How has Covid-19 Changed the Housing Market in New Jersey?

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Abstract:

The COVID-19 pandemic had a profound impact on the housing market in New Jersey, generating considerable uncertainty about how different factors, such as remote work, commute changes, and income fluctuations, would influence home prices across the state. This study aimed to analyze the effect of Covid-19, income, mortgage interest rates, public school quality, and commute times to New York City on the housing market using data from various sources including NJ.com, the Division of Taxation, the St. Louis Federal Reserve Bank, and NJ Monthly.

The average home price in New Jersey saw a substantial increase from $377,335 in April 2019 to $545,890 today, reflecting an annual increase of around $40,000. This indicates a strong upward trend in housing prices since the onset of the pandemic. Homes in less densely populated areas, especially those near the beach, have seen significant increases in value. Areas with high-ranking public schools also experienced higher home appreciation, as well as municipalities with shorter commute times to New York City. Areas with higher incomes and lower tax rates saw higher price growth, suggesting that residents were drawn to these areas for financial reasons.

The pandemic has reshaped the housing market in New Jersey, with price increases being more pronounced in areas with attractive lifestyle amenities such as beaches, good schools, and convenient NYC commutes. While some urban areas experienced a brief downturn, they are gradually bouncing back, though not at the same rate as other regions. This indicates a structural shift in preferences for more spacious, suburban living over urban density, a trend that may persist in the post-pandemic era.