

HOME WORK

Working from home has changed our lives—and the real estate market.

Sometimes it's good to be wrong. At least it was for Matt Honsberger, a broker with Royal LePage Atlantic. As the COVID-19 pandemic shut down offices, schools and stores across Atlantic Canada, Honsberger and his team worried all the normal spring real estate activity would be cancelled. Instead, it seems to have been delayed. In fact, the pandemic is driving major sales and shifts in the regional housing market.

"Agents are currently out, showing lots of homes, listing lots of homes, all the stuff we normally are doing in April and June," Honsberger says. "We're still quite hopeful that despite the fact that we saw pretty significant drops in terms of volume for May and June, that it's now going to recover." Heck, there was even a record-breaking number of sales in Nova Scotia this June, he says. In particular, there's a real shortage of homes for sale in Halifax, he says, carrying on a trend that's been building for just over a year. Moncton's market is also hot and Honsberger expects a similar crunch there: in mid-July, more than 400 homes in the city had sold that month, but only 240 new listings had gone up. "You're gonna run out of inventory more quickly if you continue with that pace," he says.

Demand is outstripping supply in most Atlantic Canadian cities right now and the pandemic is definitely to blame, Honsberger says. A big source of activity is the massive shift to working from home. According to Statistics Canada, about 16 per cent of Canadian businesses had 10 per cent or more of their staff working remotely in February. That doubled during the pandemic and it doesn't seem like it'll change by much: nearly a quarter of Canadian businesses expect at least a tenth of their workforce to keep working from home when the pandemic recedes.

That means lots of people have decided to look for new houses with home offices, Honsberger says. He even knows a few contractors who are now automatically putting home offices in any new homes they build. "People are deciding they want different things from their home because they spend so much time there," he says.

That shift to remote work has also shaken the commercial market, says Andrew Bergen, CBRE's Atlantic vice-president. There's been an increase in the amount of office space available for lease across the region in the last few months, he says, but it was a trend that was percolating before the pandemic: more and more employees were asking for flexibility with their work schedules and locations. Now, smaller and mid-sized companies are being hit hardest and they're choosing to downsize or eliminate their office space to save some money.

Bergen also says he's finding companies looking to rent are choosing shorter leases because they're worried about committing to a long-term deal in the midst of all the pandemic-related uncertainty.

It's no secret that the pandemic was a massive blow to Atlantic Canada's retail businesses and restaurants, and that is definitely also reflected in the commercial real estate market, Bergen says. The slam to the retail sector has also forced many business owners to shift to an online store and then require real estate for warehousing and storage, rather than a walk-in retail store, he says.

"I'm fairly optimistic in terms of the market in Atlantic Canada. There are deals out there. They're taking longer, they're delayed. But I think we're gonna come out of this quicker than some other provinces just because we're now open for business," Bergen says.



Residential demand is growing across Atlantic Canada—especially for units with home office space.

Matt Honsberger
Broker, Royal LePage Atlantic



The commercial real estate market is seeing substantial change in the wake of COVID-19, including smaller (and different types of) spaces as well as shorter leases.

Andrew Bergen
Atlantic Vice-President, CBRE