



# Manchester-Nashua, New Hampshire

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2011



## Housing Market Area



The Manchester-Nashua Housing Market Area (HMA) is coterminous with the Manchester-Nashua Metropolitan Statistical Area (MSA) and comprises Hillsborough County in southern New Hampshire. The HMA, located less than 50 miles from Boston, is home to the two largest cities in northern New England, Manchester and Nashua, which have transformed from mill towns during the 19th and early 20th centuries into centers of commerce today.

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## Summary

### Economy

Economic conditions in the HMA began to improve during the past year, led by the expansion of the education and health services sector, which added 700 jobs, an increase of 2 percent compared with the number of jobs during the previous 12 months. Non-farm payrolls increased by 900 jobs, or 0.4 percent, to 222,500 jobs during the 12 months ending July 2011, after declining by 7,100 jobs, or 3.1 percent, during the previous 12 months. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,275 jobs, or 1 percent, a year.

### Sales Market

The sales housing market is slightly soft in the HMA, with a current estimated owner vacancy rate of 1.6 percent. During the 12 months ending July 2011, the average sales price for an existing single-family home decreased by 3 percent to \$232,800 compared with the average price during the previous 12 months. During the 3-year forecast period, demand is expected for 1,875 new homes and 50 mobile homes (see Table 1). Since 2000, the other vacant housing supply has increased by 1,100 units to an estimated 4,800 units, a

portion of which may reenter the sales housing market and satisfy some of the future demand.

### Rental Market

The rental housing market in the HMA is balanced, but the market for newer, larger, and higher quality apartment projects is tight. Despite increased construction of new multifamily units, the current overall rental vacancy rate for the HMA has declined to an estimated 6.8 percent, down from 7.5 percent in 2010 (see Table DP-1). During the forecast period, demand is expected for 1,050 new rental units. The 350 units currently under construction will satisfy part of the demand. (See Table 1.)

**Table 1. Housing Demand in the Manchester-Nashua HMA, 3-Year Forecast, August 1, 2011 to August 1, 2014**

	Manchester-Nashua HMA	
	Sales Units	Rental Units
Total Demand	1,925	1,050
Under Construction	140	350

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2011. A portion of the estimated 4,800 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

The combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA, referred to hereafter as the metropolitan NECTA, is a similar geography to the HMA. The metropolitan NECTA is used in the discussion of nonfarm payroll jobs because employment data for the NECTAs are readily available from the U.S. Bureau of Labor Statistics.

Economic conditions in the metropolitan NECTA began to improve during the past year after significant declines

in 2009 and early 2010, but nonfarm payrolls are still well below the 2007 peak of 233,400 jobs. During the 12 months ending July 2011, nonfarm payrolls increased by 900 jobs, or 0.4 percent, to 222,500 jobs, compared with a decline of 7,100 jobs, or 3.1 percent, for the previous 12 months (see Table 2). In comparison, from 2002 through 2007, nonfarm payrolls increased by nearly 3,000 jobs, or 1.3 percent, annually before flattening in 2008 and losing 9,000 jobs, or 3.9 percent, in 2009. During the past 12 months, the average unemployment rate in the HMA improved to 5.6 percent, down from 6.7 percent during the previous 12 months, but up from the prerecession level of 3.6 percent in 2007. See Figure 1 for labor force, resident employment, and unemployment rate trends in the HMA since 2000.

The Manchester-Boston Regional Airport (MHT) establishes the HMA as the transportation hub of New Hampshire and northern New England. MHT has been a catalyst for growth in the HMA since opening a 158,000-square-foot passenger terminal in 1994. In 2008, MHT reported a local economic impact of \$1.2 billion annually, contributing 3,800 jobs directly and indirectly to the area economy (the most recent data available). Additional growth is expected when a new access road connecting the F.E. Everett Turnpike to MHT is completed in November 2011. The access road will provide 1,000 acres of newly zoned commercial and industrial land. According to the New Hampshire Department of Transportation, the project is estimated to cost \$175 million, employ more than 200 people, and create 26 full-time jobs.

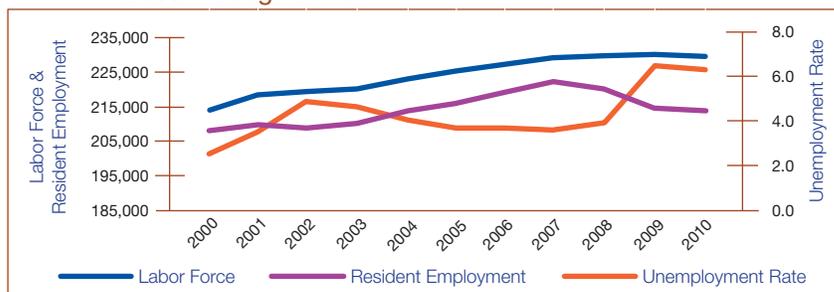
**Table 2.** 12-Month Average Nonfarm Payroll Jobs in the Manchester-Nashua HMA, by Sector

	12 Months Ending July 2010	12 Months Ending July 2011	Percent Change
Total Nonfarm Payroll Jobs	221,600	222,500	0.4
Goods Producing	37,800	38,000	0.5
Mining, Logging, & Construction	8,050	7,875	-2.2
Manufacturing	29,700	30,100	1.3
Service Providing	183,800	184,500	0.4
Wholesale & Retail Trade	40,750	40,050	-1.6
Transportation & Utilities	3,875	3,850	-0.6
Information	5,275	5,075	-3.6
Financial Activities	14,650	14,600	-0.5
Professional & Business Services	25,850	26,600	2.8
Education & Health Services	36,350	37,050	2.0
Leisure & Hospitality	18,750	19,150	2.2
Other Services	8,475	8,450	-0.3
Government	27,150	27,050	-0.4

Notes: Based on 12-month averages through July 2010 and July 2011. Numbers may not add to totals because of rounding. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA.

Source: U.S. Bureau of Labor Statistics

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Manchester-Nashua HMA, 2000 Through 2010



Source: U.S. Bureau of Labor Statistics

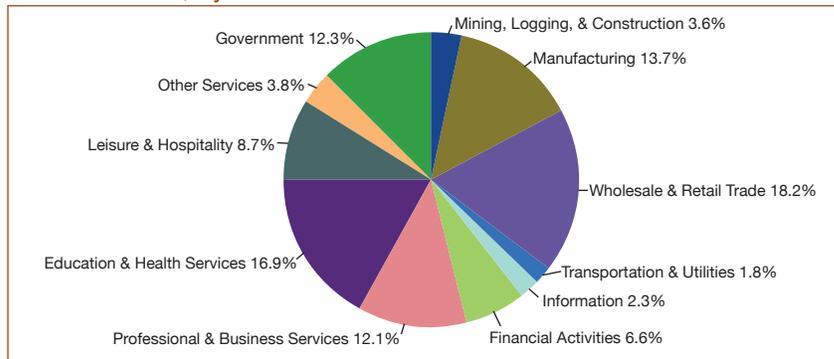
The education and health services sector has added jobs every year since 2000 and helped to stabilize the local economy during the most recent recession. From 2000 through 2007, the sector expanded from 27,500 jobs to 33,900 jobs, or 3 percent, annually. From 2007 through 2009, a period when nearly every other sector lost jobs, the education and health services sector added 1,200 jobs a year, an annual increase of 3.5 percent. During the 12 months ending July 2011, the sector increased by 700 jobs, or 2 percent, compared with the number of jobs during the previous 12 months. In April 2011, Elliot Health System, the largest employer in the sector, with 3,550 employees, opened The Elliot at River's Edge, a 236,000-square-foot

outpatient healthcare facility in Manchester, adding 275 jobs. Gains in this sector may slow, because the state cut tax reimbursements for hospitals, leading to planned layoffs for 2011 at the four largest hospitals in the HMA, which amounts to an anticipated total loss of 430 jobs. See Figure 2 for current nonfarm payroll jobs by sector in the metropolitan NECTA.

During the past year, employment levels were mixed in other sectors. During the 12 months ending July 2011, the manufacturing sector showed signs of recovery, adding 400 jobs, an increase of 1.3 percent, compared with the number of jobs during the previous 12 months. From 2000 through 2009, manufacturing nonfarm payrolls declined by 1,600 jobs, or 4.2 percent, a year. Since 2000, the sector has moved toward more high-tech production, led by BAE Systems, Inc. (BAE), a national defense contractor and the largest employer in the HMA, with 4,500 employees (see Table 3). The company's Electronic Systems Unit, headquartered in Nashua, manufactures mission-critical electronic systems, including flight and engine controls, electronic warfare systems, and night vision systems. In 2010, BAE reported an annual impact of \$598 million in New Hampshire.

In contrast to the recent growth in manufacturing, during the 12 months ending July 2011, the retail trade subsector lost 600 jobs, a 1.9-percent decrease, and has declined nearly 10 percent since the prerecession peak in 2006. Both growth in online sales and decreases in the number of Massachusetts shoppers taking advantage of the lack of sales tax in New Hampshire, have negatively affected sales in the NECTA. The downward trend in the retail trade subsector is expected to reverse, however, with the opening

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



Notes: Based on 12-month averages through July 2011. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Manchester-Nashua HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
BAE Systems, Inc.	Manufacturing	4,500
Fidelity Investments	Financial Activities	4,400
Elliot Health System	Education & Health Services	3,550
Southern New Hampshire Medical Center	Education & Health Services	2,200
Catholic Medical Center	Education & Health Services	2,000
DeMoulas Super Markets, Inc.	Wholesale & Retail Trade	1,700
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	1,500
Southern New Hampshire University	Education & Health Services	1,350
Hannaford Bros. Co.	Wholesale & Retail Trade	1,250
St. Joseph Hospital	Education & Health Services	1,200

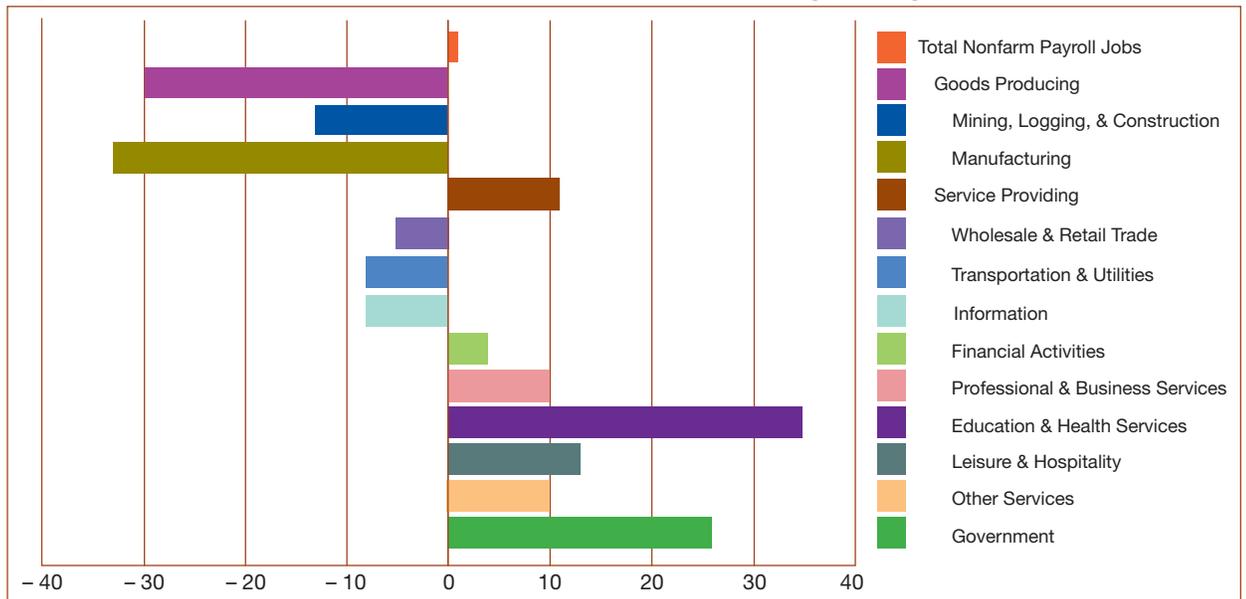
Note: Excludes local school districts.

Sources: New Hampshire Business Review; estimates by analyst

of the Merrimack Premium Outlets® scheduled for June 2012. The first phase of the \$100 million, 380,000-square-foot project will contain approximately 100 stores and is expected to add 800 full- and part-time jobs. See Figure 3 for sector growth in the metropolitan NECTA since 2000.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 2,275 jobs, or 1 percent, a year. High-tech manufacturing, retail trade, and health services, despite the planned layoffs, are expected to lead job growth.

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



Note: Current is based on 12-month averages through August 2011.

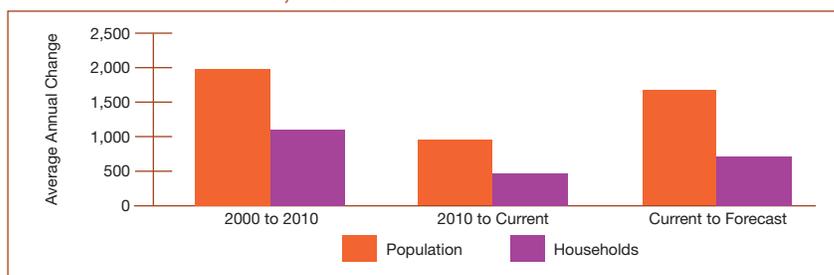
Source: U.S. Bureau of Labor Statistics

## Population and Households

The current population of the Manchester-Nashua HMA is estimated at 402,000, representing more than 30 percent of the entire

population of New Hampshire. Manchester and Nashua, with populations (as reported in the 2010 Census) of 109,565 and 86,494, respectively, are the largest cities in northern New England. The HMA has added 1,875 people a year, an increase of 0.5 percent annually, since 2000 (see Figure 4).

**Figure 4. Population and Household Growth in the Manchester-Nashua HMA, 2000 to Forecast**

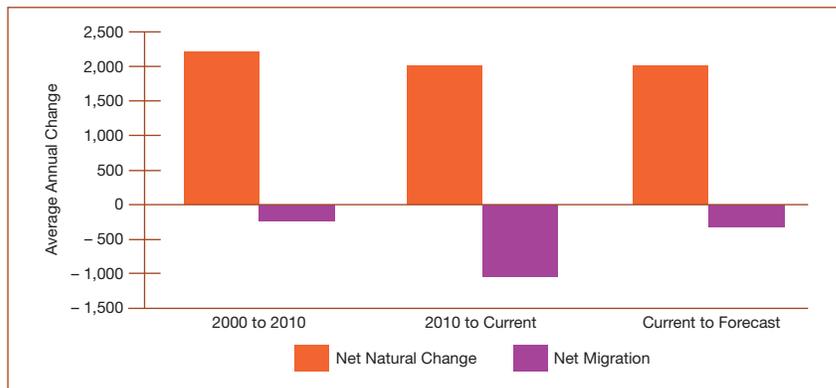


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Since 2000, net natural increase (resident births minus resident deaths) has accounted for all net population gains in the HMA (see Figure 5). From July 2004 through July 2006, net out-migration averaged 550 people

a year. Since July 2006, net out-migration more than doubled to 1,250 people annually. Shortly before the onset of the financial housing crisis, demand for sales housing slowed when nonfarm payrolls began to level and eventually decrease in the HMA and the abutting Boston-Cambridge-Quincy, MA-NH MSA (Boston MSA). As a result, fewer people migrated to the HMA, especially from the Boston MSA, to purchase lower cost homes.

**Figure 5.** Components of Population Change in the Manchester-Nashua HMA, 2000 to Forecast



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

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



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

The increased levels of net out-migration have resulted in slowed household formation in recent years. Currently 156,100 households are estimated to be in the HMA, and that number is increasing at an average annual rate of 480 households, or 0.3 percent, since April 1, 2010, compared with an increase of 1,100 households, or 0.7 percent, annually from 2000 through 2010. Recently, primarily renters, rather than owners, have formed net new households. Since April 1, 2010, 78 percent of net new households in the HMA have been renters compared with 7 percent from 2000 through 2010. Owners currently constitute an estimated 66.7 percent of all households, down from 66.9 percent as reported in the 2010 Census, but up from 64.9 percent as reported in the 2000 Census. See Figure 6 for a breakdown of households by tenure in 2000, 2010, and the current date.

During the 3-year forecast period, the population and number of households in the HMA are expected to grow slowly. As the economy continues to improve, net out-migration is anticipated to slow and the population is expected to increase by an average of 1,675, or 0.4 percent, a year to 407,000. Household expansion in the HMA is expected to increase by an average of 700 households, or 0.4 percent, annually to 158,200 households.

# Housing Market Trends

## Sales Market

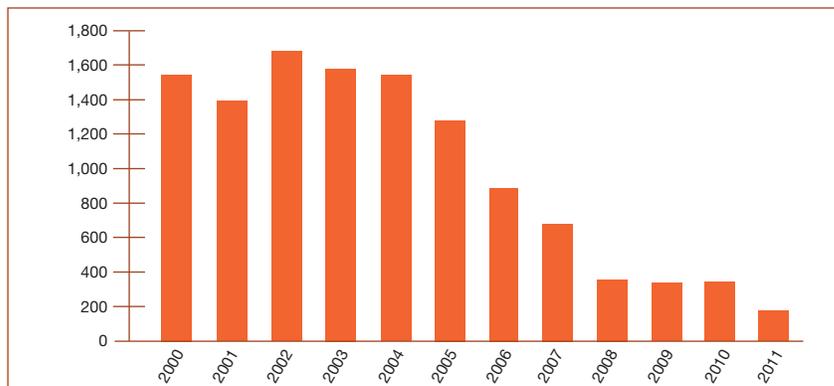
Due to job losses during the most recent recession and tightened credit standards, the sales housing market in the Manchester-Nashua HMA is slightly soft. According to Hanley Wood, LLC, during the 12 months ending July 2011, the number of new and existing single-family home sales totaled 2,675, down 18 percent from the 3,250 sales during the previous 12 months, a period in which sales were influenced by first-time homebuyer tax credit incentives. Single-family home sales were down more than 40 percent from the average annual rate of 4,700 new and existing homes sold during the peak period from 2005 through 2007. During the 12 months ending July 2011, the average sales price for new and existing homes was \$231,700, down 3 percent from \$239,300 a year earlier and down 24 percent from the peak of \$303,100 in 2006. According to LPS Applied Analytics, as of July 2011, 4.7 percent of total home loans in the HMA were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 5.2 percent a year earlier. Despite the recent decline, REO sales represented 21 percent of all existing single-family home sales in the HMA

during the 12 months ending July 2011, up from 19 percent during the previous 12 months and up from 1.7 percent during the peak sales period from 2005 through 2007.

Single-family homebuilding activity, as measured by the number of building permits issued, continued to decline during the past year (see Figure 7). Based on preliminary data, during the 12 months ending July 2011, the number of single-family homes permitted declined to 290 compared with 360 homes permitted during the previous 12 months. During the peak period from 2000 through 2005, an average of 1,500 homes were permitted annually. Activity slowed from 2006 through 2008 as an average of 640 homes were permitted a year. New single-family developments in the HMA include The Preserve at West Bedford, a 61-unit community, which is scheduled to open lots in August 2011, with home sales prices expected to start at \$400,000.

During the 12 months ending July 2011, condominiums represented 19 percent of all home sales in the HMA. During the same period, the number of new and existing condominium sales totaled 620, down 190, or 23 percent, compared with the previous 12 months. The number of condominium sales was down 45 percent from the average annual rate of 1,125 condominiums sold during the peak period from 2005 through 2007. During the 12 months ending July 2011, the average sales price for new and existing condominiums was \$149,800, down 11 percent from \$167,900 a year earlier and down more than 30 percent from the peak of \$215,600 in 2006. Although no

**Figure 7.** Single-Family Building Permits Issued in the Manchester-Nashua HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through July 2011.

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

significant market-rate condominium developments are under construction, Demetria's Crossing, an affordable townhouse condominium community in Manchester for first-time homebuyers and municipal employees, has brought 40 of 66 planned units onto the market with sales prices ranging from \$150,000 to \$170,000.

During the 3-year forecast period, demand is expected for 1,875 new homes and 50 mobile homes (see

Table 1). The 140 homes currently under construction will meet part of the demand. Demand is anticipated to be strongest in the second and third years of the forecast period and for newly constructed single-family homes priced from \$250,000 to \$350,000 and condominiums from \$200,000 to \$250,000 (see Table 4). An estimated 4,800 other vacant units are currently in the inventory, a portion of which may reenter the sales housing market and satisfy some of the forecast demand.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Manchester-Nashua HMA, August 1, 2011 to August 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
175,000	199,999	100	5.3
200,000	249,999	300	16.0
250,000	299,999	550	29.3
300,000	349,999	450	24.0
350,000	449,999	300	16.0
450,000	549,999	100	5.3
550,000	and higher	75	4.0

*Notes: Some of the estimated demand will be satisfied by the 140 homes currently under construction. In addition, a portion of the estimated 4,800 other vacant units in the submarket will likely satisfy some of the forecast demand.*

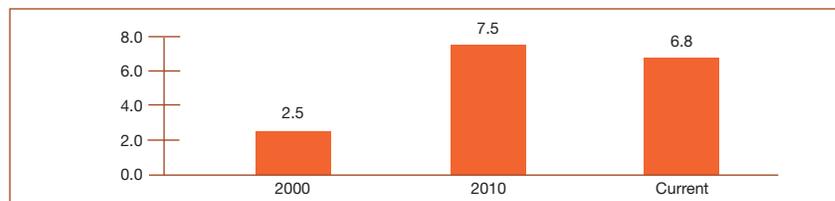
*Source: Estimates by analyst*

## Rental Market

Overall, the rental housing market conditions in the Manchester-Nashua HMA are balanced, but the market for newer, larger, and higher quality apartment projects is tight. Based on data from the 2010 American Community Survey, more than 45 percent of all renter-occupied units in the HMA were built before 1940 and/or are small multifamily units. These units

are usually lower quality housing options and, in general, have higher vacancy rates than the newer and larger apartment projects. The current rental housing market vacancy rate is estimated at 6.8 percent, down from 7.5 percent in 2010 (see Figure 8). According to Reis, Inc., during the second quarter of 2011, the vacancy rate for newer and larger apartment projects in the HMA decreased to 3.3 percent, down from 3.5 percent during the previous quarter and down from 4 percent during the same period a year earlier. Based on data from the New Hampshire Housing Finance Authority, the median monthly gross rent for two-bedroom units (the most prominent type of rental unit in the

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



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

## Housing Market Trends

### Rental Market *Continued*

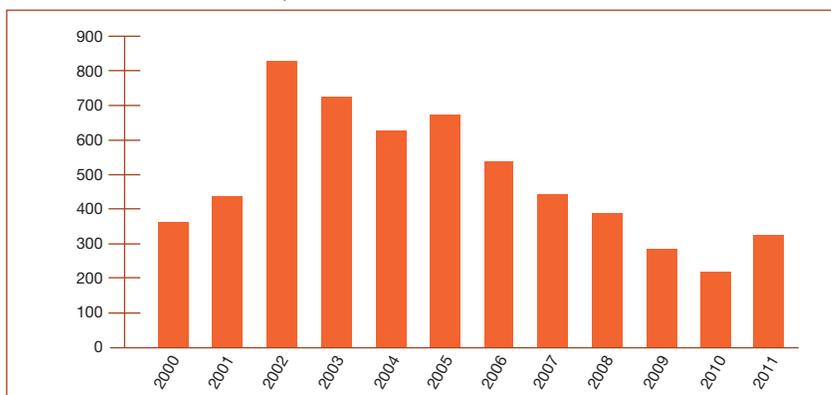
HMA) was \$1,090 in April 2011, relatively unchanged from a year earlier. Median monthly gross rents for two-bedroom units in Manchester decreased from \$1,012 to \$976, or 4 percent, but increased in Nashua from \$1,142 to \$1,162, or 2 percent, during the same period.

Multifamily homebuilding activity, as measured by the number of units permitted, began to increase during the past year but is still well below 2002-through-2005 levels (see Figure 9). Based on preliminary data, during the 12 months ending July 2011, the number of multifamily units permitted increased to 430, up from 320 units permitted during the previous 12 months. In comparison, during the peak period from 2002 through 2005, an average of 710 units were permitted annually and, from 2006 through 2008, an average of 460 units were permitted

annually. Legacy Park Manchester, a \$21.4 million ENERGY STAR community, which includes 195 apartment units, is currently under construction, with buildings expected to open from the fall of 2011 into 2012. Rents for one- and two-bedroom units are expected to start at \$930 and \$1,095, respectively. In addition to new construction, planning is under way on Cotton Mill Square, an adaptive reuse of a vacant textile mill in Nashua, which is expected to open by the end of 2013. To remove the project, which is located along the Nashua River, from the 100-year flood plain, the city and the developers are planning infrastructure work on a river dam to lower the water level. This effort will also reduce the flood risk for approximately 70 nearby parcels of land. The 109-unit project includes 55 units reserved for low- to moderate-income families. Rents for market-rate studio, one-bedroom, and two-bedroom units are expected to start at \$900, \$1,075, and \$1,300, respectively.

During the 3-year forecast period, steady demand is expected for a total of 1,050 new rental units in the HMA (see Table 1). Demand is anticipated to be strongest for two-bedroom apartments with monthly rents ranging from \$1,300 to \$1,700 (see Table 5). The 350 units currently under construction will satisfy part of the demand.

**Figure 9.** Multifamily Building Permits Issued in the Manchester-Nashua HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through July 2011.

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

## Housing Market Trends

Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Manchester-Nashua HMA, August 1, 2011 to August 1, 2014

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900 to 1,099	100	1,100 to 1,299	150	1,400 to 1,599	10
1,100 to 1,299	150	1,300 to 1,499	250	1,600 to 1,799	15
1,300 or more	50	1,500 to 1,699	200	1,800 to 1,999	15
		1,700 or more	100	2,000 or more	10
Total	300	Total	700	Total	50

*Note: Some of the estimated demand will be satisfied by the 350 units currently under construction.*

*Source: Estimates by analyst*

## Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	208,988	214,733	216,500	0.3	1.4
Unemployment Rate	2.6%	6.3%	5.6%		
Nonfarm Payroll Jobs	220,500	221,700	222,500	0.1	0.6
Total Population	380,841	400,721	402,000	0.5	0.2
Total Households	144,455	155,466	156,100	0.7	0.3
Owner Households	93,748	103,951	104,100	1.0	0.1
Percent Owner	64.9%	66.9%	66.7%		
Renter Households	50,707	51,515	52,000	0.2	0.7
Percent Renter	35.1%	33.1%	33.3%		
Total Housing Units	149,961	166,053	166,400	1.0	0.2
Owner Vacancy Rate	0.5%	1.5%	1.6%		
Rental Vacancy Rate	2.5%	7.5%	6.8%		
Median Family Income	\$62,363	\$76,870	\$79,728	2.1	3.7

*Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through July 2011. Nonfarm payroll jobs data are for the combined Manchester, NH Metropolitan New England City and Town Area (NECTA) and Nashua, NH-MA NECTA Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA. Median family incomes are for 1999, 2009, and 2010.*

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

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 8/1/2011—Analyst's estimates

Forecast period: 8/1/2011–8/1/2014—Analyst's estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

**Other Vacant Units:** In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category

**Building Permits:** Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_Manchester-NashuaNH\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_Manchester-NashuaNH_12.pdf).

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data conditions.

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