

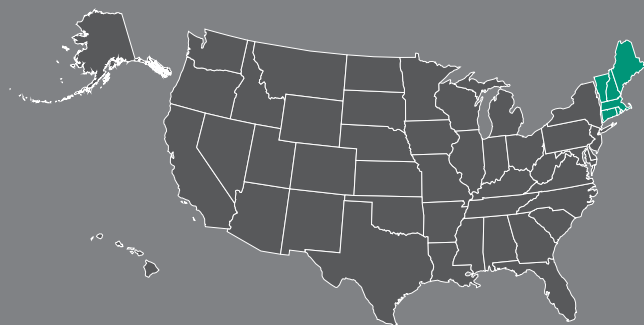
HUD PD&R Regional Reports

Region I: New England



Quick Facts About Region I

- **Sales market conditions—**
First quarter 2013: balanced.
Fourth quarter 2012: slightly soft.
First quarter 2012: soft.
- **Rental market conditions—**
First quarter 2013: tight.
Fourth quarter 2012: tight.
First quarter 2012: mixed (balanced to tight).



By David A. Bank | 1st quarter 2013

Overview

Economic conditions improved significantly in the New England region during the first quarter of 2013 compared with conditions during the first quarter of 2012, led by strong job growth in Massachusetts, New Hampshire, and Vermont. Sales housing markets are balanced, improving from soft conditions during the first quarter of 2012. Single-family home permitting activity also increased during the first quarter of 2013, as builders respond to improvements in sales market conditions. Rental housing markets in most metropolitan areas in the region remained tight, and conditions continued to tighten over the past year. Multifamily permitting activity increased rapidly in response to tight rental markets, particularly in Massachusetts and Connecticut.

- Sales markets improved significantly throughout the region, with increases in home sales, median sales prices, and single-family building activity during the past year.
- During the first quarter of 2013, metropolitan area apartment vacancy rates declined to 2.8 percent in New Haven, 3.2 percent in Providence, and 3.6 percent in Boston.
- Approximately 6,475 new rental units are currently under construction in the Boston metropolitan area, including more than 3,175 apartments in the city of Boston.



PD&R

Nonfarm payrolls in the New England region grew by 61,800 jobs, led by the education and health services sector.

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,772.0	6,833.8	61.8	0.9
Goods-producing sectors	826.2	822.1	- 4.1	- 0.5
Mining, logging, and construction	223.8	223.5	- 0.3	- 0.1
Manufacturing	602.5	598.6	- 3.9	- 0.6
Service-providing sectors	5,945.8	6,011.7	65.9	1.1
Wholesale and retail trade	1,023.2	1,030.2	7.0	0.7
Transportation and utilities	183.1	182.6	- 0.5	- 0.3
Information	150.9	151.7	0.8	0.5
Financial activities	444.4	444.5	0.1	0.0
Professional and business services	871.7	888.5	16.8	1.9
Education and health services	1,403.9	1,424.7	20.7	1.5
Leisure and hospitality	619.8	635.6	15.8	2.6
Other services	252.1	255.4	3.3	1.3
Government	996.7	998.5	1.8	0.2

Source: U.S. Bureau of Labor Statistics

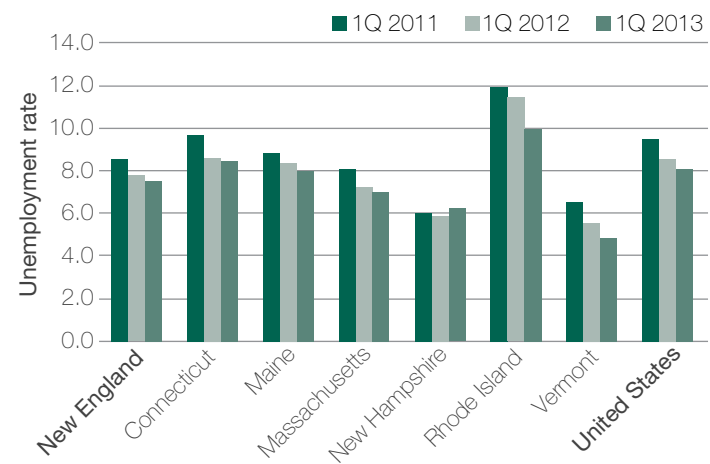
Economic Conditions

Economic conditions in the New England region, which have been improving since 2010, continued to improve during the first quarter of 2013, when nonfarm payrolls increased in all six states. During the first quarter of 2013, nonfarm payrolls averaged 6.83 million jobs, an increase of 61,800 jobs, or 0.9 percent, from the first quarter of 2012. The most job gains occurred in the education and health services, professional and business services, and leisure and hospitality sectors, which gained 20,700, 16,800, and 15,800 jobs, or 1.5, 1.9, and 2.6 percent, respectively. These increases more than offset the losses of 3,900, 500, and 300 jobs, or 0.6, 0.3, and 0.1 percent, respectively, in the manufacturing, transportation and utilities, and mining, logging, and construction sectors.

During the first quarter of 2013—

- Massachusetts gained 43,300 jobs, or 1.4 percent, compared with the number of jobs recorded during the first quarter of 2012, led by the education and health services and the professional and business services sectors, which increased by 13,200 and 11,600 jobs, or 1.9 and 2.4 percent, respectively.
- Nonfarm payrolls in New Hampshire and Vermont grew by 6,700 and 3,800 jobs, or 1.1 and 1.3 percent, respectively. The education and health services sector led growth in both states.
- Connecticut nonfarm payrolls increased by 5,100 jobs, or 0.3 percent, including a gain of 5,900 jobs in the leisure and

Unemployment rates have declined since 2011 in every state in the New England region except New Hampshire.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

hospitality sector and despite losses of 2,600 and 2,000 jobs, or 1.6 and 1.5 percent, respectively, in the manufacturing and financial activities sectors.

- In Rhode Island and Maine, nonfarm payrolls increased by 1,800 and 1,000 jobs, or 0.4 and 0.2 percent, respectively.
- The unemployment rate in the region averaged 7.5 percent, down from 7.8 percent during the first quarter of 2012, with unemployment rates ranging from 4.8 percent in Vermont to 9.9 percent in Rhode Island.



Sales Market Conditions

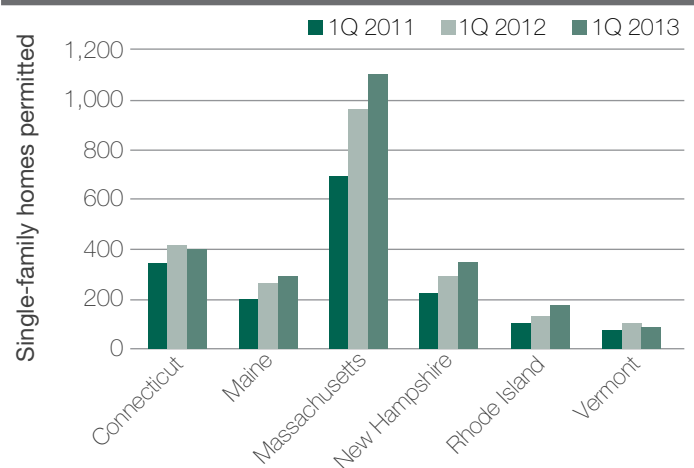
Sales housing markets in the New England region are balanced, with conditions improving in every state during the past year in response to strong job growth. In February 2013, home prices in the region increased 2.3 percent compared with prices during February 2012 (Federal Housing Finance Agency House Price Index). During the 12 months ending March 2013, home sales increased more than 14 percent in all six states in the region. Median sales prices were up 7.8 percent in Massachusetts, 7.5 percent in Vermont, 6.9 percent in Rhode Island, 6.3 percent in Maine, 2.0 percent in New Hampshire, and 1.1 percent in Connecticut. Condominium markets in the region are balanced to slightly soft, with sales up more than 11 percent during the past 12 months in every state except Maine, which does not report condominium sales. Median condominium sales prices increased 8.0 and 3.3 percent in Massachusetts and Connecticut, respectively. In March 2013, 7.4 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) compared with the rate of 7.0 percent recorded in March 2012 (LPS Applied Analytics).

Based on preliminary data, during the first quarter of 2013—

- Single-family homebuilding activity, as measured by the number of homes permitted, increased 10 percent, to 2,375 homes permitted, from the first quarter of 2012 in response to improvements in the sales markets of the region.

- Single-family home permitting increased 15 percent, to 1,100 homes, in Massachusetts; 21 percent, to 350 homes, in New Hampshire; 12 percent, to 290 homes, in Maine; and 31 percent, to 170 homes, in Rhode Island.
- Single-family permitting declined by 10 and 20 homes, to 400 and 80 homes, respectively, in Connecticut and Vermont.

Single-family home permitting increased in Massachusetts, New Hampshire, Maine, and Rhode Island in response to improvements in sales markets.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Sales markets improved significantly throughout the New England region, where the number of home sales and median sales prices increased over the past year.

	12 Months Ending	Number of Homes Sold			Price			
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Connecticut (N&E)	March	21,850	25,350	16.0	MED	222,500	225,000	1.1
Connecticut (N&E—condo)	March	5,525	6,125	10.9	MED	146,000	150,800	3.3
Maine (E)	March	10,100	11,650	15.3	MED	160,000	170,000	6.3
Massachusetts (E)	March	39,750	46,100	16.0	MED	269,000	290,000	7.8
Massachusetts (E—condo)	March	15,150	17,950	18.5	MED	250,000	270,000	8.0
New Hampshire (N&E)	March	11,050	13,100	18.6	MED	189,300	193,000	2.0
Rhode Island (E)	March	6,975	8,000	14.7	MED	173,000	185,000	6.9
Vermont (N&E)	March	4,100	4,700	14.6	MED	187,900	202,000	7.5

condo = condominiums. E = existing. MED = median. N&E = new and existing.

Notes: Median prices for Connecticut and Rhode Island are for the first quarter. Median prices in all other states are for March.

Sources: Prudential Connecticut Realty; Maine Real Estate Information System, Inc.; Massachusetts Association of REALTORS®; Northern New England Real Estate Network; Rhode Island Association of REALTORS®



Rental Market Conditions

Apartment markets in most metropolitan areas in the New England region are tight, and nearly all the region's apartment markets tightened during the past 12 months. During the first quarter of 2013, the apartment vacancy rate in the Boston metropolitan area decreased to 3.6 percent compared with the rate of 3.8 percent recorded a year earlier (Reis, Inc.). The average market rent increased 3 percent, to \$1,833, during the same period. The apartment vacancy rate in the New Haven metropolitan area decreased from 2.8 to 2.3 percent, and the average market rent increased more than 1 percent, to \$1,149. The apartment vacancy rate in the Providence metropolitan area declined to 3.2 percent, from 3.7 percent a year earlier, and the average rent increased nearly 2 percent, to \$1,255. The apartment market in Fairfield County was balanced, with the average apartment vacancy rate increasing slightly to 5.1 percent, from 4.8 percent a year earlier, and the average rent increasing nearly 3 percent, to \$1,888.

In response to tight rental housing markets, multifamily construction, as measured by the number of units permitted, increased significantly in the region during the first quarter of 2013 compared with the number of units permitted during the first quarter of 2012. Gains were largely concentrated in Massachusetts, particularly in the Boston metropolitan area, and in Connecticut.

Most metropolitan apartment markets in the New England region were tight.

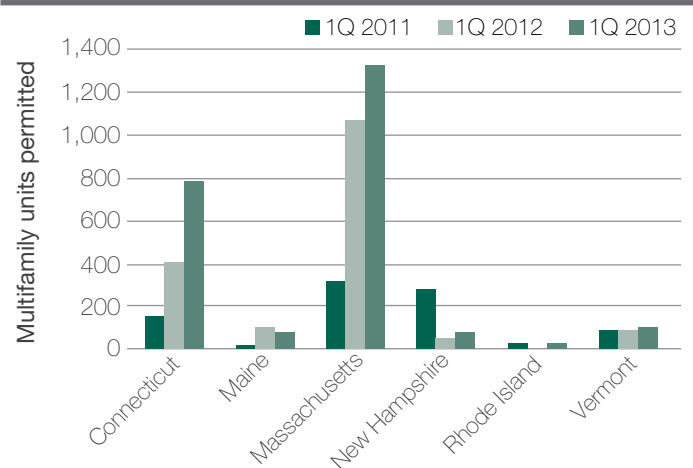
Metropolitan Area	Market Condition
Boston	Tight
Fairfield	Balanced
Hartford	Tight
Manchester	Tight
New Haven	Tight
Portland	Tight
Providence	Tight

Source: HUD, PD&R, Economic and Market Analysis Division

Based on preliminary data, during the first quarter of 2013—

- Multifamily building activity in the region increased 39 percent, to 2,400 units, compared with the 1,725 units permitted during the same period in 2012.
- Multifamily permitting increased rapidly in Massachusetts and Connecticut, up 250 and 380 units, respectively, to 1,325 and 790 units permitted.
- Multifamily permitting increased slightly, by 10 and 30 units, in Vermont and New Hampshire, respectively, remained unchanged in Rhode Island, and declined by 20 units in Maine.
- Approximately 6,475 new rental units are currently under construction in the Boston metropolitan area, including more than 3,175 apartments in the city of Boston (MPF Research).

Multifamily building activity increased rapidly in Connecticut and Massachusetts in response to tight rental markets.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey