



Talk Smart!

A closer look at April 2022 sales throughout the Charlotte region.

All data is according to Canopy MLS.

Underlying messages:

- Sales were down year-over-year for a fourth consecutive month, down 10.2 percent when compared to last April's sales. With pending contract activity declining year-over-year over the last few months, as buyers back away from rising rates and prices since late January through the present, closed sales have declined in response.
- Month-over-month sales are down 2 percent compared to March sales.
- Sales activity has been largely impacted by increased lack of affordability.
- Also, the median sales price has risen in large part due to the higher price point of homes that are currently selling.
- News of rising rates and economic concerns surrounding inflation, supply chain constraints and increased tensions in Europe, causing economic volatility and increased oil and gas prices also have played a part in consumer's lower sentiment towards home purchases.
- **A little Good News:** *Canopy reported in February and March that inventory held steady at about 15 days of supply. With more than 700 homes added to the market in April, inventory has risen by 29 percent month-over-month to 21 days of supply.*
- **Surprises this month:** The Original List Price to Sales price ratio & Days on Market.
 - ***For the Charlotte Region, the original list price to sales price ratio topped 102.8% in April 2022. This metric is telling for sellers, as it looks at the ratio of sold price to list price. And based on April's average sales price of \$449,500 for the Charlotte region, this metric suggests on average that sellers at this price point in April received all of asking price, in this case \$449,500 plus an additional \$8,991.62 (based on the average sales price in April 2022)***
 - ***Mecklenburg County's original list price to sales price ratio in April 2022 was 104.3%, which means that based on the average sales price of \$520,627 (April's Avg. Sales Price in Meck Co.), sellers at this price point in Mecklenburg County received all of asking plus an additional \$20,825 over asking price.***
 - **Days on Market continues to cycle lower.** DOM averaged 16 days in April 2022 for the region, compared to 21 days last April. For a number of other counties, DOM cycled even lower – in Mecklenburg County DOM showed homes on market an average of 13 days.

- This means that buyers in the spring market have little time to negotiate and sellers should work with their Realtor® to plan for how quickly the home could sell.

The last two years of phenomenal sales activity was as a result of several things:

- The low mortgage rate environment that carried over from 2019,
 - The pandemic and lockdowns over the first half of 2020, that caused pent-up buyer and seller activity to be pushed into 2021
 - Consumers making significant lifestyle changes, i.e., remote work creating the ability to work anywhere, increased demand for larger homes and second homes.
- Buyers are increasingly frustrated by rising rates, rising prices, tight inventory and economic concerns. Even the National Association of Realtors® acknowledged that growing economic concerns would stall buyer activity.
 - New listing activity was also down for a fourth consecutive month, however month-over-month we have seen a bit of an uptick each month since December. April's new listings compared to March increased nearly 9 percent. Again, adding more than 700 homes to the market's inventory last month.
 - Sellers like buyers were also distracted by growing economic concerns and rising tensions in the EU amidst Russian aggression. This month-over-month growth in new listings will do little to help the inventory situation in the short term, as homes are essentially being purchased as quickly as they're listed.
 - However, long term, with buyer activity slowing because of rising rates and prices, should sellers continue to list, inventory will slowly increase and prices should also start to settle a bit.
 - Buyers looking now are much more measured about their financial limits, though many are also pressed to act due to the rising rates. Rising rents are also a factor, as rent continues to outpace monthly mortgage payments.
 - Buyers interested in the market, should start preparing now to determine their lending options and financial position, and they need to be flexible in terms of location and amenities, while also being mindful of how quickly the market is moving.
 - A fast-paced market means buyers have less time for negotiation, as multiple offers in highly sought-after areas, will cause homes to close quickly. They should connect with a Realtor® to navigate the complexities of the market.
 - Sellers also have to be mindful that homes have to be priced for the very local market – down to the neighborhood level to ensure that the home sales quickly and for the best market value.

Other Indicators

- 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. Steady contract and closed sales activity throughout a number of outlying counties and areas continue to support this trend.

- Inventory/supply and rising rates will continue to impact prices this year, especially given the increased competition among buyers, pressed by rising rates. 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 April. The Charlotte region's extremely tight inventory situation will continue to impact prices.
- The **median sales price**, which is the best measure of price over time (since it factors out extreme highs & lows of the market) rose to \$380,000 in April and reflects a year-over-year increase of 21 percent.

Price growth overall will continue, with some areas seeing increased volatility due to rapidly dwindling supply. Supply chain issues and rising prices continue to impact builders and the new construction market and how quickly inventory is developed.

Increased affordability challenges for first time buyers and workforce buyers as buying and renting become unaffordable.

Outlook ahead and reasons for concern:

Renters paying near mortgage prices monthly, run the risk of not being able to save for down payments. According to the National Association of Realtors® approximately 3 million renter households aged 25-40 years old, already **spend 50 percent of their income on rents**, which will make it even more challenging to save for future down payments.