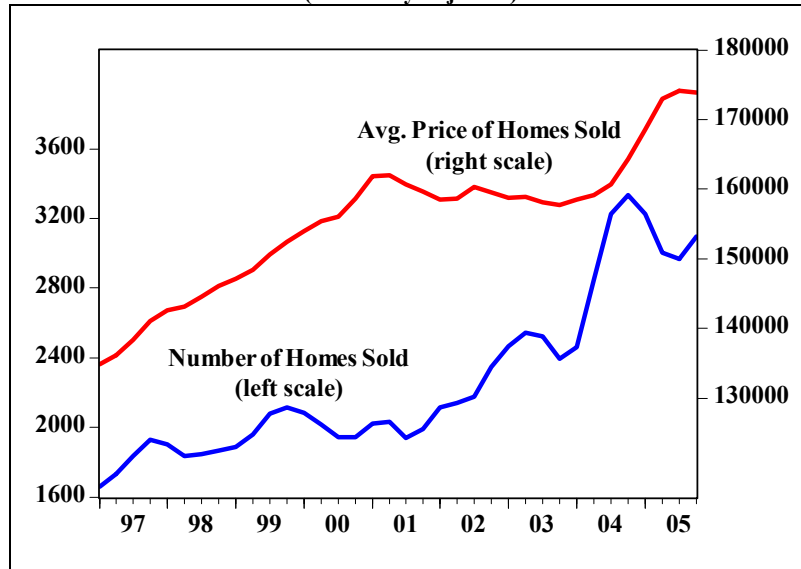


The Triad Housing Report, 2005.4

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 3,096 in the 4th quarter of 2005, after adjustment for seasonal variation.¹ The number sold was up 4.3 percent compared to the level of sales recorded in the 3rd quarter, but it was down 7.1 percent from the number sold during the 4th quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2005.4
(seasonally adjusted)



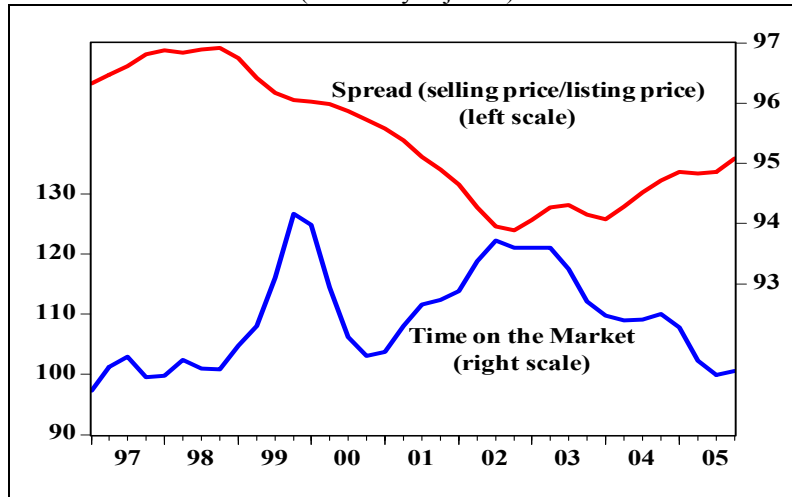
At the end of the 4th quarter of 2005, the inventory of homes on the market was 9,796, or 3.5 times the number of homes sold in the 4th quarter. The number of existing homes offered for sale was up 39.8 percent from what it was at the end of the 3rd quarter.

The price of the average home sold in the 4th quarter was off 0.1 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$173,846. The average this quarter was up 5.8 percent from the average recorded in the 4th quarter of last year.

Among other indicators of housing activity, the average time on the market for existing homes sold was 100.6 days, up 0.6 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was higher at 95.1 percent, indicating a decrease 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.

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.

Existing Homes, 1997.1 – 2005.4
(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, fell 3.1 percent this quarter because of higher mortgage rates. Since the 4th quarter of last year, the affordability index has declined 10.5 percent because of rising housing prices.

Existing Home Sales Data, 2004.3 - 2005.4

	2005.4	2005.2	2004.3	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$173,846	\$174,090	\$164,288	-0.1%	5.8%
No. of Homes Sold	3,096	2,968	3,332	4.3%	-7.1%
Time on Market (days)	100.6	100.0	109.9	0.6%	-8.5%
Spread: (sale price/list price)	95.1	94.9	94.7	0.2%	0.4%
<i>Unadjusted</i>					
Adj. Ave. Home Price	167,195	185,333	154,995	-9.8%	7.9%
No. of Homes Sold	2,794	3,030	2,912	-7.8%	-4.1%
< \$150K	1628	1512	1805	7.7%	-9.8%
\$150K - \$349K	963	1252	954	-23.1%	0.9%
\$350K & Over	203	266	153	-23.7%	32.7%
Inventory, end of qtr.	9,796	7,005	7,871	39.8%	24.5%
Inventory/Sales	3.5	2.3	2.7	51.7%	29.7%
Affordability Index	121.8	125.7	136.1	-3.1%	-10.5%

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 1,319 sales. It was followed by Forsyth County with 880 sales. Davie County recorded the highest average price for homes sold at \$216,092.

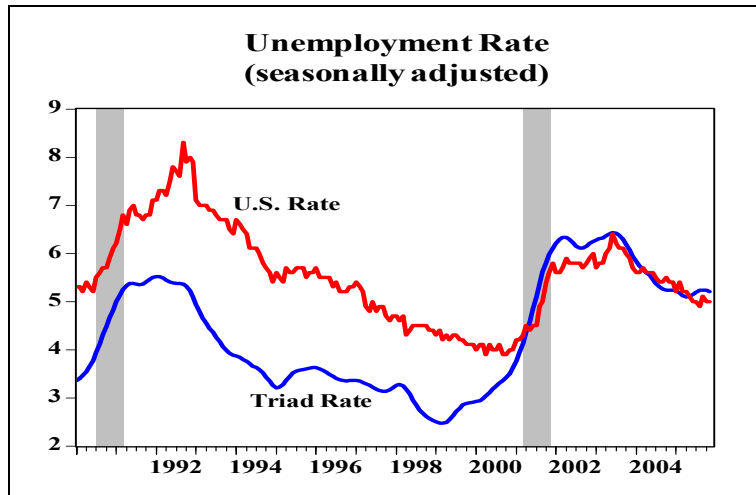
County Distribution of Existing Home Sales, 2005.4

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	22	\$93,672	95.9	97.9	120	5.5
Alamance	\$150K - \$349K	10	\$232,425	94.3	116.3	100	10.0
Alamance	\$350K & Over	1	\$466,000	96.7	65.0	36	36.0
Alamance	Total	33	\$147,001	95.4	102.5	256	7.8
Davidson	< \$150K	168	\$87,021	92.4	116.1	539	3.2
Davidson	\$150K - \$349K	61	\$199,828	96.5	119.5	432	7.1
Davidson	\$350K & Over	11	\$461,045	85.7	110.7	104	9.5
Davidson	Total	240	\$132,836	93.1	116.7	1075	4.5
Davie	< \$150K	42	\$98,255	91.7	137.5	128	3.0
Davie	\$150K - \$349K	27	\$220,581	93.5	89.4	174	6.4
Davie	\$350K & Over	14	\$560,945	96.4	107.8	112	8.0
Davie	Total	83	\$216,092	93.1	116.8	414	5.0
Forsyth	< \$150K	543	\$100,138	93.9	98.5	1,587	2.9
Forsyth	\$150K - \$349K	295	\$206,395	96.1	91.3	1,343	4.6
Forsyth	\$350K & Over	42	\$525,962	92.1	107.4	278	6.6
Forsyth	Total	880	\$156,081	94.5	96.5	3208	3.6
Guilford	< \$150K	686	\$100,445	93.9	92.9	1,697	2.5
Guilford	\$150K - \$349K	506	\$223,082	96.6	86.5	1,542	3.0
Guilford	\$350K & Over	127	\$475,972	97.2	122.2	631	5.0
Guilford	Total	1319	\$183,649	95.2	93.3	3870	2.9
Randolph	< \$150K	90	\$91,967	94.4	93.7	306	3.4
Randolph	\$150K - \$349K	34	\$212,437	94.8	113.7	253	7.4
Randolph	\$350K & Over	6	\$649,250	94.4	162.3	39	6.5
Randolph	Total	130	\$149,195	94.5	102.1	598	4.6
Stokes	< \$150K	50	\$78,248	87.4	118.5	54	1.1
Stokes	\$150K - \$349K	21	\$205,486	93.9	109.0	35	1.7
Stokes	\$350K & Over	1	\$668,500	98.5	18.0	3	3.0
Stokes	Total	72	\$123,557	89.4	114.3	92	1.3
Yadkin	< \$150K	27	\$89,059	90.6	104.7	28	1.0
Yadkin	\$150K - \$349K	9	\$204,878	95.4	122.1	12	1.3
Yadkin	\$350K & Over	1	\$351,000	94.9	26.0	1	1.0
Yadkin	Total	37	\$124,311	91.9	106.8	41	1.1

Note: Data are not seasonally adjusted.

Economic Trends in the Piedmont Triad

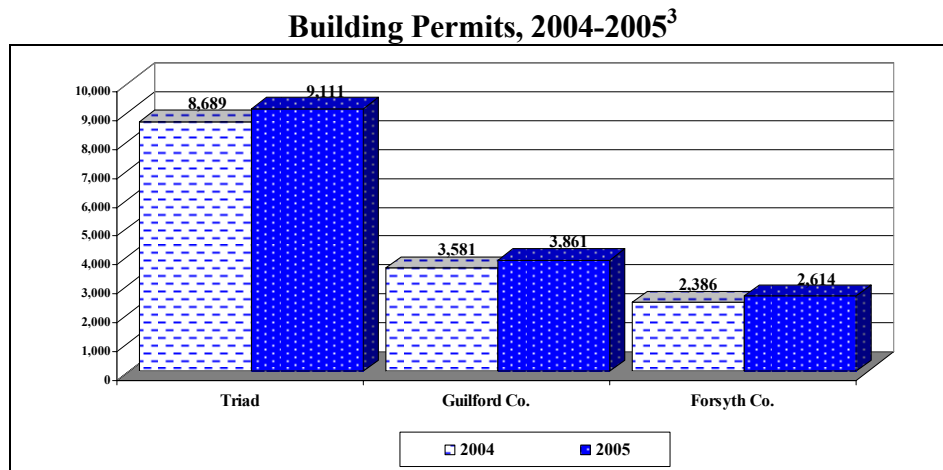
Economic conditions in the eight-county Piedmont Triad region improved in the 4th quarter.² The seasonally adjusted rate of unemployment in the Triad was 5.2 percent in November, unchanged from the revised figure for October. The national unemployment rate was 5.0 percent, also unchanged from October.



Total nonagricultural wage and salary employment in the Piedmont Triad rose 0.2 percent in November. Over the past 12 months, employment has gained 1.5 percent. For the nation as a whole, employment rose 0.2 percent in November. Over the past 12 months, national employment has risen 1.7 percent.

Seasonally adjusted consumer spending, as measured by retail sales, was up 0.2 percent in November, after correction for the change in consumer prices. Since November of 2004, real spending at the retail level has risen 5.0 percent. At the national level, real retail spending for November rose 0.8 percent, and national spending in real dollars has grown 2.7 percent over the past year.

Planned single-family residential construction rose during the 4th quarter. Residential building permits (which reflect plans for future construction) were up 4.9 percent in Triad as a whole during the first 11 months of 2005 compared to the same period in 2004. Permits rose 7.8 percent in Guilford County and 9.6 percent in Forsyth County.

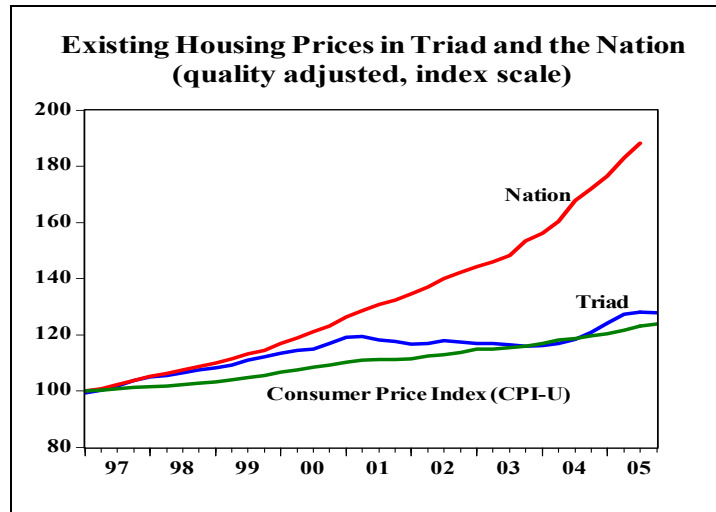


² The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

³ Figures reflect year-to-date totals through November.

Longer-Term Trends

Since the 3rd quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 2.9 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 7.7 percent annual rate from 1997.1 through the 3rd quarter of 2005, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



In 2005, the average existing home that was sold in the Triad had 1,950 square feet of floor space. It was 1.3 stories high, had 2.2 bathrooms, 1.3 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 24 years. Guilford County accounted for 45.0 percent of recorded home sales, followed by Forsyth County with 33.3 percent of sales. A total of 11,898 homes were sold in the Triad in 2005.

Characteristics of Existing Homes Sold, 2005

Square Footage	1,950
Floors	1.3
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.9
Age	24
Alamance	1.3%
Davidson	9.1%
Davie	3.4%
Forsyth	33.3%
Guilford	45.0%
Randolph	4.6%
Stokes	2.4%
Yadkin	0.9%
Number of Homes Sold	11,898

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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