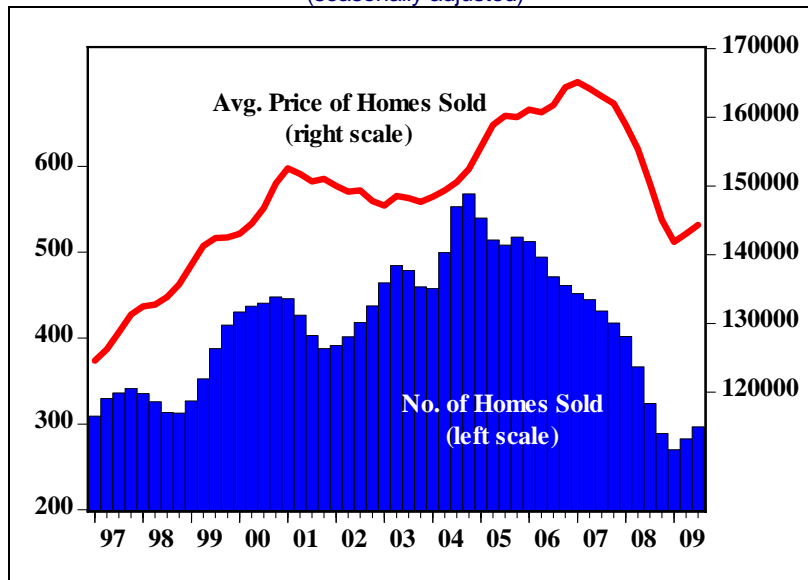


# The High Point Housing Report, 2009.3

## Current Outlook

The number of existing, single-family homes sold in the High Point area totaled 297 in the 3rd quarter of 2009, adjusted for seasonal variation.<sup>1</sup> The number sold was up 5.0 percent compared to the level of sales recorded in the 2nd quarter, but it was -8.4 percent below the number sold during the 3rd quarter one year ago.

**Number and Prices of Existing Homes Sold, 1997.1 – 2009.3**  
(seasonally adjusted)



At the end of the 3rd quarter of 2009, the inventory of homes on the market totaled 1,644, or 4.9 times the number of homes sold in the 3rd quarter. At the current sales pace, it will take 14.7 months to exhaust the inventory. The number of existing homes offered for sale was up 26.3 percent from what it was in the 2nd quarter, and it was 20.6 percent above the level in the 3rd quarter one year ago.

In a significant turnaround, the price of the average home sold in the 3rd quarter gained 0.9 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$144,354. The average this quarter was off -4.0 percent from the average recorded in the 3rd quarter of last year. By comparison, over the past year, consumer prices nationally have slipped -1.5 percent.

Nationally, the pace of existing home sales has fallen -3.4 percent over the past 12 months.<sup>2</sup> Average home prices are down -9.3 percent across the nation and -9.9 percent in the South. The national inventory of unsold homes is down -16.4 percent over the past 12 months and will take 8.5 months to sell at the existing pace of sales.

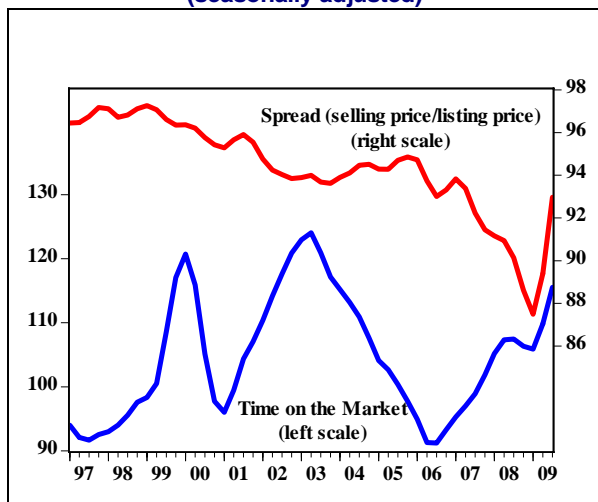
Among other indicators of housing demand, the average time on the market for existing homes sold was 115.5 days, up 5.1 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was higher at 93.0 percent, indicating a drop in the level of discounting in the market. Over the past year, time on the market has risen 7.5 percent, but the spread has increased, showing that the time to sell a home has risen, but sellers are getting a larger percentage of the listing price.

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

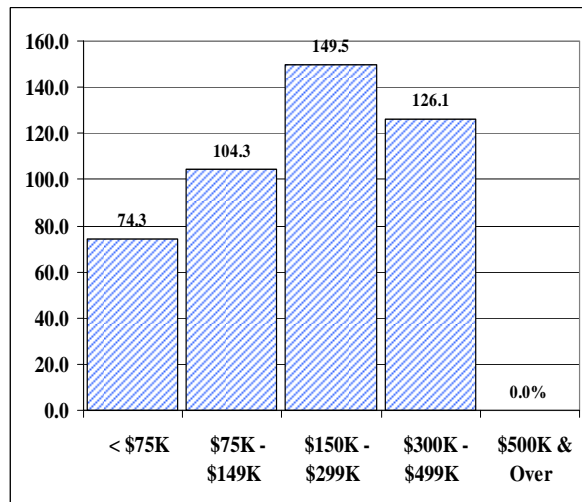
<sup>2</sup> This percentage is calculated from August 2008 to August 2009 using National Assn. of Realtors® data.

Time on the market (TOM) is higher for higher priced homes. For homes \$150,000 and above, TOM averages more than 135 days. In contrast, for homes less than \$75,000, average TOM is under 75 days.

**Existing Homes, 1997.1 – 2009.3**  
(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 down 5.8 percent this quarter, but since the 3rd quarter of 2008, the affordability index has risen 16.8 percent because of lower prices and interest rates.

**Existing Home Sales Data**

|                                 | 2009.3    | 2009.2    | 2008.3    | % Chg<br>Last Qtr. | % Chg<br>Last Yr. |
|---------------------------------|-----------|-----------|-----------|--------------------|-------------------|
| <b>Seasonally Adjusted</b>      |           |           |           |                    |                   |
| Adj. Avg. Home Price            | \$144,354 | \$143,056 | \$150,368 | 0.9%               | -4.0%             |
| No. of Homes Sold               | 297       | 283       | 324       | 5.0%               | -8.4%             |
| Time on Market (days)           | 115.5     | 109.9     | 107.5     | 5.1%               | 7.5%              |
| Spread: (sale price/list price) | 93.0      | 89.4      | 90.1      | 4.0%               | 3.1%              |
| Consumer Price Index (CPI-U)    | 215.8     | 213.9     | 219.1     | 0.9%               | -1.5%             |
| <b>Not Seasonally Adjusted</b>  |           |           |           |                    |                   |
| Avg. Home Price                 | \$145,931 | \$145,881 | \$154,299 | 0.0%               | -5.4%             |
| No. of Homes Sold               | 336       | 304       | 371       | 10.5%              | -9.4%             |
| < \$75K                         | 66        | 65        | 89        | 1.5%               | -25.8%            |
| \$75K - \$149K                  | 143       | 122       | 128       | 17.2%              | 11.7%             |
| \$150K - \$299K                 | 107       | 103       | 132       | 3.9%               | -18.9%            |
| \$300K - \$499K                 | 20        | 13        | 19        | 53.8%              | 5.3%              |
| \$500K & Over                   | 0         | 1         | 3         | -100.0%            | -100.0%           |
| Inventory, end of qtr.          | 1,644     | 1,302     | 1,363     | 26.3%              | 20.6%             |
| Inventory/Sales                 | 4.9       | 4.3       | 3.7       | 14.2%              | 33.2%             |
| Affordability Index             | 123.5     | 131.0     | 105.7     | -5.8%              | 16.8%             |

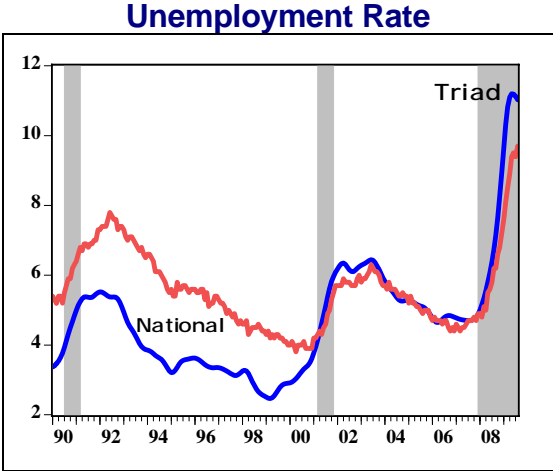


## The Neighborhood Distribution of Existing Home Sales, 2009.3

| Zip   | Price Range     | No. Sales | Avg. Price | Spread | TOM   | Inventory End of Qtr. | Inv./Sales |
|-------|-----------------|-----------|------------|--------|-------|-----------------------|------------|
| 27260 | < \$75K         | 14        | \$25,130   | 86.0   | 81.7  | 104                   | 7.4        |
| 27260 | \$75K - \$149K  | 5         | \$99,400   | 97.9   | 158.0 | 52                    | 10.4       |
| 27260 | \$150K - \$299K | n.a.      | n.a.       | n.a.   | n.a.  | 3                     | n.a.       |
| 27260 | \$300K - \$499K | n.a.      | n.a.       | n.a.   | n.a.  | 1                     | n.a.       |
| 27260 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | n.a.                  | n.a.       |
| 27260 | Total           | 19        | \$44,674   | 89.2   | 101.8 | 160                   | 8.4        |
| 27262 | < \$75K         | 15        | \$41,273   | 87.4   | 94.9  | 71                    | 4.7        |
| 27262 | \$75K - \$149K  | 15        | \$114,476  | 93.3   | 94.7  | 75                    | 5.0        |
| 27262 | \$150K - \$299K | 13        | \$200,024  | 94.3   | 164.4 | 67                    | 5.2        |
| 27262 | \$300K - \$499K | 7         | \$372,929  | 92.9   | 175.6 | 39                    | 5.6        |
| 27262 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 25                    | n.a.       |
| 27262 | Total           | 50        | \$150,941  | 91.7   | 124.2 | 277                   | 5.5        |
| 27263 | < \$75K         | 6         | \$51,517   | 92.1   | 30.2  | 29                    | 4.8        |
| 27263 | \$75K - \$149K  | 17        | \$110,847  | 97.2   | 89.6  | 68                    | 4.0        |
| 27263 | \$150K - \$299K | 6         | \$231,733  | 97.2   | 125.7 | 52                    | 8.7        |
| 27263 | \$300K - \$499K | 1         | \$300,000  | 83.4   | 58.0  | 3                     | 3.0        |
| 27263 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 2                     | n.a.       |
| 27263 | Total           | 30        | \$129,463  | 95.7   | 83.9  | 154                   | 5.1        |
| 27265 | < \$75K         | 9         | \$50,208   | 91.6   | 68.6  | 25                    | 2.8        |
| 27265 | \$75K - \$149K  | 55        | \$117,610  | 96.9   | 122.7 | 213                   | 3.9        |
| 27265 | \$150K - \$299K | 56        | \$196,695  | 96.0   | 111.0 | 218                   | 3.9        |
| 27265 | \$300K - \$499K | 4         | \$347,225  | 97.5   | 105.8 | 28                    | 7.0        |
| 27265 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 15                    | n.a.       |
| 27265 | Total           | 124       | \$155,841  | 96.1   | 112.9 | 499                   | 4.0        |
| 27282 | < \$75K         | 1         | \$64,500   | 99.4   | 98.0  | 3                     | 3.0        |
| 27282 | \$75K - \$149K  | 13        | \$116,995  | 96.0   | 77.2  | 42                    | 3.2        |
| 27282 | \$150K - \$299K | 24        | \$203,808  | 94.9   | 131.8 | 85                    | 3.5        |
| 27282 | \$300K - \$499K | 6         | \$342,333  | 94.6   | 87.5  | 18                    | 3.0        |
| 27282 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 1                     | n.a.       |
| 27282 | Total           | 44        | \$193,882  | 95.3   | 108.9 | 149                   | 3.4        |
| 27360 | < \$75K         | 14        | \$40,825   | 85.5   | 89.2  | 46                    | 3.3        |
| 27360 | \$75K - \$149K  | 31        | \$109,959  | 96.2   | 91.0  | 165                   | 5.3        |
| 27360 | \$150K - \$299K | 5         | \$172,980  | 97.3   | 204.0 | 97                    | 19.4       |
| 27360 | \$300K - \$499K | n.a.      | n.a.       | n.a.   | n.a.  | 10                    | n.a.       |
| 27360 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 1                     | n.a.       |
| 27360 | Total           | 50        | \$96,903   | 93.3   | 101.8 | 319                   | 6.4        |
| 27370 | < \$75K         | 7         | \$46,343   | 85.2   | 57.3  | 12                    | 1.7        |
| 27370 | \$75K - \$149K  | 7         | \$110,907  | 98.9   | 96.6  | 34                    | 4.9        |
| 27370 | \$150K - \$299K | 3         | \$193,833  | 93.5   | 160.0 | 24                    | 8.0        |
| 27370 | \$300K - \$499K | 2         | \$374,750  | 95.5   | 203.5 | 13                    | 6.5        |
| 27370 | \$500K & Over   | n.a.      | n.a.       | n.a.   | n.a.  | 3                     | n.a.       |
| 27370 | Total           | 19        | \$127,987  | 92.6   | 103.4 | 86                    | 4.5        |

## Economic Trends in the Piedmont Triad

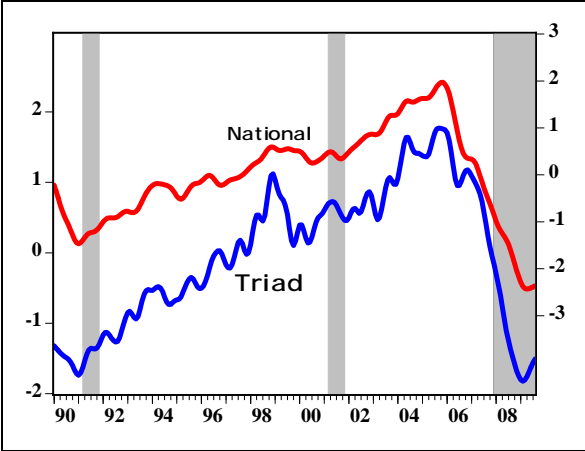
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 3rd quarter.<sup>3</sup> The seasonally adjusted rate of unemployment in the Triad was 11.0 percent in August, down 0.1 percentage points this month, but up 4.3 percentage points over the past 12 months. The national unemployment rate was 9.7 percent, up 0.3 percentage points this month and up 3.5 percentage points over the past year.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was off -0.1 percent in August. Over the past 12 months, employment has fallen -4.7 percent. For the nation as a whole, employment dipped -0.2 percent in August. Over the past 12 months, national employment has declined -4.3 percent. The number of persons in the Triad employed in the service-producing sector was essentially unchanged in August, but higher employment was recorded this month in professional & business services, education & healthcare, leisure, government, and other services.

In a continuing turnaround, residential building permits in the Triad, which reflect planned construction, were up 3.7 percent this month, rising for the 6th consecutive month. Over the past 12 months, the pace of planned residential building has fallen -8.6 percent. Construction employment has fallen -17.9 percent over the past year and was off -0.4 percent this month.

## Single-Family Building Permits, 1990-2009



The number of real estate foreclosures in the Triad was up 2.7 percent in August and is up 18.8 percent over the past 12 months. Nationally, foreclosures are up 18.0 percent over the past 12 months.

<sup>3</sup> 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.

## Longer-Term Trends

The population of the Triad totaled 1.39 million in 2008, growing at an average annual rate of 1.3 percent since 2000. Guilford County's population was 472,216 in 2007, rising 1.4 percent annually since 2000. The pace of population growth in the Triad accelerated in 2008, with population growing 1.6 percent from 2007 to 2008. The rate of population growth in Guilford County also increased in 2008, growing more rapidly than the nation, but slower than the state.

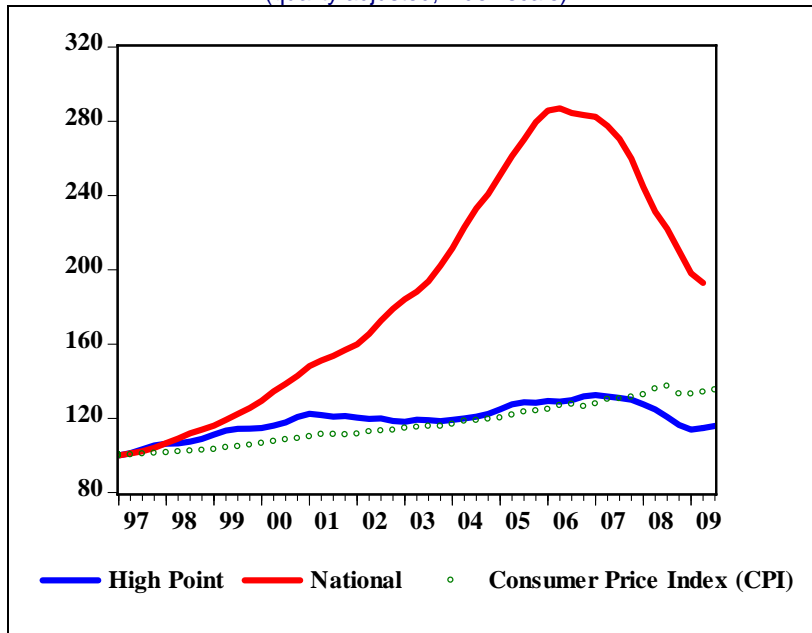
### Population Change in the Triad & the Nation, 2008-2000

| Area            | Population 2008 | Percent Change 2008-07 | Percent Change 2008-00 |
|-----------------|-----------------|------------------------|------------------------|
| Alamance County | 148,053         | 2.25%                  | 1.56%                  |
| Davidson County | 158,166         | 1.34%                  | 0.90%                  |
| Davie County    | 40,971          | 1.50%                  | 2.05%                  |
| Forsyth County  | 343,028         | 1.60%                  | 1.44%                  |
| Guilford County | 472,216         | 1.76%                  | 1.44%                  |
| Randolph County | 141,186         | 1.20%                  | 0.99%                  |
| Stokes County   | 46,171          | 0.51%                  | 0.40%                  |
| Yadkin County   | 37,954          | 0.74%                  | 0.54%                  |
| Triad           | 1,387,745       | 1.59%                  | 1.30%                  |
| North Carolina  | 9,222,414       | 2.00%                  | 1.72%                  |
| United States   | 304,059,724     | 0.92%                  | 0.97%                  |

Source: Census Bureau

Since the first quarter of 1997, existing home prices in High Point have risen at an average annual rate of 1.2 percent, lagging the consumer price index (CPI) which has increased an average of 2.4 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 2nd quarter of 2009, according to the S&P Cass-Shiller 10-City Home Price Index.

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



In 2008, the average existing home that was sold had 1,862 square feet of floor space. It was 1.4 stories high, had 2.1 bathrooms, 1.3 garage parking spaces, and 0.7 fireplaces. The average age of existing homes sold was 26 years.

### Characteristics of Existing Homes Sold, 2008

|                |       |
|----------------|-------|
| Square Footage | 1,862 |
| Floors         | 1.4   |
| Baths          | 2.1   |
| Garage Spaces  | 1.3   |
| Fireplaces     | 0.7   |
| Age            | 26    |
| Number Sold    | 1,362 |

### 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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