

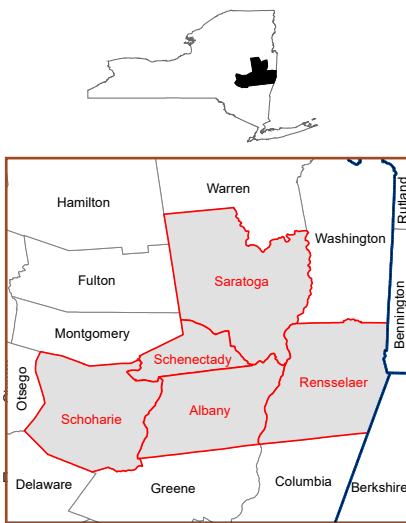


Albany-Schenectady-Troy, New York

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2018



Housing Market Area



The Albany-Schenectady-Troy Housing Market Area (hereafter, the Albany HMA) is coterminous with the Albany-Schenectady-Troy, NY Metropolitan Statistical Area. It consists of five counties in upstate New York: Albany, Saratoga, Schenectady, Schoharie, and Rensselaer. The HMA is home to Albany, the state capital of New York, and Saratoga Race Course, one of the oldest horse racing tracks in the country, in the city of Saratoga Springs.

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Summary

Economy

Economic conditions in the Albany HMA fully recovered from the latest national recession in 2014, and the economy has continued to expand, with current average nonfarm payrolls 5 percent above the previous peak in 2008. During the 12 months ending August 2018, nonfarm payrolls increased by 4,300 jobs, or 0.9 percent, to 471,400. During the 3-year forecast period, nonfarm payrolls are expected to rise an average of 0.8 percent annually.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated vacancy rate of 1.5 percent, down from 1.7 percent in April 2010. During the 12 months ending August 2018, 12,500 homes were sold, a 12-percent decrease from a year earlier; the average home price was \$217,000, an increase of 3 percent from the previous 12-month period (CoreLogic, Inc.). During the

forecast period, demand for new homes is estimated at 2,425 (Table 1). Demand is expected to increase slightly each year during the forecast period because of rising net in-migration. The 700 homes under construction will meet a portion of the forecast demand.

Rental Market

The current rental housing market is slightly soft. The overall rental vacancy rate is estimated at 8.0 percent, up from 7.1 percent in April 2010. The market for apartments is balanced, with a vacancy rate of 4.7 percent during the second quarter of 2018, up from 2.4 percent a year earlier (Reis, Inc.). The average asking rent in August 2018 was \$1,187, a 7-percent increase from a year earlier. During the forecast period, demand is estimated for 1,975 new market-rate rental units (Table 1). The 1,600 units currently under construction will meet most of that demand.

Table 1. Housing Demand in the Albany-Schenectady-Troy HMA During the Forecast Period

	Albany-Schenectady-Troy HMA	
	Sales Units	Rental Units
Total Demand	2,425	1,975
Under Construction	700	1,600

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2018. The forecast period is September 1, 2018, to September 1, 2021.

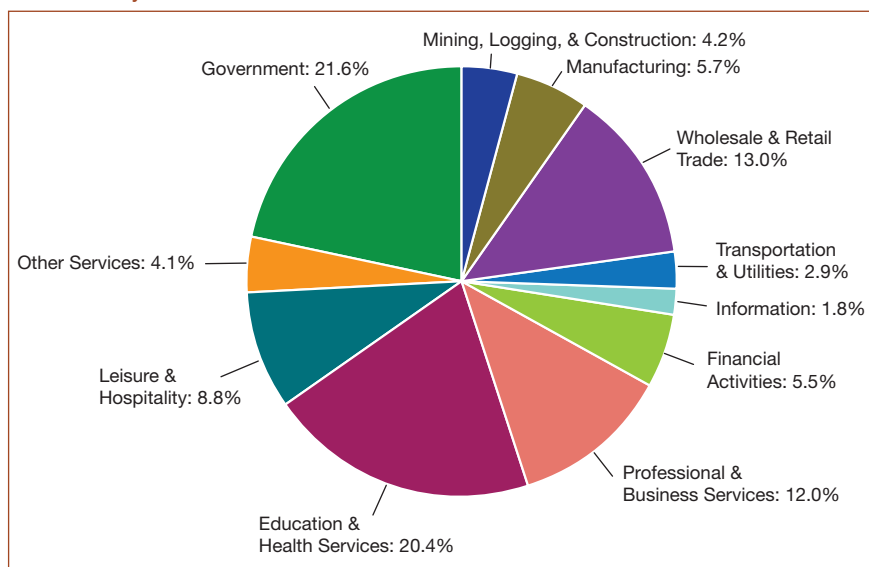
Source: Estimates by analyst

Economic Conditions

The economy of the Albany HMA has historically relied on government and manufacturing jobs to support growth. Because the city of Albany is the state capital of New York, the government sector has generally accounted for most jobs in the HMA; currently, the government sector comprises 21.6 percent of all jobs in the HMA (Figure 1). General Electric Company (GE), which was founded in 1892 in the city of

Schenectady, supported jobs in the manufacturing sector. At one point, GE employed nearly 30,000 people in the HMA; however, as economic conditions in the nation changed and manufacturing weakened locally in the mid-1900s, manufacturing jobs in the HMA declined. GE now employs approximately 7,000 workers and is still one of the biggest employers in the HMA (Table 2). In recent years, the economy of the HMA has evolved with the education and health services and the professional and business services sectors serving as the foundation, along with the government sector. In addition, manufacturing employment gains since 2011 have reversed more than two decades of declines. The founding of the Colleges of Nanoscale Science and Engineering at the State University of New York (SUNY) Polytechnic Institute in 2004 and the opening of GlobalFoundries' semiconductor fabrication facility in the town of Malta in Saratoga County during 2011 has become a significant source of economic growth in nanotechnology research and development.

Figure 1. Current Nonfarm Payroll Jobs in the Albany-Schenectady-Troy HMA, by Sector



Note: Based on 12-month averages through August 2018.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Albany-Schenectady-Troy HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Peter's Health Partners	Education & Health Services	12,207
Albany Medical Center	Education & Health Services	9,311
Golub Corporation	Wholesale & Retail Trade	8,075
General Electric Company	Manufacturing	7,000
Hannaford Supermarkets	Wholesale & Retail Trade	5,000
Ellis Medicine	Education & Health Services	3,529
Stewart's Shops Corporation	Wholesale & Retail Trade	3,241
GlobalFoundries	Manufacturing	3,000
Bechtel Marine Propulsion Corporation	Professional & Business Services	3,000
Glens Falls Hospital	Education & Health Services	2,684

Note: Excludes local school districts.

Source: Moody's Analytics

Total nonfarm payrolls averaged 437,600 during 2001, increasing by 3,700 jobs, or 0.9 percent, from an average of 433,900 nonfarm payrolls during 2000. Total nonfarm payrolls subsequently decreased by an average of 1,400 jobs, or 0.3 percent, annually from 2002 through 2003 because of the impacts of the national recession of 2001. By comparison, total nonfarm payrolls in the state of New York declined an average of 1.1 percent annually from 2002 through 2003. Manufacturing accounted for the largest portion of job losses in the HMA during that period, declining by 2,400, or 9.0 percent, annually. Economic conditions strengthened beginning in 2004, with nonfarm payrolls increasing every year through 2008, rising by an average of 2,600 jobs, or 0.6 percent, annually. The professional and business services sectors led growth during the period, rising by an average of 1,400 jobs, or 2.8 percent, annually. During 2009 and 2010, payrolls decreased because of the effects of the national recession in the late 2000s, with jobs falling by an average of 7,300, or 1.7 percent, annually. The professional and business services and wholesale and retail trade sectors accounted for most of the job losses during the economic downturn, averaging annual job losses of 2,100 and 1,800, or 4.0 and 2.9 percent, respectively. During 2010, DST Health Solutions, a healthcare office services provider, laid off 53 employees in the professional and business services sector, and Ruch Distributors, Inc. laid off 51 employees in the wholesale and retail trade sector. Job losses were also significant in the government sector, declining by 1,500, or 1.4 percent, annually. State government job losses accounted for 80 percent of total government declines, falling by 1,200, or 2.2 percent, in part, because state tax

revenues were adversely affected by declines in Wall Street bonuses following the financial crisis.

The economy of the HMA began to recover in 2011, and the number of jobs lost during the economic downturn were recovered by the end of 2014. From 2011 through 2016, total nonfarm payrolls increased by an average of 5,200 jobs, or 1.2 percent, annually. The education and health services sector led growth during the period, rising by an average of 1,600 jobs, or 1.9 percent, annually. Albany Medical Center, one of the largest employers in the HMA, opened its \$360 million Patient Pavilion in 2013, adding 1,000 jobs. Manufacturing jobs increased an average of 1,000, or 4.4 percent, annually from 2011 through 2016, in part, because of the opening of GlobalFoundries' semiconductor manufacturing facility at Luther Forest Technology Campus in Saratoga County in 2011. GlobalFoundries gradually increased production at the facility during that period, eventually employing more than 3,000 workers. The recent increase in manufacturing employment reversed the trend of losing an average of 800 jobs, or 3.3 percent, annually from 2001 through 2010. Despite general employment growth from 2011 through 2016, government jobs declined an average of 800, or 0.7 percent, annually during the period. Job losses in the government sector were because of a reduction in hiring, layoffs, and job cutbacks through attrition when state and local salary and wage expenditures declined an average of 0.3 percent annually; that was in the 2011 through 2016 period after those expenditures increased an average of 1.7 percent annually from 2000 through 2010 (State & Local Finance Data Query System, Urban Institute & Brookings Institution Tax Policy Center).

During the 12 months ending August 2018, total nonfarm payrolls in the HMA averaged 471,400, increasing by 4,300 jobs, or 0.9 percent, from the same period a year earlier (Table 3). Current nonfarm payrolls are 5 percent above the pre-recession high of 448,000 during 2008. The unemployment rate in the HMA is currently 4.2 percent, down slightly from 4.3 percent a year earlier. The unemployment rate reached a recent high of 7.3 percent during 2012. Figure 2 shows the trends in labor force, resident employment, and the unemployment rate from 2000 through 2017.

Job growth during the 12 months ending August 2018 was generally widespread, with 9 out of 11 employment sectors adding jobs. The only sector to have job losses during the period was the information sector, which declined by 300 jobs, or 3.5 percent. Jobs in the financial activities sector were unchanged from a year earlier. Since 2000, jobs in the information sector have declined 31 percent (Figure 3). By comparison, information sector jobs in the state of New York have fallen 16 percent since 2000.

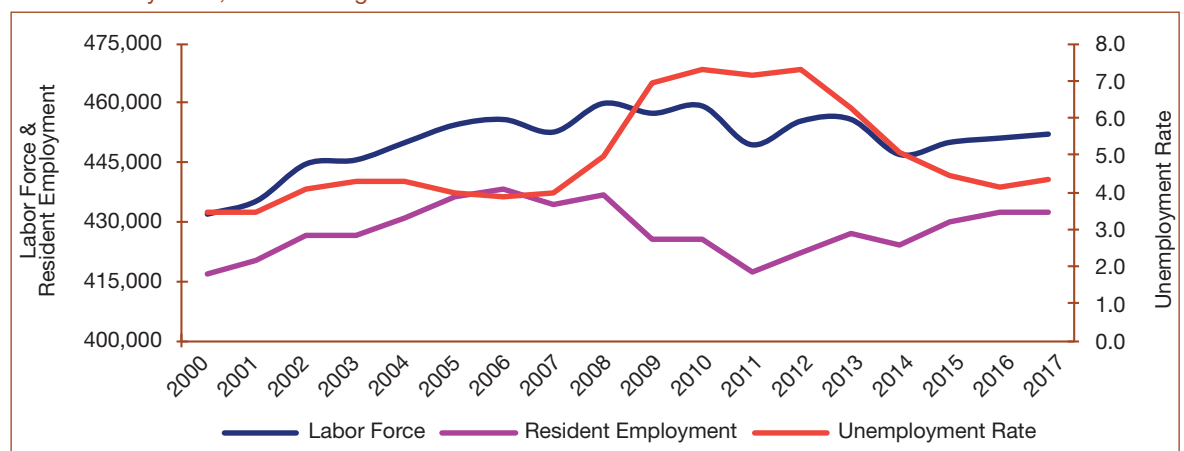
Table 3. 12-Month Average Nonfarm Payroll Jobs in the Albany-Schenectady-Troy HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	August 2017	August 2018		
Total Nonfarm Payroll Jobs	467,100	471,400	4,300	0.9
Goods-Producing Sectors	45,900	46,400	500	1.1
Mining, Logging, & Construction	19,400	19,600	200	1.0
Manufacturing	26,500	26,800	300	1.1
Service-Providing Sectors	421,200	425,000	3,800	0.9
Wholesale & Retail Trade	61,400	61,500	100	0.2
Transportation & Utilities	13,700	13,800	100	0.7
Information	8,600	8,300	-300	-3.5
Financial Activities	26,100	26,100	0	0.0
Professional & Business Services	56,400	56,500	100	0.2
Education & Health Services	93,600	96,300	2,700	2.9
Leisure & Hospitality	40,600	41,600	1,000	2.5
Other Services	18,900	19,100	200	1.1
Government	101,800	101,900	100	0.1

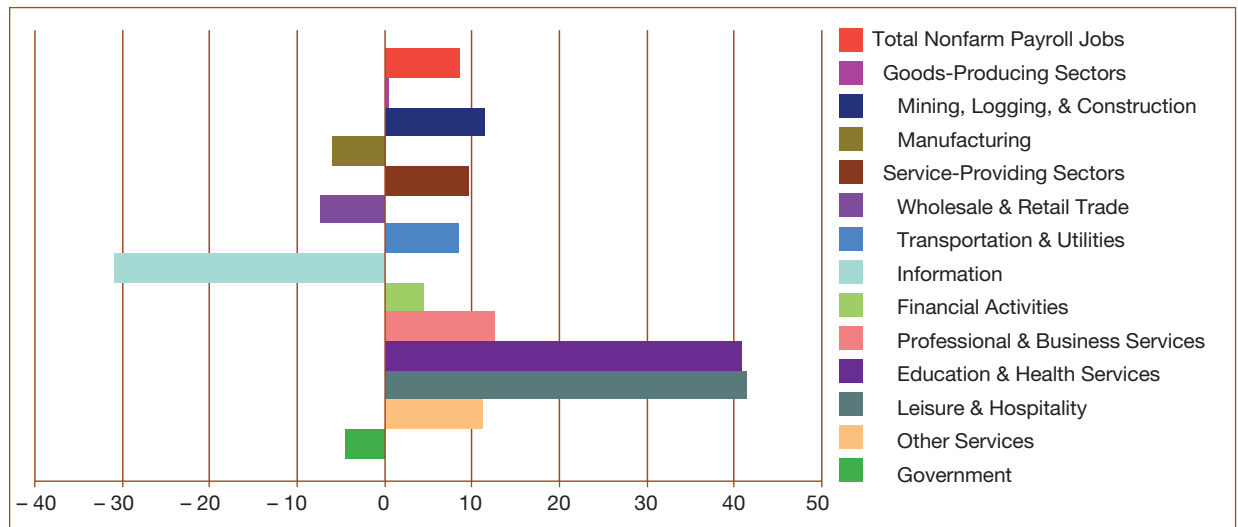
Notes: Based on 12-month averages through August 2017 and August 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Albany-Schenectady-Troy HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics

Economic Conditions *Continued***Figure 3.** Sector Growth in the Albany-Schenectady-Troy HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through August 2018.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending August 2018, job growth was greatest in the education and health services sector, increasing by 2,700 jobs, or 2.9 percent, from a year earlier. A portion of the job increases can be attributed to a \$105 million addition at Samaritan Hospital by St. Peter's Health Partners, the largest employer in the HMA, which was finished in the summer of 2018. The sector with the second largest number of gains during the 12 months ending August 2018, leisure and hospitality, rose by 1,000 jobs, or 2.5 percent, during the past year. The increase in jobs was supported by 5 percent growth in tourism spending in the HMA during 2017 (Empire State Development). Tourism spending growth was greatest in Schenectady County, totaling \$279.7 million in 2017, up 16 percent from a year earlier. Specifically, the opening of the Rivers Casino and Resort in February 2017, which now employs approximately 1,500 workers, and subsequent hotel development around the resort, has contributed to tourism and employment in the HMA. In the government sector, the number of jobs increased by 100, or 0.1 percent, during the past year. Federal and local government jobs rose by 100 and 400, or 1.5 and

0.9 percent, respectively. Offsetting those job gains were losses in state government jobs, which fell by 400, or 0.8 percent. Those losses can be partially attributed to a decline of 600 nanotechnology research jobs at the Colleges of Nanoscale Science and Engineering at SUNY Polytechnic Institute since 2016.

The economy of the HMA is expected to continue to grow, although anticipated job growth will be slower than the average annual rate of 1.1 percent from 2011 through 2017. During the next 3 years, total nonfarm payrolls are expected to increase an average of 0.8 percent annually, with most of the job growth occurring in the second and third years of the forecast period. In the first year of the forecast period, job growth is likely to be limited, partially because of anticipated layoffs at GlobalFoundries and GE of 455 and 225 employees, respectively, and further state government job losses. However, it is expected job growth will accelerate in the second and third years of the forecast period, bolstered by a \$16 million investment by Saratoga Hospital to expand throughout Saratoga County, creating an undetermined number of construction and healthcare jobs.

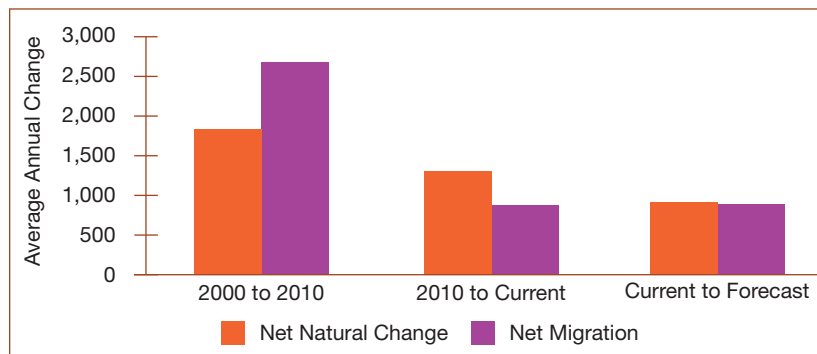
Population and Households

The population of the Albany HMA is estimated at 888,700, which has increased by an average of 2,125, or 0.2 percent, annually since 2010. Despite relatively strong job growth during that period, the population growth rate is slower than the 0.5-percent annual increase from 2000 to 2010 because of a decline in both net-in migration and net natural change (resident births minus resident deaths). Most of the population growth in the HMA during that time has occurred in Saratoga County, which accounts for 26 percent of the population in the HMA. From 2000 to 2010, Saratoga County averaged 0.9 percent average annual population growth. From 2010 to 2017, Saratoga County averaged 0.6 percent annual growth, in part, because of job growth related to the opening of GlobalFoundries' facility and related nanotechnology jobs. By comparison, Albany and Schenectady Counties, accounting for 35 and 18 percent of the population, averaged 0.3 and 0.1 percent annual growth during the period, respectively. In the remaining two counties, the population declined an average of 0.1 percent annually.

From 2000 to 2001, the population of the HMA rose by an average of 3,625, or 0.4 percent, annually,

with net in-migration averaging 1,900, and net natural change averaging 1,725 annually (U.S. Census Bureau population estimates as of July 1). From 2001 to 2003, despite weak economic conditions, population growth was relatively strong, rising by an average of 6,800, or 0.8 percent, annually. A rise in net in-migration accounted for the large gains in population growth, averaging 5,050 annually during the period, in part because of better economic conditions in the HMA than in neighboring counties. When economic conditions in those neighboring counties improved, population growth in the HMA slowed, averaging 4,325, or 0.5 percent, annually from 2003 to 2008 because of a decline in net in-migration to an average of 2,400 annually. Population growth decelerated further from 2008 to 2011 because of the economic downturn, with population growth averaging 2,300, or 0.3 percent, annually, and net in-migration averaging 650 people a year. Despite a turnaround in economic conditions beginning in 2011, overall population growth in the HMA has been subdued, with the population increasing by an average of 2,150, or 0.2 percent, a year. Net natural change declined to 1,200 annually and net in-migration averaged 950 annually during the period. Net in-migration has not recovered, despite improved economic conditions in the HMA, because more people have moved out of the HMA to other areas of the country where economic growth is stronger. From 2015 to 2016, nearly 7,525 people moved from the HMA to a different state (Internal Revenue Service, County-to-County Migration Data; most recent data available). Figure 4 shows the components of population change from 2000 to the forecast date.

Figure 4. Components of Population Change in the Albany-Schenectady-Troy HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

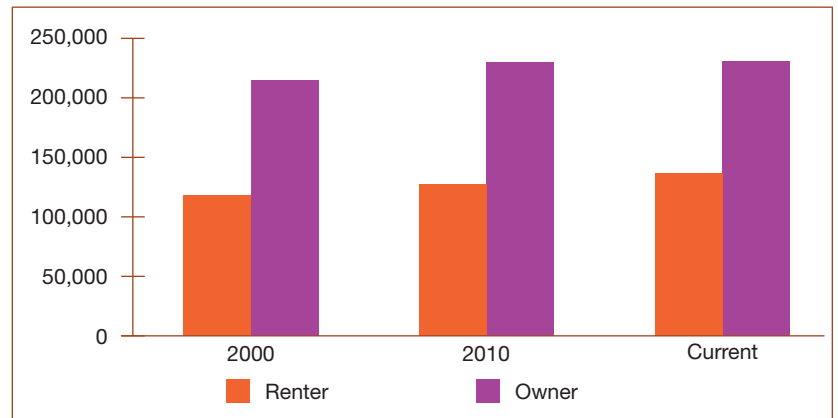
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

An estimated 364,300 households reside in the HMA, which have increased annually by 1,075, or 0.3 percent, since 2010. From 2000 to 2010, when population growth was stronger because of higher levels of net-in migration, the number of households grew by an average of 2,500, or 0.7 percent, annually. An estimated 62.9 percent of current households, or 229,300, are homeowners compared with a homeownership rate of 64.4 percent in both 2000 and 2010 (Table DP-1). The decline in the homeownership rate in the HMA since 2010 reflects the effects of the recession of the late 2000s and subsequent foreclosure crisis, which shifted household preferences toward renting. Figure 5 illustrates the number

of households by tenure from 2000 through the current date.

During the 3-year forecast period, the population of the HMA is expected to grow by an average of 1,775, or 0.2 percent, annually, with nearly one-half of the growth occurring because of net in-migration. The level of net in-migration during the next 3 years is expected to be similar to the 2010-to-current period, but the trend is expected to increase in each year of the forecast period because of rising job growth in the HMA. The number of households in the HMA is anticipated to grow by 900, or 0.2 percent, annually during the next 3 years, reaching 367,000 by September 1, 2021 (Figure 6).

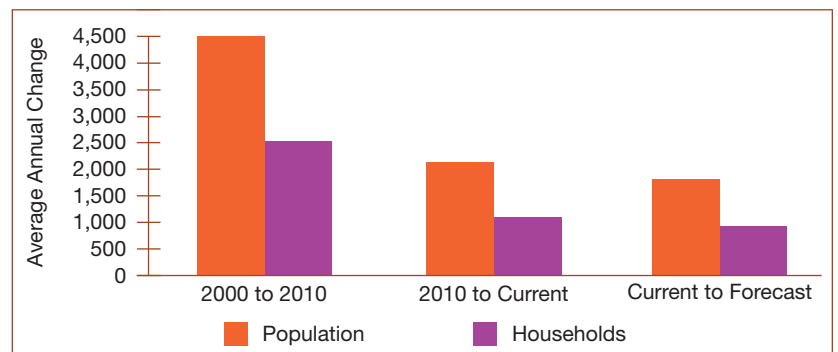
Figure 5. Number of Households by Tenure in the Albany-Schenectady-Troy HMA, 2000 to Current



Note: The current date is September 1, 2018.

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

Figure 6. Population and Household Growth in the Albany-Schenectady-Troy HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

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

Housing Market Trends

Sales Market

The sales housing market in the Albany HMA is currently balanced, with an estimated 1.5-percent vacancy rate, down from 1.7 percent in April 2010, when the market was softer. During August 2018, the HMA averaged 5.2 months of supply of new and existing homes available for sale, down from 6.2 months a year earlier, and the recent peak of 16.1 months of supply during August 2011 (Greater Capital Association of Realtors®).

Conditions in the home sales market in the HMA have improved since 2011 because of the growing economy. Total home sales (including new and existing single-family homes, townhomes, and condominiums) have increased an average of 6 percent annually since bottoming out at 9,700 during 2010. However, recent home sales have declined, in part, because the average 30-year fixed year mortgage rate rose from 3.44 percent in August 2016 to 4.55 percent in August 2018 (Freddie Mac, Primary Mortgage Market Survey®). Total home sales decreased 12 percent to 12,500 homes sold during the 12 months ending August 2018, compared with the previous year. That reversed the 7 percent growth in home sales that occurred from the 12-months ending August 2016 to 2017 (CoreLogic, Inc.). Total home sales were strong from 2000 through 2004, rising at an average rate of 4 percent annually, to 16,600 homes sold, to meet the demand of the growing population. Home sales subsequently declined an average of 8 percent a year from 2005 through 2010, when lower population growth, weak economic conditions, and more stringent mortgage

lending requirements during the foreclosure crisis subdued demand for homes. New home sales currently account for 4 percent of total home sales, down from a recent high of 6 percent during 2015.

The average home sales price in the HMA has increased modestly since 2010. During the most recent 2-year period, the average home sales price rose at a faster rate because market conditions improved from previously soft conditions to balanced conditions in 2016. The average home sales price in the HMA was \$217,000 during the 12 months ending August 2018, up 3 percent from the previous 12 months, but a slowdown from the 5-percent growth during the 12 months ending August 2017. The average sales price is currently 10 percent higher than a previous peak of \$196,200 during 2007, after a period of relatively large price increases. From 2000 through 2007, the average sales price rose an average of 9 percent annually. The average sales price then fell an average of 2 percent annually during 2008 and 2009 because of weakened economic conditions and a rise in the number of real estate owned (REO) sales that contributed to lower home sale prices. During 2008 and 2009, nearly 6 percent of total home sales were REO sales with an average price of \$96,900, up from an average of 2 percent from 2000 through 2007. From 2010 through 2015, during the early part of the economic recovery, the average sales price increased an average of 1 percent annually. During that period, the sales market was soft but improving, as the substantial inventory of homes for sale was absorbed.

Housing Market Trends

Sales Market *Continued*

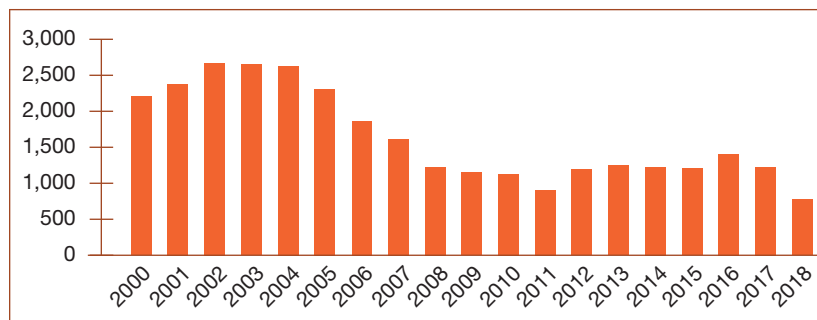
Although the foreclosure crisis affected the HMA, it was not to the same degree as the impact in other parts of the state. In August 2018, 3.0 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 3.9 percent in August 2017 and 4.9 percent in August 2016 (CoreLogic, Inc.). By comparison, 3.5 percent of home loans in New York and 1.8 percent of home loans in the nation were seriously delinquent or had transitioned into REO status in August 2018. The percentage of seriously delinquent home loans and REO properties in the HMA reached a high of 7.4 percent in December 2013; the New York rate peaked at 8.6 percent in January 2013, and the national rate peaked at 8.6 percent in February 2010. The percentage of seriously delinquent home loans and REO properties in the HMA peaked later than the national rate partially because New York is a judicial foreclosure state where the average length of the foreclosure process is longer than in states with a nonjudicial foreclosure process. Despite the decrease in the rate of seriously delinquent home loans and REO properties, the rate in the HMA is still above the average rate of 2.1 percent from 2000 through 2007.

Single-family homebuilding has been steady since 2012, despite a

decline in new home sales during the past year (Figure 7). During the 12 months ending August 2018, approximately 1,275 single-family homes were permitted, unchanged from the same period a year earlier (preliminary data). Homebuilding activity in the HMA, as measured by the number of homes permitted, averaged 2,475 a year from 2000 through 2004, peaking at 2,650 in 2002, which was the highest level of homes permitted since 1993. Single-family construction was robust during that period because population growth was strong. From 2005 through 2011, when population growth began to decelerate, single-family homebuilding declined by an average of 14 percent a year, reaching a 30-year low of 890 homes permitted in 2011 because of a lack of demand for new homes stemming from recent job losses and a slowdown in net in-migration. Single-family home construction increased 38 percent from the low in 2011 to average 1,225 homes built annually from 2012 through 2016.

Since 2011, single-family homebuilding in the HMA has been concentrated in Saratoga County, accounting for 55 percent of all homebuilding activity from 2011 through 2017. Homebuilding has been concentrated in the county because it has experienced the most population growth of all counties in the HMA; that is the result of strong economic conditions. In Saratoga County, most of the homebuilding activity has occurred in the towns of Halfmoon, Ballston, and Clifton Park, accounting for 23, 10, and 10 percent of single-family construction in the county, respectively. Those municipalities are located along Interstate-87 near major job centers such as the Luther Forest Technology Campus in Malta, which is the home of the GlobalFoundries factory.

Figure 7. Single-Family Homes Permitted in the Albany-Schenectady-Troy HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000—2016 final data and analyst estimates; 2017—2018 preliminary data and analyst estimates

In Halfmoon, construction began at Glen Meadows, a 126-home subdivision, in 2014. During the 12 months ending August 2018, 15 two- and three-bedroom homes were sold, ranging in price from \$324,800 to \$393,200. Nearly 56 percent of the 126 homes in Glen Meadows have been built and sold. Additionally, 20 two- and three-bedroom single-family homes and townhomes were sold during the past year in the Timber Creek Preserve subdivision in Ballston Lake, ranging in price from \$310,700 to \$430,200. Since construction began in 2012, one-third of the nearly 200 lots have been sold. In 2015, construction began at the Heritage Pointe subdivision in Clifton Park.

During the 12 months ending August 2018, 28 two-, three-, and four-bedroom homes sold in the subdivision, ranging in price from \$421,000 to \$592,100; in total, approximately 81 percent of the 103 lots in Heritage Pointe have sold.

During the 3-year forecast period, demand is expected for 2,425 new homes, with demand increasing slightly in the second and third years as net in-migration increases. The 700 homes currently under construction will partially meet demand (Table 1). Estimated demand will be strongest for new homes priced between \$250,000 and \$449,999 (Table 4).

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	249,999	360	15.0
250,000	349,999	730	30.0
350,000	449,999	730	30.0
450,000	549,999	490	20.0
550,000	and higher	120	5.0

Notes: Numbers may not add to totals because of rounding. The 700 homes currently under construction in the HMA will likely satisfy some of the forecast demand.

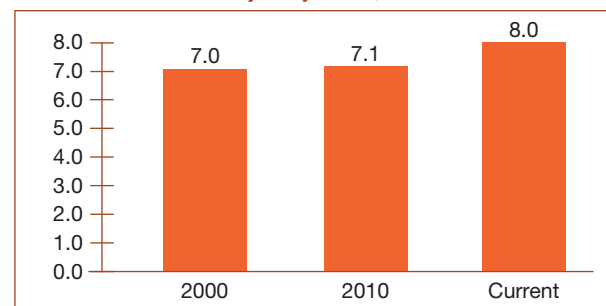
Source: Estimates by analyst

Rental Market

Overall rental housing market conditions in the Albany HMA are slightly soft, with a rental vacancy rate (including apartments, single-family homes, mobile homes, and other rental units) estimated at 8.0 percent as

of September 1, 2018, up from 7.1 percent in April 2010 when rental market conditions were balanced (Figure 8). The market for apartments is balanced, with a vacancy rate of 4.7 percent during the second quarter of 2018, up from 2.4 percent in the second quarter a year earlier because of an increased number of apartment completions during the period (Reis, Inc.). Approximately 42 percent of renter households in the HMA live in apartment buildings with five or more units per building, 41 percent of renters live in smaller multifamily buildings, and the remaining 17 percent live in single-family homes or mobile homes.

Figure 8. Rental Vacancy Rates in the Albany-Schenectady-Troy HMA, 2000 to Current



Note: The current date is September 1, 2018.

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

Housing Market Trends

Rental Market *Continued*

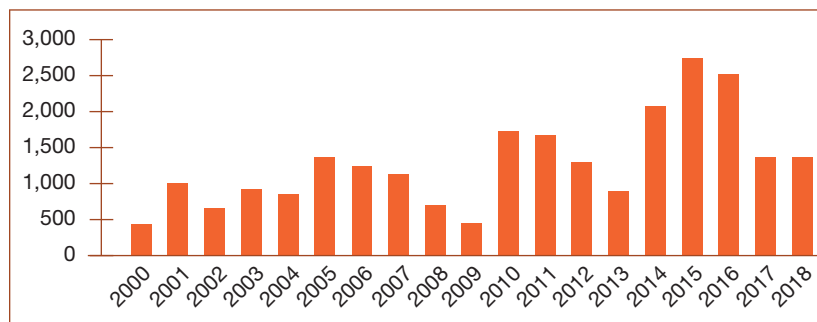
Rising demand for apartments has led to an increase in rents in the HMA. The average asking rent for apartments increased nearly 7 percent to \$1,178 in the second quarter of 2018 from \$1,103 a year earlier (Reis, Inc.). When economic conditions in the HMA were strong from 2005 to 2008, the average asking rent increased an average of 4 percent annually, from \$768 to \$868. From 2009 to 2011, when economic conditions weakened and multifamily construction activity increased, average asking rent increases slowed to just under 2 percent annually with average asking rent reaching \$910 by the end of the period. From 2012 to 2016, the average asking rent increased an average of 3 percent annually to \$1,105 because job growth increased demand for rental housing during a period when households were less inclined to be homebuyers.

Multifamily construction in the HMA since 2010 has outpaced the number of multifamily units built from 2000 through 2010, largely because of rising demand for apartments (Figure 9). During the 12 months ending August 2018, nearly 1,775 multifamily units were permitted, up 8 percent from the 1,650 units permitted a year earlier (preliminary data). Multifamily construction activity

in the HMA, as measured by the number of units permitted, averaged 860 annually from 2000 through 2005 during a period of strong single-family homebuilding because more households chose to own rather than rent. From 2006 through 2009, multifamily permitting declined an average 25 percent annually, falling to 440 during 2009, because slower population growth reduced the demand for additional housing. However, multifamily construction increased to an average of 1,375 units permitted annually from 2010 through 2013, when single-family homebuilding stagnated because of weakened economic conditions and the demand for rental housing began to increase. From 2014 through 2016, multifamily construction activity increased further, averaging 2,425 units annually, with a peak of 2,700 units in 2015, because of increased rental housing demand. Virtually all multifamily units built in the HMA are for rental apartments, with condominiums comprising just under 3 percent of multifamily construction since 2010.

Nearly 45 percent of multifamily construction in the HMA since 2011 has been concentrated in Saratoga County and 31 percent in Albany County. In Saratoga County, 24 percent of multifamily construction activity since 2011 has occurred in the city of Saratoga Springs because of a concerted effort by city officials to zone for multifamily residential housing. Recent apartment construction in the city includes Excelsior Park Apartments, a 105-unit development in Saratoga Springs completed in 2017. The property includes studios and one-, two-, and three-bedroom apartments with rents ranging from \$1,200, \$1,375, \$1,850, and \$2,030, respectively. Also in

Figure 9. Multifamily Units Permitted in the Albany-Schenectady-Troy HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000—2016 final data and analyst estimates; 2017—2018 preliminary data and analyst estimates

Housing Market Trends

Rental Market *Continued*

Saratoga Springs, The Hamlet at Saratoga Springs II is currently in lease up after starting construction in 2016. Rents at the one-, two-, and three-bedroom apartments in the 90-unit development start at \$1,874, \$2,299, and \$2,670, respectively. In Albany County, 29 percent of multifamily construction has been in the town of Colonie, the most populous suburb of the city of Albany. The Residences at the Crossings II, a 105-unit development, was completed in early 2018. The development consists of one-, two-, and three-bedroom apartments with rents starting at \$1,475, \$2,040, and \$3,025, respectively.

The HMA is home to several colleges and universities that house students, including the University at Albany, SUNY Polytechnic Institute, and Rensselaer Polytechnic Institute. Nearly 60 percent of the total 79,000 students enrolled at those schools are housed in on-campus dormitories. Of the remaining students, most are estimated to

reside within the HMA, and student households account for approximately 10 percent of renter households. Auden Albany, a 106-unit development marketed primarily toward students of the University at Albany, was completed in August 2018. Rents for the one-, two-, three-, and four-bedroom apartments start at \$1,360, \$1,085, \$1,030, and \$975 per person, respectively.

During the 3-year forecast period, demand is expected for 1,975 new market-rate rental units, with demand gradually increasing each year during the forecast period, in part, because of rising in-migration. The 1,600 units currently under construction are expected to satisfy demand for the first 2 years of the forecast period (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms. Estimated demand will be strongest for two-bedroom apartments with rents between \$1,600 and \$1,799.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Albany-Schenectady-Troy HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
900 to 1,099	240	995 to 1,194	60	1,200 to 1,399	90	1,550 to 1,749	50
1,100 to 1,299	15	1,195 to 1,394	150	1,400 to 1,599	180	1,750 to 1,949	100
1,300 or more	45	1,395 to 1,594	240	1,600 to 1,799	360	1,950 to 2149	20
	0	1,595 or more	150	1,800 or more	270	2,150 or more	30
Total	300	Total	600	Total	890	Total	200

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 1,600 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Albany-Schenectady-Troy HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	416,896	425,698	431,200	0.2	0.2
Unemployment Rate	3.5%	7.3%	4.2%		
Total Nonfarm Payroll Jobs	433,900	433,300	471,400	0.0	1.1
Total Population	825,875	870,716	888,700	0.5	0.2
Total Households	330,246	355,301	364,300	0.7	0.3
Owner Households	212,760	228,741	229,300	0.7	0.0
Percent Owner	64.4%	64.4%	62.9%		
Renter Households	117,486	126,560	135,000	0.7	0.8
Percent Renter	35.6%	35.6%	37.1%		
Total Housing Units	363,740	393,297	413,400	0.8	0.6
Sales Vacancy Rate	1.8%	1.7%	1.5%		
Rental Vacancy Rate	7.0%	7.1%	8.0%		
Median Family Income	\$55,308	\$74,100	\$86,400	3.0	1.9

Notes: Median Family Incomes are for 1999, 2009, and 2017. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2018.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2018—Estimates by the analyst

Forecast period: 9/1/2018–9/1/2021—Estimates by the analyst

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

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

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

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

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

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_AlbanYNY_18.pdf.

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

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

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