

What Will Be the Short- and Long-Term Effects of Covid-19 on Real Estate?

As I write this column on Tuesday, April 28th, the infection rate of Covid-19 seems to be leveling off, and the rule against in-person showings has been relaxed, although open houses are still banned.

The inability during much of April to show listings not only made it harder to sell homes, it also resulted in a reduction of roughly 50% in the number of homes being listed. Despite that, homes that *were* listed continued to go under contract quickly, thanks in part to good pictures and virtual tours.

It may be that the smart thing to do in April was to list your home. It was a matter of supply and demand — many fewer listings meant less competition for the homes that were listed, while buyers were apparently still willing to “pull the trigger.” The key was to have good pictures and a narrated video tour because of the limit on showings.

I predict that there will be a bigger than usual surge of new listings in May and June, now that the no-showings rule has been relaxed. Although Denver and five other metro counties have extended their stay-at-home orders through May 8th, it was the Division of Real Estate and the state Attorney General’s office that were setting the rules about showings and open houses, and they don’t enforce local ordinances, so it’s ex-

pected that in-person showings will be happening throughout the metro area starting this week. Don’t, however, expect real estate offices to be open for walk-ins during this period.

So, what about the market going forward? The fact that mortgage rates are staying low, heading inexorably in the direction of 3% for a 30-year fixed loan, means that buyers are going to be supercharged as they go house hunting under fewer restrictions. There is pent-up demand, and there is also pent-up supply.

Nevertheless, we can’t ignore the near-depression economic conditions we face nationally in May. There will be many buyers not going back to work and unable to qualify for a home loan. However, the estimated 70% of Americans who were able to keep working from home or who had “essential” jobs, such as construction and health care, have been making good money — many earning overtime and/or hazard pay — and may want to reward themselves with a new home once things calm down.

So, while we real estate professionals have remained fairly busy during April, I expect we’ll be even busier in May and throughout the summer — especially as rules are relaxed. There will, however, be some subtle and not-so-subtle changes to the way we practice.

Most real estate agents were already accustomed to working from home, only going to their offices for floor duty, to handle paperwork, or to meet with buyers and sellers. Contract software has been online for a decade or more. We are



used to emailing documents and having clients sign contracts electronically instead of on paper, which has served us well during the stay-at-home period. That will continue unchanged.

Showing appointments for nearly all MLS listings are handled by one company, ShowingTime, and increasingly the showings are being set online instead of speaking with an operator.

Where we will see the most changes will be with those activities that still require personal contact. Fist bumps and elbow bumps will probably replace handshakes long-term. We’re becoming hardwired as germophobes, I suspect.

Offices will be much cleaner. We’ll disinfect hard surfaces and wash hands more often. We’ll go back to having open houses eventually, but there may be fewer lookie-loos.

It will be a while before buyers want to ride in our cars, preferring to follow us to showings in their own cars. I will continue to carry disposable gloves and Clorox wipes in my car, to use when showing homes.

More agents will learn to do their own narrated video walk-throughs of their listings, as Golden Real Estate agents have been doing for 13 years. And more buyers will look for those video tours and be more selective about the homes they choose to see.

In conclusion, real estate has shown great resilience during the pandemic thanks to how online the industry has already become, and I believe it will emerge from the current situation stronger than ever.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Why Real Estate Won't Crash Like It Did Before

Many buyers and sellers of real estate are wondering whether we’ll see the kind of crash in real estate values that we saw in the Great Recession of 2008 onward. Experts agree that we will not.

In an April 22nd post, realtor.com explained that circumstances this time are quite different from then. Reasons cited by realtor.com’s economist, Danielle Hale, include the following:

First, the 2008 crash was created by a rash of bad mortgages — a situation that was remedied because of that crash. Second, there was an oversupply of houses for sale, whereas today there is an undersupply.

According to the realtor.com post, “There are simply too many would-be buyers out there: millennials eager to put down roots and start families, folks who lost their homes during the last recession and want to buy another property, and boomers looking to downsize.”

Lawrence Yun, chief economist at the National Association of Realtors, predicts that home sales will pick up again quickly and that prices will not fall. He sees the luxury market taking the biggest hit, largely because the buyers of those homes may have lots of financial liquidity, but it is in stocks which they don’t want to sell while prices are low.

Also, widespread mortgage forbearance will prevent the surge in foreclosures we saw before.

Back on the Market: Fabulous 5-BR Luxury Ranch in Arvada

This home provides luxury living at its finest. Everything is “top shelf,” from the immaculate finished garage with epoxy flooring to the “invisible” surround sound speakers in the great room. (You can’t see where they are!) The main-floor master suite opens through a sunroom onto the covered east-facing deck with great design elements, which is also accessed from the great room. The master bathroom has a heated tile floor, 6-foot jetted tub and walk-in shower. The main floor features hickory hardwood flooring, with beautiful berber carpeting for the bedrooms, study and dining room. The walk-out basement has a family room with another surround sound system and wet bar, plus three more bedrooms and tons of unfinished storage space. The backyard is beautifully landscaped, with several garden beds along the south-facing side of the house. To fully appreciate this home, watch the narrated video tour at www.ArvidaRanch.info, then call your agent or Jim Smith for a private showing.



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