

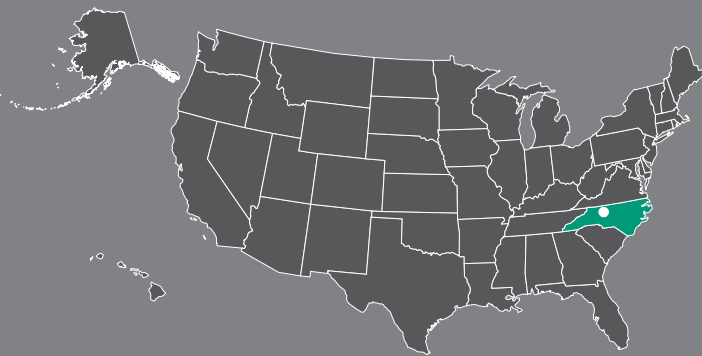
# HUD PD&R Housing Market Profiles

## Winston-Salem, North Carolina



### Quick Facts About Winston-Salem

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- The city of Winston-Salem, once known as “Camel City” because of its history in the tobacco industry, has transitioned to a center for education and health services. The downtown area is home to the Innovation Quarter, an innovation district and research park covering more than 200 acres. Development within the district is based on reusing older industrial buildings adaptively and constructing new mixed-use buildings to provide a unique environment that serves business and academic needs in the metropolitan area.



By Steve Walker | As of March 1, 2021

### Overview

The Winston-Salem Metropolitan Statistical Area (hereafter, Winston-Salem metropolitan area) is in the northwest area of North Carolina and is part of the Piedmont Triad, a 12-county region surrounding the cities of Winston-Salem, Greensboro, and High Point on the Interstate 85 (I-85) corridor between Raleigh and Charlotte. The Winston-Salem metropolitan area consists of Davidson, Davie, Forsyth, Stokes, and Yadkin Counties. The city of Winston-Salem is the second largest municipality in the Piedmont Triad and the fifth most populous city in North Carolina.

- As of March 1, 2020, the population of the Winston-Salem metropolitan area is estimated at 683,100. The population has had an average annual increase of 3,900, or 0.6 percent, since 2010.
- Population growth averaged 2,875 people, or 0.4 percent, annually from 2010 to 2013. Net in-migration accounted for an average of 1,375 people, or 48 percent of the growth, whereas net natural change accounted for 1,500 people, or 52 percent (Census Bureau population estimates as of July 1). From 2013 to 2019, population growth averaged 4,350 people, or 0.7 percent, annually. Net migration

continued on page 2



continued from page 1

accounted for an average of 3,525 people, or 81 percent of the growth, whereas net natural change accounted for an average of 825 people, or 19 percent.

- Individuals aged 60 years and older have contributed significantly to recent population growth in the Winston-Salem metropolitan area. The age cohort represented 19 percent of the population in 2010 but accounted for

24 percent of the total in 2019 (American Community Survey [ACS] 1-year data).

- Forsyth County, home to the city of Winston-Salem, accounted for 88 percent of population growth in the HMA since 2010, followed by Davidson County with 13 percent and Davie County with 5 percent. Both Stokes and Yadkin Counties had higher populations in 2010 than in 2019.

## Economy

Economic conditions in the Winston-Salem metropolitan area strengthened every year in the 2010s, and nonfarm payroll growth during 2019 began to outpace the nation but was below the state of North Carolina. Nonfarm payrolls increased by an average of 1.3 percent annually, from 2010 through 2019, surpassing the peak before the Great Recession in 2016. Economic conditions in the metropolitan area are currently weak, largely because of efforts that began in mid-March 2020 to control the spread of COVID-19. From March 2020 through April 2020, the HMA lost 37,200 jobs, or 13.7 percent, and from May 2020 through December 2020, it regained 23,300 jobs, or 70 percent of jobs lost. Nonfarm payrolls decreased to an average of 260,400 jobs during the 3 months ending February 2021, a decline of 13,200 jobs, or 4.8 percent, from the same period a year ago. By comparison, nonfarm payrolls for North Carolina and the nation decreased 3.9 and 6.0 percent, respectively, during the same period.

During the 3 months ending February 2021 —

- Nonfarm payrolls declined in 9 of 11 sectors; the transportation and utilities and the mining, logging, and construction sectors posted gains of 2,100 and 200 jobs, or 22.1 and 1.7 percent, respectively.
- The leisure and hospitality sector led job declines with a reduction of 5,300 jobs, or 18.2 percent, as hotels, restaurants, movie theaters, and sporting venues laid off employees. Some of the losses were due to layoffs at restaurants such as Dave and Buster’s, Inc. and P.F. Chang’s China Bistro, Inc., both located in Forsyth County, which cut 79 and 75 employees, respectively, in the fourth quarter of 2020 amid efforts to limit the spread of COVID-19.
- The education and health services sector, the largest job sector in the metropolitan area, declined by 2,800 jobs, or 4.8 percent.

continued on page 3

### In the Winston-Salem metropolitan area, 9 out of 11 sectors lost jobs in the 3 months ending February 2021.

	3 Months Ending		Year-Over-Year Change	
	February 2020 (Thousands)	February 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	273.6	260.4	-13.2	-4.8
Goods-Producing Sectors	45.0	44.7	-0.3	-0.7
Mining, Logging, & Construction	11.6	11.8	0.2	1.7
Manufacturing	33.4	32.9	-0.5	-1.5
Service-Providing Sectors	228.6	215.7	-12.9	-5.6
Wholesale & Retail Trade	39.0	38.0	-1.0	-2.6
Transportation & Utilities	9.5	11.6	2.1	22.1
Information	1.7	1.6	-0.1	-5.9
Financial Activities	14.1	12.9	-1.2	-8.5
Professional & Business Services	36.1	34.7	-1.4	-3.9
Education & Health Services	57.9	55.1	-2.8	-4.8
Leisure & Hospitality	29.2	23.9	-5.3	-18.2
Other Services	9.1	8.2	-0.9	-9.9
Government	32.0	29.8	-2.2	-6.9
<b>Unemployment Rate</b>	3.3%	5.8%		

Note: Numbers may not add to totals due to rounding.  
Source: U.S. Bureau of Labor Statistics

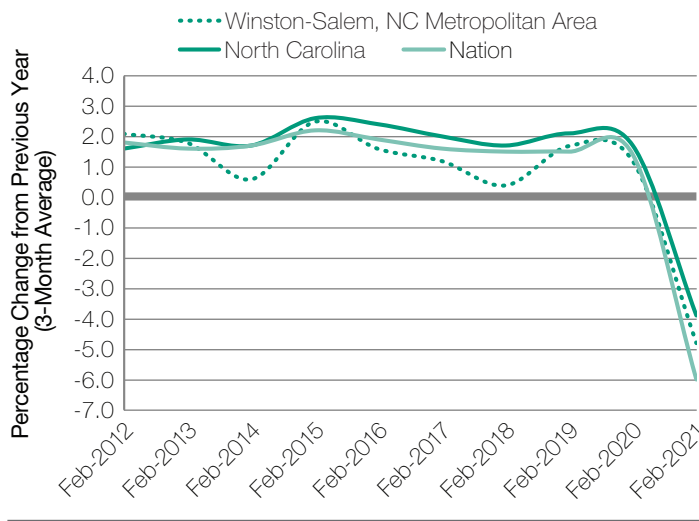


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- The unemployment rate in the metropolitan area increased to 5.8 percent from 3.3 percent a year earlier but remained lower than the 10.9-percent rate during 2010.

Job growth is expected to resume in the education and health services, the professional and business services, and the manufacturing sectors. In the first quarter of 2021, Wake Forest Baptist Medical Center announced a new \$450 million care

**In the past year, the decline in nonfarm payrolls in the Winston-Salem metropolitan area was more severe than the decline in North Carolina.**



Source: U.S. Bureau of Labor Statistics

tower that will provide operating rooms and enhanced adult intensive care units; it is expected to be complete in 2025. In February 2021, Novant Health announced plans to invest \$222 million to develop a state-of-the-art critical care tower on the Novant Health Forsyth Medical Center campus that will include 60 critical units and three intermediate beds along with an enhanced surgical suite and collocated supportive services. Truliant Federal Credit Union, a not-for-profit financial institution, is in the process of converting the former Macy’s department store in Hanes Mall in the city of Winston-Salem into an office space and will hire 550 employees when the facility opens in 2021. Wake Forest Baptist Medical Center announced plans in the first quarter of 2021 to build a child outpatient center in Forsyth County. The \$30 million investment is expected to be a multi-level building that will offer a full range of pediatric clinics and on-site lab and pharmacy services.

**Largest Employers in the Winston-Salem Metropolitan Area**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wake Forest Baptist Medical Center	Education and Health Services	10,194
Novant Health	Education and Health Services	9,896
Reynolds American Inc.	Manufacturing	3,000

Note: Excludes local school districts.  
Source: Greater Winston-Salem, Inc.

**Sales Market Conditions**

The sales housing market in the Winston-Salem metropolitan area is currently balanced, with an estimated vacancy rate of 2.2 percent, down from 2.7 percent in 2010 when the market was soft. Strong population and economic growth before the pandemic increased the demand for sales housing and contributed to the decline in the vacancy rate. As of January 2021, the rate of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the metropolitan area increased to 3.7 percent, compared with rates of 3.4 and 3.8 percent for North Carolina and the nation, respectively (CoreLogic, Inc.). The rate for the metropolitan area is up from 1.5 percent in January 2020 and below a peak of 6.4 percent in early 2010. The average sales price of an REO home in the metropolitan area was \$153,300 during the 12 months ending February 2021, a 26-percent increase from the previous 12 months, compared with \$216,400 for a regular resale, an 11-percent increase from the previous 12 months (Zonda). REO home sales prices

have risen an average of 6 percent annually from a recent low of \$92,300 during late 2011.

During the 12 months ending February 2021 —

- New home sales totaled 1,150, down 8 percent from the 1,250 sales a year ago. The average sales price for a new home was \$286,100, up 10 percent from a year earlier.
- Existing home sales totaled 9,725, down 6 percent from the 10,350 homes sold during the previous 12-month period.
- The average sales price for an existing home was \$214,600, an increase of 12 percent from \$192,000 a year earlier. The current existing home sales price is 49 percent higher than the recent low in early 2010 of \$144,500.
- REO sales accounted for 3 percent of existing home sales, down from 4 percent a year earlier and from a peak of 32 percent in 2011.

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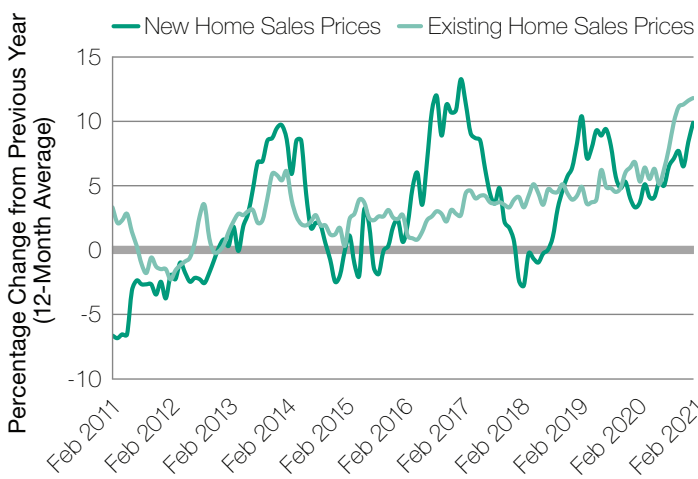


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New home construction, as measured by the number of single-family homes permitted, has generally risen each year from 2012 through 2019 in response to higher demand and fewer existing homes for sale. During that period, the demand of for-sale housing rose partly because of declining home mortgage interest rates.

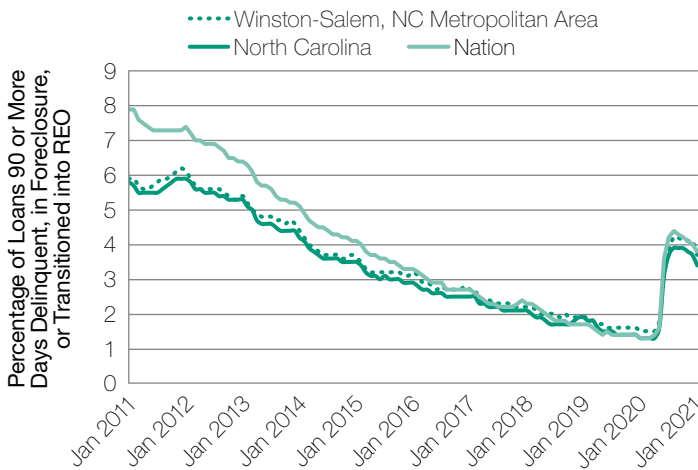
- During the 12 months ending February 2021, 2,600 single-family homes were permitted, up 4 percent from the 2,500 homes permitted during the 12 months ending February 2020 (preliminary data).

**Price growth for both new and existing homes in the Winston-Salem metropolitan area accelerated during the past year.**



Note: Prices are for single-family homes, townhomes, and condominiums. Source: Zonda

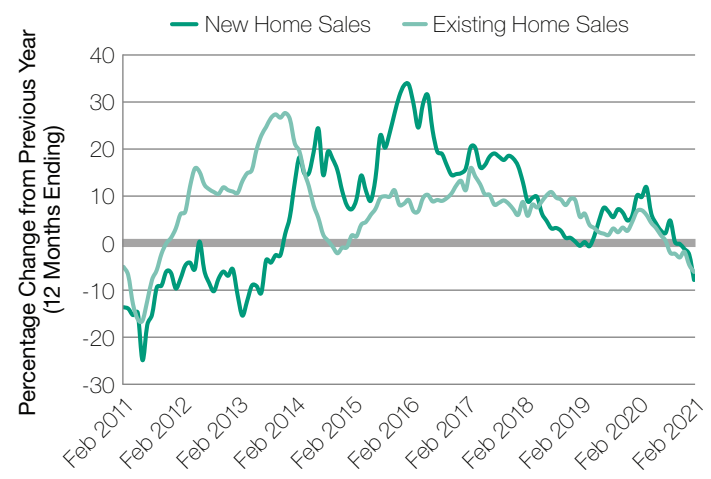
**The rate of seriously delinquent mortgages and REO properties has increased in the Winston-Salem metropolitan area during the past 12 months.**



REO = real estate owned. Source: CoreLogic, Inc.

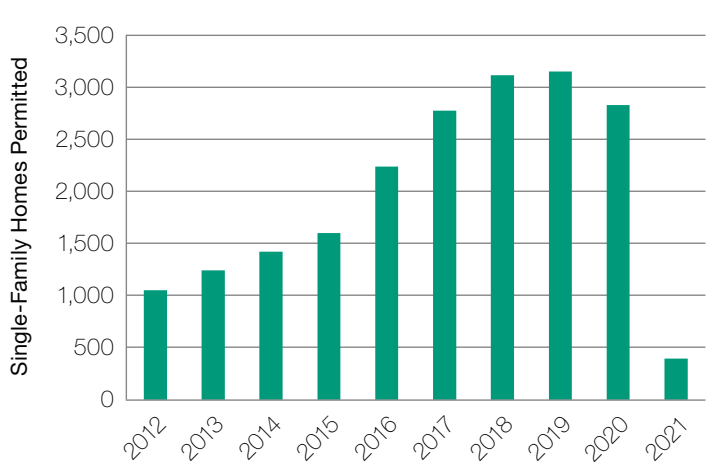
- Single-family home construction activity averaged 1,325 homes annually from 2012 through 2015 and increased to an average of 2,825 homes annually from 2016 through 2020.
- Meredith Woods is a single-family development under construction 10 miles from downtown Winston-Salem near U.S. Highway 52 in Forsyth County. Currently, there are 70 new homesites available in the development with prices starting at \$198,000; floorplans have three- to four-bedrooms ranging from 1,350 to 2,200 square feet.

**Home sales in the Winston-Salem metropolitan area have trended lower since late 2020.**



Note: Sales are for single-family homes, townhomes, and condominiums. Source: Zonda

**The number of single-family homes permitted increased each year from 2012 through 2019 in the Winston-Salem metropolitan area.**



Note: Includes preliminary data from January 2020 through February 2021. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst



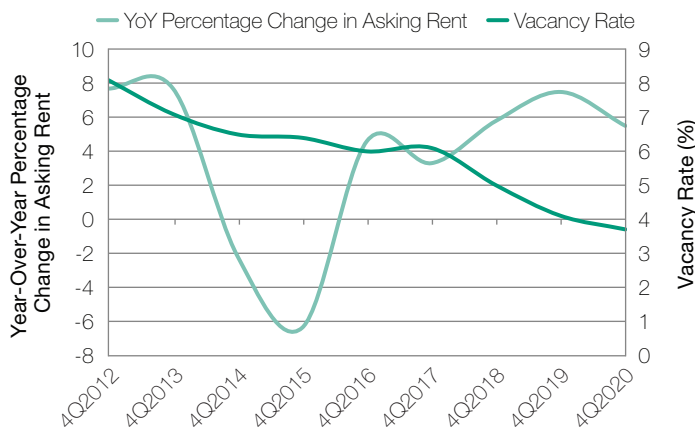
## Rental Market Conditions

Overall rental housing market conditions are currently balanced in the Winston-Salem metropolitan area, with an estimated 7.1-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this rate is down from a 12.5-percent vacancy rate in 2010 when market conditions were soft. Approximately 38 percent of renter households in the metropolitan area live in single-family homes, 10 percent live in buildings with two to four units, 40 percent live in multifamily buildings with five or more units—typically apartments—and the remaining 12 percent live in other housing structures including mobile homes (2019 ACS 1-year estimates).

During the fourth quarter of 2020—

- The apartment market in the Winston-Salem metropolitan area was balanced, with a vacancy rate of 3.7 percent, down from 4.1 percent a year earlier, and above the 8.1-percent rate during the fourth quarter of 2012 (RealPage, Inc.).
- The average rent for apartments in the Winston-Salem metropolitan area was \$926, an increase of 6 percent from \$878 during the fourth quarter of 2019, after increases averaging approximately 2 percent a year from 2012 through 2018.
- By bedroom size, average rents in the Winston-Salem metropolitan area during the fourth quarter of 2020 were \$775, \$829, \$957, and \$1,134 for studio, one-, two-, and three-bedroom units, representing respective increases of 4, 4, 6, and 5 percent from a year ago.

**Rents have increased and vacancy rates have remained low since 2015 in the Winston-Salem metropolitan area.**



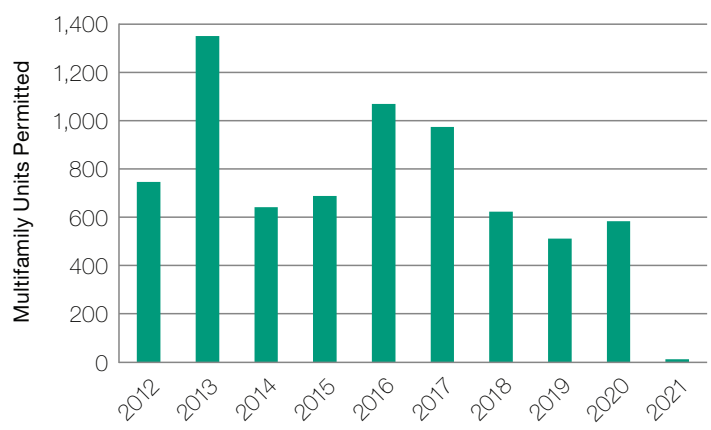
4Q = fourth quarter. YoY = year-over-year. Source: RealPage, Inc.

- The RealPage, Inc.-defined South Winston-Salem market area, which includes the cities of Kernersville and Lexington, had the lowest vacancy rate of 3.6 percent, down from 3.7 percent a year ago. During this period, the average rent was \$890, representing an increase of 2 percent from a year ago.

Multifamily construction activity, as measured by the number of units permitted, slowed from a recent peak of approximately 1,350 units permitted in 2013 to 510 units permitted in 2019.

- During the 12 months ending February 2021, 500 multifamily units were permitted in the Winston-Salem metropolitan area, down 5 percent from 525 units permitted during the 12 months ending February 2020.
- An average of 910 homes were permitted each year from 2012 through 2017, higher than the average of 570 homes permitted each year from 2018 through 2020.
- An estimated 840 units are currently under construction in the metropolitan area; approximately 90 percent of these units are in the city of Winston-Salem.
- The Link Apartments Innovation Quarter is a 340-unit multifamily development in downtown Winston-Salem. Completed in the first quarter of 2020, asking rents for one-, two-, and three-bedroom apartment units start at \$1,040, \$1,150, and \$1,500, respectively.

**Multifamily construction in the Winston-Salem metropolitan area increased in 2020 after 3 years of declining activity.**



Note: Includes preliminary data from January 2020 through February 2021. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

