

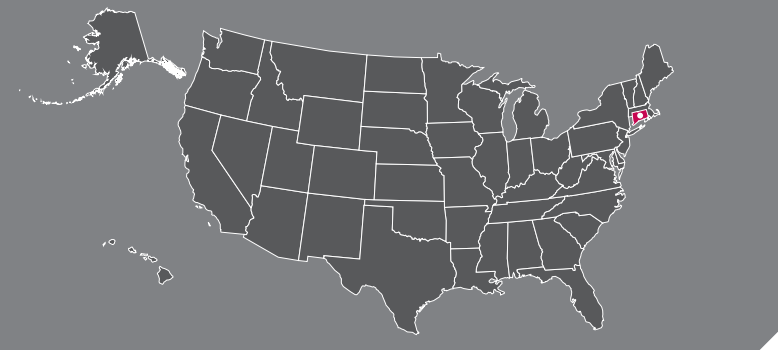
# HUD PD&R Housing Market Profiles

## Hartford-West Hartford-East Hartford, Connecticut



### Quick Facts About Hartford-West Hartford-East Hartford

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: tight.**
- **The metropolitan area is home to the University of Connecticut and the University of Connecticut Health Center (a separate employer), which, together, employed nearly 10,000 full- and part-time faculty and staff during the academic year beginning in the fall of 2013. In 2008 (the most recent data available), the university reported a statewide economic impact of \$2.3 billion.**



By Michael J. Murphy | As of July 1, 2014

### Overview

The Hartford-West Hartford-East Hartford, CT Metropolitan Statistical Area (hereafter, the Hartford metropolitan area) comprises Hartford, Middlesex, and Tolland Counties, spanning central Connecticut from the Massachusetts border to the north to the Long Island Sound to the south. The metropolitan area, the largest metropolitan area in Connecticut, contains the principal city of Hartford, which is the state capital. Population gains since 2010 have lagged gains in other metropolitan areas in the region, such as the Boston metropolitan area, because of slower economic growth in the Hartford metropolitan area since the end of the national recession in June 2009.

- As of July 1, 2014, the population of the Hartford metropolitan area was nearly 1,216,000, reflecting an average annual increase of 840, or 0.1 percent, since April 1, 2010.
- Population growth averaged more than 5,000 people, or 0.4 percent, annually from 2007 to 2010.
- Since 2010, net out-migration has averaged 1,150 people a year. By contrast, from 2007 to 2010, net in-migration of 1,850 people a year accounted for more than 35 percent of total population growth.



The 3 months ending June 2014 continued a trend of 4 consecutive years of nonfarm payroll growth in the Hartford area.

	3 Months Ending		Year-Over-Year Change	
	June 2013 (thousands)	June 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	551.2	554.8	3.6	0.7
Goods-producing sectors	75.4	74.7	-0.7	-0.9
Mining, logging, and construction	18.5	19.2	0.7	3.8
Manufacturing	56.9	55.5	-1.4	-2.5
Service-providing sectors	475.8	480.2	4.4	0.9
Wholesale and retail trade	72.3	72.9	0.6	0.8
Transportation and utilities	16.1	17.0	0.9	5.6
Information	11.3	11.0	-0.3	-2.7
Financial activities	59.4	59.0	-0.4	-0.7
Professional and business services	64.2	64.7	0.5	0.8
Education and health services	100.1	102.1	2.0	2.0
Leisure and hospitality	46.9	48.7	1.8	3.8
Other services	21.1	21.4	0.3	1.4
Government	84.6	83.5	-1.1	-1.3
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.8	6.7		

Notes: Numbers may not add to totals because of rounding. Nonfarm payroll data are for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

## Economic Conditions

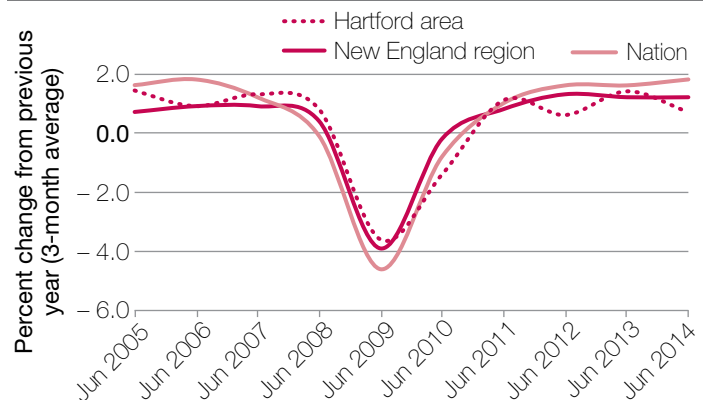
Economic conditions have improved in the Hartford metropolitan area since the second quarter of 2011; however, the rate of growth slowed during the past year, and the current level of nonfarm payrolls remains 1.4 percent less than the peak level for the same period, which occurred during 2008.

During the second quarter of 2014—

- Nonfarm payrolls averaged 554,800 jobs, an increase of 3,600 jobs, or 0.7 percent, from the second quarter of 2013. By comparison, during the second quarter of 2013, nonfarm payrolls increased by 7,600 jobs, or 1.4 percent, from the second quarter of 2012.
- As the local, state, and national economies improved, the leisure and hospitality sector benefited, gaining 1,800 jobs, or 3.8 percent; nearly 90 percent of the additional jobs were in the accommodation and food services subsector.
- Leading the job growth for the metropolitan area, the education and health services sector increased by 2,000 jobs, or 2.0 percent, compared with employment during the second quarter of 2013, with gains primarily concentrated in the health care and social assistance subsector, which increased by 1,800 jobs, or

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Nonfarm payrolls have increased by nearly 20,000 jobs, or 4 percent, in the Hartford area since the 3 months ending June 2010.



Note: Nonfarm payroll data are for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

## Largest employers in the Hartford area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United Technologies Corporation	Manufacturing	14,900
The Hartford Financial Services Group	Financial activities	11,300
Aetna Inc.	Financial activities	7,250

Note: Excludes local school districts.

Source: Moody's Analytics



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2.1 percent. Job gains in the education and health services sector may begin to slow, however, because Hartford HealthCare announced that it plans to eliminate 350 positions statewide during the upcoming year (*The Courant*).

- The greatest nonfarm payroll job declines were in the manufacturing sector, which lost 1,400 jobs, or 2.5 percent, from a year earlier. The entire net loss was concentrated in the durable goods subsector, which declined by 1,600 jobs, or 3.4 percent. Clear Edge Power, a fuel cell manufacturer that filed for bankruptcy protection, cut 270 jobs at its South Windsor facility. The conglomerate 3M plans to close its manufacturing plant in Enfield by the end of 2014, which will affect 140 workers (*Hartford Business Journal*).

- The average unemployment rate decreased to 6.7 percent from 7.8 percent a year earlier.

The financial activities sector, which, along with the state government subsector, was once an anchor of the local economy, lost nonfarm payroll jobs every year from 2002 through 2013, although, in some years, the contractions were minimal. During that period, the sector lost 11,200 jobs, representing a 16-percent decline. Two-thirds of the net job losses occurred in the insurance carriers and related activities industry. During the second quarter of 2014, overall declines in nonfarm payroll jobs in the financial activities sector were limited to 400 jobs, or 0.7 percent, from a year earlier. The insurance carriers and related activities industry, however, lost 1,200 jobs, a 3-percent decline. The Travelers Companies, Inc., cut 90 jobs during the summer of 2013 (Connecticut Department of Labor).

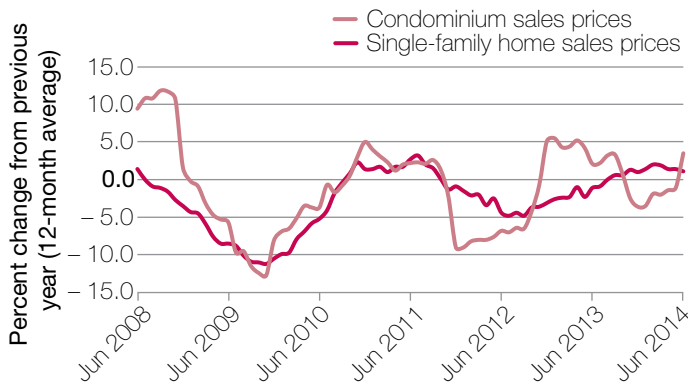
## Sales Market Conditions

Slow-to-moderate job gains since 2011 have led to the improvement of sales housing market conditions in the Hartford metropolitan area during the past 2 years, but the market is still slightly soft. The current estimated sales vacancy rate is 1.4 percent, slightly greater than the 1.3-percent rate in April 2010. During the 12 months ending June 2014, new and existing single-family home sales, including townhome sales, in the metropolitan area totaled 10,400, up nearly 700 homes, or 7 percent, from a year earlier (Metrostudy, A Hanley Wood Company). By comparison, new and existing home sales averaged 8,750 annually from 2009 through 2011. During the 12 months ending June 2014, the average sales price of new and existing homes was \$256,700, up 1 percent from the average of \$254,000 during the previous 12 months but down 2 percent from the average sales price of \$262,800 from 2009 through 2011.

- New and existing condominium sales, which represented 19 percent of all home sales in the metropolitan area, totaled 2,450 during the 12 months ending June 2014, an increase of 25 homes, or 1 percent, compared with the number of sales recorded a year earlier. By comparison, from 2009 through 2011, condominium sales averaged 2,325 homes annually and accounted for 21 percent of all home sales.
- The average sales price of new and existing condominiums during the 12 months ending June 2014 was \$195,500, up 3 percent from the previous 12 months and up 1 percent from the average sales price of \$192,700 from 2009 through 2011.
- As of June 2014, 5.9 percent of home loans in the Hartford metropolitan area were 90 or more days delinquent, were in foreclosure,

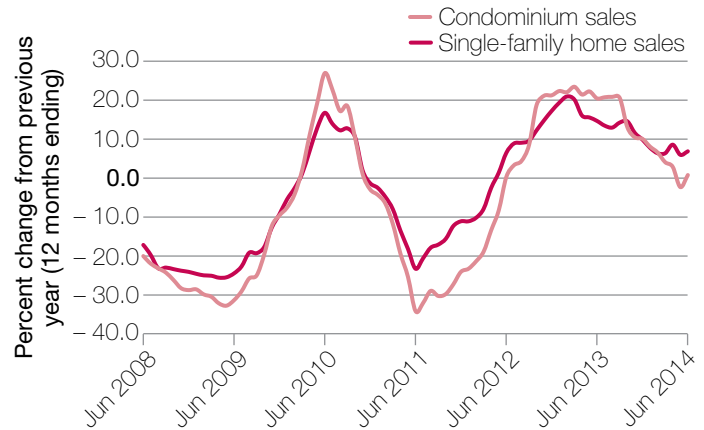
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### Single-family home and condominium sales prices in the Hartford area increased slightly during the past year but remained below 2008 levels.



Note: Single-family home sales prices are for single-family homes and townhomes. Source: Metrostudy, A Hanley Wood Company

### The growth in single-family home sales and condominium sales in the Hartford area slowed during the past year, but each was up 29 percent from 2011.



Note: Data for single-family home sales are for single-family homes and townhomes. Source: Metrostudy, A Hanley Wood Company



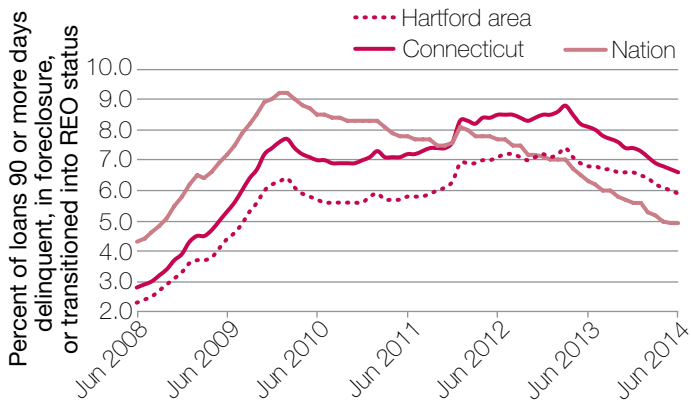
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or transitioned into REO (Real Estate Owned) status, down from 6.8 percent a year earlier (Black Knight Financial Services, Inc.).

- The rates of distressed loans and REO properties by county in the metropolitan area as of June 2014 were 6.2 percent in Hartford County and 5.2 percent each in Middlesex and Tolland Counties. By comparison, the distressed loan percentages for the New England region and the United States during the same period were 5.7 and 4.9 percent, respectively.

Despite an increase in home sales during the past year, and because job gains began to slow at the end of 2013, single-family home construction, as measured by the number of homes permitted, declined. Single-family home permitting decreased to 200 homes during the second quarter of 2014 compared with 270 homes during the second quarter of 2013 (preliminary data). By comparison, an average of 210 single-family homes were permitted during the same periods from 2009 through 2012.

**The distressed loan rate in the Hartford area has been consistently lower than the state rate but has been higher than the national rate since December 2012.**



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

**Apartment Market Conditions**

Apartment market conditions in the Hartford metropolitan area are tight. During the second quarter of 2014, the apartment vacancy rate was 2.5 percent, down from 2.8 percent during the same period a year earlier (Reis, Inc.). This low rate, which can be partially attributed to the limited number of multifamily unit completions since 2008, represents the lowest apartment vacancy rate for the metropolitan area in nearly 12 years and the fourth lowest rate in the nation among metropolitan areas covered by Reis, Inc. The average asking rent increased 2 percent, to \$1,056, during the period.

During the second quarter of 2014—

- The level of single-family permitting was highest in Hartford County, which accounted for 55 percent of the total in the Hartford metropolitan area. Tolland and Middlesex Counties accounted for 27.5 and 17.5 percent, respectively, of all single-family homes permitted in the metropolitan area.
- Single-family home permitting increased in Tolland County, where the number of single-family homes permitted increased to 55 compared with the 40 homes permitted during the same period a year earlier.
- Homebuilding activity decreased in Hartford County, where the number of single-family homes permitted decreased to 110 from 170 homes a year earlier, and in Middlesex County, where the number of single-family homes permitted declined to 35 from 55 homes during the second quarter of 2013.

**Although single-family home permitting increased in the Hartford area during 2012 and 2013, activity slowed during the first half of 2014 and has been historically low since 2008.**



Note: Includes preliminary data from January 2014 through June 2014.  
Source: U.S. Census Bureau, Building Permits Survey

During the second quarter of 2014—

- Apartment vacancy rates in the seven Reis-defined market areas within the Hartford metropolitan area ranged from 1.4 percent in the South Hartford and Northwest Hartford areas to 4.1 percent in the Tolland/Windham area.
- The Northwest Hartford area recorded the most significant decline in the apartment vacancy rate, to 1.4 percent from 2.3 percent during the same period a year earlier.
- The Northwest Hartford and South Hartford areas recorded the highest average asking apartment rents, at \$1,197 and \$1,131, respectively.

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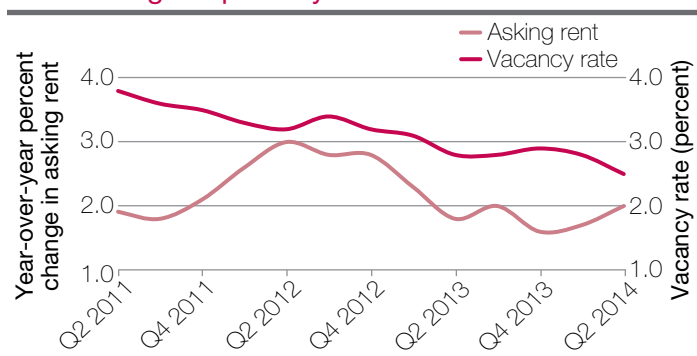
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- Average asking rents increased in all Reis-defined market areas in the metropolitan area, ranging from a 3-percent gain in the Tolland/Windham area to a 1-percent increase in the East Hartford area.

As a result of tightened apartment market conditions, which reflect increased demand for apartment living and the increased availability of financing for multifamily development, the number of multifamily units permitted increased in the Hartford metropolitan area during each of the past 3 years.

- During the second quarter of 2014, 240 multifamily units were permitted, up from 85 units permitted during the same period a year earlier (preliminary data). By comparison, an average of 100 units were permitted during the same 3-month periods from 2009 through 2012.

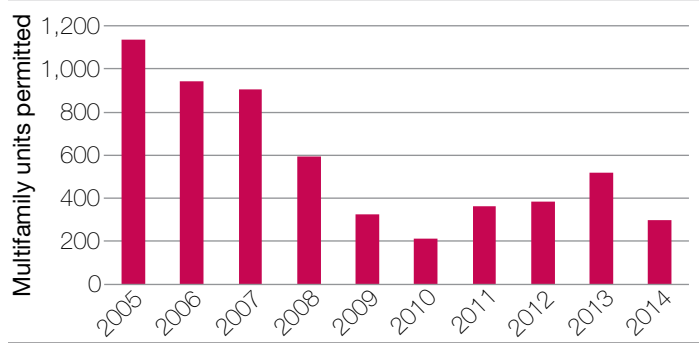
**Limited multifamily production since 2008 in the Hartford area has led to declines in the apartment vacancy rate and to increases in average asking rents during the past 3 years.**



Source: Reis, Inc.

- Approximately 1,925 new rental units are currently under construction in the metropolitan area, including nearly 500 in the city of Hartford (McGraw-Hill Construction Pipeline database).
- The largest and most significant apartment development in the metropolitan area is the conversion of the former Bank of America building in the city of Hartford; the \$80 million mixed-use development with 286 units is scheduled to open in late 2015.
- Development outside the city of Hartford includes the construction of a 224-unit complex on a 29-acre lot in the town of Manchester (*Hartford Business Journal*). The nearly \$35 million development will consist of six buildings with 57 one-bedroom and 167 two-bedroom units. The first building is scheduled to open by the end of 2014, with an additional building set to open every 30 days thereafter.

**Multifamily building activity began to increase during 2011 as builders responded to tightening rental market conditions in the Hartford area.**



Note: Includes preliminary data from January 2014 through June 2014. Source: U.S. Census Bureau, Building Permits Survey

