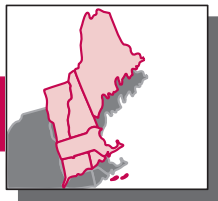


Housing Market Profile

New England • HUD Region I



Boston-Cambridge-Quincy, Massachusetts-New Hampshire

The Boston-Cambridge-Quincy metropolitan area consists of Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts and Rockingham and Strafford Counties in New Hampshire. As of October 1, 2012, the population of the metropolitan area was estimated at 4.62 million, reflecting a gain of 28,050 annually, or 0.6 percent, from April 1, 2010 compared with an average increase of approximately 38,000 annually, or 0.8 percent, from 2007 to 2010. The metropolitan area is a center for health care and higher education, with leading employers that include Massachusetts General Hospital and Harvard University, with 23,200 and 18,000 employees, respectively, according to the *Boston Business Journal*. The largest employer in the retail trade subsector is The Stop & Shop Supermarket Company, LLC, with 23,000 employees in Massachusetts.

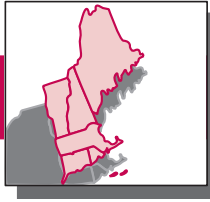
Economic conditions in the metropolitan area have improved steadily since mid-2010. During the 12 months ending August 2012, nonfarm payrolls averaged nearly 2.47 million jobs, an increase of 25,000 jobs, or 1.0 percent, compared with a gain of 22,900 jobs, or 0.9 percent, during the previous 12 months. The number of jobs in goods-producing sectors increased with the addition of 2,700 manufacturing sector jobs and 1,600 construction subsector jobs, increases of 1.4 and 2.0 percent, respectively. The biotechnology industry is expected to be a major source of employment growth in the manufacturing sector. Ongoing developments include the \$800 million headquarters for Vertex Pharmaceuticals Incorporated in the Boston waterfront's Innovation District and the \$600 million expansion at Novartis AG in the city of Cambridge's Kendall Square neighborhood, which are expected to add 500 and 300 new jobs, respectively, during the next 5 years. With the exception of the government and financial activities sectors, which declined by 3,500 and 1,900 jobs, or 1.2 and 1.1 percent, respectively, all other service-providing sectors gained jobs during the 12 months ending August 2012. The professional and business services sector recorded the largest gain, increasing by 11,100 jobs, or 2.8 percent. The education and health services and the other services sectors added 4,100 and 3,300 jobs, or 0.8 and 3.5 percent, respectively. During the same period, the trade sector added 4,300 jobs, or 1.2

percent. During the 12 months ending August 2012, the unemployment rate in the metropolitan area averaged 6.0 percent, down from 6.9 percent a year earlier.

During the past year, the home sales market in the Boston-Cambridge-Quincy metropolitan area moved toward balanced conditions, an improvement from soft conditions from 2008 through 2011. Employment growth and low interest rates combined to increase the demand for both single-family homes and condominiums. Based on data from Hanley Wood, LLC, during the 12 months ending August 2012, new and existing single-family home sales in the metropolitan area totaled 31,350, up 6,000 homes, or 24 percent, from a year ago. By comparison, new and existing home sales averaged 27,550 annually from 2008 through 2010. During the 12 months ending August 2012, the average sales price of new and existing single-family homes was \$405,700, down 4 percent from the average of \$423,800 during the previous 12 months and compared with an average of \$423,600 recorded from 2008 through 2010. According to the Greater Boston Association of REALTORS®, which covers an area in Massachusetts that is smaller than the metropolitan area, the inventory of single-family homes on the market during August 2012 accounted for a 2.9-month supply with homes averaging 87 days on the market compared with a 5.2-month supply and an average of 93 days on the market as of August 2011.

According to Hanley Wood, LLC, condominium sales, which represented 30 percent of new and existing home sales in the metropolitan area, totaled 13,650 during the 12 months ending August 2012, an increase of 1,950 homes, or 17 percent, compared with the number of sales recorded during the previous 12 months. By comparison, from 2008 through 2010, condominium sales averaged 12,850 homes annually and accounted for 32 percent of total sales. The average sales price of new and existing condominiums during the past 12 months was \$338,300, down 3 percent from a year ago but less than 1 percent below the average sales price of \$341,000 recorded from 2008 through 2010. According to LPS Applied Analytics, as of August 2012, 5.4 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 5.0 percent in August 2011.

Single-family building activity in the metropolitan area has increased during the past year, reflecting improvements in home sales market conditions. Based on preliminary data, during the 12 months ending August 2012, single-family home construction, as measured by the



number of homes permitted, increased to 3,750 homes, up 10 percent from the previous 12 months. By comparison, an average of 3,400 single-family homes was permitted annually from 2008 through 2010. In eastern Massachusetts, newly constructed single-family homes start at less than \$500,000 and townhomes are available from the mid-\$300,000s. In New Hampshire, new single-family homes start at less than \$300,000. Based on preliminary data, during the 12 months ending August 2012, multifamily building activity more than doubled, to 4,525 units permitted, compared with the 2,250 units permitted in the previous 12-month period and the average of 3,200 units permitted from 2008 through 2010.

The rental housing market in the Boston-Cambridge-Quincy metropolitan area is currently tight because of low levels of production of new units since 2009. According to MPF Research, for the third quarter of 2012, the

apartment vacancy rate was 3.5 percent, up from the very low 3.1 percent a year earlier. During the third quarter of 2012, the average effective rent increased more than 3 percent, to \$1,650. Based on data from MPF Research, approximately 2,600 rental units came on the market during the past year. An estimated 5,550 rental units are currently under construction in the metropolitan area, including nearly 2,600 apartment units in the city of Boston, where construction recently began on Waterside Place, a \$120 million, 20-story building with 236 apartments, and on Boston Wharf Tower, a \$100 million, 20-story building with 202 apartments. Both projects are in the waterfront Innovation District redevelopment area. In addition, 430 apartment units are under construction at 2 projects in the Assembly Row development in Somerville, which will also include a new Orange Line subway station that is expected to be complete by 2014.