
Rental Development Will Dominate Housing Market for the Next Decade

The dynamic is already underway in Norwalk and Summerview Square is a microcosm of the new rental demographic

April 4, 2013 Norwalk CT-- New home sales are the lowest they've been in half a century and [apartment absorption is stronger](#) than it has been in a decade. In his cogent study, [Resetting the Demand for Multi-family Housing](#), University of Utah professor and numbers cruncher, Arthur C. Nelson, who has one of the best housing forecast records in recent years, predicts that the rental share of the housing market could surpass 41 percent by 2020!

The action in Norwalk CT is in the rental market

According to William Pitt Sotheby's International Realty rental specialist, Michael Church, there is only a 1 ½ month inventory of rentals in Norwalk at an average monthly rent of \$1700.

"It goes without saying, that the Norwalk rental market is extremely strong, and can handle the absorption of Avalon's 240 units, as well as others that are slated for development," says Church. "We're continuing to see a shift to more folks renting, creating record low vacancy rates. Area banks are only interested in financing rental developments."

Arthur Nelson, the Urban Land Institute, and other experts say that declining homeownership is the inevitable outcome of social, demographic, and economic trends. All believe that *tighter lending standards, a Gen Y submerged in education debt, and the sell off of single family homes by the fastest growing demographic, seniors* — will keep homeownership in decline and the rental market on the rise for the next 10 years.



Summerview Square is a microcosm of the new demographic

On West Main and Summer Streets on the north side of Norwalk, the townhouse style apartments at [Summerview Square](#) have rented up within a day or two of becoming available. The final phase of the 63 unit community is under construction, and there is a long waiting list of interested tenants. Three years ago, Westchester asset management company, [Seavest Inc.](#) formed Summerview Square LLC; purchased the four land parcels; and hired Fairfield County builders, Andrew LaSala and Steven Berko of [Summerview Development Group](#) to develop the project. Summerview was recently recognized as *Best Smart Growth Community in CT* by the Home Builders & Remodelers Association of CT and Mayor Richard Moccia considers Summerview Square “[the standard for future residential development in Norwalk.](#)”

The empty nesters, Gen Y execs and young families who live at Summerview, encapsulate the new rental demographic. [Several older residents](#) at Summerview have sold large single family homes and opted to rent in the city rather than buy a smaller home in the suburbs. Summerview's location in a quiet neighborhood, yet close to downtown Norwalk, is appealing to them.

Javaid Siddiqui, who is responsible for Information Technology at Dunkin' Donuts in Fairfield and Westchester counties, leases a Summerview apartment with his wife. “It's an awesome place to live. We eat at the local restaurants on weekends, and it's a five minute walk for my wife to get to her job as a pharmacy technician,” says Siddiqui.

Among the new housing market realities are renters doubling up

Three young women employed by GE in Stamford have shared a townhouse at *Summerview Square* since last year. They recommended *Summerview* to another young GE executive, Spencer De Phillips, and now he and two of his colleagues are sharing a three bedroom townhouse at *Summerview Square*. “I'm young and I work for a corporation that is adamant about employee flexibility,” says DePhillips. “Since I am inclined to move around, I am not interested in home ownership. Given the quality construction, proximity to my office and affordable rent at Summerview, the decision to lease was a fairly easy one.”



Gen Y Summerview tenants at Topping Off Party for last phase

Former CNN anchor and CEO of [Nothing But Gold Productions](#), Nicole Lapin had this to say about Gen Y and the shift to renting.

“It used to be that putting a down payment on a house was the surefire way to boost your net worth, but in this market, it can be more beneficial to look at renting. Buying a house comes with tons of additional costs—transaction fees, maintenance fees, renovations—and now a down payment is typically 20 percent of the mortgage. You don’t get that money back like you do a security deposit. And today’s Gen Y is so mobile: Renting allows them greater flexibility to pursue new opportunities.”

Data Shows Continued Improvement for Apartments and Condos

NAHB Chief Economist David Crowe said, "[NAHB's Multifamily Production Index \(MPI\)](#) continues the improvement that began in the middle of 2010, and the rate of multifamily starts has increased in line with developer confidence. In similarly positive news, [NAHB's Multifamily Vacancy Index \(MVI\)](#) dropped again, which indicates continued demand for more apartments. For that reason, NAHB expects a 30% increase in multifamily starts in 2013.

ABOUT SEAVEST

[Seavest Inc.](#), a private investment management firm based in White Plains, N.Y., is focused on real estate, private equity and long-term asset management. The firm has significant investments in health care real estate and growth-stage companies in the education, healthcare and consumer technology sectors.

ABOUT SUMMERVIEW DEVELOPMENT GROUP

A full service construction management and general contracting company, [Summerview Development Group](#) specializes in large scale residential and commercial construction. Managing partner, Andrew LaSala, spent the early part of his career building and developing high rises in the tri-state area.