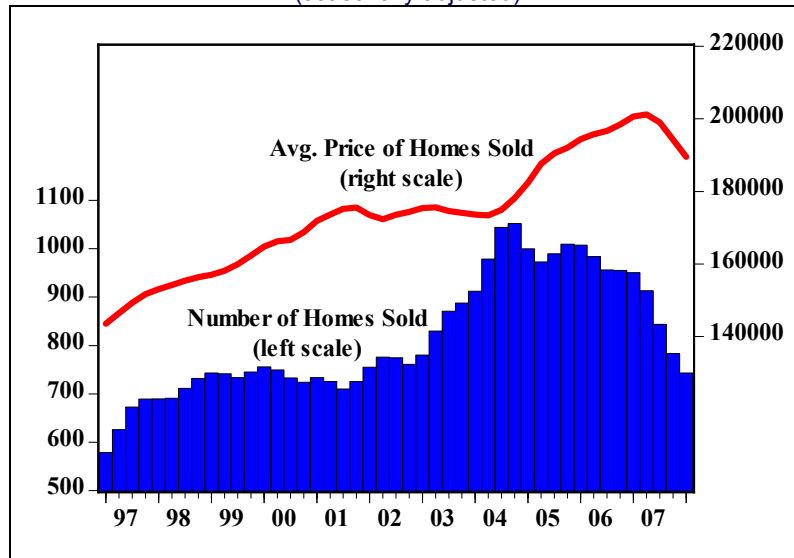


The Forsyth County Housing Report, 2008.1

Current Outlook

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 743 in the 1st quarter of 2008 after adjustment for seasonal variation. The number sold was down -5.2 percent compared to the level of sales recorded in the 4th quarter, and it was off -21.8 percent from the number sold during the 1st quarter one year ago.

Number of Existing Homes Sold, 1997.1 – 2008.1
(seasonally adjusted)



At the end of the 1st quarter of 2008, the inventory of homes on the market was 2,862, or 4.4 times the number of homes sold in the 1st quarter. At the current sales pace, it will take 13.2 months to exhaust the existing inventory. The number of homes offered for sale was up 6.7 percent from what it was at the end of the 1st quarter of last year.

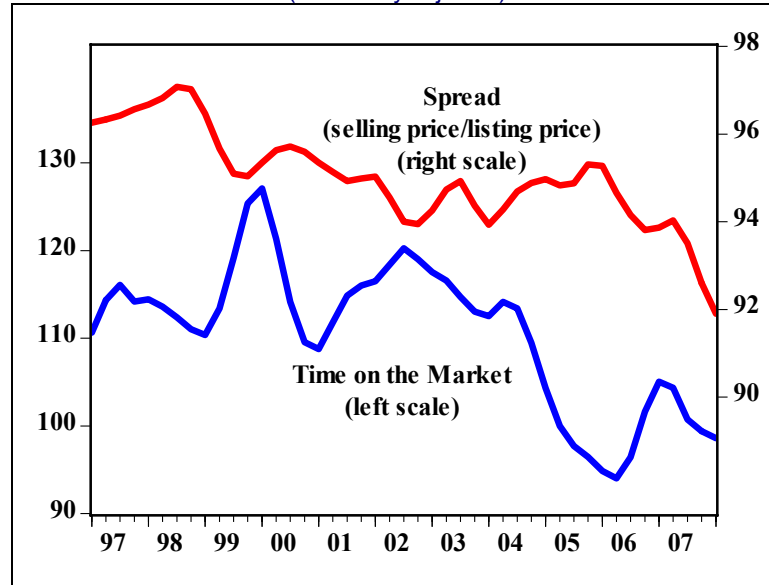
The price of the average home sold in the 1st quarter was lower by -2.4 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$189,537. The average this quarter was -5.5 percent below the average recorded in the 1st quarter of last year. Over the past year, consumer prices nationally have risen 4.1 percent, indicating that real home prices in Forsyth County have fallen.

Nationally, the pace of existing home sales has fallen -23.8 percent over the past 12 months.¹ Average home prices are down -8.2 percent across the nation and -8.6 percent in the South. The national inventory of unsold homes is up 6.0 percent over the past 12 months and will take 9.6 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 98.6 days, down -0.8 percent from the average in the 4th quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 91.9 percent, indicating a rise in the level of discounting in the market. Over the past year, time on the market has fallen, and the spread has declined, suggesting that the average home seller needs less time to sell a home but is accepting higher discounts from the initial listing price.

¹ This percentage is calculated from February 2007 to February 2008 using National Association of Realtors® data.

Existing Homes, 1997.1 – 2008.1
(seasonally adjusted)



Housing affordability has been an important factor influencing housing demand over the past year. The affordability index was up 7.0 percent this quarter, and, since the 1st quarter of 2007, the affordability index has risen 12.7 percent because of lower prices and mortgage rates.

Existing Home Sales Data

	2008.1	2007.4	2007.1	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$189,537	\$194,272	\$200,636	-2.4%	-5.5%
No. of Homes Sold	743	784	951	-5.2%	-21.8%
Time on Market (days)	98.6	99.4	105.0	-0.8%	-6.1%
Spread: (sale price/list price)	91.9	92.6	93.9	-0.8%	-2.1%
Consumer Price Index (CPI-U)	212.6	210.6	204.3	0.9%	4.1%
<i>Not Seasonally Adjusted</i>					
Ave. Home Price	\$172,155	\$167,830	\$177,776	2.6%	-3.2%
No. of Homes Sold	653	640	835	2.0%	-21.8%
< \$150K	356	361	469	-1.4%	-24.1%
\$150K - \$349K	250	232	293	7.8%	-14.7%
\$350K & Over	47	47	73	0.0%	-35.6%
Inventory, end of qtr.	2,862	2,613	2,682	9.5%	6.7%
Inventory/Sales	4.4	4.1	3.2	7.3%	36.5%
Affordability Index	113.2	105.8	100.4	7.0%	12.7%

The Neighborhood Distribution of Existing Home Sales

During the 1st quarter, the largest number of sales of existing homes occurred in zip code 27284, which includes the Kernersville area in eastern Forsyth County. This area had a total of 90 sales. It was followed by zip code 27127 which is located in the southwestern section of the city along Peters Creek Parkway with 81 sales. Zip code 27009 in the northeast section of the county, recorded the highest average price of homes sold, with sales of existing homes averaging \$281,625, on the basis of 4 sales. It was followed by zip code 27023 (the Lewisville area) averaging \$274,345 on the basis of 29 sales. The highest ratio inventory to sales was in zip code 27101 where the inventory to sales ratio was 8.2. At the current sales pace, it will take 24.6 months to exhaust the exiting inventory in this neighborhood. Zip code 27101 is located in the center and northeast of the city along Business I-40 and Highways 158.

The Neighborhood Distribution of Existing Home Sales, 2008.1

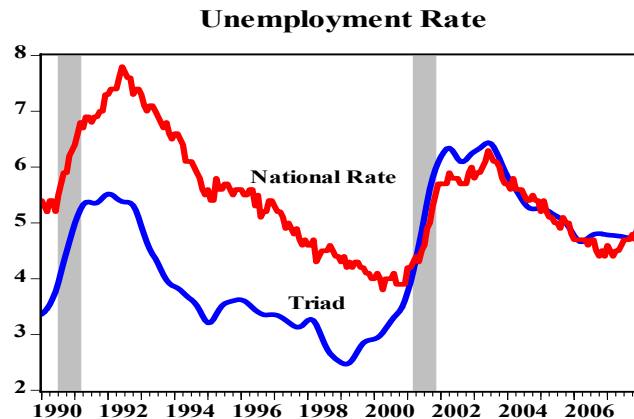
Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27009	< \$150K	2	\$123,500	97.0	65.8	6	3.0
27009	\$150K - \$349K	0	n.a.	n.a.	148.3	12	n.a.
27009	\$350K & Over	2	\$439,750	94.6	231.1	10	5.0
27009	Total	4	\$281,625	95.8	148.5	28	7.0
27012	< \$150K	6	\$125,592	93.6	108.7	18	3.0
27012	\$150K - \$349K	35	\$235,410	93.8	118.4	155	4.4
27012	\$350K & Over	9	\$472,222	96.3	167.0	76	8.4
27012	Total	50	\$264,858	94.2	126.0	249	5.0
27023	< \$150K	6	\$126,652	94.4	117.2	9	1.5
27023	\$150K - \$349K	16	\$223,119	95.7	116.2	60	3.8
27023	\$350K & Over	7	\$518,029	92.6	152.5	57	8.1
27023	Total	29	\$274,345	94.7	125.2	126	4.3
27040	< \$150K	5	\$116,560	95.0	103.0	18	3.6
27040	\$150K - \$349K	14	\$195,064	93.6	148.3	74	5.3
27040	\$350K & Over	0	n.a.	n.a.	125.1	31	n.a.
27040	Total	19	\$174,405	93.9	136.4	123	6.5
27045	< \$150K	11	\$99,721	84.6	75.2	29	2.6
27045	\$150K - \$349K	6	\$188,964	92.5	146.1	44	7.3
27045	\$350K & Over	0	n.a.	n.a.	149.2	5	n.a.
27045	Total	17	\$131,218	87.4	100.2	78	4.6
27050	< \$150K	7	\$111,957	91.5	159.6	8	1.1
27050	\$150K - \$349K	2	\$259,500	96.7	95.1	17	8.5
27050	\$350K & Over	1	\$645,000	95.6	210.7	11	11.0
27050	Total	10	\$130,270	83.4	151.8	36	3.6
27051	< \$150K	12	\$99,964	81.2	104.3	22	1.8
27051	\$150K - \$349K	2	\$191,750	93.7	150.8	18	9.0
27051	\$350K & Over	1	\$362,000	95.3	32.0	2	2.0
27051	Total	15	\$105,538	77.5	103.6	42	2.8
27101	< \$150K	11	\$83,359	85.7	111.2	62	5.6
27101	\$150K - \$349K	2	\$151,700	98.1	173.3	48	24.0
27101	\$350K & Over	2	\$362,500	94.4	251.2	13	6.5
27101	Total	15	\$81,357	75.9	104.7	123	8.2
27103	< \$150K	29	\$113,359	93.8	112.1	102	3.5
27103	\$150K - \$349K	37	\$206,415	94.9	76.7	164	4.4
27103	\$350K & Over	1	\$700,000	93.3	157.7	11	11.0
27103	Total	67	\$163,056	93.0	90.9	277	4.1
27104	< \$150K	16	\$114,363	90.0	84.1	30	1.9
27104	\$150K - \$349K	22	\$232,994	94.5	112.7	92	4.2
27104	\$350K & Over	8	\$528,488	94.7	143.5	94	11.8
27104	Total	46	\$243,121	93.0	108.1	216	4.7

The Neighborhood Distribution of Existing Home Sales, continued

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27105	< \$150K	53	\$72,828	85.8	127.3	225	4.2
27105	\$150K - \$349K	3	\$160,300	95.6	138.9	32	10.7
27105	\$350K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27105	Total	56	\$77,514	86.4	127.9	257	4.6
27106	< \$150K	30	\$100,349	88.3	119.7	63	2.1
27106	\$150K - \$349K	29	\$197,326	94.2	120.1	130	4.5
27106	\$350K & Over	12	\$575,004	95.0	139.1	90	7.5
27106	Total	71	\$220,183	91.8	123.1	283	4.0
27107	< \$150K	69	\$81,964	89.4	139.5	204	3.0
27107	\$150K - \$349K	10	\$186,618	97.1	112.1	86	8.6
27107	\$350K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27107	Total	79	\$95,211	90.3	136.0	290	3.7
27127	< \$150K	60	\$107,761	91.7	108.7	203	3.4
27127	\$150K - \$349K	21	\$186,583	94.7	158.7	126	6.0
27127	\$350K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27127	Total	81	\$128,196	92.5	121.7	329	4.1
27284	< \$150K	35	\$125,564	94.6	96.6	69	2.0
27284	\$150K - \$349K	51	\$211,984	96.6	119.5	249	4.9
27284	\$350K & Over	4	\$604,900	95.0	144.4	45	11.3
27284	Total	90	\$195,839	95.8	111.7	363	4.0

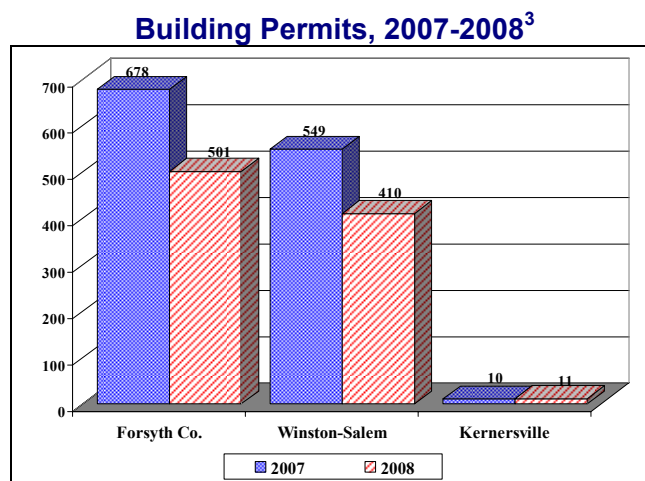
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 1st quarter.² The seasonally adjusted rate of unemployment in the Triad was 5.0 percent in February, up 0.1 percentage points from the revised figure for January. The national unemployment rate was 4.8 percent, down -0.1 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.2 percent in February. Over the past 12 months, employment has gained 1.4 percent. For the nation as a whole, employment was essentially unchanged in February. Over the past 12 months, national employment has risen 0.6 percent.

Planned residential construction declined during the 1st quarter. Residential building permits (which reflect plans for future construction) were off -26.1 percent in Forsyth County as a whole during the first 2 months of 2008 compared to the same period in 2007. Permits dropped -25.3 percent in Winston-Salem but gained 10.0 percent in Kernersville.



The number of real estate foreclosures was up 11.6 percent in the Triad during the 12-month period ending March 2008 compared to the same period in March 2007. Foreclosures were higher by 8.0 percent in Forsyth County during the same period. There were 8,529 foreclosures in the Triad and 2,027 in Forsyth County.

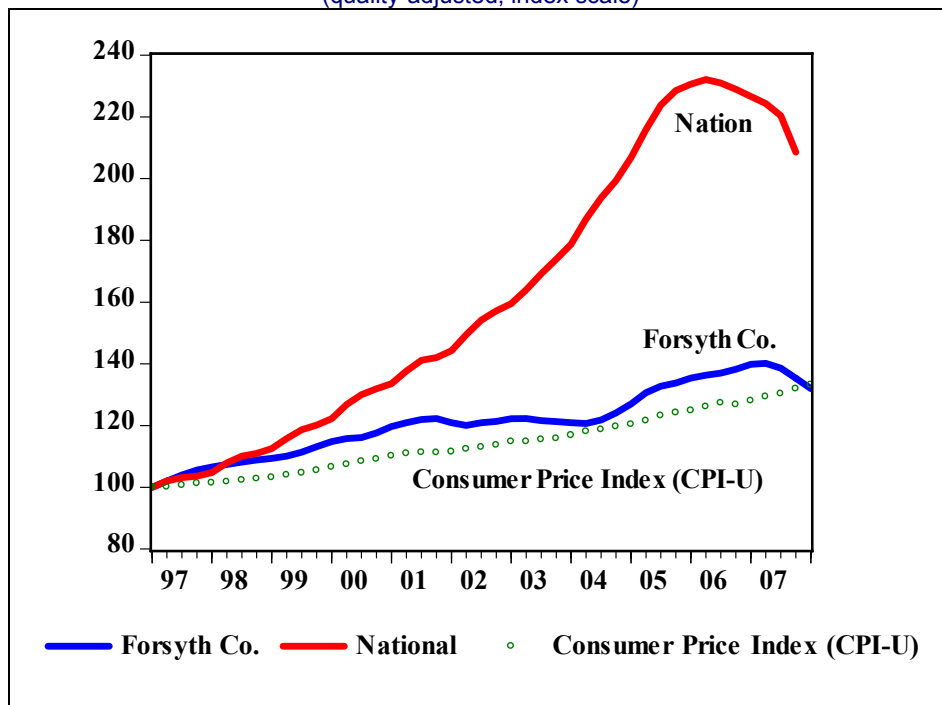
² The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

³ Figures reflect year-to-date totals through February.

Longer-Term Trends

Since the first quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 2.6 percent, slightly ahead of the consumer price index (CPI) which has increased an average of 2.5 percent annually. The appreciation of housing prices in Forsyth County has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 6.9 percent annual rate from 1997.1 through the 4th quarter of 2007, according to the S&P Case-Shiller 10-City Home Price Index. Over the past year, the Case-Shiller Index has fallen -8.9 percent, while prices in Forsyth County are down -5.5 percent.

Existing Housing Prices in Forsyth County and the Nation
(quality-adjusted, index scale)



In 2007, the average existing home that was sold had 1,969 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, 1.9 garage parking spaces, and 1.0 fireplaces. The average age of existing homes sold was 28 years. Sixty-four percent of exiting homes sold were in the city limits of Winston-Salem.

Characteristics of Existing Homes Sold, 2007

Square Footage	1,969
Floors	1.4
Baths	2.2
Garage Spaces	1.9
Fireplace	1.0
Age	28
In the City of Winston-Salem	64%
Number Sold	3,519

Methodology

The *Forsyth County Housing Report* uses data from the Triad MLS to track the pace of housing activity in Forsyth County. 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 *Forsyth County 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.