

HUD PD&R Regional Reports

Region 1: New England

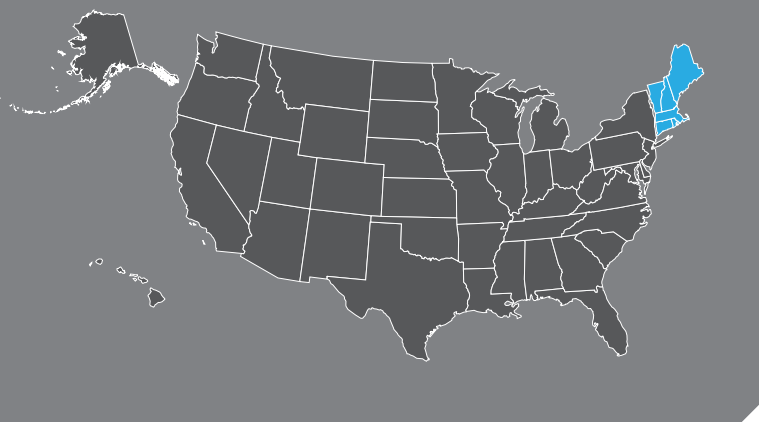


Portland, Maine

By Diana Villavicencio | 4th Quarter 2020

Quick Facts About Region 1

- **Sales market conditions—**
Fourth quarter 2020: mixed (slightly tight to tight)
Third quarter 2020: mixed (balanced to tight)
Fourth quarter 2019: mixed (balanced to slightly tight)
- **Apartment market conditions—**
Fourth quarter 2020: mixed (balanced to tight)
Third quarter 2020: mixed (balanced to tight)
Fourth quarter 2019: mixed (balanced to tight)



Overview

Nonfarm payroll jobs decreased in the New England region during the fourth quarter of 2020, down from a year earlier due to the continued impact of interventions to slow the spread of COVID-19. The number of jobs in all sectors in the region declined compared with a year ago. The largest job decreases were in the leisure and hospitality sector, which declined in all states in the region and accounted for the most job losses in every state. As of December 2020, the level of nonfarm payrolls in the region was approximately 6.96 million jobs, or 6 percent below the February 2020 level, before the impact of the COVID-19 global pandemic (not seasonally adjusted). Despite the economic contraction, sales and rental housing markets were relatively stable, with conditions ranging from balanced to tight. Home sales and home sales prices rose in the region overall, and the market was tighter than a year ago because of a lower inventory of homes for sale, even when single-family home construction increased. The apartment vacancy rates declined in most of the markets cited in this report, partly because new apartment completions slowed from a year earlier. Average apartment rents increased in six of the eight largest apartment markets in the region, and rent growth in all of those markets exceeded the average national growth rate.

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- During the fourth quarter of 2020, nonfarm payrolls in the New England region fell 8.0 percent, the second steepest decline among the 10 HUD-defined regions compared with a year ago, and the number of jobs lost in the New England region accounted for nearly 7 percent of the jobs lost nationally. Nonfarm payrolls declined in every state in the region. Job losses were highest in Massachusetts, which accounted for 56 percent of the jobs lost in the region.
- During the 12 months ending November 2020, home sales and home sales prices in the region increased 7 and

9 percent, respectively, and single-family home construction increased 27 percent.

- Apartment vacancy rates decreased in five of the markets cited in this report and increased in three, including in the Boston metropolitan area. The number of multifamily units permitted fell 18 percent during the fourth quarter of 2020, representing a decrease in three states and relatively small increases in the remaining three—including Massachusetts, where most of the increase occurred in the Boston metropolitan area.

Economic Conditions

During the fourth quarter of 2020, nonfarm payrolls in the New England region averaged approximately 6.98 million, representing a decrease of 607,600 jobs, or 8.0 percent, from the fourth quarter of 2019, resulting from restrictions put in place in response to the COVID-19 global pandemic. That decrease was the second fastest year-over-year decline among the 10 HUD-defined regions, following only the New York-New Jersey region. In the nation, nonfarm payrolls fell 6.0 percent from a year ago, and the number of jobs lost in the New England region accounted for nearly 7 percent of the 8.88 million jobs lost in the nation. The largest decline in payrolls during the past 12 months occurred in the second quarter of 2020, whereas jobs were added during the third

and fourth quarters of 2020, when businesses generally began to reopen and expand operations. During the fourth quarter of 2020, jobs remained 5.6 percent below the 7.39 million jobs recorded during the first quarter of 2020. None of the New England-region states have fully recovered the number of jobs lost during the second quarter of 2020. Payrolls for states in the region ranged from 3.5 percent below the level in the first quarter of 2020 in Connecticut to 7.0 percent lower in Vermont. Job levels in the nation remain 4.3 percent below those of the first quarter of 2020.

During the fourth quarter of 2020, the greatest year-over-year job losses in the region occurred in Massachusetts, where

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Every nonfarm payroll sector in the New England region lost jobs on a year-over-year basis during the fourth quarter of 2020.

	Fourth Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	7,587.1	6,979.5	-607.6	-8.0
Goods-Producing Sectors	926.8	879.4	-47.4	-5.1
Mining, Logging, & Construction	326.9	305.3	-21.6	-6.6
Manufacturing	599.9	574.0	-25.9	-4.3
Service-Providing Sectors	6,660.3	6,100.1	-560.2	-8.4
Wholesale & Retail Trade	1,050.9	996.4	-54.5	-5.2
Transportation & Utilities	229.2	219.1	-10.1	-4.4
Information	155.1	147.8	-7.3	-4.7
Financial Activities	462.6	456.8	-5.8	-1.3
Professional & Business Services	1,081.7	1,045.0	-36.7	-3.4
Education & Health Services	1,609.0	1,499.0	-110.0	-6.8
Leisure & Hospitality	751.3	525.5	-225.8	-30.1
Other Services	283.4	243.5	-39.9	-14.1
Government	1,037.1	966.9	-70.2	-6.8

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

Source: U.S. Bureau of Labor Statistics



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nonfarm payrolls fell by 339,600 jobs, or 9.1 percent, and accounted for 56 percent of the total job loss in the region. Jobs declined the second fastest in Vermont, down 9.0 percent, but the total number of jobs lost—28,900—was the lowest in the region. In Maine, New Hampshire, and Rhode Island, the number of jobs decreased by 46,300, 56,700, and 39,200, or 7.3, 8.2, and 7.7 percent, respectively. Only in Connecticut did nonfarm payrolls decline at a slower rate than in the nation, down 5.7 percent, or by 96,900 jobs.

Jobs in the region declined, year-over-year, during the fourth quarter of 2020 in every nonfarm payroll sector, with the greatest decline in leisure and hospitality. In December 2020, public health officials discouraged holiday travel, and there were restrictions on indoor dining, bars, and other businesses that require in-person interactions because COVID-19 cases had resurged. The leisure and hospitality sector accounted for more than one-third of the regional job decline from the previous year. The sector declined in all states in the region and accounted for the most job losses in every state, with decreases ranging from 28 percent of the total job loss in Connecticut to 47 percent of the total job loss in Vermont.

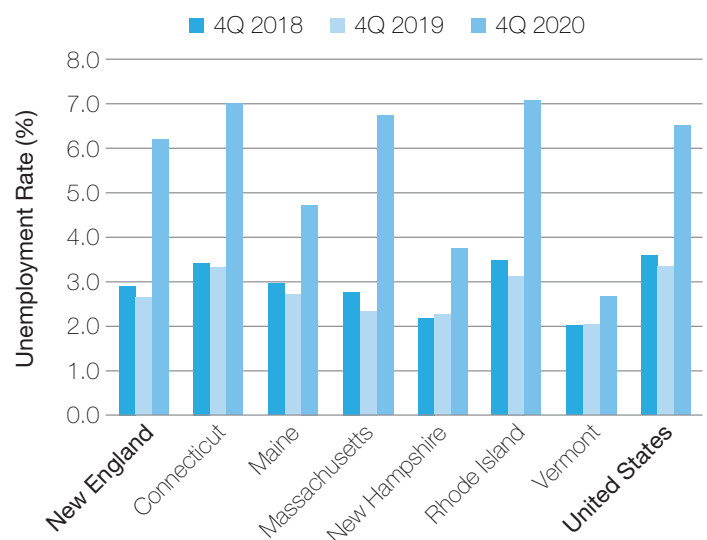
During the fourth quarter of 2020—

- Jobs in the leisure and hospitality sector declined by 225,800, or 30.1 percent, compared with a year earlier; nearly three-fourths of the decline occurred at restaurants and bars in the food services and drinking places industry, whereas hotel layoffs in the accommodation industry accounted for 15 percent of the decrease in the region. Payrolls also fell in the amusement, gambling, and recreation industry in Massachusetts, Connecticut, and New Hampshire by 24,800, 3,700, and 3,600 jobs, or 61.5, 19.1, and 39.8 percent, respectively.
- Approximately 18 percent of the decrease in payrolls in the region was in the education and health services sector—the largest payroll sector in the region—which contracted by 110,000 jobs, or 6.8 percent, from a year earlier, to nearly 1.50 million jobs. More than 60 percent of the decline in the sector was in the health care and social assistance subsector, which decreased by 67,200 jobs, or 5.4 percent, with declines occurring in every state because hospitals were temporarily unable to provide many elective procedures, causing furloughs among healthcare providers.
- The professional and business services sector, the second largest nonfarm payroll sector in the region, fell by 36,700 jobs, or 3.4 percent, compared with the fourth quarter of 2019, to nearly 1.05 million jobs. Jobs in the sector were

supported by industries such as legal services, accounting, and business management, which more readily adapted to a telework model following the onset of COVID-19; however, demand decreased for office services such as building support and janitorial staff, contributing to job losses in five of the six states in the region.

- The financial activities sector had the smallest percentage decrease in payrolls in the region compared with a year earlier, down 1.3 percent. Job losses in the sector in four states offset modest gains of 1,300 jobs, or 3.7 percent, in New Hampshire and 200 jobs, or 0.5 percent, in Rhode Island; nearly two-thirds of the net gain in New Hampshire occurred in the real estate and rental and leasing industry, which was up by 800 jobs, or 11.1 percent, whereas the remainder of the increase occurred in the finance and insurance industry.
- The average unemployment rate in every New England-region state rose compared with a year ago, and the regionwide average rose to 6.2 percent, from 2.6 percent during the fourth quarter of 2019. With an unemployment rate of 2.7 percent, Vermont was tied with Nebraska for the lowest unemployment rate in the nation during the fourth quarter of 2020, whereas the rates of 7.1 and 7.0 percent in Rhode Island and Connecticut, respectively, were ranked 11th and 13th nationally among states with the highest unemployment rates during the quarter.

The unemployment rate rose in all six New England-region states during the fourth quarter of 2020 compared with a year earlier.



4Q = fourth quarter. Source: U.S. Bureau of Labor Statistics



Sales Market Conditions

Sales housing market conditions ranged from slightly tight to tight across the New England region, despite continued economic contraction. The months of supply of inventory declined throughout every state in the region compared with 1 year ago. The decline occurred partly because most nonessential residential construction projects were halted temporarily following the onset of the pandemic as one of the measures used to slow the spread of COVID-19. In addition, very low mortgage interest rates contributed to accelerated home purchases, whereas weakening economic conditions caused some sellers to postpone selling their homes. Sales markets were slightly tight in Connecticut and Vermont, where the months of supply of for-sale inventory declined to 3.0 and 2.6 months, respectively, in November 2020, from 4.7 and 4.1 months in November 2019 (CoreLogic, Inc.). Market conditions were tight in the remaining four states, each with tighter conditions than a year earlier. In Massachusetts and Rhode Island, the months of supply declined to 1.7 months

from 2.3 and 3.3 months, respectively. In Maine and New Hampshire, the months of supply decreased to 1.9 and 1.2 months, respectively, from 2.5 and 1.4 months (New Hampshire Association of Realtors® and CoreLogic, Inc.). The national months of supply decreased to 1.9 months in November 2020 from 3.0 months in November 2019 (CoreLogic, Inc.).

Even with declining available for-sale inventory and weak economic conditions regionwide, home sales (including single-family homes, townhomes, and condominiums) in the New England region rose. During the 12 months ending November 2020, home sales in the region increased 7 percent from a year earlier, to approximately 216,100 homes sold, following a 2-percent increase during the previous year (Zonda). Nationally, home sales decreased 2 percent. The rate of home sales rose in each of the six states in the region, ranging from 1 percent in Rhode Island to 31 percent in Maine. Home sales in seven of the eight largest metropolitan areas in the region

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The number of homes sold increased in all six states in the New England region and all but one of the largest metropolitan areas in the region; home sales prices increased in all states and metropolitan areas.

	12 Months Ending	Number of Homes Sold				Price		
		2019	2020	Percent Change	Average	2019 (\$)	2020 (\$)	Percent Change
Connecticut (N&E)	November	47,094	53,159	13	AVG	\$336,820	\$393,556	17
Bridgeport, CT (N&E)	November	12,232	14,596	19	AVG	\$576,853	\$700,477	21
Hartford, CT (N&E)	November	16,058	17,830	11	AVG	\$253,077	\$266,779	5
Maine (N&E)	November	10,688	14,013	31	AVG	\$232,348	\$261,676	13
Portland, ME (N&E)	November	3,453	4,451	29	AVG	\$322,412	\$358,638	11
Massachusetts (N&E)	November	91,583	92,974	2	AVG	\$512,108	\$552,583	8
Boston, MA (N&E)	November	63,144	62,860	0	AVG	\$579,202	\$616,118	6
Worcester, MA-CT (N&E)	November	13,292	13,927	5	AVG	\$300,841	\$330,785	10
New Hampshire (N&E)	November	25,661	26,989	5	AVG	\$303,565	\$332,583	10
Manchester, NH (N&E)	November	6,853	6,946	1	AVG	\$302,556	\$332,257	10
Rhode Island (N&E)	November	14,956	15,122	1	AVG	\$332,499	\$370,696	11
Providence, RI (N&E)	November	21,521	21,871	2	AVG	\$333,456	\$368,560	11
Vermont (N&E)	November	12,356	13,813	12	AVG	\$253,116	\$286,649	13
Burlington, VT (N&E)	November	3,899	4,033	3	AVG	\$314,494	\$338,070	7

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

Source: Zonda



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increased. The metropolitan areas with the greatest sales increases also had some of the highest increases in home sale prices. The greatest increases in sales—29 and 19 percent—occurred in the Portland and the Bridgeport metropolitan areas, respectively, where average home prices increased the fastest. Home sales increases ranged from 1 to 11 percent in five of the other six major markets in the region, whereas sales contracted less than 1 percent in the Boston metropolitan area.

During the 12 months ending November 2020, the average home sales price in the New England region rose 9 percent to \$437,400, accelerating from the 1-percent increase during the previous year (Zonda). The average home sales price in the region was 26 percent higher than the national average price of \$346,200, and the rate of growth was faster than the 8-percent national rate. Average home sales prices rose in all six states in the region and ranged from 8 to 17 percent in Massachusetts and Connecticut, respectively. Average home sales prices also increased in all eight major metropolitan areas cited in this report. Home sales prices increased the fastest in the Bridgeport metropolitan area, where the average price rose 21 percent, and in the Portland and the Providence metropolitan areas, where the average prices rose 11 percent each. The average home sales prices increased by lower rates in the six other markets, ranging from a 5-percent increase in the Hartford metropolitan area to 10 percent in the Manchester and Worcester metropolitan areas.

During November 2020, 3.9 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 more than double from 1.6 percent a year earlier but below the national rate of 4.1 percent (CoreLogic, Inc.). The rate increased in every state in the region. The largest increase, 3.3 percentage points, occurred in Connecticut, which had the highest rate of seriously delinquent loans and REO properties in the region, at 5.4 percent. Approximately 66,050 mortgages in the region were 90 or more days past due in November 2020, nearly three times more than the number in November 2019. Despite the recent increase in mortgage delinquencies, the forbearance plans for federally backed mortgages in the Coronavirus Aid, Relief, and Economic Security (CARES) Act partly kept mortgage delinquencies from rising further.

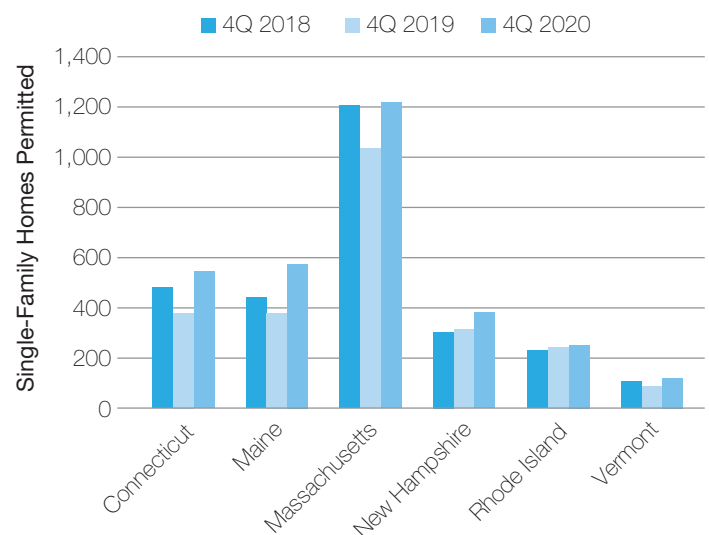
During the fourth quarter of 2020 (preliminary data)—

- Single-family homebuilding in the region, as measured by the number of single-family homes permitted, totaled 3,075—a 27-percent increase from the fourth quarter of 2019—compared with a 12-percent decrease a year earlier. By comparison, the number of single-family homes permitted nationally increased approximately 27 percent

during the fourth quarter of 2020, following a 12-percent increase during the fourth quarter of 2019.

- The number of single-family homes permitted increased in all states in the region, with nearly 30 percent of the increase occurring in Maine, where single-family permitting rose by 200 homes, or 52 percent, to 570 homes. Nearly 70 percent of the increase in Maine occurred in the Portland metropolitan area, where permitting increased 47 percent, to 420 homes.
- Homebuilding activity also increased in Massachusetts and Connecticut, where single-family permitting increased by 180 and 170 homes, or 18 and 44 percent, respectively. The statewide gains in Massachusetts and Connecticut occurred primarily in the Massachusetts portion of the Boston metropolitan area, where permitting increased 14 percent, to 950 homes, and in the Bridgeport and Hartford metropolitan areas, where permitting increased 65 and 51 percent, respectively, to 210 and 230 homes.
- Increases in single-family home permitting were smaller in New Hampshire, where permitting rose by 70 homes, or 23 percent, to 380 homes, and in Vermont and Rhode Island, where permitting was up by 30 and 10 homes, or 38 and 4 percent, respectively, to a combined 370 homes permitted. More than two-thirds of the gain in New Hampshire occurred in the Manchester metropolitan area and the portion of the Boston metropolitan area located in New Hampshire.

During the fourth quarter of 2020, single-family home permitting rose in all six states in the New England region.



4Q = fourth quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey



Apartment Market Conditions

Apartment market conditions in major metropolitan areas in the New England region ranged from balanced to tight during the fourth quarter of 2020, unchanged from the previous quarter. The continued implementation of the CARES Act, which provides a moratorium on evictions and late fees for properties with federally backed mortgages through the end of 2020, may have partly contributed to relatively stable conditions. During the last week of the fourth quarter of 2020, 83 percent of renter households were up to date on rent payments in the region, unchanged from the first week of the quarter (Census Bureau Household Pulse Survey). Nationwide, 81 percent of renter households were up to date on rent payments, down from 84 percent. The number of apartment units completed in the New England region totaled 3,125 during the fourth quarter of 2020, a 16-percent decrease from the 3,725 completions during the fourth quarter of 2019 (McGraw-Hill Construction Pipeline database). Massachusetts accounted for nearly 50 percent of all new apartment units completed in the region during the fourth quarter of 2020.

With continued protections for renter households and reduced apartment completions during the fourth quarter of 2020, apartment vacancy rates declined in five of the eight major metropolitan areas referenced in this report. Vacancy rates for six of the metropolitan areas in the region were below the national rate of 4.3 percent. The largest decline in the apartment vacancy rate in the region occurred in the Providence metropolitan area, where the vacancy rate fell 1.1 percentage points, to 2.1 percent, partly because only 40 apartment units entered the market during the fourth quarter of 2020. Vacancy rates declined by smaller amounts, to 1.4 and 3.1 percent, in the Manchester and Hartford

metropolitan areas, respectively; apartment vacancy rates were 1.6 and 4.6 percent in the Portland and the Bridgeport metropolitan areas, respectively. The vacancy rate increased in three metropolitan areas, including the Burlington and Worcester metropolitan areas, where the vacancy rate increased to 2.1 and 2.7 percent, respectively. In the Boston metropolitan area, where the vacancy rate increased to 4.9 percent, the rate was the highest among the major metropolitan areas in the region during the fourth quarter of 2020. In the Boston metropolitan area, demand for apartments was lower than typical; students delayed leasing apartments for the fall 2020 semester because many universities provided courses online.

During the fourth quarter of 2020, average monthly rents rose in six of the eight major metropolitan areas referenced in this report. Rents increased in all of those areas at a faster rate than the national average of less than 1 percent. Average rents in seven of the eight metropolitan areas were above the \$1,429 average for the nation. The largest rent increases were in the Portland and Manchester metropolitan areas, where the average rents rose 6 and 5 percent, respectively, to \$1,575 and \$1,529. Despite the increase, the average rent in the Manchester metropolitan area was the second lowest of the eight major metropolitan areas cited in this report. The average rent in the Providence metropolitan area increased 4 percent, to \$1,595. The average rent rose 3 percent in the Burlington and Hartford metropolitan areas, increasing to \$1,673 and \$1,421, respectively, with the average rent in the Hartford metropolitan area the lowest of the eight metropolitan areas. The average rent increased more modestly in the Worcester metropolitan

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During the fourth quarter of 2020, apartment vacancy rates decreased in five major metropolitan areas in the New England region, and average rents rose in all but two metropolitan areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2019 (%)	4Q 2020 (%)	Percentage Point Change	4Q 2019 (\$)	4Q 2020 (\$)	Percent Change
Boston, MA-NH	Balanced	3.3	4.9	1.6	2,420	2,270	-6
Bridgeport, CT	Balanced	4.7	4.6	-0.1	2,385	2,377	0
Burlington, VT	Tight	1.2	2.1	0.9	1,631	1,673	3
Hartford, CT	Balanced	3.5	3.1	-0.3	1,377	1,421	3
Manchester, NH	Tight	1.8	1.4	-0.4	1,462	1,529	5
Portland, ME	Tight	1.8	1.6	-0.2	1,485	1,575	6
Providence, RI-MA	Slightly Tight	3.2	2.1	-1.1	1,541	1,595	4
Worcester, MA-CT	Tight	2.4	2.7	0.3	1,692	1,723	2

4Q = fourth quarter.

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



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area, rising 2 percent, to \$1,723. In the Bridgeport metropolitan area, the average rent declined less than 1 percent, year-over-year, to \$2,377, whereas in the Boston metropolitan area, the average rent declined 6 percent, to \$2,270. During the fourth quarter of 2020, the Bridgeport metropolitan area had the highest rent of the eight major metropolitan areas referenced in this report. The average rent in the Boston metropolitan area had been the highest for four consecutive quarters before it declined every quarter since the second quarter of 2020.

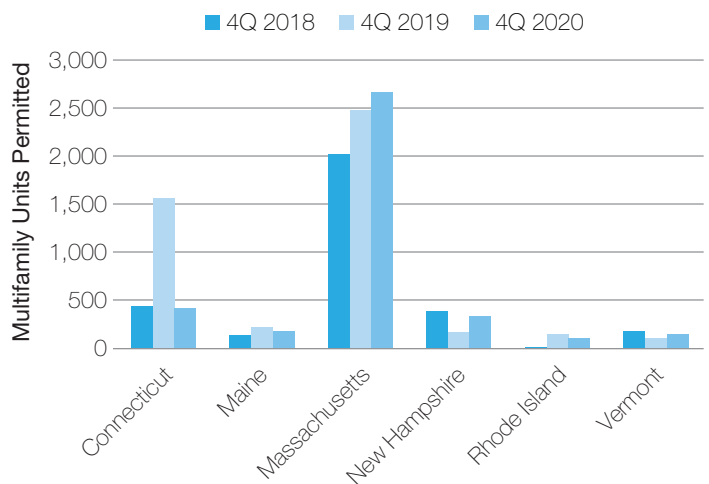
During the fourth quarter of 2020 (preliminary data)—

- The number of multifamily units permitted in the New England region fell to 3,875—down by 830 units, or 18 percent, from the same quarter a year earlier, compared with a 48-percent increase during the fourth quarter of 2019. By comparison, the number of multifamily units permitted nationally increased 13 percent during the fourth quarter of 2020, following a 16-percent increase during the fourth quarter of 2019.
- In Connecticut, multifamily permitting decreased 73 percent, to 420 units—down from 1,575 units during the fourth quarter of 2019, when permitting was unusually strong; during the second quarters of 2016 through 2018, multifamily permitting averaged 470 units year-over-year. In the Bridgeport metropolitan area, permitting decreased by 610 units, or 73 percent, but the metropolitan area accounted for 55 percent of the units permitted in Connecticut.
- Multifamily permitting also declined in Rhode Island and Maine, down 25 and 19 percent, respectively, or by a combined 80 units, to 300 units. The statewide net loss in Maine occurred primarily in the Portland metropolitan area, where permitting decreased 15 percent, to 160 units.

The decline in Rhode Island occurred mainly in the portion of the Providence metropolitan area in Rhode Island, where permitting decreased 25 percent, to 110 units.

- In the New England region, three states had increased multifamily permitting: Massachusetts, New Hampshire, and Vermont, where permitting rose to 2,650, 340, and 150 units, respectively. All of the increase in multifamily permitting in the three states was concentrated in the three largest metropolitan areas and the portion of the Boston metropolitan area in New Hampshire.

Multifamily construction activity declined in the New England region during the fourth quarter of 2020 because of a steep decline in construction in Connecticut.



4Q = fourth quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

