



Talk Smart!

A closer look at May 2021 sales throughout the Charlotte region.

All data is according to Canopy MLS.

Underlying messages:

- Sales in May are a continuation of April and illustrate what happens when the normal flow of activity is interrupted during the critical spring market. Home sales were up 26.4 percent over May 2020.
- Now that reopening and vaccinations are more mainstreamed, we are encouraged by gains in new listing activity in the Charlotte market.
- New listing activity continues to show gains in seller confidence compared to last May when seller activity was interrupted by the pandemic, as sellers and Realtors® shifted from in-person sales to virtual open houses and tours. New listing activity was up nearly 9 percent year-over-year and year-to-date figures shows new listing activity ahead of activity this time last year, which is a positive sign for buyers in the market.
- Buyers are quickly purchasing almost every new listing coming to market. Sales easily could have been much higher had there been more inventory. Remote learning and work-from-home situations kept sellers sidelined earlier this year, however we believe we will see more seller activity in the coming months as more of the population is vaccinated and moves toward reopening and summer activities.
- Buyers continue to face headwinds with higher home prices and falling affordability, as supply challenges continue. Without an increase in supply, the wealth division continues to widen as a number of workforce buyers and first-time homebuyers become locked out of the market.
- Anyone interested in buying or selling should start preparing now to determine their lending options and financial position, and they need to be flexible in terms of location and amenities. They should also connect with a Realtor® in order to navigate the complexities of the market.

Key Indicators

- May home sales were up nearly 26 percent year-over-year as buyers and sellers return to a more normalized spring market. Sales are up slightly compared to April 2021.
- Buyer demand continues to be strong across the 16 counties. Buyer demand recovered last May and was up about 15 percent compared to 2019. We will continue to watch buyer demand closely, for signs of buyer fatigue as May 2021 figures show buyer demand on par with last year and up by 2 percent compared to April 2021.
- Buyers, particularly work from home buyers, are seeking larger homes with dedicated offices and outdoor living spaces in suburban and rural settings, which means buyer interest should continue in the region's surrounding counties. Strong contract and closed sales activity

throughout a number of outlying counties and areas continues to support this trend. According to recent census data reported by NAR, the majority of out-of-state buyers moving to Charlotte are coming from South Carolina, Texas, Georgia, Virginia and New York.

- Inventory is critically low for the Charlotte region and was down more than 62 percent year-over-year to 0.6 months of supply or 18 days of supply at the current sales pace. The market has held steady at 18 days of supply for the past four months. This will continue to impact prices, especially given the increased competition among buyers. Inadequate housing stock is going to be the main issue that holds the market back in the coming year.
- Sellers who are ready to list have the opportunity to receive high visibility for their listings and spend less time on market. Days on market (DOM) continues to break records as it trends lower. Properties averaged 16 days on market in May 2021. Last May DOM averaged 36 days, but this was also during the height of pandemic lockdowns. Sellers received well over asking price at 101 percent of asking prices this past month as indicated by the original list price to sales price ratio.
- Buyers need to understand that mortgage pre-approval should be in place. There could be little room for negotiation on price in highly desirable areas where increased competition could lead to multiple-offer situations as supply continues to fall.

The Charlotte region's extremely tight inventory situation will continue to impact prices. We believe price growth overall will continue, with some areas seeing increased volatility due to rapidly dwindling supply. We continued to see double-digit year-over-year price increases in both the median (\$323,000) and average (\$394,924) sales prices. This will continue to challenge buyers, particularly first-time buyers, single buyers and workforce housing buyers.