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Connecticut's Housing Market Lags Behind Neighbor States

Economic challenges highlight Connecticut's difficulty at digging itself out of losses from the recession



Massachusetts home sales prices rose 6% in July from a year earlier, while Connecticut's edged up 1%. New housing construction in North Andover, Mass. PHOTO: ELISE AMENDOLA/ASSOCIATED PRESS

By Joseph De Avila

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As Connecticut's economy continues to trail its neighbors, the state's housing market is now falling behind.

The contrast between Connecticut and Massachusetts is stark. Home construction permits in Connecticut fell 26% through July 2017 from the same period last year, according to federal data. Massachusetts permits rose 26% during that time.

Median home sales prices in Connecticut edged up 1% through July 2017 from a year earlier, according to the Warren Group, a real-estate information firm. Massachusetts sales prices rose 6% during that period.

The travails in Connecticut's housing market highlight the state's difficulty digging itself out of the losses from the recession. Connecticut has regained 78% of the 119,100 jobs it lost during the recession. Every other New England state has recovered all of positions it lost and then some. Massachusetts has added more than three times the numbers of jobs it lost during the downturn.

Connecticut's economy has been buffeted by a parade of corporate departures. [General Electric](#) Co. left for Boston last year, and [Aetna](#) Inc. said this year that it would move its headquarters to New York. [Alexion Pharmaceuticals](#) Inc. said last week that it too [would depart](#) for Boston.

Don Klepper-Smith, chief economist for consulting firm DataCore Partners LLC, said the differences between the housing markets in Connecticut and Massachusetts come down to jobs.

"You can't have meaningful traction in the local housing market without traction in the labor market," Mr. Klepper-Smith said.

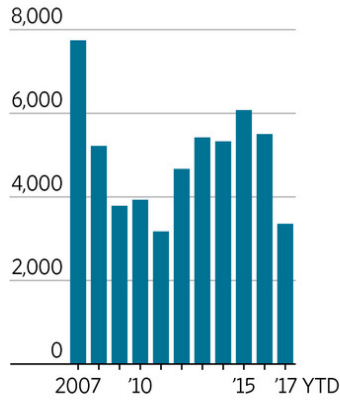
Some single-family home builders are sitting on the sideline as a result. Kevin Santini, co-owner of Santini Homes, said his company owns land in Ellington, Conn., in the northeast section of the state and is waiting for demand to pick up before starting construction on more single-family homes.

"We've chosen not to break ground on it because we want to make sure the market is sound," Mr. Santini said.

Sluggish State

Connecticut's housing market is struggling, with some home builders taking a wait-and-see approach.

Number of new housing units authorized by building permits



Median single-family home sales prices



*As of July Sources: U.S. Census Bureau (units); The Warren Group (price)

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The company has built about 20 single-family homes over the past decade and instead has focused on the stronger rental market, he said. The company has built about 500 rental units over the past 10 years, he said.

Mr. Santini said the departures of GE, Aetna and now Alexion have hurt the state's reputation. "I hate to say it, but we are a laughingstock," he said.

There are some bright spots for Connecticut's housing market. More than 19,200 homes were sold through July, an 8% increase over the same time frame in 2016.

The high-end market in Greenwich, Conn., has also bounced back from 2016. There have been 41 homes priced at \$5 million or more that sold through Sept. 13, a 41% increase over the same time frame last year, according to David Haffenreffer, branch manager for Houlihan Lawrence's Greenwich office.

Median sales prices for the high-end market in Greenwich have reached \$6.25 million, up 1% compared with last year, but still down about 20% from 2010, according to Mr. Haffenreffer.

There are about 600 homes on the market in Greenwich and with that many houses on the market, buyers can take their time and be choosy on what they bid on, Mr. Haffenreffer said.

"We are encouraging our sellers to strategically price their home right," Mr. Haffenreffer said.

"This is not the type of market where you can fish for a higher price."