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Home price reductions are occurring, indicating buyers may have more bargaining power now than during the pandemic



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CHARLOTTE, N.C. — The Charlotte housing market, like the broader U.S. housing market, continued to cool in July, as rising mortgage rates and prices continue to challenge affordability and price out buyers in the 16-county region. Sales declined 21.5 percent year-over-year, as 4,252 homes sold compared to the more than 5,400 homes sold in July 2021. July's decline marks the seventh month of declines, at a time of year when homebuying activity is typically strong. Sales compared to the previous month (June 2022) were down 15.7 percent. Housing statistics included in this report are completed transactions that include single-family and condo/townhomes only, [according to data from Canopy MLS \(https://www.carolinahome.com/market-data/monthly-reports\)](https://www.carolinahome.com/market-data/monthly-reports).

Pending contracts, which signal buyer demand, fell 14.6 percent year-over-year as 4,478 homes went under contract during the month. In July 2021, there were 766 more homes under contract than this past July. Month-over-month, contract activity is down, 4.7 percent. The only areas in the Charlotte region experiencing year-over-year increases in buyer activity were: Chester (+52%) and Chesterfield County in South Carolina (+18.2%) and Stanly County (17.4%) as well as Uptown Charlotte (+5.6%) and Denver, NC (10.8%) where showing and contract activity continue to show buyer interest relatively strong.

New listings, which rose year-over-year in both May and June, declined in July, falling 6 percent year-over-year, as sellers listed nearly 6,000 homes for sale. New listings were down 6.7 percent compared to June 2022. New listing activity over the last couple of months has helped to increase supply and inventory. As supply levels rise over time prices will soften.

With mortgage rates and prices rising so quickly and sharply during the first half of the year, housing affordability continues to sideline buyers, said Lee Allen, Canopy Realtor® Association/Canopy MLS president. "However even though we are still in a seller's market, buyers have more bargaining power now than at any point during the pandemic, as Realtors® are starting to see more price reductions as the market continues to shift. Buyer demand falling and increasing supply indicates the housing market is in the beginning stages of a shift towards a healthier more sustainable market."

Inventory and supply showed increases at report time, for a second consecutive month. Inventory, which totaled 6,637 homes for sale has increased 23.9 percent compared to last year, pushing supply from 1.1 months in July 2021 to 1.4 months of supply this past July, an increase of 27.3 percent. The subtle but steady changes in supply will help to cool rapid price appreciation over time.

Prices however continued to rise in July, as both the median sales price (\$385,000) and the average sales price (\$458,000) rose 16.7 percent and 15.4 percent year-over-year respectively, while the average list price rose 19.6 percent to \$471,161. This brought the original list price received to sales price ratio to 100.3 percent. This figure is down compared to July 2021 (101.8%) and the previous month (June 2022), when it was 101.9 percent. A look at price reductions across the 16-county region which totaled 3,529 in July 2022, showed a significant increase (126.7%) compared to the number of price reductions in July 2021.

"Allen continues, "It's good to see more homes on the market, which ultimately helps buyers that are still looking however, buyers need to be mindful that homes continue to sell quickly in this market. And as the market shifts, sellers need to keep in mind that homes priced 'right' are selling quickly, but homes priced too high will deter prospective buyers and experience longer days on market and potential price reductions. Sellers testing' the market are likely experiencing this shift first-hand. Challenging markets like these, demand the assistance of a Realtor®.

Time on market is starting to shift a bit as well, but still shows homes selling at a very rapid pace, leaving buyers little time for negotiation. List to close which totaled 66 days in July 2021, increased to 72 days in July 2022, while days on market, the metric that accrues for "Active" and "Under-contract-show" statuses, showed homes averaged 15 days on market until sale, which is a slight increase from 14 days on market in July 2021.

Canopy Realtor® Association provides monthly reports on residential real estate market activity for the Charlotte region based on data from Canopy MLS. The Charlotte region, which this report is based on, includes 12 counties in North Carolina and four counties in South Carolina.

For more residential-housing market statistics, visit [www.CarolinaHome.com \(http://www.CarolinaHome.com\)](http://www.CarolinaHome.com) and click on "Market Data." For an interview with 2022 Association/Canopy MLS President Lee Allen, Realtor®/Broker-in-charge with RE/MAX Executive, please contact Kim Walker.

Canopy Realtor® Association owns and operates Canopy MLS, the region's primary source for accurate and timely property data in a multicounty service area including the Charlotte MSA, Asheville MSA and Catawba Valley region spanning across North Carolina and South Carolina to outside the Carolinas. Canopy MLS provides the latest technology, tools and analytics that Realtors® utilize to support consumers with their residential real estate transactions.