ANALYSIS OF THE

MANCHESTER, N.H., HOUSING MARKET

AS OF DECEMBER 1, 1964

A Report by the
FEDERAL HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY
WASHINGTON, D.C. 20411
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FIELD MARKET ANALYSIS SERVICE
U.S. FEDERAL HOUSING ADMINISTRATION
" Housing and Home Finance Agency

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

ANALYSIS OF THE MANCHESTER, NEW HAMPSHIRE, HOUSING MARKET AS OF DECEMBER 1, 1964

Summary and Conclusions

1. The Manchester economy is dominated by the textile industry. This dominance began in the early 19th century and reached its height during World War I when 25,000 workers were employed in the manufacture of textiles in the area. Because of the decline of textiles since and the lack of vitality of most other industries in Manchester, the nonmanufacturing industries have provided the only growth in the Manchester economy. The past growth trend of nonmanufacturing industries is expected to continue, in part because of the existence of new high-speed highways which make the Manchester retail center more accessible to out-of-city and out-of-State shoppers and which also make other areas in the State more accessible to Manchester wholesaling firms.

2. Current nonagricultural wage and salary employment of 43,230 is changed very little from the 1960 level of 43,360. An increase of 1,510 in nonmanufacturing employment was more than offset by a decrease of 1,640 in manufacturing employment. Nonagricultural wage and salary employment is expected to remain near the current level during the forecast period, and may increase by as much as 0.5 percent above this level.

3. The current all-family median income, after deduction of Federal income tax, is $6,625. The current renter-family after-tax median income is $5,650. The projected (1966) all-family after-tax median income is $7,050 and for renter-families it is $6,000.

4. As of December 1, 1964, the population of the Manchester Housing Market Area (HMA) totals 97,250, up 1.8 percent since April 1960. Net natural increase totaled 5,191 during this period, so that there was net out-migration of 3,453 Manchester residents since 1960. The population is projected to 98,000 in December 1966, 0.8 percent above the current level.

5. Households currently number 30,500, up 3.5 percent since April 1960. The number of households in the HMA, as of December 1966, is projected to 30,950, a gain of 1.5 percent over the current level. Household size has declined from 3.23 in 1950 to the current level of 3.10 and is expected to decline to 3.08 by December 1966.

6. The housing supply is currently estimated at 32,100, 3.2 percent more than in April 1960. The increase since 1960 resulted from the

completion of about 1,500 housing units and the demolition of 500 units. Virtually all of the net addition was of single-family units, whereas nearly all of the demolition was of structures of two or more units. Owner-occupancy has increased in relation to total occupancy, from 51 percent in 1960 to just over 53 percent at present. The housing supply, although rather old (almost two-thirds of the supply is at least 35 years old), is fairly sound; only about eleven percent of the total supply is substandard.

7. At present, 700 housing units are vacant; 150 available for sale (0.9 percent vacancy), and 550 available for rent (3.7 percent vacancy). These levels are considered adequate to provide a balanced supply-demand relationship in both the sale and the rental markets.

8. The sales market has tightened from a modest over-supply in April 1960 to a balanced condition at present. The balanced condition is partly reflected in the small number of foreclosed properties in the area.

9. There has been very little construction of rental units in the Manchester area during the past 15 years. In the summer of 1964, however, construction of two garden-type rental projects was initiated. Leasing in both projects is reported to be quite satisfactory, indicating some strength in the demand for rental units.

10. Demand for new housing units is placed at 360 units a year for the next two years, 250 sales units and 110 rental units. Eighty-eight percent of the demand for sales housing will be evenly distributed between the $12,000 and $25,000 price brackets. Rental demand for 110 units will be as follows: 15 efficiency units, 40 one-bedroom units, 40 two-bedroom units, and 15 units with three-or-more bedrooms.

ANALYSIS OF THE MANCHESTER, NEW HAMPSHIRE, HOUSING MARKET AS OF DECEMBER 1, 1964

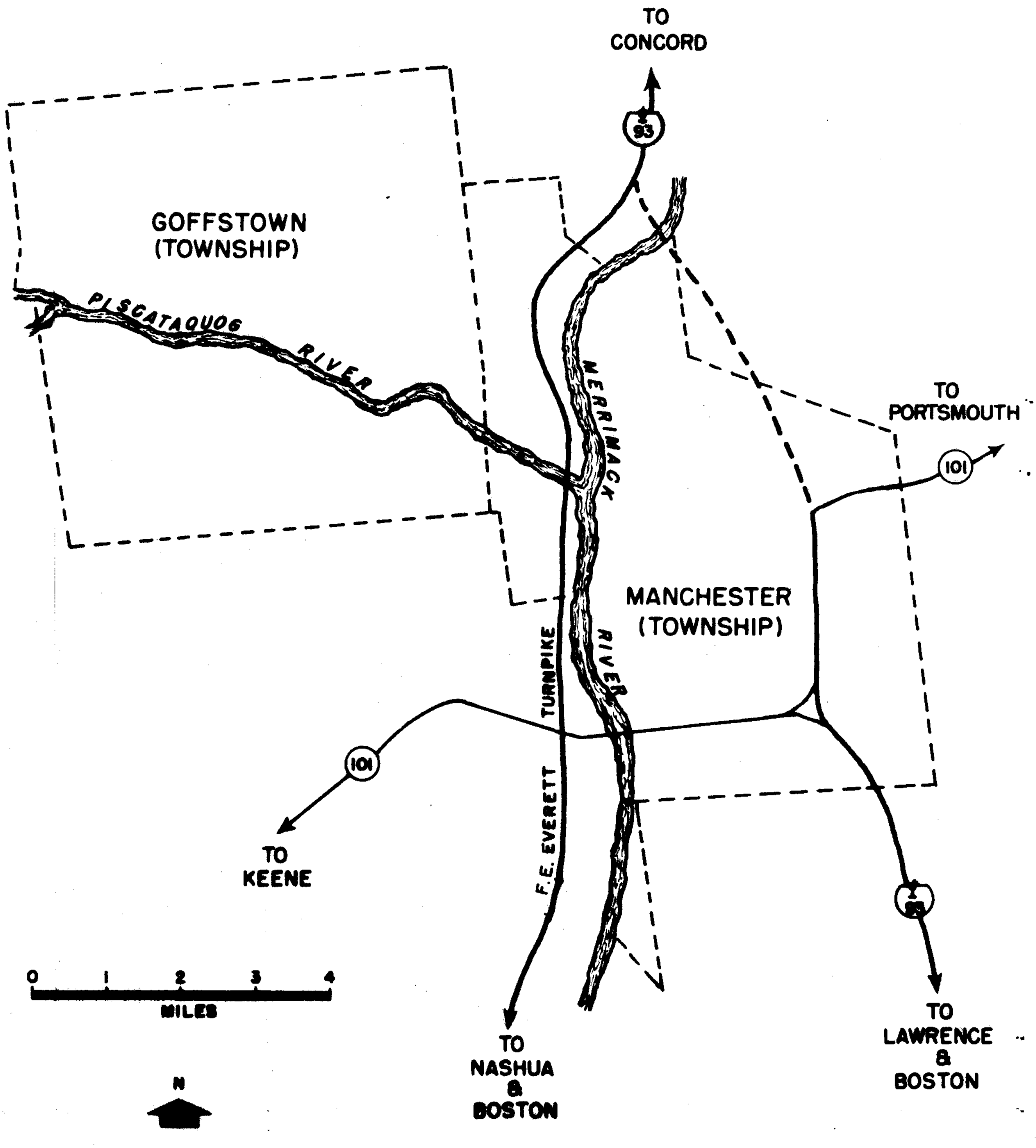
Housing Market Area

For purposes of this report, the Manchester Housing Market Area (HMA) is defined as consisting of the city of Manchester and the town of Goffstown in the county of Hillsborough, located in south-central New Hampshire. This area is coterminous with the Manchester Standard Metropolitan Statistical Area (SMSA) as defined at the time of the April 1960 census. Since 1960, the SMSA definition has been expanded to include the towns of Bedford and Hooksett; however, the SMSA as originally defined will be used as the HMA for this report because data are more readily available for the smaller area.

The city of Manchester is located on the Merrimack River at the point of confluence with the Piscataquag River. It is 55 miles northwest of Boston, Massachusetts; 265 miles southeast of Montreal, Canada; and 145 miles east of Albany, New York. The major north-south highway in New Hampshire (Interstate 93) begins in Boston, passes through Lawrence, Massachusetts, Manchester, and Concord and will extend to St. Johnsbury, Vermont, when the section north of Campton, New Hampshire (70 miles north of Manchester) is completed. The F. E. Everett Turnpike runs from Nashua to Concord through Manchester and is roughly parallel to I-93 up to a point north of Manchester where the two highways converge. State Route 101, a modern high-speed highway, links Manchester with Portsmouth to the east and Keene and other points to the west.

Northeast Airlines serves Manchester with three flights daily to New York and two to Boston from the municipally-owned Grenier Field. The main north-south line of the Boston and Maine Railroad passes through Manchester and a branch line is operated between Manchester and Portsmouth.

MANCHESTER, N.H. HOUSING MARKET AREA



Economy of the Area

Character and History

The city of Manchester was settled around 1735 as a trading center for farmers, hunters, and trappers. This trade function, plus a saw mill, was Manchester's basic industry for about 75 years. In 1807, a canal was built to by-pass the falls and rapids that made the Merrimack nonnavigable 30 miles south of Manchester. With the completion of the canal, a navigable waterway extended from Manchester to Boston which opened up the north country, and Manchester in particular, to industrialization. A textile mill was erected at the head of the new canal, and the long dominance of the textile industry over the Manchester economy began. This dominance reached a peak during World War I when the Amoskeag Manufacturing Company, housed in a mile-long complex of mills along the Merrimack River, employed 25,000 workers. In 1938, after a prolonged labor-management dispute, capped by heavy and damaging flooding of the Merrimack River, the Amoskeag Manufacturing Company closed its doors for good in Manchester. The ghost of the company lingers on, however. The one hundred-plus year old complex of mills, quite run-down and inefficient compared with modern facilities, remains as the major industrial center of Manchester and the textile industry, although drastically reduced in employment from the peak years, continues to be the largest manufacturing industry in Manchester.

The decline of the textile industry has continued to the present day, and is reflected in manufacturing as a whole. Heavy industries are almost nonexistent in the Manchester area. The cost of transportation into and out of this area inhibits growth of these industries. The lack of suitable land for industrial purposes along the Merrimack River plus the scarcity of sound industrial buildings are also reasons for the limited amount of heavy industry. These problems are also facing the light manufacturing industries, especially textiles and leather goods industries, which are moving south to be nearer the sources of raw materials or a supply of less expensive labor.

The only sectors of the Manchester economy that have shown any growth potential have been wholesale and retail trade, services and government. The interstate highway has increased Manchester's position as a major distribution center for all of New Hampshire. The retail function of the city is also expanding. New retail outlets were recently opened by E. J. Korvette and Zayre in former run-down areas in downtown Manchester. The Jordan Marsh Company of Boston[1/] is negotiating for land in the outskirts to erect a branch department store. The appeal of Manchester as a retailing center stems from the fact that it is the largest urban area in the State, and there is no State or city sales tax.

1/ See footnote on page 17.

Employment

Current Estimate and Trend. As reported by the State of New Hampshire, Department of Employment Security, nonagricultural wage and salary employment averaged 43,230 in the first eight months of 1964, 130, or 0.3 percent, less than the 1960 annual average of 43,360. During the intervening years, average employment fluctuated rather mildly. As shown below, there was a decline of 540[1/] (1.2 percent) between 1960 and 1961 and an increase of 600 (1.4 percent) between 1961 and 1962. The year-to-year changes from 1962 to 1963 and from 1963 to 1964 were nominal.

Trend of Nonagricultural Wage and Salary Employment
Manchester, New Hampshire, HMA
1960-1964

Year	Number employed	Change from preceding year	Percent
1960	43,360	-	-
1961	42,820	-540	-1.2
1962	43,420	600	1.4
1963	43,410	-10	-0-
1964 (8 months)	43,230	-180	-0.4

Source: The State of New Hampshire, Department of Employment Security.

Major Industries. Nonagricultural wage and salary total employment averaged 43,230 in the first eight months of 1964. Of this number, 16,650 (39 percent) were employed in manufacturing jobs, a decrease of 1,640 from the 1960 average of 18,290 (42 percent of the 1960 total of 43,360). The decline in manufacturing employment was concentrated in the nondurable goods industries where employment declined by 1,270 (8.9 percent) to the current level of 12,990. Employment losses of 1,640 in textiles and 540 in leather and leather products were entirely responsible for the decline in nondurables (part of the 1,640 employment loss in textiles was due to a definitional change which transferred 420 workers from the textile to the apparel category). Employment rose in the remaining nondurable categories including 640 in the apparel industry (420 resulting from the transfer from textiles). A decline of 370 employees in durable goods industries was shared by all segments. The largest decline was in electrical products (120) and lumber and wood products (110).

1/ Employment data for the period 1960-1964 are internally consistent; comparable data for prior years are not available.

Employment in nonmanufacturing industries experienced slight year-to-year increases since 1960, for a total increase of 1,510 (6.0 percent) to the current level of 26,580. The most significant gains since 1960 were recorded in services, which increased by 840 (15.0 percent), wholesale and retail trade, which grew by 680 (7.9 percent), and government employment, which rose by 220 (6.5 percent). Two categories, construction and transportation, communications and utilities recorded losses of 210 (9.2 percent) and 90 (3.3 percent), respectively (see table I).

Female Employment. The estimated total of 19,000 women employed in the Manchester area is equal to 45 percent of total nonagricultural wage and salary employment. In 1960, there were 18,570 women employed, 43.3 percent of the total. Since total nonagricultural wage and salary employment declined slightly, there was a sharper decline (560 jobs) in male employment, reflecting their relative concentration in manufacturing industries.

Employment Participation Rate. Because of the high incidence of female employment, the proportion of the population that is employed is unusually high in the Manchester area. According to the 1960 Census of Population, nearly 42 percent of the Manchester area residents were employed. The ratio of workers to population, based on place of work (data furnished by the State of New Hampshire, Department of Employment Security) rather than the census definition of place of residence, was nearly 50 percent. This proportion is estimated to be down slightly to 49 percent at present. These estimates are somewhat higher than the census figure because of the net in-commutation of workers to the Manchester HMA so that total employment in the area is greater than employment of area residents. The slow decline in the participation rate, evident since 1960, is expected to continue during the two year forecast period.

Military and Military-Connected Employment. At present, there are 380 military personnel stationed in the Manchester HMA, most of whom are at Grenier Field. In addition to the military personnel, there are 490 civilians employed by the military. The bulk of the military personnel (355) and a small part of the civilians (55) are attached to the 6549th Instrumentation Squadron at Grenier, the unit which operates the New Boston, New Hampshire Tracking Facility. The remaining 25 military personnel and 435 civilians are attached to either the Air National Guard Transport Group or the Air Reserve Air Transport Group. Both are presently stationed at Grenier. By June 1966, both groups will be relocated to Pease Air Force Base.[1] The final plans for the relocation are not definite, but it appears that, in addition to the 25 military personnel, approximately 275 of the civilians will be transferred to Pease; the remaining 160 civilians will not be retained.

1/ Near Portsmouth, about 40 miles east of Manchester.

Unemployment

The unemployment rate in Manchester declined to the lowest point of the past decade in August 1964 when the rate of unemployment stood at 3.2 percent. The high for the year occurred in February and March when the number of unemployed represented 6.0 percent of the civilian labor force. In 1961, there were 2,700 unemployed persons, a rate of 6.0 percent. The rate dropped to 4.5 percent in 1962 (2,050 persons) and moved up to 5.0 percent in 1963 (2,300 persons). There is a substantial flow into and out of the Manchester work force because of Manchester's close proximity to other job centers, the seasonal nature of employment in surrounding rural areas, and the high incidence of females in the labor force.

Estimated Future Employment

There is little prospect of employment increases in the Manchester HMA during the next two years. The durable goods industries will, at best, remain constant, but will probably continue their slow decline. The electrical industry, which was a growth industry in Manchester during the 1950's, could very well become a declining industry in the latter half of this decade, due to cutbacks in defense outlays. The prospects for a reversal in the downward trend of nondurable goods employment is remote. Although slight gains are foreseen in several nondurable goods industries, and indications point to a stabilizing of employment levels in leather goods production, the expected declines in textile production will more than offset these employment gains.

Employment in nonmanufacturing industries is expected to continue the upward trend of the past five years. The largest gains are expected to occur in services, trade, and government, with a gain of smaller magnitude in the finance, insurance, and real estate category. The construction industry will do well to hold its own, whereas it is estimated that employment will decline moderately in transportation, communications, and utilities.

The loss of the two air force units is not expected to have too great an impact on the Manchester area during the next two years. The transfer will not be completed for another year and a half and many of the transferees are expected to continue their residence in Manchester and drive daily to Pease. Of the employees to be released, some will undoubtedly leave the area for employment elsewhere, but it is believed that many will be able to secure employment in one of the many job centers in southern New Hampshire and northeastern Massachusetts.

On balance, total nonagricultural wage and salary employment probably will remain near the current level of 43,230 during the forecast period, but may increase by as much as 0.5 percent above this level.

Income

As of October 1964, the average weekly earnings of manufacturing workers in Manchester was $75, an increase of 21.1 percent over the October 1960 total of $62. Part of this increase was due to a lengthening of the work week from 36.6 hours in 1960 to 38.2 hours in 1964. Average hourly earnings increased steadily during the four years from $1.69 in October 1960 to $1.96 in October 1964, or 16.0 percent, but average weekly earnings fluctuated as a result of changes in the length of the work week.

Average Weekly Earnings and Hours, and
Average Hourly Earnings for Manufacturing Workers
Manchester, New Hampshire HMA
October 1960 - 1964

Item	1960	1961	1962	1963	1964
Av. weekly earnings	$61.85	$70.27	$70.07	$74.07	$74.87
Av. hourly earnings	1.69	1.77	1.82	1.88	1.96
Av. weekly hours	36.6	39.7	38.5	39.4	38.2

Source: The State of New Hampshire, Department of Employment Security.

The Manchester area lags behind the State average in all three categories shown in the above table. The average weekly earnings for manufacturing workers in October 1964 in the State as a whole was $81.20 for a 40.2 hour week. The accompanying hourly wage was $2.02. The State, in turn, lags behind the average earnings in the Nation by nearly $22 a week and $0.55 an hour. These low earnings in Manchester and New Hampshire reflect the absence of heavy industry and the high incidence of female employment.

Although the average weekly earnings of Manchester workers are lower than the average for all workers in the State, the median family income of Manchester area residents is slightly higher than for the State as a whole, by about $200 annually. The reason for this seemingly anomalous situation is the high proportion of female workers in the Manchester labor force (40.3 percent in 1960, compared to 36.3 percent for the State), which provides a second income for many families.

As of December 1, 1964, the median all-family after-tax income in the Manchester HMA is estimated to total $6,625 (see table II). The median renter-family income after deduction of Federal income tax is currently estimated at $5,650. Approximately 18 percent of all families and 40 percent of renter-families currently have after-tax incomes below $5,000, whereas 15 percent of all families and 9 percent of the renter-families have incomes in excess of $10,000. The December 1966 all-family after-tax median income is projected to $7,050 and for renter-families, the after-tax income is projected to $6,000.

Demographic Factors

Population

Current Estimate. As of December 1964, the total population of the Manchester HMA is about 97,250, an increase of 1,738 (1.8 percent) since April 1960. Between April 1950 and April 1960, the population of the area grew from 88,370 to 95,512, an increase of 7,142 (8.1 percent). Although most of this growth (5,550 persons) occurred in the city of Manchester, the rate of increase in Goffstown of 28.2 percent was more than four times the 6.7 percent increase in Manchester. The population growth since 1960 has occurred in approximately the same proportion as in the 1950-1960 period.

Estimated Future Population. The slow rate of growth experienced during the past four and two-thirds years is expected to continue during the two-year forecast period. By December 1966, the total population in the HMA will reach 98,000, a gain of 750 (375 annually) or 0.8 percent over the current estimate.

Changes in Population
Manchester, New Hampshire HMA
April 1950 - December 1964

Year	Population	Average annual change from previous year shown: Number	Percent
1950 (April)	88,370	-	-
1960 (April)	95,512	714	0.8
1964 (Dec.)	97,250	372	0.4
1966 (Dec.)	98,000	375	0.4

Source: 1950 and 1960 Censuses of Population.
1964 and 1966 estimated by Housing Market Analyst.

Natural Increase and Migration. Since April 1960, there has been a net natural increase (excess of births over deaths) of 5,191 in the population of the Manchester HMA. The population increased by only 1,738 during this period, however, so that there has been a net out-migration of 3,453 persons (740 annually) from the Manchester HMA. The largest proportion of out-migrants (based on the experience of the 1950-1960 period) was made-up of males between the ages of 15 and 24. The group with the second highest incidence of out-migration was made-up of males and females between the ages of 25 and 44.

Age Distribution. As may be seen in the following table, large population gains were experienced in the age groups 0 to 14 and 60 and over between 1950 and 1960, but the population aged 15 to 59 declined by 2,313 persons. The increase in the 0-14 age group is consistent with the National trend of high birth rates. The decrease in the 15 to 59 age group stems somewhat from the low birth rates in the 1930's and early 1940's, but is predominantly the result of out-migration because of lack of economic opportunity in the HMA. Part of the increase in the over-60 age group is due to the return of ex-Manchester residents upon retirement, but is largely due to the increasing longevity of the population.

Distribution of the Population by Age
Manchester, New Hampshire, HMA
1950 - 1960

Age group	1950	1960	Decennial change Number	Decennial change Percent
0-14	21,232	27,935	6,703	31.6
15-29	19,274	16,648	-2,626	-13.6
30-44	18,963	19,304	341	1.8
45-59	16,149	16,121	-28	- 0.2
60 and over	12,752	15,504	2,752	21.6
Total	88,370	95,512	7,142	8.1

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate. The number of households in the Manchester HMA now totals 30,500, an increase of 1,038 (222 annually), or 3.5 percent, since April 1960. Between April 1950 and April 1960, the number of households increased from 26,060 to 29,462, a gain of 3,402 (340 annually), or 13.1 percent. The annual gain of 222 households experienced in the present decade is approximately two-thirds the annual increment experienced during the preceding decade. This slower rate of household formation, which is attributable to the high rate of out-migration, would be even slower were it not for the fact that between 1950 and 1960 there was a conceptual change from "dwelling unit" in the 1960 census to "housing unit" in 1960.

Estimated Future Households. Based on the projected population increase and on household size trends, the number of households in the HMA, as of December 1966, is projected to 30,950, a gain of 450 (225 annually) over the current total.

Changes in the Number of Households
Manchester, New Hampshire, HMA
1950 - 1964

Year	Households	Average annual change from previous year shown: Number	Average annual change from previous year shown: Percent
1950 (April)	26,060	-	-
1960 (April)	29,462	340	1.3
1964 (Dec.)	30,500	222	0.7
1966 (Dec.)	30,950	225	0.7

Source: 1950 and 1960 Censuses of Housing.
1964 and 1966 estimated by Housing Market Analyst.

The average household size has declined slightly during the past decade and a half. In 1950, the average household in the HMA contained 3.23 persons. The average dropped to 3.14 in 1960 and to 3.10 persons per household at present. This modest rate of decline is expected to continue during the next two years to an estimated household size of 3.08 in December 1966.

Housing Market Factors

Housing Supply

As of December 1964, there are 32,100 housing units in the Manchester HMA. This represents a net increase of 995 units (3.2 percent) to the housing supply since April 1960, when the U. S. Census of Housing reported 31,105 housing units in the area (see table III). The 1960 level, in turn, represents an increase of 3,936 units (14.5 percent) over the 1950 total of 27,169 housing units.

The Housing Supply
Manchester, New Hampshire, HMA
1950, 1960, and 1964

Year	Housing units	Average annual change from previous year shown: Number	Percent
1950 (April)	27,169	-	-
1960 (April)	31,105	394	1.5
1964 (Dec.)	32,100	213	0.7

Source: 1950 and 1960 Censuses of Housing.
1964 estimated by Housing Market Analyst.

Type of Structure. There are 14,650 single-family units in the HMA at present, equal to 45.6 percent of the total housing supply. This total is 1,190 more than the 1960 supply of 13,468 single-family units, which accounted for 43.3 percent of the total 1960 supply. The single-family structure has been the only type of housing structure that increased in proportion to the total housing supply; in fact, it was the only type that increased appreciably in number. There has been construction in all groups of structural types, but units demolished, in most cases, have outnumbered the units constructed.

The number of units in two-family structures declined from 5,462 in 1960 to 5,400 in 1964, despite the construction of approximately 100 duplex units in the intervening years. The number of units in three- and four-family structures declined from 6,627 in 1960 to 6,500 in 1964, and the number of units in multifamily structures (five or more units per structure) increased by 10 units during the four and two-thirds years to a total of 5,500 units. Trailers constituted 0.2 percent of the total supply at each of the two dates.

Age of Structure. An estimated 1,495 units in the current 32,100 unit housing supply were built after April 1960 (4.7 percent of the total), and 5,055 units (15.8 percent) in the previous decade. Residential construction activity was relatively slow in the recession years of the 1930's and the war years of the 1940's. A total of 4,392 units, or 13.7 percent of the current total, were constructed in this 20-year period. The bulk of the current housing supply, 21,158 units, representing 65.8 percent of the total supply, was constructed prior to 1930. Thus, almost two-thirds of the total housing supply in the Manchester HMA is at least 35 years old at the present time.

Condition. In April 1960, 3,458 units (11.1 percent) of the 31,105 unit housing supply were dilapidated or lacked some or all plumbing facilities. Of the total substandard units, 508 were owner-occupied (3.4 percent of the owner-occupied inventory) and 2,299 were renter-occupied (16.1 percent of the renter-occupied inventory). The remaining 651 substandard units were vacant, of which 252 were available for sale or rent.

Value and Rent. The median value of owner-occupied units in the HMA in April 1960 was $11,800. The median asking price of vacant sales housing ($12,200) was slightly higher than the median value of owner-occupied units. The median gross rent in April 1960 was $61 a month, $23 a month more than the median rent asked for vacant units available for rent, reflecting the fact that many of the vacant for-rent units were substandard.

Residential Building Activity

Trend. From 1950 to 1960, 4,463 housing units (446 annually) were authorized by building permits in the Manchester HMA. During the first seven years of the decade, 3,531 units were authorized, an annual average of 504 units. The number of authorizations dropped off during the following three years, when the annual authorization average 310 units. The great majority of the units authorized during the decade were in single-family structures, with only a scattering in two-family structures. The only multifamily housing authorized during the decade was a 200-unit public housing project in 1951.

Since 1960, 1,795 new housing units have been authorized by building permits in the Manchester HMA, an annual average of about 365 units. This is an increase of 55 units a year over the average of the preceding three years but falls short of the average of the 1950-1956 period by about 140 units annually. The increased building activity since 1960 is due entirely to the authorization of 246 units of multifamily housing; 150 units of public housing in 1961 and 96 units of conventionally-financed apartments in 1964. The number of units authorized in structures containing one to four units remained at the level of the preceding three years, slightly more than 300 units a year on the average. The number of single-family structures authorized since 1960 accounted for 79 percent of total authorizations; two-family structures, 6 percent; three- and four-family structures, one percent; and units in multifamily structures, the remaining 14 percent.

The number of units authorized in the first eleven months of 1964, (419 units), exceeded the total in the like 1963 period by 84 units, reflecting the authorization of 10 units in three- and four-family structures and 96 units in multifamily structures in 1964 against none in these categories in 1963, and a slight decline in one- and two-family units in 1964.

Units Authorized by Building Permit
Manchester, New Hampshire, HMA
1960 - 1964

Type of structure	1960	1961	1962	1963	1964
Single-family	252	284	291	316	283
Two-family	10	2	26	38	30
3- and 4-family	4	3	-	-	10
Multifamily	-	150 a/	-	-	96
Total	266	439a/	317	354	419

a/ Contains 150 units of public housing.

Source: Building Departments, city of Manchester and town of Goffstown.

At the present time, there are approximately 266 housing units[1/] under construction in the Manchester HMA, including 180 units in single-family structures, and 86 units in structures containing two or more units (63 of the 86 units are in two garden-type apartments).

Demolitions. Since January 1960, nearly 500 units have been removed from the housing supply of the HMA through demolition. The majority of the demolitions (338) occurred in 1961, and resulted mainly from urban renewal activity. In 1960, 18 units were demolished, in 1962 there were 44, in 1963, there were 32 and in the first eleven months of 1964 there were 52 units demolished. The demolitions in the past two years were due to the success of the Manchester Building Inspector in persuading property owners to remove blighted buildings although he does not have condemnation authority. On the basis of tenure in the urban renewal areas, it is estimated that approximately 425 of the 500 units demolished since 1960 were renter-occupied.

1/ As reported in postal vacancy survey and by personal observation.

Tenure of Occupancy

Just over 53 percent of the 30,500 occupied housing units in the Manchester HMA (16,200) are currently occupied by owners (see table III). This percentage is somewhat greater than the comparable 1960 level of 51 percent, when 15,152 of the 29,462 occupied units were owner-occupied. In 1950, only 42 percent of 26,060 occupied housing units (11,023) were owner-occupied. The rate at which occupancy is shifting from tenancy to ownership appears to have slowed since 1960.

Vacancy

Last Census. In April 1960, there were 807 vacant housing units available for sale or rent in the Manchester HMA, or a net vacancy ratio of 2.7 percent. Of these, 152 were available for sale (a vacancy ratio of 1.0 percent) and 655 were available for rent (a vacancy ratio of 4.4 percent). Approximately 31 percent (252) of the vacant, available housing units in 1960 lacked some or all plumbing facilities. Only 19 of the substandard vacant units were available for sale (12.5 percent of the vacant for-sale units) and 233 were available for rent (35.6 percent of the vacant for-rent units).

Postal Vacancy Survey. A postal vacancy survey was conducted in late November 1964 by the two principal post offices in the housing market area (see table IV). The survey covered 32,518 possible deliveries, slightly more than the current housing supply of 32,100 because the area served by these post offices was somewhat larger than the HMA. The survey revealed a total vacancy rate of 2.8 percent, with a 1.7 percent vacancy rate in residences and 3.7 percent vacancy rate in apartments. Comparable postal vacancy surveys conducted in 1957 and 1959 revealed somewhat higher vacancy levels than did the current survey (see table V).

Current Vacancies. The number of vacant available housing units has declined by 107 since April 1960, to the current level of 700. Vacant units available for sale are currently estimated at 150, almost no change from 1960, and units available for rent are estimated at 550, a decrease of 105 since 1960. Although the number of sales vacancies remained constant, the sale vacancy ratio declined from 1.0 percent in 1960 to 0.9 percent at present. The ratio of rental vacancies declined from 4.4 percent in 1960 to 3.7 percent at present. Approximately 15 of the vacant units for sale and 165 of the vacant units for rent are considered to be substandard and, therefore, not competitive with other vacant units. The current low level of vacancies is appropriate for an area with a slow rate of population and household growth, such as the Manchester Housing Market Area.

The results of the postal vacancy surveys are not directly comparable with those of 1960 published by the Bureau of the Census, because of differences in definition, in area delineation, and in methods of enumeration.

Sales Market

The sales housing market has tightened slightly in the past several years, from a very modest over-supply in 1960 to a balanced condition at present. This balanced condition has been maintained despite the upgrading of housing accommodations of many owner-families because the units vacated by these families were absorbed either in a shift to owner-status of previous renter families or a shift in status of some of these units from owner to renter occupancy. In addition, about fifteen owner-occupied units annually were removed from the supply of housing through demolition.

During the past several years, about two-thirds of new residential units have been built speculatively, in scattered lots or in small subdivisions. There are ten active FHA-approved subdivisions in the Manchester HMA. On the average, construction in each amounts to fewer than ten units a year.

The asking price of new sales housing has been increasing steadily over the past 15 years, due mainly to the increased cost of labor, material, land, and improvements. A local source indicated that the average sales price of new single-family housing increased sharply during the past year as a result of increased sales in the higher price brackets, an indication of upgrading by Manchester owner families.

In January 1964, the Manchester Insuring Office surveyed all subdivisions in the Manchester HMA in which five or more houses were completed in 1963. The results are shown in table VI. The survey revealed that 45 of the 154 completed houses (29 percent) were sold before construction started. Of the remaining 109 houses, built speculatively, 75 had been sold by the time of the survey and 34 (22 percent of the speculatively-built houses) were unsold. Of the unsold houses, four had been completed for less than one month at the time of the survey, 21 had been completed for two to three months, six had been completed for four to six months, and three had been completed for seven to twelve months. Although 34 completed unsold houses appears to be an excessive number, it reflects a local seasonal situation. Due to the severe and lengthy winters, builders usually start construction in late fall, before the cold weather sets in, so that the houses can be completed for early spring sales promotions.

The survey data reveal that nearly 90 percent of the speculatively built houses range in price from $12,500 to $20,000. The contractually built houses (those sold before construction started) ranged more widely in price, with 90 percent priced between $10,000 and $25,000. In total, nearly 90 percent of the 154 completed units were priced between $12,500 and $25,000.

There have been very few foreclosures in the Manchester HMA in the past five years. The local FHA Insuring Office has no foreclosed properties in the HMA at the present time. The local banks also report that they have very few foreclosure problems in the Manchester area.

Rental Market

Except for two rental projects now under construction, the supply of rental housing in Manchester consists of several old wooden apartment houses, several public housing projects, and many two-, three- and four-unit structures. The two new rental projects are said to be the first multiple-unit structures to be built in Manchester in the past 15 years. When completed, these projects will offer the only modern rental units in multiple-unit structures in the HMA. The only comparatively new rental units at the present time are about 50 duplex units which have been built within the past two years. The occupancy in these units has remained near 100 percent. Other rental units, which are quite old, but in reasonably good condition, are in strong demand.

The two rental projects that are under construction, 23 units and 40 units, respectively, are conventionally-financed garden-type projects, located in close proximity to the downtown commercial and business district. Announcements of intentions to build these projects were reported to have been received very enthusiastically by Manchester residents. The mortgagee of this project feels that the response was sufficient to warrant the financing of a third garden-type project containing 33 units. Construction of this project will begin when it appears that a sustaining occupancy level has been attained in the projects now under construction.

Urban Renewal Activity

An analysis of the Manchester rental market, as of January 1, 1960, reported three urban renewal projects in the city of Manchester that had been completed or were in execution at that time. The Concord-Lowell Streets Project (1-3) was completed as a public parking lot in June 1957. The Spruce Street Project (R-3) is still in execution, but the bulk of the area is developed as a site for a department store. The Pearl Street Project (1-2) is also still in the execution stage, but most of the area is in use as a public parking lot or for commercial establishments.

The Flatiron Project (R-5) is an eight block area in West Manchester that is in the final planning stage. There are 65 residential structures in the area containing 334 housing units, 266 to be cleared and 68 to be rehabilitated. Most of the units to be rehabilitated are in structurally sound three-story frame houses, located in the northern half of the area. The remaining portion of the area will be used for commercial purposes and for the expansion of Notre Dame Hospital. The project is expected to enter the execution stage on January 1, 1965. Clearance will continue for approximately 30 months.

The Elcee Urban Renewal Project, in the planning stage, is a one square block area located to the east of the central business district. Tentative re-use of the area is for rental housing to house families relocated from other urban renewal areas. The 25 families now living in the area will probably be relocated within the next two years, even if the area is not used for the relocation rental project.

The Central Business District Urban Renewal Project involves the preparation of a general neighborhood renewal plan for Manchester's central business district. Within this project area are the Downtown One Urban Renewal Area and the Amoskeag Millyard Project (R-7). Preliminary planning for Downtown One was approved in July 1961. The purpose of Downtown One is to provide a site for the proposed Jordan Marsh Department Store 1/ to refurbish the downtown business district and to remove or rehabilitate the residential units in the area. The Amoskeag Millyard Project encompasses the mile-long complex of mills along the Merrimack River. These mills will be rehabilitated to provide modern manufacturing facilities.

There are several other urban renewal projects that are being planned, the execution of which is beyond the two-year projection period of this report. These projects are the East GNRP, which extends for eight blocks east of the Central District GNRP boundary, the SQUOG Project which encompasses about 20 blocks of deteriorating and dilapidated three and four-story frame structures in the southern part of West Manchester, and the Brown Avenue Project, a proposed industrial park site located about five miles south of Manchester on the Merrimack River.

1/ Jordan Marsh has since decided to locate on the outskirts of town.

Public Housing

There are 552 units of public housing presently under management in the HMA; 200 units in Elmwood Gardens, 202 units in Rock Rimmon, and 150 units in Senior Citizens. The units in the Senior Citizens Project are predominately one-bedroom units, with a few efficiencies and two-bedroom units, all of which are fully occupied. In the other two projects, two and three bedroom units predominate. Occupancy is high in these projects and especially high in the several four and five bedroom units in Elmwood Gardens. A combination project (NH 1-4) consisting of 108 units of elderly housing and 50 units of other low rent housing is planned for occupancy by late 1966. There are two other public housing projects planned for the Manchester area, each with 96 units. NH 1-5 is designed for the elderly and NH 1-6 is not. Neither project will be completed within the projection date of this report, however.

The minimum rent charges are $31 in Rock Rimmon and $34 in both Elmwood Gardens and Senior Citizens. The income limits for admission are from $3,800 for a one- or two-person family up to $5,200 for a seven- or more-persons family. For families displaced by government action, the limits are increased by $700 for one- or two-person families up to $1,000 for seven- or more-person families. For continued occupancy, incomes may rise as high as $4,750 for one- or two-person families to $6,500 for seven- or more-person families.

Demand for Housing

Quantitative Demand

The demand for new housing is derived from the projected level of household growth (225 annually for the next two years), and the number of units expected to be demolished. Consideration is also given to the existing tenure composition of the inventory and to the continued slow trend toward home ownership. Giving due regard to each of these factors, annual demand for new housing for each of the next two years is estimated at 360 units, comprised of an annual demand for 250 sales units and 110 rental units.

Qualitative Demand

Sales Demand. Demand for 250 units of additional sales housing annually, based on the distribution of families by annual after-tax incomes and on the proportion of income that families ordinarily pay for sales housing in the Manchester area, is expected to approximate the distribution by sales price in the following table.

Estimated Annual Demand for Additional Sales Housing
Manchester, New Hampshire HMA
December 1964 - December 1966

Price range	Number of units	Percentage distribution
\$10,000 - \$11,999	15	6
12,000 - 13,999	40	16
14,000 - 15,999	40	16
16,000 - 17,999	45	18
18,000 - 19,999	50	20
20,000 - 24,999	40	16
25,000 - 29,999	10	4
30,000 and over	10	4
Total	250	100

Source: Estimated by Housing Market Analyst.

It is judged that acceptable sales housing cannot be built in the Manchester area for less than \$10,000. Demand for sales housing priced below \$10,000 will be satisfied by existing houses, many of which will be vacated because of the evident desire of Manchester owner families to upgrade their housing standards.

Rental Demand. The monthly rentals at which privately-owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. Net additions in these rentals may be accomplished either by (1) new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition, or (2) production of units at higher rentals which competitively effect a filtering of existing accommodations to the rentals specified.

Estimated Annual Demand for Net Additional Rental Units
Manchester, New Hampshire, HMA
December 1964 - December 1966

Monthly gross rents a/	Size of units			
	Eff.	1-BR	2-BR	3-BR
$85 and over	15	-	-	-
90 " "	10	40	-	-
95 " "	10	35	40	-
100 " "	10	30	35	15
105 " "	5	25	30	10
110 " "	5	25	25	5
115 " "	5	20	20	5
120 " "	5	15	15	5
125 " "	5	15	15	5
130 " "	-	10	10	5
140 " "	-	5	5	-
150 " "	-	5	5	-
160 " "	-	5	5	-
170 " "	-	-	5	-

a/ Includes all utilities.

Note: Figures are cumulative; the columns cannot be added vertically. For example, the annual demand for one-bedroom units at $105 to $125 is 10 units (25 minus 15).

Source: Estimated by Housing Market Analyst.

The limited demand for units at rents achievable with market interest rate financing precludes consideration of high-rise construction. At the rents which would be required, the rate of absorption would not be sufficient to attain sustaining occupancy in a reasonable length of time for a project of an economically feasible size.

Table I

Employed Persons by Industry[a/]
Manchester, New Hampshire, SMSA, 1960-1964

Industry	1960	1961	1962	1963	8 month average 1964
Total nonagricultural wage & salary	43,360	42,820	43,420	43,410	43,230
Manufacturing	18,290	17,670?	17,610	17,050	16,650
Durables goods	4,030	3,830	3,810	3,800	3,660
Lumber & wood products	440	460	410	340	330
Furniture & fixtures	370	380	400	370	360
Metal products & machinery	390	390	370	370	340
Electrical products	2,300	2,120	2,140	2,240	2,180
Other durable goods	530	480	490	480	450
Nondurables goods	14,260	13,840	13,800	13,250	12,990
Food & kindred products	1,120	1,170	1,180	1,190	1,190
Textile products	4,480	4,120	3,980	3,480	2,840
Apparel	1,080	1,170	1,260	1,300	1,720[b/]
Printing & publishing	420	430	460	480	480
Leather & leather products	6,340	6,270	6,200	5,970	5,800
Other nondurables goods	820	680	720	830	960
Nonmanufacturing	25,070	25,150	25,810	26,360	26,580
Construction	2,290	2,210	2,280	2,140	2,080
Trans., comm., & utilities	2,700	2,690	2,690	2,650	2,610
Trade	8,620	8,580	8,900	9,190	9,300
Finance, insur, & real estate	2,500	2,500	2,470	2,520	2,570
Services	5,590	5,740	6,060	6,270	6,430
Government	3,370	3,430	3,410	3,590	3,590

a/ Totals are based on labor market consisting of Manchester, Bedford, Goffstown, and Hooksett.
b/ Industry change from textiles accounts for all the increase in apparel.

Source: The State of New Hampshire, Department of Employment Security.

Table II

Estimated Family Income Distribution a/
Manchester, New Hampshire, SMSA
December 1964 and December 1966

Annual income after tax	Percentage distribution: All families 1964	All families 1966	Renter families 1964	Renter families 1966
Under $3,000	10.0	9.0	14.0	12.5
3,000 - 3,999	7.0	7.0	11.0	10.0
4,000 - 4,999	10.5	9.0	15.0	12.0
5,000 - 5,999	13.0	11.0	16.0	15.5
6,000 - 6,999	14.5	13.5	16.0	16.0
7,000 - 7,999	13.5	13.0	10.0	12.0
8,000 - 8,999	9.5	10.5	6.0	7.0
9,000 - 9,999	7.0	8.0	3.0	4.5
10,000 -12,499	6.5	9.5	4.5	4.5
12,500 -14,999	4.0	4.0	3.0	4.0
15,000 and over	4.5	5.5	1.5	2.0
Total	100.0	100.0	100.0	100.0
Median	$6,625	$7,050	$5,650	$6,000

a/ After deduction of federal income tax.

Source: Estimated by Housing Market Analyst.

Table III

Housing Inventory Characteristics
Manchester, New Hampshire, SMSA
1960 and 1964

Characteristics	April 1960	December 1964	Change 1960-1964 Number	Percent
Tenure				
Total housing supply	31,105	32,100	995	3.2
Occupied housing units	29,462	30,500	1,038	3.5
Owner-occupied	15,152	16,200	1,048	6.9
Percent of all occupied	51.4%	53.1%	-	-
Renter occupied	14,310	14,300	-10	-0-
Percent of all occupied	48.6%	46.9%	-	-
Vacancy				
Vacant housing units	1,643	1,600	-43	-2.6
Available	807	700	-107	-13.3
For sale only	152	150	-2	-1.3
Homeowner vacancy ratio	1.0%	0.9%	-	-
For rent only	655	550	-105	-16.0
Renter vacancy ratio	4.4%	3.7%	-	-
Other	836	900	64	7.7
Type of structure (units)				
Single-family	13,468	14,650	1,182	8.8
Two-family	5,462	5,400	- 62	-1.1
Three- and four-family	6,627	6,500	-127	-1.9
Five- or more-families	5,490	5,500	10	0.2
Trailers	58	50	-8	-1.4

Source: U. S. Census of Housing 1960.
Estimated by Housing Market Analyst 1964.

Table IV

Manchester, New Hampshire, Area Postal Vacancy Survey

November 23, 1964

Postal Area	TOTAL RESIDENCES AND APARTMENTS: Total Possible Deliveries	Vacant Units: All	Vacant Units: %	Vacant Units: Used	Vacant Units: New	Under Const.	RESIDENCES: Total Possible Deliveries	Vacant Units: All	Vacant Units: %	Vacant Units: Used	Vacant Units: New	Under Const.
The Survey Area												
Manchester	32,518	907	2.8	797	110	263	15,462	270	1.7	172	98	180
Main Office:												
City Routes	30,257	836	2.8	761	75	201	13,294	210	1.6	145	65	123
Rural Routes	1,879	50	2.7	28	22	58	1,838	43	2.3	23	20	53
Grenier Air Force Base	30	-	-	-	-	-	-	-	-	-	-	-
Hooksett	352	21	6.0	8	13	4	330	17	5.2	4	13	4

Postal Area	APARTMENTS: Total Possible Deliveries	Vacant Units: All	Vacant Units: %	Vacant Units: Used	Vacant Units: New	Under Const.	HOUSE TRAILERS: Total Possible Deliveries	Vacant: No.	Vacant: %
The Survey Area									
Manchester	17,056	637	3.7	625	12	83	193	16	8.3
Main Office:									
City Routes	16,963	626	3.7	616	10	78	185	14	7.6
Rural Routes	41	7	17.1	5	2	5	8	2	25.0
Grenier Air Force Base	30	-	-	-	-	-	-	-	-
Hooksett	22	4	18.2	4	-	-	-	-	-

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, and 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 cooperating postmasters.

Table V

Detailed Comparative Percentage of Vacancies by Location
Manchester, New Hampshire, Postal Area
1957, 1959, and 1964

Location	Postal carrier route numbers	Percent of units vacant								
		All			Single family residences			Apartments		
		1957	1959	1964	1957	1959	1964	1957	1959	1964
Downtown business area	1-10	7.6	8.6	7.9	7.1	-	-	7.6	8.8	8.4
Downtown residential area	13-17	5.6	6.5	6.2	2.2	6.6	1.0	5.9	6.5	7.3
South side	19-27	2.7	2.0	1.7	3.1	1.8	1.3	2.1	2.4	2.7
Southeast	18, 28-41	2.7	2.2	2.2	1.5	1.2	1.5	3.6	3.0	3.0
Near northeast	42-59	4.7	4.8	3.4	2.0	3.3	2.9	5.7	5.5	3.7
Far northeast	60-63, 66, 67, 70, 84	4.2	3.2	3.0	1.7	2.4	2.0	7.8	5.2	5.2
West side	64, 65, 71-83, 85-89, 92	3.3	2.5	1.6	1.2	1.0	0.9	4.0	3.2	2.0
Pinardville	90, 91, 93	1.4	1.4	1.6	1.2	1.2	1.9	1.7	2.2	0.6
Rural routes	R1-R4	2.2	2.6	3.2	2.4	2.6	2.8	-	-	17.5
Manchester total		3.7	3.4	2.8	2.0	2.0	1.7	4.7	4.4	3.7

Source: Derived by Housing Market Analyst from Postal Vacancy Surveys.

Table VI

Completed Unsold Houses by Sales Price Class
Manchester, New Hampshire, SMSA
January 1, 1964

	Houses completed			Speculative houses			
						Unsold	
Sales price	Number	Percent distrib.	Pre-sold	Total spec.	Number sold	Number	Percent
$10,000 - $12,499	11	7.1	10	1	1	0	0
12,500 - 14,999	42	27.4	8	34	27	7	20.6
15,000 - 17,499	29	18.8	5	24	12	12	50.0
17,500 - 19,999	46	29.9	9	37	26	11	29.7
20,000 - 24,999	19	12.3	8	11	8	3	a/
25,000 - 29,999	6	3.9	4	2	1	1	a/
30,000 - 34,999	1	0.6	1	0	0	0	0
Total	154	100.0	45	109	75	34	31.2

a/ Percentage not shown because of small base.

Source: Annual survey of unsold inventory of new houses conducted by the Manchester Insuring Office.

DATE	ISSUED TO