JÖRN KASPUHL

It's undeniable that some urbanites have fled for the countryside – whether permanently or temporarily – but are reports of the metropolis's death greatly exaggerated?

*// By Peter Swain*

# A REAL LOOK AT REAL ESTATE

**IN EARLY SPRING,** when the worst of the coronavirus pandemic hit, "those owners who could, fled New York, taking their kids and putting them in local schools," says Steven James of real-estate agent Douglas Elliman in the Big Apple. Decamping to their country houses on Long Island and in Connecticut, Gothamites soon discovered, as did many others, that thanks to superfast broadband and new online security protocols, they could easily work from home. "That doesn't mean they've left forever, but until the health situation is resolved, they won't be back," reckons James.

Manhattan over the summer was a shadow of its former self, with restaurants, clubs and theatres closed – ditto Miami, LA, London and Paris. Underscoring the mantra that work is a thing you do, not a place you go to, Jack Dorsey of Twitter told his employees that most could work from home indefinitely, while PricewaterhouseCoopers suggested the "majority" of its 22,000 UK staff would work remotely even after the crisis has passed. Zoom's stock price zoomed upward. The question is: short-term reset or longer-range trend?

Sage observer of super-prime residential real estate worldwide Hugo Thistlethwayte, of Savills in London, believes the latter. "People have had the chance to reflect on their entire lifestyle, and many now want more space, bigger gardens, closeness to the 'great outdoors.' They can run their business remotely, work more flexibly, and don't need to commute as much." In California, real estate agent Cristal Clarke of Berkshire Hathaway has seen sales of homes over $6 million in Montecito, Santa Barbara County, shoot up 106% year over year. "We're getting people from LA and San Francisco who want to leave the urban environment to be in a place that feels safe, that has beauty, greenery and open space. A home has become a key element in people's lives – a sanctuary, in fact."

American comedian Jerry Seinfeld, speaking for dedicated urbanites everywhere, thinks the retreat is overblown. Writing in an op-ed in *The New York Times*, he opined, "Attitude and personality cannot be 'remoted' through even the best fibre optic lines. ... Real, live, inspiring human energy exists when we coagulate together in crazy places like New York City. ... And it will sure as hell be back."

Time will tell, but current figures suggest, in the US, that urban flight is gathering momentum. "The number of properties sold in Manhattan fell by half this summer," says Cheryl Young, a Zillow senior economist. "People are leaving San Francisco too, with double the number of homes available now compared with 2019." Meanwhile, Douglas Elliman reports sales of residences over $4 million in the Hamptons up by 135% in the 12 months to August, and Palm Beach homes over $1 million are up 268%. As for Tahoe, according to Justin Fichelson, CEO of residential real estate brokerage Avenue 8, it "is having one of its hottest markets in a decade."

**THE SITUATION IN EUROPE,** where travel restrictions have limited international buyers, is more nuanced. "Traditionally, in prime London, 70% of our buyers are looking to buy elsewhere in the capital," states Liam Bailey of Knight Frank. "Since May, that's down to 30%, so many people are now looking to move out of London." As a direct result, the UK country house market over £5 million is seeing record levels of interest. At the top end, Paris prices are up 5.2% so far this year while Berlin is also buoyant – a key factor is the German capital has so far handled the virus rather well.

Lombardy was hit much harder, and city dwellers in northern Italy are on the move. "The Milanese are going as far as Como, 60 miles north," reports Thistlethwayte. "And instead of a sleepy holiday home, people now want to eat out in good restaurants three times a week and work remotely – they want sophistication." This is a big theme emerging throughout Europe and North America – rather than vacation properties for seasonal use, buyers want true second homes where they can live and work full time, and "where supermarkets and Amazon deliver". So, in the Alps, Verbier, Gstaad and St Moritz are in, while Tignes and Courchevel 1850 are out.

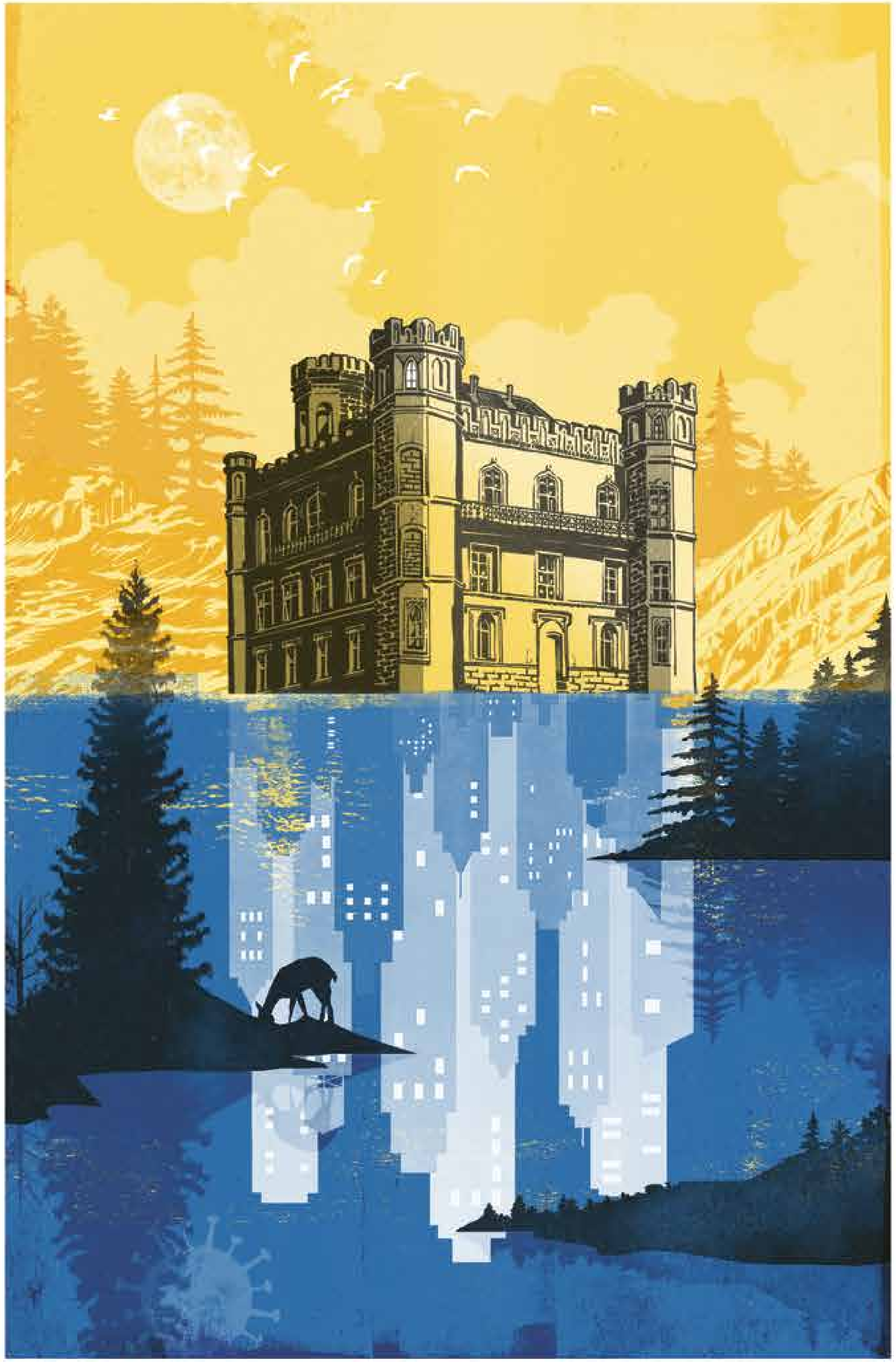
The same transformation from tourist to lifestyle economy is happening in the US, Jackson Hole is booming, while sales in Vail, Telluride and Aspen are up 26% this year as city dwellers start living the dream. "This event is a trigger – people who've been on the fence are buying. Those who've been spending time here for years are moving into bigger properties," says Aspen broker Tim Estin. Jay Parker, Douglas Elliman's man in South Florida, agrees that existing trends have been turbocharged by the pandemic. "People are saying: If there's ever a time to move, do it now! Folks from high-tax states have been coming down here forever, but now there's an explosion in demand from Boston, Chicago and New York buyers wanting substantial family homes on Palm Beach, Jupiter Island and Delray Beach. There's a knock-on effect on restaurants and art galleries; private-school capacity is expanding, and a stronger philanthropic base means more investment in hospitals." It's a win-win.

Remote working, a phenomenon that wasn't technologically possible even ten years ago, means that 90 miles out of the city is the new 60. For London, "that brings in Wiltshire and Norfolk," says Andrew Perratt of Savills. "From Edinburgh, savvy buyers can even buy a castle in Argyll." It's all about geoarbitrage: moving to a place with a lower cost of living while keeping the same level of income with a better lifestyle. The likes of Back-Country Greenwich, Connecticut, is now on New Yorkers' radar, as is the Hudson Valley, where sales at Discovery Land's latest hyper-private gated community, Silo Ridge, are up 80% this year.

According to Kelly Hartzell, Discovery Land's spokesperson, "A lot of our New York owners have quarantined here. It's a very exclusive but still casual community, only 90 minutes from the city." The landscaping is stunning, amenities – featuring a Tom Fazio golf course – are spectacular, and designer homes sit on generous lots. Similar select communities, not only in the US, but also in Europe, have become ever more desirable: Terre Blanche in Provence; La Zagaleta, north of Marbella; plus Wentworth and St George's Hill, both 20 minutes from Heathrow. Proximity to an airport continues to be vital.

**OF COURSE, FOR SOME,** town or country isn't a binary choice – they can afford both. So, in London, buyers are returning to leafy environs with family homes in Holland Park and Wimbledon, while in New York the smart money is circling luxe developments in which excess inventory is leading to price drops of 10%. There's jeopardy involved, but as Daniel Murray, an EFG Bank economist, points out, "If you can afford to lose the money, you'll be happier to take the risk." Robert Reffkin, Compass CEO, has himself just bought in Manhattan. "You still have Broadway, Central Park and everything we love about NYC – we just need to wait for a vaccine, and that's only a matter of time."

The initial reading of these crises is often too extreme – after 9/11, many left NYC, then most returned. "Long-term fundamentals are still important," believes Flora Harley of Knight Frank. "Our great metropolises are still innovation hubs with vibrant centres, and that hasn't changed." There is undoubtedly a move to the country, but the city is far from dead. It's just resting.



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