

Rising demand in Tahoe region real estate out of COVID-19 shutdown

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Special to the Sierra Sun



Perhaps now people from major cities are seeing how much easier it is to work remotely and they'd rather be in the mountains than in a highly dense area when a national health crisis happens, he said.
Submitted by Ken Bednar

Ken Bednar at Lake Tahoe Communities/Chase has been in the local real estate business for more than 30 years, and what he's seeing in the Lake Tahoe real estate market is unprecedented.

Licensed in both California and Nevada, Bednar and his team specialize on East Shore properties and the number of people interested in permanently relocating to Lake Tahoe is causing the demand to be greater than the supply ... but people are willing to pay the price. "I measure the state of the local real estate market by who visits my website. The web traffic (on laketahoecommunities.com) averages about 30-40 people per day, but now I'm seeing around 150 daily visits. It's very unusual, the supply of homes is at an absolute all-time low and because of the virus we are restricted on showing homes," he says.

When Bednar's team does show homes to potential buyers, everyone has to wear masks, gloves, and it has to be currently unoccupied. Lake Tahoe Communities is now doing Facetime showings of a property, clients commenting from afar about what they like and don't like. The real estate office is also utilizing more drone footage to show the whole area to give people a bigger picture of what they're buying into.

So, why is there so much interest during the stay-at-home order? "They all say the same thing, they want to get the hell out of where they're at. I had 19 new clients just sign up in the last three days interested in moving up here. Some people are paying \$4,000-\$15,000 a month in rent just to buy some time until September/October when there's more inventory," Bednar says.

"A couple from Phoenix found a really nice property on the East Shore and they're renting it out for \$13,000 per month for three months to get to know the area," he adds. Renting out a home for a total of \$40,000 for three months sight unseen is a bit unusual for Tahoe buyers.

MOBILITY MOVING IN

Perhaps now people from major cities are seeing how much easier it is to work remotely and they'd rather be in the mountains than in a highly dense area when a national health crisis happens, he said.

"We also have a lot of millennium buyers who are already used to working remotely. They don't know how long this (pandemic) is going to last, and they'd rather be here. The people I'm

talking to are looking for a simpler life, a close community. They want the outdoors and don't want to be stuck in places where there's a health problem," says Bednar.

However, with a lot of demand and only a few houses for sale (and a lot of red tape in how to show them), COVID-19 affects the real estate market a lot differently than what happened in the 2008 recession.

"It's not like in 2008 where you had banks supplying loans ... people have the money to buy but now we have an outside event that has caused this recession, it's unreal right now," he says. And now when people are in Lake Tahoe and want to see a home, they must sign a two-page disclosure agreement, understanding the risk of possibly contracting or spreading COVID-19.

"After signing the disclosure, everyone has to wear booties, masks, and gloves inside the house, and no one can touch anything," Bednar says. The days of driving around buyers in the same car are over, too; now everyone drives separately and meets at the location.

To help make looking at properties easier for clients, Lake Tahoe Communities set up specific webpages for certain Tahoe regions, full of drone footage, interior, and exterior shots that showcase a particular area so that clients can get an idea of the views, the environment, and sense of the neighborhood that they may not be able to get in person right now.

"Showing properties with all the virtual tools now is very important," he says.

"People are starting to ask themselves, why do I have to live in such an expensive area and drive an hour to work every day, or rent out an expensive office space when everyone can work remotely?" Bednar said. "If you don't need to live in the city, why would you?"

DIFFERENT SHORE, SAME STORY

Over on the northwestern side of Lake Tahoe and Truckee, Alison Elder of the Elder Group is also seeing the same kind of demand but no one really buying anything. In the past week, Alison Elder reports that their office has seen a distinct increase in buyer activity but no new escrows.

"All of the escrows that the Elder Group had in contract in April closed, but any new escrows that would've normally been in the pipeline right now completely stopped. That buyer pipeline diminished hugely because of the shelter-in-place order," she says.

Elder forecasts that there will be a light second quarter in Tahoe/Truckee real estate sales because people couldn't come up to Tahoe to shop.

"We've seen a substantial reduction in closed escrow volume because those looking to buy aren't coming to Tahoe right now," she says. However, with continuously record low interest rates, the Elder Group has seen an increase in blog subscriptions and new listings are still trending normal for this time of the year with perhaps a slight increase.

"Normally the shop rings about 100-150 calls per day but right now the phones are quiet, we get about 3-5 calls per day," she says of the Elder Group office that normally grosses \$90-95 million in real estate sales per year.

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**“The Bednar and Young—
Lake Tahoe Communities
Team has record breaking
sales.”**

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