

Housing Market Profile



Now York/New Jersey • HUD Region II

New York City, New York

New York City (NYC), the financial center of the United States, includes Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) Counties. As of April 1, 2012, the population of NYC, which is the largest of any city in the nation, was estimated at 8.3 million. During the past 2 years, the population increased by an average of 56,000 annually, or nearly 0.7 percent, nearly identical to the 0.7-percent average annual increase during 2008 and 2009. Net natural increase (resident births minus resident deaths) averaged approximately 67,000 people annually during the past 2 years. Although international immigration to NYC averaged 48,000 people a year during the past 2 years, net out-migration averaged 11,000 people annually, because nearly 118,000 residents moved out of NYC.

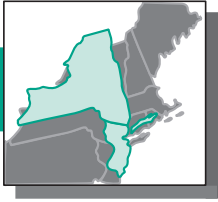
Economic conditions in NYC improved during the past 2 years. After losing 100,900 jobs, or 2.7 percent, during 2009, nonfarm payrolls increased by 17,900, or 0.5 percent, during 2010. During the 12 months ending February 2012, nonfarm payrolls increased by 72,250 jobs, or 1.9 percent, compared with a gain of 40,900 jobs, or 1.1 percent, during the previous 12 months. Two years of job growth caused the unemployment rate to decline from a high of 9.5 percent in 2010 to 9.1 percent during the 12 months ending February 2012. All private service-providing sectors posted gains during the past 12 months, led by the professional and business services and the leisure and hospitality sectors and the retail trade subsector. The professional and business services sector increased by 23,250 jobs, or 4 percent, following an increase of 12,800 jobs, or 2.3 percent, during the previous 12 months. Hiring throughout the consulting and computer systems design industries accounted for one-third of the growth in the sector during the past 2 years.

According to NYC & Company, the official marketing, tourism, and partnership organization of NYC, the number of leisure travelers to NYC increased 3.5 percent during 2011, from 48.8 million to a record 50.5 million, compared with a 7-percent increase during 2010. During the 12 months ending February 2012, the leisure and hospitality sector added 18,600 jobs, a 5.7-percent increase, primarily because of strong hiring in the restaurant industry, which accounted for more than 97 percent of the net job growth in the sector during the past 2 years. The Resorts World Casino New York City opened in Queens in late 2011 and is expected to create 1,500 permanent

jobs in the leisure and hospitality sector by the end of 2012. The improvement in the economy and increased tourism spurred employment growth in the retail trade subsector, which added 11,450 jobs, a 3.8-percent increase, during the 12 months ending February 2012. One of the leading retailers in NYC, Macy's, Inc., plans to fill 725 new positions during the next 2 years in response to strong growth in its online sales. Federal and city payrolls declined because of budget cuts, which accounted for the loss of 8,975 jobs, or 1.6 percent, in the government sector.

The NYC home sales market is slightly soft. During 2011, existing single-family home sales in Manhattan, Brooklyn, and Queens totaled 27,950, a decrease of more than 6 percent compared with the number sold during the previous year but a 12-percent increase from the number recorded during 2009, according to Miller Samuel. During 2011, the average number of days a home remained on the market increased by 17, to 126 days. During the same period, the average sales price of a home rose by nearly 4 percent, from \$791,300 to \$821,100. In Manhattan, the median sales price for a cooperative unit decreased more than 7 percent, to \$636,400, but prices for condominium units rose by nearly 17 percent, to \$1,165,000, compared with prices in 2010. In Brooklyn, the average price increased nearly 3 percent, to \$573,600, and sales increased more than 13 percent, to 7,150. In Queens, home sales declined by more than 23 percent, to 12,700, in part because of the expiration of the federal first-time homebuyer tax credit in late 2010, and the average sales price remained relatively unchanged at \$393,100. In Staten Island, during 2011, the median price of an existing single-family home decreased nearly 4 percent, to \$376,250, and the number sold declined nearly 6 percent, to 1,550, according to the New York State Association of REALTORS®. According to LPS Applied Analytics, as of February 2012, 8.1 percent of total mortgage loans in NYC were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 8.4 percent a year earlier.

Construction activity increased during the past year as economic conditions improved in NYC. Building permits for single-family homes, which represent less than 5 percent of construction activity, increased slightly and multifamily permitting activity increased significantly. Based on preliminary data, during the 12 months ending February 2012, the number of single-family homes permitted rose by 7 percent, to 280 homes, compared with the 260 homes permitted during the previous 12 months. Multifamily construction activity, as measured by the



number of units permitted, increased 37 percent, to 9,375 units, compared with the 6,750 units permitted during the previous 12 months. Construction of condominium and co-op units slowed in response to soft sales market conditions, accounting for less than 2 percent of multifamily units currently under construction compared with 17 percent of the multifamily units built between 2000 and 2009. Multifamily construction, which peaked during 2008 at 33,400 units permitted, averaged 29,850 units annually from 2004 to 2008.

The NYC rental housing market is tight, and conditions tightened during the past year when vacancy rates declined and rents continued to increase. According to Reis, Inc., from the fourth quarter of 2010 to the fourth quarter of 2011, the apartment vacancy rate for NYC decreased from 3.1 to 2.4 percent and the average rent increased 3 percent to \$2,950. The rental market continued

to tighten throughout Manhattan, where the vacancy rate declined from 3.7 to 2.8 percent and the average rent increased 3 percent to \$3,760. Vacancies were lowest on the Upper East Side, where the vacancy rate declined from 1.9 to 1.1 percent and rents increased nearly 3 percent to \$3,725. Rents were highest on the Upper West Side, where the vacancy rate declined from 4.9 to 2.8 percent and the average rent increased more than 2 percent to \$4,220. The vacancy rate declined from 0.7, 2.9, and 2.1 percent to 0.5, 2.4, and 1.9 percent in the Bronx, Brooklyn, and Queens, respectively. Although 2,725 apartment units were constructed in Brooklyn during the past 2 years, the market readily absorbed the units and the average rent increased more than 6 percent during 2011 to \$1,610. Average rents were relatively unchanged at \$1,140 and \$1,410 in the Bronx and Queens, respectively.