



COMPREHENSIVE HOUSING MARKET ANALYSIS

Winston-Salem, North Carolina

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of June 1, 2024



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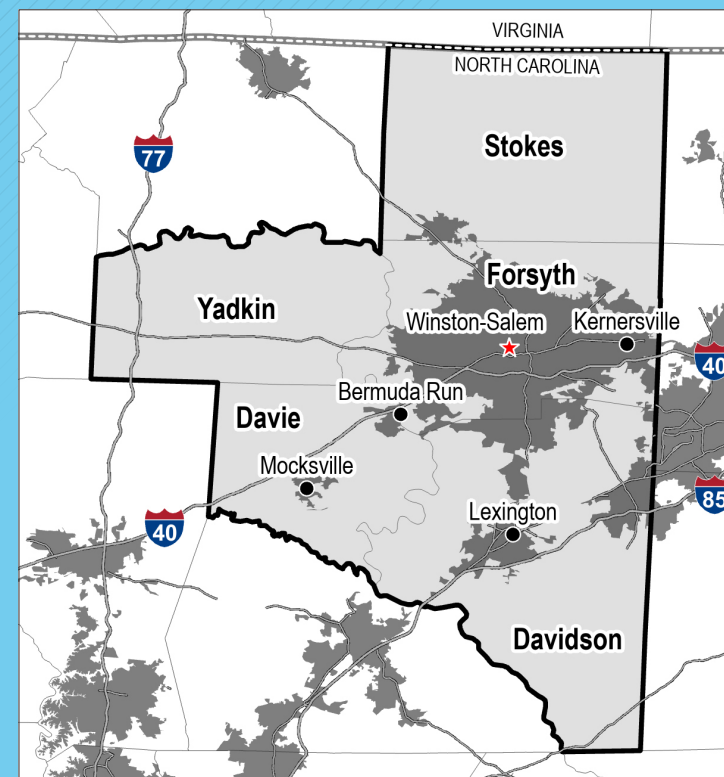
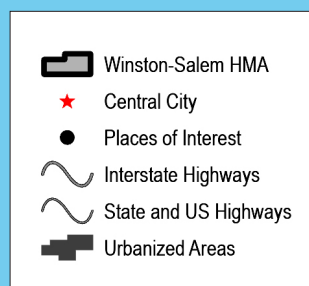
Executive Summary

Housing Market Area Description

The Winston-Salem, NC Housing Market Area (hereafter, Winston-Salem HMA) is coterminous with the Winston-Salem Metropolitan Statistical Area (MSA), which includes Davidson, Davie, Forsyth, Stokes, and Yadkin Counties in central North Carolina. The principal city of Winston-Salem is approximately 30 miles west of Greensboro and 80 miles north of Charlotte.

The current population of the HMA is estimated at 699,700.

Winston-Salem is known as the “Camel City” because of its history as a hub for tobacco manufacturing. The Reynolds Building, the former headquarters of R.J. Reynolds Tobacco Company, was the design inspiration for the Empire State Building in New York City and was listed on the National Register of Historic Places in 2014.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Stable: During the 12 months ending May 2024, nonfarm payrolls increased by 200 jobs, or 0.1 percent, to 276,400 jobs.

Growth in the local economy has slowed after regaining all jobs lost from the COVID-19 pandemic during 2022. Modest job gains during the past year followed an increase in nonfarm payrolls of 2.2 percent during the 12 months ending May 2023. The 12-month average unemployment rate has declined each year from a recent high of 7.5 percent during the 12 months ending March 2021 to 3.5 percent during the 12 months ending May 2024, which is the lowest unemployment rate in the HMA since 2001. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual pace of 1.1 percent.

Sales Market



Balanced: The inventory of homes for sale in the Winston-Salem HMA increased to 2.3 months of supply during May 2024 from 1.6 months of supply a year ago.

The sales market is currently balanced, with relatively high mortgage interest rates contributing to easing conditions since late 2022, when sales activity declined and price growth moderated. The average price for a home increased 4 percent during the 12 months ending May 2024, compared with a 10-percent increase during the same period a year ago (CoreLogic, Inc.). Total home sales declined 18 percent during the past year. During the 3-year forecast period, demand is estimated for 11,450 additional sales units. The 1,000 sales units under construction are expected to meet a portion of demand during the first year of the forecast.

Rental Market



Balanced: The average apartment rent increased 1 percent to \$1,173 during the 12 months ending May 2024.

The overall rental market is balanced because of increased construction activity to meet demand in the past year. The estimated vacancy rate is 8.7 percent, up slightly from 8.4 percent during 2020. The apartment market is also balanced, with an apartment vacancy rate of 8.6 percent as of the first quarter of 2024, up slightly from 8.5 percent as of the first quarter of 2023 (CoStar Group). During the 3-year forecast period, demand is expected for 1,900 additional rental units. The 830 rental units under construction are expected to meet all demand through the first year and part of the second year of the forecast period.

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3-Year Housing Demand Forecast			
Winston-Salem HMA		Sales Units	Rental Units
	Total Demand	11,450	1,900
	Under Construction	1,000	830

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2024. The forecast period is June 1, 2024, to June 1, 2027.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

The education and health services sector is the largest sector in the Winston-Salem HMA, representing approximately 21 percent of total nonfarm payrolls.

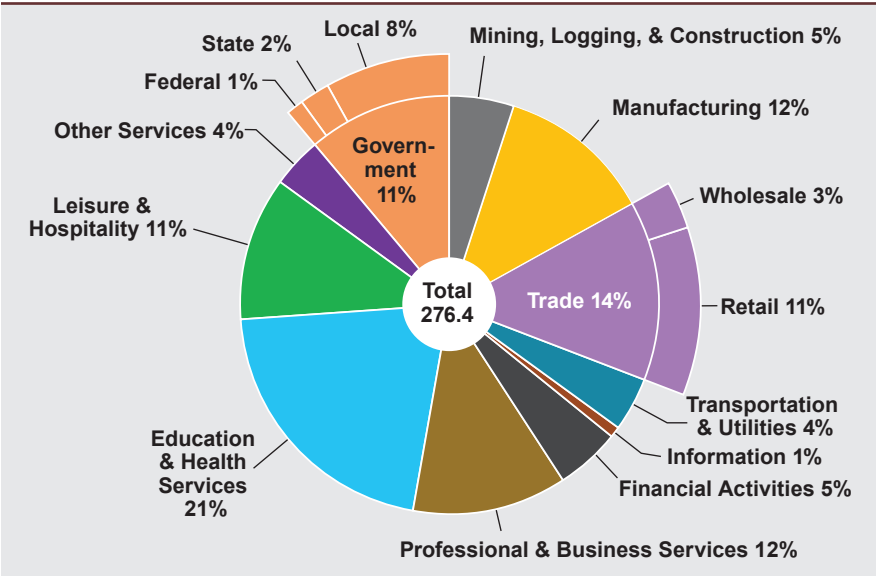
Primary Local Economic Factors

The Winston-Salem HMA has historically been known as a significant hub for tobacco and textile manufacturing in the United States. However, the manufacturing sector has declined from being the largest nonfarm payroll sector in the HMA in the 1990s to the fourth largest sector, representing approximately 12 percent of total nonfarm payrolls in the area during the 12 months ending May 2024 (Figure 1). The presence of Atrium Health Wake Forest Baptist and Novant Health, the two largest employers in the area, support the education and health services sector, which is the largest sector in the HMA (Table 1). The strong healthcare system in the area has led the HMA to become known as a regional center for health services, and the availability of higher education options in the HMA attracts students and professionals alike. During the 2023–24 academic year, more than 9,000 students enrolled in Wake Forest University, a mid-sized private university and active research institution. The Innovation Quarter in downtown Winston-Salem is the result of a public-private partnership to redevelop a historic tobacco manufacturing district into a business and research district, and it has an estimated economic impact of more than \$1.6 billion annually on the HMA. Tenants at the Innovation Quarter include Wake Forest University, Wake Forest School of Medicine, and other private businesses and organizations.

Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are stable. The HMA recovered all jobs lost during the early stages of the COVID-19 pandemic during late 2022, although job growth moderated significantly during the past year. During the 12 months ending May 2024, nonfarm payrolls rose by 200 jobs, or 0.1 percent, from a

Figure 1. Share of Nonfarm Payroll Jobs in the Winston-Salem HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through May 2024. Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Winston-Salem HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Atrium Health Wake Forest Baptist	Education & Health Services	18,570
Novant Health	Education & Health Services	11,010
Truist Financial Corporation	Financial Activities	4,000
Wells Fargo & Company	Financial Activities	3,500
Reynolds American Inc.	Manufacturing	2,500
Hanesbrands Inc.	Manufacturing	2,400
City of Winston-Salem	Government	2,287
Wake Forest University	Education & Health Services	2,270
Forsyth County	Government	2,127
AT&T Inc.	Information	2,000

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

year earlier to 276,400 jobs, compared with a gain of 6,000 jobs, or 2.2 percent, during the 12 months ending May 2023 (Table 2). Six of the 11 nonfarm payroll sectors added jobs during the past year, with the largest gain in the education and health services sector, which increased by 2,100 jobs, or 3.8 percent, to 57,400. The number of jobs in that sector now exceeds the average of 57,000 during the 12 months ending March 2020, before the pandemic. Losses in the remaining five sectors limited overall job growth during the past year. Notably, nonfarm payrolls in the transportation and utilities sector decreased by 1,200 jobs, or 10.6 percent, to 10,100 during the 12 months ending May 2024. Part of that decrease was due to the permanent closure of Yellow Corporation, a nationwide transportation company, which laid off approximately 150 employees at one location in Kernersville. Losses in the information, the financial activities, and the professional and business services sectors can be partly attributed to the continued movement of large banks and other organizations to the nearby city of Charlotte, which has become known as a national business and financial center.

Unemployment Trends

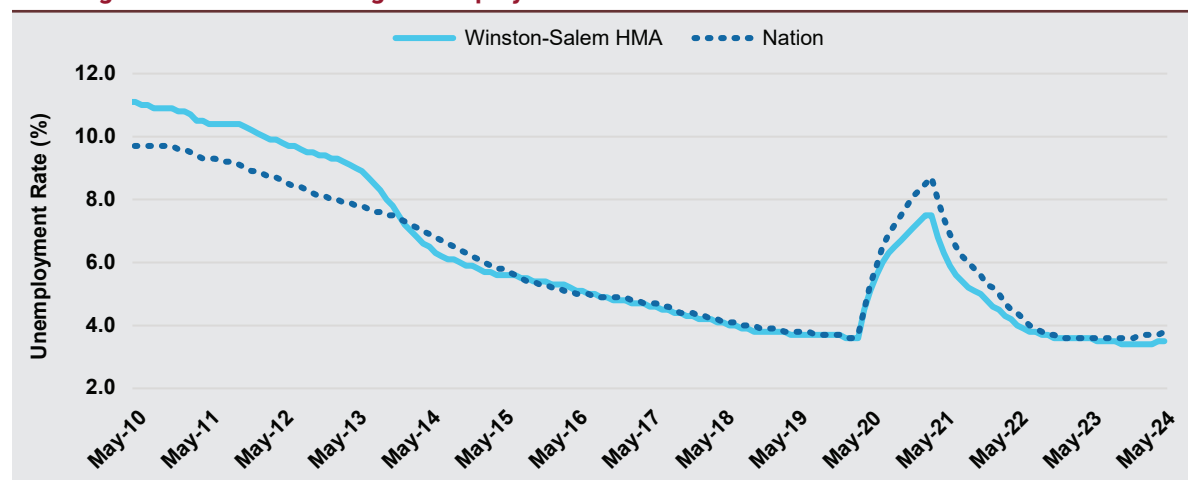
The unemployment rate in the HMA during the 12 months ending May 2024 averaged 3.5 percent, down slightly from 3.6 percent during the same period a year ago (Figure 2). The unemployment rate reached a recent high of 7.5 percent in the HMA during the 12 months ending March 2021. By

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Winston-Salem HMA, by Sector

	12 Months Ending May 2023	12 Months Ending May 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	276.2	276.4	0.2	0.1
Goods-Producing Sectors	47.3	46.6	-0.7	-1.5
Mining, Logging, & Construction	12.4	13.0	0.6	4.8
Manufacturing	34.8	33.6	-1.2	-3.4
Service-Providing Sectors	229.0	229.8	0.8	0.3
Wholesale & Retail Trade	40.4	40.4	0.0	0.0
Transportation & Utilities	11.3	10.1	-1.2	-10.6
Information	1.8	1.7	-0.1	-5.6
Financial Activities	13.8	13.6	-0.2	-1.4
Professional & Business Services	35.1	34.1	-1.0	-2.8
Education & Health Services	55.3	57.4	2.1	3.8
Leisure & Hospitality	28.9	29.9	1.0	3.5
Other Services	10.6	10.8	0.2	1.9
Government	31.7	31.8	0.1	0.3

Notes: Based on 12-month averages through May 2023 and May 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. 12-Month Average Unemployment Rate in the Winston-Salem HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

comparison, the unemployment rate for the nation was 3.8 percent during the 12 months ending May 2024, up from 3.6 percent during May 2023 and down from a recent high of 8.7 percent during the 12 months ending March 2021.

Economic Periods of Significance

2011 Through 2016

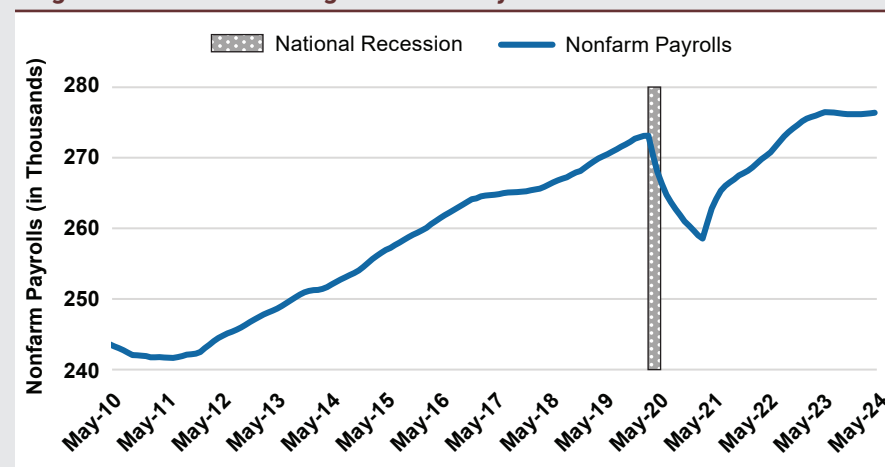
The local economic recovery from the Great Recession began after total nonfarm payrolls in the HMA reached a low of 241,900 during 2010 (Figure 3). From 2011 through 2016, total nonfarm payrolls increased by an average of 3,700 jobs a year, or 1.5 percent annually, to 264,100, marking a full recovery of all jobs lost during the Great Recession. For comparison, total nonfarm payrolls in the nation fully recovered in 2014. The professional and business services sector was the fastest growing sector from 2011 through 2016, increasing by an average of 1,200 jobs, or 3.6 percent, annually. The gains in that sector and in the manufacturing and the education and health services sectors increased annually by averages of 1.9 percent and 1.0 percent, respectively; the growth was partly supported by the continued redevelopment of a historic tobacco manufacturing district downtown into a new research park led by Wake Forest University School of Medicine. Biotech Place, a conversion of two former R.J. Reynolds Tobacco Company warehouses into a 242,000-square-foot office and lab facility, was completed in 2012 and attracted a mix of businesses such as medical manufacturers and biotech research firms. Other sectors with notable growth include the leisure and hospitality and the wholesale and retail trade sectors, which increased by averages of 2.1 percent and 2.0 percent, respectively, annually during the period.

2017 Through 2019

Job growth in the HMA moderated during the late 2010s. Nonfarm payrolls increased by an average of 2,900 jobs, or 1.1 percent, annually from 2017

Before the COVID-19 pandemic, the unemployment rate in the area declined each year, from 10.8 percent in 2010 during the local economic downturn surrounding the Great Recession to only 3.7 percent during 2019.

Figure 3. 12-Month Average Nonfarm Payrolls in the Winston-Salem HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

through 2019. Jobs in the education and health services sector increased by an average of 1,100, or 2.1 percent, annually, the most jobs added by any sector during this period. Growth at Atrium Health Wake Forest Baptist, including a 50-bed expansion and the construction of an emergency department and operating room at Davie Medical Center in Bermuda Run, contributed to the growth in the education and health services sector. Construction activity generally increased during this period, with large projects ranging from the \$99 million rehabilitation of multiple downtown sections of the Business 40 highway to a new 126-room Courtyard by Marriott in downtown Winston-Salem. The mining, logging, and construction sector benefited from the increased activity

during this period, increasing by an average of 500 jobs, or 4.5 percent, annually, the fastest growth of any sector during this period.

2020 Through 2023

At the onset of the COVID-19 pandemic during 2020, nonfarm payrolls in the HMA declined by 12,300 jobs, or 4.5 percent, compared with 5.7 percent for the nation. Nonfarm payroll declines were greatest in the leisure and hospitality sector, which lost 5,000 jobs, or 17.1 percent, accounting for 41 percent of all job losses during 2020. From 2021 through 2023, nonfarm payrolls in the HMA

increased by an average of 5,300 jobs, or 2.0 percent, annually, reaching the prepandemic high by late 2022. Jobs in the leisure and hospitality sector increased by an average of 1,800 jobs, or 6.9 percent, annually, and fully recovered to prepandemic levels during 2023. The education and health services sector, which averaged 56,700 jobs during 2019, declined by 1,300 jobs, or 2.3 percent, during 2020 because local schools and healthcare providers limited nonessential services and activities. The education and health services sector did not recover all jobs lost during the pandemic until the 12 months ending January 2024.

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1.1 percent annually. The education and health services and the manufacturing sectors are expected to contribute to payroll growth in the next 3 years. Deere & Company, an agricultural machinery and heavy equipment manufacturer, is expected to invest \$150 million to expand its campus in Kernersville, adding approximately 150 jobs.



Population and Households

Current Population: 699,700

Population growth in the Winston-Salem HMA has accelerated since 2020 because of higher levels of net in-migration.

Population Trends

The population of the Winston-Salem HMA is currently estimated to be 699,700, representing an average increase of 5,700, or 0.8 percent, annually since 2020 (Table 3). Net in-migration has accounted for all of the population growth since 2020, averaging 6,300 people annually, partially offset by average net natural decline of 600 people a year (Figure 4). By comparison, from 2010 to 2014, the population of the HMA grew by an average of 2,800, or 0.4 percent, a year. Net natural change accounted for most of this increase, averaging 1,525 people a year, and net in-migration averaged 1,275 people annually. As economic conditions improved and then strengthened in the mid-2010s, the population increased by an average of 4,025 a year, or 0.6 percent, from 2014 to 2017. Net in-migration and net natural change averaged 3,325 and 700 people, respectively, during that period. The population in the HMA continued to increase 0.6 percent annually from 2017 to 2020; however, net natural change slowed to 420 people a year, partly because of an aging population in the HMA. Net in-migration increased to 3,700 people annually during that period.

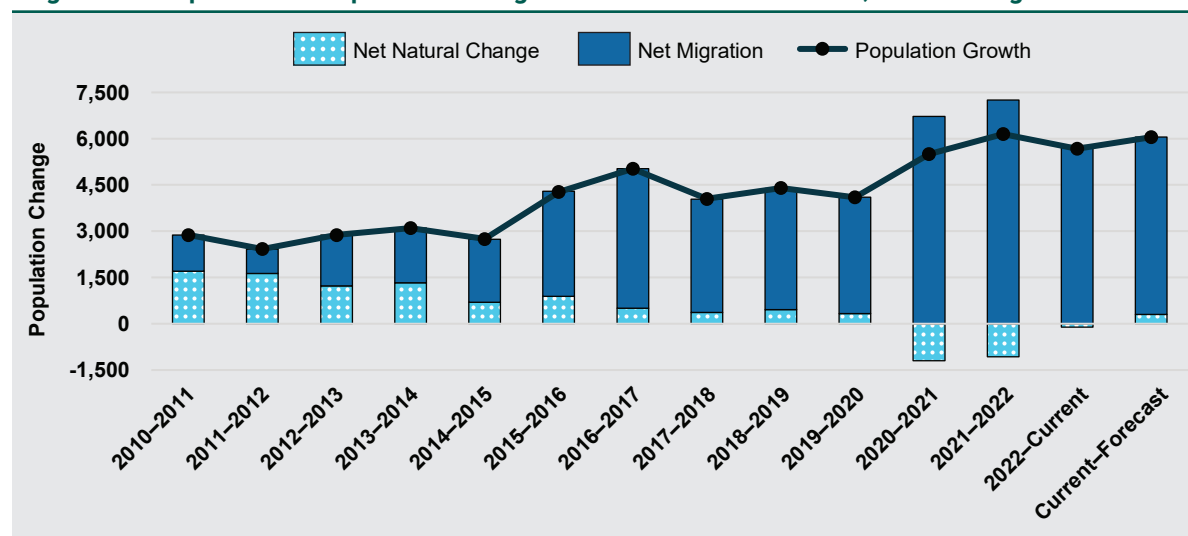
Table 3. Winston-Salem HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	675,966	699,700
	Average Annual Change	3,525	5,700
	Percentage Change	0.5	0.8
Household Quick Facts	2020	Current	Forecast
	Households	276,135	290,850
	Average Annual Change	1,925	3,525
	Percentage Change	0.7	1.3

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (June 1, 2024) to June 1, 2027.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 4. Components of Population Change in the Winston-Salem HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (June 1, 2024) to June 1, 2027.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

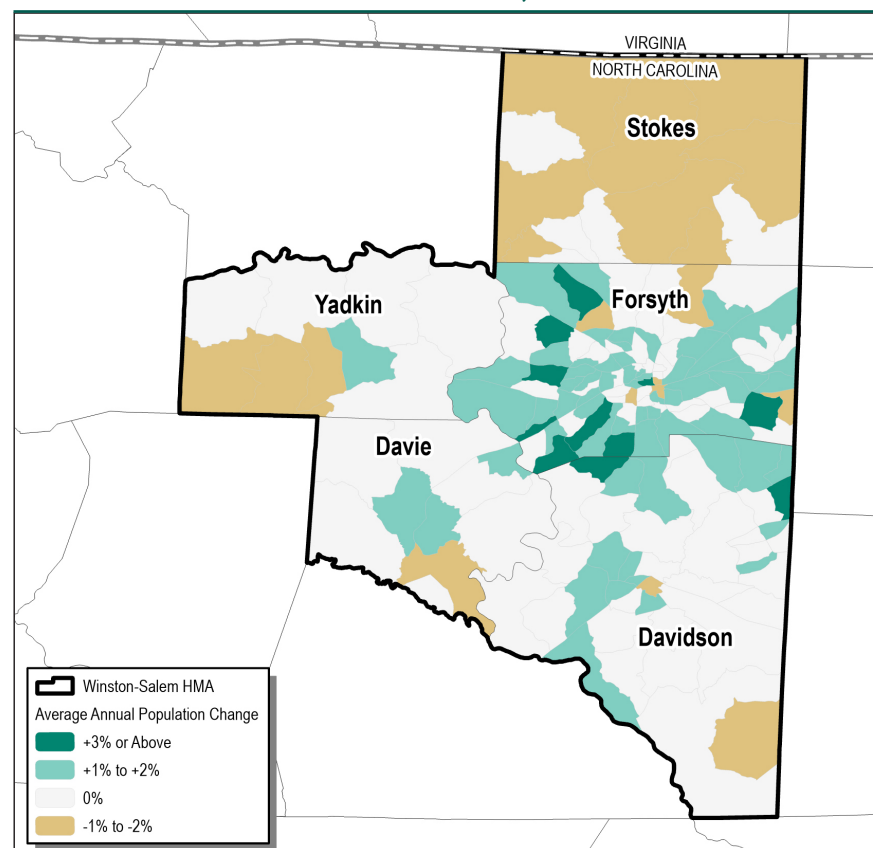
Population Trends By Geography

Forsyth County, which is home to the city of Winston-Salem, is the fourth most populous county in North Carolina, with an estimated population of 392,900 as of July 1, 2023 (U.S. Census Bureau). Population growth in Forsyth County, which averaged 0.9 percent annually from 2010 to 2023, has accounted for approximately 77 percent of the total population growth in the HMA from 2010 to 2023 (Map 1). As of July 1, 2023, Davidson and Davie Counties, the second and fourth most populous counties in the HMA, had populations of 174,800 and 44,600, respectively, representing increases of 0.5 and 0.6 percent annually since 2010. The populations in Stokes and Yadkin Counties declined from 2010 to 2020 by 0.6 percent and 0.3 percent annually, respectively, before increasing by averages of 0.7 percent and 0.4 percent annually to 45,550 and 37,750 in 2023.

Age Cohort Trends

The share of seniors living in the HMA has increased since 2010, partly because of in-migration of retirees associated with the widespread availability of quality healthcare services in the area. The share of the population aged 65 and older was 18.9 percent in 2023 (American Community Survey [ACS] 1-year estimate; Figure 5), up from 18.4 percent in 2020 and 14.0 percent in 2010. The combined share of the population in the 18-to-24 and 25-to-44 age cohorts increased from 32.6 percent in 2020 to 33.6 percent in 2023. The increase in the two cohorts resulted from in-migration of workers seeking areas with cheaper housing and a lower cost of living amid the pandemic and the growing prevalence of work-from-home policies.

Map 1. Average Annual Population Change by Census Tract in the Winston-Salem HMA, 2010 to 2023



Source: U.S. Census Bureau

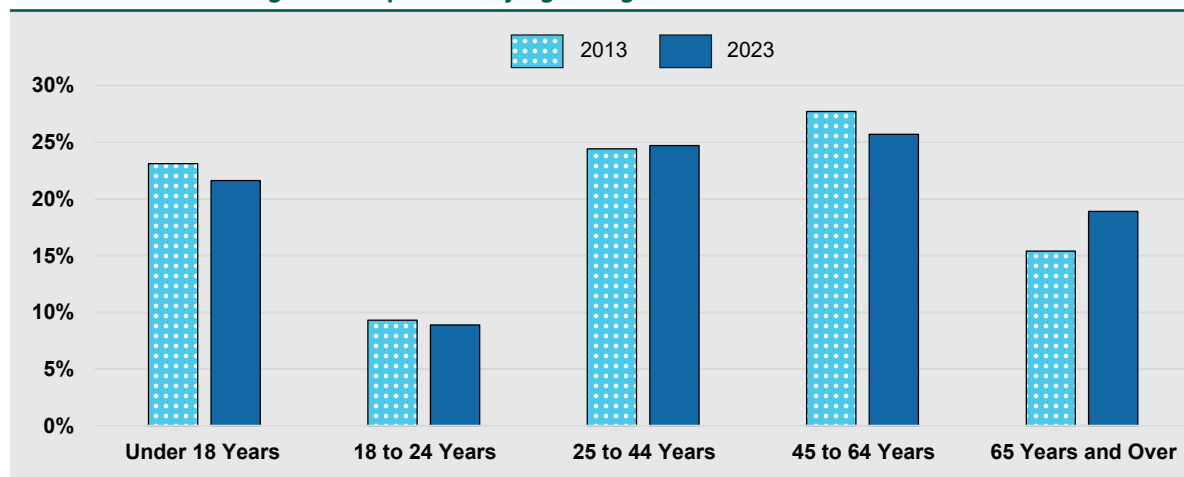
Household Trends

An estimated 290,850 households live in the Winston-Salem HMA as of June 1, 2024, reflecting an average annual increase of 3,525, or 1.3 percent, from 276,135 in 2020 (Figure 6). Relatively strong growth since 2020 followed slower growth in the previous decade because of increased net in-migration. From 2010 to 2020, the number of households in the HMA increased by an average of 1,925, or 0.7 percent, annually. Growth in renter households represented approximately two-thirds of the total change in households from 2010 to 2020, causing the homeownership rate to decline during the decade. The homeownership rate decreased to an estimated 66.5 percent as of June 1, 2024, the same as in 2020.

Forecast

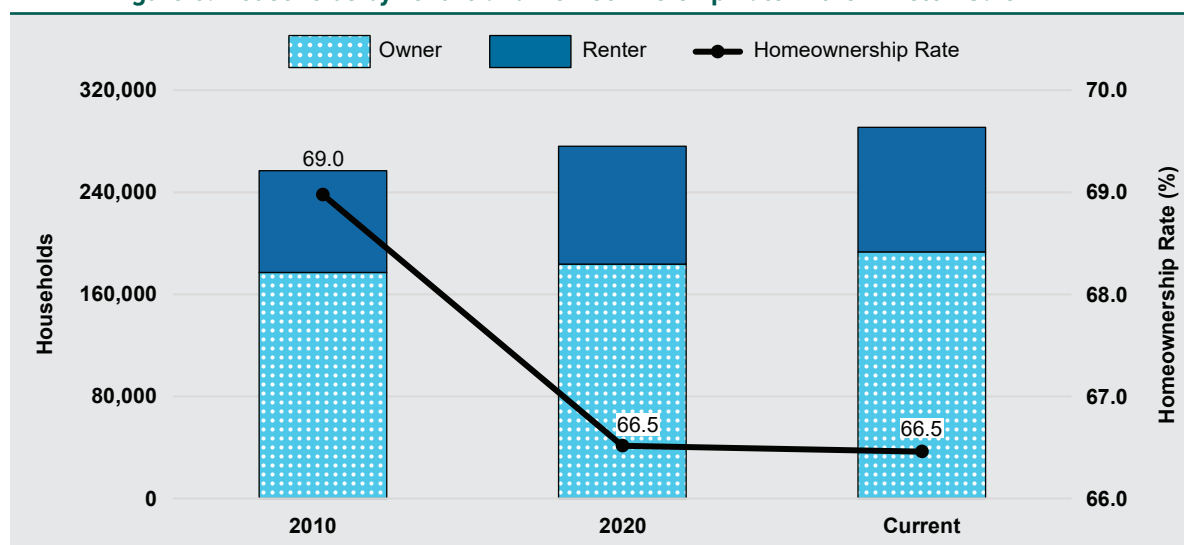
During the 3-year forecast period, the population is expected to increase by an average of 6,050, or 0.9 percent, annually to 717,800. The majority of the growth is expected from continued net in-migration. The HMA is estimated to have 302,000 households by the end of the forecast period, representing an average increase of 1.3 percent each year.

Figure 5. Population by Age Range in the Winston-Salem HMA



Source: 2013 and 2023 American Community Survey 1-year data

Figure 6. Households by Tenure and Homeownership Rate in the Winston-Salem HMA



Note: The current date is June 1, 2024.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Balanced

The HMA had 2.3 months of supply of for-sale inventory in May 2024, up from 1.6 months of supply in May 2023.

Current Conditions

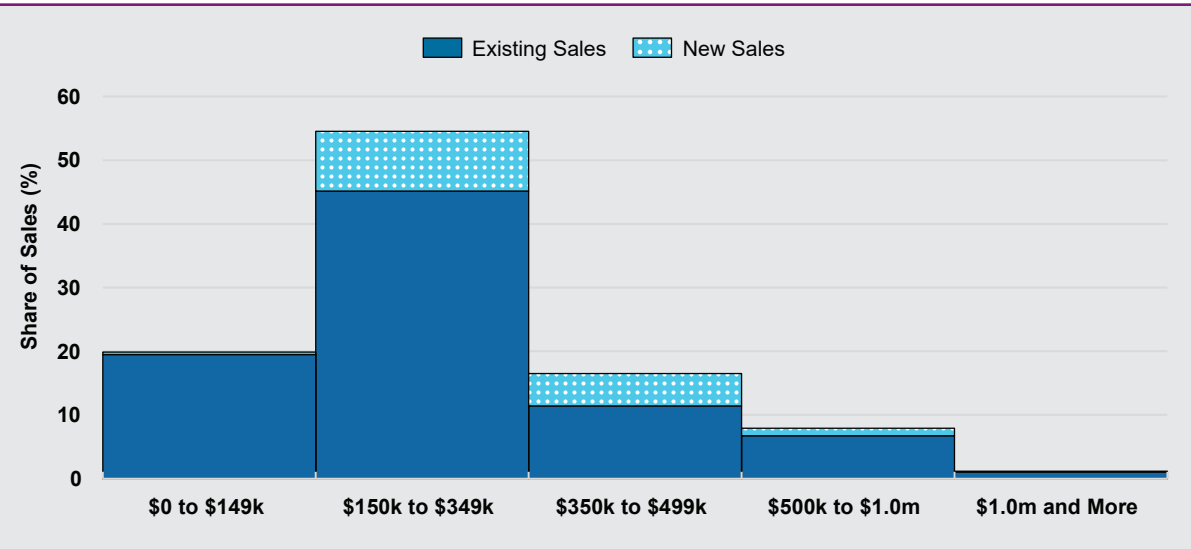
Sales market conditions in the HMA are currently balanced, with an estimated vacancy rate of 1.4 percent as of June 1, 2024, down slightly from the 1.5-percent rate during April 2020 (Table 4). Sales market conditions were tight as recently as 2022 but have since eased, partly because of rising interest rates. As of December 30, 2021, the average interest rate for a 30-year fixed-rate mortgage was 3.1 percent (Freddie Mac). By December 29, 2022, the rate was 6.4 percent, and by May 30, 2024, the rate was 7.0 percent. Home sales fell and sales price growth slowed significantly during the past year. During the 12 months ending May 2024, 12,350 homes were sold in the HMA, down 18 percent compared with the same period a year earlier, when home sales declined 9 percent to 14,950 homes (CoreLogic, Inc.). The average home sales price during the 12 months ending May 2024 was \$262,000, up 4 percent from the previous year, when the average home sales price rose 10 percent. The greatest portion of new homes sold during the 12 months ending May 2024 had prices ranging from \$150,000 to \$349,000 (Figure 7; Zonda). Average home prices generally increased at a fast pace from 2020 to 2022 because increased net in-migration led to greater demand for new and existing homes.

Table 4. Home Sales Quick Facts in the Winston-Salem HMA

Home Sales Quick Facts	Winston-Salem HMA		Nation
	Vacancy Rate	1.4%	NA
	Months of Inventory	2.3	2.4
	Total Home Sales	12,350	5,024,000
	1-Year Change	-18%	-13%
	New Home Sales Price	\$344,600	\$489,000
	1-Year Change	-4%	-1%
	Existing Home Sales Price	\$255,500	\$398,100
	1-Year Change	8%	5%
	Mortgage Delinquency Rate	0.8%	0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2024; and months of inventory and mortgage delinquency data are as of May 2024. The current date is June 1, 2024.
Sources: Vacancy rate—estimates by the analyst; home sales, prices, months of inventory, and mortgage delinquency rate—CoreLogic, Inc.

Figure 7. Share of Overall Sales by Price Range During the 12 Months Ending May 2024 in the Winston-Salem HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

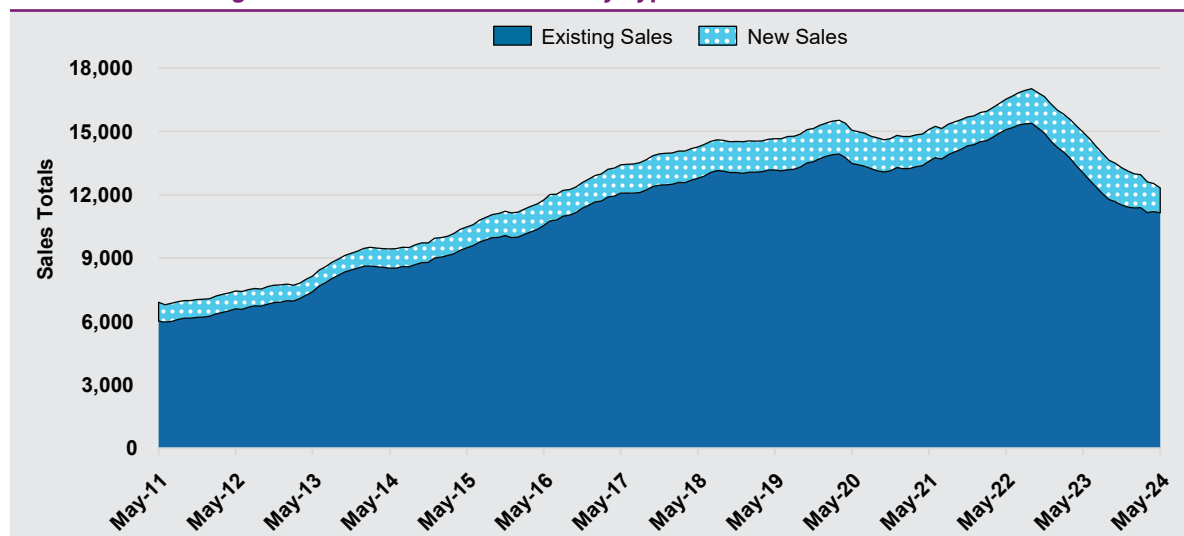


Home Sales

Following a period of limited home sales activity during the Great Recession, total home sales generally increased in the HMA through most of the 2010s (Figure 8). From 2011 through 2016, existing home sales increased from 6,200 to 11,500, or approximately 11 percent a year, and new home sales increased from 840 to 1,250, or approximately 5 percent a year. From 2017 through 2019, new home sales increased an average of 8 percent annually to 1,575, and existing home sales increased an average of 6 percent annually to 13,700.

Uncertainty regarding economic conditions during the beginning of the pandemic resulted in lower home sales during 2020, when both existing and new home sales declined 3 percent. During 2021, new home sales declined further to 1,350, or 11 percent, amid slowing construction and supply chain disruptions. However, accelerating population growth subsequently helped increase the demand for housing, and new home sales increased 30 percent during 2022, when 1,775 new homes were sold. Existing home sales increased an average of 5 percent annually during 2021 and 2022 to 14,550 homes sold in 2022. During 2023, as homeowners became more hesitant to sell their homes as interest rates rose, existing home sales decreased 21 percent to 11,400, and new home sales decreased 4 percent to 1,700.

Figure 8. 12-Month Sales Totals by Type in the Winston-Salem HMA



Source: CoreLogic, Inc., with adjustments by the analyst

REO Sales and Delinquent Mortgages

Real estate owned (REO) sales reached a recent high of 14 percent of all existing home sales during 2010. Weak economic conditions caused many homeowners to fall behind on their mortgage payments. REO sales steadily decreased through the 2010s to 2 percent of all existing sales during 2019. During the same period, the rate of seriously delinquent mortgages decreased from a high of 6.0 percent in 2010 to 1.7 percent in 2019. After the onset of the COVID-19 pandemic, the delinquency rate increased to an average of 3.0 percent from 2020 to 2021 as economic conditions worsened. The delinquency rate decreased to 1.6 percent during 2022 and 1.0 percent during the 12 months ending May 2024. REO sales have averaged 1 percent of all existing home sales since 2020.

Home Sales Prices

Home sales prices decreased during the early 2010s before generally increasing later in the decade. From 2011 through 2012, new and existing home prices both declined by annual averages of 2 percent to

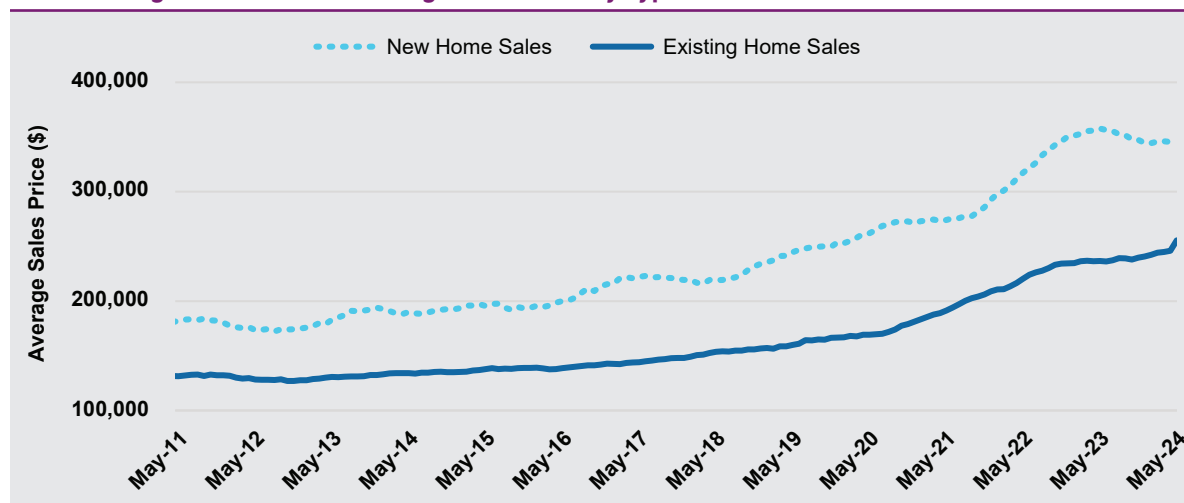
\$174,900 and \$127,700, respectively (Figure 9). As economic conditions in the HMA improved and then strengthened, sales prices began to increase. From 2013 through 2019, new home prices increased to \$253,600, or an average of 5 percent annually, and existing home sales increased to \$166,600, or an average of 4 percent annually.

Home prices continued to increase during the early stages of the COVID-19 pandemic as demand stayed strong because of increased net in-migration. During 2020, new home prices increased 7 percent to \$271,200, and existing home prices increased 9 percent to \$181,200. From 2021 through 2022, the home sales market in the HMA tightened, partly because of historically low mortgage interest rates, and price growth accelerated. New and existing home prices increased by annual averages of 14 percent each to \$350,500 and \$234,600, respectively, during the period. However, new home prices declined and existing home price growth slowed when interest rates started to rise, increasing the cost for buyers. During 2023, new home prices declined 2 percent to \$344,300, and existing home prices increased 3 percent to \$240,700.

Sales Construction

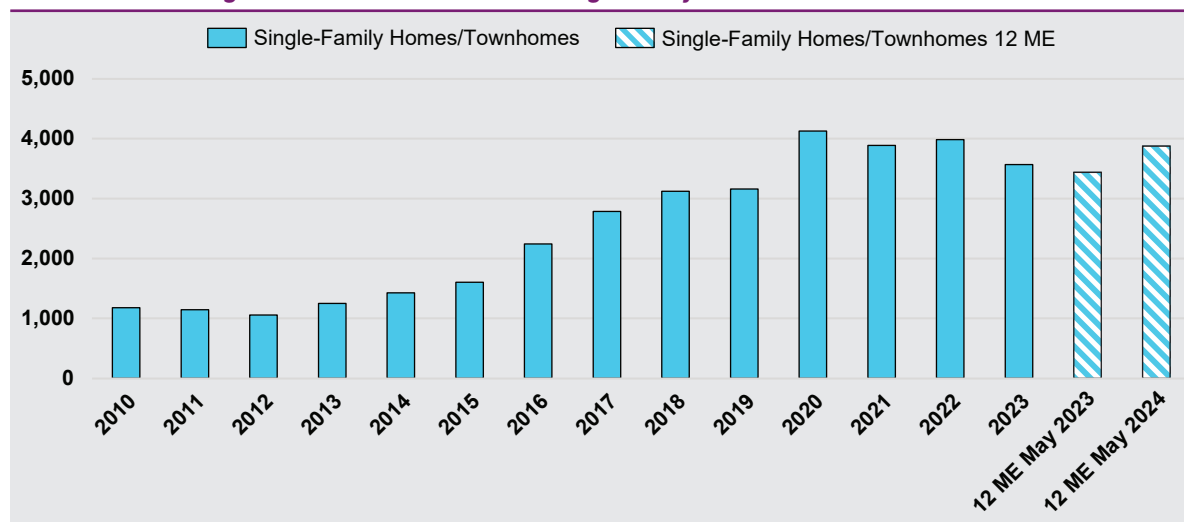
New home construction in the HMA, as measured by the number of sales units permitted (see [building permits](#)), declined significantly beginning in the late 2000s, and the 1,050 units permitted in 2012 represent the lowest level of single-family home permitting on record for the HMA (Figure 10).

Figure 9. 12-Month Average Sales Price by Type of Sale in the Winston-Salem HMA



Source: CoreLogic, Inc., with adjustments by the analyst

Figure 10. Annual Sales Permitting Activity in the Winston-Salem HMA



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Since 2012, sales permitting has generally increased. From 2013 through 2019, sales permitting rose by an average of 300 units a year, or 17 percent, annually to 3,160. Increased demand for new homes during and after the pandemic has led to further increases in single-family permitting since 2020. An average of 4,000 homes were permitted annually from 2020 through 2022. Approximately 3,875 units were permitted during the 12 months ending May 2024, up from 3,425 units during the previous 12 months (preliminary data, with adjustments by the analyst). One example of a single-family development is the Ardmore Townhomes, an 89-unit planned townhome community near downtown Winston-Salem. More than one-half of the planned total units are under construction, with 33 units already sold at list prices ranging from \$257,000 to \$315,500.

Forecast

During the 3-year forecast period, demand is anticipated for an estimated 11,450 new homes in the HMA (Table 5). The 1,000 homes under construction will meet a portion of the demand in the HMA during the first year of the forecast period.

Table 5. Demand for New Sales Units in the Winston-Salem HMA During the Forecast Period

Sales Units	
Demand	11,450 Units
Under Construction	1,000 Units

Note: The forecast period is from June 1, 2024, to June 1, 2027.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The rental market has been balanced during the past 2 years following a period of tight conditions in 2021 and 2022.

Current Conditions and Recent Trends

The rental market in the HMA is balanced, with an overall rental vacancy rate currently estimated at 8.7 percent, up from 8.4 percent in April 2020, and increased construction activity has generally met demand in the past year. Approximately 36 percent of renter households live in multifamily buildings with five or more units, such as apartments and condominiums for rent, and 41 percent live in single-family rentals. The remaining 23 percent of renters live in multifamily buildings with fewer than five units or in other housing units, including mobile homes.

Apartment Trends

The apartment market in the HMA is currently balanced. Apartment market conditions were tight in 2021 and 2022, when limited multifamily development and relatively faster population growth led to the significant absorption of existing units. The apartment vacancy rate has increased since 2023, however, because multifamily

Table 6. Rental and Apartment Market Quick Facts in the Winston-Salem HMA

Rental Market Quick Facts		2018 (%)	Current (%)
	Rental Vacancy Rate	8.4	8.7
		2021 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	40	36
	Multifamily (2–4 Units)	13	12
	Multifamily (5+ Units)	36	41
	Other (Including Mobile Homes)	12	10
Apartment Market Quick Facts		1Q 2024	YoY Change
	Apartment Vacancy Rate	8.6	1.1
	Average Rent	\$1,173	1%
	Studio	\$966	1%
	One-Bedroom	\$1,064	1%
	Two-Bedroom	\$1,198	2%
	Three-Bedroom	\$1,503	2%

YoY= year-over-year.
Notes: The current date is June 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2018 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

construction has trended upward. As of the first quarter of 2024, the apartment vacancy rate was 8.6 percent, up slightly from 8.5 percent as of the first quarter of 2023, and the average apartment rent was \$1,173, up 1 percent from \$1,157 a year ago (Table 6; CoStar Group).

Mirroring the slow economic recovery in the HMA from the Great Recession, the apartment market slowly returned to balanced conditions during the early to mid-2010s, following a period of soft market conditions in the late 2000s. The apartment vacancy rate was 9.8 percent as of the first quarter of 2014, down from 12.2 percent as of the first quarter of 2010 (Figure 11). During that period, the average apartment rent increased from \$700 to \$743, or an average of 2 percent a year. As economic conditions strengthened in the HMA in the latter half of the decade, rents grew slightly faster to \$916 as of the first quarter of 2020, or an average increase of 4 percent a year from the first quarter of 2014. The apartment vacancy rate decreased to 8.3 percent during the same period.

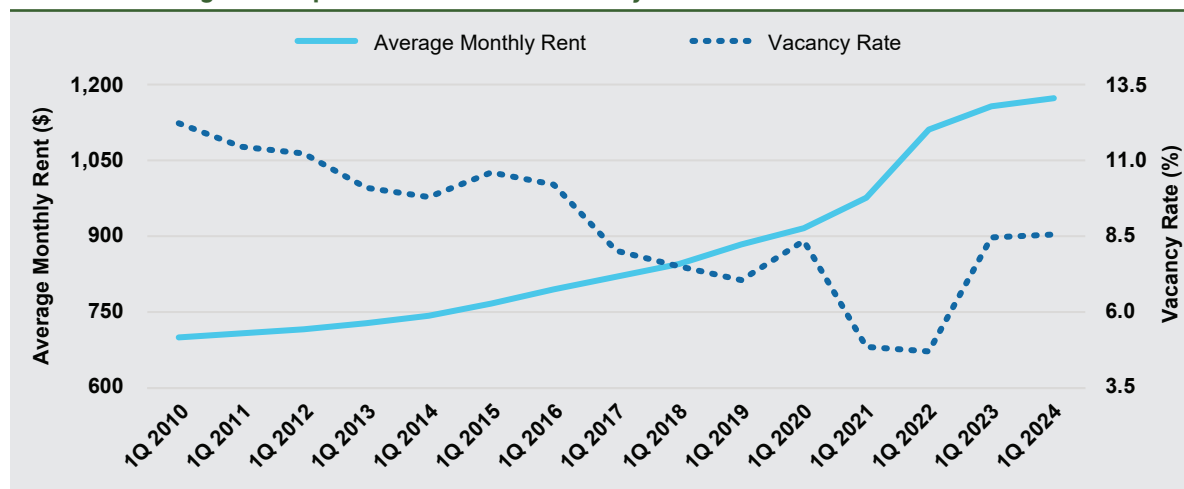


The apartment market began to tighten in 2020 as increased demand for rental units outpaced construction activity. From the first quarter of 2020 to the first quarter of 2022, the average apartment rent increased an average of 10 percent annually to \$1,111. During that period, the apartment vacancy rate fell to a low of 4.7 percent because increased net in-migration resulted in greater demand for rental housing. As construction levels have since increased to meet demand and more units entered the market, average rents increased an average of 4 percent annually to \$1,157 from the first quarter of 2022 to the first quarter of 2023. The apartment vacancy rate increased to an average of 8.5 percent as of the first quarter of 2023.

Rental Construction

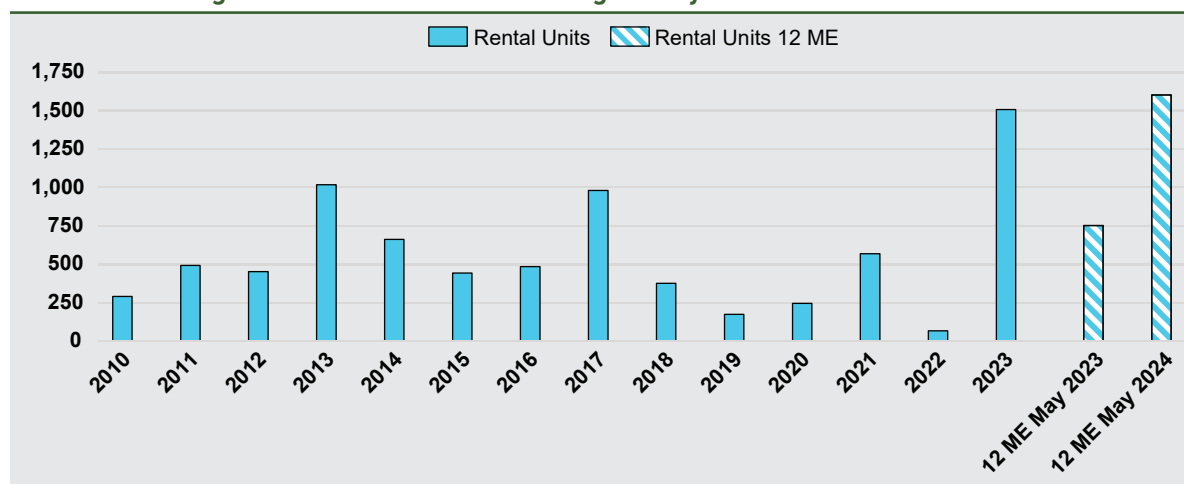
Rental construction activity, as measured by the number of rental units permitted, rose during the 12 months ending May 2024 to 1,600 units permitted, up from 750 units during the same period a year ago (Figure 12). Permitting during both periods is up from an average of 410 units permitted annually from 2020 through 2021 and is well above a recent low of approximately 65 units permitted during 2022. Rental construction activity was generally consistent during most of the previous decade, averaging 650 rental units permitted annually from 2011 through 2017. A decline in rental permitting during 2018 and 2019, when an average of 280 units were permitted each year, partly contributed to the tight rental market conditions in 2021 and 2022.

Figure 11. Apartment Rents and Vacancy Rates in the Winston-Salem HMA



1Q = first quarter.
Source: CoStar Group

Figure 12. Annual Rental Permitting Activity in the Winston-Salem HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Construction by Geography

Rental construction is largely occurring in Forsyth County because it is the most populous county and the economic hub of the HMA. Approximately 82 percent of all rental units permitted in the HMA since 2010 have been in Forsyth County, and 79 percent of those units were permitted in the city of Winston-Salem. Recent development activity has been notably significant in downtown Winston-Salem. The 224-unit Link Apartments® 4th Street is a recently completed development in downtown Winston-Salem that offers rents starting at \$1,553 and \$2,055 for one- and two-bedroom units, respectively. Davidson and Davie Counties represent roughly 6 and 10 percent, respectively,

of all rental units permitted in the HMA since 2010. Much of that construction activity is in cities near major commuting arteries, such as Lexington, which is approximately 20 miles south of Winston-Salem along Interstate 285, and Mocksville, which is approximately 25 miles southwest of Winston-Salem along Interstate 40. The largely rural Stokes and Yadkin Counties, in which the population declined during the previous decade, have accounted for less than 2 percent of all rental units permitted since 2010.

Forecast

During the 3-year forecast period, demand is estimated for 1,900 rental units in the HMA (Table 7). Demand for new rental units in the HMA is predicted to be relatively stable during the forecast period. The 830 units currently under construction are expected to satisfy rental demand through the first year of the forecast period.

Table 7. Demand for New Rental Units in the Winston-Salem HMA During the Forecast Period

Rental Units	
Demand	1,900 Units
Under Construction	830 Units

Note: The forecast period is June 1, 2024, to June 1, 2027.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
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.
Existing Home Sales	Includes resales, short sales, and REO sales. Resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Forecast Period	6/1/2024–6/1/2027—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Change	Resident births minus resident deaths.
Net Natural Decline	Resident deaths are greater than resident births.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once it reaches a 90-percent or more occupancy rate or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2020 Census Urban and Rural Classification and the Urban Area Criteria.



C. Additional Notes

1.	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.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D. Photo/Map Credits

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Map 1	U.S. Census Bureau

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