

# Top Agent Insights

## Spring 2021 Report

Inside the inventory shortage: An exploration of what's driving supply to rock-bottom lows and proposed solutions for relief.

How vaccines, warm-weather, and a 'school's out' homebuying rush could add fuel to an already-hot housing market.

Pools, backyards, and basements: What are the best features for hosting guests once it's finally safe to do so?



# About this survey






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HomeLight's Top Agent Insights report for the Spring of 2021 was fielded between Feb. 18-March 2, 2021, through an online poll of 1,378 real estate agents across the country. Agents were selected to participate in the survey based on the [same performance data](#) HomeLight uses to identify top real estate agents for hundreds of thousands of homebuyers and sellers nationwide.

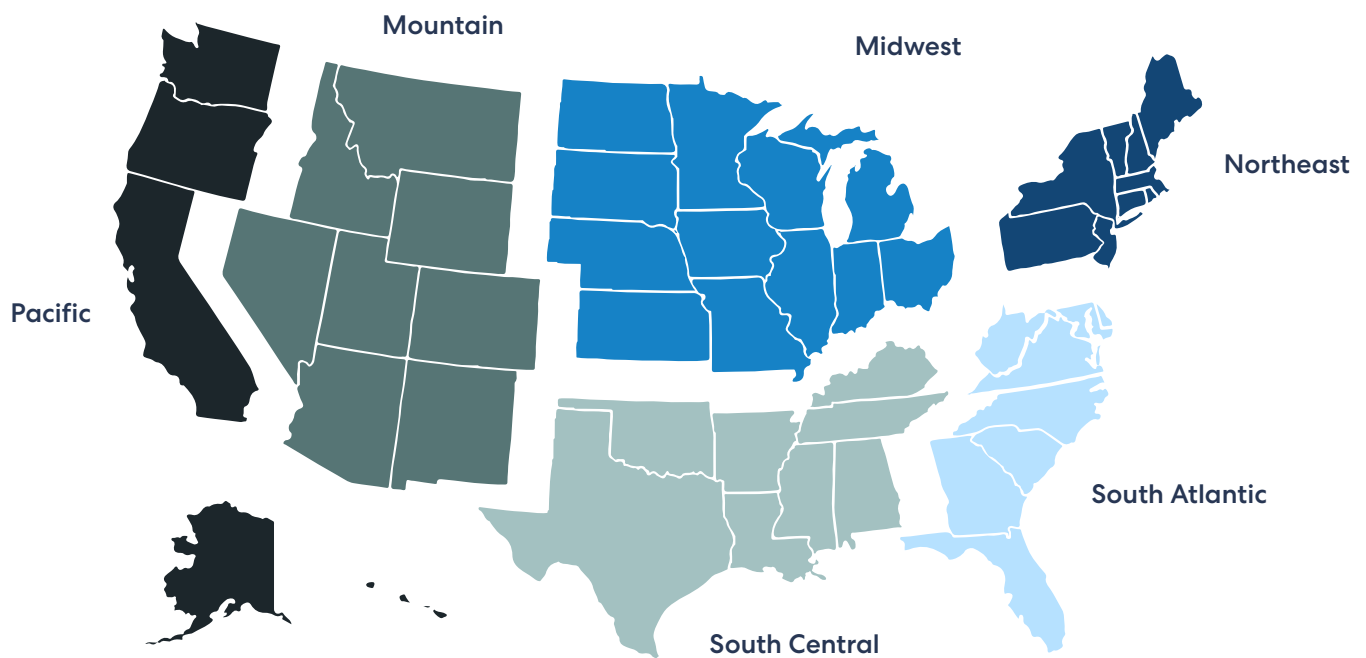
**Survey data for previous quarters can be accessed at the links below:**

- [Q4 2020: New Year Off to Strong Start for Housing](#)
- [Q3 2020: Pandemic Spurs Home Buying Rush](#)
- [Q2 2020: Real Estate's Coronavirus Comeback](#)
- [Q1 2020: Coronavirus Chills Spring Housing Market](#)
- [Q4 2019: Don't Sludge Through Your Winter Sale](#)
- [Q3 2019: Tackle Fall Maintenance and Sell in the Off Season](#)
- [Q2 2019: Amp Up Your Curb Appeal](#)
- [Q1 2019: Spring Selling Tips and Staging Secrets](#)

**Data is sorted by market type as follows (based on U.S. Census Bureau population estimates of [metro statistical areas](#)):**

-  Superstar city with global influence (i.e., New York, LA, SF Bay, D.C., Seattle, Boston)
-  Second-tier city (metro area with approx. 1 million+ population such as Denver, Portland, Tampa)
-  Third-tier city (metro area with approx. 500,000- less than 1 million population such as Albuquerque, Albany, Bakersfield)
-  Smaller city (metro area with approx. 100,000-499,999 population such as Iowa City; Napa; Columbia, Mo. and other university towns)
-  Small town or rural area (population less than 100,000)





**Pacific:**

Alaska  
California  
Hawaii  
Oregon  
Washington state

**Mountain:**

Arizona  
Colorado  
Idaho  
Montana  
Nevada  
New Mexico  
Utah  
Wyoming

**Midwest:**

Illinois  
Indiana  
Michigan  
Ohio  
Wisconsin  
Iowa  
Kansas  
Minnesota  
Missouri  
Nebraska  
North Dakota  
South Dakota

**South Central:**

Alabama  
Kentucky  
Mississippi  
Tennessee  
Arkansas  
Louisiana  
Oklahoma  
Texas

**Northeast:**

Connecticut  
Maine  
Massachusetts  
New Hampshire  
Rhode Island  
Vermont  
New Jersey  
New York  
Pennsylvania

**South Atlantic:**

Delaware  
Florida  
Georgia  
Maryland  
North Carolina  
South Carolina  
Virginia  
West Virginia  
Washington, D.C.



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# Seller's Market Sizzles Across the Nation With a Hot Spring and Summer on Deck

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With the exception of 2020, the arrival of spring and the first tastes of summer typically bring some much-needed levity. This year, that sunny-skies-ahead, brimming sense of hope feels amplified, if still hedged with caution. Vaccines and a yearning for normalcy have Americans clutching onto hope with white knuckles. But what will this new phase of the pandemic mean for real estate, an industry recognized for its ability to thrive in spite of COVID-19? Here's what to expect for housing as more vaccines are given and the seasons change for the warmer across much of the country.

# The big vaccine push and another school year wrapped: What the coming months could mean for real estate

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Hallelujah, spring is here! And while it may feel like déjà vu as you attend another Zoom meeting in stretchy pants, this is not 2020. Coming off the most challenging of years, rumblings of change are afoot, and that end-of-tunnel light looks brighter every day.



[Vaccine supply](#) is surging. The President has set a goal for [universal vaccine eligibility by May 1st](#). Americans can't help but imagine finally hugging their parents or buying that first rock concert ticket. It's a pleasant shift, and a huge relief [for the economy](#). And while signs of normalcy provide glimmers of hope, there's yet another event to look forward to: peak real estate season.

Now, "peak" is a relative term given the past year's real estate frenzy. In case you haven't noticed, the pandemic has caused former renters and city dwellers to flood the housing market in search of a roomier abode at record speed.

This sudden migration known as the Great Reshuffling has [boosted home values across the nation](#) to a massive degree. One report from CoreLogic shows a [\\$26,300 supercharge in average homeowner equity](#) in the fourth quarter of 2020, a remarkable 16.2% leap.

While Americans get house rich, however, questions remain about the sustainability of a market that's been thrown so drastically out of whack. The billowing swell of housing demand has left inventory in a [state of crisis](#), with concerns that the supply of homes will run out if more don't come on the market soon.

That brings us to where we are now, on the cusp of a warm-weather real estate rush that will unfold amid the largest vaccine campaign in U.S. history, the end of a highly unusual school year, and a dire inventory drought.

It will be an interesting period for real estate to say the least. Despite market challenges, 84% of agents remain optimistic about the year ahead — an all-time high for our survey.

To shed more light on what's to come, here's what top real estate agents across the nation say they're seeing, and how they expect the rest of the spring and summer to play out on the heels of this prolonged housing craze.

## 8 key trends shaping the 2021 housing market

### 1. Seller's market conditions continue to intensify and spread.

The market keeps heating up in relentless fashion. Virtually everywhere in the country, sellers have the upper hand in real estate. In Q1 2021, 97% of agents said that it was a seller's market, the highest level recorded since HomeLight started tracking this metric in Q1 2019. Only 1% of agents say that it's a buyer's market (while 1% describe the market as "balanced," and 1% as "other").

The first quarter numbers are up from 92% of agents in both Q3 and Q4 2020 who reported seller's market conditions, indicating the market has only built momentum since the turn of the calendar year. The annual comparison is even more dramatic: Just before the pandemic hit in Feb. 2020, 77% of real estate agents reported seller's market conditions — a strong majority, yet still 20 percentage points lower than our most recent polling.

### 2. Home prices won't be tamed as inventory shrivels.

Driving the seller's market is a severe lack of inventory. Headed into spring, 91% of agents said inventory was lower than they expected, compared to 73% the year prior, according to our survey.

Data from the National Association of Realtors further confirms that housing supply [dropped 29.5%](#) year-over-year in February to a record low of 1.03 million units.

Ferocious demand for a measly amount of homes has fueled steep growth in home values. The vast majority (93%) of agents say home prices are on the rise in their market, up from 74% last quarter, our report reveals.

NAR echoes that existing home prices rose [14.1%](#) annually in Jan. 2021. In other words, a house worth \$266,300 at the start of 2020 is now worth \$303,900.

We can expect prices to soar this spring and summer, too. Looking ahead, 73% of agents predict that home values will rise over the next 6 months, compared to 65% who said so the year prior.

### 3. Mortgage rates remain historically low, contributing to more bidding wars.

Meanwhile, 94% of agents say bidding wars on the rise or at their peak, while 97% say low mortgage rates continue to boost buyer demand, on par with the quarter prior. Even though mortgage rates [have risen in recent weeks](#), they have a long way to go before they're considered "high" or even "moderate" by historical standards. Top agents say that any rate increase will likely [have to be significant to dampen demand](#) in any kind of noticeable way.

### 4. Vaccines are impacting American housing markets at different rates, likely due to uneven distribution.

Headed into 2021, [50% of agents](#) said that a widely distributed vaccine would encourage more sellers to enter the market and unlock some inventory. So how has that panned out so far?

Nationally, 22.2% of agents say vaccine distribution is affecting their real estate market, according to our survey. However, vaccines are having a heavier impact on some regions and market types.

## 31.3%

For example, coming in above the national average, 31.3% of agents in the Northeast region say vaccines are making an impact on their market.

This trend aligns with vaccination data from the *New York Times* showing that the Northeast is one of the only places with several states — including Maine, Vermont, Connecticut, and New Jersey — [where the share of total population given at least one shot exceeds 25%](#) as of mid-March.

The Pacific Coast came in second among the regions with 25.5% of agents seeing an impact. In addition, 28.1% of agents in “superstar” cities — (i.e., New York, LA, SF Bay, D.C, Seattle, Boston) — say that vaccine distribution is impacting their market.

Agents in the Mountain (17.4%) and South Central (14.7%) region were least likely to see an impact. Meanwhile, small towns and rural areas, (22.3%) as well as smaller cities such as university and college towns (22.1%), had a higher concentration of agents say that vaccine distribution is affecting their market than second or third-tier cities.

Competition for a limited supply of the vaccine is often higher in larger cities, making it harder to get an appointment. According to recent news reports, some urban residents have [flocked hundreds of miles to smaller communities](#) for their shot. This could in part explain the discrepancy.

### 5. Limited vaccine rollout is putting potential sellers in planning mode.

In our latest survey, 53.6% of agents in markets where the vaccine is starting to have an impact say that sellers are still hesitant to list, but some are making plans to move later in the year. In addition, 17.8% say people who’ve been vaccinated in their market (boomers, health care workers, first responders, etc.) are now going ahead with their moves — and it’s possible this trend could grow as distribution increases.

In the meantime, 42.0% of agents where vaccines are making an impact say buyer demand has increased as the promise of a vaccine lures them out of hibernation. This indicates that vaccine distribution will likely fuel both real estate demand and supply, but given the inventory situation, supply has a lot of catching up to do.

### 6. The end of the school year could bring yet another homebuying rush.

School’s out! So let’s buy a house? Many Americans could be thinking along these lines.

## 53.5%

Our survey reveals that 53.5% of agents say once school’s out, parents will take the opportunity to relocate at a higher rate than they have in past years.

Summer is always a popular time for parents to move; it’s a lot easier to transfer school districts without pulling the kids out of class in the middle of their curriculum. But a year spent cooped up at home — and the continuation of low mortgage rates — could



drive even more families to purchase a home than usual in the upcoming vacation months.

#### **7. Whenever full-time, in person school resumes, it could have a ripple effect on housing.**

Even if parents continue to work remotely, most kids will eventually be back in physical school full time. As such, 49.3% of agents say parents who bought homes in vacation / second markets will return to their main home for the school year and rent out their second residence for at least part of the year.

Other parents are ready for that permanent vacation. Over a third of agents (32.2%) in our survey say parents who bought homes in vacation / second home markets will use summer 2021 to transfer their kids to a nearby school and put down roots where they can all enjoy more space and outdoor access. Some of these parents, our survey reveals, will take the opportunity to sell their main residences.

#### **8. The economy is still hurting, and some homeowners will need help paying their mortgage at least into the summer.**

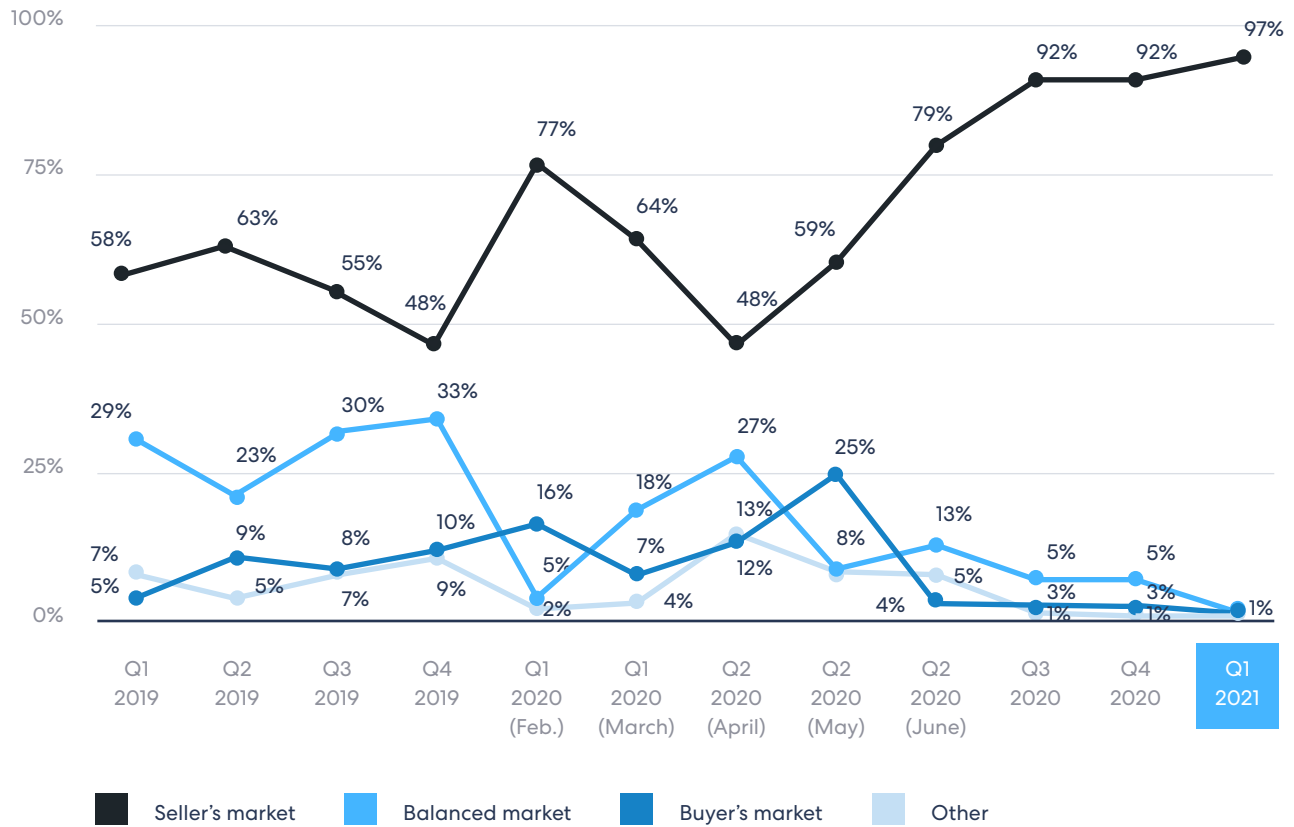
The jobs market is headed in the right direction with incremental improvements, including the addition of [379,000 jobs](#) in February, according to data from the Labor Department. A surge in hiring, including in bars and restaurants, helped the unemployment rate recover a bit more to [6.2%](#), down from 6.3% the month prior. But many Americans, some of them homeowners, remain financially vulnerable as we embark on year two of COVID-19.

To provide additional relief, the Biden Administration recently extended mortgage forbearance plans as well as the foreclosure moratorium through June 30, 2021.

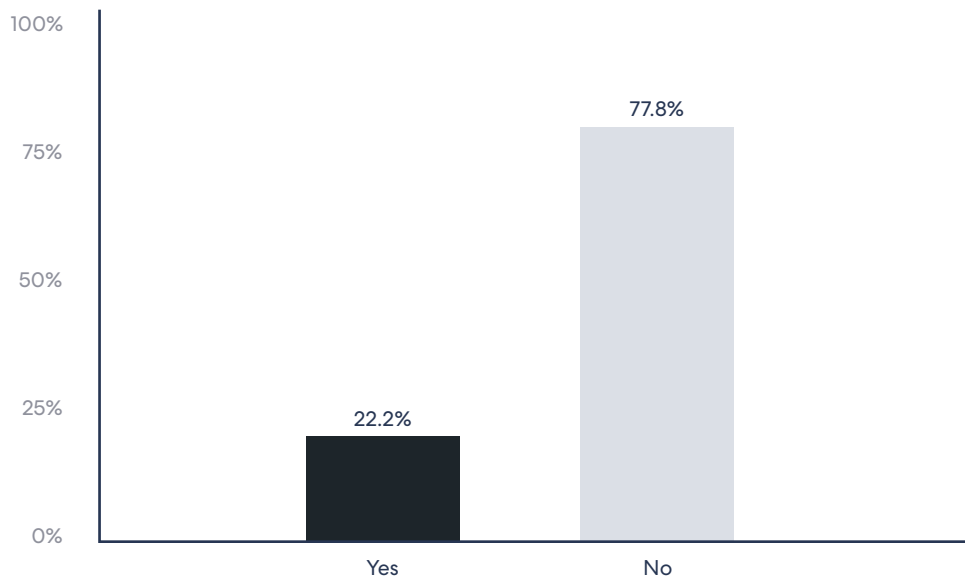
In light of this change, our survey shows that 13.1% of agents have heard of homeowners requesting these forbearance extensions, while 17.1% have heard rumblings of extension requests in other markets.

As of March 15, [5.14%](#) of mortgage loans representing 2.6 million homeowners remain in forbearance, down from 5.2% the week prior, according to data from the Mortgage Bankers Association. However, a report from [legal analysts at JDSupra](#) notes that “the inability of homeowners to pay their mortgages remains widespread.” The ramifications of those forbearance plans ending, their report notes, could largely depend on how regulators ease the impact and which options are presented to borrowers who are still struggling.

## How are agents describing local housing market conditions?



Is **vaccine distribution** affecting your market?

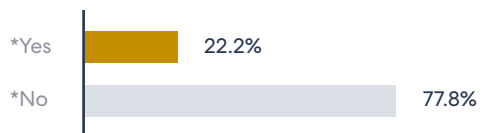


## How is **vaccine distribution** affecting housing markets from **region to region**?

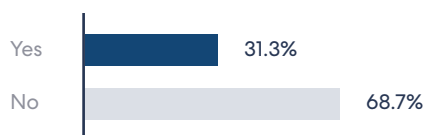
**\*Yes**, vaccine distribution is affecting my market

**\*No**, vaccine distribution is not affecting my market

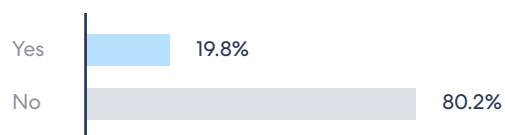
### National



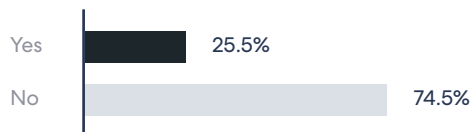
### Northeast



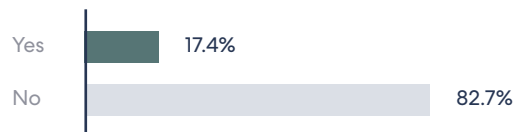
### South Atlantic



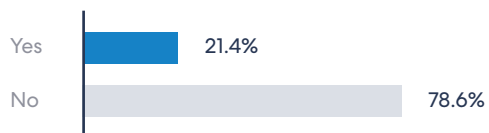
### Pacific



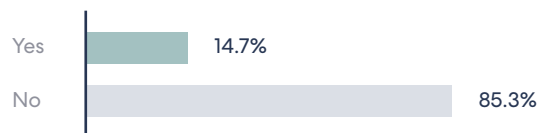
### Mountain



### Midwest



### South Central



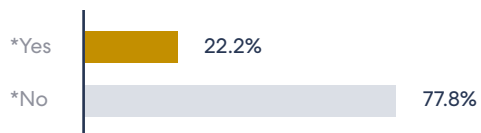


## How is **vaccine distribution** affecting housing markets of **different sizes and influence**?

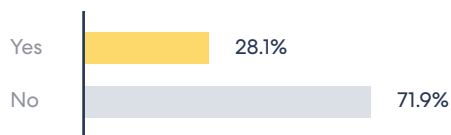
\***Yes**, vaccine distribution is affecting my market

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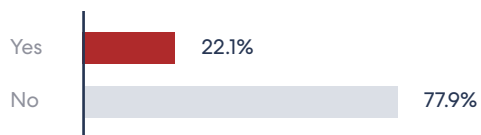
### National



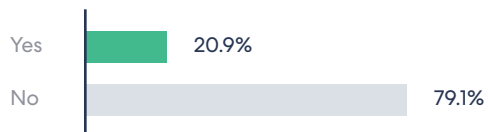
### Superstar cities



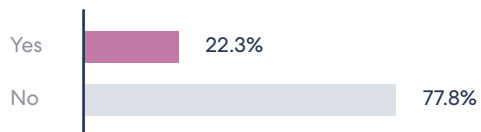
### Smaller cities



### Second-tier cities



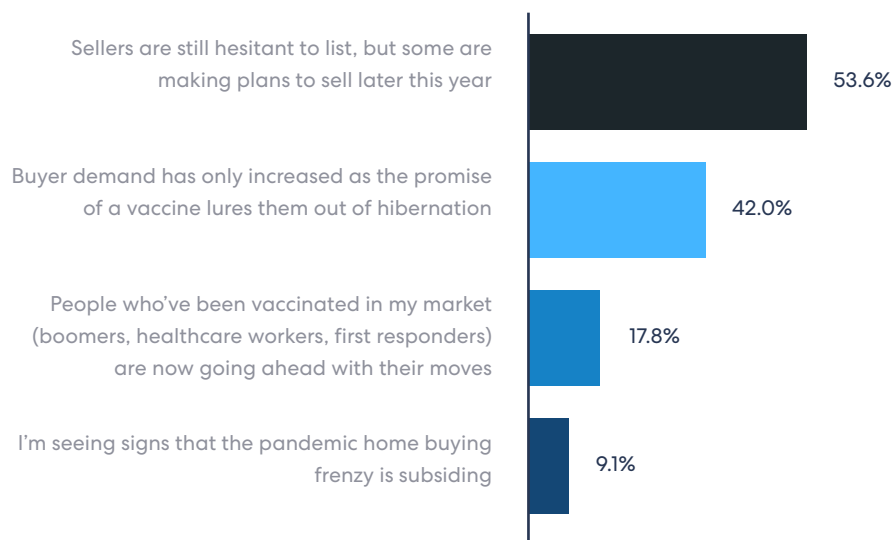
### Small towns or rural areas



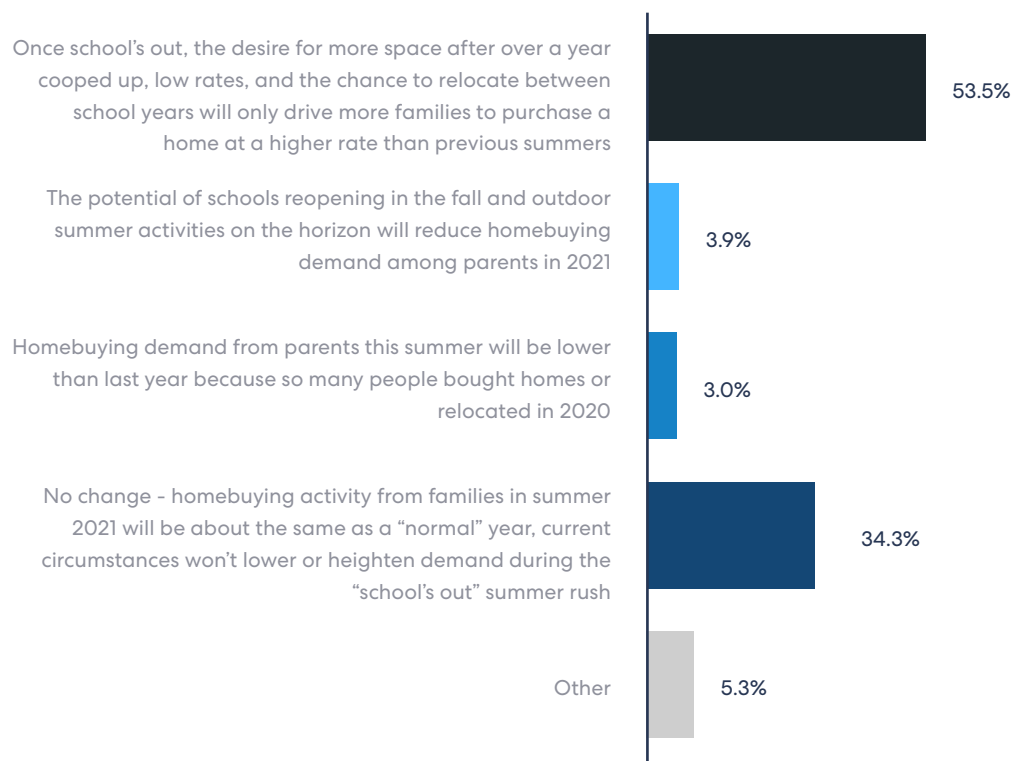
### Third-tier cities



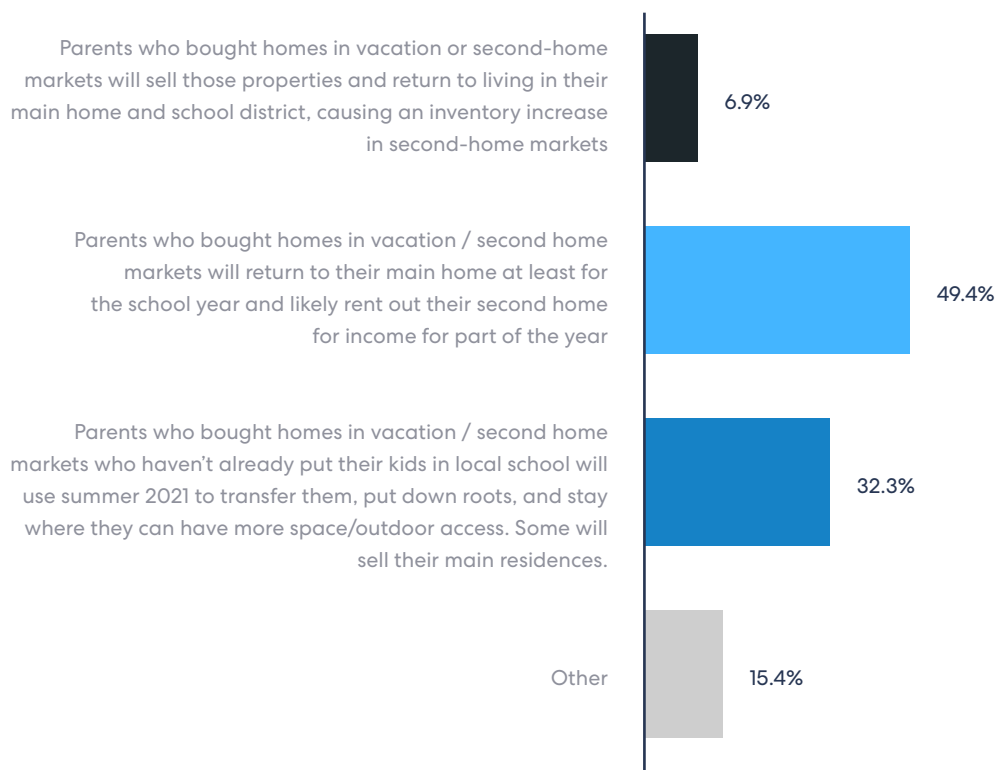
If **vaccine distribution is making an impact** on your market, which of the following effects have you seen? (Check all that apply.)



With **summer approaching**, which of the following do you believe will be most true of **homebuying demand among families**?

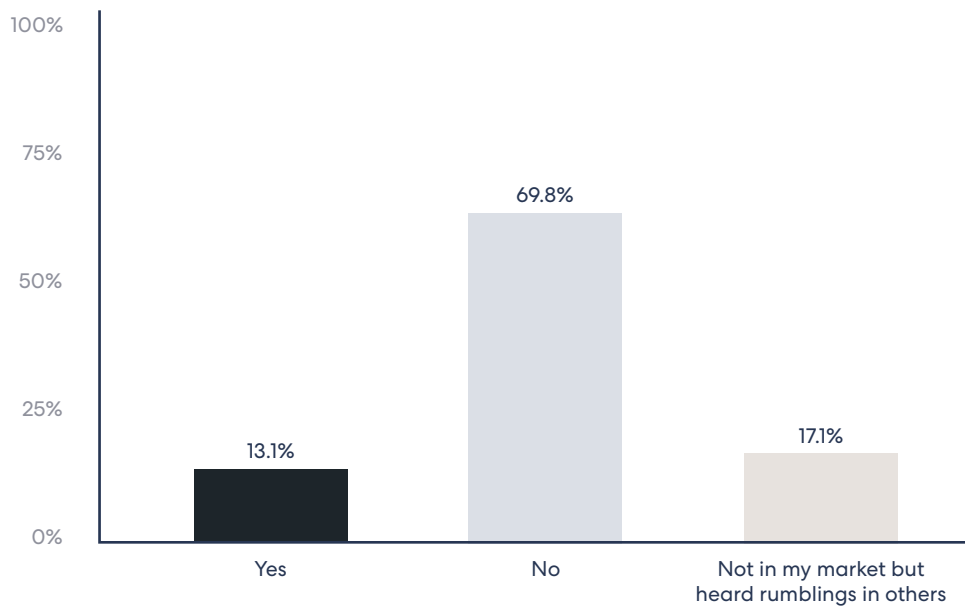


Even if parents continue to work remote, kids will eventually be back in physical school full time. How do you see the **end of remote schooling affecting the second homes market?** (Check all that apply.)

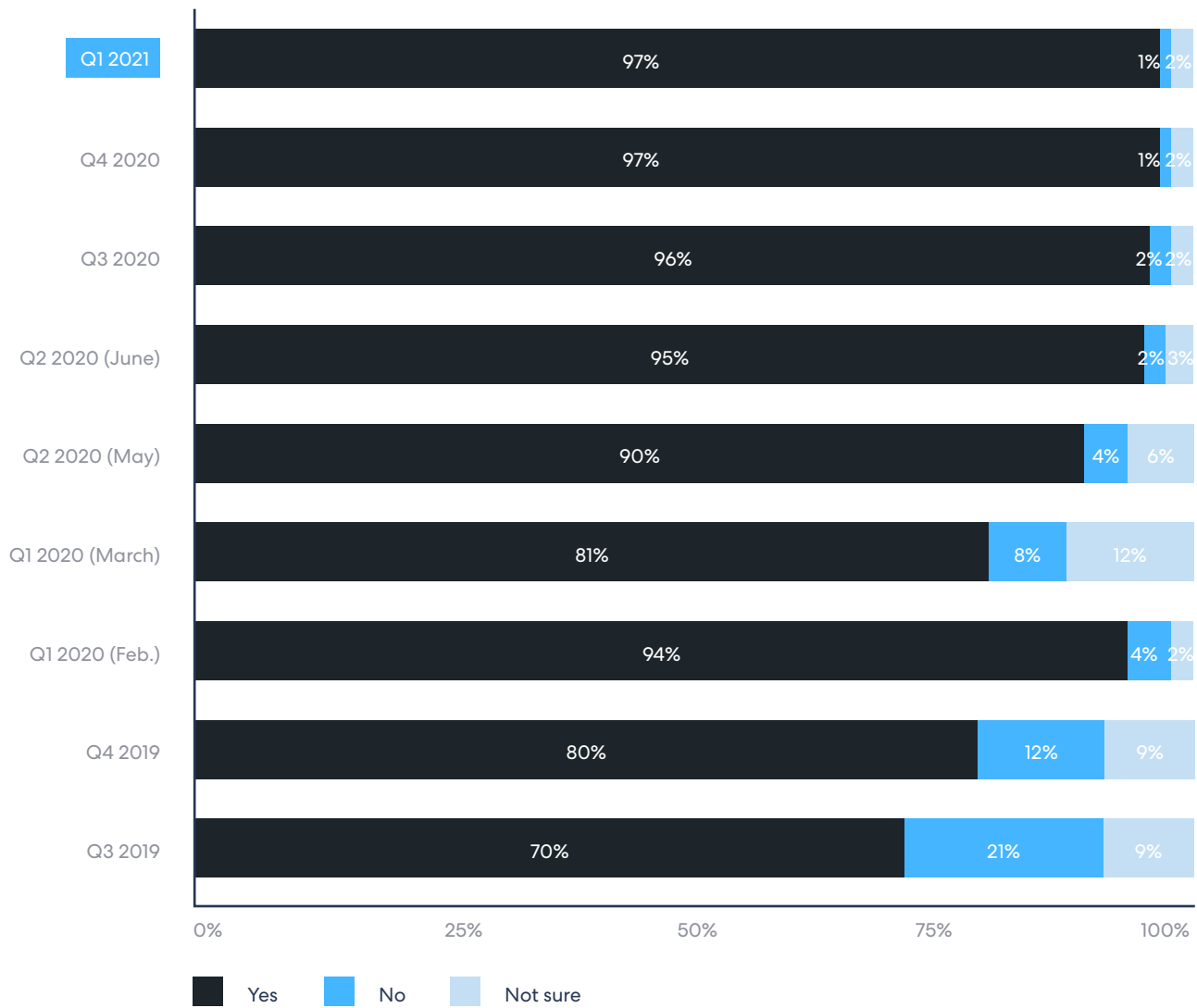




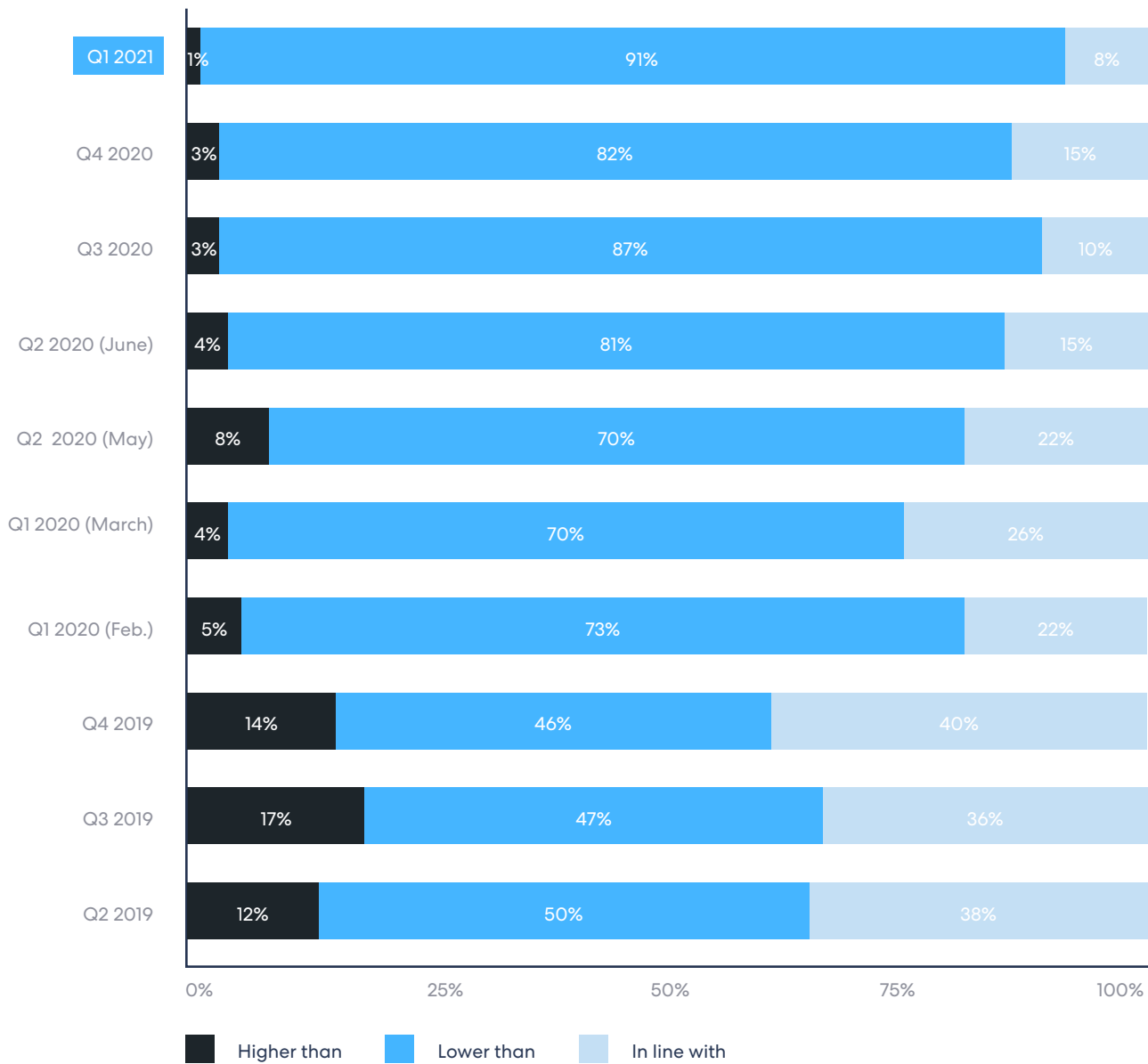
Forbearance plans (and the foreclosure moratorium) were extended to the end of June. Have you heard of **homeowners requesting extensions** lately?



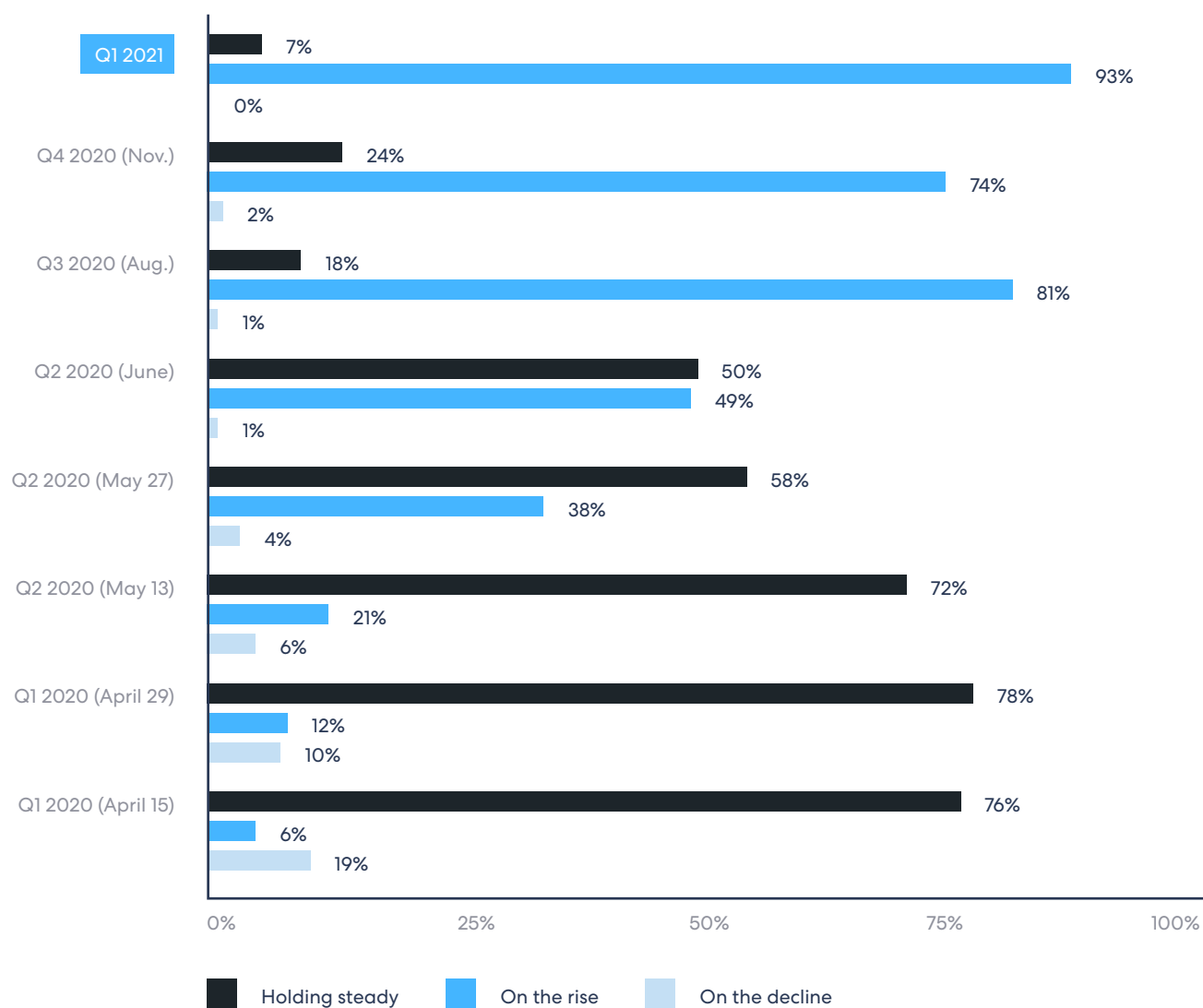
Low interest rates continue to **boost buyer demand**:



Inventory is \_\_\_\_\_ what I expected this quarter:

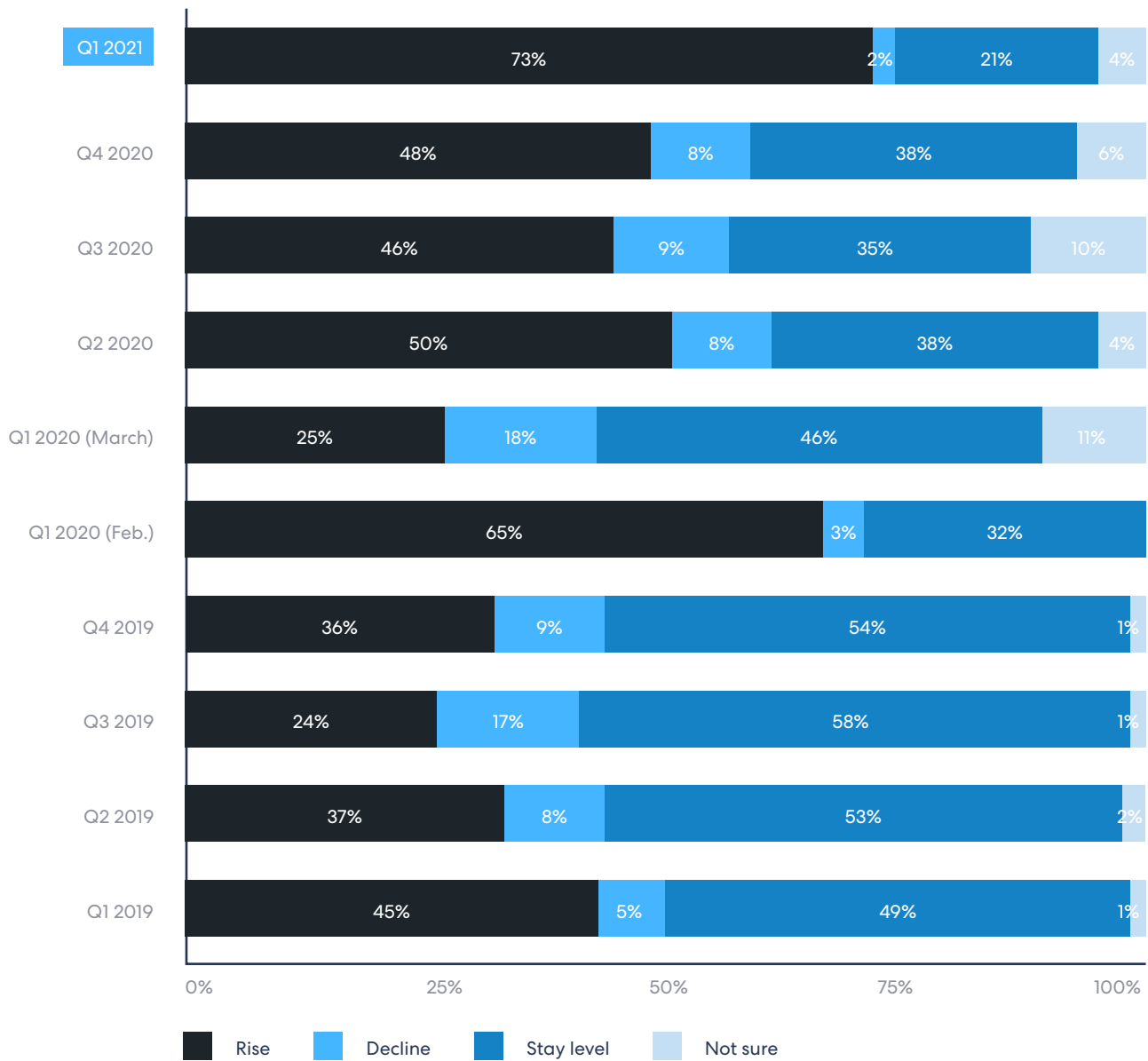


## Home prices in my market are:

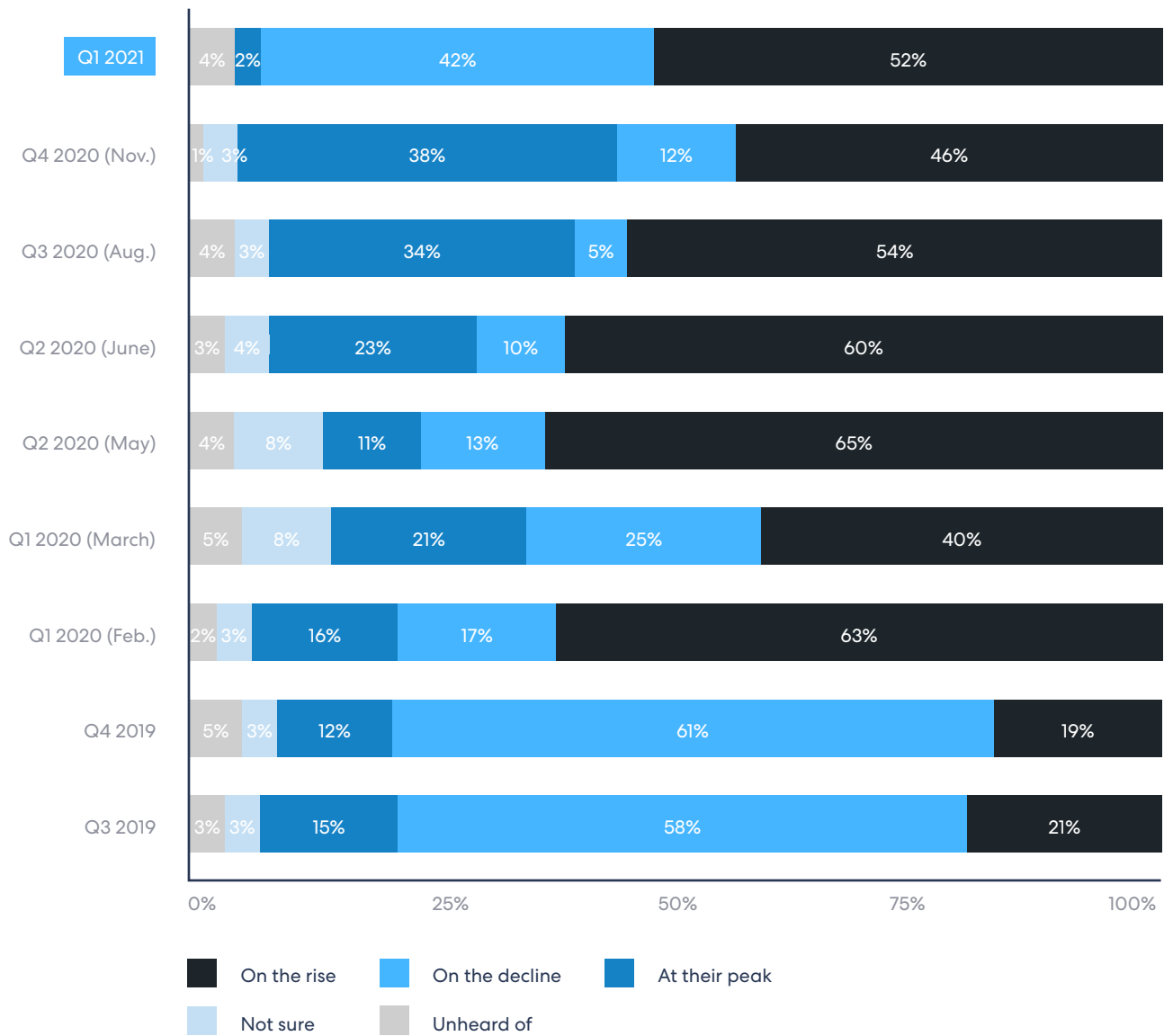




Over the next 6 months, I believe **home values** in my market will:



### Bidding wars in my market are:



# The Desperate Cry for Supply: An Inventory Desert Poses Long-Term Housing Challenges

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Home prices are going up in real estate, but that doesn't mean conditions are optimal. In a healthy housing market, buyers aren't hamstrung by such a severe lack of options. When supply gets too low, such as now, the imbalance will start to suppress the rate of home sales. With the state of inventory being the talk of the town in real estate, let's take a deep dive into what's causing the supply shortage and which levers might be available to provide some balance in the market.

# Historically low inventory puts ceiling on home sales

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In January 2021, pending home sales — a measure of how many real estate contracts are signed (but not closed) in any given month — [slipped 2.8%](#), according to the National Association of Realtors (NAR). Since contract signings are a forward-looking measure of closings in the coming months, they are often a harbinger for a market pickup or slowdown. In this case, however, the drop in pending sales was hardly evidence of buyers losing interest.

The reason for the dip, as explained by NAR Chief Economist Lawrence Yun, was that “there are simply not enough homes to match the demand.” NAR data from February shows that unsold inventory sits at a [2.0 month supply](#), whereas a six-month level of supply represents a balanced housing market.

This extreme seller’s market has created a real estate environment where multiple — sometimes dozens — of offers on homes is the norm, and the queue of buyers waiting for their chance at homeownership keeps growing.

Unlike toilet paper or canned goods, housing takes time to build and replenish. Therefore, solutions to creating a more stable housing environment will be complex, and the ramifications long-lasting. Here’s what top agents across the country anticipate will be some of the first levers of supply relief, and how they’re seeing their market being shaped by the shortage.

## What’s happening with inventory? 10 keys to grasping the shortage — and when to expect relief

### 1. The pandemic took already-low inventory to rock bottom.

This is not the first time in recent history that the U.S. has experienced low housing supply. Recovery from the Great Recession brought a seller’s market across much of the country for an extended period. The roots of the inventory shortage stem in part from [years of underbuilding](#) since the 2008 market crash and demographic trends like [boomers staying in their homes longer](#) than past generations.

But while these market fundamentals remain to keep supply tight, there have been two types of low inventory situations — pre-pandemic, and post-pandemic — and latter is far more extreme.

Our data bears this out. In our survey, 94% of agents say the inventory shortage seen in the past year (and



even before that) continues to get more severe. This spring, 91% of agents say inventory is lower than they expected, up from 73% the year prior.

## 10%

Only 10% of agents say they believe pent up demand could soon be satisfied, helping to reduce pressure on supply.

With inventory so low coming into the pandemic, it didn't take long for homebuyers to quickly deplete any excess. The sharp and sudden rise in demand — driven by remote work, a shift in our preferences at home, and low mortgage rates — ran supply dry like never before.

### 2. Most markets need a fresh batch of new homes (or several) but barriers to new construction remain.

Between April 2020 and Oct. 2020, the pool of newly constructed homes in the U.S. dropped sharply from **6.8 to 3.5 months** of supply. Despite heightened demand, which usually lights a fire under builders to produce more, the market is still feeling that loss despite incremental building improvements in recent months.

Complicating matters is that lumber mills had to shut down early on in the pandemic. This created a supply shortage, causing lumber prices to skyrocket **200% since April 2020 and adding \$24,000 to the cost of a new home**, according to the National Association of Home Builders.

Given these complications, only 9% of agents in our survey are hopeful that new construction will pick up as the first lever to ease the inventory shortage

in their market. But 31% say a streamlined permitting and review processes for new construction would help.

According to housing policy platform Local Housing Solutions, the process for obtaining permit approval for new construction in some cities and counties can be so onerous that it **dampens development and hikes up the costs** of building significantly.

### 3. Sunshine, bright green lawns, and more listings? That's the hope!

What's it like outside today? Hopefully the radar reads sunny skies with a chance of for-sale signs. We were curious to know when to expect inventory relief (if ever) in this crazy market, and 35% of agents say that spring or warmer weather will be the first lever to ease the shortage. However, this supply is likely to go fast: 73% of agents also say that the spring and summer season will encourage house hunting, too. Buyers are likely to snatch up whatever comes on the market quickly.

### 4. Potential sellers are seeing this crazy market ... and bailing.

It's a vicious cycle: 69% of agents in our survey say that would-be sellers don't want to sell — because not enough people are selling! This indicates that the market needs new construction to pick up and offer some more options, or many sellers aren't going to budge. They simply don't know where they'd move to. Keep in mind that homeowners who try to navigate buying and selling at the same time represent a sizable slice of the market; according to NAR's Profile of Homebuyers and Sellers, **72% of repeat buyers in 2020** owned their previous residence.

### 5. ‘Can I stay a little longer?’ Seller rent-backs have become commonplace.

The brave ones who do sell their homes with no place to go are relying on [rent-backs](#) to navigate their precarious position.

**28%**

In our survey, 28% of agents say an increasing portion of sellers are using rent-backs — also called sale-leasebacks or holdovers — that allow the seller to stay in their home for a designated period of time after closing.

A rent-back buys a little time to line up your next living arrangements with the buyer as temporary landlord. Not what some would call an ideal situation, but it beats the double move or crashing on someone’s couch!

### 6. Wild bidding wars could have lasting consequences.

In this environment, buyers are going above and beyond to make their offer stand out — and so far, only 13% of agents say buyers will soon be frustrated enough by bidding wars to step away from the market. However, the victorious win of the gorgeous two-story with hardwood floors and crown molding could lead to financial strain for some buyers who find themselves overextended.

In our survey, 67% of agents say they’re worried that buyers are making overpriced offers, increasing their risk of taking a loss on the home down the road.

**24%**

Meanwhile, 24% are worried that homeownership is becoming more of an “exclusive club” as some buyers get priced out.

### 7. Shots in arms could mean for-sale signs in yards.

The uncertainties of COVID-19 and worries about spreading the virus have played into the inventory shortage as well. Amid a recession, many homeowners have clutched onto their equity and decided they’d rather not open their home up to strangers for the time being. Fair decision!

However, a vaccine could allay those concerns and turn the tides; over a quarter (26%) of agents in our survey say vaccine distribution will be the first lever to ease the inventory shortage in their market by encouraging more sellers to list and helping to balance the scales. In addition, when asked about how to fix the shortage, 31% of agents said that the most effective solution will be to reach herd immunity with vaccination.

### 8. The suburbs are hot, but so is that brick gem in the heart of the city.

Much of the pandemic narrative has focused on the migration away from urban centers. However, not every city is suffering from a lack of housing demand. In fact, 66% of agents say that inventory is severely down in the city and outside of it. An article from the *Star Tribune* reported that homebuyers have continued to [flood the Minneapolis market](#) in search of single-family homes, while favoring those with over 2,000 square feet. In essence, that brick-wrapped residence perched on a historical street near the action is going to go fast, too.

## 9. Financially distressed homeowners are so far choosing forbearance over selling.

Theoretically, a homeowner struggling to keep up with their mortgage payments — perhaps due to a job loss during the pandemic — could ride the tailwinds of this hot market toward a profitable sale. However, this type of decision doesn't appear to be common right now, which may also be suppressing inventory.

Less than 6% of agents say they've gotten more calls from homeowners in distress looking to sell as an exit strategy, while 16% say they've heard rumblings of this happening in other markets. It's too soon to tell whether these instances will increase given that forbearance plans have been extended through June.

However, even if the forbearance plans lift in June and aren't extended further, 57% of agents say foreclosures will be too few and far between to add any significant supply to the housing market. Another 23% say any increase in supply due to sell-offs will be quickly depleted by unsatisfied demand. In any case, agents do not foresee a foreclosure crisis taking shape.

## 10. Fixing the inventory problem will call for a combination of regulatory changes and creative housing solutions.

The inventory shortage is complex and will require a nuanced approach to create sustainable change. Beyond increasing vaccinations and fast-tracking permit approvals, real estate agents in our survey support a wide array of initiatives toward adding housing supply.

### 21.6%

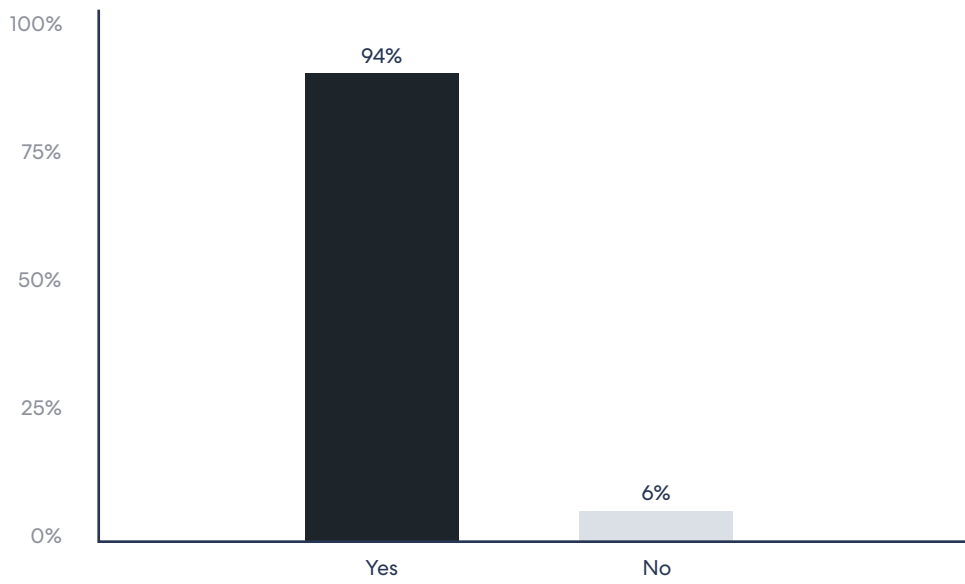
For example, 21.6% of agents say adjusting tax or regulatory guidelines to make selling more attractive to homeowners would help unlock inventory in their area.

This could include a review of common fees tacked onto a transaction that sellers are often on the hook to cover, such as [transfer taxes](#).

Meanwhile, 19.1% would support construction of more townhomes and condos to increase housing density. A report from The Brookings Institution argues that [building more homes per parcel](#) in single-family neighborhoods also helps to increase affordability by spreading the cost of land across multiple homes.

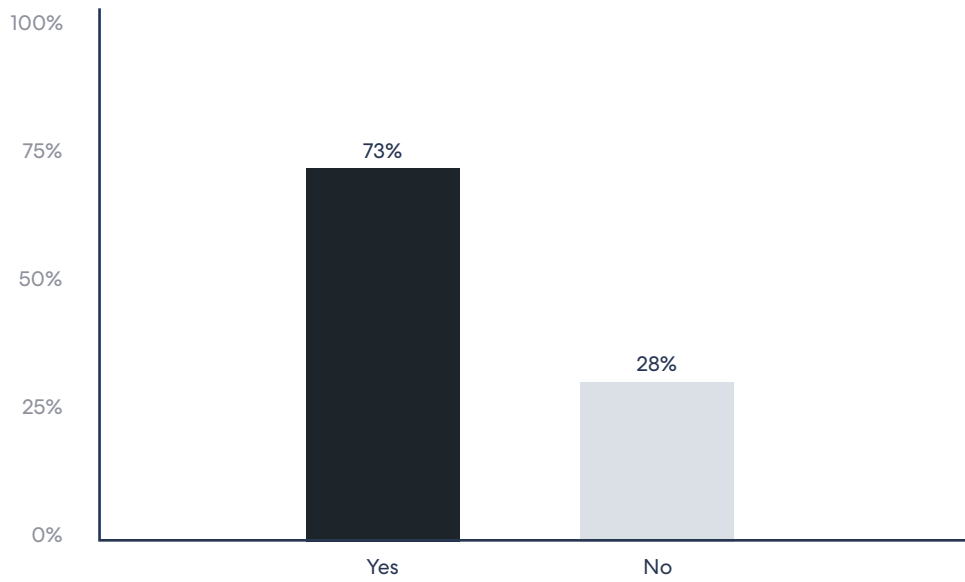
Other solutions may involve agents working more closely with builders to coordinate new home sales (17.3% say this would help in their market), subsidies to offset the cost of constructing and maintaining affordable housing (17.0%), and reforming local and use and zoning laws to build more housing where it's needed most (16.9%).

The **inventory shortage** continues to get more severe in my market:

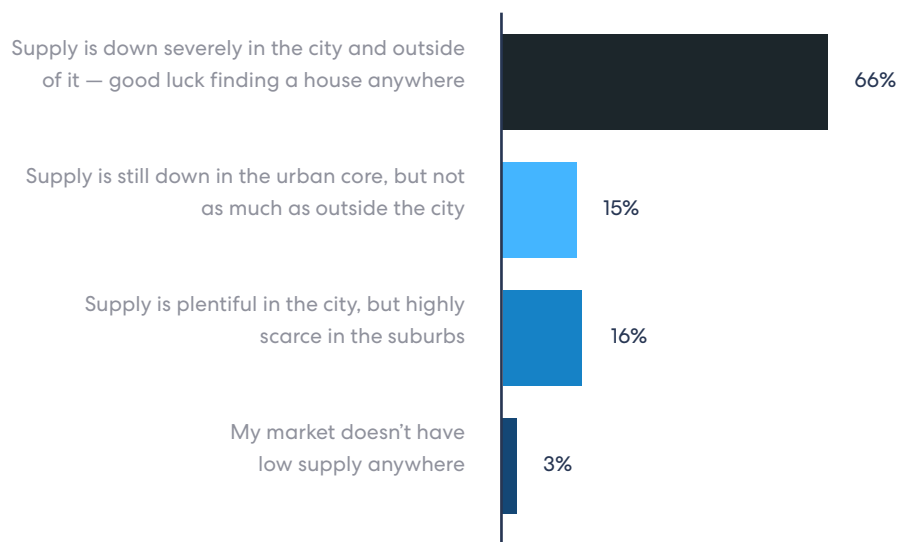




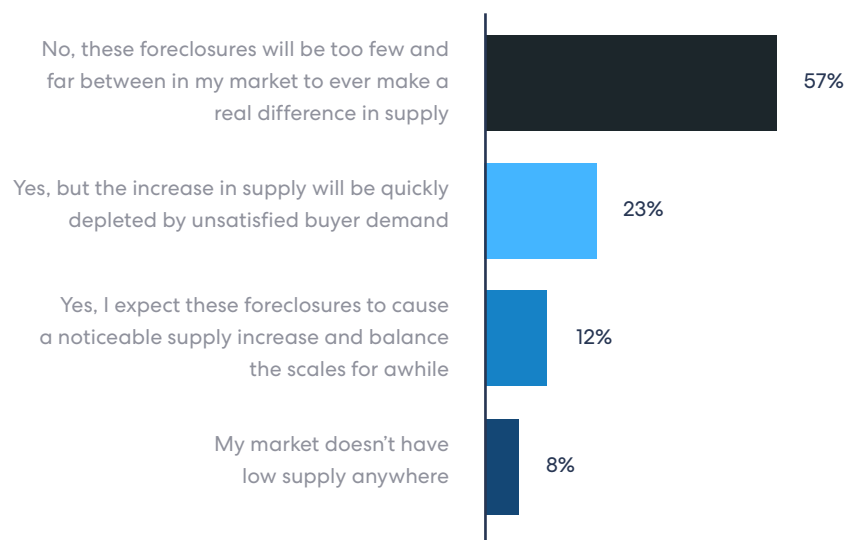
I believe **inventory shortage** will only worsen as the spring / summer season brings more homebuyers:



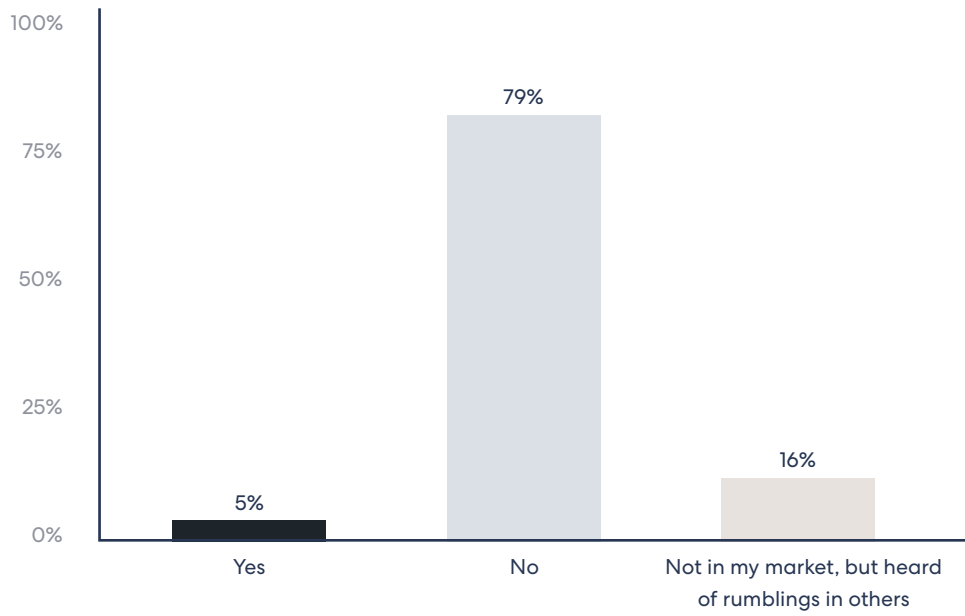
How would you say the inventory shortage in **urban vs. suburban (outside the city)** areas compares in your market?



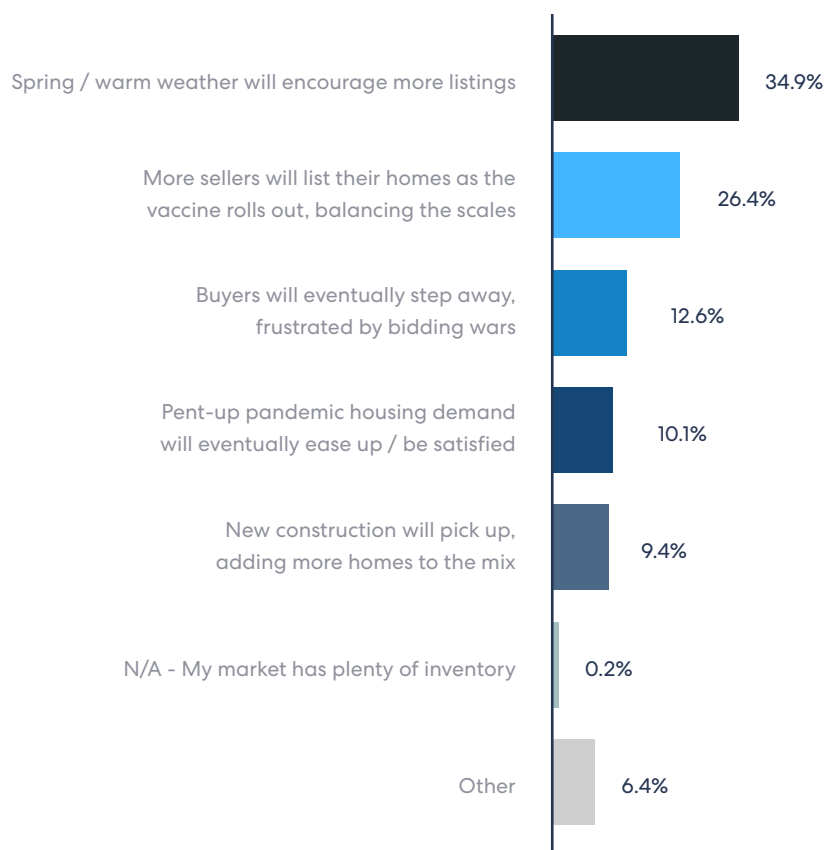
An estimated 2.7 million Americans are on some type of forbearance plan. If these plans wrap in June, do you believe that an **increase in foreclosures** will be significant enough to sway the market in buyers' favor come summer?



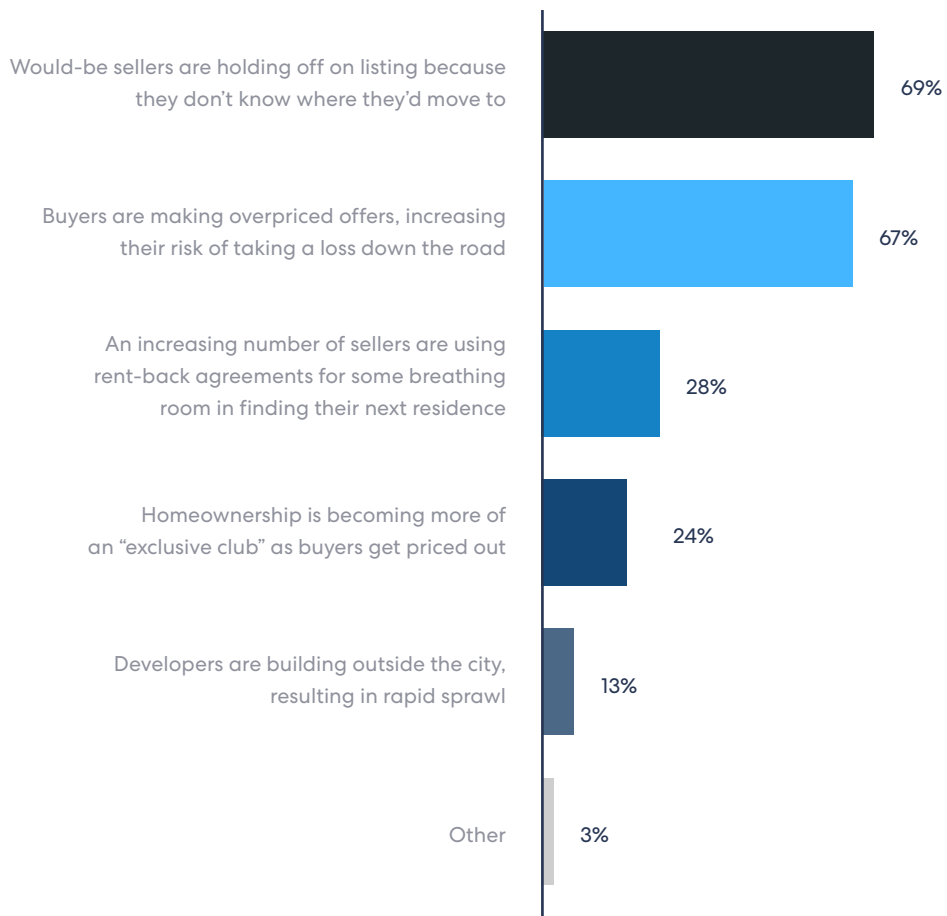
I'm getting more calls from **homeowners in distress or forbearance**  
**looking to sell** as an exit strategy:



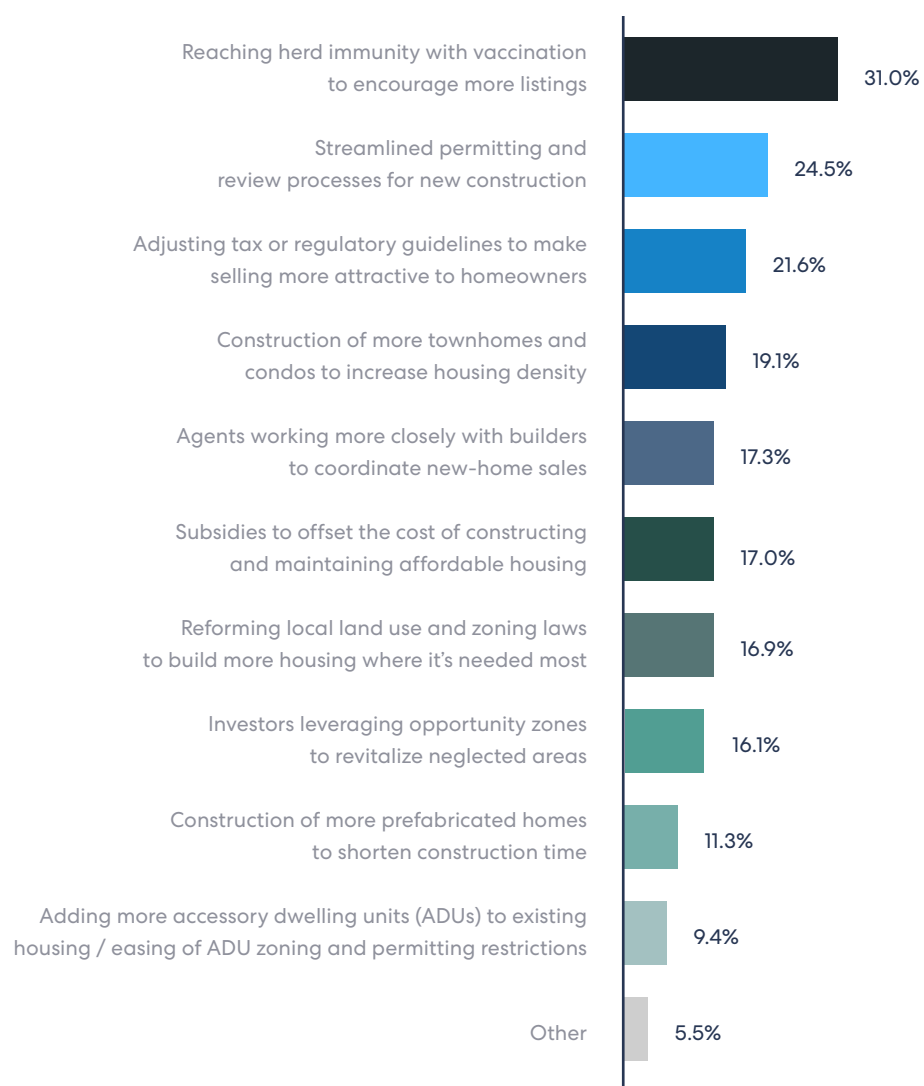
What do you believe will be the **first or primary lever** to ease the inventory shortage in your market?



Which of the following **effects** is the inventory shortage having on your market? (Check all that apply.)



What solutions would help **unlock inventory** in your area? (Check all that apply.)



# How Remote Work and Migration Will Shape the Future of Superstar Cities

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In America, there are the regular cities, and then there are the superstars. These **A-list locations** include New York, Los Angeles, the San Francisco Bay Area, Seattle, and Boston, Washington, D.C. (with Chicago sometimes earning mention as a semi-superstar). They have global connections, insane talent, and incredible wealth, but they also weren't built for comfortable pandemic living. In our survey, we dug into the effects of urban flight on these exceptional metros. We wanted to know: Will vaccines be the cure for city fatigue, and how will the trend toward remote work affect the superstars — and their housing markets — in the months and years to come?



# Death of the big city?

## More like an evolution

---

America's superstar cities were built on their reputation as dream job meccas, attracting young hopefuls with slick office spaces and the chance to make it as a tech CEO or big name magazine writer. If there was any question about where the jobs were, a Brookings Institute study found that [90% of job density growth](#) across the country between 2004 and 2015 was powered by opportunities in just four places:

- New York
- San Francisco
- Chicago
- Seattle

But if the physical workspace was the circuit box lighting entire metros, COVID-19 tripped the wire causing the rest of the city to go black. If you could do your job on a computer, you went home. Busy streets once packed with coffee-toting, fast-walking employees became a ghostly scene. Commercial offices sat empty like museums of the Before Times. And cities were thrown into a crisis of identity like a workaholic who's been fired: *If you don't need me for the job, what am I?*

Between March 1 and May 1, [420,000 people \(representing 5% of residents\)](#) left New York City, with the populations of the city's richest neighborhoods decreasing 40% or more, according to reporting from the *New York Times*. In February, [change of address requests originating from San Francisco totaled 124,131](#) — with most directed to addresses outside the

city. Los Angeles County, too, lost [40,036 residents](#) between July 2019 and July 2020.

But as we turn the corner on the pandemic, superstar cities are proving their resilience. Rents in expensive [Coastal cities may still be down considerably from a year ago](#), but housing demand remains hot in both [the urban core and suburbs](#) thanks to low interest rates and limited inventory. Even in Manhattan, sales contracts were up [73% year over year](#) in February.

In our survey, we found that what appears to be taking shape is an evolution, rather than a demise, of the superstar city. Our survey sheds light on what the future has in store when it comes to condo demand, population distribution, and the role of satellite offices in reshaping housing density.

### Migration patterns favor smaller cities, but the superstars aren't down and out

Nationally, 95% of real estate agents in our survey say they've seen a higher demand for residential real estate or an influx of residents since the pandemic hit. However, agents in third-tier cities (96.5% reporting an influx), smaller cities (96.1%), and small towns / rural areas (98.9%) in our survey were most likely to report seeing population inflow and heightened housing demand. This number drops to 90.43% for second-tier cities, and 90.79% for superstar cities.

While cities including Austin, Denver, Dallas, Las Vegas, and Nashville (second-tier) have been making

headlines for [attracting a lot of new residents](#) of late, this data would indicate that third-tier cities such as [Albuquerque](#) and [Boise](#) — as well as Southern up-and-comers like [Savannah](#), GA (smaller city) are also ones to watch.

### **‘Give me space.’ Expect populations to be more spread out moving forward**

A March 2020 *New York Times* report indicates that housing demand in the [New York suburbs is soaring](#) this spring. Same goes for San Francisco: the median single-family home price in [San Francisco](#) was \$1,581,000, a [9.0% year-over-year increase](#) with suburban neighborhoods like Richmond, the Sunset, and West Portal seeing lots of interest.

Our survey also echoes that housing density is likely to shift in favor of a more distributed population with an emphasis on the 'burbs. Nearly half (48%) of agents in our survey say that superstar cities will return to pre-pandemic housing demand, but populations will spread out due to the increase in remote work.

**31.4%**

In addition, 31.4% believe the real estate landscape has shifted permanently in favor of the suburbs and that we'll continue to see growth in small to mid-sized cities which can offer better affordability.

### **Dinner and a show? When it comes to culture, the superstars can't be beat**

Insights from our survey indicate that it may be super cities' unrivaled cultural offerings that keep them as

lively as ever. If it's no longer required to live in the city, you might stick around anyway (or decide to move back) for the sophisticated museums, exquisite opera houses, bustling theater districts, and exceptional cuisine.

We found that 68.4% of agents say a general desire to get back to social scenes, culture, restaurants, and nightlife will drive people back to the big cities, while a lesser 34.0% say it will be a return to the office. In addition, 32.5% believe Gen Z and younger millennials will pour back into urban markets post pandemic, driving a rebound.

### **Don't underestimate the condo market**

Shared walls, a lack of space, and small yards weren't people's first choice during a pandemic, and condo sales [dropped 50% in the spring of 2020](#), according to a report from Realtor Magazine. However, by October, condo sales had largely rebounded as buyers realized what a bargain they could be.



Our data further supports that the condo market isn't falling apart. In fact, 48.4% of agents say that despite trends toward larger single-family homes with more privacy, the pandemic didn't negatively

impact their local condo market at all. Another 24.6% say their condo market is already showing signs of improvement.

Digging into the data by market type, though, reveals that condo markets were affected disproportionately in larger markets. Only 28.6% of agents in superstar cities said that their condo market was never impacted, indicating that demand for condos suffered more in these densely populated areas.

## 55.5%

At the same time, superstar cities have the highest portion of agents (55.5%) saying that their condo market is showing signs of improvement or that they believe it will fully bounce back as people are vaccinated.

Third-tier cities have the largest group of agents (14.0%) who say that their condo market will continue to struggle long-term, causing many units to be converted or shuttered. Perhaps the cost of living in superstar cities will continue to necessitate condos as a popular living arrangement and entry path to homeownership, whereas single family homes will be favored at a higher rate in markets where people expect more bang for their buck.

### Bringing the office to the 'burbs

Some employers will ask their employees to return to the office. Others will go fully and permanently remote. But there are a lot of hybrid work options somewhere in the middle of the two extremes. One of those alternatives is the creation of a satellite office outside of headquarters, perhaps in a location that's easier for people to commute to.

Digging into this trend, our survey found that the creation of satellite offices could in part determine where housing demand is concentrated — particularly in superstar cities.

Nationally, 16.6% of agents believe that a return for some Americans to the office could result in increased housing demand near satellite offices. That number jumps to 25.4% of agents in superstar cities, and to 20.1% in second-tier cities.

Meanwhile, 15.8% of agents in superstar cities are already seeing employers set up satellite offices outside the city center, expanding the suburbs even further from the urban core. An additional 11.8% in these major cities also say employers are setting up satellite offices in other states and sometimes even across the country, driving additional relocations.

### What's the weather like? How climate could influence a comeback

Untethered from an office, many Americans took the [opportunity to relocate South](#) during the pandemic to escape harsh winters. Could this trend of people moving to warmer climates be long lasting or impactful on major urban centers?

## 62%

Our survey would indicate yes — 62% of agents say that superstar cities with milder climates such as San Francisco and Los Angeles will bounce back faster than those with harsher temperatures (sorry, Boston and New York!)

## City life with a WFH twist

It's hard to predict exactly what full "recovery" from this pandemic will look like in America's largest cities. What we know is that the superstar cities have survived remarkable challenges including 9/11, wildfires, and earthquakes in the past. At some point, where we live won't be so heavily influenced by a deadly virus.

However, what's also clear is that the pandemic accelerated what may have been a 10-year trajectory for remote work into a single year.

It's estimated that [40% of jobs can be done at home](#), according to a study from the University of Chicago.

Employers now have the great COVID-19 WFH experiment to inform new policies that make sense for their business, culture, and costs, with tech giants like [Twitter](#) and [Facebook](#) leading the way on flexible arrangements.

This has major implications for the country's biggest hubs for talent and wealth, and could flatten distribution within major metros while spurring an increase in secondary office spaces. All in all, more relaxed urban living could be a blessing in disguise after years of overcrowding and outrageous cost hikes. Meanwhile, geographic flexibility has created a new world of possibilities for homebuyers, lifting the housing market virtually everywhere. For those who stay or return to pre-pandemic big city living, enjoy the break on rent and thinned-out crowds on your walk to the office for now — but don't expect home prices to drop anytime soon.

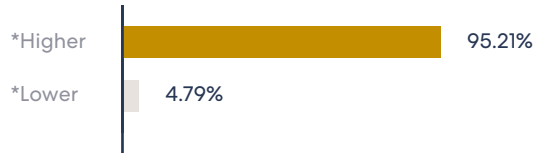


Since **COVID** hit, my city has seen:

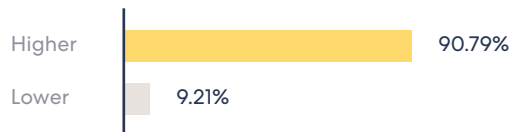
**\*Higher** demand for residential real estate / an influx of residents

**\*Lower** demand for residential real estate / a migration of residents to other locations

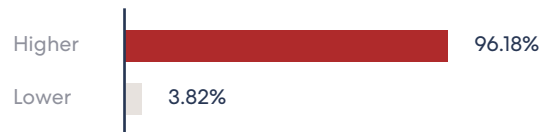
### National



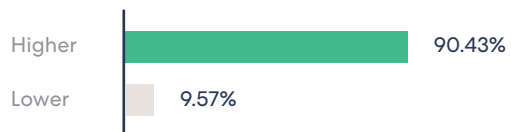
### Superstar cities



### Smaller cities



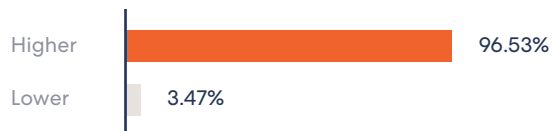
### Second-tier cities



### Small towns or rural areas

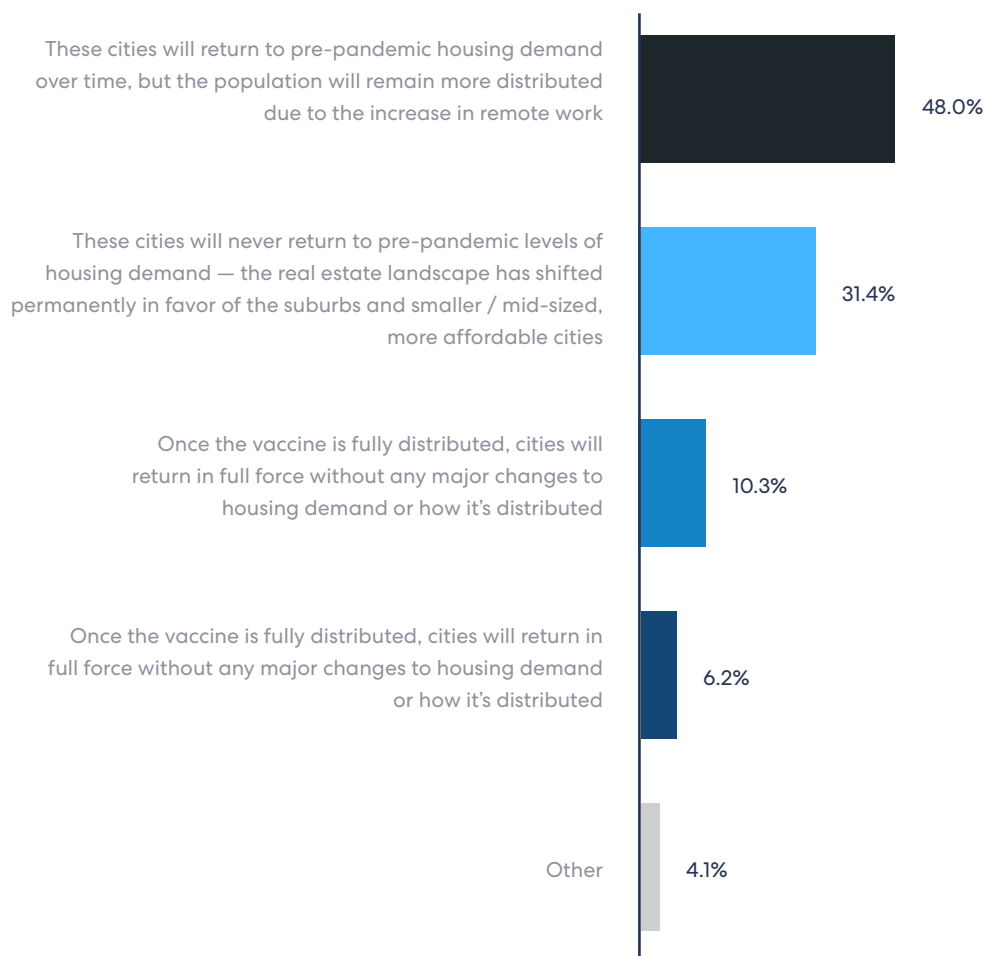


### Third-tier cities

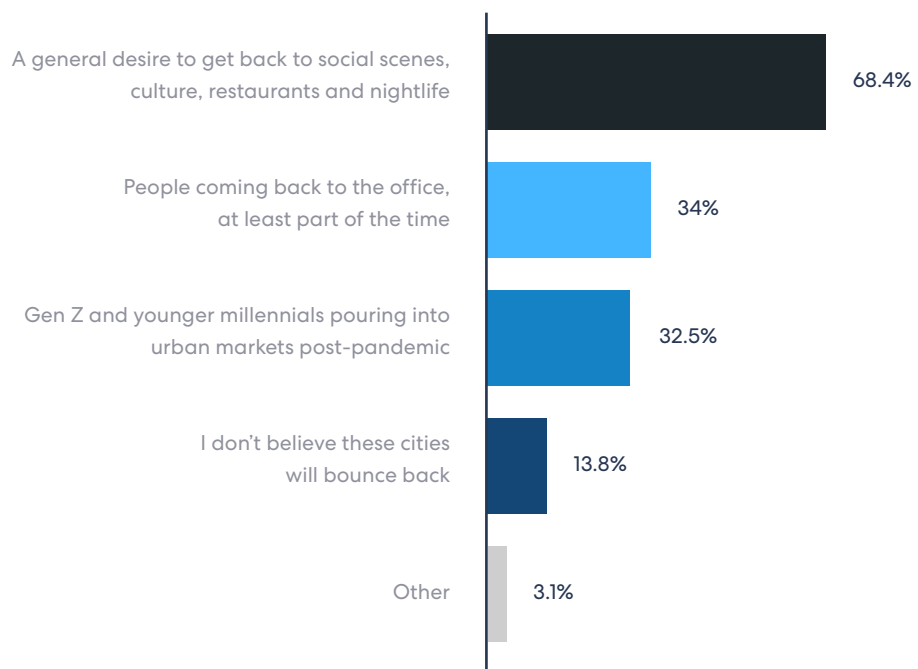




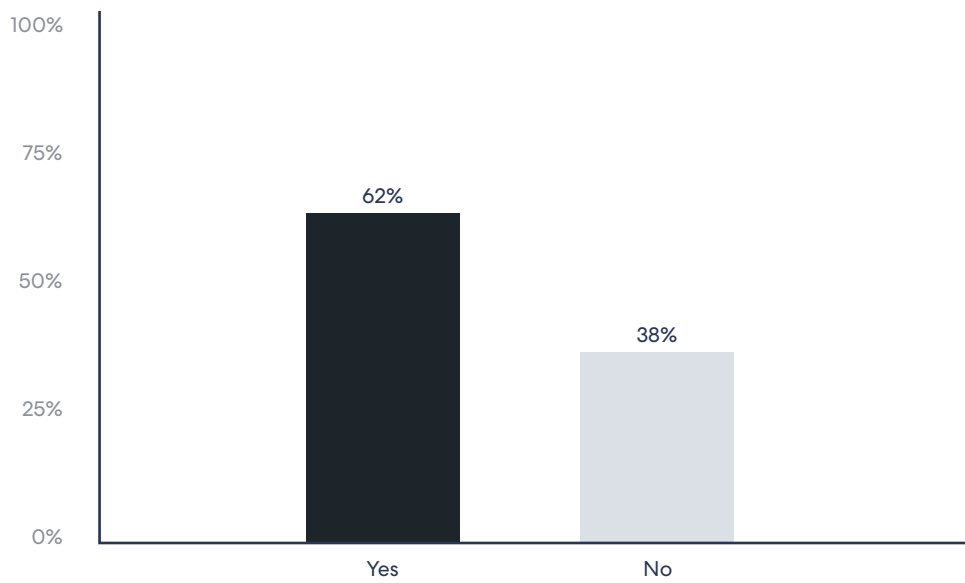
Based on your history in the real estate business and conversations with clients, what do you believe best describes **the future of ‘superstar’ cities** like SF, Boston, New York, and Seattle, known as America’s largest and most productive regions?



If you believe that these cities will eventually bounce back to some extent, what do you believe will be the **main drivers of the comeback**? (Check all that apply.)

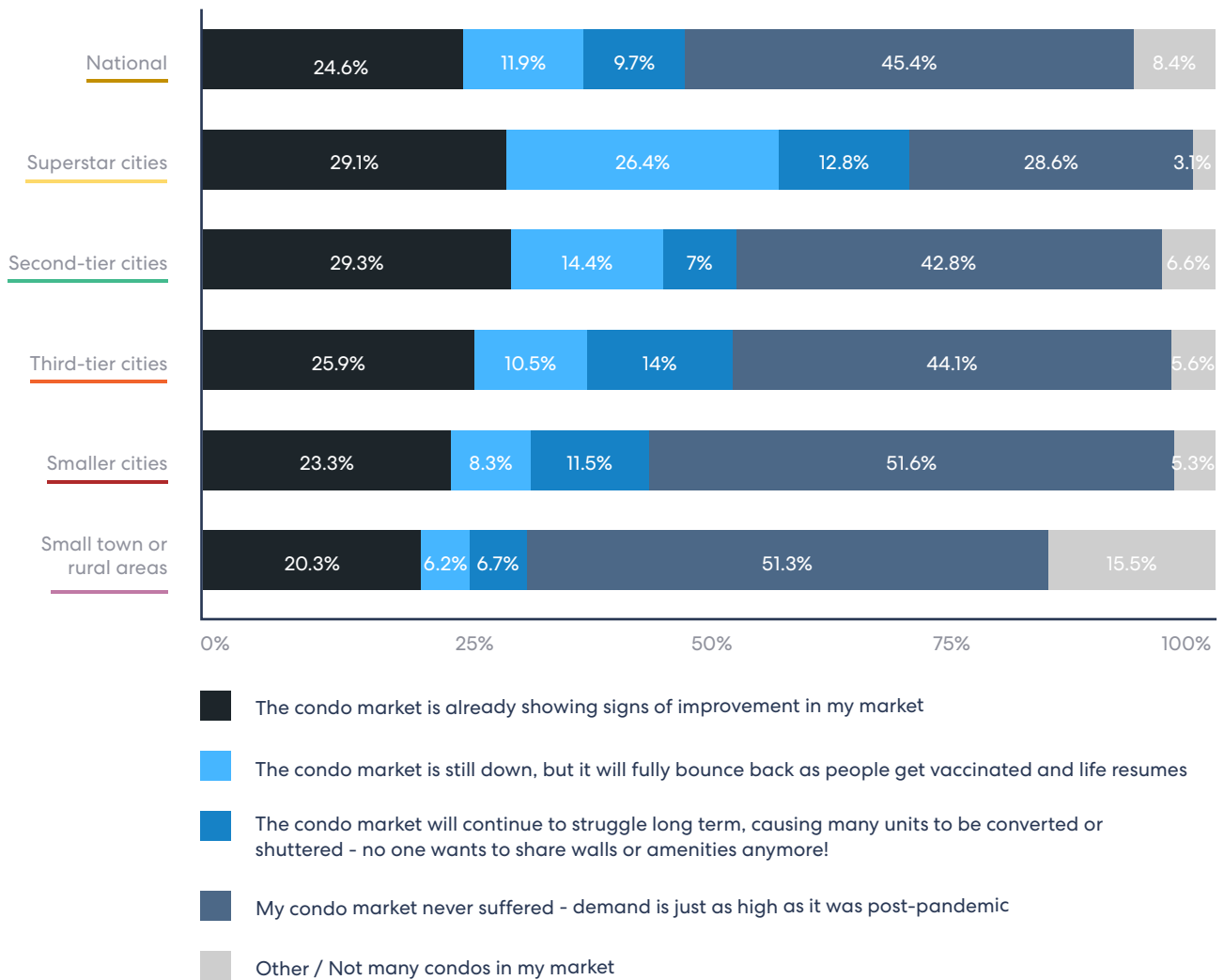


Given the trend of migration toward warmer weather, do you believe that superstar cities with milder climates, such as San Francisco, will **bounce back faster than those with harsher temperatures**, such as Boston and New York?

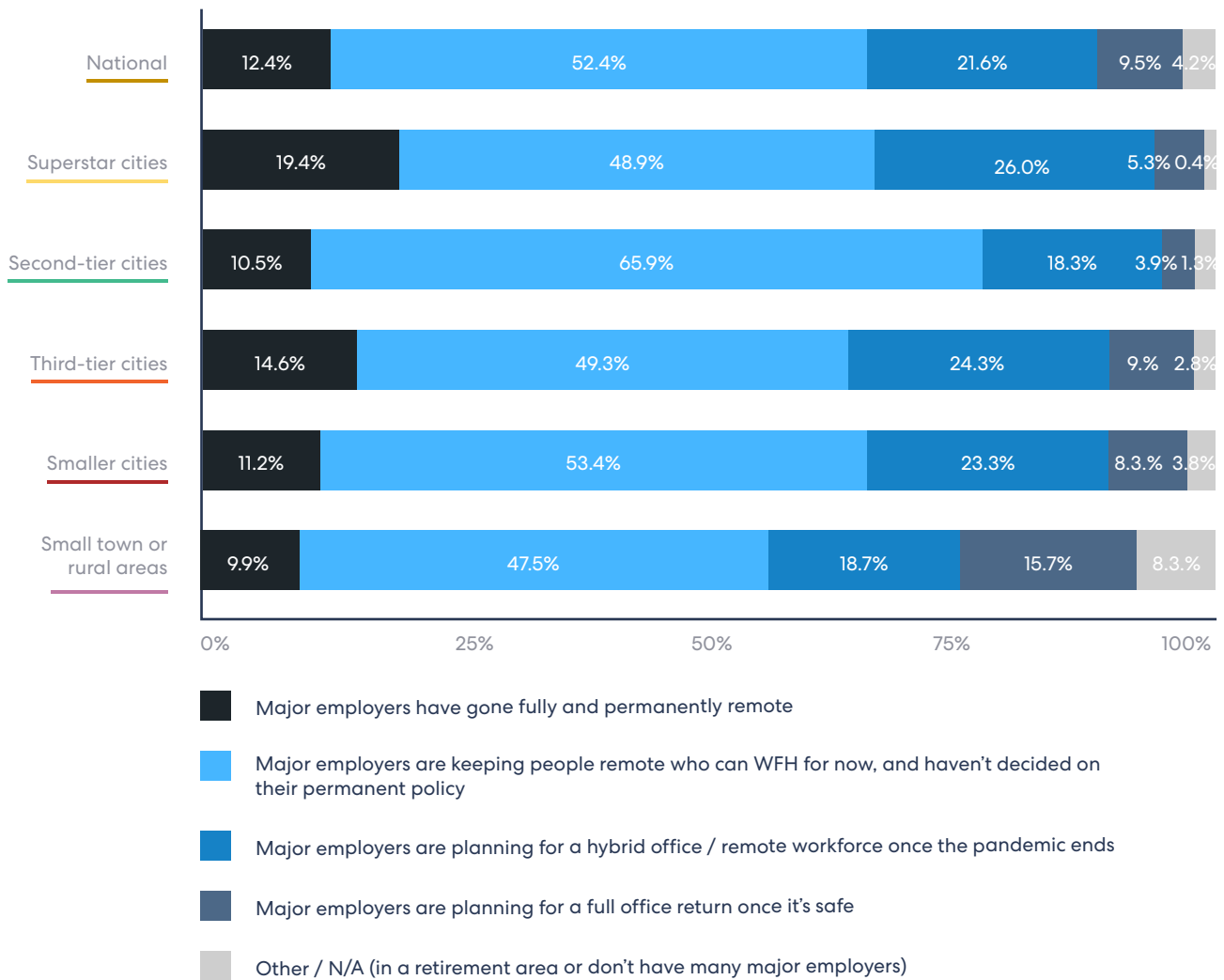




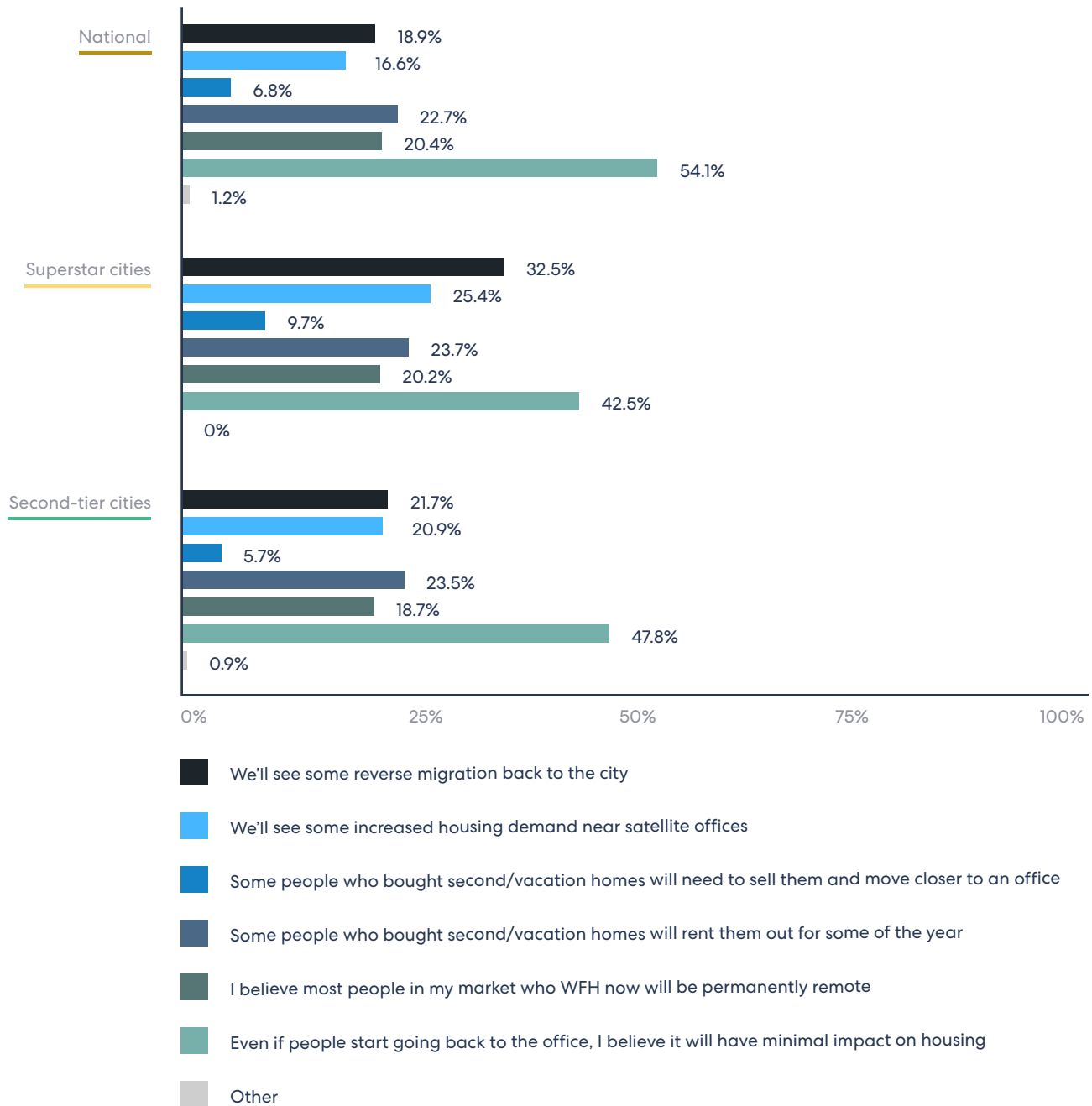
What do you believe is **the future of the condo market** with the revolution in how we work?



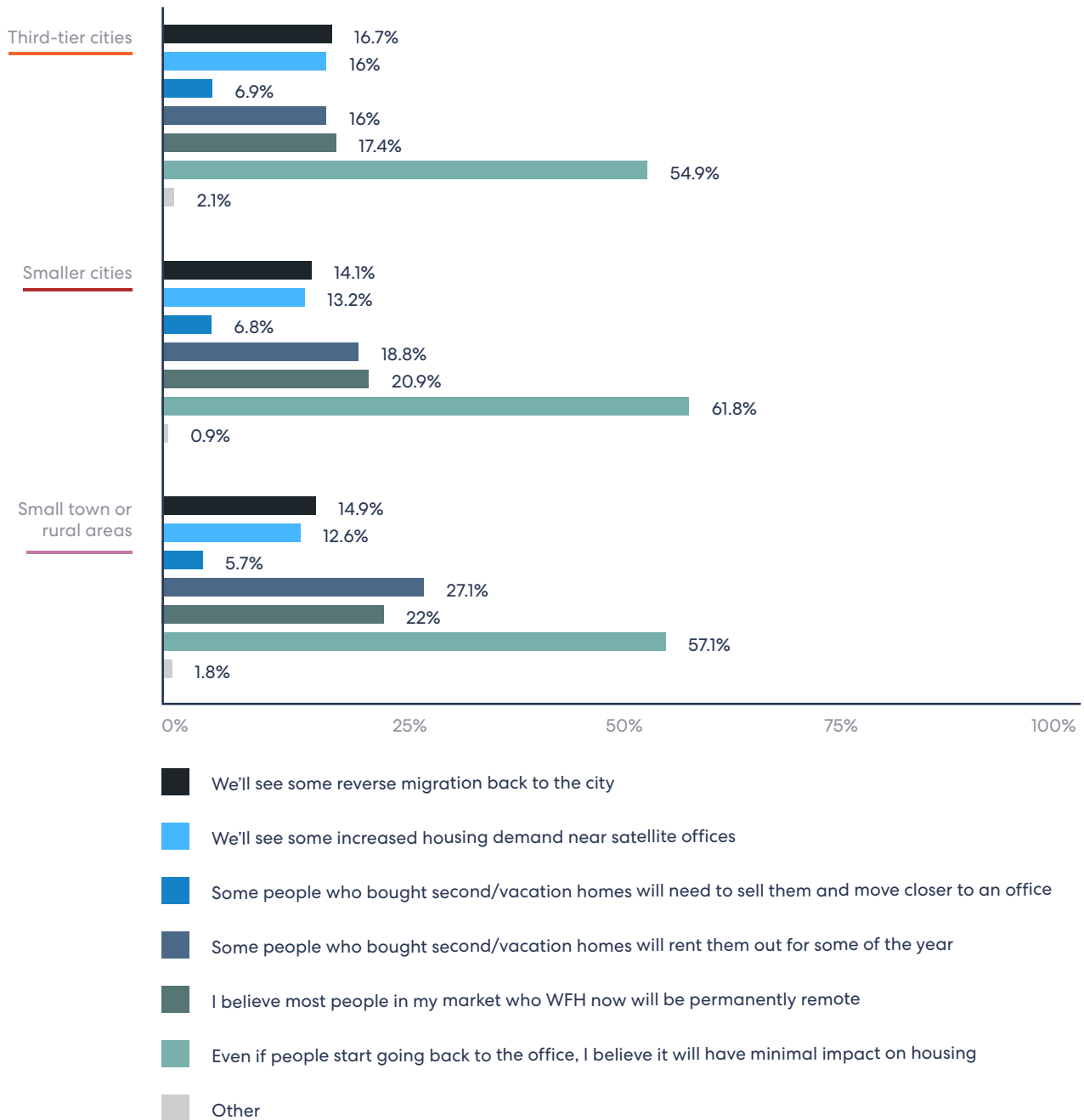
Which of the following best describes **remote work trends** in your market?



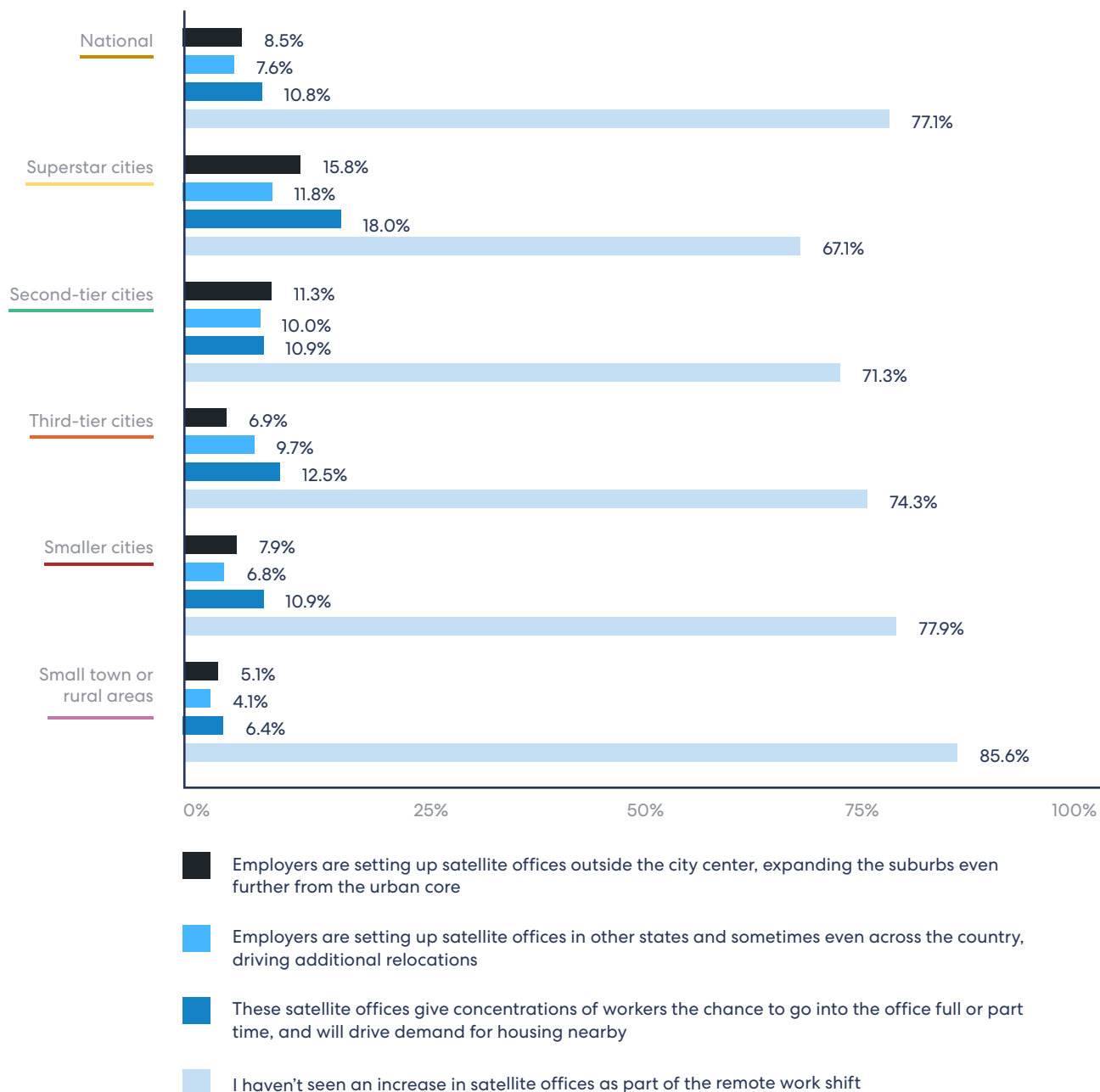
How do you believe a **return for some to the office will affect** housing demand?  
(Check all that apply.)



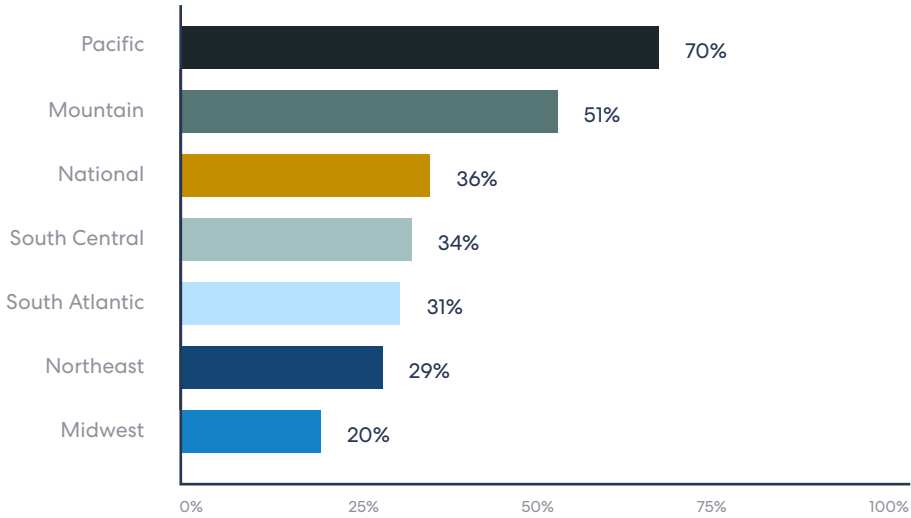
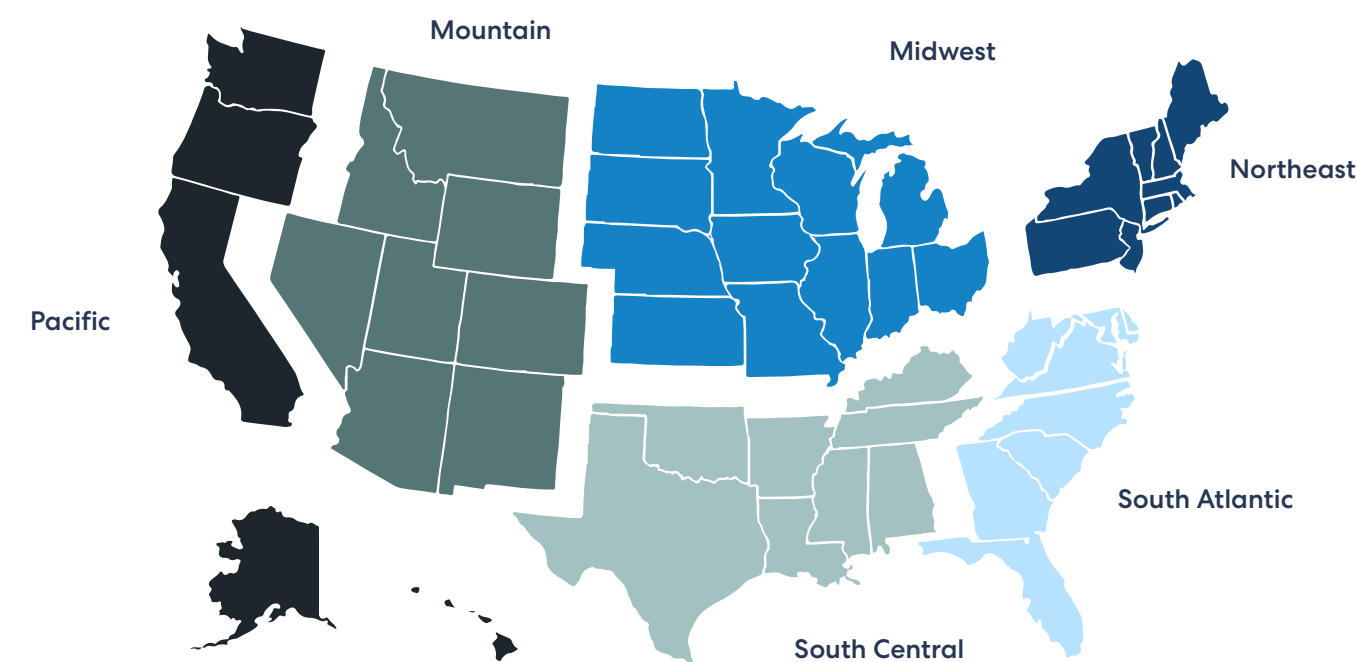
How do you believe a **return for some to the office will affect** housing demand?  
(Check all that apply.)



Which of the following **trends with regard to satellite offices** have you seen in your city?  
(Check all that apply.)

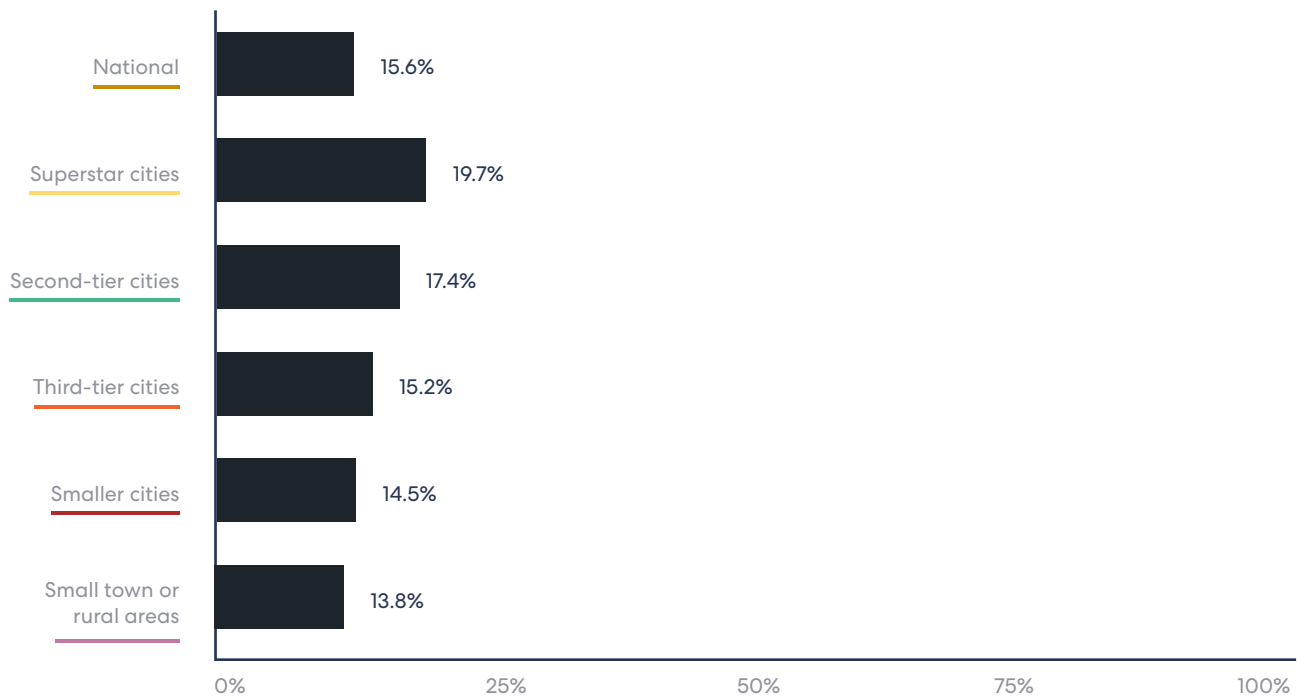


Has the pandemic caused an **increase in building ADUs (accessory dwelling units)** onto existing property for use as a home office, extra living space, or rental income?



"Yes, I've seen this in my market"

Are you seeing that **open floor plans are dying in favor** of more partitioned spaces in homes?



"Yes, I've seen this in my market"

# Pool Mania: Backyard Swimming Holes Are Not Only Cool — They're Now a Huge Home Value Boon

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Pools are like boats, right? Better to have a friend with one than to own one yourself? Well...not since COVID-19 hit. Throughout the past year, homeowners with pools have been the envy of the block in light of country club and public pool closures. Now, our research shows the pandemic has heightened the popularity of backyard swimming pools and as a result, increased the amount of value a pool adds to a home significantly. Even as facilities reopen, don't be surprised if you look out one day and see a big dirt hole in your neighbor's backyard. Pool additions are expected to soar again in spring and summer 2021, and homes with inground pools already installed will sell at a premium.



# ‘Does it have a pool?’ COVID boosts the value of homes with the luxury feature, even in four-season climates

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Pools haven't always been considered the epitome of home luxury. According to data from HomeAdvisor, between upkeep, repairs, and utilities, taking care of a pool can cost [\\$3,000-\\$5,000 a year](#). Left unattended, a pool will resemble a dirty green pond more than a backyard paradise. And in climates with long winters, the expenses associated with a pool must be carefully measured against the chance to take a few dips per year.

As recently as 2018, reports noted that [having a pool can actually make your house harder to sell](#) as some buyers view it as a liability and maintenance nightmare.

In the same year, the National Association of Realtors' *Remodeling Impact* survey found that only 2% of Realtors® said that a pool most recently sealed

a deal for them, resulting in a closed transaction.

But COVID-19 has sparked a sea change in the pool market. In summer 2020, grown adults sipped margaritas around kiddie pools, at least until they could solidify plans for their at-home, Bellagio-style resort. A [report from Yahoo! Finance](#) shared that Pools of Fun, an inground pool installer in Indianapolis, had a 43% increase in pool sales in August 2020. Meanwhile 45% of members of the Pool & Hot Tub Alliance predicted pool industry revenues to rise 10% or more.

According to our survey, Americans still view private residential pools through a cerulean, sparkling lens colored by the stir-craziness of COVID. Let's take a closer look at how this shift has affected the value of homes with pools, where in the U.S. pool popularity is soaring, and which swimming pool upgrades are making the biggest splash in 2021.



## How much has the value of a pool changed?

Nationally the amount of value an inground pool adds to a home has increased an estimated 69% on average since the arrival of COVID-19, according to our survey. Agents estimate that prior to COVID, a house with a pool fetched, on average, an estimated \$16,137 more than a house without one. Now, a house with a pool would sell for an estimated \$27,199 more on average, our survey reveals.

Keep in mind that the average [cost to install an inground pool is \\$42,480](#), according to our Fall 2020 survey, but your bill can sneak into the [\\$100,000-\\$150,000 range for an upscale version](#). Therefore, you shouldn't add a pool for the sole sake of boosting property value. You're not going to recoup your expenses. But if you're selling a home that already has a pool, make sure that your price reflects the added value.



In addition, it should be noted that our value estimates apply to inground pools, which are considered part of the property, not above-ground pools — which have also been popular purchases during the pandemic. An [above-ground pool](#)

[typically isn't going to add value](#) to a property because, similar to a trampoline, it's not attached to the home and won't usually be included in a home appraisal.

## Will more pools be built this summer?

This spring and summer, demand for pool additions will continue to exceed pre-pandemic levels across much of the country. In our survey, 68% of agents said that the coming months would bring another surge in pool additions in their market at a higher rate than previous (non-COVID) years. In some areas, [pool contractors are already booked out into 2022!](#)

## Is the pool craze limited to warm climates?

Quite the contrary, areas with four distinct seasons are seeing some of the highest increases in pool value and pool-build demand post-COVID. In the Northeast, the value-add of a pool has increased 113%, according to survey respondents. Prior to COVID, a house with a pool in the Northeast fetched, on average, an estimated \$14,968 more than a house without one. Now, a house with a pool would sell for an estimated \$31,847 more than a house without one.

## 78%

In addition, 78% of real estate agents in the Northeast anticipate pool build demand to exceed non-COVID years, compared to 68% nationally.

## Which pool features make a home more marketable?

Remember those days at the public pool as a kid when you'd munch on candy from the cabana? Keep the snacks coming! The no. 1 desired pool upgrade

nationwide is an outdoor kitchen, wet bar, or snack bar close to the pool deck (62% of agents cite this as a top upgrade). Coming in second is a fence around the pool for safety (46%) — for parents and pet owners, this feature is a must — and a surrounding pool deck in top condition (43%) ranks third.

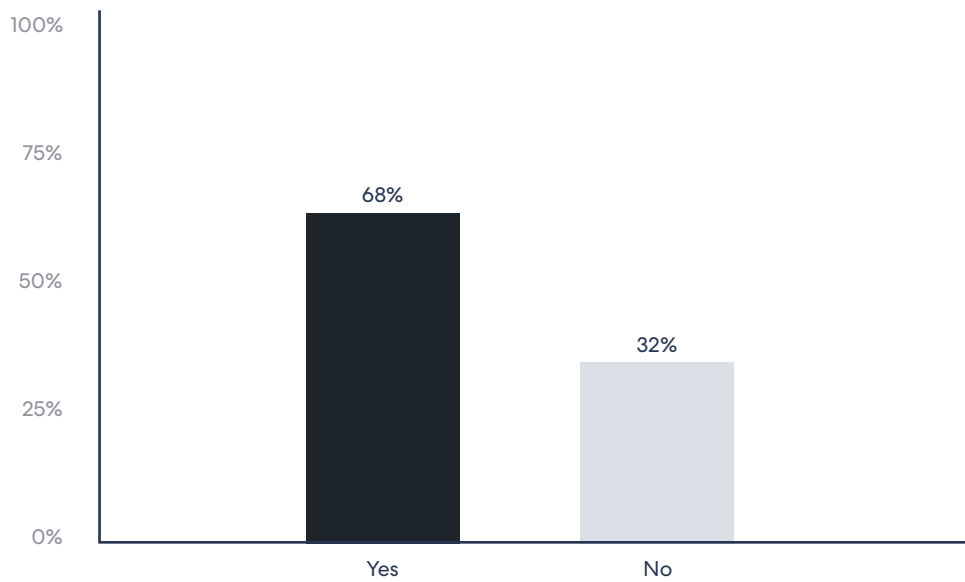
Some pool features are more desirable in certain regions than others:

- In the Northeast, 45% of agents cite upscale hardscaping as a top upgrade (25% above the national average).
- In the Pacific, 45% of agents cite a hot tub/spa as a top upgrade (18% above the national average).
- In the Mountain region, waterfalls or water walls are considered a top upgrade among 26% of agents (18% above the national average).

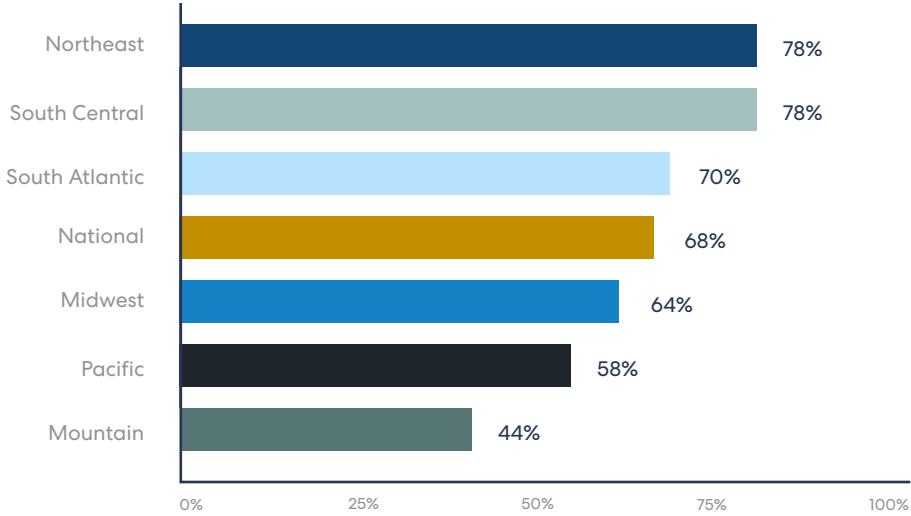
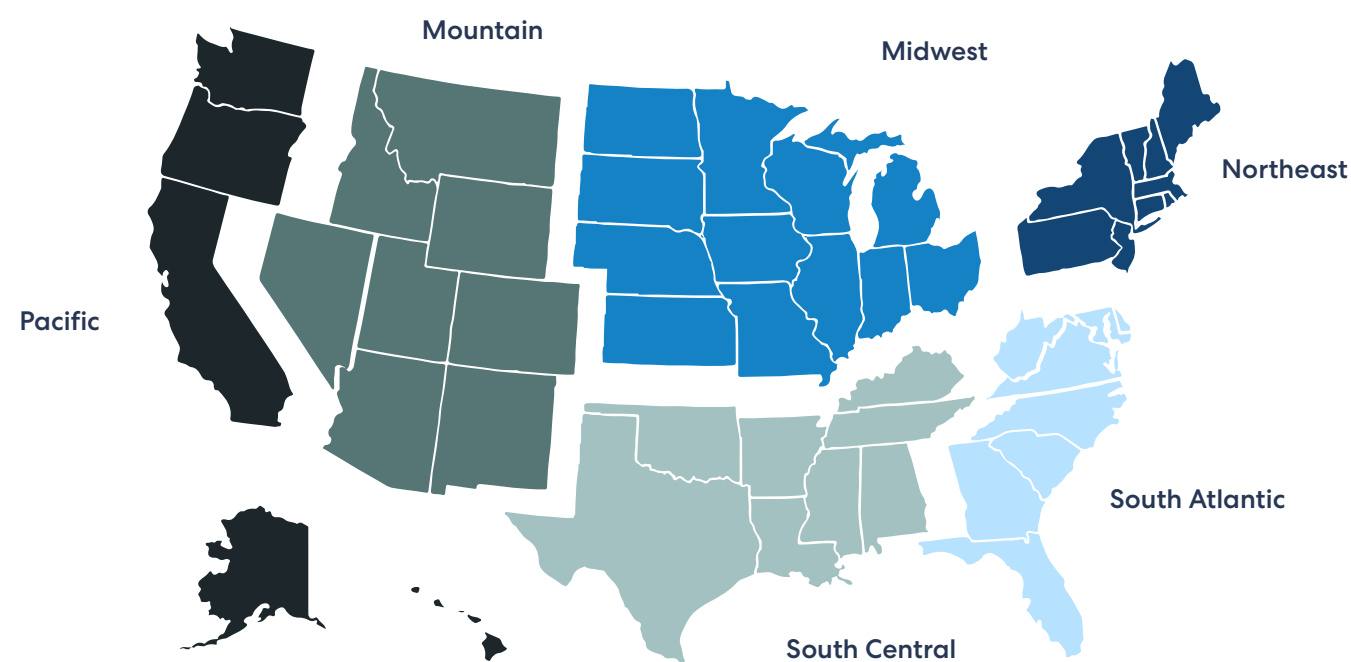
A pool is the foundation for an amazing backyard experience, and add-ons can take your pool addition to the next level. At the same time, a pool is no small expense, and keeping your ROI in check matters. Thankfully, homeowners can maximize the value of this project by outfitting their pool with marketable features and tailoring their selections to their locale.

Now, did someone say pool party?

I believe **spring and summer 2021** will bring another wave of pool additions that's higher than previous (non-COVID) years:



I believe **spring and summer 2021** will bring another wave of pool additions that's higher than previous (non-COVID) years:



% of agents who say "Yes," by region

On average, how has the **added value of a backyard swimming pool changed** in your market since the pandemic hit?

\*Estimated average value add of a pool pre-COVID

\*Estimated average value add of a pool post-COVID

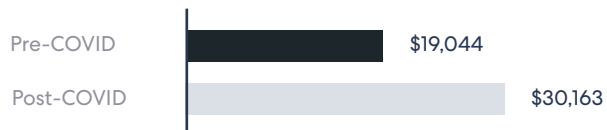
### National



### Northeast



### Pacific



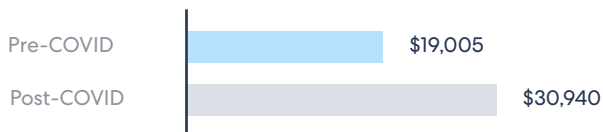
### Midwest



### Mountain



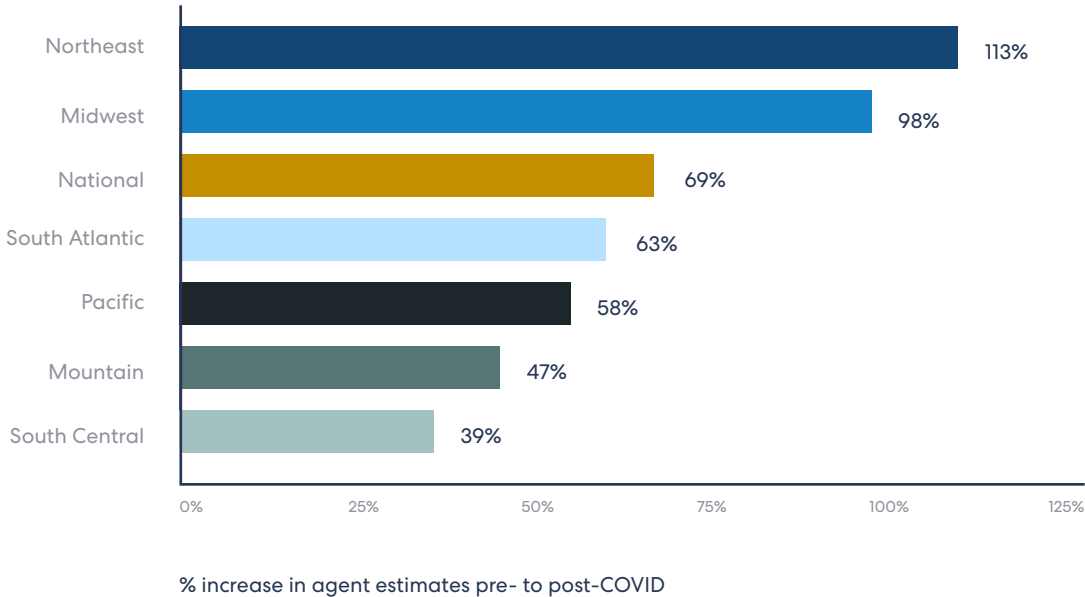
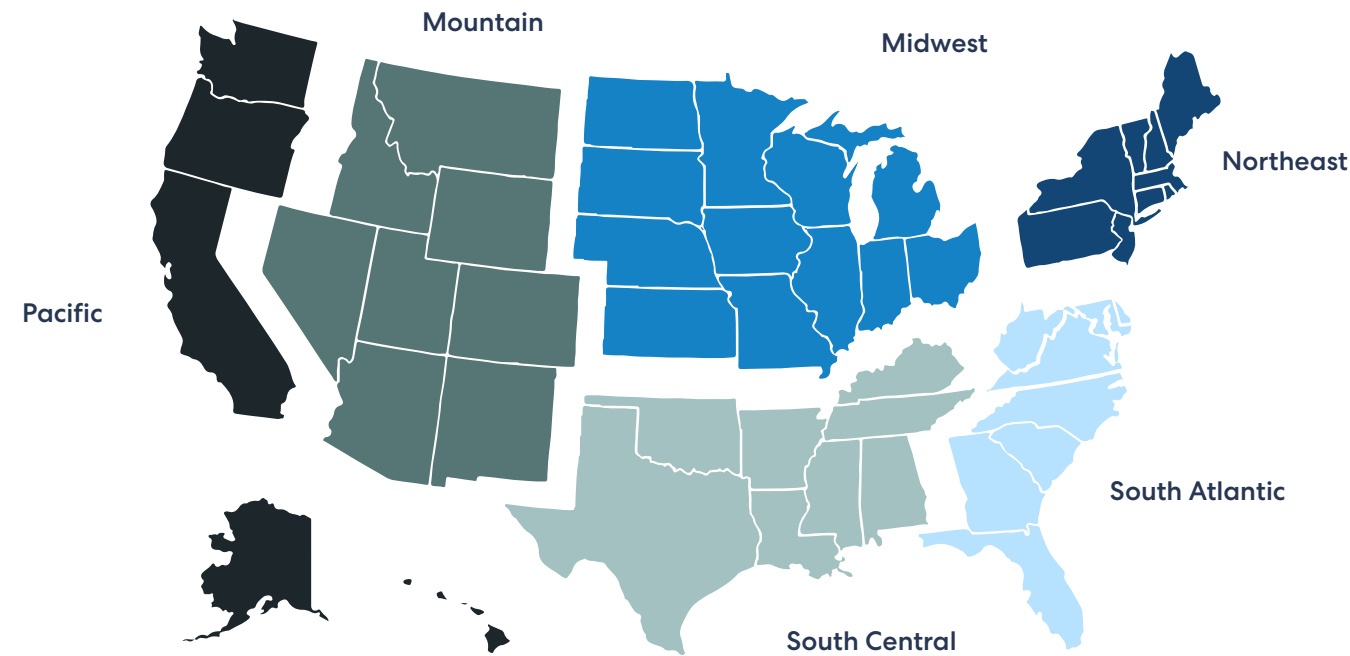
### South Atlantic



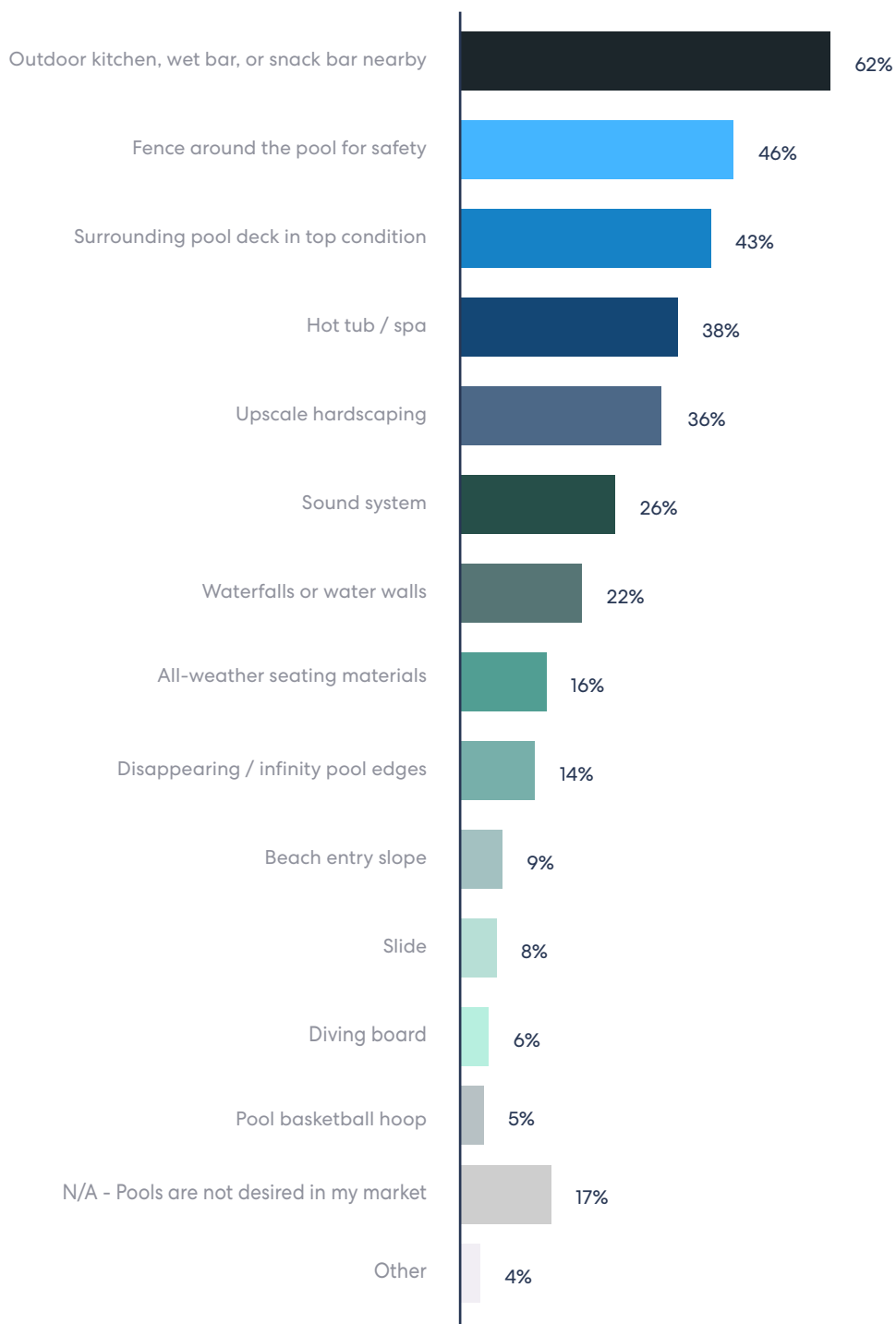
### South Central



How much has the estimated value of backyard swimming pool **increased** since COVID hit?



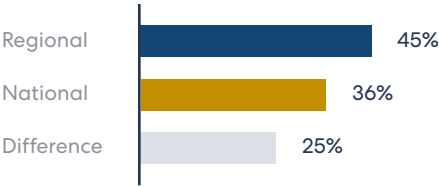
Which of the following swimming pool features do you believe are considered a **top upgrade** among homebuyers in your market? (Check all that apply.)



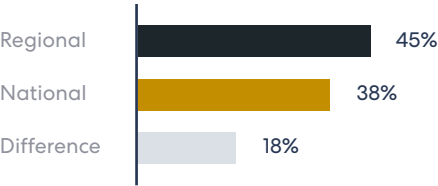


Standout regional **pool priorities** compared to national

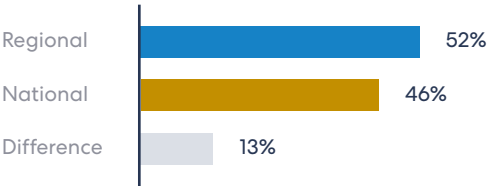
Northeast: Upscale hardscaping



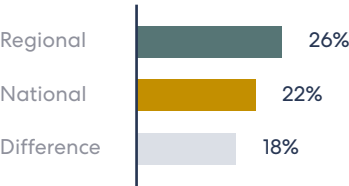
Pacific: Hot tub / spa



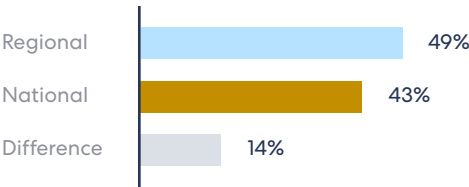
Midwest: Fence around the pool for safety



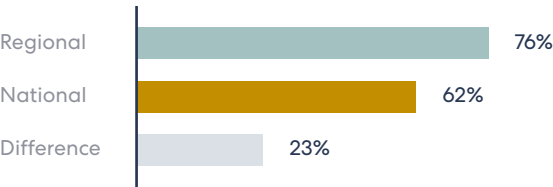
Mountain: Waterfalls or water walls



South Atlantic: Surrounding pool deck in top condition



South Central: Outdoor kitchen, wet bar, or snack bar nearby



# Entertainer's Dream? Your Top Upgrades for Hosting at Home When It's Finally Safe to Do So

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According to a report from the Joint Center for Housing Studies, annual spend on home renovations and repairs is expected to grow from **\$332 billion in Oct. 2020 to \$337 by the latter half of 2021** despite an economic recession. But given the trend in vaccinations, homeowners may soon shift their attention from projects that accommodate work and school and **lean into that vision of an “independence” day from COVID** as expressed by the President. Hopefully, that goal snowballs into a far better holiday season, 2022 Super Bowl Sunday parties across the nation, and a sense of normalcy for all the important moments when Americans traditionally love to gather at home. Since remodeling projects can take weeks and sometimes months to complete, homeowners who want to get their house ready for hosting would be wise to plan ahead. And wouldn't it be nice to add a little home value, while you're at it?

# ‘Welcome to my house:’ Backyard, basement, and kitchen upgrades for that first safe gathering

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The home office, the home gym, and the home classroom — this past year was all about how to make your home fit for a marathon pandemic. Renovations that make it easier to work and relax at home have stolen the spotlight, and understandably so! But while many people will keep working remotely, kids will eventually go back to school and many will replace their dumbbells in the garage with trips to the gym.

To be clear, the U.S. is not out of the woods when it comes to COVID-19 and social distancing is still urged. However, vaccinations are rising and so far, the CDC has announced that [vaccinated people can gather in small groups privately without masks](#). This may have some homeowners dreaming of the day when they can invite friends and family over for something as simple as a shared meal or game night.

In that vein, we opted to explore the top home upgrades for entertaining guests, if only in preparation for the day when we remove the phrase “social distancing” from our daily vocabulary. Because honestly, all that home office talk was getting a little boring.

To keep an eye on the ROI, here’s what our survey found to be the top entertainment upgrades in three key areas: the backyard, the basement, and the kitchen. These are the features that you’ll love for hosting guests but will also resonate with buyers when the time comes to sell. Happy renovating!

## Backyard

The backyard is the perfect entertainment spot for spring and summer nights. To enhance the experience, a fire pit with a bench or couch ranks as the no. 1 backyard entertainment feature



nationwide, with 76.8% of agents in our survey citing it as a top upgrade among homebuyers in their market.

Don't forget to create some ambiance with a warm glow — 54.4% of agents recommend lighting (such as spotlights, string lights, lanterns, or recessed lights) as a top upgrade backyard entertainment upgrade. Make it easy to feed hungry guests with a built-in grill (53.9%), and consider going all out with an outdoor living room (52.4%) complete with weather-resistant furniture, a coffee table, and area rug.

Finally, what kind of backyard gathering is complete without a little cornhole or ladder golf competition? Rounding out the top five backyard upgrades is ample space for games (43.2%).

Some notable regional differences in backyard entertainment priorities emerged in our data. In the Northeast, space for yard games ranks 16% above national average. Midwest buyers, meanwhile, like to see multiple gathering spaces in a yard, with an elevated deck/lower patio combination ranking 22% above the national average. And in the South Atlantic, be sure to add a TV set to your outdoor setup (a feature that ranks 14% above national average), or you might have a guest who's upset to miss the game!

## Basement

Return of the rec room? Ah, imagine the day when you can use your basement for something other than a makeshift workspace! If you're planning to finish your basement or spruce it up, a separate bed and bath for guests ranks as the no. 1 basement entertainment upgrade nationwide. Of the agents in our survey who have enough basements in their market to comment, 58.8% cited the basement guest

suite as a top upgrade among homebuyers in their area.

Second priority is a setup to accommodate ping-pong or pool (55.0%), followed by fresh carpet or flooring (49.2%) and a separate playroom for the kids (44.6%). Buyers in the Midwest are more likely than average to be partial to a basement wet bar, with the upgrade ranking 41% higher than the national average.

Some climates aren't basement-friendly while in other markets, it's not common for basements to be finished. Concrete basements, for example, are more common in the South. Our data reflects this; in the South Central Region, fresh carpet / flooring ranks 18% below the national average as a top basement upgrade.

### Pro tip:

Plan for an [egress window](#) in your basement remodel to serve as an emergency exit. Installing an egress window eases safety concerns and also raises your home's value by classifying a new or existing space as a legal bedroom or living area. However, keep in mind that below-grade square footage will still usually be valued less than above-grade space.





## Kitchen

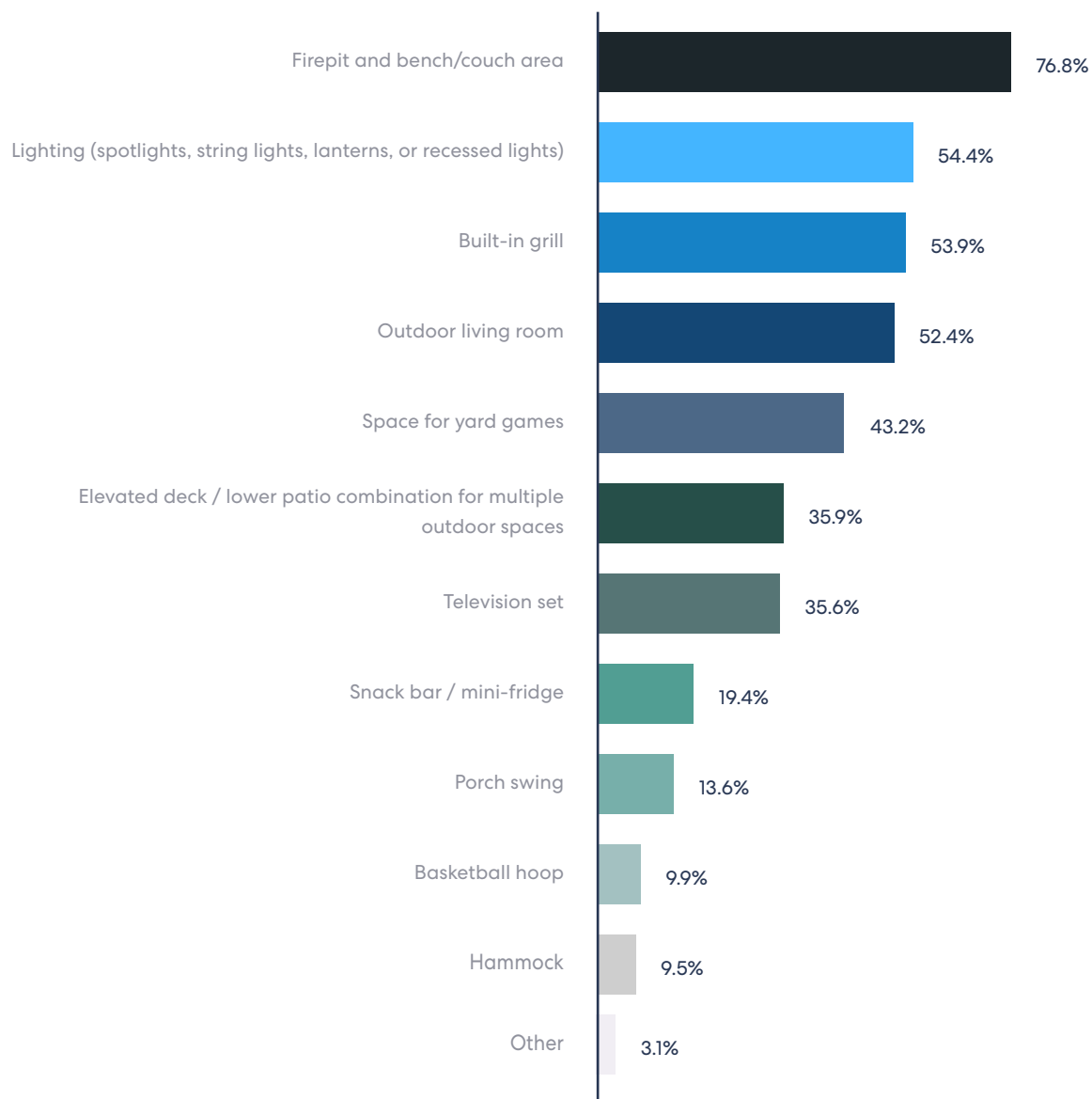
“Who’s ready for another glass of wine?” Of course, you can’t talk about entertaining at home without mentioning the kitchen! The first time you’re comfortable hosting happy hour or dinner at home (and not via Zoom) will be a thrilling moment. So what upgrades will make the experience more enjoyable while boosting your home’s marketability, too?

To start, you’ve got to have bar seating, according to our survey. That little line of stools makes all the difference, with 65.8% agents citing the extra spot to sit down and converse as a top kitchen entertainment upgrade. Second is an island or peninsula with a raised countertop for gathering (62.3%). The two features really go hand in hand! In addition, you should ignore any reports of the open floor plan going out of style. A combination kitchen-family room on the main floor (56.8%) ranks third on the list of top kitchen upgrades for hosting.

Rounding out the top five kitchen entertainment upgrades are a large pantry with a counter/ability to hide food prep messes (55.7%) and a wine fridge to store your favorite chardonnays and pinot noirs (41.2%).

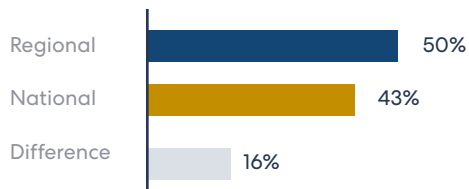
So what about those regional preferences? We found that a luxury range such as a Viking or Wolf ranked 42% higher as an upgrade on the Pacific Coast. In the Mountain Region, a high-end, quiet dishwasher ranked 18% above the national average (a practical choice!) And that spacious pantry for food prep? It ranked 11% higher in the South Central region, where home cooking takes precedence!

Which of the following **backyard upgrades** designed for entertaining guests (when it's safe to) are considered a top upgrade among homebuyers in your market? (Check all that apply.)

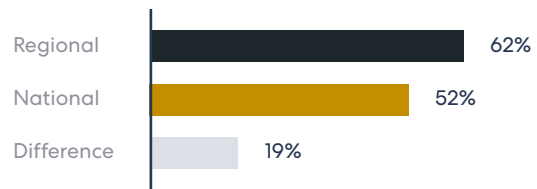


Standout regional **backyard entertainment priorities** compared to national

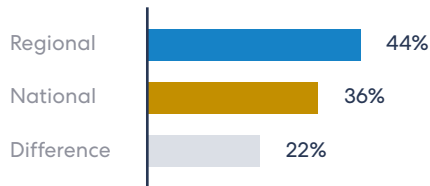
Northeast: Space for yard games



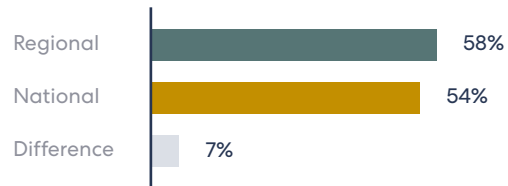
Pacific: Outdoor living room



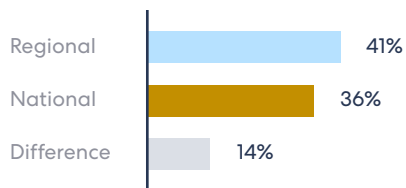
Midwest: Elevated deck / lower patio combination for multiple outdoor spaces



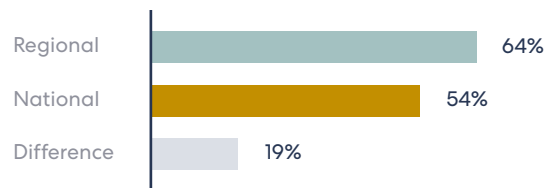
Mountain: Lighting (spotlights, string lights, lanterns, or recessed lights)



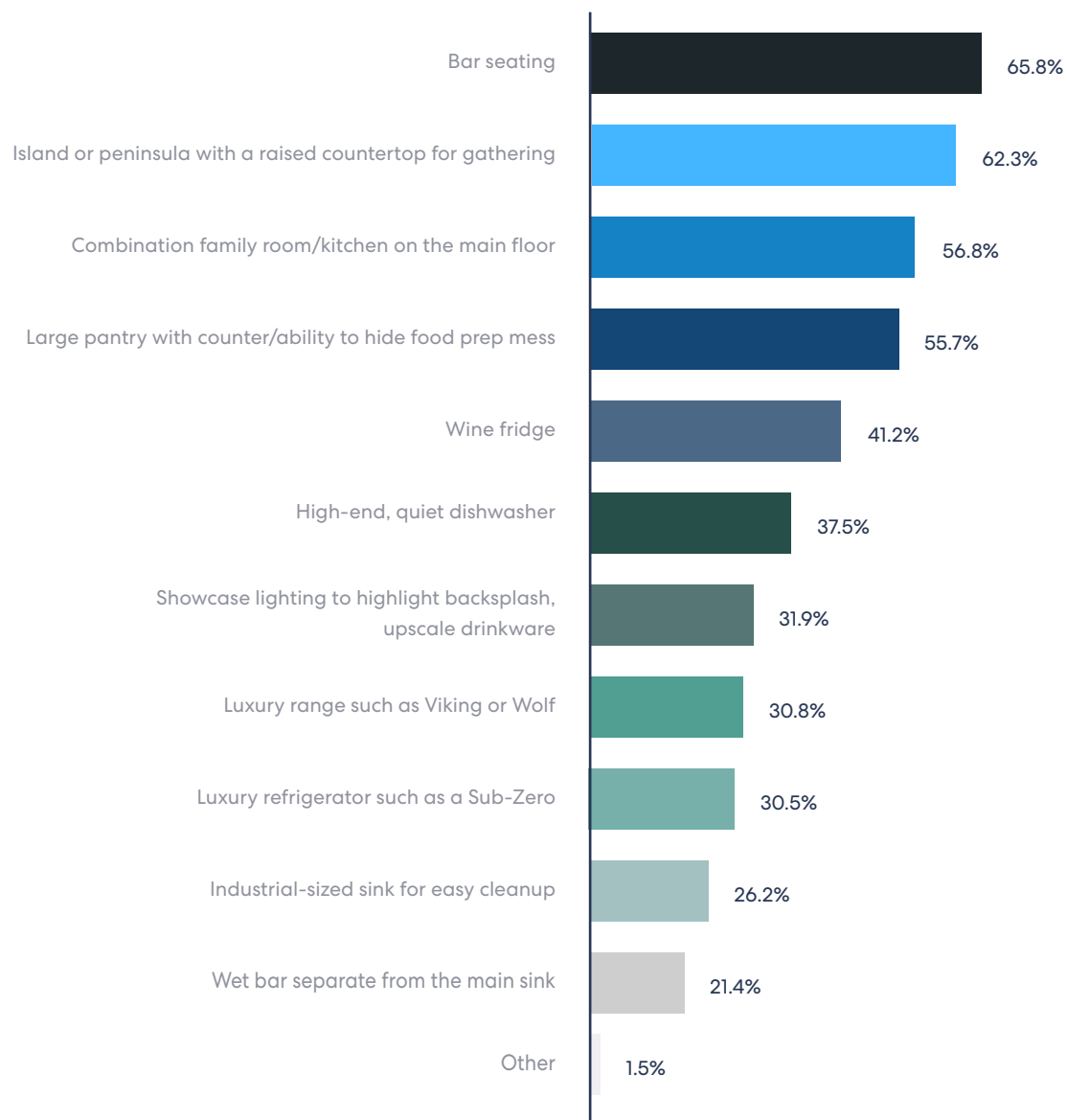
South Atlantic: Television set



South Central: Built-in grill



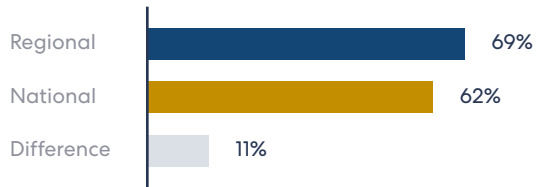
Which of the following **kitchen features** designed for entertaining guests (when it's safe to) are considered a top upgrade among homebuyers in your market? (Check all that apply.)





## Standout regional **kitchen entertainment priorities** compared to national

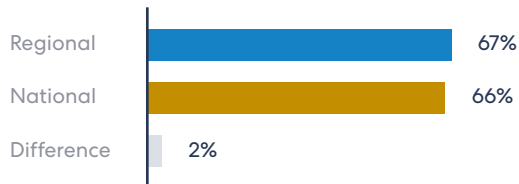
### Northeast: Island or peninsula with a raised countertop for gathering



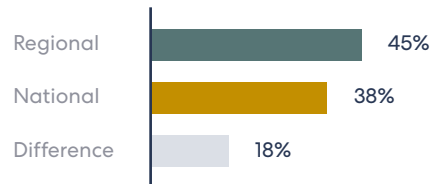
### Pacific: Luxury range such as Viking or Wolf



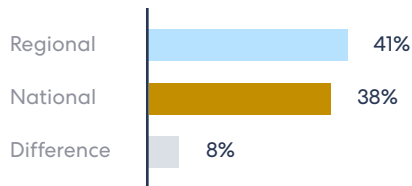
### Midwest: Bar seating



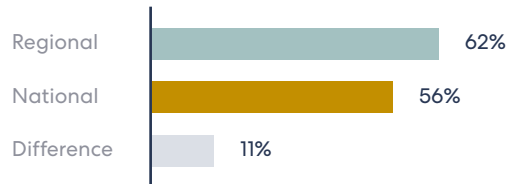
### Mountain: High-end, quiet dishwasher



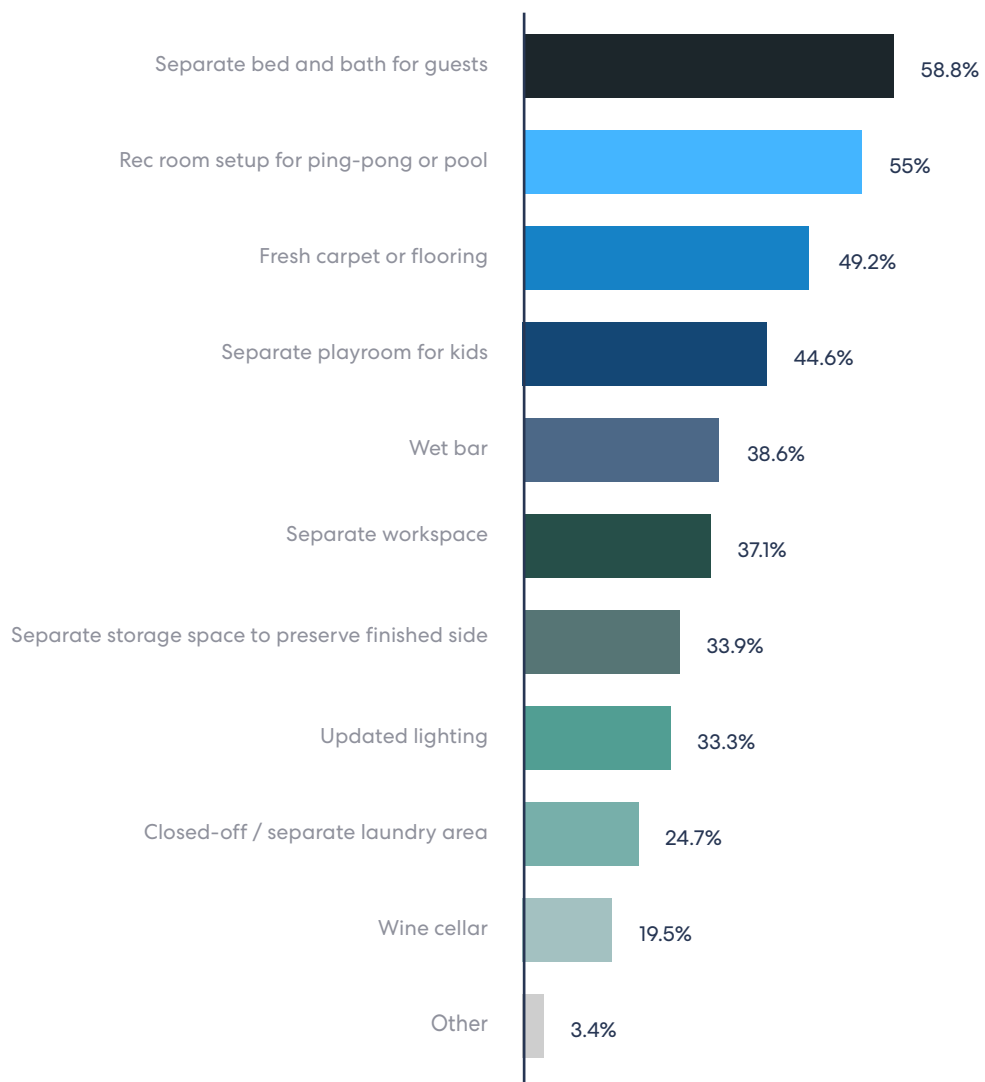
### South Atlantic: High-end, quiet dishwasher



### South Central: Large pantry with counter/ability to hide food prep mess

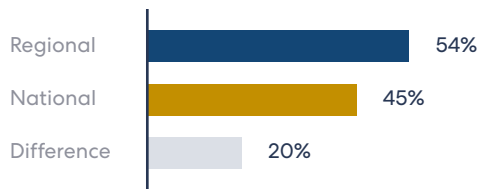


Which of the following **basement upgrades** designed for entertaining guests — when it's safe to do so — are considered a top upgrade among homebuyers in your market? (Check all that apply.)

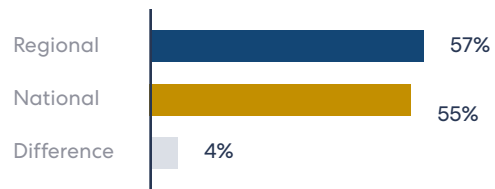


## Standout regional **basement entertaining priorities** compared to national

### Northeast: Separate playroom for kids



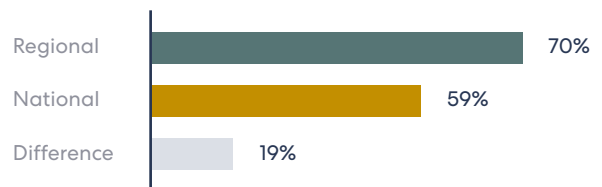
### Northeast: Rec room setup for ping-pong or pool



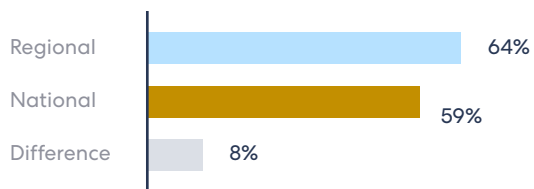
### Midwest: Wet bar



### Mountain: Separate bed and bath for guests



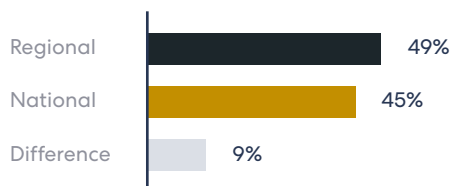
### South Atlantic: Separate bed and bath for guests



### South Central: Fresh carpet or flooring



### Pacific: Separate playroom for kids



# About HomeLight

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HomeLight's vision is a world where every real estate transaction is simple, certain, and satisfying.

We provide software and services to home buyers, sellers, and real estate agents including HomeLight Agent Matching, the investor matching platform Simple Sale, HomeLight Home Loans, and HomeLight Closing Services.

Each year, HomeLight helps hundreds of thousands of clients connect with top real estate agents, and it facilitates billions of dollars of real estate on its platform.

