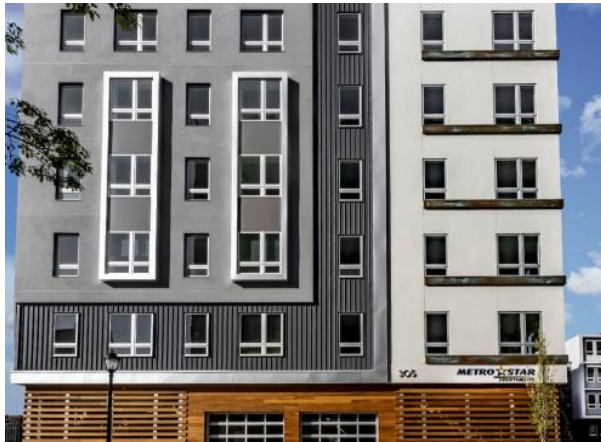


2018 DOWNTOWN HOUSING REPORT



August 2018

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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.

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

The 2018 survey consists of a larger sample size of units than in previous years. The total units increased due to 1) the inclusion of almost all units surveyed in 2017, 2) the inclusion of some units not represented in 2017, and 3) the opening of new buildings since the publishing of the 2017 report. 1 Bed Units and 2 Bed Units saw the greatest increase, and the amount of Studio units slightly decreased. Overall, the unit composition is similar to previous years. 1 Bed Units and 2 Bed units constitute the vast majority of the survey data—72.5%. This segmentation of the housing stock reflects the demand from college students, young professionals, small families, and retired baby boomers for smaller units in the downtown area.

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Finally, this report is limited in so much as it does not include all rental apartments that exist in Downtown New Haven, does not take a random sample of the market, and does not track the same properties from year to year. Even so, this survey is still a useful annual snapshot of the housing market.

Unit Type	Number of Sampled Units (% of Total)						
	2018	2017	2016	2015	2014	2013	2012
Studio	505 (18.7%)	553 (20.6%)	414 (18.4%)	413 (24%)	458 (20%)	531 (23%)	556 (25%)
Junior 1 Bedroom	59 (2.1%)	139 (5.2%)	115 (5.5%)				
1 Bedroom	1275 (47.2%)	1197 (44.7%)	967 (43%)	804 (46%)	1,269 (54%)	1,296 (56%)	1,164 (52%)
2 Bedroom	684 (25.3%)	616 (23%)	573 (25.5%)	435 (25%)	503 (21%)	435 (19%)	464 (21%)
3 Bedroom	130 (5%)	126 (4.7%)	150 (6.7%)				
4+ Bedroom	23 (0.8%)	26 (1%)	15 (0.7%)				
Loft	25 (0.9%)	21 (0.8%)	15 (0.7%)				
3+ Bedroom				89 (5%)	112 (5%)	66 (3%)	54 (2%)
Total	2,700	2,678	2,249	1,741	2,342	2,328	2,238

VACANCY RATES

The 2018 rental vacancy rate for Downtown New Haven is 5.78%, a 1.88% increase from 2017. This is both substantial and important because it may show that New Haven’s downtown housing market could be less effectively absorbing the apartment complexes that have come online since the start of 2017. Part of the change in the vacancy rate from year to year is also due to a change in the composition of surveyed units, rather than true market fluctuations. The 2018 survey had different respondents than previous years, this could also be a source of the change in vacancy rates.

Table 2: Vacancy Rates 2012 – 2018

Year	% Units Unoccupied
2018	5.78%
2017	3.90%
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. In response, more than 900 units have been added to the market since the start of 2015 and the vacancy rate continues to remain relatively low. The low vacancy rate for downtown units may continue to adjust as new housing developments continue to be built. (see “Downtown and Central Neighborhoods Housing Pipeline” section below).

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Table 3: Weighted Monthly Rental Rates 2013-2018

Unit Type	Weighted Average Rental Rate					
	2018	2017	2016	2015	2014	2013
Studio	\$1,249	\$1,243	\$1,298	\$1,193	\$1,115	\$1,171
1 Junior Bedroom	\$1,553	\$1,586	\$1,457			
1 Bedroom	\$1,463	\$1,676	\$1,641	\$1,588	\$1,607	\$1,458
2 Bedroom	\$2,005	\$2,228	\$2,263	\$2,136	\$2,173	\$2,087
3 Bedroom	\$2,584	\$2,530	\$3,406			
4+ Bedroom	\$2,949	\$2,666	\$2,708			
Loft	\$2,752	\$2,465	\$3,190			
3+ Bedroom	\$2,766	\$2,553	\$3,289	\$3,270	\$2,792	\$3,330
Total Average	\$2,079	\$1,764	\$1,862	\$1,716	\$1,689	\$1,556

Note: The total average is weighted by the proportion of units within each property and number of units between properties.

** Though 3+ Bed was not a category in the 2016, 2017, or 2018 surveys, it was calculated by grouping the responses to 3 Bed and 4+ Bed to maintain comparability.*

The monthly rental rates of 1 Bed and 2 Bed apartments decreased somewhat significantly. Jr 1 Bed units' rental rates decreased to a much lesser degree. The monthly rental rate of 3+ Bed, 4+ Bed, and Loft apartments increased substantially, while rates for Studios and 3 Bed units increased slightly. In terms of Loft, 3 Bed, 4+ Bed, and Jr 1 Bed units, there are so few units of each that their reported prices vary greatly from year to year, likely due to changes in the surveyed units. Lofts, 3 Bed, 4+ Bed and Jr 1 Bed units made up less than 10% of units surveyed.

Overall, the data shows a trend of increases in monthly rental rates, especially for the 1 Bed and 2 Bed apartments, which make up the vast majority of our downtown housing stock. The particular variations from year to year may be caused by various sources of noise, some of which may result from our surveying practices. As it would be impertinent to ask for the price of every single unit, each building reports only its highest and lowest rental price for

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each unit type. In order to calculate an average, we then assume an even distribution of prices between the highest and lowest reported rents, which may not be the case for many apartment complexes. Therefore, each year’s report is only a rough estimate of the status of the downtown real estate market. For more information, see the “Methodology” section below.

Table 4: Annual Percent Change of Rental Rates 2013 – 2018

Unit Type	% Change				
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Studio	0.05%	-4.24%	8.80%	6.99%	-4.80%
1 Junior Bedroom	-2.10%	8.85%			
1 Bedroom	-12.71%	2.13%	3.34%	-1.19%	10.23%
2 Bedroom	-9.01%	-1.55%	5.95%	-1.71%	4.10%
3 Bedroom	2.09%	-25.72%			
4+ Bedroom	10.60%	-1.55%			
Loft	10.43%	-22.73%			
3+ Bedroom			-1.83%	17.14%	-16.14%
Total Average	-0.09%	-6.40%	-0.35%	1.60%	8.56%

DOWNTOWN AND CENTRAL NEIGHBORHOODS HOUSING PIPELINE

As of August 2018, the City of New Haven has six major residential projects at various stages of development that are located within the downtown area or the central neighborhoods.

Table 5: Downtown and Central Neighborhoods Residential Development Pipeline

Project	Units	Developer	Status
Audubon Square	550	Spinnaker Real Estate Partners	Construction Underway
703 Whitney Avenue	42	Nancy Greenberg	Construction Underway
19 Elm Street (Harold's Bridal Shop)	46	MOD Equities	Construction Underway
Torrington Supply Company (87 Union Street / 44 Olive Street)	325	Petra Construction & David Adam Realty	Breaking Ground 2018
Former Coliseum Redevelopment	395	LiveWorkLearnPlay	In Planning Stages
842-848 Chapel Street	45	Northside Development	In planning stages
Lofts at Wooster Square	235	Spinnaker Real Estate Partners	In planning stages
Total Units	1638		

Note: Some of the properties included within the Downtown Pipeline may not be specifically within the downtown boundary. However because of their size/proximity to Downtown they are relevant to include in the pipeline.

Audubon Square

In February of 2017 the City of New Haven approved Spinnaker Real Estate Partners' plans to build a seven story, 285,000 square foot "mini neighborhood" This development will consist of 500 market-rate rental units, 3,900 square feet of retail space, as well as a 716 car garage upon completion. By adding hundreds of residential units, Spinnaker hopes to create a new community and grow the existing Audubon-Whitney neighborhood. This multi-phase project broke ground in July 2018 and phase 1 is expected to be completed in 2020.

703 Whitney Avenue

Property owner Nancy Greenberg started the construction of a 35 unit apartment building on the former site of the American Red Cross in October 2018. The building is expected to have 38 parking spots, a rooftop common area, and a recreational area in the rear carriage house. The project is expected to be completed in 12-15 months.

19 Elm Street (former Harold's Bridal Shop)

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 building will contain 1-bedroom, 2-bedroom, and duplex units. Pre-construction work is underway.

Torrington Company Site 87 Union Street (44 Olive Street)

Petra Construction and David Adam Realty intend to replace a series of warehouses and a plumbing supply store with six wood-framed stories of market-rate apartments, townhouses, and ground-floor retail. The already-approved TOD project at 87 Union Street will activate dormant Union and Fair Streets, while a potential extension would reconnect Olive and Union Streets. The total project will consist of approximately 325 market rate units, and construction is slated break ground in 2018.

Former Coliseum 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, research laboratory space, and a hotel.

842-848 Chapel Street

After the demolition of two apartment buildings in 2007, 842-849 Chapel Street has been an under-utilized asset to the city of New Haven. After being approved, Northside Development Company plans to construct a 46 unit apartment building with 9,000 square feet of retail space on the ground floor.

Lofts At Wooster Square / (Wooster Square Apartments)

Spinnaker Real Estate Partners is currently planning the conversion of a former Comcast Service Center to more than 230 market rate apartments with ground floor retail space. This property will be in close proximity to I-95, I-91, Union Station, and State Street Station.

METHODOLOGY

Procedure

An online survey was created using Qualtrics and distributed mid-June to early August 2018 to twenty-three 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 and follow-up phone calls to encourage survey participation. The resulting sample includes 56 residential properties (compared to 53 in 2017, 37 in 2016, 31 in 2015, 49 in 2014, 44 in 2013, and 33 in 2012), and represents more than half of all the apartments in downtown New Haven.

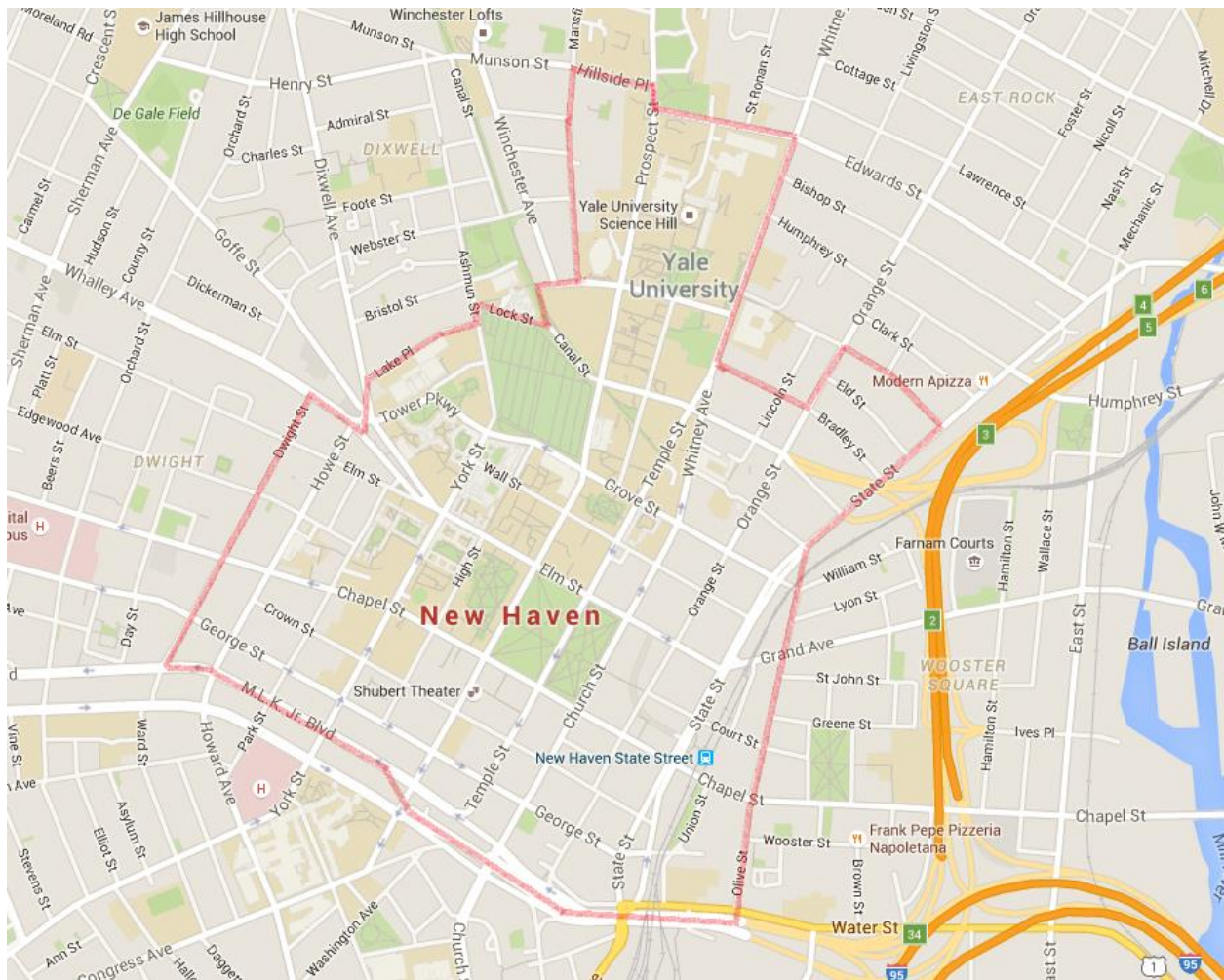
On a per-unit basis, survey respondents provided information on the number of units, vacancies, low rents, high rents, low square footage, and high square footage. Respondents also provided information on the availability of affordable housing, amenities, and parking costs at each of their buildings.

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 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:



Note: The 2018 survey made one exception to the map by including the newly opened Corsair Apartments in the study.