



Talk Smart!

All data is according to Canopy MLS.

Catawba Valley Region Housing Market

Both the National Association of Realtors® and realtor.com are expecting a likely turnaround in home sales this year.

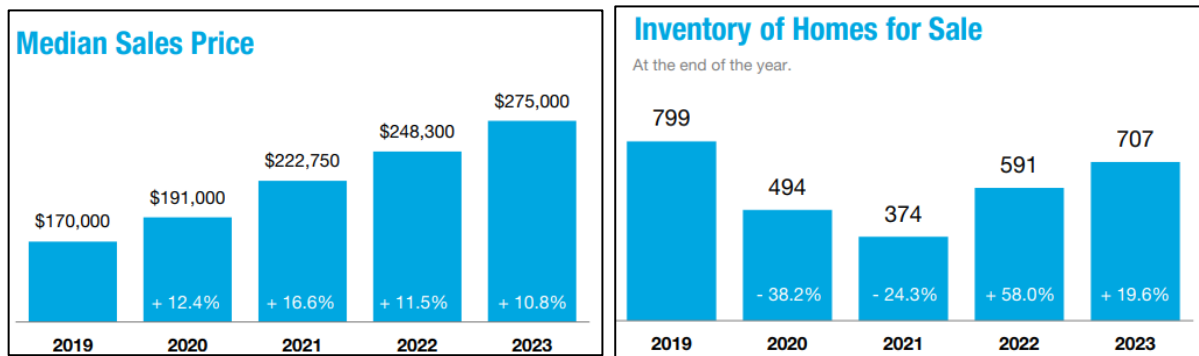
Key Messages:

- The 2024 Outlook is promising for homebuyers in the Catawba Valley region. In fact, sales at yearend 2023 trended at the same level of sales in 2019, which was a healthier, more sustainable market.
- **Sales** in February were nearly flat with 253 closed sales vs 254 sales in the previous year.
- **Pending Sales** were up 21.2% YOY and 13.8% up from January 2024.
- **Buyer Interest** - Canopy MLS February showing report indicated that showing activity, which tracks buyer interest through the number of showings, was highest in Newton and Hickory, both located in Catawba County, followed by Morganton.
- **New Listings** - From June 2022 through August 2023 there was a consistent year-over-year decline in new listing activity for the four-county region. New listings have risen consistently year-over-year since September 2023. This trend has continued into 2024 with January up 2.9 percent and 315 new listings and **February up a remarkable 42.5% with 436 New Listings**.
- **Sellers still control the market but buyers get some relief as new listings remain above average.** While sellers have been hesitant to list because of record high mortgage rates, many are tiring of waiting and have started entering the market. After rates peaked at 8 percent in Fall of 2023 and started moving down, seller activity has risen, helping to boost supply and inventory.
 - [More than 1/3 of home sellers are giving concessions to buyers](#)
 - [According to the Federal Housing Finance Agency's most recent data, 62 percent of households have an interest rate of 4 percent or below.](#)
 - [According to RedFin, declining affordability across the nation has led to price adjustments with approximately 7 percent of U.S. homes for sale seeing a price drop during November.](#) Pricing homes fairly will be key to quickly selling a property.
- [Boomers control a large portion of potential inventory.](#)
 - "Older Americans staying in their homes is the driving force behind longer homeowner tenure. Nearly 40% of baby boomers have lived in their home for at least 20 years, and another 16% have lived in their home for 10-19 years. For Gen Xers, more than one-third (35%) have lived in the same home for at least 10 years."

- “Millennials typically stay in homes for shorter periods, largely because they’re younger and partly because they switch jobs more than older generations. Less than 7% of millennials have lived in their home for 10 years or longer, 13% have lived in their home for 5-9 years, and 30% have lived in their home for less than five years. Nearly all Gen Zers who own a home have had it for less than five years, which stands to reason because the oldest Gen Zer was 26 in 2023.”
- **According to Redfin, Homeowners move most often in relatively affordable metros, mostly in the South.** Tenure is shortest in Louisville, KY (7.4 years) and Las Vegas (8). Next come Nashville, TN, **Charlotte, NC** and Raleigh, NC, which each have a **median tenure of 8.5 years**. Tenure is shorter in those metros partly because they have been popular migration destinations over the last few years, which means a lot of homes have changed hands recently.

Let’s talk pricing and inventory.

- The 2023 median sales price of \$275,000 increased 10.8 percent compared to 2022, while the 2023 average list price showed a modest increase of 5.2 percent to end the year at \$324,055.
- A look at median sales price trends over the past five years shows the region has sustained double-digit price growth annually since 2019, climbing as high as 16.6 percent from 2020 to 2021.



Inventory grew significantly over much of 2022. That growth however was tamped down by mortgage rates that started moving up slowly over 2023. With inventory rising, prices should continue moderating. More inventory and price stabilization is good for buyers. However, with demand picking up in fourth quarter, the market could become crowded by spring.

- **The region’s median sales price in February (\$282,900) was up 16.8 percent compared to last year and up 8.8 percent compared to January 2024 (\$260,000).**
- **The region’s average sales price in February (\$323,835) increased year-over-year by 15.4 percent and was up 7.1 percent compared to January 2024 (\$302,500).**
 - The 12 month rolling average is \$327,835.
- **Prices are still being impacted by tight inventory even though inventory levels are trending up.**
 - **For the 6th consecutive month inventory rose year-over-year.** February saw a substantial 38.9 percent increase in total inventory to 686 and a 42.5 percent increase in new listings (436) compared to February 2023.

- Months of supply also increased by 40 percent year-over-year to 2.1 months of supply. The 12 month rolling average is 2 months.
 - Looking at each property type:
 - 2.1 months supply for Single-Family homes
 - 1.4 months supply for Townhomes
 - 2.5 months supply for Condos
- **Notably, 28 percent (182 units) of the homes for sale in February were new construction** with most of those being single-family homes in Catawba County. This should also help existing home sellers to list, since more inventory is coming on line.

Interest rates continue impacting buyers.

- **The Fed dropped interest rate at its November meeting signaling an end to record high mortgage rates for 2024. They opted to hold the rate at their December meeting while forecasting three rate drops in 2024. At the Fed's January 2024 meeting the rate held steady.**
 - [NY Times - Federal Reserve December Meeting](#)
 - [NAR Chief Economist Predicts](#) "The demand for housing will recover from falling mortgage rates and rising income. In addition, housing inventory is expected to rise by around 30% as more sellers begin to list after delaying selling over the past two years."
 - [Forbe's Housing Market Predictions](#)
 - [U.S. News Mortgage Rate Forecast](#)
 - [NAR's Instant Reaction: Mortgage Rates](#)
- Though interest rate hikes have an effect on buyer demand, clients should be reminded that with a look at rates over time, that the parents of Millennials, endured higher rates and their grandparents' generation, experienced double-digit interest rates – 10% plus or higher. [6% seems to be the new normal of mortgage rates.](#)
- A mortgage rate of 6.5% vs. 8% represents a savings of close to \$400 per month on a median-priced home in the US. [According to Forbes](#)

2024 Outlook

Both the National Association of Realtors® and realtor.com are expecting a likely turnaround in home sales this year.

- **Mortgage rates are expected ease further this year, helping to entice buyers to return to the market.** We believe mortgage rates peaked at 8% this past year and are now falling. We've already seen just how influential rates are on buyers. As a result of rates sliding, both buyer and seller activity has been "revived"

NAR expects the 30-yr fixed to average 6.3% in 2024, while realtor.com expects the rate to be about 6.5%. National data shows that rates near 6.6% enable the average homebuyer to afford a median-priced home without devoting more than 30% of their income to housing. Either way that's good news for both buyers and sellers looking to make a move next year.

- [Realtor.com predicts rates will remain elevated](#), averaging 6.8% in 2024 and ending the year at about 6.5%.

- So, there's some good news with regard to rates, but buyers and sellers will still have some challenges. Both NAR and realtor.com are predicting sales to be lower than previous years.

Home Prices Expected to Dip, Improving Affordability (declining 1.7% in 2024)

- Home prices grew at a double-digit annual clip for the better part of two years spanning the second half of 2020 through 2022, a notable burst following a growing streak that spanned back to 2012. [As mortgage rates climbed, home price growth flatlined, actually declining on an annual basis in early 2023 before an early-year dip in mortgage rates spurred enough buyer demand to reignite competition for still-limited inventory.](#)
- **BUT Buyers shouldn't expect prices to fall dramatically**, because the market has historically had enough demand to keep that from happening.
- And conversely **sellers, who have been sitting on record home equity over the past few years, shouldn't worry about falling home values**. They will definitely need to work with their listing agent to make sure that the home is priced well, down to the neighborhood level.
- List Price-to-Sales Price ratios over the last couple of years remains high – 90's percent range, which means that sellers are receiving nearly all of asking prices for their homes.
- So, while this metric may fall a point or two, we still expect that sellers in the market will continue to receive most of asking prices for their homes in 2024.

Inventory and Supply will continue to grow slowly.

When demand rises (in the form of contract activity), and inventory is low – prices will rise. When demand is steady, but not as strong as previous years, and sellers start to list, adding to inventory, prices soften.

- Ideally, we need to see inventory and supply increase, and move more towards a “balanced market”, which is close to 6 months of supply, and neither favors sellers nor buyers. But we are a long way from that, and **will still have a seller's market next year**.

Challenging market in 2024.

- **Buyers may have less competition**. Though buyer demand is rising, it's less than it has been in years past. If demand remains low, then buyers next year can expect less competition when shopping for homes. Working with a Buyer's Agent, will help prepare buyers looking next year.
- The 2024 housing market likely will remain challenging, particularly for first-time buyers who are unable to leverage the proceeds from a previous home sale.
- **Inventory remains the top hurdle**, because homeowners have been reluctant to list, especially those locked into record-low rates from a few years ago.
- Furthermore, homebuilders have underproduced for decades, leading to a shortage nationally.

Current homeowners are positioned well, as rapid home appreciation will continue in 2024.

- Home appreciation has jumped by 5% over the past year alone and the typical homeowner has accumulated more than \$100,000 in housing wealth over the past three years.
- Plus, the wealth comparison between homeowners and renters continues to be significant: The typical homeowner has \$396,200 in wealth versus \$10,400 for renters, according to Federal

Reserve, which means that owning real estate, continues to help homeowners build wealth over time.

See also: [realtor.com outlook](#)

NAR: [2024 Forecast/Outlook](#)