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WINSTON-SALEM'S RESIDENTIAL SUPPLY & DEMAND CONDITIONS Michael S. Clapp, MAI, CRE

MARKET ANALYSIS – JANUARY 1, 2017

The purpose of this report is to aid in evaluating residential supply and demand in the Winston-Salem market, which is accomplished by using statistics downloaded from the Triad MLS system. The data covers Forsyth, Davie, Davidson, Stokes, and Yadkin counties. Employment and interest rate information are presented as well since those factors strongly influence the demand for residential real estate. **PLEASE NOTE MLS CHANGED VENDORS IN MARCH 2015 AND THE DATA FROM THE NEW VENDOR IS NOT OVERLY CONSISTENT WITH THE DATA FROM THE PREVIOUS VENDOR. ALL DATA IN THE TABLE BELOW IS FROM THE NEW VENDOR.** Listed below is a three year comparison of sales data.

YEAR TO DATE COMPARISONS

Period	New Listings	# Sales	% Change	Avg. Price	% Change	Sales/New Listings
1/1/14-12/31/14	14,675	8,431	6.0%	\$155,929	3.6%	57.5%
1/1/15-12/31/15	14,528	8,981	6.5%	\$163,559	4.9%	61.8%
1/1/16-12/31/16	14,167	10,108	12.5%	\$169,306	3.5%	71.3%

1. Under the current MLS software vendor, the days-on-market and list price only track the current listing and not previous listings by the same or different agents. Those statistics do not reflect a true marketing time and sale/list price ratio; consequently the statistics have not been included in the analysis.
2. The volume of sold units (demand indicator) for 2016 is 10,108, up a very strong 12.5% over 2015 and up 19.9% over 2014. Sales for the past three years have been in the range of 8,431 to 10,108 with an average of 9,173.
3. New listings (supply indicator) declined 2.5% during 2016. The slight decline, coupled with the strong increase in sales activity, indicates a strong market.
4. MLS shows a total of 2,513 active listings in Forsyth, Davie, Davidson, Stokes, and Yadkin counties as of 1/28/2017. Sales in 2016 averaged 842/month according to the **new MLS vendor.** With 2,513 active listings and a monthly sales rate of 842 units, the inventory level for January 2017 equates to about three months. This compares to the 7 to 9 months generally experienced the past several years and is indicative of a strong recovery.
5. An important indicator of market strength, “the percentage of sales to the number of new listings” ratio, stands at 71.3% for 2016. This is up from 61.8% for 2015 and is also up from 57.5% over 2014. **The “number of new listings” ratio indicates demand is exceeding supply, which is a positive for those selling homes.**

6. The average sale price for 2016 is \$169,306, up 3.5% over the \$163,559 average price for 2015 **per the new MLS vendor.** Due to stronger demand relative to supply (see Sales/New Listings ratio) prices in the overall market are increasing, **although this may not be true for individual submarkets or individual houses.**

ADDITIONAL INFORMATION

The unemployment rate for Forsyth County was 4.6% in November 2016, down from 5.2% in November 2015. Compared to November 2014 unemployment is down from 5.3% to 4.6%. The statistics are as follows:

Period	Labor Force	Employment	% Unemployed
November-14	176,849	167,438	5.3%
November-15	178,448	169,122	5.2%
November-16	182,191	173,876	4.6%

The Mortgage Bankers Association in its January 19, 2017 *MBA Economic Forecast* forecasts the 2017 national unemployment rate to average 4.6%. Wells Fargo Securities in its *Monthly Outlook* published January 11, 2017 projects the 2017 national unemployment rate to average 4.7%. Employment has certainly recovered from its previous lows. In terms of GDP growth, the Mortgage Bankers Association projects a 2.1% growth rate in 2017 while Wells Fargo projects a slightly higher growth rate of 2.3%.

Mortgage rates, while having increased somewhat, are still low and remain very attractive. For example, mortgage rates for a 30-year loan are in the 4.125% range while rates for a 15-year rate are in the range of 3.375% (not including points).

SUMMARY

In summary, sales for 2016 are up 12.5% over 2015 and are up 19.9% over 2014. Prices are increasing, which was first reported in the March 2013 newsletter. Unemployment has recovered. The inventory level for existing housing has shown improvement and in general, demand may be exceeding supply for the first time in a number of years. Even so, competitive pricing and excellent condition continue to remain key factors for the successful marketing of residential real estate so as to receive the highest price possible over a reasonable marketing period.

Sincerely,



Michael S. Clapp, MAI, CRE