

HUD PD&R Regional Reports

Region 1: New England

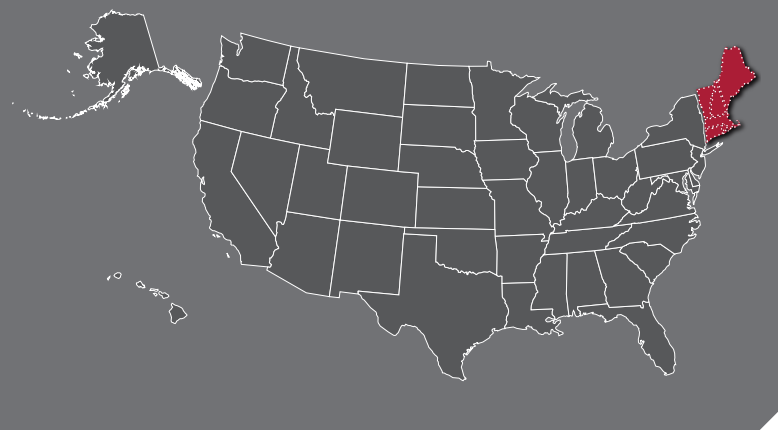


Boston, Massachusetts

By [Diana Villavicencio](#) | 3rd Quarter 2024

Quick Facts About Region 1

- **Sales market conditions—**
Third quarter 2024: mixed (balanced to slightly tight)
Second quarter 2024: mixed (balanced to slightly tight)
Third quarter 2023: slightly tight
- **Apartment market conditions—**
Third quarter 2024: mixed (slightly soft to tight)
Second quarter 2024: mixed (slightly soft to very tight)
Third quarter 2023: mixed (slightly soft to very tight)



Overview

The economy in the New England region expanded as of the third quarter of 2024, and year-over-year nonfarm payroll growth accelerated slightly compared with a year ago, with payrolls reaching a new third quarter high. Nonfarm payrolls rose in 8 of the 11 sectors and in all six states in the region. Home sales market conditions ranged from balanced to slightly tight and have eased slightly from a year ago, when conditions were slightly tight, largely because relatively high mortgage rates caused home sales to continue to fall. However, relatively low inventory levels of homes for sale contributed to faster home price growth. Home builders increased construction activity of new homes for sale, with single-family home construction rising as of the third quarter of 2024. Apartment market conditions in the region were mixed, ranging from slightly soft to tight, and conditions in some areas eased slightly as of the third quarter of 2024 compared with a year ago.

- Year-over-year nonfarm payroll growth as of the third quarter of 2024 ranged from 0.8 percent in Connecticut to 2.5 percent in Vermont. The education and health services,

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the leisure and hospitality, and the government sectors led job growth, and every state in the region had job gains in all three sectors except New Hampshire and Rhode Island, where leisure and hospitality sector payrolls declined.

- During the 12 months ending August 2024, declines in home sales ranged from 10 to 17 percent in the six New England states, and average home sales prices in the six states were up at least 6 percent compared with a year ago (CoreLogic, Inc., with adjustments by the analyst; Redfin, a national real

estate brokerage). Home sales declined at slower paces in all states compared with a year ago, whereas home price growth accelerated in all states in the region.

- The apartment vacancy rate for the region increased to 4.7 percent as of the third quarter of 2024 from 4.5 percent as of the third quarter of 2023, partly because the 17,600 new apartment units completed during the 12 months ending September 2024 exceeded the 16,000 units absorbed (CoStar Group).

Economic Conditions

Nonfarm payrolls in the New England region increased from a year earlier as of the third quarter of 2024, continuing a trend of year-over-year job growth that began in the third quarter of 2021, and the rate of job growth accelerated compared with a year ago, albeit slightly. Nonfarm payrolls rose by 87,100 jobs, or 1.1 percent, to 7.70 million jobs compared with a 1.0-percent increase a year earlier. As of the third quarter of 2024, the regional rate of job growth was the second slowest among the 10 HUD-defined regions in the nation and lagged behind the 1.6-percent national growth rate. However, all states in the region reached all-time high job levels.

Regionwide job growth occurred in 8 of the 11 nonfarm payroll sectors as of the third quarter of 2024. Payrolls increased by 54,900 jobs, or 3.4 percent, in the education and health services sector, the largest sector in the region, accounting for 21 percent of all jobs. Approximately 88 percent of the sector

gains were in the healthcare and social assistance subsector. The leisure and hospitality sector increased by 17,400 jobs, or 2.1 percent, from a year earlier. The accommodation and food services industry accounted for approximately 77 percent of the sector gains, partly because of increased tourism in the region. As of the third quarter of 2024, the average regional hotel occupancy rate was 74.7 percent, up slightly from 74.5 percent as of the third quarter of 2023 (CoStar Group). Payrolls in the government sector increased by 14,900 jobs, or 1.5 percent. Growth occurred across all three subsectors—federal, state, and local government—but was strongest in the local and state government subsectors, accounting for a combined 89 percent of the government jobs added. Despite the continued broad-based job growth, the education and health services, the government, the mining, logging, and construction, the professional and business services, and the transportation

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The number of jobs increased in 8 of the 11 nonfarm payroll sectors in the New England region as of the third quarter of 2024.

	Third Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	7,616.2	7,703.3	87.1	1.1
Goods-Producing Sectors	946.5	947.0	0.5	0.1
Mining, Logging, & Construction	356.1	362.1	6.0	1.7
Manufacturing	590.4	584.8	-5.6	-0.9
Service-Providing Sectors	6,669.7	6,756.3	86.6	1.3
Wholesale & Retail Trade	1,015.7	1,012.7	-3.0	-0.3
Transportation & Utilities	233.0	233.2	0.2	0.1
Information	156.8	151.1	-5.7	-3.6
Financial Activities	468.0	469.3	1.3	0.3
Professional & Business Services	1,140.8	1,144.4	3.6	0.3
Education & Health Services	1,592.8	1,647.7	54.9	3.4
Leisure & Hospitality	813.7	831.1	17.4	2.1
Other Services	285.9	289.0	3.1	1.1
Government	963.1	978.0	14.9	1.5

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



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and utilities sectors were the only sectors that surpassed payroll levels as of the third quarter of 2019, the most recent comparable quarter before the COVID-19 pandemic.

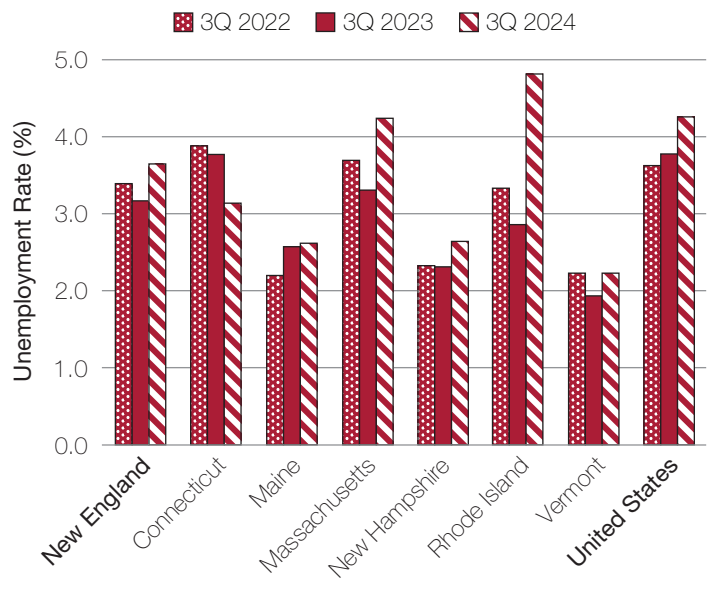
The unemployment rate in the region averaged 3.7 percent as of the third quarter of 2024, up from 3.2 percent a year earlier but below the current 4.3-percent rate for the nation. The regional unemployment rate increased during the past year because labor force growth of 2.0 percent outpaced a 1.5-percent rise in resident employment. Unemployment rates rose in four New England states, led by a 2.0-percentage point increase in Rhode Island, where the 4.8-percent rate was the highest statewide rate in the region and the ninth highest in the nation. By comparison, Vermont had the third lowest unemployment rate in the nation at 2.2 percent, following only South Dakota and North Dakota, and the rate was up from 1.9 percent a year earlier. The unemployment rate was unchanged at 2.6 percent in Maine and declined to 3.1 percent in Connecticut.

As of the third quarter of 2024—

- Year-over-year job growth in the region was fastest in Vermont, where nonfarm payrolls rose 2.5 percent to 315,800 jobs, compared with a 1.1-percent increase a year earlier. The education and health services, the leisure and hospitality, and the professional and business services sectors added the most jobs.
- In New Hampshire, jobs rose at a 1.9-percent rate from a year ago to 715,000, faster than the 1.4-percent rate a year ago. The education and health services, the government, and the professional and business services sectors added the most jobs in the state—partly offset by a loss of 100 jobs in the leisure and hospitality sector.
- Nonfarm payrolls in Rhode Island rose 1.5 percent to 514,900 jobs, faster than the 0.9-percent increase as of the third quarter of 2023. The education and health services sector added the most jobs, accounting for 70 percent of net job growth, and the government sector added the second most jobs, accounting for 25 percent of net job growth. However, the leisure and hospitality sector lost 1,800 jobs.

- In Maine and Massachusetts, jobs rose at respective annual rates of 1.1 and 1.0 percent to 673,200 and 3.77 million compared with 1.6- and 0.6-percent increases as of the third quarter of 2023. Although the education and health services sector added the most jobs in both states, the government and the leisure and hospitality sectors, respectively, added the second and third most jobs in Maine, and the leisure and hospitality and the mining, logging, and construction sectors, respectively, added the second and third most jobs in Massachusetts.
- The slowest year-over-year job growth rate in the region occurred in Connecticut, where nonfarm payrolls rose 0.8 percent to 1.71 million jobs, slowing from a 1.6-percent increase a year earlier. Six sectors contributed to statewide net job growth, including the education and health services, the leisure and hospitality, and the government sectors, which added a combined 19,400 jobs.

Five states in the New England region had unemployment rates below the national average rate as of the third quarter of 2024.



3Q = third quarter.
Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Home sales market conditions ranged from balanced to slightly tight throughout the New England region, and conditions eased in several markets compared with a year ago. Although home mortgage interest rates declined compared with corresponding periods in the previous 2 years, the rates remain relatively elevated compared with lows in 2020 and 2021, contributing to continued declines in home sales regionwide in the past year.

As of the last week of September 2024, the average 30-year, fixed-rate mortgage interest rate was 6.1 percent, down from 7.3 and 6.7 percent as of the last weeks of September in 2023 and 2022, respectively, but up from 2.9 and 3.0 percent as of the corresponding weeks in 2020 and 2021, respectively (Freddie Mac). In addition to higher monthly mortgage payments, the relatively elevated interest rates contributed to a rising inventory

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of homes for sale regionwide. The for-sale inventory in New England has been historically low compared with the nation, however. The regionwide for-sale inventory increased to 2.5 months of supply as of September 2024 from 2.1 months as of September 2023 but was below the 3.6 months nationwide (Redfin, a national real estate brokerage). In Vermont and Maine, the months of supply rose the most and were the highest in the region at 4.4 and 3.1 months, respectively, up from 3.0 and 2.4 months in September 2023, and market conditions shifted in the past year from slightly tight to balanced. The months of supply rose in the other states in the region, but conditions remained slightly tight. New Hampshire had 2.6 months of supply, up from 2.3 months a year earlier. The inventory rose from 1.9 to 2.3 months of supply in Massachusetts and from 1.8 to 2.2 months of supply in Rhode Island. Connecticut had the smallest increase, from 2.2 to 2.3 months of supply.

Home sales were down in all states in the region, ranging from a 10-percent reduction in Vermont to a 17-percent decrease in Connecticut, where home sales declined to the lowest August level since 2012 (CoreLogic, Inc., with adjustments by the analyst; Redfin, a national real estate brokerage). Home sales decreased in all eight major metropolitan areas highlighted in this report, but the rates of decline slowed from a year ago in all eight metropolitan areas. Among the metropolitan areas, the lowest rate of decline in sales, 8 percent, occurred in the Hartford metropolitan area, and the greatest rate, 22 percent, occurred

in the Bridgeport metropolitan area. By comparison, home sales were down 10 percent nationwide during the past year.

Average home sales prices rose in all six New England states, ranging from 6 percent in Massachusetts to 12 percent each in New Hampshire and Rhode Island, and price growth accelerated in all states from a year ago. Average home prices rose in all eight major metropolitan areas highlighted in this report. Price increases ranged from 4 percent in the Portland metropolitan area, the only metropolitan area in which price growth slowed from a year earlier, to 20 percent in the Manchester metropolitan area. Nationwide, the average home price rose 6 percent to \$423,000 during the recent year.

The relatively limited for-sale inventory and rapid home price growth in the region have contributed to increased homebuilding activity, as measured by the number of single-family homes permitted, as of the third quarter of 2024 compared with a year ago. The level of construction was the second highest during any third quarter since 2008.

As of the third quarter of 2024 (preliminary data)—

- Homebuilding activity in the region totaled 4,750 homes permitted, up 4 percent from the third quarter of 2023, when permitting decreased 9 percent from a year earlier. By comparison, the number of single-family homes permitted nationally rose 2 percent as of the third quarter of 2024 after a 5-percent increase a year earlier.

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Home sales fell, but home sales prices rose at least 4 percent in all the states and large metropolitan areas of the New England region during the 12 months ending August 2024.

	12 Months Ending	Number of Homes Sold				Price		
		2023	2024	Percent Change	Average	2023 (\$)	2024 (\$)	Percent Change
Connecticut (N&E)	August	46,750	38,950	-17	AVG	476,800	530,500	11
Bridgeport, CT (N&E)	August	11,950	9,350	-22	AVG	855,400	966,000	13
Hartford, CT (N&E)	August	16,000	14,750	-8	AVG	338,600	377,200	11
Maine (N&E)	August	23,900	20,350	-15	AVG	353,200	381,100	8
Portland, ME (N&E)	August	8,925	7,350	-18	AVG	498,500	520,500	4
Massachusetts (N&E)	August	81,350	70,450	-13	AVG	657,200	698,000	6
Boston, MA (N&E)	August	53,750	46,850	-13	AVG	749,000	791,100	6
Worcester, MA-CT (N&E)	August	12,450	10,250	-18	AVG	419,900	468,700	12
New Hampshire (N&E)	August	20,450	17,650	-14	AVG	407,400	456,300	12
Manchester, NH (N&E)	August	4,825	4,250	-12	AVG	389,100	465,200	20
Rhode Island (N&E)	August	13,000	11,550	-11	AVG	465,600	519,700	12
Providence, RI-MA (N&E)	August	19,150	16,650	-13	AVG	462,200	514,300	11
Vermont (E)	August	11,400	10,300	-10	AVG	344,500	372,900	8
Burlington, VT (E)	August	3,250	2,875	-12	AVG	408,200	438,900	8

AVG = average. E = existing. N&E = new and existing.

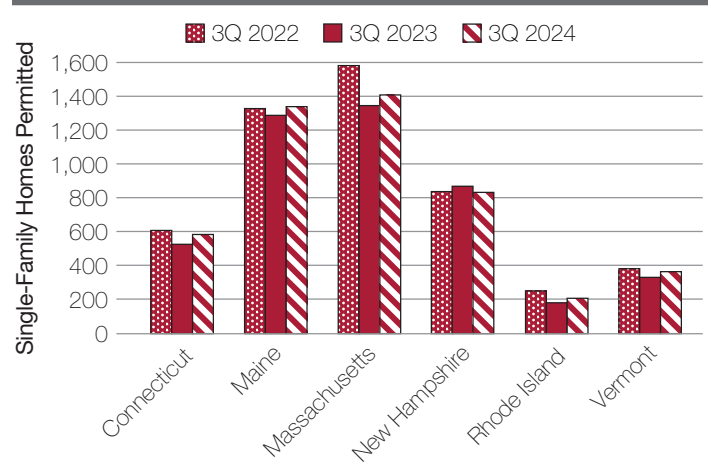
Sources: CoreLogic, Inc., with adjustments by the analyst; Redfin, a national real estate brokerage



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- Homebuilding activity in Massachusetts rose by 65 homes, or 5 percent, and homebuilding activity was up in 9 of the 14 counties in the state, including in 2 counties in the Boston metropolitan area. In Connecticut, permitting rose by 55 homes, or 11 percent, and permitting increased in six of the nine planning regions in the state.
- In Maine, single-family home permitting increased by 45 homes, or 4 percent, despite a 55-home decrease in the Portland metropolitan area. Single-family home permitting in Vermont and Rhode Island increased by 35 and 25 homes, or 10 and 15 percent, respectively, including increases of 5 and 35 homes in the Burlington and the Providence metropolitan areas.
- Homebuilding activity in New Hampshire decreased by 35 homes, or 4 percent, from a year ago, with the largest decrease in Hillsborough County, which is coterminous with the Manchester metropolitan area.

Single-family home permitting rose in the New England region as of the third quarter of 2024 because of permitting increases in five states.



3Q = third quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the New England region have eased slightly as of the third quarter of 2024 compared with a year ago, and conditions range from slightly soft to tight. Apartment vacancies increased, and market conditions eased because apartment absorption was 9 percent less than new apartment completions during the 12 months ending September 2024 (CoStar Group). The number of apartment units completed in the region during the 12 months ending September 2024 totaled approximately 17,600, the second highest third quarter total in 23 years. The eight major metropolitan areas highlighted in this report accounted for 84 percent of all the units completed in the region during the past year.

Apartment vacancy rates increased in three of the six states and five of the eight major metropolitan areas in the region as of the third quarter of 2024 compared with a year ago, but vacancy rates throughout the region were below the national rate of 7.9 percent (CoStar Group). Vacancy rates rose the most in Vermont and in the Manchester, the Worcester, and the Burlington metropolitan areas, increasing at least 1.2 percentage points. Conditions in these areas ranged from balanced to slightly tight, shifting from slightly tight to very tight conditions a year ago, because the combined apartment deliveries more than doubled from a year ago, and absorption increased only 58 percent. Although the year-over-year vacancy rate increases in Connecticut and New Hampshire and in the Bridgeport and the Hartford metropolitan areas ranged from 0.4 to 0.6 percentage points, market conditions in those areas continued to range from slightly soft to slightly tight. Balanced

apartment market conditions also persisted in Massachusetts, where the vacancy rate was unchanged at 4.8 percent. Elsewhere in the region, market conditions were unchanged from a year ago despite vacancy rate decreases ranging from 0.2 to 0.4 percentage points. In Rhode Island and the Providence metropolitan area, market conditions stayed tight. Conditions were balanced in the Boston metropolitan area, where vacancy rates decreased in 18 of the 31 CoStar Group-defined market areas (hereafter, market areas), partly because apartment absorption was 8 percent greater than completions. With 7,275 new units completed during the 12 months ending September 2024, the Boston metropolitan area accounted for 41 percent of all new apartment units completed in the region during the period. The largest year-over-year apartment vacancy rate decrease was in the Somerville/Charlestown market area, where the rate declined from 11.7 to 5.0 percent as of the third quarter of 2024, partly because the number of units absorbed was 12 times higher than the number of new units delivered in the past 12 months. Market conditions shifted from balanced to slightly tight during the past year in Maine and the Portland metropolitan area, where the apartment vacancy rates declined 1.2 and 1.3 percentage points, respectively.

As of the third quarter of 2024, growth in average monthly rents in all the states and eight major metropolitan areas highlighted in this report exceeded the 1-percent increase nationwide (CoStar Group). Growth in average rents ranged from 3 percent in Maine, Massachusetts, New Hampshire, Vermont, and the five major metropolitan areas in those states to 5 percent in the Hartford

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As of the third quarter of 2024, apartment vacancy rates rose in three of the six states and five of the eight major metropolitan areas in the New England region, whereas rents increased at least 3 percent in all states and metropolitan areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		3Q 2023 (%)	3Q 2024 (%)	Percentage Point Change	3Q 2023 (\$)	3Q 2024 (\$)	Percent Change
Connecticut	Balanced	4.5	5.1	0.6	1,908	1,989	4
Bridgeport, CT	Slightly Soft	6.1	6.5	0.4	2,622	2,728	4
Hartford, CT	Balanced	4.2	4.8	0.6	1,637	1,713	5
Maine	Slightly Tight	5.0	3.8	-1.2	1,662	1,706	3
Portland, ME	Slightly Tight	5.6	4.3	-1.3	1,839	1,888	3
Massachusetts	Balanced	4.8	4.8	0.0	2,641	2,719	3
Boston, MA-NH	Balanced	5.3	5.0	-0.3	2,811	2,891	3
Worcester, MA-CT	Balanced	3.9	5.4	1.5	1,894	1,943	3
New Hampshire	Slightly Tight	3.7	4.3	0.6	1,942	1,999	3
Manchester, NH	Balanced	3.0	4.6	1.6	2,013	2,081	3
Rhode Island	Tight	3.8	3.4	-0.4	1,897	1,970	4
Providence, RI-MA	Tight	3.2	3.0	-0.2	1,874	1,959	5
Vermont	Tight	2.0	3.2	1.2	1,741	1,798	3
Burlington, VT	Tight	1.9	3.3	1.4	1,808	1,870	3

3Q = third quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group

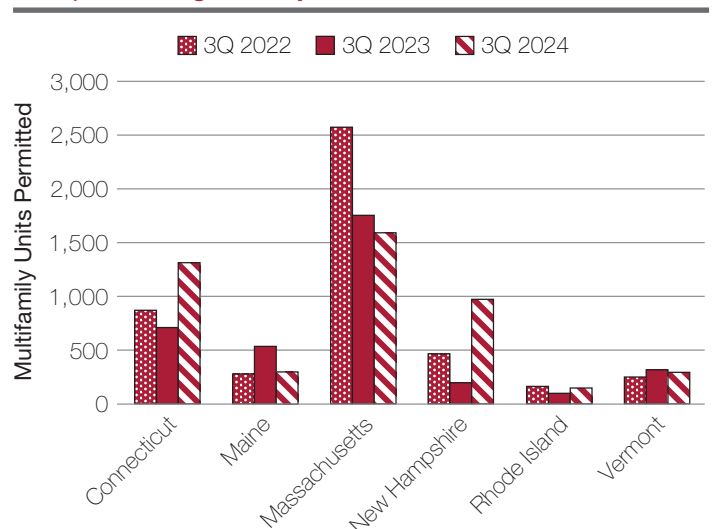
and the Providence metropolitan areas. Average rents in five of the six states and seven of the eight metropolitan areas were higher than the \$1,734 average for the nation. The exceptions were Maine and the Hartford metropolitan area, where rents averaged \$1,706 and \$1,713, respectively. The Boston metropolitan area had the highest average rent in the region and the fifth highest among metropolitan areas in the nation at \$2,891. The average rents rose in the 31 market areas in the Boston metropolitan area at rates ranging from less than 1 to 6 percent, including a 2-percent increase in the Somerville/Charlestown market area to \$3,314.

Multifamily building activity, as measured by the number of units permitted, increased in the region as of the third quarter of 2024 from the same period a year earlier. Higher permitting occurred in one-half of the states in the region.

As of the third quarter of 2024 (preliminary data)—

- The number of multifamily units permitted in the region totaled 4,625, reflecting a 27-percent increase from a year earlier after a 21-percent annual decline as of the third quarter of 2023. Nationally, multifamily construction declined 13 percent year over year as of the third quarter of 2024, following a 24-percent decrease during the previous year.
- Multifamily permitting in New Hampshire was up by 780 units, or a nearly five-fold increase compared with the third quarter of 2023, to 980 units. Permitting increased in 6 of the 10 counties in the state, with the largest increases in Rockingham and Strafford Counties, which are the New Hampshire portion of the Boston metropolitan area.

Multifamily permitting activity increased in the New England region as of the third quarter of 2024, and permitting activity increased in three states.



3Q = third quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

- In Connecticut, multifamily permitting increased by 600 units, and permitting was up in seven of the nine planning regions in the state. In Rhode Island, multifamily construction rose by 50 units to 150 because of increased permitting in three of the five counties in the state.
- In Vermont, multifamily permitting decreased by 25 units, or 8 percent, to 300 units. Permitting decreased in 5 of the 14

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counties in the state, with the largest decrease in Franklin County, which is part of the Burlington metropolitan area.

- In Massachusetts and Maine, multifamily permitting declined by 170 and 240 units to 1,600 and 300 units, respectively. In Massachusetts, permitting decreased in one-half of the 14 counties, including in 3 counties in the Boston metropolitan

area, where a combined reduction of 380 units in Middlesex, Norfolk, and Plymouth Counties more than offset a combined increase of 210 units in Essex and Suffolk Counties. In Maine, permitting was down in 6 of the 16 counties, including Cumberland, Sagadahoc, and York Counties, which are part of the Portland metropolitan area.



Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once the occupancy rate has reached 90 percent or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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