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Looking ahead for 2021 - by Marc Nadeau

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Before we can move on to expectations for 2021 we really need to look back to 2020, a year that was unlike any experience in recent decades. It was about this time last year when COVID became part of our everyday conversation. By this point, most adults have experienced at least one stock market crash, a recession or two and at least some discussion about the Ebola Virus. With each event the market was impacted in a negative way, but always bounced back. COVID reshaped the thinking of many city dwellers which in turn caused an exodus to both the suburbs and even more rural areas. The migration, as expected has greatly impacted the both the rental and sales markets.

A quick review of figures 1 & 2 brings to question how much the change in rental rates is affecting the value of real estate. There is no question that the shift in market demand is redefining markets. If you happen to be one of those investors who recently acquired an apartment property based upon pre-COVID rental projections, you might be in trouble. Or, you could be getting an unexpected windfall!

Looking Ahead: The market in Connecticut and much of New England for that matter has largely benefitted from the shift in population. Conn., Mass., R.I., ME and VT all have a healthy percentage of both suburban and rural markets, with some states having a greater percentage of the latter.

Personally, I have had the recent experience of helping a friend trying to find either a single family home or an apartment to rent along the shoreline. In this case, that included the towns of: Branford, Essex, Guilford, Madison and Old Saybrook. A recent search of both the Multiple Listing Service along with a local newspaper produced all of five potential listings for rent. Four of which were rented within a day or two, with the fifth one still being on the market because of some physical issues with the rental. I should state that the search parameters included spaces that had a

minimum of two bedrooms, were not on high-trafficked roads and were priced not to exceed \$2,500 per month. This high level of occupancy is certainly a boon for suburban property owners.

Looking ahead, local markets are expected to at the very least remain stable. As mentioned in last month's article, the exodus to Connecticut and other suburban areas has already started to reverse back to New York. There however, appears to be a net benefit to our local market with many of the city folk who moved this way, keeping their house and apartment rentals even if they are again spending time in the city. The following is a chart illustrating recent market activity in both New York City and Suburban Markets.

Knowledge is Power: The Connecticut Chapter of the Appraisal Institute will be offering up a number of educational seminars in the coming year. Many of the seminars are designed to benefit appraisers, realtors and lay persons alike.

The following is a schedule of what's slated thus far:

- Appraising Condos, Co-ops & PUDs - February 4 – Virtual Classroom
- Getting it Right from the Start: A Workout Plan for Your Scope of Work - April 21 – Virtual Classroom;
- Business Practices & Ethics - May 11 – Virtual Classroom
- CT Appraisal Law Update - Likely schedule for December and hopefully, an in-person event.

Also in the development process are seminars that will include an Economic Review and Forecast, Residential Design and Architecture and Appraising Partial Interests.

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