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Extensive Analysis of New York City Price Trends Over Past 30 Years Finds Great Variation in Neighborhood Performance During Real Estate Booms and Busts

New Report by Furman Center Finds Correlation Between City Investments in Local Housing Stock and Smaller Price Declines During Downturns; Suggests Public Investments in Housing May Help Stabilize Neighborhoods

As New York City confronts the current housing and economic downturn, a new report released today by NYU's Furman Center for Real Estate and Urban Policy provides important historical context. The report, the *State of New York City's Housing and Neighborhoods 2008*, examines more than thirty years of sale price data to better understand how individual neighborhoods fared, and to identify trends that can be useful when looking forward.

"Contrary to many reports that have focused only on Manhattan real estate, our research shows that citywide, prices peaked in 2006," said Vicki Been, director of NYU's Furman Center for Real Estate and Urban Policy. "Our research finds that past performance in a downturn is not a good predictor of how a neighborhood will fare in future downturns. As the City enters the third year of this downturn, no one can tell how long it will last or which neighborhoods are going to be hardest hit."

The Furman Center used its Index of Housing Price Appreciation to track how the City, its boroughs and community districts fared during the last four housing price cycles. The index is a valuable tool for understanding price trends citywide—it measures average sale price changes while adjusting for inflation and controlling for variation in the quality of housing. The report tracks price trends over more than thirty years and identifies four distinct periods: two upturns (from 1980 – 1989 and from 1996 – 2006) and two downturns (from 1974 – 1980 and from 1989 – 1996). The report finds that:

- Between 1974 and 1980 prices declined by 12.4% citywide;
- Between 1980 and 1989 prices increased by 152%;
- Between 1989 and 1996, prices dropped by 29.3%; and
- In the last boom, which lasted from 1996 to 2006, prices grew by 124.2%.

Over the entire period studied, from 1974 to 2006, City sale prices grew by 250%. Neighborhoods varied significantly, however, with some growing slower than the City average, like St. George/Stapleton in Staten Island where prices grew by only 168%, while other neighborhoods like Morrisania/Crotona in the Bronx saw prices grow by 670%. The report provides detailed neighborhood analysis for each of the four periods. Higher-income neighborhoods were not always insulated from the downturns and did not perform best in the upturns. The report also finds a correlation between City investment in the housing stock and greater price stability during the downturns: all ten neighborhoods that avoided the worst of the downturn of the early 1990s received well above average public investment in its housing stock during the downturn. The ten neighborhoods that saw the biggest declines during this period received little or no City investment.

"This finding is consistent with other Furman Center research suggesting that subsidized housing investments can have positive effects on surrounding property values," commented Ingrid Gould Ellen, co-director of NYU's Furman Center. "As the City faces limited resources and significant

levels of need, it's important to recognize that city investment can play an important role in stabilizing and insulating low-income communities from further distress."

The report, which is released annually, features data on housing, demographics, and quality of life indicators for each 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 2008*—can be downloaded free of charge on the Furman Center website: <http://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 the leading academic research center in New York City devoted to the public policy aspects of land use, real estate, and housing development. The Furman Center is 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://furmancenter.org>.