



MNR survey finds buyers want home offices and lots of space — in the suburbs & beyond

Minnesotans are craving wide-open spaces. A survey conducted by Minnesota Realtors® this summer found that today's home buyers want spacious homes with more rooms, home offices, and flex spaces. Untethered from their urban offices by the pandemic, many of these remote-working buyers are opting for suburbs with big lawns and nearby outdoor recreation areas. Many people are purchasing lakeshore properties that offer peace, safety, and natural beauty.

As interest rates plunged under 3% when the pandemic hit the economy, droves of highly motivated buyers began competing for scarce housing stock in the Twin Cities metro and other areas of the state. Prices are up statewide. This gold-rush of home buying contrasts starkly with a current Minnesota unemployment rate of 8 to 10%. It most certainly is a seller's market.

Topping the buyers wish list is home office space. Across the state, 74% of Realtors® agree that the pandemic has had a moderate to significant increase in buyer interest in spaces dedicated to working from home.

“Many buyers are finding their ‘new normal’ is telecommuting on a permanent basis, so they’re looking for a dedicated office – not just a space,” said Katherine Onan, Coldwell Banker, Wayzata. “Buyers want a light and bright office with privacy for conference calls and other business activities. And preferably that office is on the main level.”

Of course, not all buyers are deterred by a home office on a higher floor. Many of them are escaping cramped condos and apartments and are thrilled by the prospect of a quiet space of their own, no matter where it's located in the home. Theo Lorenz of EXIT Metro Realty in Minneapolis recently sold a home to a couple who fell in love with the two extra bedrooms on the third floor.

“Oh, here are our home offices! They were so

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excited,” Lorenz said. “Neither of them plan to go back to their employers’ offices full-time after the pandemic, now that they have the option to work from home.”

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Although the location of a home’s office space might be negotiable, its internet access is not. In fact, it has become a make-or-break component of the deal.

“Buyers will eliminate a property as a possibility if it cannot support working from home,” Onan said.

That simple market logic might seem to put much of northern Minnesota out of the running for remote workers. But the area’s rapidly developing infrastructure is changing all that, especially in the lakes country. T.J. Simon, founding partner of Wolff and Simon Real Estate in Park Rapids is seeing a flurry of buyers who want to telecommute from their new lake-side residences. A recent client who settled on the rustic shores of Boot Lake needed high-speed access to work for his St. Paul-based employer. Despite the remote location, he had a fiberoptic connection up and running shortly after he moved in on July 31st.

“We’re seeing a lot more clients with the same needs. The question used to be, ‘can I get access—at all?’ Now, for people planning to telecommute, it’s all about access and speed. The sale pivots around it.

So, the transition time to achieve that has to be faster now, too,” Simon observed.

The perennial attraction of lakeshore living is boosted by improving internet infrastructure that makes telework more practical. That, coupled with lockdown fatigue, is spiking demand for lake-front properties. The MNR survey found that 79% of Realtors® reported an increase in second home purchases and/or an interest in second-home purchases after the pandemic hit in March.

“There’s a lot less lakeshore real estate available this year as more buyers come into the market,” said Simon. “Some of that’s due to potential sellers waiting to see where the pandemic and the market are going before they consider listing. Now that baseball, softball, and all those sports are on hold, they’re also spending more time up here with the kids or grandkids. They used to spend no more than one or two weekends a year. Now they’re here for the duration.”

Although Simon is not seeing a huge increase in lakeshore pricing, he notes there are more properties going for the asking price. This is driven in part by multiple offers, he says.

In most of the state, the booming housing market has come a long way from the activity in March. What develops in the months to come depends on a wide range of factors: the status of the pandemic, business activity and unemployment numbers, and the rate of evictions and foreclosures. However it plays out, the demand for home work spaces is likely to increase as more and more workers earn their livelihoods at desks only a stone’s throw from all the comforts of home.

