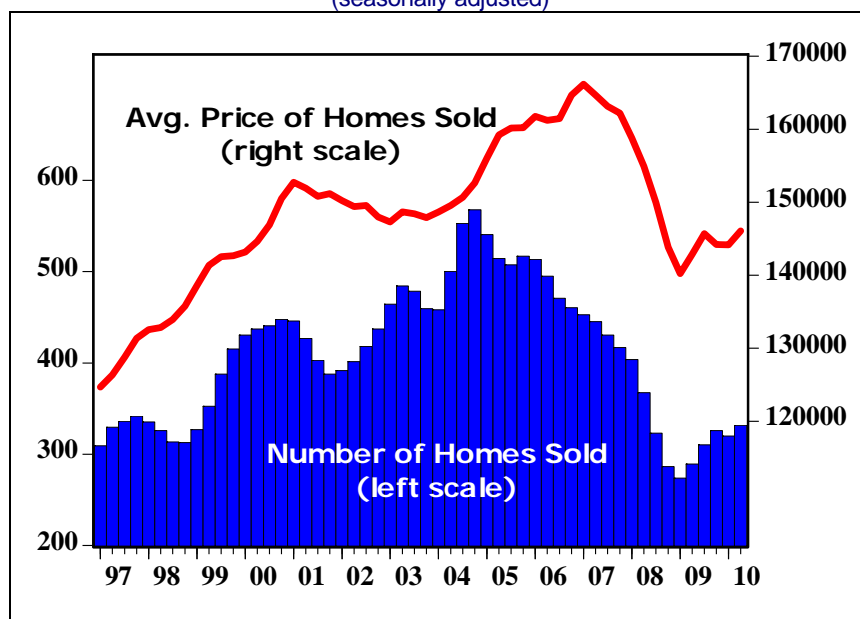


The High Point Housing Report, 2010.2

Current Outlook

The number of existing, single-family homes sold in the High Point area totaled 332 in the 2nd quarter of 2010, adjusted for seasonal variation.¹ The number sold was up 3.7 percent compared to the level of sales recorded in the 1st quarter, and it was 14.7 percent above the number sold during the 2nd quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2010.2
(seasonally adjusted)



At the end of the 2nd quarter of 2010, the inventory of homes on the market totaled 1,325, or 3.4 times the number of homes sold in the 2nd quarter. At the current sales pace, it will take 10.2 months to exhaust the inventory. The number of existing homes offered for sale was up 2.5 percent from what it was in the 1st quarter, and it was 2.5 percent above the level one year ago.

The price of the average home sold in the 2nd quarter rose 1.3 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$146,086. The average this quarter was up 2.3 percent from the average recorded in the 2nd quarter of last year. By comparison, over the past year, consumer prices nationally have risen 1.8 percent.

Nationally, the pace of existing home sales has risen 19.2 percent over the past 12 months.² Average home prices are up 3.8 percent across the nation and 2.6 percent in the South. The national inventory of unsold homes is up 1.1 percent over the past 12 months and will take 8.3 months to sell at the existing pace of sales.

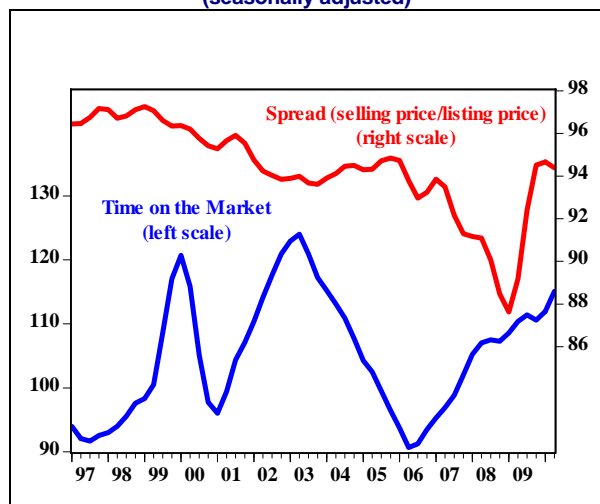
Among other indicators of housing demand, the average time on the market for existing homes sold was 115.1 days, up 2.8 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 94.4 percent, indicating an increase in the level of discounting in the market. Over the past year, time on the market has risen 4.2 percent, and the spread has risen, showing that the time to sell a home has increased, but sellers are getting a larger percentage of the listing price.

¹ The High Point area includes zip codes 27260, 27261, 27262, 27263, 27264, 27265, 27282, 27370, 27360, and 27361.

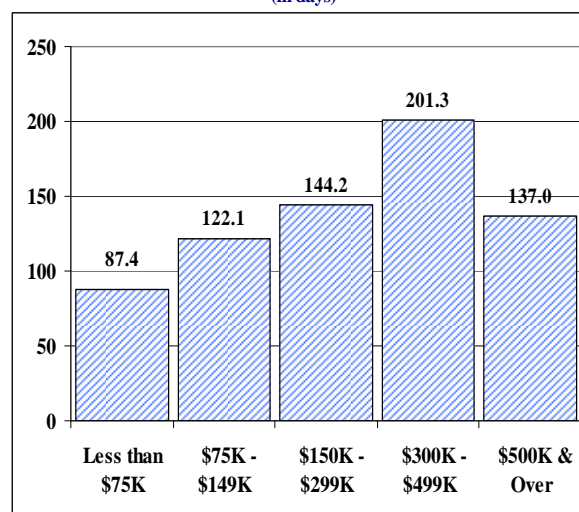
² This percentage is calculated from May 2009 to May 2010 using National Assn. of Realtors® data.

Time on the market (TOM) is higher for higher priced homes, but falls off this quarter for homes \$500,000 and over (see the bar chart directly below).

Existing Homes, 1997.1 – 2010.2
(seasonally adjusted)



Time on the Market by Price Category
(in days)



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index was off -0.2 percent this quarter, and since the 2nd quarter of 2009, the affordability index has fallen -3.7 percent chiefly because of higher housing prices.

Existing Home Sales Data

	2010.2	2010.1	2009.2	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Avg. Home Price	\$146,086	\$144,190	\$142,862	1.3%	2.3%
No. of Homes Sold	332	320	289	3.7%	14.7%
Time on Market (days)	115.1	112.0	110.4	2.8%	4.2%
Spread: (sale price/list price)	94.4	94.7	89.2	-0.3%	5.8%
Consumer Price Index (CPI-U)	218.2	217.0	214.3	0.5%	1.8%
Not Seasonally Adjusted					
Avg. Home Price	\$146,989	\$129,866	\$147,315	13.2%	-0.2%
No. of Homes Sold	392	232	304	69.0%	28.9%
< \$75K	74	59	65	25.4%	13.8%
\$75K - \$149K	170	96	122	77.1%	39.3%
\$150K - \$299K	129	73	103	76.7%	25.2%
\$300K - \$499K	17	3	13	466.7%	30.8%
\$500K & Over	2	1	1	n.a.	100.0%
Inventory, end of qtr.	1,325	1,293	1,293	2.5%	2.5%
Inventory/Sales	3.4	5.6	4.3	-39.4%	-20.5%
Affordability Index	111.6	111.8	115.9	-0.2%	-3.7%

The Neighborhood Distribution of Existing Home Sales

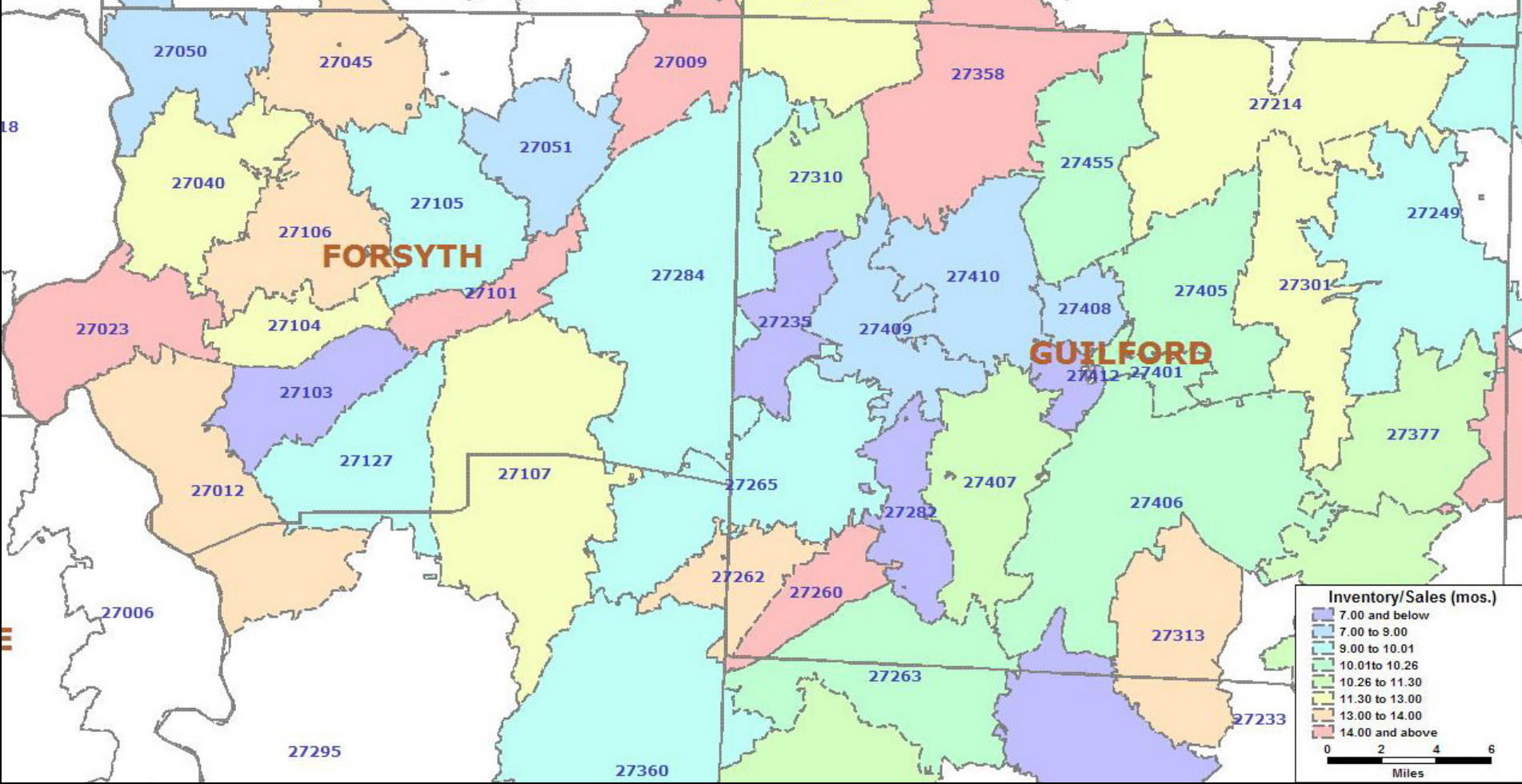
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, north and west of High Point taking in Oak Hollow Lake, had a total of 121 sales. It was followed by zip code 27360, southwest of High Point taking in Thomasville, where 88 sales were recorded. Zip code 27282 (the Jamestown area) recorded the highest average price for existing homes sold of \$188,189.

The highest inventory to sales ratio was in zip code 27260, which is situated north and west of old I-85. At the current sales pace, it will take 14.7 months to exhaust the inventory in this neighborhood. The second highest inventory to sales ratio was in zip code 27262 (north and west of downtown including the High Point County Club area and extending into Davidson County). It will take 13.5 months to move the exiting inventory at the current sales pace in this area.

The Neighborhood Distribution of Existing Home Sales, 2010.2

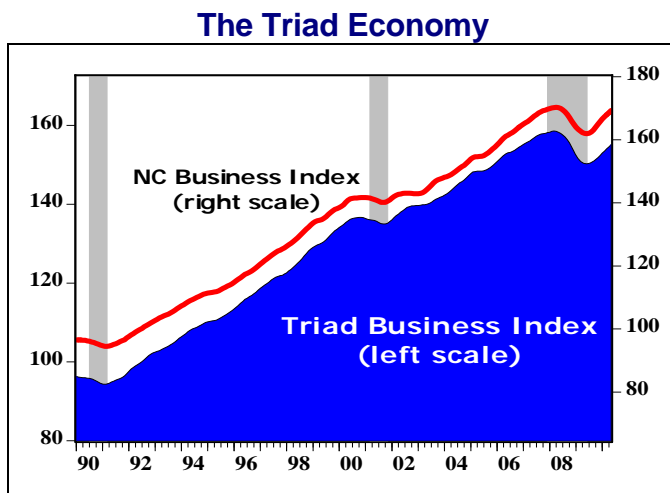
Zip	Price Range	No. Sales	Avg. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27260	< \$75K	17	\$35,976	90.5	112.3	108	6.4
27260	\$75K - \$149K	13	\$114,828	98.2	180.4	36	2.8
27260	\$150K - \$299K	0	n.a.	n.a.	n.a.	3	n.a.
27260	\$300K - \$499K	0	n.a.	n.a.	n.a.	n.a.	n.a.
27260	\$500K & Over	0	n.a.	n.a.	n.a.	n.a.	n.a.
27260	Total	30	\$70,145	93.8	141.8	147	4.9
27262	< \$75K	15	\$39,247	83.8	78.3	72	4.8
27262	\$75K - \$149K	18	\$112,432	96.0	111.7	64	3.6
27262	\$150K - \$299K	15	\$211,483	90.1	185.2	57	3.8
27262	\$300K - \$499K	4	\$403,650	88.4	308.5	27	6.8
27262	\$500K & Over	2	\$809,750	89.9	136.5	24	12.0
27262	Total	54	\$167,016	90.2	138.3	244	4.5
27263	< \$75K	8	\$60,863	89.3	77.0	16	2.0
27263	\$75K - \$149K	16	\$116,235	96.9	78.9	59	3.7
27263	\$150K - \$299K	10	\$223,280	98.8	113.7	41	4.1
27263	\$300K - \$499K	0	n.a.	n.a.	n.a.	2	n.a.
27263	\$500K & Over	0	n.a.	n.a.	n.a.	2	n.a.
27263	Total	34	\$134,690	95.6	88.7	120	3.5
27265	< \$75K	8	\$45,641	80.0	88.5	14	1.8
27265	\$75K - \$149K	49	\$123,488	96.3	71.3	118	2.4
27265	\$150K - \$299K	59	\$204,829	97.3	125.6	185	3.1
27265	\$300K - \$499K	5	\$328,200	95.4	224.2	33	6.6
27265	\$500K & Over	0	n.a.	n.a.	n.a.	13	n.a.
27265	Total	121	\$166,462	95.7	105.2	363	3.0
27282	< \$75K	2	\$45,125	92.8	37.0	1	0.5
27282	\$75K - \$149K	13	\$118,181	95.4	88.5	23	1.8
27282	\$150K - \$299K	27	\$213,263	96.3	75.9	48	1.8
27282	\$300K - \$499K	4	\$318,000	95.3	32.3	26	6.5
27282	\$500K & Over	0	n.a.	n.a.	n.a.	1	n.a.
27282	Total	46	\$188,189	95.8	74.0	99	2.2
27360	< \$75K	22	\$45,407	90.1	88.0	49	2.2
27360	\$75K - \$149K	53	\$111,043	96.3	120.8	139	2.6
27360	\$150K - \$299K	12	\$199,850	97.0	177.9	89	7.4
27360	\$300K - \$499K	1	\$344,000	98.6	311.0	10	10.0
27360	\$500K & Over	0	n.a.	n.a.	n.a.	3	n.a.
27360	Total	88	\$109,391	94.9	122.5	290	3.3
27370	< \$75K	2	\$32,500	67.0	131.0	3	1.5
27370	\$75K - \$149K	8	\$114,625	96.0	203.3	23	2.9
27370	\$150K - \$299K	6	\$225,483	95.1	187.0	21	3.5
27370	\$300K - \$499K	3	\$385,667	94.1	94.1	15	5.0
27370	\$500K & Over	0	n.a.	n.a.	n.a.	3	n.a.
27370	Total	19	\$183,784	92.4	158.4	65	3.4

Inventory-Sales Ratios by Zip Code



Economic Trends in the Piedmont Triad

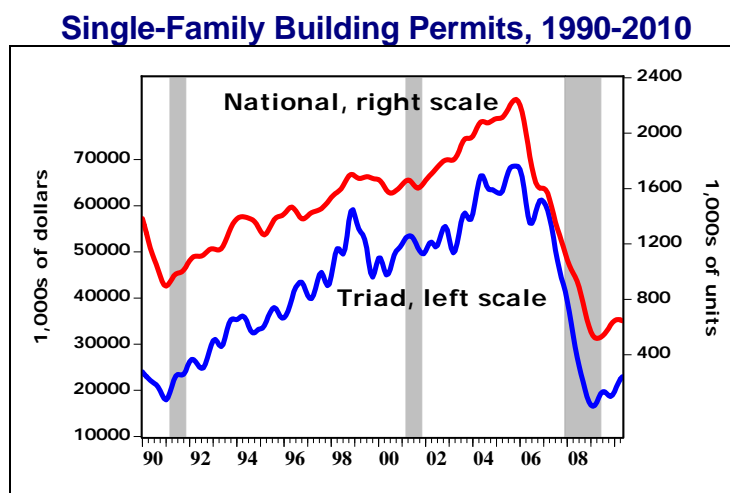
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 2nd quarter.³ The Dixon Hughes Triad Business Index, which tracks the pace of economic activity in the 8-county Triad region, rose at an average annual rate of 2.4 percent since the start of the year.⁴



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.3% in May, recording a 4th consecutive increase since February.

The number of persons in the Triad employed in the service-providing sector was up 0.3% in May, and higher employment was recorded this month in retail trade, professional and business services, education and health care, other services, and government.

Residential building permits in the Triad, which reflect planned construction, were up 2.5% this month. Over the past 12 months, the pace of planned residential building has risen 24.7%.



The number of real estate foreclosures in the Triad increased 18.7 percent in 2nd quarter compared to the 2nd quarter of last year and is up 9.5 percent since the 1st of the year. There were 2,754 reported foreclosures in the Triad in the 2nd quarter.

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 See, <http://www.triadbizindex.com/>

Longer-Term Trends

The population of the Triad totaled 1.42 million in 2009, growing at an average annual rate of 1.3 percent since 2000. Population in Forsyth County totaled 359,638, rising at an annual rate of 1.8 percent since 2000. In Guilford County, population totaled 480,362 in 2009, growing 1.4 percent annually since 2000. The pace of population growth in the Triad decelerated in 2009, with population growing 1.1 percent from 2008 to 2009. The rate of population growth in Forsyth and Guilford Counties also slowed in 2009, growing more rapidly than the nation, but slower than the state.

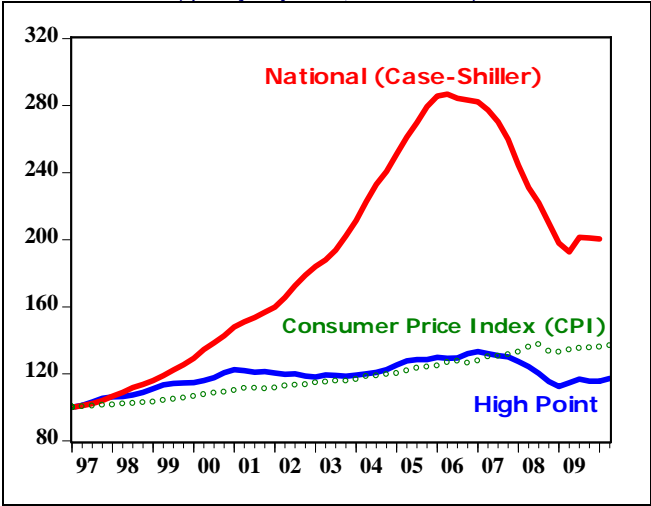
Population Change in the Triad & the Nation, 2009-2000

Area	2009	2008	2000	Avg. Ann.	
				% Chg. 2008-09	% Chg. 2000-09
Alamance County	150,358	147,910	131,521	1.7%	1.5%
Davidson County	158,582	157,991	147,664	0.4%	0.8%
Davie County	41,420	41,082	35,061	0.8%	1.9%
Forsyth County	359,638	355,140	307,007	1.3%	1.8%
Guilford County	480,362	474,108	422,519	1.3%	1.4%
Randolph County	142,151	140,963	131,018	0.8%	0.9%
Stokes County	46,150	46,140	44,832	0.0%	0.3%
Yadkin County	37,713	37,701	36,513	0.0%	0.4%
Triad	1,416,374	1,401,035	1,256,135	1.1%	1.3%
North Carolina	9,380,884	9,247,134	8,079,383	1.4%	1.7%
United States	307,006,550	304,374,846	282,171,957	0.9%	0.9%

Source: Census Bureau

Since the first quarter of 1997, existing home prices in High Point have risen at an average annual rate of 1.2 percent, lagging the consumer price index (CPI), which has increased an average of 2.4 percent annually. The appreciation of housing prices in High Point has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 5.4 percent annual rate from 1997.1 through the 2nd quarter of 2010, according to the S&P Case-Shiller 10-City Home Price Index.

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



In 2009, the average existing home that was sold had 1,891 square feet of floor space. It was 1.3 stories high, had 2.2 bathrooms, and 1.3 garage parking spaces. The average home had 0.78 fireplaces. The average age of existing homes sold was 26.8 years. Seventy-two percent of exiting homes sold were in the city limits of High Point. A total of 1,216 single-family homes were sold through Triad MLS in the High Point area.

Characteristics of Existing Homes Sold, 2009

Square Footage	1,891
Floors	1.3
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.78
Age	26.8
In the City	72%
Number Sold	1,216

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.

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