

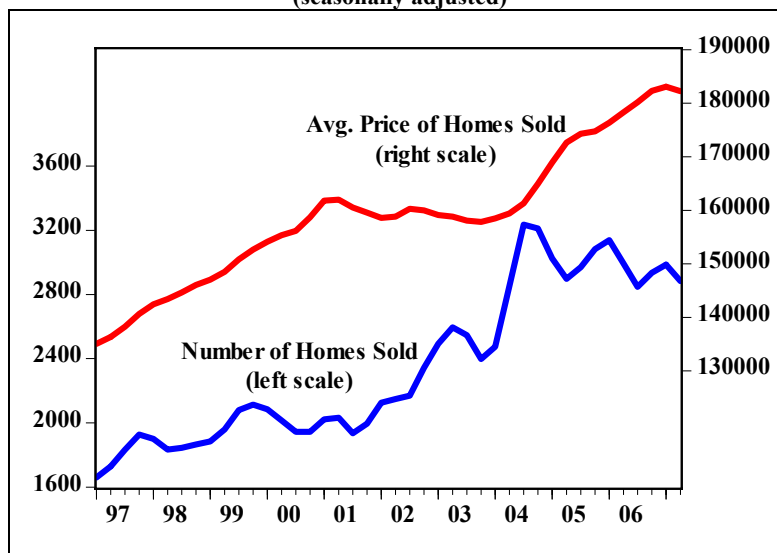
The Triad Housing Report, 2007.2

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,883 in the 2nd quarter of 2007, after adjustment for seasonal variation.¹ The number sold was down -3.4 percent compared to the level of sales recorded in the 1st quarter, and it was -3.7 percent below the number sold during the 2nd quarter one year ago.

Nationally, the pace of existing home sales has fallen -10.3 percent over the past 12 months.² Median home prices are down -1.8 percent across the nation and -0.5 percent in the South.

Number and Prices of Existing Homes Sold, 1997.1 – 2007.2
(seasonally adjusted)



At the end of the 2nd quarter of 2007, the inventory of homes on the market was 8,774, or 2.7 times the number of homes sold in the 2nd quarter. At the current sales pace, it will take 8.1 months to exhaust the existing inventory. The number of existing homes offered for sale was up 8.2 percent from what it was at the end of the 1st quarter, and it was 10.1 percent higher than at the end of the 2nd quarter one year ago.

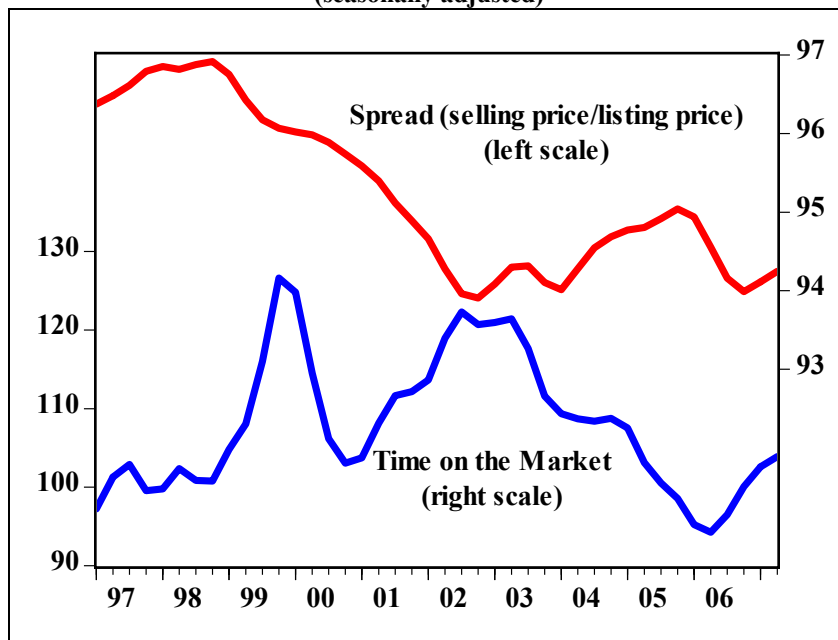
The price of the average home sold in the 2nd quarter was down -0.4 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$182,262. The average this quarter was up 2.2 percent from the average recorded in the 2nd quarter of last year. Over the past year, consumer prices nationally have risen 2.7 percent, indicating that real home prices in the Triad have fallen.

Among other indicators of housing activity, the average time on the market for existing homes sold was 103.9 days, up 1.3 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 94.2 percent, indicating a slight decline 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 somewhat larger discounts from the initial listing price.

¹ 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.

² This percentage is calculated from May, 2006 to May, 2007.

Existing Homes, 1997.1 – 2007.2
(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, slipped -3.6 percent this quarter. Since the 2nd quarter of last year, the affordability index has declined -0.8 percent.

Existing Home Sales Data

	2007.2	2007.1	2006.2	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted:					
Adj. Ave. Home Price	\$182,262	\$183,083	\$178,278	-0.4%	2.2%
No. of Homes Sold	2,883	2,986	2,993	-3.4%	-3.7%
Time on Market (days)	103.9	102.6	94.3	1.3%	10.2%
Spread: (sale price/list price)	94.2	94.1	94.6	0.1%	-0.3%
Seasonally Unadjusted:					
Ave. Home Price	\$180,727	\$182,544	\$174,901	-1.0%	3.3%
No. of Homes Sold	3,307	2,645	3,618	25.0%	-8.6%
< \$150K	1,549	1,414	1,793	9.5%	-13.6%
\$150K - \$349K	1,421	994	1,478	43.0%	-3.9%
\$350K & Over	337	237	347	42.2%	-2.9%
Inventory, end of qtr.	8,774	8,111	7,971	8.2%	10.1%
Inventory/Sales	2.7	3.1	2.2	-13.5%	20.4%
Affordability Index	93.8	97.3	94.6	-3.6%	-0.8%

The County Distribution of Existing Home Sales

During the 2nd quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,398 sales. It was followed by Forsyth County with 1,156 sales. Davie County recorded the highest average price for homes sold at \$223,479. The highest inventory-to-sales ratio was recorded in Yadkin County with a ratio of 4.5. At the current sales pace, it will take 13.5 months to exhaust the current inventory of existing homes in the county.

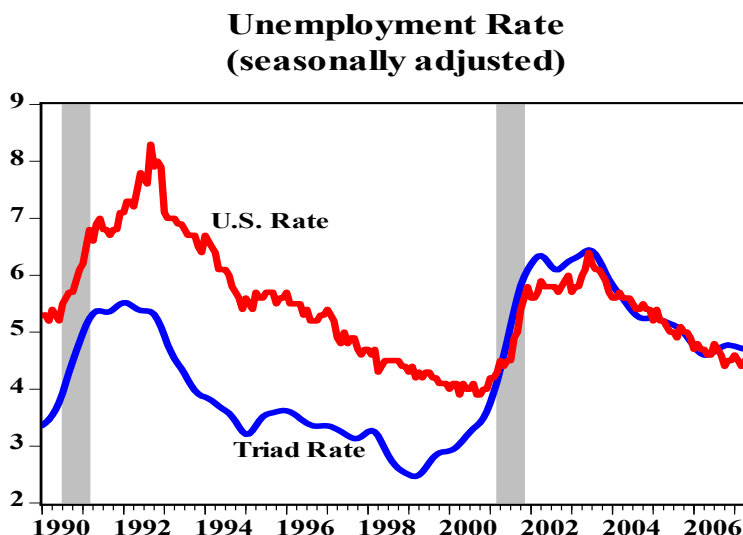
County Distribution of Existing Home Sales, 2007.2

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	44	\$101,002	90.2	85.7	142	3.2
Alamance	\$150K - \$349K	45	\$219,705	98.0	119.9	152	3.4
Alamance	\$350K & Over	9	\$421,476	98.9	141.5	49	5.4
Alamance	Total	98	\$184,940	94.6	106.5	343	3.5
Davidson	< \$150K	171	\$97,581	91.9	106.8	422	2.5
Davidson	\$150K - \$349K	118	\$219,898	96.6	129.5	483	4.1
Davidson	\$350K & Over	18	\$420,241	100.3	140.5	132	7.3
Davidson	Total	307	\$163,513	94.2	117.5	1,037	3.4
Davie	< \$150K	31	\$100,589	93.7	109.6	71	2.3
Davie	\$150K - \$349K	62	\$220,827	96.9	150.6	197	3.2
Davie	\$350K & Over	16	\$471,851	96.7	140.7	108	6.8
Davie	Total	109	\$223,479	96.0	137.5	376	3.4
Forsyth	< \$150K	544	\$107,371	93.8	90.8	1,117	2.1
Forsyth	\$150K - \$349K	501	\$210,008	96.6	104.3	1,293	2.6
Forsyth	\$350K & Over	111	\$543,031	96.8	144.5	385	3.5
Forsyth	Total	1,156	\$193,685	95.3	101.8	2,795	2.4
Guilford	< \$150K	606	\$102,054	93.1	106.6	2469	4.1
Guilford	\$150K - \$349K	619	\$216,860	96.4	101.4	2629	4.2
Guilford	\$350K & Over	173	\$515,747	96.9	135.8	1082	6.3
Guilford	Total	1,398	\$204,081	95.0	107.9	6,180	4.4
Randolph	< \$150K	85	\$105,817	92.9	101.1	240	2.8
Randolph	\$150K - \$349K	54	\$202,911	95.1	113.2	233	4.3
Randolph	\$350K & Over	5	\$386,560	89.9	124.8	57	11.4
Randolph	Total	144	\$151,976	93.6	106.4	530	3.7
Stokes	< \$150K	52	\$102,960	96.3	105.2	91	1.8
Stokes	\$150K - \$349K	19	\$198,814	95.3	110.7	101	5.3
Stokes	\$350K & Over	5	\$419,700	97.2	268.7	25	5.0
Stokes	Total	76	\$120,150	89.7	99.7	217	2.9
Yadkin	< \$150K	16	\$80,497	89.0	153.8	55	3.4
Yadkin	\$150K - \$349K	3	\$254,333	96.5	117.5	30	10.0
Yadkin	\$350K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
Yadkin	Total	19	\$107,945	90.2	148.0	85	4.5

Note: Data are not seasonally adjusted.

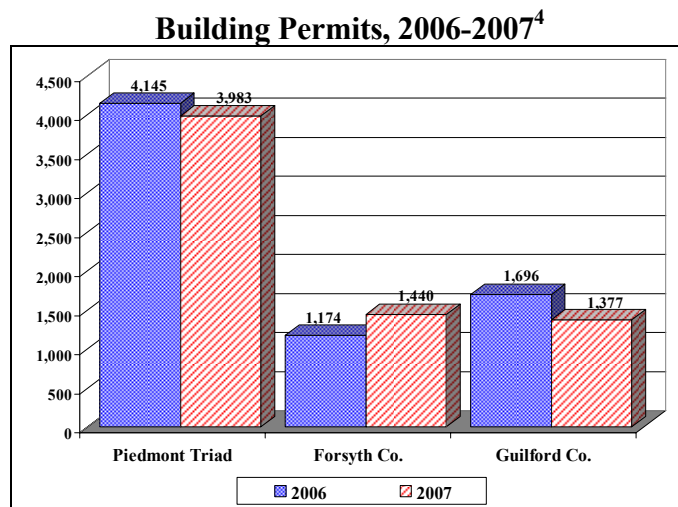
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 2nd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 4.7 percent in May, unchanged from the revised figure for April. The national unemployment rate was 4.5 percent, also unchanged from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.1 percent in May. Over the past 12 months, employment has gained 1.2 percent. For the nation as a whole, employment also was up 0.1 percent in May. Over the past 12 months, national employment has risen 1.4 percent.

Planned single-family residential construction declined during the 2nd quarter. Residential building permits (which reflect plans for future construction) were off -3.9 percent in the Triad as a whole during the first 5 months of 2007 compared to the same period in 2006. Permits declined -18.8 percent in Guilford County but rose 22.7 percent in Forsyth County.



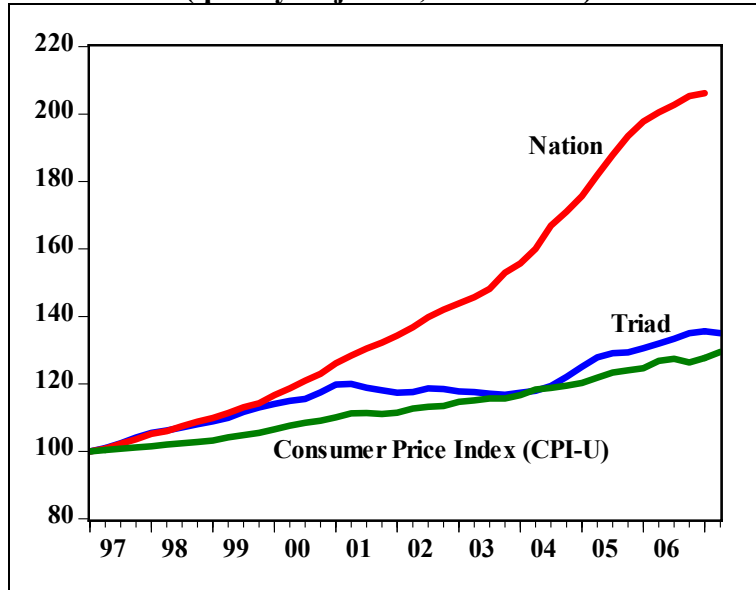
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

⁴ Figures reflect year-to-date totals through February.

Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 3.2 percent, outpacing the consumer price index (CPI) which has increased an average of 2.4 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 7.3 percent annual rate from 1997.1 through the 1st quarter of 2007, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

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



In 2006, 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, 1.3 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 25 years. Guilford County accounted for 44.4 percent of recorded home sales, followed by Forsyth County with 32.9 percent of sales. A total of 11,782 homes were sold in the Triad in 2006.

Characteristics of Existing Homes Sold, 2006

Square Footage	1,947
Floors	1.4
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.9
Age	25
Alamance	2.2%
Davidson	9.1%
Davie	3.4%
Forsyth	32.9%
Guilford	44.4%
Randolph	4.9%
Stokes	2.4%
Yadkin	0.7%
Number of Homes Sold	11,782

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.