

# Housing Market Profile

New England • HUD Region I



## Manchester-Nashua, New Hampshire

The Manchester-Nashua metropolitan area consists of Hillsborough County in southern New Hampshire, less than 50 miles from Boston. Based on data from the New Hampshire Business Review, the largest employers in the metropolitan area are BAE Systems, Inc., Fidelity Investments, and Elliot Health System, with an estimated 4,500, 4,400, and 3,550 employees, respectively. Manchester-Boston Regional Airport (MHT) makes the area the state's transportation center. According to the Jacobs Consultancy Economic Impact Study for 2008, MHT has a \$1.2 billion local economic impact annually, contributing more than 3,800 jobs directly and indirectly to the area economy. Additional growth is expected after the late 2011 completion of a new MHT access road that will provide 1,000 acres of newly zoned commercial and industrial land. As of July 1, 2011, the area population was estimated at 401,900, an increase of 940, or 0.2 percent, annually since April 1, 2010. This increase compares with an average annual increase of 1,175, or 0.3 percent, from 2005 through 2010. Net natural increase (resident births minus resident deaths) accounts for all of the area's population growth since 2005.

Economic conditions in the Manchester-Nashua metropolitan area are improving after 3 years of declining nonfarm payrolls. During the 12 months ending May 2011, nonfarm payroll jobs increased by 500, or 0.2 percent, to 224,300 jobs, compared with a decline of 9,000 jobs, or 3.9 percent, during the previous 12 months. The largest gains occurred in the professional and business services, education and health services, and leisure and hospitality sectors, which added 700, 600, and 300 jobs, or 2.6, 1.6, and 1.5 percent, respectively. Elliot Health System opened The Elliot at River's Edge, a 236,000 square-foot outpatient health-care facility in Manchester, adding 275 jobs. The retail trade subsector and the information sector, however, decreased by 600 and 300 jobs, or 1.9 and 5 percent, respectively, during the 12 months ending May 2011. Declines were concentrated among supermarkets and software publishers, which lost 400 and 200 jobs, respectively, in 2010. During the 12 months ending May 2011, the average unemployment rate declined to 5.7 percent, down from 6.8 percent during the previous 12 months.

Sales housing market conditions in the metropolitan area are slightly soft because of tight lending practices. Based on data from Hanley Wood, LLC, new and existing home sales decreased by 20 percent to 3,225 during the 12 months ending May 2011 compared with the number of sales during the previous 12 months, which included two rounds of homebuyer tax credits. Sales are down 13 percent from an average of 3,700 homes sold annually from 2007 through 2009. The average home sales price decreased to \$241,000, or 1 percent, during the 12 months ending May 2011, compared with \$243,600 during the previous 12 months; the price is 22 percent below the 2006 peak of \$308,000. Condominium sales declined 22 percent to 1,000 units during the 12 months ending May 2011 compared with sales during the previous 12 months. The average condominium sales price decreased 5 percent to \$157,700 during the 12 months ending May 2011 compared with \$165,300 in the previous 12 months. According to LPS Applied Analytics, as of May 2011, 4.8 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 5.4 percent a year earlier. The current rate compares with 6.4 percent for New England and 7.8 percent nationwide.

Single-family home construction, as measured by the number of permits issued, has been low since 2008. Based on preliminary data, during the 12 months ending May 2011, single-family home permit numbers remained relatively unchanged at 320 homes compared with 340 homes permitted during the previous 12 months. In comparison, from 2006 through 2009, an average of 630 homes were permitted annually. The Preserve at West Bedford, a 61-unit community, is scheduled to open lots in August 2011, with home prices expected to start at about \$400,000. Typical new single-family home prices in the area range from \$275,000 to \$350,000.

Overall, rental market conditions in the metropolitan area are balanced, but the market for newly constructed apartments is tight. According to Reis, Inc., during the first quarter of 2011, the average apartment vacancy rate decreased to 3.5 percent, down from 4.5 percent in the first quarter of 2010. The average monthly rent increased by 1 percent, to \$1,075, compared with rents during the previous year, averaging \$910, \$1,150, and \$1,375 for one-, two-, and three-bedroom units, respectively. Based on preliminary data, during the 12 months ending May 2011, multifamily unit permits increased to 460, compared with 290 units permitted



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in the previous 12 months. This figure is greater than the average annual rate of 410 units permitted from 2006 through 2009. Legacy Park Manchester, a \$21.4 million ENERGY STAR Community, which includes

195 apartment units, is currently under construction, with buildings expected to open from the fall of 2011 into 2012. Rents for one- and two-bedroom units are expected to start at \$930 and \$1,095, respectively.