

HUD PD&R Regional Reports

Region 1: New England

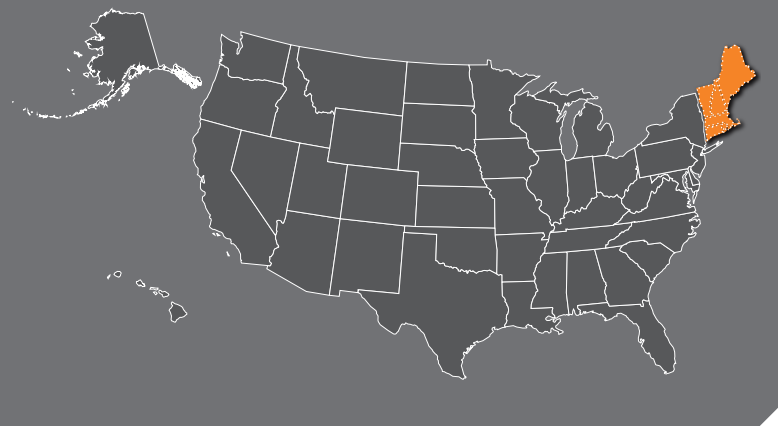


Providence, Rhode Island

By [Diana Villavicencio](#) | 2nd Quarter 2024

Quick Facts About Region 1

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



Overview

The economy in the New England region continued to expand, but as of the second quarter of 2024, year-over-year nonfarm payroll growth decelerated compared with a year ago. Nonetheless, payrolls reached a new second quarter high. Nonfarm payrolls rose in 6 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 high mortgage rates caused home sales to continue to fall, albeit at slowing rates. However, relatively low levels of available sales inventory have contributed to faster home price growth. Home builders are increasing the supply of new homes for sale, with single-family permitting rising as of the second quarter of 2024. Apartment market conditions in the region were mixed, ranging from slightly soft to very tight, and conditions were relatively unchanged from a year ago, although the vacancy rates rose as of the second quarter of 2024 compared with a year ago in seven of the eight metropolitan areas in the region cited in this report.

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- Year-over-year nonfarm payroll growth as of the second quarter of 2024 ranged from 0.6 percent in Massachusetts to 1.5 percent in Maine and Rhode Island. The education and health services, the government, and the leisure and hospitality sectors led job growth in the region, and all states except Vermont had job gains in all three sectors.
- During the 12 months ending May 2024, regionwide home sales decreased 18 percent following a 20-percent decline a year ago, and average home sales prices were up 7 percent compared with 4 percent a year ago (CoreLogic, Inc., with adjustments by the analyst). Home

sales declines decelerated in all states except in Maine, whereas sales price growth accelerated in all states in the region.

- The apartment vacancy rate for the region increased from 4.4 percent as of the second quarter of 2023 to 4.7 percent as of the second quarter of 2024, partly because the number of new apartment units completed exceeded apartment absorption (CoStar Group). A combined 17,650 units were added to the apartment inventory in the region during the 12 months ending June 2024, but only 14,600 units were absorbed.

Economic Conditions

Nonfarm payrolls in the New England region increased from a year earlier as of the second quarter of 2024, continuing a trend of year-over-year job growth that began during the second quarter of 2021, but the rate of job growth decelerated. Nonfarm payrolls rose by 69,900 jobs, or 0.9 percent, to 7.67 million, slowing from a 1.4-percent increase a year earlier. As of the second 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 1.7-percent national rate. Despite the recent slowdown, nonfarm payrolls in the region were 1.1 percent above the second quarter of 2019, the most recent comparable quarter before the COVID-19 pandemic. All states in the region except Vermont had more jobs as of the second quarter of 2024 compared with the second quarter of 2019.

Regionwide job growth occurred in 6 of the 11 nonfarm payroll sectors as of the second quarter of 2024. Payrolls increased by 46,900 jobs, or 2.9 percent, in the education and health services sector, the largest sector in the region, accounting for 22 percent of all jobs. Approximately 92 percent of the sector gains were in the healthcare and social assistance subsector. Payrolls in the government sector increased by 15,000 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 86 percent of the government jobs added. The leisure and hospitality sector increased by 14,000 jobs, or 1.8 percent, from a year earlier. Approximately 61 percent of the sector gains were in the accommodation and food services

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The number of jobs increased in 6 of the 11 nonfarm payroll sectors in the New England region as of the second quarter of 2024.

	Second Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	7,596.4	7,666.3	69.9	0.9
Goods-Producing Sectors	937.4	935.7	-1.7	-0.2
Mining, Logging, & Construction	346.7	351.5	4.8	1.4
Manufacturing	590.7	584.2	-6.5	-1.1
Service-Providing Sectors	6,659.0	6,730.6	71.6	1.1
Wholesale & Retail Trade	1,011.3	1,008.0	-3.3	-0.3
Transportation & Utilities	234.3	236.6	2.3	1.0
Information	157.8	151.6	-6.2	-3.9
Financial Activities	464.2	463.1	-1.1	-0.2
Professional & Business Services	1,139.2	1,138.5	-0.7	-0.1
Education & Health Services	1,604.7	1,651.6	46.9	2.9
Leisure & Hospitality	761.7	775.7	14.0	1.8
Other Services	280.3	284.7	4.4	1.6
Government	1,005.6	1,020.6	15.0	1.5

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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industry, partly because of increased tourism in the region. As of the second quarter of 2024, the average regional hotel occupancy rate was 67.1 percent, up from 65.5 percent as of the second quarter of 2023 (CoStar Group). However, as of the second quarter of 2024, the education and health services, the professional and business services, the transportation and utilities, and the mining, logging, and construction sectors were the only sectors that surpassed their payroll levels during the second quarter of 2019.

The unemployment rate in the region averaged 3.4 percent as of the second quarter of 2024, up from 2.9 percent a year earlier but below the current 3.8-percent rate for the nation. The regional unemployment rate increased during the past year because labor force growth of 2.1 percent outpaced a 1.6-percent rise in resident employment. Unemployment rates rose in all six New England states. The rate increased the most, up 1.7 percentage points, in Rhode Island, where the 4.1-percent rate was the highest statewide rate in the region and the 11th highest in the nation. By comparison, Vermont had the second lowest unemployment rate in the nation at 2.1 percent, following only South Dakota.

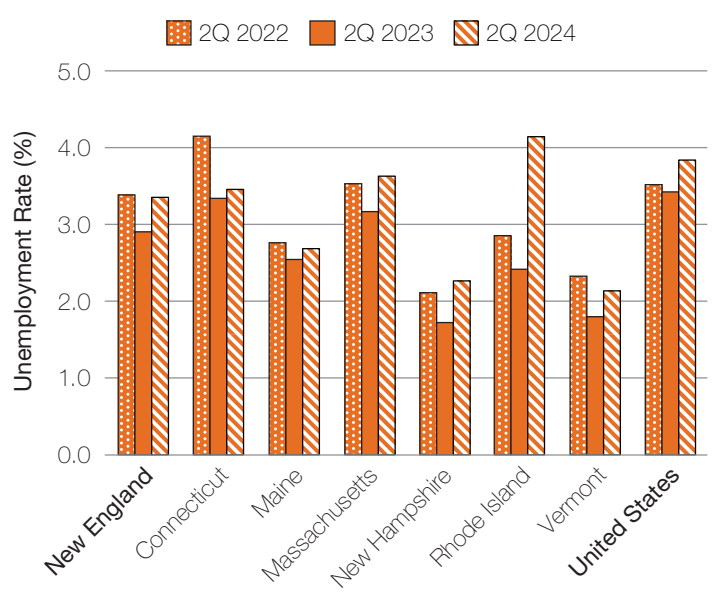
As of the second quarter of 2024—

- Year-over-year job growth in the region was fastest in Maine and Rhode Island, where nonfarm payrolls rose 1.5 percent each to 736,500 and 514,900 jobs, respectively, compared with increases of 1.7 and 1.2 percent a year earlier. Although the education and health services sector added the most jobs in both states, the leisure and hospitality and the government sectors added the second most jobs in Maine, and the professional and business services sector added the second most jobs in Rhode Island.
- In Vermont, payrolls rose at a rate of 1.4 percent from a year ago to 313,300 jobs, compared with an increase of 2.0 percent a year earlier. The leisure and hospitality sector added the most jobs, up by 2,000, and the education and health services sector was up by 1,800 jobs.
- In New Hampshire, payrolls also rose 1.4 percent from a year ago to 709,900, slower than the 2.2-percent growth rate a year earlier. The education and health services sector

added the most jobs and accounted for 75 percent of net job growth in the state, whereas the government sector added the second most jobs and accounted for 20 percent of statewide net job growth.

- Nonfarm payrolls in Connecticut rose 0.9 percent to 1.72 million, slower than the 1.5-percent increase as of the second quarter of 2023. Seven sectors contributed to statewide net job growth, including the education and health services sector, which added 10,300 jobs, the most for any sector.
- The slowest year-over-year job growth rate in the region occurred in Massachusetts, where nonfarm payrolls rose 0.6 percent compared with a 1.2-percent increase a year earlier. Nonetheless, the state had the greatest payroll gain, up by 21,800 jobs. Five nonfarm payroll sectors had increases, including the education and health services sector, which added 18,000 jobs, but losses in the other six sectors partially offset these gains.

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



2Q = second 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 conditions a year ago. Higher home mortgage interest rates compared with rates in the previous 2 years contributed to continued declines in home sales regionwide. As of the last week of June 2024, the average 30-year, fixed-rate mortgage interest rate was 6.9 percent compared with 6.7 percent as of the last week of June 2023 and 5.7 percent as of the last week of June 2022 (Freddie Mac). Rising interest rates also contributed to a limited number of homes listed for sale because homeowners with current mortgages at low rates are reluctant to sell their homes if a subsequent purchase requires financing at a higher mortgage rate. The inventory of homes for sale in the region is low, although the for-sale inventory, measured as months of supply at the current sales rate, increased to 2.1 months in June 2024, up from 1.4 months in June 2023 (CoreLogic, Inc.). The supply of homes for sale in the region was more limited than in the nation at large, which had a 3.3-month supply of homes in June 2024 compared with 2.3 months a year earlier. The months of supply rose the most in Vermont and Maine and were the highest in the region at 3.4 and 3.0 months, respectively, up from 1.5 months each in June 2023, and 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. Rhode Island had 2.1 months of supply, up from 1.6 months a year earlier, and

New Hampshire had 2.0 months of supply, up from 1.1 months a year earlier. The inventory in Massachusetts rose from 1.3 to 1.9 months of supply.

Regionwide home sales declined 18 percent from a year earlier during the 12 months ending May 2024 to 174,900 homes (CoreLogic, Inc., with adjustments by the analyst). Although the recent regional decline slowed from a 20-percent drop during the 12 months ending May 2023, the decline during the past year was greater than the 14-percent nationwide rate of decline. Home sales were down in all states in the region, ranging from a 14-percent reduction in Vermont to a 20-percent decline in Connecticut. Only in Maine did home sales decrease at a faster rate. Home sales decreased in all eight major metropolitan areas highlighted in this report, and the declines were slower than a year ago. Among the metropolitan areas, the lowest rate of sales decline, 9 percent, occurred in the Manchester metropolitan area, and the greatest, 23 percent, occurred in the Bridgeport metropolitan area.

Home sales prices rose 7 percent in the region during the 12 months ending May 2024 to an average of \$539,200, and this rate of growth was faster than in the previous 12 months, when prices increased 4 percent (CoreLogic, Inc., with adjustments by the analyst). Nationwide, the average home price rose 5 percent to \$414,700, faster than the 2-percent gain during the preceding year. Average home prices rose in all six New England states, ranging from 6 percent in Massachusetts to

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Home sales continued to fall in all the states and large metropolitan areas of the New England region during the 12 months ending May 2024, and home sales prices rose at least 2 percent in all states and metropolitan areas.

	12 Months Ending	Number of Homes Sold				Price		
		2023	2024	Percent Change	Average	2023 (\$)	2024 (\$)	Percent Change
Connecticut (N&E)	May	49,900	39,750	-20	AVG	430,300	467,700	9
Bridgeport, CT (N&E)	May	12,550	9,675	-23	AVG	726,700	783,200	8
Hartford, CT (N&E)	May	16,900	13,900	-18	AVG	325,000	361,700	11
Maine (N&E)	May	24,400	20,600	-16	AVG	351,800	376,100	7
Portland, ME (N&E)	May	9,800	7,600	-22	AVG	496,700	507,200	2
Massachusetts (N&E)	May	88,100	72,600	-18	AVG	649,700	686,200	6
Boston, MA (N&E)	May	59,000	47,700	-19	AVG	741,200	779,300	5
Worcester, MA-CT (N&E)	May	13,550	11,300	-17	AVG	411,800	452,200	10
New Hampshire (N&E)	May	22,700	18,800	-17	AVG	406,000	443,000	9
Manchester, NH (N&E)	May	5,400	4,925	-9	AVG	388,800	457,100	18
Rhode Island (N&E)	May	14,000	11,500	-18	AVG	456,500	503,900	10
Providence, RI-MA (N&E)	May	20,850	17,000	-18	AVG	453,900	499,600	10
Vermont (E)	May	13,500	11,550	-14	AVG	325,500	346,800	7
Burlington, VT (E)	May	3,800	3,200	-16	AVG	392,100	407,800	4

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

Source: CoreLogic, Inc., with adjustments by the analyst



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10 percent in 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 2 and 4 percent, respectively, in the Portland and the Burlington metropolitan areas, the only two metropolitan areas where price growth slowed from a year earlier, to 18 percent in the Manchester metropolitan area.

As of May 2024, 0.8 percent of home loans in the region were seriously delinquent or in real estate owned (REO) status, down from 1.1 percent in May 2023 (CoreLogic, Inc.). The current rate in the region is just below the 0.9-percent rate nationwide and is the fifth lowest of the 10 HUD regions. The rates of seriously delinquent mortgages and REO properties in the region ranged from a low of 0.5 percent in New Hampshire to 1.1 percent each in Connecticut and Maine.

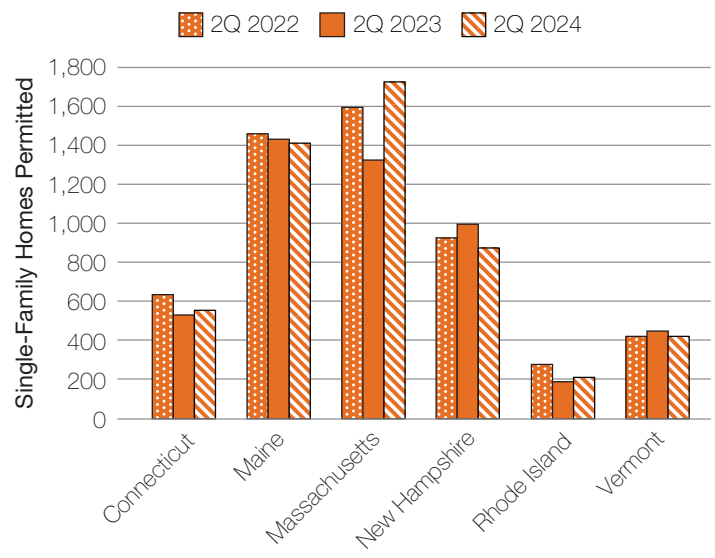
The limited for-sale inventory and high average home prices have contributed to increased homebuilding activity, as measured by the number of single-family homes permitted. Homebuilding activity in the region increased as of the second quarter of 2024 compared with a year ago, and the level of construction was the second highest during a second quarter since 2010.

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

- Homebuilding activity in the region totaled 5,200 homes permitted, up 5 percent from the second quarter of 2023, when permitting decreased 7 percent from a year earlier. By comparison, the number of single-family homes permitted nationally rose 6 percent as of the second quarter of 2024 after a 13-percent decline a year earlier.
- Single-family home permitting in Massachusetts was up by 400 homes, or 30 percent, to 1,725 homes, and permitting rose in 10 of the 14 counties in Massachusetts, including 4 in the Boston metropolitan area.

- Homebuilding activity in Connecticut and Rhode Island rose by 25 and 20 homes, or 4 and 11 percent, respectively, with increases in four of the nine planning regions in Connecticut and three of the five counties in Rhode Island.
- In Maine, single-family home permitting decreased by 20 homes, or 1 percent, despite a 30-unit increase in the Portland metropolitan area, and in Vermont, permitting decreased by 25 homes, or 6 percent, including a 10-unit decrease in the Burlington metropolitan area. Homebuilding activity in New Hampshire decreased by 130 homes, or 13 percent, from a year ago, with the largest decrease in Rockingham County, which is part of the New Hampshire portion of the Boston metropolitan area.

Single-family home permitting increased in the New England region during the second quarter of 2024.



2Q = second 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 eased slightly as of the second quarter of 2024 compared with a year ago, but conditions still range from slightly soft to very tight. Conditions eased because apartment absorption was 17 percent less than new apartment completions during the 12 months ending June 2024 (CoStar Group). The number of apartment units completed in the region during the 12 months ending June 2024 totaled approximately 17,650, the second highest level since the 12 months ending June 2001. The eight major metropolitan areas highlighted in this report accounted for 88 percent of all the units completed in the region during the 12 months ending June 2024.

Apartment vacancy rates increased in seven of the eight major metropolitan areas in the region as of the second quarter of 2024 compared with a year ago, but the vacancy rates for all eight were below the national rate of 7.8 percent (CoStar Group). The largest increase in the vacancy rate occurred in the Portland metropolitan area, where the rate rose 2.4 percentage points to 5.0 percent. Conditions shifted from tight to balanced in the past year because apartment deliveries more than doubled from a year ago, and absorption was significantly lower. Apartment market conditions eased to become slightly tight in the Manchester and the Worcester metropolitan areas, where vacancy rates rose 0.9 percentage point each to 4.3

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and 4.7 percent, respectively. Although vacancy rates in the Bridgeport and the Boston metropolitan areas rose 0.6 and 0.5 percentage points from a year ago to 6.9 and 5.4 percent, respectively, the slightly soft and balanced market conditions persisted. Vacancy rates increased in 19 of the 31 CoStar Group-defined market areas (hereafter, market areas) in the Boston metropolitan area, partly because apartment completions in the metropolitan area were 25 percent higher than absorption. With 9,075 new units completed during the 12 months ending June 2024, the Boston metropolitan area accounted for 52 percent of all new apartment units completed in the region during the period. The largest apartment vacancy rate increase in the metropolitan area was in the East Boston/Chelsea market area, where the rate rose from 5.1 to 12.1 percent as of the second quarter of 2024, partly because new unit deliveries were nearly three times higher than the number of units absorbed in the past 12 months. Elsewhere in the region, market conditions were unchanged from a year ago. In the Burlington metropolitan area, the apartment vacancy rate rose 0.2 percentage point to 2.0 percent, which was the lowest rate in the region and the ninth lowest among metropolitan areas in the nation. The apartment vacancy rate increased in the Hartford metropolitan area 0.1 percentage point to 4.6 percent. The vacancy rate declined 0.4 percentage point to 3.0 percent in the Providence metropolitan area.

As of the second quarter of 2024, the growth in average monthly rents in all eight major metropolitan areas highlighted in this report exceeded the 1-percent increase nationwide (CoStar Group). Average rents in seven of the metropolitan areas were higher than the \$1,713 average for the nation, the exception being the Hartford metropolitan area, where the rent averaged \$1,676. The Boston metropolitan area had the highest average

rent in the region and the fourth highest among metropolitan areas in the nation at \$2,884. The average rents rose in 30 of the 31 market areas in the Boston metropolitan area at rates ranging from 1 to 6 percent, including a 2-percent increase in the East Boston/Chelsea market area to \$2,926. Throughout the region, average rent growth ranged from 2 percent in the Portland metropolitan area to 5 percent in the Burlington metropolitan area.

Multifamily building activity, as measured by the number of units permitted, decreased in the region as of the second quarter of 2024 from the same period a year earlier, partly because of rising vacancy rates. Lower permitting occurred in four of the states in the region.

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

- The number of multifamily units permitted in the region totaled 3,725, reflecting a 15-percent decrease from a year earlier after a 22-percent decline as of the second quarter of 2023. Nationally, multifamily construction declined 15 percent year over year as of the second quarter of 2024, following a 26-percent decrease during the previous year.
- In Connecticut and Massachusetts, multifamily permitting declined by 310 units each to 770 and 1,625 units, respectively. Permitting decreased in seven of the nine planning regions in Connecticut and in 5 of the 14 counties in Massachusetts, including 3 in the Boston metropolitan area, where a combined reduction of 660 units in Middlesex, Norfolk, and Suffolk Counties more than offset a combined increase of 300 units in Essex and Plymouth Counties.
- Multifamily construction declined 74 percent in Rhode Island to 55 units and declined 19 percent in Maine to 350 units

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As of the second quarter of 2024, apartment vacancy rates rose in all but one of the eight major metropolitan areas in the New England region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2023 (%)	2Q 2024 (%)	Percentage Point Change	2Q 2023 (\$)	2Q 2024 (\$)	Percent Change
Boston, MA-NH	Balanced	4.9	5.4	0.5	2,801	2,884	3
Bridgeport, CT	Slightly Soft	6.3	6.9	0.6	2,631	2,717	3
Burlington, VT	Very Tight	1.8	2.0	0.2	1,772	1,861	5
Hartford, CT	Balanced	4.5	4.6	0.1	1,611	1,676	4
Manchester, NH	Slightly Tight	3.4	4.3	0.9	1,958	2,017	3
Portland, ME	Balanced	2.6	5.0	2.4	1,824	1,865	2
Providence, RI-MA	Tight	3.4	3.0	-0.4	1,840	1,918	4
Worcester, MA-CT	Slightly Tight	3.8	4.7	0.9	1,899	1,949	3

2Q = second quarter.

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

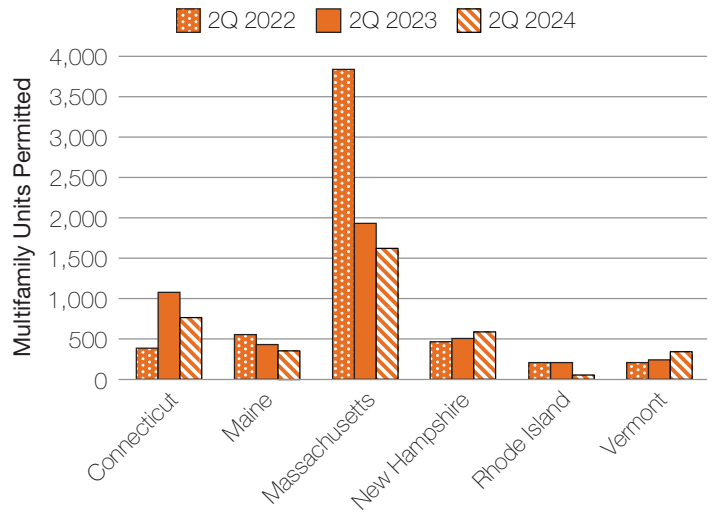


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because of decreased permitting in 3 of the 5 counties in Rhode Island and in 8 of the 16 counties in Maine, including York County, which is part of the Portland metropolitan area.

- Multifamily permitting in New Hampshire rose by 75 units, or 15 percent, to 590 units. Permitting increased in 6 of the 10 counties in the state, with the largest increase occurring in Strafford County, which is part of the New Hampshire portion of the Boston metropolitan area. In Vermont, multifamily permitting increased by 100 units, or 41 percent, to 350 units. Permitting increased in 7 of the 14 counties in the state, with the largest increase occurring in Chittenden County, which is part of the Burlington metropolitan area.

Multifamily permitting declined in the New England region during the second quarter of 2024 because permitting decreased in four states.



2Q = second quarter.

Note: Based on preliminary data.

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



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.
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 home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once the occupancy rate has reached 90 percent or more or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.

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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