

# HUD PD&R Regional Reports

## Region 1: New England

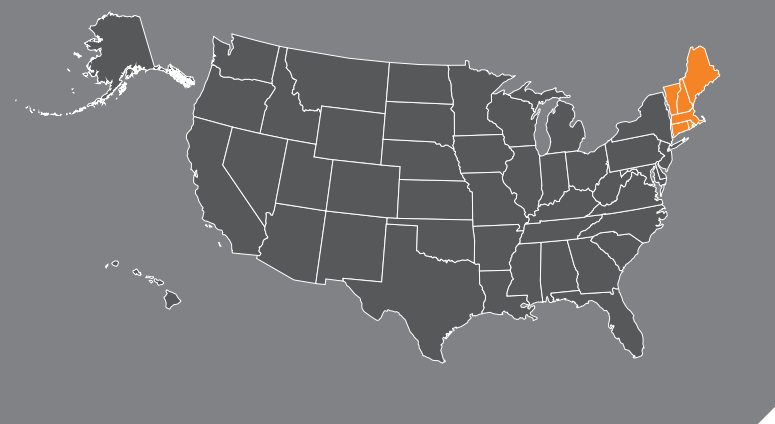


### Quick Facts About Region 1

Manchester, New Hampshire

By Diana Villavicencio | 2nd Quarter 2021

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



### Overview

During the second quarter of 2021, the economy of the New England region continued to recover from the efforts to contain the COVID-19 pandemic that began during March 2020. The gradual reopening of businesses since May 2020, along with the introduction of the COVID-19 vaccines in December 2020, have allowed nonfarm payroll growth to resume. By June 2021, 79.4 percent of the 1.27 million jobs lost during March and April 2020 (not seasonally adjusted) had been recovered. At the end of June 2021, nearly 72 percent of the population age 18 years and older in the New England region had been fully vaccinated against COVID-19—the highest percentage of any region in the nation (Centers for Disease Control and Prevention COVID-19 vaccine distribution and administration data tracker). With improving economic conditions compared to a year ago, sales housing market conditions in the region tightened or remained unchanged, ranging from slightly tight to tight. Even with a rise in single-family home construction in all six states in the region, lower levels of for-sale inventory and increased lumber prices led to higher home sales prices in the region. Apartment market conditions in the largest metropolitan areas of the New England region were mixed, ranging from balanced to tight—generally unchanged from a year earlier.

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- During the second quarter of 2021, nonfarm payrolls in the New England region rose 10.8 percent from a year earlier, to 7.1 million jobs, but the level of jobs is 6 percent below the number of jobs recorded during the second quarter of 2019, before the impact of COVID-19. Job gains in every state in the region during the most recent period were most significant in the leisure and hospitality, the wholesale and retail trade, and the education and health services sectors, which accounted for a combined 64 percent of job growth in the region.
- Home sales and home sales price growth in the region accelerated during the 12 months ending May 2021, compared with the same period a year earlier, partly because mortgage interest rates reached their lowest levels in more than 50 years, contributing to increased home sales.
- Apartment vacancy rates declined or were unchanged from a year earlier in the eight markets cited in this report, partly because new apartment completions slowed from a year earlier. Average apartment rents increased in seven of the eight largest apartment markets in the region. The number of multifamily units permitted rose 44 percent during the second quarter of 2021, with increases in five states.

## Economic Conditions

Economic conditions have improved since May 2020, when businesses began to reopen following the closure of nonessential businesses to slow the spread of COVID-19. During the second quarter of 2021, jobs rose by 695,000 jobs, or 10.8 percent, to 7.10 million—faster than the national rate of 8.5 percent. The increase in jobs in the region was the fastest year-over-year increase among the 10 HUD-defined regions. By comparison, during the second quarter of 2020, jobs in the region declined by nearly 1.17 million, or 15.4 percent; the national rate declined 11.3 percent. Before the pandemic, second quarter job growth in the region averaged 81,100, or 1.1 percent, annually from 2011 through 2019—slower than the national average annual rate of 1.6 percent.

Job growth in the region occurred in the 11 nonfarm payroll sectors during the second quarter of 2021, with the greatest

gains in sectors with businesses that had previously been affected in an attempt to slow the spread of COVID-19. The leisure and hospitality sector accounted for one-third of net job gains in the region—up by 232,100 jobs, or 59.7 percent. The sectorwide increase is in contrast with the second quarter of 2020, when 404,400 jobs were lost—the most jobs of any sector. During the second quarter of 2021, the wholesale and retail trade sector added 123,700 jobs, accounting for 18 percent of net job gains in the region from a year earlier, compared with a loss of 171,200 jobs, or 16.5 percent, the previous year. The recent increase is partly a result of stores reopening when stay-at-home orders were eased. The education and health services sector, the largest sector in the region, added the third most jobs—up by 91,000 jobs, or 6.5 percent, compared with a decrease of 192,300 jobs, or

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

	Second Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	6,406.8	7,101.8	695.0	10.8
Goods-Producing Sectors	823.4	896.2	72.8	8.8
Mining, Logging, & Construction	278.4	323.7	45.3	16.3
Manufacturing	545.0	572.5	27.5	5.0
Service-Providing Sectors	5,583.3	6,205.6	622.3	11.1
Wholesale & Retail Trade	867.0	990.7	123.7	14.3
Transportation & Utilities	190.5	224.7	34.2	18.0
Information	142.8	144.5	1.7	1.2
Financial Activities	444.0	450.5	6.5	1.5
Professional & Business Services	997.6	1,065.9	68.3	6.8
Education & Health Services	1,403.3	1,494.3	91.0	6.5
Leisure & Hospitality	388.5	620.6	232.1	59.7
Other Services	202.3	250.3	48.0	23.7
Government	947.2	964.2	17.0	1.8

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

Source: U.S. Bureau of Labor Statistics



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12.1 percent, during the same quarter in 2020. Facilities that halted elective services during the pandemic, which led to furloughs among healthcare providers, have resumed services.

Business reopenings throughout the region contributed to a reduction in the regional unemployment rate, but the rate remains elevated, and some businesses are reporting difficulty finding workers. The unemployment rate averaged 5.4 percent during the second quarter of 2021—down significantly from the 13.1-percent rate during the same period a year earlier and below the 5.8-percent national rate. In an attempt to incentivize employment, Connecticut, Maine, and New Hampshire started offering return-to-work bonuses to unemployment insurance beneficiaries who return to work. The unemployment rate in New Hampshire declined the most, to 2.7 percent—the lowest unemployment rate in the region and the second lowest in the nation, above only the 2.4-percent rate in Nebraska, but below the 3.0-percent rate in Vermont, which had the second lowest rate in the region and the third lowest nationwide. In Massachusetts and Rhode Island, unemployment rates decreased to 5.4 percent in each state and declined to 5.1 percent in Maine. The unemployment rate in Connecticut fell to 7.1 percent—the highest unemployment rate in the region and the eighth highest nationwide. Before the pandemic, the unemployment rate in the region decreased every year from 2011 through 2019 to 3.0 percent during the second quarter of 2019.

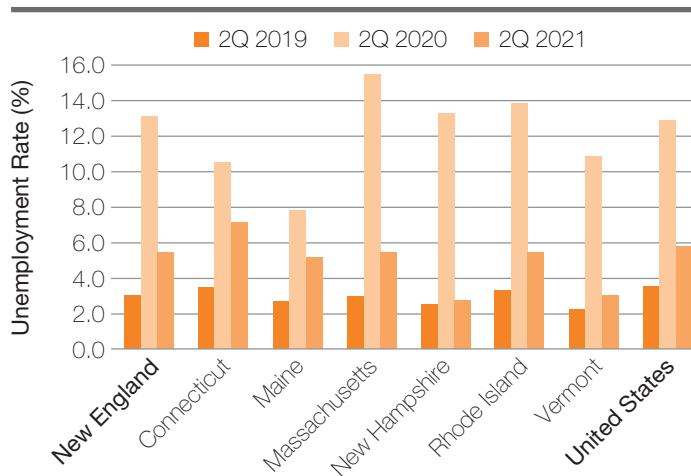
During the second quarter of 2021—

- The fastest year-over-year job growth in the region occurred in Rhode Island, where nonfarm payrolls rose 12.6 percent, or by 52,900 jobs, to 472,900; by June 2021, the state had recovered 83 percent of the jobs lost during March and April 2020 (not seasonally adjusted), but jobs in the state during the second quarter of 2021 were 7 percent below the 2019 second quarter peak of 506,600. All payroll sectors in Rhode Island except the government sector added jobs during the second quarter of 2021.
- Jobs rose at the second fastest rate in Vermont—up 11.4 percent, or by 29,900 jobs, to 291,500—from the second quarter of 2020. By June, the state had recovered 70 percent of the jobs lost during March and April 2020 (not seasonally adjusted)—the lowest proportion of jobs recovered by any state in the region—and the level of jobs recorded during the second quarter of 2021 was 8 percent below the rate during the second quarter of 2019. During the second quarter of 2021, jobs rose in every sector in the state except the government sector.
- In Massachusetts, jobs increased at a rate of 11.2 percent, or by 348,200 jobs, to 3.47 million from the same period 1 year earlier, accounting for 50 percent of the total job gain

in the region. Every sector contributed to job growth, with the leisure and hospitality, the wholesale and retail trade, and the education and health services sectors accounting for 63 percent of the increase. Approximately 77 percent of the jobs lost in March and April of 2020 had been recovered by the end of June 2021 (not seasonally adjusted); however, second quarter jobs in 2021 were 7 percent lower than during the second quarter of 2019.

- Nonfarm payrolls in New Hampshire rose at a rate of 10.9 percent, or by 64,500 jobs, to 657,500, with the leisure and hospitality sector contributing 40 percent of the gain—the highest proportion of any state in the region. Nearly 92 percent of jobs that were lost in the state in early 2020 were recovered in June 2021 (not seasonally adjusted), and jobs recorded during the second quarter of 2021 were 4 percent below the 2019 second quarter high of 685,700.
- The rate of job growth was 9.9 percent in both Connecticut and Maine, and the number of jobs increased by 143,800 and 55,600, respectively, with the leisure and hospitality, the wholesale and retail trade, and the education and health services sectors contributing a combined 65 percent to job growth in those states. By June, Connecticut had recovered 75 percent of all jobs lost during March and April of 2020 (not seasonally adjusted). Maine was the only state in the region to have regained and exceeded all the jobs lost during the same period; second quarter jobs in Connecticut and Maine were 6 and 4 percent below the levels during the second quarter of 2019, respectively.

The unemployment rate declined in all six states in the New England region during the second quarter of 2021 compared with a year earlier, but the rates remained elevated.



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics



## Sales Market Conditions

Sales housing market conditions ranged from slightly tight to tight throughout the New England region, partially because of a decline in the number of homes listed for sale and because of record-low mortgage interest rates, contributing to increased home sales. The sales market was slightly tight in Connecticut, where the supply of for-sale inventory declined to 2.6 months in May 2021 from 4.1 months in May 2020 (CoreLogic, Inc.). Market conditions were tight in the remaining states, each with tighter conditions than a year earlier. In Vermont, Massachusetts, and Rhode Island, the months of supply declined to 2.2, 1.5, and 1.4 months from 3.3, 2.3, and 2.4 months, respectively. In New Hampshire and Maine, the months of supply decreased to 1.3 and 1.1 months, respectively, from 1.8 and 2.1 months. The national months of supply decreased to 1.3 months in May 2021 from 2.6 months in May 2020. In May 2021, the average interest rate for a 30-year fixed-rate mortgage was 3.0 percent—down from 3.2 percent in May 2020 and 4.8 in May 2010 (Freddie Mac).

Even with declining available for-sale inventory, home sales (including single-family homes, townhomes, and condominiums) rose in the region. During the 12 months ending May 2021, home sales increased 15 percent from a year earlier, to approximately 233,200 homes, following a 2-percent increase during the previous year (Zonda). Home sales rose in the six states in the region, ranging from 7 percent in Rhode Island to 40 percent in Maine. Home sales in the eight major metropolitan areas in the region also increased. The greatest increases in sales—32, 12, and 11 percent—occurred in the Bridgeport, the Burlington, and

the Hartford metropolitan areas, respectively, where average home prices increased relatively quickly. Home sales increases ranged from 6 to 8 percent in the other five major markets in the region.

During the 12 months ending May 2021, the average home sales price in the New England region rose 14 percent to \$460,700—accelerating from the 3-percent increase during the previous year (Zonda). The higher average home sales price in the region is not only a result of a depleting for-sale inventory but also a surge in lumber prices, which peaked in early May 2021. The price of lumber used to build an average home is nearly three times higher than it was in April 2020, causing the price of the average single-family home to increase by \$35,872 (National Association of Home Builders). Average home sales prices rose in all six states in the region and ranged from 11 to 28 percent in New Hampshire and Connecticut, respectively. Average home sales prices also increased in the eight major metropolitan areas cited in this report. Home sales prices increased the fastest in the Bridgeport metropolitan area, where the average price rose 31 percent. In the Portland metropolitan area, the average sales price increased 21 percent, and in the Hartford and the Providence metropolitan areas, the average prices rose 15 percent each. Average home sales prices increased by lower rates in the four other markets, ranging from an 8-percent increase in the Boston and the Burlington metropolitan areas to 13 percent in the Worcester metropolitan area.

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### Home sales and prices increased in all six states and all eight major metropolitan areas in the New England region.

	12 Months Ending	Number of Homes Sold				Price		
		2020	2021	Percent Change	Average	2020 (\$)	2021 (\$)	Percent Change
Connecticut (N&E)	May	48,086	57,323	19	AVG	\$337,848	\$431,202	28
Bridgeport, CT (N&E)	May	12,352	16,283	32	AVG	\$587,480	\$767,709	31
Hartford, CT (N&E)	May	16,746	18,547	11	AVG	\$249,636	\$286,823	15
Maine (N&E)	May	11,362	15,908	40	AVG	\$237,996	\$273,232	15
Portland, ME (N&E)	May	3,942	4,201	7	AVG	\$332,315	\$401,082	21
Massachusetts (N&E)	May	90,139	98,680	9	AVG	\$518,935	\$580,122	12
Boston, MA (N&E)	May	61,855	66,950	8	AVG	\$588,178	\$637,066	8
Worcester, MA-CT (N&E)	May	13,492	14,401	7	AVG	\$306,115	\$345,503	13
New Hampshire (N&E)	May	25,452	28,875	13	AVG	\$310,203	\$343,665	11
Manchester, NH (N&E)	May	6,727	7,244	8	AVG	\$310,746	\$346,148	11
Rhode Island (N&E)	May	14,925	15,962	7	AVG	\$341,027	\$392,631	15
Providence, RI (N&E)	May	21,580	22,881	6	AVG	\$340,549	\$390,242	15
Vermont (N&E)	May	12,233	16,442	34	AVG	\$259,590	\$300,285	16
Burlington, VT (N&E)	May	3,890	4,376	12	AVG	\$320,781	\$346,110	8

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

Source: Zonda



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The percentage of home loans in the region that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status rose sharply, to 3.1 percent in May 2021 from 1.8 percent in May 2020 (CoreLogic, Inc.). The current rate in the region is below the 3.3-percent rate for the nation. The recent increase in the regionwide rate began in May 2020, after the introduction of countermeasures to slow the spread of COVID-19 resulted in significant job losses, and some homeowners struggled to make their mortgage payments. Approximately 52,950 mortgages in the region were 90 or more days past due in May 2021—up from 29,600 in May 2020; however, the number of foreclosures declined 14 percent, and REOs fell 36 percent. The decline in foreclosures likely reflects increased participation in mortgage forbearance programs by borrowers, which was provided for under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Homebuilding activity, as measured by the number of single-family units permitted, rose during the second quarter of 2021, with the fastest rate of construction increase, 60 percent, occurring in Connecticut.

During the second quarter of 2021 (preliminary data)—

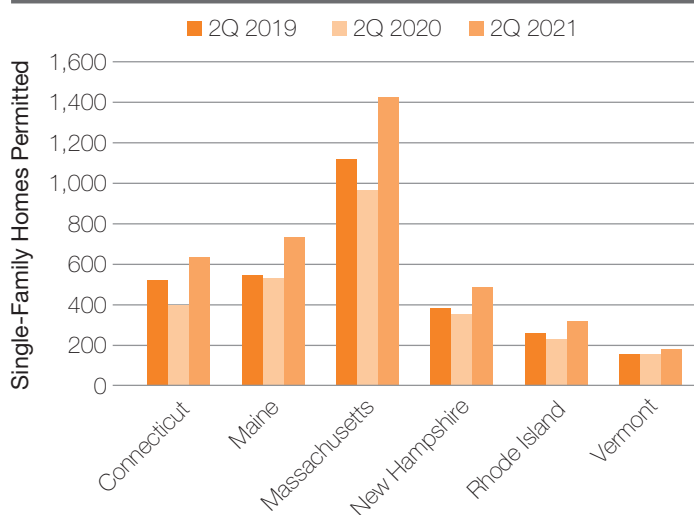
- Homebuilding in the region totaled approximately 3,775 homes—a 44-percent increase from the second quarter of 2020—compared with a 12-percent decrease a year earlier. By comparison, the number of single-family homes permitted nationally increased approximately 46 percent during the second quarter of 2021, following an 8-percent decrease during the second quarter of 2020.
- The number of single-family homes permitted increased in the six New England region states, with approximately 40 percent of the increase occurring in Massachusetts, where single-family permitting rose by 460 homes, or 48 percent, to 1,425 homes. The statewide net increase occurred primarily in the Massachusetts portion of the Boston metropolitan area, where permitting increased 52 percent to 1,125 homes.

## Apartment Market Conditions

Apartment market conditions in the eight major metropolitan areas in the region ranged from balanced to tight during the second quarter of 2021—unchanged from the previous quarter and year. Implementation of federal and state-issued moratoriums on evictions likely contributed to relatively stable conditions. During a 2-week period that included the last week of June 2021, 82 percent of renter households were current on rent payments in the region—down slightly from

- Homebuilding activity also increased in Connecticut and Maine, where single-family permitting increased by 240 and 200 homes, or 60 and 38 percent, respectively, to 630 and 730. Approximately 75 percent of the statewide gain in Connecticut occurred in the Bridgeport and the Hartford metropolitan areas, where permitting increased 49 and 62 percent, to 200 and 290 homes, respectively. Approximately 66 percent of the statewide gain in Maine occurred in the Portland metropolitan area, where permitting increased 39 percent to 480 homes.
- Increases in single-family home permitting were smaller in New Hampshire and Rhode Island, where permitting rose by 140 and 90 homes, or 39 percent each, to a combined 810 homes. Single-family home permitting in Vermont increased by 30 homes, or 16 percent, to 180. One-third of the gain in Vermont occurred in the Burlington metropolitan area, where approximately 120 homes were permitted.

During the second quarter of 2021, single-family home permitting rose in the six states in the New England region.



2Q = second quarter.

Note: Based on preliminary data.

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

84 percent during the first 2 weeks of the quarter (U.S. Census Bureau Household Pulse Survey). Nationwide, 79 percent of renter households were current on rent payments during the same period—down from 80 percent. Lower levels of apartment completions may have also contributed to stable conditions. The number of apartment units completed in the region totaled 3,400 during the second quarter of 2021—a 46-percent decrease from the 6,350 completions during the

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second quarter of 2020 (McGraw-Hill Construction Pipeline database). Massachusetts accounted for nearly one-half of all new apartment units completed in the region during the second quarter of 2021.

With eviction protections for renter households and reduced apartment completions during the second quarter of 2021, apartment vacancy rates remained unchanged or declined in the eight major metropolitan areas referenced in this report. Vacancy rates for seven of the metropolitan areas in the region were at or below the national rate of 3.7 percent (RealPage, Inc.). The vacancy rate was unchanged in the Burlington metropolitan area, at 1.9 percent. The largest decline in the vacancy rate occurred in the Portland metropolitan area, where the vacancy rate fell 2.1 percentage points to 1.1 percent, even though 80 apartment units entered the market during the second quarter of 2021, compared with 70 the previous year. Vacancy rates declined by smaller amounts, to 1.1 and 1.7 percent, in the Manchester and the Providence metropolitan areas, respectively; apartment vacancy rates were 2.7 and 3.7 percent in the Hartford and the Bridgeport metropolitan areas, respectively. In the Worcester metropolitan area, the vacancy rate decreased to 2.3 percent, and in the Boston metropolitan area, the vacancy rate decreased to 3.9 percent and was the highest among the major metropolitan areas in the region. The vacancy rate decreased in 11 of the 15 RealPage, Inc.-defined market areas that make up the Boston metropolitan area, including in the Intown Boston market area—the most expensive market area in the Boston metropolitan area because of a greater concentration of new Class A units—which decreased to 4.4 percent. At the same time, the vacancy rate increased in the four market areas

immediately surrounding the Intown Boston market area, including the Cambridge/Somerville, the Chelsea/Revere/Charlestown, the Fenway/Brookline/Brighton, and the Waltham/Newton/Lexington market areas, which have the second to fifth highest rents in the metropolitan area.

During the second quarter of 2021, average monthly rents rose in seven of the eight major metropolitan areas, and rent growth exceeded the 4-percent increase in the nation in five of those metropolitan areas. Average rents in seven of the metropolitan areas were above the \$1,478 average for the nation. The largest rent increases were in the Portland and the Manchester metropolitan areas, where the average rents rose 11 and 9 percent, respectively, to \$1,704 and \$1,609—the second lowest of the eight major metropolitan areas cited in this report was in Manchester. The average rent in the Providence metropolitan area increased 7 percent, to \$1,643, and rose 6 percent in the Hartford and the Worcester metropolitan areas, to \$1,463 and \$1,787, respectively. The average rent increased more modestly in the Bridgeport and the Burlington metropolitan areas, rising 4 percent and less than 1 percent, respectively, to \$2,421 and \$1,658. The average rent in the Boston metropolitan area declined 2 percent, year over year, to \$2,328. The average rent declined in seven of the market areas in the Boston metropolitan area. The steepest decline, of 10 percent, to \$3,264, occurred in the Intown Boston market area.

Multifamily building activity, as measured by the number of units permitted, rose in five New England region states during the second quarter of 2021, with the highest proportion of construction occurring in Massachusetts.

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**During the second quarter of 2021, apartment vacancy rates decreased or were unchanged in all eight major metropolitan areas in the New England region, and average rents rose in all but one metropolitan area.**

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2020 (%)	2Q 2021 (%)	Percentage Point Change	2Q 2020 (\$)	2Q 2021 (\$)	Percent Change
Boston, MA-NH	Slightly Tight	4.3	3.9	-0.4	2,382	2,328	-2.3
Bridgeport, CT	Balanced	4.8	3.7	-1.1	2,330	2,421	3.9
Burlington, VT	Tight	1.9	1.9	0.0	1,644	1,658	0.9
Hartford, CT	Slightly Tight	3.9	2.7	-1.1	1,384	1,463	5.7
Manchester, NH	Tight	2.3	1.1	-1.2	1,475	1,609	9.1
Portland, ME	Tight	3.2	1.1	-2.1	1,540	1,704	10.6
Providence, RI-MA	Slightly Tight	3.1	1.7	-1.4	1,534	1,643	7.1
Worcester, MA-CT	Tight	3.0	2.3	-0.8	1,686	1,787	6.0

2Q = second quarter.

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



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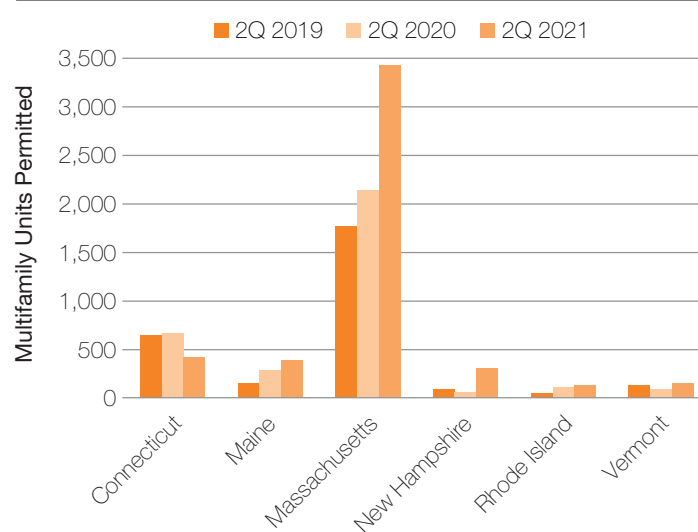
During the second quarter of 2021 (preliminary data)—

- The number of multifamily units permitted in the New England region rose to 4,800—up by 1,450 units, or 44 percent, from the same quarter a year earlier, compared with a 19-percent increase during the second quarter of 2020. Nationally, multifamily construction rose 23 percent during the second quarter of 2021, following a decrease of 8 percent during the second quarter of 2020.
- In Massachusetts, multifamily permitting increased by 1,275 units, or 60 percent from the previous year, to 3,425 units, compared with a 21-percent rise during the second quarter of 2020. Multifamily construction increased more than five times in New Hampshire, to 300 units, from the 60 units permitted during the second quarter of 2020; nearly all of the increase in multifamily permitting was concentrated in the Massachusetts and New Hampshire portions of the Boston metropolitan area.
- Multifamily permitting also rose in Maine—up by 100 units, or 33 percent, to 380 units, with only 16 percent of the increase occurring in the Portland metropolitan area. In Rhode Island and Vermont, permitting rose by 20 and 60 units, or 20 and 70 percent, respectively, to a combined 280 units, with the portion of the Providence metropolitan area in Rhode Island accounting for all of the increase, whereas permitting decreased by 20 units, or 32 percent, in the Burlington metropolitan area.
- Connecticut was the only state in the region with a decline in multifamily permitting—down by 240 units, or 36 percent,

to 420 units, compared with the second quarter of 2020.

In the Hartford metropolitan area, permitting decreased by 30 units, or 26 percent, whereas permitting increased by the same amount and proportion in the Bridgeport metropolitan area; those areas accounted for a combined 52 percent of the units permitted in Connecticut.

**Multifamily construction activity increased during the second quarter of 2021 in the New England region because of higher levels of permitting in five of the states.**



2Q = second quarter.

Note: Based on preliminary data.

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