

# HUD PD&R Regional Reports

## Region 1: New England

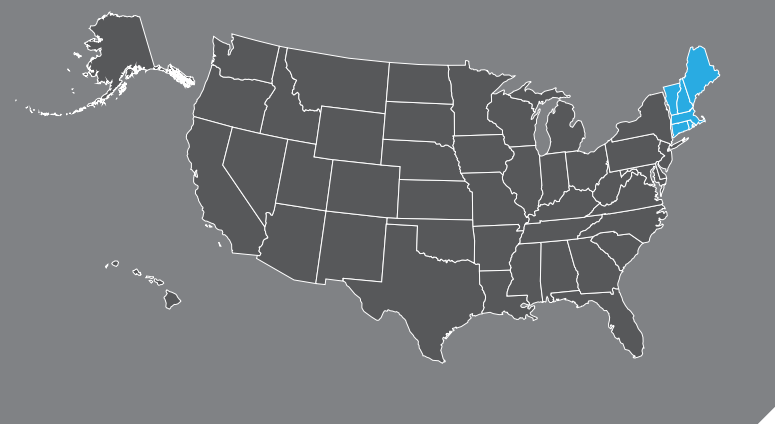


### Quick Facts About Region 1

Boston, Massachusetts

By Diana Villavicencio | 4th Quarter 2021

- **Sales market conditions—**  
Fourth quarter 2021: tight  
Third quarter 2021: tight  
Fourth quarter 2020: mixed (slightly tight to tight)
- **Apartment market conditions—**  
Fourth quarter 2021: mixed (balanced to tight)  
Third quarter 2021: tight  
Fourth quarter 2020: mixed (balanced to tight)



### Overview

Economic conditions continued to improve for the third consecutive quarter on a year-over-year basis during the fourth quarter of 2021, following job losses that resulted from the COVID-19 pandemic in early 2020; the rate of growth has slowed from the previous two quarters, however. The disbursement of the COVID-19 vaccines since December 2020, along with the full reopening of businesses during the first quarter of 2021, have contributed to nonfarm payroll growth; however, nonfarm payroll jobs remained below prepandemic levels in all but three sectors. By December 2021, 87 percent of the 1.27 million jobs lost on a monthly basis during March and April 2020 had been recovered, compared with a job-recovery rate of 96 percent nationwide (data not seasonally adjusted). As economic conditions improved, sales housing market conditions in the New England region remained tight since the third quarter of 2021 because of strong demand and low mortgage interest rates, along with a low inventory of homes for sale. Overall, home sales and home sales prices went up at a faster rate than during the previous year. Apartment market conditions in the largest metropolitan areas of the New England region tightened compared with a year earlier and ranged from balanced to tight.

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- Nonfarm payrolls rose in every state in the New England region during the fourth quarter of 2021 compared with a year ago, ranging from a 2.0-percent increase in Maine to a 6.2-percent increase in Massachusetts, but none have fully recovered. The leisure and hospitality and the professional and business services sectors added the most jobs in the region, with increasing gains in every state, except for Rhode Island, where the professional and business services sector lost jobs.
- Home sales and home sales prices in the region increased sharply, up 8 and 13 percent, respectively, during the 12 months ending November 2021, from the previous year. New home construction, as measured by the number of single-family homes permitted, however, declined slightly.
- Apartment vacancy rates declined in all eight markets cited in this report, and average rents increased in all eight markets from a year earlier. A slowdown in new apartment completions contributed to tighter apartment markets.

## Economic Conditions

Nonfarm payrolls in the New England region increased during the fourth quarter of 2021, continuing a trend of year-over-year job gains that started during the second quarter of 2021. The rate of growth slowed compared with the two most recent quarters, however, partly because of a rise in cases from the spread of the Omicron variant. During the fourth quarter of 2021, nonfarm payrolls rose by 324,100 jobs, or 4.6 percent, from a year earlier to nearly 7.30 million, compared with a loss of 645,200 jobs, or 8.5 percent, during the fourth quarter of 2020. Despite the recent gain, nonfarm payrolls in the region have yet to reach prepandemic levels, and jobs remained 4.2 percent below the average during the fourth quarter of 2019. By comparison, nonfarm payrolls in the nation rose 4.2 percent during the fourth quarter of 2021 after falling 5.9 percent a year ago, but they are 1.9 percent below the number of nonfarm

payrolls during the fourth quarter of 2019. The regional rate of job growth during the fourth quarter of 2021 was the fourth fastest year-over-year increase among the 10 HUD-defined regions, following the Pacific, Southwest, and Northwest regions. The year-over-year growth rate in the region was slower than the 10.8- and 5.7-percent rates of growth during the second and third quarters of 2021, respectively.

Job growth in the region occurred in all 11 nonfarm payroll sectors during the fourth quarter of 2021, with the greatest gains in sectors that had previously been most severely affected by interventions taken to slow the spread of COVID-19. The leisure and hospitality sector accounted for nearly one-third of net job gains, up by 99,700 jobs, or 18.4 percent, compared with the fourth quarter of 2020, when 216,900 jobs were lost—the most

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**Every nonfarm payroll sector in the New England region added jobs on a year-over-year basis during the fourth quarter of 2021.**

	Fourth Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	6,975.3	7,299.4	324.1	4.6
Goods-Producing Sectors	886.8	923.1	36.3	4.1
Mining, Logging, & Construction	318.8	336.3	17.5	5.5
Manufacturing	568.0	586.8	18.8	3.3
Service-Providing Sectors	6,088.5	6,376.3	287.8	4.7
Wholesale & Retail Trade	991.1	1,013.1	22.0	2.2
Transportation & Utilities	232.2	245.7	13.5	5.8
Information	142.6	149.6	7.0	4.9
Financial Activities	448.1	448.4	0.3	0.1
Professional & Business Services	1,036.4	1,095.3	58.9	5.7
Education & Health Services	1,489.3	1,533.4	44.1	3.0
Leisure & Hospitality	542.9	642.6	99.7	18.4
Other Services	240.6	258.3	17.7	7.4
Government	965.3	990.0	24.7	2.6

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

Source: U.S. Bureau of Labor Statistics



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jobs of any sector. Numerous hotels and restaurants that had laid off thousands of workers in the leisure and hospitality sector during most of 2020 increased staffing levels when capacity and travel limitations were lifted throughout the region. During the fourth quarter of 2021, the professional and business services sector added 58,900 jobs, or 5.7 percent, and accounted for 18 percent of net job gains from a year earlier, compared with a loss of 49,800 jobs, or 4.6 percent, the previous year; that sector, the mining, logging, and construction sector, and the transportation and utilities sector were the only three to surpass prepandemic levels. Massachusetts accounted for 72.8 percent of job growth in the professional and business services sector, with office leasing activity, including biomedical companies, increasing by an average of 4 million square feet each quarter since the second quarter of 2021 in the Boston metropolitan area (CoStar Group). The education and health services sector, the largest sector in the region, added the third most jobs—up by 44,100 jobs, or 3.0 percent, compared with a decrease of 131,000 jobs, or 8.1 percent, during the same quarter in 2020. Healthcare facilities that halted elective services during the pandemic, which led to furloughs among providers, resumed services. The mining, logging, and construction sector and the transportation and utilities sector added 17,500 and 13,500 jobs, or 5.5 and 5.8 percent, respectively, during the fourth quarter of 2021, recuperating all the jobs lost during the pandemic.

The unemployment rate in the region averaged 4.1 percent during the fourth quarter of 2021, slightly above the 3.9-percent rate for the nation but down significantly from 6.9 percent during the same period a year earlier. Unemployment rates declined in all six states. The unemployment rates in Rhode Island and Massachusetts declined the most, down 3.3 percentage points each, to 4.0 and 4.4 percent, respectively; the smallest decrease was in Maine, down 0.6 percentage point, to 4.1 percent. The lowest unemployment rates in the region were in Vermont and New Hampshire, at 1.9 and 2.2 percent, respectively, which decreased from 3.1 and 4.0 percent. The unemployment rate declined from 7.6 percent to 4.8 percent in Connecticut, the highest rate in the region and the 9th highest in the nation.

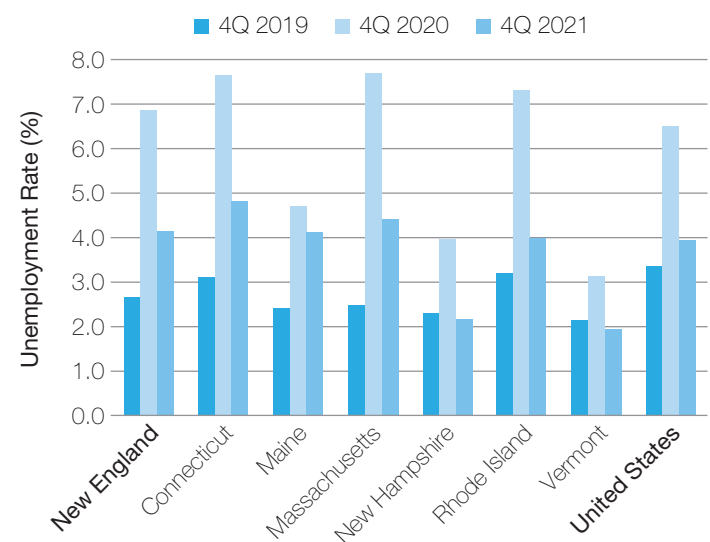
During the fourth quarter of 2021—

- The fastest year-over-year job growth in the region occurred in Massachusetts, where nonfarm payrolls rose 6.2 percent, or by 209,600 jobs, to 3.59 million. Every sector contributed to job growth; the leisure and hospitality sector and the professional and business services sector added the most jobs, increasing by 59,900 and 42,900, or 24.0 and 7.4 percent, respectively.
- Jobs rose at the second fastest rate in Rhode Island, up 4.8 percent, or by 22,500 jobs, to 487,100, with job growth

occurring in nine of the sectors. With 7,900 jobs added, the leisure and hospitality sector accounted for more than one-third of the growth in the state, followed by the manufacturing sector and the education and health services sector, which contributed 3,200 and 2,700 jobs, increasing 8.4 and 2.6 percent, respectively.

- In New Hampshire, jobs increased at a rate of 3.5 percent, or by 22,700 jobs, to 669,300, with job growth occurring in all but two sectors. The leisure and hospitality sector accounted for nearly 45 percent of the growth in the state, adding 10,200 jobs, or a 17.9 percent increase; the professional and business services sector contributed 3,100 jobs, a 3.7-percent increase.
- The rates of job growth were 3.1 percent in Vermont and 3.0 percent in Connecticut; the number of jobs increased by 8,900 and 48,300, to 300,600 and 1.64 million jobs, respectively. The leisure and hospitality sector added the most jobs in both states, contributing a combined 18,300 jobs and accounting for a combined 18 percent of regional growth in the sector.
- Nonfarm payrolls in Maine rose at a rate of 2.0 percent, or by 12,200 jobs, to 615,500. Nearly 30.0 percent of the job gains in the state during the fourth quarter of 2021 were in the leisure and hospitality sector, followed by the addition of 3,100 jobs, or 3.2 percent, in the wholesale and retail trade sector.

**The unemployment rate declined in all states in the New England region during the fourth quarter of 2021, and rates were below levels from 2 years earlier in two of the states.**



4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics



## Sales Market Conditions

Sales housing market conditions were tight in all states of the New England region during the fourth quarter of 2021, compared with slightly tight to tight conditions a year earlier. Tighter market conditions prevailed due to strong demand compounded by a further decline in the already low supply of homes for sale and record-low mortgage interest rates. The supply of for-sale inventory in the region declined to 1.1 months in December 2021 from 1.8 months in December 2020, identical to the national figure (CoreLogic, Inc.). In Connecticut, the supply of for-sale inventory declined to 1.7 months in December 2021 from 2.7 months in December 2020, the largest decrease in the region. Maine and Massachusetts had the lowest levels of inventory of homes for sale, at 0.5 and 0.8 month, respectively—down from 1.3 and 1.5 months a year earlier. In Vermont and Rhode Island, the months of supply declined to 1.3 months each from 1.9 and 1.6 months, respectively, and it increased 0.1 month to 1.1 months in New Hampshire.

In response to heightened demand, home sales (including single-family homes, townhomes, and condominiums) rose at an accelerated pace during the 12 months ending November 2021. Home sales increased 8 percent during the 12 months ending November 2021 to approximately 269,400 homes, following a 4-percent increase during the previous year; that increase was slightly slower than the 9 percent increase for the nation (CoreLogic, Inc.). Home sales rose in all states in the region, ranging from a less than 1-percent gain in New

Hampshire to a 19-percent increase in Maine. Home sales in the eight major metropolitan areas in the region also increased. The greatest rates of sales growth—10, 9, and 8 percent—occurred in the Bridgeport, Portland, and Hartford metropolitan areas, respectively. The smallest increase in home sales, of 2 percent, occurred in the Manchester and Worcester metropolitan areas. Home sales increases ranged from 6 to 7 percent in the other major metropolitan areas in the region.

Home sales prices increased at a faster rate during the 12 months ending November 2021, partly because of low inventories of homes for sale. During the 12 months ending November 2021, the average home sales price in the New England region rose 13 percent, to \$464,700, compared with a 9-percent increase during the previous year and an 18-percent increase nationwide (CoreLogic, Inc.). Average home sales prices rose in all six states in the region, ranging from 11 percent in Maine to 16 percent in both Rhode Island and Vermont. Average home sales prices also increased in the eight major metropolitan areas highlighted in this report. Home sales prices increased the fastest in the Manchester metropolitan area, where the average price rose 17 percent. In the Providence metropolitan area, the average sales price increased 16 percent, and in the Portland and Worcester metropolitan areas, the average prices rose 15 percent each. Average home sales prices increased 12 percent in the Bridgeport and Boston metropolitan areas and 14 percent in both the Burlington and Hartford metropolitan areas.

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**Home sales and prices increased or remained relatively unchanged in all six states and all eight major metropolitan areas in the New England region during the 12 months ending November 2021.**

	12 Months Ending	Number of Homes Sold				Price		
		2020	2021	Percent Change	Average	2020 (\$)	2021 (\$)	Percent Change
Connecticut (N&E)	November	57,350	62,650	9	AVG	\$370,300	\$418,200	13
Bridgeport, CT (N&E)	November	15,700	17,300	10	AVG	\$640,500	\$718,000	12
Hartford, CT (N&E)	November	19,100	20,600	8	AVG	\$262,200	\$298,300	14
Maine (N&E)	November	25,350	30,250	19	AVG	\$284,300	\$315,100	11
Portland, ME (N&E)	November	11,150	12,200	9	AVG	\$372,500	\$428,300	15
Massachusetts (N&E)	November	103,400	110,200	7	AVG	\$530,700	\$598,000	13
Boston, MA (N&E)	November	69,600	74,650	7	AVG	\$601,400	\$672,300	12
Worcester, MA-CT (N&E)	November	15,800	16,150	2	AVG	\$320,200	\$367,500	15
New Hampshire (N&E)	November	30,600	30,650	0	AVG	\$308,000	\$350,000	14
Manchester, NH (N&E)	November	7,600	7,750	2	AVG	\$317,100	\$371,400	17
Rhode Island (N&E)	November	17,550	18,750	7	AVG	\$352,300	\$409,200	16
Providence, RI-MA (N&E)	November	25,650	27,300	6	AVG	\$352,500	\$408,500	16
Vermont (E)	November	15,000	16,950	13	AVG	\$261,600	\$304,500	16
Burlington, VT (E)	November	4,425	4,700	6	AVG	\$310,700	\$354,500	14

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

Source: CoreLogic, Inc.



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After increasing sharply during the early stages of the pandemic, the percentage of home loans in the region that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status declined in each state in the region during the past year. As of November 2021, 2.0 percent of home loans in the region were seriously delinquent or in REO status, down from 3.9 percent in November 2020, but higher than the prepandemic rate of 1.6 percent in November 2019 (CoreLogic, Inc.). The current rate is slightly below the 2.1-percent rate for the nation and is the fourth highest of the 10 HUD regions, unchanged from a year ago. Rates of seriously delinquent and REO mortgages in the region ranged from a low of 1.4 percent in New Hampshire to 2.7 percent in Connecticut during November 2021.

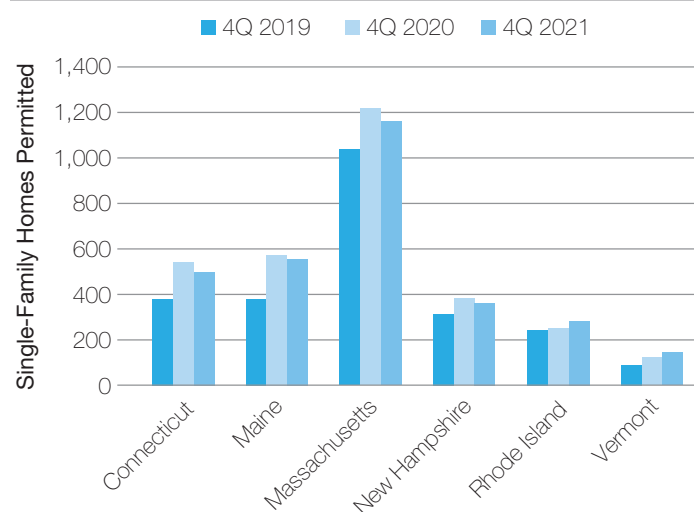
Homebuilding activity, as measured by the number of single-family homes permitted, decreased slightly in the region during the fourth quarter of 2021, partly because of a surge in lumber prices, but it was significantly higher than the level during the fourth quarter of 2019.

During the fourth quarter of 2021 (preliminary data)—

- Homebuilding in the region totaled approximately 3,000 homes, down 3 percent from the fourth quarter of 2020, after increasing 27 percent a year earlier. By comparison, the number of single-family homes permitted nationally fell 7 percent during the fourth quarter of 2021, following a 27-percent increase during the fourth quarter of 2020.
- The number of single-family homes permitted decreased in four of the six states in the region, with declines of 60 and 45 homes, respectively, occurring in Massachusetts and Connecticut, or by 5 and 8 percent. More than one-half of the decrease in Massachusetts was in Plymouth County, part of the Boston metropolitan area, with an 11-percent decline; most of the net decrease in Connecticut was in the Bridgeport metropolitan area, where permitting was down 25 percent.

- Homebuilding activity also fell in Maine and New Hampshire, where single-family home permitting decreased by 20 homes each, or 3 and 5 percent, respectively. All the decrease in Maine was in the Portland metropolitan area, where permitting was down 9 percent, and all of the statewide decrease in New Hampshire occurred in the county of Strafford, which is part of the Boston metropolitan area.
- Single-family home permitting rose by 25 and 30 homes, or 20 and 12 percent, respectively, in Vermont and Rhode Island. In Vermont, permitting was widespread and occurred in areas outside the larger metropolitan areas, whereas nearly all of the increase in Rhode Island occurred in Providence and Washington counties, which comprise the Providence metropolitan area.

**The number of single-family homes permitted declined in the New England region during the fourth quarter of 2021, despite increases in Rhode Island and Vermont.**



4Q = fourth quarter.

Note: Based on preliminary data.

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

## Apartment Market Conditions

Apartment market conditions were balanced to tight in the eight major metropolitan areas in the region during the fourth quarter of 2021 compared with balanced to tight conditions during the same quarter a year ago. The number of apartment units completed in the region totaled 2,800 during the fourth quarter of 2021, a 13-percent decrease from the 3,200 completions during the fourth quarter of 2020 (McGraw-Hill Construction Pipeline database). Massachusetts accounted for 41 percent of all new apartment units completed in the region during the fourth quarter of 2021, down from 50 percent a year earlier.

Apartment vacancy rates declined in the eight major metropolitan areas referenced in this report during the fourth quarter of 2021. Vacancy rates for seven major metropolitan areas were below the national rate of 4.7 percent (CoStar Group). The largest decrease in vacancy rate occurred in the Boston metropolitan area, where the vacancy rate fell 3.8 percentage points to 4.3 percent, partly because 1,075 apartment units entered the market during the fourth quarter of 2021, compared with 1,525 the previous year. The vacancy rate decreased in 28 of the 31 CoStar Group-defined market areas

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(hereafter, market areas) that make up the Boston metropolitan area when 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 South Boston/Seaport market area, where the rate decreased from 16.3 to 4.6 percent and where the rent is the highest in the metropolitan area, at \$3,933. Located southeast of the Downtown Boston market area, the South Boston/Seaport market area has attracted Fortune 500 companies, start-ups, and biomedical companies, including Foundation Medicine, Inc., a subsidiary of Roche Pharmaceuticals that is expected to open a 625,000-square-foot laboratory and office building with 30,000 square feet of retail space in 2023. A decline of 1.3 percentage points occurred in the Portland metropolitan area, to 2.6 percent, and declines of 1.2 percentage points occurred in the Manchester and the Burlington metropolitan areas, to 1.6 and 1.5 percent, respectively. In the Hartford and Providence metropolitan areas, vacancy rates declined 1.0 percentage point and 0.9 percentage point, to 3.3 and 2.2 percent, respectively. The vacancy rate declined 0.4 percentage point to 2.9 percent in the Worcester metropolitan area. In the Bridgeport metropolitan area, the vacancy rate decreased to 0.3 percentage point, to 5.6 percent, and was the highest among the major metropolitan areas in the region.

During the fourth quarter of 2021, average monthly rents rose in the eight major metropolitan areas, but average rent growth in seven metropolitan areas was slower than the average 11-percent increase nationwide (CoStar Group). Five of the metropolitan areas had rents higher than the \$1,546 average for the nation, including Bridgeport and Boston, the most expensive metropolitan areas in the region. The largest

rent increases of 13 and 11 percent, respectively, were in the Manchester and Boston metropolitan areas, where the average rents rose to \$1,720 and \$2,507. The average rent in the Providence and the Worcester metropolitan areas increased 9 percent to \$1,644 each. The average rent was up 7 and 6 percent in the Hartford and the Portland metropolitan areas, to \$1,406 and \$1,518, respectively. In the Bridgeport and the Burlington metropolitan areas, the average rent was up 5 and 3 percent, respectively, to \$2,391 and \$1,582. The average rent rose in all 31 market areas that make up the Boston metropolitan area. Increases ranged from 5 percent, to \$2,471, in the Allston/Brighton market area, a neighborhood just west of the Downtown Boston market area, to 17 percent, to \$3,612, in the Downtown Boston market area.

Multifamily building activity, as measured by the number of units permitted, increased in the region during the fourth quarter of 2021, but it was significantly lower than the level during the fourth quarter of 2019.

During the fourth quarter of 2021 (preliminary data)—

- The number of multifamily units permitted in the New England region rose to 4,250, an increase of 390 units, or 10 percent, compared with a year earlier, after an 18-percent decrease during the fourth quarter of 2020. Nationally, multifamily construction rose 42 percent during the fourth quarter of 2021, following a decrease of 11 percent during the fourth quarter of 2020.
- Multifamily home permitting was up by 400 units, or 15 percent, in Massachusetts; all of the increase was in the Massachusetts portion of the Boston metropolitan area, where permitting was up 13 percent.

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During the fourth quarter of 2021, apartment vacancy rates decreased, and average rents rose in all eight metropolitan areas in the New England region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2020 (%)	4Q 2021 (%)	Percentage Point Change	4Q 2020 (\$)	4Q 2021 (\$)	Percent Change
Boston, MA-NH	Tight	8.1	4.3	-3.8	2,259	2,507	11
Bridgeport, CT	Balanced	5.9	5.6	-0.3	2,268	2,391	5
Burlington, VT	Tight	2.7	1.5	-1.2	1,539	1,582	3
Hartford, CT	Tight	4.3	3.3	-1.0	1,312	1,406	7
Manchester, NH	Tight	2.8	1.6	-1.2	1,521	1,720	13
Portland, ME	Tight	3.9	2.6	-1.3	1,438	1,518	6
Providence, RI-MA	Tight	3.1	2.2	-0.9	1,514	1,644	9
Worcester, MA-CT	Tight	3.3	2.9	-0.4	1,504	1,644	9

4Q = fourth quarter.

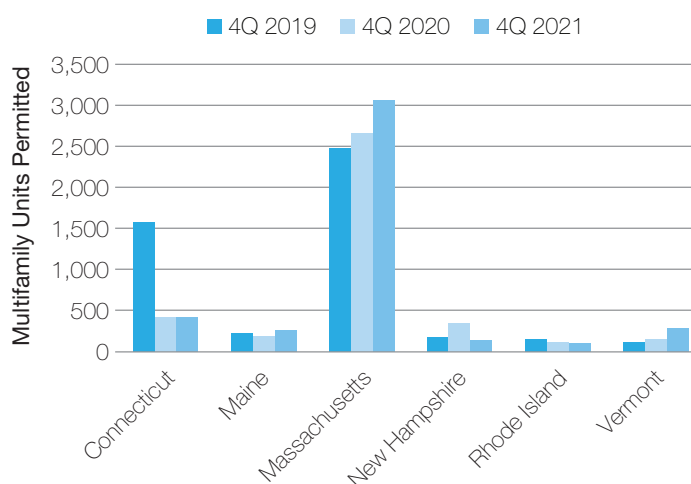
Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group



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- In Vermont and Maine, multifamily permitting increased by 130 and 80 units, or 84 and 42 percent, respectively; approximately 82 percent of the rise in Vermont was in the Burlington metropolitan area, where permitting was up twofold, whereas all of the increase in Maine was in the Portland metropolitan area.
- Connecticut was the only state in the region where multifamily permitting remained relatively unchanged, compared with the fourth quarter of 2020, partly because a 100-unit decline in the Bridgeport metropolitan area offset gains throughout the rest of the state. In Rhode Island and New Hampshire, multifamily permitting decreased by 10 and 200 units, or 12 and 59 percent, respectively. Washington County, which is part of the Providence metropolitan area; Rockingham County, which is part of the Boston metropolitan area; and the Manchester metropolitan area accounted for the declines in each state.

**Multifamily construction activity increased in the New England region during the fourth quarter of 2021, with a significant increase in Massachusetts.**



4Q = fourth quarter.

Note: Based on preliminary data.

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