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Too little of a good thing - by Thomas House

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Not only is home ownership seemingly a fading dream of a bygone era, the rising tide has come to swamp renters, too; even those with good jobs and healthy incomes.

Much has been made of Boston's rents, which chart like the city's skyline. But it is not just Boston – the crisis is being felt all across New England.

Before we turn to Boston, let's survey the rest of the region. A good place to start is New Hampshire, where soaring rents make the citizenry wonder about the tagline on their license plates.

New Hampshire

The 2024 New Hampshire Housing survey (nhhfa.org) documents a 36% increase in rents statewide over 10 years – this is 5% higher than the cumulative inflation rate over the same period. That is, those whose wages tracked inflation and still lost an additional 5% of their income to rent.

But the hotspot is Grafton County – yeah, way up there – where Lebanon, Enfield, Holderness, and Plymouth yield an eye-popping 67% increase over 10 years. Yes, two thirds.

Statewide, NHH classifies 87% of two-bedroom apartments as “unaffordable”.

Rhode Island

To get out of nosebleed altitudes, we'll head south to Rhode Island.

There the picture is quite a bit better. For two-bedroom rentals, the cost was 24% over 10 years, lower than inflation, though unlike New Hampshire, where utility costs went down a touch, in Rhode Island, they have gone up – about 30%.

Rhode Island Housing (rihousing.com) notes vacancy rates are 2.7%, which is still tight compared to the historic norm of 6%.

Moorehouse Place, a multifamily Workforce Housing development in York ME. Design: THA Architects LLC.

Maine

All we have from Maine are commercial reports – their housing research contractor firm stopped reports in 2020, during the pandemic, and has not been replaced. (The state is currently soliciting bids.)

So, rubber does not meet paved roads in terms of solid housing numbers.

But authorities are well aware of a housing affordability crisis and have some important data on that score.

Cost burden, the share of income consumed by housing, are numbers a state with an active social services environment would possess. Seventy percent of households earning less than \$35,000 per year pay more than 30% of their income on housing costs. In 2023, that share surged to half of those making \$35,000 to \$50,000 – a jump of 40%. And a jump of nearly triple was experienced in the \$75,000 bracket (from 10 to 30%, round numbers).

Due to the impact of ‘people from away’ on housing costs, Maine has a program of workforce housing, i.e., agency-sponsored multifamily housing to make sure a town or county’s teachers, firefighters, and employees can afford to live in the areas they serve. This is a dimension close to our ethos at THA – see the story in the June 2020 issue of this very publication.

Vermont

The immigration of year-rounders from out of state had already begun when the COVID pandemic struck, accelerating an already deepening affordability crisis. In its 2024 report, the Vermont Housing Finance Agency (vhfa.org) states flatly, “Half of all Vermont renters are cost-burdened, and one-in-four pay more than 50% of their income on housing costs, putting them at high risk of eviction.”

This, in a state known for pockets of income-challenged households competing with New Yorkers for living space.

In-migration puts upward price pressure on both owners and renters, but the persistent affordability crisis is focused on the rental markets. One bright spot is that equal numbers of permits were issued for single-family units and units in multi-family buildings.

Rents are 25 to 30% higher than only five years ago, a trend not seen easing within the next five years.

Connecticut

Rents (like everything else in Conn.) is above the national average. One and two-bedroom units are up 27%, give or take a fraction, in just four years, with a dollar cost 33% above national averages.

You will not be surprised to learn that Fairfield County is by far the highest and rural Litchfield County the lowest.

The state is pretty much as you’d expect.

Massachusetts

By far the most expensive place to rent in New England is Massachusetts, and the vaunted exodus from Massachusetts hypoxic housing costs is not just out of state, but to the western part of the

state.

This is a crisis in an order of magnitude as the Commonwealth is the only New England state to lose population - some no doubt to the other five.

Eileen Woods (boston.com) writes “Back in November 2023, The Boston Globe’s Catherine Carlock reported that new housing construction in the region “has fallen considerably this year,” amid a backlog of projects. Factor in still-high mortgage interest rates, reluctant home sellers, inflation, climbing property prices, and a lack of inventory, and you have a recipe for low apartment vacancy rates, ramped-up demand, and higher rental prices.”

The multifamily vacancy rate in Massachusetts is 6.1%, but the one-year rates held for one-bedroom units, but jumped 9% for two bedrooms, and Zillow reports one third of incomes statewide are being devoured by rent.

Of course, Massachusetts has its lower cost pockets, and you can guess where they are. And why.

So, there’s the tour. A tough market for renters, and the reason – the 800 lb. gorilla in the room – is under supplied. If there’s a way to make money on affordable housing, the free markets still haven’t figured it out.

Sources

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