

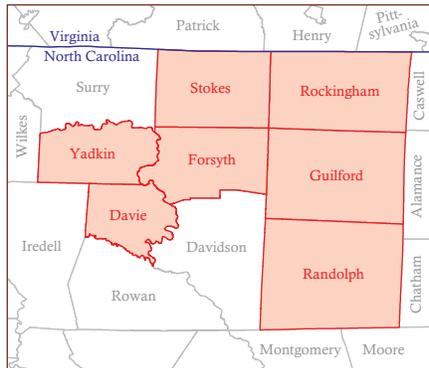
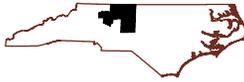


Greensboro—High Point—Winston-Salem, North Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013



Housing Market Area



The Greensboro—High Point—Winston-Salem Housing Market Area (hereafter, the Greensboro HMA) includes seven counties in central North Carolina, 70 miles west of Raleigh and 90 miles north-east of Charlotte. This report divides the HMA into two submarkets. The Greensboro-High Point submarket, coterminous with the Greensboro-High Point, NC Metropolitan Statistical Area, includes Guilford, Randolph, and Rockingham Counties. The Winston-Salem submarket, coterminous with the Winston-Salem, NC Metropolitan Statistical Area, includes Davie, Forsyth, Stokes, and Yadkin Counties.

Market Details

- Economic Conditions2
- Population and Households5
- Housing Market Trends7
- Data Profiles13

Summary

Economy

Economic conditions in the Greensboro HMA began to recover in 2011 after 3 years of job losses. During the 12 months ending June 2013, nonfarm payrolls increased by 2,800 jobs, or 0.5 percent. During the next 3 years, non-farm payrolls are expected to increase an average of 1.8 percent annually, with more growth during the second and third years of the forecast period as employment conditions gradually improve.

Sales Market

The sales housing market in the HMA is slightly soft, with a current estimated sales vacancy rate of 2.6 percent. During the 12 months ending June 2013, existing home sales totaled 12,550, an increase of 2,575 homes, or 26 percent, compared with existing home sales during the previous 12-month period. During the 3-year forecast period, demand is expected for approximately

10,050 new homes (Table 1). The 790 homes currently under construction and a portion of the 22,150 other vacant units that may return to the market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is soft but improving, with a current estimated vacancy rate of 8.4 percent, down from 12.0 percent in April 2010. The rental market began to improve after the housing market crisis plateaued in 2010, because former homeowners who lost their homes in foreclosure moved to rental housing and potential homeowners chose to rent because they could not obtain credit or preferred not to purchase homes. During the next 3 years, demand is expected for 2,525 new market-rate rental units (Table 1). The approximately 1,000 rental units currently under construction will likely satisfy a portion of that demand.

Table 1. Housing Demand in the Greensboro HMA,* 3-Year Forecast, July 1, 2013, to July 1, 2016

	Greensboro HMA*		Greensboro-High Point Submarket		Winston-Salem Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	10,050	2,525	6,350	1,775	3,700	750
Under construction	790	1,000	510	500	280	500

* Greensboro—High Point—Winston-Salem HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. A portion of the estimated 22,150 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Greensboro HMA have improved since 2011 after 3 years of economic decline. From 2003 through 2007, nonfarm payrolls increased by an average of 8,000 jobs, or 1.4 percent, annually. From 2008 through 2010, nonfarm payrolls decreased by an average of 16,000 jobs, or 2.8 percent, annually. Economic recovery began in 2011 and continued in 2012, when nonfarm payrolls increased by 2,400 and 6,000 jobs, or 0.4 and 1.1 percent, respectively. During the 12 months ending June 2013, nonfarm payrolls

increased by 2,800 jobs, or 0.5 percent, to 548,400 jobs (Table 2). Nonfarm payroll levels are still 6.8 percent less than the prerecession peak of 588,000 jobs in 2007. Resident employment growth of 0.8 percent, or 4,575 employees, in the past 12 months contributed to a decrease in the unemployment rate, which averaged 9.4 percent during the 12 months ending June 2013, down from 9.9 percent a year earlier. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2012.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Greensboro HMA,* by Sector

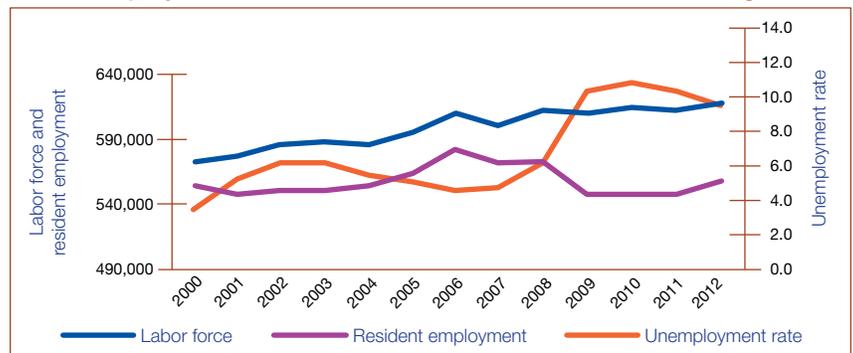
	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	545,600	548,400	2,800	0.5
Goods-producing sectors	93,000	91,700	-1,300	-1.4
Mining, logging, & construction	20,900	20,100	-800	-3.8
Manufacturing	72,000	71,600	-400	-0.6
Service-providing sectors	452,600	456,700	4,100	0.9
Wholesale & retail trade	82,100	83,700	1,600	1.9
Transportation & utilities	25,400	25,800	400	1.6
Information	7,400	7,200	-200	-2.7
Financial activities	30,700	29,700	-1,000	-3.3
Professional & business services	75,300	75,700	400	0.5
Education & health services	91,300	92,500	1,200	1.3
Leisure & hospitality	50,600	51,900	1,300	2.6
Other services	19,600	19,700	100	0.5
Government	70,300	70,400	100	0.1

* Greensboro—High Point—Winston-Salem HMA.

Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Greensboro HMA,* 2000 Through 2012



* Greensboro—High Point—Winston-Salem HMA.

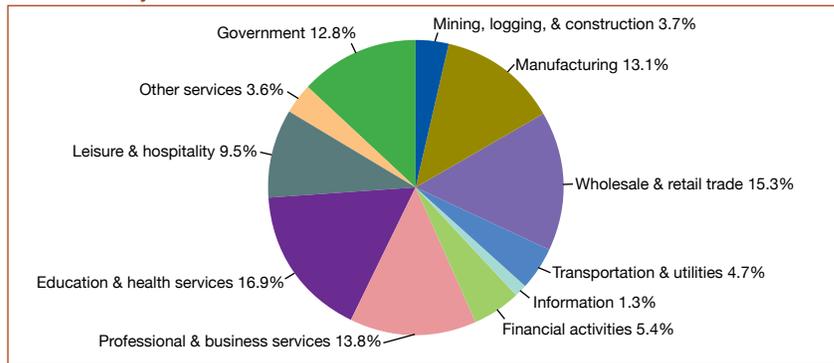
Source: U.S. Bureau of Labor Statistics

The education and health services sector is both the source of the most jobs in the HMA and the fastest growing sector since 2000 (Figures 2 and 3). Job growth in this sector averaged 3,100 jobs, or 4.2 percent, annually from 2000 through 2007 before diminishing during the most recent recession. The education and health services sector lost an average of 900 jobs, or 1.0 percent, annually in 2010 and 2011. During the 12 months ending June 2013, the sector increased by 1,200

jobs, or 1.3 percent. The HMA contains five healthcare providers and five universities with more than 1,000 employees each, including Wake Forest Baptist Medical Center and Novant Health, which have 14,000 and 9,375 employees, respectively (Table 3). The University of North Carolina at Greensboro and North Carolina Agricultural and Technical State University are the largest universities in the HMA, as measured by enrollment, with approximately 16,950 and 10,650 students, respectively, as of the fall of 2012.

The textile industry, tobacco production, and furniture manufacturing were historically the primary sources of employment in the HMA, but the industries have declined since the 1970s because of decreased demand and increased international competition. Reynolds American Inc. and Lorillard Inc. are the largest tobacco manufacturers in the HMA, and Hanesbrands Inc., Unifi Manufacturing Inc., and

Figure 2. Current Nonfarm Payroll Jobs in the Greensboro HMA,* by Sector

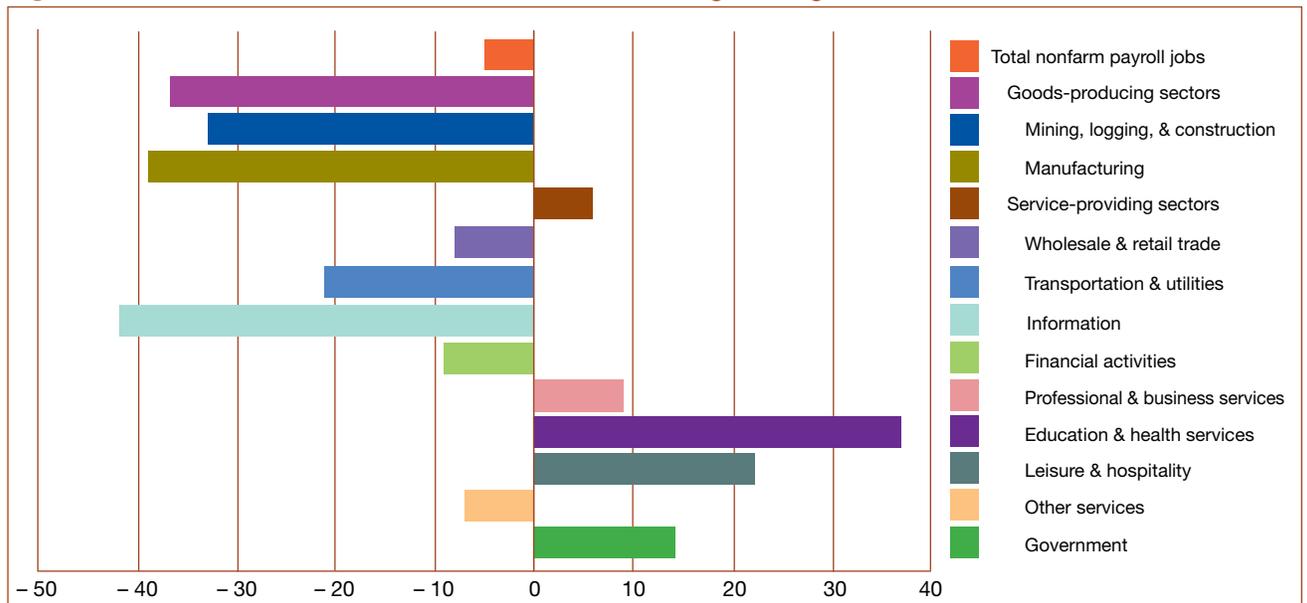


* Greensboro—High Point—Winston-Salem HMA.

Note: Based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Greensboro HMA,* Percentage Change, 2000 to Current



* Greensboro—High Point—Winston-Salem HMA.

Note: Current is based on 12-month averages through June 2013.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Greensboro HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wake Forest Baptist Medical Center	Education & health services	14,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	11,800
Novant Health	Education & health services	9,375
Target Corporation	Wholesale & retail trade	8,820
Lowe's Foods, LLC	Wholesale & retail trade	8,521
Cone Health	Education & health services	3,400
Wells Fargo & Company	Financial services	3,350
Lowe's Home Centers, LLC	Wholesale & retail trade	3,320
Laboratory Corporation of America	Professional & business services	3,200
Reynolds American Inc.	Manufacturing	3,100

* Greensboro—High Point—Winston-Salem HMA.

Note: Excludes local school districts.

Source: Piedmont Triad Partnership

VF Corporation are the largest textile and clothing manufacturers in the HMA. Each company employs more than 1,500 people. The share of non-farm payrolls in the manufacturing sector in the HMA declined from 26 percent in 1990 to 20 percent in 2000 and only 13 percent in 2012. During the 12 months ending June 2013, the number of manufacturing jobs decreased by 400, or 0.6 percent, to 71,600. This trend of job declines in the manufacturing sector may be beginning to reverse, as Deere-Hitachi Construction Machinery Corporation, Herbalife Ltd. (a nutrition company), and Ashley Furniture Industries Inc. each expect to add at least 300 manufacturing jobs during the next several years.

During the 12 months ending June 2013, the leisure and hospitality sector grew more than any other sector, adding 1,300 jobs, a 2.6-percent increase, to 51,900 jobs. Job growth in this sector is highly correlated with the business cycle. During 2009 and 2010, an average of 1,500 jobs, or 2.9 percent, were lost annually, as consumers in the HMA cut back on discretionary spending. The leisure and hospitality sector rebounded in 2011, increasing by 800 jobs, or 1.6 percent, as economic

conditions improved throughout the HMA. Of the employees in this sector, 88 percent work in the accommodation and food services industry (Quarterly Census of Employment and Wages).

The greatest source of job losses in the past 12 months was the financial activities sector, which declined by 1,000 jobs, or 3.3 percent. The closure of an American Express Company service center eliminated 1,500 jobs in the HMA. These net losses are expected to be only temporary, however, because Branch Banking and Trust Company, or BB&T, a Winston-Salem-based financial service holding company, leased the former American Express facility and plans to employ 1,700 people at the site when it is fully operational, which will occur during the forecast period. United HealthCare Services, Inc., an insurance provider, hired approximately 500 employees for its corporate office in Greensboro in 2012 and plans to hire an additional 500 employees in 2013.

During the 3-year forecast period, non-farm payrolls are expected to increase by an average of 10,250 jobs, or 1.8 percent, annually, with the growth rate increasing each year.

Population and Households

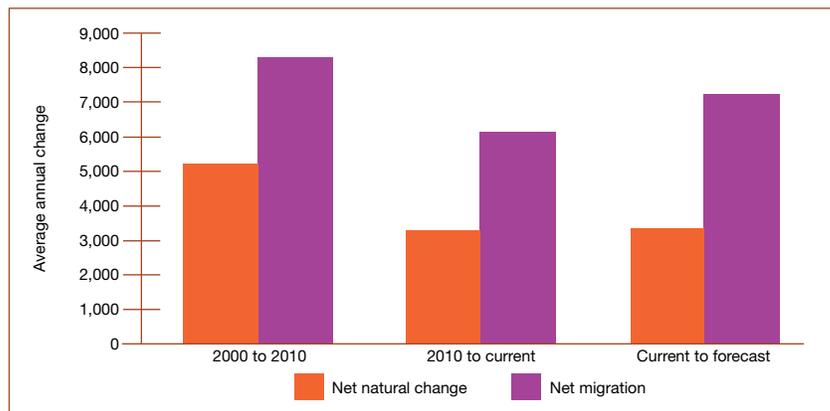
As of July 1, 2013, the estimated population of the Greensboro HMA was approximately 1.23 million, reflecting an average annual increase of 9,375, or 0.8 percent, since April 2010, with net in-migration accounting for two-thirds of population growth. (Tables DP-1 through DP-3 at the end of this report provide information on population growth in the HMA and in the Greensboro-High Point and Winston-Salem submarkets.) By comparison, the population increased by an average of 18,450, or 1.6 percent, annually from 2004 through 2008, with net in-migration accounting for approximately 70 percent of that growth. Population growth declined in 2009 and 2010, averaging 9,925 people, or 0.8 percent, annually, as net in-migration decreased to 58 percent of population growth as a result of poor labor market conditions. As economic conditions improved in 2012, population growth increased for the first time since 2006 because of increased net in-migration. By the forecast date, net in-migration is expected to have increased as the economy continues to improve and regain jobs lost during the most recent recession, causing the population to grow

by an expected average of 10,650, or 0.9 percent, annually. Figure 4 shows the components of population change from 2000 to the forecast date.

An estimated 743,900 people, or 60 percent of the HMA population, reside in the Greensboro-High Point submarket, representing an estimated increase of 6,175 people, or 0.8 percent, annually since 2010. As of July 1, 2012, the two largest cities in the submarket, Greensboro and High Point, with populations of 277,080 and 106,586, respectively, accounted for more than one-half of the submarket population (Census Bureau population estimates). The Winston-Salem submarket accounts for 40 percent of the HMA population, with 488,300 residents, representing an increase of 3,250 people, or 0.7 percent, annually since 2010. The largest city in this submarket, Winston-Salem, had a population of 234,349 in 2012, nearly one-half of the submarket population.

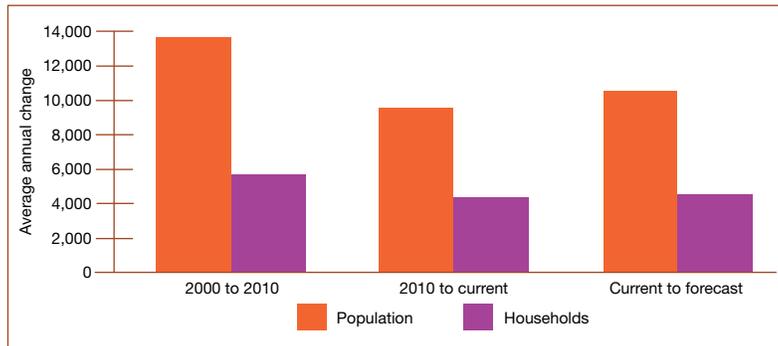
Since 2000, the submarkets have experienced very similar population growth trends. Both populations increased most from 2004 through 2008, at averages of 10,900, or 1.6 percent, annually in the Greensboro-High Point submarket and of 7,525, or 1.7 percent, annually in the Winston-Salem submarket. From 2009 through 2011, population growth diminished to average annual rates of 0.8 percent, or 5,850 people, in the Greensboro-High Point submarket, and of 0.6 percent, or 2,975 people, in the Winston-Salem submarket because of decreased in-migration. By the forecast date, the population of the Greensboro-High Point submarket is expected to have grown by an average of 6,700, or 0.9 percent, annually, and the population of the Winston-Salem

Figure 4. Components of Population Change in the Greensboro HMA,* 2000 to Forecast



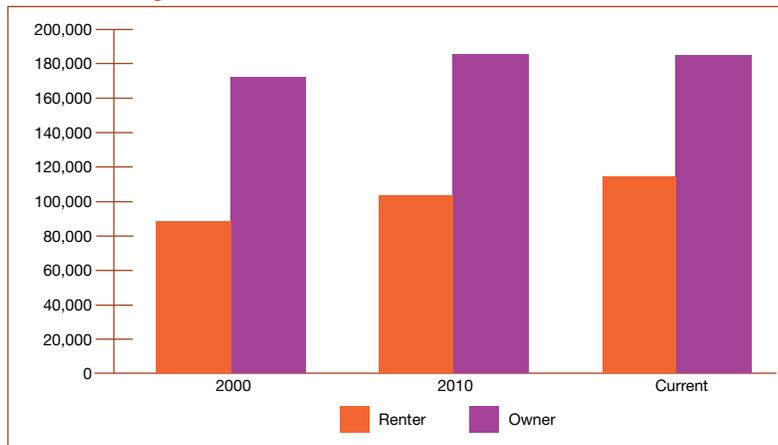
* Greensboro—High Point—Winston-Salem HMA.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued***Figure 5.** Population and Household Growth in the Greensboro HMA,* 2000 to Forecast

* Greensboro—High Point—Winston-Salem HMA.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Greensboro-High Point Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Winston-Salem Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

submarket is expected to have grown by an average of 3,900, or 0.8 percent, annually.

The HMA has an estimated 496,900 households, with 299,400 in the Greensboro-High Point submarket and 197,500 in the Winston-Salem submarket. From 2000 to 2010, annual household growth in the Greensboro-High Point and Winston-Salem submarkets averaged 3,450 and 2,275 households, respectively, or 1.3 percent each. Since 2010, growth decreased to 2,675 and 1,600 households, or 0.9 and 0.8 percent, respectively, in each submarket because of a corresponding decline in population growth. Figure 5 shows population and household growth in the HMA from 2000 to the forecast date. The homeownership rate in the HMA declined from 68.2 percent in 2000 to 65.7 percent in 2010 and declined further to an estimated 63.3 percent currently because of weak economic conditions. Since 2010, renter households have accounted for all household growth. The estimated homeownership rate is 65.4 percent in the Winston-Salem submarket compared with 61.9 percent in the Greensboro-High Point submarket. Figures 6 and 7 show the number of households by tenure number in the Greensboro-High Point and Winston-Salem submarkets, respectively, for 2000, 2010, and the current date.

The number of households in the HMA is expected to grow by 4,575, or 0.9 percent, annually from the current date to the forecast date, to 510,600 households. The number of households in the Greensboro-High Point and Winston-Salem submarkets is expected to grow to 308,100 and 202,500, respectively.

Sales Market—Greensboro-High Point Submarket

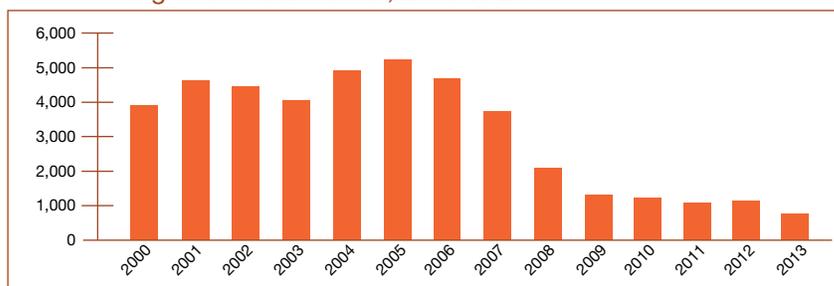
The home sales market in the Greensboro-High Point submarket is currently soft but improving, with an estimated vacancy rate of 2.5 percent, down from 2.7 percent in 2010. The decline reflects increased demand from several factors, including household growth—which outpaced new home construction—low interest rates, and increased purchases of single-family homes by investment groups for the rental market. During the 12 months ending June 2013, sales of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) in the submarket totaled nearly 7,625, an increase of 1,675 homes, or 28 percent, from the previous 12-month period (Metrostudy, A Hanley Wood Company). By comparison, existing home sales averaged 10,550 in 2005 and 2006 but declined by an average of 980 homes, or 11 percent, annually from 2007 through 2011. The average existing home sales price was \$159,600 during the 12 months ending June 2013, down \$3,575, or 2 percent, from the 12 months ending June 2012. From 2006 through 2008, average existing home sales prices remained relatively steady at \$162,600. The average existing home sales price decreased by \$7,225, or 4 percent, to \$155,600 in 2009 but recovered in 2010, increasing

by \$4,525, or 3 percent, to \$160,200. Since 2005, condominiums have represented between 10 and 13 percent of all existing home sales, annually.

Foreclosures have not significantly affected existing home prices within the submarket. As of June 2013, 5.7 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 6.9 percent during June 2012 (LPS Applied Analytics). By comparison, 6.3 percent of all home loans nationally were similarly distressed.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased in the Greensboro-High Point submarket during the past year. During the 12 months ending June 2013, the number of single-family homes permitted increased by 290, or 27 percent, from the previous 12 months, to 1,350 homes permitted (preliminary data). By comparison, single-family construction peaked in 2005 at 5,225 homes permitted, then declined by an average of 690 homes, or 22 percent, a year from 2006 through 2011 (Figure 8). This decline in construction was caused by decreased population growth, increased unemployment, and tightened lending standards. Single-family permitting reached a low of 1,050 in 2011 but increased by 130, or 12 percent, in 2012. In addition to the number of single-family homes permitted, from 2000 through 2009, approximately 10 percent of the multifamily units permitted in the submarket were intended for owner occupancy, but no significant condominium construction has taken place since 2010.

Figure 8. Single-Family Homes Permitted in the Greensboro-High Point Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Greensboro-High Point Submarket *Continued*

Despite the long-term decline in single-family construction, some subdivision development is still occurring. The Reserve at Rock Creek, a subdivision in Whitsett, a town east of Greensboro, has been, to date, the site of approximately 30 new home sales during 2013, at prices between \$120,000 and \$160,000. Development is starting

on an additional 50 lots that will have homes priced between \$150,000 and \$190,000. In 2012, 650 new homes sold in the submarket at an average price of \$201,200, whereas in 2011, 750 new homes sold at an average price of \$189,600 (Metrostudy, A Hanley Wood Company). New home sales are expected to increase during the 3-year forecast period as the stock of vacant home declines.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Greensboro-High Point Submarket, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
80,000	99,999	380	6.0
100,000	149,999	1,900	30.0
150,000	199,999	1,525	24.0
200,000	249,999	1,075	17.0
250,000	299,999	570	9.0
300,000	349,999	320	5.0
350,000	399,999	190	3.0
400,000	and higher	380	6.0

Note: The 510 homes currently under construction and a portion of the estimated 12,700 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

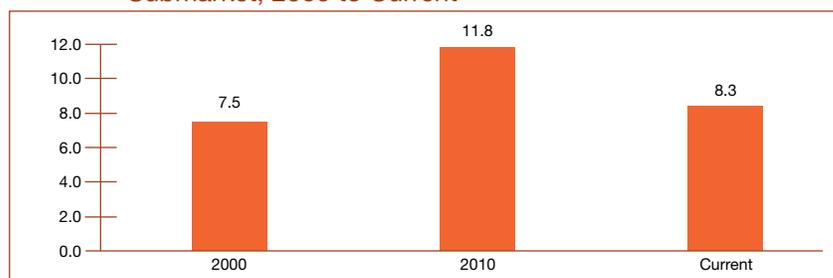
During the 3-year forecast period, demand is expected for 6,350 new homes in the submarket, with increased demand in the second and third years (Table 1). The 510 homes currently under construction and a portion of the 12,700 other vacant units in the submarket that may reenter the market will satisfy some of the demand. Demand is expected to be greatest in the \$100,000-to-\$200,000 price range (Table 4).

Rental Market—Greensboro-High Point Submarket

Rental housing market conditions in the Greensboro-High Point submarket are currently soft, with an estimated vacancy rate of 8.3 percent, down from 11.8 percent in 2010 (Figure 9). Conditions improved rapidly in 2010 and 2011 because a weak economy and stricter lending requirements contributed to a decreased homeownership rate and an increased demand for rental housing. The vacancy rate decreased

at a lower rate in 2012 and 2013 when several new apartment developments were completed. Approximately 53 percent of all renter households in the submarket are in apartments, which have a lower vacancy rate than the overall rental market. The apartment vacancy rate in the submarket was 6.1 percent during the second quarter of 2013, down from 6.9 percent during the second quarter of 2012 (Reis, Inc.). During the same period, the average asking rent increased 1 percent, to \$710. Vacancy rates were lowest in the southwest Greensboro area, at 5.8 percent, and highest in the northwest Greensboro area, at 6.3 percent. The average asking rents for one-, two-, and three-bedroom units averaged \$596, \$696, and \$965, respectively (Real Data).

Figure 9. Rental Vacancy Rates in the Greensboro-High Point Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market—Greensboro-High Point Submarket *Continued*

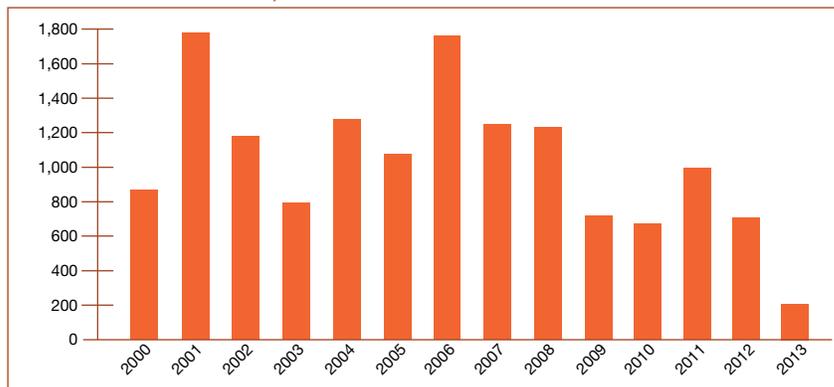
Multifamily construction activity, as measured by the number of units permitted, decreased during the past year as occupancy and rent growth diminished. During the 12 months ending June 2013, approximately 340 units were permitted, a decline of 790 units, or 70 percent, compared with the number permitted during the previous 12-month period (preliminary data). Multifamily construction peaked in 2006, when 1,750 units were permitted, then declined by an annual average of 270 units, or 21 percent, from 2007 through 2010 because of sharp decreases in condominium construction and access to credit (Figure 10).

Approximately 30 percent of all multifamily units constructed from 2003 through 2005 were intended for owner occupancy, but only 5 percent of multifamily units built from 2006 through 2009 were condominiums. In 2011, construction increased by 370 multifamily units, or 65 percent, to 940 units permitted. The resurgence of multifamily construction was caused by developers seeking to take advantage of increased rental demand and rents.

Despite the recent decrease in multifamily construction, several apartment properties comprising 500 total units are under construction in the Greensboro-High Point submarket. Approximately 200 apartment units are currently under construction at a second phase of The Gardens at Anthony House, south of Greensboro. Rents are expected to start at \$735 for one-bedroom units and \$835 for two-bedroom units. The first units of the new phase will open in August 2013. Hawthorne at Bridford, west of Greensboro, has 96 units under construction. Rents for these apartments start at \$830 for one-bedroom units, \$1,035 for two-bedroom units, and \$1,235 for three-bedroom units. All the apartments under construction at Hawthorne at Bridford are expected to open in the fourth quarter of 2013 or the first quarter of 2014.

During the next 3 years, demand is expected for 1,775 new market-rate rental units in the submarket. The 500 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows the forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 10. Multifamily Units Permitted in the Greensboro-High Point Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Greensboro-High Point Submarket, July 1, 2013, to July 1, 2016

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
675 to 874	270	750 to 949	440	975 to 1,174	160
875 to 1,074	130	950 to 1,149	270	1,175 to 1,374	110
1,075 to 1,274	90	1,150 to 1,349	130	1,375 to 1,574	70
1,275 to 1,474	30	1,350 to 1,549	35	1,575 or more	20
1,475 or more	10	1,550 or more	10		
Total	530	Total	890	Total	360

Notes: Numbers may not add to totals because of rounding. The 500 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

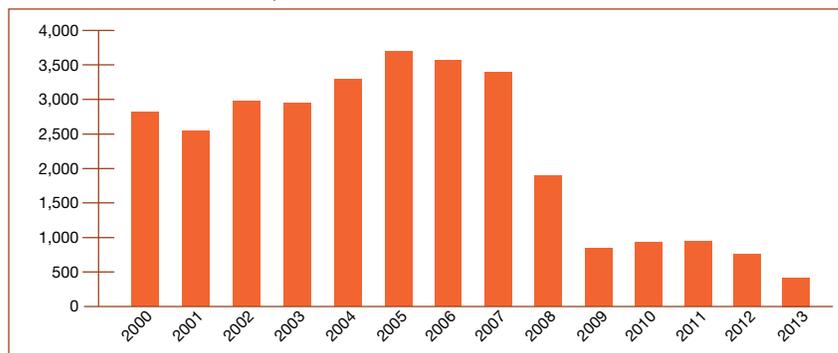
Sales Market—Winston-Salem Submarket

The home sales market in the Winston-Salem submarket is currently soft, with an estimated vacancy rate of 2.7 percent, down from 2.9 percent in 2010. As in the Greensboro-High Point submarket, the sales market in the Winston-Salem submarket tightened because of increased demand resulting from household growth outpacing the number of homes available for sale, improved access to home loans, and the purchase and conversion of previously owner-occupied homes into rental properties by investment groups. During the 12 months ending June 2013, the number of existing home sales totaled 5,250, an increase of 1,100 homes, or 26 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company). Existing home sales totaled 7,800 in 2005, then declined by an average of 760 homes, or 12 percent, annually from 2006 through 2010. Although home sales declined significantly from the peak years, average home sales prices remained stable relative to the nation. The average existing home sales price was \$160,400 during the 12 months ending June 2013, down \$1,825, or more than 1 percent, from the 12

months ending June 2012. By comparison, the average existing home sales price reached \$161,700 in 2007 but then fell in 2008 and 2009 by an average of \$4,450, or nearly 3 percent, annually. In 2010 and 2011, the average existing home sales price increased by an average of \$5,650, or nearly 4 percent, annually as households re-entered the sales housing market and demand increased. The Winston-Salem submarket records fewer condominium sales than the Greensboro-High Point submarket; during the 12 months ending June 2013, condominiums comprised only 7 percent of all existing home sales. The Winston-Salem submarket has a low rate of distressed loans; 5.5 percent of home loans in June 2013 were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 6.7 percent during June 2012.

Single-family construction, as measured by the number of homes permitted, remained relatively steady during the 12 months ending June 2013, when 730 single-family homes were permitted, a decrease of 50 homes, or 6 percent, from the previous 12 months (preliminary data). Single-family homebuilding averaged 3,200 homes annually from 2001 through 2007, peaking at 3,700 in 2005 (Figure 11). Permitting levels decreased sharply, with average declines of 1,275 permits, or 50 percent, during 2008 and 2009. As in the Greensboro-High Point submarket, condominium construction has nearly disappeared since 2010 in the Winston-Salem submarket. From 2000 through 2009, condominiums comprised about 10 percent of all multifamily units built.

Figure 11. Single-Family Homes Permitted in the Winston-Salem Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Winston-Salem Submarket *Continued*

Most new home development in the Winston-Salem submarket occurs on the outskirts of the city of Winston-Salem and in the neighboring communities of Clemmons, Kernersville, and Pfaffville. Old Salisbury Place, a new subdivision in south Winston-Salem, offers three- and four-bedroom homes priced between \$130,000 and \$150,000. In 2012, 480 new homes

were sold in the submarket at an average price of \$173,900 compared with the 540 new homes sold at an average price of \$176,100 in 2011 (Metrostudy, A Hanley Wood Company). New home sales are expected to increase during the 3-year forecast period as the stock of vacant home declines.

During the 3-year forecast period, demand is expected for 3,700 new homes in the submarket (Table 1). The 280 homes currently under construction and a portion of the 9,450 other vacant units in the submarket that may reenter the market will satisfy some of the forecast demand. Table 6 illustrates the estimated demand for market-rate new sales housing in the submarket by price range. As the economy slowly improves, demand is expected to increase during the second and third years of the forecast period.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Winston-Salem Submarket, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
80,000	99,999	300	8.0
100,000	149,999	1,225	33.0
150,000	199,999	1,100	30.0
200,000	249,999	370	10.0
250,000	299,999	260	7.0
300,000	349,999	150	4.0
350,000	399,999	75	2.0
400,000	and higher	220	6.0

Note: The 280 homes currently under construction and a portion of the estimated 9,450 other vacant units in the submarket will likely satisfy some of the forecast demand.

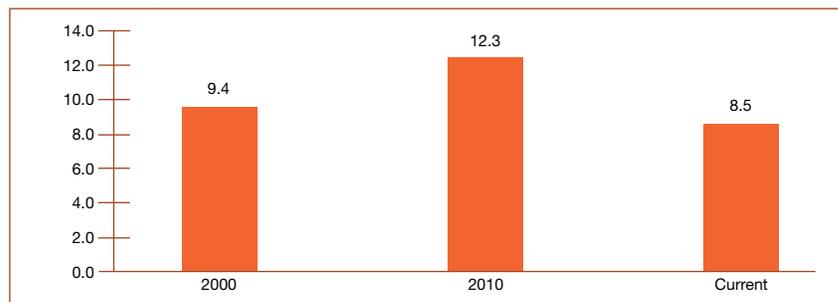
Source: Estimates by analyst

Rental Market—Winston-Salem Submarket

The overall rental housing market in the Winston-Salem submarket is soft but improving, with a current estimated vacancy rate of 8.5 percent, down from 12.3 percent in 2010 (Figure 12). Conditions have improved at a similar rate as in the Greensboro-High Point submarket; the Winston-Salem submarket has a higher estimated rental

vacancy rate in single-family and mobile homes, however, which together comprise approximately 46 percent of the rental market. Although the overall rental market is soft, the apartment market is balanced. During the second quarter of 2013, the apartment vacancy rate in the submarket was 6.0 percent, down from 6.4 percent during the second quarter of 2012 (Reis, Inc.). During the same period, the average asking rent increased 1 percent, to \$647. Vacancy rates were lowest in the southeast area of the submarket, at 4.6 percent, and highest in the northern area of the submarket, at 7.4 percent. The average asking rents for one-, two-, and three-bedroom apartments were \$580, \$650, and \$840, respectively (Real Data). Winston Factory Lofts, a converted

Figure 12. Rental Vacancy Rates in the Winston-Salem Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market—Winston-Salem Submarket *Continued*

historic factory in downtown Winston-Salem, opened in April 2013 with rents starting at \$875 for a one-bedroom unit and \$1,245 for a two-bedroom unit.

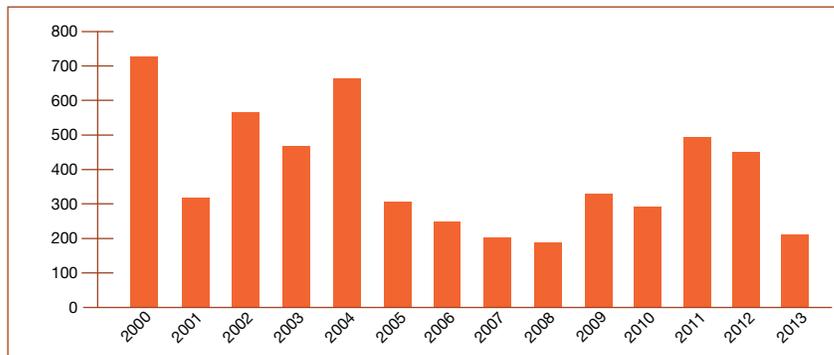
Multifamily building activity, as measured by the number of units permitted, decreased during the past year. During the 12 months ending June 2013, approximately 210 multifamily units were permitted, down 650 units from the 12 months ending June 2012 (preliminary data). By comparison, multifamily construction averaged 210 units annually from 2005 through 2008 before increasing to average 360 units annually from 2009 through 2011

(Figure 13). As in the Greensboro-High Point submarket, apartment construction in the Winston-Salem submarket increased in 2011 and 2012 as developers reacted to increasing occupancy and rents among new and existing properties.

Several apartment properties comprising 500 total units are under construction in the submarket. The Lofts at Little Creek, a 197-unit development near the interchange of Interstates 40 and 408, is expected to open in August 2013 with rents starting at \$915 for a one-bedroom apartment and \$1,125 for a two-bedroom apartment. The Housing Authority of Winston-Salem is constructing the Oaks at Tenth, a 50-unit subsidized apartment community for very low-income families in central Winston-Salem that is expected to open in late 2013. In addition, Wake Forest University and Winston-Salem State University are planning to open new dormitories with 480 and 230 beds, respectively, in the fall of 2013. These dormitories will meet some rental demand among students that would otherwise be fulfilled by market-rate apartments.

During the next 3 years, demand is expected for 750 new market-rate rental units in the Winston-Salem submarket. The estimated 500 units currently under construction will meet a portion of this demand (Table 1). Table 7 shows forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 13. Multifamily Units Permitted in the Winston-Salem Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Winston-Salem Submarket, July 1, 2013, to July 1, 2016

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
675 to 874	140	750 to 949	210	950 to 1,149	75
875 to 1,074	45	950 to 1,149	95	1,150 to 1,349	45
1,075 to 1,274	35	1,150 to 1,349	55	1,350 to 1,549	25
1,275 or more	10	1,350 or more	20	1,550 or more	10
Total	230	Total	380	Total	150

Notes: Numbers may not add to totals because of rounding. The 500 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Greensboro HMA,* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	554,577	549,953	559,700	-0.1	0.7
Unemployment rate	3.5%	10.9%	9.4%		
Nonfarm payroll jobs	577,900	539,900	548,400	-0.7	0.6
Total population	1,065,391	1,201,518	1,232,000	1.2	0.8
Total households	426,000	483,004	496,900	1.3	0.9
Owner households	290,499	317,314	314,500	0.9	-0.3
Percent owner	68.2%	65.7%	63.3%		
Renter households	135,501	165,690	182,400	2.0	3.0
Percent renter	31.8%	34.3%	36.7%		
Total housing units	458,150	537,129	544,100	1.6	0.4
Owner vacancy rate	1.8%	2.8%	2.6%		
Rental vacancy rate	8.2%	12.0%	8.4%		
Median Family Income	\$49,300	NA	NA	NA	NA

NA = data not available.

* Greensboro—High Point—Winston-Salem HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Income is for 1999.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Greensboro-High Point Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	643,430	723,801	743,900	1.2	0.8
Total households	256,315	290,694	299,400	1.3	0.9
Owner households	171,738	186,999	185,300	0.9	-0.3
Percent owner	67.0%	64.3%	61.9%		
Renter households	84,577	103,695	114,100	2.0	3.0
Percent renter	33.0%	35.7%	38.1%		
Total housing units	275,021	322,754	327,200	1.6	0.4
Owner vacancy rate	1.7%	2.7%	2.5%		
Rental vacancy rate	7.5%	11.8%	8.3%		
Median Family Income	NA	\$58,500	\$54,500	NA	-1.8

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 2009 and 2013.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Winston-Salem Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	421,961	477,717	488,300	1.2	0.7
Total households	169,685	192,310	197,500	1.3	0.8
Owner households	118,761	130,315	129,200	0.9	-0.3
Percent owner	70.0%	67.8%	65.4%		
Rental households	50,924	61,995	68,350	2.0	3.0
Percent renter	30.0%	32.2%	34.6%		
Total housing units	183,129	214,375	217,000	1.6	0.4
Owner vacancy rate	2.0%	2.9%	2.7%		
Rental vacancy rate	9.4%	12.3%	8.5%		
Median Family Income	NA	\$59,700	\$59,500	NA	-0.1

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Median Family Incomes are for 2009 and 2013.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 7/1/2013—Analyst’s estimates
 Forecast period: 7/1/2013–7/1/2016—Analyst’s estimates

The metropolitan statistical area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and do not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are

not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Greensboro-HighPoint-Winston-SalemNC_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.