Boston-Cambridge-Quincy, Massachusetts-New Hampshire

The Boston-Cambridge-Quincy metropolitan area consists of Suffolk County and parts of Bristol, Essex, Middlesex, Norfolk, Plymouth, and Worcester Counties in Massachusetts and parts of Hillsborough and Rockingham Counties in New Hampshire. The area is coterminous with the Boston-Cambridge-Quincy, Massachusetts-New Hampshire Metropolitan New England City and Town Area. As of October 1, 2010, the population of the metropolitan area was estimated at 4.8 million, a gain of 68,200, or 1.4 percent, from July 1, 2009, compared with average annual increases of 1 percent from 2006 to 2009.

From 2004 through 2008, nonfarm payrolls increased by 23,000 jobs, or 1.0 percent, annually. The expansion ended in 2009, and economic conditions remained weak during the 12 months ending September 2010, continuing a 2-year trend, although some recent signs of improvement are evident. During the 12 months ending September 2010, nonfarm payrolls averaged 2.4 million jobs, a decline of 31,900 jobs, or 1.3 percent, compared with payrolls recorded during the previous 12 months. Declines in goods-producing sectors included 8,300 jobs lost in the construction sector and 8,600 lost in the manufacturing sector, down 10 and 4 percent, respectively. Service-providing sectors accounted for payroll declines of 15,200 jobs, led by a 1-percent decline in the professional and business services sector and a 2-percent decline in the trade sector, or 5,300 and 6,100 jobs, respectively. Only the education and health services and the leisure and hospitality sectors gained jobs, increasing by 8,000 and 1,800 jobs, respectively. During the 3 months ending September 2010, however, nonfarm payrolls were up by 26,500 jobs, or 1.1 percent, compared with the payrolls during the same period in 2009. Massachusetts General Hospital, with more than 20,000 employees, and Harvard University, with 18,100 employees, are among the leading employers in the metropolitan area. Harvard University has about 21,000 students and has a $4.8 billion impact on the Boston metropolitan area economy. During the 12 months ending August 2010, the average unemployment rate was 8.3 percent, an increase from the 6.8-percent rate recorded during the same period in 2009.

Historically low mortgage interest rates and the federal tax-credit programs provided the impetus for recent increased home sales in the Boston-Cambridge-Quincy metropolitan area. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending September 2010, sales of existing single-family homes increased 11 percent to 23,130 homes in the metropolitan area, including the North Shore and South Shore suburbs, and the median sales price was up 5 percent to $394,100. In contrast, during the 12 months ending September 2009, home sales decreased by 3 percent to 20,890 and the median sales price declined 2 percent to $376,100. The MAR reports the sales of existing homes for the Boston metropolitan area using three geographic regions: Greater Boston (communities surrounding Boston), Northeast (North Shore communities), and South Shore (South Shore communities). During the 12 months ending September 2010, in the MAR-designated Greater Boston region, total existing home sales were 9,200, up 13 percent compared with the number sold during the previous 12 months, and the median sales price for the second quarter of 2010 was $485,000, up 5 percent from the same quarter in 2009. In the Northeast region, sales were up 11 percent to 7,510 homes and the median sales price was up 5 percent to $352,950. Sales in the South Shore region increased 7 percent to 6,420 homes and the median sales price increased only slightly to $299,700 during the 12 months ending September 2010. According to Lender Processing Services Mortgage Performance Data, from September 2009 to September 2010, the number of loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) decreased slightly from 5.6 to 5.5 percent.

Condominium sales, which represented about 37 percent of existing home sales, also benefited from lower interest rates and tax incentives, increasing 14 percent to 13,380 homes sold in the 12 months ending September 2010, after a decline of 10 percent to 11,740 homes during the 12 months ending September 2009. The median sales price for the third quarter of 2010 increased 6 percent to $314,900 after declining 16 percent during the same quarter a year earlier. In the Greater Boston region, during the 12 months ending September 2010, condominium sales increased by 13 percent to 8,610 homes and the median sales price was up 8 percent to $369,250. Condominium sales in the Northeast region were up 15 percent to 3,070 homes sold, and the median sales price, at $205,950, was down 2 percent from a year ago. Sales were up 16 percent to 1,700 homes sold in the South Shore region, and the median sales price was down 4 percent at $200,000.
Increased levels of existing sales during the past year have spurred single-family building activity. Based on preliminary data, during the 12-month period ending September 2010, construction of single-family homes, as measured by building permits issued, increased in the Boston-Cambridge-Quincy metropolitan area by 33 percent to 3,720 homes permitted but was still down 8 percent from the 4,030 homes permitted during the 12 months ending September 2008. Newly constructed three- or four-bedroom homes start at less than $500,000 in the outer suburbs but range from $500,000 to $750,000 in inner suburban communities. New townhome prices begin in the mid-$300,000s. Based on preliminary data, during the 12 months ending September 2010, multifamily building activity, as measured by the number of units permitted, increased by 12 percent to 2,580 units after decreasing 52 percent from the number of units permitted in the 12 months ending September 2008. Between 2003 and 2007, the average number of multifamily units permitted annually was 7,400 units, with 2005 being the peak year at 9,120 units. From 2003 to 2007, an estimated one-half of the units permitted were apartments and one-half were condominiums.

After several years of increasing apartment vacancy rates and decreasing rents resulting from a long period of increased levels of new units entering the market, the Boston-Cambridge-Quincy metropolitan area rental housing market remains balanced but appears to be tightening. According to Reis, Inc., for the third quarter of 2010, the apartment vacancy rate decreased to 5.4 percent from 6.5 percent recorded a year earlier. The average asking rent for the same period was $1,730, up 1 percent from a year earlier. Between 2006 and 2009, more than 17,840 units, or 4,460 units annually, were added to the rental inventory. Based on the existing pipeline, estimates reported by Reis, Inc., indicate that only an average of about 1,100 units annually will be added to the inventory during the next 3 years. As the economy recovers, it is anticipated that vacancy rates will continue to decline and rents will increase moderately. Estimates indicate that about 1,500 units are currently under construction. Newer rental developments in the Boston-Cambridge-Quincy area have rents ranging from $1,700 to $2,500 for studio units, $2,100 to $3,200 for one-bedroom units, and $2,300 to $3,600 for two-bedroom units. The Boston Redevelopment Authority recently approved the construction of the $3 billion Seaport Square project in the South Boston Innovation District. The 23-acre sustainable neighborhood will include 6.3 million square feet of residential, retail, office, hotel, civic, and cultural uses. The residential component includes 2,500 units of for-sale and rental units, including 325 units of affordable and 325 units of workforce housing. Groundbreaking is planned for the spring of 2011.