

Connecticut small multifamily: Record values where supply stayed tight

By Anastasia Friedman, MAI

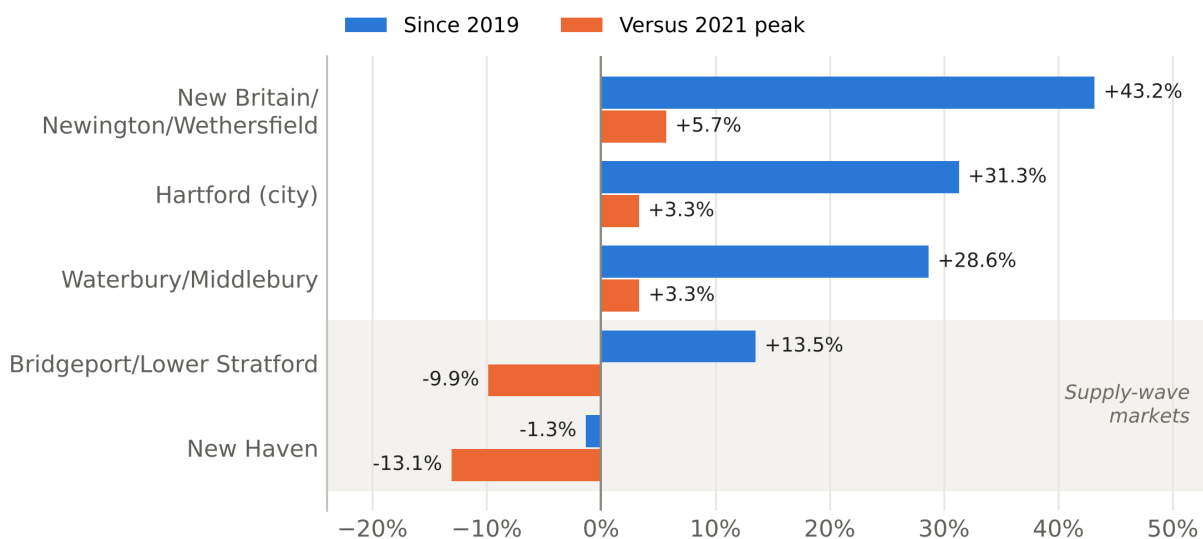
National Context: Much of Connecticut has posted something unusual: record market values, well above both 2019 and the 2021 peak, against a flat national backdrop. Small multifamily – generally buildings of five to 50 units – has spent the past two years treading water nationally. The Small Multifamily Investment Trends Report from Arbor Realty Trust and Chandan Economics puts its national price index down 0.3% year over year as of the second quarter of 2026, with the average capitalization rate near 6.0%. National multifamily vacancy stands at 7.9%, according to CoStar, and the national asking rent averages about \$1,800 per month.

Sources: Arbor Realty Trust and Chandan Economics, Small Multifamily Investment Trends Report, Q3 2026; CoStar Group (10/28/2026).

The Connecticut Survey at a Glance: The survey covers five Connecticut multifamily markets as of October 28, 2026: New Britain/Newington/Wethersfield, the City of Hartford, Waterbury/Middlebury, Bridgeport/Lower Stratford and New Haven (see Chart 1). Hartford combines CoStar's South Hartford and North Hartford submarkets, weighted by units. The results divide into two groups. In New Britain, Hartford and Waterbury, where little new housing has been built, market price per unit sits 28% to 43% above 2019 and at all-time highs. In Bridgeport and New Haven, where thousands of new luxury units have delivered since 2021, overall values remain 10% to 13% below the 2021 peak. In every surveyed geography, older stock – the 1 & 2 Star buildings that make up most small multifamily – is worth more than it was in 2019.

Chart 1: Small multifamily values versus 2019 and the 2021 peak

Change in market price per unit, all classes, to 2026 year to date



Source: CoStar Group, Oct. 28, 2026; author's analysis. Hartford = South + North Hartford submarkets, weighted by units.

Reading the measures: CoStar market and submarket indicators describe the broader multifamily market, with 1 & 2 Star results used here to examine older stock. The sale-comparable samples focus more narrowly on buildings of five to 25 units, within the five- to 50-unit definition of small multifamily. Market price per unit and median price per unit in those sales samples are distinct measures; they are presented together as context, not as interchangeable estimates of a typical small building's value.

Market Profiles

New Britain/Newington/Wethersfield: New Britain posts the fastest price growth in the survey. CoStar's market price per unit rose from \$107,160 in 2019 to \$153,405 in 2026 year to date, a 43.2% increase that includes an 11.9% gain in 2026 alone. Values are 5.7% above the 2021 peak of \$145,159 per unit. The older stock that defines the city – about 5,500 of the submarket's 9,200 units are rated 1 & 2 Star – rose 40.7% to \$122,613 per unit, 7.0% above its prior peak. Vacancy is 4.9% overall and 3.7% in older buildings, and older-stock asking rents rose 33% since 2019, from \$1,288 to \$1,715 per month.

Thirty-one sales of five- to 25-unit buildings closed between October 2024 and October 2026 at a median price of \$126,167 per unit and a median capitalization rate of 7.8% where reported. The sale histories also show how much of the gain was created by capital: six-family buildings that traded near \$50,000 per unit in 2019 and 2020 resold, most after renovation, at \$104,000 to \$132,000 per unit.

Sources: CoStar Submarket Report, New Britain/Newington/Wethersfield (10/28/2026); CoStar sale comparables, New Britain, 5–25 units.



An early-20th-century brick six-family in New Britain, the submarket with the fastest small multifamily price growth since 2019.

Hartford: The City of Hartford – CoStar’s South Hartford and North Hartford submarkets, about 19,500 units combined – reached a new high in 2026. Weighted by units, market price per unit rose 7.0% this year to \$129,956, 31.3% above 2019 and 3.3% above the 2021 peak, after bottoming at \$112,308 in 2023. Older stock, about 11,100 of those units, rose 31.8% to \$89,471 per unit, 4.0% above its prior peak, and its asking rents rose 27% since 2019, from \$943 to \$1,193. Vacancy is 5.2% in South Hartford and 8.6% in North Hartford, where 760 units are under construction, compared with a national average of 7.9%.

Sixty sales of five- to 25-unit buildings in the City of Hartford closed at a median of \$94,000 per unit and a median capitalization rate of 8.3% (see Chart 7). Their sale histories carry a lesson about timing (see Chart 6). Owners who bought in 2020 or earlier resold at a median gain in sale price of 260%, with renovation appearing to contribute substantially. Owners who bought in 2021 or later gained a median of 26%, and five of 16 sold at a loss – all five had bought between 2021 and 2023, near the peak. These resale price changes are not measures of net investment return: renovation costs, holding costs and transaction expenses also matter. One 20-unit building on Gillett Street sold for \$2.0 million in 2023 and \$1.45 million in 2026.

Sources: CoStar Submarket Reports, South Hartford and North Hartford (10/28/2026), combined by the author weighted by units; CoStar sale comparables, City of Hartford, 5–25 units.



A turn-of-the-century brick six-family with stacked porches in Hartford. Older stock in the city now trades at record values, about 32% above 2019.

Waterbury/Middlebury: Waterbury is the tightest market in the survey. Vacancy is 3.0%, no units are under construction, and net inventory has changed by five units in five years. Asking rents rose 32.1% since 2019, from \$1,009 to \$1,333 – faster than prices, which rose 28.6% to a record \$103,049 per unit but gained only 1.8% in 2026. Capitalization rates widened from 7.8% to 8.2%, so values have lagged income. Twelve sales of five- to 25-unit buildings, excluding two newer properties, closed at a median of \$88,618 per unit; one 15-unit building on East Main Street sold for \$750,000 in June 2024 and \$1.5 million 18 months later.

Sources: CoStar Submarket Report, Waterbury/Middlebury (10/28/2026); CoStar sale comparables, Waterbury, 5–25 units.



A wood-frame six-family in Waterbury, where rents have outpaced prices since 2019. Vacancy is 3% and no new units are under construction.

Bridgeport/Lower Stratford: Bridgeport shows what new supply does to a market. More than 500 new units delivered in 2026, pushing vacancy to 9.4% overall and 26.8% in 4 & 5 Star product and holding rent growth to 0.3%. Market price per unit is 13.5% above 2019 at \$176,473 but 9.9% below the 2021 peak. The damage is concentrated in the classes that compete with new construction: 3 Star values are 14.2% below their peak, while older stock, at 3.9% vacancy, remains 20.4% above 2019.

Small buildings still trade well. Twelve sales of five- to 25-unit buildings closed at a median of \$154,875 per unit and a median capitalization rate of 7.95%, the highest pricing in the survey, and a 16-unit building on Atlantic Street that sold for \$1.9 million in 2021 resold for \$2.4 million in 2026.

Sources: CoStar Submarket Report, Bridgeport/Lower Stratford (10/28/2026); CoStar sale comparables, Bridgeport, 5–25 units.

New Haven: New Haven is the clearest case of supply outrunning demand. More than 3,000 units have delivered since 2021, a 27% increase in inventory, more than 80% of them 4 & 5 Star and concentrated near downtown. Vacancy is 9.5% (15.4% in 4 & 5 Star) and asking rents fell 1.7% over the year. Overall market price per unit, at \$224,773, is 1.3% below 2019 and 13.1% below the 2021 peak. The newest product fell furthest – 4 & 5 Star values are 18.5% below their peak – while older stock, with 5.1% vacancy and rents up 16.5% since 2019, remains 11.9% above 2019.

Sources: CoStar Submarket Report, New Haven (10/28/2026).



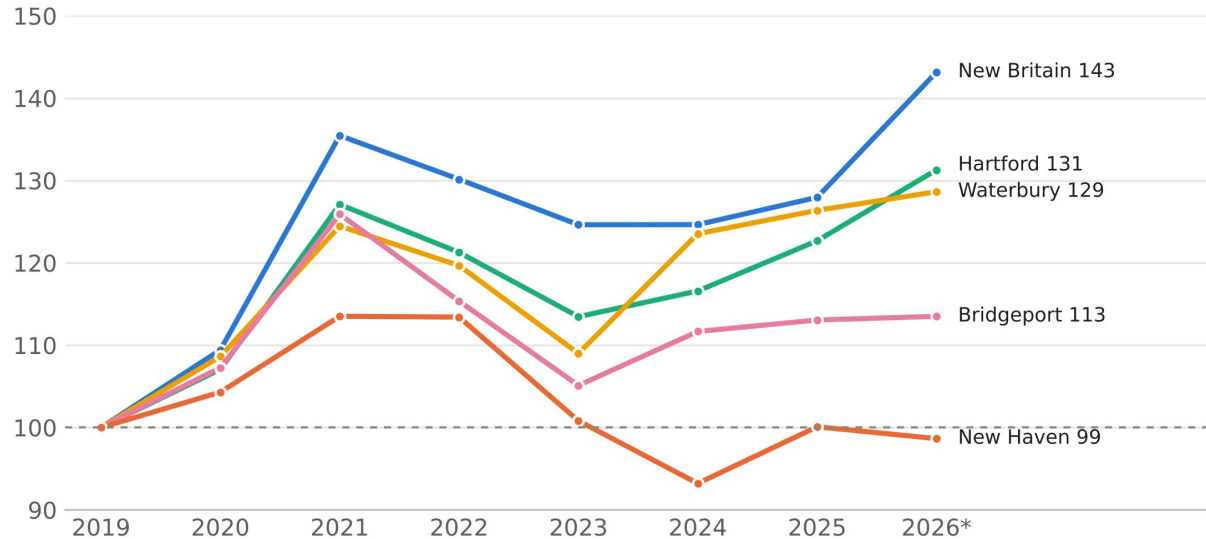
A mid-century brick walk-up in New Haven. Older buildings held their gains while new luxury supply pulled the submarket's overall values back to 2019 levels.

Two Markets, One State

Read together, the five markets show a consistent association between new supply and divergent values (see Charts 2 and 3). Where little new product was built, older and mid-tier buildings climbed to records, and the pace is accelerating: New Britain gained 11.9% and Hartford 7.0% in 2026 alone. Only Waterbury's newest 4 & 5 Star product remains slightly below its peak. Where a wave of luxury deliveries arrived, values split by building class. New and mid-tier buildings, which compete for the same renters, fell back below their 2021 levels. Older buildings – most of them small, most renting well below new construction – held their gains. In Bridgeport and New Haven, older stock outperformed both newer classes by 5 to 18 percentage points since 2019. This pattern is consistent with competition from new supply, though the survey does not isolate supply's effect from other market influences.

Chart 2: Two paths since 2021

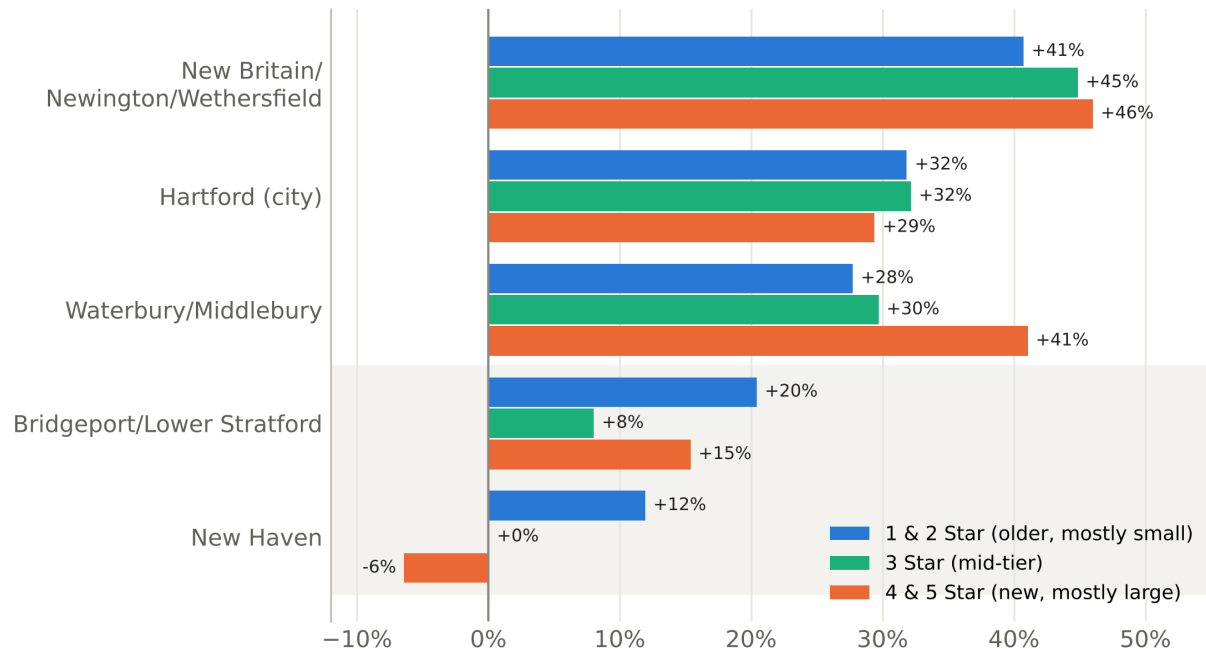
Market price per unit, 2019 = 100. Low-supply markets kept climbing; supply-wave markets did not.



Source: CoStar Group, Oct. 28, 2026; author's analysis. Hartford = South + North Hartford submarkets, weighted by units.
*2026 year to date.

Chart 3: Where new supply arrived, older stock held up best

Change in market price per unit since 2019, by CoStar building class. Shaded: supply-wave markets.



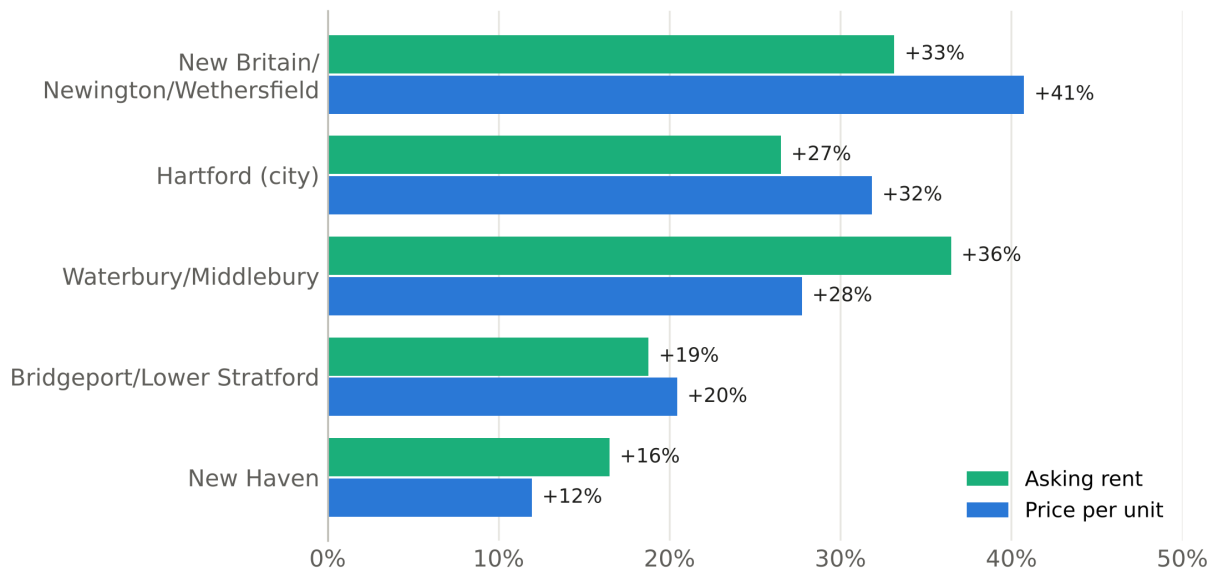
Source: CoStar Group, Oct. 28, 2026; author's analysis. Hartford = South + North Hartford submarkets, weighted by units.
CoStar building class is used as a proxy for building age and size.

Rents and Capitalization Rates

The gains occurred despite higher capitalization rates on older stock (see Charts 4 and 5). Those rates are higher today than in 2019 in every market surveyed – 7.8% to 7.9% in New Britain, 8.3% to 8.7% in Hartford, 6.7% to 7.5% in New Haven – and 130 to 160 basis points above their 2021 lows. Capitalization rates are valuation measures, not borrowing rates. Higher rents offer an explanation for the resilience of values: older-stock asking rents increased 27% to 37% since 2019 in Hartford, New Britain and Waterbury, and prices rose by broadly similar amounts. The comparison is consistent with income-supported appreciation, but asking rents alone do not establish growth in collected rents or net operating income after expenses.

Chart 4: Older-stock rents and prices since 2019

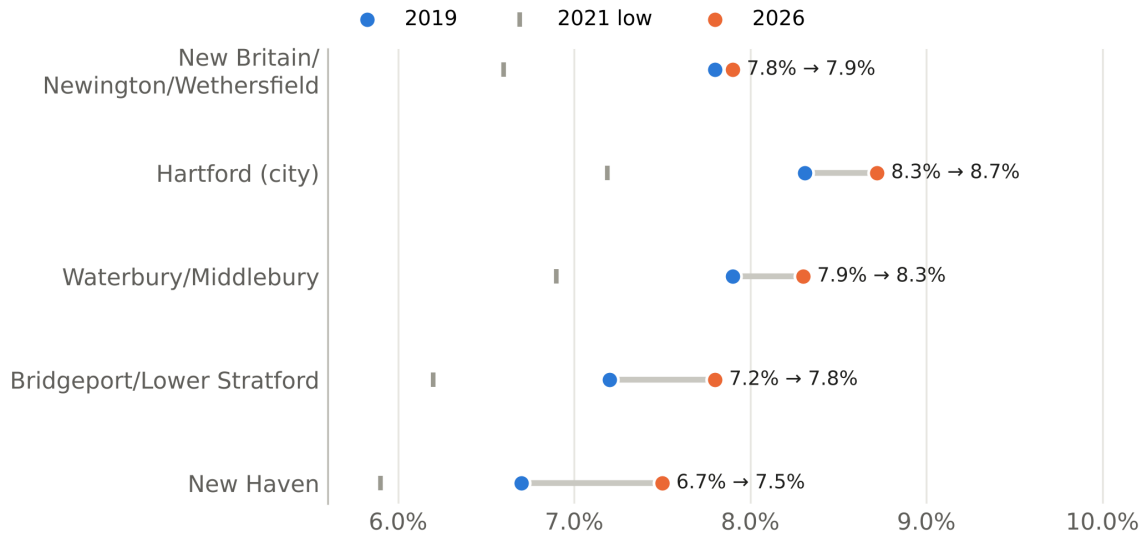
Older (1 & 2 Star) stock: change in asking rent and price per unit, 2019 to 2026 year to date



Source: CoStar Group, Oct. 28, 2026; author's analysis. Hartford = South + North Hartford submarkets, weighted by units.

Chart 5: Cap rates are higher than in 2019

Market cap rate, older (1 & 2 Star) stock: 2019, the 2021 low, and 2026



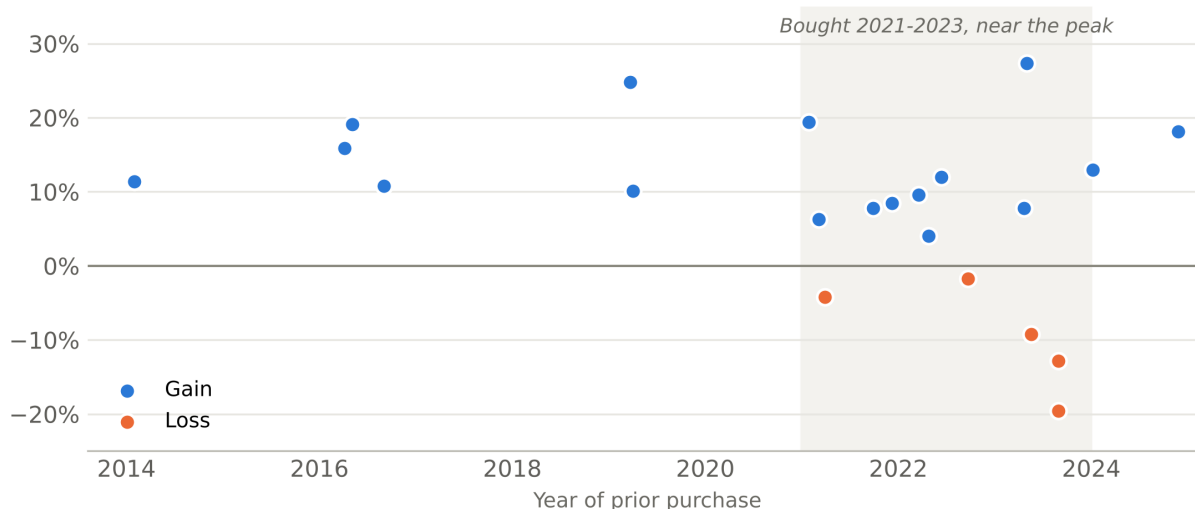
Source: CoStar Group, Oct. 28, 2026; author's analysis. Hartford = South + North Hartford submarkets, weighted by units.

Timing and the Value-Add Trade

Individual sale histories show far larger gains than the market indices, but most of those buildings were renovated between sales. The market-wide rate – about 5.5% a year in New Britain since 2019 – provides a benchmark for appreciation, not a precise allocation of each building's gain between market movement and capital improvements. Renovation can create value, and rising rents help support that trade, but resale prices alone do not show whether the added value exceeded the capital invested. Timing also mattered: in Hartford, buyers before 2021 generally recorded stronger resale gains, while buyers at the 2021–2023 peak depended more heavily on rent growth and execution to come out ahead.

Chart 6: In Hartford, timing shaped resale gains

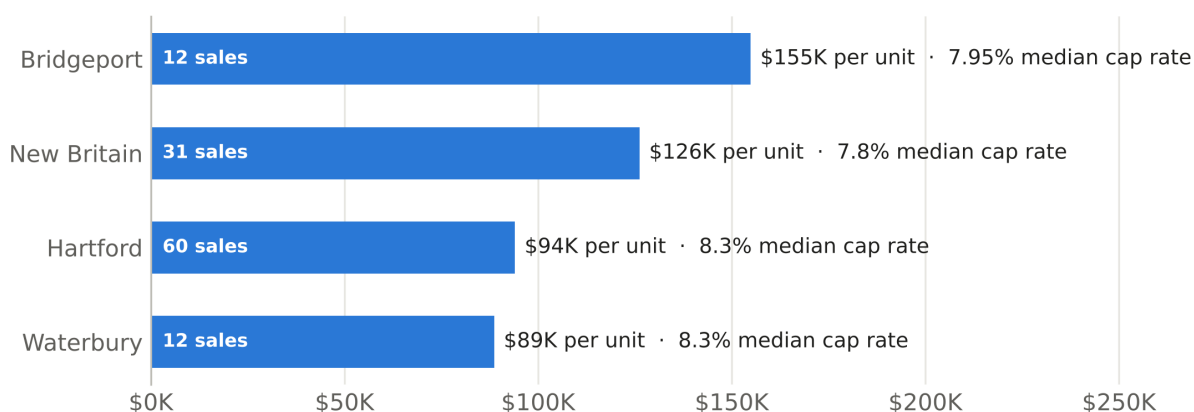
Annualized change in sale price on 5-25 unit buildings resold in 2024-2026, by year of prior purchase



Source: CoStar Group sale comparables, City of Hartford, 5-25 units, sales Nov. 2024-Sept. 2026; analysis by the author.

Chart 7: What small buildings are trading for

Median sale price per unit, 5-25 unit buildings, sales Nov. 2024 to Oct. 2026



Source: CoStar Group sale comparables. Waterbury excludes two newer properties (built 1975 and 2022). Cap rates where reported.

Outlook

The supply-wave markets are nearing the end of their pipelines: New Haven has no units under construction and Bridgeport's 137 units are its fewest since 2020. CoStar expects New Haven vacancy to begin declining in early 2027; that is a forecast, not an observed recovery. In the low-supply markets, the risk is slower income growth. CoStar forecasts rent growth of under 2% in 2026 for New Britain and Waterbury and flags weak job and population growth in the Hartford

region. Record values at capitalization rates near 8% still depend on sustainable net operating income: stalled rents, rising expenses or further cap-rate expansion could put pressure on values. For investors and appraisers alike, the past seven years point to the same discipline: underwrite the submarket, the building class and the purchase date, not the asset type.

Sources: CoStar Market and Submarket Reports (10/28/2026); CoStar sale comparables; Arbor Realty Trust and Chandan Economics, Small Multifamily Investment Trends Report, Q3 2026.

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