

Annual Report on the Triangle Region Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE ENTIRE TRIANGLE REGION

Data is refreshed regularly to capture changes in market activity.
Figures shown may be different than previously reported.



2016

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With a new U.S. president from a different political party taking office in 2017, few are expecting federal policies to remain as they have under prior leadership. The incoming president has a deep history in real estate development and has shown a strong interest in funding massive infrastructure projects, two points that provide intrigue for the immediate future of residential real estate.

After several years of housing market improvement, 2016, as predicted, was not a pronounced triumph but more of a measured success. Markets took a steady and mostly profitable walk from month to month. Even as supply was short and shrinking, sales and prices were often increasing.

Interest rates were expected to rise throughout 2016, but they did not. Just as happened in 2015, the Federal Reserve waited until December 2016 to make a short-term rate increase. Incremental rate hikes are again expected in 2017. An economy that shows unemployment at a nine-year low coupled with higher wages inspires confidence.

Mortgage rates are not expected to grow by more than .75 percent throughout 2017, which should keep them below 5.0 percent. If they rise above that mark, we could see rate lock, and that could cause homeowners to stay put at locked-in rates instead of trading up for higher-rate properties. Such a situation would put a damper on an already strained inventory environment.

Sales: Under Contract sales increased 9.7 percent to 37,967 to close out the year. Closed sales increased 10.1 percent to 37,196 in 2016.

Listings: Inventory was lower in year-over-year comparisons. There were 7,447 active listings at the end of 2016. New listings increased by 4.2 percent to finish the year at 46,193. Low home supply is expected to continue throughout 2017.

New Construction: New homes are being built but at roughly half the rate the nation needs in order to sustain a solid inventory foundation. Another factor is that a lot of new homes are being built as rental units, and expensive ones at that. Locally in 2016, new construction inventory was up 31,126 units compared to 28,512 in 2015.

Prices: Home prices rose compared to last year. The overall median sales price was up 5.5 percent to \$232,000 for the year. When inventory is low and demand is high, prices will rise. Prices should increase in most areas in 2017 but at a slower growth rate. Single Family homes were up 5.3 percent compared to last year, and Townhouse-Condo homes were up 8.2 percent. We will likely need years of improved wage growth to account for recent price gains.

List Price Received: Sellers received 97.5 percent of their original list price received at sale, a year-over-year increase of 0.9 percent. Sales prices should increase again in 2017, leading to further increases in list price received.

Millennials continue to command attention as the next wave of home buyers, yet the rate at which this massive population is entering the market has been less than stellar. This may be due to a cultural change away from settling into marriage and parenthood until later in life, high student loan debt, or even reservations about a home being a wise investment in the wake of what the last recession did to their elders. That said, some have suggested that this group is simply willing to wait longer to buy, thus skipping the entry-level purchase altogether to land in their preferred home.

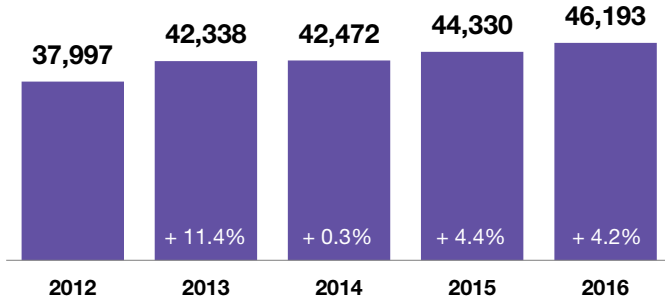
At the other end of the age and price spectrum, baby boomers are expected to make up nearly one-third of all buyers in 2017. By and large, this group is not looking to invest in oversized homes, yet we could see improvement in higher price ranges as a hedge against inflation and risk. Shifting wealth away from the stock market into valuable homes may be seen as a safer bet during a transition of power and a period of pronounced change.

Table of Contents

- 3 Quick Facts
- 5 Property Type Review
- 6 New Construction Review
- 7 Price Range Review
- 8 Area Overviews
- 9 Area Historical Median Prices
- 10 Glossary of Terms

Quick Facts

New Listings



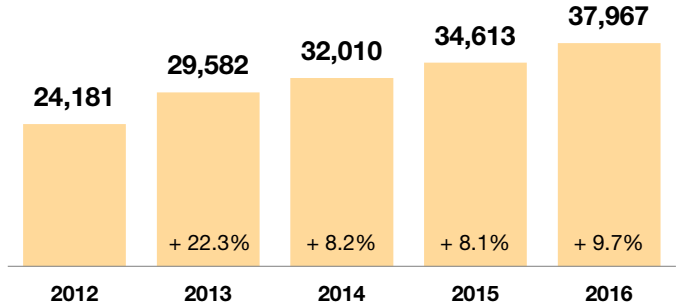
Top 5 Areas: Change in New Listings from 2015

Durham – East	+ 12.1%
Durham - Central	+ 11.8%
Knightdale/Wendell/Zebulon	+ 8.3%
Inside the Beltline	+ 7.8%
Chatham County	+ 7.5%

Bottom 5 Areas: Change in New Listings from 2015

Garner	- 2.0%
Wake Forest	- 2.4%
Chapel Hill/Carrboro	- 4.2%
Hillsborough	- 5.1%
Orange County	- 7.2%

Under Contract Sales



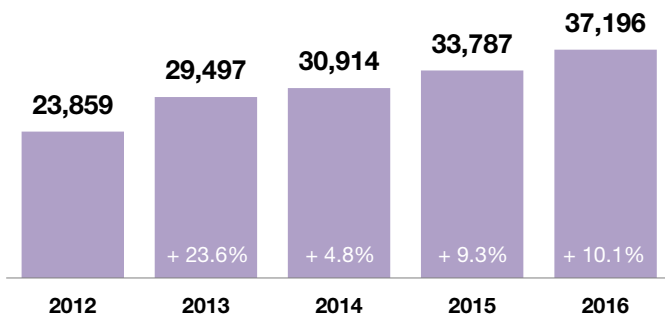
Top 5 Areas: Change in Under Contract Sales from 2015

Durham – East	+ 26.1%
Johnston County	+ 18.1%
Knightdale/Wendell/Zebulon	+ 15.1%
Durham - Central	+ 14.5%
Durham County	+ 13.1%

Bottom 5 Areas: Change in Under Contract Sales from 2015

Garner	+ 6.3%
Wake Forest	+ 5.1%
Cary/Apex/Morrisville	+ 4.2%
Fuquay-Varina/Holly Springs	+ 2.6%
Raleigh – North	+ 2.4%

Closed Sales



Top 5 Areas: Change in Closed Sales from 2015

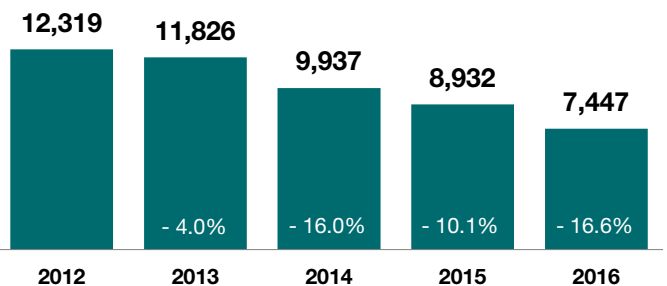
Durham – East	+ 24.2%
Johnston County	+ 19.4%
Knightdale/Wendell/Zebulon	+ 14.6%
Durham – North	+ 13.2%
Durham County	+ 12.5%

Bottom 5 Areas: Change in Closed Sales from 2015

Durham - Central	+ 6.3%
Garner	+ 6.1%
Wake Forest	+ 5.7%
Cary/Apex/Morrisville	+ 5.5%
Raleigh – North	+ 2.6%

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2015

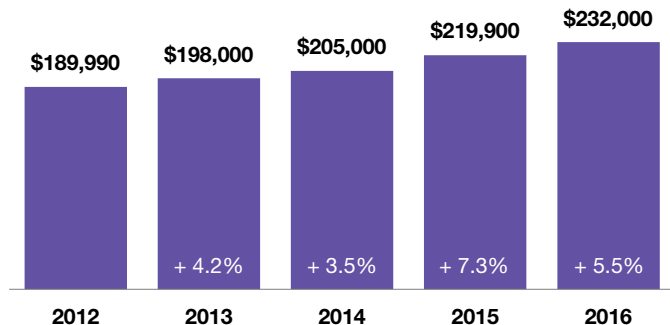
Wake Forest	+ 14.1%
Hillsborough	+ 7.0%
Durham – East	- 0.5%
Inside the Beltline	- 2.1%
Chapel Hill/Carrboro	- 3.0%

Bottom 5 Areas: Change in Homes for Sale from 2015

Durham County	- 13.5%
Raleigh – North	- 14.5%
Durham – North	- 20.2%
Durham - Central	- 20.9%
Fuquay-Varina/Holly Springs	- 22.1%

Quick Facts

Median Sales Price



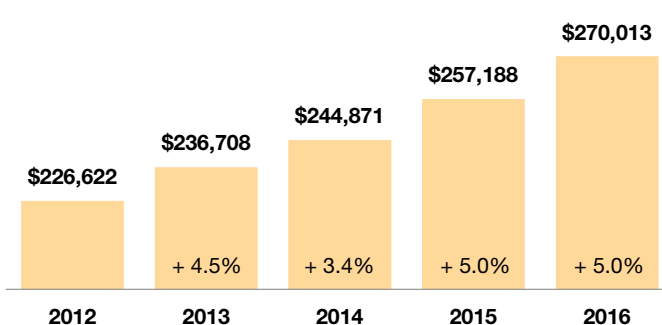
Top 5 Areas: Change in Median Sales Price from 2015

Durham - Central	+ 18.3%
Knightdale/Wendell/Zebulon	+ 12.2%
Garner	+ 10.6%
Durham – East	+ 9.6%
Cary/Apex/Morrisville	+ 9.2%

Bottom 5 Areas: Change in Median Sales Price from 2015

Raleigh	+ 4.1%
Hillsborough	+ 3.6%
Raleigh – North	+ 3.5%
Orange County	+ 3.4%
Chapel Hill/Carrboro	+ 2.9%

Average Sales Price



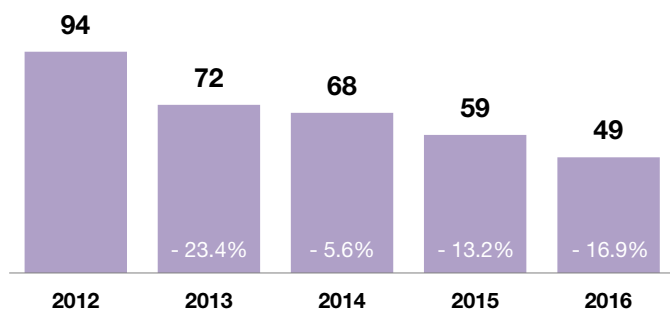
Top 5 Areas: Change in Avg. Sales Price from 2015

Durham - Central	+ 15.2%
Knightdale/Wendell/Zebulon	+ 13.2%
Durham – East	+ 10.9%
Garner	+ 9.1%
Durham – South	+ 8.9%

Bottom 5 Areas: Change in Avg. Sales Price from 2015

Raleigh	+ 3.8%
Orange County	+ 3.6%
Raleigh – North	+ 3.2%
Durham – North	+ 2.7%
Chapel Hill/Carrboro	+ 2.2%

Days on Market Until Sale



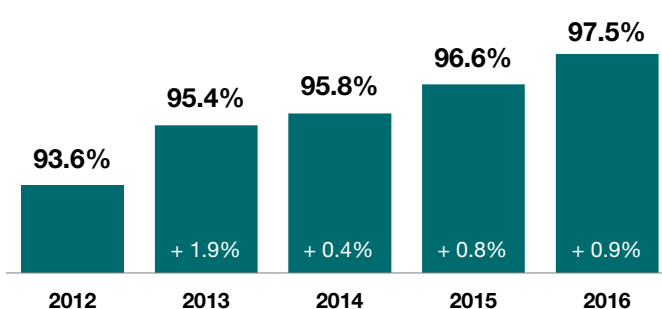
Top 5 Areas: Change in Days on Market from 2015

Wake Forest	- 5.0%
Chapel Hill/Carrboro	- 5.1%
Garner	- 5.7%
Durham – East	- 6.8%
Orange County	- 9.7%

Bottom 5 Areas: Change in Days on Market from 2015

Raleigh	- 21.3%
Durham – South	- 21.7%
Inside the Beltline	- 25.4%
Durham – North	- 26.6%
Durham - Central	- 32.0%

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2015

Hillsborough	+ 2.0%
Knightdale/Wendell/Zebulon	+ 1.7%
Durham – North	+ 1.5%
Garner	+ 1.4%
Durham - Central	+ 1.3%

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2015

Chapel Hill/Carrboro	+ 0.6%
Raleigh – North	+ 0.6%
Chatham County	+ 0.5%
Cary/Apex/Morrisville	+ 0.4%
Wake Forest	+ 0.3%

Property Type Review

52

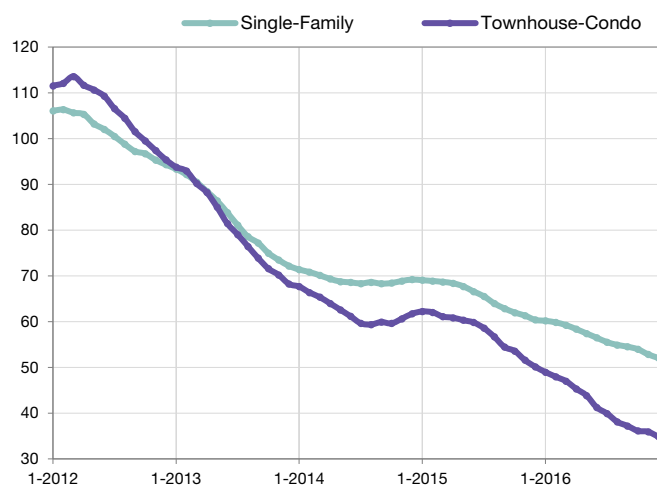
Average Days on Market
Single-Family Detached

35

Average Days on Market
Townhouse-Condo Attached

Days on Market Until Sale

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



Top Areas: Townhouse-Condo Attached Market Share in 2016

Raleigh – North	37.3%
Inside the Beltline	34.8%
Durham – South	33.0%
Raleigh	31.2%
Cary/Apex/Morrisville	28.9%
Orange County	23.9%
Chapel Hill/Carrboro	23.7%
Wake County	23.4%
Durham County	21.5%
Entire TMLS Area	17.8%
Durham - Central	16.5%
Hillsborough	15.5%
Durham – North	13.0%
Wake Forest	12.7%
Durham – East	9.6%
Fuquay-Varina/Holly Springs	5.6%
Garner	5.6%
Chatham County	4.9%
Johnston County	3.5%

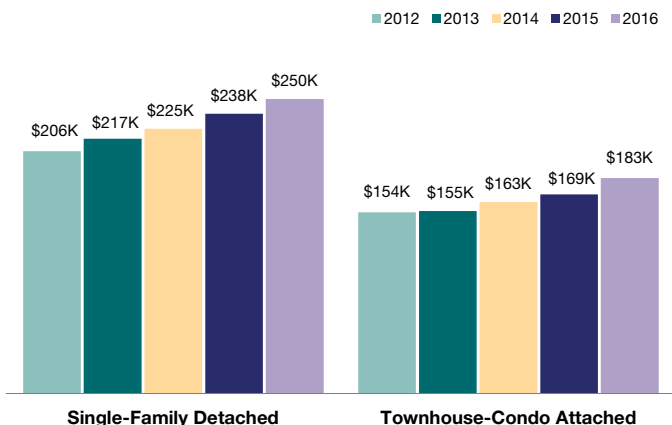
+ 5.3%

One-Year Change in Price
Single-Family Detached

+ 8.2%

One-Year Change in Price
Townhouse-Condo Attached

Median Sales Price



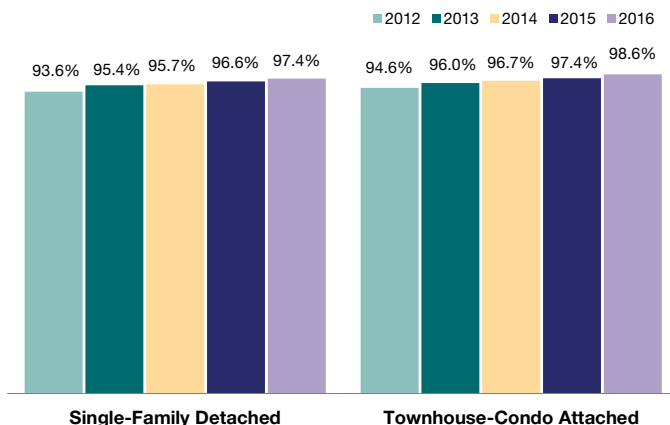
97.4%

Pct. of Orig. Price Received
Single-Family Detached

98.6%

Pct. of Orig. Price Received
Townhouse-Condo Attached

Percent of Original List Price Received



New Construction Review

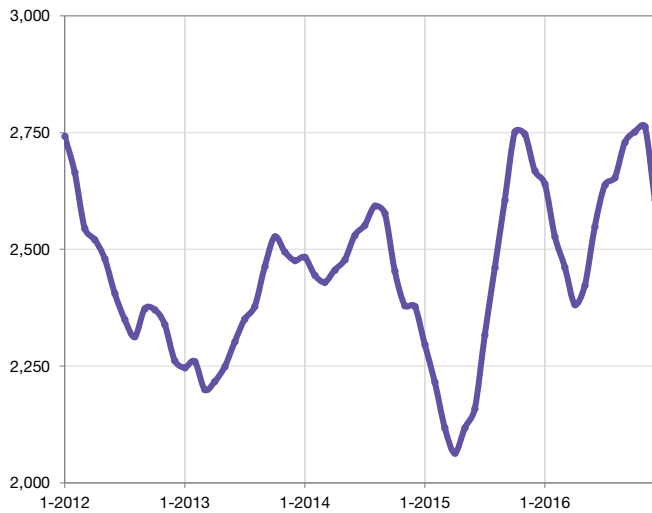
Nov '16

157

Peak of New Construction Inventory

Drop in New Construction Inventory from Peak

New Construction Homes for Sale



Top Areas: New Construction Market Share in 2016

Chatham County	36.9%
Johnston County	36.2%
Knightdale/Wendell/Zebulon	35.9%
Wake Forest	35.7%
Fuquay-Varina/Holly Springs	34.0%
Garner	32.4%
Durham – East	28.5%
Hillsborough	24.5%
Cary/Apex/Morrisville	23.2%
Entire TMLS Area	21.9%
Wake County	21.5%
Chapel Hill/Carrboro	19.5%
Inside the Beltline	18.9%
Durham – South	18.1%
Durham County	17.0%
Raleigh	12.8%
Orange County	11.0%
Durham – North	7.8%
Durham - Central	7.7%

3.7

2.0

Year-End Months Supply New Construction

Year-End Months Supply Previously Owned

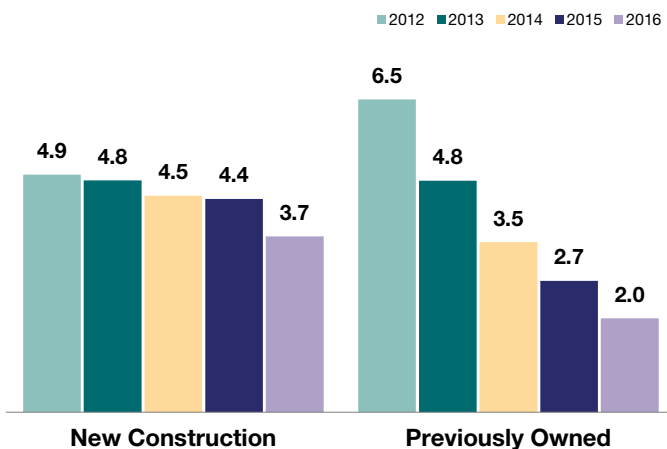
99.7%

96.9%

Pct. of Orig. Price Received New Construction

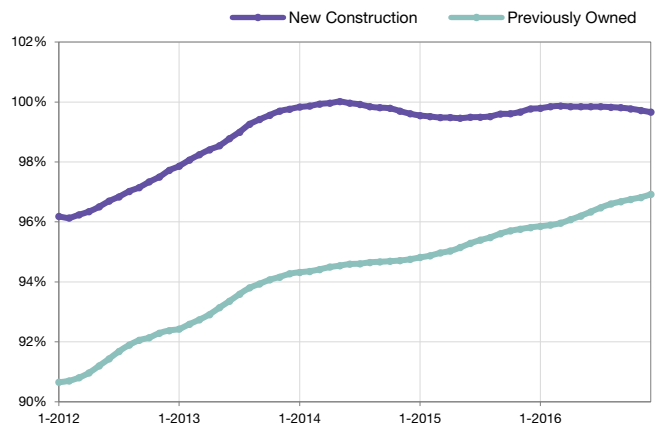
Pct. of Orig. Price Received Previously Owned

Months Supply of Inventory



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 Days on Market

\$500,001 and Above

Price Range with Longest Average Days on Market

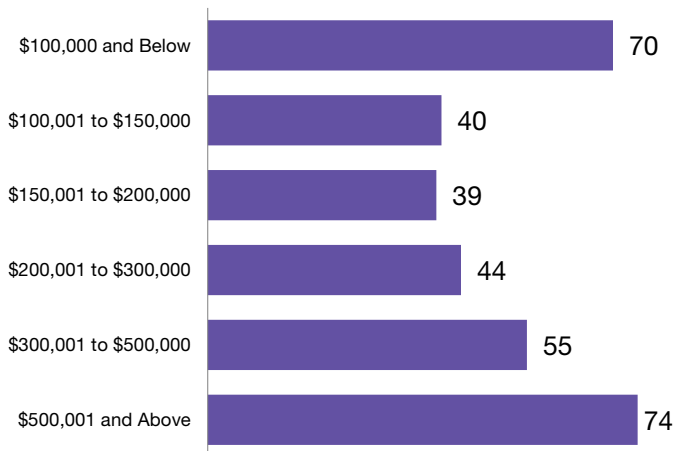
8.3%

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

- 37.9%

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



\$200,001 to \$300,000

Price Range with the Most Closed Sales

+ 22.2%

Price Range with Strongest One-Year Change in Sales: \$300,001 to \$500,000

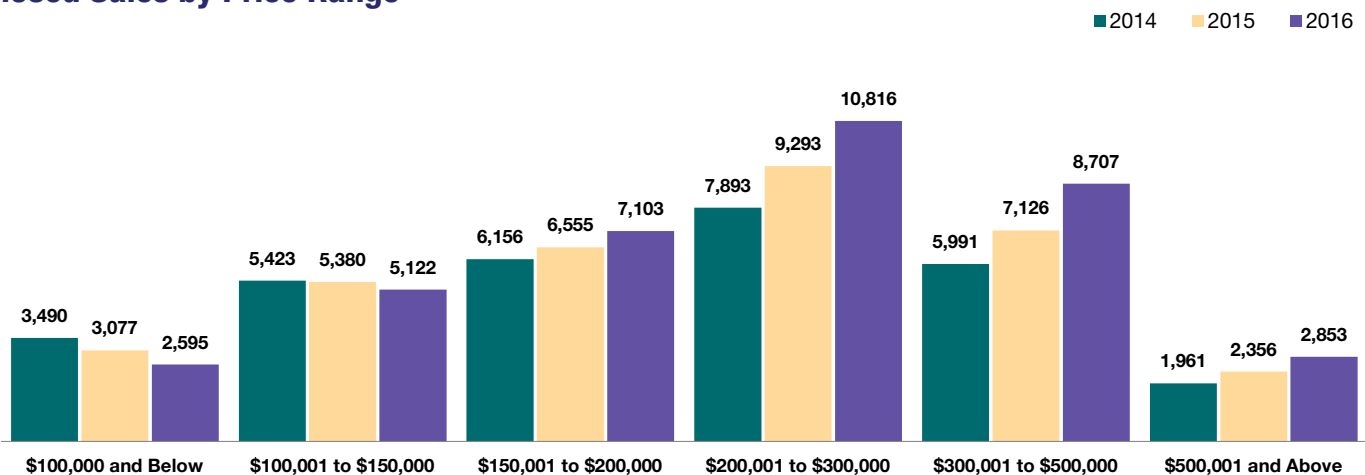
\$100,000 and Below

Price Range with the Fewest Closed Sales

- 15.7%

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

Closed Sales by Price Range



Area Overviews

	Total Closed Sales	Change from 2015	Percent New Construction	Percent Townhouse-Condo	New Listings	Days on Market	Pct. of Orig. Price Received
Cary/Apex/Morrisville	5,287	+ 5.5%	23.2%	28.9%	6,321	31	98.8%
Chapel Hill/Carrboro	1,811	+ 11.1%	19.5%	23.7%	2,398	74	96.2%
Chatham County	1,158	+ 10.5%	36.9%	4.9%	1,665	75	96.6%
Durham - Central	788	+ 6.3%	7.7%	16.5%	1,015	34	97.7%
Durham – East	1,115	+ 24.2%	28.5%	9.6%	1,297	41	98.2%
Durham – North	848	+ 13.2%	7.8%	13.0%	966	47	96.9%
Durham – South	2,134	+ 9.3%	18.1%	33.0%	2,436	36	98.1%
Durham County	4,885	+ 12.5%	17.0%	21.5%	5,714	39	97.8%
Fuquay-Varina/Holly Springs	2,533	+ 8.8%	34.0%	5.6%	2,953	40	98.7%
Garner	916	+ 6.1%	32.4%	5.6%	1,069	50	98.3%
Hillsborough	400	+ 11.7%	24.5%	15.5%	521	57	97.8%
Inside the Beltline	1,003	+ 7.2%	18.9%	34.8%	1,346	44	97.3%
Johnston County	3,735	+ 19.4%	36.2%	3.5%	4,446	60	97.7%
Knightdale/Wendell/Zebulon	1,427	+ 14.6%	35.9%	2.1%	1,728	53	98.2%
Orange County	1,812	+ 9.8%	11.0%	23.9%	2,312	65	96.2%
Raleigh	9,260	+ 7.8%	12.8%	31.2%	11,160	37	98.0%
Raleigh – North	3,800	+ 2.6%	7.0%	37.3%	4,737	34	97.9%
Wake County	20,298	+ 7.2%	21.5%	23.4%	24,502	39	98.3%
Wake Forest	1,718	+ 5.7%	35.7%	12.7%	2,204	57	98.1%

Area Historical Median Prices

	2012	2013	2014	2015	2016	Change From 2015	Change From 2012
Cary/Apex/Morrisville	\$255,644	\$275,900	\$290,000	\$301,831	\$329,500	+ 9.2%	+ 28.9%
Chapel Hill/Carrboro	\$318,000	\$327,750	\$328,170	\$344,947	\$355,000	+ 2.9%	+ 11.6%
Chatham County	\$277,700	\$303,350	\$316,373	\$335,000	\$352,140	+ 5.1%	+ 26.8%
Durham - Central	\$164,080	\$169,200	\$181,750	\$194,900	\$230,500	+ 18.3%	+ 40.5%
Durham – East	\$132,000	\$150,000	\$163,990	\$172,500	\$189,000	+ 9.6%	+ 43.2%
Durham – North	\$150,000	\$152,470	\$164,108	\$176,500	\$185,000	+ 4.8%	+ 23.3%
Durham – South	\$194,000	\$193,000	\$197,000	\$209,900	\$225,000	+ 7.2%	+ 16.0%
Durham County	\$167,500	\$172,000	\$179,900	\$192,500	\$210,000	+ 9.1%	+ 25.4%
Fuquay-Varina/Holly Springs	\$206,000	\$223,500	\$226,900	\$250,000	\$269,900	+ 8.0%	+ 31.0%
Garner	\$157,500	\$166,000	\$173,550	\$192,000	\$212,382	+ 10.6%	+ 34.8%
Hillsborough	\$233,500	\$238,365	\$237,000	\$265,500	\$275,060	+ 3.6%	+ 17.8%
Inside the Beltline	\$300,000	\$331,250	\$360,000	\$363,500	\$394,500	+ 8.5%	+ 31.5%
Johnston County	\$149,900	\$156,400	\$165,000	\$179,000	\$189,900	+ 6.1%	+ 26.7%
Knightdale/Wendell/Zebulon	\$145,000	\$154,900	\$158,500	\$178,188	\$200,000	+ 12.2%	+ 37.9%
Orange County	\$265,000	\$274,450	\$267,000	\$290,000	\$300,000	+ 3.4%	+ 13.2%
Raleigh	\$194,330	\$199,614	\$204,000	\$219,000	\$228,000	+ 4.1%	+ 17.3%
Raleigh – North	\$232,900	\$235,500	\$246,000	\$260,000	\$269,000	+ 3.5%	+ 15.5%
Wake County	\$215,000	\$223,000	\$230,053	\$249,900	\$264,900	+ 6.0%	+ 23.2%
Wake Forest	\$265,000	\$271,200	\$275,830	\$289,450	\$310,000	+ 7.1%	+ 17.0%

Glossary of Terms

Metric Name	Description
New Listings	A count of the properties that have been newly listed on the market in a given month.
Under Contract Sales	A count of the properties on which contracts have been accepted, or in a contingent status in a given month.
Closed Sales	A count of the actual sales that have closed in a given month.
Inventory of Homes for Sale	The number of properties available for sale in active status at the end of a given month.
Median Sales Price	Median price point for all closed sales, not accounting for seller concessions, in a given month.
Average Sales Price	Average sales price for all closed sales, not accounting for seller concessions, in a given month.
Days on Market Until Sale	Average number of days between when a property is listed and when an offer is accepted in a given month.
Percent of Original List Price Received	Percentage found when dividing a property's sales price by its original list price, then taking the average for all properties sold in a given month, not accounting for seller concessions.
Months Supply of Inventory	The inventory of homes for sale at the end of a given month, divided by the average monthly closed sales from the last 12 months.