

HUD PD&R Regional Reports

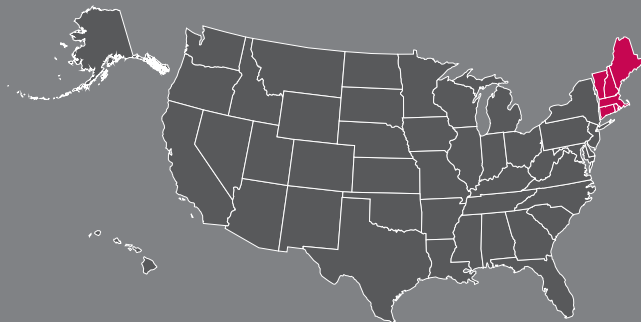
Region 1: New England



Quick Facts About Region 1

By Michael J. Murphy | 3rd quarter 2013

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



Overview

Economic conditions improved in the New England region during the 3 months ending August 2013 compared with conditions during the same period a year earlier, led by job gains in Massachusetts, which accounted for 48 percent of total nonfarm payrolls and 59 percent of the growth in the region during the period. During the third quarter of 2013, sales housing markets also improved, and single-family home permitting increased in most of the region. Apartment markets in most metropolitan areas in the region were tight during the past year, leading to continued increases in multi-family permitting activity during the 3 months ending August 2013, with gains primarily concentrated in the Boston metropolitan area.

- During the 3 months ending August 2013, every sector in the region except the manufacturing and financial activities sectors gained jobs.
- During the third quarter of 2013, in every state in the region except Vermont, the number of single-family home and condominium sales increased and median sales prices increased from a year earlier.
- In response to tight apartment markets, during the 3 months ending August 2013, multifamily building activity in the region increased 85 percent from a year earlier, the greatest growth rate of any region in the nation.



Nonfarm payrolls in the New England region increased by 89,800 jobs, led by the education and health services sector.

	3 Months Ending August		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,953.5	7,043.3	89.8	1.3
Goods-producing sectors	874.9	879.6	4.7	0.5
Mining, logging, and construction	265.3	275.9	10.6	4.0
Manufacturing	609.5	603.7	- 5.8	- 1.0
Service-providing sectors	6,078.7	6,163.7	85.0	1.4
Wholesale and retail trade	1,053.4	1,061.5	8.1	0.8
Transportation and utilities	182.0	183.3	1.3	0.7
Information	154.2	156.9	2.7	1.8
Financial activities	454.3	453.9	- 0.4	- 0.1
Professional and business services	918.6	942.4	23.8	2.6
Education and health services	1,377.8	1,402.9	25.1	1.8
Leisure and hospitality	748.0	769.4	21.4	2.9
Other services	266.7	267.4	0.7	0.3
Government	923.8	926.0	2.2	0.2

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

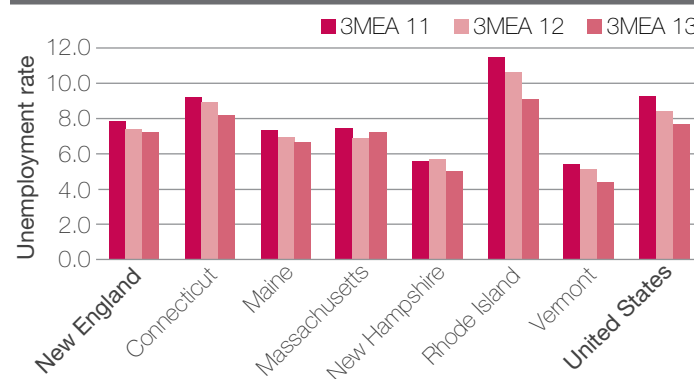
Economic Conditions

Economic conditions in the New England region, which have improved since 2010, continued to improve during the 3 months ending August 2013, when all six states in the region added jobs and nonfarm payrolls reached their highest level since the fourth quarter of 2008. During the 3 months ending August 2013, nonfarm payrolls averaged 7.04 million jobs, an increase of 89,800 jobs, or 1.3 percent, compared with the number of nonfarm payrolls recorded during the same period a year earlier. The education and health services, professional and business services, and leisure and hospitality sectors accounted for 78 percent of the net job gains in the region. The construction subsector, spurred by increased single-family and multi-family building activity, added 10,700 jobs, a 4.1-percent increase.

During the 3 months ending August 2013—

- Massachusetts gained 53,200 jobs, or 1.6 percent, compared with the number of jobs recorded during the same period a year earlier, led by the education and health services sector, which increased by 17,100 jobs, or 2.5 percent.
- Nonfarm payrolls in New Hampshire and Vermont expanded by 8,100 and 4,600 jobs, or 1.3 and 1.5 percent, respectively. The leisure and hospitality sector led gains in New Hampshire, and the professional and business services sector increased more than any other sector in Vermont.
- Connecticut nonfarm payrolls increased by 16,700 jobs, or 1.0 percent, including a gain of 6,200 jobs, or 4.1 percent, in the

Unemployment rates decreased slightly in the New England region, with the largest decline in Rhode Island.



3MEA = 3 months ending August.

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

leisure and hospitality sector, which helped offset the losses of 4,000 and 3,200 jobs, or 2.4 percent each, in the manufacturing and financial activities sectors.

- In Maine, nonfarm payrolls increased by 4,600 jobs, or 0.8 percent, with nearly one-half of the net gain coming in the professional and business services sector, which increased by 2,200 jobs, or 3.7 percent. Rhode Island added 2,600 jobs, a 0.5-percent increase.
- The unemployment rate in the region averaged 7.2 percent, down from 7.4 percent during the same period a year earlier, with the lowest unemployment rates recorded in Vermont and New Hampshire, at 4.4 and 5.0 percent, respectively.

Sales Market Conditions

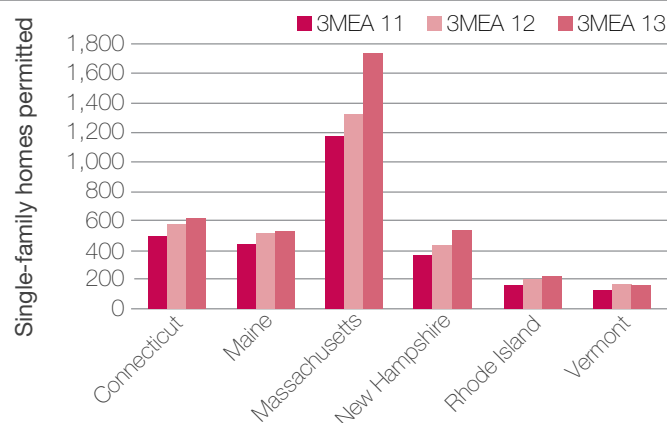
Sales housing markets in the New England region, which are balanced, tightened during the past year in response to sustained job growth. In August 2013, home sales prices in the region increased 4.2 percent compared with prices during August 2012 (Federal Housing Finance Agency House Price Index). During the 12 months ending September 2013, home sales expanded more than 10 percent in all six states in the region. Median single-family home sales prices also increased in every state in the region except Vermont, where they declined 2.3 percent. Condominium markets in the region are balanced, with sales up more than 12 percent in every state that reports data. (Maine does not report condominium sales.) Median condominium sales prices increased throughout the region, ranging from a gain of 3.7 percent in Vermont to a gain of 7.8 percent in Massachusetts. In September 2013, 6.6 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 7.1 percent in September 2012 (LPS Applied Analytics).

During the 3 months ending August 2013 (preliminary data)—

- In response to improved sales markets, single-family homebuilding activity, as measured by the number of homes permitted, expanded in every state in the region except Vermont, increasing at a rate of 20 percent in the region from the 3 months ending August 2012, to 3,825 homes permitted.
- Single-family permitting grew most in Massachusetts and New Hampshire, increasing 32 and 26 percent, to 1,750 and 540 homes, respectively.

- In Rhode Island and Connecticut, single-family permitting increased 10 and 7 percent, to 220 and 610 homes, respectively.
- Single-family home permitting increased 4 percent in Maine, to 530 homes, but decreased 6 percent in Vermont, to 160 homes.

In response to tightening home sales markets, single-family home permitting increased in five of six states in the New England region.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data. Source: U.S. Census Bureau, Building Permits Survey

Home sales and median home sales prices increased throughout most of 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)	September	23,700	27,400	15.6	MED*	250,000	259,000	3.6
Maine (E)	September	11,000	12,900	17.3	MED	170,000	173,000	1.8
Massachusetts (E)	September	44,150	48,900	10.8	MED	290,000	325,000	12.1
New Hampshire (N&E)	September	12,250	14,150	15.5	MED	199,900	225,000	12.6
Rhode Island (E)	September	7,600	8,775	15.5	MED*	197,500	218,200	10.5
Vermont (N&E)	September	4,375	5,225	19.4	MED	220,000	215,000	-2.3
Connecticut (N&E—condo)	September	5,725	6,925	21.0	MED*	157,500	167,000	6.0
Massachusetts (E—condo)	September	17,050	19,450	14.1	MED	283,000	305,000	7.8
New Hampshire (N&E—condo)	September	2,925	3,425	17.1	MED	152,450	163,000	6.9
Rhode Island (E—condo)	September	1,175	1,625	38.3	MED*	185,950	199,450	7.3
Vermont (N&E—condo)	September	1,025	1,150	12.2	MED	173,500	180,000	3.7

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

*Median prices represent the third quarter of 2012 and the third quarter of 2013 for Connecticut and Rhode Island but represent September 2012 and September 2013 for all other states in the region.

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

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®

Apartment Market Conditions

Apartment markets in most metropolitan areas in the New England region are tight, and many markets tightened further during the past year. During the third quarter of 2013, the apartment vacancy rate in the Boston metropolitan area remained unchanged, at 3.8 percent, compared with the rate recorded a year earlier, and the average market rent increased 4 percent, to \$1,879 (Reis, Inc.). Because of the relatively few additions to the apartment stock since 2010, the apartment vacancy rates in the Providence and Springfield metropolitan areas declined to 3.0 and 2.2 percent, from 3.6 and 2.5 percent, respectively, a year earlier. The average rent increased 2 percent each in the Providence and Springfield metropolitan areas, to \$1,270 and \$958, respectively. The apartment vacancy rate in the Hartford metropolitan area decreased from 3.4 to 2.8 percent, and the average market rent increased 2 percent, to \$1,042. The apartment vacancy rate in the New Haven metropolitan area decreased from 2.4 to 2.0 percent, and the average market rent increased 2 percent, to \$1,169.

During the 3 months ending August 2013 (preliminary data)—

- Multifamily building activity, as measured by the number of units permitted, expanded more in the New England region than in any other region in the nation, increasing 85 percent, to 3,700 units permitted, from a year earlier.

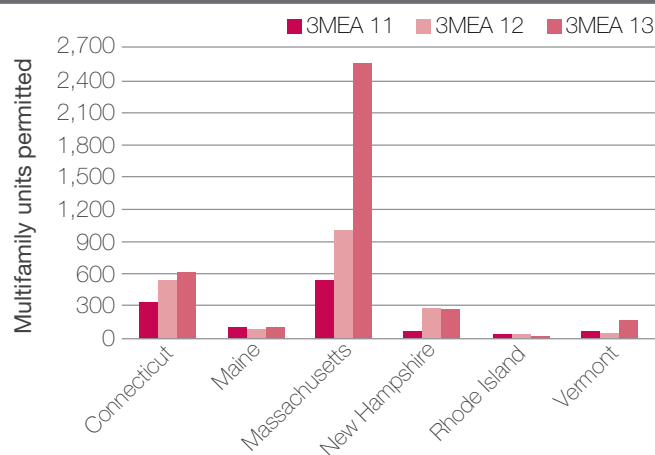
Most metropolitan apartment markets were tight in the New England region.

Metropolitan Area	Market Condition
Boston	Tight
Hartford	Tight
Manchester-Nashua	Tight
New Haven	Tight
Portland	Tight
Providence	Tight
Springfield	Tight

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

- Multifamily permitting gains primarily concentrated in Massachusetts, where 2,550 units were permitted, which represented a 155-percent increase from a year earlier and accounted for more than 90 percent of the net gain in the region during the period.
- In Connecticut, Vermont, and Maine, multifamily permitting increased to 620, 170, and 100 units, from 540, 45, and 80 units, respectively, a year earlier.
- In New Hampshire and Rhode Island, multifamily permitting declined by 10 and 20 units, to 270 and 15 units, respectively.
- More than 13,000 new rental units are currently under construction in the Boston metropolitan area, including nearly 5,000 apartments in the city of Boston (McGraw-Hill Construction Pipeline Database).

The number of multifamily units permitted increased 85 percent in the New England region, with net gains primarily concentrated in Massachusetts.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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