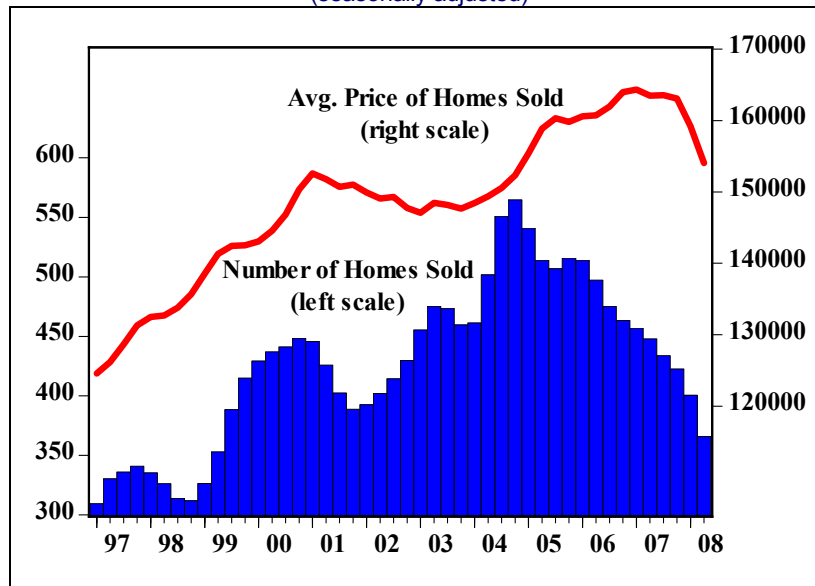


The High Point Housing Report, 2008.2

Current Outlook

The number of existing, single-family homes sold in the High Point area totaled 366 in the 2nd quarter of 2008, adjusted for seasonal variation.¹ The number sold was down -8.7 percent compared to the level of sales recorded in the 1st quarter, and it was -18.3 percent below the number sold during the 2nd quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2008.2
(seasonally adjusted)



At the end of the 2nd quarter of 2008, the inventory of homes on the market totaled 1,416, or 3.4 times the number of homes sold in the 2nd quarter. At the current sales pace, it will take 10.2 months to exhaust the inventory. The number of existing homes offered for sale was down -5.7 percent from what it was in the 1st quarter, and it was -5.3 percent below the level in the 2nd quarter one year ago.

The price of the average home sold in the 2nd quarter declined -3.2 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$154,053. The average this quarter was off -5.8 percent from the average recorded in the 2nd quarter of last year. Over the past year, consumer prices nationally have risen 3.8 percent, indicating that real home prices in High Point have fallen.

Nationally, the pace of existing home sales has fallen -15.2 percent over the past 12 months.² Average home prices are down -6.8 percent across the nation and -4.6 percent in the South. The national inventory of unsold homes is up 1.9 percent over the past 12 months and will take 10.4 months to sell at the existing pace of sales.

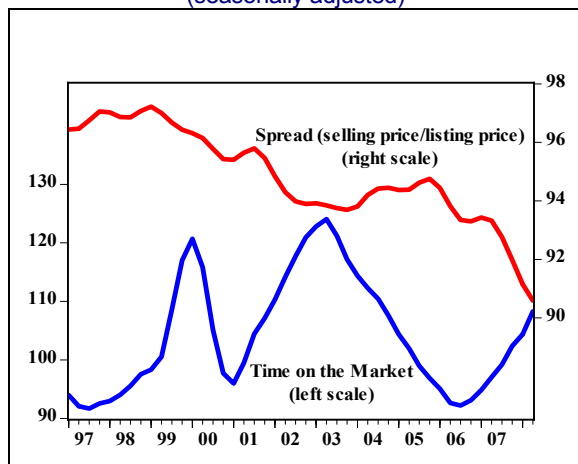
Among other indicators of housing demand, the average time on the market for existing homes sold was 108.3 days, up 3.7 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 90.6 percent, indicating an increase in the level of discounting in the market. Over the past year, time on the market has risen 11.6 percent, and the spread has fallen, showing that the time to sell a home has risen and sellers are accepting a smaller percentage of the listing price.

¹ The High Point area includes zip codes 27260, 27261, 27262, 27263, 27264, 27265, 27282, 27370, 27360, and 27361.

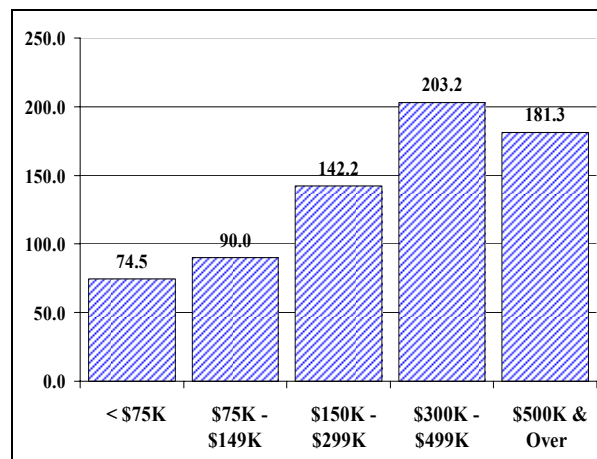
² This percentage is calculated from May 2007 to May 2008.

Time on the market (TOM) is higher for higher priced homes. For homes \$300,000 and above, TOM averages more than 150 days. In contrast, for homes less than \$150,000, average TOM is under 100 days.

Existing Homes, 1997.1 – 2008.2
(seasonally adjusted)



Time on the Market by Price Category



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index was off -1.8 percent this quarter, but since the 2nd quarter of 2007, the affordability index has risen 9.8 percent because of lower prices.

Existing Home Sales Data

	2008.2	2008.1	2007.2	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Ave. Home Price	\$154,053	\$159,183	\$163,491	-3.2%	-5.8%
No. of Homes Sold	366	401	448	-8.7%	-18.3%
Time on Market (days)	108.3	104.4	97.0	3.7%	11.6%
Spread: (sale price/list price)	90.6	91.2	93.3	-0.7%	-2.9%
Consumer Price Index (CPI-U)	214.4	212.8	206.6	0.8%	3.8%
Not Seasonally Adjusted					
Ave. Home Price	\$154,472	\$158,987	\$164,145	-2.8%	-5.9%
No. of Homes Sold	413	334	498	23.7%	-17.1%
< \$75K	88	57	103	54.4%	-14.6%
\$75K - \$149K	152	131	193	16.0%	-21.2%
\$150K - \$299K	149	126	177	18.3%	-15.8%
\$300K - \$499K	19	16	23	18.8%	-17.4%
\$500K & Over	5	4	2	25.0%	150.0%
Inventory, end of qtr.	1,416	1,501	1,496	-5.7%	-5.3%
Inventory/Sales	3.4	4.5	3.0	-23.7%	14.1%
Affordability Index	108.2	110.2	98.5	-1.8%	9.8%

The Neighborhood Distribution of Existing Home Sales

During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, which takes in the Oak Hollow Lake area, had a total of 143 sales. It was followed by zip code 27360, which encompasses Thomasville, where 80 sales were recorded. Zip code 27265, the Oak Hollow Lake area, recorded the highest average price for existing homes sold of \$179,502.

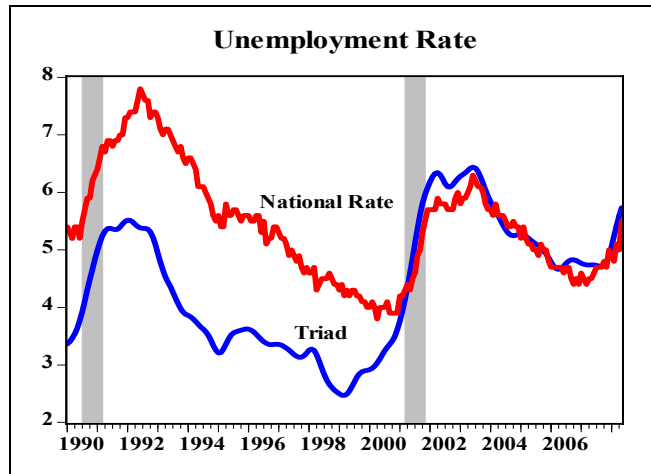
The highest inventory to sales ratio was in zip code 27262, which includes northwest High Point surrounding the High Point Country Club area. At the current sales pace, it will take 15.0 months to exhaust the inventory in this neighborhood. This area has the largest number of homes for sale above \$500,000. The second highest inventory to sales ratio was in zip code 27260, which takes in southeast High Point. Here it will take 14.1 months to move the exiting inventory at the current sales pace. This neighborhood has the lowest average sales price (\$54,033) and the largest number of homes for sale under \$75,000.

The Neighborhood Distribution of Existing Home Sales, 2008.2

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27260	< \$75K	30	\$36,408	73.3	86.1	119	4.0
27260	\$75K - \$149K	9	\$101,308	98.3	78.3	62	6.9
27260	\$150K - \$299K	1	\$157,293	99.4	258.0	5	5.0
27260	\$300K - \$499K	0	n.a.	n.a.	n.a.	n.a.	n.a.
27260	\$500K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27260	Total	40	\$54,033	79.6	88.6	186	4.7
27261	< \$75K	0	n.a.	n.a.	n.a.	2	n.a.
27261	\$75K - \$149K	0	n.a.	n.a.	n.a.	2	n.a.
27261	\$150K - \$299K	0	n.a.	n.a.	n.a.	n.a.	n.a.
27261	\$300K - \$499K	0	n.a.	n.a.	n.a.	n.a.	n.a.
27261	\$500K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27261	Total	0	n.a.	n.a.	n.a.	4	n.a.
27262	< \$75K	21	\$42,190	84.5	79.9	63	3.0
27262	\$75K - \$149K	13	\$103,390	91.6	123.8	59	4.5
27262	\$150K - \$299K	8	\$173,813	90.6	97.8	69	8.6
27262	\$300K - \$499K	5	\$414,000	93.0	245.0	32	6.4
27262	\$500K & Over	4	\$537,750	83.2	333.5	30	7.5
27262	Total	51	\$153,756	88.0	130.0	253	5.0
27263	< \$75K	9	\$50,248	86.1	51.0	19	2.1
27263	\$75K - \$149K	14	\$106,050	95.3	57.4	40	2.9
27263	\$150K - \$299K	7	\$188,213	97.9	126.9	45	6.4
27263	\$300K - \$499K	1	\$378,000	92.4	121.0	5	5.0
27263	\$500K & Over	0	n.a.	n.a.	n.a.	4	n.a.
27263	Total	31	\$117,175	93.1	73.3	113	3.6
27265	< \$75K	9	\$52,639	84.3	67.7	13	1.4
27265	\$75K - \$149K	44	\$118,650	95.3	76.8	81	1.8
27265	\$150K - \$299K	82	\$202,112	95.0	118.4	203	2.5
27265	\$300K - \$499K	7	\$388,743	92.7	161.1	53	7.6
27265	\$500K & Over	1	\$680,000	97.3	29.0	21	21.0
27265	Total	143	\$179,502	94.3	103.9	371	2.6
27282	< \$75K	0	n.a.	n.a.	n.a.	4	n.a.
27282	\$75K - \$149K	6	\$126,483	91.4	51.8	17	2.8
27282	\$150K - \$299K	28	\$206,850	93.6	94.2	56	2.0
27282	\$300K - \$499K	4	\$383,125	92.5	81.3	28	7.0
27282	\$500K & Over	0	n.a.	n.a.	n.a.	2	n.a.
27282	Total	38	\$212,716	93.2	86.2	107	2.8
27360	< \$75K	15	\$51,093	81.0	98.8	43	2.9
27360	\$75K - \$149K	52	\$112,366	93.9	115.7	135	2.6
27360	\$150K - \$299K	12	\$196,958	96.4	160.2	112	9.3
27360	\$300K - \$499K	1	\$322,500	63.9	524.0	14	14.0
27360	\$500K & Over	0	n.a.	n.a.	n.a.	2	n.a.
27360	Total	80	\$116,193	91.5	124.3	306	3.8
27370	< \$75K	4	\$58,163	79.4	63.5	5	1.3
27370	\$75K - \$149K	14	\$116,765	92.8	125.8	20	1.4
27370	\$150K - \$299K	11	\$182,891	94.4	140.0	29	2.6
27370	\$300K - \$499K	1	\$338,000	98.0	87.0	21	21.0
27370	\$500K & Over	0	n.a.	n.a.	n.a.	1	n.a.
27370	Total	30	\$140,572	91.8	121.4	76	2.5

Economic Trends in the Piedmont Triad

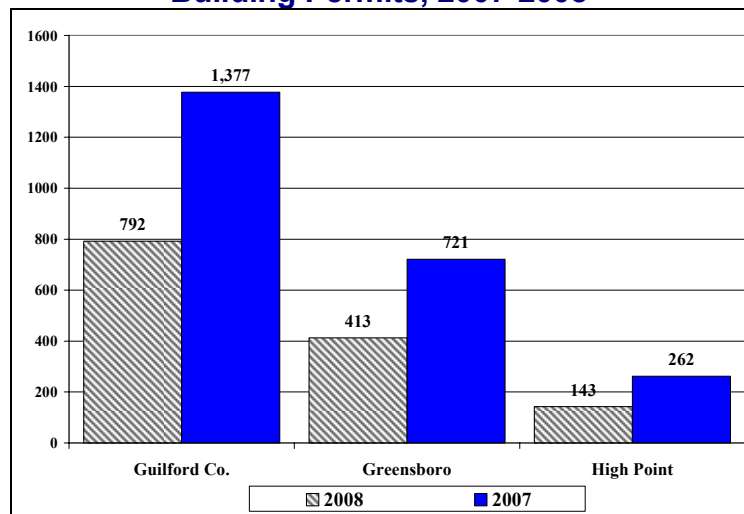
Economic conditions in the eight-county Piedmont Triad region deteriorated during the 2nd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 5.7 percent in May, up 0.1 percentage points from the revised figure for April. The national unemployment rate was 5.5 percent, up 0.5 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was flat in May. Over the past 12 months, employment has gained 1.1 percent. For the nation as a whole, employment also was essentially unchanged in May. Over the past 12 months, national employment has risen 0.2 percent.

Planned residential construction declined during the 2nd quarter. Residential building permits (which reflect plans for future construction) were off -42.5 percent in Guilford County as a whole during the first 5 months of 2008 compared to the same period in 2007. Permits dropped -42.7 percent in Greensboro and -45.4 percent in High Point. Employment in the construction section is down -1.8 percent across the Triad over the past year.

Building Permits, 2007-2008⁴



The number of real estate foreclosures in June was up 22.6 percent in the Triad during the past 12 months. Foreclosures were up 30.7 percent in Guilford County during the same period. Over the past 12 months, there were 9,185 foreclosures in the Triad and 3,902 in Guilford County.

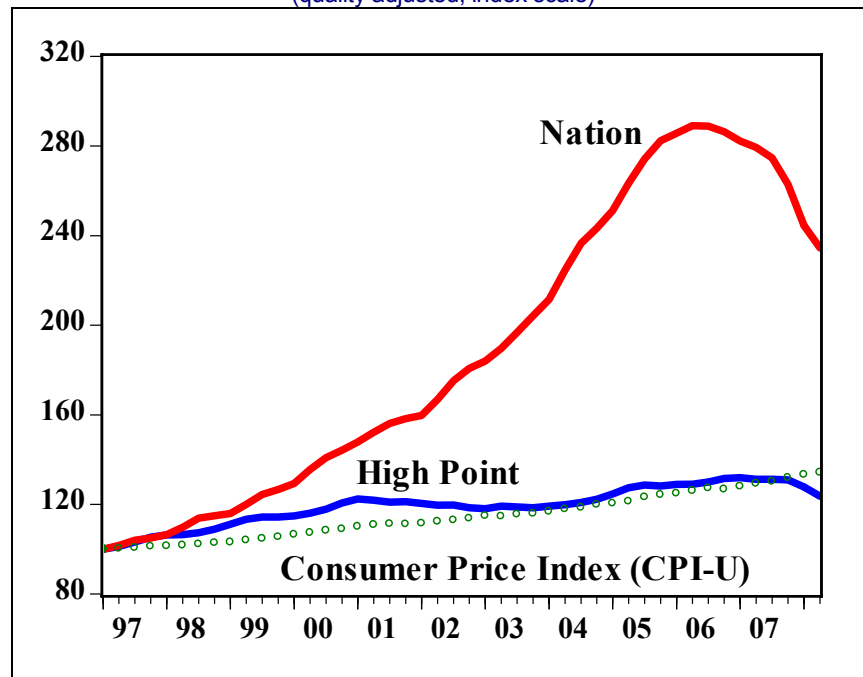
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

⁴ Figures reflect year-to-date totals through May.

Longer-Term Trends

Since the first quarter of 1997, existing home prices in High Point have risen at an average annual rate of 1.9 percent, lagging the consumer price index (CPI) which has increased an average of 2.6 percent annually. The appreciation of housing prices in High Point has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 7.6 percent annual rate from 1997.1 through the 2nd quarter of 2008, according to the S&P Cass-Shiller 10-City Home Price Index. Over the past year, the Cass-Shiller Index has fallen -16.1 percent, while prices in the High Point area are down -5.8 percent.

Existing Housing Prices in High Point and the Nation
(quality adjusted, index scale)



In 2007, the average existing home that was sold had 1,774 square feet of floor space. It was 1.4 stories high, had 2.1 bathrooms, 1.2 garage parking spaces, and 0.7 fireplaces. The average age of existing homes sold was 28 years.

Characteristics of Existing Homes Sold, 2007

Square Footage	1,774
Floors	1.4
Baths	2.1
Garage Spaces	1.2
Fireplaces	0.7
Age	28
Number Sold	1,852

Methodology

The *High Point Housing Report* uses data from the Triad MLS to track the pace of housing activity in the cities of High Point and Jamestown. Average home price numbers reflect quality-adjusted averages. These averages are constructed using the multiple regression approach. Among the independent variables in the analysis are: neighborhood housing prices, square footage, number of baths, age, and other amenities of the structure. This approach to calculating quality-adjusted prices is discussed in: G. D. Jud & T. G. Seaks, "Sample Selection Bias in Estimating Housing Sales Prices," *Journal of Real Estate Research*, Vol. 9, No. 3, (1994), pp. 289-298.

The affordability index measures changes in the income-payment ratio. The loan payment is calculated as the monthly payment necessary to finance a 90 percent, 30-year loan on the average house price at prevailing interest rates. The income measure is average household income, as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The sales-list price spread is the ratio of selling price to listing price.

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