

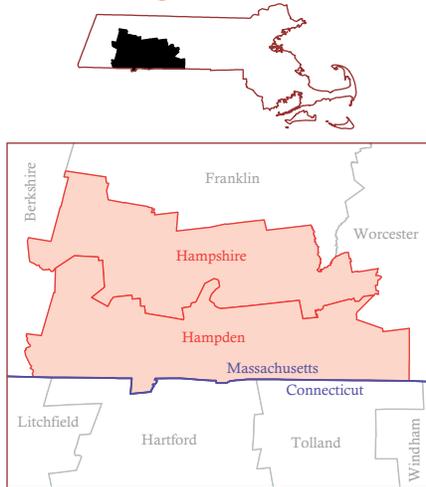


Springfield, Massachusetts

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2017



Housing Market Area



The Springfield Housing Market Area (HMA) is coterminous with the Springfield, MA Metropolitan Statistical Area, which consists of Hampden and Hampshire Counties in western Massachusetts. The city of Springfield is widely known as the birthplace of basketball and home to the Naismith Memorial Basketball Hall of Fame.

Market Details

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Summary

Economy

Economic conditions in the Springfield HMA had fully recovered from the recent national recession by 2014, with current average nonfarm payrolls above the previous peak in 2007, by 17,200 jobs. During the 12 months ending September 2017, nonfarm payrolls increased by an average of 4,200 jobs, or 1.3 percent, to 336,200. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.4 percent annually. Table DP-1 at the end of this report provides additional employment data.

Sales Market

The sales housing market in the HMA is currently slightly tight, with an estimated 1.3-percent vacancy rate, down from 1.5 percent in April 2010. During the forecast period, demand is estimated for 1,750 new homes (Table 1). Demand is expected to decrease slightly each year during the forecast period as net in-migration declines. The 230 homes under construction will meet a portion of the forecast demand.

Rental Market

The current rental housing market in the HMA is slightly tight. The overall rental vacancy rate is estimated at 4.1 percent, down from 5.7 percent in April 2010. The apartment market is tight, with a vacancy rate of 1.7 percent during the third quarter of 2017, down from 2.7 percent a year earlier (Axiometrics, Inc.). During the forecast period, demand is estimated for 660 rental units (Table 1). The 360 units currently under construction will meet a portion of that demand.

Table 1. Housing Demand in the Springfield HMA During the Forecast Period

	Springfield HMA	
	Sales Units	Rental Units
Total demand	1,750	660
Under construction	230	360

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2017. The forecast period is October 1, 2017, to October 1, 2020.

Source: Estimates by analysts

Economic Conditions

In the following discussion, all data relate to the Springfield HMA except for nonfarm payroll data, which are available from the U.S. Bureau of Labor Statistics for the Springfield, MA Metropolitan New England City and Town Area (hereafter, Springfield NECTA). The Springfield NECTA, which is geographically similar to the Springfield HMA, contains all the major employment and population centers in the HMA.

The economy of the Springfield HMA, beginning with the opening of the National Armory at Springfield in 1777 by George Washington, was historically based on manufacturing. The closing of the Armory in 1968, along with a general trend of declining manufacturing employment, limited job growth in the region during the latter half of the 20th century through the 1990s. The HMA also developed as a center of higher education beginning in the late 19th century. Numerous institutions of higher learning are in the HMA—including two of the “Seven Sisters” colleges, Mount Holyoke and Smith Colleges, traditionally all-female institutions of higher learning, along with the flagship campus of the University of Massachusetts (UMass) in Amherst. In 2015, UMass Amherst generated \$2.1 billion in economic activity throughout Massachusetts (UMass Donahue Institute).

From 2000 through 2010, job growth was limited in the Springfield NECTA, as the continued decline in manufacturing employment offset job growth in the education and health services sector. In 2000, nonfarm payrolls totaled 314,300 jobs, as the HMA was nearing the end of an expansion during the late 1990s. In 2000,

manufacturing sector jobs accounted for 15 percent of all nonfarm payroll sector jobs, down from nearly 20 percent in 1990. During 2001, nonfarm payrolls increased by 2,400 jobs, or 0.8 percent, mainly because of an expansion of the education and health services sector by 2,400 jobs, or 4.8 percent. Subsequently, nonfarm payrolls declined during the next 2 years and, by 2003, totaled 312,200 jobs, an average decline of 2,300, or 0.7 percent, annually. Job losses during the period were mainly due to the manufacturing sector declining by an average of 2,800 jobs, or 6.5 percent, annually. The number of jobs began to increase again during 2004, and by 2007, nonfarm payrolls totaled 319,000 jobs, an average increase of 1,700, or 0.5 percent, annually. The education and health services sector, which increased by an average of 1,400 jobs, or 2.4 percent, annually, led job growth. It was during this period that the education and health services sector became the largest payroll sector in the HMA, accounting for 20 percent of all nonfarm payroll jobs in 2007. Manufacturing job losses continued from 2004 through 2007 by an average of 700 jobs, or 1.9 percent, annually. With the onset of the 2007–2009 national recession, nonfarm payrolls declined during 2008 and 2009 by an average of 5,600 jobs, or 1.8 percent, annually. Job losses were greatest in the manufacturing sector, declining by 2,300 jobs, or 6.3 percent, annually. Job losses in the manufacturing sector during the period included about 200 jobs at Hasbro, Inc. in early 2008. By the end of 2009, the proportion of nonfarm payrolls in the manufacturing sector was down to 10.5 percent. During 2010, nonfarm payrolls began to expand once more and, by 2015,

totaled 329,000 jobs, an average increase of 3,500, or 1.1 percent, annually. During these years, the education and health services sector, which expanded by an average of 1,800 jobs, or 2.5 percent, annually, led job growth, due in part to Baystate Health System's \$296 million expansion of Baystate Medical Center that created about 550 jobs in 2012.

Economic conditions in the HMA remained positive in the past 12 months, with continued job growth and a declining unemployment rate. During the 12 months ending September 2017, nonfarm payrolls rose in the Springfield NECTA by 4,200 jobs, or 1.3 percent,

to 336,200 (Table 2). This growth rate was similar to the previous 12 months. The unemployment rate in the HMA averaged 4.6 percent during the 12 months ending September 2017, down from 5.0 percent during the same period a year earlier. By comparison, the unemployment rate had a recent peak of 9.4 in 2010 and averaged 4.9 percent from 2000 through 2007 (Figure 1).

One of the factors contributing to the recent job growth in the Springfield NECTA has been several large-scale construction projects, including the \$950 million MGM Springfield casino that is expected to open in 2018 and the \$94 million rehabilitation of Union Station in the city of Springfield that reopened in June 2017. Because of the construction jobs at these projects, the mining, logging, and construction sector had the largest percentage gain in jobs during the 12 months ending September 2017, increasing 5.5 percent, or by 600 jobs.

The education and health services sector led job growth during the 12 months ending September 2017, increasing by 2,100 jobs, or 2.7 percent, to 81,000. As the make-up of the local economy became less concentrated in manufacturing, the education and health services sector became the largest employment sector, accounting for 24 percent of all jobs in the Springfield NECTA (Figure 2). Of the 10 largest employers in the HMA, 4 are in this sector: Baystate Health System, Sisters of Providence Health System, Cooley Dickinson Hospital, and the Center for Human Development (Table 3). The education and health services sector has been the fastest growing sector in the NECTA since 2000, with nonfarm payrolls in this sector increasing from 49,900 in 2000 to

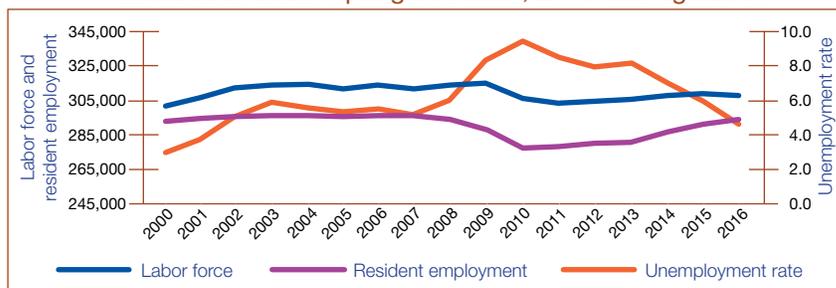
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Springfield NECTA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	September 2016	September 2017		
Total nonfarm payroll jobs	332,000	336,200	4,200	1.3
Goods-producing sectors	39,900	40,100	200	0.5
Mining, logging, & construction	11,000	11,600	600	5.5
Manufacturing	28,900	28,500	-400	-1.4
Service-providing sectors	292,000	296,100	4,100	1.4
Wholesale & retail trade	46,200	47,100	900	1.9
Transportation & utilities	13,400	13,500	100	0.7
Information	3,500	3,400	-100	-2.9
Financial activities	17,100	16,900	-200	-1.2
Professional & business services	26,300	27,100	800	3.0
Education & health services	78,900	81,000	2,100	2.7
Leisure & hospitality	30,600	29,700	-900	-2.9
Other services	12,900	13,100	200	1.6
Government	63,100	64,200	1,100	1.7

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2016 and September 2017. Nonfarm payroll jobs data are for the Springfield, MA Metropolitan New England City and Town Area (NECTA).

Source: U.S. Bureau of Labor Statistics

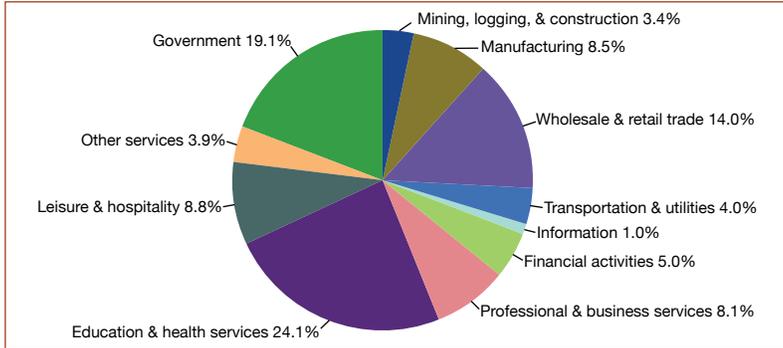
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Springfield HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

Economic Conditions *Continued*

Figure 2. Current Nonfarm Payroll Jobs in the Springfield NECTA, by Sector



Notes: Based on 12-month averages through September 2017. Nonfarm payroll jobs data are for the Springfield, MA Metropolitan New England City and Town Area (NECTA).

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Springfield HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Baystate Health System	Education & health services	9,250
University of Massachusetts	Government	7,900
MassMutual Financial Group	Financial activities	7,000
Big Y Foods, Inc.	Wholesale & retail trade	5,600
Westover Air Reserve Base	Government	5,000
Sisters of Providence Health System	Education & health services	4,175
Cooley Dickinson Hospital	Education & health services	1,925
Westfield State University	Government	1,550
Center for Human Development	Education & health services	1,500
Holyoke Community College	Government	1,500

Notes: Excludes local school districts. Westover Air Reserve Base data include military personnel, who are generally not included in nonfarm payroll survey data.

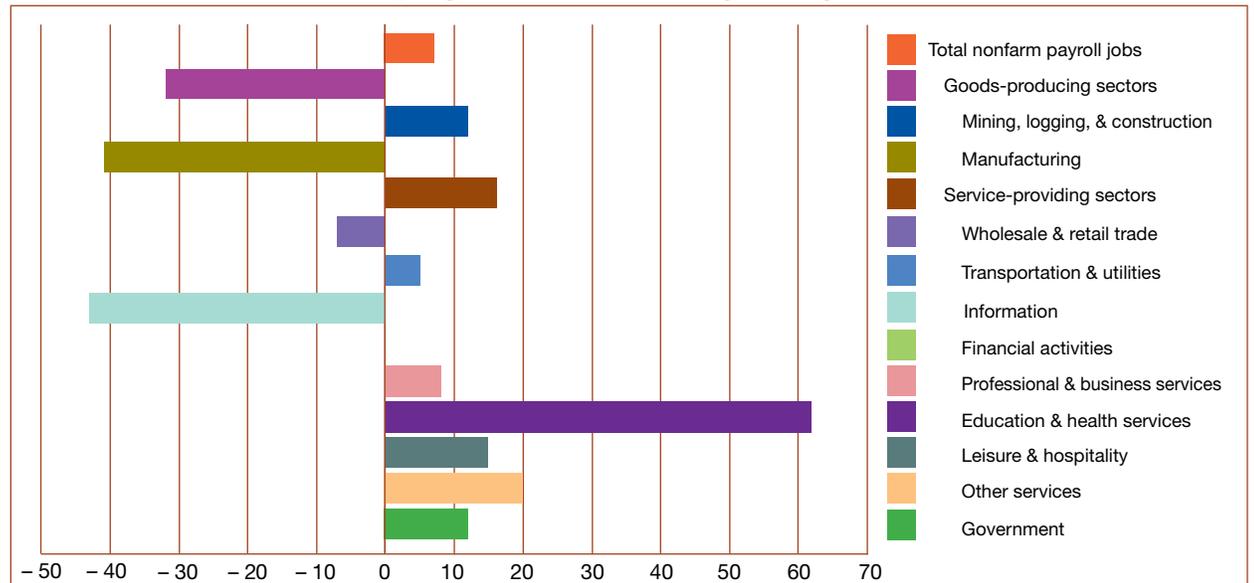
Source: Business West Resource Guide 2016–2017

81,000 currently, rising at an average annual rate of 1,900 jobs, or 2.9 percent (Figure 3).

The government sector is the second largest employment sector in the NECTA with 64,200 nonfarm payroll jobs. During the 12 months ending September 2017, employment in this sector increased by 1,100 jobs, or 1.7 percent. UMass Amherst has an enrollment of 28,800 students and is the second largest employer in the HMA, with 7,900 employees. The university had more than a \$2 billion economic impact on the local economy during fiscal year 2015 (UMass Donahue Institute). Another major employer in this sector is the Westover Air Reserve Base, which has 5,000 employees. This base is the largest air reserve base in terms of area and was a backup landing site for the National Aeronautics and Space Administration, or NASA, space shuttle program.

The professional and business services sector also had strong growth during

Figure 3. Sector Growth in the Springfield NECTA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through September 2017. Nonfarm payroll jobs data are for the Springfield, MA Metropolitan New England City and Town Area (NECTA). During this period, payrolls in the financial activities sector showed no net change.

Source: U.S. Bureau of Labor Statistics

the 12 months ending September 2017, increasing by 800 jobs, or 3.0 percent, which was the largest percentage gain of any service-providing sector. Part of this job growth was due to the opening of Falvey Linen Supply in early 2017 in the city of Springfield, which added 125 jobs.

Although overall job growth is positive, some sectors of the economy lost jobs during the 12 months ending September 2017. The leisure and hospitality sector led job losses, declining by 900 jobs, or 2.9 percent, partially due to the closing of several hotels in the NECTA and reduced seasonal hiring by Six Flags New England. In the financial services sector, nonfarm payrolls declined by 200, or 1.2 percent, in part, because of layoffs by MassMutual Financial Group following a \$165 million acquisition. The manufacturing sector decreased by 400 jobs, or 1.4 percent, to 28,500 during the 12 months ending September 2017. In contrast to the education and health services sector, manufacturing sector jobs have decreased nearly every year since 2000 from 48,200 to 28,500, falling by an average of 1,200 jobs,

or 3.1 percent, annually. The manufacturing sector currently comprises about 9 percent of nonfarm payroll jobs in the Springfield NECTA, down from 15 percent in 2000. Despite the job losses in the sector, the Springfield-based firearm manufacturer Smith & Wesson has expanded from 600 employees in 2008 to about 1,480 currently in the NECTA.

The economic outlook for the HMA is positive, with nonfarm payrolls expected to increase by an average of 4,700, or 1.4 percent, annually during the 3-year forecast period. The opening of the MGM Springfield casino in 2018 is expected to create nearly 3,000 jobs in the leisure and hospitality sector. In addition, China Railroad Rolling Stock Corporation is building a new \$95 million facility in the city of Springfield to manufacture rail cars for subway systems, including the Massachusetts Bay Transportation Authority and Los Angeles County Metropolitan Transportation Authority. Once fully operational in 2020, the facility will employ 200 manufacturing workers.

Population and Households

As of October 1, 2017, the population of the Springfield HMA is estimated at 630,400, an average annual increase of 0.2 percent, or 1,175, since 2010. This growth rate is similar to the average annual population growth of 1,300 people, or 0.2 percent, from 2000 to 2010. Despite similar population growth rates, the components of

population change differed in the two periods. Since 2010, net in-migration has averaged 360 annually, comprising 31 percent of overall population growth, with the strongest net in-migration occurring early in the decade. In contrast, from 2000 to 2010, net in-migration averaged 25 people annually, accounting for less than 2 percent of population growth.

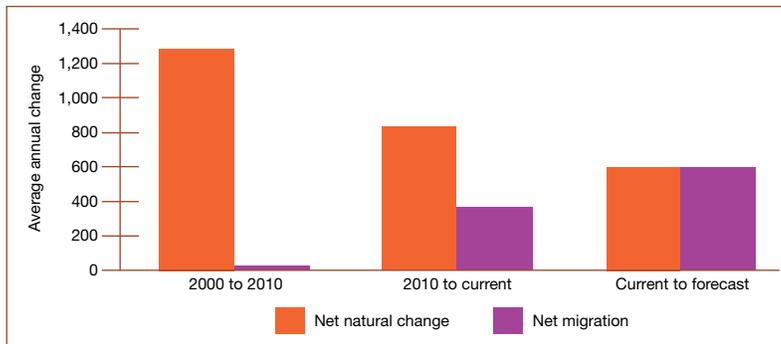
Since 2000, net in-migration to the HMA has occurred during periods of weak economic conditions nationwide, as economic prospects outside the HMA were scarce. In contrast, during periods of national economic growth, the HMA experienced net out-migration, in part, because people moved to areas with better job opportunities. In the early part of the 2000s, population growth in the Springfield HMA averaged 3,100 people, or 0.5 percent a year, from 2001 to 2003, the highest rate of any period since 2000 (U.S. Census Bureau population estimates as of July 1). The population increase during this period was largely because of net in-migration, which averaged 1,775 annually, despite occurring during a period of weak

economic activity. As economic conditions improved during much of the 2003-to-2008 period, population growth slowed, averaging 870 people, or 0.1 percent, annually. The slowdown in population growth occurred because of net out-migration, which averaged 480 annually, because people were moving to areas with relatively better job opportunities. From 2008 to 2011, despite a period of economic weakness, the population growth of the HMA accelerated. During this period, the population rose by 2,150, or 0.3 percent, annually, with one-half of the growth attributed to net in-migration. Since 2011, despite a rise in resident employment, population growth has slowed, increasing by an average of 690 people, or 0.1 percent, annually. During this time, net out-migration averaged 50 people a year. Figure 4 shows the components of population change from 2000 to the forecast date.

The HMA is home to a number of prestigious public and private colleges and universities, including UMass Amherst, Amherst College, and Smith College. About 11 percent of the population in the HMA is enrolled in college or graduate school. By comparison, nearly 9 percent of the population of Massachusetts and 7 percent of the population of the nation is enrolled in college.

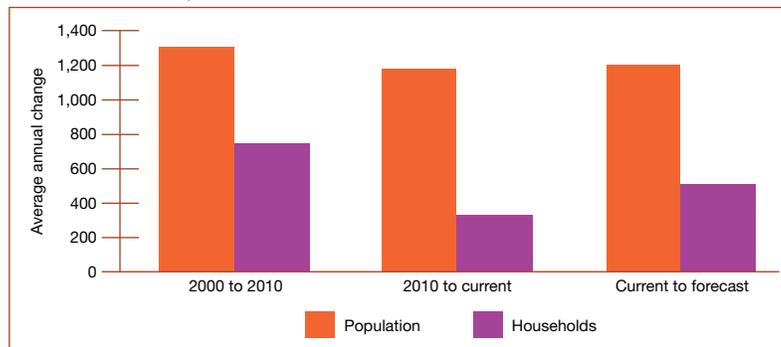
An estimated 241,000 households reside in the HMA, reflecting an average annual increase of 320, or 0.1 percent, since 2010. From 2000 to 2010, the number of households grew by an average of 740, or 0.3 percent, annually (Figure 5). Currently, an estimated 62.6 percent, or 150,900 of households, are homeowners, down from the 63.2-percent rate in 2010 but equal to the 2000 rate. The decline in

Figure 4. Components of Population Change in the Springfield HMA, 2000 to Forecast



Notes: The current date is October 1, 2017. The forecast date is October 1, 2020. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analysts

Figure 5. Population and Household Growth in the Springfield HMA, 2000 to Forecast



Notes: The current date is October 1, 2017. The forecast date is October 1, 2020. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analysts

Population and Households *Continued*

the homeownership rate in the HMA since 2010 is a reflection of the foreclosure crisis and recession of the late 2000s, when many households shifted from owner to renter. Figure 6

Figure 6. Number of Households by Tenure in the Springfield HMA, 2000 to Current



Note: The current date is October 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

illustrates the number of households by tenure from 2000 through the current date.

During the 3-year forecast period, the HMA is expected to add an average of 1,200 people, or 0.2 percent, annually, with about one-half of the growth because of net in-migration. In contrast to the recent trend of net out-migration during an economic expansion, net in-migration during the forecast period will be driven by economic opportunities in the HMA and a tightening labor market. The number of households in the HMA is expected to grow by 500, or 0.2 percent, annually during the next 3 years, reaching 242,500 by October 1, 2020.

Housing Market Trends

Sales Market

The sales housing market in the Springfield HMA remains slightly tight, with an estimated 1.3-percent vacancy rate, down from 1.5 percent in April 2010 largely because of a decline in inventory of homes for sale. During September 2017, the supply of new and existing homes available for sale in the HMA averaged 3.2 months, down from 4.1 months a year earlier (Realtor Association of Pioneer Valley, Inc.). During the same period, the average number of days a home was on the market averaged 63, down from 83 days 1 year earlier.

The declining inventory of homes for sale in the HMA during the past 12 months constrained home sales and pushed up home prices. During the 12 months ending September 2017, 7,100 traditional existing homes

(including single-family homes, townhomes, and condominiums and excluding real estate owned [REO] homes and short sales) sold, essentially unchanged from the previous 12 months (CoreLogic, Inc.). The low level of available housing inventory also put upward pressure on home prices, and during the 12 months ending September 2017, the average sales price of a traditional existing home was \$221,500, up by \$9,050, or more than 4 percent, from a year earlier.

Although the number of traditional existing homes sold has increased since 2010, the level of home sales is well below prerecession levels. During 2000, traditional existing home sales totaled 8,800 in the HMA, and although job growth was sluggish, home sales increased by an average of

Housing Market Trends

Sales Market *Continued*

440, or 4 percent, annually to reach a peak of 11,000 traditional existing home sales during 2005. From 2006 through 2010, home sales declined while the weakening economy and national housing crisis affected the HMA. By 2010, traditional existing home sales bottomed out at 5,200, an average decline of 1,150 sales, or nearly 14 percent, annually. As the local economy began to improve, home sales also started to rebound, and by 2015 traditional existing home sales totaled 6,625, an average increase of 290 sales, or 5 percent, annually since 2010.

The average home sales price for traditional existing homes followed a trend similar to home sales, but the peak sales price occurred 2 years after the peak level of home sales. During 2000, the average sales price for traditional existing homes was \$120,900, a figure that increased steadily for the next 7 years, by an average of \$12,500, or more than 8 percent, annually to \$208,700 during 2007. Following this peak in prices, the average home sales price of a traditional existing home declined for the next 2 years, by an average of \$6,100, or nearly 3 percent, annually to reach \$196,500 during 2009. With the turnaround beginning in the economy, the average sales price of a traditional existing home began to gradually increase during 2010 and, by 2015, rose to \$211,000, an average increase of \$2,900, or more than 1 percent, annually.

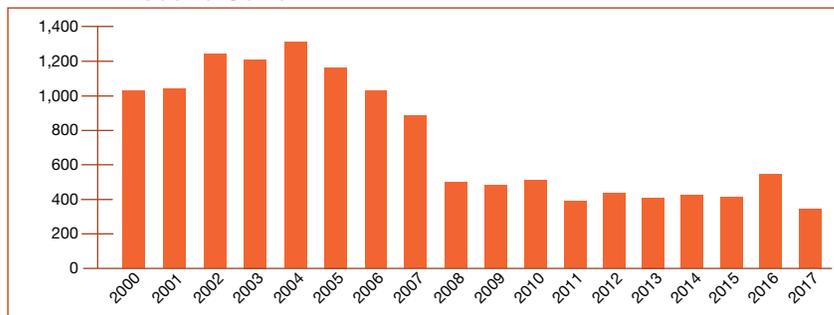
During September 2017, 3.9 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 4.8 percent in September 2016 and 6.1 percent in September 2015.

By comparison, 2.2 percent of home loans in both Massachusetts and the nation were seriously delinquent or had transitioned into REO status in September 2017. The percentage of seriously delinquent loans and REO properties in the HMA reached a high of 8.2 percent in February 2010; the national rate peaked at 8.6 percent in January 2010 (CoreLogic, Inc.). Despite the decrease in the rate of seriously delinquent loans and REO properties, the rate in the HMA is above the average rate of 1.7 percent from 2000 through 2007 that occurred before the housing market downturn.

As the number of distressed loans in the HMA declined, the number of REO sales fell also. REO sales totaled 400 during the 12 months ending September 2017, a decline of 140, or 26 percent, from the previous 12 months. During this period, REO sales accounted for about 5 percent of total existing sales, down from 7 percent the previous year. The average REO sales price was \$121,700, up 11 percent from a year earlier and 45 percent less than the average traditional existing home sale price of \$220,900. By comparison, from 2000 through 2006, REO sales in the HMA averaged 95 annually, or nearly 1 percent of total existing sales, before rising nearly every year from 2007 to a peak of 940 in 2012, when REO sales accounted for 13 percent of total existing home sales. In 2012, the average sales price of an REO transaction was \$94,800, 52 percent less than the average traditional existing home sale price of \$199,500. Since 2012, total REO sales have declined an average of 7 percent annually, while REO sales prices have increased an average of 5 percent annually.

During the 12 months ending September 2017, approximately 450 single-family homes were permitted, a decrease of about 50 homes, or 10 percent, compared with single-family homes permitted during the previous 12-month period (estimates by the analysts). Since 2009, homebuilding has been concentrated in the city of Springfield, which accounts for 24 percent of the population in the HMA, and the town of Belchertown, which is a relatively short commute to the employment centers of Springfield and Amherst in the HMA and Worcester outside of the HMA.

Figure 7. Single-Family Homes Permitted in the Springfield HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Springfield HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	179,999	100	6.0
180,000	229,999	380	22.0
230,000	279,999	490	28.0
280,000	329,999	300	17.0
330,000	379,999	260	15.0
380,000	and higher	210	12.0

Notes: The 230 homes currently under construction in the HMA will likely satisfy some of the forecast demand. The forecast period is October 1, 2017, to October 1, 2020.

Source: Estimates by analysts

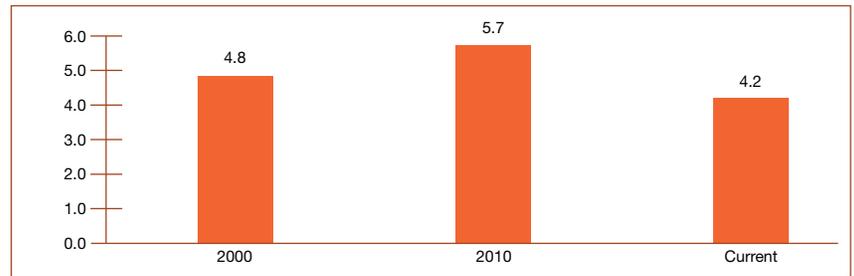
Rental Market

Overall rental housing market conditions in the Springfield HMA are slightly tight, with a rental vacancy rate (including apartments, single-family homes, mobile homes, and other rental units) estimated at 4.2

percent as of October 1, 2017, down from 5.7 percent in 2010 when rental market conditions were balanced (Figure 8). The market for apartments is tight, with a vacancy rate of 1.7 percent in the third quarter of 2017, Single-family home construction, as measured by the number of single-family homes permitted, reached a low in 2011, when only 380 homes were permitted (Figure 7), because of a lack of demand for new homes stemming from a weakened economy. From 2005 through 2011, single-family home construction decreased at an average annual rate of 130 homes, or 17 percent. Building activity increased from 2012 through 2016, when an average of 440 single-family homes were permitted annually. In contrast, from 2000 through 2004, single-family home construction averaged 1,150 homes annually, reaching a peak of 1,300 homes permitted in 2004, because net-in migration spurred housing demand and home construction. Recent construction activity in the HMA includes single-family homes in the Easthampton Meadow subdivision in the city of Easthampton. From 2011 through 2015, 33 homes were built and sold in this subdivision, ranging in price from \$150,000 to \$377,500.

During the 3-year forecast period, demand is expected for 1,750 new homes, with demand decreasing slightly in the second and third years of the forecast period because of slower net in-migration. The 230 homes currently under construction will meet part of the demand during the first year (Table 1). It is estimated that demand will be strongest for homes prices between \$230,000 and \$279,999 (Table 4).

Figure 8. Rental Vacancy Rates in the Springfield HMA, 2000 to Current



Note: The current date is October 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analysts

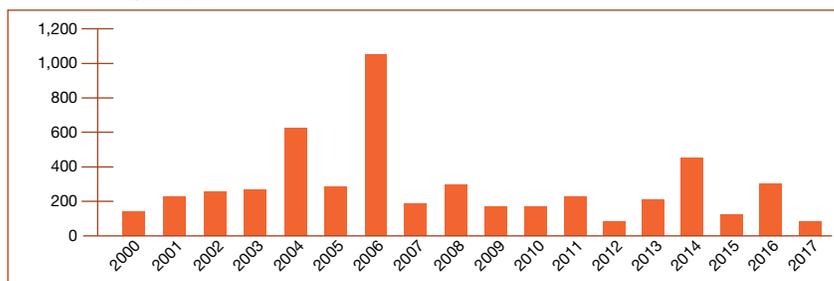
down from 2.7 percent in the third quarter of 2016 (Axiometrics, Inc.). The difference between the vacancy rate for the overall rental market and the apartment market is because nearly 40 percent of all rental units in the HMA are smaller structures (both single-family homes and smaller multifamily buildings) that were built before 1940 (2016 American Community Survey [ACS] 1-year estimates), which tend to have higher vacancy rates. In contrast, only 11 percent of all rental units in the nation are in smaller structures built before 1940.

The average asking rent for apartments increased 3 percent to \$1,338 in the third quarter of 2017 from \$1,304 a year earlier (Axiometrics, Inc.). This growth rate was similar to the rent growth from the third quarter of 2013 to the third quarter of 2016, when the average asking rent rose from \$1,209 to \$1,304, or approximately 3 percent annually. In contrast, from the third

quarter of 2009 to the third quarter of 2013, the average asking rent increased from \$808 to \$1,149, or approximately 9.2 percent annually, as the demand for rental housing rose in the aftermath of the housing crisis. Average rents grew more slowly from the third quarter of 2004 to the third quarter of 2009 when the homeownership rate was rising, increasing less than 1 percent annually from \$772 to \$808.

During the 12 months ending September 2017, approximately 220 multifamily units were permitted, an increase of about 50, or 29 percent, from the previous 12 months (estimates by the analysts). Multifamily construction activity, as measured by the number of units permitted, averaged 210 annually from 2007 through 2015, reaching a high of 450 in 2014 (Figure 9). During this period, nearly 20 percent of multifamily construction was for owner-occupied condominiums. Multifamily construction activity was higher from 2000 through 2006, averaging approximately 400 units permitted annually, with a high of 1,050 units permitted in 2006. During this period, nearly one-half of multifamily construction was for owner-occupied condominiums. From 2000 through 2016, about 41 percent of all multifamily renter units were completed for low-income households.

Figure 9. Multifamily Units Permitted in the Springfield HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through September 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

About 40 percent of multifamily construction since 2010 has been concentrated in the city of Springfield and the towns of West Springfield, East Longmeadow, and Agawam, which are towns just outside of the city of Springfield. Approximately 80 percent of this multifamily construction has been apartments for low-income households with a subsidy attached, partially because 60 percent of all renters in the city of Springfield pay more than 30 percent of income for rent. By comparison, 50 percent of renters in both Massachusetts and the nation pay more than 30 percent of income for rent. In addition, the population of the city of Springfield peaked in 1960 and only recently began to grow after a long period of decline, in part, because of job gains. As a result, the production of market-rate rental housing has been limited in the city of Springfield since 1960. More than 52 percent of the rental housing stock in the city of Springfield was built before 1940, and more than 70 percent was built before 1960; in most cases, the older rental housing units are not competitive with modern apartment units (2016 ACS). Magazine Commons, a 16-unit subsidized apartment development that opened in July 2015 in the city of Springfield, was one of the more recently completed properties in the HMA.

Another 30 percent of the multifamily construction in the HMA has been in the towns of Amherst and Northampton in the northern portions of the HMA near UMass Amherst, Amherst College, and Smith College. Approximately 70 percent of this construction has been for market-rate apartments. Olympia Place Apartments, a 75-unit market-rate development in the town

of Amherst, was completed in March 2016. It consists of studios, one-, two-, three-, and four-bedroom apartments targeted toward students with rents ranging from \$1,575 to \$3,980. One East Pleasant Street in the town of Amherst, consisting of 135 studio, one-, and two-bedroom apartments, is expected to be completed in May 2018; construction of this project began in November 2016. Rents for this mixed-use development have yet to be determined.

In addition to the colleges and universities mentioned above, the HMA is home to several other colleges and universities that house students, including Mount Holyoke and Springfield Colleges. More than 54 percent of the nearly 52,000 students enrolled at these schools are housed in on-campus dormitories. Of the remaining students, most are estimated to reside within the HMA, and student households account for approximately 10 percent of all renter households. This percentage is expected to hold steady during the next 3 years, in part, because enrollment at the colleges and universities in the HMA is projected to be unchanged.

During the 3-year forecast period, demand is expected for 660 rental units, with demand gradually decreasing each year during the forecast, in part, because of slowing in-migration. The 360 units currently under construction are expected to satisfy a portion of the demand during the first 2 years of the forecast (Table 1). Table 5 shows the forecast demand for new rental housing in the HMA by rent level and number of bedrooms. The demand at the higher rent levels is estimated for market-rate units likely to be in

Housing Market Trends

Rental Market *Continued*

the northern part of the HMA near the universities. The lower rent levels represent demand for new units with

some sort of subsidy attached, which would primarily be in the city of Springfield.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Springfield HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
700 to 899	35	845 to 1,044	100	1,050 to 1,249	130	1,300 to 1,499	65
1,300 or more	35	1,445 or more	100	1,650 or more	130	1,900 or more	65
Total	65	Total	200	Total	270	Total	130

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 360 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2017, to October 1, 2020.

Source: Estimates by analysts

Data Profile

Table DP-1. Springfield HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	293,015	277,366	297,600	-0.5	1.0
Unemployment rate	3.0%	9.4%	4.6%		
Nonfarm payroll jobs	314,300	308,300	336,200	-0.2	1.3
Total population	608,479	621,570	630,400	0.2	0.2
Total households	231,279	238,629	241,000	0.3	0.1
Owner households	144,885	150,720	150,900	0.4	0.0
Percent owner	62.6%	63.2%	62.6%		
Renter households	86,394	87,909	90,100	0.2	0.3
Percent renter	37.4%	36.8%	37.4%		
Total housing units	244,520	254,778	256,800	0.4	0.1
Owner vacancy rate	0.9%	1.5%	1.3%		
Rental vacancy rate	4.8%	5.7%	4.1%		
Median Family Income	NA	NA	\$68,200	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2017. Median Family Income is for 2016. The current date is October 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 10/1/2017—Estimates by the analysts
 Forecast period: 10/1/2017–10/1/2020—Estimates
 by the analysts

The metropolitan statistical area and metropolitan New England city and town area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analysts, through diligent fieldwork,

make an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_SpringfieldMA_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.