

SUBMITTED TO:

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# TOWN OF GROTON, CT 2021 HOUSING MARKET STUDY

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PREPARED BY:



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# Executive Summary

Until recently, Southeastern Connecticut has been experiencing population loss and relatively little housing development. New regional economic growth, led by the region's largest employer General Dynamics Electric Boat (EB), is generating new housing demand and intensifying existing supply and demand disparities. With over 1,700 potential housing units either proposed or in development in the region, the development community has begun to respond. The Town of Groton recognizes the importance of attracting housing development to support local economic redevelopment, and commissioned Camoin 310 to conduct a housing market study to explore future housing demand and development potential.

**The Town of Groton is well poised to take advantage of a strong housing market that is expected to last into the foreseeable future.** Hiring at EB over the next decade will drive strong demand for units in the town and region. High quality rental apartments are particularly in demand after years of little development, where limited supply has resulted in a considerable mismatch between the demand and available inventory of rental units. There is also significant demand for owner-occupied, single-family units.

**The town's immediate proximity to EB provides a unique competitive advantage to absorb a significant portion of future housing demand.** While new housing developments in the community is expected to attract Groton workers who live elsewhere, demand also exists from those that would prefer higher quality apartments.

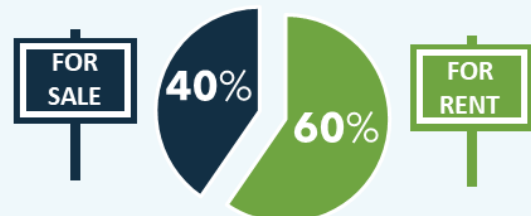
## 5,260

**10-Year Housing  
Unit Potential**



**There is market potential for 5,260 new housing units to be built in the Town of Groton from 2021 through 2030.**

Even if all proposed and current housing development projects were completed, representing 1,057 units, it would still leave a **future opportunity for the development of 4,207 new units through 2030.**



### Household Income Less Than \$50,000

Home Value <\$200,000



**360**

Unit Potential

Rent <\$1,250



**540**

Unit Potential

### Household Income More Than \$50,000

Home Value >\$200,000



**1,900**

Unit Potential

Rent <\$1,250



**2,800**

Unit Potential



## KEY FINDING #1: RECENT POPULATION AND HOUSING TRENDS HIGHLIGHT CHALLENGES FOR THE TOWN OF GROTON

### Despite gaining jobs, the Town's population has declined due, in part, to housing issues.

From 2011 to 2021, the Town gained 448 jobs – an increase of 1% in its employment base. However, during the past decade, the Town of Groton lost nearly 1% (142) of its households while the broader region grew with a 2% increase in the number of households.

**Housing development in the Town of Groton has lagged in the region and other surrounding communities.** The pace of housing development has been nearly 40% lower than what would have been necessary to maintain the Town's same proportion of the regional housing supply. The Town's share of the region's housing has continuously eroded over the past decade and will continue to decrease if current trends persist.

**Many local workers, including high-income professionals, are choosing to live outside of Groton – even at the expense of longer commute times.** Despite the Town of Groton having among the largest supply of housing among communities in the region, and being in immediate proximity to major employers, it has generally failed to attract those that work in the Town to also live in the Town. Nearly 82% of those working in the Town commute from other communities. This proportion has been trending upwards over time, suggesting that the Town's supply of housing is “misaligned” with the housing preferences of these workers.

**Demographics indicate the Town's population will continue to shift older if current trends continue.** The median age in Groton has been increasing at a faster rate than the region and the State of Connecticut with a median age of 39.2 in

2020, up from 37.1 in 2010. The population age 65-plus is projected to *increase* by 625 households over the next five years, while the population under 65 is projected to *decrease* by 766 households.



## KEY FINDING #2: CURRENT AND FUTURE ECONOMIC AND MARKET CONDITIONS OFFER OPPORTUNITY

**Market characteristics and trends are highly favorable for both new single-family and multi-family development.**

**Rental Market Trends:** While rental vacancy rates were at healthy levels pre-COVID, they are now extremely low at 3% in the Town and 3% in the region. This indicates a very tight market and unmet rental demand. Net absorption has also been higher than construction rates, indicating that demand has been outpacing new development.

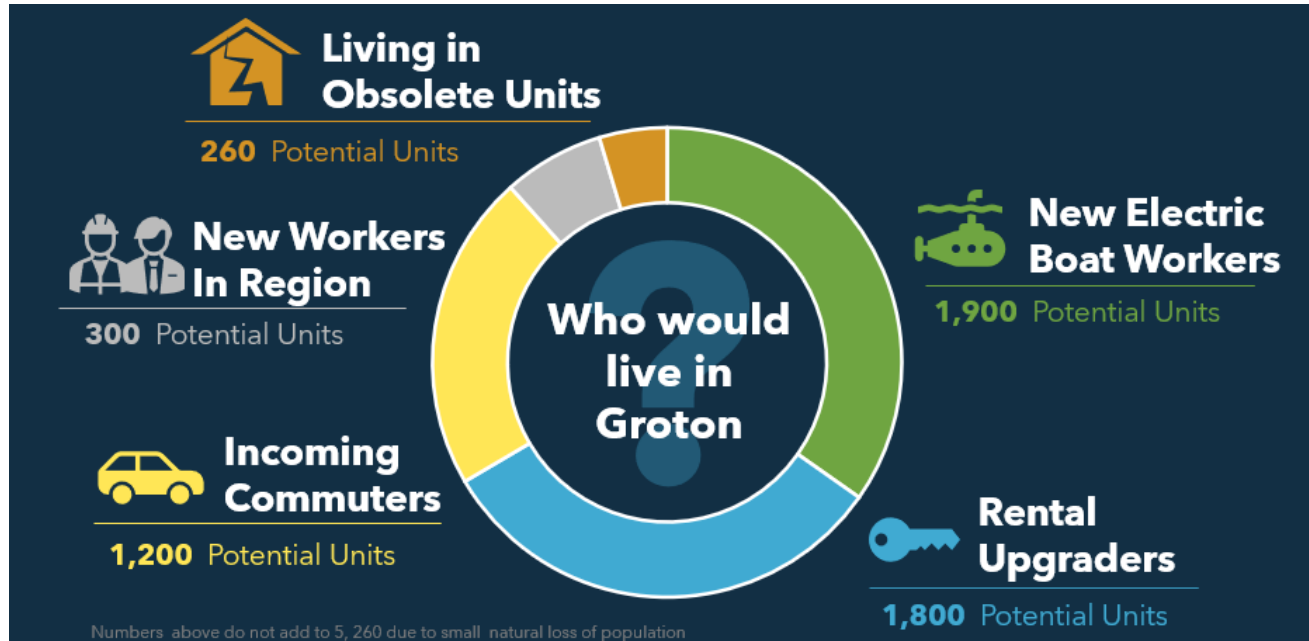
**Single-family Trends:** With increasing prices and shorter times on the market, it has become difficult for home buyers to find properties. The median sale price of a single-family home in the county was \$309,000, the highest it has been in the last five-years. And compared to the first quarter of 2020, homes are on the market a full month less than the first quarter of 2021 (84 days in 2020 compared to 53 days in 2021). The tight housing market is expected to continue in the near-term.

**While local and regional population growth has been anemic in recent years, significant job growth is changing that trend.**

**EB Hiring is a Game Changer.** Continued hiring at General Dynamics Electric Boat will be a significant driver of housing demand over the next decade.

Over 2,000 new jobs will be added to the payroll in the Groton area over the next ten years and EB anticipates hiring 15,000 workers

## Town of Groton 10-Year Housing Demand Potential



to meet that need and replace retiring workers (and other attrition).

**Local and Regional Economic Growth.** Other job growth will be generated from BlueTech companies expanding in the area such as ThayerMahan and other indirect economic growth generated by the EB expansion. There is expected to be continued growth in the emerging BlueTech sector including in the offshore wind energy, under sea robotics technology, and aquaculture sectors. This will draw new workers to the area, generating new demand for housing. Additionally, expanded crew needs at the local Navy submarine base will drive additional local housing demand.

**The Town of Groton has the potential to absorb a substantial unmet and future housing demand. There are three primary drivers of future housing demand for the Town:**

**Housing demand from economic growth driven by EB Hiring.** EB hiring over the next decade will generate regional housing demand for approximately 7,200 units, of which approximately 2,280 could be absorbed

by the Town of Groton over a 10-year timeframe.

**Capturing local workers living in other communities.** An estimated 5% of workers commuting to jobs in Groton could be drawn to live in the community, representing demand of approximately 1,207 housing units over the next decade.

**Pent-up demand for modern upscale apartment units in the region.** There is substantial unmet demand for high quality rental units. If the right product types were available in the Town, there is estimated potential for up to 1,795 housing units over 10 years from rental “upgraders.”



### KEY FINDING #3: REALIZING OPPORTUNITIES IS NOT A GIVEN

**The “right” housing is necessary to capture future housing demand.**

**Rental Demand Will Exceed Demand for Single-Family Homes.** Approximately 60% (3,337 units) in-demand housing will be for rental units, with 63% of renter households able to afford units of \$1,875 per month or greater, indicating strong potential to attract high-income residents. Single family homes represent 40% of the demand (2,261 units) with 67% of owner households able to afford homes \$300,000 or greater. High end units represent one of the most substantial housing types that are in demand.

**High-End Single-Family Homes in Demand.** The demand analysis also identified a substantial demand for homes priced at \$600,000 or greater, which also presents an opportunity for the Town to capture high-income households, particularly families with two-earners in professional fields.

**Substantial housing development is already occurring, which will accommodate some demand.** The development community is already responding to the housing market opportunity in Southeastern Connecticut, and as a result the pace of housing development is likely to quicken. Given the magnitude of the future housing market growth, it is not expected that market saturation will be reached in the near-term; however, there is a limited window in which the Town can capture the identified housing development potential.

**Perception issues of Groton persist – but are beginning to fade.** Negative perceptions of the community from both potential residents and housing developers have existed in the past; however, the evidence suggests that the impact of these perceptions is not a substantial obstacle to attracting demand or developers.

**Capturing housing demand is critical to economic development and community vitality for the Town of Groton.**

**Provide housing for the workforce that local businesses need:** The lack of appropriate housing has been identified by EB and other employers as a challenge and constraint to their growth. The addition of new housing will help support economic growth by providing critical housing for current and future workers.

**Prevent/reverse population stagnation:** The data indicates that without attracting a younger demographic, which prefers rental housing, the community may be faced with population stagnation and decline in the future as the community shifts older.

**Create a net increase to property tax base:** The upscale rental units in high demand will generally be occupied by young professionals (singles and childless couples) as well as “empty nesters” and active seniors. As a result, their impact on municipal and school finances is anticipated to be positive.

**Increase spending at local businesses:** The most in-demand housing is for relatively high-wage households that have discretionary income available to spend at local businesses. An increase in these residents would support spending at local businesses and likely change the dynamic enough to attract new businesses to the community.



# 1. Introduction

## 1.1 PROJECT DESCRIPTION

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The Southeastern Connecticut Region had been experiencing population loss and relatively little housing development activity until recently. New regional economic growth, led by the region's largest employer General Dynamics Electric Boat (EB), is generating new housing demand and exacerbating existing supply and demand disparities. The development community has begun to respond with over 1,700 potential housing units in the regional pipeline. The Town of Groton, recognizing the importance of attracting housing development to support local economic redevelopment, commissioned Camoin 310 to conduct a housing market study to explore future housing demand and development potential.

## 1.2 WORK COMPLETED

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The Housing Study is comprised of the following components:

**Economic & Demographic Trends** | This includes a detailed assessment of the economic and demographic characteristics and trends in the local Groton market as well as the broader regional market. The analysis will inform the demand study by identifying growing (or declining sectors), wage levels, and other demographic and household changes that will affect future housing demand. This section includes documentation and analysis of publicly available future employment projections, particularly that of General Dynamics Electric Boat.

**Market Intelligence Interviews** | Stakeholder interviews were conducted with knowledgeable real estate professionals in the market area, including developers, brokers, realtors, and public officials. These interviews provided critical context for understanding current supply and demand characteristics and helped identify actual and perceived market and development constraints for housing development in the Town of Groton.

**Housing Supply Analysis** | This task includes a comprehensive inventory and analysis of the existing housing supply in the market area, including trends in construction activity and market absorption. The analysis also examines the state of older housing stock to provide an understanding of the housing units likely to become obsolete in the coming years. Projects proposed and under construction were also inventoried.

**Multifamily Market Trends** | This includes an analysis of key multifamily market metrics, including trends in rental rates, sale price points, market absorption, vacancy, and others. These trends will provide an understanding of the current balance between housing supply and demand and how that dynamic has been trending.

**Single Family Home Market Trends** | The analysis of the home buying market provides an overview of trends in sale price, inventory, volume, and other key metrics to understand demand and the potential for additional single family home development.

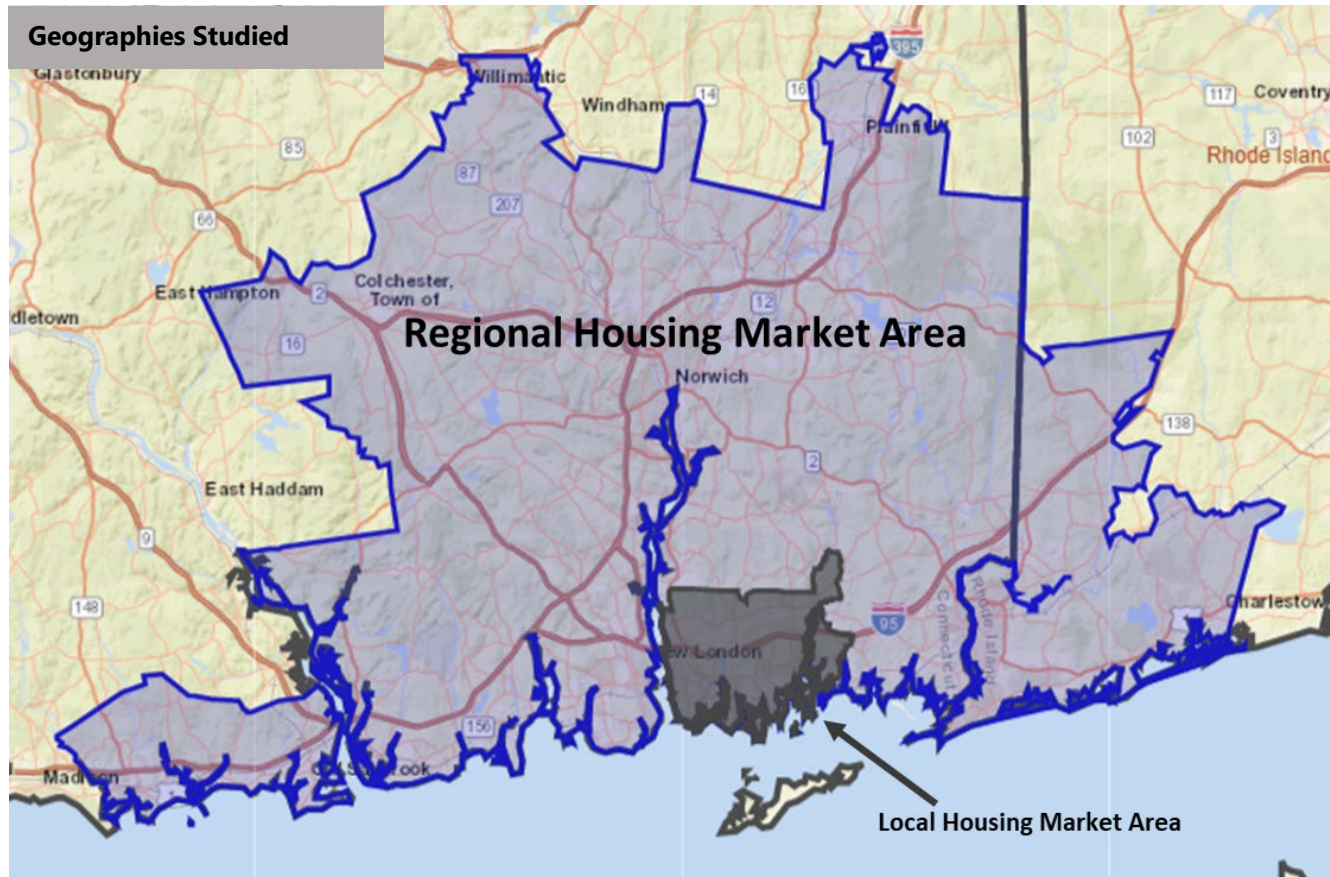
**Competitive Assessment and Market Challenges** | This task examines Groton's competitive position in the regional market for housing development, including locational advantages/disadvantages, regulatory environment, amenities, perception, proximity to employers, tax rates, incentives, and other key characteristics. The Town was benchmarked against key competitive communities in the regional market.

**Housing Demand Analysis** | The demand analysis projects total housing demand into the future for the Town of Groton and broader market area based on demographic and employment expectations and a nuanced

understanding of how the Town might better capture existing regional demand. The demand analysis includes an examination of all facets of housing demand, including demand potential from those currently living outside of Groton (such as in-commuters). This demand is then compared to projections in future housing supply to understand if the expected future demand for housing will be “outpaced” by the construction of new housing.

### 1.3 GEOGRAPHIES STUDIED

The Housing Study considers several different geographical areas to compare local and regional trends, as well as to align with the available data sources. The following geographies were considered:



The **Regional Housing Market Area** is comprised of 43 ZIP codes that encompass a majority of commuters to the Town of Groton (76.5%) and that are roughly within a 40-minute drive time. The Regional Housing Market Area will serve as the “Primary Market Area” and the focus of the analysis, including assessment of future housing supply and demand.

The **Local Housing Market Area** will be comprised of ZIP codes that most closely follow the Town of Groton’s municipal boundary. The Local Housing Market Area will provide insights into how local market conditions compare and contrast with those of the region. Data analysis for this geography will also assist in the analysis of the Town’s current and future “capture” of regional demand.

In some instances, depending on the data source and data point, trends within New London County, the Town of Groton, Connecticut, and the United States are also compared.

## 2. Economic & Demographic Trends

### 2.1 SOCIODEMOGRAPHIC CHARACTERISTICS & TRENDS

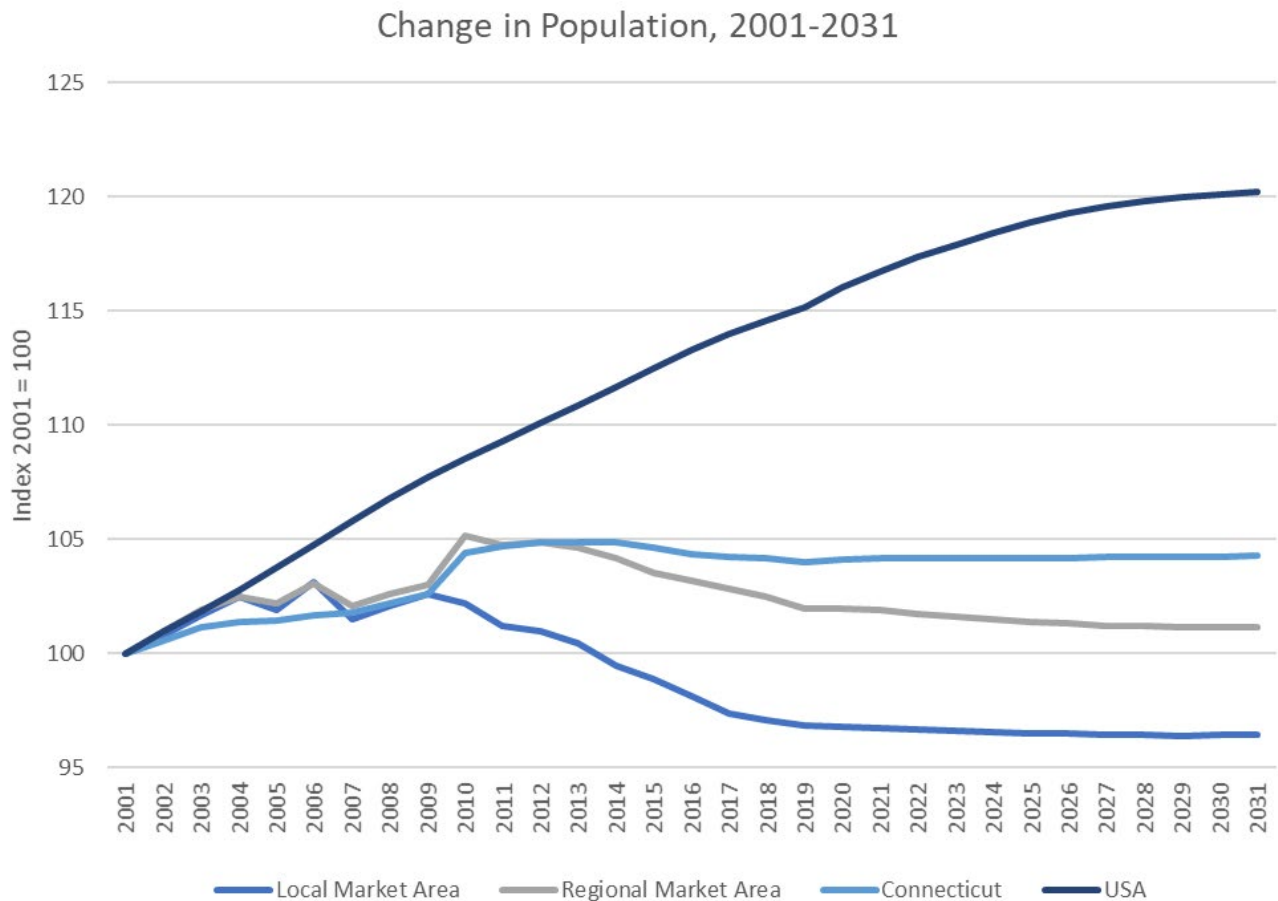
The Local Housing Market's population of approximately 40,488 individuals across 17,628 households declined at a faster rate than the Regional Housing Market and Connecticut from 2010 through 2020. Projections indicate that the Local Housing Market population will decline by 1.1% over the next-five years, with slightly less decline in the Region Housing Market and slightly positive growth statewide. Future projections are based on past trends and may differ given the expectations around economic growth in the region and anything else that makes past trends not hold true in the future.

**Socioeconomic Profile, 2020-2025**

					%	%	
				Change	Change	Change	Change
	2010	2020	2025	2010-2020	2010-2020	2020-2025	2020-2025
<b>Population</b>							
Local Housing Market	42,285	40,488	40,055	(1,797)	(4.2%)	(433)	(1.1%)
Regional Housing Market	372,590	372,100	369,697	(490)	(0.1%)	(2,403)	(0.6%)
Connecticut	3,574,097	3,620,809	3,635,308	46,712	1.3%	14,499	0.4%
<b>Households</b>							
Local Housing Market	17,770	17,628	17,487	(142)	(0.8%)	(141)	(0.8%)
Regional Housing Market	145,811	147,322	146,653	1,511	1.0%	(669)	(0.5%)
Connecticut	1,371,087	1,390,973	1,396,206	19,886	1.5%	5,233	0.4%
<b>Average Household Size</b>							
Local Housing Market	2.28	2.26	2.26	(0.02)	(0.9%)	0.00	0.0%
Regional Housing Market	2.44	2.43	2.42	(0.01)	(0.4%)	(0.01)	(0.4%)
Connecticut	2.52	2.52	2.52	0.00	0.0%	0.00	0.0%

Source: Esri

Looking further out to 2031, a continual slight population decline in both the Local and Regional Housing Market is expected if past trends continue, without consideration for future economic growth forecasts. This indicates that without future job growth, population stagnation and decline in the region would likely have adverse impacts on the future demand for housing. While Connecticut will see similar stagnation regarding population growth, for comparison, the entire country is expected to see positive growth through 2031. The graph below shows projected population growth based on trend data. The graph shows growth from a common index point of 100 in 2001. An index of 105 would therefore indicate a population increase of 5%.



Source: Emsi

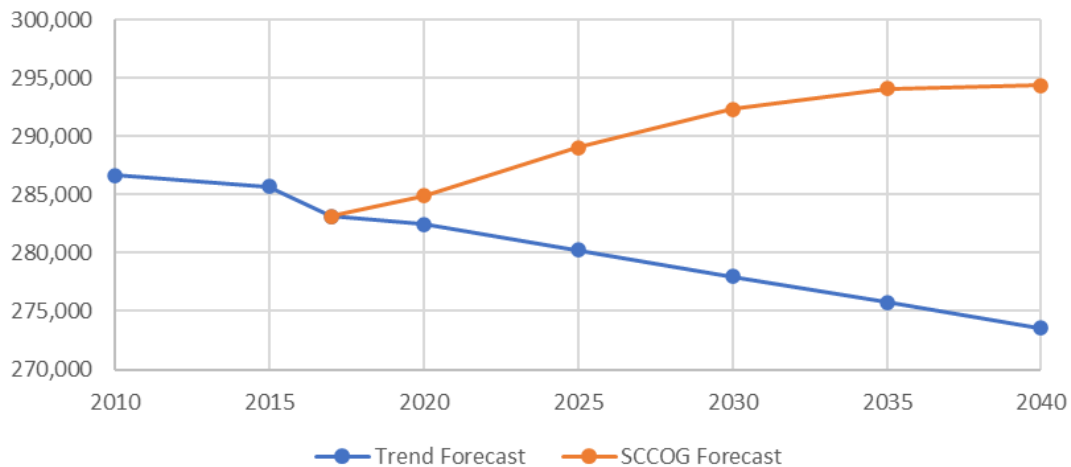
**Population Change, 2001-2031**

	2001	2011	2021	2031	% Change 2001-2011	% Change 2011-2021	% Change 2021-2031
Local Housing Market	42,244	42,745	40,856	40,744	1.2%	-4.4%	-0.3%
Regional Housing Market	353,718	370,425	360,339	357,746	4.7%	-2.7%	-0.7%
Connecticut	3,428,433	3,588,283	3,571,164	3,574,303	4.7%	-0.5%	0.1%
USA	285,081,556	311,556,874	332,855,403	342,675,981	9.3%	6.8%	3.0%

Source: Emsi

The 2019 report completed by SCCOG, *SUBASE New London Joint Land Use Study Implementation Project: Regional Plan for Housing and Transportation Associated with Expansion of Submarine Shipbuilding in Southeastern Connecticut*, outlines population changes within the SCCOG region, which is comprised of 22 towns, cities, and boroughs in Southeastern Connecticut. This area is slightly smaller than the Regional Housing Market. The report shows two population projections, one which results in a population increase of 3.3% from 2020-2040 and one with a population decrease of -3.2% during the same time period.

### Southeastern Connecticut Regional Population Projections, 2010-2040

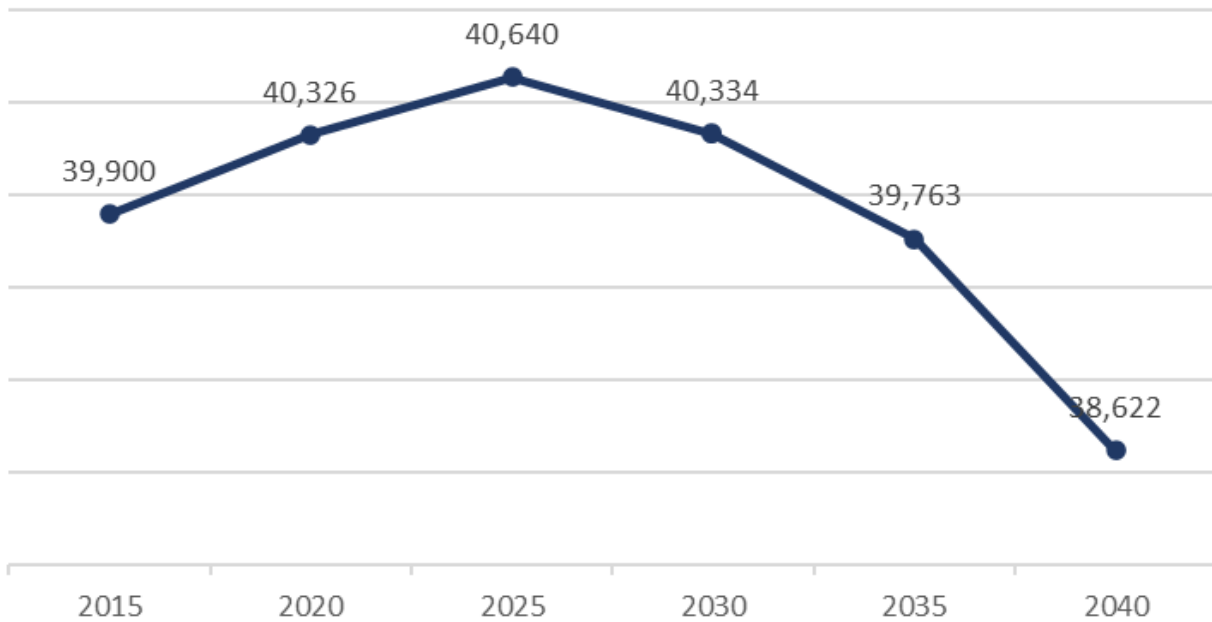


Source: U.S. Bureau of the Census, SCCOG, and Urbanomics

Note: The "SCCOG Forecast" is based on the CT Data Center, rebenchmarked to the 2017 base year, while the "Trend Forecast" is based on actual recent population trends.

In addition, the Connecticut Data Collaborative provides town projections to 2040. For Groton, from 2020 – 2040 there is a projected decline of 1,704 persons or -4.2%.<sup>1</sup> However, current forecasts indicate job growth and the potential for the Town to capture additional population based on this growth.

### Groton Population Projections 2015-2040

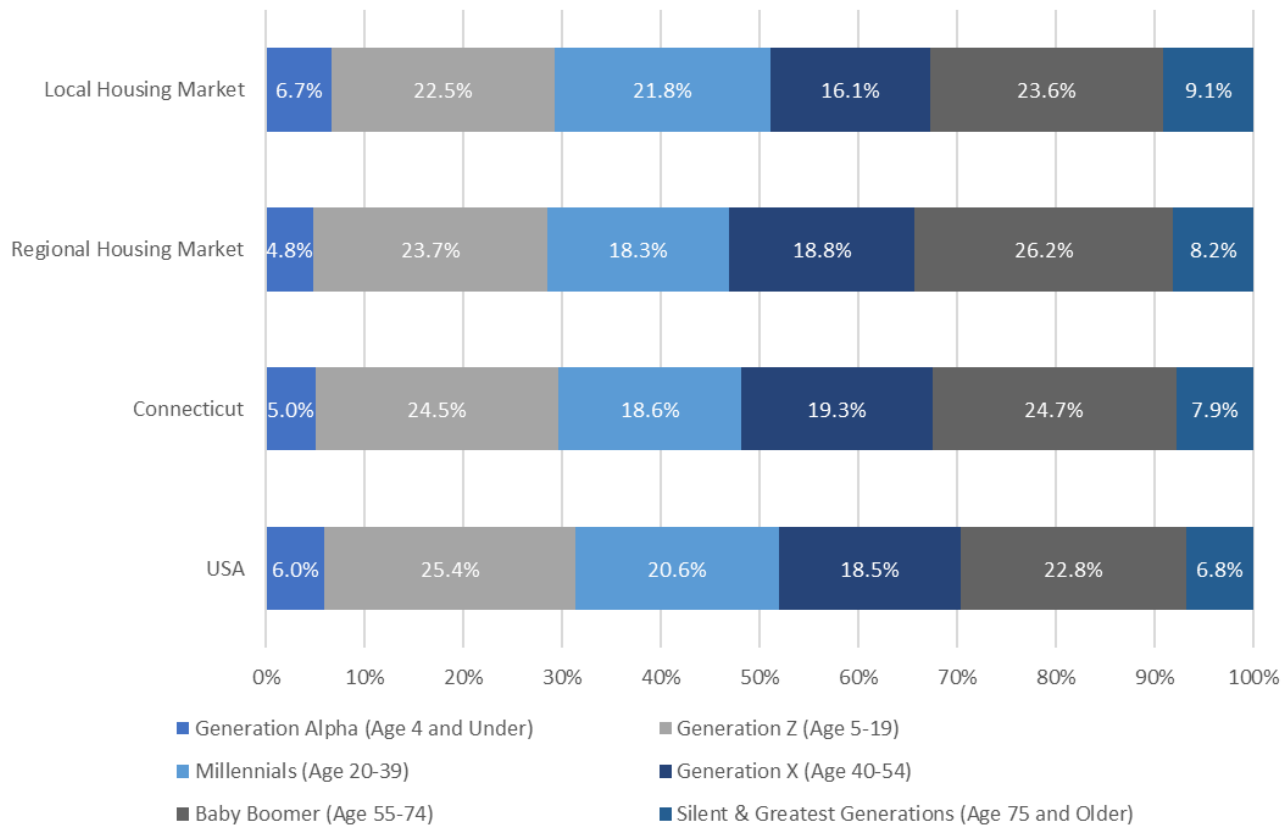


Source: CT Data Collaborative

<sup>1</sup> These projections are created based upon several datasets and while these estimates are developed based on multiple data sources, actual population changes may vary from these projections. These population projections have been developed based on state and locally derived fertility rates.

The population of the Local Housing Market has an age distribution similar to the entire US, with the Regional Housing Market and State trending older. However, the Local Market Area has the largest proportion among all the geographies for those aged 75 and up (9.1% compared to 8.2% in the Regional Housing Market, 7.9% statewide, and 6.8% nationwide). This may mean an increased need for local and regional senior housing options. Additionally, the Local Housing Market has the highest proportion of Millennials of the geographies at 21.8%.

Population by Generation, 2020



Source: Esri

Median age is currently oldest in the Regional Housing Market (42.8) and youngest the US (38.5). These trends are expected to continue to 2025 with the Region increasing in median age to 43.4.

Age Characteristics

	Local Housing Market	Regional Housing Market	Connecticut	USA
2010 Median Age	37.1	40.8	40.0	37.1
2020 Median Age	39.2	42.8	41.6	38.5
2025 Median Age	40.1	43.4	42.3	39.3

Source: Esri

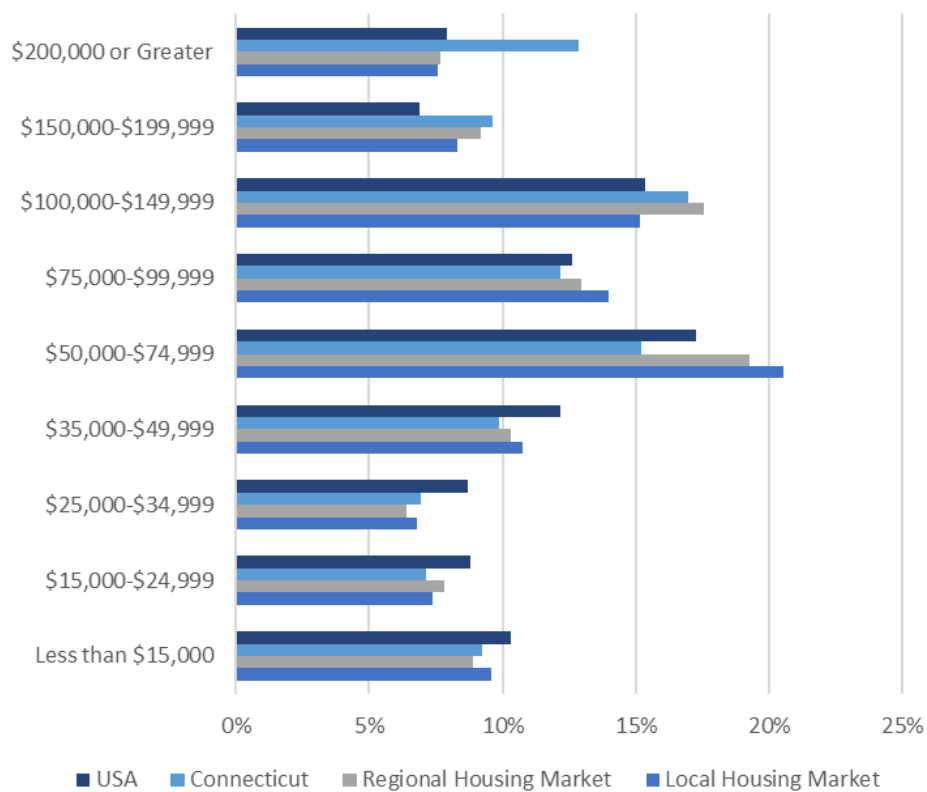
Median household income in the Local Housing Market is \$66,920, about \$3,000 less than the Regional Housing Market and about \$11,000 less than the state. This discrepancy is expected to increase by 2025. The Local Housing Market median household income is expected to increase by 5.2%, lower than the 6.0% expected in the region and 5.8% statewide.

	Income		
	Local Housing Market	Regional Housing Market	Connecticut
2020 Per Capita Income	\$40,419	\$37,984	\$43,167
2025 Per Capita Income (Proj.)	\$43,751	\$41,228	\$47,042
2020 Median Household Income	\$66,920	\$70,312	\$77,611
2025 Median Household Income (Proj.)	\$70,374	\$74,528	\$82,084
% Change in Median Household Income	5.2%	6.0%	5.8%

Source: Esri

As seen in the figure below, the state has a higher concentration of those with household incomes over \$150,000. While the nation has higher proportions of those with incomes less than \$50,000, the Local and Regional Market Area have the highest proportions of households with incomes between \$50,000 and \$74,000.

Distribution of Household Income, 2020



Source: Esri

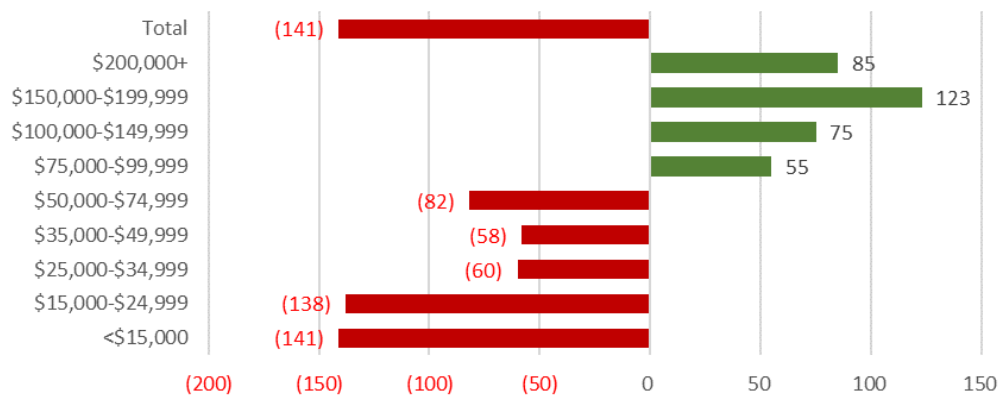


The change in households by age and income helps provide an understanding of what age cohorts are growing (and shrinking) and how that translates into housing demand. The two following charts outline household change by age and income from 2020-2025 for the regional and local area.

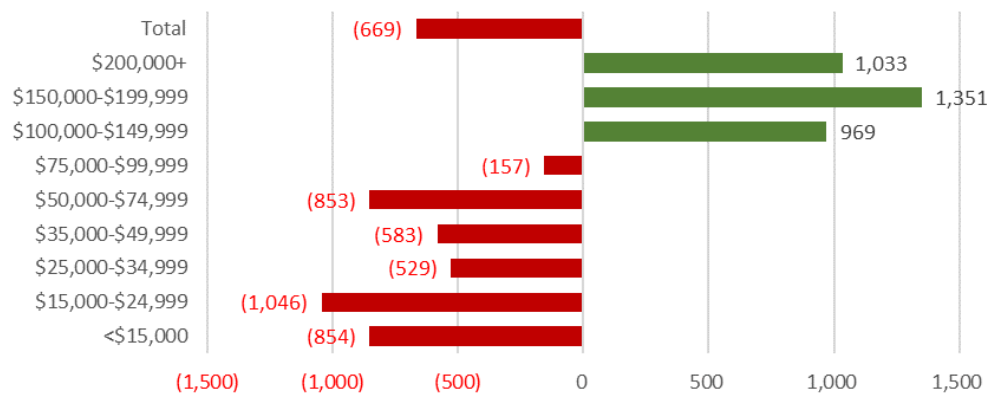
While overall, there is projected to be a household decline in both markets, there is a marked increase in households over the age of 65. Within the Local Housing Market these households are expected to increase by 625 and within the Regional Housing Market households over 65 are expected to increase by 5,514 (11% of this regional household growth will occur in the local area). This older household increase largely occurs in households with incomes over \$50,000. This illustrates a potential need for a range of senior housing options, from in-home care to independent living to assisted living.

Another growth segment is for those aged 35-44 with incomes over \$75,000, projected to increase by 107 in the local area and 831 in the regional area. Approximately 13% of regional growth will occur in the local area for this age group based on projections tied to recent trends. **Again it should be noted that these projections are based on recent trends and do not factor in forecasted change in trends with more robust job and population growth in the region.**

Local Market Area Household Change by Income Level,  
2020-2025



Regional Market Area Household Change by Income  
Level, 2020-2025



Source: Esri

## MARKET SEGMENTS

Market segmentation is a tool used to determine the characteristics of a trade area. Market segmentation classifies consumers according to demographic, socioeconomic, housing and lifestyle characteristics. Market segmentation is based on the concept that people with similar demographic characteristics, purchasing habits, and media preferences naturally gravitate toward each other and into the same neighborhoods. Developers utilize market segmentation to understand their customers' house preferences, lifestyle choices, purchasing preferences, and how they spend their free time. Market segmentation data for the local and regional trade areas were obtained from Esri's Tapestry Segmentation model. Additional information about this Esri model can be found here: <http://www.esri.com/landing-pages/tapestry>.

Based on the market segments, households within the Local and Regional Market Area value a range of suburban lifestyles. Some are do-it yourselfer in regard to both maintenance and remodeling of their homes. Budgeting is common across these households, whether it is out of necessity or purely based on convenience rather than consumerism. Many are at or near retirement, with a range living in apartments, single-family homes, or duplexes.

Market Segments				
Regional Market Area			Local Market Area	
Rank	Segment	Percent of Households	Segment	Percent of Households
1	Parks and Rec	13.3%	Exurbanites	13.4%
2	Green Acres	11.0%	Golden Years	12.0%
3	Front Porches	9.1%	Old and Newcomers	10.3%
4	Exurbanites	7.6%	Front Porches	8.6%
5	Comfortable Empty Nesters	7.2%	Bright Young Professionals	8.4%
Other Segments		51.8%	47.3%	
Total		100.0%	100.0%	

Source: Esri

The following is an overview of the top tapestry segments in the Local and Regional Market Areas. Definitions are provided by Esri. Please note the information below outlines high level data and trends on a national level:

### PARKS AND REC

- Average Household Size: 2.51
- Median Age: 40.9

*These practical suburbanites have achieved the dream of home ownership. They have purchased homes that are within their means. Their homes are older, and town homes and duplexes are not uncommon. Many of these families are two-income married couples approaching retirement age; they are comfortable in their jobs and their homes, budget wisely, but do not plan on retiring anytime soon or moving. Neighborhoods are well established, as are the amenities and programs that supported their now independent children through school and college. The appeal of these kid-friendly neighborhoods is now attracting a new generation of young couples.*

### GREEN ACRES

- Average Household Size: 2.70
- Median Age: 43.9

*The Green Acres lifestyle features country living and self-reliance. They are avid do-it-yourselfers, maintaining and remodeling their homes, with all the necessary power tools to accomplish the jobs. Gardening, especially growing vegetables, is also a priority, again with the right tools, tillers, tractors, and riding mowers. Outdoor living also features a variety of sports: hunting and fishing, motorcycling, hiking and camping, and even golf. Self-described conservatives, residents of Green Acres remain pessimistic about the near future yet are heavily invested in it.*

### FRONT PORCHES

- Average Household Size: 2.57
- Median Age: 34.9

*Front Porches blends household types, with more young families with children or single households than average. This group is also more diverse than the US. More than half of householders are renters, and many of the homes are older town homes or duplexes. Friends and family are central to Front Porches residents and help to influence household buying decisions. Households tend to own just one vehicle but used only when needed. Income and net worth of these residents are well below the US average.*

### EXURBANITES

- Average Household Size: 2.50
- Median Age: 51.0

*Exurbanites residents are now approaching retirement but showing few signs of slowing down. They are active in their communities, generous in their donations, and seasoned travelers. They take advantage of their proximity to large metropolitan centers to support the arts, but prefer a more expansive home style in less crowded neighborhoods. They have cultivated a lifestyle that is both affluent and urbane. Their housing budget index indicates significant spending on health care, entertainment and recreation, and housing.*

### COMFORTABLE EMPTY NESTERS

- Average Household Size: 2.52
- Median Age: 48.0

*Residents in this large, growing segment are older, with nearly half of all householders aged 55 or older; many still live in the suburbs where they grew up. Most are professionals working in government, health care, or manufacturing. These Baby Boomers are earning a comfortable living and benefitting from years of prudent investing and saving. Their net worth is well above average. Many are enjoying the transition from child rearing to retirement. They value their health and financial well-being.*

### GOLDEN YEARS

- Average Household Size: 2.06
- Median Age: 52.3

*Independent, active seniors nearing the end of their careers or already in retirement best describes Golden Years residents. This market is primarily singles living alone or empty nesters. Those still active in the labor force are*

*employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure.*

#### OLD AND NEWCOMERS

- Average Household Size: 2.12
- Median Age: 39.4

*This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support charity causes and are environmentally conscious. Age is not always obvious from their choices.*

#### BRIGHT YOUNG PROFESSIONALS

- Average Household Size: 2.41
- Median Age: 33.0

*Bright Young Professionals is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. More than one out of three householders is under the age of 35. Slightly more diverse couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.*

## 2.2 ECONOMIC CHARACTERISTICS & TRENDS

### JOBS AND INDUSTRY TRENDS

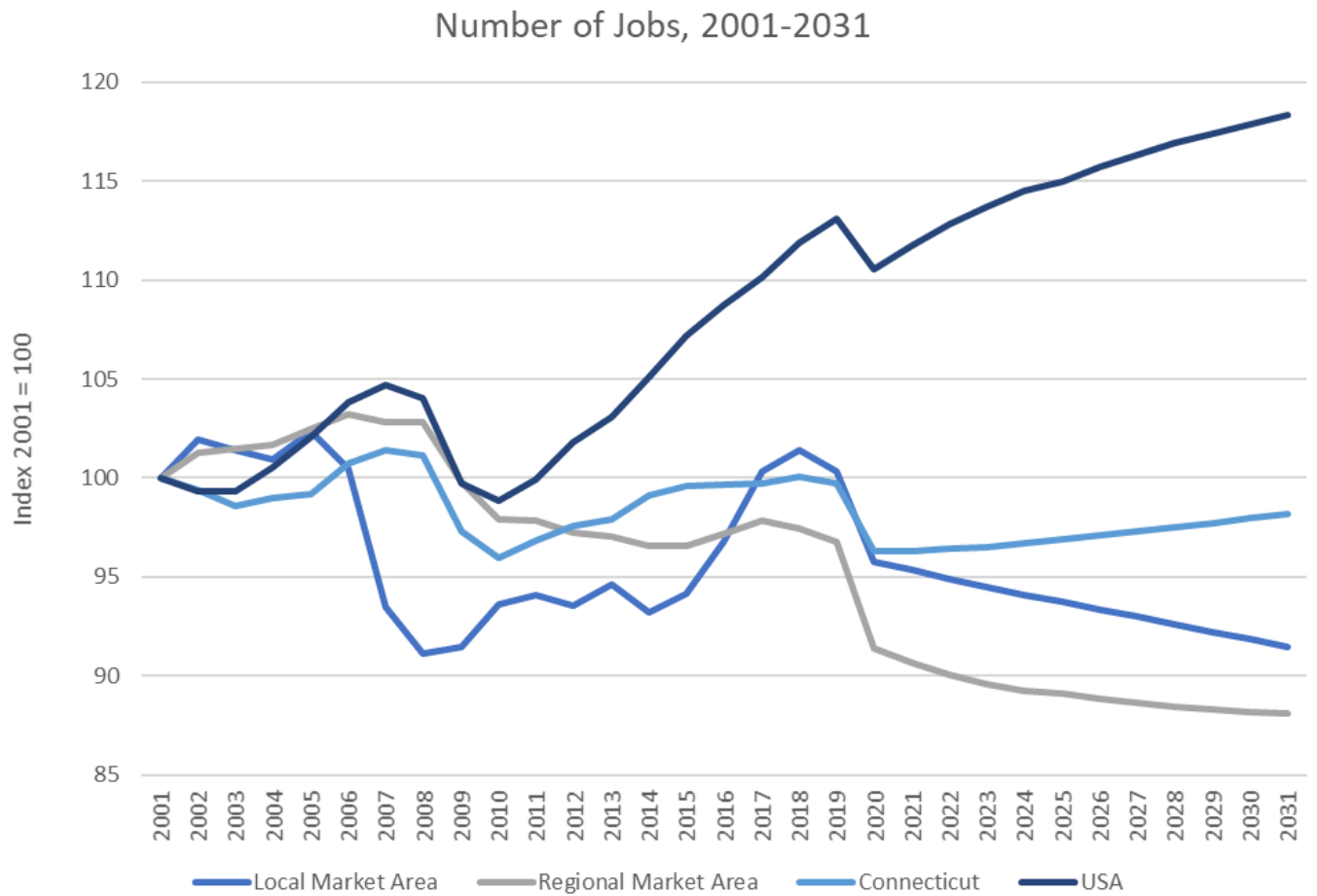
Jobs in the Local and Regional Housing Market have been declining since 2001, with a 5.9% decrease locally and a 2.2% decrease regionally from 2001-2011. From 2011-2021, the local market had flat growth at 1.3% and the regional market continued to see a decline, by 7.3%. A continued decline 4.0% locally and 2.8% regionally is projected. As projected trends from this data source, Emsi, are calculated using historic trends, these local and regional number **do not include the increase in jobs at General Dynamics Electric Boat** or other expected employment gains in the region.

Change in Jobs, 2001-2031

	2001	2011	2021	2031	% Change 2001- 2011	% Change 2011- 2021	% Change 2021- 2031
Local Housing Market	35,682	33,570	34,018	32,641	-5.9%	1.3%	-4.0%
Regional Housing Market	186,441	182,398	169,005	164,216	-2.2%	-7.3%	-2.8%
Connecticut	1,879,685	1,820,083	1,810,855	1,845,878	-3.2%	-0.5%	1.9%
USA	147,690,886	147,573,087	165,088,273	174,726,270	-0.1%	11.9%	5.8%

Source: Emsi

The following graph shows job growth projection comparisons for the Local Market Area, Regional Market Area, Connecticut, and the nation as a whole. The number of jobs for each geography are indexed to 100 in 2001. An index of 105 would therefore indicate 5% growth over 2001 job levels.



Source: Emsi

Industry trends in the Local Market Area indicate a 1% increase in jobs from 2011 to 2021, adding 447 jobs during that 10-year period to a total of 34,018 jobs. The most growth was in the market's largest industry, manufacturing, increasing by 32% and 3,346 jobs. All other major industries declined, including government (19%), professional services (26%), and other services (23%).<sup>2</sup>

Industry Trends, Local Market Area					
NAICS	Description	2011 Jobs	2021 Jobs	2011 - 2021 Change	2011 - 2021 % Change
31	Manufacturing	10,570	13,916	3,346	32%
90	Government	8,932	7,246	(1,686)	(19%)
72	Accommodation and Food Services	3,093	2,847	(246)	(8%)
62	Health Care and Social Assistance	2,377	2,265	(112)	(5%)
44	Retail Trade	2,457	2,231	(226)	(9%)
54	Professional, Scientific, and Technical Services	1,477	1,096	(381)	(26%)
81	Other Services (except Public Administration)	1,244	956	(288)	(23%)
71	Arts, Entertainment, and Recreation	910	952	42	5%
23	Construction	477	466	(11)	(2%)
52	Finance and Insurance	479	407	(72)	(15%)
42	Wholesale Trade	380	366	(13)	(4%)
51	Information	125	305	181	145%
48	Transportation and Warehousing	398	266	(132)	(33%)
56	Administrative and Support and Waste Management and Remediation Services	242	254	12	5%
53	Real Estate and Rental and Leasing	184	192	8	4%
61	Educational Services	97	90	(7)	(7%)
11	Agriculture, Forestry, Fishing and Hunting	76	80	3	4%
55	Management of Companies and Enterprises	50	80	30	59%
99	Unclassified Industry	<10	<10	Insf. Data	Insf. Data
21	Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0%
22	Utilities	0	0	0	0%
<b>Total</b>		<b>33,570</b>	<b>34,018</b>	<b>447</b>	<b>1%</b>

Source: Emsi

<sup>2</sup> The Other Services (except Public Administration) sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting, or administering religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Industry trends within the Regional Market Area illustrate a 7% drop in jobs (by 13,393) to 169,005 from 2011 to 2021. The government industry took the biggest hit during this time, shedding 24% of jobs (11,449). The retail trade sector lost 8% of jobs (1,861) and the professional services industry lost 12% of jobs (1,024). Largest gainers include the manufacturing industry (13%, by 2,352 jobs), health care (3% adding 709 jobs), and management (a 50% increase for 370 jobs).

#### Industry Trends, Regional Market Area

NAICS	Description	2011 Jobs	2021 Jobs	2011 - 2021 Change	2011 - 2021 % Change
90	Government	48,686	37,237	(11,449)	(24%)
62	Health Care and Social Assistance	23,878	24,587	709	3%
31	Manufacturing	17,945	20,297	2,352	13%
44	Retail Trade	22,064	20,203	(1,861)	(8%)
72	Accommodation and Food Services	15,733	15,188	(545)	(3%)
23	Construction	7,484	7,613	128	2%
54	Professional, Scientific, and Technical Services	8,223	7,200	(1,024)	(12%)
81	Other Services (except Public Administration)	8,022	7,169	(853)	(11%)
56	Administrative and Support and Waste Management and Remediation Services	4,279	4,592	313	7%
48	Transportation and Warehousing	4,597	4,037	(560)	(12%)
61	Educational Services	3,629	3,665	36	1%
42	Wholesale Trade	3,400	3,136	(264)	(8%)
52	Finance and Insurance	3,401	3,097	(305)	(9%)
71	Arts, Entertainment, and Recreation	3,138	3,078	(61)	(2%)
51	Information	1,874	1,797	(77)	(4%)
53	Real Estate and Rental and Leasing	1,773	1,784	11	1%
11	Agriculture, Forestry, Fishing and Hunting	1,727	1,719	(8)	(0%)
22	Utilities	1,671	1,374	(297)	(18%)
55	Management of Companies and Enterprises	740	1,110	370	50%
21	Mining, Quarrying, and Oil and Gas Extraction	115	109	(7)	(6%)
99	Unclassified Industry	17	16	(0)	(1%)
<b>Total</b>		<b>182,398</b>	<b>169,005</b>	<b>(13,393)</b>	<b>(7%)</b>

Source: Emsi

## WAGES

There are several substantial job categories in the local and regional area with relatively high annual earnings, including architects and engineers and management occupations. Of the top ten occupations in the local area, there is a range in wages, ranging from \$25,948 (food preparation) to \$115,905 (management). The top four occupations with the region make less than \$50,000 annually and the fifth most populous occupation, management, makes \$106,618.

Annual Wages/Earnings					
SOC	Description	Local Market Area		Regional Market Area	
		2021 Jobs	Median Annual Earnings	2021 Jobs	Median Annual Earnings
51-0000	Production Occupations	4,281	\$44,042	9,303	\$42,133
17-0000	Architecture and Engineering Occupations	3,394	\$108,909	5,849	\$101,690
43-0000	Office and Administrative Support Occupations	2,862	\$41,409	17,823	\$40,466
35-0000	Food Preparation and Serving Related Occupations	2,638	\$25,948	15,045	\$25,971
47-0000	Construction and Extraction Occupations	2,340	\$57,140	8,580	\$52,906
11-0000	Management Occupations	2,190	\$115,905	10,861	\$106,618
55-0000	Military-only occupations	1,929	\$41,967	3,546	\$41,917
41-0000	Sales and Related Occupations	1,899	\$29,679	15,610	\$28,346
53-0000	Transportation and Material Moving Occupations	1,692	\$34,758	10,882	\$33,808
13-0000	Business and Financial Operations Occupations	1,639	\$69,793	7,071	\$69,987
49-0000	Installation, Maintenance, and Repair Occupations	1,625	\$53,623	6,176	\$50,819
25-0000	Educational Instruction and Library Occupations	954	\$52,620	10,136	\$55,779
39-0000	Personal Care and Service Occupations	922	\$27,004	5,890	\$26,882
29-0000	Healthcare Practitioners and Technical Occupations	918	\$73,405	9,598	\$75,144
31-0000	Healthcare Support Occupations	850	\$32,479	7,547	\$31,275
33-0000	Protective Service Occupations	804	\$59,632	5,356	\$59,854
15-0000	Computer and Mathematical Occupations	789	\$82,398	3,010	\$79,911
37-0000	Building and Grounds Cleaning and Maintenance Occupations	754	\$29,721	6,147	\$30,586
19-0000	Life, Physical, and Social Science Occupations	564	\$71,854	1,981	\$72,446
21-0000	Community and Social Service Occupations	367	\$50,041	3,986	\$50,103
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	365	\$56,349	2,296	\$50,754
23-0000	Legal Occupations	195	\$86,020	1,368	\$86,276
45-0000	Farming, Fishing, and Forestry Occupations	47	\$31,525	940	\$30,971
<b>Total</b>		<b>34,018</b>		<b>169,005</b>	

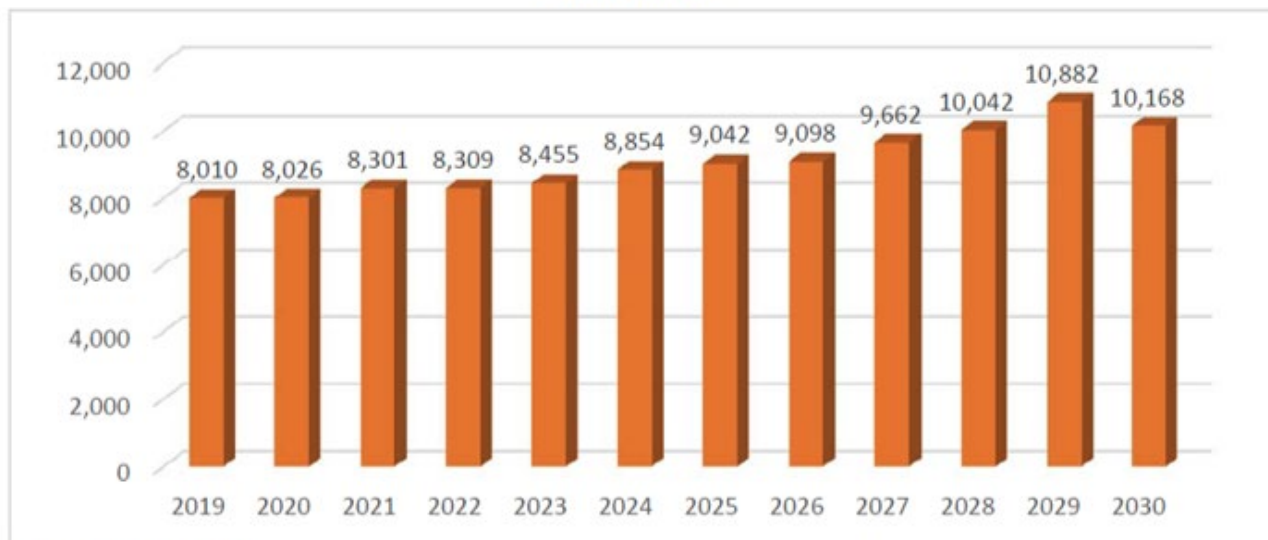
Source: Emsi



## GENERAL DYNAMICS ELECTRIC BOAT

As a major regional employer, General Dynamics Electric Boat (EB), is expecting to undertake significant hiring of new employees (including replacement hires for retirees) by 2030 associated with expanded manufacturing activities and government contracts.<sup>3</sup> The 2019 report completed by SCCOG, *SUBASE New London Joint Land Use Study Implementation Project: Regional Plan for Housing and Transportation Associated with Expansion of Submarine Shipbuilding in Southeastern Connecticut*, outlines the increase in employment projections to 2030 (see the figure below).

**Electric Boat Facility Projections, 2019-2030**  
Source: SCCOG



Source: Electric Boat 2019

Note: Comparable workforce data are not available for other Electric Boat facilities; however, the company confirmed with the consultant team that future new hires in southeastern Connecticut will be focused on the Groton facility, as the other Connecticut sites had already completed hiring for the current Navy contracts as of the date of this study.

EB is expected to reach a peak of 10,882 employees by 2029 (2,581 more than numbers projected in 2021) then dropping to 10,168 by 2030. In addition, the report expects 0.9 indirect jobs created for every direct EB job. This would add another 2,323 jobs by 2029. **More current information based on conversations with EB representatives reveals the company will add approximately 2,000 new jobs in the Groton Area through 2030.** The company plans to hire approximately 15,000 new workers in the region to reach this goal, while filling positions vacated through attrition (significant numbers of workers are expected to retire over the next decade). The total new jobs do not equate the total new households, and how this translates to increased household demand will be discussed later in the Study.

<sup>3</sup> SUBASE New London Joint Land Use Study Implementation Project: Regional Plan for Housing and Transportation Associated with Expansion of Submarine Shipbuilding in Southeastern Connecticut, SCCOG October 2019.

## COMMUTING PATTERNS

The Town of Groton is a net importer of workers, with more workers living outside the Town. Approximately 82% of Groton workers commute into the Town.

**Commuting Patterns (Town of Groton, CT)**

	#	%
Employed in Groton	26,548	100%
Employed in Groton but Living Outside	21,667	82%
Employed and Living in Groton	4,881	18%
Living in Groton	15,512	100%
Living in Groton but Employed Outside	10,631	69%
Living and Employed in Groton	4,881	32%

Source: 2018 OnTheMap US Census

As shown in the tables below, residents commute to a number of locations outside the Town, but 31.5% of residents also work in the Town. Top locations residents commute to include New London (1,200), Stonington (1,030), and Ledyard (825).

The majority of those who work in Groton live outside of the Town (82%). See the following map, *Where People Who Work in Groton Live*. Many people commute from nearby towns including Stonington (1,766), Ledyard (1,703), Waterford (1,588), and New London (1,448). Workers commuting into Groton are discussed further as part of the housing demand analysis of this study.

**Where Groton Workers Live**

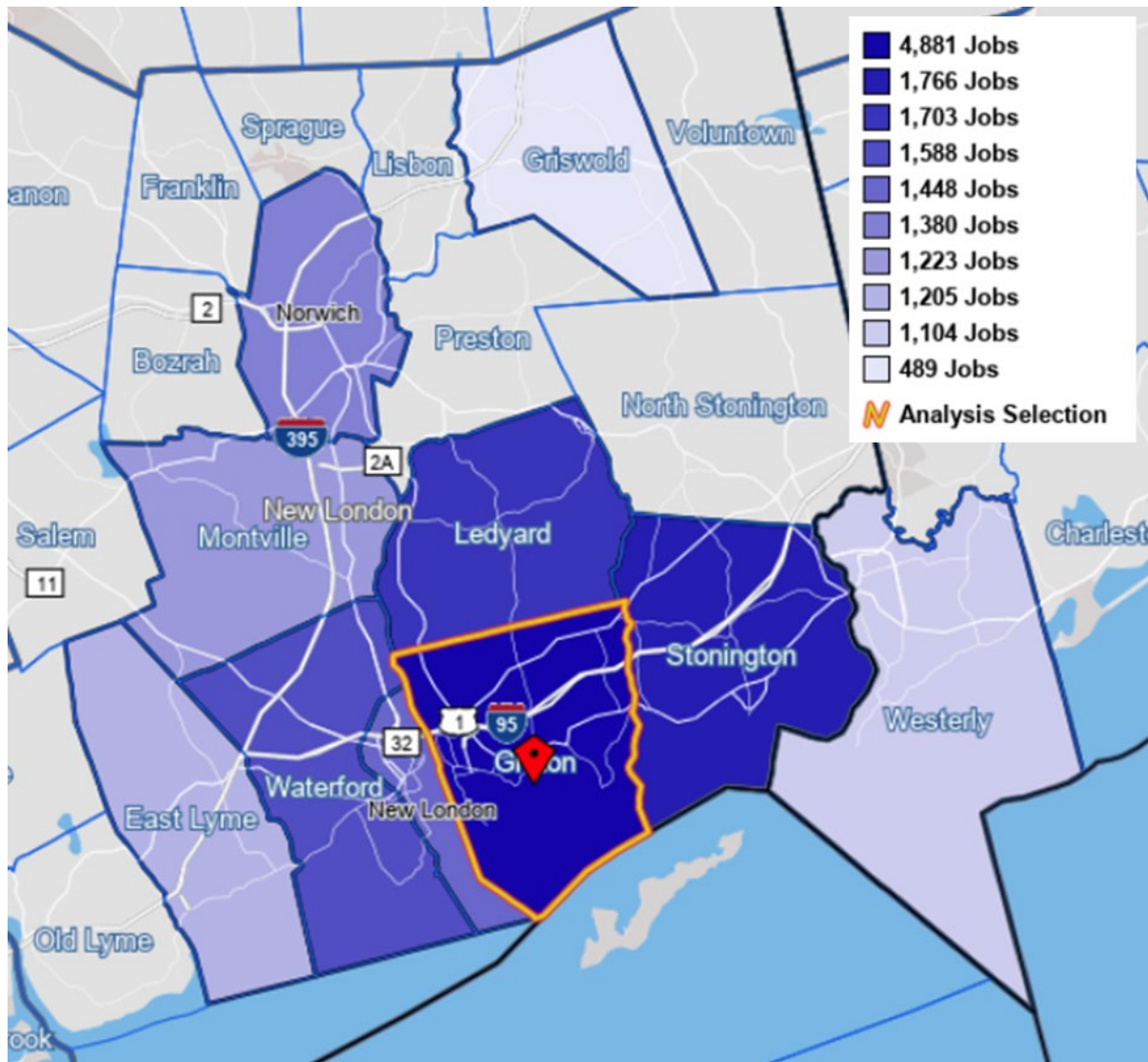
	#	%
Groton	4,881	18.4%
Stonington	1,766	6.7%
Ledyard	1,703	6.4%
Waterford	1,588	6.0%
New London	1,448	5.5%
Norwich	1,380	5.2%
Montville	1,223	4.6%
East Lyme	1,205	4.5%
Westerly, RI	1,104	4.2%
Griswold	489	1.8%
All Other Locations	9,761	36.8%
Total	26,548	100.0%

Source: 2018 OnTheMap US Census

**Where Groton Residents are Employed**

	#	%
Groton	4,881	31.5%
New London	1,200	7.7%
Stonington	1,030	6.6%
Ledyard	825	5.3%
Waterford	704	4.5%
Norwich	619	4.0%
Montville	503	3.2%
Hartford	338	2.2%
New Haven	257	1.7%
East Lyme	242	1.6%
All Other Locations	4,913	31.7%
Total	15,512	100.0%

### Where People Working in Groton Live



Source: 2018 OnTheMap US Census

With the increased proclivity to work from home, due to the COVID-19 pandemic, it is probable that even more Groton residents work in Groton while technically being employed somewhere else. An article from the US Bureau of Labor Statistics (BLS) estimates that 31% of workers shifted to remote work in April of 2020. While many of these workers have now gone back to their employment location, the article uses two BLS surveys to theorize the potential for remote work by gender, age, industry, occupation, and other factors. Based on this analysis, between 22% and 25% of all work is “telework feasible” and is largely impacted not only by the job type but by employers’ willingness to allow telework and workers’ interest in telework.<sup>4</sup>

<sup>4</sup> Ability to work from home: evidence from two surveys and implications for the labor market in the COVID-19 pandemic, June 2020, US Bureau of Labor Statistics

## MIGRATION

More people are moving out of New London County versus moving in, as seen in the following chart. While most of the movement is local, some further out like Berkeley County, SC, is most likely due to the Naval Base located in that area. The county lost 865 people due to net out-migration based on 2017-2018 IRS data. The greatest outflow was to Windham County; however, New London County gained more residents from Windham County than it lost.

<b>Top Migration Counties, New London County</b>			
	Inflow	Outflow	Net
Windham County, CT	572	490	82
Hartford County, CT	538	474	64
Middlesex County, CT	429	442	(13)
Washington County, RI	362	257	105
New Haven County, CT	305	252	53
Tolland County, CT	160	171	(11)
Providence County, RI	124	99	25
Fairfield County, CT	110	92	18
Kent County, RI	81	65	16
Berkeley County, SC	80	32	48
All Locations	6,076	6,941	(865)

Source: IRS 2017-2018 Migration Patterns

## 3. Housing Supply

### 3.1 OCCUPANCY, VACANCY, AND TENURE

The Regional Housing Market has a higher concentration of owner-occupied housing, similar to the state and nation. Regionally, there are proportionally more seasonally vacant homes than the other geographies. These are houses where the owner lives somewhere else and uses them occasionally or rents them seasonally.

The Local Housing Market has proportionally more renter occupied housing than the other geographies (45.7% compared to 26.9% regionally, 30.7% in the state and 31.6% nationally). With more renter occupied housing than owner occupied housing, this suits Millennials and Gen Z (who are not purchasing houses at the same rate as previous generations) and an older generation (who may be looking to downsize) as well.

Other vacant housing is similar among all geographies, ranging from 7.7% to 8.2%. This category includes any other reason for being vacant, such as foreclosure, personal reasons, legal proceedings, used for storage, needs repair, uninhabitable, etc.

	<b>Occupancy, 2019</b>					
	Local Housing Market		Regional Housing Market		Connecticut	USA
	#	%	#	%	%	%
Owner Occupied	7,744	43.1%	97,402	58.1%	59.7%	56.2%
Renter Occupied	8,214	45.7%	45,153	26.9%	30.7%	31.6%
Seasonally Vacant	582	3.2%	11,403	6.8%	1.9%	4.0%
Other Vacant	1,441	8.0%	13,775	8.2%	7.7%	8.2%
Total Housing Units	17,981	100.0%	167,733	100.0%	100.0%	100.0%

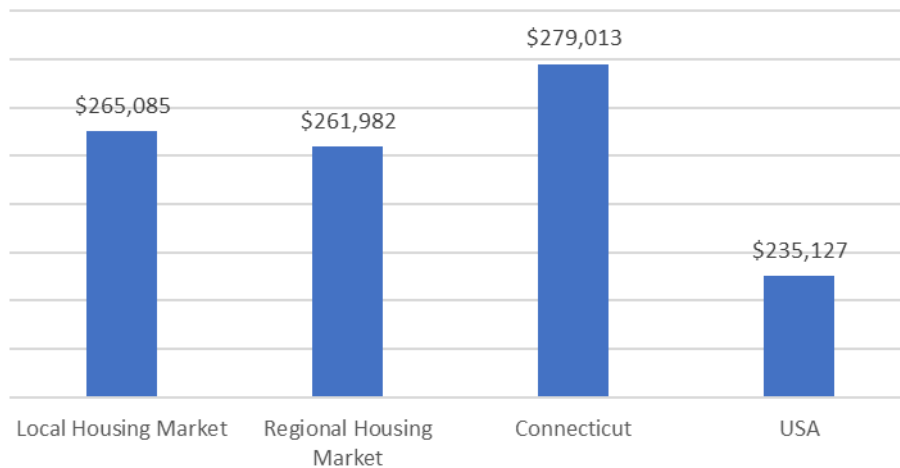
Source: ASC 2019 5- Year Estimates

## 3.2 HOUSING VALUES

### OWNER-OCCUPIED HOUSING

The median home value of owner-occupied units in the Local Housing Market and the Regional Housing Market are below the value of the median Connecticut home and above that of a median valued home nationwide.

2020 Median Home Value



Source: Esri

The greatest concentration of owner-occupied homes in the Local Housing Market fall within the \$200,000-\$299,999 range (29.4%). This is similar for the Regional Housing Market and the state.

Distribution of Home Value, 2020

	Local Housing Market	Regional Housing Market	Connecticut	USA
Less than \$100,000	7.9%	5.4%	5.0%	17.2%
\$100,000-\$199,999	22.2%	24.1%	22.6%	25.3%
\$200,000-\$299,999	29.4%	32.9%	28.0%	20.1%
\$300,000-\$399,999	16.3%	19.2%	18.6%	13.1%
\$400,000-\$499,999	9.2%	8.2%	9.3%	7.8%
\$500,000-\$749,999	9.3%	6.1%	8.4%	9.1%
\$750,000-\$999,999	3.2%	2.0%	3.5%	3.7%
\$1,000,000 +	2.7%	2.2%	4.6%	3.8%

Source: Esri

### RENTER-OCCUPIED HOUSING

The median gross rent in the Local Housing Market is \$1,245 compared to \$1,077 regionally. This slight increase may be due to more rental units and thus a broader range in unit types. 43.7% of units are within the \$1,000 to \$1,499 range locally. Regionally units in this price range make up 40.3% of the market.

<b>Gross Rent</b>				
	Local Housing Market		Regional Housing Market	
	#	%	#	%
Less than \$500	490	6.0%	5,122	11.2%
\$500 to \$999	1,738	21.3%	14,182	31.1%
\$1,000 to \$1,499	3,570	43.7%	18,390	40.3%
\$1,500 to \$1,999	1,590	19.5%	5,978	13.1%
\$2,000 to \$2,499	500	6.1%	1,274	2.8%
\$2,500 to \$2,999	183	2.2%	474	1.0%
\$3,000 +	98	1.2%	232	0.5%
Median Gross Rent	\$1,245		\$1,077	

Source: Esri

### 3.3 HOUSING UNIT TYPES AND AGE

As indicated previously, there is a higher concentration of rental structures with multiple units in the Local Housing Market as opposed to the Regional Housing Market. Approximately 48.6% of the Local Housing Market's units are found in single family detached units; 8.7% single family attached units (condos or townhouses); 8.0% in 2-unit structures, and 6.9% in 3-4-unit structures. This may mean future housing to meet demand may look different in the Town versus in the surrounding region.

<b>Housing Type by Units</b>				
	Local Housing Market	Regional Housing Market	Connecticut	USA
1 Detached Unit in Structure	48.6%	66.4%	59.0%	61.6%
1 Attached Unit in Structure	8.7%	3.7%	5.3%	5.8%
2 Units in Structure	8.0%	8.3%	8.2%	3.6%
3 or 4 Units in Structure	8.5%	6.9%	8.7%	4.4%
5 to 9 Units in Structure	6.9%	4.9%	5.6%	4.7%
10 to 19 Units in Structure	4.0%	2.6%	3.8%	4.5%
20 to 49 Units in Structure	6.3%	2.1%	3.5%	3.6%
50 or More Units in Structure	4.8%	2.7%	5.2%	5.4%
Mobile Homes	4.1%	2.3%	0.8%	6.2%
Boat/RV/Van/etc.	0.1%	0.0%	0.0%	0.1%

Source: Esri

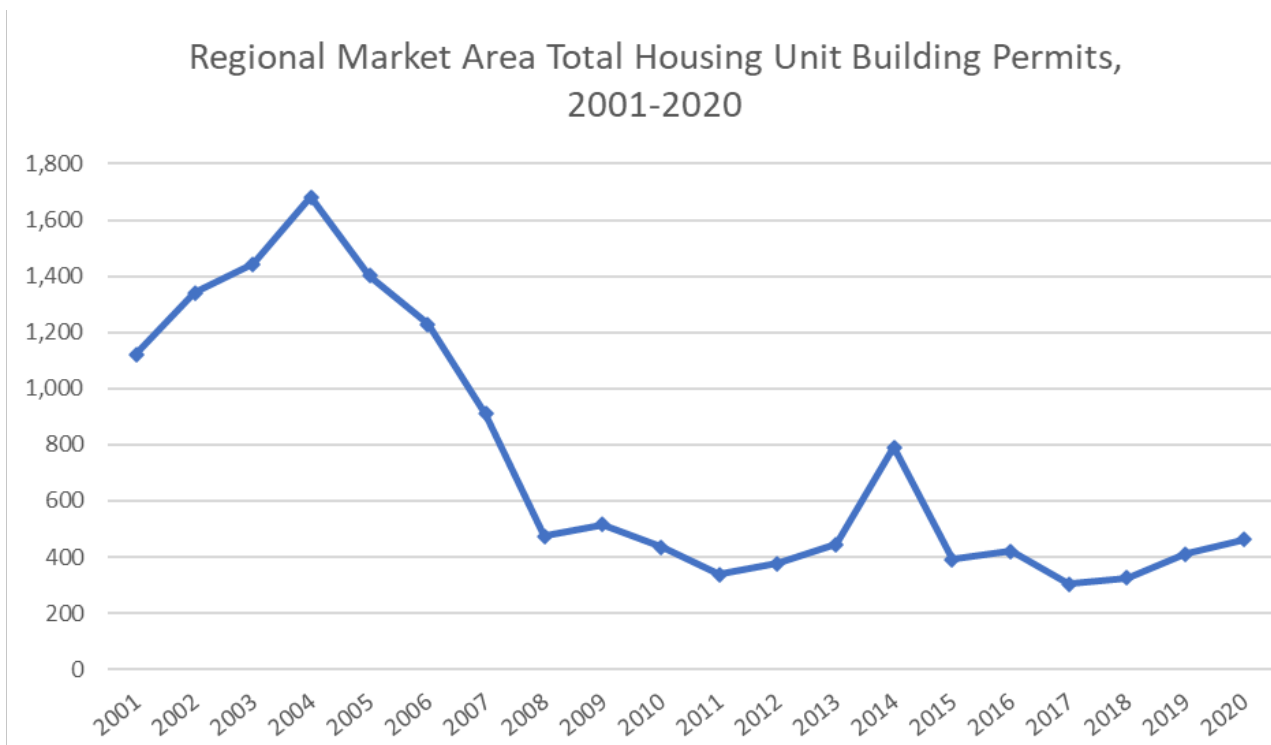
The local housing stock, which includes housing of all types, is somewhat newer than regional or statewide housing, with a median year built of 1973 compared to 1967 and 1964, respectively. 60.6% of local housing was built prior to 1980, and 67.1% of regional housing was built in this same timeframe. The data indicates there is likely a presence of dated and/or obsolete housing stock in the Town and that new housing development would be anticipated to accommodate "replacement demand" from households interested in upgrading their current housing. The combination of an older housing and lack of recent building provides less opportunity for population and household increase as housing products in demand is not being offered. There are several reasons that little housing has been built in the past decade, as discussed in section 6.2.

Year Housing Built				
	Local Housing Market	Regional Housing Market	Connecticut	USA
1939 or Earlier	16.3%	23.6%	22.3%	12.8%
1940-1949	5.9%	5.1%	6.9%	5.0%
1950-1959	10.6%	11.9%	14.7%	10.4%
1960-1969	12.3%	13.4%	13.6%	10.7%
1970-1979	15.5%	13.2%	13.3%	15.3%
1980-1989	14.5%	13.8%	12.6%	13.5%
1990-1999	10.7%	9.0%	7.6%	13.9%
2000-2009	11.7%	8.4%	6.9%	14.3%
2010-2013	1.4%	1.2%	1.3%	2.6%
2014 or Later	1.1%	0.6%	0.7%	1.6%
Median Year Built	1973	1967	1964	1977

Source: Esri

### 3.4 HOUSING PRODUCTION

Regionally, there has been a steady flow of building permits issued (from the high-300s to the mid-500s) since 2011 with a peak of 1,179 units in 2014. Note there has not been a return to pre-2008 levels of building, indicating a lag in housing production.



Source: SOCDS Building Permits Database



From 2011 to 2020, there were 4,268 housing units permitted for construction in the Regional Market Area. 70.9% of these units were single-family with the remaining 1,241 permitted as multi-family units.

<b>Regional Market Area Building Permits (2011-2020)</b>													
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		Total	%
Single-Family	290	331	418	401	263	270	228	256	268	302		3,027	70.9%
All Multi-Family	49	46	28	389	128	151	76	71	144	159		1,241	29.1%
2-unit Multi-Family	14	16	22	14	2	44	14	22	8	4		160	3.7%
3- and 4-unit Multi-Family	23	25	6	20	32	59	6	9	14	3		197	4.6%
5+ Unit Multi-Family	12	5	-	355	94	48	56	40	122	152		884	20.7%
<b>Total Units</b>	<b>339</b>	<b>377</b>	<b>446</b>	<b>790</b>	<b>391</b>	<b>421</b>	<b>304</b>	<b>327</b>	<b>412</b>	<b>461</b>		<b>4,268</b>	

Source: SOCDs Building Permits Database

During the 2011 to 2020 period, there were building permits issued for 324 units 62% of which were for multi-family, and 38% for single-family. All the permitted multi-family units have been permitted in the last five years, indicating a market shift for additional multi-family housing.

<b>Local Market Area Building Permits (2011-2020)</b>													
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		Total	%
Single-Family	14	8	23	13	17	12	6	13	6	12		124	38.3%
All Multi-Family	0	0	0	0	0	22	0	132	46	0		200	61.7%
<b>Total Units</b>	<b>14</b>	<b>8</b>	<b>23</b>	<b>13</b>	<b>17</b>	<b>34</b>	<b>6</b>	<b>145</b>	<b>52</b>	<b>12</b>		<b>324</b>	

Source: Town of Groton

### 3.5 GROTON SHARE OF REGIONAL HOUSING DEVELOPMENT

The rate of housing development in the Town of Groton has been relatively slow given what would have been expected given regional housing construction trends. In 2000, the Town's share of the regional housing stock was 12.1% but has fallen to 11.9% in 2020.

<b>Town of Groton Share of Regional Housing Stock</b>				
	2000	2010	2015	2020
Local Housing Market (Town of Groton)	18,779	20,259	20,649	20,701
Regional Housing Market	155,140	168,909	172,634	174,098
<b>Town Share of Regional Housing Stock</b>	<b>12.10%</b>	<b>11.99%</b>	<b>11.96%</b>	<b>11.89%</b>

Source: Esri

Based on permit data, Town of Groton would have needed to add 516 units to maintain its "fair share" of regional housing stock or additional 192 units (approximately 19 additional units per year) from 2011-2020.

<b>Housing Development 2011-2020 (by Permit Data)</b>		
	Total Permits	Avg. New Units/Year
Local Housing Market	324	32
Regional Housing Market	4,268	427
<b>Local Share of Permitted Uses</b>		<b>7.6%</b>

Source: SOCDs Building Permits Database; Town of Groton, CT

## 4. Multifamily Market Trends

Real estate market data on the multifamily market was collected from CoStar, the national leader in commercial real estate intelligence. CoStar data tracks detailed metrics down to the individual building level and includes vacancy rates, price points, net absorption, leasing activity, construction and deliveries, proposed development, and others. This data provides in-depth understanding of commercial real estate trends by identifying annual and quarterly changes. We examined both the Local Market Area and the Regional Market Area for this analysis.

### 4.1 MARKET TRENDS OVERVIEW

The table below provides an overview of multi-family market trends in the Local and Regional Market Area (note: the local area data is also included in the regional area). Vacancy rates are strong and have been largely stable year over year. Absorption of multi-family units has been positive in each market area and there have been 272 units delivered to the Local Market Area and another 307 units delivered regionally, for a total of 579 units delivered in the last 12 months. A total of 47% of units have been delivered within the local market, indicating strong demand given that the Local Market Area represents only approximately 30% of the Regional Market Area's multi-family inventory. A total of 114 units are currently in the pipeline for development<sup>5</sup> in the Regional Market Area (this data is later supplemented later in this section).

**Multifamily Market Trends Overview (2020)**

Indicator	Local Market Area	Regional Market Area
Units	6,240	21,122
Vacancy Rate	2.8%	3.3%
Asking Rent	\$1,314	\$1,214
Effective Rent	\$1,308	\$1,210
Absorption (Units)	368	892
Delivered Units	272	579
Units Under Construction	-	114

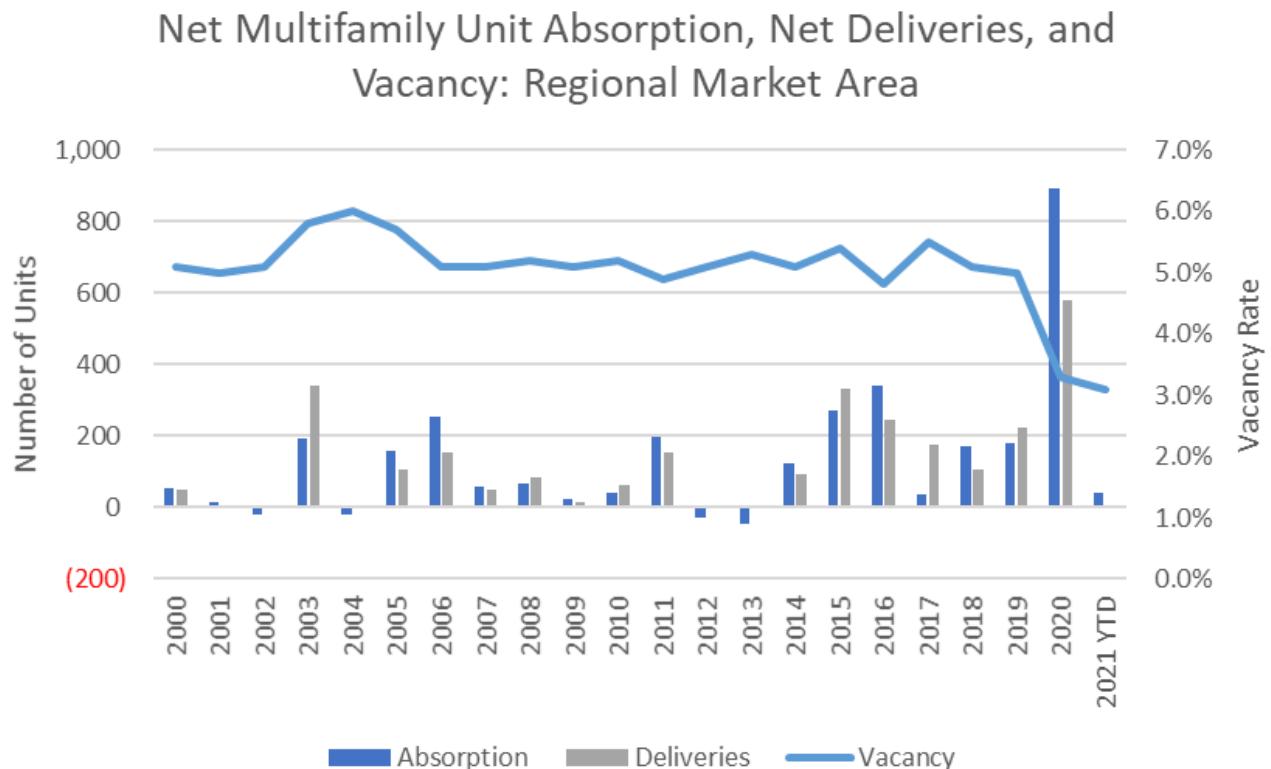
Source: CoStar

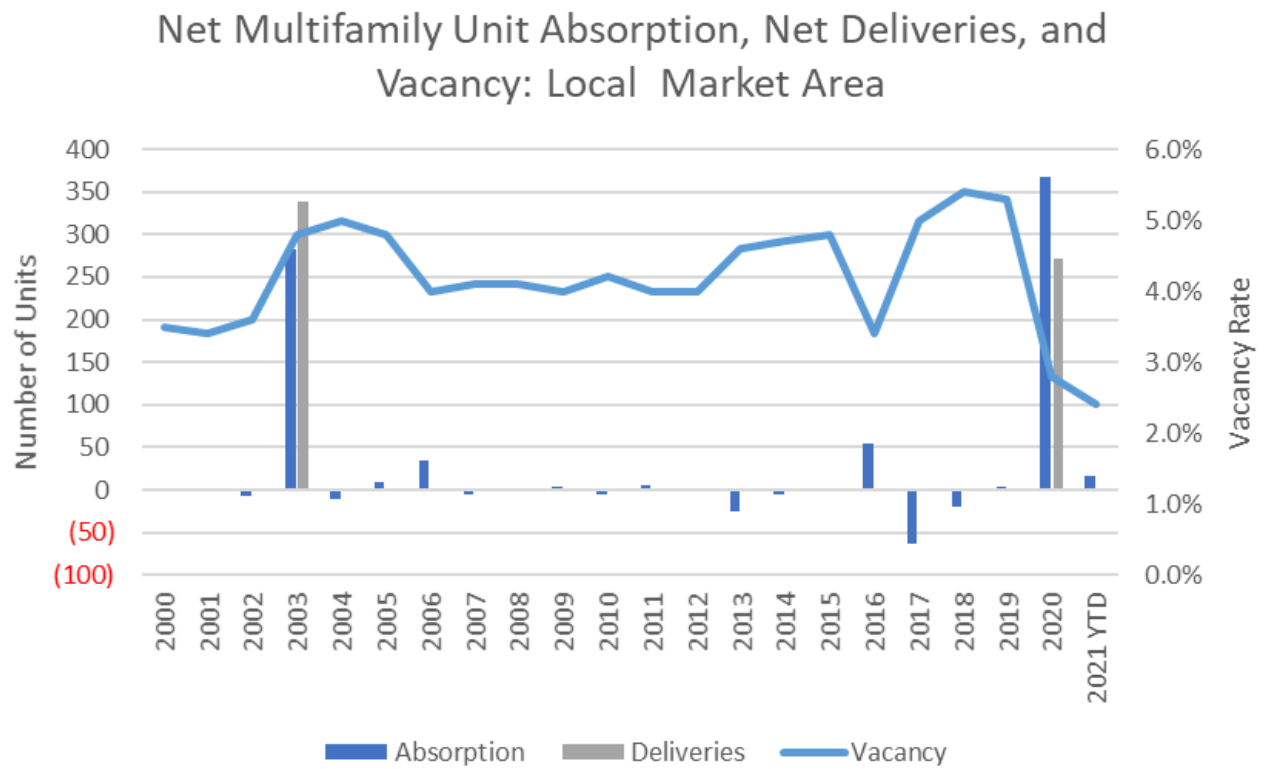
<sup>5</sup> Properties in the pipeline for development includes those that are proposed, in the process of undergoing permitting review or otherwise being evaluated, or those approved of but where construction has not yet begun.

## 4.2 ABSORPTION

The two charts below outline the net absorption of units from 2000 to year-to-date in 2021. Net absorption is the total amount of space that tenants physically moved into less the total amount of space that tenants physically moved out of. Net absorption changes due to supply changes such as removal of units on the market due to renovation or demolition, or an increase in the delivery of units from new construction; changes can also be due to demand impacts such as a major employer hiring, firing, or moving locations, a decrease in population, or change in housing preferences. Positive net absorption means more units were leased than were made available on the market. Negative net absorption indicates more units were vacated and placed on the market than were leased up.

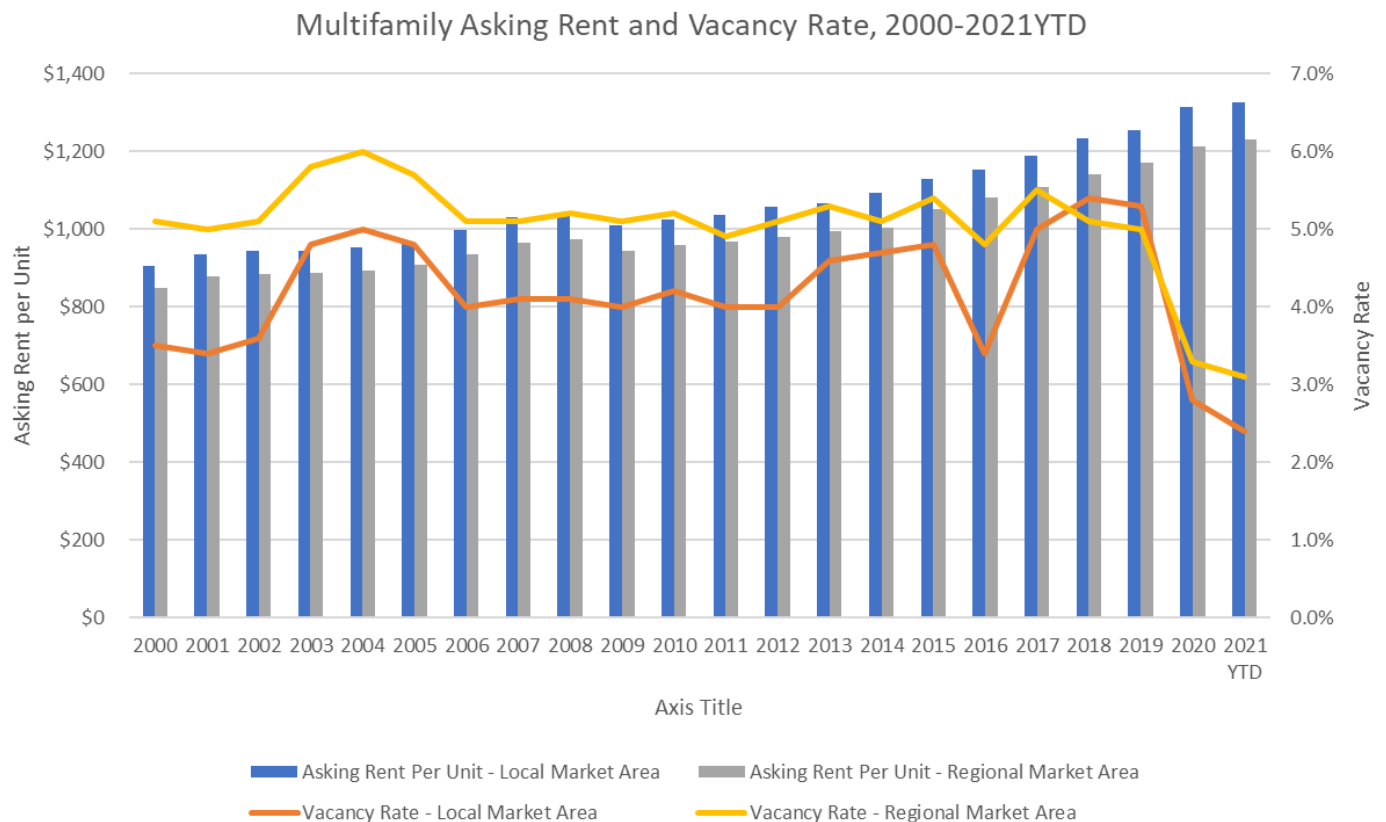
Net absorption in the Regional Market Area is generally healthy with mostly positive absorption over time and only a few years with overall slight negative absorption (2002, 2004, 2012, and 2013). This is most likely caused by no new deliveries in these years. The vacancy rate was at a steady, healthy rate but since 2019 has dropped to 3.1% YTD. The Local Market Area has seen relatively flat absorption over the same time frame, except when new deliveries arrive on the market.





### 4.3 VACANCY & RENT TRENDS

Asking rents and vacancy rates have followed similar trajectories in both the Regional and Local Market Areas since 2000, with rents in the local area consistently higher by between \$50-100. Rents have seen a steady upwards trajectory and are currently \$1,325 in the Local Market Area and \$1,231 in the Regional Market Area. Vacancy rates have historically remained in the 5% range with a slight increase in 2003-2005 and a sharp dip in 2016. Since 2019 vacancy rates have decreased again and remain in the 3% range. Historically, the region has had higher vacancy rates than the local area. This decrease in vacancies indicate a potential change in demand (due to an increase in population or change in housing preferences) or a change in supply (due to a recent decrease in unit deliveries).



Source: CoStar

#### 10-Year Trends, Local and Regional Submarket

	2000	2010	YTD	2001-2010	Change 2010-YTD
<b>Vacancy Rate</b>					
Local Market Area	3.5%	4.2%	2.4%	0.7%	-1.8%
Regional Market Area	5.1%	5.2%	3.1%	0.1%	-2.1%
<b>Asking Rent/Unit</b>					
Local Market Area	\$904	\$1,026	\$1,325	\$122	\$299
Regional Market Area	\$848	\$959	\$1,231	\$111	\$272

Source: CoStar

Vacancy rates have declined significantly since 2010 and stand at 2.4% in the local market area and 3.1% in the regional market area. These rates are below what is typically needed for a “healthy” rental market; typically a vacancy rate of 5% allows enough supply in the market to meet renters needs and wants. At lower than healthy rates, prices can be driven up making housing less affordable. Below 5% indicates that demand is likely going unmet.

#### 4.4 CLASS A MULTIFAMILY<sup>6</sup>

Modern upscale multi-family developments are performing exceptionally well in the current market due to high demand and a relatively small supply of units. According to CoStar, of the regional market area’s 20,161 multi-family units, only 869 units (4.3% of the total) are classified as Class A multi-family properties. In 2020 the vacancy rate for Class A units in the region was only 2.2% compared to 3.1% for all other multi-family properties.

Class A multifamily units are also experiencing a significant rent premium over other types of multifamily units in the regional market area. The average rent for Class A units in 2020 was \$1,574 compared to \$1,191 for all other classes of units. Rent growth in Class A units has also been slightly outpacing that of other units. From 2018 through 2020, the average rent of Class A units rose 2.7% annually, on average, compared to 2.1% annually for non-Class A units.

The table below outlines the eight Class A properties in the region that account for the 869 units. Vacancy rates are generally very low based on the data provided by CoStar. Cedarwoods has a higher vacancy rate but is not considered a market rate property. While Pleasant Valley Apartments appears to have a high vacancy rate of 29.5%, this rate is due to its recent completion date and the data does not reflect “stabilized occupancy” due to the ongoing leasing of units. Interviews conducted as part of the market analysis confirmed that performance among Class A and more recently built projects are out-performing other multi-family properties with very high demand and virtually no vacancy.

**Class A Multifamily Properties in the Regional Housing Market**

Property Name	City	Year Built	Vacancy %	Avg Asking/Unit	Rent Type	Style	Number Of Units
560 on Main	Willimantic	2011	2.5	\$857	Market	Mid-Rise	84
Cedarwoods	Willimantic	2011	6.6	\$903	Affordable	Low-Rise	60
Harbor Heights Apartments	Stonington	2020	1.5	\$2,054	Market	Mid-Rise	121
Ledyard Meadows Luxury Apartments	Ledyard	NA	NA	\$1,542	Market	NA	32
Pleasant Valley Apartments	Groton	2020	0.0*	\$1,591	Market	Low-Rise	132
Stonington Estates Apartments	Norwich	2005	NA	\$1,244	Market	Low-Rise	71
The Hills at River View	Norwich	2014	3.3	\$1,742	Market	Garden	89
The Sound at Gateway Commons	East Lyme	2015	3.7	\$1,858	Market	Garden	280

Source: Costar

\* Information obtained from Pleasant Valley Apartments

<sup>6</sup> Class A multifamily units are considered luxury apartments that have been recently built or upgraded. They include top amenities and are geared toward high income earning tenants. They are traditionally professionally managed and typically demand the highest relative rent.

## 4.5 MULTIFAMILY CONSTRUCTION

Using information from the Town of Groton and CoStar, it is estimated that there are 1,700 units in the development pipeline for multifamily construction in the regional market area, with 62% of these being located in Groton. The table below provides an overview of the known multifamily pipeline projects. Proposed indicates that the project is expected to enter the approvals process, is currently in the approvals process, or has been approved but has not yet started construction. Under construction indicates that the project is currently being built but has not been completed.

Multifamily Pipeline Projects				
Property Address	Project Name (If Applicable)	Approx. Number of Units	Status (as of 9/1/2021)	City/Town
1154 Poquonnock Rd		20	Proposed	Groton
118 Brookside Ln	Brookside Village	130	Proposed	Pawcatuck
120 West Street	Colonel Ledyard School	15	Proposed	Groton - City
135 Gold Star Highway		60	Proposed	Groton
240 Oral School Rd	Mystic River Bluffs	TBD*	Proposed	Groton
330 and 400 Bank St		173	Proposed	New London
334 – 340 Long Hill Rd		18	Proposed	Groton
375 Drozdyk Dr		TBD*	Proposed	Groton
380 Pleasant Valley Rd S	Pleasant Valley School	300	Proposed	Groton
42 Pink Row	Oxoboxo Lofts	72	Under Construction	Uncasville
55 Seely School Dr	Triton Square	304	Proposed	Groton
550 Bank St		40	Under Construction	New London
580 Poquonnock Rd		40	Proposed	Groton
819-833 Main St		140	Proposed	Willimantic
90-100 Garfield Ave		90	Proposed	New London
957 Old Clinton Rd		2	Under Construction	Westbrook
529 Gold Star Highway	Gold Star Highway	300	Proposed	Groton
Total		1,704		
Total Groton Projects		1,057		

Source: CoStar, Town of Groton

\*Development program is currently unknown

## 5. Single-Family Market Trends

The single-family market in New London County and Groton has mirrored national real estate trends with an overall reduction of supply, shorter time on the market, and increasing prices. This is in part due to pandemic-related impacts, but even before the pandemic the market was headed in this direction. However, after a decade-long slump due to the great recession, greater activity is welcomed by the real estate community. In just one year the time single-family homes were on the market were reduced by 36.9%, from 84 to 53 days (first quarter 2020 compared to first quarter 2021). Median sale price was up 14.9% in the same time frame, while average sale price remained flat. Inventory increased by 18.3% as sellers are looking to take advantage of premium prices.

According to the Eastern Connecticut Association of REALTORS®, at least 68% of the sellers from New London and Windham Counties were moving elsewhere in Connecticut with the remaining 32% moving out of the state. At least 65% of buyers were coming from Connecticut, with 35% coming from other places. There were more buyers coming from Massachusetts, Rhode Island and New York than sellers going to those states.<sup>7</sup> Buyers are looking for more space and a high quality of life and are reevaluating what a home means to them.<sup>8</sup>

<b>Single Family Real Estate Trends, New London County</b>			
Metric	Q1 2020	Q1 2021	% Change
Days on Market	84	53	(36.9%)
Median Sales Price	\$ 234,950	\$ 270,000	14.9%
Average Sales Prices	\$ 274,705	\$ 274,705	0.0%
Percent of List Price Received	96.7%	98.7%	2.0%
Inventory	558	660	18.3%

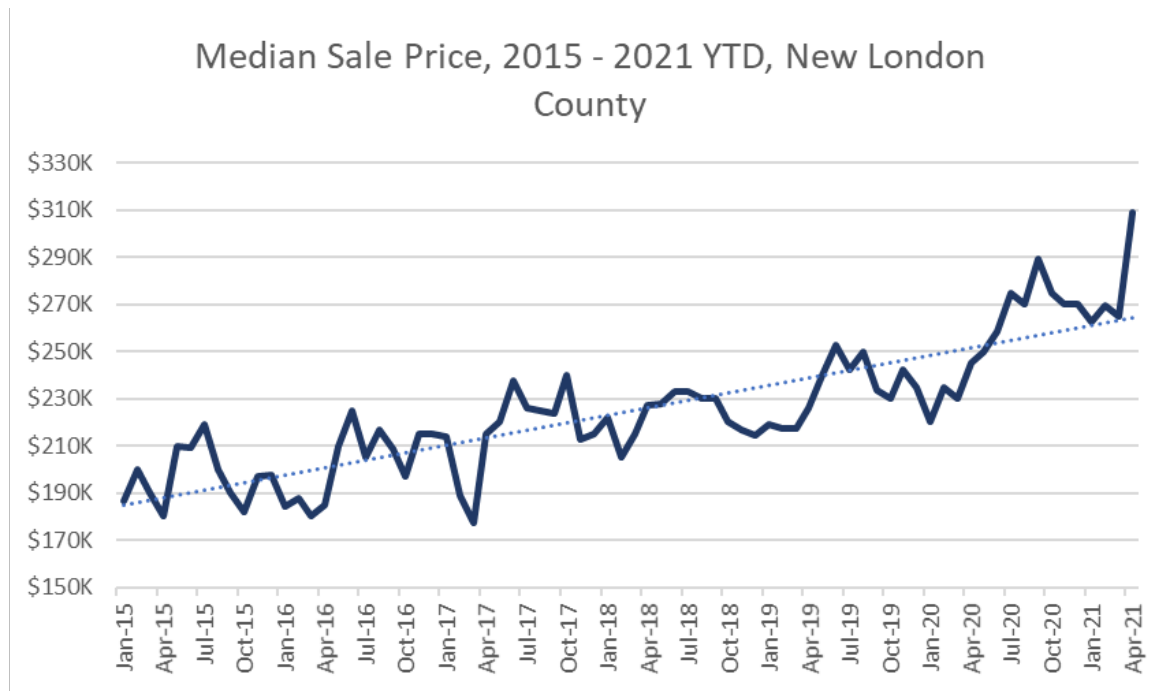
Source: Eastern Connecticut Association of REALTORS®

<sup>7</sup> <https://www.theday.com/article/20210419/NWS01/210419416>

<sup>8</sup> <https://www.nbcconnecticut.com/investigations/interactive-map-where-cts-real-estate-market-was-booming-in-2020/2429247/>

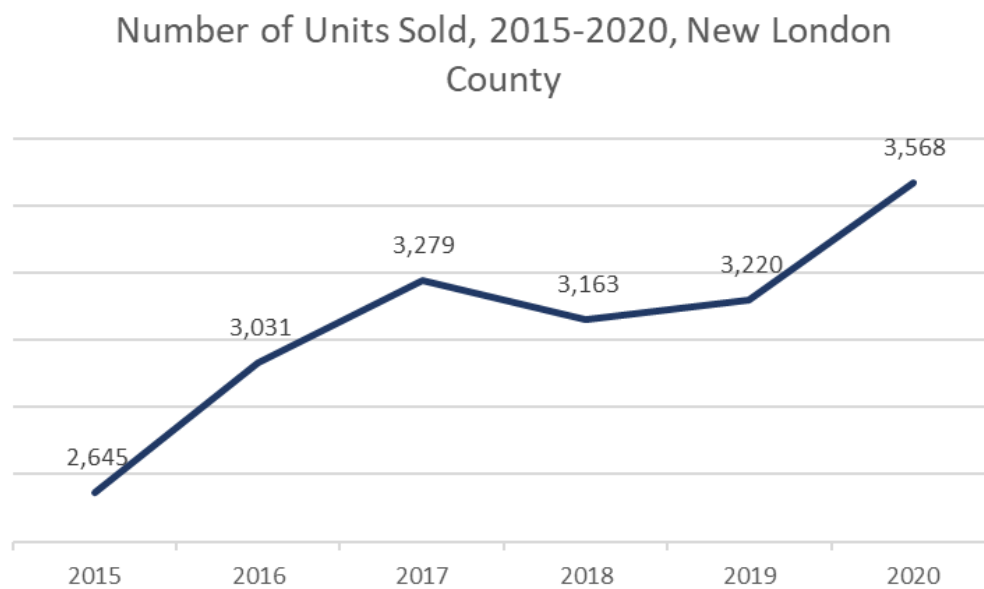


The graph below outlines median sale price trends from 2015 to April 2021, at which median sale price hit a high of \$309,000.



Source: Redfin

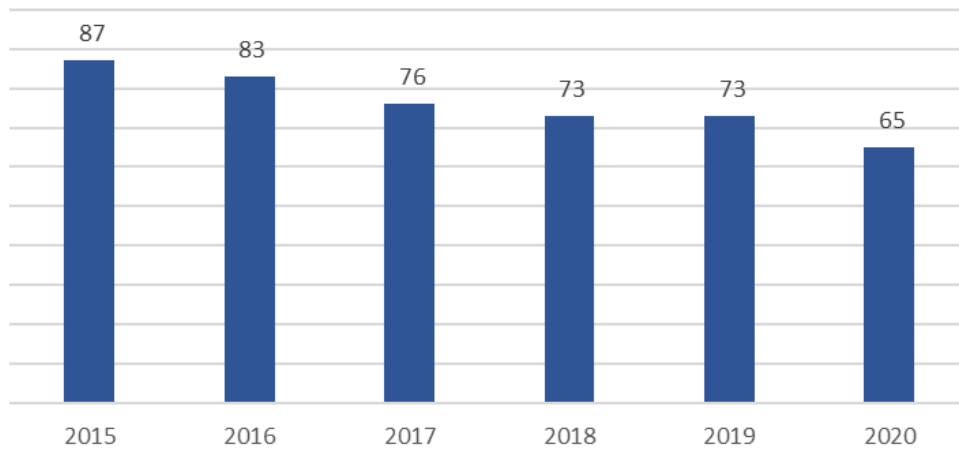
The number of units sold has also spiked. Between 2015 and 2020, the number of single-family units sold annually increased by 35%.



Source: Redfin

The average days on the market in the county has also declined from 2015 to 2020, shrinking by 22 days. As of April 2021, Redfin reports the average days on the market was just 41 days.

Average Days on Market, 2015-2020, New London County



Source: Redfin

These county trends are mirrored at the town level to a certain extent. While Groton's inventory has shrunk year over year from March 2020 to 2021 (by 43%), median price is increasing, days on the market is decreasing, and sales are increasing.

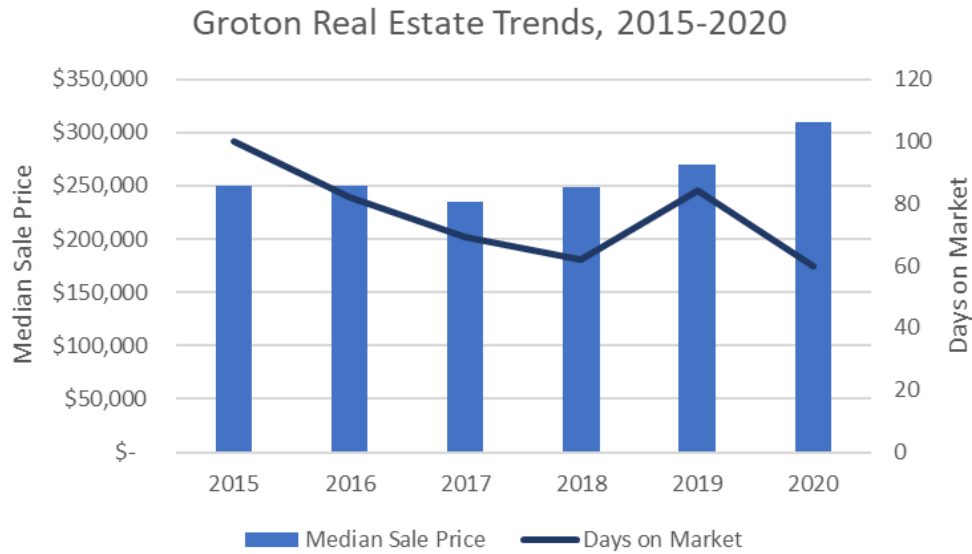
These trends are expected to continue, especially in light of the projected employment at EB, creating more demand for home sales.

Single Family Real Estate Trends, Groton

Metric	Mar-20	Mar-21	% Change	Q1 2020	Q1 2021	% Change
New Listings	42	46	9.5%	107	94	(12.1%)
Pending Sales	23	25	8.7%	67	70	4.5%
Closed Sales	30	24	(20.0%)	54	62	14.8%
Days on Market	72	37	(48.6%)	79	41	(48.1%)
Median Sales Price	\$ 260,500	\$ 241,000	(7.5%)	\$ 264,500	\$ 269,900	2.0%
Average Sales Prices	\$ 351,617	\$ 351,123	(0.1%)	\$ 336,890	\$ 400,302	18.8%
Percent of List Price Received	97.0%	99.3%	2.4%	96.6%	98.8%	2.3%
Inventory	114	65	(43.0%)	-	-	-
Months Supply of Inventory	4.1	2.1	(48.8%)	-	-	-

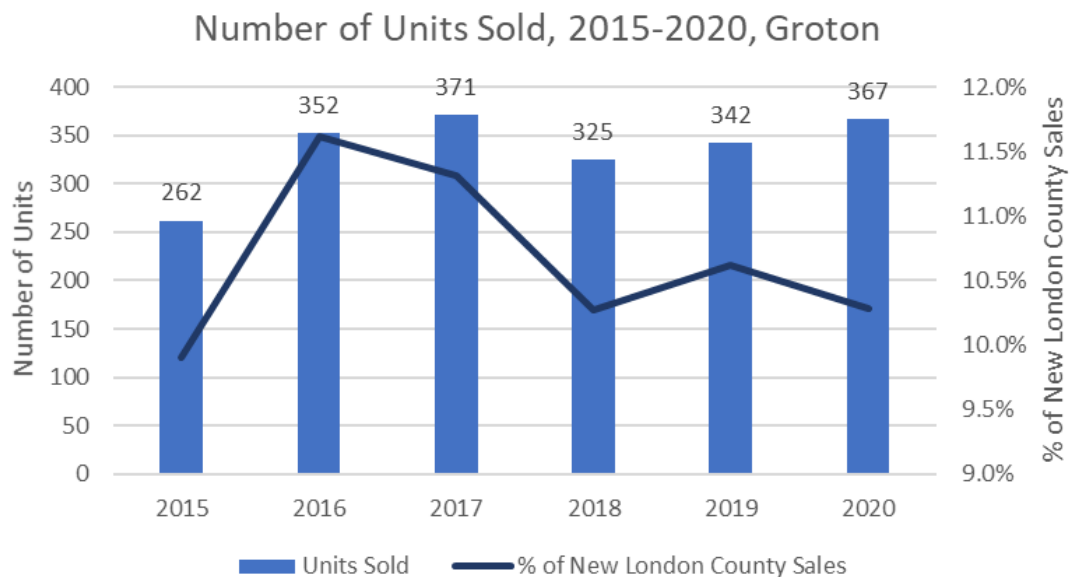
Source: SmartMLS

From 2015 to 2020, the days on the market has declined by over a month, 40 days. At the same time, the median sale price has increased by just over \$60,000.



Source: Eastern Connecticut Association of REALTORS®

The annual number of units sold has also increased in Groton, although there was a slight dip in 2018 and 2019. Overall, from 2015 to 2020 the annual number of units sold has increased by 105. As a percentage of New London County sales, Groton has remained stable with slight fluctuations between 10-12%.



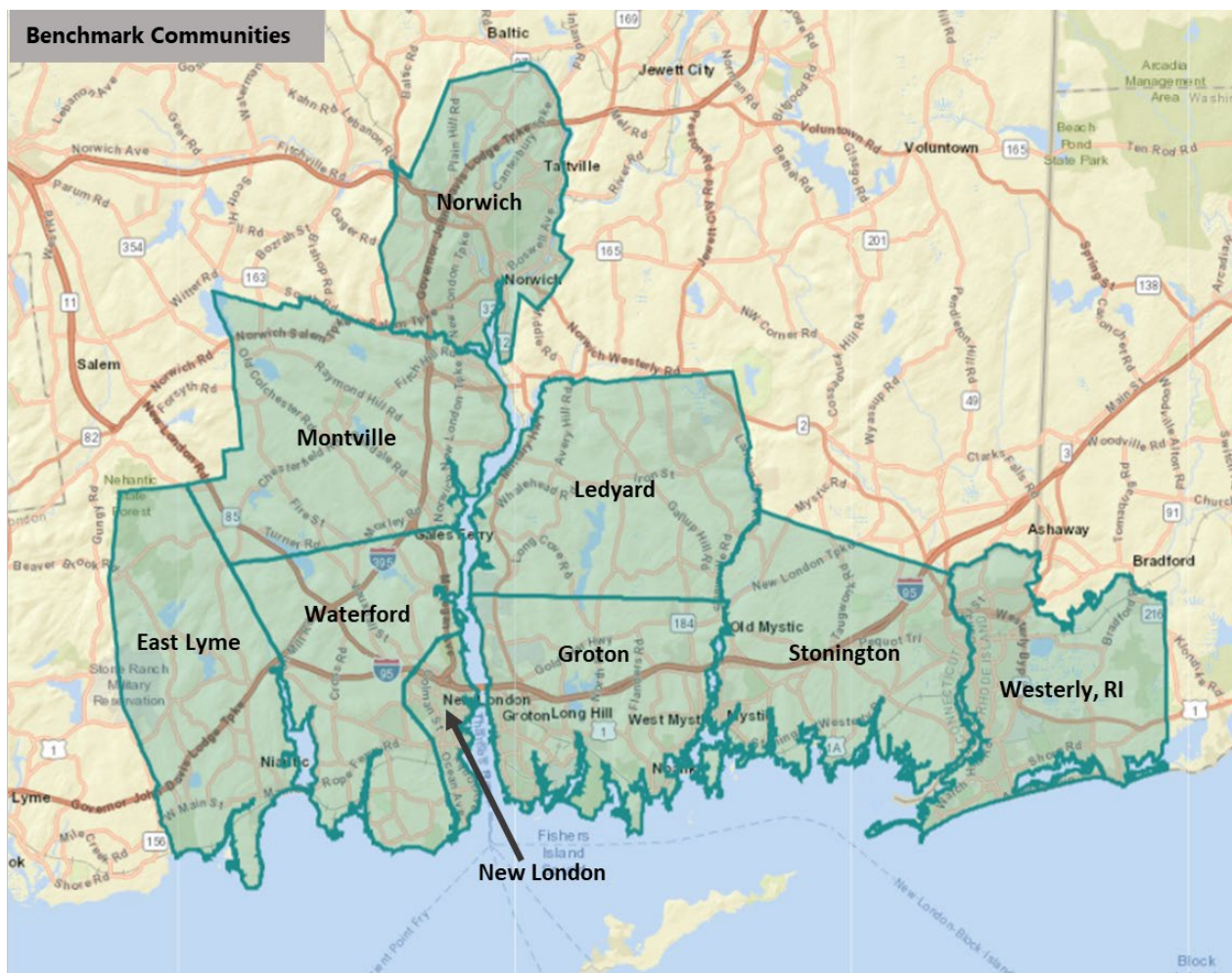
Source: Eastern Connecticut Association of REALTORS®, Redfin

## 6. Competitive Assessment & Market Challenges

Understanding the competitive position in the regional market for housing helps provide context to Groton's housing challenges and opportunities. This section provides an overview of how Groton compares and contrasts with surrounding towns.

### 6.1 BENCHMARK COMMUNITIES

For this analysis, the towns of East Lyme, Ledyard, Montville, New London, Norwich, Stonington, Waterford, and Westerly, RI were chosen to benchmark Groton against. The following map outlines where these towns are in relation to Groton.



Source: Esri

When reviewing socioeconomic data, among these communities Groton ranks #1 in number of jobs, has the second-highest proportion of jobs to people, is tied for 5<sup>th</sup> for school ranking, 5<sup>th</sup> for percent of in-commuters, is the second youngest by median age, and has the second highest population. Groton's median household income is the third lowest and has the second highest number of jobs. It has the second highest rate of population decline, shrinking by 2.7% from 2010-2020, only behind Waterford which has declined by 2.9%.

**Benchmark Communities - Socioeconomic Data**

	Median Household Income	% Working in Location but Living Outside	Median Age	Jobs	Population	Jobs per Person	Population Growth 2010-2020	School Ranking
Groton	\$64,129	81.6%	34.8	25,402	29,901	0.85	-2.7%	B
East Lyme	\$87,513	76.8%	47.1	2,553	7,075	0.36	1.3%	A
Ledyard	\$90,760	90.0%	42.9	3,020	8,239	0.37	0.1%	B+
Montville	\$73,391	85.0%	32.8	318	137	2.32	-1.7%	B
New London	\$40,412	82.6%	50.6	15,520	26,436	0.59	-1.5%	C
Norwich	\$54,344	78.0%	49.5	20,269	36,743	0.55	-0.8%	C-
Stonington	\$80,385	79.3%	46.4	2,355	5,176	0.45	1.2%	A
Waterford	\$78,216	85.8%	42.4	11,519	15,134	0.76	-2.9%	A-
Westerly, RI	\$78,245	57.6%	39.4	9,277	21,065	0.44	-0.4%	B-

Source: 2018 OnTheMap US Census, Esri, Emsi, ACS 2019 5-Year Estimates, niche.com

**OWNER-OCCUPIED HOUSING CHARACTERISTICS**

For data pertaining specifically to homeowners, Groton ranks 5<sup>th</sup> in highest median home sale price, is tied for second-lowest owner occupancy rate, and is tied for second for the highest owner vacancy rate at 3%. Groton has lost 368 units of owner-occupied housing from 2010-2020, ranking it second among those comparison communities to lose owner-occupied housing. Proportionally, this represents a loss of 4.5% of Groton's owner-occupied housing.

**Benchmark Communities - Housing Data (Owner)**

	Median Home Sale Price	Owner Occupancy Rate	Owner Vacancy Rate	Property Tax per \$100k of Assessed Value*	Change in Owner-occupied 2010-20	% Change in Owner-occupied Housing 2010-20
Groton	\$247,163	52%	3.0%	\$3,041	-368	-4.5%
East Lyme	\$313,160	80%	0.1%	\$2,735	-63	-1.1%
Ledyard	\$245,271	84%	3.0%	\$3,519	-3	-0.1%
Montville	\$182,997	38%	2.6%	\$3,173	-164	-3.0%
New London	\$328,778	71%	2.8%	\$4,317	-214	-5.5%
Norwich	\$263,157	84%	5.0%	\$4,146	-527	-6.1%
Stonington	\$306,036	65%	0.4%	\$2,558	-188	-3.2%
Waterford	\$201,690	79%	1.1%	\$2,742	-92	-1.4%
Westerly, RI	\$173,754	52%	2.5%	\$1,185	436	6.9%

Source: 2018 OnTheMap US Census, Esri, Emsi, ACS 2019 5-Year Estimates, Camoin 310, State of Connecticut FY 2021 Mill Rat

\* Property tax is assessed at 100% of assessed value in RI, 70% in CT. Includes special district rates.

## RENTER-OCCUPIED HOUSING CHARACTERISTICS

For renter-occupied housing, Groton has the third-highest gross rental rate (this includes an estimation of utilities) and is tied for second regarding the proportion of the housing stock that is renter-occupied. The renter-occupied vacancy rate is 6.4%, which ranks third highest, and has seen an increase in its renter-occupied units by 2.4% from 2010-2020, second lowest behind Westerly, RI.

<b>Benchmark Communities - Housing Data (Renter)</b>					
	Median Gross Rental Rate	Rental Occupancy Rate	Rental Vacancy Rate	Change in Renter- occupied 2010-20	% Change in Renter-occupied Housing 2010-20
Groton	\$1,268	48%	6.4%	185	2.4%
East Lyme	\$1,321	20%	2.6%	384	27.1%
Ledyard	\$1,183	16%	0.1%	79	9.0%
Montville	\$987	62%	2.5%	109	7.6%
New London	\$1,133	29%	4.1%	259	4.0%
Norwich	\$1,312	16%	5.0%	383	4.8%
Stonington	\$1,044	35%	6.8%	154	6.6%
Waterford	\$1,112	21%	5.0%	123	9.4%
Westerly, RI	\$1,061	48%	9.5%	-218	-6.5%

Source: 2018 OnTheMap US Census, Esri, Emsi, ACS 2019 5-Year Estimates

Multifamily market data from Costar evaluates structures with five or more units. For the average rate of absorption, Groton ranks #2 behind Norwich, averaging 68 units per year. The year-to-date rental rate is \$1,325, second highest in the region, changing by \$171 since 2016. Vacancy across the region is low, with East Lyme as the lone community with a vacancy rate at over 5% (which is considered a healthy rate). Current vacancy is down for every community in the region, indicating an overall tightening of the multifamily market.

<b>Benchmark Communities - Multifamily Market Data</b>					
	Net Absorption (Avg. 2016- 2020)	Avg. Rental Rate YTD	Avg. Rental Rate Change (2016-YTD)	Vacancy Avg. last 5 Vacancy years (2016- YTD)	Vacancy Avg. last 5 years (2016- 2020)
Groton	68	\$1,325	\$171	2.4%	4.4%
East Lyme	40	\$1,804	\$190	11.9%	14.2%
Ledyard	1	\$997	\$120	2.4%	3.6%
Montville	NA	NA	NA	2.2%	4.4%
New London	42	\$1,204	\$176	2.4%	4.8%
Norwich	281	\$1,259	\$181	2.8%	5.1%
Stonington	1	NA	NA	2.4%	4.6%
Waterford	34	\$1,246	\$117	1.1%	3.1%
Westerly, RI	0	\$1,203	\$98	0.6%	2.7%

Source: CoStar, as of April 2021

## **REGULATORY AND INCENTIVES COMPARISON**

Land use regulations and availability of incentives are important factors in whether housing is built, where in the region it is built, and what type and quantity is built. The Southeastern Connecticut Council of Governments recently examined land use regulations and availability of suitable development areas with infrastructure in the region to help understand housing development constraints.

The analysis showed that the Town has existing vacant areas with sewer infrastructure in which nearly all residential types of development are allowed. One benchmark community was found to be constrained with respect to multi-family development as East Lyme does not allow multi-family development in areas where it has potentially developable land. The table on the following page provides an overview of how the Town of Groton compares with other communities in the region.

Interviews conducted as part of the study found that overall land use regulations are not a barrier to housing development; however, it was noted among some that the lack of multi-family as a permitted use as-of-right in some zones is a constraint and may be limiting developer interest in housing projects in the community relative to other municipalities in the region with more accommodating zoning with respect to multi-family housing. Despite this perception, multifamily is allowed as-of-right in many zones within Groton indicating that perceptions in the development community may not align with current realities.



## Residential Uses Permitted in Areas With Vacant/Undeveloped Land

	Bozrah	Colchester	East Lyme	Franklin	Griswold	Jewett City (B.)	Groton (City)	Groton (Town)	Lebanon	Ledyard	Lisbon	Montville	New London	No. Stonington	Norwich	Preston	Salem	Sprague	Stonington	Stonington (B.)	Waterford	Windham
<b>Vac. Areas with Sewer</b>	n/a																n/a					
Single-Family		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓
Two-Family		✓	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓	✓			✓	✓	✓	✓
Multi-Family		✓				✓	✓	✓		✓		✓	✓		✓	✓		✓	✓	✓	✓	✓
Mixed-Use		✓	✓		✓	✓	✓	✓				✓	✓		✓	✓		✓	✓	✓	✓	✓
Accessory Apartments		✓			R	✓		✓		R			✓		✓	✓		R	✓		✓	✓
Clustered Development		✓	✓		✓			✓		✓	✓	✓	✓		✓			✓	✓		✓	✓
Inclusionary (Affordable)		✓	✓									F	✓		✓							✓
Other (see town sections)		✓									✓				✓			✓	✓		✓	✓
	Bozrah	Colchester	East Lyme	Franklin	Griswold	Jewett City (B.)	Groton (City)	Groton (Town)	Lebanon	Ledyard	Lisbon	Montville	New London	No. Stonington	Norwich	Preston	Salem	Sprague	Stonington	Stonington (B.)	Waterford	Windham
<b>Vac. Areas without Sewer</b>						n/a	n/a						n/a							n/a		
Single-Family	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓
Two-Family	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓		✓	✓		✓			
Multi-Family	✓								✓	✓				✓		✓	✓	✓				
Mixed-Use	✓		✓	✓	✓				✓	✓				✓		✓	✓	✓				✓
Accessory Apartments	R	✓			R			✓	✓	R				✓	✓	✓	✓	R	✓		✓	✓
Clustered Development		✓	✓		✓			C	✓	✓	✓			✓	✓		✓	✓	✓		✓	✓
Inclusionary (Affordable)		✓										F		F	✓							
Other (see town sections)		✓									✓			✓	✓				✓		✓	

\*Includes properties within ¼ mile of existing sewer systems.

Note: East Lyme, the Town of Groton, Montville, and Ledyard contain small areas with separate zoning powers. Those areas were not included in this assessment.

C: Open space subdivisions or cottage communities must have municipal water/sewer

R: Accessory apartments allowed for occupancy by relatives only

F: Allowed with use of a floating zone (a floating zone does not exist on a map until an application is made for its use).

Source: Southeastern Connecticut Housing Needs Assessment (2018); Town of Groton information updated by Camoin Associates.



## 6.2 HOUSING MARKET OBSERVATIONS

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Interviews were conducted with realtors, housing developers, business owners, and others as part of the market study to gain additional insights into current market opportunities and challenges. The key findings from these interviews are provided below.

### OPPORTUNITIES

- **Regional economic growth will drive sustained housing demand.** Developers believe regional economic growth will be robust into the foreseeable future and believe the housing market is not nearing a saturation nor expected to be anytime in the near future.
- **There is a mismatch between housing supply and demand.** Interviews suggest that even without consideration of future economic growth there is significant housing development potential due to little construction activity of high-quality apartments in recent years, which has generated unmet demand in the region for these types of upscale units. As a result, there is market opportunity for units in the general \$1,800 to \$2,400/month rental range. The lack of inventory and high demand is currently so out of balance that it was suggested that a new development project could realistically lease up 100 units per month.
- **The Town is in great position to capture future regional housing demand.** The Town has an unmatched competitive advantage in its ability to provide a quick commute to major employers, including at EB.
- **The lack of available quality housing for workers at EB and other employers indicates development potential.** General Dynamics Electric Boat has indicated that housing is a challenge in attracting workers. Many new employees prefer to own (60%), however, many cannot find affordable homes and therefore rent units, which further increases the demand for quality rental units in the market.
- **There is anticipated need for senior housing in the region.** Changing demographics indicate that housing options for an aging population will be needed in the future. New modern rental units would satisfy some of this need as an attractive option for early retirees and active seniors, including those that will split their time between the Region and warmer climates (i.e., “snow birds”).

### CHALLENGES

- **The Town of Groton is generally seen by development community as being an attractive location for doing projects, with room for improvements.**
  - The approvals process for development projects is perceived by some in the development community as requiring too much time relative to other communities in the region and that a more streamlined process would encourage more developer interest in projects in the community.
  - Interviews also suggested that there is a perception that the Town’s zoning is not accommodating enough of multi-family development by not allowing as-of-right in many zones; however, multi-family development is generally allowable in most zones and therefore there may be a need and opportunity for the Town to change this perception.

- **There is an ingrained, but changing, perception of Groton’s stance towards new housing development among the development community.** Interviews indicated that there has historically been a perception that the community is not as welcoming of housing development as others in the region, from both a resident and Town government perspective. However, this perception has begun to change with local government generally not seen as a challenge or deterrent among the development community. Interviews also suggest that the fear of community resistance is largely unfounded and not an obstacle to pursuing housing development in the community. Despite these changing perceptions, long in-grained views still exist, which may require messaging/marketing approaches to fully overcome.
- **There are also perception issues to be overcome among potential renters and homeowners.** According to interviews, the Town has historically been viewed as a “military town” and “blue collar” community, which has posed a challenge in attracting residents. For example, the “Groton” brand is not as attractive as the “Mystic” brand. This is in part, due to relatively more negative outside perceptions of the City of Groton according to those interviewed who suggested that the City, and by name-association the Town, is not perceived to be as an attractive place to live/work as other places in the region. The degree to which this perception is limiting housing demand is unclear, however interviews suggest that the most significant impact is that the high end of the market range for upscale and luxury units while midscale and workforce housing demand may not be adversely affected.
- **Lack of readily developable land/sites poses a challenge.** Several of those interviews suggested that more housing development has not been occurring in the Town due, in part, to the lack of attractive development sites that are in desirable locations, with infrastructure and proper zoning, and otherwise easily developable. The lack of such sites has put Groton at a relative disadvantage to other communities in the region that have these types of sites available.
- **Quality of place is a competitive disadvantage for the Town in attracting residents (housing demand).** The Town’s lack of an attractive and walkable Town center and highly visible strip commercial corridor (particularly Route 1) pose perception challenges among potential residents. As a result, the Town is failing to capture the housing demand that it could with quality of place improvements.

## 7. Housing Demand

The housing demand analysis quantifies future demand for housing in the Town of Groton. The following section details the nature of this demand, including price point/income level and rental vs. owner-occupied. The housing demand outlook in Groton is complex given the previously discussed downward trending demographic projections as well as the significant future job growth anticipated in the region driven largely by hiring at EB. Based on the expected nature of future housing demand, the analysis examines the following components of the overall housing demand picture.

### **BASELINE HOUSING DEMAND**

1. **Baseline Demographic Trends:** This is the housing demand based on current demographic trends and characteristics, which factors in traditional population projection statistics including births, deaths, and net migration. It accounts for a shifting demographic by age, income, and number of households.

### **HOUSING DEMAND FROM FUTURE ECONOMIC GROWTH**

2. **EB Hiring:** New jobs at EB will result in new housing demand in the region. Housing demand is generated from new hires moving to the region and factors in attrition rates (e.g., a portion of retirees will relocate out of the region after retirement creating housing vacancies).
3. **Indirect Job Growth from EB:** In addition to EB hiring, there will be additional economic growth in the region that will be largely driven by the indirect economic impacts of EB, including new supply chain businesses that locate in the area.

### **HOUSING DEMAND FROM INCREASED CAPTURE OF REGIONAL DEMAND**

4. **In-Commuter Capture:** A significant share of those working in the Town of Groton are commuting from outside of the community due, in part, to the lack of desirable housing options. If the right units at the right price points were available, a portion of these “in-commuters” would be expected to relocate to the Town to be closer to their place of work.
5. **Rental Upgraders:** The market analysis identified a substantial lack of modern housing stock, particularly of upscale rental units with demand for these types of units going unmet. If high quality apartments were built in Groton, they would draw renters from around the region that “upgrade” into higher quality units than what is currently available in the market.
6. **Obsolescence of Existing Housing:** A portion of future demand will also be derived from the need to replace old and obsolete housing stock that becomes no longer functional or habitable in the future.

**Summary: Groton Housing Demand Potential (2021-2030)**

<b>Demand Generator</b>	<b>Housing Units</b>
Baseline Demographic Trends	(280)
Electric Boat Hiring	1,910
Indirect Job Growth from Electric Boat	370
In-Commuter Capture	1,207
Rental Upgraders	1,795
Obsolescence of Existing Housing	262
<b>Total</b>	<b>5,264</b>

Source: Camoin 310

Given the pipeline units that estimate forthcoming housing supply to increase by 1,440 units, there is a net housing demand potential of 3,824 units. Note that some of these pipeline projects are not approved and some projects may not occur, so this analysis is likely conservative in that it may *overestimate* future supply. Therefore, the high number of units in demand may be an *underestimate* if pipeline projects are not realized. The following sections detail how this demand was calculated.

**Summary: Groton Housing Demand Potential (2021-2030)**  
**(Number of Units)**

Housing Demand	5,264
Pipeline Unit Potential	(1,440)
<b>Net Housing Demand Potential</b>	<b>3,824</b>

Source: Camoin 310

## 7.1 BASELINE HOUSING DEMAND

New households are based on household projections from Esri, and serve as a baseline for future population growth before factoring population growth from anticipated future regional job growth. These projections are based on demographic characteristics and recent trends and indicate population change based on the “status quo.”

As shown in the following tables, the Local and Regional Market Areas have declined in the number of households for both owners and renters since 2010. Based on forecasts for 2020-2025, it is projected that the Local Market Area will lose 11 owner households and 17 renter households annually, and the Regional Market Area will lose 15 owner households and 119 renter households annually.

**Owner Occupied Housing Units**

	Local Market Area	Regional Market Area
2020 Owner Households	9,177	98,414
2025 Owner Households	9,123	98,340
<b>Change 2020-2025</b>	<b>(54)</b>	<b>(74)</b>
<b>% Change 2020-2025</b>	<b>(0.6%)</b>	<b>(0.1%)</b>
<b>Average Annual Change</b>	<b>(11)</b>	<b>(15)</b>

Source: Esri

**Renter Occupied Housing Units**

	Local Market Area	Regional Market Area
2020 Renter Households	8,451	48,908
2025 Renter Households	8,364	48,313
<b>Change 2020-2025</b>	<b>(87)</b>	<b>(595)</b>
<b>% Change 2020-2025</b>	<b>(1.0%)</b>	<b>(1.2%)</b>
<b>Average Annual Change</b>	<b>(17)</b>	<b>(119)</b>

Source: Esri

Overall, The Regional Market Area is projected to see an overall loss of 669 households from 2020-2025, before consideration of future economic growth associated with EB and other businesses. The Town is projected to lose an average of 26 households annually based on current demographic trends, or 141 over the five-year period from 2020-2025. While this projection is an incomplete picture of future housing demand, they provide a baseline for estimating future housing demand, which will be partially offset by demographic trends.

## 7.2 ECONOMIC GROWTH HOUSING DEMAND

While the population projections indicate a net loss of households in the Town and Region, employment forecasts suggest more robust growth is likely, driven largely by EB. Based on conversations with EB representatives, the company will add approximately 2,000 new jobs in the Groton Area through 2030. The company plans to hire approximately 15,000 new workers in the region to reach this goal, while filling positions vacated through attrition (significant numbers of workers are expected to retire over the next decade). For the purposes of this analysis, the hiring of these workers is averaged across years through 2030.

**Electric Boat Job Growth and Hiring Estimates**

	2021-2025	2021-2030
Net Increase in Workers (Greater Groton Area)	1,000	2,000
New Hires	7,500	15,000
<b>Estimated Retirement Replacements</b>	<b>6,500</b>	<b>13,000</b>

Source: Electric Boat; Camoin 310

A portion of workers hired at EB will be hired from within the region, including those currently employed at other jobs, unemployed, or not currently in the workforce (e.g., high school students). Based on conversations with EB representatives and previously published hiring figures, it is expected that a significant portion of workers will be hired from outside of the region, with the need to “import” workers from out of the region growing between 2025 through 2030.

It is therefore estimated that approximately 50% of workers hired from 2021 through 2025 will be new to the region while 70% of workers hired from 2025 through 2030 will be new to the region. As a result, it is anticipated that there will be approximately 9,000 workers that move into the region. It is conservatively assumed that 10% of these households will have multiple workers at EB, which would result in 8,182 new households moving into the region.

<b>Electric Boat Net New Regional Households</b>			
	2021-2025	2025-2030	Total 2021-2030
New Hires	7,500	7,500	15,000
Percent Out of Region	50%	70%	60%
<b>Net New Workers to Region</b>	<b>3,750</b>	<b>5,250</b>	<b>9,000</b>
<b>Net New Households to Region</b>	<b>3,409</b>	<b>4,773</b>	<b>8,182</b>

Source: Electric Boat; Camoin 310

A portion of this new housing demand will be absorbed by the housing made available from workers that leave EB and relocate out of the area during the forecast period through 2030. Based on information provided by EB, it is expected that approximately 13,000 new hires will be made due to attrition, with the bulk of these being to replace those that retire. The 13,000 workers that leave EB during the timeframe are assumed to represent approximately 11,800 households (housing units) in the region.

Based on current migration trends out of the region for retirement aged households, it is expected that approximately 27%<sup>9</sup> of the 11,800 households will relocate out of the area from 2021 through 2030. This will yield an estimated 3,191 available housing units. Based on the existing estimated proportion of Electric Boat workers that live in Groton, approximately 469 housing units will become available in the Town of Groton.

<sup>9</sup> U.S. Census migration data indicates that approximately 4.9% households age 60 to 69 in New London County relocate out of the county or out of Connecticut each year. The relocation percentage of 27% is derived from this data after accounting for the number of workers retiring each year and the number expected to relocate over the full analysis period from 2021-2030.

**Housing Vacancies from Electric Boat Attrition (2021-2030)**

Electric Boat Replacement Need (Workers)	13,000
Electric Boat Replacement Need Households (1.1 workers per household)	11,818
Est. Percent that Relocate Out of Region After Leaving Electric Boat	27%
<b>Regional Housing Vacancies from Relocation of Former Workers</b>	<b>3,191</b>
Percent EB Worker Households in Town of Groton	14.7%
<b>Est. Town of Groton Housing Vacancies from Relocation of Former Workers</b>	<b>469</b>

Source: Camoin 310; Electric Boat

When the number of housing units that will become available is compared to the number of new households expected in the region, there is an estimated net housing demand of approximately 4,991 units related to future Electric Boat hiring. If the Town captures the same proportion of those workers as it currently does, it will represent demand for 734 units. However, given the immediate proximity of EB and the market analysis findings, the Town of Groton could capture a greater share of those workers than it currently does. It is reasonable to assume that 35% of housing demand from new hires could be absorbed by the Town, given the right housing options being available in the market. This “attainable capture” results in an estimated demand for 1,747 housing units from 2021 through 2030.

**Groton Housing Demand from EB Hires (2021-2030)**

Net New Households to Region	8,182
Housing Vacancy from Relocation	3,191
<b>Net New Regional Housing Demand From EB Hires</b>	<b>4,991</b>
Groton Capture - Status Quo (percent)	14.7%
<b>Groton Capture - Status Quo (units)</b>	<b>734</b>
Groton Capture - Attainable (percent)	35%
<b>Groton Capture - Attainable (units)</b>	<b>1,747</b>

Source: Camoin 310

New housing demand will also be created when workers in the region leave their current job for employment at EB. The company has indicated that a substantial portion of its hiring would be of “underemployed” workers in the region. The jobs currently filled by these workers would need to be filled, a portion of which will be filled by additional new workers coming into the region. It is conservatively estimated that 25% of the jobs that will be vacated in the region will require new workers from out of the region. As a result, approximately 1,500 new workers representing 1,364 households are estimated to relocate to the region generating additional housing demand through 2030.

Based on Groton’s current share of the regional housing stock, its “fair share” would be a capture of approximately 12% of regional demand or 164 units. However, given the concentration of jobs in the Town, which represent 20% of jobs in the region, the Town can capture additional demand estimated at 300 units through 2030.

**Net New Regional Workers to Replace Electric Boat Hires from Region**

	2021-2025	2025-2030	Total 2021-2030
In-Region Hires	3,750	2,250	6,000
Est. % of Jobs Backfilled by Out-of Region Workers	25%	25%	25%
<b>Net New Regional Worker Replacement</b>	<b>938</b>	<b>563</b>	<b>1,500</b>
<b>Net New Regional Worker Replacement Households</b>	<b>852</b>	<b>511</b>	<b>1,364</b>
Groton Fair Share Capture (percent)			12%
<b>Groton Fair Share Capture (units)</b>			<b>164</b>
Groton Attainable Capture (percent)			20%
<b>Groton Attainable Capture (units)</b>			<b>300</b>

Source: Camoin 310

The 2,000 new jobs at EB will bring new economic activity to the region, which will generate additional jobs and need for workers to fill those jobs. According to Emsi, EB's industry sector has a job multiplier of 1.70, indicating that for every 100 jobs at the company, an additional 70 are created in the local economy. This indicates that an additional 1,400 indirect jobs will be created in the regional market area. These jobs account for approximately 1,273 households when accounting for households with two workers from the same household filling those new jobs. An estimated 40% or 509 of those households will be new to the region (i.e., the remaining 60% will be filled from those already within the region). If Groton captures a portion of that demand proportional to its current share of the regional housing stock, it would yield a capture of 61 units of that new housing demand. However, given the relatively higher concentration of jobs in the immediate Groton area and the fact that many of these indirect jobs can be expected to be located relatively closer to EB (e.g., EB supply chain businesses), it is reasonable to expect that 30% of this regional housing demand could be captured within the Town of Groton resulting in demand for 153 units through 2030.

**Indirect Employment Housing Demand**

	Total 2021-2030
Net New EB Jobs	2,000
Employment Multiplier	1.7
<b>New Indirect Jobs</b>	<b>1,400</b>
<b>New Households</b>	<b>1,273</b>
% Net New to Region	40%
<b>Net New Households to Region</b>	<b>509</b>
Groton Fair Share Capture (percent)	12%
<b>Groton Fair Share Capture (units)</b>	<b>61</b>
Groton Attainable Capture (percent)	30%
<b>Groton Attainable Capture (units)</b>	<b>153</b>

Source: Camoin 310

In addition to this spinoff growth, there will be future housing demand associated with the increase in Navy sailors in the region. There are currently 2,273 housing units of housing for Navy personnel and their families in the local area. To operate the submarines being built at EB, there is expected to be an increase of approximately 600 Navy sailors and families living in the area in the late 2020s to the late 2030s. Publicly available estimates indicate that



one-third of these families are expected to buy or rent in the area.<sup>10</sup> As a result there may be an additional demand for approximately 200 housing units in the regional market area, similar to the analysis of EB employees, it is estimated that 35% of this demand or 70 units could be captured within the local market area (i.e., Town of Groton). This housing demand is considered to be a component of the “Indirect Employment” housing demand.

It should also be noted that Balfour Beatty’s Beacon Point Homes in Groton, which currently provides housing for military personnel and their families, as well as the general public, will soon stop offering housing to non-Navy households. This is likely to create additional displaced demand among non-Navy personnel, but will also create additional capacity to absorb new Navy personnel.

Overall, when future EB hiring is considered along with related impacts, there will be housing demand generated for approximately 7,200 units in the region through 2030 with the potential for the Town of Groton to capture of 2,280.

**Summary: New Housing Demand Attributable to Electric Boat (2021-2030)**

	Region		Town of Groton	
	Total	Avg. Annual	Total	Avg. Annual
Net New EB Workers	4,991	499	1,747	175
Replacement EB Workers	1,500	150	164	16
Indirect Employment	709	71	370	37
<b>Total</b>	<b>7,200</b>	<b>720</b>	<b>2,280</b>	<b>228</b>

Source: Camoin 310

## 7.3 HOUSING DEMAND FROM INCREASED CAPTURE OF REGIONAL DEMAND

### IN-COMMUTER CAPTURE

As discussed in the Economic and Demographic Trends section, over 81% of workers commute to Groton for work, but live elsewhere. Given this significant proportion, there is potential housing demand within the Town from these workers that is not currently being met. The market analysis research and interviews support this finding, indicating that the lack of the “right” housing is a contributing factor to the choice of workers to live elsewhere. There are also other factors contributing this phenomenon, as discussed in the previous section. Therefore, there is likely additional potential demand that could be “unlocked” if additional challenges and constraints were mitigated.

<sup>10</sup> <https://portal.ct.gov/OMA/In-the-News/2019-News/Study-Finds-Region-has-Adequate-Housing-for-New-Electric-Boat-Employees>

**In-Commuter Rate Comparison**

Home Location	% In-Commuters
Groton	81.6%
Stonington	79.3%
Ledyard	90.0%
Waterford	85.8%
New London	82.6%
Norwich	78.0%
Montville	85.0%
East Lyme	76.8%
Westerly, RI	57.6%

Source: 2018 OnTheMap US Census

As shown below, approximately 22.4% of workers (5,932) that commute to Groton travel more than 25 miles (one-way) to their place of employment. As an example, the commute from Windham, CT to EB is approximately 25 miles and correlates to a morning rush hour commute time of between 35 and 50 minutes. The workers commuting more than 25 miles into Groton represent the primary source of demand from in-commuters given the higher likelihood of their relocation into the Town than workers living in closer proximity.

**Groton Workers Commute Distance**

	# of Workers	Percent of Total
Less than 10 Miles	12,772	48.1%
10 to 24 Miles	7,844	29.5%
25 to 50 miles	4,214	15.9%
Greater than 50 Miles	1,718	6.5%

Source: Camoin 310; U.S. Census Bureau OnTheMap

While the ability to capture the potential demand from in-commuters is complex and based on a variety of factors, it is reasonable and likely conservative to estimate that 5% of existing in-commuters would relocate to the Town of Groton over the next decade if more desirable housing were available. This is in line with commuting figures for other communities throughout the region and similar communities in the northeast and supported by interview findings that indicated pent up demand among commuters. A 5% capture would also return the Town of Groton to approximately the same proportion of in-commuters as the Town experienced in the early 2000s (the earliest timeframe for which data is available). The capture of 5% of existing in-commuters represents demand for approximately 1,207 housing units in the Town of Groton from 2021 through 2030.

**In-Commuter Housing Demand Potential (2021-2030)**

Total Employed in Groton	26,548
Employed in Groton but Living Elsewhere	21,667
<b>2025 Capture Potential (5%) (Workers)</b>	<b>1,327</b>
<b>2025 Capture Potential (5%) (Households)</b>	<b>1,207</b>

Source: Camoin 310; U.S. Census Bureau OnTheMap

## RENTAL UPGRADERS

There is a significant lack of supply of modern upscale rental units in the market, as evidenced in the market trends section. Interviews conducted for the market analysis confirmed this significant unmet demand. Therefore, there is demand potential for this type of housing product in the region that the Town of Groton could capture with the appropriate housing development. To estimate the demand potential, the percentage of household income among renters that is spent on rent was examined. Renters spending relatively little on rent can generally afford to spend more; however, a portion of these renters are likely not doing so because of the lack of availability of quality rental units. If these units were built, a portion of these households would be expected to occupy those units.

For the analysis, renter households spending less than 25% of household income on rent in the region were considered. Those spending 25% to 35% are generally spending an appropriate share of their income on rent. There are approximately 19,100 renters in the region that are considered “potential upgraders” because they can afford to pay more in rent.

<b>Renter Household Spending of Income on Rent</b>		
<b>Percent of Household Income Spent on Rent</b>	<b>Percent of Total</b>	<b># of Renter Households</b>
Less than 15%	11.1%	5,012
15% to 19.9%	14.0%	6,321
20% to 24.9%	17.2%	7,766
25% to 29.9%	12.1%	5,441
30% to 34.9%	10.8%	4,854
35% or more	35.1%	15,849
<b>Total</b>		<b>45,153</b>
<b>Total Potential Upgraders</b>		<b>19,100</b>

Source: Esri; U.S. Census Bureau; Camoin 310

Renter mobility data provides insights into the proportion of these potential upgraders that will in fact upgrade should appropriate housing be developed. Approximately 20.7% of renters in the local area and 18.4% of renters in the regional area moved into their current home in 2017 or later. The average annual turnover for owner households has been 789 (9.6%) in the Local Market Area and 4,233 (9.4%) in the Regional Market Area.

<b>Renter Household Mobility, 2019</b>				
Year Moved In	Local Market Area		Regional Market Area	
	#	%	#	%
2017 or later	1,700	20.7%	8,297	18.4%
2015 to 2016	2,313	28.2%	11,128	24.6%
2010 to 2014	3,254	39.6%	16,396	36.3%
2000 to 2009	590	7.2%	6,508	14.4%
Prior to 2000	357	4.3%	2,824	6.3%
<b>Total</b>	<b>8,214</b>	<b>100.0%</b>	<b>45,153</b>	<b>100.0%</b>
<b>Avg. Annual Turnover 2010-2019</b>	<b>786</b>		<b>4,233</b>	
<b>Avg. Annual Turnover 2010-2020 (%)</b>	<b>9.6%</b>		<b>9.4%</b>	

Source: ASC 2019 5- Year Estimates

Based on the mobility data, it is assumed that approximately 10% of potential rental upgraders would be willing to upgrade each year as they move into new housing (see previous chart). This is likely conservative given that new housing products could induce higher rates of turnover. As shown in the following table, the regional upgrade demand from 2021 through 2030 is approximately 18,145 units. It is conservatively estimated that 12% of this demand could be captured within the Town of Groton based on the Town's current "share" of the regional housing supply (i.e., because the Town currently has 12% of the region's housing, it can reasonably be expected that the Town can capture 12% of this regional demand). This represents market potential for 2,177 units in Groton.

<b>Groton Demand for Regional Renter Upgraders</b>	
Total Potential Rental Upgraders	19,100
Est. % Willing to Move Annually	10%
Annual Rental Upgrade Demand	1,814
<b>Regional Upgrade Demand 2021-2030</b>	<b>18,145</b>
Groton Capture Potential	12%
<b>Groton Capture Potential (units)</b>	<b>2,177</b>

Source: Esri; U.S. Census Bureau; Camoin 310

To avoid double counting "regional renter upgraders" that would be included in the previous in-commuter demand capture analysis, the in-commuter rental demand is subtracted from this figure. That is, this analysis excludes renters that work in the Town of Groton and would upgrade to new housing in Groton, but currently live elsewhere. As a result, there is demand for approximately 1,413 housing units from 2021 through 2030.

<b>Groton Demand for Regional Renter Upgraders (2021-2030)</b>	
Groton Capture Potential (units)	2,177
Less In-Commuter Rental Capture	(382)
<b>Net Groton Capture Potential (units)</b>	<b>1,795</b>

Source: Esri; U.S. Census Bureau; Camoin 310

## REPLACEMENT DEMAND FROM OBSOLESCENCE OF HOUSING

Each year, a small portion of housing stock becomes obsolete or uninhabitable through disaster, deterioration, demolition, or conversion to non-residential use. Considering the loss of units due to replacement is necessary to accurately display a projection in housing demand. Replacement demand is strongly correlated with the age and conditions of the existing housing supply, and tends to be housing for those households with the lowest income levels. Nationally, there is an estimated average annual loss of 0.30% across the housing stock, with the majority occurring within the lower valued properties. Carrying this loss across the five-year period from 2019 to 2024 results in 1.5% of the housing units being obsolete within the market areas. In total, 262 housing units will need to be replaced in the local market area and 2,200 within the regional market area.

## 7.4 DEMAND BY INCOME AND TENURE

To understand price points for future housing demand, the housing unit demand by source is broken out by household income level. The "baseline demographic trend demand" is distributed by the proportion of households expected to increase or decrease based on that income level. EB hiring incomes are distributed among

income levels based on starting incomes of \$40,000 and \$70,000 for trades personnel and salaried employees respectively with average wages of \$60,000 and \$90,000,<sup>11</sup> in addition to understanding there will be higher-wage workers hired due to replacement hiring. Indirect job growth from EB is distributed along current household income patterns. Rental upgraders are those with incomes over \$50,000 (the approximate income level necessary for market rate Class A units) and are distributed along current ratios for renters within those income levels. Obsolescence of existing housing is primarily for those in lower income brackets as these are the households that would be occupying houses before they were considered no longer habitable.

Overall, the largest demand is among households that make between \$50,000 and \$74,999, which represents 34% of all demand. There is also substantial demand for units from households with incomes between \$75,000 and \$99,999, which account for 24% of all demand. It should be noted that these totals do not reflect the pipeline units that will impact the overall demand as they will increase the supply of available housing for households at various income levels.

**Demand by Income Level (2021-2030)**

Income Level	Baseline Demographic Trends	Indirect				Obsolescence of Existing Housing	Total Demand
		Electric Boat Hiring	Job Growth from EB	In- Commuter Capture	Rental Upgraders		
< \$25,000	(554)	-	63	-	-	157	(334)
\$25,000 to \$34,999	(119)	-	25	189	-	79	174
\$35,000 to \$49,999	(115)	382	40	395	-	26	728
\$50,000 to \$74,999	(163)	716	76	327	807	-	1,764
\$75,000 to \$99,999	109	430	52	187	465	-	1,243
\$100,000 to \$149,999	149	239	56	109	320	-	872
\$150,000 or more	413	143	59	-	203	-	818
<b>Total</b>	<b>(280)</b>	<b>1,910</b>	<b>370</b>	<b>1,207</b>	<b>1,795</b>	<b>262</b>	<b>5,264</b>

Source: ASC 2019 5- Year Estimates, Esri, Camoin 310

The proportion of owner-occupied versus renter-occupied units is outlined in the table below. The distribution of owner and renter unit demand is based largely on current ratios of renters and owners by income level in the market area; however, the demand among EB hires reflect an overall 60/40 split between owners and renters, based on the 2019 report stating 40% of new EB hires prefer to rent.<sup>12</sup> Additionally, the demand generated from rental upgraders are allocated solely to in-demand renter units. Overall, the analysis estimates future demand for 2,261 owner-occupied units (40% of total demand) and 3,337 rental units (60% of total demand).

<sup>11</sup> SUBASE New London Joint Land Use Study Implementation Project: Regional Plan for Housing and Transportation Associated with Expansion of Submarine Shipbuilding in Southeastern Connecticut, SCCOG October 2019.

<sup>12</sup> SUBASE New London Joint Land Use Study Implementation Project: Regional Plan for Housing and Transportation Associated with Expansion of Submarine Shipbuilding in Southeastern Connecticut, SCCOG October 2019.

**Demand by Income and Tenure (2021-2030)**

Income Level	Owner Units	Renter Units
\$25,000 to \$34,999	62	112
\$35,000 to \$49,999	299	429
\$50,000 to \$74,999	390	1,374
\$75,000 to \$99,999	503	739
\$100,000 to \$149,999	455	417
\$150,000 or more	552	266
<b>Total</b>	<b>2,261</b>	<b>3,337</b>

Source: ASC 2019 5- Year Estimates, Esri, Camoin 310

The demand for owner-occupied homes is shown below by the affordable home price range corresponding to the income levels presented above. The greatest demand segment for owner-occupied homes is at the high end of the spectrum for homes of \$600,000 or greater. It should be noted that the home price range brackets indicate maximum affordable home price. Therefore, the demand for each price range may also represent demand for homes in lower price brackets.

**Demand for Owner-Occupied Homes by Affordable Home Value (2021-2030)**

Home Price Range	Number of Units	Percent of Units
\$100,000 to \$140,000	62	3%
\$140,000 to \$200,000	299	13%
\$200,000 to \$300,000	390	17%
\$300,000 to \$400,000	503	22%
\$400,000 to \$600,000	455	20%
\$600,000 or more	552	24%
<b>Total</b>	<b>2,261</b>	<b>100%</b>

Source: Camoin 310

Similarly, the demand for rental units is broken down by affordable rental price range. The individual range with the greatest demand is for units with rents between \$1,250 and \$1,875 per month; however, there is significant demand for units at premium price points. Approximately 63% of rental demand is expected to be from households that can afford rents greater than \$1,875 per month.

**Demand for Rental Units by Affordable Rent (2021-2030)**

Rent Price Range	Number of Units	Percent of Units
\$625 to \$875	112	5%
\$875 to \$1,250	429	19%
\$1,250 to \$1,875	1,374	61%
\$1,875 to \$2,310	739	33%
\$2,310 to \$3,750	417	18%
\$3,750 or more	266	12%
<b>Total</b>	<b>3,337</b>	<b>148%</b>

Source: Camoin 310

## 7.5 QUALITATIVE DEMAND FACTORS

### HOUSING PREFERENCES

While the market has been shifting as to what amenities are in-demand, we can look to recent patterns to better understand how *what is included* in new residential development will impact *who may be attracted* to that housing product.

Due to the pandemic, many people moved to a single-family residence that provided private outdoor space and a dedicated home office space. Larger homes have been the norm as well, as families bound to their residences looked for additional safe space to spread out. There are some impacts of the pandemic that are on track to permanently disrupt the single-family market, such as the proclivity to work from home for some occupations. This will have a lasting impact on the housing market as families can now chose a home based on factors outside of the job market such as access to recreation and entertainment, quality of schools, and other amenities. In short, quality of life matters more than ever in drawing potential residences to a particular location. **A downtown that works on both improving its quality of life and increasing the number of housing units is shown to be a magnet for both productivity and vitality.**

This focus on quality of life and desirable amenities translates to the multifamily market as well. Across the spectrum of multifamily housing products, luxury amenities such as meal services, an in-building convenience store, package lockers or alert services in mailrooms, video intercom systems, dog run or park, and electric vehicle car charging stations are becoming the norm to draw a high-end user. Other health and entertainment amenities such as a fitness center or discount to a nearby establishment, outdoor recreation spaces, and a pool (indoors or out) are on trend. And because there is a shift of tenants moving from megacities such as New York City and Boston to lower-priced markets, their purchasing power is increased, and they are able to afford places with such attributes.

Generational preferences are also an important consideration. On one hand, Gen Z (the oldest of whom are 24) are entering the housing market and looking to start out in the rental market with a preference towards affordability, environmental responsibility, convenience, and connectivity. They don't need large units and instead are focused on open concept layout and outdoor amenities. Millennials are looking for walkability in their



residence and trend toward suburban living. Gen Xers prefers a single-family residence above any other generational group, yet also value being close to work. By matching similar preferences across generations, one appropriately positioned housing product can capture greater market demand by being attractive to many different generations. The Baby Boomer generation, now all of whom are over 55, are a rising demographic in many places across the county and constitute a specific area of housing demand.

Above all else, the desire to “age in place” is the preference of many aging Americans. This allows the household to stay in the same house and receive care as it is needed. However, other Boomers are interested in downsizing and having a more active lifestyle that does not include the care and maintenance of a large lawn or house. Many of these people want to maintain their social relationships so there is a preference for staying in the same geographic area. Housing products that are geared towards independent and active people 55+ include age restricted communities, senior cohousing, or home-sharing. In the latter two examples, seniors share or purchase a home in a small group to make expenses and maintenance easier. These active seniors are looking for entertainment and recreations opportunities much like their younger counterparts. This includes fitness classes or groups, open space that allows neighbors to meet and interact, and convenient access to goods and services. While there are other types of senior housing, these are the types that can more fully contribute to economic vitality and can be integrated into more traditional types of housing to create an intergenerational atmosphere.

## HOUSING PRODUCT TYPES

Based on the expected market demand segments, there are a variety of housing types that would be attractive and successful in the Groton market. These include the following:

- **Market-Rate Apartments:** these units are particularly in high-demand among new Electric Boat workers (initially) and empty nesters (downsizers) that are relatively higher-income and/or wealthier and prefer modern units with attractive amenities. While “standalone” developments are likely to compete well in the market, developments within walking distance of shops, restaurants, and entertainment options are best positioned to capture demand and achieve premium rental rates. Market rate apartments within mixed-use development projects are therefore likely to be in greater demand.
- **Duplex and Triplex Units (including Townhouses):** There is demand in the Town of Groton for this type of multi-family product, either as owner-occupied or renter-occupied. The primary market for these units is similar to that of Market-rate apartments but cater more towards young families as well as downsizing (retiree, empty nester, etc.) households that still prefer owner-occupied units (and often yard space) without the same maintenance and upkeep requirements as single-family homes.



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- **Senior Housing (multiple types):** Demographics suggest that a variety of senior housing products will be in demand in the near- and long-term in the Town. Housing targeted towards active seniors is expected to be among the most significant types of senior housing needed. While this type of housing overlaps with the products discussed above, it also includes age-restricted and age-targeted products that typically have amenity packages that are more geared towards an older age-cohort. It is also anticipated that new independent living facilities will be needed in the region and the Town may be able to capture some of this demand.
- **Single-Family Homes** There will also be demand for suburban-style single-family homes in the future, including among Electric Boat workers and other professionals who may be renting initially but ultimately prefer single-family housing product as they start and/or grow families.



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## 7.6 MARKET SATURATION DISCUSSION

The market demand analysis indicates that even if all known potential development projects in Groton were completed, it would still leave an unmet development potential for an additional 4,207 housing units; however, the timing of future development and demand must be considered to evaluate when additional housing development may no longer be viable (i.e., demand is balanced with supply).

### Summary: Groton Housing Demand Potential (2021-2030) (Number of Units)

Housing Demand	5,264
Pipeline Unit Potential	(1,057)
<b>Net Housing Demand Potential</b>	<b>4,207</b>

Source: Camoin 310

The demand analysis indicates that there is the potential for Groton to capture approximately 526 housing units per year through 2030. If all of the estimated pipeline projects in the Town are completed within the next five years, it would result in a supply increase of approximately 211 units per year (on average). If this were to hold true, it would yield a gap of approximately 315 units per year in the short-term (five years), with the pace of development needing to continue (and increase) to provide 526 units per year from 2026 through 2030 (assuming full capture of the total demand potential).

Therefore, **pipeline projects will only satisfy approximately 40% of the near-term (five-year) housing development potential in the Town of Groton**, assuming that all potential projects are approved and built (pipeline projects account for only 20% of the full 10-year demand potential for the Town).

It is also important to consider the regional market. The demand analysis estimates that EB will generate new housing demand for approximately 7,200 units in the regional market area, or approximately 720 each year from 2021 through 2030. The assessment of the regional housing pipeline identified 1,704 multi-family units in the pipeline, which would leave an unmet demand of approximately 5,264 units in the region, before consideration of other sources of regional housing demand.

Furthermore, the Region's pace of housing development has been approximately 427 units per year based on building permit data (rental and owner-occupied units). If this pace were to continue into the future, it would generate 4,268 new housing units through 2030, falling short of the forecasted demand for 7,200 additional units (again, attributable only to EB) by approximately 2,932 units. **Therefore, the data suggests that the current pace of regional housing development will be insufficient to keep up with future demand.**

However, it is likely that the development community will respond to this demand by increasing the pace of housing development in the future. The timing and magnitude of such a response will largely dictate the point at which the regional housing market reaches a balancing or saturation point. The data and interviews suggest that reaching such a point is more likely to occur in the long-term towards the second half of the decade (approaching 2030) as EB hiring begins to plateau around that point. Because the development community is already responding to this market demand, the pace of development has the potential to quicken, leaving a smaller window for the Town to add units to "compete" for regional demand.

## 9. Appendix: Data Sources

### PROPRIETARY DATA SOURCES

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#### **ECONOMIC MODELING SPECIALISTS INTERNATIONAL (EMSI)**

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin Associates subscribes to Economic Modeling Specialists Intl. (EMSI), a proprietary data provider that aggregates economic data from approximately 90 sources. EMSI industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on EMSI, please see [www.economicmodeling.com](http://www.economicmodeling.com)). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

#### **ESRI BUSINESS ANALYST ONLINE (BAO)**

ESRI is the leading provider of location-driven market insights. It combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. ESRI uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit [www.esri.com](http://www.esri.com).

#### **COSTAR**

CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. CoStar covers office, retail, industrial, and multifamily markets. CoStar data is researched and verified by the industry's largest professional research team. With 1,200 researchers and 130 field research vehicles, CoStar's team makes calls to property managers; reviews court filings, tax assessor records and deeds; visits construction sites; and scans the web to uncover nearly real-time market changes. More at [www.costar.com](http://www.costar.com).

### PUBLIC DATA SOURCES

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#### **AMERICAN COMMUNITY SURVEY (ACS), U.S. CENSUS**

The American Community Survey (ACS) is an ongoing statistical survey by the U.S. Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. The survey is mandatory to fill out, but the survey is only sent to a small sample of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level. For more information on the ACS, visit <http://www.census.gov/programs-surveys/acs/>

## **ONTHEMAP, U.S. CENSUS**

OnTheMap is a tool developed through the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program that helps to visualize Local Employment Dynamics (LED) data about where workers are employed and where they live. There are also visual mapping capabilities for data on age, earnings, industry distributions, race, ethnicity, educational attainment, and sex. The OnTheMap tool can be found here, along with links to documentation: <http://onthemap.ces.census.gov/>.

## About Camoin Associates

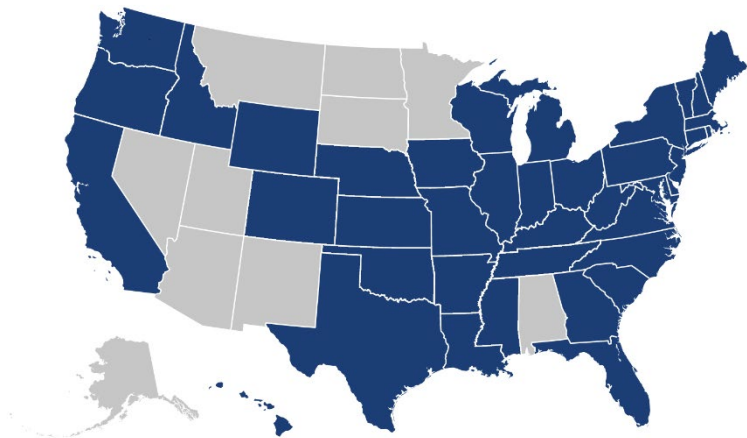
Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has served EDOs and local and state governments from Maine to California; corporations and organizations that include Amazon, Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to over 1,000 projects in 40 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Richmond, VA; Portland, ME; Boston, MA; and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociates).

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