

From the Charlotte Business Journal:

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## Why Charlotte's housing market has been unfazed in 2020

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While Covid-19 affects many aspects of our lives, in Charlotte, the residential real estate market continues to boom. Homes are selling quickly, inventory is low and prices are on the rise.

In the Charlotte region, over the past year, new listings are down 2.9%, inventory shrank 28.4%, while pending sales increased 8.5%. These factors combined to give the region just a 1.0-month supply of homes for sale, a 32% decrease over the year.

Due to this low inventory and high demand, median sale prices increased 8.0%, to \$290,000. This applies to 12 counties in North Carolina and four counties in South Carolina. The region is bordered in the north by Alexander and Iredell counties; on the west by Cleveland County; the east by Anson and Stanly counties, all in North Carolina; and on the south by Chester and Lancaster counties in South Carolina.

“There has been a pent-up demand from being shut down from Covid for so long,” said Maren Brisson-Kuester, chief operating officer at HM Properties. “People want to move to fit their new lifestyles. About 40% of the workforce will probably never go back to the standard office setting, and that changes where and how people want to live.”



Due to today's low inventories, some people in Charlotte who sell their houses are moving into rentals because they couldn't find a house to buy.

## **New homebuyer profiles**

Charlotte is seeing an influx of buyers from California and East Coast states like New York, New Jersey and Connecticut, as well as from Chicago. "Our largest number of buyers are relocating from crowded cities with dense populations," said Valerie Mitchener, owner of HM Properties. "It's much easier to quarantine in your house in the suburbs than in your condo in New York. I think Charlotte, as one of the cities always on the list of best places to live, will see more real estate benefits of Covid-19 than a lot of other cities."

"We've had more people from the Chicago market move to Charlotte in the last few months than any other market area we've tracked," added Brisson-Kuester.

In recent years, Charlotte has seen a large increase of people moving into the region for employment reasons. Now, with the changing nature of employment, in which more people can work from home, people are moving to Charlotte as their destination of choice.

In addition to the out-of-state migration, there's been a lot of movement from across the state and within the Charlotte region. But moving within the region is the area where the Charlotte real estate industry has seen the most challenges. "Putting a house on the market is a hard decision," said Mitchener. "Some people are afraid to sell their house because they don't know if they can find another one." This reluctance for Charlotteans to sell their properties adds to the problems of low inventory. Due to these low inventories, some people in Charlotte who sell their houses are moving into rentals because they couldn't find a house to buy.

"Within the region, we're seeing people move from multi-family units to single family homes and out of the city into the suburbs," said Brisson-Kuester. "They want more space and more house, with two offices and somewhere for their kids to do their homeschooling. They want land for their kids to play on. That's why they're moving. The biggest issue, with the low levels of inventory, is having somewhere to move."

The desire to move from Uptown into the suburbs is leading to lower sales prices for Uptown residences. Unlike the rest of the region, which is showing an increase in median sales price, it dropped by 5.2% in Uptown to from \$297,000 a year ago.

Pets are another factor driving the desire for people within the city to move. "Getting a dog has completely changed migration paths," said Brisson-Kuester. "People want out of their condos and into single-family homes just for their dogs."

### **Industry changes**

Covid-19 caused the real estate industry to increase its use of technology in its marketing efforts. "There was a tremendous increase in the use of video, social media and virtual walkthroughs," said Mitchener. "Real estate-related technology was always important, but it's become increasingly more important over the last year. Moving forward, marketing will be more virtual than ever before and Covid just accelerated our move into virtual showings. I don't think we'll ever go to a completely virtual business model, but these technologies are going to be used far more than ever before."

One sector not benefiting from the booming residential market is commercial real estate, which is more than just the tall skyscrapers that form the city's skyline. It's also the smaller apartment buildings, medical offices, restaurant and bar buildings. "Commercial real estate is hurting right now," said Brisson-Kuester. "The culture and character of our city is shutting down. This is where the commercial sector is hurting, and I think that's going to carry forward for quite some time."

Covid-19 may lead to a change in the way the city works with developers, particularly for affordable and workforce housing. "I think the city will have to become more developer friendly," said Brisson-Kuester. "The city's going to have to start making some concessions and offering tax incentives in rebate packages to developers."

"I think this new world of real estate post-Covid, with low inventories and higher prices, is something we're going to be navigating for awhile," concluded Brisson-Kuester.

*See available real estate in the Charlotte market at [hmproperties.com](http://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.*