

# Top Agent Insights

## Q2 2020 Report

Get the full story on how the coronavirus suppressed a bustling spring real estate season, and the surge in activity that followed.

Discover how homebuyer housing preferences have shifted as their priorities change amid the pandemic.

Will the way we buy and sell real estate be forever changed?



# About this survey

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Due to changing conditions driven by the coronavirus outbreak, HomeLight's Q2 2020 Top Agent Insights report was compiled using data from 7 separate polls sent on the following dates:

- [April 1-2, 2020](#)
- [April 15-16, 2020](#)
- [April 29-30, 2020](#)
- [May 13-18, 2020](#)
- [May 27-31, 2020](#)
- [June 10-11, 2020](#)
- [June 24-25, 2020](#)

This biweekly polling schedule allowed HomeLight to track evolving trends in the market closely over time. Over the three-month span starting in April, over 2,000 real estate agents were polled nationwide for the purposes of this data collection.

Agents were selected to participate based on the [same performance data](#) HomeLight uses to identify top real estate agents for hundreds of thousands of homebuyers and sellers nationwide.



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# Housing Market Shows Signs of Resilience, Despite Initial Virus Toll

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The housing market got off to an incredibly rocky start in the second quarter with the coronavirus outbreak hitting right around peak moving season. However, as a testament to the market's strong underlying fundamentals, housing's role as a basic need in society, and real estate agents' proven ability to adapt to a new environment, the market managed to make a strong and notable comeback. While new challenges lie ahead given the precarious position of the economy, Q2 wrapped on a much stronger note than where it began. Let's dig into the data that shows the market's low points, high points, and turning points during this rollercoaster period of both uncertainty and resilience.

# After coronavirus turbulence, will summer be the new spring in real estate?

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Despite an immensely challenging quarter shaped by a devastating public health crisis, the U.S. housing market has regained much of the strength it lost early in the spring, fueling hopes for a robust summer recovery headed into Q3. Lockdown and fears of deadly infection painted a bleak picture for many weeks, putting the market through its paces. But in line with analyst predictions of a [V-shaped recovery](#), key indicators such as supply, demand, home prices, and industry sentiment all appear to be well-positioned for a rebound, at least in the short term.

**To understand what's driving the comeback, let's first examine the surprise market freeze that defined the start of the quarter.**

Our data collection points to early-to-mid April as the peak of the pandemic's impact on the market. The week of April 1, a sweeping 78% of agents reported that buyer activity had declined in their market, shooting up significantly from 45% two weeks prior. As worries mounted, 87% of agents said they'd seen at least some buyers pause their home search due to the virus. With the Federal Reserve keeping the [benchmark interest rate near zero](#) already, there would be no monetary easing available to stoke the coals of demand any further.

Acting as a counterbalance, however, were sellers who feared letting anyone into their home. Many sellers who'd planned to list in March or April either pulled their listings or pushed off their plans. As a result 76% of agents said they'd seen seller activity

decline at the start of April, and 66% had seen sellers take their house off the market. This behavior, while troublesome for the market health long term, effectively managed to prevent a supply bloat and protected home values from any severe downward pressure. Even at the heart of lockdown, over three-quarters of agents reported that home prices were holding steady. Low demand, meet even lower supply.

The sheer loss of transaction volume was a massive shock to the market and a stark contrast to [pre-pandemic expectations](#). For all of April, two-thirds of agents reported business as slower than usual, which is largely atypical for spring. Reports of a seller's market dropped below 50% across the nation, down from nearly 77% in February. [Pending home sales](#), as measured by the National Association of Realtors, slumped to their lowest level in two decades.

As early as mid-May, however, signs of life in the market began to emerge.

Agents said business was picking up a bit. Their estimations of buyer and seller dropout rates steadily declined. By the end of the month, as few as 3% of agents across the country reported that buyer activity was on the decline (that's compared to 78% on the 1st of April). Meanwhile, 13% said the same of sellers, down from nearly 80% the month prior. It appeared that, given some time to work out the precautions for selling and buying homes safely (with masks, gloves, and social distancing measures becoming second nature) many people were getting comfortable with the idea of resuming their real estate plans with modifications.

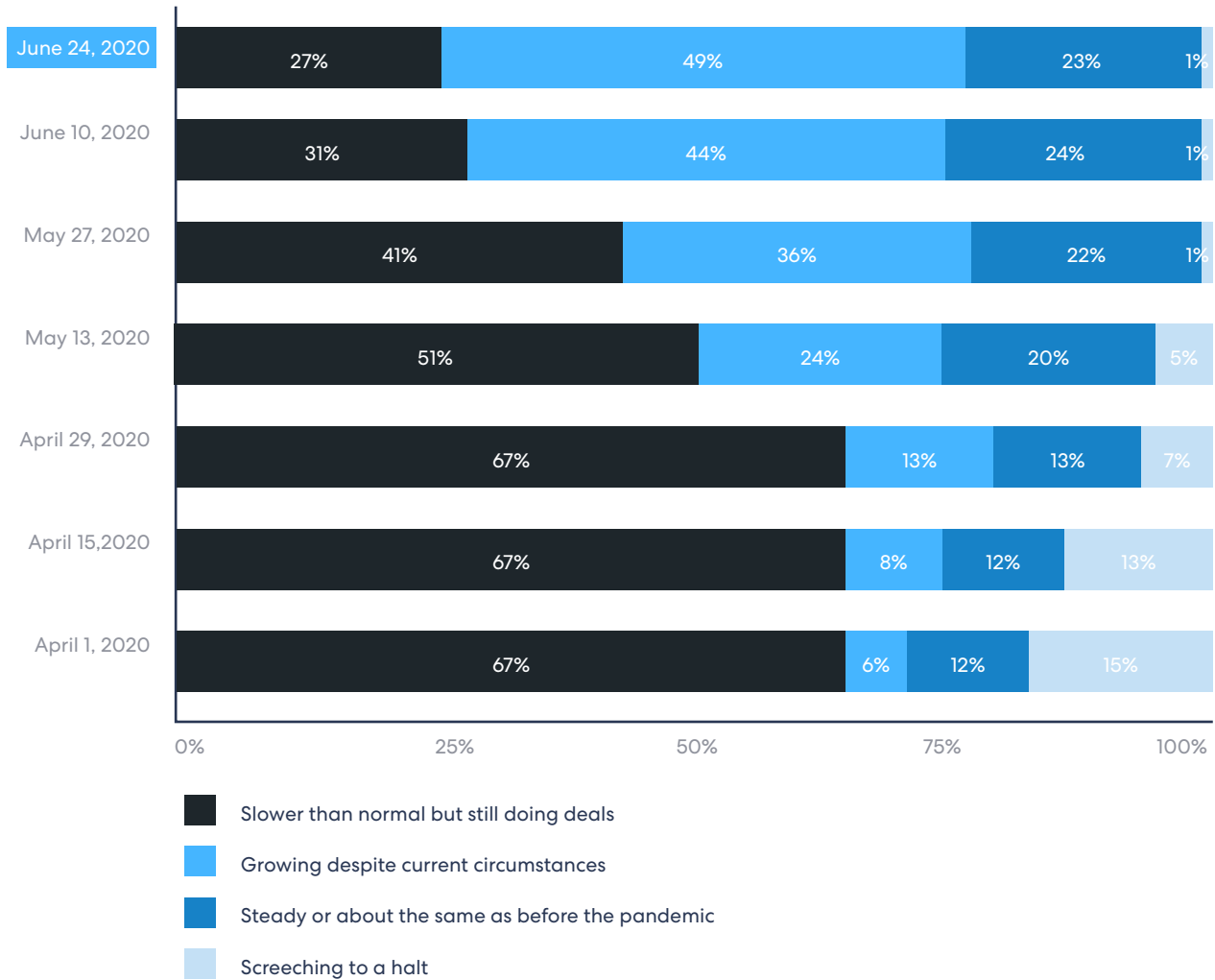
By the week of June 10, a surge of pent-up demand hit the market and drove up competition over available homes, pushing reports of a seller's market to 79% — a 65% increase from mid-April.

This rapid turn of events played out over a single quarter. While questions about the stability of the economy and longevity of this rebound loom, the real estate industry is exchanging a new catch phrase: Didn't you hear? "Summer is the new spring."

As of June, the majority of agents report business as normal or growing despite current circumstances. But regardless of the uptick in activity, this summer will look different than most. Many agents say that adaptations like e-signature tools and virtual tours and showings — business practices accelerated by the pandemic — are here to stay. While society has found ways to live with the pandemic, its dangers remain top of mind in many parts of the country.

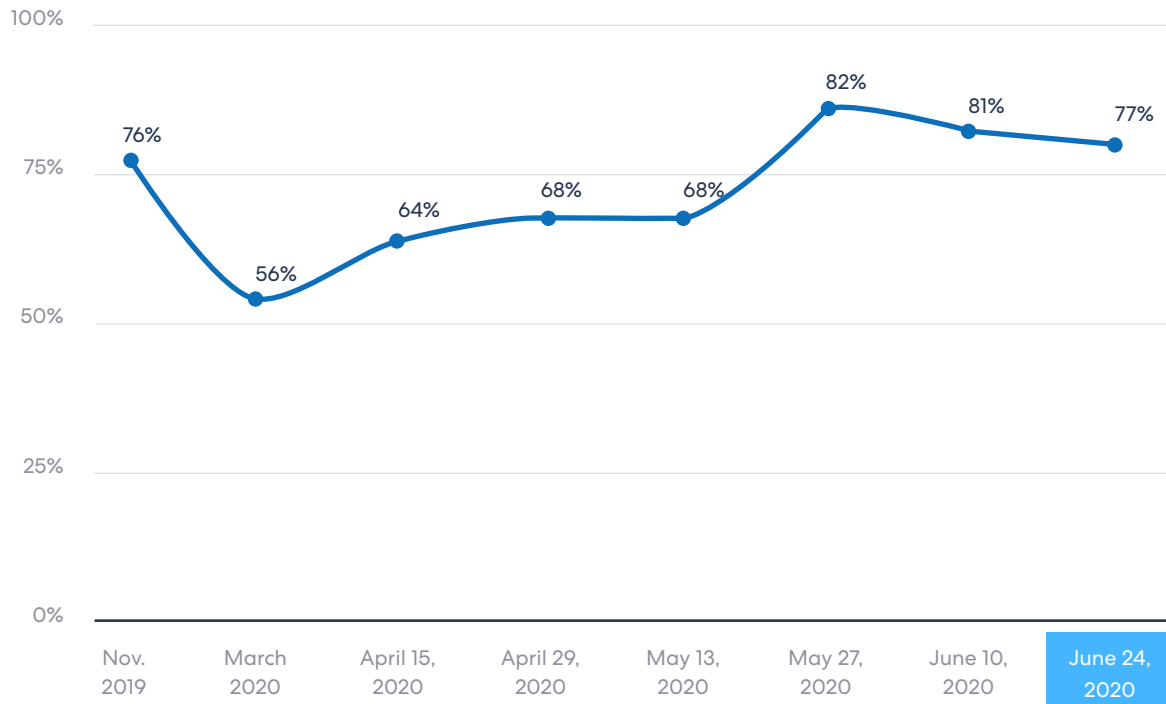
For the duration of April, agent businesses were stuck in ‘slow going’ mode, a reflection of stay-at-home orders and market uncertainty. However, by late May, most reported that business was normal or growing despite the circumstances, and their business health has only improved since the start of the quarter.

### How agents say business is going



Agent sentiment dropped 20 percentage points in March, but climbed steadily back to pre-pandemic levels during Q2.

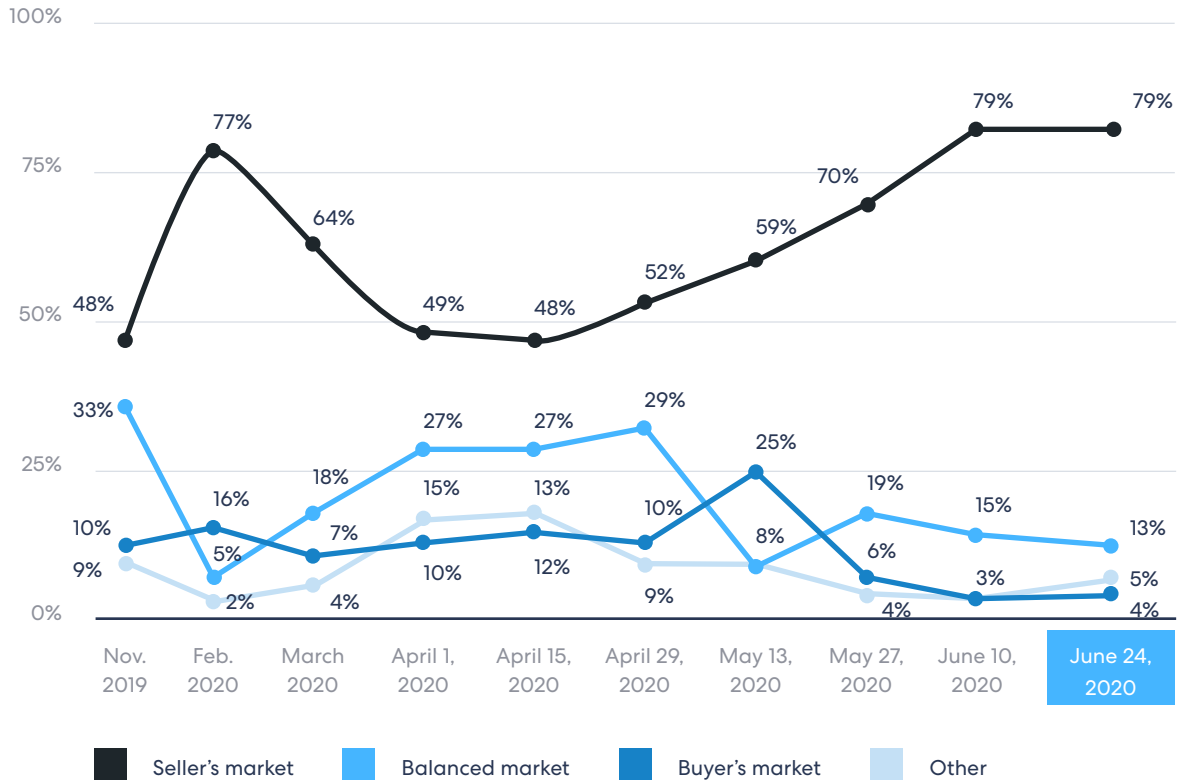
### How is agent optimism tracking over time?





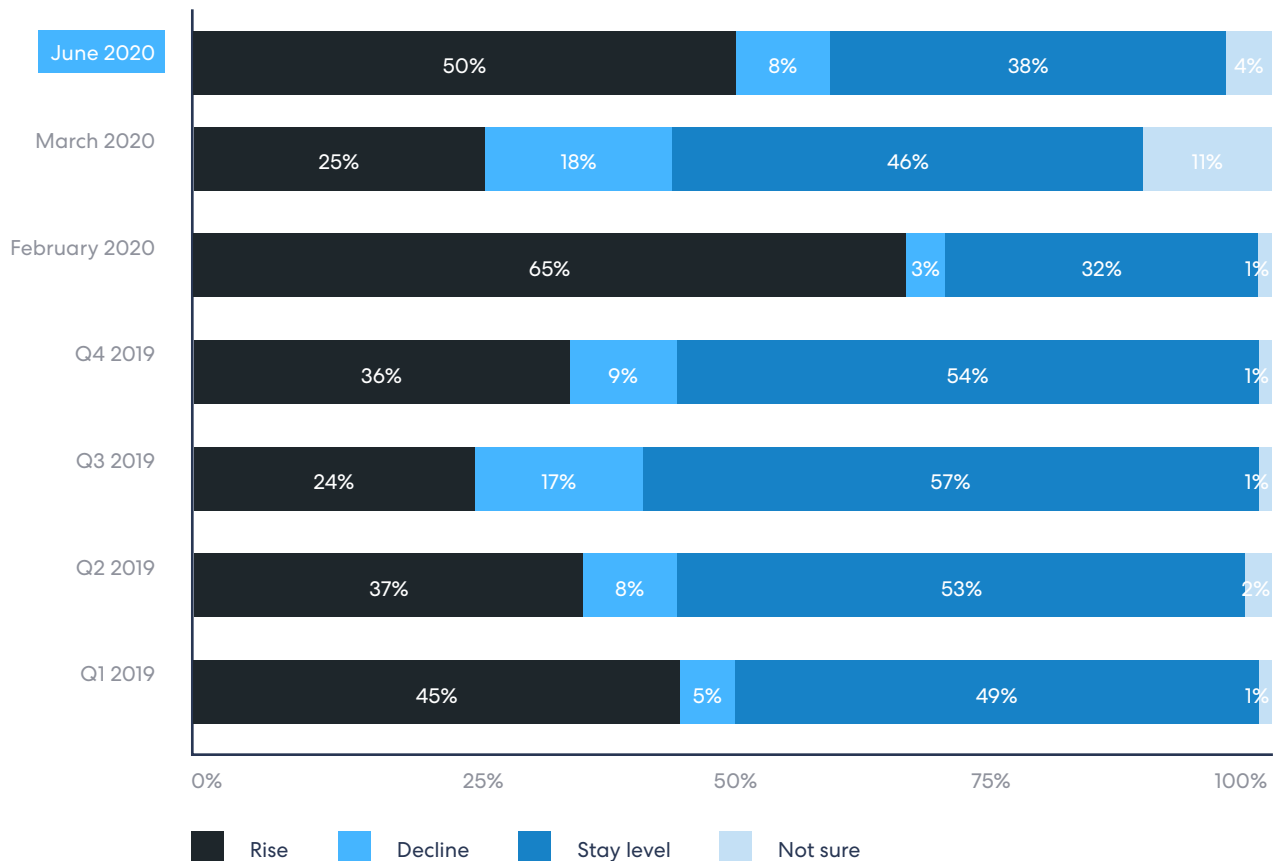
At the height of stay-at-home directives and business closures, reports of a seller's market dropped to 48%. By June, the market temperature rose to pre-pandemic levels, with 79% of agents reporting seller's market conditions, reflective of a rebound.

How would you characterize your local housing market conditions?



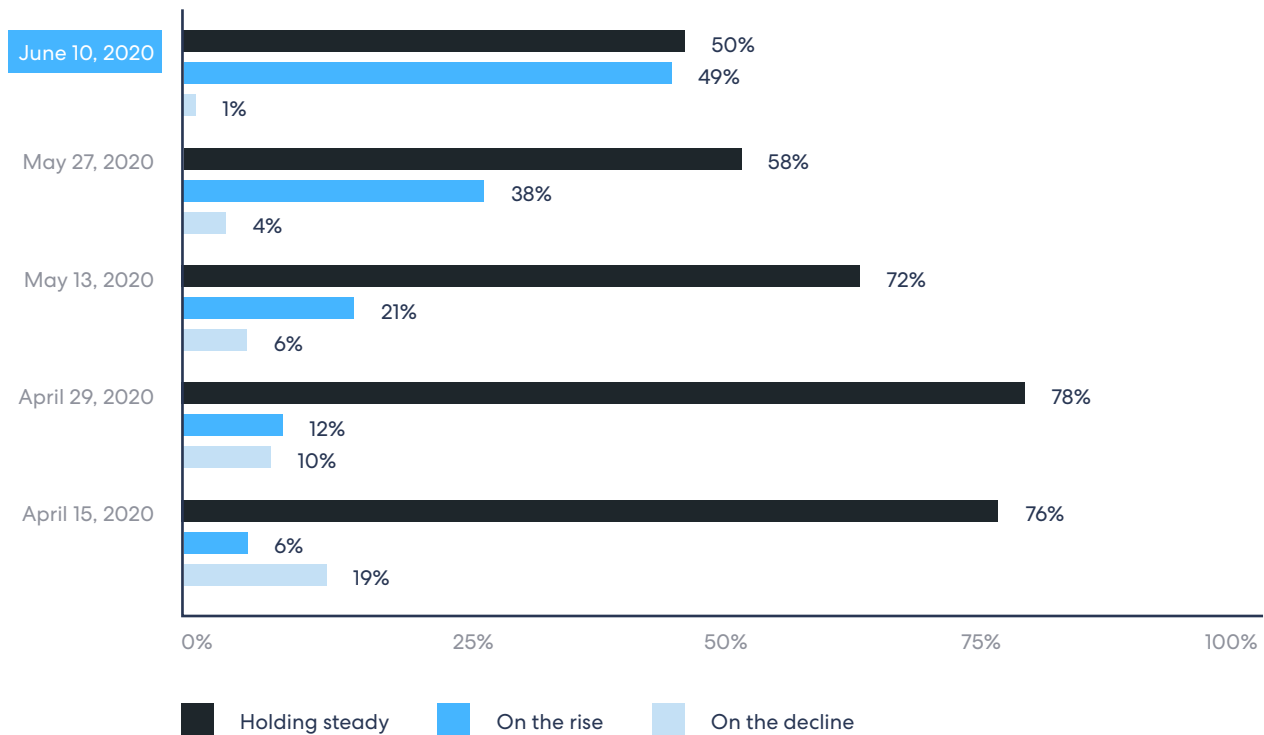
From February to March, the percent of agents who predicted home values would rise in the coming months dropped a troubling 40 percentage points, but confidence in home values had made a sharp recovery by the end of the quarter.

Over the next 6 months, I believe **home values** in my market will:

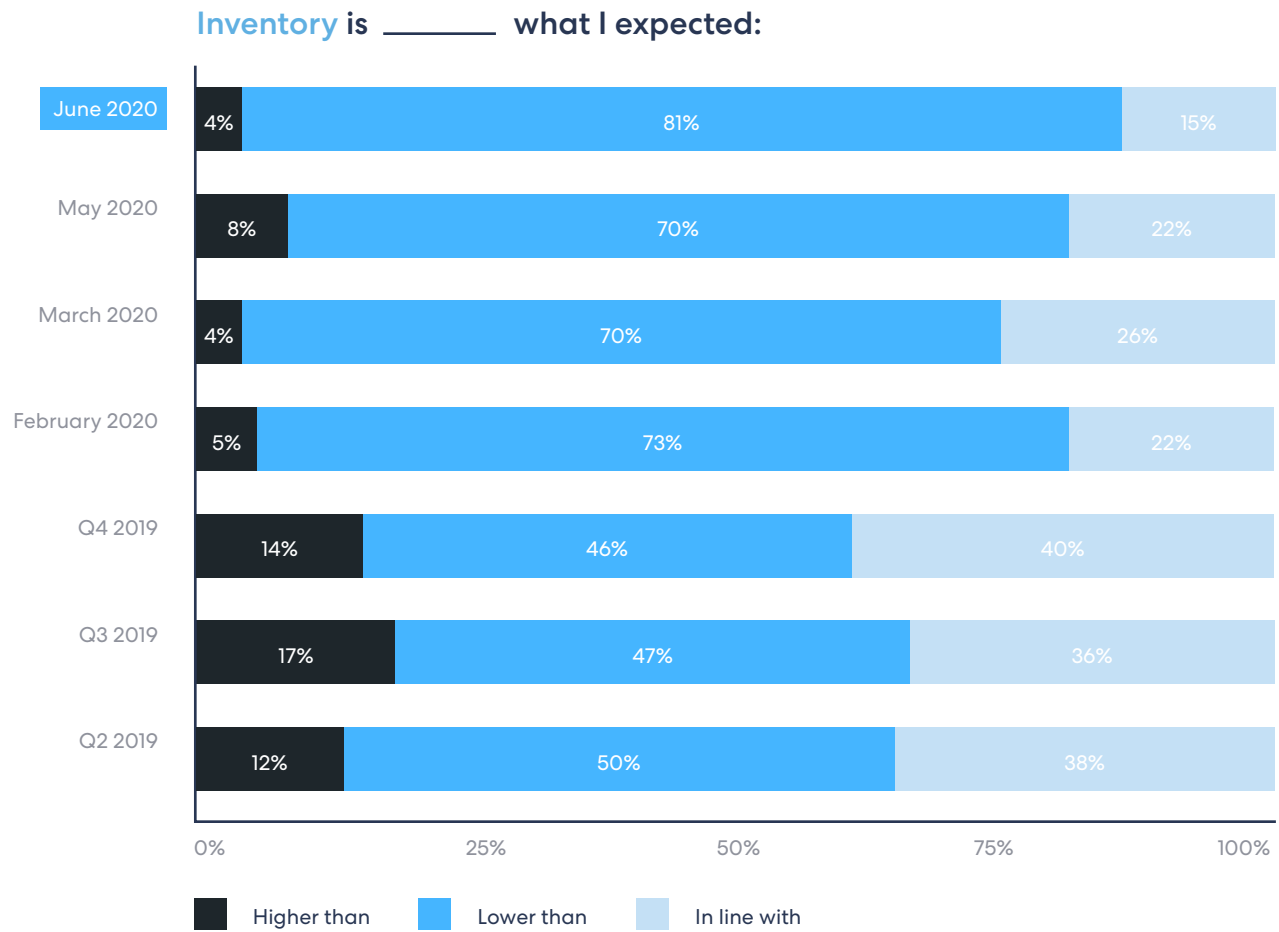


At no point during Q2 were home prices in grave danger. Over three-quarters of agents reported that prices were holding steady throughout April. As the quarter went on, an increasing number of agents said prices were actually on the rise in their market.

### Home prices in my market are:

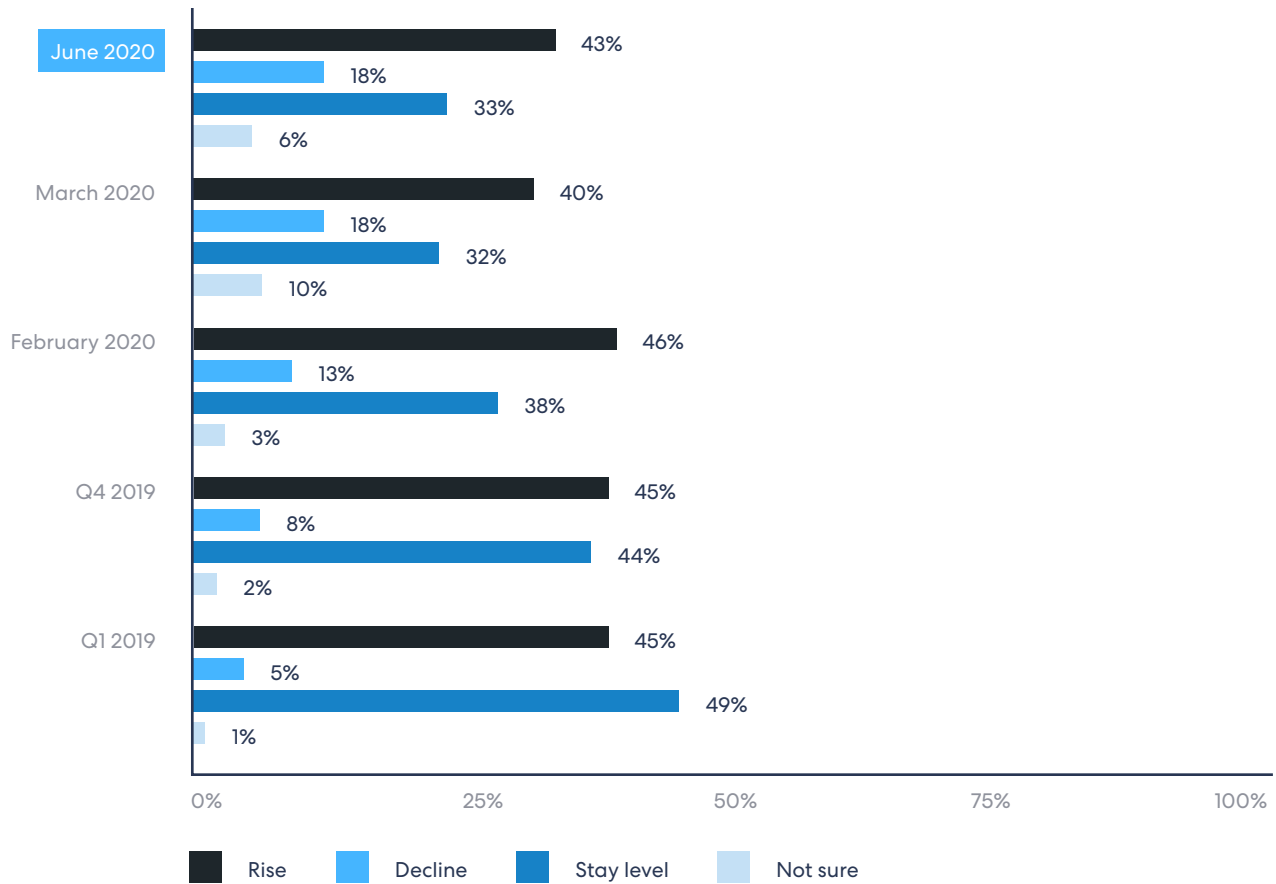


The percent of agents who say inventory is lower than they expected in June 2020 is 62% greater than Q2 2019.



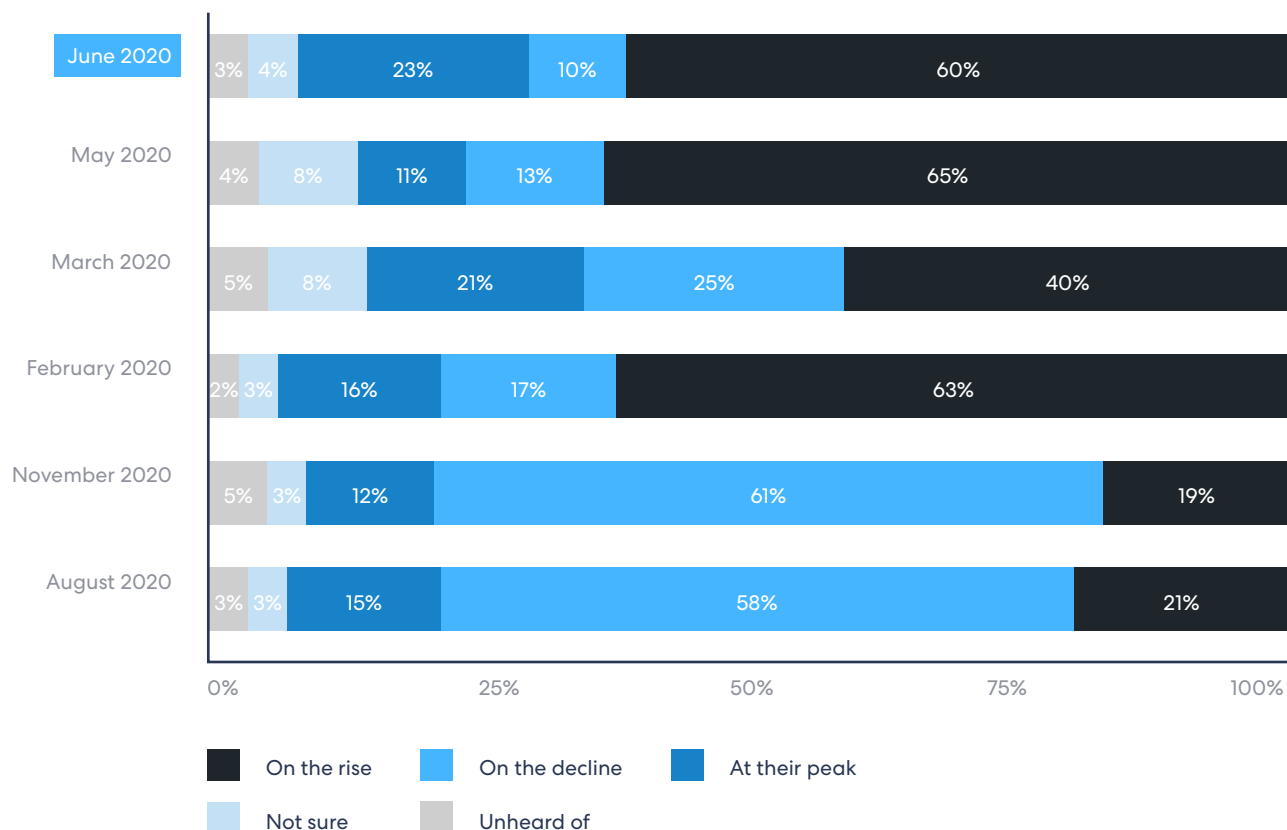
Over the next six months, 43% of agents believe more supply will free up for buyers, while over a third say supply levels will stay where they currently are.

Over the next 6 months, I believe **inventory** in my market will:



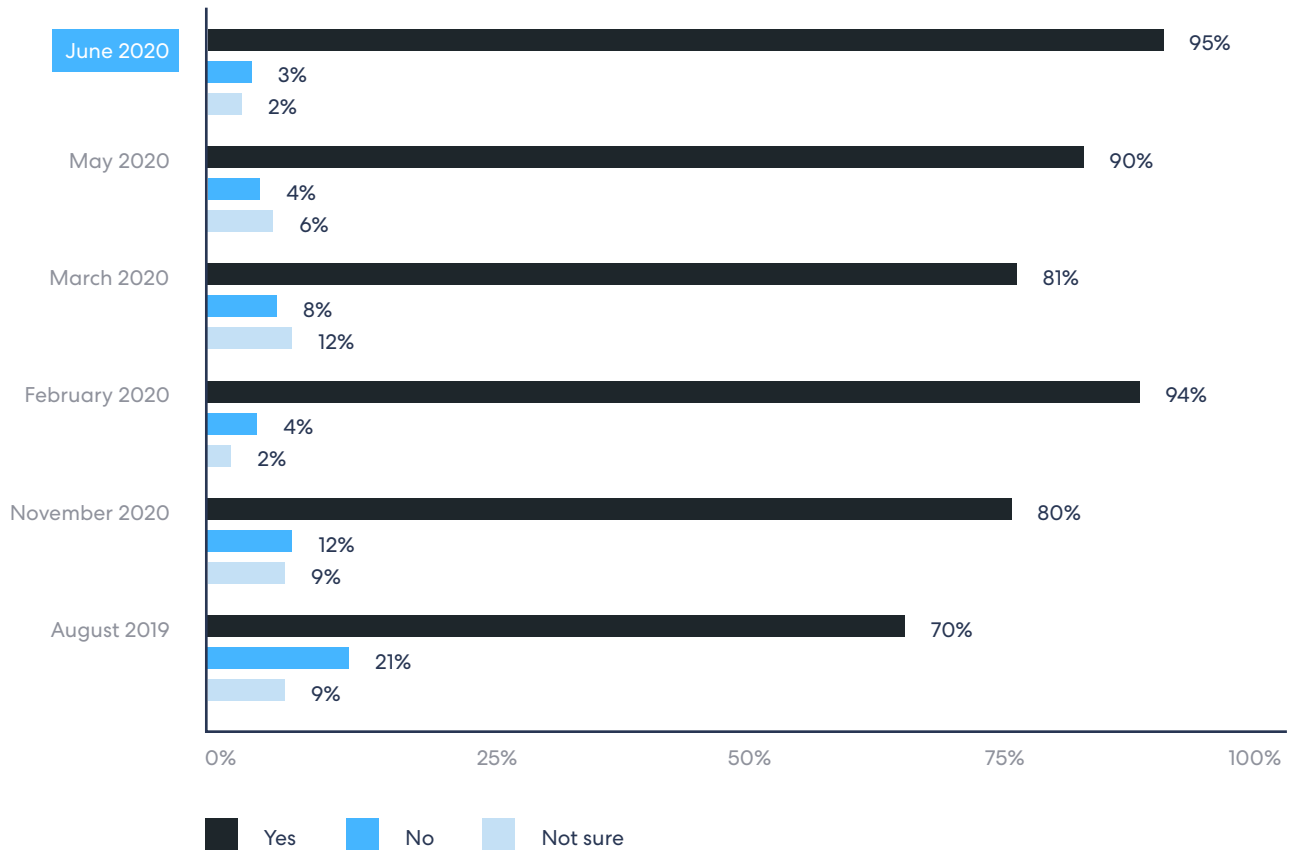
Bidding wars were heating up headed into spring. Then between February and March, reports that bidding wars were on the rise dropped 37% as lockdown began. By May, however, competition spiked again for available homes. The majority of agents now say bidding wars in their market are on the rise.

**Bidding wars in my market are:**



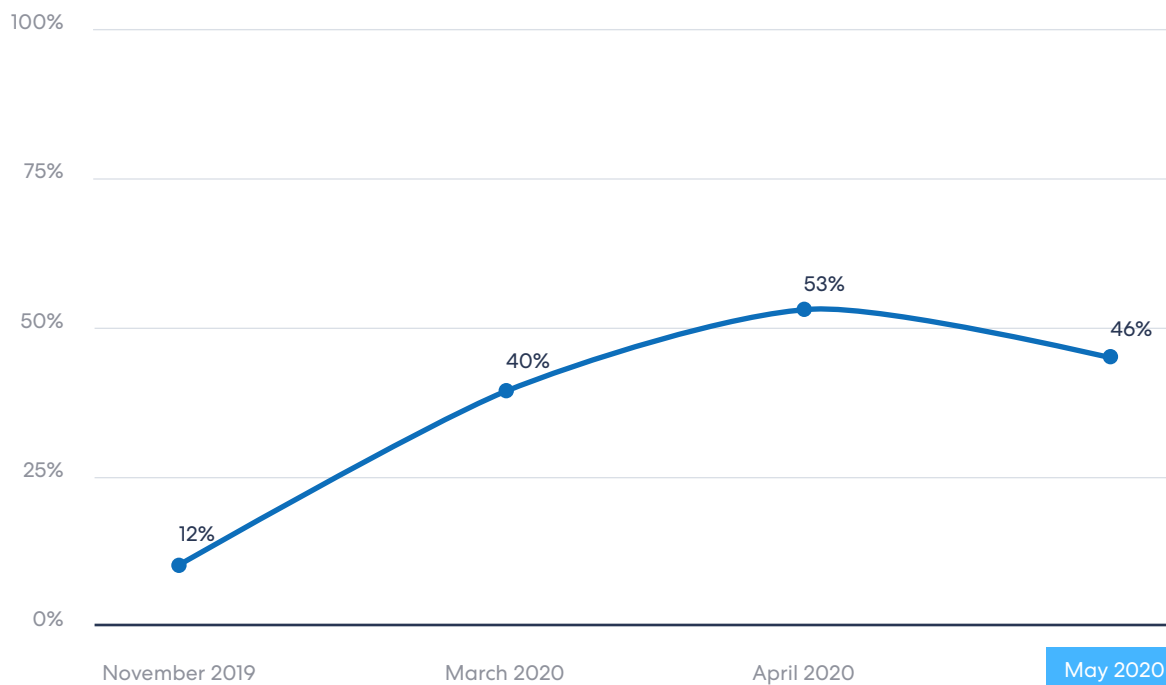
The appeal of low mortgage interest rates was stifled a bit by the pandemic in March, but not for long.

Low interest rates continue to **boost** buyer demand:



After the economy dodged recession fears in 2019, a 2020 downturn wasn't on the radar. With the escalation of the coronavirus hitting U.S. soil, recession fears spiked from 12% to 40% among agents in March, and continued to grow through April. In June, the National Bureau of Economic Research declared that the U.S. had officially fell into recession in February 2020, ending the longest economic expansion on the record books.

Do agents believe we're headed for a recession (or already there)?





# Pent-Up Buyer Demand Causes Rush of Late Spring Activity

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Three months after coronavirus lockdown began, and in the midst of experimentation across the nation with reopening the economy, an acute supply shortage is swinging the housing market pendulum firmly in the court of sellers. Inventory was scarce coming into the pandemic, with 73% of agents reporting that supply was lower than they expected. This has been compounded by a late-spring buyer surge, builders scrambling to catch up, and some remnants of seller hesitancy.

## Low inventory comes into focus again

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With some of the logistics of buying and selling a home safely during these times ironed out, the next challenge ahead will be whether supply can adequately meet demand, according to real estate agents who participated in our Q2 survey.

It appears existing homes and new homes are playing into the supply problem at the moment. [U.S. housing starts fell 30% in April](#), a 5-year low, the Commerce Department reported, which set builders back. In addition, agents report that while risk of infection by the virus is the top concern for 30% of sellers (who still aren't necessarily keen on the idea of having strangers in their home), the same is true for only 6% of buyers, which may be telling of why agents are seeing an imbalance.

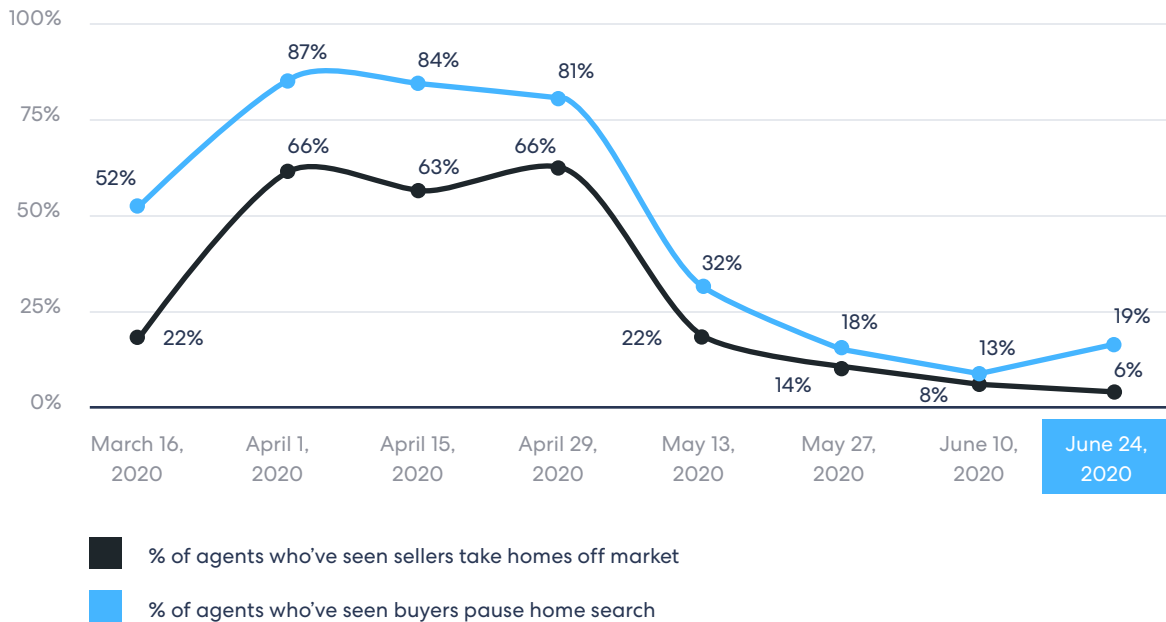
As a result, the majority of agents (60%) believe a lack of supply to meet demand will be the biggest challenge to the 2020 housing market, and only 20% say they're more worried about coronavirus uncertainty.

With so much volatility in the economy, however, it's unclear whether that story will change as the year goes on. Unemployment is one big cause for concern. The Labor Department reported another [1.5 million jobless claims](#) in the second week of June, despite business reopenings across the country. This could put a large rash of homeowners at risk of foreclosure down the line. Since the CARES Act passed, Money.com reports that nearly [1 out of every 10 borrowers](#) have entered forbearance, raising questions as to how households will fare when their forbearance period ends.

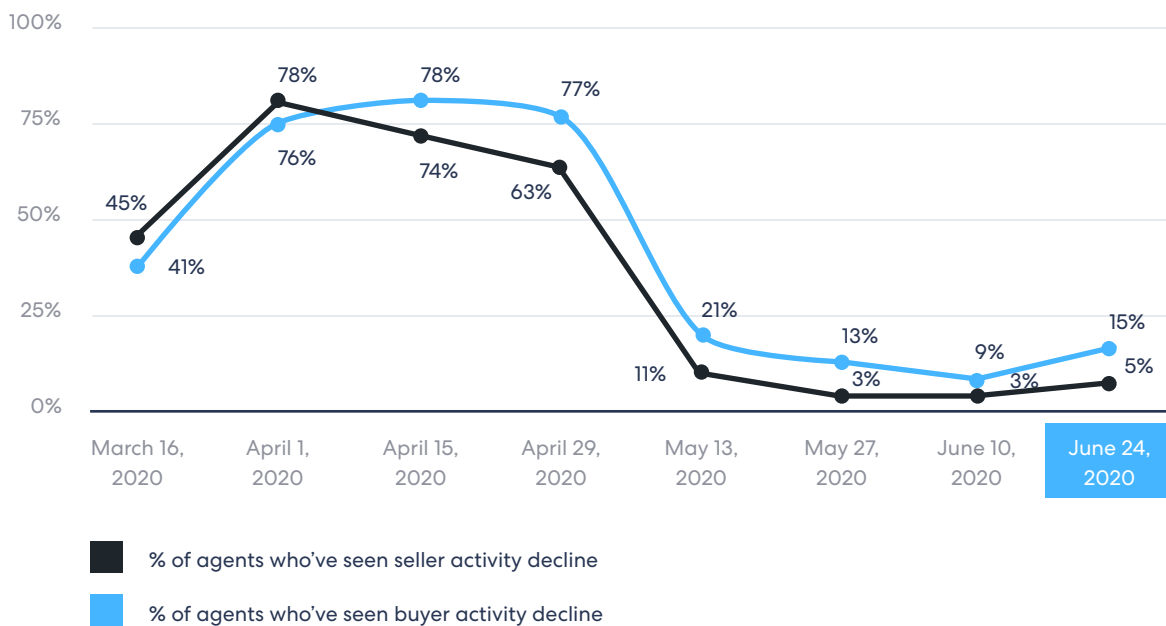
For now, however, the resurgence in buyer demand has builders feeling confident again, which bodes well for home sales and the health of the market. After falling sharply in April, builder sentiment (as measured by the National Association of Home Builders / Wells Fargo Housing Market Index) [jumped 21 points in June](#), the largest spike ever recorded for the index.

## The coronavirus crushed spring real estate activity, but it bounced back like an elastic.

### % of agents who've seen homebuyers and sellers hit pause

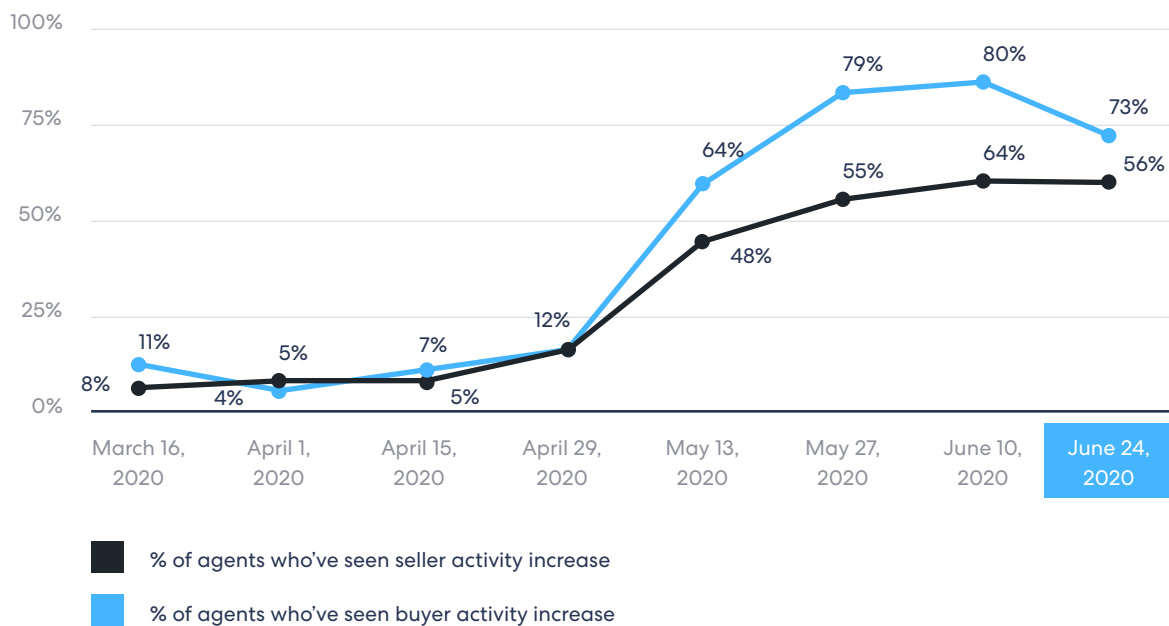


### Declines in overall real estate activity



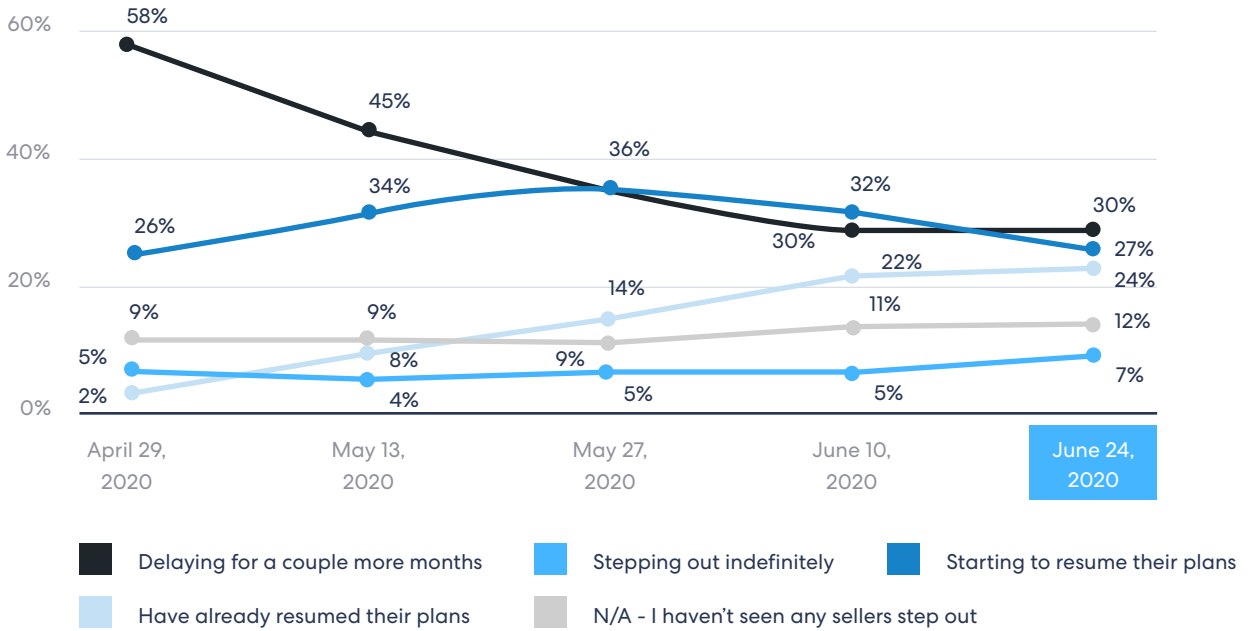
Starting in May, agents began to see significant increases in buyer and seller movement.

Agents reporting an **increase** in real estate activity since March

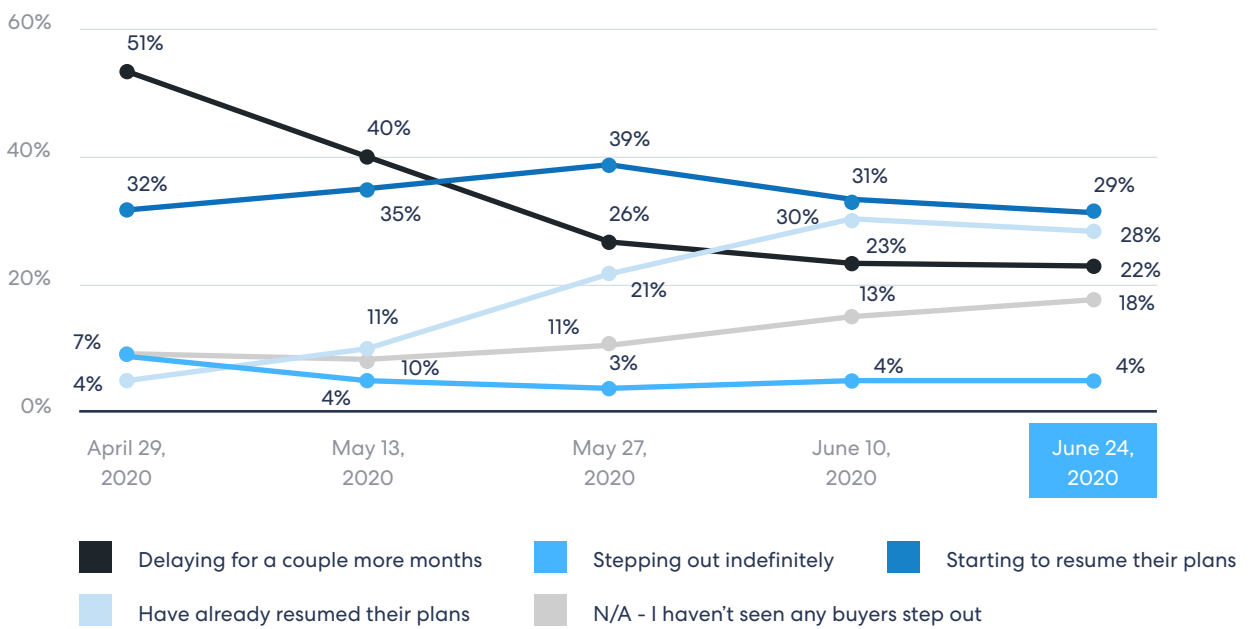


As activity resumed on both the buy and sell sides this quarter, buyers have been a bit more eager to jump back in.

**Sellers** who hit pause due to coronavirus are generally:

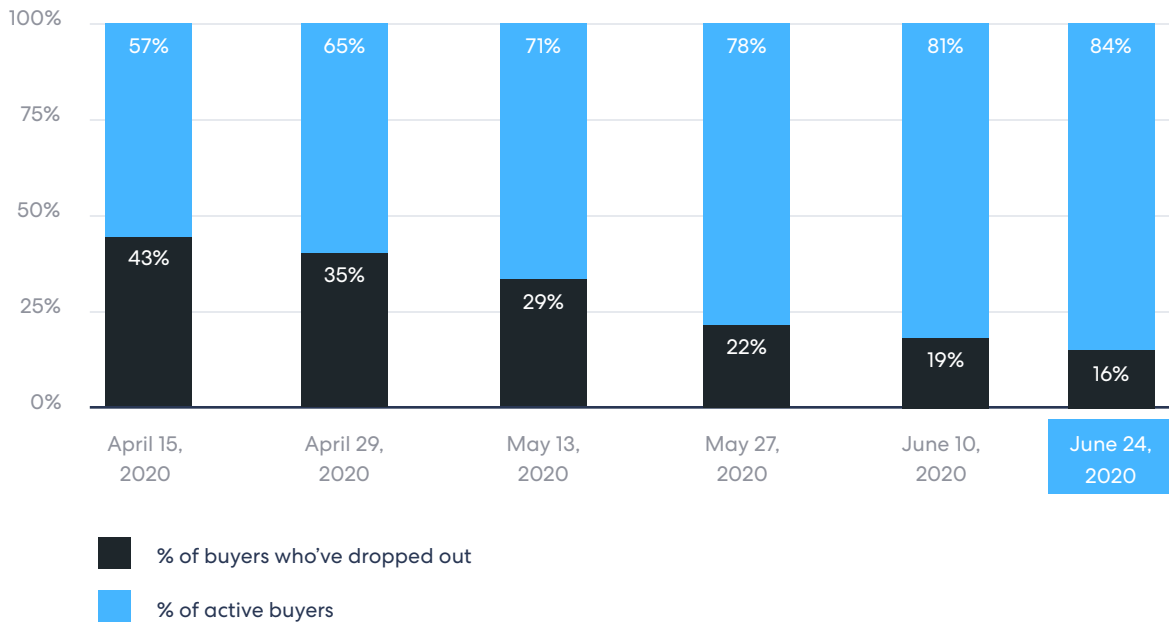


**Buyers** who hit pause due to coronavirus are generally:

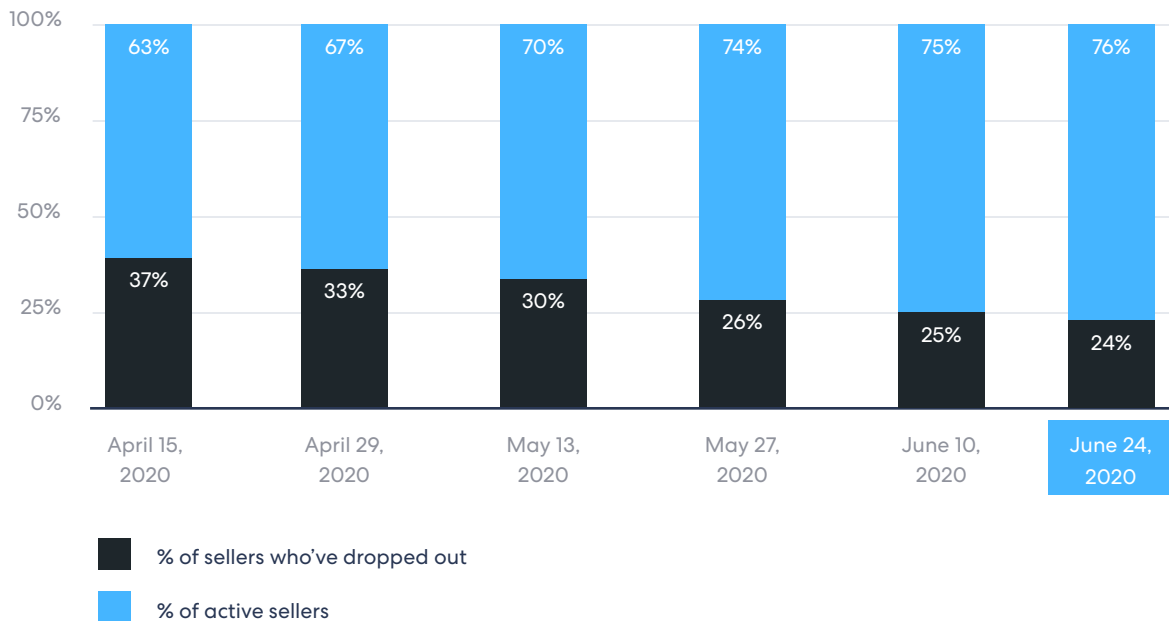


The buyer dropout rate has also been declining faster than the seller dropout rate.

### Buyers who remained sidelined vs. active buyers

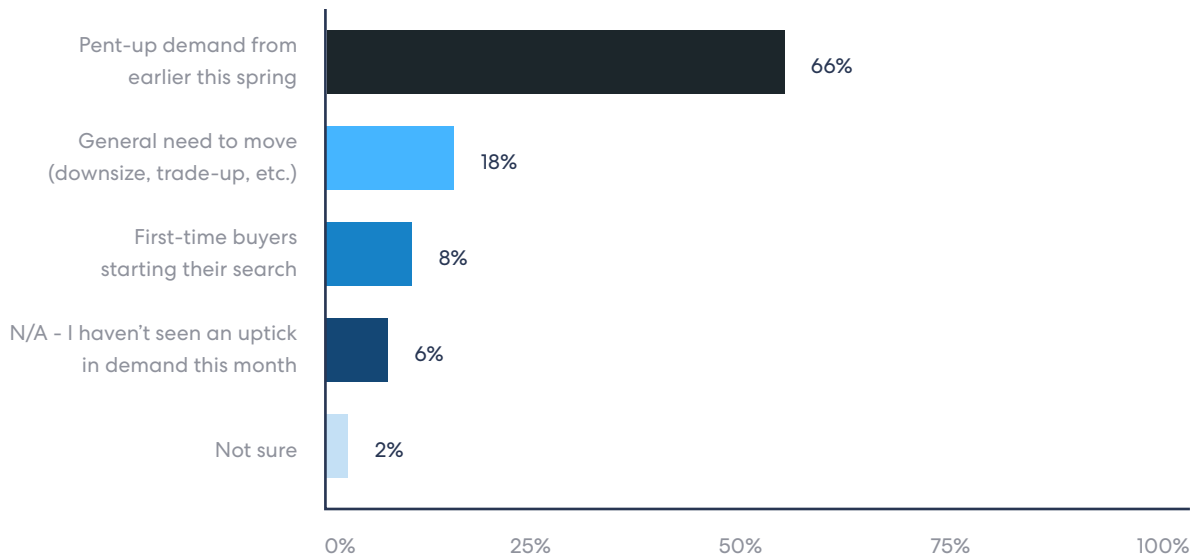


### Sellers who remain sidelined vs. active sellers



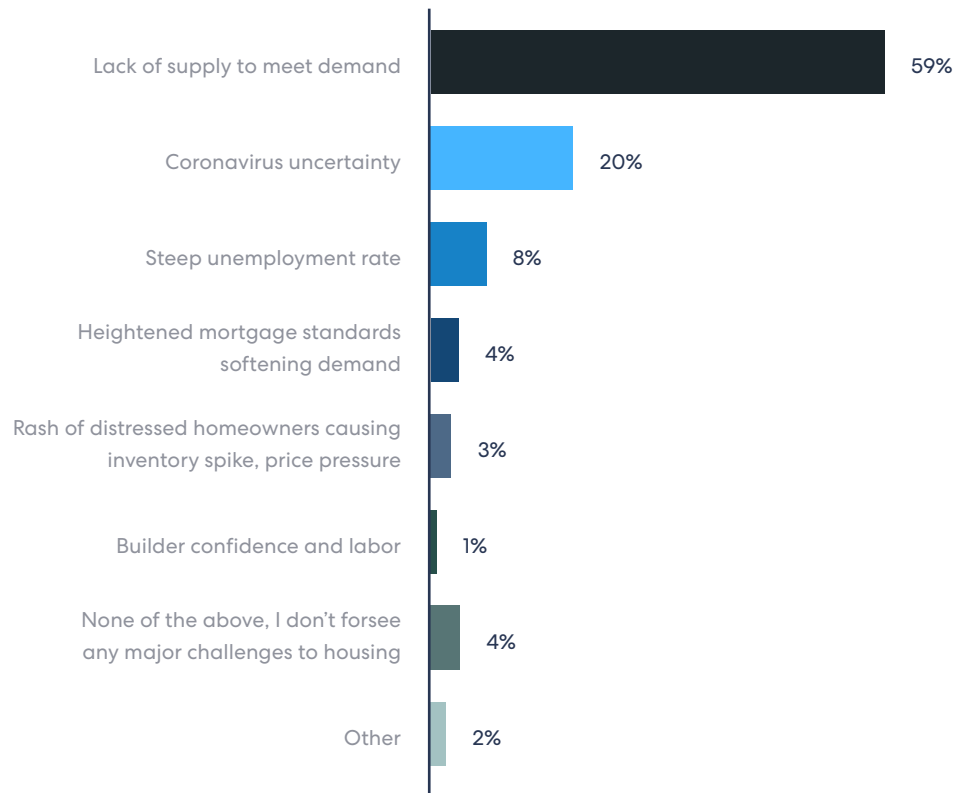
Pent-up demand suppressed by the virus earlier this spring was the main driving factor behind the rush of activity seen later in the quarter. Essentially, all the buyers who'd halted plans, plus anyone who'd intended to start their search in May, hit the market at the same time.

A boost in buyer activity for May 2020 is primarily being driven by:



Agents believe a lack of supply to meet demand will challenge the 2020 housing market far more than coronavirus uncertainty. Concerns related to unemployment, heightened mortgage standards, and price pressure are not currently top of mind.

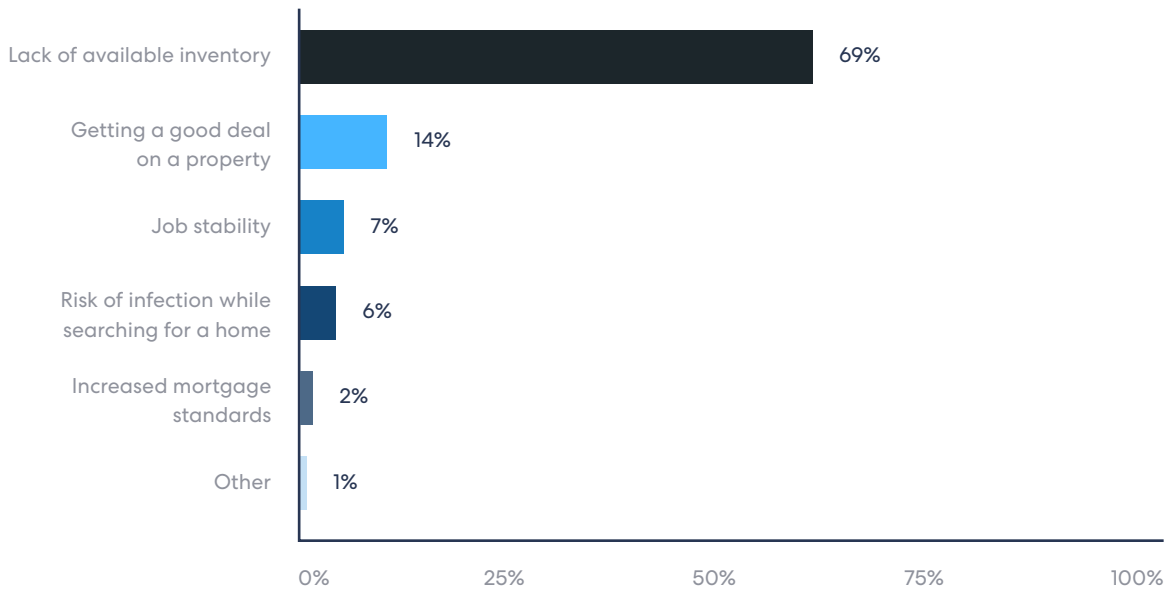
What do you believe will be the **biggest challenge** to the 2020 housing market?



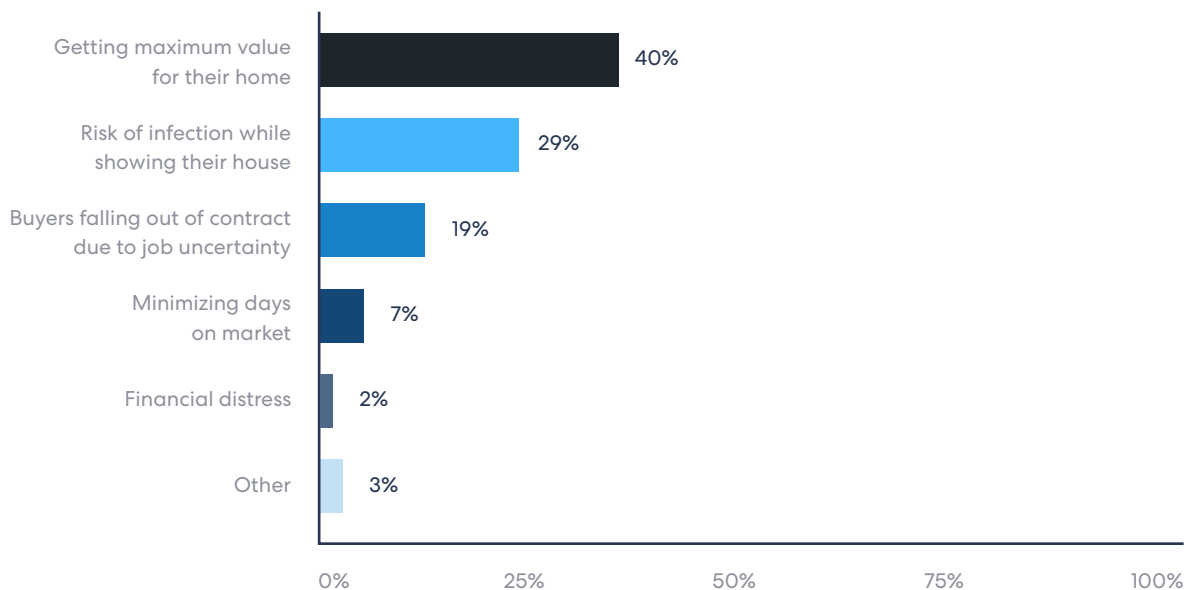


Fears of coronavirus infection appear to be more prevalent among home sellers than buyers, which may be contributing to the supply problem. Buyers are feeling the pressure of limited inventory.

Which of the following do you believe is the biggest concern among **homebuyers** currently?



Which of the following do you believe is the biggest concern among **home sellers** currently?



# How Coronavirus Will Shape the Mechanics of Buying and Selling Homes

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The need to suddenly practice social distancing and restrict movement has accelerated innovation and technology in an industry that's traditionally been paperwork-heavy and people-driven. Here's what top agents say will be the long-lasting and even permanent effects of the pandemic on the ways they help clients buy and sell homes.

# ‘Could we do this over Zoom?’ and other real estate trends coming out of coronavirus

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Selling or buying a home has traditionally been a “contact sport.” Open houses packed with buyers, showings with the whole family in tow, in-person meetings to discuss strategy and offers, closings with lawyers and agents sitting shoulder to shoulder, agents driving clients to their next home tour — these practices constituted “the way things have always been done.” These industry norms also explain why, when the pandemic first hit U.S. soil, the real estate market froze. It was unclear whether (and how) you could buy or sell a house safely in an environment where any contact with others posed some level of risk.

After a period of initial shock, many Americans realized they couldn’t afford to put off their move for long, while also recognizing that they weren’t comfortable resuming the old ways of doing business. Real estate agents were quick to lean into existing technologies like teleconferencing and virtual tours and also came up with new creative solutions, like curbside closings, to tailor to their client’s level of comfort.

One top agent HomeLight interviewed this quarter shared that a shift to virtual listing appointments has improved communication with clients and is likely to be part of her listing process long-term. “With my listing appointments, I do a Zoom call and then I share my screen and show properties that are similar and comparable,” said [Cynthia Burke](#) who serves Hartford, Connecticut. “Pretty much anything [the client] is looking to find out I can pull up on my computer. And I have to be honest, it’s actually better than sitting in

front of them, asking for the WiFi, scooting around on the computer; it’s less awkward.”

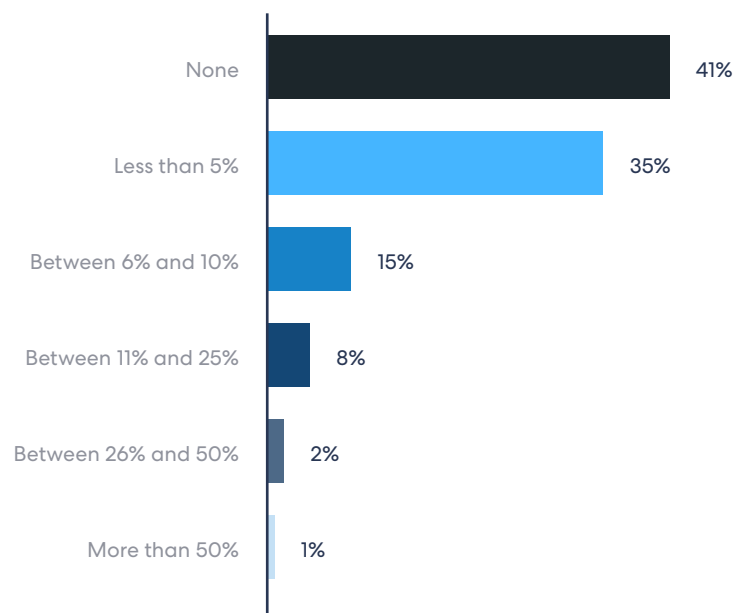
The top three business adaptations real estate agents believe are here to stay include: digital closings and use of e-signature software (75% of respondents); new safety protocols around property inspections (53%); and doubling down on virtual tours and showings (43%). Practically speaking that means the future of real estate will likely involve fewer in-person closings, inspections where buyers are asked not to attend or at least not to linger, and the expectation that buyers will use available technology to rule out properties that aren’t a good fit before requesting a physical tour. In addition, over a third of agents plan on replacing many sit-down client meetings with virtual alternatives.

While the result of a global health crisis, these adaptations have put existing systems to the test that could push innovation forward in the industry and with society at large. Pressures to embrace technology in this environment, for example, have forced state governments to expedite rules that would [permit remote online notarizations](#). This has huge implications for digital real estate closings, which have historically been hindered by the in-person notarization requirement.

In this chapter we’ll take a closer look at how agents believe the pandemic is shaping the mechanics of buying and selling homes moving forward.

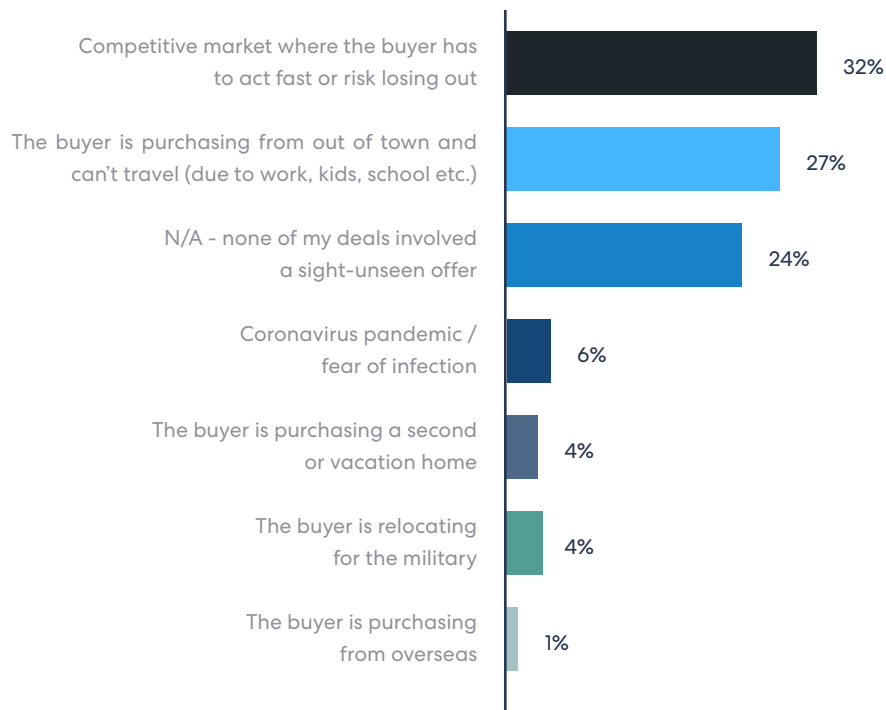
While meetings like listing appointments can be done virtually, buyers still largely want to see a house in person before they make an offer. 41% of agents say none of their deals this quarter involved a sight-unseen offer, while a third say less than 5% of their deals were sight-unseen.

Over the past 3 months, what percent of deals that you facilitated — on the buy or sell side — involved a buyer making an offer sight-unseen?



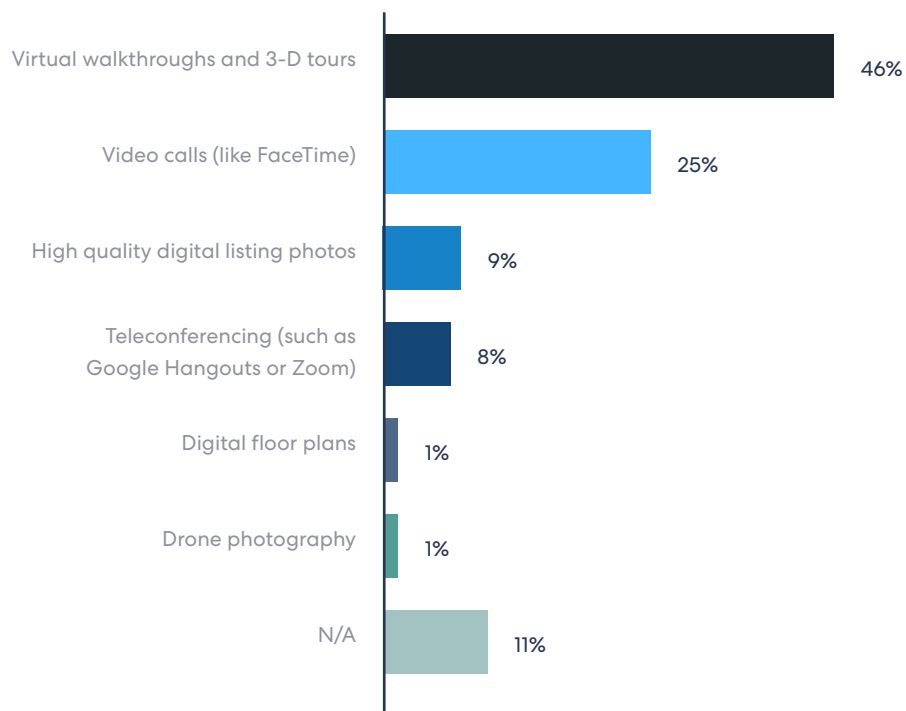
A competitive homebuying situation or buyer purchasing from out of town are more likely motivations for a sight-unseen offer than COVID-19 concerns.

### Motivations for purchasing homes sight unseen in the past 3 months



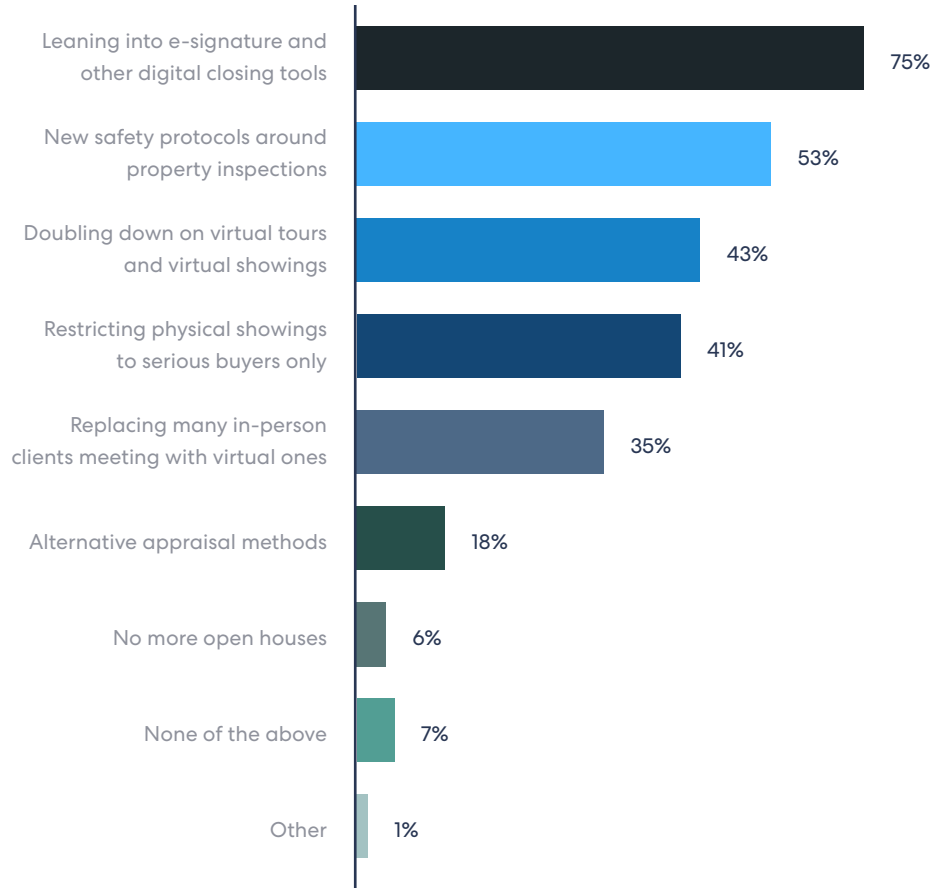
In Q4 2019, the majority of agents we surveyed (53%) said that video calls were their primary tool for facilitating sight unseen deals. Now, virtual walkthroughs and 3-D tours (46% of agents) have overtaken video calls as the no. 1 tool for this, perhaps a reflection of the technology's rise in popularity during the pandemic to rule out unsuitable properties.

What **technology** has been the most important to you when facilitating sight-unseen deals?

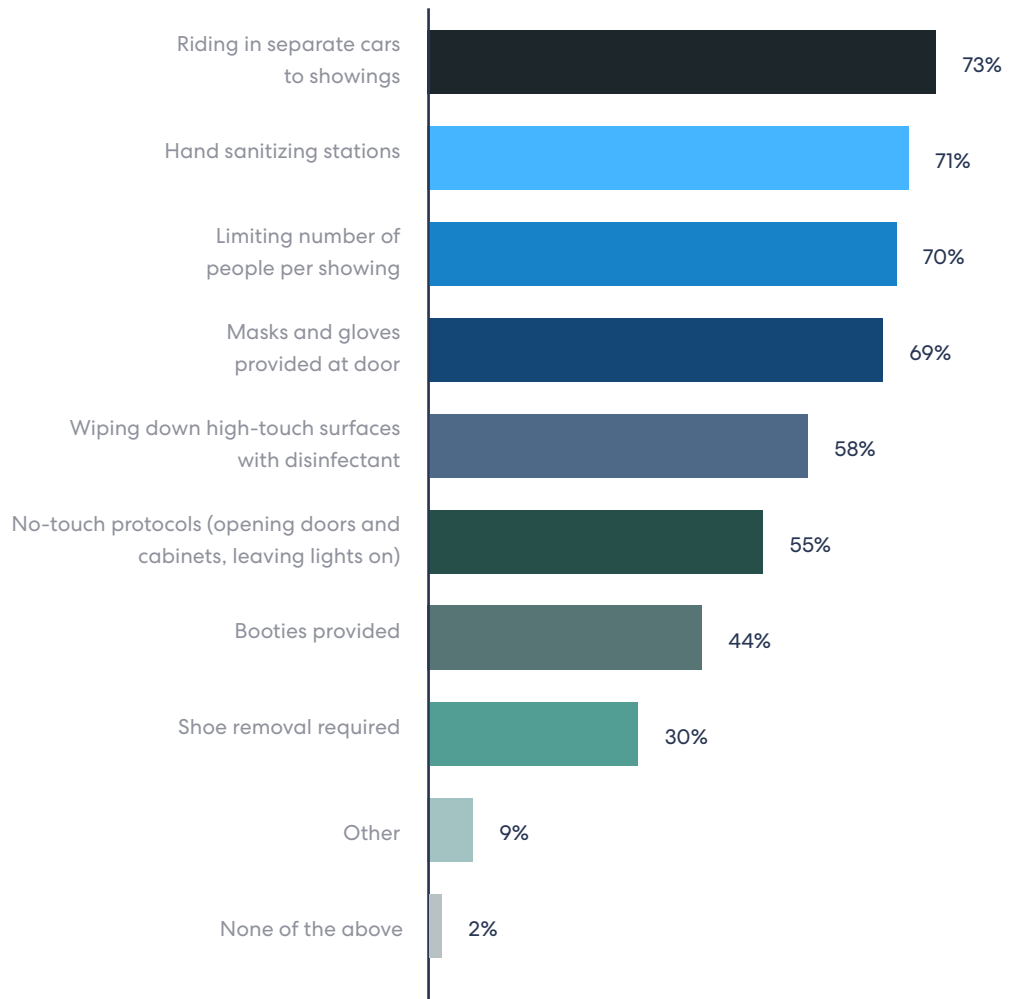


## Digital closings, hygienic protocols for showings, and new rules at open houses will be standard for the foreseeable future.

Which of the following real estate business adaptations do you believe are here to stay?

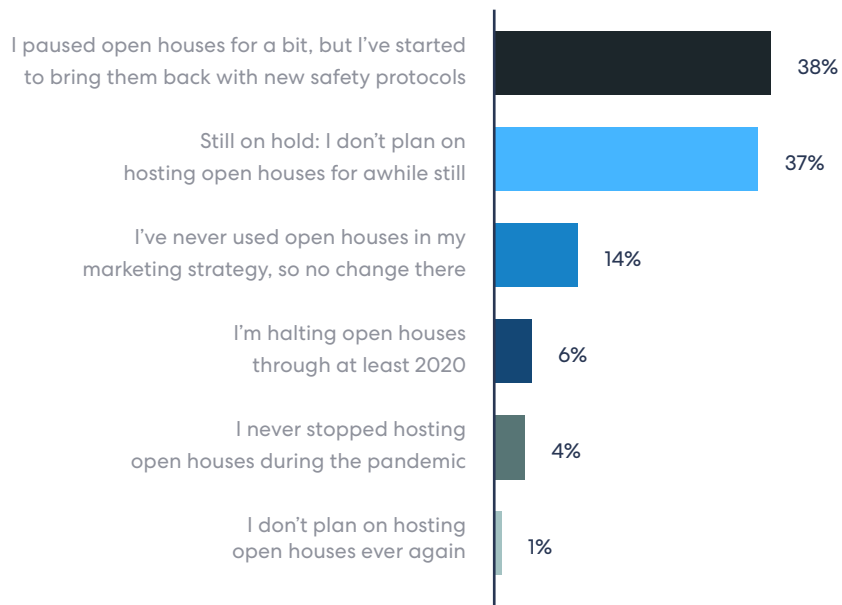


Which of the following **hygiene measures** will you continue to take for showings for the foreseeable future? (Check all that apply)



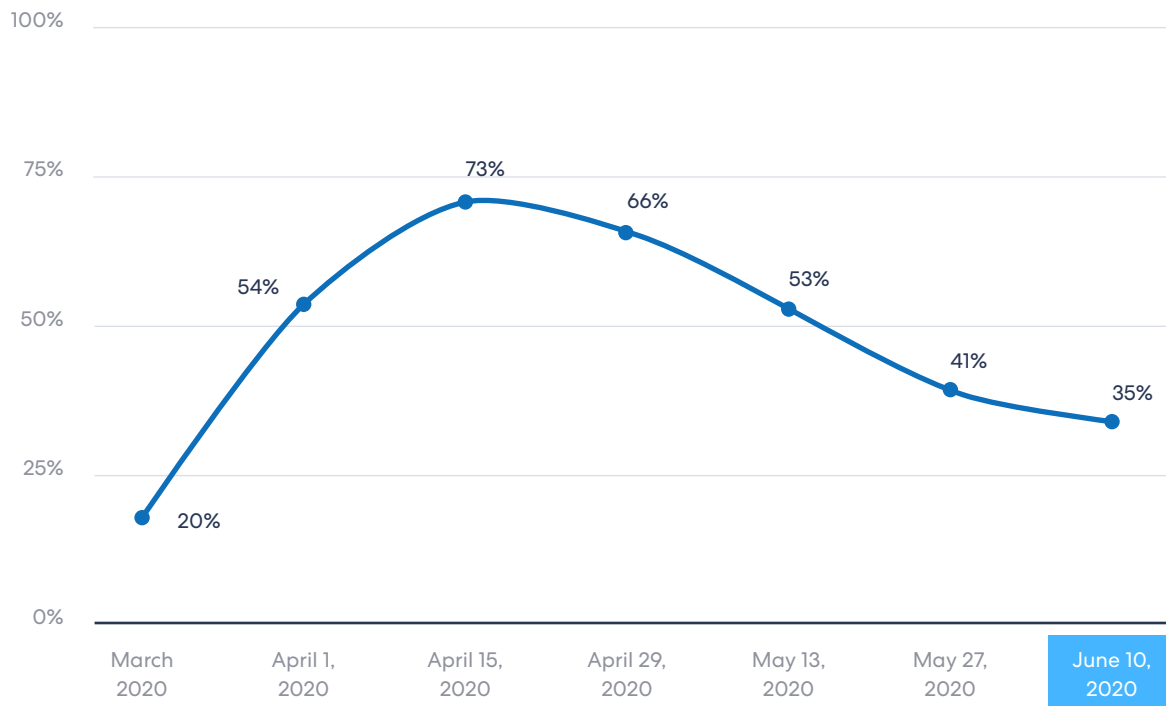


## Which of the following best describes how you are handling open houses?



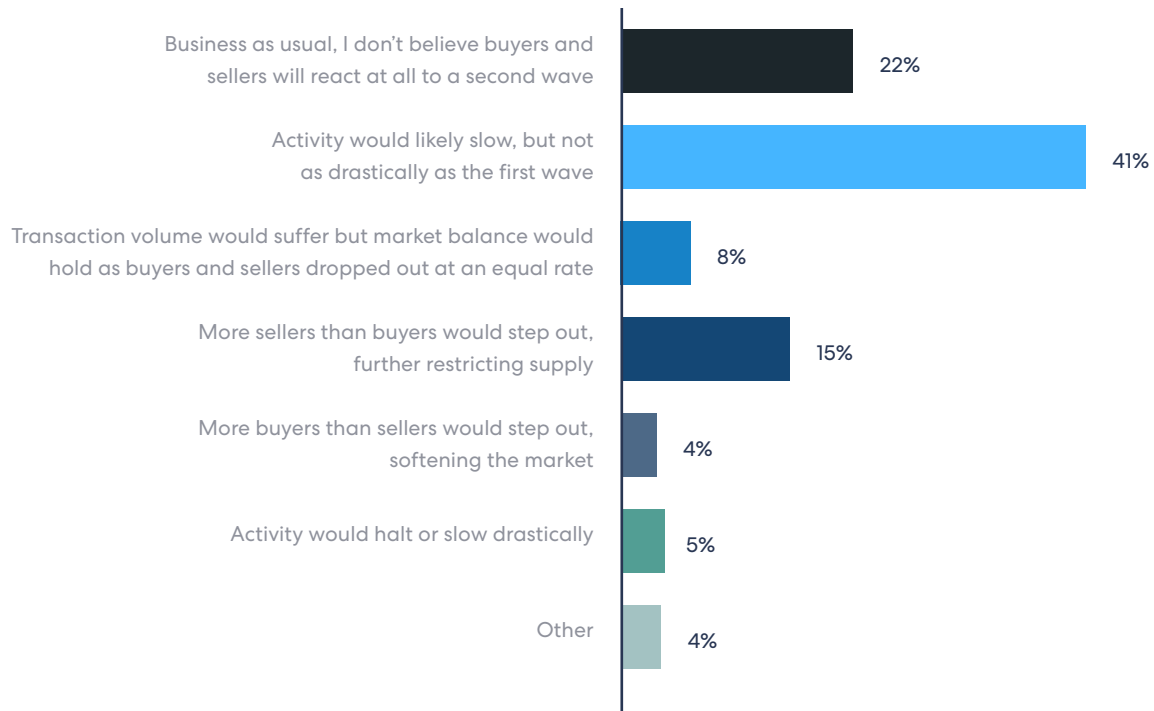
The demand for virtual tours appears to have peaked mid-April, now that buyers, sellers, and agents are more familiar with cleaning procedures and protocols for traditional showings in this environment.

Agents seeing a rise in the demand for virtual showings



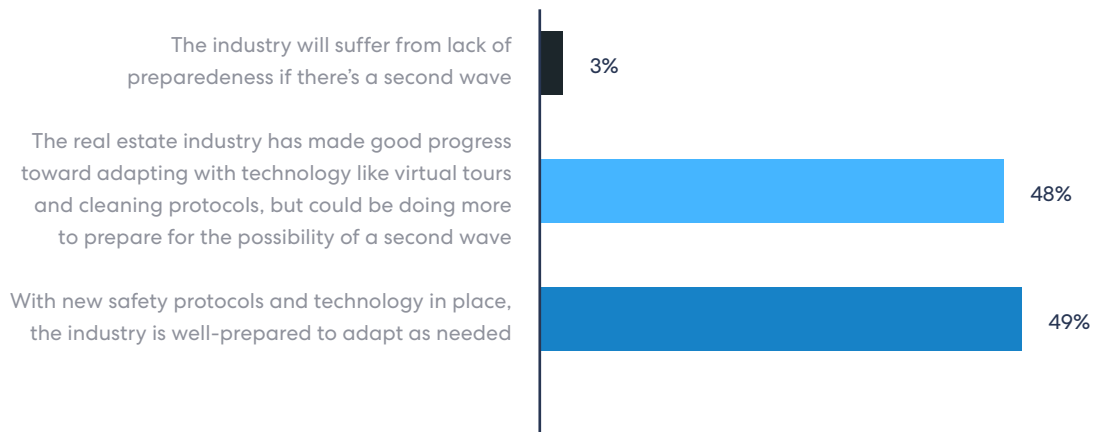
At 41%, the largest group of agents believe a second wave of the virus would slow real estate activity some, but not as drastically as the first wave.

How do you believe homebuyers and sellers in your market would generally react to a **second wave of COVID-19**?



About half of agents believe the real estate industry is prepared for another coronavirus surge with new safety protocols in place, while the other half say the industry could be doing more to get ready for that possibility.

### How well do you believe the real estate industry is positioned to respond to a second wave of COVID-19?



# What Homebuyers Want in a Post-COVID-19 World

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A global pandemic has reshaped the world we live in with lasting consequences. As our homes become workplaces, backyards replace trips to the park, and kitchens get a lot more use, the changing mentality of homebuyers has big implications for the future of real estate.

## More space, a home office rank high on buyer wish lists

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In 2020, Americans were forced to cope with an unfamiliar feeling: stillness. Prior to the pandemic, many viewed their homes as landing pads, a place to change clothes and rest before they were off on the next trip, the next social outing, the next go-go-go adventure. Quarantine provided a chance, for better or worse, to experience our homes full time and with new purpose.

Some companies will never return to an office structure, choosing instead to [work remote permanently](#). Until a vaccine is developed, many will prefer the comfort of their backyard over outings in crowded cities. Once comfortably sized homes suddenly feel small to busy families. All of these factors will inevitably drive housing preferences and behaviors moving forward.

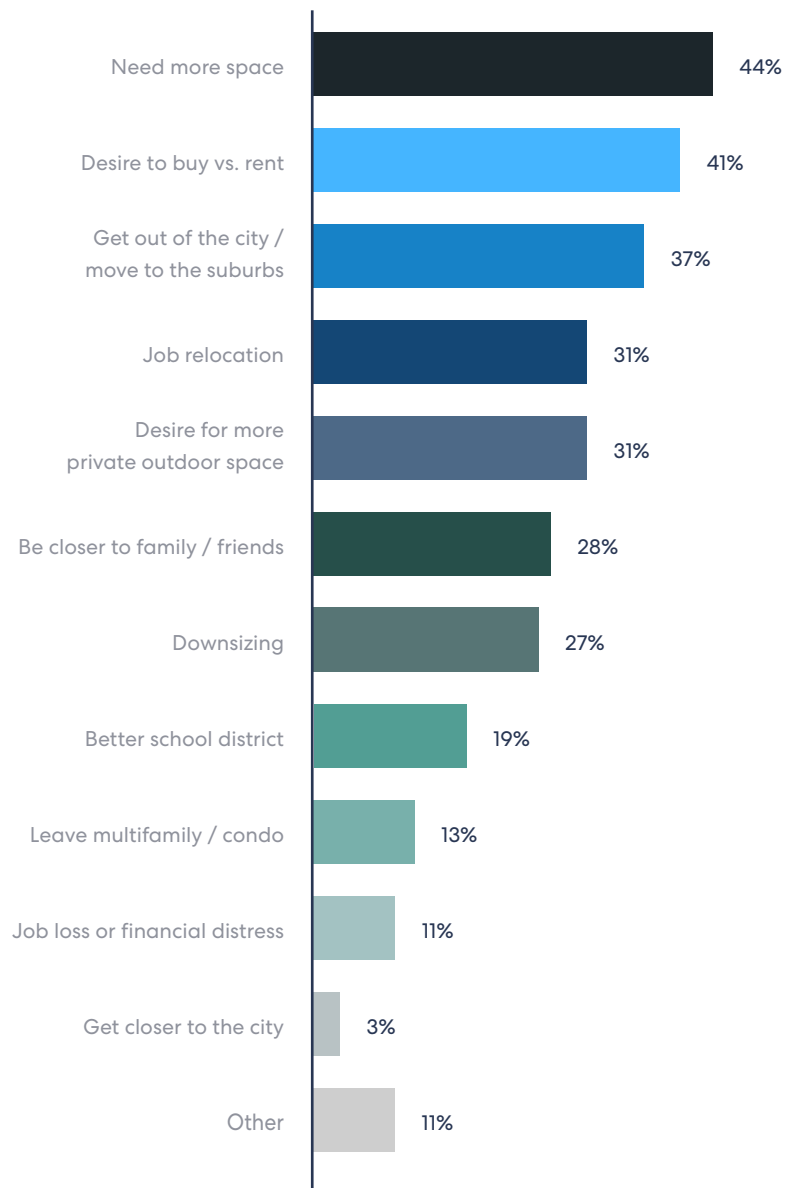
Data from our survey shows that in the wake of the coronavirus, agents cite the need for more space (44%), a desire to buy vs. rent (41%), and moving to the suburbs (37%) as the top 3 reasons motivating people to move.

Real estate agents advising clients in this position say that top features include a designated home office (17%), less dense location (16%), single-family living (15%), private and spacious outdoor area (15%), and a well-appointed kitchen (11%). These priorities come above a private pool, access to nature, designated home gym, or dual main suites.

Homeowners looking to outfit their properties in a post-COVID-19 world will find that building a home office costs an average \$12,000, but recoups 87% that spend at resale. Walk-in pantries will yield 76% of their average \$3,400 cost, while double ovens come with a similar price tag and an ROI of 71%. While landscaping and curb appeal projects have traditionally been the [most-recommended for marketability](#), any home seller who can boast a backyard private oasis will likely catch the attention of a stir-crazy nation.

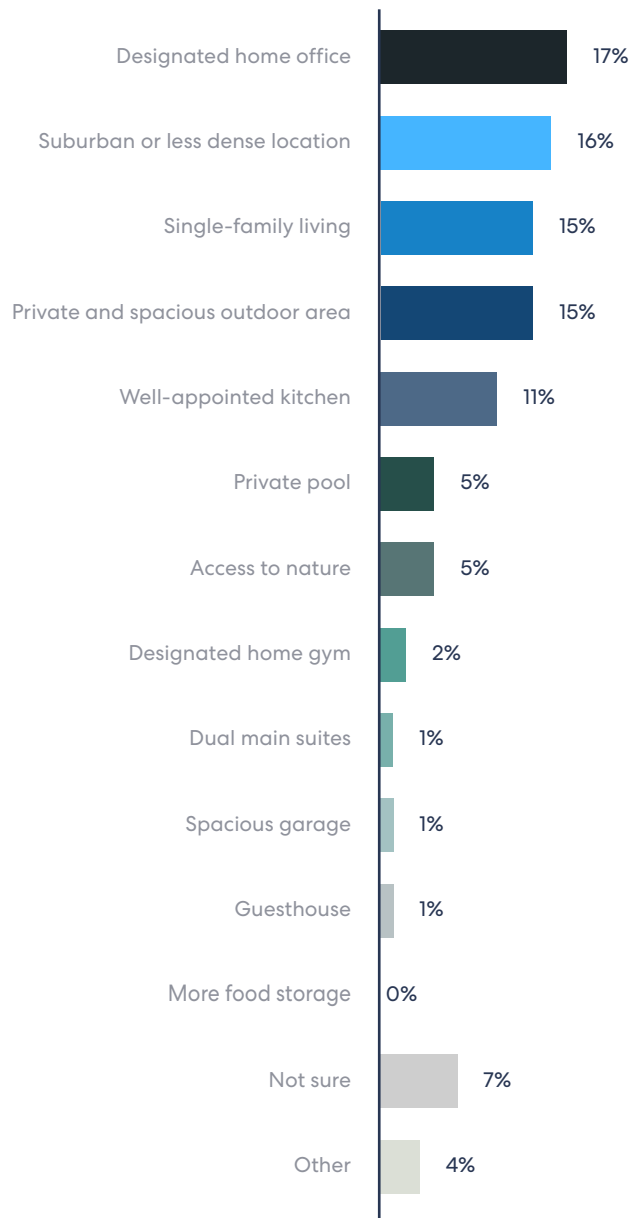
The coronavirus has made spacious homes in the suburbs more attractive, while creating new motivations for renters who would prefer the privacy and certainty of owning.

What are the top reasons motivating people to move currently? (Check all that apply)



Home offices will likely become more formal and outfitted to a comfortable working environment as remote jobs become a permanent fixture of society. Single-family homes with private outdoor space will have a leg up on shared walls and amenities.

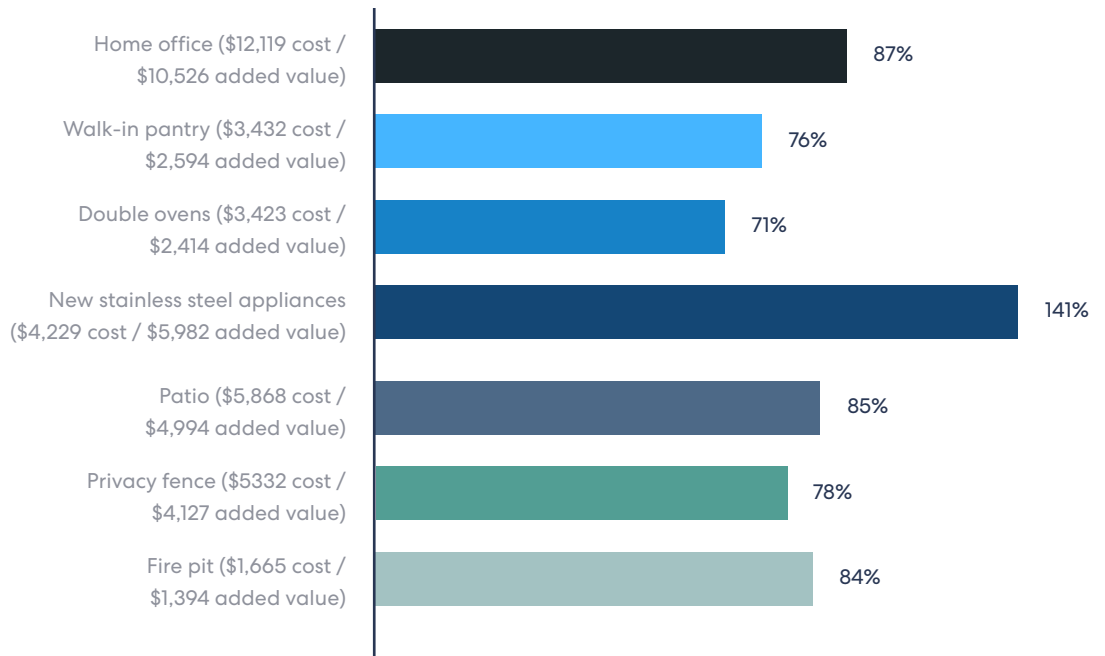
Which of the following features, characteristics, or amenities do you believe will be most desirable or important to homebuyers in a post-COVID-19 era?





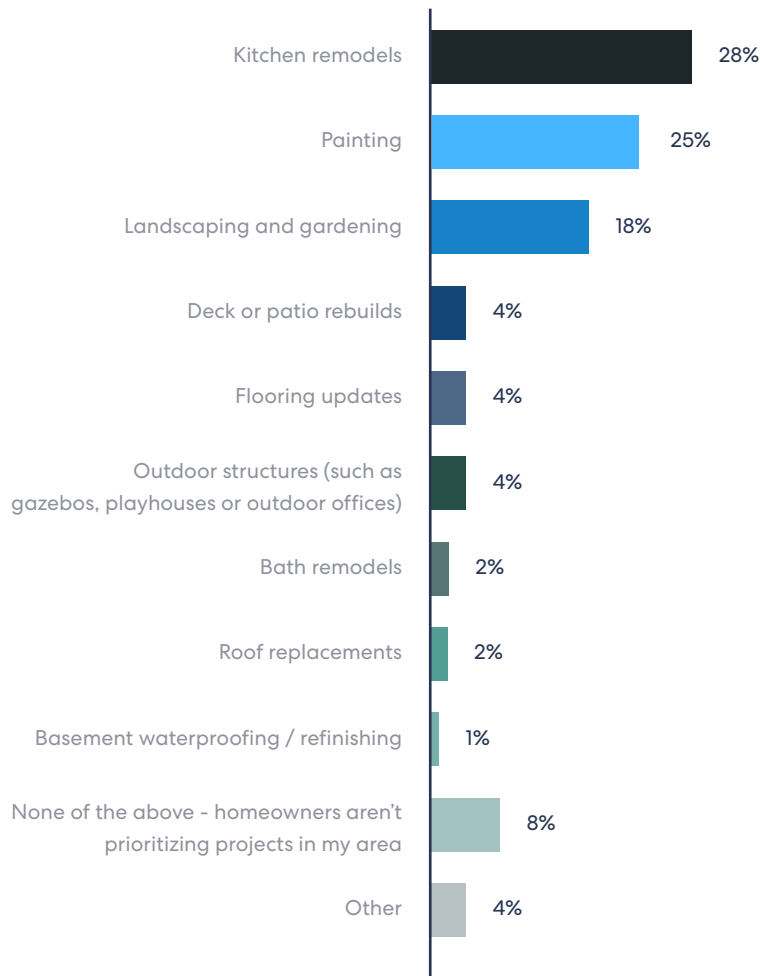
## New kitchen appliances, a home office, and a patio have the best ROI among these post-COVID-19 house outfitting projects.

### Average ROI: Desirable house projects post-COVID-19



Kitchen remodels, painting, and landscaping are far and away the most popular home improvement projects for summer 2020.

Which of the following is the most popular home improvement project in your market this summer?



# About HomeLight

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HomeLight's vision is a world where every real estate transaction is simple, certain, and satisfying.

We provide software and services to home buyers, sellers, and real estate agents including HomeLight Agent Matching, the investor matching platform Simple Sale, HomeLight Home Loans, and HomeLight Closing Services.

Each year, HomeLight helps hundreds of thousands of clients connect with top real estate agents, and it facilitates billions of dollars of real estate on its platform.

