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Buyer demand for homes in NC mountains strong at the start of 2021

CHARLOTTE, N.C. – Home sales across the North Carolina mountains continued their streak of positive gains in January, registering 859 sales across the 13-county Asheville region, an increase of 12.4 percent over sales a year ago. Home sales are down 30.9 percent, however, when compared to the flurry of home sales activity recorded during December 2020.

Pending sales, or contracts that are due to close within the next 45-60 days, rose 39.1 percent year-over-year as 1,188 contracts entered the pipeline of sales in January. Compared to the contract activity in December 2020, pending sales were up 26.5 percent, showing an abundance of buyers are seeking homes within the region. New listing activity in January 2021 was relatively unchanged compared to last January, rising 0.1 percent as sellers brought 881 homes to market. New listings compared to December 2020 increased 17.3 percent, a strong sign of seller confidence nearly two months ahead of the regular spring selling season.

Prices throughout the mountain areas of North Carolina remain elevated with both the median sales price (\$315,000) and the average sales price (\$373,213) increasing 20.3 percent and 20.0 percent year-over-year, respectively. Prices are rising due to critically low inventory, which fell 57.6 percent year-over-year to 1,731 homes for sale or 1.5 months of supply. The average list price also increased by 15.8 percent year-over-year to \$394,506, and the original list price to sales price ratio was 96.0 percent. At the start of 2020, the ratio was 93.4 percent. The overall pace of home sales is faster than last year, as days on market until sale averaged 56 days in January 2021, which is 20 fewer days on market than last January.

Debbie Williams, a Canopy MLS Board of Directors member and Executive Vice President of Beverly Hanks & Associates, said, “We’re seeing strong signs that 2021 will be similar to last year, which means heavy buyer competition and price increases will continue as our inventory situation remains critically challenged. The month-over-month increase in new listings at this time of year is quite surprising and will be welcomed by buyers. However, we will need to see this positive rate of increase continue for several months in order to meet demand.”

The Asheville region includes Burke, Buncombe, Haywood, Henderson, Jackson, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania and Yancey counties.

Asheville MSA

Home sales activity across the four-county Asheville MSA mirrored the region's activity, as January 2021 sales rose 7.0 percent year-over-year with 553 sales. Compared to the previous month, however, sales were down 34.5 percent. Pending sales showed heavy demand from buyers seeking homes closer to Asheville's job centers, rising 26.8 percent year-over-year as buyers drove 780 properties into the pipeline of sales. Pending contracts pushed even higher when compared to December 2020 activity, rising 26.2 percent. This nearly guarantees sales will be steady over the next few months if they are not interrupted by further pandemic lockdowns or severe winter weather. Prices rose in January, with the median sales price of \$330,000 increasing 13.8 percent year-over-year and the average sales price of \$401,876 increasing 16.7 percent year-over-year. Buyers will note that compared to December, however, both price indices were down 2.9 percent and 5.3 percent, respectively, showing some amount of moderating in relation to falling inventory. Sellers still run the market, as noted by an elevated average list price of \$435,779, which increased 18.4 percent over list prices in January 2020. The lack of inventory, which showed 1,049 homes for sale and 1.4 months of supply at report time, and faster days on market of 51 days both continue to favor sellers in the area.

Williams continued, "The Asheville metro housing market is incredibly competitive and is moving pretty quickly, which is not typical, as we generally see slower sales during this time of year. Though work-from-home opportunities have contributed to rising demand, we also have to consider rising demand from younger and first-time buyers who face being priced out of the market. Low mortgage rates continue to drive buyer interest, but also help to offset rising prices. With the complexities of our low inventory market, mortgage preapproval and the help of a Realtor® puts buyers in the best position."

Buncombe County January home sales rose 14.2 percent year-over-year with 330 closed sales compared to 289 that closed in January 2020. Pending sales show buyer demand continues to be healthy, rising 20.3 percent year-over-year with 420 homes entering the pipeline of sales this past month. New listing activity, however, is down 5.1 percent year-over-year, which means buyers will continue to be challenged as supply falls. Inventory, which fell 52.1 percent year-over-year, indicated 555 homes for sale at report time or 1.4 months of supply. This will impact prices, which are rising. Both the median sales price (\$350,000) and the average sales price (\$424,869) increased 14.8 percent and 11.2 percent year-over-year, respectively. Sellers have opportunities in Buncombe, as indicated by the original list price to sales price ratio moving closer to full asking price and registering 96.8 percent during the month of January. Homes are selling quickly, as days on market averaged 49 days versus 70 days in January 2020.

Haywood County January sales rose 6.8 percent year-over-year with 79 homes sold versus 74 homes that were sold in January 2020. Pending sales continue to show tremendous demand from buyers, rising 42.9 percent year-over-year as 120 properties went under contract last month. New listings were down in January 2021, falling 4.5 percent year-over-year with only 84 properties listed, which is typical for this time of year. Inventory is down 59.9 percent year-over-year to 169 homes for sale or 1.5 months of supply at report time, which means prices in the county will continue to rise. Both the median sales price (\$265,000) and the average sales price (\$355,738) are up 10.4 percent and 21.0 percent year-over-year, respectively. Sellers in Haywood County saw faster days on market this past month with DOM averaging 44 days versus 89 days last January.

Henderson County home sales started the year off down by 14.2 percent when compared to sales last January, with 121 homes sold during the month, just 20 fewer than this time last year, while pending sales showed tremendous buyer demand for homes in the county. Contract activity compared to last year increased 32.9 percent year-over-year as buyers drove 214 properties into the sales pipeline. New listings rose 9.9 percent year-over-year in January, which was a welcome surprise and brought 188 additional homes to market. This will help buyers with more choice, even as inventory continues to fall. At report time inventory was down 52.2 percent year-over-year to 272 homes for sale or 1.4 months of supply. This will continue to pressure prices, which are showing major year-over-year price growth. The median sales price (\$325,000) and the average sales price (\$385,787) increased 18.2 percent and 32.2 percent year-over-year, respectively, in response to the lack of supply. Sellers control this market, as seen by the percent of original list price to sales price measure continuing to rise and registering 96.1 percent during the month of January. Sellers also enjoyed faster days on market, which averaged 51 days this past month. Even as new listings increased this past month, buyers will see homes sold nearly as quickly as they're listed as well as price increases and multiple offer situations due to fierce buyer competition.

Madison County, with a smaller share of homes for sale, saw larger percentage increases throughout its January 2021 indicators. Closings rose 76.9 percent year-over-year as 23 homes sold, while the 26 homes that went under contract represented a 23.8 percent rise in contract activity compared to last year. New listing activity remains unchanged compared to last January, while inventory dropped 67.1 percent year-over-year, leaving 2.1 months of supply. Prices in Madison County compared to last January are moderating, with the median sales price (\$310,000) rising 6.2 percent year-over-year and the average sales price (\$315,093) falling 12.2 percent year-over-year. The average list price of \$374,552 was up 44.7 percent compared to last January's average list price, while days on market until sale averaged 101 days.

Other counties around the region

Burke County's home sales slipped in January, falling 16.2 percent year-over-year to 57 homes sold during the month. Buyer demand, however, is still strong, with pending sales rising 39.3 percent year-over-year as 78 properties went under contract in January.

New listing activity was down 4.2 percent year-over-year as sellers appear to be waiting to list until the spring thaw. Still, conditions in Burke are similar to other counties in the region with tight inventory, which fell 54.8 percent year-over-year to 94 homes for sale or 1.3 months of supply at report time. The inventory situation in Burke will likely impact prices this year, as both the median sales price (\$180,000) and the average sales price (\$203,641) rose 9.1 percent and 6.6 percent year-over-year, respectively. Sellers in the county have a real opportunity, as the original list price to sale price ratio indicated they received 97.7 percent of asking price in January, while days on market until sale averaged only 30 days.

Jackson County has a smaller share of homes for sale and saw larger percentage increases throughout its January 2021 indicators. Closings rose 83.3 percent year-over-year as 33 homes sold, while the 31 homes that went under contract represented a 106.7 percent rise in contract activity compared to last year. New listing activity declined 10.0 percent compared to last January, while inventory dropped 65.4 percent year-over-year, leaving 2.3 months of supply. Prices in Jackson County compared to last January had dramatic increases, with the median sales price (\$320,000) rising 60.6 percent year-over-year while the average sales price (\$418,087) rose 27.1 percent year-over-year. The average list price of \$341,733 was up 27.1 percent compared to last January's average list price, while days on market until sale averaged 104 days.

McDowell County has a smaller share of homes for sale, and like other counties with smaller sample size, percentage increases can sometimes look extreme. Home sales in January 2021 rose 28.0 percent year-over-year with 32 homes sold, while pending contracts showed buyer activity rose 92.6 percent year-over-year as 52 homes entered the pipeline of sales this past month. New listing activity was down 28.3 percent year-over-year with only 33 homes listed for sale, which is typical for this time of year as most sellers wait until the spring selling season to list. Inventory is tight in McDowell as January's report showed a 65.9 percent year-over-year decline in homes for sale, leaving 1.5 months of supply. The high demand and the tight inventory situation will impact prices this year, which rose by double-digits in January. Both the median sales price (\$193,750) and the average sales price (\$282,925) rose 29.2 percent and 20.0 percent year-over-year, respectively, while the average list price (\$213,458) declined 17.3 percent compared to list prices last January. Days on market until sale averaged 44 days in January, a positive for sellers in the market, who are getting 95.9 percent of their asking price.

Mitchell County's small number of homes for sale yields large percent changes across its indicators. January sales showed the county had 15 closed sales, 15 pending sales and eight new listings, all resulting in positive year-over-year gains. The median sales price for a home in the county was \$200,000, which is down 22.3 percent year-over-year compared to last January, while the average sales price of \$262,467 rose 8.7 percent year-over-year. Inventory during the month fell 55.2 percent year-over-year, leaving 52 homes for sale or 2.9 months of supply. Days on market trended at 70 days during the month of January.

Polk County closed sales in January 2021 rose 27.8 percent as 23 homes sold during the month, while pending sales, or contracts that still haven't closed, rose 3.6 percent year-over-year with 29 properties in the sales pipeline. New listings rose 4.0 percent year-over-year as sellers listed 26 homes for sale versus 25 homes listed in January 2021. Prices rose dramatically with the median sales price (\$319,000) and the average sales price (\$415,146) rising 22.7 percent and 37.0 percent year-over-year, respectively. The average list price rose 56.9 percent year-over-year to \$528,612 during the month of January. Inventory at report time fell 58.4 percent year-over-year to 72 homes for sale or 2.0 months of supply. Sellers in Polk County are getting closer to asking price as indicated by the original list price to sales price ratio of 96.0 percent in January. Days on market until sale trended at 80 days in January 2021.

Rutherford County continued its positive sales momentum from December into January, resulting in closed sales rising 8.6 percent year-over-year with 63 homes sold. Pending contracts continue to signal high demand, rising 58.2 percent year-over-year as 87 homes went under contract during the month. New listing activity was also strong, kicking off the year with a 15.3 percent year-over-year increase as 68 homes entered the market in January. However, with inventory down 63.9 percent year-over-year to 109 homes for sale, new listings are likely to be purchased nearly as quickly as they are listed. The inventory situation of 1.4 months of supply of homes for sale will continue to affect prices. Both the median sales price (\$225,000) and the average sales price (\$282,836) had dramatic increases, rising 30.8 percent and 40.7 percent year-over-year, respectively. Sellers get nearly all of asking price in Rutherford County, as indicated by the original list price to sales price ratio of 97.4 percent. The pace of sales is faster, with days on market until sale averaging 36 days in January versus 92 days in January 2020.

Swain County has such a small number of homes for sale and overall sales activity that the indicators show large percentage increases across all indicators. The county recorded only four closed sales in January 2021, along with nine properties going under contract in during the month. New listing counts, which show seller activity, totaled four during the month, a 300.0 percent year-over-year increase. Inventory is down 63.4 percent year-over-year with 2.1 months of supply. The median sales price, which is the truest measure of price, was \$210,550 during the month of January, while the average sales price declined 5.2 percent year-over-year to \$223,525. The average list price fell 5.8 percent year-over-year to \$234,625 in January 2021. Days on market averaged only 5 days compared to 51 days on market in January 2021.

Transylvania County recorded 60 homes sold in January 2021 for an increase of 66.7 percent year-over-year, while pending sales, which signal strong buyer demand, rose 159.3 percent as 70 homes went under contract during the month. Seller confidence is increasing as sellers brought 49 new listings to market, an increase of 8.9 percent year-over-year. This level of demand and sales activity is atypical for this time of year, considering the seasonality that's usually prevalent in the mountains during the winter months. Inventory fell 65.3 percent year-over-year to 1.5 months of supply in January, which will continue to drive price increases. Both the median sales price (\$374,950) and the average sales price (\$411,517) rose 29.1 percent and 26.1 percent year-over-year, respectively, while the average list price had a modest jump of 5.2 percent to \$388,459

in January. Days on market in January averaged 71 days versus 109 days a year ago.

Yancey County also has less sales activity, which yields large percentages of change across indices. Closed sales increased 46.2 percent year-over-year as 19 homes were sold in January 2021 compared to 13 homes sold in January 2020. Pending contract activity increased 146.7 percent year-over-year with 37 homes going under contract versus 15 in January 2020. New listing activity increased 30.8 percent year-over-year with sellers listing 17 homes for sale this past month compared to 13 homes listed last January. Both the median sales price (\$290,000) and the average sales price (\$368,684) had year-over-year increases in January, rising 48.0 percent and 48.7 percent, respectively. Inventory was down 58.3 percent year-over-year to 103 homes for sale at report time, which is 3.3 months of supply. Properties averaged 221 days on market in January 2021 compared to 142 days in January 2020.

For more residential-housing market statistics, visit www.CarolinaHome.com and click on “Market Data.” For an interview with an Asheville-area Realtor®/broker, please contact Kim Walker.

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