

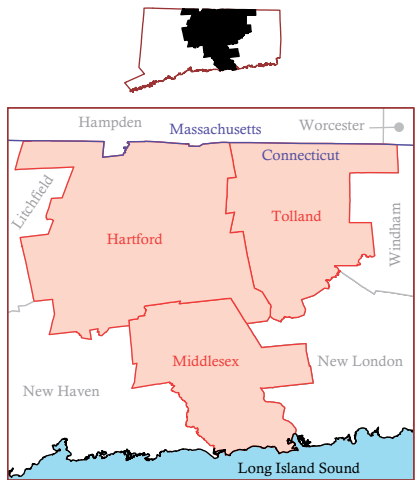
Hartford-West Hartford-East Hartford, Connecticut



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2014



Housing Market Area



The Hartford-West Hartford-East Hartford Housing Market Area (hereafter, the Hartford HMA) is coterminous with the Hartford-West Hartford-East Hartford, CT Metropolitan Statistical Area, which comprises Hartford, Middlesex, and Tolland Counties. The HMA spans central Connecticut from the Massachusetts border to the north to the Long Island Sound to the south. The HMA, the largest metropolitan area in Connecticut and third largest in New England, includes the city of Hartford, which is the state capital.

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Summary

Economy

Economic conditions in the Hartford HMA have continued to improve, albeit at a slow-to-moderate rate, since the second quarter of 2011. During the 12 months ending July 2014, nonfarm payrolls increased by 3,800 jobs, or 0.7 percent, to 551,100 jobs, compared with the number of jobs recorded during the previous 12 months. The largest employment sector in the HMA, the education and health services sector, which accounts for 18 percent of the jobs in the HMA, led job growth, adding 2,000 jobs during the 12 months ending July 2014, a 2.0-percent increase from a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 4,600 jobs, or 0.8 percent, annually.

Sales Market

The sales housing market in the HMA is slightly soft, with a current estimated owner vacancy rate of 1.4 percent, up from 1.3 percent in April 2010. During the forecast period, demand is expected for 3,200 new homes (Table 1). The 500 homes currently under construction and a portion of the estimated 17,900 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is slightly soft overall but has moved toward a balanced state since 2010. The estimated renter vacancy rate is 6.8 percent, down from 8.1 percent in April 2010 (Table DP-1 at the end of this report). By contrast, the apartment market is tight, with a vacancy rate of 2.5 percent during the second quarter of 2014, down from 2.8 percent a year earlier (Reis, Inc.). During the forecast period, demand is expected for 2,200 new rental units (Table 1). The 1,325 units currently under construction will satisfy some of the forecast demand.

Table 1. Housing Demand in the Hartford HMA* During the Forecast Period

	Hartford HMA*	
	Sales Units	Rental Units
Total demand	3,200	2,200
Under construction	500	1,325

*Hartford-West Hartford-East Hartford HMA. Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2014. A portion of the estimated 17,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2014, to August 1, 2017. Source: Estimates by analyst

Economic Conditions

In the following discussion, all data relate to the Hartford HMA except for nonfarm payroll data, which are available from the U.S. Bureau of Labor Statistics for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area (hereafter, the Hartford NECTA). The Hartford NECTA, which is geographically similar to the Hartford HMA, contains all the major employment and population centers in the HMA.

Economic conditions have improved in the Hartford HMA since the second quarter of 2011; however, the rate of growth slowed during the past year, and the current level of nonfarm

payrolls remains 1.3 percent less than the peak level recorded in 2008. During the 12 months ending July 2014, nonfarm payrolls in the Hartford NECTA increased by 3,800 jobs, or 0.7 percent, to 551,100 jobs compared with an increase of 7,200 jobs, or 1.3 percent, during the previous 12 months (Table 2). By comparison, nonfarm payrolls increased by an average of more than 6,200 jobs, or 1.1 percent, annually from 2005 through 2007, before growth slowed to an increase of 2,000 jobs, or 0.4 percent, during 2008. Nonfarm payrolls decreased by 18,300 and 6,700 jobs, or 3.2 and 1.2 percent, respectively, during 2009 and 2010. Since bottoming out in 2010, nonfarm payrolls have increased by nearly 18,000 jobs, a cumulative gain of 3.4 percent. Despite the recent growth, nonfarm payrolls in the NECTA declined from 2000 through the current date by 5,600 jobs, or 1.0 percent, because of the job losses sustained during the most recent recession and during the recession of the early 2000s. During the 12 months ending July 2014, the average unemployment rate in the HMA declined to 7.1 percent from 8.0 percent during the same period a year earlier, equal to the 7.1-percent statewide rate for Connecticut but greater than the 6.5-percent rate recorded in the New England region and the 6.7-percent rate recorded nationally. The decrease in the average unemployment rate for the Hartford HMA was primarily attributed to a decline of 4,800 people, or 0.8 percent, in the labor force rather than to the increase in resident employment of 1,300 workers, or 0.2 percent. The average unemployment rate in the HMA remains 2.4 percentage points greater than the 4.7-percent rate recorded in 2007 and 4.8 percentage points greater than the 2.3-percent rate recorded in 2000. Figure 1 shows

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Hartford HMA,* by Sector

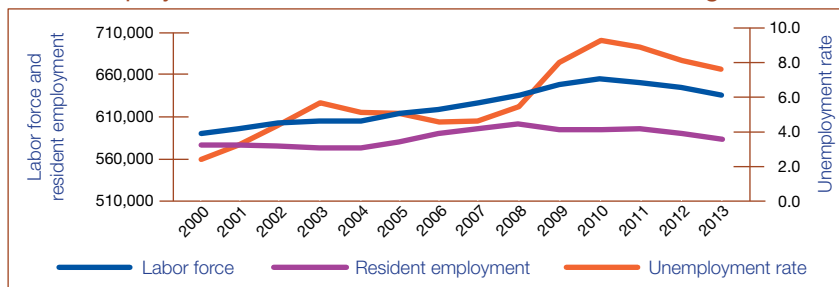
	12 Months Ending		Absolute Change	Percent Change
	July 2013	July 2014		
Total nonfarm payroll jobs	547,300	551,100	3,800	0.7
Goods-producing sectors	75,000	74,700	- 300	- 0.4
Mining, logging, & construction	17,900	18,900	1,000	5.6
Manufacturing	57,100	55,800	- 1,300	- 2.3
Service-providing sectors	472,400	476,400	4,000	0.8
Wholesale & retail trade	72,000	72,900	900	1.3
Transportation & utilities	15,700	16,500	800	5.1
Information	11,300	11,000	- 300	- 2.7
Financial activities	59,900	58,900	- 1,000	- 1.7
Professional & business services	63,700	64,500	800	1.3
Education & health services	99,500	101,500	2,000	2.0
Leisure & hospitality	44,800	46,300	1,500	3.3
Other services	21,100	21,100	0	0.0
Government	84,400	83,600	- 800	- 0.9

*Hartford-West Hartford-East Hartford HMA.

Notes: Numbers may not add to totals because of rounding. Nonfarm payroll jobs are for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area. Based on 12-month averages through July 2013 and July 2014.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Hartford HMA,* 2000 Through 2013



*Hartford-West Hartford-East Hartford HMA.

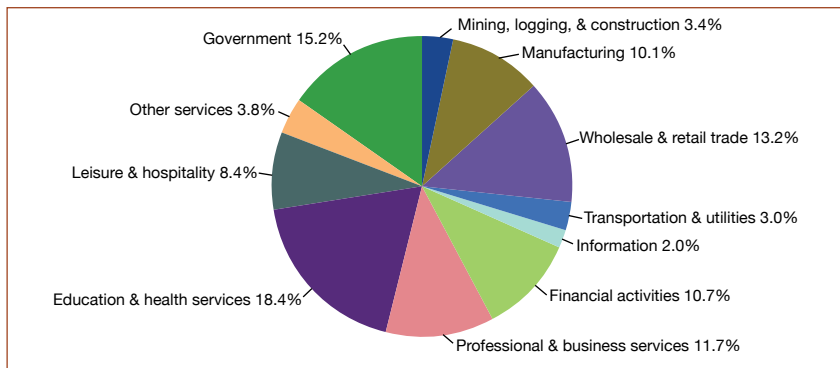
Source: U.S. Bureau of Labor Statistics

labor force, resident employment, and unemployment rate trends in the HMA from 2000 through 2013.

The education and health services sector, which accounts for 18 percent of all nonfarm payrolls in the Hartford NECTA, is the largest employment sector (Figure 2) and the fastest growing sector since 2000 (Figure 3). The education and health services sector has added jobs every year since 2000 (the

analysis in this report only considers activity since 2000), helping to stabilize the local economy somewhat during the recessions of the early and late 2000s. From 2001 through 2003, the sector expanded by 4,100 jobs, reflecting an average annual increase of 1.7 percent. During this period, the number of nonfarm payroll jobs in all other sectors declined by more than 25,000 jobs, representing a cumulative loss of more than 5 percent. From 2004 through 2008, a period of expansion for the NECTA, the education and health services sector added jobs at four times the rate of all other sectors combined. During 2009, a year when every other sector lost jobs, the education and health services sector added 2,500 jobs, a 2.7-percent increase. Although sector growth has slowed somewhat since 2010, during the 12 months ending July 2014, the education and health services sector led growth in the NECTA, adding 2,000 jobs, a 2.0-percent increase.

Figure 2. Current Nonfarm Payroll Jobs in the Hartford HMA,* by Sector

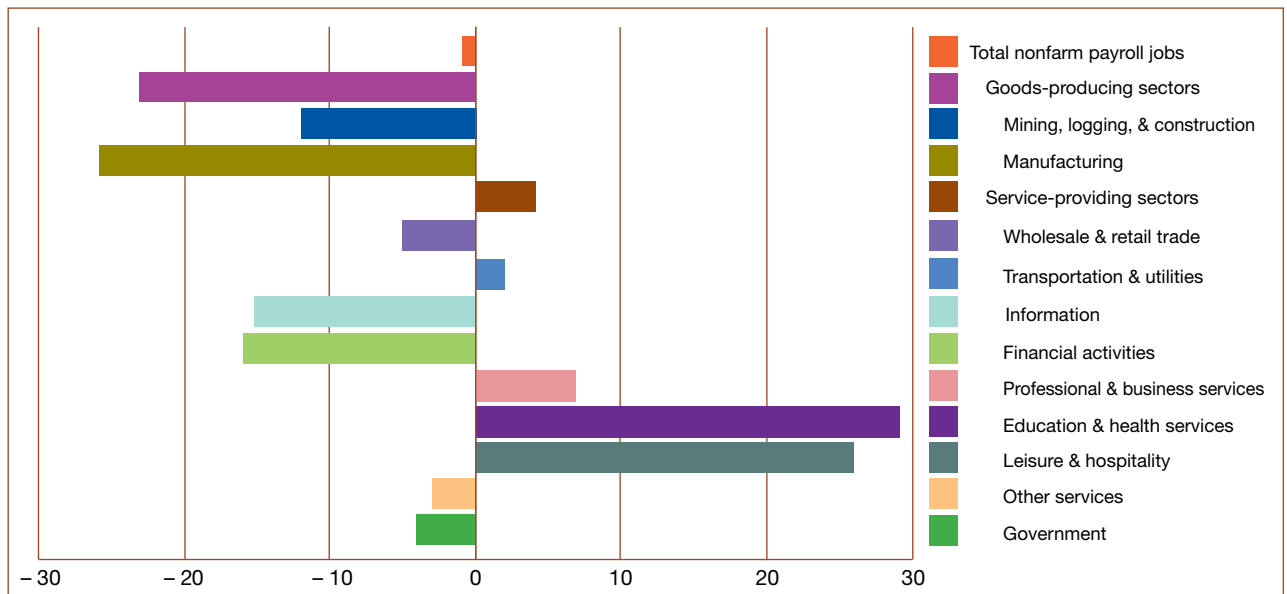


*Hartford-West Hartford-East Hartford HMA.

Notes: Nonfarm payroll jobs are for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area. Based on 12-month averages through July 2014.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Hartford HMA,* Percentage Change, 2000 to Current



*Hartford-West Hartford-East Hartford HMA.

Notes: Nonfarm payroll jobs are for the Hartford-West Hartford-East Hartford, CT Metropolitan New England City and Town Area. Current is based on 12-month averages through July 2014.

Source: U.S. Bureau of Labor Statistics

By contrast to the education and health services sector, the manufacturing and financial activities sectors were drags on the local economy during most years since 2000. During the 12 months ending July 2014, the manufacturing and financial activities sectors accounted for 10 and 11 percent of nonfarm payrolls, respectively, in the Hartford NECTA. By comparison, in 2000, the sectors accounted for 14 and 13 percent of all nonfarm payroll jobs, respectively. The manufacturing sector in the NECTA, despite the overall job losses since 2000, has outperformed the sector in other metropolitan areas in the New England region. From 2000 through 2013, the number of jobs in the manufacturing sector in the Hartford NECTA decreased 25 percent. During the same period, the number of manufacturing sector jobs in the Boston-Cambridge-Quincy, MA-NH Metropolitan NECTA (hereafter, the Boston NECTA) decreased 35 percent. In the Providence-Fall River-Warwick, RI-MA Metropolitan NECTA (hereafter, the Providence NECTA), the number of manufacturing sector jobs decreased 47 percent. Manufacturing sector payrolls in the Hartford NECTA appeared to stabilize, increasing slightly in 2011 and 2012, until recently, when the sector payrolls declined by 1,300 jobs, or 2.3 percent, during the 12 months ending July 2014. The Lee Company, an aerospace manufacturer in Westbrook, announced plans to add 200 employees by 2018 (*New Haven Register*). This gain will partially counter job losses in the sector resulting from declines at Clear Edge Power, a fuel cell manufacturer that filed for bankruptcy protection and cut 270 jobs at its South Windsor facility in April 2014, and at the conglomerate 3M Company, which plans to close its manufacturing plant

in Enfield by the end of 2014, affecting 140 workers (*Hartford Business Journal*). Unlike in the manufacturing sector, job losses in the financial activities sector since 2000 have been greater (on a percentage basis) in the Hartford NECTA than in either the Boston or Providence NECTAs. In the Hartford NECTA, the financial activities sector has lost nonfarm payroll jobs every year since 2002—although in some years the contractions were minimal—at an average of 11,600 jobs annually, representing a 16-percent decline. Nearly two-thirds of the net job losses occurred in the insurance carriers and related activities industry. During the 12 months ending July 2014, the financial activities sector decreased by 1,000 jobs, a 1.7-percent decline. The insurance carriers and related activities industry, which decreased by 1,200 jobs, a 3.0-percent decline, accounted for more than the entire net loss. Despite the job losses, the number of insurance firms in the HMA has increased by 150 since 2002. “This trend is a result of smaller firms spinning off from larger firms and new and innovative products being developed” (Connecticut Economic Resource Center, Inc.).

The larger companies in the financial activities and manufacturing sectors still contribute significantly to the economic landscape in the Hartford HMA. Of the six companies that employ more than 5,000 workers in the HMA, four are part of the manufacturing or financial activities sectors, including Pratt & Whitney, an aerospace manufacturer, and The Hartford Financial Services Group, an investment and insurance company (Table 3). The largest employer in the HMA, the University of Connecticut (UConn), which includes the UConn Health

Center, employed 10,500 full- and part-time faculty and staff during the academic year beginning the fall of 2012. UConn reported a statewide economic impact of \$3.4 billion, directly or indirectly supporting more than 24,200 jobs during the same period.

During the 12 months ending July 2014, nonfarm payroll levels in other sectors were mixed. As local, state, and national economies continued to improve, the leisure and hospitality sector benefited, gaining 1,500 jobs, or 3.3 percent; the entire net gain was in the accommodation and food services subsector. The mining, logging, and construction sector, in part because of

increased multifamily building activity, was the fastest growing sector (on a percentage basis), adding 1,000 jobs, a 5.6-percent increase. By contrast, the government sector lost 800 jobs, or 0.9 percent. Losses were primarily concentrated in the state government subsector, which lost 700 jobs, representing a 2.0-percent decline.

During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 4,600 jobs, 0.8 percent. Slow-to-moderate job growth is expected to continue throughout the forecast period, but the nonfarm payroll growth is expected to increase each year of the forecast period, gaining nearly 1 percent during the second year and more than 1 percent during the third year. Although the financial activities sector is expected to continue to be a drag on the local economy, the manufacturing sector is expected to be stable and job gains are expected in most other private employment sectors during the next 3 years, with the strongest gains expected in the education and health services, leisure and hospitality, and professional and business services sectors.

Table 3. Major Employers in the Hartford HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Connecticut (including UConn Health Center)	Government	10,500
The Hartford	Financial activities	5,000–9,999
The Hartford Financial Services Group	Financial activities	5,000–9,999
Northeast Utilities System	Transportation & utilities	5,000–9,999
Pratt & Whitney	Manufacturing	5,000–9,999
UTC Aerospace Systems	Manufacturing	5,000–9,999
Aetna, Inc.	Financial activities	1,000–4,999
Cigna Corporation	Financial activities	1,000–4,999
ESPN Inc.	Information	1,000–4,999
Travelers Indemnity Company	Financial activities	1,000–4,999

*Hartford-West Hartford-East Hartford HMA.

Note: Excludes local school districts.

Sources: Connecticut Department of Labor; University of Connecticut

Population and Households

As of August 1, 2014, the estimated population of the Hartford HMA was 1,216,000, reflecting an average annual increase of 840, or 0.1 percent, since April 2010 compared with an average annual increase of 6,375, or 0.5 percent, during the previous 10 years (Figure 4). The HMA, which contains nearly 35 percent of

the population of Connecticut, includes the city of Hartford, which is the state capital and the third most populous city in the state (behind Bridgeport and Stamford), with a population of slightly more than 125,000 (2013 American Community Survey 1-year data). In the HMA, net natural increase (resident births minus resident

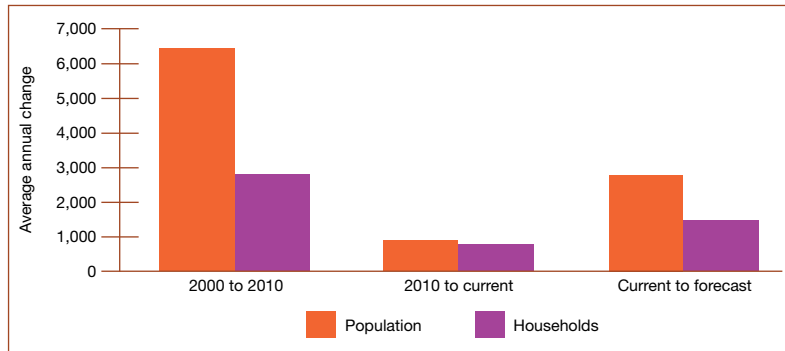
deaths) has accounted for all the net population gain since 2010 (Figure 5). Net in-migration has represented 35 percent of the population growth in the HMA since 2000; however, nearly 80 percent of the net in-migration took place before July 2003.

In recent years, population growth and net migration to and from the Hartford HMA were affected not only by the job gains in the HMA but also by the relative strength of the local economy compared with other economies in the northeast and with the national economy. From 2005 through 2007, nonfarm payrolls in the Hartford NECTA increased at an average annual rate of 1.1 percent, 0.4 percentage point less than the national rate but

equal to the rate in the Boston NECTA, the largest metropolitan NECTA. During this period of moderate economic growth, net in-migration to the Hartford HMA was sustained. From July 2005 to July 2008, the population increased at an average annual rate of 5,500, or 0.5 percent, with net in-migration accounting for more than 35 percent of the growth. During 2008 and 2009, nonfarm payrolls decreased an average of 1.5 percent a year, which was less severe than the average annual decline of 2.5 percent nationwide but similar to the average annual decline of 1.3 percent in the Boston NECTA. Although population growth slowed, net in-migration continued. From July 2008 to July 2010, the population increased by 4,800, or 0.4 percent, a year, with net in-migration still representing more than 35 percent of the growth. From 2010 through 2012, however, nonfarm payrolls in the Hartford HMA expanded 0.2 percent a year—lower than both the national rate of 0.7 percent and the 1.2-percent rate in the Boston NECTA. From July 2010 to July 2013, the population remained essentially unchanged, and net out-migration averaged more than 1,500 people a year.

Net out-migration since 2010 has resulted in lower levels of household formation during the period. The HMA currently has an estimated 475,700 households, reflecting an average annual increase of 730 households, or 0.2 percent, since April 2010 compared with the increase of 2,675 households, or 0.6 percent, annually from April 2000 to April 2010. In recent years, the low rate of improvement in the local economy and tightened mortgage lending standards contributed to renters forming more new households than

Figure 4. Population and Household Growth in the Hartford HMA,* 2000 to Forecast

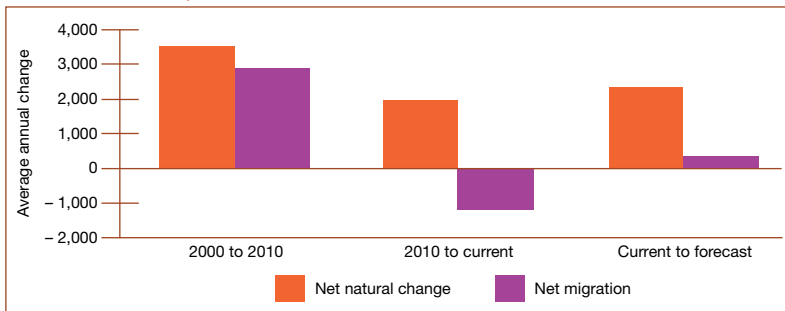


*Hartford-West Hartford-East Hartford HMA.

Notes: The current date is August 1, 2014. The forecast date is August 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Hartford HMA,* 2000 to Forecast



*Hartford-West Hartford-East Hartford HMA.

Notes: The current date is August 1, 2014. The forecast date is August 1, 2017.

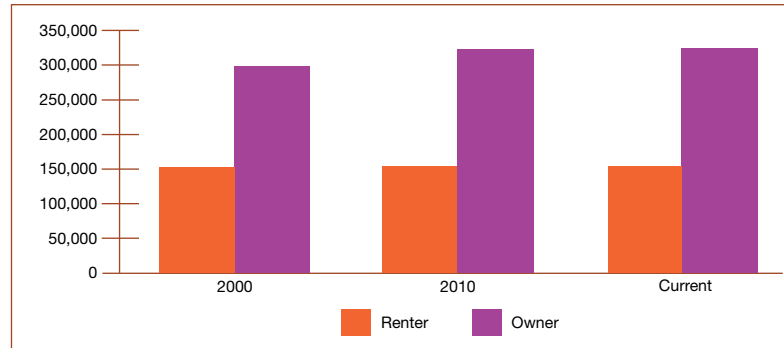
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued*

owners. Since April 2010, nearly 50 percent of new households formed have been renters compared with the 6 percent of new households formed from 2000 to 2010. Owners currently constitute an estimated 67.8 percent

of all households, slightly down from 67.9 percent in the 2010 Census but up from 66.3 percent in the 2000 Census. Figure 6 shows the number of households by tenure in the HMA since 2000.

Figure 6. Number of Households by Tenure in the Hartford HMA,* 2000 to Current



*Hartford-West Hartford-East Hartford HMA.

Note: The current date is August 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

During the 3-year forecast period, the population and number of households in the HMA are expected to continue to increase slowly. The HMA population is expected to increase by an average of 2,675, or 0.2 percent, annually to reach 1,224,000 by August 1, 2017. The number of households in the HMA is expected to grow by 1,425, or 0.3 percent, annually during the forecast period, to 480,000. Nearly 30 percent of new households formed during the forecast period are expected to be renter households.

Housing Market Trends

Sales Market

Despite the low rate of owner household formation since 2010, the sales housing market in the Hartford HMA, which is slightly soft, moved toward a balanced state during the past 2 years, in part because the economy continued to slowly improve and additions to sales housing inventory were limited. The current owner vacancy rate is estimated at 1.4 percent, up from the 1.3-percent rate in April 2010 and the 0.9-percent rate recorded during the tight market in April 2000.

The number of home sales (including single-family homes, townhomes, and condominiums) and average home sales prices stabilized and began to increase during the past year, but both remain

well below the peak levels recorded during the 2000s. During the 12 months ending July 2014, new and existing home sales totaled 13,750, slightly up from the 13,700 home sales recorded during the previous 12 months (CoreLogic, Inc.). By comparison, an average of 22,350 homes sold annually from 2000 through 2007. From 2008 through 2010, a period that included a national recession and an economic downturn in the HMA, which led to substantially tightened mortgage lending standards, average annual home sales declined to 14,150 before bottoming out at 10,950 homes sold in 2011. During the 12 months ending July 2014, the average home sales price was \$237,400,

Housing Market Trends
Sales Market *Continued*

a 2-percent increase from \$231,700 during the previous 12 months. Average sales prices peaked at \$264,200 from 2006 through 2008 and declined to \$238,200 from 2009 through 2011.

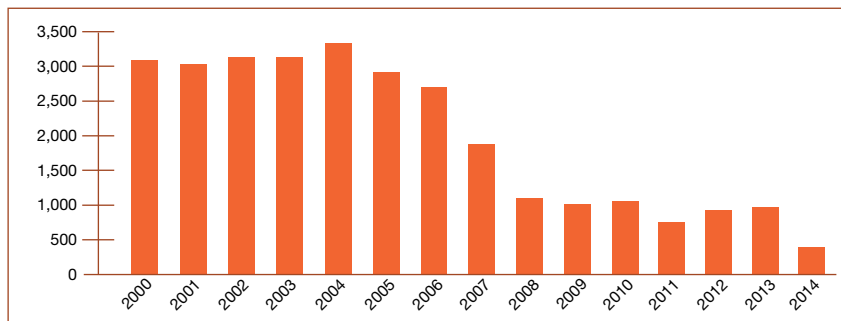
The market for new home sales was slower to recover than the overall sales market in the Hartford HMA. During the 12 months ending July 2014, new home sales totaled 310, down from 340 new homes sold during the same period a year earlier. By comparison, from 2004 through 2007, the peak period for new home sales in the HMA, an average of 1,825 new homes sold annually. During the 12 months ending July 2014, new home sales prices increased 2 percent, to \$367,600, compared with prices during the same period a year earlier.

The slight improvement in sales market conditions in the Hartford HMA can be partially attributed to the decrease in the rates of seriously delinquent mortgage loans, underwater mortgages, and distressed sales—that is, REO (Real Estate Owned) and short sales. As of July 2014, 5.8 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 6.8 percent a year earlier (Black Knight Financial Services, Inc.). By

comparison, as of July 2014, the percentage of seriously delinquent loans and REO properties was 6.5 percent for Connecticut, 5.6 percent for the New England region, and 4.8 percent for the United States. During June 2014, the percentage of underwater mortgages in the HMA was estimated at 9 percent, slightly down from 10 percent a year earlier and compared with a 10-percent statewide rate and an 11-percent national rate (CoreLogic, Inc.). Distressed sales comprised an estimated 17 percent of existing home sales in the HMA during the 12 months ending July 2014, down from 18 percent a year earlier and compared with a 19-percent statewide rate and a 16-percent national rate.

Despite some positive traction in the economy and the sales market, single-family homebuilding activity, as measured by the number of homes permitted, has remained at a historically low level in the HMA since 2008. During the 12 months ending July 2014, the number of single-family homes permitted decreased to 770 compared with the 810 homes permitted during the previous 12 months (preliminary data). By comparison, the number of homes permitted averaged 3,125 annually during the peak period from 2000 through 2004. Single-family homebuilding activity decreased precipitously, averaging 2,500 homes permitted annually from 2005 through 2007 and 1,050 homes permitted annually from 2008 through 2010. Single-family permitting bottomed out at 760 homes during 2011 before increasing to 940 homes during 2012. No large market-rate, single-family home developments are under construction currently in the HMA. Figure 7 shows the number of single-family homes permitted in the HMA from 2000 to the current date.

Figure 7. Single-Family Homes Permitted in the Hartford HMA,* 2000 to Current



*Hartford-West Hartford-East Hartford HMA.

Notes: Includes townhomes. Current includes data through July 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Hartford HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
175,000	249,999	160	5.0
250,000	299,999	320	10.0
300,000	399,999	800	25.0
400,000	499,999	800	25.0
500,000	599,999	480	15.0
600,000	799,999	320	10.0
800,000	and higher	320	10.0

*Hartford-West Hartford-East Hartford HMA.

Notes: The 500 homes currently under construction and a portion of the estimated 17,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is August 1, 2014, to August 1, 2017.

Source: Estimates by analyst

During the 3-year forecast period, demand is expected for 3,200 new homes (Table 1). The 500 homes currently under construction will meet part of the demand. Demand is estimated to be strongest during the third year of the forecast period and for single-family homes priced from \$300,000 to \$499,999 (Table 4). An estimated 17,900 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

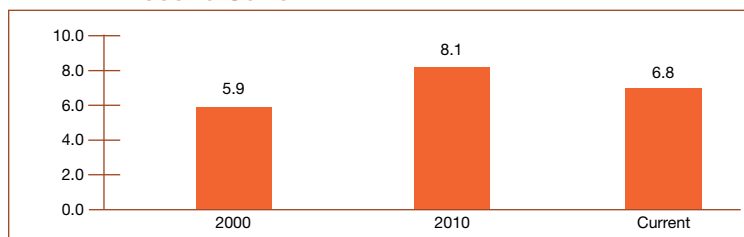
Rental Market

Overall rental housing market conditions in the Hartford HMA are slightly soft. As of August 1, 2014, the rental vacancy rate was 6.8 percent, down from 8.1 percent in April 2010 but up from 5.9 percent in April 2000, when rental markets were tight throughout most of New England (Figure 8). By contrast to the overall rental market conditions, the market for more traditional apartments, or market-rate rental complexes consisting of 40 or more units, is tight. During the second quarter of 2014, the apartment vacancy rate in the HMA decreased to 2.5 percent from 2.8 percent during the same period a year earlier, and the rate is down from 4.7 percent in 2010 (Reis, Inc.). The significant difference between

vacancy rates for the overall rental market and for the apartment market stems from the above average proportion of rental units that are more than 50 years old. Nearly one-half of all renter-occupied units in the HMA were built before 1960 compared with a nationwide rate of 30 percent (2013 American Community Survey 1-year data). The older renter units are usually smaller multifamily units that tend to be lower quality housing options, and, in general, have higher vacancy rates than do more traditional apartment complexes.

The low apartment vacancy rate in the Hartford HMA during the second quarter of 2014, which can be attributed partially to the limited number of completions since 2008, represents the lowest rate for the HMA in nearly 12 years and the fourth lowest rate in the nation among metropolitan areas covered by Reis, Inc. The apartment vacancy rate in the HMA was less than the 3.3-percent rate in the Northeastern United States and the nationwide rate of 4.1 percent. During the second quarter of 2014, the average monthly

Figure 8. Rental Vacancy Rates in the Hartford HMA,* 2000 to Current



*Hartford-West Hartford-East Hartford HMA.

Note: The current date is August 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

asking rent in the HMA increased 2 percent, to \$1,056, compared with the average rent during the same period a year earlier (Reis, Inc.). For apartments built since 2009, the average rent was \$1,649. The average monthly asking rents in the HMA for studio, one-bedroom, two-bedroom, and three-bedroom units were \$733, \$918, \$1,170, and \$1,496, respectively.

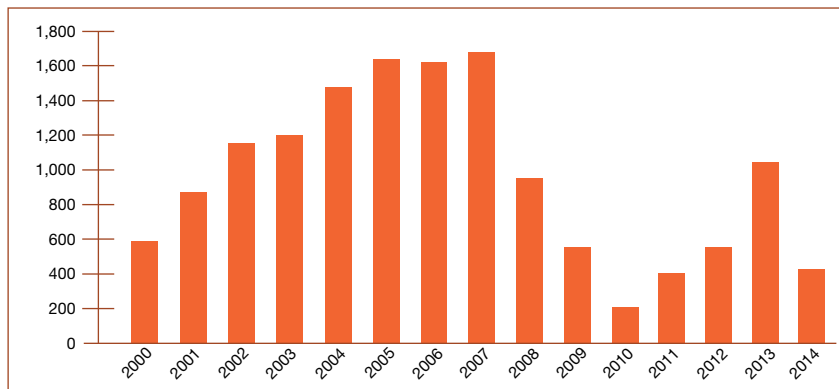
Apartment market conditions were tight in most areas in the Hartford HMA. During the second quarter of 2014, apartment vacancy rates in the seven Reis-defined market areas within the HMA ranged from 1.4 percent in the South Hartford and Northwest Hartford areas to 4.1 percent in the Tolland/Windham area. The Northwest Hartford area recorded the most significant decline in the apartment vacancy rate, from 2.3 percent during the same period a year earlier. The Northwest Hartford and South Hartford areas also recorded the highest average asking rents, at \$1,197 and \$1,131, respectively. The City of Hartford area recorded the lowest average asking rent, at \$884. Average asking rents increased in all seven areas, ranging from a 3-percent gain in the Tolland/Windham area to a 1-percent increase

the East Hartford area, compared with the average asking rents during the second quarter of 2013.

Multifamily building activity, as measured by the number of multifamily units permitted, increased significantly in the Hartford HMA during the past 2 years but remains well below the levels recorded during the peak period from 2005 through 2007 (Figure 9). During the 12 months ending July 2014, the number of multifamily units permitted increased to 960 compared with the 830 units permitted during the previous 12 months (preliminary data). By comparison, from 2005 through 2007, multifamily permitting activity averaged 1,650 units a year. Beginning in 2008, multifamily building activity decreased precipitously each year until 2010, when 210 units were permitted. As economic conditions began to improve, permitting levels increased in each of the next 3 years, reaching 1,050 units permitted in 2013. The largest apartment development currently under construction in the HMA is the adaptive reuse of the former Bank of America building in the city of Hartford; the \$80 million mixed-use development with 286 units, targeted for LEED (Leadership in Energy & Environmental Design) Platinum certification, is scheduled to open in phases from March 2015 through the end of the summer. Rents for the 225 market-rate units are expected to range from \$1,300 to \$1,600 for studio units, from \$1,700 to \$2,000 for one-bedroom units, and from \$2,000 to \$2,300 for two-bedroom units (*Hartford Courant*).

During the 3-year forecast period, steady demand is expected for 2,200 new rental units in the Hartford HMA (Table 1). Demand is expected

Figure 9. Multifamily Units Permitted in the Hartford HMA,* 2000 to Current



*Hartford-West Hartford-East Hartford HMA.

Notes: Excludes townhomes. Current includes data through July 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

to be strongest for one-bedroom units with monthly rents ranging from \$1,300 to \$1,699 (Table 5). The 1,325

new rental units currently under construction will satisfy part of the demand.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Hartford HMA* During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,000 to 1,199	120	1,100 to 1,299	150	1,500 to 1,699	100	1,800 to 1,999	10
1,200 to 1,399	90	1,300 to 1,499	350	1,700 to 1,899	150	2,000 to 2,199	20
1,400 to 1,599	60	1,500 to 1,699	350	1,900 to 2,099	200	2,200 to 2,399	20
1,600 or more	30	1,700 to 1,899	150	2,100 to 2,299	150	2,400 to 2,599	25
		1,900 to 2,099	50	2,300 to 2,499	50	2,600 or more	25
		2,100 or more	50	2,500 or more	50		
Total	300	Total	1,100	Total	700	Total	100

*Hartford-West Hartford-East Hartford HMA.

Notes: Numbers may not add to totals because of rounding. The 1,325 units currently under construction will likely satisfy some of the estimated demand. The forecast period is August 1, 2014, to August 1, 2017.

Source: Estimates by analyst

Data Profile

Table DP-1. Hartford HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	575,630	593,163	589,100	0.3	-0.2
Unemployment rate	2.3%	9.3%	7.1%		
Nonfarm payroll jobs	556,700	533,200	551,100	-0.4	0.9
Total population	1,148,618	1,212,381	1,216,000	0.5	0.1
Total households	445,870	472,533	475,700	0.6	0.2
Owner households	295,809	320,902	322,500	0.8	0.1
Percent owner	66.3%	67.9%	67.8%		
Renter households	150,061	151,631	153,200	0.1	0.2
Percent renter	33.7%	32.1%	32.2%		
Total housing units	471,877	507,049	509,600	0.7	0.1
Owner vacancy rate	0.9%	1.3%	1.4%		
Rental vacancy rate	5.9%	8.1%	6.8%		
Median Family Income	\$59,600	\$81,550	\$83,805	3.2	0.7

*Hartford-West Hartford-East Hartford HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2014. Median Family Incomes are for 1999, 2009, and 2013. The current date is August 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 8/1/2014—Analyst's estimates
 Forecast period: 8/1/2014–8/1/2017—Analyst's estimates

The metropolitan statistical area and New England city and town area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and do not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are

not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Hartford-WestHartford-EastHartfordCT_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.