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DENVER METRO
ASSOCIATION OF REALTORS®

JUNE 2020 NEWSLETTER

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THE HOUSING MARKET IS COMING BACK

All the signs are showing that the housing market is making a comeback.

By Steve Murray, president

As of May, we already see signs that housing will be one of the economy's sectors that lead the way back. Looking at the earliest indicator—showing homes for sale—leads us to conclude that families' desire to adapt housing to their particular needs remains unwavering.

Thanks to ShowingTime, we can see the downward and upward progression of showings in the past several months. We looked at the results for Connecticut, Florida, Texas, Illinois, Colorado, and California. In each case, showings bottomed out in late March to early April and moved up sharply through the rest of the month. Some are only slightly below or even from where they were a year ago.





REAL TRENDS

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FIRST PERSON

This won't help closings in May, which will likely be the trough for housing sales, or June, which may be relatively anemic. But, the significant increase in showings bodes well for July and beyond. This still doesn't address the low inventory issue that we've been dealing with for the past four to five years in most markets. Many brokerage firms, MLSs, and state and local associations of Realtors® report a rise in the number of sellers taking their homes off the market due to fears about people being in their homes or a sense that this may not be the best time to sell a home. Both of these issues will likely fade somewhat by summer.

THIS WON'T HELP closings in May, which will likely be the trough for housing sales, or June, which may be relatively anemic. But, the significant increase in showings BODES WELL FOR JULY AND BEYOND.

Let's remember some basics. Virtually every study about consumer attitudes about homeownership remains positive whether the source of the study is an industry group or some outside survey or research firm. Generation Z, Millennials, Gen-Xers, and Boomers still desire to own a home. Secondly, based on the 2018 Harris Insights/REAL Trends/California Realtors® study, consumers think using a Realtor is smart. Some 90% reported they used a Realtor to purchase or sell a home in 2018 (up from 85% from the same research in 2014), and 92% of Millennials and Gen-X said they used a Realtor.

These fundamentals seem to remain intact. Even amid the challenges of Covid-19 and the shutdown of the economy, families were lining up to look at homes for sale. While nearly 20% of American workers are out of work as of this writing, it also means that 80% of Americans are still at work. As the economy recovers from what will be the worst quarter in U.S. economic history, more consumers will be ready to buy housing that fits their needs as the year goes on. 🏡

OPINION

WHAT REAL ESTATE CAN EXPECT DURING AND AFTER COVID-19

NAR offers predictions of the real estate market as cities start to reopen.

By Craig McClelland, vice president and COO of Better Homes and Gardens Real Estate Metro Brokers

Lawrence Yun, Chief Economist and Senior Vice President of Research at the National Association of REALTORS®, recently joined Better Homes and Gardens Real Estate Metro Brokers for an exclusive discussion about the impacts of COVID-19 on real estate.

Below are highlights of my conversation with him. They provide insight into what the industry can expect, according to the data Yun has gathered.

JOBS AND THE ECONOMY

The current sharp rise in unemployment claims we're seeing is expected to be followed by large numbers of people returning to their jobs once government-imposed economic shutdowns end. We may not return to the full pre-COVID-19 employment, but the vast majority will go back to their jobs. This, in turn, will positively impact the third and fourth quarters. That is when the economy's bounce-back will be evident.

FORECLOSURES AND HOME INVENTORY

A foreclosure crisis is not expected. Before the pandemic, buyers met the credit standards to buy a home, so there was no overstretching of their budgets.

The increase in home sales that we were experiencing pre-pandemic was a 10-year high. Home prices also reached

an all-time high. However, it will take multiple years to resolve the housing shortage created when building dramatically declined after the housing crisis of 2008-2012.

Even though there are currently fewer listings than before, we went into the pandemic with low inventory and will come out of the pandemic with low inventory. Consumers still need more choices for the mid-price point and slightly below.

BUYER AND SELLER THOUGHT PROCESSES

Now that the stimulus package is active, consumers are not as nervous. In many places, people are being cautious about social distancing and health guidelines but are still moving forward with their buying or selling plans. Many buyers are doing multiple virtual home tours before going on a physical visit. Those who still aren't ready to buy are saving their money in preparation for the economy reopening.

NAR also surveyed roughly 3,500 Realtors and found that home sellers are not panicking. Some are merely holding the listing until the economy is back on track. Sellers are not dropping their prices either. They are aware that this is a temporary situation.

Realtors working with buyer clients see some of them say they would like to wait until the economy reopens or don't want to continue looking to comply with government shelter-in-place orders (though it is possible to abide by those orders and still tour homes). Clients who want to look are not making offers with deep discounts either.

Even though individuals are still buying and selling, we are missing out on the spring buying season and may not fully recover it in the autumn. The good news is that we may have more activity this year in autumn and winter months than compared to the traditional amount of activity.

WHAT AGENTS CAN DO

Continue to build relationships. Reach out to past clients. Some may have been financially impacted and can take advantage of mortgage forbearance. Keep working with customers that need your assistance now.

Craig McClelland is vice president and COO of Better Homes and Gardens Real Estate Metro Brokers (metrobrokers.com) in Georgia. The family-owned and operated business have 27 offices and 2,500-plus highly trained sales associates throughout metro Atlanta and north Georgia. 🏡

SURVEYS REVEAL BROKER AND CONSUMER VIEWS ON THE FUTURE OF THE MARKET

We analyzed several recent surveys to give you a pulse on the market.

By Steve Murray,
president

BROKER SURVEY

HOW DO BROKERS VIEW THE FUTURE?

REAL Trends and Colmar Associates recently surveyed brokers to see how they see the future of real estate.

In April, REAL Trends and Colmar Associates surveyed 150 brokers (125 responded) to determine their future view, given the current state of the market. Here's what they had to say:

- 66% said they were going to use more of a combination of virtual meetings and company gatherings
- 24.8% said that their experience with virtual meetings was excellent, and 51.2% said it was very good
- 52.8% of the brokers surveyed said the decline in agent counts would be between 5% to 15% because of the economy's change
- 40.8% of brokers said they felt the recovery in housing sales would take hold between one to three months; 36.8% said it would be between three to six months, and 15.2% said it would take longer than six months
- 61.6% said they would consolidate their office space
- 20.0% said they felt business would be off 5% to 10% in 2020; 43.2% said they believed that business would be off 11% to 20% in 2020, and 16% said they would be off 21% to 30%;
- 92% said that their business would survive this downturn, showing the determination of the brokerage firms. 🏠

92% SAID that their business would survive this downturn, showing the determination of the brokerage firms.

CONSUMER COVID-19 HARRIS POLL

IT'S TIME FOR A PROACTIVE APPROACH FROM BROKERS

With COVID-19 probably here in some form for the long term, this study shows how vital it is for brokers to go above and beyond with precautions.

The Harris Poll, one of the country's most respected polling and research organizations, released the findings of a study done in early May. In it the poll found:

- 80% of Americans are still concerned with the risk of being exposed when leaving home for errands and worry they will accidentally expose others.
- Nearly 75% of Americans worry about future public activities, such as public transit, socializing or going to bars, restaurants, hairdressers, etc.
- 66% of parents are concerned their kids will be exposed if sent back to school, causing many districts to cancel in-person classes for the rest of the school year.
- Taking a flight is also a concern for 66% of Americans.

Given this, real estate professionals and brokerage firms will need to go beyond passive acceptance of government directives as to what needs to be done to show homes.

It appears the Coronavirus is here to stay, much like influenza. Given the high levels of current fear about the virus, it seems apparent that agents and brokerage firms should take a proactive approach to assure buyers and sellers that they've done all they can to ensure their safety. This should be a priority.

No agents can promise that each home is 100% safe for sellers and buyers, but they can take every step possible to let both parties know the steps they're taking to be as safe as possible. It should not be done with an attitude of "this is what they tell us we have to do," but rather, "our agents and we pledge to take all the steps we can to assure a safe environment." 🏡

HARRIS POLL NO. 2

ARE AMERICANS RECONSIDERING WHERE THEY LIVE?

Study shows that Americans are rethinking high-density city and urban homes and moving to less-crowded places.

According to the results of a separate April 2020 Harris Poll, nearly 39% of urban dwellers said that COVID-19 had prompted them to consider moving to a less crowded place.

- It seems that 18 to 24-year-olds who were surveyed were more likely than other age groups to say they're considering a move.
- Urban dwellers (43%) were more likely than suburban (26%) and rural (21%) residents to report having browsed real estate websites for homes or apartments to rent or buy.

WHAT DOES THIS MEAN?

According to Harris and other sources, after a surge of people moving to urban cities—more than 1 million population during the early 2010s—major metro areas have seen growth slow-downs and even losses over the past four years according to an analysis of Census Bureau data by the Brookings Institution.

Remote work is being normalized and is likely to become a more permanent reality, allowing staff more flexibility to live further away from the company's headquarters.

One other note was that people tend to stay put during the threat of a recession, so the current downturn could discourage people from picking up and moving. 🏡



FINDING THE GOOD

THE POWER OF GRATITUDE

Remember to give thanks to starting each day off on the right foot by giving thanks.

By Larry Kendall, author of Ninja Selling

What if you woke up today with only the things you gave thanks for yesterday? This has become a reality for many of us during the pandemic. Remember when we would say, “I have to go to a sales meeting.” Or, “I have to hold an open house.” With a new perspective, we look forward to the day we can say, “I get to go to the sales meeting.” The simple activities we took for granted, like taking a friend to dinner, are now valued and missed.

Writer Laura Kelly Fanucci states it beautifully.

*“When this is over,
may we never again
take for granted*

A handshake with a stranger

Full shelves at the store

Conversations with neighbors

A crowded theater

Friday night out

The taste of communion

A routine checkup

The school rush each morning

Coffee with a friend

The stadium roaring

Each deep breath

A boring Tuesday

Life itself.

When this ends

may we find

that we have become

more like the people

*we wanted to be
we were called to be
we hoped to be
and may we stay
that way — better
for each other
because of the worst.”*

- Laura Kelly
Fanucci



Dr. Robert Emmons, University of California-Davis, has devoted much of his career to the study of gratitude. Here are five of his findings on the power of a morning gratitude routine.

1. Goals: Participants who kept gratitude lists were more likely to have made progress toward important personal goals (academic, interpersonal, and health-based).

2. Mindset: A daily gratitude intervention (self-guided exercises) with young adults resulted in higher reported levels of the positive states of alertness, enthusiasm, determination, attentiveness, and energy.

3. Giving: Participants in the daily gratitude condition were more likely to report having helped someone with a personal problem or having offered emotional support to another.

4. Health: In a sample of adults with neuromuscular disease, a 21-day gratitude intervention resulted in greater amounts of high-energy, positive moods, a greater sense of feeling connected to others, more optimistic ratings of one's life, and better sleep duration and sleep quality, relative to a control group.

5. Well-Being: Grateful people report higher levels of positive emotions, life satisfaction, vitality, optimism, and lower levels of depression and stress. Grateful people do not deny or ignore the negative aspects of life. They put them in perspective.

Begin your day with the power of gratitude. As Dr. Michael Beckwith says, “You cannot bring anything new into your life until you are first grateful for what you have now.” ▲



*“You cannot bring anything
new into your life until
you are **FIRST GRATEFUL**
for what you have now.”*

— Dr. Michael Beckwith



**THE MARKET
IS CHANGING!**

IT'S TIME TO
TALK ABOUT
**YOUR
FIRM'S
VALUE!**



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REAL Trends has been the trusted leader in valuation services for over 32 years. Our team has performed over 3,500 valuations for brokerage firms of all sizes across the country.

3,500+
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760+
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LET'S TALK!

For more information, please call Scott Wright at 303-741-1000
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ADAPT AND THRIVE

SEA CHANGE COMING FOR BROKERAGES

Business owners likely to change the way brokerage offices do business and how space is configured.

By Scott Wright, vice president



The ongoing global health crisis has forced business owners to alter the way they do business. As we're all learning, if you don't adapt and embrace new and different ways of doing business, you'll get left behind. In the real estate industry, broker-owners and their sales professionals have had to become particularly nimble in the way they do business.

Due to the strong interpersonal nature of this industry, it's become incredibly challenging to do business the way we've done it in the past, which sadly was only a few months ago. It seems like ages since we've gathered around the water cooler with peers, attended in-person team meetings, and packed ourselves into tight rooms for training sessions. We took for granted the ability to meet with clients face-to-face at a Starbucks or in their homes. Open houses and showings were just a part of the daily hustle.

We're resilient people, and we're figuring things out. It is incredible how quickly

we've all embraced our new virtual world. While video conferencing has been around for a while, it hasn't necessarily been a preferred or widespread way of doing business. It's now become our new best friend!

Whether Zoom, Google Hangouts, or Microsoft Teams, we've all had to learn how to use virtual communication platforms to keep in touch with our co-workers, partners, and clients. Interpersonal restrictions have also prompted us to rely more on virtual home staging, virtual tours, and even virtual closings.

We'll get back to rubbing elbows once we get past this health crisis, but the widespread acceptance of virtual business born from this crisis will no doubt fashion permanent habits for all of us. From an employer's perspective, we'll be more accepting of working from home as well as virtual meetings and training. From a sales professional's perspective, we'll find virtual meetings more acceptable to our clients. This will ultimately lead to less of a need for abundant office space or a

way to distance people within the office.

In the real estate industry, we've seen a long-term trend that has us slowly moving away from brick and mortar in our new virtual world. This crisis will force our hand to accelerate this trend drastically.

Many of our brokerage clients at REAL Trends are putting into motion plans to reduce their occupancy expenses. Also, we got a big tell from a recent survey we sent to leading firms around the country. A whopping 62% of those polled will consider reducing their footprint when office leases come up for renewal, with nearly half seriously considering office consolidations based on the success of working from home and virtual meetings.

The bottom line is that the COVID-19 health crisis has fostered a universal acceptance of virtual business. This will undoubtedly prompt a sea change in the way brokerages view, design, develop, and ultimately spend money on office space. 🏡

In the real estate industry, we've seen a long-term trend that has us **SLOWLY MOVING AWAY FROM BRICK AND MORTAR** in our new virtual world.

BUSINESS LEADERS

HOW TO BRING STABILITY AND HOPE TO YOUR BUSINESS

In times of crisis, influential leaders find opportunities. Here's how.

By Jadon Newman, founder, and CEO of Noble Capital

Many business leaders face extreme challenges during their careers, but the coronavirus pandemic is uncharted waters for all.

Most offices and stores are slowly reopening across the U.S. Companies still operating are mostly working remotely, and many are doing business differently to adjust to the new normal. As uncertainty continues to reign, how should leaders respond to new fiscal challenges, and what guidelines should they follow?

Companies around the world are reevaluating how they do business to overcome the challenge that we all face at this moment. Times of crisis are when the best leaders step up, calm their workforce, believe in their capabilities, and go beyond the norm to influence changes that make a company more robust for the long haul.

While the health and well-being of team members have to be leadership's primary concern, it's never been more critical to find new and creative ways to meet revenue goals. Challenging times is when innovation is often born, and that starts with leaders who won't be paralyzed by problems, but rather see them as opportunities to grow.

Here are five tips to help business leaders navigate this unprecedented time:

- **Turn to your core values.** A company's core values act as a compass in stormy seas, Newman says, bringing some stability and helping maintain direction even while waves of uncertainty approach.



Your unchanging core values provide clarity amid the turbulence. They serve as a framework to inform your decision-making process, especially during periods of uncertainty.

- **Be strong and honest.** Leaders who are best prepared to get through a crisis have an excellent level of resiliency. They have mental discipline, accept life's insecurities, and don't panic when the storm hits. The next step is committing to transparency with employees. Share your thoughts, concerns, and encouragement, and reinforce the company values.
- **Learn, invite new ideas, and adjust.** A crisis causes leaders to reevaluate processes and consider improvements tailored to a changing business climate. It's imperative to learn from the current crisis, and, from your data, determine what your company can do differently to adjust. Embrace it as an exciting opportunity to innovate and be better. Solicit ideas from your most trusted people. Look at new services and products you could create. Everything from what you sell to how you deliver it might be on the table for a change.
- **Be extra resourceful.** One thing we learned during the last recession is how to be resourceful. Now is the time to reorganize and refocus to achieve lean and efficient business operations. Develop a plan to reduce costs without interrupting critical

business functions. Reach out to your network and external partners to leverage any resources you may have outside of the company. Empower all team members and leaders at your company to exercise a new level of responsibility.

- **Increase and improve communication.** Communication with team members, clients, and external partners is paramount. There's no reason you can't enhance communication despite the current circumstances. Increase the use of technology to stay in front of clients, including video conferencing, emails, and even text messages when appropriate. Work with your business leadership to develop the proper communication plan for your business.

How a company overcomes significant challenges determines what type of company they are. As leaders step up and guide a company through, they develop deeper leadership capabilities that will last long beyond the current crisis. Likewise, their company will be stronger for it.

Jadon Newman is the founder and CEO of Noble Capital (www.noblecapital.com). With a 20-year career in real estate and finance, he specializes in private lending, private equity, investment real estate, and strategic venture capital. ▲

LEADERSHIP

STRENGTHENING YOUR TEAM

By Gino Belfari

When the pandemic became widespread, I released a statement about the importance of industry leadership and in it wrote this:

A business is only as resilient as the leader who guides it; lead with conviction and confidence, focusing on solutions rather than what you can't control.

That idea is still applicable today as we continue navigating every challenge presented by the COVID-19 crisis. Strength in this new world is a dichotomous concept; we must be strong as leaders, but we also must instill strength in all those we lead. You become a more influential leader when you give power away.

If you're wondering how to build your team's internal strength, here are a few ideas:

Provide opportunities for self-direction and decision-making. The more you empower your team members with the ability to make decisions, the more they'll gain confidence and competence in the choices they make. When team members can take ownership of their initiatives and implement their ideas, you create a climate where everyone is fully engaged. Your team knows that what they say and do matters critically to the success of the overall organization.

Understand that being in control is a basic human instinct. Power is not about greed or financial gain; it's about the ability to direct and decide and inspire and influence. People want responsibility and control. They want to know that their work and the decisions they make will positively impact future outcomes.



Choice feeds power. A study by researchers at the Delgado Lab for Social and Affective Neuroscience at Rutgers University revealed that choice activates the reward-centric circuits of the brain, making people feel more confident and willing to explore options outside of their comfort zones.

Goals and commitments can create power. By allowing your team members to set their own goals and obligations without influence from a manager or leader, you're empowering them to decide the trajectory of their success. You're allowing them to take the initiative and self-direct themselves toward excellence in execution.

Don't worry about slackers. It could be argued that by giving your team autonomy, you're also opening people up for laziness or an inability to execute because there's no pressure influencing performance. However, slackers will self-select out of a working system with strong leadership and an empowered team. After a while, team members will get tired of doing the slacker's work, and the slacking member of the team will be forced to step it up or step out.

Invest in strengthening the knowledge and capacity of your team. I've long been an advocate for coaching and training, and that has never been truer than it is today when so many excellent mentors and coaches are providing incredible online resources for learning.

Think of yourself as a coach. Some of the best leadership examples come from the world of sports—Bill Walsh, Phil Jackson, Bill Belichick, Vince Lombardi, and Don Shula. All of these great coaches were actively engaged in building the physical and mental strength of their teams. Beyond building strength, another aspect of being a coach is the assessment of robustness.

A forward-thinking leader is constantly evaluating team members and asking how best to guide them toward greater competency and fortitude. As Frances Hesselbein, former CEO of the Girl Scouts of the U.S.A., once said: "Ask, don't tell."

So, what's the message? Leadership is a mindset and a movement toward greater strength within an entire organization, creating empowered team members who feel motivated to perform at their very best. While we're all at home figuring out how to keep business thriving, let's remember to focus on helping our team members thrive. ▲

While we're all at home figuring out how to keep business thriving, let's remember to focus on helping our team members thrive.





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LESSONS LEARNED: A ROUNDUP OF ADVICE FOR BROKERAGE LEADERS

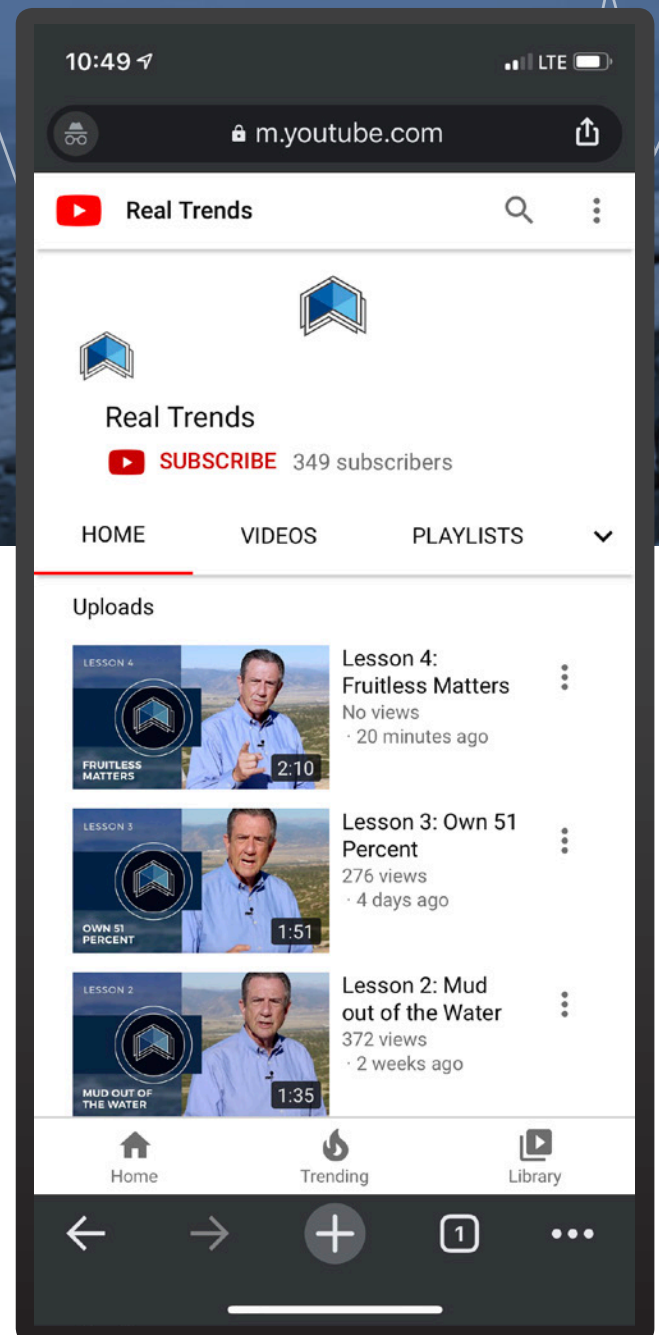
Steve Murray, president of REAL Trends, shares his top lessons learned from coaches, brokerage leaders and more in this series. You'll find great nuggets of information and takeaways to implement in your own business.

WATCH NOW

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HOUSECANARY MARKET PULSE

U.S. HOME SALES AND LISTING ACTIVITY SINCE THE START OF THE PANDEMIC

Tight supply has contributed to price stability in many markets.

Nationwide new listing volume was down 25.8% nationwide compared to the week ending March 13, when most COVID-19 measures were implemented. Although, the weekly new listing volume is up 17.4% from its lowest level, which occurred during the week ending April 17. Nationwide weekly new listing volume has been increasing each week since that time.

For the week ending May 8, the weekly volume of listings going into contract for single-family detached homes was down 5.2% nationwide compared to the week ending March 13, when most COVID-19 measures were implemented. Weekly volume of listings going into a contract is up 46.2% from its lowest level, which occurred during the week ending April 10. Of note, nationwide weekly contract volume has been increasing each week since April 10, indicating buyers are finding ways to complete transactions while practicing social distancing.

During the week ending March 13, there was an early spike in properties being removed from the market. That trend reversed for the subsequent three weeks. Since the week of April 5, removals have settled back down to pre COVID-19 levels.

The total nationwide available inventory of single-family detached homes was down by 4.7% compared to the week ending March 13, when most COVID-19 measures were implemented, and has remained relatively constant over the past six weeks. Tight supply has helped stabilize prices in many markets through the weeks following March 6. For example, since the week ending March 6 through current, there are 86,234 fewer properties in total supply than before the beginning of COVID-19 stay-at-home measures. Thirty-six of forty-six states have shown an increasing demand for properties

under contract that exceeds the net supply. If this trend continues, it will put increasing pressure on real estate values.

Before the COVID-19 pandemic, housing prices continued to rise in most markets. Using a three-week moving average of the median price of new listings, two-thirds of the states reviewed saw a rise in median housing prices for newly listed properties as the historically strong spring buying season continues.

AN UPTICK IN MEDIAN LIST PRICE

Over the week ending May 8, 32 of the 46 states have seen an uptick in the median list price of new listings, while 14 states have shown price declines. Hawaii, New York, Florida, Connecticut, and California have shown the strongest price gains. West Virginia, New Jersey, D.C., North Dakota, and Idaho have all shown the most significant declines in new listing prices. 🏡

Over the week ending May 8, **32 OF THE 46 STATES HAVE SEEN AN UPTICK** in the median list price of new listings, while 14 states have shown price declines.



REALTORS® REPORT

77% OF POTENTIAL HOME SELLERS ARE PREPARING TO SELL FOLLOWING END OF STAY-AT-HOME ORDERS

More than 3 in 4 potential sellers—77%—are preparing to sell their homes following the end of stay-at-home orders, with half completing do-it-yourself home improvement projects, according to a new survey from the National Association of Realtors®.

“After a pause, home sellers are gearing up to list their properties with the reopening of the economy,” said NAR Chief Economist Lawrence Yun. “Plenty of buyers also appear ready to take advantage of record-low mortgage rates and the stability that comes with

these locked-in monthly payments into future years.”

NAR’s latest Economic Pulse Flash Survey, conducted May 3-4, asked members how the coronavirus outbreak has impacted the residential and commercial real estate markets. Several highlights include:

- Five percent of Realtors® said their clients are shifting neighborhood preferences from urban areas to suburban areas due to COVID-19.
- About 1 in 8 Realtors®—13%—reported buyers have changed at least one home feature that’s important to them due to COVID-19.

For these buyers, the most common home features they identified as important are home offices, yard space for exercising or growing food, and space to accommodate a family.

- Nearly 3 in 4 Realtors® currently working with sellers this week—73%—reported their clients hadn’t reduced listing prices to attract buyers.

View NAR’s Economic Pulse Flash Survey report:

[CLICK HERE](#)

View NAR’s Weekly Housing Market Monitor:

[CLICK HERE](#)



“Plenty of buyers also appear ready to take advantage of record-low mortgage rates and the stability that comes with these locked-in monthly payments into future years.”

— **NAR Chief Economist Lawrence Yun**



UNPRECEDENTED TURNAROUND IN HOME SHOWING ACTIVITY SEEN IN APRIL AND MAY

Showing Traffic Matches Prior-Year Levels in Many Markets According to Latest ShowingTime Data; Tech-Facilitated Showings, Loosening of Stay-at-Home Restrictions Account for Improvements

KEY POINTS:

- Year-over-year gains in showing activity seen in states immediately after restrictions are loosened for in-person showings, signaling how other states might fare following similar legislative decisions
- Tens of thousands of virtual showings have been conducted to date through ShowingTime
- ShowingTime's COVID-19 tracker, which charts daily homebuyer demand across the U.S. and parts of Canada, reveals steady improvements in almost every state and province: [CLICK HERE](#)

Showing activity continued an impressive turnaround after an historic spring collapse, led in part by loosening restrictions and increased adoption of virtual showing technology, according to data from ShowingTime.

In early April, 42 states had issued stay-at-home orders, though by mid-May, the number of states where only essential businesses were permitted to remain open had dropped to 21. The Department of Homeland Security lists real estate as an essential service, though local guidelines take precedence.

"The beginning of April marked the absolute bottom of per capita real estate activity since the Great Depression as three-quarters of buyer traffic evaporated, yet that was immediately followed by an unprecedented turnaround," said ShowingTime Chief Analytics Officer Daniil Cherkasskiy. "We've seen a significant rebound in May as rapidly returning buyer traffic concentrates on the subdued levels of inventory."

The data also show that listings that have gone under contract since the onset of the COVID-19 pandemic have required 40 percent fewer showings. "The probability of going under contract for listings coming on the market has been remarkably stable after the first week of April," Cherkasskiy said. "This suggests that buyers who were still trying to see homes in April were, on average, more determined to complete the transaction."

The upswing in showing activity correlates with an increasing rate of adoption of technology, with more and more agents conducting showings virtually. Since introducing a "virtual showing" option within its showing management products in early April, ShowingTime has seen tens of thousands of showings conducted exclusively online.

ShowingTime also introduced ShowingTime LIVE, an all-in-one showing and video platform that enables agents and their buyers to use ShowingTime's mobile

app for live, one-on-one interactive video showings. ShowingTime LIVE is currently available in select markets, and will be available throughout the U.S. and Canada in June.

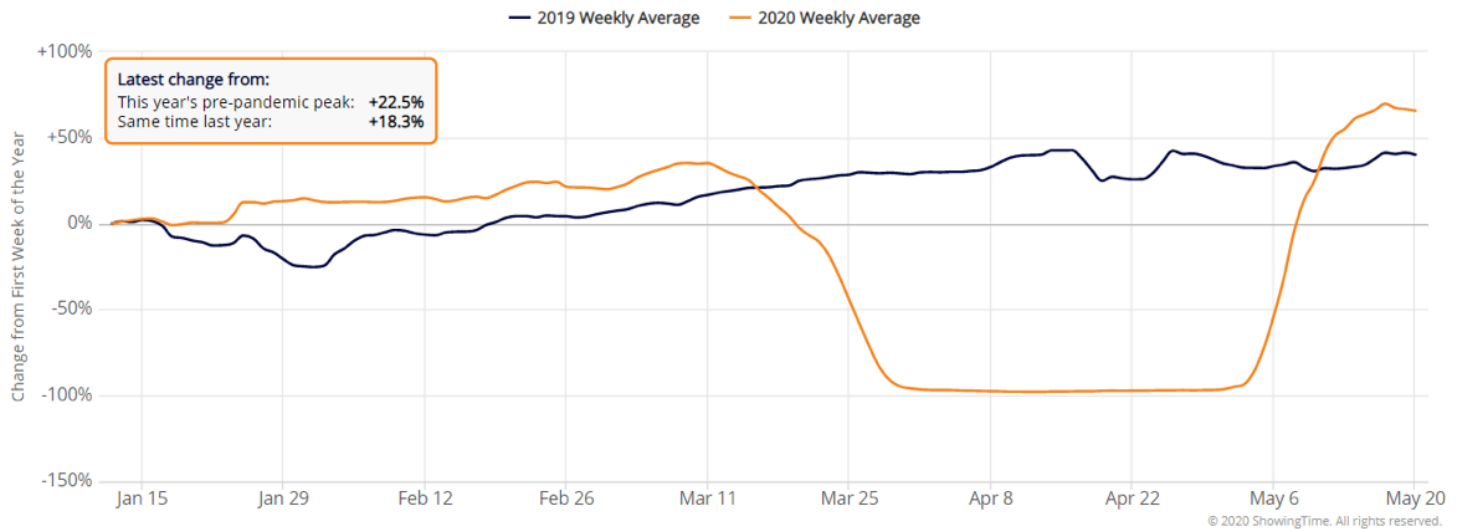
"We're continuing to see great resilience in the industry, which can be attributed to agents' willingness to expand their view of how showings can be conducted," said ShowingTime President Michael Lane. "The data we're seeing indicate an impressive rate of adoption of virtual showings. With the introduction of ShowingTime LIVE, we're able to help agents get buyers into properties in a safe manner."

In Michigan, state officials updated their guidance on May 7 and declared real estate an essential business. As a result, the state's showing activity jumped dramatically, recovering to a normal Springtime run-rate in just eight days. It could signal how other states will fare following similar actions and loosening of restrictions.

The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, providing a benchmark to track buyer demand. ShowingTime facilitates more than five million showings each month. Released monthly, the Showing Index tracks the average number of appointments received on active listings during the month. Local MLS indices are also available for select markets and are distributed to MLS and association leadership.

Impact of COVID-19 to Real Estate Showings in Michigan

Weekly showings normalized to the first calendar week of January, 7-day moving average. Data through May 20, 2020



As anticipated, Showing Index® data in April revealed flagging activity on a year-over-year basis. Nationally, showing activity dropped 42.1 percent year over year in

April, with the Northeast Region's 51.2 percent fall the most significant of all four regions. The Midwest's 41.4 percent year-over-year dip came next,

followed by a 36.7 percent decline in activity in the West. The South's 33.6 percent fall in activity rounded out the year-over-year decreases in buyer traffic.

ShowingTime® Showing Index – April 2020

The ShowingTime Showing Index tracks the average number of buyer showings on active residential properties on a monthly basis, a highly reliable indicator of current and future demand trends.

-42.1%
UNITED STATES

-36.7%
WEST REGION

-41.4%
MIDWEST REGION

-33.6%
SOUTH REGION

-51.2%
NORTHEAST REGION

Methodology: The ShowingTime Showing Index® measures showing traffic per residential property for sale by agents and brokers utilizing ShowingTime solutions for property-access management. A higher number means that an average home receives more buyer visits in a given month. All index values are scaled relative to initial index value set to 100 for January 2014.

ABOUT SHOWINGTIME

ShowingTime is the residential real estate industry's leading showing management and market stats technology provider, with more than 1.2 million active listings subscribed to its services. Its showing products and services simplify the appointment

scheduling process for real estate professionals, buyers and sellers, resulting in more showings, more feedback and more efficient sales. Its MarketStats division provides interactive tools and easy-to-read market reports for MLSs, associations, brokers, agents and other real estate

companies, as well as a recruiting tool for brokers. ShowingTime products are used in 370 MLSs representing one million real estate professionals across the U.S. and Canada. For more information, contact us at research@showingtime.com. 🏠

FOURTH CIRCUIT REJECTS RESPA LAWSUIT—NO CONCRETE HARM

WHY IS THIS CASE SO SIGNIFICANT?

By Sue Johnson, strategic alliance consultant

A three-judge panel of the Fourth Circuit Court of Appeals recently held that plaintiffs claimed their real estate company's marketing agreement violated RESPA because they lacked standing to sue under Article III of the U.S. Constitution could not show a *concrete* injury-in-fact.

This decision in *Baehr v. The Creig Northrup Team* will make it more difficult for class action representatives to sue in federal court based on a procedural violation of RESPA. Here's why the case is significant.

THE SUPREME COURT'S NON-DECISION IN FIRST AMERICAN AND DECISION IN SPOKEO

In 2012, the real estate industry eagerly awaited the U.S. Supreme Court to rule in the case of *First American Financial Corp. v. Edwards*, which would have resolved a longstanding dispute among federal courts over whether a plaintiff in a RESPA lawsuit lacks standing to sue in a federal court under Article III if they have not been negatively affected by the price or quality of the settlement

service purchased. The Supreme Court ultimately ducked the issue and decided not to issue a decision.

In 2016, the Supreme Court in *Spokeo, Inc. v. Robins* laid out the framework for determining whether a plaintiff who alleges a statutory violation of the Fair Credit Reporting Act (FCRA) without tangible harm has an *injury-in-fact* required to obtain Article III standing to sue.

The Court in *Spokeo* acknowledged that the injury need not be *tangible* but said that Article III standing requires a *concrete* injury-in-fact. In determining whether an intangible harm constitutes a concrete injury, it said that both history and the Congress's judgment when it enacted the statute is *instructive and important*. When enacting the FCRA, Congress sought to curb the dissemination of false information. Still, a violation of one of the FCRA's procedural requirements (such as disseminating an incorrect zip code) without more may not result in any actual harm. Therefore, the Court held that a plaintiff could not

achieve standing under Article III by alleging a mere statutory violation of the FCRA in the absence of concrete harm.

THE BAEHR CASE

The Baehrs engaged a real estate agent of The Creig Northrup Team to handle the 2008 purchase of their home. In 2013, they filed a lawsuit against The Northrup Team and Lakeview Title Company, which had a marketing agreement with the Northrup Team and provided the settlement services needed to complete the transaction. The Baehrs claimed that the monthly payments made by Lakeview to The Northrup Team were illegal kickbacks under Section 8 of RESPA. They did not claim that they were overcharged or that the settlement services were inadequate, but alleged that they "were deprived of an impartial and fair competition between settlement service providers in violation of RESPA."

In 2018, the district court awarded summary judgment to the defendants because the Baehrs lacked Article III standing because they were not



Individual plaintiffs like the Baehrs base their standing to sue on the mere fact that the statute was violated, and request class certification.

overcharged for settlement services and had not otherwise suffered a concrete injury.

The Baehrs appealed, once again claiming that the deprivation of impartial and fair competition between settlement services providers is a concrete injury under RESPA, even in the absence of an overcharge. They also advanced three new allegations of concrete injury: (1) that the Northrop Team had a fiduciary duty to disclose and remit any fees paid by Lakeview; (2) that it was unjustly enriched by their engagement of Lakeview; and (3) that they paid for settlement services provided in contravention of RESPA.

THE BAEHR DECISION

The Fourth Circuit panel applied the principles used in *Spokeo* to reject the Baehrs' claim that the deprivation of impartial and fair competition among settlement service providers by itself is concrete harm under RESPA that justifies standing. An allegation of a

statutory violation cannot satisfy the injury-in-fact requirement of Article III without

showing that the harm stemming from the statutory violation is the type of harm Congress sought to prevent when it enacted the statute. When enacting RESPA, Congress intended to protect consumers from "certain abusive practices that had resulted in 'unnecessarily high settlement charges.'"

"The upshot is that the deprivation of impartial and fair competition between settlement services providers—untethered from any evidence that the deprivation thereof increased settlement costs—is not a concrete injury under RESPA," the panel concluded.

The panel also rejected the plaintiffs' three new arguments to show concrete injury, saying that (1) they had not established that the Northrop Team owed them a fiduciary duty; (2) any unjust enrichment by the defendants did not harm them; and (3) payment for a service in an allegedly unlawful transaction was still just a mere statutory violation insufficient to provide standing. Accordingly, it directed the district court to dismiss the plaintiffs' complaint.

WHY BAEHR IS IMPORTANT

Federal statutes like RESPA, which authorize statutory damages in addition to or instead of actual

damages, long have been attractive targets for class action attorneys.

Individual plaintiffs like the Baehrs base their standing to sue on the mere fact that the statute was violated, and request class certification. Under RESPA's treble damages provision, the class often asks for millions of dollars in damages without alleging or proving any concrete injury.

The Baehr decision is only applicable to federal courts in the Fourth Circuit (Maryland, the Eastern District of North Carolina, and the Middle District of North Carolina). The Baehrs can still ask for a review of the panel's decision by the full Fourth Circuit. Nevertheless, this ruling establishes a strong precedent in federal courts that alleged violations of RESPA must comply with *Spokeo*—which means that the court will look beyond allegations of bare statutory violations to whether there is any concrete injury.



Sue Johnson is the former executive director of RESPRO, the Real Estate Services Providers Council Inc. She retired in 2015 and is now a strategic alliance consultant. 🏠

This ruling establishes a strong precedent in federal courts that alleged violations of RESPA must comply with *Spokeo*—which means that the court will look beyond allegations of bare statutory violations to whether there is any concrete injury.

COVID-19 UPDATE

SOUTH AFRICAN REAL ESTATE MARKET

March draconian lockdowns and other policies put a damper on all business activities. How is the economy doing now?

By Peter Gilmour, chief foreign correspondent

South Africa is the second-largest economy in Africa. Despite its highly developed infrastructure and extensive mineral wealth, it's ranked as low in equalities for its residents. Only 40% of the 58 million inhabitants live in formal housing. The rest are housed in tribal settings and township shacks. Pre-COVID-19 unemployment stood at 30%. Notwithstanding the inequality existing in the country, South Africa has a vibrant real estate market comprising over 6.5 million homes valued at over \$3 trillion, with more than 250,000 residential home sales in 2019. The real estate market, like that in New Zealand, has many similarities to how real estate is conducted in the United States.

The March arrival of the COVID-19 virus in the country has turned real estate on its head as the government has imposed one of the more draconian lockdowns and stay-at-home policies in the world. Since March, people may only leave their homes for essential foods and medical supplies. Only essential service workers carrying permits may travel any distance before being confronted with an army-manned roadblock. There are no train or bus services, all international and domestic air travel is canceled, and a national evening curfew exists. As of June 1, this has seemingly worked as the country has only 14,000 active cases and 650 deaths, but the cost to individuals through job losses and the country's economy has yet to be counted.

NO REAL ESTATE CLOSINGS

Real estate may only be carried out virtually via Zoom, virtual tours, virtual listings, social media, and other related technology. This has not been easy due to the poor quality of internet services in many parts of the country. Fortunately, many foreign-based real estate groups are

represented, like Keller Williams, RE/MAX, Century 21, ERA, Harcourts, and Engle & Volkers. They are introducing some of the tech products available in their countries of origin to the local market.

Since March, there have been no real estate closings in residential, commercial, industrial or agriculture sectors as the Deeds Registry Office has been closed. This has been severe for the over 50,000 commission-based agents and brokers who have had no income. The government announced a risk-based opening of the economy with five levels of risk for various industries. On May 1, the country moved from the maximum risk Level 5 to Level 4. Sadly, real estate was earmarked to open at Level 2 which meant a long wait for the industry to open real estate offices and meet clients one-on-one. As of June 1; however, the country moved to Level 3. Real estate and the Deeds Registry office may open with strict protocols.

UNIFIED ORGANIZATION

One of the positives to emerge has been the unification of organizations representing residential, commercial, industrial real estate, as well as business brokers and auctioneers into one national body. The National Property Professionals Council will represent the industry in all matters pertaining to the sector. The industry has come together, which bodes well for the future as the industry recovers from the enforced standstill.

Peter Gilmour is REAL Trends chief foreign correspondent and Chairman Emeritus and co-founder of RE/MAX of Southern Africa. ▲



AGENT RANKINGS

 2020
THE THOUSAND

REALTRENDS + TomFerry

LAUNCHES
JUNE 19, 2020



REALTRENDS | TomFerry

AMERICA'S BEST
REAL ESTATE PROFESSIONALS

LAUNCHES
JUNE 24, 2020

AN OBSERVATION

FINDING STABILITY IN AN UNSTABLE TIME

While some things have changed forever, we can always count on the sights and smell of spring and summer coming.

Being fortunate to live in Colorado, I recently watched spring unfold. Flowers are blooming, trees opening their leaves, and fields turning that particular color of green. For me, it brings back memories of growing up in Connecticut and watching Dogwoods and Forsythia bloom early—even before their leaves come out. Living in Georgia after college, I watched the Dogwoods and Azaleas shower the world with color and their sweet smell.

Today, many of man's systems are momentarily broken. It will take time to fix them. It won't happen overnight. Those who have lived through past recessions and 9/11 know that not everything will come back. Time gives us the chance to speculate about what will change and how much it will affect us.

However, we can be thankful to count on some things not changing, such as the arrival of spring that leads to summer, and all the sights, sounds, and smells that come with it. We can be thankful that we can still take the time to be amazed by them. ▲