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Jobs boom vs. Housing: Can Boston handle the growth? - by Daniel Calano

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Mark Twain once summarized Benjamin Disraeli's statement that there are "lies, damn lies, and statistics." In researching the question of whether housing supply can keep up with new job growth, I found myself siding with Twain. There are lots of opinions, and very few facts.

Recently quoted, the webpage Apartments List stated that since the 2008 recession, greater Boston has added about 275,000 to 300,000 new jobs, or 30,000 per year over 10 years. Yet, it has only added 108,000 apartments and condos in Boston and in nearby municipalities. They surmised that that is about 2.5 jobs created for every new home created, apparently not a good ratio. Yet, as noted by several others than myself, there are also signs of flattening or even lowering rent cost and/or condo pricing. Some believe, including some housing developers, that housing demand and supply is getting closer to equilibrium balance. Who is correct? I needed to take a deeper dive.

The indisputable facts are that housing construction has had an unprecedented construction boom since market stabilized after the 2008 great recession. For a number of reasons, including land costs, construction costs, permitting issues and so on, not much of the construction has been affordable, and not just for low income people. Municipal leaders have called for, and in some cases provided for, many housing projects to be built. As one example, Boston's mayor Walsh first called for 30,000 new units by 2025, and is now asking for 60,000 units by 2040. Other municipalities have worked on loosening zoning regulations. Somerville has recently significantly overhauled zoning to allow for denser housing. Cambridge narrowly missed passing a new ordinance that would bypass current zoning for more, denser, higher residential buildings. In other words, there is a groundswell of support for extensive and continued construction of new housing.

What are the Job Facts: There are significant new jobs, over 48,000 year over year from November 2018 to November 2019. The total is almost 300,000 since the 2008 recession. Current unemployment is 6/10 of a percent lower than the US average of 3.5%. A few unanswered questions: Did new jobs create the need for new housing, or some locals getting back into the job

market, who already had housing. Did the new jobs account for the 70,000 jobs lost in the recession?

Another question: Is more housing affordable to the new job-takers, given increased cost in production, and limiting salaries of new jobs. The web page, Wallet Hub, found that many jobs were without significant salaries. For example, while some healthcare providers like doctors will make \$150,000-\$200,000, the majority of this booming industry will be under \$100,000. Other high paying jobs like lawyers, averaging \$150,000 will show little or no growth. Real estate will only grow by 3.4%. Retail jobs will decline.

Let's also put our population growth in perspective. In past history, our population growth has averaged somewhere around 2% annually bringing us to a current population of almost 3,740,000. Since 2015 around 40,000 to 50,000 additional people have moved here each year, around 3.9% growth. This, however, is compared to national growth of around 10% in highest growth areas.

We don't know all the answers, but we do know Massachusetts is clearly a very attractive place, one of the top five metropolitan areas for new technology centers. Clearly, there is a need for some more housing to accommodate growth. Yet, the statistics are unclear as to whether we have built or "pipelined" enough housing. Given available data, my sense is we are getting close to enough housing to provide for our growing industries. As evidenced by a flattening rental market, we are beginning to see a balance more towards affordability. Let's not push for another hundred thousand units, without some serious statistical analyses.

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