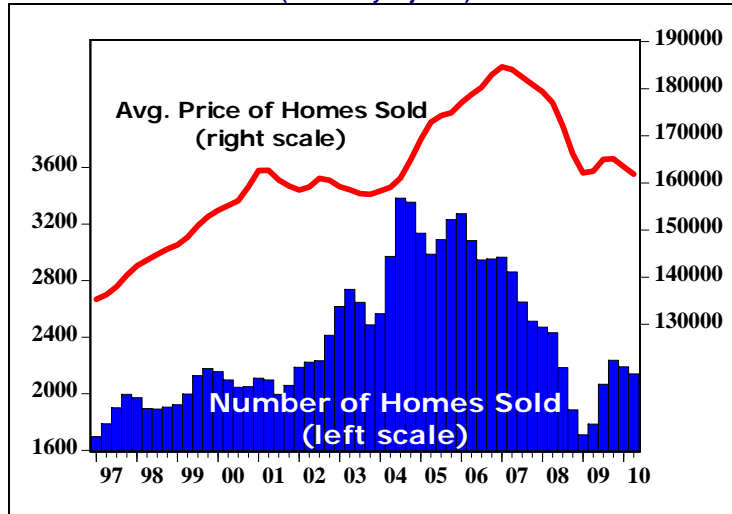


The Triad Housing Report, 2010.2

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,141 in the 2nd quarter of 2010, after adjustment for seasonal variation.¹ The number sold was down -2.3 percent compared to the level of sales recorded in the 1st quarter, but it was 19.9 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 was 9,396, or 3.6 times the number of homes sold in the 2nd quarter. At the current sales pace, it will take 10.8 months to exhaust the existing inventory. The number of existing homes offered for sale was up 3.3 percent from what it was at the end of the 1st quarter, and it was 13.0 percent higher than at the end of the 2nd quarter one year ago.

The price of the average home sold in the 2nd quarter was down -1.0 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$161,864. The average this quarter was down -0.4 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 activity in the Triad, the average time on the market for existing homes sold was 109.7 days, down -2.1 percent from the average in the 1st quarter. The sale-list price spread, which

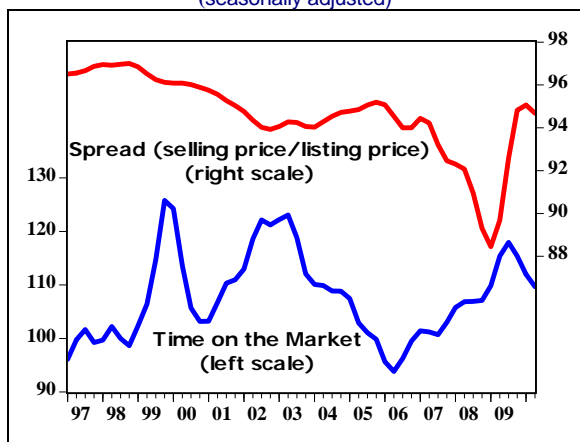
¹ The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin. The Triad is located in the north central area of North Carolina.

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

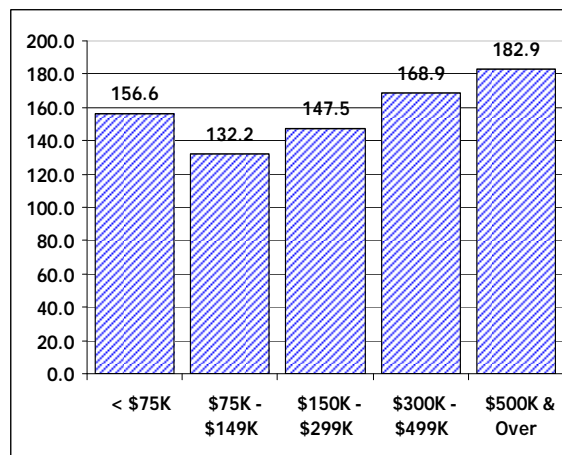
shows the ratio of selling to listing price, was lower at 94.7 percent, indicating a rise in the level of discounting in the market. Over the past year, time on the market has fallen, and the spread has risen, indicating that the average home seller needs less time to sell a home and is getting a larger percentage of the listing price.

Existing Homes, 1997.1 – 2010.2

(seasonally adjusted)



Time on the Market



Time on the market (TOM) generally is lower for lower priced homes. For homes \$75,000 and less, TOM averages 157 days. In contrast, for homes more than \$500,000, average TOM is 183 days.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index, which tracks the income-payment ratio, rose 2.3 percent this quarter. Since the 2nd quarter of last year, the affordability index has risen 0.2 percent because of lower home mortgage rates and prices.

Existing Home Sales Data

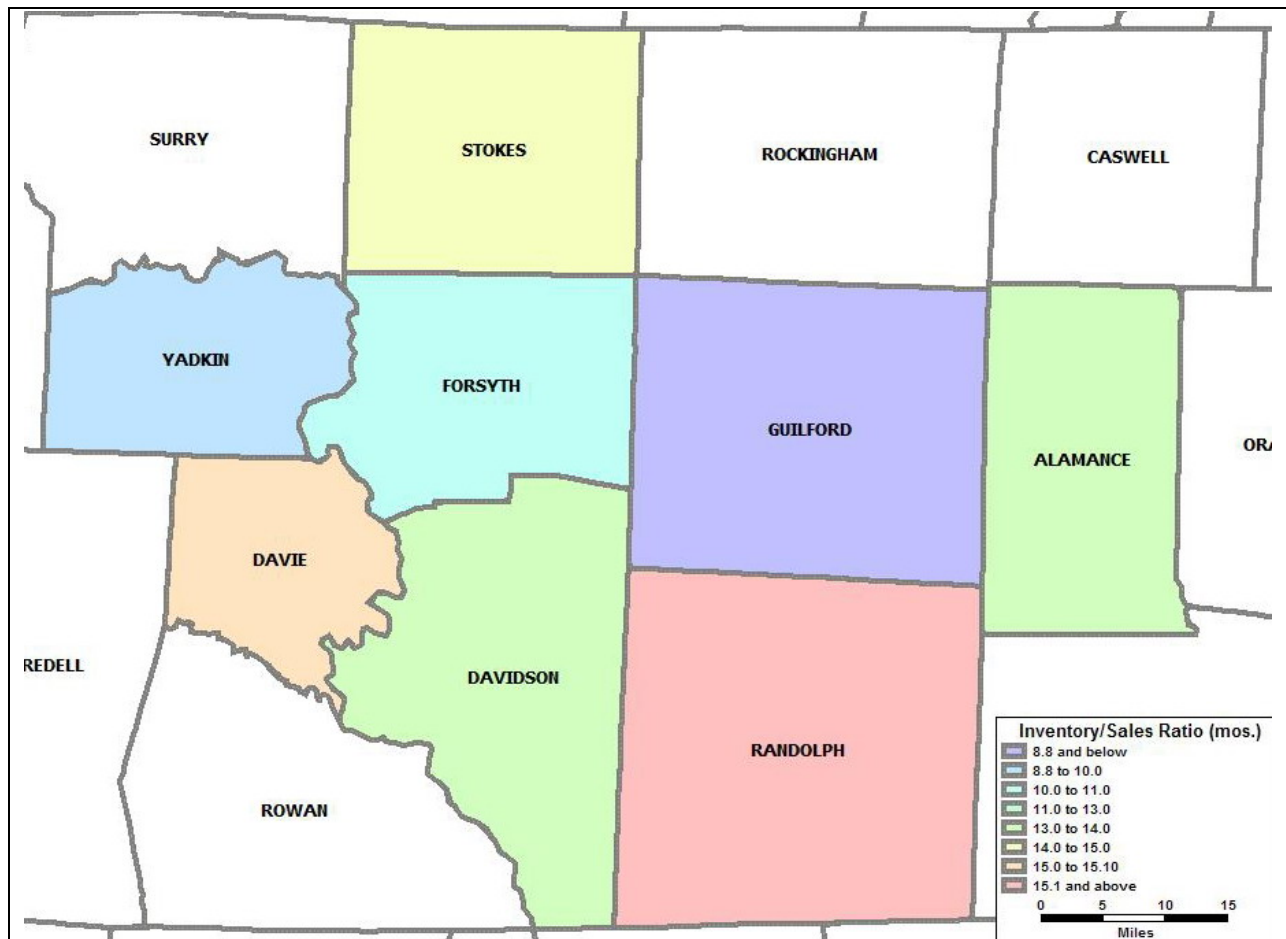
	2010.2	2010.1	2009.2	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Avg. Home Price	\$161,864	\$163,462	\$162,514	-1.0%	-0.4%
No. of Homes Sold	2,141	2,190	1,786	-2.3%	19.9%
Time on Market (days)	109.7	112.0	115.4	-2.1%	-5.0%
Spread: (sale price/list price)	94.7	95.1	89.7	-0.4%	5.6%
Consumer Price Index (CPI-U)	218.2	217.0	214.3	0.5%	1.8%
Not Seasonally Adjusted					
Avg. Home Price	\$168,988	\$154,673	\$171,662	9.3%	-1.6%
No. of Homes Sold	2,606	1,545	2,056	68.7%	26.8%
< \$75K	436	343	338	27.1%	29.0%
\$75K - \$149K	1,006	608	763	65.5%	31.8%
\$150K - \$299K	876	464	726	88.8%	20.7%
\$300K - \$499K	230	94	187	144.7%	23.0%
\$500K & Over	58	36	42	61.1%	38.1%
Inventory, end of qtr.	9,396	9,098	8,314	3.3%	13.0%
Inventory/Sales	3.6	5.9	4.0	-38.8%	-10.8%
Affordability Index	103.7	101.4	103.5	2.3%	0.2%

The County Distribution of Existing Home Sales

During the 2nd quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,196 sales. It was followed by Forsyth County with 792 sales. Davie County recorded the highest average price for homes sold at \$198,594. The largest number of homes selling for \$500,000 or more was in Guilford and Forsyth Counties with 27 and 24 homes respectively in this category.

The highest inventory-to-sales ratios were recorded in Davie and Randolph Counties with a ratio of 5.0. At the current sales pace, it will take 15 months to exhaust the current inventory of existing homes in these counties. The lowest inventory-to-sales ratio was in Guilford County with a ratio of 2.9 (or 8.7 mos.). The highest time on the market for homes sold was recorded in Yadkin County where the 36 homes sold this quarter averaged 173 days on the market. The lowest average time on the market was recorded in Alamance County where the 81 homes sold this quarter averaged 109 days on the market.

Inventory-Sales Ratios by County



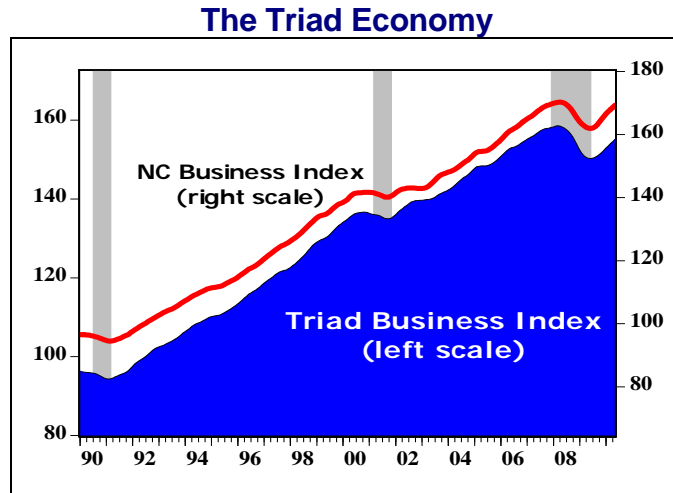
County Distribution of Existing Home Sales, 2010.2

County	Price Range	No.	Avg.	Inventory			
		Sales	Price	Spread	TOM	End of Qtr.	Inv./Sales
Alamance	< \$75K	25	\$46,212	87.1	111.0	54	2.2
Alamance	\$75K - \$149K	27	\$115,689	95.7	97.3	108	4.0
Alamance	\$150K - \$299K	26	\$214,011	96.5	113.2	117	4.5
Alamance	\$300K - \$499K	2	\$360,500	94.9	170.6	51	25.5
Alamance	\$500K & Over	1	\$575,000	95.9	153.5	21	21.0
Alamance	Total	81	\$137,521	93.3	109.1	351	4.3
Davidson	< \$75K	54	\$46,501	89.9	159.5	131	2.4
Davidson	\$75K - \$149K	108	\$109,997	95.3	126.9	359	3.3
Davidson	\$150K - \$299K	52	\$205,335	94.6	153.6	365	7.0
Davidson	\$300K - \$499K	17	\$368,053	95.9	201.4	140	8.2
Davidson	\$500K & Over	4	\$517,688	96.5	165.2	65	16.3
Davidson	Total	235	\$142,110	94.0	146.3	1,060	4.5
Davie	< \$75K	8	\$53,543	95.2	251.7	20	2.5
Davie	\$75K - \$149K	22	\$117,395	97.2	139.8	66	3.0
Davie	\$150K - \$299K	22	\$199,907	95.0	143.0	128	5.8
Davie	\$300K - \$499K	14	\$338,957	94.2	179.2	74	5.3
Davie	\$500K & Over	2	\$675,000	90.6	177.8	54	27.0
Davie	Total	68	\$198,594	95.4	163.2	342	5.0
Forsyth	< \$75K	104	\$42,020	87.2	158.3	324	3.1
Forsyth	\$75K - \$149K	309	\$117,866	96.1	122.6	934	3.0
Forsyth	\$150K - \$299K	290	\$205,413	96.4	132.3	1,063	3.7
Forsyth	\$300K - \$499K	65	\$360,875	96.0	153.9	345	5.3
Forsyth	\$500K & Over	24	\$683,250	94.9	177.8	231	9.6
Forsyth	Total	792	\$177,040	95.0	135.1	2,897	3.7
Guilford	< \$75K	193	\$44,201	88.0	151.4	464	2.4
Guilford	\$75K - \$149K	426	\$116,413	96.6	117.6	906	2.1
Guilford	\$150K - \$299K	424	\$210,817	96.6	119.9	1,186	2.8
Guilford	\$300K - \$499K	126	\$379,594	96.0	142.0	568	4.5
Guilford	\$500K & Over	27	\$603,861	93.1	188.0	375	13.9
Guilford	Total	1,196	\$176,959	95.0	128.0	3,499	2.9
Randolph	< \$75K	34	\$48,298	83.1	116.8	81	2.4
Randolph	\$75K - \$149K	66	\$114,744	96.1	125.5	325	4.9
Randolph	\$150K - \$299K	38	\$209,823	96.8	143.2	224	5.9
Randolph	\$300K - \$499K	5	\$369,800	95.6	155.2	71	14.2
Randolph	\$500K & Over	0	n.a.	n.a.	199.1	20	n.a.
Randolph	Total	143	\$133,129	93.2	129.2	721	5.0
Stokes	< \$75K	12	\$53,975	90.6	144.3	21	1.8
Stokes	\$75K - \$149K	28	\$109,374	95.5	161.5	100	3.6
Stokes	\$150K - \$299K	14	\$190,711	96.6	181.2	106	7.6
Stokes	\$300K - \$499K	1	\$358,000	108.6	201.3	30	30.0
Stokes	\$500K & Over	0	n.a.	n.a.	187.8	8	n.a.
Stokes	Total	55	\$122,512	95.0	163.5	265	4.8
Yadkin	< \$75K	6	\$54,173	85.5	160.1	7	1.2
Yadkin	\$75K - \$149K	20	\$112,980	92.9	166.6	47	2.4
Yadkin	\$150K - \$299K	10	\$212,475	95.1	193.5	37	3.7
Yadkin	\$300K - \$499K	0	n.a.	n.a.	148.2	9	n.a.
Yadkin	\$500K & Over	0	n.a.	n.a.	213.8	6	n.a.
Yadkin	Total	36	\$130,816	92.3	173.0	106	2.9

Note: Data are not seasonally adjusted.

Economic Trends in the Piedmont Triad

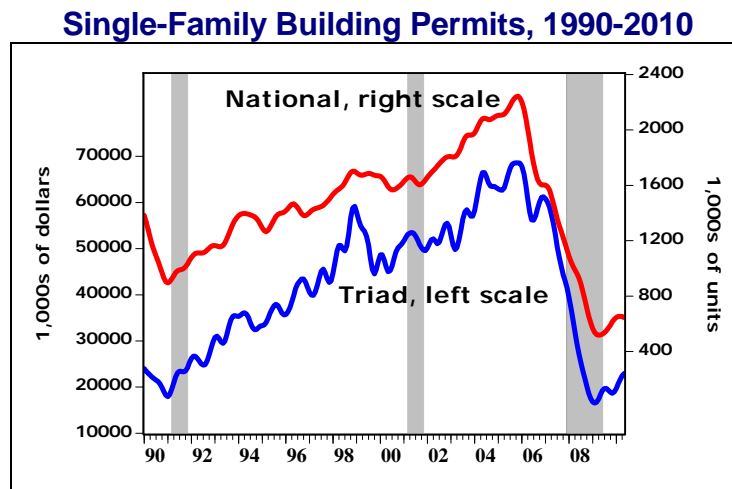
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 2nd quarter.³ The Dixon Hughes Triad Business Index, which tracks the pace of economic activity in the 8-county Triad region, rose at an average annual rate of 2.4 percent since the start of the year.⁴



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.

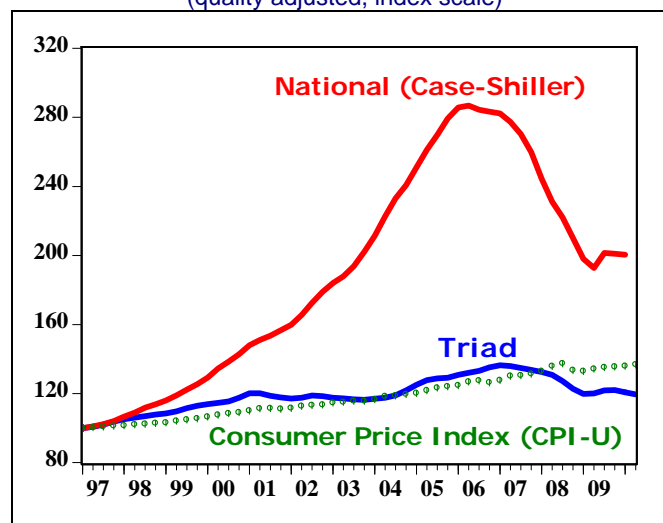
Population Change in the Triad & the Nation, 2009-2000

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 the Triad have risen at an average annual rate of 1.4 percent, lagging the consumer price index (CPI), which has increased an average of 2.4 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 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 the Triad & the Nation (quality adjusted, index scale)



In 2009, the average existing home that was sold had 1,952 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, and 1.3 garage parking spaces. The average home had 0.86 fireplaces. The average age of existing homes sold was 26.6 years. Guilford County accounted for 46.2 percent of recorded home sales, followed by Forsyth County with 30.2 percent of sales. A total of 7,827 homes were sold in the Triad in 2009.

Characteristics of Existing Homes Sold, 2009

Square Footage	1,952
Floors	1.4
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.86
Age	26.6
Alamance	3.2%
Davidson	9.3%
Davie	2.7%
Forsyth	30.2%
Guilford	46.2%
Randolph	4.9%
Stokes	2.3%
Yadkin	1.2%
Number of Homes Sold	7,827

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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