



Overview of Labor and Housing Markets Across New England

Housing, Place, and Flexible Work: The Future of the New England Economy

January 19, 2023

Jeffrey Thompson

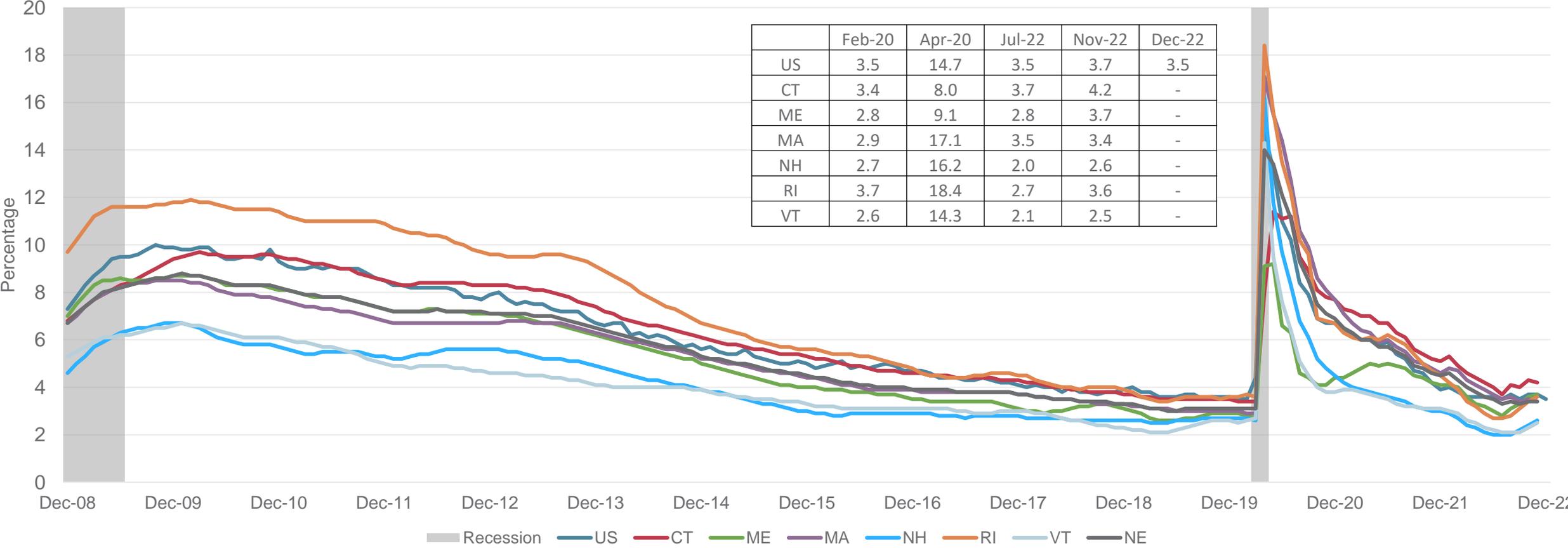
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New England Public Policy Center
Federal Reserve Bank of Boston

Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

Labor Markets Across New England



Unemployment Back at Pre-pandemic Lows in Most Places

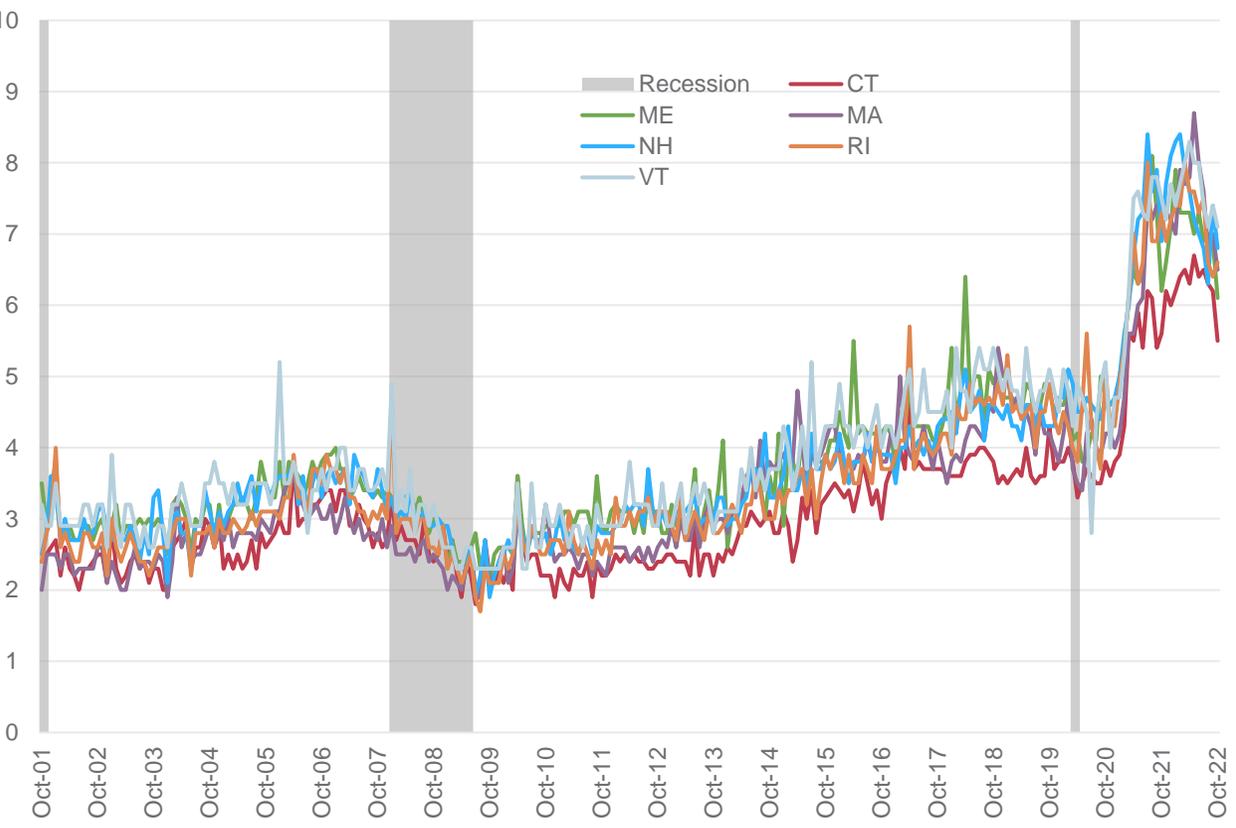


Seasonally adjusted

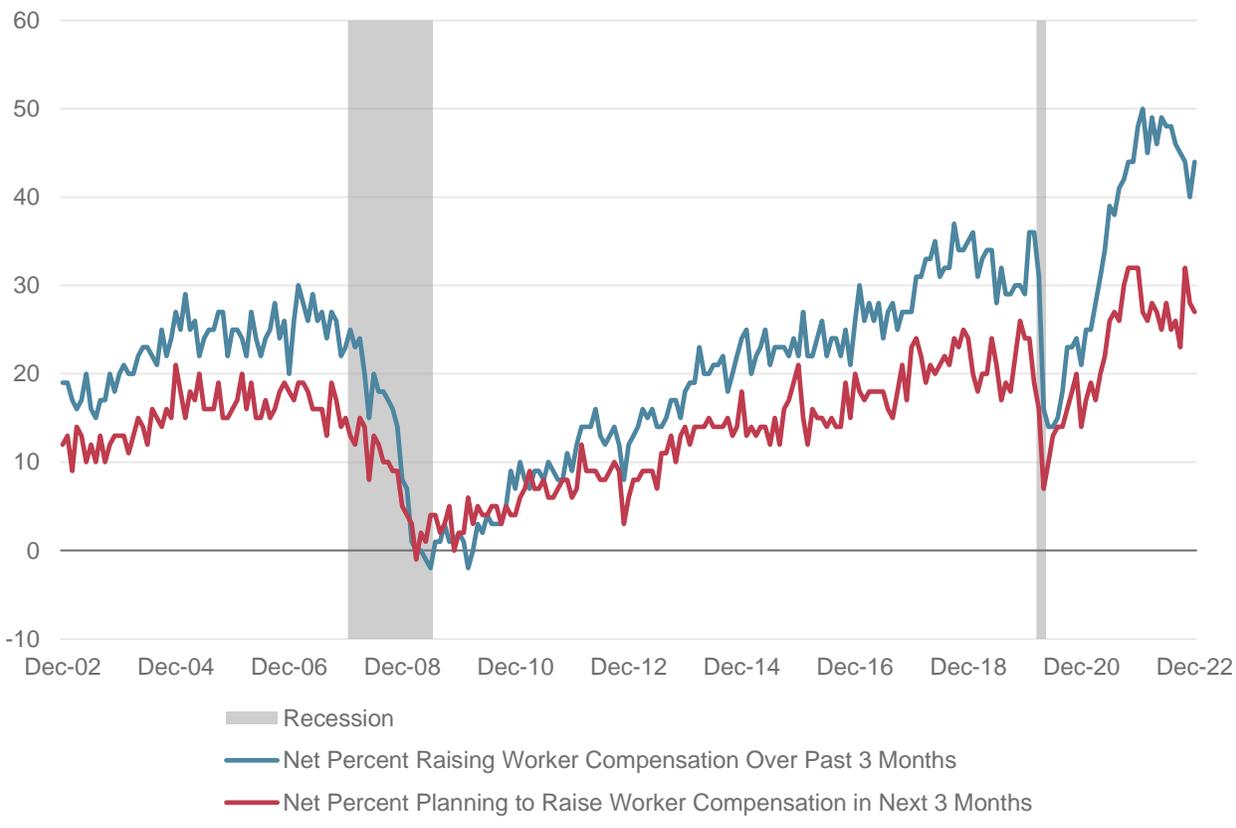
Source: Bureau of Labor Statistics, NBER, Haver Analytics

Openings Fell Off in Recent Months, but Remain at Historically High Levels; Employers Increasing Compensation, Nominal Wage Pressures Persist

Job Openings Rate



Small Business Economic Trends: Worker compensation

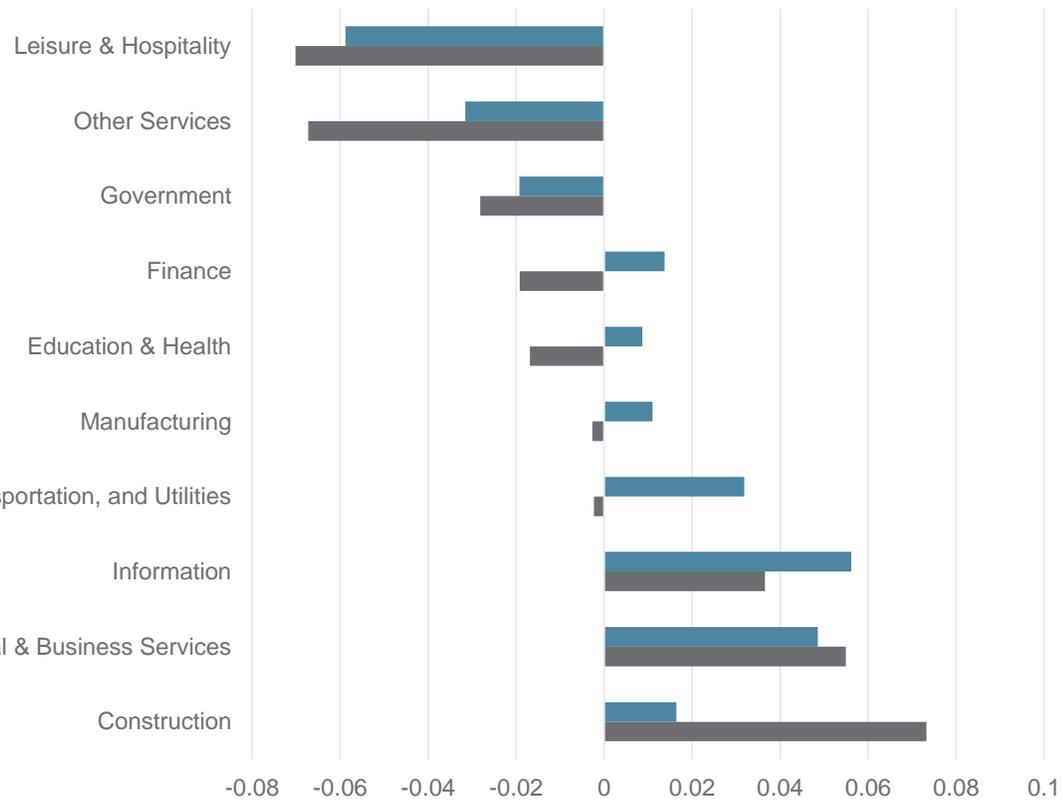


Seasonally adjusted.

Source: JOLTS, Bureau of Labor Statistics, National Federation of Independent Business (NFIB), NBER, Haver Analytics

Sectoral Shifts Favor Higher-Wage Industries

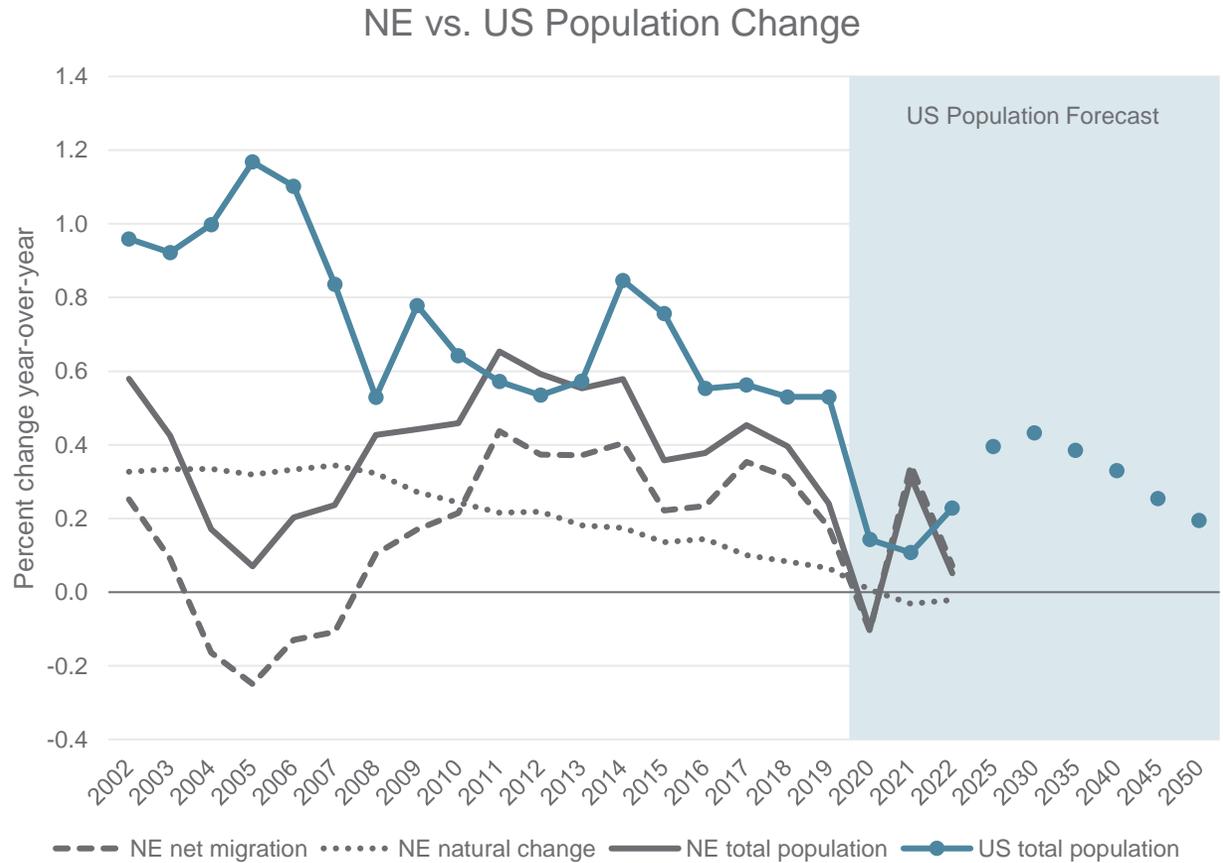
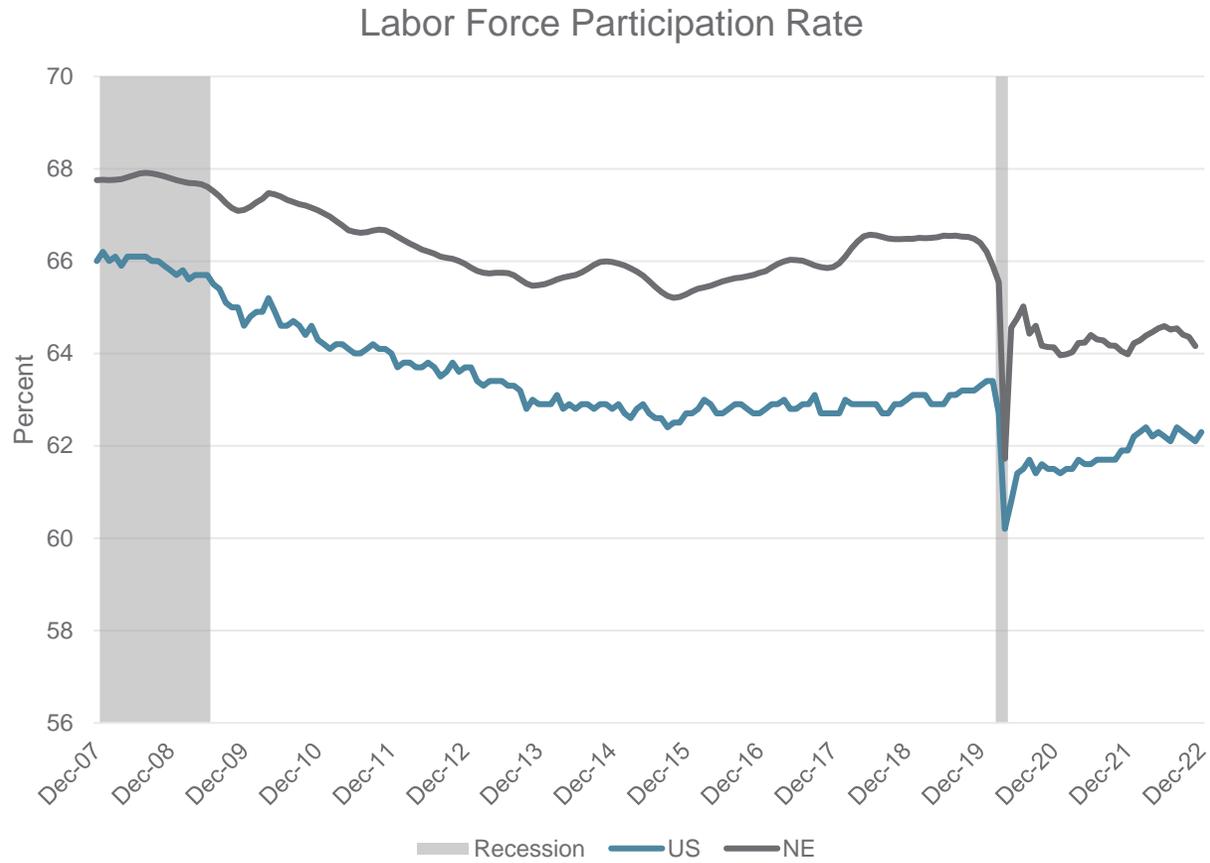
Employment Declines February 2020 to November 2022



Average Weekly Wage Q2-2022	
	US
Leisure and Hospitality	\$ 574
Other Services	\$ 914
Government	\$ 1,327
Financial Services	\$ 1,934
Educational and Health Services	\$ 1,148
Manufacturing	\$ 1,480
Transportation, Warehousing, and Utilities	\$ 1,080
Information	\$ 2,672
Professional and Business Services	\$ 1,715
Construction	\$ 1,352

Note: All employment data seasonally adjusted except for New England information sector data.
 Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Haver Analytics

The Labor Force Has Not Returned, Population Data Suggest Shortages Will Likely Persist

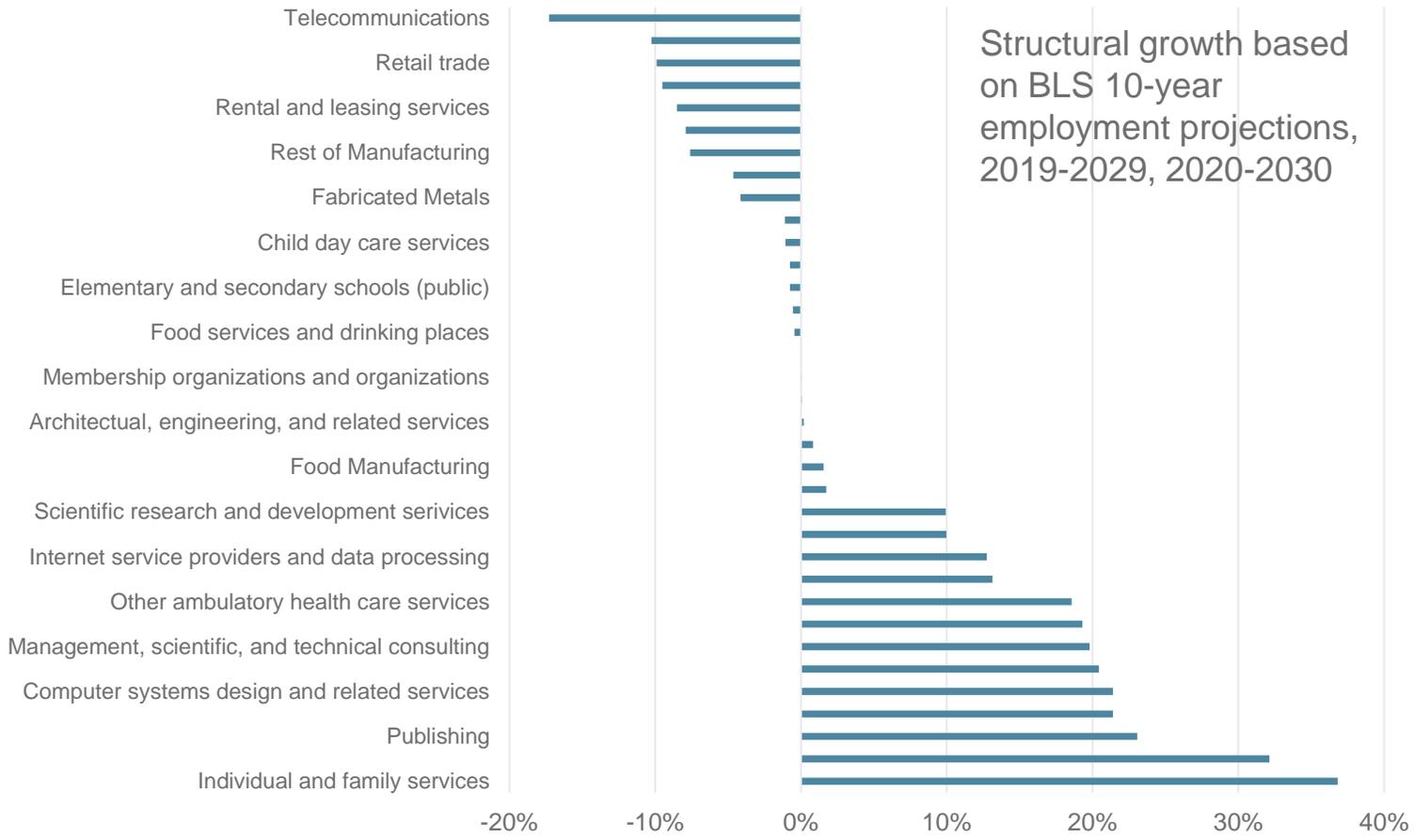


Lefthand figure: Seasonally adjusted. Righthand figure: NE total population data are from the BEA for 2011-2019 and from the Census Bureau for all other years. Natural change data is from the Census Bureau. Net migration is calculated as total population change less natural change.

Source: Census Bureau, Congressional Budget Office, BEA, Bureau of Labor Statistics, NBER, Haver Analytics

Donahue Forecast Points to Future Growth in Technology, Information and Healthcare

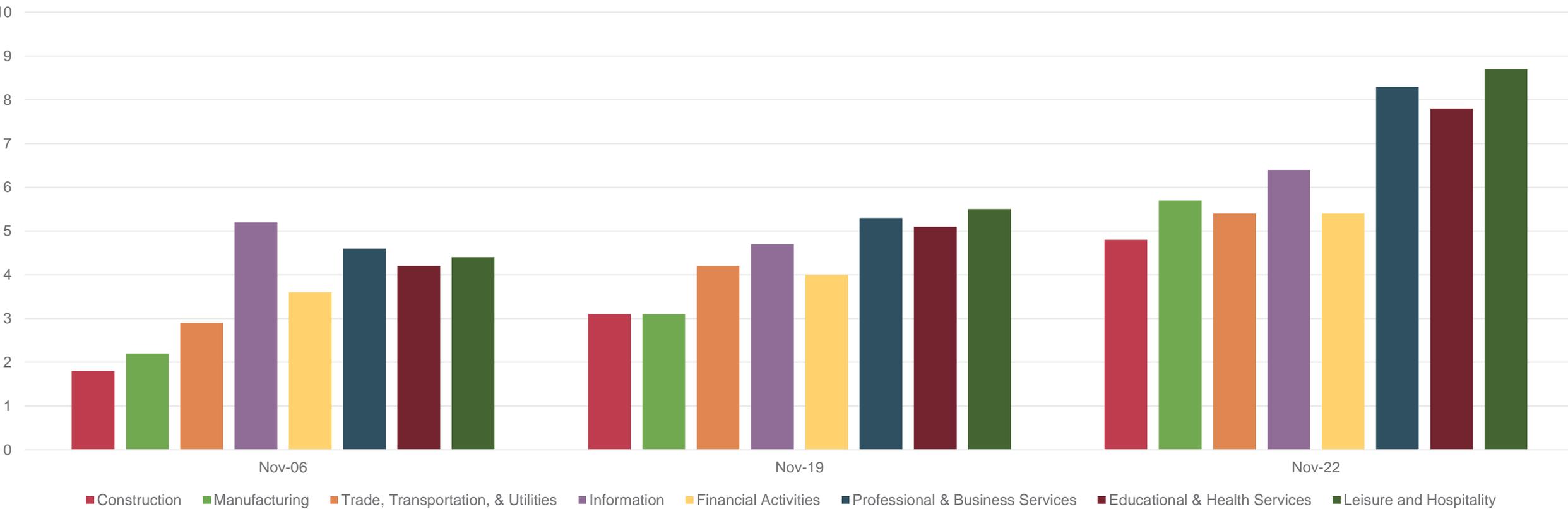
MA Structural Employment Growth by Selected Sectors, 2019-2030



Source: Alan Clayton-Matthews

Many of these Sectors have Struggled to Find Adequate Labor Supply in the Past

Job Openings Rate



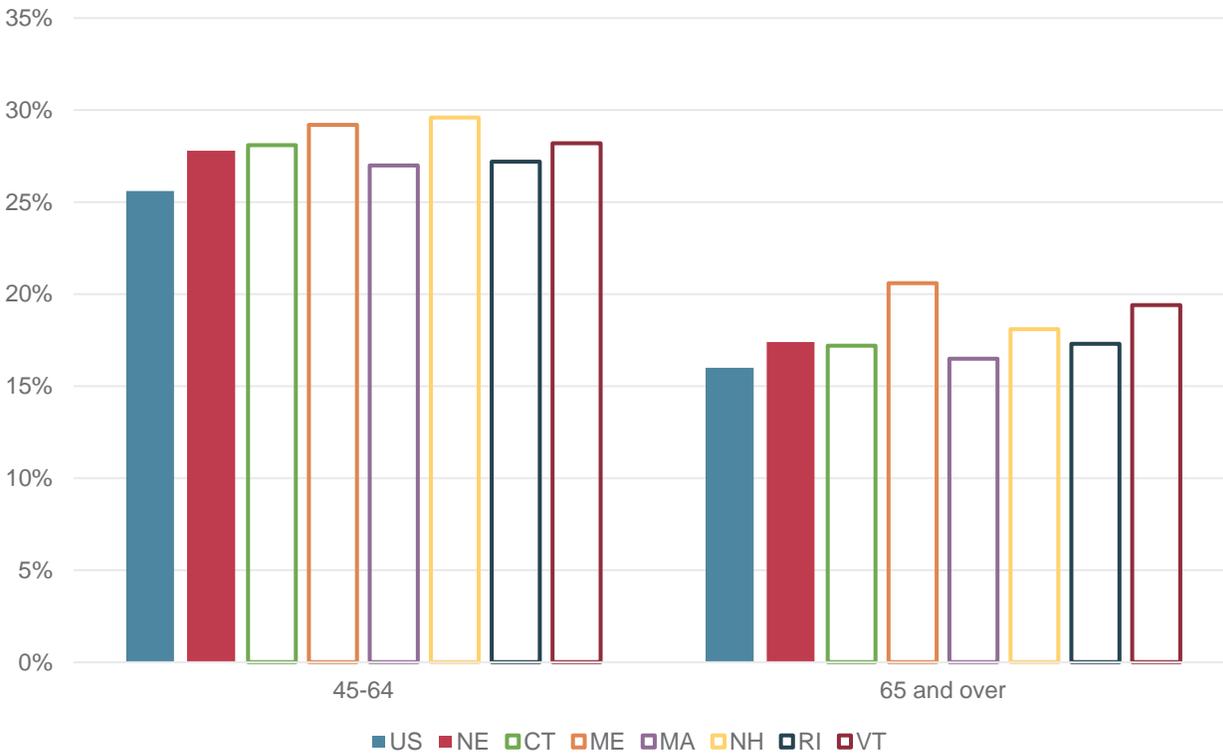
Seasonally adjusted

Source: JOLTS, Bureau of Labor Statistics, Haver Analytics

Will We have the Workforce for this Future Economy? NE Workforce – Strengths and Challenges

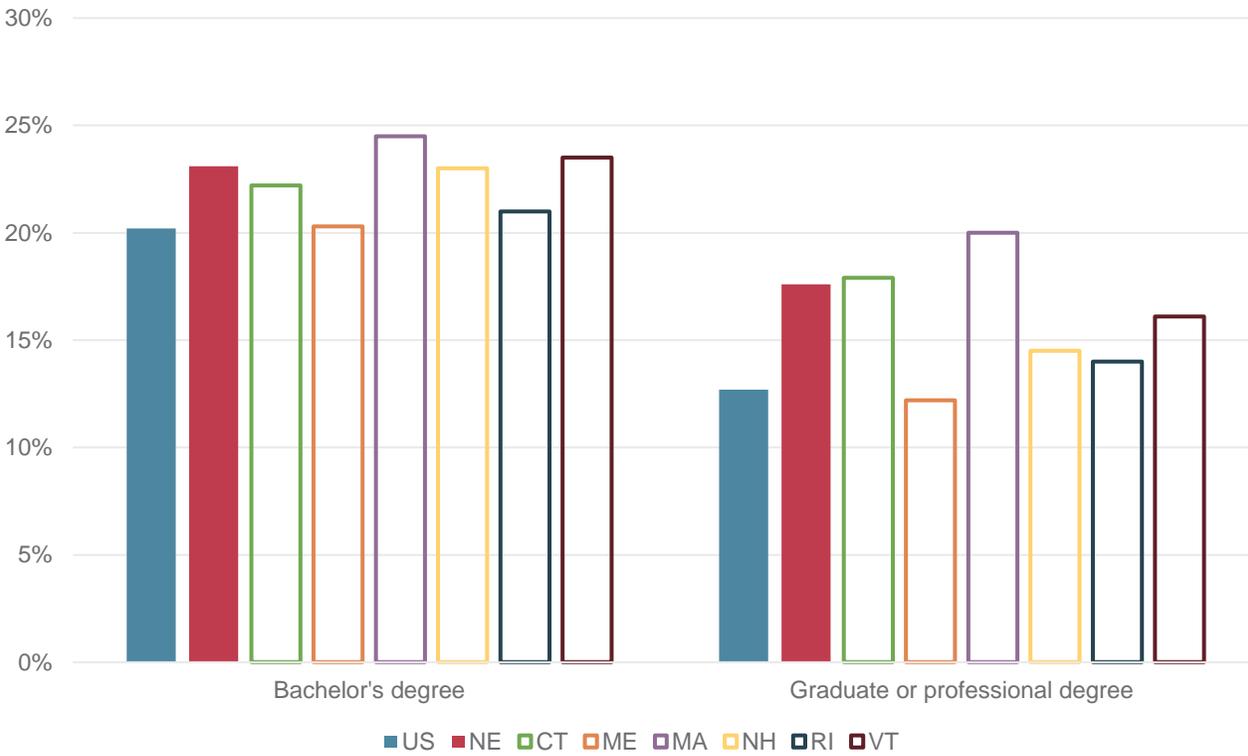
Age Composition

US and New England, 2020



Educational Attainment

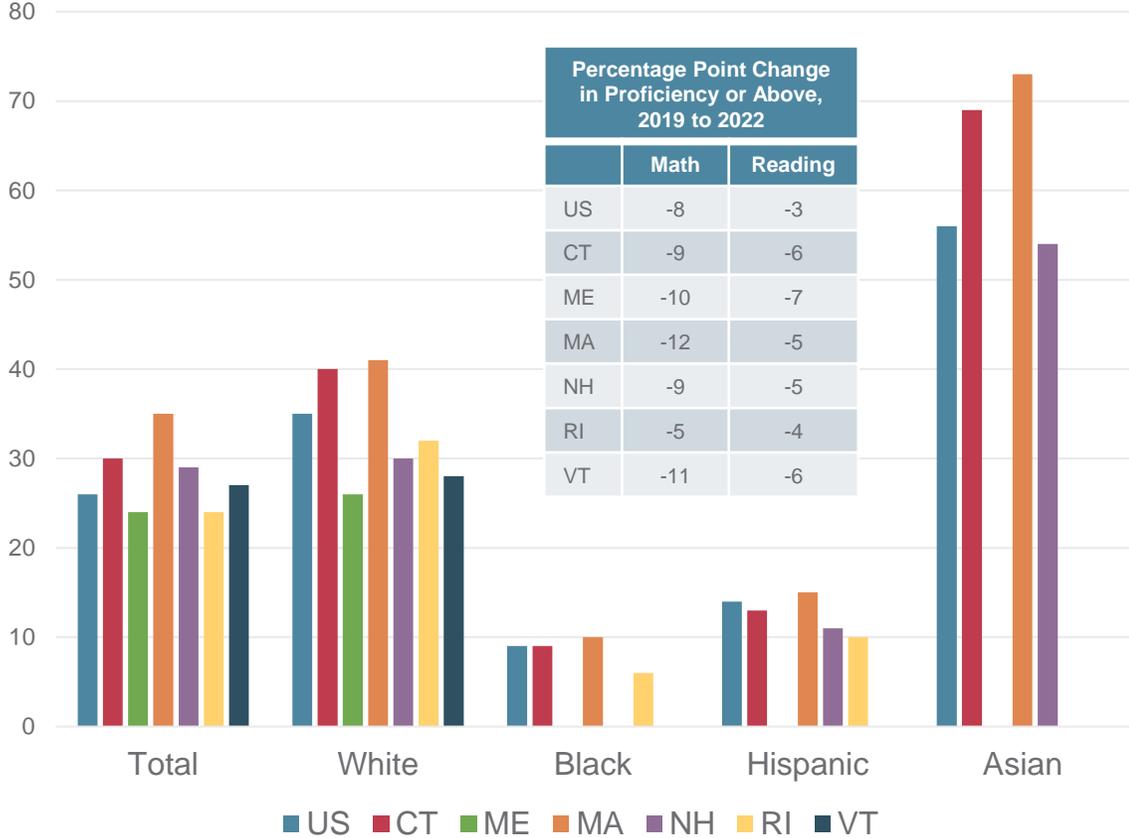
Population 25 and Older, US and New England, 2020



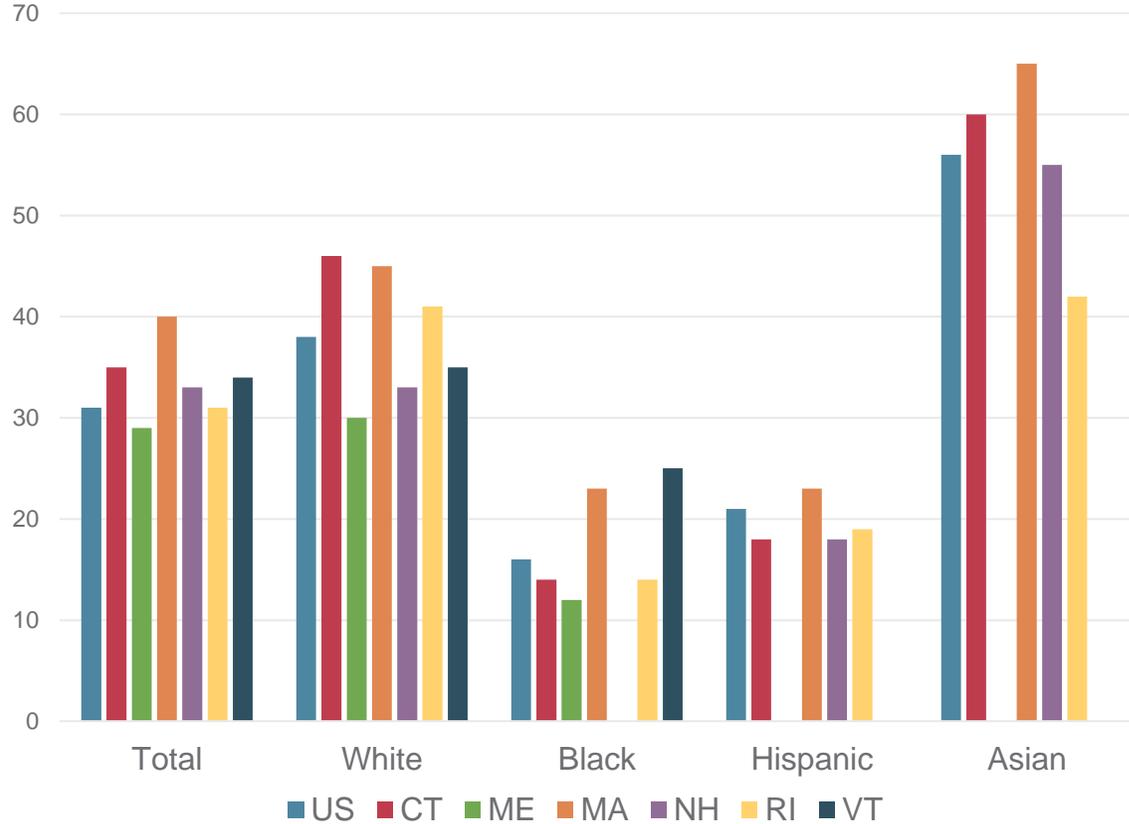
Source: US Census Bureau, 2020 Decennial Census

Percentage of 8th Grade Students at or Above NAEP Proficient, 2022

Grade 8 Proficiency or above in Math, 2022



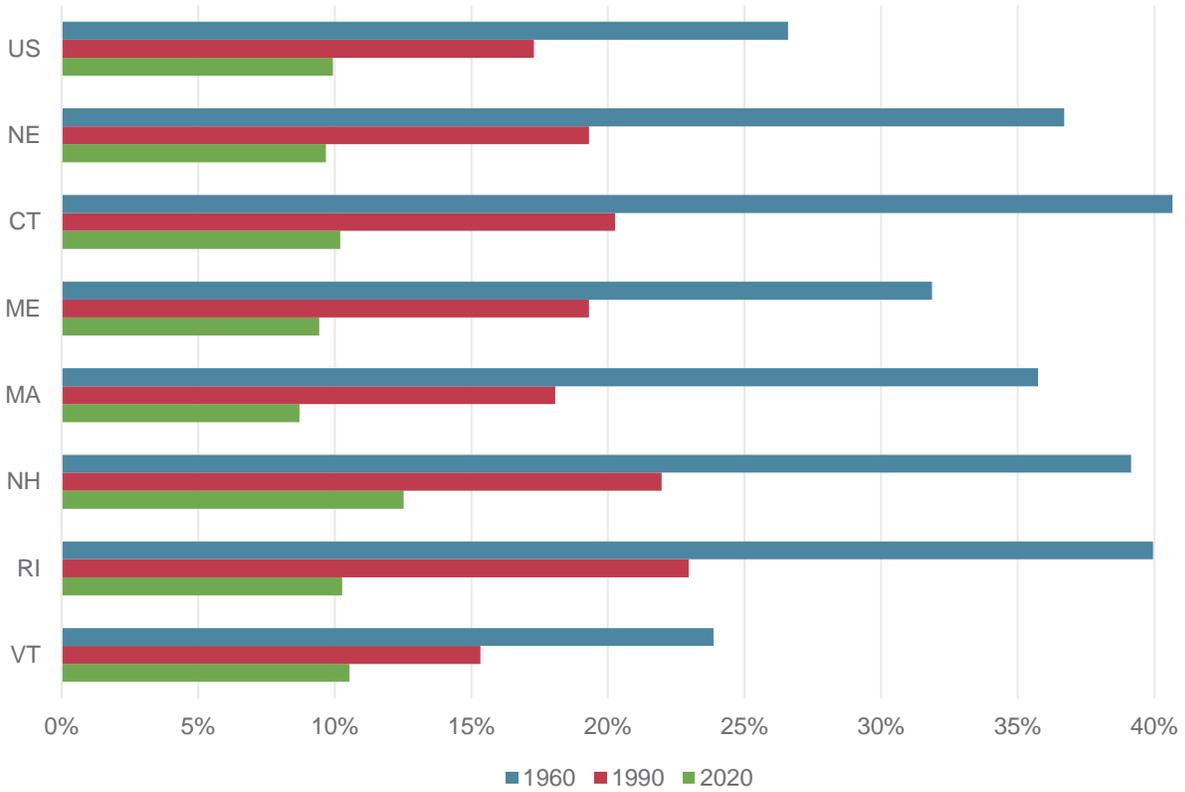
Grade 8 Proficiency or above in Reading, 2022



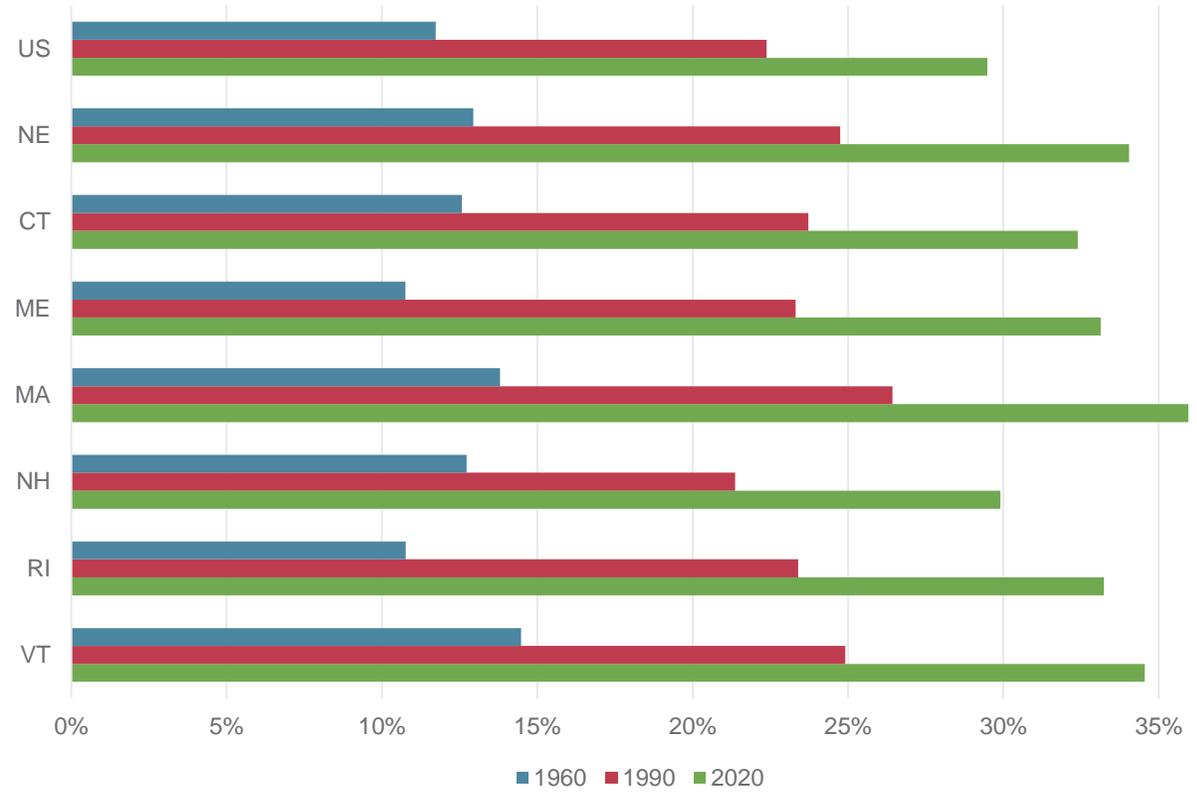
Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), 2022 Mathematics and Reading Assessments

NE Economy has Undergone Major Transformations Before

Manufacturing Industry Shares



Professional and Related Services



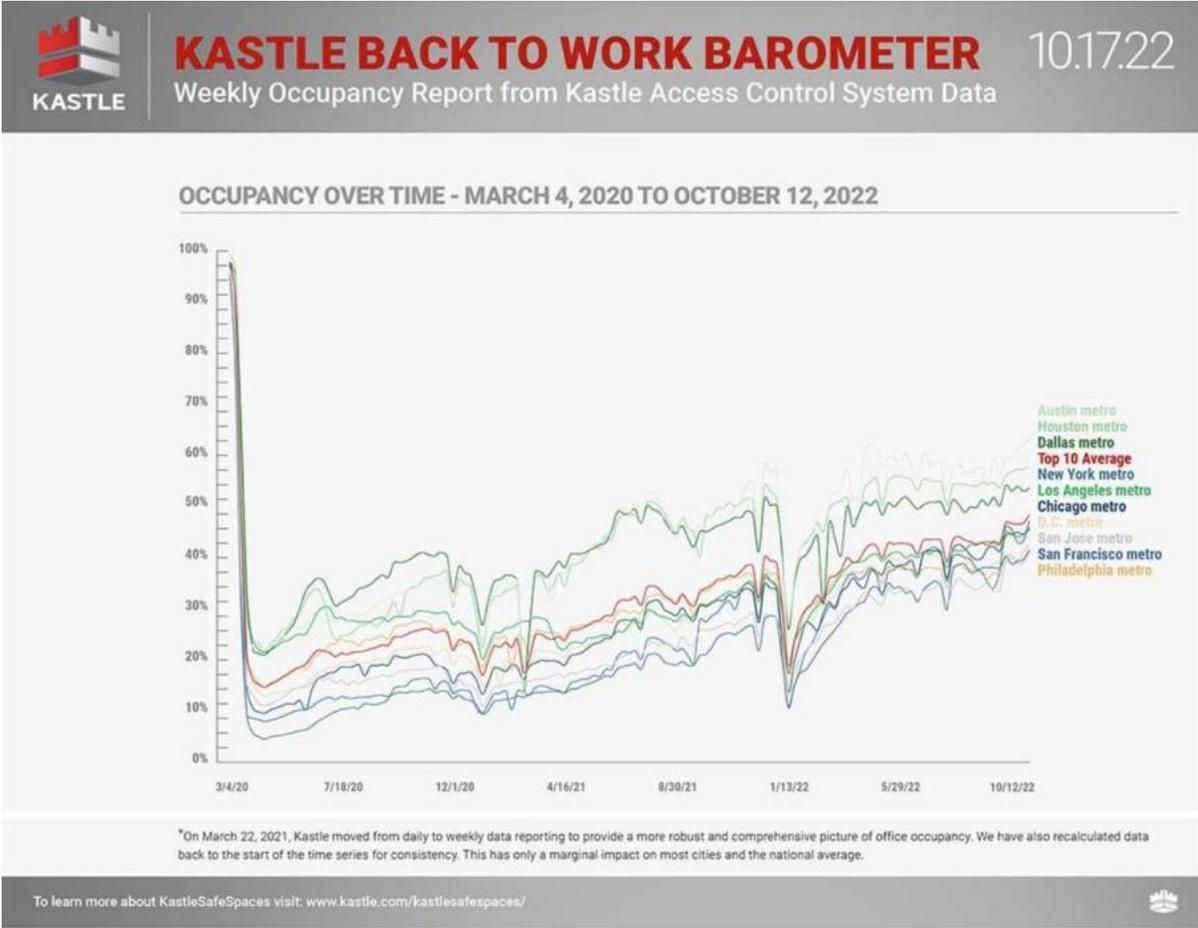
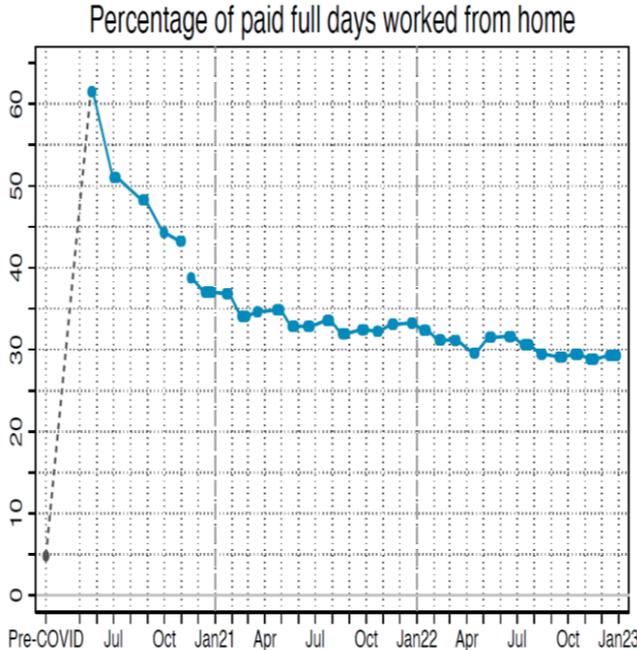
Source: IPUMS USA (1960 5% sample, 1990 5% state sample, ACS 2016-2020 5-year sample), Census Bureau

Remote Work – How Much and What Type?

Remote Work More Than Quadrupled in MA 2019-2021

	US	MA	NH	CA
2019	5.7	5.4	7.3	6.3
2021	17.9	23.7	19.3	21.4

Source: American Community Survey
 Note: Values represent the percentage of the state's workforce (ages 16+) that indicated "worked from home" in response to question of how they got to work in the preceding week.

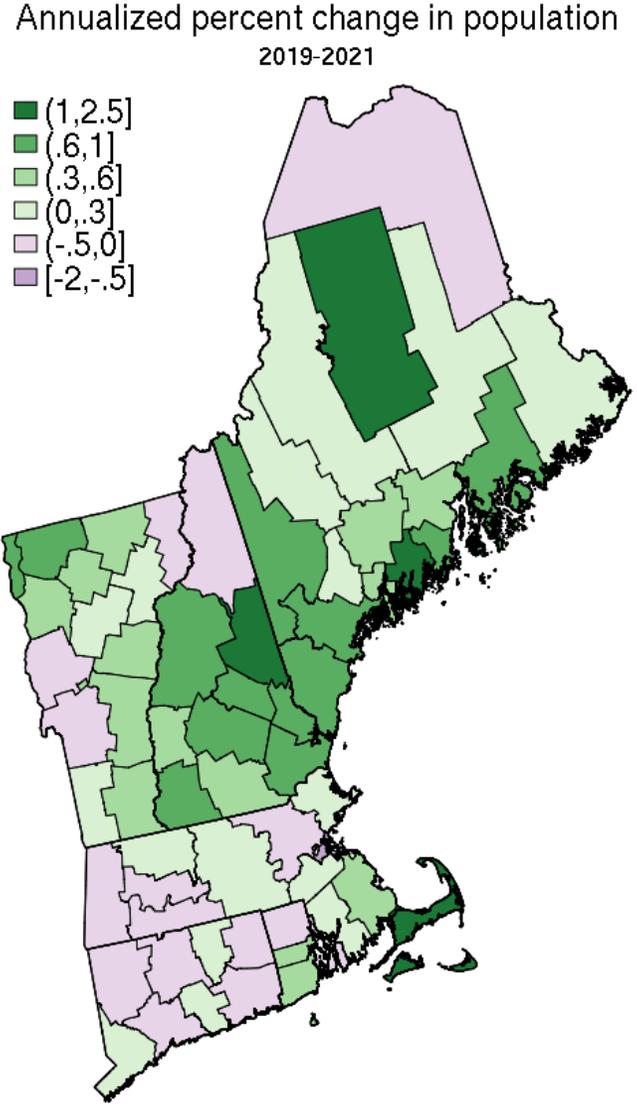


Source: Steven J. Davis, "The Big Shift to Remote Work," presented at the Federal Reserve Bank of Boston 66th Economic Conference (updated data); Peter Cappelli, "The Demand Side of Remote Work," presented at the Federal Reserve Bank of Boston 66th Economic Conference; Mary Burke, "Economic Outlook for Massachusetts"

Housing Markets Across New England



Resident Population Change in NE Counties 2019-2021

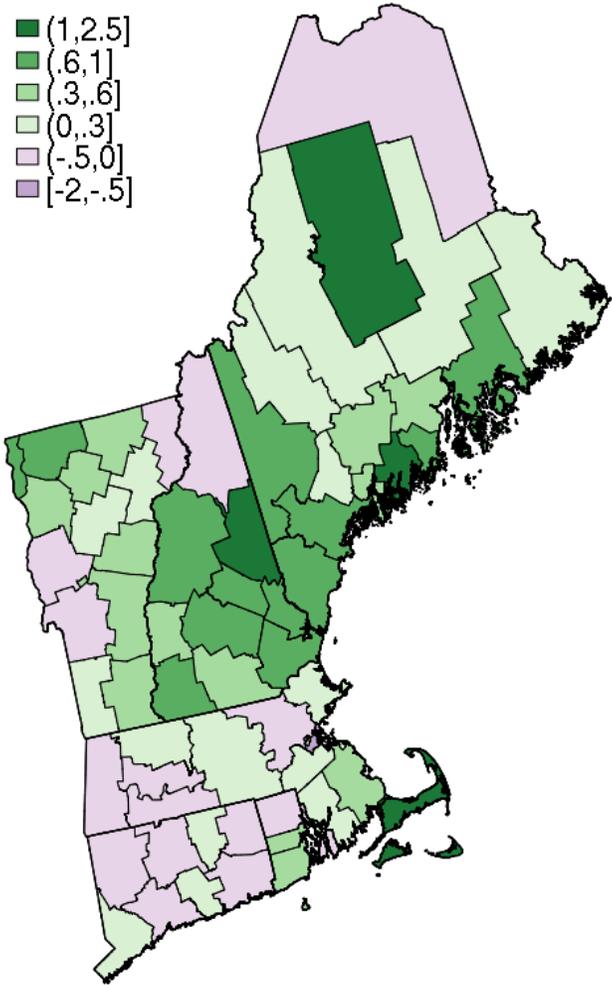


Source: BEA, IPUMS NHGIS

Resident Population Change in NE Counties 2000-2019 and 2019-2021

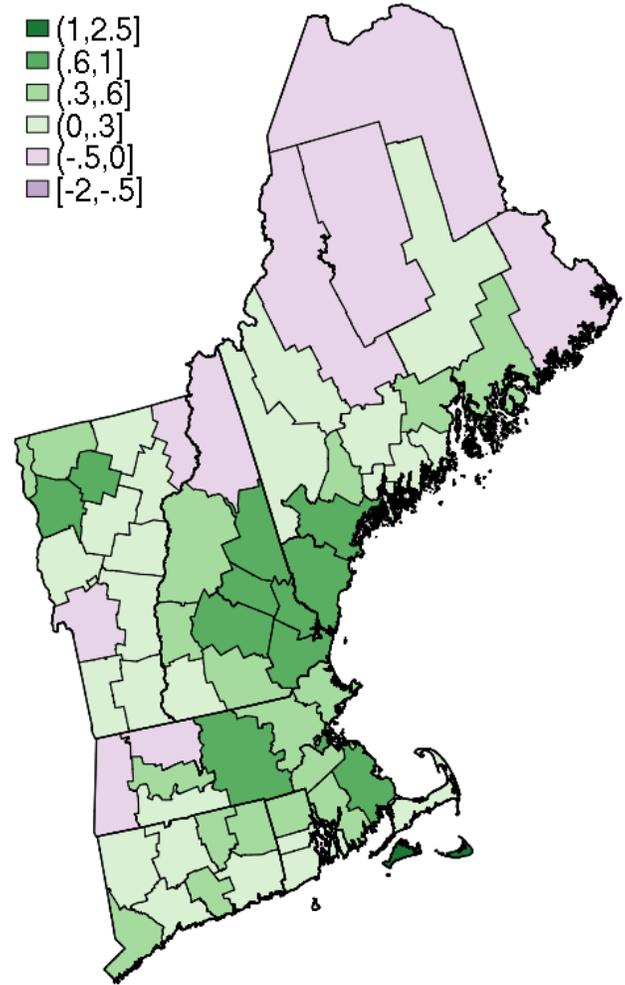
Annualized percent change in population
2019-2021

- (1,2.5]
- (.6,1]
- (.3,.6]
- (0,.3]
- (-.5,0]
- [-2,-.5]



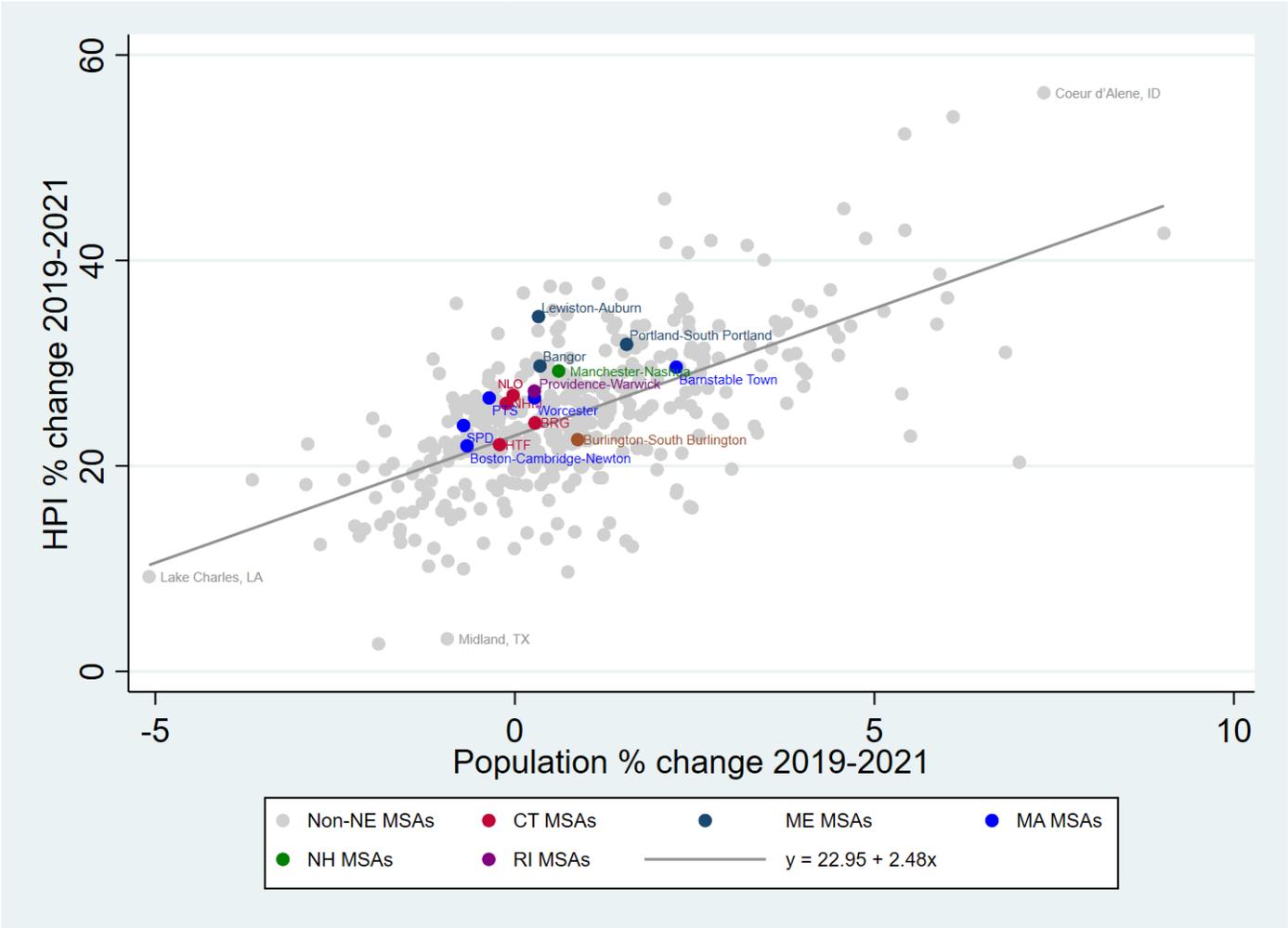
Annualized percent change in population
2000-2019

- (1,2.5]
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- (-.5,0]
- [-2,-.5]



Source: BEA, IPUMS NHGIS

MSA House Price Index % Change vs. Resident Population % Change

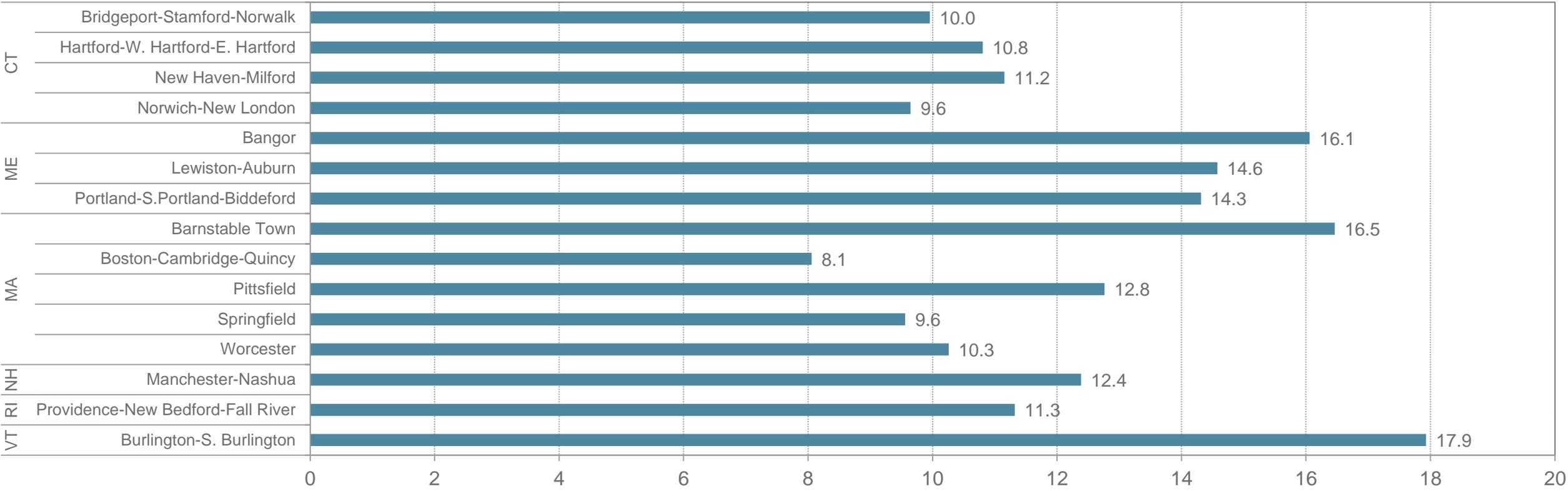


MSA codes: **BRG** = Bridgeport-Stamford-Norwalk, **HTF** = Hartford-West Hartford-East Hartford, **NHM** = New Haven-Milford, **NLO** = Norwich-New London, **PTS** = Pittsfield, **SPD** = Springfield
House price index is nominal.

Source: Federal Home Loan Mortgage Corporation, BEA, Haver Analytics
Federal Reserve Bank of Boston | [bostonfed.org](https://www.bostonfed.org) |

House Price Changes by MSA in New England

Percent Change, Q3 2021 - Q3 2022

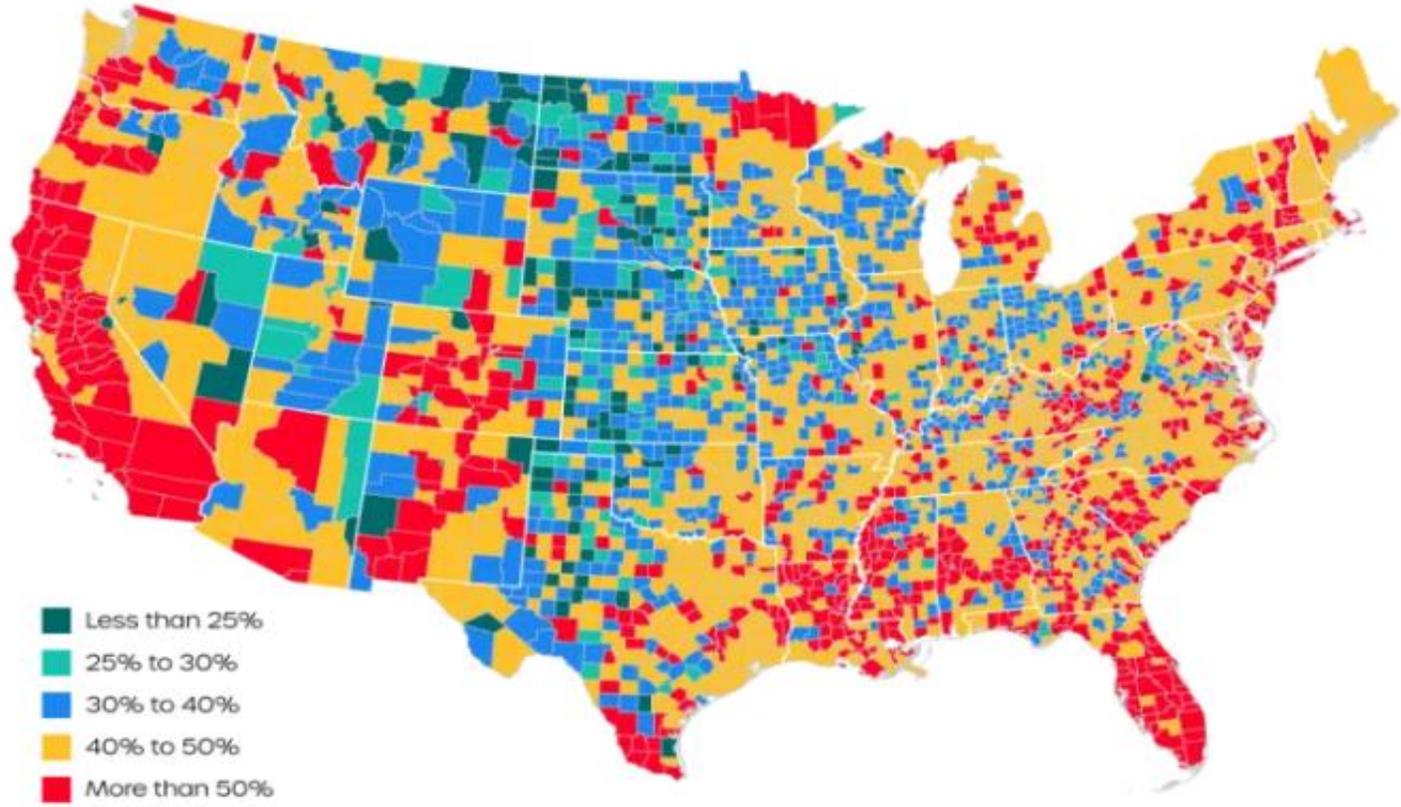


Not seasonally adjusted

Source: Federal Home Loan Mortgage Corporation, Haver Analytics

Housing Affordability across the Nation

Percent of Renter Occupied Households that Spend More Than 30% of Gross Income on Housing, 2019



Source: Up For Growth, "2022 Housing Underproduction™ in the U.S."

Affordability Concerns in Rural & Urban Places, but Causes & Solutions Not Necessarily the Same

Table 1: Affordability for Renter Households in New England

By urban and rural areas (PUMAs) in New England, 2019

	Rural Areas			Urban Areas		
	Average Monthly Rent	Average Share of Income Spent on Rent	Share of Households Cost Burdened	Average Monthly Rent	Average Share of Income Spent on Rent	Share of Households Cost Burdened
Connecticut	\$1,025	35%	43%	\$1,175	39%	43%
Maine	\$643	33%	37%	\$903	35%	39%
Massachusetts	\$1,102	37%	39%	\$1,295	37%	41%
New Hampshire	\$927	34%	37%	\$1,169	36%	40%
Rhode Island	n/a	n/a	n/a	\$968	36%	39%
Vermont	\$822	34%	40%	\$1,129	39%	41%

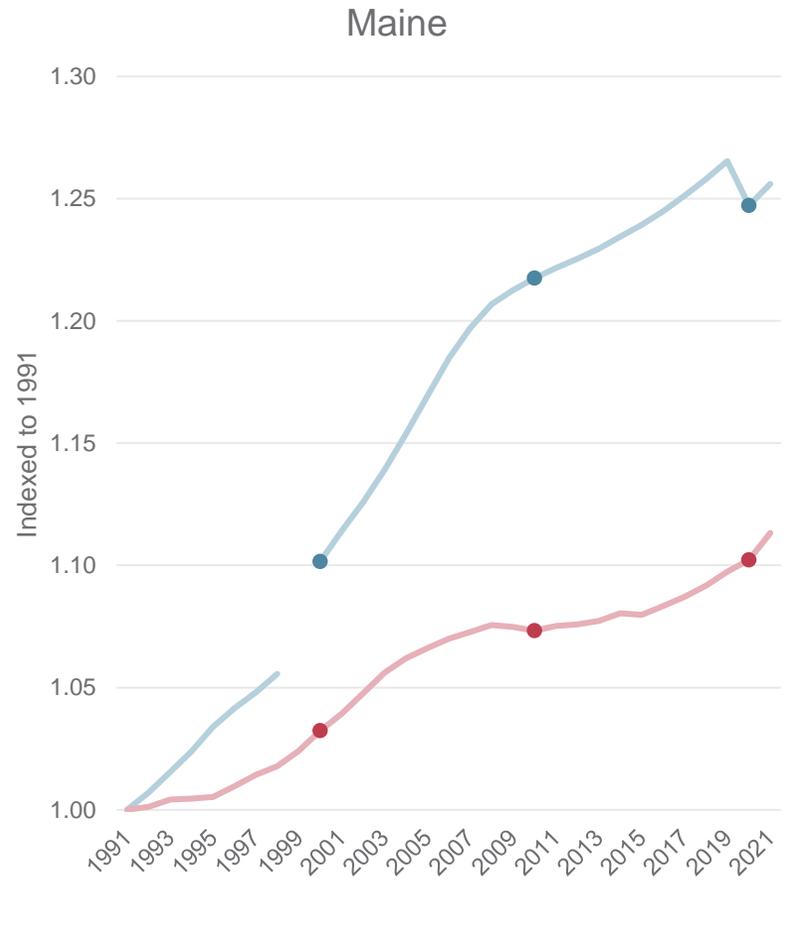
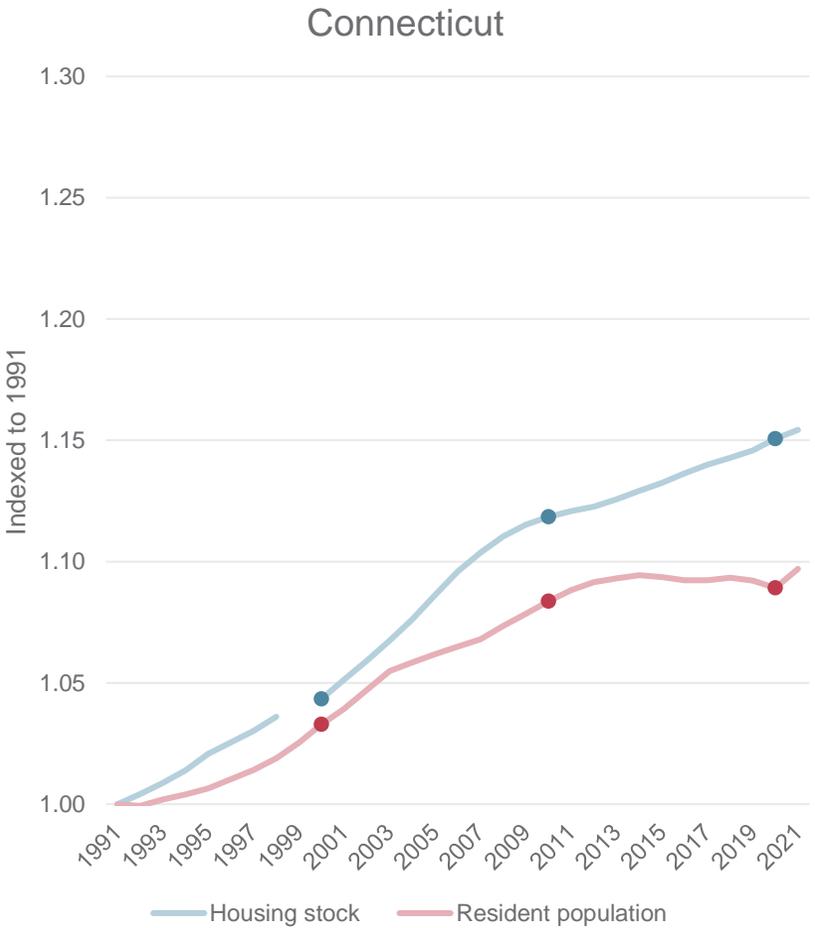
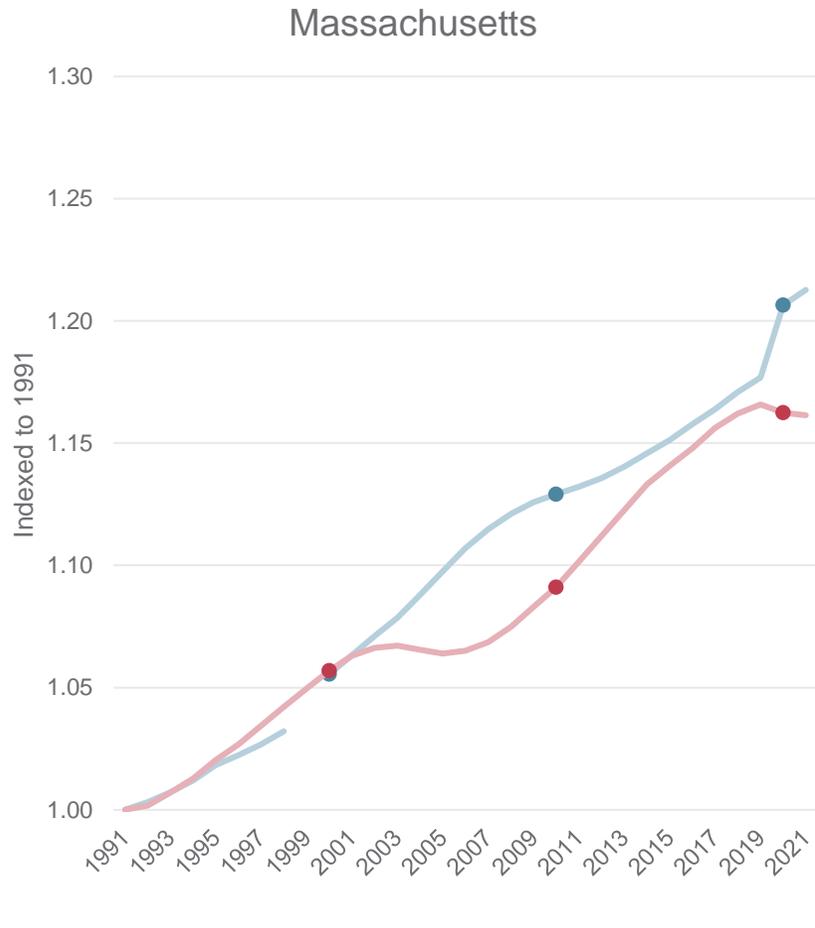
Note(s): Rent estimates include tenant-paid utilities. Households with zero or negative income and those in which the head is a student are assumed not to be housing-cost burdened, even if they spend more than 30 percent of their annual household income on rent. In some cases, this report uses microdata that do not identify all counties in New England. In these cases, Public Use Microdata Areas (PUMAs) are used as a substitute. A PUMA is classified as urban if the majority of its population lives within a metropolitan statistical area (MSA), and rural if the majority of its population lives outside of an MSA. Rhode Island is the only New England state without a rural area, and so this report excludes it from the discussion of rural rental affordability.

Source(s): 2015–2019 American Community Survey 5-year microdata.

Source: Nicholas Chiumenti, "Rental Affordability and COVID-19 in Rural New England"

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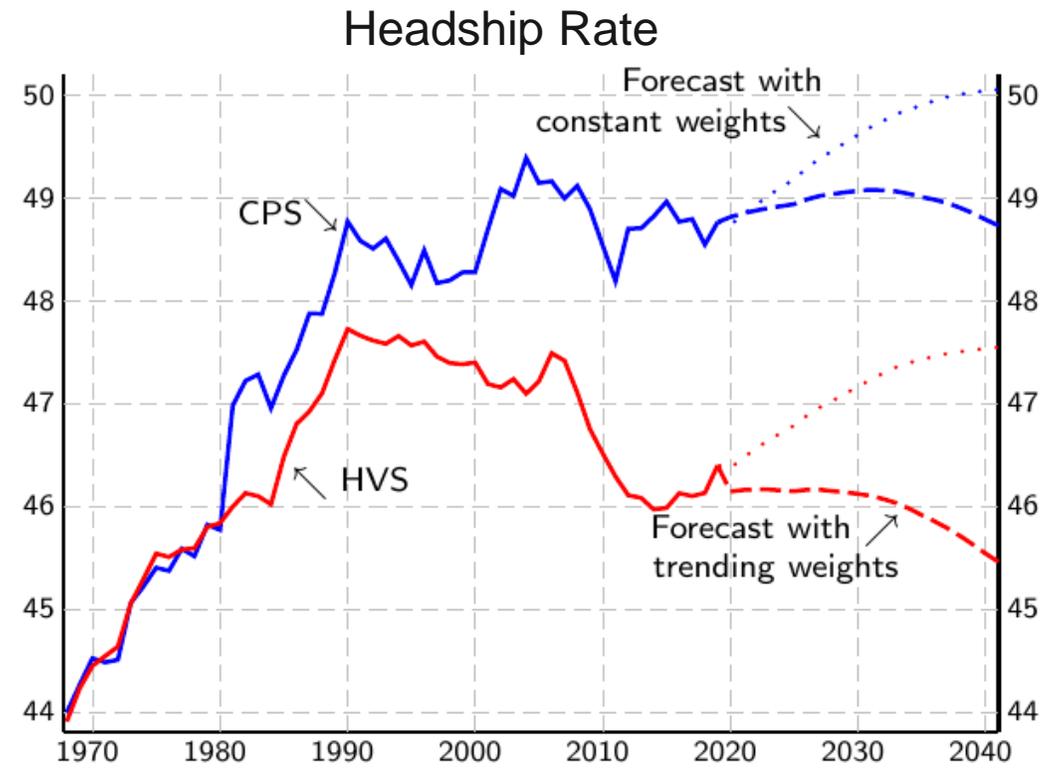
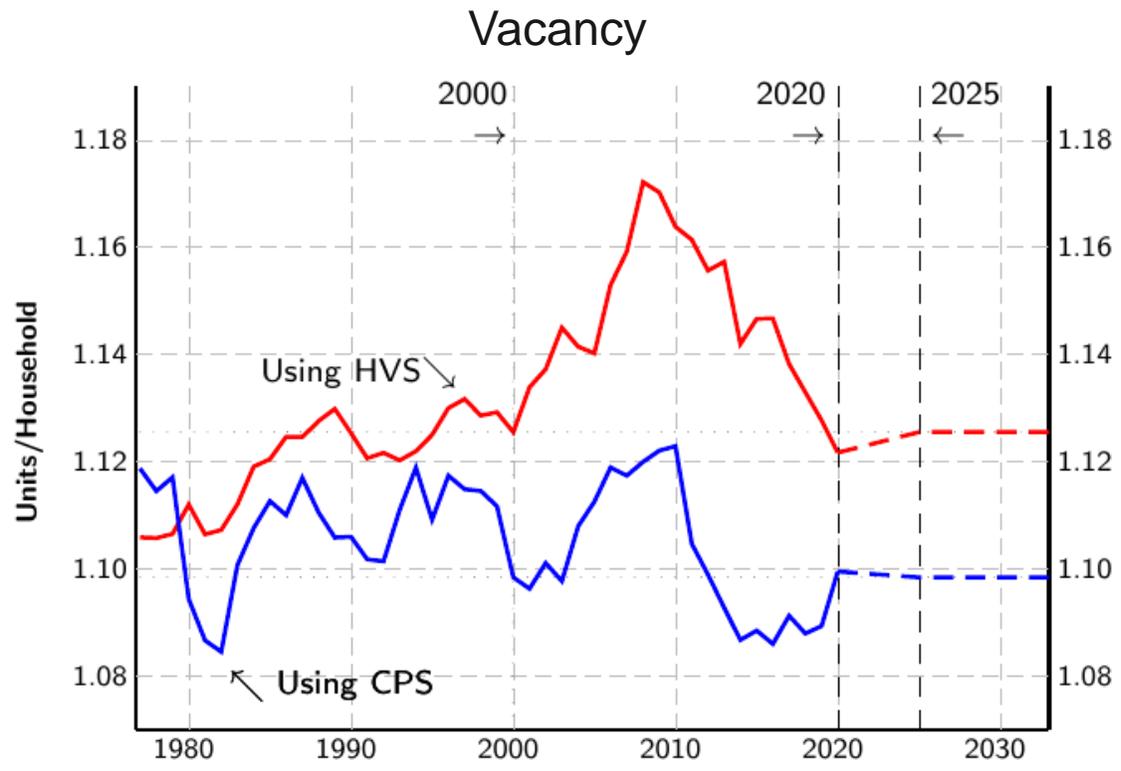
Resident Population and Housing Stock Indexed to 1991



Note: Resident population for 2011-2019 from the BEA. All other resident population data from the Census Bureau.

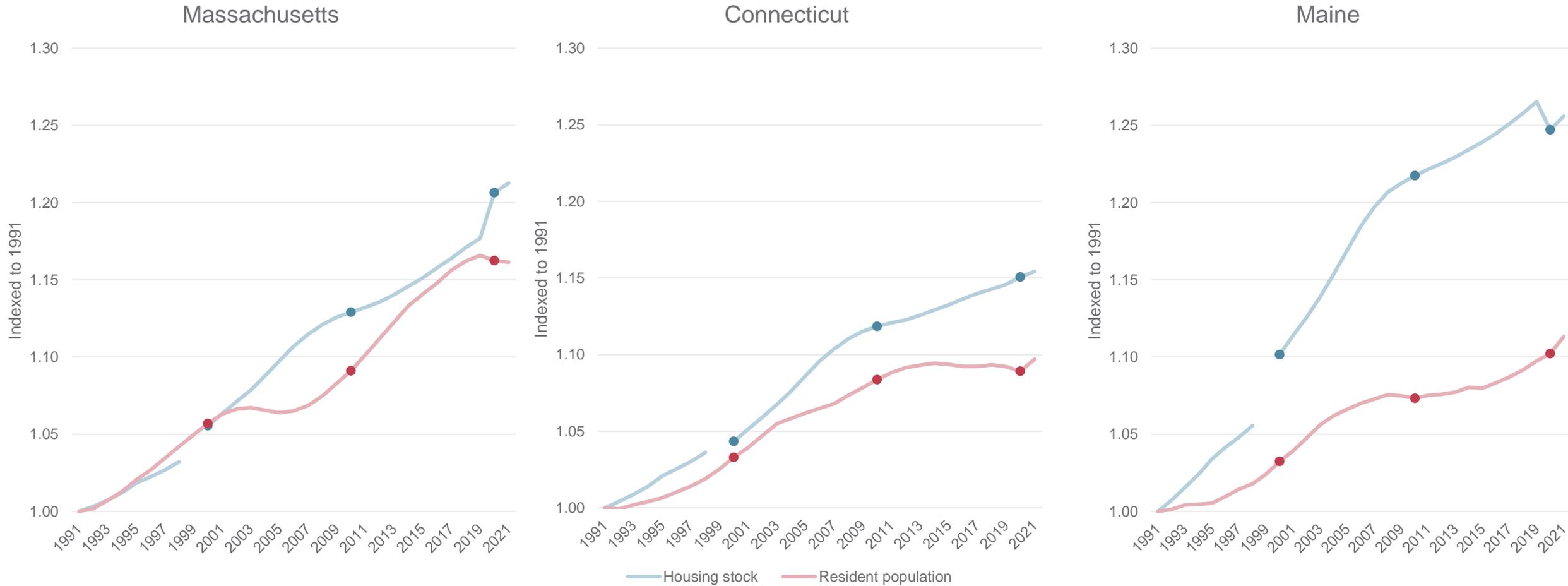
Source: Census Bureau, BEA, Haver Analytics

Vacancy and Headship in Two Surveys



Source: Paul Willen analysis of Current Population Survey, Housing Vacancy Survey

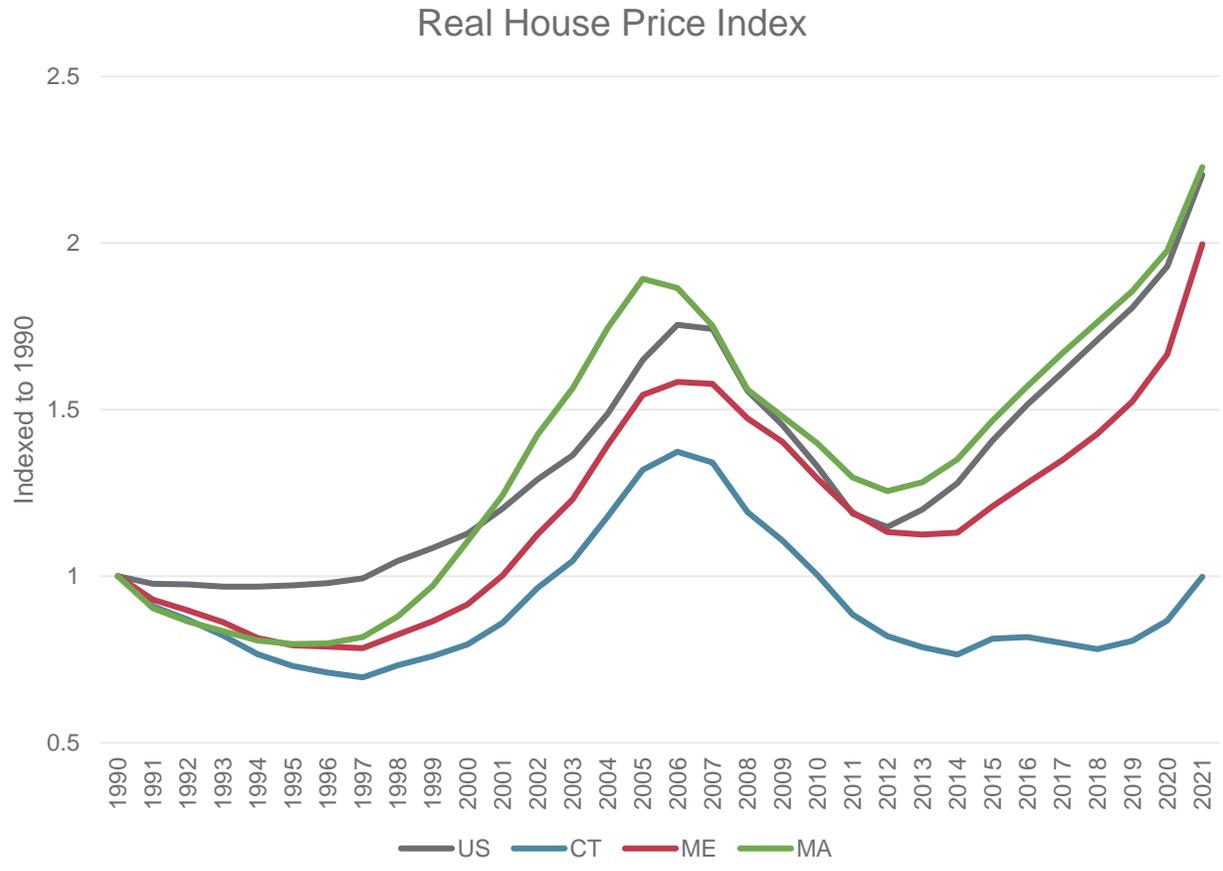
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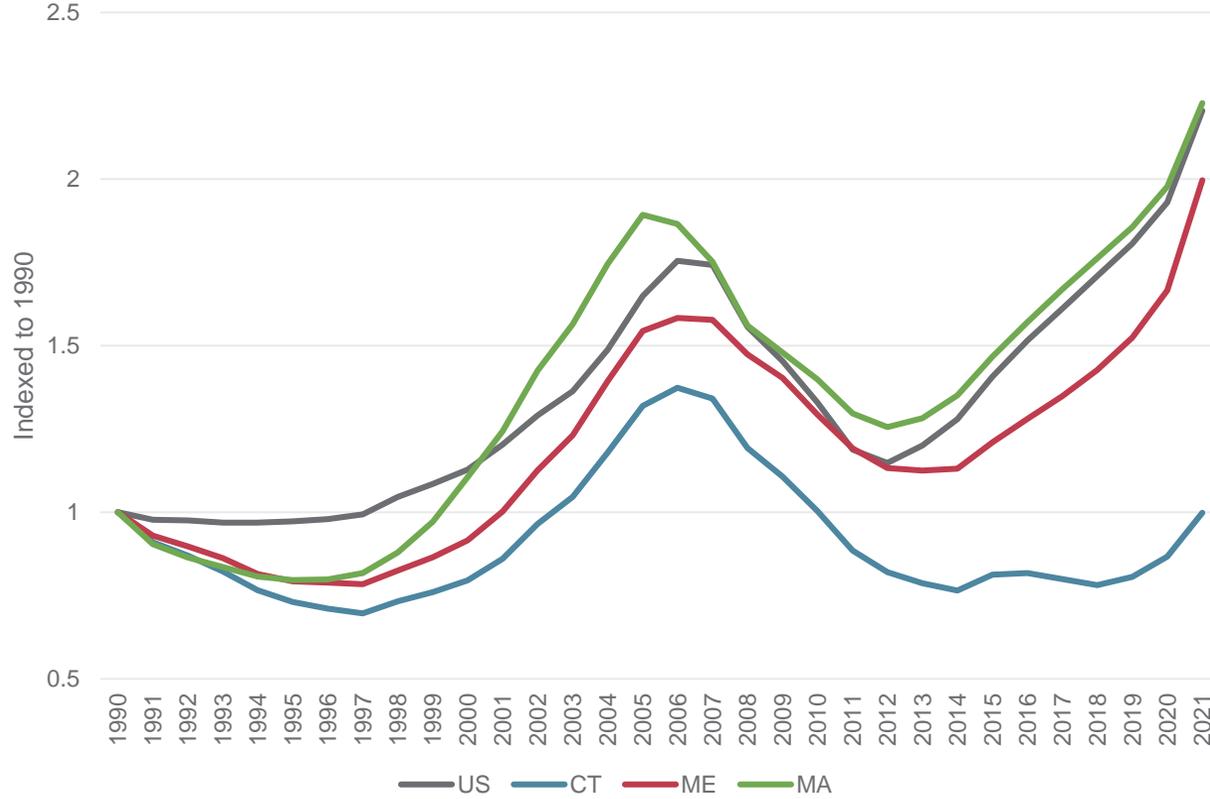
Housing Prices...



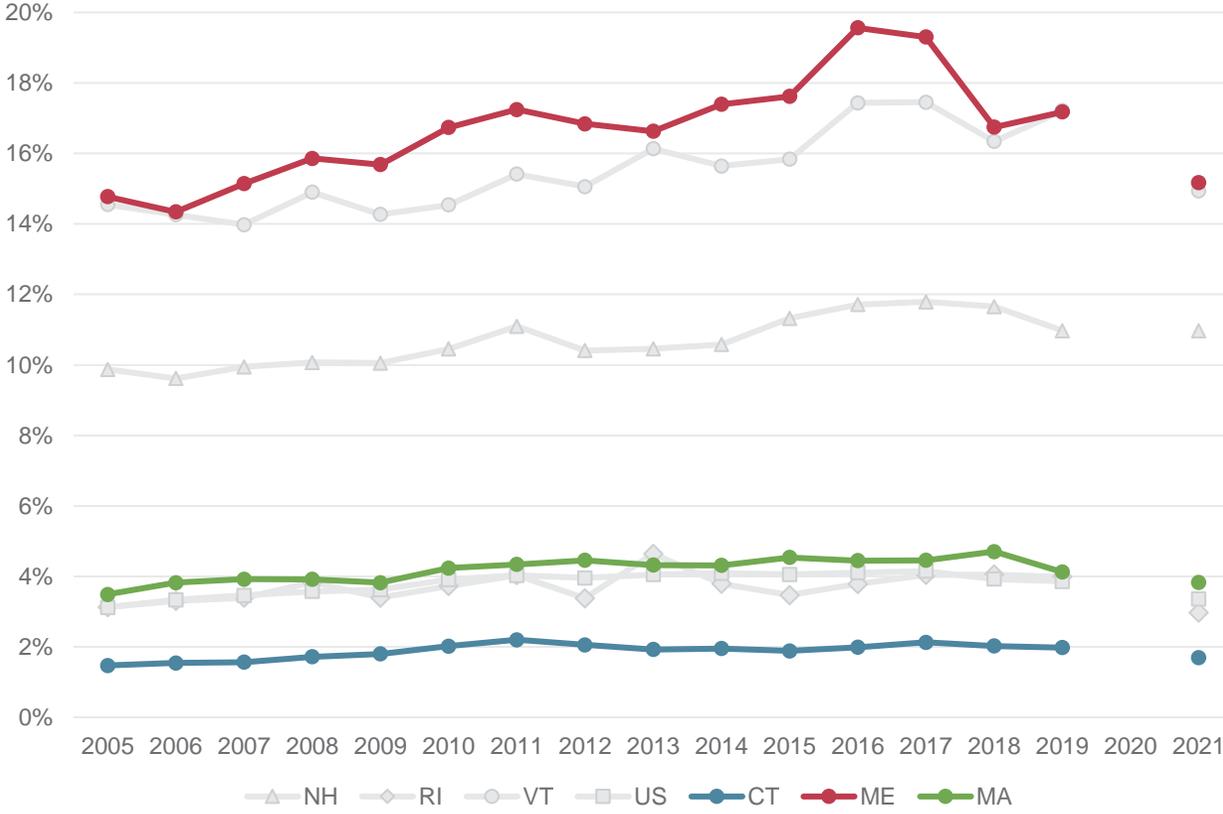
Source: Federal Housing Finance Agency, FRED, BLS, Haver Analytics

Housing Prices & Vacation and Second Homes

Real House Price Index

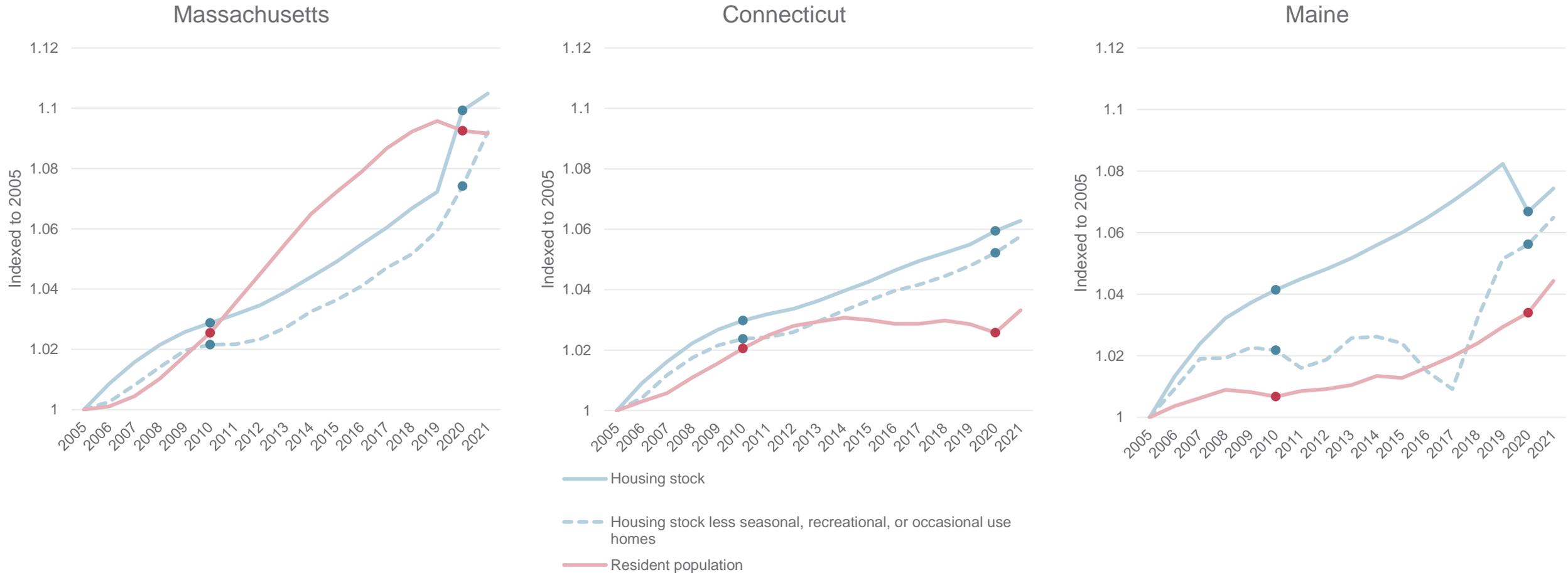


Share of seasonal, recreational, or occasional use homes



Source: Federal Housing Finance Agency, FRED, BLS, Haver Analytics, Census Bureau

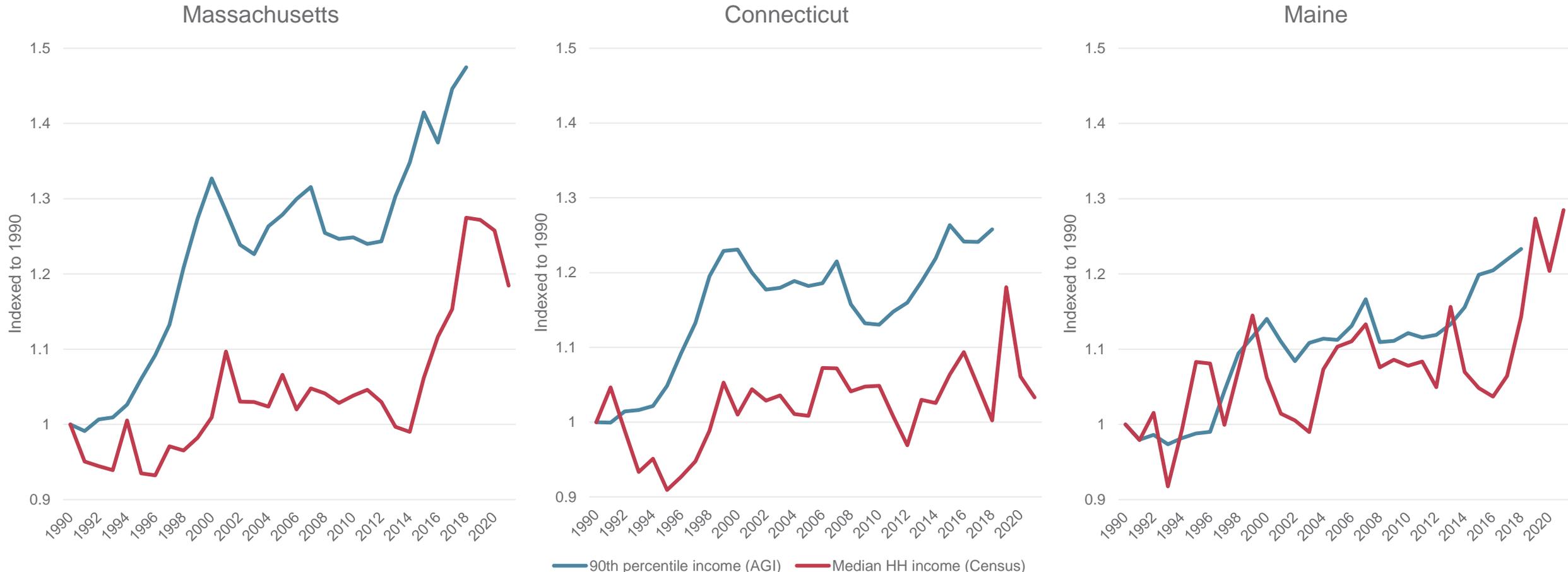
Resident Population and Housing Stock Indexed to 2005



Note: 2020 value for housing stock less seasonal, recreational, or occasional use homes is average of 2019 and 2021 values. Resident population for 2011-2019 from the BEA. All other resident population data from the Census Bureau.

Source: Census Bureau, Haver Analytics

Household Income Growth – 90th Percentile and Median



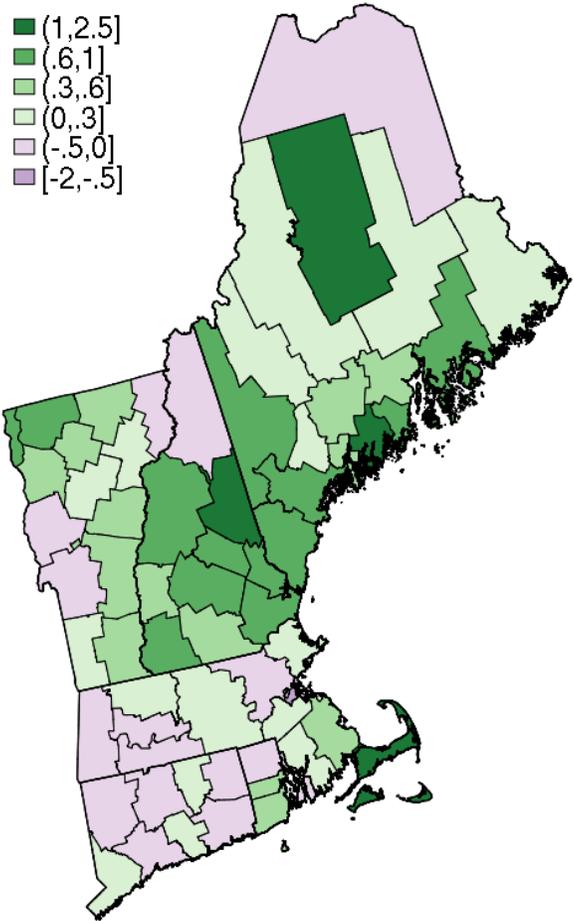
90th percentile income (AGI) and median HH income (Census) are in inflation-adjusted terms.

Source: Census Bureau; FRED; Frank, Mark. W. 2009 "Inequality and Growth in the United States: Evidence from a New State-Level Panel of Income Inequality Measure" *Economic Inquiry*, Volume 47, Issue 1, Pages 55-68 (updated)

Which Map Will New England's Future Reveal? The Recent Past or the Longer-term?

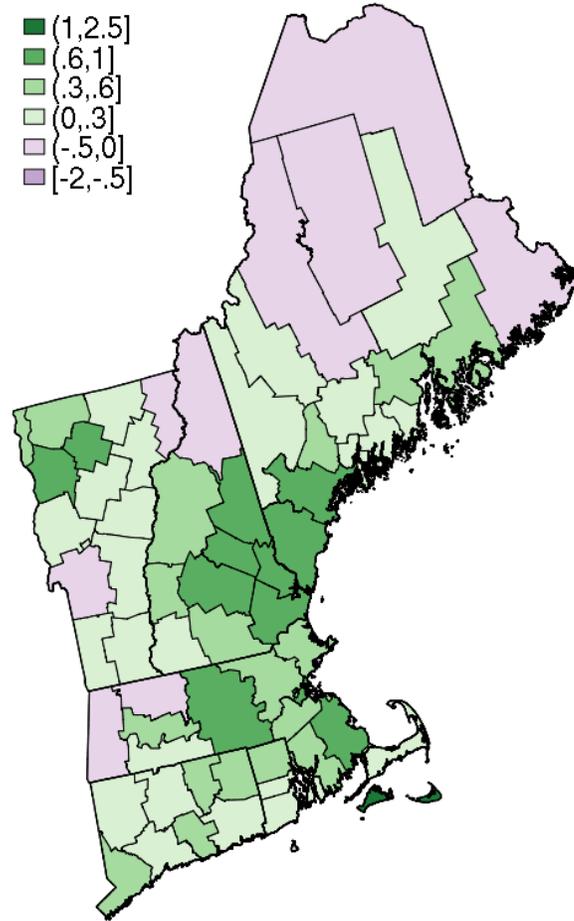
Annualized percent change in population
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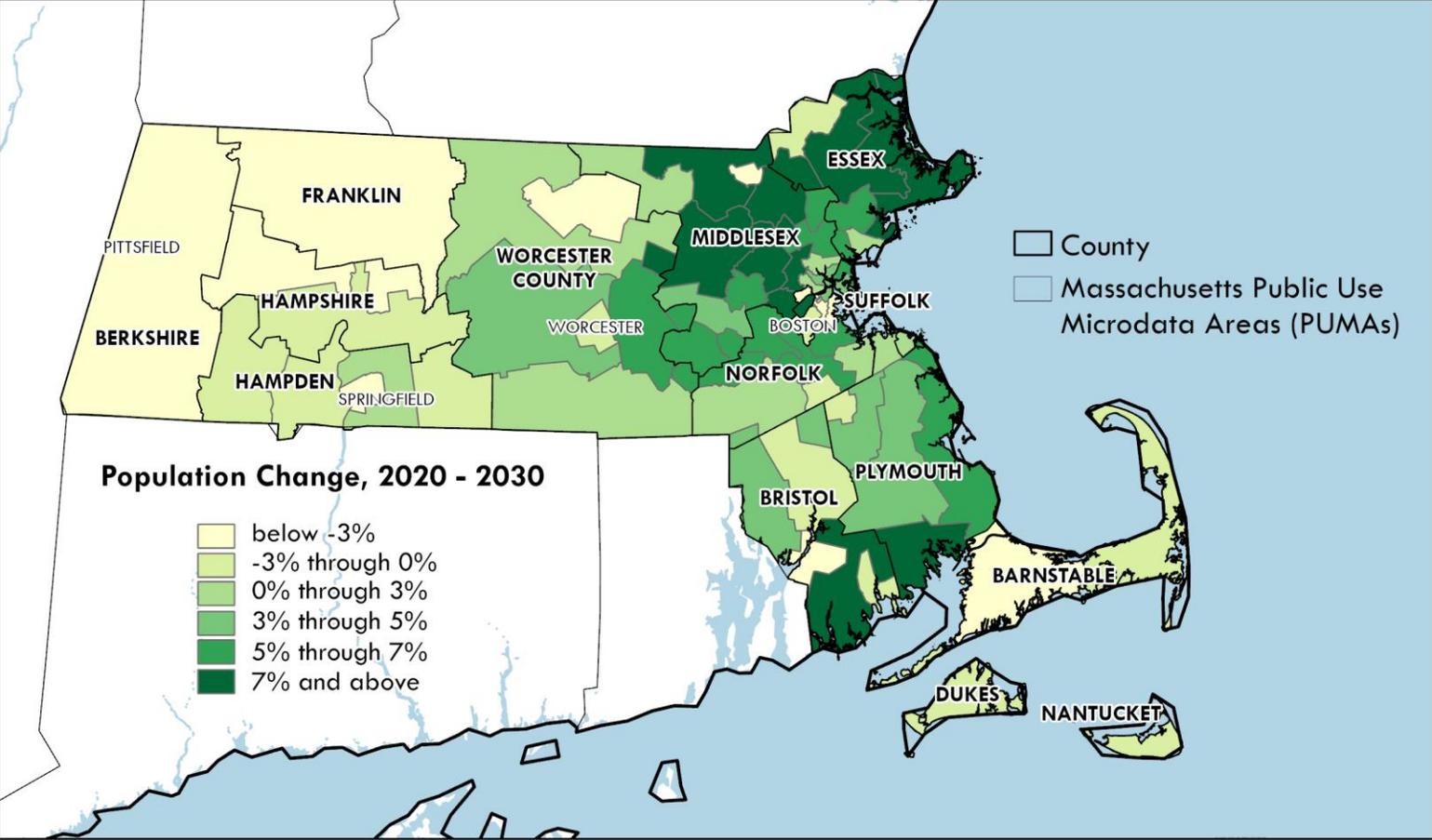
Annualized percent change in population
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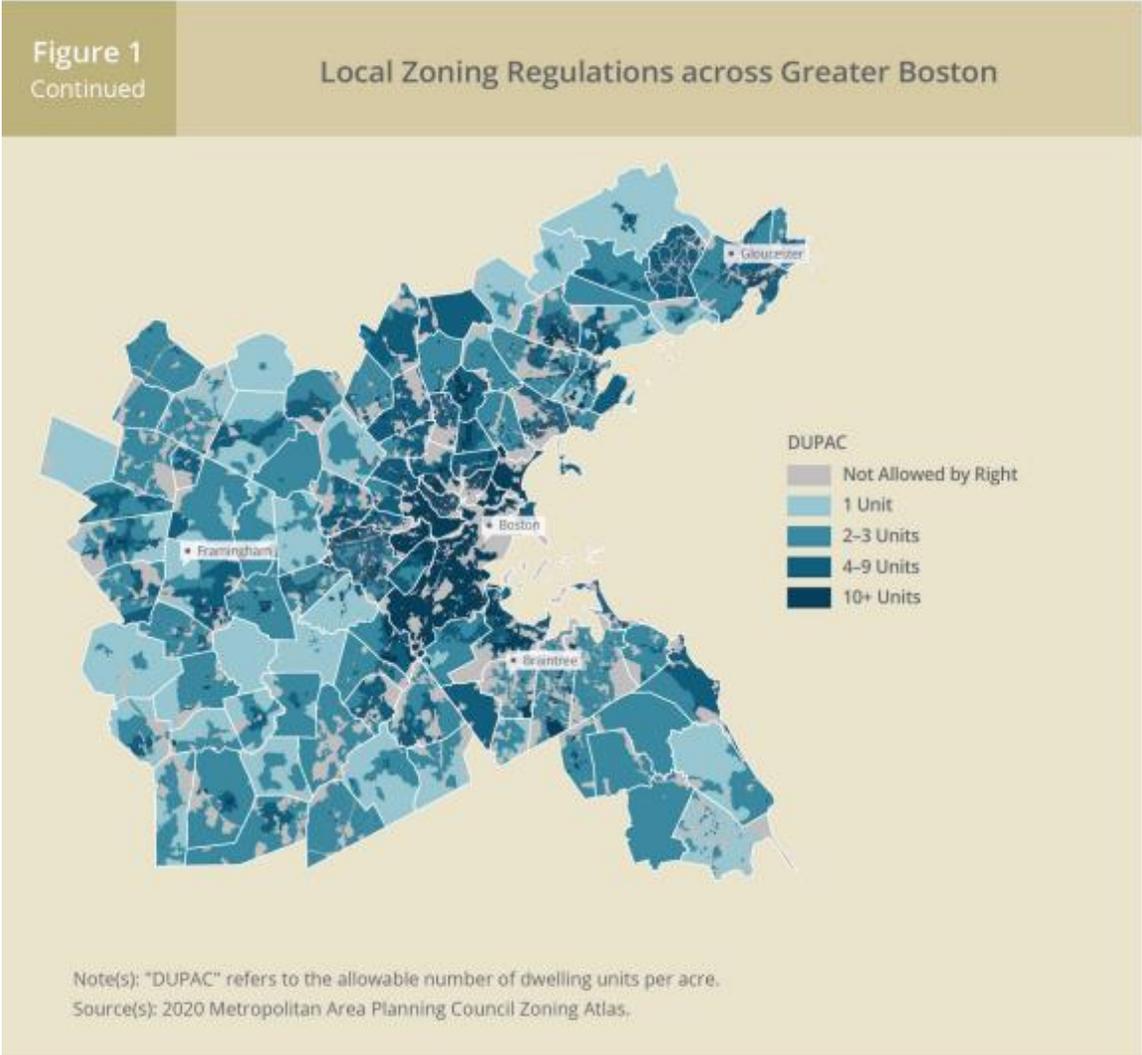
Source: BEA, IPUMS NHGIS

Donahue Projections Expects MA Will Revert to Longer-term Trends



Source: Alan Clayton-Matthews; Donahue Institute: Population by Age and RPA Region; 2015-19 PUMS; Synthetic Population Reweighter: Population by Age and PUMA.

What Map Will We Build For the Future?



Source: Aradhya Sood and Nicholas Chiumenti, "Local Zoning Laws and the Supply of Multifamily Housing in Greater Boston"

Thank you.

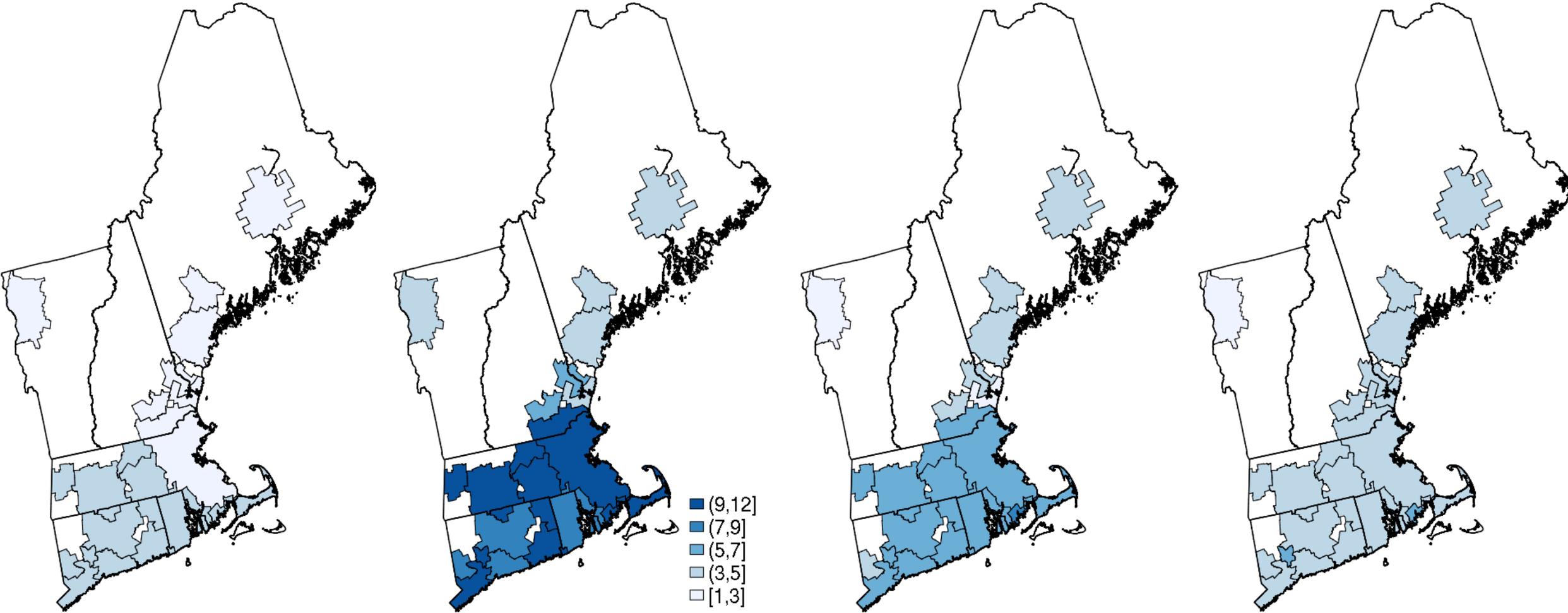
Unemployment Rates in New England by Metropolitan Areas

Nov-2019

Nov-2020

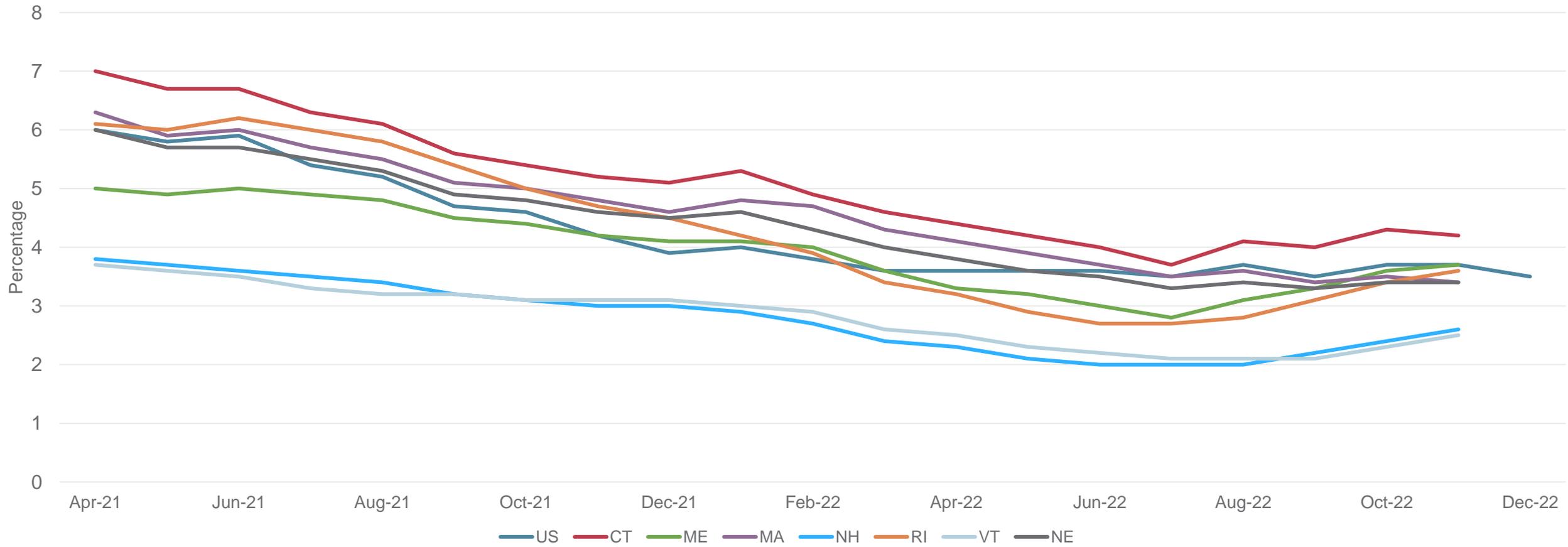
Nov-2021

Nov-2022



Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston, IPUMS NHGIS

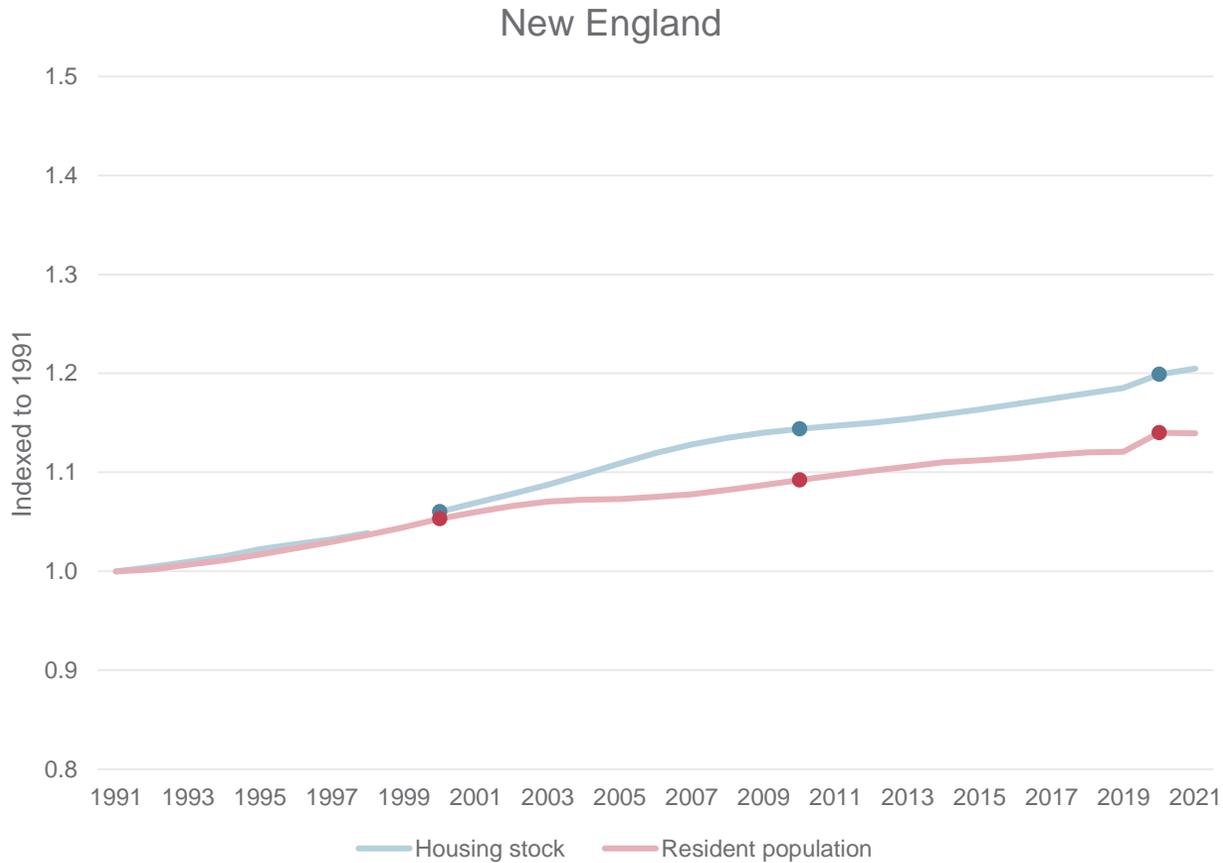
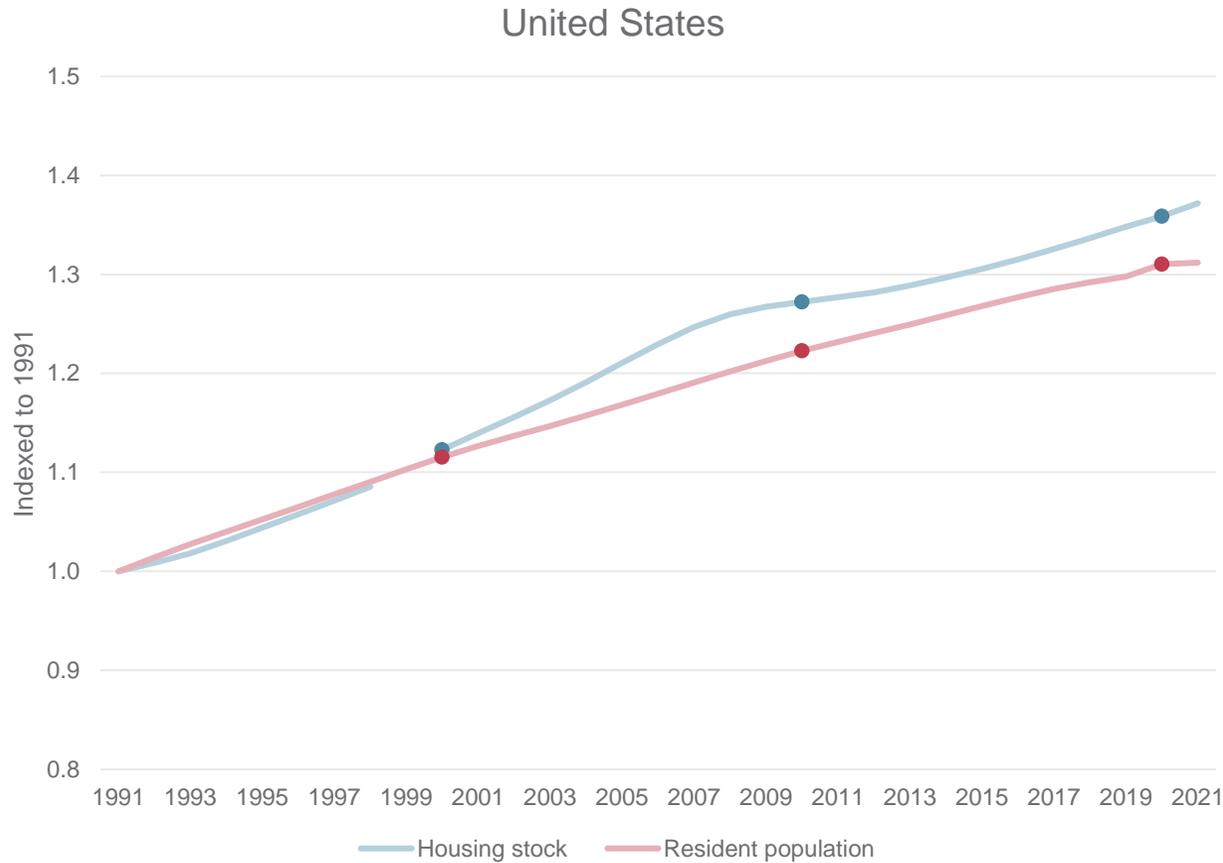
Most Recent Data: Unemployment Rate No Longer Falling



Seasonally adjusted

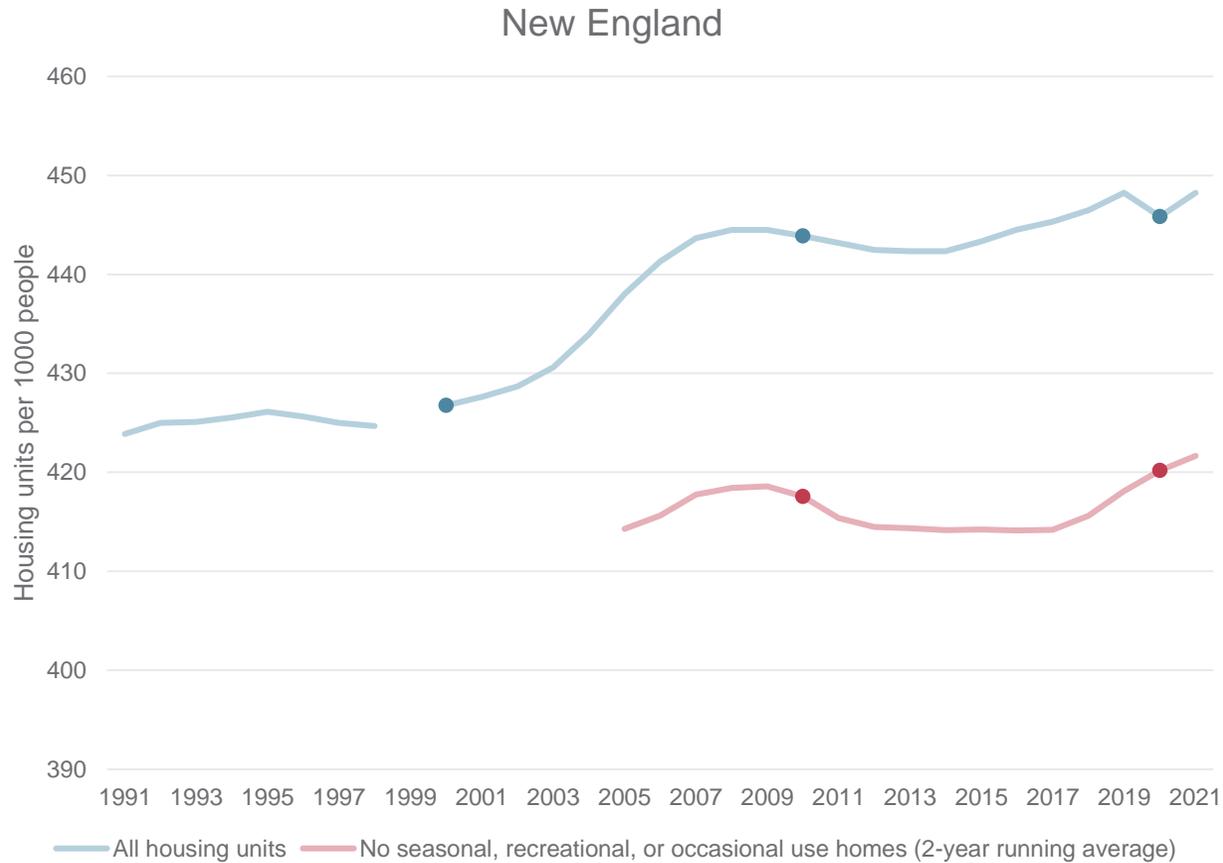
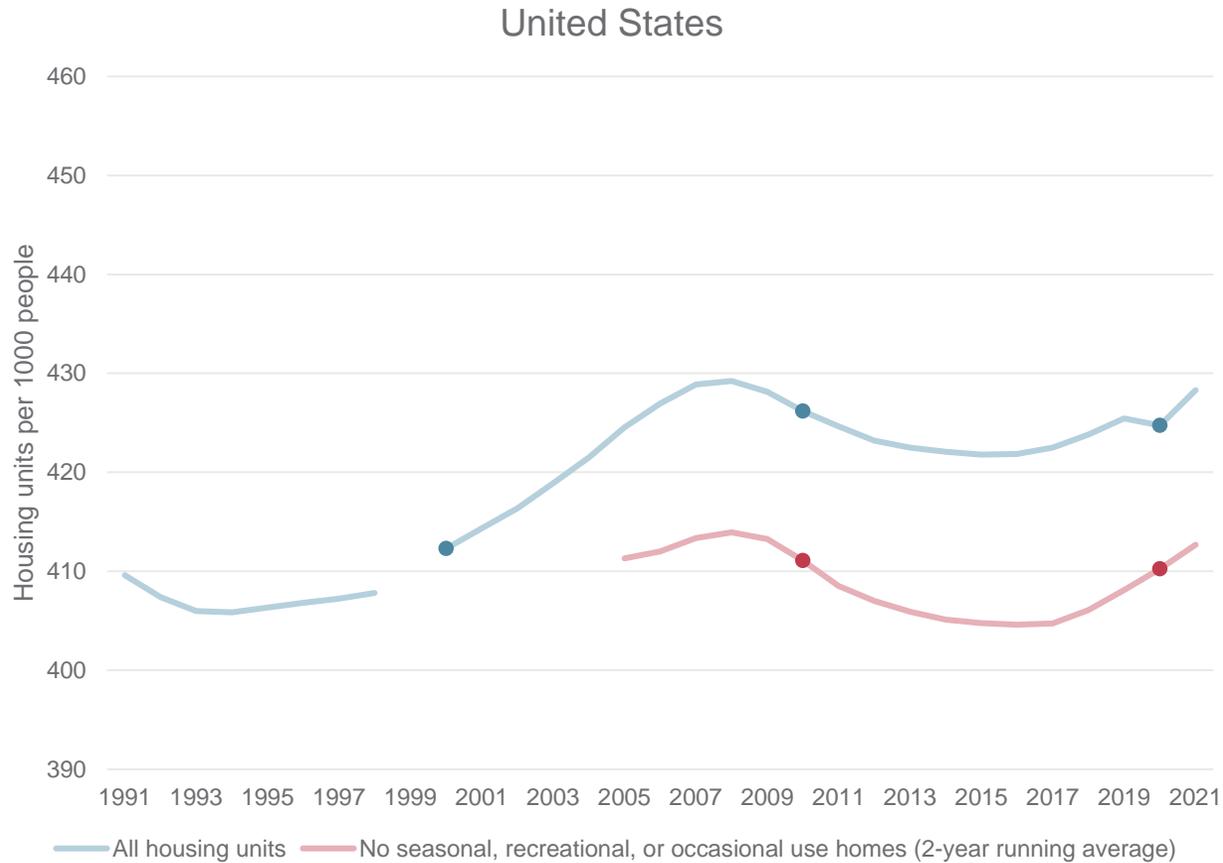
Source: Bureau of Labor Statistics, NBER, Haver Analytics

Resident population and housing stock indexed to 1991



Source: Census Bureau, Haver Analytics

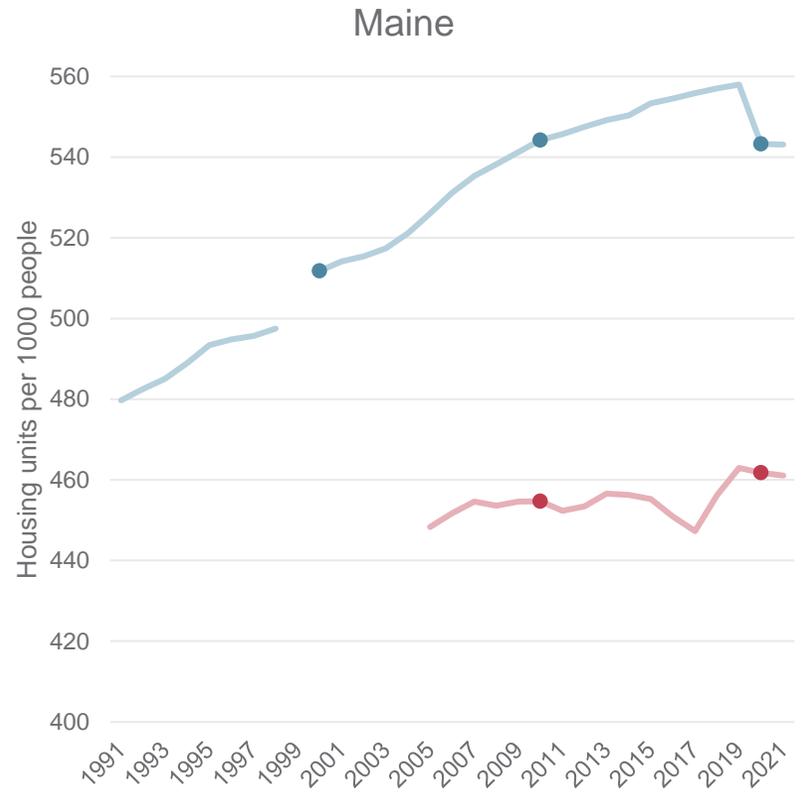
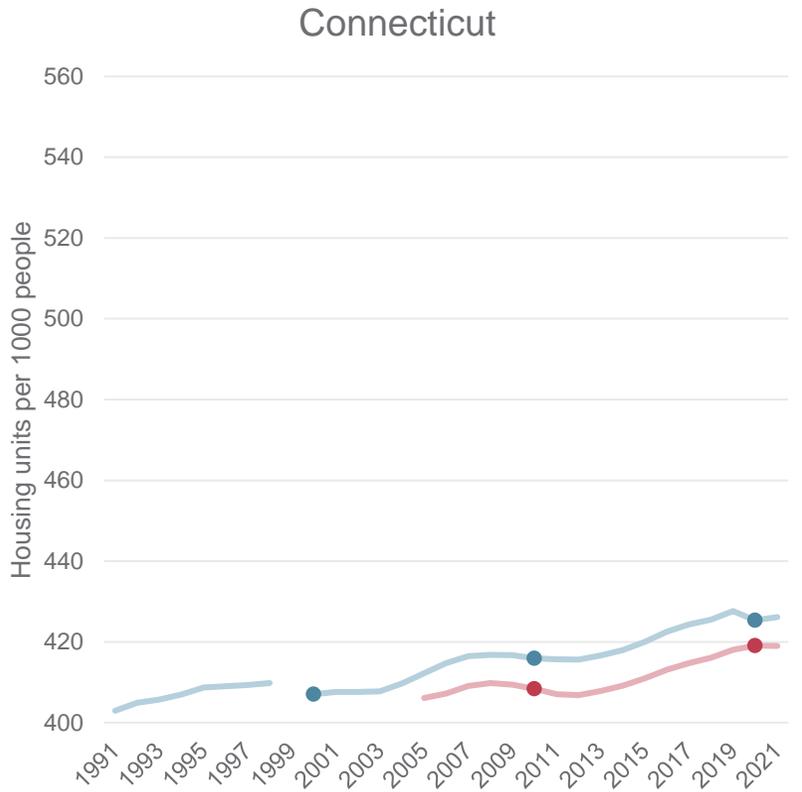
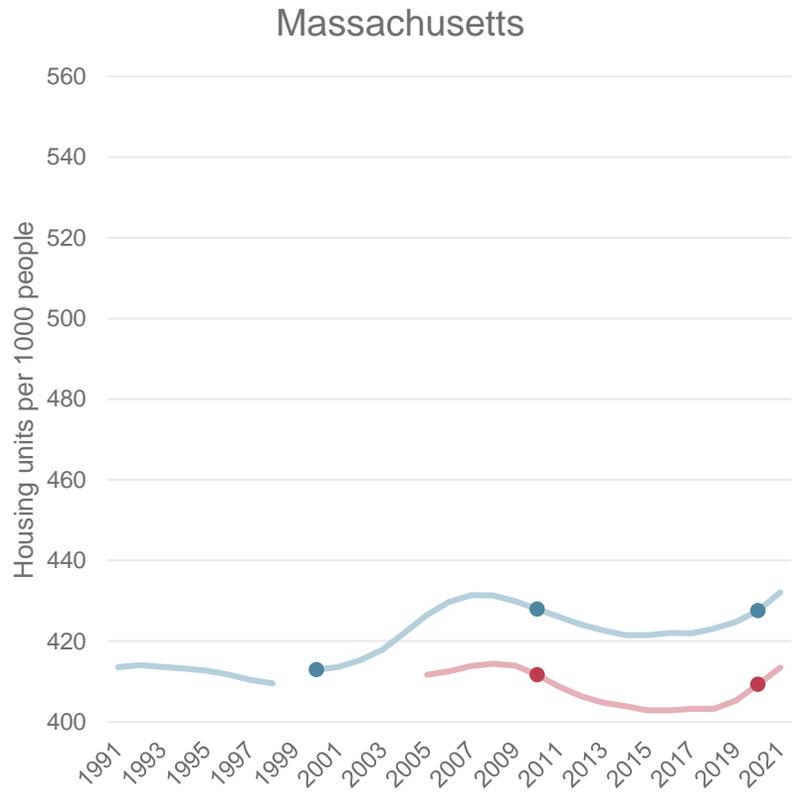
Housing units per 1000 people



Note: 2020 value for housing units per 1000 people with no seasonal, recreational, or occasional use homes is average of 2019 and 2021 values.

Source: Census Bureau, Haver Analytics

Housing units per 1000 people

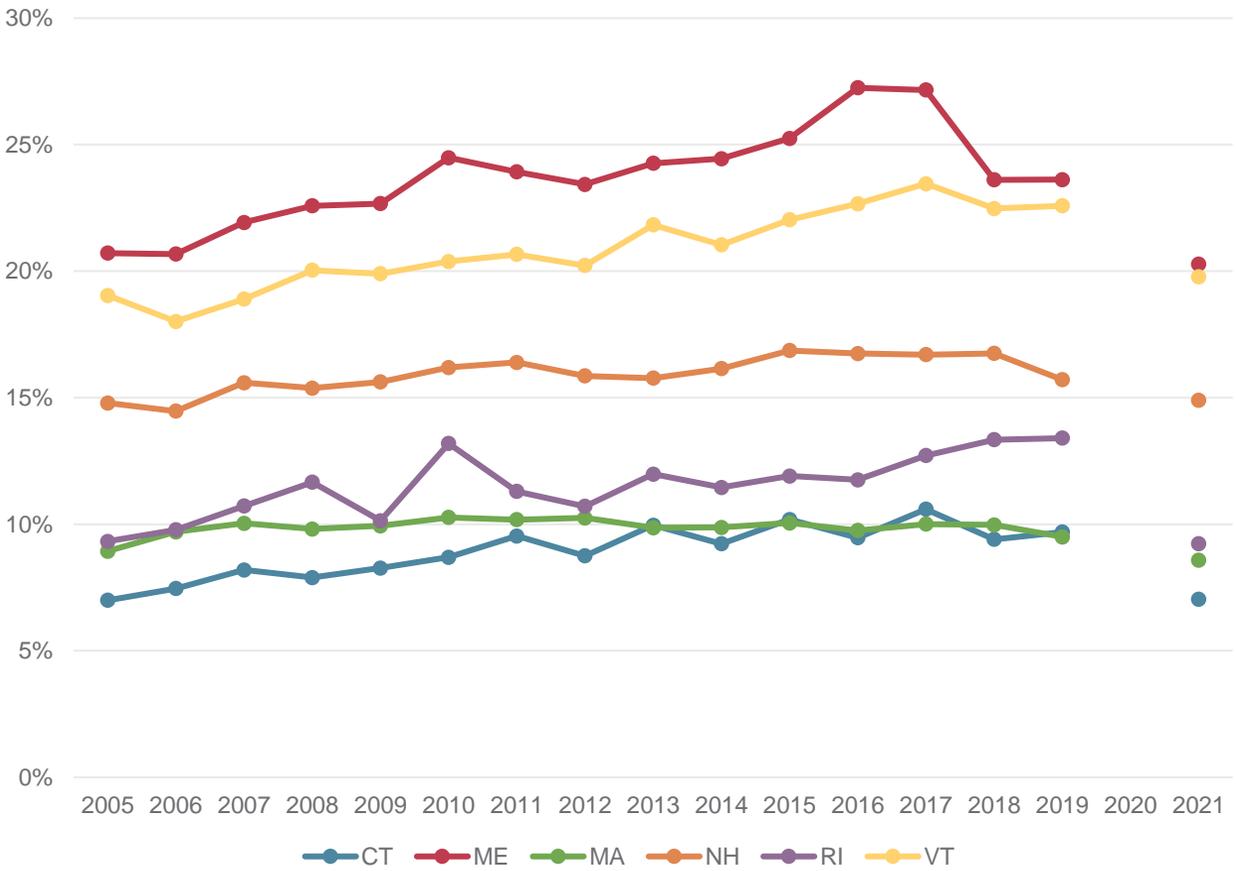
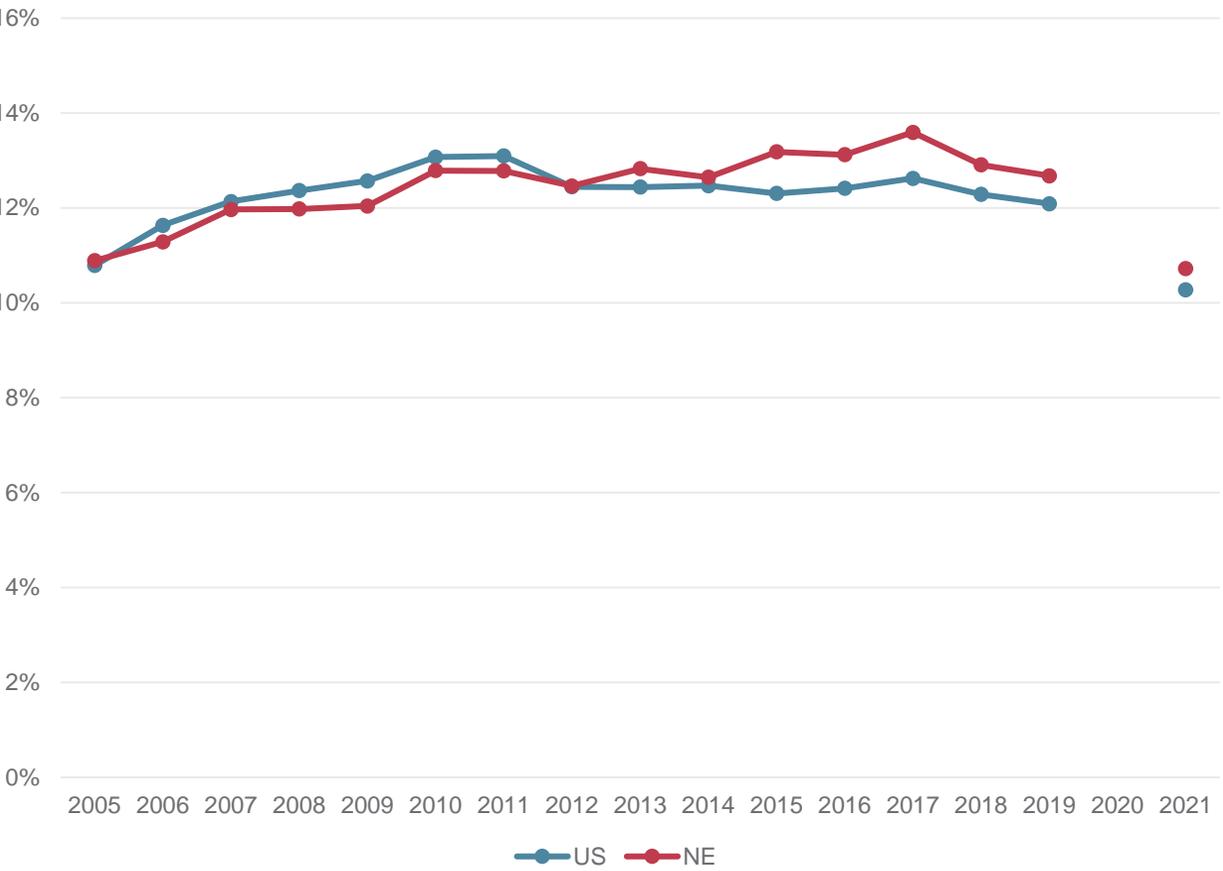


— All housing units
— No seasonal, recreational, or occasional use homes (2-year running average)

Note: 2020 value for housing units per 1000 people with no seasonal, recreational, or occasional use homes is average of 2019 and 2021 values.

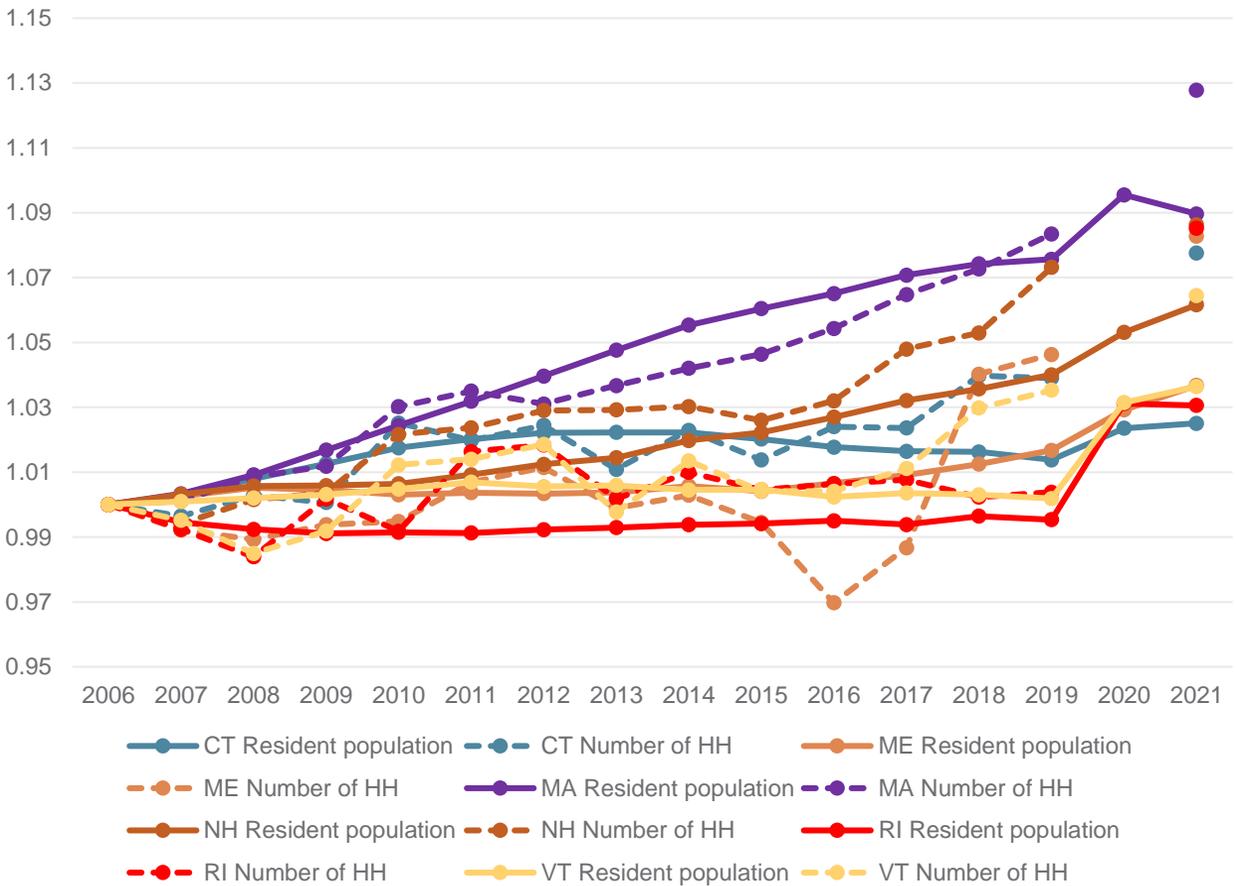
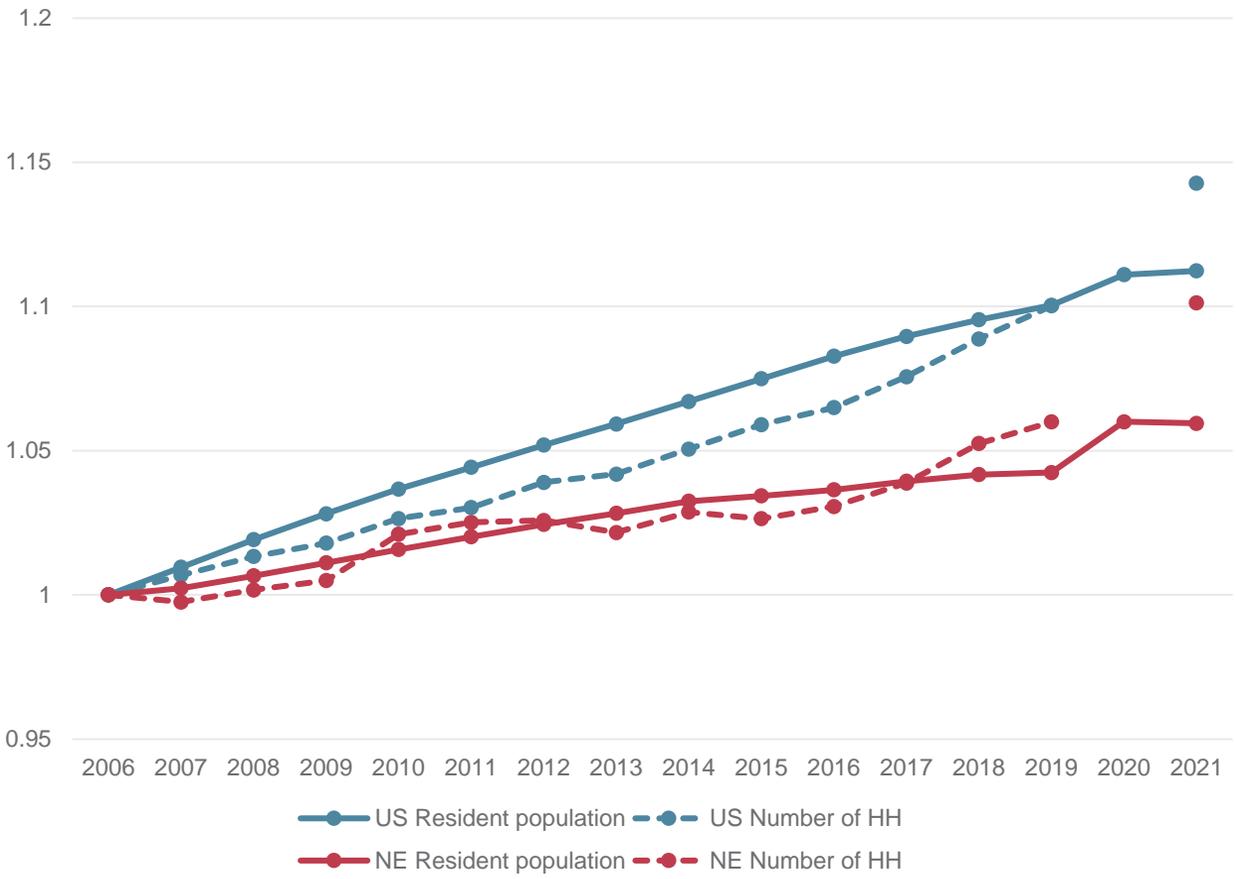
Source: Census Bureau, Haver Analytics

Share of vacant homes



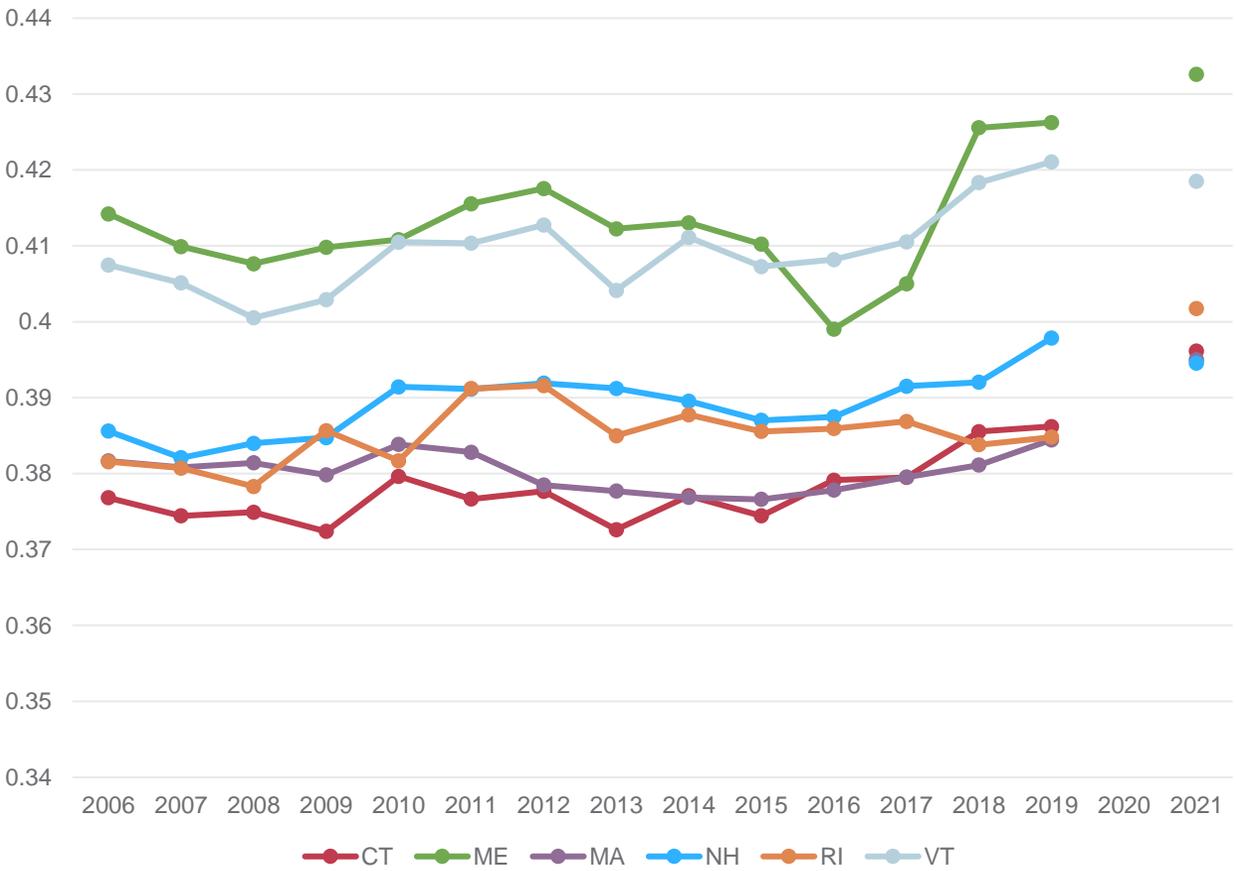
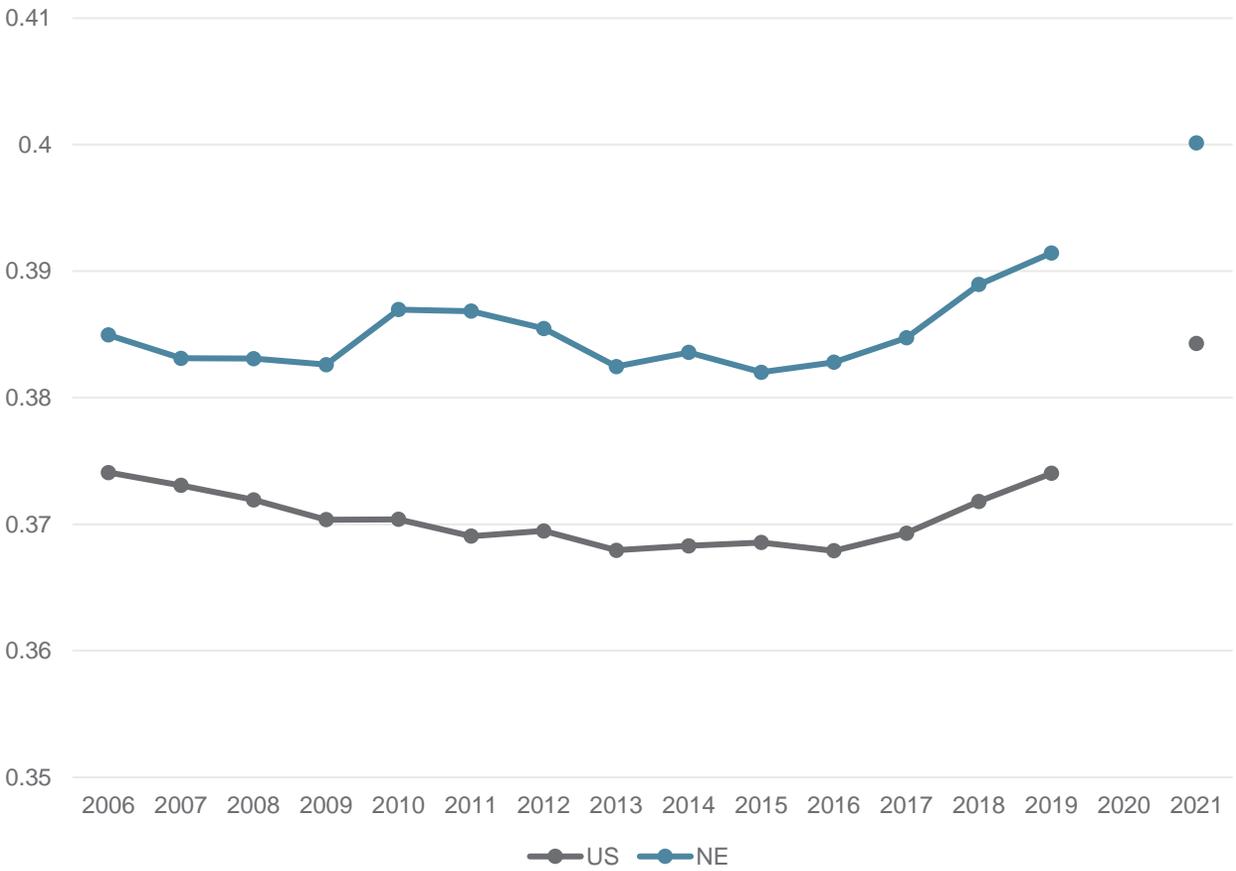
Source: Census Bureau

Population and number of households



Source: Census Bureau, Haver Analytics

Ratio of number of households to resident population



Source: Census Bureau, Haver Analytics