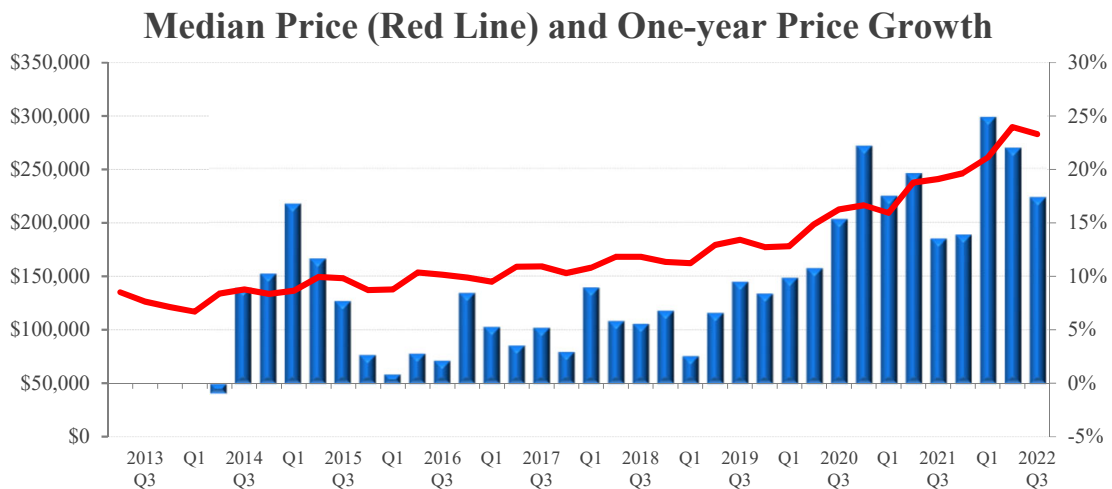


# Winston-Salem Area

## Local Market Report, Third Quarter 2022

### Today's Market...



Local Price Trends			
Price Activity	Winston-Salem	U.S.	Local Trend
Current Median Home Price (2022 Q3)	\$283,000	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	17.3%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	53.6%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$98,700	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$134,700	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$156,600	\$184,600	

\*Note: Equity gain reflects price appreciation only

	Winston-Salem	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	39%	not comparable	

Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Winston-Salem market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2022 NAR Regional Vice President representing region 4 is Amy Hedgecock.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2022 Q3 from quarter in which home was of purchased

Price Activity	Winston-Salem	U.S.	Local Trend
1-year (4-quarter)	\$46,460	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$108,426	\$129,179	
5-year (20-quarter)*	\$137,687	\$160,886	
7-year (28 quarters)*	\$153,625	\$193,144	
9-year (36 quarters)*	\$176,898	\$217,820	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

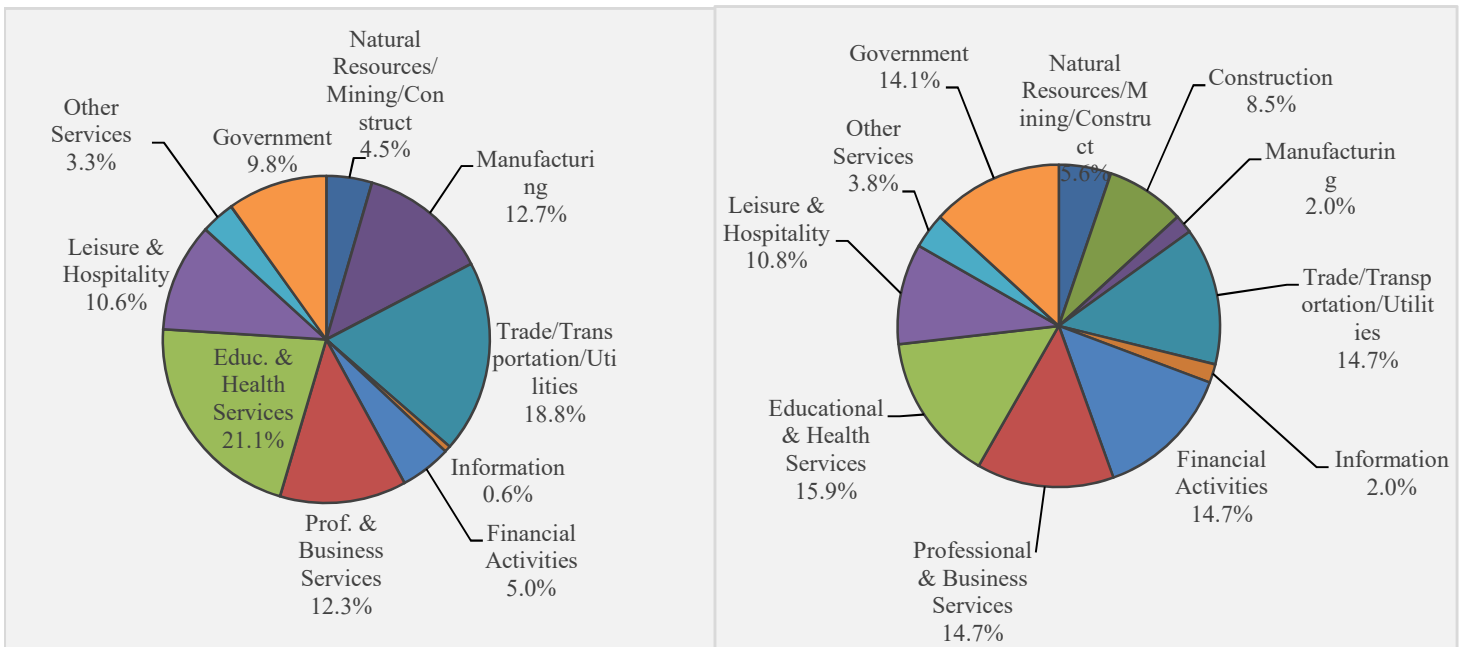


Local Economic Outlook	Winston-Salem	U.S.	
12-month Job Change (Sep)	6,800	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Aug)	4,700	Not Comparable	
36-month Job Change (Sep)	1,900	Not Comparable	Unemployment has risen since the same period last year, but Winston-Salem's labor market has been more resilient than the national average
Current Unemployment Rate (Sep)	2.7%	3.5%	
Year-ago Unemployment Rate	2.3%	4.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	2.5%	4.3%	

## Share of Total Employment by Industry

Winston-Salem Area

U.S.



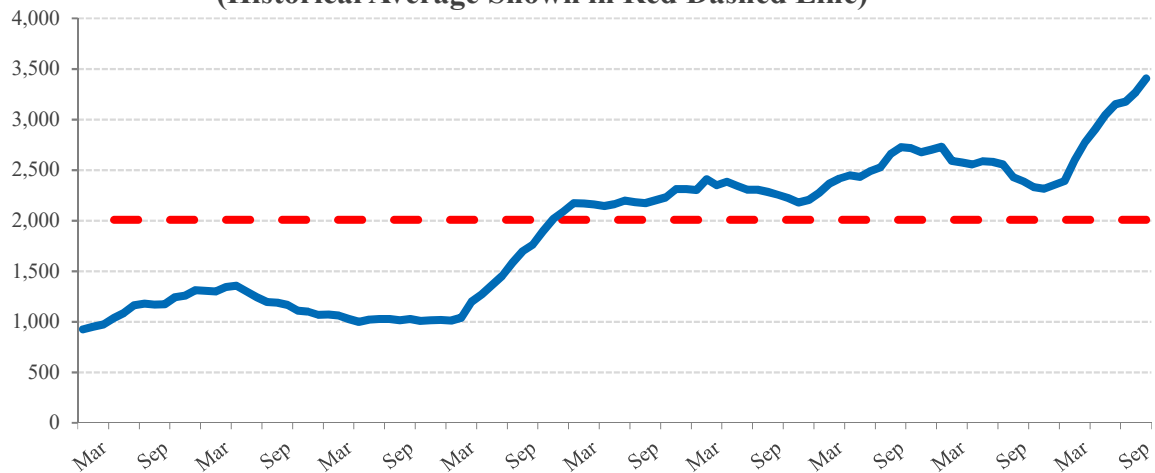
### 12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	200	Financial Activities	500
Natural Resources and Mining	NA	Prof. & Business Services	-1,200
Construction	NA	Educ. & Health Services	1,100
Manufacturing	900	Leisure & Hospitality	1,700
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	600	Government	800

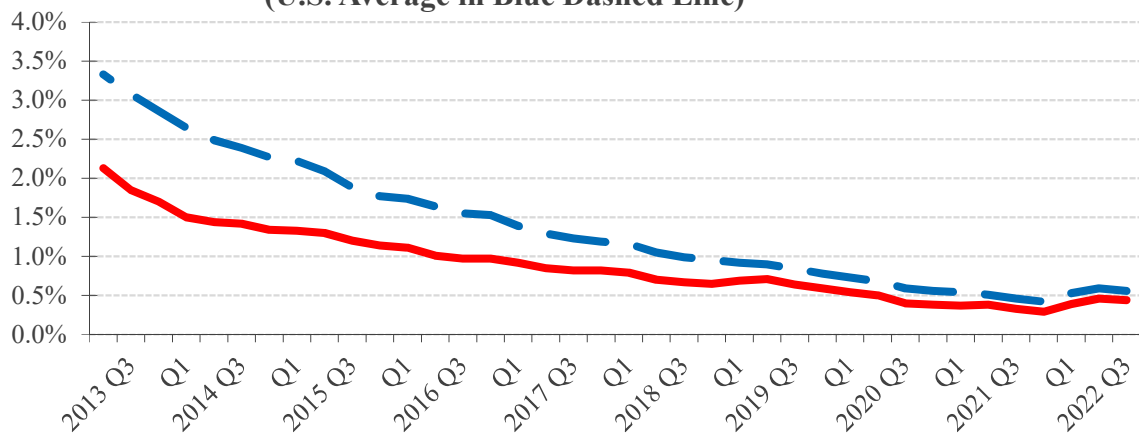
State Economic Activity Index	North Carolina	U.S.	
12-month change (2022 - Sep)	4.7%	4.9%	The economy of North Carolina is growing more slowly than the rest of the nation, but improved modestly from last month's 4.60% change
36-month change (2022 - Sep)	9.3%	5.2%	

<b>New Housing Construction</b>			
<b>Local Fundamentals</b>	<b>Winston-Salem</b>	<b>U.S.</b>	
12-month Sum of 1-unit Building Permits through Sep	3,407	not comparable	The current level of construction is 69.7% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,007	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	42.7%	-7.7%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

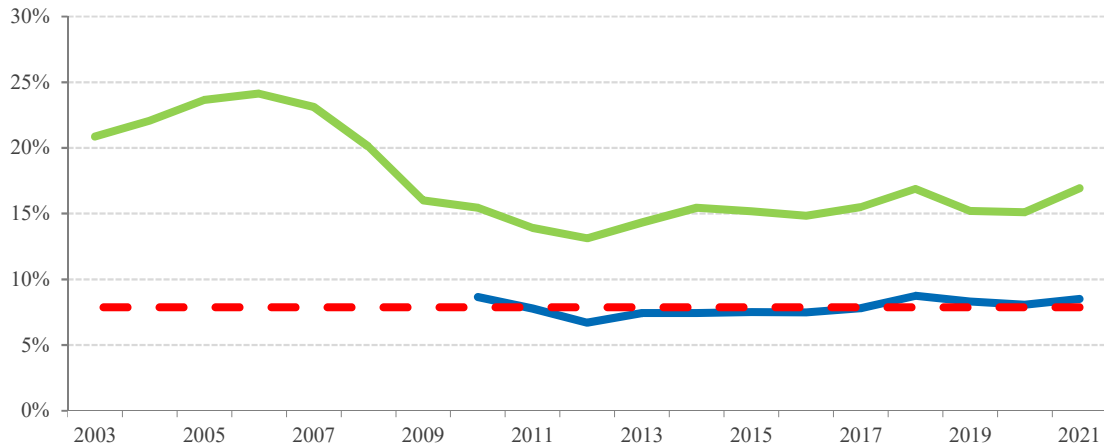


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



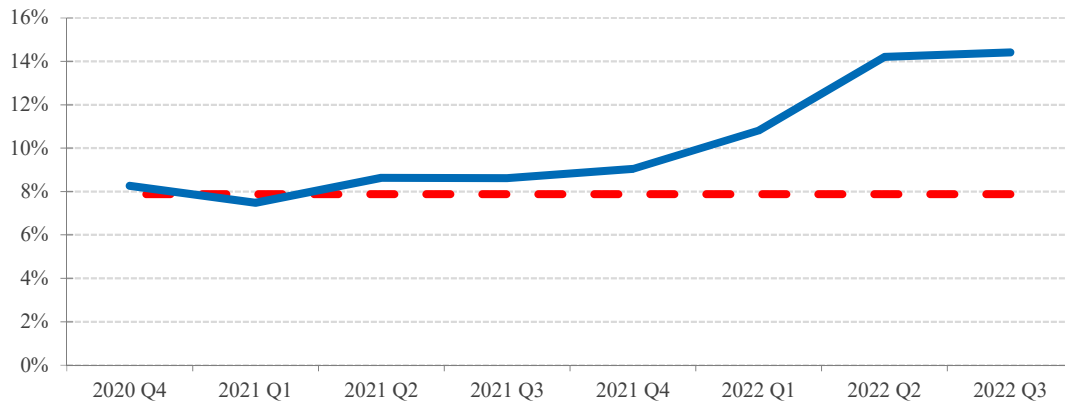
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

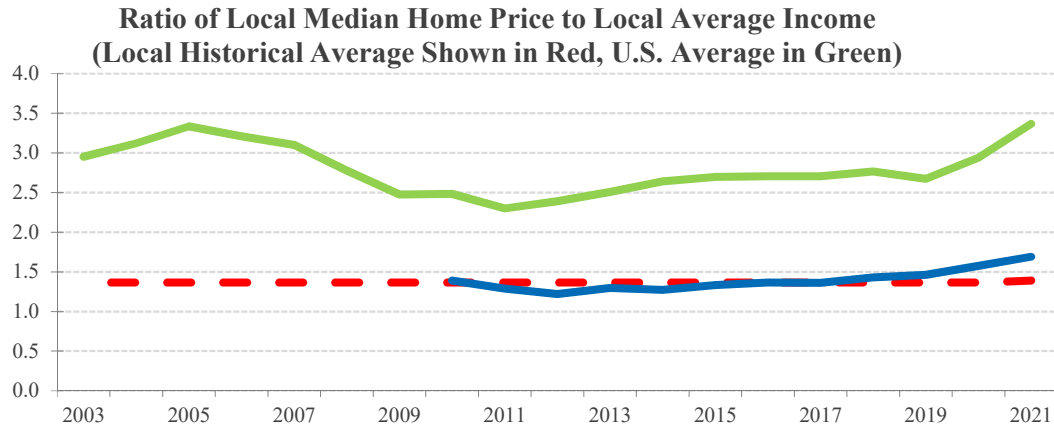


Monthly Mortgage Payment to Income	Winston-Salem	U.S.	
Ratio for 2021	8.5%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	14.4%	24.4%	
Historical Average	7.9%	18.1%	More affordable than most markets

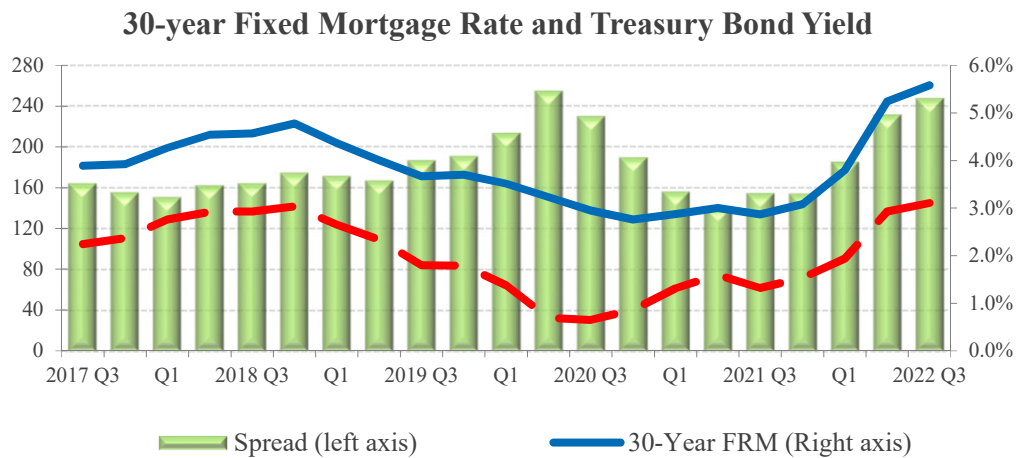
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Winston-Salem	U.S.	
Ratio for 2021	1.7	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	2.1	3.6	
Historical Average	1.4	2.7	Affordable compared to most markets



## The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the year.

## Geographic Coverage for this Report

The Winston-Salem area referred to in this report covers the geographic area of the Winston-Salem metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Davidson County, Davie County, Forsyth County, Stokes County, and Yadkin County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

