

HUD PD&R Regional Reports

Region 1: New England



Quick Facts About Region 1

Manchester, New Hampshire

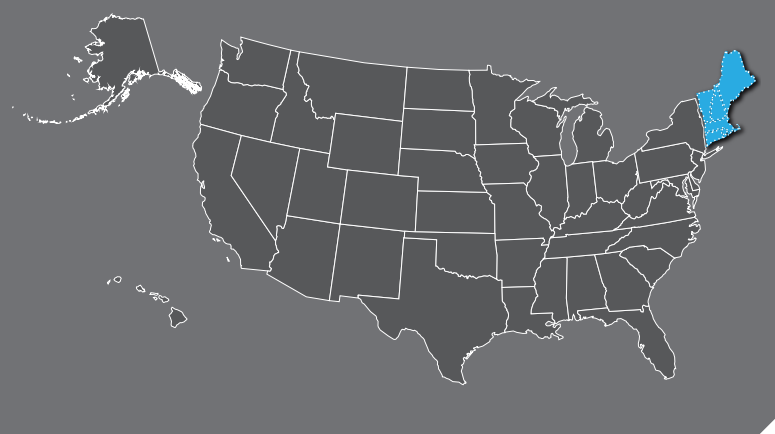
By [Diana Villavicencio](#) | 4th Quarter 2023

Overview

As of the fourth quarter of 2023, year-over-year nonfarm payroll growth in the New England region decelerated compared with a year ago, but payrolls reached an all-time fourth quarter high. Nonfarm payrolls in the region rose in 8 of 11 sectors and in five of six states as of the fourth quarter of 2023. The home sales market eased from tight conditions a year ago, similar to the rest of the nation, but was unchanged from the previous quarter. During the past year, home sales declined sharply, and average sales prices rose at slowing rates. Elevated mortgage interest rates contributed to the slower price growth and declining sales, and the drop in sales was exacerbated by relatively low levels of available inventory. Apartment market conditions in the region ranged from balanced to very tight, and conditions eased from a year ago in six of the eight largest metropolitan areas in the region.

- Year-over-year nonfarm payroll changes as of the fourth quarter of 2023 ranged from a decline of less than 0.1 percent in Rhode Island to a 2.1-percent rise in Massachusetts. The education and health services, the

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professional and business services, and the leisure and hospitality sectors accounted for 68 percent of net job gains in the region. Connecticut, Maine, Massachusetts, and New Hampshire had job gains in all three of those sectors.

- During the 12 months ending November 2023, nationwide home sales decreased 25 percent compared with a year ago, identical to the rate of decline nationwide, and average home sales prices were up 3 and 1 percent, respectively, in the region and the nation (CoreLogic, Inc., with adjustments

by the analyst). New home construction, as measured by the number of single-family homes permitted, declined in the region and rose in the nation compared with a year earlier.

- Apartment vacancy rates rose in six of the eight metropolitan areas in the New England region cited in this report as of the fourth quarter of 2023 compared with a year ago, partly because new apartment completions exceeded apartment absorption. However, average rents increased in all eight markets from a year earlier.

Economic Conditions

Nonfarm payrolls in the New England region increased from a year earlier as of the fourth quarter of 2023, but the rate of job growth decelerated compared with a year ago. As of the fourth quarter of 2023, nonfarm payrolls rose by 128,200 jobs, or 1.7 percent, to 7.70 million, slowing from a 2.4-percent increase 1 year earlier. The regional rate of job growth as of the fourth quarter of 2023 was the fifth fastest among the 10 HUD-defined regions in the nation but lagged behind the 1.8-percent national growth rate. Despite the recent slowdown in growth, nonfarm payrolls in the region were 0.9 percent above the previous peak during the fourth quarter of 2019. Connecticut, Maine, Massachusetts, and New Hampshire had more jobs as of the fourth quarter of 2023 compared with the fourth quarter of 2019. Nationwide, jobs were 3.2 percent above the fourth quarter of 2019 level.

Regionwide job growth occurred in 8 of 11 nonfarm payroll sectors as of the fourth quarter of 2023. Payrolls increased by 57,700 jobs, or 3.6 percent, in the education and health

services sector, the largest sector in the region, accounting for 21 percent of all jobs. Approximately 86 percent of the gains in the sector were in the healthcare and social assistance subsector. Significant payroll gains also occurred in the professional and business services sector, which increased by 14,800 jobs, or 1.3 percent. Job growth in the sector occurred partly because 11 new office construction projects were completed during the quarter, including the 400,000-square-foot Young Pharmaceuticals Global Headquarters in the Hartford metropolitan area, which opened in October 2023 (Global Commercial Real Estate Services). The leisure and hospitality sector had the third largest gain, increasing by 14,400 jobs, or 2.0 percent, from 1 year earlier. Approximately 85 percent of the gains in the sector were in the arts, entertainment, and recreation industry. As of the fourth quarter of 2023, the professional and business services, the mining, logging, and construction, the transportation and utilities, the education and health services, and the financial activities

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Nonfarm payrolls in the New England region rose in 8 of 11 sectors as of the fourth quarter of 2023.

	Fourth Quarter		Year-Over-Year Change	
	2022 (Thousands)	2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	7,570.5	7,698.7	128.2	1.7
Goods-Producing Sectors	933.7	943.3	9.6	1.0
Mining, Logging, & Construction	342.1	352.3	10.2	3.0
Manufacturing	591.5	590.9	-0.6	-0.1
Service-Providing Sectors	6,636.9	6,755.5	118.6	1.8
Wholesale & Retail Trade	1,024.4	1,032.2	7.8	0.8
Transportation & Utilities	244.8	251.5	6.7	2.7
Information	160.2	158.6	-1.6	-1.0
Financial Activities	465.0	463.5	-1.5	-0.3
Professional & Business Services	1,147.2	1,162.0	14.8	1.3
Education & Health Services	1,596.8	1,654.5	57.7	3.6
Leisure & Hospitality	710.6	725.0	14.4	2.0
Other Services	274.4	280.2	5.8	2.1
Government	1,013.6	1,027.8	14.2	1.4

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

Source: U.S. Bureau of Labor Statistics



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sectors surpassed the fourth quarter of 2019 payroll level by a combined 152,300 jobs.

The unemployment rate in the region averaged 3.0 percent as of the fourth quarter of 2023, down from 3.2 percent a year earlier and below the current 3.5-percent rate for the nation. The regionwide unemployment rate declined during the past year because a 0.7-percent increase in resident employment outpaced a 0.5-percent rise in the labor force. Unemployment rates declined in Massachusetts, New Hampshire, and Vermont and increased in the other states in the region. At 1.9 percent, Vermont had the second lowest unemployment rate in the nation. By comparison, the 3.6-percent rate in Connecticut was the highest statewide rate in the region and the 17th highest in the nation.

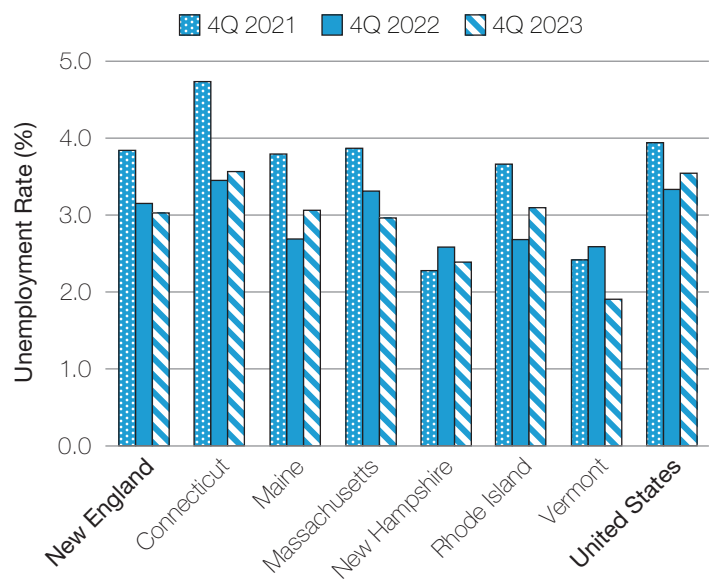
As of the fourth quarter of 2023—

- The fastest year-over-year rate of job growth in the region occurred in Massachusetts, where nonfarm payrolls rose 2.1 percent to approximately 3.81 million jobs, compared with an increase of 2.9 percent a year earlier. The education and health services sector accounted for 44 percent of the growth in the state, with 33,700 jobs added, or a 4.1-percent gain, followed by the mining, logging, and construction and the leisure and hospitality sectors, which added 9,500 and 8,800 jobs, increasing 5.5 and 2.6 percent, respectively.
- Jobs rose at rates of 1.7 percent each from a year ago in New Hampshire and Maine to 706,200 and 655,300 jobs, respectively, compared with increases of 2.5 and 2.1 percent a year earlier. The education and health services, the professional and business services, and the leisure and hospitality sectors accounted for a combined 67 percent of the growth in New Hampshire and 94 percent of the growth in Maine.
- In Connecticut, jobs rose 1.6 percent from a year ago to nearly 1.72 million, matching the rate of growth a year earlier. The education and health services sector added the most jobs and accounted for 41 percent of the

growth in the state, whereas the government and the wholesale and retail trade sectors added the second and third most jobs and accounted for a combined 31 percent of statewide job growth.

- Nonfarm payrolls in Vermont rose 0.7 percent to 310,600, slower than the 1.8-percent increase as of the fourth quarter of 2022. Five sectors contributed to statewide net job growth, including the government sector, which added 2,600 jobs, the most for any sector.
- In Rhode Island, jobs declined by less than 0.1 percent, compared with a 1.8-percent increase a year earlier. Declines in nine nonfarm payroll sectors contributed to the net job loss in the state; only the education and health services and the government sectors added jobs.

Unemployment rates fell in one-half of New England region states as of the fourth quarter of 2023, and the regional rate was below the national average.



4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Home sales market conditions were slightly tight throughout the New England region compared with tight conditions a year earlier, but conditions were unchanged from the previous quarter. Conditions eased in the past year because of significant decreases in home sales, largely in response to a continued increase in mortgage interest rates. In 2023, the average interest rate for a 30-year fixed-rate mortgage was 6.8 percent, up from 6.4 percent 1 year earlier and up significantly from the 3.0-percent rate in 2021 (Freddie Mac). Rising interest rates also contributed to a limited number of homes being listed for sale because homeowners with current mortgages at low rates are reluctant to sell their homes if a subsequent purchase requires financing at a higher mortgage rate. The inventory of homes for sale in the region is low, although the supply of for-sale inventory, measured as months of supply at the current sales rate, increased slightly to 1.5 months in December 2023, up from 1.4 months in December 2022, partly because of the decline in home sales (CoreLogic, Inc.). Nationally, the supply of homes for sale rose to 2.8 months from 2.2 months a year earlier. Maine and Vermont had the highest months of supply in the region, 2.3 and 2.2 months, up from 1.2 and 1.3 months, respectively, in December 2022. Rhode Island had 1.6 months of supply, up slightly from 1.5 months a year earlier, whereas New Hampshire and Massachusetts had 1.5 and 1.3 months of supply, respectively, up from 1.0 and 1.2 months a year earlier. The supply in Connecticut declined from 1.8 to 1.4 months of inventory.

Regionwide home sales declined 25 percent during the 12 months ending November 2023 to 181,300 homes (CoreLogic, Inc.,

with adjustments by the analyst). This recent regional decline accelerated following a 10-percent drop during the 12 months ending November 2022 but was identical to the nationwide rate of decline during the past year. Home sales were down in all states in the region, ranging from an 18-percent reduction in Maine to a 29-percent decline in New Hampshire. Home sales decreased in all eight major metropolitan areas highlighted in this report. Among the metropolitan areas, the lowest rate of sales decline, 25 percent, occurred in the Hartford and the Worcester metropolitan areas, and the greatest decrease, 32 percent, occurred in the Manchester metropolitan area.

Home sales prices rose 3 percent in the region during the 12 months ending November 2023 to an average of \$518,300, but this was a slower rate of growth than in the previous 12 months, when prices increased 8 percent (CoreLogic, Inc., with adjustments by the analyst). Nationwide, sale prices rose 1 percent to \$401,900, slower than the 8-percent gain during the previous year. Average home sales prices rose in all six New England states, ranging from 1 percent in Vermont to 5 percent in Rhode Island. Average home sales prices rose in seven of the major metropolitan areas highlighted in this report. The price increases ranged from 2 percent in the Boston metropolitan area to 8 percent in the Burlington, Hartford, and Worcester metropolitan areas. In the Manchester metropolitan area, the average home price declined 3 percent.

As of November 2023, 1.0 percent of home loans in the region were seriously delinquent or in real estate owned (REO) status,

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Home sales declined at least 18 percent in each of the six states in the New England region, whereas average home sales prices rose at least 1 percent in every state in the region.

	12 Months Ending	Number of Homes Sold				Price		
		2022	2023	Percent Change	Average	2022 (\$)	2023 (\$)	Percent Change
Connecticut (N&E)	November	57,500	42,300	-26	AVG	\$429,900	\$446,600	4
Bridgeport, CT (N&E)	November	14,950	10,250	-31	AVG	\$729,800	\$757,000	4
Hartford, CT (N&E)	November	19,400	14,500	-25	AVG	\$315,700	\$341,100	8
Maine (N&E)	November	27,150	22,300	-18	AVG	\$348,400	\$361,400	4
Portland, ME (N&E)	November	11,400	8,150	-29	AVG	\$471,900	\$500,500	6
Massachusetts (N&E)	November	100,800	75,300	-25	AVG	\$648,700	\$663,700	2
Boston, MA (N&E)	November	67,300	49,750	-26	AVG	\$741,000	\$753,700	2
Worcester, MA-CT (N&E)	November	15,450	11,550	-25	AVG	\$401,600	\$431,900	8
New Hampshire (N&E)	November	26,400	18,850	-29	AVG	\$402,000	\$413,000	3
Manchester, NH (N&E)	November	6,775	4,575	-32	AVG	\$411,600	\$398,400	-3
Rhode Island (N&E)	November	16,350	12,050	-26	AVG	\$452,100	\$476,000	5
Providence, RI-MA (N&E)	November	24,150	17,850	-26	AVG	\$449,200	\$472,400	5
Vermont (E)	November	14,500	10,500	-28	AVG	\$339,800	\$341,500	1
Burlington, VT (E)	November	4,175	2,875	-31	AVG	\$392,300	\$423,500	8

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

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



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down from 1.2 percent in November 2022 (CoreLogic, Inc.). The current rate in the region is identical to the national rate and is the fifth lowest of the 10 HUD regions. Rates of seriously delinquent mortgages and REO properties in the region ranged from a low of 0.6 percent in New Hampshire to 1.2 percent in Connecticut and Maine.

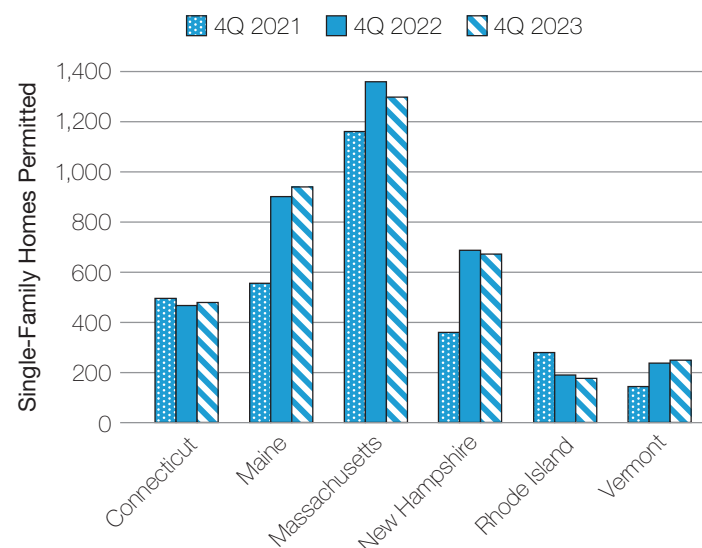
Homebuilding activity in the region decreased as of the fourth quarter of 2023, but the level was the second highest fourth quarter level in the region since 2008.

As of the fourth quarter of 2023 (preliminary data)—

- Homebuilding activity in the region, as measured by the number of single-family homes permitted, totaled 3,825 homes, down 1 percent from the fourth quarter of 2022 and following a 28-percent increase a year earlier. By contrast, the number of single-family homes permitted nationally rose 25 percent as of the fourth quarter of 2023 after a 21-percent decrease a year earlier.
- Single-family home permitting in Massachusetts was down by 60 homes, or 4 percent, to 1,300 homes, and permitting declined in 6 of the 14 counties in the state, including the 4 in the Boston metropolitan area.
- Homebuilding activity in New Hampshire decreased by 15 homes, or 2 percent, from a year ago, with the largest decrease in Rockingham County, which is part of the New Hampshire portion of the Boston metropolitan area. In Rhode Island, single-family permitting decreased by 15 homes, or 7 percent, from a year ago, decreasing in four of the five counties.

- Single-family home permitting in Vermont and Connecticut rose by 10 and 15 homes, or 5 and 3 percent, respectively, with increases in the Burlington metropolitan area and in four of the nine planning regions in Connecticut. Although homebuilding activity in Maine rose by 35 homes, or 4 percent, to 940 homes, permitting declined 5 percent in the Portland metropolitan area.

The number of single-family homes permitted fell in one-half of the New England region states as of the fourth quarter of 2023.



4Q = fourth quarter.

Note: Based on preliminary data.

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

Apartment Market Conditions

Apartment market conditions ranged from balanced to very tight in the eight major metropolitan areas referenced in this report as of the fourth quarter of 2023. Despite continued economic growth throughout the New England region, market conditions eased from a year ago because apartment absorption was 23 percent lower than new apartment completions during 2023 (CoStar Group). The number of apartment units completed in the region during 2023 totaled approximately 16,500. Units completed in the eight largest metropolitan areas accounted for 90 percent of all the units completed in the region during the period, up from 84 percent during 2022.

Apartment vacancy rates increased in six of the metropolitan areas, but the vacancy rates for all eight major metropolitan areas in the region were below the national rate of 7.6 percent (CoStar Group). The largest increases in vacancy rates occurred in the Portland and Worcester metropolitan areas, where the rates rose 2.2 and 1.4 percentage points, respectively, to 5.5 and 4.4 percent, partly because apartment deliveries more than tripled in

each metropolitan area during 2023, and apartment absorption only doubled. The apartment vacancy rate rose 0.7 percentage point to 3.8 percent in the Manchester metropolitan area and increased 0.6 percentage point each to 3.4 and 5.7 percent, respectively, in the Providence and the Boston metropolitan areas. Vacancy rates increased in 17 of the 31 CoStar Group-defined market areas (hereafter, market areas) included in the Boston metropolitan area, partly because apartment completions were nearly 29 percent higher than apartment absorption during 2023. With 8,800 new units completed during 2023, the Boston metropolitan area accounted for 53 percent of all new apartment units completed in the region during the period, down from 56 percent a year earlier. The largest apartment vacancy rate increase in the metropolitan area was in the Roxbury/Dorchester market area, where the rate rose from 6.0 to 14.7 percent, partly because approximately 600 units were completed in the past 12 months, significantly more than the approximately 50 units completed 1 year earlier, while absorption declined significantly.

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As of the fourth quarter of 2023, apartment vacancy rates increased in all but two major metropolitan areas in the New England region, and average rents rose in every metropolitan area.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2022 (%)	4Q 2023 (%)	Percentage Point Change	4Q 2022 (\$)	4Q 2023 (\$)	Percent Change
Boston, MA-NH	Balanced	5.1	5.7	0.6	2,684	2,753	3
Bridgeport, CT	Balanced	6.4	5.8	-0.6	2,545	2,594	2
Burlington, VT	Very Tight	2.0	2.0	0	1,728	1,814	5
Hartford, CT	Slightly Tight	4.3	4.5	0.2	1,521	1,583	4
Manchester, NH	Tight	3.1	3.8	0.7	1,901	1,969	4
Portland, ME	Balanced	3.3	5.5	2.2	1,739	1,766	2
Providence, RI-MA	Tight	2.8	3.4	0.6	1,735	1,816	5
Worcester, MA-CT	Balanced	3.0	4.4	1.4	1,792	1,882	5

4Q = fourth quarter.

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

Elsewhere in the region, the apartment vacancy rate rose 0.2 percentage point to 4.5 percent in the Hartford metropolitan area and remained unchanged, at 2.0 percent, in the Burlington metropolitan area, which was the lowest rate in the region and the eighth lowest vacancy rate among metropolitan areas in the nation. Although the vacancy rate declined 0.6 percentage point in the Bridgeport metropolitan area, the 5.8-percent rate was the highest in the region.

As of the fourth quarter of 2023, the growth in average monthly rents in all eight major metropolitan areas highlighted in this report exceeded the 1-percent increase nationwide (CoStar Group). Average rents in seven of the metropolitan areas were higher than the \$1,664 average for the nation, with the exception of the Hartford metropolitan area, where the rent averaged \$1,583. The Boston metropolitan area had the highest rents in the region and the sixth highest among metropolitan areas in the nation at \$2,753. The average rent rose in 29 of the 31 market areas in the Boston metropolitan area at rates ranging from 1 to 5 percent, including a 1-percent increase in the Roxbury/Dorchester market area to \$2,686. Throughout the region, average rent growth ranged from 2 percent in the Bridgeport and Portland metropolitan areas to 5 percent in the Burlington, Providence, and Worcester metropolitan areas.

Multifamily building activity, as measured by the number of units permitted, decreased in the region as of the fourth quarter of 2023 from the same period 1 year earlier, with lower permitting occurring in three of the six states in the region.

As of the fourth quarter of 2023 (preliminary data)—

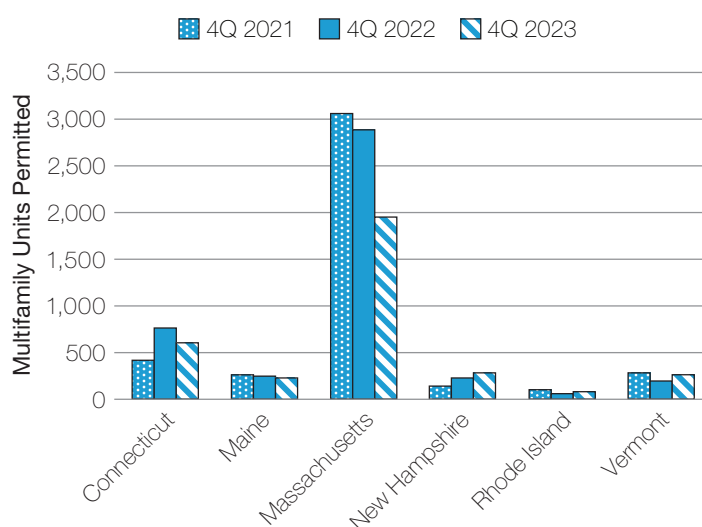
- The number of multifamily units permitted in the region totaled 3,400, reflecting a decrease of 22 percent from a year earlier after a 3-percent increase as of the fourth quarter of

2022. Nationally, multifamily construction similarly declined 21 percent year over year as of the fourth quarter of 2023, following a 7-percent decrease during the previous year.

- In Massachusetts, multifamily permitting declined 32 percent from 1 year earlier to 1,950 units, with the largest drop in the Massachusetts portion of the Boston metropolitan area, where a combined reduction of 840 units in Norfolk, Plymouth, and Suffolk Counties more than offset a combined increase of 410 units in Essex and Middlesex Counties.

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Multifamily building activity in the New England region as of the fourth quarter of 2023 was down from a year ago, with the largest decline occurring in Massachusetts.



4Q = fourth quarter.

Note: Based on preliminary data.

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

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- Multifamily permitting in Connecticut declined by 160 units, or 21 percent, to 600 units, and permitting decreased in five of the nine planning regions in the state. Multifamily construction in Maine declined 8 percent from a year ago to 230 units because a decrease of 90 units in Cumberland County more than offset increases of 40 and 30 units in Sagadahoc and York Counties, respectively.
- In Rhode Island, New Hampshire, and Vermont, multifamily permitting rose by 20, 50, and 70 units to 80, 280, and 260 units, respectively. Permitting rose in three of the five counties in Rhode Island, rose 68 percent in the Manchester metropolitan area—accounting for 22 percent of statewide permitting—and increased by 70 units in the Burlington metropolitan area.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	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.
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 home, townhome, and condominium sales.
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 Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once a 90 percent or above occupancy rate is reached, or at least 18 months pass since the property was changed from under construction to existing on the CoStar Group website.

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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