

**Rotary**  
Club of  
Charlotte



# THIS WEEK'S PROGRAM

October 25, 2022

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## Lee Allen, Canopy Realtor® Association

by **Kim McMillan and Kim Walker**

The Charlotte Housing market is rapidly changing. Last year the housing market was blazing hot, in part due to pent-up demand from buyers, when the market paused briefly due to COVID-19 pandemic-related lockdowns in the spring of 2020. After lockdowns were lifted buyers swarmed the market, creating a frenzied selling environment throughout much of 2021. The work-from-home phenomenon, which brought workers greater flexibility, while also bringing more homebuyers to counties surrounding Charlotte, enabled sellers to capitalize on a solid seller's market until early this year.

Lee Allen, a Realtor® and broker/owner of RE/MAX Executive, who serves as president of Canopy Realtor® Association and Canopy MLS, talked with members of the Charlotte Rotary about the overall health of the market, the impact of rising mortgage rates and inflation along with the overall outlook for housing.

On both the national and local levels, the housing market has slowed. Nationally, August 2022 housing data showed home sales down about 20 percent year-over-year and the median home price trending at \$389,000. Charlotte's housing market is seeing a similar effect, of sales down 20 percent year-over-year, while buyers, particularly first-time buyers continue to be impacted by the growing lack of affordable homes for sale. "Contract activity has been down this year, but the steady foot traffic we're seeing indicates buyers are still in the market for homes, said Allen, "We are seeing many lenders offering strategies and programs, like 2-1 Buydown, to help buyers with rates."

Allen noted in his talk that, Millennials, have only known interest rates below 5 percent and that Realtors® are working to educate buyers that

current rates are still at historical lows. Current mortgage rates are nearly aligned with rates buyers experienced during the last boom periods of 2006 and 2007.

Even though the market is shifting it will take some time before the market reaches equilibrium or balance, at six months of inventory. However, as year-over-year sales have continued to fall and buyer activity has slowed, inventory has started to increase throughout the region and rose 32 percent in September 2022, while supply which cycled as low as 24-27 days during the summer of 2021, has now increased to 1.6 months of supply. Allen noted that price appreciation throughout the pandemic-period has risen at a dizzying pace, largely due to extremely tight inventory and the pool of higher-priced homes available for sale. The starter-home or homes less than \$250,000 are “a thing of the past”, as there just isn’t any inventory of homes less than \$350,000, unless buyers are willing to move further out from Charlotte’s core and commute. As more inventory comes online, prices will eventually fall, albeit slowly. The Charlotte region reached peak pricing in June 2022, when the median sales price topped \$400,000. September 2022 median sales price of \$380,000 has fallen about 5 percent since June’s peak. Allen remarked that Realtors® are watching a number of metrics that signal changes underfoot for sellers, including days on market, which has started to increase and the list price to sales price measure, which has started to trend down, falling to 98% in September 2022.

Still, housing has a major impact on local, state, and national economies. In North Carolina for instance, the real estate industry accounted for \$101.1 billion or 15.4% of the gross state product in 2021, with nearly \$30,000 of income generated from real estate-related industries when just one home is sold. The outlook ahead is bumpy at the moment, as economists believe we will be in a recession in 2023. Charlotte and North Carolina continue to get high rankings and draw more than 100 people a day to the region. We are consistently seen as a good state for business – faring well when comparing workforce, transportation systems and technology with other cities of similar size. The Good News – Economists are not calling for a long-protracted recession at this point.

Sales are still happening in the region, they’re just not at the levels of 2020 and 2021. But when we look at the pandemic years – we really weren’t experiencing a “healthy housing market”. So, some cooling is necessary and good. Find more housing data at [www.carolinahome.com](http://www.carolinahome.com), search, “Market Data”.

\*A recording of the program is available here: <https://vimeo.com/764680945>

The speaker’s introduction begins at 28:55 minutes.