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Analysis

Suburban Living Is Starting to Lose Its Appeal

As much of the workforce returns to the office, people want to live closer to urban areas.

By **Paul Bergeron** | January 11, 2023 at 04:03 PM

After about three years, the satisfaction and convenience of remote work are fading a bit, leading some to rethink their housing choices – and more importantly, their locations.

What pushed so many to the suburbs – affordable mortgage rates, larger spaces, and perceived health and wellness benefits – are no longer so prominent.

While many moved to the suburbs, the urban settings today have become as attractive as they were pre-COVID – especially for single professionals.

“Bars and restaurants are back open, social distancing is largely a thing of the past and at least some workers have returned to offices,” writes CoreLogic economist Thomas Malone in a blog.

This week, Disney announced workers must return to the office four days a week. Isn’t that the way it used to be?

“The preference for more far-flung locations may not have changed,” Malone writes. “Home prices increased at all-time levels between 2018 and 2022. This may mean that preferences for large suburban and exurban homes still exist but that many buyers can’t afford such properties and must choose smaller homes closer to urban centers.”

Malone said it would “expect to see an absence of younger, first-time homebuyers in the next few years who reorient purchase patterns closer to downtown areas.”

Living Within a Commutable Distance

Sarah Tadros Awad, senior associate at Romer Debbas, tells GlobeSt.com that the pandemic brought a new perspective to homeownership as it relates to first-time homebuyers purchasing in the suburbs.

“Living in the metropolis in which one’s work is located is not necessarily the goal for homebuyers, as it once may have been,” she said.

“In the tri-state area, in our post-pandemic world, the appeal of living within a commutable distance from one’s job, while maintaining a decent amount of space will continue to be attractive to homebuyers.”

Galen Faurot-Pigeon, research analyst, Markerr, tells GlobeSt.com that the sum of the geographic population changes show that the dense urban areas are still experiencing negative population growth despite a return to the office and mass vaccination.

“The largest winner post-pandemic remains suburban counties across the US,” he said.

Apartment Demand Remains

Peter DiCorpo, co-founder and COO of the Atlanta-based multifamily development firm Brook Farm Group, said the population migration story has key differences in the multifamily sector.

“We expect high-growth suburban markets to continue to prosper, particularly in light of the slowdown in the single-family sector and the significant demand for rental housing that has created a rental housing shortage.”

DiCorpo said that industry estimates point to a 4.3 million unit rental housing shortage across the US by 2035.

“The demand for apartments is particularly strong in high-growth markets, such as Atlanta and many parts of Florida, that are seeing an increase in population migration,” he said.

“The current interest rate environment, and the corresponding slowdown in single-family home development, will continue to keep demand for multifamily units strong throughout the current downturn.