

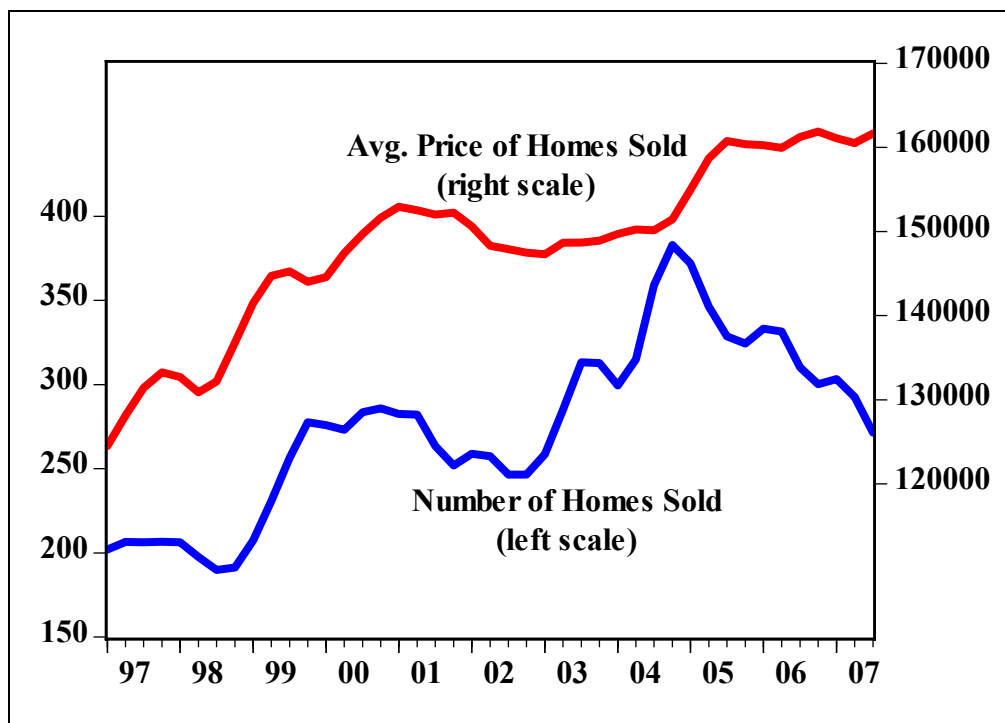
# The High Point Housing Report, 2007.3

## Current Outlook

The number of existing, single-family homes sold in the High Point area of Guilford County totaled 271 in the 3rd quarter of 2007, adjusted for seasonal variation.<sup>1</sup> The number sold was down -7.5 percent compared to the level of sales recorded in the 2nd quarter, and it was -12.6 percent below the number sold during the 3rd quarter one year ago.

Nationally, the pace of existing home sales has fallen -12.8 percent over the past 12 months.<sup>2</sup> Average home prices are down -0.3 percent across the nation and -0.9 percent in the South.

**Number and Prices of Existing Homes Sold, 1997.1 – 2007.3**  
(seasonally adjusted)



At the end of the 3rd quarter of 2007, the inventory of homes on the market totaled 936, or 3.2 times the number of homes sold in the 3rd quarter. At the current sales pace, it will take 9.6 months to exhaust the inventory. The number of existing homes offered for sale was up 3.3 percent from what it was in the 2nd quarter and 8.2 percent above the level in the 3rd quarter one year ago.

The price of the average home sold in the 3rd quarter gained 0.7 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$161,669. The average this quarter was up 0.3 percent from the average recorded in the 3rd quarter of last year. Over the past year, consumer prices nationally have risen 2.3 percent, indicating that real home prices in High Point have fallen.

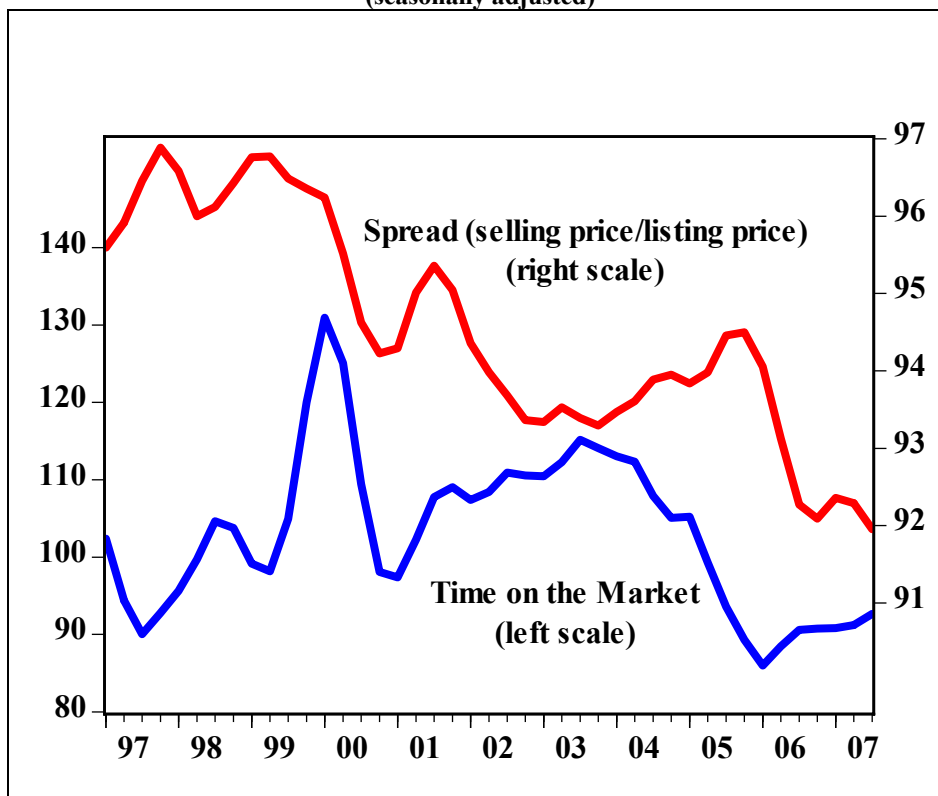
Among other indicators of housing demand, the average time on the market for existing homes sold was 92.7 days, up 1.6 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of

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

<sup>2</sup> This percentage is calculated from August 2006 to August 2007 using data from the National Assn. of Realtors®.

selling to listing price, was lower at 91.7 percent, indicating a modest rise in the level of discounting in the market. Over the past year, time on the market has risen 2.3 percent, and the spread has fallen, showing that sellers are accepting a smaller percentage of the listing price.

**Existing Homes, 1997.1 – 2007.3**  
(seasonally adjusted)



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index was unchanged this quarter, but since the 3rd quarter of 2006, the affordability index has slipped -0.3 percent.

**Existing Home Sales Data**

	2007.3	2007.2	2006.3	% Chg Last Qtr.	% Chg Last Yr.
<b>Seasonally Adjusted</b>					
Adj. Ave. Home Price	\$161,669	\$160,511	\$161,254	0.7%	0.3%
No. of Homes Sold	271	293	310	-7.5%	-12.6%
Time on Market (days)	92.7	91.2	90.6	1.6%	2.3%
Spread: (sale price/list price)	91.7	92.9	92.0	-1.3%	-0.3%
<b>Seasonally Unadjusted</b>					
Ave. Home Price	\$162,029	\$157,501	\$163,911	2.9%	-1.1%
No. of Homes Sold	297	328	337	-9.5%	-11.9%
< \$150K	161	181	189	-11.0%	-14.8%
\$150K - \$349K	117	135	132	-13.3%	-11.4%
\$350K & Over	19	12	16	58.3%	18.8%
Inventory, end of qtr.	936	906	865	3.3%	8.2%
Inventory/Sales	3.2	2.8	2.6	14.1%	22.8%
Affordability Index	99.7	99.7	100.0	0.0%	-0.3%

## The Neighborhood Distribution of Existing Home Sales

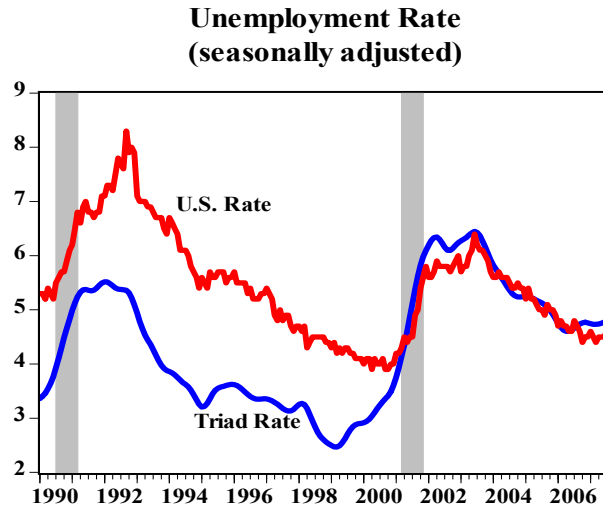
During the 3rd quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, which takes in the Oak Hollow Lake area, had a total of 113 sales. It was followed by zip code 27262, which encompasses the area north and west of downtown High Point and takes in the High Point Country Club, where 69 sales were recorded. Zip code 27265, the Oak Hollow Lake area, area recorded the highest average price for existing homes sold of \$198,614. The highest inventory to sales ratio was in zip code 27260, which includes southeast High Point north of old I-85. At the current sales pace, it will take 14.7 months to exhaust the inventory in this neighborhood.

### The Neighborhood Distribution of Existing Home Sales, 2007.3

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27260	< \$150K	44	\$51,324	79.1	88.0	205	4.7
27260	\$150K - \$349K	0	n.a.	n.a.	n.a.	9	4.0
27260	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27260	Total	44	\$51,324	79.1	88.0	214	4.9
27262	< \$150K	48	\$77,063	88.7	121.1	140	2.9
27262	\$150K - \$349K	18	\$221,717	90.1	122.1	54	3.0
27262	\$350K & Over	3	\$658,667	88.5	201.7	27	9.0
27262	Total	69	\$140,086	89.1	124.9	221	3.2
27263	< \$150K	19	\$94,838	95.2	61.4	22	1.2
27263	\$150K - \$349K	n.a.	n.a.	n.a.	n.a.	4	n.a.
27263	\$350K & Over	1	\$400,000	100.0	405.0	1	1.0
27263	Total	20	\$110,096	95.4	78.5	27	1.4
27265	< \$150K	39	\$107,492	94.0	61.1	93	2.4
27265	\$150K - \$349K	65	\$217,184	97.5	95.8	231	3.6
27265	\$350K & Over	9	\$459,356	96.5	116.1	35	3.9
27265	Total	113	\$198,614	96.2	85.4	359	3.2
27282	< \$150K	11	\$105,171	91.8	93.6	28	2.5
27282	\$150K - \$349K	34	\$221,396	95.3	77.6	67	2.0
27282	\$350K & Over	6	\$381,250	96.6	37.0	14	2.3
27282	Total	51	\$170,281	83.3	71.9	109	2.1

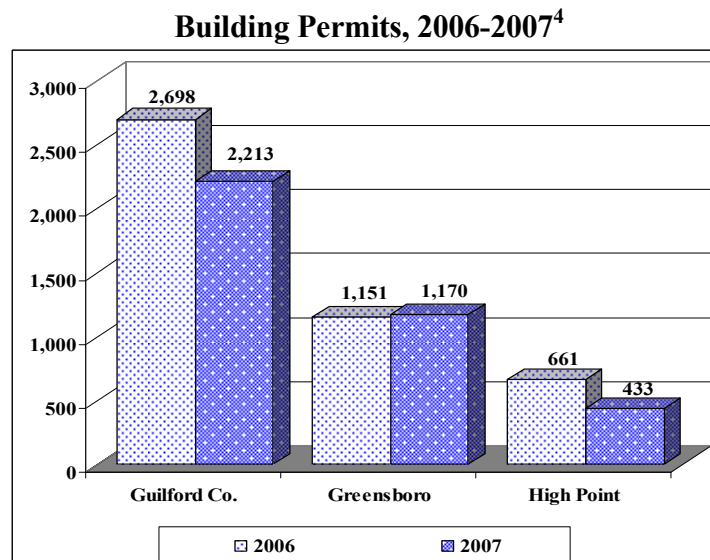
## Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 3rd quarter.<sup>3</sup> The seasonally adjusted rate of unemployment in the Triad was 4.8 percent in August, unchanged from the revised figure for the second quarter. The national unemployment rate was 4.6 percent, up 0.1 percentage points from last quarter.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.2 percent in August. Over the past 12 months, employment has gained 1.7 percent. For the nation as a whole, employment was essentially unchanged in August. Over the past 12 months, national employment has risen 1.2 percent.

Planned single-family residential construction declined during the 3rd quarter. Residential building permits (which reflect plans for future construction) were off -18.0 percent in Guilford County as a whole during the first 8 months of 2007 compared to the same period in 2006. Permits increased 1.7 percent in Greensboro but were down -34.5 percent in High Point.



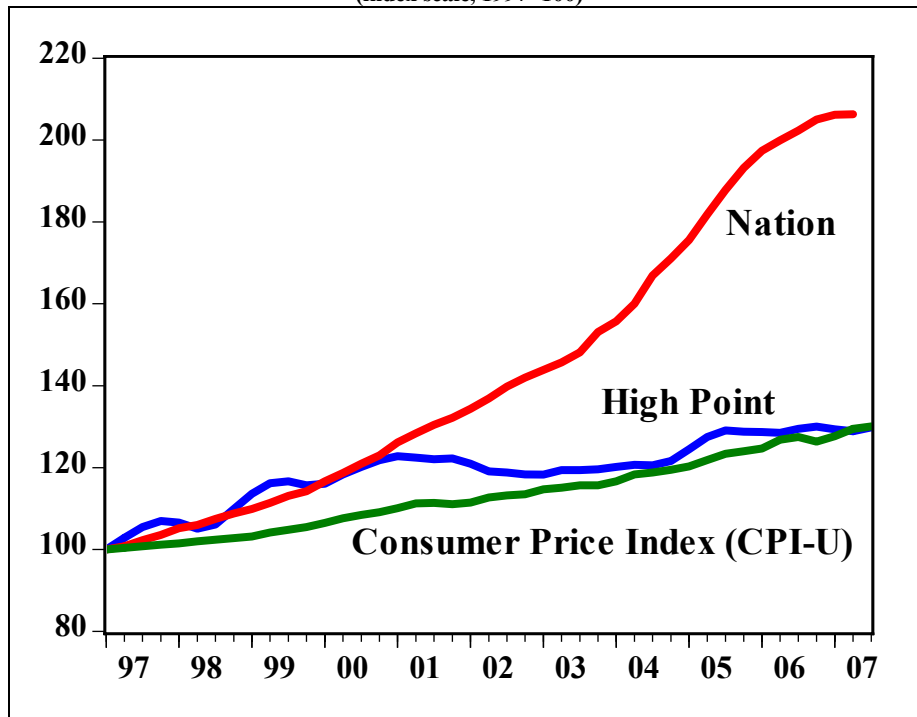
<sup>3</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

<sup>4</sup> Figures reflect year-to-date totals through August.

## Longer-Term Trends

Since the first quarter of 1997, existing home prices in High Point have risen at an average annual rate of 2.5 percent, matching the consumer price index (CPI) which has increased an average of 2.5 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 7.1 percent annual rate from 1997.1 through the 2nd quarter of 2007, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

**Existing Housing Prices in High Point and the Nation**  
(index scale, 1997=100)



In 2006, the average existing home that was sold had 1,876 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 30 years. Eighty-four percent of exiting homes sold were in the city limits of High Point.

## Characteristics of Existing Homes Sold, 2006

Square Footage	1,876
Floors	1.4
Baths	2.1
Garage Spaces	1.2
Fireplaces	0.8
Age	30
In the City of High Point	84%
Number Sold	1,270

## **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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