



**Register of Deeds
Charles P. Gilliam**

TEL 919 856 5460
FAX 919 856 5467

P.O. Box 1897 • Raleigh, NC 27602 - 1897

Tuesday, January 21, 2020

For Immediate Release

Contact: Luther Snyder, Deputy Director

O. 919-856-5462 M. 919-369-7045

luther.snyder@wakegov.com

WAKE COUNTY 2019 PROPERTY MARKET AND TRENDS 2014 - 2019

**Over the past six years, Wake County has had a robust
real estate market.**

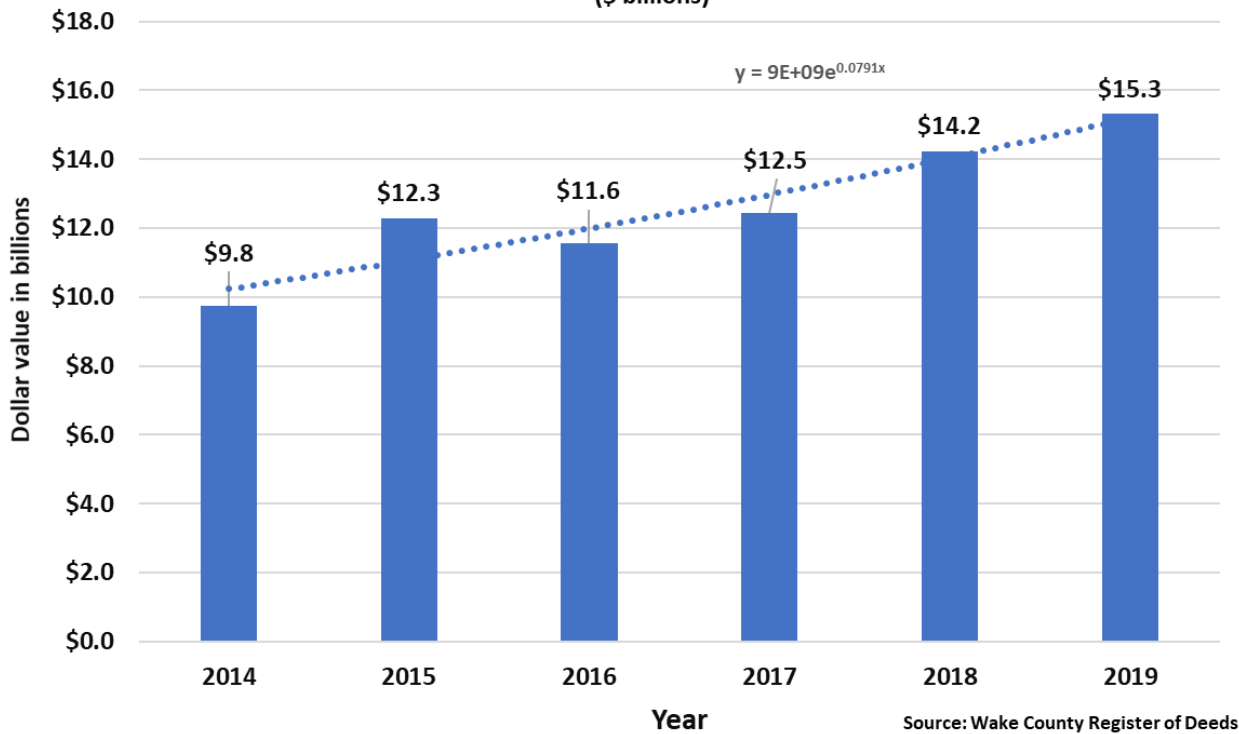
Key points:

- The aggregate value of real estate transactions grew at a 7.9% annual rate from \$9.8 billion to \$15.3 billion a year.
- Growth in the core real estate market was strong and steady, but high-end activity was subject to fluctuation.
- Across all six years the median value of a real estate transaction increased at a 6.3% compound annual rate, but the rate of growth slowed during this period.
- The mortgage refinance market grew significantly in the second half of 2019.

Aggregate value of real estate activity

From 2014 through 2019 the annual aggregate value of Wake County real estate transactions increased from \$9.8 billion to \$15.3 billion a year, a 7.9% compound annual growth rate.

Wake County
Aggregate Value of Real Estate Transferred
7.9% compound annual growth rate
(\$ billions)



The top-line result does not fully depict growth in the real estate market because of variability within the components of growth.

The foundation for growth was the core market (properties valued at \$1 million or less) which comprised more than 97% of all transactions. This core market grew at a steady 8.6% compound annual growth rate from \$6.3 billion in 2014 to \$9.8 billion in 2019.

The following table shows the yearly dollar value of Wake County transactions in three price ranges.

Price Range / Year	Wake County Aggregate Value of Real Estate Transfers by Price Range (\$ billions)						% of all transactions across all six years
	2014	2015	2016	2017	2018	2019	
More than \$30 million	\$1.5	\$2.4	\$1.2	\$1.1	\$2.7	\$2.8	0.1%
\$1 million to \$30 million	\$2.0	\$2.7	\$2.4	\$2.7	\$2.5	\$2.7	2.4%
\$1 million or less	\$6.3	\$7.2	\$8.0	\$8.7	\$9.0	\$9.8	97.5%
Total year	\$9.8	\$12.3	\$11.6	\$12.5	\$14.2	\$15.3	100.0%

Source: Wake County Register of Deeds

Transactions in higher-priced property, especially very high-end commercial property, fluctuated in contrast to the steady growth in the core market. The very high-end (properties valued at more than \$30 million) comprised only

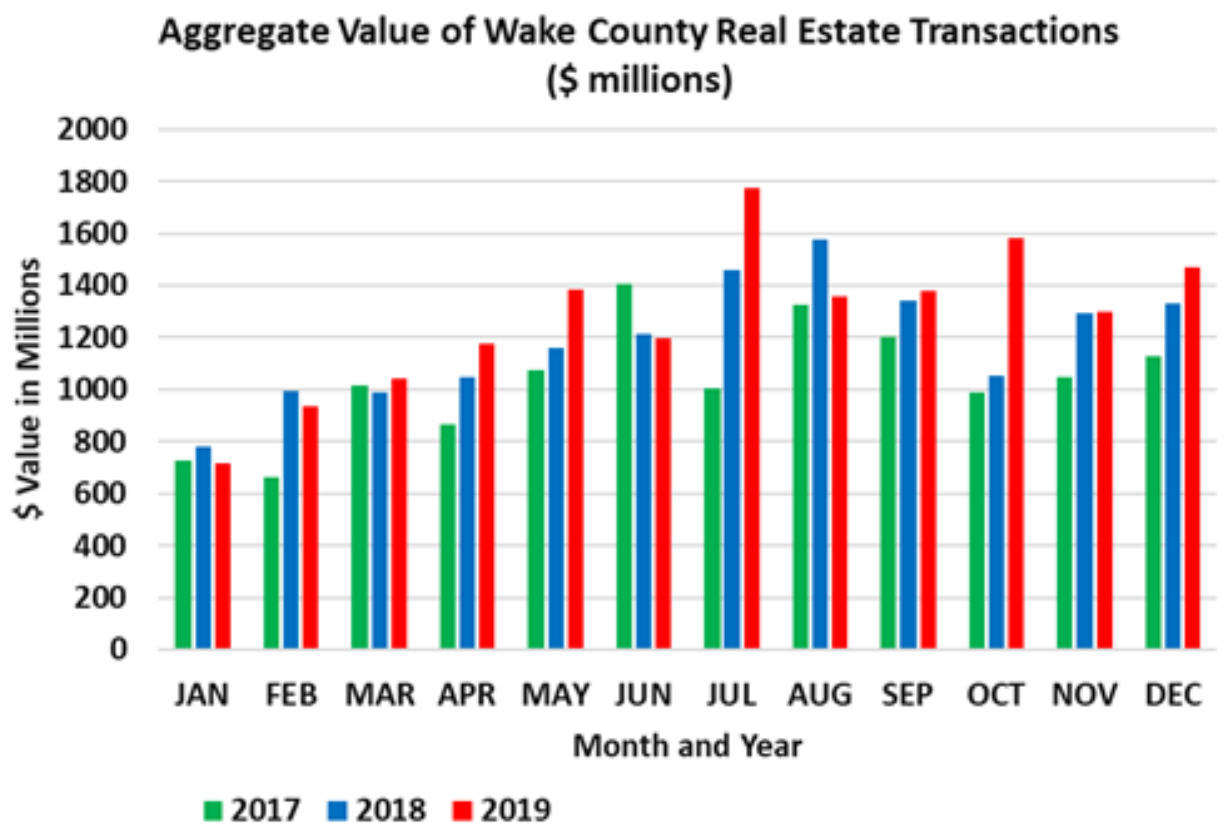
about 0.1% of all transactions over the six-year period, and yet accounted for a high of 20% of the total dollar value of activity in 2015 and a low of 9% in 2017.

A decline in the value of transactions, such as was seen from 2015 to 2016, does not necessarily signify a decline in economic activity. Many high-end transactions represent only a redeployment of capital from one group of financial investors to another group of financial investors with no value-added.

A few very large transactions can have a significant influence on aggregate value in a month, quarter or even a year, but a more significant indicator of real estate activity growth is the performance of the core market.

Real estate activity is seasonal. The first and second quarters of a year traditionally have less activity before a peak in the summer. There is a second pick-up in activity at the end of the year. For this reason, comparisons are often more instructive when made to the same period in the prior year.

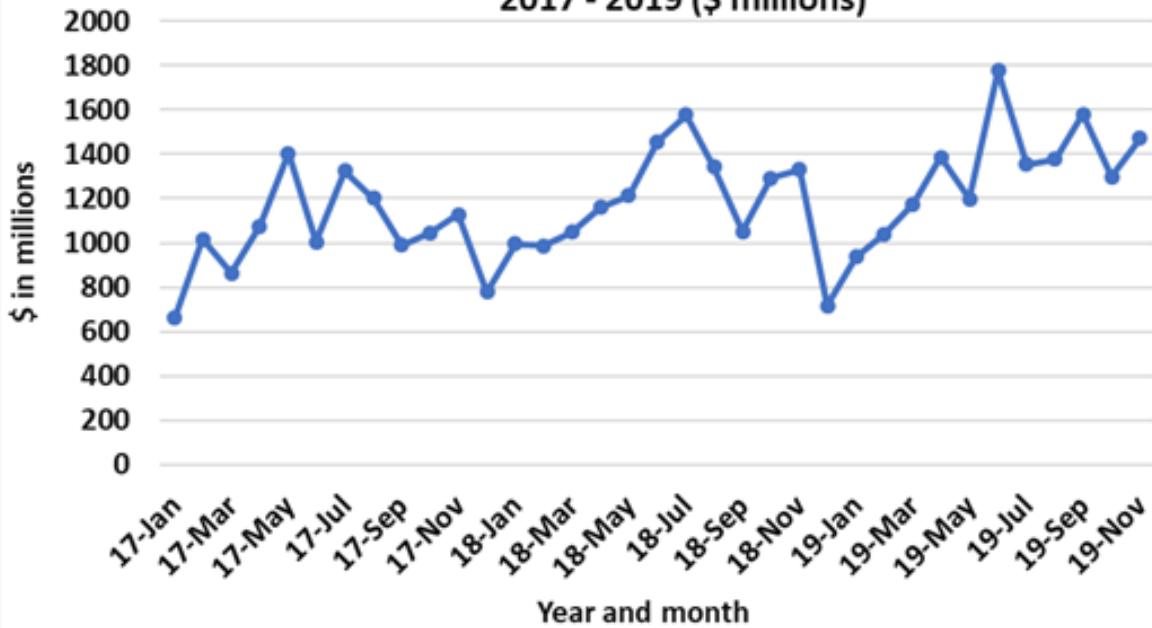
The following two charts each depict the same real estate activity data by month over the last 36 months. One shows each month compared to the same month over the three years and the other shows activity linearly.



Source: Wake County Register of Deeds

Aggregate Value of Wake County Real Estate Transactions Monthly

2017 - 2019 (\$ millions)



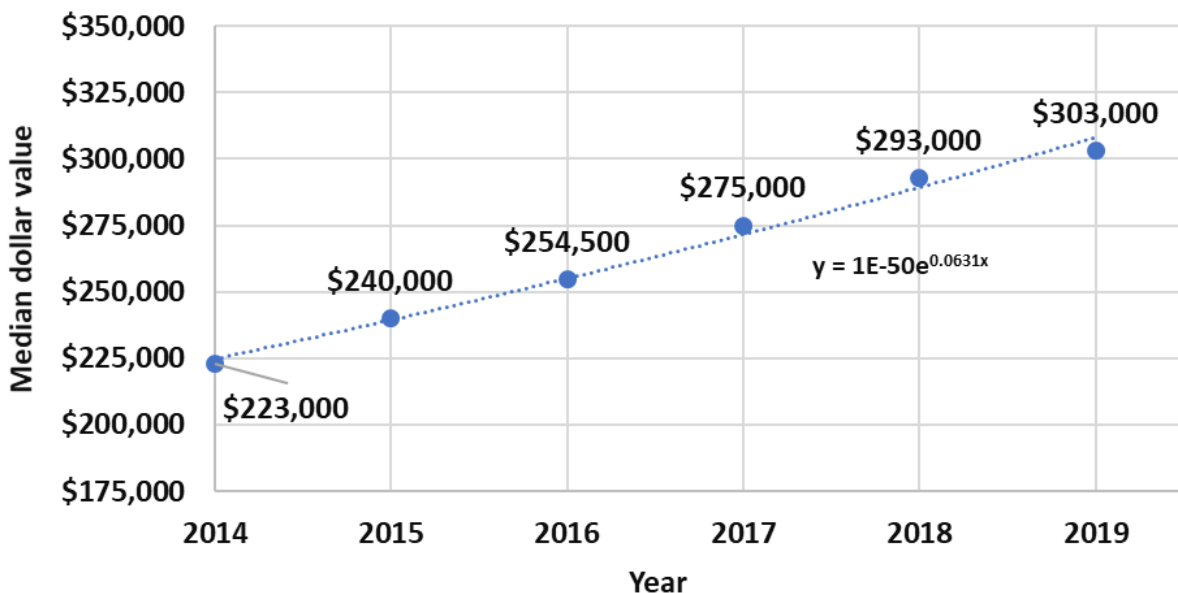
Median value of real estate transactions

Over the last six years, the full-year median dollar consideration for the transfer of property increased 36% from \$223,000 to \$303,000.[1] This is a 6.3% compound annual growth rate.

This increase in medians tends to measure performance of the core market. The occurrence or non-occurrence of large transactions has virtually no impact on the calculation of median values.

The following chart shows full-year Wake County median price points over a six-year period.

Wake County Median Real Estate Sales Price 6.3% compound annual growth rate



Source: Wake County Register of Deeds

[1] A median is the midpoint in a series of numbers. Definitionally, for 2019 half of the transactions were at more than \$303,000 and half were below that number. A mean, also called an average, is the sum of a series of numbers divided by the number of numbers in the series. Calculation of a mean would not generate a useful figure because it fluctuates widely from period-to-period based on the occurrence or non-occurrence of a few large transactions. For this reason, medians are typically used to expound real estate comparisons.

The rate of increase in median price is recently slowing.

This table shows the percentage of growth year-by-year over a six-year period.

Wake County Median Real Estate Value % Growth by Year		
Year	Median Price	Year over Year Median Growth Rate
2014	\$223,000	
2015	\$240,000	7.6%
2016	\$254,500	6.0%
2017	\$275,000	8.1%
2018	\$293,000	6.5%
2019	\$303,000	3.4%
Source: Wake County Register of Deeds		

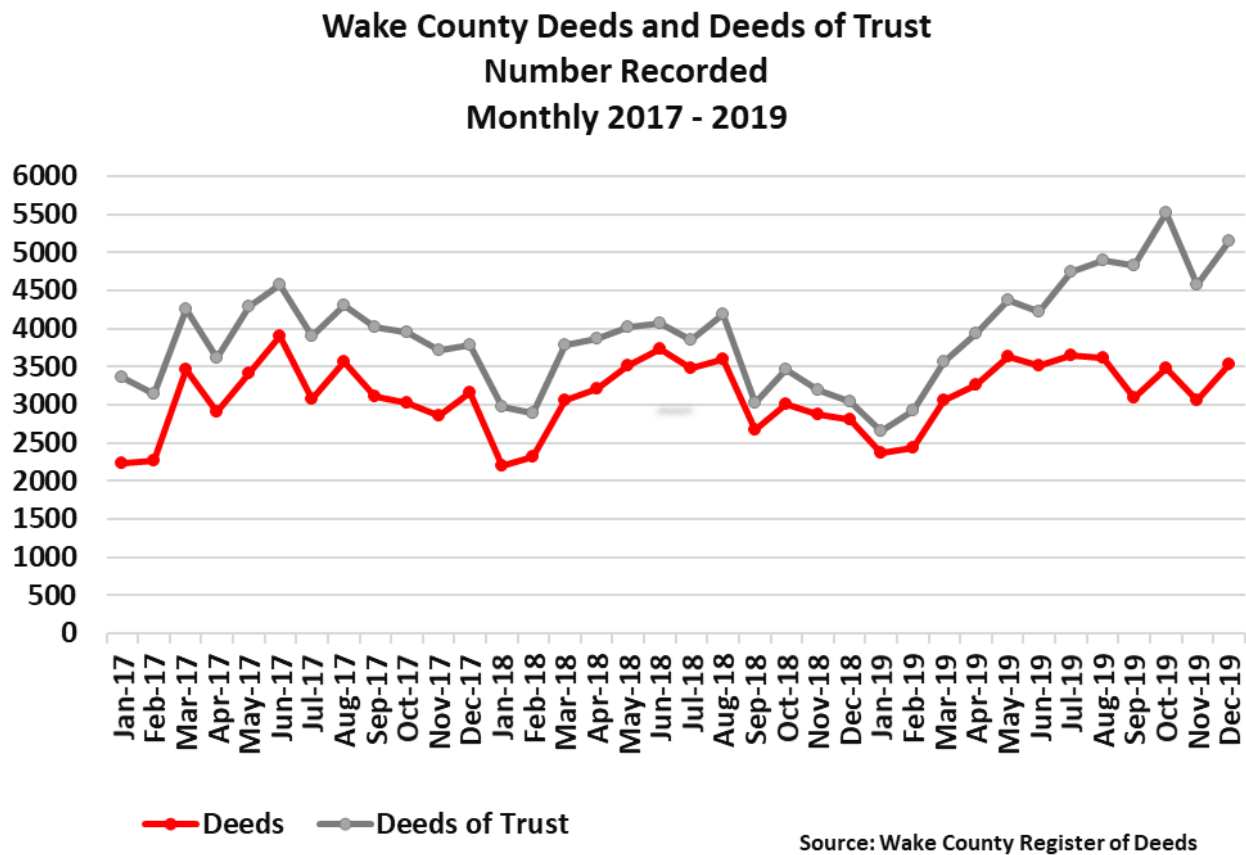
Lending activity

At the closing of a typical real estate transaction, property is transferred by recording a deed conveying the property to the new owner, the seller's loan on the property is paid off and the buyer takes out a new loan. The new loan is evidenced by recording a "deed of trust" which, in North Carolina, is the normal manner to create a security interest in real estate.

When a loan is refinanced a new deed of trust is recorded but there is no deed to convey the property because the owner of the real estate does not change. In the normal course within a given period, more deeds of trust are recorded than deeds.

The amount of refinancing activity can be quantified by comparing the number of deeds of trust to the number of deeds recorded in a period. Relatively more deeds of trust indicate increased refinancing of mortgage loans.

During the second half of 2019, the difference between deeds of trust and deeds expanded. The following chart compares the number of deeds of trust recorded in Wake County to the number of deeds over the last 36 months.



Over the first 30 months (the base period) there was an average of 22% more deeds of trust than deeds. Over the final six months, there was an average of 46% more deeds of trust than deeds. This quantifies an increase in refinancing activity coincident with a decline in interest rates.

While lending was up significantly, the second half of 2019 was not unfamiliar. During the period of 2008 through 2013, there was an average of 92% more deeds of trust than deeds. Hence, there were almost twice as many lending transactions as there were property sales. This was a period characterized by changing mortgage interest rates and a number of government programs encouraging refinancing.

The Register of Deeds will continue to publish data by month as 2020 progresses so that the public can monitor local lending trends.

Methodology and additional information

The statistics in this report are derived from instruments recorded in the office of the Wake County Register of Deeds. Under North Carolina law, changes in property rights in real estate, including security interests in real estate, are

recorded with the Register of Deeds of the county where the real estate is located.

The value of real estate transferred is measured by excise tax assessed on the consideration in a real estate transaction. Excise taxes are calculated as \$1 in tax for every five hundred dollars of consideration. Across all six years, 174 thousand instruments were recorded that had excise tax in some amount. About 99% of these transactions were property transfers by deed and the balance were miscellaneous transactions such as acquisitions of a right of way. The calculation of the aggregate value of real estate includes all transactions. The calculation of median price includes all transactions where property was transferred by deed.

Information on the number of deeds and deeds of trust recorded with the Register of Deeds reflects the total volume of property and loan transactions regardless of the dollar value of the real estate or amount of the loan.

To gauge Wake County real estate activity the information in this report should be considered in conjunction with other data available from other sources, such as building permits, rezoning applications, and rental rates.

This report was released on January 21, 2020.

A PDF version of this report is available at:

http://www.wakegov.com/rod/Documents/six_year_report.pdf

Wake County Register of Deeds
300 S. Salisbury St., Ste. 1700
Raleigh, NC 27601
(919) 856-5460

