



KNOXVILLE AREA
ASSOCIATION OF REALTORS®

MLS MARKET REPORT

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MLS reports:

Yearly Market Comparison

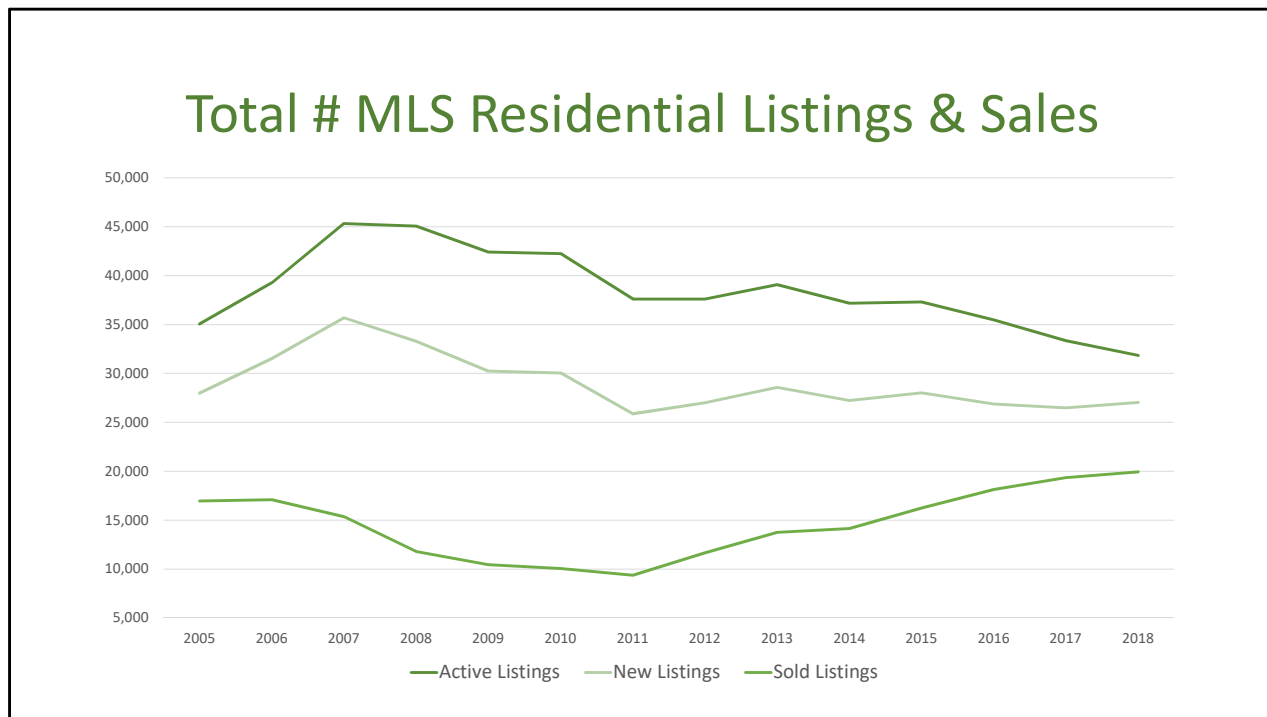
Year Over Year Comparison

Quick Search – add new construction, listing date, year built fields

2017 v. 2016 TN Housing Market

- **Single-family home sales** TICK UP
 - +2.7% (78,549 to 80,745)
- **Median Price** RISES
 - +10% (\$191,700 to \$211,225)
- **Inventory** TIGHTENS
 - -19.4% (22,892 to 18,427)
- *Similar trends with condominiums*

This housing snapshot is from the Tennessee REALTORS, the state association for Realtors across TN. While we are well into 2018, this snapshot is important because it shows the double-digit increase in median prices and huge drop in inventory/available homes for sale.



MLS = KAAR’s 12-county region Multiple Listing Service. This includes Anderson, Blount, Campbell, Cumberland, Fentress, Knox, Loudon, Monroe, Morgan, Roane, Scott, and Union Counties (and a smattering of listings from outside those areas; plus quite a few listings from Sevier County).

Residential = all attached and detached single-family homes, condos, townhomes, modular, and mobile homes for sale. Does not include duplexes, multi-family, or rentals (call Ann at the www.aagk.org, Apartment Assoc of Greater Knoxville, for that data).

Listings = single-family residences for sale in KAAR’s MLS. That means it’s listed by a REALTOR.

Active Listings = was available for sale during the year searched (includes New Listings) but may have been initially listed for sale at any date prior to, or during, the year from which data was searched

New Listings = initially listed for sale within the single year from which data was searched (does not include all Active Listings)

Sold Listings = any Residential Listing that closed during the year from which data was

searched (could have been an Active or New Listing before it closed)

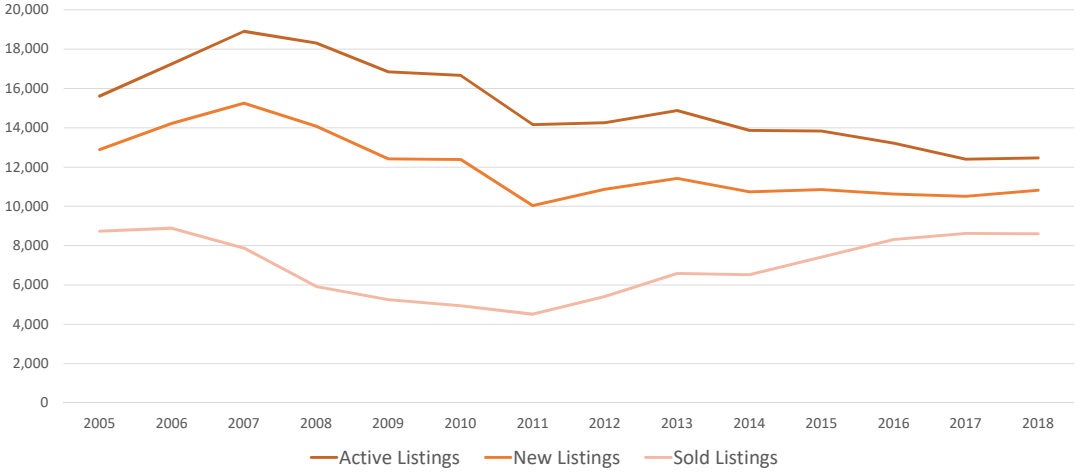
SUPPLY VS DEMAND slide: when the top and bottom lines are closer together that means demand is closing in on supply, we are in a seller's market, and prices are rising.

2018 MLS Active @ 95% YOY 2017

2018 MLS New @ 102% YOY 2017

2018 MLS Sold @ 103% YOY 2017

Total # Knox Residential Listings & Sales



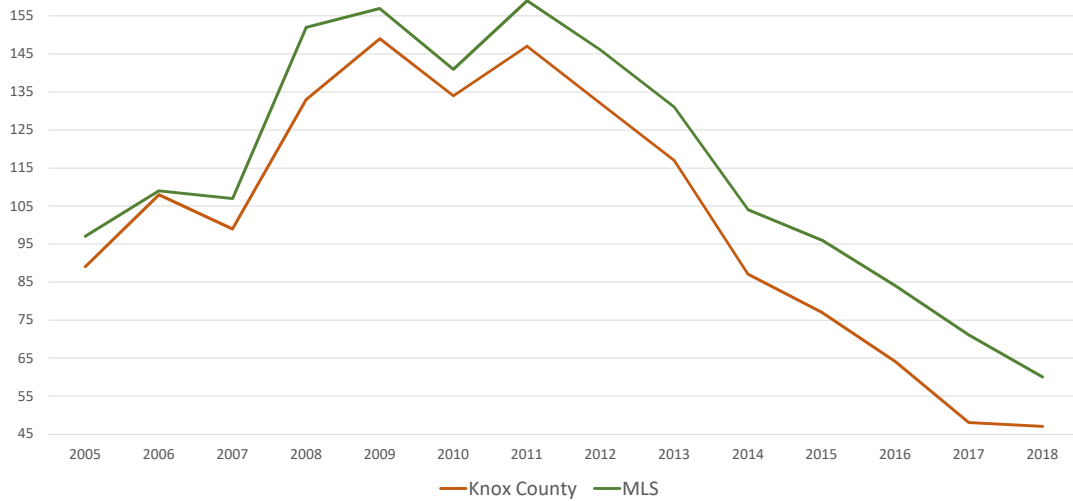
2018 Knox Active @ 100% YOY 2017

2018 Knox New @ 103% YOY 2017

2018 Knox Sold @ 99% YOY 2017

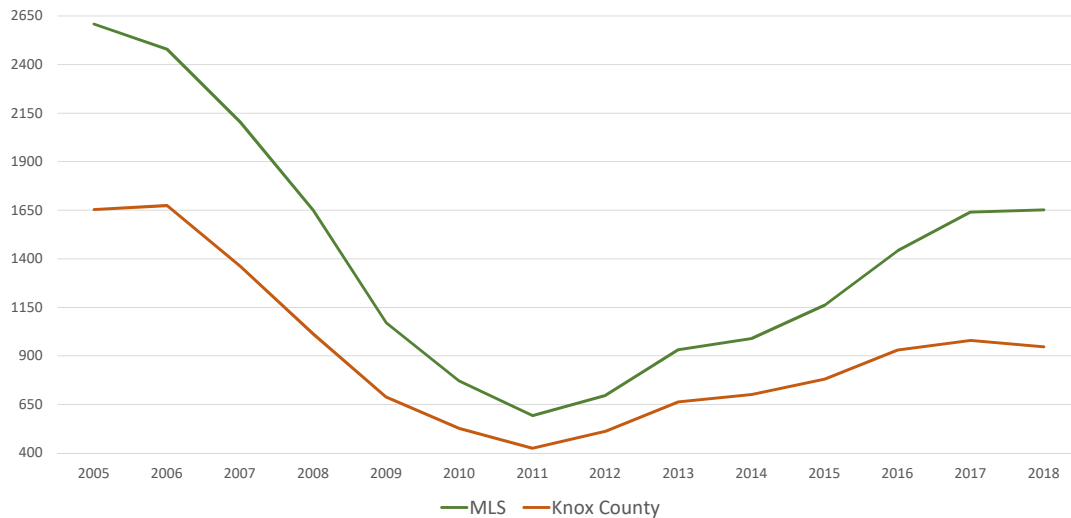
Knox County mirrors the MLS as a whole, but shows demand creeping up on supply even more

MLS & Knox Residential Sales: Days to Closing



Days to Closing (DTC) = from the first day the Residential Listing was listed for sale on the KAAR MLS, through the day it closed. This slide is NOT Days on Market (DOM). DOM would be less than DTC. DOM are from the first day the Residential Listing was listed for sale on the KAAR MLS through the day it went under contract.

Total # MLS & Knox New Construction Sales



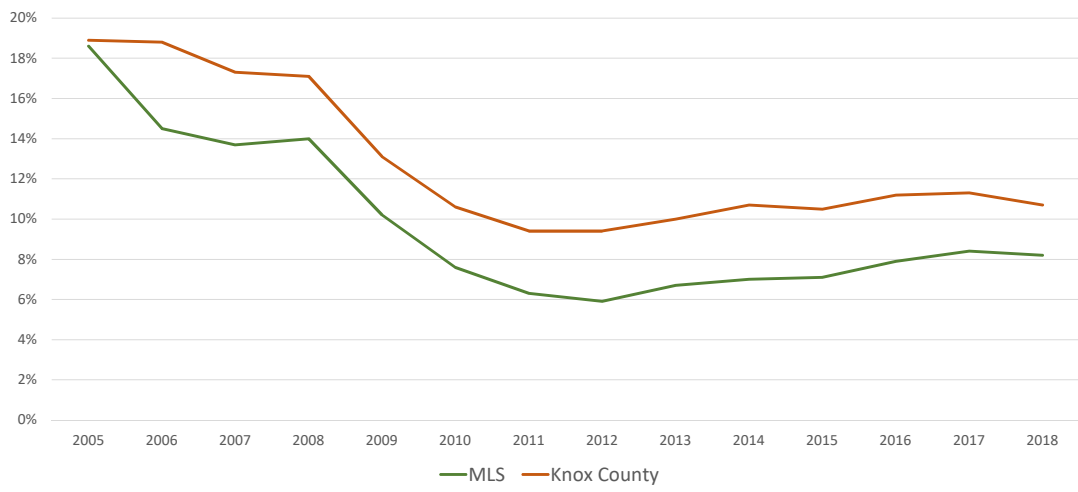
2018 MLS new construction sales @ 100% YOY 2017

2018 Knox County new construction sales @ 96% YOY 2017

This slide is NOT the number of new construction permits pulled with Knox County (get that from www.knoxmpc.org). This slide encompasses Residential Sales of new construction homes that have never been occupied, are under construction and will be ready to occupy soon, or are to be built to the buyer's specs with an agreed-upon contract.

Interesting that whole MLS has the same number of new construction residential sales in 2018 as Knox County had back in 2005!

MLS & Knox New Construction Sales as a Percentage % of Total MLS Residential Sales

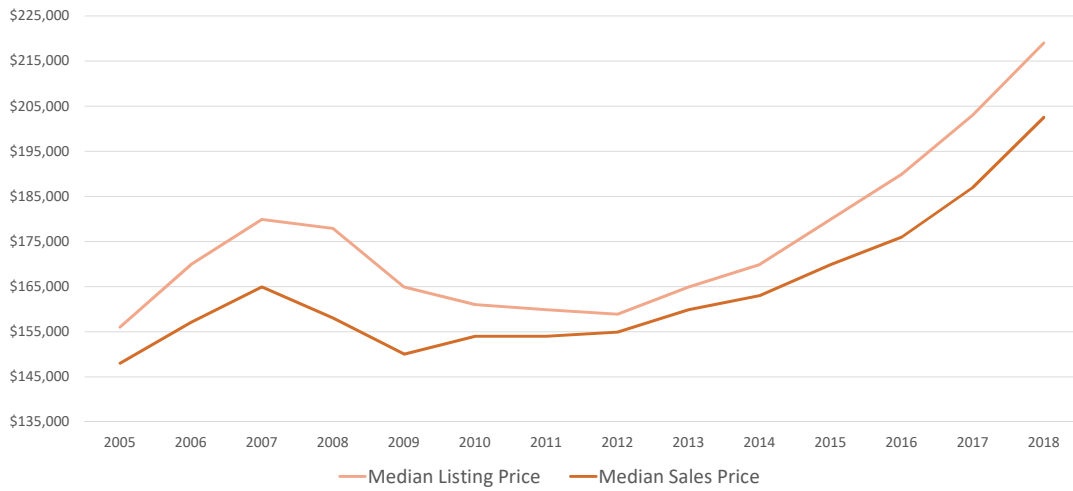


MLS Median Listing & Sales Price



Median Listing Price = median listing price of only Residential Listings that sold. If the listing expired, or went off the market for any reason and didn't sell, it is not included in this data.

Knox Median Listing & Sales Price

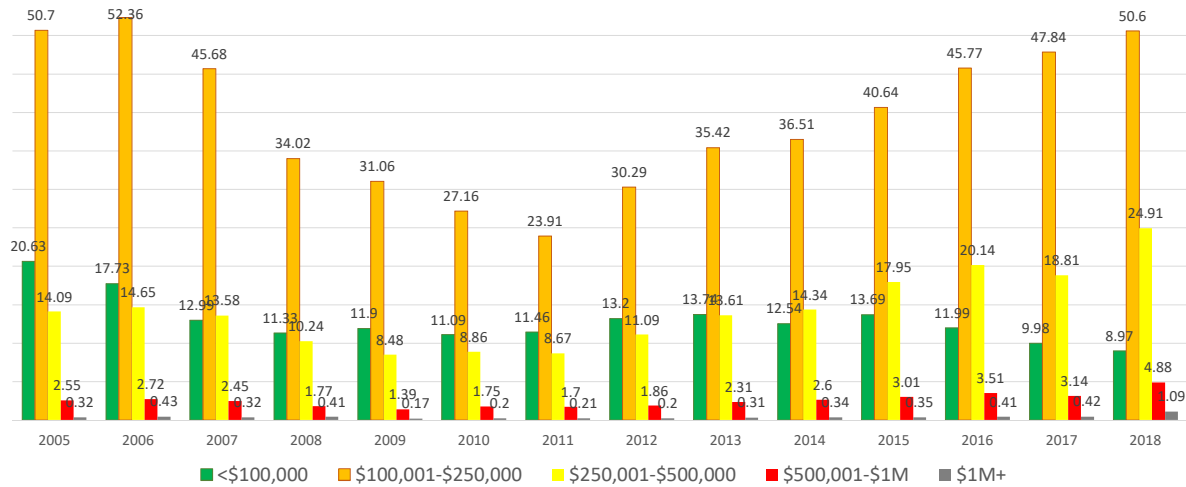


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Knox Inventory by Price Range

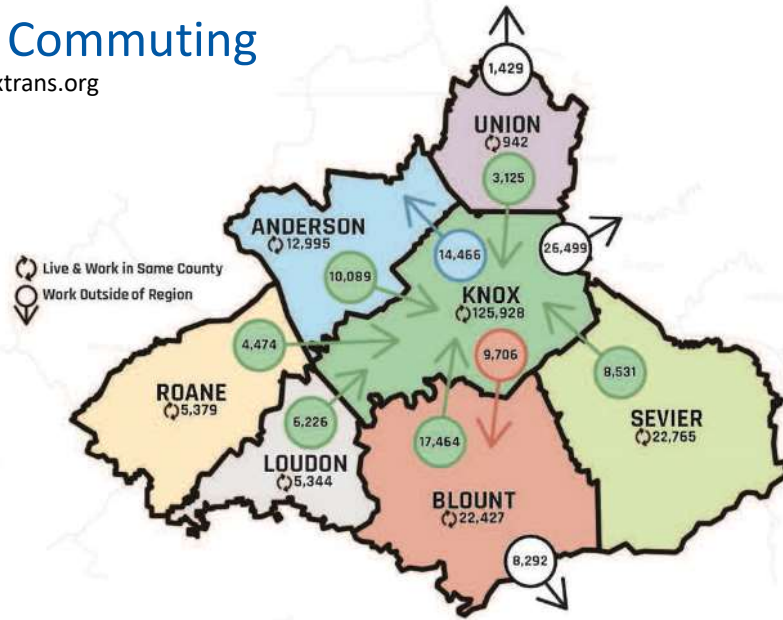


2018 data has been extrapolated through the end of the year using YOY % with 2017.

This slide includes all Residential Listings that went on the market during the year in which data was searched (i.e. New Listings within that year).

The Costs of Commuting

www.knoxtrans.org



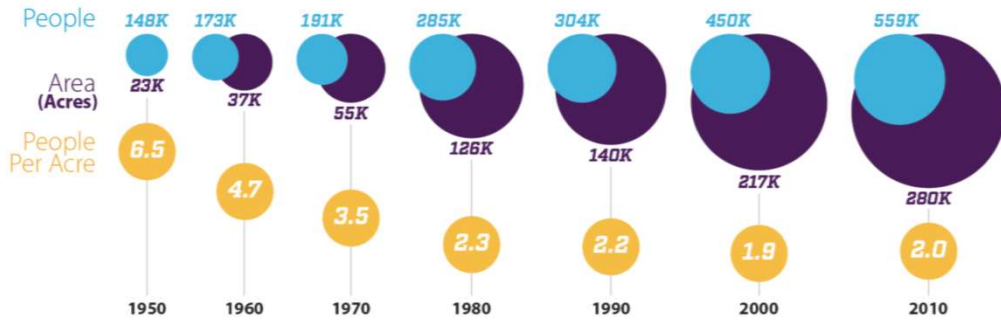
Commuting Costs – I can't afford to live in Knox but that's where the jobs are – commuting increases the base cost of housing.

Recode Knoxville and Density

www.knoxtrans.org

KNOXVILLE URBANIZED GROWTH **PEOPLE AND AREA**

Source: U.S. Census Bureau Urban and Rural Classification 1950, 1960, 1970, 1980, 1990, 2000, and 2010



Knox MSA Affordability

County	County Median Household Annual Income*	Median Income Household Monthly Housing Payment (at recommended 30% of monthly income)	Affordability Gap	
			Est. Monthly Housing Payment for County's Median Listing Price House in KAAR MLS+	Maximum Listing Price a Median Income Household can Afford (at recommended 30% of monthly income)+
Anderson	\$44,241	\$1,106	\$1,509	\$172,500
Blount	\$49,532	\$1,238	\$1,585	\$192,000
Knox	\$50,366	\$1,259	\$1,585	\$195,000
Loudon	\$52,995	\$1,325	\$2,054	\$205,000
Roane	\$42,299	\$1,055	\$1,428	\$166,500
Sevier	\$42,586	\$1,064	\$1,580	\$167,500
Union	\$38,540	\$963	\$1,177	\$150,000

*2016 statistics from www.census.gov

+estimated for a 30-year fixed, 5% down, 5% rate mortgage with approx. city and county taxes and home owners insurance included

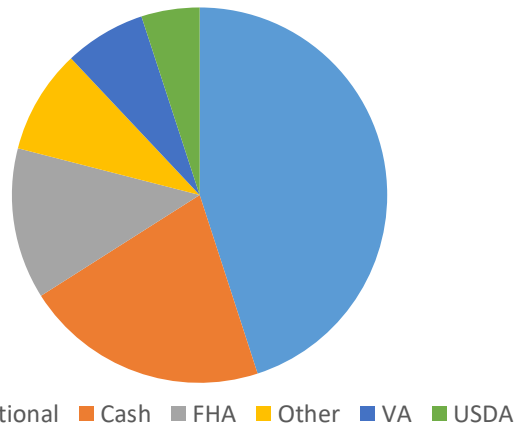
“30% of monthly income for housing” costs is the percentage widely used to define housing as affordable; this is the amount of income that a household could spend and still have enough left over for other nondiscretionary spending. Fannie Mae lending guidelines and many others often use percentages around 28%-30% of monthly income as a guideline for which borrowers can qualify for a mortgage loan; looking at the borrower’s income vs expenses, lenders will calculate whether the borrower has at least 28%-30% of their income left over to cover housing costs.

Median Housing Costs = median of active and pending listings 10-8-18

+Estimated Monthly Payment for Median Listing Price House (30 year fixed conventional mortgage, 5% down, 5% rate, with approx. city and county taxes and home owners insurance)

Conclusion: more than half of all listings in KAAR MLS are too expensive for the median income buyer

2018 MLS Residential Sales Financing



Same overall trends from prior years but we see FHA less and less because of PMI costs and because banks have opened up tons more private capital lending lines for conventional loans with <10% down.

How Many Housing Units Do/Will We Need?

- Population Growth Projections:
 - 170,000 new residents in the Knox MSA from 2000-2040
 - 4,250 per year
 - 11.6 per day
 - 4.8 households per day (2.4 persons per household, census.gov)
 - = we needed/still need 1,700+ new housing units per year to keep up with population growth projections
 - 2018 new housing starts Knox County = 950
 - 2018 new housing starts 12-county MLS = 1,650
 - 2005-2007 was the last time the MLS was at/above today's housing starts needs
 - = we have 10 years of housing starts lagging behind demand

Growth projection numbers vary depending on the source, but all sources say Knox and the surrounding areas are going to experience moderate-high growth over the next decades.

Math:

$170,000 \text{ people} / 40 \text{ years} = 4,250 \text{ people per year}$

$4,250 \text{ people} / 365 \text{ days in a year} = 11.6 \text{ people per day}$

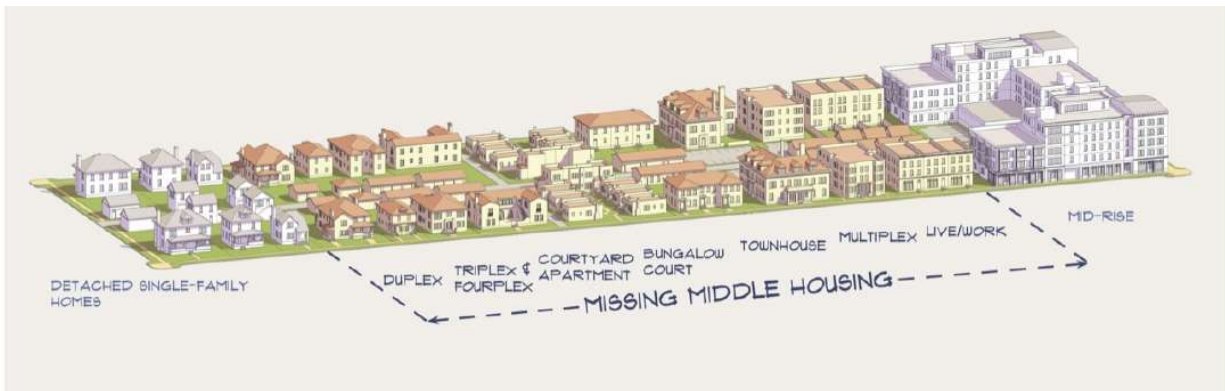
$11.6 \text{ people per day} / 2.4 \text{ household average size from census.gov} = 4.8 \text{ households per day}$

KAAR's Recode Priorities on Housing Affordability

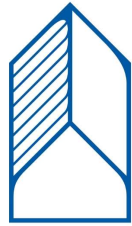
- Increasing opportunities for density near infrastructure and services
 - ADUs, middle-density multi-family housing, infill opportunities
- Decreasing cost of new construction and redevelopment
 - Increased design standard issues
- Continuing to allow uses in C-N areas
 - Small-scale grocery, restaurants, clinics, pharmacies/stores, etc

KAAR's Recode Priorities on Housing Affordability

www.missingmiddlehousing.com



Add missing middle housing by commercial corridors where utilities and road and transit infrastructure are already in place. Missing middle housing are great transitions from single-family neighborhoods to commercial corridors.



KAAR

FOR MORE INFORMATION:

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