

## NEWS

LOS ANGELES REAL ESTATE MARKET REPORTS

BUYING A HOME IN LOS ANGELES

# How is coronavirus impacting LA's housing market?

*It was shaping up to be a banner year for Los Angeles real estate. Now economists predict: "It will not be a pretty picture"*

By **Elijah Chiland** | Mar 19, 2020, 8:35am PDT



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Prospective buyers tuned in for a “virtual tour” of this four-bedroom Hollywood home over the weekend. | Photo by Anthony Barcelo, courtesy Heather T. Roy, Learka Bosnak/Douglas Elliman

Real estate agents Heather Roy and Learka Bosnak hosted a “**virtual open house**” over the weekend. Broadcasted on Instagram and Facebook Live and carefully maintaining

six feet of separation, they showed off skylights, hardwood floors, and other features of a four-bedroom bungalow in Hollywood listed for \$2.4 million.

“The strategy in the current market would normally be to have an open house and have 200 to 300 people going through, but we couldn’t do that,” says Roy. “We wiped everything we touched down. Our clients were really happy because we were still able to show the house to a lot of people.”

With public health experts advising people stay home, and keep at least six feet apart when interacting with others, even the physical process of home shopping is a challenge. It’s an unexpected challenge for buyers and sellers, in what was shaping up to be a hot year for the Los Angeles real estate market.

With low interest rates bringing buyers to the market, and a relatively small pool of houses and condos available for sale, real estate analysts **predicted prices would rise** even beyond **all-time records** set in 2019.

But that was before the **novel coronavirus** pandemic.

An **economic letter** published Tuesday by the UCLA Anderson Forecast and the Ziman Center for Real Estate predicts a pending recession that will place “stress” on the local real estate market.

“It will not be a pretty picture over the next few months,” the authors conclude.

Zillow economist Jeff Tucker says video tours and even 3D animations will probably become more common ways for agents to show homes in the coming months.

“Agents are adapting,” he says. “I expect it’s still possible to do real estate transactions with a minimal amount of risk of exposure [to the virus].”

Roy says she and Bosnak are thoroughly vetting interested buyers before showing them the Hollywood house in person. She also says they’re prepared for the possibility that

even that might become impossible, should Los Angeles adopt stricter measures to limit the spread of the virus.

“If the city says no one move, we’re not going to be showing a house,” she says.

That’s close to what health officials have instructed at this point. The County’s “**Safer at Home**” order, announced Thursday, restricts group gatherings to 10 people at most, and requires organizers to provide places to wash hands and ensure guests remain separated by at least 6 feet.

Tucker says evidence from previous pandemics suggests that real estate sales drop sharply when viruses are spreading most quickly. Once the pandemic ends, sales pick back up again.

According to a **report** released by the real estate listings site this week, the number of homes sold in Hong Kong plummeted during the 2003 SARS epidemic—but home prices “did not fall significantly.”

**Tracy Do, a real estate agent with Compass, says that there’s been a “definite slowdown” in the level of buyer interest over the last few weeks, but that she isn’t slashing listing prices, except in cases “where sellers need to accelerate their sale timeline.”**

Tucker says it’s possible that prices won’t be affected much by the virus, but that it will be telling to see what happens in China, where home sales nearly came to a complete stop in areas hard-hit by the pandemic.

“That’s something that had not happened in any of our historical examples,” he says.

Even in the days after Los Angeles County officials declared a **public health emergency**, real estate agents say interest from buyers was strong.

“We’ve been extremely busy. We’ve had a number of offers—18 offers—on one property,” Compass agent Tracy King said **earlier this month**.

Do says things started to change last week.

“One buyer on a new listing escrow has gone M.I.A.,” she says. “Some clients in the entertainment industry are taking a pause on their home search because productions have shut down until further notice.”

Roy says she’s hopeful that sales will continue, even if authorities mandate that Los Angeles residents **shelter in place**.

“Whether you’re moving for a job or having a baby... people’s lives are going to keep changing through all of this,” she says. “Some people have been working really hard to be in a position to buy a house.”

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