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Realtors remain optimistic about local market

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Real estate sales have remained fairly steady despite other industries struggling during the coronavirus health crisis.

Michael Zogg/Today's News-Herald

Uncertainty is the foe of markets and these are clearly uncertain times. But Realtors say the coronavirus pandemic hasn't had as large of an impact on business as they may have feared and are optimistic that the local real estate market will spring back in good shape on the other side of the shutdowns.

"Certainly what is going on with COVID is creating uncertainty and uncertainty is never good on the demand side of things," said Luke Still, CFO of Desert Land Group. "But so far

I get the impression that the people who are in Lake Havasu feel like this is a safe place to be. I know that on my own street the number of second homes that are currently occupied by people has exploded. It seems like everybody with a second home is choosing Lake Havasu as the place to settle down. So that has actually kept activity up quite a bit.”

Vicki Runyon, owner of Keller Williams Arizona Living Realty, noted that Lake Havasu City will still have all of the features that have made this a hot real estate market in recent years once the shutdowns are ended.

“There are specific pillars in Havasu that are never going to change: the Colorado River is here, the beautiful lake is here, sunsets and sunrises are going to continue to, the opportunities for events to come here, the incredible affordable living and the fact that we live in this beautiful little bubble that is 2.5 hours away from Vegas and 3.5 hours away from Phoenix. I believe that this is just a little bit of a blip as far as the real estate market is concerned. But that is just my opinion, and I can only speak for my office.”

Gov. Doug Ducey listed real estate services as an essential professional and personal service, and homes are still bought and sold each week in Lake Havasu City, even if those numbers are slightly lower than usual. But Realtors have had to change how they operate in light of coronavirus.

“They are labeling real estate as an essential business, but I think the bottom line is people are at the point now where those stay at home orders are affecting anyone coming out to our area,” said Eric Gedalje, owner of The Janeczek and Gedalje Group.

Going digital and social distancing

Real estate businesses are adjusting to social distancing guidelines and have embraced technology as people venture out less and less.

The Centers for Disease Control issued its guidance limiting gatherings to 10 people or fewer just a few days before Havasu Riviera was planning to hold its first big event to show off the development.

Those plans were placed on hold indefinitely, but Desert Land Group has managed to move

ahead with the project right on schedule.

Rather than hosting a large gathering, the company decided to release a digital tour complete with lots of pictures and video of the project, along with updated maps and information. Mychal Gorden, CEO of Desert Land Group, said they sent the digital tour to more than 2,000 people who have signed up for the Riviera email list.

“It was a change in how we go about selling real estate in light of what is going on with the COVID-19 stuff,” Gorden said. “Honestly it went really well. People really appreciated it because they have a lot of time right now at home to be looking at content on their phones, computers and devices. It is not the same as standing out there in person, obviously, but it gave a way for people to see it and really get a feel for it. From there we got a lot of calls, a lot of questions, and a lot of follow up.”

In fact, the release went so well that Havasu Riviera decided to officially kick off sales of its first neighborhood, Marina View, last weekend. Gorden said the company did alter its plans in light of the current situation, however. Rather than putting up all 75 single family lots in the first neighborhood at once, Gorden said they have elected to start off with just 30 lots with plans to bring the rest of the neighborhood to market once shutdowns and travel restrictions are relaxed.

Gorden said the Riviera is the only project that Desert Land Group has created a full digital tour for, but other projects such as the new neighborhood at Sailing Hawks and Luxe Locker are also being marketed more aggressively online and through social media.

“What we are seeing is people revisiting that content multiple times and then calling and talking to our team,” Gorden said. “We have had great activity with that with Luxe Locker, with Riviera, and the Sailing Hawks project is starting a soft roll out digitally.”

Gedalje said his company has also increased its virtual presence during the pandemic.

“We are adapting daily. In our advertising, our marketing, our social media postings, we are encouraging virtual tours,” he said. “We are working on facetimeing with buyers at different properties. There is so much that we can do with technology right now that I think that is why we are still seeing some sales happen. You can send a contract from 1,000 miles

away with DocuSign.”

Recently Gedalje said his company managed to complete a sale in which they conducted some virtual tours for the client, and used electronic signature programs to complete the sale without the buyer stepping foot on the property.

Runyon said interested buyers from outside the area are common in Lake Havasu City, so such virtual tours and sales are not new.

“It wasn’t unusual for us to facetime a home and for somebody to put an offer in on a house, sight unseen,” Runyon said. “That was happening before, I think it is just probably happening a little bit more now.”

But there is still some in-person contact occurring within the industry. Gedalje said there are some clients who are traveling 10 hours round trip from Southern California and back to look at properties up in The Foothills. He said they have been practicing all of the common safety precautions as any other essential service these days, with frequent cleanings and social distancing, and realtors are wearing masks and gloves whenever they enter a client’s home.

Gorden said most of Desert Land Groups’ sales center around vacant properties. He said their realtors and clients always visit the property in separate vehicles while communicating on speaker phone. They advise clients to wear a mask if they wish to get out of their car and walk around.

Commercial real estate

Still said the commercial real estate market has been similar to the residential side, with interest still strong and some business continuing forward as planned. Still said Tuesday that he was expecting to close on a commercial deal soon that had gone into contract prior to the shutdowns but the business still feels good about continuing. Another commercial deal with a business in the hospitality industry was recently put on hold, however.

“Of course hotels and restaurants are dealing with the greatest amount of uncertainty right now,” Still said. “But for the most part I still have a lot of investors calling me.”

Some of those investors have some new concerns to address in the current economic climate though.

“I think some investors are worried about the debt side of things because banks and their ability to finance some of these larger deals could change through all of this – I think that is one of their biggest fears right now,” Still said. “And if you are a hotel or restaurant operator you are probably not thinking about doing anything right now except keeping your business afloat.”

Bouncing back after the crisis

Local Realtors are hopeful the market will remain strong in the coming months as plans are made to end the shutdown.

With stocks falling and unemployment rising, Still said a national recession seems likely. But real estate has been more insulated than other parts of the economy.

“We are off a little bit and there is some uncertainty, but the fundamentals of our market remain the same,” Still said. “The supply remains the same and the demand is altered a little bit because of people’s uncertainty and people have lost some wealth with what is going on right now. But there are still a lot of people moving here because they want to retire here and there are still a lot of Southern California folks who are coming here because they have a vacation house – from that demand perspective that isn’t changing very much.”

Runyon said that demand isn’t likely to change anytime soon thanks to the strength of the community as a whole.

“I have lived here for over 32 years and I have seen this community go through a lot of transitions and a lot of economic turns here and there,” Runyon said. “We always come through. We are a strong community, we are desirable, and people are always going to want to still come here because of what we have had all these years. The London Bridge isn’t going anywhere, the lake isn’t going anywhere, all the wonderful events that get put on throughout the year are all coming back, so we will thrive on the other side of it.”

But the first step to getting back to normal will be eliminating the uncertainty about what lies ahead.

“No matter what the answer is, when we start getting some certainty to what is going to happen I think you will see a relatively shallow dip in the overall market in a relatively short time period where we are experiencing any kind of significant lay off in demand,” Still said. “Right now we haven’t seen that much.”

Michael Zogg

Reporter