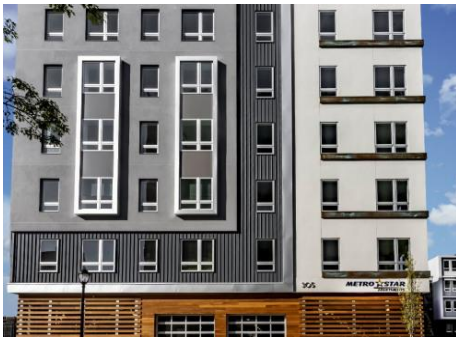


2020 DOWNTOWN HOUSING REPORT



November 2021

Justin M. Elicker
Mayor

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Economic Development Administrator



INTRODUCTION

Every 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 market indicators such as unit breakdown, occupancy rates, and rental rates.

In addition to the survey, the Economic Development Administration 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 projected growth of the Downtown residential real estate market over the next few years. Together, the survey data and housing pipeline research showcase the vibrant state of Downtown New Haven’s real estate market.

While normally completed by the end of each calendar year, release of the 2020’s Downtown Housing Report was delayed due to complications created by the COVID-19 pandemic. The pandemic redirected the Economic Development Administration’s focus to necessary community and business support activities, impeding completion of this report until 2021. The Economic Development Administration anticipates that it will conduct and release the 2021 Downtown Housing Report in the winter of 2022.

UNIT BREAKDOWN

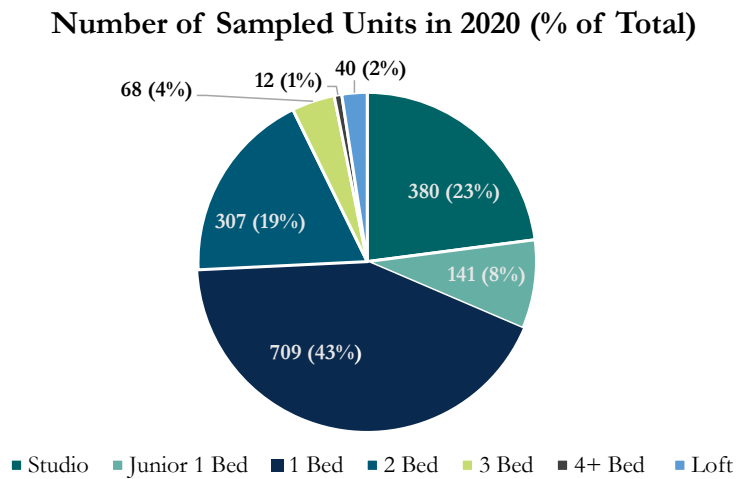
The survey asked property managers to profile their buildings, including total number of units, unit type, rent rates, and available amenities. The gathered information was aggregated to better understand the breakdown of housing stock in the area.

Overall, unit composition in 2020 is similar to that of previous years. 1 Bed units (43%), 2 Bed units (23%) and Studios (19%) constitute the vast majority of surveyed unit types (85%). This unit type distribution reflects a

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national trend, in which rental demand is being driven by college students, young professionals, small families, and retired baby boomers seeking an urban lifestyle.

Figure 1: 2020 Unit Breakdown



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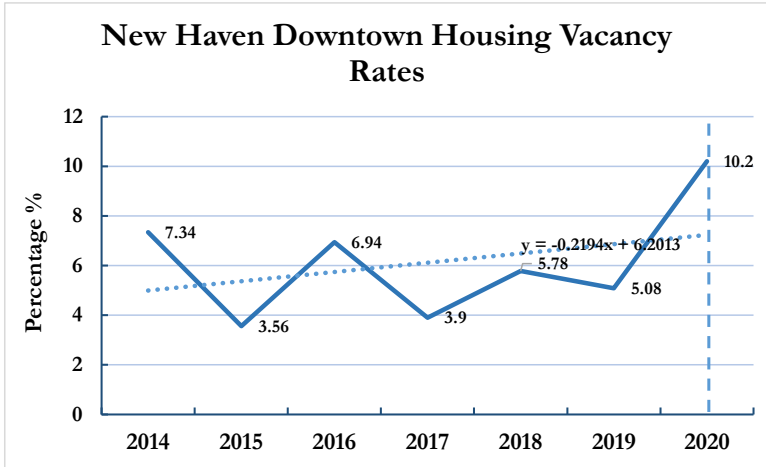
Table 1: Unit Breakdown 2014 – 2020

Unit Type	Number of Sampled Units (% of Total)						
	2020	2019	2018	2017	2016	2015	2014
Studio	380 (22.9%)	222 (19.8%)	505 (18.7%)	553 (20.6%)	414 (18.4%)	413 (24.0%)	458 (20.0%)
Junior 1 Bedroom	141 (8.5%)	67 (6.0%)	59 (2.1%)	139 (5.2%)	115 (5.5%)		
1 Bedroom	709 (42.8%)	493 (44.0%)	1275 (47.2%)	1197 (44.7%)	967 (43.0%)	804 (46.0%)	1,269 (54.0%)
2 Bedroom	307 (18.5%)	303 (27.0%)	684 (25.3%)	616 (23.0%)	573 (25.5%)	435 (25.0%)	503 (21.0%)
3 Bedroom	68 (4.1%)	18 (1.6%)	130 (5.0%)	126 (4.7%)	150 (6.7%)		
4+ Bedroom	12 (0.7%)	2 (0.03%)	23 (0.8%)	26 (1.0%)	15 (0.7%)		
Loft	40 (2.4%)	14 (1.3%)	25 (0.9%)	21 (0.8%)	15 (0.7%)		
3+ Bedroom						89 (5.0%)	112 (5.0%)
Total	1,657	1,119	2,700	2,678	2,249	1,741	2,342

VACANCY RATES

The survey collected occupancy rate data to better understand unit type supply and demand across the Downtown housing market. The 2020 rental vacancy rate for Downtown New Haven is 10.20%, up from 5.08% in 2019.

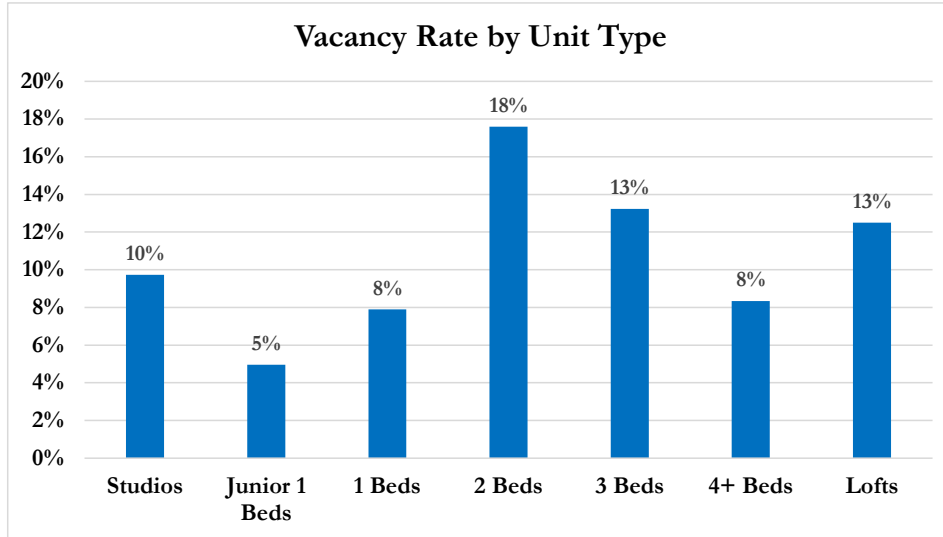
Figure 2: Vacancy Rates 2014-2020



It is unclear what, beyond perhaps displacement due to the COVID-19 pandemic, drove the increase in unit vacancy in 2020. As is shown later in the report, rent rates also rose by an historically large amount in 2020. It is likely that these two major shifts are correlated, as a rent adjustment by property managers foreseeing an opportunity to attract higher paying tenants can cause a period of increased vacancy.

With additional luxury units in the Downtown pipeline (see “Downtown and Central Neighborhoods Housing Pipeline”), a market-wide upward movement in rent rates may be occurring.

Figure 3: Vacancy Rates by Unit Type, 2020



While vacancy rates were higher than usual among all unit types, 2 bed, 3 bed, and loft vacancy rates lead the way with rates above 10%. 2 Bed units had the largest upward impact on the overall vacancy rate, because they account for 23% of all surveyed units. The disparity between 1 Bed and 2 Bed vacancy rates, 8% and 18% respectively, is noteworthy as these are the two most common unit types surveyed.

RENTAL RATES

Along with unit occupancy rates, the survey also gathered information from property owners regarding rental rates. The Total Average Weighted Rental Rate across all unit types in 2020 was \$1,990, an increase of 15.3% from the 2019 Total Average. Rental rates have remained relatively steady over the last 5 years, but a large increase in rates this year may indicate an upward shift.

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The rental rates were calculated by averaging high and low unit rental rates across all buildings from the survey. For a complete explanation of estimation calculations, see the “Methodology” section below.

Table 2: Weighted Monthly Rental Rates 2015–2020

Unit Type	Weighted Average Rental Rates					
	2020	2019	2018	2017	2016	2015
Studio	\$1,519	\$1,218	\$1,249	\$1,243	\$1,298	\$1,193
1 Junior Bedroom	\$1,590	\$1,663	\$1,553	\$1,586	\$1,457	
1 Bedroom	\$1,875	\$1,611	\$1,463	\$1,676	\$1,641	\$1,588
2 Bedroom	\$2,766	\$2,212	\$2,005	\$2,228	\$2,263	\$2,136
3 Bedroom	\$2,571	\$3,268	\$2,584	\$2,530	\$3,406	
4+ Bedroom	\$2,650	\$1,925	\$2,949	\$2,666	\$2,708	
Loft	\$2,767	\$1,644	\$2,752	\$2,465	\$3,190	
3+ Bedroom*	\$2,583	\$2,597	\$2,766	\$2,553	\$3,289	\$3,270
Total Average	\$1,990	\$1,726	\$1,641	\$1,764	\$1,862	\$1,716

*Note: The total average is weighted by the proportion of units within each property and number of units between properties. See “Methodology” for full explanation of calculating Total Average and Weighted Average Rental Rate for each unit type. * Though 3+ Bed was not a category in the 2016, 2017, 2018, 2019 or 2020 surveys, it was calculated by grouping the responses to 3 Bed and 4+ Bed to maintain comparability.*

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Figure 4: Total Average Rental Rate 2014-2019

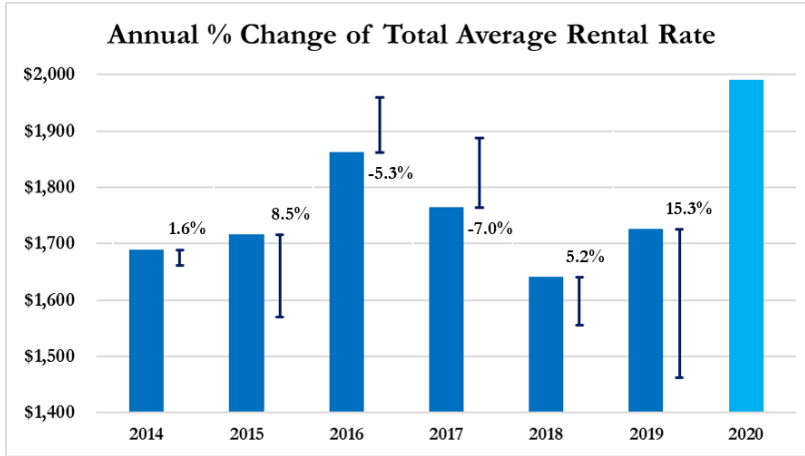
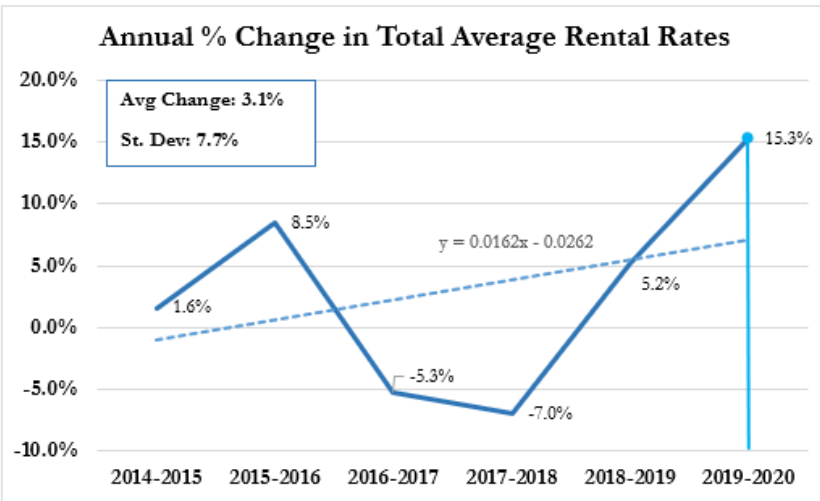


Figure 5: Annual % Change of Total Average Rental Rates 2014 – 2020



Over the past year, the Total Average of Downtown rental rates increased. The monthly rental rates for all unit types except for Jr. 1 Beds increased significantly. Loft, 3 Bed, 4+ Bed, and Jr. 1 Bed units are uncommon, so

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prices vary greatly from year to year among these units due to changes in the buildings surveyed. This may explain why the Jr. 1 Bed unit rent rates decreased slightly while all other unit type rent rates increased.

Over the past six years, the data has not shown consistent long-term trends in monthly rental rates. The 2020 increase of 15.8% is nearly twice as large as any single year fluctuation and it has moved the average percent change over the history of this report from 0.8% between 2014-2019 to 3.1%. However, the standard deviation within this data set is now at 7.7%, which may indicate that it is subject to fluctuation in the years to come.

However, it is possible that we are seeing a shift from a long-term flat rent rate trend to a positive growth trend, as four of the last six years have brought about rent rate increases. Additionally, the cumulative growth in rent rates over the last 6 years is up to 18.3%.

DOWNTOWN AND CENTRAL NEIGHBORHOODS HOUSING PIPELINE

As of early 2021, the City of New Haven had 53 major publicly- or privately-funded multifamily residential projects in various stages of development underway within its borders. The following table and narrative briefly describe 15 of these projects occurring in and around the Downtown or central neighborhoods.

Table 3: Downtown and Central Neighborhoods Residential Development Pipeline

Project	Units	Developer	Status
The Audubon	135	Spinnaker	Phase II underway
9 Tower Lane	223	RMS Companies	Underway

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Olive & Wooster	299	Epimoni/ AdamAmerica	Underway
The Whit	230	Chapel Street Residences	Underway
104 Howe Street	44	Cambridge Realty	Underway
Church of the Redeemer	24	MOD Equities	Underway
92-98 Olive Street	31	98 Olive LLC	Underway
Former Coliseum	200	LWLP New Haven	Phase I starting fall 2021
Clock Factory Lofts	120	Taom Heritage New Haven	In remediation
294-302 State Street	60	Beacon Communities	In planning
Monson Building	29	Beacon Communities	In planning
20 & 34 Fair Street	186	Epimoni/ AdamAmerica	In planning
129 Church Street	92	MOD Equities	In planning
Corsair II	60	Post Road Residential	In planning
Power Gas Site	44	S&S Enterprises Inc.	In planning
Total Units	1,777		

Note: Some properties in the Downtown Pipeline may not be specifically within the Downtown boundary, but due to their size/proximity to Downtown, they are relevant to include in the pipeline.

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The Audubon

In 2017, Spinnaker Real Estate Partners received City approval to build a seven-story, 285,000-square-foot “mini-neighborhood” on the site of a former Frontier parking lot. This development ultimately will consist of 435 market-rate rental units, 3,900 square feet of retail space, and a 716-car garage. Spinnaker completed Phase 1 of this multi-phase project, consisting

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of 269 units and ground-floor retail, in 2020, and Phase 2, consisting of 135 apartments and some additional retail space, broke ground in late 2020 for completion in early 2022. Phase 3, which will include 29 apartment units, should begin sometime in 2022.

9 Tower Lane

As the final part of its five-building 557-unit City Crossing development in the Hill-to-Downtown neighborhood, RMS Companies is constructing 223 units, 67 of them as affordable-housing units, at 9 Tower Lane. This development will feature a parking structure, more than 3,800 square feet of retail, two roof terraces, and a swimming pool. RMS expects to complete this building in mid-2022.

Olive & Wooster

Epimoni Corp. and AdamAmerica Real Estate bought the 87 Union Street/44 Olive Street project in 2018 and now is constructing six wood-framed stories containing 299 market-rate apartments, townhouses, and 8,000 square feet of ground-floor retail. The already-approved transit-oriented development at 87 Union Street will activate dormant Union and Fair Streets, while a potential extension will reconnect Olive and Union Streets. Construction is slated for completion by early 2022.

The Whit

Chapel Street Residences Owner LLC is constructing 230 market-rate apartment units and ground-floor retail space on the site of a former Comcast Service Center. The company, a division of the Hines Corporation, expects to complete construction in 2022.

104 Howe Street

Cambridge Realty Partners is constructing a six-story, 44-unit building, of market-rate studio and one-bedroom units, on a former parking lot on Howe Street. The company expects to complete construction in the fall of 2021.

Church of the Redeemer

MOD Equities is converting a former church in the East Rock neighborhood into 24 one-, two-, and three-bedroom market-rate units. The developer expects to complete the building’s renovations, and construct off-street parking to accompany it, in late 2021 or early 2022.

92-98 Olive Street

98 Olive LLC has started construction of a market-rate 31-unit structure composed of a new three-story apartment building and a renovated brick building at 98 Olive Street. The building will have ground-floor parking, will be set back from street slightly, and will retain an on-site garden. The developer plans to complete the building by late 2022.

Former Coliseum

LWLP New Haven LLC, a joint venture between Spinnaker Real Estate Partners and the Fieber Group, will begin construction this fall on the first building of the first phase of its 1,000,000-square-foot, mixed-use “mini-city” redevelopment of the former Veterans Memorial Coliseum site. This first building will contain 200 apartments, 20% of which will qualify as affordable-housing units, and accompany a “Retail Laneway” between South Orange and State Streets that will combine thousands of square feet of ground-floor retail space and public plaza near the corner of George and State Streets. LWLP expects to complete this first building by 2023.

Clock Factory Lofts

Taom Heritage New Haven is in the process of converting the historic 150,000-square-foot New Haven Clock Factory building into a 130-unit low-income apartment building with approximately 44 units allocated for New Haven artists. Taom intends to finish remediation of the site in late 2021 and then to commence unit construction in 2022.

294-302 State Street

Beacon Communities has purchased this project from East River Partners and plans to construct 12 market-rate and 48 affordable-housing units (15 studio, 20 one-bedroom, 15 two-bedroom, and 10 three-bedroom units) on a current parking lot across from the State Street commuter rail station.

Monson Building

Beacon Communities has purchased the Monson Building, an office-and-retail structure on the corner of Chapel and State Streets, from East River Partners. It plans to renovate the building into 29 market-rate apartments (four one-bedrooms, two two-bedrooms, and 23 studios).

20 & 34 Fair Street

Epimoni Corp. and AdamAmerica Real Estate have proposed to build across from their current project at 87 Union Street/44 Olive Street a 4- to 5-story building with 186 studio, one-, and two-bedroom market-rate units. The development will incorporate a significant amount of public and open space, and include public access for the first time in decades to a public plaza that connects the current end of Fair Street and Olive Street.

129 Church Street

MOD Equities plans to convert a century-old office building into 92 studio, one-bedroom, and two-bedroom market-rate units with retail on the first two floors.

Corsair II

Post Road Residential, which several years ago built the Corsair apartments in East Rock, plans to acquire an existing older building at 1041 State Street and to convert it, and construct an addition next to it, to create a five-story

building with parking beneath it that will house 60 apartments (57 market-rate and 3 affordable-housing units).

Power Gas Site

S&S Enterprises has received all local land-use approvals to construct a 6-story building with 44 studio, one-, and two-bedroom apartments, 750 square feet of ground-floor retail space.

METHODOLOGY

Procedure

An online survey was created using ESRI Survey 123 and distributed mid-June to early September 2020 to twenty-three companies that own property in the designated Downtown New Haven area (see graphic map below). The surveyors reached out with multiple email reminders and follow-up phone calls to encourage survey participation. The resulting sample includes 25 residential properties (compared to 15 in 2019, 56 in 2018, 53 in 2017, 37 in 2016, 31 in 2015, 49 in 2014, 44 in 2013, and 33 in 2012).

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.

As with all surveys, the Downtown Housing Survey does not include all properties within Downtown New Haven. This may affect the accuracy of numbers, such as vacancy and rental rates, as many did not provide data. The total number of units included in the 2020 survey increased from last year.

Estimation and Analysis Methods

Weighted Average Rental Rate Per Unit

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The weighted average rent for each unit type was calculated as follows. First, the highest and lowest rental prices of each unit type at each building were averaged (this assumes that rental rates were evenly distributed per unit type).

$$\text{Avg. unit rental price per building} = \frac{\text{High unit price} - \text{Low unit price}}{2}$$

The average of each unit was then multiplied by the number of that particular unit in each building.

$$\begin{aligned} \text{Total rental income per unit type per building} \\ = \text{Avg. unit rental price per building} \times \text{Number of units} \end{aligned}$$

The sum of these products across buildings was divided by the total number of each unit type.

$$\begin{aligned} \text{Total rental income per unit} \\ \text{All buildings} \\ = \sum_i \text{Total rental income per unit type per building} \end{aligned}$$

$$\text{Weighted average rental rate} = \frac{\text{Total rental income per unit}}{\text{Total number of units across all sites}}$$

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.

Total Average Rental Rate

The total average rental rate across all unit types is the total weighted average of the weighted average rental rates for each unit type.

Each weighted average rental rate is multiplied by the number of units of that type in the Downtown market to calculate the total rental income in the entire market.

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$$\begin{aligned} & \textit{Total Market Income} \\ & \quad \sum_{7 \text{ unit types}} (\textit{Weighted average rental rate} \\ & \quad \times \textit{Total number units of that type}) \end{aligned}$$

This sum is then divided by the total number of units in the market.

$$\textit{Total average rental rate} = \frac{\textit{Total market income}}{\textit{Total number of units in market}}$$

The final result is the Total Average Rental Rate which provides a more representative market average. It weighs rental prices more heavily for units that have larger market shares.

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DOWNTOWN BOUNDARY

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

