

# HUD PD&R Regional Reports

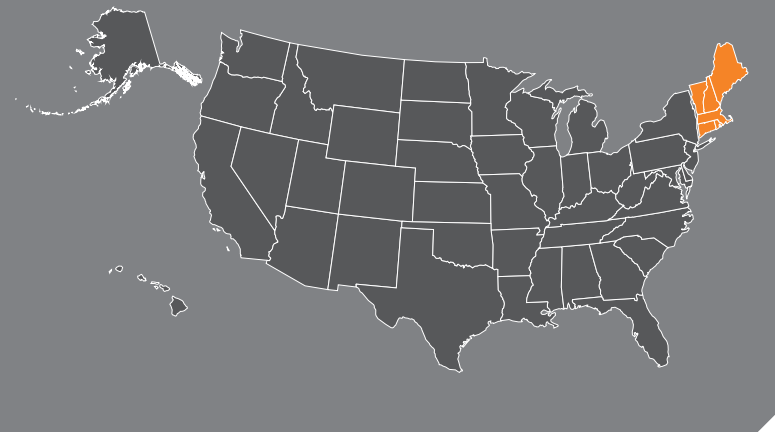
## Region 1: New England



Worcester, Massachusetts

### Quick Facts About Region 1

- **Sales market conditions—**  
Second quarter 2022: tight  
First quarter 2022: tight  
Second quarter 2021: mixed (slightly tight to tight)
- **Apartment market conditions—**  
Second quarter 2022: mixed (balanced to tight)  
First quarter 2022: mixed (balanced to tight)  
Second quarter 2021: mixed (balanced to tight)



By Diana Villavicencio | 2nd Quarter 2022

### Overview

The economy in the New England region continued to recover during the second quarter of 2022, following the economic recession caused by the COVID-19 pandemic in early 2020. On a year-over-year basis, however, job growth decelerated from one year ago, and the recovery is lagging behind the nation. During the second quarter of 2022, nonfarm payrolls in the region rose in 10 of 11 sectors, but growth slowed in 9 of those sectors from a year earlier. Despite the slowdown, four sectors had more jobs during the second quarter of 2022 than during the second quarter of 2019, before the pandemic. All six states in the region gained jobs, but job growth slowed in all six compared with one year earlier, and jobs were below prepandemic levels in all New England states during the second quarter of 2022. Partly because of improved economic conditions and a low inventory of homes for sale, the sales market tightened from a year ago, but increasing mortgage interest rates led to slightly fewer home sales from a year earlier. Apartment market conditions in the eight largest metropolitan areas of the region ranged from balanced to tight, unchanged from one year earlier (CoStar Group).

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- Year-over-year nonfarm payroll growth during the second quarter of 2022 ranged from a 1.9-percent increase in Vermont to a 4.7-percent increase in Massachusetts, the only state in the region with job growth faster than the 4.4-percent rate for the nation. The leisure and hospitality and the professional and business services sectors accounted for a combined 53 percent of overall job gains in the region; every state had job gains in those sectors.
- During the 12 months ending May 2022, regionwide home sales decreased less than 1 percent compared with a year ago, slower than the 2-percent decline nationwide,

and home sales prices in the region increased 11 percent, compared with a 14-percent increase in the nation. New home construction, as measured by the number of single-family homes permitted, increased at a significantly faster rate than in the nation.

- Apartment vacancy rates declined in six of the eight markets cited in this report during the second quarter of 2022 compared with a year ago, despite a 50 percent increase regionwide in new apartment completions from a year ago; average rents increased in all eight markets from a year earlier.

## Economic Conditions

Nonfarm payrolls in the New England region increased during the second quarter of 2022 from the same quarter a year earlier, but the rate of job growth decelerated. During the second quarter of 2022, nonfarm payrolls rose by 271,200 jobs, or 3.8 percent, to nearly 7.45 million, slowing from an increase of 760,000 jobs, or 11.8 percent, during the second quarter of 2021. The regional rate of job growth during the second quarter of 2022 was the sixth fastest among the 10 HUD-defined regions, compared with the second fastest rate one year earlier. Despite job gains, second quarter 2022 nonfarm payrolls in the region were 1.7 percent below the level during the second quarter of 2019, and all states have yet to reach prepandemic levels. By comparison, nonfarm payrolls in the nation rose at a 4.4-percent rate during the second quarter of 2022 after increasing 8.4 percent a year earlier, and jobs are 0.5 percent above the number of nonfarm payrolls during the second quarter of 2019.

Job growth in the region occurred in 10 of the 11 payroll sectors during the second quarter of 2022, although job growth slowed in 9 of those sectors. The leisure and hospitality and the professional and business services sectors led job growth, contributing 36 and 17 percent, respectively, of net job gains during the second quarter of 2022. Job gains in the latter sector, along with gains in the mining, logging, and construction, the transportation and utilities, and the information services sectors, allowed each sector to surpass second quarter 2019 job levels. The new second quarter sector highs were reached partly because of the pandemic-induced increase in housing construction, a shift to online spending and transportation of e-commerce goods, and an increase in software publishing jobs. Nationally, six sectors surpassed the second quarter 2019 levels, including the same four in

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### Nonfarm payroll jobs in the New England region increased in 10 of the 11 sectors during the second quarter of 2022.

	Second Quarter		Year-Over-Year Change	
	2021 (Thousands)	2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	7,176.7	7,447.9	271.2	3.8
Goods-Producing Sectors	900.6	938.2	37.6	4.2
Mining, Logging, & Construction	327.4	345.1	17.7	5.4
Manufacturing	573.2	593.1	19.9	3.5
Service-Providing Sectors	6,276.1	6,509.7	233.6	3.7
Wholesale & Retail Trade	996.3	1,013.1	16.8	1.7
Transportation & Utilities	218.4	232.7	14.3	6.5
Information	149.4	157.5	8.1	5.4
Financial Activities	452.0	449.8	-2.2	-0.5
Professional & Business Services	1,076.5	1,123.2	46.7	4.3
Education & Health Services	1,529.0	1,559.9	30.9	2.0
Leisure & Hospitality	631.9	730.3	98.4	15.6
Other Services	252.6	268.7	16.1	6.4
Government	970.0	974.6	4.6	0.5

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

Source: U.S. Bureau of Labor Statistics



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the region and the financial activities and the wholesale and retail trade sectors. The only sector in the region to have a decrease in jobs was the financial activities sector, with losses in Maine, Massachusetts, and Rhode Island offsetting gains in the other states in the region. In the financial activities sector, job reductions were partly due to employees of mortgage companies being laid off when increasing interest rates decreased demand for mortgages and refinancing (Federal Reserve Bank of Boston Beige Book).

The unemployment rate in the region averaged 3.3 percent during the second quarter of 2022, down from 5.8 percent a year earlier, and it is below the 3.5-percent rate for the nation. Unemployment rates declined in all six states in the region. In Connecticut, where the rate declined 2.9 percentage points, the unemployment rate was 3.9 percent, the highest statewide rate in the region and the 12th highest in the nation. The lowest statewide unemployment rate in the region was in New Hampshire, at 2.0 percent, the second lowest nationwide.

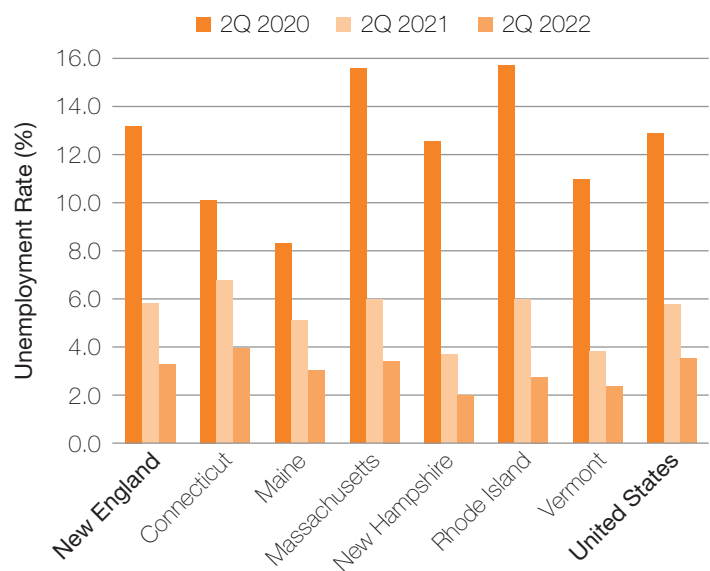
During the second quarter of 2022—

- The fastest year-over-year job growth in the region occurred in Massachusetts, where nonfarm payrolls rose 4.7 percent, or by 166,700 jobs, to 3.67 million, compared with a 12.2-percent growth rate one year earlier. The leisure and hospitality and the professional and business services sectors in the state added the most jobs, accounting for 59 and 66 percent of job growth to their respective sectors regionwide.
- The rates of job growth were 3.5 percent in Rhode Island and 3.2 percent in New Hampshire, and the number of jobs increased by 16,900 and 21,000 to 498,400 and 682,400 jobs, compared with increases of 14.6 and 11.6 percent, respectively, one year earlier. The leisure and hospitality sector added the most jobs in Rhode Island, contributing 6,000 jobs, and the professional and business services sector added the most jobs in New Hampshire, up by 7,400 jobs.
- Jobs rose at a 2.8-percent rate in Connecticut, or up by 45,800 jobs, to 1.66 million, compared with a 10.7-percent increase one year earlier. With 16,000 jobs added, or

an 11.9-percent gain, the leisure and hospitality sector accounted for more than one-third of the growth in the state, followed by the manufacturing sector, which added 6,700 jobs, increasing 4.4 percent.

- In Maine, jobs rose at a rate of 2.4 percent, or by 15,100 jobs, to 636,800, compared with an 11.1-percent rise a year earlier. Job growth was concentrated in the leisure and hospitality and the professional and business services sectors, which added 8,800 and 2,400 jobs, or 14.7 and 3.3 percent, respectively.
- Nonfarm payrolls in Vermont rose at a rate of 1.9 percent, or 5,600 jobs, to 297,200, slower than the 12.1-percent increase during the second quarter of 2021. Approximately 59 and 14 percent of the job gains in the state during the second quarter of 2022 were in the leisure and hospitality and the other services sectors, respectively.

**Unemployment rates fell throughout the New England region during the second quarter of 2022, and the regional rate was below the national rate.**



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics

## Sales Market Conditions

Sales housing market conditions were tight throughout the New England region during the second quarter of 2022, compared with slightly tight to tight conditions a year earlier. Conditions were tight partly because of improved economic conditions and a decline in the already low supply of homes for sale. Home sales, however, declined slightly, partly because the average 30-year fixed-rate mortgage rate increased. In

June 2022, the average interest rate for a 30-year fixed-rate mortgage was 5.7 percent, up from 3.0 percent one year earlier (Freddie Mac). The supply of for-sale inventory in the region declined to 1.7 months in June 2022 from 2.0 months in June 2021, compared with an increase of 0.1 month to 1.6 months in the nation (CoreLogic, Inc.). In Connecticut, the supply of for-sale inventory declined the most in the region, to 2.2 months

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in June 2022, down from 2.7 months in June 2021. The months of supply in Vermont was down 0.1 month to 1.8 months. In Massachusetts, Rhode Island, and New Hampshire, the months of supply were 1.5 months each, representing decreases of 0.4 and 0.1 month, and an increase of 0.2 month, respectively. Maine had the lowest level of inventory of homes for sale, at 1.4 months, unchanged from a year earlier.

Regionwide home sales declined slightly during the 12 months ending May 2022, the first decline since the 12 months ending May 2019. Home sales decreased less than 1 percent during the 12 months ending May 2022 to approximately 267,600 homes, following a 13-percent increase during the previous year, but slower than the 2-percent decrease for the nation (CoreLogic, Inc., with adjustments by the analyst). Reductions in home sales in Maine, New Hampshire, and Vermont more than offset increases in home sales in the other three states in the region. Home sales decreased in four of the eight major metropolitan areas in the region. Among metropolitan areas, the greatest rate of sales decline, 9 percent, occurred in the Manchester metropolitan area, and the smallest decrease, 2 percent, occurred in the Bridgeport metropolitan area. At the same time, home sales increases ranged from 3 percent in the Boston, Providence, and Worcester metropolitan areas to 5 percent in the Hartford metropolitan area.

Home sales prices increased in the region during the 12 months ending May 2022, but at a slower rate from the previous year, partly as a result of increasing interest rates. During the 12 months ending May 2022, the average home sales price in the

New England region rose 11 percent, to \$486,500, compared with a 14-percent increase during the previous year; nationwide, sale prices rose 14-percent to \$394,500, slowing from a 16 percent gain during the previous year (CoreLogic, Inc., with adjustments by the analyst). Average home sales prices rose in all six states in the region, ranging from 3 percent in Connecticut to 15 percent in New Hampshire and Vermont. Average home sales prices increased in the eight major metropolitan areas highlighted in this report, ranging from 2 percent to 15 percent in the Bridgeport and the Manchester metropolitan areas, respectively.

Tightening home sales market conditions in the region contributed to a decrease in the percentage of home loans in the region that were seriously delinquent or had transitioned into real estate owned (REO) status during the past year. As of May 2022, 1.4 percent of home loans in the region were seriously delinquent or in REO status, down from 3.1 percent in May 2021, and lower than the rate of 1.8 percent in May 2020 (CoreLogic, Inc.). The current rate is identical to the national rate and is the fifth lowest of the 10 HUD regions along with the Midwest region. Rates of seriously delinquent and REO mortgages in the region ranged from a low of 0.9 percent in New Hampshire to 1.9 percent in Connecticut.

Homebuilding activity in the region during the second quarter of 2022 increased to the highest second-quarter level of construction activity since 2007 in response to continued tight market conditions.

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**The number of homes sold decreased in three of six states in the New England region during the 12 months ending May 2022, and the average home sales price rose in all of the states.**

	12 Months Ending	Number of Homes Sold				Price		
		2021	2022	Percent Change	Average	2021 (\$)	2022 (\$)	Percent Change
Connecticut (N&E)	May	61,000	63,250	4	AVG	\$408,000	\$419,800	3
Bridgeport, CT (N&E)	May	17,500	17,100	-2	AVG	\$704,600	\$715,300	2
Hartford, CT (N&E)	May	20,150	21,100	5	AVG	\$283,200	\$302,500	7
Maine (N&E)	May	29,800	29,400	-1	AVG	\$299,900	\$334,400	12
Portland, ME (N&E)	May	12,400	11,800	-5	AVG	\$400,700	\$450,700	12
Massachusetts (N&E)	May	108,100	111,700	3	AVG	\$564,900	\$624,300	11
Boston, MA (N&E)	May	73,100	75,000	3	AVG	\$632,500	\$710,800	12
Worcester, MA-CT (N&E)	May	16,050	16,550	3	AVG	\$344,100	\$383,400	11
New Hampshire (N&E)	May	33,000	28,700	-13	AVG	\$326,200	\$376,100	15
Manchester, NH (N&E)	May	8,075	7,350	-9	AVG	\$343,500	\$393,400	15
Rhode Island (N&E)	May	18,350	18,700	2	AVG	\$379,900	\$434,200	14
Providence, RI-MA (N&E)	May	26,600	27,450	3	AVG	\$379,500	\$431,500	14
Vermont (E)	May	17,500	15,850	-9	AVG	\$284,500	\$327,500	15
Burlington, VT (E)	May	4,775	4,475	-6	AVG	\$326,600	\$373,400	14

AVG = average. E = existing. N&amp;E = new and existing.

Source: CoreLogic, Inc., with adjustments by the analyst

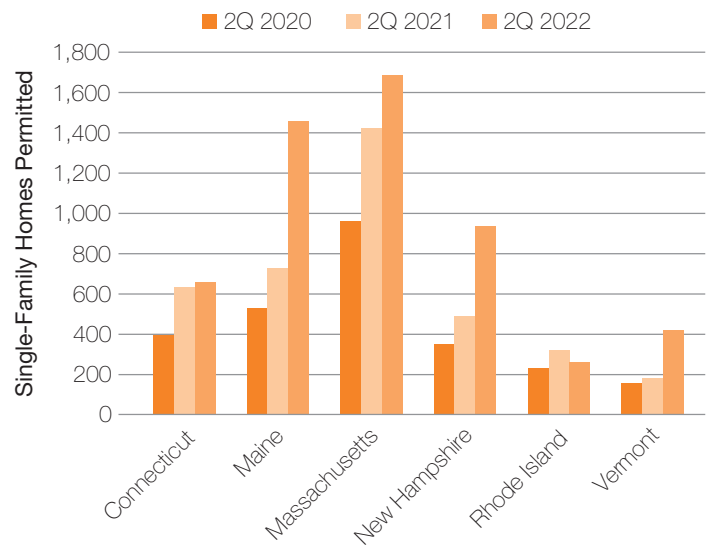


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During the second quarter of 2022 (preliminary data)—

- Homebuilding in the region totaled approximately 5,425 homes, up 44 percent from the second quarter of 2021, the same rate of increase one year earlier. By comparison, the number of single-family homes permitted nationally rose 6 percent during the second quarter of 2022, following a 46-percent increase during the second quarter of 2021.
- The number of single-family homes permitted rose in five of the six states in the region, with 71 percent of the net increase in homebuilding occurring in Maine and New Hampshire combined, where single-family home construction was up by 730 and 450 homes, or 99 and 92 percent, respectively. Permitting in the Portland and Manchester metropolitan areas was up by 90 and 80 homes, respectively, and the statewide increases primarily occurred outside the larger metropolitan areas.
- Homebuilding activity in Massachusetts and Vermont increased by 260 and 240 homes, or 18 percent and more than double, respectively. In Worcester County, which is part of the Massachusetts portion of the Worcester metropolitan area, homebuilding activity increased the most, up nearly five times to 290 homes, and in the Burlington metropolitan area, homebuilding rose 58 percent to 120 homes.
- Single-family home permitting in Connecticut rose by 30 homes, or 5 percent, to 660 homes, and decreased in Rhode Island by 60 homes, or 18 percent, to approximately

The number of single-family homes permitted increased in the New England region during the second quarter of 2022, despite a decrease in Rhode Island.



2Q = second quarter.

Note: Based on preliminary data.

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

260 homes. In Connecticut, permitting was widespread and primarily occurred outside the larger metropolitan areas, whereas in Rhode Island, permitting decreased in Bristol, Newport, Providence, and Washington counties.

## Apartment Market Conditions

Apartment market conditions ranged from balanced to tight in the eight major metropolitan areas referenced in this report during the second quarter of 2022. Conditions either were unchanged or tightened from a year ago in all major markets in the region, despite increased apartment completions in six metropolitan areas. Apartment vacancy rates declined in six of the metropolitan areas during the second quarter of 2022. Vacancy rates for all eight major metropolitan areas were below the national rate of 5.0 percent (CoStar Group). The largest decreases in vacancy rate occurred in the Boston and the Bridgeport metropolitan areas, where the rates fell 1.4 percentage points to 4.3 and 4.2 percent, respectively. In the Boston metropolitan area, the vacancy rate decreased in 23 of the 31 CoStar Group-defined market areas (hereafter, market areas) as residents, workers, and students returned in response to the reopening of offices and universities. The largest decline in the apartment vacancy rate was in the Roxbury/Dorchester market area, where the rate decreased

from 9.8 to 2.2 percent and where the rent rose 11 percent to \$2,571. The rent in the market area is 5 and 34 percent below the average in the metropolitan area and the Downtown Boston market area, respectively. Located south of the Downtown Boston market area, the Roxbury/Dorchester market area is a desirable place to live among young professionals and families seeking slightly more affordable housing options near public transportation, shops, and restaurants (*Boston Magazine*). In other parts of the New England region, apartment vacancy rates declined 1.1 percentage points and 0.5 percentage point in the Portland and the Providence metropolitan areas, to 2.8 and 2.0 percent, respectively. The vacancy rate declined 0.2 percentage point in the Hartford metropolitan area, to 3.2 percent, and it declined 0.1 percentage point to 2.0 percent in the Burlington metropolitan area. In the Worcester and the Manchester metropolitan areas, vacancy rates increased 0.1 percentage point and 1.1 percentage points, to 3.3 and 2.6 percent, respectively.

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During the second quarter of 2022, average monthly rents rose in all eight major metropolitan areas. The average rent growth in two metropolitan areas exceeded the average 9-percent increase nationwide, and the rates of rent growth in five metropolitan areas were behind the national rate; with the Boston metropolitan area matching the national growth rate (CoStar Group). Six of the metropolitan areas had rents higher than the \$1,638 average for the nation, including Boston, the most expensive metropolitan area in the region, at \$2,706. The average rent rose in all 31 market areas in the Boston metropolitan area, ranging from 6 to 13 percent. Throughout the region, average rent growth ranged from 3 percent in the Burlington metropolitan area to 11 percent in the Manchester metropolitan area.

The number of apartment units completed in the region totaled 3,375 during the second quarter of 2022, a nearly 50-percent increase from the 2,250 completions during the second quarter of 2021 (McGraw-Hill Construction Pipeline database). The number of units completed in the eight largest metropolitan areas accounted for 88 percent of all of the units completed in the region during the second quarter of 2022, up from 83 percent during the second quarter of 2021. Completions increased in six of the eight major metropolitan areas in the region during the second quarter of 2022, including in the Boston, Burlington, Hartford, Manchester, Portland, and Providence metropolitan areas. The Boston metropolitan area accounted for 52 percent of all new apartment units completed in the region during the second quarter of 2022, up from 46 percent a year earlier. Completions decreased 29 and 45 percent in the Worcester and the Bridgeport metropolitan areas, respectively. An estimated 22,300 apartment units were under construction in the region during the second quarter of 2022, with approximately 77 percent expected to be complete by the second quarter of 2023.

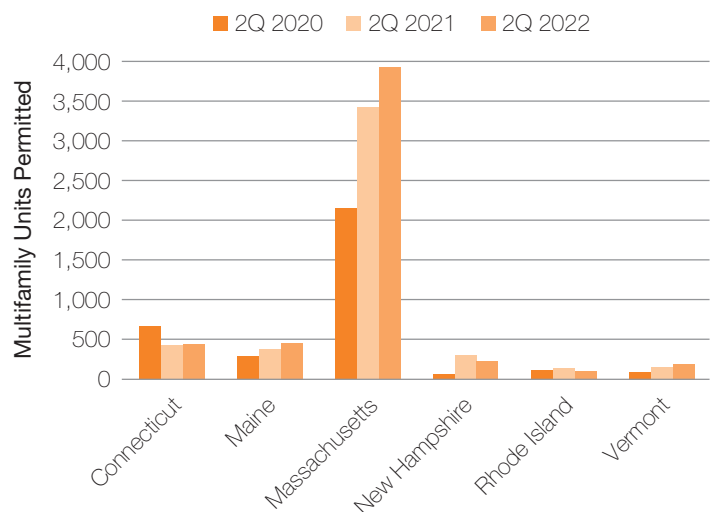
Multifamily building activity, as measured by the number of units permitted, increased in the region during the second quarter of 2022, but at a slower rate than the same period 1 year earlier; despite the slowdown, this was the highest second-quarter level of construction activity since 2001.

During the second quarter of 2022 (preliminary data)—

- The number of multifamily units permitted in the New England region rose to 5,325, an increase of 520 units, or 11 percent, compared with a year earlier, after a 44-percent increase during the second quarter of 2021. Nationally, multifamily construction rose 33 percent, year-over-year,

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### Multifamily permitting increased in the New England region during the second quarter of 2022, and permitting was up in four of six states.



2Q = second quarter.

Note: Based on preliminary data.

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

### Average rents increased year-over-year during the second quarter of 2022 in every major metropolitan area in the New England region, but apartment vacancy rates were mixed.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2021 (%)	2Q 2022 (%)	Percentage Point Change	2Q 2021 (\$)	2Q 2022 (\$)	Percent Change
Boston, MA-NH	Slightly Tight	5.7	4.3	-1.4	2,480	2,706	9
Bridgeport, CT	Balanced	5.6	4.2	-1.4	2,418	2,619	8
Burlington, VT	Tight	2.1	2.0	-0.1	1,564	1,614	3
Hartford, CT	Slightly Tight	3.4	3.2	-0.2	1,388	1,496	8
Manchester, NH	Tight	1.5	2.6	1.1	1,674	1,859	11
Portland, ME	Tight	3.9	2.8	-1.1	1,525	1,650	8
Providence, RI-MA	Tight	2.5	2.0	-0.5	1,600	1,752	10
Worcester, MA-CT	Slightly Tight	3.2	3.3	0.1	1,603	1,739	8

2Q = second quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group



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during the second quarter of 2022, following an increase of 23 percent during the second quarter of 2021.

- Multifamily permitting in Massachusetts rose by 500 units, or 15 percent, to 3,925 units, with 8 of the 13 counties in the state contributing to the net increase, including Suffolk and Worcester Counties, which increased by 720 and 670 units and are part of the Boston and the Worcester metropolitan areas, respectively. Multifamily construction in Maine rose by 80 units, or 20 percent, and one-half of the increase was in the Portland metropolitan area.
- In Vermont and Connecticut, multifamily permitting increased by 40 and 20 units, or 26 and 4 percent, respectively. Most of the net increase in Vermont was in the Burlington

metropolitan area, where permitting rose twofold, or by 60 units, to 100 units permitted, and in Connecticut, six of the eight counties contributed to the increase.

- Rhode Island and New Hampshire were the only states in the region where multifamily permitting declined compared with the second quarter of 2021, down by 40 and 80 units, or 28 and 27 percent, respectively. Providence and Washington Counties, which are part of the Providence metropolitan area, accounted for all the decline in Rhode Island, whereas Rockingham County, which is part of the Boston metropolitan area, accounted for nearly 90 percent of the decrease in New Hampshire.

## 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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
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.
Seriously Delinquent Home Loans	Mortgages 90+ days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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