

# Berkeleyside

## HOUSING

### 'An induced coma': How COVID-19 is impacting the buying and selling of homes in the East Bay

While the local housing market slumbers, some buyers will try to land a better deal. But the whole process of buying, and selling, has been transformed.

By Ally Markovich, April 30, 2020, 12:45 p.m.



Indhira Rojas and Jason Kerr at their Eichler home in the Oakland hills, designed by A. Quincy Jones. The house went on the market this week. Photo: Ellen Keith Shaw

Indhira Rojas had been preparing to put her Oakland home on the market for months. She managed to finish most of the remodeling by March, including the kitchen and the bathrooms. Selling a mid-century modern Joseph Eichler home, she was hopeful she would turn a profit — and fast. Then, COVID-19 shelter-in-place orders went into effect, and confidence gave way to a waiting game as she debated when and whether to go ahead with the sale.

“It’s a conflicting tension between understanding that, for many people, it’s not the time to be making these kinds of decisions. They’re in survival mode. At the same time, waiting would have more difficult consequences after all the work we’ve done to bring this property to the market,” Rojas, a first-time homeowner, said.

In the end Rojas took the plunge and the home went [on the market today](#). While she waits for a sale, Rojas has downsized, moving temporarily into a one-bedroom place with her partner, Jason Kerr.

Kristen von Bargen, a realtor with Highland Partners, was days away from closing a deal on a \$1.7 million home in the Oakland hills when the March 16 stay-at-home order took effect. Her client pulled out last minute and lost his deposit — a steep \$50,000.

It’s been quiet on the market ever since.

**“You get out of the coma. You don’t go dancing right away. You take a long, slow recovery to get back to normal.” — Kenneth Rosen**

“I think a lot of people are taking a watch and see attitude,” said von Bargen. “I have several people who want to buy or sell, but they’re just hanging back. People are not willing to take risks right now.”

“I call it an induced coma,” said Kenneth Rosen, chairman of the Berkeley Haas Fisher Center for Real Estate and Urban Economics, commenting on the current housing market. Government efforts to stop the spread of COVID-19 have temporarily

stalled market activity. When the restrictions are lifted, the market will begin to recover, he said.

But, he added, as with a patient emerging from a coma, the housing market will not recover immediately.

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“You get out of the coma. You don’t go dancing right away. You take a long, slow recovery to get back to normal,” Rosen said.

Meanwhile, the housing market has shifted: buying and selling have gone virtual and pricing strategies have become more transparent. People expect a price drop to come, and some buyers — including high-earning millennials — may be stepping in to land a good deal.

The shelter-in-place has given pause to many homeowners looking to sell. The number of new listings in the East Bay [plummeted](#) from 181 the week of March 16 to 55 the week of March 30. Since then, the number of new listings has gradually picked up. Overall in California, March sales have fallen 11.5% from February and 6.5% from the previous year, according to a [report](#) by the California Association of Realtors.

Though buying and selling have slowed, it has not stopped altogether: 33 single-family homes were sold in Berkeley in March, according to [Bay East Association of Realtors](#).

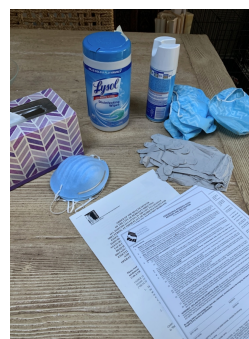
## New rules of the game

Gov. Gavin Newsom’s first shelter-in-place order did not consider real estate an essential business, grinding virtually all sales to a halt. A week later, an updated list labeled realtors as essential workers, as well as escrow agents, notaries, and title companies, but there are restrictions on the process. Appointments and residential real estate viewings can only occur virtually or, if a virtual viewing is not feasible, by appointment with no more than two visitors at a time residing within the same household or living unit and one individual showing the unit. Open houses and brokers’ tours are off the table.

A relaxation of [the order](#) this week means landscapers and gardeners are allowed to start working again, which helps for those preparing a home for market, but stagers — those who bring in furniture while a home is being showed — are still not permitted.

“They do not allow anybody to be prepping a house for beautification,” said Diana Yonkouski, an independent broker who has been working in Berkeley since 1989.

Real estate agents had to lobby the city to get photographers included as essential employees, arguing that they were necessary in order to be able to sell homes virtually.



Supplies real estate agent Diana Yonkouski has on hand to show a home. Photo: Courtesy

“People are still buying houses, people are still listing their houses, but the way we are showing houses is so different,” said Dolores Johnson, a local independent real estate agent.

“I used to love open houses. I had music and champagne and people coming through. This has radically changed things,” von Bargen said.

Before she gives a tour, von Borgen must ask her clients to sign a form that spells out the obligations and risks involved in the process. She can bring one or two people on the tour, and they all wear booties over their shoes, masks, and gloves. After the tour, real estate agents stay behind to disinfect the property for the next clients.

And that's if an in-person tour happens at all. Only vacant homes can be shown — if someone is living in the home, the in-person tour has to wait. Realtors have been forced to get creative, offering virtual tours and even virtual staging, a process in which agents take pictures of empty homes and photoshop in furniture.

Virtual staging comes with its snags: it can be hard to imagine yourself and your furniture without seeing it live.

"Virtual staging might get a buyer to the property but convincing them that their king size bed will fit, may require an actual bed," said Ann Arriola Plant, a realtor with Red Oak Realty in Oakland. "I'm finding that my buyers are not good at visualizing."

## A good time to buy?

Though buying and selling have slowed, the cost of buying a house has not dropped — yet. The median price of a home in [Berkeley is up 21%](#) compared to one year ago..

Given the paucity of housing and high demand, the Bay Area housing market is relatively protected. "There's consistently been more demand than supply in this area. We still have the coolest weather, best food, nicest people," said von Borgen. We are still going to see high demand and low supply, she said.

"People want to be in this area. They'll do whatever it takes to live here," echoed Johnson.

And the Bay Area housing market has a [track record](#) of bouncing back fairly quickly from downturns.

Still, Rosen at Berkeley Haas expects to see a drop in market prices, at some point in the summer or fall. Eventually, he says the cost of a home could dip 5% to 10%.

If you want to buy a home in Berkeley, there are certain advantages on your side now.

"It's definitely a good time to buy," Rosen said, explaining that interest rates are lower and mortgages are cheaper. "If you have the financial resources to buy comfortably and you want to live in a house, you can probably get some price concessions, but you won't have as much choice."

Johnson predicts that the pandemic could usher in a buyer's market. With fewer people looking to buy and homes still being put up for sale, the market could become less competitive.

"We've been a seller's market for so long, at least 10 years now. This pandemic may lead us into a buyer's market before the year is over," Johnson said.

"Buyers are likely to get a sweet deal. Now they can ask for a whole lot of stuff. I want you to pay for my home warranty, I want you to pay for the inspections. They can include their demands."

The pandemic has also changed pricing strategies for homes. Previously, a home would be listed under its market value to encourage bidding and multiple offers: as a result, homes regularly sold anywhere from 10% to 30% above list price. Now, many realtors are opting for "transparent pricing," where a home is listed at the price that a seller is willing to sell for.



A home is "virtually staged" using Photoshop.



Photos: Courtesy Diana Yonkouski

"By taking the price up to where the seller actually wants to sell and will sell, it eliminates a lot of people

going through the property that don't need to. It's better to not have lots of people going through the property if they basically can't afford to buy it," said Yonkouski, emphasizing that this practice is about the safety of the community. Yonkouski added that some realtors are still listing homes at below market value to encourage bidding, a practice which she thinks puts community members at risk.

Though the number of homes on the market is low, transparent pricing could drive prices down, especially as the effects of the pandemic continue to be felt months down the line. Those still looking to buy a home are hoping to take advantage of the circumstances to land a good deal. People who are renting are in a particularly good position, as are those who have inherited family money and want to buy a more luxurious home than they could afford otherwise, according to Plant.

## Changing how people buy homes

Already, the pandemic has brought significant changes to the way the real estate industry operates, and some of those changes could be here to stay. "Our industry has been turned upside down and inside out," Yonkouski said.

The process of buying a home has moved largely online, and the way people are looking at homes has changed. If businesses increasingly allow employees to work from home, what people expect from their homes will change as well. With everyone working from home, an extra room may start to feel like a necessity rather than a luxury, and new considerations come into play.

"Everyone is looking at their spaces differently because their use is different," Yonkouski said. "All of a sudden when you don't have the freedom to leave, your environment becomes more important."

With space and safety becoming increasingly important, Rosen predicts that the shelter-in-place order could spur more Millennials to abandon their apartments in San Francisco and start buying homes in the suburbs. "We have a lot of Millennials who have never bought. A high-density apartment is not as attractive right now. What if COVID is in your 30-story building? If you have a single-family home, maybe you feel a little safer. Maybe it's easier to get out and walk," Rosen said.

Some realtors are already seeing this process unfold. Among those still looking to buy a home right now are high-earning Millennials who think they can land a good deal, according to Plant.

Some wonder whether the housing market will move toward a completely virtual process, eliminating the need for visiting houses altogether. But some real estate agents find that hard to imagine.

"I always say I sell dreams, not houses. It's really hard for people to get emotionally involved with a property that they're looking at through a screen," Yonkouski said. It's hard for a virtual tour to replace the experience of walking through a home, including discovering the flaws. "Only by visiting properties do you see their faults. That's important when you're spending a million-plus on a property. You need to get a full feel, and that requires a visit."

Though experts and realtors can continue to make projections, the housing market — like the economy — hinges on a few key questions. Chief among them is when we get a vaccine for COVID-19.

"It's going to be a long, slow recovery. Unless we get a vaccine. That could change everything," Rosen said.



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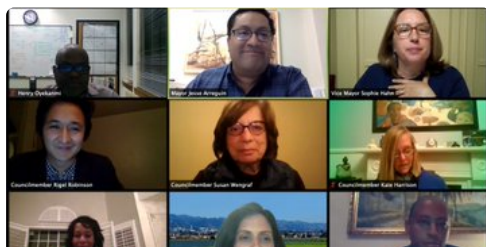
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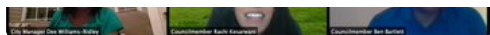
## BERKELEYSIDE ON TWITTER

**B** Berkeleyside  
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Replying to @berkeleyside

#berkmtg is adjourned (nice getting to see some more faces even if it's late)





9h

**B** Berkeleyside  
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Replying to @berkeleyside

Motion to accept appropriations ordinance just approved. Mayor notes that he decided not to fill a position in his office for \$45k to try to help with salary savings. Council members can also forgo their cost of living increases, he says. #berkmtg

9h

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Replying to @berkeleyside

On a tangent but these town hall sessions are super useful and, if you don't want to sacrifice your Saturday for this, you can always watch it later on the mayor's YouTube channel: [youtube.com/channel/UCgXaP...](https://www.youtube.com/channel/UCgXaP...) #berkmtg

	<p><b>Mayor Jesse Arreguín</b> 22nd Mayor of the City of ... <a href="https://www.youtube.com">youtube.com</a></p>
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9h

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Council is extending the meeting one more time. Heads up, if you didn't get to watch the weekend town hall (or want a recap), check it out on the mayor's website. Lots of relevant and interesting info: [dropbox.com/s/7en5tz7fd343...](https://www.dropbox.com/s/7en5tz7fd343...) #berkmtg

	<p><b>Virtual Town Hall Summ...</b> Shared with Dropbox <a href="https://www.dropbox.com">dropbox.com</a></p>
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