



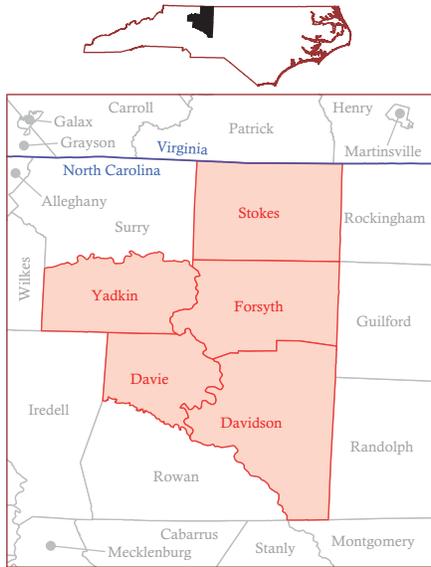
Winston-Salem, North Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2015



Summary

Housing Market Area



The Winston-Salem Housing Market Area (HMA) is coterminous with the Winston-Salem, NC Metropolitan Statistical Area and consists of Davidson, Davie, Forsyth, Stokes, and Yadkin Counties in central North Carolina. Approximately 35 percent of the population of the HMA resides in the central city of Winston-Salem. The HMA historically was one of the leading producers of tobacco and textile products but has transitioned to a service-based economy, led by the Wake Forest Baptist Medical Center.

Market Details

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Economy

The economy of the Winston-Salem HMA has improved since 2012 after the number of nonfarm payrolls declined by 20,700 jobs, or 7.9 percent, from 2008 through 2010. During the 12 months ending October 2015, nonfarm payrolls increased by 4,600 jobs, or 1.8 percent, to 256,800 while the unemployment rate decreased from 6.1 to 5.3 percent. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 3,600 jobs, or 1.4 percent, annually.

Sales Market

The sales housing market in the HMA is currently balanced, with an overall estimated sales vacancy rate of 1.7 percent, down from 2.7 percent in April 2010. During the 12 months ending September 2015, total sales of new and existing homes increased 10 percent, to 10,450 homes, and the average home sales price increased 4 percent, to \$146,500, from the preceding 12 months (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is expected for 4,200 new homes (Table 1). The 280 homes currently under construction and a portion of the 18,000 other vacant units, which may reenter the market, will satisfy some of the demand.

Rental Market

Rental housing market conditions in the HMA are currently slightly soft, with an overall vacancy rate of 8.5 percent, down from 12.5 percent in April 2010. The apartment market is balanced, with an apartment vacancy rate of 6.4 percent in the third quarter of 2015 (MPF Research). During the next 3 years, demand is expected for 1,625 new market-rate rental units (Table 1). The approximately 1,100 rental units currently under construction will satisfy a portion of that demand.

Table 1. Housing Demand in the Winston-Salem HMA During the Forecast Period

	Winston-Salem HMA	
	Sales Units	Rental Units
Total demand	4,200	1,625
Under construction	280	1,100

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2015. A portion of the estimated 18,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Economic Conditions

Textile and tobacco manufacturing were historically the primary sources of employment in the Winston-Salem HMA, but employment in these industries in the HMA has declined since the 1980s because of increased international competition and the use of labor-saving technology. From the end of 1990 (the first year manufacturing data are available) through 2010, the manufacturing sector decreased by 32,200 jobs, or 53 percent. In 2010, the manufacturing sector accounted for 12 percent of all nonfarm payrolls in the HMA, approximately 3 percentage points more than the national average. By comparison, the manufacturing sector accounted for 28 percent of nonfarm payrolls in the HMA in 1990. Several manufacturing plants closed in 2010. R.J. Reynolds Tobacco Company laid off 600 employees and another 500 employees took buyouts; Dell Inc. shut down a manufacturing plant, resulting in the loss of 900 jobs; and Hanesbrands Inc. laid off 240 employees. Manufacturing job losses continued, albeit at a lower rate, from 2011 through 2012, when the sector declined by an average of 300 jobs, or 0.9 percent, because of further job losses in the textile and tobacco manufacturing industries. During 2013 and 2014, the manufacturing sector began to grow, increasing by an average of 900 jobs, or 2.9 percent, annually because Ashley Furniture Industries, Inc., created 900 jobs at a new manufacturing plant in the city of Advance, United Furniture Industries added 200 jobs at a new furniture production and distribution center, and R.J. Reynolds hired 200 employees to start production of vapor cigarettes. Manufacturing job growth accelerated during the 12 months ending October 2015, increasing by 1,600 jobs, or 5.3 percent, to

31,600 jobs partially because a Herbalife Ltd. manufacturing plant with 500 employees opened and Ashley Furniture expanded its workforce by 300. During the next 3 years, Ashley Furniture and Herbalife plan to add another 450 and 300 jobs, respectively.

Economic conditions in the Winston-Salem HMA have improved every year since 2012 after the number of nonfarm payrolls declined by an average of 6,900, or 2.7 percent, a year from 2008 through 2010. Approximately 62 percent of the job losses during this period occurred in the goods-producing sectors. The number of nonfarm payrolls remained relatively steady in 2011 as growth in the private service-providing sectors counteracted continued job losses in the goods-producing sectors and the government sector. The economy in the HMA began to expand in 2012, adding 4,500 jobs, an increase of 1.9 percent, because of increased job growth in the service-providing sectors, primarily the professional and business services and the education and health services sectors, which expanded by 2,700 and 1,400 jobs, or 8.8 and 2.9 percent, respectively. Most of the job growth in the professional and business services sector was caused by increased employment in the employment services industry, which includes temporary help agencies (Economic Modeling Specialists International). During 2013 and 2014, economic growth continued, and nonfarm payrolls in the HMA increased by 3,600 jobs, or 1.5 percent, annually as manufacturing payrolls increased and growth slowed in the professional and business services sector. During the 12 months ending October 2015, job growth averaged 4,600, or 1.8 percent, to total 256,800 jobs because

of job gains in the manufacturing, professional and business services, and leisure and hospitality sectors (Table 2). Most of the growth in the professional and business services

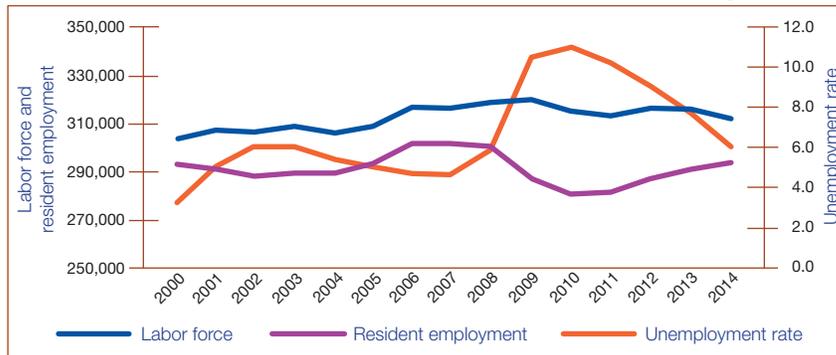
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Winston-Salem HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2014	October 2015		
Total nonfarm payroll jobs	252,200	256,800	4,600	1.8
Goods-producing sectors	38,700	40,400	1,700	4.4
Mining, logging, & construction	8,700	8,700	0	0.0
Manufacturing	30,000	31,600	1,600	5.3
Service-providing sectors	213,400	216,400	3,000	1.4
Wholesale & retail trade	36,600	36,400	-200	-0.5
Transportation & utilities	9,600	9,800	200	2.1
Information	2,200	2,300	100	4.5
Financial activities	12,800	12,800	0	0.0
Professional & business services	33,700	35,000	1,300	3.9
Education & health services	52,300	52,500	200	0.4
Leisure & hospitality	24,900	26,500	1,600	6.4
Other services	9,400	9,500	100	1.1
Government	31,900	31,700	-200	-0.6

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2014 and October 2015.

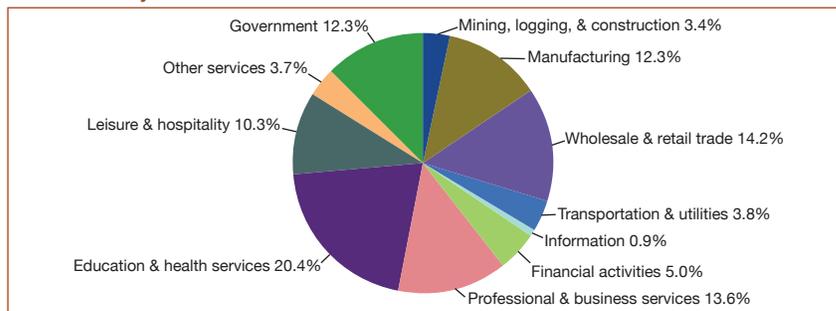
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Winston-Salem HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Winston-Salem HMA, by Sector



Note: Based on 12-month averages through October 2015.

Source: U.S. Bureau of Labor Statistics

sector was likely caused by increased employment at temporary employment agencies. Job growth has caused the unemployment rate to decline since 2011. The unemployment rate during the 12 months ending October 2015 was 5.3 percent, down from 6.1 percent during the previous 12-month period. The current unemployment rate is less than the average of 10.5 percent annually from 2009 through 2011 but remains higher than the prerecession low, which averaged 4.7 percent during 2006 and 2007. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2014.

As the manufacturing sector declined, the education and health services sector became the foundation of the economy of the Winston-Salem HMA. From 2001 through 2007, the sector grew rapidly, adding an average of 1,900 jobs, an increase of 4.8 percent, annually and surpassing manufacturing to become the largest payroll sector in the HMA (Figure 2). During this period, the largest employer in the HMA, Wake Forest Baptist Medical Center (Table 3), made several large expansions, adding over 1.1 million square feet of treatment and research space. Job growth in this sector slowed to an average of only 600 jobs, or 1.3 percent, annually from 2008 through 2009, and payrolls declined by an average of 800 jobs, or 1.5 percent, annually from 2010 through 2011 because of reduced employment at physicians' offices and home healthcare services. Job growth in the education and health services sector returned from 2012 through 2014, when the sector increased by an average of 1,200 jobs, or 2.4 percent, annually despite restructuring at Wake Forest Baptist Medical Center and Novant Health

that resulted in the loss of 825 and 150 jobs, respectively. Financial pressures resulting from demand shifting away from inpatient procedures to lower-cost outpatient procedures caused these job losses. Even with these layoffs, the percentage of jobs in the hospital industry in the HMA is proportionally twice as large as the national average. The Wake Forest Baptist Medical Center includes the Wake Forest School of Medicine and has an estimated economic impact of \$3.4 billion in Forsyth County and annual research expenditure of \$240 million (*The Impact of Wake Forest Baptist Medical Center*, 2012).

Since 2000, the Wake Forest Baptist

Medical Center has created 12 health-care startups in North Carolina. During the 12 months ending October 2015, employment in the education and health services sector increased by 200 jobs, or 0.4 percent, to 52,500 jobs. In addition to the healthcare industry, the education and health services sector includes the private universities Wake Forest University, Salem College, and Piedmont International University, with enrollments of 7,600, 950, and 520, respectively. In early 2015, Wake Forest University completed a four-building, \$90 million construction project.

The leisure and hospitality sector has been the second fastest growing sector since 2000 (Figure 3). Food service jobs account for approximately 80 percent of jobs in this sector. The leisure and hospitality sector lost an average of 400 jobs, or 1.7 percent, annually from 2009 through 2010 because declining economic conditions caused consumers to reduce discretionary spending. As the number of nonfarm payrolls in the HMA increased and the unemployment rate decreased, this trend

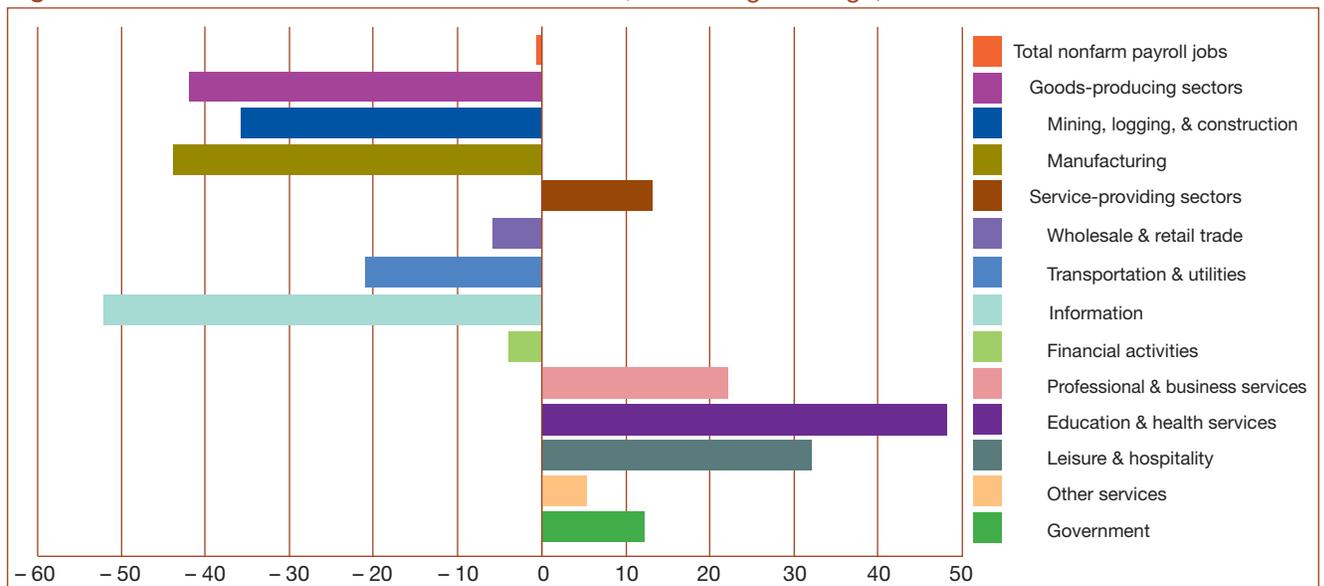
Table 3. Major Employers in the Winston-Salem HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wake Forest Baptist Medical Center	Education & health services	12,873
Novant Health	Education & health services	8,145
Reynolds American, Inc.	Manufacturing	3,000
Wells Fargo & Co.	Financial activities	2,800
Wake Forest University	Education & health services	2,520
Hanesbrands Inc.	Manufacturing	2,251
BB&T Corporation	Financial activities	2,200
Lowes Foods	Wholesale & retail trade	1,500
Ashley Furniture Industries, Inc.	Manufacturing	1,200
Winston-Salem State University	Government	1,200

Note: Excludes local school districts and local governments.

Source: Winston-Salem Business Inc., with adjustments by the analyst

Figure 3. Sector Growth in the Winston-Salem HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through October 2015.

Source: U.S. Bureau of Labor Statistics

reversed, and the number of leisure and hospitality jobs grew by an average of 400, or 1.7 percent, annually from 2011 through 2014. During the 12 months ending October 2015, growth in this sector accelerated to 1,600 jobs, or 6.4 percent, to 26,500 jobs, the highest growth of all service-providing sectors. Contributing to this job growth was the expansion of the Zaxby's chain of restaurants into the HMA,

which resulted in four new restaurants and the creation of 200 jobs in 2015.

During the 3-year forecast period, non-farm payrolls are expected to increase at a fairly constant rate, averaging an increase of 3,600 jobs, or 1.4 percent, annually. Job growth is expected to be broad based and occur in the manufacturing sector and the service-providing sectors such as professional and business services and leisure and hospitality.

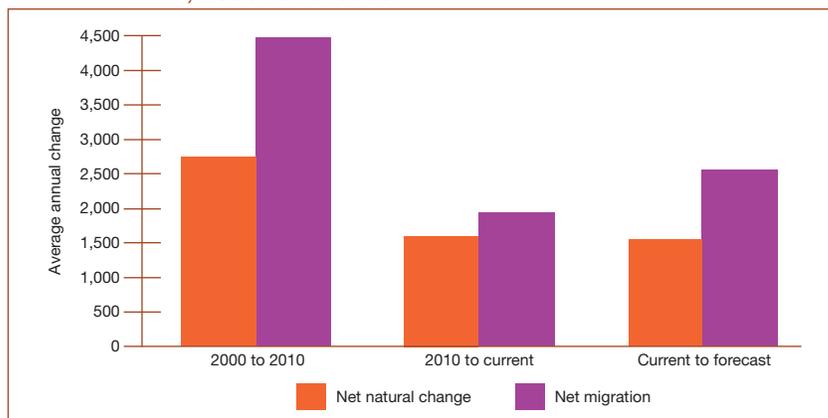
Population and Households

As of November 1, 2015, the estimated population of the Winston-Salem HMA is 660,000, an average annual increase of approximately 3,475, or 0.5 percent, from April 1, 2010. (Table DP-1 at the end of this report provides information on population growth in the HMA from 2000 to the current date.) Approximately 55 percent of the population in the HMA lives in Forsyth County, which includes the city of Winston-Salem. Population growth in the HMA peaked from 2004 to 2008 at an average

of 9,350 people, or 1.5 percent, annually because of job growth from 2005 through 2007 (U.S. Census Bureau estimates as of July 1). Net in-migration accounted for approximately 71 percent of the population growth during this period. Population growth dropped sharply to 5,500 people, or 0.9 percent, annually from 2008 to 2009 and to 3,675 people, or 0.6 percent, annually from 2009 to 2010, corresponding with job losses in the local economy. Despite improving economic conditions, population growth has risen only slightly, increasing from annual growth of 3,150 people, or 0.5 percent, from 2010 to 2012 to annual growth of 3,700 people, or 0.6 percent, from 2012 to the current date. The slow increase in population growth during these two periods is in part because the average rate of net natural change (resident births minus resident deaths) declined from 1,700 to 1,425 people a year.

Decreasing net in-migration, which has averaged 1,925 people annually since 2010 (Figure 4), accounted for more than three-fourths of the decline in population growth from the peak

Figure 4. Components of Population Change in the Winston-Salem HMA, 2000 to Forecast



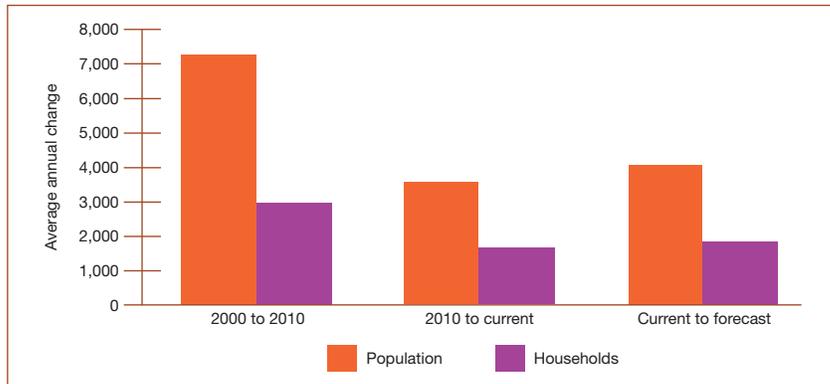
Notes: The current date is November 1, 2015. The forecast date is November 1, 2018.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

years of 2004 through 2008 to 2010 through 2015. Even from 2011 to 2012, the year of lowest population growth, however, net in-migration accounted for nearly one-half of all population growth. Forsyth County has accounted for more than 90 percent of population growth and net in-migration in the HMA since 2010. Approximately one-half of all net in-migration in the HMA since 2010 has been domestic in origin, and the other one-half is international in origin. International in-migration has been steadier than domestic in-migration and accounts for all net in-migration

to Davie, Davidson, Stokes, and Yadkin Counties. Although the Hispanic population accounts for about 10 percent of the HMA's population, approximately 40 percent of all population growth since 2010 has consisted of Hispanic people. The population of the HMA is expected to increase at an average annual rate of 4,025, or 0.6 percent, during the 3-year forecast period as economic conditions continue to strengthen (Figure 5).

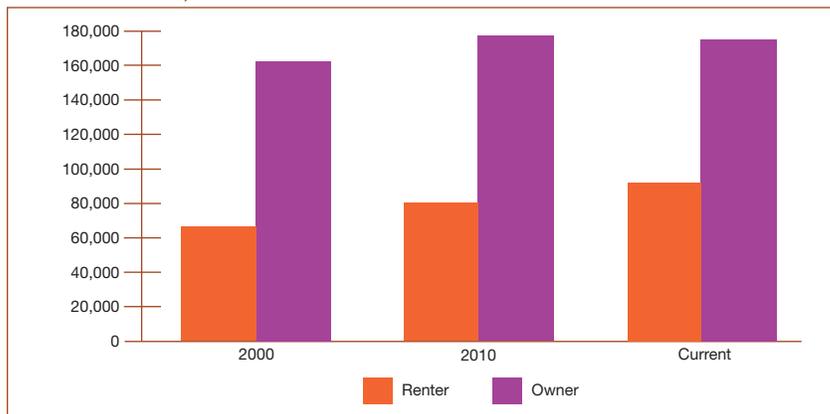
The HMA is home to an estimated 265,650 households, an increase of 1,575 households, or 0.6 percent, annually since 2010. By comparison, household growth averaged 2,900, or 1.2 percent, annually, from 2000 to 2010. Since 2010, population growth has been responsible for approximately 92 percent of all household growth, with increased rates of household formation responsible for the remaining 8 percent. By comparison, all household growth from 2000 to 2010 was caused by population growth. The homeownership rate is currently estimated at 66.0 percent, down from 69.0 percent in 2010 due the weak economy, high numbers of foreclosures, and a tight credit market during the first years of the decade. Renter households accounted for approximately 47 percent of household growth from 2000 to 2010 and have accounted for all the household growth since 2010, because the number of owner households has declined during the period (Figure 6). The number of households in the HMA is expected to grow by 1,775, or 0.7 percent, annually during the next 3 years, to 271,000 households, with renter households expected to account for approximately 90 percent of new households.

Figure 5. Population and Household Growth in the Winston-Salem HMA, 2000 to Forecast



Notes: The current date is November 1, 2015. The forecast date is November 1, 2018.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Winston-Salem HMA, 2000 to Current



Note: The current date is November 1, 2015.
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Winston-Salem HMA is currently balanced, with an overall estimated sales vacancy rate of 1.7 percent, down from 2.7 percent in April 2010. Since 2012, home sales have increased faster than available homes have come on the market, lowering the sales vacancy rate and creating upward pressure on home prices. As of September 2015, the HMA had 4.0 months of unsold, available inventory, down from 5.5 months in September 2014, while in the same period the number of active residential listings declined from 3,925 to 3,100 (Yahoo!-Zillow Real Estate Network). By comparison, the HMA had 5,500 listings and 19.7 months of inventory in September 2010.

The number of existing home sales (including single-family homes, townhomes, and condominiums) has increased every year since 2012, causing the available inventory to decline and the sales vacancy rate to decrease. An average of 12,650 existing homes sold annually from 2004 through 2007, when economic conditions were strong. Existing home sales declined by 26 percent a year during 2008 and 2009 to an average of 6,275 from 2009 through 2011 because of poor economic conditions and stricter lending standards. As the number of homes sold decreased, the percentage of home sales that were distressed (real estate owned [REO] and short sales) increased substantially. Whereas 3 percent of all existing homes sold in 2005 were distressed, by 2011, this percentage had increased to 21 percent. The home sales market began to recover in 2012 because of the return of substantial job growth. Total sales of existing homes increased by an average of 1,125, or 17 percent, in 2012

and 2013 before slowing to an increase of 290 sales, or 3 percent, in 2014. The decline in the growth rate of existing home sales in 2014 was partially caused by the number of distressed sales declining by 19 percent. During the 12 months ending September 2015, nearly 9,400 homes sold, an increase of 9 percent compared with sales during the preceding 12-month period. During the most recent 24-month period, all the increase in existing sales has come from conventional resales. As distressed sales have declined, so has the percentage of mortgage loans in the foreclosure process. As of October 2015, 3.9 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 4.2 percent in October 2014 (Black Knight Financial Services, Inc.). By comparison, 3.6 and 4.2 percent of loans in North Carolina and the nation, respectively, were seriously delinquent or in REO status during October 2015. The current percentage of seriously delinquent loans and REO properties represents a significant improvement in the sales market since January 2010, when the rate peaked at 7.4 percent.

Existing home sales prices in the HMA have remained relatively stable throughout the national housing crisis and subsequent recovery. From 2001 through 2006, existing home prices in the HMA increased by an average of 5 percent a year compared with 8 percent for the nation. During 2007, the average existing home price in the HMA peaked at \$138,900, which was 40 percent lower than the average home price for the nation. As a result of the national recession and housing

Housing Market Trends

Sales Market *Continued*

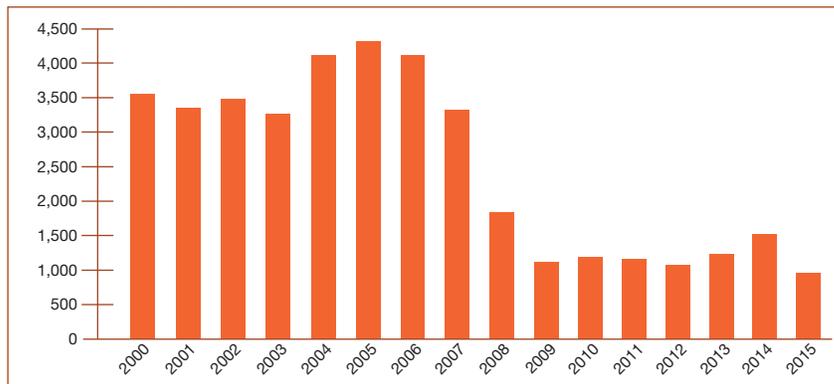
crisis, the average home sales price declined an average of 2 percent annually from 2007 through 2012, to a low of \$128,700 in 2012. Increasing numbers of lower-priced distressed sales contributed to this decline. By comparison, the average price of an existing home in the nation declined by more than twice as much during the housing downturn. The stability of home prices in the Winston-Salem HMA was caused by the relatively low price of housing and the lower rate of price increases in the first half of the 2000s. Existing home prices started to increase in 2013 as the housing market improved. During 2013 and 2014, the average existing home price increased an average of 3 percent annually. During the 12 months ending September 2015, the average sales price increased 4 percent, to \$141,400, from the previous 12-month period. The average prices of a distressed sale and conventional resale were \$106,000 and \$148,600, respectively.

The volume of new home sales has recovered at a lower rate than that of existing home sales because population growth has remained low and the number of existing homes for sale is more than usual. New home sales

peaked in 2005 and 2006, two of the years with highest population growth since 2000, when an average of 3,125 homes sold, then declined by an average of 450 homes, or 22 percent, annually from 2007 through 2011 because of the national housing crisis, subsequent recession, and decline in population growth. New home sales reached a low of 820 during 2012 and 2013 but increased 12 percent in 2014. During the 12 months ending September 2015, 1,050 new homes sold, an increase of 14 percent from the previous 12-month period. The average new home price peaked in 2007 and 2008 at \$204,000 then declined an average of 4 percent annually from 2009 through 2012, to a low of \$173,600 in 2012. New home prices increased an average of 5 percent in 2013 and 2014. During the 12 months ending September 2015, the average new home sales price was \$190,600, essentially unchanged from the previous 12 months.

Improved sales market conditions have contributed to increased single-family home construction activity, as measured by the number of single-family homes permitted, since permitting bottomed out in 2012 (Figure 7). Single-family homebuilding peaked from 2004 through 2006 at an average of 4,200 homes permitted annually, then declined by an average of 1,000 homes, or 36 percent, annually from 2007 through 2009 because of decreasing new home sales. Single-family home construction was consistently low from 2009 through 2012, averaging 1,100 homes annually, but increased by an average of 220 homes, or 19 percent, during 2013 and 2014 because of strengthening economic conditions and

Figure 7. Single-Family Homes Permitted in the Winston-Salem HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2015.

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

Housing Market Trends
Sales Market *Continued*

increased household growth. During the 12 months ending October 2015, single-family home construction continued to increase, with approximately 1,075 homes permitted, an increase of 70 homes, or 7 percent, from previous 12 months (preliminary data). Most new home construction is occurring in subdivisions in Forsyth County. Old Towne Village in the city of Pfafftown, north of the city of Winston-Salem, is a partially completed 137-site subdivision with three-bedroom homes priced between \$100,000 and \$140,000.

During the 3-year forecast period, demand is expected for an estimated 4,200 new homes in the HMA, with increasing demand during the second and third years of the forecast period (Table 1). The 280 homes currently under construction and a portion of the 18,000 other vacant units that may reenter the sales market will satisfy some of the demand. Demand is expected to be greatest in the \$100,000-to-\$199,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Winston-Salem HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,250	30.0
150,000	199,999	1,250	30.0
200,000	249,999	630	15.0
250,000	299,999	420	10.0
300,000	349,999	210	5.0
350,000	449,999	210	5.0
450,000	and higher	210	5.0

Notes: The 280 homes currently under construction and a portion of the estimated 18,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

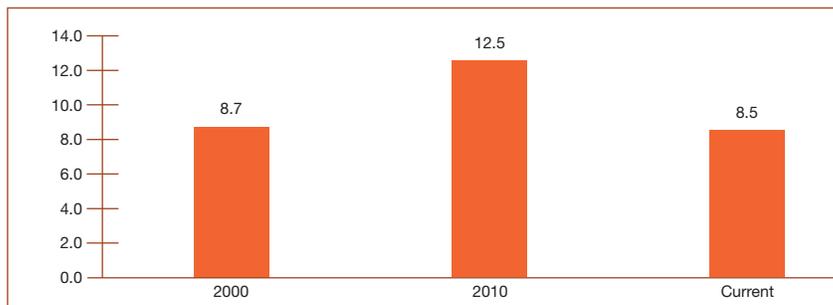
Rental Market

Rental housing market conditions in the Winston-Salem HMA are currently slightly soft, with an overall estimated vacancy rate of 8.5 percent, down from 12.5 percent in April 2010 (Figure 8). The rental market has improved since

2010 because of strengthening economic conditions and stricter lending requirements contributing to a decreased homeownership rate and an increased demand for rental housing.

Although the rental market remains somewhat soft, the apartment market is balanced. The apartment market has tightened since 2010 despite increasing apartment construction because of an increased preference for renting. The apartment vacancy rate in the HMA was 6.4 percent during the third quarter of 2015, down from 6.7 percent during the third quarter of 2014 (MPF Research). By comparison, the apartment vacancy rate was 9.3 percent

Figure 8. Rental Vacancy Rates in the Winston-Salem HMA, 2000 to Current



Note: The current date is November 1, 2015.

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

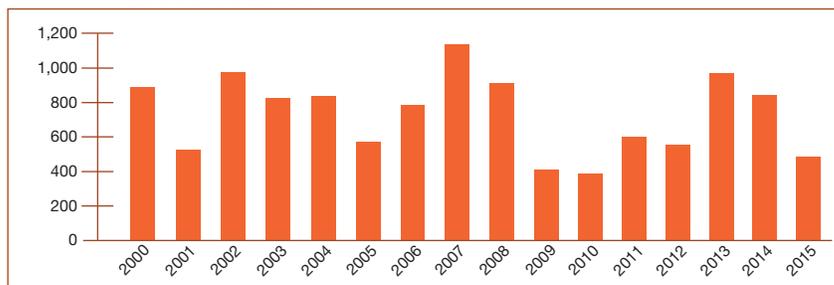
during the second quarter of 2010. During the third quarter of 2015, the average asking rent increased 2 percent from the same quarter a year ago, to \$668. The average rents in the HMA were \$601, \$680, and \$839 for one-, two-, and three-bedroom apartments, respectively, during the third quarter of 2015. Rent growth has been slow but steady since 2010, with rents increasing on an annualized basis during four of the five third quarters at an average annual rate of 2 percent. By comparison, both the nation and the MPF Research-defined Southern Region have averaged annual rent increases of 4 percent during the same time period. The HMA apartment market was able to absorb increased levels of apartment construction during 2013 and 2014 without adversely affecting rents at existing properties. Apartments make up approximately 50 percent of renter-occupied units in the HMA, single-family homes and townhomes make up approximately 42 percent, and mobile homes comprise the remaining 8 percent.

Multifamily building activity, as measured by the number of units permitted, was low from 2009 through 2012 but recovered during 2013 and 2014 as developers responded to improving economic conditions and increased demand for apartments (Figure 9). An average of 830 multifamily units

were permitted annually from 2000 through 2008, but only 490 multifamily units were permitted annually from 2009 through 2012 because poor economic conditions led to high apartment vacancy rates. Multifamily construction increased to an average of 900 units during 2013 and 2014 because increased demand for rental units led to lower vacancy rates at existing properties. During the 12 months ending October 2015, approximately 470 multifamily units were permitted, down 90 units, or 16 percent, from the previous 12 months (preliminary data). From 2000 through 2009, nearly 19 percent of all multifamily units permitted were intended for owner occupancy, but condominium construction has been almost nonexistent since 2010.

An estimated 1,100 multifamily units are currently under construction in the Winston-Salem HMA. Most of the apartment properties under construction are garden style, market-rate properties in and around the city of Winston-Salem. Phase II of Stafford Place Luxury Apartments in southern Winston-Salem is currently under construction, with 152 units expected to be complete in early 2016 with rents for one-, two-, and three-bedroom units starting at \$709, \$889, and \$1,140, respectively. Another trend in apartment construction is the conversion of historic industrial and commercial buildings into luxury apartments. Most of these conversions are in downtown Winston-Salem and have high rents relative to conventional apartment properties. Plant 64, a 243-unit conversion of a former tobacco plant, opened in early 2015. One-, two-, and three-bedroom units start at \$890, \$1,310, and \$1,595, respectively. Affordable and subsidized rental housing is also being constructed in the HMA.

Figure 9. Multifamily Units Permitted in the Winston-Salem HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2015.

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

Abbington Gardens, a 96-unit apartment property in northwest Winston-Salem, is expected to be complete in 2016. This property will offer two-, three-, and four-bedroom apartment units for families earning up to 60 percent of the Area Median Income.

During the next 3 years, demand is expected for 1,625 new market-rate

rental units in the HMA, with constant demand across all 3 years of the forecast period (Table 1). The 1,100 units currently under construction will meet a portion of this demand. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Winston-Salem HMA During the Forecast Period

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
700 to 899	220	800 to 999	410	950 to 1,149	110
900 to 1,099	170	1,000 to 1,199	240	1,150 to 1,349	110
1,100 to 1,299	75	1,200 to 1,399	120	1,350 to 1,549	50
1,300 or more	25	1,400 or more	40	1,550 to 1,749	15
				1,750 to 1,949	15
				1,950 or more	15
Total	490	Total	810	Total	330

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,100 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Data Profile

Table DP-1. Winston-Salem HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	293,776	280,426	299,200	-0.5	1.3
Unemployment rate	3.3%	10.9%	5.3%		
Nonfarm payroll jobs	260,700	240,500	256,800	-0.8	1.4
Total population	569,207	640,595	660,000	1.2	0.5
Total households	227,841	256,825	265,650	1.2	0.6
Owner households	161,904	177,147	175,200	0.9	-0.2
Percent owner	71.1%	69.0%	66.0%		
Renter households	65,937	79,678	90,450	1.9	2.3
Percent renter	28.9%	31.0%	34.0%		
Total housing units	245,561	287,030	295,100	1.6	0.5
Owner vacancy rate	1.8%	2.7%	1.7%		
Rental vacancy rate	8.7%	12.5%	8.5%		
Median Family Income	NA	NA	\$56,000	NA	NA

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2015. Median Family Income is for 2014. The current date is November 1, 2015.

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: 11/1/2015—Analyst’s estimates
 Forecast period: 11/1/2015–11/1/2018—
 Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in 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 huduser.gov/publications/pdf/CMARtables_WinstonSalemNC_16.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 huduser.gov/portal/ushmc/chma_archive.html.