

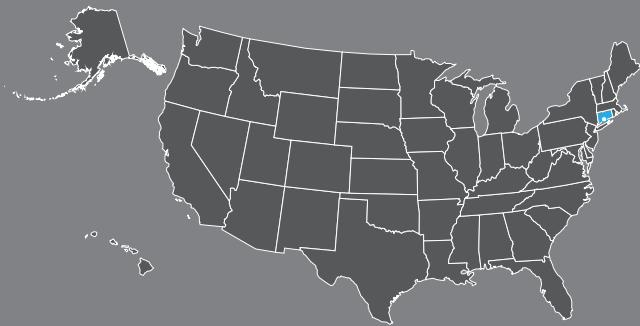
HUD PD&R Housing Market Profiles

New Haven-Milford, Connecticut



Quick Facts About New Haven-Milford

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **The metropolitan area is home to approximately 49,100 students enrolled at seven public and private institutions of higher education, including Yale University (hereafter, Yale), with nearly 13,450 students enrolled. Established in 1701, Yale is the third oldest institution of higher education in the United States, following Harvard University and the College of William & Mary.**



By Diana Villavicencio | As of March 1, 2020

Overview

The New Haven-Milford (hereafter, New Haven) metropolitan area in central Connecticut, along the coast of the Long Island Sound, is coterminous with New Haven County. The city of New Haven is 80 miles northeast of New York City and is the economic center and most populous city of the metropolitan area, accounting for more than 15 percent of the metropolitan area population. Two of the largest employers in the metropolitan area are Yale New Haven Health System and Yale, with 21,650 and 16,200 employees, respectively. Yale School of Medicine physicians provide more than \$12 million in free care to the local community annually. Yale provides up to \$4 million a year through the New Haven Promise for city residents who graduate from a New Haven public school and attend college in Connecticut.

- As of March 1, 2020, the estimated population of the New Haven metropolitan area was 854,100, representing a decrease of 970, or 0.1 percent, since July 2019. Net out-migration slowed to 1,600 people, partly due to faster job growth, whereas net natural increase (resident births minus resident deaths) averaged 630 people.

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- From 2014 to 2019, when job growth was slower, the population declined by an average of 1,625, or 0.2 percent, a year. Net out-migration averaged 2,475 people a year, and net natural increase averaged 840 people annually. From 2011 to 2014—a period that included faster job growth—net out-migration was relatively lower, averaging 1,700 people annually. In contrast, net natural increase was higher, averaging 1,375 people a year, resulting in an average population loss of only 330 people annually.
- Net natural increase slowed from 2014 to 2018, partly because of a 3-percent increase in retirement-age residents, or those age 65 years and older (2014 and 2018 American Community

Survey [ACS] 1-year estimates). Access to healthcare services attracted retirees from outside the metropolitan area and incentivized current residents to retire in place.

- From 2014 to 2018, net out-migration increased, partly because college-age residents (ages 18 through 24) declined an average of 0.7 percent annually. During the period, increases in enrollment at Yale, the University of New Haven, and Quinnipiac University were slightly offset by decreases in enrollment at Albertus Magnus College, Paier College of Art, Gateway Community College, and Southern Connecticut State University.

Economic Conditions

Following the economic downturn that occurred from 2008 through 2010 in the New Haven metropolitan area, nonfarm payrolls increased an average of 1.1 percent annually from 2011 through 2014 before slowing to an average growth of 0.7 percent a year from 2015 through 2018. During the 3 months ending February 2020, nonfarm payrolls grew 1.0 percent, or by 3,500 jobs, to 358,900—up from 0.5 percent, or 1,800 jobs, during the 3 months ending February 2019. By comparison, during the 3 months ending February 2020, nonfarm payrolls in the New England region and the nation grew an average of 0.5 and 1.5 percent, respectively. During the most recent 3-month period, seven nonfarm payroll sectors added jobs, compared with six during the previous 3-month period.

During the 3 months ending February 2020—

- The transportation and utilities sector grew by 3,100 jobs, or 23.1 percent, from the previous year and has been the fastest growing sector in the New Haven metropolitan area since 2011. A \$250 million, 855,000-square-foot Amazon.com, Inc. fulfillment center in the town of North Haven opened in July 2019, which added approximately 2,500 employees through December 2019.
- The professional and business services sector—which added 1,200 jobs, or 3.4 percent—rose to 36,400 jobs and was the second fastest growing nonfarm payroll sector in the metropolitan area. The administrative and support and waste

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Seven nonfarm payroll sectors in the New Haven metropolitan area increased during the 3 months ending February 2020.

	3 Months Ending		Year-Over-Year Change	
	February 2019 (Thousands)	February 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	355.4	358.9	3.5	1.0
Goods-Producing Sectors	44.8	44.4	-0.4	-0.9
Mining, Logging, & Construction	13.1	13.3	0.2	1.5
Manufacturing	31.7	31.1	-0.6	-1.9
Service-Providing Sectors	310.6	314.5	3.9	1.3
Wholesale & Retail Trade	52.1	50.1	-2.0	-3.8
Transportation & Utilities	13.4	16.5	3.1	23.1
Information	4.4	4.2	-0.2	-4.5
Financial Activities	13.9	14.2	0.3	2.2
Professional & Business Services	35.2	36.4	1.2	3.4
Education & Health Services	100.4	101.4	1.0	1.0
Leisure & Hospitality	30.3	30.8	0.5	1.7
Other Services	13.8	13.8	0.0	0.0
Government	47.0	47.1	0.1	0.2
	(Percent)	(Percent)		
Unemployment Rate	4.3	4.2		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



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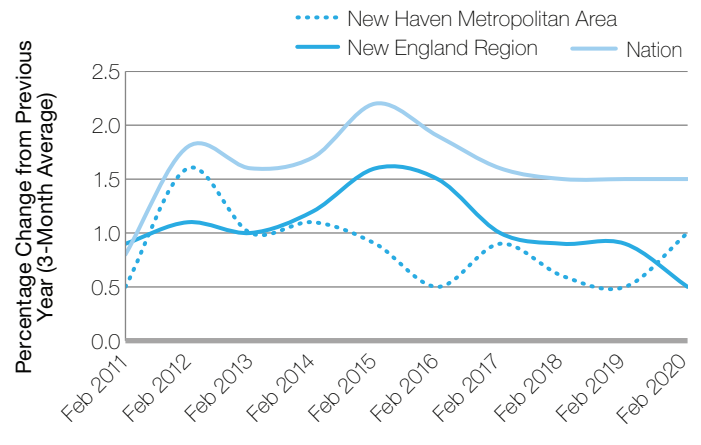
management and remediation services industry, which accounts for more than 40 percent of jobs in the sector, increased by 130 jobs, or less than 1 percent.

- Decreases in the wholesale and retail trade, the manufacturing, and the information sectors partially offset job growth, which lost a combined 2,800 jobs. Job losses were highest in the retail trade subsector, partly due to a Macy's store in the city of Meriden laying off 130 employees in January 2020, in preparation of closing in March 2020.
- The unemployment rate in the New Haven metropolitan area decreased slightly to an average of 4.2 percent, down from 4.3 percent during the same period a year earlier. The current unemployment rate is above the 3.7-percent rate for the nation.

The education and health services sector is the largest nonfarm payroll sector in the New Haven metropolitan area with 101,400 jobs, accounting for 28 percent of total nonfarm payrolls during the 3 months ending February 2020—higher than the 16-percent proportion of nonfarm payrolls in the nation. The sector has added the highest number of jobs among all 11 sectors in the metropolitan area since 2011. From 2011 through 2019, the sector added an average of 1,100 jobs, or 1.2 percent, annually and expanded by 1,000 jobs, or 1.0 percent, during the 3 months ending February 2020. During the most recent 3-month period, the educational services subsector accounted for nearly 75 percent of job growth in the sector—up from nearly 40 percent from 2011 through 2019. In January 2020, the Board of Alders of the city of New Haven approved the construction of a new \$838 million neuroscience center at the Yale New Haven Hospital (YNHH), which is part of the Yale New Haven Health System. YNHH is the primary teaching hospital for Yale School of Medicine and Yale School of Nursing and the largest hospital in Connecticut, with 1,541 patient beds. When complete in 2024, the 505,000-square-foot development will include two new patient facilities on the Saint Raphael

campus, add 204 inpatient beds, and is expected to generate a more-than-\$1 billion economic impact on the state (CT Economic Resource Center).

Nonfarm payroll growth in the New Haven metropolitan area and the New England region have been consistently below the rate of growth for the nation.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the New Haven Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Yale New Haven Health System	Education & Health Services	21,650
Yale University	Education & Health Services	16,200
Verizon Communications Inc.	Information	1,175

Note: Excludes local school districts.

Source: Moody's Analytics

Sales Market Conditions

The home sales market in the New Haven metropolitan area is currently balanced, with an estimated vacancy rate of 1.5 percent as of March 1, 2020, down from 1.8 percent during April 2010. Market conditions have improved since the 2007-through-2011 housing market downturn due to the absorption of excess vacant inventory during the foreclosure crisis. As of February 2020, the metropolitan area had a 3.3-month supply of available for-sale inventory, down from 4.2 months a year earlier, and has remained below a 6-month supply since 2016 (CoreLogic, Inc.). By comparison, the nation had a 2.5-month supply of for-sale inventory as of February 2020, down from 3.0 months in February 2018, and has remained below a 6-month supply since 2013. The percentage of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties

in the metropolitan area peaked at 9.1 percent during January 2013, compared with a peak of 8.6 percent for the nation during January and February of 2010 (CoreLogic, Inc.). As of February 2020, the rate in the metropolitan area was 2.3 percent—down from 2.7 percent a year ago and above the 1.3 percent rate for the nation.

During the 12 months ending February 2020—

- Approximately 10,800 existing homes were sold in the metropolitan area—up by 890 homes, or 9 percent, from the same period a year earlier and up by an average of 520 homes, or 6 percent, annually from a low of 6,575 homes sold in 2011, around the time of the local housing market downturn (Metrostudy, A Hanley Wood Company, with adjustments by the

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analyst). Regular resales have contributed the most to the rise in existing home sales since 2012, which increased by an average of 510 homes sold, or 7 percent, annually, while REO sales remained relatively stable. Condominium sales have accounted for 21 percent of all existing home sales since 2011.

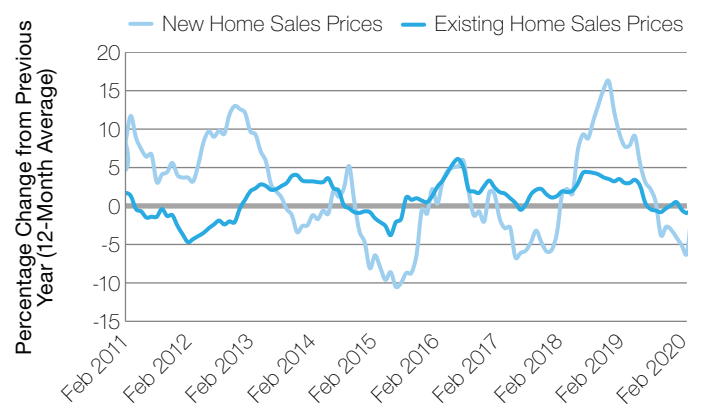
- The existing home sales price averaged \$246,000, a less than 1-percent decrease from the average existing home sales price a year earlier but approximately 10 percent higher than the average price of \$223,000 in 2011, a period when relatively lower priced REO sales contributed to a low average sales price.
- New home sales totaled approximately 70, down by 40 homes from the previous 12-month period and an average of 110 homes sold annually from 2012 through 2018. The average sales price of a new home decreased 6 percent to \$394,300 during the most recent 12 months, compared with the average annual growth rate of 2 percent from 2012 through 2018.
- New condominium sales account for 43 percent of all new home sales in the metropolitan area—up from 20 percent in 2011. New condominiums have been a more affordable option for residents who want to live in and around the metropolitan urban center because the average price has been 4 to 30 percent lower than for single-family homes since 2011.

New single-family home construction, as measured by the number of homes permitted, increased during the most recent 12 months, compared with the previous 12 months, but the level is lower than during the 2011-through-2014 period. Rising costs of homebuilding, increased demand for relatively more affordable condominiums, and slower population growth have suppressed single-family home construction.

- During the 12 months ending February 2020, the number of single-family homes permitted totaled 230—up 15 percent from the 200 homes permitted during the same period a year earlier (preliminary data). The number of single-family homes permitted averaged 460 homes annually from 2011 through 2014 before declining to an average of 420 homes a year from 2015 through 2018.
- Nearly one-half of single-family home permitting in the metropolitan area during the 12 months ending February 2020 occurred in the towns of Prospect and Oxford and the city of Milford due to higher population growth—particularly among retirement-age residents—in those areas. Developers have responded to the growing retirement-age population by developing age-restricted housing. Regency at Prospect, a subdivision with 379 townhomes planned at buildout, is designed for occupancy by residents age 55 years and older, with prices starting at \$319,995 for a two- or three-bedroom home.

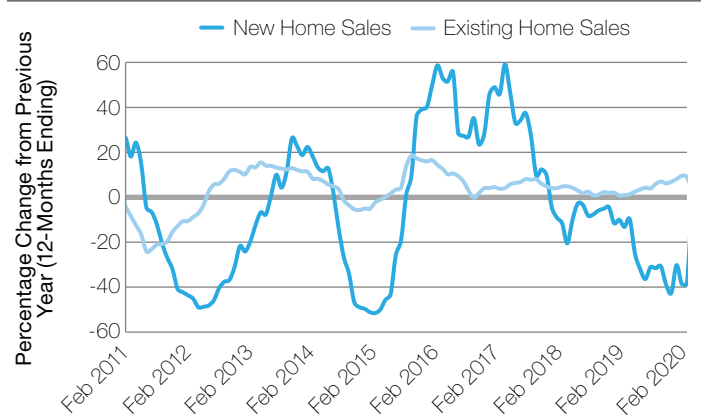
- In the city of New Haven, the Yale Homebuyer Program was established in 1994 and has contributed approximately \$34 million in funds to assist nearly 1,300 faculty and staff in the purchase of a home; more than two-thirds of the participants have been first-time homebuyers. The program provides Yale employees with a \$5,000 first-year bonus and an annual \$2,500 grant for up to 10 years as long as they continue to own the home and remain employed by the university.

New and existing home sales prices in the New Haven metropolitan area declined during the past year.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

New home sales in the New Haven metropolitan area have declined since December 2017, and existing home sales have increased since April 2015.



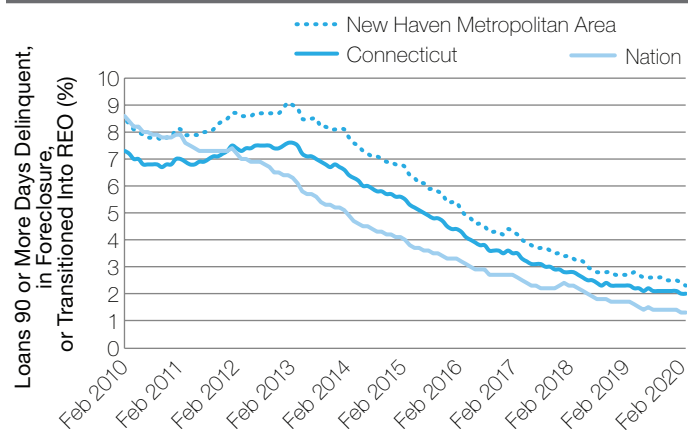
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

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The proportion of seriously delinquent loans and REO properties in the New Haven metropolitan area has been higher than both the statewide and the nationwide rates since February 2011.



REO = real estate owned.
Source: CoreLogic, Inc.

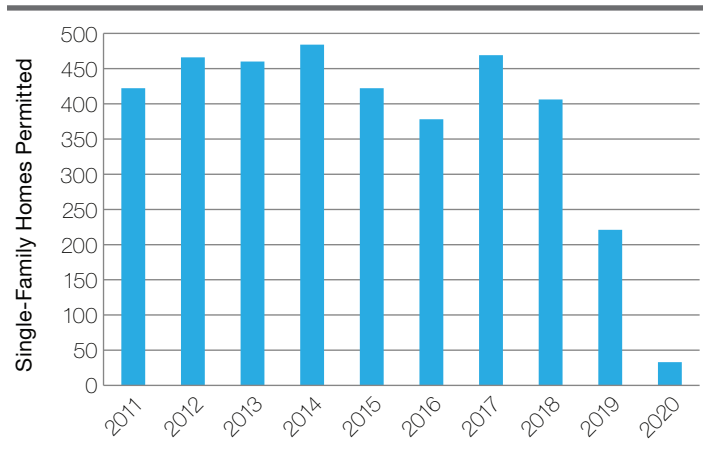
Rental Market Conditions

The overall rental housing market (including single-family homes, townhomes, mobile homes, and apartments) is currently balanced in the New Haven metropolitan area, with an estimated 7.0-percent vacancy rate, down from 8.3 percent in April 2010. The vacancy rate declined partly because of a shift from homeownership to renting that began during the 2007-to-2011 housing crisis. Renter households currently account for an estimated 38.8 percent of all households in the metropolitan area, up from 36.6 percent in 2010. Approximately 20 percent of renter households in the metropolitan area live in single-family homes, 39 percent live in buildings with two to four units, and 41 percent live in multifamily buildings with five or more units—typically apartments—compared with proportions of 15, 43, and 42 percent, respectively, during 2010 (ACS 1-year estimates).

During the fourth quarter of 2019—

- The apartment market was balanced, with a vacancy rate of 5.5 percent, up from 4.4 percent during the fourth quarter of 2018 and up from 2.9 percent during the fourth quarter of 2010 (Reis, Inc.).
- The vacancy rate increased 1.1, 0.3, and 2.1 percentage points, to 4.2, 4.9, and 6.9 percent, respectively, in the Reis, Inc.-defined Naugatuck/Waterbury, the New Haven Harborside, and the North Haven/Wallingford/Meriden market areas, which make up the metropolitan area. Despite a higher level of new apartment construction in the New Haven Harborside market area, which includes the city of New Haven, the vacancy rate increased the least because job growth and neighborhood revitalization efforts attracted relatively more renters.

Single-family home permitting in the New Haven metropolitan area was relatively stable from 2011 through 2018.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

- The average apartment rent increased nearly 2 percent to \$1,352 in the New Haven metropolitan area from the same quarter in 2018—the same rate of average annual rent growth from 2010 through 2017.
- Average rents were \$1,061, \$1,371, and \$1,463 in the Naugatuck/Waterbury, the New Haven Harborside, and the North Haven/Wallingford/Meriden market areas, respectively, reflecting a 1- and 4-percent increase and a 1-percent decrease from the previous year. Average rents tend to be higher in market areas in the eastern portion of the New Haven metropolitan area.

Multifamily construction, as measured by the number of multifamily units permitted, has generally increased since 2014 because of a shift in preference toward renting following 3 years of relatively low multifamily construction from 2011 through 2013.

- During the 12 months ending February 2020, approximately 890 multifamily units were permitted, nearly three times more than the 320 units permitted during the previous 12-month period (preliminary data). During the recent 12-month period, nearly 80 percent of multifamily units permitted in the New Haven metropolitan area were in the city of New Haven.
- From 2011 through 2013, an average of 280 multifamily units was permitted. Permitting increased to an average of 600 units a year from 2014 through 2018. Condominium construction has accounted for approximately 6 percent of multifamily construction since 2011.

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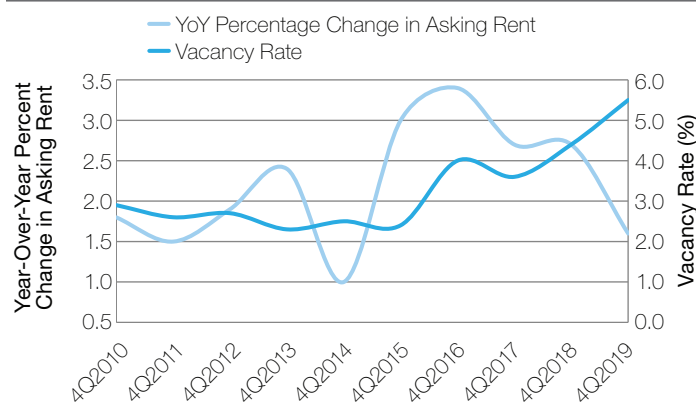
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- Currently under construction is 44 Olive Street, a 299-unit mixed-use apartment building in downtown New Haven, approximately 1 mile from the future YNHH new neuroscience center. The apartment complex is expected to be completed in January 2021 and will offer studio, one-, two-, and three-bedroom units.
- In West Haven, less than 400 feet from the University of New Haven and near the YNHH, the 50-unit, 130-bed, student-oriented Park View apartment development is currently

under way and is expected to be completed in June 2020. The property is the second of three apartment properties in the University Commons, a mixed-use residential and retail development consisting of The Atwood, Park View, and The Forest.

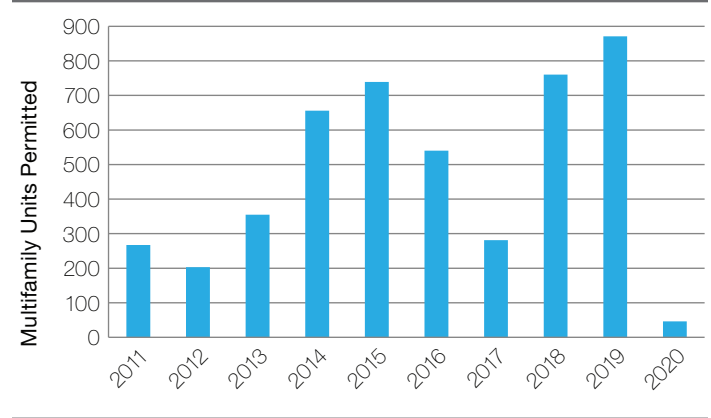
- Two properties currently under construction will offer a total of 120 units, with both properties designed for occupancy by residents age 55 and older. One property is in the city of Cheshire and the other is in East Haven, with completion of both properties expected by the end of 2020.

Increased multifamily construction has contributed to the increasing vacancy rate and slowed rent growth in the New Haven metropolitan area since the fourth quarter of 2018.



4Q = fourth quarter. YoY = year-over-year.
Source: Reis, Inc.

Multifamily permitting activity in the New Haven metropolitan area has generally been at relatively high levels since 2014.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

