



## Talk Smart!

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

All data is according to Canopy MLS.

Underlying messages:

- Sales were down year-over-year for a third consecutive month, down 10 percent when compared to last year's sales. With pending contract activity falling year-over-year, as buyers back away from rising rates and prices in late January through the present, closed sales have declined in response.
- Month-over-month sales rose about 25 percent compared to February sales.
- Perhaps an indication that sales could be ramping up for summer, which may be the best bet for buyers still able to purchase as interest rates climb into 5 percent territory.
- Sales activity has been largely impacted by increased lack of affordability.
- News of rising rates and economic concerns surrounding inflation, supply chain constraints and Russian aggression against Ukraine that is causing economic volatility and increased oil and gas prices also have played a part in consumer's lower sentiment towards home purchases.
- 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.
- Pending sales, which are typically a good gauge of future sales, because they tend to close 45-60 days later, were down at the start of the year as well as February and March, reflecting buyers pulling back from the market. We believe this pulling back is due to a number of things – from price growth, to interest rates increasing, concerns surrounding the economy and now the war between Russia and Ukraine which has increased tensions globally.
- 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 third consecutive month, however month-over-month we have seen a bit of an uptick each month since December. March new listing compared to February increased nearly 29 percent.
- 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 as homes are essentially being purchased as quickly as they're listed.

- 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 will find that homes are still selling quickly. March's data showed homes averaged 76 days from listing until closed (compared with 79 days last March) and days on market, which accrues for "Active" and "Under Contract-show" statuses, much faster, averaging 20 days on market until sale.
- 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.

### Key Indicators

- Trends toward work-from-home have been forecasted to continue.
- 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 and supply 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 20 days on market last year. Sales are brisk, leaving little room for negotiation.
- The original list price to sales price ratio of 101.8 this past month, showed sellers with a strong position in the market and receiving well over asking prices for their homes.

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.

**The FED has just raised interest rates, for the first time since 2018 and has indicated that there could be six more increases over 2022, in order to curtail inflation. This could present headwinds for buyers later on this year.**