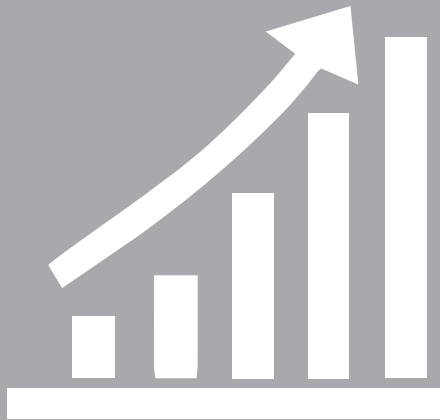


Connecticut
2019
First Nine Months
Housing Report



WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES





Building a Modern Buyer's Dream Community

The market is hungry for new inventory, what are they looking for?

By John Tarducci, MIRM, Senior Vice President, New Development Services Division, William Raveis Real Estate, Mortgage & Insurance

According to the National Association of Realtors (NAR), nationally, the number of homes for sale at the end of September was nearly 3% lower than September of last year. That makes four straight months of annual declines. But, the NAR also tracks the amount of traffic through homes (by looking at lockbox open rates) and finds that traffic is actually up--so why are buyers visiting homes but not buying? The main culprit is affordability. While interest rates have continued their steady decline, the purchasing power of interest homebuyers has risen, but the shortened inventory has caused housing prices to soar and buyers to balk. In short? The housing market is a bit of a mess.

On the positive side, it means there are eager buyers who want to buy houses, and likely will remain eager for the foreseeable future.

Can builders capitalize on their desires and build houses tailored to their preferences? Which trends will stand the test of time?

Affordability

Buying a home is the single most expensive transaction many of us will ever make. So, it makes sense that most people have to make a financial sacrifice to afford their home purchase. According to a Zillow survey, for 25 percent of buyers report reducing spending on entertainment, 18 percent pick up additional work and 16 percent postpone or cancel vacation plans. For today's first time homebuyers, the current housing market hasn't been kind to them: while interest rates have stayed low, continuously shrinking inventories have caused prices to steadily climb. The fact is that there simply aren't many "starter" homes available. But,



Building a Modern Buyer's Dream Community (cont.)

By John Tarducci, MIRM, Senior Vice President, New Development Services Division, William Raveis Real Estate, Mortgage & Insurance

slowing unit sales across the nation point to the fact that buyers are willing to wait for the dream home they can afford.

Energy Efficiency

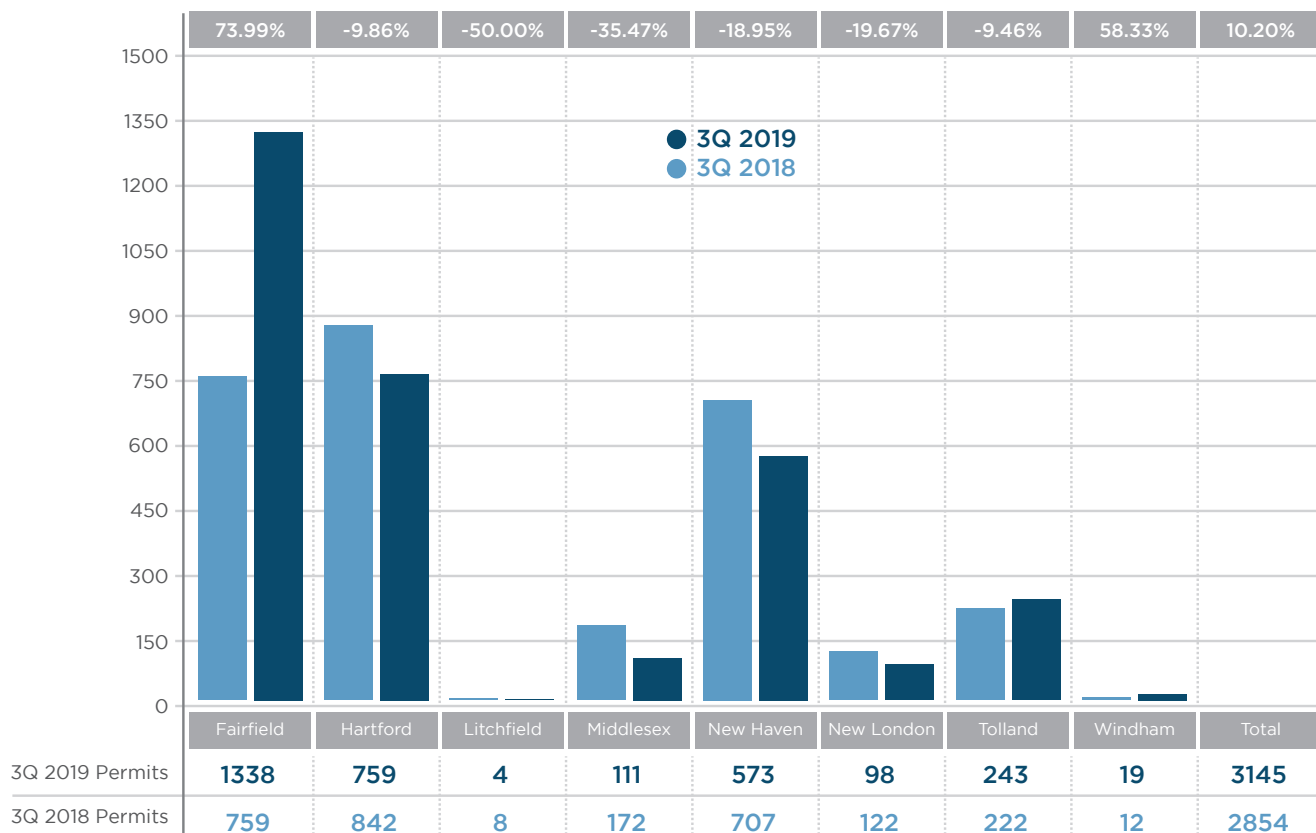
While the “green” housing movement typically focuses on solar panels and other alternative sources of energy, a recent REALTOR Magazine article points out that energy efficiency in home building starts much earlier in the process. Insulation and ventilation are incredibly important to determining a home’s energy efficiency--both of these help reduce energy costs, lower noise pollution and keep pests at bay. Next in the energy efficient conversation is selecting the best (and properly sized) HVAC, furnace, water heating, appliances and lighting. In a home where these mechanicals are properly sized, you can go anywhere in the house and

not feel a difference in air temperature, while not sacrificing energy costs.

Mixed-Use Communities

As more millennials move out of the cities they’ve called home to settle down and buy real estate, they miss the high-energy, cultural diversity they’ve become accustomed to. Mixed-use communities make that transition simpler, and draw buyers in. But there is another bonus--they make effective use of land in supply-constrained areas. The modern-day master planned community, mixed-use developments integrate commercial areas (think grocery stores and restaurants) with residential (single-family and multi-unit households.) The trick for planners is carefully curating the types of developments to create a sense of identity.

Housing Permits Increase through Q3 2019



State of Connecticut

Housing Permits Issued by County
First Nine Months 2018 vs. 2019

(104 Municipalities Reporting)

In the state of Connecticut through Q3 2019, permits saw a 10.2 percent increase. The total number of permits grew from 2,854 in 2018 to 3,145 in 2019. The largest increase was in 2-Unit permits, which increased 106.7 percent, followed by 3-4 Unit permits, which increased 47.4 percent, 5+ Unit permits, which increased 14.5 percent and 1-Unit permits, which increased 1.3 percent.

On a county-by-county basis, the overall growth in permits was accounted for in relatively few places across the state, with

increases occurring in Fairfield County (73.9 percent), Windham County (58.3 percent) and Tolland County (9.5 percent.) In the meantime, the total number of new permits issued fell elsewhere in Connecticut, including 50 percent in Litchfield County, 35.5 percent in Middlesex County, 19.7 percent in New London County, 18.9 percent in New Haven County and 9.9 percent in Hartford County.

¹In 2014, the state of Connecticut reported permit information for 128 towns. In 2015, they have only reported for 104 towns.



Single Family Unit Sales Dip through Q3 2019



Through Q3 2019, Single-Family Home Sales in the state of Connecticut decreased 0.2 percent, from 26,817 to 26,762 year-over-year. On a county-by-county basis, decreases were seen across the state, including: Windham County at 6.5 percent, Litchfield County at 3.5 percent, New London County at 2 percent, Middlesex County at 1.9 percent, Tolland County at 1.1 percent and

New Haven County at 0.1 percent. Increases were seen in Hartford County at 2 percent and Fairfield County at 0.6 percent.

Average Sales Price for single-family homes in Connecticut decreased 1.5 percent through Q3 2019, from \$391,212 to \$385,227. Decreases were seen in Fairfield County (6.3 percent), Windham County (0.5 percent) and Tolland County (0.5 percent.) Meanwhile, increases were seen in Middlesex County (7 percent), Litchfield County (5.2 percent), New Haven County (2.4 percent), Hartford County at (1.3 percent) and New London County (1 percent).

In the first half of the year, Average List Price increased 5.8 percent, Months of Supply fell 6 percent and Price Per Square Foot decreased 0.2 percent.

First Nine Months 2019 vs. 2018

Unit Sales	-0.2% ↑
Avg. List Price	-1.5% ↑
Months of Supply	-6.0% ↓



Single Family Marketplace

Home Sales First Nine Months Quarter 2018 vs. 2019

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	3Q 2018	3Q 2019	% DIFF.	3Q 2018	3Q 2019	% DIFF.
Fairfield	6,536	6,576	0.60%	\$755,472	\$707,746	-6.30%
Hartford	6,425	6,554	2.00%	\$268,616	\$272,231	1.30%
Litchfield	1,794	1,731	-3.50%	\$301,691	\$317,472	5.20%
Middlesex	1,505	1,476	-1.90%	\$311,755	\$333,481	7.00%
New Haven	5,850	5,847	-0.10%	\$276,110	\$282,870	2.40%
New London	2,424	2,376	-2.00%	\$274,318	\$277,081	1.00%
Tolland	1,232	1,219	-1.10%	\$250,561	\$249,425	-0.50%
Windham	1,051	983	-6.50%	\$216,872	\$215,734	-0.50%
STATEWIDE	26,817	26,762	-0.20%	\$391,212	\$385,227	-1.50%

Single Family Marketplace

Months of Supply First Nine Months 2018 vs. 2019

COUNTY	3Q 2018	3Q 2019	% DIFF.
Fairfield	8.14	7.96	-2.20%
Hartford	5.11	4.62	-9.50%
Litchfield	9.19	8.59	-6.50%
Middlesex	6.85	6.81	-0.60%
New Haven	5.70	5.17	-9.30%
New London	6.31	5.84	-7.50%
Tolland	5.81	5.31	-8.60%
Windham	4.51	4.43	-1.80%
TOTAL	6.46	6.07	-6.00%



Connecticut Condominium Sales Stay Flat through Q3



To finish Q3 2019, we saw Units Sold increase for condominiums in the state of Connecticut, up 0.0 percent, from 6,628 through Q3 2018 to 6,625 through Q3 2019. Several counties experienced an increase, including Litchfield County at 21 percent, Tolland County at 7.7 percent, New London County at 6.8 percent, Hartford County at 1.8 percent, New Haven County at 1.7 percent. Decreases were seen in Windham County at 10 percent, Fairfield

County at 5.6 percent and Middlesex County at 5.1 percent.

Average Sales Price of condominiums in Connecticut decreased 3.8 percent, from \$222,006 to \$213,588. On a county-by-county basis, decreases were seen in Middlesex County at 8.7 percent, New London County at 6.5 percent, Windham County at 4.3 percent, Fairfield County at 3 percent, New Haven County at 1.6 percent, Hartford County at 0.6 percent and Litchfield County at 0.6 percent. Tolland County experienced a slight increase of 0.7 percent.

2019 vs. 2018

Unit Sales	0.0%
Avg. List Price	4.3% ↑
Months of Supply	-13.1% ↓

To round out the quarter, Average List Price increased 4.3 percent, Months of Supply fell 13.1 percent and Price Per Square Foot decreased .1 percent.

Condominium Sales and Prices on the Rise



Condominium Marketplace

Home Sales 2018 vs. 2019

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	2018	2019	% DIFF.	2018	2019	% DIFF.
Fairfield	2,143	2,023	-5.60%	\$325,301	\$315,649	-3.00%
Hartford	1,653	1,682	1.80%	\$175,396	\$174,341	-0.60%
Litchfield	243	294	21.00%	\$136,006	\$135,139	-0.60%
Middlesex	316	300	-5.10%	\$181,137	\$165,335	-8.70%
New Haven	1,695	1,724	1.70%	\$176,188	\$173,394	-1.60%
New London	322	344	6.80%	\$172,522	\$161,335	-6.50%
Tolland	156	168	7.70%	\$149,335	\$150,444	0.70%
Windham	100	90	-10.00%	\$164,041	\$157,045	-4.30%
STATEWIDE	6,628	6,625	0.00%	\$222,006	\$213,588	-3.80%

Condominium Marketplace

Months of Supply 2018 vs. 2019

COUNTY	2018	2019	% DIFF.
Fairfield	5.89	5.58	-5.20%
Hartford	5.24	4.37	-16.50%
Litchfield	7.99	5.43	-32.00%
Middlesex	6.17	5.12	-16.90%
New Haven	5.49	4.93	-10.10%
New London	7.18	5.20	-27.60%
Tolland	6.62	4.60	-30.50%
Windham	5.78	5.26	-9.10%
TOTAL	5.79	5.04	-13.10%

Conclusion



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Today's housing market continues to defy historic trends. Interest rates remain low, housing prices remain high, inventory continues to fall and buyer interest continues to soar. While builders are trying to keep up with demand, there is still a need for single-family starter homes for first-time homebuyers. While there are certain trends that remain consistent, like upgraded kitchens, central air-conditioning, hardwood floors, open floor plans, and walk-in closets, there are others that still warrant consideration, like green building techniques and overall affordability. New buyers have waited a long time to buy, and aren't in a rush to purchase a home they aren't obsessed with.

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Credits and Resources

1. Information contained herein is based on information obtained from CMLS, CTMLS, GRWMLS and DARMLS and is deemed accurate but not guaranteed
2. Housing permit data source: Census Compiled by DECD Research