

Fayetteville Area

Local Market Report, Second Quarter 2024

Today's Market...

Median Price (Green Line) and One-year Price Growth



Local Price Trends			
Price Activity	Fayetteville	U.S.	Local Trend
Current Median Home Price (2024 Q2)	\$252,400	\$416,900	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2024 Q2)	5.3%	4.9%	
3-year (12-quarter) Appreciation (2024 Q2)	31.8%	17.1%	
3-year (12-quarter) Housing Equity Gain*	\$60,900	\$60,967	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$117,400	\$163,300	
9-year (36 quarters) Housing Equity Gain*	\$132,600	\$188,933	

*Note: Equity gain reflects price appreciation only

	Fayetteville	U.S.	
Conforming Loan Limit**	\$766,550	\$1,149,825	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$498,257	\$1,149,825	
Local Median to Conforming Limit Ratio	33%	not comparable	

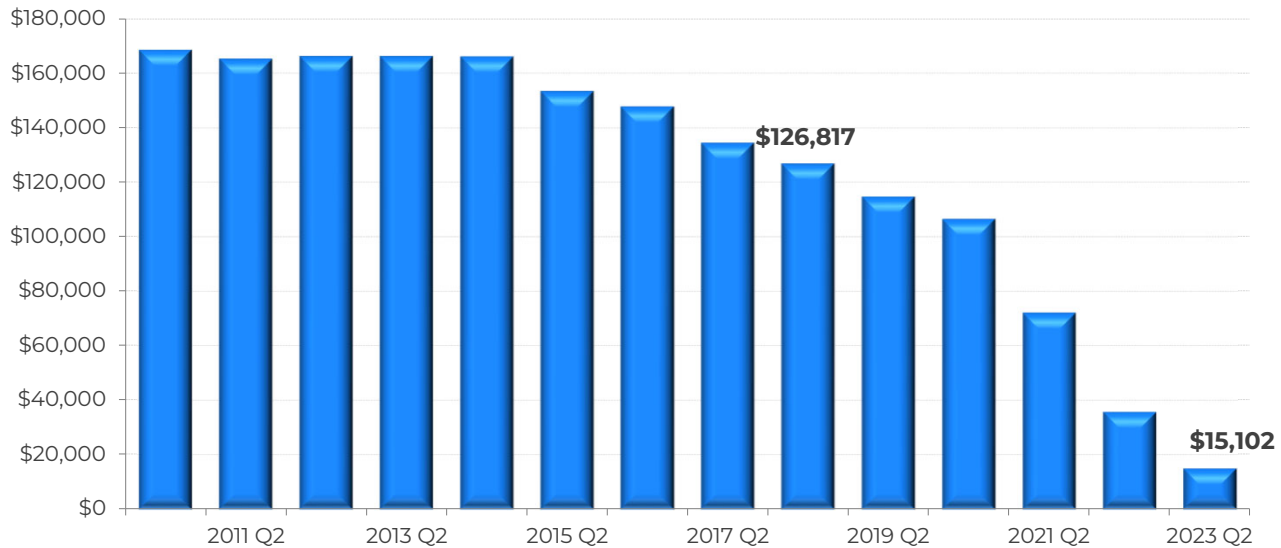
Note: limits are current and include the changes made on January 1st 2024.

Local NAR Leadership

The Fayetteville market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2024 NAR Regional Vice President representing region 4 is David Kent.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2024 Q2 from quarter in which home was of purchased**

Price Activity	Fayetteville	U.S.	Local Trend
1-year (4-quarter)	\$15,102	\$23,580	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$72,097	\$81,779	
5-year (20-quarter)*	\$114,701	\$164,086	
7-year (28 quarters)*	\$134,542	\$195,501	
9-year (36 quarters)*	\$153,384	\$228,483	

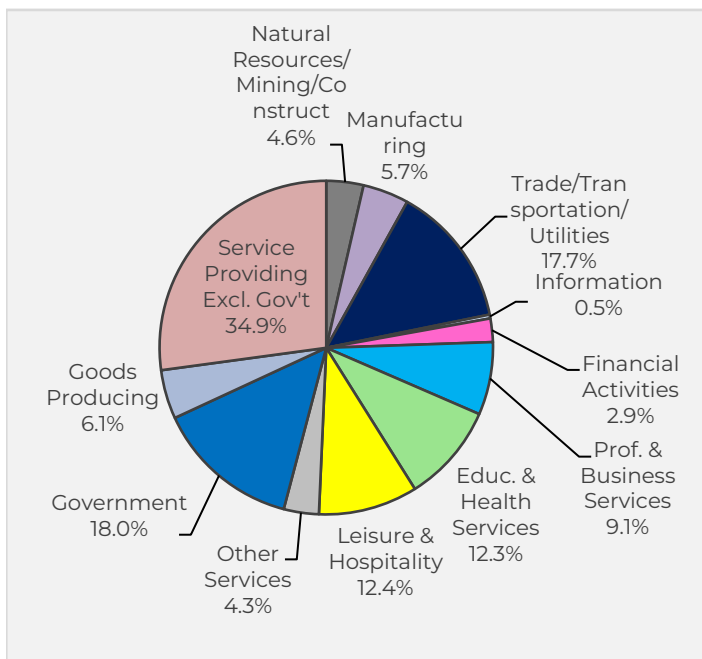
*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

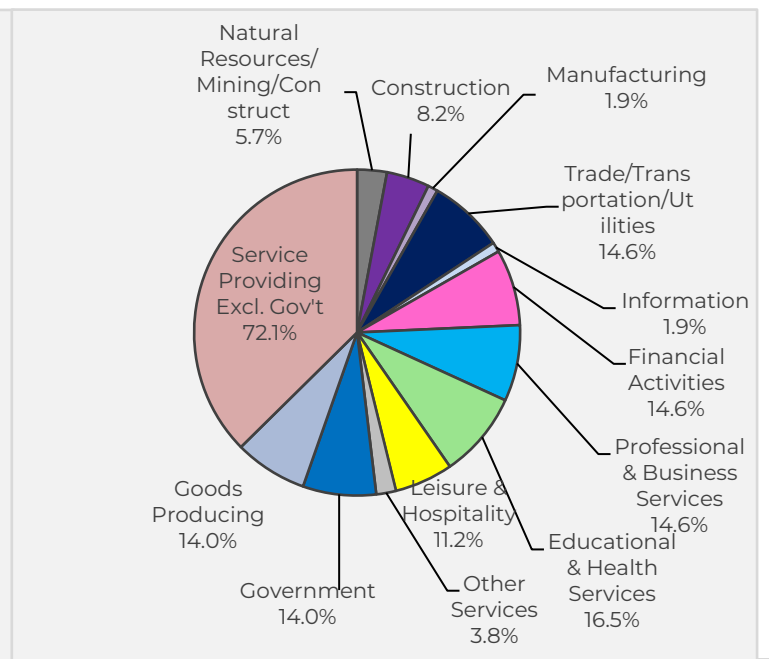
Local Economic Outlook	Fayetteville	U.S.	
12-month Job Change (Jul)	2,600	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Jun)	2,700	Not Comparable	
36-month Job Change (Jul)	7,200	Not Comparable	Fayetteville's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Jul)	5.8%	4.3%	
Year-ago Unemployment Rate	5.0%	3.5%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.0%	1.8%	

Share of Total Employment by Industry

Fayetteville Area



U.S.



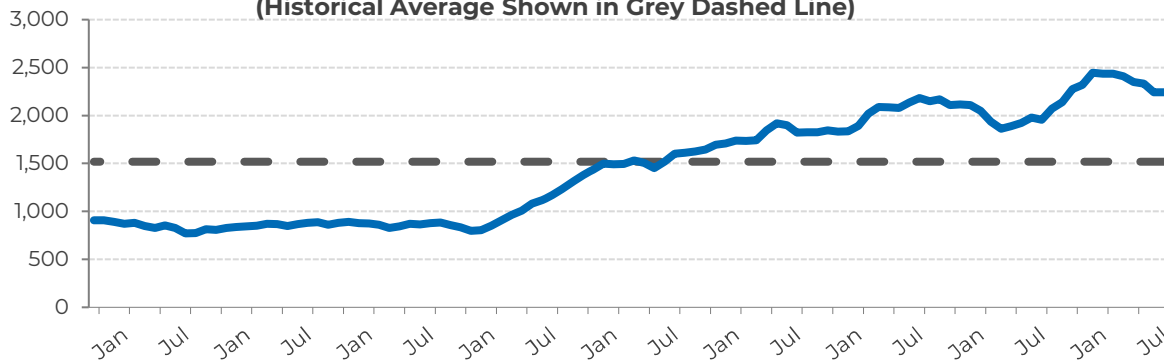
12-month Employment Change by Industry (Jul - 2024)

Goods Producing	100	Information	0
Natural Resources/Mining/Construction	300	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	-200
Construction	NA	Educ. & Health Services	800
Manufacturing	-200	Leisure & Hospitality	500
Service Providing Excluding Government	2,600	Other Services	100
Trade/Transportation/Utilities	-200	Government	1,600

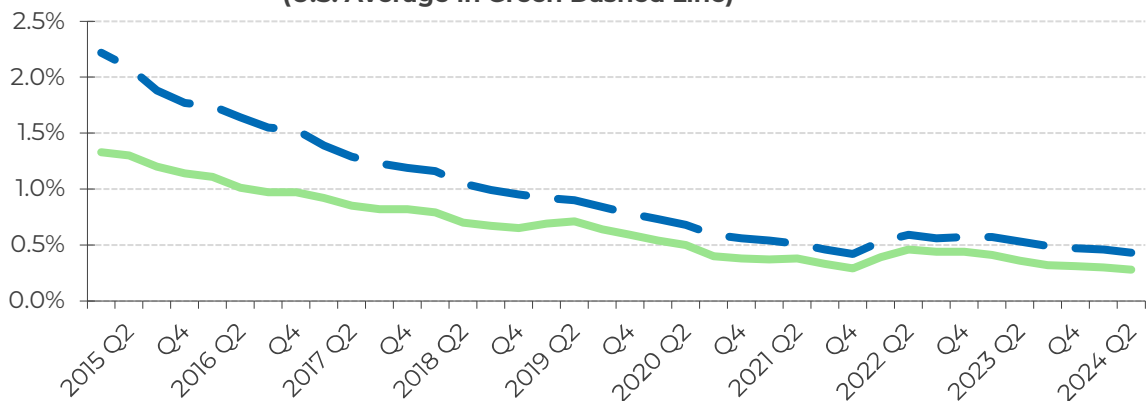
State Economic Activity Index	North Carolina	U.S.	
12-month change (2024 - Jul)	2.8%	2.4%	The economy of North Carolina has outpaced the rest of the nation and improved modestly from last month's 2.72% change
36-month change (2024 - Jul)	12.0%	11.3%	

New Housing Construction			
Local Fundamentals	Fayetteville	U.S.	
12-month Sum of 1-unit Building Permits through Jul	2,243	not comparable	The current level of construction is 47.7% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,518	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Jul) 12-month sum vs. a year ago	14.7%	15.3%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Grey Dashed Line)



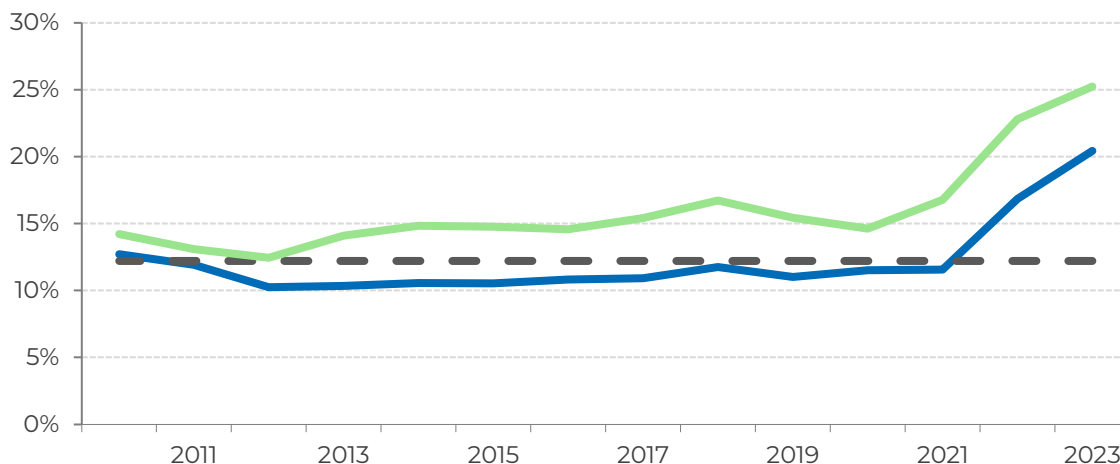
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Green Dashed Line)



Affordability



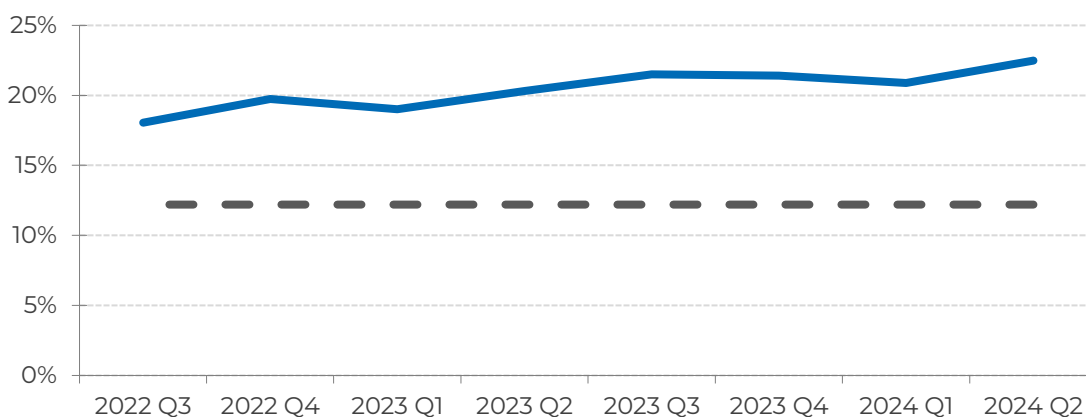
Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Grey, U.S. Average in Green)



Monthly Mortgage Payment to Income*	Fayetteville	U.S.	
Ratio for 2023	20.4%	25.2%	Weak by local standards and could weigh on demand
Ratio for 2024 Q2	22.5%	26.3%	
Historical Average	12.2%	17.0%	More affordable than most markets

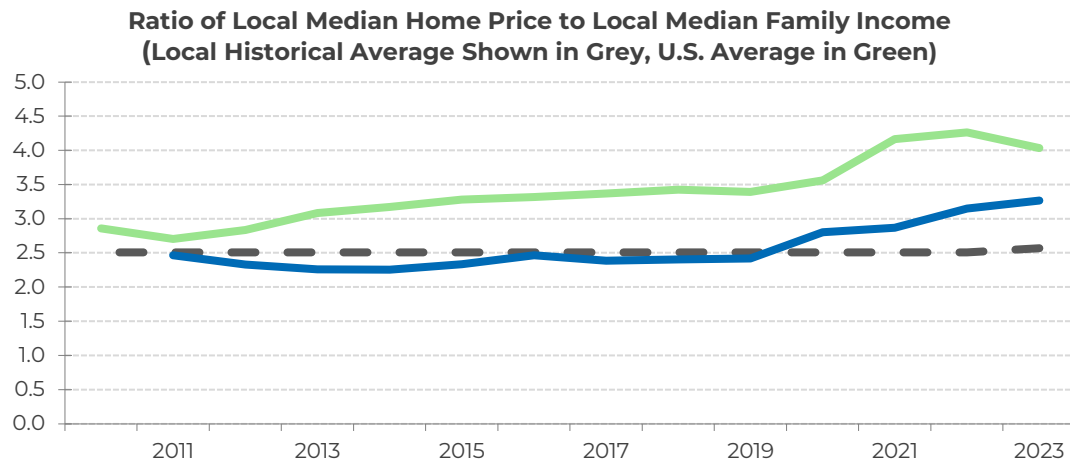
*The median family Income was included for the calculation of the mortgage payment to income ratio

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Grey Dashed Line)

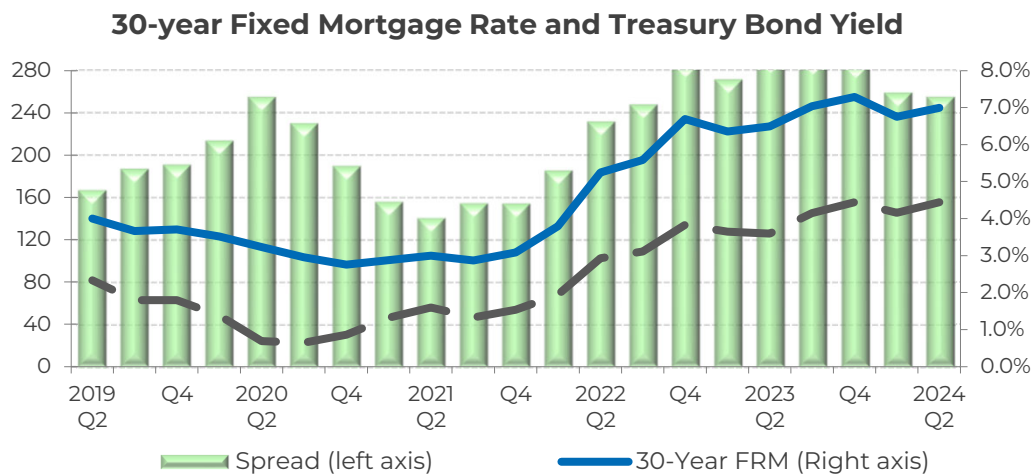


Median Home Price to Income*	Fayetteville	U.S.	
Ratio for 2023	3.3	4.0	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2024 Q2	3.5	4.1	
Historical Average	2.6	3.4	Affordable compared to most markets

*The median family Income was included for the calculation of the median home price to income ratio



The Mortgage Market



In the second quarter of the year, housing affordability declined as mortgage rates once again surpassed the 7% mark, and home prices exceeded \$420,000. This pushed the typical family out of the market, as their income fell short of covering monthly mortgage payments on a median-priced home. As a result, homebuying activity slowed down, defying typical seasonal trends. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 6.99% in the second quarter from 6.49% a year earlier. However, with lower interest rates on the horizon, mortgage rates are also expected to ease later this year, thereby enhancing affordability for potential homebuyers. NAR forecasts that the 30-year fixed mortgage rate could fall to 6% by year's end.

Geographic Coverage for this Report

The Fayetteville area referred to in this report covers the geographic area of the Fayetteville metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Cumberland County and Hoke County

More information on the OMB's geographic definitions can be found at
https://obamawhitehouse.archives.gov/omb/bulletins_default/