

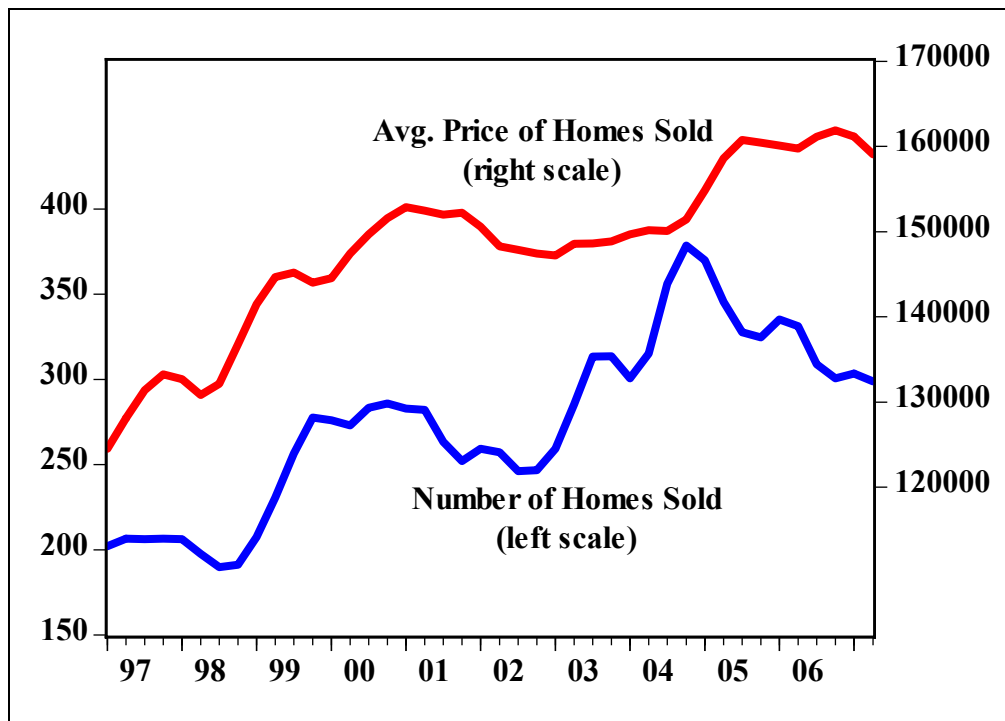
The High Point Housing Report, 2007.2

Current Outlook

The number of existing, single-family homes sold in the High Point area of Guilford County totaled 299 in the 2nd quarter of 2007, adjusted for seasonal variation.¹ The number sold was down -1.5 percent compared to the level of sales recorded in the 1st quarter, and it was -9.8 percent below the number sold during the 2nd quarter one year ago.

Nationally, the pace of existing home sales has fallen -10.3 percent over the past 12 months.² Median home prices are down -1.8 percent across the nation and -0.5 percent in the South.

Number and Prices of Existing Homes Sold, 1997.1 – 2007.2
(seasonally adjusted)



At the end of the 2nd quarter of 2007, the inventory of homes on the market totaled 906, or 2.8 times the number of homes sold in the 2nd quarter. At the current sales pace, it will take 8.4 months to exhaust the inventory. The number of existing homes offered for sale was up 14.1 percent from what it was in the 1st quarter and 11.0 percent above the level in the 2nd quarter one year ago.

The price of the average home sold in the 2nd quarter dipped -1.3 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$159,088. The average this quarter was off -0.4 percent from the average recorded in the 2nd quarter of last year. Over the past year, consumer prices nationally have risen 2.7 percent, indicating that real home prices in High Point have fallen.

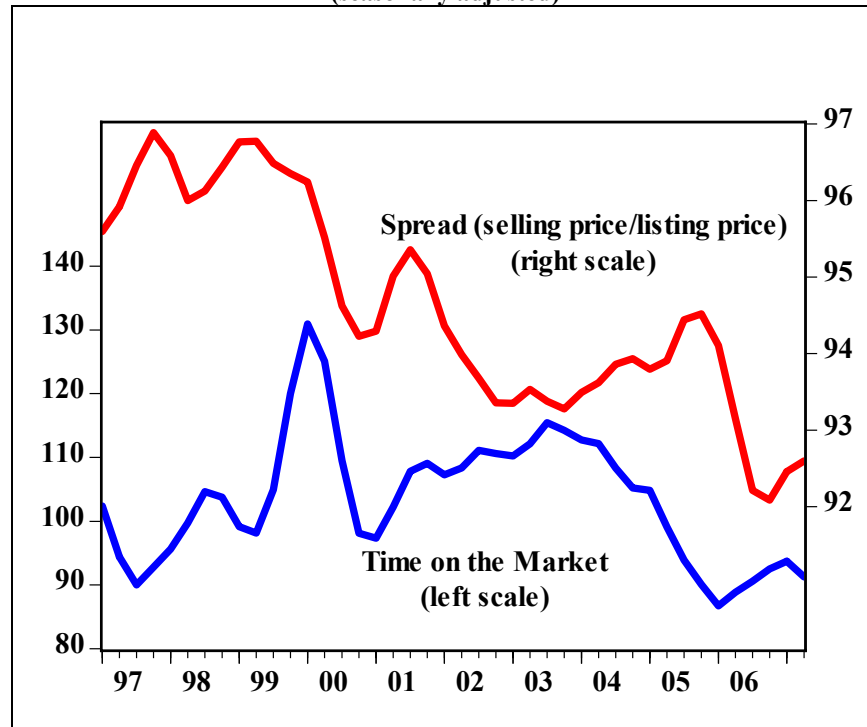
Among other indicators of housing demand, the average time on the market for existing homes sold was 91.3 days, down -2.6 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of

¹ The High Point area of Guilford County includes the cities of High Point and Jamestown.

² This percentage is calculated from May, 2006 to May, 2007.

selling to listing price, was higher at 92.6 percent, indicating a modest decline in the level of discounting in the market. Over the past year, time on the market has risen 2.7 percent, and the spread has fallen, showing that sellers are accepting a smaller percentage of the listing price.

Existing Homes, 1997.1 – 2007.2
(seasonally adjusted)



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index decline -2.3 percent this quarter, but since the 2nd quarter of 2006, the affordability index has risen 2.6 percent.

Existing Home Sales Data

| | 2007.2 | 2007.1 | 2006.2 | % Chg Last Qtr. | % Chg Last Yr. |
|---------------------------------|-----------|-----------|-----------|--------------------|-------------------|
| Seasonally Adjusted | | | | | |
| Adj. Ave. Home Price | \$159,088 | \$161,176 | \$159,774 | -1.3% | -0.4% |
| No. of Homes Sold | 299 | 303 | 331 | -1.5% | -9.8% |
| Time on Market (days) | 91.3 | 93.7 | 88.9 | -2.6% | 2.7% |
| Spread: (sale price/list price) | 92.6 | 92.5 | 93.1 | 0.2% | -0.6% |
| Seasonally Unadjusted | | | | | |
| Ave. Home Price | \$162,029 | \$157,501 | \$163,911 | 2.9% | -1.1% |
| No. of Homes Sold | 328 | 258 | 381 | 27.1% | -13.9% |
| < \$150K | 181 | 150 | 198 | 20.7% | -8.6% |
| \$150K - \$349K | 135 | 94 | 167 | 43.6% | -19.2% |
| \$350K & Over | 12 | 14 | 16 | -14.3% | -25.0% |
| Inventory, end of qtr. | 906 | 794 | 816 | 14.1% | 11.0% |
| Inventory/Sales | 2.8 | 3.1 | 2.1 | -10.2% | 29.0% |
| Affordability Index | 97.7 | 100 | 95.2 | -2.3% | 2.6% |

The Neighborhood Distribution of Existing Home Sales

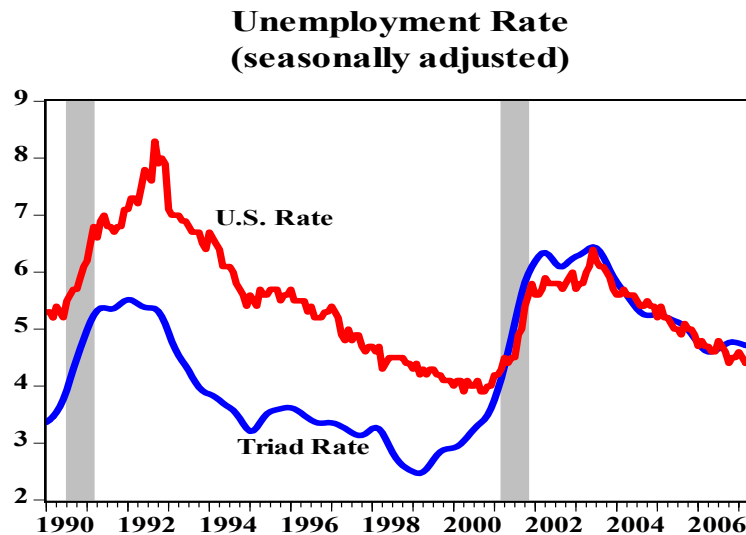
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27265. This neighborhood, which takes in the Oak Hollow Lake area, had a total of 145 sales. It was followed by zip code 27262, which encompasses the area north and west of downtown High Point and takes in the High Point Country Club, where 57 sales were recorded. Zip code 27282, the Jamestown area, area recorded the highest average price for existing homes sold of \$193,420. The highest inventory to sales ratio was in zip code 27262. At the current sales pace, it will take 12.6 months to exhaust the inventory in this neighborhood.

The Neighborhood Distribution of Existing Home Sales, 2007.2

| Zip | Price Range | No. Sales | Ave. Price | Spread | TOM | Inventory End of Qtr. | Inv./Sales |
|-------|-----------------|-----------|------------|--------|-------|-----------------------|------------|
| 27260 | < \$150K | 55 | \$51,677 | 82.5 | 78.9 | 200 | 3.6 |
| 27260 | \$150K - \$349K | 1 | \$162,842 | 110.4 | 83.0 | 4 | 4.0 |
| 27260 | \$350K & Over | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 27260 | Total | 56 | \$53,662 | 83.0 | 79.0 | 204 | 3.6 |
| 27262 | < \$150K | 38 | \$78,479 | 92.0 | 70.1 | 149 | 3.9 |
| 27262 | \$150K - \$349K | 16 | \$204,158 | 94.9 | 90.2 | 63 | 3.9 |
| 27262 | \$350K & Over | 3 | \$487,022 | 99.0 | 53.3 | 26 | 8.7 |
| | Total | 57 | \$135,259 | 93.2 | 74.8 | 238 | 4.2 |
| 27263 | < \$150K | 13 | \$94,761 | 93.5 | 94.2 | 22 | 1.7 |
| 27263 | \$150K - \$349K | 1 | \$174,900 | 100.0 | 36.0 | 2 | 2.0 |
| 27263 | \$350K & Over | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| | Total | 14 | \$100,485 | 93.9 | 90.0 | 24 | 1.7 |
| 27265 | < \$150K | 66 | \$110,245 | 95.3 | 78.1 | 93 | 1.4 |
| 27265 | \$150K - \$349K | 73 | \$210,099 | 95.1 | 126.3 | 207 | 2.8 |
| 27265 | \$350K & Over | 6 | \$451,200 | 96.7 | 70.7 | 29 | 4.8 |
| | Total | 145 | \$174,625 | 95.3 | 102.0 | 329 | 2.3 |
| 27282 | < \$150K | 9 | \$120,000 | 93.5 | 100.3 | 22 | 2.4 |
| 27282 | \$150K - \$349K | 41 | \$223,689 | 95.8 | 64.8 | 69 | 1.7 |
| 27282 | \$350K & Over | 3 | \$398,733 | 97.3 | 49.0 | 11 | 3.7 |
| | Total | 53 | \$193,420 | 90.0 | 67.1 | 102 | 1.9 |

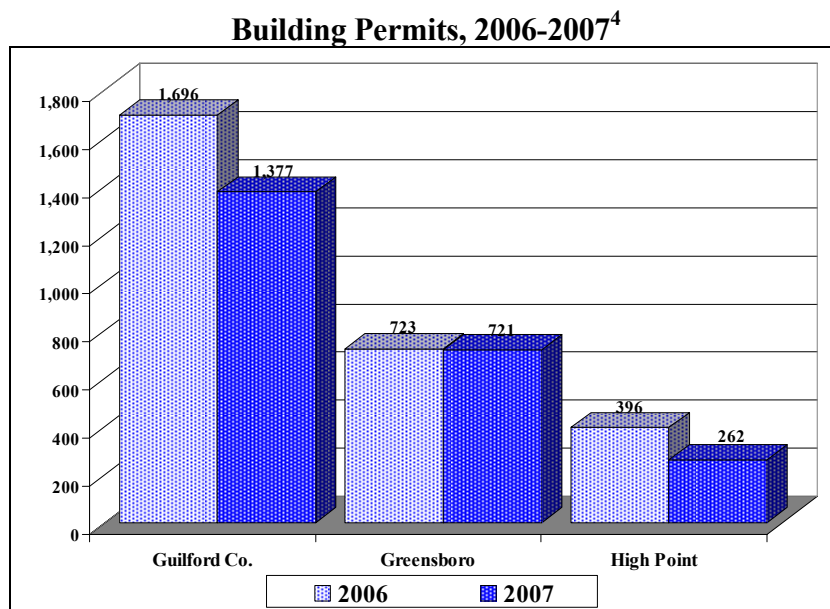
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 2nd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 4.7 percent in May, unchanged from the revised figure for April. The national unemployment rate was 4.5 percent, also unchanged from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.1 percent in May. Over the past 12 months, employment has gained 1.2 percent. For the nation as a whole, employment also was up 0.1 percent in May. Over the past 12 months, national employment has risen 1.4 percent.

Planned single-family residential construction declined during the 2nd quarter. Residential building permits (which reflect plans for future construction) were off -18.8 percent in Guilford County as a whole during the first 5 months of 2007 compared to the same period in 2006. Permits declined -0.3 percent in Greensboro and were down -33.8 percent in High Point.



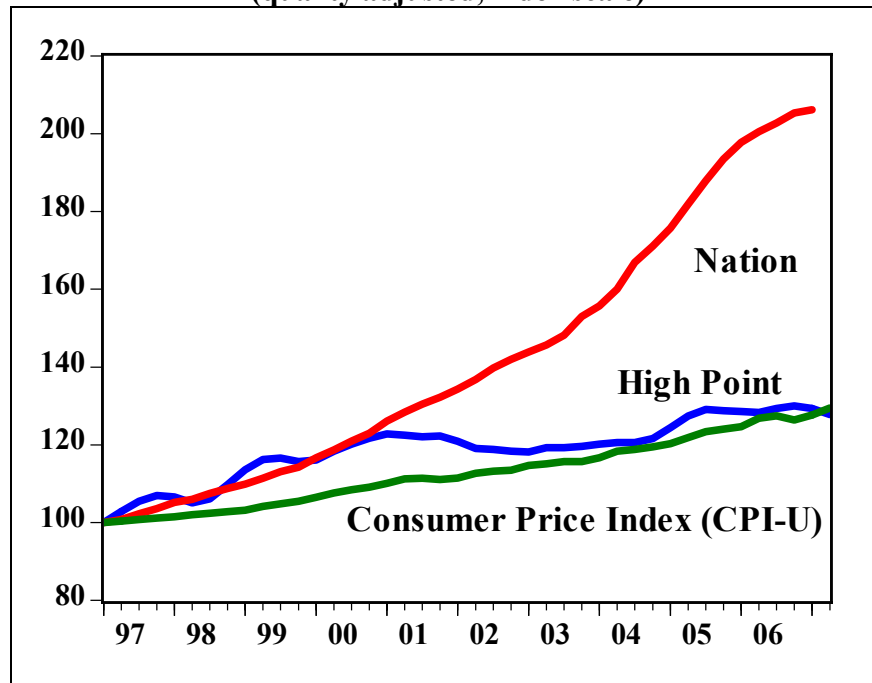
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

⁴ Figures reflect year-to-date totals through February.

Longer-Term Trends

Since the 2nd quarter of 1997, existing home prices in High Point have risen at an average annual rate of 2.6 percent, slightly 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 1st quarter of 2006, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

**Existing Housing Prices in High Point and the Nation
(quality adjusted, index scale)**



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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