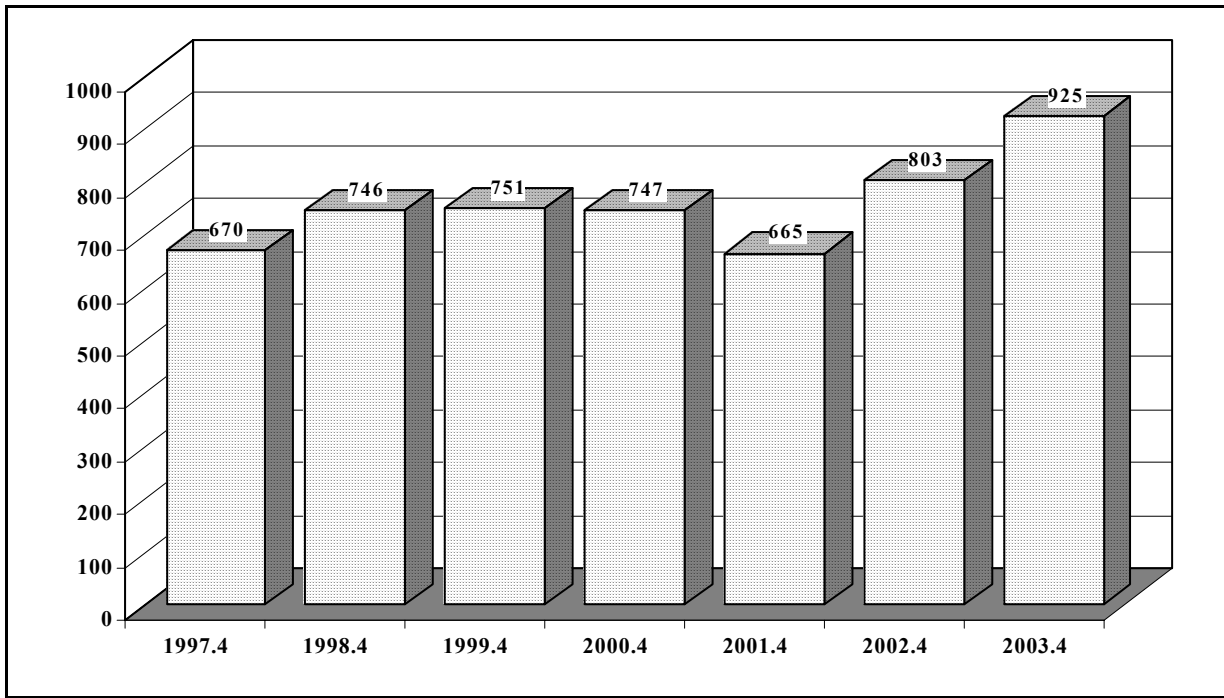


# *The Forsyth County Housing Report, 2003.4*

## **Current Outlook**

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 925 in the 4th quarter of 2003. The number sold was down 25.0 percent compared to the level of sales recorded in the 3rd quarter, but it was 15.2 percent higher than the number sold during the 4th quarter one year ago.

**Number of Existing Homes Sold, 1997.4 – 2003.4**



At the end of the 4th quarter of 2003, the inventory of homes on the market was 2,050, or 2.2 times the number of homes sold in the third quarter. The number of existing homes offered for sale declined 6.8 percent from what it was at the end of the 3rd quarter. The average time on the market for unsold homes was 121 days at the end of the 4th quarter.

The price of the average home sold in the 4th quarter was down 2.5 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$166,947. The average this quarter was 0.5 percent below the average recorded in the 4th quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 106 days, down 2.8 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 94.6 percent, indicating a modest increase in the level of discounting in the market. Over the past year, time on the market has remained above 100 days and the spread has risen slightly, suggesting that the average home seller needs more than 3 months to sell a home but is accepting slightly smaller discounts from the initial listing price.

### Existing Homes, 1997.1 - 2003.4



Housing affordability has been an important factor maintaining housing demand over the past year. The affordability index gained 1.5 percent this quarter because of the decline in average prices. Since the 4th quarter of 2002, the affordability index has dipped 2.2 percent because of the rise in mortgage rates

### Existing Home Sales Data, 2003.4 – 2002.4

	2003.4	2003.3	2002.4	Chg Last Qtr.	Chg Last Yr.
<i>Existing Homes:</i>					
Ave. Home Price	\$166,947	\$171,175	\$167,839	-2.5%	-0.5%
No. of Homes Sold	925	1234	803	-25.0%	15.2%
Time on Market (days)	106	109	120	-2.8%	-11.7%
Affordability Index	121.8	120.0	124.5	1.5%	-2.2%
Spread: (sale price/list price)	94.6	95.8	94.3	-1.3%	0.3%

### The Neighborhood Distribution of Existing Home Sales

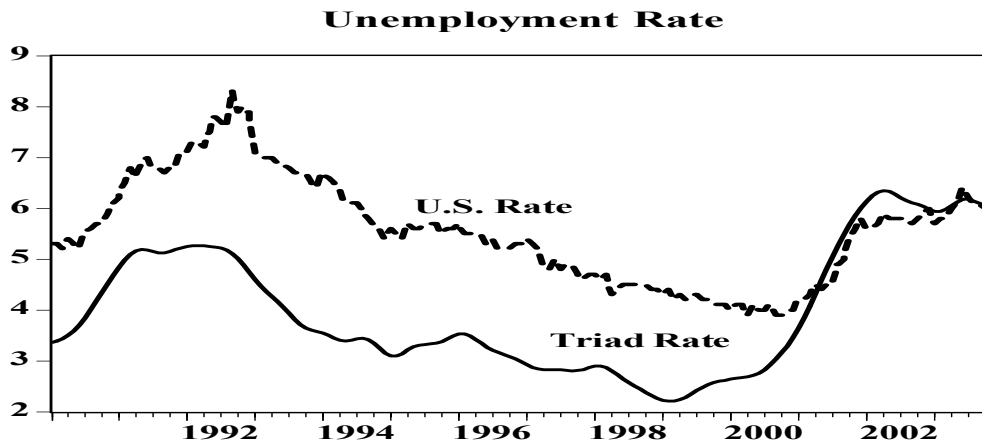
During the 4th quarter, the largest number of sales of existing homes occurred in zip code 27106. This neighborhood, which encompasses the Reynolda Manor Shopping Center and the Bethabara Park area of northwestern Winston-Salem, had a total of 133 sales. It was followed by zip code 27127, is situated astride Peters Creek Parkway in southern Forsyth County, and by zip code 27284, which lies in the northeastern part of the county along Piney Grove Road. These two neighborhoods had 120 and 110 sales respectively. The Forsyth Country Club area, zip code 27104, recorded the highest average price of homes sold, with sales of existing homes averaging \$223,551.

### The Neighborhood Distribution of Existing Home Sales, 2003.4

<u>Zip Code</u>	<u>No. Sales</u>	<u>Ave. Price</u>	<u>Spread</u>	<u>TOM</u>
27009	7	112,895	93.2	88
27012	73	212,146	97.7	97
27023	37	208,912	96.0	124
27040	28	167,013	95.2	137
27045	16	138,753	94.3	144
27050	2	191,250	92.1	108
27051	14	85,464	90.0	105
27101	28	111,425	92.7	96
27103	106	131,655	95.6	89
27104	100	223,551	93.5	94
27105	56	68,831	85.7	114
27106	133	189,752	95.0	106
27107	86	94,066	94.2	121
27127	120	108,667	96.1	94
27284	110	155,330	96.0	123

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved during in the 4th quarter. The seasonally adjusted rate of unemployment was 6.0 percent in November 2003, down 0.2 percentage points from the July figure. The national unemployment rate in November was 5.9 percent.

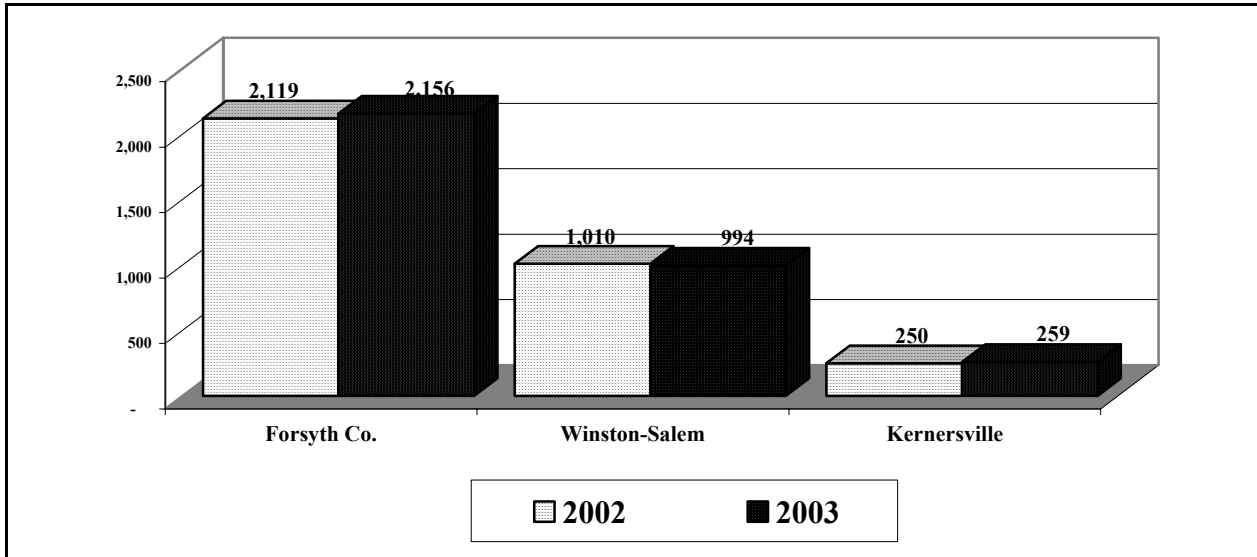


The number of persons employed in the Triad has risen by 2,400 (0.4 percent) since July, providing a clear indicator of the improving pace of regional economic activity. Employment in the manufacturing sector has

continued to decline, but the average workweek and average weekly earning moved up in the 3<sup>rd</sup> quarter. Consumer spending in the Triad continues to rise. Retail sales adjusted for price-level changes, gained 1.5 percent over the 12 months ending November 2003. In comparison, the growth in real spending nationally was up 5.0 percent.

Planned residential construction increased during the 4<sup>th</sup> quarter. Single-family residential building permits (which reflect plans for future construction) were up 1.7 percent in Forsyth County as a whole during the first 11 months of 2003 compared to 2002. Permits dipped 1.6 percent in Winston-Salem but gained 3.6 percent in Kernersville.

**Building Permits, 2002-2003<sup>1</sup>**

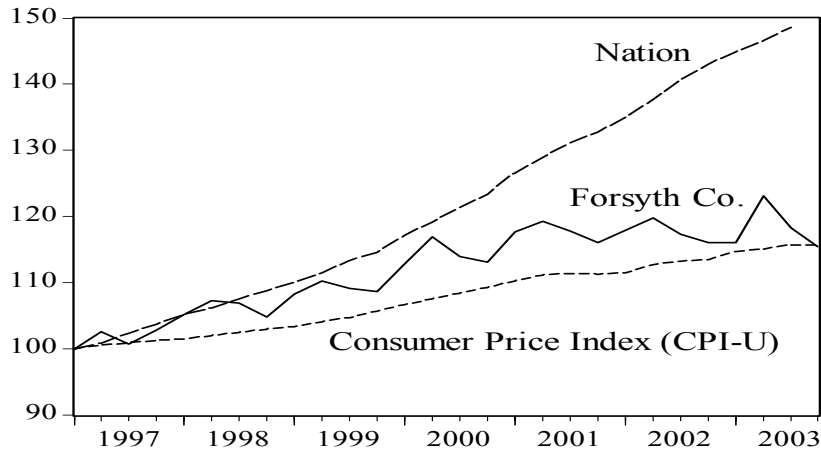


### Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 2.1 percent, trailing the consumer price index (CPI), which has increased an average of 2.2 percent annually. The appreciation of housing prices in Forsyth County has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 5.9 percent annual rate through the 3rd quarter of 2003, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

<sup>1</sup> Figures reflect year-to-date totals through November.

**Existing Housing Prices in Forsyth County and the Nation  
(quality adjusted, index scale)**



In 2003, the average existing home that was sold had 1,896 square feet of floor space. It was 1.3 stories high, had 2.2 bathrooms, 1.3 garage parking spaces, and 1.0 fireplaces. The average age of existing homes sold was 22.7 years. Sixty-three percent of exiting homes sold were in the city limits of Winston-Salem.

**Characteristics of Existing Homes Sold, 2003**

Square Footage	1,896
Floors	1.3
Baths	2.2
Garage Spaces	1.3
Fireplace	1.0
Age	22.7
In the City of Winston-Salem	63%
Number Sold	3,821

**Methodology**

The *Forsyth County Housing Report* uses data from the Triad MLS to track the pace of housing activity in Forsyth County. Average home price numbers reflect quality-adjusted averages. These averages are constructed using the multiple regression approach. Among the independent variables in the analysis are: neighborhood housing prices, square footage, number of baths, age, and other amenities of the structure. This approach to calculating quality-adjusted prices is discussed in: G. D. Jud & T. G. Seaks, "Sample Selection Bias in Estimating Housing Sales Prices," *Journal of Real Estate Research*, Vol. 9, No. 3, (1994), pp. 289-298.

The affordability index measures changes in the income-payment ratio. The loan payment is calculated as the monthly payment necessary to finance a 90 percent, 30-year loan on the average house price at prevailing interest rates. The income measure is average household income, as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The sales-list price spread is the ratio of selling price to listing price.

**The *Forsyth County Housing Report* is compiled for the Winston-Salem Assn. of Realtors® by Dr. G.**

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**Historical Data, 1997 – 2003**

	Number	Adjusted		
Date	Sold	Price	TOM	Spread
1997.1	545	\$144,690	123	96.7
1997.2	837	\$148,454	112	97.0
1997.3	779	\$145,647	111	96.4
1997.4	670	\$148,738	110	96.7
1998.1	634	\$152,239	121	97.2
1998.2	939	\$155,287	123	96.9
1998.3	808	\$154,605	102	97.3
1998.4	746	\$151,671	110	97.1
1999.1	700	\$156,619	126	96.7
1999.2	1020	\$159,500	111	96.6
1999.3	891	\$157,870	109	95.5
1999.4	751	\$157,072	147	95.7
2000.1	697	\$163,146	140	95.9
2000.2	1116	\$169,165	120	96.6
2000.3	837	\$164,803	110	96.2
2000.4	747	\$163,654	116	95.5
2001.1	680	\$170,227	119	96.6
2001.2	1044	\$172,406	104	96.1
2001.3	845	\$170,411	115	95.6
2001.4	665	\$167,938	116	95.0
2002.1	748	\$170,588	120	95.6
2002.2	1048	\$173,319	117	95.6
2002.3	862	\$169,770	115	94.5
2002.4	803	\$167,839	120	94.3
2003.1	684	\$167,975	121	94.0
2003.2	978	\$178,121	118	95.9
2003.3	1234	\$171,175	109	95.8
2003.4	925	\$166,947	106	94.6