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New Report On New York City's Building Boom Finds 170,000 New Units Built Between 2000-2008—More Than Two and a Half Times The Amount Built In Previous Eight Year Period—Many in Areas of the City That Hadn't Seen Large-Scale Building For Some Time

Furman Center Report Also Finds Immigrant Neighborhoods Have Fared Better in Downturn, Boasting Lower Rates of Foreclosure, Crime, Tax Delinquencies and Poverty than Other Parts of the City

A new report released today by NYU's Furman Center for Real Estate and Urban Policy provides an in-depth look at the City's recent building boom. The report, the *State of New York City's Housing and Neighborhoods 2009*, also examines the state of mortgage lending in the City, highlights the state of immigrant New Yorkers and immigrant neighborhoods, and provides detailed data on housing and demographic trends in each of the City's 59 community districts.

The report finds that, between 2000 and 2008, the City added 170,000 new units, or about 6% of its housing stock. Most of those new units were in large buildings: 46% were apartments in multifamily buildings and 14% were condominium units, while 40% of the new units were built as either single family homes or in 2-4 family buildings. The report documents an increase of 7% annually in building activity between 2000 and 2003, and then more rapid growth of 17% annually between 2003 and 2006. Building activity peaked in 2007 with 25,659 new units completed—the most in a single year in the past 20 years. While this growth spurt is impressive, the report finds that New York City's boom was more modest than other metropolitan areas with more available land and lower costs of building (in particular, Washington D.C., Miami and Las Vegas saw more dramatic ramp-ups). Since 2007, the report finds a modest decline in certificates of occupancy (the primary measure of completed building activity), which fell from the 2007 high to 22,650 in 2008 and to 18,928 in 2009. However, the decline in building permits (a measure of future building activity), has been dramatic: in 2009 new permits fell by 90%, from 30,947 in 2008 to 3,275, a lower number than at any time since 1992.

"The consequences of this building boom are still unknown," commented Vicki Been, Faculty Director of the Furman Center. "There was pent-up demand for housing resulting from the low rates of building in the 1990s, and from the City's increasing popularity, so this high level of building was necessary and important for the City. But it's not clear that these new units have improved affordability. Much of the building was targeted at the higher end of the market, and is unlikely to sell at the prices originally expected, given the current credit and market environment. That may result in stalled construction or buildings with many empty units, both of which can hurt the surrounding neighborhood. And even if there is an over-supply of high-end units, that doesn't necessarily mean that housing will be more affordable to middle and working class New Yorkers."

The report finds that significant building activity took place in community districts that hadn't seen much new residential building prior to 2000, including Flushing, Greenpoint/Williamsburg and Bedford Stuyvesant. While the greatest number of new units came online in Manhattan (nearly 56,000, or a 7% increase over its 2000 housing stock), Staten Island may have experienced the greatest transformation in its housing stock: between 2000 and 2008, the number of housing units on Staten Island grew by 12%. By comparison, the building boom increased the Bronx's housing stock by 5%, and Brooklyn's and Queens' by 4% each.

The report also documents the ongoing decline in credit availability that preceded the fall off in building activity. Between 2007 and 2008, home purchase loans declined by 34%, and mortgage refinancing fell by more than 50%. By 2008, high-cost and piggyback home purchase lending had

virtually disappeared. After making up almost a quarter of all home purchase loans in 2006, the number of high-cost loans originated in New York City dropped by more than 90% over the following two years. The decline in credit hit black and Hispanic borrowers especially hard, leading to a further shift in the racial and ethnic composition of home purchasers in the City in 2008 (a trend the Furman Center first documented last year). The report finds that, while Asians make up about 11% of New York City households, they were responsible for 27% of the home purchase loan originations in 2008. Blacks, on the other hand, make up about 23% of New York City households, but were responsible for only 11% of home purchase loan originations.

"From the peak of home purchase lending in 2005 to 2008, we've seen home purchase originations in the City cut in half," commented Ingrid Gould Ellen, Faculty Co-Director of the Furman Center. "While the amount and type of lending at the peak of the market may have not been optimal, such a steep tightening of the credit market has serious consequences for New York City neighborhoods trying to re-build and recover from the disinvestment and distress caused by the mortgage crisis."

For the first time, the report includes a section dedicated to the City's immigrants, who make up 36% of the population—far above the national rate of 12%. New York City's foreign-born population is fairly dispersed across the City's boroughs, ranging from nearly half of the residents of Queens to 21% of Staten Island's residents. The report examines the neighborhood characteristics of the eight community districts where a majority of residents are foreign-born and finds that, on average, they are more stable than other parts of the City, enjoying lower rates of crime, tax delinquencies, foreclosures, and poverty. The report also finds that, contrary to national trends, immigrants in New York are less likely to be unemployed and are less likely to be in poverty than native-born residents. However, the report documents several challenges facing immigrant New Yorkers, including lower median incomes, lower rates of educational attainment, higher shares of uninsured, and higher rates of crowded living environments than native-born residents.

The report, which is released annually, also features data on housing, demographics, and quality of life indicators for each borough and of the City's 59 community districts.

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About the State of New York City's Housing and Neighborhoods

Recognizing the need for a comprehensive source of information on trends in New York City's housing and neighborhoods, the Furman Center began publishing this report annually in 2001. Earlier volumes have become the standard reference that policymakers, non-profit organizations, and community leaders turn to for reliable and timely housing and demographic statistics in New York City.

This edition of the report—the *State of the New York City's Housing and Neighborhoods 2009*—can be downloaded free of charge on the Furman Center website: <http://www.furmancenter.org>. All data included in the report, as well as data on New York City's housing and neighborhood quality, also are available in the Furman Center's online information and mapping service, the New York City Housing and Neighborhood Information System (NYCHANIS): www.nychanis.com.

About the Furman Center for Real Estate and Urban Policy

The Furman Center for Real Estate and Urban Policy is a joint center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service at NYU. Since its founding in 1995, the Furman Center has become a leading academic research center dedicated to providing objective academic and empirical research on the legal and public policy issues involving land use, real estate, housing and urban affairs in the United States, with a particular focus on New York City. More information on the Furman Center can be found at: <http://www.furmancenter.org>.