

REAL ESTATE

New York, Washington luxury real estate markets to see impact from Amazon expansions

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Amazon's HQ2 will change New York real estate, beyond LIC. Image credit: Douglas Elliman

By SARAH RAMIREZ

With ecommerce giant Amazon officially announcing its plans to open new headquarters in New York and Northern Virginia, the surrounding real estate markets are bracing for major changes.

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Affluents working in the tech sector have already pushed home prices upwards in the Bay Area and Seattle, where Amazon was established. Research has also shown that the nation's top earning ZIP codes are already dominated by the city of New York and areas outside of Washington, D.C. ([see story](#)).

"The fairly low homeownership rates in both Queens County, NY and Arlington, VA 43 percent and 42 percent, respectively suggest that these areas are already challenging markets for workers seeking to own their own home," said Danielle Hale, chief economist for [Realtor.com](#), Santa Clara, CA. "The arrival of a new company that will hire additional workers will only increase demand for housing, driving up both rental and home prices."

Expanding reach

Amazon plans to invest \$5 billion and create more than 50,000 jobs between the two new headquarters, located in the neighborhood of Long Island City, Queens and the town of Arlington, VA. Hiring for both locations will begin in 2019.

"Amazon's presence in Long Island City will no doubt spike residential interest in the neighborhood, as well as in neighboring areas with easy access to LIC," said Robert Demeter, author at [PropertyShark](#), New York. "Due to the heightened interest in homes, the rate at which property prices grow will accelerate in these locations, and gentrification will further spread in Queens."

Proximity and access via public transit, especially along the MTA's 7 subway line, will play a major role in which areas of New York see the most growth.

"Amazon chose LIC because it makes perfect sense location-wise," said Christopher Austad, licensed associate real

estate broker at **Douglas Elliman**. "LIC is the geographical center of [New York], and one can get anywhere among the five boroughs relatively quickly."

The outer borough has already been experiencing double-digit price growth, while Manhattan has seen real estate activity steadily decline ([see story](#)).



Condo for sale in Long Island City, Queens. Image credit: Douglas Elliman

"Hunter's Point, Sunnyside and South Astoria will all see a surge in home prices, rents and new developments," Mr. Demeter said. "Median home prices in Hunters Point will reach \$1 million in the near future. Currently the median is \$875,000."

Days before Amazon confirmed its expansion into New York, *The Wall Street Journal* reported that Google was also planning a new office in Manhattan's West Village and the addition of 12,000 new jobs, bringing its total to 20,000 Google employees in New York.

"Queens will definitely feel the company's presence the most, followed by Brooklyn," PropertyShark's Mr. Demeter said. "Home prices in Manhattan will not be highly impacted by Amazon as much as they will be by Google's massive expansion."

Although the plans for new headquarters in New York are still in the early stages, real estate brokers are already seeing an impact.

"The attendance rate at open houses has dramatically come up and more inquires are coming in," said Lev Shalomayev, associate broker with **Coldwell Banker Kueber Realty**, New York. "The median price is \$780,000 and I'm expecting to see growth of 500 percent in the next year.

"What will ultimately happen is that people will start to get priced out," he said. "It's going to reverse the decline back into Manhattan."

Douglas Elliman's Mr. Austad agrees.

"The main change we as brokers have been waiting for is the transition away from developers building rental towers to begin delivering larger condos," Mr. Austad said. "LIC in the past has delivered low- to mid-rise condominiums and the product has been unsophisticated in nature compared to Manhattan luxury product.

"We're already starting to see a new wave of elevated condo product with better architectural design, aesthetic, amenities, nicer finishes and appliances," he said.



Luxury townhouse in Washington, D.C. Image credit: Coldwell Banker

While the luxury housing market in D.C. and the surrounding areas is not as competitive as New York's, changes are still expected following Amazon's announcement.

"In the D.C. area, we can expect the injection of jobs to increase competition for homes and have a visible impact to prices in the mid- to upper-tier," Realtor.com's Ms. Hale said.

Amazon will be building office space in an area the company is dubbing National Landing, which includes parts of nearby neighborhoods Potomac Yard, Crystal City and Pentagon City.

"Our thought is that the competition in the luxury real estate market in the D.C. metro area will really depend on how many high level HQ2 executives Amazon decides to have here, and whether their salaries are upper-bracket salaries," said Marin Hagen, an affiliated agent with [Coldwell Banker Residential Brokerage](#) in Georgetown, D.C.

In 2017, growth of prices in sales in Washington saw a rise of 32.6 percent in the first quarter compared to the same quarter of the previous year ([see story](#)).

"Depending on where the Amazon employees are relocating from, whether they're moving to D.C. from places like [New York] and San Francisco, our luxury market is much less expensive than those," Ms. Hagen said. "We can see those executives purchasing what our market considers upper brackets/luxury real estate more readily than if they're moving from a market where the prices aren't as high as D.C."

Seattle and beyond

The luxury real estate market has seen some record growth this year, and it is no coincidence some of the fastest-growing areas have a large presence of tech companies, including Amazon.

Entry-level luxury prices in Seattle's King County and neighboring Snohomish County are also up 13 percent year-over-year and median marketing time is down 3 percent to 48 days. Snohomish, which is nestled between the Puget Sound to the west and the Cascade Mountains to the east, is among the fastest-moving luxury markets in the country ([see story](#)).

Home prices in the city of Seattle itself saw an increase of 27.5 percent in the second quarter of 2018, for an average luxury sales price of \$2.6 million ([see story](#)).

Amazon also announced it will be what it calls an "Operations Center of Excellence" in Nashville, TN. This expansion includes 5,000 new jobs and \$230 million in investments.

Even before Amazon's decision, the greater Nashville area was seeing real estate momentum.

From June 2017 to June 2018, Nashville's Davidson and Williamson counties grew 12 and 11 percent, respectively, though Williamson has a higher entry point at \$1 million compared to Davidson County's \$796,000. In Davidson, luxury homes were on the market for an average of 61 days, a drop of 17.6 percent ([see story](#)).

"We can expect impact to be strongest in the immediate vicinity and home prices within walking distance of new headquarters could easily grow at double the existing pace," Realtor.com's Ms. Hale said. "As the expansion unfolds, demand and development is likely to spread into surrounding areas, where we are likely to see sustained price increases."