

The Regional Housing Market in 2024: Growing Population, Low Inventory, High Prices

[WSJ/Realtor.com](https://www.wsj.com/realtor.com) Emerging Housing Markets Index Winter 2024

Johnson City MSA ranked #9

Kingsport-Bristol MSA ranked #14

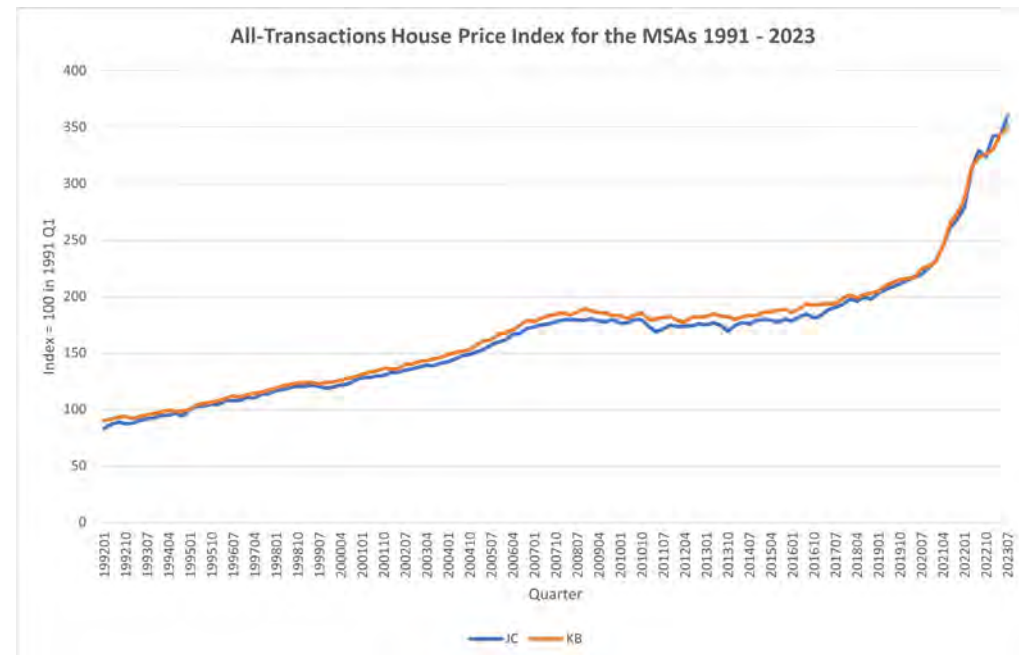
[WJHL](#): “[JC] has now ranked in the top 10 in seven of the last 11 quarters and in the top 20 in another three of those quarters.”

“Wednesday’s list shows **Johnson City with the second-highest median home listing price** among the top 10 metros, at \$370,000.” (Down 5.5% YOY, or 14.5% from the May ‘23 peak).

“**Kingsport’s median listing price, at \$319,000, was almost 7% higher** than the \$299,950 figure of a year ago”

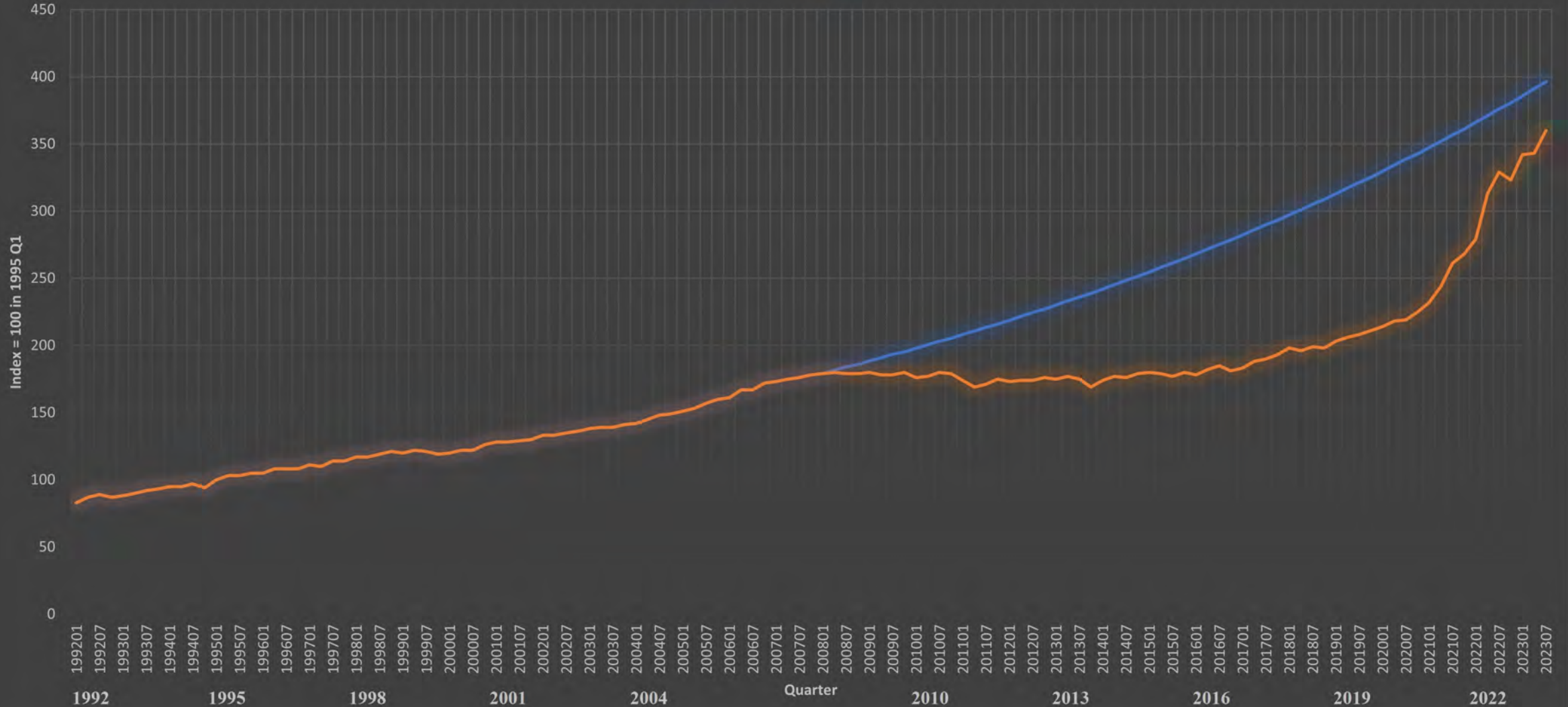
If not for shelter costs, last month’s YOY inflation would have been 1.8% instead of 3.2%: [AP](#) (Housing is 1/3 of CPI. Home prices are not in CPI; BLS uses rent for renters and Owners’ Equivalent Rent (OER) for owners) [Brookings](#)

U.S. Federal Housing Finance Agency



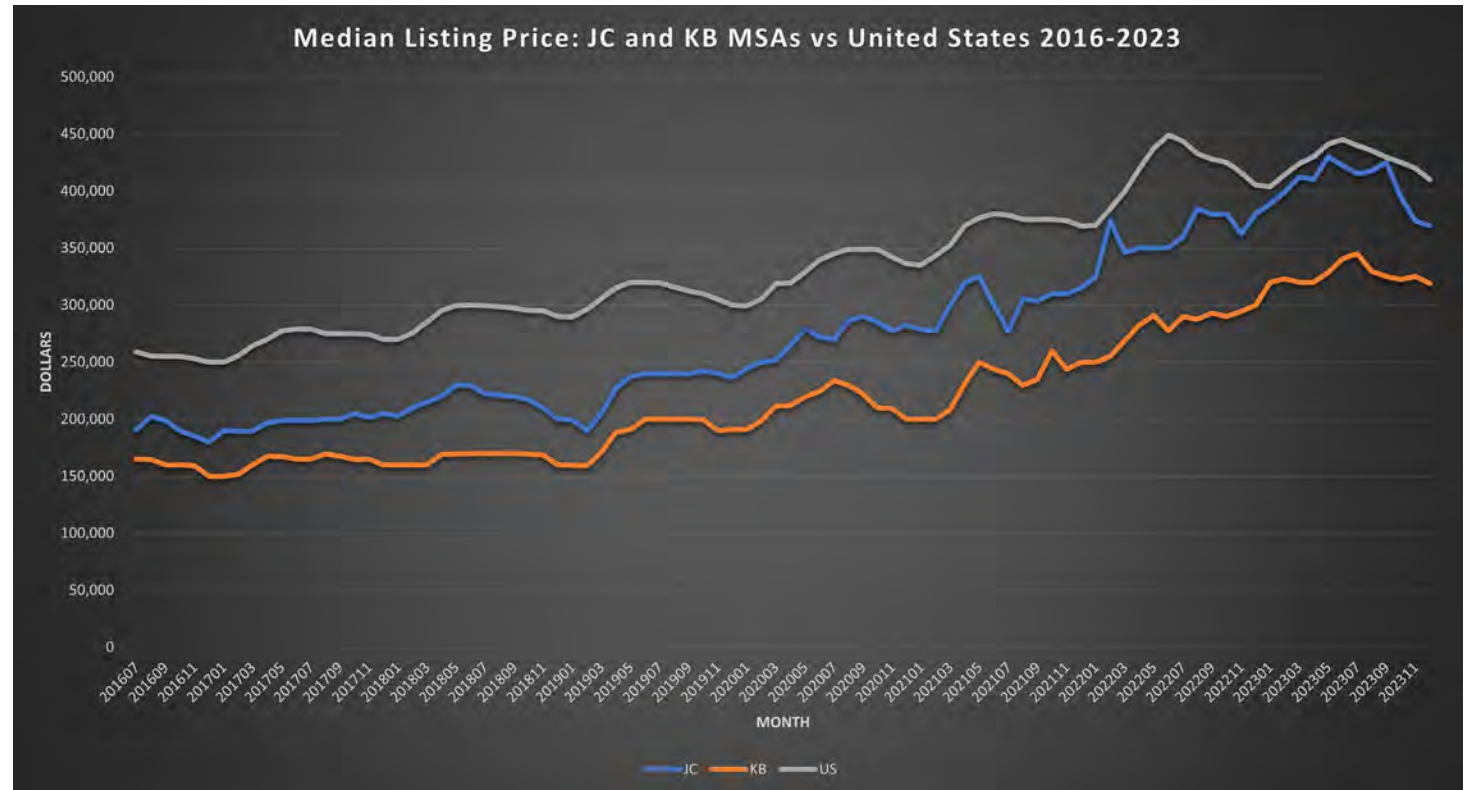
Johnson City MSA All-Transactions House Price Index: VAR Forecast From Historical Data Through 2008 Q2

JC Forecast JC

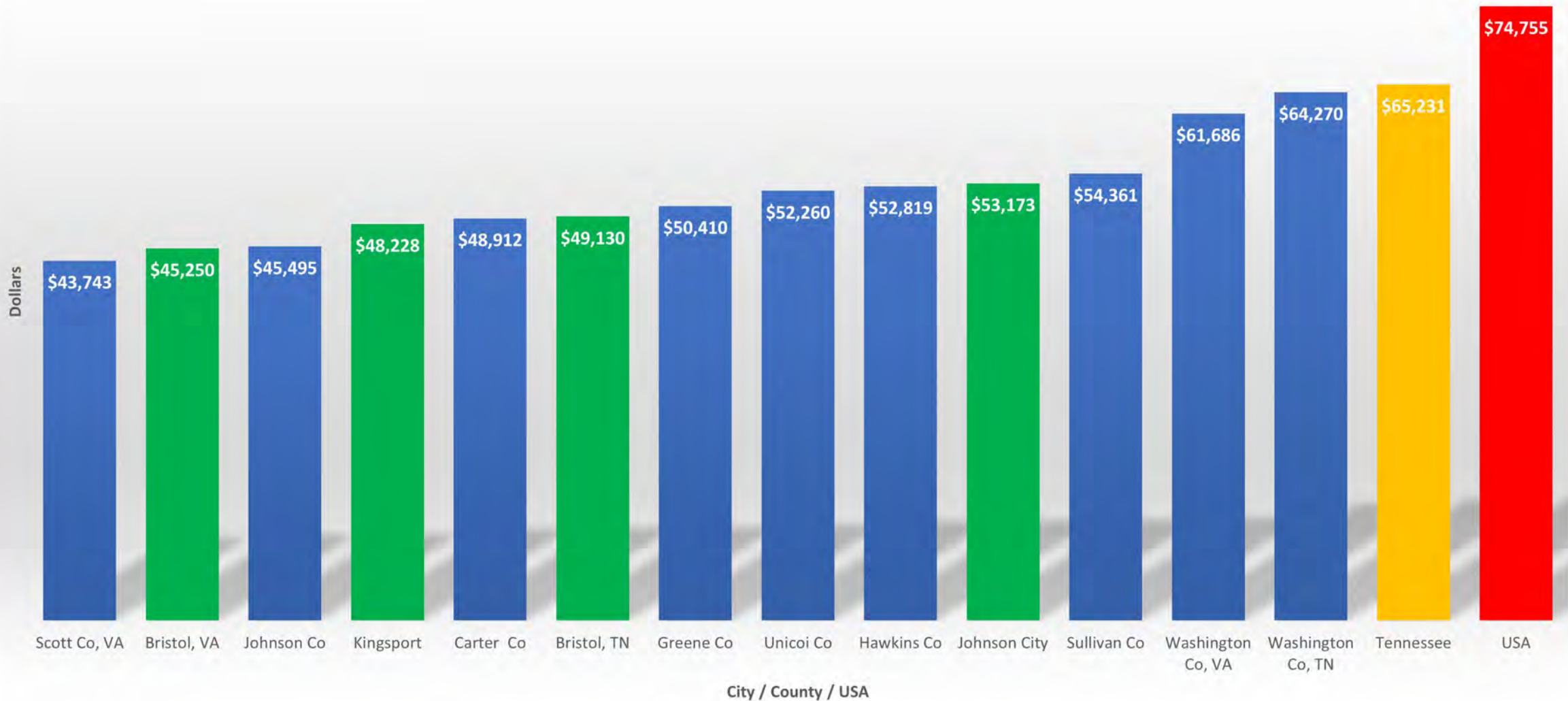


High Prices: Not Just a Covid Issue

- JC: The median listing price rose 28.3% from July 2016 – Jan 2020
 - **July 2016: \$190,450**
 - **Jan 2020: \$244,375**
- The median home price rose 51.3% from Jan 2020 – Jan 2024
 - **Jan 2024: \$367,450**
- **Increase of \$179,200 or 92.9% from July 2016 – Jan 2024, with 30% of the gains before 2020.**
- **Local home prices have converged with the national median**

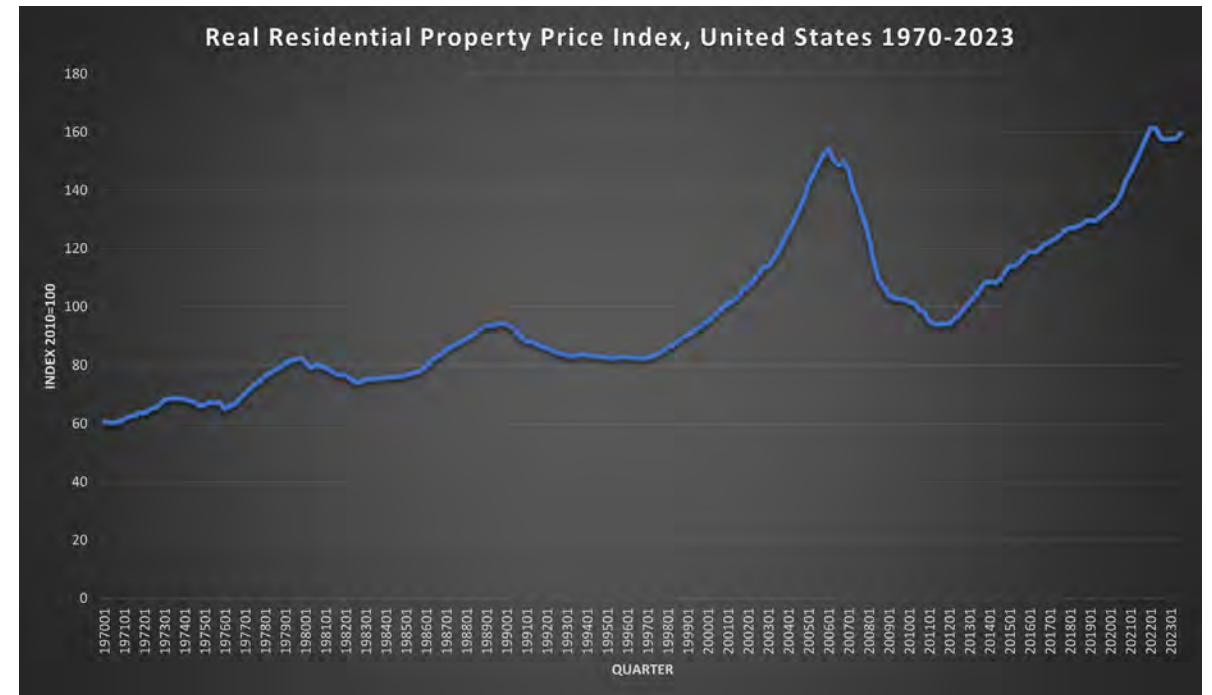


NETN-SWVA Median Income Per Household 2022

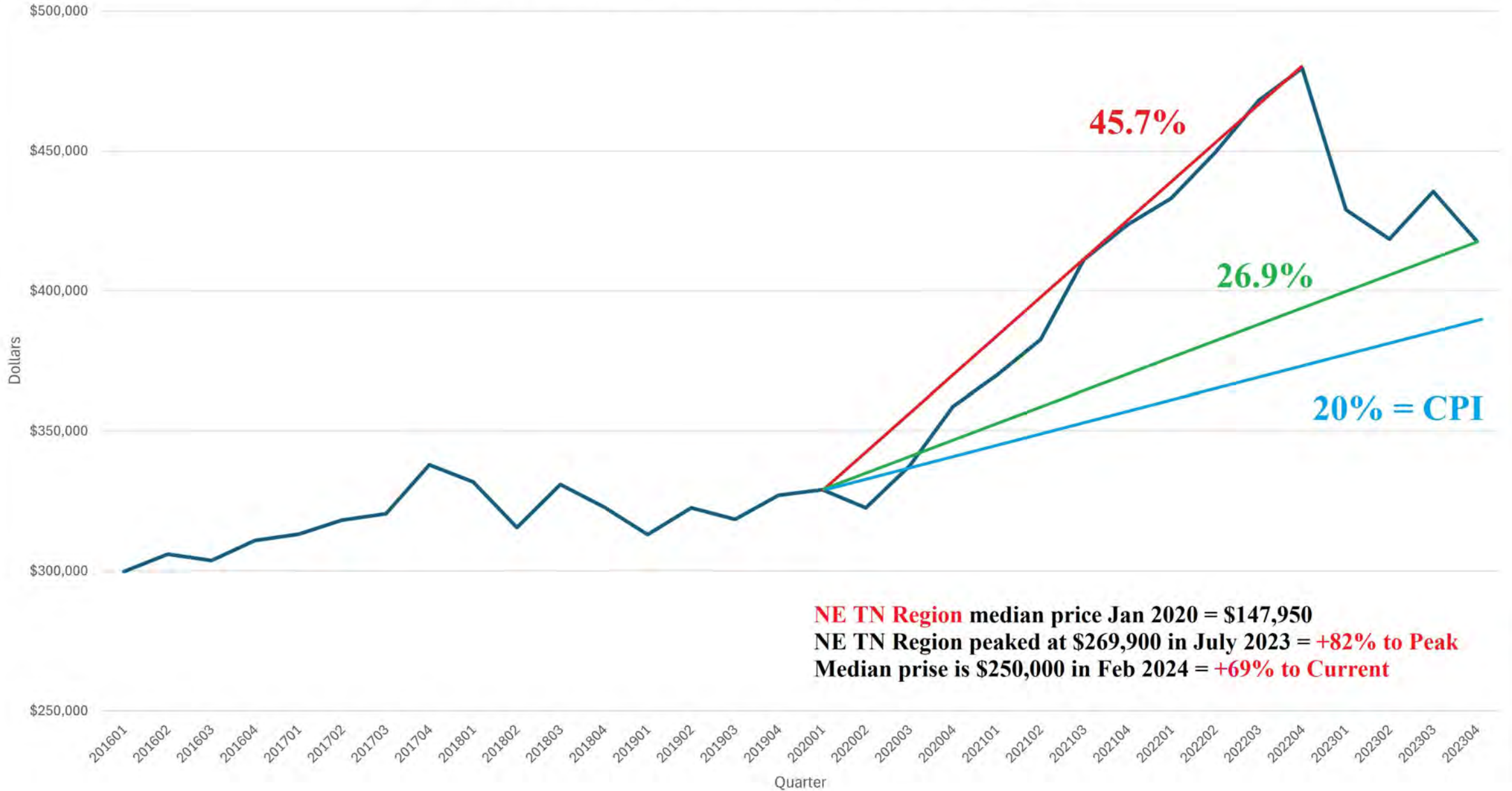


Nominal and Real Price Growth

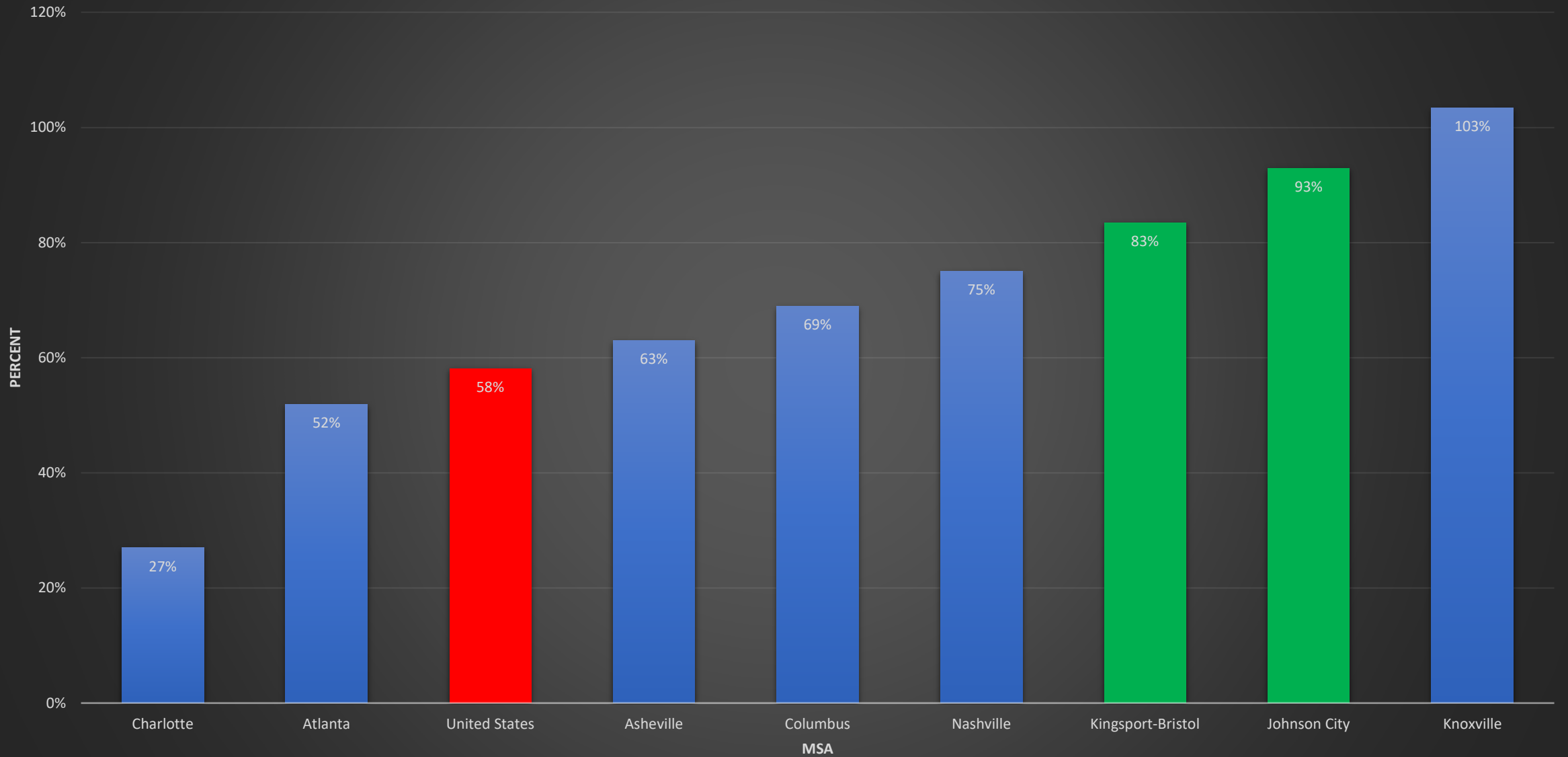
- Adjusted for inflation, a house that cost \$190k in July 2016 would only be \$242k in Dec 2023, \$127k less than actual
- 70% of the gains between July 2016 and Dec 2023 are real price increases
- The price of a home in 2023 is 2.6x the inflation-adjusted 1970 price
- **Median US home price in 1970: \$23,400. This is equivalent to \$190,000 in 2024**
- *Even at the bottom of the financial crisis real prices were 50% higher than in 1970*
- *Home prices rise faster than wages, reducing affordability for first time buyers*



Median Sales Price of Houses Sold for the United States 2016 - 2023



Percent Change in Median Home Listing Price by MSA 2016 - 2024



Housing Inventory: Active Listing Counts for Tennessee

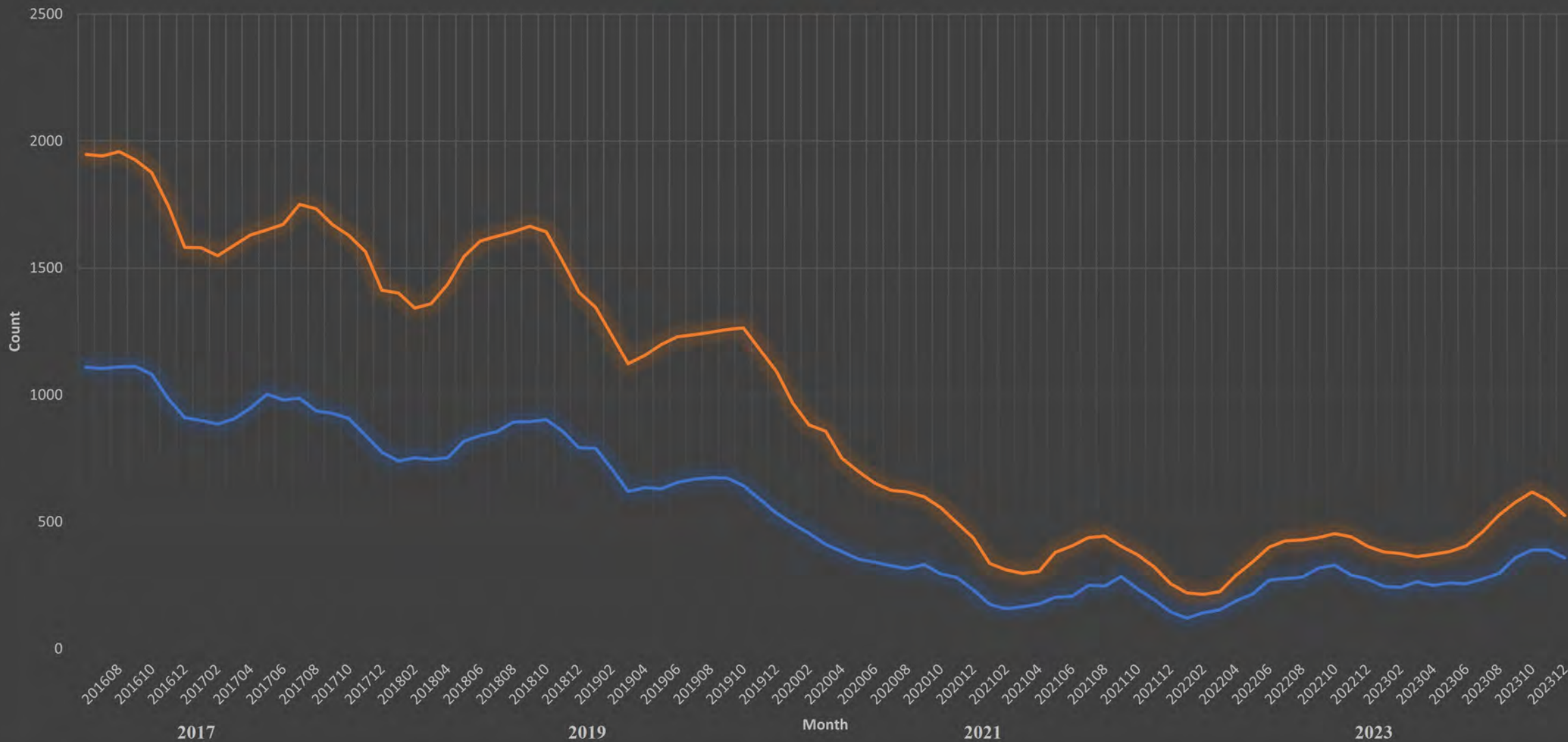


Housing Inventory: Active Listing Count for Nashville CBSA



Housing Inventory: Active Listing Count by MSA

— Johnson City — Kingsport-Bristol



Local Population Growth: Faster than Average

[U.S. Census](#) population growth estimates by MSA 2020-2023:

United States: 1%

Kingsport-Bristol MSA 1.7%

+5,275 to 313,025

Johnson City MSA: 2.7%

+5,722 to 213,198

Region (JC-KB CSA): 2.3%

+13,230 to 598,800

*USA: 2.57 occupants per household means **demand for housing units in the region grew by approximately 5,148***

- [WJHL](#): Northeast TN growth rate 2021-2023 **triple the US average**
- Population growth driven by new residents
- Local workforce families are being displaced from home ownership
- [Don Fenley](#): “How are we going to get housing that’s going to incentivize a beginning police officer, a beginning firefighter, a beginning teacher, or even a beginning nurse. They’ve got to have someplace to live, someplace they can afford.”

Population Growth

Local Population Growth Efforts

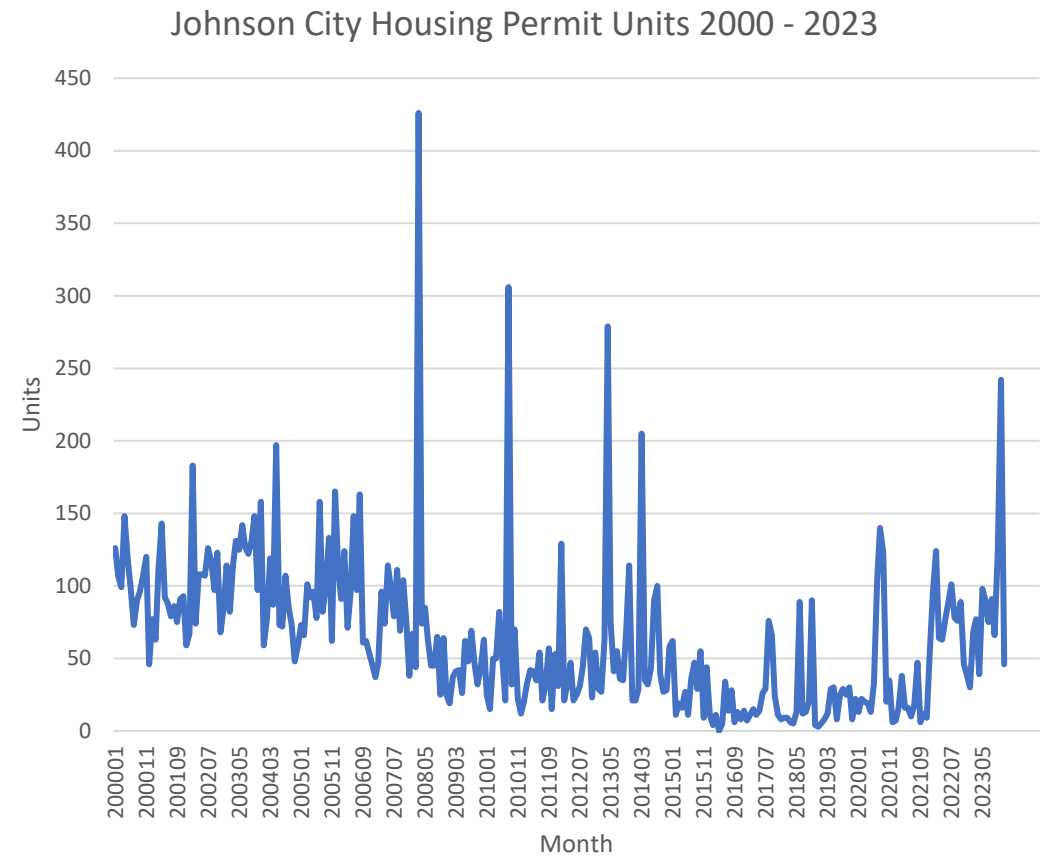
- [MoveToKingsport.com](https://www.MoveToKingsport.com)
- [Kingsport Chamber](#)
- [MoveToJohnsonCity.com](https://www.MoveToJohnsonCity.com)
- [Johnson City Remote Work Campaign](#)
- [MoveToBristol.com](https://www.MoveToBristol.com)
- [Bristol Chamber](#)
- Facebook Private Group: [Moving to JC, K, and B, TN](#) (13,400 members)
- Facebook Group: [East/Northeast Tennessee, Relocating To and Living In](#) (2,700 members)

Top States of Origin to Washington Co, TN

- | | |
|------------------|------------|
| • North Carolina | Texas |
| • Virginia | Louisiana |
| • Florida | Indiana |
| • Illinois | Colorado |
| • Georgia | California |
- **US Census: In 2022, 8.8% of Johnson City residents had moved from a different state in the previous year (vs 3.2% for TN)**

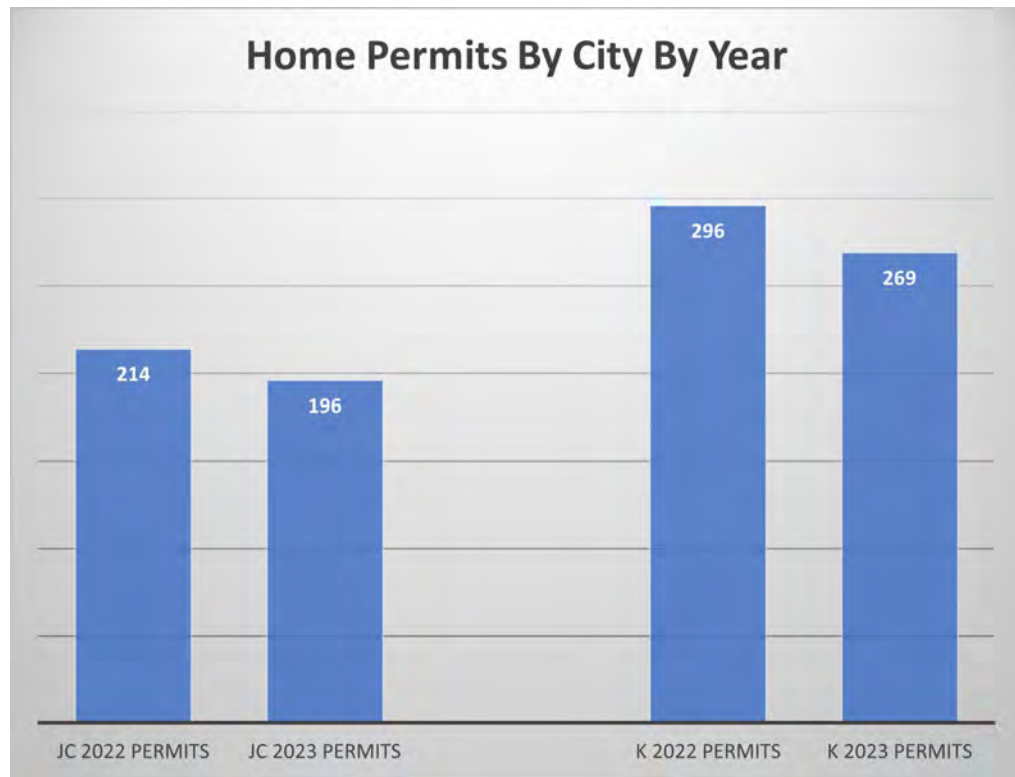
Population versus Housing Stock Growth

- **Washington County**
 - Population up 10.7% from 2010 – 2022 from 122,979 to 136,172
 - Housing units up 8.3% from 2010 – 2022 from 57,358 to 62,120
- **Sullivan County**
 - Population up 2.5% from 2010 – 2022 from 156,823 to 160,820
 - Housing units up 3.3% from 2010 – 2022 from 73,809 to 76,230

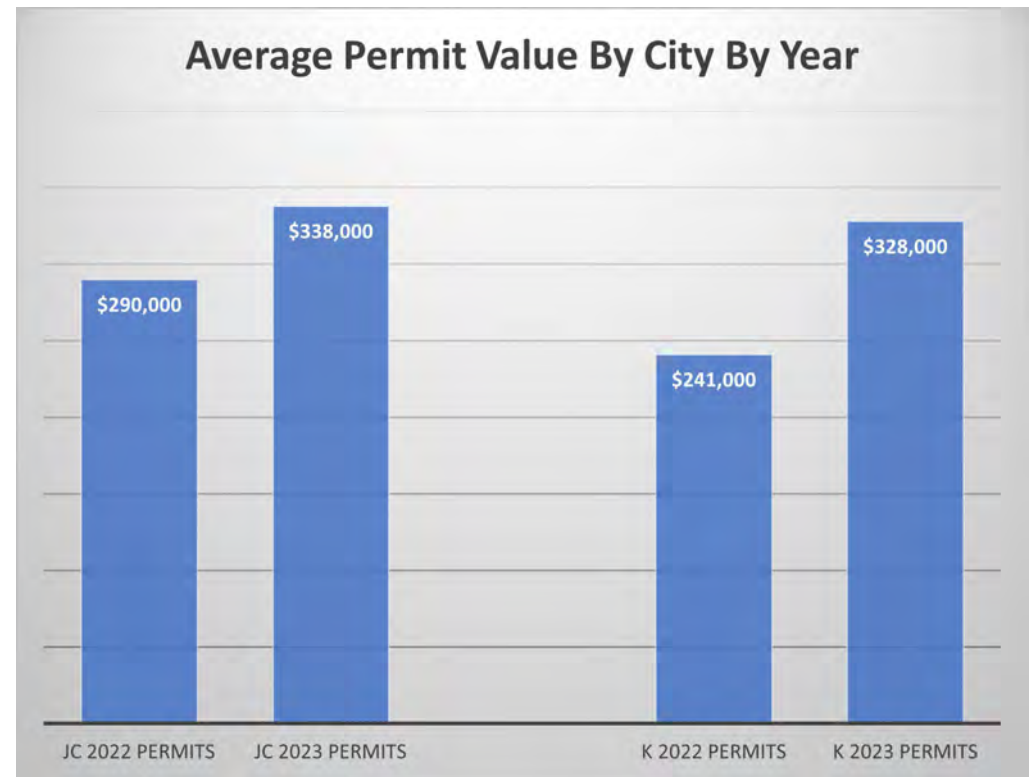


SFH Permits Down, Mean Value Up for 2023

Number of SFH Permits



Average SFH Permit Value



Local Government-Imposed Supply Restrictions

- **Green Space Requirements**
- Local RP zoning requires open space in developments
- Reduces the number of units and raises the cost per home
- Has led to an **explosion of local HOAs** which add a monthly fee and will be used to curtail the freedom of homeowners through rules, special assessments, fines, liens, foreclosures
- Government also shifting stormwater infrastructure to HOAs but still collects property taxes
- *84% of newly-built SFHs in US in 2022 are in an HOA community*
- **Density Zoning**
- No apparent pattern of discrimination by city governments against dense housing in our region
- Some opposition to residential development among local residents
- [2021](#): Browns Mill Rd dev. blocked
- [2023](#): College Heights Rezoning Req. denied
- Private sector is building expensive houses and apartments in lieu of starter homes
- **“We basically decided the new starter home’s going to be an apartment.”**
–local developer ([WJHL](#))

Flipping, STRs, and Cash Sales

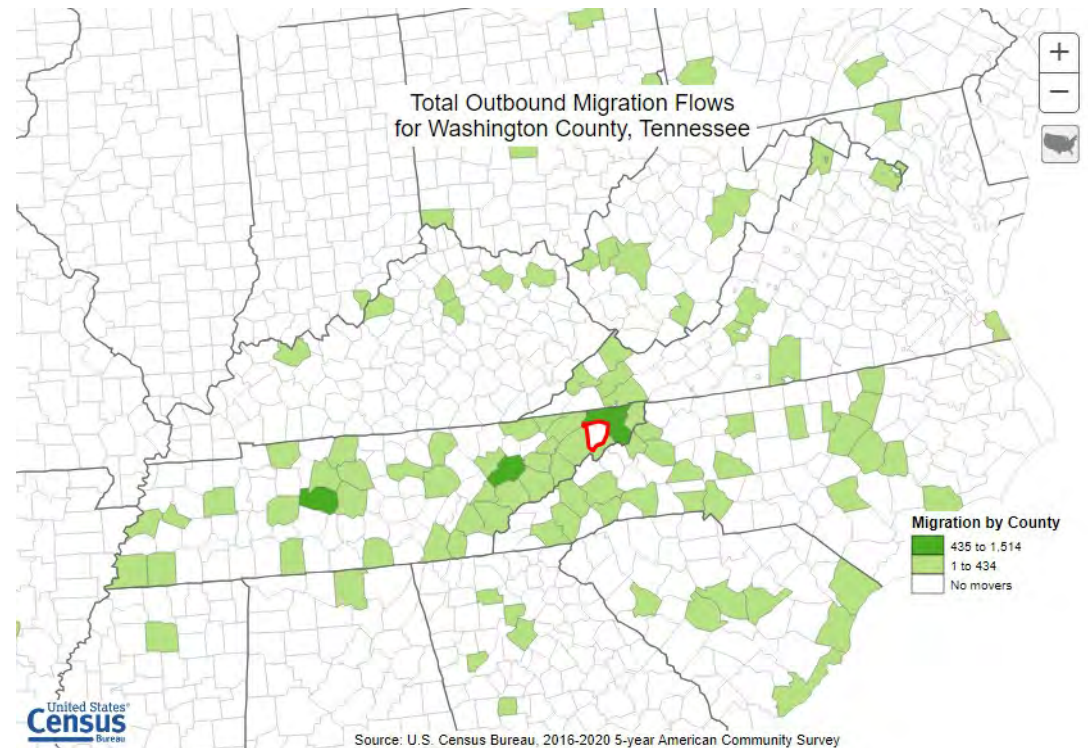
- Q3 2023, 174 flips in Tricities (vs 220 in Q3 2022), **8.5% of existing home sales**, average ROI 29.8% and raw profit of \$70,000 in US. Higher in our region.
- “Average sales prices for the Q3 flips continue to be in the inventory sensitive workforce housing and affordable price ranges.” [Don Fenley](#)
- **Cash 38% of local sales:** [Don Fenley](#)
- **Short Term Rentals reduced the housing stock:** 1000+ Airbnb units in the region, 280 in Kingsport area, 350 in Johnson City area
- JC Gov’t: Business license required for STR but no general restrictions on rental duration
- **Average gross profits on local flips:**
 - Carter – \$113,000
 - Greene – \$70,000
 - Hawkins – \$169,900
 - Sullivan – \$129,900
 - Washington Co. TN – \$100,00
 - Bristol VA – \$91,000
 - Washington Co. VA – \$111,600
 - **"Local code officials advise anyone buying a flip to exercise extra care** due to the number of consumer complaints about poor workmanship and code infractions.”

Short Term Rental Data

- [InsideAirbnb.com](https://www.insideairbnb.com)
- **Nashville**: 8,500 listings, **89.8%** are entire houses/apts; Avg. 108 nights, \$18,727 per year
- **Asheville**: 3,329 listings, **87.8%** are entire houses/apts; Avg. 112 nights, \$17,855 per year
- **Columbus**: 2,668 listings, **83.7%** are entire houses/apts; Avg. 102 nights, \$13,032
- [AllTheRooms.com](https://www.alltherooms.com)
- **Johnson City**: 151 listings, **86%** are entire houses/apts (**42% SFHs**)
- **Kingsport**: 69 listings, **87%** are entire houses/apts (**59% SFHs**)
- **Bristol, VA**: 73 listings, **91%** are entire homes/apts (**53% SFHs**)
- *Largest decline in STR revenue in US May 2022 to May 2023: Sevierville, TN (-47.6%) [DSNews](https://www.dsnews.com)*

Regional Housing Market Observations

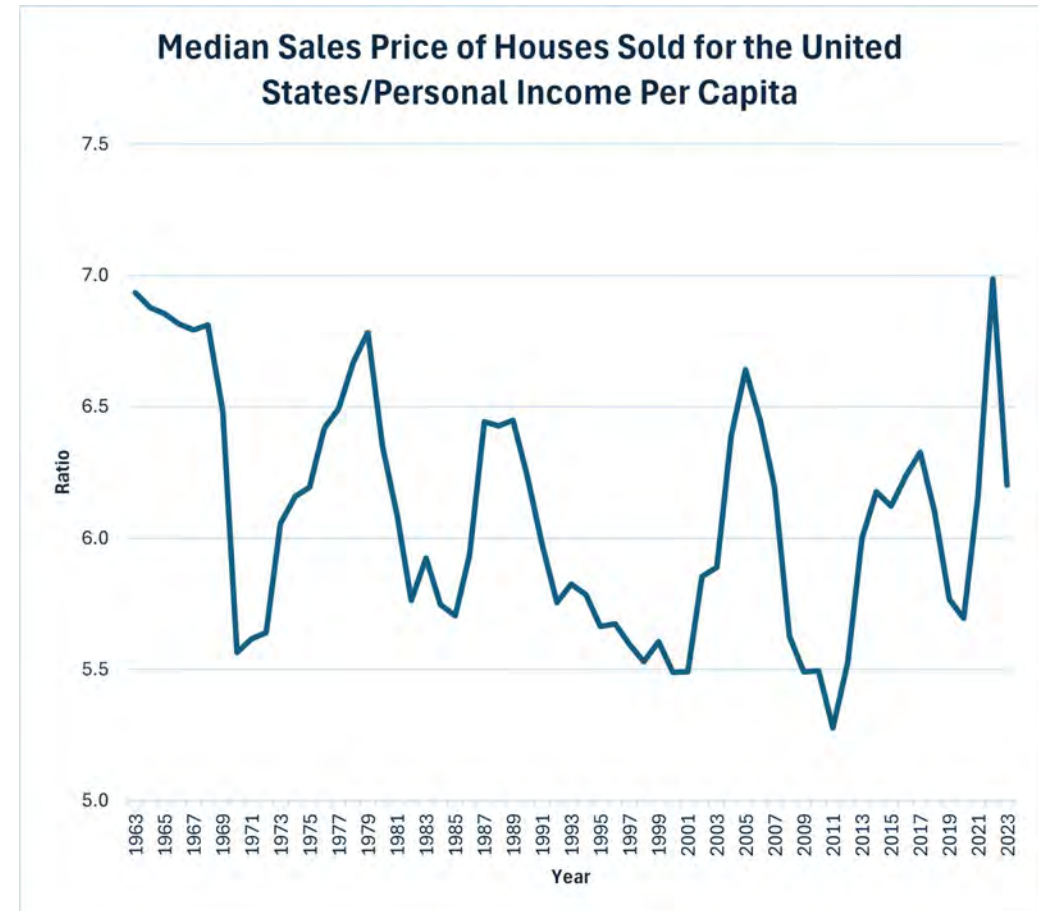
- Population growth is creating winners and losers in the region: **drives home prices up, keeps wages down**
- Population growth that exceeds new home and infrastructure development creates shortages and drives prices up
- New home building seems low and slow relative to population growth
- **New home construction is weighed heavily toward rental units and expensive houses**
- The prospect of a median income local household buying their first home in the 2020s is bleak (*Average ETSU staff salary \$50,000; average faculty salary \$70,000*)
- **Some workers will move away.** [Map](#)



Local Housing Prices Outlook

Short Run Some Downside Risk

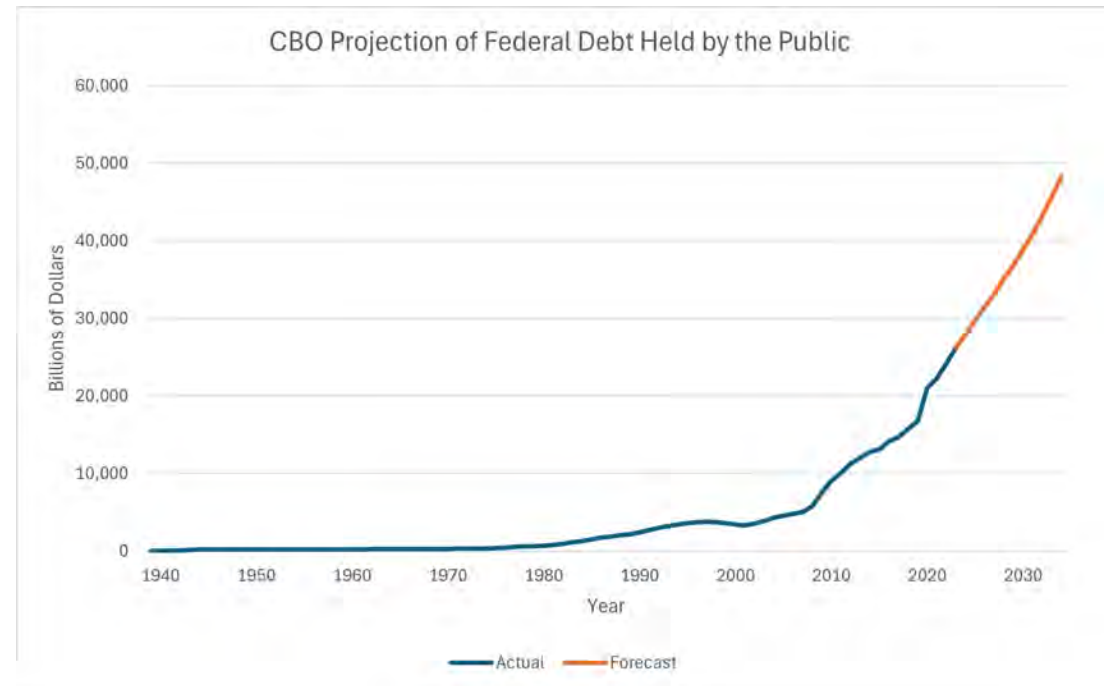
- The Fed will reduce interest rates because \$1 T annual interest on the national debt is a major risk factor for the economy and a burden for the federal government
- Money supply should resume decreasing soon as the Fed unwinds its reverse repo facility to zero and it continues reducing holdings of MBS and Treasuries on its balance sheet
- Prices could see a mild correction within 3 years as rates fall. Prices have hit a maximum in the near term which causes investors & flippers to invest in other assets. STR market may be saturated. Around 1.4 million housing units being completed nationwide in 2024
- Families are willing to pay more principle at lower rates, but this could be outweighed by an increase in used listings which will create a balanced market and bring prices down
- Private equity will purchase hundreds of thousands of houses nationwide in the next downturn, buoying prices
- **Population growth will slow** now that relative affordability in this region has deteriorated; **some local working-class families will move away** to where incomes are higher and prices are lower; **local wages will rise**
- **Local prices will remain close to the US median** despite lower local household incomes; relative affordability will not return, and some local workers will be displaced by out-of-state retirees, reducing local output and driving up prices of goods and services
- **Shortage of workforce housing to purchase will persist in the long run** due to emphasis on building apartments and expensive homes. Growing proportion of region's working class will rent for life



Local Housing Prices Outlook

Long Run: Sustained Price Growth

- Local housing construction pipeline is heavily weighed toward rental units and expensive houses in HOAs; **stock of existing starter homes has shrunk due to STRs and flippers**
- The exploding national debt means high inflation will return: the Fed will resume printing money to buy MBS & Treasuries. Money supply will follow the national debt's exponential growth path
- Price level doubled in past 28 years; **Regional home prices doubled in past 8 years**; Long run nominal home appreciation averages double CPI: 4% per year
- At just 2% wage growth and 4% home price growth, **by 2040 the median home price in JC MSA will be \$700,000** and the median household income will be \$73,000.
- **Median home listing price would hit \$1,000,000 in 2056, and income at \$103,000.** Real price would double in 32 years
- US homeownership rate enters a long-run decline, displaced by private equity homeownership
- *Risk of hyperinflation at some point in the 21st century due to runaway federal spending and Fed money printing*



Why... our crime rate is going up. Lets talk about traffic on i26 and i81... on't move here. We're full.
Rent and mortgages are so high no one can afford to live here.
Tn is full! Go find another location. Better yet... just GO AWAY
Please go somewhere else! Nothing much left to buy here. The inn is full...
Dear Californians moving to Tennessee keep your politics in California


Go home, we're full!
Why? Because of outrageous prices?
So glad to be leaving!!! Way too many people here
Gentrification of the Land!
Stop these articles...you are ruining east Tennessee
Intentionally destroying Tn.
The more that come in.....the more problems there will be
We are full you have ruined our town go somewhere else. No more please. We're full
And watch rent double or triple in 3...2...1...
And this is why it's so hard to find a house!!!

Finally moved out of the tri cities last month. Now I live where there's job opportunity, things to actually do, minimum wage is almost double, yet cost of living is about the same because of how much rent has increased in jc over the past two years.
We need to build a Wall in East TN. Stay where you are from!!! Our roads are so congested that our children have to drive it a 30 mile hour pace when the speed limit is 60 to 70mph
I'd love to stay if I could find a higher paying job, but I'd also love to leave if I can find a higher paying moveable job. The housing costs are too much if yr single income.
The prices on our houses has skyrocketed but our pay has not increased. I bought my house 4 yrs ago and it would go for double now. Hard for people to rent or own now.
We like our space around here. Everybody wanting to move here. We are full..We don't want a big city life..WE ARE FULL.

I've seen and met a lot of people moving here from Michigan, Colorado, and Washington also. Some tell me it's for "farm dreams" and some tell me it's for retirement, and others said their area was being full of crime and they couldn't raise their kids there. I feel for that last one but Jesus can't out state officials do anything about this so locals don't get out priced??
So more of the actual community getting uprooted so you can move outstaters in??? barely any Tennessee left. There voting is what destroyed There first communities atleast stop then from destroying others.

WCYB
February 6 at 8:00 PM · 🌐

Johnson City is now ranked number nine on a Wall Street Journal and Realtor.com list of emerging housing markets. Kingsport and Bristol are at number 14.



It's too high to buy homes these days or rent something. It's no wonder that people are homeless.
Please don't encourage any more ppl moving to the area...we're full already

It's outside investors buying up houses as fast as they can then renting them out at a high price. That is the main cause of the housing crisis in this area. Voting someone out of local office won't fix issues like this, it would take state and federal level intervention to stop it. That's not gonna happen...
There are certainly not enough jobs paying enough in this area to maintain the standard of living that they are pushing. This really upsets me! So many people who grew up here will be forced to move in order to find housing that aligns with their income.
Our city transportation infrastructure is barely equipped to handle the growth we have now. 10 years ago it took half the time to get across town. I'm all for growth but only when development matches, and it doesn't seem the city, counties, or state want to invest the money they collect back into our communities.

That means that the average person can't afford to live there any more. You can thank all those transplants who moved here bringing their liberal ideas and culture.
Yeah.. and us locals who work in Johnson city can't afford the rent, because of all the out of town people
Average wage in Bristol is \$9. Average rent is now \$1800 for a 3/2. Thousands of natives are ending up homeless or living in RV parks.

Tennessee is officially full! Quit coming here and changing our region and our way of life.
Well that's annoying! 5 years ago houses here were quite affordable!
This is not a good thing.. its driving rent way up for the natives and our pay is not increasing..
Yea that's great but the cost of living is too high that locals can't to still live here...even though they have lived here for generations

Ahhh yes!!! Thank you to all the people moving here!!! Now my family and I can't buy a house and are having a hard time finding a place to rent even because it have gotten so high. Seriously makes me want to cry. Appreciate y'all!!!
It's insane. I've seen crappy apartments with the asking price the same as my friend's rent in Los Angeles.
"The median is about 400k now"
It's quite hilarious how local wages don't even come close to matching that. This shouldn't be celebrated but ok.

Add a deed restriction that prohibits the house from ever being owned by a nonhuman entity.
Add a deed restriction that prohibits the house from being a Airbnb or VRBO or other short term rental or a rental at all...

WCYB.COM
Tri-Cities ranked near top of emerging home markets list by Wall Street Journal, Realtor | WCYB
730
599 comments 315 shares

For locals, it just means prices are going up thanks to competition from outsiders. Average income here is not equal to that from outside the area vying to purchase. In addition, banks and other large corporations are buying for investment, driving up prices.
Any improvement will be for those moving IN. We "natives" will be pushed out, unable to buy or rent homes, pay the rising raxes, afford the rising food costs, etc.
Does it mention in the article how much this sucks for the folks already living here?
Yea 30 year olds working since 15 saving money can now finance a house with 150k down to move out parents basements

Never thought I'd see the day that the tri cities would gentrify like this. There is absolutely nothing here that will support the rise in costs long term. There's already nothing here to support the fact that the average rent is well over 1,000 dollars a month. They will try to paint this as a good thing but it absolutely isn't.
We do not need more wealthy retirees moving here, poaching all the affordable housing from the working class local residents. Boooo!

I'm just going to say a fact. People are coming from all around to buy bc it's cheaper than the bigger cities. Realtors are happy bc it's money to them. But we don't realize it will change East TN to being just like the bigger cities. Within ten yrs the people who grew up here will have to live diff. The people who move hear still think they are living where they come from. This is how change happens. We think more about the all mighty dollar which I get. But we should protect how we liked growing up. This has caused a 4 bedroom house to be 2100 a month.
The houses here are more expensive than Knoxville that's ridiculous to me and they are selling crappy trailers for 200k. Our median house here now is 350k which half the people here will not qualify for so I'm sorry you don't like the comments but the people that grew up here are struggling and nobody cares as long as they're making money so don't expect anyone to be happy about it.

The housing market is too much
Why don't y'all find another town to gentrify,
People saying they moving her bc it's cheap. I loved in Kingsport 16 years and so many months now. Cheap it has not been cheap since 2020 when I remember kinda cheap still had to work 2 jobs to pay for rent electrical water and food. I can't even get an apartment without it being low income now due to I make 1500 a month not the 3k everyone wants a month. It's sad it really is

The prices on our houses has skyrocketed but our pay has not increased. I bought my house 4 yrs ago and it would go for double now. Hard for people to rent or own now.

3w Like Reply

26  

Finally moved out of the tri cities last month. Now I live where there's job opportunity, things to actually do, minimum wage is almost double, yet cost of living is about the same because of how much rent has increased in jc over the past two years.

3w Like Reply

6 

There are certainly not enough jobs paying enough in this area to maintain the standard of living that they are pushing. This really upsets me! So many people who grew up here will be forced to move in order to find housing that aligns with their income.

4w Like Reply

192 

I'd love to stay if I could find a higher paying job, but I'd also love to leave if I can find a higher paying moveable job. The housing costs are too much if yr single income.

3w Like Reply

17  

APPALACHIAN HIGHLANDS ECONOMIC FORUM

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