



ABOUT

Real Estate Research provided analysis of topical research and current issues in the fields of housing and real estate economics. Authors for the blog included the Atlanta Fed's [Jessica Dill](#), [Kristopher Gerardi](#), Carl Hudson, and analysts, as well as the Boston Fed's [Christopher Foote](#) and [Paul Willen](#).

In December 2020, content from *Real Estate Research* became part of [Policy Hub](#). Future articles will be released in [Policy Hub: Macroblog](#).

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April 17, 2020

Southeast Housing Market and COVID-19

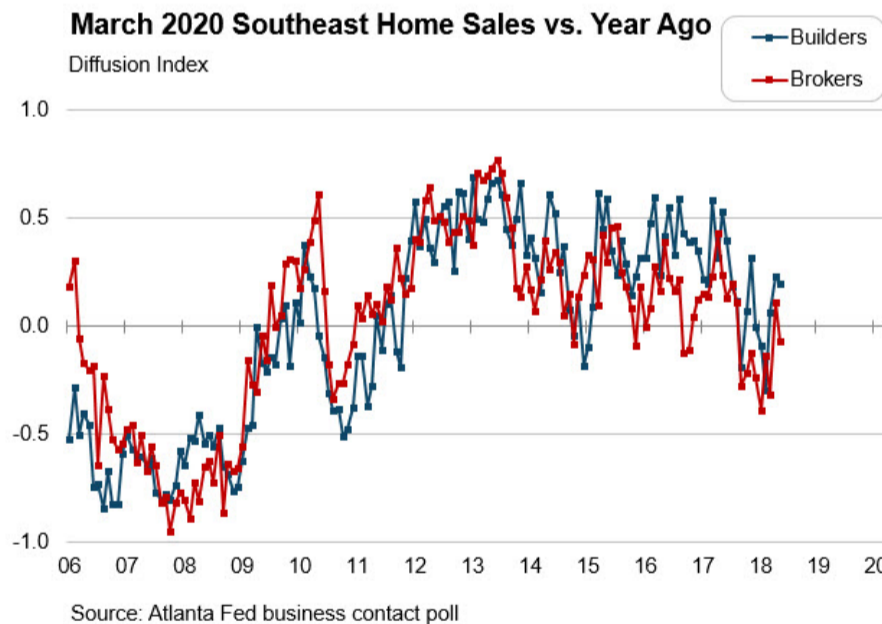
Considering the devastating effects the COVID-19 pandemic is having on the economic landscape, we can think of no better time to revive our *Real Estate Research* blog. Atlanta Fed staff, often in partnership with researchers at other Reserve Banks, are continually working to track and assess COVID-19-related developments as they unfold in the housing and mortgage markets.

With the relaunch of this blog, we intend to regularly publish posts, like this one, with our commentary, observations on recent data releases and survey results, analysis of recently published academic research, findings from working papers we find relevant and interesting, and takeaways from conferences and guest speakers when those events become possible again. We aim to foster dialogue on topical research and current issues in the field with each post we publish and look forward to your active participation and feedback.

Taking the pulse of the housing market

To gauge the impact COVID-19 is having on housing in the Sixth District, we redeployed our Southeast Housing Market Poll from March 26 to April 2 to existing homebuilder and residential sales agent contacts. To get a reference point for comparison, the poll included a combination of routine questions we've posed in the past. It also included special questions to gather more detailed insights on the unfolding situation. This post highlights the results of the poll.

Two-thirds of Southeast builder respondents indicated that home sales came in below their plan for March 2020 and were down slightly from the year-ago level. The majority of broker respondents, on the other hand, said home sales were in line with their plan for the period and were, on balance, flat from the year-earlier level.



Builders and brokers both reported declining buyer traffic relative to one year earlier. As the results of the special questions will emphasize (see below), buyer traffic appears to be the dimension of business that COVID-19 has most adversely affected through March.

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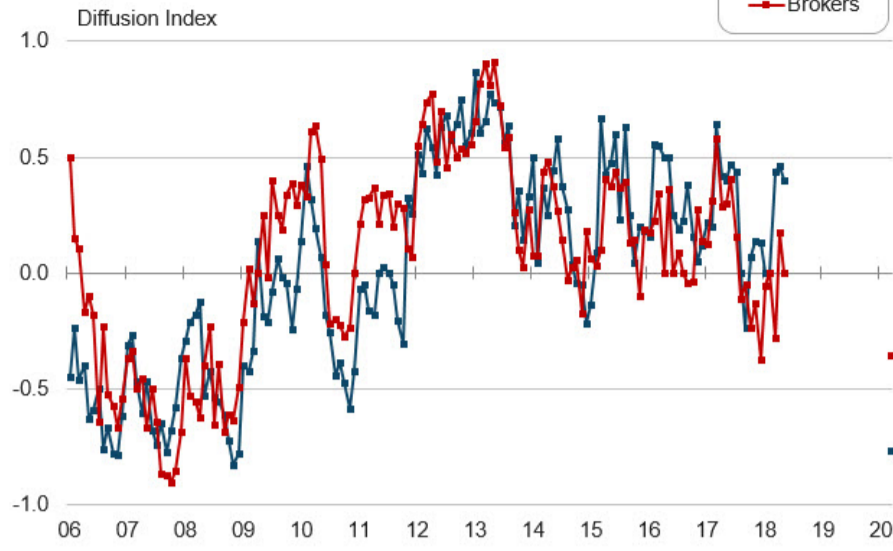
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March 2020 Southeast Buyer Traffic vs. Year Ago

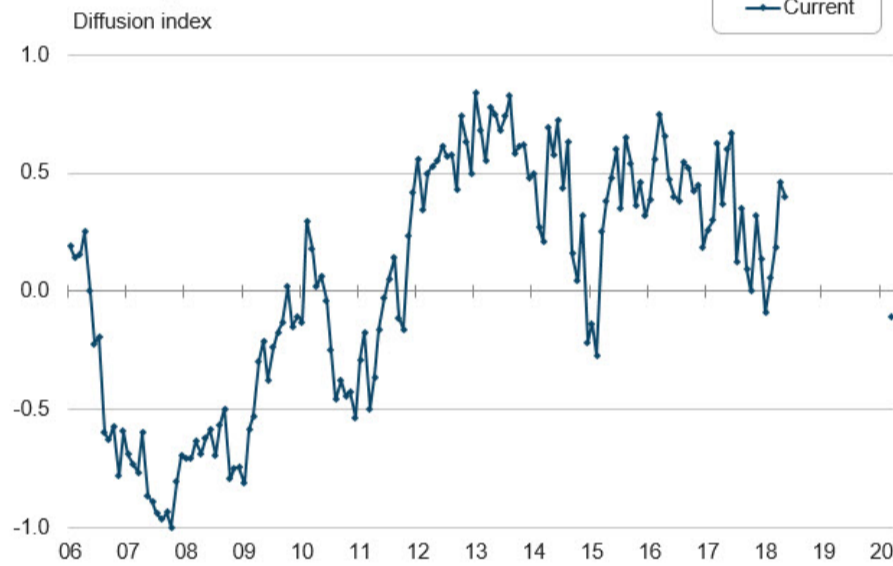


Source: Atlanta Fed business contact poll

The majority of builders reported that inventory levels remained flat from the year-ago level, while brokers said inventory levels were down. Most brokers and builders reported that home prices either held steady or were up slightly in March. Builders and brokers also indicated that the amount of available mortgage credit was sufficient to meet demand.

Just over half of southeastern builders indicated that construction activity during March 2020 fell short of their plan for the period, with the majority reporting that construction activity was flat to down slightly compared to the year-ago level.

March 2020 Southeast Construction Activity vs. Year Ago

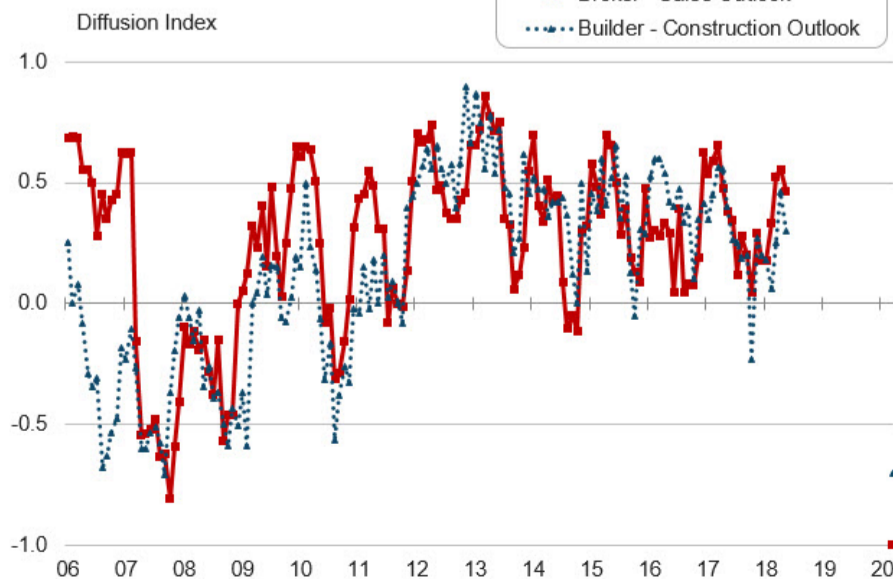


Source: Atlanta Fed business contact poll

Most builders said material prices had increased from one year earlier, but were flat relative to the month-earlier level. More than four-fifths reported some degree of upward pressure on labor costs, and half of pointed to modest increases in labor costs of just 1–3 percent from the year-ago level. The majority of builders indicated that the amount of construction and development finance available was sufficient to meet demand.

With regard to the outlook, all Southeast broker respondents said they expect home sales activity to decline over the next three months. Most builders expect construction activity over the next three months to slow considerably as well.

March 2020 Southeast Outlook vs. a Year Earlier

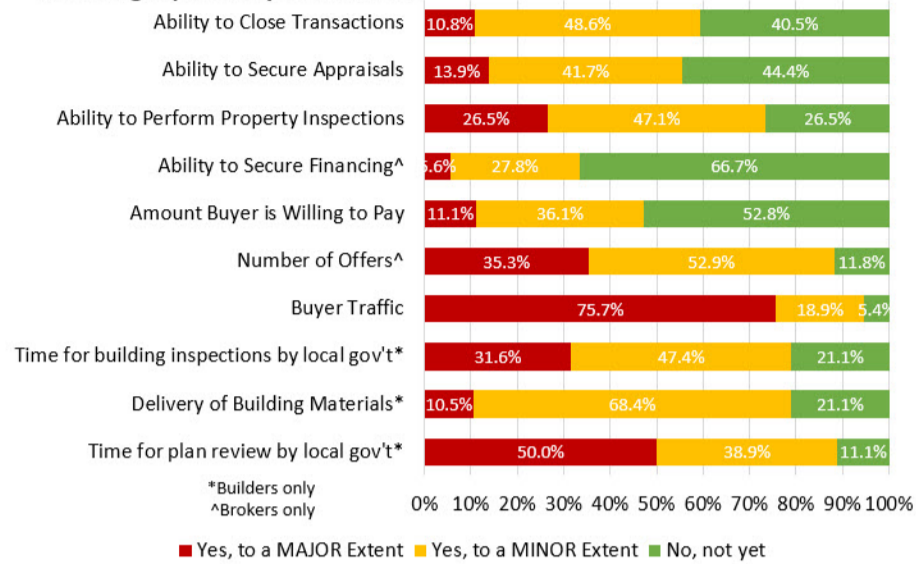


Source: Atlanta Fed business contact poll

Results from special questions on COVID-19

Consistent with results from surveys fielded by the National Association of Realtors (like this one) and the National Association of Home Builders (like this one), many Sixth District brokers and builders reported that they had already felt the effects of COVID-19 on their business at the end of March 2020 (see the chart). Buyers' ability to secure financing was the aspect least affected across the Sixth District, followed by the amount buyers were willing to pay for the home. Buyer traffic appeared to be the most significant adverse impact thus far.

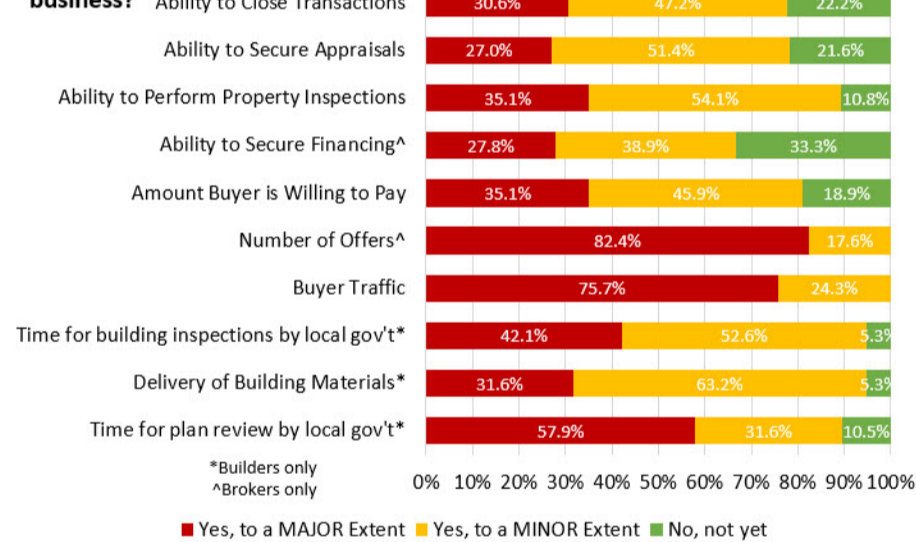
To date, has COVID-19 had a noticeable, adverse impact on the following aspects of your business?



Source: Atlanta Fed business contact poll

We posed the same set of special questions to brokers and builders, but this time asked them to look three months ahead and anticipate the impact of COVID-19 along the same dimensions. Perhaps not surprisingly, the majority of brokers and builders expect the adverse effects of COVID-19 to worsen over the next three months across all dimensions of their business, but especially as it relates to buyer traffic and the number of offers that come in.

In the next 3 months, do you expect for COVID-19 to have a noticeable, adverse impact on the following aspects of your business?



Source: Atlanta Fed business contact poll

We'll continue to keep an eye on the housing situation as it unfolds and report back periodically with updates. In the meantime, feel free to share observations from your local market or resources you are using to track the situation in the comments section below.

This poll was conducted March 26 to April 2, 2020, and reflects activity in March 2020. Thirty-seven business contacts across the Sixth District participated in the poll: 19 homebuilders and 18 residential brokers.



Jessica Dill, director of the [Center for Housing & Policy](#) at the Atlanta Fed

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