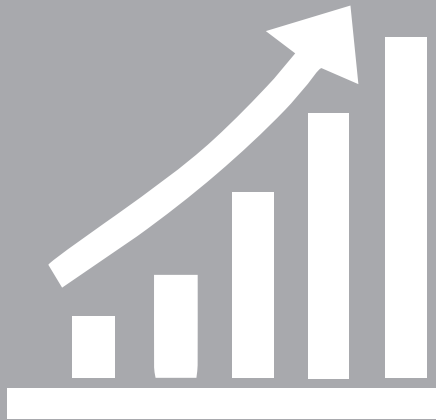


Connecticut
2018
Full Year
Housing Report



WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES





What Have We Learned Since 2008?

It's been a decade since the 2008 economic downturn, how have the intervening years changed the housing market?

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

Flash back 10 years: Tina Fey is immortalized as Sarah Palin on Saturday Night Live, the Giants beat the Patriots in the Superbowl, Barack Obama is the newly elected President, and, oh, wait, of course... the economy collapsed. At the heart of this collapse was the housing market--many analysts agree that the housing bubble, fueled by subprime mortgages, had been driving the economy. So, when the bubble burst, the economy tanked.

In the decade since this downturn, has the housing market fully recovered? How has the housing market changed for buyers and builders? And how can we ensure history doesn't repeat itself?

For builders, the housing market crash had a significant impact on construction rates, which

saw all-time highs in the years before 2008. During the economic downturn, builders had to rely on cost-saving measure to keep afloat, leading to leaner crews and a push to renegotiate costs. However, in a post-recession economy, builders are feeling the impact of those decisions. Namely, today's shortage of skilled labor in the construction market has made many builders reconsider their decisions to let go of workers during the downturn.

However, the biggest impact of the housing crash are the reverberations felt by buyers. Prior to 2008, as a house hunter you could choose from any number of mortgage products aimed at keeping monthly payments low--from interest-only loans, to balloon payment loans and more, buyers were given every potential



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opportunity to become homeowners. Today's buyers, however, live in a very different world. Gone are the loan products of yore and in their place are requirements: Qualified Mortgage standards, down payments and higher credit score requirements, to name a few.

Despite the increasing difficulty in buying a home, despite lingering angst over what was lost during the crash (estimates indicate over 10 million people lost their homes to foreclosure), despite everything one thing remains true: Americans still covet homeownership.

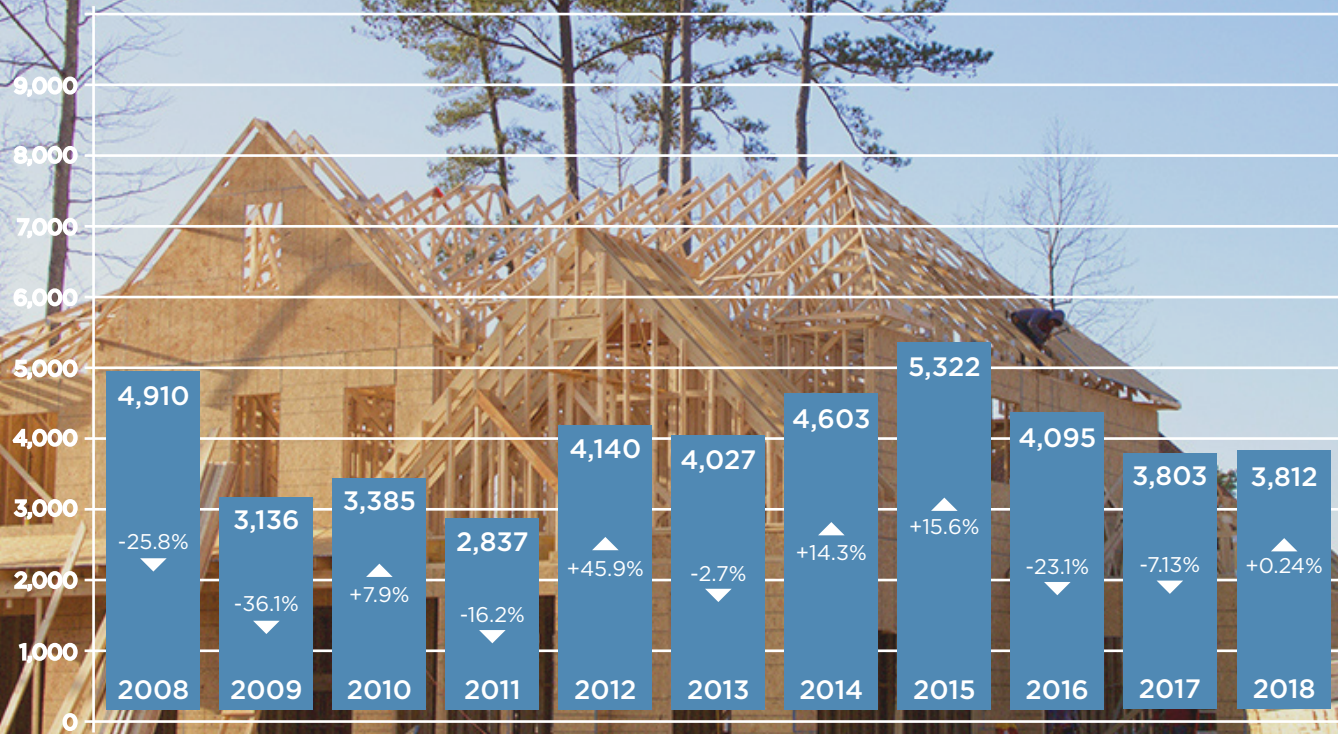
According to the National Association of Realtors®, over 75 percent of renters say they eventually want to own a home and believe that owning a home is part of their American Dream. This deeply rooted, long held belief is what ultimately keeps the housing market churning.

But, this belief may not be enough on its own. Economists are closely watching our present day

economy for signs of another recession on the horizon. Although there are many indications of a healthy, thriving economy, several factors from the housing industry tell another story. Particularly, declining single-family permits can be a precursor to a recession, and, nationally, those numbers have fallen for several months. Why does this one number have such a huge potential impact on the economy? Housing permits and housing starts are strong indication of consumer confidence, economic health and growing gross domestic product. When these numbers fall, it means significant drops in spending across the economy, because the process of building, purchasing, and moving into a new home involves spending across so many industries.

While the falling numbers of housing permits indicates cause for caution, the numbers haven't declined enough to raise alarm bells. However, in the coming year it will be important to keep a close eye on the housing market, and begin preparing for all possibilities.

Housing Permits Rise Through Q4 of 2018



State of Connecticut

Housing Permits Authorized
10 Year Trend (2008 - 2018)

In the state of Connecticut in 2018, permits saw a 0.24 percent increase. The total number of permits increased from 3,803 through Q4 2017 to 3,812 through Q4 2018. The largest gain was in 5+ Unit permits, which grew 1.4 percent, while 1-Unit permits increased 0.4 percent. Meanwhile, 2-Unit permits dropped 18 percent and 3-4 Unit permits fell 7.7 percent.

On a county-by-county basis, several areas experienced gains in permits through Q4 2018,

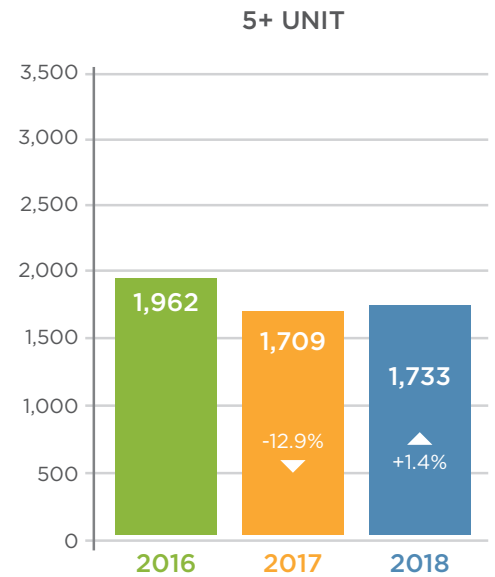
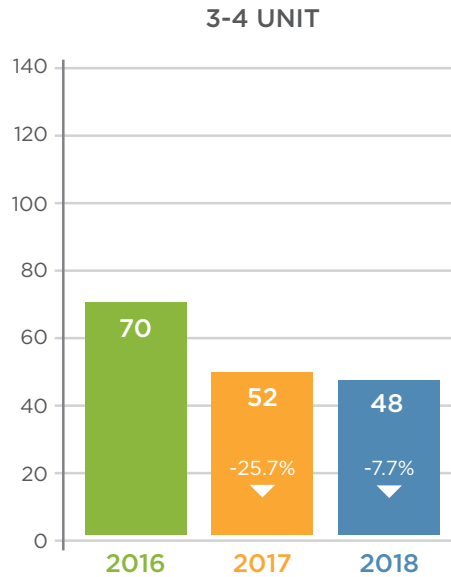
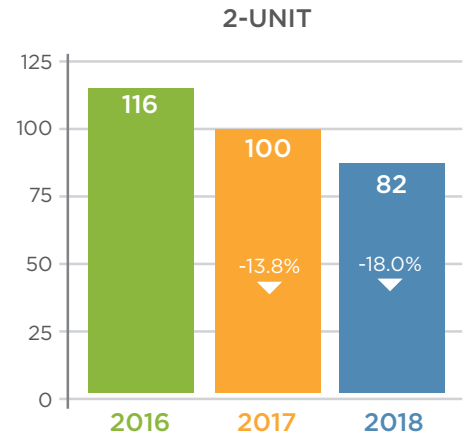
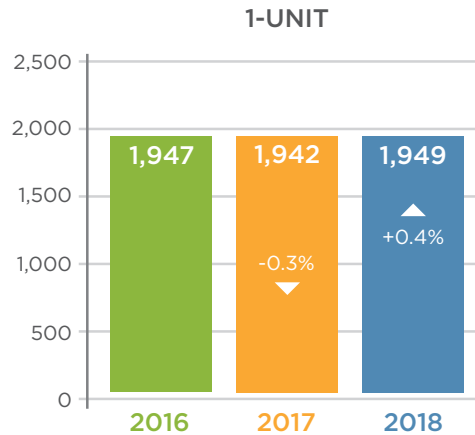
including: New Haven county at 91.8 percent, New London county at 22.6 percent, Hartford County at 19.7 percent and Windham County at 10.5 percent. Meanwhile, several counties experienced losses, including: Litchfield County at 53.2 percent, Fairfield County at 29.8 percent, Middlesex County at 28.5 percent and Tolland County at 5.8 percent.

¹In 2014, the state of Connecticut reported permit information for 128 towns. In 2015, they have only reported for 104 towns.⁸

Housing Permits Rise Through Q4 of 2018

State of Connecticut

Housing Permits Issued by Type
2016 vs. 2017 vs. 2018
(104 Municipalities Reporting)



State of Connecticut

Housing Permits Issued by Type
2016 vs. 2017 vs. 2018
(104 Municipalities Reporting)

UNITS	2016	2017	2018	% DIFF.
1-Unit Units	1,947	1,942	1,949	+0.4%
2-Unit Units	116	100	82	-18.0%
3-4 Unit Units	70	52	48	-7.7%
5+ Unit Units	1,962	1,709	1,733	+1.4%
TOTAL	4,095	3,803	3,812	+0.2%

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Housing Permits Rise Through Q4 of 2018

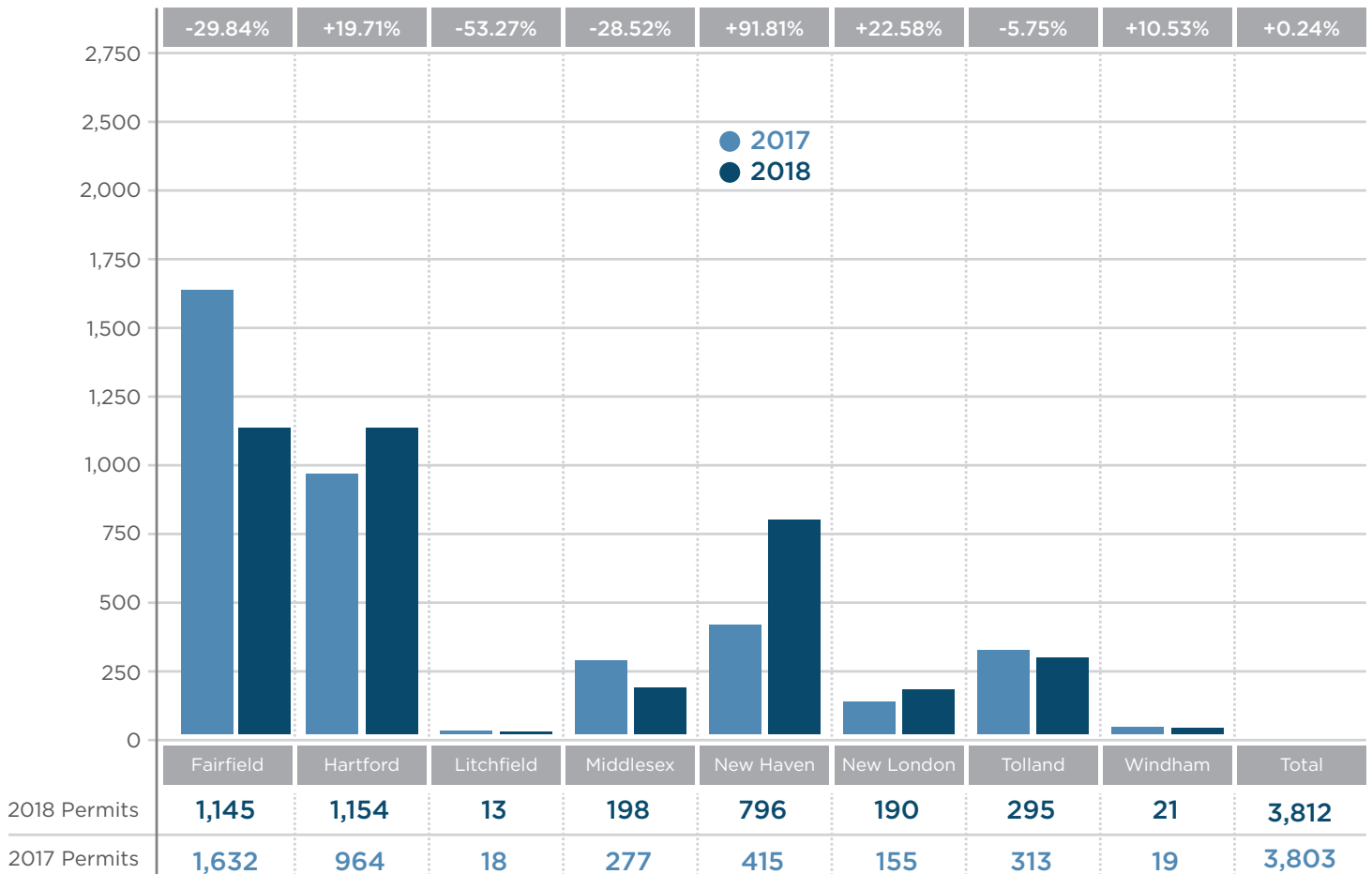


State of Connecticut

Housing Permits Issued by County

2017 vs. 2018

(104 Municipalities Reporting)



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 Decline in 2018



Through Q4 2018, Single-Family Home Sales in the state of Connecticut decreased 2.1 percent, from 35,742 to 34,989 year-over-year. On a county-by-county basis, decreases were seen across the state, including: Windham County at 5.5 percent, Middlesex County at 3.5 percent, New London County at 3.1 percent, Fairfield County at 2.5 percent, New Haven County at 2.5 percent, Hartford County at 2.1 percent, and Tolland County at 0.1 percent. Meanwhile, Unit

Sales in Litchfield County increased 3.9 percent.

Average Sales Price for single-family homes in Connecticut increased 0.8 percent through 2018, from \$382,800 to \$385,671. Increases were seen in Windham County (7.8 percent), New Haven County (7.3 percent), New London County (5.6 percent), Tolland County (3.6 percent) and Hartford County (3.3 percent). Litchfield County experienced a year-over-year decrease of 3.8 percent, Fairfield County fell 2.4 percent and Middlesex County decreased 0.6 percent.

2018 vs. 2017

Unit Sales	2.1% ↓
Avg. List Price	0.7% ↑
Months of Supply	1.3% ↓

To round out the year, Average List Price increased 0.7 percent, Months of Supply fell 1.3 percent and Price Per Square Foot decreased 3.3 percent.



Single Family Marketplace

Home Sales 2017 vs. 2018

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	2017	2018	% DIFF.	2017	2018	% DIFF.
Fairfield	8,715	8,496	-2.50%	\$754,319	\$736,380	-2.40%
Hartford	8,641	8,463	-2.10%	\$258,495	\$267,093	+3.30%
Litchfield	2,281	2,369	3.90%	\$316,531	\$304,579	-3.80%
Middlesex	2,056	1,984	-3.50%	\$318,314	\$316,498	-0.60%
New Haven	7,803	7,610	-2.50%	\$255,252	\$273,898	+7.30%
New London	3,208	3,109	-3.10%	\$260,726	\$275,266	+5.60%
Tolland	1,612	1,610	-0.10%	\$239,485	\$248,165	+3.60%
Windham	1,426	1,348	-5.50%	\$198,158	\$213,537	+7.80%
STATEWIDE	35,742	34,989	-2.10%	\$382,800	\$385,671	+0.80%

Single Family Marketplace

Months of Supply 2017 vs. 2018

COUNTY	2017	2018	% DIFF.
Fairfield	8.00	7.90	-1.20%
Hartford	4.60	5.00	+9.10%
Litchfield	10.10	8.90	-11.80%
Middlesex	6.70	6.80	+1.20%
New Haven	6.10	5.60	-9.00%
New London	5.90	6.20	+4.70%
Tolland	5.60	5.60	+0.50%
Windham	4.60	4.50	-2.30%
TOTAL	6.40	6.30	-1.30%



Condominium Prices Rise in 2018



To finish 2018, we saw Units Sold decrease for condominiums in the state of Connecticut, down 2.1 percent, from 8,985 through Q4 2017 to 8,795 through Q4 2018. Nearly all counties experienced declines, including: Middlesex County at 8.3 percent, New London County at 4.4 percent, New Haven County at 2.4 percent, Windham County at 2.3 percent, Fairfield County at 1.9 percent, Hartford County at 1

percent, and Tolland County at 0.5 percent. Litchfield County was the only county to experience a gain in Units Sold through Q4 2018, increasing 1.2 percent to 348 total units.

Averages Sales Price of condominiums in Connecticut increased 0.6 percent, from \$221,018 to \$222,336 On a county-by-county basis, Windham County increased 5 percent, New Haven County increased 2.3 percent, Hartford County increased 1.3 percent and New London County increased 0.7 percent. Losses were seen in Middlesex County at 1.7 percent, Tolland County at 1.2 percent and Fairfield and Litchfield Counties, both at 0.3 percent.

To round out 2018, Average List Price increased 1 percent, Months of Supply fell 5.3 percent and Price Per Square Foot decreased 2.2 percent.

2018 vs. 2017

Unit Sales	2.1% ↓
Avg. List Price	1.0% ↑
Months of Supply	5.3% ↓



Condominium Marketplace

Home Sales 2017 vs. 2018

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	2017	2018	% DIFF.	2017	2018	% DIFF.
Fairfield	2,893	2,839	-1.90%	\$329,327	\$328,404	-0.30%
Hartford	2,203	2,180	-1.00%	\$171,488	\$173,693	+1.30%
Litchfield	344	348	+1.20%	\$138,372	\$137,896	-0.30%
Middlesex	456	418	-8.30%	\$179,490	\$176,422	-1.70%
New Haven	2,289	2,234	-2.40%	\$171,962	\$175,942	+2.30%
New London	453	433	-4.40%	\$174,808	\$175,994	+0.70%
Tolland	215	214	-0.50%	\$149,927	\$148,056	-1.20%
Windham	132	129	-2.30%	\$158,259	\$166,241	+5.00%
STATEWIDE	8,985	8,795	-2.10%	\$221,018	\$222,336	+0.60%

Condominium Marketplace

Months of Supply 2017 vs. 2018

COUNTY	2017	2018	% DIFF.
Fairfield	6.20	5.60	-8.50%
Hartford	4.90	5.10	+2.80%
Litchfield	7.70	6.70	-13.30%
Middlesex	5.90	6.00	+1.30%
New Haven	5.90	5.30	-9.40%
New London	6.40	6.60	+3.80%
Tolland	6.50	5.70	-12.40%
Windham	5.60	6.30	+12.20%
TOTAL	5.80	5.50	-5.30%

Conclusion



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The close of 2018 marked a decade since the economic collapse of 2008. In the intervening years, the real estate has had to evolve, with drastic changes felt by builders and buyers alike. Now, 10 years later, the economy seems to be booming, but analysts are still warning against the next housing bubble bust. Early warning signs, including decreasing housing permit requests, are cause for pause, but is the market in trouble again? Only time will truly tell.

The Q4 and Full-Year 2018 housing report was delayed due to the government shut down, during which time permit numbers were unavailable. Please enjoy this recap and analysis, and stay tuned for the Q1 2019 report.

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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