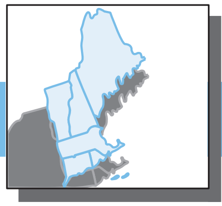
Housing Market Profile



New England • HUD Region I

Hartford-West Hartford-East Hartford, Connecticut

The Hartford-West Hartford-East Hartford metropolitan area, located in central Connecticut, consists of Hartford, Middlesex, and Tolland Counties. The metropolitan area is the largest in Connecticut and is home to the city of Hartford, the state capital. As of January 1, 2012, the population was estimated at 1,218,000, indicating an annualized increase of 3,200, or 0.3 percent, since April 1, 2010. The population has increased at an average annual rate of approximately 3,875, or 0.3 percent, since 2008 compared with a rate of 5,450, or 0.5 percent, annually from 2004 through 2008 as a result of recent declines in nonfarm payrolls. The largest employers in the area include United Technologies Corporation, the Hartford Financial Services Group, and Aetna Inc., with 14,900, 11,300, and 7,250 employees, respectively.

During the past 12 months, nonfarm payrolls began to recover from the decline that started in 2008. During the 12 months ending November 2011, nonfarm payrolls in the metropolitan area increased by 4,600 jobs, or 0.9 percent, to an average of 537,000 jobs compared with the decline of 8,700 jobs, or 1.6 percent, during the previous 12 months. The most significant gain during the 12 months ending November 2011 occurred in the education and health services sector, which added 1,900 jobs, a 2.0-percent increase. The leisure and hospitality and the professional and business services sectors increased by 1,200 and 1,100 jobs, or 2.9 and 1.8 percent, respectively. Growth in the professional and business services sector is expected to continue during 2012, led by the online ticket exchange, TicketNetwork® Inc., which plans to add 200 employees over the next 18 months at the company's new headquarters in South Windsor. During the 12 months ending November 2011, the financial activities sector declined by 700 jobs, or 1.2 percent, primarily because of job losses in the insurance industry. According to the *Hartford Courant*, in October 2011, the Hartford Financial Services Group announced plans to lay off approximately 500 employees over a period of 18 months. The 12-month average unemployment rate declined from 9.1 percent in November 2010 to 8.9 percent in November 2011.

The home sales market in the Hartford-West Hartford-East Hartford metropolitan area is currently soft. Based on data from Hanley Wood, LLC, existing single-family home sales in the area totaled approximately 7,100 during the 12 months ending November 2011, down 15 percent from the 8,350 homes sold during the previous 12 months. The large drop in sales reflected weak economic conditions, tighter lending practices, and slower population growth. Despite the decrease in sales, the average sales price of existing homes declined by less than 1 percent, to $261,500, during the 12 months ending November 2011 from $262,300 during the previous 12 months. New single-family home sales totaled only 90 during the 12 months ending November 2011, a 59-percent decrease from 220 new homes sold during the previous year. New home sales have been declining since 2005; an average of 980 new homes sold each year from 2005 through 2007 compared with an average of 310 homes sold annually from 2008 through 2010. Hanley Wood, LLC data indicate an average new home sales price of $428,400 in the metropolitan area during the 12 months ending November 2011, unchanged from the average price during the previous year. New home prices remain below the average of $440,900 recorded from 2006 through 2008. According to LPS Applied Analytics, as of December 2011, 6.3 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 5.6 percent in December 2010. This rate is less than the state and national rates of 7.6 percent.

Sales of new and existing condominiums have also decreased significantly since 2005. During the 12 months ending November 2011, 1,725 existing condominiums sold in the area, a 29-percent decrease compared with the 2,425 sold during the previous 12 months, and the average sales price decreased by 3 percent to $182,500.During the 12 months ending November 2011, 80 new condominiums sold, down from 170 sold during the previous 12-month period, and the average sales price decreased 14 percent to $268,200.

Builders have continued to curtail the production of single-family homes in response to weak economic conditions. Based on preliminary data, building permits were issued for 650 single-family homes in the metropolitan area during the 12-month period ending November 2011, down 210 permits, or 24 percent, compared with the number permitted during the previous 12 months. From 2008 through 2010, an average of 1,050 single-family homes were permitted annually, down significantly from the average of 2,700 homes permitted each year from 2004 through 2007. In contrast, based on preliminary data, during the 12 months ending November 2011, 380 multifamily units were permitted, up significantly from the 290 units permitted during the previous 12 months. Because of the soft home sales market, estimates suggest that less than 10 percent of the multifamily units permitted during the past 12 months were condominiums. In comparison, condominiums represented more than 30 percent of all new multifamily units developed during the 2000s. The number of multifamily units permitted was down from an average of 990 units annually from 2005 through 2007.

The rental housing market in the Hartford-West Hartford-East Hartford metropolitan area is balanced, with conditions improving during the past year as the production of new units has remained at historically low levels in response to weak economic conditions. The rental vacancy rate is currently estimated at 6.5 percent, down from 8.1 percent in the 2010 Census. Despite balanced overall rental market conditions, the market for new and large apartment projects in the metropolitan area is tight, with vacancy rates declining and rents increasing significantly over the past year. According to MPF Research, the apartment vacancy rate in the area was 2.9 percent during the third quarter of 2011, down from a 4.5-percent rate a year earlier. During the same period, the average monthly rent increased more than 6 percent to $1,110 from $1,044. Recent developments include The Mansions at Canyon Ridge, a 220-unit apartment complex in East Windsor, completed in September 2011. Rents for one- and two-bedroom units start at $1,175 and $1,375, respectively. In addition, 270 apartments are currently under construction at The Mansions at Hockanum Crossing in Vernon, the second phase of the development, with completion expected in 2013.