Overview of Labor and Housing Markets Across New England

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

January 19, 2023

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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

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

Seasonally adjusted.

Sectoral Shifts Favor Higher-Wage Industries

Employment Declines February 2020 to November 2022

Average Weekly Wage Q2-2022

<table>
<thead>
<tr>
<th>Industry</th>
<th>US</th>
<th>NE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure and Hospitality</td>
<td>$574</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>$914</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>$1,327</td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>$1,934</td>
<td></td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>$1,148</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$1,480</td>
<td></td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>$1,080</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>$2,672</td>
<td></td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>$1,715</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>$1,352</td>
<td></td>
</tr>
</tbody>
</table>

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

-20% -10% 0% 10% 20% 30% 40%

Telecommunications
Retail trade
Rental and leasing services
Rest of Manufacturing
Fabricated Metals
Child day care services
Elementary and secondary schools (public)
Food services and drinking places
Membership organizations and organizations
Architectural, engineering, and related services
Food Manufacturing
Scientific research and development services
Internet service providers and data processing
Other ambulatory health care services
Management, scientific, and technical consulting
Computer systems design and related services
Publishing
Individual and family services

Structural growth based on BLS 10-year employment projections, 2019-2029, 2020-2030

Source: Alan Clayton-Matthews
Many of these Sectors have Struggled to Find Adequate Labor Supply in the Past

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

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

Percentage Point Change in Proficiency or Above, 2019 to 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

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>MA</th>
<th>NH</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>5.7</td>
<td>5.4</td>
<td>7.3</td>
<td>6.3</td>
</tr>
<tr>
<td>2021</td>
<td>17.9</td>
<td>23.7</td>
<td>19.3</td>
<td>21.4</td>
</tr>
</tbody>
</table>

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.

Housing Markets Across New England
Resident Population Change in NE Counties 2019-2021

Annualized percent change in population 2019-2021

Source: BEA, IPUMS NHGIS
Resident Population Change in NE Counties 2000-2019 and 2019-2021

Annualized percent change in population 2019-2021

Annualized percent change in population 2000-2019

Source: BEA, IPUMS NHGIS
MSA House Price Index % Change vs. Resident Population % Change

House price index is nominal.

Source: Federal Home Loan Mortgage Corporation, BEA, Haver Analytics

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House Price Changes by MSA in New England

Percent Change, Q3 2021 - Q3 2022

<table>
<thead>
<tr>
<th>City</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgeport-Stamford-Norwalk</td>
<td>10.0</td>
</tr>
<tr>
<td>Hartford-W. Hartford-E. Hartford</td>
<td>10.8</td>
</tr>
<tr>
<td>New Haven-Milford</td>
<td>9.6</td>
</tr>
<tr>
<td>Norwich-New London</td>
<td>9.6</td>
</tr>
<tr>
<td>Bangor</td>
<td>8.1</td>
</tr>
<tr>
<td>Lewiston-Auburn</td>
<td>8.1</td>
</tr>
<tr>
<td>Portland-S. Portland-Biddeford</td>
<td>14.6</td>
</tr>
<tr>
<td>Barnstable Town</td>
<td>12.8</td>
</tr>
<tr>
<td>Boston-Cambridge-Quincy</td>
<td>16.1</td>
</tr>
<tr>
<td>Pittsfield</td>
<td>16.1</td>
</tr>
<tr>
<td>Springfield</td>
<td>16.1</td>
</tr>
<tr>
<td>Worcester</td>
<td>16.1</td>
</tr>
<tr>
<td>Manchester-Nashua</td>
<td>16.1</td>
</tr>
<tr>
<td>Providence-New Bedford-Fall River</td>
<td>17.9</td>
</tr>
<tr>
<td>Burlington-S. Burlington</td>
<td>17.9</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>By urban and rural areas (PUMAs) in New England, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural Areas</strong></td>
</tr>
<tr>
<td><strong>Average Monthly Rent</strong></td>
</tr>
<tr>
<td>Connecticut</td>
</tr>
<tr>
<td>Maine</td>
</tr>
<tr>
<td>Massachusetts</td>
</tr>
<tr>
<td>New Hampshire</td>
</tr>
<tr>
<td>Rhode Island</td>
</tr>
<tr>
<td>Vermont</td>
</tr>
</tbody>
</table>

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 50 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”
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

Resident Population and Housing Stock Indexed to 1991

Massachusetts

Connecticut

Maine

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

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Housing Prices…

Real House Price Index

Indexed to 1990

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

Federal Reserve Bank of Boston | bostonfed.org |
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?

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


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

United States

New England

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

Federal Reserve Bank of Boston | bostonfed.org |
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
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