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How COVID-19 Will Impact the Real Estate Market in 2020

By [Beth Casey](#) • May 12th, 2020 • [Brokers](#), [Business](#), [Real Estate Agents](#), [Trends](#)

With nationwide stay-at-home orders still in force to one degree or another, the impact of COVID-19 on American industries, including real estate, is a hot topic up for debate. It's like nothing that we have seen in modern history. The latest unemployment numbers have spiked to over 14 million since many Americans have been furloughed or worse. Although it's still likely that some aspects of the real estate market will struggle, experts suggest the overall real estate market remains hot,

although some divisions are experiencing a struggle. Here's what you need to know.

Industrial real estate is strengthened by ecommerce

The commercial side of real estate, particularly industrial real estate is seeing some growth. "Industrial real estate is in a strong place because ecommerce is soaking up demand that physical retail can't fulfill," says Tim Milazzo of [StackSource](#), a national commercial real estate finance platform. However, Milazzo cautions agents and brokers that hotel real estate is struggling, which shouldn't come as a surprise since tourism is temporarily halted. Many states, particularly coastal states that see high numbers of tourists annually, such as Maine, aren't expecting to open to tourism until at least July.

A short tourism season would make any hotel real estate deal a tougher ROI after you factor in individual state reopening restrictions. However, it's not just hotels, you need to worry about. "If the economy doesn't open up swiftly," Milazzo says, "more tenants won't be able to pay — both apartments and commercial space, and landlords and the lenders behind them will be more at risk."

The residential market remains strong

The residential housing market, however, is expected to remain strong. Buyers and sellers are cautious right now amid the COVID-19 situation. Sellers are more anxious to sell and with spring in full force, now is the best time to do that.

Interest rates are as low as [3.53% for a 30-year fixed-rate mortgage](#) and 3.13% for a 15-year fixed-rate mortgage according to Bankrate. So, now is the best time for buyers to take advantage of this and the reason is simple according to Andrew Helling, a real estate agent in Nebraska and the founder of [REthority](#), an online real estate resource.

"I believe now is a good time to buy a house because rates are low and sellers are fearful," says Helling, "they are more willing to take the first offer that closes the deal rather than holding out for a higher offer in times of severe uncertainty." This is good news for buyers and one that real estate professionals should remain aware of.

Ryan Dosenberry, the owner of [Lakeshore Home Buyer](#) in Michigan agrees. "Since it appears we have flattened the curve in most states, we are already seeing some pent-up demand as a result of this pandemic," says Dosenberry. "All the buyers who were targeting March

and April to purchase have been scouring Zillow and Redfin in recent weeks and are anxious to get out and see houses once the shutdown order is lifted." However, Dosenberry also cautions, "Property values may take a short-term hit around midsummer after the pent-up demand spike recesses...but once the economy gets rolling again by the end of Q3 we should see those values tick back up."

In light of these predictions, there are a few things you can do to bolster your real estate business. First, if you're not already doing so, take advantage of virtual meetings and 3D software. Technology is a beautiful thing and can help you link buyers and sellers despite stay-at-home orders. Also, highlight the current lower interest rates to help drive buyer interest through the sales funnel, but expect bidding wars as buyers compete against each other. This should even out as supply and demand begin to balance toward the end of the year and home values begin climbing again.

If you haven't already done so, then consider taking an continuing education class to stay at the top of your game in a market that is priming to be even more competitive than ever. Mbition offers [online classes in real estate](#), appraisal and home inspections and all are available at your fingertips. Just remember that what you practice — real estate, is just as important as where you practice it. [Real estate licensing requirements](#) vary from one state to another. So, focus on growing your business and your expertise for the state or states where your business stretches. Finally, no business is without a good marketing plan, but when times are busy it's easy for this important lifeline for your real estate business to slide. So, ramp up your marketing and branding efforts and present yourself as an industry authority. Doing so will strengthen your real estate business and boost the potential for a steady stream of leads.

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