

## My May 2020 Newsletter

I hope this email finds you well and discovering ways to enjoy a lifestyle not anticipated just a few months ago. Who could have imagined our world is so vulnerable!

Here in Summit County Spring is beginning to flourish — aspens budding, perennials sprouting, the rivers beginning to roar, the Colorado blue sky dazzling and A-Basin re-opened this past week— golf courses soon to follow. Life is good.

From a real estate perspective, an article from the May 5th issue of the Wall St. Journal is relevant for our county — reflecting National trends apparent here. Our businesses are beginning to reopen with limited capacity. Many workers remain unemployed. Short term rentals (less than 30 days) are still prohibited (in Summit County). In the housing market however, prices have been holding and transactions are resuming.

Nationally, medium home prices were up 8% year over year in March according to the National Association of Realtors. Buyer demand did decrease by 8.5% in March compared to February, but the supply of homes on the market contracted even faster— thus providing price support. Total listings (homes for sale) have hit a 5-year low while median listing price (asking price) increased 1% from last year (according to Redfin).

Mortgage Forbearance policies are contributing to market stabilization, preventing a wave of distressed sales —contributing to price support.

**What happens when forbearance ends?** Conflicting forecasts:

- \* Zillow expects home prices to drop 2% to 3% by year end and then recover in 2021.
- \* Housing data provider Core Logic anticipates prices to increase .5% between March 2020 and March 2021.
- \* Robert Dietz, chief economist with NAHB says, “The housing sector enters the recession under built, rather than over built...That means as the economy rebounds, housing is set up to help lead the way out.”
- \* Ali Wolf, chief economist with Meyers Research states, “Last time housing led the recession... This time it is poised to bring us out”.

### What About Summit County Real Estate?

- \* In April showings were down dramatically. Not surprising since Covid19 restrictions prevented showings for several weeks. Things have loosened and showings with strict safety guidelines are resuming.
- \* Early May data indicates an appreciable increase in showings.
- \* Virtual showings and video tours have become very important in marketing effectively. Online browsing of homes has increased— Zillow, Realtor.com, etc. Boredom or genuine interest? Time will tell.
- \* Sales decreased in April dropping over 40%.
- \* Sold Prices remained strong at average percent of list being 98.5% (Mainly Pre- Covid deals )
- \* May stats are not yet available, but I see homes going under contract with greater frequency. BRG has 3 under contract and 2 new listings and several more inquiries. Recently, two of our Buyers made offers on single family luxury homes looking for significant price reduction off list. The Sellers didn't acquiescence and stuck to their price. **Comment:** Many of our Homeowners don't have to sell. They are being patient.
- \* We may see a different response from the “rental property” sector due to the “No Short-Term Rental” directive. Loss of income could motivate some to become Sellers.
- \* It is interesting to note 70% of all properties Under Contract/ Pending in Summit are new construction and have been Under Contract for some time. 30% are the resale of existing properties. NEW or RENOVATED (like new) are the most sought after.

**Nationally New Home Sales were up .06%. In Summit County they up .07% in same time period.**

\* Keep in mind 80% of Summit County is public land. Potential for building and development is very limited. Many areas are reaching build out. This “limitation on supply” provides price support.

**So, what is Emerging as the “Bottom Line” here in Summit County? Ask yourself these questions:**

- Where would you want to be living during this “new normal” that is evolving?
- A place where you can practice social distancing and still enjoy an abundant lifestyle of activity, Serenity, adventure, beauty, and sport and genuine sense of community?
  - A place where a strong health care system and school system exist that aren't overwhelmed?
  - A place where all essential services are available, and few shortages exist?
  - A place where the city is just one hour away, but your lifestyle feels like it is a million miles away?
  - A place where you and your family can find sanctuary today and tomorrow?

**Summit County is this place! It meets all the criteria, and is a good value compared to other mountain communities.**

The experiences of the past few months have caused many of us to see our priorities more clearly. Life is indeed brief and unpredictable. We have more alternatives regarding where we can live. Working from home has made this possible for many. If you or someone you know is looking for an investment you can live in and enjoy and increase your feeling of safety — in addition to receiving monetary appreciation —

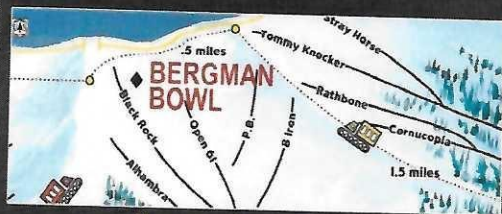
**Summit County remains a compelling choice.**

**No one knows with any certainty what the outcome of this Covid 19 pandemic will be for our health, economy and our lifestyle. What we do know is the creative ingenuity and positive, unrelenting mindset prevalent in the people of our country continues to be alive and well. History confirms these traits tend to flourish in times of greatest challenge. The ride could be bumpy short term, but the future still remains bright and full of possibility.**

Stay well, and (if you aren't already here) return to our gorgeous, mountain sanctuary as soon as you can. Hope I can recognize you in a face mask!

Sincerely,

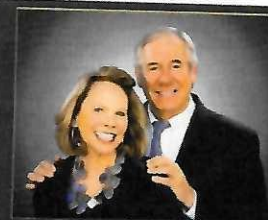
Bill - “composed by Rita Bergman”



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Bill and wife Rita

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May 2020

I am delighted to write a monthly update on Keystone happenings and some of the History I recall. Below is a 24- month Trailing Analysis to keep you up-to-date on Keystone's Real Estate Sales activity.

A-basin re-opened on Wed. May 27<sup>th</sup> limiting daily use to 600 skiers and riders. They are allowing access only to the front-side of the Mountain ..... but what the heck, it is late Spring and one gets to enjoy recreating on some of the most beautiful terrain in the world.

One of the few good things about aging, is gaining experience, and hopefully preserving what has been learned. During my Real Estate Career, I have survived 6 previous Recessions : The "Oil Embargo" (1973-75) when I worked for Keystone RE ; the "Energy Crisis" (1980-82) when Prime hit 21.5% ; the "S&L Crisis" (1990-91) the RTC days ; the "Dot Com Crash" (2001-02) ; the "Great Recession" (2007-09). During these Recessions, the economy drifted deeper until a bottom was finally reached. A slow recovery followed until a peak occurred, then another down cycle began all over again. I was too young to remember the "Asian Flu Pandemic" (1957-58) and to know how quickly it shut down the economy. Now we are in the 7<sup>th</sup> Recession of my career, and since this one happened so fast, it seems quite different from the others. What have I learned from the past ? Frankly, I have no clue how this Pandemic will impact our Summit Real Estate Market. Foremost, I am confident the Price Increases over the past 10 years have topped. Thus, pricing listings will be hit-or-miss for a while. I do believe we will see Inventory increase this Summer. Short Term Rentals "STR's" have been shut down since mid- March meaning **NO CASH FLOW** from these rental properties. STR's will soon be allowed .... mainly through Professional Rental Management Companies. We will see what happens with Airbnb and VRBO STR's. Those relying on STR income maybe forced to get out and sell. When Supply exceeds Demand, this usually negatively impacts prices. However, should Summit County get a "Dip" this year, I do not believe we will have huge price declines like 2007-09.

**A Staged Property makes a huge difference; BrG offers free staging services to our Clients.**

## 24 Month Trailing Analysis

<u>Keystone Sales Volume:</u>	<u>Previous 12 months</u> <u>--5-1- 18 to 4-30-19 --</u>	<u>Recent 12 months</u> <u>-- 5-1-19 to 4-30-20 -</u>	<u>Twelve Month</u> <u>Increase/ &lt;Decrease&gt;</u>	<u>% Change</u>
<u>Product</u>	<u>Number Sold in</u> <u>Timeframe</u>	<u>Number Sold in</u> <u>Timeframe</u>		
Single Family > \$500k	32	21	< 11 >	< 34.4 > %
Condominiums	211	178	< 33 >	< 15.6 > %
TownHome - DuPlex	60	41	< 19 >	< 31.7 > %
<b>Select Totals</b>	<b>303</b>	<b>240</b>	<b>&lt; 63 &gt;</b>	<b>&lt; 20.8 &gt; %</b>

**For over 40 years, Summit County Real Estate has been in a positive Growth Pattern.**

**Real Estate is an investment, and will always be one of the best Assets you are able to enjoy.**

Data from the Summit County Assoc of Realtors (SAR) MLX and "generally" is re-sales that were listed with a Realtor

If you have any questions about Summit County real estate or about your specific needs, please feel free to call or email me at any time. I'd enjoy being your Keystone/ Summit County "go-to" Real Estate guy.

**Bill Bergman**

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*Regards  
Bill*





# Business

## HOME SALES

# Real estate pros say pandemic won't cause repeat of 2008 housing crisis

Tighter supply and technology will keep prices stable

By Jay Heflin

**R**eal estate agents who lived through the housing crisis of the Great Recession do not expect a repeat performance during the pandemic.

"We are the exact opposite," said Thierry Roche, a real estate agent with Keller Williams Realty in McLean, Virginia, who also hosts a real estate radio show.

During the housing crisis, there was a glut of homes for sale as defaults mounted, which caused prices to plummet.

The average number of homes on the market between 2007 and 2010 was 4.4 million. The sale price of homes dropped 12.4% during the fourth quarter of 2008. Defaults accounted for 45% of those deals.

Now, the total number of homes for sale has dwindled from a year ago, and prices are rising. In March, there were 1.5 million homes for sale, a 10.2% drop from a year ago, according to the National Association of Realtors.

The median existing-home price for all housing types in March was

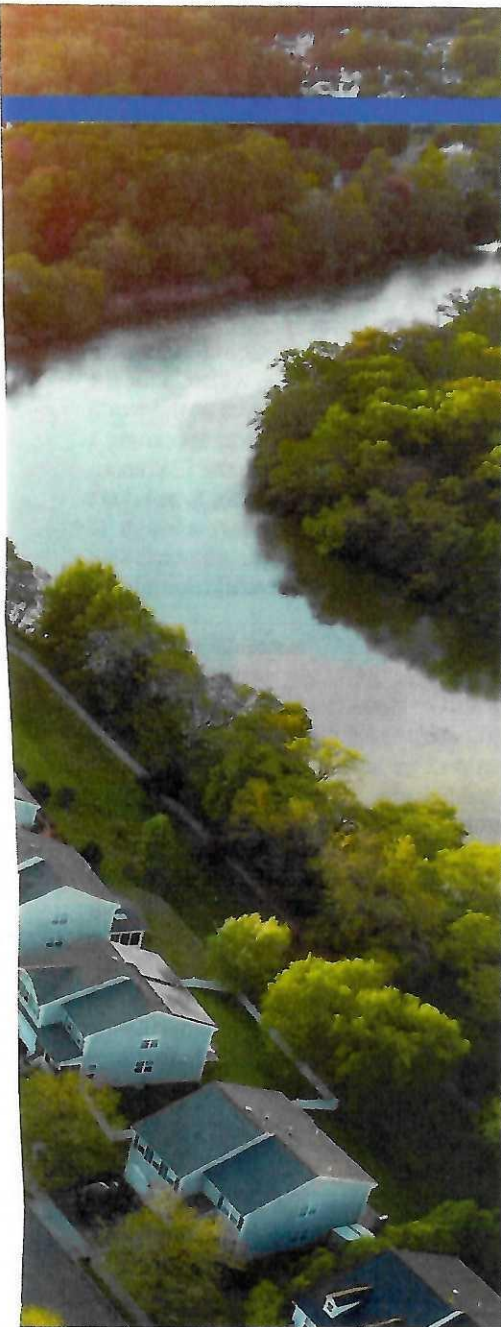
\$280,600, up 8% from a year ago, according to NAR. Home prices rose in every region of the United States last month.

"We have an inventory shortage, which drives prices higher, even amidst this pandemic," Roche wrote in an email. "It is the exact opposite of the 2008 housing crisis."

Ralph McLaughlin, chief economist and senior vice president of analytics at Haus, an organization that coinvests with buyers purchasing homes, also doesn't see another crash along the

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horizon for the real estate market.

"We don't expect it to be a catastrophic collapse that happened in 2008. Things look very different now," he said.

The current market has a low inventory of homes for sale, and homeowners have a high amount of equity in the properties they own, meaning few are highly leveraged, according to McLaughlin.

"Back in 2007, 2008, it was exactly the opposite scenario," he said. "Back in 2007 ... leverage was high. There was

an oversupply of homes at that point."

While the real estate market is not expected to repeat the housing crisis from the Great Recession, McLaughlin does project a dip in activity nationally because of the coronavirus crisis. Single-family home sales and mortgage originations will likely take the brunt of the impact.

McLaughlin forecasts a drop in both supply and demand because of the coronavirus. These reductions "will lead to a reduction of home sales and purchase mortgage origination between about 38% and 45%, respectively," according to his report.

"They're going to drop but not fall to zero. People are still going to be buying homes," he said.

McLaughlin projects that the housing market recovery is likely to take the form of a "flying W," with an initial sharp drop this spring, a noticeable rebound in the summer, another dip in the fall, and finally, a stable road to recovery by spring 2021.

One thing helping home sales is the technological advancements that have occurred since the Great Recession, such as virtual tours, signing documents remotely, and online applications for home mortgages.

"I think technology is going to help the industry stay afloat," McLaughlin said.

Steven Gottlieb, a real estate agent with Warburg Realty Partners in New York City, a coronavirus hot spot, relies on technology to do his job.

**“We have an inventory shortage, which drives prices higher, even amidst this pandemic. It is the exact opposite of the 2008 housing crisis.”**

—Thierry Roche, a realtor with Keller Williams Realty in McLean, Virginia



"Get ready to be using a lot more technology than before — virtual showings, FaceTime calls, etc.," he wrote in an email to the *Washington Examiner*. "Open houses are mostly over, and buyers need to be prepared to see properties via Facetime or video. ... Many buildings are not allowing anyone from the outside to enter."

Real estate broker Gill Chowdhury of Warburg Realty Partners told the *Washington Examiner* that "today's buying experience has gone completely virtual. It's still possible to negotiate for, contract, and close on a property, but you'll have to be comfortable with doing it without the in-person visits."

The time it takes to sell a home has actually shortened since the coronavirus pandemic began. Properties averaged 29 days on the market in March, down from 36 days in February and down from 36 days in March 2019. Over 50% of homes sold in March were on the market for less than a month, according to the NAR.

One troubling sign, however, from the NAR March report is an increase in buyers who could not close on purchasing a home. Among contracts that were terminated, 22% were due to "buyer lost job." In February, only 1% gave this reason for not closing on the sale of the home. ★

Jay Heflin is the business editor for the *Washington Examiner*.

*Apr. 20 - Received from a friend*