New Haven, Connecticut

The New Haven metropolitan area, which consists of 22 cities and towns located in the central part of southern Connecticut along the coast of the Long Island Sound, is coterminous with the New Haven, Connecticut Metropolitan New England City and Town Area. The city of New Haven is located 80 miles northeast of New York City. Two of the leading employers in the area are Yale University and Yale New Haven Health System, with 12,000 and 7,500 employees, respectively. According to Yale’s Office of New Haven and State Affairs, the university has a direct economic impact of more than $1 billion per year statewide. The education and health services sector accounts for 27 percent of jobs in the metropolitan area compared with 19 percent of jobs statewide. As of September 1, 2010, the population of the area was estimated at 585,300, an annual increase of 800, or 0.1 percent, since the July 1, 2009 census estimate. An increase in out-migration in response to recent job losses has resulted in a decline in population growth, which is down slightly from the 0.2-percent average annual change recorded during the previous 3 years.

Nonfarm payrolls in New Haven have been declining since 2008; however, the declines appear to be slowing. During the 12 months ending August 2010, nonfarm payrolls declined by 4,500 jobs, or 1.7 percent, to an average of 265,100 jobs, following a decrease of 8,500, or 3.1 percent, during the 12 months ending August 2009. During the 12 months ending August 2010, the manufacturing sector accounted for approximately 45 percent of net job losses in the area, with a decline of 2,000 jobs, or 7 percent, to an average of 26,800 jobs. The metropolitan area is expected to lose nearly 270 additional manufacturing jobs in mid-2011 when Marlin Firearms closes its North Haven facility. During the 12 months ending August 2010, the government sector declined by 900 jobs, or 2.6 percent, of which 400 were in local government. During this same period, the information sector lost 800 jobs, or 11.6 percent. The only sectors to add jobs were education and health services, which increased by 1,000 jobs, or 1.4 percent, and leisure and hospitality, which was up by 400 jobs, or 1.8 percent. The Yale New Haven Health System led the growth in education and health services with the opening of the new $467 million Smilow Cancer Hospital in October 2009, adding 500 new jobs. During the 12 months ending August 2010, the unemployment rate increased to an average of 9.0 percent, up from 7.4 percent during the previous 12 months.

Due to recent job losses, the sales market in New Haven is soft, but home sales increased in the second quarter of 2010 as a result of declining home prices and the homebuyer’s tax credit. According to the Connecticut Multiple Listing Service, Inc., 5,775 new and existing homes were sold in New Haven County during the 12 months ending June 2010, a 24-percent increase compared with only 4,650 homes sold in the 12 months ending June 2009. The median sales price for a single-family home increased by 1 percent in the second quarter of 2010 to nearly $232,300 compared with the median price in the second quarter of 2009; however, the median sales price remained down by $52,700, or 19 percent, from the peak median price of $285,000 in the second quarter of 2007. Condominium sales during the 12 months ending June 2010 increased 31 percent to 1,925 units compared with the number sold during the same period in the previous year. The median sales price for condominiums during the second quarter of 2010 was $153,000, down 1 percent from the second quarter of 2009 and down $27,000, or 15 percent, from the peak median price of $180,000 in the second quarter of 2007. Despite increasing home sales and rising median sales prices, foreclosures have increased. According to Lender Processing Services Mortgage Performance Data, from August 2009 to August 2010, the number of loans that are 90 days or more delinquent, in foreclosure, or real estate owned (REO) in New Haven County increased from 7.0 to 7.8 percent of all home loans in the area.

Single-family home construction, as measured by the number of building permits issued, peaked during 2004, when 1,175 homes were permitted. According to preliminary data, during the 12 months ending August 2010, single-family building permits were issued for 200 homes, up by 40 homes from the 12 months ending August 2009. In comparison, from 2006 to 2008, an average of 550 homes were permitted each year. Fieldstone Village, an active adult community, is a new 142-unit development currently under construction in Orange, Connecticut. Prices for one-bedroom attached homes at Fieldstone Village currently start at $359,900, with two-bedroom attached and detached prices ranging from $449,900 to $629,900. The price for a typical new single-family home in the area ranges from $400,000 to $500,000 and for a typical new condominium ranges from $250,000 to $350,000.

The rental market in New Haven is tight. According to Reis, Inc., the apartment vacancy rate in New Haven County was 2.9 percent in the second quarter of 2010,
down from 3.3 percent in the second quarter of 2009. The average effective rent was $1,067, up 1.1 percent, from the previous year. Since 2000, local universities have added approximately 2,400 new dormitory beds. Much of the construction occurred at Quinnipiac University, in Hamden, Connecticut, where 1,400 new beds were completed between 2002 and 2009, and 740 additional beds recently opened in September 2010. Students have a significant impact on the local rental markets, with approximately 4,500 of the 8,000 students at Quinnipiac University and 6,000 of the 11,500 students at Yale University currently living off campus. According to preliminary data, in the 12 months ending August 2010, 60 multifamily units were permitted, which is relatively unchanged compared with the number permitted in the previous 12 months. During the peak year of 2004, more than 1,000 multifamily units were permitted, and, from 2006 to 2008, an annual average of 370 units were permitted. A mixed-use development, 360 State Street, which contains 500 rental units, recently opened in downtown New Haven. The project is the world’s first large-scale residential building powered by a fuel cell. Rents for studios and one-, two-, and three-bedroom units start at $1,275, $1,700, $2,700, and $4,700, respectively.