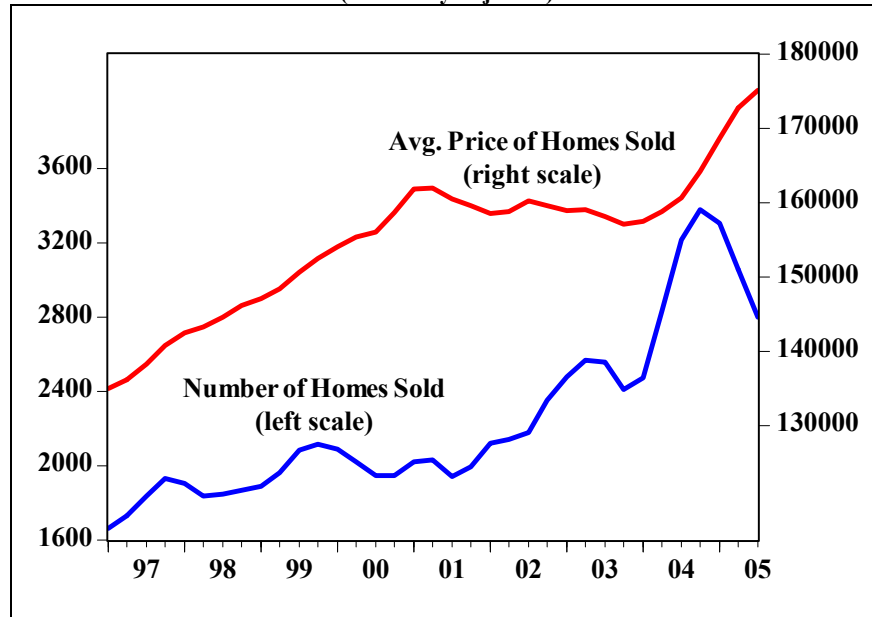


## The Triad Housing Report, 2005.3

### Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,795 in the 3rd quarter of 2005, after adjustment for seasonal variation.<sup>1</sup> The number sold was off 8.5 percent compared to the level of sales recorded in the 2nd quarter, and it was down 13.0 percent from the number sold during the 3rd quarter one year ago.

**Number and Prices of Existing Homes Sold, 1997.1 – 2005.3**  
(seasonally adjusted)



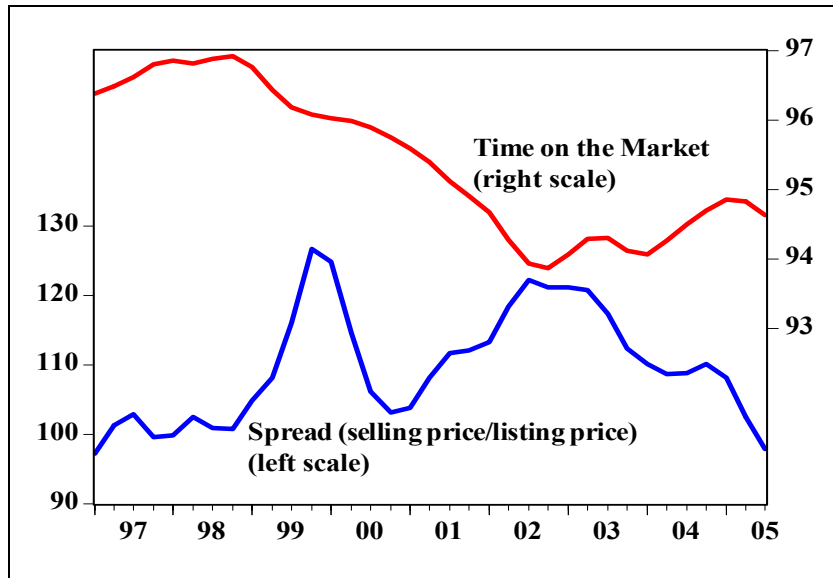
At the end of the 3rd quarter of 2005, the inventory of homes on the market was 7,007, or 2.5 times the number of homes sold in the 3rd quarter. The number of existing homes offered for sale was up 3.1 percent from what it was at the end of the 2nd quarter. At the end of the 3rd quarter, the average time on the market for unsold homes was 103 days. The median time was 75 days.

The price of the average home sold in the 3rd quarter was up 1.4 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$175,127. The average this quarter was up 9.0 percent from the average recorded in the 3rd quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 98 days, down 3.9 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was 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 fallen, and the spread has risen slightly, indicating that the average home seller needs less time to sell a home and is accepting slightly smaller discounts from the initial listing price.

<sup>1</sup> 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.

**Existing Homes, 1997.1 – 2005.3**  
(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, rose 0.2 percent this quarter because of lower mortgage rates and higher incomes. Since the 3rd quarter of last year, the affordability index has declined 5.3 percent because of rising housing prices.

**Existing Home Sales Data, 2004.3 - 2005.3**  
(seasonally adjusted)

	2005.3	2005.2	2004.3	% Chg Last Qtr.	% Chg Last Yr.
Ave. Home Price	\$175,127	\$172,707	\$160,633	1.4%	9.0%
No. of Homes Sold	2,795	3,056	3,213	-8.5%	-13.0%
Time on Market (days)	98	102	109	-3.9%	-10.1%
Affordability Index	125.3	125.1	132.3	0.2%	-5.3%
Spread: (sale price/list price)	94.6	94.8	94.5	-0.2%	0.1%

**The County Distribution of Existing Home Sales**

During the 3rd quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,432 sales. (Note, these data are not seasonally adjusted and thus differ for the numbers shown above.) It was followed by Forsyth County with 955 sales and Davidson County with 271 sales. Davie County recorded the highest average price for homes sold at \$209,282.

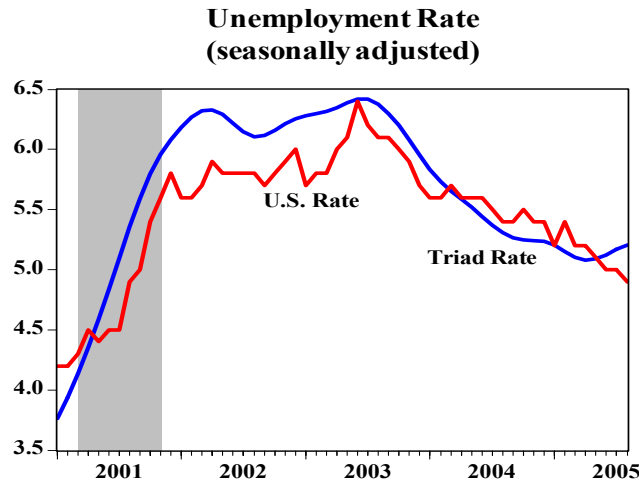
### County Distribution of Existing Home Sales, 2005.3

County	No. Sales	Average Sales Price	Spread	TOM
Alamance	50	\$163,933	94.9	102
Davidson	271	152,666	93.9	120
Davie	85	209,282	95.9	106
Forsyth	955	178,971	94.5	90
Guilford	1,432	201,638	95.1	92
Randolph	142	147,144	95.2	106
Stokes	69	143,857	93.3	105
Yadkin	26	143,008	92.2	120

Note: Data are not seasonally adjusted.

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved in the 3rd quarter.<sup>2</sup> The seasonally adjusted rate of unemployment in the Triad was 5.2 percent in August, unchanged from the revised figure for July. The national unemployment rate was 4.9 percent, down 0.1 percentage points from July.



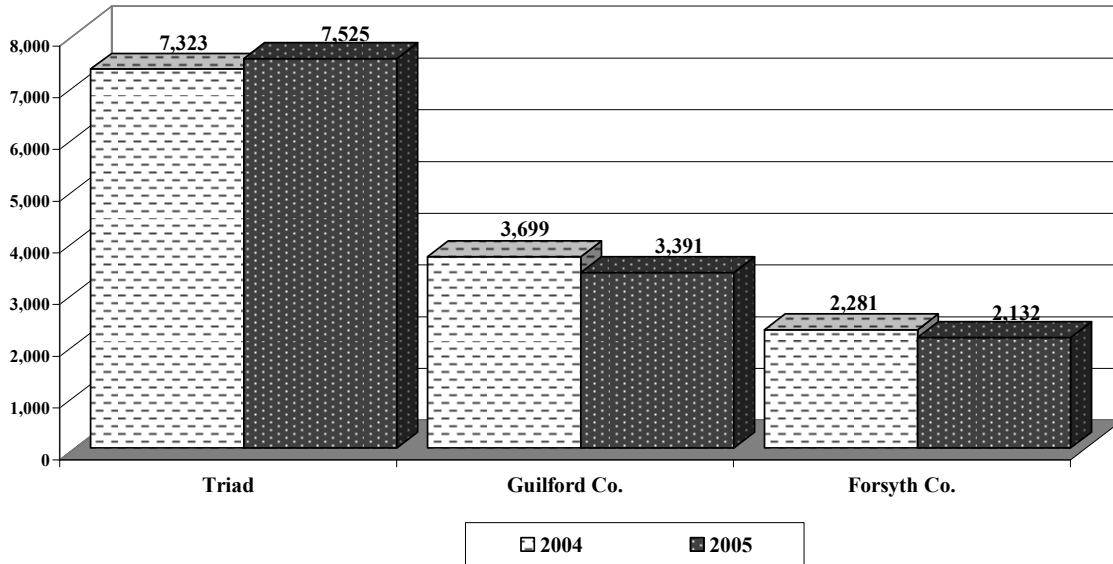
Total nonagricultural wage and salary employment in the Piedmont Triad rose 0.2 percent in August. Over the past 12 months, employment has gained 1.7 percent. For the nation as a whole, employment rose 0.1 percent in August. Over the past 12 months, national employment has risen 1.9 percent.

Seasonally adjusted consumer spending, as measured by retail sales, was up 1.1 percent this month, after correction for the change in consumer prices. Since August of 2004, real spending at the retail level has risen 8.3 percent. At the national level, real retail spending for August dipped 2.6 percent, but national spending in real dollars has grown 0.6 percent over the past year.

Planned residential construction increased during the 3rd quarter. Residential building permits (which reflect plans for future construction) were up 8.3 percent in Triad as a whole during the first 8 months of 2005 compared to the same period in 2004. Permits dipped 8.3 percent in Guilford County and 6.5 percent in Forsyth County.

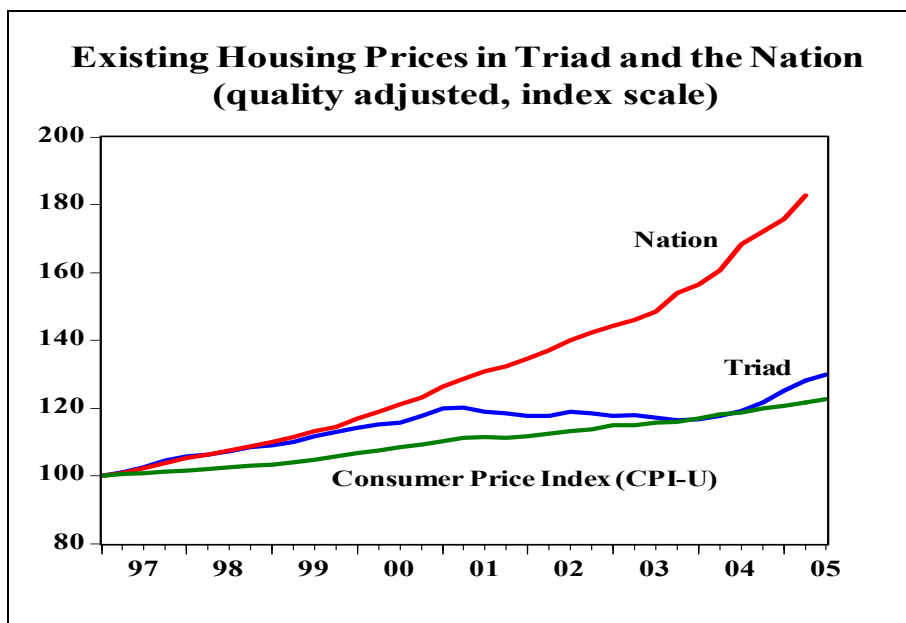
<sup>2</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

### Building Permits, 2004-2005<sup>3</sup>



### Longer-Term Trends

Since the 2nd quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 3.3 percent, outpacing 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 7.1 percent annual rate from 1997.1 through the 2nd quarter of 2005, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



<sup>3</sup> Figures reflect year-to-date totals through May.

## Characteristics of Existing Homes Sold, 2004

Square Footage	1,873
Floors	1.3
Baths	2.2
Garage Spaces	1.4
Fireplaces	0.9
Age	23.0
Alamance	0.5%
Davidson	2.8%
Davie	1.9%
Forsyth	21.1%
Guilford	62.3%
Randolph	9.6%
Stokes	1.6%
Yadkin	0.4%
Number of Homes Sold	11,923

In 2004, the average existing home that was sold in the Triad had 1,873 square feet of floor space. It was 1.3 stories high, had 2.2 bathrooms, 1.4 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 23 years. Guilford County accounted for 62.3 percent of recorded home sales, followed by Forsyth County with 21.1 percent of sales. A total of 11,923 homes were sold in the Triad in 2005.

### 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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### Historical Data, 1997.1 – 2005.3

Date	Number	Price	Spread	TOM
1997:1	1,661	\$134,873	96.4	97
1997:2	1,729	136,086	96.5	101
1997:3	1,833	138,180	96.6	103
1997:4	1,928	140,787	96.8	100
1998:1	1,901	142,440	96.9	100
1998:2	1,834	143,161	96.8	102
1998:3	1,844	144,549	96.9	101
1998:4	1,866	146,140	96.9	101
1999:1	1,885	147,083	96.8	105
1999:2	1,961	148,411	96.4	108
1999:3	2,080	150,635	96.2	116
1999:4	2,114	152,453	96.1	127
2000:1	2,085	154,040	96.0	125
2000:2	2,016	155,318	96.0	115
2000:3	1,945	155,947	95.9	106
2000:4	1,943	158,571	95.7	103
2001:1	2,020	161,820	95.6	104
2001:2	2,031	161,953	95.4	108
2001:3	1,938	160,450	95.1	112
2001:4	1,993	159,512	94.9	112
2002:1	2,120	158,534	94.7	113
2002:2	2,141	158,743	94.3	118
2002:3	2,178	160,180	93.9	122
2002:4	2,348	159,510	93.9	121
2003:1	2,478	158,817	94.1	121
2003:2	2,564	158,983	94.3	121
2003:3	2,553	158,054	94.3	117
2003:4	2,410	157,071	94.1	112
2004:1	2,474	157,390	94.1	110
2004:2	2,831	158,694	94.3	109
2004:3	3,213	160,633	94.5	109
2004:4	3,378	164,106	94.7	110
2005:1	3,305	168,648	94.9	108
2005:2	3,056	172,707	94.8	102
2005:3	2,795	175,127	94.6	98

Note: All numbers are seasonally adjusted.