



nerej

The Great Apartment Boom in Connecticut - by John Nitz

April 12, 2024 - Appraisal & Consulting



John Nitz

Several major cities in Connecticut are exploding with new apartment development and/or proposals in recent years. The increasing demand for housing, low apartment vacancy rates, and rising apartment rents have been driving factors encouraging new development throughout Connecticut. Cities such as Hartford, New Haven, New Britain, and Stamford have seen apartment growth in recent years and more units are planned in the ensuing years. Other factors encouraging new apartment development include a reasonably quick approval process, favorable tax abatements, and some governmental financing incentives. The high cost of residential housing and the lack of homes available for purchase on the market also have forced people to rent as opposed to purchase real estate.

In Hartford, several class B office buildings have been acquired and are in the process of conversion into apartments. Due to the soft downtown office market reaching 35% vacancy, office buildings have sold at deep discounts allowing for capital to renovate and convert these facilities. Over 2,000 new apartment units from office conversions have been completed or are in process throughout the city of Hartford with the majority located in the downtown. In addition to office conversions, the former Holiday Inn/Red Lion Inn Hotel at 50 Morgan St. has been converted to apartments including 96 units already completed and another 164 units planned in the complex. The Double Tree by Hilton on Trumbull St. is planned for dual use as a hotel and an apartment complex. Currently 269 apartments are planned for the former downtown RPI Graduate Campus, a 12.7-acre site in proximity of Dunkin' Donuts Park.

In New Haven, there are proposals for nearly 2,500 units in multiple projects throughout the city. Some of the more significant developments include:

- 1.) 320 units on the former New Haven Veterans Memorial Coliseum site, which will include a 657-space parking garage and 200,000 s/f of bioscience space;
- 2.) 371 units within a six-story apartment complex at 201 Munson St., which will include an affordable housing component; and
- 3.) Winchester Center within New Haven's Science Park, which will include 1,000 units and 500,000 s/f of lab space upon full build-out in years ahead.

The city of Stamford is another hotbed for apartment development with 12 new projects underway encompassing over 2,200 apartment units. Three significant projects include:

- 1.) the Smyth, at 885 Washington Blvd., consisting of 414 residential units above 19,333 s/f of ground -evel retail space;
- 2.) 401 units at 441 Canal St., another mixed-use development which will include 7,000 s/f of

ground-level retail space; and

3.) 376 units within a multi-family complex at 733-777 Summer St.

The suburbs of Connecticut also have seen new apartment development and/or properties poised for development following recent local approvals. One suburban community includes Southington, located 20 miles southwest of Hartford. Recently a Dallas, TX developer achieved approvals for 255 market-rate apartment units in the western part of Southington along West St., a.k.a. Rte. 229, and Curtiss St., situated near a full interchange of Interstate 84. Another 200 units are planned in a mixed-use development along West Center St. on the former Ideal Forging site in downtown Southington. These new complexes will compete with 300 new units currently under construction as part of Stone Bridge Crossing in the northern section of Cheshire. Several other suburban communities in Central Connecticut have construction projects underway and have approvals in place for sizable apartment developments.

Some apartment developments throughout Connecticut have stalled due to inflationary construction costs and rising mortgage interest rates; however, in recent months, construction costs have stabilized somewhat and interest rates have inched downward slightly. Apartment developers continue to plod forward despite these setbacks. Thus, in years ahead, expect all these new apartment developments to meet current housing demand.

John Nitz, MAI, is the owner of John W. Nitz & Associates, LLC, Plantsville, Conn.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540