

New York Flight Boosts Connecticut Demand

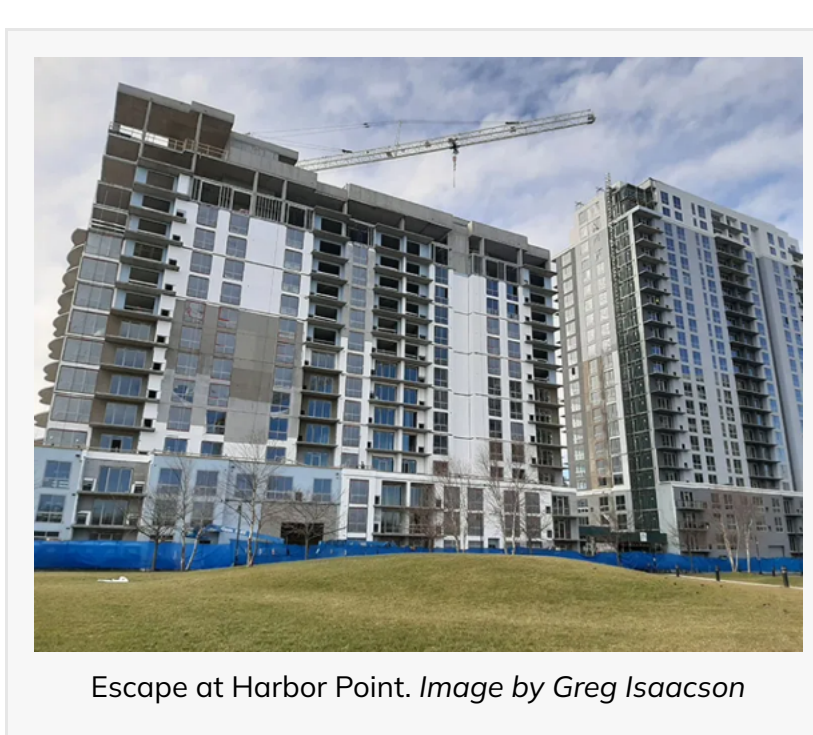
By Greg Isaacson January 19, 2021



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Relocations from the city are catalyzing leasing activity in the suburban economic hub of Stamford, according to developers.

New York City's apartment market continues to struggle after a tumultuous year, but the Big Apple's losses may be driving suburban gains. Developers in Stamford, Conn., about 30 miles northeast of Manhattan, are reporting robust leasing demand, much of it from New York residents decamping to more affordable and spacious areas.



Escape at Harbor Point. Image by Greg Isaacson

Building and Land Technology (BLT), the owner and developer of Stamford's master-planned Harbor Point neighborhood just south of the central business district, says that new leases have surged since March of last year. Relocating New Yorkers make up one in three new renters in the sprawling development.

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The privately held real estate firm has a waitlist of more than 700 interested renters for its 435-unit luxury apartment project, Escape, which [started pre-leasing](#) two weeks ago. "We've been very busy since then," said Ted Ferrarone, co-president of BLT.

Neighboring the waterfront project at 880 Pacific St., which is still wrapping up construction on its second tower, BLT recently leased up Allure, which also features 435 luxury units. Ferrarone said that about 35 percent of the residences were leased to people moving from New York City, compared to a historical average of about 15 percent.

"I think you're seeing the push of people coming out of New York," he said. "You get a lot more for your money. You can rent a two-bedroom here for less than you can rent a one-bedroom for in the city." That apartment is also typically brand-new, with a gym in the building and a washer-dryer in the unit, he added.

"Essentially people can have an office in their apartment for less than they were paying just for their apartment in the city."

Catching the influx



Atlantic Station. Rendering courtesy of RXR Realty

The coronavirus pandemic appears to have [accelerated a stream of departures](#) from America's most populous city. According to an analysis of USPS change-of-address requests filed by Yardi Matrix, Manhattan lost 110,978 net residents from February through July 2020, while Brooklyn saw a decrease of 43,006 residents.

That exodus may be helping to fuel growth in suburban locations such as Stamford, a key economic engine of Connecticut that sits 47 minutes away from Manhattan by train. Although the public health crisis brought a sharp rise in joblessness in the city of nearly 130,000 people last year, Stamford saw a 20 percent year-over-year increase in

home sales in the third quarter and its best quarter for condo sales in more than five years.

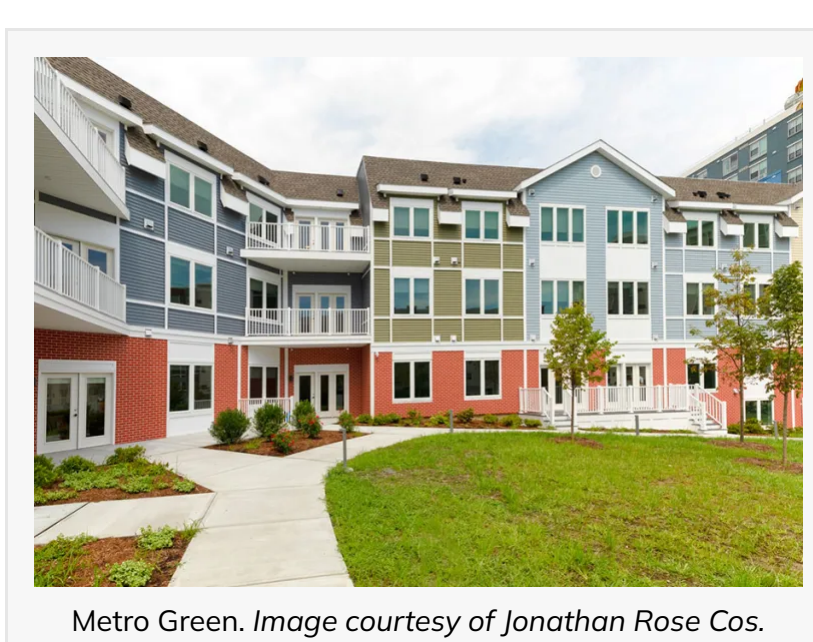
"I'd say over the last nine and a half months or so there's been a surge of leasing activity from prospects relocating from the New York metro, as well as New Jersey and other parts of Connecticut," said Joseph Grazioplene, vice president of residential development and construction at RXR Realty, which is working on the second residential tower of its Atlantic Station mixed-use project just north of Stamford's train station.

During the onset of the pandemic, RXR saw an initial decrease in occupancy at the first phase of Atlantic Station, which Grazioplene attributes mainly to predetermined move-outs and uncertainty in the market. Occupancy picked up again from May through September, rising from 85 to 95 percent, with a vast majority of those residents relocating from other submarkets, including the New York metro.

"We quickly saw an increase in the velocity of prospects and occupancy through the summer months," he noted. "We've maintained over 90 percent occupancy since the fall and as of today we're at 96 percent occupied."

Located at 405 Atlantic St., the 26-story tower comprising the second phase of Atlantic Station will bring an addition 325 luxury units to the development, which features 325 existing apartments and a new commercial building.

RXR's observations were echoed by Jonathan Rose Cos., a development and investment firm that owns Metro Green, a multi-phase community along Atlantic Street, south of Stamford Station. Occupancy levels have remained consistently high during the COVID-19 situation, according to Caroline Vary, the company's managing director of asset management.



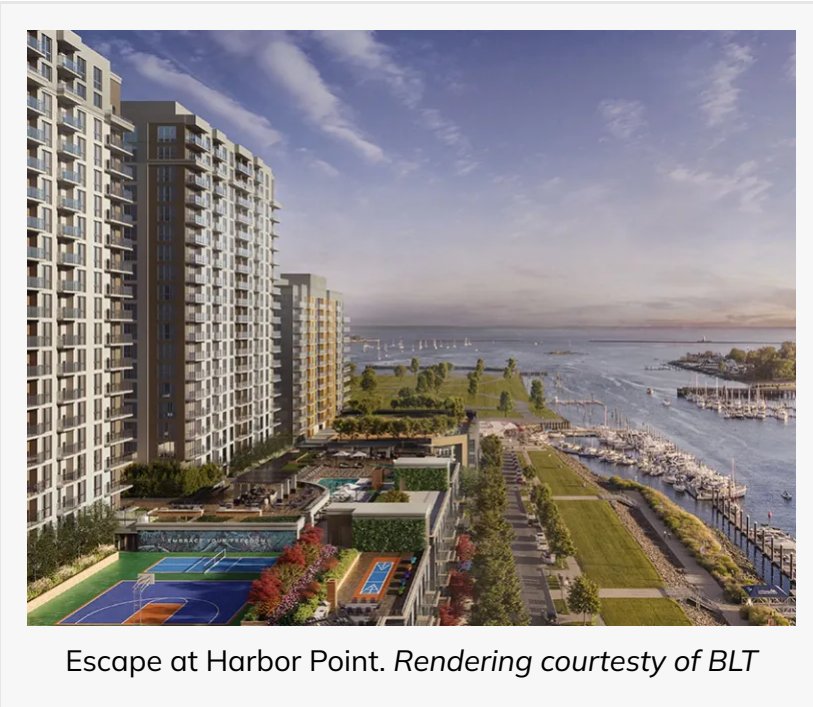
Metro Green. Image courtesy of Jonathan Rose Cos.

"At the start of pandemic, when many households were staying home, we experienced a slow-down in velocity, but we are now back to our regular pace of leasing," she noted.

Vary added that Metro Green has seen far fewer residents moving out of the property than in prior years, with market-rate units averaging a 31 percent turnover in 2019 but only a 22 percent turnover in 2020. Jonathan Rose Cos. also leased up Metro Green Court, a new market-rate apartment building that finished construction last October, at the same velocity that its previous buildings were leased prior to the pandemic.

"We believe that the heightened interest from New York City residents who still wanted ease of access to Manhattan is what allowed us to keep up this pace," Vary commented. The fourth and final phase of the 258-unit Metro Green development leased 38 percent of its units to households leaving New York City last year. That figure compares to 14 percent for previous phases of Metro Green in 2019.

Downtown still relevant



Escape at Harbor Point. Rendering courtesy of BLT

Significant numbers of Americans have returned to the office after the sudden adoption of work-from-home policies across the country last March. According to an [October survey by Gallop](#), 33 percent of Americans say they are always working remotely, down from the peak figure of 51 percent in April.

Nevertheless, workspaces in New York City remain mostly empty, with access control firm Kastle Systems finding that only 12.9 percent of offices in the metro area were occupied as of January 6. Ridership on the Metro-North Railroad, a key transportation method for Connecticut residents commuting to New York, was down to around 52,500 rides

on January 14—a decline of 80 percent from the 2019 weekday average.

The collapse in train usage raises the question of whether transit-oriented developments will continue to be viable. Grazioplene believes that proximity to the train will remain important in Stamford, even for people working from home, as the location offers downtown walkability as well as easy access to New York. Residents can also jump on the Amtrak for a long weekend trip to Boston.

"What's great about places like Stamford is that you're going to see businesses take advantage of this new work culture, where they're focusing on having their hub office in New York City but developing satellite offices in vibrant suburban areas," he said.

[Building And Land Technology](#), [Jonathan Rose Cos.](#), [RXR Realty](#)

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