nearly 1 percent, compared with an increase of 2,725, or 1.3 percent, during the previous 12 months. Most of the decline in the government sector was the result of retirements and layoffs at local school districts during the third quarter of 2011, as indicated by a decline of 4,700 jobs, or 5.1 percent, in the local government educational services subsector compared with the number of jobs in that subsector a year earlier. According to the Office of the New York State Comptroller, state and local government employee retirements increased by 52 percent in 2010 because of incentive offers and the

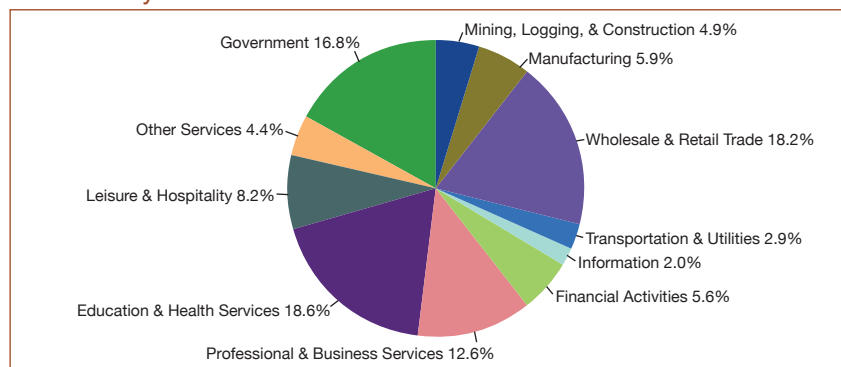
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Long Island HMA, by Sector**

	12 Months Ending September 2010	12 Months Ending September 2011	Percent Change
Total Nonfarm Payroll Jobs	1,224,000	1,226,000	0.1
Goods Producing	134,700	131,500	-2.4
Mining, Logging, & Construction	61,550	59,650	-3.1
Manufacturing	73,200	71,800	-1.9
Service Providing	1,089,000	1,094,000	0.4
Wholesale & Retail Trade	220,300	222,600	1.1
Transportation & Utilities	35,400	35,200	-0.6
Information	25,850	24,300	-6.0
Financial Activities	70,000	69,150	-1.2
Professional & Business Services	152,000	154,500	1.6
Education & Health Services	224,500	227,900	1.5
Leisure & Hospitality	100,100	100,300	0.2
Other Services	52,600	53,650	1.9
Government	208,500	206,500	-0.9

Notes: Based on 12-month averages through September 2010 and September 2011. Numbers may not add to totals because of rounding.

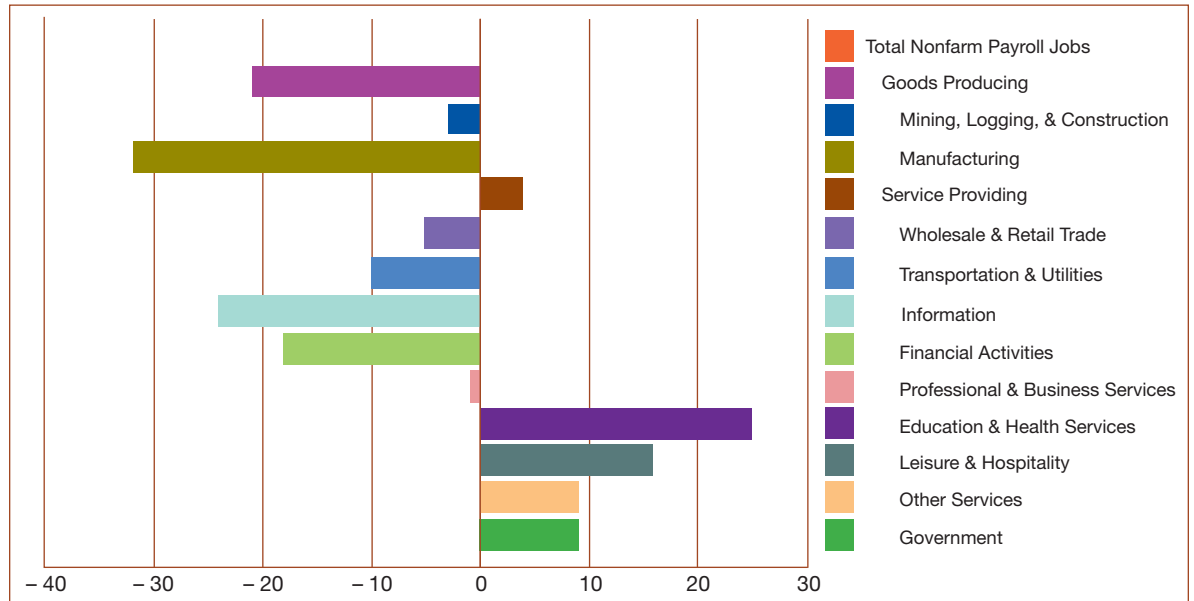
Source: U.S. Bureau of Labor Statistics

**Figure 1. Current Nonfarm Payroll Jobs in the Long Island HMA, by Sector**



Note: Based on 12-month averages through September 2011.

Source: U.S. Bureau of Labor Statistics

**Figure 2. Sector Growth in the Long Island HMA, Percentage Change, 2000 to Current**

Note: Current is based on 12-month averages through September 2011. During this period, total nonfarm payroll jobs showed no net change.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Long Island HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
North Shore-Long Island Jewish Health System	Education & Health Services	42,000
Catholic Health Services of Long Island	Education & Health Services	18,700
Stony Brook University	Government	14,000
County of Nassau	Government	9,750
County of Suffolk	Government	9,425
Cablevision Systems Corporation	Information	8,900
Verizon Communications Inc.	Information	5,600
Winthrop-South Nassau University Health System	Education & Health Services	5,100
U.S. Fish and Wildlife Service	Government	5,000
The Home Depot U.S.A., Inc.	Wholesale & Retail Trade	4,800

Note: Excludes local school districts.

Source: Long Island Business News Book of Lists, 2009; company sources

prospect of layoffs and pay freezes. Layoffs in the government sector are expected to continue during the next 3 years because of significant budget cuts at the state and local levels.

Growth at State University of New York (SUNY) campuses in the HMA is expected to offset some of the anticipated layoffs by the New York state government during the forecast period. The Long Island SUNY system consists of one technical college, one university college, two community colleges, and Stony Brook University (Stony Brook), a flagship institution of SUNY and one of four University Centers in the SUNY system. According to a June 2011 SUNY study, the system has 85,000 students and employs 16,000 people in the HMA. The study estimated that SUNY indirectly supports an additional 17,500 jobs and has an annual economic impact of \$3.1 billion on the HMA economy.

The U.S. Department of Energy’s Brookhaven National Laboratory (BNL), which is comanaged by Stony Brook, currently employs nearly 3,000 HMA residents and has an estimated annual economic impact of \$850 million on the HMA. Construction on the \$912 million National Synchrotron Light Source (NSLS) II began in 2009 and is estimated to have created 1,250 construction and 450 scientific and engineering jobs. When completed in 2014, the NSLS II is expected to support more than 500 additional permanent positions at BNL.

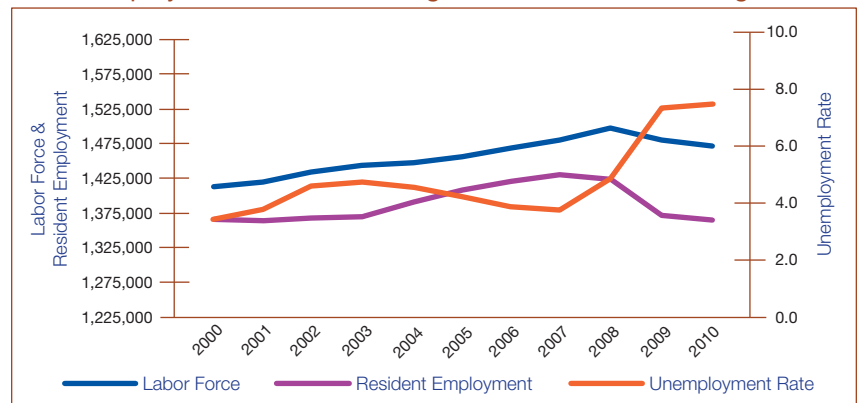
During the 12 months ending September 2011, the goods-producing sectors lost 3,200 jobs, or 2.4 percent, although these losses were not as large as the decline of 9,175 jobs, or 6.4 percent, that occurred during the previous 12-month period. The mining, logging, and construction sector accounted for nearly two-thirds of net job losses in the goods-producing sectors during the past 2 years as commercial and residential construction activity slowed. During the 12 months

ending September 2011, Long Island’s manufacturing sector continued its multidecade decline, losing 1,400 jobs, or 1.9 percent, compared with a loss of 3,450 jobs, or 4.5 percent, during the previous 12 months.

During the 12 months ending September 2011, the HMA unemployment rate averaged 7.1 percent, down from the 7.4-percent rate recorded during the previous 12 months. Figure 3 shows trends in the annual labor force, resident employment, and unemployment rate since 2000.

During the forecast period, nonfarm payrolls are expected to increase by an average of 7,125 jobs, or 0.6 percent, annually. Job growth is expected to remain slow during the first year of the forecast period as the local economy continues to deal with losses in the goods producing and government sectors. Growth is expected to accelerate to an annual average of 0.8 percent by the last year of the forecast period, with strong gains in the education and health services sector expected to contribute most of the forecast growth.

**Figure 3.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Long Island HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

# Population and Households

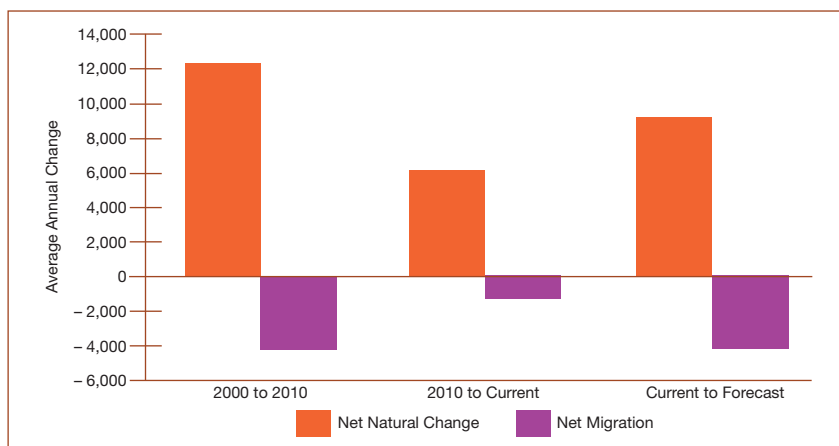
As of October 1, 2011, the population of the Long Island HMA was estimated to be 2,840,000, reflecting an average annual increase of 4,750, or 0.2 percent, since April 1, 2010 (see Tables DP-1 through DP-3 at the end of this report for information on population growth in the HMA and each submarket from 2000 to the current date). Because of slower employment growth and the soft sales market, the current rate of growth is somewhat below the average annual increase of 7,900, or 0.3 percent, recorded during the 2000s. Net out-migration averaged about 4,350 per year during the 2000s, as shown in Figure 4. According to the Internal Revenue Service, out-migration from the HMA was primarily to New York City and metropolitan areas in Florida. As the economy of the HMA recovers, the population growth rate is expected to remain fairly stable at 0.2 percent, or 5,000 people, annually during the 3-year forecast period. The population of the HMA is forecast to reach 2,855,000 by October 1, 2014.

An estimated 1,500,000 people reside in the Suffolk County submarket,

which accounted for more than 90 percent of the population growth in the HMA during the previous decade. During the 2000s, the submarket's population increased by an average of 7,400, or 0.5 percent, annually. During the 2000s, net migration to the submarket included an estimated 6,500 people annually from the Nassau County submarket. The migration to the Suffolk County submarket can be attributed to its stronger economy and relatively affordable housing in the western and central portions of the county. The population of the Suffolk County submarket is expected to increase by 4,675, or 0.3 percent, annually during the forecast period.

During the 2000s, the Nassau County submarket population increased by an average of 500 a year to 1,339,532 in April 2010. The modest population growth in the submarket during the 2000s was because of out-migration, which averaged 3,950 people, or 0.3 percent, annually, offsetting most of the growth from net natural change (resident births minus resident deaths). Out-migration from the submarket can be partially attributed to residents moving to New York City for jobs or retiring to Florida. During the 2000s, the submarket's population of residents aged 60 years or older increased by 10 percent, compared with a 2-percent decline in the number of residents under 60 years old. Out-migration from the Nassau County submarket to western Suffolk County is also prevalent because of more affordable housing options. During the forecast period, the population of the Nassau County submarket is expected to increase by 330 per year to 1,341,000.

**Figure 4.** Components of Population Change in the Long Island HMA, 2000 to Forecast



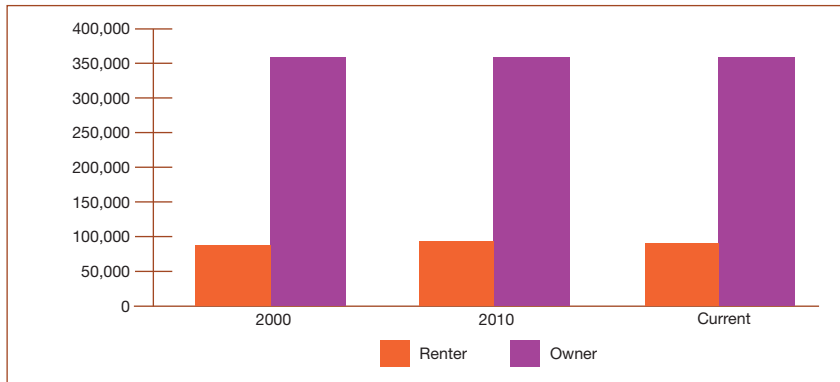
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst



An estimated 950,300 households currently reside in the HMA, with 448,700 in Nassau County and 501,600 in Suffolk County. During the 2000s, household growth averaged

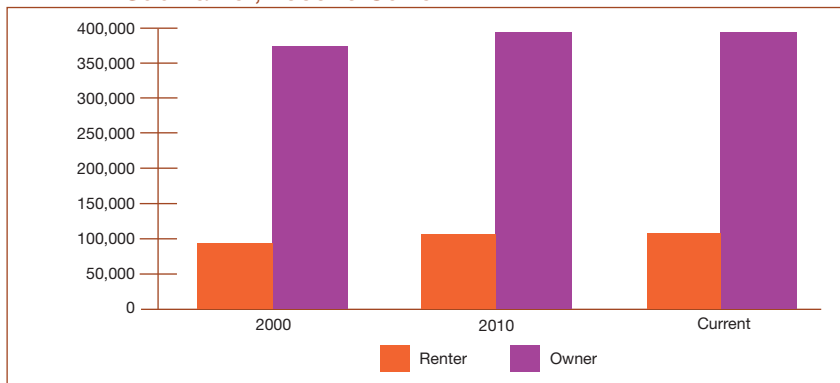
3,175 households a year, or 0.3 percent. An estimated 358,700, or 79.9 percent, of Nassau County submarket households are owner households and the remaining 90,000 are renter households (see Figure 5). Of the households in the Suffolk County submarket, an estimated 394,600, or 78.7 percent, are owner households and the remaining 107,000 are renter households (see Figure 6). Renter households in the HMA have increased at an average rate of 0.7 percent annually since 2000. In comparison, the number of owner households increased at an average annual rate of only 0.2 percent during the same period due to a weakened economy during the past 3 years. The number of households in the HMA is expected to grow by 1,600, or 0.2 percent, annually during the next 3 years to a total of 955,100. The household count is expected to grow to 449,100 and 506,000 in the Nassau County and Suffolk County submarkets, respectively. See Figure 7 for population and household growth in the HMA from 2000 through the forecast period.

**Figure 5. Number of Households by Tenure in the Nassau County Submarket, 2000 to Current**



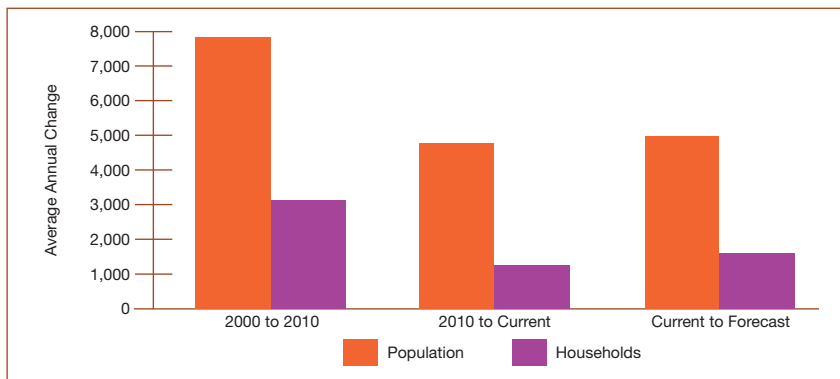
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

**Figure 6. Number of Households by Tenure in the Suffolk County Submarket, 2000 to Current**



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

**Figure 7. Population and Household Growth in the Long Island HMA, 2000 to Forecast**



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

# Housing Market Trends

## Sales Market—Nassau County Submarket

The home sales market in the Nassau County submarket is soft, although it improved during the past year. According to Miller Samuel, during the 12 months ending September 2011, the average sales price of a home in the submarket increased by 4 percent to \$534,500, compared with a 2-percent increase during the previous 12-month period. Despite the recent improvement, the current average sales price remains 13 percent below the \$613,400 peak sales price reached during the 12 months ending June 2006. The average home sales price increased slightly during the past year because the volume of distressed home sales stabilized and higher priced homes accounted for a larger share of total sales. According to LPS Applied Analytics, as of September 2011, the percent of total home loans in the submarket that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 8.5 percent, up from 8.2 percent a year earlier.

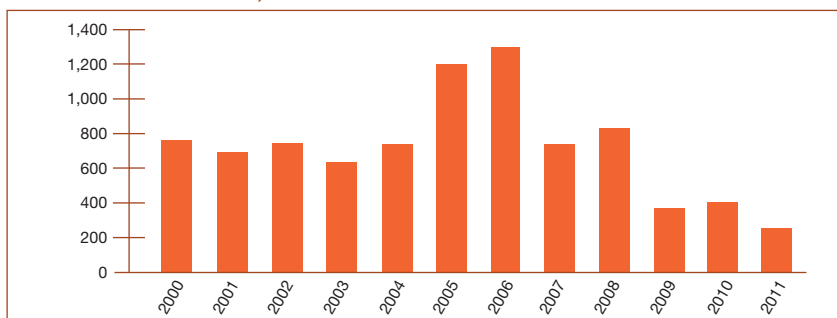
During the 12 months ending September 2011, existing home sales totaled 8,650 homes, which is a decline of 12 percent compared with the number sold during the previous 12 months. The home sales total during the previous 12-month period, however, was

inflated as a result of the first-time homebuyer tax credit program, which was in effect between April 2008 and May 2010. The current level of sales activity remains well below the peak of 11,500 homes sold during 2006. During the third quarter of 2011, the inventory of homes on the market increased by less than 1 percent to 10,050, which represents an 11.4-month supply, down slightly compared with the 13.4-month supply a year ago.

Single-family home construction activity, as measured by the number of single-family building permits issued, decreased during the past year to the lowest level in more than 30 years. Based on preliminary data, during the 12 months ending September 2011, the number of single-family homes permitted decreased to 330, down 22 percent from the 430 homes permitted during the same period a year earlier. The current level of permitting activity remains lower than the average of 710 homes permitted annually from 2000 through 2004, which preceded the peak construction years of 2005 and 2006, when an average of 1,250 homes were permitted annually. See Figure 8 for single-family building permits issued in the submarket from 2000 to the current date.

Recent single-family construction activity has been concentrated in the town of Hempstead in southwestern Nassau County. The largest developer of residential housing in the Long Island HMA is The Beechwood Organization, which has built more than 6,000 homes in 55 communities across New York. The largest sales development currently under construction is The Beechwood Organization's 720-unit, age-restricted Meadowbrook

**Figure 8.** Single-Family Building Permits Issued in the Nassau County Submarket, 2000 to 2011



Notes: Includes townhomes. Includes data through September 2011.

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

## Housing Market Trends

### Sales Market—Nassau County Submarket *Continued*

Pointe, located in the central Nassau County village of Westbury within the northern border of the town of Hempstead. The phased project, which originally broke ground in late 2005, has sold more than 500 units and is currently building 212

condominiums, townhomes, and villas. Asking prices start around \$460,000 for a one-bedroom condominium and increase to about \$1.25 million for a 2,850-square-foot villa.

During the 3-year forecast period, demand is estimated for 1,200 new market-rate homes in the submarket (see Table 1). The 420 homes currently under construction will meet a portion of this demand. In addition, a portion of the 11,600 other vacant units in the submarket may reenter the market and satisfy some of the forecast demand. Table 4 illustrates estimated demand for new market-rate sales housing in the submarket by price range. Demand is expected to increase in the last 2 years of the forecast period as the economy recovers and the inventory of unsold homes is absorbed.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Nassau County Submarket, October 1, 2011 to October 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
300,000	349,999	180	15.0
350,000	399,999	250	21.0
400,000	499,999	250	21.0
500,000	599,999	120	10.0
600,000	699,999	110	9.0
700,000	799,999	85	7.0
800,000	899,999	60	5.0
900,000	and higher	140	12.0

*Notes: Numbers may not add to totals because of rounding. The 420 homes currently under construction and a portion of the estimated 11,600 other vacant units in the submarket will likely satisfy some of the forecast demand.*

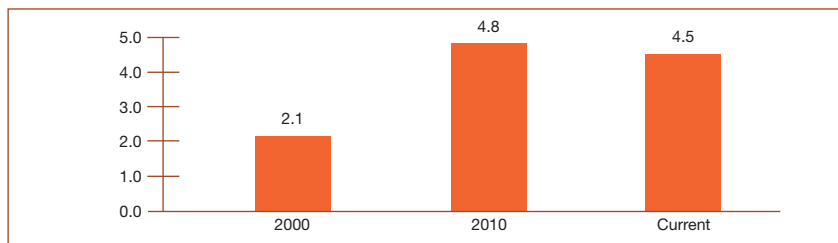
*Source: Estimates by analyst*

## Rental Market—Nassau County Submarket

The rental housing market in the Nassau County submarket is currently tight and conditions have continued to tighten during the past year. The current estimated rental vacancy rate of 4.5 percent is up from the 2.1-percent rate reported in the 2000 Census, but it is down from the 4.8-percent rate reported by the 2010 Census (see Figure 9). Vacancies increased between 2000 and 2010 because of a slight overbuilding of

the apartment market during a period of slow household formation. The slowdown in apartment construction activity in the mid-2000s, however, prevented a more significant increase in the vacancy rate. The market has tightened in the past year because of a lack of large-scale apartment completions and increased demand for rentals attributed to potential homebuyers' lack of confidence in the sales market. According to Reis, Inc., during the third quarter of 2011, the average apartment vacancy rate decreased to 3.5 percent, down from the 3.6-percent rate recorded during the third quarter of 2010. Asking rents increased by 3 percent to \$1,650 and monthly rents by number of bedrooms averaged \$1,475 for a one-bedroom unit, \$1,975 for a two-bedroom unit, and \$2,875 for a three-bedroom unit.

**Figure 9.** Rental Vacancy Rates in the Nassau County Submarket, 2000 to Current



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



## Housing Market Trends

### Rental Market—Nassau County Submarket *Continued*

Multifamily construction activity, as measured by the number of multifamily units permitted, has been modest since the mid-2000s because of slow population growth in the submarket. Construction activity increased during the past year in response to the tightening rental market. During the 12 months ending September 2011, based on preliminary data, the number of multifamily units permitted increased to 550 units after relatively low permitting activity during the previous 12 months. In comparison, an average of 390 units was permitted annually from 2000 through 2005. A large number of units were permitted in 2008 because of the second and third phases of a 720-unit townhome and condominium project, Meadowbrook Pointe, in Westbury. Figure 10 illustrates the number of multifamily building permits issued in the submarket from 2000 to the current date.

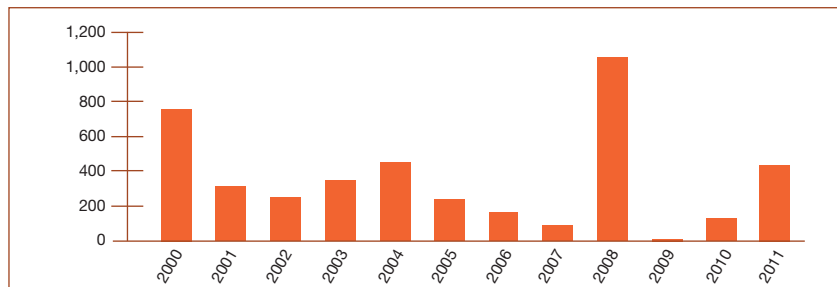
Recent multifamily developments have been concentrated in the town of Hempstead in southwestern Nassau County. Several transit-oriented developments (TOD) are currently planned or under construction near the Long Island Rail Road (LIRR), which provides more than 300,000 daily commuters access to most of Long Island and New York City.

Avalon at Rockville Center, a 349-unit TOD in southwest Nassau County, recently completed its first phase of construction and is currently undertaking the second phase of construction, which will add 139 units. Leasing commenced in the summer of 2011, with asking rents starting at \$2,125 for a one-bedroom unit and \$2,625 for a two-bedroom unit. The developer of Avalon at Rockville Center, AvalonBay Communities, Inc., has built nearly 2,000 apartment units in the Long Island HMA since the late 1990s.

The many large colleges and universities in the submarket affect the rental market. These institutions include Adelphi University, Hofstra University, Long Island University, Nassau Community College, and the New York Institute of Technology, with a combined enrollment of 65,000 students. Most of these students reside in private-market housing because of a lack of on-campus student housing; these students provide stable demand for rental housing throughout the submarket. Hofstra University, which has the largest university enrollment in the submarket, has only 4,000 beds in its residence halls, with the remaining 8,000 students residing in private-market housing. No dormitory projects are currently under construction, although Adelphi University recently completed a 171-bed residence hall.

During the 3-year forecast period, demand is estimated for 850 new market-rate rental units in the submarket (see Table 1). The 140 units currently under construction will meet a portion of this demand. Table 5 shows estimated demand for new market-rate rental housing in the submarket categorized by rent level and number of bedrooms.

**Figure 10.** Multifamily Building Permits Issued in the Nassau County Submarket, 2000 to 2011



Notes: Excludes townhomes. Includes data through September 2011.

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

## Housing Market Trends

Rental Market—Nassau County Submarket *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Nassau County Submarket, October 1, 2011 to October 1, 2014

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
1,700 to 1,899	50	1,950 to 2,149	170	2,600 to 2,799	120	3,100 to 3,299	25
1,900 or more	35	2,150 to 2,349	130	2,800 to 2,999	100	3,300 or more	20
		2,350 to 2,549	75	3,000 to 3,199	55		
		2,550 or more	50	3,200 or more	20		
Total	85	Total	430	Total	300	Total	45

Notes: Numbers may not add to totals because of rounding. The 140 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

## Sales Market—Suffolk County Submarket

The home sales market in the Suffolk County submarket is soft. According to Miller Samuel, during the 12 months ending September 2011, the average sales price of a home in the submarket (excluding The Hamptons and North Fork) decreased by 3 percent to \$352,100 compared with a similar decline of nearly 3 percent during the previous 12-month period. Although the current average sales price remains 22 percent below the peak sales price of \$452,200 reached during the 12 months ending June 2006, average price declines have not accelerated during the past year because the volume of distressed home sales remained relatively unchanged. According to LPS Applied Analytics, as of September 2011, the percentage of total home loans in the submarket that were 90 or more days delinquent, in foreclosure, or in REO was 11.3 percent, up from 10.9 percent a year earlier.

Existing home sales during the 12 months ending September 2011 totaled 8,775, which is a decline of 13 percent compared with the number sold during the previous 12 months. The 10,900 homes sold during the 12 months ending June 2010 (when the first-time homebuyer tax credit program expired) represented a significantly inflated number compared with the 8,550

homes sold during the 12-month period ending June 2009. The current rate of home sales is 43 percent below the peak of 15,350 homes sold during the 12 months ending June 2005. During the third quarter of 2011, the inventory of homes on the market decreased by 2 percent to 11,400, which represents a 13.7-month supply, down slightly compared with the 16.7-month supply a year ago.

The average sales price of a home in The Hamptons and North Fork during the 12 months ending June 2011 increased by nearly 7 percent to \$1.47 million; this figure remains 11 percent below the \$1.65 million peak reached during the 12 months ending March 2008. Existing home sales totaled 2,075 homes, down slightly more than 1 percent compared with the number sold during previous 12-month period, but still well below the peak of 3,600 homes sold during 2004. The East End home sales market depends heavily on the health of the financial markets and bonus compensation on Wall Street, with a significant share of homes in the area serving as vacation homes for wealthy people. According to the 2010 Census, more than 80 percent of the 46,450 seasonal homes in the submarket are located in The

## Housing Market Trends

Sales Market—Suffolk County Submarket *Continued*

Hamptons and North Fork, where seasonal homes account for about 40 percent of the entire housing stock.

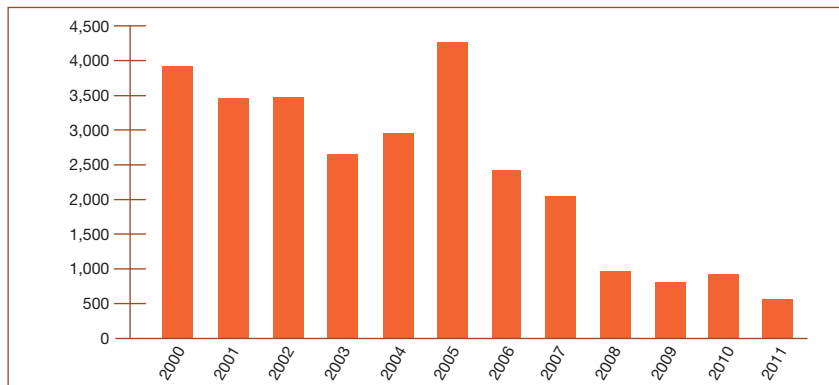
Single-family home construction activity, as measured by the number of single-family building permits issued, continued the decline that started in 2007 in response to the softening sales market. Based on preliminary data, during the 12 months ending September 2011, the number of single-family homes permitted decreased to 820 homes, down 16 percent from the 970 homes permitted during the same period a year earlier. Single-family home construction activity has remained depressed since the inventory of unsold homes peaked in 2008.

From 2008 through 2010, an average of 890 homes was permitted annually. In comparison, an average of 3,150 single-family homes were permitted annually from 2000 through 2007. See Figure 11 for single-family building permits issued in the submarket from 2000 to the current date.

Recent single-family construction activity has been concentrated in the towns of Brookhaven and Southampton in eastern Suffolk County. Timber Ridge Homes, one of the largest home builders in the Long Island HMA, is currently building single-family homes in the central Suffolk County hamlet of Hauppauge. Asking prices start at about \$600,000 for a 2,700-square-foot, three-bedroom home. The largest townhome development currently under construction is The Beechwood Organization's Meadowbrook Pointe Links & Spa, a 280-unit, age-restricted project located in the central Suffolk County hamlet of Medford within the western border of the town of Brookhaven. The three-phased development, which originally broke ground in 2009, offers townhomes ranging from 1,500 to 2,500 square feet, with prices starting in the low \$400,000s.

During the 3-year forecast period, demand is estimated for 3,000 new market-rate homes in the submarket (see Table 1). The 600 homes currently under construction will meet a portion of this demand. In addition, a portion of the 57,000 other vacant units in the submarket may reenter the market and satisfy some of the forecast demand. Table 6 illustrates estimated demand for new market-rate sales housing in the submarket by price range. Demand is expected to increase in years 2 and 3 of the forecast period as the economy recovers and the inventory of unsold homes is absorbed.

**Figure 11.** Single-Family Building Permits Issued in the Suffolk County Submarket, 2000 to 2011



Notes: Includes townhomes. Includes data through September 2011.

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

**Table 6.** Estimated Demand for New Market-Rate Sales Housing in the Suffolk County Submarket, October 1, 2011 to October 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
225,000	299,999	660	22.0
300,000	399,999	750	25.0
400,000	499,999	660	22.0
500,000	599,999	230	7.5
600,000	699,999	150	5.0
700,000	799,999	120	4.0
800,000	899,999	75	2.5
900,000	and higher	360	12.0

Notes: Numbers may not add to totals because of rounding. The 600 homes currently under construction and a portion of the estimated 57,000 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

## Rental Market—Suffolk County Submarket

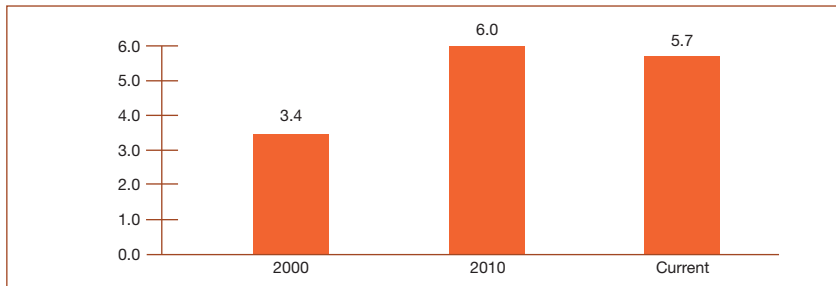
The rental housing market in the Suffolk County submarket is currently balanced, with an estimated rental vacancy rate of 5.7 percent. The current vacancy rate has increased from the 3.4-percent rate reported in the 2000 Census, but it has declined slightly compared with the 6-percent rate reported by the 2010 Census (see Figure 12). Vacancies have increased since 2000 because of significant construction activity during the early 2000s. According to Reis, Inc., the average apartment vacancy rate decreased to 3.4 percent during the third quarter of 2011 in the submarket, down from the 4.2-percent rate recorded during the third quarter of 2010. During the same period, asking rents increased by nearly 2 percent to \$1,525 and monthly rents, by number

of bedrooms, averaged \$1,375 for a one-bedroom unit, \$1,725 for a two-bedroom unit, and \$2,175 for a three-bedroom unit.

Multifamily construction activity, as measured by the number of multifamily units permitted, has been modest since the mid-2000s because of overbuilding during the early 2000s. Based on preliminary data, during the 12 months ending September 2011, the number of multifamily units permitted declined to 40 units compared with 110 units during the 12 months ending September 2010. From 2000 through 2005, an average of 850 multifamily units were permitted annually, of which 90 percent were apartment units. Figure 13 illustrates the number of multifamily building permits issued in the submarket from 2000 to the current date.

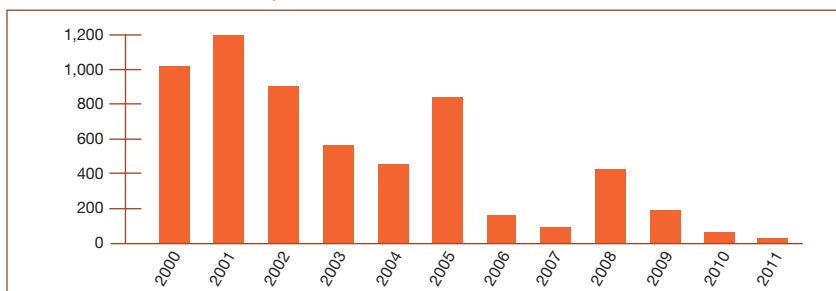
Recent multifamily developments have been concentrated in the towns of Islip and Brookhaven in western and central Suffolk County. Construction is expected to start in early 2012 on New Village at Patchogue on the South Shore of Suffolk County in the town of Brookhaven, which will include 224 market-rate units and 67 rent-restricted units. Market-rate rents are expected to start at \$1,700 for a one-bedroom unit, \$2,100 for a two-bedroom unit, and \$2,450 for a three-bedroom unit. AvalonBay Communities, Inc., is currently planning a 379-unit project near the LIRR at Huntington Station in central Suffolk County. The project, Avalon Huntington Station, would include a mix of 303 apartments and 76 condominium units as currently proposed.

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



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

**Figure 13.** Multifamily Building Permits Issued in the Suffolk County Submarket, 2000 to 2011



Notes: Excludes townhomes. Includes data through September 2011.

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

## Housing Market Trends

### Rental Market—Suffolk County Submarket *Continued*

The three largest colleges and universities in the submarket are Farmingdale State College, Stony Brook, and Suffolk County Community College, with enrollments of 6,850, 24,600, and 26,700 students, respectively. Most students live in off-campus housing and provide stable demand for rental housing in the submarket. Stony Brook, the largest university in the Long Island HMA, provides on-campus housing for nearly 9,600 students in 28 residence halls and 23 apartment-style buildings. Stony Brook's remaining 15,000 students live in off-campus housing, as do all 26,700 students enrolled at Suffolk Community College, which does not provide any on-campus

housing. On-campus apartments at Stony Brook are rented on a semester basis, with rates starting at \$1,125 for a one-bedroom apartment and \$1,700 for a two-bedroom apartment.

During the 3-year forecast period, demand is estimated for 2,075 new market-rate rental units in the submarket (see Table 1). Demand is expected for about 600 units during the first year before increasing during the second and third years of the forecast period as the economy improves. Table 7 shows estimated demand for new market-rate rental housing in the submarket categorized by rent level and number of bedrooms.

**Table 7.** Estimated Demand for New Market-Rate Rental Housing in the Suffolk County Submarket, October 1, 2011 to October 1, 2014

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
1,400 to 1,599	25	1,600 to 1,799	630	1,800 to 1,999	420	2,000 to 2,199	35
1,600 or more	15	1,800 to 1,999	400	2,000 to 2,199	290	2,200 or more	25
		2,000 or more	110	2,200 to 2,399	60		
				2,400 or more	65		
<b>Total</b>	<b>40</b>	<b>Total</b>	<b>1,150</b>	<b>Total</b>	<b>830</b>	<b>Total</b>	<b>60</b>

*Note: Numbers may not add to totals because of rounding.*

*Source: Estimates by analyst*



**Table DP-1. Long Island HMA Data Profile, 2000 to Current**

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	1,366,300	1,365,140	1,356,000	0.0	- 0.9
Unemployment Rate	3.4%	7.4%	7.1%		
Nonfarm Payroll Jobs	1,221,900	1,226,500	1,226,000	0.0	- 0.1
Total Population	2,753,913	2,832,882	2,840,000	0.3	0.2
Total Households	916,686	948,450	950,300	0.3	0.1
Owner Households	733,624	751,807	753,300	0.2	0.1
Percent Owner	80.0%	79.3%	79.3%		
Renter Households	183,062	196,643	197,000	0.7	0.1
Percent Renter	20.0%	20.7%	20.7%		
Total Housing Units	980,474	1,038,331	1,041,000	0.6	0.2
Owner Vacancy Rate	0.7%	1.4%	1.4%		
Rental Vacancy Rate	2.7%	5.5%	5.2%		
Median Family Income	\$73,300	\$101,800	\$103,600	3.3	1.8

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through September 2011. Median family incomes are for 1999, 2009, and 2010.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	1,334,544	1,339,532	1,340,000	0.0	0.0
Total Households	447,387	448,528	448,700	0.0	0.0
Owner Households	359,264	358,300	358,700	0.0	0.1
Percent Owner	80.3%	79.9%	79.9%		
Rental Households	88,123	90,228	90,000	0.2	- 0.2
Percent Renter	19.7%	20.1%	20.1%		
Total Housing Units	458,151	468,346	469,100	0.2	0.1
Owner Vacancy Rate	0.5%	1.2%	1.3%		
Rental Vacancy Rate	2.1%	4.8%	4.5%		
Median Family Income	\$73,300	\$101,800	\$103,600	3.3	0.7

Note: Median family incomes are for 1999, 2009, and 2010.

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

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	1,419,369	1,493,350	1,500,000	0.5	0.3
Total Households	469,299	499,922	501,600	0.6	0.2
Owner Households	374,360	393,507	394,600	0.5	0.2
Percent Owner	79.8%	78.7%	78.7%		
Rental Households	94,939	106,415	107,000	1.1	0.4
Percent Renter	20.2%	21.3%	21.3%		
Total Housing Units	522,323	569,985	571,500	0.9	0.2
Owner Vacancy Rate	0.9%	1.5%	1.6%		
Rental Vacancy Rate	3.4%	6.0%	5.7%		
Median Family Income	\$73,300	\$101,800	\$103,600	3.3	0.7

Note: Median family incomes are for 1999, 2009, and 2010.

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

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 10/1/2011—Analyst's estimates

Forecast period: 10/1/2011–10/1/2014—  
Analyst's estimates

**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 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 [www.huduser.org/publications/pdf/CMARtables\\_LongIslandNY\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_LongIslandNY_12.pdf).

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

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

For additional reports on other market areas, please go to  
[www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).