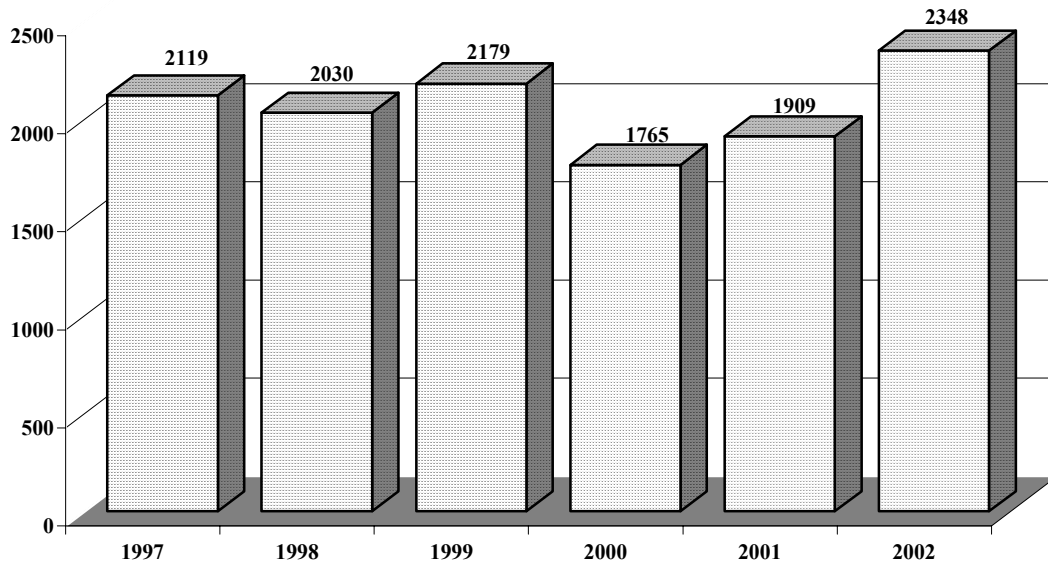


The Greensboro Housing Report, 2002.4

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 788 in the 4th quarter of 2002.¹ The number sold was off 0.3 percent compared to the level of sales recorded in the 3rd quarter but 34.7 percent above the number sold during the 4th quarter one year ago. During all of 2002, there were 2,348 sales of existing homes, or 23 percent more than in 2001.

Number of Existing Homes Sold



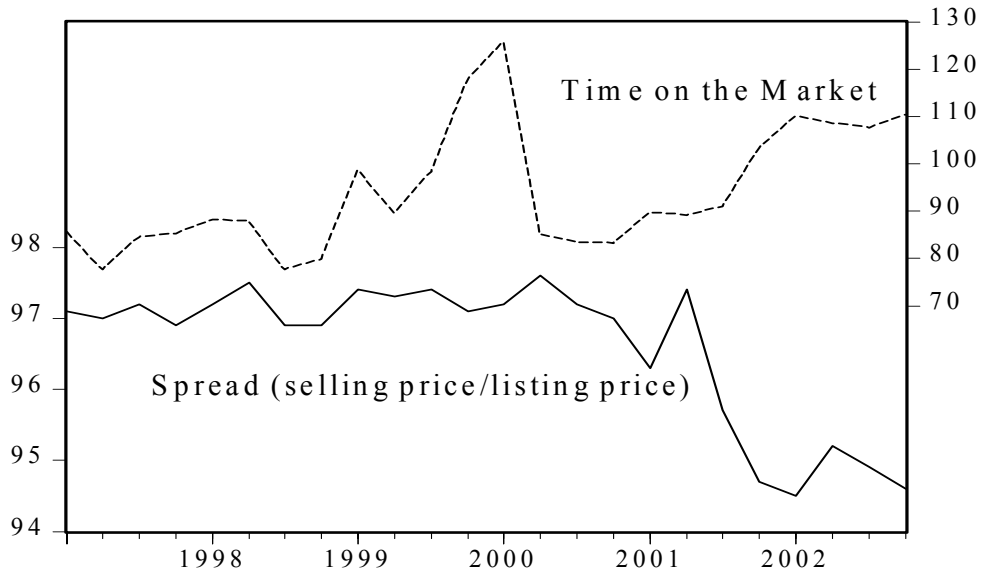
Despite the increase in the number of homes sold in 2002, the inventory of homes on the market rose substantially. At the end of the 4th quarter of 2001, there were 1,090 unsold homes. Over the year, the number of existing homes in inventory grew to 1,720, a 58-percent jump. The median time on the market for unsold homes was 100 days at the end of 2002.

The price of the average home sold in the 4th quarter was down 1.6 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$168,752. The average this quarter was 0.1 percent above the average recorded in the 4th quarter of last year.

Other indicators of housing activity also suggested a weakening in the level of demand in the 4th quarter. The average time on the market for existing homes sold was 110 days, up 2.8 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly lower at 94.6 percent, indicating an increase in the level of discounting in the market. Over the past year, time on the market has increased and the spread has fallen, suggesting that home sellers need more time to sell their homes and are accepting offers at greater discounts from their initial listing price.

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

Existing Homes, 1997:1 - 2002.4



The improvement in housing affordability has been an important factor stimulating housing demand over the past year. The affordability index, which tracks the income-payment ratio, was higher in the 4th quarter, reflecting the continuing decline in mortgage rates. Since the 4th quarter of last year, the affordability index has risen 9.5 percent.

Existing Home Sales Data, 2002.4 – 2001.4

				% Chg	% Chg
	2002.4	2002.3	2001.4	Last Qtr.	Last Yr.
<i>Existing Homes:</i>					
Ave. Home Price	\$ 168,752	\$ 171,494	\$ 168,661	-1.6%	0.1%
No. of Homes Sold	788	790	585	-0.3%	34.7%
Time on Market (days)	110	107	103	2.8%	6.8%
Affordability Index	126.5	120.3	115.5	5.2%	9.5%
Spread: (sale price/list price)	94.6	94.9	94.7	-0.3%	-0.1%

The Neighborhood Distribution of Existing Home Sales

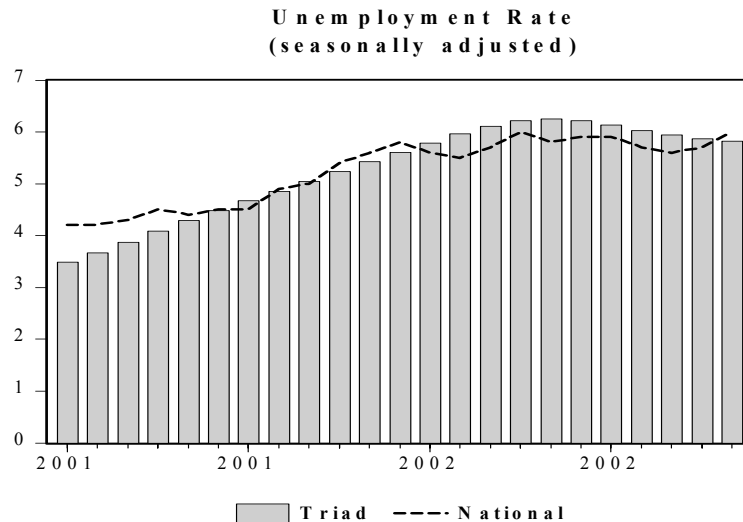
During the 4th quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 153 sales. It was followed by zip codes 27455 and 27407, which encompass the Lake Jeannette area and the south central area of Guilford County respectively. These two zip codes recorded a total of 116 and 97 sales respectively. Zip code 27408, which takes in the Old Irving Park area, recorded the highest average price of homes sold, with sales of existing homes averaging \$227,023.

The Neighborhood Distribution of Existing Home Sales, 2002.4

		Ave.		
<u>Zip Code</u>	<u>No. Sales</u>	<u>Price</u>	<u>Spread</u>	<u>TOM</u>
27401	21	\$120,418	90.3	106
27403	55	\$136,410	92.1	97
27405	58	\$100,425	92.8	87
27406	70	\$190,090	91.5	117
27407	97	\$149,108	95.3	95
27408	43	\$227,023	94.0	97
27409	38	\$90,239	96.4	96
27410	153	\$166,109	95.4	106
27455	116	\$214,187	96.0	110

Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region remained sluggish in the 4th quarter. The seasonally adjusted rate of unemployment was 5.8 percent in November 2002, up 0.4 percentage points from the figure one year ago. The rise in the unemployment rate reflects the slow pace of regional economic activity over the past year. The national unemployment rate was 6.0 percent, up 0.4 percentage points from the figure a year ago.

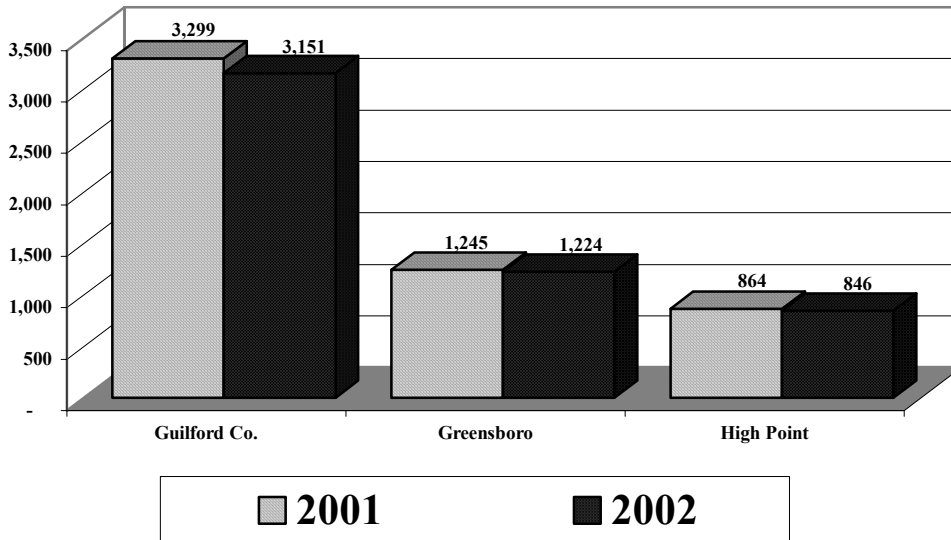


The number of persons employed in the Triad over the past 12 months ending November 2002 declined 0.7 percent, providing a further indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector slipped 0.1 percent over the same 12-month period.

Consumer spending in the Triad also has been weak. Retail sales adjusted for price-level changes, slipped 0.1 percent over the 12 months ending November 2002. In comparison, the growth in real spending nationally has been essentially flat.

The weakness in the regional economy was also reflected in the pace of planned building activity over the year. Single-family residential building permits, which reflect plans for future construction, were down 4.5 percent in Guilford County as a whole. Permits slipped 1.7 percent in Greensboro and 2.1 percent in High Point.

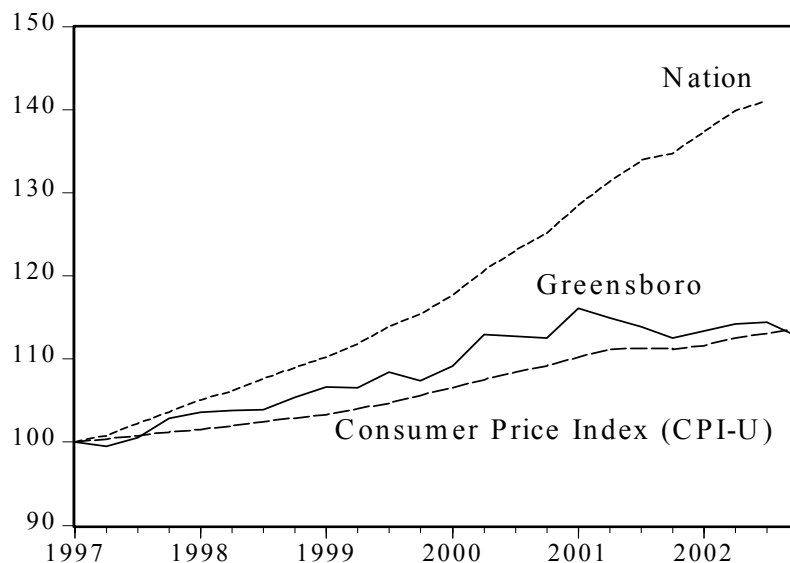
Building Permits, 2001-2002²



Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Greensboro have risen at an average annual rate of 2.0 percent, slightly under the consumer price index (CPI), which has increased an average of 2.2 percent annually. The appreciation of housing prices in Greensboro has lagged the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 5.8 percent annual rate through the 3rd quarter of 2002, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

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



² Figures reflect year-to-date totals through November.

Characteristics of Home Sold, 2002

	<u>Existing</u>
Square Footage	2,002
Floors	1.4
Baths	2.2
Garage Spaces	1.1
Fireplaces	90%
Age	22.0
In the City	81%
Northwest	42%
Number Sold	2,348

In 2002, the average existing home that was sold had 2,002 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, and 1.1 garage parking spaces, and 0.81 fireplaces. The average age of existing homes sold was 22.0 years. Eight-one percent of existing homes sold were in the city limits of Greensboro, and 42 percent of all homes were in the northwest part of Guilford County.

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: 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 *Greensboro Housing Report* is compiled for the Greensboro Regional Realtors® Association by Dr. G. Donald Jud, Bryan School of Business & Economics, University of North Carolina at Greensboro, P.O. Box 26165, Greensboro, NC 27402 – 6165. Phone: 336-334-3091; FAX: 336-334-4141; Email: Juddon@uncg.edu and Sharon P. Puryear, AICP, Community Research Associates, Inc.

Historical Data, 1997 - 2002

	Number	Adjusted		
Date	Sold	Price	TOM	Spread
1997.1	462	149893	85.6	97.1
1997.2	664	149085	77.6	97
1997.3	669	150816	84.5	97.2
1997.4	786	154254	85.2	96.9
1998.1	488	155359	88.1	97.2
1998.2	692	155633	87.9	97.5
1998.3	702	155697	77.7	96.9
1998.4	636	157969	79.9	96.9
1999.1	424	159983	98.8	97.4
1999.2	698	159653	89.7	97.3
1999.3	742	162482	98.3	97.4
1999.4	739	161001	117.9	97.1
2000.1	473	163629	125.7	97.2
2000.2	640	169403	85.1	97.6
2000.3	605	168900	83.3	97.2
2000.4	520	168582	83.2	97
2001.1	438	174049	89.6	96.3
2001.2	655	182778	89.1	97.4
2001.3	669	170711	90.9	95.7
2001.4	585	168661	103.3	94.7
2002.1	564	164497	110	94.5
2002.2	770	171212	108.5	95.2
2002.3	790	171494	107.5	94.9
2002.4	788	168752	110.4	94.6