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The Housing Market Around New York City Is Booming

Real-estate agents say home shoppers are looking to buy outside of the city; concerns over second wave of pandemic-related restrictions



When Jacob Knoll left Manhattan last year to rent a home in New Paltz, N.Y., about a 90-minute drive from the city, he waited to see how much he liked the town before committing to buy there. Now, that hesitance is costing him.

Homes in New Paltz are selling quickly, in some cases nearly as soon as they hit the market, and sellers are calling the shots. Mr. Knoll found a three-story brick house he loved last month, but he was told the owner was only considering all cash or financially guaranteed offers.

“The whole game has changed,” Mr. Knoll said. “It’s just incredible how many [houses] have pending offers or are completely gone already. It’s nuts.”

House hunters are swarming the villages, rural communities and small towns outside New York City, from the Hudson Valley to southeast Connecticut. When the state imposed shelter-in-place restrictions in March, the initial hot spots were monthslong rentals in the Hamptons and leafy suburbs not far from the city, as some urbanites looked for temporary ports with more space.

Now, real-estate agents say, more shoppers want to buy, often because they are concerned about a [second wave of pandemic-related restrictions](#).



Catskill Farms Inc., a home builder based in Wurtsboro, N.Y., has sold six yet-to-be-built homes in the past eight weeks, said owner Chuck Petersheim. His company usually sells 16 to 18 homes a year.

He says he is getting 30 inquiries a week, up from a more typical volume of six a week.

“People who are now in the Hudson Valley looking for homes, many of them have never been to the Hudson Valley before,” Mr. Petersheim said. “That’s new to the marketplace, that urgency.”

Early speculation was that city dwellers [looking to trade high-rise apartments and subway commutes for single-family homes](#) would drive a suburban buying frenzy. While Realtors say they see strong demand in suburbs around New York, there is no evidence so far of a large-scale exodus from the city.

Some urbanites who planned to move to the suburbs in the coming years are moving up their timelines. But many of the current rural-home shoppers are looking for second homes and plan to keep New York City residences, according to real-estate agents.

“People who can, they’re definitely looking for second-home options outside of the city,” said Victoria Vinokur, broker at Brown Harris Stevens in Manhattan. “But I’m not seeing, ‘sell here and buy there.’”

Doug Tough and Ariaah Tough, who live in Manhattan with their two daughters, were already thinking of buying a second home but started shopping in earnest [due to the pandemic](#).

“This was something that we wanted to do anyway,” Ms. Tough said. “But this definitely added a little bit of fuel to the fire.”

The Toughs said they struggled to compete with buyers who are paying all cash for homes without even visiting them first. The Toughs agreed to buy a home in Rock Hill, N.Y., last month following a bidding war.

New demand increased relative to new supply in four suburban areas around New York City in March through May compared with the same period last year, according to an analysis by Manhattan real-estate data company UrbanDigs Analytics LLC, based on new contract signings and new listings.

During the same period, demand in Manhattan was unchanged relative to supply compared with last year, UrbanDigs said.

“Suddenly there’s a lot more people looking to buy than are asking to sell compared to the same time a year ago” in Greenwich, Conn., New York’s Westchester County and New Jersey’s Monmouth and Bergen counties, said John Walkup, UrbanDigs’s co-founder and chief operating officer.

He said Manhattan’s demand could start to increase if the city’s shelter-in-place restrictions further ease this summer.



If [working from home becomes more widespread](#), the national housing market could shift as employees become more willing to live far from city centers, said Skylar Olsen, senior principal economist at Zillow Group Inc.

But patterns have yet to change much. Nationwide, about 64% of home shoppers looked for suburban homes in April, compared with 66% in April 2019, according to a Zillow analysis.

For shoppers based in the New York metro area, those looking to move to a different metro area grew to 40%, from about 35% last year, Zillow said. About 70% of all shoppers in the New York metro area looked for suburban homes, down from 72% last year.

“I, at the very least, cannot currently see evidence of wildly increased interest in suburban neighborhoods, or even in leaving the metro entirely,” Ms. Olsen said. “Do I think it will happen over the long term if remote work is sticky? You betcha. But it will be a gradual process.”

Leigh Quintana, associate broker at Keller Williams Hudson Valley North, said while many of her clients are looking for second homes in the Hudson Valley, they are now more likely to treat the Hudson Valley house as their primary residences.

“We’re going to see that flip-flop, where our New York clientele lives, works and plays upstate, and maybe goes to New York for fun,” she said.

