The following summary of the New England region’s housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development’s (HUD’s) field offices. The report provides overviews of economic and housing market trends within the New England region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD’s programs.

During the 12 months ending September 2009, average nonfarm employment in the New England region declined by 196,000 jobs, or 2.8 percent, to 6.9 million jobs compared with the number of jobs recorded during the previous 12 months. This net loss exceeds all of the 195,000 jobs gained from 2004 through 2008. For the 12 months ending September 2009, only the education and health services sector reported growth, indicating an increase of 22,000 jobs, or 1.7 percent. Massachusetts accounted for 50 percent of the regional increase in the sector, most of the additional 10,900 jobs in the sector were due to an expansion of hospital services. The construction, manufacturing, professional and business services, and trade sectors accounted for 86 percent of the jobs lost in the region; the four sectors combined lost 168,300 jobs, with each sector declining by about 40,000 jobs.

All states in the region reported job losses during the 12 months ending September 2009. The largest decline occurred in Massachusetts, which lost 86,000 jobs, or 2.6 percent. Losses were highest in the professional and business services sector at 23,000 jobs, or 4.7 percent, and the trade sector, at 19,000 jobs, or 3.9 percent. Connecticut lost 52,000 jobs, a 3.0-percent decline, including the loss of 12,000 jobs in the construction sector, an 18.3-percent decline, as commercial and residential development slowed considerably. Job losses in New Hampshire totaled 11,400, a 1.8-percent decrease, with losses attributed mainly to the construction and manufacturing sectors; employment in the service-providing sectors remained flat. The unemployment rate in New England during the 12 months ending September 2009 was 7.8 percent, up from 4.9 percent during the previous 12-month period. Average unemployment rates for the states ranged from 5.9 percent in New Hampshire to 11.2 percent in Rhode Island.

Sales housing markets have been soft in general throughout most of the region. Although sales levels in the third quarter of 2009 were higher than in the
Declining home sales and falling prices led to significant decreases in single-family construction activity, as measured by the number of homes permitted. Based on preliminary data, during the 12 months ending September 2009, new single-family home construction declined by 34 percent to 9,350 homes permitted compared with the nearly 14,300 homes permitted during the previous 12-month period. The largest absolute decrease occurred in Massachusetts, where permits were issued for 3,700 homes, down 30 percent. New home construction decreased by 44 percent to 1,800 in Connecticut and by 40 percent to 1,300 in New Hampshire. In Maine, permits were issued for approximately 1,500 new homes, down 30 percent from the number issued during the previous 12 months. In Rhode Island, construction was down 29 percent to 700 homes compared with the 975 homes permitted during the previous year. During the past year, new home construction fell in all major metropolitan areas in the region, including decreases of 45 percent to 600 homes in Hartford, 38 percent to 2,500 homes in Boston, and 34 percent to 900 homes in Providence.

Multifamily building activity, as measured by the number of units authorized by permits, declined in all states in the New England region during the 12-month period ending September 2009 compared with the previous 12-month period, based on preliminary data. The number of multifamily permits issued in the region declined by 37 percent to about 5,350 units, representing less than one-half the average number permitted annually between 2000 and 2008. During the 12 months ending September 2009, of all states in the region, Massachusetts had the largest decline, down about 52 percent, to 2,325 units permitted. Decreases in other states ranged from 2 percent in Connecticut, with 1,700 units permitted, to nearly 56 percent in...
Maine, with about 200 units permitted. The only major New England metropolitan market to record a significant increase was Fairfield County, Connecticut, where the number of multifamily units permitted was up 73 percent to about 1,200 units, with about one-third expected to be sales units. Despite employment declines in the financial services sector in New York City and Fairfield County, the rental market in Fairfield County has remained stable.

A number of large metropolitan areas in New England have had soft rental markets with high vacancy rates and declining or flat rents, resulting from increasing rental construction since 2005, minimal job growth in 2007, and job losses in 2008. More than 8,900 new rental units were added in the Boston market during 2007 and 2008, and an additional 3,850 units are expected to be completed in 2009. According to Reis, Inc., as of the third quarter of 2009, the apartment vacancy rate in the Boston metropolitan area was 6.3 percent, up from 6.1 percent a year ago and 5.8 percent 2 years ago. The average asking rent in Boston during the third quarter of 2009 was about $1,700, down 2 percent from a year ago. Impacted by job losses in the financial services sector, the apartment vacancy rate in Fairfield County increased from 4.9 percent a year ago to 5.3 percent, and the average asking rent was down 3 percent to about $1,750.

The apartment vacancy rate in Providence during the third quarter of 2009 was 9.2 percent, up from 8.0 percent a year ago. The average rent was down more than 2 percent to about $1,250.

Compared with markets in the larger metropolitan areas, a number of smaller metropolitan market areas have had fewer additions to the rental inventory and have more balanced markets. Worcester, Massachusetts, and New Haven, Connecticut, had vacancy rates of 3.8 and 2.5 percent, respectively, and recorded rent decreases of 1 percent or less during the past 12 months. In Portland, Maine, and Nashua-Manchester, New Hampshire, vacancy rates were 3.7 and 4.5 percent, respectively, and rents were also down 1 percent or less.