

Market Watch: Outstanding Opportunities in New Construction

By Bernadette Blaze

Historically low interest rates and attractive home prices are presenting great opportunities for home buyers, and that also holds true for new construction. Even though Connecticut's and New Haven county's housing starts are down, conditions are ripe for a gradual turnaround from which all new construction buyers can benefit.

"The number of new housing permits issued for New Haven County in 2008 was lower than 2007, but it's not a staggering drop," says Barry Rosa of Prudential Connecticut Realty. With the majority of towns reporting, Rosa says that 780 permits were issued in New Haven County in 2008, compared to 991 in 2007, showing a 21% drop which Rosa says is in line with the county's 19% drop in single family home sales. He also says that the town that saw the most activity and smallest drop was Milford, with 269 permits issued in 2008, just slightly lower than the 277 permits in

2007.

"The proximity to highways, the train station and Manhattan makes Milford very appealing," says Arnold Peck of ERA Property World. "Buyers are coming up from Fairfield county because they see the value here. Pricing is key - homes are more affordable and they realize Milford has a lot to offer with 17 miles of shoreline, outstanding shopping and great restaurants downtown. It's also a friendly town with reasonable taxes," Peck adds.

Statewide, housing permits were down 25%, from 6,619 in 2007 to 4,910 in 2008. With supply levels down, there is no large excess of inventory. "Connecticut builders did not over-build for speculation as builders in states such as Florida and Nevada did," Rosa explains. "That is the critical factor and the key difference in the Connecticut market compared to Nevada, Florida and Arizona markets which are flooded with

thousands of units," Rosa explains. "Connecticut builders started slowing down two years ago, so there is not as much new product on the market which will take less time to absorb."

"Connecticut can easily support 8,000 housing starts a year," says George LaCava of Trilaco Development Corp. and President of the Home Builders Association of Connecticut (HBA CT). In a healthy market, the average supply of homes is 3 to 4 months, what we have now is about a 9 to 10 month supply, which is not insurmountable," he explains.

"New housing permits have been going down for the past 6 years, even during the best of times, and that is largely due to tighter zoning regulations which is making it harder to get permits," says Liz Verna of Verna Properties and First Vice President for the HBA CT.

"Builders are also being cautious and putting up fewer spec homes, but the majority were prepared for a change in the economy and adjusted their prices," says Verna. Rosa also adds that the drop in fuel and energy costs may have led to cost savings for some builders that may be able to pass on to their buyers. "Buyers also realize the value they get when they purchase new construction," says Verna. "New homes are more energy efficient which can mean a substantial cost savings."

Locally, and nationally, activi-

ty is beginning to pick up. The National Association of Realtors reports that pending sales for December were up 6%. "In January we started seeing an uptick in traffic and people starting to buy again," says Rosa. "One has to assume that the low mortgage rates and impending stimulus package is having an effect," he surmises. "We are seeing buyers that stopped looking in September when the crisis really hit and they are coming back," Rosa adds.

One new community that is seeing a lot of activity is The Willows in Wallingford. The 65 home community features three and four bedroom homes and Ranch homes from 1,800 to nearly 3,000 square feet. What is most unique is that smaller, 1/3 acre lots and sidewalks create an old-fashioned neighborhood feel that encourages getting to know your neighbors. Great rooms, hardwood floors and designer kitchens with granite counters are among the outstanding features. Homes are priced from \$399,900 to \$569,900. For information visit www.thewillowscct.com or call sales director, Amy Wiedenmann at (203) 741-1111.

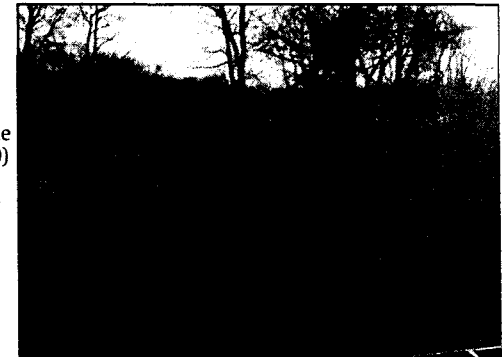
In Cheshire, The Percival Estate is planned community centered around the pristine lake and rushing waterfall. An historic old mill house will be renovated into a new residence, along with five luxuriously appointed 4 bedroom homes ranging from 3,000 to 4,800 square feet. Home sites range

from 1/2 to 1-1/2 acres with all the grounds professionally landscaped and maintained allowing time to enjoy fishing, canoeing and kayaking on the lake. Homes are priced from the mid-\$600,000s to the low \$700,000s and are offered through Prudential Connecticut Realty. For information contact Jeanne Bailey at (860) 343-1193.

This exceptional 3,300 square foot custom Colonial is under construction in Milford's Morningside Association. The dramatic open floor plan features oak floors, fireplace, custom kitchen, detailed trim, central air, 2 car garage and two decks. Four bedrooms and 3.5 baths include a dramatic master suite with vaulted ceilings and his and hers walk in

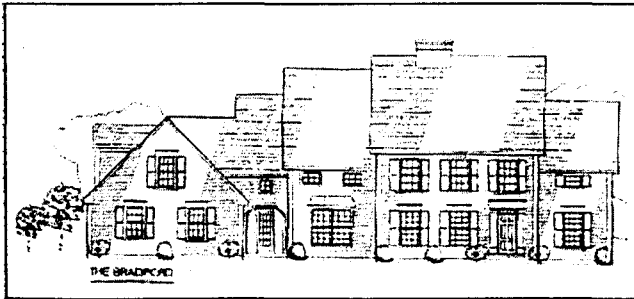


The Willows is bringing an "old-fashioned" neighborhood feel back to new construction offerings in Wallingford.



Milford's desirable Morningside community provides the scenic setting for this custom Colonial now under construction and offered through ERA Property World.

closets. There is also a 1,000 square foot unfinished walkout garden level. This home is offered at \$659,000 through ERA Property World. For information contact Sandy August at (203) 701-0804.



A lake and waterfall highlight the scenic surroundings of The Percival Estate in Cheshire, offered through Prudential Connecticut Realty.