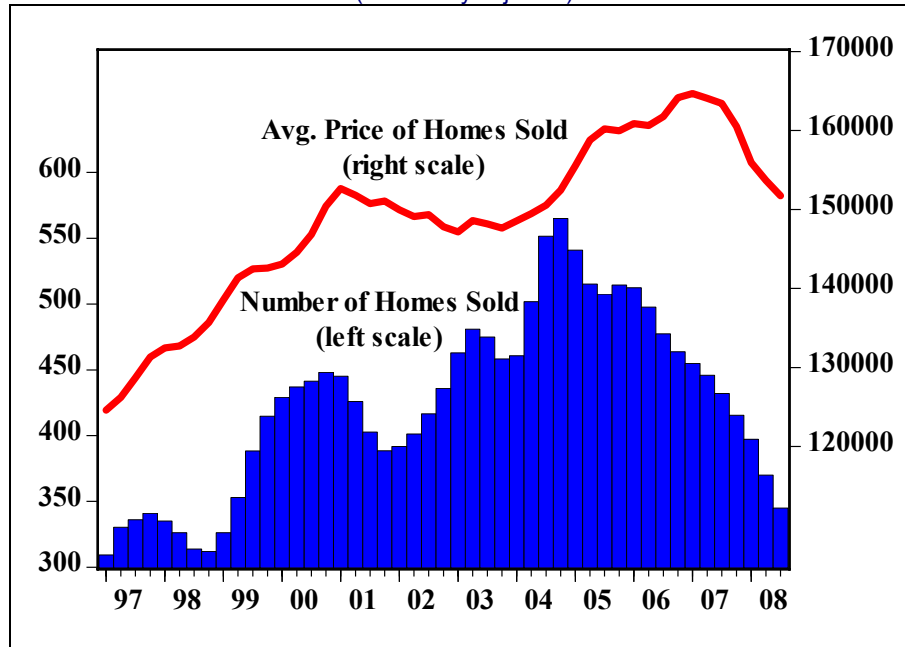


The High Point Housing Report, 2008.3

Current Outlook

The number of existing, single-family homes sold in the High Point area totaled 345 in the 3rd quarter of 2008, adjusted for seasonal variation.¹ The number sold was down -6.7 percent compared to the level of sales recorded in the 2nd quarter, and it was -20.2 percent below the number sold during the 3rd quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2008.3
(seasonally adjusted)



At the end of the 3rd quarter of 2008, the inventory of homes on the market totaled 1,363, or 3.7 times the number of homes sold in the 3rd quarter. At the current sales pace, it will take 11.0 months to exhaust the inventory. The number of existing homes offered for sale was down -3.7 percent from what it was in the 2nd quarter, and it was -7.0 percent below the level in the 3rd quarter one year ago.

The price of the average home sold in the 3rd quarter declined -1.3 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$151,751. The average this quarter was off -7.1 percent from the average recorded in the 3rd quarter of last year. Over the past year, consumer prices nationally have risen 4.3 percent, indicating that real home prices in High Point have fallen.

Nationally, the pace of existing home sales has fallen -10.7 percent over the past 12 months.² Average home prices are down -9.5 percent across the nation and -3.4 percent in the South. The national inventory of unsold homes is up 2.9 percent over the past 12 months and will take 10.4 months to sell at the existing pace of sales.

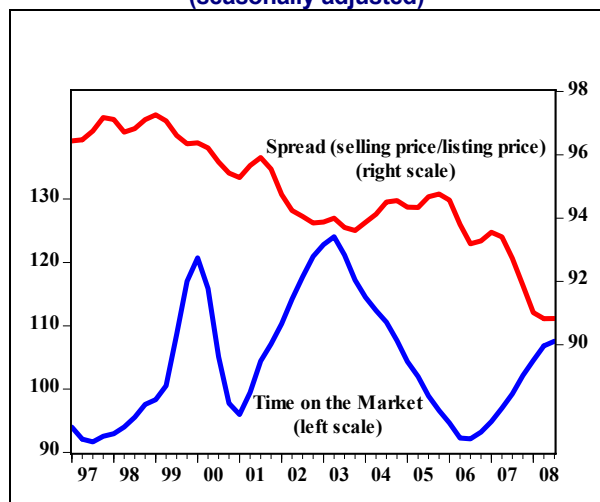
Among other indicators of housing demand, the average time on the market for existing homes sold was 107.5 days, up 0.7 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was unchanged at 90.8 percent, indicating no change in the level of discounting in the market. Over the past year, time on the market has risen 8.4 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.

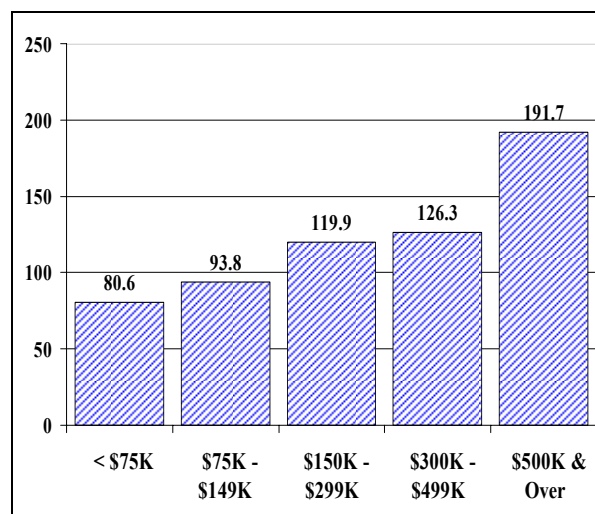
² This percentage is calculated from May 2007 to May 2008.

Time on the market (TOM) is higher for higher priced homes. For homes \$300,000 and above, TOM averages more than 125 days. In contrast, for homes less than \$150,000, average TOM is under 95 days.

Existing Homes, 1997.1 – 2008.3
(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 -1.4 percent this quarter, but since the 3rd quarter of 2007, the affordability index has risen 11.2 percent because of lower prices.

Existing Home Sales Data

	2008.3	2008.2	2007.3	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Ave. Home Price	\$151,751	\$153,708	\$163,434	-1.3%	-7.1%
No. of Homes Sold	345	370	432	-6.7%	-20.2%
Time on Market (days)	107.5	106.8	99.3	0.7%	8.4%
Spread: (sale price/list price)	90.8	90.8	92.7	0.0%	-2.0%
Consumer Price Index (CPI-U)	215.4	212.8	206.6	1.2%	4.3%
Not Seasonally Adjusted					
Ave. Home Price	\$149,338	\$147,457	\$156,645	1.3%	-4.7%
No. of Homes Sold	371	413	457	-10.2%	-18.8%
< \$75K	89	88	79	1.1%	12.7%
\$75K - \$149K	128	152	191	-15.8%	-33.0%
\$150K - \$299K	132	149	145	-11.4%	-9.0%
\$300K - \$499K	19	19	37	0.0%	-48.6%
\$500K & Over	3	5	5	-40.0%	-40.0%
Inventory, end of qtr.	1,363	1,416	1,465	-3.7%	-7.0%
Inventory/Sales	3.7	3.4	3.2	7.2%	14.6%
Affordability Index	106.9	108.4	96.1	-1.4%	11.2%

The Neighborhood Distribution of Existing Home Sales

During the 3rd 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 114 sales. It was followed by zip code 27360, which encompasses Thomasville, where 86 sales were recorded. Zip code 27282, which includes the Jamestown area east of High Point, recorded the highest average price for existing homes sold of \$211,104 on the basis of 37 sales.

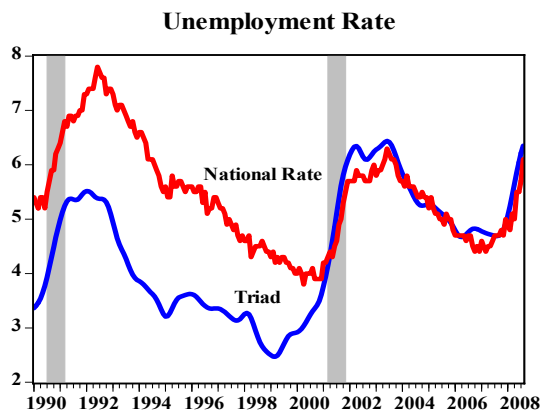
The highest inventory to sales ratio was in zip code 27262, which includes northwest High Point surrounding the High Point Country Club area. At the current sales pace, it will take 19.4 months to exhaust the inventory in this neighborhood. This area has the largest number of homes for sale above \$500,000. The second highest inventory to sales ratio was in zip code 27263, which takes in the Archdale area south and east of old I-85. Here it will take 13.6 months to move the exiting inventory at the current sales pace.

The Neighborhood Distribution of Existing Home Sales, 2008.3

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27260	< \$75K	30	\$36,925	77.3	78.0	128	4.3
27260	\$75K - \$149K	10	\$126,480	94.7	125.6	57	5.7
27260	\$150K - \$299K	3	\$211,833	94.5	90.3	3	1.0
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	43	\$69,955	82.6	89.9	188	4.4
27261	< \$75K	0	n.a.	n.a.	n.a.	1	n.a.
27261	\$75K - \$149K	0	n.a.	n.a.	n.a.	1	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.	2	n.a.
27262	< \$75K	19	\$41,535	80.3	60.2	59	3.1
27262	\$75K - \$149K	5	\$130,240	97.0	59.0	74	14.8
27262	\$150K - \$299K	15	\$216,160	91.9	135.5	73	4.9
27262	\$300K - \$499K	2	\$463,750	91.8	301.5	38	19.0
27262	\$500K & Over	1	\$850,000	88.7	189.0	28	28.0
27262	Total	42	\$153,816	87.2	101.5	272	6.5
27263	< \$75K	10	\$49,378	76.5	115.9	15	1.5
27263	\$75K - \$149K	12	\$110,258	96.3	89.4	48	4.0
27263	\$150K - \$299K	4	\$214,725	94.7	90.0	45	11.3
27263	\$300K - \$499K	0	n.a.	n.a.	n.a.	7	n.a.
27263	\$500K & Over	0	n.a.	n.a.	n.a.	3	n.a.
27263	Total	26	\$102,915	88.4	99.7	118	4.5
27265	< \$75K	5	\$51,680	78.2	107.0	12	2.4
27265	\$75K - \$149K	40	\$119,170	94.6	72.6	85	2.1
27265	\$150K - \$299K	60	\$205,544	93.1	111.2	225	3.8
27265	\$300K - \$499K	7	\$368,163	91.2	105.9	47	6.7
27265	\$500K & Over	2	\$560,000	87.3	193.0	18	9.0
27265	Total	114	\$184,693	92.8	98.5	387	3.4
27282	< \$75K	2	\$42,250	86.5	64.0	9	n.a.
27282	\$75K - \$149K	6	\$121,490	94.2	89.7	31	5.2
27282	\$150K - \$299K	22	\$207,655	93.8	88.2	60	2.7
27282	\$300K - \$499K	7	\$347,000	94.4	74.9	36	5.1
27282	\$500K & Over	0	n.a.	n.a.	n.a.	1	n.a.
27282	Total	37	\$211,104	93.6	84.6	137	3.7
27360	< \$75K	18	\$41,961	83.4	65.3	42	2.3
27360	\$75K - \$149K	47	\$118,353	96.2	110.7	147	3.1
27360	\$150K - \$299K	19	\$208,314	94.6	130.7	105	5.5
27360	\$300K - \$499K	2	\$320,700	93.7	249.5	14	7.0
27360	\$500K & Over	0	n.a.	n.a.	n.a.	1	n.a.
27360	Total	86	\$126,945	93.1	108.9	309	3.6
27370	< \$75K	5	\$49,260	83.5	138.2	4	0.8
27370	\$75K - \$149K	8	\$117,438	95.2	92.5	18	2.3
27370	\$150K - \$299K	9	\$201,286	92.7	229.7	31	3.4
27370	\$300K - \$499K	1	\$480,000	92.3	32.0	22	22.0
27370	\$500K & Over	0	n.a.	n.a.	n.a.	3	n.a.
27370	Total	23	\$151,190	91.5	153.5	78	3.4

Economic Trends in the Piedmont Triad

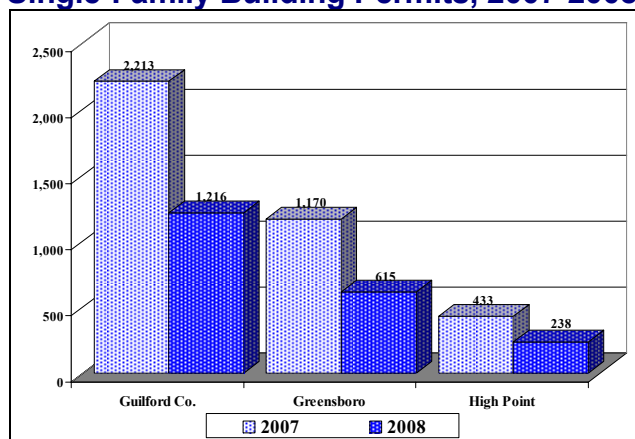
Economic conditions in the eight-county Piedmont Triad region deteriorated during the 3rd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 6.4 percent in August, up 0.2 percentage points from the revised figure for July. The national unemployment rate was 6.1 percent, up 0.4 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.2 percent in August. Over the past 12 months, employment has gained 3.2 percent. For the nation as a whole, employment was down -0.1 percent in August. Over the past 12 months, national employment has fallen -0.2 percent.

Planned residential construction declined during the 3rd quarter. Single-family building permits (which reflect plans for future construction) were off -45.1 percent in Guilford County as a whole during the first 8 months of 2008 compared to the same period in 2007. Permits dropped -47.4 percent in Greensboro and -45.0 percent in High Point. Employment in the construction section is down -1.8 percent across the Triad over the past year.

Single-Family Building Permits, 2007-2008⁴



The number of real estate foreclosures in August was up 18.0 percent in the Triad during the past 12 months. Foreclosures were higher by 22.7 percent in Guilford County during the same period. Over the past 12 months, there were 10,161 foreclosures in the Triad and 4,303 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 August.

Longer-Term Trends

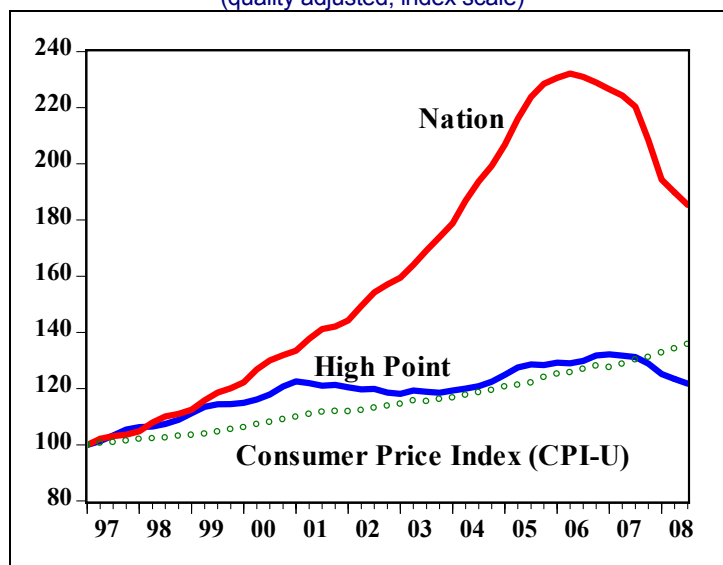
The population of the Triad totaled 1.46 million in 2007, growing at an average annual rate of 1.4 percent since 2000. Guilford County's population was 465,931 in 2007, rising 1.6 percent annually since 2000. The pace of population growth in the Triad accelerated in 2007, with population growing 1.7 percent from 2006 to 2007. The rate of population growth in Guilford County also increased in 2007, growing more than twice as fast as the nation as a whole.

Population Change in the Triad & the Nation, 2007-2000

Area	Population 2007	Percent Change 2007-06	Percent Change 2007-00
Alamance County	145,360	2.4%	1.7%
Davidson County	156,530	1.1%	1.0%
Davie County	40,516	2.2%	2.4%
Forsyth County	338,774	2.1%	1.7%
Guilford County	465,931	2.2%	1.6%
Randolph County	140,145	1.1%	1.1%
Rockingham County	92,421	0.3%	0.1%
Stokes County	46,072	0.6%	0.5%
Yadkin County	37,797	0.5%	0.6%
Triad	1,463,546	1.7%	1.4%
North Carolina	9,061,032	2.2%	1.9%
United States	301,621,157	1.0%	1.1%

Since the first quarter of 1997, existing home prices in High Point have risen at an average annual rate of 1.7 percent, lagging the consumer price index (CPI) which has increased an average of 2.7 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 5.4 percent annual rate from 1997.1 through the 3rd 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 -15.8 percent, while prices in the High Point area are down -7.1 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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