



Talk Smart!

All data is according to Canopy MLS.

Asheville Region & MSA Housing Market Feb. 2024

Let's Look at Rates:

Rates in December 2023 averaged 6.61%

[Mortgage rates in December 2023 declined to their lowest level since May 2023](#), and averaged 6.61%, easing from 6.67 during early December. The typical monthly mortgage payment for a \$400K home at the end of December (Dec. 28, 2023) was \$2,046.

- Outlook for the region and MSA is promising this year, with more buyer and seller activity in January and February.
- The FED raised interest rates several times last year to help tame inflation. At the end of 2023 inflation had calmed enough that we saw predictions of the FED cutting rates in the spring...but news in early February indicated that we may not see rate cuts until mid-year...that's still pretty good news for buyers if that happens. Rates as of the 3rd week in February hovered between 6.6%-6.8%.... still higher than historical rates, but relatively stable over the last two months.

Sales across the region in February:

- Home sales across the Asheville region and MSA continued to rise in February. Sales across the region rose by 7.2 percent year-over-year. Month-over-month sales were up 6.3 percent across the 13 counties, as buyers continued to capitalize on rates that were held steady by the Fed in February.
- Pending contracts signaling buyer demand, rose again in February, by 9.3 percent year-over-year. Contract activity is up slightly, 0.3 percent month-over-month. Demand has been building since November 2023, when mortgage first started falling from their peak in late September 2023 at nearly 8 percent.

Key Messages:

- 2024 Outlook very promising for homebuyers in the Asheville region & MSA. Closed sales for the region and MSA were positive for a second consecutive month – after two years of year-over-year declines.

Buyers and sellers alike continue to be motivated by mortgage rates, which declined over much of November. While buyers have had their share of challenges, home sellers have done well, as prices continue rising. In fact, [research from the National Association of Realtors® suggests that the typical homeowner has accumulated more than \\$100,000 in housing equity over the past](#)

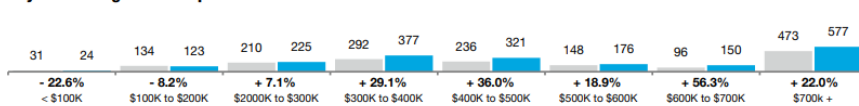
[three years](#). And even though seller activity has been down most of the year, consistent listing activity this winter, along with falling mortgage rates, continues to signal a promising outlook for buyers in the next few months.

- New listings pushed higher in February, rising 27.1 percent year-over-year, a welcome sign for buyers and a strong signal of increased seller confidence as 923 homes were newly listed during the month, nearly 200 hundred more listings than were offered in February 2023. Month-over-month new listings were up 26.8 percent, a continued boost to region’s supply and inventory, which also increased in February.
- Prices for the most part are holding steady throughout the region, with several counties continuing to see improvement in supply. The median (\$394,900) and the average (\$541,123) rose by 10.2 percent and 12.5 percent year-over-year respectively.
- As the market continues to settle and move towards normalization, some price softening may occur, but buyers won’t see prices falling dramatically, if at all, as the region has enough demand and tight inventory to keep that from happening.
- Seasonality over the winter months allowed for a slower sales environment which helped inventory and supply to continue to build. Still, December’s surge in sales activity put a dent into supply, which declined in January by 11.5 percent to 2.3 months of supply. Supply is unchanged compare to January, at 2.3 months in February – which means the strong sellers market will continue into spring.
- As supply and inventory build, amidst less demand -- prices should continue to moderate. Setting up the spring market to potentially have more listings and some relief in prices, which are predicted to soften throughout the year.
- In February the region is has started to see more listings across a wider selection of price ranges, - see page 10 of Feb. 2024 Housing Supply Over report – Inventory by Price range.

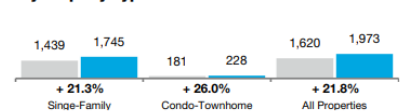
Inventory of Homes for Sale

The number of properties available for sale in active status at the end of the most recent month. Based on one month of activity.

By Price Range – All Properties



By Property Type



By Price Range	Year over Year			Compared to Prior Month					
	2-2023	2-2024	Change	1-2024	2-2024	Change			
	Single-Family		Condo-Townhome		Single-Family		Condo-Townhome		
\$100,000 & Below	30	24	-20.0%	1	0	-100.0%	26	24	-7.7%
\$100,001 to \$200,000	123	114	-7.3%	11	9	-18.2%	123	114	-7.3%
\$200,001 to \$300,000	187	193	+3.2%	23	32	+39.1%	227	193	-15.0%
\$300,001 to \$400,000	226	291	+28.8%	66	86	+30.3%	263	291	+10.6%
\$400,001 to \$500,000	211	283	+34.1%	25	38	+52.0%	265	283	+6.8%
\$500,001 to \$600,000	132	160	+21.2%	16	16	0.0%	164	160	-2.4%
\$600,001 to \$700,000	87	133	+52.9%	9	17	+88.9%	140	133	-5.0%
\$700,001 and Above	443	547	+23.5%	30	30	0.0%	539	547	+1.5%
All Price Ranges	1,439	1,745	+21.3%	181	228	+26.0%	1,747	1,745	-0.1%
	Single-Family		Condo-Townhome		Single-Family		Condo-Townhome		
	1,439	1,745	+21.3%	181	228	+26.0%	1,747	1,745	-0.1%
	259	228	-12.0%	259	228	-12.0%	259	228	-12.0%

There are no year-to-date figures for inventory because it is simply a snapshot frozen in time at the end of each month. It does not add up over a period of months.

The Asheville MSA

- Sales rose for the second consecutive month in 2024. January’s rise in sales was the first time in two years that sales were positive across the four counties that make up metro-Asheville
- February home sales increased 4.2 percent year-over-year and were up 7.6 percent compared to January.
- Buyer demand as displayed by pending contract activity rose 5.9 percent – but was down compared to January.
- Buyers and sellers should begin strategizing now to prepare for the spring market, in early April. Growth in new listings – which is up nearly 22 percent year-over-year across the MSA, may help meet growing demand. Supply however is low – at 2.1 months – which means that buyers could see competition in the market.

More about Prices

Prices at yearend showed moderate appreciation, as the MSA’s median sales price for 2023 topped out at \$437,000 and the 2023 average sales price climbed to \$539,473, both increasing 5.3 percent and 7.4 percent year-over-year respectively.

The region has weathered double-digit price growth every year since 2020, climbing as high as 15 percent from 2020 to 2021. Fortunately for buyers, price growth at the end of 2023, has fallen back into a more normal range, with median sales price growth at 6 percent year-over-year, a sign that prices are moderating.

Median Sales Price		
2019	2020	% chg.
\$262,000	\$295,000	12.6%

Median Sales Price		
2020	2021	% chg.
\$295,000	\$340,000	15.3%

Median Sales Price		
2021	2022	% chg.
\$340,000	\$380,000	11.8%

Median Sales Price		
2022	2023	% chg.
\$380,000	\$402,990	6.1%

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 next 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.

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, its 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.

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.

First-Time Buyers and Challenges

- However, there are serious challenges for first-time home buyers. With the national median sales price of \$391,000 and the typical 20% down payment, the monthly mortgage payment is about \$2,010. In February the median sales price of a home in the Asheville MSA was \$413,750 which is 7.5% higher than the national median at \$385,000, a hefty mortgage payment for first-time buyers.
- However, first-time homebuyers are finding a way. Last year we saw more partnering with roommates to purchase and first-timers willing to move into older homes as well as willing to trade on commute to gain more affordability.
- Don't forget we now have Down Payment Assistance Resource tool in the MLS, with 72% of listings qualify.

Builder sentiment, which was down last year due to rates, rose in January, and when builders feel good about the market and conditions, new construction should rise as a result.

Why Sellers Should Consider Listing

1. Low inventory

It comes down to "Economics 101:" there is a shortage of homes for sale across the country and here locally, in relation to buyer demand. This creates a highly desirable atmosphere to attain the best possible price and terms for a home if the home is priced well.

2. Rising appreciation

Home prices are on the rise. Many sellers are in an enviable position to sell and walk away with a nice profit that they can use on the next place they decide to call home. In the current market, sellers can expect their home to sell fairly quickly for the asking price, possibly above, and more likely with multiple offers. According to the National Association of Realtors®, homes sellers sold their home for a median of \$85,000 more than their purchase price, which is up from \$66,000 in 2020.

3. Fast days on market

The time it takes to sell a home has started to fall, which means the sellers home is not on market as long as even a year ago. Homes averaged 44 days on market until sale in February compared to 48 days in February 2023

However, sellers definitely may need a solid plan of action to prepare. In a difficult market, where homes are selling quickly, talking with a Realtor® is key.

5. New Construction

There are a number of new home communities that are being built across the region. Working with an agent who has knowledge of the new construction market can also yield options for sellers.

5. Technology & Marketing Tools

There has never been a set of more powerful tools in an agent's arsenal to provide maximum exposure and reach for a seller's property. Predictive analytics, social media marketing, drones and the use of video and applications that allow buyers to see properties no matter where they are in the world. Realtors® can help sellers leverage these optimal selling conditions for a successful sale.

Advice for buyers in a highly competitive market

1. Get preapproval in place

Talk with a lender and shop for the best rate. By having preapproval in place, the buyer will understand how much they can comfortably borrow. This allows the buyer to see what they'll spend on principal and interest for the loan each month. (And realize that HOA dues may also be a requirement in some communities. Also pay attention to property taxes as well.)

2. Prepare for buyer competition

Limited inventory means once the buyer finds a home they would like to buy, they may not be the only one interested. And that means they'll need to prepare for multiple offer situations and a bidding war. Your Realtors'® most important role is as negotiator. So, making sure you're represented by an experienced real estate agent is key.

3. Be creative with your offers

Increasing the earnest money, shows sellers the buyer is serious or perhaps consider covering seller costs. But talking with a Realtor® helps buyers come up with creative solutions to purchase. Realtors® are cautioning buyers regarding letters and videos to the seller, as this could cause some fair housing-related issues.

4. Be Flexible with your Move-in date

For example, if you're working with a seller who needs to move right away, be prepared to close quickly so they can be on their way sooner. OR -- Does the seller need a month or two—or six—to move out? If the buyer can be flexible and allow them to stay in their home for a while after closing (paying the buyer rent, of course), the seller may choose your offer over all the rest.

5. Don't give up the search

Because the market is so competitive buyer offers might be turned down – but giving up and not buying while rates are at historical lows could also cause you to pay more at some point in the future. So be flexible and first-time buyers should understand that the first home may not necessarily be the “dream home”. But owning real estate is always a sound investment that allows you to build wealth over the

long-term. The time it takes to sell a home has dropped significantly which means the seller's home is not on market as long as even a year ago. Homes averaged 19 days on market until sale, in 2021 compared to 35 days on market in 2020. Don't forget we now have Down Payment Assistance Resource tool in the MLS, with 72% of listings qualify.