

Assessing the COVID Market: Adaptation & Survival & What Sticks



Inman Connect Now
June 2, 2020
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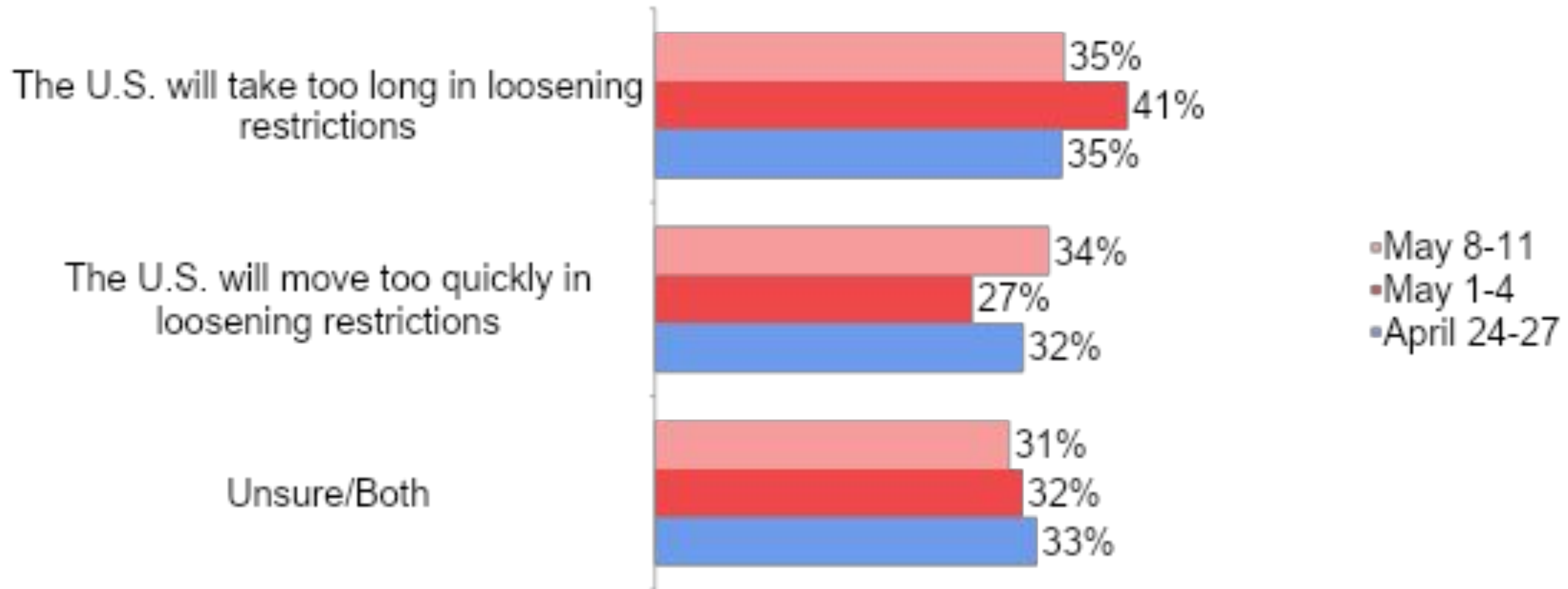
CALIFORNIA
ASSOCIATION
OF REALTORS®

Five Stages of Grief



Mixed reactions on what worries members more

Q: Which of the following worries you more?



PAUSE





Agents
Brokers
Consumers



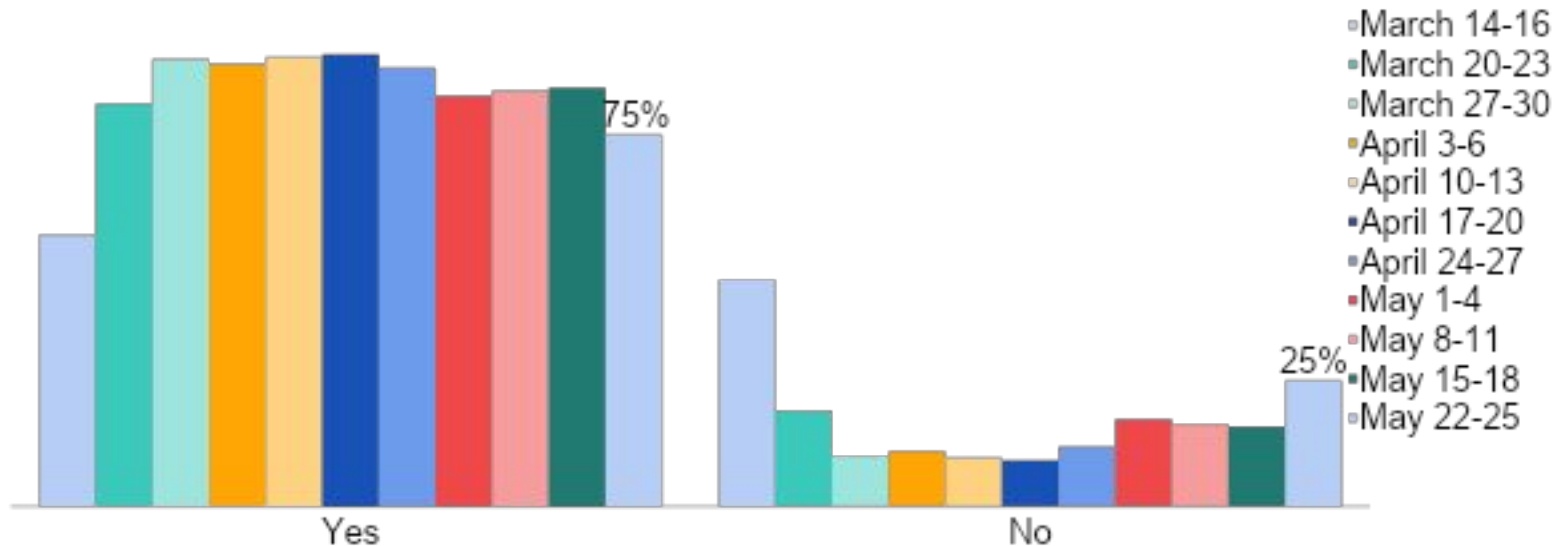
**What Are Agents
Seeing?**

2020 C.A.R. Weekly Member Market Conditions Survey



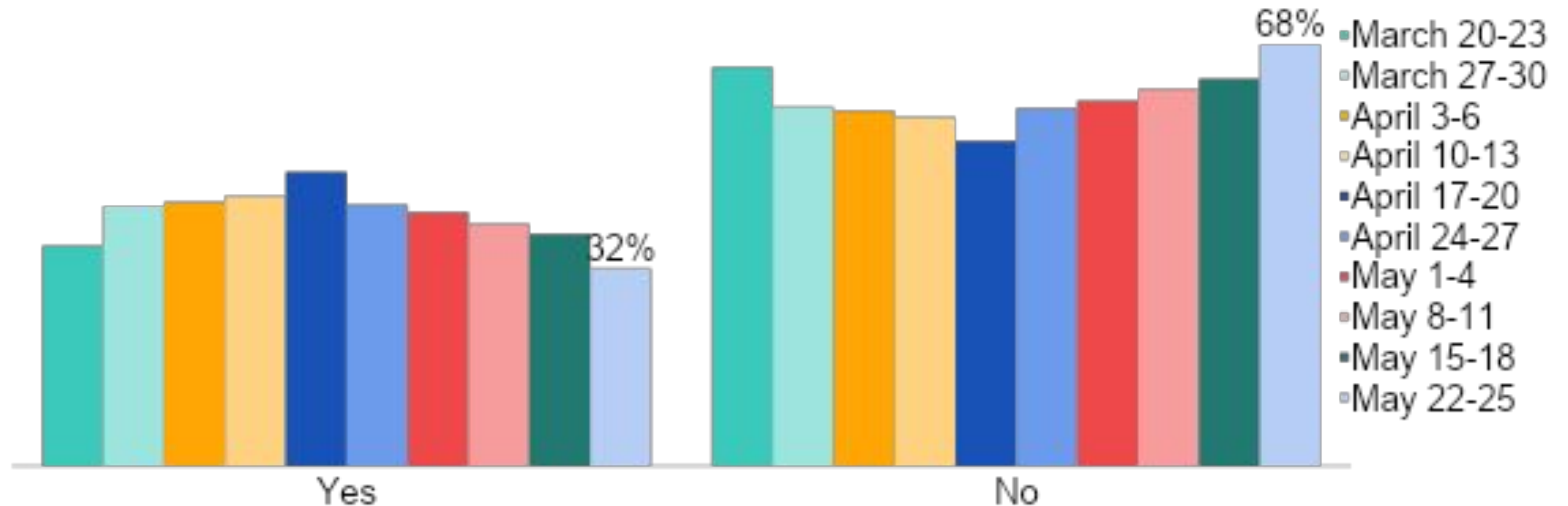
75% report clients holding back from buying v. 91% mid-April

Q: Have you had any clients holding back from buying because of Coronavirus?



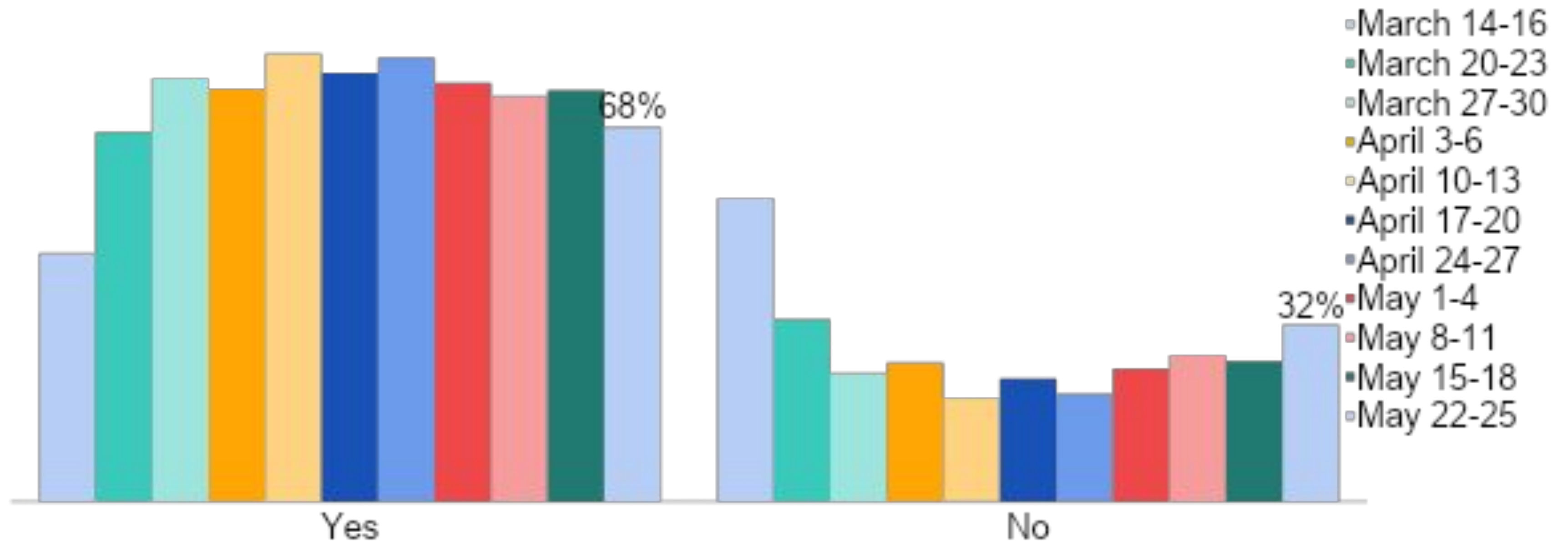
32% have a buyers withdrawing an offer v. 48% mid-April

Q: Have you had any buyers withdraw an offer due to Coronavirus?



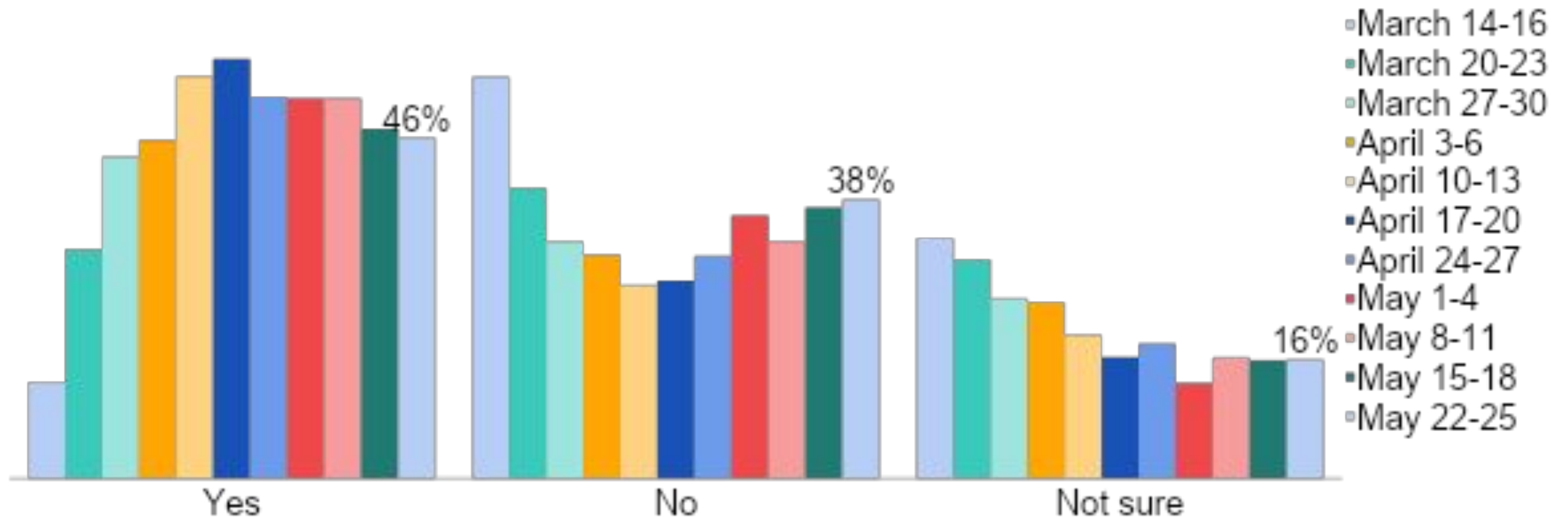
68% have a seller holding back v. 81% mid-April

Q: Have you had any clients holding back from selling because of Coronavirus?



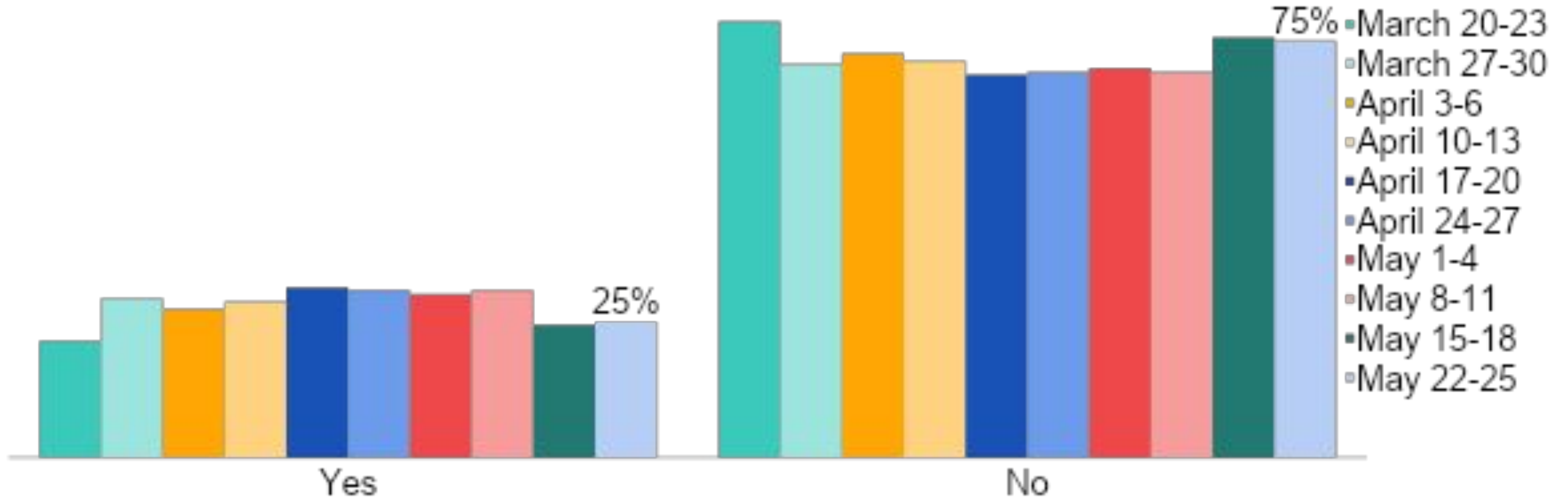
46% have had a seller remove their home from the market v. 57% mid-April

Q: Have you seen any sellers remove their home from the market completely due to Coronavirus?



25% reported a transaction that fell out of escrow v. 31% mid-April

Q: Have you had a transaction fall out of escrow due to Coronavirus?

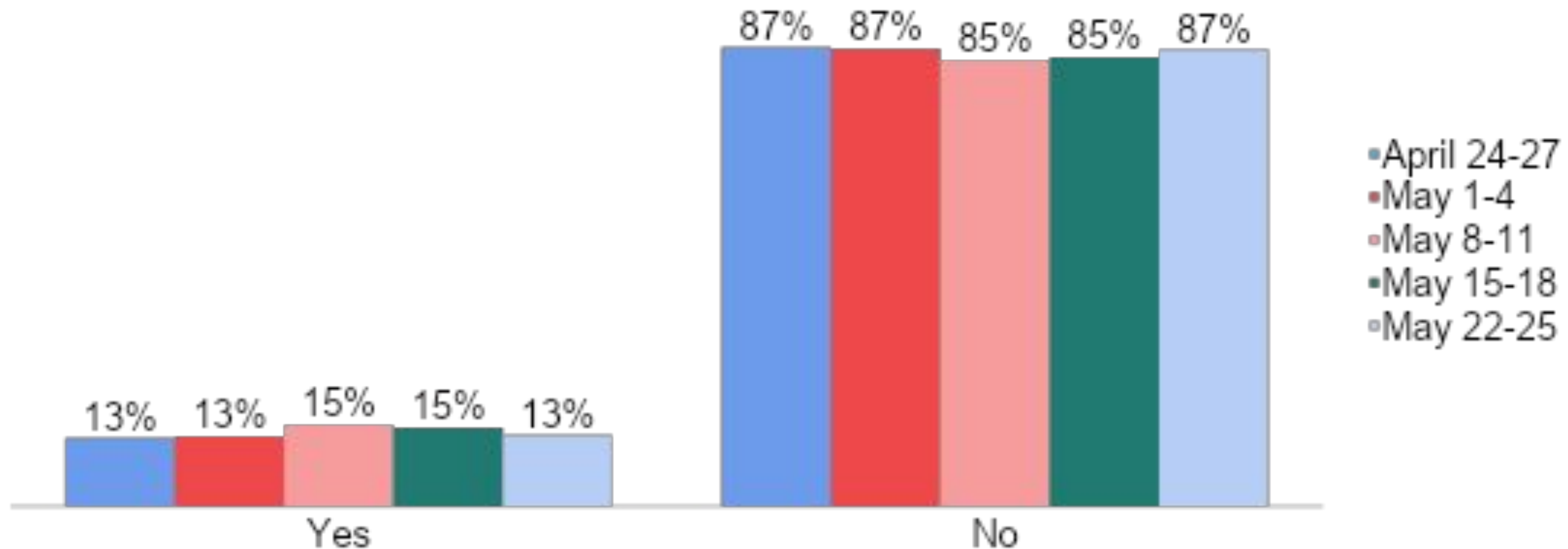




Changes in Business Practices

13% have had a buyer put a contract on a home without seeing in person

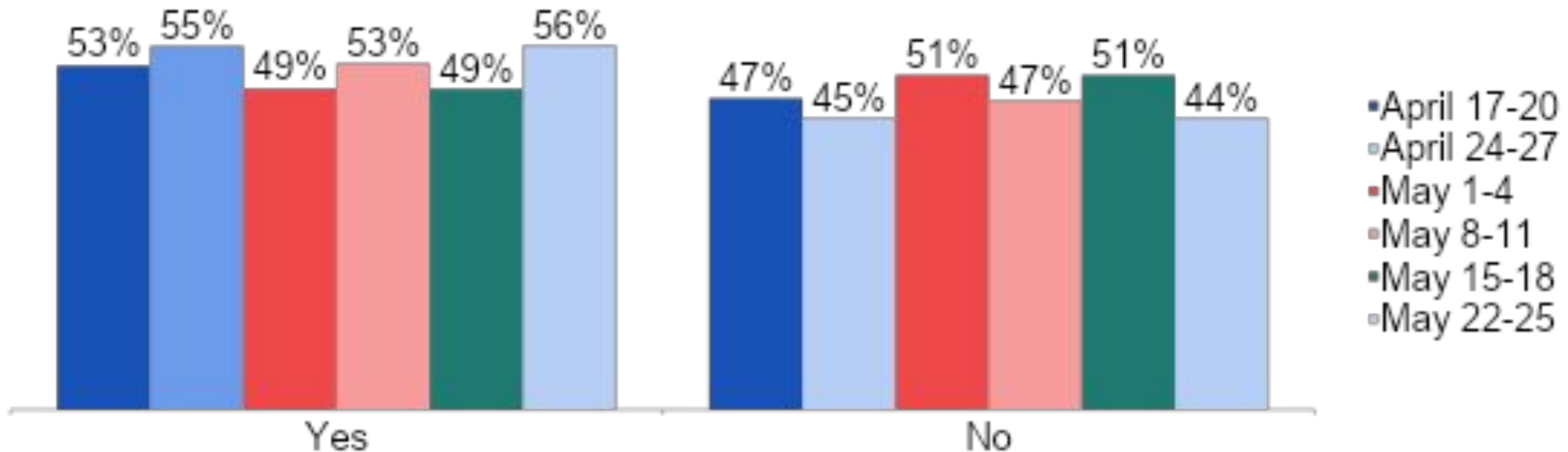
Q: Have you had a buyer put a contract on a home without seeing the home in person due to Coronavirus?



Over 1/2 have a vacant property listed

Q: Are any of your listings vacant properties?

42% vacated prior to listing to facilitate showings
78% have been showing since the Stay-At-Home Order

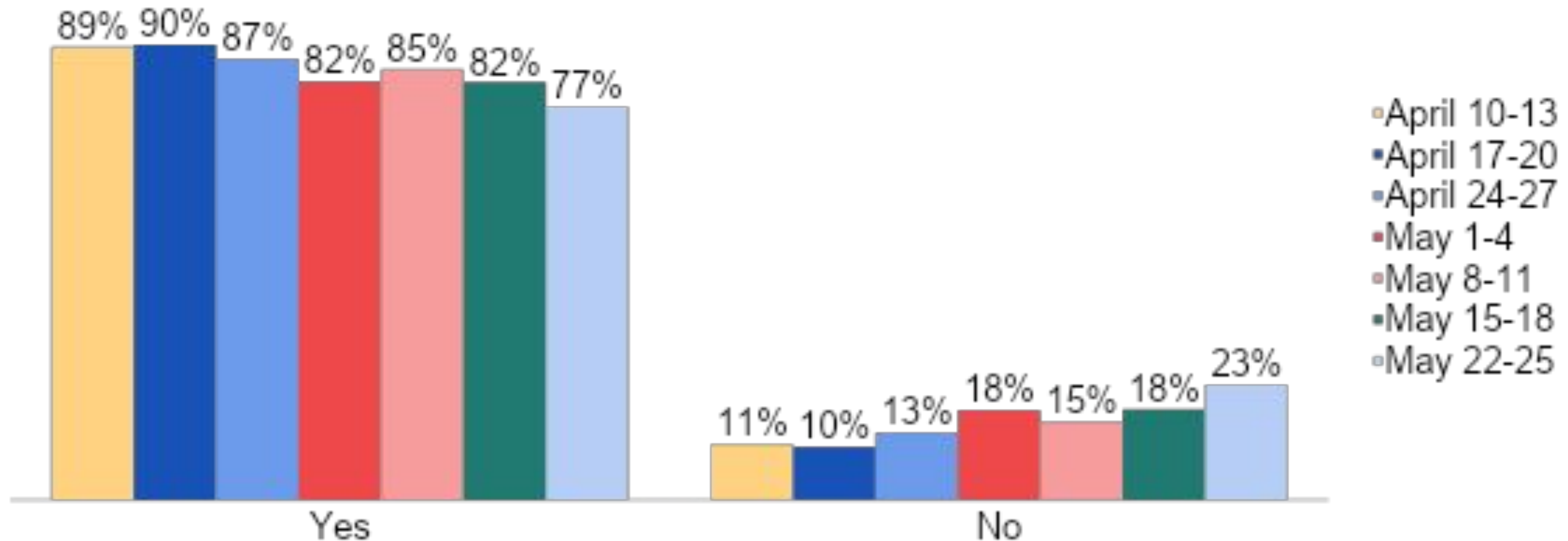




Price Expectations

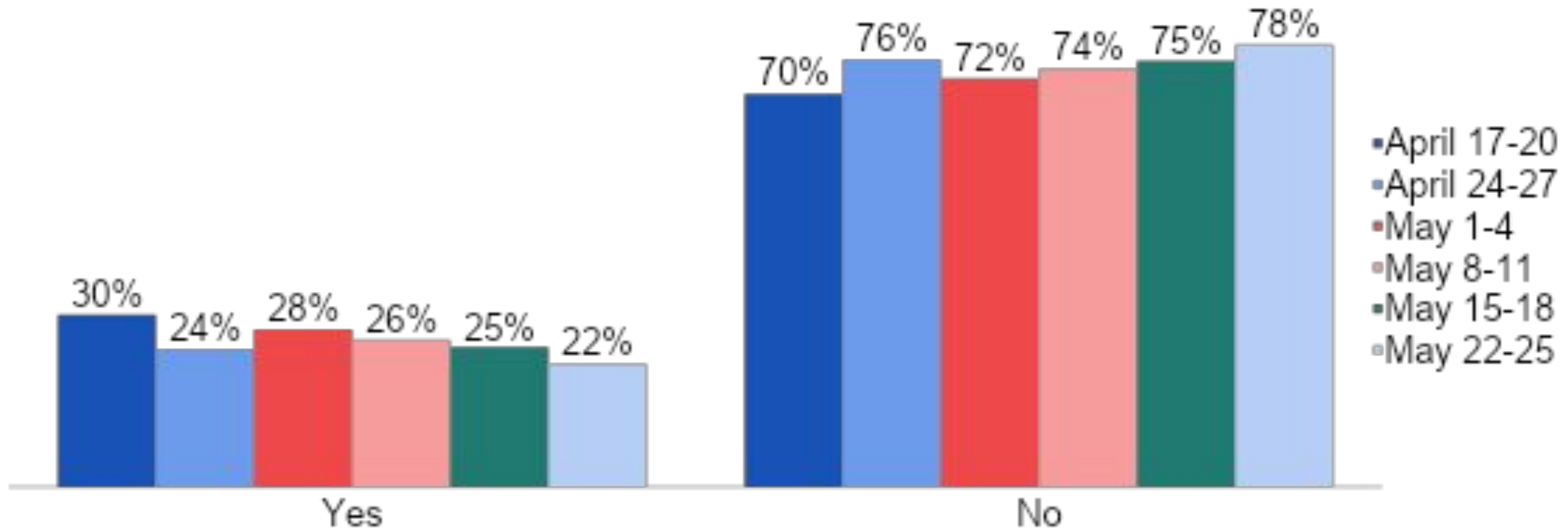
Home buyers expecting lower prices

Q: In general, are home buyers expecting lower prices now?



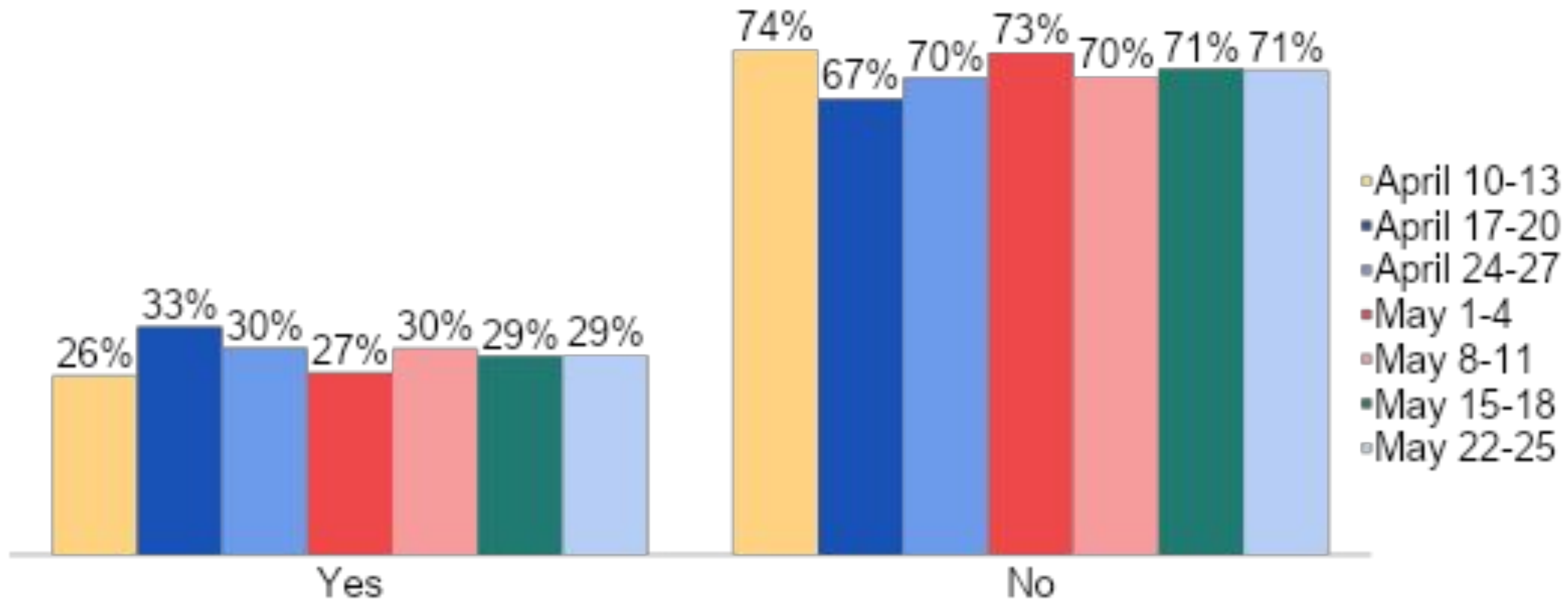
22% had buyers attempt to renegotiate purchase price

Q: Have you had a buyer attempt to renegotiate the purchase price prior to close?



Little changed from Pre-COVID market: 29% report sellers reducing price

Q: Have any of your home sellers recently reduced price to attract buyers?

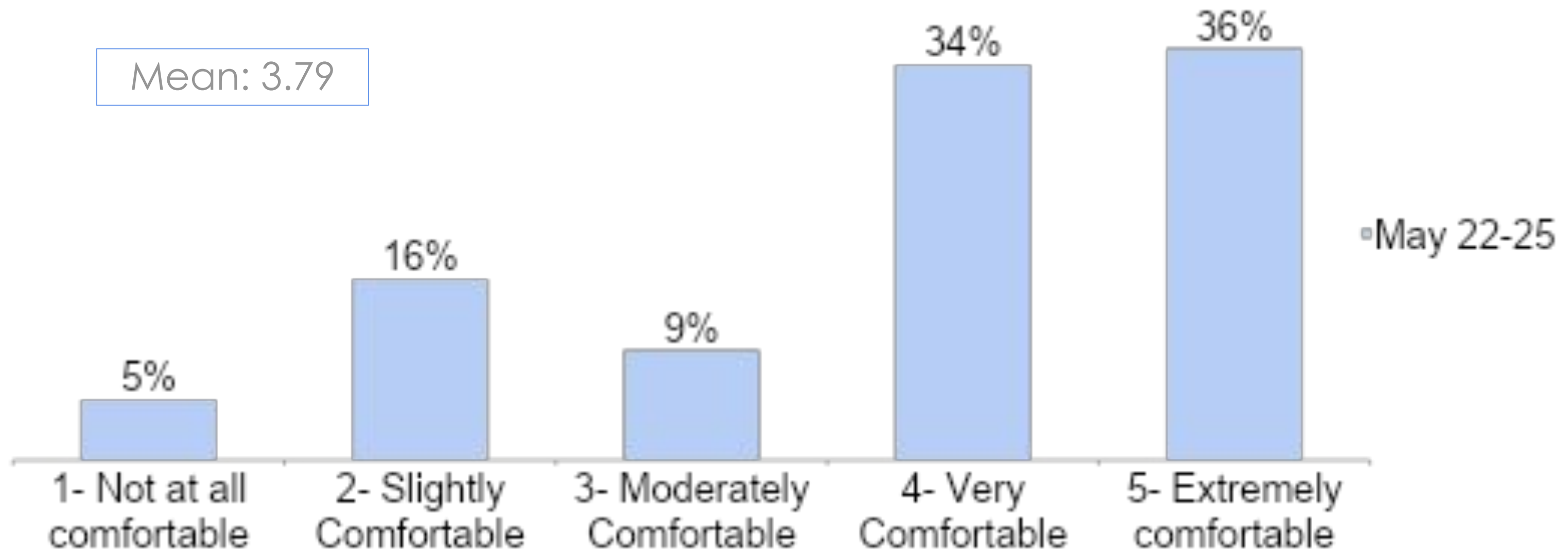




Loosening of Stay-At-Home Orders

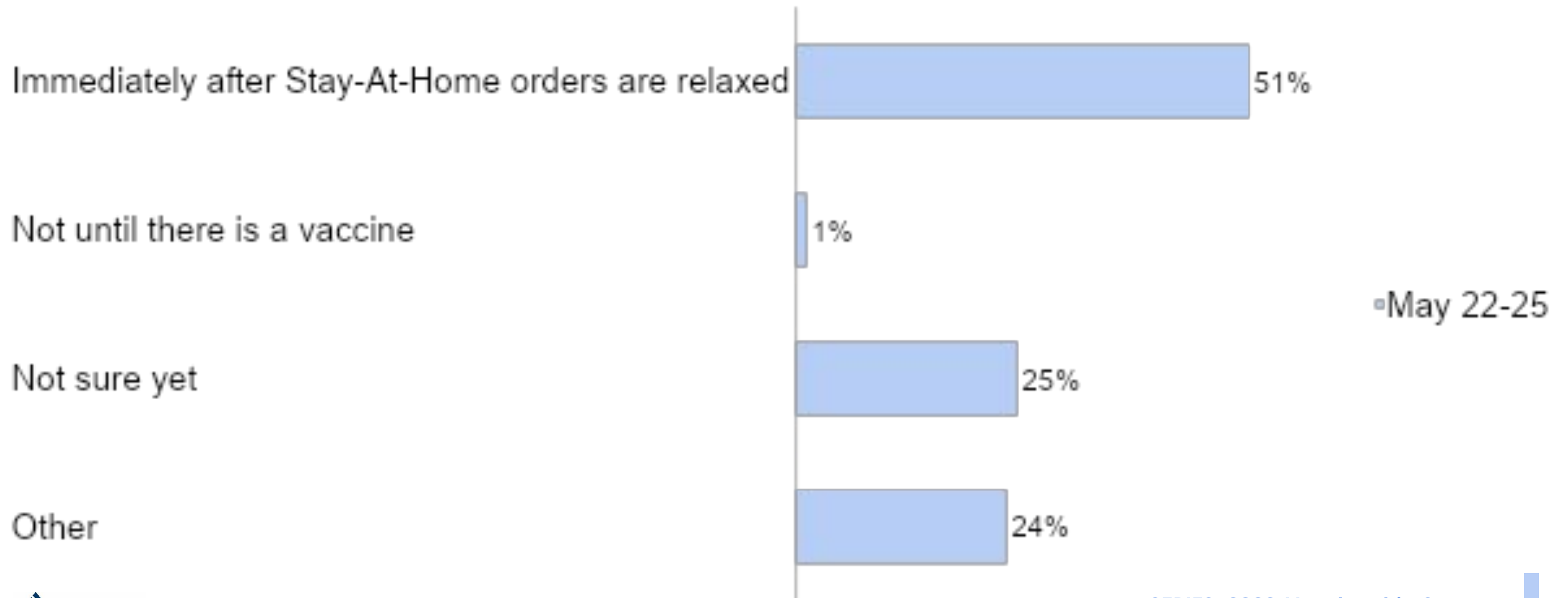
70% are very or extremely comfortable showing property

Q: As Stay-At-Home orders have been relaxed, how comfortable are you with showing property?



Over half plan to resume showing property immediately after Stay-At-Home orders are relaxed

Q: How quickly will you resume showing property?



Key-Take Aways

- Buyers & sellers took a time out mid-March – April
- Sellers cancelling open houses and listings
- Buyers postponing search, canceling escrow
- Financial distress is chief reason for cancelling escrow
- Financing is the chief bottleneck in closing delays
- Buyers expecting prices to drop, sellers not so much
- Share of discounted listings has not budged
- ***Agents are adapting***: More virtual tours, e-signing etc.



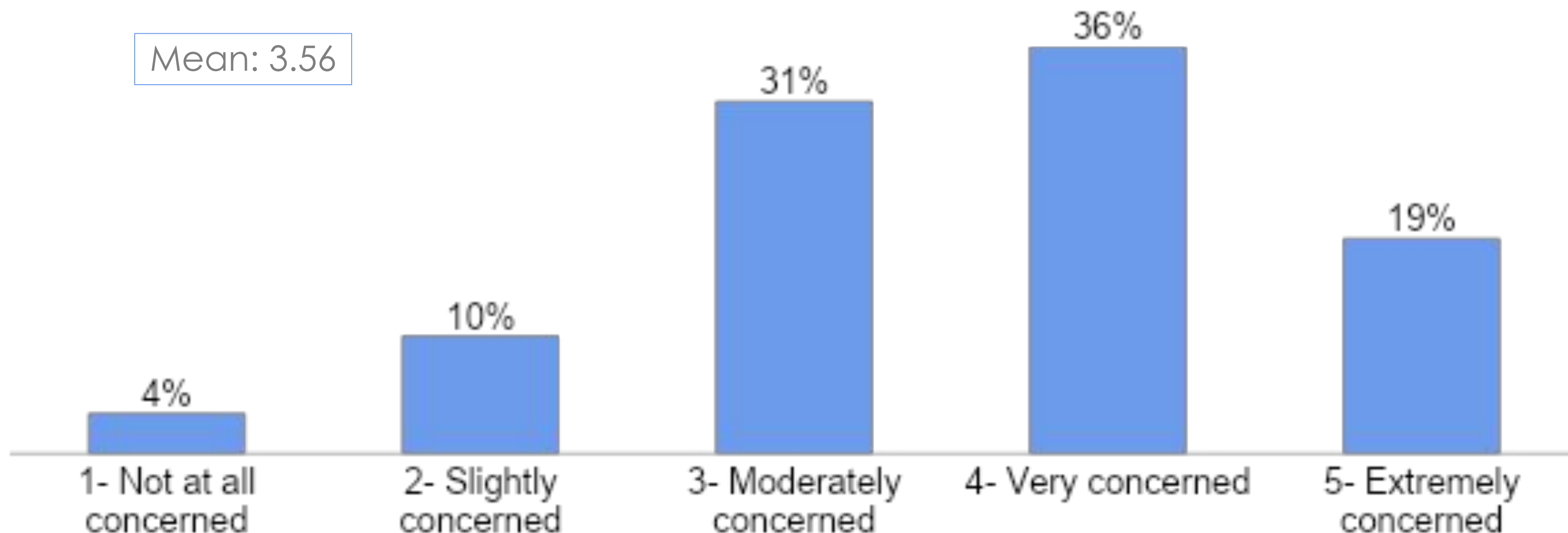
**What are Brokers
Seeing?**

2020 C.A.R. Coronavirus Broker Survey



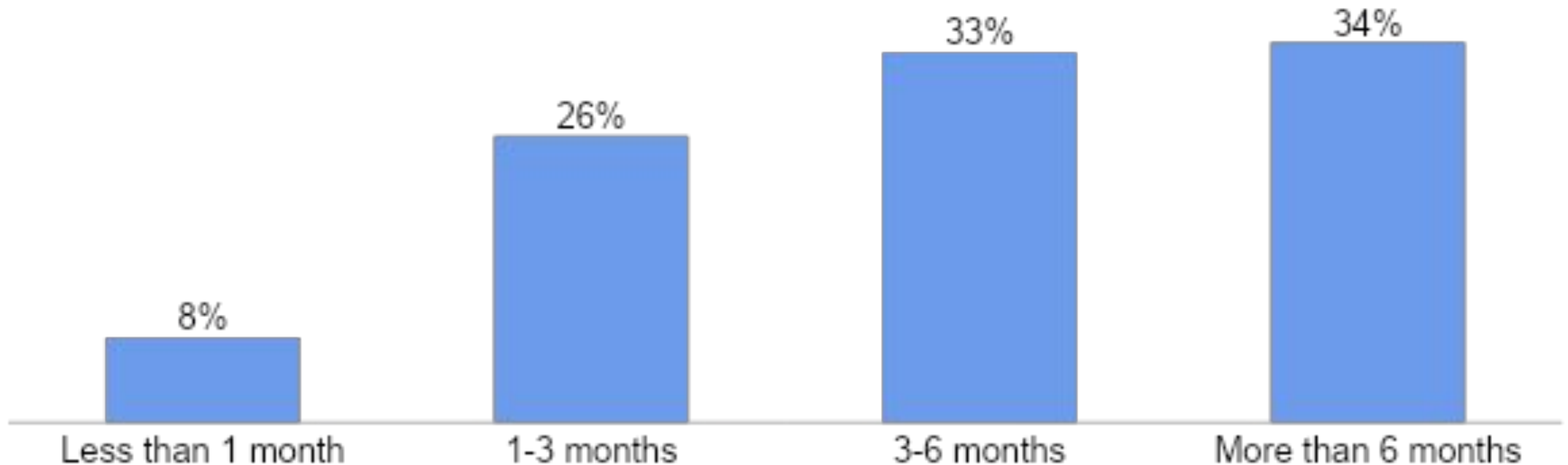
55% are very concerned about the market

Q: On a scale from 1-5, how concerned are you about the market? (n=758)



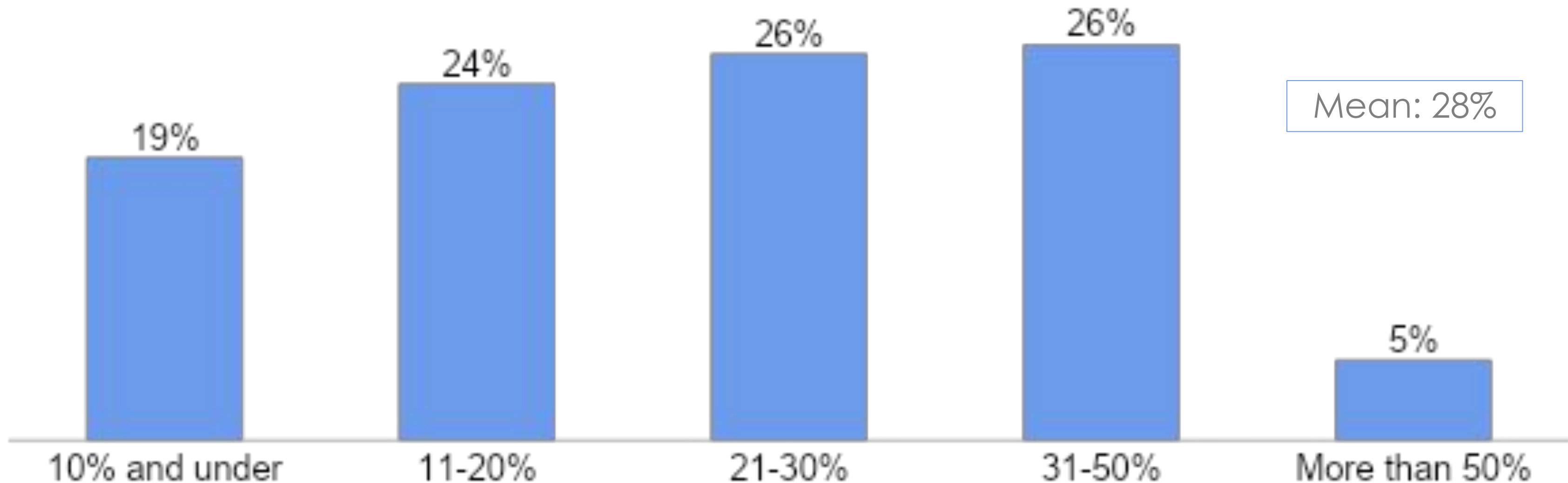
2/3 think the real estate recovery will take 3 or more months

Q: When restrictions are lifted and work resumes, how quickly do you think the real estate business will recover? (n=673)



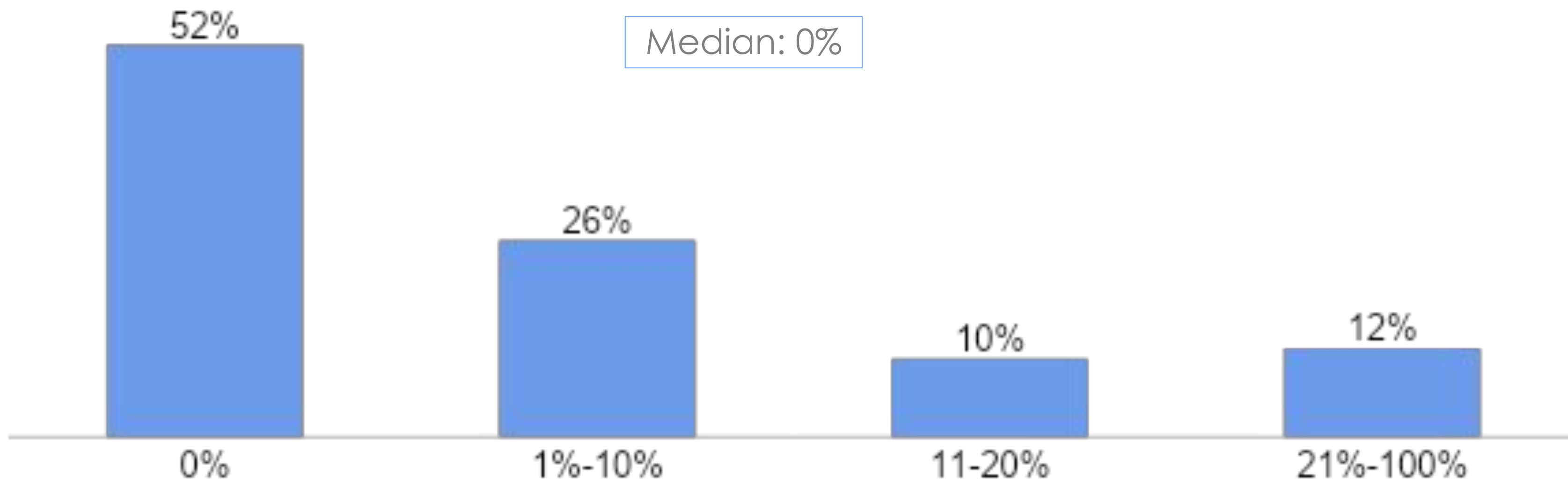
On average, expect business to be off by 28%

Q: When 2020 is over and business has recovered to some degree, what % do you think business will be off? (n=653)



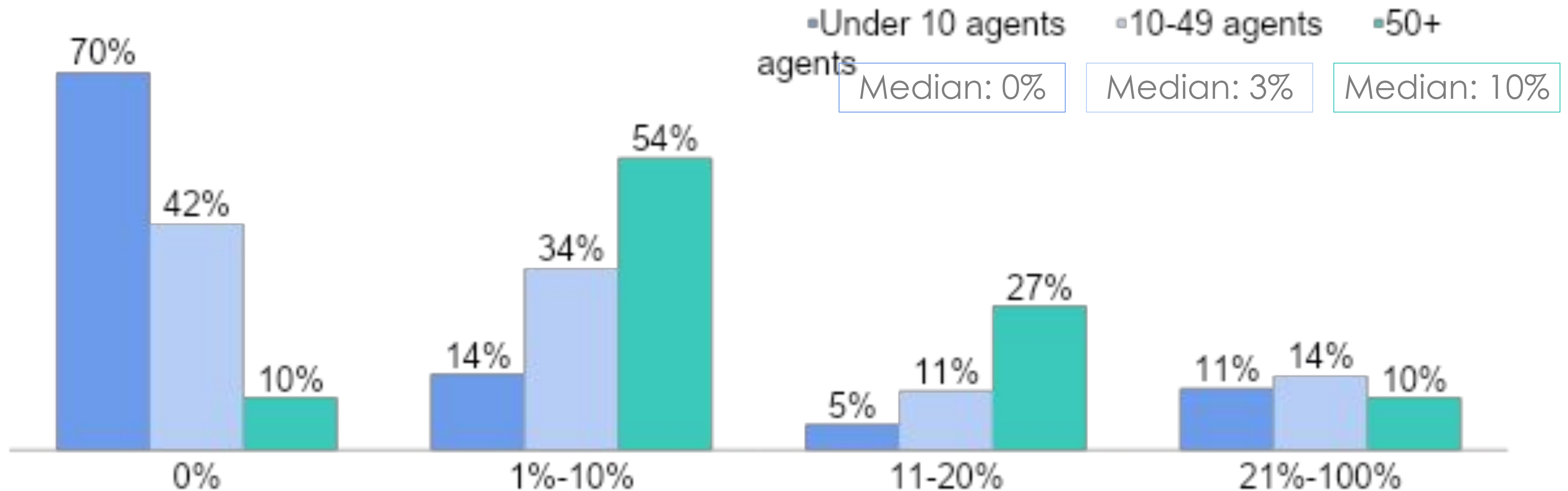
48% expect to lose agents

Q: What % of your agent base do you anticipate will leave the business as a result of this Pandemic? (n=649)



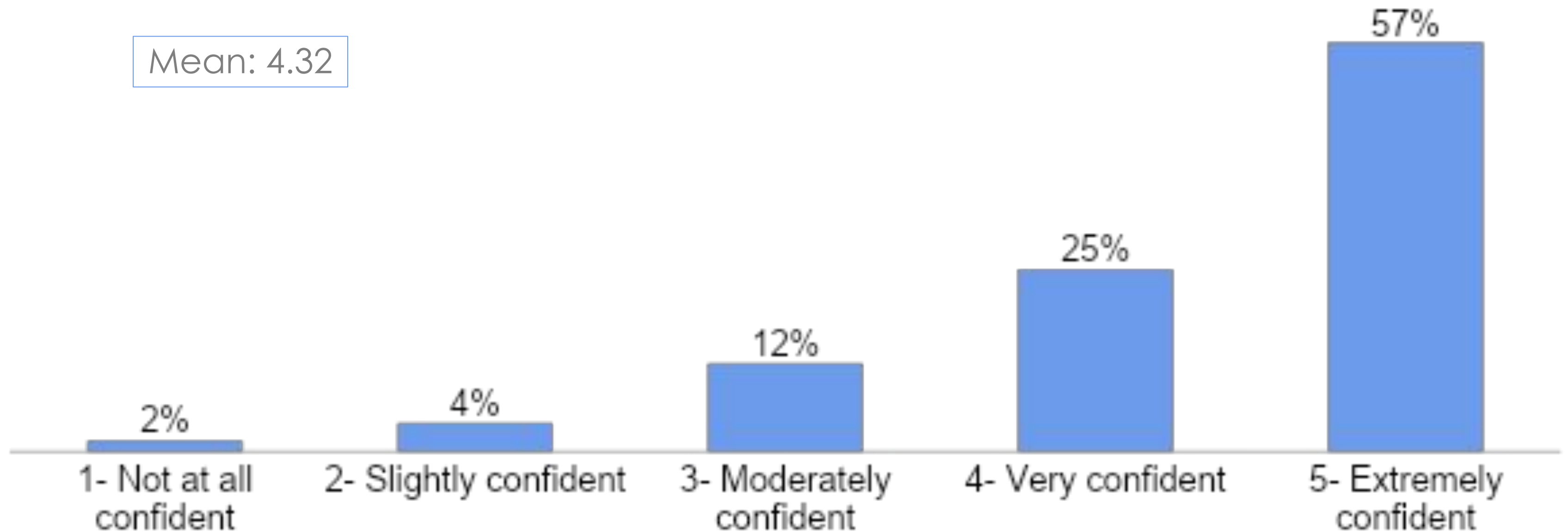
Smaller brokers think they will retain more of their agents

Q: What % of your agent base do you anticipate will leave the business as a result of this Pandemic? (n=647)



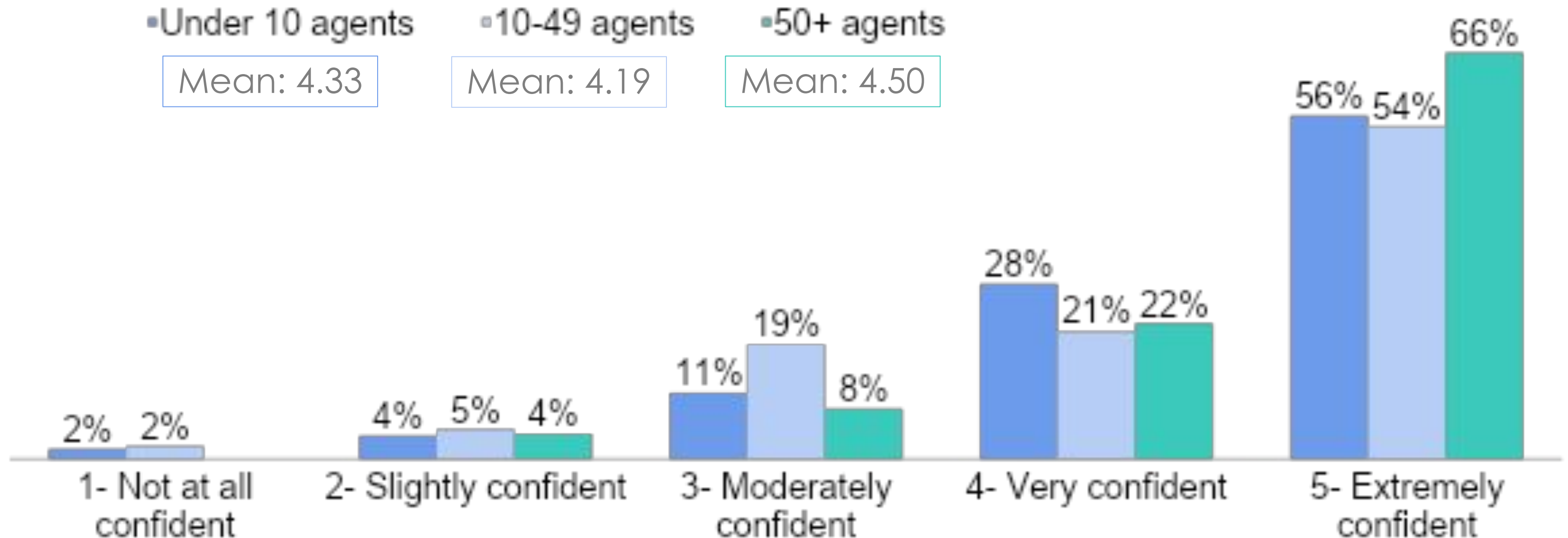
Nearly all are confident their company will be in business in 2021

Q: How confident are you that your company will be in business in 2021? (n=654)



Larger brokers the most confident their company will be in business in 2021

Q: How confident are you that your company will be in business in 2021? (n=642)

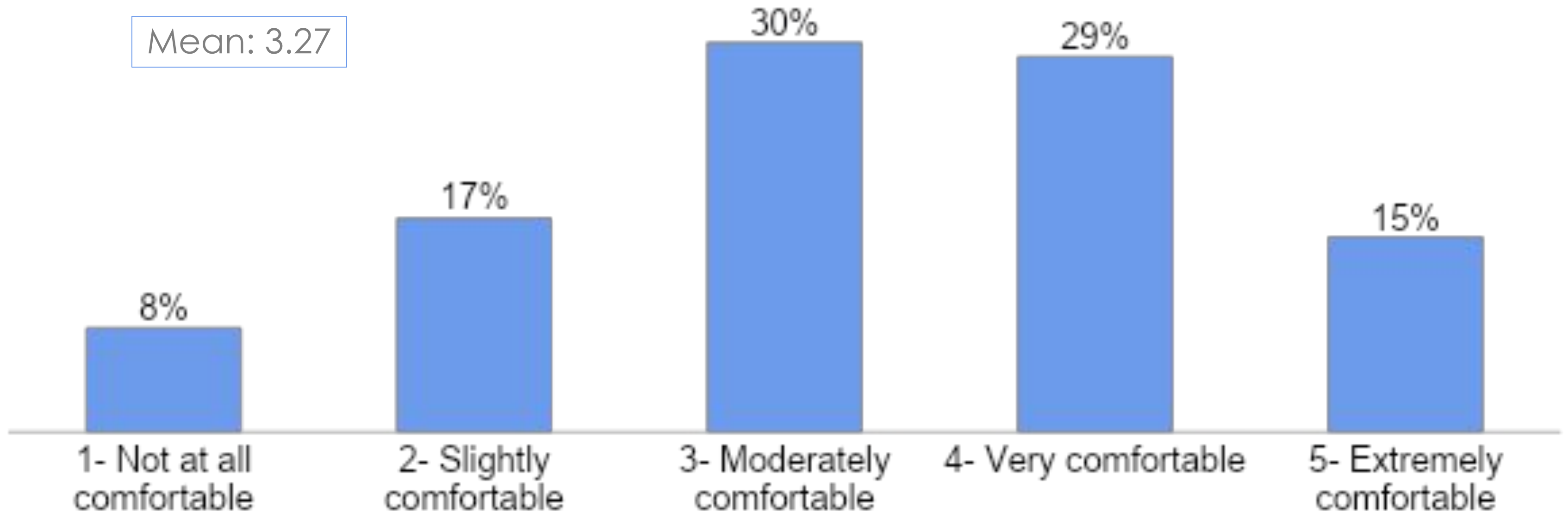




Virtual Transactions & Communication

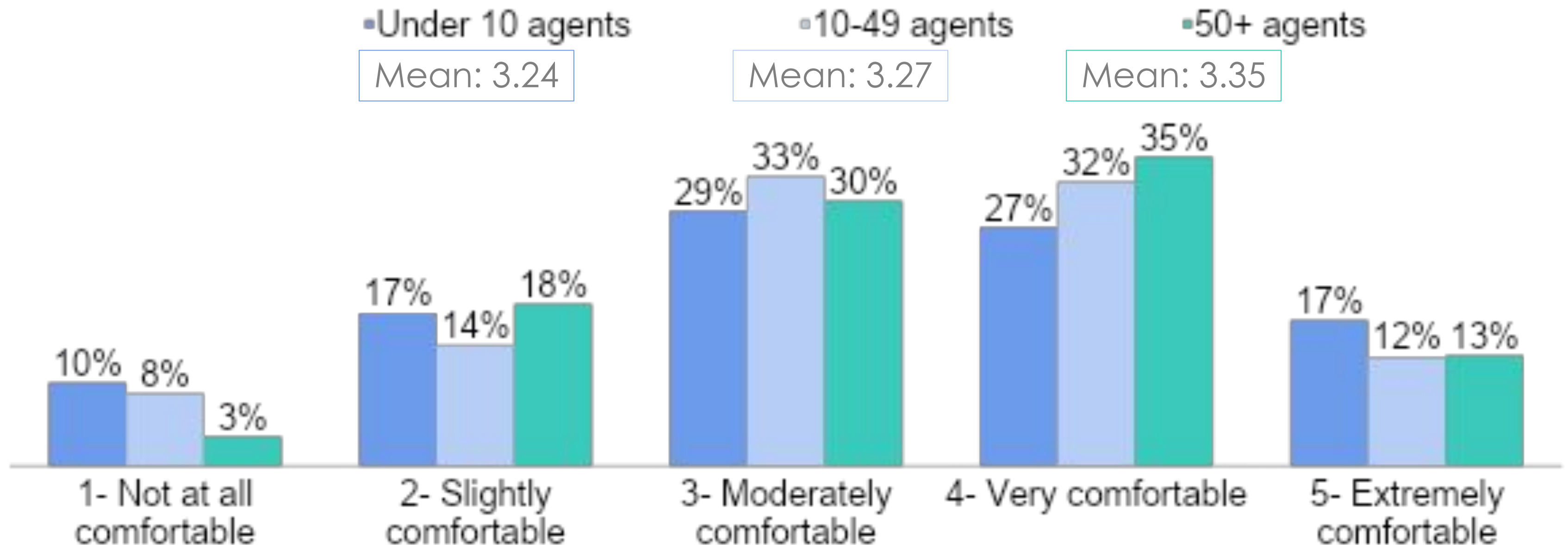
Only 44% are very comfortable with virtual transactions

Q: How comfortable are your agents with doing virtual transactions (virtual showings, e-signing, etc)? (n=722)



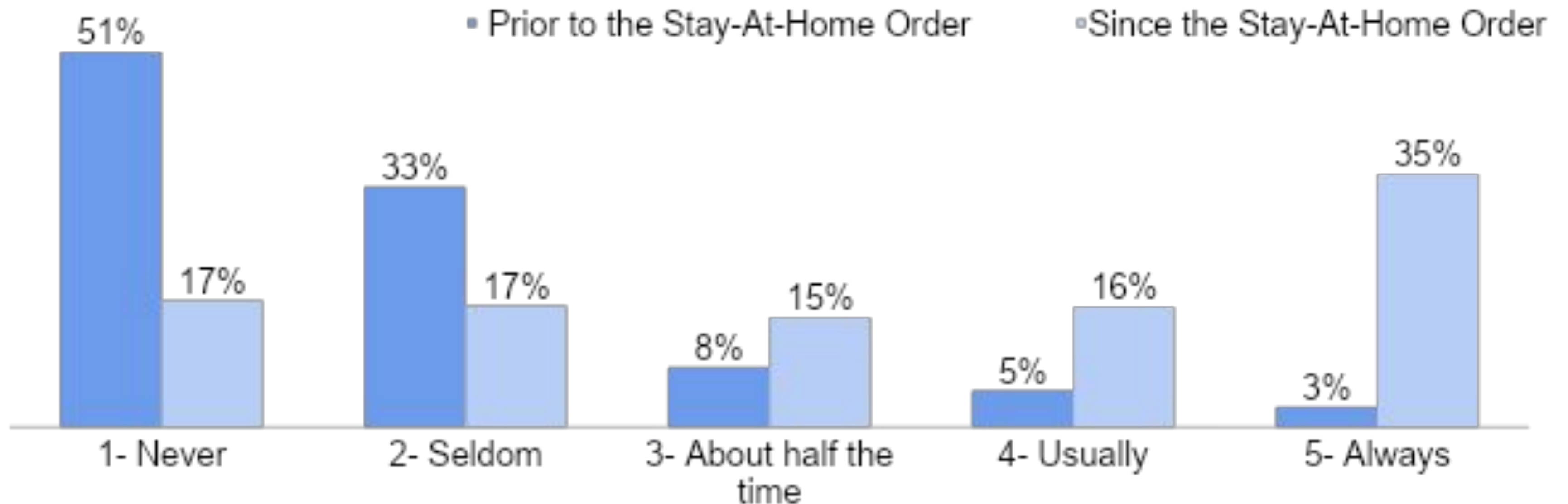
Larger brokerages more comfortable with virtual transactions

Q: How comfortable are your agents with doing virtual transactions (virtual showings, e-signing, etc)? (n=642)



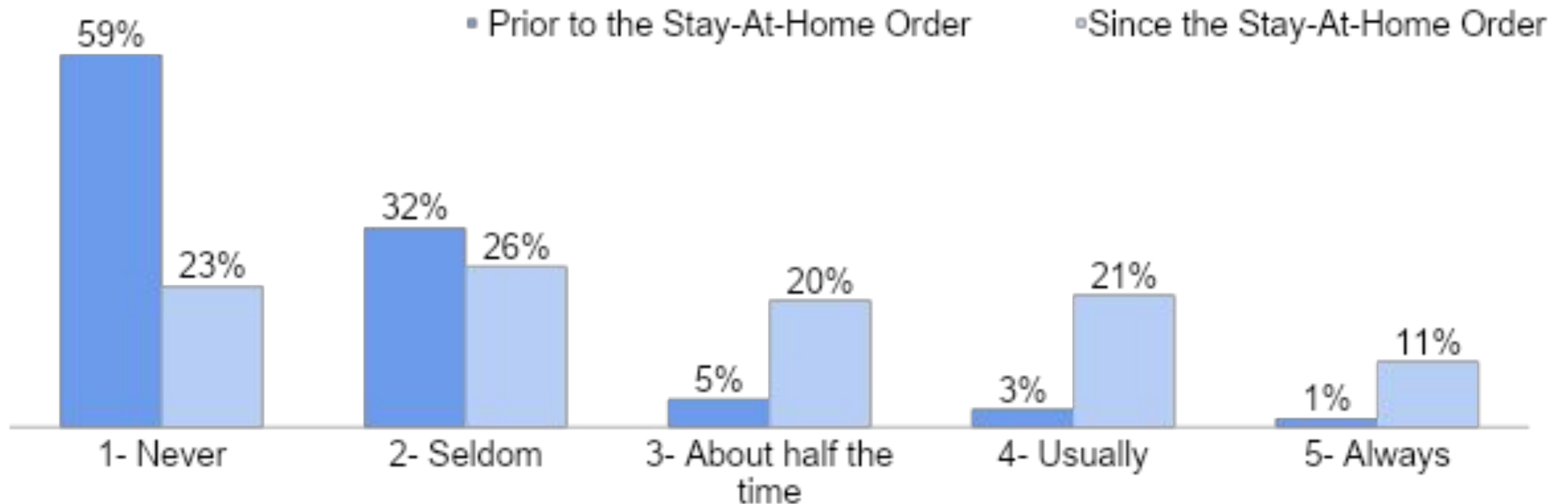
Zooming with agents has increased drastically: 66% using regularly

Q: To what extent were you using Zoom, Webex, Google, or other video conferencing options to connect with **agents** in office type meetings: (n=700)



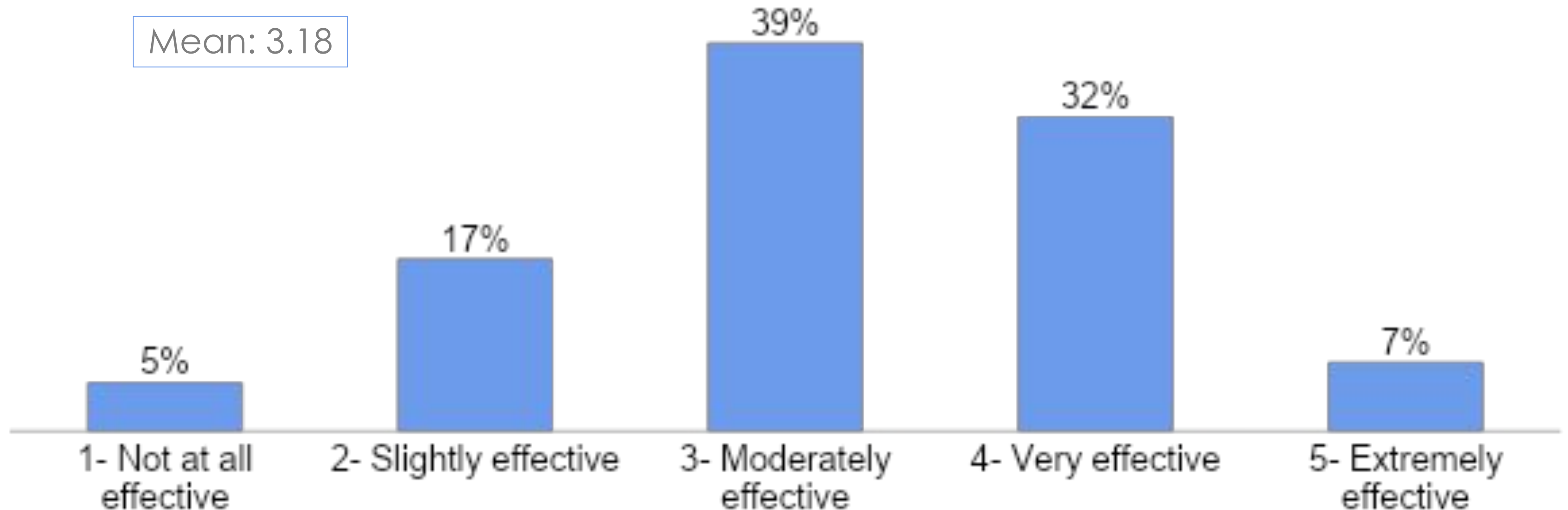
Zooming with clients: 52% do so regularly

Q: To what extent were you using Zoom, Webex, Google, or other video conferencing options to connect with **clients**: (n=702)



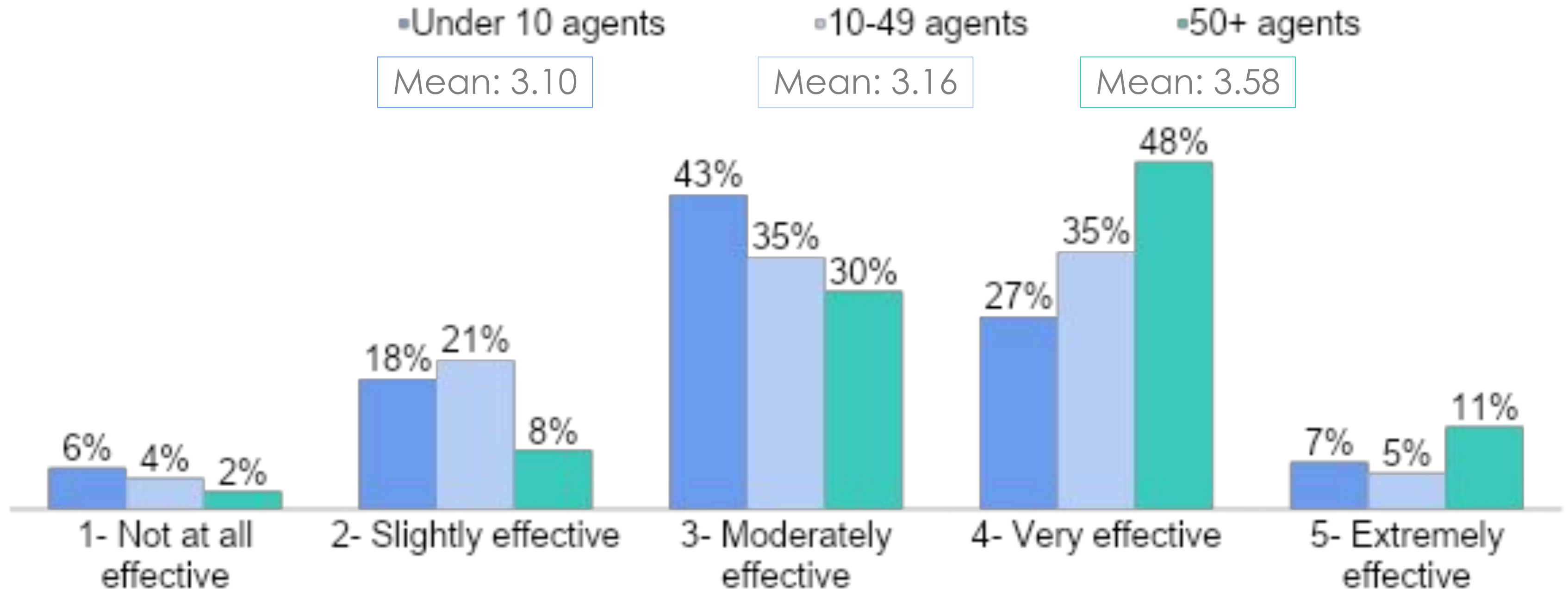
39% say virtual communication is very effective

Q: Please rate the effectiveness of communicating virtually. (n=698)



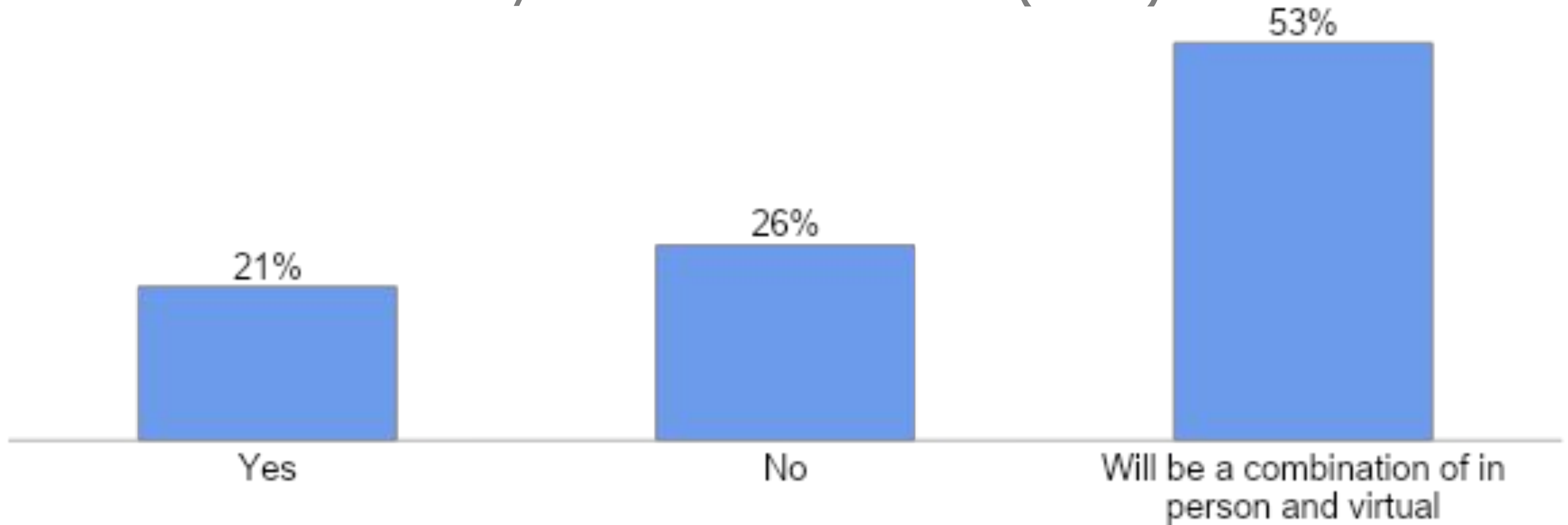
Scale: Bigger brokerages even more so

Q: Please rate the effectiveness of communicating virtually. (n=633)



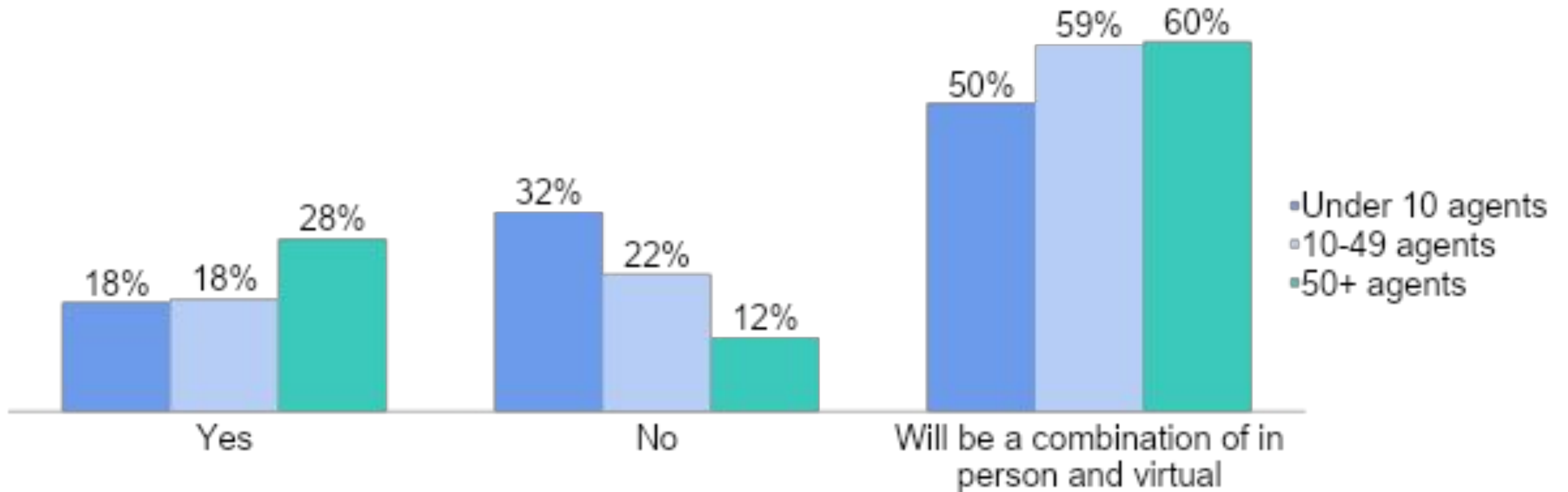
$\frac{3}{4}$ of brokers will incorporate virtual meetings going forward

Q: Will you continue virtual video meetings via Zoom, Webex, Google, or other video conferencing as a replacement for in-person meetings after the Stay-At-Home Order is lifted? (n=718)



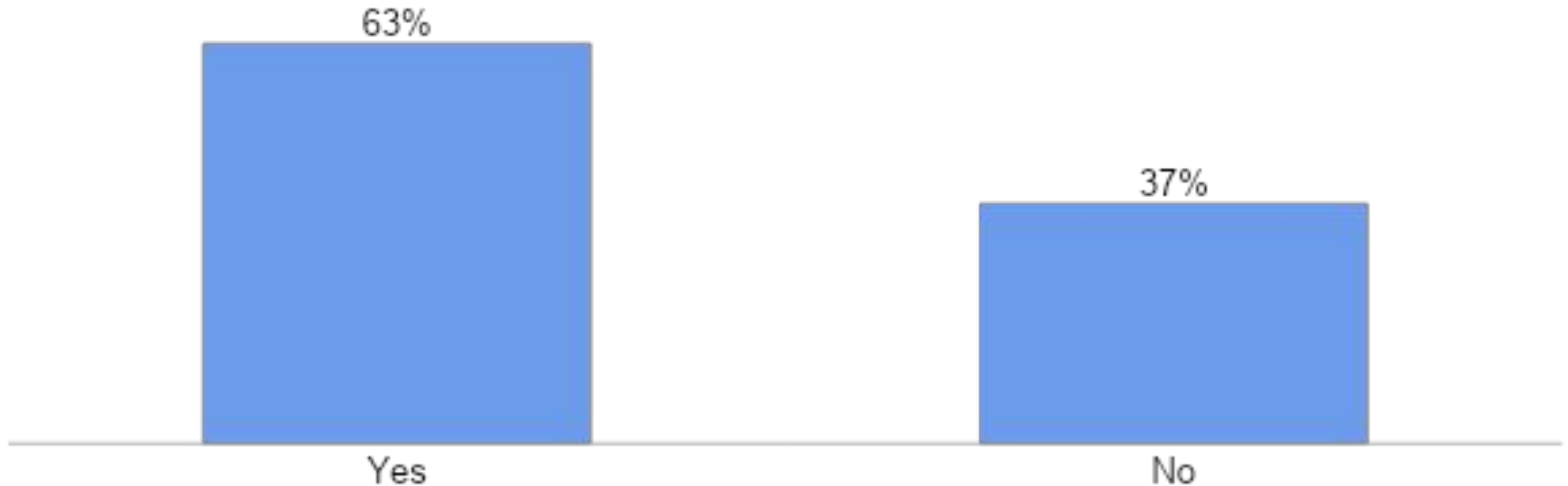
Bigger brokerages more so

Q: Will you continue virtual video meetings via Zoom, Webex, Google, or other video conferencing as a replacement for in-person meetings after the Stay-At-Home Order is lifted? (n=657)



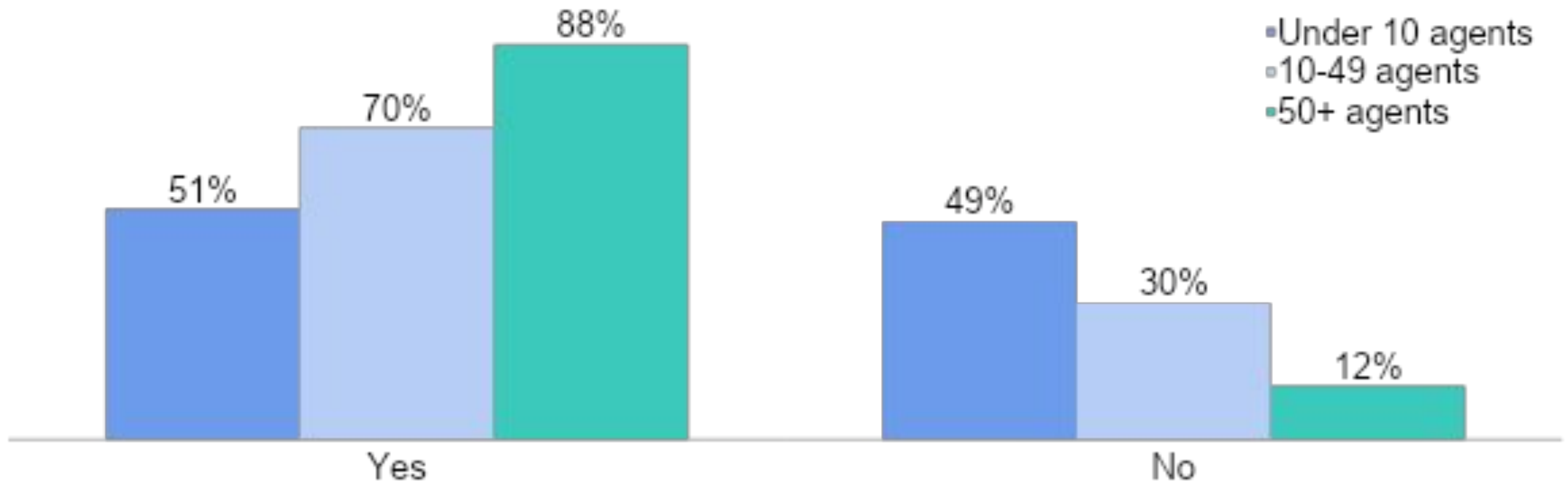
Nearly 2/3 have instituted new training

Q: Have you instituted new training to meet the needs of transacting real estate under the Stay-At-Home Order? (n=686)



More likely in larger brokerages

Q: Have you instituted new training to meet the needs of transacting real estate under the Stay-At-Home Order? (n=656)

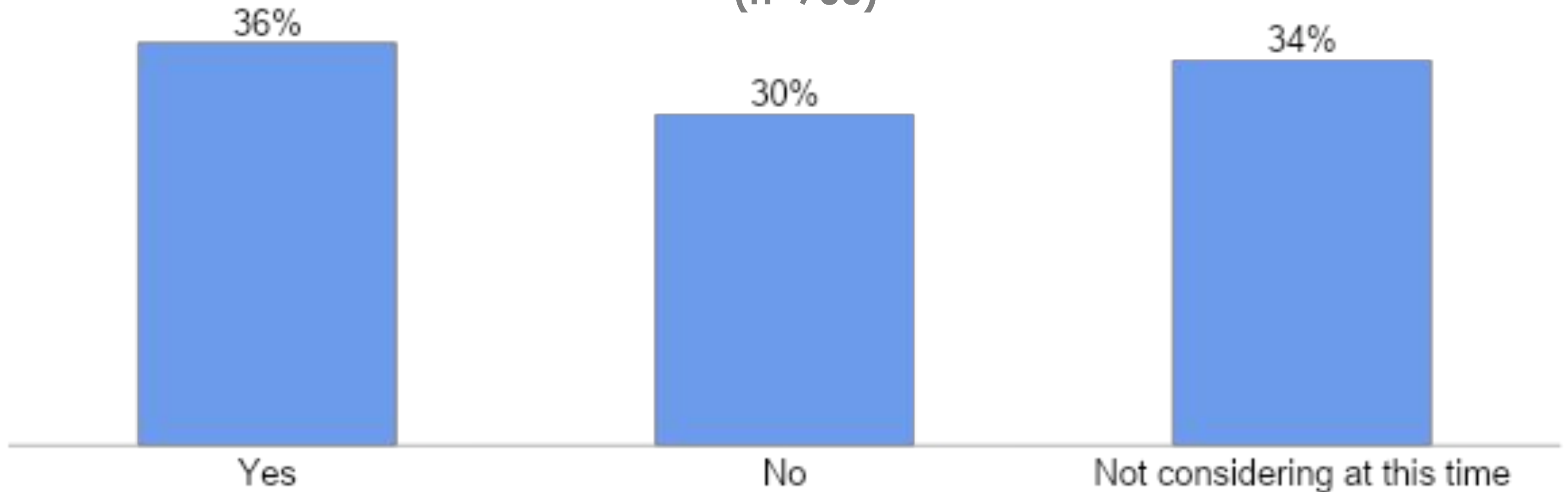




Operations

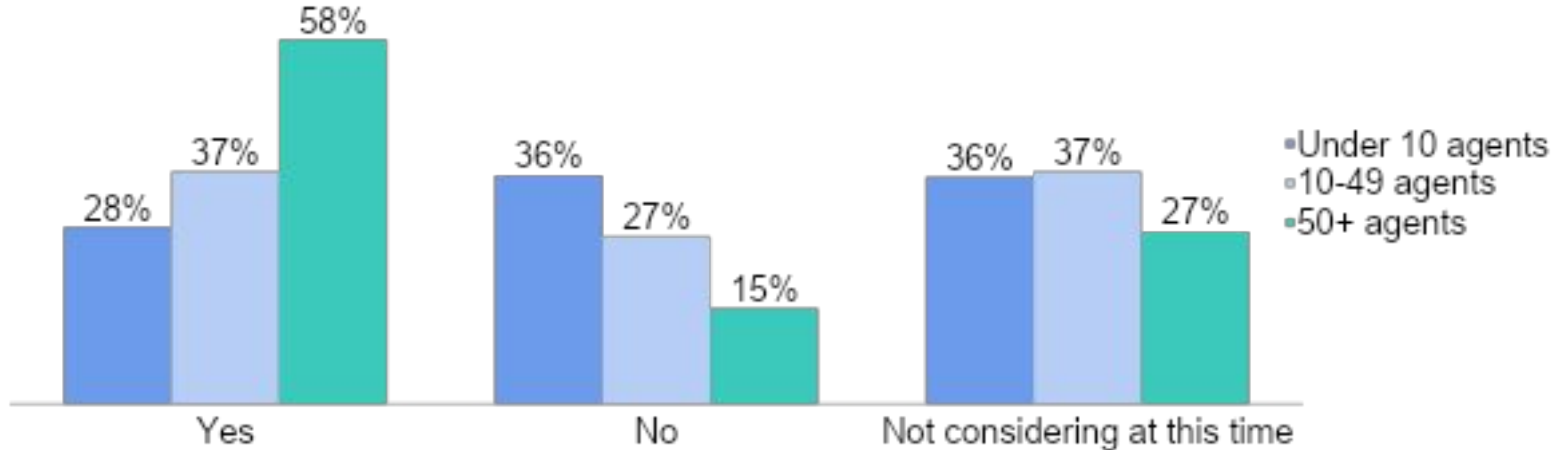
Mixed reviews on office consolidations

Q: Are you seriously considering office consolidations more so than in the past because of what you have learned from working at home and virtual meetings?
(n=700)



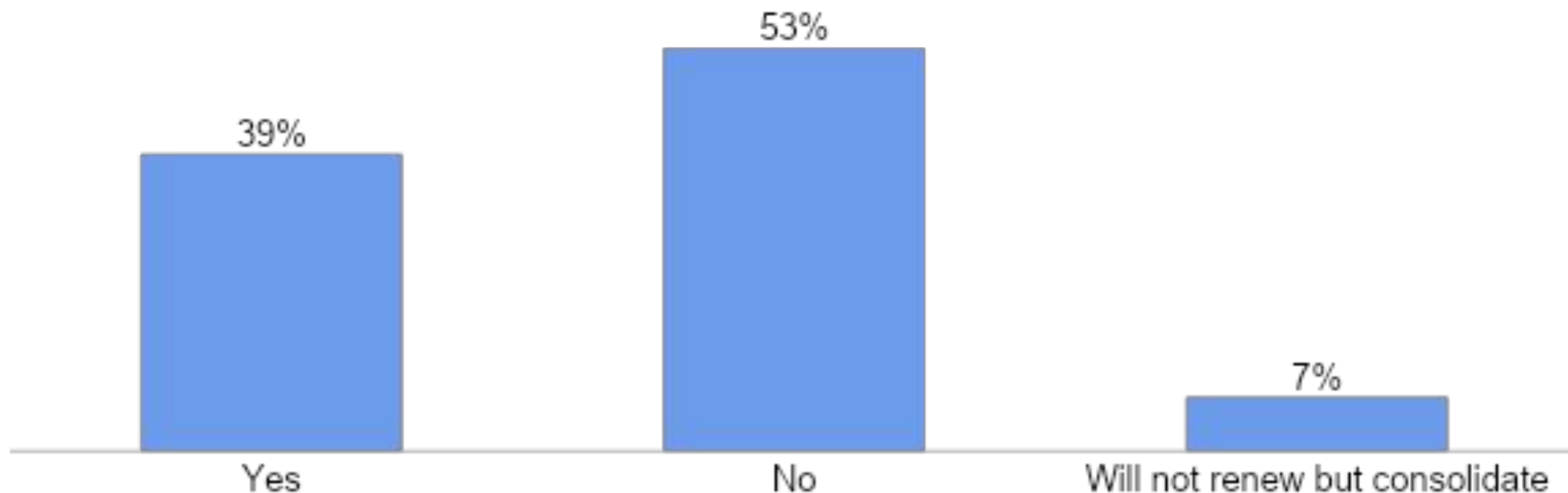
Larger brokerages more likely to look at consolidating

Q: Are you seriously considering office consolidations more so than in the past because of what you have learned from working at home and virtual meetings?
(n=651)



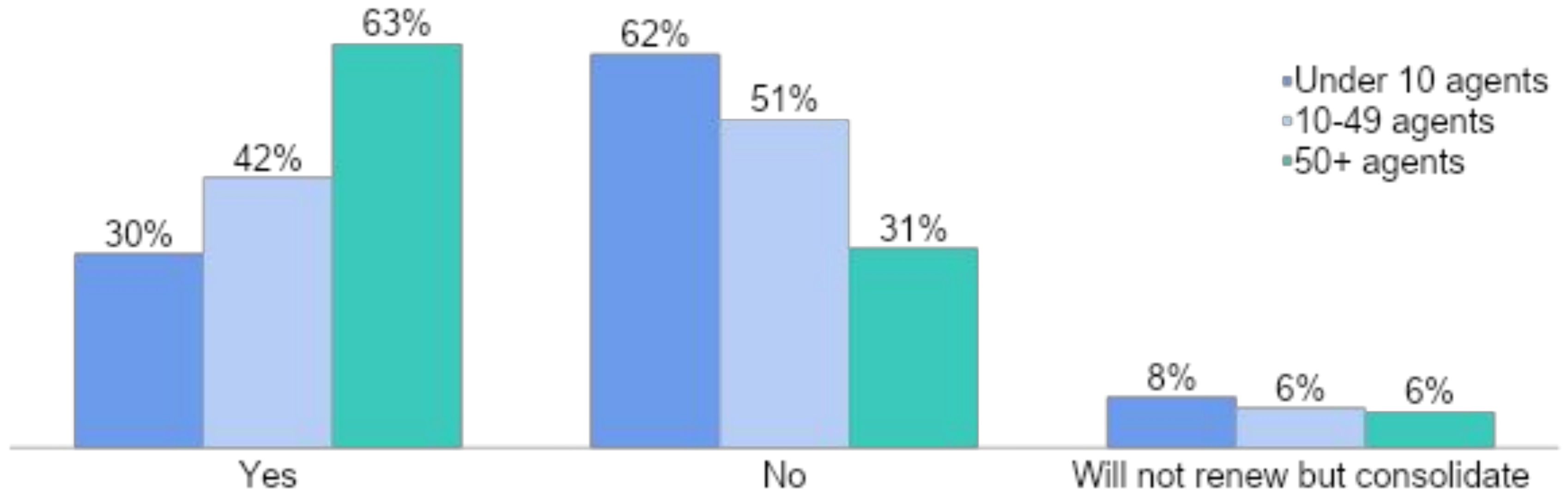
Majority are not considering reducing their footprint

Q: When your office lease(s) come up for renewal, will you consider reducing your footprint? (n=655)



But 2/3 of those with 50+ agents will be considering it

Q: When your office lease(s) come up for renewal, will you consider reducing your footprint? (n=644)



Eliminated from operation

“Phones on agents desks that they where not using anyway. Further reduction in Print Advertising.”

“We will be closing the physical location at the end of May after 8 years.”

“Personal Open Houses, transporting clients in my car, handshakes”

“I gave up brick and Mortar 3 years ago. Everything is virtual and we meet clients in their homes or at showings. Agents all work from home. By giving up office rents and insurance required by landlords like liability I am able to pass that savings onto agents.”

“Common computers on open desks”

“Staff unfortunately”

“Wasteful expense. We have always right a tight ship, however, through this we have reevaluated EVERY expense and eliminated everything thing that does not contribute to our productivity.”

Q: What items have you eliminated in your operation that will become permanent?

Introduced to operation

“Virtual trainings, virtual 1st time showings for clients, all listings will have 3D Matterport virtual walkthroughs”

*“More control, monitoring, and regular updating the company website.
Zoom meetings.
Tighter reviews and overseeing of company work flow and staff duties.
Increased reviews of the company's financial income and outgo.”*

“.Big big big on making sure that there is hand sanitizer and PPE available. Having a no contact rule, no hand shaking, when showing, client and agent drive their own cars.

*“1. Electronic signatures for most docs.
2. Showing by appointments.”*

“Social distancing”

Q: What new items have you introduced in your operation that you will continue?

Biggest change to industry

"I think we will lose about a third of the currently licensed agents when it comes time to renew their license and/or pay Association dues. I expect that some will take the lessons about working virtually and continue to apply them. I am hopeful that we will be able to continue to enforce getting a pre-approval before allowing showings since it's what we should have been doing all along."

"There will probably be more virtual interaction with both buyers and sellers."

"The possible simplification of the home buying/selling process."

"Much more virtual marketing of listings including 3d tours and floor plans, decline in open houses, decline in real office space / lot more work from home."

"Smaller footprints for offices and more automation. I am guessing as a broker that probably means agents will move around more and look for better splits and automation."

Most important learning

“To take nothing for granted and of the importance communications plays into client relationships and retention of same. To let clients know they are cared about, no matter the circumstances and that we are here for them no matter what goes miles and miles to keep happy and loyal clientele.

And to remain flexible and open to change as well as maintain and spread a positive and can-do attitude with both staff and clients. There is beauty in everything and there will be good that comes out of the last 30 days of the world being "on pause".”

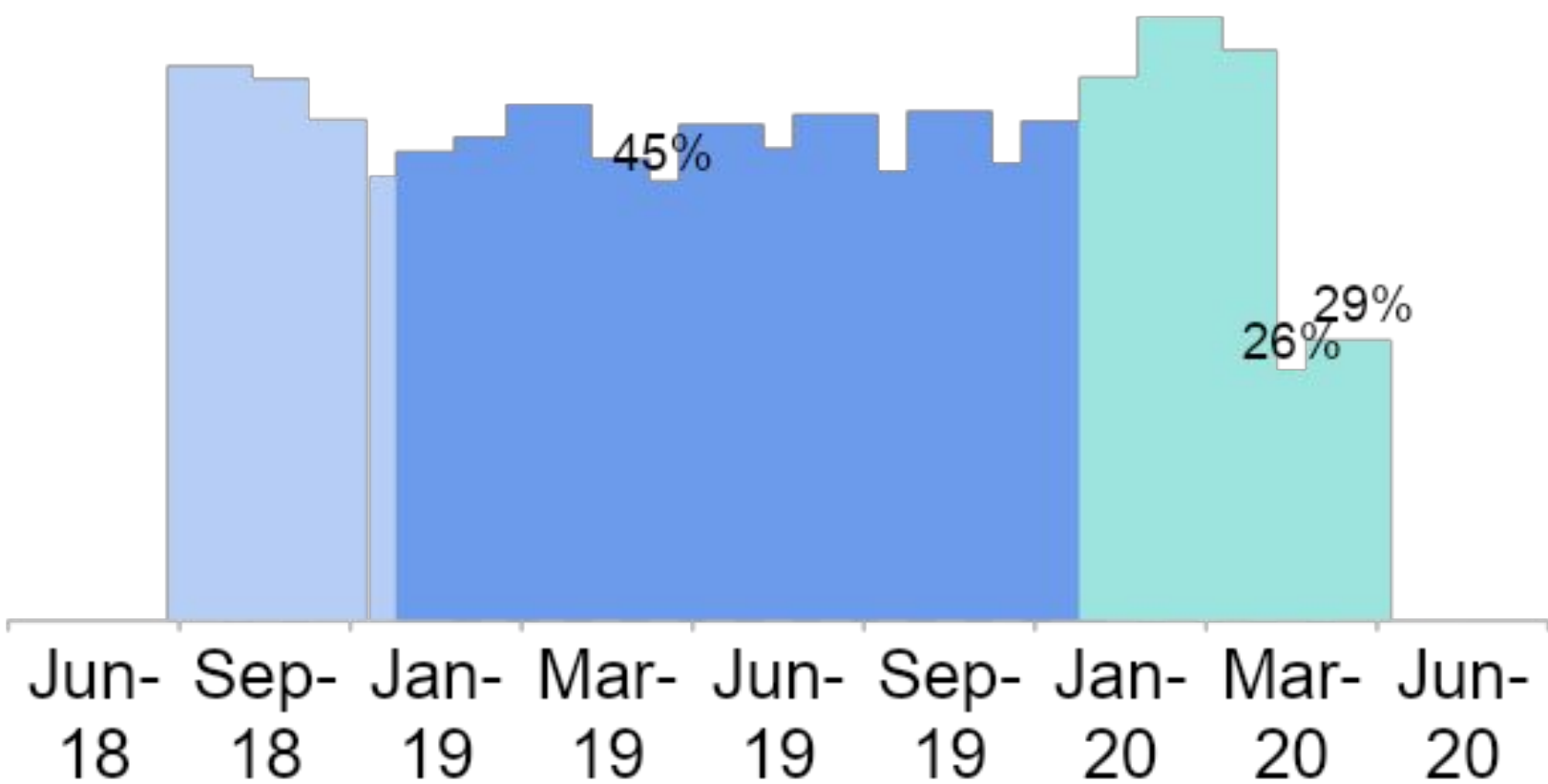
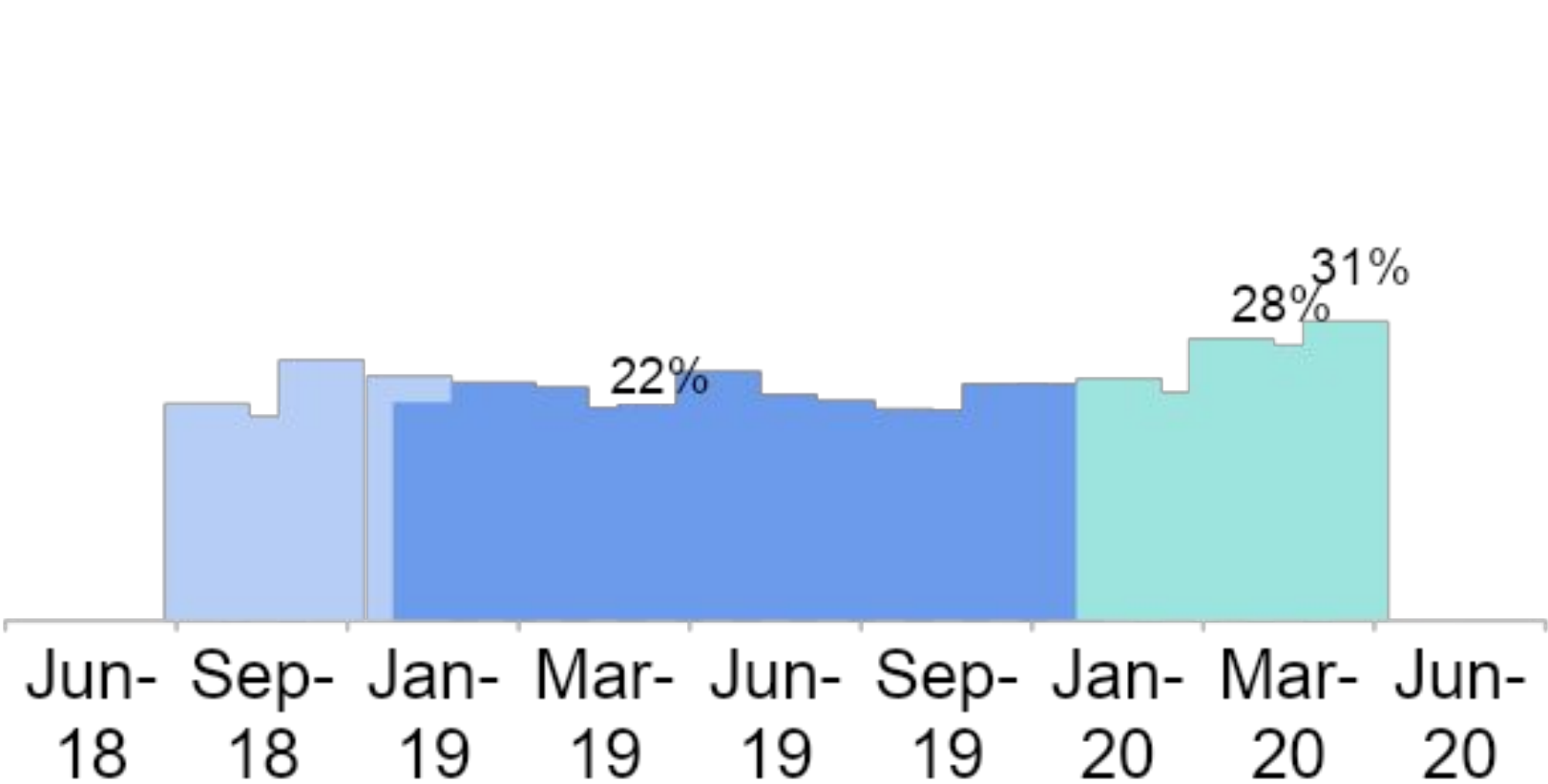


Consumers

May Rising: Is it a good time to **buy** or **sell**?

Do you think it's a good time to **buy** a home in California?

Do you think it's a good time to **sell** a home in California?





**What are Potential
Buyers & Sellers
Seeing?**

2020 C.A.R. Potential Buyer & Seller Survey



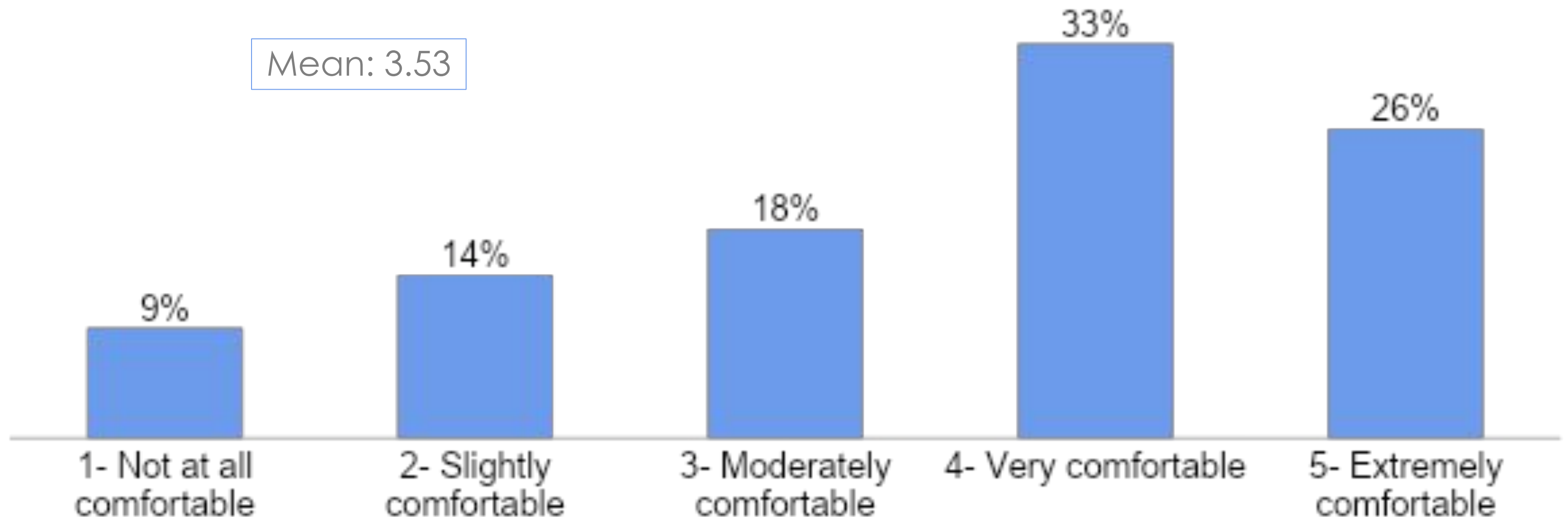
Methodology



What about Tech?

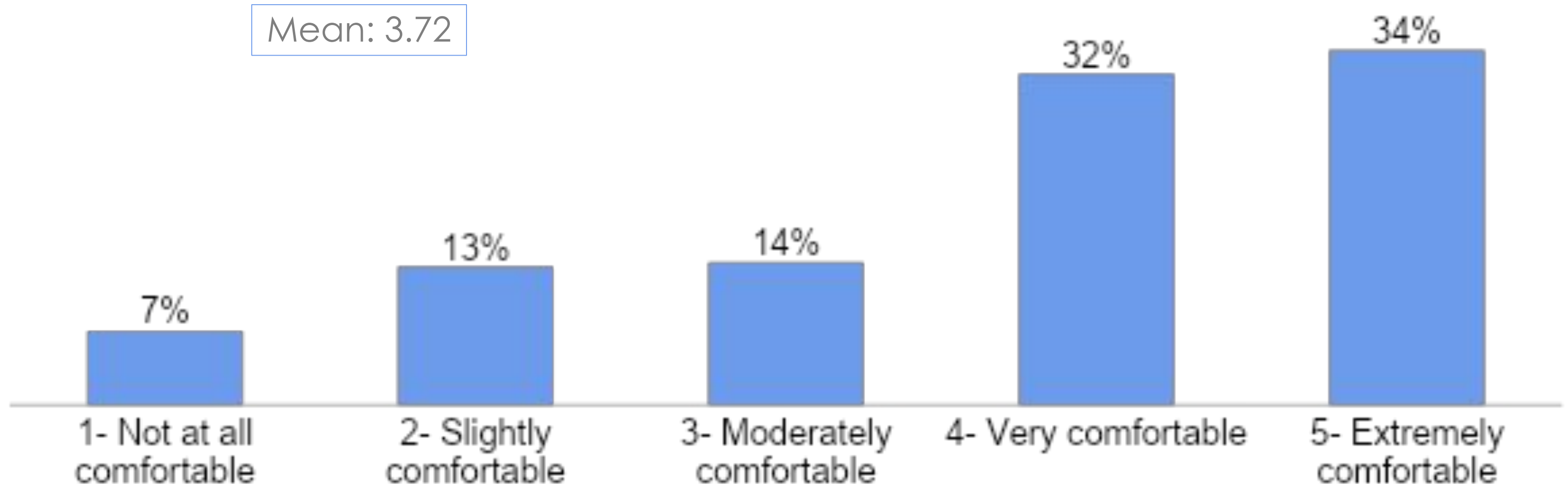
Buyers: 59% are very comfortable signing docs electronically

Q: Please rate how comfortable you would be signing home purchase documents electronically. (n=568)



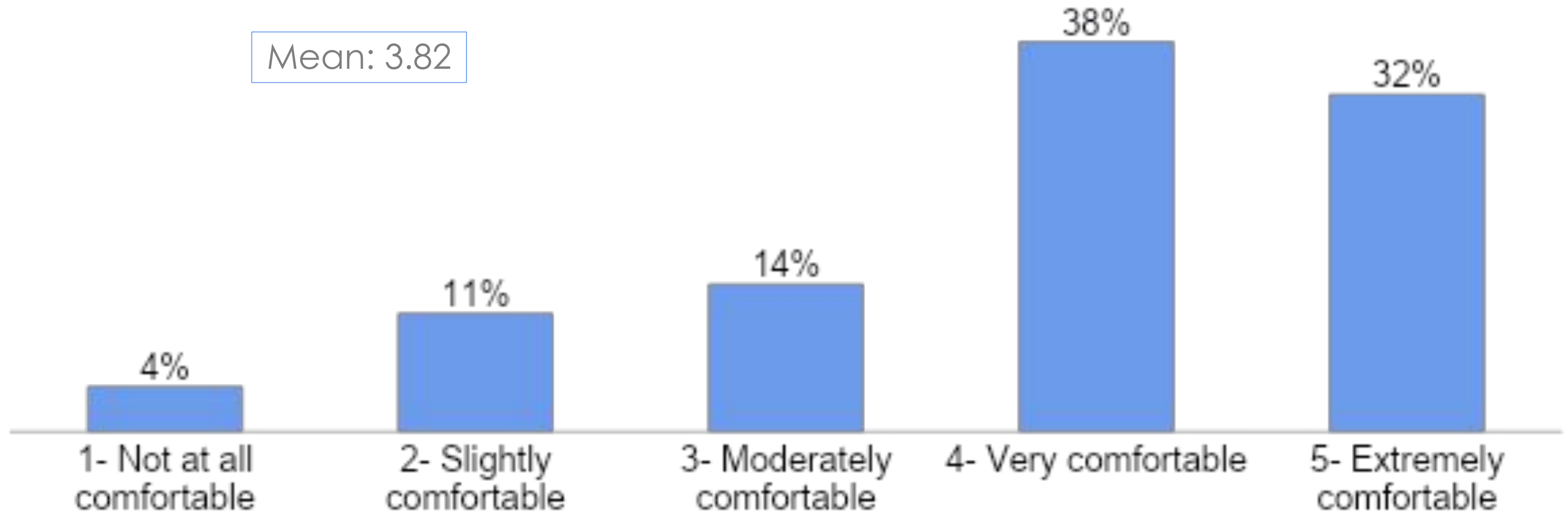
Sellers: 67% very comfortable with signing electronically

Q: Please rate how comfortable you would be signing home sale documents electronically. (n=519)



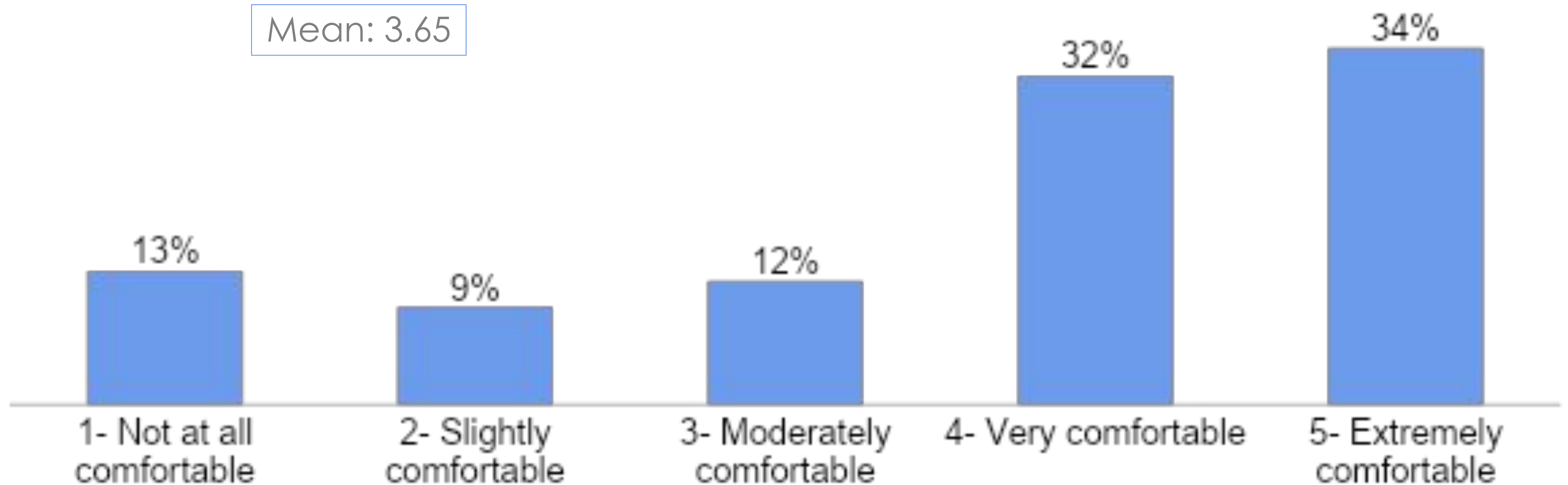
Buyers: 70% of are very comfortable doing a virtual tour

Q: Please rate how comfortable you would be touring a home virtually. (n=570)



Sellers: 66% also very comfortable allowing their home to be toured virtually

Q: Please rate how comfortable you would be allowing buyers to tour your home virtually. (n=522)

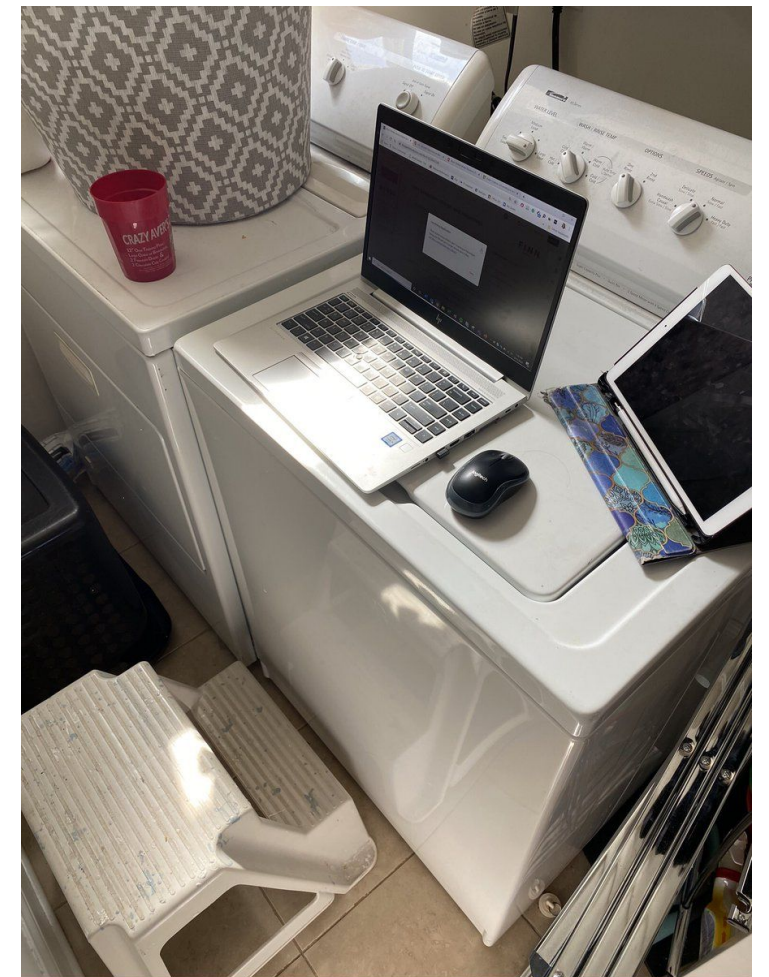
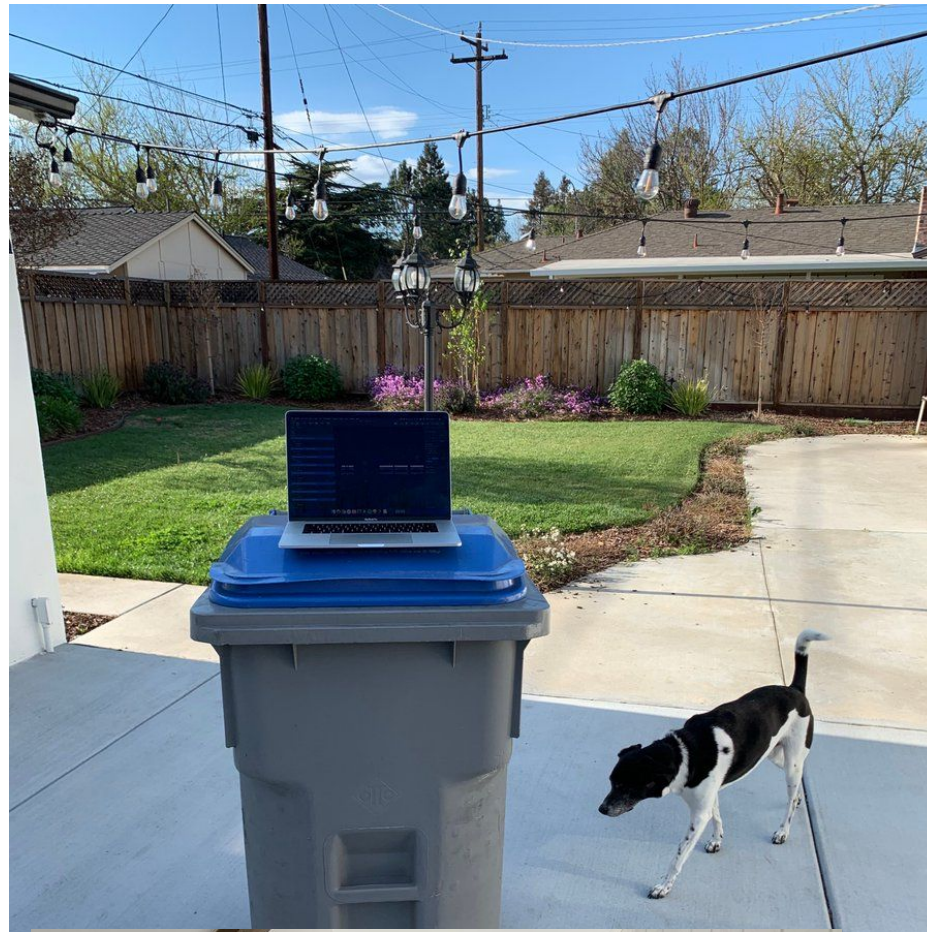




What's next?

Plan to thrive after the crisis at the same time you are dealing with the immediate challenges.





Post-COVID Consumers

- WFH/WFA (Work from Home – Work from Anywhere)
- More saving/less spending
- Shift to online retailers
- Less travel/closer travel
- More **NESTing** – a home is now:
 - office/gym/school/restaurant/multi-generational
- Keep Social Distance/Desire Safety/Value Open Space

There's
no
place
like
home.

Who Will the Winners Be?

- Residential Real Estate
 - Pent-up Demand and Supply
 - New space requirements
 - New geographic requirements
 - Low rates
 - Summer is the spring Home Buying Season
- The relationship centered agent
- Housing Supply: Re-use commercial & retail space



*Remember who your
competition is:*

*You yesterday and anyone
working harder than you do.*



Thank You

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