How COVID-19 Has Impacted Homeshopping and Buying

Introduction

Sometimes it's hard to recall life before COVID-19. We work from home, educate at home, cook and eat at home, entertain at home; but now, for many of us, home is the *only* place we're doing these activities. In April, OJO Labs executed a study that helped us understand how attitudes about homebuying and selling changed at the onset of COVID-19. In October 2020, our team set out to understand how those attitudes may translate into meaningful behavior changes as the pandemic wears on into its 8th month.

The April study illuminated the early effects of COVID-driven uncertainty. We found that 80% of buyers said their timeline was delayed or stopped altogether, citing concerns over future employment and the inability to see homes in person as leading drivers. The supply story showed similar trepidation, sellers weren't putting their homes on the market - new listings dropped an average of 63% in the earliest, hardest hit markets (ex., New York City, Seattle area, East Bay, etc.) and MLS data showed similar, but less dramatic declines; new listings were down 28% off March peaks in 60 OJO markets.

Flash forward to October 2020, demand returned and supply constraints continued, but with so much time at home, we wondered if what people are wanting in and from a home has changed. Are people fleeing cities when they no longer need to commute for work? If so, why - a desire for lower prices, a desire for more space? Are people looking for more rooms to convert into home offices now that they're working from home? We mined data from our end-to-end platform: our search site Movoto, our back-end data service, and our personal digital advisor for homebuying to get a full picture of homebuyer and seller behavior.

What we found surprised us: what people want to buy hasn't changed significantly. This holds true with some exceptions in New York and San Francisco, which we hypothesize are short-term shifts. Most people still want to move to and buy in the same places they did before. They're still looking for the same number of beds and baths. That said, COVID-19 has increased the desire for outdoor space and impacted how people "shop" for homes.

Findings

People haven't fundamentally changed where they want to live. Popular places to buy remain popular, despite price increases.

- **The list of top counties where people want to buy is roughly the same as last year.** Using data from our home search site and mobile app, Movoto, we looked at the counties from which we receive the most homebuyer inquiries.[1] The counties with the highest volume of inquiries in March-September 2019 remained roughly in the same order as those in March-September 2020.

[1] Actual metric is lead share by county in the US, where a county's lead volume is a percentage of total Movoto leads per month.

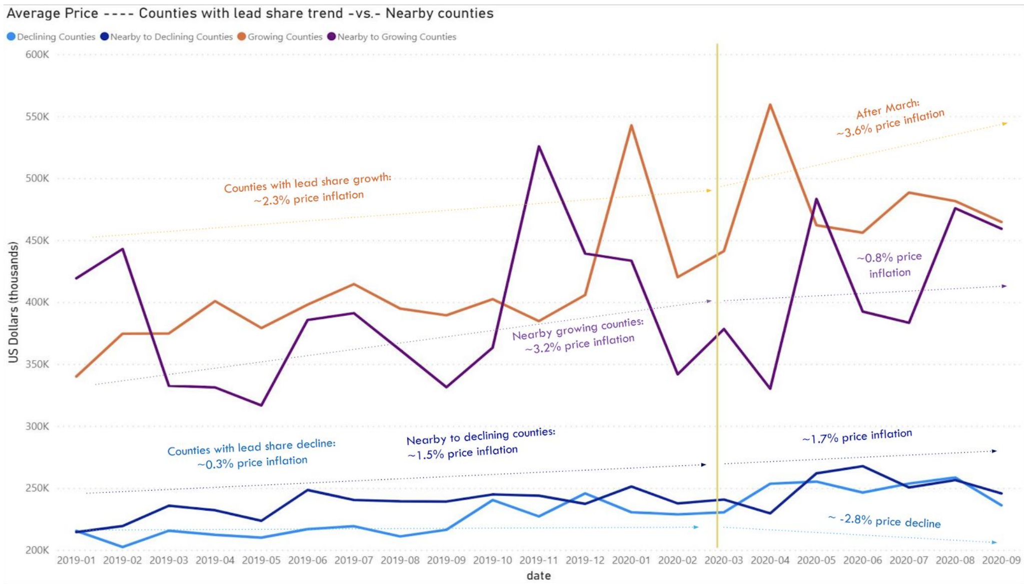
Even amidst COVID-19, most people still want to live in or near the cities they did prior to the pandemic; there's no significant fleeing to the countryside to rediscover our agrarian roots.

- **Movement, at the county level, echoes much of what people are talking about in the real estate press: New Yorkers are hastening moves from the city and buyers are investing in properties in attractive, recreation areas.** We see buyers' desire to leave New York in the increase in inquiry volume in Suffolk and Nassau County, NY. We see buyers' desire for vacation/investment property in the increase in inquiry volume in Riverside County - where Palm Springs is located - Broward County - where Ft. Lauderdale and the areas just outside of Boca Raton are located - and Suffolk County - where the Hamptons are located.

Rank	**2019 County by Inquiry Volume**	**2020 County by Inquiry Volume**
1	Cook County, IL	Cook County, IL
2	Los Angeles County, CA	Los Angeles County, CA
3	Harris County, TX	Wayne County, MI ↑
4	Wayne County, MI	San Bernardino County, CA ↑
5	Miami-Dade County, FL	Riverside County, CA ↑
6	Broward County, FL	Harris County, TX ↓
7	San Bernardino County, CA	Miami-Dade County, FL ↓
8	Riverside County, CA	Broward County, FL ↑
9	Maricopa County, AZ	Suffolk County, NY ↑
10	Dallas County, TX	Nassau County, NY ↑

- **Where demand is high, it's staying high. People aren't moving to nearby counties to "get more" now that many don't have to commute.** Counties where interest grew during COVID saw prices increase at a rate greater than before the pandemic. In places where interest declined during COVID, prices remained relatively fixed. Because this data is at the county level, we know that people aren't leaving the county to account for rising prices in popular areas during COVID.
    - Prices rose 3.6% in those counties where share grew after the pandemic (ex., Suffolk, Nassau, San Bernardino, etc.), compared to 2.3% rate of price increase prior to COVID-19.
    - In the counties adjacent to those most popular counties, prices were increasing 3.2% prior to COVID, but that has since flattened to .8% rate of price increase as COVID persists.
    - In those counties where lead share declined (ex., Dallas, Broward, Maricopa, etc.), prices remained relatively flat before COVID-19 and fell -2.8% since the onset of the pandemic.

- In the adjacent counties to those where lead share declined, prices rose slightly, by 1.5%, prior to COVID-19, and continued this slight rise since.



- What is not present in data at the county-level data is the migration from cities to outlying areas where people get more for their money. This behavior has always existed but may have enticed more people to consider it due to the pandemic with decreased commutes for those who can work from home and a desire for more space with so much of a day's events happening in/near one's home. We address this change in the next section.

Where people are buying within a county has shifted, particularly in those spots hit hard by COVID-19 lockdowns - the New York and Bay areas.

- **People have always bought in counties outside New York City; the pandemic appears to have hastened interest.** Most people who live in New York and are able to buy a home don't do so in the City; New York, Newark, and Jersey City are 3 of the top-4 cities with the highest share of renters in the US.[2] COVID-19 compounded the desire to leave the city by purchasing a home;[3] 4 out of the top-5 counties with the largest spikes in demand after March 2020 are around New York City.

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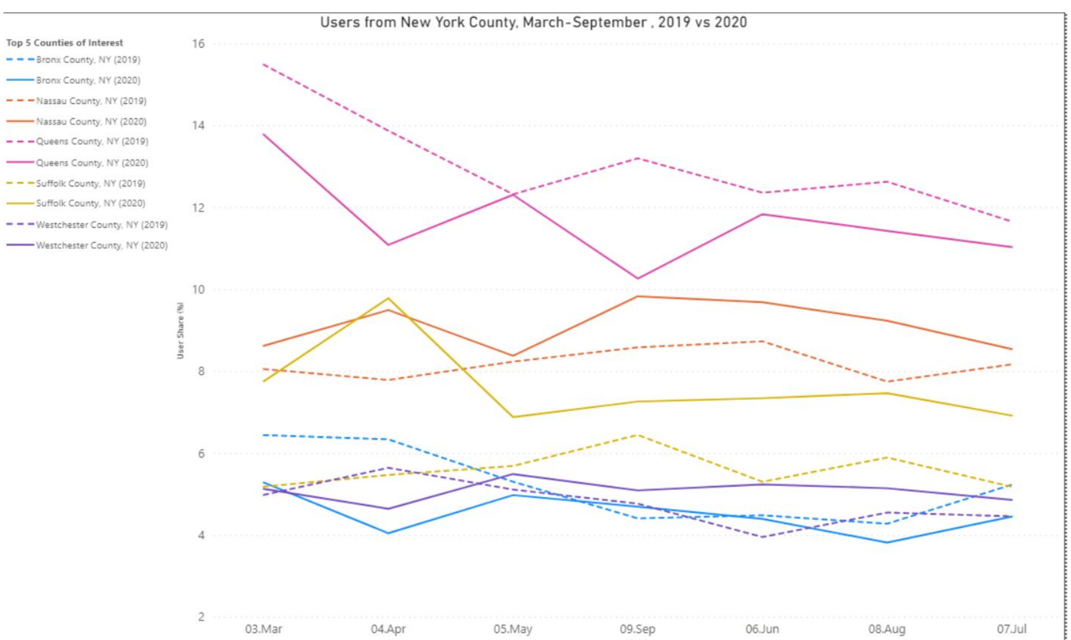
[2] Based on a 2018 study by RentCafe analyzing census data for 2016. Share of renters in Newark 74.3%, share of renters in Jersey City is 70.4%, share of renters in New York is 65.1%.
[3] Several articles have been published addressing city vacancy, including: [moving home to one's parents](), [buying in vacation destinations](), etc.

County	Max Change, COVID-19, Inquiries	Month of Max Change
Queens County, NY	40.19%	June 2020
Westchester County, NY	37.84%	May 2020
Philadelphia County, PA	26.49%	August 2020
Suffolk County, NY	24.73%	May 2020
Nassau County, NY	20.63%	June 2020

We believe that uncertainty around the timing and expectations for returning to work will continue to drive demand from higher-budget shoppers from New York City - whether it's first-time buyers moving out of the city or investment property buyers looking for a vacation retreat.

- Interestingly, searches in Queens County and Bronx County dipped immediately following the COVID-19 lockdowns in New York (and were lower than 2019 search volume), but appear to be normalizing - possibly indicating New Yorkers' initial aversion to denser urban areas immediately following lockdown.
    - Searches from New York City for listings in Suffolk County *increased* 62.4% between February and April of 2020, while searches for listings in Queens County *decreased* 22.2% over the same time.

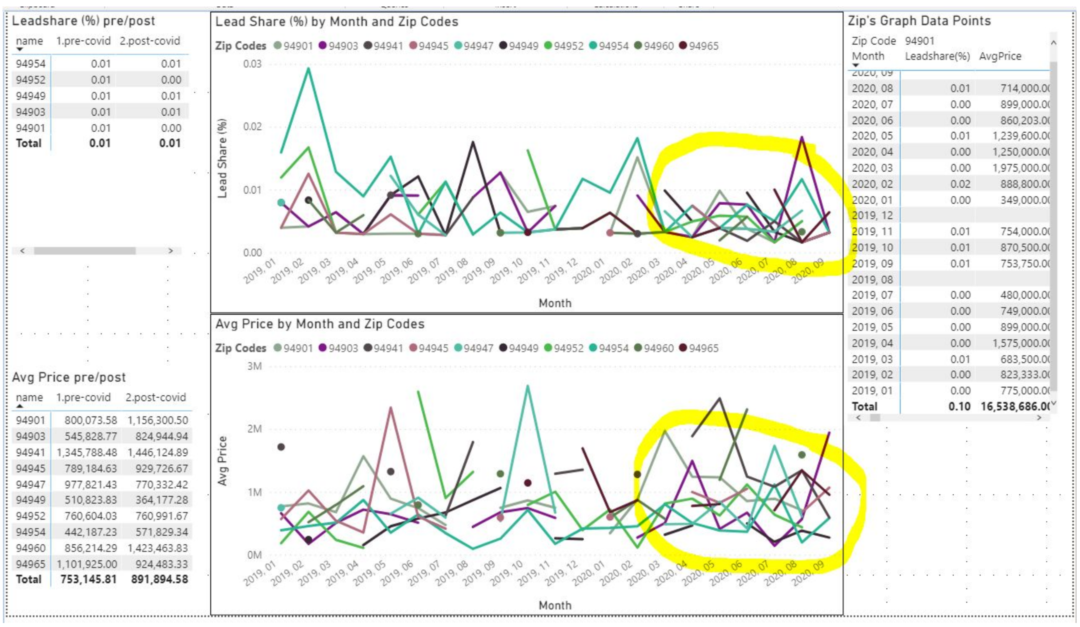


- Queens County has since recovered from an initial decline in search and demand patterns in April, with a significant spike in inquiry volume of 40% in May. The top-zip codes in Queens County remain largely unchanged. However, the average buyer price in Jamaica, an area within Queens County, increased 18% from before COVID.
    - In April 2020 in Jamaica (11432), average price increased 388% due entirely to supply limitations; only 7 listings were posted for Jamaica's zip code when there's usually 30-70 listings.
    - Removing April 2020 as an outlier, the flat inquiry volume and increase in average buyer price since 2016 appears to indicate patterns of gentrification - city dwellers with larger budgets looking to "get more" for their money.

- In Suffolk County, Westchester County, and Nassau County when comparing pre- and during-COVID-19, buyer interest by zip code remained largely the same, but buyer price increased in areas with particularly convenient train access to the city, indicating interest from higher-budget buyers leaving the city.
    - In Suffolk County's Huntington Station (11746) buyer interest increased slightly, but average buyer price increased by 29%, almost $120K. This interest is driven primarily by people with larger budgets to buy, not by higher-priced homes, as actual listings in this zip code[4] haven't changed much.
    - In Westchester County, buyer interest increased amidst the pandemic, but it appears to follow the seasonal trend of previous years. Additionally, the zip codes within Westchester County driving the most interest from buyers remain consistent to those from 2019. However, comparing pre- and during-COVID-19 prices in Westchester, the average price of a home[5] increased by 29% and the average buyer price increased 21%.
    - In Nassau County's Baldwin (11510), there was a 17.2% increase in buyer interest and a 43.5% increase in average buyer price during COVID, which is significantly higher than Nassau's other top-zip codes, which share similar buyer interest increases but where average buyer price increased only 3%.

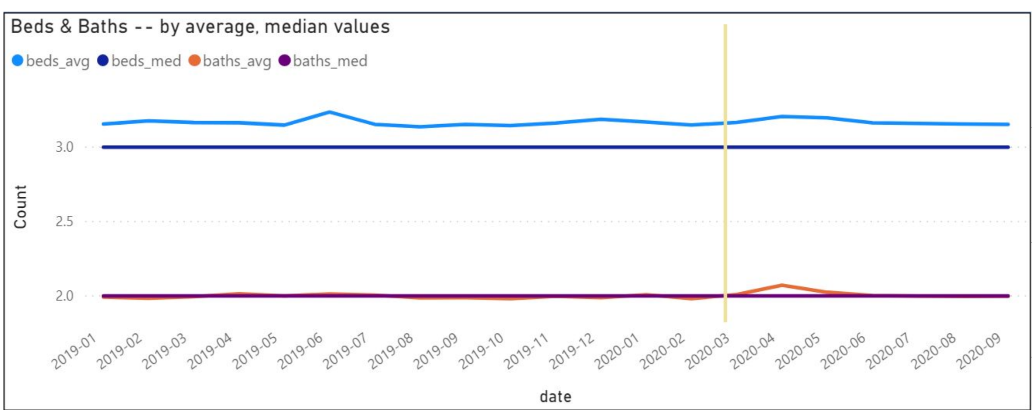
- In the Bay Area's Marin County, a sought after county near San Francisco, demand seems to be spreading beyond the traditional tourist towns. Prior to COVID-19, buyer interest was concentrated in a few zip codes (5). In the wake of the pandemic, buyer interest is now evenly distributed across more than 10 zip codes.

[4] Web listings from Movoto.
[5] Ibid.



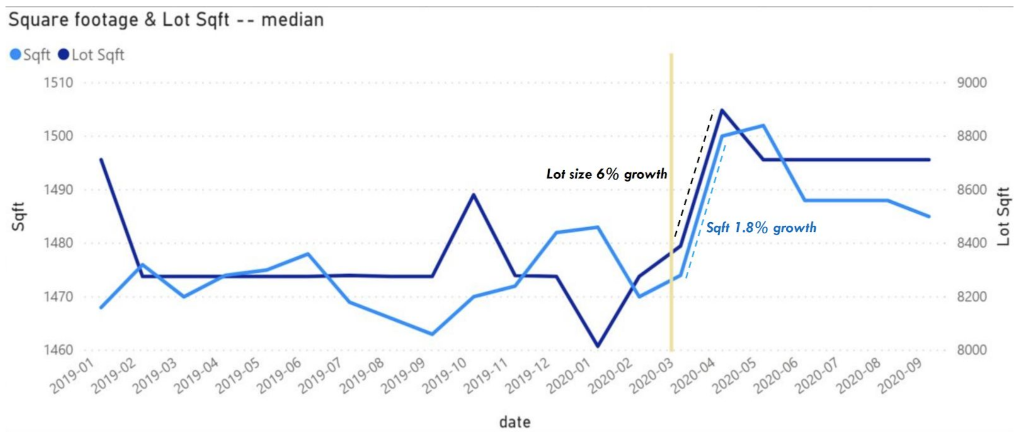
What people want in a home has shifted somewhat. Having (outdoor and flexible) space has increased in importance.

- **One of the first decisions people make when they start searching is how many beds and baths they want, and the desire for the average US home - 3 beds and 2 baths - hasn't changed** in the wake of COVID-19, which surprised us. We thought people would be actively seeking out homes with more rooms to convert into home offices, classrooms, etc.



- **People are actively seeking homes with larger lots but not meaningfully more square footage.**
    - Between March 2020 and April 2020, the median preference for lot size grew 6% amongst Movoto users. It grew by more than 700 square feet between January 2020 and September 2020.

- Between March 2020 and April 2020, the median preference for square footage grew by only 2%, 45 square feet, from a low in September 2019. We assumed this would be greater.



- **People's desire for more (utilitarian) space is reflected in the features most added** to their profiles. In terms of most desired features in a home, our AI-powered home buying advisor OJO allows customers to add their most desired home features to their profile - from modern kitchens to homes with a view - so OJO can send them recommendations of homes that fit this profile.
  - In Chicago, 31.3% of customers who added an attribute to their profile added 'Basement,' 26.3% added 'Backyard,' and 17.8% added 'Laundry Room.'
  - In Dallas, 29.7% added 'Backyard,' 27% added 'Central Air Conditioning'
  - In LA, 21% added 'Laundry Room,' 21% added 'Backyard,' 18% added 'Walk-in Closet'
  - In Austin, 37% added 'Backyard,' 36% added 'Walk-in closet'. Interestingly, 21% added 'Open Floor Plan,' which surprised us. With so many people working from home, we assumed that 'Open Floor Plan' wouldn't be a sought after feature in an effort to construct privacy and separate work space.
  - In Phoenix, 30% added 'Fans,' 25% added 'Backyard,' and 21% added 'Walk-in Closet.'

How people shop for homes has definitely changed in the wake of COVID-19 - and tools are evolving to address these changes.

- **People like to see homes. It's why they come to Movoto and OJO. But how people are viewing homes has changed.** The desire to see homes persists, but going in person during a pandemic requires more consideration, so people are finding ways to get a good sense of a home before they decide if they want to visit a home. Virtual tours are addressing this need. Since March of 2020, availability of both traditional virtual tours (ex., photo galleries) and enhanced virtual tours (ex., video) have grown, where the incidence of both was flat or declining in most markets prior to COVID-19. Enhanced virtual tours became more prevalent in every market following March 2020.

- Traditional virtual tour availability has declined in several markets since March 2020, namely Chicago, Miami, Phoenix, Baltimore, and Atlanta.
- In the Austin area, availability of traditional virtual tours grew 147% between March 2020 and August 2020, availability of enhanced virtual tours grew 1147% over the same time period.
- In the Chicago area, traditional virtual tours were becoming less available before COVID-19 (-29%), and that downward trend has continued beyond March 2020 (-16%). Enhanced virtual tours were less available before COVID-19 (-32%) but have become more prevalent during it (196%).
- In the San Francisco area, traditional tour availability remained relatively flat before March 2020 (-2%), but increased 61% since. Enhanced tours were declining (-11%) before COVID-19 but have increased 209% since March.

Conclusion

When we set out to explore pandemic-related behavior changes in home shopping and buying, we expected to see widespread impact on location and feature preferences. Based on our team's own COVID-19 experience and what we read in the industry press, we thought that everyone wanted to flee cities, buying homes with an office and a large backyard. What we see in both demand and preference patterns tells a more nuanced story. It's not that the behavior doesn't exist; it's simply that the behavior changes aren't as broad (impacting a lot of people) or as deep (indicating clear preference shifts from before COVID-19) as we thought. However, it only takes a slight shift in buyer behaviors and preferences to impact markets in a significant way.

Those counties that are the most popular in terms of inquiry volume remain popular. The zip codes that are popular places to purchase near major metro areas like New York and the Bay Area also remain popular. People aren't actively looking for an additional bedroom to accommodate that home office. However, there are behavior and preference shifts likely caused by COVID-19: initial declines in demand in dense urban zip codes, increased popularity in owning a vacation home, and increased popularity in larger lot sizes and homes with a backyard.

As to which of these shifts might indicate long-term buyer behavior and attitude changes, it's too soon to tell. What is clear is that the way people shop for a home has changed with the increased availability of enhanced virtual tours. While safety concerns may have inspired many agents and sellers to make enhanced tours available, the convenience they afford to buyers using them to narrow down which listing are viable options (and worthy of an in-person visit) will remain.