

728.1
:308
F22
Keene, N. H.
1965

Analysis of the
**KEENE, NEW HAMPSHIRE
HOUSING MARKET**

as of November 1, 1965

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
LIBRARY
WASHINGTON, D.C. 20410

MAY 13 1966

**A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

May 1966

ANALYSIS OF THE
KEENE, NEW HAMPSHIRE, HOUSING MARKET
AS OF NOVEMBER 1, 1965

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
LIBRARY
WASHINGTON, D.C. 20410

MAY 13 1966

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

Table of Contents

	<u>Page</u>
Summary and Conclusions	i
Housing Market Area	1
Map of the Area	3
The Economic Base	
Character and History	4
Employment	4
Principal Employers	5
Unemployment	6
Employment Prospects	6
Income	6
Demographic Factors	
Population	8
Households	10
Housing Market Factors	
Housing Supply	12
Residential Building Activity	14
Tenure of Occupancy	15
Vacancy	15
Sales Market	16
Rental Market	18
Demand for Housing	
Quantitative Demand	19
Qualitative Demand	19

ANALYSIS OF THE
KEENE, NEW HAMPSHIRE, HOUSING MARKET
AS OF NOVEMBER 1, 1965

Summary and Conclusions

1. Total employment in the Keene HMA is estimated to have averaged 18,400 from October 1964 through September 1965. The New Hampshire Department of Employment Security estimates that employment averaged 18,170 in 1964. Although there were declines in some years and sharp increases in other years, the trend in employment has been generally upward. Between 1950 and 1964 annual increments to employment averaged 120 jobs. During the November 1965 through November 1967 forecast period, a gain of about 125 workers annually appears to be a reasonable expectation.

It is estimated that unemployment during the first nine months of 1965 averaged 2.0 percent of the work force. The level of unemployment fell from 3.5 percent of the work force in 1960 to 2.8 percent in 1964. The continued drop in the rate of unemployment indicates a tightening in the labor market.

2. The current median income for all families, after deduction of Federal income taxes, is estimated to be \$6,850. The current renter median after-tax income is \$5,800. By 1967 median incomes are expected to increase to \$7,250 for all families and to \$6,150 for all renter families.
3. The current population of the Keene HMA is approximately 45,650, a gain of about 410 persons a year since April 1, 1960. The city of Keene currently has a population of about 18,900 and the rest of the HMA has 26,750 residents. The population of the HMA is expected to total an estimated 46,450 at the end of the two-year forecast period (November 1, 1965-November 1, 1967).
4. Currently, there are approximately 13,950 households in the Keene HMA, an increase of about 130 a year since April 1, 1960. The city of Keene has added about 460 households since 1960 and there are now approximately 6,025 within the city limits. By November 1967 households in the Keene HMA are expected to total 14,200, an increase of about 125 annually.
5. There are approximately 17,600 housing units in the Keene HMA currently, a gain of nearly 150 a year since April 1, 1960. The current inventory estimate includes resident-occupied units, nonseasonal vacant units, and seasonal units. About 650 nonseasonal dwelling units have been

built in the Keene HMA since April 1960. The annual number of single-family dwelling units authorized by building permits between 1960 and 1964 has remained stable (about 90 a year). Of the total building permits issued during this period less than four percent have been for multifamily units. At present about 40 single-family units and 10 multifamily units are under construction in the HMA.

6. There are, as of November 1965, an estimated 400 available vacant housing units for sale or rent in the Keene HMA. Of this total 150 units (about 20 units lacking some plumbing facility) are available for sale and 250 units (including about 75 units lacking some plumbing facility) are available for rent, indicating homeowner and rental vacancy rates of 1.5 percent and 5.5 percent, respectively. The present vacancy levels reflect an improvement since April 1960, when the homeowner and rental vacancy rates were reported to be 1.9 percent and 7.1 percent.
7. During the November 1965-November 1967 forecast period, there will be a prospective housing demand for 125 housing units annually, including 100 sales units and 25 rental units concentrated in small units in structures of modest size. Demand for new sales housing by sales price range is expected to approximate the pattern indicated on page 19. Total annual demand for rental units will be concentrated at or close to the minimum achievable rents by unit size shown on page 20. Should construction of multifamily housing not reach this level, there will be a corresponding increase in demand for sales housing. It is likely that the location of new units will be similar to patterns established in recent years.

ANALYSIS OF THE
KEENE, NEW HAMPSHIRE, HOUSING MARKET
AS OF NOVEMBER 1, 1965

Housing Market Area

The Keene, New Hampshire, Housing Market Area (HMA) is defined as Cheshire County, New Hampshire. The county had a 1960 population of almost 43,350 in an area of 717 square miles.^{1/} Situated in the southwest corner of New Hampshire, Cheshire County is bordered on the west by the Connecticut River, which forms the boundary between Vermont and New Hampshire. The southern border of the county is the Massachusetts state line.

The city of Keene is the only urban area in the HMA and is centrally positioned, serving as a commercial and trade hub for the area. Relative to other urban markets, the city is approximately 54 miles west of Manchester, and 87 miles northwest of Boston. Topographically, the Keene HMA is characterized by wooded hills. The city of Keene is located in a valley which is one of the few areas in the county suitable for urban development.

Transportation facilities and highways in the HMA are adequate to support current passenger and freight traffic. The Dillant-Hopkins Municipal Airport, located two and one-half miles from the Keene town center, serves the HMA, providing daily flights via Northeast and Mohawk Airlines to New York, Boston, Syracuse, Buffalo, and Detroit. The Cheshire Transportation Company offers bus service in the city of Keene and to the neighboring towns of Marlboro, Winchester, and West Swanzey. The Vermont Transit Company furnishes daily bus transportation from Keene through Vermont and north into Canada. Freight service to all points is offered by the Boston and Maine Railroad and twelve trucking firms based in the city of Keene. The Keene HMA is transversed by a network of primary state highways which intersect in the city of Keene.

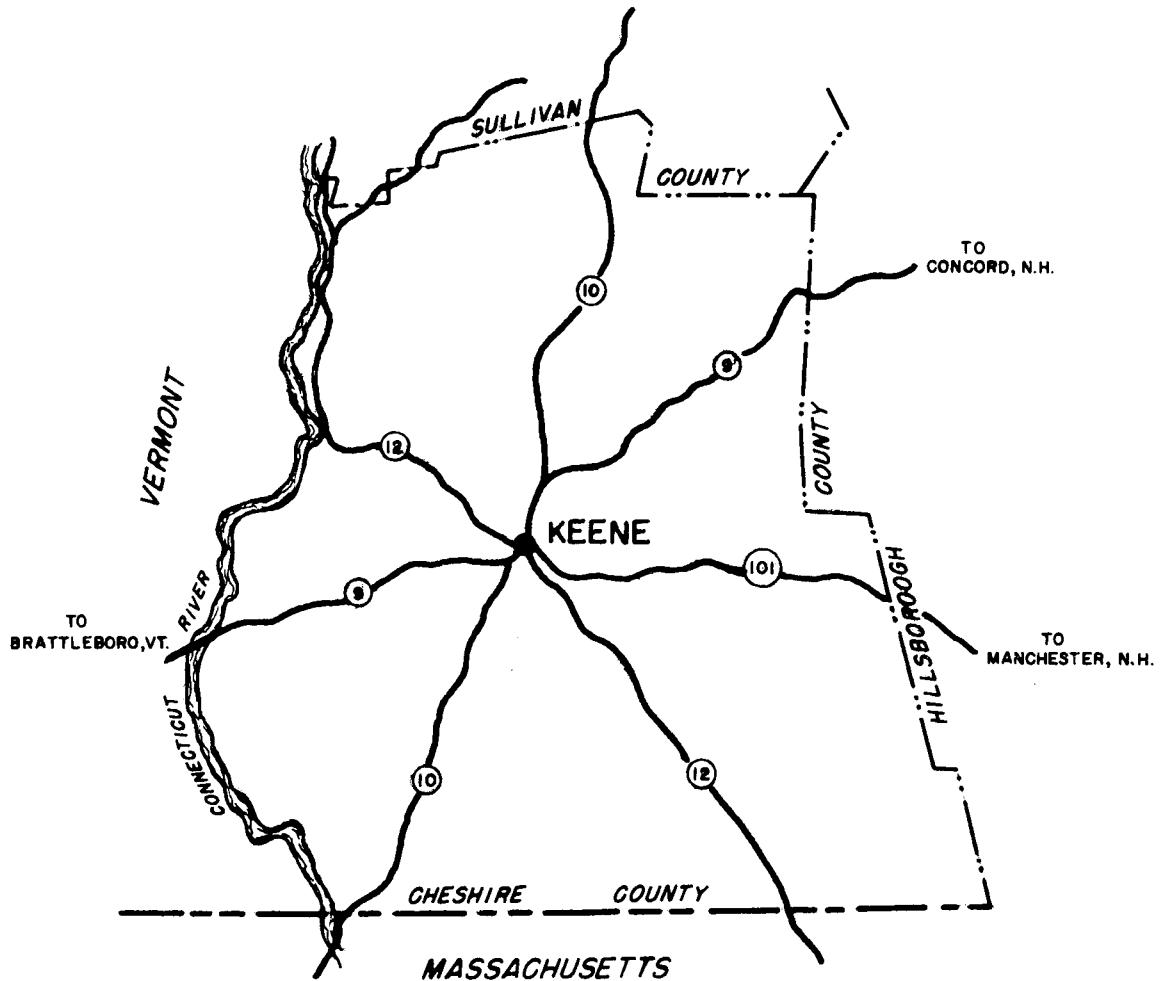
Commutation patterns, as reported in 1960 by the Bureau of the Census, reveal that a substantial number of people who work in Vermont and Massachusetts find it more desirable for various reasons, including a more favorable tax structure, to live in Cheshire County, New Hampshire. In 1960, almost 2,500 residents worked outside the HMA. Of this total, by far the largest share, nearly 1,050, went to Windham County in Vermont, about 450 commuted daily to neighboring Hillsborough County, New Hampshire. Another 200 commuted to Wor-

^{1/} Inasmuch as the rural farm population of the Keene HMA constituted only 3.6 percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

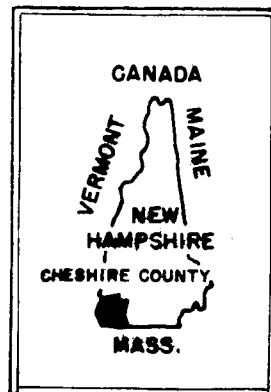
- 2 -

chester County, Massachusetts, and nearly 800 went to other areas outside the HMA. Deducting an in-commutation of 300 from the total out-commutation reveals a net out-commutation of about 2,200 in 1960.

KEENE, NEW HAMPSHIRE, HOUSING MARKET AREA (CHESHIRE COUNTY)



0 8 16 MILES



Economy of the Area

Character and History

Keene, New Hampshire, is rich in the historical legacy of early New England. The first settlers came to the area in 1736. After a brief stay, they were forced by the constant threat of Indian massacres to abandon the settlement and return to the Massachusetts Bay Colony. In 1750, the small village was rebuilt and named in honor of Sir Benjamin Keene who had been the English minister to Spain. The state legislature of New Hampshire passed an act to establish the city of Keene in 1865. The act was subject to referendum by the town population, however, and was not approved locally until 1874. Since that time, the Keene HMA has experienced steady growth, resulting from stable employment and a diversified industrial base. Although the metal products industry is the leading employment source in the HMA, there is still a substantial degree of diversification and the transition from the early stage to a modern industrial economy has been a gradual evolution.

Employment

Current Estimate and Past Trends. Total employment in the Keene HMA is estimated to have averaged 18,400 from October 1964 to September 1965. The New Hampshire Department of Employment Security estimates that employment in the Keene HMA averaged 18,170 in 1964. Between 1950 and 1964, annual increments in employment averaged 120 jobs. The available data indicate that there has been persistent growth in the area since 1950. Although there have been occasional declines in some years, particularly 1954 and 1958, and sharp gains in other years, the trend has been generally upward.

Between 1958 and 1964, there were gains in employment in four years and declines in two others. The average gain of about 125 jobs a year during this period was considerably below that in the 1958-1960 period. Minor declines occurred in 1961 and 1963 (see table I).

Employment by Major Industry. Information on employment in specific industries is available only for employment covered by unemployment compensation. Employment covered by the New Hampshire Unemployment Compensation law included about 62 percent of total employment in 1964. Although some small firms are not included in covered employment, the totals are large enough to establish trends and relationships, by industry, within the local economy. As seen in Table II, covered employment increased from about 10,350 in 1958 to 11,150 in 1964, a gain of about 800 jobs over that period. This increase is

larger than the gain in total employment and reflects the increasing number of firms covered under the New Hampshire Unemployment Compensation Law.

Of the 11,150 workers in covered employment in the HMA in 1964, 6,950 (62 percent) were employed in manufacturing. Covered employment in manufacturing increased by only 70 jobs from 1958 to 1964 with annual fluctuations were large during this period between highs of over 7,200 in 1959 and 1962 and lows of about 6,900 in 1961 and 1964. It will be seen that there has hardly been a discernible trend in the level of employment. Over the same period, covered employment in durable goods industries increased from 3,750 to 3,900, a gain of 150. The principal source of growth in durable goods was in the "machinery and other" classification in which employment rose by 350 between 1958 and 1964. The lumber and wood products industry has lost employment consistently, the number of jobs falling from 775 to 550 over the six-year period. Other sources of employment decline were the furniture and fixtures, stone and clay, and primary metals industries. Employment in covered nondurable goods industries decreased by about 80 jobs during the 1958-1964 period, from a level of 3,125 in 1958 to a 1964 level of 3,050. Losses were scattered among food and kindred products, paper and allied products, and the leather and leather products industries.

Nonmanufacturing industries accounted for about 33 percent of covered employment in 1958 and 38 percent in 1964. This relatively low level of nonmanufacturing employment reflects the fact that many nonmanufacturing workers are excluded from coverage by the New Hampshire law, while coverage of manufacturing employees is much more comprehensive. Covered nonmanufacturing employment increased by 750 (22 percent) from the 1958 level of 3,450 to 4,200 in 1964, compared with a gain of 70 jobs in manufacturing. The largest nonmanufacturing gain was in the trade category which increased by 470 (35 percent) over the six-year period, rising from 1,350 to 1,825. The services and other category gained 200 workers, rising from 550 in 1958 to 750 in 1964. Slight gains were experienced in all other nonmanufacturing industries except in finance, insurance, and real estate in which employment remained at about the 700 level.

Principal Employers

Manufacturing activity in the Keene HMA is diversified and no one industry or firm dominates the local economy. A number of firms have an employment level of between 300 and 500; but only one has a work force larger than 500.

The largest manufacturer in the area is Miniature Precision Bearings Inc., a producer of miniature and instrument ball bearings. A 5,000 square foot expansion of the existing plant will result in an increase in jobs during the forecast period at this plant.

Markem Machine Company is a producer of industrial marking machines. A 20,000 square foot expansion of their current facilities is expected to result in additional jobs over the next two years. The Kingsbury Machine Company is engaged in the production of automatic drilling machinery. A need was expressed for additional workers at this establishment. The American Optical Company has in recent years expanded and diversified its line of products (precision optics). After a sharp reduction in employment in 1964, the firm recovered its employment losses, and anticipates a need for more workers during the next two years.

Unemployment. Unemployment in the Keene HMA has been at an unusually low level in recent years, and there are indications that a labor shortage is dampening industry expansion. It is estimated that unemployment during the first nine months of 1965 averaged 2.0 percent of the work force. In 1960, unemployment in Cheshire County averaged 3.5 percent. The 1961 recession increased the unemployment rate to 3.9 percent, but the rate dropped to 2.4 percent in 1962. In 1963, a minor recession year for the Keene HMA, unemployment rose to 3.2 percent of the work force only to fall again to a 2.8 percent level in 1964.

Employment Prospects. During the November 1, 1965 to November 1, 1967 forecast period, total employment in the Keene HMA is expected to increase by 125 annually. It is expected that the expansion in a number of manufacturing firms will reverse the recent downward trend in manufacturing employment and that employment in durable goods production will increase. There will be very little growth and possibly a slight decline in nondurable goods employment. The non-manufacturing sector will continue to grow, mainly as a result of increases in the trade and service categories. Employment in finance, insurance, and real estate, which has remained stable in recent years, will increase as a result of the expansion of a nation-wide insurance firm located in the area.

Income. The current median family income is estimated at \$6,850 a year, after deduction of Federal income tax, for all families in the Keene HMA, and at \$5,800 for all renter families. The income levels reflect a general increase of about 25 percent (before deduction of

Federal tax) since 1959. By 1967, after-tax income of all families and tenant families is expected to increase to about \$7,250 and \$6,150, respectively. Approximately 18 percent of all families currently earn under \$4,000 annually, while one-fourth of all renter families earn below \$4,000. At the present time, about 18 percent of all families and nine percent of the renter families earn more than \$10,000 (see table III).

Demographic Factors

Population

Current Estimate and Past Trend. As of November 1, 1965, there are about 45,650 persons in the Keene HMA. The city of Keene currently contains around 18,900 persons, and the rest of the HMA has a population estimated at 26,750.

Population growth in the Keene HMA took place at a lower rate during the 1960-1965 period than in the 1950-1960 decade. During the previous decade the population increased by 450 annually (1.1 percent); since 1960 the annual increase has declined to 410 (.9 percent).

About 58 percent of the population growth in the HMA since 1960 has occurred in the city of Keene where there has been an annual increase of 240 persons (1.3 percent). Between 1950 and 1960, population in Keene increased by about 190 persons (1.1 percent) a year. Growth in the rest of the HMA has slowed considerably. The population has increased by 170 (.7 percent) annually in the last five years, compared with an increase of 260 (1.0 percent) annually during the 1950-1960 decade. The following table shows the growth in population since April 1950.

Population Trends
Keene, New Hampshire, HMA
April 1950-November 1965

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>November 1965</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Rate^{a/}</u>	<u>Number</u>	<u>Rate^{a/}</u>
Keene	15,638	17,562	18,900	192	1.1	240	1.3
Rest of HMA	23,172	25,780	26,750	260	1.0	170	.7
HMA total	38,811	43,342	45,650	453	1.1	410	.9

^{a/} Derived through a formula designed to calculate the rate of change on a compound basis.

Source: 1950 and 1960 Censuses of Population.
1965 estimated by Housing Market Analyst.

Future Population Growth. Based on the anticipated increase in employment during the two-year forecast period, the population of the Keene HMA is expected to increase to 46,450, a gain of 800 persons or 400 annually. It is anticipated that growth will continue to be in and

around the city of Keene; this area will be the recipient of about three-fifths of the population increase.

Natural Increase and Migration. During the 1950-1960 decade, the net natural increase of the population in the Keene HMA (excess of resident births over resident deaths) totaled 4,130. The total population increase during the decade was 4,530, indicating that there was an in-migration of 400, or 40 annually. Data compiled for the years since 1960 reveal a reversal of this trend. The population is estimated to have increased by 2,300 between April 1, 1960 and November 1, 1965. The net natural increase during this period was about 2,500; therefore, an out-migration of about 200 persons (40 a year) is indicated. It is believed that most of the out-migration has occurred in the smaller communities where growth has been curtailed and in the outlying rural suburbs of the county.

Age Distribution. As seen in the following table, comparison of the April 1950 and April 1960 populations distributed by age group reveals significant changes in the under 10, 10-19, and 20-29 age groups. Population in the under 10 age group rose from 7,475 in 1950 to 8,775 in 1960, an increase of almost 18 percent. The increase in the 10-19 age group was even larger, with this category gaining about 1,750 persons (31.5 percent). The rise in these two groups is attributable mainly to the high birth rates evident in the post World War II and Korean War boom periods. The decrease in the 20-29 age group, which dropped by 490 persons (9.1 percent), was caused not only by the low birth rates of the 1930's, but also by an out-migration of younger persons in search of better employment opportunities. The decline in persons 20-29 years of age and the static state of the 30-39 year group is significant in that these groups represent a high proportion of the house purchasing segment of the population.

Population Distribution by Age
Keene, New Hampshire, HMA
April 1950-April 1960

<u>Area</u>	<u>1950</u>	<u>1960</u>	<u>Change 1950-1960</u>	
			<u>Number</u>	<u>Percentage</u>
Keene HMA total	<u>38,811</u>	<u>43,342</u>	<u>4,531</u>	<u>11.7</u>
Under 10	7,469	8,783	1,314	17.6
10 - 19	5,589	7,348	1,759	31.5
20 - 29	5,393	4,905	- 488	- 9.1
30 - 39	5,460	5,500	40	.7
40 - 49	4,832	5,520	688	14.2
50 - 59	4,137	4,644	507	12.3
60 and over	5,931	6,642	711	12.0

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate. As of November 1, 1965, there are an estimated 13,950 households in the Keene HMA. The city of Keene contains about 6,025 households and there are 7,925 in the rest of the HMA.

Past Trends. Since April 1, 1960, the number of households in the HMA has increased by about 130 annually. Between 1950 and 1960, households grew at a rate of about 170 a year; however, when comparing the 1950 through 1960 annual growth rate of 1.3 percent with the 1960-1965 rate of 1.0 percent, it should be noted that the increase in the number of households between 1950 and 1960 reflects, in part, the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census.

Household growth in the city of Keene has averaged about 80 a year since 1960, or 62 percent of the annual household growth in the HMA. The number of households added annually in the city of Keene was nearly the same in both the 1960-1965 period and 1950-1960 decade; however, annual household growth in the rest of the HMA declined from 80 during the 1950's to 50 since 1960.

Household trends in the HMA are presented in the following table.

Household Trends
Keene, New Hampshire, HMA
April 1950-November 1965

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>November 1965</u>	<u>Average annual change</u>			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Rate^{a/}</u>	<u>Number</u>	<u>Rate^{a/}</u>
Keene	4,724	5,569	6,025	85	1.7	80	1.4
Rest of HMA	6,825	7,640	7,925	81	1.1	50	.7
HMA total	11,549	13,209	13,950	166	1.3	130	1.0

^{a/} Derived through a formula designed to calculate the rate of change on a compound basis.

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Future Household Growth. Based on the anticipated growth in population and on the assumption that the average household size will remain at about the present level, it is estimated that about 250 households (125 a year) will be added during the next two years. In excess of 60 percent of the household growth will occur in the city of Keene and the immediate environs.

Household Size. The average size of all households in the Keene HMA is currently estimated at 3.19 persons continuing, at a slower rate, the 1950-1960 trend when the average household size decreased from 3.27 to 3.20 (see following table). In the city of Keene, the average household size decreased from 3.18 persons in 1950 to a 1960 average of 3.05 persons. The drop in the average size of Keene households, which has continued to the present level of 3.01 persons, is indicative of a higher proportion of one- and two- person households resulting from both an increased number of elderly persons maintaining separate households and an out-migration of younger people in their early twenties who had previously lived with their parents. The average size of households outside the city of Keene has changed little since 1950, dropping from a level of 3.33 to the current estimate of 3.32 persons.

Household Size Trends
Keene, New Hampshire, HMA
1950, 1960, and 1965

<u>Area</u>	<u>Number of persons per household</u>		
	<u>1950</u>	<u>1960</u>	<u>1965</u>
Keene	3.18	3.05	3.01
Rest of HMA	3.33	3.32	3.32
HMA total	3.27	3.20	3.19

Sources: 1950 and 1960 Censuses of Population and Housing.
1965 estimated by Housing Market Analyst.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. At present, there are an estimated 17,600 housing units in the Keene HMA, indicating an addition of about 150 units (.9 percent) annually since 1960. The current inventory estimate includes resident-occupied units, nonseasonal vacant units, and seasonal units. Currently, the city of Keene contains approximately 35 percent of the housing stock in the HMA.

During the 1950-1960 decade, the number of housing units in the HMA increased by about 250 annually (1.7 percent) rising from a total of 14,200 in 1950 to 16,750 in 1960. Almost 41 percent of the increase between 1950 and 1960 occurred in the city of Keene.

Seasonal Units. As of November 1965, there are approximately 2,750 seasonal units in the Keene HMA, an increase of about 200 since April 1960. Seasonal units in the area were listed as vacant during the 1950 and 1960 Censuses of Housing, because the enumeration took place during the month of April in each year. At the time of this report, seasonal units are also vacant, since November is between the summer and winter recreational seasons. The change in the number of seasonal units between 1950 and 1960 was considerably inflated by the reclassification of units which had been classified as "non-resident" in 1950 to "seasonal" in 1960. If nonresident units are included in the seasonal totals for 1950, the annual increase during the 1950-1960 decade was about 50 seasonal units a year.

Principal Characteristics

Type of Structure. The composition of the housing supply by type of structure has changed little since 1960. Currently about 79.3 percent (13,950) of the housing inventory is in one-unit structures, 9.5 percent (1,675) is in two-unit structures, and the remaining 11.2 percent (1,975) is in structures of three or more units. The April 1960 Census of Housing reported a similar ratio of one-unit structures to total housing supply, 78.8 percent. Two-unit structures declined slightly from 9.9 percent of the total in 1960 to a current level of 9.5 percent. Despite the fact that there have been very few multi-family units constructed, the stable ratio of three or more unit structures to the total inventory resulted, primarily, from the conversion of single-family homes into apartments of three- or more units.

Housing Inventory by Units in Structure
Keene, New Hampshire, HMA, 1960 and 1965

<u>Units in structure</u>	<u>April</u>	<u>November</u>	<u>Percent of total</u>	
	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>
1 unit ^{a/}	13,209	13,950	78.8	79.3
2 units	1,654	1,675	9.9	9.5
3 or more units	<u>1,909</u>	<u>1,975</u>	<u>11.3</u>	<u>11.2</u>
Total units	16,772	17,600	100.0	100.0

^{a/} Includes trailers.

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Age of Structure. As an indication of the age of the current housing stock, it is estimated that in excess of three-fifths of all housing units were built prior to 1930 and are therefore, at least 35 years old. Approximately 850 units, or five percent of the current housing supply, have been added since 1960; included in this total are about 200 seasonal units. A distribution of the housing supply by age of structure is shown in the following table.

Distribution of the Housing Supply by Year Built^{a/}
Keene, New Hampshire, HMA, November 1965

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1960 - November 1965	850	4.8
1955 - March 1960	1,385	7.9
1950 - 1954	1,169	6.6
1940 - 1949	1,557	8.8
1930 - 1939	1,647	9.4
1929 or earlier	<u>10,992</u>	<u>62.5</u>
Total	17,600	100.0

^{a/} The basic data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.

Source: Estimated by Housing Market Analyst, based on 1960 Census of Housing and adjusted to reflect demolitions.

Condition of the Inventory. The proportion of units in the HMA which are classified as substandard (those dilapidated or lacking one or more plumbing facilities) has declined slowly since 1960, because some of the poorer quality and dilapidated units have been demolished and some have been upgraded in quality. In April 1960, the census reported that about 3,825 units, or 23 percent of the housing inventory was substandard. With the slight improvement in the housing inventory, there are now about 3,700 units (21 percent of the current total of 17,600) in the HMA which are judged substandard in condition.

Residential Building Activity

About 650 nonseasonal dwelling units have been built in the Keene HMA since 1960. Of these, about 150 were built in areas of Cheshire County outside building permit-issuing places. Building permits are required in the city of Keene and in the towns of Chesterfield, Gilsum, Harrisville, and Jaffrey. In recent years, about three-fourths of the permits issued were for new construction in the city of Keene. The number of dwelling units authorized by building permits in the Keene HMA since 1960 is summarized, by type of structure, in the following table.

New Dwelling Units Authorized by Building Permits
Keene, New Hampshire, HMA
1960-1965

<u>Year</u>	<u>Single-family</u>	<u>Multifamily</u>	<u>Total all units</u>
1960	83	6	89
1961	63	0	63
1962	88	10	98
1963	97	0	97
1964	111	2	113
1965 ^{a/}	NA	NA	91

^{a/} Through October.

Source: U. S. Bureau of the Census and local building inspectors.

As indicated in the table above, fewer than four percent of the authorized building permits in the HMA during the 1960-1964 period were of the multifamily type. Single-family building activity increased slightly between 1960 and 1964. During this period, single-family units authorized by permits averaged around 90 a year, increasing in most years to 111 in 1964. There was a total of 91 permits issued during the first ten months of 1965, suggesting a comparable level of new construction in the full year 1965 compared with 1964.

Units Under Construction. Based on building permit data and on the postal vacancy survey conducted in the area, it is estimated that there are approximately 50 housing units under construction in the Keene HMA in November 1965. The total includes about 40 single-family units. All of the multifamily units under construction are located in the city of Keene and the immediate vicinity.

Demolitions and Conversions. There have been approximately 100 residential units removed from the housing supply since April 1960 through housing code enforcement, fire losses, and other changes in the inventory. It is estimated that an addition of about 60 units has occurred during this period as a result of the conversion of single-family units into multifamily dwelling units. The net result of demolition and conversion activity in the HMA has been a loss of about 40 residential units since 1960. On the assumption that there will be no significant change in code enforcement, an additional 30 units will be demolished in the Keene HMA during the next two years.

Tenure of Occupancy

It is estimated that 69 percent (9,650) of the current occupied housing units in the HMA are owner-occupied and 31 percent (4,300) are renter-occupied (see table IV). Between 1950 and 1960, a pronounced trend toward home ownership was reflected by the increase in the proportion of owner-occupancy from 63 percent (7,325) to 69 percent (9,100). In recent years there has been a cessation of this trend, as the result of the conversion of single-family structures to multifamily use and the shift in tenure of other single-family dwelling units which had previously been owner-occupied and which are now rented. Balancing these factors against the continued emphasis on sales-type housing in new construction, it is believed that the tenure composition of occupied housing units is the same as reported in the 1960 census.

Vacancy

Last Census. In April 1960, there were 3,550 vacant housing units in the Keene HMA. About 3,075 (86 percent) of these units were not available for sale or rent because they were seasonal, dilapidated, rented or sold and awaiting occupancy, or were held off the market for occasional use.

Of the 490 available units, 180 units were available for sale and 310 were available for rent, yielding a sales housing vacancy rate of 1.9 percent and a rental vacancy rate of 7.1 percent. About 30 sales units (about 17 percent of the available vacant sales units) and 100 rental units (about one-third of the available vacant rental units) lacked some plumbing facility.

Postal Vacancy Survey. A postal vacancy survey conducted in the Keene HMA in November 1965 covered about 8,500 possible deliveries, or about 48 percent of the current housing inventory (see table V). At the time of the survey, 230 units were vacant, or a vacancy rate of 2.8 percent. Of the total units vacant, about 130 were deliveries to residences, for a vacancy rate of 2.2 percent, and 100 were deliveries to apartments, indicating a vacancy ratio of 4.0 percent in this category. Also included in the Keene area survey were 170 house trailers, of which seven (4.2 percent) were in place and vacant.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators the survey serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. Based on the postal vacancy survey conducted in November 1965 and other vacancy information obtained in the Keene area, it is estimated that vacancies in both sales and rental housing have decreased since 1960. As of November 1965, there are approximately 400 vacant units available for sale or rent in the Keene HMA. Of this number, 150 are vacant sales units and 250 are vacant rental units, indicating current vacancy ratios of 1.5 percent and 5.5 percent, respectively. It is estimated that 14 percent of the available sales vacancies and 30 percent of the available rental units are of substandard quality, that is, lacking one or more plumbing facilities or in dilapidated condition. After the deduction of these unacceptable vacant units, the current level of vacancies appears to indicate a balanced market situation.

Sales Market

General Market Conditions. The sales market for new homes in the Keene HMA has remained relatively stable in recent years, exhibiting neither substantial growth nor decline. It appears that local builders have been able to gauge the market for new sales housing accurately. Speculative building, with one exception, has been moderate. The one exception has occurred in the Hinsdale area, where about 30 houses were built speculatively in the \$14,000 to \$17,500 price

range. The reception of these houses was not too favorable and a softening of the market in this area resulted. New homes constructed in the vicinity of Keene have been priced above \$17,000 for the most part. At present, there are no serious problems arising, and the rate of construction of sales housing seems to be appropriate for the market.

Unsold Inventory of New Homes. In January 1965, the Manchester Insuring Office surveyed completions in five subdivisions during 1964. A total of 63 homes had been completed in 1964, of which 23 (36.5 percent) were sold before construction had started and 40 (63.5 percent), most of which were in the Hinsdale area, were built speculatively. Of the 40 houses built speculatively in 1964, 31 were sold and nine remained unsold on January 1, 1965. The unsold houses represented about 23 percent of the speculative construction. However, of the nine unsold homes, six had been on the market three months or less, and none had been for sale longer than twelve months.

The January 1964 survey of completions during 1963 covered three subdivisions. This survey counted 52 completions during 1963 of which 28 were sold before construction started. A total of four of the 24 units built speculatively during 1963 remained unsold on January 1, 1964, representing 16.7 percent of the speculatively-built houses completed. All four of the unsold homes had been on the market three months or less.

Distributions of completions by sales prices in the two surveys are compared in the following table.

Houses Completed in the Keene, New Hampshire, HMA
During 1963 and 1964

<u>Sales price</u>	<u>1963 completions</u>		<u>1964 completions</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
\$12,500 - \$14,999	28	53.9	36	57.1
15,000 - 17,499	10	19.2	12	19.0
17,500 - 19,999	5	9.6	0	0
20,000 - 24,999	2	3.8	7	11.1
25,000 - 29,999	3	5.8	4	6.4
30,000 and over	4	7.7	4	6.4
Total	52	100.0	63	100.0

Source: Unsold Inventory Surveys of New Homes conducted by the Manchester Insuring Office.

In both the 1964 and 1965 surveys about three-fourths of the house completions were priced below \$17,500; in the 1965 survey, however, nearly 20 percent of the houses in this category remained unsold, indicating some softening of the market in this price range. Speculative building in the higher price ranges was negligible. Most new homes priced above \$17,500 were constructed on a contractual basis.

Foreclosures. Acquisitions of FHA-insured properties have been negligible, there being only eight since 1960. The level of foreclosures is not a problem in the Keene HMA, and there are no indications that the situation will change during the next two years.

Rental Market

The rental housing inventory in the Keene HMA is composed largely of single-family structures. Very few multifamily units have been built since 1960, but a number of rental units have been created through the conversion of large single-family units into three- and four-unit structures. Although the current level of vacancies in rental housing of acceptable quality suggests a balanced rental market, some of the older units are less desirable, and there is a shortage of units of good quality in the lower rent ranges. At present, a garden-type project with eight two-bedroom units is nearing completion. These units are located southwest of Keene in the Swanzey area. Additional projects are planned, depending on the market reception of the current construction.

Quantitative Demand

Based on prospective household growth of 125 annually over the next two years, the current balanced sales and rental markets, and minor adjustments for anticipated demolitions and current vacancies which tend to balance each other, it is estimated that housing demand will approximate 125 units a year for the next two years. The current tenure composition of the inventory suggests that this demand total is made up of about 100 sales-type houses and 25 rental units. In the past, the need for rental housing in this area has been met almost entirely through the transfer of single-family houses from owner- to renter-occupancy. It is likely that a small number of multifamily units could be marketed successfully, but this is largely an untapped market and the success of any new rental construction must be observed very carefully. Most of the demand for new housing will be centered in the city of Keene and its immediate environs.

Qualitative Demand

Sales Housing. Based on the distribution of families by annual after-tax income and on the proportion of income that families usually pay for sales housing in the Keene HMA, the annual demand for about 100 new sales housing units, during each of the next two years, is expected to approximate the sales price distribution indicated in the following table. However, should new rental housing not be produced in the quantities indicated, there will be a proportionate upward adjustment in the sales housing demand.

Estimated Annual Demand for New Sales Housing
Keene, New Hampshire, HMA
November 1965-November 1967

<u>Price range</u>	<u>Percentage distribution</u>
\$10,000 - 11,999	4
12,000 - 13,999	11
14,000 - 15,999	19
16,000 - 17,999	15
18,000 - 19,999	12
20,000 - 24,999	19
25,000 - 29,999	9
30,000 and over	<u>11</u>
Total	100

The foregoing distribution differs from that on page 17, which reflects only selected subdivision experience during the years 1963 and 1964. It must be noted that data on page 17 do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. The preceding demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

The price of land and current construction costs have made the construction of adequate sales units priced to sell below \$10,000 economically unfeasible in the Keene HMA. Approximately 34 percent of the projected annual sales demand is for housing in the \$10,000 - \$15,999 price range, and 27 percent will be in the \$16,000-\$19,999 range. It is estimated that 19 percent of the demand will be for houses priced between \$20,000 and \$24,999; and the remaining 20 percent will be for homes selling at \$25,000 and above. The majority of the higher priced units \$25,000 and above will be built in the suburbs adjacent to the city of Keene.

Rental Housing

Assuming current costs remain fairly constant during the forecast period, the minimum rents achievable with market interest rate financing in the Keene HMA are \$95 for efficiency units, \$105 for one-bedroom units, \$115 for two-bedroom units, and \$125 for three-bedroom units. At or close to these minimum rents, there is a prospective demand for approximately 25 units annually. Demand in the Keene HMA for rental units during the two-year forecast period is expected to be primarily for small units at moderate rents in garden-apartment structures of modest size.

Table I

Total Work Force Components
Keene, New Hampshire, HMA^{a/}
1950-1964

<u>Year</u>	<u>Work Force</u>	<u>Employment</u>		<u>Unemployment</u>	
		<u>Number</u>	<u>Change from previous year</u>	<u>Number</u>	<u>Percent</u>
1950	17,200	16,380	-	820	4.8
1951	17,400	16,850	470	550	3.2
1952	17,400	16,940	90	460	2.6
1953	17,600	17,010	70	590	3.4
1954	17,400	16,390	-620	1,010	5.8
1955	17,400	16,990	600	410	2.4
1956	18,000	17,590	600	410	2.3
1957	18,000	17,540	-50	460	2.6
1958	18,300	17,430	-110	870	4.8
1959	18,400	17,810	380	590	3.2
1960	18,500	17,860	50	640	3.5
1961	18,500	17,770	-90	730	3.9
1962	18,500	18,060	290	440	2.4
1963	18,600	18,000	-60	600	3.2
1964	18,700	18,170	170	530	2.8

Source: New Hampshire Department of Employment Security.

Table II

Covered Employment by Industry ^{a/}
Keene, New Hampshire, HMA, 1958-1964
(annual average)

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Total covered employment	<u>10,325</u>	<u>10,809</u>	<u>10,807</u>	<u>10,649</u>	<u>11,062</u>	<u>11,155</u>	<u>11,144</u>
Manufacturing	<u>6,884</u>	<u>7,209</u>	<u>7,090</u>	<u>6,936</u>	<u>7,259</u>	<u>7,092</u>	<u>6,950</u>
Durable goods	<u>3,746</u>	<u>4,068</u>	<u>4,120</u>	<u>3,886</u>	<u>4,023</u>	<u>3,988</u>	<u>3,890</u>
Lumber & wood prods.	776	761	631	597	530	546	561
Furniture & fixtures	404	419	429	389	410	378	355
Stone & clay,	403	414	417	367	356	365	356
primary metal prods.							
Fabricated metals	331	375	376	366	398	415	402
Miscellaneous prods.	289	301	327	291	358	321	312
Machinery and other	1,543	1,798	1,940	1,876	1,971	1,963	1,904
Nondurable goods	<u>3,138</u>	<u>3,141</u>	<u>2,970</u>	<u>3,050</u>	<u>3,236</u>	<u>3,104</u>	<u>3,060</u>
Food & kindred prods.	174	122	48	79	106	121	147
Textile mill products	1,553	1,594	1,524	1,531	1,652	1,586	1,537
Paper & allied prods.	348	331	338	338	324	313	297
Printing, pub., & allied prods.	272	263	282	287	293	315	311
Leather, leather products	744	780	716	746	787	692	687
Other nondurable	47	51	62	69	74	77	81
Nonmanufacturing	<u>3,441</u>	<u>3,600</u>	<u>3,717</u>	<u>3,713</u>	<u>3,803</u>	<u>4,063</u>	<u>4,194</u>
Constr. (inc. mining)	579	603	630	651	663	687	635
Trans., comm., util.	257	244	236	234	255	276	277
Trade	1,349	1,467	1,541	1,504	1,554	1,713	1,818
Fin., ins., & real estate	718	708	694	693	682	709	714
Services and other	538	578	616	631	649	678	750

^{a/} Employment covered by New Hampshire Unemployment Compensation Law.

Source: State of New Hampshire Department of Employment Security.

Table III

Estimated Percentage Distribution of Families by Income and Tenure
After Federal Income Tax Deduction
Keene, New Hampshire, HMA
1965 and 1967

<u>Annual after-tax incomes</u>	<u>1965 incomes</u>		<u>1967 incomes</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>
Under \$4,000	18	25	16	23
\$4,000 - 4,999	10	14	9	12
5,000 - 5,999	11	14	11	13
6,000 - 6,999	13	15	11	14
7,000 - 7,999	12	10	12	13
8,000 - 8,999	10	8	10	9
9,000 - 9,999	8	5	8	6
10,000 - 11,999	9	5	11	6
12,000 - 14,999	6	3	8	2
15,000 and over	3	1	4	2
Total	100%	100%	100%	100%
Median	\$6,850	\$5,800	\$7,250	\$6,150

Source: Estimated by Housing Market Analyst.

Table IV

Components of the Housing Inventory
Keene, New Hampshire, HMA
1960-1965 ^{a/}

<u>Tenure and Vacancy</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>Nov.</u> <u>1965</u>	<u>Average annual changes</u>			
				<u>1950-1960</u>		<u>1960-1965</u>	
				<u>Number</u>	<u>Rate^{b/}</u>	<u>Number</u>	<u>Rate^{b/}</u>
Total housing supply	<u>14,222</u>	<u>16,772</u>	<u>17,600</u>	<u>255</u>	<u>1.7</u>	<u>150</u>	<u>.9</u>
Occupied housing units	<u>11,549</u>	<u>13,209</u>	<u>13,950</u>	<u>166</u>	<u>1.3</u>	<u>130</u>	<u>1.0</u>
Owner occupied	<u>7,323</u>	<u>9,098</u>	<u>9,650</u>	<u>177</u>	<u>2.2</u>	<u>100</u>	<u>1.1</u>
Percent of all occupied	63%	69%	69%				
Renter occupied	<u>4,226</u>	<u>4,111</u>	<u>4,300</u>	<u>-11</u>	<u>.2</u>	<u>30</u>	<u>.8</u>
Percent of all occupied	37%	31%	31%				
Vacant housing units	<u>2,673</u>	<u>3,563</u>	<u>3,650</u>	<u>89</u>	<u>2.9</u>	<u>15</u>	<u>.4</u>
Available	<u>166</u>	<u>490</u>	<u>400</u>	<u>32</u>	<u>11.0</u>	<u>-15</u>	<u>-3.7</u>
For sale	<u>60</u>	<u>178</u>	<u>150</u>	<u>12</u>	<u>11.0</u>	<u>-5</u>	<u>-3.1</u>
Homeowner vacancy rate	.8%	1.9%	1.5%				
For rent	<u>106</u>	<u>312</u>	<u>250</u>	<u>21</u>	<u>11.0</u>	<u>-10</u>	<u>-4.0</u>
Renter vacancy rate	2.4%	7.1%	5.5%				
Other (incl. seasonal)	<u>2,507</u>	<u>3,073</u>	<u>3,250</u>	<u>57</u>	<u>2.1</u>	<u>30</u>	<u>1.0</u>

a/ All 1965 figures are rounded.

b/ Derived through a formula designed to calculate the rate of change on a compound basis.

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Table V

Cheshire County, New Hampshire, Area Postal Vacancy Survey

November 22, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	8,505	234	2.8	214	20	44	5,907	130	2.2	113	17	36	2,598	104	4.0	101	3	8	167	7	4.2
Keene	6,499	178	2.7	158	20	31	4,318	94	2.2	77	17	23	2,181	84	3.9	81	3	8	92	3	3.3
Jaffrey	971	22	2.3	22	-	9	653	13	2.0	13	-	9	318	9	2.8	9	-	-	-	-	-
Winchester	1,035	34	3.3	34	-	4	936	23	2.5	23	-	4	99	11	11.1	11	-	-	75	4	5.3

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).