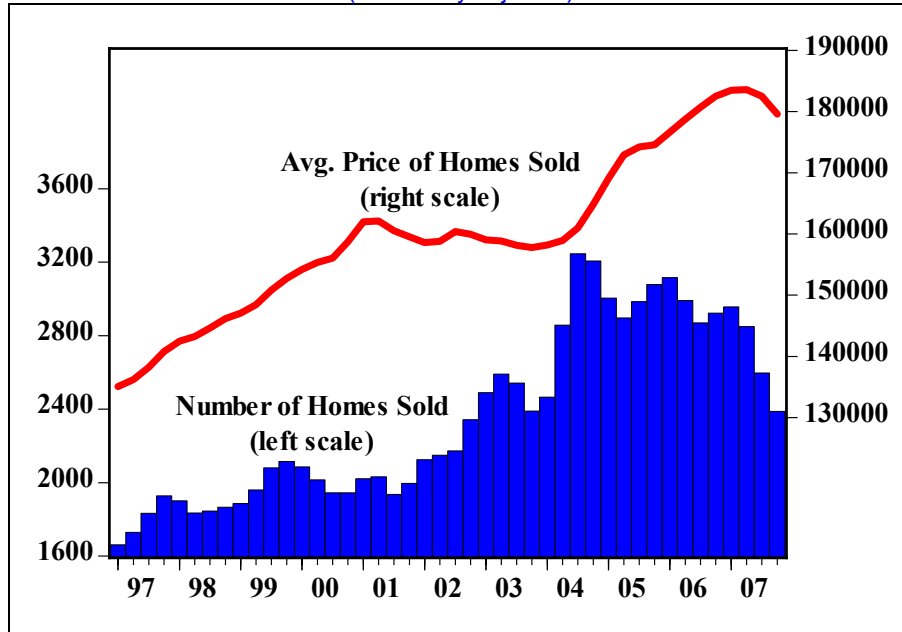


The Triad Housing Report, 2007.4

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,387 in the 4th quarter of 2007, after adjustment for seasonal variation.¹ The number sold was down -8.1 percent compared to the level of sales recorded in the 3rd quarter, and it was -18.3 percent below the number sold during the 4th quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2007.4
(seasonally adjusted)



At the end of the 4th quarter of 2007, the inventory of homes on the market was 8,193, or 4.0 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 12 months to exhaust the existing inventory. The number of existing homes offered for sale was down -8.2 percent from what it was at the end of the 3rd quarter, but it was 12.6 percent higher than at the end of the 4th quarter one year ago.

The price of the average home sold in the 4th quarter was off -1.6 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$179,586. The average this quarter was down -1.6 percent from the average recorded in the 4th quarter of last year. Over the past year, consumer prices nationally have risen 3.7 percent, indicating that real home prices in the Triad have declined.

Nationally, the pace of existing home sales has fallen -20.0 percent over the past 12 months.² Average home prices are down -3.3 percent across the nation and -2.5 percent in the South. The national inventory of unsold homes is up 12.3 percent over the past 12 months and will take 10.3 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

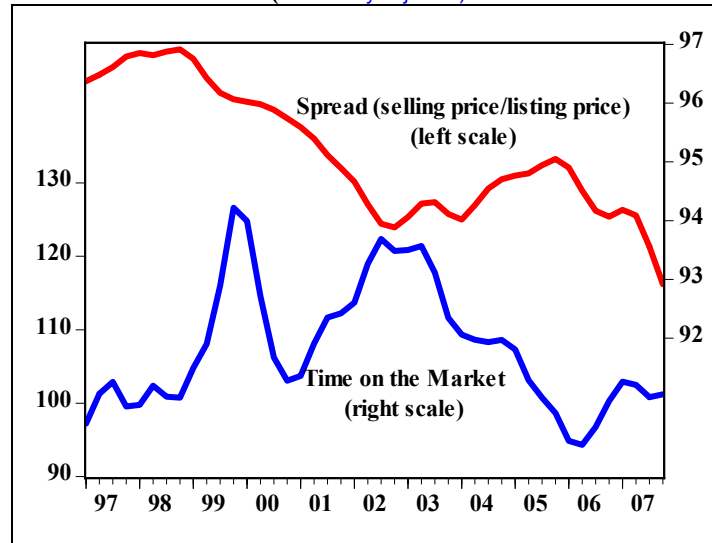
¹ The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin. The Triad is located in the north central area of North Carolina.

² This percentage is calculated from November 2006 to November 2007 using National Assn. of Realtors® data.

101.2 days, up 0.4 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 92.9 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.

Existing Homes, 1997.1 – 2007.4

(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 4th quarter of last year, the affordability index has risen 2.4 percent.

Existing Home Sales Data

	2007.4	2007.3	2006.4	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$179,586	\$182,524	\$182,513	-1.6%	-1.6%
No. of Homes Sold	2,387	2,598	2,923	-8.1%	-18.3%
Time on Market (days)	101.2	100.8	100.3	0.4%	0.9%
Spread: (sale price/list price)	92.9	93.6	94.1	-0.7%	-1.3%
Consumer Price Index (CPI-U)	209.7	208.0	202.2	0.8%	3.7%
<i>Not Seasonally Adjusted</i>					
Ave. Home Price	\$179,230	\$194,951	\$182,543	-8.1%	-1.8%
No. of Homes Sold	2,054	2,855	2,463	-28.1%	-16.6%
< \$150K	1,086	1,352	1,310	-19.7%	-17.1%
\$150K - \$349K	796	1,200	927	-33.7%	-14.1%
\$350K & Over	172	303	226	-43.2%	-23.9%
Inventory, end of qtr.	8,193	8,921	7,279	-8.2%	12.6%
Inventory/Sales	4.0	3.1	3.0	27.7%	35.0%
Affordability Index	100.4	96.2	98.0	4.4%	2.4%

The County Distribution of Existing Home Sales

During the 4th quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 928 sales. It was followed by Forsyth County with 640 sales. Davie County recorded the highest average price for homes sold at \$236,288. The highest inventory-to-sales ratio was recorded in Alamance County with a ratio of 6.8. At the current sales pace, it will take 20.4 months to exhaust the current inventory of existing homes in Alamance.

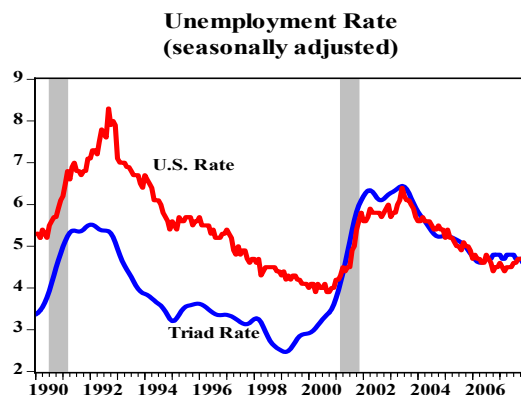
County Distribution of Existing Home Sales, 2007.4

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	28	\$74,995	81.4	101.3	138	4.9
Alamance	\$150K - \$349K	18	\$202,582	95.6	131.0	147	8.2
Alamance	\$350K & Over	2	\$480,500	95.3	196.4	41	20.5
Alamance	Total	48	\$139,736	87.3	116.4	326	6.8
Davidson	< \$150K	121	\$100,321	92.1	127.7	422	3.5
Davidson	\$150K - \$349K	79	\$208,242	93.5	163.9	417	5.3
Davidson	\$350K & Over	8	\$464,688	94.1	168.9	153	19.1
Davidson	Total	208	\$155,324	92.7	143.0	992	4.8
Davie	< \$150K	26	\$96,892	88.5	125.6	86	3.3
Davie	\$150K - \$349K	31	\$228,429	91.9	146.4	167	5.4
Davie	\$350K & Over	9	\$666,056	90.8	157.4	110	12.2
Davie	Total	66	\$236,288	90.4	139.7	363	5.5
Forsyth	< \$150K	361	\$96,291	89.3	126.2	1090	3.0
Forsyth	\$150K - \$349K	232	\$214,993	93.7	134.4	1152	5.0
Forsyth	\$350K & Over	47	\$484,499	94.3	170.0	371	7.9
Forsyth	Total	640	\$167,830	91.3	132.4	2,613	4.1
Guilford	< \$150K	440	\$91,754	89.1374	131.059	1251	2.8
Guilford	\$150K - \$349K	390	\$218,583	94.8953	118.633	1203	3.1
Guilford	\$350K & Over	98	\$465,404	95.3557	151.139	631	6.4
Guilford	Total	928	\$184,514	92.2	128.0	3,085	3.3
Randolph	< \$150K	59	\$96,042	91.0	134.7	255	4.3
Randolph	\$150K - \$349K	28	\$200,359	91.8	144.9	225	8.0
Randolph	\$350K & Over	3	\$486,300	96.7	174.7	53	17.7
Randolph	Total	90	\$141,505	91.5	139.2	533	5.9
Stokes	< \$150K	35	\$99,780	92.9	141.0	90	2.6
Stokes	\$150K - \$349K	13	\$207,538	93.3	151.0	93	7.2
Stokes	\$350K & Over	4	\$445,256	91.1	298.8	22	5.5
Stokes	Total	52	\$153,295	92.9	155.6	205	3.9
Yadkin	< \$150K	16	\$75,581	83.8	198.2	43	2.7
Yadkin	\$150K - \$349K	5	\$179,800	93.3	147.9	26	5.2
Yadkin	\$350K & Over	1	\$365,000	98.7	174.9	7	7.0
Yadkin	Total	22	\$112,423	86.6	185.7	76	3.5

Note: Data are not seasonally adjusted.

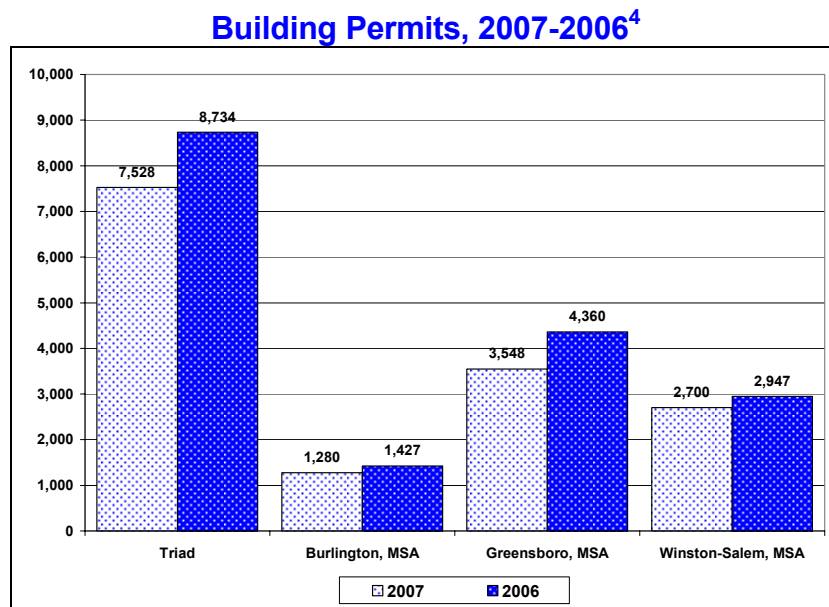
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 4th quarter.³ The seasonally adjusted rate of unemployment in the Triad was 4.6 percent in November, down 0.1 percentage points from the revised figure for October. The national unemployment rate was 4.7 percent, unchanged from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was unchanged in November. Over the past 12 months, employment has gained 1.0 percent. For the nation as a whole, employment was higher by 0.1 percent in November. Over the past 12 months, national employment has risen 1.1 percent.

Planned single-family residential construction declined during the 4th quarter. Residential building permits (which reflect plans for future construction) were off -13.8 percent in the Triad as a whole during the first 11 months of 2007 compared to the same period in 2006. Permits dropped -10.3 percent in the Burlington area, -18.6 percent in the Greensboro/High Point, MSA and -8.4 in the Winston-Salem, MSA.



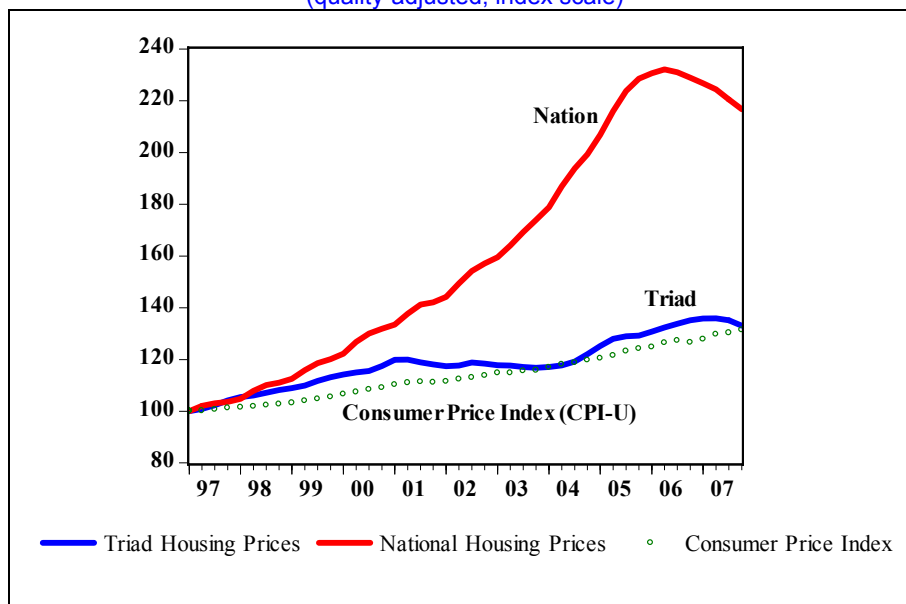
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

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

Longer-Term Trends

Since the first quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 2.7 percent, outpacing 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 7.3 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 -5.4 percent, while prices in Triad are off -1.6 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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