

Real Estate

Federal Index Finds Increase in Connecticut Home Prices Among the Highest in the Nation



by **Hugh McQuaid**

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A new home under construction in Somers, Connecticut Credit: Hugh McQuaid / CTNewsJunkie

Home prices in Connecticut climbed by nearly 10% between the third quarter of 2022 and the third quarter of 2023, according to the Federal Housing Finance Agency (FHFA) House Price Index, which found the state reporting the fourth highest increase in the nation.

The index, released by the agency on Tuesday, found that house prices rose in 49 states, leading to an overall increase of 5.5% nationally. With a 9.88% increase, Connecticut lagged behind only Vermont (11.8%), Maine (11.13%), and New Hampshire (10.32%) for the largest spike in house prices.

The price increases reflect ongoing shortages of homes for sale across the nation, according to Anju Vajja, principal associate director of FHFA's Division of Research and Statistics.

"U.S. house price growth continued to accelerate in the third quarter, appreciating more than in each of the previous four quarters," Vajja said in a press release. "House prices rose in the third quarter in all census divisions and are higher than one year ago, driven primarily by a low supply of homes for sale."

As of Wednesday, there were roughly 3,700 single family or condominium listings as well as 530 multi-family homes being marketed across Connecticut, according to David Gallitto, president of the CT Realtors industry association. That's down from the around 22,000 homes on the market prior to the pandemic, he said.

"The issue is inventory in the state of Connecticut," Gallitto said. "That drives everything. It's all supply and demand and the demand is still high. We have a plethora of buyers looking to make purchases and not a lot of inventory."

Although homes continue to come onto the market, Gallitto said they are sold just as quickly, often with multiple offers exceeding the asking price. Over the last year, the median price of a home in Connecticut has risen from about \$340,000 at the end of last October to around \$375,000 last month, he said.

The elevated prices are especially difficult for first-time homebuyers, Gallitto said.

"They are trying to realize the dream of home ownership and yet oftentimes, because they're just starting out in the market, they may not have the wherewithal that people who have built equity into their homes have to put down larger down payments," he said.

According to the FHFA index, the New England region saw the most dramatic year-over-year increase in home prices of the agency's nine census divisions. Across the region, prices increased by 9.21% between the third quarter of 2022 and the third quarter of 2023. While housing prices climbed in all regions, it was slowest in the Pacific region, which saw a 1.99% increase over the same period, according to the index.

Connecticut's housing stock currently represented enough inventory for about two months, Gallitto said, noting that the state often had enough inventory for five or six months prior to the pandemic.

“We’re having difficulty building that inventory up and I don’t see that inventory building to pre-pandemic numbers for quite some time,” he said. “There really would have to be a shift in our market, in our economy.”

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