

New England's Housing Markets: Supply and Demand Factors Affecting Housing Prices across the Region

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POLICY REPORT 25-1





New England Public Policy Center

www.bostonfed.org/neppc

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EXECUTIVE SUMMARY

Housing affordability and availability have posed challenges nationally and in New England for many years. As home prices and rents continue to rise, policymakers search for new ways to ease housing market pressures. The goal of this report is to improve our understanding of housing affordability in New England by exploring the supply and demand factors influencing housing prices around the region. In recent decades, and particularly since the COVID-19 pandemic, the region has seen substantial increases in both the supply of and demand for housing. For example, the number of newly issued building permits in New England relative to population changes has reached its highest level in four decades. On balance, however, the demand for housing has outstripped the supply by a wide margin. Rental vacancy rates have been falling over time, but for many of the region's metropolitan areas, this trend has intensified in recent years. Additionally, prices of single-family homes in New England rose roughly 50 percent from the first quarter of 2020 to the first quarter of 2024. When we trace out the association between supply and demand factors and housing price changes across the region, we see that prices have risen fastest in places where migration increases have been the largest, and that prices have tended to rise more slowly in the metropolitan areas that have seen rapid growth in the number of building permits relative to the size of the local population.

Note that in this report, *migration* refers only to the relocation of people to, from, and within New England. An analysis parsing domestic versus international migration trends in New England is beyond the scope of this report.

The report begins by examining the supply and demand factors affecting New England's housing market both before and after the pandemic, showing state and metropolitan statistical area (MSA) data and trends. It uses US Census Bureau data to measure key factors affecting housing prices, such as the number of newly issued building permits relative to existing housing units and demand elements such as population and migration. For information about personal income growth, another key factor in housing demand, the report uses data from the US Bureau of Economic Analysis (BEA). The second half of the report combines data on these supply and demand factors with data on housing prices from CoreLogic and Zillow to explore correlations and how they may have shifted in the post-pandemic era.

In response to concerns about affordability and inadequate supply, policymakers across New England have been pursuing a variety of housing-focused initiatives. These include increased funding for affordable housing developments, piloting rental relief programs, and tackling zoning policy reform. The magnitude of the issue suggests additional policy actions are likely and that substantial improvements will continue to be hard fought. For example, although the findings in this report highlight the beneficial role of housing supply increases, zoning restrictions and/or a lack of buildable land in many places represent real obstacles to a straightforward pursuit of this approach.

I. Introduction

Policymakers face increasing pressure to address housing affordability as rent increases outpace income growth in many places and low inventory and other factors put upward pressure on housing prices—that is, the prices of single-family homes and rents. Inventory has been depleted in part because owners who refinanced mortgages during the COVID-19 pandemic are remaining in their homes rather than moving and facing higher interest rates; indeed, the value of US refinancing more than doubled from 2019 to 2020 (Newton and Vickery 2022). Data from the National Association of Realtors (NAR) show that the median price of existing (as opposed to newly built) homes rose 40.0 percent from March 2020 to March 2024 nationally and 44.7 percent in the Northeast.¹ Nationally, sales of existing homes fell 22 percent over the same period.

In the Northeast, the median price of existing homes rose 44.7 percent from March 2020 to March 2024.

Policymakers and advocacy groups are searching for ways to alleviate price pressures resulting from the tight housing market. In April 2024, the Maine legislature enacted a supplemental budget that included notable housing investment, including \$20 million in new funding for affordable housing development and \$18 million for a pilot rent relief program.² In May 2023, Massachusetts Governor Maura Healey appointed a housing secretary—the state’s first in more than 30 years—to lead the Executive Office of Housing and Livable Communities, which was formed earlier that year to address the challenges faced by the state’s renters and homeowners.³ In May 2023, Rhode Island Governor Dan McKee announced that the state would provide more than \$101 million in funding for the construction and preservation of housing.⁴ These are just a few examples of recent steps that New England policymakers have taken to acknowledge and address this issue.

Researchers have been raising concerns about housing affordability in New England—particularly in the Boston area—for many years. A 2015 study by the Boston Foundation found that the high cost of producing housing is due in part to restrictive zoning and other barriers to new construction. In a 2019 analysis, Harvard University’s Joint Center for Housing Studies pointed to a shortfall of housing production, labor shortages for residential construction, and a concentration of higher-end homes in new construction. Additionally, housing affordability is not just an urban issue. Despite lower rents in New England’s rural areas, both rural and urban renters, on average, spent more than one-third of their household income on housing costs in 2019 (Chiumenti 2021).

In late 2023, the FHFA house price index started climbing again, highlighting the recent surge in single-family home prices.

While housing affordability has been a longstanding issue, it was exacerbated by the pandemic. Figure 1 shows trends in the Federal Housing Finance Agency (FHFA) house price index. Although this metric has been increasing for most states since 2014, it jumped in 2020 and remained elevated into 2022. In late 2023, the index started climbing again, highlighting the recent surge in the prices of single-family homes (referred to hereafter as just “home prices”).

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1 The Northeast includes the New England states as well as New Jersey, New York, and Pennsylvania.

2 See “Maine Governor Signs Supplemental Budget with Historic Funding for Affordable Housing and Rent Relief and Provisions Advancing Racial Justice,” National Low Income Housing Coalition Memo to Members, May 6, 2024.

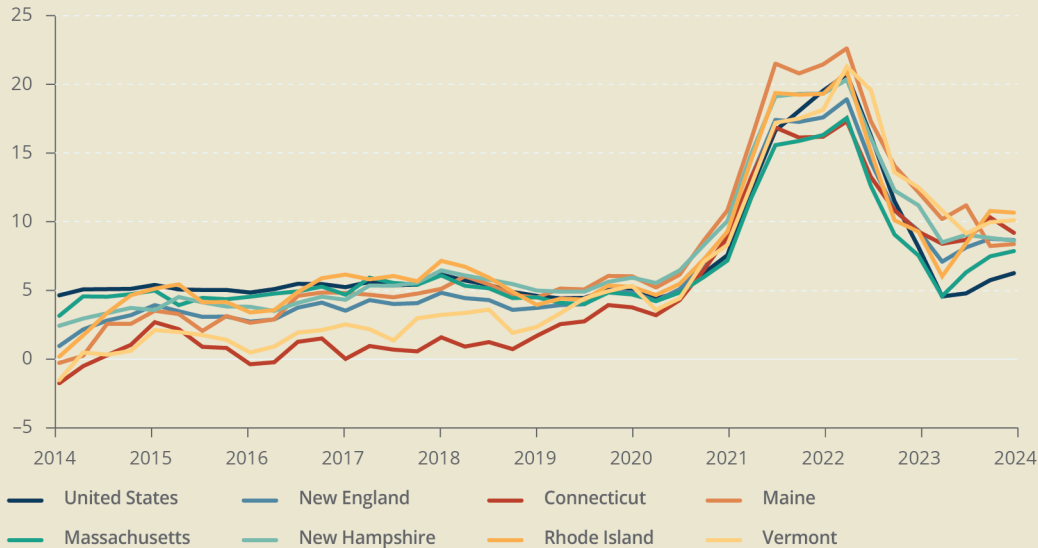
3 See “Governor Healey and Lieutenant Governor Driscoll Name Edward M. Augustus as Housing Secretary,” Governor Maura Healey and Lt. Governor Kim Driscoll press release, May 15, 2024.

4 See “Governor McKee Announces Award of Over \$100M to Create Over 1,400 Units of Housing,” State of Rhode Island Governor Dan McKee press release, May 18, 2023.

Figure 1

FHFA House Price Index, 2014:Q1–2024:Q1 United States, New England, and New England states

Year-over-Year % Change



Note(s): Quarterly data from 2014:Q1 through 2024:Q1.

Source(s): Federal Housing Finance Agency and Haver Analytics.

Surveys indicate that residents across New England are concerned about rising prices and housing affordability. At 19 percent, “housing” topped the list of 700 responses to a 2023 State of the State poll by the University of Massachusetts Amherst that asked participants to identify the most important issue facing Massachusetts; the second most frequent response, at 10 percent, was immigration. In a survey by Saint Anselm College, the percentage of New Hampshire homeowners who agree that their neighborhood needs more affordable housing to be built grew from 52 percent in 2023 to 57 percent in 2024. Additionally, those agreeing that New Hampshire towns and cities should change their planning and zoning regulations to allow more housing to be built rose from 29 percent in 2020 to 61 percent in 2024.

Developing a clear understanding of what drives housing affordability trends in New England can be complicated. Many factors influence home prices and rents, and data limitations can restrict analysis. Also, housing affordability is jointly determined by prices and incomes. This report is intended to help develop a better understanding of some of the factors influencing prices throughout New England. It uses data at the state and metropolitan statistical area (MSA)⁵ levels, when available, to highlight several important elements influencing prices across the region, including trends in migration, population, and building permits for new homes.

Before examining prices, the report presents trends in supply and demand for housing in the region. The data make clear that housing construction, as well as the demand for housing,

⁵ According to the US Census Bureau, a metropolitan statistical area (MSA) consists of one or more counties that contain a city of 50,000 or more inhabitants or contain a Census Bureau–defined urbanized area (UA) and have a total population of at least 100,000 (75,000 in New England). Counties containing the principal concentration of population—the largest city and surrounding densely settled area—are components of the MSA. Additional counties qualify to be included by meeting a specified level of commuting to the counties containing the population concentration and by meeting certain other requirements of metropolitan character, such as a specified minimum population density or percentage of the population that is urban. MSAs in New England are defined in terms of cities and towns, following rules related to commuting and population density. See <https://www2.census.gov/geo/pdfs/reference/GARM/Ch13GARM.pdf>

has increased in recent years relative to the pre-pandemic period. From 2021 through 2023, the New England states collectively issued 111,894 building permits for single-family and multifamily homes, an 8.2 percent increase from the 103,458 permits issued from 2017 through 2019. The number of newly issued building permits rose in 2021, but the increase in New England lagged the increase for the United States. Nationally, new permits issued from 2021 through 2023 averaged 1.16 percent of the existing housing stock, up from 0.97 percent during the 2017–2019 period. The comparable rates in New England were 0.55 percent and 0.52 percent, respectively.

Rising population alongside falling per capita income are putting mixed pressure on housing demand across New England.

New England also trailed the country in terms of newly issued building permits relative to 2010. The amount of construction in the region has been nontrivial, but it does not appear to have been sufficient to meet demand.

Housing demand is closely tied to population and income. Population growth in New England, excluding migration, has been slowing for decades, including in the post-pandemic era (that is, since 2020). Average annual post-pandemic population growth in the region (0.19 percent) has lagged that of the United States (0.34 percent), although there is variation among the New England states. New Hampshire, long one of the fastest-growing states in the region, as well as Connecticut and Maine, both of which typically see slower

growth, each exceeded national average population growth from 2020 through 2023. Pandemic-era migration trends reveal higher influxes into states such as Maine with lower population density. In addition, average annual growth of per capita real income was lower in New England compared with the US average in the decade preceding the pandemic (2.1 percent versus 2.7 percent from 2010 to 2020) and following the onset (–1.5 percent versus –0.6 percent from 2020 through 2023). Rising population alongside falling per capita income are putting mixed pressure on housing demand across New England.

The interaction between supply and demand ultimately determines prices. Indicators that directly interact supply and demand pressures on housing show that since the onset of the pandemic and during the preceding decade, demand for housing in New England has outstripped supply. For example, the number of building permits for new homes issued per each population change of 1,000 historically had been greater in New England than the national average. However, this has not been the case since 2010. In addition, the vacancy rate for rental units, another measure that interacts housing supply with demand, has declined sharply and steadily since 2005 in all the region's MSAs for which US Census data are available.

After reviewing supply and demand trends, the report considers how those factors influence home prices and rents in New England. The report uses variation in the data across MSAs in the region to confirm that migration is highly correlated with changes in home prices. The permitting rate for single-family homes also correlates with home prices. The report does not attempt to disentangle cause from effect, but it is clear that prices are rising most in the places experiencing the highest levels of net migration. The data also reveal that more permits are being issued in places with the highest home prices and rents, however, when the number of permits is adjusted for population, it becomes clear that lower prices are associated with higher rates of permitting relative to population. While the trends presented in this report highlight the effect of net migration on home prices and rents, they also indicate that the interaction of multiple factors ultimately determines housing outcomes.

II. Housing Overview

Economic literature has long studied home prices and rents, focusing primarily on the relationship between housing supply and demand. The factors that affect housing supply are numerous: zoning laws and land-use regulations (Chiumenti and Sood 2022; Glaeser and Ward 2009), construction prices,⁶ insurance rates,⁷ and geographic terrain (Saiz 2010), to name a few. Likewise, many elements drive the demand for housing: changes in population (Reichert 1990), non-housing wealth (Fuster and Zafar 2021; Reichert 1990), down-payment constraints (Fuster and Zafar 2021), financial costs of ownership such as mortgage costs (Martins and Villanueva 2009; Reichert 1990), changes in mortgage credit of banks (Favara and Imbs 2015), and work-from-home policies (Guglielminetti et al. 2023).

This report focuses on recent regional variation and changes in some key variables influencing housing supply and demand in New England. Specifically, it centers on population changes, migration fluctuations, income growth, and the intensity of permitting for new housing construction. The aim is not to account fully for the changes in home prices and rents in New England but to evaluate how these key supply and demand factors have evolved in the region in recent years and to highlight the observed correlations between these factors and price changes.

Housing Supply Factors

Permits

The issuance of building permits is a considerable driver of housing supply. Residential construction is the largest component of change in the US Census Bureau's count of housing units, and the bureau calculates residential construction as the sum of permitted construction and non-permitted construction. More than 98 percent of all buildings constructed are in permit-issuing places.⁸ Permitted construction is the product of building permits issued multiplied by the permit completion rate. Thus, building permits drive most of the change in the number of housing units over any given period.

The other component of change in quantity is the number of housing units lost, which increases with the age of structures. As of 2021, 31.0 percent of the homes in New England had been built before 1950, compared with 16.4 percent for the entire country. In the region, Massachusetts (35.4 percent) and Rhode Island (37.6 percent) had the highest shares of homes built before 1950.

As of 2021, 31 percent of the homes in New England had been built before 1950.

Building permit trends vary by permit type (single-family or multifamily) and geography. In Connecticut and Vermont, the pace of permitting has increased since the onset of the pandemic, while it has slowed in the other New England states. Figure 2 shows trends in the total number of permits issued in the United States, New England, and across each of the region's six states.

6 See Ryan Dezember and Marco Quiroz-Gutierrez, "New Houses Are Costing More as Prices Jump for Wood, Bricks," *Wall Street Journal*, March 17, 2021.

7 See Kriston Capps, "Rising Insurance Rates Are Crushing Affordable Housing Developers," Bloomberg, September 12, 2023.

8 See <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/2020-2022/2022-hu-meth.pdf>

Figure 2

Total Number of New Building Permits, 2010–2023 United States, New England, and New England states

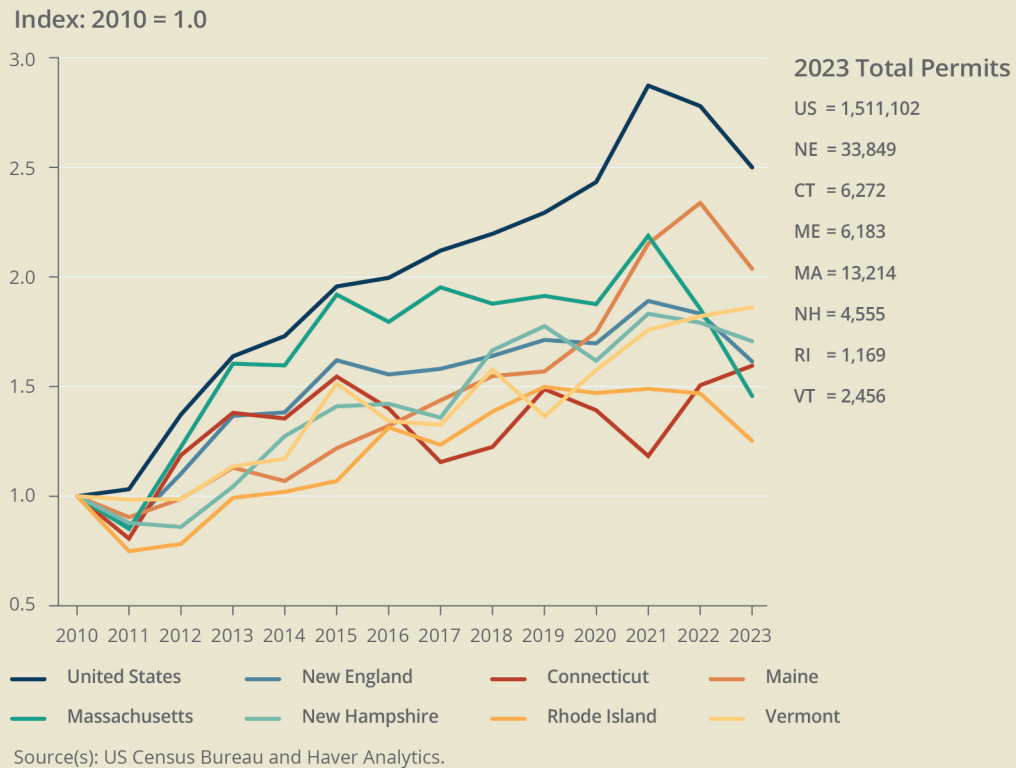


Figure 2 indexes the number of permits issued in each New England state to its 2010 level to lend context to the changes and show whether they reflect earlier trends or are unique to the post-pandemic era. New England overall, as well as each state in the region, has issued permits at a slower rate compared with the nation overall. According to the overall number of permits issued in New England, the region experienced sharp permitting growth from 2011 through 2013, driven mostly by accelerated permitting in Massachusetts. Except for those three years, growth has been modest but has increased overall. Permitting in Massachusetts nearly matched the national pace from 2010 to 2015, but since then, it has increasingly lagged the national average. Maine has steadily increased permitting since 2010, with just a couple of instances when the number drifted slightly lower than in the preceding year before rebounding in the next. In Connecticut, permitting was volatile throughout the 2010s, climbing in one year and falling in the next. In New Hampshire, Rhode Island, and Vermont, permitting increased overall during the decade, with moderate peaks and valleys. Table 1 presents data on the total number of permits issued from 2000 through 2023.

In the post-pandemic period, Maine and Vermont were the only states in the region to increase permitting in each year from 2019 through 2022. In 2023, however, Vermont continued the upward trend, while in Maine, permitting dipped below its 2021 level. Permitting in Connecticut fell in 2020 and 2021 before rebounding in 2022 and 2023, when it surpassed its 2019 level. In Massachusetts and New Hampshire, permitting jumped in 2021 then fell in the following two years. Permitting in Rhode Island was relatively flat from 2020 through 2022 but dipped in 2023.

Table 1

Total Number of New Building Permits, 2000–2023
United States, New England, and New England states

	2000	2005	2010	2020	2023
United States	1,592,267	2,155,316	604,610	1,471,141	1,511,102
New England	45,335	58,742	20,964	35,571	33,849
Connecticut	9,376	11,885	3,932	5,471	6,272
Maine	6,177	8,969	3,034	5,304	6,183
Massachusetts	18,000	24,549	9,075	17,025	13,214
New Hampshire	6,680	7,586	2,670	4,320	4,555
Rhode Island	2,596	2,836	934	1,374	1,169
Vermont	2,506	2,917	1,319	2,077	2,456

Source(s): US Census Bureau and Haver Analytics.

Regarding quantities, Massachusetts issued by far the most building permits of all the New England states in 2023, slightly more than twice as many as Connecticut, the state with the next highest total. Despite having a moderately lower population, Vermont permitted 1,287 more units than Rhode Island, for a total of 2,456.

Table 2 presents the number of new permits issued as a share of existing housing units. This metric implies the pace at which areas added housing relative to their existing supply. Column 1 shows the ratio of the average number of permits issued annually from 2017 through 2019 to the number of existing housing units in the base year, 2017. Column 2 uses 2021 as the base year,⁹ comparing the number of housing units in that year with the average number of permits issued annually from 2021 through 2023. Breaking down the state-level data to the MSA level shows more precisely where this supply-side factor may be most relevant. For example, in Portland, Maine, during the 2017–2019 period, the average number of permits issued annually represented 0.98 percent of the total number of housing units in 2017. Then, from 2021 through 2023, the yearly average number of new permits represented 1.24 percent of the number of housing units in 2021, a 27 percent increase from the previous period.

9 Due to data limitations for 2020, this table uses 2021 as the base year.

Table 2

Average Annual Number of New Building Permits as a Share of Existing Housing Units, before and after the Pandemic
 United States, New England, New England states, and New England MSAs

	2017–2019	2021–2023		2017–2019	2021–2023
United States	0.97	1.16	Massachusetts	0.60	0.55
New England	0.52	0.55	Barnstable	0.49	0.42
Connecticut	0.33	0.37	Boston	0.75	0.68
Bridgeport	0.46	0.39	Pittsfield	0.35	0.22
Hartford	0.28	0.35	Springfield	0.26	0.25
New Haven	0.31	0.38	Worcester	0.47	0.47
Norwich	0.40	0.34	New Hampshire	0.67	0.74
Maine	0.62	0.89	Manchester	0.72	0.67
Bangor	0.37	0.53	Rhode Island	0.27	0.27
Lewiston	0.52	0.70	Providence	0.29	0.29
Portland	0.98	1.24	Vermont	0.56	0.71
			Burlington	0.99	1.06

Source(s): US Census Bureau and Haver Analytics.

In the most recent period, each state and MSA in the region, except for Portland, fell below the national figure for new permits as a share of housing units. Portland, as well as Burlington, Vermont, also exceeded the national share during the 2017–2019 period.

Among the New England states, Connecticut and Rhode Island saw the lowest shares both before and after the onset of the pandemic. Massachusetts showed large variation across MSAs in the pre- and post-pandemic periods, ranging from 0.26 (Springfield) to 0.75 (Boston) before the pandemic and from 0.22 (Pittsfield) to 0.68 (Boston) after the onset. The shares in Springfield and Pittsfield were both substantially smaller than the overall share for Massachusetts in both periods. Boston's share exceeded the state's share in both periods, though the MSA's post-pandemic share was smaller than the pre-pandemic share.

The MSAs in Connecticut showed varying levels of permitting relative to existing housing units in the pre-pandemic period, but the levels were more even in recent years. This is not the case in Massachusetts and Maine, where the MSAs continued to show large variation after the start of the pandemic.

In addition to differences in levels of permitting relative to existing housing stock across the states and across MSAs within states, there is variation in the shares of building permits issued for multifamily versus single-family homes. Table 3 displays the heterogeneity in multifamily permitting across the region and for the United States in 2019 and 2023.

Table 3

**Share of Building Permits for Multifamily Homes,
before and after the Pandemic**
United States, New England, New England states, and New England MSAs

	2019	2023		2019	2023
United States	37.8	39.1	Massachusetts	63.8	61.6
New England	53.0	50.8	Barnstable	16.8	23.6
Connecticut	59.6	67.3	Boston	71.5	68.6
Bridgeport	72.7	71.1	Pittsfield	72.1	26.2
Hartford	34.8	68.3	Springfield	41.9	41.1
New Haven	72.5	78.1	Worcester	38.0	31.9
Norwich	53.6	36.6	New Hampshire	42.1	34.8
Maine	27.0	26.6	Manchester	44.8	61.5
Bangor	18.8	17.1	Rhode Island	27.1	39.3
Lewiston	31.6	28.0	Providence	22.3	35.0
Portland	36.8	38.0	Vermont	45.2	46.9
			Burlington	55.9	64.0

Source(s): US Census Bureau and Haver Analytics.

Compared with the building permits issued nationally in 2023, New England issued a larger share for multifamily homes. This was also the case in 2019. Within the region in 2023, the building permits issued in Connecticut included the largest share for multifamily homes at 67.3 percent, and Maine's permits included the smallest share at 26.6 percent. In 2019, Massachusetts's permits included the region's largest share for multifamily homes, but it was surpassed by Connecticut's share in 2023.

There was also variation within states. In Massachusetts, the share of total permits for multifamily homes was as large as 68.6 percent in Boston and as small as 23.6 percent in Barnstable. Similarly, in Connecticut, the share was as small as 36.6 percent in Norwich and as large as 78.1 percent in New Haven. Like the state shares, the MSA shares have shifted over time. For example, from 2019 to 2023, the multifamily share in Hartford rose from 34.8 percent to 68.3 percent, while in Pittsfield, the share fell from 72.1 percent to 26.2 percent.

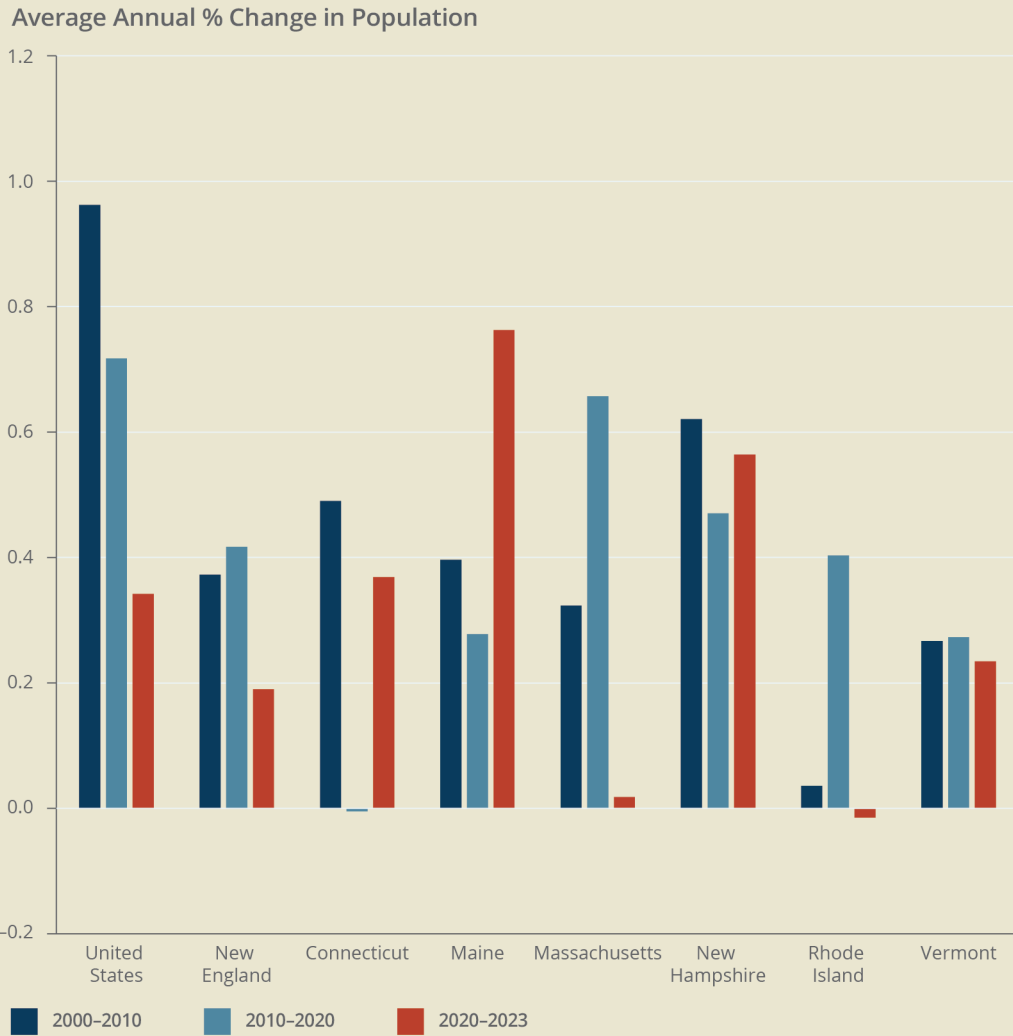
Housing Demand Factors

Population

Population change is a key factor affecting housing demand. As the population grows (holding the average household size constant), demand for housing becomes stronger. All else being equal, if the number of available housing units does not increase accordingly, home prices and rents can be expected to rise. Figure 3 shows recent population changes in the context of historical trends.

Figure 3

Average Annual Rates of Population Growth, 2000–2023
United States, New England, and New England states



Source(s): US Census Bureau and Haver Analytics.

Average population growth rates have declined nationally since 2000. Population growth in New England has lagged the US rate; however, the gap between the two rates has narrowed over time. New Hampshire has had consistently strong population growth since 2000, whereas Rhode Island’s population grew modestly before the pandemic but has seen negative growth since the onset. Northern New England has boomed in the post-pandemic period. From 2010 to 2020 Massachusetts had rapid population growth relative to the other New England states; however, that growth collapsed after 2020.

Table 4 shows population changes in the United States, New England, and in the region’s MSAs. It presents average annual population growth rates over the specified period. Column 1 presents data for 2010 through 2020 and column 2 for 2020 through 2023.

Table 4

**Average Annual Rates of Population Growth,
before and after the Pandemic**
United States, New England, New England states, and New England MSAs

	2010–2020	2020–2023		2010–2020	2020–2023
United States	0.72	0.34	Massachusetts	0.66	0.02
New England	0.42	0.19	Barnstable	0.56	0.54
Connecticut	0.00	0.37	Boston	0.80	-0.10
Bridgeport	0.25	0.31	Pittsfield	-0.21	-0.47
Hartford	-0.65	0.46	Springfield	-3.32	-0.29
New Haven	-3.47	0.24	Worcester	-0.65	0.28
Norwich	0.16	0.15	New Hampshire	0.47	0.56
Maine	0.28	0.76	Manchester	0.54	0.35
Bangor	-0.11	0.69	Rhode Island	0.40	-0.01
Lewiston	0.32	0.78	Providence	0.44	0.09
Portland	0.75	0.83	Vermont	0.27	0.23
			Burlington	0.67	0.33

Source(s): US Census Bureau and Haver Analytics.

As Figure 3 indicates, northern New England and Connecticut saw substantial population growth following the onset of the pandemic. This growth was consistent across the MSAs within those areas. In Massachusetts, however, in addition to notably slower growth relative to before the pandemic, there was marked variation across the state. For instance, Pittsfield's population declined 0.47 percent, while Barnstable's expanded 0.54 percent. Boston's population grew in the decade leading up to the pandemic but has decreased since 2020. Population growth in Rhode Island became marginally negative after the start of the pandemic but remained positive in the Providence MSA, although just marginally. In New Hampshire, population growth during the 2010s was faster in the Manchester MSA than in the state overall, but after 2020, the state's population grew faster than Manchester's. In Vermont, Burlington's population growth outpaced the state's in both the pre- and post-pandemic periods.

Migration, domestic or international, can drive population changes. According to census data, in 2021, deaths outnumbered births in New England, so any population gains were driven by in-migration, that is, people moving into the region from other parts of the country or world. Migration patterns across New England shifted after the onset of the COVID-19 pandemic. In the following analysis, net migration (in-migration minus out-migration) is normalized to the population of that state; adding 25,000 residents to Vermont, for example, would be a much greater shock to that state's population than adding that same number of people to Connecticut's population.

Table 5 presents data on net migration per 1,000 people in an area's population. The first column calculates the average of the annual net migration rate from 2010 through 2019. The other columns present the annual net migration rate for the given year.

Table 5

Pre- and Post-pandemic Net Migration Rates
United States, New England, New England states, and New England MSAs

	2010–2019	2020	2021	2022	2023
United States	2.67	1.44	1.13	3.00	3.40
New England	1.40	-0.23	3.38	1.45	2.58
Connecticut	-1.78	-2.77	7.01	1.52	1.73
Bridgeport	-0.48	-2.84	5.20	-2.53	-1.17
Hartford	-1.71	-9.83	8.96	3.09	3.06
New Haven	-2.13	-8.40	7.93	0.46	-0.84
Norwich	-4.17	-5.83	3.17	3.61	2.65
Maine	2.01	5.66	13.74	11.78	8.19
Bangor	-0.43	0.18	11.75	13.71	7.96
Lewiston	-1.11	0.06	16.63	8.00	7.24
Portland	4.53	1.69	11.83	10.75	7.16
Massachusetts	3.21	-0.99	-1.40	-1.99	1.64
Barnstable	4.51	-1.53	27.42	7.13	5.93
Boston	3.86	-1.72	-7.15	-2.42	1.29
Pittsfield	-1.91	-1.82	3.77	0.31	0.54
Springfield	-0.01	-1.92	-2.69	-3.64	-0.76
Worcester	1.58	-2.06	1.24	0.30	3.51
New Hampshire	2.73	4.76	7.21	9.97	3.68
Manchester	1.62	-0.23	2.19	7.36	-0.85
Rhode Island	-0.69	-0.95	1.31	-2.00	2.33
Providence	0.65	-1.22	2.95	-0.83	3.08
Vermont	-0.43	0.12	8.12	3.30	3.33
Burlington	1.61	0.11	5.17	1.84	1.41

Source(s): US Census Bureau and Haver Analytics.

This table highlights changes in migration trends over time. Generally, the states with lower population density attracted more residents after the onset of the pandemic. For Vermont, this influx of people shifted the trend the state had seen in the two decades leading up to 2020, when the number of people moving out of Vermont outpaced the number moving in. In 2021, for example, Vermont drew 5,257 more residents to the state than left. Meanwhile, Massachusetts saw 9,792 more residents leave than enter. Net migration into Maine and New Hampshire gained momentum after the pandemic started. Rhode Island's net migration has fluctuated between negative and positive; the state lost population due to migration before the pandemic and in 2020, made gains in 2021, saw a loss again in 2022, and experienced strong gains in 2023 compared with previous years.

The states with lower population density attracted more residents after the onset of the pandemic.

Connecticut saw a large number of people move into the state after the start of the pandemic, including approximately 50,000 New York City residents, who likely took advantage of a hybrid or fully remote work schedule.¹⁰ As a result, the state's net migration rate shifted from negative to positive from 2020 to 2021.

Shifts in migration rates also occurred within the New England MSAs. For example, in Massachusetts, which overall experienced negative net migration immediately following the start of the pandemic, the Pittsfield MSA saw positive net migration during the 2020–2021 period after experiencing negative net migration in the pre-pandemic decade.

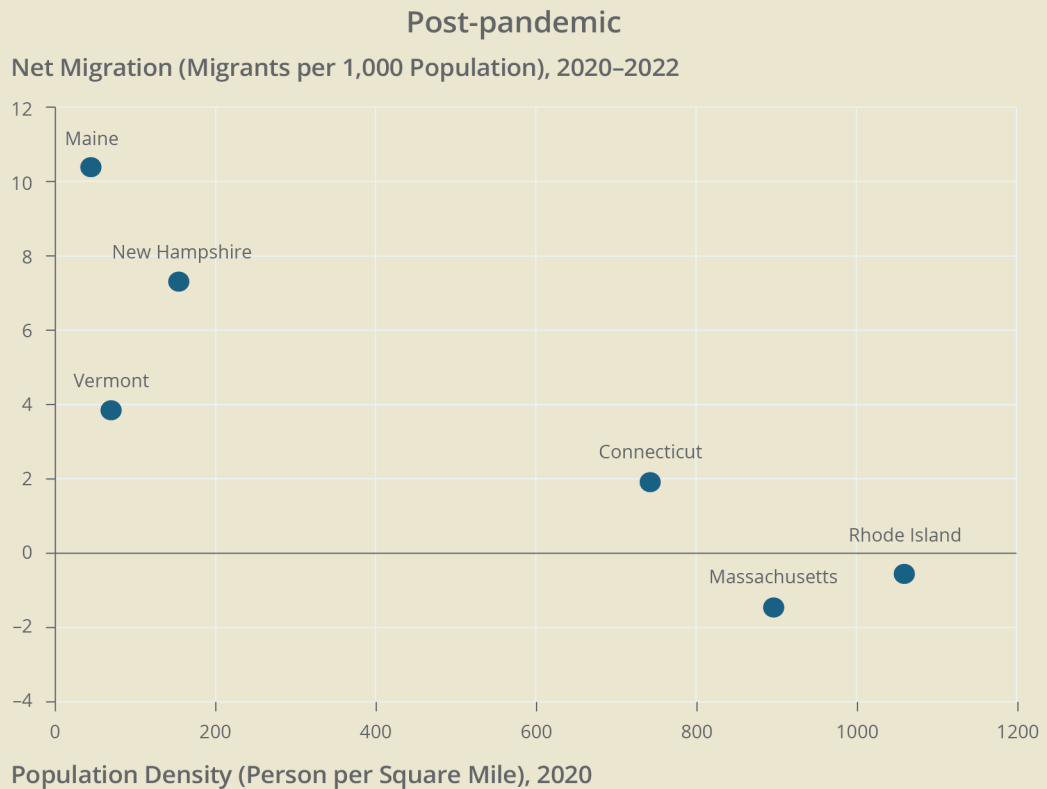
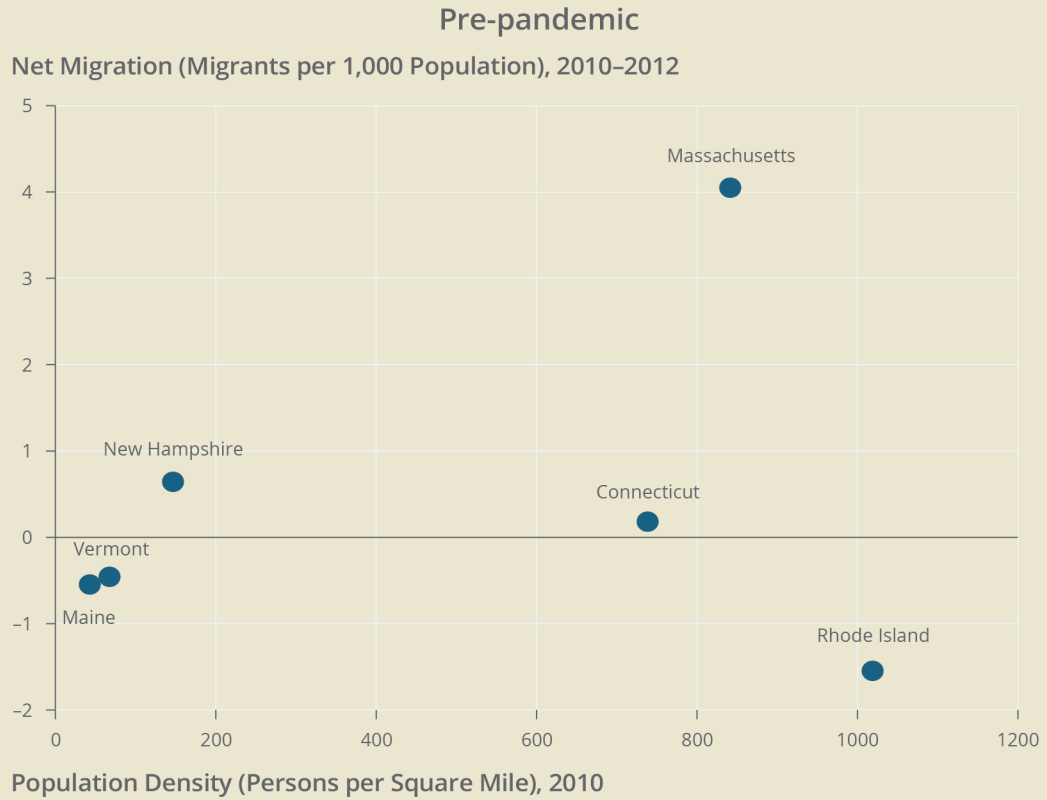
Connecticut saw a large number of people move into the state after the start of the pandemic, including approximately 50,000 New York City residents.

Figure 4 shows the shift in this correlation. The left panel depicts the correlation before the pandemic, and the right shows the change after the pandemic began. The horizontal axis of each panel is the population density in the base year: 2010 for the pre-pandemic period and 2020 for the post-pandemic period. The vertical axis shows the average net migration per 1,000 in the first three years of the decade: 2010–2012 and 2020–2022, respectively.

10 See Emma Court, "New Yorkers Who Fled to Connecticut during the Pandemic are Staying Put," Bloomberg, September 13, 2022.

Figure 4

Population Density and Migration before and after the Pandemic
New England states

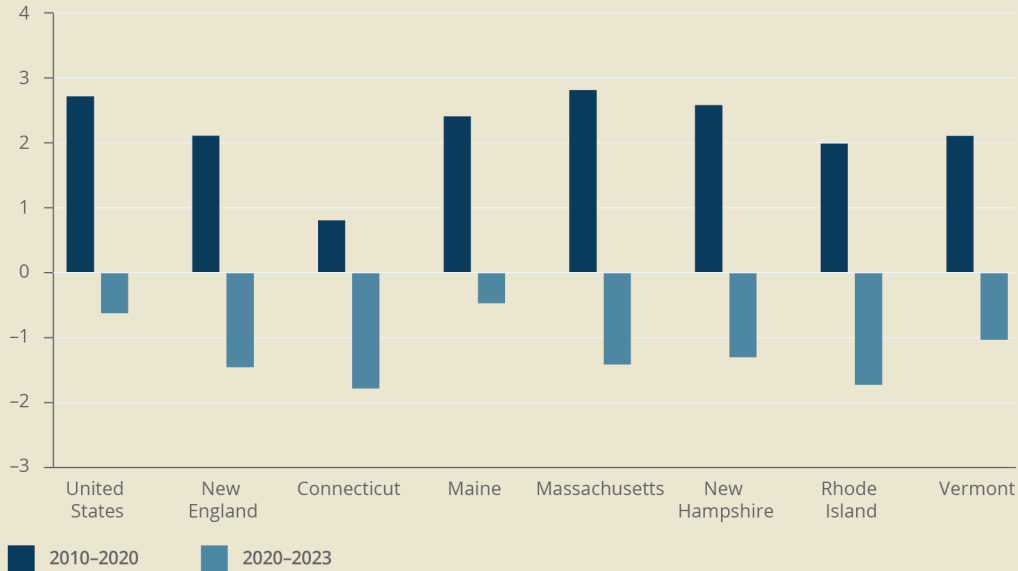


Source(s): US Census Bureau and Haver Analytics.

Figure 5

Growth of Real Per Capita Income United States, New England, and New England states

Average Annual % Change in Real Per Capita Income



Source(s): US Bureau of Economic Analysis and Haver Analytics.

Before the pandemic, there was no clear correlation between population density and net migration. However, since the onset of the pandemic, the average net migration rate across the New England states has decreased as population density has increased. The driver of this change is Massachusetts, which, despite higher population density, experienced a high net migration rate before the pandemic.

Income

Income growth and wealth also contribute to housing demand. Research finds that growth in non-housing wealth increases a buyer's willingness to pay (Fuster and Zafar 2021). As income grows, people have more buying power in the housing market, which could drive up prices. Figure 5 shows the average annual growth rate of real per capita income in the United States, New England, and each state in the region.

Personal income growth in New England lagged the nation's both before and following the onset of the pandemic. In the 2010s, personal income growth in the region was as high as 2.8 percent in Massachusetts and as low as 0.8 percent in Connecticut. After the start of the pandemic, this rate fell and became negative across the region and the nation. The largest decline was in Connecticut, where real per capita income declined 1.8 percent from 2020 to 2023, and the smallest was in Maine, where it fell 0.5 percent, which was less than the national decline.

Table 6 presents the percentage change in real per capita income in the United States and within New England for the periods immediately before the pandemic and after the onset. MSA-related data limitations restrict the post-pandemic period in this table to 2021 through 2022.

Table 6 Real Per Capita Income Growth, 2018 to 2019 and 2021 to 2022
United States, New England, New England states,
and New England MSAs

	2018 to 2019	2021 to 2022		2018 to 2019	2021 to 2022
United States	2.7	-4.5	Massachusetts	3.1	-4.8
New England	2.8	-4.4	Barnstable	2.9	-11.4
Connecticut	1.3	-3.5	Boston	3.4	-6.3
Bridgeport	0.4	-5.3	Pittsfield	3.4	-9.9
Hartford	1.2	-7.6	Springfield	3.7	-7.9
New Haven	3.5	-8.0	Worcester	3.4	-10.1
Norwich	2.0	-8.8	New Hampshire	4.5	-4.1
Maine	3.2	-3.2	Manchester	2.6	-8.8
Bangor	-0.5	-4.0	Rhode Island	4.2	-6.2
Lewiston	6.4	-11.6	Providence	3.8	-8.6
Portland	7.9	-5.2	Vermont	3.5	-3.3
			Burlington	1.1	-6.4

Source(s): US Bureau of Economic Analysis and Haver Analytics.

In the immediate pre-pandemic period, real per capita income growth in the region was mixed, although marginally greater than the nation's on average. Apart from Connecticut, growth in each state outpaced the national average in the 2018–2019 period. Additionally, per capita income in the MSAs in Massachusetts and Rhode Island rose at a faster pace than the national and regional averages. In Connecticut, slow growth in Bridgeport and, to a lesser extent, Hartford brought down the state average. In Massachusetts, growth ranged from 2.9 percent in Barnstable to 3.7 percent in Springfield. Growth was more variable in Maine, ranging from -0.5 percent in Bangor to 7.9 percent in Portland.

Personal income declined to varying degrees across New England after the start of the pandemic and by 4.4 percent overall, which was marginally less than the national decline of 4.5 percent. Income fell by less than the national average in Connecticut, Maine, New Hampshire, and Vermont; however, each of these states includes an MSA where income fell by more than the national average. In Maine, for example, where the overall decline was 3.2 percent, the smallest in the region, personal income in Lewiston fell by 11.6 percent, the most of any MSA in the region. In fact, in each New England state, all the MSA declines were larger than the state decline. Before the pandemic, income growth in New Hampshire's, Rhode Island's, and Vermont's MSAs was slower than that of their respective states; however, MSAs in Connecticut, Maine, and Massachusetts varied in their growth levels relative to the state average during that period.

Assessing the supply and demand developments discussed here reveals the variation across the region in the factors affecting home prices and rents. New England's population growth lags the nation's, but this is not true for all New England states. There has also been a notable shift in migration trends across the region, with less densely populated areas seeing greater net migration after the onset of the pandemic. Finally, income growth in New England continued to edge out the nation's from 2020 to 2021, but it declined faster than the national rate from 2020 to 2023.

Table 7

Permits Issued per 1,000 Change in Population United States, New England, and New England states

	1980–1990	1990–2000	2000–2010	2010–2020	2020–2023
United States	645	404	579	462	1889
New England	813	562	835	431	1447
Connecticut	964	766	525	1549	564
Maine	605	1000	1225	1087	805
Massachusetts	993	505	869	296	18156
New Hampshire	542	374	776	555	794
Rhode Island	825	594	5139	230	*
Vermont	705	483	1488	944	2044

Note(s): Net out-migration in Rhode Island restricts the analysis. Annual estimates for the 2020–2023 period are used; decennial census values are used for the other periods.

Source(s): US Census Bureau and Haver Analytics.

Interaction of Supply and Demand

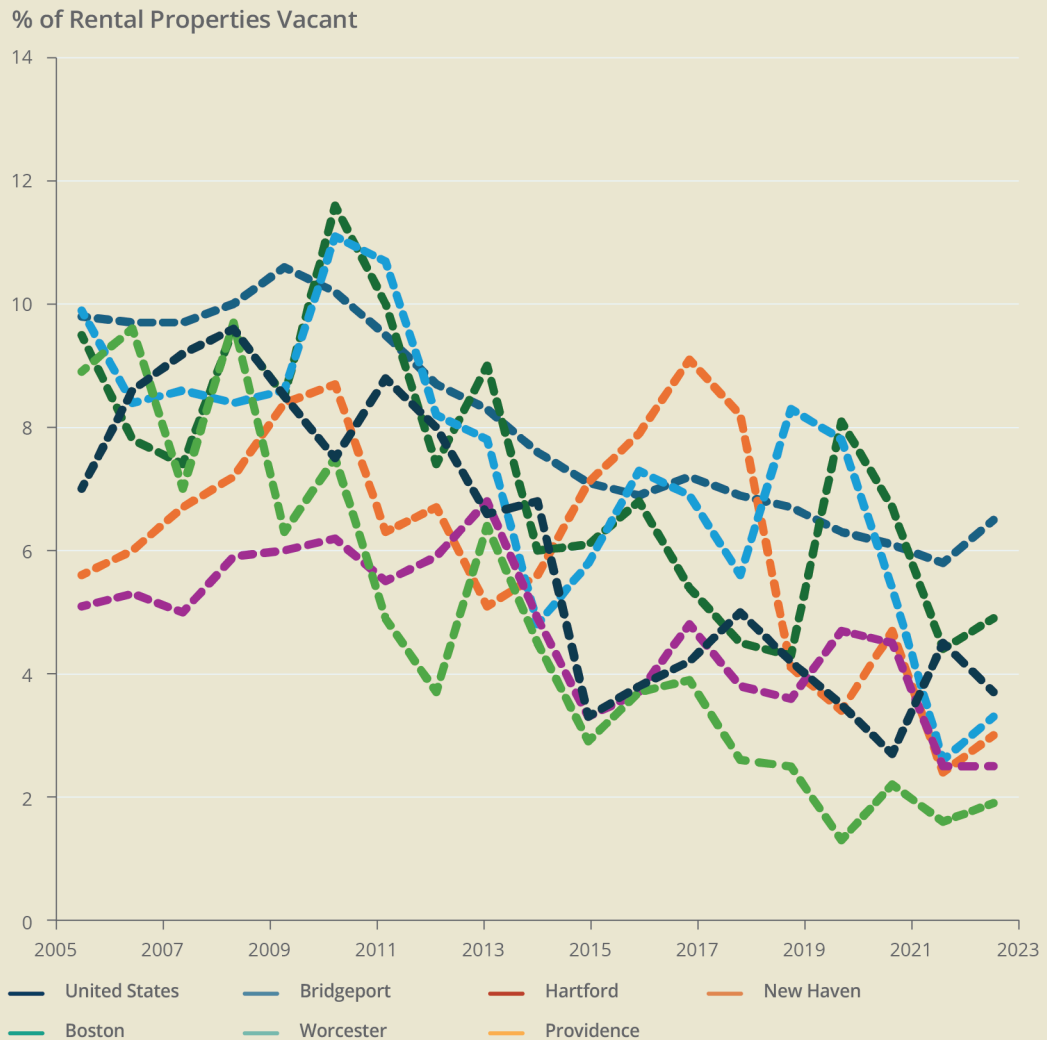
The supply and demand factors described earlier are important for understanding housing affordability in New England. Table 7 and Figure 6 display two metrics that interact supply and demand factors: building permits for housing issued relative to population growth and the rental vacancy rate. Table 7 calculates the number of permits added per 1,000 change in the population by decade starting in 1980 and in the last three years.

Compared with the nation, New England issued more permits per 1,000 change in population from the 1980s through the 2000s, but this differential reversed in the 2010s. New England's decline in permits per 1,000 population from the 2000–2009 decade to the 2010–2019 decade was driven by Massachusetts and Rhode Island, where the rates declined sharply and fell well below the US average. Over this same period, changes in the other New England states varied, including a sharp increase in Connecticut and a substantial decline in Vermont.

Although the pace of permitting per population change in New England increased substantially after the start of the pandemic, it still lagged the national rate. Permitting activity in Maine slowed after the pandemic's onset, falling to its lowest level since the 1980s. Connecticut also saw a decline in recent years. Massachusetts increased this permitting metric following the start of the pandemic, with slow population growth contributing to the relative gains. New Hampshire and Vermont increased permitting relative to population growth as well, with the latter exceeding historical values.

Figure 6

Rental Vacancy Rates, 2005–2023 United States and select New England MSAs



Source(s): US Census Bureau and Haver Analytics.

The vacancy rate reflects another direct interaction between housing supply and demand. Figure 6 presents rental vacancy rates starting in 2005 for the MSAs in New England for which data are available.

Rental vacancy rates declined in the analyzed MSAs over this period. Notably, from 2005 to 2019, rental vacancy rates fell. Therefore, the recent tightness in the rental market, expressed as vacancy rates, represents an intensification of a preexisting trend.

Assessment of the demand for and supply of housing in New England, and their interaction, indicates that in the decade preceding the pandemic and the period since, overall demand for housing outstripped supply. The final section of this report reviews the correlations between changes in these two factors and changes in housing prices. First, it explores migration (demand), then building permits (supply). As noted, the full range of causal influences that determine housing prices (for example, location-specific zoning practices, mortgage interest rates, etc.) is well beyond the scope of this report. However, the two supply and demand factors on which the report focuses have strong correlations with prices.

III. Migration and Home Prices

As detailed earlier, migration is a driver of housing demand. This section uses regional data to explore the interaction between migration and home prices as well as income data to better explain what is driving affordability pressures and which MSAs are affected the most. Interactions between migration and prices changed after the start of the pandemic; this shift and its implications for prices are the focus of the following discussion. The section begins with a national-level analysis, then concentrates on New England.

A plot of net migration rates for MSAs and price growth of existing homes (Figure 7) confirms the two are positively related. Each dot in Figure 7 represents an MSA in the United States in one year during the 2014–2023 period. The horizontal axis shows net migration rates, and the vertical axis shows home value appreciation. From 2014 to 2019, MSAs fell along a positive-sloping line; higher net migration rates were associated with greater home value appreciation.¹¹ This scatter plot alone does not indicate the direction of this causality. Migration into an area could have increased home values by pushing up demand, or people could have migrated to places with rising home values. It is also possible that migration and home prices moved together in response to another factor or factors. In either case, this line shifts up and becomes steeper in 2020, such that a given change in the migration rate is associated with greater home price appreciation compared with the pre-pandemic period.

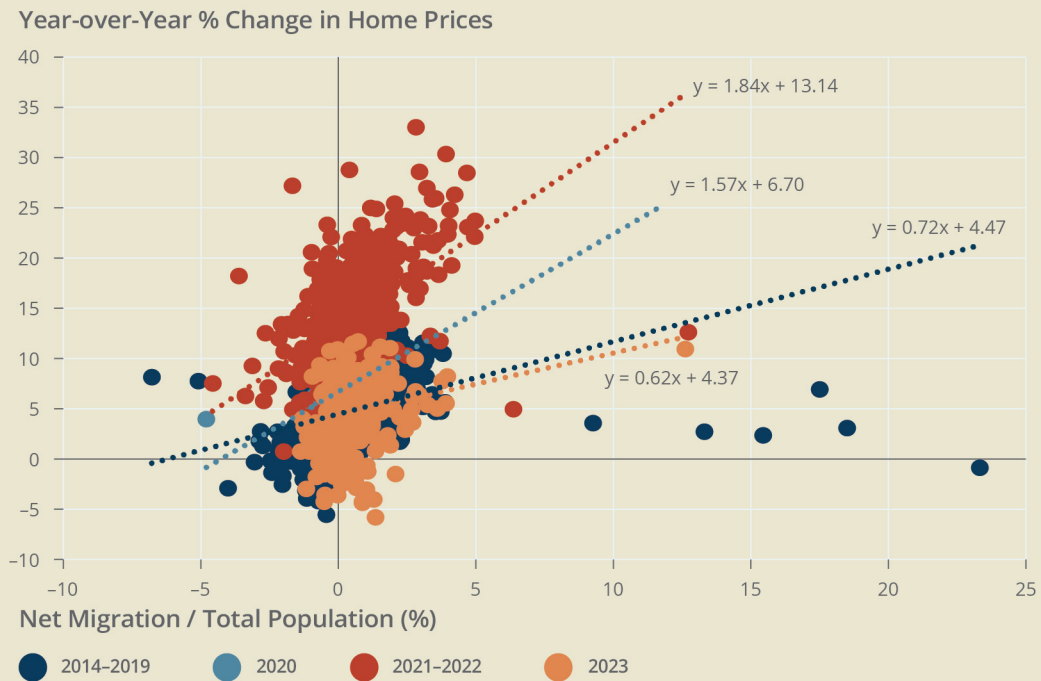
A given change in the migration rate is associated with greater home price appreciation compared with the pre-pandemic period.

While an exploration and explanation of the dynamics behind this shift are beyond the scope of this report, the supply constraints in 2020 are one potential contributor. In more balanced times, home construction could respond more quickly to migration. In the face of major supply constraints, however, building units for new residents is more difficult. The shift seen in 2020 becomes more severe in 2021, when the slope of the trendline steepens again. Supply constraints in 2021 as well as residual effects from 2020 potentially explain this change. After having slowed in 2020, migration expanded in 2021, potentially exacerbating the already elevated situation and further steepening the slope. This pattern of a steep trendline continues into 2022. After incorporating 2023 data, it is clear how the easing of supply constraints may affect this correlation.

11 Linear coefficients (slopes) show the change in home value for a given change in net migration. For example, if the linear coefficient is 2, then for each additional percentage change in the net migration rate, the associated percentage change in home value is 2 percent.

Figure 7

Annual Net Migration and Home Price Changes in the United States



Note(s): Year-over-year percentage changes in home prices are shown on the vertical axis. Linear trend equations are shown next to their respective line.

Source(s): US Census Bureau, CoreLogic, and Haver Analytics.

The trendline for 2023 reverts to that of the 2014–2019 period. As supply constraints eased, there were more opportunities for construction. Permitting increased in 2021 (refer to Figure 2); thus, despite the subsequent drop in 2022, these permits opened opportunities for new construction. This explanation would be further supported if migration were persistent—that is, if places seeing higher levels of net migration in 2021 also saw higher levels of net migration in 2023. In this case, as people continued to move to those MSAs, permits from 2021 that may have been induced by migration then continued to benefit the housing supply into 2023 as net migration remained high and elevated housing demand persisted. Twelve of the MSAs that were in the top 20 migration destinations in the United States in 2021 were also among the top 20 in 2023, supporting the notion that migration patterns persisted during this period.¹²

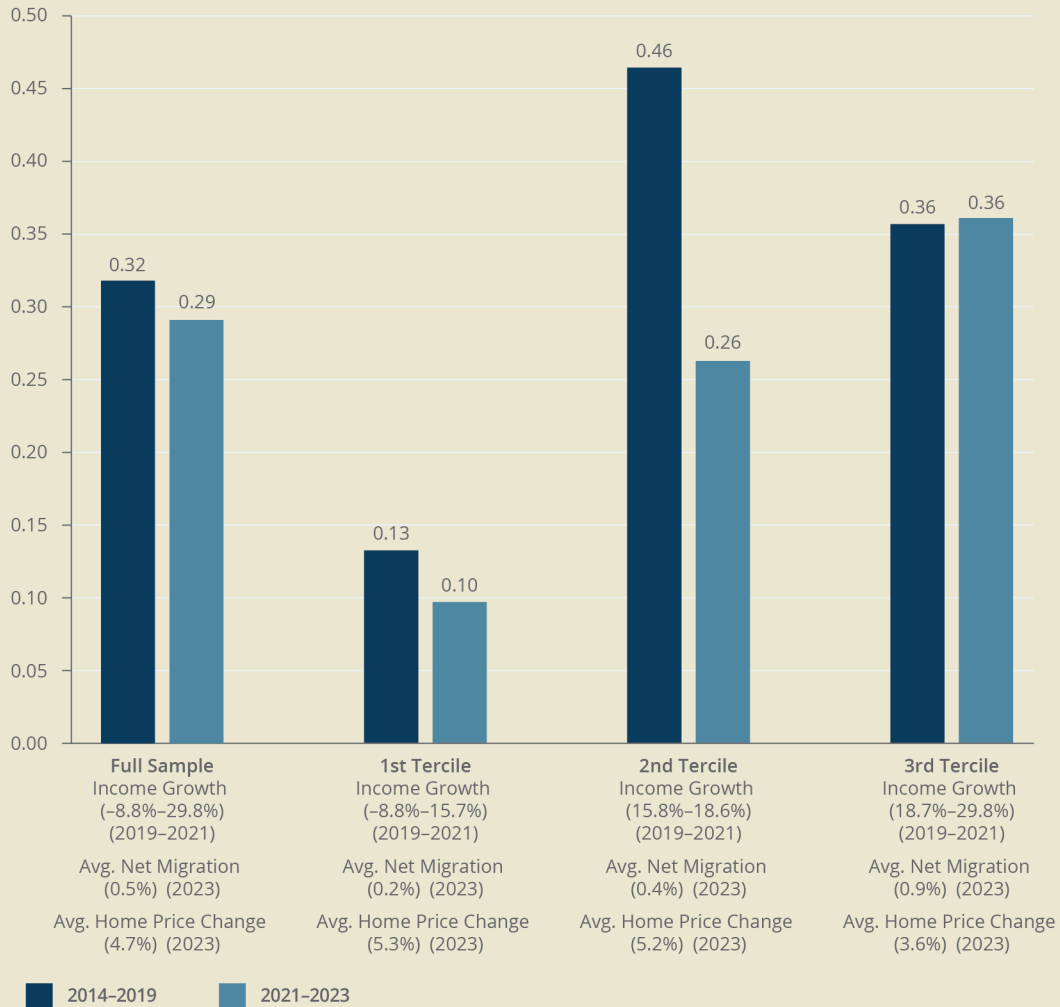
Breaking the sample into terciles of income growth can contribute to a better understanding of this correlation in places experiencing similar patterns of this demand-side factor. Such a breakdown can also indicate where these changes are being felt the most. Subsample plots by income-growth tercile can be found in Appendix A.

Figure 8 presents correlations between home prices and migration by income tercile for two periods: pre-pandemic (2014 through 2019) and post-pandemic (2021 through 2023). Income growth is calculated as the change in total personal income from 2019 to 2021.

12 The 12 MSAs are Punta Gorda (Florida), St. George (Utah), Myrtle Beach-Conway-North Myrtle Beach (South Carolina), Homosassa Springs (Florida), North Port-Sarasota-Bradenton (Florida), Lakeland-Winter Haven (Florida), Port St. Lucie (Florida), Wilmington (North Carolina), Sebring-Avon Park (Florida), Deltona-Daytona Beach-Ormond Beach (Florida), Daphne-Fairhope-Foley (Alabama), and Ocala (Florida).

Figure 8

Correlation between Home Price Changes and Net Migration by Terciles of Income Growth, before and after the Pandemic US MSAs



Source(s): US Bureau of Economic Analysis, US Census Bureau, CoreLogic, and Haver Analytics.

Figure 8 shows that as an income tercile rises, so does the average net migration rate. However, this is not true for home price changes, for which values are greater for the first two terciles than for the MSAs with the fastest income growth. Additionally, when the sample is split into terciles, the positive association between migration and prices remains; more migration correlates positively with faster price growth regardless of income growth. The association between migration and prices is stronger in MSAs with faster income growth; however, the figure also points to the importance of income as a demand factor influencing prices. In the few years leading up to the pandemic, the correlation between migration and prices is somewhat smaller in the lowest third of MSAs by income growth. In the post-pandemic period (2021 through 2023), the migration/price correlation declines for the bottom two income-growth bins and rises slightly in the top third but remains positive across the entire distribution of income growth.

Figure 9 Annual Net Migration and Home Price Changes in New England

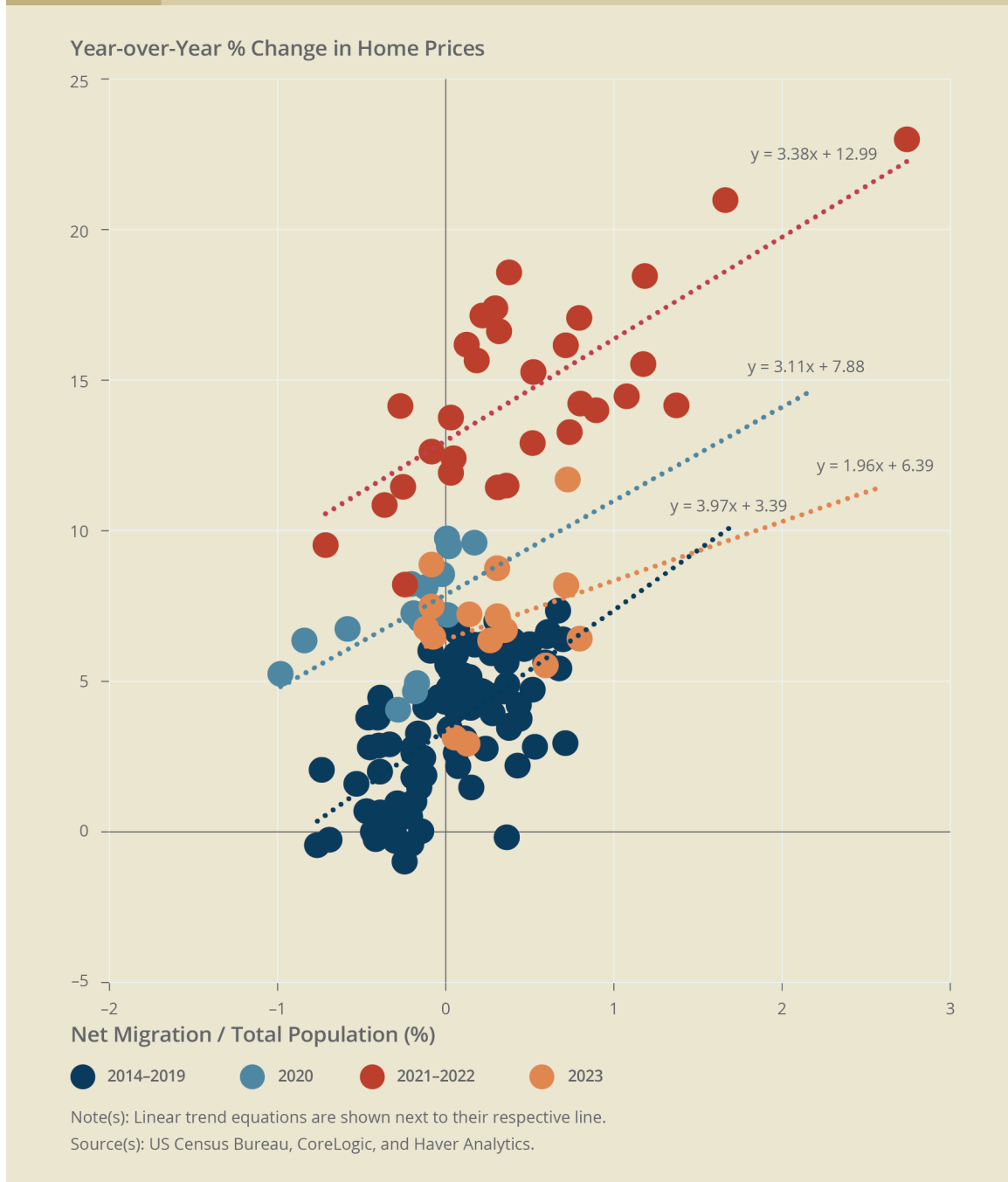


Figure 9 repeats the exercise of Figure 7 but restricts the sample to New England MSAs. Due to a smaller sample size, a separate analysis by income terciles is not feasible for this region.

As with the national sample, the line along which observations fall shifts up in the 2021–2022 period—for a given migration rate, the home value appreciation is greater. Also consistent with the national sample, a downward shift in 2023 returns the trendline to its pre-pandemic level. Table 8 compares the changes in correlation and slope for the United States and New England for both periods.

Table 8

Home Price Change and Net Migration Rate Correlations before, during, and after the Pandemic United States and New England

	2014–2019	2021–2022	2023
United States			
Correlation	0.32	0.52	0.20
Linear Coefficient	0.72	1.84	0.62
New England			
Correlation	0.64	0.73	0.29
Linear Coefficient	3.97	3.38	1.96

Source(s): US Census Bureau, CoreLogic, and Haver Analytics.

The correlation between net migration rates and home price changes is higher in New England across periods, with the two moving together more closely than they do for the nation. The driver behind the migration and price dynamic—whatever it is—became stronger in the immediate post-pandemic period before falling in 2023 and was consistently stronger in the region than in the nation. One potential explanation for the strengthening of the correlation followed by a subsequent weakening is the shock to migration that occurred in the immediate post-pandemic era. During this time, many places experienced much higher levels of migration than they had historically, and the correlation with home prices tightening aligns with that shock.

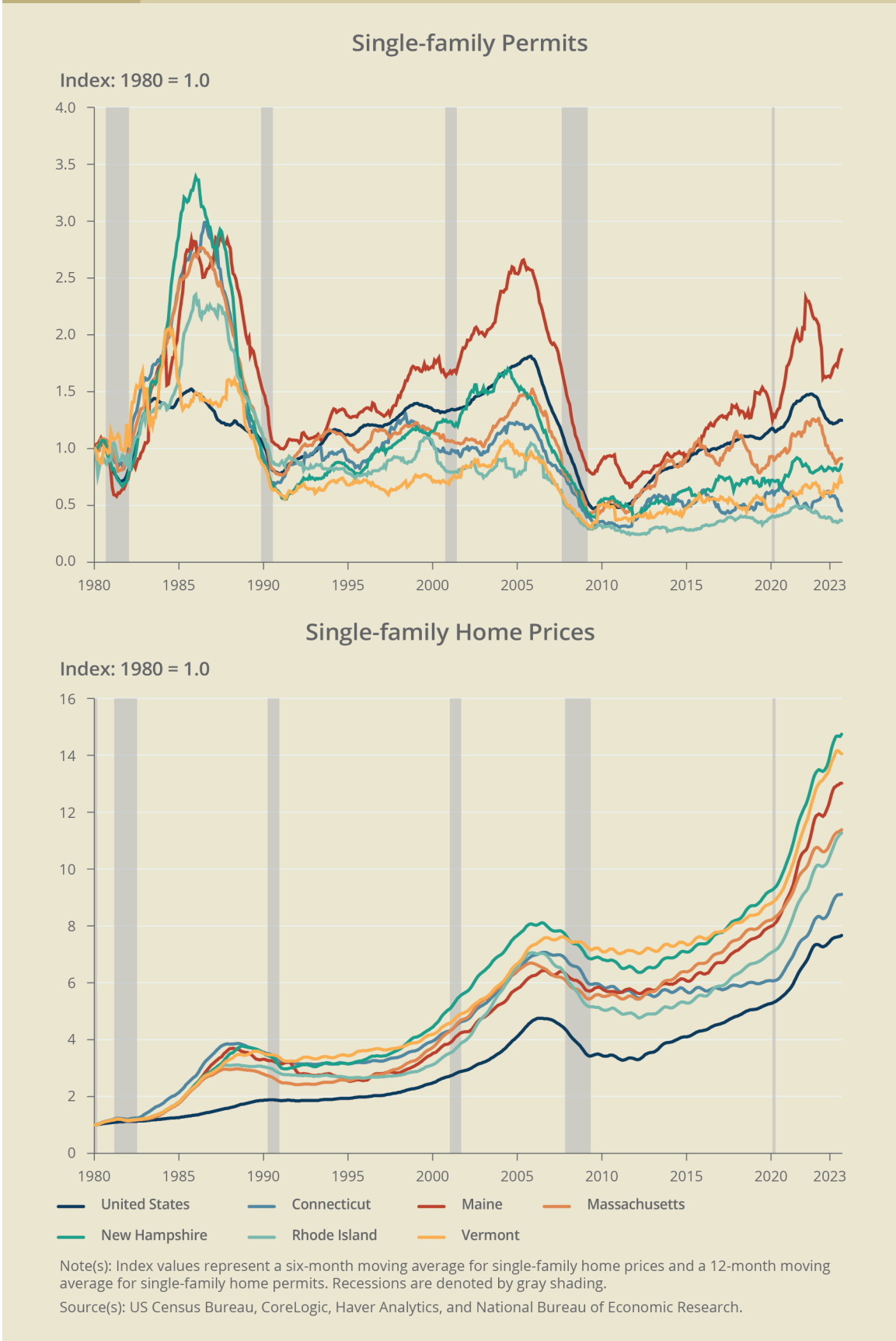
As noted, a larger linear coefficient means that an additional increase in home prices is associated with each unit increase in net migration rate, beyond the increase in home prices that would have been seen before the pandemic. As discussed earlier, this slope became steeper in the national sample, but, as shown in Table 8, this was not the case in New England. In the region, the slope of this line has been decreasing since the pre-pandemic era, though it has been consistently steeper than the national slope.

Despite these differences in levels of linear coefficients and correlations, the takeaway is the same: Greater net migration is associated with higher home prices. This is seen in both the positive values of slopes as well as the positive and nontrivial correlation between these metrics.

Several factors unique to New England may explain why home prices in the region's MSAs respond to migration differently compared with the nation overall. Holding other metrics constant, possible drivers include relative differences in residential construction costs, the importance of seasonal housing, the dynamics between single-family and multifamily homes, and restrictive zoning laws.

Figure 10

Single-family Home Prices and Permits, 1980–2023
United States and New England states



IV. Building Permits and Home Prices

As discussed earlier, building permits for new construction are key drivers of housing supply. This section examines the relationship between trends in permits and prices.

Figure 10 provides context for the discussion by showing the historical movement of the two metrics. Single-family home prices and permits are indexed to their 1980 values, and recessions are indicated with gray shading.

In the United States and across the New England states, prices and permits both are cyclical. They climb during economic expansions and fall during and often preceding downturns; however, permits are more cyclical than prices. During some downturns, responses of these series were muted or absent altogether. Permits did not reverse their trend during the recession of the early 2000s or the COVID-19–related recession. This is also true for home prices.

Single-family home building permitting peaked before the recession in the early 1990s and the Great Recession in the late 2000s. Between these recessions, growth in permitting was modest across the region and the nation except for Maine, where growth in permitting was strong. In the period between the Great Recession and the pandemic recession, however, growth in permitting was muted across New England but again strong in Maine. The recession in the early 2000s was different in that permitting in general maintained its upward trend. The exception was in Rhode Island, where permitting was already on a downward trend, which continued through the recession.

Patterns in home prices have been similar. Prices peaked before the 1990s recession and the Great Recession, and the trends were mostly unchanged through the recession of the early 2000s. However, home price growth remained smooth between expansion and contraction periods, while permitting ticked upward and downward through the years, with an overall upward trend during growth periods.

Figure 11 shows one way to compare changes in home prices and permitting. Each dot in the plot represents one MSA in the United States, showing the percentage change in the number of permits issued from the first period (2017 through 2018) to the second period (2021 through 2022) on the horizontal axis.¹³ The vertical axis shows the percentage change in house prices from 2017 to 2022.

Between the Great Recession and the pandemic recession, growth in permitting was muted across New England.

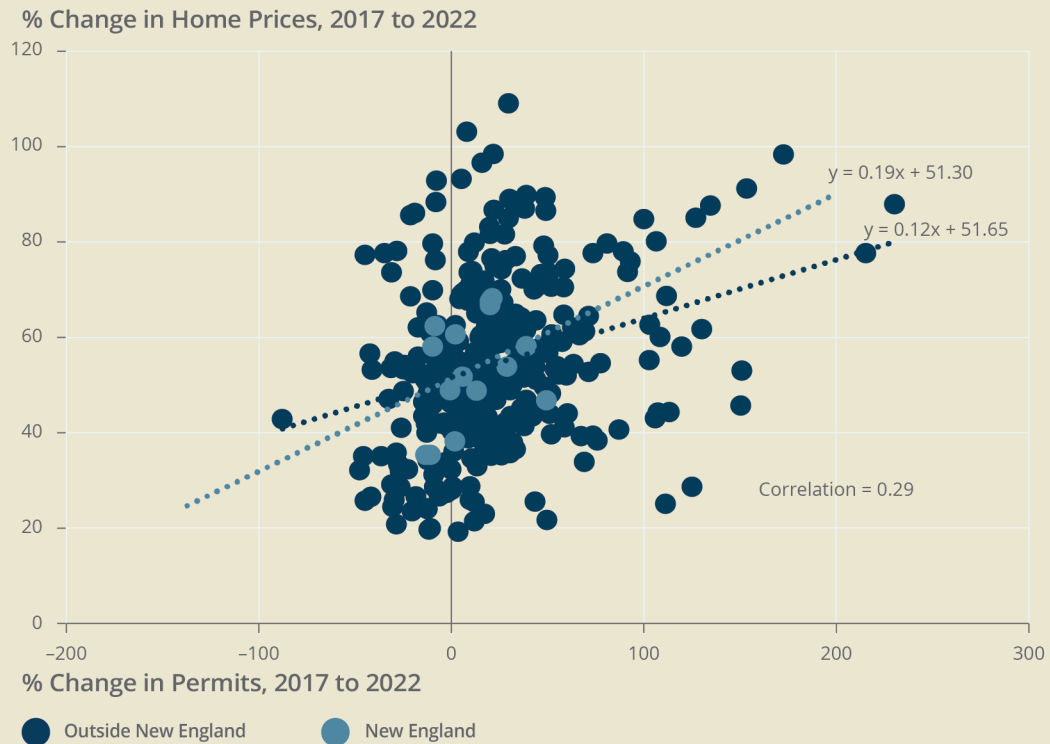
Home price growth remained smooth between expansion and contraction periods, while permitting ticked upward and downward.

13 The average of the two years in each pair is used because single-year permitting activity is at times volatile, responding to changes in zoning or one-time funding approved by local, state, or federal governments. For example, in Bridgeport, Connecticut, 638 permits were issued in 2020. The number jumped 12 percent to 714 in 2021 before falling back to 603 in 2022.

Figure 11

Changes in Single-family Home Prices and Number of Permits, 2017 to 2022

US MSAs and New England MSAs



Note(s): The slope and correlation are not particularly sensitive to using different subperiods within 2017 and 2022.

Source(s): US Census Bureau, CoreLogic, and Haver Analytics.

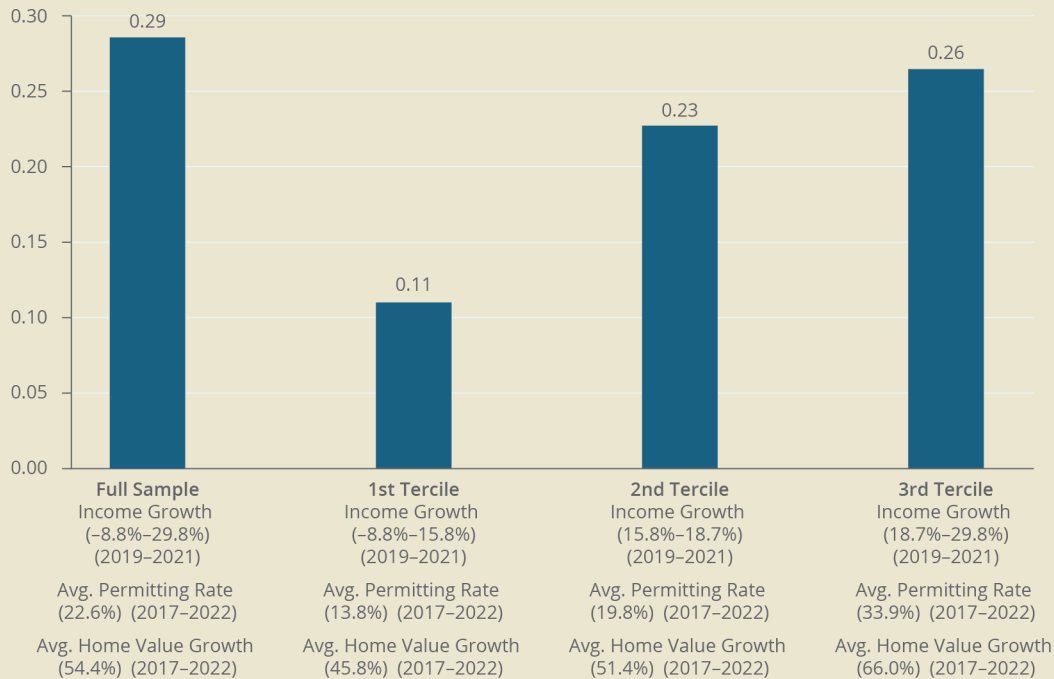
Figure 11 shows that increases in prices are associated with increases in the number of permits issued. Again, because causation cannot be determined, this relationship could be because (1) more permitting leads to a rise in home prices, (2) rising home prices lead to an increase in permitting, (3) home prices and permitting are responding to the same external factor. In the first case, it may be that the permits issued are for homes that will be more expensive than an area's typical prices, thus increasing the home value index in that place. In the second case, in which rising home prices lead to an increase in the number of permits, construction is drawn to places with rising home values. In the third, an external factor such as economic growth could lead to increases in both permitting and home prices.

Using a full range of controls, Baum-Snow and Han (2024) identify a positive relationship between price growth and housing supply—that is, places with larger home price increases subsequently experience higher levels of housing production—and that variation in this relationship is greater within MSAs than between them. This report's goal is not to estimate the relationship the same way as those authors do; this report's analysis does not control for a full range of potentially confounding factors and does not exploit plausibly exogenous variation in housing supply.

Similar to Figure 8 (which splits the migration and home value plot into terciles of income growth), Figure 12 splits this sample by income-growth terciles. Appendix B presents the scatter-plots for the terciles of income growth.

Figure 12

Correlation between Home Price Changes and Permitting Rates By income growth tercile, 2019–2021



Source(s): US Bureau of Economic Analysis, US Census Bureau, CoreLogic, and Haver Analytics.

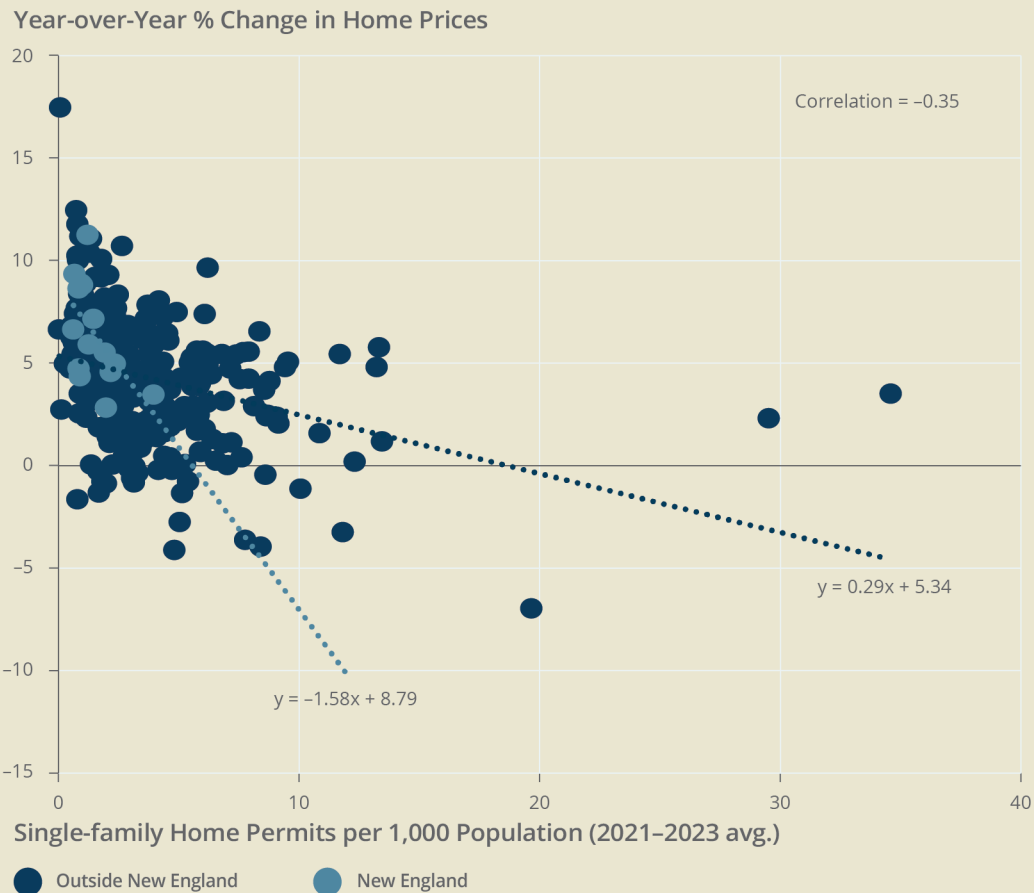
As Figure 12 shows, the average home price change, permitting rate, and correlation value rise as income growth increases, highlighting the role that income growth plays in the housing market. The importance of income growth is also evident in the variation in magnitude of this association between the subsamples. The MSAs with the fastest income growth have the highest correlation between prices and permits, and the MSAs with the slowest income growth have the lowest correlation between prices and permits. However, the main result—that is, the positive association between permits and prices—remains across MSAs after the sample is split into terciles of income growth.

The correlation between multifamily housing permits and rents is slightly lower. Including all MSAs, the correlation between growth in permits (2017–2018 to 2021–2022) and change in rents (2017 to 2022) is 0.19 (Appendix C, Panel A). As the plot shows, extreme outliers influence the correlation. When the 10 MSAs in which the number of permits increased more than 1,000 percent from 2017–2018 to 2021–2022 are omitted from the analysis, the positive correlation becomes slightly stronger, increasing to 0.22 (Appendix C, Panel B).

This portion of the analysis highlights how income growth and increases in the number of permits influence prices, but there are a host of other relevant supply and demand factors, including zoning restrictions, that this discussion does not explore. The population and migration trends discussed earlier put pressure on housing markets in states and regions with historically lower population density. Incorporating trends in supply reveals that the correlation between permitting and prices depends in small part on an area's recent income growth. This one interaction of just three of the many variables related to the housing market reinforces that the joint dynamic among any number of factors determines supply, demand, and prices.

Figure 13

Population-adjusted Single-family Home Permits
and Pricing, 2021–2023
US MSAs



Source(s): US Census Bureau, CoreLogic, and Haver Analytics.

As a final exercise, this report uses the MSA-level data to plot home price growth against a measure of permitting activity adjusted by population growth. Figure 13 shows data for single-family homes, with permits normalized to the population in that MSA. The vertical axis shows the year-over-year percentage change in home prices, and the horizontal axis shows the three-year average of annual single-family home building permits relative to population. The corresponding figure for multifamily home building permits can be found in Appendix D.

Figure 13 shows the correlation between home price growth and the ratio of newly issued single-family home building permits to population. Higher values of the ratio are associated with lower values of home price growth. This contrasts with the previous exercise that did not adjust for population and showed that higher permitting activity is associated with greater home price growth. This highlights the role of population in the dynamics among supply, demand, and prices. However, other factors are at play. This report presents just a few of the variables that ultimately determine home prices and rents.

V. Conclusion

Housing affordability has been a challenge in New England for many years, but the problem has become more pressing since the onset of the pandemic. Examining recent conditions in the region in the context of historical trends and in comparison with the nation can lead to a better understanding of the factors influencing home prices and rents.

Supply and demand factors both determine outcomes in the housing market, and this report explores correlations between different metrics and prices using national-, state-, and MSA-level data. On the supply side, the issuance of building permits for single-family and multifamily housing increases the supply. On the other hand, population changes, migration, and income growth affect the demand for that housing. Trends of, and correlations between, these measures both have shifted in some cases since the pandemic. The number of permits issued relative to population changes slowed in New England compared with the United States in the 2010s and continued to do so in recent years. Rental vacancy rates across MSAs in the region have fallen recently, but this is not unique to the post-pandemic period.

Each New England state has made efforts to alleviate housing pressures.

While they are informative, state-level data can obscure MSA-level trends. Geographically refined data more accurately describe the conditions determining home prices. For example, despite recent net negative migration in Massachusetts, in 2021, the Barnstable MSA saw significant net positive migration in 2021, which was associated with equally significant home price growth that year.

Immediately following the pandemic, home prices responded more strongly to changes in migration rates both nationally and regionally. This shift, however, had reverted to pre-pandemic trends by 2023.

The issuance of single-family home permits increases the housing supply once the building is completed. The positive correlation between permits and prices is strongest in places where income growth is the highest. The positive correlation between migration and home prices is also highest in MSAs with the greatest income growth. These findings highlight income's role in determining housing market outcomes.

Each New England state has made efforts to alleviate housing pressures. In May 2024, the Connecticut congressional delegation announced the appropriation of \$42.4 million to build, renovate, and modernize public housing in the state.¹⁴ Connecticut Governor Ned Lamont announced in June 2024 that he had approved \$26.3 million in state grants to support the remediation and redevelopment of 130 acres of contaminated land throughout the state.¹⁵

In April 2024, Governor Janet Mills of Maine signed into law a supplemental budget with several housing provisions, including \$20 million in funding for affordable housing development and \$18 million for a rental relief program intended to prevent evictions.¹⁶ In May 2024, US Congresswoman Chellie Pingree of Maine announced more than \$6 million in federal funds for affordable housing initiatives.¹⁷

14 See "Connecticut Congressional Delegation Announces \$42.4 Million to Build, Renovate, and Modernize Public Housing," Office of John B. Larson press release, May 8, 2024.

15 See "Governor Lamont Announces State Grants to Remediate 22 Blighted Properties and Put Them Back into Productive Use to Grow Jobs and Housing," Office of Governor Ned Lamont press release, June 14, 2024.

16 See "Maine Governor Signs Supplemental Budget with Historic Funding for Affordable Housing and Rent Relief and Provisions Advancing Racial Justice," National Low Income Housing Coalition Memo to Members, May 6, 2024.

17 See "Pingree Secures \$6.4 Million for Affordable Housing Initiatives in Maine's 1st District," Chellie Pingree 1st District of Maine press release, March 6, 2024.

In Massachusetts, Governor Maura Healey announced in January 2024 that 26 housing projects across the state comprising more than 1,900 housing units, including two affordable housing developments, would receive financial assistance from the state.¹⁸ Funding will come from subsidies and the Low-Income Housing Tax Credit program. Additionally, MassHousing is providing \$19.2 million in affordable and workforce housing financing for rental homes on Cape Cod.¹⁹

New Hampshire recently received more than \$30 million from the US Department of Housing and Urban Development to work toward housing affordability, community development, homeless assistance, and improving public housing stock.²⁰ The New Hampshire House passed two bills aimed at improving the housing market. One bill eases restrictions on accessory dwelling units, allowing as many as two units by right in single-family zoning districts, and the other restricts the number of parking spaces a municipal planning board or zoning board can require to one space per unit.²¹

Rhode Island Governor Dan McKee signed five bills in July 2024 with the intent of increasing housing development across the state.²² This is in addition to investments in the fiscal year 2023 and 2024 budgets.

The Vermont Housing and Conservation Board approved funding to support eight housing projects and two statewide housing initiatives.²³ The initiatives include \$2.6 million in downpayment assistance and construction funding and \$445,000 to the Vermont Center for Independent Living program, which helps provide home accessibility modifications for low-income residents with physical disabilities.

The findings in this report confirm some wisdom that is generally known and also raise points that could inform housing policy. Construction activity is successfully focused on areas with higher net migration, rising population, and higher prices. Regional policy, however, could play a role in incentivizing in-migration to areas that have seen lower population growth. Lower housing costs are already a draw for those locations, but further incentives could redirect migration in ways that alleviate demand-side pressures pushing up prices in high-growth areas.

18 See Alison Kuznitz, "Gov. Healey Announces Housing Assistance Aimed at Supporting 1,900 Units across Mass.," *NBC10 Boston*, January 23, 2024.

19 See "MassHousing Is Providing \$19.2 Million in Financing for 62 New Affordable and Workforce Rental Homes on Cape Cod," MassHousing press release, March 21, 2024.

20 See "NH Delegation Welcomes More than \$30 Million to Tackle Housing Affordability," Congressman Chris Pappas press release, May 8, 2024.

21 See Ethan Dewitt, "House Passes Two Bills to Expand Housing In New Hampshire," *NH Business Review*, April 3, 2024.

22 See "Governor McKee Signs Package of Housing Legislation Aimed at Spurring Development Statewide," State of Rhode Island Governor Dan McKee press release, July 5, 2023.

23 See "Vermont Housing & Conservation Board Invests \$29 Million to Support Eight Permanently Affordable Housing Developments and Protect Nearly 2,000 Acres Statewide," Vermont Housing and Conservation Board press release, July 3, 2024.

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Acknowledgments

The author thanks their colleagues at the New England Public Policy Center for their guidance and support.



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