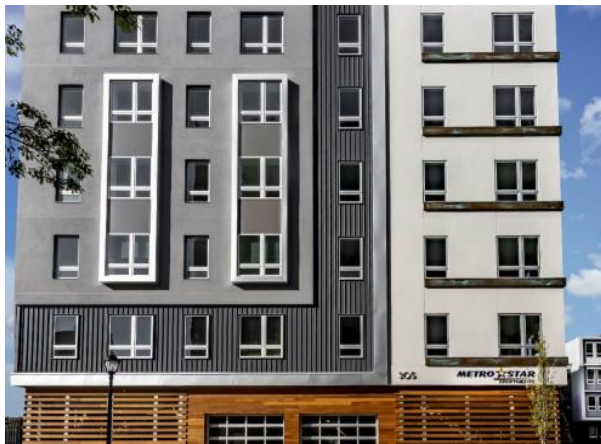# 2019 DOWNTOWN HOUSING REPORT

June 2020

CITY OF NEW HAVEN
ECONOMIC DEVELOPMENT

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 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 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 the calendar year, release of the 2019 Downtown Housing Survey was delayed due to a variety of factors, foremost being 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 2020. The Economic Development Administration anticipates that it will conduct and release the 2020 survey and report on schedule.
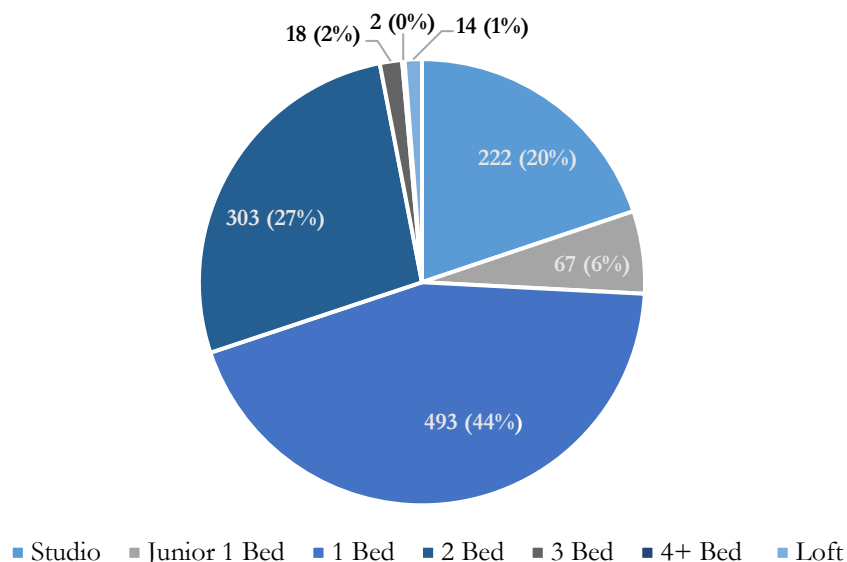
UNIT BREAKDOWN

The survey initially asked property managers questions regarding the total number of units, by unit type, within their buildings. The gathered information was aggregated to better understand the breakdown of housing stock in the area.

Overall, the unit composition is similar to previous years: at 71%, 1 Bed Units and 2 Bed units constitute the majority of the survey data. That both of these unit types together represent a disproportionate amount of Downtown housing stock reflects the demand that college students, young professionals, small families, and retired baby boomers have for smaller units Downtown, and a concomitant demand for larger living spaces further out from the Downtown neighborhood.

Figure 1: 2019 Unit Breakdown

Number of Sampled Units in 2019 (% of Total)

18 (2%)   2 (0%)   14 (1%)

222 (20%)

303 (27%)

67 (6%)

493 (44%)

■ Studio   ■ Junior 1 Bed   ■ 1 Bed   ■ 2 Bed   ■ 3 Bed   ■ 4+ Bed   ■ Loft

Table 1: Unit Breakdown 2014 – 2019

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

VACANCY RATES

The survey collected occupancy rate data to better understand how the Downtown housing market is being utilized. The 2019 rental vacancy rate for Downtown New Haven is 5.08%, down from 5.78% in 2018. This is substantial, insofar as it may suggest that the total stock of rental units available in New Haven's Downtown market is being met at least a matching demand for Downtown New Haven apartments, implying a high level of demand for rental units Downtown.

Through the data's sustained low vacancy rates, we see evidence that New Haven's Downtown has a strong rental market to support its commercial, business, and cultural sectors. New Haven has been home to a thriving residential development pipeline for years, a testament to the high demand for Downtown living reflected in the high occupancy rates (see "Downtown and Central Neighborhoods Housing Pipeline").

Figure 2: Vacancy Rates 2014-2019

New Haven Downtown Housing Vacancy Rates

$y = -0.2194x + 6.2013$
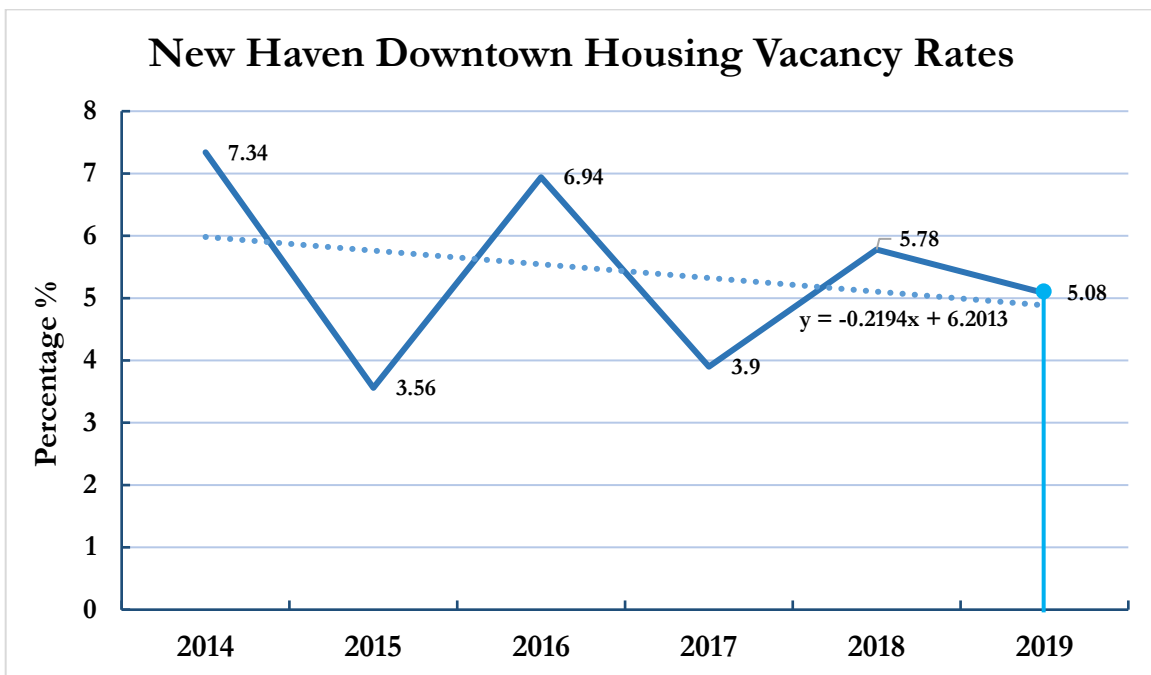
Over the past few years, New Haven has had one of the tightest rental markets in the United States. Low vacancy rates are not only sustained, but also indicate a significant 5-year decreasing trend of roughly -0.22%, which reflects the continued growth of New Haven's residential real estate market through its many developments in progress (again, see "Downtown and Central Neighborhoods Housing Pipeline"). Since 2014, more than 1,370 units have been added to the market, and yet the vacancy rate continues to remain relatively low.

RENTAL RATES

Along with unit occupancy rates, the survey also gathered information from property owners regarding rental rates. While the Total Average Weighted Rental Rate across all unit types in 2019 was $1,726, an increase from the 2018 Total Average, overall rental rates have remained relatively steady over the last 5 years.

Table 2: Weighted Monthly Rental Rates 2014–2019

Unit Type	Weighted Average Rental Rates					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Studio	$1,218	$1,249	$1,243	$1,298	$1,193	$1,115
1 Junior Bedroom	$1,663	$1,553	$1,586	$1,457		
1 Bedroom	$1,611	$1,463	$1,676	$1,641	$1,588	$1,607
2 Bedroom	$2,212	$2,005	$2,228	$2,263	$2,136	$2,173
3 Bedroom	$3,268	$2,584	$2,530	$3,406		
4+ Bedroom	$1,925	$2,949	$2,666	$2,708		
Loft	$1,644	$2,752	$2,465	$3,190		
3+ Bedroom*	$2,597	$2,766	$2,553	$3,289	$3,270	$2,792
Total Average	**$1,726**	**$1,641**	**$1,764**	**$1,862**	**$1,716**	**$1,689**

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, or 2019 surveys, it was calculated by grouping the responses to 3 Bed and 4+ Bed to maintain comparability.
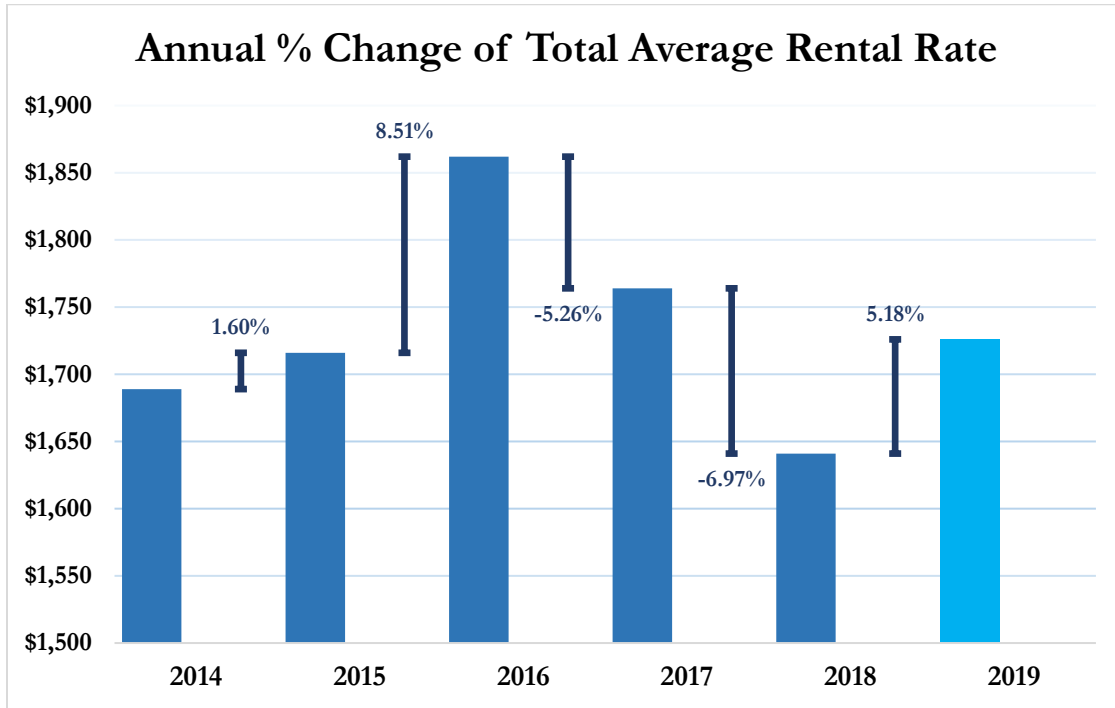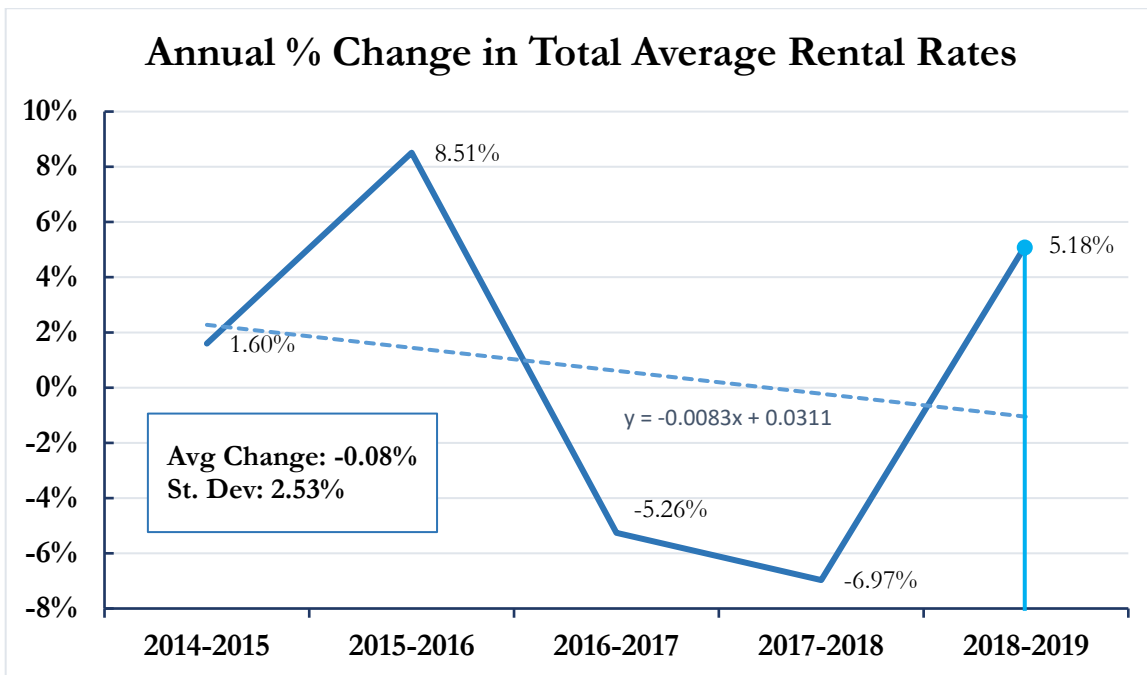
Figure 3: Total Average Rental Rate 2014-2019

Annual % Change of Total Average Rental Rate

2014	
2015	1.60%
2016	8.51%
2017	-5.26%
2018	-6.97%
2019	5.18%

Figure 4: Annual % Change of Total Average Rental Rates 2014 – 2019

Annual % Change in Total Average Rental Rates

Avg Change: -0.08%
St. Dev: 2.53%

y = -0.0083x + 0.0311

1.60%
8.51%
-5.26%
-6.97%
5.18%

2014-2015 2015-2016 2016-2017 2017-2018 2018-2019

Over the past year, the Total Average of Downtown rental rates increased. While the monthly rental rates for Jr. 1 Bed, 1 Bed, 2 Bed, and 3 Bed apartments increased substantially, the monthly rental rates for Loft and 4+ Bed units decreased significantly, and the monthly rental rates for Studio and 3+ units decreased to a much lesser degree. In terms of Loft, 3 Bed, 4+ Bed, and Jr 1 Bed units, there are so few units of each category that their reported prices vary greatly from year to year, which may be 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, which may explain the 2019 Total Average increase, as it is largely dependent on fluctuations in 1 Bed and 2 Bed units that have greater market presence and, therefore, a more significant impact than larger units and lofts.

Over the past 5 years, the data does not show significant long-term changes in monthly rental rates. With an average percent change between 2014 and 2019 of 0.8%, and a high level of standard deviation from the trend – 2.5% – the recorded rental rates in Downtown do not greatly increase or decrease necessarily or continuously, but instead fluctuate around an overall leveled trend. In particular, 1 Bed and 2 Bed apartments, which make up the vast majority of our Downtown housing stock (71%), similarly levele to the overall trend.

The particular variations from year to year may be caused by various sources of inconsistent data, some of which may result from our surveying practices. The rental rates depicted are calculated by averaging high and low unit rental rates across all buildings from the survey. For a complete explanation of estimation calculations, see "Methodology" section below.

DOWNTOWN AND CENTRAL NEIGHBORHOODS HOUSING PIPELINE

As of 2019, the City of New Haven has 37 major residential projects at various stages of development located within Downtown or the central neighborhoods, 14 of which are described below.

Table 3: Downtown and Central Neighborhoods Residential Development Pipeline

Project	Units	Developer	Status
Audubon Square	216	Spinnaker Real Estate Partners	Phase I Complete; Phase II in 2020
City Crossing	600	RMS Companies	Phase I Complete; Phase II in 2020
Crown Court II	132	New Haven Towers	Construction underway
Torrington Supply Company (87 Union Street / 44 Olive Street)	299	Epimoni Corp & AdamAmerica Real Estate	Construction underway
The Whit	235	Chapel Street Residences Owner LLC	Construction underway
104 Howe	44	Cambridge Realty	Construction underway
Clock Shop Lofts	130	Taom Heritage New Haven	Construction underway
269-275 Orange Street	102	59 Elm Street Partners	Breaking Ground 2020
Former Coliseum Redevelopment	466	Spinnaker Real Estate Partners	Breaking Ground 2021
842-848 Chapel Street	120	Northside Development	In planning stages

Project	Units	Developer	Status
92-98 Olive Street	31	98 Olive LLC	In planning stages
19 Elm Street (Harold's Bridal Shop)	46	MOD Equities	In planning stages
Total Units	**2,421**		

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, and 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 was completed in 2020, with the first 269 units now ready for occupants. Phases 2 and 3, which will include more townhouse and apartment units, were approved by City Plan and are slated for development.

City Crossing

City Crossing is a multi-phase, five-building development implemented by RMS Companies as part of the Hill-to-Downtown New Haven Community Plan. In total, the project will bring roughly 600 units to the Hill District when complete. The first building, "Parkside Crossing", is a four-story, mixed-use 110-unit structure completed in 2019 on Gold Street. The next phase includes two additional buildings on Lafayette and Congress Streets totaling 284,000 sq. ft. and creating 104 and 90 units respectively. Each

building will include indoor recreation and amenity spaces, along with rooftop lounges similar to what is seen in "Parkside Crossing". Additionally, the Congress Street site will include a dog park and landscaped garden. RMS has committed to renting 30% of its units at affordable rents.

Crown Court II

New Haven Towers, owner of three high-rise apartment buildings Downtown, is currently constructing a fourth tower at the intersection of Crown and High Streets on the site of a former parking lot. The seven-story, 132-unit building will be comprised of mostly 1- and 2-bedroom units. Once complete, the block bordered by Crown, High, George and York Streets will house three New Haven Towers-owned buildings surrounding a central, private courtyard.

Torrington Company Site 87 Union Street (44 Olive Street)

Epimoni Corp. and AdamAmerica Real Estate bought the 87 Union Street project in 2018 and are continuing with plans to replace a warehouse and plumbing supply store with six wood-framed stories of market-rate apartments, townhouses, and 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. The total project will consist of approximately 299 market-rate units and 8,000 sq. ft. of retail. Construction is slated for completion by 2021.

The Whit

Chapel Street Residences Owner LLC purchased the site of a former Comcast Service Center from Spinnaker Real Estate Partners, and plans to continue the project of constructing more than 230 market-rate apartments with ground floor retail space. This property will be in close proximity to I-95 and I-91, as well as Union Station and State Street Station.

104 Howe

Cambridge Realty Partners has begun construction on a six-story, 44-unit building on a former parking lot on Howe Street.

269-275 Orange Street Project

A seven-story, 102-unit market rate apartment building will be constructed on a parcel of land which is currently a parking lot. 59 Elm Street Partners, the project's developers, have agreed to relocate The Pinto House, one of New Haven's oldest still-standing properties recognized by the National Register for Historic Places which currently resides on the parcel, approximately 40 feet to the north. The development includes 4,200 sq. ft of ground floor commercial space and 44 parking spaces.

Former Coliseum Redevelopment

A joint development effort between Spinnaker Real Estate Partners and the Fieber Group intends to redevelop the 5.5-acre former New Haven Coliseum site into a 1,000,000-square-foot mixed-use "mini-city" development, including approximately 466 residential units, ground-floor retail, office space, research laboratory space, and possibly a hotel. Construction is currently planned to begin in late 2020 or early 2021.

842-848 Chapel Street

After the demolition of two apartment buildings in 2007, 842-848 Chapel Street, located right in the heart of Downtown, has been an under-utilized site in Downtown New Haven. After gaining City approvals, Northside Development Company, along with Kenneth Boroson Architects, plans to construct a seven-story, 120-unit apartment building with 9,000 square feet of retail space on the ground floor, two stories of internal parking, and roof decks on the second and top floors.

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, 19 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.

92-98 Olive Street

The City of New Haven has agreed to sell 92 Olive Street, a surface parking lot, to 98 Olive LLC. The developers plan to construct a 31-unit structure, composed of a new three-story apartment building on the current parking lot and a renovated existing brick building at 98 Olive Street. Connected by a glass lobby, the building will have ground-floor parking, will be set back from street slightly, and will retain an on-site garden. The apartments will range from studio to two-bedroom units of 580 to 740 square feet.

Clock Shop Lofts

The historic New Haven Clock Factory building will be completely redeveloped by Taom Heritage New Haven. The approximately 150,000-square-foot structure will become a 130-unit low-income apartment building with approximately 44 units allocated for New Haven artists. After extensive environmental assessment and clean-up efforts, including $800,000 in city-managed federal funds, Taom will start construction in 2020.

Methodology

Procedure

An online survey was created using Qualtrics and distributed mid-June to early September 2019 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 15 residential properties (compared to 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 other properties in the area were unable to be contacted. The total number of units included in the 2019 survey decreased from previous years due to lower response rates by property managers in the Downtown. However, the survey continues to provide insights into important market factors such as occupancy rates, rental rates, and property ownership.

Estimation and Analysis Methods

Weighted Average Rental Rate Per Unit

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 low and high rental rates were evenly distributed per unit type).

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

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

$$Total\,rental\,income\,per\,unit\,type\,per\,building$$
$$= Avg.\,unit\,rental\,price\,per\,building \times Number\,of\,units$$

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

$$Total\,rental\,income\,per\,unit$$
$$= \sum_{i}^{All\,buildings} Total\,rental\,income\,per\,unit\,type\,per\,buiding$$

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

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.

$$Total\,Market\,Income$$
$$= \sum_{i}^{7\,unit\,types} (Weighted\,average\,rental\,rate$$
$$\times Total\,number\,units\,of\,that\,type)$$

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

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

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.

DOWNTOWN BOUNDARY

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