

Annual Report on the Catawba Region Housing Market

RESIDENTIAL REAL ESTATE ACTIVITY FROM THE CHARLOTTE REGIONAL REALTOR® ASSOCIATION



2018

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While the 2017 housing market was marked by renewed optimism fueled by stock market strength, higher wages and a competitive environment for home sales, 2018 delivered a more seasoned prudence toward residential real estate. Home buyers, now steeped in several years of rising prices and low inventory, became more selective in their purchase choices as housing affordability achieved a ten-year low.

Yet the appetite for home buying remained strong enough to drive prices upward in virtually all markets across the country. In fact, national home prices have risen 53 percent from February 2012 to September 2018. That mark is a less dramatic but still sizable 40 percent increase when inflation is factored in.

The national median household income was last reported with a year-over-year increase of 1.8 percent, while home prices have gone up 5.5 percent in roughly the same amount of time. That kind of gap can't be sustained indefinitely, but prices are still expected to rise in most areas, albeit at a much slower pace.

Sales: Pending sales decreased 17.2 percent, closing 2018 at 3,412. Closed sales were down 17.8 percent to finish the year at 3,362. A booming economy would seem to indicate more sales, but fewer homes to choose from coupled with lower affordability made it tougher for buyers in 2018.

Listings: Year-over-year, the number of homes available for sale was lower by 29.6 percent. There were 882 active listings at the end of 2018. New listings decreased by 14.2 percent to finish the year at 4,394.

Distressed: The foreclosure market continues to be a hint of its former unhealthy peaks. In 2018, the percentage of closed sales that were either foreclosure or short sale decreased by 35.7 percent to end the year at 2.1 percent of the market.

Showings: Demand began to taper in 2018, but showings completed the year higher than last year. Homes for sale received, on average, 380.6 percent more showings. There were 13 showings before pending, which was up 40.7 percent compared to 2017.

Prices: Home prices were up compared to last year. The overall median sales price increased 7.7 percent to \$156,500 for the year. Single Family home prices were up 6.7 percent compared to last year, and Condo-Townhouse home prices were up 19.5 percent.

List Price Received: Sellers received, on average, 94.9 percent of their original list price at sale, a year-over-year improvement of 1.0 percent. If demand shrinks in 2019, original list price received at sale could drop as well.

Consumer optimism has been tested by four interest rate hikes by the Federal Reserve in 2018. Meanwhile, GDP growth was at 4.2 percent in Q2 2018, dropped to 3.4 percent in Q3 2018 and is expected to be about 2.9 percent in Q4 2018 when figures are released.

Looking strictly at market fundamentals, recent Fed and GDP changes will not cause a dramatic shift away from the current state of the housing market. The booming sales at increased prices over the last several years may not be the same thrill ride to observe in 2019, but a long-awaited increase in inventory is something positive to consider, even if it arrives in the form of shrinking demand amidst rising mortgage rates.

The biggest potential problem for residential real estate in 2019 might be human psychology. A fear of buying at the height of the market could create home purchase delays by a large pool of potential first-time buyers, thus creating an environment of declining sales.

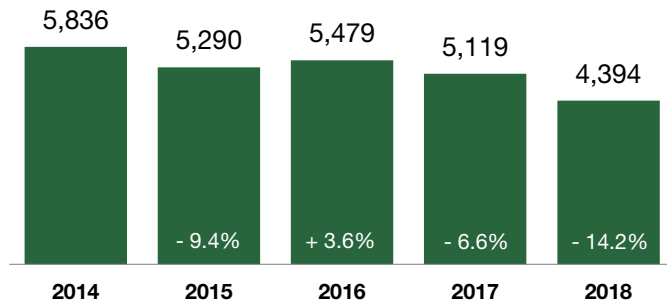
If the truth of a positive economic outlook coupled with responsible lending practices and more available homes for sale captures the collective American psyche, the most likely outcome for 2019 is market balance.

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Quick Facts

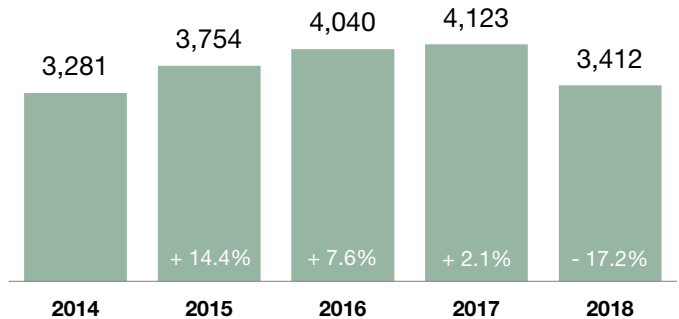
New Listings



Change in New Listings from 2017

Morganton	+ 21.0%
Burke County	+ 16.0%
Lenoir	+ 10.5%
Caldwell County	+ 0.4%
Catawba Valley Region	- 14.2%
Hickory-Lenoir-Morganton MSA	- 14.2%
Newton	- 16.2%
Catawba County	- 21.9%
Hickory	- 22.7%
Alexander County	- 28.5%

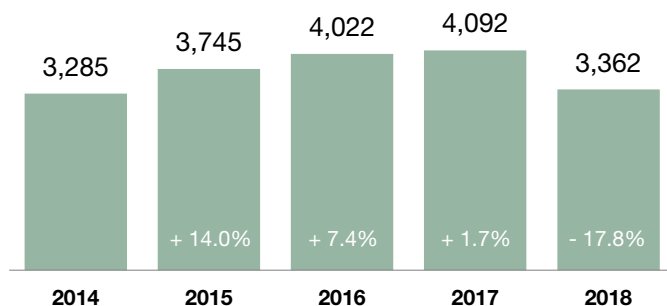
Pending Sales



Change in Pending Sales from 2017

Morganton	+ 22.4%
Burke County	+ 20.2%
Lenoir	+ 8.3%
Caldwell County	- 2.1%
Catawba Valley Region	- 17.2%
Hickory-Lenoir-Morganton MSA	- 17.2%
Newton	- 23.9%
Catawba County	- 25.5%
Hickory	- 25.9%
Alexander County	- 34.3%

Closed Sales

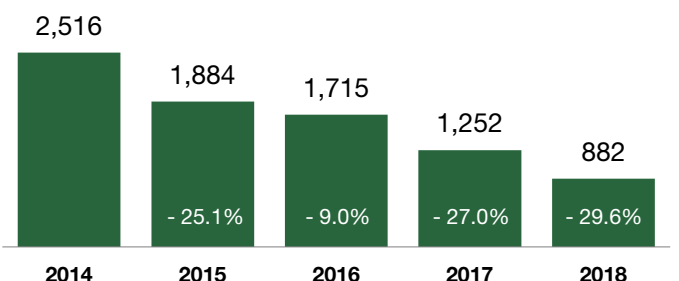


Change in Closed Sales from 2017

Morganton	+ 22.8%
Burke County	+ 14.9%
Lenoir	+ 6.1%
Caldwell County	- 2.2%
Catawba Valley Region	- 17.8%
Hickory-Lenoir-Morganton MSA	- 17.8%
Hickory	- 25.1%
Catawba County	- 25.2%
Newton	- 25.5%
Alexander County	- 35.6%

Inventory of Homes for Sale

At the end of the year.

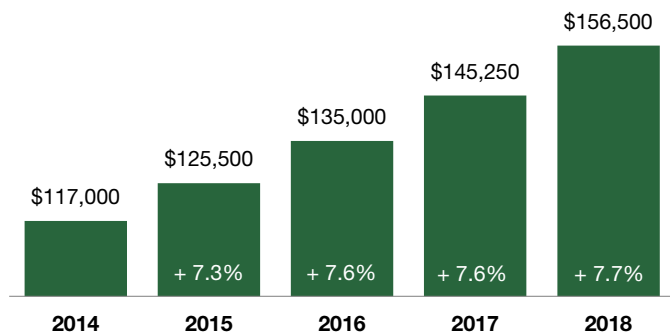


Change in Homes for Sale from 2017

Morganton	- 1.1%
Burke County	- 8.7%
Lenoir	- 16.5%
Caldwell County	- 28.3%
Catawba Valley Region	- 29.6%
Hickory-Lenoir-Morganton MSA	- 29.6%
Catawba County	- 33.6%
Alexander County	- 37.0%
Newton	- 38.0%
Hickory	- 45.5%

Quick Facts

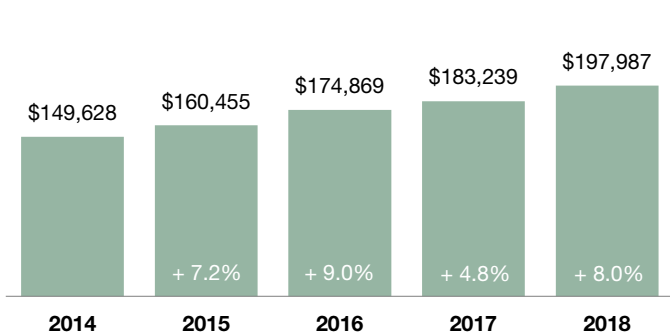
Median Sales Price



Change in Median Sales Price from 2017

Alexander County	+ 14.4%
Caldwell County	+ 11.7%
Newton	+ 9.0%
Lenoir	+ 8.6%
Catawba Valley Region	+ 7.7%
Hickory-Lenoir-Morganton MSA	+ 7.7%
Burke County	+ 7.5%
Catawba County	+ 7.3%
Hickory	+ 3.1%
Alexander County	+ 0.1%

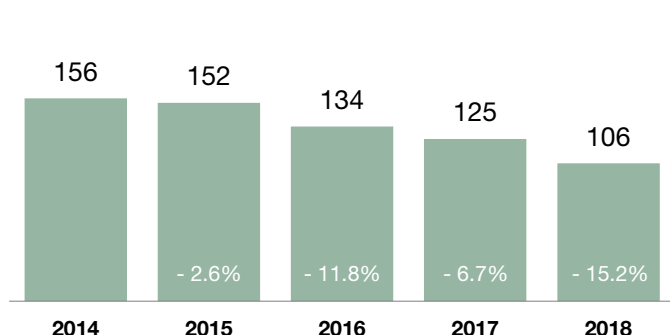
Average Sales Price



Change in Average Sales Price from 2017

Newton	+ 14.3%
Catawba County	+ 11.9%
Catawba Valley Region	+ 8.0%
Hickory-Lenoir-Morganton MSA	+ 8.0%
Caldwell County	+ 7.5%
Lenoir	+ 7.4%
Morganton	+ 7.0%
Burke County	+ 5.3%
Hickory	+ 4.2%
Alexander County	+ 3.7%

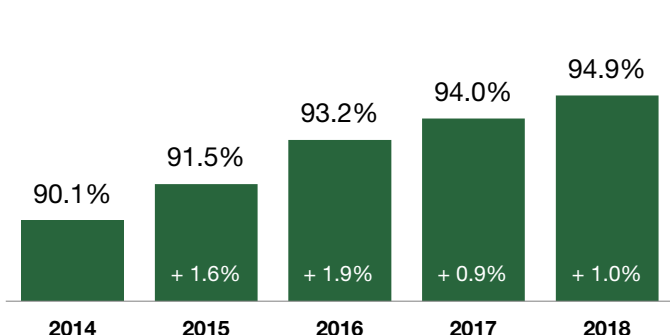
List to Close



Change in List to Close from 2017

Alexander County	- 5.5%
Newton	- 11.1%
Catawba County	- 11.8%
Hickory	- 15.1%
Catawba Valley Region	- 15.2%
Hickory-Lenoir-Morganton MSA	- 15.2%
Caldwell County	- 19.1%
Lenoir	- 21.5%
Burke County	- 30.6%
Morganton	- 32.7%

Percent of Original List Price Received



Change in Percent of Original List Price Received from 2017

Caldwell County	+ 1.7%
Lenoir	+ 1.4%
Hickory	+ 1.4%
Newton	+ 1.3%
Burke County	+ 1.0%
Catawba Valley Region	+ 1.0%
Hickory-Lenoir-Morganton MSA	+ 1.0%
Catawba County	+ 0.8%
Alexander County	+ 0.6%
Morganton	+ 0.4%

Property Type Review

107

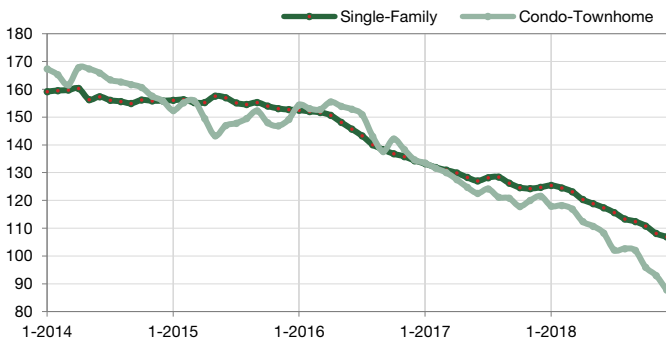
Average List to Close
Single-Family

88

Average List to Close
Condo-Townhome

List to Close

This chart uses a rolling 12-month average for each data point.



Top Areas: Condo-Townhome Market Share in 2018

Hickory	11.8%
Catawba County	8.1%
Catawba Valley Region	5.1%
Hickory-Lenoir-Morganton MSA	5.1%
Newton	2.2%
Caldwell County	2.1%
Lenoir	1.8%
Alexander County	1.0%
Burke County	1.0%
Morganton	0.7%

+ 6.7%

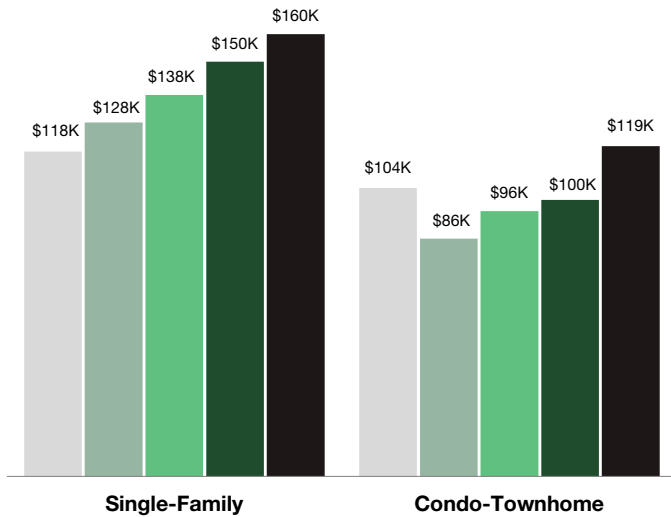
One-Year Change in Price
Single-Family

+ 19.5%

One-Year Change in Price
Condo-Townhome

Median Sales Price

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



94.9%

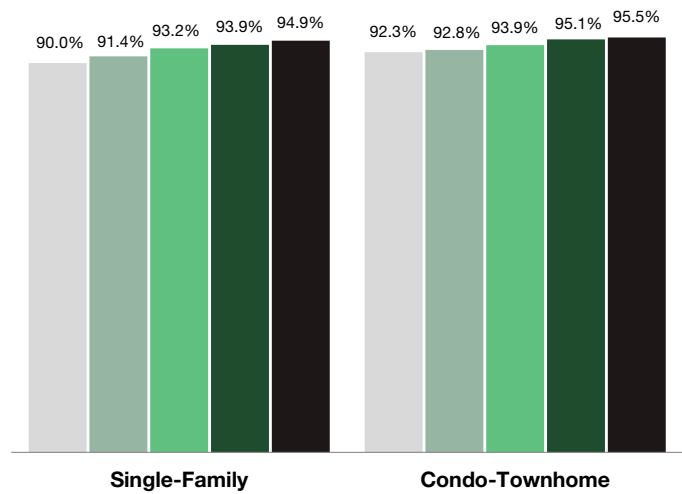
Pct. of Orig. Price Received
Single-Family

95.5%

Pct. of Orig. Price Received
Condo-Townhome

Percent of Original List Price Received

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018



Distressed Homes Review

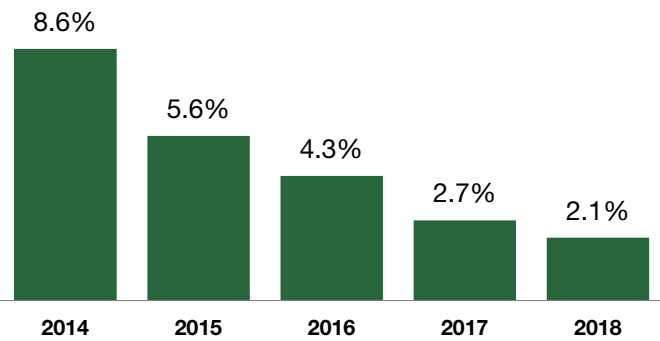
2.1%

Percent of Closed Sales in 2018 That Were Distressed

- 35.7%

One-Year Change in Sales of Lender-Mediated

Percent of Sales That Were Distressed



Top Areas: Lender-Mediated Market Share in 2018

Alexander County	3.5%
Caldwell County	2.4%
Lenoir	2.3%
Burke County	2.3%
Newton	2.2%
Catawba Valley Region	2.1%
Hickory-Lenoir-Morganton MSA	2.1%
Catawba County	1.8%
Hickory	1.5%
Morganton	1.4%

+ 24.7%

Four-Year Change in Price All Properties

+ 23.0%

Four-Year Change in Price Traditional Properties

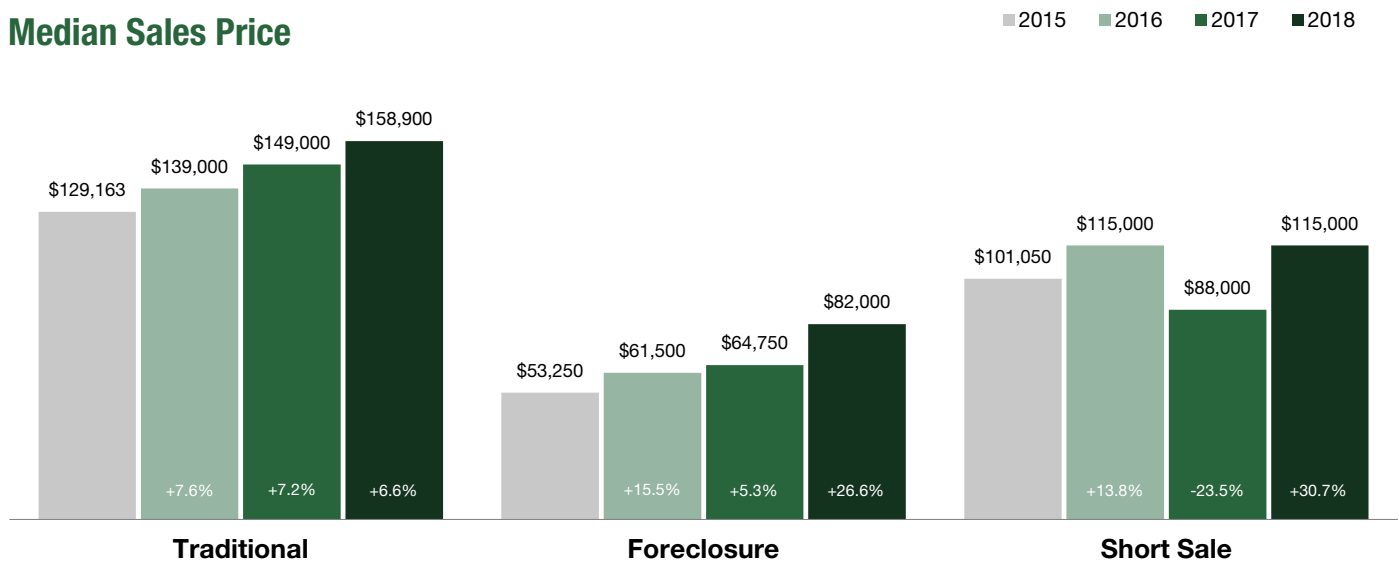
+ 54.0%

Four-Year Change in Price Foreclosure

+ 13.8%

Four-Year Change in Price Short Sale

Median Sales Price



Bedroom Count Review

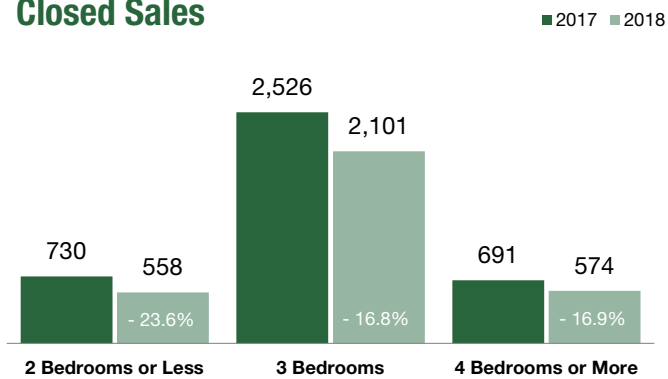
- 23.6%

Reduction in Closed Sales
2 Bedrooms or Less

- 16.9%

Reduction in Closed Sales
4 Bedrooms or More

Closed Sales



Top Areas: 4 Bedrooms or More Market Share in 2018

Hickory	22.1%
Catawba County	20.0%
Morganton	20.0%
Catawba Valley Region	17.1%
Hickory-Lenoir-Morganton MSA	17.1%
Burke County	14.9%
Newton	14.0%
Caldwell County	12.8%
Alexander County	12.5%
Lenoir	9.6%

94.9%

Percent of Original List Price
Received in 2018 for
All Properties

93.0%

Percent of Original List Price
Received in 2018 for
2 Bedrooms or Less

95.6%

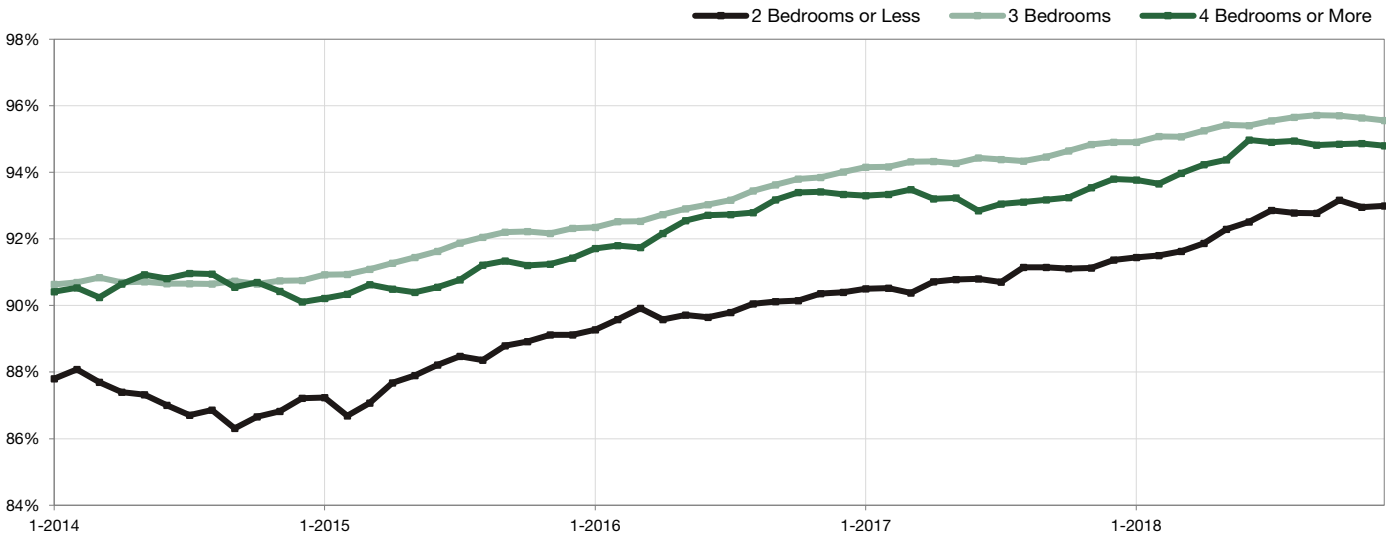
Percent of Original List Price
Received in 2018 for
3 Bedrooms

94.8%

Percent of Original List Price
Received in 2018 for
4 Bedrooms or More

Percent of Original List Price Received

This chart uses a rolling 12-month average for each data point.



Price Range Review

\$150,001 to \$200,000

Price Range with Shortest Average Market Time

\$500,001 and Above

Price Range with Longest Average Market Time

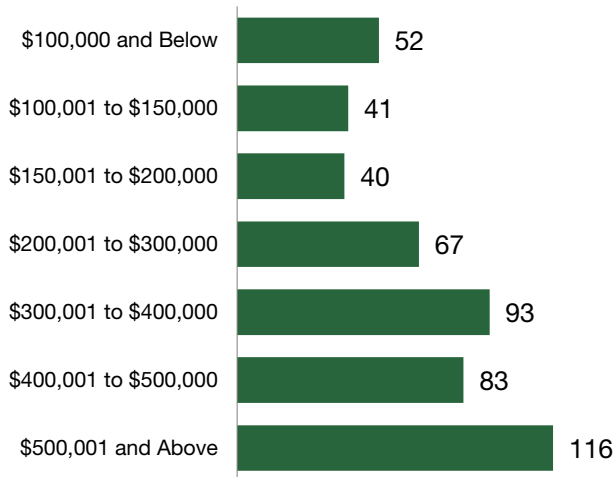
14.5%

of Homes for Sale at Year End Priced \$100,000 and Below

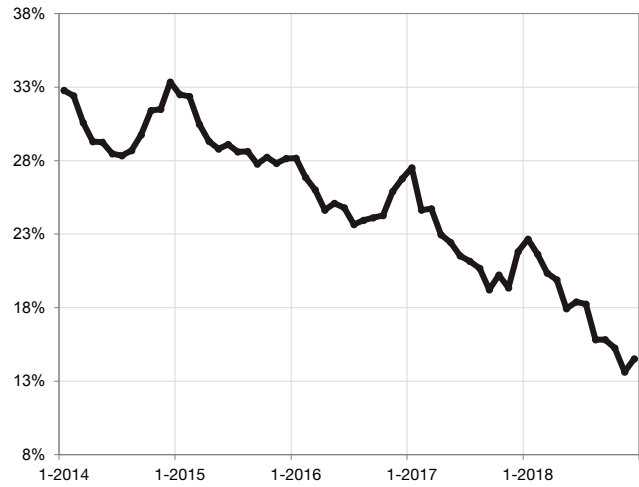
- 33.4%

One-Year Change in Homes for Sale Priced \$100,000 and Below

Days on Market Until Sale by Price Range



Share of Homes for Sale \$100,000 and Below



\$100,001 to \$150,000

Price Range with the Most Closed Sales

- 2.3%

Price Range with Strongest One-Year Change in Sales: \$300,001 to \$400,000

\$400,001 to \$500,000

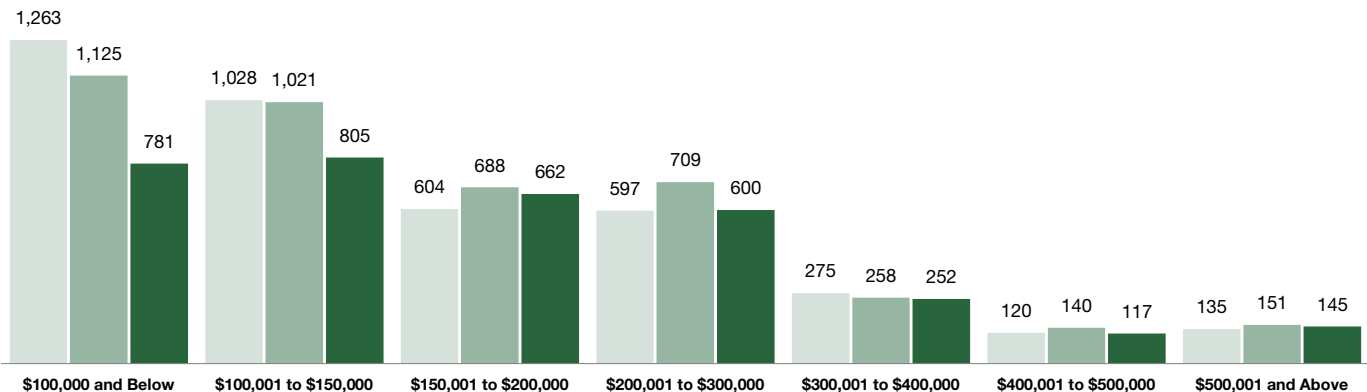
Price Range with the Fewest Closed Sales

- 30.6%

Price Range with Weakest One-Year Change in Sales: \$100,000 and Below

Closed Sales by Price Range

2016 2017 2018



Showings Review

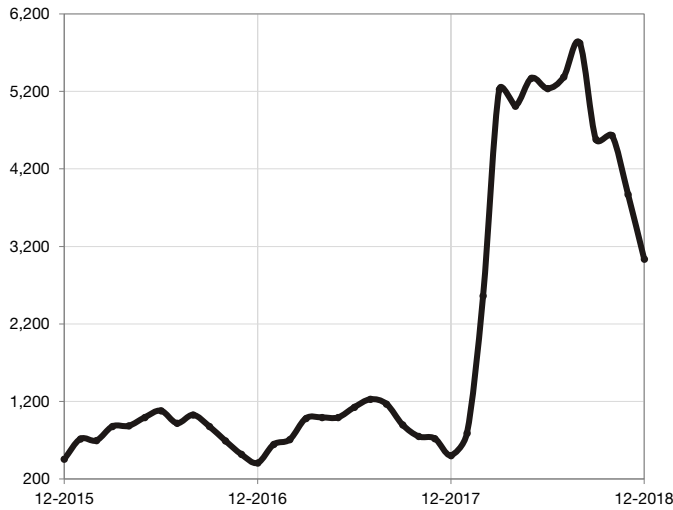
13

Median Number of Showings Before Pending

+ 40.7%

One-Year Change in Median Showings Before Pending

Monthly Number of Showings



Number of Showings

Catawba Valley Region	51,535
Catawba Valley Region	51,535
Catawba County	33,490
Hickory	18,907
Caldwell County	9,678
Lenoir	4,775
Newton	4,772
Burke County	4,535
Alexander County	3,832
Morganton	1,644

Number of Showings per Listing

Hickory	15.1
Catawba County	14.6
Newton	13.7
Catawba Valley Region	12.5
Catawba Valley Region	12.5
Caldwell County	11.3
Lenoir	10.0
Alexander County	9.9
Burke County	7.5
Morganton	5.7

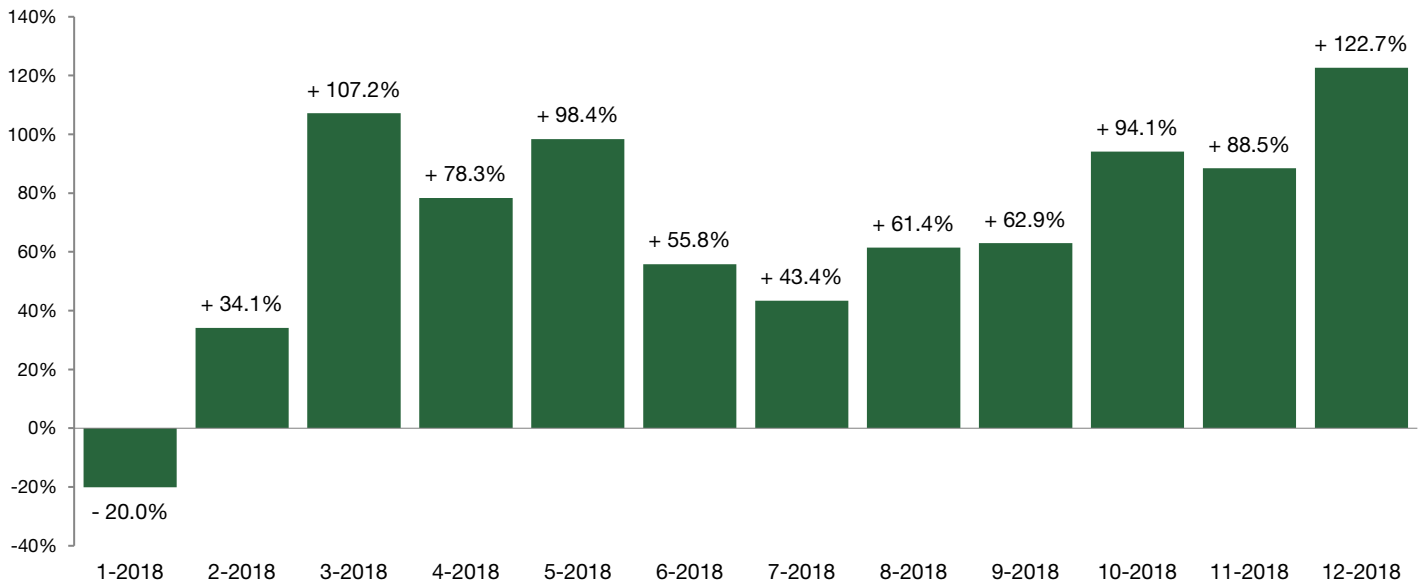
+ 380.6%

One-Year Change in Total Showings

March '18

Peak Showing Activity Month

2018 Year-Over-Year Change in Monthly Showings per Listing





Area Overviews

	Total Closed Sales	Change from 2017	Percent Condo-Townhome	Percent Distressed	Median Showings to Pending	Months Supply of Inventory	List to Close	Pct. of Orig. Price Received
Catawba Valley Region	3,362	- 17.8%	5.1%	2.1%	13	3.1	106	94.9%
Alexander County	288	- 35.6%	1.0%	3.5%	10	3.9	120	94.3%
Burke County	523	+ 14.9%	1.0%	2.3%	8	3.4	100	93.9%
Caldwell County	704	- 2.2%	2.1%	2.4%	11	2.9	106	94.6%
Catawba County	1,847	- 25.2%	8.1%	1.8%	15	3.0	105	95.4%
Hickory	1,026	- 25.1%	11.8%	1.5%	15	2.3	101	95.4%
Hickory-Lenoir-Morganton MSA	3,362	- 17.8%	5.1%	2.1%	13	3.1	106	94.9%
Lenoir	385	+ 6.1%	1.8%	2.3%	10	3.4	113	93.9%
Morganton	280	+ 22.8%	0.7%	1.4%	6	3.8	105	93.4%
Newton	272	- 25.5%	2.2%	2.2%	14	3.2	104	95.2%

Area Historical Median Prices



	2014	2015	2016	2017	2018	Change From 2017	Change From 2014
Catawba Valley Region	\$117,000	\$125,500	\$135,000	\$145,250	\$156,500	+ 7.7%	+ 33.8%
Alexander County	\$117,250	\$128,000	\$137,500	\$149,900	\$150,000	+ 0.1%	+ 27.9%
Burke County	\$92,750	\$95,250	\$115,000	\$136,000	\$146,250	+ 7.5%	+ 57.7%
Caldwell County	\$99,900	\$114,000	\$118,500	\$125,000	\$139,650	+ 11.7%	+ 39.8%
Catawba County	\$127,000	\$133,500	\$147,000	\$157,500	\$169,000	+ 7.3%	+ 33.1%
Hickory	\$138,500	\$150,000	\$157,000	\$160,000	\$165,000	+ 3.1%	+ 19.1%
Hickory-Lenoir-Morganton MSA	\$117,000	\$125,500	\$135,000	\$145,250	\$156,500	+ 7.7%	+ 33.8%
Lenoir	\$84,500	\$100,500	\$104,000	\$115,900	\$125,900	+ 8.6%	+ 49.0%
Morganton	\$96,750	\$110,000	\$117,000	\$139,000	\$159,000	+ 14.4%	+ 64.3%
Newton	\$108,000	\$108,000	\$120,000	\$132,988	\$145,000	+ 9.0%	+ 34.3%