

HUD PD&R Regional Reports

Region 2: New York/New Jersey



Trenton, New Jersey

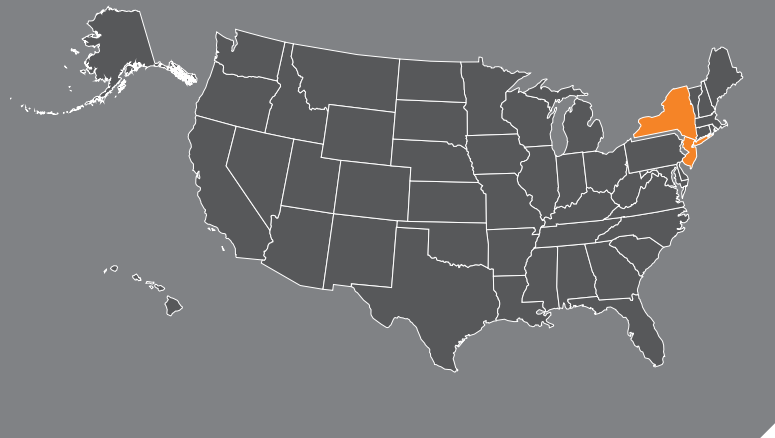
Quick Facts About Region 2

Sales market conditions—

Second quarter 2022: mixed (slightly tight to tight)
First quarter 2022: mixed (slightly tight to tight)
Second quarter 2021: mixed (balanced to slightly tight)

Apartment market conditions—

Second quarter 2022: tight
First quarter 2022: tight
Second quarter 2021: mixed (balanced to tight)



By Joseph Shinn | 2nd Quarter 2022

Overview

Nonfarm payrolls in the New York/New Jersey region increased at a strong pace during the second quarter of 2022, and the economy continues to recover from severe job losses during March and April 2020 that resulted from the COVID-19 global pandemic. During the second quarter of 2022, nonfarm payrolls increased in all 11 sectors, led by gains in the leisure and hospitality and the professional and business services sectors, which were up by 219,800 and 115,400 jobs, or 21.2 and 5.9 percent, respectively. Sales market conditions ranged from slightly tight to tight throughout the region, and average sales prices were up significantly from the previous year in New Jersey and New York. Apartment market conditions were tight in all major metropolitan areas in the region during the second quarter of 2022, and average apartment rents surged throughout the region. In New York City (NYC), conditions tightened during the past year and the apartment vacancy rate declined significantly.

During the second quarter of 2022—

- Nonfarm payrolls in the region increased by approximately 676,900 jobs, or 5.2 percent, compared with the second quarter of 2021. In New Jersey and New York, nonfarm

continued on page 2



continued from page 1

payrolls were up 5.3 and 5.2 percent, or by 212,100 and 464,800 jobs, respectively; nonfarm payrolls in NYC rose 7.3 percent compared with a year ago.

- Homebuilding activity, as measured by the number of single-family homes permitted in the region increased 16 percent, with approximately 79 percent of the increase occurring in New York. Multifamily building activity rose 24 percent in the

region; multifamily construction in New York and New Jersey was up 38 and 9 percent, respectively.

- In the New York-Newark-Jersey City metropolitan area, single-family homebuilding activity increased 4 percent to 3,475 homes permitted. Multifamily construction activity in the metropolitan area was up 22 percent, with approximately 78 percent of the net increase in NYC.

Economic Conditions

During the second quarter of 2022, nonfarm payrolls in the New York/New Jersey region increased for the fifth consecutive quarter on a year-over-year basis, compared with year-over-year declines in each of the previous four quarters. During the second quarter of 2022, nonfarm payrolls in the region averaged 13.70 million, reflecting an increase of 676,900 jobs, or 5.2 percent, compared with a 12.0-percent rise during the second quarter of 2021. By comparison, during the second quarter of 2020, nonfarm payrolls were down by 2.41 million jobs, or 17.2 percent, compared with the same period a year earlier. For the fifth consecutive quarter, the largest job gains were in the leisure and hospitality sector, which increased by 219,800 jobs, or 21.2 percent, compared with the second quarter of 2021. Despite the recent gains, however, the current level of nonfarm payrolls in the sector is still down 9.1 percent compared with the second quarter of 2019, which is partially attributed to tourism numbers in the region remaining low relative to the prepandemic period. During the 12 months ending June 2022, the average occupancy rate at hotels in NYC was 67.6 percent, which is up

compared with the 44.2-percent rate during the same period a year earlier, but it is still significantly lower than the 86.2-percent average rate during 2019 (CoStar Group).

Additional gains in the region during the second quarter of 2022 were in the professional and business services and the education and health services sectors, which increased by 115,400 and 76,000 jobs, or 5.9 and 2.8 percent, respectively. In the professional and business services sector, approximately 48 percent of the increase was in the professional, scientific, and technical services industry, which was up by 55,900 jobs, or 5.7 percent, whereas gains in the education and health services sector were in the health care and social assistance and the educational services subsectors, which rose by 65,300 and 10,700 jobs, or 3.0 and 1.8 percent, respectively. In the wholesale and retail trade sector, nonfarm payrolls were up by 60,900 jobs, or 3.5 percent, which is partially attributed to new, small-sized retail stores opening throughout the region. In the CoStar Group-defined New York, New York retail market

continued on page 3

Nonfarm payrolls in the New York/New Jersey region increased in all 11 sectors during the second quarter of 2022.

	Second Quarter		Year-Over-Year Change	
	2021 (Thousands)	2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	13,023.7	13,700.6	676.9	5.2
Goods-Producing Sectors	1,189.9	1,213.1	23.2	1.9
Mining, Logging, & Construction	543.6	547.8	4.2	0.8
Manufacturing	646.3	665.3	19.0	2.9
Service-Providing Sectors	11,833.8	12,487.6	653.8	5.5
Wholesale & Retail Trade	1,746.9	1,807.8	60.9	3.5
Transportation & Utilities	515.4	559.8	44.4	8.6
Information	347.2	368.6	21.4	6.2
Financial Activities	951.8	970.1	18.3	1.9
Professional & Business Services	1,956.9	2,072.3	115.4	5.9
Education & Health Services	2,755.5	2,831.5	76.0	2.8
Leisure & Hospitality	1,035.0	1,254.8	219.8	21.2
Other Services	512.1	556.6	44.5	8.7
Government	2,013.0	2,066.1	53.1	2.6

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



continued from page 2

area, the vacancy rate of retail space was 4.0 percent during the second quarter of 2022, down from 4.3 percent during the same period a year earlier (CoStar Group).

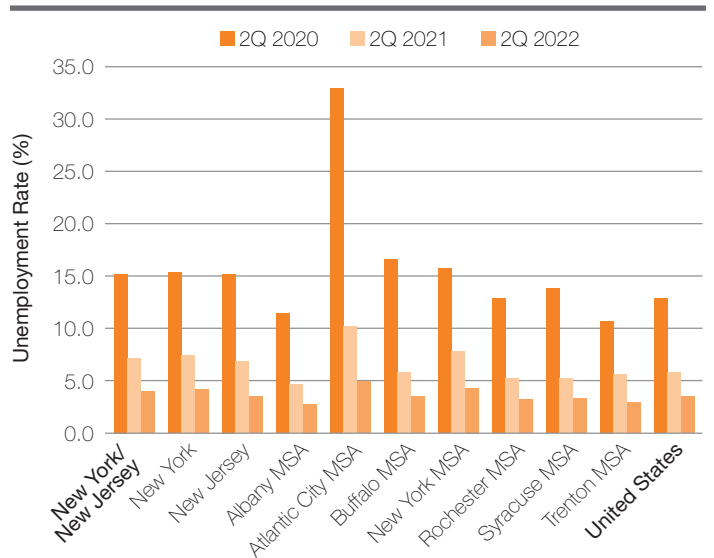
During the second quarter of 2022, the unemployment rate in the New York/New Jersey region averaged 4.0 percent, down from 7.2 percent during the second quarter of 2021 and significantly lower than the 15.2-percent rate during the second quarter of 2020, which was the highest second-quarter rate in more than 45 years. During the most recent quarter, the unemployment rates in New York and New Jersey averaged 4.2 and 3.5 percent, down from 7.4 and 6.8 percent, respectively, during the same period a year earlier. The current rate in the region is higher than the 3.5 percent national rate, but the 3.2 percentage-point decline in the region has outpaced the 2.3 percentage-point decrease nationwide.

During the second quarter of 2022—

- Nonfarm payrolls in New York increased by 464,800 jobs, or 5.2 percent, compared with the second quarter of 2021, when jobs rose by 935,500, or 11.6 percent. Nonfarm payrolls increased in all sectors, led by the leisure and hospitality and the professional and business services sectors, which were up by 152,800 and 83,000 jobs, or 21.7 and 6.5 percent, respectively.
- In NYC, nonfarm payrolls rose by 305,100 jobs, or 7.3 percent, compared with an increase of 387,600 jobs, or 10.2 percent, during the same period a year earlier. Approximately 35 percent of the net increase was in the leisure and hospitality sector, which was up by 106,400 jobs, or 37.1 percent.
- Nonfarm payrolls rose throughout upstate New York, led by the Buffalo metropolitan area, where nonfarm payrolls increased by 18,300 jobs, or 3.5 percent. In the Rochester and Syracuse metropolitan areas, nonfarm payrolls were up by 14,600 and 8,400 jobs, or 2.9 and 2.8 percent, respectively.

- In New Jersey, nonfarm payrolls increased by 212,100 jobs, or 5.3 percent, compared with a 13.1-percent rise during the same period a year earlier. Nonfarm payrolls in the Newark and Camden metropolitan divisions increased by 62,100 and 35,600 jobs, or 5.3 and 6.7 percent, respectively.
- The largest job gains in New Jersey were in the leisure and hospitality, the professional and business services, and the education and health services sectors, which increased by 66,900, 32,400, and 24,400 jobs, or 20.3, 4.7, and 3.5 percent, respectively. The only sector to lose jobs in the state was the information sector, which decreased by 300 jobs, or 0.5 percent, compared with the second quarter of 2021; *New York Daily News* laid off approximately 220 employees at its facility in Jersey City in early 2022.

During the second quarter of 2022, the unemployment rate decreased in both states and all metropolitan areas in the New York/New Jersey region.



2Q = second 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 slightly tight to tight during the second quarter of 2022. In New Jersey, conditions are slightly tight, unchanged compared with the second quarter of 2021. In June 2022, New Jersey had 2.7 months of available for-sale housing inventory, unchanged from June 2021 (New Jersey Association of REALTORS®). During the 12 months ending June 2022, approximately 83,600 existing homes sold in New Jersey, representing a decrease of 13,350 homes, or 14 percent, compared with a 25-percent increase during the same period a year earlier. Home sales in New Jersey declined during the

past year, largely because of rising interest rates. In June 2022, the average interest rate of a 30-year fixed-rate mortgage was 5.5 percent, which was up significantly from 3.0 percent in June 2021 and is the highest rate since 2008 (Freddie Mac). Home sales were down significantly throughout New Jersey, ranging from 13-percent decreases in central New Jersey and northern New Jersey to a 14-percent decline in southern New Jersey. During the 12 months ending June 2022, the average sales price of existing homes in New Jersey rose 10 percent, to \$569,100, compared with a 24-percent rise during the same period a year earlier.

continued on page 4



continued from page 3

In New York, sales market conditions were tight, compared with slightly tight conditions during the second quarter of 2021. In June 2022, New York had 3.1 months of available for-sale housing inventory, down from 3.3 months of inventory in June 2021, and the average number of days that a home was on the market was 45, down 18 percent compared with the average of 55 days a year earlier (New York State Association of REALTORS®). Despite rising mortgage interest rates, sales of existing homes in New York rose during the past year. This increase, however, was concentrated in NYC, which is largely attributed to strong migration into the city. During the 12 months ending June 2022, existing home sales in New York averaged 155,600, up 5 percent compared with the 12 months ending June 2021. Home sales were down throughout upstate New York, ranging from 5-percent declines in the Albany and Rochester metropolitan areas to a 1-percent decrease in the Buffalo metropolitan area. The average sales prices in the Buffalo, Albany, and Rochester metropolitan areas increased 16, 11, and 11 percent, to \$252,700, \$305,000, and \$228,600, respectively.

Sales market conditions in NYC, which includes the five boroughs of the Bronx, Brooklyn, Manhattan, Queens, and Staten Island, are currently slightly tight, compared with balanced conditions a year earlier. In June 2022, NYC had 4.4 months of available for-sale housing inventory, down from 4.6 months of inventory in June 2021 (Redfin, a national real estate brokerage). In response to a strong rise in the number of people moving into NYC, home sales surged during the past year. During the 12 months ending June 2022, new and existing home sales rose 35 percent, to 46,650 homes sold, compared

with a 19-percent increase during the same period a year earlier. During the past year, home sales increased significantly in all five boroughs, led by an increase of 5,225 homes, or 59 percent, in Manhattan. In June 2022, the median sales price of new and existing homes in NYC was \$810,000, unchanged from June 2021.

In May 2022, 2.4 percent of mortgages in the region were seriously delinquent or had transitioned into real estate owned (REO) status, down from 5.2 percent in May 2021 (CoreLogic, Inc.). Despite the recent decline, the current rate in the region is the highest of the 10 HUD regions and is above the 1.4 percent national rate. In New York and New Jersey, the rates were 2.8 and 1.9 percent, down from 5.5 and 4.7 percent, respectively, a year earlier.

During the second quarter of 2022 (preliminary data)—

- Single-family permitting activity in the New York/New Jersey region totaled approximately 6,675 homes, representing an increase of 910 homes, or 16 percent, compared with the second quarter of 2021. By comparison, during the second quarter of 2021, homebuilding activity rose by 1,925 homes, or 50 percent, compared with the same period a year earlier.
- In response to tight sales market conditions, single-family home construction activity in New York increased by 720 homes, or 31 percent, compared with the second quarter of 2021. Second quarter permitting activity has increased an average of 49 percent annually during the past 2 years, and the current level of homebuilding is at the highest level since 2007.

continued on page 5

During the past year, home sales were up in New York, but down in New Jersey; average sales prices increased in both states.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2021	2022	Percent Change		2021 (\$)	2022 (\$)	Percent Change
New York (E)*,**	June	147,900	155,600	5	AVG	447,800	516,900	15
New York City (N&E)**	June	33,850	45,650	35	MED	810,000	810,000	0
Albany MSA (N&E)**	June	11,600	11,000	-5	MED	275,000	305,000	11
Buffalo MSA (E)**	June	11,100	11,000	-1	AVG	218,000	252,700	16
Rochester MSA (E)**	June	15,050	14,250	-5	AVG	206,500	228,600	11
New Jersey (E)***	June	96,950	83,600	-14	AVG	517,000	569,100	10
Northern New Jersey (E)***	June	36,400	31,500	-13	MED	342,500-655,000	355,000-715,000	NA
Central New Jersey (E)***,****	June	24,600	21,350	-13	MED	419,500-629,000	410,000-700,000	NA
Southern New Jersey (E)***	June	35,950	30,750	-14	MED	196,500-425,000	225,000-510,000	NA

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

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

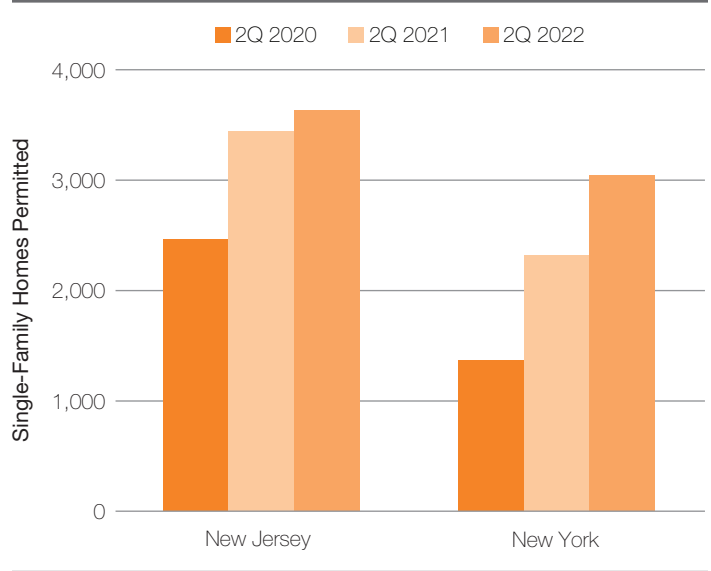
Sources: Buffalo Niagara Association of REALTORS®; Greater Rochester Association of REALTORS®; New Jersey Association of REALTORS®; New York State Association of REALTORS®, Inc.; Redfin, a national real estate brokerage



continued from page 4

- Single-family home construction activity in New Jersey increased by 190 homes, or 6 percent, compared with the second quarter of 2021. By comparison, during the second quarter of 2021, homebuilding activity rose 39 percent compared with the same period a year earlier.
- In the New York-Newark-Jersey City metropolitan area, single-family permitting activity was up by 150 homes, or 4 percent, to 3,475 homes permitted. In the New York-Jersey City-White Plains metropolitan division, permitting activity increased by 250 homes, or 12 percent; these gains were partially offset by decreases in the Newark and Long Island metropolitan divisions, where single-family home construction activity declined by 95 and 75 homes, respectively, or 13 percent each.

Single-family homebuilding activity in the New York/New Jersey region increased during the second quarter of 2022, with gains in both states.



2Q = second quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

For the third consecutive quarter, apartment market conditions were tight in all major metropolitan areas in the New York/New Jersey region. In New York, vacancy rates were down in most metropolitan areas, and average rents surged throughout the state. Conditions in NYC transitioned from balanced to tight during the past year largely because of the surge of people moving into the city. During the second quarter of 2022, the apartment vacancy rate in NYC was 1.3 percent, down significantly from the 4.5-percent rate during the second quarter of 2021, and the average apartment rent increased 23 percent, to \$4,513 (RealPage, Inc.), which was the largest increase in the region. In Long Island, the apartment vacancy rate was 2.8 percent, up slightly from 2.7 percent a year earlier, and the average rent rose 11 percent, to \$2,827.

Conditions were also tight throughout upstate New York, and apartment vacancy rates were down in all areas compared with a year ago. In the Albany metropolitan area, conditions transitioned from slightly tight to tight during the past year, and the apartment vacancy rate declined from 3.1 percent during the second quarter of 2021 to 1.8 percent during the second quarter of 2022. Conditions in the metropolitan area tightened during the past year, partially because of a significant decline in the number of new apartment units coming on line. During the 12 months ending June 2022, approximately 570

new apartment units were completed, down 55 percent from the average of 1,275 new apartments completed annually during the previous 5 years (CoStar Group). In the Syracuse, Rochester, and Buffalo metropolitan areas, conditions were tight, unchanged compared with a year ago, with vacancy rates of 1.7, 1.5, and 1.0 percent, down from 2.9, 2.1, and 2.1 percent, respectively, a year ago. Similar to the rest of the region, average apartment rents were up throughout upstate New York, led by an 11 percent rise in the Syracuse metropolitan area.

Apartment conditions were tight throughout New Jersey, continuing a trend that started during the third quarter of 2021. In the Newark metropolitan division, conditions transitioned from slightly tight to tight during the past year, and the apartment vacancy rate declined from 3.7 percent during the second quarter of 2021 to 1.8 percent during the second quarter of 2022. In response to tightening apartment market conditions, the average rent in the metropolitan division increased 16 percent, to \$2,363, compared with an increase of less than 1 percent during the same period a year earlier. In the Trenton and Atlantic City metropolitan areas, the apartment vacancy rates were 1.5 and 1.2 percent, compared with rates of 2.7 and 1.0 percent a year ago, and the average rents increased 15 and 16 percent, respectively.

continued on page 6



continued from page 5

Apartment market conditions were tight throughout the New York/New Jersey region during the second quarter of 2022, and average apartment rents increased at strong paces throughout the region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2021 (%)	2Q 2022 (%)	Percentage Point Change	2Q 2021 (\$)	2Q 2022 (\$)	Percent Change
Albany	Tight	3.1	1.8	-1.3	1,342	1,468	9
Atlantic City	Tight	1.0	1.2	0.2	1,441	1,669	16
Buffalo	Tight	2.1	1.0	-1.1	1,059	1,167	10
Long Island	Tight	2.7	2.8	0.1	2,554	2,827	11
New York City	Tight	4.5	1.3	-3.2	3,683	4,513	23
Newark	Tight	3.7	1.8	-1.9	2,030	2,363	16
Rochester	Tight	2.1	1.5	-0.6	1,145	1,244	9
Syracuse	Tight	2.9	1.7	-1.2	1,016	1,128	11
Trenton	Tight	2.7	1.5	-1.2	1,736	1,994	15

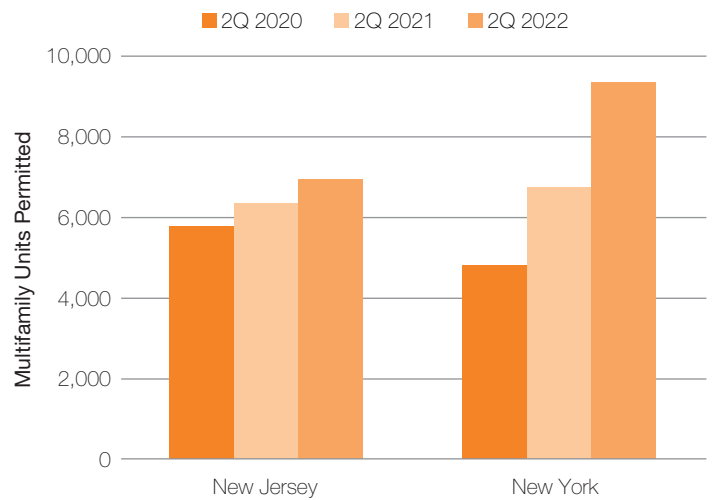
2Q = second quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.

During the second quarter of 2022—

- In response to continued tight apartment market conditions, multifamily building activity in the New York/New Jersey region, as measured by the number of multifamily units permitted, increased by 3,175 units, or 24 percent, to 16,250 units permitted. Second-quarter permitting activity has increased 24 percent in each of the past 2 years, and current construction activity is at the highest level since the second quarter of 2015.
- In New York, multifamily construction activity was up by 2,600 units, or 38 percent, to 9,350 units permitted, compared with a 41-percent rise during the second quarter of 2021. The current level of multifamily building activity is up 95 percent compared with the 4,800 units permitted during the second quarter of 2020, which was the lowest second-quarter total since 2012.
- Multifamily building activity in New Jersey increased by 580 units, or 9 percent, to 6,925 units permitted. In Hudson County, which is part of the New York-Jersey City-White Plains metropolitan division, multifamily permitting activity more than doubled, to 2,325 units permitted, which was the highest second-quarter level in more than 20 years, in response to strong absorption of newly constructed apartments.
- In the New York-Newark-Jersey City metropolitan area, multifamily permitting activity rose by 2,500 units, or

Multifamily building activity was up 24 percent in the New York/New Jersey region during the second quarter of 2022, with the larger gain in New York.



2Q = second quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

22 percent, to 14,050 units permitted, compared with the second quarter of 2021. In response to tightening apartment market conditions, approximately 78 percent of the increase was in NYC, where multifamily building activity was up by 1,950 units, or 41 percent.



Terminology Definitions and Notes

A. Definitions

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 REO sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1. The metropolitan statistical area 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. The CoStar Group-defined New York, New York retail market area includes portions of the New York-Newark-Jersey City metropolitan area but excludes the Newark and Long Island metropolitan divisions.