

Will Coronavirus Resuscitate The Suburban Housing Market?

JD Allen | May 27, 2020

Some New Yorkers fled the busy streets of Manhattan and Brooklyn at the start of the pandemic in March. They chose to social distance themselves in vacation homes and rentals in the Hamptons and western Connecticut.

But the pandemic didn't blow over in just a month, or even two — and now some want to move for good. Mariana Verkerk is a Dutch-American model who lived with her family in Manhattan. She's walked the runway for various designers like Michael Kors and Victoria's Secret, and now is a runway coach.



"I was in Wuhan, [China], in November, teaching women how to walk a runway. Of course, when I came back I heard that they had the virus in Wuhan. Then I went to Europe, holding a convention there. So it sort of following me. Then I came to New York, and I heard that it was really starting to happen here, and I was like 'You know what? I escaped it twice. I just don't want to want to be here again.'"

So Verkerk moved her family in with friends in Salisbury, Connecticut, in March — just as both states began to shut down to stop the spread of the virus.

"My son still thought he could go back to Stony Brook [University] after the break and I said, 'It's not happening. You're not going back. There's a hospital there.' And he thought I was crazy. And I said just put everything in one corner so that if we have to move out, we can do this rather quickly."

Scott Elwell, regional vice president of sales for Douglas Elliman in New England and Westchester County, said there are a lot of New Yorkers, like Verkerk, who have fled Manhattan. And many are paying top dollar to escape.

"We've seen some pretty high price points trade and go into contract."

He says in some ways, the pandemic has awoken Connecticut's sleepy real estate market. That's because the real estate industry has operated through the pandemic as an essential business in Connecticut and New York. And Elwell says there is demand in Westchester, Fairfield and Litchfield Counties.

“There is absolutely a significant uptick in demand for rentals, and especially short-term rentals for summer rentals.”

And the demand for rentals and vacation homes this summer has not dipped with the states reopening their economies.

Verkerk, for instance, has no plans of going home to Manhattan anytime soon.

“I have to sort of start working on a little art project, so I’ll probably start heading to the Hamptons soon.”

But the recent demand for real estate is a bit more complicated in eastern Long Island.

Judi Desiderio, CEO of Town & Country Real Estate, says New Yorkers came in waves starting in March.

“We had a huge tsunami of people from the city that just had to get out. They couldn't stay locked in an apartment. We had owners who owned houses who came out. There was a mass exodus from the city.”

The second wave wanted to extend their leases when the pandemic didn’t blow over in a month.

“Wave two was: ‘Okay, we need to have a place to hunker down. We need a safe place outside the city. We want it for the full summer or longer, maybe the rest of the year if we can.’” Wave three started in May.

“This may be a couple of years. And most people said, ‘We've been thinking about buying. We need to have a place to go to. We need Plan B.’”

There have been some reports of people taking advantage of eviction moratoriums in New York. People overstaying their leases, and squatting in the Hamptons quarantine-style.

“We shut the valve on June rentals and let any of the other agencies do them because I just felt we represent the landlords, and I didn't think it was in their best interest to rent for June.”

Some locals blamed the influx of staycationers on short-term rental marketplaces, like Airbnb and VRBO. Airbnb did not comment on these “rumors,” but said they do not condone guests remain in listings after a stay is concluded.

Several of these marketplaces have expanded their offerings to include accommodations for health care workers who chose to be separated from their families to prevent the spread of the virus. Airbnb allows hosts to accept longer term stays to prevent turnover of a living space and enforce enhanced cleaning protocols in between guests.

But this demand for rentals and vacation homes — and individual stories of relocation and squatters — does it really represent how the real estate market will change due to the pandemic?

“I like to say that the plural of anecdotal is not data.” Jonathan Miller, CEO of the well-known real estate appraisal firm Miller Samuel.

He said the data show a strong first quarter on Long Island and western Connecticut, and then an abrupt slowdown in March.

“The idea that people are going to be buying virtually, you know, sight unseen, essentially, other than through zoom or FaceTime is really on the margin,” Miller said. “I'm not saying that it isn't happening, it is happening, but it's nominal.” That means it could be a long time before people are comfortable enough to shop for rentals and homes again.