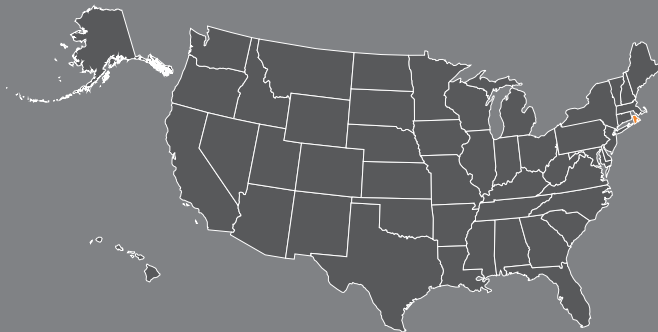


HUD PD&R Housing Market Profiles

Rhode Island

Quick Facts About Rhode Island

- **Current sales market conditions: balanced.**
- **Current rental market conditions: balanced.**
- **The smallest state in the nation, Rhode Island has the second highest coast-to-land ratio among states, behind only Maryland.**



By Matthew Tieff | As of May 1, 2018

Overview

The state of Rhode Island consists of five counties: Bristol, Kent, Newport, Providence, and Washington. Nicknamed “The Ocean State,” Rhode Island is known for its seaside towns and is home to numerous colleges and universities, including Brown University in the state capital, Providence, and the Naval War College in Newport.

- As of May 1, 2018, the estimated population of the state of Rhode Island is 1.06 million, reflecting an average annual increase of 1,900, or 0.2 percent, since 2013, when net migration became positive for the first time since 2003, as international in-migration outpaced domestic out-migration (U.S. Census Bureau population estimates as of July 1). Net natural change (resident births minus resident deaths) averaged 1,050 annually, and net in-migration averaged 850.
- From 2010 to 2013, the population declined by 625 annually, with net out-migration averaging 2,000 people. Despite the decline in population, the level of net natural change was higher compared with the current level, averaging 1,375 people annually.
- As of July 1, 2016, the population of Providence County, the most populous county in the state, was also the youngest, with a median age of 37.5 years compared with 40.2 for the state and 37.9 nationally. An estimated 633,700 people lived in Providence County, accounting for more than one-half the population of the state.



Nonfarm payrolls in Rhode Island increased in 8 of 11 sectors during the 3 months ending April 2018.

	3 Months Ending		Year-Over-Year Change	
	April 2017 (thousands)	April 2018 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	485.0	491.6	6.6	1.4
Goods-producing sectors	57.2	58.6	1.4	2.4
Mining, logging, and construction	17.0	17.3	0.3	1.8
Manufacturing	40.2	41.2	1.0	2.5
Service-providing sectors	427.8	433.0	5.2	1.2
Wholesale and retail trade	63.8	63.7	-0.1	-0.2
Transportation and utilities	11.4	11.5	0.1	0.9
Information	6.2	6.0	-0.2	-3.2
Financial activities	35.6	36.3	0.7	2.0
Professional and business services	65.5	68.0	2.5	3.8
Education and health services	107.8	109.3	1.5	1.4
Leisure and hospitality	53.8	53.6	-0.2	-0.4
Other services	22.5	23.2	0.7	3.1
Government	61.1	61.3	0.2	0.3
	(percent)	(percent)		
Unemployment rate	4.7	4.7		

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

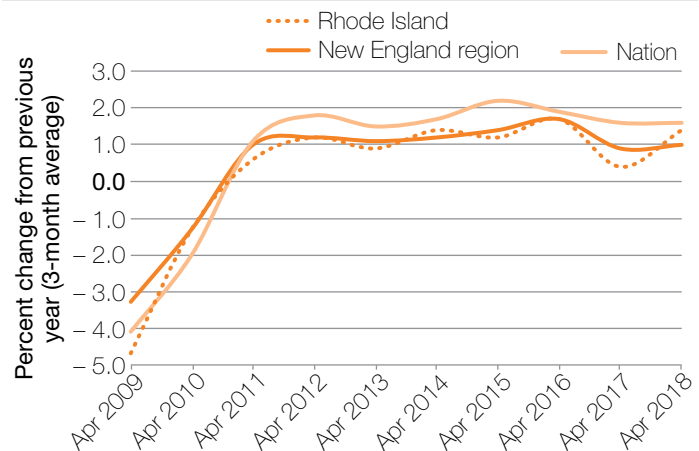
Economic Conditions

In the state of Rhode Island, recovery has been slow since the national recession and housing crisis of the late 2000s. Recently, however, the rate of growth has been increasing and at a faster rate than the New England region overall. From 2011 through 2017, nonfarm payrolls increased by an average of 5,000 jobs, or 1.1 percent, annually, recovering all the jobs lost during the downturn by 2017.

During the 3 months ending April 2018—

- Nonfarm payrolls averaged 491,600, an increase of 6,600 jobs, or 1.4 percent, from the same period in 2017. The growth rate in Rhode Island was higher than the 1.0-percent increase in the New England region but less than the national increase of 1.6 percent.
- The professional and business services sector added the most jobs and grew at a faster rate than any other sector with an increase of 2,500 jobs, or 3.8 percent, compared with a year earlier. In November 2017, Virgin Pulse, an employee wellness and business consulting firm, opened its new global headquarters in downtown Providence, employing 300 people.
- Payrolls in the education and health services sector increased by 1,500, or 1.4 percent, to 109,300 jobs, accounting for more than 22 percent of all nonfarm payrolls in the state. Brown University is

Recovery has been slow in Rhode Island, with annual job growth below the national average since 2011.



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
State of Rhode Island	Government	16,300
Lifespan	Education and health services	14,000
U.S. Government	Government	10,900

Note: Excludes local school districts.
Sources: Bureau of Labor and Statistics; Career One Stop

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currently expanding its campus, including a new 20,000-square-foot facility for the Watson Institute for International and Public Affairs expected to be complete by the end of 2018.

- The manufacturing sector increased by 1,000 jobs, or 2.5 percent, in contrast to the 300 jobs lost, or 0.7-percent decline, during the same period a year earlier. Electric Boat, a subsidiary of General Dynamics headquartered in Connecticut, expects to add more than 1,300 jobs to its manufacturing facility in Quonset Point during the next decade after being awarded a \$5 billion government contract to design and manufacture a new class of submarine, which is expected to begin construction in 2020.
- The unemployment rate averaged 4.7 percent, unchanged from a year earlier. The unemployment rate had declined since 2010 but was unchanged during the past year because of stronger labor force growth.

Sales Market Conditions

Sales housing market conditions in the state of Rhode Island are currently balanced, with an estimated vacancy rate of 1.6 percent, down from 2.0 percent in April 2010. As of March 2018, approximately 3.0 months of inventory were in the state of Rhode Island, down from 3.3 months a year ago. Approximately 16,900 homes sold during the 12 months ending March 2018, an increase of 4 percent from the 16,300 homes sold during the same period a year earlier and the most homes sold in any year since 2007 (CoreLogic, Inc., with adjustments by the analyst). The rate of seriously delinquent loans (those 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties declined, and excess inventory

Commercial fishing, historically, has been a principal part of the economy and culture in Rhode Island. After years of decline, the industry has recently recovered to levels prior to the Great Recession. In 2016, Rhode Island fishermen caught nearly 23 million pounds of squid, accounting for 16 percent of the national supply, second only to California (National Oceanic and Atmospheric Administration). Rhode Island commercial vessels landed more than 82 million pounds of seafood, an increase of 9 percent from the previous year, with a landed value of more than \$94 million, up 15 percent from a year earlier (Providence Business News). Although the 2016 landed value is slightly below the 2006 value of \$99 million, it is a 50-percent increase from \$60 million during 2010.

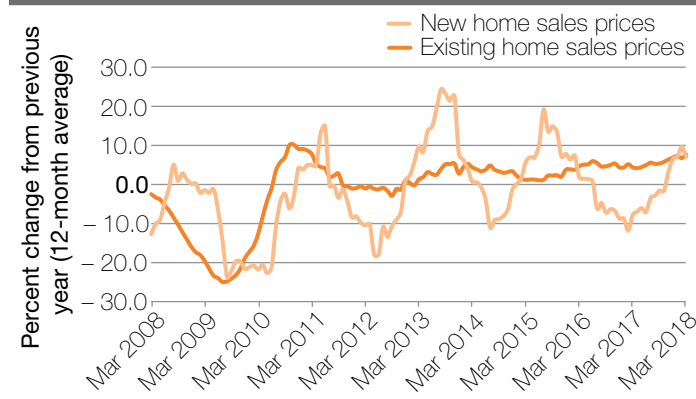
was absorbed and economic conditions improved. As of March 2018, 2.4 percent of home loans in the state were seriously delinquent or had transitioned into REO status, down from 3.2 percent a year earlier but slightly above the New England region and national averages of 2.1 and 2.2 percent respectively (CoreLogic, Inc.).

During the 12 months ending March 2018—

- Existing home sales (including single-family homes, townhomes, and condominiums) totaled 16,500, up 3 percent from the 16,150 homes sold during the 12 months ending March 2017 and the highest number sold since 2006.

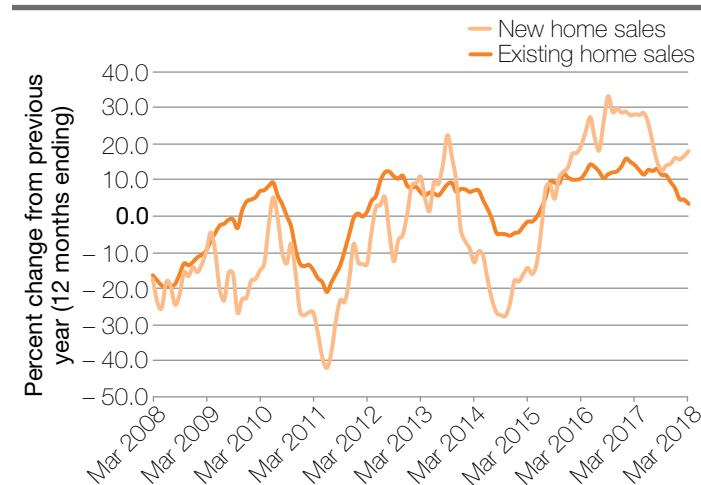
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Existing home sales price growth in Rhode Island has been positive since 2013, but new home prices have varied dramatically.



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

New and existing home sales in Rhode Island have increased since mid-2015.

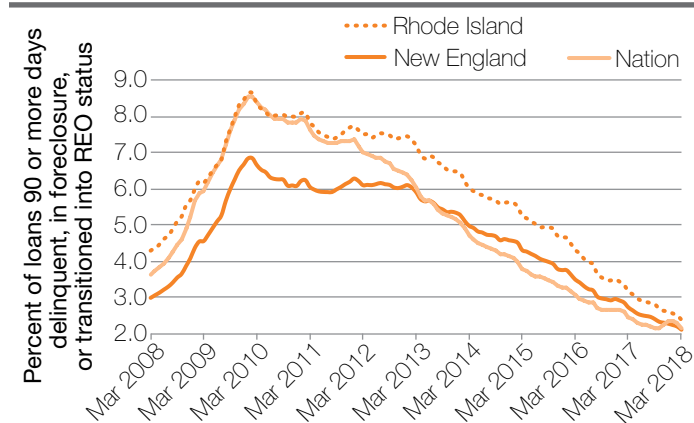


Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

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- The average sales price for existing homes was \$292,900, an increase of 8 percent from \$271,600 during the previous 12 months. The current existing home sales price is 28 percent higher than the recent low in 2012 of \$229,200, when REO sales accounted for approximately 15 percent of existing home sales compared with 3 percent during the current period.
- The number of new homes (including single-family homes, townhomes, and condominiums) sold totaled 410, an increase of 18 percent from the 350 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst) and the highest number of new home sales since 2010. New home sales are nearly double the low of 230 sold during the same period in 2015, after more than a decade of net out-migration that led to a large inventory of existing homes on the market.
- The average sales price for new homes was \$317,300, a 7-percent increase from \$295,500 a year ago. New home prices are approximately 13 percent higher than the average of \$280,300 in 2010.

The share of seriously delinquent loans and REO properties in Rhode Island is slightly above regional and national levels.



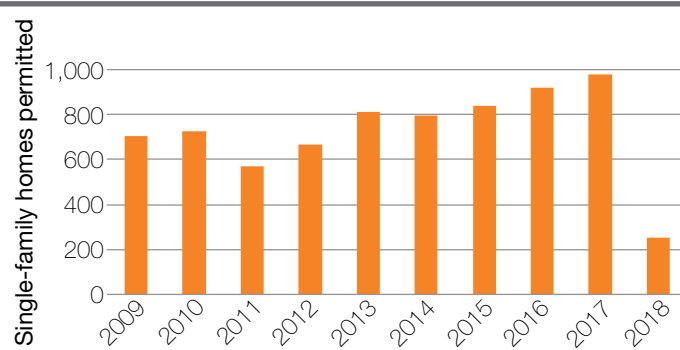
REO = real estate owned.

Source: CoreLogic, Inc.

With the exception of 2014, single-family home construction, as measured by the number of single-family homes permitted, has increased each year since the end of 2011. As the economy recovered and the rate of population growth increased, excess inventory was absorbed.

- The number of single-family homes permitted totaled 980 during the 12 months ending May 2018, up from the 950 homes permitted during the previous 12 months, an increase of 3 percent (preliminary data). From 2012 through 2015, the number of homes permitted increased by an average of 70, or 9 percent, annually.
- The Residences at Stillwater is being built in Providence County less than a mile from the intersection of Interstate 295 (I-295) and Route 7. When complete in the summer of 2018, the development will consist of 32 two-bedroom townhomes with two-car garages; prices currently start at \$350,000.
- The Terrace on Main condominiums is in the town of East Greenwich in Kent County, near Greenwich Bay and Goddard Memorial State Park. Completed in the spring of 2018, it consists of 19 one-bedroom and 2 two-bedroom condominiums starting at \$300,000 and \$480,000, respectively.

On average, single-family home construction in Rhode Island has increased since 2012.



Note: Includes preliminary data from January 2018 through April 2018.

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

Rental Market Conditions

Rental housing market conditions in the state of Rhode Island are currently balanced, with an estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartment units) of 5.0 percent as of May 1, 2018, a decrease from 8.8 percent in 2010. The rental market has improved since 2010, in part, because of international in-migration of individuals with a greater propensity to rent. As of July 2016, 42 percent of households in Rhode Island rent compared with 37 percent nationally (2016 American Community Survey 1-year data).

During the first quarter of 2018—

- The apartment market was balanced with a vacancy rate of 3.0 percent, unchanged from a year earlier but below the national average of 4.7 percent (Reis, Inc).
- The average rent for apartments in Rhode Island was \$1,376, an increase of nearly 3 percent from an average rent of \$1,338 during the first quarter of 2017. The average rents for studio, one-, two-, and three-bedroom apartments were \$1,232, \$1,244, \$1,479, and \$1,771, respectively.

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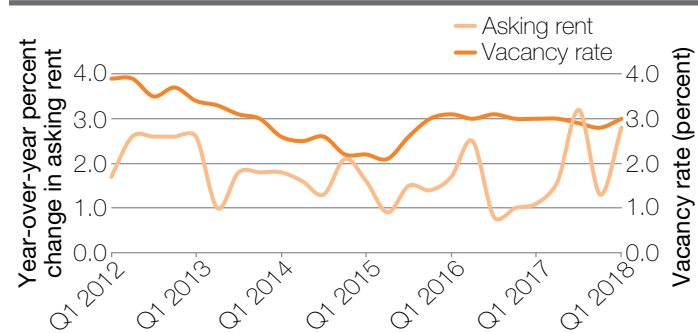
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- The Reis-defined Providence market area between the I-295 beltway and the Rhode Island-Massachusetts border had the highest average asking rent in the state at \$1,543.
- The vacancy rate in the Providence market area was 3.2 percent, slightly higher than the statewide vacancy rate, due in part to newly constructed developments currently leasing up.

Multifamily building activity increased substantially in 2016 in response to a tightening rental market, while more people moved into the state.

- During the 12 months ending May 2018, approximately 760 multifamily units were permitted in Rhode Island, a 34-percent decrease from the 1,150 units permitted during the previous year (preliminary data, with adjustments by the analyst). An average of 360 multifamily units were permitted annually from 2013 through 2015 compared with 160 units a year from 2010 through 2012 due to increased demand for apartments.

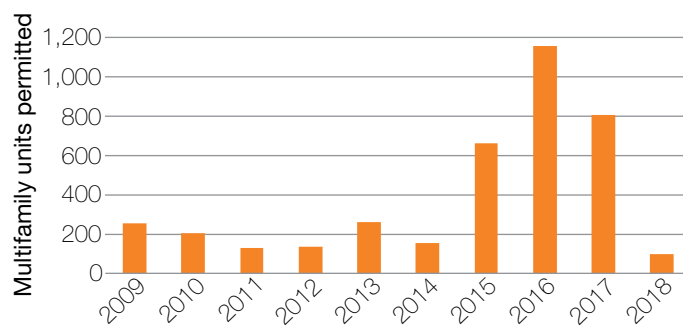
Despite an increase in multifamily construction since the first quarter of 2012, the vacancy rate in Rhode Island was below 4 percent and rent growth was positive.



Q1 = first quarter.
Source: Reis, Inc.

- Condominium activity fluctuated year by year but accounted for one-fourth of multifamily units built since 2010 (estimate by the analyst).
- From 2015 through 2017, 72 percent of multifamily construction has been in Providence County compared with 56 percent from 2010 through 2014 (estimate by the analyst).
- The Case-Mead Lofts is a 44-unit multifamily development in downtown Providence, across the Providence River from the Rhode Island School of Design and Brown University. Completed in the winter of 2018, asking rents for studio- and one-bedroom apartment units start at \$1,450 and \$1,700, respectively.
- Chestnut Commons is a mixed-use commercial and market-rate residential development currently under construction in the city of Providence between the Downtown and Jewelry Districts. The 91 apartment units are expected to be complete in the fall of 2019. Prices for one- and two-bedroom apartments are currently unavailable.

Multifamily construction in Rhode Island has increased substantially since the end of 2014, in part because population growth has turned positive.



Note: Includes preliminary data from January 2018 through April 2018.

Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst