2020 REAL ESTATE FORECAST SUMMIT

2020

Top Ten Markets

During and in a Post-COVID Environment in 2021-2022

National Association of REALTORS® Research Group

NATIONAL ASSOCIATION OF REALTORS®

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Economic Background

The COVID-19 pandemic brought about a sharp decline in economic output and employment not seen since the Great Depression. But the economic recovery—while not complete—has also been quick, thanks to a massive and quickly delivered monetary and fiscal stimulus to help businesses and jobs and to prevent home foreclosures and evictions.

After the economy contracted in the first and second quarters, economic activity turned around in the third quarter, although GDP (gross domestic product) is still 2.7% below the pre-pandemic level in 2019 Q4. During May through November, the economy created 12.3 million jobs, although 9.8 million lost jobs are still to be recovered. At the peak of the pandemic, 23 million workers were suddenly out of work, equivalent to 14.7% of the labor force. The number of unemployed has declined to 10.7 million by November, or 6.7% of the labor force, but the level of unemployment remains elevated compared to the pre-pandemic level of just 5.7 million, or 3.5% of the labor force.

Due to the necessary social distancing measures put in place to control the spread of COVID-19, the leisure and hospitality industries (food services, lodging and accommodation) have been the most impacted, with the unemployment rate still at a high 15%.

With the closing of offices and schools, working from home and schooling at home became the norm. From just about 6% of the workforce working from home in 2019, 35% of the workforce was working from home by May, and as high as nearly 80% among education, community services, and computer or mathematical workers.

The fraction of the workforce working from home has declined to 23% as of September, but that is still nearly four times the pre-pandemic level. With workers demonstrating that they can work from home productively (more so when school opens), some companies have announced that their employees or a fraction of them can work from home permanently. This could potentially lead to other companies following in their footsteps. Areas that are already attractive destinations —especially among movers from more expensive West Coast cities— may attract more tech workers. Working from home will continue to evolve over time as businesses assess the impact on productivity, collaboration, and company loyalty, among other considerations.

The pandemic has highlighted the social support derived within a multi-generational family. A retired family member (a grandmother, for example) can assist in childcaring, enabling a family member to go to work (either to the office or at home) and to save on child care expenses. While there are no fiscal incentives that encourage or discourage the creation of multi-generational families, metro areas that already have a larger fraction of multi-generational families for one reason or another may continue to see the formation of more multi-generational families.

Top 10 Markets During and in a Post-Covid-19 Environment

The National Association of REALTORS® identified top 10 markets that have shown resilience during this pandemic period and that are expected to perform well in a post-COVID-19 environment. In identifying these markets, NAR considered a variety of indicators that it views to be influential to a metro area's recovery and growth prospects in a post-pandemic environment in 2021-2022, including:

1) Fraction of the workforce working from home (2019)
2) Share of multi-generational households (2019)
3) Net domestic migration in a metro area (2019)
4) Movers from expensive West Coast areas moving into another metro area (2018)
5) Unemployment rate (September 2020)
6) Share of workers in retail trade, leisure and hospitality industries (2019)
7) Small business openings relative to January 2020 (Nov 2020)
8) Mobility to retail and recreation places relative to January 2020 (Nov 2020)

Top 10 Markets During and in a Post-Covid-19 Environment

In alphabetical order, the Top 10 markets are:

Atlanta-Sandy Springs-Alpharetta, Georgia

What stands out about the Atlanta metro area is that it has the highest share of workers working from home, at 8.8%, compared to the national share of 5.6%. Among the top ten metros, it attracted the third largest number of movers, at 202,361, of which 3.7% came from West Coast metro areas. This metro area has also been recovering well, with mobility to retail and recreation places at just 7% below the January 2020 level, compared to the national rate of 20%.

Boise City, Idaho

Noteworthy about the Boise City metro is that it is highly attractive to movers from West Coast metro areas. Of the 36,045 movers into the area, nearly 15% were from West Coast areas. A large share of the workforce work from home, at 7.7%. Mobility to leisure and recreation places is just 5.1% lower than the pre-pandemic level.

Charleston-North Charleston, South Carolina

The Charleston metro has been resilient, with a low unemployment rate of 4.7%, well below the national rate of 7.9%. Mobility to the leisure and recreation places is 13% below pre-pandemic level, which is also below the national rate of 20%.

Dallas-Fort Worth-Arlington, Texas

Dallas attracted the largest number of movers of nearly a quarter of a million people in 2018. It was also the second most attractive destination among West Coast movers, attracting nearly 20,000, next to Phoenix. Among the top 10, it also has the highest share of multi-generational households, at 4.6%. Mobility to leisure and recreation places is about 9% below the pre-pandemic level.

Des Moines-West Des Moines, Iowa

Among the top 10 metro areas, Des Moines had the least decline in mobility to retail and recreation places relative to the level in January, at 1.9%, compared to 20% nationally. It had the lowest share of retail trade and leisure/hospitality jobs, at 18.2%, compared to the national rate of 20.3%. It has a low unemployment rate of 5%.

Indianapolis-Carmel-Anderson, Indiana

Indianapolis follows Dallas, Atlanta, and Phoenix in the magnitude of movers moving to the area. It has been recovering fairly well during the pandemic. Mobility to retail and recreation places is 8.1% below the level in January, which is better than the national rate of 20%. The unemployment rate is at 6.7%, also below the national rate of 7.9%.

Madison, Wisconsin

The Madison metro area has the second lowest unemployment rate of 4.3%, second to Provo-Orem. It has a lower share of retail trade and leisure and hospitality workers, at 18.4%, compared to the national rate of 20.3%.

Phoenix-Mesa-Chandler, Arizona

The Phoenix metro area attracted the largest number of movers from West Coast metro areas. It's the third largest destination of movers, next to Dallas and Atlanta. In 2018, nearly 200,000 people moved in Phoenix, of which nearly 29,000 or 14.5% were from West Coast metro areas. A high fraction of workers, 7.9%, work from home. Next to Dallas, it has the second largest share of multi-generational households, at 4.5%.

Provo-Orem, Utah

Provo-Orem boasts of the lowest unemployment rate among the top 10 metro areas, at 4.2%. Relative to the number of people who move into the area, 8.7% are from West Coast metro areas. A large fraction of the workforce works from home, at 7.9%.

Spokane-Spokane Valley, Washington

The Spokane metro area stands out as having the highest fraction of its movers from West Coast areas, accounting for 23.8% of people who moved into the area in 2018. In terms of number of movers, it is the third most attractive destination for West Coast movers, following Phoenix and Dallas. A high fraction of the workforce work from home, at 7.2%. Among the top ten metro areas, it currently has the highest unemployment rate of 8.6%, but it stands to benefit from increased out-migration from expensive West Coast metro areas.

Top 10 Markets During and in a Post COVID-19 Environment in 2020-2022

Data Table for Top 10 Markets During and In a Post Covid-19 Environment in 2020-2022
Released on December 10, 2020, NAR Real Estate Forecast Summit
National Association of Realtors®

Metro Area (in alphabetical order)	Percent of workers 16 years old and over who worked from home in 2019/1	Share of multigenerational households in 2019/2	Net domestic migration in 2019/3	Population who moved out of West Coast metro areas* to this metro area in 2018/4	Total domestic movers into the area/4	West Coast movers as a percent of domestic movers into this area/4	Unemployment rate in September 2020/5	Share of workers in retail and leisure and hospitality industries/6	Small business openings as of Nov 16 relative to Jan 2020/7	Mobility to retail and recreation as of Nov 17 relative to Jan 2020/8
Atlanta-Sandy Springs-Alpharetta, GA	8.8%	4.5%	31,043	7,536	202,361	3.7%	6.7%	19.3%	-27.9%	-7.2%
Boise City, ID	7.7%	2.6%	16,759	5,280	36,045	14.6%	6.4%	22.3%	-27.8%	-5.1%
Charleston-North Charleston, SC	6.5%	3.1%	10,340	1,408	42,342	3.3%	4.7%	21.1%	-18.4%	-12.9%
Dallas-Fort Worth-Arlington, TX	6.5%	4.6%	46,601	19,222	245,596	7.8%	7.6%	20.3%	-27.9%	-8.9%
Des Moines-West Des Moines, IA	5.5%	2.7%	3,718	804	31,735	2.5%	5.0%	18.2%	-26.3%	-1.9%
Indianapolis-Carmel-Anderson, IN	5.6%	2.5%	6,196	1,663	67,256	2.5%	6.6%	20.2%	-31.5%	-8.1%
Madison, WI	5.6%	1.5%	1,418	1,304	36,282	3.6%	4.3%	18.4%	-27.9%	-23.6%
Phoenix-Mesa-Chandler, AZ	7.9%	4.5%	71,657	28,829	199,244	14.5%	6.3%	21.4%	-26.4%	-16.5%
Provo-Orem, UT	7.9%	3.9%	4,500	3,671	42,142	8.7%	4.2%	19.8%	-18.4%	-12.6%
Spokane-Spokane Valley, WA	7.2%	3.7%	8,151	8,312	34,896	23.8%	8.6%	20.4%	-10.1%	-17.1%
United States	5.6%	3.8%		996,398	14,556,889	6.8%	7.9%	20.3%	-28.9%	-20.0%

Data sources:
/1 US Census Bureau, American Community Survey, 2019 Table B08141
/2 NAR tabulation of US Census Bureau American Community Survey, 2019 PUMS data
/3 US Census Bureau
/4 NAR tabulation from US Census Bureau, Metro-to-Metro Ins-Outs Table
The West Coast metro areas are San Francisco, San Jose, San Diego, Los Angeles, and Seattle
/5 US Bureau of Labor Statistics
/6 US Bureau of Labor Statistics
/7 NAR tabulation from Harvard University Opportunity Insights county level data
/8 NAR tabulation of the Google Covid-19 Mobility Report county data

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