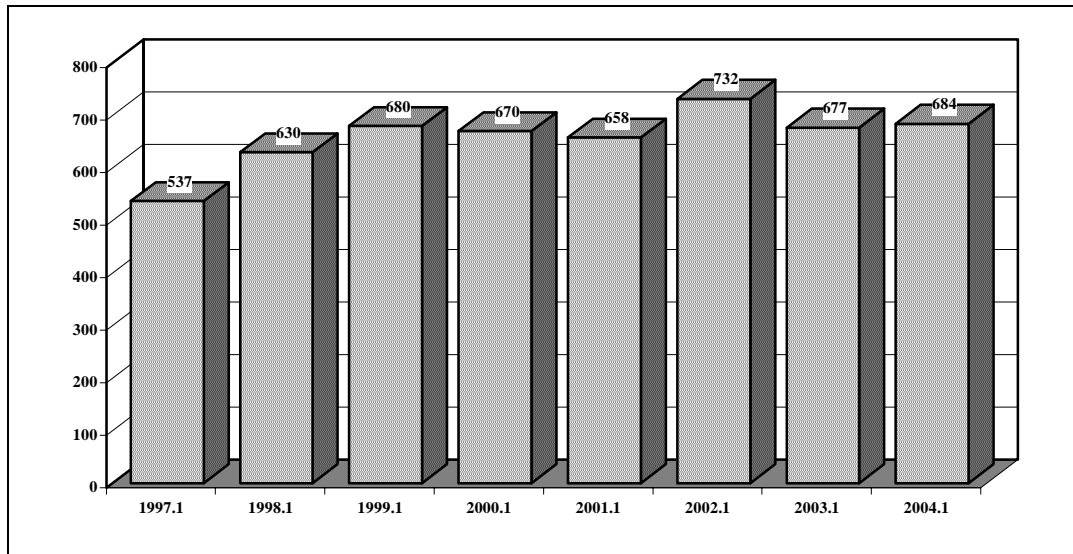


# *The Forsyth County Housing Report, 2004.1*

## **Current Outlook**

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 684 in the 1st quarter of 2004. The number sold was down 10.1 percent compared to the level of sales recorded in the 4th quarter, but it was 1.0 percent higher than the number sold during the 1st quarter one year ago.

**Number of Existing Homes Sold, 1997.1 – 2004.1**

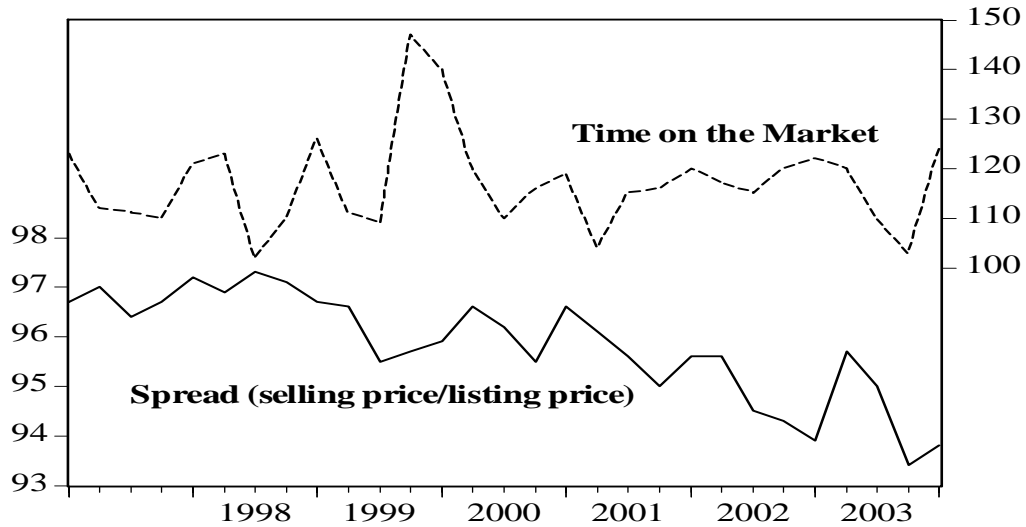


At the end of the 1st quarter of 2004, the inventory of homes on the market was 2,292, or 3.6 times the number of homes sold in the third quarter. The number of existing homes offered for sale rose 11.8 percent from what it was at the end of the 4th quarter. The average time on the market for unsold homes was 114 days at the end of the 1st quarter.

The price of the average home sold in the 1st quarter was up 3.6 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$172,079. The average this quarter was 2.2 percent above the average recorded in the 1st quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 124 days, up 20.4 percent from the average in the 4th quarter. The sale-list price spread, which shows the ratio of selling to listing price, was higher at 93.8 percent, indicating a modest decline in the level of discounting in the market. Over the past year, time on the market has risen and the spread has been essentially flat, suggesting that the average home seller needs about 4 months to sell a home and is accepting about a 6 percent discount from the initial listing price.

### Existing Homes, 1997.1 - 2004.1



Housing affordability has been an important factor maintaining housing demand over the past year. The affordability index gained 4.6 percent this quarter because of the decline in mortgage rates. Since the 1st quarter of 2003, the affordability index has risen 1.8 percent because of the drop in mortgage rates.

### Existing Home Sales Data, 2003.1 – 2004.1

				% Chg	% Chg
	2004.1	2003.4	2003.1	Last Qtr.	Last Yr.
<u>Existing Homes:</u>					
Ave. Home Price	\$172,079	\$166,149	\$168,318	3.6%	2.2%
No. of Homes Sold	684	761	677	-10.1%	1.0%
Time on Market (days)	124	103	122	20.4%	1.7%
Affordability Index	127.9	122.3	125.7	4.6%	1.8%
Spread: (sale price/list price)	93.8	93.4	93.9	0.4%	-0.1%

### The Neighborhood Distribution of Existing Home Sales

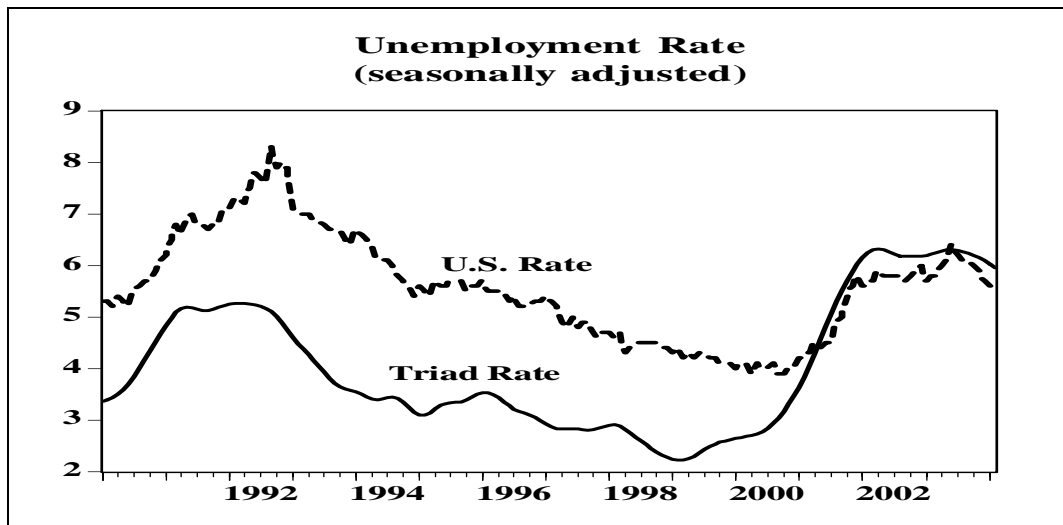
During the 1st quarter, the largest number of sales of existing homes occurred in zip code 27284. This neighborhood, in southeastern Forsyth County, had a total of 109 sales. It was followed by zip code 27104, which encompasses the Forsyth Country Club area, and by zip code 27127, which lies in the southern part of the county along Highway 52. These two neighborhoods had 73 and 72 sales respectively. The Forsyth Country Club area, zip code 27104, recorded the highest average price of homes sold, with sales of existing homes averaging \$240,917.

### The Neighborhood Distribution of Existing Home Sales, 2004.1

<u>Zip Code</u>	<u>No. Sales</u>	<u>Ave. Price</u>	<u>Spread</u>	<u>TOM</u>
27009	5	121,965	98.2	127
27012	59	216,908	96.9	137
27023	35	167,628	94.6	107
27040	23	158,199	96.9	113
27045	14	94,571	90.9	131
27050	7	132,257	91.8	96
27051	15	152,269	92.2	109
27101	21	85,129	88.9	143
27103	63	132,578	94.3	119
27104	73	240,917	91.6	112
27105	55	68,293	88.3	90
27106	63	174,979	93.9	148
27107	64	99,631	92.3	135
27127	72	117,026	95.8	127
27284	109	169,919	96.4	127

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved during in the 1st quarter. The seasonally adjusted rate of unemployment was 6.0 percent in February 2004, down 0.2 percentage points from the February 2003. The national unemployment rate in February was 5.6 percent.

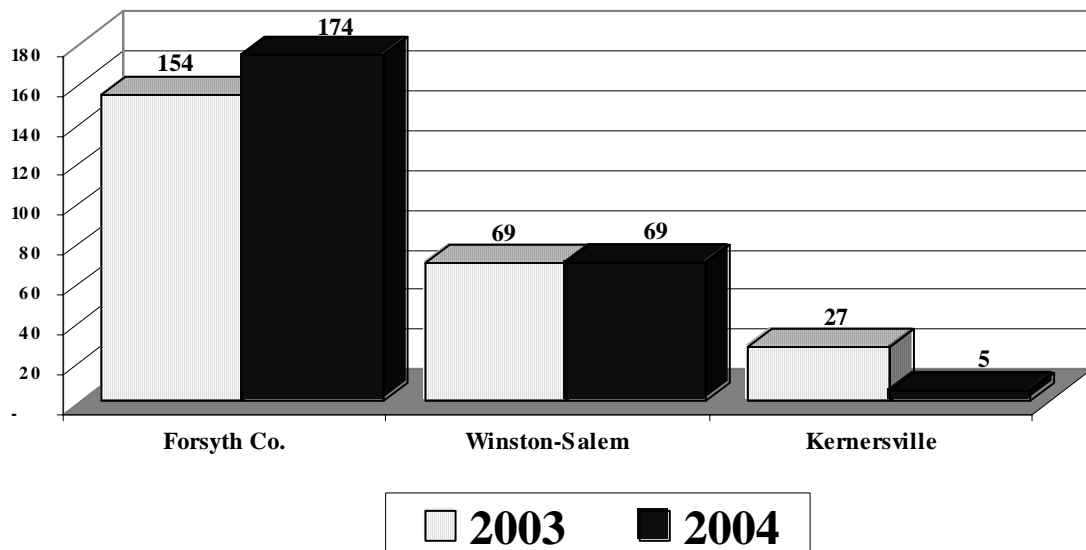


The number of persons employed in the Triad has dropped by 6,600 (1.0 percent) since February 2003, providing a clear indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector has continued to decline, but the average workweek and average weekly earning moved up in the 4th quarter.

Consumer spending in the Triad continues to decline. Retail sales adjusted for price-level changes, slipped 2.6 percent over the 12 months ending February 2004. In comparison, the growth in real spending nationally was up 6.1 percent.

Planned residential construction increased during the 1st quarter. Residential building permits (which reflect plans for future construction) were up 13.0 percent in Forsyth County as a whole during the first 2 months of 2004 compared to 2003. Permits, however, were flat in Winston-Salem and down 81 percent in Kernersville.

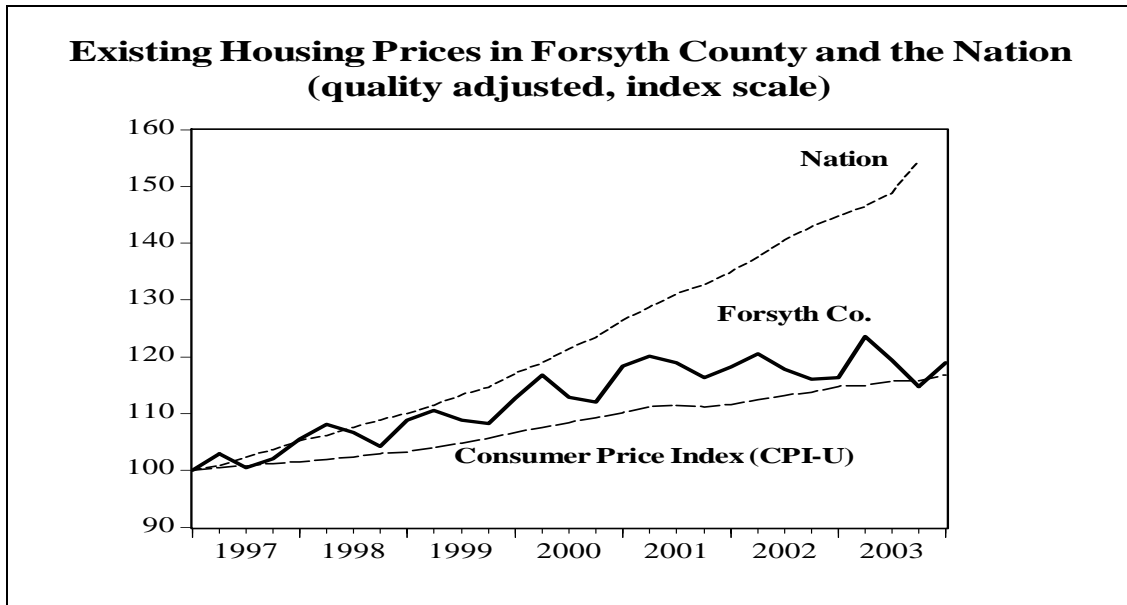
**Building Permits, 2003-2004<sup>1</sup>**



### **Longer-Term Trends**

Since the 1st quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 2.5 percent, slightly ahead of the consumer price index (CPI), which has increased an average of 2.3 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 6.4 percent annual rate through the 4th quarter of 2003, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

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



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. 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) and Sharon P. Puryear, AICP, Community Research Associates, Inc.

**Historical Data, 1997 – 2004**

Date	Number Sold	Adjusted Price	TOM	Spread
1997.1	537	144,690	123	96.7
1997.2	782	148,904	112	97.0
1997.3	693	145,261	111	96.4
1997.4	551	147,746	110	96.7
1998.1	630	152,620	121	97.2
1998.2	876	156,471	123	96.9
1998.3	706	154,344	102	97.3
1998.4	601	150,723	110	97.1
1999.1	680	157,553	126	96.7
1999.2	918	159,910	111	96.6
1999.3	769	157,621	109	95.5
1999.4	586	156,725	147	95.7
2000.1	670	163,244	140	95.9
2000.2	1033	169,062	120	96.6
2000.3	709	163,315	110	96.2
2000.4	585	162,063	116	95.5
2001.1	658	171,154	119	96.6
2001.2	954	173,801	104	96.1
2001.3	724	172,225	115	95.6
2001.4	532	168,308	116	95.0
2002.1	732	170,971	120	95.6
2002.2	978	174,296	117	95.6
2002.3	756	170,476	115	94.5
2002.4	657	167,993	120	94.3
2003.1	677	168,318	122	93.9
2003.2	930	178,908	120	95.7
2003.3	1055	172,667	110	95.0
2003.4	761	166,149	103	93.4
2004.1	684	172,079	124	93.8