

# HUD PD&R Regional Reports

## Region 1: New England

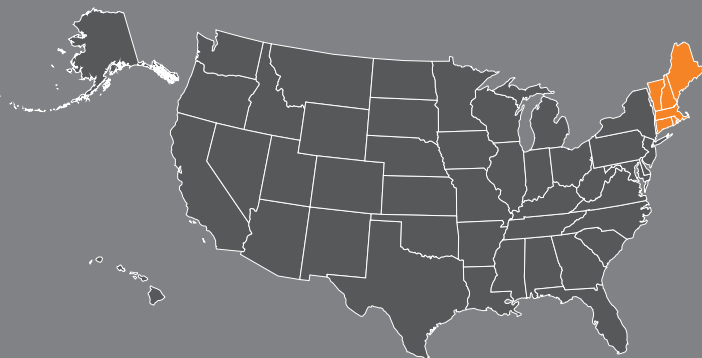


### Quick Facts About Region 1

Burlington, Vermont

By EMAD Region III Staff | 2nd Quarter 2020

- **Sales market conditions—**  
Second quarter 2020: mixed (balanced to tight)  
First quarter 2020: mixed (balanced to tight)  
Second quarter 2019: balanced
- **Apartment market conditions—**  
Second quarter 2020: mixed (balanced to tight)  
First quarter 2020: mixed (balanced to tight)  
Second quarter 2019: mixed (balanced to tight)



### Overview

Nonfarm payrolls in the New England region declined dramatically during the second quarter of 2020 after states adopted interventions to slow the spread of COVID-19, including enforcing social distancing and restricting nonessential travel in mid-March 2020. Leisure and hospitality was the sector most affected by the pandemic, although the number of jobs in all sectors in the region declined. Job losses occurred in every state in the region, with decreases ranging from 13.6 percent in Maine to 17.7 percent in Vermont. Despite the economic contraction, the sales and rental housing markets were relatively stable, with both having conditions ranging from balanced to tight. The sales market was tighter than a year ago with a lower inventory of homes for sale; however, home sales were relatively unchanged in the region overall, and the average home sales price rose in most areas. Apartment vacancy rates increased moderately throughout the region due to a higher level of apartment completions. In the Boston metropolitan area, demand for apartments was lower than typical; students have delayed leasing apartments for the fall 2020 semester because many universities are providing the option of online courses.

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- The percentage decrease in nonfarm payrolls in the New England region was the second steepest among all 10 HUD regions, at 15.3 percent, after the 17.1-percent decline in the New York/New Jersey region.
- Single-family building permit activity decreased 11 percent during the second quarter of 2020. Homebuilding activity

has declined for nearly the past 2 years, decreasing each quarter since the third quarter of 2018.

- The number of multifamily units permitted rose 27 percent during the second quarter of 2020. Most of the increase occurred in the Boston metropolitan area.

## Economic Conditions

Nonfarm payrolls in the New England region declined from a year earlier during the second quarter of 2020, the first decrease after 9 consecutive years of growth, primarily due to the response to the COVID-19 pandemic. Nonfarm payrolls decreased by nearly 1.16 million jobs. The leisure and hospitality sector accounted for more than one-third of the job decline in the region, at 416,500 jobs lost, a 52.8-percent decrease, well above the 38.4-percent decline in the leisure and hospitality sector nationally. The leisure and hospitality sector declined in all states in the region and accounted for the most job losses in every state, with decreases in this sector ranging from 46.0 percent in Connecticut to 58.4 percent in Vermont. In efforts to limit the community spread of COVID-19, most New England states substantially limited hotel reservations in March 2020, closing to vacation travelers and restricting occupancy primarily to emergency healthcare workers. According to the American Hotel and Lodging Association, in Massachusetts, an estimated 17,847 direct hotel-related jobs were lost, some

permanently, as a result of the pandemic. In Boston, staff reductions during the second quarter of 2020 ranged from approximately 250 to 550 employees at each hotel, including Sheraton Boston Hotel, Boston Marriott Copley Place, The Westin Copley Place, Boston and Boston Marriott Long Wharf. The effect on the gaming industry was also significant when casinos closed across the region in March 2020, although some reopened with reduced capacity by the end of June. Layoffs, some of which may become permanent, included a combined total of approximately 10,000 employees at two casinos in Connecticut, the Mohegan Sun and Foxwoods Resort Casino, in addition to 3,000 and 1,900 employees furloughed in Massachusetts at Encore Boston Harbor and MGM Springfield casinos, respectively. Nonfarm payrolls also fell by 171,400 and 155,100 in the education and health services and the wholesale and retail trade sectors, respectively, accounting for a combined 28 percent of job losses in the region.

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**Payrolls declined in all sectors of the New England region during the second quarter of 2020, with the largest job loss in the leisure and hospitality sector.**

	Second Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	7,548.9	6,393.5	-1,155.4	-15.3
Goods-Producing Sectors	925.6	820.5	-105.1	-11.4
Mining, Logging, & Construction	324.3	266.9	-57.4	-17.7
Manufacturing	601.2	553.5	-47.7	-7.9
Service-Providing Sectors	6,623.4	5,573.1	-1,050.3	-15.9
Wholesale & Retail Trade	1,037.9	882.8	-155.1	-14.9
Transportation & Utilities	215.4	177.4	-38.0	-17.6
Information	152.9	146.3	-6.6	-4.3
Financial Activities	462.5	450.7	-11.8	-2.6
Professional & Business Services	1,077.0	991.4	-85.6	-7.9
Education & Health Services	1,579.2	1,407.8	-171.4	-10.9
Leisure & Hospitality	789.5	373.0	-416.5	-52.8
Other Services	287.6	206.7	-80.9	-28.1
Government	1,021.3	936.9	-84.4	-8.3

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

Source: U.S. Bureau of Labor Statistics

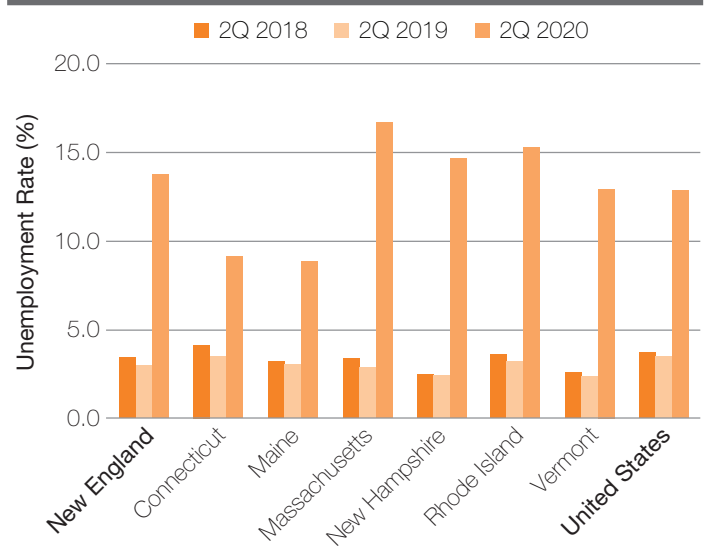


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During the second quarter of 2020—

- Nonfarm payrolls declined the most in Massachusetts, a decrease of 605,000 jobs, or 16.3 percent, the second-highest percentage loss in the region. More than one-third of the decrease was in the leisure and hospitality sector, which declined by 218,800 jobs, or 56.7 percent.
- In Connecticut, nonfarm payrolls were down by 235,200 jobs, or 13.9 percent. In addition to a 74,500-job loss in the leisure and hospitality sector, the education and health services sector and the retail trade subsector fell by 34,600 and 33,700 jobs, or 10.2 and 19.3 percent, respectively.
- In New Hampshire, the overall job loss totaled 95,300, or 13.9 percent. The leisure and hospitality sector and the retail trade subsector decreased by 36,800 and 17,200 jobs, or 49.8 and 18.3 percent, respectively.
- Payrolls decreased in Maine by 86,600 jobs, or 13.6 percent, and by 77,800 jobs, or 15.4 percent, in Rhode Island. The leisure and hospitality sector accounted for 40 percent of the job losses in each state, falling by 34,700 jobs, or 49.1 percent, in Maine and 30,800 jobs, or 50.1 percent, in Rhode Island.
- The greatest percentage decline in nonfarm payrolls of 17.7 percent was in Vermont, a loss of 55,600 jobs, led by

Unemployment rates in four of the six states in the New England region were above the national average during the second quarter of 2020.



2Q = second quarter.  
Source: U.S. Bureau of Labor Statistics

losses of 20,800 in the leisure and hospitality sector, and 6,800 jobs each in the education and health services sector and the retail trade subsector.

## Sales Market Conditions

Sales housing market conditions ranged from balanced to tight across the New England region, reflecting tighter markets during the second quarter of 2020 compared with balanced conditions a year earlier. The months of supply of inventory declined in all states in the region, partially resulting from a reluctance of sellers to list their homes during the pandemic. Sales markets were tight in Maine and Massachusetts with 2.1 months of supply in each state in May 2020, down from 2.9 and 3.0 months, respectively, in May 2019 (CoreLogic, Inc.). Markets were slightly tight in New Hampshire, with the months of supply falling from 2.4 to 2.2 months. In Rhode Island, Vermont, and Connecticut, where market conditions were balanced, the months of supply decreased from 3.4 to 2.5 months, from 4.4 to 3.5 months, and from 5.8 to 5.0 months, respectively. In the nation, the months of supply decreased from 3.3 months in May 2019 to 2.5 months in May 2020.

Despite a reduced inventory of homes available for sale and guidelines limiting the number of attendees for home showings and open houses, the number of homes sold in the New England region overall was essentially unchanged, but with

significant variation among the states. During the 12 months ending May 2020, home sales decreased less than 1 percent in the region compared with a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). National home sales declined 6 percent while approximately 190,200 homes sold in the region, down slightly by 900 homes from the 191,100 homes sold during the 12 months ending May 2019. Home sales decreased 8 and 2 percent in New Hampshire and Massachusetts, respectively, but were unchanged in Vermont. The greatest gain in sales was in Maine, at 10 percent, while home sales were up 4 percent in Connecticut and 2 percent in Rhode Island. The increase in Connecticut was largely attributed to an 8-percent rise in sales in the Hartford metropolitan area. The increase in Maine occurred in areas outside of the Portland metropolitan area, where sales decreased 2 percent. Home sales were up 2 percent in the Burlington metropolitan area, offsetting losses that occurred throughout the rest of Vermont with virtually no change in statewide sales overall. Respective sales declines in the Boston and Manchester metropolitan areas of 1 and 8 percent led the decreases in Massachusetts and New Hampshire.

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The average home sales price rose in nearly all states and metropolitan areas in the New England region during the second quarter of 2020.

	12 Months Ending	Number of Homes Sold			Price			
		2019	2020	Percent Change	Average	2019 (\$)	2020 (\$)	Percent Change
Connecticut (N&E)	May	44,050	45,750	4	AVG	\$332,200	\$330,800	0
Bridgeport, CT (N&E)	May	11,650	11,800	1	AVG	\$641,100	\$677,900	6
Hartford, CT (N&E)	May	14,900	16,050	8	AVG	\$248,000	\$247,900	0
Maine (N&E)	May	9,125	10,000	10	AVG	\$225,300	\$228,300	1
Portland, ME (N&E)	May	3,325	3,275	-2	AVG	\$312,200	\$319,900	2
Massachusetts (N&E)	May	88,900	86,950	-2	AVG	\$498,600	\$516,700	4
Boston, MA-NH (N&E)	May	3,050	3,025	-1	AVG	\$567,000	\$591,200	4
Worcester, MA-CT	May	13,100	13,100	0	AVG	\$291,800	\$300,800	3
New Hampshire (N&E)	May	23,350	21,450	-8	AVG	\$285,300	\$300,200	5
Manchester, NH (N&E)	May	6,775	6,250	-8	AVG	\$286,500	\$305,100	6
Rhode Island (N&E)	May	14,350	14,650	2	AVG	\$319,600	\$333,400	4
Providence, RI-MA (N&E)	May	21,050	21,250	1	AVG	\$320,600	\$333,800	4
Vermont (E)	May	11,300	11,350	0	AVG	\$236,100	\$249,700	6
Burlington, VT (E)	May	3,625	3,700	2	AVG	\$288,600	\$309,300	7

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

Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

During the 12 months ending May 2020, the average home sales price in the New England region rose 3 percent from a year earlier to \$402,300, down from growth of 4 percent during the previous 12 months (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The average home sales price in the region was 22-percent higher than the national average of \$328,500, but the rate of growth was lower than the 4-percent national rate. Average home sales prices rose 1 percent or more in all states and metropolitan areas in the region except for Connecticut, where prices declined by less than 1 percent in both the state and in the Hartford metropolitan area. Average home sales price increases ranged from 1 percent in Maine to 6 percent in Vermont, with a 7-percent increase in the Burlington metropolitan area. Average home sales prices were up 4 percent each in Massachusetts and Rhode Island. In New Hampshire, the average home sales price was up 5 percent, led by a 6-percent increase in the Manchester metropolitan area.

In May 2020, 1.8 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in

foreclosure) or had transitioned into REO (real estate owned) status, up from 1.7 percent a year earlier (CoreLogic, Inc.). Although the rate was above the 1.6-percent national rate, the 0.1-percentage point increase in the region was less than the 0.2-percentage point rise nationally. The rate was up in four states, with the largest increase, of 0.3 percentage point, from 2.1 to 2.4 percent, in Connecticut—the highest rate in the region. In New Hampshire, the rate rose 0.2 percentage point to 1.2 percent—the lowest rate in the region. In Massachusetts and Vermont, the rates rose 1.0 percentage point each to 1.5 and 1.6 percent, respectively. The rate was unchanged at 1.9 percent in Rhode Island and decreased 0.2 percentage point, to 2.2 percent, in Maine.

During the second quarter of 2020 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, declined 11 percent in the New England region compared with a year earlier, to nearly 2,650 homes; this followed a 14-percent decrease during the second quarter of 2019. By comparison, the number

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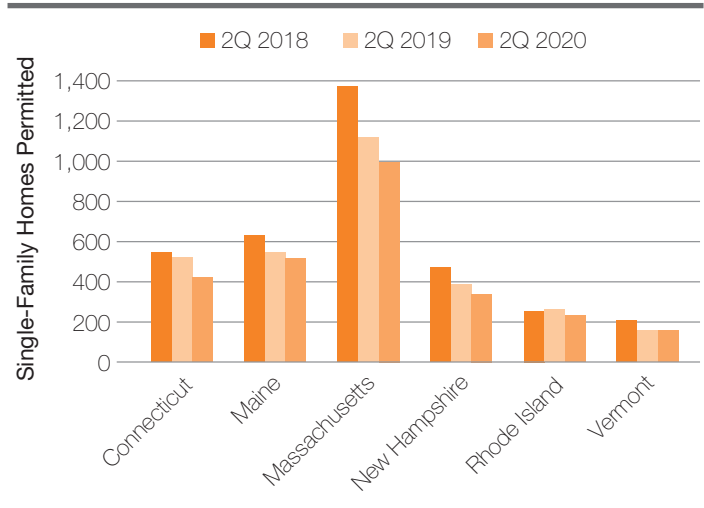


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of homes permitted nationally declined 9 and 5 percent during the second quarters of 2020 and 2019, respectively, from a year earlier.

- Massachusetts and Connecticut accounted for more than two-thirds of the decline in single-family permitting in the region, decreasing by 120 and 100 homes, or 11 and 20 percent, to 990 and 420 homes, respectively.
- In New Hampshire, permitting was down by 50 homes, or 12 percent, to 340 homes; in Maine and Rhode Island, permitting fell by 30 homes each, decreases of 5 and 12 percent, to 510 and 230 homes, respectively. Homebuilding activity was unchanged in Vermont, with approximately 160 homes permitted.
- In the Boston metropolitan area, permitting decreased by 110 homes, or 10 percent, to 980 homes permitted, following a 23-percent decline during the second quarter of 2019. Homebuilding activity was down significantly in the Hartford and New Haven metropolitan areas, with declines of 80 and 40 homes, or 30 and 59 percent, to totals of 190 and 30 homes permitted, respectively.

Single-family permitting declined in the New England region overall during the second quarter of 2020, continuing a trend that began in the third quarter of 2018.



2Q = second quarter.  
 Note: Based on preliminary data.  
 Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

During the second quarter of 2020, apartment market conditions in major metropolitan areas in the New England region ranged from balanced to tight, unchanged from the previous quarter and from the second quarter of 2019. The number of apartment units completed in the New England region totaled 5,200 during the second quarter of 2020, an increase of 39 percent from the 3,750 completions during the second quarter of 2019 (McGraw-Hill Construction Pipeline database). Multifamily construction in Massachusetts accounted for 70 percent of all new apartment units completed in the region during this period. An estimated 16,725 apartment units were under construction in the region at the end of the second quarter of 2020, with more than two-thirds expected to be completed by the second quarter of 2021.

Apartment vacancy rates increased in all eight major metropolitan areas referenced in this report, partially due to an increase in new apartment completions during the second quarter of 2020. Despite this increase, the vacancy rates for seven of the metropolitan areas in the region were below the national apartment vacancy rate of 4.6 percent. The largest increase in apartment vacancies in the region occurred in the Boston metropolitan area, where the vacancy rate was up 1.2 percentage points, to 4.4 percent, and market conditions that were previously slightly tight improved to balanced. During this period, multifamily completions in the metropolitan area more than tripled, from 1,000 units during the second quarter of 2019 to 3,750 units during the second quarter of 2020. In addition, demand for

apartments from students at major universities in the Boston metropolitan area was at a low level during the second quarter of 2020, largely because schools closed their campuses and moved all courses online for the second half of the spring semester in response to COVID-19. Students delayed leasing apartments for the fall 2020 semester because many universities will provide the option of remote learning for some or all classes. Vacancy rates in the Burlington and Worcester metropolitan areas averaged 2.0 and 3.0 percent, respectively, each representing an increase of 1.0 percentage point from the second quarter of 2019; conditions in the Worcester apartment market were slightly tight, an improvement from tight conditions a year ago, but conditions remained tight in Burlington. Bridgeport was the only metropolitan area in the region with a vacancy rate that exceeded the national average, increasing 0.7 percentage point to 4.7 percent. Smaller increases of 0.6 and 0.5 percentage points occurred in the Manchester and Hartford metropolitan areas, respectively, where apartment vacancy rates during the second quarter of 2020 rose to 2.3 and 3.9 percent, respectively. The Portland and Providence metropolitan areas had the smallest increases in vacancy rates in the region, rising 0.4 and 0.3 percentage points, to vacancy rates of 2.4 and 3.1 percent, respectively.

During the second quarter of 2020, the average monthly rent rose in five of the eight major metropolitan areas referenced in this report. In three of those areas, the rent increased faster than the national average of 2 percent. Average rents in seven

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Apartment vacancy rates rose in every major metropolitan area in the New England region during the second quarter of 2020 compared with a year earlier.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2019 (%)	2Q 2020 (%)	Percentage Point Change	2Q 2019 (\$)	2Q 2020 (\$)	Percent Change
Boston, MA-NH	Balanced	3.2	4.4	1.2	2,399	2,391	0
Bridgeport, CT	Balanced	4.0	4.7	0.7	2,353	2,341	-1
Burlington, VT	Tight	1.0	2.0	1.0	1,634	1,640	0
Hartford, CT	Balanced	3.4	3.9	0.5	1,359	1,393	3
Manchester, NH	Tight	1.6	2.3	0.6	1,418	1,477	4
Portland, ME	Tight	2.0	2.4	0.4	1,520	1,532	1
Providence, RI-MA	Slightly Tight	2.8	3.1	0.3	1,526	1,552	2
Worcester, MA-CT	Slightly Tight	2.0	3.0	1.0	1,651	1,700	3

2Q = second quarter.

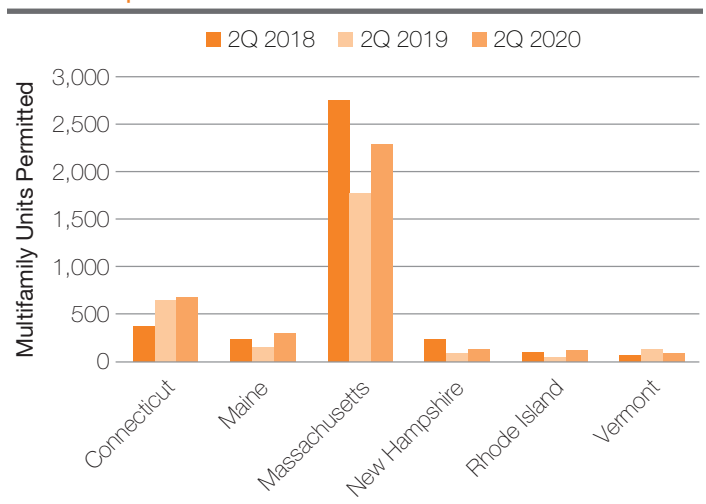
Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—RealPage, Inc.

of the eight metropolitan areas were above the \$1,431 average for the nation. The largest rent increase was in the Manchester metropolitan area, where apartment market conditions were tight, and the average rent rose 4 percent to \$1,477. Despite the increase, the average rent in the Manchester metropolitan area was one of the lowest of the eight major metropolitan areas. Rents rose 3 percent in the Hartford and Worcester metropolitan areas, increasing to \$1,393 and \$1,700, respectively. Rent increases were modest in the Providence and Portland metropolitan areas, increasing by 2 percent and 1 percent, to \$1,552, and \$1,532, respectively. The average rent in the Boston and Burlington metropolitan areas was essentially unchanged from a year earlier at \$2,391 and \$1,640, respectively. During the second quarter of 2020, the average rent in the Bridgeport metropolitan area averaged \$2,341, declining by approximately 1 percent from the previous year.

During the second quarter of 2020 (preliminary data)—

- The number of multifamily units permitted in the New England region rose to 3,575—up by 770 units, or 27 percent, from the same quarter a year earlier and compared with a 25-percent decline during the second quarter of 2019. By comparison, the number of multifamily units permitted nationally decreased 9 percent during the second quarter of 2020, following a 3-percent decline during the second quarter of 2019.
- Multifamily permitting in five of the six states in the region increased, compared with growth in only two of the six states a year earlier. The largest total increase was in Massachusetts, which was up by 510 units, or 29 percent, compared with the same period a year earlier, with virtually all of the increase in the Boston metropolitan area; the 2,275 units permitted in the state accounted for nearly two-thirds of all units permitted in the region.
- In Maine and Rhode Island, multifamily permitting more than doubled, increasing by 150 and 70 units, respectively,

Multifamily permitting increased in all states in the New England region except for Vermont during the second quarter of 2020.



2Q = second quarter.

Note: Based on preliminary data.

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

compared with a year ago. During the same period, multifamily permitting in New Hampshire and Connecticut grew by 40 and 30 units, increases of 47 and 5 percent, respectively.

- Vermont was the only state in the region with a decline in multifamily permitting, down by 40 units, or 31 percent, compared with the second quarter of 2019. By comparison, the number of multifamily units permitted increased by 70 units during the second quarter of 2019, double the number of units permitted during the second quarter of 2018.
- Approximately 88 percent of all multifamily units permitted in the New England region were in the eight largest metropolitan areas—down from 94 percent during the second quarter of 2019.

