Norwich-New London, Connecticut

The Norwich-New London metropolitan area, located in southeastern Connecticut, is coterminous with New London County. Leading employers in the area include the U.S. Naval Submarine Base New London, with 10,550 employees, and Foxwoods Resort, Mohegan Sun Casino, and General Dynamics Electric Boat, with 9,100, 8,650, and 8,300 employees, respectively. In fiscal year 2009, the Naval Submarine Base reported a direct economic impact of $4.6 billion. As of April 1, 2011, the Norwich-New London metropolitan area population was estimated at 275,100, an increase of 1,050, or 0.4 percent, since April 1, 2010. Increased out-migration due to recent job losses resulted in a slowing of population growth compared with the 0.5-percent average annual increase from 2007 through 2009.

Nonfarm payrolls in the Norwich-New London metropolitan area have been declining since 2008; however, the declines appear to be slowing. During the 12 months ending February 2011, nonfarm payrolls decreased by 1,400 jobs, or 1.1 percent, to 129,500 jobs, compared with the previous 12-month decline of 5,400 jobs, or 4 percent. The local government sector, which includes both Native American-owned casinos in the area, accounted for 85 percent of net job losses during the 12 months ending February 2011, with a decline of 1,200 jobs, or 3.8 percent. Most of the decrease was in casino employment, including layoffs of 355 employees at Mohegan Sun in September 2010, reflecting a significant decline in tourism resulting from the slowdown in the national economy. The manufacturing sector declined by 300 jobs, or 1.8 percent, and, in February 2011, Pfizer, Inc., announced plans to lay off 1,100 employees at its Groton and New London facilities during the next 18 months. The only job increase occurred in the retail trade subsector and education and health services sector, which each gained 200 jobs, or 1.6 and 1.3 percent, respectively. During the 12 months ending February 2011, the average unemployment rate increased to 8.6 percent, up from 7.9 percent during the previous 12 months.

Because of job losses during the past 2 years, the home sales market in the Norwich-New London metropolitan area is soft. According to the Connecticut Multiple Listing Service, Inc., 2,025 new and existing homes were sold in New London County in 2010 (the most recent data available), nearly a 3-percent increase from the 1,975 homes sold in 2009. Despite the increase, the number of homes sold was down 41 percent from the average annual rate of 3,425 homes sold from 2003 through 2006. The median single-family home sales price increased by 2 percent in the fourth quarter of 2010 to $224,400 compared with the fourth quarter of 2009, but it remained 24 percent below the peak of $295,000 in the second quarter of 2007. The number of condominium sales decreased 15 percent, to 290 units, in 2010 compared with the number sold in 2009. The median condominium sales price in the fourth quarter of 2010 was $164,500, little changed from the previous year, but down 15 percent from the peak of $193,250 in the second quarter of 2008. As the number of homes sold and median home sales price have each increased, foreclosure rates have decreased. According to LPS Applied Analytics, as of February 2011, 7.6 percent of the total number of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 7.9 percent a year earlier.

Single-family home construction, as measured by the number of building permits issued, peaked during 2004, when 990 homes were permitted. Based on preliminary data, during the 12 months ending February 2011, 250 single-family home permits were issued, which is relatively unchanged from the level during the previous 12 months but is a decline compared with the average of 560 homes permitted annually from 2006 through 2008. New London Harbour Towers, a 9-story, 52-unit condominium project, opened in April 2010. Prices for a mid-level, 2-bedroom unit range from $400,000 to $500,000. The price for a typical new single-family home in the area ranges from $300,000 to $400,000 and for a typical new condominium ranges from $200,000 to $300,000.

Based on preliminary data, during the 12 months ending February 2011, 60 multifamily units were permitted, down from 160 units permitted in the previous 12 months. During the peak year of 2004, 700 multifamily units were permitted, and, from 2006 through 2008, an average of 230 units were permitted annually. Peach Tree Apartments is a planned 120-unit apartment development in Norwich that will replace an apartment building destroyed by fire in 2008.

The rental market in the Norwich-New London metropolitan area is currently balanced, with conditions tightening somewhat during the past year in response to limited new additions to the rental inventory.
According to Reis, Inc., the apartment vacancy rate in New London County was 6.1 percent during the fourth quarter of 2010, down from 7.6 percent during the fourth quarter of 2009. The average effective rent was $915, essentially unchanged from the previous year. Apartment rents in the area averaged $860 for a one-bedroom unit, $1,000 for a two-bedroom unit, and $1,450 for a three-bedroom unit.