

COMPREHENSIVE HOUSING MARKET ANALYSIS

Rhode Island

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of October 1, 2022



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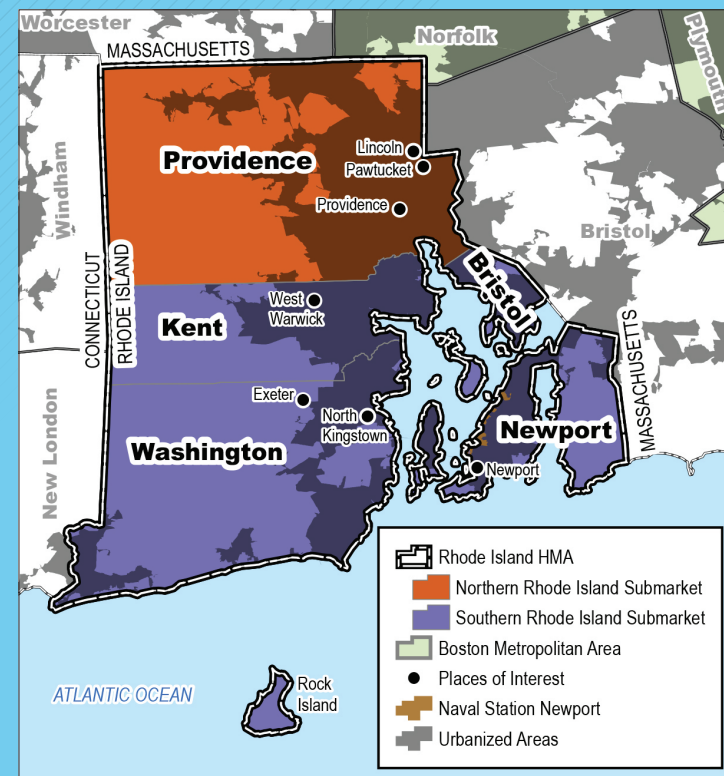
Executive Summary

Housing Market Area Description

The Rhode Island Housing Market Area (HMA) is coterminous with the state of Rhode Island and consists of five counties. The HMA represents the predominant portion of the Providence metropolitan area, the second-most populous metropolitan area in the New England region after the neighboring Boston metropolitan area (see Notes on Geography at the end of report for a description of the two metropolitan areas). For purposes of this analysis, the HMA is divided into two submarkets: the Northern Rhode Island submarket, which includes Providence County, and the Southern Rhode Island submarket, which includes Bristol, Kent, Newport, and Washington Counties.

The current population of the HMA is estimated at 1.10 million.

Situated along the east coast of the United States, the Rhode Island HMA has nearly 400 miles of coastline and is known as the Ocean State. Although the state is the smallest in land area in the United States, it has the second longest ratio of coastline to overall area, following only Maryland. While the economy of the HMA is affected by its proximity to the Atlantic Ocean, the HMA is also a center for higher education and health care and is a popular location for corporate headquarters in the region.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Strong: All of the 98,900 nonfarm payroll jobs lost during March and April 2020 (because of the impact of precautions taken to slow the spread of COVID-19) were recovered by May 2022 (monthly data, not seasonally adjusted).

During the 12 months ending September 2022, job growth in the Rhode Island HMA accelerated from 1 year ago. During the recent 12-month period, nonfarm payrolls in the HMA rose in 10 of 11 sectors, led by growth in the leisure and hospitality sector, which accounted for nearly 40 percent of net job gains. During the 3-year forecast period, job growth is expected to average 1.5 percent a year, with the strongest gains anticipated during the first year.

Sales Market



Tight: As of September 2022, a 1.6-month supply of homes was available for sale, down from 1.8 months a year earlier and from 2.2 months in September 2020 (CoreLogic, Inc.).

The home sales market in the HMA has a vacancy rate estimated at 0.9 percent, down from 2.0 percent in 2010, when conditions were slightly soft. Low levels of for-sale inventory since the start of the pandemic have contributed to tight market conditions and double-digit home sales price growth in the HMA during the past 24 months. During the 12 months ending September 2022, the average home sales price increased 10 percent to \$455,400, and home sales decreased 16 percent to 13,700 homes (Zonda). During the next 3 years, demand is estimated for 3,925 new homes, a slight decrease from recent years, partly because of slowed net in-migration and rising mortgage interest rates. The 370 homes under construction in the HMA are expected to satisfy some of the forecast demand.

Rental Market



Slightly Tight: The overall rental market has an estimated vacancy rate of 4.4 percent, down from 8.8 percent in 2010, when conditions were soft.

Apartment market conditions are tight, with a 2.0-percent vacancy rate during the third quarter of 2022, down from 2.7 percent 1 year earlier, and the average monthly rent increased 6 percent year over year to \$1,733 (CoStar Group). Strong absorption has kept apartment vacancy rates low despite elevated apartment construction since 2015. During the next 3 years, demand is estimated for 4,125 new rental units. The 1,510 units under construction are expected to satisfy a portion of demand during the forecast period.

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3-Year Housing Demand Forecast

	Sales Units			Rental Units		
	Rhode Island HMA Total	Northern Rhode Island Submarket	Southern Rhode Island Submarket	Rhode Island HMA Total	Northern Rhode Island Submarket	Southern Rhode Island Submarket
Total Demand	3,925	1,625	2,300	4,125	3,075	1,050
Under Construction	370	170	200	1,510	1,300	210

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2022. The forecast period is October 1, 2022, to October 1, 2025.

Source: Estimates by the analyst

Economic Conditions

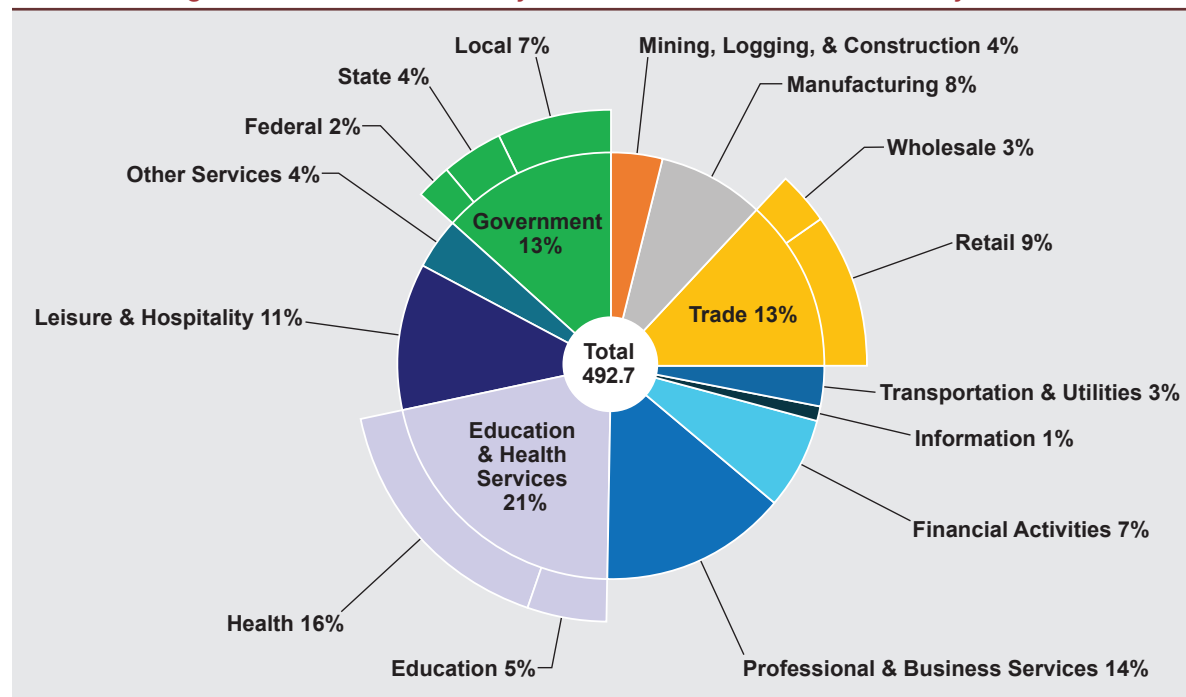
Largest Sector: Education and Health Services Sector

The education and health services sector accounts for 21 percent of all nonfarm payroll jobs in the HMA and was the sector that added the most jobs from 2001 through 2019, before the COVID-19-related recession.

Primary Local Economic Factors

Founded in 1776, the Rhode Island HMA was the birthplace of the American Industrial Revolution, with the development of the water-powered cotton mill in 1793. By the 1800s, the HMA had become known as the jewelry manufacturing capital of the world. Although jewelry and other products continue to be manufactured in the HMA, the manufacturing sector currently accounts for only 8 percent of jobs in the HMA (Figure 1), down from 21 percent in 1990. Since the 1900s, the HMA has transitioned from a goods-producing economy to a service-providing economy, and education and health services has become the largest nonfarm payroll sector. During the 12 months ending September 2022, the education and health services sector accounted for 21 percent of total jobs in the HMA, up from 15 percent in 1990. Four of the 10 largest employers in the HMA are part of the sector, including Brown University (Table 1)—an Ivy League research university and 1 of 11 institutions of higher education in the HMA, which, combined, enroll approximately 93,000

Figure 1. Share of Nonfarm Payroll Jobs in the Rhode Island HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through September 2022.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Rhode Island HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Rhode Island State Government	Government	10,000–15,000
Lifespan Health System	Education & Health Services	10,000–15,000
U.S. Government	Government	10,000–15,000
Roman Catholic Diocese of Providence	Other Services	5,000–10,000
Care New England Health System	Education & Health Services	5,000–10,000
CVS Health Corporation	Education & Health Services	5,000–10,000
Citizens Financial Group, Inc.	Financial Activities	1,000–5,000
Rhode Island National Guard	Government	1,000–5,000
Brown University	Education & Health Services	1,000–5,000
The Stop & Shop Supermarket LLC	Wholesale & Retail Trade	1,000–5,000

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

Source: Rhode Island Commerce Corporation, 2018

students (American Community Survey [ACS] 1-year data, with estimates by the analyst). Brown University includes The Warren Alpert Medical School, which is affiliated with seven hospitals that are part of Lifespan Health System and Care New England Health System—the second and fifth largest employers, respectively, in the HMA. Partly because the HMA has several institutions of higher education, companies have clustered in the HMA. Seven Fortune 500 companies have headquarters in the HMA, including two major employers: CVS Health Corporation, ranked fourth on the Fortune 500 list, and Citizens Financial Group, Inc., ranked 473rd on the list (2022 Fortune 500). The concentration of corporate headquarters has the greatest effect on the professional and business services sector, which has been the second largest payroll sector since 2016, accounting for 14 percent of all current jobs in the HMA.

The economy of the Rhode Island HMA also benefits from its proximity to the Atlantic Ocean. Historically, the fisheries and seafood industry has been a significant part of the economy and culture in the HMA. The industry includes commercial fishing, fishing charters, processing, professional service firms, retail and wholesale seafood dealers, service and supply firms, and tackle shops. In 2016, approximately 4,375 jobs were in these industries, generating an economic impact of \$419.8 million in the HMA (University of Rhode Island). The HMA also is home to Naval Station (NAVSTA) Newport, which includes the Naval Undersea Warfare Center (NUWC) Division

Newport, the U.S. Navy's principal research, development, test, and evaluation center for undersea weapons systems and other systems associated with undersea battlespace. In 2021, NUWC Division Newport had an estimated \$1.4 billion economic impact on the HMA (NUWC Division Newport Public Affairs Office).

Current Conditions—Nonfarm Payrolls

Measured on a monthly basis, the economy in the Rhode Island HMA recovered the 98,900 jobs lost during the economic recession that occurred in March and April 2020, which was caused by the COVID-19 pandemic (monthly data, not seasonally adjusted). Although the economy recovered the jobs lost during the 2020 recession as measured month-to-month, annual nonfarm payrolls currently are below the 2019 level, the highest on record during a 12-month period ending in September. During the 12 months ending September 2022, nonfarm payrolls rose by 17,300 jobs, or 3.6 percent, from a year earlier to 492,700 jobs (Table 2), compared with a gain of 4,500 jobs, or 0.9 percent, during the 12 months ending September 2021. With the recent job gains, nonfarm payrolls in the HMA were 4.6 percent above the level during the 12 months ending September 2020, a period that included the pandemic-induced recession, but 2.1 percent below the level during the 12 months ending September 2019. By comparison, nonfarm payrolls in the nation rose at a 4.2-percent rate during the 12 months ending September 2022, and jobs were

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Rhode Island HMA, by Sector

	12 Months Ending September 2021	12 Months Ending September 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	475.4	492.7	17.3	3.6
Goods-Producing Sectors	58.6	61.5	2.9	4.9
Mining, Logging, & Construction	20.0	21.6	1.6	8.0
Manufacturing	38.6	40.0	1.4	3.6
Service-Providing Sectors	416.8	431.2	14.4	3.5
Wholesale & Retail Trade	61.6	62.5	0.9	1.5
Transportation & Utilities	13.1	13.6	0.5	3.8
Information	5.3	5.7	0.4	7.5
Financial Activities	34.5	34.4	-0.1	-0.3
Professional & Business Services	67.9	69.5	1.6	2.4
Education & Health Services	102.1	104.0	1.9	1.9
Leisure & Hospitality	49.1	56.0	6.9	14.1
Other Services	20.3	21.9	1.6	7.9
Government	62.9	63.7	0.8	1.3

Notes: Based on 12-month averages through September 2021 and September 2022. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



4.6 percent above the 12 months ending September 2020 and 0.1 percent above the level for the 12 months ending September 2019.

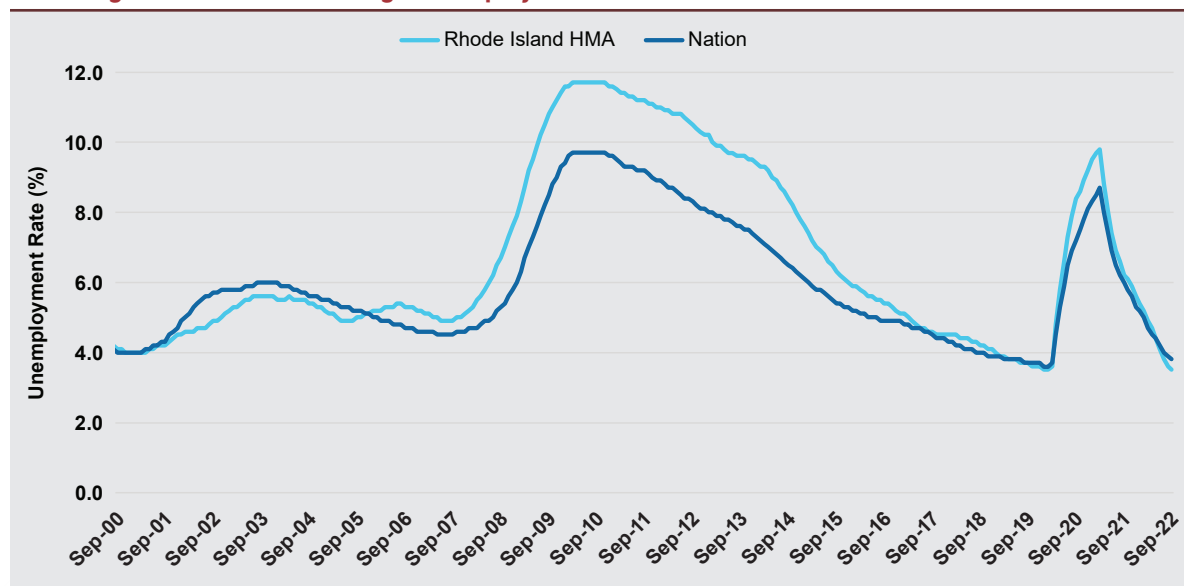
Job growth in the HMA occurred in 10 of the 11 payroll sectors during the 12 months ending September 2022, with the greatest gains in sectors that had been most affected by interventions taken to slow the spread of COVID-19. The leisure and hospitality sector accounted for nearly 40 percent of net job gains, up by 6,900 jobs, or 14.1 percent, compared with the 12 months ending September 2021, when 800 jobs were gained, an increase of 0.8 percent. During the 12 months ending September 2022, the education and health services sector grew by 1,900 jobs, or 1.9 percent, compared with a loss of 1,300 jobs, or 1.3 percent, during the previous year. The mining, logging, and construction and the professional and business services sectors each added 1,600 jobs, while the manufacturing and the transportation and utilities sectors added 1,400 and 500 jobs, respectively, from a year earlier. Gains in those four sectors resulted in each sector surpassing job levels during the 12 months ending September 2019. The new sector highs in the mining, logging, and construction and the transportation and utilities sectors occurred partly because of increased housing construction and a shift to online spending and the transportation of e-commerce goods. In the manufacturing sector, General Dynamics Electric Boat, a submarine component manufacturer, added a portion of the approximately 1,300 jobs that are expected to be

added during the next decade to its manufacturing facility at Quonset Point in the town of North Kingstown. Construction at the facility started in June 2022, when the company was awarded a \$5 billion government contract to design and manufacture the new Columbia-class submarine, which is expected to be complete in 2027. The financial activities sector was the only sector to lose jobs during the most recent 12-month period, down by 100 jobs, or 0.3 percent, from a year earlier. Job reductions in the sector included 200 jobs lost at Santander Bank in East Providence in April 2022, when increasing interest rates reduced the demand for purchase and refinance mortgages.

Current Conditions—Unemployment

With accelerated job growth during the 12 months ending September 2022 compared with the previous year, the average unemployment rate declined to 3.5 percent from 6.2 percent a year earlier and 8.4 percent during the same period in 2020 (Figure 2). The decline in the unemployment rate during the past year is due to faster employment growth than labor force growth. The unemployment rate in the HMA generally has been above the national rate except in the most recent 12-month period. The national jobless rate was 3.8 percent during the 12 months ending September 2022, down from 6.0 percent a year ago and 7.2 percent during the 12 months ending September 2020.

Figure 2. 12-Month Average Unemployment Rate in the Rhode Island HMA and the Nation



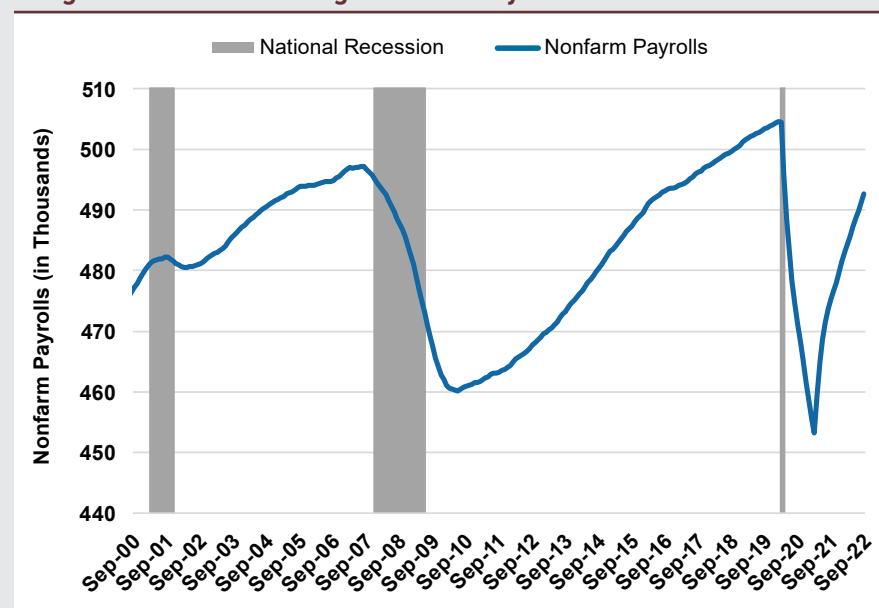
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance— 2001 Through 2019

2001 Through 2006—Expansion

The economy in the HMA expanded every year from 2001 through 2006, with most jobs added in the education and health services sector. During 2000, there were 479,400 jobs in the HMA and from 2001 through 2006, nonfarm payrolls rose an average of 2,800 jobs, or 0.6 percent, annually, to 495,900 (Figure 3). Nationally, jobs declined an average of 0.4 percent a year from 2001 through 2003, a period that included the national economic recession that stemmed from the bursting of the dotcom bubble, and rose an average of 1.5 percent annually from 2004 through 2006. In the HMA, eight sectors added jobs from 2001 through 2006; the education and health services and

Figure 3. 12-Month Average Nonfarm Payrolls in the Rhode Island HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

the professional and business services sectors led job growth, increasing by averages of 2,300 and 900 jobs, or 2.5 and 1.8 percent, annually, respectively. Simultaneously, the mining, logging, and construction and the financial activities sectors each increased by averages of 800 jobs, or 3.9 and 2.5 percent, annually, respectively, during a period with high levels of new home construction stemming from lenient credit markets. Two sectors lost jobs during the period, with the largest losses in the manufacturing sector, down by an average of 3,100 jobs, or 4.9 percent, annually, mostly because of increased competition from international imports.

2007 Through 2010—Impact of the Great Recession

From 2007 through 2010, the HMA lost jobs, mostly because of the Great Recession and the reduction of jobs in the goods-producing sectors. From 2007 through 2010, nonfarm payrolls declined by an average of 8,600 jobs, or 1.8 percent, each year, compared with an average annual national job decline of 1.1 percent. Job losses were widespread in the HMA, but the manufacturing and the mining, logging, and construction sectors led declines, with average annual losses of 6.4 and 8.6 percent, combining to account for approximately 56 percent of all nonfarm payroll loss during the period. In the manufacturing sector, job losses included 66 employees at the electric supplies manufacturer Leviton Manufacturing Co. when a facility in Warwick closed in 2009. A significant slowdown in residential construction caused by the housing crisis partly reduced jobs in the mining, logging, and construction sector. Although the government sector lost an average of 700 jobs, or 1.0 percent, a year, the federal government subsector slightly offset those losses with an average annual 200-job gain. Growth in the federal government subsector occurred largely after the implementation of the 2005 Defense Base Closure and Realignment Commission recommendations for NAVSTA Newport, which added approximately 1,200 active-duty military and civilian personnel. During the period, the education and health services sector was the only sector to add jobs, increasing by an average of 1,200 jobs, or 1.2 percent, annually. Nearly 70 percent of the gains in the sector were in the healthcare and social assistance industry. In 2009, a Care New England Health

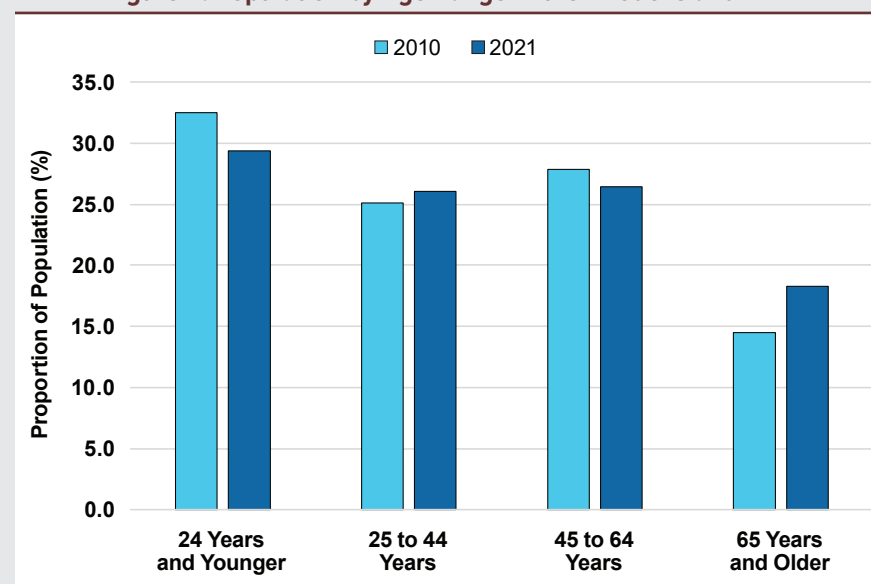
System hospital, Women & Infants Hospital of Rhode Island, opened a neonatal intensive care unit in the city of Providence.

2011 Through 2019—Recovery and Expansion

Following the local economic contraction from the Great Recession and preceding the COVID-19-related recession, jobs increased every year in the HMA from 2011 through 2019, but job growth was slower than for the nation. In the HMA, jobs recovered from the Great Recession in 2017, whereas all jobs were recovered nationwide in 2014, and the HMA and the nation subsequently entered expansionary periods. From 2011 through 2019, nonfarm payrolls rose by an average of 4,700 jobs, or 1.0 percent, annually, to reach 504,000 jobs in 2019, compared with an average annual growth rate of 1.6 percent for the nation. Within the HMA, 8 of the 11 sectors added jobs during the 9-year period. The professional and business services sector added the most jobs, increasing by an average of 1,600 jobs, or 2.8 percent, annually. In 2017, Virgin Pulse, an employee wellness and business consulting firm, added approximately 300 employees when its global headquarters opened in downtown Providence. From 2011 through 2019, jobs in the leisure and hospitality sector increased by an average of 1,200, or 2.2 percent, a year. During the period, 13 new hotels, with approximately 1,375 rooms, opened throughout the HMA (Global Commercial Real Estate Services). The education and health services sector added an average of 900 jobs, or 0.8 percent, annually, from 2011 through 2019. The expansion in this sector occurred partly because of the increasing population, including the retirement-age portion of the population—generally defined as residents age 65 and older (ACS 2010 and 2021 1-year data; Figure 4)—which caused an increase in demand for healthcare services. In addition, in 2018, a significant expansion and renovation was completed at

the Brown University Watson Institute for International and Public Affairs. From 2011 through 2019, job growth in the mining, logging, and construction sector resumed, increasing by an average of 500 jobs, or 2.6 percent, annually, to 20,200 jobs but remained 13 percent below the previous peak of 23,100 jobs in 2006. During the 2011-through-2019 period, manufacturing sector job loss was subdued, down by 100 jobs, or 0.1 percent, annually, partly because continued job additions at General Dynamics Electric Boat slightly offset manufacturing plant closures, including at Honeywell International Inc., which laid off 190 employees during 2015 and 2016.

Figure 4. Population by Age Range in the Rhode Island HMA



Source: 2021 American Community Survey 1-year data

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.5 percent annually, with the strongest growth expected during the first year. Nonfarm payrolls are projected to exceed 2019 levels during the second year of the forecast period. Job growth is expected to continue in the education and health services sector, the cornerstone of the HMA, and the professional and business services sector. Job growth in the manufacturing sector is expected to continue during the next 3 years. This growth will occur partly because Igus Bearings, Inc., a polymer manufacturer, is planning a \$200 million, 700,000-square-foot expansion in East Providence. Construction

of the first phase is expected to start in 2023. Despite this expected job growth in the manufacturing sector, manufacturing jobs will not likely return to the levels that prevailed during the 1990s. Leisure and hospitality sector jobs also are expected to continue increasing. In August 2022, construction of a \$124 million, 7,500-seat soccer stadium, Tidewater Stadium, began in the city of Pawtucket. When complete in spring 2024, the stadium will host a United Soccer League Championship soccer team. The stadium is expected to anchor a mixed-use development, including housing, restaurant, and retail components.



Population and Households

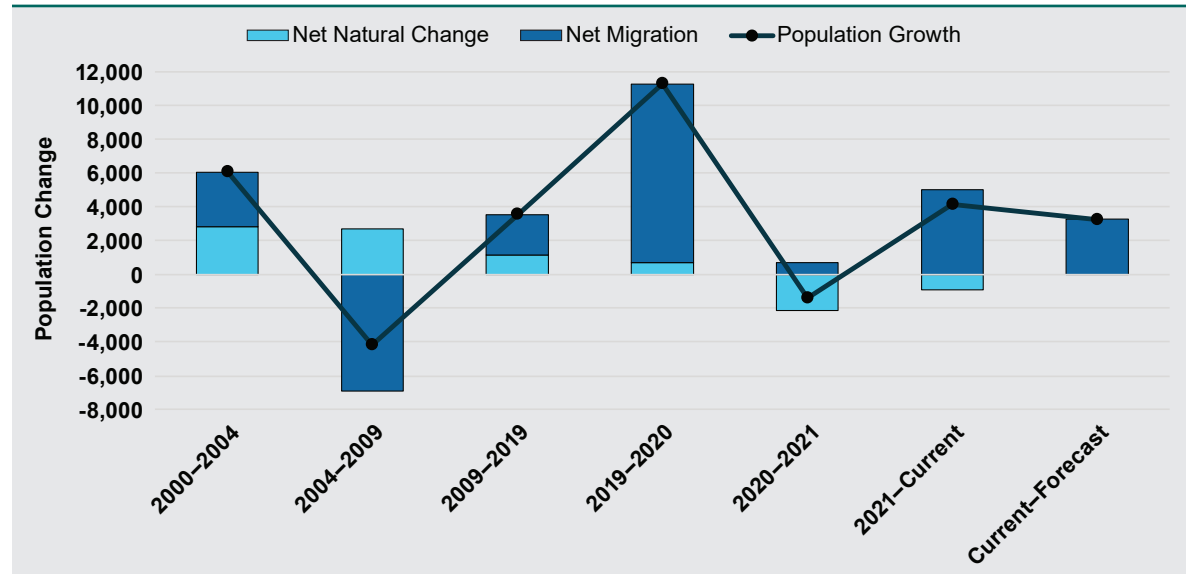
Current Population: 1.10 Million

Population decline averaging 0.1 percent a year from 2020 to 2021, following the onset of the COVID-19 pandemic, has switched to an average annual 0.4-percent growth rate since 2021 because of slower net natural decrease and higher net in-migration.

Population Trends

Population trends generally have mirrored economic conditions in the HMA since 2000. From 2000 to 2004, population growth averaged 6,175 people, or 0.6 percent, annually (U.S. Census Bureau decennial census count and population estimates as of July 1; Figure 5). During the period, economic expansion contributed to average net in-migration of 3,325 people annually, which accounted for 54 percent of population growth. The population declined by an average of 4,175, or 0.4 percent, annually, from 2004 to 2009—a period that included weak economic conditions during the Great Recession. During the period, net out-migration and net natural increase averaged 6,900 and 2,725 people a year, respectively. Net in-migration resumed from 2009 to 2019, averaging 2,350 people a year, and net natural increase averaged 1,175 people a year, both of which contributed to average population

Figure 5. Components of Population Change in the Rhode Island HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (October 1, 2022) to October 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

growth of 3,525 people, or 0.3 percent, annually. This period included relatively strong job growth. After those three relatively long periods of consistent change, the pandemic caused periods of change to shorten and vary more dramatically. From July 2019 to April 2020, net in-migration averaged 10,600 people and net natural increase slowed to an average of 700 people, causing population growth to increase by an average of 11,300 people, or 1.0 percent. During the period, international migration accounted for all migration into the HMA, whereas a lower level of deaths offset a lower level of births. Subsequently, from April 2020 to July 2021, net in-migration averaged 700 people a year and net natural decrease averaged 2,125 people a year, causing the population to decline by an average of 1,425, or 0.1 percent, annually. During this period, the HMA was affected by a combination of a slowing in international net in-migration and the number of births and a rising number of deaths. Since 2021, a combination of accelerated net in-migration averaging 5,025 people a year and a slowdown in net natural decrease averaging 900 people annually has resulted in population growth averaging 4,125 people, or 0.4 percent, a year, to an estimated 1.10 million as of October 1, 2022. During this period, estimates indicate that international and domestic net in-migration and births have risen, but deaths have remained elevated. This period was the first since 2010 that domestic migration contributed to migration into the HMA.

Population Trends by Geography

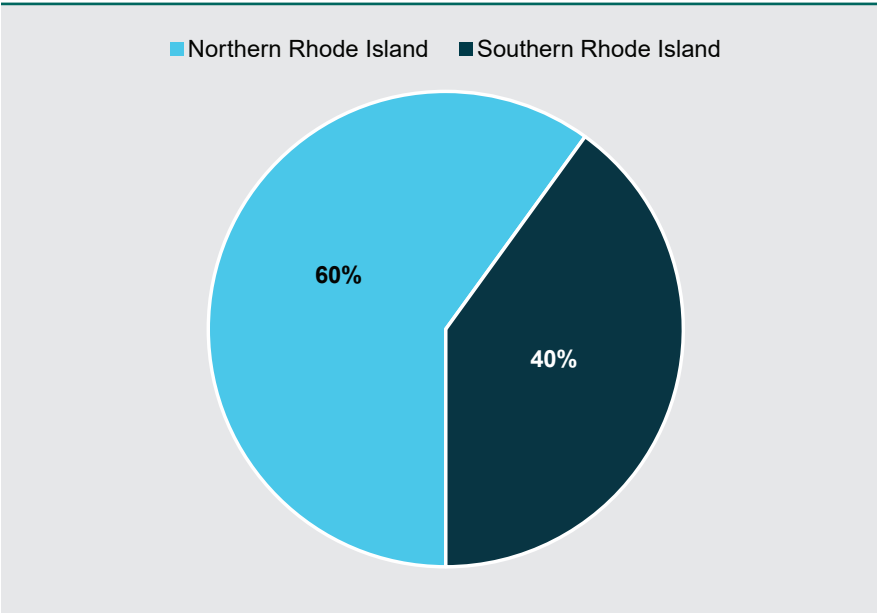
Northern Rhode Island Submarket

The Northern Rhode Island submarket is smaller than the Southern Rhode Island submarket in terms of land area, accounting for 40 percent of the land in the HMA, but is more populated, accounting for 60 percent of the population in the HMA (Figure 6), partly because the Northern submarket has a higher proportion of jobs (Table 3). Although the rates of population change in the submarket matched those of the HMA from 2000 to 2004 and 2004 to 2009, population growth in the submarket strengthened to an average annual rate of 0.5 percent from 2009 through 2020 because of a shift to net in-migration and continued, yet slowing, net natural increase. Those trends shifted at the start of the pandemic. From 2020 to 2021, net out-migration averaged 2,000 people a year and net natural decrease averaged 25 people a year, both of which caused the population to decline by an average of 2,025, or 0.3 percent a year. During the period, work-from-home restrictions reduced the need to live close to a workplace for some workers, and relatively low mortgage interest rates in 2020 and 2021 incentivized households to buy homes, sometimes resulting in a household moving from a downtown or central city neighborhood to a suburban or rural area. In addition, during the period, many students returned home to live with their parents when schools moved to remote learning or closed. Since 2021, population growth has resumed in the submarket, increasing by an average of 1,600 people, or 0.2 percent, annually, to an estimated 660,200 people as of October 1, 2022. Population growth is attributable to a return of net in-migration, which averaged 1,300 people a year, when residents, workers, and students returned to the submarket as offices and universities reopened; net natural increase averaged 300 people annually.

Southern Rhode Island Submarket

Following periods of net in-migration from 2000 to 2004 and net out-migration from 2004 to 2008, the Southern Rhode Island submarket had moderate net in-migration from 2008 to 2019 which then accelerated from

Figure 6. Current Population in the Rhode Island HMA, by Submarket



Source: Estimates by the analyst

Table 3. Current Estimated Percentage Share of Nonfarm Payrolls in the Rhode Island HMA, by Submarket

Northern Rhode Island Submarket	58.9
Southern Rhode Island Submarket	41.1

Sources: U.S. Bureau of Labor Statistics; estimates by the analyst

2019 to 2020 and has remained relatively elevated since 2020. In detail, from 2000 to 2004, population growth averaged 2,225 people, or 0.5 percent, annually, and population decline averaged 2,275 people, or 0.5 percent, annually from 2004 to 2008. During the former period, net natural increase averaged 675 people a year and net in-migration averaged 1,550 people annually, whereas, during the latter period, net natural increase and net out-migration averaged 175 and 2,450 people annually, respectively.

From 2008 to 2019, when population growth averaged 540 people, or 0.1 percent, a year, net in-migration averaged 990 people annually, and net natural decrease averaged 450 people a year. The prolonged period of moderate net in-migration to the submarket, compared with stronger net in-migration to the Northern Rhode Island submarket, resulted mostly from an increased tendency to live in urban areas with strong economic expansion, such as the Northern Rhode Island submarket. Population growth in the Southern Rhode Island submarket accelerated from 2019 to 2020, averaging 4,850 people, or 1.1 percent, annually, when net in-migration averaged 5,700 people a year and net natural decrease averaged 850 people annually. The rise in net in-migration to the submarket partly resulted from the increase in jobs that allow telework-enabled households to move farther away from the high concentration of jobs in the Northern Rhode Island submarket and into the Southern Rhode Island submarket, a trend that has persisted. As a result, net in-migration to the Southern Rhode Island submarket averaged 3,225 people annually and accounted for all population growth in the submarket because net natural decline averaged 1,650 people a year. As of October 1, 2022, the population of the submarket is estimated at 440,600, an average increase of 1,575, or 0.4 percent, a year since 2020. Nearly 85 percent of residents moving into the submarket since 2020 were estimated to have moved to Kent and Washington Counties.

Household Trends

The rate of household formation in the HMA since 2010 has accelerated compared with the 2000-to-2010 period because of faster population growth, a trend reflected in both submarkets. The number of households in the HMA is currently estimated at 444,450, representing an average annual increase of 2,460, or 0.6 percent, since 2010, up from the average of 520 households, or 0.1 percent, added annually from 2000 to 2010 (Table 4).

Household growth in the Southern Rhode Island submarket was faster than the Northern Rhode Island submarket in the 2000s, but the trend has shifted since 2010. In the 2000s, household growth averaged 340, or 0.2 percent, annually in the Southern Rhode Island submarket and 180, or 0.1 percent, in the Northern Rhode Island submarket. Since 2010, household growth averaged 860, or 0.5 percent, annually in the Southern Rhode Island submarket and 1,600, or 0.6 percent, annually in the Northern Rhode Island submarket.

Table 4. Rhode Island HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	1,052,567	1,100,800
	Average Annual Change	430	3,850
	Percentage Change	0.0	0.4
Household Quick Facts	2010	Current	Forecast
	Households	413,600	444,450
	Average Annual Change	520	2,460
	Percentage Change	0.1	0.6

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (October 1, 2022) to October 1, 2025.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Military and Student Households

NAVSTA Newport and enrollment at the 11 colleges and universities significantly affect household formation in the HMA. NAVSTA Newport is home to approximately 8,250 active-duty military and civilian personnel, a figure that has increased an average of 2 percent a year since 2010 (Defense Manpower Data Center). NAVSTA Newport provides unaccompanied housing for approximately 2,075 military personnel and students and nearly 700 single-family homes for military personnel and their dependents. The remaining 5,475 active-duty military personnel, civilians, and their families live off base. The military provides a basic monthly allowance for housing, ranging from \$1,476 to \$3,762, and military personnel

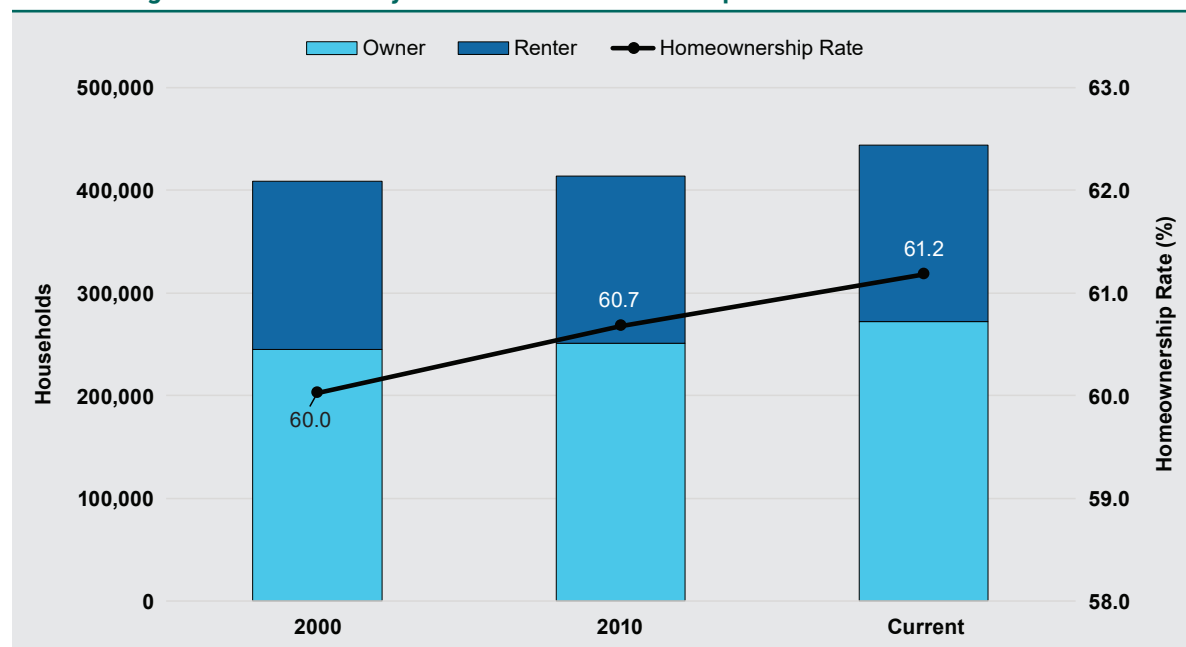
may use it for rent or to purchase a home off base. The number of active military personnel households who choose to rent instead of purchase their homes is unknown.

Student enrollment in the HMA declined an average of 3 percent a year from 2010 to 2018 but has risen an average of 3 percent annually since 2018 (ACS 1-year data, with estimates by the analyst). Of the combined 93,000 students currently enrolled in colleges in the HMA, approximately 25,900 are housed in dormitories (Census Bureau, with estimates by the analyst). The remaining 67,100 students who live off campus and do not live with their parents occupy an estimated 16,775 housing units. Student households account for an estimated 9 percent of the renter households in the HMA. Two dormitories are under construction in the HMA, with 350 beds each at Brown University and Providence College; both are expected to be completed in September 2023.

Households by Tenure

Among the households in the HMA, a greater proportion traditionally have been owners, and that proportion has increased since 2010 (Figure 7) partly because the HMA is a more affordable place to purchase homes than the nearby Boston metropolitan area. Homeownership rates vary, however, by submarket. In the Southern Rhode Island submarket, the estimated homeownership rate

Figure 7. Households by Tenure and Homeownership Rate in the Rhode Island HMA



Note: The current date is October 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

is the higher of the two submarkets, at 70.6 percent, and the rate has increased since 2000. Although home prices are higher in this submarket, it has more land available to build single-family homes. By comparison, in the Northern Rhode Island submarket, the homeownership rate currently is an estimated 54.6 percent, up from 2000 and 2010.

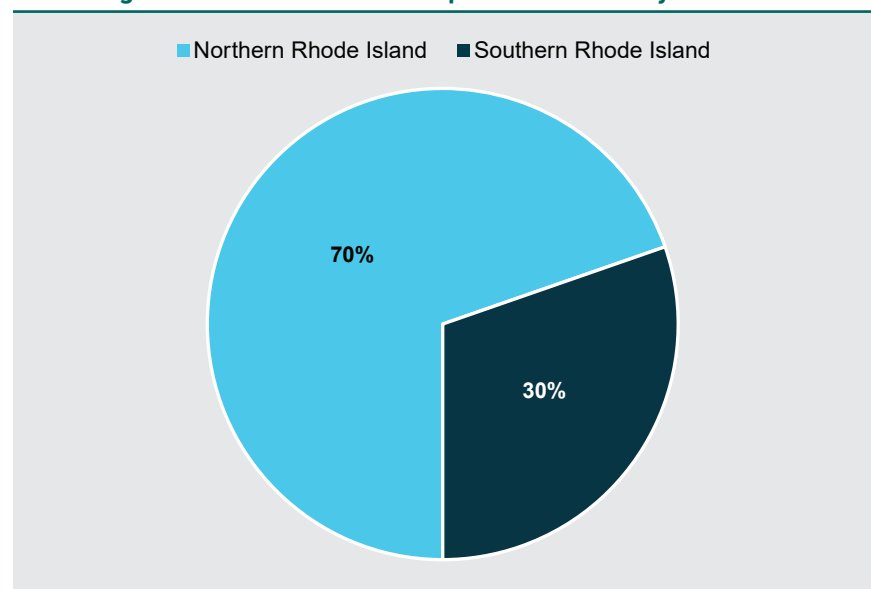
Forecast

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 3,230, or 0.3 percent, annually—slightly slower than the 2021-to-current average rate. Job growth and increases in military personnel and student enrollment are expected to support continued net in-migration to the HMA, albeit at a lower level. A lower number of births is expected to continue, and the retirement-age portion of the population is expected to continue to rise as the “baby boom” generation ages; those

factors, and the waning, but still present, health effects of the pandemic are expected to result in subdued levels of net natural increase. Population growth in the Northern Rhode Island submarket is expected to average 0.3 percent a year and make up the larger share of population growth (Figure 8) as preferences to live near places of work and study return. Population growth in the Southern Rhode Island submarket is expected to average 0.2 percent annually.

The expected slowdown in population growth during the 3-year forecast period is expected to slow household growth in the HMA. Household growth in the HMA is expected to average 0.4 percent annually, reaching 450,300 households by October 1, 2025. Household growth is expected to average 0.4 percent annually in both submarkets, slowing from the 2010-to-current period, with the Northern Rhode Island and the Southern Rhode Island submarkets reaching 265,200 and 185,000 households, respectively. The homeownership rate in the HMA is expected to increase slightly to 61.4 percent, with homeownership increasing in both submarkets.

Figure 8. Share of Forecast Population Growth by Submarket



Source: Estimates by the analyst

Home Sales Market Sales Market— Rhode Island HMA

Market Conditions: Tight

The inventory of for-sale housing is low and has remained below 3 months of supply since 2020.

Current Conditions

The home sales market in the HMA is currently tight, with an estimated vacancy rate of 0.9 percent (Table 5), down from 2.0 percent in April 2010, when conditions were slightly soft. The vacancy rate declined from 2010 through 2019 because of a combination of lower levels of homebuilding activity compared with the previous decade and population and economic growth, which generated increased demand for sales housing. In 2020, despite significant job losses, steady homebuilding activity, and slowing population growth, the sales market tightened further, partially because of a decline in the number of homes listed for sale and because mortgage interest rates reached their lowest levels in more than 50 years. Although the interest rate has been rising since September 2021, conditions have remained tight, partly because of improved economic conditions and

Table 5. Home Sales Quick Facts in the Rhode Island HMA

Home Sales Quick Facts	Rhode Island HMA		Nation
	Vacancy Rate	0.9%	NA
	Months of Inventory	1.6	2.2
	Total Home Sales	13,700	6,801,000
	1-Year Change	-16%	-13%
	New Home Sales Price	\$518,200	\$480,700
	1-Year Change	24%	14%
	Existing Home Sales Price	\$454,500	\$430,200
	1-Year Change	10%	12%
	Mortgage Delinquency Rate	1.3%	1.3%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2022; and months of inventory and mortgage delinquency data are as of September 2022. The current date is October 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

increased population growth. During September 2022, the HMA had 1.6 months of available for-sale inventory, down from 1.8 months a year earlier and 2.2 months in September 2020. Those inventories of homes for sale are well below the 12.2 months of available inventory during the same month in 2011 (CoreLogic, Inc.). By comparison, the supply of for-sale inventory in the nation increased to 2.2 months in September 2022 from 1.1 months in September 2021. In September 2022, the average interest rate for a 30-year fixed-rate mortgage was 6.7 percent, up from 3.0 and 4.3 percent 1 year earlier and in September 2020, respectively (Freddie Mac).

Although tight market conditions have contributed to upward pressure on home sales prices, the current pace of sales has slowed because of rising mortgage interest rates. During the 12 months ending September 2022, the average home sales price rose 10 percent to \$455,400, slowing from the 16-percent increase during the same period 1 year earlier (Zonda). More recent sales price trends reflect a higher average sales price during the 3 months ending September 2022 and a slower pace of increase. The average home sales price during the 3 months ending September 2022 rose 4 percent to \$477,100 compared with the same period 1 year earlier. Home sales declined 16 percent to 13,700 homes during the 12 months ending September 2022, compared with a 15-percent increase during the 12 months ending September 2021. However, the decrease has been more severe recently, with home sales declining 21 percent during the 3 months ending September 2022 compared with the 3 months ending September 2021.

Delinquent Mortgages and REO Properties

The recent pandemic-related recession resulted in an increase in the percentage of seriously delinquent mortgages and real estate owned (REO) properties in the HMA and the nation, but the rates were lower than during the housing crisis in the late 2000s and early 2010s. As of September 2010, the rate of seriously delinquent and REO properties reached a high of 8.0 percent in the HMA, while 7.9 percent were seriously delinquent or in REO status nationwide (CoreLogic, Inc.). The rates subsequently declined throughout the 2010s before rising sharply in early 2020 because of the impact of the COVID-19 pandemic. As of September 2020, the rates in the HMA and the nation were 4.1 and 4.3 percent, up from 1.7 and 1.4 percent, respectively, during September 2019. The entire increase in the rates was due to delinquent mortgages because many homeowners were able to avoid foreclosure due to mortgage forbearance policies, and the rates have since declined. As of September 2022, 1.3 percent of home loans in the HMA and the nation were seriously delinquent or had transitioned into REO status, down from 2.3 and 2.5 percent, respectively, in September 2021.

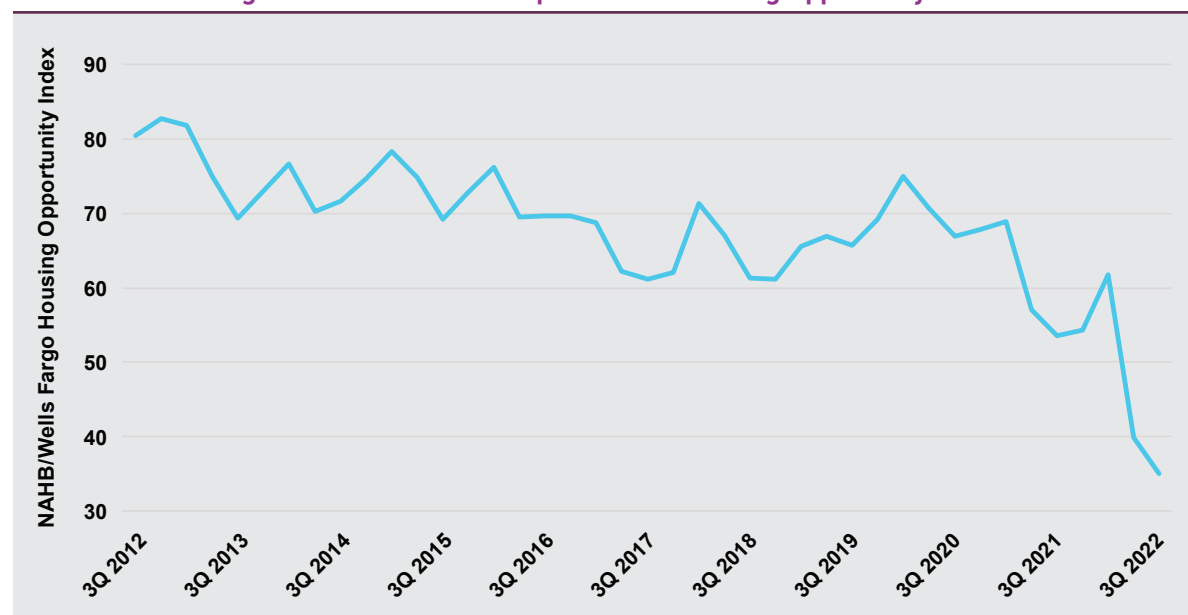
Housing Affordability—Sales

The affordability of buying a home in the Rhode Island HMA has declined significantly since the start of the pandemic because home prices have

increased at a faster pace than incomes. Because data for the HMA are unavailable, the affordability discussion focuses on the Providence metropolitan area. In the metropolitan area, the NAHB/Wells Fargo Housing Opportunity Index—which represents the share of homes that are affordable to a family earning the median income—declined to 35.0 during the third quarter of 2022 from 53.5 during the third quarter of 2021 and 66.9 during the same quarter in 2020 (Figure 9); the decrease in affordability during the past 2 years resulted from a 12-percent increase in the median income and a 26-percent increase in the median sales price. During the third quarter of 2022, approximately 66 percent of the 236 ranked metropolitan areas were more affordable than the Providence metropolitan area.

Homeownership in the HMA is less attainable relative to the nation for residents ages 25 to 44 years, a prime group for first-time homebuyers, but more attainable than in the Boston metropolitan area. The HUD first-time homebuyer affordability index is a measure of the median household income for householders 25 to 44 years old relative to the income needed to purchase the 25th-percentile-priced home. The state

Figure 9. Providence Metropolitan Area Housing Opportunity Index



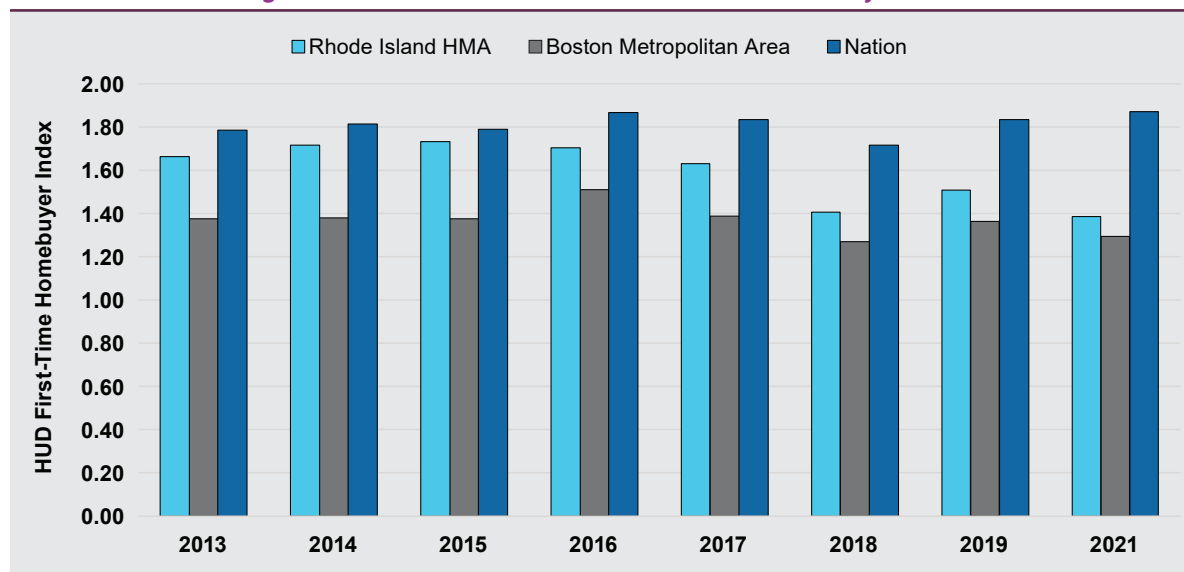
NAHB = National Association of Home Builders. 3Q = third quarter.
Source: NAHB/Wells Fargo

index was relatively high from 2013 to 2016, ranging from 1.66 to 1.73 (Figure 10). The index declined for the next 2 years to 1.41 in 2018 and rose to 1.51 in 2019, largely because from 2013 to 2019, the median income for householders 25 to 44 years old rose an average of 23 percent, and the 25th-percentile-priced home rose 69 percent. By 2021, the index had declined to the lowest level, 1.39, because from 2019 to 2021, the median income for householders 25 to 44 years old rose an average of 9 percent, and the 25th-percentile-priced home rose 27 percent. By comparison, from 2013 to 2021, the index decreased from 1.37 to 1.29 for the Boston metropolitan area, whereas the index rose from 1.78 to 1.87 for the nation.

Forecast

During the next 3 years, demand is expected for an estimated 3,925 new homes in the HMA, including single-family homes, townhomes, and condominiums (Table 6). The 370 homes under construction in the HMA will satisfy a portion of the demand during the forecast period. Despite rising interest rates, demand is expected to increase during the forecast period because of continued net in-migration and economic expansion. Nearly 60 percent of the demand in the HMA is estimated to be in the Southern Rhode Island submarket.

Figure 10. Rhode Island HMA HUD First-Time Homebuyer Index



Note: 2020 data are not available.

Sources: American Community Survey 1-year data; Freddie Mac; Zonda

Table 6. Demand for New Sales Units in the Rhode Island HMA During the Forecast Period

Sales Units	
Demand	3,925 Units
Under Construction	370 Units

Note: The forecast period is from October 1, 2022, to October 1, 2025.

Source: Estimates by the analyst

Sales Market— Northern Rhode Island Submarket

Market Conditions: Tight

The submarket had 1.5 months of available for-sale inventory as of September 2022, down from 1.7 months a year earlier (CoreLogic, Inc.).

Current Conditions

The sales market in the Northern Rhode Island submarket is currently tight, with an estimated sales vacancy rate of 0.9 percent (Table 7), down from 2.1 percent in April 2010. The inventory of homes for sale has generally been declining since 2012 after reaching an 11.5-month supply of homes for sale in 2011 (CoreLogic, Inc.). Although large-scale, single-family residential construction in the submarket is less pronounced because of limited land availability, the submarket is a desirable place to live because it is the most urbanized and its relatively small share of coastline makes it the less expensive of the two submarkets.

During the 12 months ending September 2022, 84 percent of the homes sold in the submarket were priced at \$499,999 and lower (Zonda; Figure 11). During the 12 months ending September 2022, the average sales price was \$376,900, up 13 percent, decelerating from the 16-percent increase during the same period

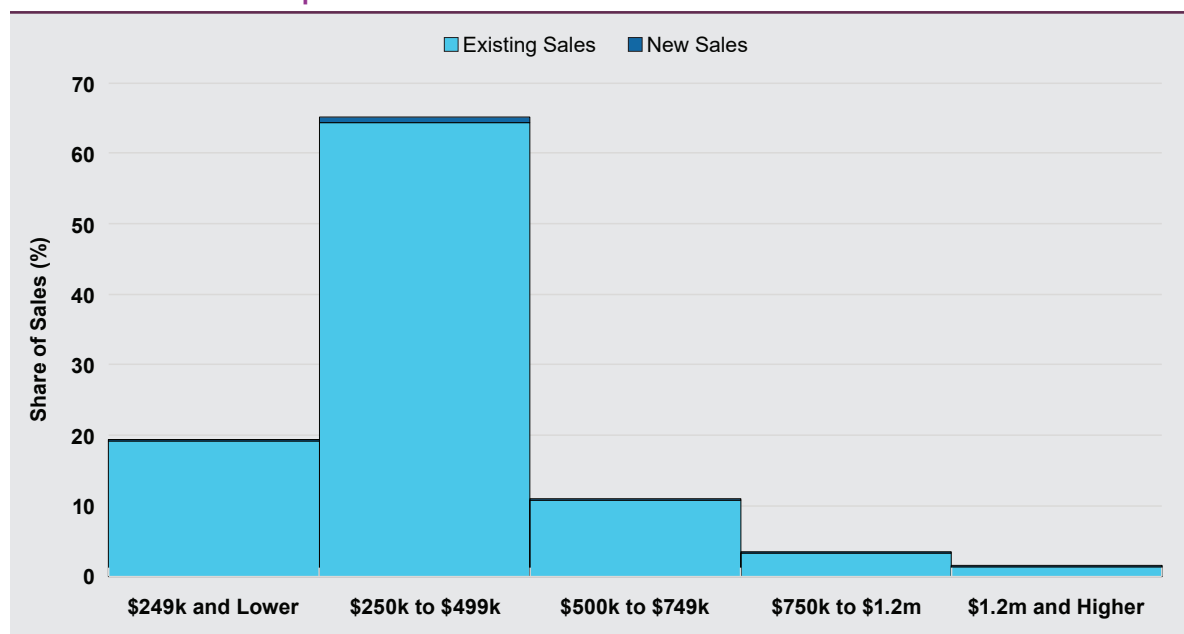
Table 7. Home Sales Quick Facts in the Northern Rhode Island Submarket

Home Sales Quick Facts	Northern Rhode Island Submarket		Rhode Island HMA
	Vacancy Rate	0.9%	0.9%
	Months of Inventory	1.5	1.6
	Total Home Sales	7,025	13,700
	1-Year Change	-12%	-16%
	New Home Sales Price	\$503,400	\$518,200
	1-Year Change	45%	24%
	Existing Home Sales Price	\$375,400	\$454,500
	1-Year Change	13%	10%
	Mortgage Delinquency Rate	1.6%	1.3%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2022; and months of inventory and mortgage delinquency data are as of September 2022. The current date is October 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Figure 11. Share of Overall Sales by Price Range During the 12 Months Ending September 2022 in the Northern Rhode Island Submarket



REO = real estate owned.

Note: Existing home sales include regular resales and REO sales.

Source: Zonda

1 year earlier. The recent increase in home sales prices reflected increases of 12, less than 1, and 47 percent in regular resale, REO, and new home sales prices, respectively (Figure 12). With increasing home sales prices and interest rates, home sales in the submarket declined 12 percent during the 12 months ending September 2022 to 7,025 homes sold, compared with an increase of 15 percent during the 12 months ending September 2021, when 8,025 homes were sold, the highest level on record in the submarket for a 12-month period ending September (Figure 13). The recent decrease in home sales reflected decreases of 10, 65, and 45 percent in regular resale, REO, and new home sales, respectively, which accounted for 97, 1, and 2 percent of home sales. Condominiums accounted for 18 percent of all home sales during the 24-month period ending September 2022, a proportion similar to the 2005-through-2021 period.

Home Sales Trends— 2005 Through 2021

Home sales in 2021 surpassed the 2005 level, partly because record-low interest rates increased the demand for homes. Home sales in 2005 totaled 7,675 but declined an average of 16 percent annually for 3 consecutive years to 4,600 homes sold in 2008. During that period, tightening mortgage lending standards, the local economic downturn, and net out-migration put downward pressure on home sales. The decline in home sales from 2006 through 2008 reflected an average annual reduction of 22 and 18 percent

Figure 12. 12-Month Average Sales Price by Type of Sale in the Northern Rhode Island Submarket

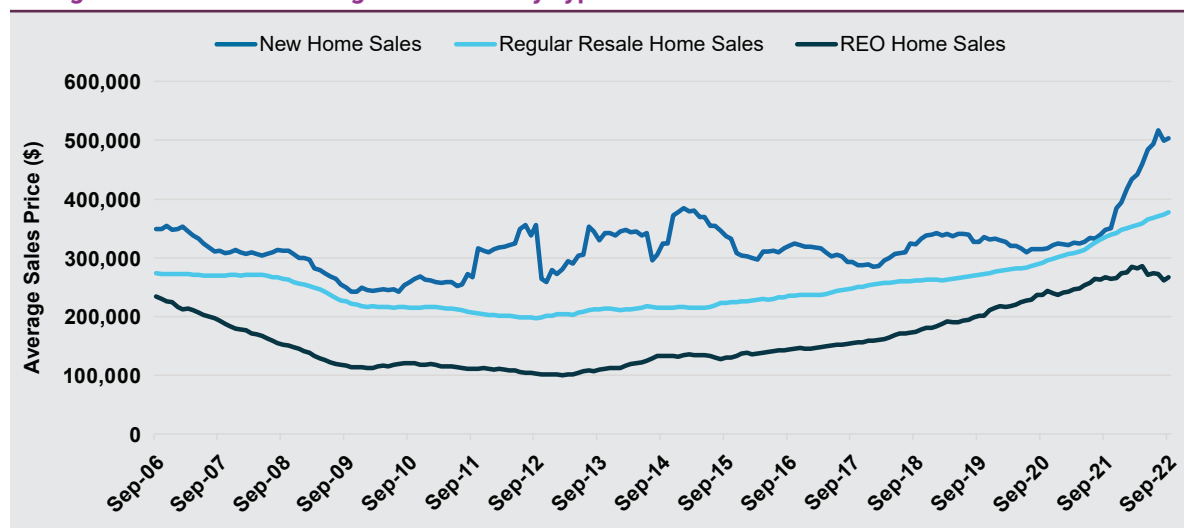
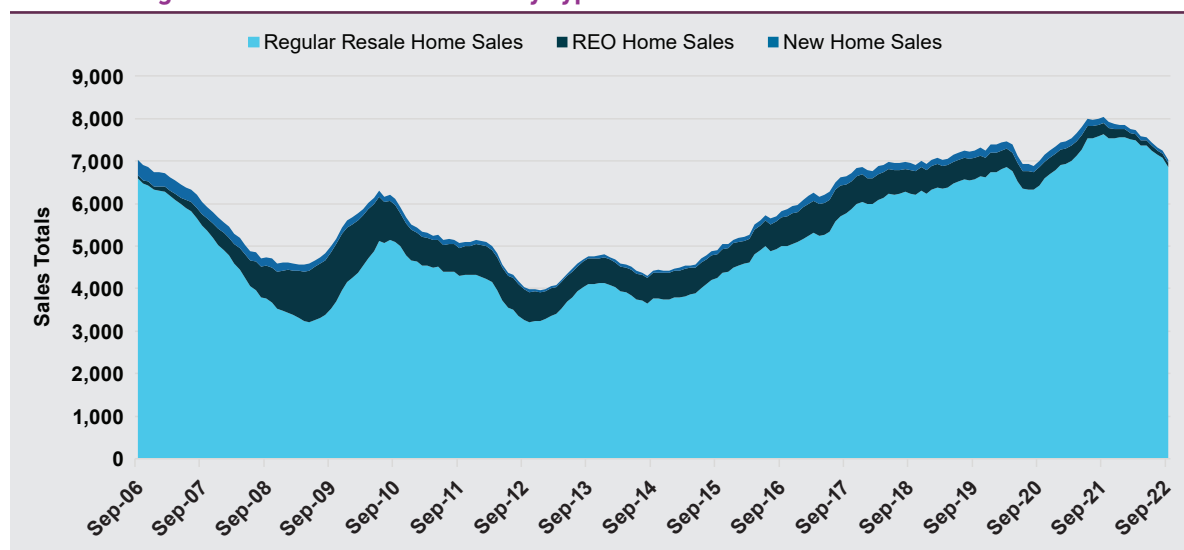


Figure 13. 12-Month Sales Totals by Type in the Northern Rhode Island Submarket



in regular resale and new home sales, to 3,475 and 175, respectively. During the period, REO sales increased from 20 in 2005 to 950 in 2008, accounting for 21 percent of total sales. Home sales rose to an average of 5,550 homes sold annually during 2009 and 2010 because of substantial first-time homebuyer tax-credits. During the period, regular resale, REO, and new home sales accounted for 79, 3, and 18 percent of total home sales, respectively. Subsequently, home sales fell from 5,150 in 2011, to 3,950 in 2012. Losses resulted from decreases of 25, 8, and 45 percent in regular resales, REO home sales, and new home sales, respectively. Home sales rose at an average annual rate of 9 percent from 2013 through 2019, to 7,400 homes sold during 2019, in response to economic growth and net in-migration. All the gains in sales resulted from average annual increases of 11 and 20 percent in regular resales and new home sales, respectively, which more than offset an average 5-percent annual reduction in REO home sales. In 2020, when the pandemic started, home sales declined 1 percent, with respective decreases of 18 and 12 percent in REO and new home sales offsetting a 1 percent gain in regular resale home sales. Home sales rebounded during 2021, rising 7 percent to 7,850 from 1 year earlier because the rate of regular resales increased 11 percent, whereas REO and new home sales declined 49 and 33 percent, respectively. REO sales accounted for only 2 percent of total home sales in the submarket during 2021.

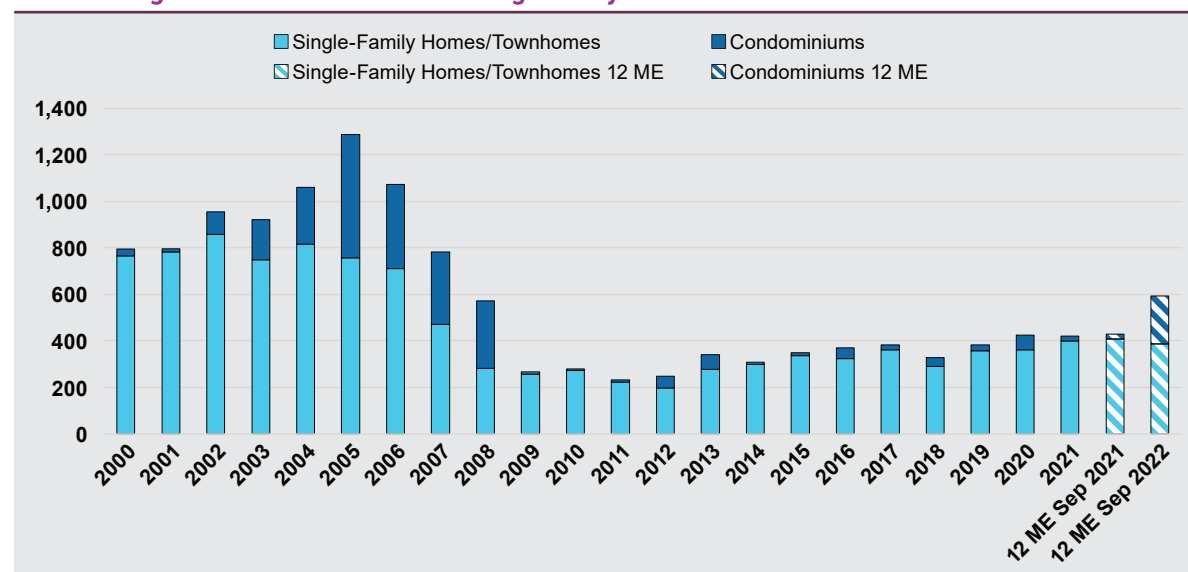
Home Sales Price Trends—2005 Through 2021

After generally decreasing from 2006 through 2012, the average home sales price in the submarket increased every year from 2013 through 2021, with price growth increasing fastest during 2021. From 2006 through 2012, when REO sales were increasing, putting downward pressure on sales prices, the average home sales price declined at an average annual rate of 5 percent; the sales price decreased for every sales type. Home sales price growth rebounded from 2013 through 2020, up an average of 6 percent a year, before rising 16 percent to \$346,100 in 2021. Home sales price growth accelerated during the latter period because of price increases of 15, 21, and 15 percent, respectively, in regular resales, new, and REO home sales.

Sales Construction Activity

Homebuilding activity generally has trended upward since 2013, but fewer new homes have been permitted compared with the 2000-through-2008 period (Figure 14). In 2000, the number of new homes permitted (see [building permits](#)) totaled 800 before increasing an average of 10 percent a year to a peak of 1,275 homes in 2005. New home construction declined an average of 24 percent each of the following

Figure 14. Annual Sales Permitting Activity in the Northern Rhode Island Submarket



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

3 years to 570 homes permitted in 2008 before declining further to an average of 260 homes permitted a year from 2009 through 2012 in response to the national housing market downturn. The number of homes permitted increased to an average of 350 annually from 2013 through 2019—a period that included economic expansion and net in-migration—before increasing further to an average of 420 homes permitted annually during 2020 and 2021. During the 12 months ending September 2022, approximately 590 homes were permitted, up 38 percent from the 430 homes permitted during the previous 12 months (preliminary data, with estimates by the analyst). From 2000 through 2008, nearly 25 percent of all homes permitted were condominiums, a proportion that declined to 8 percent from 2009 to 2021 but rose to 58 percent during the most recent 12-month period, partly because rising costs due to increased interest rates made denser development more cost effective.

Since 2013, when homebuilding activity increased in the submarket, home construction generally has been in and around the city of Providence, and a relatively limited supply of developable land has led to limited large single-family home subdivisions. In the West End neighborhood, just southwest of downtown Providence, construction began on the 21-condominium unit Condominiums at 473 Washington in September 2022. The four-story building is expected to be complete in August 2023. The growing aging population also has affected the sales market; 150 units for residents age 55 and older are under construction at Whipple-Cullen Farm Condominiums in the town of Lincoln, 8 miles north of Providence. When construction is complete in May 2023, the development will feature homes ranging from 1,200 to 1,900 square feet and prices starting at \$319,900.

Forecast

During the next 3 years, demand is estimated for 1,625 homes in the Northern Rhode Island submarket (Table 8), with demand rising slightly in each successive year of the forecast period because of expected economic gains and household growth. The 170 homes under construction will meet a portion of the demand during the first year.

Table 8. Demand for New Sales Units in the Northern Rhode Island Submarket During the Forecast Period

Sales Units	
Demand	1,625 Units
Under Construction	170 Units

Note: The forecast period is from October 1, 2022, to October 1, 2025.

Source: Estimates by the analyst

Sales Market—Southern Rhode Island Submarket

Market Conditions: Tight

The submarket had 1.8 months of available for-sale inventory as of September 2022, down from 1.9 months a year earlier (CoreLogic, Inc.).

Current Conditions

The sales market in the Southern Rhode Island submarket is currently tight, with an estimated sales vacancy rate of 0.8 percent (Table 9), down from 1.9 percent in April 2010. As of September 2022, a 1.8-month supply of homes was

Table 9. Home Sales Quick Facts in the Southern Rhode Island Submarket

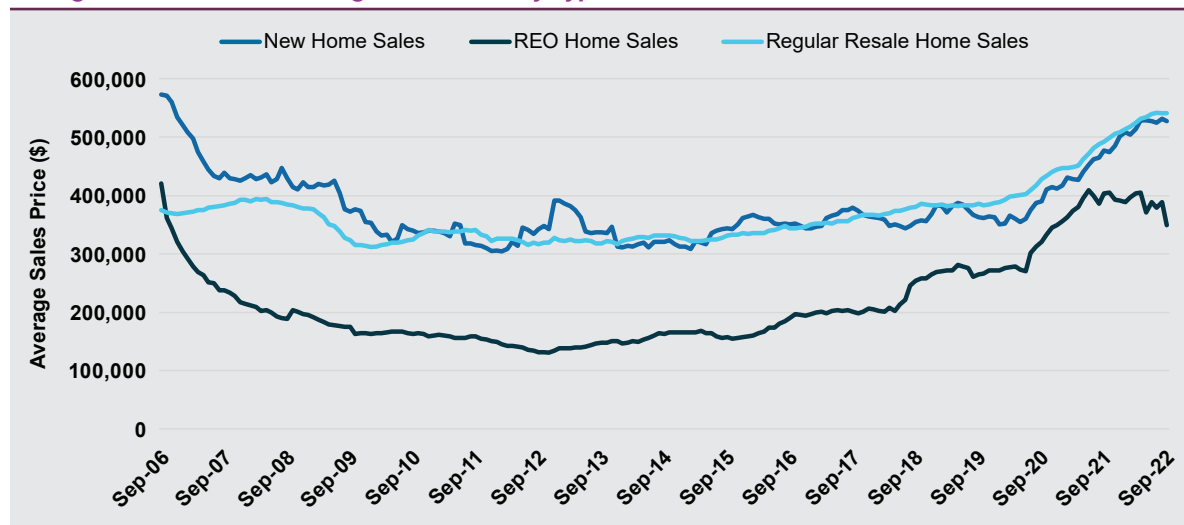
	Southern Rhode Island Submarket	Rhode Island HMA
Vacancy Rate	0.8%	0.9%
Months of Inventory	1.8	1.6
Total Home Sales	6,650	13,700
1-Year Change	-19%	-16%
New Home Sales Price	\$528,000	\$518,200
1-Year Change	11%	24%
Existing Home Sales Price	\$538,500	\$454,500
1-Year Change	10%	10%
Mortgage Delinquency Rate	1.0%	1.3%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2022; and months of inventory and mortgage delinquency data are as of September 2022. The current date is October 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

available for sale, down from a 1.9-month supply a year ago and a 12.8-month supply in September 2011 (CoreLogic, Inc.). With the declining supply of for-sale inventory throughout the HMA, home sales prices in the submarket increased 10 percent during the 12 months ending September 2022 to \$538,400, although price growth decelerated from a 16-percent increase during the same period 1 year earlier. Home sales prices for regular resales and new home sales increased 10 and 11 percent, respectively, compared with a 14-percent decline for REO home prices (Figure 15). The submarket is the more expensive submarket in the HMA, and during the 12 months ending September 2022, 39 percent of the homes sold were priced at \$500,000 and higher (Figure 16). With the persistently low supply of for-sale inventory combined with increasing interest rates, home sales in the submarket declined 19 percent during the 12 months ending September 2022 to 6,650 homes (Zonda). The decrease reflected decreases in all sales types (Figure 17), and regular resale, REO, and new home sales accounted for 97, 1, and 2 percent of total home sales, respectively. By comparison, home sales increased 16 percent during the 12 months ending September 2021, to 8,225, the highest level reached in the submarket since 2005. During that 12-month period, home sales rose, partly because of a desire to live in less urbanized areas during the onset of the pandemic. Condominium sales accounted for 16 percent of home sales during the most recent 24-month

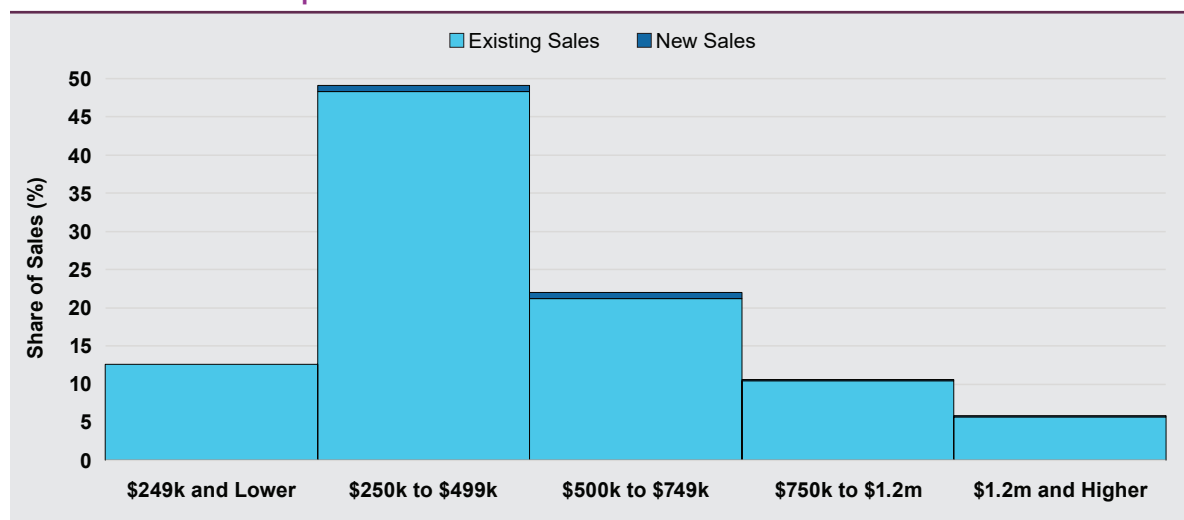
Figure 15. 12-Month Average Sales Price by Type of Sale in the Southern Rhode Island Submarket



REO = real estate owned.

Source: Zonda

Figure 16. Share of Sales by Price Range During the 12 Months Ending September 2022 in the Southern Rhode Island Submarket



REO = real estate owned.

Note: Existing home sales include regular resales and REO sales.

Source: Zonda

period, slightly higher than the average 14-percent proportion during the 2005-through-2021 period.

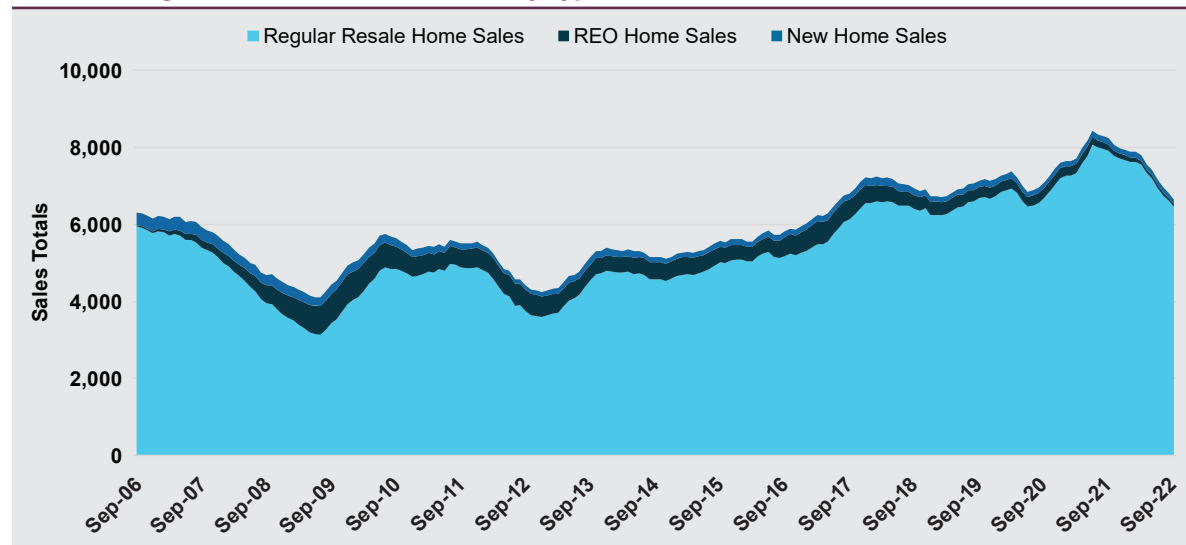
Home Sales Prices by County

Home sales prices in the submarket varied by county during the 12 months ending September 2022. The highest average sales prices in the submarket during the 12 months ending September 2022, \$742,500 and \$617,100, were in Newport and Washington Counties, respectively, where an estimated 87 percent of all seasonal or second homes in the HMA are located (ACS 5-year data, with estimates by the analyst). Both counties have the longest coastlines in the HMA and have large homes that overlook the Atlantic Ocean. Home sales prices in Bristol and Kent Counties averaged \$398,100 and \$376,200, respectively.

Home Sales Trends—2005 Through 2021

Following 7 years of fluctuating, but overall declining home sales, home sales rose from 2013 through 2021. In 2005, home sales totaled 7,275 but declined an average of 15 percent annually to 4,500 homes in 2008 (Zonda). The decline in home sales from 2006 through 2008 reflected average annual reductions of 19 and 7 percent in regular resale and new home sales, respectively, but REO sales rose from 10 in 2005 to 560 in 2008 when they accounted for 12 percent of total sales. Subsequently, home sales rose an average of 6 percent a year from 2009 through

Figure 17. 12-Month Sales Totals by Type in the Southern Rhode Island Submarket



REO = real estate owned.

Source: Zonda

2011, with only regular resales contributing to the growth, before home sales declined 23 percent in 2012, when regular resales and new home sales declined but REO home sales increased. From 2013 through 2021, home sales increased an average of 7 percent a year to nearly 7,925 by 2021. The gain in sales resulted from average annual 9- and 1-percent increases in regular resales and new home sales to 7,650 and 140, respectively, offsetting an average 15-percent annual reduction in REO home sales to 130.

Home Sale Price Trends—2005 Through 2021

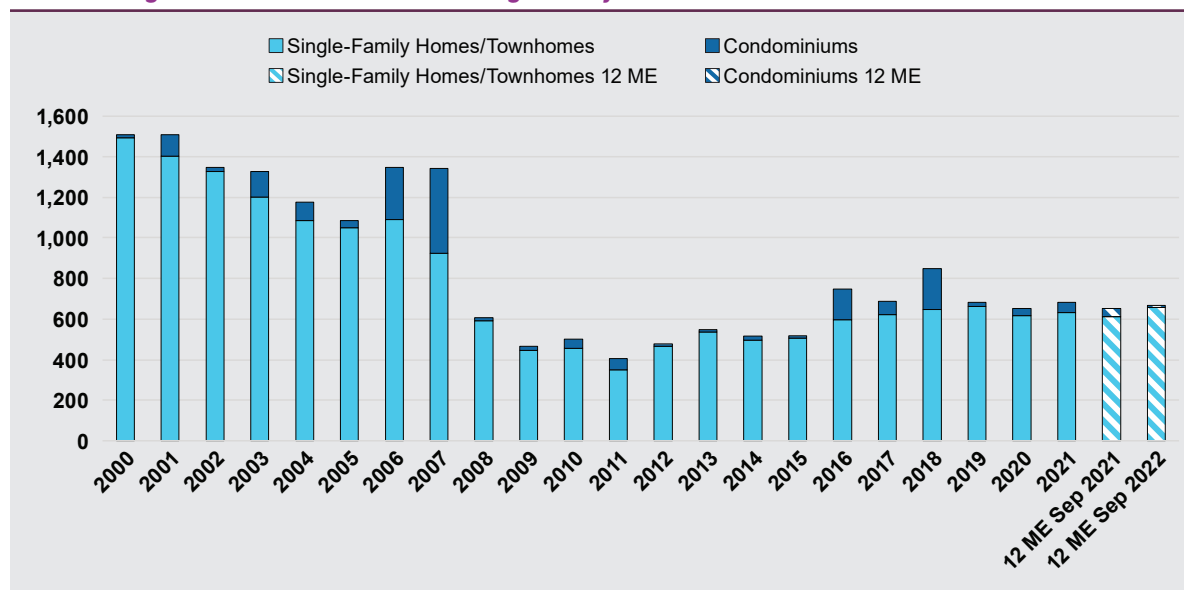
After declining from 2006 through 2013, the average home sales price in the submarket rose from 2014 through 2021, increasing at the highest rates during the 2 most recent years. The average home sales price was \$371,900 in 2005; home sale prices then declined an average of 2 percent a year from 2006 through 2013, when rising REO sales put downward pressure on sales prices. From 2006 through 2013, regular resale, REO, and new home sales prices decreased at average rates of 2, 15, and 6 percent a year, respectively. By comparison, from 2014 through 2019, with an expanding economy and increased population growth contributing to increased demand, home sales prices increased an average of 4 percent a year to \$382,600; prices for all sales types increased, ranging from 3-percent increases for regular

resales and new home sales prices to 10 percent for REO home sales. During 2020 and 2021, the average home sales price in the submarket rose an average of 15 percent a year. During the period, regular resale, REO, and new home sales prices increased at average rates of 15, 20, and 18 percent a year, respectively.

Sales Construction Activity

Homebuilding activity generally has been elevated since 2016 relative to the previous 8 years but has been subdued compared with the early-to-mid-2000s (Figure 18). After peaking at an average of 1,500 homes permitted annually during 2000 and 2001, homebuilding activity averaged 1,275 homes a year from 2002 through 2007, periods that included relatively lenient mortgage lending standards. Permitting fell to an average of 500 homes annually from 2008 through 2015, a period that included more stringent lending standards and relatively low net in-migration to the submarket. Homebuilding activity rose to an average of 760 homes a year from 2016 through 2018, when economic conditions improved. During the next 3 years, however, homebuilding activity declined slightly to an average of 670 homes annually, despite increased net in-migration to the submarket. During the 12 months ending September 2022, approximately 670 homes were permitted, up 3 percent from the 650 homes permitted during

Figure 18. Annual Sales Permitting Activity in the Southern Rhode Island Submarket



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

the same period the previous year (preliminary data, with estimates by the analyst). From 2000 through 2007, 10 percent of homes permitted were condominiums, but since 2008, that proportion has dropped to 8 percent, partly because of a preference to live in single-family homes in suburban areas.

Since 2016, moderate levels of home construction have occurred throughout much of the submarket, but 48 percent of new homes built in the submarket are in Washington County. In the town of North Kingstown, approximately 23 miles south of downtown Providence near Quonset Point (the site of General Dynamics Electric Boat), Reynolds Farm is the largest subdivision in Rhode Island in more than 50 years. Construction at Reynolds Farm began in 2014 and, when complete, will include 200 single-family homes, 41 condominiums, 80 senior apartments, 200 apartments, and 20,000 square feet of commercial space. The third phase of the community is currently underway and includes single-family homes with square footage ranging from 1,500 to 1,800 square feet; sales prices for these homes start at \$560,000.

Forecast

During the next 3 years, demand is estimated for 2,300 new homes in the Southern Rhode Island submarket (Table 10). Demand is expected to increase each year during the forecast period, when economic expansion and net in-migration continue. The 200 homes under construction will meet a portion of the demand during the first year of the forecast period.

Table 10. Demand for New Sales Units in the Southern Rhode Island Submarket During the Forecast Period

Sales Units	
Demand	2,300 Units
Under Construction	200 Units

Note: The forecast period is from October 1, 2022, to October 1, 2025.
Source: Estimates by the analyst

Rental Market

Rental Market— Rhode Island HMA

Market Conditions: Slightly Tight

Despite increased rental construction since 2016, rental market conditions have tightened significantly.

Current Conditions and Recent Trends

The overall rental market in the HMA is slightly tight, with an estimated 4.4-percent vacancy rate, down from 8.8 percent in April 2010 (Table 11). Apartment market conditions in the HMA are tight. During the third quarter of 2022, the apartment vacancy rate was 2.0 percent, down from 2.7 percent during the third quarter of 2021 (CoStar Group). The recent vacancy rate is down more significantly from the 4.8-percent rate during the third quarter of 2020, when public health concerns and social distancing restrictions led some households, especially young adults, to temporarily return to or delay moving out of a family home or, for those with the means and expected long-term work-from-home options, to transition into homeownership both in- and outside the HMA. As measured in the third quarter of 2022, apartment rents had risen 6 percent year over year to \$1,733, compared with a 9-percent

Table 11. Rental and Apartment Market Quick Facts in the Rhode Island HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	8.8	4.4
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	18	18
	Multifamily (2–4 Units)	44	40
	Multifamily (5+ Units)	38	41
	Other (Including Mobile Homes)	1	1
Apartment Market Quick Facts		3Q 2022	YoY Change
	Apartment Vacancy Rate	2.0	-0.7
	Average Rent	\$1,733	6%

3Q= third quarter. YoY= year-over-year.

Notes: The current date is October 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

increase as of the third quarter of 2021 and a 3-percent increase as of the same quarter in 2020. Nationally, the apartment vacancy rate was 5.7 percent in the third quarter of 2022, up from 4.7 percent a year earlier, and the rent averaged \$1,636, up 6 percent from a year earlier.

Housing Affordability: Rental

Rental housing affordability in the HMA increased from 2011 to 2017, but affordability moderated more recently. From 2011 to 2017, rents generally rose because of tightening market conditions despite increased construction of new apartments, but the median income for renter households increased faster due to increased employment of highly skilled workers in the education and health services and the professional and business services sectors. In the HMA, the median gross rent rose 8 percent during the period, and the median income for renter households increased 27 percent. As a result, the HUD Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, increased from 88.4 in 2011 to 103.5 in 2017 (Figure 19). During 2018 and 2019, the index declined slightly to 101.5 and 101.8, respectively. During the period, median gross rent increased 11 percent while the median income rose 9 percent. The HMA is more affordable than the Boston metropolitan area, which had an 89.5 index in 2019.

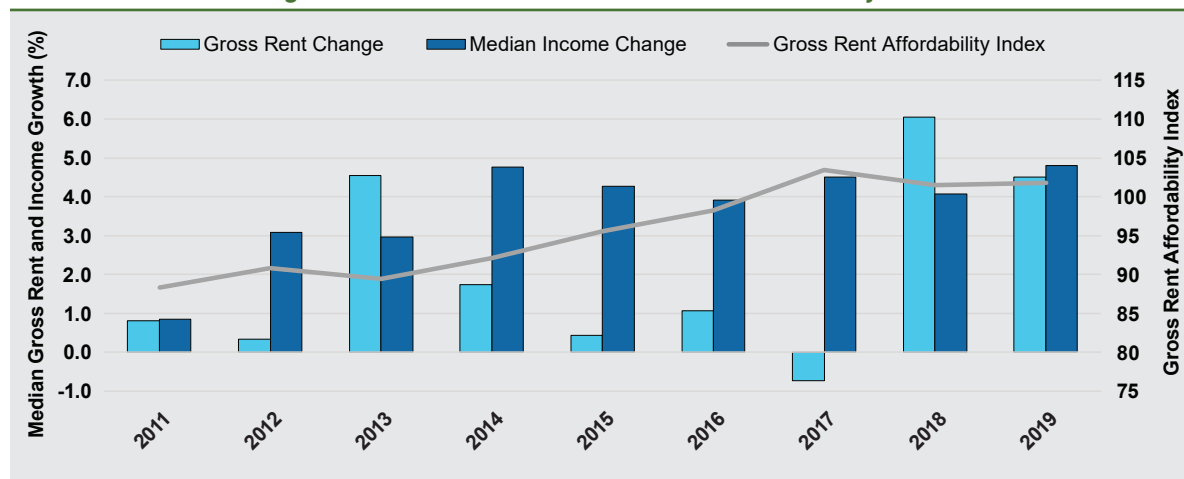
Renter Cost Burden

Rents in the HMA are lower than in the nation, but renter households in the HMA face a similar degree of cost burden to renters nationally, but very low-income renter households in the HMA, earning up to 50 percent of the area median income, are less likely to experience severe cost burden. During the 2015-through-2019 period, an estimated 21 percent of all renter households in the HMA experienced moderate to high cost burden, the same rate as those that experienced severe cost burden, spending 51 percent or more of their income on rent (Table 12). By comparison, nationwide, 21.7 and 22.2 percent of renter households experienced moderate to high cost burden and severe cost burden, respectively. Of the very low-income renter households in the HMA, 27.3 percent experienced moderate to high cost burden, and 40.7 percent experienced severe cost burden, compared with rates of 27.5 and 47.4 percent, respectively, nationwide.

Forecast

During the 3-year forecast period, demand in the HMA is expected for 4,125 new rental units (Table 13). Rental demand is expected to increase in the second and third years of the forecast period as economic expansion and the number of people moving into the HMA are expected to remain steady. The 1,510 units under construction in the HMA are expected to satisfy a portion of the demand for new rental units during the forecast period.

Figure 19. Rhode Island HMA Gross Rent Affordability Index



Notes: Rental affordability is for the state of Rhode Island. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.

Source: American Community Survey 1-year data

Table 12. Percentage of Cost Burdened Renter Households by Income, 2015–2019

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Rhode Island HMA	Nation	Rhode Island HMA	Nation
Renter Households with Income <50% HAMFI	27.3	27.5	40.7	47.4
Total Renter Households	21.0	21.7	21.0	22.2

CHAS = Comprehensive Housing Affordability Strategy. HAMFI = HUD Area Median Family Income.

Sources: Consolidated Planning/CHAS Data; 2015–19 American Community Survey 5-year estimates (huduser.gov)

Table 13. Demand for New Rental Units in the Rhode Island HMA During the Forecast Period

Rental Units	
Demand	4,125 Units
Under Construction	1,510 Units

Note: The forecast period is October 1, 2022, to October 1, 2025.

Source: Estimates by the analyst

Rental Market— Northern Rhode Island Submarket

Market Conditions: Slightly Tight

The current estimated overall rental vacancy rate of 4.5 percent is down from 9.0 percent in April 2010, when conditions were soft.

Current Conditions and Recent Trends

Rental housing market conditions in the Northern Rhode Island submarket are slightly tight, and the overall rental vacancy rate currently is estimated at 4.5 percent (Table 14). Conditions have been tightening in the submarket since April 2010 because of continued job growth and net in-migration. The inventory of occupied rental housing consists largely of apartment complexes, given the limited amount of developable land in the submarket. In 2021, approximately 39 percent of all renter households resided in buildings with five or more units, up from 38 percent during 2010 (ACS 1-year data). A substantial portion of the rental-occupied housing in the submarket, 47 percent, consists of units in buildings with two to four units, down from 49 percent in 2010. Those denser building types are more common in older, urbanized areas that were built before the automobile was widely owned. Approximately 14 percent of renter households resided in single-family homes in 2021, up from 13 percent in 2010.

Table 14. Rental and Apartment Market Quick Facts in the Northern Rhode Island Submarket

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	9.0	4.5
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	13	14
	Multifamily (2–4 Units)	49	47
	Multifamily (5+ Units)	38	39
	Other (Including Mobile Homes)	0	0
Apartment Market Quick Facts		3Q 2022	YoY Change
	Apartment Vacancy Rate	2.4	-0.8
	Average Rent	\$1,777	7%

3Q= third quarter. YoY= year-over-year.

Notes: The current date is October 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

Single-Family Rental Market Current Conditions and Recent Trends

Rental market conditions for professionally managed detached and attached single-family homes in the submarket are tight and have been tightening since 2012. The single-family rental vacancy rate was 1.7 percent during June 2022, down slightly from 1.8 percent in June 2021 and 2.2 percent in June 2012 (CoreLogic, Inc.). Rents for professionally managed units in the submarket averaged \$1,706, \$1,995, \$2,484, and \$2,822 for one-, two-, three-, and four-bedroom homes, respectively, compared with \$1,070, \$1,240, \$1,542, and \$1,686 during June 2012.

Apartment Market Current Conditions and Recent Trends

The apartment market in the submarket is tight and generally has been tightening since the third quarter of 2012 despite a brief increase in the apartment vacancy rate during 2020. During the third quarter of 2022, the apartment vacancy rate was 2.4 percent, down from 3.2 percent during the third quarter of 2021 (CoStar Group; Figure 20). By comparison, by the third quarter of 2020, the vacancy rate had increased to 5.6 percent from 3.9 percent 1 year earlier when the pandemic led many renters to search for housing in less dense areas and when students returned home to live with their parents. The reduction in the vacancy rate as measured in the two most recent third quarters is partly a result of residents, workers, and students returning to the submarket when offices and universities reopened. The current apartment vacancy rate

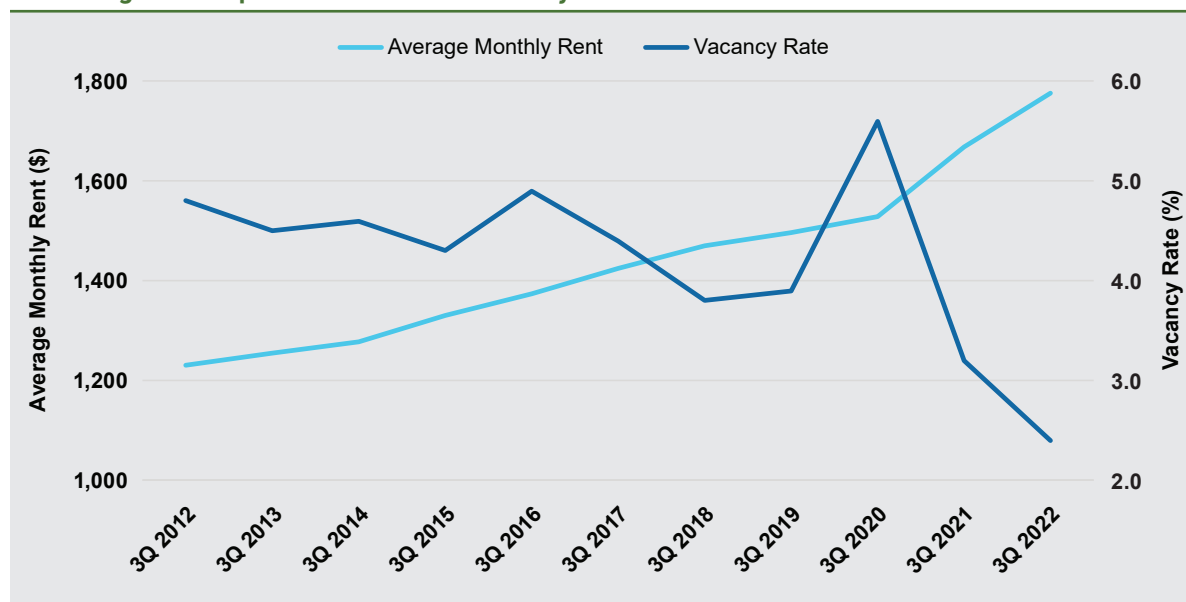
is the lowest third quarter rate in the submarket since at least 2012, despite rental construction activity reaching peak levels during the most recent 24 months. From the third quarter of 2012 through the third quarter of 2018, the vacancy rate declined from 4.8 percent to 3.8 percent.

Between the third quarter of 2021 and the third quarter of 2022, apartment rents rose 7 percent to \$1,777, compared with a 9-percent increase between the third quarter of 2020 and the third quarter of 2021, which was faster than any year since at least 2013. This recent trend of relatively strong rent growth in the submarket is partly because of tightening apartment market conditions and new, relatively expensive apartment stock entering the market. As measured in the third quarters of 2019 and 2020, rents had risen 2 percent each year from the prior third quarter. From 2012 through 2018, the third quarter rent rose from \$1,230 to \$1,470, an average 3-percent increase over those years.

Current Apartment Market Conditions by Market Area

The apartment market in the submarket is divided into five CoStar Group-defined market areas. The Downcity market area, which includes downtown Providence, is an area largely inhabited by early-to-mid-career adults. During the third quarter of 2022, the vacancy rate in the market area was 3.6 percent, down from 5.9 percent the previous year. The sharp decline in the apartment vacancy rate

Figure 20. Apartment Rents and Vacancy Rates in the Northern Rhode Island Submarket



3Q = third quarter.
Source: CoStar Group

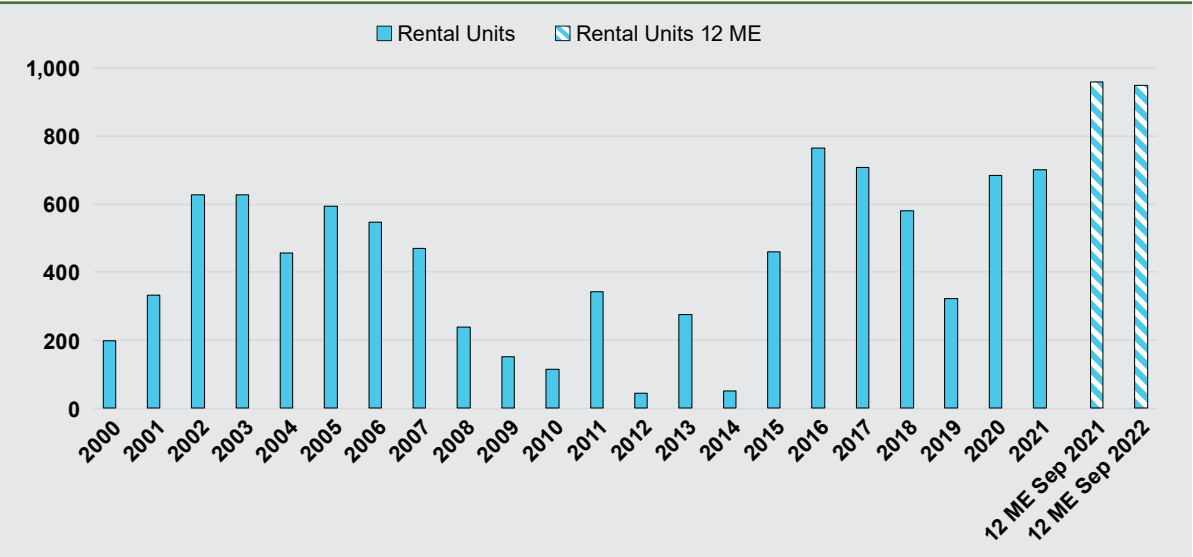
occurred because demand by workers returning to the office outpaced several years of increased construction. Between the third quarter of 2021 and the third quarter of 2022, the average rent rose 7 percent to \$2,137, partly because of the large number of units that have entered the market area in recent years. Just east is the East Side market area, which includes the Jewelry District neighborhood, Brown University, and a significant population of students. During the third quarter of 2022, the vacancy rate in the market area was 3.9 percent, down from 4.3 percent 1 year earlier, and the average rent rose 8 percent to \$2,064. The market area tightened when students returned to the university for in-person classes. The lowest rent in the submarket was \$1,512 in the Northeastern Providence County market area, with a vacancy rate of 1.8 percent, compared with a 1.7-percent rate during the third quarter of 2021. The market area includes the city of Pawtucket. At the same time, the vacancy rates fell 0.2 percentage point and 4.8 percentage points, respectively, in the Southeastern Providence County and the Outlying Providence County market areas, to 2.4 and 0.6 percent. The large drop in the vacancy rate in the latter market area occurred because no new apartments were delivered in the past year, but strong absorption prevailed.

Rental Construction

Rental construction activity, as measured by the number of rental units permitted, has been at elevated levels in the submarket since 2015 and increased to the highest levels on record during the most recent 24-month period (Figure 21). From 2000 through 2007, a period that included strong net in-migration, an average of 480 units were permitted annually. From 2008 through 2014, when the local economy was affected by the Great Recession and lower levels of net in-migration, rental construction activity declined to an average of 170 units a year. Low levels of apartment construction, along with net in-migration and job growth following the Great Recession, contributed to a tightening rental market, and developers responded with rising levels of new construction; from 2015 through 2019, an average of 570 units were permitted annually. Rental permitting rose further to an average of 690 units annually during 2020 and 2021 as the rental market again tightened. During the 12 months ending September 2022, nearly 950 rental units were permitted, down slightly from the nearly 960 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

Nearly 60 percent of rental construction since 2015 has been concentrated in and around the city of Providence. In the East Side market area, the market-rate general occupancy Parcel 6 is under construction and will include 62 units and retail space on the first floor when complete in

Figure 21. Annual Rental Permitting Activity in the Northern Rhode Island Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

December 2022. The largest property under construction in the submarket is the 416-unit Wampanoag Meadows Apartments in East Providence. The property is expected to be complete in July 2023; at completion, the property will feature studio, one-bedroom, and two-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 3,075 new rental units in the Northern Rhode Island submarket (Table 15). The combination of increasing student enrollment and continued economic expansion is expected to result in increasing demand in years two and three of the forecast period. Rental demand is likely to continue to concentrate in and near the city of Providence. The 1,300 units under construction are expected to satisfy a portion of the forecast demand in the submarket.

Table 15. Demand for New Rental Units in the Northern Rhode Island Submarket During the Forecast Period

Rental Units	
Demand	3,075 Units
Under Construction	1,300 Units

Note: The forecast period is October 1, 2022, to October 1, 2025.
Source: Estimates by the analyst

Rental Market— Southern Rhode Island Submarket

Market Conditions: Tight

The estimated overall rental vacancy rate of 4.2 percent is down from 8.6 percent in April 2010, when conditions were soft.

Current Conditions and Recent Trends

The rental market in the Southern Rhode Island submarket is slightly tight, with an estimated 4.2-percent vacancy rate (Table 16), partly because moderate levels of rental construction and net in-migration have contributed to persistently tight market conditions. The submarket has the lower proportion of renters in the HMA, at 29.4 percent, compared with 45.4 percent in the Northern Rhode Island submarket. Because the submarket is less urbanized, it had the higher proportion of single-family homes occupied by renters of the two submarkets in 2021, at 28 percent—down from 29 percent in 2010—and the lower percentage of renter households in buildings with two to four units, at 27 percent, down from 33 percent in 2010. Occupied rental housing in the submarket has been shifting to apartments, and in 2021, approximately 44 percent of all renter households resided in buildings with five or more units, up from 37 percent in 2010.

Table 16. Rental and Apartment Market Quick Facts in the Southern Rhode Island Submarket

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	8.6	4.2
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	29	28
	Multifamily (2–4 Units)	33	27
	Multifamily (5+ Units)	37	44
	Other (Including Mobile Homes)	1	0
Apartment Market Quick Facts		3Q 2022	YoY Change
	Apartment Vacancy Rate	1.2	0.3
	Average Rent	\$1,657	4%

3Q= third quarter. YoY= year-over-year.

Notes: The current date is October 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

Single-Family Rental Market Current Conditions and Recent Trends

Rental market conditions for professionally managed detached and attached single-family homes are tight. During June 2022, the vacancy rates were 1.7 and 1.8 percent, respectively, in Washington and Kent Counties and 2.4 percent in Bristol and Newport Counties (CoreLogic, Inc.). Vacancy rates in the submarket generally have trended downward since 2013—except in Bristol County, where the vacancy rate increased slightly from 2.1 percent in 2012. During June 2022, average rents in the submarket ranged from \$1,703 to \$2,482 for one-bedroom homes, \$2,065 to \$3,180 for two-bedroom homes, \$2,488 to \$3,598 for three-bedroom homes, and \$3,123 to \$4,087 for four-bedroom homes. Rents have consistently been the lowest in Kent County and the highest in Newport County.

Apartment Market Current Conditions and Recent Trends

Apartment market conditions in the submarket are currently tight. Tight conditions have persisted during the three most recent third quarters, and third quarter vacancy rates have declined for 3 consecutive years. During the third quarter of 2022, the apartment vacancy rate was 1.2 percent, down from 1.5 percent a year earlier, and the average rent rose 4 percent to \$1,657, compared with a 9-percent increase from the third quarter of 2020 to the third quarter of 2021 (CoStar Group; Figure 22). By comparison, by the third quarter of 2020, the vacancy rate had declined to 2.9 percent from 3.8 percent 1 year earlier. The decreases in

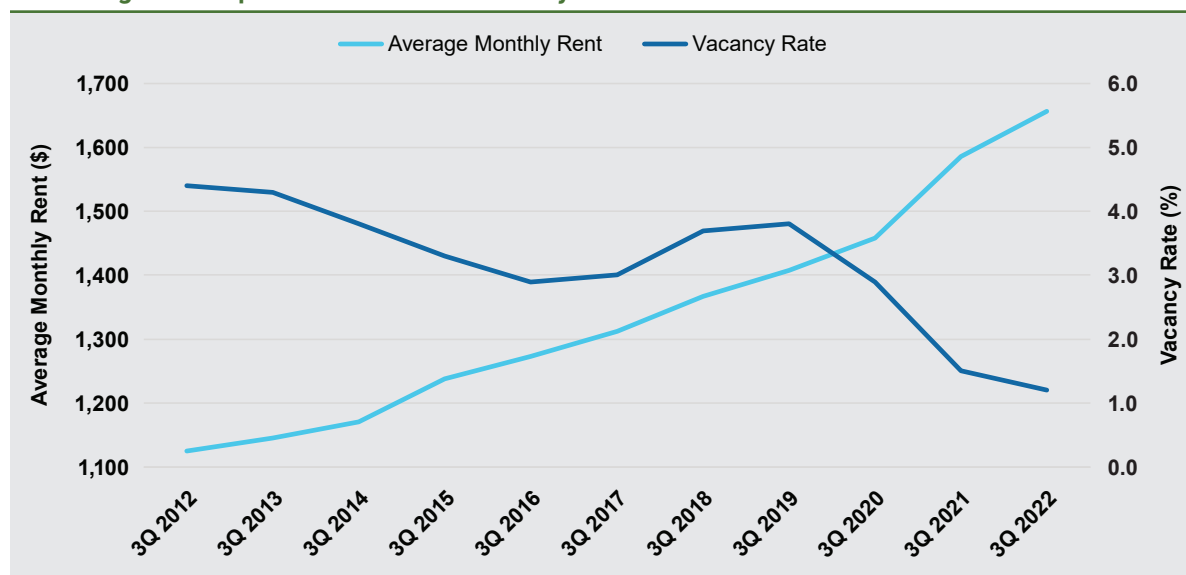
the apartment vacancy rate are partly because of increased demand from residents who moved into the submarket from more urban areas, such as the Northern Rhode Island submarket, to more suburban areas. As of the third quarters of 2019 and 2020, rents in the Southern Rhode Island submarket had risen 3 and 4 percent, respectively.

The apartment vacancy rate decreased from 4.4 percent to 2.9 percent as measured in the third quarters of 2012 through 2016, increased slightly between the third quarters of 2016 and 2017, and rose to 3.7 percent by the third quarter of 2018. The subsequent overall trend of decline occurred because of a lower level of rental construction and steady net in-migration. From the third quarter of 2012 through the third quarter of 2018, average rents rose from \$1,125 to \$1,367, an average annual increase of 3 percent.

Current Apartment Market Conditions by County

Apartment vacancy rates declined in two counties in the submarket and remained unchanged in two during the third quarter of 2022 (CoStar Group). The largest decrease in vacancy rate occurred in Kent County, where the vacancy rate fell 0.5 percentage point to 1.0 percent. The average rent in the county increased 4 percent but remained the lowest in the submarket, at \$1,611. In Washington County, the vacancy rate declined 0.4 percentage point to 0.7 percent. Apartment vacancy rates remained unchanged in Bristol and

Figure 22. Apartment Rents and Vacancy Rates in the Southern Rhode Island Submarket



3Q = third quarter.
Source: CoStar Group

Newport Counties, respectively, at 0.5 and 2.3 percent. Although military personnel live throughout the HMA, as of September 2021, the largest concentration of military personnel and their families lived in off-base housing in Newport County, significantly affecting rental conditions because of increased personnel levels at NAVSTA Newport.

Average monthly rents rose in all four counties between the third quarters of 2021 and 2022, but average rent growth in only one county exceeded the growth rate in the HMA. The average rent rose 7 percent in Newport County to \$1,639. At the same time, the rent rose 4 percent in Bristol County to \$1,834. The smallest rent increase of 3 percent occurred in Washington County, where the average rent rose to \$1,861, the highest rent in the submarket.

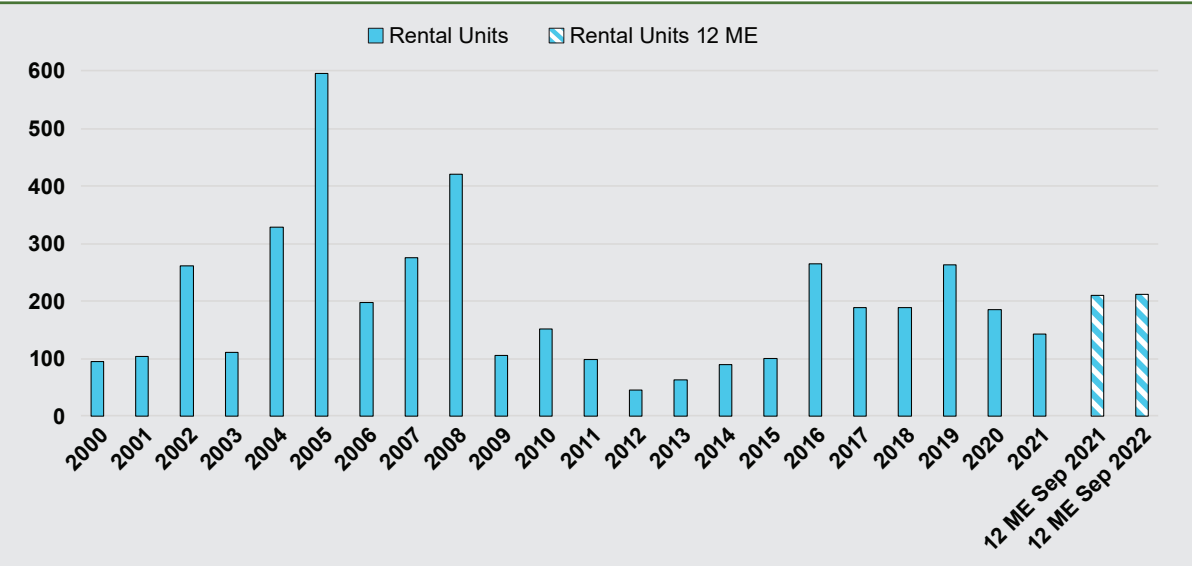
Rental Construction

Builders have increased the amount of rental construction, as measured by the number of units permitted, since 2016 (Figure 23), partly because of tightening market conditions, but the levels are below the early-to-mid-2000s. During 2000 and 2001, an average of 100 rental units were permitted annually, and

permitting increased an average of 55 percent a year, from 260 units in 2002 to a peak of 600 units in 2005; this period included strong population growth. When the submarket was affected by the Great Recession and net out-migration occurred, an average of 300 units were permitted annually from 2006 through 2008. Rental permitting declined further to an average of 95 units a year from 2009 through 2015, allowing for the absorption of recently completed units. Rental permitting rose to an average of 210 units permitted a year from 2016 through 2021 as the rental market tightened. During the 12 months ending September 2022, approximately 210 units were permitted, unchanged from the number permitted a year earlier (preliminary data, with adjustments by the analyst).

Since 2016, Kent and Washington Counties have accounted for 80 percent of new rental construction in the submarket. The largest property under construction in the submarket is in the town of West Warwick, in Kent County, just 13 miles southwest of downtown Providence, and is an old mill conversion to the mixed-use Arctic Mill. When the conversion is complete in September 2023, it will feature a brewpub, 105 market-rate units, and 31 units restricted to households earning 80 to 100 percent of the Area Median Income (AMI). In Washington County, in the town of Exeter, Pine View Apartments are under construction. When complete in February 2023, the property will feature 40 units; 3 units

Figure 23. Annual Rental Permitting Activity in the Southern Rhode Island Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

will be restricted to households earning 30 percent of the AMI, 5 units will be restricted to those earning 50 percent of the AMI, and 32 will be restricted to those earning 60 percent of the AMI.

Forecast

During the 3-year forecast period, demand is estimated for 1,050 new rental units (Table 17). Continued economic and household growth is expected to result in rental demand at a similar level to that of recent years. Significant rental demand is likely to continue in Kent and Washington Counties. The 210 units under construction in the submarket will satisfy a portion of the demand.

Table 17. Demand for New Rental Units in the Southern Rhode Island Submarket During the Forecast Period

Rental Units	
Demand	1,050 Units
Under Construction	210 Units

Note: The forecast period is October 1, 2022, to October 1, 2025.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severely cost burden refers to households spending 51 percent or more of income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period, given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Forecast Period	October 1, 2022–October 1, 2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Lease Up	Refers to apartments that have been recently completed and have yet to reach an occupancy level deemed stabilized.

Net Natural Decrease/ Increase	Resident births minus resident deaths.
New England Region	Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
Stabilized	An apartment property is stabilized once a 90-percent or higher occupancy rate is reached or at least 18 months have passed since the property was completed.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The Providence metropolitan area is coterminous with the Providence-Warwick, RI-MA metropolitan statistical area and includes Bristol County, MA; Bristol County, RI; Kent County, RI; Newport County, RI; Providence County, RI; and Washington County, RI.
3.	The Boston metropolitan area is coterminous with the Boston-Cambridge-Newton, MA-NH metropolitan statistical area and includes Essex County, MA; Middlesex County, MA; Norfolk County, MA; Plymouth County, MA; Suffolk County, MA; Rockingham County, NH; and Strafford County, NH.
4.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	The NAHB/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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