




### Prevalence peaks for rentals

Buy-rent decision still weighs on residential real estate  
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If you want a sign of the vitality of the Stamford home rental market, look no further than the pace at which apartment buildings have swapped hands, as illustrated by TGM's purchase this year of the former Avalon on Stamford Harbor or the 2014 acquisition of 75 Tresser by Waterton Associates and Clal Insurance.

That vitality is filtering out to the single-family housing market as well, real estate professionals

say, with an increasing number of home sellers willing to list their properties for rent while they wait out a recovery in sale prices.

"Right now when you look at the inventory of single-family homes, a good percentage of them - almost 40 percent -- are for sale and rent," said Helen Dennis, an agent in the Stamford office of William Pitt Sotheby's International Realty. "Sellers are trying to hedge their bets both ways ... Really (renting) comes up as an option if they don't think they can get their price."

If the supply side of the market is more open to renting, that has been the case for several years on the demand side. The homeownership rate in lower Fairfield County tumbled last year to 67.7 percent of all occupied housing from 70.7 percent in 2013, reaching a nadir not seen since at least 2005, according to the U.S. Census Bureau.

Connecticut's rate of homeownership last year was 67.4 percent, according to the U.S. Census Bureau, the lowest seen statewide since 1994 when innovations in the home mortgage securitization industry spurred a spike in homeownership up through 2008. When borrowers stuck with ballooning rates were unable to keep up on their mortgage payments, that created waves of foreclosures with a domino effect on home sales and by extension the rental market.

"One of the tragedies of this housing boom and bust was the dramatic climb in foreclosures," said Joe Tracy, executive vice president of the Federal Reserve Bank of New York, speaking last week in Stamford at an economic outlook conference organized by the Business Council of Fairfield County. "You have a very significant decline in the homeownership rate in this



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country. The median family who used to own now has to rent, and so we were in a situation where we basically needed to repurpose our housing stock from owner-occupied to rentals."

Rental rates down

The real estate website Zillow calculated an estimated median rent of about \$2,650 in the fourth quarter in Stamford, down 0.4 percent from a year earlier. That compared to a 4.4 percent increase in the median rent in Fairfield County.

"The rents are high and the rental demand is still high," said Tammy Felenstein, director of sales in the Stamford office of Halstead Property. "We're seeing the rise in rentals for a lot of reasons -- the millennials all have a lot of debt, there's a lot of reasons that go into it. But the good news at least for Stamford is that all those young people living downtown in those units eventually are going to end up buying as they get married and have children."

A HelloWallet study last November that was cited widely put some numbers around the decision of whether to buy or rent circa 2015, saying more than 40 million homeowners nationally bought their homes during time periods when they could have built more wealth by renting and investing the money that was otherwise put toward the costs of owning a house. The study added that the prospective homebuyer today making a median income would increase their net worth by 50 percent by opting to rent rather than buy.

Betting that message will continue to hit home, particularly for millennials, Fairfield County developers have come out of the recession on a building binge that has added swaths of new housing in Stamford, Norwalk, Danbury and the Bridgeport area.

"We ... benefit from the continued decline in single-family home ownership rates across the country," David Neithercut, CEO of Equity Residential which owns Fairfield Apartments at 100 Morgan Street in Stamford, said on a conference call last month.

"It remains to be seen if ... a long term historical average of 64 percent becomes a bottom or not. But across our portfolio, we continue to see fewer residents leave us to buy a home, either due to the lack of desire to actually own one or the financial inability to do so."

For her part, Sotheby's Dennis does not think that the new apartment housing will have much of an impact on people looking to rent their single-family homes, saying those listings tend to draw a different demographic of family-- often with children coveting yard space.

But she agrees that the financial motivations for both types - renters and buyers -- are linked.

"Some people looking at rentals are wanting to buy -- but not wanting to buy yet, so they think of renting for a year," Dennis said. "There's still some buyers that are a little squeamish about investing in the market right now."

Alex.Soule@scni.com; 203-964-2236; [www.twitter.com/casoulman](http://www.twitter.com/casoulman)

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