HUD PD&R Regional Reports

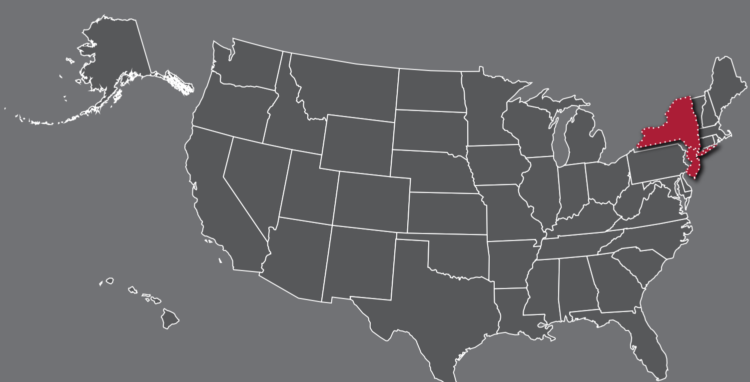
Region 2: New York/New Jersey

Buffalo, New York

Quick Facts About Region 2

- **Sales market conditions—**
  Third quarter 2024: mixed (balanced to slightly tight)
  Second quarter 2024: mixed (balanced to slightly tight)
  Third quarter 2023: mixed (balanced to slightly tight)

- **Apartment market conditions—**
  Third quarter 2024: mixed (balanced to tight)
  Second quarter 2024: mixed (slightly soft to tight)
  Third quarter 2023: mixed (balanced to tight)



By Joseph Shinn | 3rd Quarter 2024

Overview

As of the third quarter of 2024, nonfarm payrolls in the New York/New Jersey region increased for the 14th consecutive quarter on a year-over-year basis, following year-over-year declines in each of the four quarters ending March 2021. The economy has fully recovered from severe job losses during March and April 2020 that resulted from the COVID-19 pandemic. Nonfarm payrolls in the region averaged 14.29 million jobs, which is 311,800 jobs, or 2.2 percent, above the previous third quarter peak in 2019. During the past year, nonfarm payrolls were up in 6 of the 11 sectors, led by the education and health services sector. Sales market conditions ranged from balanced to slightly tight, unchanged from the third quarter of 2023. Apartment market conditions ranged from balanced to tight, and average apartment rents were up throughout the region. In New York City (NYC)—which includes the boroughs of the Bronx, Brooklyn, Manhattan, Queens, and Staten Island—apartment market conditions were tight, unchanged from the third quarter of 2023.

As of the third quarter of 2024—

- Nonfarm payrolls in the region increased by 213,600 jobs, or 1.5 percent, compared with the third quarter of 2023,

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when nonfarm payrolls were up 1.7 percent compared with the same period a year earlier. In New York and New Jersey, nonfarm payrolls rose by 150,600 and 63,000 jobs, respectively, or 1.5 percent in both states; nonfarm payrolls in NYC were up by 105,200 jobs, or 2.3 percent.

- Single-family home construction activity, as measured by the number of homes permitted, increased 26 percent in the region; in New Jersey and New York, single-family construction rose 30 and 20 percent, respectively. Multifamily building activity in the region was up 43 percent, with all the net increase in New York.
- In the New York-Newark-Jersey City metropolitan area, single-family home construction activity rose by 820 homes, or 29 percent, compared with a 21-percent decrease a year ago. Multifamily construction activity in the metropolitan area increased 50 percent, with approximately 87 percent of the rise in NYC.

Economic Conditions

Nonfarm payrolls in the New York/New Jersey region have been increasing for more than 4 years on a year-over-year basis, but the rate of increase has slowed during the past year. As of the third quarter of 2024, nonfarm payrolls in the region averaged 14.29 million jobs, representing an increase of 213,600 jobs, or 1.5 percent, compared with the third quarter of 2023. By comparison, year-over-year job growth averaged 4.4 percent in corresponding quarters during the previous 3 years.

As of the third quarter of 2024, the largest regionwide job gain was in the education and health services sector, which increased by 178,100 jobs, or 6.1 percent, from the third quarter of 2023. Both the healthcare and social assistance and the educational services subsectors—up by 148,000 and 30,100 jobs, or 6.3 and 5.4 percent, respectively—contributed to sector gains. Additional significant gains occurred in the leisure and hospitality and the government sectors, up by 37,000 and 11,700 jobs, or 2.7 and 0.6 percent, respectively. Approximately 3,550 new hotel rooms added throughout the region during the past year partially contributed to the gain in the leisure and hospitality sector (CoStar Group). In the government sector, approximately 62 percent of the increase was in the state government subsector, which was up by 7,300 jobs, or 1.9 percent.

Nonfarm payrolls declined in 5 of the 11 sectors, led by the information and the wholesale and retail trade sectors, which decreased by 14,500 and 8,700 jobs, or 4.1 and 0.5 percent, respectively. In the information sector, The Messenger, an internet news company, closed in early 2024, resulting in approximately 100 layoffs at the NYC office. In the wholesale and retail trade sector, the net decline was concentrated in the retail trade subsector, decreasing by 11,400 jobs, or 0.9 percent.

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As of the third quarter of 2024, nonfarm payrolls increased in the New York/New Jersey region, with gains in the service-providing sectors more than offsetting losses in the goods-producing sectors.

	Third Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	14,072.9	14,286.5	213.6	1.5
Goods-Producing Sectors	1,262.6	1,252.7	-9.9	-0.8
Mining, Logging, & Construction	581.9	575.4	-6.5	-1.1
Manufacturing	680.7	677.3	-3.4	-0.5
Service-Providing Sectors	12,810.2	13,033.8	223.6	1.7
Wholesale & Retail Trade	1,813.2	1,804.5	-8.7	-0.5
Transportation & Utilities	572.1	583.4	11.3	2.0
Information	354.8	340.3	-14.5	-4.1
Financial Activities	1,028.6	1,025.4	-3.2	-0.3
Professional & Business Services	2,124.8	2,128.4	3.6	0.2
Education & Health Services	2,926.5	3,104.6	178.1	6.1
Leisure & Hospitality	1,393.5	1,430.5	37.0	2.7
Other Services	560.9	569.1	8.2	1.5
Government	2,035.9	2,047.6	11.7	0.6

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

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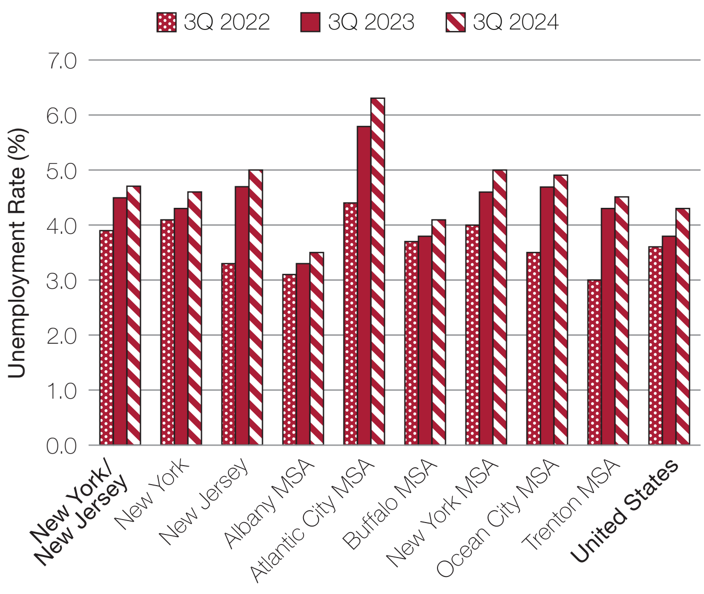
As of the third quarter of 2024, the unemployment rate in the region averaged 4.7 percent, up from 4.5 percent as of the third quarter of 2023. The rise in the unemployment rate during the past year was due to a 0.5-percent decrease in resident employment. By comparison, resident employment was up an average of 3.5 percent annually in corresponding periods from 2021 through 2023. As of the third quarter of 2024, unemployment rates in New Jersey and New York averaged 5.0 and 4.6 percent, up from 4.7 and 4.3 percent, respectively, a year ago. The current unemployment rate in the region is higher than the 4.3-percent rate nationwide.

As of the third quarter of 2024—

- Nonfarm payrolls in New York increased by 150,600 jobs, or 1.5 percent, compared with the third quarter of 2023, when nonfarm payrolls were up 1.7 percent from the same period a year earlier. During the past year, the largest gains were in the education and health services and the leisure and hospitality sectors, up by 134,100 and 36,300 jobs, or 6.1 and 3.8 percent, respectively.
- In NYC, nonfarm payrolls were up by 105,200 jobs, or 2.3 percent, compared with a 1.6-percent rise a year ago. The faster rate of job growth during the past year was due to a stronger gain in the education and health services sector, which was up by 95,600 jobs, or 8.3 percent, compared with a 5.9-percent increase a year ago.
- Nonfarm payrolls increased throughout Upstate New York, led by gains in the Rochester and Albany metropolitan areas, rising by 12,300 and 8,400 jobs, or 2.4 and 1.8 percent, respectively. In the Buffalo and Syracuse metropolitan areas, nonfarm payrolls were up by 6,600 and 5,300 jobs, or 1.2 and 1.7 percent, respectively, from the third quarter of 2023.
- In New Jersey, nonfarm payrolls increased by 63,000 jobs, or 1.5 percent, compared with the third quarter of 2023, when nonfarm payrolls rose by 72,200 jobs, or 1.7 percent, from the same period a year earlier. Approximately 55 percent of the statewide job gains during the past year were in the Newark and Camden metropolitan divisions, increasing by 19,100 and 15,600 jobs, or 1.5 and 2.7 percent, respectively.
- Nonfarm payrolls in New Jersey rose in 8 of the 11 sectors, led by the education and health services and the transportation and utilities sectors, which increased by 44,100 and 8,000 jobs, or 5.9 and 3.2 percent, respectively. Losses in the information, the manufacturing, and the financial activities sectors partially offset these gains, declining by 3,800, 2,900, and 2,600 jobs, or 4.9, 1.1, and 1.0 percent, respectively.

As of the third quarter of 2024, unemployment rates were up throughout the New York/New Jersey region compared with the third quarter of 2023.



3Q = third quarter. MSA = metropolitan statistical area.
Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales market conditions in the New York/New Jersey region ranged from balanced to slightly tight as of the third quarter of 2024, unchanged from the same period a year ago. Similar to the rest of the nation, sales market conditions in the region have eased since 2022, reflected in significant decreases in home sales. The easing was largely due to mortgage interest rates rising sharply during 2022 and 2023, and the rates were elevated during 2024. During the 12 months ending September 2024, interest rates for 30-year fixed-rate mortgages averaged 6.9 percent, up from 6.6 percent during the same period a year ago and significantly higher than the 3.1-percent average rate during 2020 and 2021 (Freddie Mac). Despite easing market conditions, sales markets in most of the region are still slightly tight because of low levels of available for-sale housing inventory. The limited number of homes listed for sale is largely attributed to homeowners with mortgages being reluctant to sell their homes if a subsequent purchase would require a higher interest rate for a new mortgage relative to their current mortgage. As of the second quarter of 2024, the average interest rate of all outstanding residential mortgages in the region was 4.2 percent (Federal Housing Finance Agency National Mortgage Database). This rate was well below the

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average 7.0-percent interest rate for a new mortgage during the same period (Freddie Mac).

In New York, sales market conditions were slightly tight in most areas. In September 2024, New York had 3.3 months of available for-sale housing inventory, down slightly from 3.4 months of inventory a year ago, and the number of days that a home was on the market was relatively low at 44, up 5 percent compared with 42 days a year ago (New York State Association of REALTORS®, Inc.). During the 12 months ending September 2024, existing home sales in New York declined by 7,000 homes, or 6 percent, to 103,200 homes sold. Home sales have declined an average of 13 percent annually since 2022, and the current level of sales is the lowest in more than 10 years. During the 12 months ending September 2024, the average sales price of existing homes in New York increased 6 percent to $539,100 compared with a 3-percent decrease a year ago.

Home sales were down throughout Upstate New York, led by decreases of 700 and 500 homes, or 6 and 4 percent, in the Albany and Rochester metropolitan areas, respectively (Redfin, a national real estate brokerage). Home sales in the Buffalo metropolitan area were down by 200 homes, or 2 percent (Buffalo Niagara Association of REALTORS®). However, during the past year, the average home prices in the Albany, Rochester, and Buffalo metropolitan areas increased 8, 7, and 6 percent to $347,300, $264,100, and $284,800, respectively.

Sales market conditions in NYC are currently balanced, unchanged from a year ago. In September 2024, NYC had 5.8 months of available for-sale housing inventory, down from 6.4 months of inventory a year ago (Redfin, a national real estate brokerage). During the 12 months ending September 2024, approximately 38,300 new and existing homes were sold in NYC, representing a decrease of 1,400 homes, or 4 percent, compared with the 12 months ending September 2023, when home sales were down 31 percent from the same period a year earlier. During the past year, home sales were down in all five boroughs, ranging from a decrease of less than 1 percent in Queens to a 6-percent decline in Manhattan. The average price of new and existing homes in NYC declined 1 percent to nearly $1.30 million. In response to declining home sales demand, the average home price in NYC decreased an average of 1 percent annually during the past 2 years compared with an average annual 7-percent rise in corresponding periods during 2021 and 2022.

Sales market conditions in New Jersey are currently slightly tight, unchanged compared with the third quarter of 2023. In September 2024, New Jersey had 3.3 months of for-sale housing inventory available, up slightly from 3.2 months of inventory in September 2023 (New Jersey Association of REALTORS®). During the 12 months ending September 2024, approximately 54,850 existing homes were sold in New Jersey, representing a decrease of 3,400 homes, or 6 percent, from the 12 months ending September 2023. Home sales have declined an average of 16 percent annually since 2022, and the current level of sales is down 39 percent from the recent peak of 89,400 homes sold during 2021. During the past year, home sales were down throughout the state, ranging from 6-percent decreases in northern and southern New Jersey to a 7-percent decline in central New Jersey. During the 12 months ending September 2024, the average price of an existing home in New Jersey rose 11 percent to $688,500.

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Home sales were down throughout the New York/New Jersey region during the past year, but average home sales prices were up in both states.

		Number of Homes Sold			Price			
	12 Months Ending	2023	2024	Percent Change	Average or Median	2023 ($)	2024 ($)	Percent Change
New York (E)*, **	September	110,200	103,200	-6	AVG	510,000	539,100	6
New York City (N&E)**	September	39,700	38,300	-4	AVG	1,306,500	1,299,500	-1
Albany MSA (N&E)**	September	11,150	10,450	-6	AVG	322,400	347,300	8
Buffalo MSA (E)**	September	9,400	9,200	-2	AVG	268,000	284,800	6
Rochester MSA (E)**	September	12,850	12,350	-4	AVG	247,700	264,100	7
New Jersey (E)***	September	58,250	54,850	-6	AVG	621,700	688,500	11
Northern New Jersey (E)***	September	21,450	20,250	-6	MED	365,000-689,000	440,000-775,000	NA
Central New Jersey (E)***, ****	September	10,200	9,500	-7	MED	410,000-749,000	447,500-725,500	NA
Southern New Jersey (E)***	September	26,600	25,100	-6	MED	250,000-670,000	274,900-752,800	NA

AVG = average. E = existing. MED = median. MSA = metropolitan statistical area. NA = not available. N&E = new and existing.

Notes: *Excludes parts of New York City. **Includes single-family homes, townhomes, and condominiums. ***Includes only single-family homes. ****Includes Hunterdon, Mercer, Middlesex, and Somerset Counties.

Sources: Buffalo Niagara Association of REALTORS®; New Jersey Association of REALTORS®; New York State Association of REALTORS®, Inc.; Redfin, a national real estate brokerage

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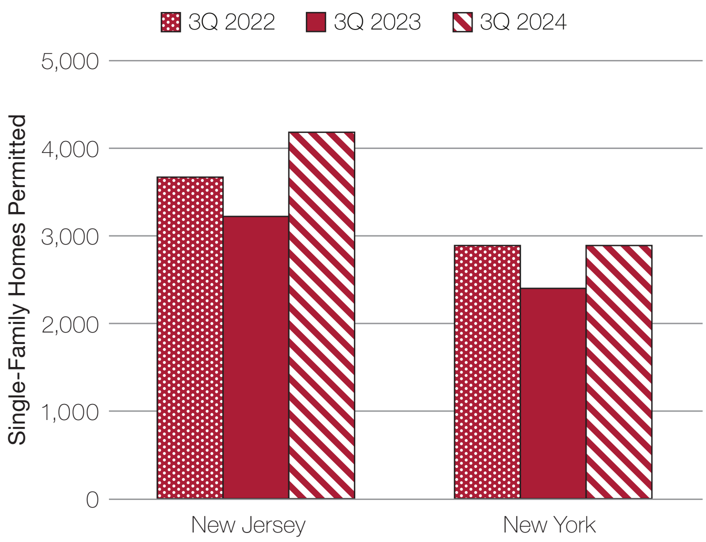
In August 2024, 1.5 percent of home loans in the region were seriously delinquent or had transitioned into real estate owned status, down from 1.7 percent in August 2023 (CoreLogic, Inc.). The rate in the region is the highest of the 10 HUD-defined regions and higher than the 1.0-percent rate nationwide. However, the current rate in the region is the lowest in more than 15 years. In New York and New Jersey, the rates were 1.8 and 1.1 percent, down from 2.0 and 1.3 percent, respectively, a year earlier.

As of the third quarter of 2024 (preliminary data)—

- In response to low levels of available for-sale housing inventory, single-family homebuilding activity in the region increased by 1,450 homes, or 26 percent, to 7,100 homes permitted, which is the highest level of construction activity for a third quarter in more than 15 years. By comparison, single-family construction activity nationwide rose 2 percent from the third quarter of 2023.
- In New Jersey, single-family home construction activity increased by 960 homes, or 30 percent, from the third quarter of 2023, when it had declined 12 percent compared with the same period a year earlier. During the past year, homebuilding activity was up in 18 of 21 counties, led by Monmouth and Hudson Counties, where the number of homes permitted was up by 260 and 120 homes, or 55 and 94 percent, respectively.
- Single-family home construction activity in New York increased by 490 homes, or 20 percent, compared with a 17-percent decline a year ago. Construction activity in the Rochester, Syracuse, and Albany metropolitan areas was up by 60, 40, and 30 homes, or 28, 33, and 11 percent, respectively, compared with the third quarter of 2023.
- In the New York-Newark-Jersey City metropolitan area, single-family home permitting was up by 820 homes, or 29 percent, compared with the third quarter of 2023, when homebuilding was down by 760 homes, or 21 percent. Approximately 82 percent of the net gain in the metropolitan area during the past year was in the New York-Jersey City-White Plains metropolitan division, where the number of homes permitted rose by 670 homes, or 36 percent, compared with a year ago.

As of the third quarter of 2024, single-family homebuilding activity surged in the New York/New Jersey region, with strong gains in both states.



3Q = third quarter.
Note: Based on preliminary data.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the major metropolitan areas in the New York/New Jersey region ranged from balanced to tight as of the third quarter of 2024, unchanged from the third quarter of 2023. Conditions have eased in most areas since early 2022, when markets throughout the region were tight, because of a strong rise in the number of new apartment units completed and weaker absorption. Since 2022, an average of 39,300 apartment units have been completed each year, up 26 percent from the average of 31,250 units completed annually from 2018 through 2021 (CoStar Group). Excluding NYC, where apartment absorption has been strong, absorption in the rest of the region has been down 18 percent since 2022 compared with 2018 through 2021.

Apartment market conditions in New York ranged from balanced to tight as of the third quarter of 2024. Conditions were balanced throughout Upstate New York. Conditions have remained balanced in the Syracuse, Albany, and Rochester metropolitan areas, with respective vacancy rates of 5.2, 5.2, and 4.5 percent as of the third quarter of 2024 compared with 4.9, 4.7, and 4.8 percent a year ago. The apartment market in the Buffalo metropolitan area transitioned from slightly tight to balanced during the past year, and the vacancy rate increased from 4.0 percent as of the third quarter of 2023 to 5.2 percent as of the third quarter of 2024. Conditions in the metropolitan area eased during the past year because of the completion of 1,175 new apartment units more than offsetting the absorption of 600 units. Average rents were up throughout Upstate New York, ranging from a 3-percent rise in the Albany metropolitan area to 4-percent increases in the Buffalo, Rochester, and Syracuse metropolitan areas.

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In NYC, conditions were tight, unchanged from a year ago. Unlike the rest of the region, apartment market conditions in NYC have stayed tight since 2022 because of continued strong absorption of apartment units. Since 2022, an average of 14,600 apartment units have been absorbed annually, up 18 percent from the average of 12,350 units absorbed annually from 2018 through 2021. As of the third quarter of 2024, the apartment vacancy rate in NYC was 2.2 percent, unchanged from a year ago, and the average rent increased 2 percent to $3,581. On Long Island, conditions were balanced, unchanged from the third quarter of 2023. As of the third quarter of 2024, the apartment vacancy rate was 5.1 percent, up from 4.8 percent a year ago, and the average rent increased 2 percent to $2,899.

In New Jersey, apartment market conditions were balanced in all areas cited in this report. Conditions in northern New Jersey remained balanced during the past year. As of the third quarter of 2024, the apartment vacancy rate was 5.1 percent, up from 4.5 percent a year ago, and the average rent rose 3 percent to $2,521. In the Atlantic City metropolitan area, conditions transitioned from tight to balanced during the past year, and the vacancy rate increased from 3.0 percent as of the third quarter of 2023 to 4.0 percent as of the third quarter of 2024. Conditions in the metropolitan area eased during the past year because of the completion of 130 new market-rate units outpacing the absorption of 25 units. As of the third quarter of 2024, the average apartment rent in the Atlantic City metropolitan area was $1,679, up 4 percent compared with the third quarter of 2023. Conditions were also balanced in the Trenton metropolitan area, with a vacancy rate of 3.9 percent, little changed from the 4.0-percent rate a year ago, and the average rent was up 2 percent to $2,128.

As of the third quarter of 2024 (preliminary data)—

- Multifamily building activity in the region, as measured by the number of multifamily units permitted, increased by 3,825 units, or 43 percent, to 12,800 units permitted from the third quarter of 2023, when multifamily construction activity was down 37 percent from the same period a year earlier. The strong gain in the region is in contrast with the nation overall, which had a 13-percent decline in multifamily construction activity compared with the third quarter of 2023.

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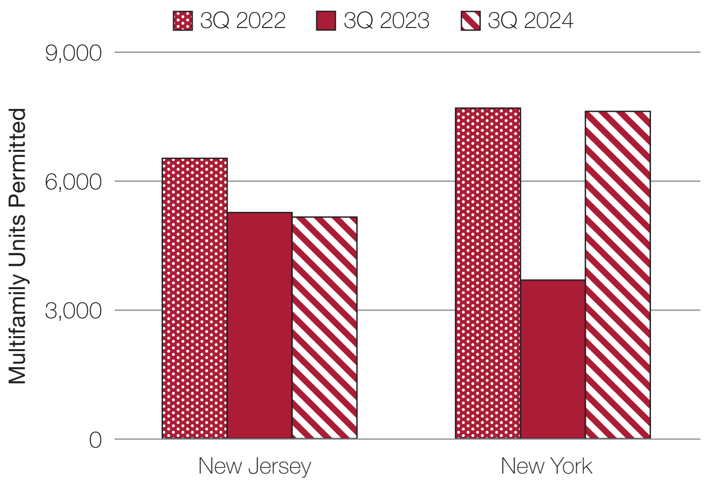
As of the third quarter of 2024, multifamily construction activity increased significantly in the New York/New Jersey region, with a gain in New York more than offsetting a small decrease in New Jersey.



3Q = third quarter.
Note: Based on preliminary data.
Source: U.S. Census Bureau, Building Permits Survey

As of the third quarter of 2024, apartment market conditions were balanced in most major metropolitan areas in the New York/New Jersey region, and average rents were up in all areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		3Q 2023 (%)	3Q 2024 (%)	Percentage Point Change	3Q 2023 ($)	3Q 2024 ($)	Percent Change
Albany	Balanced	4.7	5.2	0.5	1,549	1,595	3
Atlantic City	Balanced	3.0	4.0	1.0	1,612	1,679	4
Buffalo	Balanced	4.0	5.2	1.2	1,255	1,305	4
Long Island	Balanced	4.8	5.1	0.3	2,846	2,899	2
New York City	Tight	2.2	2.2	0.0	3,514	3,581	2
Northern New Jersey	Balanced	4.5	5.1	0.6	2,456	2,521	3
Rochester	Balanced	4.8	4.5	-0.3	1,377	1,432	4
Syracuse	Balanced	4.9	5.2	0.3	1,242	1,296	4
Trenton	Balanced	4.0	3.9	-0.1	2,082	2,128	2

3Q = third quarter.
Note: Data are for market-rate and mixed market-rate (combined market-rate and affordable) general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group

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- Multifamily permitting in New York more than doubled to 7,625 units permitted compared with the third quarter of 2023, when multifamily building activity declined 52 percent from the same period a year earlier. In Upstate New York, multifamily construction activity in the Albany metropolitan area more than doubled to 470 units permitted and increased 17 percent to 180 units in the Rochester metropolitan area.
- In New Jersey, multifamily building activity declined by 110 units, or 2 percent, to 5,150 units permitted. Multifamily permitting in New Jersey declined an average of 11 percent annually during the third quarters of the past 2 years, and the current level is the lowest for a third quarter since 2019.
- In the New York-Newark-Jersey City metropolitan area, multifamily construction activity increased by 3,575 units, or 50 percent, to 10,750 units permitted compared with a 40-percent decline during the same period a year ago. In response to continued tight apartment market conditions, multifamily construction activity in NYC more than doubled to 5,400 units permitted, the highest level of building activity for a third quarter in more than 10 years.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
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. A property is stabilized once the occupancy rate has reached 90 percent or more or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
Building Permits	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.
Existing Home Sales	Includes regular resales, short sales, and real estate owned sales.
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.
2.	Upstate New York refers to the portions of the state excluding the New York-Newark-Jersey City, NY-NJ-PA metropolitan area.