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Charlotte's growth will keep the home market a seller's market in 2020

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Throughout the Charlotte region, the residential real estate industry has been in a seller's market. Low levels of inventory, coupled with historically low mortgage rates, have led to increased buyer demand.

This has mirrored national trends. For 2020, the National Association of Realtors expects new and existing home sales to increase, while interest rates remain low. The professional association does not foresee a recession for 2020, instead predicting a growth rate of 1.5%.

The Charlotte region has been experiencing rapid growth, with more than 100 people moving to the area each day. In fact, according to the U.S. Census, Charlotte is one of the fastest-growing cities in the country. This influx of people has helped keep housing inventory levels low, according to the Charlotte Regional Realtor Association. Charlotte averages only a 2.1-month supply of homes. Across the market, inventory levels are down and continue to decrease as the months go on. This puts even more pressure on all price points and neighborhoods; especially those with close proximity to the urban core of the city.



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The region's metropolitan statistical area (MSA) covers 12 counties in North Carolina and four counties in South Carolina. It's bordered in the North by Alexander and Iredell counties; on the East by Cleveland County; the West by Anson and Stanly counties, all in North Carolina; and on the South by Chester and Lancaster counties in South Carolina.

"Our region has been booming, and that's going to continue into the foreseeable future," said Maren Brisson-Kuester, chief operating officer at HM Properties. "The average household income is now consistently higher than much of the nation. This is reflective of an extremely healthy and well-educated employment base, which is what corporate citizens are seeking. With Charlotte being one of the major metropolises in the South and having one of the busiest airports in the world, we're going to continue to see this growth increase. All these factors will continue to tighten the housing market and increase mounting demand."

Brisson-Kuester expects 2020 to be a seller's market — albeit a soft one — due to all the factors above. "We are seeing a slight downturn in volume sold, but I don't think there's going to be a massive drop-off like we're seeing in some of the other major cities in the country. We just have to much going for our region to drop off a cliff, and our appreciation, while healthy, isn't anywhere close to a bubble situation like we have seen in the past."

The low levels of housing inventory in the Charlotte region have led to higher median sales price. The price is up an 6.1% – to \$251,000, according to the Charlotte Regional Realtor Association. The condo-townhome market has seen the largest spike, with an increase of 10.6% and a median price of \$208,000. "When there's less inventory, people are going to pay more for what's available," said Valerie Mitchener, owner of HM Properties.

The Charlotte region's real estate market is moving more briskly than the state of North Carolina, which has a median sales price of \$205,300.

List price dictates how fast a home will sell, along with its appearance during showings. The area's fastest-selling homes are priced between \$150,000-200,000 with an average of 29 days on the market. Homes over \$300,000 are averaging 76 days to sell, while homes over \$500,000 are lingering the longest for over 90 days. Brisson-Kuester added, "If a home does not show well and is not priced right, it will not sell."

Looking to 2020, while Brisson-Kuester expects mortgage rates to remain low, she says she anticipates incremental increases throughout the year. "They can only stay down so far with inflation. I know the Federal Reserve is waiting to see what happens with Brexit and how that impacts the dollar, but I think we're going to see them increase the rates probably in the second quarter of the year." Despite an expected increase, she does not see that having a major impact on Charlotte's real estate market. "An increase mostly impacts the entry points in the real estate market, and entry-level buyers are going to feel more pressure from the affordability factor than rising interest rates."

The Charlotte region's population rise has led to a growing development and construction of apartments. "These apartment complexes are satisfying the need for housing for this large group of people that are moving here daily," said Mitchener. "Many people coming to the area are living in rental or short-term situations until they find the right property."

Charlotte is expected to continue to see appreciation across all its neighborhoods and in every segment of the region. "We're regionalizing at a very rapid pace," said Brisson-Kuester. "I think the biggest unknown for 2020 is how the elections affect the market and what occurs with regionalization."

See available real estate in the Charlotte market at hmproperties.com.

HM Properties is a full-service residential real estate company serving the Charlotte region including upstate South Carolina. The agency also has an in-house relocation department that manages individual and corporate moves. The company was founded in 2006 and now has three offices in the Charlotte region.