

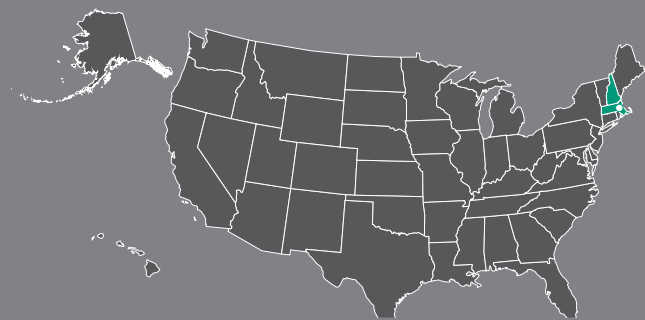
HUD PD&R Housing Market Profiles

Boston-Cambridge-Newton, Massachusetts-New Hampshire



Quick Facts About Boston-Cambridge-Newton

- **Current sales market conditions: tight**
- **Current rental market conditions: slightly tight**
- **Founded in 1630, and one of the most historic cities in America, Boston is home to the oldest public park in the United States, as well as the first lighthouse and the first subway in the nation.**



By Matthew Tieff | As of June 1, 2019

Overview

The Boston-Cambridge-Newton, MA-NH metropolitan area (hereafter, the Boston metropolitan area) consists of seven counties: Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts, and Rockingham and Strafford Counties in New Hampshire. Famous for its prominent role in American history as home to the Plymouth Colony and catalyst of the American Revolutionary War, the Boston metropolitan area is world renowned as an epicenter for higher education with more than 50 colleges and universities, including Harvard University and the Massachusetts Institute of Technology.

- As of June 1, 2019, the estimated population of the Boston metropolitan area is 4.91 million, reflecting an average annual gain of 38,900 people, or 0.8 percent, since 2010. By comparison, from 2000 to 2010, the population grew by an average of 16,100 people, or 0.4 percent, annually (U.S. Census Bureau decennial census counts).
- Since 2010, net in-migration to the metropolitan area has averaged 23,650 people annually, accounting for more than 60 percent of the population growth. International in-migration averaged 33,350 people annually compared to domestic out-migration of 9,725 people, due in part to

continued on page 2



continued from page 1

the numerous colleges and universities attracting international students—graduating students often leave the area, resulting in domestic out-migration.

- Suffolk County, which includes the city of Boston, has an estimated 815,000 people, making up approximately 16 percent

of the population in the metropolitan area. The seventh most densely populated county in the United States, the county has grown by 10,300 people, or 1.4 percent, annually and accounted for more than 25 percent of the population growth in the metropolitan area since 2010.

Economic Conditions

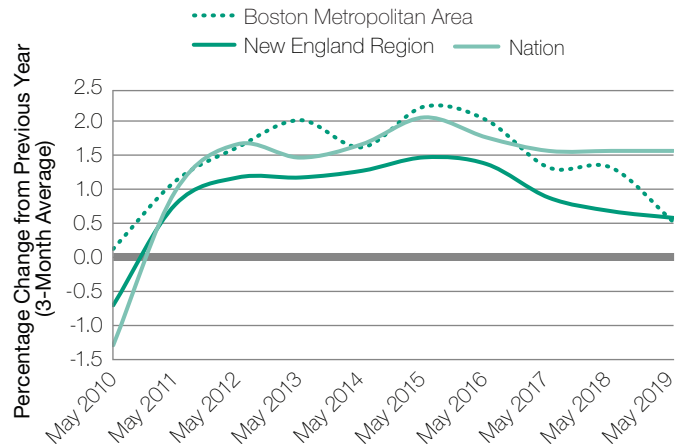
Since the national recession ended in 2009, economic conditions in the Boston metropolitan area have strengthened. From 2010 through 2018, nonfarm payrolls increased by an average of 39,000 jobs, or 1.5 percent, annually, with all the jobs lost during the downturn recovered by 2012.

During the 3 months ending May 2019—

- Nonfarm payrolls averaged 2.78 million, an increase of 14,800 jobs, or 0.5 percent, from a year ago, down from the 36,200 jobs added, or 1.3-percent growth, during the same period a year earlier. Current growth is slightly lower than the 0.6-percent growth in the New England region and below the national growth rate of 1.6 percent.
- The information sector and the mining, logging, and construction sector were the fastest growing sectors in the metropolitan area, increasing 2.0 and 1.9 percent, or by 1,600 and 2,200 jobs, respectively. Verizon Communications Inc. is expanding its footprint in the Boston metropolitan area, increasing its fiber-optic broadband network, and leasing office space at the Hub on Causeway, a mixed-use development currently under construction at the former site of Boston Garden.

continued on page 3

Nonfarm payroll growth during the 3 months ending May 2019 in the Boston metropolitan area was below the rates in the New England region and in the nation.



Note: Nonfarm payroll jobs data are for the Boston-Cambridge-Nashua, MA-NH Metropolitan New England City and Town Area.
Source: U.S. Bureau of Labor Statistics

The education and health services sector led job gains in the Boston metropolitan area in the past year.

	3 Months Ending		Year-Over-Year Change	
	May 2018 (Thousands)	May 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	2,762.0	2,776.8	14.8	0.5
Goods-Producing Sectors	301.8	303.6	1.8	0.6
Mining, Logging, & Construction	114.4	116.6	2.2	1.9
Manufacturing	187.4	187.0	-0.4	-0.2
Service-Providing Sectors	2,460.1	2,473.2	13.1	0.5
Information	80.0	81.6	1.6	2.0
Financial Activities	183.8	182.4	-1.4	-0.8
Professional & Business Services	494.6	501.9	7.3	1.5
Education & Health Services	586.5	594.8	8.3	1.4
Leisure & Hospitality	274.1	268.2	-5.9	-2.2
Other Services	103.6	104.2	0.6	0.6
Government	316.7	320.3	3.6	1.1
	(Percent)	(Percent)		
Unemployment Rate	3.1	2.7		

Note: Nonfarm payroll jobs data are for the Boston-Cambridge-Nashua, MA-NH Metropolitan New England City and Town Area. Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



continued from page 2

- The professional and business services sector added 7,300 jobs, an increase of 1.5 percent, the third highest rate of job growth in the metropolitan area. Amazon.com, Inc. recently broke ground on a new office building in Boston’s Seaport District, which is expected to house an additional 2,000 Amazon.com, Inc. employees when open in 2021.
- The unemployment rate averaged 2.7 percent, down from 3.1 percent a year earlier.

The economy of the Boston metropolitan area, a capital of shipping and manufacturing since before the founding of the United States, has changed considerably during the past few decades. Currently, the education and health services sector accounts for 21 percent of all nonfarm payrolls in the Boston metropolitan area, up from 16 percent in 2000. During the 3 months ending May 2019, payrolls in the education and health services sector increased by 8,300, the most jobs added in any sector, or 1.4 percent, to 594,800 jobs. The

Largest Employers in the Boston Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Partners HealthCare	Education & Health Services	10,000+
Harvard University	Education & Health Services	10,000+
Massachusetts Institute of Technology	Education & Health Services	10,000+

Note: Excludes local school districts.
Source: Massachusetts Department of Labor

three largest employers in the metropolitan area, Partners HealthCare, Harvard University, and the Massachusetts Institute of Technology, are in this sector, and each employ more than 10,000 employees. In 2012, the economic impact of the colleges and universities in the metropolitan area was estimated at more than \$31 billion (Metroversity).

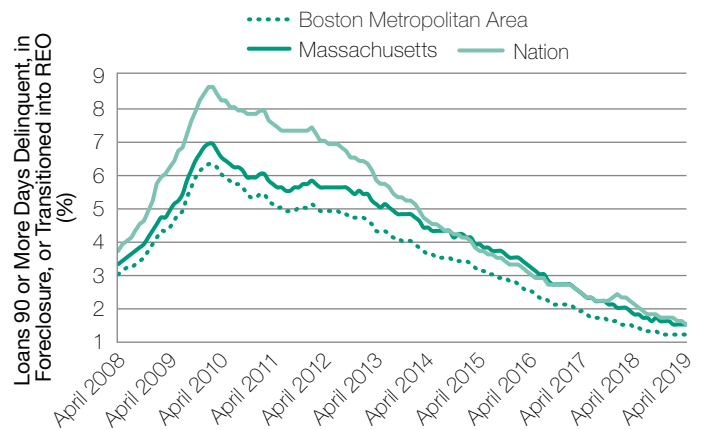
Sales Market Conditions

Sales housing market conditions in the Boston metropolitan area are currently tight, with an estimated vacancy rate of 0.8 percent, down from 1.5 percent in April 2010. As of May 2019, the metropolitan area had 2.4 months of inventory available, down from 2.8 months a year ago (Greater Boston Association of Realtors®). As of April 2019, 1.2 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 1.4 percent a year earlier, and below the New England and national rates of 1.5 percent. (CoreLogic, Inc.).

During the 12 months ending April 2019—

- Existing home sales (including single-family homes, townhomes, and condominiums) totaled 67,650, down 3 percent from the 69,750 homes sold during the 12 months ending April 2018 (CoreLogic, Inc., with adjustments by the analyst).
- The average sales price for an existing home was \$550,500, an increase of 4 percent from \$529,300 during the previous 12 months. Existing home sales prices have increased an average of 5 percent annually since 2010, and the current price is 57 percent higher than the recent low of \$349,800 during 2009.
- The number of new homes sold (including single-family homes, townhomes, and condominiums) totaled 1,925, up 18 percent from the 1,625 homes sold during the previous 12 months. The rate of increase in new home

The foreclosure crisis did not impact the Boston metropolitan area as much as the nation, and the percentage of home loans that were seriously delinquent or in REO status continues to be below the national rate.



REO = real estate owned.
Source: CoreLogic, Inc.

sales, however, has been volatile, and annual sales have only increased an average of 1 percent since 2013.

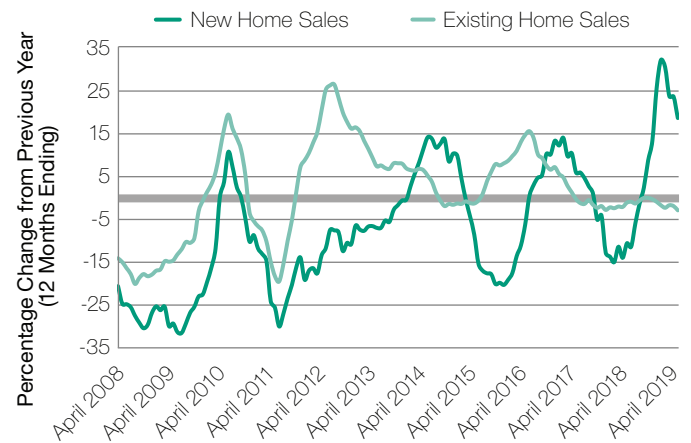
- The average sales price for a new home was \$592,200, a 15-percent increase from \$516,700 a year ago. New home prices are approximately 43 percent higher than the average of \$414,000 in 2009.

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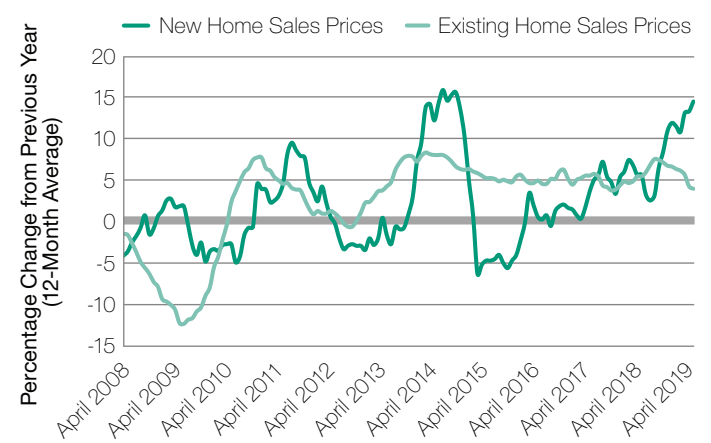
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Sales of new homes have increased substantially during the 12 months ending April 2019, while existing home sales have declined slightly.



Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

During the 12 months ending April 2019, new home prices increased at a faster rate than existing home prices.

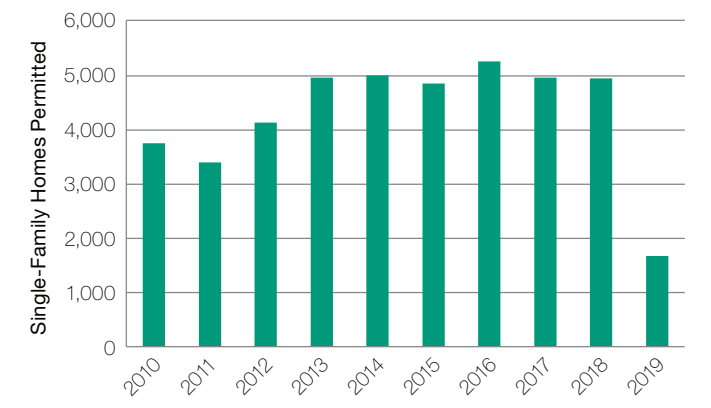


Note: New and existing home sales prices include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

While single-family home construction, as measured by the number of homes permitted, is below levels from the previous decade, it has been relatively steady since 2013, ranging from a low of 4,850 in 2015, to a high of 5,250 in 2016.

- The number of single-family homes permitted totaled 4,550 during the 12 months ending May 2019, down from 5,175 homes permitted during the previous 12-month period (preliminary data).
- From 2013 through 2018, an average of 5,000 single-family homes was permitted each year, compared with 3,750 homes permitted from 2010 through 2012.
- The Estates at Lebaron Hills in Plymouth County is a 77 single-family home development that began construction in 2018. Home prices start at \$434,000 for a three-bedroom home.

Single-family permitting activity in the Boston metropolitan area has been relatively steady since 2013.



Note: Includes preliminary data from January 2019 through May 2019.
Source: U.S. Census Bureau, Building Permits Survey

Rental Market Conditions

Rental housing market conditions in the Boston metropolitan area are slightly tight, with an estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartment units) of 3.9 percent as of June 1, 2019, down from 5.9 percent in 2010. Despite increased multifamily construction, the overall rental market has tightened since 2010 as the economy has improved and the population of the metropolitan area, specifically Suffolk County, has continued to grow.

During the first quarter of 2019—

- The apartment market in the Boston metropolitan area was slightly tight with a vacancy rate of 3.9 percent, down from 4.2 percent a year earlier, and below the national average of 4.7 percent (RealPage, Inc.). The apartment vacancy rate in the Boston metropolitan area has been below 5 percent since 2010.

continued on page 5



continued from page 4

- The average rent for apartments in the metropolitan area was \$2,288, an increase of 6 percent from the average of \$2,157 during the first quarter of 2018. The average rent in the Boston metropolitan area is 67 percent higher than the national average of \$1,369.
- The vacancy rate in the RealPage, Inc.-defined Intown Boston market area, in the city of Boston, was 4.4 percent, slightly higher than the overall vacancy rate in the metropolitan area, due, in part, to newly constructed developments currently in lease up. The area had the highest average asking rent in the metropolitan area at \$3,531, up \$218 or 7 percent, from a year ago.
- Approximately 25 percent of renter households in the metropolitan area reside in the city of Boston in Suffolk County.

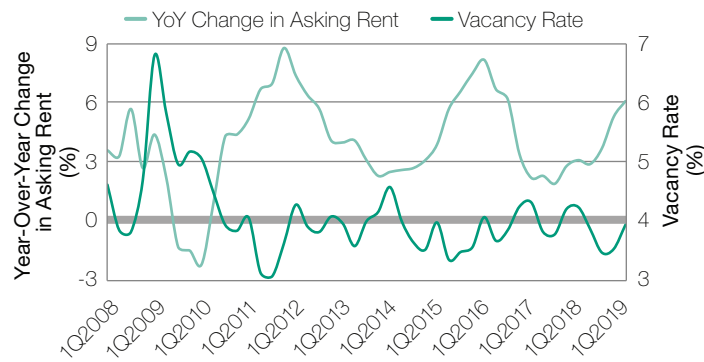
Multifamily building activity, as measured by the number of units permitted, increased substantially since 2010 in response to a tightening apartment market while the economy improved, and the population increased.

- During the 12 months ending May 2019, approximately 16,200 multifamily units were permitted in the metropolitan

area, a 16-percent increase from the 13,950 units permitted during the previous year (preliminary data, with adjustments by the analyst).

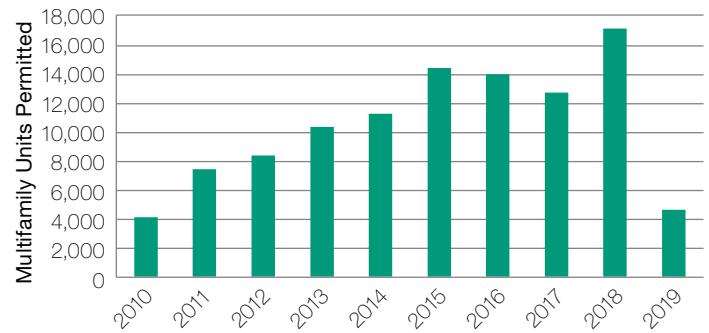
- An average of 13,300 multifamily units was permitted annually from 2013 through 2018 as the economy improved, compared with 6,625 units a year from 2010 through 2012. From 2013 through 2018, 39 percent of multifamily construction was in Suffolk County, with condominiums accounting for 17 percent of multifamily construction in the county.
- The Proto Kendall Square, in the city of Cambridge in Middlesex County, is an 18-story building with 280 apartment units that was completed in mid-2018. Rents for studio, one-, and two-bedroom units start at \$2,400, \$2,900, and \$3,400, respectively.
- Gable Seaport is an apartment development currently under construction in Boston's Seaport District. Expected to be completed in the spring of 2020, the 307 units will range in size from 469-square-foot efficiency units to 1,289-square-foot, two-bedroom units, with rents not yet determined.

Since 2010, the vacancy rate has been below 5 percent, while average rents have increased each year.



1Q = first quarter. YoY = year-over-year. Source: RealPage, Inc.

The rate of multifamily permitting in the Boston metropolitan area is currently higher than the level from 2010 through 2012.



Note: Includes preliminary data from January 2019 through May 2019. Source: U.S. Census Bureau, Building Permits Survey

