

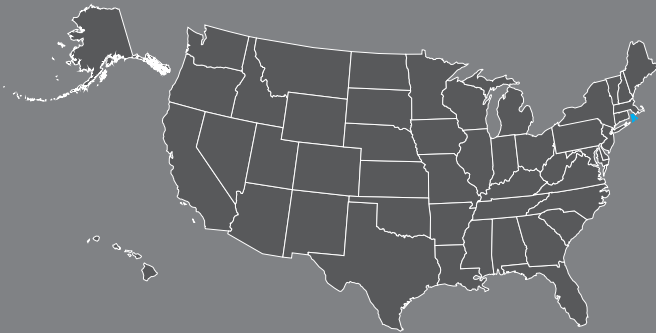
# HUD PD&R Housing Market Profiles

## Rhode Island



### Quick Facts About Rhode Island

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: tight.**
- **Rhode Island is the smallest of the 50 states in total area, being 37 miles wide and 48 miles long, but has 384 miles of coastline.**

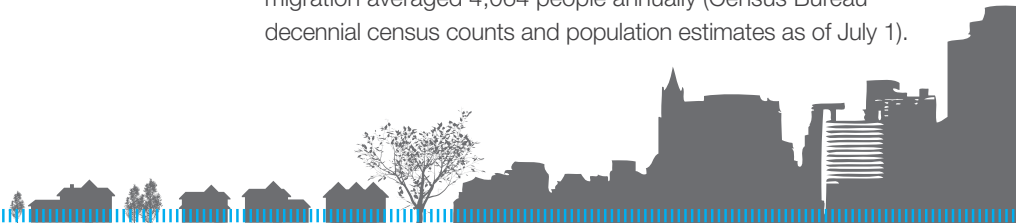


By Tim McDonald | As of December 1, 2016

### Overview

The state of Rhode Island is in the New England region of the United States and is home to four Fortune 500 companies: CVS Health Corporation, Textron, United Natural Foods, and Citizens Financial Group. The city of Providence is the largest city and state capital of Rhode Island. The state of Rhode Island has five counties of which Providence County is the largest, accounting for nearly 60 percent of the state's population.

- As of December 1, 2016, the population of Rhode Island is estimated at nearly 1.06 million people.
- Since April 2010, population growth in Rhode Island has averaged 660 people, or 0.1 percent, annually with net out-migration from the state averaging 510 people annually.
- From April 1, 2010, to July 1, 2016, domestic net out-migration averaged 4,570 people annually, whereas international in-migration averaged 4,064 people annually (Census Bureau decennial census counts and population estimates as of July 1).



During the 3 months ending November 2016, job gains occurred in 8 of 11 employment sectors in Rhode Island.

	3 Months Ending		Year-Over-Year Change	
	November 2015 (thousands)	November 2016 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	491.0	497.1	6.1	1.2
Goods-producing sectors	60.1	60.2	0.1	0.2
Mining, logging, and construction	18.5	18.8	0.3	1.6
Manufacturing	41.6	41.4	-0.2	-0.5
Service-providing sectors	431.0	436.9	5.9	1.4
Wholesale and retail trade	65.0	65.5	0.5	0.8
Transportation and utilities	11.9	12.0	0.1	0.8
Information	8.7	8.4	-0.3	-3.4
Financial activities	33.0	32.6	-0.4	-1.2
Professional and business services	64.5	66.9	2.4	3.7
Education and health services	106.5	106.8	0.3	0.3
Leisure and hospitality	57.5	60.4	2.9	5.0
Other services	23.0	23.2	0.2	0.9
Government	60.7	61.2	0.5	0.8
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	5.2	4.8		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

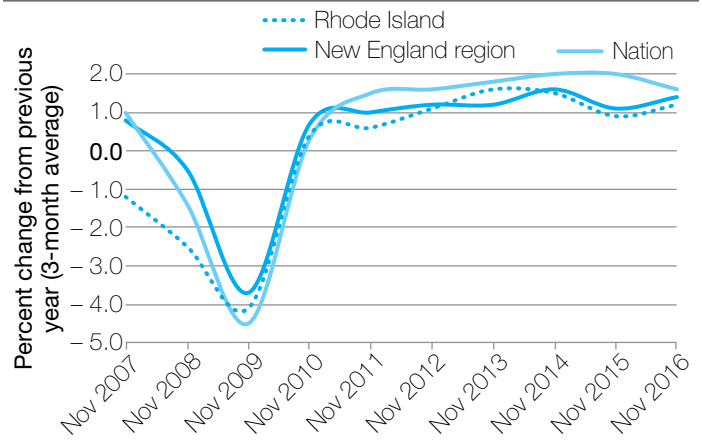
## Economic Conditions

Nonfarm payrolls in Rhode Island still have not returned to prerecession levels despite the continuous expansion of nonfarm payroll jobs in the state since 2010. Even during the most recent recovery, job growth in Rhode Island has lagged behind growth in the nation as a whole. Only 4 of the 11 employment sectors have surpassed their prerecession employment levels in Rhode Island.

- During the 3 months ending November 2016, nonfarm payrolls averaged 497,100, an increase of 6,100, or 1.2 percent, from 1 year earlier; however, payrolls remain 4,000, or 0.8 percent, lower than the 3-month peak during November 2006.
- The education and health services sector is the largest employment sector in the state, with 106,800 jobs, accounting for more than 21 percent of all nonfarm payroll jobs.
- The leisure and hospitality sector led job growth during the 3 months ending November 2016, increasing by 2,900 jobs, or 5.0 percent, compared with the 3 months ending November 2015 to reach 60,400 jobs.
- The professional and business services sector added 2,400 jobs, or 3.7 percent, partly because of the addition of 100 jobs when General Electric (GE) Digital opened an office in Providence in the fall of 2016.

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The economic downturn was longer and the recovery slower in Rhode Island than in the New England region and the nation.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in Rhode Island

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Rhode Island State Government	Government	14,900
Lifespan	Education and health services	11,850
U.S. Government	Government	11,600

Note: Excludes local school districts.  
Source: Greater Rhode Island economic development



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- The unemployment rate in the state of Rhode Island currently is 4.8 percent, down from 5.2 percent 1 year earlier and the lowest level since the 4.6-percent rate recorded during 2001.

GE Digital is planning further expansion and possibly doubling its workforce at its Providence offices during the next several years, adding more jobs to the professional and business services sector. The GE Digital expansion will develop software to control and monitor large industrial equipment and machines. Most of the new hires in Providence will be engineers and data scientists. Another notable

expansion that was recently announced is the addition of 600 jobs at General Dynamics Electric Boat's Quonset Point facility by 2019 to work on a backlog of submarine orders. Additions to construction subsector payrolls are expected when Wexford Science & Technology, LLC, begins construction of a 190,000-square-foot mixed-use development in early 2017. The \$160 million project is the first phase of what, when fully completed, is expected to include an innovation center, lab and office space, and a hotel. The development is expected to be complete in early 2019 and add about 800 jobs across various sectors when fully operational.

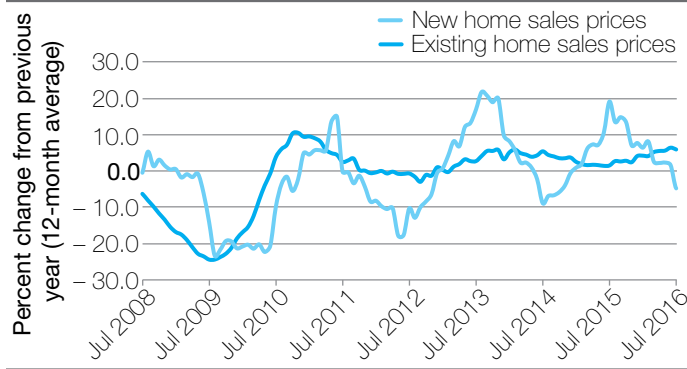
## Sales Market Conditions

The sales housing market in Rhode Island currently is slightly soft, with an estimated 2.0-percent vacancy rate, which is unchanged from 2010 as the state continues to lag the nation in recovery from the national housing crisis. The percentage of mortgages that were seriously delinquent (those 90 or more days delinquent or in foreclosure) or in real estate owned (REO) status peaked in Rhode Island, the New England region, and the nation during January 2010 at rates of 8.6, 6.8, and 8.6 percent, respectively (CoreLogic, Inc.). By October 2016 (the most recent data available), the rate of seriously delinquent mortgages and REO properties had declined but remained relatively elevated in Rhode Island at 3.4 percent, whereas the rates for the New England region and the nation had greater improvement to 2.9 and 2.6 percent, respectively.

During the 12 months ending October 2016—

- New home sales totaled 320, an increase of 70, or 30 percent, from the previous 12 months whereas the average sales price was \$310,900, a decline of \$15,300, or nearly 5 percent.

**Existing home sales price growth in Rhode Island has been positive since the spring of 2013, while the growth in new home sales prices has been volatile.**



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

- Existing home sales totaled 14,825, an increase of 1,425, or nearly 11 percent, from the previous 12 months and the average sales price of an existing home was \$270,600, an increase of \$14,200, or nearly 6 percent.
- Newport County had the highest average sales price of any county in the state, \$435,700, due to the presence of many waterfront luxury properties.
- Providence County, with 7,950 home sales, accounted for more than 52 percent of all sales in the state and had the greatest increase in the number of sales, which were up by 900, or nearly 13 percent, from the previous 12 months.

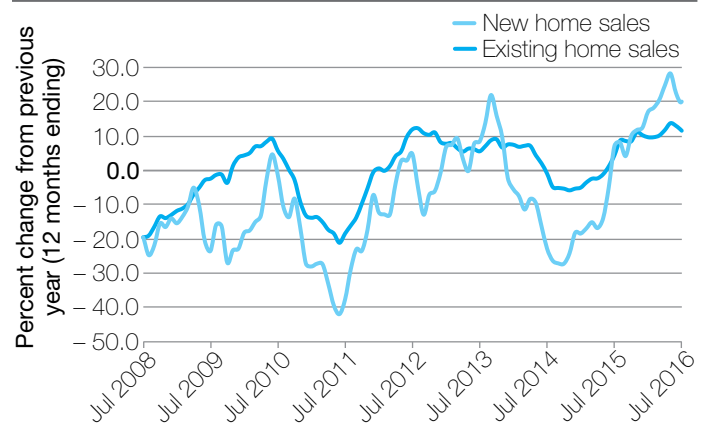
Single-family construction increased to more than the levels that existed from 2009 through 2011 but is still well below the prerecessionary levels.

During the 12 months ending November 2016—

- Single-family construction totaled 870 homes permitted, an increase of 20 homes, or more than 2 percent.

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**New and existing home sales have been increasing in Rhode Island since June 2015.**



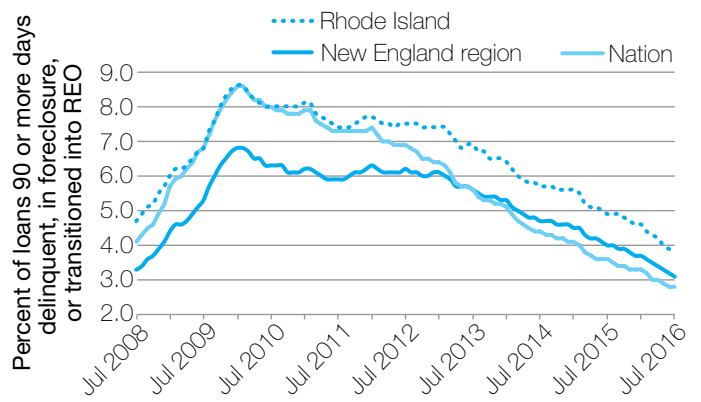
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.



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- Providence County led all counties in the number of homes permitted with 300, which accounts for about 35 percent of all homes permitted in the state, but permitting was down in the county by 30 homes, or 9 percent, from the previous 12 months.

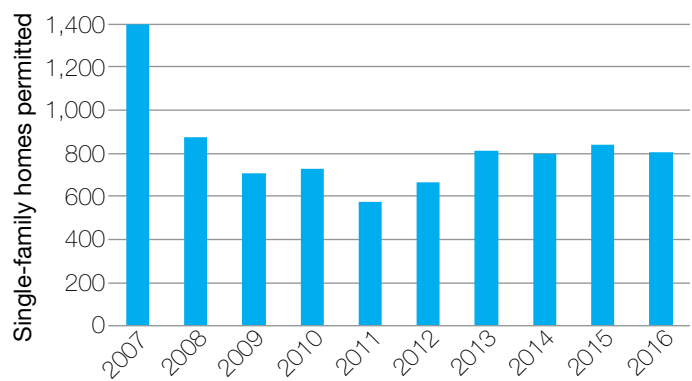
**Rhode Island had the highest percentage of seriously delinquent loans and REO properties of any state in the New England region.**



REO = real estate owned.  
Source: CoreLogic, Inc.

- Washington County had the largest increase in construction activity of any county in the state with 260 homes permitted, an increase of 30, or 13 percent, from the previous 12 months.

**Single-family construction has remained relatively stable in Rhode Island since 2013.**



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey

**Apartment Market Conditions**

Apartment market conditions in Rhode Island remain tight, with a vacancy rate of 2.3 percent during the third quarter of 2016, up from 2.0 percent during the third quarter of 2015 (MPF Research). A greater propensity for people to rent apartments, in conjunction with low levels of multifamily construction from 2009 through 2014, enabled the absorption of many of the excess vacant units from the fourth quarter of 2008, when apartment market conditions were soft and the vacancy rate was 8.4 percent.

During the third quarter of 2016—

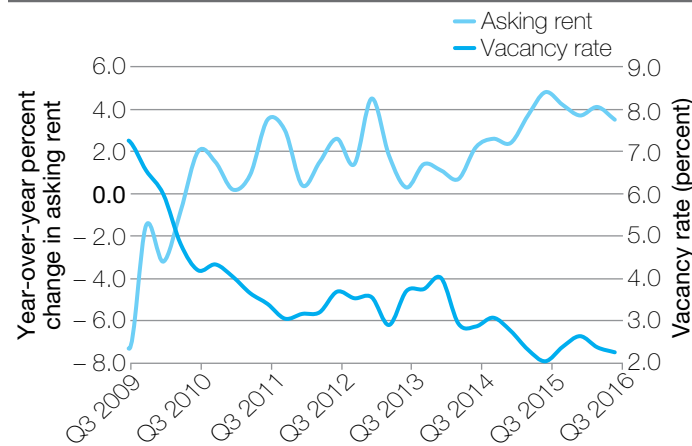
- The average rent for an apartment was \$1,340, an increase of \$45, or 3.5 percent, from the third quarter of 2015.
- The apartment market in Providence County was tight with a 2.5-percent vacancy rate, up from 1.9 percent during the third quarter of 2015. The average rent for an apartment in Providence County was \$1,347, an increase of \$44, or 3.4 percent.
- The apartment market in the rest of Rhode Island was also tight, with a 1.8-percent vacancy rate, down from 2.3 percent during third quarter of 2015. The average rent for the rest of the state of Rhode Island was \$1,327, an increase of \$45, or 3.5 percent, from the third quarter of 2015.
- The average rents in the state of Rhode Island for one-, two-, and three-bedroom apartments were \$1,205, \$1,457, and \$1,686 respectively.

Multifamily building activity, as measured by the number of multifamily units permitted, began to increase during 2015 as developers responded to tightening apartment market conditions in Rhode Island.

- During the 12 months ending November 2016, multifamily construction totaled 1,100 units permitted in Rhode Island, an increase of 625, or 130 percent, from the previous 12 months.

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**As the vacancy rate has remained below 5 percent in Rhode Island, rent growth has been positive.**



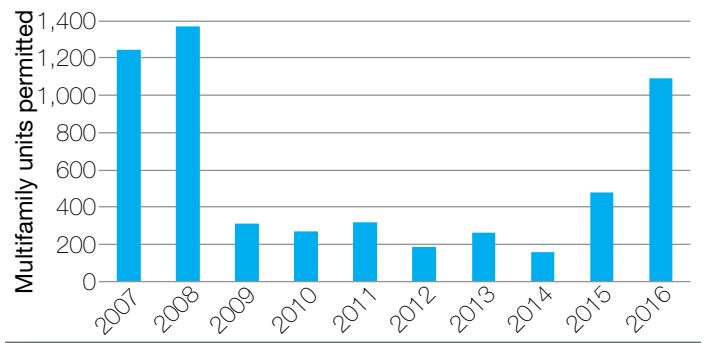
Q3 = third quarter.  
Source: MPF Research



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- Multifamily construction in Providence County during the 12 months ending November 2016 totaled 650 units permitted, an increase of 440 units, or more than 200 percent.
- Since 2010, Providence County has accounted for 53 percent of all multifamily units permitted in Rhode Island.
- An estimated 1,225 multifamily units currently are under construction in Rhode Island.
- Since 2010, more than 30 percent of all multifamily units permitted in Rhode Island have been senior living projects (McGraw-Hill Construction Pipeline database).

The 1,075 multifamily units permitted through November in 2016 was the highest number permitted in Rhode Island since 2008.



Note: Includes preliminary data from January 2016 through November 2016.  
Source: U.S. Census Bureau, Building Permits Survey

