In recent days New York City has turned into the epicenter of the Coronavirus pandemic in the United States. As of the morning of March 26th, there are over 20,000 confirmed cases of COVID-19 in NYC, while the total number of infected people in New York State is exceeding 33,000. This is nearly half the number of confirmed cases nationwide.

The New York Governor Andrew Cuomo and the New York City Mayor Bill De Blasio have put together a set of density-control measures in an attempt to limit the spread of the pandemic and the need for hospitalization among the local population. Similar to the rest of the US population, New Yorkers have been urged to stay home.

A pandemic of such scale as the Coronavirus and the stringent regulations issued in order to control it are having a major impact on the NYC housing market. The real size of these effects will be felt even stronger in the second quarter of 2020, which is about to begin in a few short days, and is expected to be carried throughout quarter three and quarter four of 2020 as well.

In this article we will look at the immediate effect of COVID-19 on the New York City real estate market as well as the expected medium- and long-term impact. This NYC forecast is based on real estate data analysis conducted by our real estate investment app Mashvisor and on interviews we've had with some of the top real estate professionals in the New York City housing market 2020.

NYC Housing Market Trends at the Beginning of 2020

To begin with, let's have a quick look at the state of the housing market in New York City in early 2020. According to Mashvisor's ***New York Real Estate Market Report***, 2020 was looking good for New York real estate investors. Currently The Big Apple is a buyer's market, where the housing inventory suffices to meet demand from both homebuyers and rental property investors. At the end of 2019, there were over 6,500 property listings, which were spending an average of 136

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days on market. The high price to rent ratio dictated a strong demand for traditional rental properties, which is a positive signal for investors. Moreover, the vast majority – 77% – of the NYC population are renters rather than homeowners, partially as a result of the affordable housing crisis.

Despite the strict short term rental regulations in The Big Apple, Airbnb NYC was also performing well. New York City Airbnb hosts were able to generate a good cash on cash return of 1.4% on average. This exceeded the average cash on cash return for long term rental properties of 1.0%.

In brief, this was the condition of the NYC real estate market in the first two months of the year, before the hit of the Coronavirus.

Coronavirus Immediate Effects on the New York City Real Estate Market 2020

Despite the relatively short time that COVID-19 has been dominating life in NYC, the impact on the real estate industry in the city as well as in the entire state has been sizeable, to say the least. David Reischer, Attorney and CEO of LegalAdvice.com, defines the impact of the Coronavirus on the NYC housing market as "*nothing short of catastrophic*". The main reason is the zero liquidity in the market as Governor Cuomo halted all property showings. According to Reischer, this uncertainty created by the recent NYC legislation is understandable at tough times like the current period. At the same time, it is freezing the property market as there are no real estate transactions taking place. "*This is a true nightmare scenario of epic proportions*," Reischer adds.

On New York City Home Prices and Sales

As a result of the efforts to control density and impose social distancing, New York City home sales have virtually stopped. Chris Oliver, Spokesperson, Editor, and Partner at Hauseit, says, "*The Coronavirus pandemic has shut down the NYC real estate market.*" All in-person activities in the real estate business are prohibited, which means no showings, open houses, home inspections, or any other home sale related activities. Oliver observes that COVID-19 "*has put a halt on a market that was already teetering.*" The NYC housing market was already a buyer's market, as highlighted above, after it reached a peak in 2015. According to Oliver, the positive effect of the virtual tours which New York real estate agents are trying to implement will be limited as real estate is still a very much face-to-face business.

James McGrath, Co-Founder of Yoreevo, is equally pessimistic in his New York City real estate market analysis at the moment. He confirms the fact that the New York housing shut down last week. While there were property showings and open houses the weekend of the 14th/15th, there was virtually no activity the weekend of the 21st/22nd. This was even before it became official – on Sunday, March 22nd – that showings were no longer allowed. His discussions with property buyers reveal that many of them – optimistically – think that New York City home values are "*going to come crashing down like the stock market.*" However, at the moment there is so real estate data to back up such a belief. According to McGrath, such a phenomenon requires a more widespread, permanent job loss. That's the only way to get less demand as property buyers without jobs cannot buy, accompanied by more supply due to property sellers' no longer being able to afford their apartments.

Marie Bromberg, NYC real estate agent with Compass, adds one more reason which makes New York City home sales virtually impossible at the moment. In addition to causing the inability to show listings in person, the Coronavirus pandemic has forced many New Yorkers to postpone moving to a new home and

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to move back with their parents or to flee the city altogether. In this new reality, there is no one to show real estate properties to. With regards to New York City home prices, Bromberg says that all signs are pointing downward, as the stock market continues to be volatile. While Bromberg thinks we'll see some downward movement, it is still "*too early to speculate on how low home values are going, how long it will last, and when they will hit the bottom.*"

Another phenomenon defining the NYC housing market 2020 at the moment is the canceling of contracts due to the financial uncertainty. Rich Schulhoff, CEO of Brooklyn MLS, calls this a "*classic scenario*" in which some homeowners were counting on selling their homes to buy new ones, but now they are not able to show their homes for sale. While spring is normally the highest purchase market, this year this has not been the case so far, as a result of the COVID-19 pandemic.

***Related:** US Housing Market Predictions 2020 for Spring*

No current New York City real estate market analysis is complete without having a detailed look at the mortgage market. Ralph DiBugnara, President of Home Qualified and Senior Vice President at Cardinal Finance, has observed an increase in uncertainty in the refinance market over the last two weeks. The Coronavirus pandemic has turned most markets into sales frenzy with a rush to cash. Mortgage investors have started selling 10-Year Treasury Notes, which is driving interest rates up even through the borrowing rate set by the Fed is historically low. Furthermore, with a lot of people being out of work for an indefinite period, some property buyers are not qualifying for loans. The huge stock market losses are also prompting homebuyers to wait and see as they are losing money quickly, having no idea when things will turn around. In a sense, the uncertainty is one of the main drivers of the current state of the NYC housing market.

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On the Traditional Rental Market

Real estate sales and purchases are not the only aspect of the New York real estate market which is negatively impacted by these tough times. The traditional rental market is also experiencing some fundamental changes, at least in the short run.

Anderson Franco, Landlord-Tenant Lawyer at Anderson Franco, highlights the fact that the Coronavirus spread is putting mom-and-pop landlords at risk of mortgage defaults. Because of the devastating impact of COVID-19 on The Big Apple, many New Yorkers have been laid off or are unable to work, which has increased the likelihood of tenants' defaulting on rent payments. City officials recognized the heightened risk and responded by calling for an eviction moratorium. The official legislation went into effect on March 16th. According to Franco, the eviction moratorium threatened the financial stability of real estate investors such as mom-and-pop landlords in the NYC housing market. Many investors in traditional rental properties depend on rental income to make the monthly mortgage payments. To protect them, Mayor Cuomo issued an order suspending residential mortgage payments for 90 days in the New York City real estate market. Nevertheless, Franco calls this just a "band aid to the current situation" and emphasizes the need to readdress this issue in three months.

Another fact on the ground in the New York housing market, highlighted by Samuel Evan Goldberg, NYC Tenant Attorney at Goldberg & Lindenberg, P.C., is that the housing court is theoretically closed except for three types of emergency applications: illegal lockout, post evicts, and emergency repairs such as no heating or no hot water. This means that landlords are unable to commence new non-

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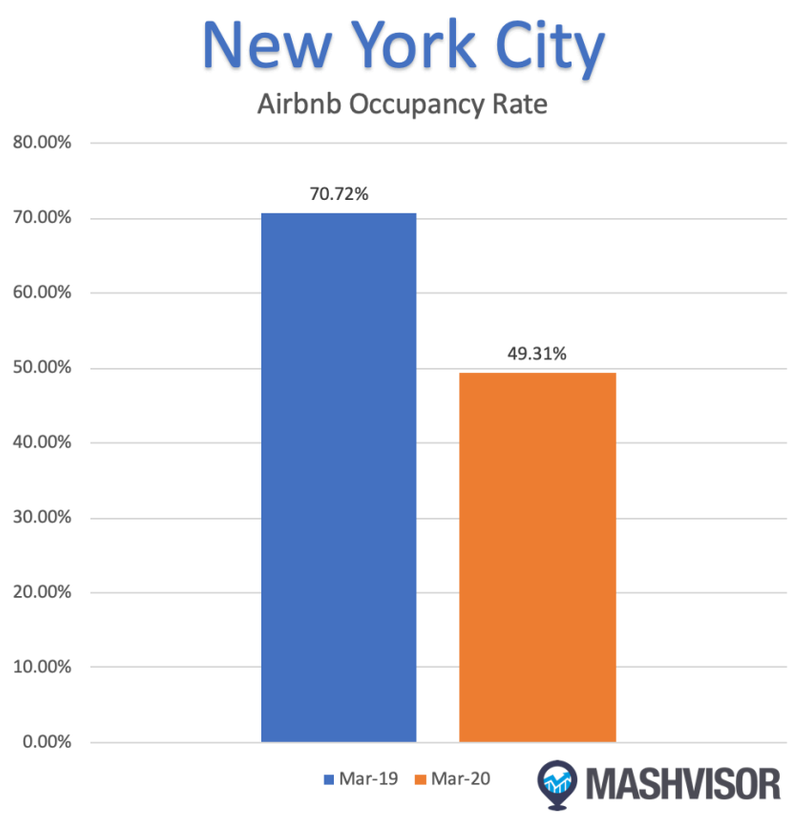
payment proceedings in the housing court. Goldberg expects a spike in non-payment proceedings once the court reopens after the end of the Coronavirus pandemic, unless there is an executive order stating that tenants are not responsible to pay rent for the next 90 days.

Travis Carroll, Licensed Real Estate Salesperson with Oxford Property Group in NYC, looks at a specific aspect of the traditional rental market in The Big Apple. This is the time of the year right when college students start leaving their dorms and getting apartments. Graduation time is huge for the rental market in a city like New York, and this year it's not slowed down but come to a crashing halt. While some colleges have been able to transition to online classes, the majority has not, which means that a large number of students will not graduate and will not be able to get a job, not only because of missing a diploma but also because many businesses have frozen hiring new people to cope with the crisis. Without the usual recent graduates' needing apartments in the NYC housing market, real estate investors and landlords won't rent out as much. This will irrevocably hurt New York real estate agents and brokers who won't be closing any rental deals either.

On Airbnb NYC

As one could expect, the Airbnb New York City business is another part of the NYC housing market which has been heavily affected by COVID-19. At the moment, people – especially the wealthier – are fleeing The Big Apple and going to vacation homes in surrounding areas, rather than coming to the city. This has had an immense negative impact on short term rental properties in NYC.

Our Airbnb analytics platform has quantified this negative effect. The drop is most sizeable in the New York City Airbnb occupancy rate, which declined from 70.7% in March 2019 to 49.3% in March 2020. This comprises a decrease of 21.4 percentage points, or 42%.



Effect of the Coronavirus Pandemic on NYC Airbnb Occupancy Rate

***Related:** Where Can You Find Airbnb Occupancy Rate Data for Real Estate Investing?*

While Mashvisor's Airbnb data shows that the daily rate has remained unchanged, the drop in the NYC Airbnb occupancy rate is causing a major decline in the Airbnb rental income too. An average Airbnb New York host is able to generate $910 less in Airbnb income than a year ago, which marks a year-on-year drop of 38%.

Following is a summary of the Airbnb data computed by Mashvisor's investment property calculator:

March 2019

- *Airbnb Occupancy Rate*: 70.2%
- *Airbnb Daily Rate*: $150
- *Airbnb Rental Income*: $3,260

March 2020

- *Airbnb Occupancy Rate*: 49.3%
- *Airbnb Daily Rate*: $151
- *Airbnb Rental Income*: $2,350

Related: ***The Airbnb Profitability Calculator: The Best Friend of the Short-Term Rentals Investor***

For a more detailed analysis of the impact of COVID-19 on the short term rental business in the New York real estate market, read ***The Effect of the Coronavirus on Airbnb NYC****.*

Expected Long-Term Impact of COVID-19 on the New York City Housing Market

The Coronavirus has no doubt had a devastating immediate effect on the NYC housing market 2020. This is only expected when it comes to a pandemic which infects a few thousand people a day. However, real estate investors are wondering how long and how big this impact will be in the medium and long term. Will New York City real estate activities continue slowing down? Will New York City home prices and sales hit an all-time low? How long would it take the market to bounce back?

Overall, NYC real estate experts are rather pessimistic and expect that the effects of COVID-19 will linger for some time in The Big Apple properties market.

In terms of New York City home sales, James McGrath expects to see fewer transactions in the next six months for the simple reason that property buyers are not out looking for apartments. Property sellers will also require some time to put their homes on the market. On a brighter note, once both sides are reengaged, the New York City real estate market should "*go back to normal*".

With regards to New York City home prices, Marie Bromberg forecasts "*price fluctuations in the form of drops*" in the medium term. Meanwhile, she expects the entire industry to change in the long run. In her opinion, virtual will become a thing in the real estate business, and agents will have to learn to build relationships online only. She even expects real estate agents to become technology advocates in the generally traditional real estate industry.

Related: ***How to Use Predictive Analytics as a Real Estate Agent in 2020***

Another factor which poses a realistic threat in the medium term, especially to some real estate investors, is the increased risk of foreclosure. Anderson Franco emphasizes the need to readdress the temporarily suspended mortgage payments after the initially set three-month period. Otherwise, mom-and-pop landlords will not be able to weather the storm, and a wave of mortgage defaults and foreclosures of even smaller residential real estate properties could be seen later this year.

How Long Will It Take the NYC Housing Market to Recover?

While real estate agents and investors are beginning to cope with the reality that the New York City housing market has been hit hard by the Coronavirus, another important question becomes pressing. Namely, "*How long will The Big Apple need to bounce back*?"

According to Marie Bromberg, the answer to this question is "*unknown and completely unclear*". She is hoping that at this time next year the NYC housing market will be "*back to something that looks normal*". Even under the best case scenario, the market will need at least six months to consider a recovery.

Travis Carroll expects NYC to be impacted by COVID-19 much longer than other cities in the US housing market. After a couple of months of complete shutdown, it's "*hard to even begin to imagine what will happen with everyone and everything*".

Rich Schulhoff reminds real estate investors and agents that the most important factor for the timeframe for the recovery of the NYC housing market is when the Coronavirus will pass. From there on, it is hard to tell when the market will recover fully, but it might take a couple of years. However, he's certain that "*New York City will rebound, as always*". "*Property will always be your safest asset, and NYC is a different kind of market.*" Schulhoff says, "*NYC is a class one market. Even if we experience a dip, people will always invest and live in NYC.*"

Best Neighborhoods for New York Investment Properties in March 2020

Even if real estate investors are hesitant to enter the NYC housing market 2020 amid the uncertainty of the situation created by the Coronavirus, they should keep a close eye on this dynamic market. If the NYC forecast of the local real estate experts comes true, New York City home values might start dropping down significantly, which means that soon might become the best time to invest in real estate in The Big Apple.

To help you prepare for your future real estate investing project in the New York housing market, we've put together a list of the most profitable locations for buying rental properties there to rent out both traditionally and on Airbnb. All real estate market analysis including rental market analysis and neighborhood analysis has been conducted by Mashvisor's rental property calculator and reflects the performance of actual traditional and Airbnb rental comps in NYC.

5 Best Neighborhoods for Investing in Long Term Rental Properties in NYC

1. Midwood

- *Traditional Cash on Cash Return*: 1.3%
- *Traditional Rental Income*: $3,230
- *Price to Rent Ratio*: 24
- *Median Property Price*: $940,500
- *Average Price per Square Foot*: $655
- *Real Estate Listings*: 79
- *Traditional Rental Listings*: 81
- *Average Days on Market*: 120

- *Dominant Property Type for Sale*: Single Family Home

2. Brighton Beach

- *Traditional Cash on Cash Return*: 1.2%
- *Traditional Rental Income*: $2,910
- *Price to Rent Ratio*: 27
- *Median Property Price*: $953,200
- *Average Price per Square Foot*: $693
- *Real Estate Listings*: 107
- *Traditional Rental Listings*: 108
- *Average Days on Market*: 132
- *Dominant Property Type for Sale*: Condo

3. Jamaica

- *Traditional Cash on Cash Return*: 1.2%
- *Traditional Rental Income*: $2,260
- *Price to Rent Ratio*: 24
- *Median Property Price*: $657,500
- *Average Price per Square Foot*: $1,750
- *Real Estate Listings*: 62
- *Traditional Rental Listings*: 91
- *Average Days on Market*: 92
- *Dominant Property Type for Sale*: Single Family Home

4. East New York

- *Traditional Cash on Cash Return*: 1.0%
- *Traditional Rental Income*: $2,100
- *Price to Rent Ratio*: 28
- *Median Property Price*: $697,000
- *Average Price per Square Foot*: $385
- *Real Estate Listings*: 87
- *Traditional Rental Listings*: 98
- *Average Days on Market*: 133
- *Dominant Property Type for Sale*: Multi Family Rentals

5. Financial District

- *Traditional Cash on Cash Return*: 0.9%
- *Traditional Rental Income*: $4,130
- *Price to Rent Ratio*: 27
- *Median Property Price*: $1,336,800
- *Average Price per Square Foot*: $958
- *Real Estate Listings*: 69
- *Traditional Rental Listings*: 216
- *Average Days on Market*: 199
- *Dominant Property Type for Sale*: Condo

Best Neigborhoods for Investing in Airbnb NYC Rental Properties

1. Clinton

- *Airbnb Cash on Cash Return*: 1.2%
- *Airbnb Occupancy Rate*: 74.0%
- *Airbnb Daily Rate*: $220
- *Airbnb Rental Income*: $5,100
- *Median Property Price*: $1,375,000
- *Average Price per Square Foot*: $1,470
- *Real Estate Listings*: 68
- *Airbnb Rental Listings*: 659
- *Average Days on Market*: 308
- *Dominant Property Type for Sale*: Condo

2. Jamaica

- *Airbnb Cash on Cash Return*: 1.0%
- *Airbnb Occupancy Rate*: 58.2%
- *Airbnb Daily Rate*: $252
- *Airbnb Rental Income*: $2,290
- *Median Property Price*: $657,500
- *Average Price per Square Foot*: $1,750
- *Real Estate Listings*: 62
- *Airbnb Rental Listings*: 79
- *Average Days on Market*: 92
- *Dominant Property Type for Sale*: Single Family Home

3. Financial District

- *Airbnb Cash on Cash Return*: 0.9%
- *Airbnb Occupancy Rate*: %
- *Airbnb Daily Rate*: $
- *Airbnb Rental Income*: $4,530
- *Median Property Price*: $1,336,800
- *Average Price per Square Foot*: $958
- *Real Estate Listings*: 69
- *Airbnb Rental Listings*: 92
- *Average Days on Market*: 199
- *Dominant Property Type for Sale*: Condo

4. East New York

- *Airbnb Cash on Cash Return*: 0.7%
- *Airbnb Occupancy Rate*: 47.7%
- *Airbnb Daily Rate*: $117
- *Airbnb Rental Income*: $2,100
- *Median Property Price*: $697,000
- *Average Price per Square Foot*: $385
- *Real Estate Listings*: 87
- *Airbnb Rental Listings*: 129
- *Average Days on Market*: 133

- *Dominant Property Type for Sale*: Multi Family Rentals

5. Hunters Point

- *Airbnb Cash on Cash Return*: 0.7%
- *Airbnb Occupancy Rate*: 64.8%
- *Airbnb Daily Rate*: $172
- *Airbnb Rental Income*: $3,440
- *Median Property Price*: $1,319,900
- *Average Price per Square Foot*: $1,502
- *Real Estate Listings*: 113
- *Airbnb Rental Listings*: 188
- *Average Days on Market*: 98
- *Dominant Property Type for Sale*: Condo

To search for and analyze New York investment properties in these neighborhoods and others, sign up for Mashvisor now with 60% off with promo code CORONA60.

The immediate impact of the Coronavirus on all activities in the NYC housing market has been enormous. Moreover, the slowdown and decline in a wide range of real estate metrics are expected to continue for at least a few months. The positive news for real estate investors is that New York City home prices are expected to go down in the upcoming period, alleviating somewhat the affordability crisis and making investing in this extremely expensive market a bit cheaper. Experts are confident that NYC will bounce back. While the overall negative effect of COVID-19 will be weaker on traditional rentals as people always need a place to live, Airbnb NYC income properties will probably rebound faster because of the higher flexibility of this real estate investment strategy.

*To stay up to date with the most recent developments on the impact of the Coronavirus on other US housing markets, read our articles on **Coronavirus Real Estate Trends**.*

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