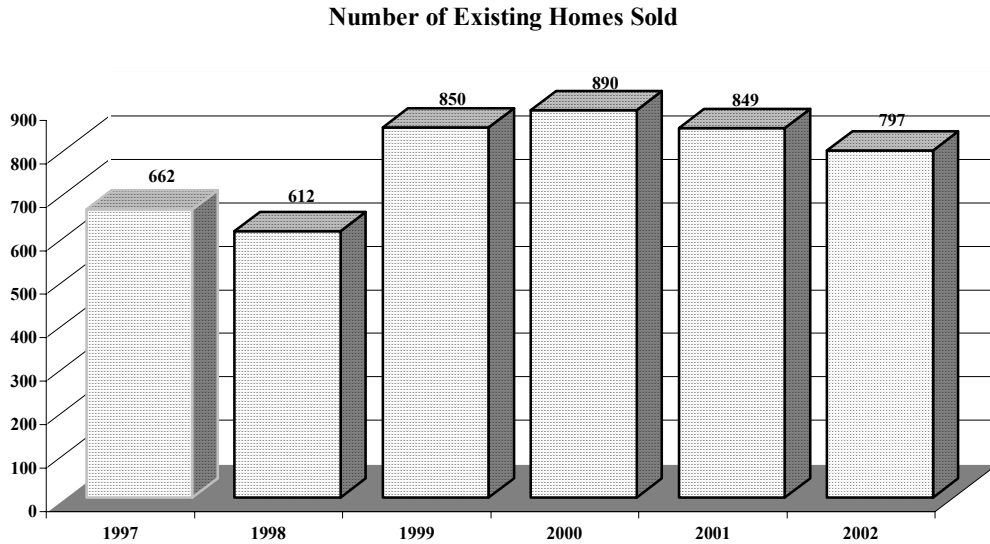


# The High Point Housing Report, 2002.4

## Current Outlook

The number of existing, single-family homes sold in the High Point area of Guilford County totaled 239 in the 4th quarter of 2002.<sup>1</sup> The number sold was off 10.2 percent compared to the level of sales recorded in the 3rd quarter but 2.1 percent above the number sold during the 4th quarter one year ago. During all of 2002, there were 797 sales of existing homes, or 6.1 percent fewer than in 2001.



Despite the increase in the number of homes sold in 2002, the inventory of homes on the market remained high. At the end of the 4th quarter of 2001, there were 694 unsold homes, a number equal to 87 percent of the total number of homes sold in 2002. The median time on the market for unsold homes was 102 days at the end of 2002.

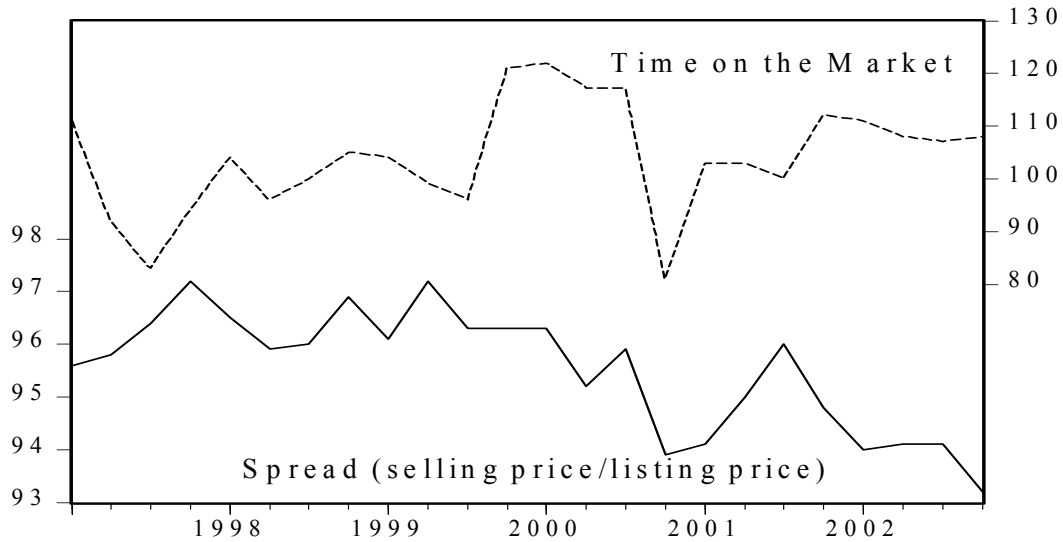
The price of the average home sold in the 4<sup>th</sup> quarter was down 2.0 percent from the previous quarter. The average quality-adjusted price of an existing home in High Point was \$146,125. The average this quarter was 3.9 percent below the average recorded in the 4th quarter of last year.

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 108 days, up a modest 0.9 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 93.2 percent, indicating an increase in the level of discounting in the market. Over the past year, time on the market has remained above 100 days and the spread has fallen, suggesting that the average home seller needs over 3 months to sell a home and is agreeing to greater discounts from the initial listing price.

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<sup>1</sup> The High Point area of Guilford County includes the cities of 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 13.9 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	\$ 146,125	\$ 149,102	\$ 151,985	-2.0%	-3.9%
No. of Homes Sold	239	266	234	-10.2%	2.1%
Time on Market (days)	108	107	112	0.9%	-3.6%
Affordability Index	122.7	116.2	107.7	5.6%	13.9%
Spread: (sale price/list price)	93.2	94.1	94.8	-1.0%	-1.7%

### The Neighborhood Distribution of Existing Home Sales

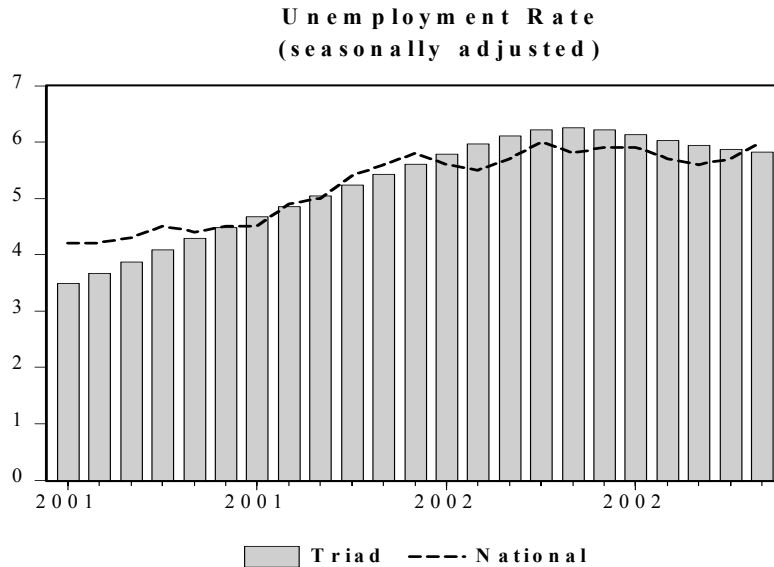
During the 4th quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, which takes in most of northwest High Point, had a total of 108 sales. It was followed by zip codes 27262, which encompass the western area of High Point, where 55 sales were recorded. The Jamestown area, zip code 27282, recorded the highest average price of homes sold, with sales of existing homes averaging \$177,890.

### The Neighborhood Distribution of Existing Home Sales, 2002.4

<u>Zip Code</u>	<u>No. Sales</u>	<u>Ave. Price</u>	<u>Spread</u>	<u>TOM</u>
27260	35	\$47,671	88.4	87
27262	55	\$126,768	90.5	92
27263	6	\$89,883	99.3	103
27265	108	\$162,640	94.9	125
27282	35	\$177,890	96.3	100

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region remained sluggish in the 4<sup>th</sup> 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.

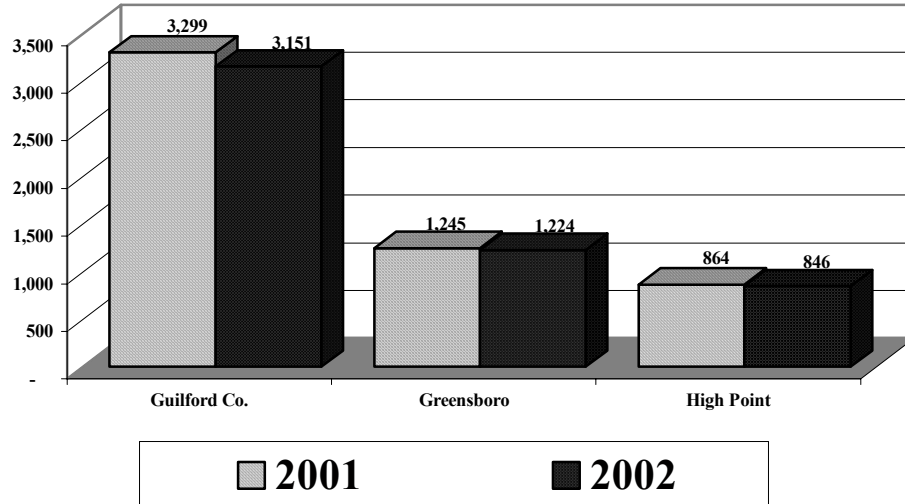


The number of persons employed in the Triad over the past 12 months ending November 2002 declined 0.7 percent, providing a further indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector slipped 0.1 percent over the same 12-month period.

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.

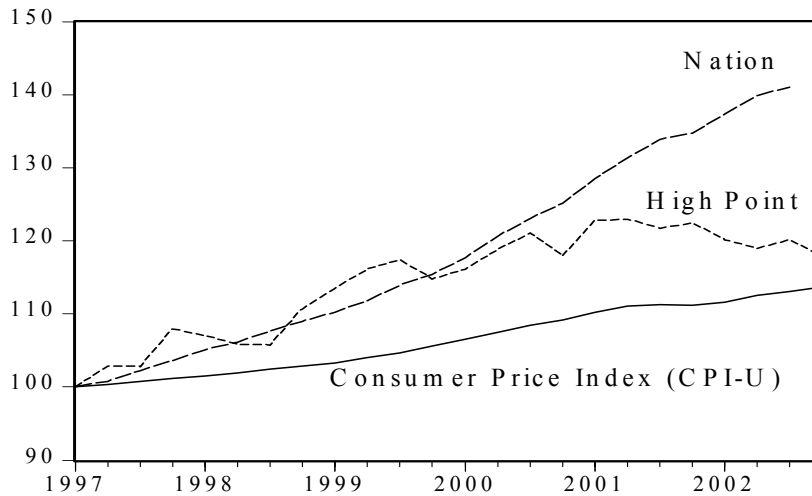
### Building Permits, 2001-2002<sup>2</sup>



### Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in High Point have risen at an average annual rate of 2.8 percent, slightly above the consumer price index (CPI), which has increased an average of 2.2 percent annually. The appreciation of housing prices in High Point 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 High Point and the Nation (quality adjusted, index scale)



<sup>2</sup> Figures reflect year-to-date totals through November.

### Characteristics of Home Sold, 2002

	<u>Existing</u>
Square Footage	1,856
Floors	1.4
Baths	2.1
Garage Spaces	1.2
Fireplaces	0.82
Age	25.4
In the City of High Point	79%
Number Sold	797

In 2002, the average existing home that was sold had 1,856 square feet of floor space. It was 1.4 stories high, had 2.1 bathrooms, and 1.2 garage parking spaces, and .82 fireplaces. The average age of existing homes sold was 25.4 years. Seventy-nine percent of existing homes sold were in the city limits of High Point.

#### Methodology

The *High Point Housing Report* uses data from the Triad MLS to track the pace of housing activity in the cities of 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 *High Point Housing Report* is compiled for the High Point Assn. of Realtors® 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](mailto:Juddon@uncg.edu) and Sharon P. Puryear, AICP, Community Research Associates, Inc.**

### Historical Data, 1997 – 2002

	<b>Number</b>	<b>Adjusted</b>		
<b>Date</b>	<b>Sold</b>	<b>Price</b>	<b>TOM</b>	<b>Spread</b>
1997.1	159	\$124,175	111	95.6
1997.2	245	\$127,762	92	95.8
1997.3	217	\$127,673	83	96.4
1997.4	200	\$134,015	94	97.2
1998.1	170	\$132,919	104	96.5
1998.2	221	\$131,332	96	95.9
1998.3	210	\$131,306	100	96.0
1998.4	181	\$137,430	105	96.9
1999.1	148	\$140,993	104	96.1
1999.2	306	\$144,164	99	97.2
1999.3	270	\$145,813	96	96.3
1999.4	274	\$142,437	121	96.3
2000.1	225	\$144,168	122	96.3
2000.2	297	\$147,536	117	95.2
2000.3	323	\$150,321	117	95.9
2000.4	270	\$146,341	81	93.9
2001.1	227	\$152,326	103	94.1
2001.2	326	\$152,669	103	95.0
2001.3	289	\$151,133	100	96.0
2001.4	234	\$151,985	112	94.8
2002.1	216	\$149,086	111	94.0
2002.2	292	\$147,785	108	94.1
2002.3	266	\$149,102	107	94.1
2002.4	239	\$146,125	108	93.2