THE EFFECTS OF COVID-19 ON THE US HOUSING MARKET

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Total Homes Sold Across Observed Counties — Q2 2019, Q3 2019, Q2 2020, Q3 2020 — Jan 2019, Jan 2020
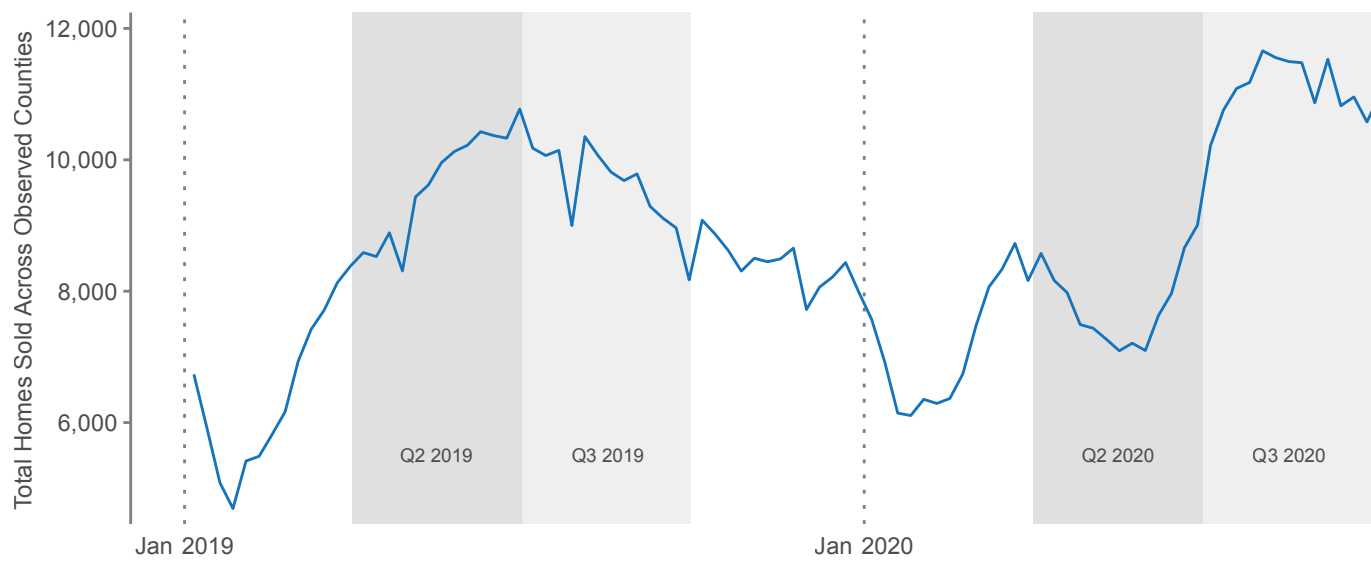
As compared to home sales in Q2 over the last three years, the quantity of homes sold across all regions dropped sharply in Q2 of 2020 following stay-at-home orders and the closure of non-essential businesses in early spring.

Q2 2020
23%
Decrease

With historically low interest rates and the relaxation of closures, the U.S. housing market surged in Q3 of 2020. The increase in homes sold in Q3 was short of the decrease in Q2. By contrast, median sale prices increased in Q3 by 4.6%, more than offsetting the measured loss of -2.8% in Q2.

Q3 2020
18%
Increase

Low Density -21%
High Density -32%
Q2 2020

Q3 2020
Low Density 19%
High Density 18%

The dynamic of contraction and surge in home sales witnessed nationwide behaved differently by the population density of local markets. The recovery in June saw double digit gains in every major real estate region except for the Northeast. Texas and Florida enjoyed booming markets this summer, especially in communities of lower population density. Recovery in dense coastal cities has been less robust. While stories of a nationwide urban flight appear overstated, New York City and San Francisco have not recovered like the rest of the country. New York City real estate sales plummeted 40% in July and 57% in August as compared to 2019. The combination of high unemployment, social unrest, remote work practices and an apparent shift in preferences toward lower density have tempered the recovery of real estate markets in certain cities

COVID-19 Deaths (per 100,000)
- 20-40
- 40-60
- 60-80
- 80-100
- 100+
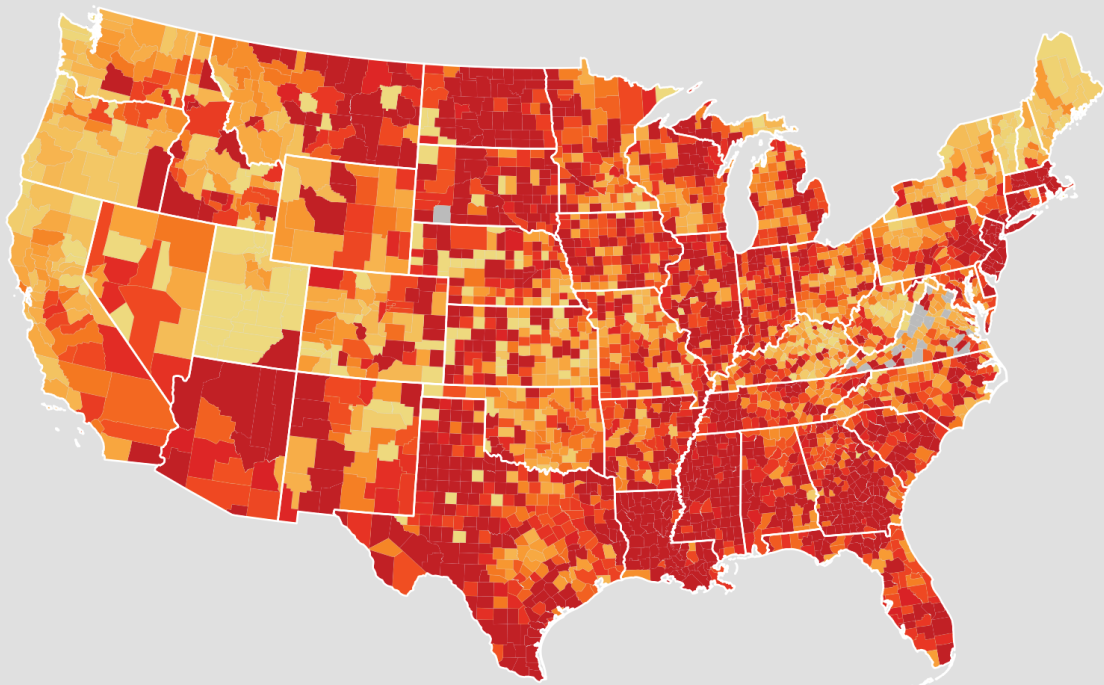
Consistent with results on market outcomes by population density, we find that the local COVID-19 death rate placed downward pressure on median listing prices. Controlling statistically for the size of the local inventory, total active listings, and state fixed effects, counties with high COVID-19 death rates had substantially lower median listing prices than counties with low COVID-19 death rates. Other things held equal, we estimate an 8% difference in median list prices in counties with 100 vs 10 deaths per 100,000 persons.

Estimated Effect of COVID 19 Deaths on Prices

Median Listing Price — $270,000, $265,000, $260,000, $255,000, $250,000
COVID-19 Deaths (per 100,000) — 25, 50, 75, 100