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

### MARKET ANALYSIS – NOVEMBER 1, 2015

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
1/1/13-10/31/13	12,672	6,789	NA	\$150,036	NA	53.6%
1/1/14-10/31/14	13,005	7,131	5.0%	\$155,480	3.6%	54.8%
1/1/15-10/31/15	12,848	7,584	6.4%	\$164,855	6.0%	59.0%

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) during the first ten months of 2015 is 7,584, up 6.4% over the same period in 2014 and up 11.7% over 2013. Sales for the January – October period over the past three years have been in the range of 6,789 to 7,584 with an average of 7,168.
3. New listings (supply indicator) declined slightly (-1.2%) during the January – October period of 2015 versus 2014. The slight decline, coupled with the increase in sales activity, helps to eliminate the potential for oversupply.
4. MLS shows a total of 3,531 active listings in Forsyth, Davie, Davidson, Stokes, and Yadkin counties as of 12/12/2015. Sales in 2014 averaged 703/month according to the **new MLS vendor.** With 3,531 active listings and a monthly sales rate of 703 units, the inventory level for December 2015 equates to 5.0 months. This compares to the 7 to 9 months generally experienced the past two years.
5. An important indicator of market strength, “the percentage of sales to the number of new listings” ratio, stands at 59.0% for the first ten months of 2015. This is up from 54.8% for the same period

in 2014 and is also up from 53.6% over 2013. **The “number of new listings” ratio is indicating a balance of supply and demand.**

6. The average sale price for the January – October period of 2015 was \$164,855, up 6.0% over the \$155,480 average price for the same period in 2014 **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 5.3% in October 2015, up very slightly from 5.2% in October 2014. Compared to October 2013 unemployment is down from 6.8% to 5.3%. The statistics are as follows:

Period	Labor Force	Employment	% Unemployed
October-13	175,763	163,841	6.8%
October-14	175,933	166,848	5.2%
October-15	181,021	171,436	5.3%

The Mortgage Bankers Association in its November 17, 2015 *MBA Economic Forecast* forecasts the 2016 national unemployment rate to average 4.9%. Wells Fargo Securities in its *Weekly Economics & Financial Commentary* published December 11, 2015 projects the 2016 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 2.3% growth rate in 2016 while Wells Fargo projects a slightly higher rate of 2.4%.

Mortgage rates are low and remain very attractive. For example, mortgage rates for a 30-year loan are in the 3.875% range while rates for a five-year adjustable rate loan are in the 2.875% range (not including points).

### **SUMMARY**

In summary, sales for the January – October period of 2015 are up 6.4% over the same period in 2014 and are up 11.7% over the January – October 2013 period. The March 1, 2013 newsletter reported that “prices may be on the verge of stabilizing” and not only have they stabilized, but for the most part they have increased. Unemployment has recovered. The inventory level for existing housing has shown improvement and in general, supply and demand can be classified as “balanced”. 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