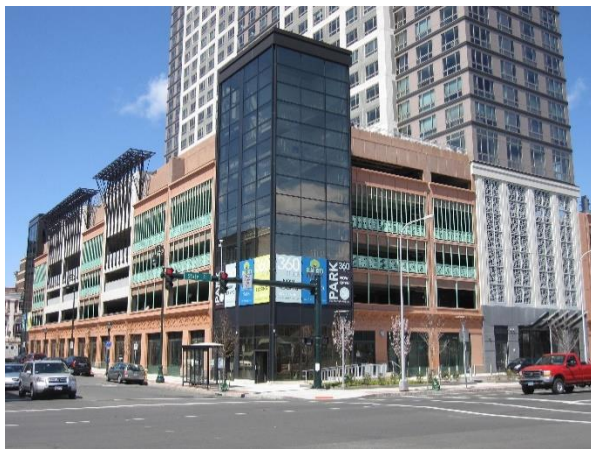
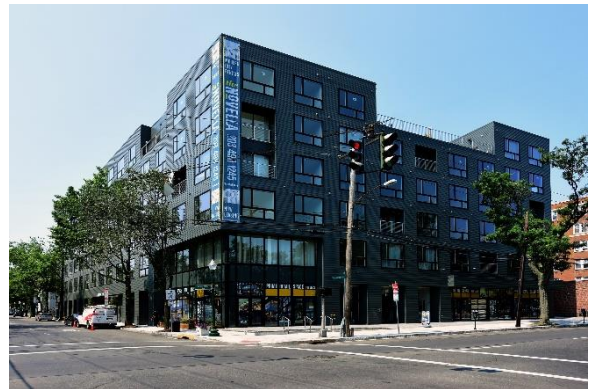


2016 DOWNTOWN HOUSING REPORT



August 2016

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INTRODUCTION

Each summer, the City of New Haven's Economic Development Administration conducts a comprehensive survey of the residential real estate market in downtown New Haven. The annual survey collects data from property owners and managers on the unit breakdown, occupancy rates, and rental rates of more than 2,200 representative downtown rental units.

In addition to the survey, the Office of Economic Development gathers information about the downtown housing pipeline. By presenting information on projects that are near completion, under construction, or in the planning stage, the report shows the expected growth of the residential real estate market over the next few years.

UNIT BREAKDOWN

While the percentage of studio and 1 bedroom units in the 2016 sample is down from previous years (70% in 2015 and about 75% in 2014) the data may be skewed due to the inclusion of other unit types. With the development of higher end complexes in recent years, 4+ bedroom, loft, and junior one bedroom were added to the survey and 3+ bedroom was changed to 3 bedroom, in order to be more representative. Despite this change in the survey, studio and 1 bedroom apartments still constitute most of the survey data. This segmentation of the housing stock reflects the demand from college students and young professionals for smaller units in the downtown area. The 2016 survey consists of a smaller sample size of property managers than previous years but the similarity of unit composition suggests that the sample is as representative of the entire downtown housing market as in past years.

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Table 1: Unit Breakdown 2012 – 2016

Unit Type	Number of Sampled Units (% of Total)				
	2016	2015	2014	2013	2012
Studio	414 (18.4%)	413 (24%)	458 (20%)	531 (23%)	556 (25%)
1 Bedroom	967 (43.0%)	804 (46%)	1,269 (54%)	1,296 (56%)	1,164 (52%)
2 Bedroom	573 (25.5%)	435 (25%)	503 (21%)	435 (19%)	464 (21%)
3+ Bedroom		89 (5%)	112 (5%)	66 (3%)	54 (2%)
3 Bedroom	150 (6.7%)				
4+ Bedroom	15 (0.7%)				
Junior 1 Bedroom	15 (0.7%)				
Loft	115 (5.1%)				
Total	2,249	1,741	2,342	2,328	2,238

VACANCY RATES

While the 2016 vacancy rate of 6.94% is very similar to the 2014 vacancy rate of 7.34%, both outliers in the overall trend of vacancy rates. The normal range of vacancy rates is usually between 3% – 4% as indicated by the 2012, 2013, and 2015 survey results. Part of the change in the vacancy rate from year to year is due to a change in the composition of surveyed units, rather than true market fluctuations.

Table 2: Vacancy Rates 2012 – 2016

Year	% Units Unoccupied
2016	6.94%
2015	3.56%
2014	7.34%
2013	3.81%
2012	3.55%

Over the past few years, the City of New Haven has had one of the tightest rental markets in the United States. The low vacancy rate for downtown units may continue to adjust as new housing developments open for residents (see “Downtown and Central Neighborhoods Housing Pipeline” section below).

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RENTAL RATES

Table 3: Weighted Monthly Rental Rates 2012 – 2016

Unit Type	Weighted Average Rental Rate				% Change	
	2016	2015	2014	2013	2015-16	2014-15
Studio	\$1,118	\$1,193	\$1,115	\$1,171	-6.29%	6.99%
1 Bedroom	\$1,426	\$1,588	\$1,607	\$1,458	-10.20%	-1.19%
2 Bedroom	\$2,042	\$2,136	\$2,173	\$2,087	-4.40%	-1.71%
3+ Bedroom		\$3,270	\$2,792	\$3,330		17.14%
3 Bedroom	\$2,617					
4+ Bedroom	\$2,888					
1 Junior Bedroom	\$1,666					
Loft	\$3,190					
Total Average	\$2,135	\$1,716	\$1,689	\$1,556	8.30%	1.60%

Note: The total average is weighted by the proportion of units within each property and number of units between properties. The 2015 – 2016 percent change is skewed by the alteration of the survey but more representative numbers may be found after a few years of using the new survey.

The monthly rental rates of studios, 1 bedroom and 2 bedroom apartments decreased between 2015 and 2016. The decrease rates suggest that the market for these type of units is slightly shifting, possibly due to the demand for more luxury apartments. Over the next few years as the new survey is administered, there will be tangible data about the demand for higher-end apartments such as lofts and 4+ bedroom apartments. While in past years many of the new developments did not offer units larger than 2 bedrooms, this has been changing and will continue to change in the coming years as new developments are completed.

DOWNTOWN AND CENTRAL NEIGHBORHOODS HOUSING PIPELINE

As of September 2016, the City of New Haven has eight major residential projects at various stages of development that are located within the downtown area or the central neighborhoods.

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Table 4: Downtown and Central Neighborhoods Residential Development Pipeline

Project	Proposed Units	Developer	Stage	Status
Corsair Apartments	235	Post Road Residential, Inc.	Nearing Completion	Initial occupancy underway; completion anticipated in November 2016
Metro 301 (Crown and George)	78	Metro Star Properties	Under Construction	Completion anticipated in fall 2017
Coliseum Redevelopment	466	LiveWorkLearnPlay	In planning	Breaking ground in spring 2017
Lofts at Wooster Square	220	Spinnaker Real Estate	In planning	Breaking ground in 2017
Torrington Site	325	Petra Construction / David Adam Realty	In planning	Breaking ground in 2017
19 Elm Street (Harold's)	46	MOD Equities	In planning	Breaking ground in 2017
Audubon Square	550	Spinnaker Real Estate	In planning	Breaking ground in 2017
Total Units	1,920			

Corsair Apartments (1040 State St.)

Post Road Residential, Inc. is constructing the Corsair Apartments at the abandoned Star Supply Property Complex in East Rock. The development will feature 235 apartments, 4,000 square feet of ground floor retail, and 273 parking spaces. The unit type breakdown is 46 studios, 108 one-bedroom, 71 two-bedroom, and 10 three-bedroom apartments.

Metro 301 (Crown & George)

In November 2015, Metro Star Properties received approvals from the Board of Zoning Appeals to move forward with a development of former downtown Salvation Army properties. The planned 37,750 square-foot development will span from Crown to George Streets, between College and High Streets. The project will include four new buildings and a fifth renovated building, resulting in a total of 78 apartments. Metro Star Properties expects that construction will begin in the fall of 2017.

Former New Haven Coliseum Site Redevelopment

The City of New Haven is currently working with LiveWorkLearnPlay, a Montreal-based developer, to redevelop the 4.5-acre former New Haven Coliseum site in downtown into a 1,000,000 square foot mixed-use development, including approximately 466 residential units, ground-floor retail, office space and a hotel. The City and developer expect construction to commence in the spring of 2017.

Lofts at Wooster Square (Olive & Chapel)

Spinnaker Real Estate has received approval from the Board of Alders for a zoning text and map amendment to develop the former Comcast location into more than 220 units of housing. Zoning for a neighborhood café on the ground level along Chapel Street has also been approved. The project is scheduled to start sometime in 2017.

Torrington Company Site (87 Union Street)

Petra Construction in collaboration with David Adam Realty has received approval from the Board of Alders for a zoning amendment to develop the 2.59-acre property at 87 Union Street. The development will have studios, one-, two- and three-bedroom apartments, townhouses, and ground-floor retail. The anticipated start date is sometime in 2017.

19 Elm Street (former Harold's Bridal Shop) – MOD Equities

MOD Equities is planning to turn the former Harold's Bridal Shop on Elm Street into a five-story apartment building. The building is expected to have 46 apartments, 21 parking spaces, 40 bike storage spaces, and ground-floor commercial space. The apartment types will be 1-bedroom, 2-bedroom, and duplex.

Audubon Square

In February 2016, Spinnaker Real Estate Partners contracted with Frontier Communications to buy one of the last prime pieces of land in downtown New Haven, at 335 and 367 Orange Street. The development of the 3.3-acre property, currently a surface parking lot for Frontier employees, will potentially add hundreds of residential units to Downtown and create a new community that will help grow the existing Audubon-Whitney neighborhood and spur development

along Orange and State Streets. Spinnaker Real Estate expects to begin construction in 2017.

METHODOLOGY

Procedure

An online survey was created using Qualtrics and distributed late June to early August 2016 to twenty-one companies that own property in the designated downtown New Haven area (see graphic map below). The surveyors offered an incentive of three \$100 gift card prizes as well as multiple email reminders, follow-up phone calls and follow-up visits to encourage survey participation. The resulting sample includes 37 residential properties (compared to 31 in 2015, 49 in 2014, 44 in 2013, and 33 in 2012), and represents slightly more than half of all the apartments in downtown New Haven.

On a per-unit basis, survey respondents provided information on the number of units, vacancies, low rents, high rents, low square footage, and high square footage. Respondents also provided information on the availability of affordable housing, amenities, and parking costs at each of their buildings.

Estimation and Analysis Methods

The weighted average rent for each unit type was calculated in three steps. First, the highest and lowest rental prices of each unit type at each building were averaged (this assumes that low and high rental

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rates were evenly distributed per unit type). The average of each unit was then multiplied by the number of that particular unit in each building. The sum of these products across buildings was divided by the total number of each unit type. This weighted average provides a closer estimate of a true market average by ensuring that the number of units at a particular price point is taken into account.

DOWNTOWN BOUNDARY

For the purpose of this report, “downtown” is defined as the area within the perimeter outlined below:

