




Pending Home Sales Dropped 20 Percent in March; Realtors Are Coping

The Pending Home Sales Index (PHSI)  published monthly by the National Association of Realtors (NAR) [dropped 20 percent in March](#). Contract signings dropped 16 percent compared to a year ago.

Lawrence Yun, NAR's chief economist, said "the housing market is temporarily grappling with the coronavirus-induced shutdown, which pulled down new listings and new contracts." For the year he expects overall home sales to be down 14 percent compared to last year.

But home prices "are holding up well," he said. "In fact, I project the national median home price to increase 1.3% for the year."

How are realtors coping, with some being forbidden from being able to hold open houses, or meet in title insurance offices for the signing of contracts? How are realtors still able to conduct business? After all, the real estate market, although soft, is still operating at 84 percent of normal.

Realtors are adapting, embracing technology that only recently was considered leading edge: virtual tours. Initially, the technology was crude and didn't compete or compare well with a personal in-home visit by a potential buyer, and an enhanced tour might include personal commentary by the realtor, answering inevitable questions that come up during a tour.

But the technology has improved greatly to the point where virtual — aka 3D tours or 3D walkthroughs — tours come close to the personal experience, giving both buyers and sellers advantages over in-person visits.

The buyer, once on the realtor's website, takes control of the visit. When done professionally, the software allows the buyer to walk through the property at his own pace, pausing to do close-ups of particular features while skipping over other areas of little interest. A buyer can open closets and cabinets, and walk out onto the deck and enjoy the view. He can open the garage doors and check on storage space. He can begin to pick colors and arrange furniture virtually to fit his lifestyle.

For the realtor, his time is being used more efficiently. He doesn't need to schedule an in-person visit of the property, working around the owner's and buyer's schedules. He avoids travel time. He doesn't need to dress for the occasion or make sure his vehicle is sparkling clean.

3D tours, according to Zillow, bring in buyers from out of town, without the trip, thus expanding the market and perhaps boosting the price for a particularly attractive property. The realtor avoids the frustration of having to deal with "lookie-loos" or "dreamers" just out looking for a little entertainment, at the realtor's expense.

What about the legal work? E-signing software has been adopted across the legal and real estate professions, with buyers, sellers, and realtors often never even meeting before signing the paperwork.

When it's required that buyer and seller (and realtor) meet in person, those meetings are often taking place in parking lots.

And when personal contact is necessary, there's FaceTiming. Says John Schoonmaker, managing



Written by [Bob Adelman](#) on April 29, 2020

partner of Berkshire Hathaway in Long Island, “We’re putting the seller and buyer together and they’ll FaceTime to walk through the house.”

This is what inevitably happens when the market changes. Given sufficient motivation (real estate commissions average between five and six percent, or between \$12,500 and \$15,000 on a median-priced home in the United States), realtors find a way to do business.

That’s why Yun not only expects home prices to notch record highs by the end of the year, he also expects a bounce-back later in the year once those virus restrictions are lifted.

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