

Top Agent Insights

Q4 2020 Report

Find out how a widely distributed vaccine is expected to impact the housing market in 2021 and why inventory could remain tight all year.

See which types of 2020 business closures are shuffling demand for real estate across local communities.

Get trends data on the pandemic-driven boost in second-home purchases.

Which kitchen, bath, and outdoor features will resonate most with homebuyers in the new year?

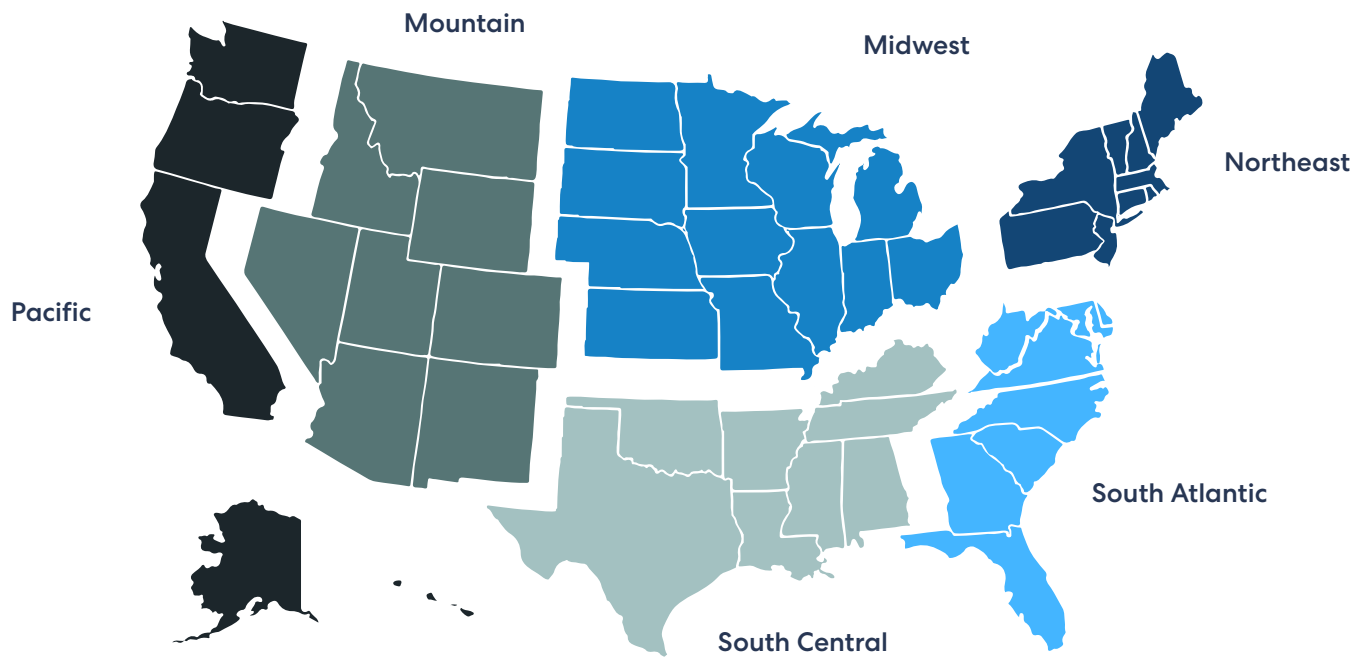


About this survey

HomeLight's Top Agent Insights report for Q4 2020 was fielded between Nov. 9-23, 2020, through an online poll of 1,054 real estate agents across the country. Agents were selected to participate in the survey based on the [same performance data](#) HomeLight uses to identify top real estate agents for hundreds of thousands of homebuyers and sellers nationwide.

Survey data for previous quarters can be accessed at the links below:

- [Q3 2020: Pandemic Spurs Home Buying Rush](#)
- [Q2 2020: Real Estate's Coronavirus Comeback](#)
- [Q1 2020: Coronavirus Chills Spring Housing Market](#)
- [Q4 2019: Don't Sludge Through Your Winter Sale](#)
- [Q3 2019: Tackle Fall Maintenance and Sell in the Off Season](#)
- [Q2 2019: Amp Up Your Curb Appeal](#)
- [Q1 2019: Spring Selling Tips and Staging Secrets](#)



Pacific:

Alaska
California
Hawaii
Oregon
Washington state

Mountain:

Arizona
Colorado
Idaho
Montana
Nevada
New Mexico
Utah
Wyoming

Midwest:

Illinois
Indiana
Michigan
Ohio
Wisconsin
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota

South Central:

Alabama
Kentucky
Mississippi
Tennessee
Arkansas
Louisiana
Oklahoma
Texas

Northeast:

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont
New Jersey
New York
Pennsylvania

South Atlantic:

Delaware
Florida
Georgia
Maryland
North Carolina
South Carolina
Virginia
West Virginia
Washington, D.C.



Table of contents

2021 Housing Market Ready to Go Full Throttle on Heels of a Banner Year for Real Estate	5
What Homebuyers Want in 2021: The Hottest Kitchen, Bath, and Outdoor Trends of the New Year	29
Remodeling Surge Battles Supply Shortage, ROI Challenges	50
COVID-19 Business Closures Shuffle Real Estate Demand Across Communities	59
Americans Decide to Work Where They Vacation as Second-Home Purchases Rise	66

2021 Housing Market Ready to Go Full Throttle on Heels of a Banner Year for Real Estate

Some constants such as low mortgage rates and geographic reshuffling are likely to carry over as key trends in 2021 and fuel the market's continued strength. Steep price gains and historically limited inventory will pose affordability challenges, especially to first-time buyers, while bolstering homeowner equity. Meanwhile, a vaccine and improving economy could boost consumer confidence across the board and help home sales flourish to their full potential later in the year, adding new buyers to the market and helping sellers finally feel safe enough to list their homes.

Fewer highs and lows, depleted inventory, and remote work expected to shape another strong year for real estate

The pandemic-spurred housing boom of 2020 shows no signs of relenting in the new year, giving 81% of top agents nationwide good reason to express optimism about the future. During the fourth quarter, a hot fall real estate market stretched deep into holiday territory, delaying the typical winter lull.

In late November, 92% of agents nationwide reported seller's market conditions, unchanged from the previous quarter and up considerably from 48% in Q4 2019.



Soaring demand for homes is unlikely to slow in 2021 as Americans rethink where they want to work and live in a world where remote jobs have become a permanent staple of post-pandemic society.

Meanwhile, record-low mortgage rates spilling into the new year create urgency to buy a home now while savings last, further shrinking the slim-pickings inventory depleted by “catch-up” purchases in the latter half of 2020.

While a severely supply constrained market will do little to ease buyer frustrations, the strong demand for homeownership will fuel price growth and help to increase homeowner equity while the economy recovers and jobs are regained.

Based on our survey data, here are seven key trends we expect to see impact housing in 2021:

1. Inventory won't be replenished overnight

Agents in our survey were most likely to say that a continued lack of inventory will exert the biggest influence on housing in 2021 (20.5%), even more so than the change in Presidential leadership (8.5%).

As of Q4 2020, 84% of agents nationwide say that inventory is lower than they expected, an increase of 78% who said the same in Q4 2019.

The National Association of Realtors reported that inventories were down [22% year over year](#) in November. Between April and October the supply of newly constructed homes was slashed in half from a [6.8 month](#) to a [3.3 month supply](#), [according to data from the Census Bureau](#).

Regionally, agents in the South Atlantic (25%) were most likely to cite a lack of inventory as the top factor affecting real estate in 2021, whereas agents in the Midwest were the least likely to do so (17.5%).

2. Widely distributed vaccine will boost consumer confidence

In 2020, many would-have-been sellers [held back from listing their homes](#) because they weren't comfortable opening up their house to anyone who could be harboring the virus. In 2020, agents vocalized that [buyers were first to jump back into their real estate plans after lockdowns lifted](#), with sellers remaining hesitant. As one Detroit-area agent remarked in our survey: "Some of my sellers have decided to wait until 2021 to list. They are afraid they can't find another home, and they don't want strangers going through their home because of COVID."

A vaccine could help restore confidence and shift that mindset. Headed into 2021, [50% of agents](#) said that a widely distributed vaccine would encourage more sellers to enter the market and unlock some inventory. This indicates that buyers could have more housing options later in the year, though with inventory starting from such a low place, the market could remain highly competitive for awhile. In addition, a vaccine will help businesses reopen and potentially give some buyers the job security they need to feel secure about entering the market.

3. Some homes will be lost to foreclosure as forbearance plans wrap

On the flip side of homeowner confidence, there will be some homes lost in 2020: 40% of agents believe that the end of forbearance and stimulus plans could cause an increase in foreclosures in their market. However, as explained by chief economist of CoreLogic Frank Nothaft in a recent news report, [growing equity](#) should help many homeowners [sell in a strong market before they face foreclosure](#).

4. Low mortgage rates will continue to heighten demand and drive sales

In Q4 2020, 97% of agents said that low mortgage interest rates were boosting buyer demand in their market, up from 70% in Q4 2019. Mortgage rates dropped consistently throughout 2020 and during the week of Dec. 17 hit a new record low of [2.67%](#) for the average 30-year fixed.

In response to low mortgage rates, 68% of agents have seen renters speed up their plans to purchase a home, 66% say current homeowners are trading up faster, and 46% say older adults are making the decision to downsize sooner. In the Pacific region, 55% of agents (compared to only 40% nationally) say that parents are using low rates as an opportunity to help their adult children buy houses.

However, according to our survey, 34% of agents expect mortgage rates to rise as people receive the vaccine and the economy improves. An increase in rates could start to soften demand, though analysts are fairly modest in their predictions for where rates could go. Fannie Mae expects the 30-year-fixed to [stay around 2.8%](#) through the end of the year, and the Mortgage Bankers Association anticipates an uptick to [3.3%](#).



5. Permanent shift to remote work will encourage more moves

In our survey, 14.5% of agents said that the shift to working from home would have the biggest impact on the real estate market in 2021, making it the third biggest trend agents anticipate seeing. Many employers will likely give the final word on which jobs are to become permanently remote in the coming months, which could trigger another round of relocations. With California frequently topping lists of states with the [most remote jobs](#), agents in the Pacific Coast were most likely to cite this trend (19.8%), followed by agents in the Northeast (16.2%). The impact of remote work on real estate appears to be least prominent in the South Central region, with only 8.3% of agents citing it as the most influential 2021 real estate trend.



6. Virus surges won't cause market panic thanks to industry preparedness

We tracked the housing market closely in 2020, polling agents every two weeks about how conditions were looking throughout the most volatile period of March through May. Our records show that reports of a seller's market dropped sharply to [48%](#), then rose to [79%](#), in [Q2 2020 alone](#). But there's no reason to expect the same dramatic mood swings will repeat in

2021. That kind of V-shaped rise and fall of market temperatures is highly unusual.

The U.S. may not yet have a handle on COVID-19, but the surprise element has passed. The days of stockpiling toilet paper and sheer panic are gone. Tools like virtual tours, digital closing technology, and remote showings are now easy for agents to implement on a whim. So, compared to 2020 when buyer activity [abruptly halted](#) due to the virus and then surged once lockdowns eased up, this year is likely to be one of relative normalcy for housing trends.

7. Affordability challenges will usher Biden's first-time buyer tax credit into spotlight

In our Q3 2020 post-election survey, over half of agents said that access to affordable housing and homeownership tax breaks / incentives would be [the top housing issues to address in 2021](#). As a follow up, we asked respondents which affordable housing proposals from President-Elect Joe Biden's housing plan they believed would be most impactful to their local community. A 55% majority said they were in most support of [Biden's \\$15,000 down payment tax credit for first-time buyers](#).

The tax credit Biden has proposed is an extension of the Recovery Act's [temporary tax credit](#). Biden's version of the credit would be permanent and advanceable, which means buyers could claim the credit at the time of purchase rather than waiting until they file taxes. A 2020 study found that [37% of non-homeowners cite the down payment](#) as one of the biggest inhibitors to purchasing a home. Meanwhile, 11% of agents in our survey believe that finding an affordable home will be the biggest challenge facing buyers in the new year.

Housing should prove to be another bright spot in 2021

A global pandemic couldn't bring down the U.S. housing market in 2020 — at least not for long. In fact, new circumstances and fresh perspective only served to cement the value of our homes and spark a new era of geographic flexibility for Americans.

Riding the coattails of the previous year's momentum while bringing hopes of a vaccine, stronger jobs market, and some return to regular life, 2021 is set to be another great moment for housing. But if we're lucky, at the end of this year, real estate prosperity will be only one of many victories the U.S. gets to celebrate.

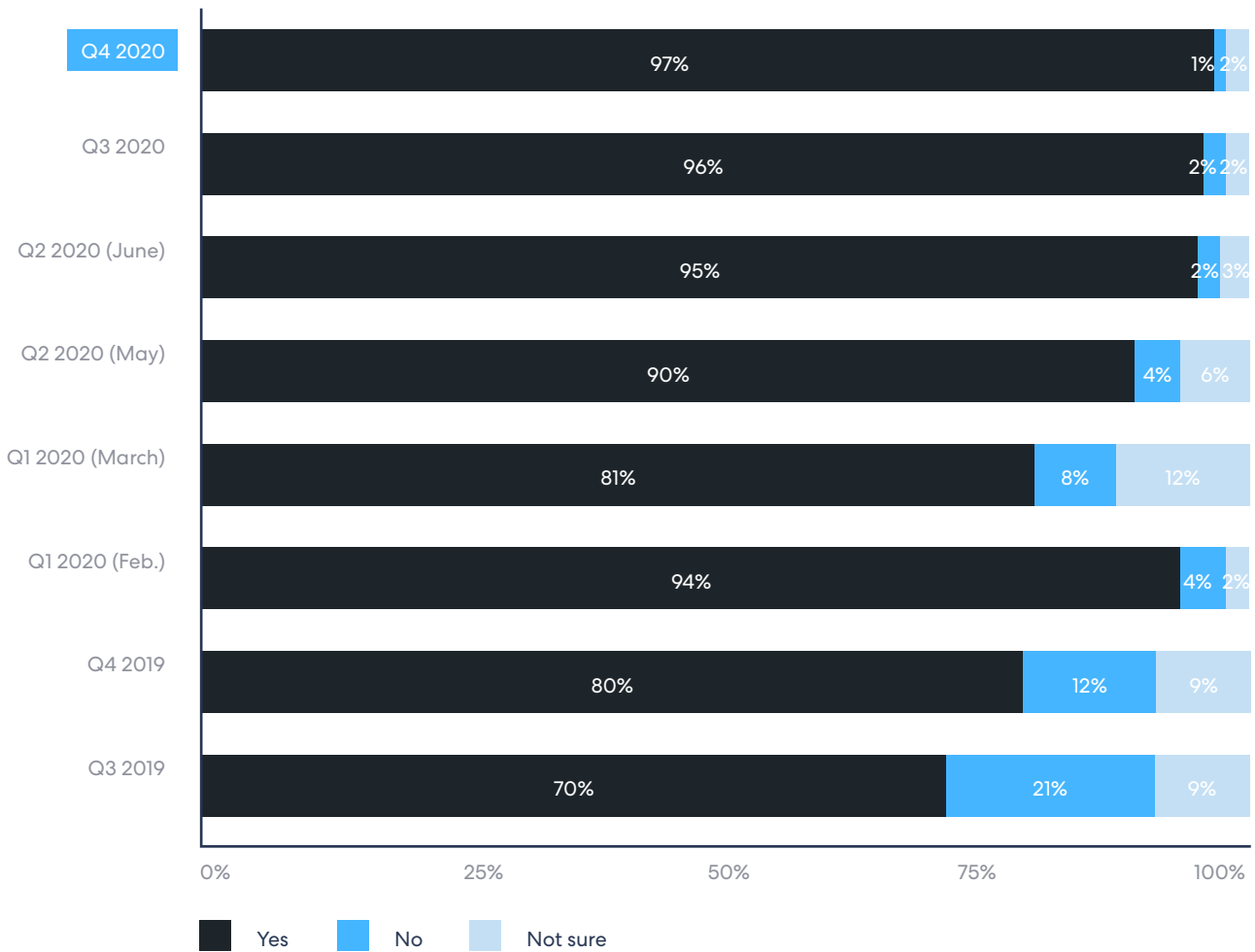
Despite the holidays and the arrival of cooler temperatures across much of the country, the 2020 housing market raced through the end-of-year finish line, marking an unusually hot winter season. Reports of a seller's market held at 92% in Q4, unchanged from Q3 and representing 44 percentage point increase over the year prior.

How are agents describing **local housing market** conditions?



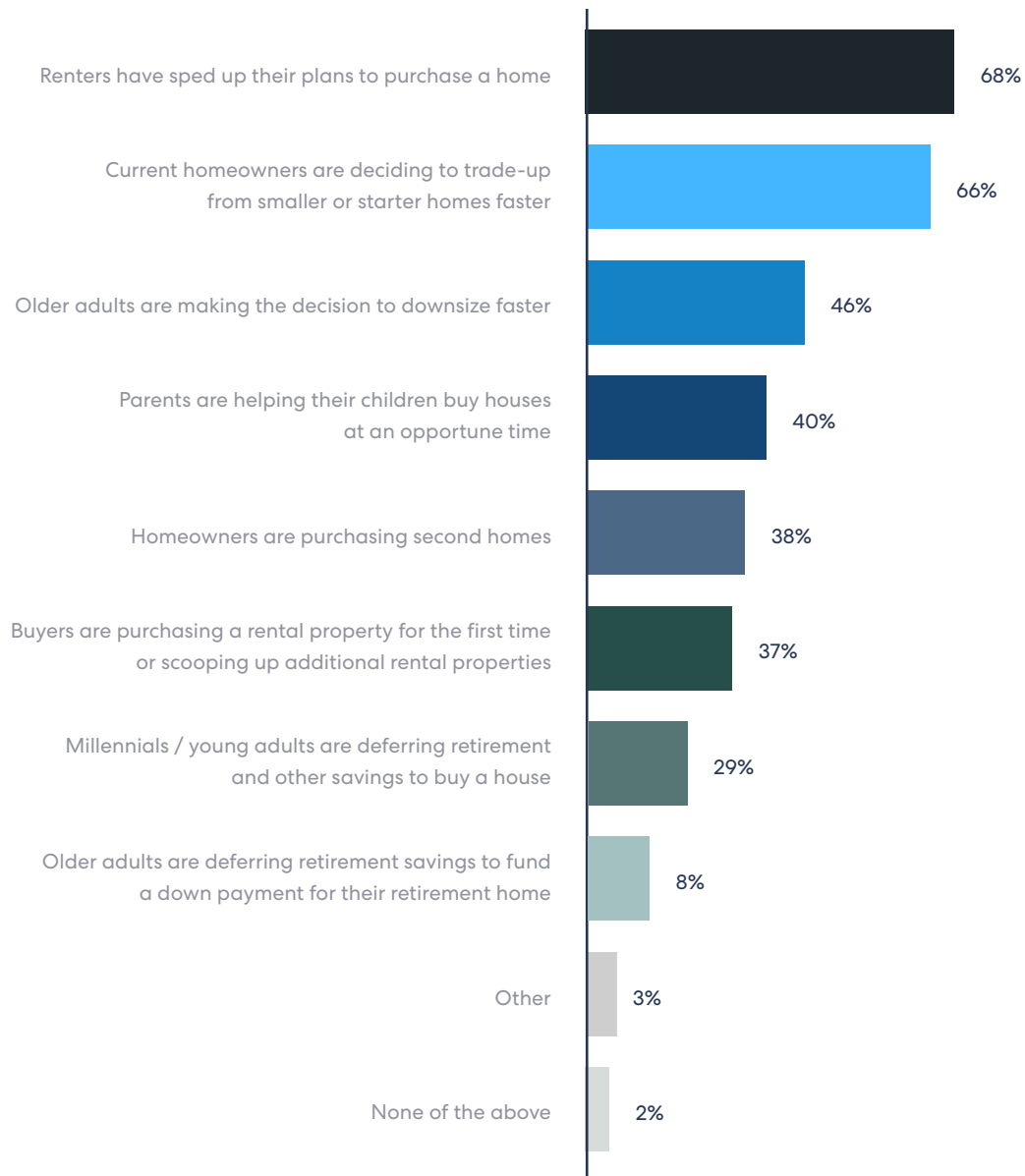
The influence of low mortgage rates on buyer behavior is stronger than ever. In Q4, 97% of agents said that low mortgage rates continue to boost buyer demand in their market, a 17 percentage point increase from the year prior.

Low interest rates continue to **boost buyer demand**:



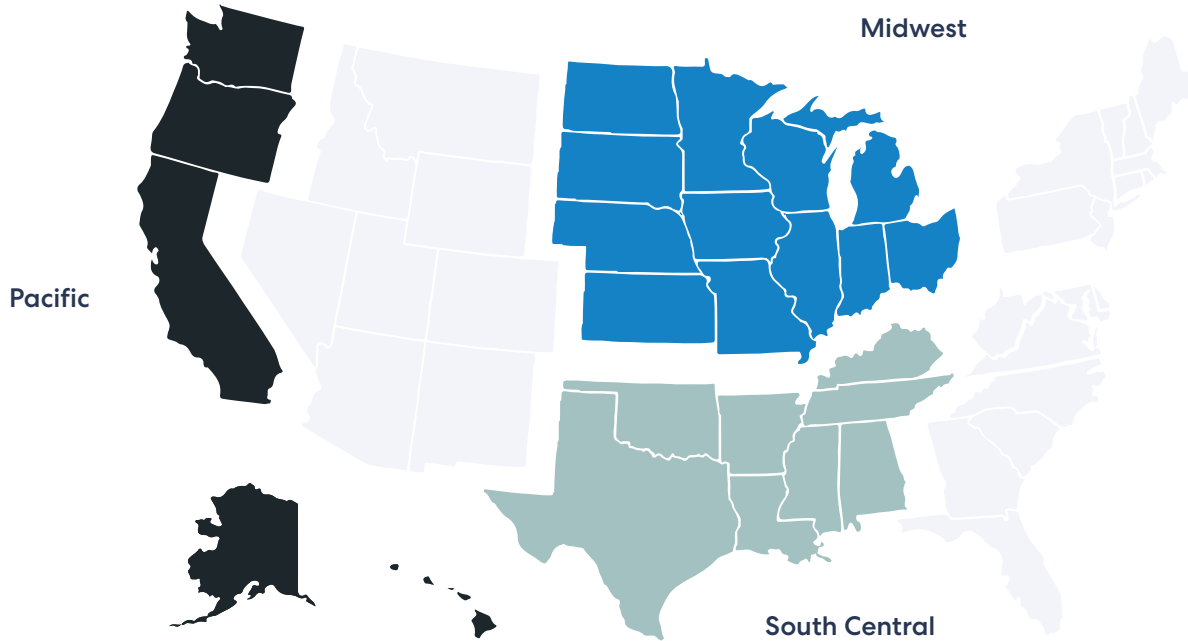
Low mortgage rates are speeding up the decision to buy a home among both first-time buyers and existing homeowners. According to our survey, the top 3 impacts of low mortgage rates include: renters are buying sooner, current homeowners are trading up faster, and older adults have expedited their plans to downsize.

Aside from an uptick in refinances, in my market, I've seen historically **low interest rates** encourage the following buyer behaviors and decisions (Check all that apply.)

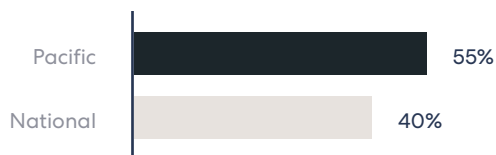


In the Pacific, 55% of agents — 15 percentage points above the national trend — have seen parents help their adult children purchase houses to take advantage of a good deal. Agents in the South Central region (73%) were most likely of any region to say that renters are speeding up their plans to buy. In the Midwest, the #1 trend agents report seeing (71%) is an increase in homeowners deciding to trade up.

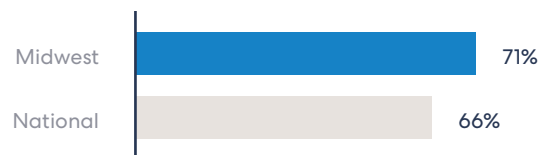
Regional trends: How **low mortgage rates** are driving homebuyer behavior



Parents are helping their kids buy houses



Homeowners are trading up

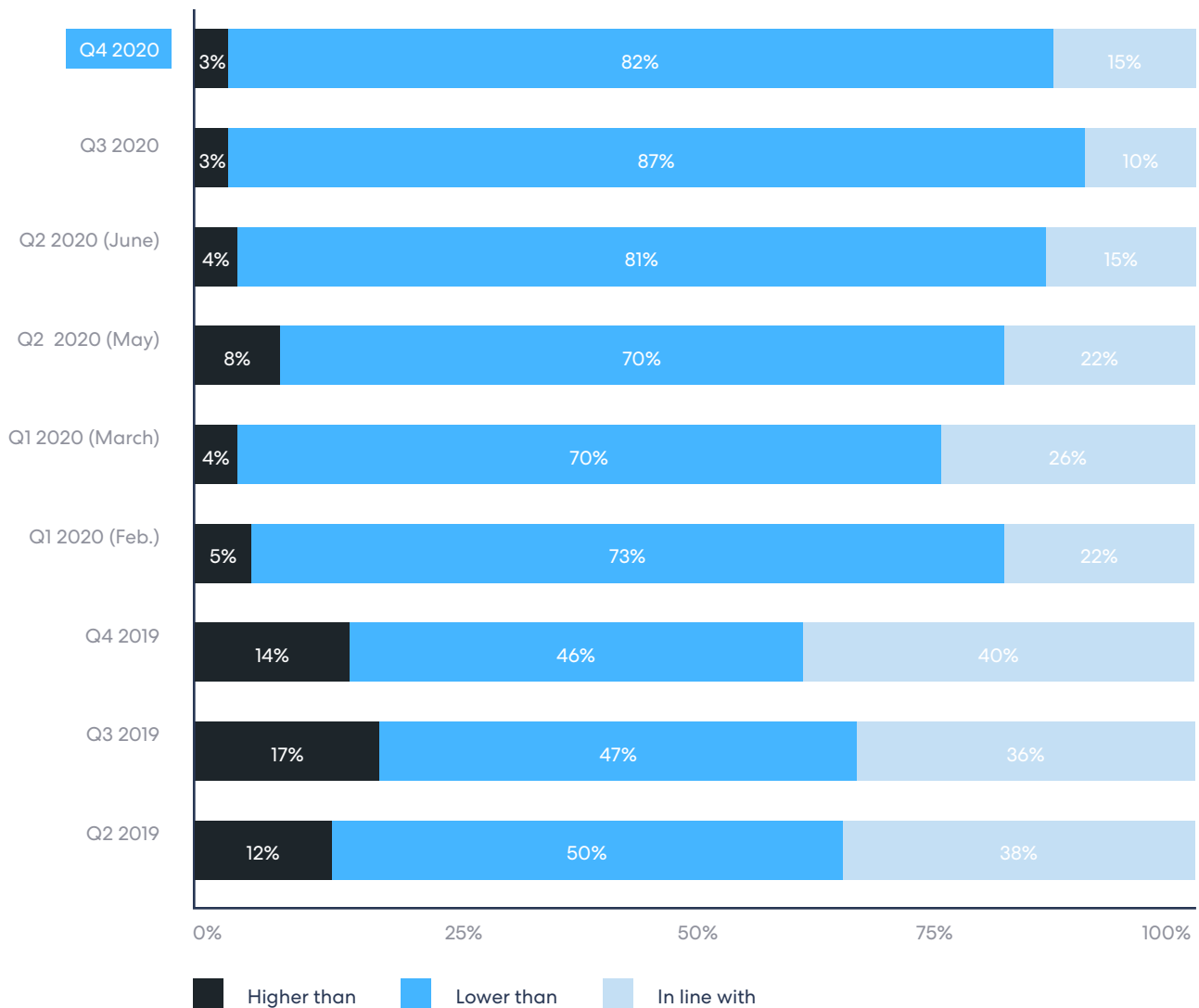


Renters have sped up their plans to purchase



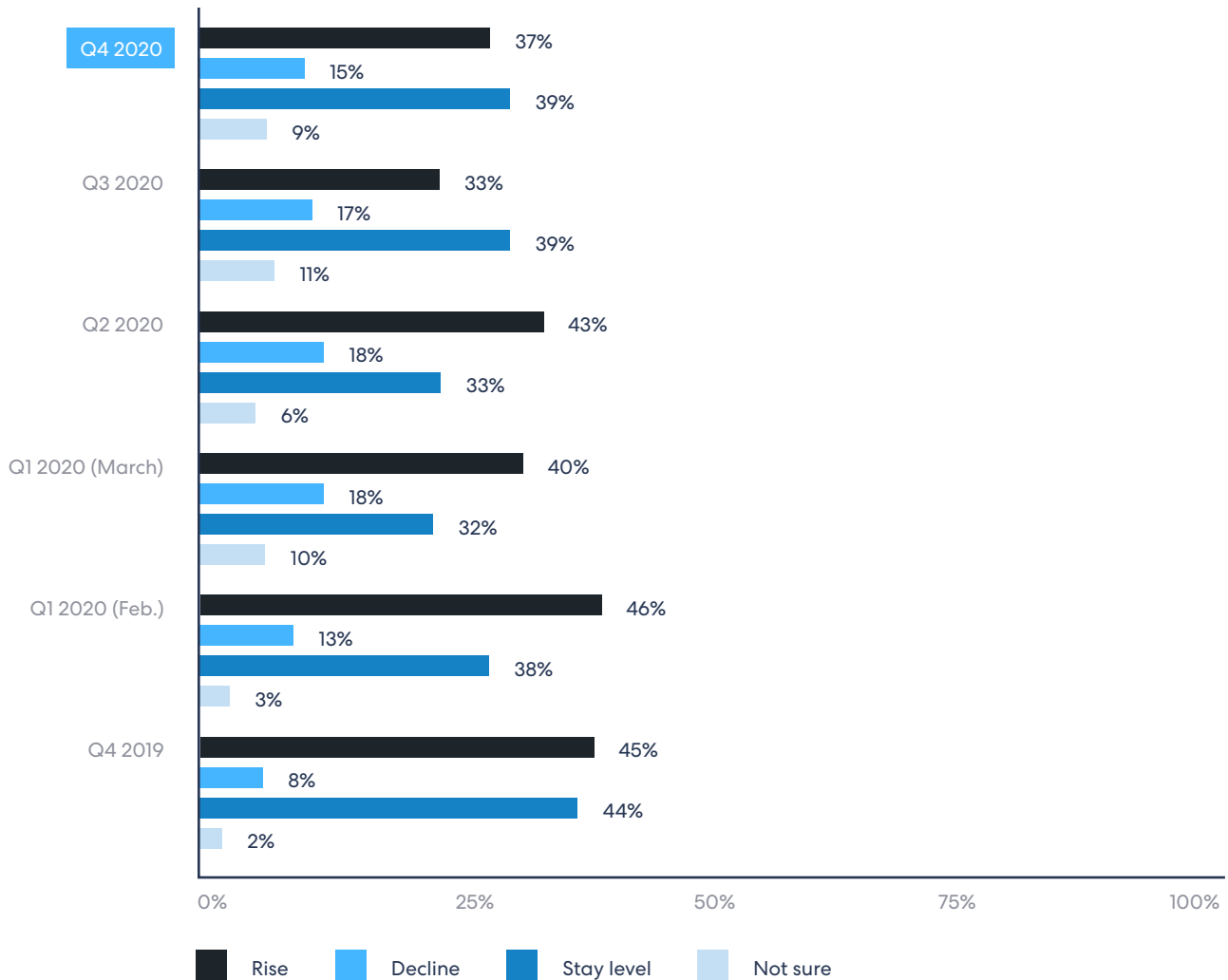
The pandemic-driven housing supply shortage carried on through the winter season. In Q4, 82% of agents said inventory levels were lower than they expected, a slight decrease from the 87% who said the same in Q3. However, last year at this time, just 46% of agents reported lower-than-expected inventory by comparison.

Inventory is _____ what I expected this quarter:

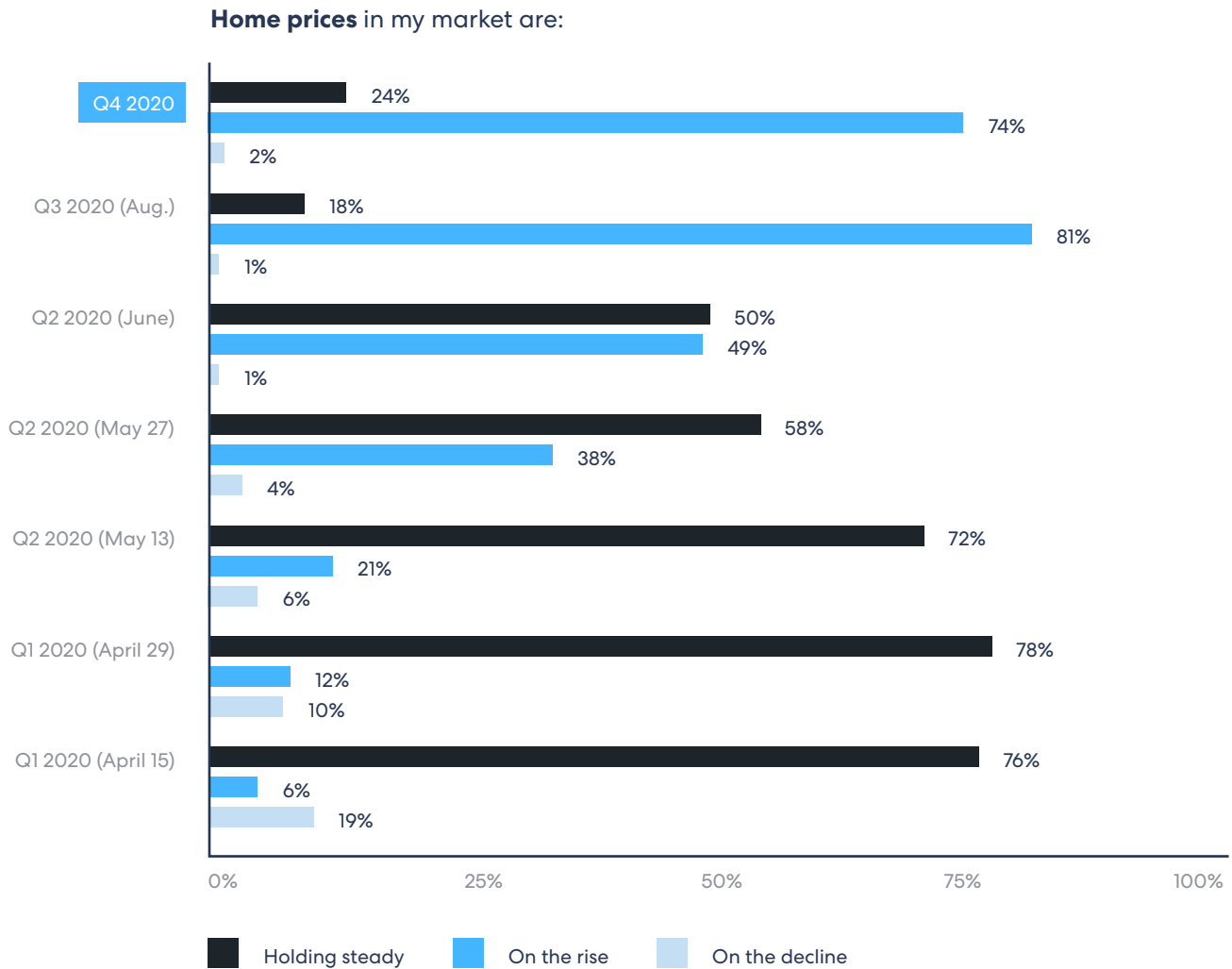


Over half of agents surveyed (54%) predict that inventory levels will stay the same or even decline in the first stretch of 2021. Although 37% agents believe inventory will rise, a larger 45% said the same the previous year.

Over the next 6 months, I believe **inventory** in my market will:

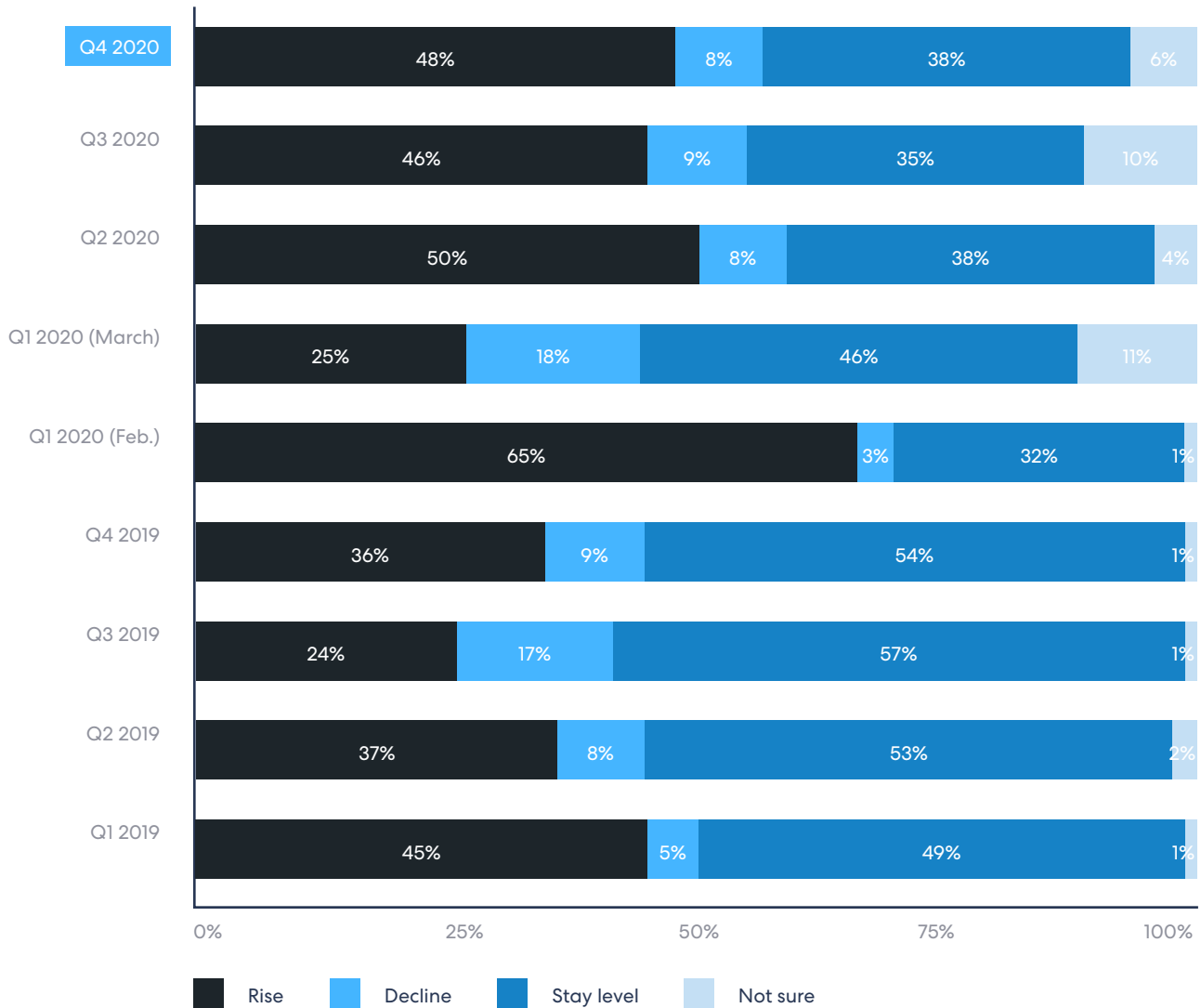


Homebuyers can't count on hunting for bargain during the real estate "offseason" this year: Nearly three-quarters of agents in Q4 reported that home prices are on the rise in their market as of Q4 and in spite of any holiday lull.



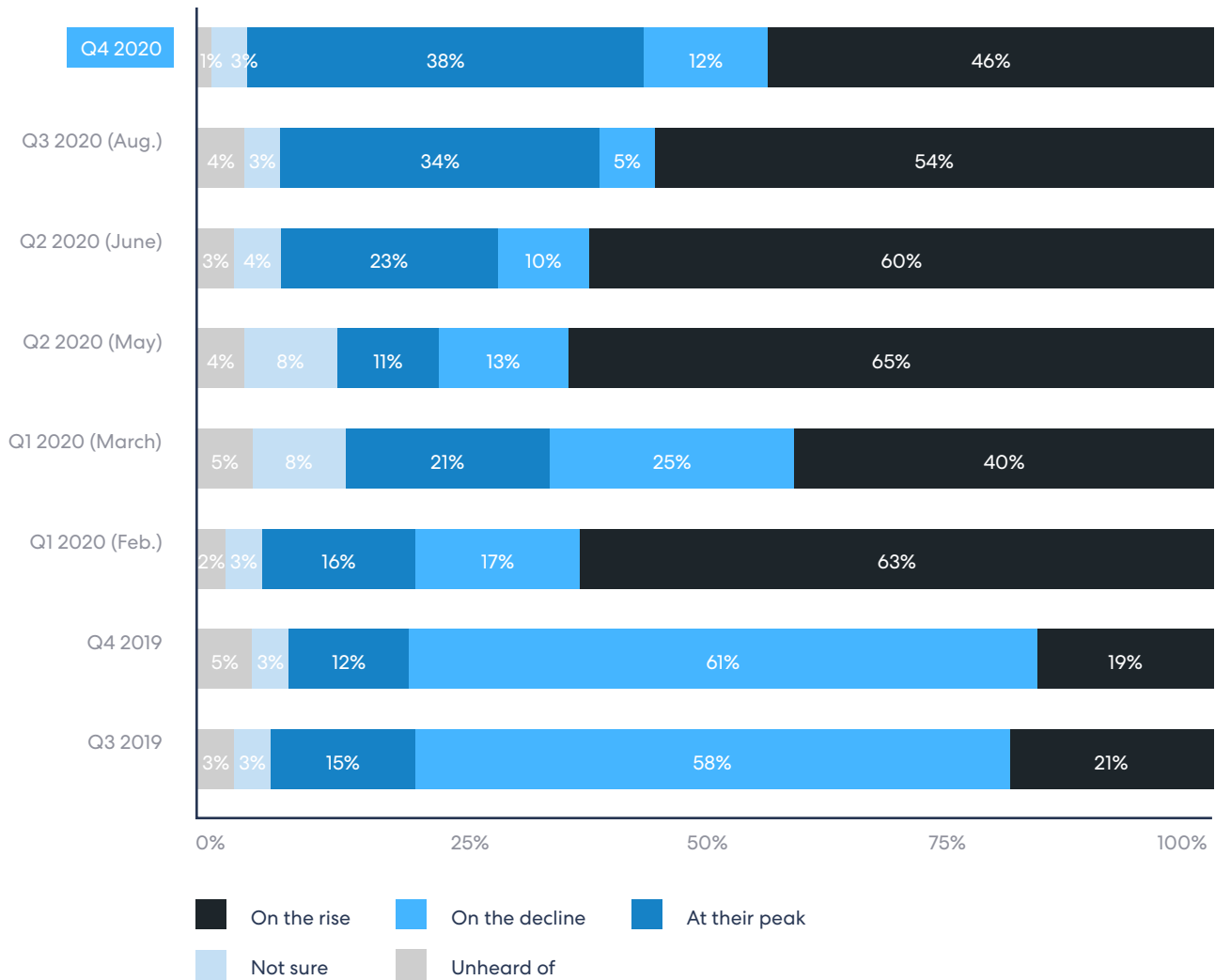
A challenging year hasn't been a threat to home values and, according to our survey results, prices are set to keep rising in 2021. In fact, top agents were significantly more confident that home prices will rise in 2021 (48%) than they were headed into 2020 (36%).

Over the next 6 months, I believe **home values** in my market will:



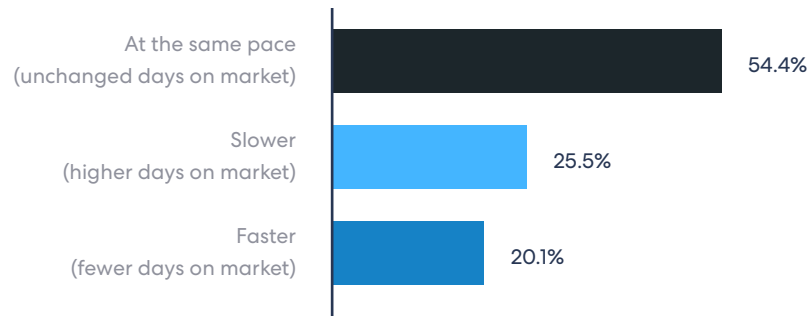
Ferocious competition over available homes carried on amid holiday distractions. In Q4, 38% of agents said that bidding wars were at their peak, a 4 percentage point increase from Q3. Meanwhile, 46% reported that bidding wars were on the rise in their market.

Bidding wars in my market are:

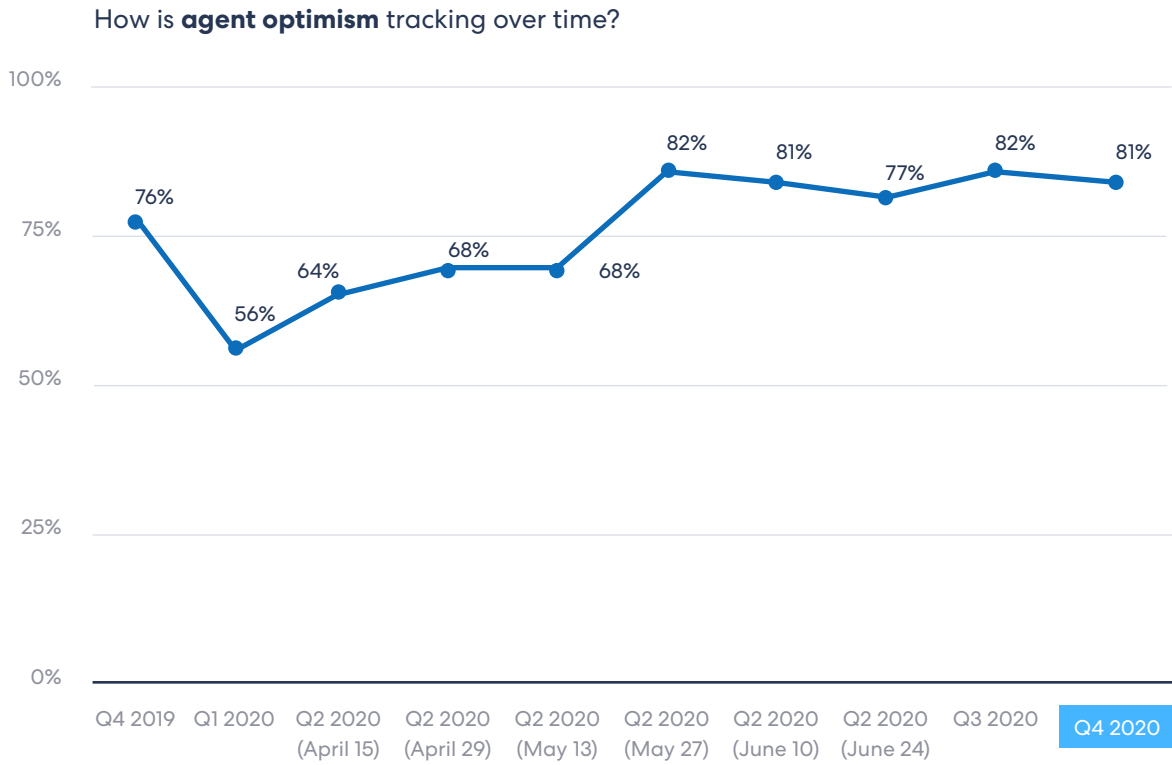


Top agents are buckling up for another fast-paced real estate season in 2021. Nearly 80% anticipate that homes in 2021 will sell at the same pace or quicker than they did in 2020. As of Oct. 2020, **properties were typically on the market for 21 days**, down from 36 days the year prior, according to the National Association of Realtors.

On average, I predict that **homes in 2021** will sell _____ than they did in 2020.

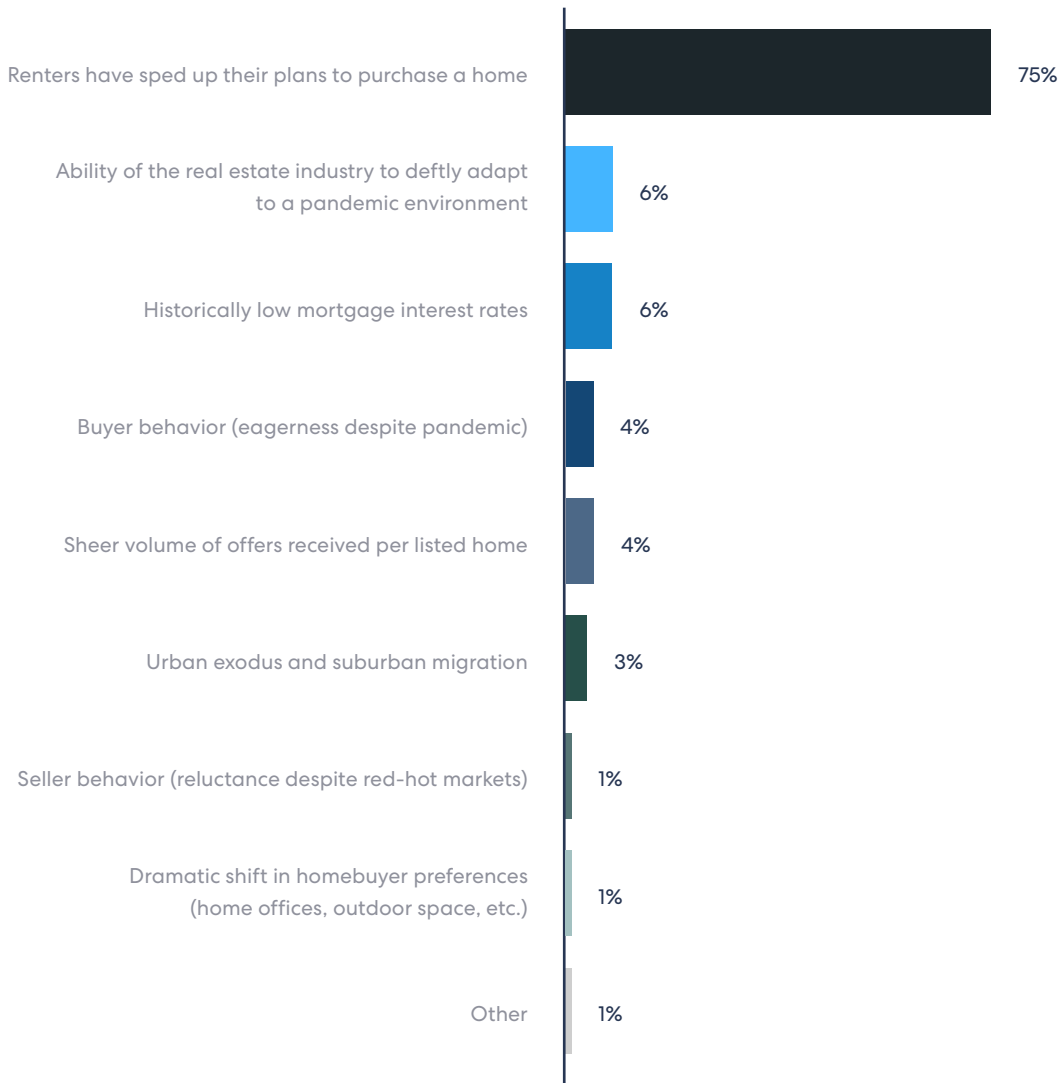


Looking ahead to 2021, agent optimism remains high at 81%, up from 76% in Q4 2019.



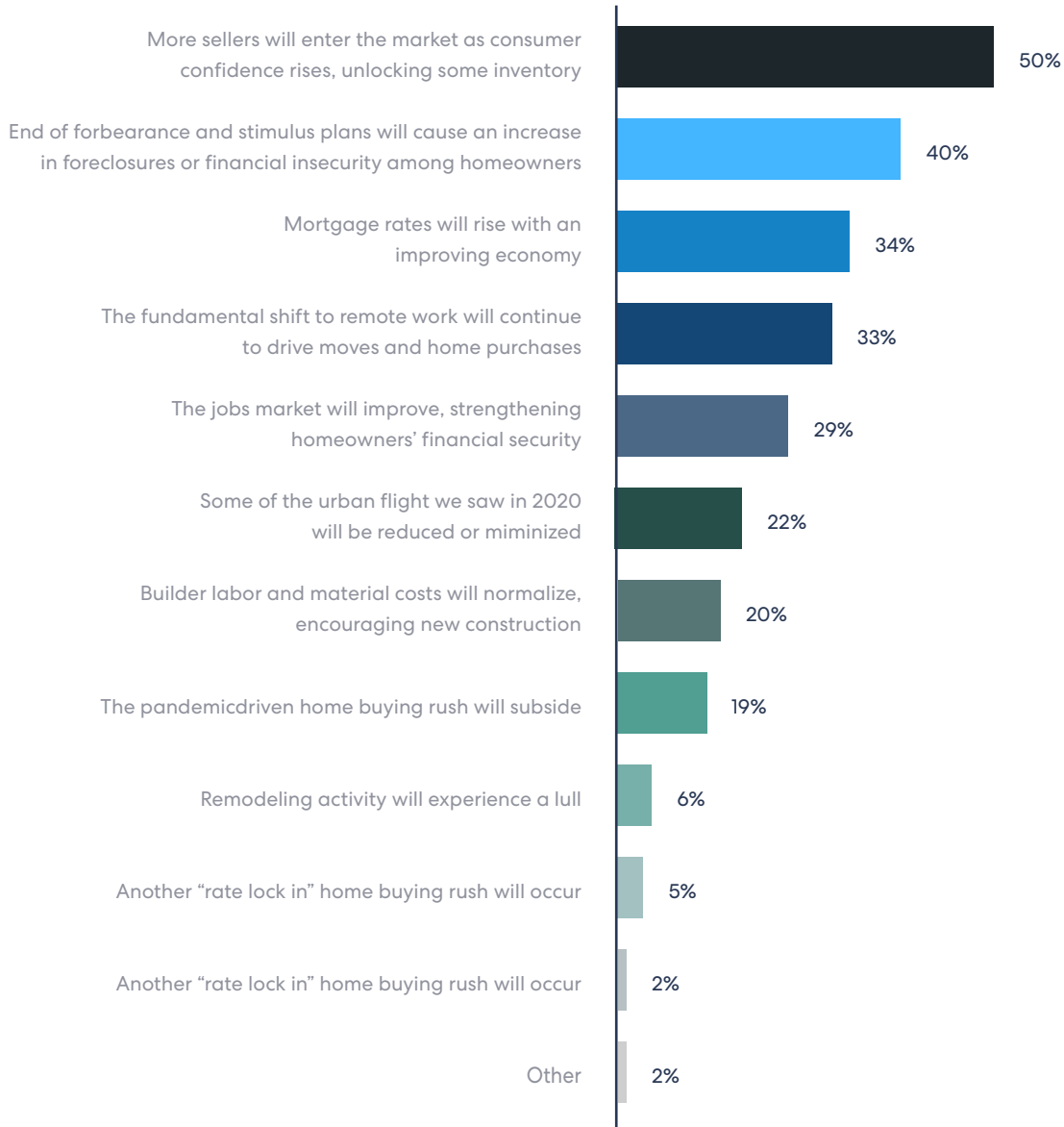
More so than industry adaptations and historically low mortgage interest rates, the biggest surprise for real estate in 2020 (according to 75% of respondents) was the strength of the housing market amid economic turmoil and a global pandemic.

What surprised you the most about the **2020 housing market**?



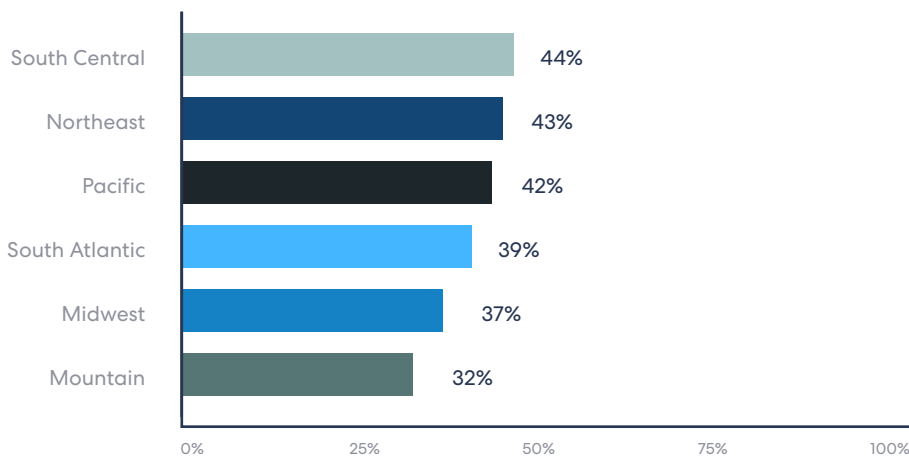
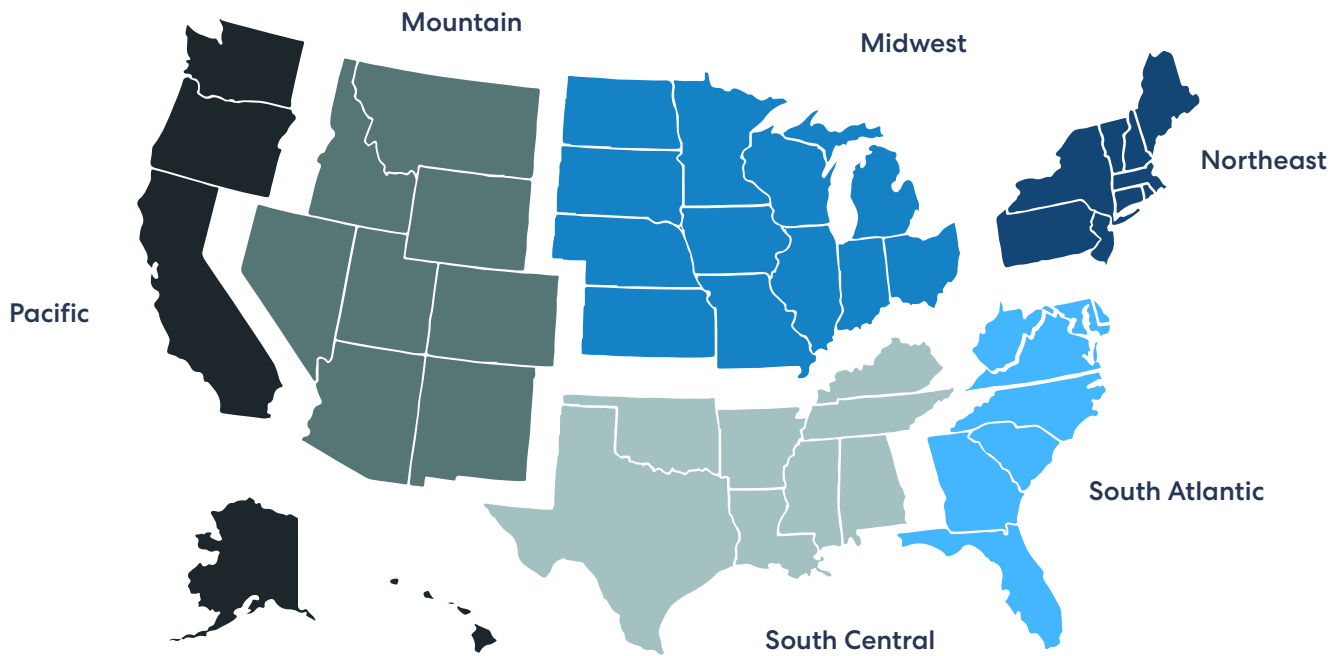
Half of top agents surveyed believe that a broadly distributed vaccine could help sellers feel more comfortable showing their homes and instill confidence in the market – a potential key to freeing up the housing inventory buyers desperately want. However, with 33% of agents saying that remote work will continue to drive people to move and buy homes in 2021, the market could remain competitive.

Once a vaccine is widely available, which of the following **real estate trends** do you expect will occur? (Check all that apply.)



Nationally, 40% of top agents say that the end of mortgage forbearance plans will cause an increase in foreclosures. Agents in the South Central (44%), Northeast (43%), and Pacific (42%) regions were most likely to cite this as a trend, whereas only 32% of agents in the Mountain region expressed the same sentiment.

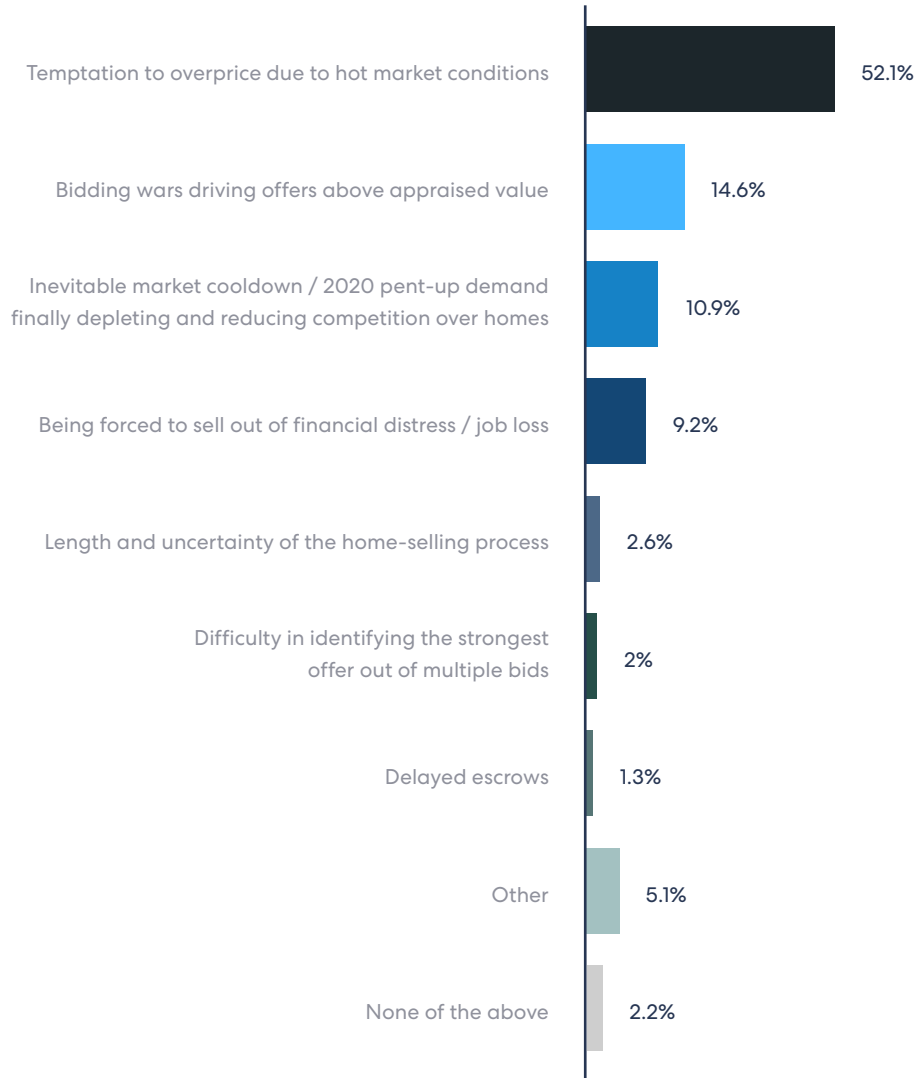
Agents who believe an end to forbearance plans will cause an **increase in foreclosures in their market**



% of agents who say the end of forbearance and stimulus plans will cause an increase in foreclosures and financial insecurity among homeowners

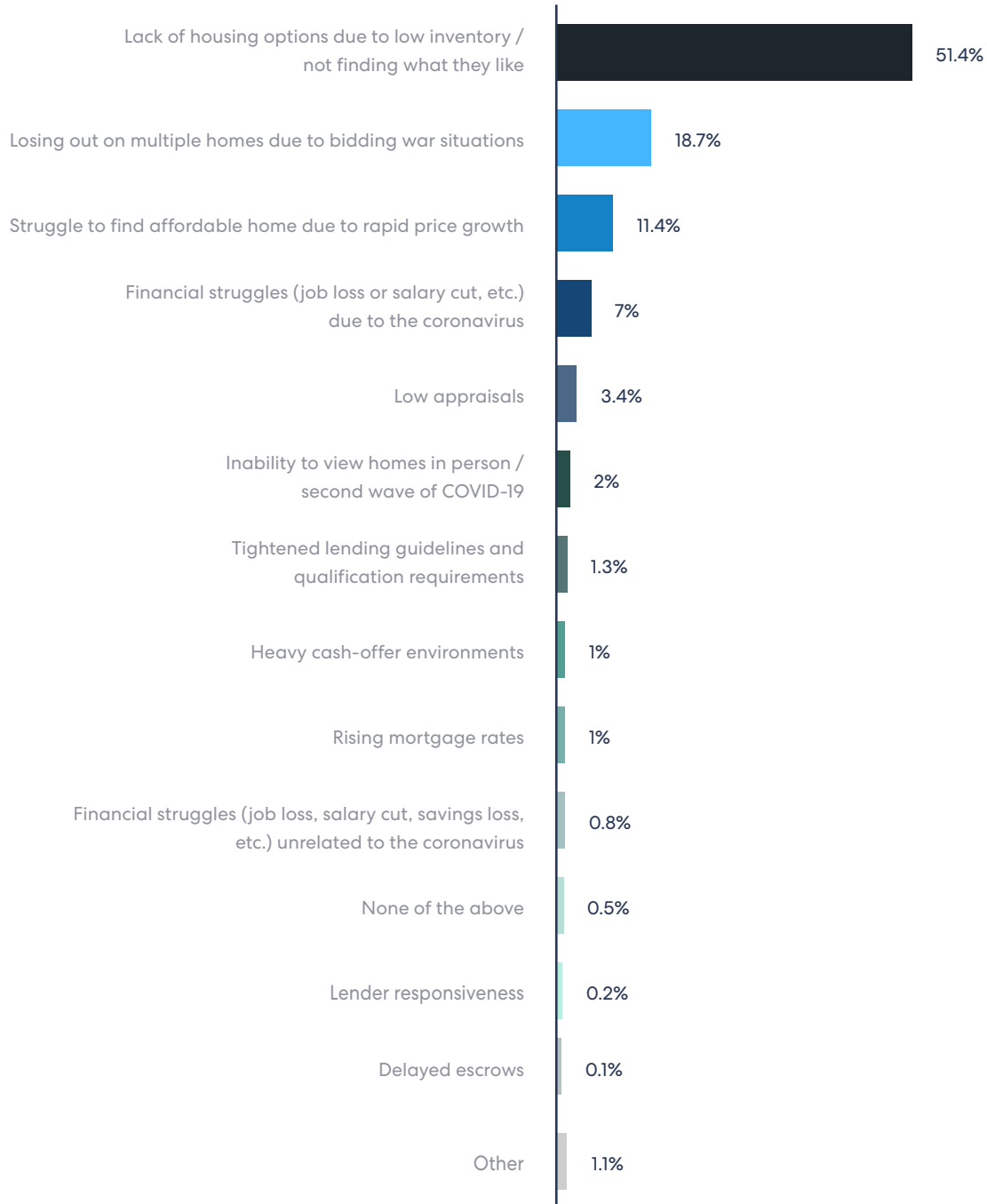
Over half of top agents (52%) believe the biggest challenge home sellers will face in 2021 is the temptation to overprice. Meanwhile 15% say that the challenge will be bidding wars driving offers above appraised value. Thanks to rising home equity, less than 10% of agents are most concerned that homeowners will be forced to sell out of financial distress.

What do you believe will be the biggest challenge facing **home sellers in 2021**?



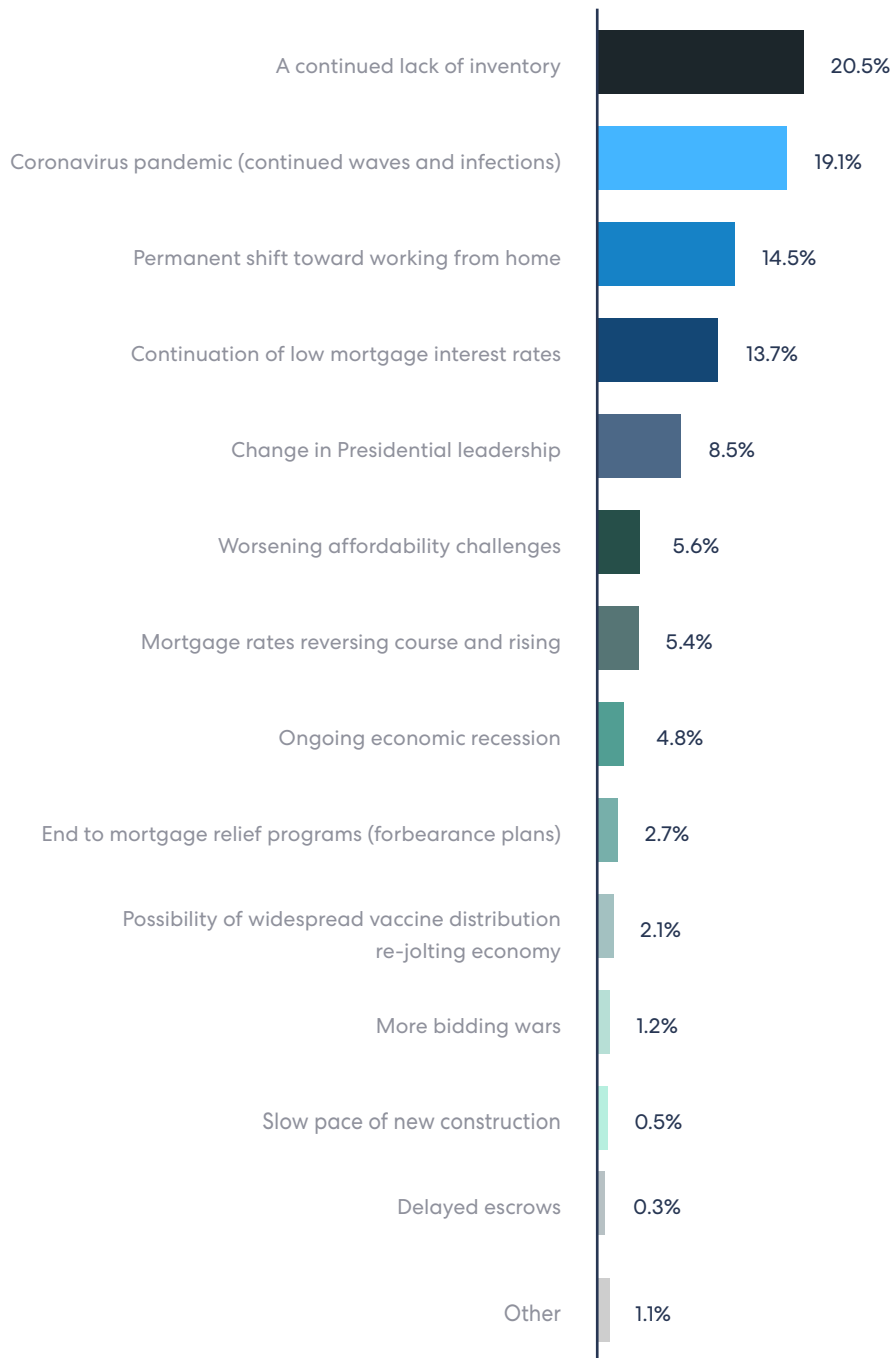
Limited inventory, bidding wars, and homes out of budget: These are the roadblocks that over 80% of top agents expect to challenge buyers the most in 2021. That makes the coming year sound like a broken record for frustrated house hunters, even if a vaccine does eventually help to loosen up some inventory.

What do you believe will be the biggest challenge facing homebuyers in 2021?



According to our survey results, real estate in 2021 will be shaped most prominently by the ongoing listings shortage, additional waves of the coronavirus pandemic, and the permanent shift toward working from home. Only 8.5% of top agents nationwide believe that the change in Presidential leadership will exert the biggest influence on housing.

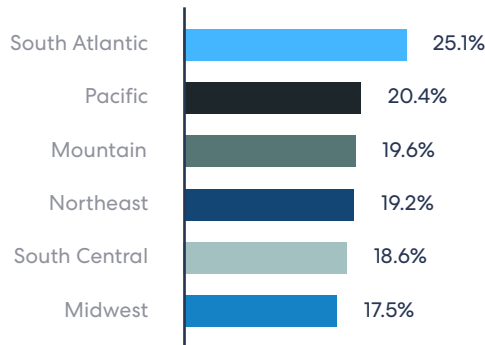
Which of the following factors or events do you believe will exert the **biggest influence** on real estate in 2021?



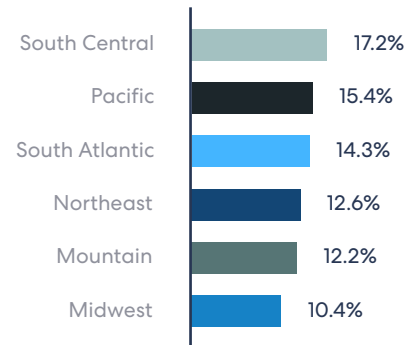
Predictions on the top real estate influencers for 2021 varied at the regional level. Agents in the South Atlantic were most likely of any region to cite a lack of inventory (25.1%); in the Northeast, the pandemic ranked #1 (28.3%) as far as real estate impact. Agents in the Pacific region are most heavily feeling the shift to WFH (18.9%) and how it's changing real estate. Meanwhile, the South Central (13.8%) and Midwest regions (12.0%) had a higher percentage of agents who say the change in the Presidential office will impact housing.

Which of the **top 5 national real estate influencers for 2021** will be most prominent in each region?

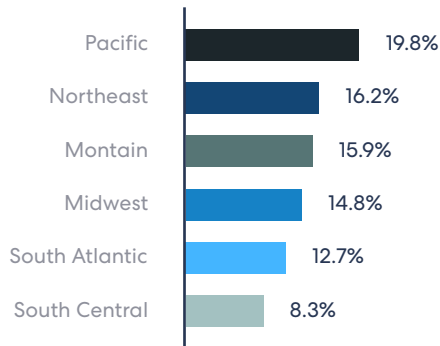
A continued lack of inventory



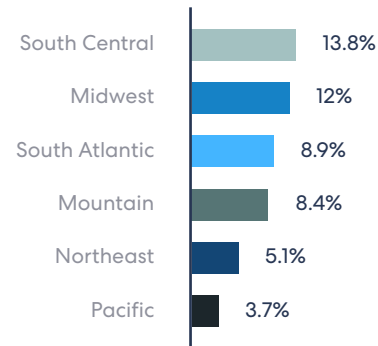
Continuation of low mortgage interest rates



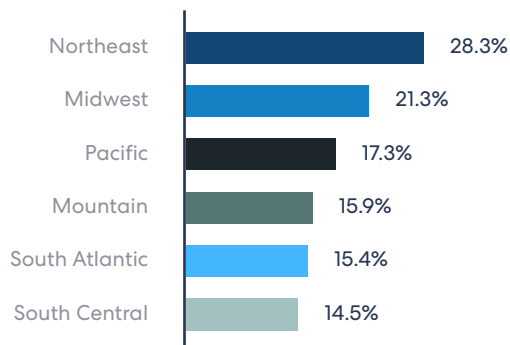
Permanent shift toward working from home



Change in Presidential leadership

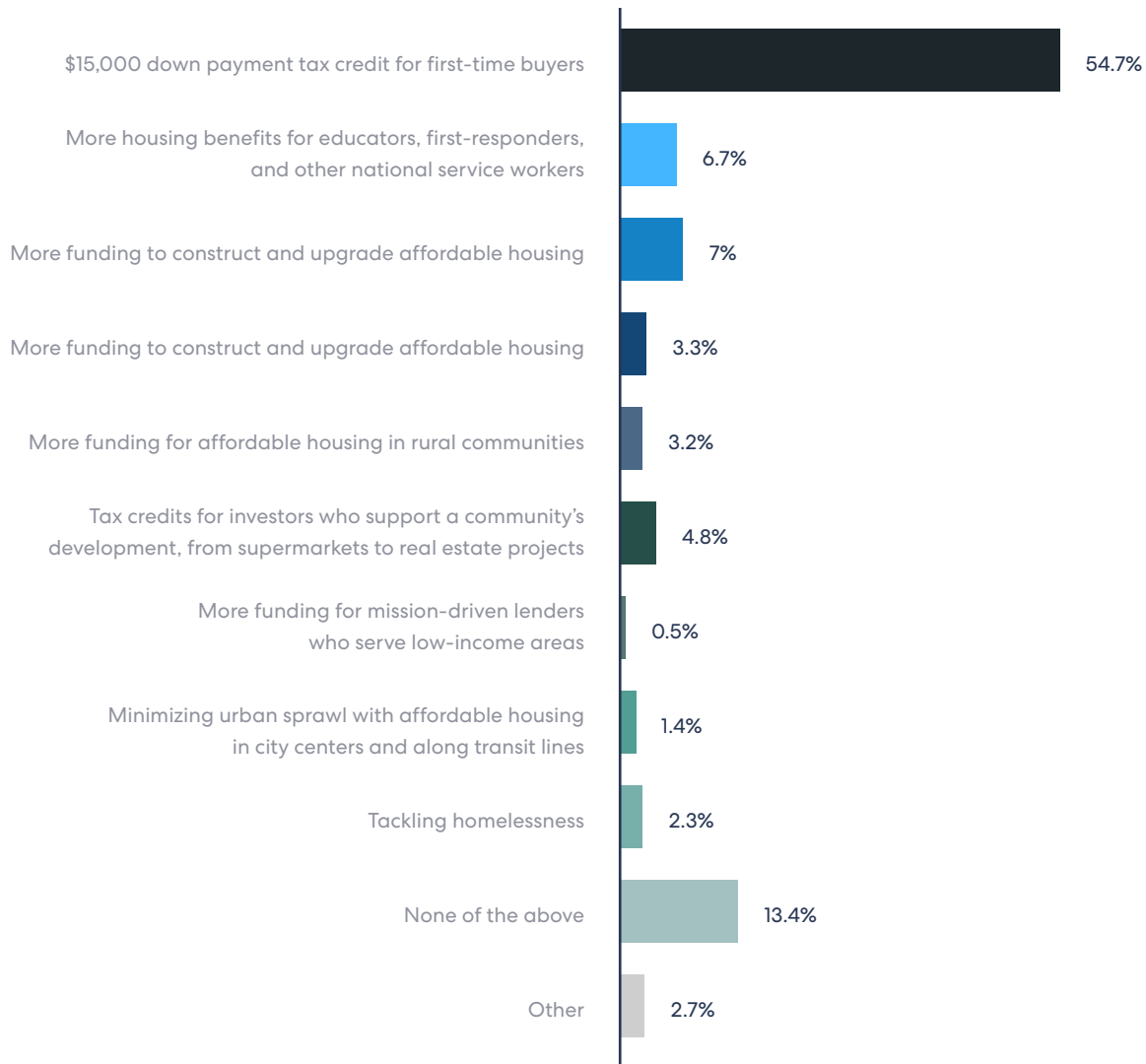


Coronavirus pandemic (continued waves and infections)



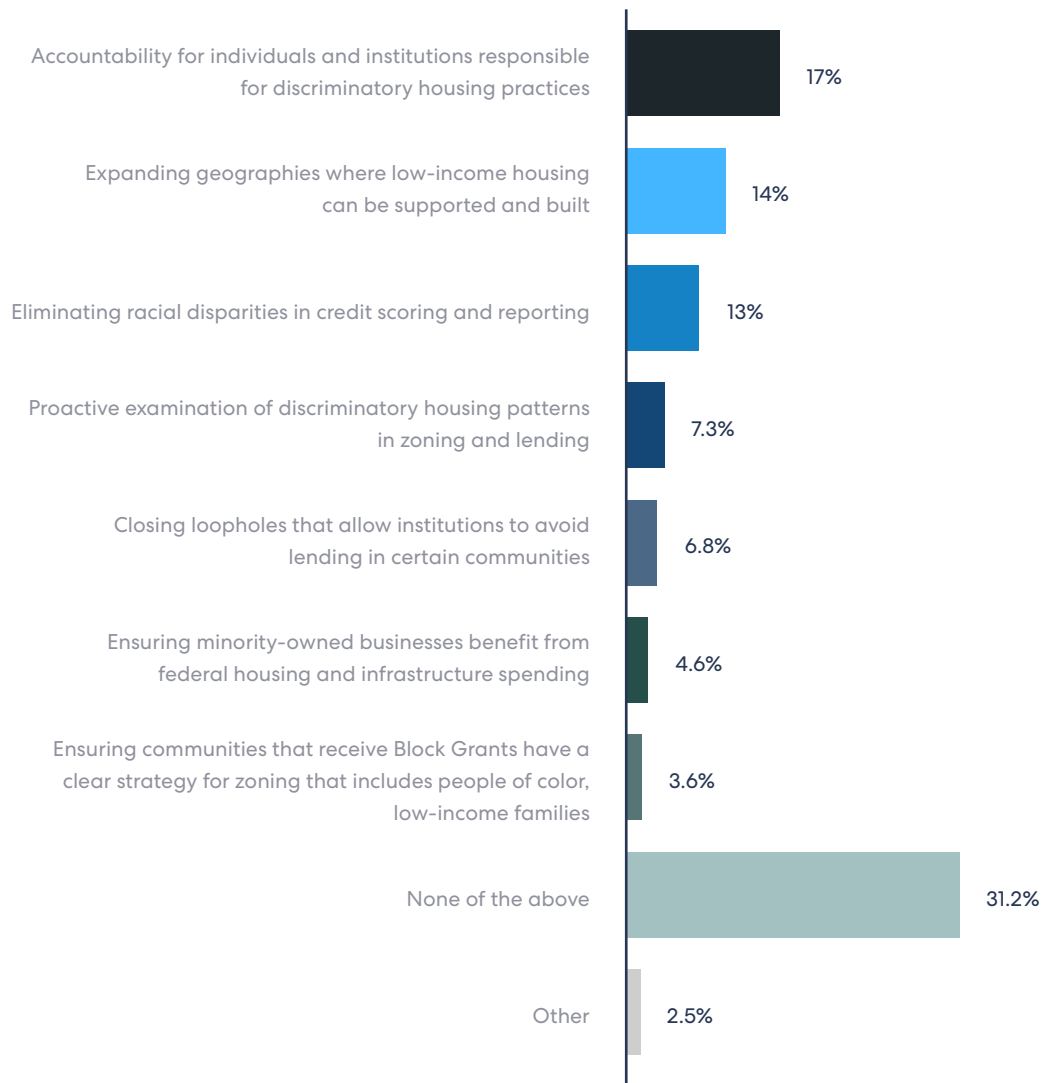
In Q3 2020, 50% top agents said that **access to affordable housing and homeownership tax breaks/incentives** would be the top housing issues to address in 2021. Of the following affordable housing proposals from President-Elect Joe Biden, the \$15,000 down payment tax credit for first-time buyers has the support of 55% of top agents nationwide.

Which of the following affordable housing proposals from Joe Biden’s housing plan do you believe would be **most impactful to your local community?**



In Q3 2020, 10% of agents said that diversity, fair housing, and racial equality in real estate would be the most pressing legislative matter to address in 2021. Of the actions proposed in President-Elect [Joe Biden's housing platform](#), top agents said the the most urgent to address for their community are accountability for discriminatory housing practices (17.0%), expanding geographies for low-income housing (14.0%) and eliminating racial disparities in credit scoring and reporting (13.0%).

Which of the following goals of Joe Biden's housing plan do you believe is **most urgent to address in your community?**



What Homebuyers Want in 2021: The Hottest Kitchen, Bath, and Outdoor Trends in the New Year

Only 19% of agents believe that the pandemic homebuying rush will subside in 2020, while 33% believe a shift to remote work will continue to drive moves and home purchases. With this spring set to be another hot one for the real estate market, what features will buyers seek in their abodes? And how can homeowners who decide to remodel keep the modern buyer in mind with their selections? Find out which upgrades will resonate most with house hunters in 2021 when it comes to kitchens, baths, and outdoor spaces.

Double vanities, kitchen islands, fire pits, and energy-efficient windows top 2021 homebuyer wish lists

As trendy as it was to buy a house or remodel one in 2020, real estate experts predict another strong year ahead for purchase demand and renovation activity. According to the Mortgage Bankers Association, [home purchase originations are expected to reach \\$1.59 trillion](#) in 2021, marking the second highest origination total in the past 15 years. In addition, the National Kitchen and Bath Association predicts that after a year of focusing on outdoor renovations (gardens, patios, and decks), the upcoming year will be a big one for [indoor remodeling projects as well](#), with kitchen and bath renovations set to soar.



With that in mind, we set out to explore which kitchen and bath trends will dominate in 2021 and what the modern buyer most wants to see in these high trafficked areas of the house. And with [78% of home designers](#) anticipating another increase in outdoor spaces in the coming year, we also found out which patio and backyard amenities rank highest on 2021 homebuyer wish lists.



Kitchens

According to our survey, a kitchen island (64% of agents), walk-in pantries (62%), and plenty of drawer and cabinet storage (57%) are the top 3 kitchen upgrades buyers seek in 2021. A pretty backsplash (42%) and smart appliances (33%) come in at #4 and #5, respectively.

This indicates extra counter space to chop and prep food, storage for stocking up on groceries, and lots of spots to tuck away the ever-increasing amount of kitchen gadgets (hello, air fryer and instant pot!) are the priorities homebuyers have in mind when they evaluate how much they love a kitchen.

As far as regional differences in kitchen preferences go, agents in the Pacific (42%), South Central (38%), and South Atlantic (33%) regions were most likely to say that buyers prefer to see a farmhouse or apron-front kitchen sink, à la Chip and Joanna Gaines. Agents in the Pacific (38%), Northeast (36%), and Midwest (32%) were most likely to say that today's buyers appreciate smart appliances. The Northeast is the only region where under-cabinet lighting (37%) made the list of top 5 desirable kitchen upgrades.



Baths

In recent years, the practicality of having a vanity with two sinks has been thrown into

question. As one [WSJ writer opined](#), how many couples actually brush their teeth at the same time? Is an extra sink worth the trade-off of a [forever cluttered countertop](#) and the hassles of keeping two drains clean?

However, our research indicates that double sinks remain unequivocally *en vogue*. In fact, according to our survey, a double sink vanity ranks as the no. 1 desired bathroom upgrade in 2021 (with 65% agents saying this upgrade appeals to buyers). So, homeowners who want to maximize their home's marketability shouldn't reconfigure their two sinks in exchange for the extra counter space. Even if everyone is staying home for a remote job and virtual school, buyers want to know their bathroom can support those busy weekday mornings when multiple family members need to get ready at the same time.

Beyond the double sink, buyers love to see a bathroom with upscale shower heads, whether it's a rainshower head (39%) or dual shower head (37%). Buyers also appreciate a bathroom with plenty of storage — a linen closet with shelves ranks #4 with 29% of agents reporting it as a top upgrade. Heated floors are another big draw, especially in the Midwest (46%) and Northeast (37%). But artisan tile work ranks in the top 5 bathroom upgrades in the Pacific (29%), Mountain (26%), and South Atlantic (22%) regions, beating out heated floors.



Outdoor features

Grab a pack of marshmallows and a few lawn chairs: The #1 outdoor upgrade homebuyers want to see in 2021 is a fire pit, according to 54% of agents we surveyed. Privacy via hedges or a fence (48%); a full outdoor kitchen to include a grill, sink, fridge, and bar center (46%); and sun shade provided by a canopy or retractable awning (34%)

round out the top 5 outdoor upgrades sought by homebuyers.

Fire pits are the biggest draw in the Northeast (69%) and Midwest (59%) where a little warmth via fire creates a nice summer evening ambiance and can extend use of a patio long into the fall. Buyers in the South Atlantic would prefer to see screened-in space (51%) over a fire pit, however, to keep out the bugs.

In the South Central (55%) and Pacific (57%) regions, the #1 outdoor feature is a full kitchen where you can cook meals and entertain alfresco basically year-round. And in the Mountain region, frequent and intense daily sunlight in states like Arizona and New Mexico make a shade covering the top upgrade buyers want to see (52%).



Energy savings

As we spend more time at home, the cost of heating and cooling our homes has gone up considerably as water use rises. NPR reported that residential water use in Greeley, Colorado was up [30% in 2020](#). Some Americans reported [\\$150 increases in their electric bills](#) since the pandemic began and they started working remotely.

The heightened awareness of energy use has created a domino effect on homebuyer preferences. According to our survey results, 47% of real estate agents nationwide have seen homebuyers increasingly prioritize energy-efficient features in their home search since the pandemic began.

This trend is most prominent in the Pacific (58%) and Mountain (51%) regions, while Midwestern buyers appear to be the least concerned (39%). Our data also shows that buyers care most

about whether a home's windows are ENERGY STAR certified over thermostats, appliances, and water heaters. Sufficient insulation (65%), LED or CFL lighting (47%) and proper weather stripping (41%) are other top energy upgrades buyers like to see. In the Pacific, however, solar panels are the biggest draw (54%) in dramatic contrast to the Midwest and South Central regions, where only 8% of agents cited solar panels as a top energy efficient upgrade for buyers.

Online appeal

Even once a vaccine is widely available, 59% of agents say they plan to include a virtual tour on all or most of their listings, while 48% plan to keep offering FaceTime or Zoom house tours, our survey reveals. These virtual methods of viewing homes help buyers rule out unsuitable properties faster and cut back on the hassles of physical showings for sellers. However, that means homes that homes in 2021 will continue to be judged harshly by their online presentation.

Exterior shot

The first shot of a home online, whether it's in a listing photo or virtual tour, is usually the exterior. According to the agents we surveyed, the top ways to enhance online curb appeal include grooming the lawn, hedges, and trees (72% of agents recommend); capturing the home exterior from its best angle (67%); showcasing unique outdoor features such porches, outdoor kitchens, and pools (65%); and clearing trash cans, cars, and clutter from the shot (62%).

Dated home features

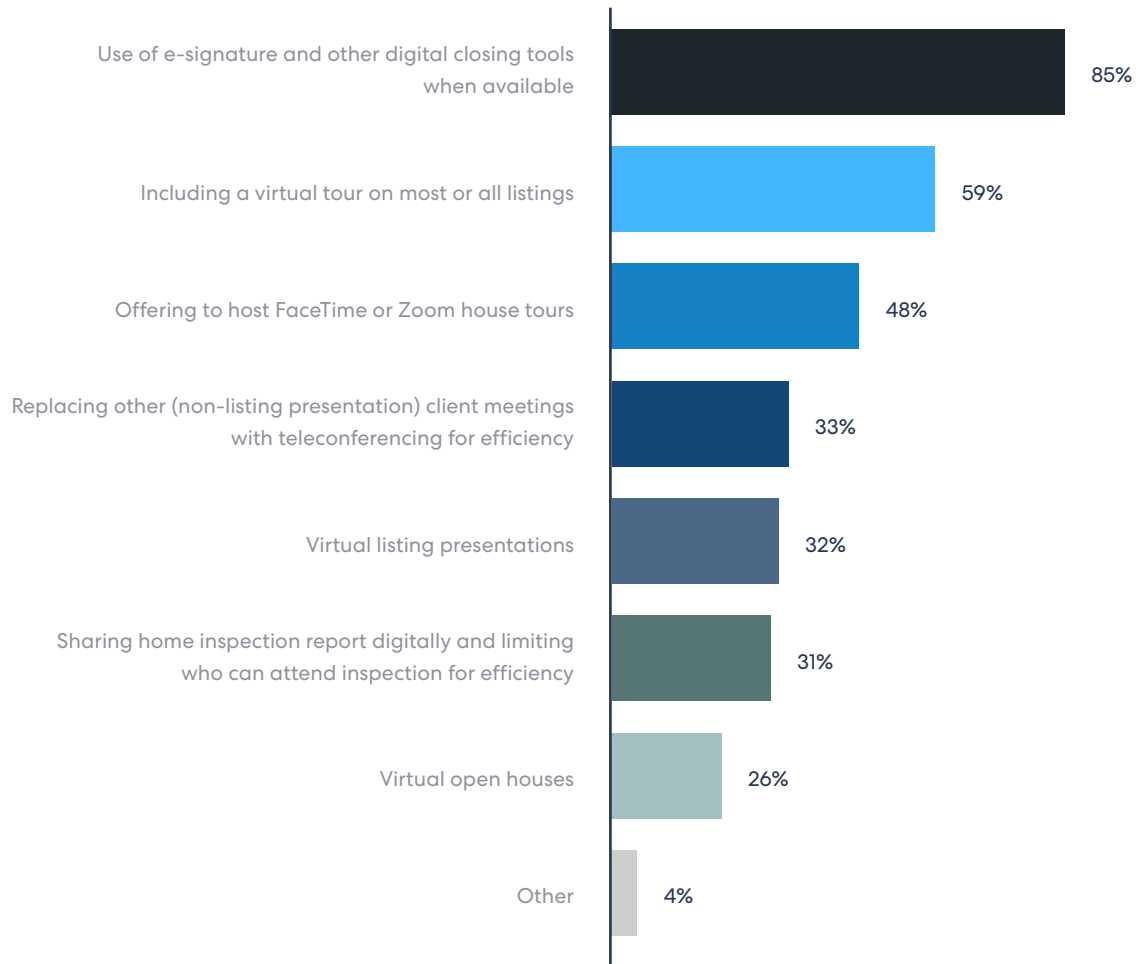
In addition to the feature buyers love to see in a home (kitchen islands, double vanities,

and energy-efficient windows, according to our survey) there are some stylings and material choices that are so dated, they could turn buyers off before they ever book a showing. Our research shows that the top 5 tell-tale signs of a home's age in a listing photo or virtual tour include carpet in the bathroom (73% of agents report this as a problem); popcorn ceilings (66%), shag carpeting (62%), wood wall panels (57%), and old window treatments including dated valances, drapes, and curtains (49%).

The only areas where carpet in the bathroom didn't rank #1 were the Mountain and Pacific regions, where agents say that popcorn ceilings are a more egregious offense in a listing online.

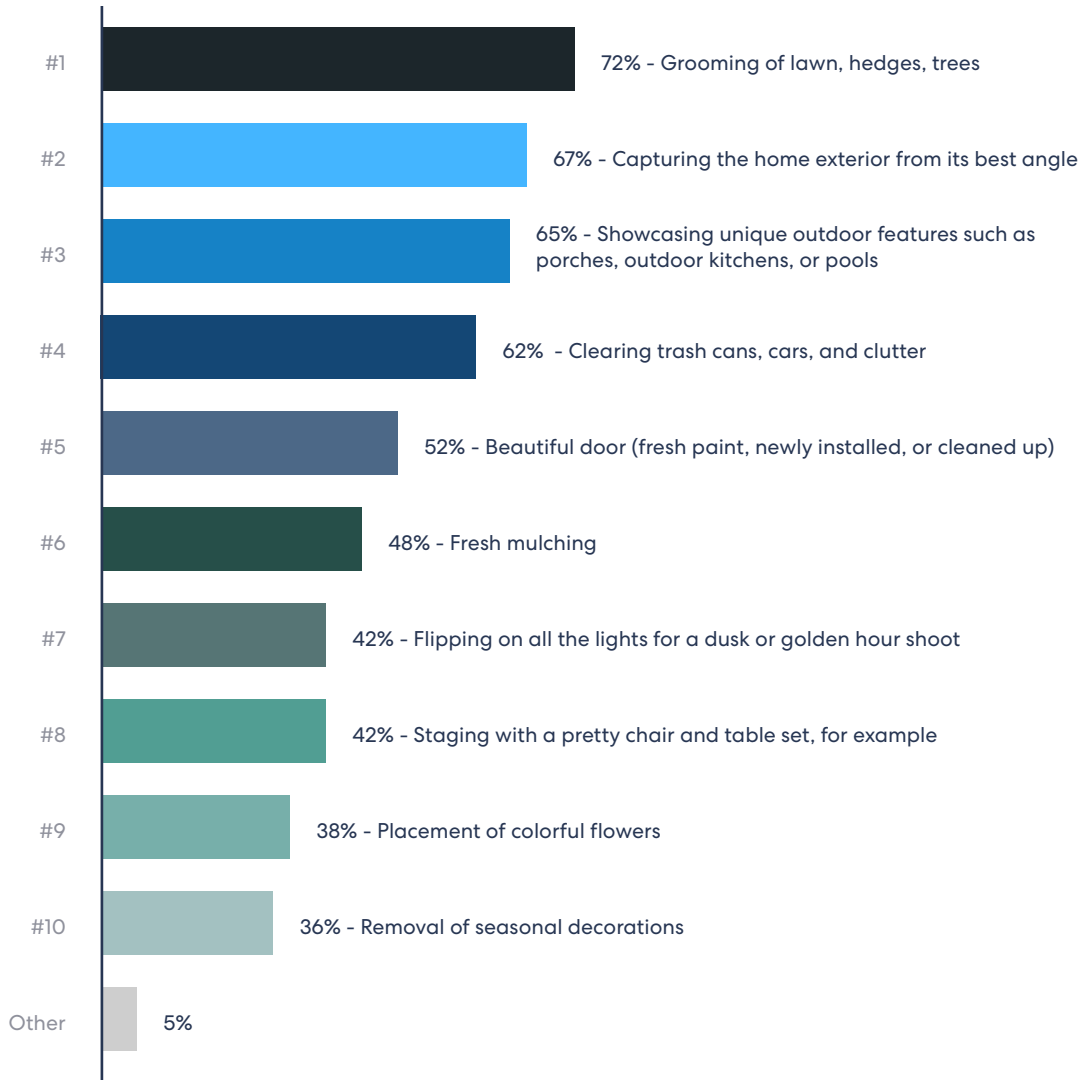
E-closing tools, virtual tours on listings, and remote house showings will continue to make buying and selling a home more efficient in 2021, even once a vaccine is widely available.

Once a vaccine is widely available, which of the following pandemic-driven practices will you **continue to incorporate** into your business? (Check all that apply).



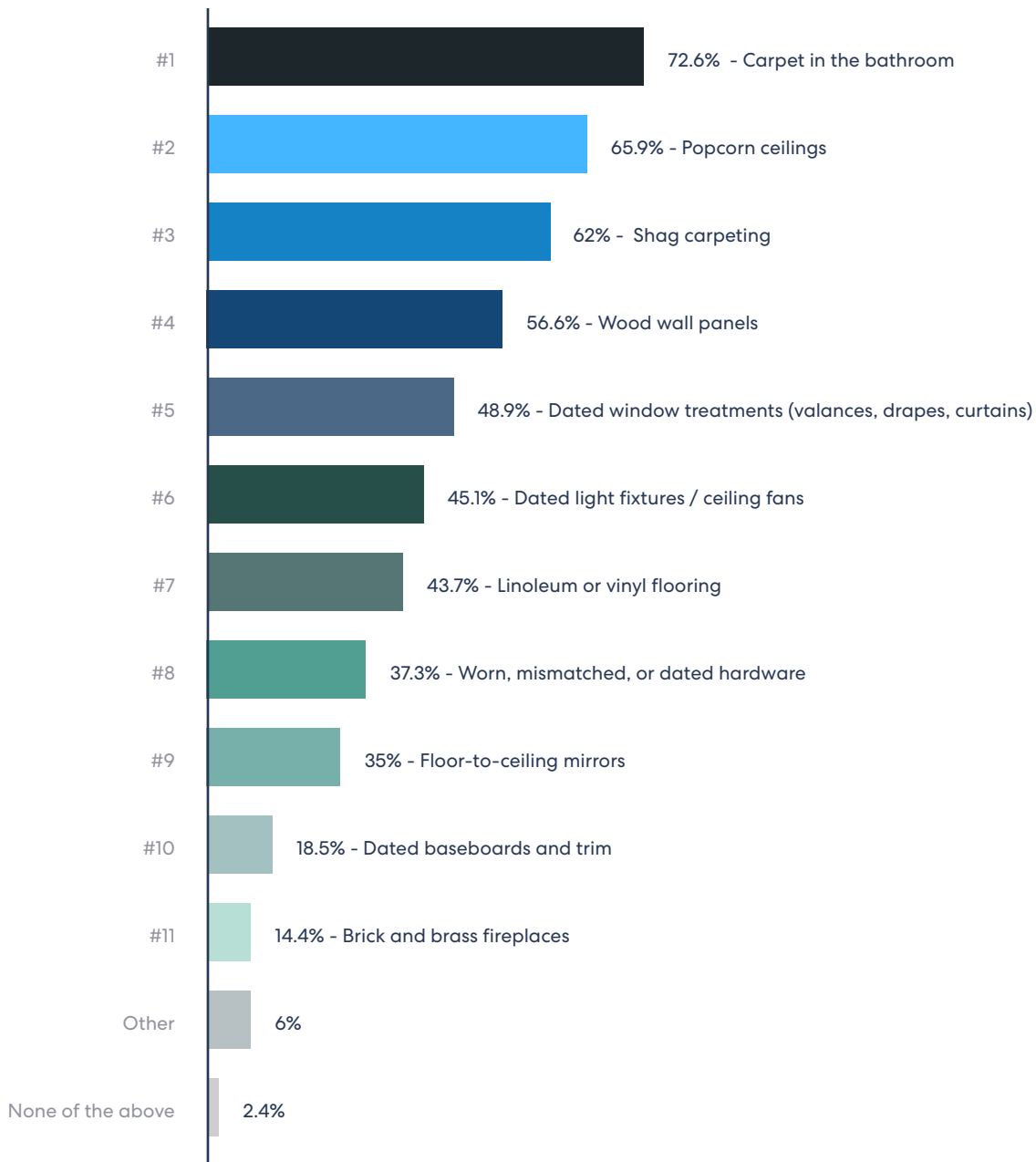
With virtual listing tours here to stay in 2021, people selling their home need to make a great impression online. To showcase curb appeal remotely, agents most recommend grooming the lawn and trees, capturing the home exterior from its best angle, and capturing unique outdoor features like pools and porches in any type of remote tour.

Which of the following curb appeal efforts have you found to be **most critical for the purpose of listing photos and virtual tours** as home shoppers increasingly search online during the pandemic? (Check all that apply.)



Carpet in the bathroom, popcorn ceilings, shag carpeting, wood wall panels, and dated window treatments are the top 5 signs of a home's old age in 2021 most likely to dissuade buyers online. Sellers should prioritize modernizing these features to better attract buyers in listing photos and virtual tours especially.

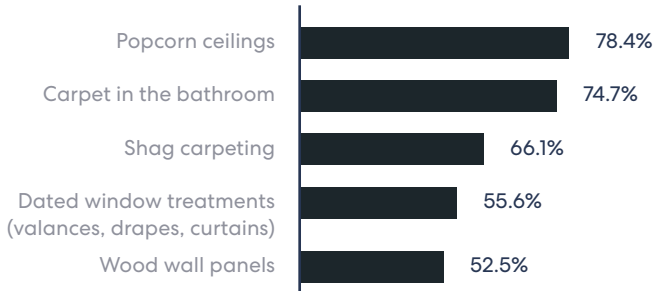
Which of these **tell-tale signs of a home's age** do you find is **most likely to dissuade buyers**, especially in a listing photo or virtual tour? (Check all that apply).



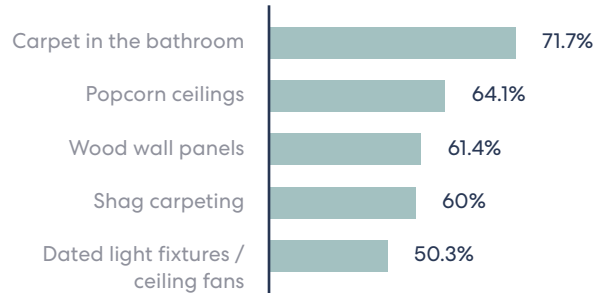
In the Pacific and Mountain regions, buyers hate popcorn ceilings even more than carpet in the bathroom. In addition, linoleum or vinyl floors made the list of top 5 most dated features in the Mountain region, whereas respondents in the other regions were more likely to cite dated window treatments.

Dated home features most likely to dissuade buyers in a listing or virtual tour, sorted by region

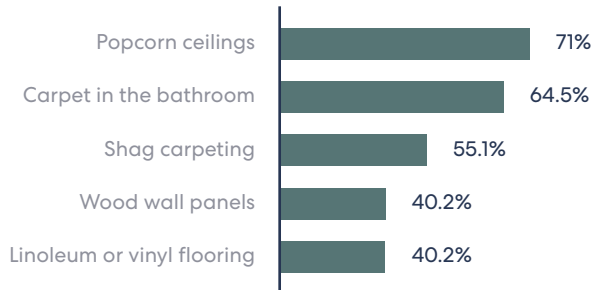
Pacific



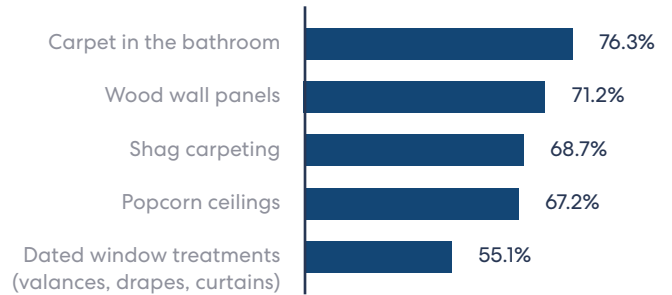
South Central



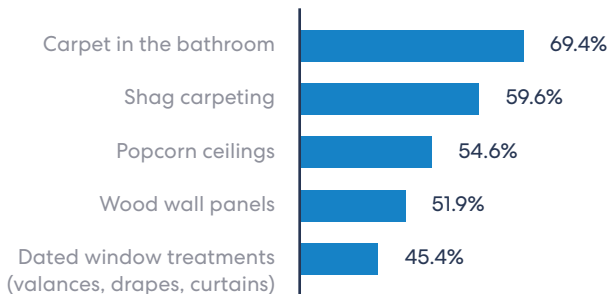
Mountain



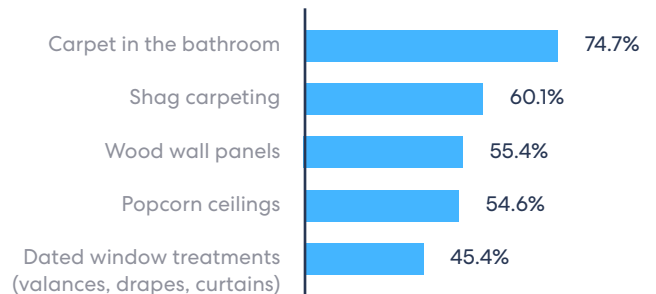
Northeast



Midwest

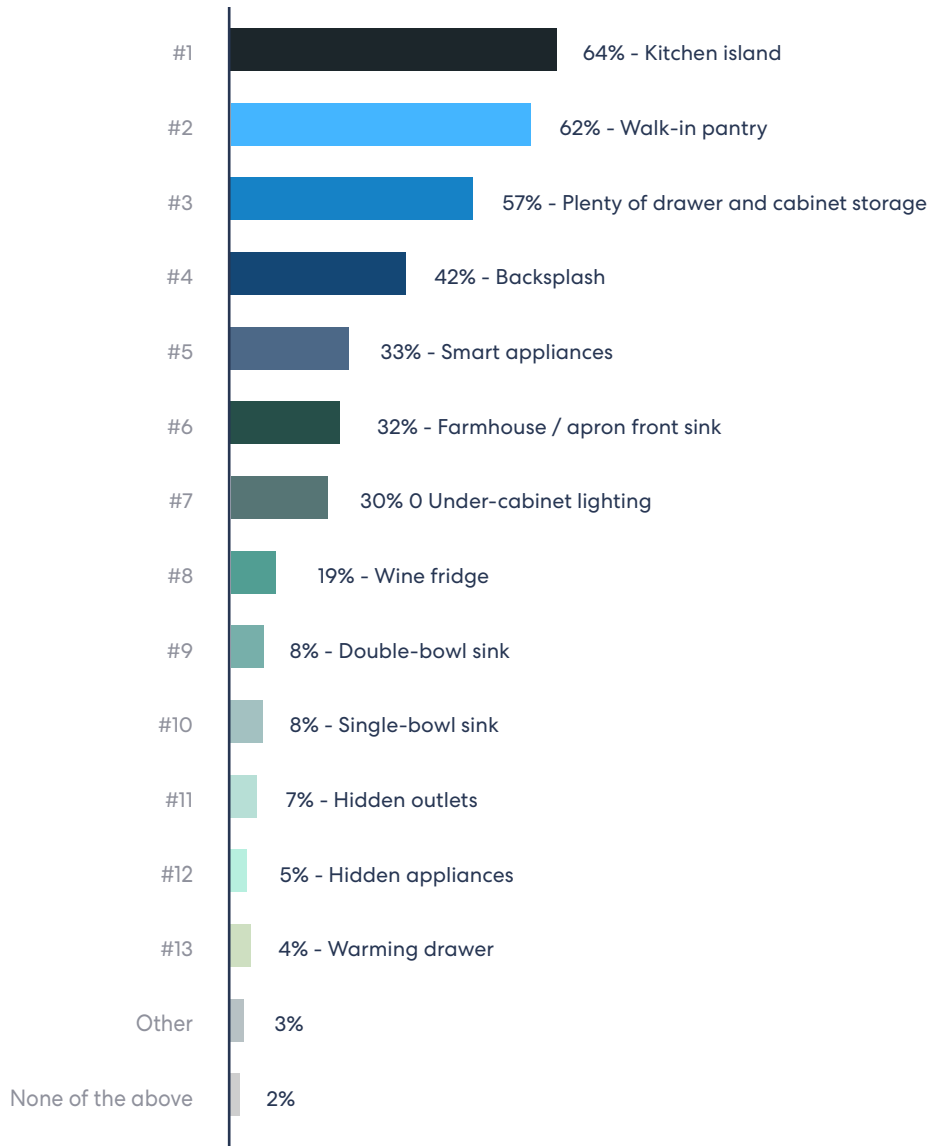


South Atlantic



In 2021, the kitchen upgrades buyers most want to see include kitchen island, walk-in pantry, and plenty of drawer and cabinet storage.

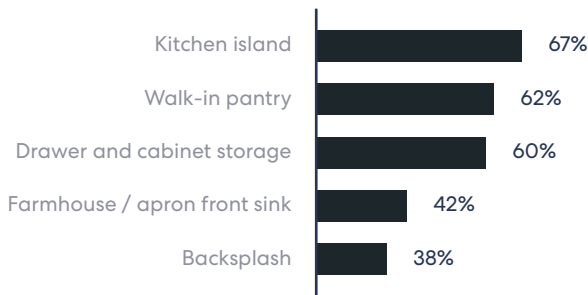
Which of the following **kitchen upgrades** do buyers most want to see in 2021? (Check all that apply.)



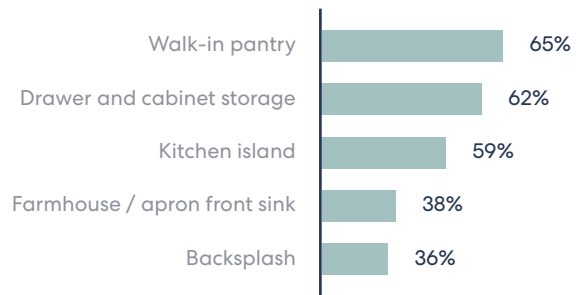
The South Central and Mountain regions are the only two pockets of the country where a walk-in pantry beats a kitchen island. In the Northeast, buyers are more likely to appreciate under-cabinet lighting as a kitchen upgrade.

Kitchen upgrades homebuyers most want to see in 2021, sorted by region

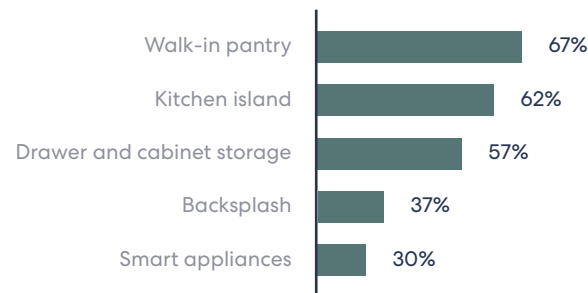
Pacific



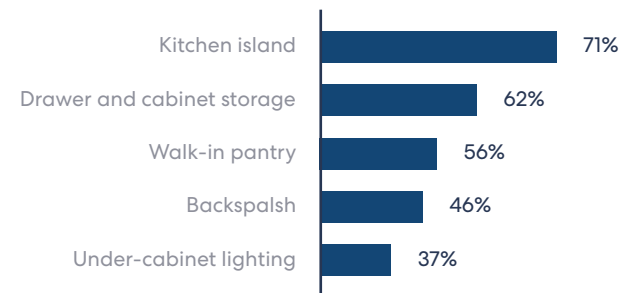
South Central



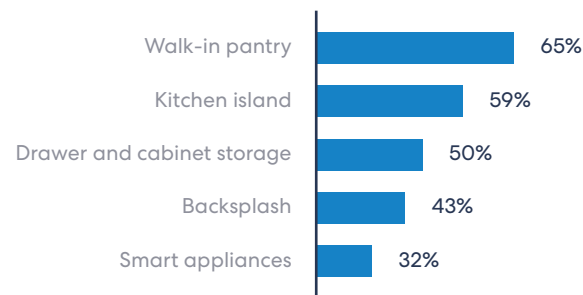
Mountain



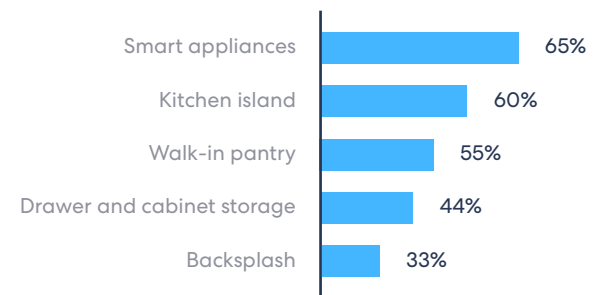
Northeast



Midwest

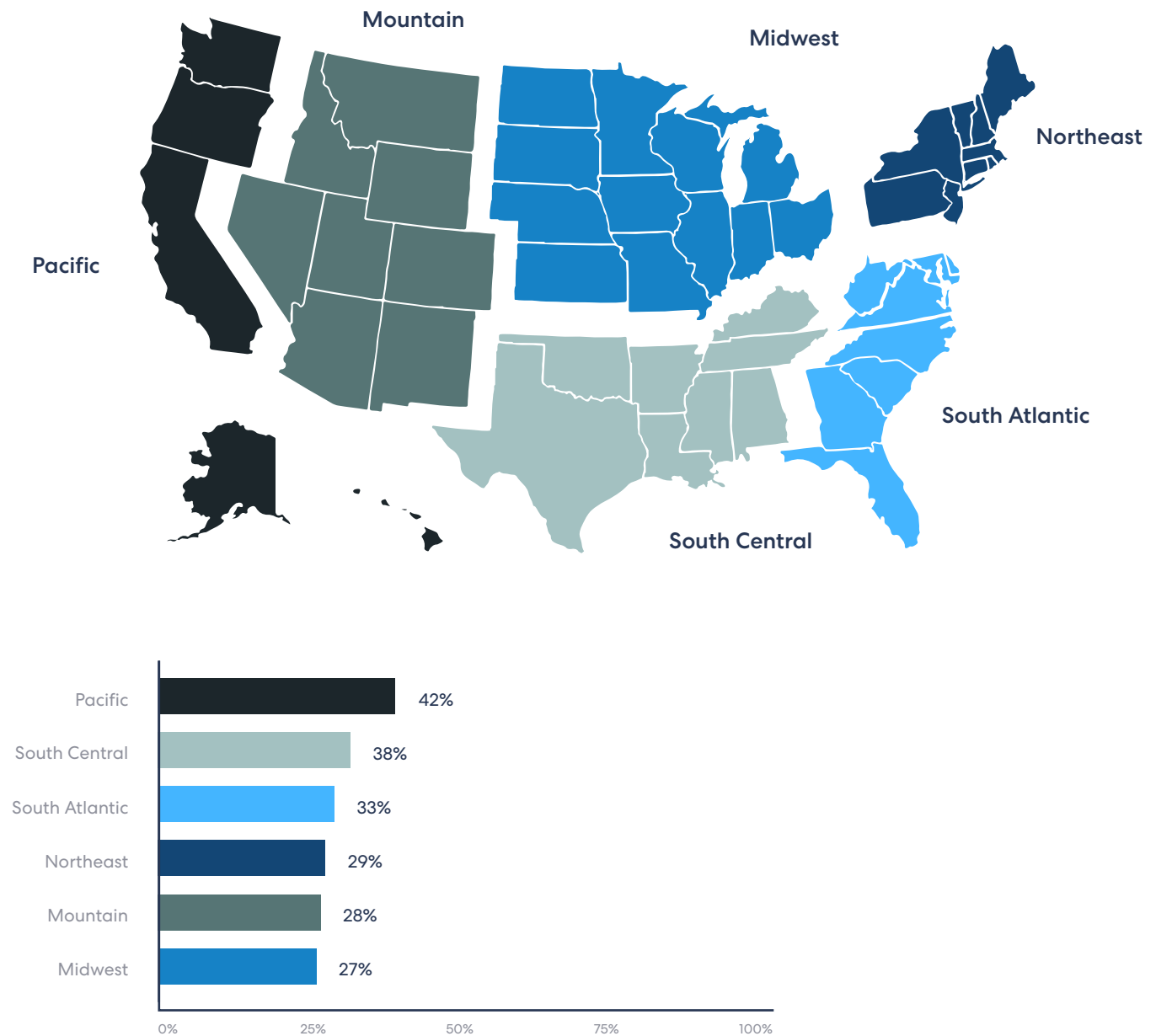


South Atlantic



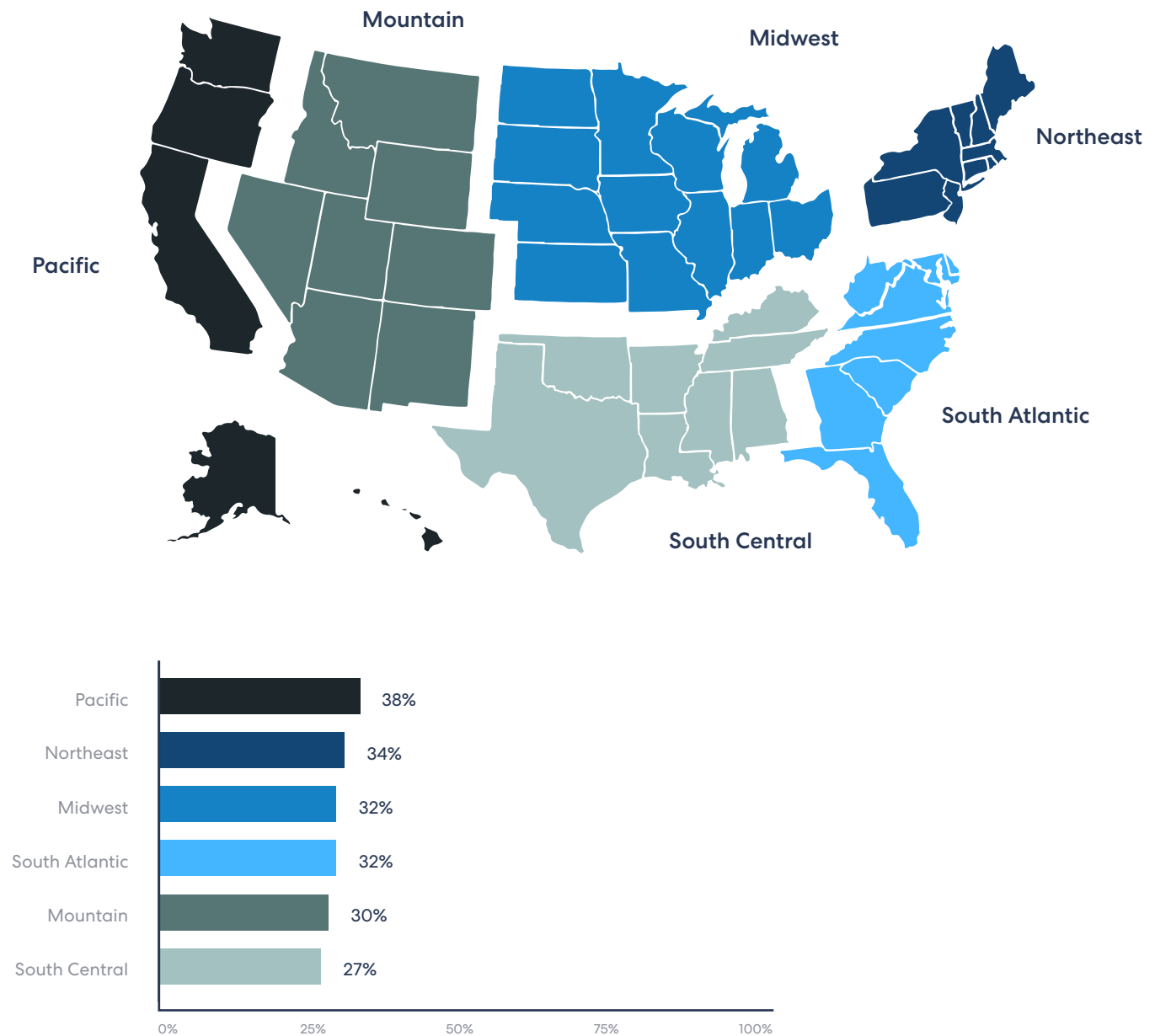
The farmhouse or apron front sink, which takes cues from the stylings of HGTV's Chip and Joanna Gaines, ranks highest at #4 on the list of most preferred kitchen upgrades in the Pacific and South Central regions.

Desirability of the **farmhouse / apron front sink** to homebuyers in 2021, sorted by region



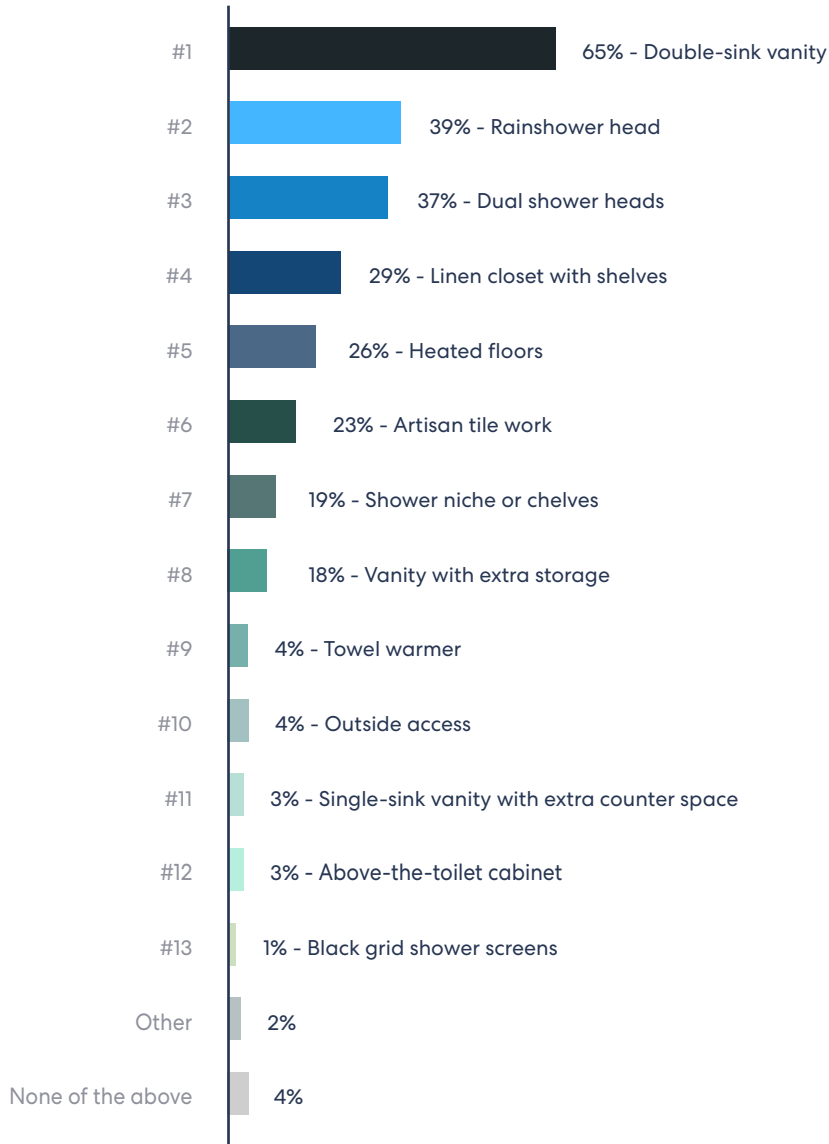
The South Central region is the least likely to value smart appliances as a top kitchen upgrade. In this region, buyers would prefer to see a farmhouse sink, backsplash, and under-cabinet lighting.

Desirability of the **smart appliances** to homebuyers in 2021, sorted by region



Don't replace your dual sinks for the extra counter space. A double-sink vanity remains the no. 1 bathroom upgrade homebuyers want in 2021. Homebuyers also love to see ample bathroom storage, fancy shower heads (dual or rainshower), and heated floors.

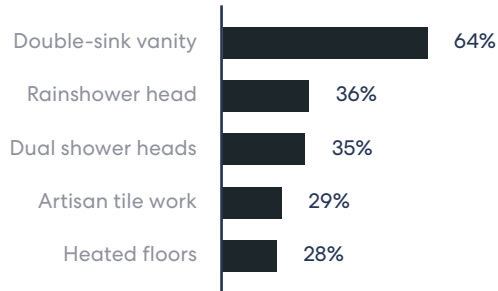
Which of the following **bathroom upgrades** will most resonate with buyers in 2021?
(Check all that apply.)



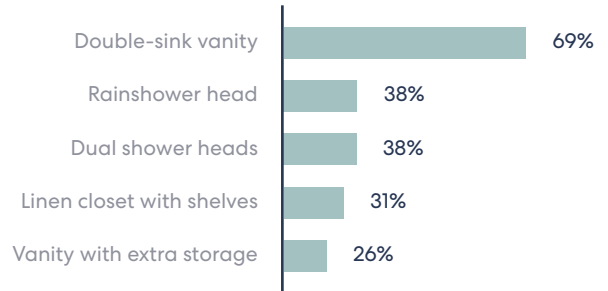
Heated floors are more likely to sell bathrooms in the Northeast and Midwest where temperatures drop below freezing, whereas buyers in the Mountain and Pacific regions appreciate artisan tile work instead. The Pacific is the only region where a linen closet with shelves didn't make the top 5 for preferred bathroom upgrades.

Bathroom upgrades homebuyers most want to see in 2021, sorted by region

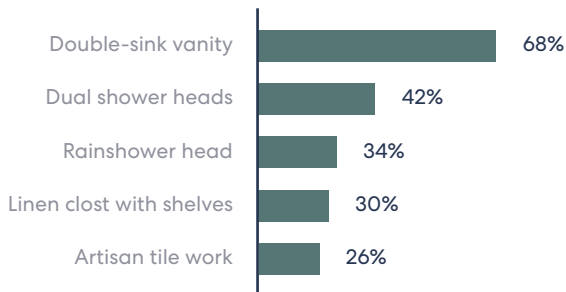
Pacific



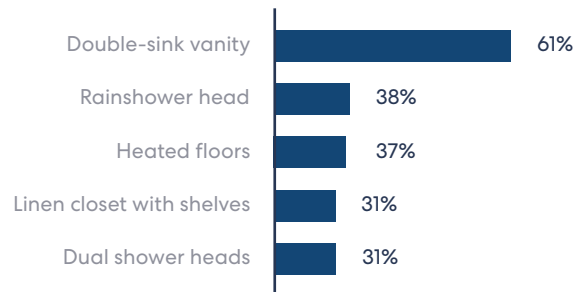
South Central



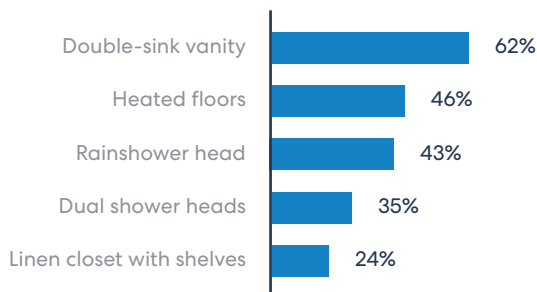
Mountain



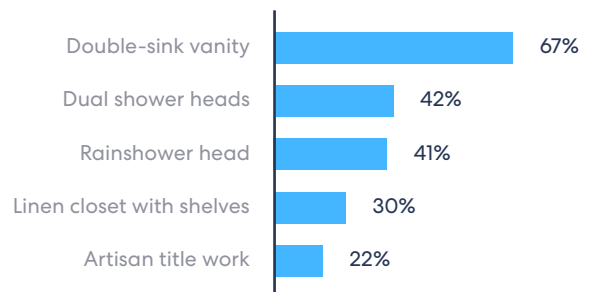
Northeast



Midwest

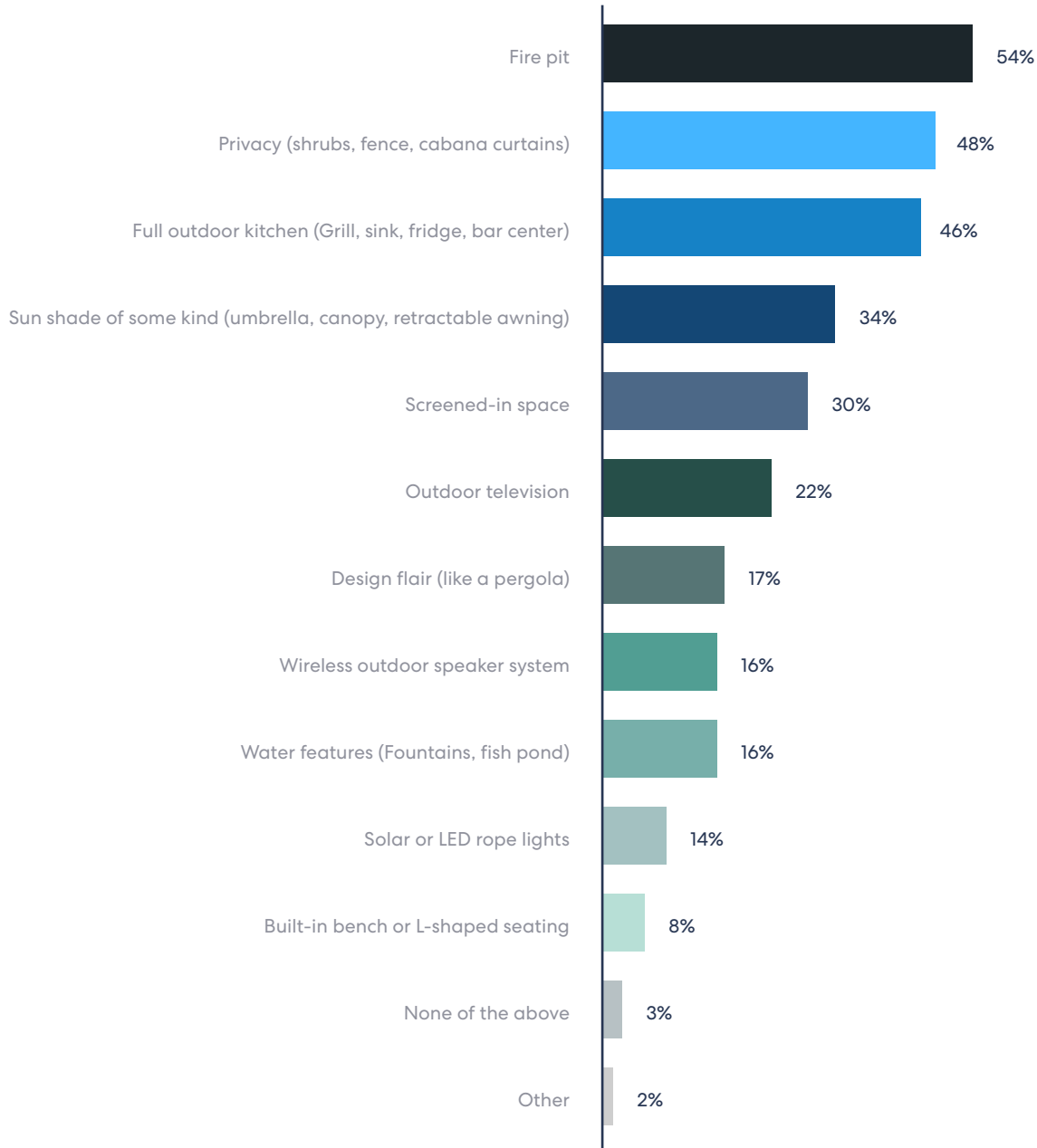


South Atlantic



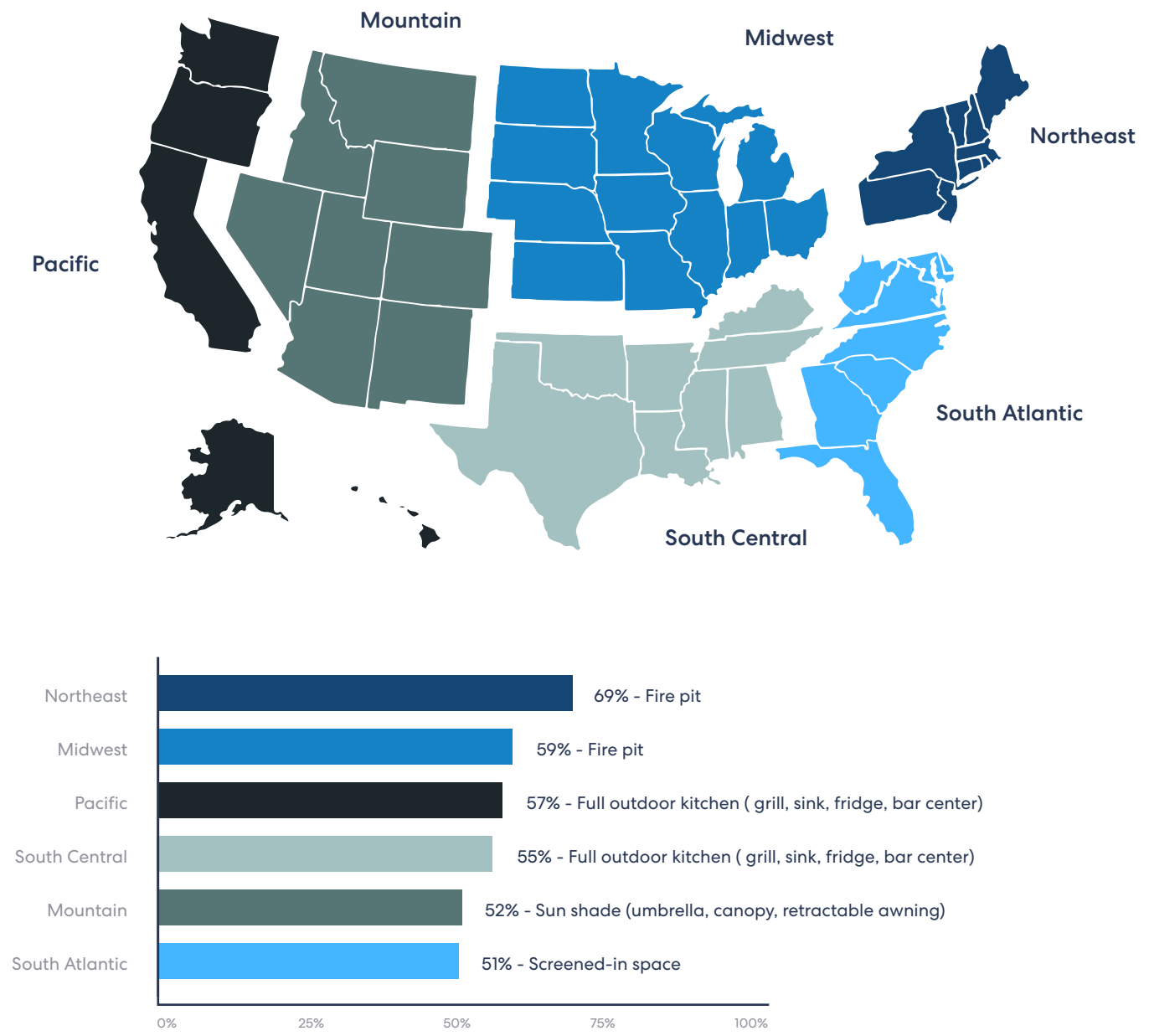
In Q2 2020, **31% of agents** said that a desire for more outdoor space was a top moving motivator in their market. In post-COVID-19 world, buyers especially appreciate an outdoor area featuring a fire pit, privacy fence or hedges, and full outdoor kitchen.

Which **deck / patio** feature or upgrade do homebuyers want most to see in an outdoor space post-COVID? (Check all that apply).



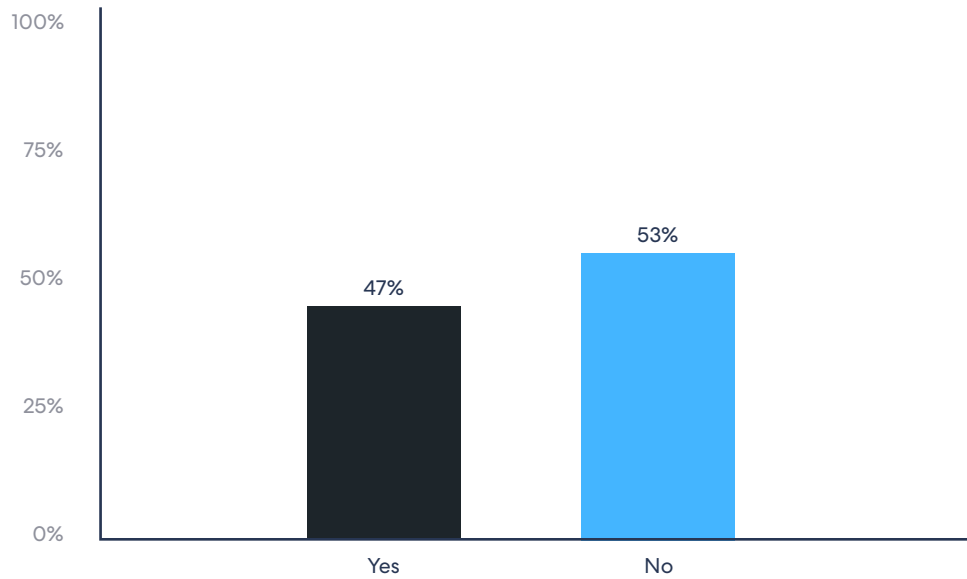
Top outdoor home feature preferences vary from region to region. Fire pits reign in the Northeast and Midwest, but buyers looking in the South Atlantic most appreciate a screened-in space. In the Pacific and South Central regions, a full outdoor kitchen takes the no. 1 slot. By comparison, the most preferred outdoor feature in the Mountain region is some kind of shade from the sun.

#1 outdoor feature homebuyers most want to see post-COVID-19, by region



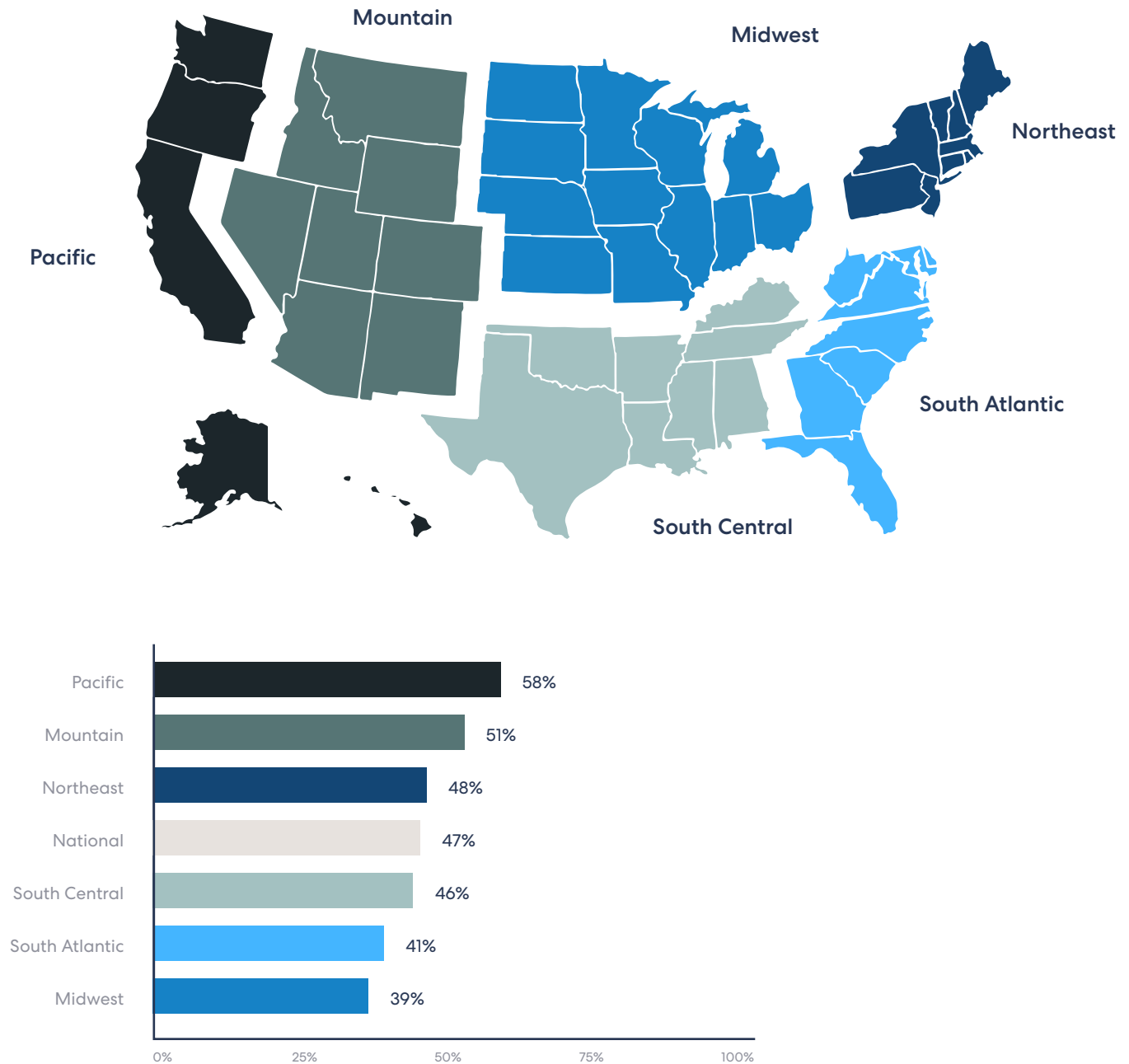
Spending more time at home has caused more homebuyers to prioritize energy-efficiency in a home: Nearly 50% of agents nationwide have seen this trend post-pandemic.

As pandemic electric bills soar and American energy use rises, homebuyers are increasingly looking for and prioritizing **energy-efficient features** in their home search:



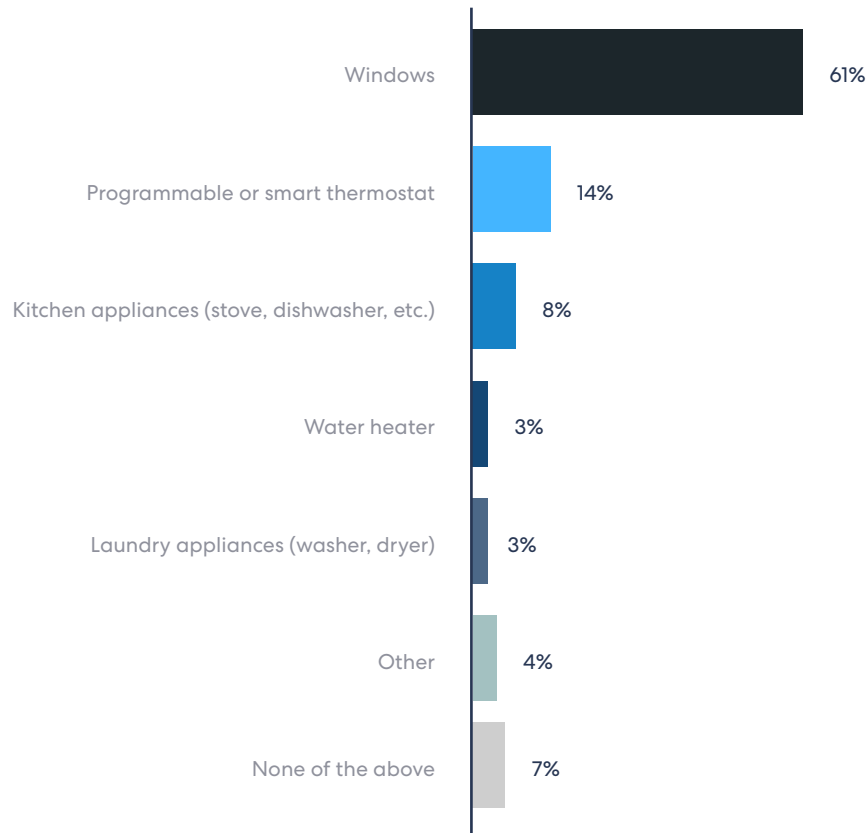
Homebuyers on the Pacific Coast are most likely to care about energy efficiency — whereas fewer agents reported noticing this trend in the South Atlantic and Midwest regions.

As pandemic electric bills soar and American energy use rises, homebuyers are increasingly looking for and prioritizing **energy-efficient features** in their home search:



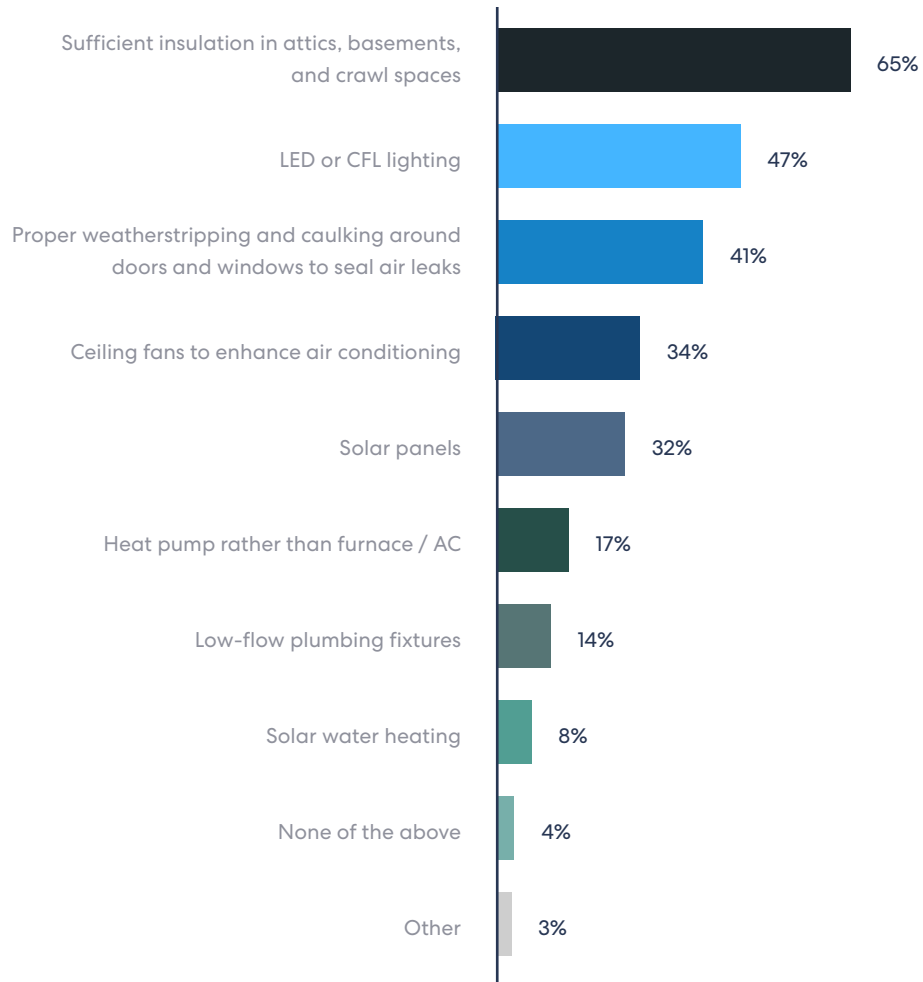
If you're going to make one feature of your home energy efficient, prioritize your windows. Over 60% of agents nationwide say this upgrade has the biggest impact with buyers, more so than ENERGY STAR certified thermostats, appliances, or water heaters.

In my market, buyers are most likely to care about **energy efficiency or ENERGY STAR certification** when it comes to a home's:



In addition to energy-efficient windows, buyers most like to see proper attic insulation, LED or CFL lighting, and intact weatherstripping throughout the home.

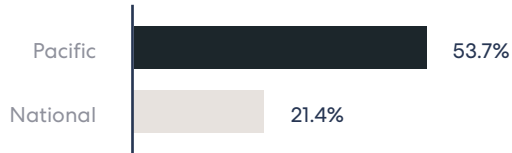
Which of these additional **energy-saving or eco-friendly improvements** (not mentioned above) do buyers love to see in a home? (Check all that apply.)



Trends in the Pacific Coast, however, diverge a bit from national dataset: In this region, solar panels have become the #1 energy-saving upgrade buyers want to see.

Pacific region: **Top 5 energy-saving** improvements buyers love to see

Solar panels



Sufficient insulation in attics, basements, and crawl spaces



Ceiling fans to enhance air conditioning



Proper weatherstripping and caulking around doors and windows to seal air leaks



LED or CFL lighting



Remodeling Surge Battles Supply Shortage, ROI Challenges

With remodeling materials backlogged due to COVID-19 shutdowns and an explosion of demand, home improvement products and contractor labor are like the Clorox wipes of 2021. With our survey, we explored which resource shortages are impacting different regions most heavily, the best alternative deck building materials to pricey lumber, and which 2020 renovations could lose their luster in the new year.

Homeowners face delays with labor and lumber, windows and doors as they plan projects for 2021

Let's be honest: If you haven't personally obsessed over home improvement during COVID-19, then you have a friend who put in a Bellagio-esque backyard pool last summer, neighbors with a new roof, or parents who excitedly revealed their finished basement over Zoom. And the pandemic-spurred remodeling craze has yet to slow.

In a normal year, contractors are **busiest in the spring and summer** and you can usually **save on materials and labor between October and March** by timing your remodel during a lull period. But many contractors are already **booked out well into 2021**. In November, it was reported that Home Depot sales **surged 23.2%**, exceeding the company's performance forecasts across the board.

Unfortunately, the surge in remodeling has not been all sunshine, roses, and HGTV highlight reels. People looking to remodel are currently up against supply chains siphoned by **understaffed and understocked manufacturers**, which has caused a severe shortage of raw materials. In addition, with a vaccine on the horizon, it's possible that the renovations homeowners made during the heart of the pandemic could prove fleeting from a resale value perspective.

Non-wood deck materials

A lack of lumber has been a particularly tough challenge for homeowners remodeling their way through COVID-19. Lumber prices have risen to around \$900 per thousand-foot board, or an

increase of **150% since mid-April 2020**, according to one report. At the same time, **outdoor renovations** bring lasting appeal and **many people are building out or revamping their decks** to take advantage of the safety open air provides.



Although wooden decking has **typically dominated market share** for decking materials, the good news is that there are alternative materials available. The most promising standout for great ROI and the best outcome, according to the agents we surveyed, is composite material. In fact 51% of respondents most recommend composite as a decking-building alternative to wood. Composite material is made from recycled plastic and wood dust but gives the **appearance of wood** and **tends to be lower maintenance**. Composite decks also offer **ease of installation and last 25-30 years**. Coming in second and third for alternatives to wood decks: stone pavers (12%) and PVC (100% plastic) at 10%.

Resources in shortest supply

According to our survey, labor (53% of agents have seen this shortage in their market), appliances (51%), and windows and doors (30%) are the top three resources in shortest supply. So line up your contractor early, order your dishwasher well in advance, and reserve your beautiful bay window before other homeowners snatch them up first.

Shortages by region

If you're in the Pacific region, you should get a head start on [obtaining your permits](#) from the city for any work that requires review: 41% agents we surveyed in the Pacific said they've seen permit shortages hold up projects, compared to 26% nationally. Appliances appear to be especially delayed in the Southern regions (55% compared to 51% nationally) and in the Midwest, 60% of agents have seen a shortage of contractor and subcontractor labor, 7 percentage points above the countrywide average.

Worst renovations for the money

The top three trendy pandemic renovations agents say will be fleeting and difficult to recoup from a cost perspective include a pool, hot tub, or sauna installation (22%); a home gym (19%); adding an extra room or structure to the yard (13%); and converting existing rooms into home offices (13%).

But results varied by region. In the Midwest, agents were most likely to say that converting existing rooms into home offices would be the most fleeting (20%). In the South Central and Mountain regions — which tend to be known for their hiking and outdoor recreation opportunities year-round — a home gym took the top slot at 28% and 24%, respectively. Agents were unlikely across all regions to say that

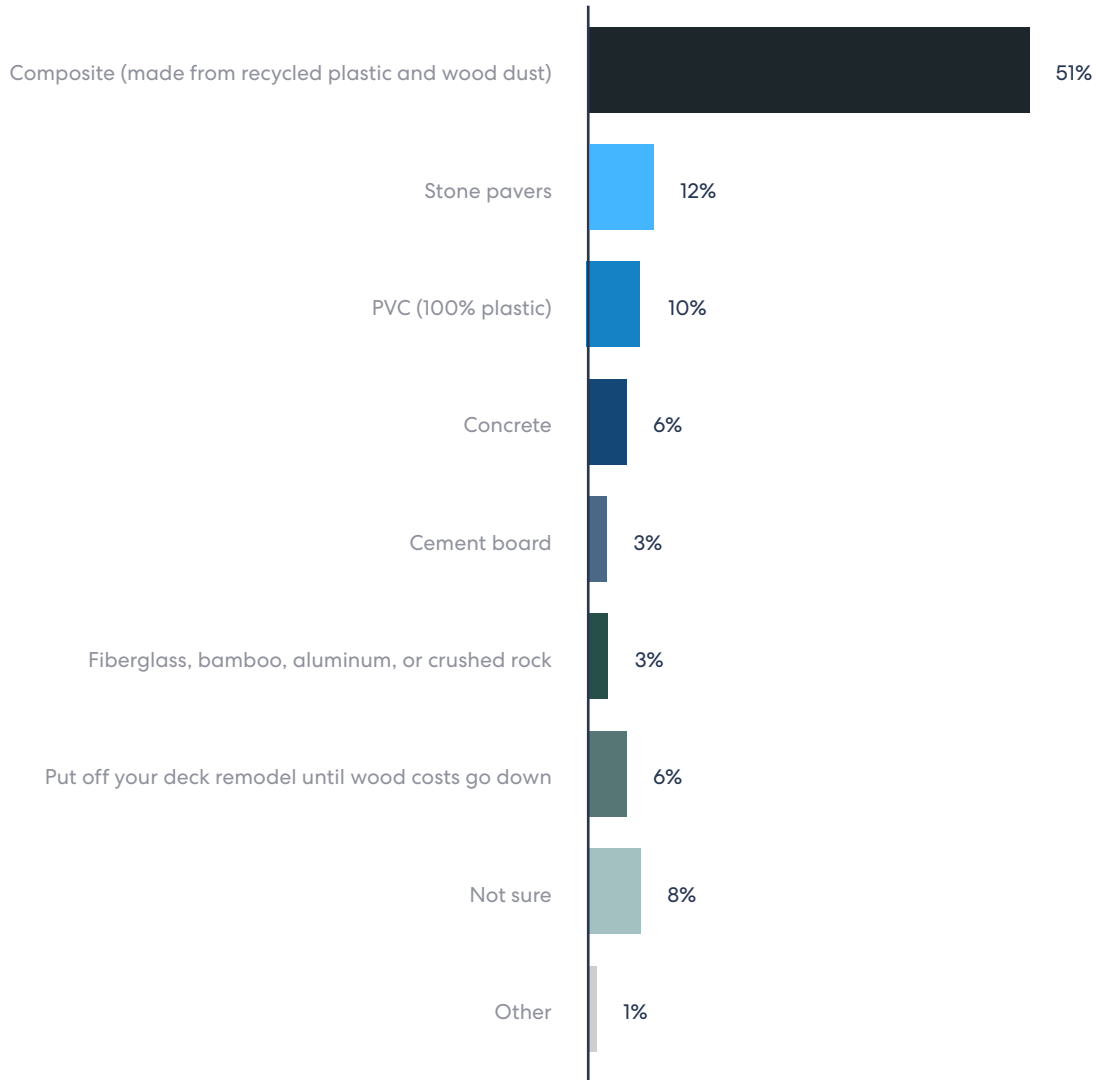
kitchen, bath, patio, or porch projects completed during the pandemic would be short lived as far as market interest.

Pandemic remodeling mistakes and regrets

In a pandemic environment as restrictive as COVID-19 has been, it's natural to seek out ways to maximize immediate comfort. However, agents urge homeowners to avoid over-personalizing their material selections (51%), depleting savings too much during an uncertain economy (38%), and paying a coronavirus premium for materials and labor (36%). Home projects are easier to recoup when you've spent less in the first place.

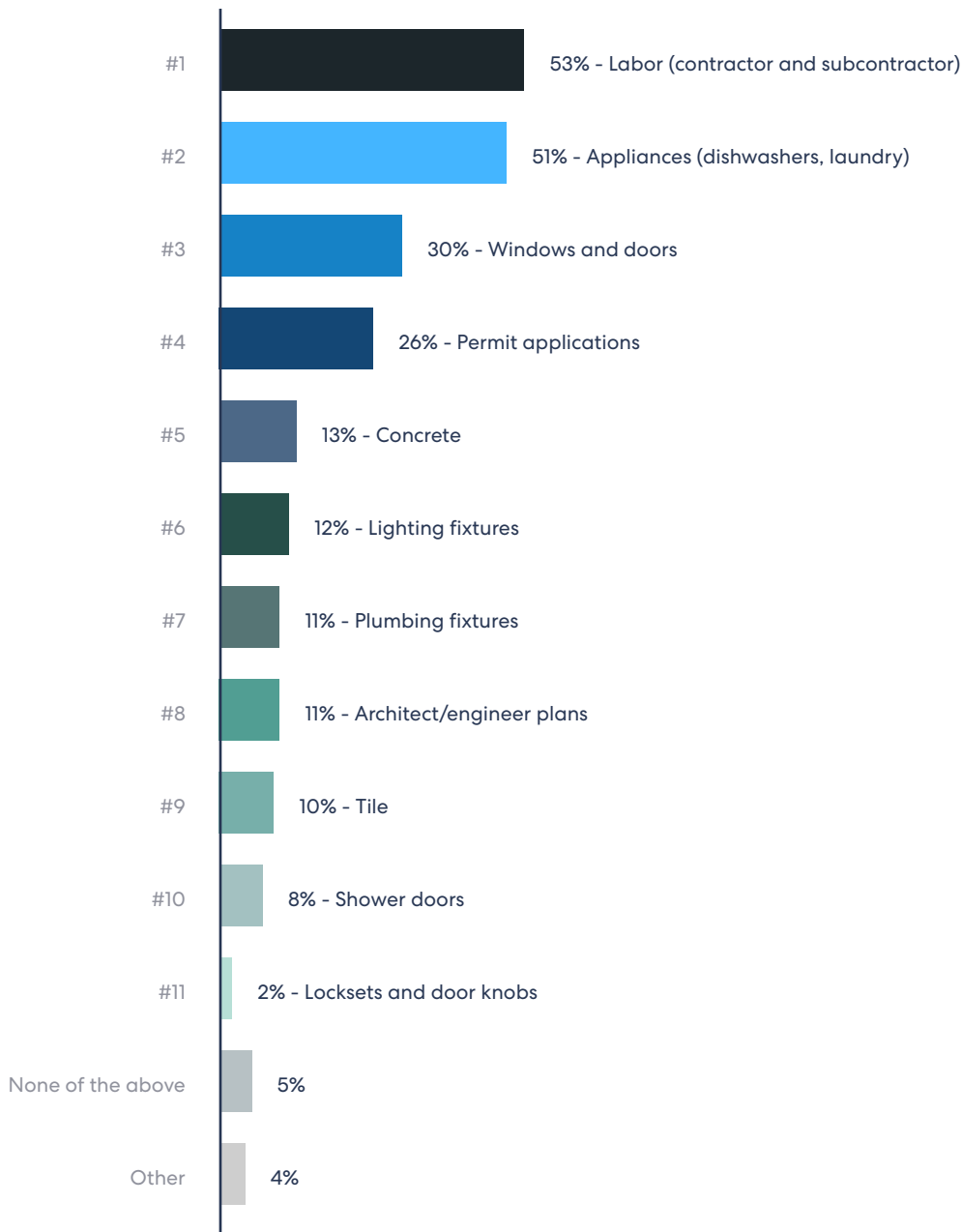
Over 50% of top agents most recommend composite decking as an alternative to wood during the lumber shortage. Composite material is made from recycled plastic and wood dust but gives the appearance of wood and tends to be lower maintenance.

Which **wood alternative for a deck** build would you most recommend to homeowners in your market for the best outcome and ROI?



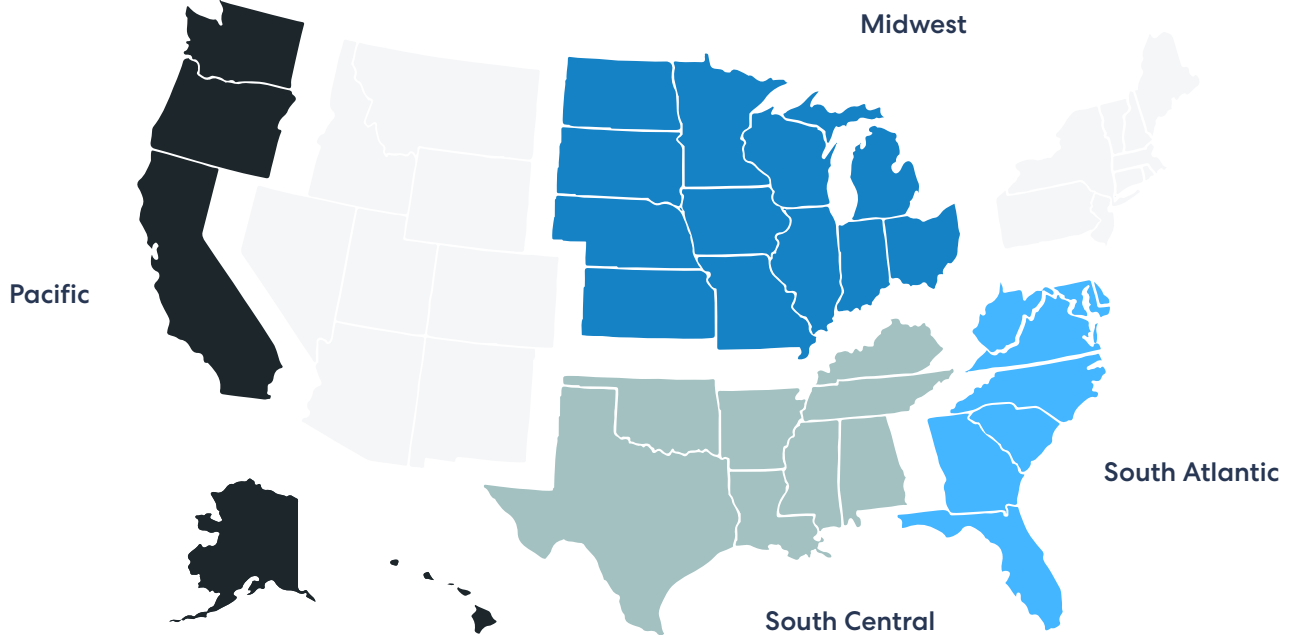
Homeowners planning a remodel should schedule their project in advance and expect contractor schedules to be booked out well into the future. Any project that involves appliances, windows and doors, or permits from the city will require getting a leap start on ordering materials to avoid delays.

Besides lumber for building decks, I've seen the following types of **supply shortages** in labor, materials, or cause delays for home improvements: (Check all that apply)



Respondents in the Pacific region were more likely to cite permit delays than average. In addition, appliances appear to be in particularly short supply in the Southern regions. The Midwest, meanwhile, was the region most likely to report a shortage of labor.

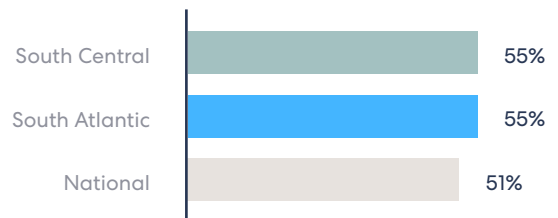
Home improvement supply shortage trends by region



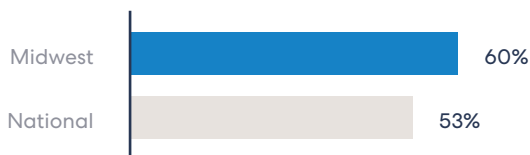
Permit applications (Pacific)



Appliances (South Atlantic and South Central)

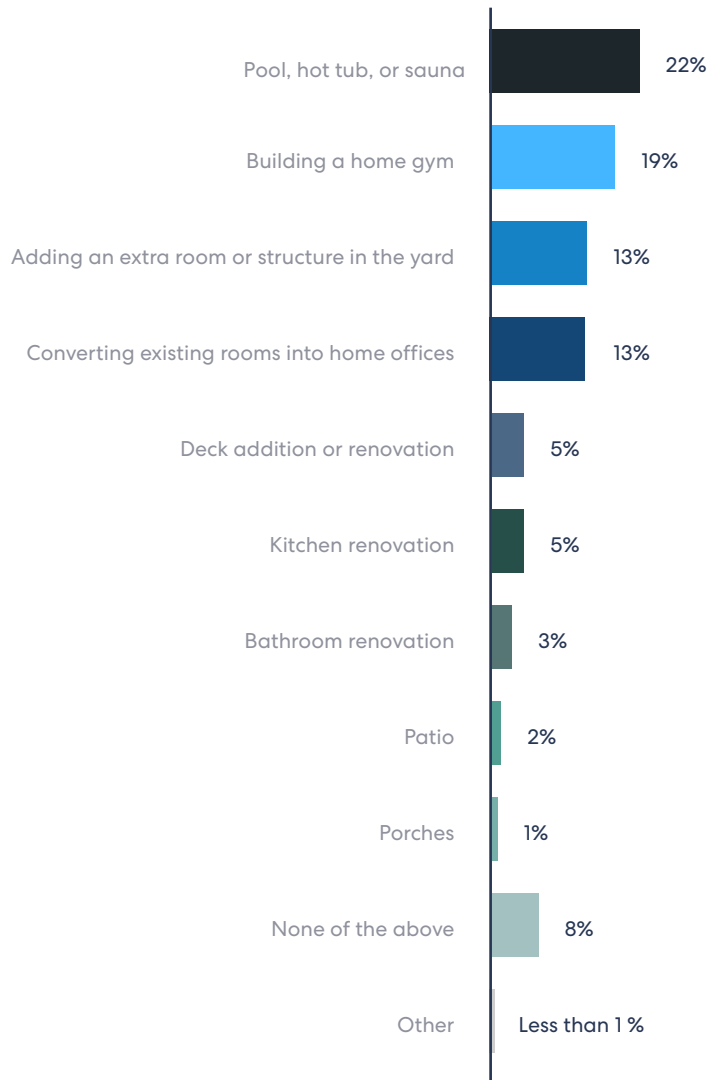


Labor (Midwest)



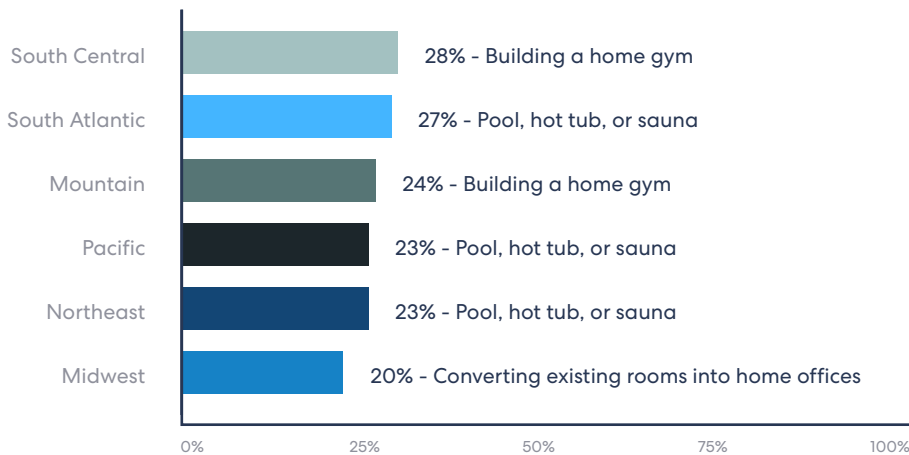
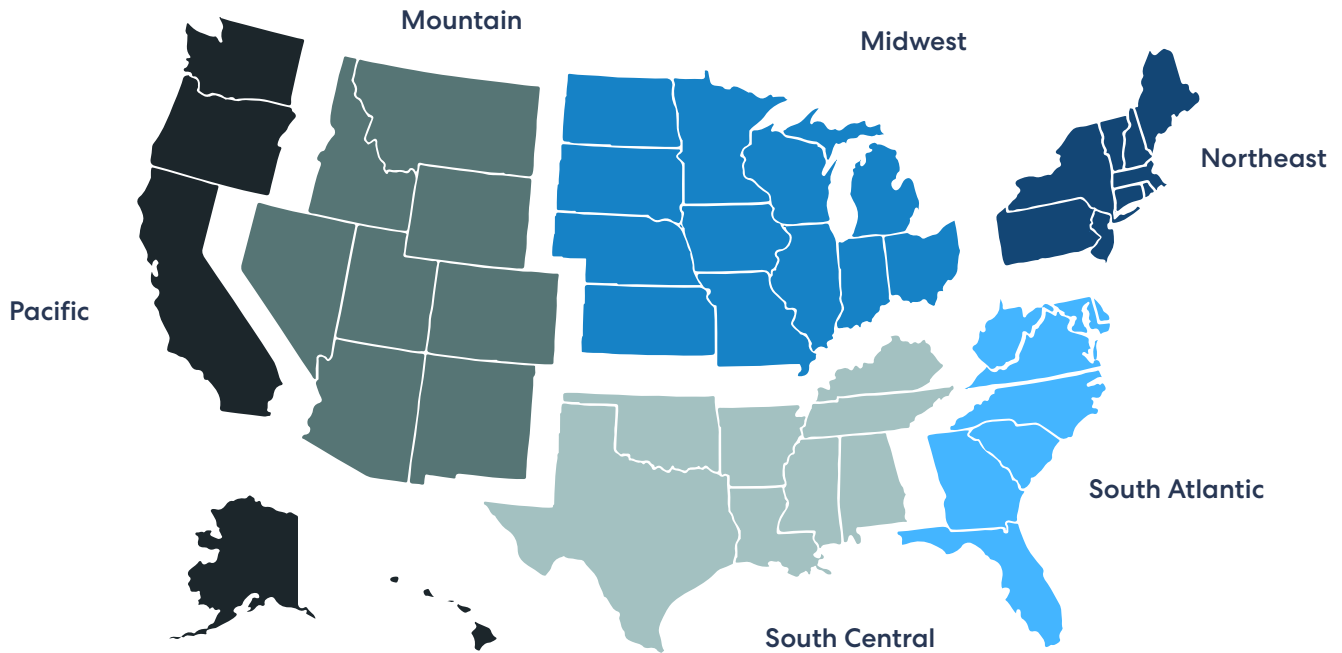
As homeowners go on a remodeling frenzy, top agents say people are most likely to regret investing in amenities like pools and hot tubs, home gyms, and room additions / yard structures.

Which of the following **popular pandemic remodeling projects** do you believe will be most fleeting in your market and difficult to recoup from a cost perspective?



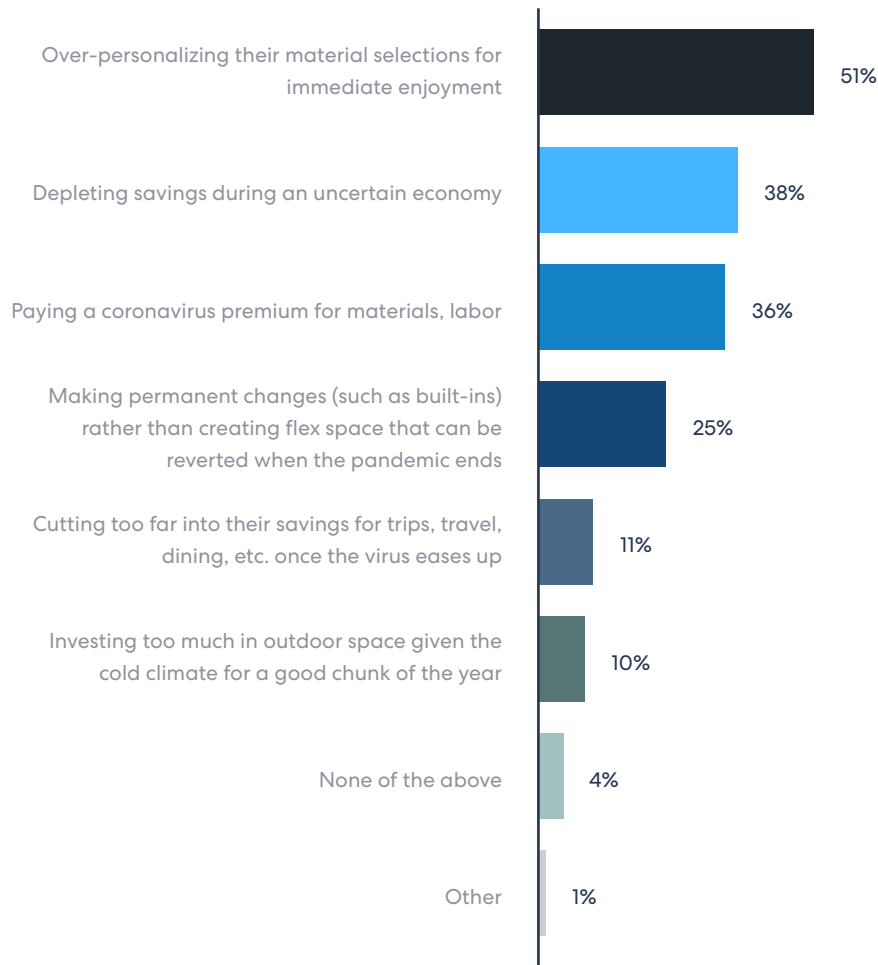
However, some remodeling projects could be more or less appealing long term, depending on your location. The Midwest was the only region where office conversions ranked as the most fleeting pandemic renovation. In the South Central and Mountain regions, it was home gyms. And in the Northeast and Pacific regions, respondents said that pools, hot tubs, and saunas would be most regrettable down the line.

Biggest pandemic home renovation regrets by region



Across the country, top agents say that over personalizing a remodel for immediate enjoyment is the most common pandemic renovation mistake homeowners are making. Many are also concerned that homeowners are draining their savings during a rough time economically and paying extra for their project due to labor and material shortages.

Which of the following **mistakes are homeowners in your market** most likely to make with their pandemic remodel? (Check all that apply).



COVID-19 Business Closures Shuffle Real Estate Demand Across Communities

In Massachusetts, nearly one in four restaurants have closed since March. Much of the San Francisco's Financial District is being described as a "ghost town." More than half of restaurants in New York are at risk of closing. And nearly 50% of real estate agents in our survey say that the inevitable is true: Mass business closures, particularly shut downs of our favorite eateries and dining places, are driving down interest in homes once considered highly desirable for their proximity to commercial establishments.

Restaurant vacancies and closures most likely to dampen demand for residential homes

“Oh, there’s this great little burger joint around the corner,” is the type of recommendation Americans love to make to friends and colleagues. But not everyone’s favorite burger joint — or dive bar, or clothing store — survived 2020. And although the housing market has managed to perform well in spite of the pandemic, real estate does not exist in a vacuum. Our favorite dining spots and shopping centers are an integral part of our communities and driver of local property values.



As of August 2020, [163,735 total U.S. businesses had closed](#) since the beginning of the pandemic, according to Yelp’s Local Economic Impact Report, with 60% of those closed businesses closing permanently. The restaurant industry has been the hardest hit with [32,109 closures](#), and 19,590 of those likely to be permanent. Bars and nightlife, retail and shopping (particularly men and women’s clothing) have also endured high closure rates, according to Yelp’s report.

The shuttering of these commercial establishments, which may once have [drawn residents willing to](#)

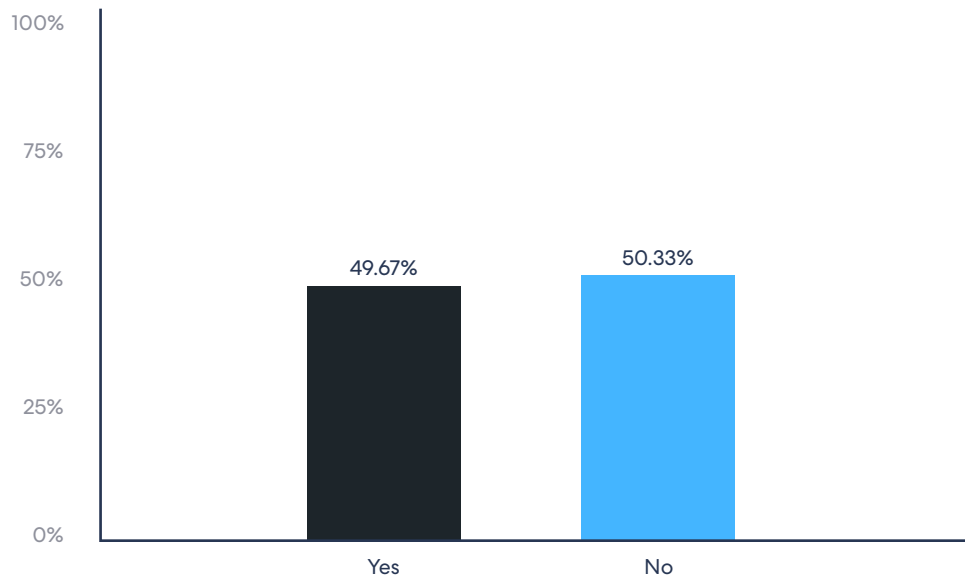
[pay more for nearby homes](#), is changing the way potential homebuyers view the desirability of an area. Our survey reveals that 49.7% of real estate agents nationwide have seen business closures — such as the end of once-thriving boutiques and restaurants scenes — drive down interest in nearby residential real estate and redirected it elsewhere. Meanwhile, the suburbs and exurbs — not to mention smaller cities which offer more affordable living — have absorbed a lot of these urban property purchases.

The biggest culprit hurting certain pockets of residential real estate is restaurant closures, with 49.0% of agents saying that the loss of restaurants has most negatively impacted demand for real estate in certain neighborhoods of their city, more so than the closing of commercial offices (18.2%), retail and shopping districts (14.5%), and bars and nightlife (7.3%). The closure of gyms (1.2%) and beauty spas (0.4%) are least likely to affect residential real estate, according to our survey.

In neighborhoods with a high volume of business closures, 20% of agents say these closures have caused an increase in the homeless population nearby, and 20% say they’ve seen a decrease in homebuyer interest and purchasing demand. Around 10% of agents have seen property values suffer as a result of mass business closures. Agents in the Pacific region were nearly twice as likely to note an increase in the homeless population (39%) as a result of business closures in an area.

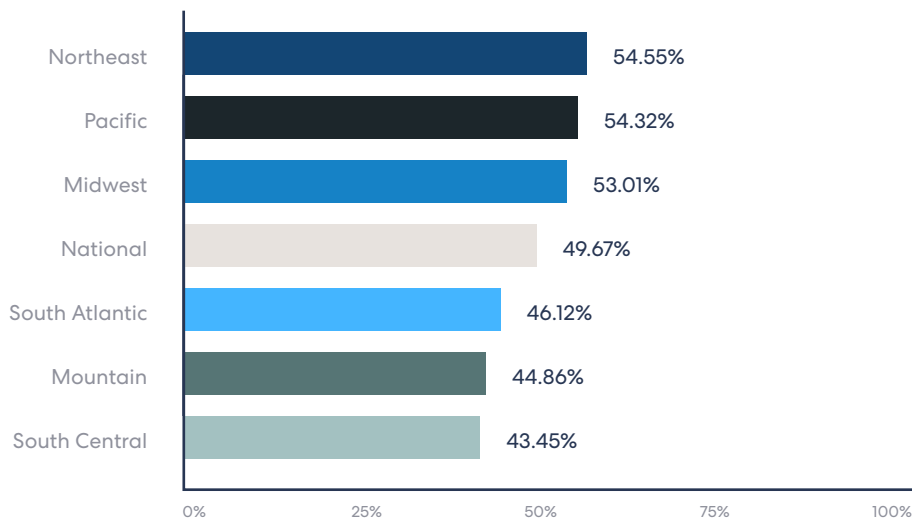
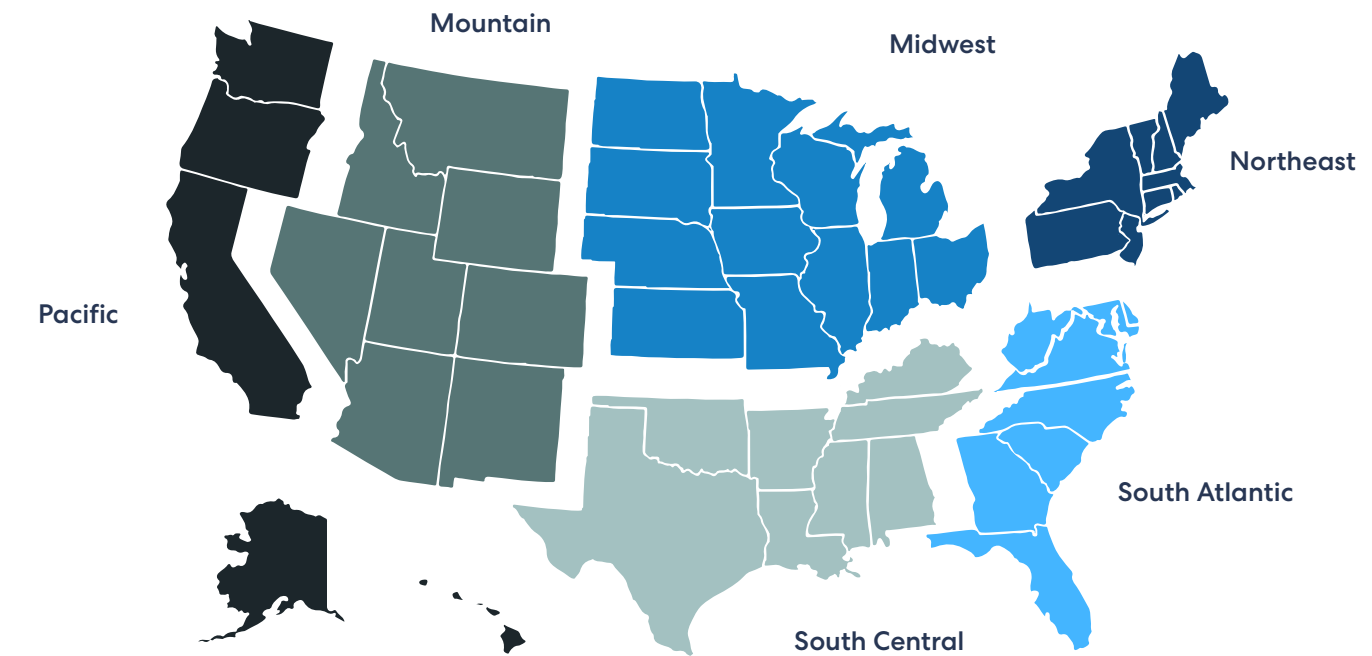
Although the housing market on the whole has remained resilient and even thrived during a pandemic-driven recession, the coronavirus has been a crisis of uneven impacts. In fact, half of top agents surveyed say that in areas with large volumes of local business closures, interest in surrounding residential homes has gone down.

In your city, have you seen local business closures — such as the end of once-thriving local boutiques and restaurant scenes — **drive down interest** in nearby residential real estate



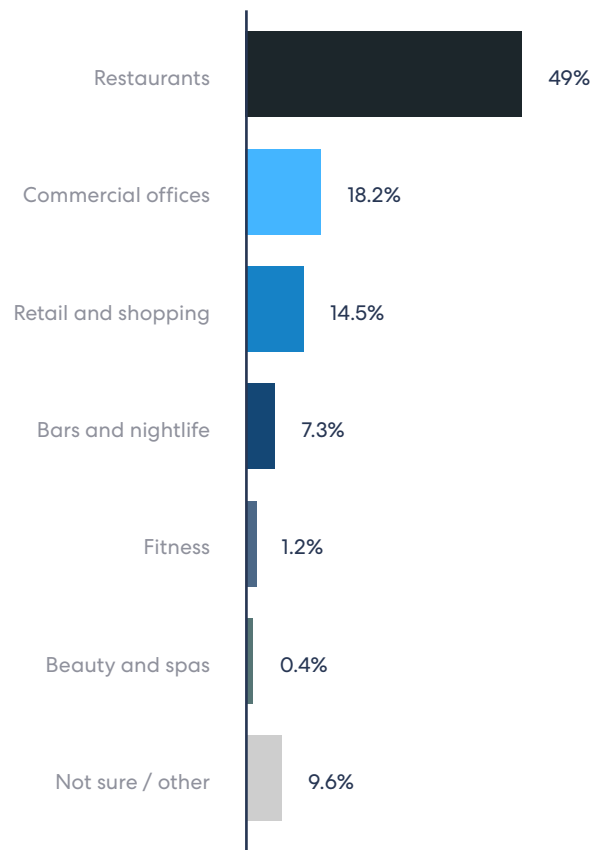
The Northeast, Pacific, and Midwest regions have the highest concentration of agents who say local business closures have put a damper on interest in nearby homes.

Agents who've seen **local business closures drive down interest** in nearby residential real estate, by region



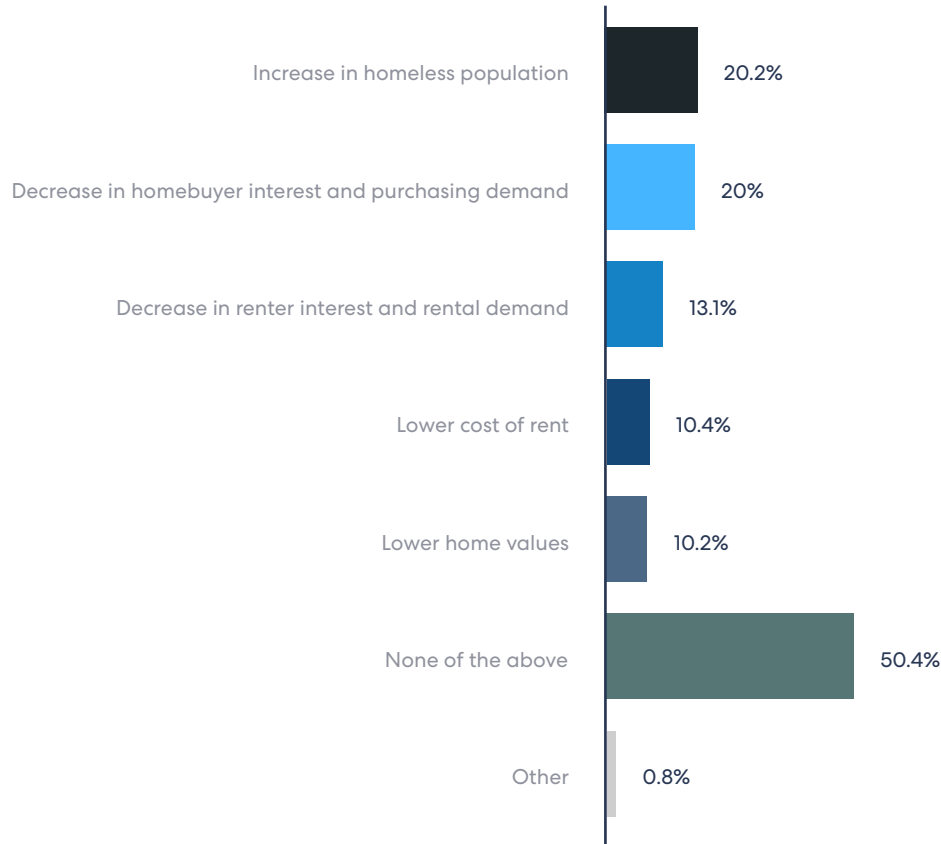
Fine dining and local eats greatly influence a neighborhood’s culture and appeal. Top agents were most likely to cite the loss of restaurants as most negatively impacting the desirability of real estate in certain communities post-coronavirus, more so than bars, fitness centers, and beauty spas.

Which of the following building space vacancies or closures has **most negatively impacted** the desirability of certain neighborhoods in your city?



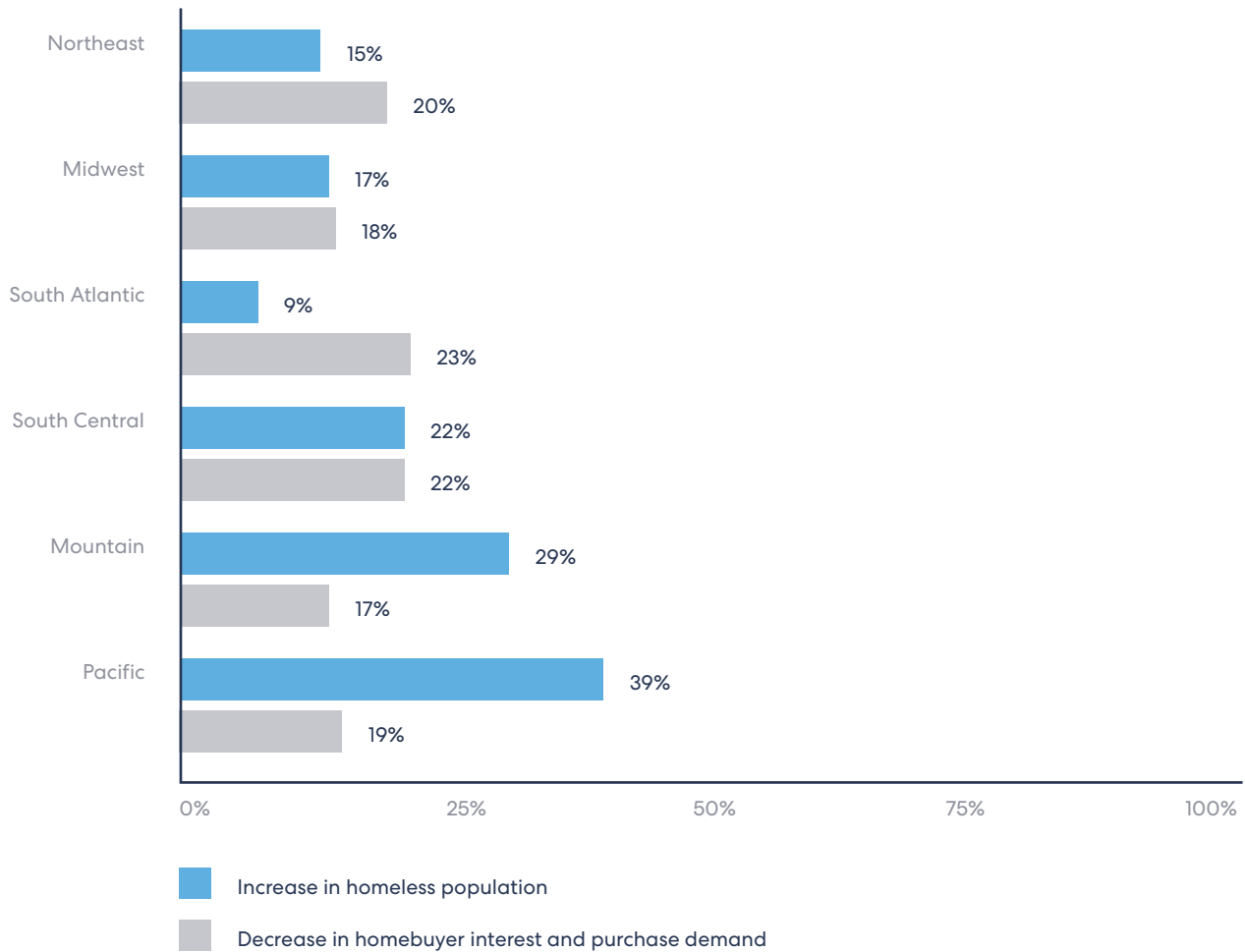
Agents in our survey were most likely to say that a high volume of business closures has caused an increase in the homeless population nearby, a decrease in homebuyer interest and purchasing demand, and a decrease in rental demand.

In the neighborhoods with a **high volume of business closures**, which of the following changes have you seen take shape? (Check all that apply.)



Respondents in the Pacific region were nearly twice as likely to say that local business closures have caused an increase in the homeless population of the surrounding areas. The South Atlantic region trended the opposite direction. Respondents were only half as likely to say they've seen an increase in the homeless population, but they were more likely than average to report a decrease in homebuyer interest in response to local business closures.

How **business closures** have impacted nearby communities



Americans Decide to Work Where They Vacation as Second-Home Purchases Rise

According to the Second Home Sentiment Report released in Q4 2020 by Pacaso Homes, there's been a 20% rise in people seeking to purchase or own a second home compared to pre-COVID times. Our survey of over 1,000 real estate agents nationwide confirms that 41% of agents have seen this trend in their market while an additional 39% have heard of it happening in the markets of their colleagues. Driven mostly by the permanent shift to remote work, this pandemic trend is likely to grow in the new year and make any property with a warm weather location, great price, and rental income potential an especially hot commodity.

Two tickets to paradise, a laptop, and a house to yourself: The new American Dream

Tropical meeting backgrounds are no longer a figment of Zoom's digital library. With the chance to work from anywhere, more Americans are embracing the sunshine and palm trees of telecommuting freedom, and that means snatching up second homes in vacation hot spots at an increasing rate.

The majority of real estate agents nationwide (66%) have seen an increase in buyer demand for second and vacation homes since the pandemic began — if not in their own market, then from agents in their network who share rumblings of a shift.

In addition, 41% of agents have noticed an increase in homeowners who are selling their primary residences in favor of living in their second home full time. Another 20% have heard of this trend happening in other markets.

The top motivation driving second-home purchases post-pandemic is the opportunity to work remotely in a warm climate, according to 49.6% of respondents in

our survey. Other top drivers include the desire to own a vacation home while travel is limited (49.4%) and to take advantage of low mortgage rates (47.5%).

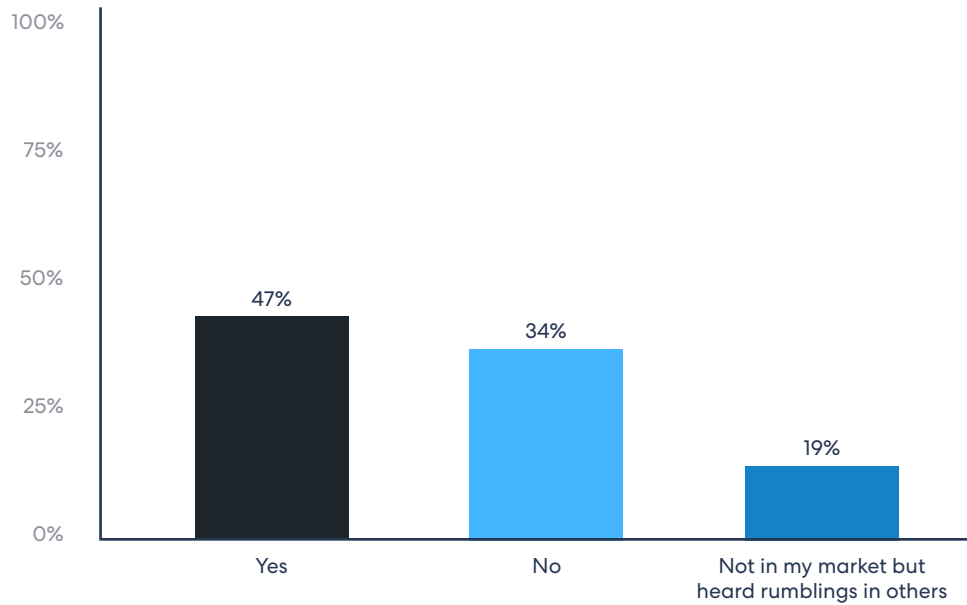
As far as qualities in a home that second-home buyers seek, warm weather is no. 1 (45.1%), followed by an affordable price point (44.9%). Potential rental income (40.7%), proximity to water (40.0%) and low maintenance (36.7%) round out the top 5 most desired second-home features.

However, some second-home qualities are more desirable in certain regions of the country than others. Proximity to the beach or water is no. 1 in the Northeast (40.0%), followed by low maintenance (40.4%). Buyers in the Pacific (47.5%) and South Central (45.4%) regions care most about potential rental income. Midwest and South Atlantic buyers most want a location in a warm weather climate / vacation spot and a great price. In any case, the hunt for a bargain beach house is on!



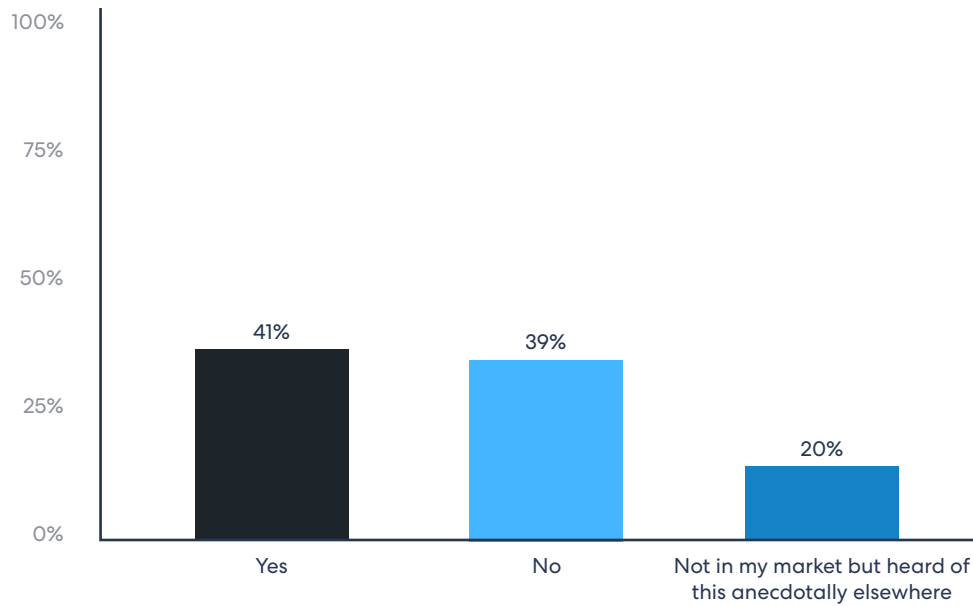
The coronavirus pandemic has given the second and vacation homes real estate market a lift: 66% of respondents say they've seen an increase in buyer demand for these properties, either personally or from other agents in their network.

I've noticed an **increase in buyer demand for second homes and vacation homes** since the pandemic began:



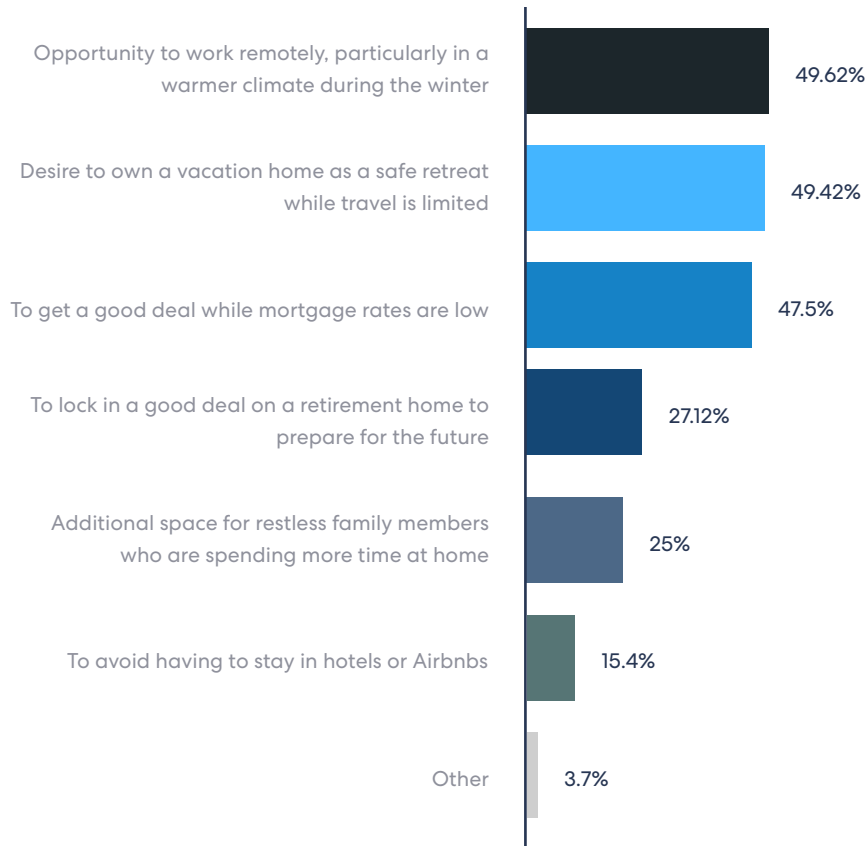
Another trend coming out of the pandemic: 41% of agents say they've seen an uptick in homeowners selling their primary homes to live in their vacation residences full time, and another 20% have heard of this happening anecdotally elsewhere.

Since the pandemic began, I've noticed an increase in homeowners who are **selling their primary residences** in order to live in a second / vacation home full-time.



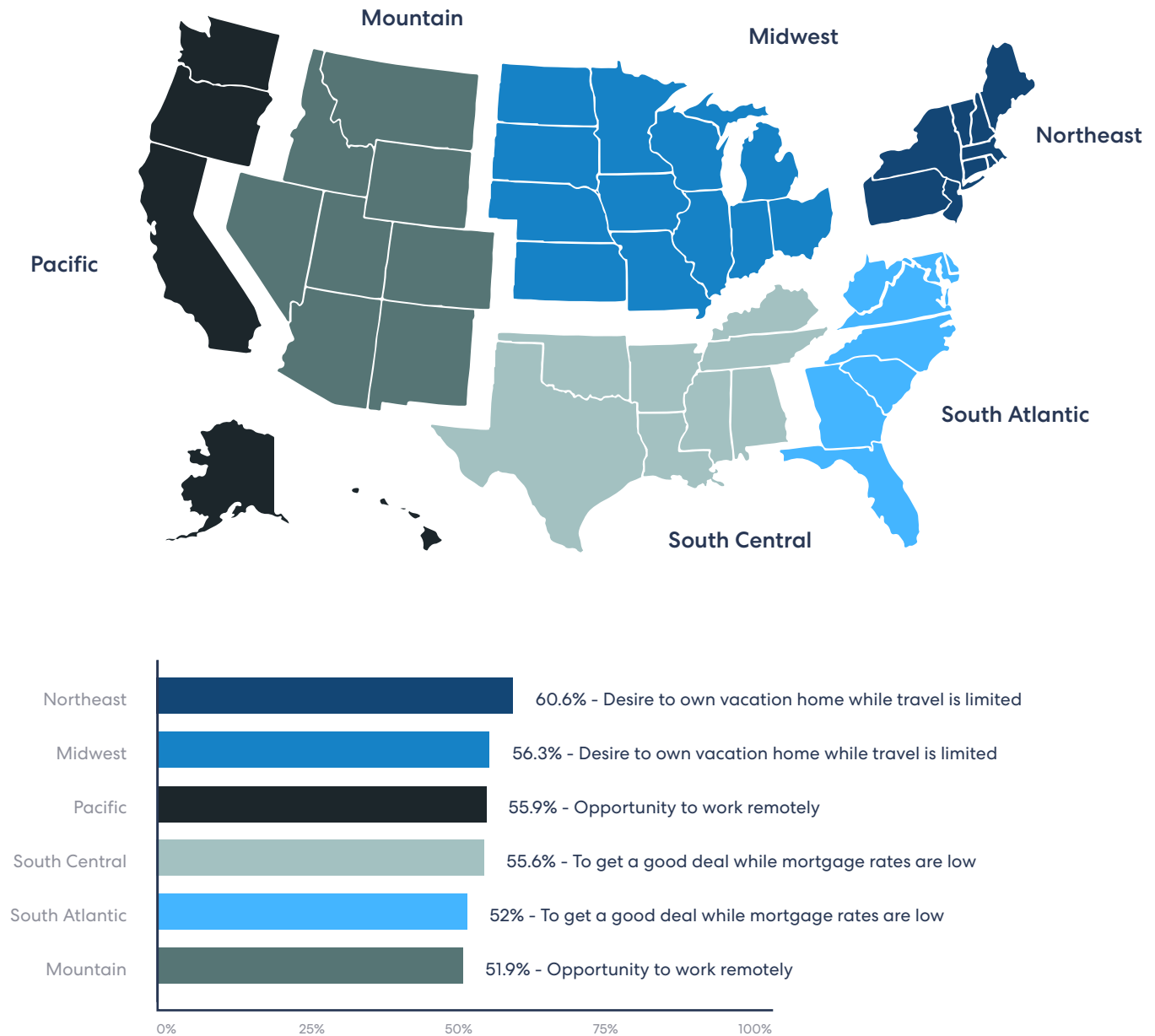
The three main drivers of this trend include the opportunity to WFH, a lack of alternative travel options, and low mortgage rates.

What are the primary **buyer motivations** behind purchasing a second home post-coronavirus?
(Check all that apply.)



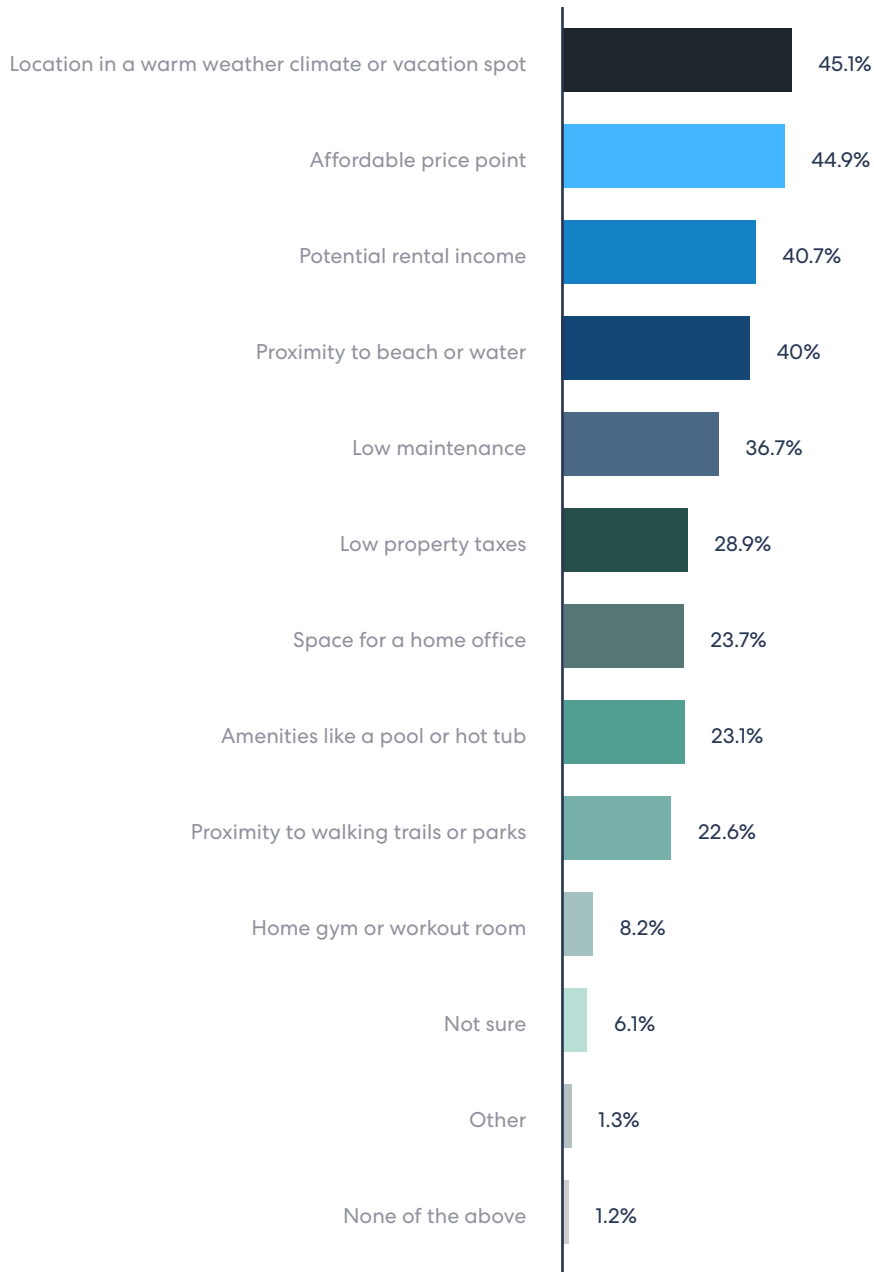
The appeal of a vacation home at a time during a time of limited travel is a particularly strong motivator in the Northeast and Midwest. In the Pacific and Mountain regions, the opportunity to work remote is the top driver behind second-home purchases.

#1 buyer motivations to purchase a second home post-coronavirus



Nice warm weather, a great price, and the ability to list on Airbnb (or otherwise rent the property out) are the top qualities that attract buyers to a second home post-coronavirus.

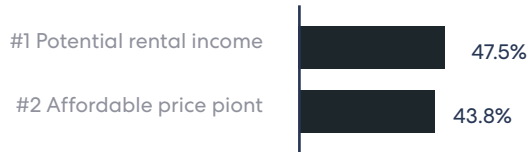
What **features** are most important to homebuyers purchasing a **second home post-coronavirus**? (Check all that apply.)



While second-home buyers in the Northeast care most about being close to the beach and low maintenance, Midwesterners crave a warm climate and affordable price point. On the Pacific Coast and in the South Central region, potential rental income is #1 for buyers on the hunt for a second property.

Most important features in a **second-home property** among buyers, sorted by region

Pacific



South Central



Mountain



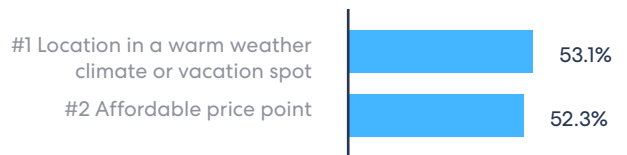
Northeast



Midwest



South Atlantic



About HomeLight

HomeLight's vision is a world where every real estate transaction is simple, certain, and satisfying.

We provide software and services to home buyers, sellers, and real estate agents including HomeLight Agent Matching, the investor matching platform Simple Sale, HomeLight Home Loans, and HomeLight Closing Services.

Each year, HomeLight helps hundreds of thousands of clients connect with top real estate agents, and it facilitates billions of dollars of real estate on its platform.

