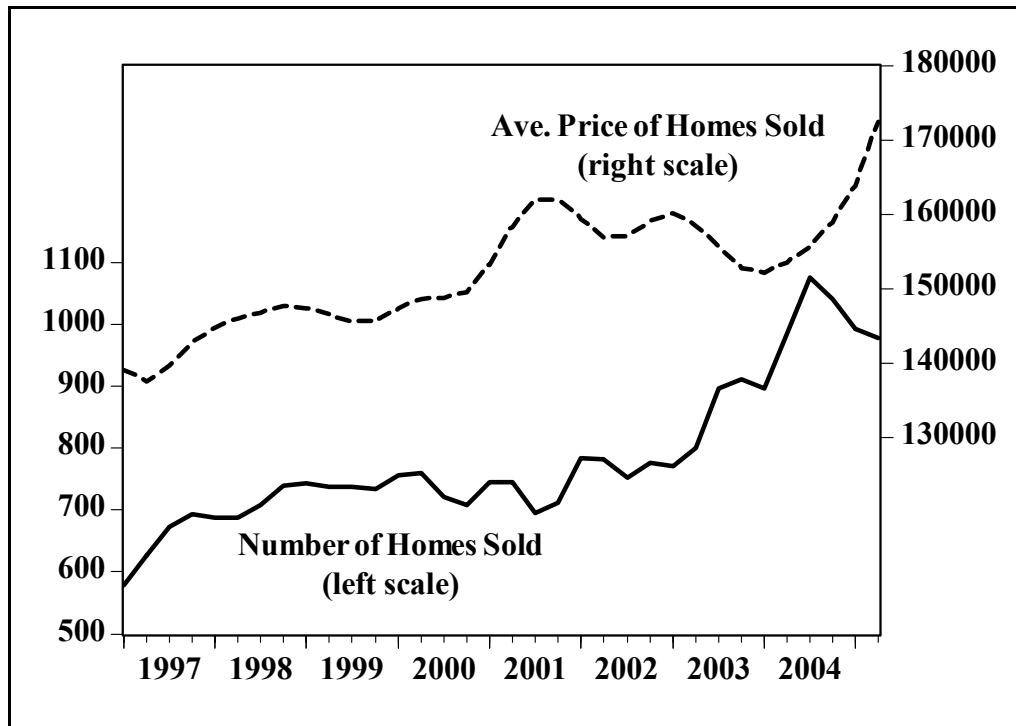


# The Forsyth County Housing Report, 2005.2

## Current Outlook

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 977 in the 2nd quarter of 2005 after adjustment for seasonal variation. The number sold was down 1.4 percent compared to the level of sales recorded in the 1st quarter, and it was off 0.8 percent from the number sold during the 2nd quarter one year ago.

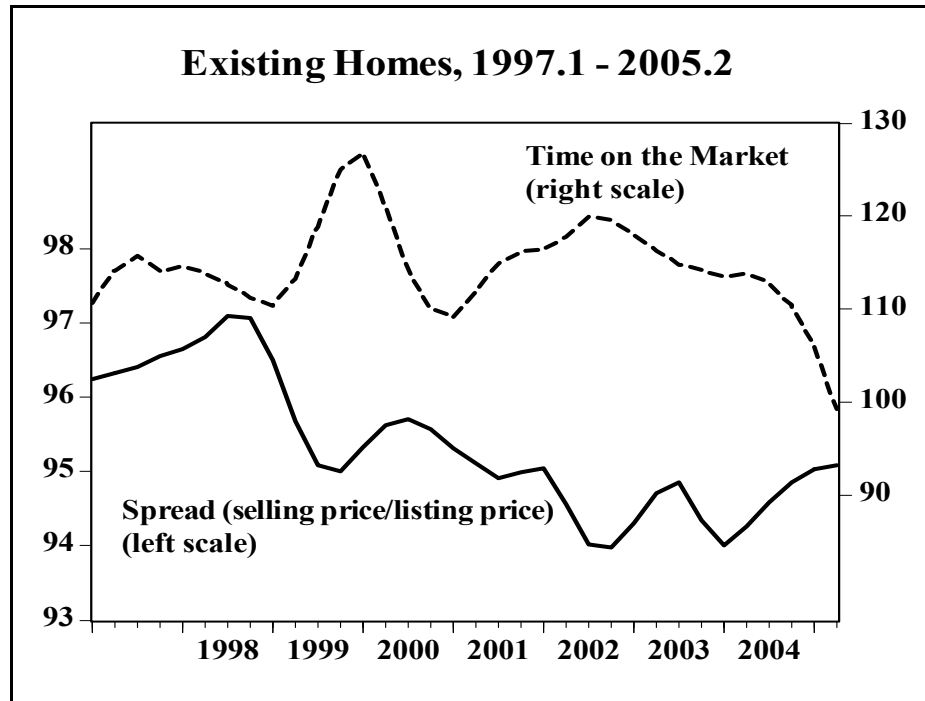
**Number of Existing Homes Sold, 1997.1 – 2005.2**  
(seasonally adjusted)



At the end of the 2nd quarter of 2005, the inventory of homes on the market was 2,257, or 2.3 times the number of homes sold in the second quarter. The number of existing homes offered for sale was down 24.3 percent from what it was at the end of the 1st quarter. The average time on the market for unsold homes was 98 days at the end of the 2nd quarter. The median time on the market was 68 days.

The price of the average home sold in the 2nd quarter was up 5.3 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$172,388. The average this quarter was 12.4 percent above the average recorded in the 2nd quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 101 days, down 9.8 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was higher at 95.1 percent, indicating a decline in the level of discounting in the market. Over the past year, time on the market has fallen, and the spread has risen, suggesting that the average home seller needs less time to sell a home and is accepting smaller discounts from the initial listing price.



Note: Seasonally adjusted data.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index dipped 5.8 percent this quarter chiefly because of the rise in prices. Since the 2nd quarter of 2004, the affordability index has slipped 1.0 percent.

#### Existing Home Sales Data, 2004.2 – 2005.2 (seasonally adjusted)

	2005.2	2005.1	2004.2	% Chg Last Qtr.	% Chg Last Yr.
Ave. Home Price	\$172,388	\$163,761	\$153,386	5.3%	12.4%
No. of Homes Sold	977	991	985	-1.4%	-0.8%
Time on Market (days)	101	112	116	-9.8%	-12.9%
Affordability Index	116.5	123.7	117.7	-5.8%	-1.0%
Spread: (sale price/list price)	95.1	95.0	94.3	0.1%	0.9%

#### The Neighborhood Distribution of Existing Home Sales

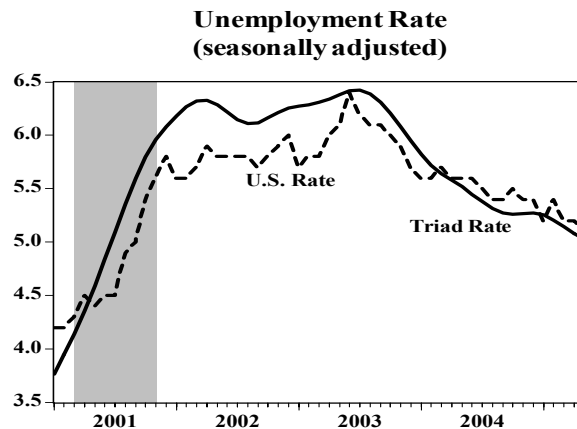
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27127. This neighborhood located in the southern part of the county, had a total of 162 sales. It was followed by zip code 27103, in the southwestern area along Stratford Road, with 160 sales. The Forsyth Country Club area, zip code 27104, recorded the highest average price of homes sold, with sales of existing homes averaging \$300,135, on the basis of 125 sales. The second highest average price was recorded in the Lewisville area, zip code 27023, with homes there averaging \$240,563.

## The Neighborhood Distribution of Existing Home Sales, 2005.2

Zip Code	No. Sales	Ave.		
		Price	Spread	TOM
27009	10	\$133,060	98.0	138
27012	124	\$231,096	97.2	110
27023	48	\$240,563	97.2	81
27040	57	\$174,544	96.3	106
27045	32	\$115,588	93.1	106
27051	22	\$137,073	94.3	114
27101	38	\$139,011	93.3	92
27103	160	\$158,194	95.9	93
27104	125	\$300,135	95.7	85
27105	77	\$85,423	91.1	100
27106	141	\$222,692	96.1	93
27107	100	\$97,019	93.4	95
27127	162	\$125,157	98.0	123
27284	151	\$181,595	97.1	105

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved in the 2nd quarter.<sup>1</sup> The seasonally adjusted rate of unemployment in the Triad was 5.0 percent in May, down 0.1 percentage points from the revised figure for April.



The number of persons employed in the Triad has risen 2.1 percent since May 2004, providing a clear indicator of the improving pace of regional economic activity. Employment in the goods-producing sector has risen 2.2 percent over the past year, while service-producing employment has gained 2.0 percent.

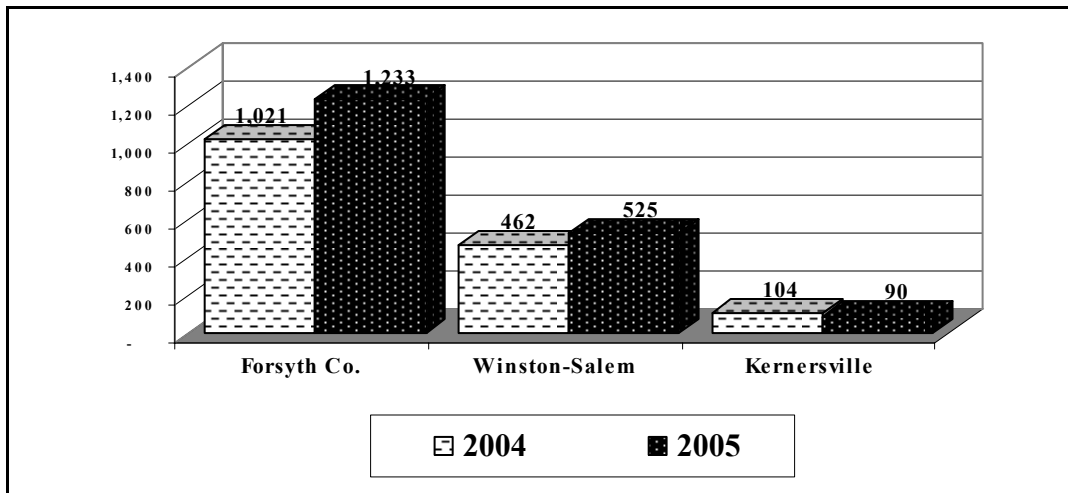
Consumer spending in the Triad, adjusted for price level change, has risen 3.4 percent over the past 12 months.

<sup>1</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

In comparison, real spending nationally was up 3.5 percent over the same period.

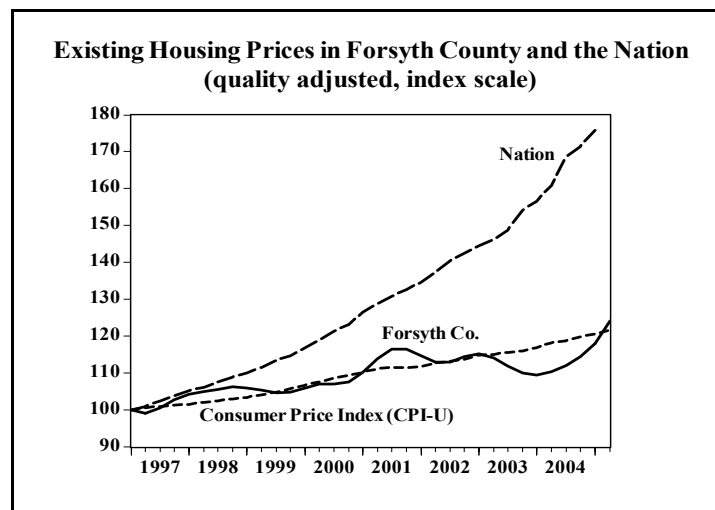
Planned residential construction increased during the 2nd quarter. Residential building permits (which reflect plans for future construction) were up 20.8 percent in Forsyth County as a whole during the first 5 months of 2005 compared to the same period in 2004. Permits rose 13.6 percent in Winston-Salem but dipped -13.5 percent in Kernersville.

**Building Permits, 2004-2005<sup>2</sup>**



### Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 3.4 percent, outpacing the consumer price index (CPI), which has increased an average of 2.4 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 7.1 percent annual rate from 1997.1 through the 1st quarter of 2005, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



<sup>2</sup> Figures reflect year-to-date totals through May.

In 2004, the average existing home that was sold had 1,888 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 25.6 years. Sixty-four percent of exiting homes sold were in the city limits of Winston-Salem.

### **Characteristics of Existing Homes Sold, 2004**

Square Footage	1,888
Floors	1.3
Baths	2.2
Garage Spaces	1.3
Fireplace	1.0
Age	25.6
In the City of Winston-Salem	64%
Number Sold	3,951

### **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.

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### Historical Data, 1997.1 – 2005.2

Date	Number Sold	Adjusted Price	TOM	Spread
1997.1	537	\$144,690	124	96.6
1997.2	782	\$148,913	112	96.8
1997.3	693	\$145,273	112	96.0
1997.4	551	\$147,727	106	96.1
1998.1	630	\$152,529	122	97.1
1998.2	876	\$156,459	127	96.9
1998.3	706	\$154,316	103	96.9
1998.4	601	\$150,744	103	96.5
1999.1	680	\$157,474	127	96.9
1999.2	918	\$159,821	112	96.2
1999.3	769	\$157,646	106	94.7
1999.4	586	\$156,772	136	94.4
2000.1	670	\$163,178	139	95.7
2000.2	1033	\$168,975	120	96.2
2000.3	709	\$163,281	108	95.5
2000.4	585	\$162,158	105	94.1
2001.1	658	\$171,031	121	96.4
2001.2	954	\$173,678	105	95.7
2001.3	724	\$172,124	115	94.9
2001.4	532	\$168,367	112	93.9
2002.1	732	\$170,812	121	95.5
2002.2	978	\$174,278	120	95.3
2002.3	756	\$170,498	115	93.8
2002.4	657	\$168,086	117	93.3
2003.1	677	\$168,454	122	93.9
2003.2	930	\$178,848	120	95.7
2003.3	1055	\$172,822	111	95.0
2003.4	761	\$166,485	103	93.4
2004.1	684	\$172,222	124	93.8
2004.2	1268	\$175,887	116	95.2
2004.3	1131	\$175,627	105	94.9
2004.4	868	\$168,545	109	93.6
2005.2	829	\$178,399	112	95.2

Note: All numbers are seasonally adjusted.