



1Q2020 Insight Report

A review of market trends in Philadelphia and its suburban neighborhoods

Special Edition: Effects of COVID-19

COMPASS



A VERY Warm Welcome

We hope you and your family are healthy and safe in these extraordinary times. At VERY, one of our Core Values is “We Share Knowledge at Every Opportunity.”

In that spirit, we are proud to present this Special Edition of our quarterly VERY Insight report, a review of market trends in Center City Philadelphia and its surrounding suburbs. This report includes a review of year-over-year April data to examine the immediate impact of COVID-19 on the real estate market.

The market entered this crisis from a position of strength with the first quarter exhibiting sales volume consistent with previous markets and high pricing in the city and suburbs. Low mortgage interest rates were a motivating factor in buyers taking the leap. The mild winter weather facilitated an early Spring market with sellers moving to put properties on the market earlier than usual in the season - a saving grace for sellers when the market halted in mid-March.

This report provides a timeline of COVID-19 related events that impacted real estate transactions and outlines a year-over-year comparison of April sales - the first full month in lockdown. In the city, we saw a 35% drop in sales volume. The suburbs fared better, down 13% year-over-year. For the most part, prices held consistent with previous year or exhibited a strong uptick due largely to a lack of inventory.

As we look to the future, we remain optimistic that over time, the market will strongly rebound from a demand perspective. The historically low inventory levels are preserving pricing for the moment. And as we know, real estate transactions are motivated by life events - relocation for careers, families getting bigger, families getting smaller, marriages, divorces - these events carry on, even in moments of crisis.

Home has never been more treasured than in our current times. Stay home. Stay safe.

Be well,

Elizabeth Convery
Founder

Market Snapshot

Market Conditions 1Q20				
Center City	Units Sold	Sold Volume	Sold Avg	Medium DOM
January	227	\$113,813,915	\$501,383	81
February	224	\$122,858,762	\$548,477	88
March	302	\$148,975,778	\$493,297	80
Total	753	\$385,648,455	\$512,149	82

Source: Trend MLS

Market Conditions 1Q20				
Greater Philadelphia	Units Sold	Sold Volume	Sold Avg	Medium DOM
January	1,178	\$315,202,911	\$267,575	51
February	1,162	\$317,810,642	\$273,503	58
March	1,222	\$361,702,224	\$295,992	56
Total	3,562	\$994,715,777	\$279,258	55

Source: Trend MLS

Market Conditions 1Q20				
Suburban Philadelphia	Units Sold	Sold Volume	Sold Avg	Medium DOM
January	1,519	\$522,198,215	\$343,778	57
February	1,312	\$450,000,509	\$342,988	56
March	1,830	\$630,672,469	\$344,630	47
Total	4,661	\$1,602,871,193	\$343,890	53

Source: Trend MLS

Sales volume in the first quarter was robust across all markets with nearly \$2.6 B of homes trading hands.

Even as the threat of COVID-19 became more prevalent in March, the real estate market kept on churning buoyed by historically low mortgage interest rates and the steady flow of inventory hitting the market in late January and February.

The suburban market - Chester, Delaware and Montgomery Counties - continues to move properties faster than Center City with Days on Market (DOM) nearly 30 days less.

The Immediate Impact of COVID-19 on Real Estate Activities in Pennsylvania

A Recap of Notable Events

March 16: PA Schools Closed

March 19: All non-essential businesses in PA Closed - Real estate agents included in this Emergency Disaster Declaration. Home inspectors, appraisers, title companies still able to conduct business so long as social distancing guidelines are followed

March 23: Shelter-in-Place orders issued in Philadelphia and surrounding counties

March 27: CARES Act signed into law

April 10: Emergency Disaster Declaration clarified to prohibit in-person home inspections, appraisals, final walk throughs and title company activities on all transactions that went under contract after March 19th

April 29: PA House of Representatives passed a bill to open real estate activities in PA. Senate and Governor Wolf approval pending

Breakdown Comparision April Year-over-Year								
	Units Sold	Differential	Sold Volume	Differential	Sold Avg	Differential	Median DOM	Differential
Center City								
2020	206	-30%	\$107,846,781	-35%	\$523,528	-8%	66	10%
2019	294		\$167,056,293		\$568,219		60	
Greater Philadelphia								
2020	870	-41%	\$269,290,013	-34%	\$309,529	12%	46	-2%
2019	1,476		\$408,144,905		\$276,521		47	
Suburban Philadelphia								
2020	1,608	-23%	\$601,868,609	-13%	\$374,296	13%	40	-18%
2019	2,083		\$692,457,304		\$332,443		49	

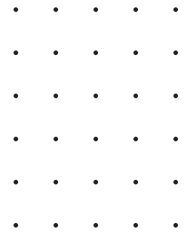
Source: Trend MLS

Examining the April numbers year-over-year, we can see the effect of COVID-19 on the real estate market has been drastic. Sold Volume dropped dramatically across all markets, 35% in Center City and 34% in Greater Philadelphia. The suburbs fell by 13%.

Overall, prices are holding buoyed by drastically low inventory levels and strong buying power resulting from historically low interest rates.

It's important to note that the closings that occurred in April are on properties that went under agreement before the March 19th Emergency Disaster Declaration. The full effect of the shutdown will likely not be fully reflected in the data until May. It's also important to note that the suburbs typically lag the city. So while the year-over-year Sold Volume is not as significantly down, the effects may not be as quick to emerge.

Hope is not lost



You'll hear it anytime you turn on the news, but it's true in the case of real estate too.

We entered this crisis from a very strong place as an industry, and we will emerge to a strong place.

Three factors to consider:

1. Real estate transactions occur due to life events. Life events occur regardless of pandemic and sustain demand for real estate services in the long-term.
2. Interest rate environment remains extremely attractive with the 30-year fixed mortgage rate at 3.5% as of April 30th.
3. Inventory levels are at historic lows, driving up pricing. We anticipate many new listings hitting the market once restrictions are lifted and sellers see a clear path forward to a closing.



Select 1Q20 Transactions



2053 Christian Street, Unit A

Buyer Representation



1121 Montrose Street

Seller Representation



109-11 Pine Street

Buyer Representation

About VERY Real Estate

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Founded in October 2013, VERY Real Estate is setting a new standard for residential real estate by providing clients with tailored service designed to fit their needs and create a personalized experience when buying, selling or investing in a home. VERY's team is made up of sophisticated professionals committed to re-shaping the residential real estate experience. We provide sound advice, superior customer service and timely results. We are relationship-driven professionals with a service-oriented mindset. VERY prides itself on exceeding expectations and crafting an experience that will be memorable and lasting.



VERY recently partnered with Compass Real Estate. Compass is a new age Real Estate & Technology company that fuses the best in class agents with the most innovative technology. Our technology and team of support roles allow our agents to spend more time with the client and less time on tedious work. Our technology platform is backed by the same investors as Uber, Twitter, AirBnB, and other industry disrupting companies. We are the future of Real Estate.

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