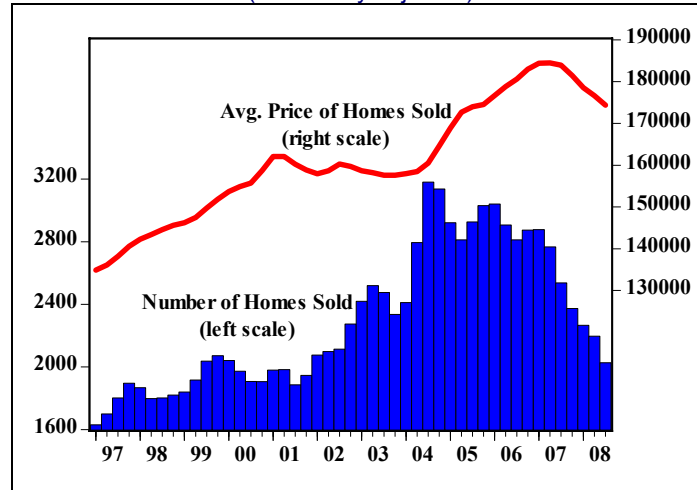


# The Triad Housing Report, 2008.3

## Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,027 in the 3rd quarter of 2008, after adjustment for seasonal variation.<sup>1</sup> The number sold was down -7.8 percent compared to the level of sales recorded in the 2nd quarter, and it was -20.1 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 was 9,052, or 4.4 times the number of homes sold in the 3rd quarter. At the current sales pace, it will take 13.2 months to exhaust the existing inventory. The number of existing homes offered for sale was up 2.3 percent from what it was at the end of the 2nd quarter, and it was 1.5 percent higher than at the end of the 3rd quarter one year ago.

The price of the average home sold in the 3rd quarter was off -1.3 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$174,396. The average this quarter was down -5.2 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 the Triad have declined.

Nationally, the pace of existing home sales has fallen -10.7 percent over the past 12 months.<sup>2</sup> 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 activity, the average time on the market for existing homes sold was 109.1 days, up 2.3 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 91.8 percent, indicating a slip in the level of discounting

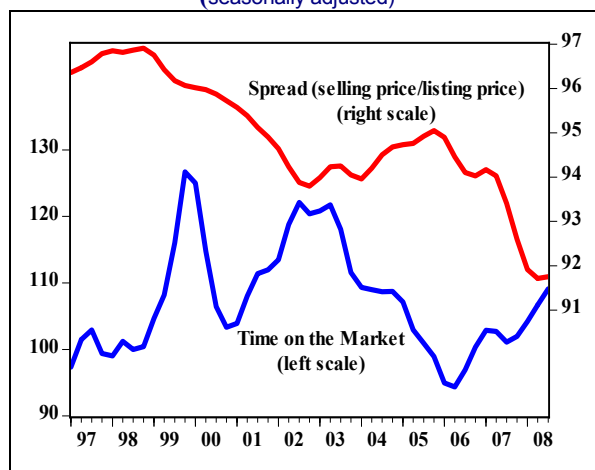
<sup>1</sup> The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin. The Triad is located in the north central area of North Carolina.

<sup>2</sup> This percentage is calculated from August 2007 to August 2008 using National Assn. of Realtors® data.

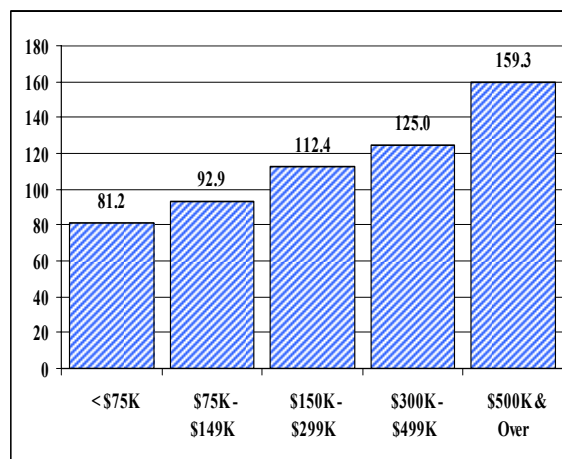
in the market. Over the past year, time on the market has risen, and the spread has declined, indicating that the average home seller needs more time to sell a home and is accepting larger discounts from the initial listing price.

### Existing Homes, 1997.1 – 2008.3

(seasonally adjusted)



### Time on the Market



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 100 days.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index, which tracks the income-payment ratio, slipped -0.4 percent this quarter. Since the 3rd quarter of last year, the affordability index has risen 7.3 percent because of lower home prices.

### Existing Home Sales Data

	2008.3	2008.2	2007.3	% Chg Last Qtr.	% Chg Last Yr.
<b>Seasonally Adjusted</b>					
Adj. Ave. Home Price	\$174,396	\$176,629	\$183,949	-1.3%	-5.2%
No. of Homes Sold	2,027	2,198	2,537	-7.8%	-20.1%
Time on Market (days)	109.1	106.7	101.1	2.3%	7.9%
Spread: (sale price/list price)	91.8	91.7	93.4	0.0%	-1.8%
Consumer Price Index (CPI-U)	215.4	212.8	206.6	1.2%	4.3%
<b>Not Seasonally Adjusted</b>					
Ave. Home Price	\$182,879	\$187,657	\$196,043	-2.5%	-6.7%
No. of Homes Sold	2,073	2,774	2,784	-25.3%	-25.5%
< \$75K	300	375	315	-20.0%	-4.8%
\$75K - \$149K	797	978	1,037	-18.5%	-23.1%
\$150K - \$299K	695	1,037	974	-33.0%	-28.6%
\$300K - \$499K	218	291	358	-25.1%	-39.1%
\$500K & Over	63	93	100	-32.3%	-37.0%
Inventory, end of qtr.	9,052	8,852	8,921	2.3%	1.5%
Inventory/Sales	4.4	3.2	3.2	36.8%	36.3%
Affordability Index	102.9	103.3	95.9	-0.4%	7.3%

## **The County Distribution of Existing Home Sales**

During the 3rd quarter, the largest number of sales of existing homes occurred in Forsyth County, which recorded a total of 763 sales. It was followed by Guilford County with 756 sales. Guilford County also recorded the highest average price for homes sold at \$206,571. The largest number of homes selling for \$500,000 or more was in Forsyth and Guilford Counties each with 27 homes in this category. It was followed by Davidson County with 4 homes sold in the highest price category.

The highest inventory-to-sales ratio was recorded in Randolph and Yadkin Counties with ratios of 5.9. At the current sales pace, it will take 17.7 months to exhaust the current inventory of existing homes in these counties. The highest time on the market for homes sold was recorded in Alamance County where the 69 homes sold this quarter averaged 159 days on the market. The lowest average time on the market was recorded in Guilford County where the 756 homes sold this quarter averaged 126 days on the market.

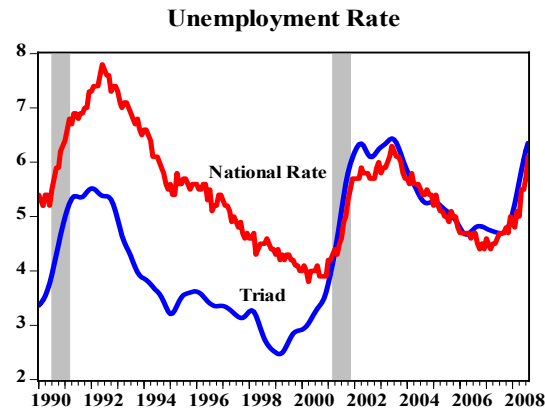
### County Distribution of Existing Home Sales, 2008.3

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$75K	14	\$50,629	72.6	170.0	32	2.3
Alamance	\$75K - \$149K	22	\$111,174	94.6	139.1	94	4.3
Alamance	\$150K - \$299K	25	\$220,913	94.7	171.4	112	4.5
Alamance	\$300K - \$499K	6	\$325,575	92.3	156.0	46	7.7
Alamance	\$500K & Over	2	\$557,500	86.4	156.0	14	7.0
Alamance	Total	69	\$170,231	89.7	159.0	298	4.3
Davidson	< \$75K	47	\$44,818	78.0	170.9	102	2.2
Davidson	\$75K - \$149K	112	\$116,249	94.4	128.4	359	3.2
Davidson	\$150K - \$299K	70	\$202,686	94.0	160.2	359	5.1
Davidson	\$300K - \$499K	18	\$366,744	90.9	178.9	184	10.2
Davidson	\$500K & Over	4	\$559,900	91.3	199.4	71	17.8
Davidson	Total	251	\$152,013	90.9	150.0	1,075	4.3
Davie	< \$75K	6	\$33,950	76.1	236.4	20	3.3
Davie	\$75K - \$149K	21	\$114,547	91.0	140.8	68	3.2
Davie	\$150K - \$299K	30	\$213,511	90.4	114.2	128	4.3
Davie	\$300K - \$499K	8	\$355,125	91.1	159.0	102	12.8
Davie	\$500K & Over	2	\$634,240	90.6	196.8	50	25.0
Davie	Total	67	\$195,881	89.4	141.3	368	5.5
Forsyth	< \$75K	108	\$46,466	83.2	133.5	233	2.2
Forsyth	\$75K - \$149K	315	\$118,165	93.5	123.5	926	2.9
Forsyth	\$150K - \$299K	249	\$205,598	94.2	125.5	1,081	4.3
Forsyth	\$300K - \$499K	64	\$370,756	94.1	142.9	384	6.0
Forsyth	\$500K & Over	27	\$744,121	91.5	179.4	214	7.9
Forsyth	Total	763	\$179,887	92.2	129.2	2,838	3.7
Guilford	< \$75K	91	\$52,303	82.1	164.6	435	4.8
Guilford	\$75K - \$149K	247	\$117,137	93.8	122.4	982	4.0
Guilford	\$150K - \$299K	274	\$211,280	95.0	112.6	1,158	4.2
Guilford	\$300K - \$499K	117	\$381,301	94.6	127.5	593	5.1
Guilford	\$500K & Over	27	\$739,726	94.3	171.4	384	14.2
Guilford	Total	756	\$206,571	93.0	126.5	3,552	4.7
Randolph	< \$75K	19	\$47,494	77.5	115.6	55	2.9
Randolph	\$75K - \$149K	48	\$115,062	95.5	135.3	242	5.0
Randolph	\$150K - \$299K	32	\$198,727	92.5	133.3	207	6.5
Randolph	\$300K - \$499K	2	\$402,450	92.6	181.6	67	33.5
Randolph	\$500K & Over	0	n.a.	n.a.	197.1	20	n.a.
Randolph	Total	101	\$134,550	91.1	131.9	591	5.9
Stokes	< \$75K	12	\$53,117	75.6	163.4	20	1.7
Stokes	\$75K - \$149K	24	\$111,606	91.7	124.1	86	3.6
Stokes	\$150K - \$299K	12	\$189,200	94.3	177.6	96	8.0
Stokes	\$300K - \$499K	2	\$324,250	96.1	224.5	31	15.5
Stokes	\$500K & Over	1	\$759,000	96.2	173.4	8	n.a.
Stokes	Total	51	\$137,134	88.8	150.8	241	4.7
Yadkin	< \$75K	3	\$44,583	71.8	149.5	11	3.7
Yadkin	\$75K - \$149K	8	\$109,750	91.5	116.0	35	4.4
Yadkin	\$150K - \$299K	3	\$213,667	92.6	150.8	25	8.3
Yadkin	\$300K - \$499K	1	\$425,000	99.1	124.5	14	14.0
Yadkin	\$500K & Over	0	n.a.	n.a.	69.3	4	n.a.
Yadkin	Total	15	\$138,517	88.3	130.2	89	5.9

Note: Data are not seasonally adjusted.

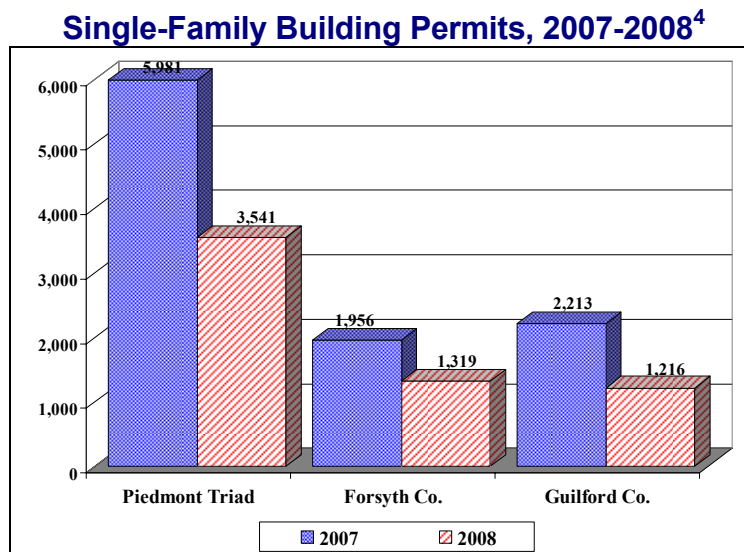
## Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region deteriorated during the 3rd quarter.<sup>3</sup> 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 -40.8 percent in Triad as a whole during the first 8 months of 2008 compared to the same period in 2007. Permits dropped -32.6 percent in Forsyth County and -45.1 percent in Guilford County. Employment in the construction section is down -1.8 percent across the Triad over the past year.



The number of real estate foreclosures in August was up 18.0 percent in the Triad during the past 12 months. Foreclosures were up 20.9 percent in Forsyth County and 22.7 percent in Guilford County during the same period. Over the past 12 months, there were 10,161 foreclosures in the Triad.

<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.

<sup>4</sup> Figures reflect year-to-date totals through August.

## Longer-Term Trends

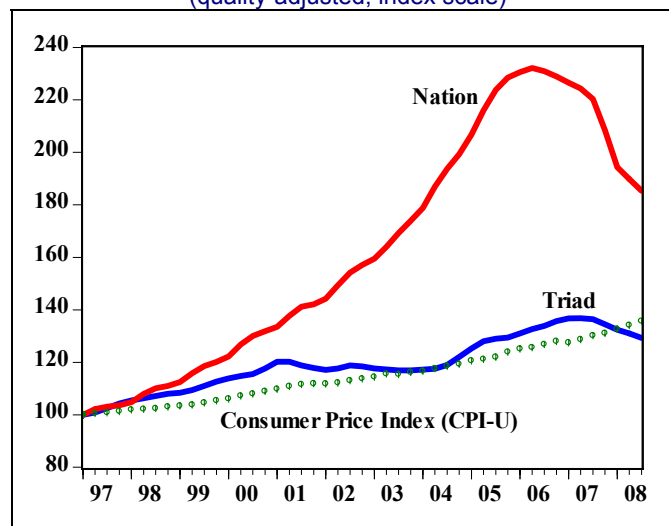
The population of the Triad totaled 1.46 million in 2007, growing at an average annual rate of 1.4 percent since 2000. The annual population growth of Forsyth and Guilford Counties averaged 1.7 and 1.6 percent respectively since 2000. The pace of population growth in the Triad accelerated in 2007, with population growing 1.7 percent from 2006 to 2007. The rate of population growth in Forsyth and Guilford Counties also increased in 2007, each growing more than twice as fast as the nation as a whole. The highest rate of population growth since 2000 was recorded in Davie County at 2.4 percent annually, the slowest in Rockingham County at 0.1 percent

### 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 the Triad have risen at an average annual rate of 2.2 percent, less than the consumer price index (CPI) which has increased an average of 2.7 percent annually. The appreciation of housing prices in the Triad 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 Case-Shiller 10-City Home Price Index. Over the past year, the Case-Shiller Index has fallen -15.8 percent, while prices in Triad are off -5.2 percent.

### Existing Housing Prices in the Triad and the Nation (quality-adjusted, index scale)



In 2007, the average existing home that was sold in the Triad had 1,947 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, 1.7 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 25 years. Guilford County accounted for 42.6 percent of recorded home sales, followed by Forsyth County with 32.4 percent of sales. A total of 10,859 homes were sold in the Triad in 2007.

### Characteristics of Existing Homes Sold, 2007

Square Footage	1,947
Floors	1.4
Baths	2.2
Garage Spaces	1.7
Fireplaces	0.9
Age	25
Alamance	2.7%
Davidson	10.2%
Davie	3.1%
Forsyth	32.4%
Guilford	42.6%
Randolph	5.9%
Stokes	2.2%
Yadkin	0.9%
Number of Homes Sold	10,859

### Methodology

The *Triad Housing Report* uses data from the Triad MLS to track the pace of housing activity in the Triad (the Greensboro/High Point/Winston-Salem, MSA). 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.

**The *Triad Housing Report* is compiled for the Triad MLS by Dr. G. Donald Jud, *Jud & Associates*, 722 Rollingwood Drive, Greensboro, NC 27410 - 6165. Phone: 336-294-3655; Email: [GDonaldJud@JudAssociates.com](mailto:GDonaldJud@JudAssociates.com).**