



Manchester-Nashua, New Hampshire

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2017



Housing Market Area



The Manchester-Nashua Housing Market Area (HMA), approximately 60 miles northwest of Boston in southern New Hampshire, is coterminous with the Manchester-Nashua, NH Metropolitan Statistical Area, which consists of Hillsborough County. The HMA includes some of the oldest and largest mill towns in New England, including the cities of Manchester and Nashua, along the Merrimack River.

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Summary

Economy

Economic conditions in the Manchester-Nashua HMA had fully recovered from the recent national recession by 2015, with current average nonfarm payrolls above the previous peak in 2008 by 9,200 jobs. During the 12 months ending July 2017, nonfarm payrolls increased by an average of 3,400 jobs, or 1.4 percent, to 240,300. During the 3-year forecast period, nonfarm payrolls are expected to rise an average of 1.4 percent annually. Table DP-1 at the end of this report provides additional employment data.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated 1.0-percent vacancy rate, down from 1.5 percent in April 2010. During the forecast period, demand is estimated for 2,650 new homes (Table 1). Demand is expected to increase slightly each year during the forecast period as net in-migration increases. The 170 homes under construction will meet a portion of the forecast demand.

Rental Market

The current rental housing market is balanced. The overall rental vacancy rate is estimated at 6.3 percent, down from 7.5 percent in April 2010. The apartment market is slightly tight, with a vacancy rate of 3.3 percent during the second quarter of 2017, up from 3.1 percent a year earlier (Axiometrics, Inc.). During the forecast period, demand is estimated for 1,625 new market-rate rental units (Table 1). The 480 units currently under construction will meet a portion of that demand.

Table 1. Housing Demand in the Manchester-Nashua HMA During the Forecast Period

	Manchester-Nashua HMA	
	Sales Units	Rental Units
Total demand	2,650	1,625
Under construction	170	480

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2017. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

Economic Conditions

The combined Manchester, NH New England City and Town Area (NECTA) and the Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA (hereafter, Manchester-Nashua NECTA) have similar geographies to the Manchester-Nashua HMA and contain all the major employment and population centers in the HMA. The Manchester-Nashua NECTA is used in the discussion of nonfarm payrolls, because the data are readily available for the NECTAs from the U.S. Bureau of Labor Statistics. All other data relate to the Manchester-Nashua HMA.

The economy of the HMA has improved since 2011, following 2 years of job losses. The Manchester-Nashua NECTA lost an average of 6,000 jobs, or 2.6 percent, annually during 2009 and 2010 because of the effects of the national recession. From 2011 through 2016, nonfarm payrolls rose at an annual rate of 3,200 jobs, or 1.4 percent. The economy recovered the jobs lost because of the recession by 2015, and nonfarm payrolls are currently 4.0 percent higher than the previous peak that occurred in 2008.

Prior to the national recession, nonfarm payrolls in the NECTA

increased steadily from 2003 through 2008. Most of this job growth occurred from 2003 through 2005, when nonfarm payrolls rose by 4,100, or 1.8 percent, annually. During this period, the financial activities sector accounted for most of the job increases, rising by 900 annually, or 5.2 percent, partially due to Fidelity Investments, the largest employer in the HMA (Table 2), adding approximately 500 jobs. In contrast, from 2006 through 2008, job growth slowed in the NECTA to an annual increase of 600 jobs, or 0.3 percent. Annual job losses of 600 each, or 5.2 and 3.4 percent, respectively, in the mining, logging, and construction and the financial activities sectors were a drag on the economy as firms cut back on employment because of the slowdown in mortgage lending and housing construction. Job decreases in these sectors began in 2006, before the official start of the national recession in December 2007, serving as a leading indicator of the direction of the economy during this period as the housing market slowed. These losses offset job growth in the professional and business services and the education and health services sectors, which grew by 1,100 jobs, or 4.3 percent, and 900 jobs, or 2.8 percent, respectively. When the effects of the national recession started to impact the NECTA, nearly every employment sector lost jobs during the 2009-through-2010 period, except for the education and health service sector, which grew by 700 jobs, or 2.0 percent.

When the economy of the Manchester-Nashua HMA began to improve in 2011, the education and health services and the professional and business services sectors led job growth from 2011 through 2016, accounting for 34 and 28 percent of job

Table 2. Major Employers in the Manchester-Nashua HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fidelity Investments	Financial activities	6,000
Elliot Health System	Education & health services	3,682
BAE Systems, Inc.	Manufacturing	3,200
Catholic Medical Center	Education & health services	2,600
Southern New Hampshire Health	Education & health services	2,221
Southern New Hampshire University	Education & health services	2,093
Eversource Energy	Transportation & utilities	1,400
FairPoint Communications, Inc.	Transportation & utilities	1,300
St. Joseph Hospital	Education & health services	1,247
TD Bank, N.A.	Financial activities	1,100

Note: Excludes local school districts.

Sources: Economic & Labor Market Information Bureau, *NH Employment Security*, December 2016; Manchester Economic Development Office, June 2017; City of Nashua, July 2016

gains, respectively. The education and health services sector rose by 1,100 jobs, or 2.8 percent annually, during this period, including the addition of more than 900 jobs at the \$12 million expansion of Elliot Health System's River's Edge facility in 2011. The professional and business services sector rose by 900 jobs, or 3.1 percent, annually. The only two sectors to lose jobs during this recovery and expansionary period were the government and the manufacturing sectors, which lost averages of 400 and 300 jobs annually, or 1.5 and 1.0 percent,

respectively. Job losses in the government sector were, in part, because of a 1.4-percent average annual decline in state government expenditures from 2010 to 2015 that led to layoffs of state and local government workers (State & Local Finance Data Query System, Urban Institute & Brookings Institution Tax Policy Center).

During the 12 months ending July 2017, nonfarm payrolls averaged 240,300, a 3,400-job increase, or 1.4 percent, from 1 year earlier (Table 3). This year-over-year job growth was lower than the 2.0-percent gain during the 12 months ending July 2016. Job gains during the 12 months ending July 2017 were widespread with 9 out of the 11 nonfarm payroll sectors adding jobs. The unemployment rate averaged 2.9 percent during the 12 months ending July 2017, down from 3.1 percent during the same period a year earlier. By comparison, the unemployment rate peaked at 6.5 percent in 2009 and averaged 3.8 percent from 2003 through 2008 (Figure 1).

The education and health services sector, which currently has 43,100 jobs, led job growth in the Manchester-Nashua NECTA during the 12 months ending July 2017, increasing by 1,800, or 4.4 percent, from the same period a year earlier. This sector is one of the foundations of the economy, comprising about 18 percent of all nonfarm payrolls in the NECTA (Figure 2), largely due to the presence of several large hospitals and medical facilities. Elliot Health System, Catholic Medical Center, Southern New Hampshire Health, and St. Joseph Hospital are among the largest employers in the Manchester-Nashua HMA. These hospitals and other medical facilities provide a total economic impact of \$1.2 billion

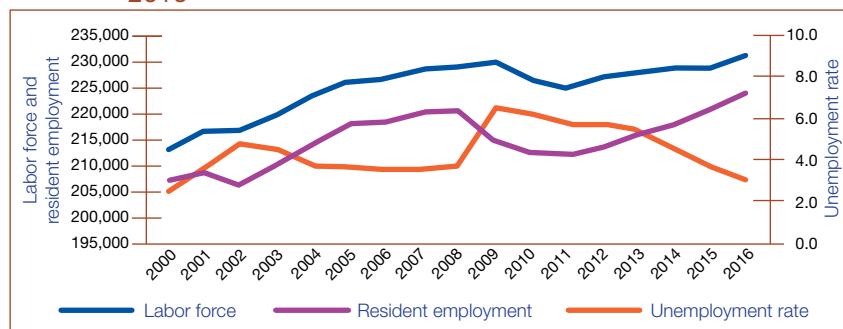
Table 3. 12-Month Average Nonfarm Payroll Jobs in the Manchester-Nashua HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	July 2016	July 2017		
Total nonfarm payroll jobs	236,900	240,300	3,400	1.4
Goods-producing sectors	37,700	38,200	500	1.3
Mining, logging, & construction	10,200	10,500	300	2.9
Manufacturing	27,600	27,700	100	0.4
Service-providing sectors	199,200	202,100	2,900	1.5
Wholesale & retail trade	43,700	43,900	200	0.5
Transportation & utilities	5,900	6,000	100	1.7
Information	5,300	5,200	-100	-1.9
Financial activities	15,700	15,900	200	1.3
Professional & business services	31,500	31,800	300	1.0
Education & health services	41,300	43,100	1,800	4.4
Leisure & hospitality	21,200	21,700	500	2.4
Other services	9,900	10,000	100	1.0
Government	24,600	24,400	-200	-0.8

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through July 2016 and July 2017. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA.

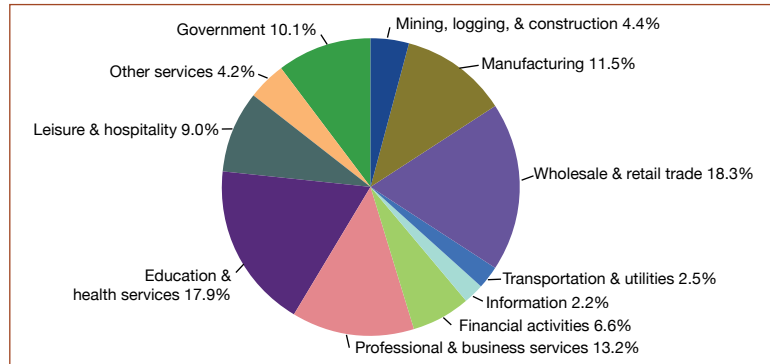
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Manchester-Nashua HMA, 2000 Through 2016



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Manchester-Nashua HMA, by Sector



Notes: Current is based on 12-month averages through July 2017. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA.

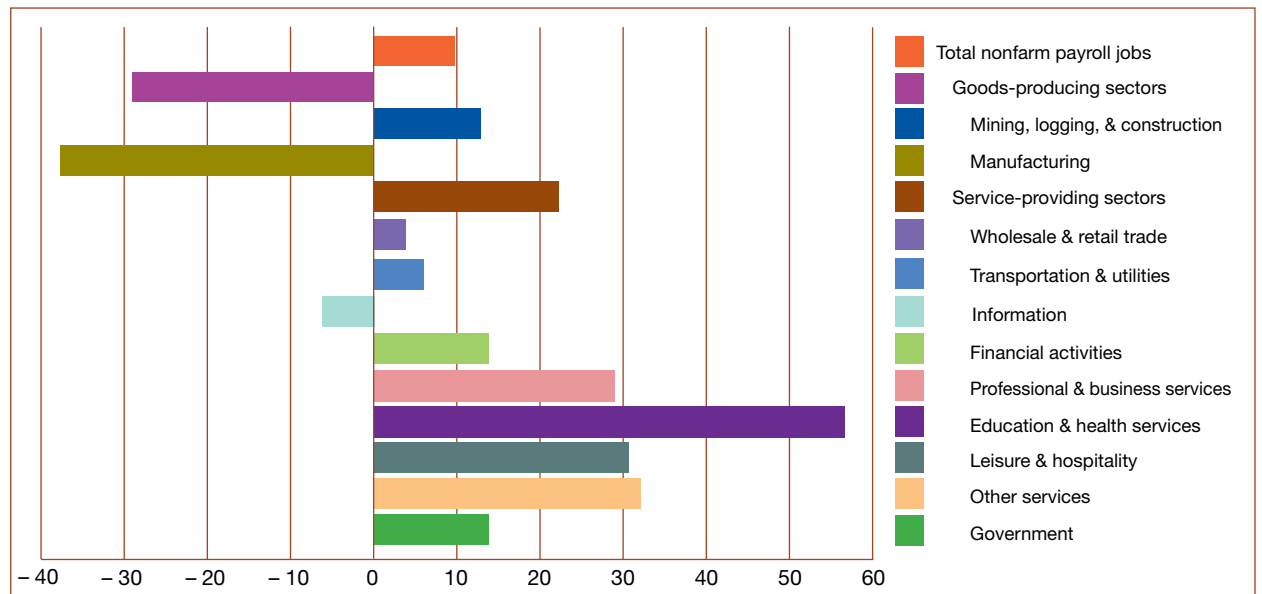
Source: U.S. Bureau of Labor Statistics

in the HMA and provide more than 18,000 direct and indirect jobs (New Hampshire Hospital Association, 2015). The HMA contains many private colleges and universities, including Southern New Hampshire University and Saint Anselm College, which had on-campus enrollments of 4,092 and 1,930 for the 2016–2017 school year, respectively.

The professional and business services sector, accounting for 13 percent of jobs in the Manchester-Nashua NECTA, has been a strong contributor to the economy as well, rising by an average of 700 jobs, or 2.5 percent, annually since 2003. Growth in this sector can be partially attributed to many high-technology (hereafter, high-tech) firms that were founded in the Manchester-Nashua HMA, leading to the nickname of Silicon Millyard in downtown Manchester, the location of most of the old textile mills. Dyn, Inc., an internet performance management company that now employs 350 people, opened in 2001 in the city of Manchester with 15 employees; Oracle Corporation acquired the company for about \$600 million in late 2016. Skillsoft, an educational software and technology

company headquartered in the city of Nashua, opened in 1998 and employs nearly 280 people in the HMA. The high-tech sector contributes nearly \$3 billion to the New Hampshire economy (New Hampshire High Tech Council). During the 12 months ending July 2017, the professional and business services sector increased by 300 jobs, or 1.0 percent.

The manufacturing sector currently accounts for 12 percent of nonfarm payrolls in the NECTA, down from nearly 21 percent in 2000, the highest percentage decline of all sectors in the HMA since 2000 (Figure 3). Despite nonfarm payroll losses in the manufacturing sector every year from 2004 through 2013 at an average rate of 2.4 percent annually, more recently, manufacturing jobs increased modestly at 0.4 percent annually from 2014 through 2015. During the 12 months ending July 2017, manufacturing jobs increased by 100, or 0.4 percent. In December 2016, the Advanced Regenerative Manufacturing Institute (ARMI) in the city of Manchester received \$80 million in federal funding from the U.S. Department of Defense and \$214 million in funding from other sources as part of a federal biomanufacturing initiative that will create an industry to regenerate human tissue and organs. The founder of ARMI expects to employ 100 people at the firm's headquarters by the end of 2017, with the initiative expected to create hundreds of jobs in spin-off projects. ARMI joins BAE Systems, Inc., one of the largest employers in the HMA, as a manufacturing defense contractor in the HMA. BAE Systems' Electronic Systems Unit, which is headquartered in the city of Nashua, manufactures commercial and defense electronic systems for flight and engine controls, among other products.

Figure 3. Sector Growth in the Manchester-Nashua HMA, Percentage Change, 2000 to Current

Notes: Current is based on 12-month averages through July 2017. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA.

Source: U.S. Bureau of Labor Statistics

The economic outlook for the Manchester-Nashua HMA is positive, with forecast job growth expected to maintain a similar rate of increase as during the period from 2011 through 2016. Total nonfarm payrolls are expected to rise by an average of 3,400 jobs, or 1.4 percent, annually during the 3-year forecast period. With a growing high-tech sector, including ARMI and other biomanufacturing firms, it is anticipated that the HMA will benefit from growth in high-tech and related manufacturing jobs during the forecast. For example, PillPack, a pharmaceutical software company with a presence in the city

of Manchester, is expected to expand its nearly 400-person workforce after receiving \$118 million in venture capital funding. Retrieve Technologies, a maker of mobile video communications platforms, is expected to employ 70 people by the end of 2017 after launching with seven employees in the city of Manchester in 2015. The proximity of the HMA to the city of Boston, which has students and employees knowledgeable in biotechnology and other high-tech industries and manufacturing, likely will provide the HMA with the labor force necessary to meet the demand for skilled employees.

Population and Households

As of August 1, 2017, the population of the Manchester-Nashua HMA is estimated at 410,000,

an average annual increase of 0.3 percent, or 1,275, since 2010. Despite strong job growth and net in-migration

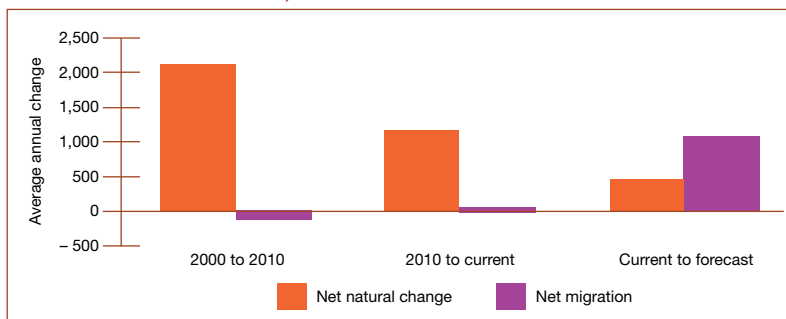
during this period, the population growth rate is slower than the 0.5-percent annual increase from 2000 to 2010 because of relatively lower net natural change (resident births minus resident deaths) due to the aging population. The share of population ages 55 years and older increased to 29 percent in 2016, up from 24 percent in 2010 (American Community Survey [ACS] 1-year estimates).

When job growth was strong from 2003 to 2005, the annual population growth in the HMA was approximately 2,450, or 0.6 percent (U.S. Census Bureau population estimates as of July 1). Net natural change averaged 2,350 people annually, accounting for nearly all the population increase during this period. However, from 2005 to 2008, the population grew at a lower average annual rate of 0.3 percent, or 1,050 people, annually, with a net natural change of 2,150 people and net out-migration averaging 1,100 annually as people moved out of the HMA, because job growth slowed. From 2008 to 2010, overall population grew barely 0.2 percent, or 740, a year, with net natural change falling to 1,650 people and net out-migration of 910 people annually. Despite a turnaround in economic conditions,

overall population growth was modest from 2010 to 2013, with net natural change declining to 1,425 and net out-migration of 670 leading to annual population growth of 0.2 percent. However, since 2013, as the economy continues to improve, population growth has increased slightly, rising to 1,650 people, or 0.4 percent, annually. More than 40 percent of the population change during this period can be attributed to net in-migration of 700 people, a reverse of the trend of out-migration in the HMA that occurred every year from 2005 to 2013. Nonetheless, net natural change continued to decline, averaging only 950 people a year since 2013. This declining net natural change can be attributed to rising deaths and lower births because of an aging population. Figure 4 shows the components of population change from 2000 to the forecast date.

The recent trend of net in-migration can partially be attributed to people moving into the HMA from Massachusetts counties because of relatively lower home prices and a favorable tax environment. A net of nearly 1,500 people moved into the Manchester-Nashua HMA from nearby Massachusetts counties, with the most coming from Middlesex, Norfolk, and Worcester Counties (2011–2015 ACS 5-year estimates). Furthermore, it is expected that this trend will continue as people move into the Manchester-Nashua HMA, in part, because of the high costs of living in the city of Boston and its surrounding suburbs. The average price of a home in the Boston, MA, and Cambridge-Newton-Framingham, MA Metropolitan Divisions are more than double the average price of a home in the Manchester-Nashua

Figure 4. Components of Population Change in the Manchester-Nashua HMA, 2000 to Forecast



Notes: The current date is August 1, 2017. The forecast date is August 1, 2020.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued*

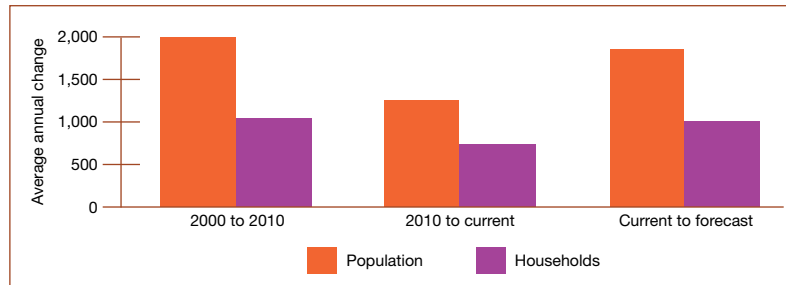
HMA (CoreLogic, Inc.). Specifically, the cities and towns in the southern portion of the Manchester-Nashua HMA, including Hudson, Nashua, and Pelham, may have increased in-migration because of a relatively

short commute to the Boston, MA, and Cambridge-Newton-Framingham, MA Metropolitan Divisions.

An estimated 161,450 households reside in the Manchester-Nashua HMA, reflecting an average annual increase of 820, or 0.5 percent, since 2010. From 2000 to 2010, the number of households grew by an average of 1,100, or 0.7 percent, annually (Figure 5). An estimated 65.5 percent of current households, or 105,700 households, are homeowners compared with homeownership rates of 66.9 and 64.9 percent in 2010 and 2000, respectively. The decline in the homeownership rate in the HMA since 2010 reflects the effects of the foreclosure crisis and recession, when household preferences shifted toward renting. Figure 6 illustrates the number of households by tenure from 2000 through the current date.

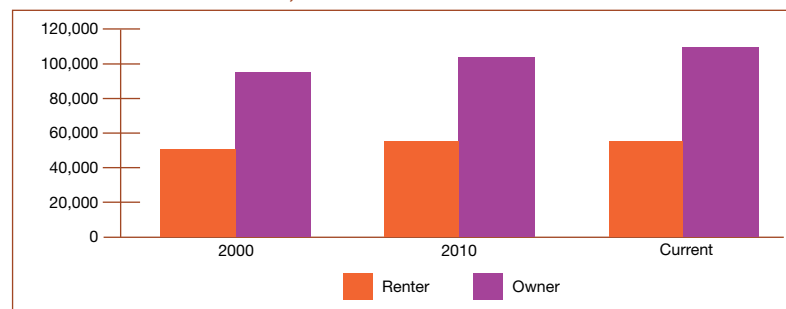
During the 3-year forecast period, the HMA is expected to add an average of 1,900 people, or 0.5 percent, annually, with 55 percent of the growth because of net in-migration. The number of households in the HMA is expected to grow by 1,075, or 0.7 percent, annually during the next 3 years, reaching 164,700 by August 1, 2020.

Figure 5. Population and Household Growth in the Manchester-Nashua HMA, 2000 to Forecast



Notes: The current date is August 1, 2017. The forecast date is August 1, 2020. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Manchester-Nashua HMA, 2000 to Current



Note: The current date is August 1, 2017. Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Manchester-Nashua HMA is currently balanced, with an estimated 1.0-percent vacancy rate, down from 1.5 percent in April 2010. The decline in the vacancy rate reflects an improvement in the sales market, because the

economy has strengthened since 2011, and much of the excess inventory has been absorbed. During the 12 months ending July 2017, the HMA averaged 2.6 months of supply of new and existing homes available for sale, down from 3.2 months a year earlier and a

Housing Market Trends

Sales Market *Continued*

peak of 11.8 months of supply during the 12 months ending December 2008 (CoreLogic, Inc.).

Total home sales (including new and existing single-family homes, townhomes, and condominiums) increased 8 percent to 7,375 during the 12 months ending July 2017 compared with 14-percent growth during the same period a year earlier (CoreLogic, Inc., with adjustments by the analyst). Total home sales have risen an average of 12 percent annually since bottoming out at 4,250 homes sold during the 12 months ending July 2011, following a period of job losses and net out-migration. Despite the turnaround in home sales, current home sales are 26 percent below the prerecession peak of 9,975 homes sold during the 12 months ending July 2004, when job growth and increases in population were relatively strong. Even though home sales are currently less than the prerecession peak, the average home sales price of \$261,900 during the 12 months ending July 2017 surpassed the previous high of \$261,300 in the 12 months ending July 2006. Since reaching a post-recession low of \$195,200 during the 12 months ending July 2012, the average sales price in the HMA has increased about 7 percent annually. By comparison, from July 2001 to July 2006, during a period of strong overall home sales because of increased labor force and employment growth, the average sales price rose approximately 11 percent annually.

As of July 2017, 1.3 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 1.9 percent in July 2016 and 2.4 percent in July

2015. By comparison, 1.4 percent of home loans in New Hampshire and 2.2 percent of home loans in the nation were seriously delinquent or had transitioned into REO status in July 2017. Although the foreclosure crisis affected the HMA, it was not to the same degree as the widespread impact to other parts of the nation. The percentage of seriously delinquent loans and REO properties in the HMA reached a high of 5.7 percent in February 2010; the national rate peaked at roughly the same time at 8.6 percent in January 2010 (CoreLogic, Inc.) Despite the decrease in the rate of seriously delinquent loans and REO properties, the rate in the HMA is still above the average rate of 1.1 percent from 2000 through 2008.

REO sales totaled 380 during the 12 months ending July 2017, a decline of 140, or 26 percent, from the previous 12 months. During this period, REO sales accounted for about 5 percent of total sales, down from nearly 8 percent a year before. The average REO sales price was \$166,000, up 8 percent from a year earlier and 38 percent less than the average regular resale price of \$265,700. By comparison, from 2000 through 2006, REO sales in the HMA averaged 45, comprising less than 1 percent of total sales, before rising nearly every year from 2007 to a peak of 930 in 2012, when REO sales accounted for 18 percent of total sales. At this peak in 2012, the average sales price of an REO transaction was \$107,500, 52 percent less than the average regular resale price of \$224,300, contributing to the overall decline in home prices in the HMA. Since 2012, total REO sales have declined every year an average of 15 percent, while REO sales prices have increased an average of 10 percent annually.

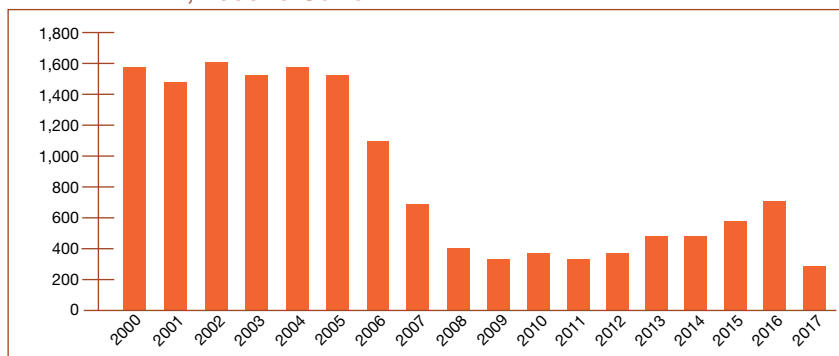
During the 12 months ending July 2017, approximately 430 single-family homes were permitted, a decrease of about 30 homes, or 7 percent, compared with single-family homes permitted during the previous 12-month period (preliminary data). Since 2009, homebuilding has been concentrated in the cities of Manchester and Nashua, which account for 27 and 21 percent of the population in the HMA, respectively, and the towns of Hudson and Pelham in the southern portion of the Manchester-Nashua HMA, where residents benefit from a relatively short commute to the city of Boston and other Massachusetts municipalities.

Single-family home construction, as measured by the number of single-family homes permitted, reached a low in 2009, when only 320 homes were permitted (Figure 7) because of a lack of demand for new homes stemming from job losses and net out-migration. From 2006 through 2009, single-family home construction decreased at an average annual rate of 32 percent as slow job growth hindered housing demand. Building activity increased modestly from 2010 through 2016, when an average of 470 single-family homes were permitted annually, rising

at an average annual rate of 12 percent. In contrast, from 2000 through 2005, single-family home construction was relatively stable, averaging 1,550 units permitted annually when labor force and employment growth spurred housing demand and home construction. With 1,600 units permitted in 2002, single-family home construction in the HMA reached its highest level since 1988.

Recent construction activity in the municipalities with significant homebuilding includes single-family homes in the Brookfield subdivision in the city of Manchester. In the 12 months ending July 2017, 18 new homes, consisting of three to four bedrooms, sold in this subdivision, ranging in price from \$264,000 to \$444,000. More than 80 percent of the 43 lots in the subdivision have been built and sold. Kirkpatrick Village in the city of Nashua was also under construction during this period. During the past 12 months, 12 three- to four-bedroom homes in this subdivision sold, ranging in price from \$350,000 to \$390,000. All 16 lots in Kirkpatrick Village have been built and sold. Thirteen homes ranging in price from \$185,000 to \$390,000 were built and sold in Sparkling River Condominium, a community of attached and detached single-family homes for people ages 55 years and older, in the town of Hudson during the 12 months ending July 2017. About 90 homes have been built and sold in Sparkling River. In the town of Pelham, 21 homes in the Garland Woods subdivision sold during the 12 months ending July 2017. Homes built and sold in this subdivision have two to four bedrooms, ranging in price from \$350,000 to \$550,000.

Figure 7. Single-Family Homes Permitted in the Manchester-Nashua HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Manchester-Nashua HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	249,999	270	10.0
250,000	299,999	340	13.0
300,000	349,999	530	20.0
350,000	399,999	720	27.0
400,000	499,999	610	23.0
500,000	and higher	190	7.0

Notes: The 170 homes currently under construction in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

Approximately 90 percent of the lots in Garland Woods have been built and sold.

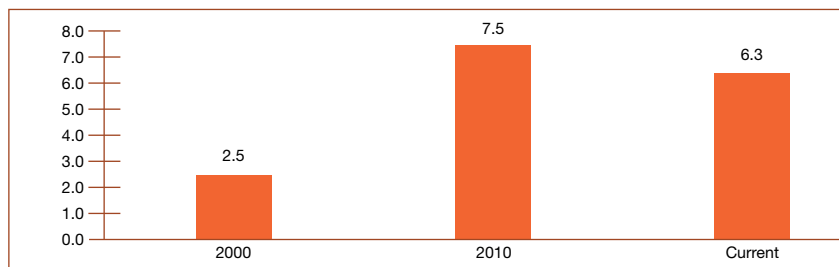
During the 3-year forecast period, demand is expected for 2,650 new homes, with slightly increasing demand in the second and third years of the forecast period. The 170 homes currently under construction will partially meet that demand (Table 1). It is estimated that demand will be strongest for homes priced between \$350,000 and \$499,999 (Table 4).

Rental Market

Overall rental housing market conditions in the Manchester-Nashua HMA are balanced, with a rental vacancy rate (including apartments, single-family homes, mobile homes, and other rental units) estimated at 6.3 percent as of August 1, 2017 (Figure 8), down from 7.5 percent in April 2010 when rental market conditions were soft. In contrast, the market for apartments is slightly tight with a vacancy rate of 3.3 percent during the second quarter of 2017, up from 3.1 percent a year earlier (Axiometrics, Inc.). The difference between the vacancy rate for the overall rental market and the

apartment market is because nearly 30 percent of all rental units in the HMA were built in smaller structures (both single-family rentals and smaller multifamily buildings) before 1940 (2016 ACS 1-year estimates), which tend to have a higher vacancy rates. In contrast, nearly 11 percent of all rental units in the nation were built in smaller structures before 1940.

The average asking rent for apartments increased 3 percent to \$1,400 in the second quarter of 2017 from \$1,363 a year earlier (Axiometrics, Inc.). After a 7-percent year-over-year increase in the second quarter of 2004 from \$1,077 to \$1,154, the average asking rent in the HMA declined an average of 2 percent annually from the second quarter of 2004 to \$1,069 in the second quarter of 2009 as the demand for rental housing decreased, in part, because of weakening economic conditions. From the second quarter of 2009 to the second quarter of 2016, the average asking rent in the HMA increased an average of 4 percent annually.

Figure 8. Rental Vacancy Rates in the Manchester-Nashua HMA, 2000 to Current

Note: The current date is August 1, 2017.

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

During the 12 months ending July 2017, approximately 370 multifamily units were permitted, about 25 percent higher than the 290 units permitted a year earlier (preliminary data). Multifamily construction activity, as measured by the number of units permitted, averaged 530 units annually from 2010 through 2015, with a peak of 700 units in 2014. From 2002 through 2004, when population, labor force, and employment growth was stronger, multifamily construction averaged 740 units annually, peaking at 860 in 2004 (Figure 9). Multifamily construction then slowed from 2005 through 2009, decreasing an average of 26 percent per year and averaging 360 units annually, when job growth decelerated and then turned negative.

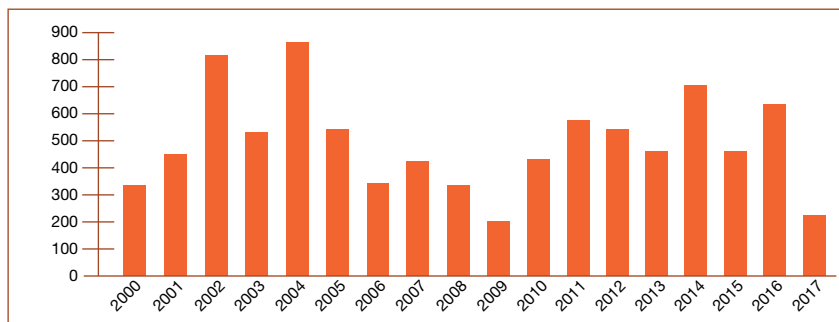
About 90 percent of the recent multifamily construction in the HMA has been concentrated in the cities of Manchester and Nashua, the main population centers, and the town of Bedford, which is outside of Manchester in the northern portion of the HMA. Apartments in lease-up include the Residences at Riverwalk, a 150-unit development in the city of Manchester completed in 2016. The property consists of studios and one- and two-bedroom apartments with rents ranging from \$1,060 to \$1,800.

Several properties in the cities of Manchester and Nashua underwent conversion from old mills and manufacturing buildings into residential developments in recent years. Since 2010, about 725 units have been converted from old mills into residential use (McGraw-Hill Construction Pipeline database, with estimates by the analyst). This conversion includes The Lofts at Mill West in Manchester that opened in 2014. This development now consists of 450 studio, one-, and two-bedroom apartments with rents ranging from \$1,200 to \$2,800.

The HMA is home to several colleges and universities that house students, including Southern New Hampshire University, Saint Anselm College, Rivier University, University of New Hampshire at Manchester, and New Hampshire Institute of Art. More than 53 percent of the nearly 9,000 students enrolled at these schools are housed in on-campus dormitories. Of the remaining students, most are estimated to reside within the HMA, and student households account for approximately 2 percent of all renter households. Southern New Hampshire University is currently constructing a 384-bed dormitory, which is intended to replace an older dormitory, and is expected to be complete by the beginning of the 2018–2019 school year.

During the 3-year forecast period, demand is expected for 1,625 new market-rate rental units, with demand gradually increasing each year during the forecast, in part, because of rising in-migration. The 480 units currently under construction are expected to satisfy a portion of that demand (Table 1). The Residences at Riverfront Landing in the city of Nashua,

Figure 9. Multifamily Units Permitted in the Manchester-Nashua HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2017.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

consisting of about 230 studio, one-, and two-bedroom apartments, is expected to be complete in the second year of the forecast; construction of this property began in November

2016. Rents in this development are not yet determined. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Manchester-Nashua HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
1,000 or more	80	1,150 to 1,349	55	1,300 to 1,499	90	1,800 or more	80
		1,350 to 1,549	230	1,500 to 1,699	180		
		1,550 or more	280	1,700 or more	620		
Total	80	Total	560	Total	890	Total	80

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 480 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2017, to August 1, 2020.

Source: Estimates by analyst

Data Profile

Table DP-1. Manchester-Nashua HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	207,152	212,237	226,200	0.2	1.0
Unemployment rate	2.5%	6.2%	2.9%		
Nonfarm payroll jobs	219,200	218,700	240,300	0.0	1.4
Total population	380,841	400,721	410,000	0.5	0.3
Total households	144,455	155,466	161,450	0.7	0.5
Owner households	93,748	103,951	105,700	1.0	0.2
Percent owner	64.9%	66.9%	65.5%		
Renter households	50,707	51,515	55,750	0.2	1.1
Percent renter	35.1%	33.1%	34.5%		
Total housing units	149,961	166,053	171,300	1.0	0.4
Owner vacancy rate	0.5%	1.5%	1.0%		
Rental vacancy rate	2.5%	7.5%	6.3%		
Median Family Income	\$62,363	\$76,870	\$92,333	2.1	2.7

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is August 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 8/1/2017—Estimates by the analyst
 Forecast period: 8/1/2017–8/1/2020—Estimates
 by the analyst

The metropolitan statistical area and metropolitan New England city and town area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

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.

For additional data pertaining to the housing market for this HMA, go to http://huduser.gov/publications/pdf/CMARtables_Manchester_NashuaNH_18.pdf.

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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.

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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.