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Report: More Than Half of New York City Homes Unaffordable to the Majority of Households Including Those Earning Over \$100,000

NYU Furman Center and Citi report examines the home-buying potential for households at various income levels in New York City and surrounding counties.

New York, NY: According to a new report, becoming a homeowner in New York City's real estate market is a considerable challenge for the vast majority of New York City households – including those earning up to six figures -- due to the city's severely constrained supply of affordable home-buying opportunities. And homeownership prospects do not necessarily improve by moving out of the city to the surrounding New York suburbs.

The newly-released [NYU Furman Center / Citi Report on Homeownership & Opportunity in New York City](#) highlights the unique elements of the homeownership market in New York City by analyzing recent home sales data and examining the potential purchasing power of households at various income levels in New York City, as well as the nearby counties of Nassau, Suffolk, and Westchester.

The study finds that the purchasing power of most New York City households is extremely limited. While roughly half of the city's households (51%) earn \$55,000 or less annually, they could afford just 9% of 2014 home sales. Even households earning up to \$114,000 annually could only afford 42% of home sales in New York City. Only 22% of the city's population earned upwards of \$114,000 in 2014.

"Since 1990, incomes have stagnated while the costs of housing—both rental housing and home sales prices—have skyrocketed," said [Mark Willis](#), Senior Policy Fellow at the NYU Furman Center and co-author of the study. "As a result, there are not enough homes available for purchase at prices affordable to the vast majority of New Yorkers."

In New York City, just one-third of households own their home, which is the inverse of the U.S. homeownership rate of roughly 66%. But while New York City had a relatively low share of homeowners compared to the U.S. in 2014, it was disproportionately low for households earning up to \$55,000.

“This report highlights the stark realities facing potential homeowners in New York City and its surrounding counties” said [Bob Annibale](#), Global Director of Citi Community Development and Inclusive Finance. “In order to respond effectively to the uniquely complex and competitive housing market of the greater New York City area, this new research suggests that we must continue to work across sectors on bold new solutions that ensure all New Yorkers have access to housing that is both safe and affordable – as well as the opportunities to build wealth and assets over the long term.”

According to the study, moving out of New York City to the nearby NY suburbs does not necessarily improve a New York City household’s home-buying prospects. Westchester County had an even smaller share of affordable home-buying options than New York City; there, only 2% of 2014 sales were affordable to households earning up to \$55,000 annually. These same households could afford only about 25% of 2014 sales in Nassau County and 43% of 2014 sales in Suffolk County.

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REPORT URL: <http://furmancenter.org/homeownershipopportunityNYC>

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WEBINAR BRIEFING: NYU Furman Center researchers will present findings from the *NYU Furman Center / Citi Report on Homeownership & Opportunity in New York City* on Friday, September 9th from 1:00-2:00 p.m. EDT. [Register >>](#)

KEY FINDINGS

The majority of sales in New York City in 2014 were too expensive for the vast majority of New York City households. Households earning up to \$114,000 (comprising 77% of New York City households) could only afford 42% of 2014 home sales in New York City. Households earning to \$83,000 annually (comprising 66% of New York City households) could only afford 22% of 2014 sales in New York City.

New York City’s homeownership rate is less than half that of the U.S. Less than a third of New York City households (31%) owned a home in 2014—the inverse of the U.S. homeownership rate (63%) of almost two-thirds.

Homeownership rates vary dramatically across the city’s five boroughs. The homeownership rate in Staten Island exceeded that of the U.S. with a rate of 68 percent in 2014—five percentage points higher than the

national homeownership rate. However, the homeownership rate in the Bronx was only 18 percent—the second-lowest of any county in the U.S.

New York City homeowners had higher incomes than the typical New York City household and had higher incomes than homeowners nationwide in 2014. The median owner household in New York City earned just over \$86,000 in 2014, 63 percent more than the overall median New York City household (\$53,063) and 26 percent more than owner households nationwide.

New York City had far lower rates of homeownership among households earning up to \$55,000 than the U.S. in 2014. In 2014, just over half (58%) of households earning up to \$55,000 in the U.S. owned their homes. Among these households in New York City, homeownership rates were far lower; only 25 percent of households earning up to \$55,000 annually in New York City owned their homes in 2014.

The New York City real estate market is expensive; the median city sales price is only affordable to high-income households. In 2014, there were over 33,000 home purchases in New York City with a median sales price of \$575,700. The median sales price in Manhattan was over twice as high at \$1,301,600 than the city median, and sales under \$500,000 were concentrated outside of Manhattan.

Home sales under \$500,000 in New York City were largely concentrated outside of Manhattan. The relatively few 2014 sales affordable to households earning up to \$55,000 annually were clustered in eastern Queens, the north Bronx, and the north shore of Staten Island.

Of the sales affordable to households earning up to up to \$34,000 annually, a large share (37%) were condominiums. Among the properties sold in New York City in 2014 that were affordable to households earning up to \$34,000 annually, 37% were condominium units, making them as common as single-family homes at that price level.

Westchester County is less affordable to NYC households than New York City; only 18% of 2014 home sales were affordable to households earning up to \$114,000. The vast majority of sales prices in Westchester County in 2014—about 82 percent—were affordable only to NYC households earning above \$114,000.

Homeownership prospects for NYC households earning up to \$114,000 annually are better in Nassau County than New York City. Households earning up to \$114,000 annually could afford 56% of home sales in 2014—more than the 42% of 2014 sales in New York City. Only about 6% of sales were affordable to NYC households earning up to \$55,000 in 2014, and an additional 18% of sales were affordable to households earning between \$55,000-83,000.

Suffolk County offered the most affordable home purchase options for households at all income levels, where a majority of sales in 2014 (66%) were affordable to all New York City households. In Suffolk County, while only 6% of sales in 2014 were affordable to NYC households earning up to \$34,000, 16% of sales were affordable to NYC households earning up to \$55,000, and 42% of sales were affordable to NYC households earning up to \$83,000—higher percentages than any other geography in this study.

About the NYU Furman Center

The NYU Furman Center advances research and debate on housing, neighborhoods, and urban policy. Established in 1995, it is a joint center of the New York University School of Law and the Wagner Graduate School of Public Service. More information can be found at furmancenter.org and [@FurmanCenterNYU](https://twitter.com/FurmanCenterNYU).

About Citi

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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NYU Furman Center / Citi Report on Homeownership & Opportunity in New York City
Narrative & Talking Points
July 25, 2016

Title of Research: NYU Furman Center / Citi Report on Homeownership & Opportunity in New York City

Research Design: Analyzes 2014 home sales prices and examines affordable home-buying options for households at various income levels in New York City, as well as in the nearby counties of Nassau, Suffolk, and Westchester.

About the Authors: Commissioned by Citi and conducted by the NYU Furman Center in order to better understand the homeownership landscape in and around New York City.

Spokespeople:

[Mark Willis](#), co-author of the study and Senior Policy Fellow at the NYU Furman Center. The NYU Furman Center provides research and debate on housing, neighborhoods, and urban policy.

Bob Annibale, Global Director, Citi Community Development and Inclusive Finance.

The Story:

The *NYU Furman Center / Citi Report on Homeownership & Opportunity in New York City* examines home-buying opportunities for households at various income levels in New York City, as well as in the nearby counties of Nassau, Suffolk, and Westchester.

We find that becoming a homeowner in New York City is a considerable challenge for the vast majority of New York City households due to the city's severely constrained supply of affordable home-buying opportunities. The majority of sales in New York City in 2014 were too expensive for the vast majority of New York City households; households earning up to \$114,000 annually (77% of the city's population) could only afford 42% of home sales. The city's median city home sales price (\$575,700) was only affordable to high-income households.

Moving out of New York City to the nearby NY suburbs does not necessarily improve a NYC household's home-buying prospects. While Nassau and Suffolk Counties hold some potential for lower-income households, Westchester County is similar to New York City in its lack of affordable homeownership opportunities.

As a high-cost city primarily comprised of renters, New York City's homeownership market is unique in that a minority of households own their homes. There is also a striking variation in homeownership rate by geography and demographics, including race and income groups.

NYU Furman Center Talking Points

Top-line Message: Households earning less than \$114,000 face a severely constrained supply of homeownership opportunities in New York City; moving to the nearby New York suburbs does not necessarily provide more affordable options.

- 1. NYC housing market is unique; it is a city comprised primarily of renters; stagnating incomes & high demand; low homeownership rate, extremely varied throughout the city, extremely varied across race and income groups.**

New York is a city of renters—the city’s homeownership rate is less than half that of the U.S. (31% v. 63%)

There is extreme variation in homeownership rates across the city’s five boroughs and across its demographics. Staten Island’s homeownership rate is *higher* than the U.S. homeownership rate, while the Bronx had the second-lowest homeownership rate of all counties in the U.S. The homeownership rate also varies greatly across the city’s racial, ethnic, and income groups.

For prospective New York City homebuyers, buying a home in the city has become increasingly challenging as incomes have stagnated and the cost of housing continues to rise. Between 1990 and 2015, housing prices rose nearly 200 percent for all residential property types, while incomes stagnated.

- 2. There are very limited home-buying opportunities in New York City for households earning even into six figures.**

77% of New York households earn up to \$114,000 annually, and just 42% of home sales in 2014 were affordable to these households.

Half of the city’s households—51%—earn up to \$55,000 annually. Yet these households could only afford 9% of 2014 sales in NYC. Households earning between \$55K-\$83K could only afford 22% of sales.

The median sales price for a home in New York City in 2014 was over a half-million dollars (\$575,700). This was only affordable to high-income households. Sales under \$500,000 were concentrated outside of Manhattan.

- 3. Moving out of the city to the NY suburbs does not necessarily improve a NYC household’s home-buying prospects.**

Westchester County has an even smaller share of affordable home-buying options than New York City. Households earning up to \$114,000 could only afford 18% of 2014 home sales. About 82% of home sales were affordable only to NYC households earning above \$114,000.

Homeownership prospects for NYC households earning up to \$114,000 annually are better in Nassau County than New York City, where these households could afford 56 percent of home sales.

Suffolk County offered the most affordable home purchase options for households at all income levels, where a majority of sales in 2014 (66%) were affordable to New York City households earning up to \$114,000 annually.