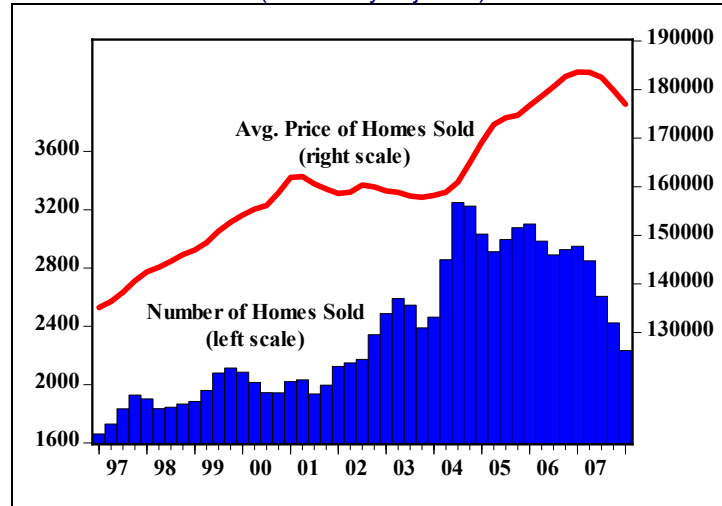


# The Triad Housing Report, 2008.1

## Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,233 in the 1st 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 4th quarter, and it was -24.3 percent below the number sold during the 1st quarter one year ago.

**Number and Prices 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 8,944, or 4.5 times the number of homes sold in the 1st quarter. At the current sales pace, it will take 13.5 months to exhaust the existing inventory. The number of existing homes offered for sale was up 9.2 percent from what it was at the end of the 4th quarter, and it was 10.3 percent higher than at the end of the 1st quarter one year ago.

The price of the average home sold in the 1st quarter was off -1.6 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$176,984. The average this quarter was down -3.6 percent from 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 the Triad have declined.

Nationally, the pace of existing home sales has fallen -23.8 percent over the past 12 months.<sup>2</sup> 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.

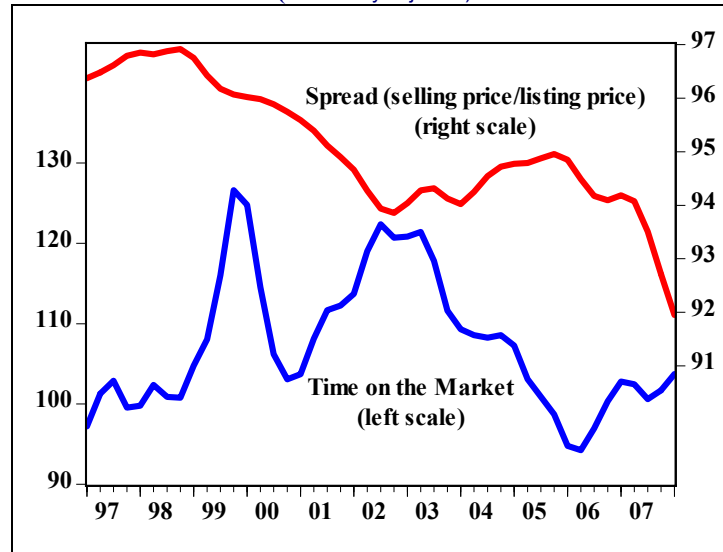
Among other indicators of housing activity, the average time on the market for existing homes sold was 103.7 days, up 2.0 percent from the average in the 4th quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 91.9 percent, indicating a rise in the level of discounting in the market. Over the past year, time on the market has 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.

<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 February 2007 to February 2008 using National Assn. 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, which tracks the income-payment ratio, gained 4.4 percent this quarter. Since the 1st quarter of last year, the affordability index has risen 8.4 percent because of lower home prices and mortgage rates.

### Existing Home Sales Data

	2008.1	2007.4	2007.1	% Chg Last Qtr.	% Chg Last Yr.
<b>Seasonally Adjusted</b>					
Adj. Ave. Home Price	\$176,984	\$179,833	\$183,603	-1.6%	-3.6%
No. of Homes Sold	2,233	2,423	2,948	-7.8%	-24.3%
Time on Market (days)	103.7	101.7	102.8	2.0%	0.9%
Spread: (sale price/list price)	91.9	92.7	94.2	-0.8%	-2.4%
Consumer Price Index (CPI-U)	212.6	210.6	204.3	0.9%	4.1%
<b>Not Seasonally Adjusted</b>					
Ave. Home Price	\$176,953	\$173,529	\$173,529	2.0%	2.0%
No. of Homes Sold	1,966	2,054	2,642	-4.3%	-25.6%
< \$150K	1,026	1,086	1,414	-5.5%	-27.4%
\$150K - \$349K	779	796	994	-2.1%	-21.6%
\$350K & Over	161	172	234	-6.4%	-31.2%
Inventory, end of qtr.	8,944	8,193	8,111	9.2%	10.3%
Inventory/Sales	4.5	4.0	3.1	14.1%	48.2%
Affordability Index	107.0	102.5	98.7	4.4%	8.4%

## The County Distribution of Existing Home Sales

During the 1st quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 828 sales. It was followed by Forsyth County with 653 sales. Davie County recorded the highest average price for homes sold at \$221,136. The highest inventory-to-sales ratio also was recorded in Davie County with a ratio of 9.3. At the current sales pace, it will take 27.9 months to exhaust the current inventory of existing homes in Davie County.

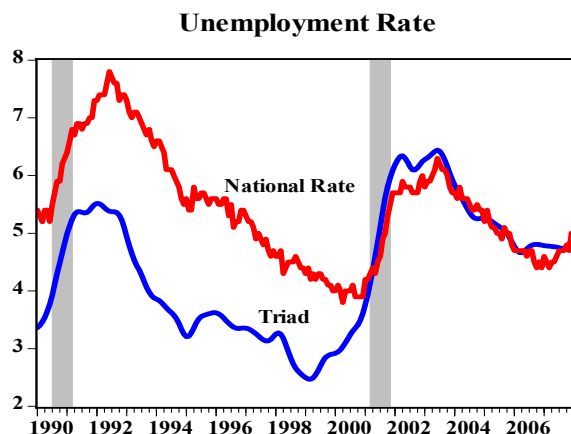
### County Distribution of Existing Home Sales, 2008.1

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	24	\$87,720	84.4	111.8	165	6.9
Alamance	\$150K - \$349K	24	\$222,749	96.1	130.2	202	8.4
Alamance	\$350K & Over	3	\$605,000	94.3	154.2	57	19.0
Alamance	Total	51	\$181,691	90.5	122.9	424	8.3
Davidson	< \$150K	119	\$99,334	91.6	125.8	578	4.9
Davidson	\$150K - \$349K	75	\$229,014	93.2	163.4	546	7.3
Davidson	\$350K & Over	12	\$411,283	95.5	160.3	191	15.9
Davidson	Total	206	\$164,720	92.4	141.5	1,315	6.4
Davie	< \$150K	19	\$108,974	90.3	138.2	95	5.0
Davie	\$150K - \$349K	22	\$235,327	92.8	145.4	217	9.9
Davie	\$350K & Over	7	\$480,977	94.7	152.0	132	18.9
Davie	Total	48	\$221,136	92.1	143.5	444	9.3
Forsyth	< \$150K	356	\$98,989	89.8	111.6	1467	4.1
Forsyth	\$150K - \$349K	250	\$209,768	95.0	120.0	1608	6.4
Forsyth	\$350K & Over	47	\$526,282	94.8	149.0	524	11.1
Forsyth	Total	653	\$172,155	92.2	117.5	3,599	5.5
Guilford	< \$150K	394	\$94,953	89.5	119.1	1689	4.3
Guilford	\$150K - \$349K	346	\$219,550	94.3	103.1	1720	5.0
Guilford	\$350K & Over	88	\$474,578	94.6	139.9	840	9.5
Guilford	Total	828	\$187,366	92.0	114.6	4,249	5.1
Randolph	< \$150K	76	\$101,774	90.7	126.5	338	4.4
Randolph	\$150K - \$349K	42	\$206,924	94.8	133.0	298	7.1
Randolph	\$350K & Over	3	\$351,667	91.2	209.0	53	17.7
Randolph	Total	121	\$144,468	92.1	130.8	689	5.7
Stokes	< \$150K	22	\$102,905	88.2	124.4	126	5.7
Stokes	\$150K - \$349K	17	\$249,490	93.8	144.9	117	6.9
Stokes	\$350K & Over	1	\$355,000	86.6	285.6	31	31.0
Stokes	Total	40	\$171,506	90.5	137.1	274	6.9
Yadkin	< \$150K	16	\$87,828	88.9	125.4	66	4.1
Yadkin	\$150K - \$349K	3	\$258,000	96.2	141.0	36	12.0
Yadkin	\$350K & Over	0	n.a.	n.a.	n.a.	11	n.a.
Yadkin	Total	19	\$114,697	90.1	127.9	113	5.9

Note: Data are not seasonally adjusted.

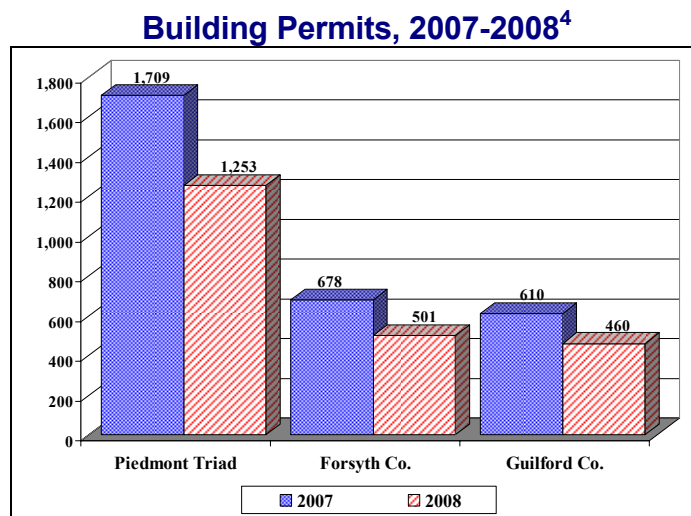
## Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 1st quarter.<sup>3</sup> 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 -26.7 percent in Triad as a whole during the first 2 months of 2008 compared to the same period in 2007. Permits dropped -26.1 percent in Forsyth County and -24.6 percent in Guilford County.



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 and 16.5 percent in Guilford County during the same period. There were 8,529 foreclosures in the Triad, 2,027 in Forsyth County and 3,559 in Guilford County.

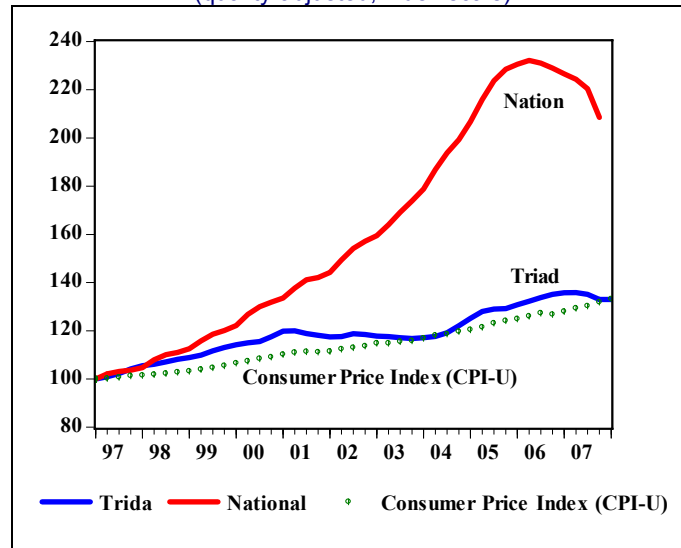
<sup>3</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

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

## Longer-Term Trends

Since the first quarter of 1997, existing home prices in the Triad 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 the Triad 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 Triad are off -3.6 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.

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