

ECONOMIC UPDATE

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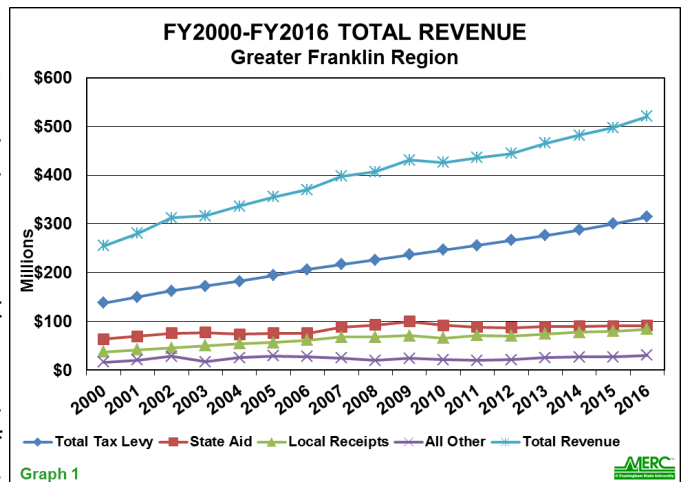
Spring 2016

Revenues Continue to Rise in the GFR Communities

By: **Lorenzo D'Amore**

The Greater Franklin Region (GFR) is comprised of the following nine communities: Bellingham, Blackstone, Foxborough, Franklin, Medfield, Medway, Millis, Norfolk, and Wrentham. Each year, the MetroWest Economic Research Center, or MERC, gathers data from the Massachusetts Department of Revenue, Division of Local Services that is provided by municipal budgets.

The data collected by MERC is used to update municipal revenue and expenditures in the Greater Franklin region, as well as several others. Municipal revenue is equal to the sum of the total tax levy, state aid, local receipts, and a fourth category titled, "all other." The total tax levy can be broken down into its separate tax categories: residential, commercial, industrial, and personal property. Municipalities receive two major categories of aid from the State: state aid for education and state aid for other general government operation uses. The amount of state



Continued on page 4

MetroWest Cost of Living Rises Again

By: **Nicholas Leger**

The MetroWest Economic Research Center (MERC) at Framingham State University now conducts a cost of living survey four times a year in January, April, July, and October. The survey gathers price data on goods and services from numerous stores, businesses, and service providers in the MetroWest (MW) region. The region consists of nine towns: Ashland, Framingham, Hopkinton, Holliston, Natick, Sherborn, Southborough, Sudbury, and Wayland. The goods and services priced are specified by the Council for Com-

munity and Economic Research (C2ER) and based on a survey of consumer spending patterns conducted by the U.S. Bureau of Labor Statistics. The goods and services are representative of purchases typically made by professional and executive households. The goods and services are grouped into six categories: grocery items, health care, housing, transportation, utilities, and miscellaneous goods and services. The average prices of the items are used to create indexes for each of these categories of goods and services. The Overall Cost of Living Index is a weighted average of these six sub-indexes. The data is also included in a national survey conducted by C2ER that includes

Continued on page 6

Impressive Year for Single Family Home Sales in MetroWest

By: Zacharey Leach



Zacharey Leach

Intern III

Focus

Census

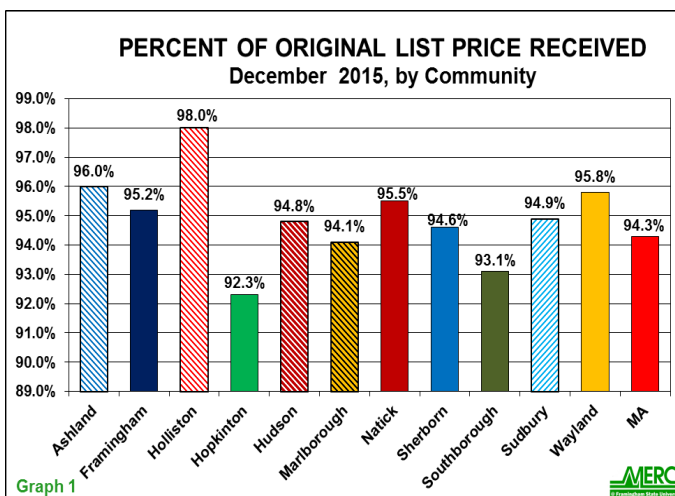
Major

Business Admin.
YOG 2016

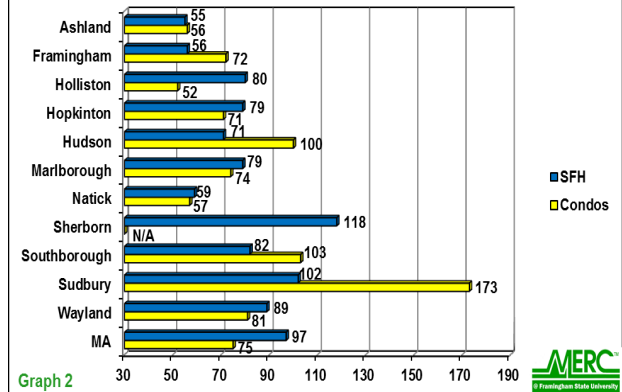
The MetroWest Economic Research Center (MERC) at Framingham State University uses the monthly estimates from the Greater Boston Real Estate Board to research housing characteristics for a modified MetroWest region, which consists of the following eleven communities: Ashland, Framingham, Holliston, Hopkinton, Hudson, Marlborough, Natick, Sherborn, Southborough, Sudbury, and Wayland. This region is different than MERC's 13 community Greater MetroWest, due to the fact that data for

Northborough and Southborough were unavailable. In 2010, the United States Census Bureau reported that there was a total population of 248,490 in this region, accounting for 3.8% of the state population.

Graph 1 below displays the percent of original list price received for single family homes for each of the eleven MetroWest communities, as well as Massachusetts, in December 2015. Percent of original list price received is defined as total amount sold (in dollars) divided by the total original list price (in dollars). The community with the highest percentage of its original list price received was Holliston at 98%. The median sale price in Holliston during December was



NUMBER OF DAYS ON MARKET UNTIL SALE
Year end 2015, SFH vs. Condominiums



\$524,000. The second highest percent of original list price received was Ashland at 96%, two percent lower than Holliston. The median sale price for single family homes in Ashland during December was \$440,000. Hopkinton at 92.3%, Southborough at 93.1%, and Marlborough at 94.1% recorded a percentage less than the state. With the exception of Holliston, all of the communities remained within two percentage points of the state's 94.3% of original list price received in December 2015.

Graph 2 above displays the number of days on market until sale for single family homes and condominiums for all sales in 2015. Days on market is measured from when a listing goes on the market to when an offer is accepted, or enters a pending status. Days on market for single family homes ranged from 118 days in Sherborn to 55 days in Ashland. Days on market for condominiums ranged from 173 days in Sudbury to 52 days in Holliston. Sudbury recorded the largest variation in days on market, as condominiums were listed 69% longer than single family homes. Ashland recorded the least variation, as condominiums were only on market one day longer than single family homes. Sherborn reported zero listed condominiums for the year. Single family homes in Massachusetts were on average on market 22 days longer than condominiums until an offer was accepted. All other communities, with the exception of Sudbury, remained consistent with

495/MW Employment Reaches New Highs

By: Cameron Coburn



Cameron Coburn

Intern II

Focus

Employment

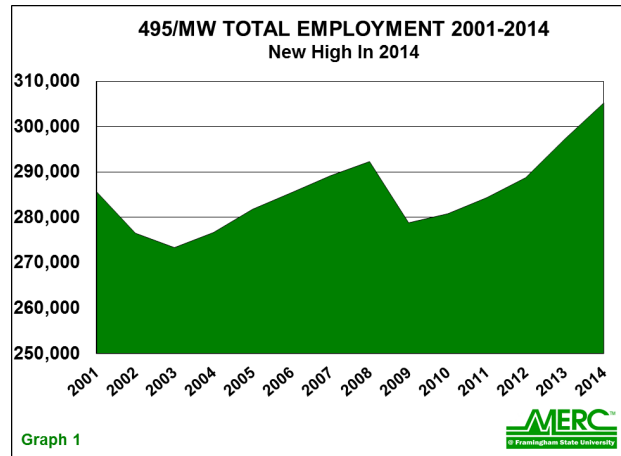
Major

Business IT

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The 495/MetroWest Corridor (495/MW) includes thirty-two communities along Interstate 495 and I-90 as shown below in Map 1. Employment in the region grew by 2.7% from 2013 to 2014, adding 8,000 jobs. The employment data used was collected from the ES202 series and refers to jobs at business establishments located within the 32 communities, not residents of the communities. Workers holding these jobs do not necessarily have to live in the communities. As shown in Graph 1, at right, the region added 19,500 jobs, a

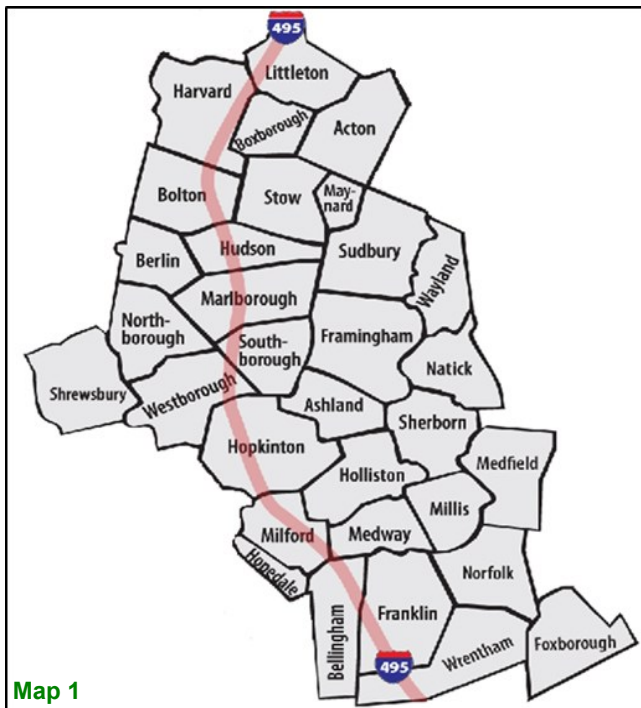
6.8% increase over the 14-year period from 2001 to 2014. During this period, the region experienced two recessions. First, the “dot com” recession from 2001 to 2003 resulted in a loss of 12,000 jobs over a two-year period. Second, the “Great Recession” of 2008 resulted in a loss of 13,000 jobs in just one year, marking the region’s steepest contraction over the period. However, most of these jobs were recovered when the region added 26,000 jobs, a 9.5% increase, from 2009 to 2014, reaching pre-recession levels in 2013. The 495/MW region recov-



ery was more rapid than the state’s 7.2% increase from 2009 to 2014. Over the following two-year period from 2012 to 2014, the region added 16,000 jobs, entering an expansion period.

Over the 14-year period from 2001 to 2014 the region’s total payroll increased by 45%, or \$6.5 billion (see graph 2 on page 7). During the “dot com” recession from 2001 to 2002 the region lost \$765 million in total payroll, a 5.4% decline. From 2008 to 2009, the region’s total payroll decreased by 4.5%, or \$809 million. The region began a recovery period in 2009 that saw a 22%, or \$3.7 billion, increase in payroll from 2009 to 2014, reaching pre-recession levels in 2013. This recovery period reflected the state’s gain of 22% over the same period. In just one year, 2013 to 2014, the region added a billion dollars to its payroll, signaling a growth period.

The 495/MW average annual wage varied widely among communities. The communities selected in Graph 3 on page 7 include all of the towns in the MetroWest region, as well as the towns with the highest and lowest average annual wages in the 495/MW region. In 2014 495/MW had an average wage of \$67,000, higher than the national and state average of \$64,000 and \$51,000, respectively. Boxborough and Hopkinton each had significantly higher average wages than the rest of the communities at \$131,000 and \$105,000 respectively. Ashland, Berlin, Sherborn, Wayland, and Wrentham each had a lower aver-



Map 1

Continued on page 7

Continued from page 1

**Lorenzo D'Amore**

Intern II

Focus

Municipal Revenue

Major

Economics

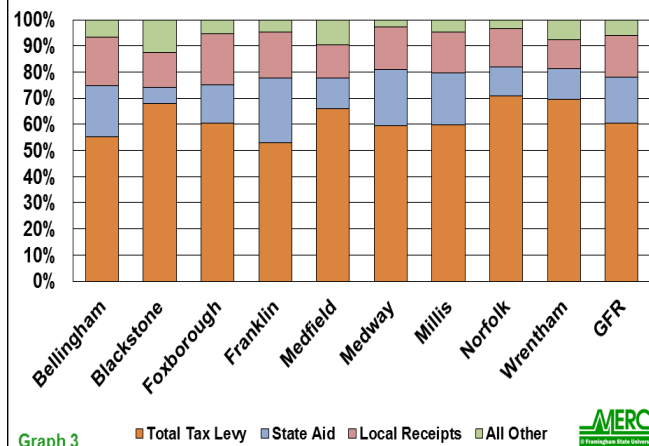
YOG 2016

aid for education is determined by student enrollment classification categories and related costs for each town. Local receipts include fees for services such as water, sewer, and trash collection provided by local government. The category of "all other" includes available free cash.

As shown in Graph 1 on page 1 the total municipal revenue for Greater Franklin (GFR) grew from \$255.3 million in FY2000 to \$520.3 million in FY2016, an increase of 103.8%. The total municipal revenue as well as the total tax levy amounts have both

increased steadily over the past decade or so, whereas the amount of state aid, local receipts, and "all other" have had changes to a much smaller degree than the total revenue and tax levies. For the region, from FY2000 to FY2016, the total tax levy rose by 128.3% overall, moving from \$137.7 million in FY2000 to \$314.4 million in FY2016. The total tax levy made up 60% of the total municipal revenue for GFR in FY2016. In the past year, from FY2015 to FY2016, the tax levy rose by 4.7%, an increase of slightly more than \$14 million. State aid given directly to the communities has decreased by 8.6% in FY2016 since it peaked at its highest value in FY2009, at \$99.6 million. State aid in FY2016 was \$91 million, an

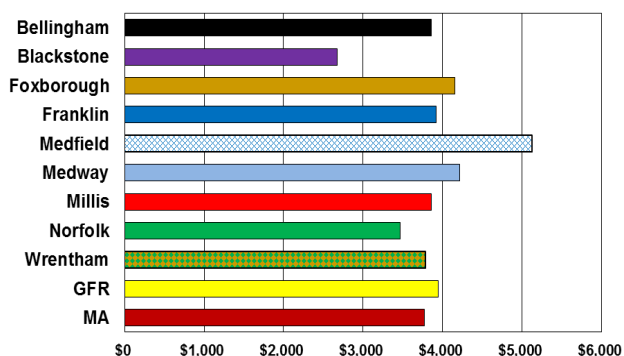
FY2016 MUNICIPAL REVENUE BY SOURCE
Greater Franklin Region



overall increase from FY2000 of 42.9%. Local receipts and "all other" rose by 124.1% and 88.1%, respectively, from FY2000 to FY2016.

Municipal revenue per capita, as shown in Graph 2 below left for Greater Franklin (GFR) communities for FY2016, is equal to spending per capita as communities are required to balance their budgets. Of the nine communities that make up the Greater Franklin region, Medfield had the highest per capita revenue at \$5,124 which was 21.5% higher than the next highest municipal revenue per capita in Medway at \$4,216. The community with the lowest per capita revenue was Blackstone, with only \$2,673. Medfield's per capita revenue was just over 90% higher than the per capita revenue in Blackstone. These were the highest and the lowest in Greater Franklin. The Greater Franklin region's average municipal revenue per capita was \$3,943. Only three communities had revenues higher than the average GFR revenue per capita: Medfield, Medway, and Foxborough. The remaining six communities all fell below the GFR municipal revenue per capita average. Of the nine communities, Norfolk and Blackstone were the only two communities to have per capita revenue that was lower than the 2015 MA state average. In this graph, the number used for the MA per capita average of \$3,771, was from FY2015, as the data for FY2016 for the state was unavailable at the time of publication.

GREATER FRANKLIN REVENUE PER CAPITA
FY2016 By Community

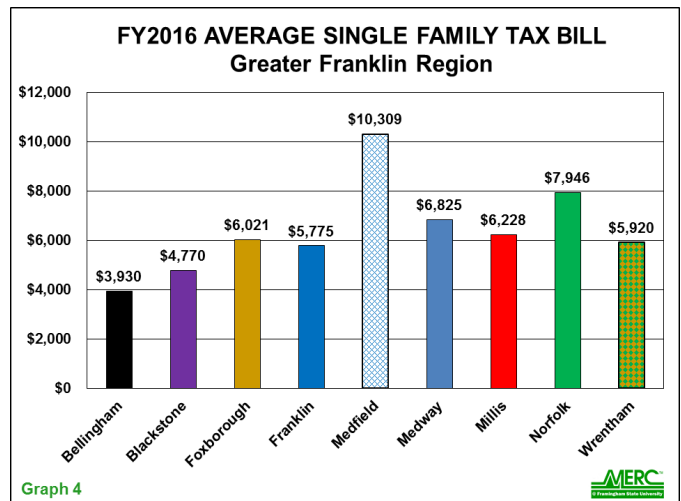


Continued on page 5

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Graph 3 on page 4 shows each of the components that make up the total municipal revenue for each community in Greater Franklin. The total tax levy component represented the largest contributor for every community in the region. The percent of municipal revenue that was contributed by the total tax levy ranged from a low of 52.9% in Franklin to a high of 71.0% in Norfolk. The total tax levy is comprised of the tax revenue generated from residential, commercial, industrial, and personal property. The next component of municipal revenue is state aid. Five of the nine communities had state aid as their second largest contributor to municipal revenues. The other four communities: Blackstone, Foxborough, Medfield, and Norfolk had a higher contribution from local receipts as a percentage of revenue over state aid contributions. "All other" contributed the smallest amount to municipal revenue with a low of 2.6% in Medway. The highest contribution of "all other" came in Blackstone with 12.5% of municipal revenue.

Graph 4 above shows the average single family residential tax bill in FY2016 by community. The average assessed value for a single family home is arrived at by dividing the total assessed value of all single family homes in each community by the number of single family parcels in that community. To determine the average single family tax bill, the respective residential tax rate of each community is applied to this average single family assessed value. The average single



family residential tax bill in FY2016 differed by community, extending from a low of \$3,930 in Bellingham to a high of \$10,309 in Medfield. The average single family tax bill in Medfield was two and a half times larger than the average single family tax bill in Bellingham. Among the remaining communities the average single family tax bill ranged from \$4,770 in Blackstone to \$7,946 in Norfolk. With the exception of Bellingham and Blackstone, the remaining seven communities that make up Greater Franklin all had average single family tax bills over \$5,000 in FY2016. ■

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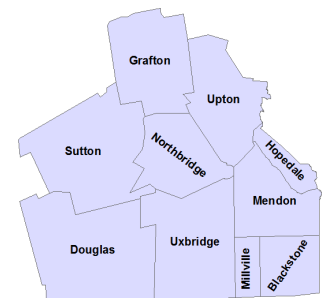
Receive economic updates and learn about MERC research



MERC Introduces Employment Data for Blackstone Valley

The Blackstone Valley Region includes eleven communities: Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Sutton, Upton, and Uxbridge. Until now MERC has regularly reported only unemployment data for the region. Starting this year, MERC has expanded its coverage of the Blackstone Valley to include employment analyses.

In 2014 employment in the Blackstone Valley Region totaled 27,100 jobs with an average annual wage of \$43,900. The 2,510 establishments or separate places of work in the eleven communities generated a total payroll of \$1.2 billion. Stay tuned for more employment news on this region!



Continued from page 1

**Nicholas Leger**

Intern II

Focus

Cost of Living

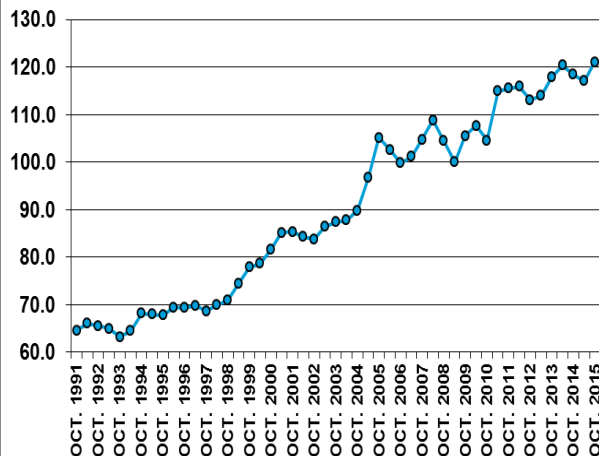
MajorEconomics
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approximately 300 urban areas located around the country.

The MERC Overall COL Index uses April 2009 as its base year, where the index has a value of 100.0. As seen in Graph 1 below, the data stretches from October 1991 until the second most recent survey in October 2015 (January 2016 is not included). The October 2015 survey yielded results with a new high, reaching a value of 121.1. Living in MetroWest was approximately 20% more expensive in October 2015

MERC METROWEST COST OF LIVING INDEX

April 2009 = 100.0



Graph 1

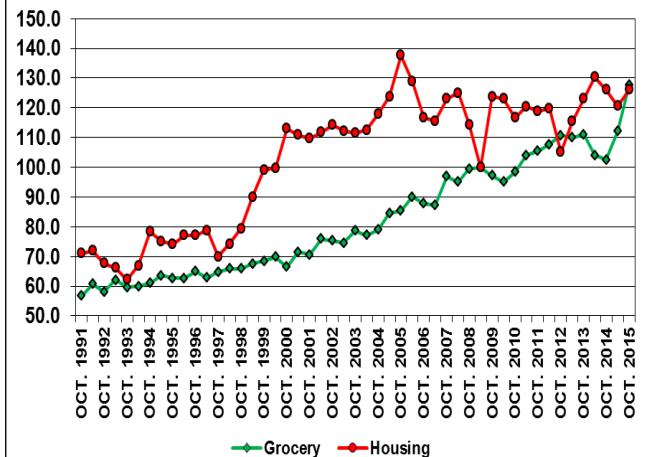
MERC

than in April of 2009. For the first 13 years, the index never had a change greater than 10% over any 12-month period, but from October 2004 to October 2005, the index saw its greatest change at 17%. Even 11 years later, the Cost of Living index has not recorded a change as large. Now looking at the big picture, the October 2015 index was almost 92% higher than the index's lowest value of 63.2 in October 1993. In the span of 22 years, by this measure the cost of living has almost doubled in MetroWest.

The Grocery Items and Housing Indexes

MERC GROCERY ITEMS AND HOUSING INDEXES

April 2009 = 100.0



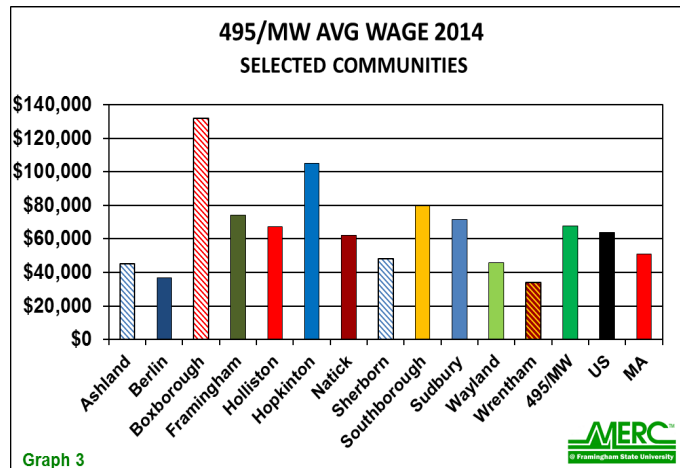
are depicted above in Graph 2. The Grocery Items Index was chosen because it had the greatest increase over the last year; the Housing Index was chosen because it had the second highest volatility amongst all indexes (second to Transportation, later discussed). The Grocery Items Index had a very low volatility, ranking fifth amongst six indexes. The Housing Index had higher values than the Grocery Items Index almost 100% of the time. The Grocery Items Index had higher values only twice: in October 2012 by only 6 percentage points and in October 2015 by only about 1 percentage point. Excluding the base year of April 2009, the indexes reached a value of 100.0 at varying times. On October 2000, the Housing Index eclipsed a value of 100.0, when it reached 113.1. It was not until the 2006 to 2010 period that the other indexes reached 100.0. However, the Grocery Items Index did not reach 100.0 until April 2011, with a value of 104.1. From October 2014 to October 2015, the Grocery Items Index increased almost 24%; the Grocery Items Index went from being ranked fifth highest to second highest in twelve months.

Graph 3 on page 8 shows all of the indexes in the October surveys, from 2012 to 2015 indicating that the indexes are growing by year. However, the Transportation Index is the exception to the trend showing decreases in more than 2 consecutive surveys. The Grocery

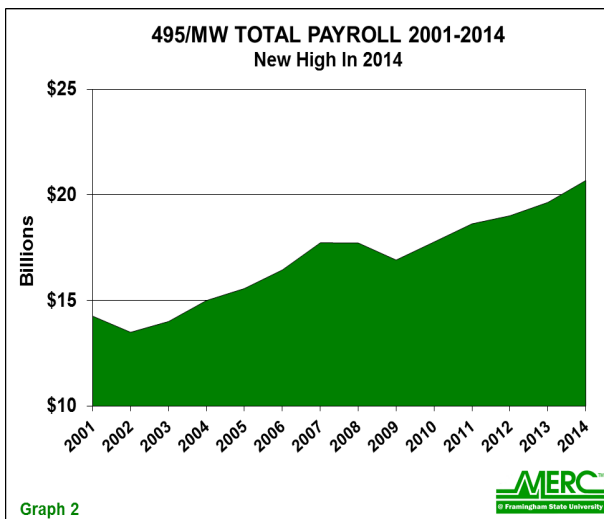
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age wage than the state and nation. Berlin and Wrentham each had the lowest wages in the community at \$36,000 and \$34,000, respectively. The average worker in Boxborough earns almost 3 times more than the average Wrentham employee. The disparity in wages between the communities can largely be explained by the prevailing employment distribution across sectors in each community. Boxborough has a high percentage of high wage Professional, Scientific and Technical Service jobs, while Wrentham has a high percentage of low wage Retail Trade jobs.



To summarize, the 495/MW region experienced two recessions from 2001 to 2014. The region added 26,000 jobs and increased payroll by \$3.7 billion over the entire period, which point to a healthy recovery and expansion in the region's economy. Moreover, when comparing the two recessions that took place during this time period, it appears that, despite its severity, the region was able to rebound faster from the most recent recession than the previous one. The 495/MW average annual wage of \$67,000 exceeded both the state and nation. Among all communities, Boxborough had the region's highest average annual wage at \$131,000. ■



High School Visit Program

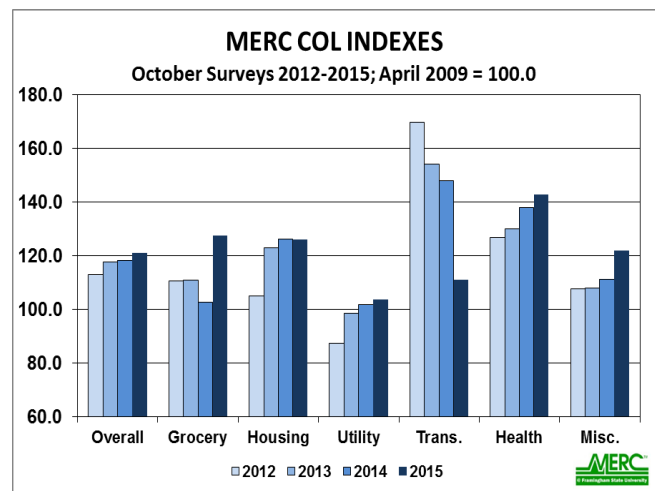
MERC senior intern Steve Porcello continued the tradition in 2016 by coordinating high school visits this semester to Newton North HS and Melrose HS. Steve (on right) presented on Unemployment, while two of his fellow interns incorporated their research as well: Lorenzo D'Amore (on left) with Municipal Revenue and Zacharey Leach (middle) with Census data. The three interns shared their research along with their MERC experiences with high school economics classes.

The program is intended to stimulate thought and discussion pertaining to economics while also trying to spark interest for collegiate studies. The presentation allows high school students to be more aware of the broad impact economics plays in everyday life, and how they can apply economics to their future endeavors.



Continued from page 6

Items Index shows a decrease from 2013 to 2014, but bounced back in 2015 with an index value greater than in 2012, 2013, or 2014. In April 2012, Transportation showed its all-time high at 174.4, followed by October 2012 at 169.6. In April 2012, the largest gap at any given time in the survey occurred: the Transportation Index was almost 130% higher than the Utility Index. After the 2012 highs, the Transportation Index fell to values not seen since 2006. The main reason the Transportation Index saw such a decline was falling gas prices. From the four most recent October surveys, the gas prices were \$3.98, \$3.46, \$3.36 and \$2.33, respectively. The Transportation Index went from being ranked first highest to fifth highest in one year, a drop of about 34% since 2012. ■



Women Making History Now

Framingham State University recently launched the 1st Annual *Women Making History Now* awards, which honors women who make a positive impact in their communities, the region, and the state. We are pleased to announce that three of this year's recipients are MERC Advisory Board members. State Senator Karen Spilka, Jen Maseda, Chief Philanthropy Officer for the United Way of Tri-County, and Helen Lemoine, Executive Director of Leadership MetroWest, were among those recognized.

At the awards ceremony, Framingham State President Javier Cevallos remarked that honoring these women is a way to both mark their accomplishments and to remember there is still progress to be made. "In spite of all the things that have changed...there are still challenges in terms of equity," Cevallos said. "I think we have to continue to talk about the issues that are important to us."



Left to Right: MERC Co-Director Fahlino Sjuib, honoree Jen Maseda, and MERC Co-Director Beverly Soriano



State Senator Karen Spilka

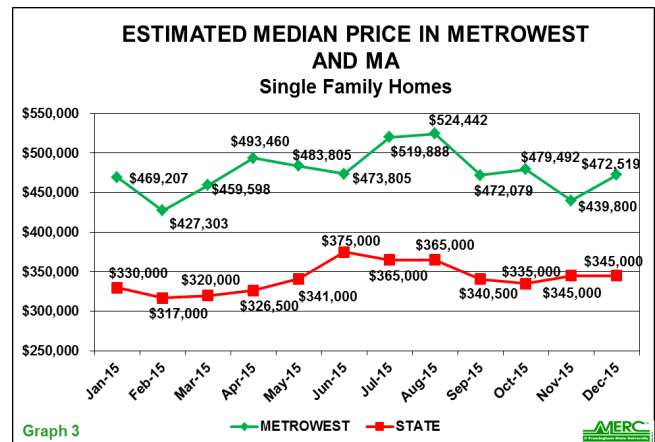


Fahlino Sjuib and Beverly Soriano with honoree Helen Lemoine

Continued from page 2

the state variation of a month or less difference between single family homes and condominiums.

Graph 3 at right shows the estimated median price for single family homes in the 11 MetroWest communities in green and Massachusetts in red. The estimated sale price in the 11 community aggregate is dramatically higher than that of the state in all months. The largest percent difference came in August 2015, where the estimated median price for a single family home was \$524,442 in MetroWest, which was 43.6% higher than the median single family home price of \$365,000 in Massachusetts. The smallest percent difference came earlier in the year in June 2015, when the estimated median price for a single family home sold in MetroWest for \$473,805 was 26.1% higher than the median single family home price for the state at \$375,000. November 2015 had a similar result, as the estimated median price for a single family home of \$439,800 was 27.5% higher than the corresponding estimated price for a single family home of \$345,000 in Massachusetts. It is interesting to note that the price for a single family home in December is less than one percent higher than the beginning of the year.



In summary, Holliston had the highest percent of original list price received in December 2015 at 98%, 3.7% higher than the state percent of original list price received of 94.3%. Sudbury recorded the largest difference between year to date number of days on market until sale between single family homes and condominiums. The condominiums were on the market 69% longer than single family homes. The estimated median price for single family homes was dramatically higher than that of the state for the entire year of 2015. ■

Former MERC Interns: Where are We Now?

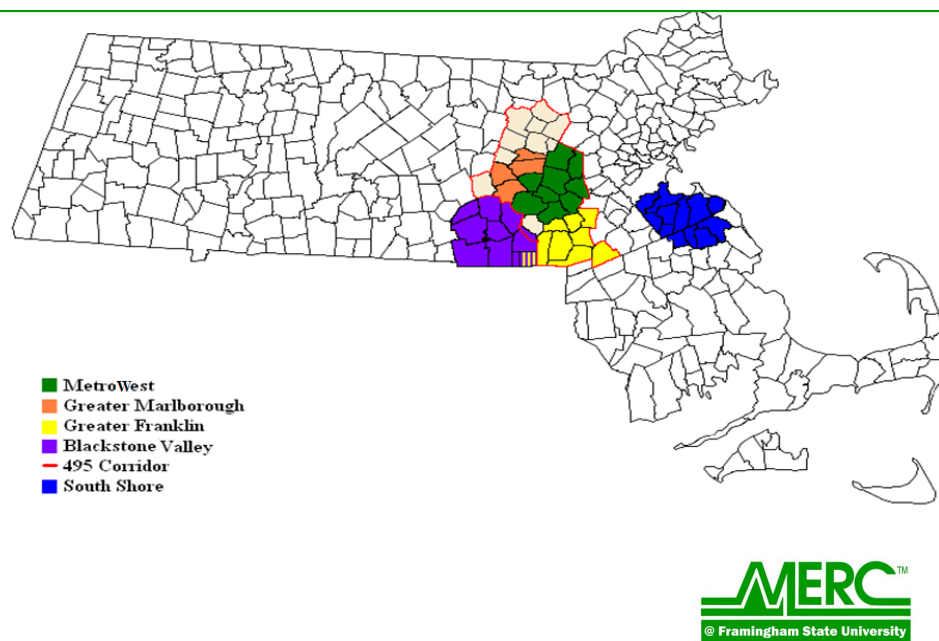
Since MERC's founding in 1991, more than 200 students have participated in the MERC Internship Program. We reached out to a few of the former interns to see where their careers have taken them since leaving MERC and graduating from Framingham State University.

Michael Kreppel interned with MERC from Fall 2002 to Spring 2003. Michael currently works as a compliance manager at Lending Club, an online lending marketplace. Michael is also a member of the MERC Advisory Board. Michael focuses on complex lending laws and regulations. Michael reports that his MERC experience of analyzing and presenting data and information in a clear way is still of great importance in his position with Lending Club. Michael advises current and future interns to take advantage of the MERC opportunity by honing your writing, speaking, and data analysis skills.

Allyson Sorgini interned with MERC from Fall 2012 to Spring 2014. Allyson currently works as a Financial Operations Assistant at HarbourVest Partners, LLC. Allyson works as a member of the investment accounting team, focusing on multiple financial statements and sending them to investors. Allyson reports that her MERC experience of formatting articles and presentations is a crucial part of her work today. She also reports that the weekly meeting at MERC allowed her to develop good communication skills with her team as well as her superiors. Allyson advises current and future interns that the interview process after graduation can be nerve-racking, but to always remember you are interviewing each other to see if it is a mutual fit.

MERC SUBSTATE REGIONS MAP

MERC provides economic data and analysis for the 6 sub-state regions shown on the map: MetroWest CCSA™, Greater Marlborough Region, Greater Franklin Region, Blackstone Valley, 495/MetroWest Corridor, and the South Shore CCSA™. Greater MetroWest is comprised of MetroWest and the Greater Marlborough Region.



There are several categories of unemployment rates. U-1 through U-6, not seasonally adjusted, are reported below for the U.S. period rates in February 2016. MERC uses the U-3 rate, which is the official unemployment rate.

Measures: U.S. February 2016

U-1	Persons unemployed 15 weeks or longer, as a percentage of the civilian labor force	2.2%
U-2	Job losers and persons who completed temporary jobs, as a percentage of the civilian labor force	2.7%
U-3	Total unemployed persons, as a percentage of the civilian labor force (the official unemployment rate)	5.2%
U-4	Total unemployed persons plus discouraged workers, as a percentage of the civilian labor force plus discourage workers	5.6%
U-5	(U-4) plus all other "marginally attached" workers, as a percentage of the civilian labor force plus all "marginally attached" workers	6.3%
U-6	Total unemployed persons, plus all "marginally attached" workers, plus all persons employed part time for economic reasons, as a percentage of the civilian labor force plus all "marginally attached" workers	10.1%

February 2016 UNEMPLOYMENT RATES Not Seasonally Adjusted (Preliminary Data)

495/MW	3.7%
Blackstone Valley	4.5%
Blackstone	5.5%
Douglas	4.2%
Grafton	3.9%
Hopedale	4.2%
Mendon	4.2%
Millbury	4.4%
Millville	5.6%
Northbridge	4.9%
Sutton	4.5%
Upton	3.8%
Uxbridge	4.7%
Greater Franklin	4.1%
Bellingham	4.8%
Blackstone	5.5%
Foxborough	4.1%
Franklin	3.8%
Medfield	3.2%
Medway	3.7%
Millis	4.6%
Norfolk	3.8%
Wrentham	3.6%
Greater Marlborough	4.1%
Hudson	5.2%
Marlborough	4.1%
Northborough	4.0%
Westborough	3.2%
MetroWest	3.4%
Ashland	3.6%
Framingham	3.5%
Holliston	3.8%
Hopkinton	3.6%
Natick	3.0%
Sherborn	2.7%
Southborough	3.2%
Sudbury	2.9%
Wayland	3.3%
Milford	4.9%
South Shore	4.4%
Abington	5.2%
Braintree	4.0%
Cohasset	3.6%
Hanover	3.5%
Hingham	3.5%
Milton	3.6%
Norwell	3.9%
Quincy	4.3%
Randolph	5.1%
Rockland	5.5%
Weymouth	4.8%
Massachusetts	4.7%
United States	5.2%

A Peek Inside MERC



MERC Interns: Spring 2016



Back Row: Lorenzo D'Amore, Taleh Aliyev, James Alimi, Cameron Coburn, Timothy Bryan, Zacharey Leach, Nicholas Leger

Front Row: Steven Porcello, Kira Crocker, Danielle Shuster, Cecilia Valentine, Kerin Boti, Matthew Diver

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24th MERC Annual Conference Friday, May 13, 2016



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