

HUD PD&R Regional Reports

Region 1: New England

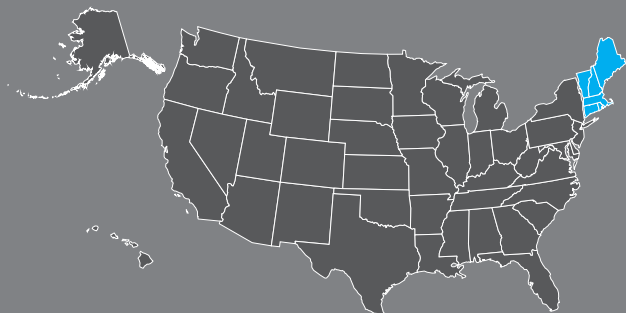


Quick Facts About Region 1

Manchester, New Hampshire

By L. David Vertz | 4th quarter 2013

- Sales market conditions—**
Fourth quarter 2013: balanced.
Third quarter 2013: balanced.
Fourth quarter 2012: slightly soft.
- Apartment market conditions—**
Fourth quarter 2013: tight.
Third quarter 2013: tight.
Fourth quarter 2012: tight.



Overview

Economic conditions improved in the New England region during the fourth quarter of 2013 compared with conditions during the same period a year earlier. During the fourth quarter of 2013, sales housing markets also improved relative to conditions a year ago, and single-family home permitting increased in every state in the region. Apartment markets in most metropolitan areas in the region were tight during the past year, although multifamily permitting activity declined during the fourth quarter of 2013 in every state in the region except Maine and Massachusetts.

- Although nonfarm payrolls in Massachusetts have fully recovered and now exceed the previous peak of 3.32 million jobs recorded during the second quarter of 2008, an increasing labor force caused the unemployment rate in the state to rise.
- Sales price declines among absentee-owner purchases (purchases made by buyers who will not dwell in the purchased home) slowed regionwide gains in home sales prices during the fourth quarter of 2013. Connecticut, Maine, and Rhode Island were among the 15 states in the country with the greatest price declines among absentee-owner purchases, which fell less than 1 percent in Maine and Rhode Island but nearly 10 percent in Connecticut.
- Apartment construction activity decreased significantly in the region during the past year, with the minimal gains concentrated almost entirely in Boston.



Nonfarm payroll growth continued in the New England region during the fourth quarter of 2013.

	Fourth Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,995.7	7,079.3	83.6	1.2
Goods-producing sectors	859.7	869.0	9.3	1.1
Mining, logging, and construction	256.1	269.9	13.8	5.4
Manufacturing	603.6	599.1	-4.5	-0.7
Service-providing sectors	6,136.0	6,210.3	74.3	1.2
Wholesale and retail trade	1,063.0	1,074.0	11.0	1.0
Transportation and utilities	192.7	196.0	3.3	1.7
Information	152.2	158.4	6.2	4.1
Financial activities	448.0	447.4	-0.6	-0.1
Professional and business services	913.8	934.8	21.0	2.3
Education and health services	1,432.5	1,459.0	26.5	1.8
Leisure and hospitality	662.8	674.0	11.2	1.7
Other services	259.3	258.8	-0.5	-0.2
Government	1,011.9	1,007.9	-4.0	-0.4

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

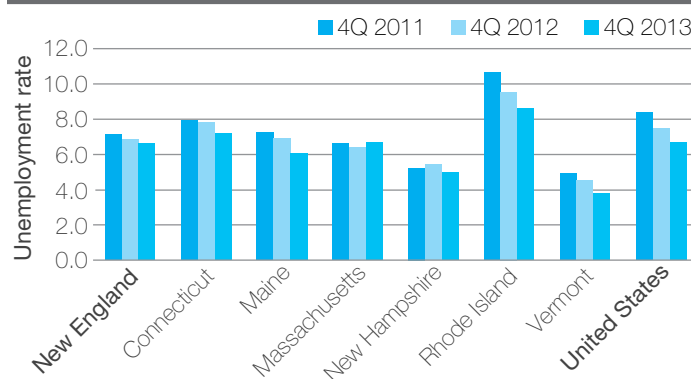
Economic Conditions

Economic conditions in the New England region, which have improved since 2010, continued to improve during the fourth quarter of 2013, when all six states in the region recorded increases in nonfarm payrolls. During the fourth quarter of 2013, nonfarm payrolls averaged 7.08 million jobs, an increase of 83,600 jobs, or 1.2 percent, compared with the number of nonfarm payrolls recorded during the same period a year earlier. By comparison, average nonfarm payrolls increased by 62,200 jobs, or 0.9 percent, during the fourth quarter of 2012. Payrolls in the region remain approximately 70,000 jobs lower than the all-time record number of 7.15 million jobs recorded during the fourth quarter of 2000.

During the fourth quarter of 2013—

- Massachusetts gained 53,800 jobs, or 1.6 percent, compared with the number of jobs recorded during the same period a year earlier; the education and health services and the professional and business services sectors, which increased by a combined 27,500 jobs, represented more than one-half of all nonfarm payroll gains in the state.
- Nonfarm payrolls in New Hampshire and Vermont expanded by 4,100 and 3,000 jobs, or 0.6 and 1.0 percent, respectively. The education and health services sector led gains in both states.

Massachusetts was one of seven states in the country, and the only state in the New England region, to record an increase in the unemployment rate during the fourth quarter of 2013.



4Q = fourth quarter.

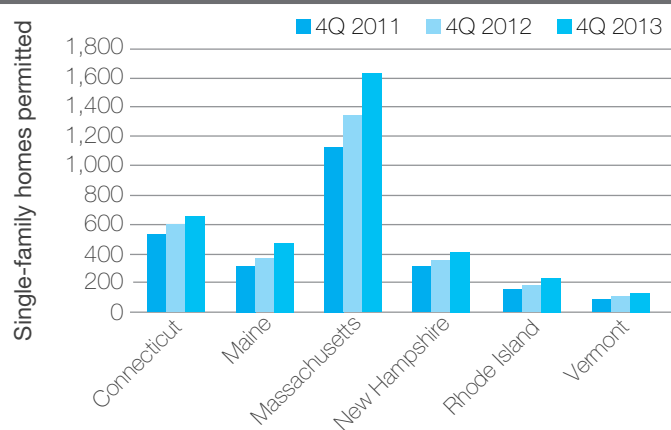
Source: U.S. Bureau of Labor Statistics

- Connecticut nonfarm payrolls increased by 13,300 jobs, or 0.8 percent, including a gain of 5,900 jobs, or 11.4 percent, in the construction subsector, which helped offset the loss of 3,500 jobs, or 2.2 percent, in the manufacturing sector.
- In Maine, nonfarm payrolls increased by 4,700 jobs, or 0.8 percent, led by gains in the leisure and hospitality sector, which increased by 2,000 jobs, or 3.5 percent. Rhode Island added 4,800 jobs, a 1.0-percent increase.
- The unemployment rate in the region averaged 6.6 percent, down from 6.8 percent during the same period a year earlier; Vermont and New Hampshire recorded the lowest unemployment rates, at 3.8 and 4.9 percent, respectively.

Sales Market Conditions

Sales housing markets in the New England region were balanced during the fourth quarter of 2013 compared with the slightly soft conditions of a year ago. In November 2013, home sales prices in the region increased 4.2 percent compared with prices during November 2012 (Federal Housing Finance Agency House Price Index). During the 12 months ending December 2013, home sales increased 6 percent in the region, to 163,200, compared with the number sold a year ago, with all six states recording an increase

Single-family home permitting increased along with home sales in the New England region.



4Q = fourth quarter.

Note: Based on preliminary data.

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

(Metrostudy, A Hanley Wood Company). Median single-family home sales prices also increased in every state in the region except Vermont, where prices declined 2.6 percent (VermontRealtors®). Condominium markets in the region were balanced, with every state in the region (Maine does not report condominium sales) recording an increase in sales during the past year. Increases in condominium sales ranged from 8.8 percent in Massachusetts to 29.4 percent in Rhode Island. Conversely, median condominium sales prices were mixed throughout the region, ranging from a decline of 6.0 percent in Vermont to a gain of 8.8 percent in New Hampshire (VermontRealtors®; New Hampshire Association of REALTORS®). In December 2013, 6.3 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 7.0 percent in December 2012 (Black Knight Financial Services, Inc.).

During the fourth quarter of 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 and increased 20 percent regionwide from the fourth quarter of 2012, to 3,550 homes permitted.
- Single-family permitting grew most in Rhode Island and Maine, increasing 32 and 31 percent, to 230 and 470 homes, respectively.

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Home sales increased throughout the New England region, and median home prices rose in every state but Vermont.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Connecticut (N&E)	December	25,150	28,100	11.7	MED*	240,000	245,000	2.1
Maine (E)	December	11,500	13,100	13.9	MED	170,000	170,250	0.1
Massachusetts (E)	December	46,350	49,150	6.0	MED	301,000	320,000	6.3
New Hampshire (N&E)	December	13,200	14,450	9.5	MED	189,900	208,000	9.5
Rhode Island (E)	December	8,025	8,800	9.7	MED*	194,800	201,000	3.2
Vermont (N&E)	December	4,675	5,300	13.4	MED	195,000	190,000	-2.6
Connecticut (N&E—condo)	December	5,900	7,025	19.1	MED*	169,000	160,000	-5.3
Massachusetts (E—condo)	December	18,100	19,700	8.8	MED	282,500	305,000	8.0
New Hampshire (N&E—condo)	December	3,025	3,500	15.7	MED	147,000	160,000	8.8
Rhode Island (E—condo)	December	1,275	1,650	29.4	MED*	194,000	195,000	0.5
Vermont (N&E—condo)	December	1,075	1,200	11.6	MED	182,000	171,000	-6.0

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

*Median prices represent the fourth quarters of 2012 and 2013 for Connecticut and Rhode Island but represent December 2012 and December 2013 for all other states in the region.

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

Sources: Berkshire Hathaway HomeServices New England Properties; Maine Real Estate Information System; Massachusetts Association of REALTORS®; New Hampshire Association of Realtors®; Rhode Island Association of REALTORS®; VermontRealtors®

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- In Vermont and Massachusetts, single-family permitting increased 22 and 21 percent, to 130 and 1,625 homes, respectively.
- Single-family permitting increased 17 percent in New Hampshire, to 410 homes, and increased 10 percent in Connecticut, to 660 homes.

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 fourth quarter of 2013, the apartment vacancy rate in the Boston metropolitan area remained unchanged from a year earlier, at 3.8 percent, and the average market rent increased 3 percent, to \$1,886 (Reis, Inc.). The apartment market in Providence was tight, with a 3.0-percent vacancy rate, down from the 3.5-percent rate a year earlier, and an average rent up nearly 2 percent, to \$1,281. Apartment markets in the largest metropolitan areas in Connecticut currently are mixed. In Fairfield County, from the fourth quarter of 2012 to the fourth quarter of 2013, the apartment vacancy rate declined from 5.4 to 5.0 percent, resulting in balanced market conditions, and the average rent increased 1 percent, to \$1,905. The apartment vacancy rate in the Portland metropolitan area decreased from 3.3 to 2.6 percent, and the average market rent was unchanged, at \$1,063. The apartment vacancy rate in the Manchester-Nashua metropolitan area decreased from 3.3 to 3.2 percent, and the average market rent increased 2 percent, to \$1,152.

During the fourth quarter of 2013 (preliminary data)—

- Multifamily building activity, as measured by the number of units permitted, slowed in the region during the fourth quarter of 2013, decreasing more than 8 percent, to 2,350 units permitted, from a year earlier.

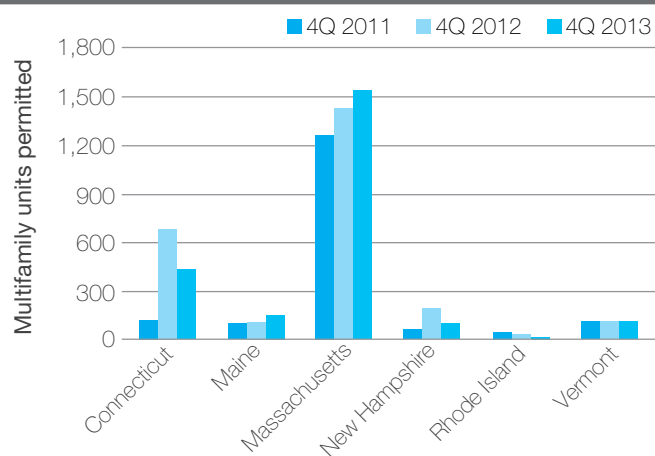
Apartment market conditions in the New England region were tight.

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

- Maine and Massachusetts were the only two states in the region to record increases in the number of multifamily units permitted. In Maine, multifamily permitting increased 35 percent, to 150 units, whereas in Massachusetts the permits issued for 1,550 units represented an 8-percent increase from a year earlier.
- Although most apartment markets in Connecticut were tight, multifamily permitting decreased 35 percent, to 440 units, compared with the number permitted a year earlier because nearly 640 units began construction during the third quarter of 2013.
- Declines continued from the third quarter of 2013 in New Hampshire and Rhode Island, where multifamily permitting fell by 100 and 25 units, to 100 and 10 units, respectively.
- In Vermont, multifamily permitting was relatively stable, with 120 units permitted during the fourth quarter in each of the past 3 years.

Massachusetts accounted for approximately 65 percent of all multifamily units permitted in the New England region.



4Q = fourth quarter.

Note: Based on preliminary data.

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