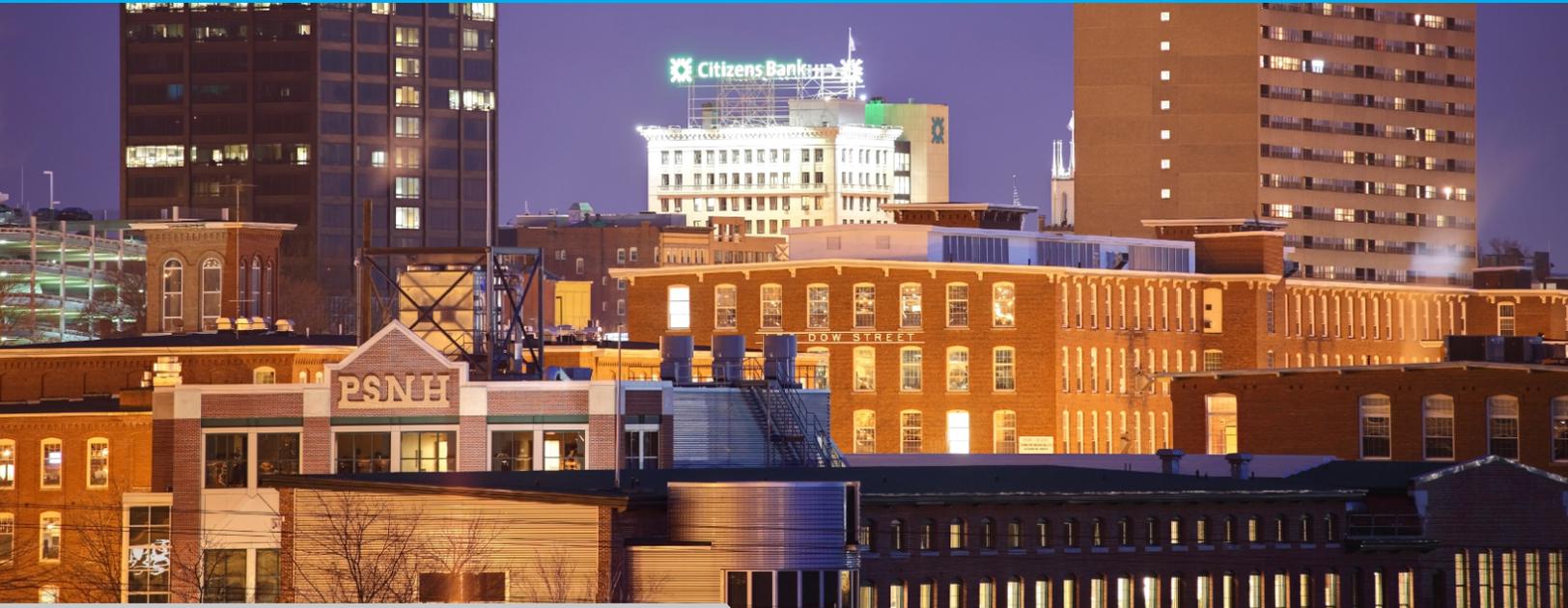


HUD PD&R Regional Reports

Region 1: New England

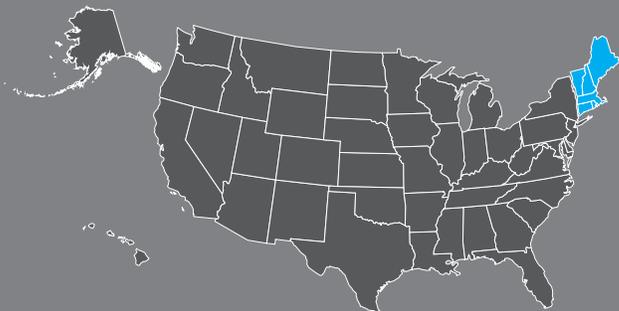


Quick Facts About Region 1

Manchester, New Hampshire

By Michael J. Murphy | 4th quarter 2015

- **Sales market conditions—**
Fourth quarter 2015: mixed (tight to slightly soft).
Third quarter 2015: mixed (balanced to tight).
Fourth quarter 2014: balanced.
- **Apartment market conditions—**
Fourth quarter 2015: mixed (balanced to tight).
Third quarter 2015: mixed (balanced to tight).
Fourth quarter 2014: mixed (balanced to tight).



Overview

Economic conditions strengthened in the New England region during the fourth quarter of 2015 compared with conditions a year earlier. Overall, nonfarm payrolls increased by 125,500 jobs, or 1.7 percent, to 7.35 million jobs during the period. These gains represented the 22nd consecutive quarter in which the number of nonfarm payroll jobs increased year over year in the region. During the fourth quarter of 2015, nonfarm payrolls in Massachusetts accounted for 48 percent of the jobs and represented 61 percent of the net job growth in the region. Sales housing markets were mixed, ranging from tight to slightly soft. Sales of single-family homes, including townhomes, increased at least 9 percent in every state in the region compared with sales a year earlier, while single-family home sale prices increased at least 3 percent in every state except Connecticut. Apartment market conditions for metropolitan areas in the region were also mixed, ranging from balanced to tight. Overall, the apartment vacancy rate decreased in the region to 2.9 percent during the fourth quarter of 2015 compared with 3.5 percent a year earlier.

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During the fourth quarter of 2015—

- Every employment sector in the region added nonfarm payroll jobs and every state recorded job growth from a year earlier.
- Despite continued job growth, single-family homebuilding activity declined in three of the six states in the region; levels decreased 9 percent overall from the fourth quarter of 2014 and compared with a 6-percent increase nationwide during the same period.

- By contrast with single-family homebuilding activity, multifamily building activity in the region increased or remained unchanged in every state in the region. Levels increased 54 percent overall from a year earlier, which was 39 percentage points greater than the national rate.

Economic Conditions

Economic conditions in the New England region, which began to improve during the third quarter of 2010, continued to strengthen during the fourth quarter of 2015. Job growth from the fourth quarter of 2014 ranged from 2.2 percent in Massachusetts to 0.8 percent in New Hampshire. Overall, nonfarm payrolls increased by 125,500 jobs, or 1.7 percent, to approximately 7.35 million jobs, an increase from the 1.3-percent gain during the same period a year earlier. The regional gain trailed nonfarm payroll growth of 2.1 percent nationwide. During the fourth quarter of 2015, the professional and business services, education and health services, and leisure and hospitality sectors, which cumulatively comprised 44 percent of all nonfarm payroll jobs in the region, led gains (on an absolute basis), accounting for 70 percent of the net job gains. The manufacturing sector added 3,600 jobs, and the 0.6-percent gain represented the first time the sector had added jobs during the fourth quarter since 2000. Growth in Connecticut accounted

for more than 60 percent of the net gain in manufacturing payrolls, and nonfarm payroll jobs in the manufacturing sector increased in every state in the region except Maine and Vermont. The financial activities sector added 6,800 jobs, and the 1.5-percent gain represented the greatest increase in the sector during the fourth quarter since 2005. Although nearly 85 percent of the sector growth was concentrated in Massachusetts and Connecticut, nonfarm payroll jobs in the financial activities sector increased in every state in the region except Rhode Island, where the number of jobs in the sector remained unchanged.

During the fourth quarter of 2015, the unemployment rate in the region averaged 4.4 percent, down from 5.2 percent during the same period a year earlier and compared with a national average of 4.8 percent. The average unemployment rate decreased from 6.4 to 4.8 percent in Rhode Island and from 5.2 to 3.8 percent in

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In the New England region, every sector added nonfarm payroll jobs year over year, and three sectors increased by more than 3.0 percent.

	Fourth Quarter		Year-Over-Year Change	
	2014 (thousands)	2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	7,220.7	7,346.2	125.5	1.7
Goods-producing sectors	876.9	889.9	13.0	1.5
Mining, logging, and construction	278.2	287.7	9.5	3.4
Manufacturing	598.7	602.3	3.6	0.6
Service-providing sectors	6,343.8	6,456.3	112.5	1.8
Wholesale and retail trade	1,080.5	1,081.6	1.1	0.1
Transportation and utilities	201.2	205.6	4.4	2.2
Information	150.9	153.1	2.2	1.5
Financial activities	448.4	455.2	6.8	1.5
Professional and business services	966.1	998.9	32.8	3.4
Education and health services	1,494.4	1,528.0	33.6	2.2
Leisure and hospitality	698.3	719.6	21.3	3.1
Other services	276.1	281.4	5.3	1.9
Government	1,027.9	1,032.8	4.9	0.5

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics



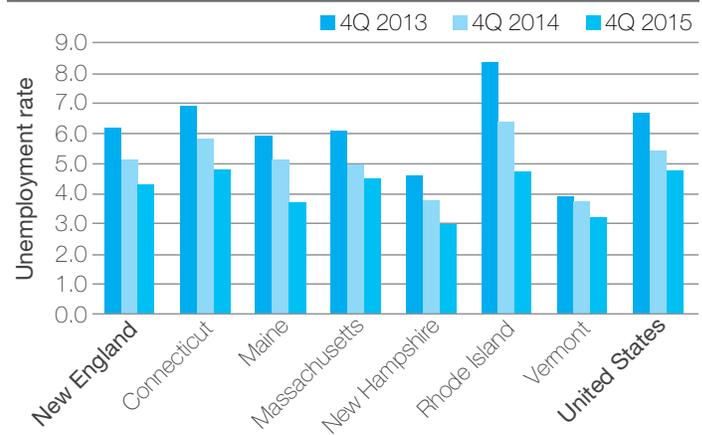
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Maine, and the respective 1.6- and 1.4-percentage-point decreases represented the two greatest statewide (percentage-point) declines in the nation. At 3.0 percent, New Hampshire had the fourth lowest statewide average unemployment rate in the nation and, at 3.3 percent, Vermont was tied for the eighth lowest. The average unemployment rates in Connecticut and Massachusetts decreased 1.0 and 0.4 percentage point, to 4.9 and 4.6 percent, respectively.

During the fourth quarter of 2015—

- Massachusetts gained 76,900 jobs, or 2.2 percent (year over year), compared with a 1.7-percent increase during the same period a year earlier. The professional and business services, education and health services, and leisure and hospitality sectors, which cumulatively comprise 47 percent of all nonfarm payrolls in the state, accounted for 73 percent of net job gains, adding 56,200 jobs, up from a total increase of 29,200 jobs during the fourth quarter of 2014.
- Connecticut nonfarm payrolls increased by 25,400 jobs, or 1.5 percent. The financial activities and manufacturing sectors increased by 2,500 and 2,300 jobs, or 1.9 and 1.5 percent, respectively. In Connecticut, the increases represented the first net job gains in the financial activities and manufacturing sectors during any fourth quarter in nearly 10 and 20 years, respectively.
- In Rhode Island and Maine, nonfarm payrolls increased by 7,700 and 7,300 jobs, or 1.6 and 1.2 percent, respectively—improvements from the respective 0.7- and 0.2-percent gains during the fourth quarter of 2014. Rhode Island added 3,700 jobs, an increase of 6.0 percent, in the professional and business services sector, which offset the loss of 900 jobs, or 1.4 percent, in the wholesale and retail trade sector. In Maine, the

Average unemployment rates decreased slightly more in the New England region than nationwide, with the greatest declines in Maine and Rhode Island.



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

leisure and hospitality sector increased by 1,900 jobs, or 3.4 percent, reversing the loss of 1,200 jobs, or 2.1 percent, in the sector a year earlier.

- Nonfarm payrolls in Vermont and New Hampshire increased 1.0 and 0.8 percent, or by 3,200 and 5,000 jobs, respectively. In Vermont, the education and health services and the government sectors increased most, by 2,000 and 1,100 jobs, or 3.1 and 1.9 percent, respectively. In New Hampshire, private nonfarm payrolls increased by 7,400 jobs, or 1.3 percent; however, the loss of 2,700 jobs, or 4.4 percent, in the local government sub-sector slowed overall growth.

Sales Market Conditions

Sales housing markets in the New England region ranged from tight to slightly soft during the fourth quarter of 2015, which represented a change from the balanced conditions during the same period a year earlier. Balanced conditions prevailed in most housing markets in the region, however. Despite sustained job growth during the past 5 years, home sales prices in the region during November 2015 (the most recent data available) increased only 4 percent compared with prices a year earlier, which was 2 percentage points less than the national average (Federal Housing Finance Agency House Price Index).

Sales markets for single-family homes, including townhomes, were balanced overall in most states in the region but were slightly tight in New Hampshire and slightly soft in Connecticut. By contrast, conditions were tight in the Greater Boston area with a 1.8-month supply of inventory for sale during December 2015, down from a

2.5-month supply a year earlier (Greater Boston Association of Realtors®). During 2015, home sales increased 8 percent and median home sales prices increased 4 percent, to \$475,000, compared with prices during the same period a year earlier. Sellers received 98 percent of the original list price in the Greater Boston area during 2015. The number of single-family home sales increased at least 9 percent in every state in the region during 2015, increasing 12 percent in New Hampshire and Vermont. Median single-family home sales prices increased in every state in the region except Connecticut, where the median home sales price decreased 1 percent from a year earlier. The slight decrease in Connecticut resulted, in part, from a 9-percent (year-over-year) increase in supply of single-family homes for sale (Berkshire Hathaway HomeServices New England Properties). The statewide gains ranged from 6 percent in New Hampshire to 3 percent in Maine and Vermont.

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Single-family home and condominium sales increased in every state in the New England region, while median sales prices increased or were unchanged in every state except Connecticut.

	12 Months Ending	Number of Homes Sold			Price			
		2014	2015	Percent Change	Average or Median	2014 (\$)	2015 (\$)	Percent Change
Connecticut (N&E)	December	26,300	29,100	11	MED*	235,000	231,800	- 1
Maine (E)	December	14,100	15,650	11	MED*	175,000	180,500	3
Massachusetts (E)	December	48,500	53,000	9	MED	330,000	345,000	5
New Hampshire (E)	December	13,400	15,000	12	MED	215,900	228,000	6
Rhode Island (E)	December	8,925	9,775	10	MED*	215,000	225,000	5
Vermont (E)	December	5,175	5,775	12	MED	194,900	200,000	3
Connecticut (N&E—condo)	December	6,825	7,200	5	MED*	163,000	155,000	- 5
Massachusetts (E—condo)	December	20,000	20,700	3	MED	320,000	319,450	0
New Hampshire (E—condo)	December	3,200	3,675	15	MED	149,200	157,900	6
Rhode Island (E—condo)	December	1,575	1,650	5	MED*	189,900	195,000	3
Vermont (E—condo)	December	1,200	1,225	2	MED	186,400	189,750	2

condo = condominium. E = existing. MED = median. N&E = new and existing.

* Median prices represent the fourth quarter of 2014 and 2015 for Connecticut, Maine, and Rhode Island but represent December 2014 and 2015 for all other states in the region.

Note: Single-family home data include townhomes for all states in the region.

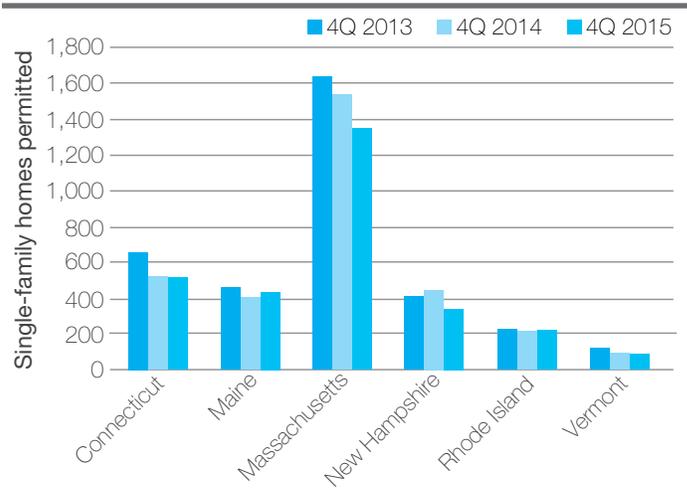
Sources: Berkshire Hathaway HomeServices New England Properties; Maine Real Estate Information System; Massachusetts Association of Realtors®; Northern New England Real Estate Network; Rhode Island Association of Realtors®

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Condominium sales markets were also balanced overall in most states in the region but were slightly tight in New Hampshire and slightly soft in Connecticut. By contrast, conditions were tight in the Greater Boston area, with a 1.4-month supply of inventory for sales during December 2015, down from a 1.6-month supply a year earlier (Greater Boston Association of Realtors®). During 2015, condominium sales, which accounted for 42 percent of overall sales in the Greater Boston area, increased 1 percent, and median condominium sales prices increased 8 percent, to \$450,000, compared with the corresponding figures in 2014. Sellers received 100 percent of the original list price in the Greater Boston area during 2015. Condominium sales were up in every state in the region during 2015, with gains ranging from 15 percent in New Hampshire to 2 percent in Vermont. (Maine does not report condominium sales.) Median condominium sales prices increased in three states in the region, were unchanged in Massachusetts, and decreased 5 percent in Connecticut from a year earlier. The statewide gains ranged from 6 percent in New Hampshire to 2 percent in Vermont.

In December 2015, 5.0 percent of home loans in the region were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 5.4 percent in December 2014 (Black Knight Financial Services, Inc.). The rate of seriously delinquent loans and REO properties declined year over year in every state in the region. The declines ranged from 0.5 percentage point, to 6.5 percent, in Rhode Island to 0.1 percentage point, to 4.4 percent, in Vermont. The rates in Massachusetts and Maine each declined by 0.3 percentage point,

Single-family home permitting in the New England region decreased 9 percent, representing the fifth consecutive quarter of year-over-year declines, with the greatest losses in Massachusetts and New Hampshire.



4Q = fourth quarter.

Note: Based on preliminary data.

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

to 4.7 and 6.3 percent, respectively, while the rate in Connecticut decreased from 6.2 to 5.8 percent. Of the states in the region, only New Hampshire, with a rate of 3.0 percent, had a seriously delinquent loan and REO property rate lower than the national average of 4.1 percent.

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During the fourth quarter of 2015 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, decreased 9 percent in the region from the fourth quarter of 2014, to 2,950 homes permitted, compared with a 6-percent increase nationwide. The percentage decline in the region was greater than in any other region in the country.
- The number of single-family homes permitted increased 5 percent each in Maine and Rhode Island, to 430 and 230 homes, respectively, while permitting activity remained unchanged in Connecticut at 520 homes compared with activity during the same period a year earlier.

- Single-family permitting declines were greatest on an absolute basis in Massachusetts, where the number of homes permitted decreased from 1,550 during the fourth quarter of 2014 to 1,350, representing a 13-percent decline.
- The percentage decline in single-family homebuilding activity was greatest in New Hampshire, where the number of homes permitted decreased 24 percent, to 340 homes, from a year earlier.
- In Vermont, the number of homes permitted declined 10 percent, from 100 homes during the fourth quarter of 2014 to 90 homes permitted.

Apartment Market Conditions

Apartment market conditions in metropolitan areas in the New England region ranged from balanced to tight during the fourth quarter of 2015. The average apartment vacancy rate for markets in the region was 2.9 percent during the period, down from 3.5 percent a year. By comparison, the apartment vacancy rate was 4.1 percent nationwide (MPF Research). Average monthly rents in the region increased 5 percent, to \$1,659, during the fourth quarter of 2015, up from a year earlier, while the national average rent increased 6 percent, to \$1,243. Average monthly rents in the New England region were 33 percent greater than in the nation.

In the Boston metropolitan area, apartment market conditions remained tight during the fourth quarter of 2015. The apartment vacancy rate decreased to 2.8 percent from 3.6 percent a year earlier. Average monthly rents increased 6 percent (year over year), to \$1,856, during the fourth quarter of 2015. Within the Boston metropolitan area, the MPF Research-defined areas with the lowest apartment vacancy rates were the North Essex County and Southwest Boston areas, at 1.4 and 1.5 percent, respectively. During the

past year, Intown Boston and Cambridge/Somerville, the areas with the most expensive average monthly rents of \$3,307 and \$2,982, respectively, also led the metropolitan area with respective declines in the apartment vacancy rate of 3.5 and 2.2 percentage points, to 5.3 and 3.9 percent, and inventory growth of 5.6 and 3.3 percent, respectively.

Apartment market conditions were mixed, ranging from balanced to tight, in the metropolitan areas of Connecticut. Conditions were balanced in the Bridgeport-Stamford-Norwalk metropolitan area, the most expensive rental housing market in the state. During the fourth quarter of 2015, the apartment vacancy rate in the Bridgeport-Stamford-Norwalk metropolitan area increased to 4.1 percent, up from 3.8 percent a year earlier as supply outpaced demand. Average monthly rents increased 1 percent, to \$1,998. In the Hartford metropolitan area, the apartment market was slightly tight, and the vacancy rate increased to 3.5 percent from 3.3 percent a year earlier. The apartment vacancy rate was lowest in the MPF Research-defined area of Bridgeport-Danbury at 1.7 percent, the only area

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In the New England region, apartment market conditions were mostly tight, with growth in average monthly rents lowest in the Connecticut markets.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2014 (%)	4Q 2015 (%)	Percentage Point Change	4Q 2014 (\$)	4Q 2015 (\$)	Percent Change
Boston	Tight	3.6	2.8	-0.8	1,755	1,856	6
Bridgeport-Stamford-Norwalk	Balanced	3.8	4.1	0.3	1,970	1,998	1
Hartford	Slightly tight	3.3	3.5	0.2	1,147	1,165	2
Manchester-Nashua-Concord	Tight	2.8	1.8	-1.0	1,098	1,152	5
New Haven	Tight	3.9	3.1	-0.8	1,367	1,355	-1
Providence	Tight	2.9	2.3	-0.6	1,217	1,267	4
Worcester	Tight	3.3	2.3	-1.0	1,209	1,271	5

4Q = fourth quarter.

Sources: Market condition—HUD, PD&R, Economic and Market Analysis Division; vacancy rate and average monthly rent—MPF Research



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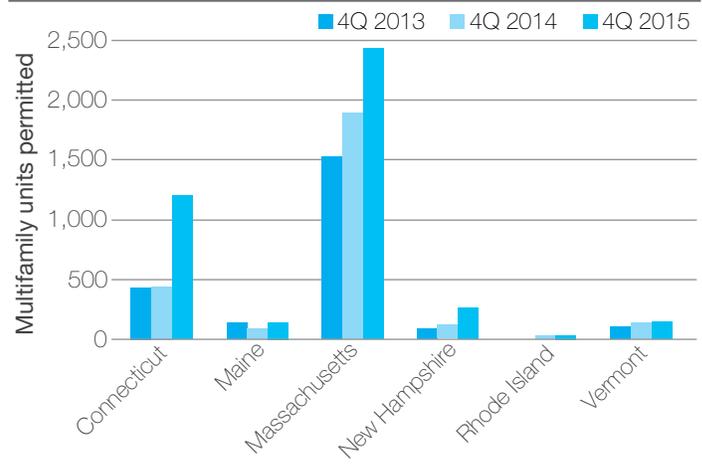
in the state with a rate less than 2.0 percent. During the past year, Stamford-Norwalk, the area with the most expensive average monthly rents of \$2,270, also led the state with inventory growth of 4.9 percent.

In the Providence metropolitan area, apartment market conditions were tight and the apartment vacancy rate declined to 2.3 percent from 2.9 percent during the fourth quarter of 2014. Average monthly rents increased 4 percent, to \$1,267, during the period. Apartment vacancy rates decreased by 1 percentage point in both the Worcester and Manchester-Nashua-Concord MPF Research-defined areas, to 2.3 and 1.8 percent, respectively, with the respective average monthly rents increasing 5 percent each, to \$1,271 and \$1,152.

During the fourth quarter of 2015 (preliminary data)—

- Multifamily building activity, as measured by the number of units permitted, increased 54 percent in the region from the fourth quarter of 2014, to 4,275 units, compared with a 15-percent increase nationwide. The percentage increase in the New England region was greater than in any other region in the country except the New York/New Jersey region.
- Multifamily production increased most rapidly (on both an absolute and percentage basis) in Connecticut, with the number of multifamily units permitted more than doubling to 1,225 units from 450 units during the fourth quarter of 2014.
- In Massachusetts, multifamily building activity increased 29 percent, to 2,450 units permitted, from the same period a year earlier. Massachusetts and Connecticut combined to account for more than 85 percent of the multifamily building activity in the region.
- Multifamily permitting more than doubled in New Hampshire and increased 36 percent in Maine, where 270 and 150 multifamily units were permitted, respectively, representing increases of 150 and 40 units, respectively, from the fourth quarter of 2014.

Multifamily building activity in the New England region increased 54 percent, representing the fifth consecutive quarter of year-over-year gains, with the greatest increases in Connecticut.



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

- Multifamily permitting was unchanged in Vermont and Rhode Island, where the number of units permitted was 150 and 40, respectively.
- In the city of Boston, the inner suburbs of Boston (within 10 miles of the city of Boston, including the cities of Cambridge and Somerville), and the city of Stamford, Connecticut, approximately 7,100, 5,125, and 1,600 units, respectively, are under construction, accounting for nearly 65 percent of all market-rate multifamily units currently under construction in the region (McGraw-Hill Construction Pipeline database). By contrast, these areas accounted for approximately one-third of all market-rate multifamily completions in the region from 2000 through 2015.

