

# *The Forsyth County Housing Report, 2003.3*

## **Current Outlook**

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 1,187 in the 3rd quarter of 2003. The number sold was up 21.4 percent compared to the level of sales recorded in the 2nd quarter, and it was 37.7 percent higher than the number sold during the 3rd quarter one year ago.



At the end of the 3rd quarter of 2003, the inventory of homes on the market was 2,200, or 1.9 times the number of homes sold in the second quarter. The number of existing homes offered for sale was up 3.8 percent from what it was at the end of the 2nd quarter. The average time on the market for unsold homes was 111 days at the end of the 3rd quarter.

The price of the average home sold in the 3rd quarter was down 3.6 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$171,680. The average this quarter was 1.1 percent above the average recorded in the 3rd quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 109 days, down 7.6 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly lower at 95.8 percent, indicating a modest increase in the level of discounting in the market. Over the past year, time on the market has remained above 108 days and the spread has risen slightly, suggesting that the average home seller needs about 3.5 months to sell a home but is not accepting larger discounts from the initial listing price.

### Existing Homes, 1997.1 - 2003.3



The improvement in housing affordability has been an important factor stimulating housing demand over the past year; however, the affordability index declined 2.7 percent this quarter because of the rise in mortgage rates. Since the 3rd quarter of 2002, the affordability index has risen 0.6 percent.

Existing Home Sales Data, 2003.3 – 2002.3					
				% Chg	% Chg
	<u>2003.3</u>	<u>2003.2</u>	<u>2002.3</u>	<u>Last Qtr.</u>	<u>Last Yr.</u>
Ave. Home Price	\$171,680	\$178,164	\$169,846	-3.6%	1.1%
No. of Homes Sold	1187	978	862	21.4%	37.7%
Time on Market (days)	109	118	115	-7.6%	-5.2%
Affordability Index	119.6	122.9	118.9	-2.7%	0.6%
Spread: (sale price/list price)	95.8	95.9	94.5	-0.1%	1.4%

### The Neighborhood Distribution of Existing Home Sales

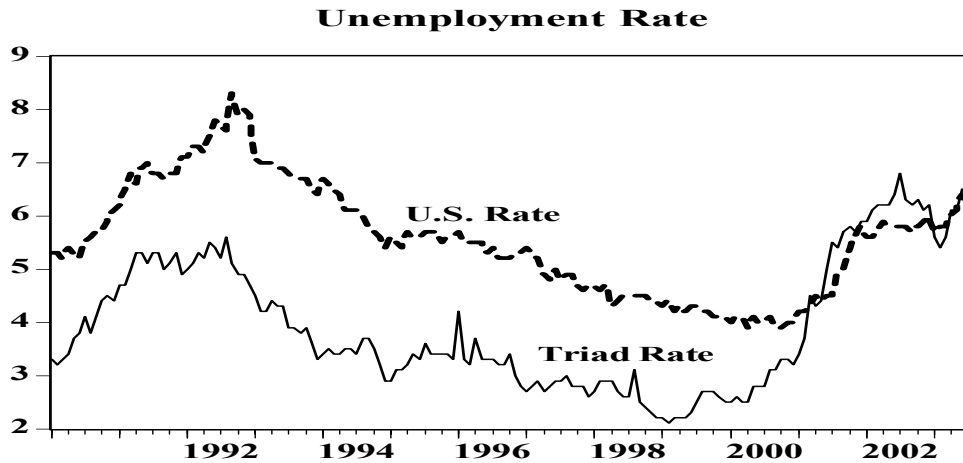
During the 3rd quarter, the largest number of sales of existing homes occurred in zip code 27284. This neighborhood, which takes in the Kernersville area of eastern Forsyth County, had a total of 168 sales. It was followed by zip code 27106, which encompasses the Reynolda Manor Shopping Center and the Bethabara Park area of northwestern Winston-Salem, and by zip code 27104, which includes the Forsyth Country Club area west of downtown Winston-Salem. These two neighborhoods had 164 and 148 sales respectively. The Forsyth Country Club area, zip code 27104, recorded the highest average price of homes sold, with sales of existing homes averaging \$214,680.

### The Neighborhood Distribution of Existing Home Sales, 2003.3

<u>Zip Code</u>	<u>No. Sales</u>	<u>Ave. Price</u>	<u>Spread</u>	<u>TOM</u>
27009	12	163,487	96.2	143
27012	126	186,807	95.6	123
27023	56	225,943	96.9	109
27040	49	185,533	96.0	146
27045	13	109,959	97.3	132
27050	9	123,944	93.4	155
27051	12	98,149	92.0	92
27101	41	118,418	94.7	95
27103	131	133,524	96.4	98
27104	148	214,680	95.9	86
27105	55	87,172	92.4	107
27106	164	196,201	95.9	107
27107	87	101,485	94.5	118
27127	112	104,791	96.8	101
27284	168	152,678	96.4	118

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region remained sluggish in the 3rd quarter. The seasonally adjusted rate of unemployment was 6.4 percent in August 2003, up 0.1 percentage points from the figure one year ago. The national unemployment rate was 6.1 percent, up 0.3 percentage points from the figure a year ago.

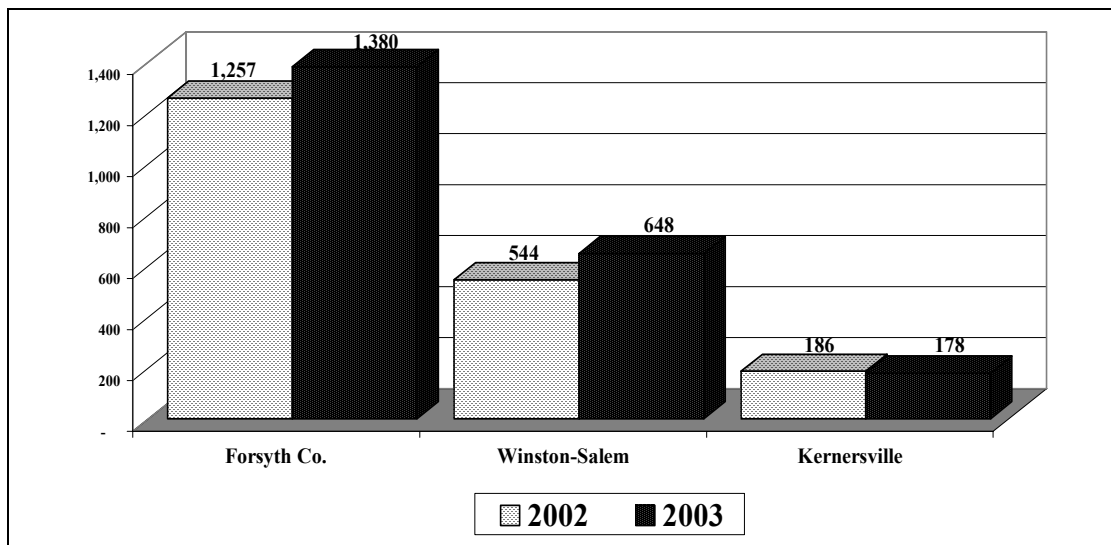


The number of persons employed in the Triad over the past 12 months ending August 2003 declined 1.1 percent, providing a clear indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector fell 3.0 percent over the same 12-month period.

On the positive side, consumer spending in the Triad has been rising. Retail sales adjusted for price-level changes, rose 2.4 percent over the 12 months ending August 2003. In comparison, the growth in real spending nationally was up 3.2 percent.

The weakness in the regional economy was not reflected in the pace of planned building activity over the year. Single-family residential building permits (which reflect plans for future construction) were up 9.8 percent in Forsyth County as a whole during the first 7 months of 2003 compared to 2002. Permits rose 19.1 percent in Winston-Salem but fell 4.3 percent in Kernersville.

**Building Permits, 2001-2003<sup>1</sup>**

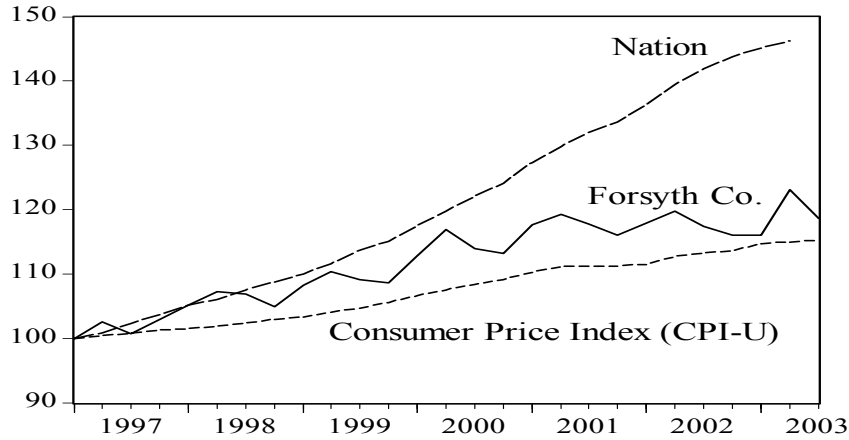


### Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 2.6 percent, outpacing the consumer price index (CPI), which has increased an average of 2.1 percent annually. The appreciation of housing prices in Forsyth County has lagged 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 2nd quarter of 2002, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

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

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



In 2002, the average existing home that was sold had 1,981 square feet of floor space. It was 1.3 stories high, had 2.3 bathrooms, 1.4 garage parking spaces, and 1.0 fireplaces. The average age of existing homes sold was 22.7 years. Sixty-one percent of exiting homes sold were in the city limits of Winston-Salem.

**Characteristics of Home Sold, 2002**

	<u>Existing</u>
Square Footage	1,981
Floors	1.3
Baths	2.3
Garage Spaces	1.4
Fireplace	1.0
Age	22.7
In the City of Winston-Salem	61%
Number Sold	2,713

**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. Donald Jud, Bryan School of Business & Economics, University of North Carolina at Greensboro, P.O. Box 26165, Greensboro, NC 27402 - 6165. Phone: 336-334-3091; FAX: 336-334-4141; Email: [Juddon@uncg.edu](mailto:Juddon@uncg.edu) <<mailto:Juddon@uncg.edu>> and Sharon P. Puryear, AICP, Community Research Associates, Inc.

### Historical Data, 1997 – 2003

Date	Number Sold	Adjusted Sales Price	TOM	Spread
1997.1	545	\$144,690	123	96.7
1997.2	837	\$148,482	112	97.0
1997.3	779	\$145,695	111	96.4
1997.4	670	\$148,827	110	96.7
1998.1	634	\$152,248	121	97.2
1998.2	939	\$155,319	123	96.9
1998.3	808	\$154,672	102	97.3
1998.4	746	\$151,753	110	97.1
1999.1	700	\$156,636	126	96.7
1999.2	1020	\$159,572	111	96.6
1999.3	891	\$157,919	109	95.5
1999.4	751	\$157,155	147	95.7
2000.1	697	\$163,162	140	95.9
2000.2	1116	\$169,207	120	96.6
2000.3	837	\$164,878	110	96.2
2000.4	747	\$163,750	116	95.5
2001.1	680	\$170,259	119	96.6
2001.2	1044	\$172,482	104	96.1
2001.3	845	\$170,500	115	95.6
2001.4	665	\$168,010	116	95.0
2002.1	748	\$170,626	120	95.6
2002.2	1048	\$173,367	117	95.6
2002.3	862	\$169,846	115	94.5
2002.4	803	\$167,923	120	94.3
2003.1	684	\$167,951	121	94.0
2003.2	978	\$178,164	118	95.9
2003.3	1187	\$171,680	109	95.8