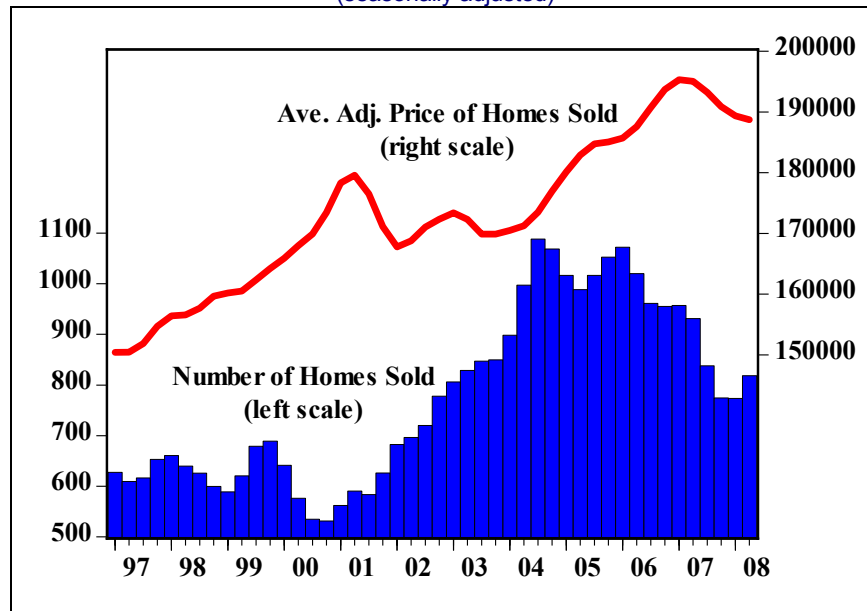


The Greensboro Housing Report, 2008.2

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 818 in the 2nd quarter of 2008 after adjustment for seasonal variation.¹ The number sold was up 5.8 percent compared to the level of sales recorded in the 1st quarter, but it was -12.1 percent below the number sold during the 2nd quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2008.2
(seasonally adjusted)



At the end of the 2nd quarter of 2008, the inventory of homes on the Greensboro market was 2,346, or 2.4 times the number of homes sold in the 2nd quarter. The inventory/sales ratio is down substantially from what it was at the end of the 1st quarter. At the current sales pace, it will take 7.2 months to exhaust the inventory. The number of existing homes offered for sale was down -5.6 percent from what it was at the end of the 1st quarter, and it was -5.4 percent below the level one year ago.

The quality-adjusted price of the average home sold in the 2nd quarter was off -0.3 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$188,728. The average this quarter was -3.2 percent below the average recorded in the 2nd quarter of last year. Over the past year, consumer prices nationally have risen 3.8 percent, indicating that real home prices in Greensboro have declined.

Nationally, the pace of existing home sales has fallen -15.2 percent over the past 12 months.² Average home prices are down -6.8 percent across the nation and -4.6 percent in the South. The national inventory of unsold homes is up 1.9 percent over the past 12 months and will take 10.4 months to sell at the existing pace of sales.

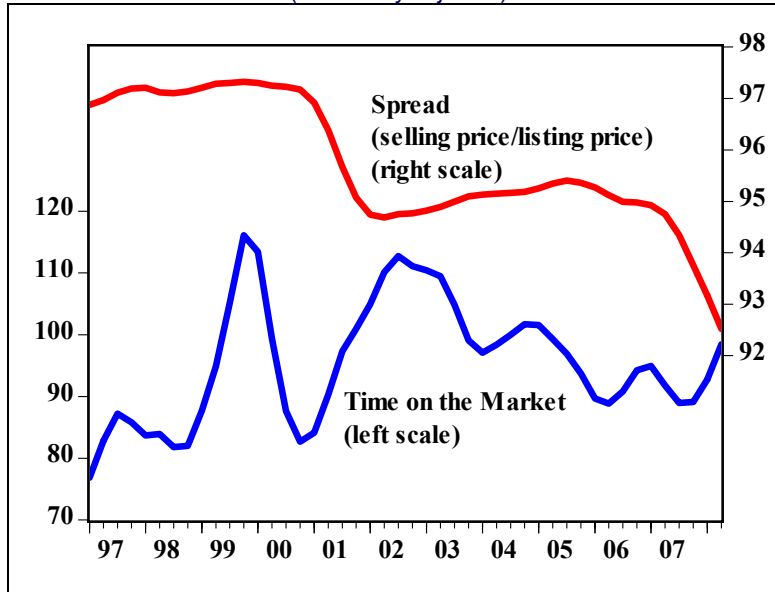
Among other indicators of housing activity in Greensboro in the 2nd quarter, the average time on the market for existing homes sold was 98.4 days, up 7.2 percent from the average in the 2nd quarter one year ago. The sale-

¹ The Greensboro area of Guilford County includes all of Guilford County except High Point and Jamestown.

² This percentage is calculated from May 2007 to May 2008 using National Assn. of Realtors® data.

list price spread, which shows the ratio of selling to listing price, was lower at 92.5 percent, indicating a rise in the level of discounting in the market over the past year.

Existing Homes, 1997.1 – 2008.2
(seasonally adjusted)



Housing affordability is an important factor shaping housing demand. The affordability index slipped -4.5 percent this quarter. Since the 2nd quarter of 2007, the affordability index has risen 5.8 percent because of lower prices and mortgage rates.

Existing Home Sales Data

	2008.2	2008.1	2007.2	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$188,728	\$189,358	\$195,046	-0.3%	-3.2%
No. of Homes Sold	818	773	931	5.8%	-12.1%
Time on Market (days)	98.4	92.8	91.8	6.0%	7.2%
Spread: (sale price/list price)	92.5	93.2	94.8	-0.8%	-2.4%
Consumer Price Index (CPI-U)	214.4	212.8	206.6	0.8%	3.8%
<i>Not Seasonally Adjusted</i>					
Ave. Home Price	\$211,034	\$197,265	\$220,080	7.0%	-4.1%
No. of Homes Sold	975	613	1,071	59.1%	-9.0%
< \$150K	418	286	425	46.2%	-1.6%
\$150K - \$349K	422	248	485	70.2%	-13.0%
\$350K & Over	135	79	161	70.9%	-16.1%
Inventory, end of qtr.	2,346	2,486	2,479	-5.6%	-5.4%
Inventory/Sales	2.4	4.1	2.3	-40.7%	4.0%
Affordability Index	99.9	104.6	94.4	-4.5%	5.8%

The Neighborhood Distribution of Existing Home Sales

During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which encompasses much of northwest Greensboro, had a total of 133 sales. It was followed by zip code 27405 in northeast Greensboro which recorded a total of 128 sales. The Summerfield area (zip code 27358) recorded the highest average price of homes sold, with 47 sales averaging \$432,091. The highest inventory to sales ratios were in zip codes 27235 and 27406 with ratios of 4.1 and 3.6 respectively. Zip code 27235 is in western Guilford County east of Kernersville, while zip code 27406 is south of Greensboro astride Highway 421 and includes the Forrest Oaks area.

The Neighborhood Distribution of Existing Home Sales, 2008.2

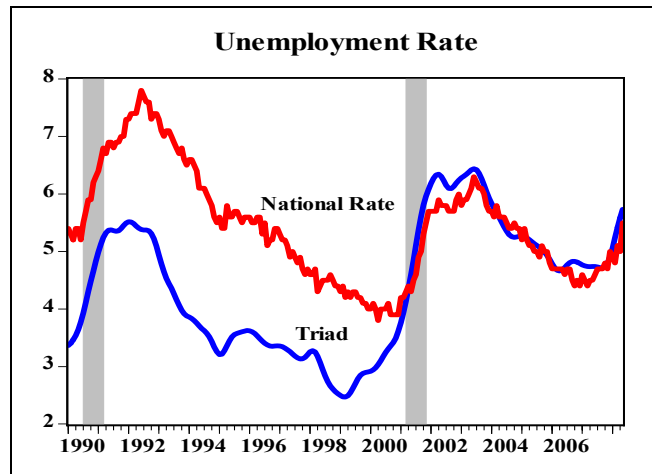
Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27214	< \$150K	12	\$116,768	86.1	116.2	21	1.8
27214	\$150K - \$349K	21	\$236,428	97.2	154.8	55	2.6
27214	\$350K & Over	2	\$390,000	97.6	93.0	18	9.0
27214	Total	35	\$204,177	93.4	138.0	94	2.7
27235	< \$150K	2	\$135,000	93.8	57.5	1	0.5
27235	\$150K - \$349K	4	\$243,690	97.8	156.5	20	5.0
27235	\$350K & Over	2	\$424,950	98.2	148.0	12	6.0
27235	Total	8	\$261,833	96.9	129.6	33	4.1
27249	< \$150K	5	\$89,680	87.2	99.0	10	2.0
27249	\$150K - \$349K	4	\$179,300	98.7	79.5	16	4.0
27249	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27249	Total	9	\$129,511	92.3	90.3	26	2.9
27284	< \$150K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27284	\$150K - \$349K	6	\$260,333	96.9	52.8	5	0.8
27284	\$350K & Over	6	\$545,500	95.8	53.2	15	2.5
27284	Total	12	\$402,917	96.4	53.0	20	1.7
27301	< \$150K	11	\$115,891	89.9	125.3	17	1.5
27301	\$150K - \$349K	9	\$201,688	92.4	89.9	45	5.0
27301	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27301	Total	20	\$154,500	91.0	109.4	62	3.1
27310	< \$150K	2	\$137,000	91.7	146.0	1	0.5
27310	\$150K - \$349K	19	\$250,355	94.0	108.2	19	1.0
27310	\$350K & Over	18	\$475,649	95.8	105.1	72	4.0
27310	Total	39	\$348,524	94.7	108.7	92	2.4
27357	< \$150K	2	\$122,500	93.3	126.5	1	0.5
27357	\$150K - \$349K	17	\$267,832	96.0	137.6	40	2.4
27357	\$350K & Over	4	\$610,800	96.8	158.8	25	6.3
27357	Total	23	\$314,841	95.9	140.3	66	2.9
27358	< \$150K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27358	\$150K - \$349K	22	\$236,977	95.2	98.0	26	1.2
27358	\$350K & Over	25	\$603,790	93.8	162.1	109	4.4
27358	Total	47	\$432,091	94.4	132.1	135	2.9

The Neighborhood Distribution of Existing Home Sales, continued

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27377	< \$150K	1	\$143,000	92.3	187.0	3	3.0
27377	\$150K - \$349K	14	\$233,771	93.4	124.4	43	3.1
27377	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27377	Total	15	\$227,719	93.4	128.5	46	3.1
27401	< \$150K	22	\$54,930	82.3	107.8	55	2.5
27401	\$150K - \$349K	4	\$278,750	94.8	41.3	10	2.5
27401	\$350K & Over	1	\$422,000	98.2	5.0	5	5.0
27401	Total	27	\$86,054	81.1	94.0	70	2.6
27403	< \$150K	39	\$87,049	88.2	100.5	60	1.5
27403	\$150K - \$349K	34	\$206,933	93.5	101.4	23	0.7
27403	\$350K & Over	1	\$380,000	97.5	13.0	10	10.0
27403	Total	74	\$140,954	89.4	99.6	93	1.3
27405	< \$150K	106	\$90,717	90.3	104.6	218	2.1
27405	\$150K - \$349K	21	\$176,075	97.3	93.6	68	3.2
27405	\$350K & Over	1	\$400,000	97.6	46.0	2	2.0
27405	Total	128	\$104,012	90.7	101.9	288	2.3
27406	< \$150K	71	\$97,654	91.3	79.9	197	2.8
27406	\$150K - \$349K	27	\$211,278	93.4	125.1	138	5.1
27406	\$350K & Over	2	\$394,500	96.7	80.5	23	11.5
27406	Total	100	\$134,269	92.0	92.1	358	3.6
27407	< \$150K	67	\$102,964	94.1	59.7	119	1.8
27407	\$150K - \$349K	27	\$201,337	96.1	98.9	85	3.1
27407	\$350K & Over	3	\$410,167	95.2	20.0	39	13.0
27407	Total	97	\$139,847	94.7	69.4	243	2.5
27408	< \$150K	23	\$120,153	94.8	58.4	13	0.6
27408	\$150K - \$349K	33	\$222,030	94.9	78.2	50	1.5
27408	\$350K & Over	17	\$690,097	90.3	194.4	58	3.4
27408	Total	73	\$298,934	93.8	99.0	121	1.7
27409	< \$150K	4	\$136,713	94.3	37.8	4	1.0
27409	\$150K - \$349K	8	\$189,880	96.4	92.0	18	2.3
27409	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27409	Total	12	\$172,158	95.7	73.9	22	1.8
27410	< \$150K	17	\$133,971	97.3	45.4	8	0.5
27410	\$150K - \$349K	96	\$219,876	94.8	73.1	152	1.6
27410	\$350K & Over	20	\$478,396	93.3	123.4	82	4.1
27410	Total	133	\$247,771	94.9	77.1	242	1.8
27455	< \$150K	20	\$118,289	95.0	47.9	22	1.1
27455	\$150K - \$349K	51	\$230,570	95.9	63.5	73	1.4
27455	\$350K & Over	31	\$461,927	94.9	96.2	112	3.6
27455	Total	102	\$278,869	95.4	70.4	207	2.0

Economic Trends in the Piedmont Triad

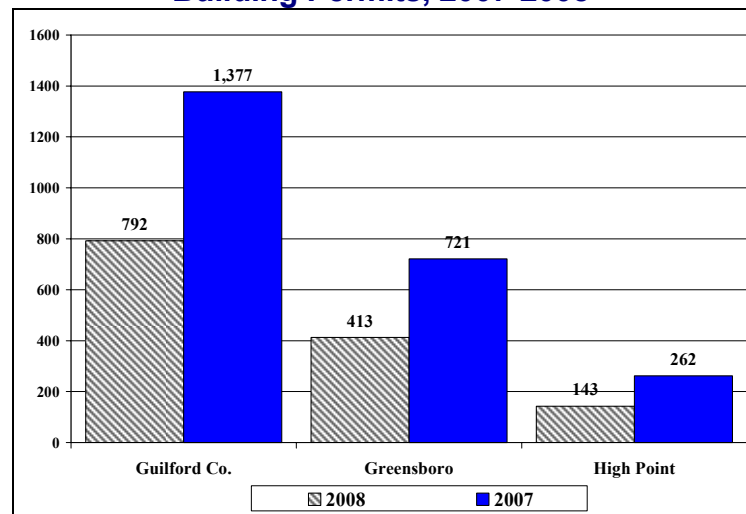
Economic conditions in the eight-county Piedmont Triad region deteriorated during the 2nd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 5.7 percent in May, up 0.1 percentage points from the revised figure for April. The national unemployment rate was 5.5 percent, up 0.5 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was flat in May. Over the past 12 months, employment has gained 1.1 percent. For the nation as a whole, employment also was essentially unchanged in May. Over the past 12 months, national employment has risen 0.2 percent.

Planned residential construction declined during the 2nd quarter. Residential building permits (which reflect plans for future construction) were off -42.5 percent in Guilford County as a whole during the first 5 months of 2008 compared to the same period in 2007. Permits dropped -42.7 percent in Greensboro and -45.4 percent in High Point. Employment in the construction section is down -1.8 percent across the Triad over the past year.

Building Permits, 2007-2008⁴



The number of real estate foreclosures in June was up 22.6 percent in the Triad during the past 12 months. Foreclosures were higher by 30.7 percent in Guilford County during the same period. Over the past 12 months, there were 9,185 foreclosures in the Triad and 3,902 in Guilford County.

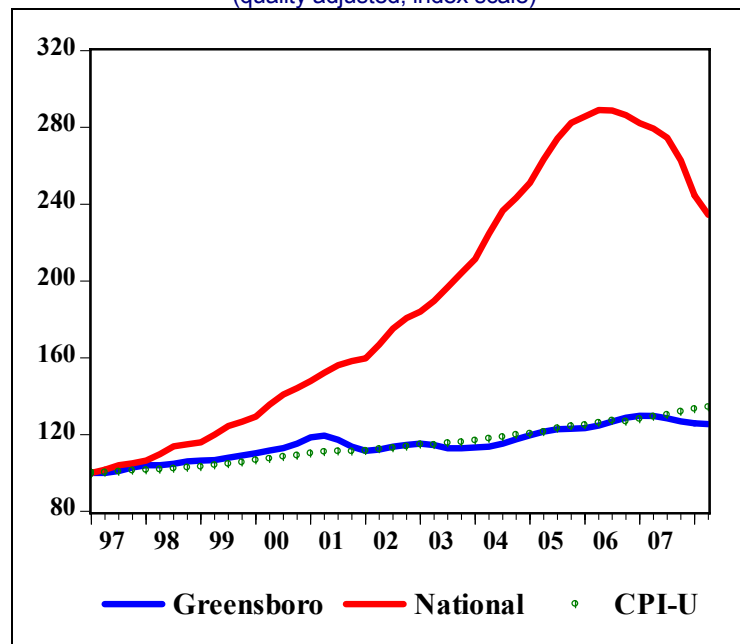
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

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

Longer-Term Trends

Since the first quarter of 1997, existing home prices in Greensboro have risen at an average annual rate of 2.0 percent, lagging the consumer price index (CPI), which has increased an average of 2.6 percent annually. The appreciation of housing prices in Greensboro has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 7.6 percent annual rate from 1997.1 through the 2nd 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 -16.1 percent, while prices in Greensboro are down -3.2 percent.

Existing Housing Prices in Greensboro & the Nation (quality adjusted, index scale)



In 2007, the average existing home that was sold had 2,104 square feet of floor space. It was 1.5 stories high, had 2.4 bathrooms, and 1.8 garage parking spaces. Eighty-nine percent had fireplaces. The average age of existing homes sold was 23 years. Seventy-six percent of exiting homes sold were in the city limits of Greensboro, and 34 percent of all homes were in the northwest part of Guilford County.

Characteristics of Existing Homes Sold, 2007

Square Footage	2,104
Floors	1.5
Baths	2.4
Garage Spaces	1.8
Fireplaces	89%
Age	23
In the City	76%
Northwest	34%
Number Sold	3,492

Methodology

The *Greensboro Housing Report* uses data from the Triad MLS to track the pace of housing activity in Guilford County, excluding 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: 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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