

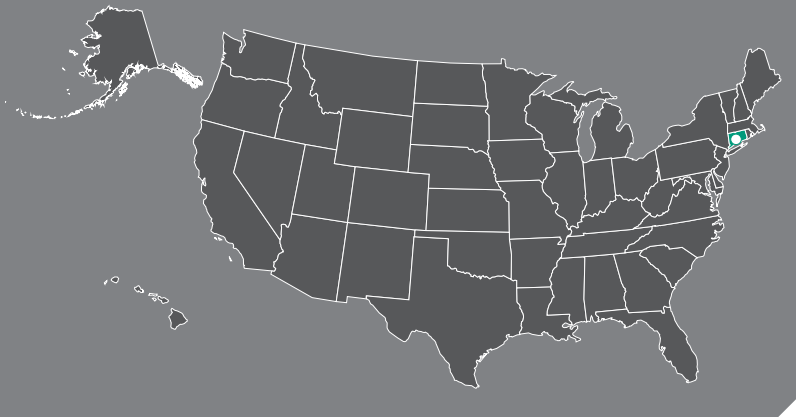
HUD PD&R Housing Market Profiles

New Haven-Milford, Connecticut



Quick Facts About New Haven-Milford

- **Current sales market conditions: slightly tight**
- **Current rental market conditions: balanced**
- **Known as the cultural capital of Connecticut, the city of New Haven is the most populous city in the metropolitan area, with a population of 135,081 as of July 1, 2021 (U.S. Census Bureau population estimates as of July 1), and is home to Yale University—the second oldest Ivy League university in the nation, founded in 1701.**



New Haven, Connecticut

By Mildred Jara Ramirez | As of February 1, 2023

Overview

The New Haven-Milford, CT Metropolitan Statistical Area (hereafter, New Haven metropolitan area) is located along the coast of the Long Island Sound in south central Connecticut and is coterminous with New Haven County. Approximately 80 miles northeast of New York City, the city of New Haven is the economic center of the metropolitan area. The metropolitan area is recognized for its educational and economic ties to Yale University, oceanside communities, and opportunities for outdoor recreational activities. The economy of the metropolitan area depends heavily on the education and health services sector, which includes the three largest employers in the area. In addition to Yale University, the metropolitan area is also home to Albertus Magnus College, Southern Connecticut State University, Quinnipiac University, the University of New Haven, and Gateway Community College.

- As of February 1, 2023, the population of the metropolitan area is estimated at 864,100, representing an average decline of 240, or less than 0.1 percent, annually since April 2020. Net in-migration, which has averaged 730 people a year, has accounted for all the population growth

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since 2020, partly because people moved away from dense, urban cities—in particular, New York City—to relatively less expensive housing market areas with more space, such as the New Haven metropolitan area, and because remote work opportunities allowed people the flexibility to relocate.

- From July 2016 to April 2020, the population of the metropolitan area declined by 190, or less than 0.1 percent, a year. Net natural increase accounted for all the population growth, because net out-migration averaged 890 people a year (U.S. Census Bureau population estimates). The largest outflows of residents from the metropolitan area during that

period were into the Bridgeport, Hartford, and New York metropolitan areas, which accounted for 48 percent of the out-migration (2016–20 American Community Survey [ACS] 5-year data).

- The retirement-age (65 years and older) and college-age (18 to 24 years old) populations account for a larger share of the population in the metropolitan area compared with the nation. In 2021, approximately 18 percent of the population was retirement age, and 10 percent was college age compared with 17 and 9 percent, respectively, in the nation (2021 ACS 1-year data).

Economic Conditions

The New Haven and the Waterbury Metropolitan New England City and Town Areas (NECTAs) together represent a geography very similar to that of the New Haven metropolitan area and are used in the discussion of nonfarm payroll jobs.

After fully recovering from the COVID-19-related recession of early 2020, economic conditions in the New Haven and Waterbury NECTAs strengthened during the past year. During the 3 months ending January 2023, nonfarm payrolls were 0.2 percent higher than during the 3 months ending January 2020, before the pandemic. The rate of job growth in the NECTAs decelerated from a year ago and lagged behind the rate for the nation. Despite a slowdown, job growth in the NECTAs has been relatively strong, averaging 3.2 percent a year during 2021 and 2022, whereas nonfarm payrolls in

the NECTAs grew at an average annual rate of 0.9 percent from 2011 through 2019, before the onset of the pandemic.

During the 3 months ending January 2023—

- Nonfarm payrolls in the New Haven and Waterbury NECTAs averaged 367,900, representing an increase of 7,500 jobs, or 2.1 percent, from the 3 months ending January 2022, when nonfarm payroll growth was stronger—up by 13,200 jobs, or 3.8 percent. By comparison, national job growth slowed to 3.3 percent, down from 4.8 percent during the 3 months ending January 2022.
- The leisure and hospitality sector led job growth, adding 3,900 jobs, or 14.0 percent, compared with an increase of 4,700

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Job gains in the leisure and hospitality sector contributed the most of any sector to the overall increase in nonfarm payroll jobs in the New Haven metropolitan area during the 3 months ending January 2023.

	3 Months Ending		Year-Over-Year Change	
	January 2022 (Thousands)	January 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	360.4	367.9	7.5	2.1
Goods-Producing Sectors	43.8	45.0	1.2	2.7
Mining, Logging, & Construction	13.6	14.2	0.6	4.4
Manufacturing	30.2	30.8	0.6	2.0
Service-Providing Sectors	316.6	322.9	6.3	2.0
Wholesale & Retail Trade	50.3	49.8	-0.5	-1.0
Transportation & Utilities	22.2	22.0	-0.2	-0.9
Information	4.5	4.4	-0.1	-2.2
Financial Activities	13.7	13.7	0.0	0.0
Professional & Business Services	37.3	36.8	-0.5	-1.3
Education & Health Services	102.1	105.2	3.1	3.0
Leisure & Hospitality	27.9	31.8	3.9	14.0
Other Services	12.9	13.0	0.1	0.8
Government	45.7	46.2	0.5	1.1
Unemployment Rate	4.7%	3.7%		

Notes: Numbers may not add to totals due to rounding. Nonfarm payroll data are for the combined New Haven and Waterbury NECTAs.

Source: U.S. Bureau of Labor Statistics



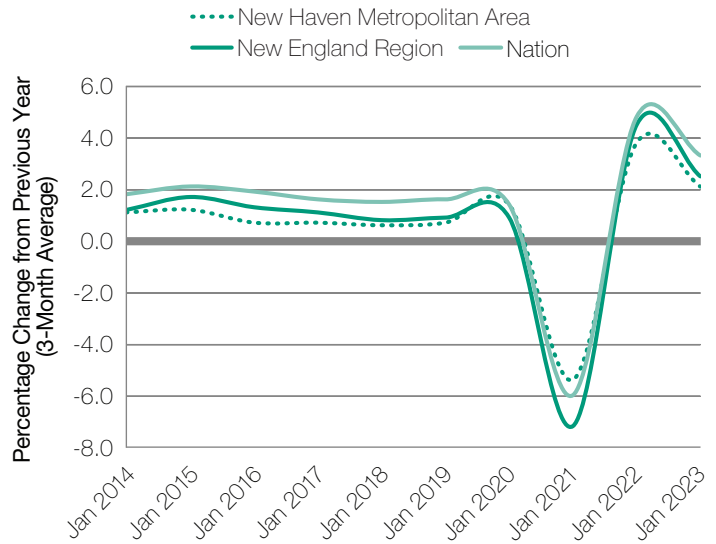
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jobs, or 20.4 percent, during the same period a year earlier; job additions in the sector accounted for 52 percent of net job gains in the NECTAs. The opening of new hotels during the past year, including the 130-room Cambria Hotel New Haven University Area, contributed to job growth in the sector.

- Nonfarm payroll growth was also strong in the education and health services sector, which rose by 3,100 jobs, or 3.0 percent, from a year ago and accounted for 41 percent of net job gains in the NECTAs. Losses in the professional and business services, the wholesale and retail trade, the transportation and utilities, and the information sectors—which declined by 500, 500, 200, and 100 jobs, or 1.3, 1.0, 0.9, and 2.2 percent, respectively, from a year ago—partially offset those gains.
- The unemployment rate in the combined New Haven and Waterbury NECTAs averaged 3.7 percent, down from 4.7 percent during the 3 months ending January 2022 and from 7.6 percent during the 3 months ending January 2021. By comparison, the unemployment rate in the nation averaged 3.5 percent during the 3 months ending January 2023, down from 4.0 percent during the same period a year earlier and from 6.6 percent during the 3 months ending January 2021.

The education and health services sector, with 105,200 jobs, is the largest employment sector in the New Haven and Waterbury NECTAs, accounting for 29 percent of all nonfarm payroll jobs during the 3 months ending January 2023. Yale New Haven Health System (YNHHS) and Yale University—with approximately 29,500 and 19,000 employees, respectively—provide a strong economic base for the New Haven and Waterbury NECTAs, supporting jobs in the education and health services sector. In the fall of 2022, enrollment at Yale University totaled nearly 14,800 students, increasing 1 percent from the fall of 2021 (Yale University Office of Institutional Research and Assessment). Yale University has an annual impact of \$4.28 billion on the economy in Connecticut (Connecticut Conference of Independent Colleges and University Institute for Research and Public Service, Inc., *Economic Impact Study*, 2023). A new \$838 million neuroscience research and treatment center at the

Nonfarm payrolls in the New Haven metropolitan area increased at a slower pace during the 3 months ending January 2023 compared with job growth in the New England region and the nation.



Note: Nonfarm payroll data are for the combined New Haven and Waterbury NECTAs. 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	29,500
Yale University	Education & Health Services	19,000
Waterbury Hospital	Education & Health Services	1,000–4,999

Note: Excludes local school districts.

Sources: *Connecticut Annual Comprehensive Financial Report*, 2022; Connecticut Department of Labor

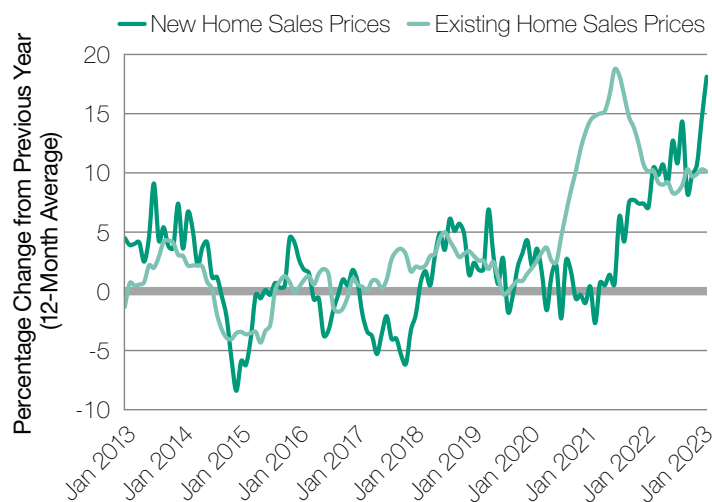
Saint Raphael campus of YNHHS is under construction and is expected to be complete by 2027. The new neuroscience center is expected to have a more than \$1 billion annual impact in Connecticut when complete.

Sales Market Conditions

The sales housing market in the New Haven metropolitan area is slightly tight. The estimated sales vacancy rate is 1.2 percent, down from 1.8 percent in April 2010, when conditions were soft. Net in-migration since 2020, following the onset of the pandemic, has contributed to the tightening of market conditions and a declining inventory of homes available for sale. In January 2023, the metropolitan area had 1.2 months of new and existing for-sale inventory available, down from 1.6 months in January 2022 and from 2.3 months in January 2021 (CoreLogic, Inc.). By comparison, the supply of homes for sale was 3.5 months in January 2020 before the start of the pandemic, down from a peak of 12.5 months in July 2011. During the 12 months ending January 2023, the average sales price of new and existing homes—including single-family homes, townhomes, and condominiums—rose 10 percent from a year ago to \$340,000, unchanged from the 10-percent increase during the 12 months ending January 2022 (Zonda). Home sales declined 19 percent from a year earlier to 11,100 homes sold during the 12 months ending January 2023 compared with an 11-percent increase during the previous 12-month period. A rise in mortgage interest rates partially contributed to the decline in home sales. The interest rate for a 30-year fixed-rate mortgage increased from an average of 3.5 percent during January 2022 to an average of 6.3 percent during January 2023 (Freddie Mac).

The percentage of home loans that were seriously delinquent or had transitioned into real estate owned status declined to 1.8 percent in January 2023 from 2.8 percent in January 2022

The average price of new homes in the New Haven metropolitan area rose at a faster pace than the average price of existing homes during the 12 months ending January 2023.

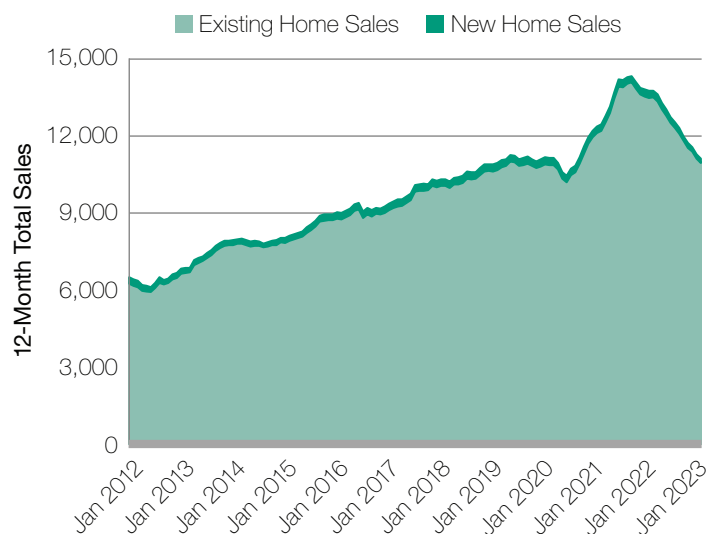


Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

(CoreLogic, Inc.). The percentage has declined nearly each month since reaching a recent high of 6.4 percent in August 2020, when weak economic conditions caused by the COVID-19 pandemic made it more difficult for homeowners to stay current on their mortgage payments.

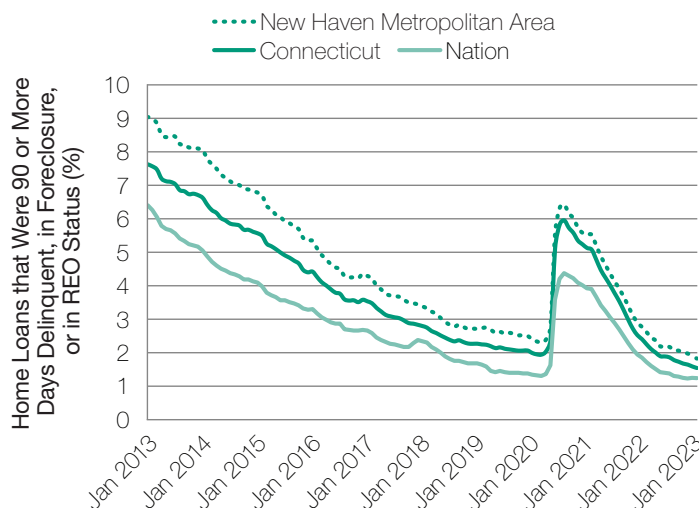
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The number of new and existing home sales declined in the New Haven metropolitan area during the 12 months ending January 2023.



Note: Sales are for single-family homes, townhomes, and condominiums.
Source: Zonda

The share of seriously delinquent mortgages and REO properties in the New Haven metropolitan area has been consistently higher than the shares in Connecticut and the nation.



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

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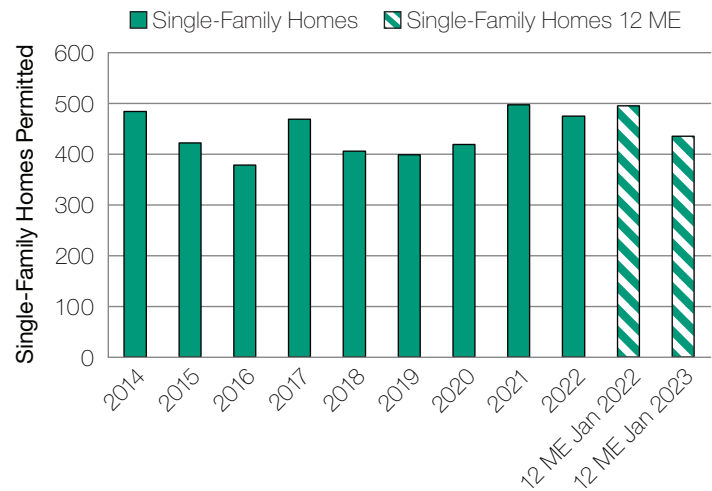
During the 12 months ending January 2023—

- Existing home sales in the metropolitan area declined 19 percent from the previous 12-month period to 10,950 homes (Zonda). By comparison, during the 12 months ending January 2022, existing home sales increased 11 percent from a year earlier.
- The average sales price for existing homes increased to \$338,200, representing a 10-percent increase compared with the 12 months ending January 2022, when the average sales price for existing homes also rose 10 percent from a year earlier. By comparison, the sales price increased an average of 12 percent annually during 2020 and 2021, up from an average annual increase of 2 percent during 2018 and 2019.
- New home sales totaled nearly 150 homes, representing a 42-percent decrease from the 260 new homes sold during the previous 12-month period. By comparison, during the 12 months ending January 2022, new home sales increased 5 percent from a year earlier.
- The average sales price for new homes was \$469,300, reflecting an 18-percent increase compared with the 12 months ending January 2022, when the average sales price rose 7 percent from the previous year.

Single-family homebuilding activity, as measured by the number of homes permitted, slowed during the past year, coinciding with declining home sales and increasing mortgage interest rates.

- During the 12 months ending January 2023, approximately 440 single-family homes were permitted, reflecting a 12-percent decrease from nearly 500 homes permitted during the 12 months ending January 2022 (preliminary data, with adjustments by the analyst).

Single-family home permitting in the New Haven metropolitan area decreased during the 12 months ending January 2023.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

- Single-family construction in the metropolitan area averaged 440 homes permitted annually from 2014 through 2017 before declining to an average of 410 homes permitted from 2018 through 2020. The increase to nearly 500 homes permitted in 2021 was partly in response to the stronger net in-migration since 2020.
- New home construction is throughout the metropolitan area. In the city of Southbury, EG Home is developing 38 home sites at Southbury Hills. The single-family homes will have three to five bedrooms and range in size from 2,800 to 4,500 square feet, with prices starting at \$759,900.

Rental Market Conditions

Rental market conditions in the New Haven metropolitan area are balanced compared with tight conditions a year ago. A rise in the number of renter households since 2010, when rental market conditions were soft, has generally outpaced the construction of new rental units, contributing to the tightening of the rental market. Structures with five or more units, typically apartments, are the most common type of rental units in the metropolitan area, accounting for 46 percent of all occupied rental units in 2021, up from 42 percent in 2010 (2010 and 2021 ACS 1-year data). Single-family homes accounted for 21 percent of all occupied rental units during 2021, up from 15 percent in 2010.

- The overall rental vacancy rate is estimated at 7.2 percent as of February 1, 2023, down from 8.3 percent in 2010.
- During the fourth quarter of 2022, the apartment market in the metropolitan area was also balanced, with a vacancy rate of 5.7 percent, up from 2.6 percent during the fourth quarter of 2021 when the market was tight (CoStar Group). Previously, the vacancy rate fell from 5.0 and 3.3 percent during the fourth quarters of 2019 and 2020, respectively. The average apartment asking rent was \$1,647 during the fourth quarter of 2022, up 4 percent from \$1,577 a year ago and following a 7-percent increase during the fourth quarter of 2021.

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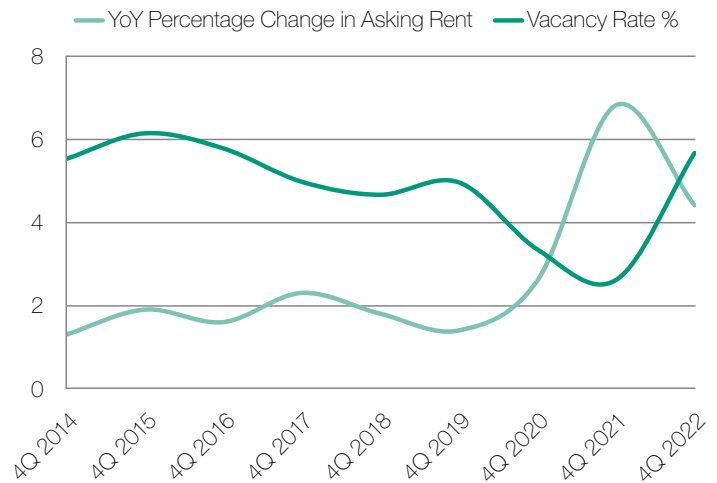
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- In the 12 CoStar Group-defined New Haven market areas (hereafter, market areas) that make up the metropolitan area, the apartment vacancy rates during the fourth quarter of 2022 ranged from 1.9 percent in the Cheshire and the West Haven market areas to 14.7 percent in the Seymour/Naugatuck/Ansonia market area. The apartment vacancy rate in the New Haven market area, which includes Yale University, was 4.5 percent during the fourth quarter of 2022, up from 3.6 percent during the fourth quarter of 2021. The average apartment rent in the market area was \$1,984, up 4 percent from a year ago.
- In January 2023, the average vacancy rate for professionally managed single-family homes was 1.9 percent, unchanged from January 2022 (CoreLogic, Inc.). The respective average rents for one-, two-, three-, and four-bedroom single-family homes were \$1,425, \$1,829, \$2,322, and \$2,804 in January 2023, up 11, 9, 7, and 5 percent, respectively, from a year earlier.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, rose during the past year, as developers responded to declining apartment vacancy rates and strong rent growth during 2021.

- During the 12 months ending January 2023, approximately 690 multifamily units were permitted, up 35 percent compared with the number of units permitted during the same period a year earlier (preliminary data, with adjustments by the analyst).
- After averaging nearly 600 units permitted annually from 2014 through 2018, multifamily permitting increased to an average of 1,000 units a year during 2019 and 2020 before declining to 490 units permitted during 2021.
- The nearly complete 24-unit 575 Whitney apartment community in the city of New Haven consists of one-, two-, and three-bedroom apartment units, with rents starting at \$1,995, \$2,495, and \$3,295, respectively. Completion of this apartment community is expected by the end of February 2023.
- The Whit, a 230-unit apartment development under construction and also in the city of New Haven, is expected to be complete in March 2023. It will include studios and one-, two-, and three-bedroom units, ranging from 508 to 1,725 square feet, with rents from \$1,990 to \$5,250.

During the fourth quarter of 2022, rent growth slowed in the New Haven metropolitan area, and the apartment vacancy rate rose.

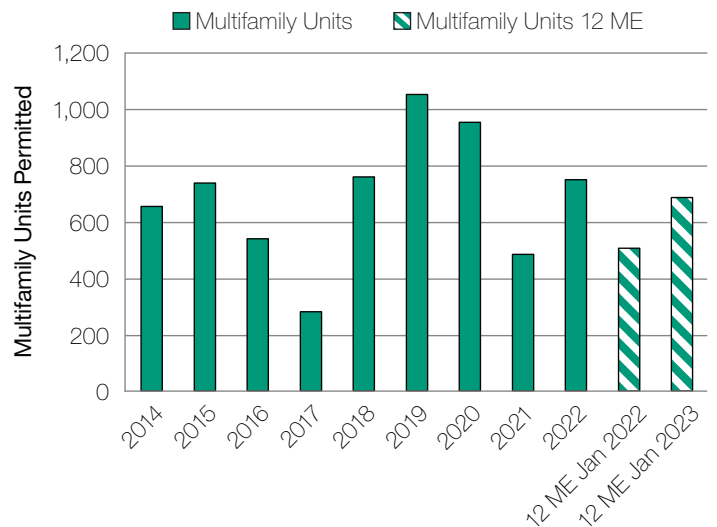


4Q = fourth quarter. YoY = year-over-year.

Note: The vacancy rates and average monthly rents are for market-rate and mixed (combined market-rate and affordable) general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.

Source: CoStar Group

The number of multifamily units permitted during the 12 months ending January 2023 in the New Haven metropolitan area increased from a year ago.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed (combined market-rate and affordable) general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The New Haven, CT Metropolitan NECTA and the Waterbury, CT Metropolitan NECTA together represent a geography very similar to that of the New Haven-Milford, CT Metropolitan Statistical Area, which consists of 29 cities and towns in central southern Connecticut.