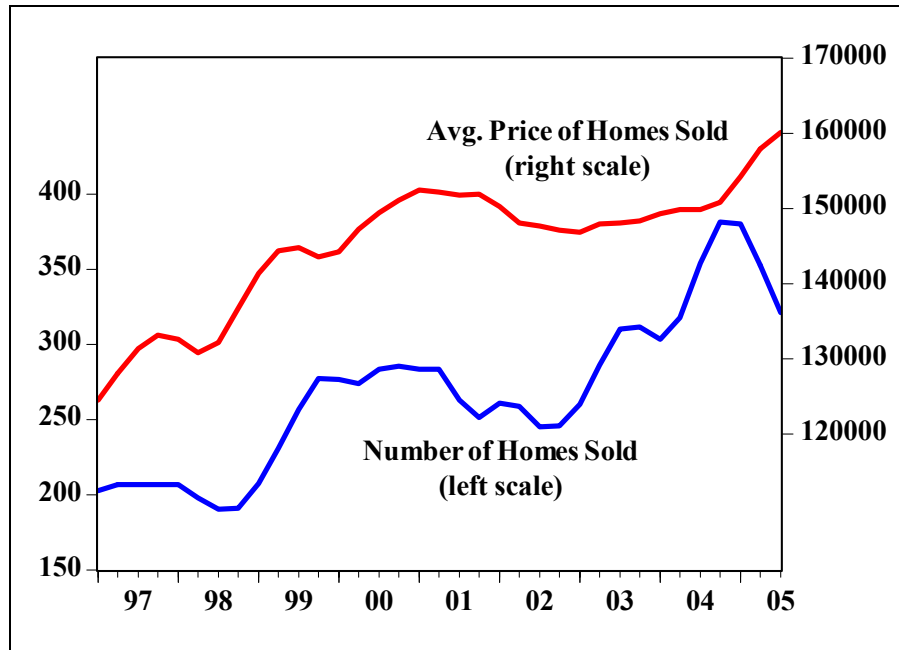


# The High Point Housing Report, 2005.3

## Current Outlook

The number of existing, single-family homes sold in the High Point area of Guilford County totaled 321 in the 3rd quarter of 2005, adjusted of seasonal variation.<sup>1</sup> The number sold was down 9.1 percent compared to the level of sales recorded in the 2nd quarter, and it was 9.3 percent less than the number sold during the 3rd quarter one year ago.

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



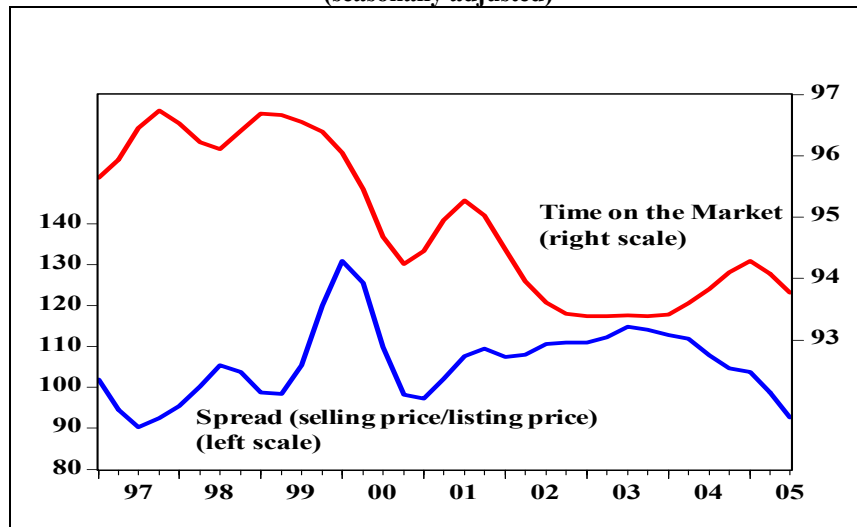
At the end of the 3rd quarter of 2005, the inventory of homes on the market totaled 664, or 2.1 times the number of homes sold in the 3rd quarter. The number of existing homes in inventory was down 1.0 percent from what it was at the end of the 2nd quarter. The average time on the market for unsold homes was 101 days at the end of the 3rd quarter. The median time was 73 days.

The price of the average home sold in the 3rd quarter rose 1.3 percent from the previous quarter. The average quality-adjusted price of an existing home in High Point was \$160,029. The average this quarter was up 6.8 percent from the average recorded in the 3rd quarter of last year.

Among other indicators of housing demand, the average time on the market for existing homes sold was 93 days, down 6.1 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 93.8 percent, indicating a rise in the level of discounting in the market. Over the past year, time on the market has fallen 13.9 percent, and the level of discounting as measured by the sale-list price spread has remained unchanged.

<sup>1</sup> The High Point area of Guilford County includes the cities of High Point and Jamestown.

**Existing Homes, 1997.1 – 2005.3**  
(seasonally adjusted)



Housing affordability has been an important factor shaping housing demand over the past year. Although high by historical standards, the affordability index rose 0.7 percent this quarter chiefly because of declining mortgage rates. Since the 3rd quarter of 2004, the affordability index has dipped 1.2 percent.

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

	2005.3	2005.1	2004.2	% Chg Last Qtr.	% Chg Last Yr.
Ave. Home Price	\$160,029	\$157,907	\$149,848	1.3%	6.8%
No. of Homes Sold	321	353	354	-9.1%	-9.3%
Time on Market (days)	93	99	108	-6.1%	-13.9%
Affordability Index	127.1	126.1	128.6	0.7%	-1.2%
Spread: (sale price/list price)	93.8	94.1	93.8	-0.3%	0.0%

**The Neighborhood Distribution of Existing Home Sales**

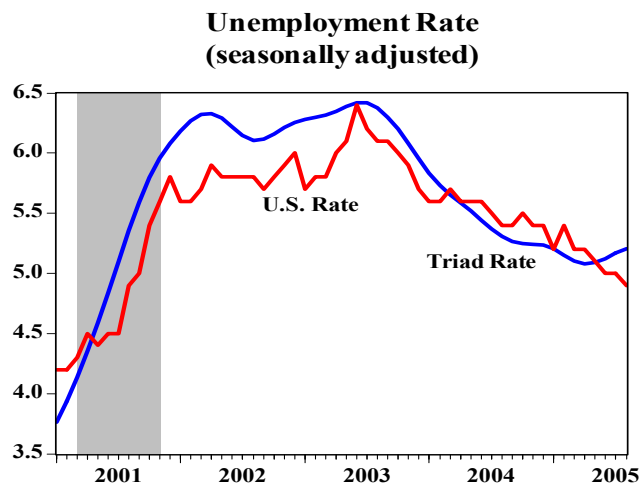
During the 3rd quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, which takes in the Oak Hollow Lake area, had a total of 165 sales. It was followed by zip code 27282, which encompasses the Jamestown area, where 74 sales were recorded. This area also recorded the highest average price for existing homes sold of \$214,367.

## The Neighborhood Distribution of Existing Home Sales, 2005.3

Zip Code	No. Sales	Avg. Price	Spread	TOM
27260	41	\$57,806	83.6	121
27262	62	137,735	92.3	121
27263	14	85,679	90.3	108
27265	165	171,378	95.5	83
27282	74	214,367	96.6	60

### 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.



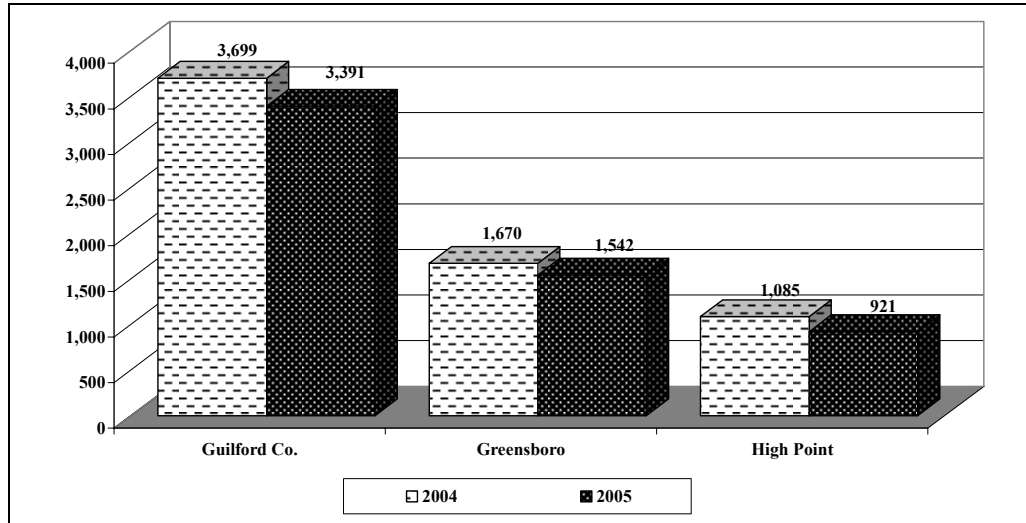
Total nonagricultural wage and salary employment in the Piedmont Triad rose 0.2 percent in August. Over the past 12 months, employment has gained 1.7 percent. For the nation as a whole, employment rose 0.1 percent in August. Over the past 12 months, national employment has risen 1.9 percent.

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 declined during the 3rd quarter. Residential building permits (which reflect plans for future construction) were off 8.3 percent in Guilford County as a whole during the first 8 months of 2005 compared to the same period in 2004. Permits dipped 7.7 percent in Greensboro and 15.1 percent in High Point.

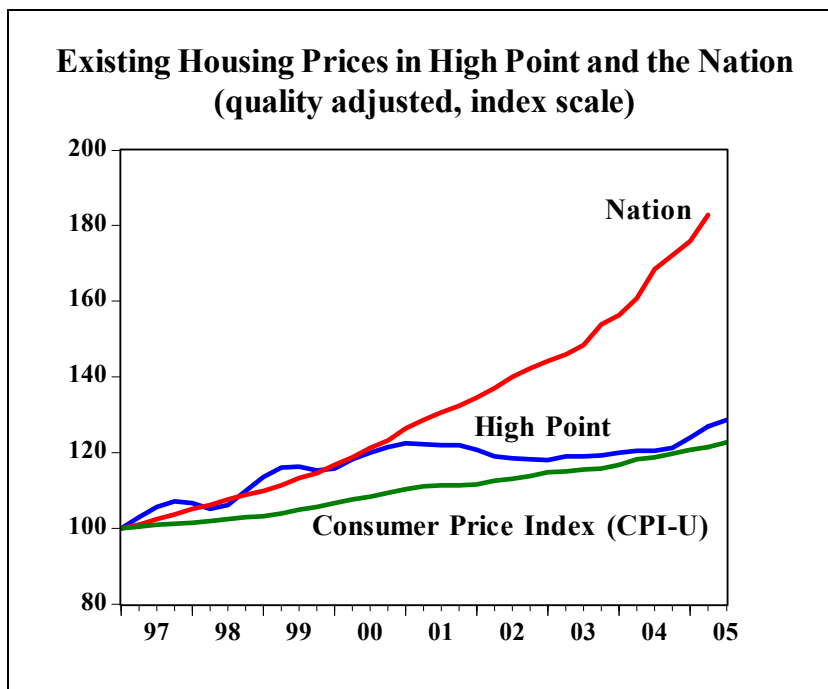
<sup>2</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

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



### Longer-Term Trends

Since the 2nd quarter of 1997, existing home prices in High Point have risen at an average annual rate of 3.0 percent, outpacing 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 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 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	1,802
Floors	1.4
Baths	2.1
Garage Spaces	1.2
Fireplaces	0.8
Age	23
In the City of High Point	83%
Number Sold	1,370

In 2004, the average existing home that was sold had 1,802 square feet of floor space. It was 1.4 stories high, had 2.1 bathrooms, 1.2 garage parking spaces, and 0.8 fireplaces. The average age of existing homes sold was 23 years. Eighty-three percent of exiting 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.

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### Historical Data, 1997.1 – 2005.3

Date	Number	Price	Spread	TOM
1997:1	202	\$124,428	95.6	102
1997:2	207	127,954	95.9	95
1997:3	206	131,276	96.5	90
1997:4	207	133,148	96.7	93
1998:1	206	132,592	96.5	95
1998:2	198	130,731	96.2	100
1998:3	190	132,071	96.1	105
1998:4	191	136,692	96.4	104
1999:1	207	141,312	96.7	99
1999:2	231	144,364	96.7	98
1999:3	256	144,794	96.6	105
1999:4	277	143,514	96.4	120
2000:1	276	144,158	96.0	131
2000:2	274	147,180	95.5	126
2000:3	283	149,358	94.7	110
2000:4	285	151,071	94.2	98
2001:1	283	152,409	94.4	97
2001:2	283	152,131	94.9	102
2001:3	263	151,714	95.3	108
2001:4	251	151,840	95.0	109
2002:1	260	150,173	94.5	107
2002:2	259	147,956	94.0	108
2002:3	245	147,547	93.6	111
2002:4	246	147,093	93.4	111
2003:1	260	146,818	93.4	111
2003:2	286	147,904	93.4	112
2003:3	310	147,993	93.4	115
2003:4	312	148,340	93.4	114
2004:1	303	149,286	93.4	113
2004:2	318	149,800	93.6	112
2004:3	354	149,848	93.8	108
2004:4	381	150,716	94.1	105
2005:1	380	154,132	94.3	104
2005:2	353	157,907	94.1	99
2005:3	321	160,029	93.8	93

te: All numbers are seasonally adjusted.