



**A closer look at January 2023 sales throughout the Charlotte region.
All data is according to Canopy MLS.**

Underlying messages:

- **January sales reflect a housing market working its way back to normal, a trend that we will likely see throughout the year.**
- **The Charlotte market is still in a tight and challenging seller's market, but sellers don't have the same strong position that they had in previous years, so pricing is key to attract buyers and sell quickly.**
- **Fluctuating rates and rising prices put a damper on January sales, but Realtors® are reporting multiple offer situations at the start of the year in a number of highly sought-after areas of the region.**
- **Realtors® are encouraging buyers to "date the rate and marry the house". Lenders can offer strategies and programs like 2-1 Buydowns to help with rates.**
- **Buyers interested in purchasing, should strategize now with their Realtor® regarding their financial position (financing options and down payment) – so they are prepared.**

January 2023 Sales

The Charlotte region (16 county region) is seeing yet another month of year-over-year sales declines – making January 2023, the 13th consecutive month of year-over-year declines. January sales were on par with sales in January 2016. Month-over-month sales were down.

- **Pending sales**, declined by 12 percent year-over-year, but sales activity increased 47 percent when compared to December.
- **January's showing activity across the Charlotte MSA** was up 72 percent compared to December 2022, with active listings averaging nine showings (or potential buyers) per listing. Buyer interest or showings were particularly strong in the price range of \$200K to \$300K, averaging 10 showings per listing in January. Overall, however showing activity is down 20 percent year-over-year.
- **Interest rates are impacting buyers** – but buyers, who are largely Millennials, should be educated regarding rates. Rates as of the week of Feb 13, averaged Rates are averaging 6.5% - 6.6%, which is still historically low, given this was a popular rate in 2007 and 2008 aka the "boom years". This rate was also popular in the early 2000s. A look at rates over time, shows that the parents of Millennials, endured higher rates and their grandparents' generation, experienced double-digit interest rates – 10% plus or higher.

- A number of programs and strategies are available – like the 2-1 Buydowns, to help buyers with rates. There are several potential benefits for homebuyers with a 2-1 buydown. For one thing, it can help them afford a larger mortgage and a more expensive home than they might otherwise qualify for. For another, it buys them some time before their mortgage payments rise to the full amount, which can be helpful if their income is also rising from year to year.
- Sales activity is still prevalent in outlying counties – an indication that buyers are looking for affordability and are willing to commute, given favorable work-from-home and flex scenarios. NAR notes in it's [2022 Home Buyers and Sellers Generational Trends report](#) that the distance between home purchased and previous residence [has increased an average of 50 miles, as buyers seek out affordability.](#)

The median sales price of a home in the Charlotte region in January 2023 is \$375,000, which is up 7 percent over last January's median. Prices have been increasing steadily as a result of tight inventory and high demand since the pandemic.

New listing activity started increasing in the region during the summer of 2022. Lower demand has created a less frantic buying environment. Steady growth of new listings helps to replenish inventory and supply. Compared to last January, new listing activity was down 20 percent but increased month-over-month by 31.7 percent.

Keep watching Orig. LP/SP ratio: The Original List Price to Sales price ratio continues to fall. This is a sign that sellers are beginning to lose their “hold” on the market. January's LP/SP measure fell to 94.5 percent compare to 100.1 percent last January.

Though we're still in a seller's market, the days of receiving well over asking price are behind and sellers need to reset their expectations. Accurately priced homes spend less time on market and tend to attract more buyers.

Days on Market are slowly increasing. Homes not selling as fast as last year. DOM showed homes averaging 46 days on market in January 2023, compared to 23 DOM in January 2022. This figure has increased since December 2022, when DOM averaged 41 days.

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 – particularly first time home buyers, [which NAR announced in November, that the share of first time homebuyers has dropped, while the age of the first time buyer has gone up to 36.](#)

- 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.

Sellers, like buyers, continue to be distracted by growing economic concerns and negative housing headlines.

- 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.

READ: [Forbes Advisor Mortgage Rate Forecast for 2023](#) – for perspectives about rates this year.

2023 Outlook (realtor.com) -

Difficult market ahead; consumers will need a Realtors' guidance. Buyers and sellers should have a plan of action.

- After being overwhelmed in the housing frenzy of the recent past, homeowners, sellers, buyers, and renters may be underwhelmed in 2023. The slowdown in home sales transactions that began as mortgage rates surged in 2022 is expected to continue, leading to a moderation in home price growth and tipping housing market balance away from sellers.
- But with mortgage rates continuing to climb as the [Fed navigates the economy to a soft-ish landing](#), a moderation in home price growth will not be enough for the housing market to be a buyer's bonanza. Instead, home shoppers will enjoy advantages such as a growing number of homes for sale, but costs will remain high, challenging affordability at a time when overall budgets continue to be squeezed.
- If home shoppers and sellers have unrealistic expectations, they could find themselves in a stalemate in the year ahead. **The 2023 housing market could become a “nobody's-market,” not friendly to buyers nor to sellers.**
- Consumers who are ready for the challenge will need to **remain up-to-date on market conditions, creativity and flexibility to adjust, and a healthy dose of patience** in order to create success.

Buying power on the decline – the typical mortgage payment will be higher (up 28% to \$2,430) pricing many buyers out of the market.

Mortgage rates will remain elevated – 7.4% average mortgage rates will be higher than 2021's historic lows. Rates are predicted to fall to 7.1% by year end 2023.

Home prices – growing, but slowing. (Some price softening happening now within the region.) Home prices will continue to rise but at a slower rate – by 5.4% by year end.

Inventory is the silver-lining...and is predicted to continue increasing over the course of 2023.

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 rent**, which will make it even more challenging to save for future down payments. [Read more from realtor.com here](#)