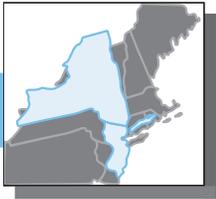


Housing Market Profile



New York/New Jersey • HUD Region II

New York City, New York

New York City (NYC), the financial center of the United States, includes the five counties of Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island). As of January 1, 2011, the population of the city, which is the largest in the nation, is estimated to be nearly 8.5 million. During 2010, the population increased by 55,000, or more than 0.6 percent, which is slightly higher than the 0.5-percent average annual increase during 2008 and 2009. The growth was due entirely to net natural increase (resident births minus resident deaths) of approximately 61,500 people in 2010, nearly unchanged during the past 3 years. Although international immigration to the city averaged 58,200 people a year during the past 3 years, the average net out-migration was 38,200 people a year, because more than 96,400 residents moved out of NYC.

Economic conditions in NYC show signs of improving. Although job losses continued during the past year, extending a trend that began in early 2009, the pace of decline has slowed. During the 12 months ending November 2010, nonfarm payrolls decreased by 26,600 jobs, or 0.7 percent, which is significantly less than the loss of 95,400 jobs, or 2.5 percent, that occurred during the 12 months ending November 2009. Fewer job losses encouraged more people to enter the labor force seeking jobs, which increased the unemployment rate from 9.2 to 9.7 percent during the 12 months ending November 2010.

Although total nonfarm payrolls continued to decline, growth occurred in education and health services, the largest employment sector, the leisure and hospitality sector, and the other services sector. The education and health services sector increased by 15,200 jobs, or 2.1 percent. That increase was more than offset by job losses in the government, financial activities, and professional and business services sectors of 18,300, 8,600, and 7,100 jobs, or 3.2, 2.0, and 1.2 percent, respectively. City workers were laid off because of budget cuts, which accounted for the decrease in the government sector, including a loss of 20,500 jobs, or 4.4 percent, in the local government subsector. During the 12 months ending November 2010, job losses in the financial activities and professional and business services sectors dropped to less than one-third of the declines that occurred during the 12 months ending November 2009. Despite weak economic conditions, according to the city, the number of leisure travelers

to NYC increased by nearly 7 percent to 48.7 million. Hotel occupancy rates remained at approximately 90 percent in December 2010, comparable to rates of a year earlier, according to the Federal Reserve Board's Beige Book. During the 12 months ending November 2010, the leisure and hospitality sector added 6,800 jobs, or 2.2 percent, and the other services sector increased by 3,275 jobs, or 2 percent.

The New York City home sales market remains slightly soft, although it strengthened during 2010. According to Prudential Douglas Elliman Real Estate, during 2010, existing condominium and cooperative (co-op) home sales in Manhattan, Brooklyn, and Queens totaled 29,900 homes, which is an increase of 20 percent compared with the number sold during the previous year but 9 percent below the number recorded during 2008. During 2010, the average number of days a home remained on the market declined by 33 days to 113 days. During the same period, the average home sales price in NYC rose by 9 percent, from \$727,100 to \$791,300. In Manhattan, the median sales price for a co-op unit increased by nearly 9 percent, to \$685,000, but prices for condominium units rose by less than 1 percent, to \$997,900, compared with prices in 2009. The upper tier of the market remained strong, with the median sales price for luxury homes in the top 10 percent of condominium and co-op sales prices increasing by 15 percent, to nearly \$4.4 million. The New York State Association of REALTORS, Inc.[®], reports that, in Staten Island, the median price of an existing single-family home increased 2 percent from \$380,500 to \$388,000 during the 12 months ending November 2010, the most recent data available. According to Lender Processing Services Mortgage Performance Data, as of December 2010, 8.2 percent of total loans in NYC were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 8.1 percent a year earlier.

Although economic conditions in NYC continue to be weak, building permits for single-family homes, which represent less than 10 percent of construction, increased; however, the number of permits issued for multifamily units decreased. During the 12 months ending November 2010, the number of single-family homes permitted rose by 7 percent, to 330 units, compared with the number permitted during the previous 12-month period, based on preliminary data. During the 12 months ending November 2010, based on preliminary data, multifamily construction activity for the number of units permitted, declined by 4 percent, to 5,475 units, compared with the number permitted during the 12 months ending November 2009. Condo-



minium and co-op units account for 7 percent of multifamily units currently under way, less than the average of 17 percent of multifamily units built between 2000 and 2009. Multifamily construction, which peaked during the 12 months ending June 2008, when 42,250 permits were issued, averaged 23,500 units annually from 2007 to 2009.

The NYC rental market is tight, although vacancy rates rose slightly during 2010 as demand eased because of job declines. According to Reis, Inc., from the third quarter of 2009 to the third quarter of 2010, the apartment vacancy rate for NYC increased from 2.9 to 3.6 percent. The highest vacancy rate of 7.1 percent was reported in the Midtown West area of Manhattan, an increase from the 2.7-percent rate recorded a year earlier, which occurred because of the completion of 1,750 apartments. In the Upper West Side of Manhattan and in Brooklyn, vacancy rates rose to 4.3 and 3.5 percent, as 450 and 580 units, respectively, were constructed. In the third quarter of 2010, average rents increased by nearly 5 percent, to \$1,480, in Brooklyn and by less than 1 percent, to nearly \$1,400, in Queens. In the Bronx, the average rent decreased by 1 percent to

\$1,140. Rents increased throughout Manhattan, reversing a decline that occurred during the third quarter of 2009. The largest rent gain—more than 5 percent—occurred in the Stuyvesant/Turtle Bay area, where rents increased to \$3,620; in the Upper East Side, they increased nearly 3 percent, to approximately \$3,640. The highest average rents in NYC were in the Upper West Side, at nearly \$4,100, and downtown Manhattan, at \$3,860, with both increasing by almost 2 percent during the past year.

Progress continues on the New Housing Marketplace Plan, which has a 10-year goal of creating 165,000 affordable housing units in the city by 2014. As of the fall of 2010, nearly 108,600 affordable housing units had been preserved or constructed. Recently completed affordable units include 323 units at Courtlandt Corners in the Bronx and 87 units at New Lots Plaza in Brooklyn. Developments currently under construction include the 168-unit Elliott Chelsea development, located in Manhattan, and 920 Westchester Avenue, which has 110 units and is located in the Bronx. The Bradford, a 105-unit mixed-use complex in Brooklyn, will be completed in the summer of 2011.