

# ECONOMIC DIGEST

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### In April...

#### Nonfarm Employment

Connecticut ..... 1,705,800  
 Change over month ..... +0.03%  
 Change over year ..... +0.86%

United States ..... 158,286,000  
 Change over month ..... +0.11%  
 Change over year ..... +1.80%

#### Unemployment Rate

Connecticut ..... 4.4%  
 United States ..... 3.9%

#### Consumer Price Index

United States ..... 313,548  
 Change over year ..... +3.4%

## Connecticut Housing Market Trends

By Matthew Krzyzek, Associate Economist, CT DOL

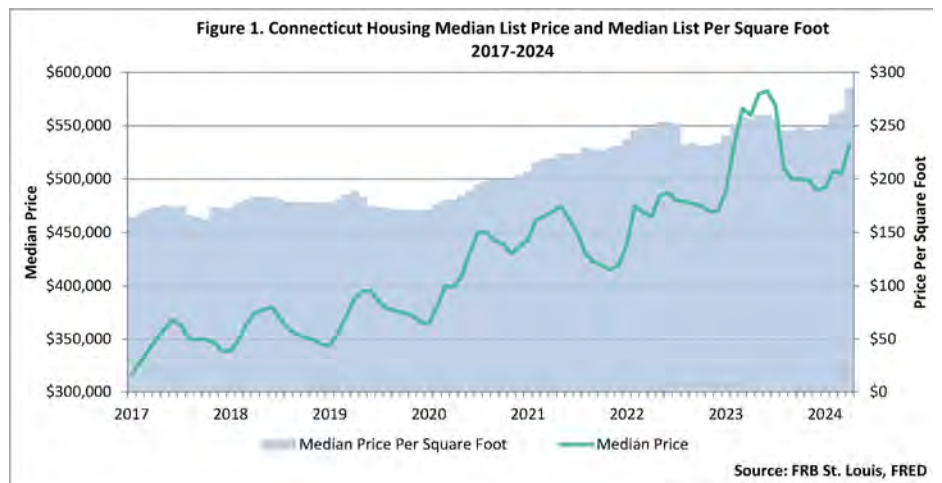
In the years after the brief 2020 COVID-recession, Connecticut has experienced numerous shifts that have impacted the housing market. Inventory is down, prices are increasing, and multi-unit construction has become a majority of new housing development in the state.

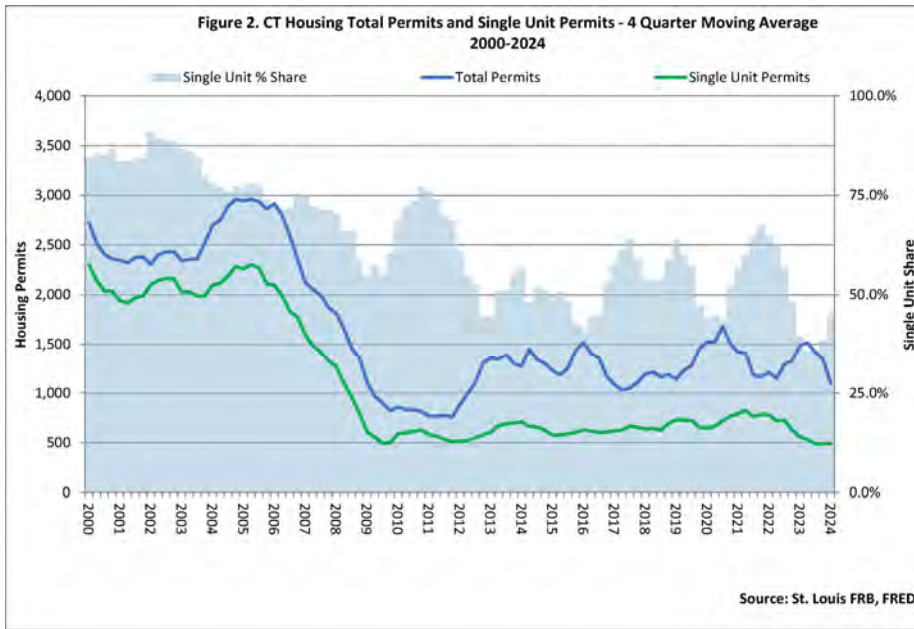
From 2017-2019, the pre-COVID housing monthly inventory ranged between 14,000 and 20,000 units in the state.<sup>1</sup> After 2020, inventories tracked downward through 2024 and reached a low of 3,071 by February 2024. Part of the inventory decline is due to the large decrease in the time that a home is on the market. The median number of days a home was on the market in Connecticut from 2017-2019 ranged between about 50 days during peak summer months to a high of over 80 days during January of those years.<sup>2</sup> After 2020, the median number of days on the market reached a low of 18 in May 2022. As inventory fell, buyers had fewer options and were eager to secure a sale, which helped shorten listing duration,

further reducing inventory. In April 2024, statewide inventory was 3,432 and homes were on the market for a median of 32 days. Five years earlier (April 2019), inventory was over 15,000 and homes were on the market for a median of 53 days.

As of April 2024, house prices in Connecticut had a median list price of \$532,500. This median price is down from the June 2023 high of 582,400. Figure 1 includes median price and median price per square foot from 2017 to 2024. Though median price is down from a year ago, median price per square foot is at a high of \$285 per square foot. The strong demand for housing that occurred after 2020 was dampened by rising sale prices and mortgage interest rates beginning in early 2021. The 30-year fixed mortgage interest rate hit a low of 2.65% in January 2021 and was over 6% by September 2022. In 2021, the median list price of home sales in Connecticut slumped from the mid-to-high \$400,000s to a 2021 low of \$415,000 by November 2021. By 2022, the median price recovered to

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prices are up 50%, and Connecticut is up 51%. The adjacent states of New York, Rhode Island, and Massachusetts are up 42%, 55%, and 43% respectively.

The rising prices and historically low inventory in Connecticut had led to an increase in housing permits from 2021-2023, although there was a drop in multi-unit permits in the first quarter of 2024. Total housing permits peaked in 2004Q4 at 3,267 permits and fell to below 1,000 permits per quarter from 2009-2011 during the aftermath of the Great Recession. Total permits ranged between 1,000-2,000 permits for most quarters in subsequent years leading up to the 2020 recession. During this time, single-unit permits ranged between 366 and 913 from 2009-2024. After reaching a low of 977 permits in 2021Q3, total housing permits increased back to 1,949 during the first quarter of 2023. During the first quarter of 2024, there were 959 total and 503 single unit permits in Connecticut.

Figure 2 illustrates the relationship of total and single-unit housing permits from 2000 to 2024. The total permit four-quarter moving average fell from 1,488 in the year ending 2023Q1 to 1,099 in the year ending 2024Q1. Single unit permits have remained fairly steady, permits averaged 561 during the year ending 2023Q1 and 495 permits in the year ending 2024Q1. The four-quarter average for total permits has generally fluctuated between 1,000 and 1,500 over the past decade. The most recent (2024Q1) overall quarterly permit count of 959 permits is at the low end of that range with single-unit permits averaging around 500 per quarter. From 2000-2006, single unit housing was between 71-91% of total permits. That has changed since the Great Recession. Since then, they've typically been below 70% of permits in the state and were 36% percent of permits in 2023.

The latest monthly data (April 2024) show total permit counts were 557, up from 297 in March 2024. Monthly single-unit permits were up 17% over the month. April's increase follows a first quarter at

Figure 3. CT Towns with the most total permits 2021-23

	2021	2022	2023	21-23 Total
<b>Connecticut</b>	<b>4,651</b>	<b>5,244</b>	<b>5,249</b>	<b>15,144</b>
New Haven	299	633	307	1,239
Stamford	55	153	423	631
Bridgeport	62	492	15	569
Milford	199	165	121	485
Fairfield	94	189	155	438
Bethel	79	46	262	387
Farmington	42	35	309	386
Vernon	140	122	85	347
Rocky Hill	3	9	311	323
Branford	48	38	217	303
Greenwich	116	108	79	303
Bloomfield	46	183	64	293
Ellington	151	123	14	288
Darien	159	90	29	278
Norwalk	149	67	42	258
West Hartford	106	92	57	255
Granby	41	20	175	236
Westport	77	75	78	230
Stonington	35	31	162	228
Newington	4	4	210	218
Eastern WDA	661	596	536	1,793
North Central WDA	1,208	1,261	1,659	4,128
Northwest WDA	712	646	780	2,138
South Central WDA	982	1,170	1,195	3,347
Southwest WDA	1,088	1,571	1,079	3,738

Source: CT DECD

to \$582,400 and \$259 per square foot by June 2023. After this peak, median price slumped to \$490,000 by December 2023 and increased to \$532,500 and \$285 per square foot by April 2024.

Comparing the increase in Connecticut home prices to adjacent states, New England, and the U.S. shows that home price increases in Connecticut remained flatter than the other areas in the years leading up to the COVID-recession. From 2012 to early 2020, Connecticut's house price index was up 8% while the other geographic areas were up between 27% (New England) and 44%

(United States).<sup>3</sup> The adjacent states of New York, Rhode Island, and Massachusetts were respectively up 30%, 36%, and 40% during that time. However, since the COVID recession, all areas have experienced similar increases. From 2020 to 2023, U.S. prices are up 46%, New England

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the high \$400,000s and remained there through the end of the year. During this time the median price per square foot fell from a high of \$253 per square foot in May 2022 to \$231 per square foot by November 2022. In early 2023, the median list price and price per square foot grew

the low end of the recent range continuing the recent pattern of permit activity.

Looking within the state, Connecticut had 5,249 total housing permits in 2023. Figure 3 shows the twenty towns with the largest three-year permit totals from 2021-2023. New Haven, Stamford, and Bridgeport had the most permits over three years. Eight of the towns in the top twenty were in the North Central Workforce Development Area (WDA), seven were in the Southwest WDA, three were in the South Central WDA, one town was in the Eastern WDA, and one town was in the Northwest WDA.

### Conclusions

In the four years since the 2020 recession, Connecticut's housing

market has had some pronounced changes. At present, homes in the state have median list prices and prices per square foot that are respectively 37% and 52% higher than pre-COVID April 2019 levels. Inventory as of April 2023 is 3,432, down 78% from corresponding April 2019 levels. Indicators of future supply increase suggest that the state's housing stock will have more multi-unit housing in the near future. In contrast to the Northeast and the U.S., the state has seen total housing starts grow in recent years. In 2023, Connecticut had almost 24,000 housing starts which suggests that the low-inventory supply pressures contributing to the increase in home prices will be somewhat alleviated in coming years as the overall housing stock increases. Amid this coming supply

increase, high-interest rates that began after COVID will continue to impact the housing within both Connecticut and the broader U.S. market. ■

1 FRB St. Louis, Housing Inventory: Active Listing Count in Connecticut [ACTLISCOUCT] <https://fred.stlouisfed.org/series/ACTLISCOUCT>

2 FRB St. Louis, Housing Inventory: Median Days on Market in CT [MEDDAYONMARCT] <https://fred.stlouisfed.org/series/MEDDAYONMARCT>

3 FRB St. Louis, All-Transactions House Price Index for CT [CTSTHPI], <https://fred.stlouisfed.org/series/CTSTHPI>

## GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	4Q 2023	4Q 2022	YoY CHG NO. %		3Q 2023	QoQ CHG NO. %	
<b>General Drift Indicator (2007=100)*</b>							
<b>Leading</b>	113.3	114.0	-0.6	-0.5	113.8	-0.5	-0.4
<b>Coincident</b>	96.2	95.6	0.6	0.7	96.1	0.1	0.14
<b>Real Gross Domestic Product**</b> (Millions of chained 2017 dollars)	4Q 2023	4Q 2022	YoY CHG NO. %		3Q 2023	QoQ CHG NO. %	
<b>Connecticut</b>	285,871	279,764	6,107	2.2	283,694	2,177	0.8
<b>United States</b>	22,679,255	21,989,981	689,274	3.1	22,490,692	188,563	0.8
<b>New England</b>	1,175,609	1,152,106	23,503	2.0	1,166,374	9,236	0.8
<b>Per Capita Personal Income**</b> (Current \$, SAAR)	4Q 2023	4Q 2022	YoY CHG NO. %		3Q 2023	QoQ CHG NO. %	
<b>Connecticut</b>	88,373	84,670	3,703	4.4	87,586	787	0.9
<b>United States</b>	69,378	66,625	2,753	4.1	68,795	583	0.8
<b>New England</b>	82,910	80,531	2,379	3.0	82,146	764	0.9
<b>Philadelphia Fed's Coincident Index (2007=100)***</b>	Apr 2024	Apr 2023	YoY CHG NO. %		Mar 2024	MoM CHG NO. %	
<b>Connecticut</b>	126.66	126.27	0.39	0.3	126.13	0.53	0.4
<b>United States</b>	143.15	139.31	3.84	2.8	142.90	0.25	0.2

Sources: \*Dr. Steven P. Lanza, University of Connecticut, <https://steven-landa.uconn.edu/the-connecticut-green-sheet/>  
\*\*U.S. Bureau of Economic Analysis \*\*\*Federal Reserve Bank of Philadelphia

**General Drift Indicators** are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 2007 = 100.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).