

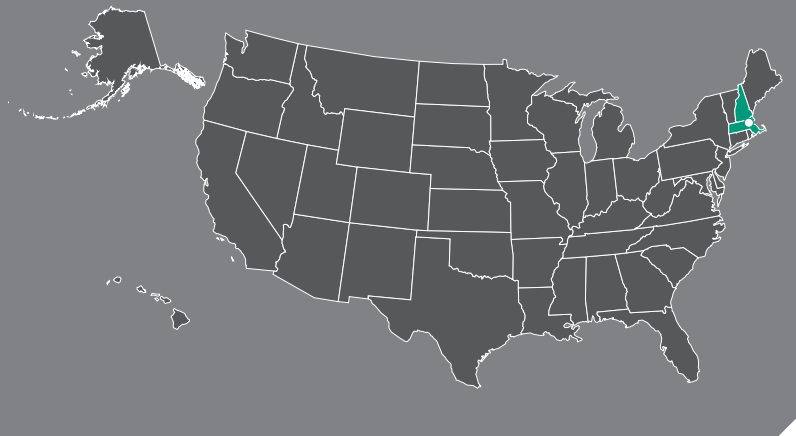
# HUD PD&R Housing Market Profiles

## Boston-Cambridge-Newton, Massachusetts-New Hampshire



### Quick Facts About Boston-Cambridge-Newton

- Current sales market conditions: tight
- Current apartment market conditions: balanced
- With 51 percent of people over the age of 25 having at least a bachelor's degree—compared with 35 percent for the nation—the metropolitan area is ranked the 10th most educated population among 390 metropolitan areas in the nation (2021 American Community Survey [ACS] 1-year data).



Boston, Massachusetts

By Diana Villavicencio | As of April 1, 2023

### Overview

The Boston-Cambridge-Newton (hereafter, Boston) metropolitan area includes Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in eastern Massachusetts and Rockingham and Strafford Counties in southern New Hampshire. The metropolitan area is a center for higher education and healthcare and a popular location for corporate headquarters in the New England region. More than 55 higher education institutions are in the metropolitan area, with more than 400,000 enrolled students (2021 ACS 1-year data, with estimates by the analyst). The metropolitan area is also home to Massachusetts General Hospital, which was ranked the eighth best hospital in the nation (2022–23 *U.S. News & World Report*), and home to 18 Fortune 500 company headquarters, including Fidelity Investments, a financial services company, ranked 288th on the list (2021 Fortune 500).

- As of April 1, 2023, the estimated population of the metropolitan area is 4.90 million, representing an average decrease of 2,425, or less than 0.1 percent, annually since July 2021, because net out-migration has averaged 11,550 people a year, offsetting net natural increase, which averaged 9,125 people annually. From April 2020 to July 2021, during

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the early stages of the COVID-19 pandemic, net out-migration and net natural increase averaged 36,250 and 5,900 people a year, respectively, which caused the population to decline by an average of 30,350, or 0.6 percent, annually (U.S. Census Bureau decennial census count and population estimates as of July 1).

- From 2010 to 2020, the population grew by an average of 38,900, or 0.8 percent, annually when net in-migration and net natural increase averaged 23,800 and 15,100 people a year, respectively. Since 2010, international net in-migration has contributed to net in-migration to the metropolitan area every year, whereas domestic net in-migration contributed

only to net in-migration from 2010 to 2013. Since 2013, increased domestic net out-migration has offset international net in-migration.

- Suffolk County, which includes the city of Boston, is the third most populous county in the metropolitan area, following Middlesex and Essex Counties, and is the smallest in land area, accounting for 2 percent of the land in the metropolitan area. The population of the county increased every year from 2010 to 2020, primarily because of international net in-migration. However, the population has declined every year since 2020, because domestic net out-migration has outpaced international net in-migration.

## Economic Conditions

Nonfarm payrolls in the Boston metropolitan area increased during the first quarter of 2023. However, the rate of job growth decelerated compared with a year ago, partly because job growth slowed in 7 of the 10 nonfarm payroll sectors. Partly because of slowing job gains, payrolls in the metropolitan area are currently 0.3 percent below the 2.80 million jobs (the highest level of any first quarter) during the first quarter of 2020, a period that included the first month of the COVID-19-induced recession. During the first quarter of 2023, nonfarm payrolls rose by 75,800 jobs, or 2.8 percent, from a year earlier to 2.79 million jobs compared with a gain of 129,500 jobs, or 5.0 percent, during the first quarter of 2022 and a

213,900-job, or 7.6-percent, loss during the first quarter of 2021. By comparison, nonfarm payrolls in the nation rose at a 3.0-percent rate during the first quarter of 2023, and jobs were 2.3 percent above levels during the first quarter of 2020.

During the first quarter of 2023—

- Jobs in the professional and business services sector, the second largest payroll sector, accounting for 539,500 jobs, or 19 percent of all jobs in the metropolitan area, increased by 17,500, or 3.4 percent, compared with a 4.3-percent rise during the previous year. Despite the slowdown, growth in the sector is expected to continue. Between mid-2025 and the

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**Jobs rose in all 10 nonfarm payroll sectors in the Boston metropolitan area during the first quarter of 2023 compared with a year earlier.**

	First Quarter		Year-Over-Year Change	
	2022 (Thousands)	2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	2,713.9	2,789.7	75.8	2.8
Goods-Producing Sectors	301.5	304.9	3.4	1.1
Mining, Logging, & Construction	120.0	123.0	3.0	2.5
Manufacturing	181.6	181.9	0.3	0.2
Service-Providing Sectors	2,412.3	2,484.8	72.5	3.0
Trade, Transportation, & Utilities	401.5	408.1	6.6	1.6
Information	82.0	84.0	2.0	2.4
Financial Activities	183.0	189.1	6.1	3.3
Professional & Business Services	522.0	539.5	17.5	3.4
Education & Health Services	591.2	608.3	17.1	2.9
Leisure & Hospitality	228.8	243.4	14.6	6.4
Other Services	96.0	99.8	3.8	4.0
Government	307.8	312.6	4.8	1.6
<b>Unemployment Rate</b>	3.7%	3.5%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



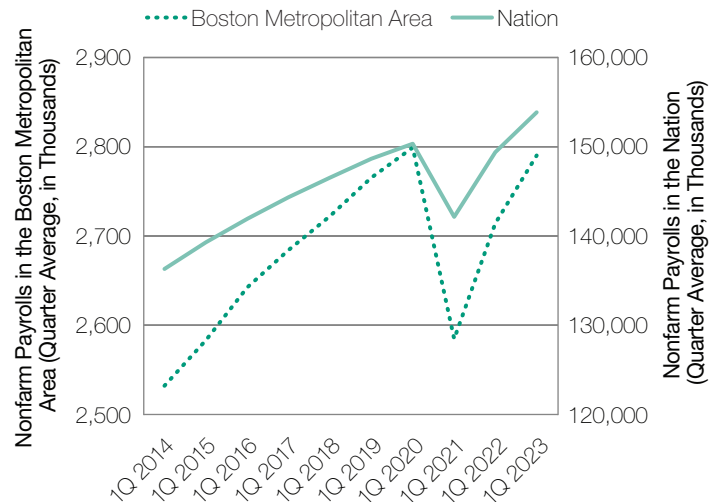
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end of 2026, the Fortune 500 company, The LEGO Group, will be moving its North American headquarters and 740 jobs from Enfield, Connecticut, to the city of Boston.

- The leisure and hospitality sector rose by 14,600 jobs, or 6.4 percent, the fastest year-over-year job growth of any sector in the metropolitan area. By comparison, during the first quarter of 2022, 55,900 jobs were added, an increase of 32.3 percent. The hotel occupancy rate increasing to 58.6 percent from 50.2 percent a year earlier (CoStar Group) partially contributed to gains in the sector.
- Job growth accelerated in the information and the financial activities sectors, up 2.4 and 3.3 percent compared with a 1.9-percent growth rate and no change a year earlier, respectively. The recent growth in the financial activities sector was the fastest first quarter growth rate in more than 25 years, partly because Fidelity Investments in the city of Boston added a portion of the 500 new jobs during the first quarter.
- The unemployment rate declined to an average of 3.5 percent, down from 3.7 percent a year earlier and 6.5 percent during the same quarter in 2021, the highest first quarter rate since 2011. The recent unemployment rate was below the 3.8-percent national rate, and the metropolitan area rate has generally been below the national rate since 1994, except during the first quarter of 2021, when the metropolitan area and the national rates were identical.

The education and health services sector is the largest nonfarm payroll sector in the metropolitan area, accounting for 608,300 jobs, or 22 percent of total jobs in the metropolitan area during the first quarter of 2023. The sector grew by 17,100 jobs during the past year, the second largest gain of any sector compared with a 15,100 increase during the previous year. This sector was one of the three that grew at a faster rate compared with the first quarter of 2022, up 2.9 percent from 2.6 percent. Job positions vacated during the COVID-19 pandemic have been filled, and jobs are at the highest first quarter level in history. Job growth in the sector is expected to continue, because construction of the Mass General Cancer Center and the

During the first quarter of 2023, nonfarm payrolls in the Boston metropolitan area were below the level during the first quarter of 2020, whereas jobs in the nation surpassed that level.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Boston Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Brigham and Women's Hospital	Education & Health Services	10,000+
Dana-Farber Cancer Institute	Education & Health Services	10,000+
Massachusetts General Hospital	Education & Health Services	10,000+

Note: Excludes local school districts.

Source: Executive Office of Labor and Workforce Development

Corrigan Minehan Heart Center facility began in October 2022. At completion, between 2027 and 2030, the new facility will include two towers, with 482 single-bed inpatient rooms, in addition to operating, interventional and procedural rooms, imaging facilities, infusion rooms, exam rooms, and support space for pharmacy and dietary services.



## Sales Market Conditions

The home sales market in the Boston metropolitan area is currently tight, with an estimated vacancy rate of 1.0 percent as of April 1, 2023—down from 1.5 percent during April 2010. The sales market generally tightened from 2011 through 2019, tightened further in 2020 and 2021 when mortgage interest rates reached their lowest levels in more than 50 years and caused a surge in homebuying, and has since eased slightly, partly because interest rates have been rising since mid-2021. For context, in March 2020, the supply of for-sale single-family homes and condominiums was 2.3 and 2.0 months and declined to 1.4 and 1.9 months in March 2021 and March 2022, respectively (Greater Boston Association of REALTORS®). During March 2021, the average interest rate of a 30-year fixed-rate mortgage declined to 3.2 percent from 3.5 percent in March 2020 (Freddie Mac). In March 2023, the for-sale inventory rose to a 1.9-month supply of single-family homes and a 2.4-month supply of condominiums in the metropolitan area. In March 2023, the average interest rate was 6.3 percent, up from 4.7 percent a year earlier.

The percentage of seriously delinquent mortgages and real estate owned (REO) properties in the metropolitan area and the nation are currently at low levels, following the increase that resulted from the pandemic-related recession. As of February 2023, 0.8 and 1.2 percent of home loans in the metropolitan area and the nation were seriously delinquent or had transitioned into REO status, respectively, down from 1.2

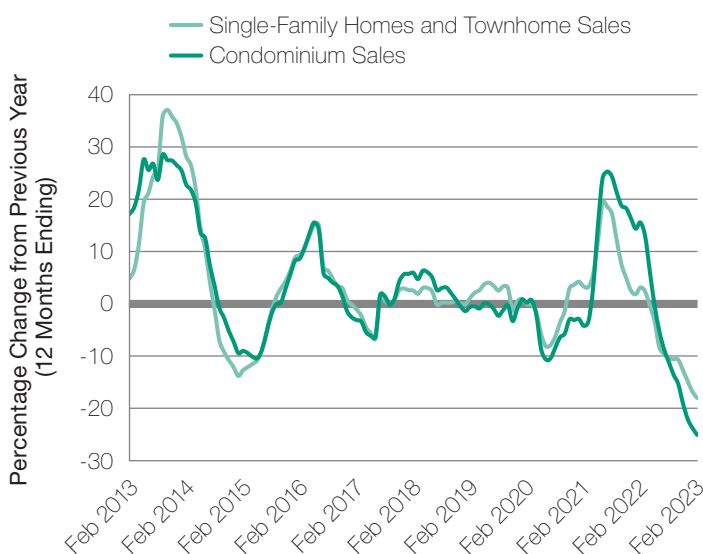
and 1.7 percent in February 2022 (CoreLogic, Inc.). By comparison, as of February 2021, the rates in the metropolitan area and the nation were 2.9 and 3.9 percent, up from 1.0 and 1.3 percent, respectively, during February 2020. The entire increase in the rates in the metropolitan area during 2021 was due to delinquent mortgages, because many homeowners were able to avoid foreclosure because of mortgage forbearance policies.

During the 12 months ending February 2023—

- Approximately 31,200 single-family homes and townhomes were sold in the metropolitan area, a decrease of 6,925 homes, or 18 percent, from a year earlier—the fastest rate of decline during any 12-month period ending in February since 2006—compared with a 3-percent increase during the 12 months ending February 2022 (Zonda). All the decline in single-family home and townhome sales during the past 12 months resulted from 34-, 31-, and 18-percent decreases in new, REO, and regular resale home sales, respectively.
- The average sales price for single-family homes and townhomes reached an all-time high of \$812,300, reflecting a 9-percent increase year over year compared with a 13-percent gain during the same period a year earlier—the fastest rate of increase during any 12-month period ending in February since 2006 (Zonda). During the 12 months ending February 2023,

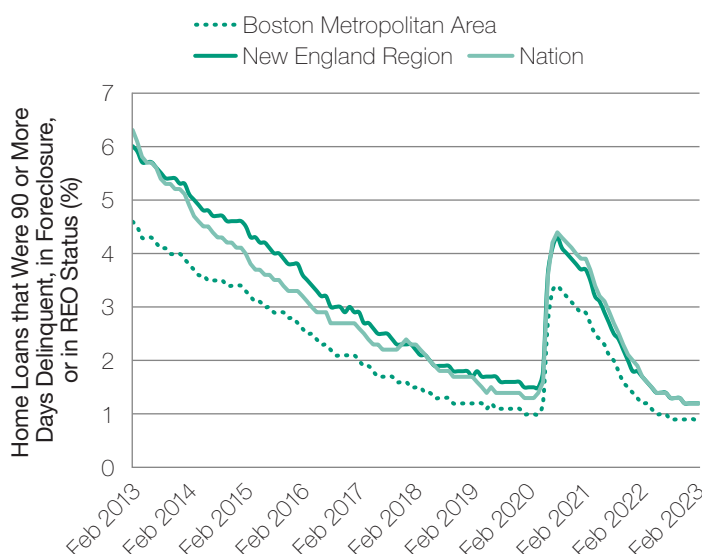
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**Sales of single-family homes, townhomes, and condominiums in the Boston metropolitan area decreased significantly during the past year compared with increases a year earlier.**



Note: Sales are for new, regular resale, and real estate owned homes.  
Source: Zonda

**The rate of seriously delinquent mortgages and REO properties in the Boston metropolitan area is at the lowest level since February 2013, following significant increases from May 2020 through August 2020.**



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

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prices rose 22 and 9 percent each for new and regular resale homes, whereas the price declined 11 percent for REO home sales.

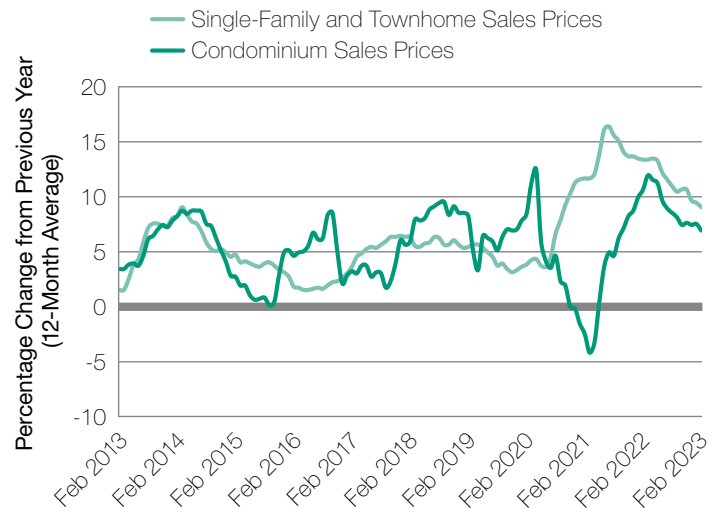
- Sales of condominiums decreased by 5,775, or 25 percent, to 17,200 units sold—with one-quarter of all condominium sales occurring in Suffolk County—compared with a 15-percent increase during the 12 months ending February 2022. During the past 12 months, new and regular resale condominium sales declined, whereas REO condominium sales rose 82 percent to 360 units.
- The average sales price of condominiums was \$654,700, approximately 19 percent less than the average price of single-family homes and townhomes in the metropolitan area. The condominium sales price in Suffolk County was \$939,500 during the 12 months ending February 2023, the highest of any county in the metropolitan area.

During the 12 months ending March 2023, the number of single-family homes permitted declined to the lowest 12-month total since 2014, partly in response to increased interest rates and a subsequent fall in the number of homes sold.

During the 12 months ending March 2023—

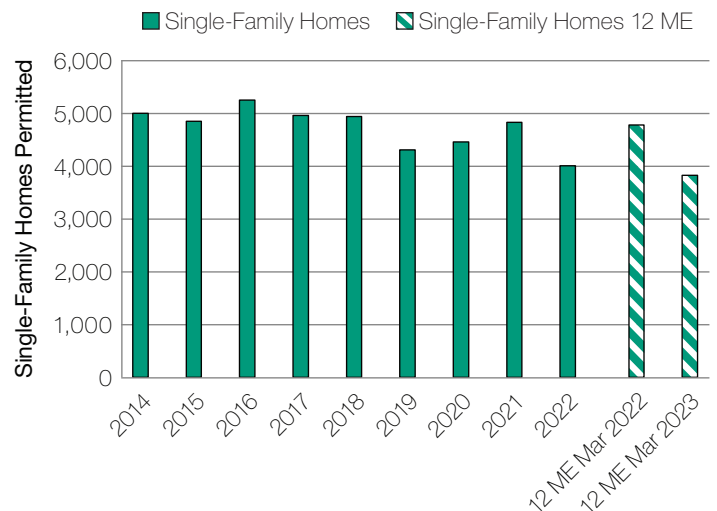
- The number of single-family homes permitted decreased nearly 20 percent to 3,825 homes compared with the 4,775 homes permitted a year earlier (preliminary data). From 2014 through 2018, an average of 5,000 homes were permitted annually—a figure that declined to an average of 4,375 homes annually from 2019 through 2020, rose to 4,825 homes in 2021, and declined to 4,000 in 2022.
- Eighty percent of single-family permits in the metropolitan area were issued in Middlesex, Norfolk, Plymouth, and Rockingham Counties. During the 12 months ending March 2023, 12 new homes were sold in Middlesex County in the town of Holliston in the Constitution Village subdivision, which includes single-family homes ranging from 3,600 to 4,000 square feet and has sales prices ranging from \$817,500 to \$1.15 million; all 80 homes in the subdivision have sold.
- Eighteen percent of single-family permitting occurred in Essex and Stratford Counties. The remaining 2 percent occurred in Suffolk County, where a relatively limited supply of developable land has led to denser housing development, such as condominiums. In Suffolk County, the five-story, 18-unit condominium, The Condor, began construction in July 2022 in East Boston and is expected to be complete in August 2023; sales prices for these units start at \$599,000.

### Sales price growth of single-family homes, townhomes, and condominiums slowed in the Boston metropolitan area during the past year.



Note: Sales prices are for new, regular resale, and real estate owned homes.  
Source: Zonda

### Single-family permitting activity in the Boston metropolitan area decreased to a relatively low level during the past 12 months.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

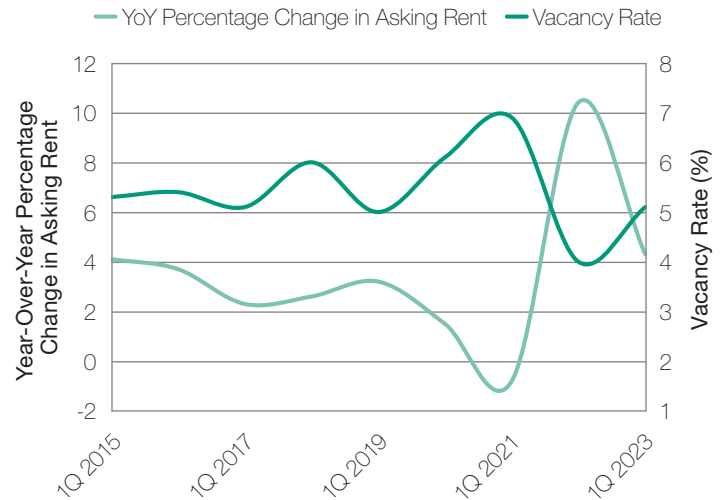
## Apartment Market Conditions

Apartment market conditions in the Boston metropolitan area transitioned to balanced during the first quarter of 2023 from slightly tight during the same period a year earlier and from slightly soft conditions during 2020 and 2021. Conditions eased from a year earlier partly because deliveries of new rental units increased more than threefold to 1,975 units, and absorption decreased 43 percent to 1,175 units (CoStar Group). However, conditions are tighter than in 2020 and 2021, partly because a low supply of for-sale inventory and rising interest rates made homeownership less attainable, and the slowdown in net out-migration increased the demand for apartment units by residents, workers, and students.

During the first quarter of 2023—

- The apartment vacancy rate was 5.1 percent, up from 4.0 percent during the first quarter of 2022 but down from the 6.9-percent rate during the first quarter of 2021—the highest first quarter rate in more than 20 years—and the 6.1-percent vacancy rate in 2020 (CoStar Group). During the first quarter of 2023, the average rent rose slightly more than 4 percent year over year to \$2,717 compared with a 10-percent increase during the first quarter of 2022 and less than a 1-percent decrease from the first quarter of 2020 to the first quarter of 2021. Nationally, the apartment vacancy rate was 6.7 percent during the first quarter of 2023, up from 5.0 percent a year earlier, and rent rose 3 percent to an average of \$1,648.
- The apartment vacancy rate rose in 18 of the 31 CoStar Group-defined market areas (hereafter, market areas) that make up the metropolitan area, ranging from an increase of 0.1 percentage point to 2.9 percent in the Back Bay/South End market area to an increase of 8.4 percentage points to 11.7 percent in the 495-South market area. The large increase in the latter market area was partly because nearly 500 units were delivered in the past 12 months, significantly above the approximately 70 units delivered a year earlier.
- The apartment vacancy rate was unchanged in the Strafford County market area at 1.5 percent from a year earlier. Vacancy rates declined in the remaining 12 market areas, ranging from a decrease of 0.1 percentage point to 4.4 percent in the Downtown Boston market area, where the Massachusetts General Hospital expansion is occurring, to a decrease of 6.1 percentage points to 6.7 percent in the East Boston/Chelsea market area, where only 120 units were delivered compared with 760 units a year earlier.
- Apartment rents rose in all 31 market areas, ranging from a nearly 2-percent increase in the Allston/Brighton market area, where the average rent rose to \$2,662, to a slightly more than

The apartment vacancy rate increased during the first quarter of 2023 from a year earlier, and the average rent increased at a slower rate.



1Q = first quarter. YoY = year-over-year.

Note: Data are for market-rate and mixed (market-rate and affordable) general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.

Source: CoStar Group

7-percent increase in the Lawrence/Haverhill market area to \$1,963—one of the lowest rents in the metropolitan area.

Multifamily building activity, as measured by the number of units permitted, increased to a relatively high level during the 12 months ending March 2022 but declined during the 12 months ending March 2023 in response to easing market conditions. During the 24-month period, approximately 28 percent of all multifamily units permitted were condominiums (estimates by the analyst), a proportion similar to the period from 2014 through 2022.

During the 12 months ending March 2023—

- Approximately 10,150 multifamily units were permitted, down 18 percent from the 12,450 units permitted during the same period a year earlier (preliminary data). From 2014 through 2016, an average of 8,400 multifamily units were permitted annually before increasing to an average of 9,900 units a year from 2017 through 2020 and an average of 11,200 units a year during 2021 and 2022.
- Nearly 35 percent of new multifamily permitting activity in the metropolitan area occurred in Suffolk County, where approximately 60 apartment properties, with 6,800 units, were under construction, including the market-rate, general-occupancy, 475-unit Amaya apartments in the East Boston/Chelsea market area, which is expected to be complete

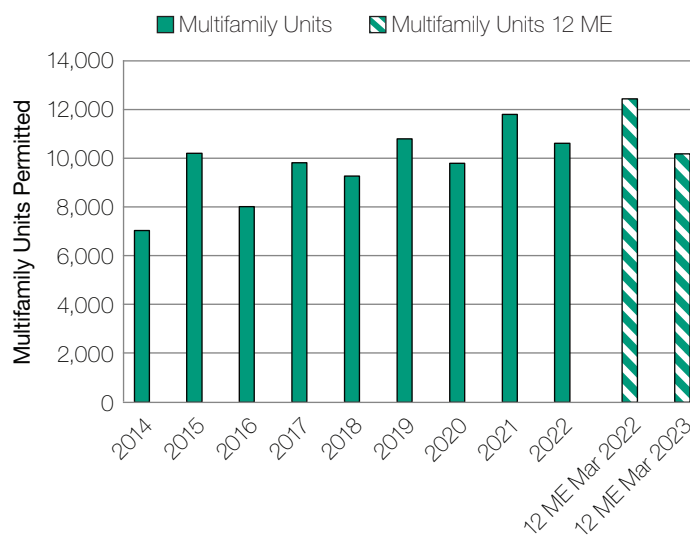
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during the summer of 2024. The property is in the first phase of a 161-acre redevelopment, which at completion will include market-rate and affordable apartments, condominiums, and senior housing, totaling approximately 10,000 units.

- Multifamily unit permitting in Middlesex and Norfolk Counties accounted for 32 and 12 percent of permitting in the metropolitan area, respectively. Approximately 7,075 units at 38 apartment properties are under construction in the two counties. In the 495-South market area, a 104-unit, market-rate apartment property is currently under construction compared with 600 units a year earlier.
- In Essex and Plymouth Counties, multifamily units permitted accounted for 8 and 7 percent of the metropolitan area total, respectively. In the two counties, 2,600 units are under construction at 20 properties, and 44 percent of all units under construction are in the South Plymouth County market area.
- The remaining 6 percent of multifamily units permitted were in Rockingham and Strafford Counties. In the two counties, nearly 910 units are under construction at three properties, including the 260-unit, market-rate general occupancy Caro apartments in the Suburban Rockingham County market area; the property will include studio, one-bedroom, two-bedroom, and three-bedroom units when complete in the summer of 2023.

**Multifamily building activity increased to a relatively high level during the 12 months ending March 2022 and has since declined.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; 2022 and past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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 analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Lease Up	Refers to apartments that have been recently completed and have yet to reach an occupancy level deemed stabilized.
Net Natural Increase	Resident births are greater than resident deaths.
New England Region	Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The New England City and Town Area (NECTA) definition noted in this report is based on the delineations OMB established in the OMB Bulletin dated April 10, 2018. The Boston-Cambridge-Nashua MA-NH NECTA includes portions of other metropolitan areas, excludes portions of the Boston-Cambridge-Newton metropolitan area, and is somewhat smaller than the Boston-Cambridge-Newton metropolitan area. This analysis uses the Boston-Cambridge-Nashua MA-NH NECTA in the discussion of nonfarm payroll jobs because employment data for the NECTA are readily available from the U.S. Bureau of Labor Statistics.