

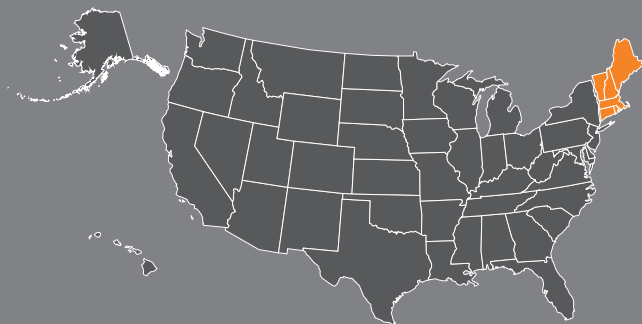
# HUD PD&R Regional Reports

## Region 1: New England



### Quick Facts About Region 1

- **Sales market conditions—**  
Second quarter 2013: balanced.  
First quarter 2013: balanced.  
Second quarter 2012: soft.
- **Apartment market conditions—**  
Second quarter 2013: tight.  
First quarter 2013: tight.  
Second quarter 2012: mixed (balanced to tight).



By Michael J. Murphy | 2nd quarter 2013

### Overview

Economic conditions improved in the New England region during the second quarter of 2013 compared with conditions during the same period a year earlier, led by job gains in Massachusetts, Vermont, and New Hampshire. As the regional economy expanded, sales housing markets also improved, and single-family home permitting activity increased throughout the region. Apartment markets in most metropolitan areas in the region remained tight during the past quarter, leading to continued increases in multi-family permitting activity, with gains primarily concentrated in the Boston metropolitan area.

- During the second quarter of 2013, sales markets improved significantly. In every state in the region, the number of single-family home and condominium sales, median sales prices, and single-family building activity increased from the same period a year earlier.
- Metropolitan area apartment vacancy rates were less than 3.0 percent in Providence and Hartford, less than 3.5 percent in Portland and Manchester-Nashua, and 3.6 percent in Boston.
- The construction of new rental units increased significantly in the Boston metropolitan area, where an estimated nearly 10,000 new rental units are currently under construction, including approximately 4,000 apartments in the city of Boston.



PD&R

Nonfarm payrolls in the New England region increased by 79,500 jobs, led by the education and health services sector.

	Second Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,936.2	7,015.7	79.5	1.1
Goods-producing sectors	858.4	859.9	1.5	0.2
Mining, logging, and construction	251.2	258.8	7.5	3.0
Manufacturing	607.2	601.2	-6.0	-1.0
Service-providing sectors	6,077.8	6,155.7	78.0	1.3
Wholesale and retail trade	1,037.9	1,044.0	6.1	0.6
Transportation and utilities	186.0	185.5	-0.5	-0.3
Information	151.8	154.0	2.2	1.5
Financial activities	448.5	447.9	-0.6	-0.1
Professional and business services	907.6	931.0	23.4	2.6
Education and health services	1,401.2	1,428.3	27.1	1.9
Leisure and hospitality	688.9	705.0	16.1	2.3
Other services	259.7	261.8	2.1	0.8
Government	996.1	998.2	2.1	0.2

Source: U.S. Bureau of Labor Statistics

## Economic Conditions

Economic conditions in the New England region, which have improved since 2010, continued to improve during the second quarter of 2013, with average nonfarm payrolls exceeding 7 million in the region for the first time since 2008. During the second quarter of 2013, nonfarm payrolls averaged 7.02 million jobs, an increase of 79,500 jobs, or 1.1 percent, compared with the number of nonfarm payrolls recorded during the same period a year earlier. The sectors with the greatest job gains were the education and health services, professional and business services, and leisure and hospitality sectors, which added 27,100, 23,400, and 16,100 jobs, increases of 1.9, 2.6, and 2.3 percent, respectively. These increases more than offset the loss of 6,000 jobs, or 1.0 percent, in the manufacturing sector.

During the second quarter of 2013—

- Massachusetts gained 52,100 jobs, or 1.6 percent, compared with the number of jobs recorded during the second quarter of 2012, led by the education and health services and the professional and business service sectors, which increased by 17,600 and 14,800 jobs, or 2.6 and 3.0 percent, respectively.
- Nonfarm payrolls in New Hampshire and Vermont expanded by 8,300 and 4,300 jobs, or 1.3 and 1.4 percent, respectively. The leisure and hospitality sector led gains in New Hampshire, and the education and health services sector increased the most of any sector in Vermont.

The unemployment rate decreased in every state in the New England region, with the greatest decline in Rhode Island.



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics

- Connecticut nonfarm payrolls increased by 13,200 jobs, or 0.8 percent, including a gain of 6,100 jobs, or 1.9 percent, in the education and health services sector, which more than offset losses of 3,400 and 2,100 jobs, or 2.0 and 1.6 percent, respectively, in the manufacturing and financial activities sectors.
- In Rhode Island, nonfarm payrolls increased by 1,400 jobs, or 0.3 percent, whereas, in Maine, nonfarm payrolls remained relatively stable, gaining 200 jobs.
- The unemployment rate in the region averaged 7.0 percent, down slightly from 7.1 percent during the second quarter of 2012, with unemployment rates ranging from 4.5 percent in Vermont to 8.8 percent in Rhode Island.

## Sales Market Conditions

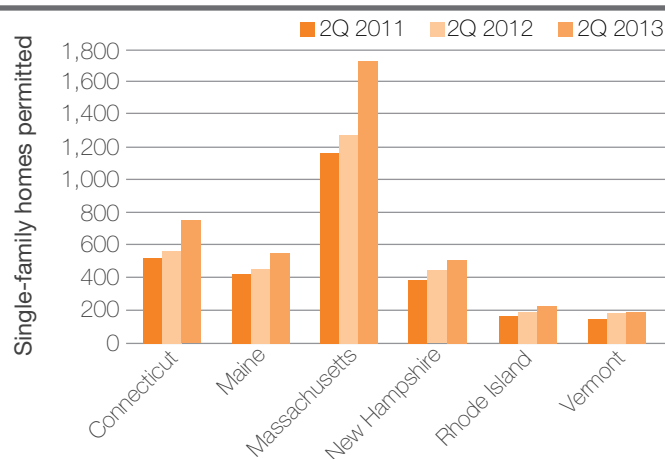
Sales housing markets in the New England region are balanced, with conditions tightening in every state in the region during the past year in response to sustained job growth. In May 2013, home prices in the region increased 3.9 percent compared with prices during May 2012 (Federal Housing Finance Agency House Price Index). During the 12 months ending June 2013, home sales expanded more than 10 percent in all six states in the region. Median home sales prices also increased in every state in the region, ranging from a gain of 2.7 percent in Connecticut to a gain of 10.2 percent in Rhode Island. Condominium markets in the region are balanced, with sales up more than 9 percent in every state that reports data. (Maine does not report condominium sales.) Median condominium sales prices also increased throughout the region, ranging from a gain of 1.3 percent in Vermont to a gain of 19.3 percent in Rhode Island. In June 2013, 6.8 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 7.2 percent in June 2012 (LPS Applied Analytics).

Based on preliminary data, during the second quarter of 2013—

- Single-family homebuilding activity, as measured by the number of homes permitted, expanded in every state in the region in response to improved sales markets, increasing 27 percent in the region from the second quarter of 2012, to 3,950 homes permitted.

- Single-family permitting grew most rapidly in Massachusetts and Connecticut, increasing 35 and 34 percent, to 1,725 and 750 homes, respectively.
- In Maine and Rhode Island, single-family permitting increased 22 and 21 percent, to 550 and 230 homes, respectively.
- Single-family home permitting increased 16 percent in New Hampshire, to 510 homes, and 6 percent in Vermont, to 190 homes.

**In response to tightening home sales markets, single-family home permitting increased in every state in the New England region.**



2Q = second quarter.

Note: Based on preliminary data.

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

**Home sales and median home prices increased in every state in the New England region.**

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Connecticut (N&E)	June	22,500	26,100	16.0	MED*	242,500	249,000	2.7
Maine (E)	June	10,650	12,050	13.1	MED	175,500	184,000	4.8
Massachusetts (E)	June	41,950	46,500	10.8	MED	327,500	350,050	6.9
New Hampshire (N&E)	June	11,700	13,450	15.0	MED	215,000	235,000	9.3
Rhode Island (E)	June	7,300	8,325	14.0	MED*	190,500	209,900	10.2
Vermont (N&E)	June	4,325	4,825	11.6	MED	215,000	232,900	8.3
Connecticut (N&E—condo)	June	5,550	6,450	16.2	MED*	155,000	162,900	5.1
Massachusetts (E—condo)	June	16,000	18,350	14.7	MED	311,000	320,000	2.9
New Hampshire (N&E—condo)	June	2,750	3,200	16.4	MED	166,100	170,000	2.3
Rhode Island (E—condo)	June	1,175	1,450	23.4	MED*	170,000	202,750	19.3
Vermont (N&E—condo)	June	980	1,075	9.7	MED	196,500	199,000	1.3

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

\*Median prices as of the second quarter.

Note: Data represent single-family home sales except where indicated.

Sources: Maine Real Estate Information System, Inc.; Massachusetts Association of REALTORS®; Northern New England Real Estate Network; Prudential Connecticut Realty; Rhode Island Association of REALTORS®

## Apartment Market Conditions

Apartment markets in most metropolitan areas in the New England region are tight, and many markets tightened during the past 12 months. During the second quarter of 2013, the apartment vacancy rate in the Boston metropolitan area decreased to 3.6 percent compared with the rate of 3.8 percent recorded a year earlier (Reis, Inc.), and the average market rent increased 3 percent, to \$1,850. The apartment vacancy rate in the Providence metropolitan area declined to 2.9 percent from 3.6 percent a year earlier, and the average rent increased more than 1 percent, to \$1,257. The apartment vacancy rate in the Hartford metropolitan area decreased from 3.2 to 2.8 percent, and the average market rent increased nearly 2 percent, to \$1,035. The apartment vacancy rate was relatively stable in the Portland metropolitan area, declining from 3.3 to 3.2 percent, but increased in the Manchester-Nashua metropolitan area, from 2.8 to 3.4 percent. The average rent increased 2 and 3 percent, to \$1,064 and \$1,135, respectively, in those areas.

Based on preliminary data, during the second quarter of 2013—

- In response to tight apartment markets, multifamily building activity, as measured by the number of units permitted, expanded in all six states in the region, increasing 54 percent, to 3,350 units, compared with the 2,175 units permitted in the region during the same period a year earlier.

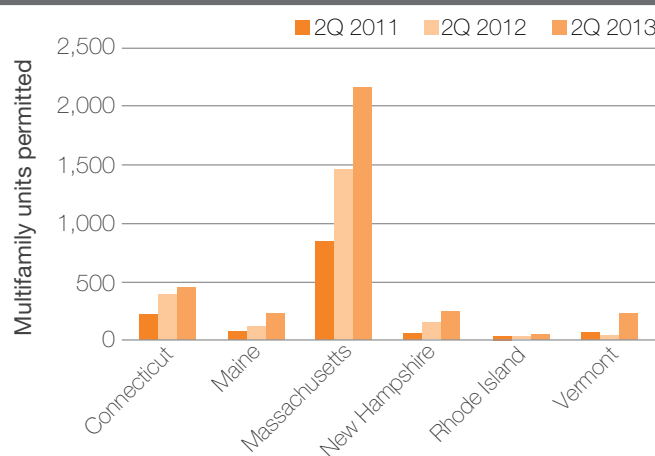
### Most metropolitan apartment markets in the New England region were tight.

Metropolitan Area	Market Condition
Boston	Tight
Fairfield County	Balanced
Hartford	Tight
Manchester-Nashua	Tight
New Haven	Tight
Portland	Tight
Providence	Tight

Source: HUD, PD&R, Economic and Market Analysis Division

- Multifamily permitting increased 50 percent in Massachusetts, to 2,175 units compared with the 1,450 units permitted a year earlier, accounting for more than 60 percent of the regional gains during the period.
- In New Hampshire, Maine, and Vermont, multifamily permitting increased to 240, 230, and 220 units, from 150, 120, and 40 units permitted, respectively, during the second quarter of 2012.
- In Connecticut and Rhode Island, multifamily permitting increased by 60 and 25 units, to 450 and 40 units, respectively.
- Nearly 10,000 new rental units are estimated to be currently under construction in the Boston metropolitan area, including approximately 4,000 apartments in the city of Boston.

### The number of multifamily units permitted increased in every state in the New England region and grew more than 50 percent in the region.



2Q = second quarter.

Note: Based on preliminary data.

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