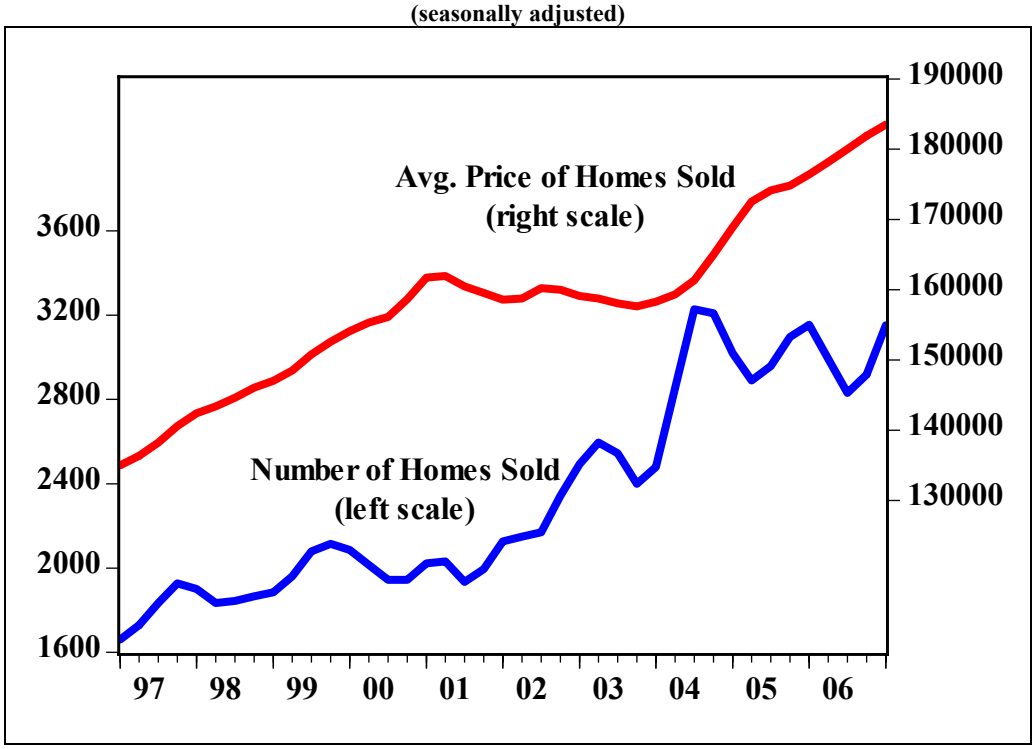
The Triad Housing Report, 2007.1

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 3,152 in the 1st quarter of 2007, after adjustment for seasonal variation.[1] The number sold was up 8.0 percent compared to the level of sales recorded in the 4th quarter, but it was -0.1 percent below the number sold during the 1st quarter one year ago. Nationally, the pace of existing home sales has fallen -3.6 percent over the past 12 months.[2]

Number and Prices of Existing Homes Sold, 1997.1 – 2007.1
(seasonally adjusted)



At the end of the 1st quarter of 2007, the inventory of homes on the market was 8,111, or 3.1 times the number of homes sold in the 1st quarter. At the current sales pace, it will take 9.3 months to exhaust the existing inventory. The number of existing homes offered for sale was up 11.4 percent from what it was at the end of the 4th quarter, and it was 4.5 percent higher than at the end of the 1st quarter one year ago.

The price of the average home sold in the 1st quarter was up 0.9 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was $183,508. The average this quarter was up 4.0 percent from the average recorded in the 1st quarter of last year. Over the past year, consumer prices nationally have risen 2.4 percent, indicating that real home prices in the Triad have increased.

Among other indicators of housing activity, the average time on the market for existing homes sold was 104.0 days, up 4.0 percent from the average in the 4th quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 94.1 percent, indicating a slight decline in the level of discounting in the market. Over the past year, time on the market has risen, and the spread has declined, indicating that the average home seller needs more time to sell a home and is accepting somewhat larger discounts from the initial listing price.

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[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.
[2] This percentage change is calculated from Feb. 2006 to Feb. 2007.

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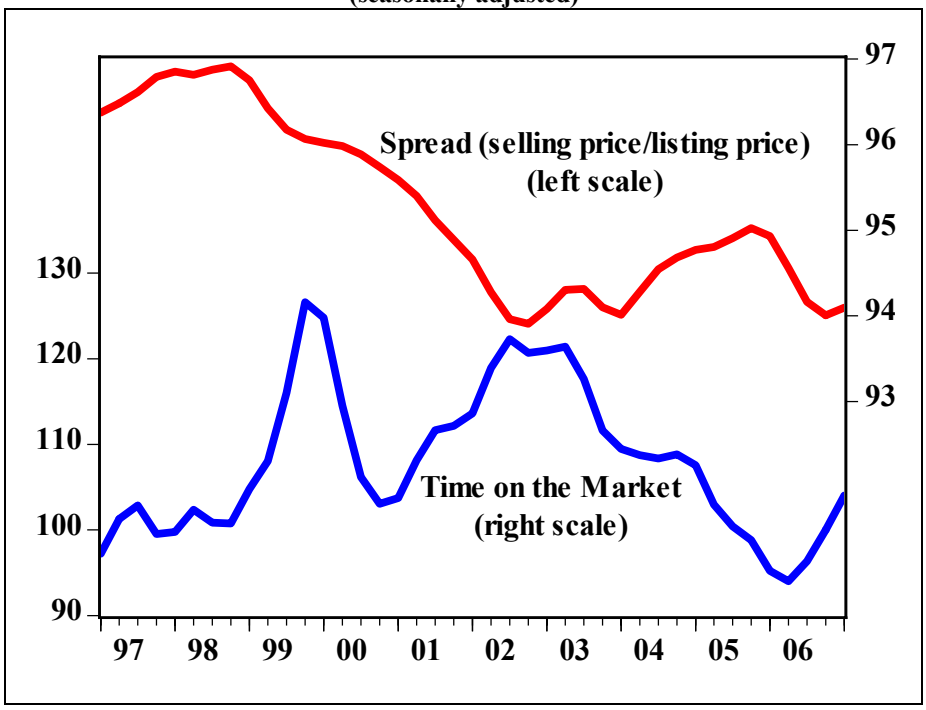
Existing Homes, 1997.1 – 2007.1
(seasonally adjusted)



Housing affordability has been an important factor influencing housing demand over the past year. The affordability index, which tracks the income-payment ratio, slipped -2.7 percent this quarter. Since the 1st quarter of last year, the affordability index has declined -0.7 percent.

Existing Home Sales Data, 2007.1 – 2006.1

	2007.1	2006.4	2006.1	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Ave. Home Price	$183,508	$181,926	$176,402	0.9%	4.0%
No. of Homes Sold	3,152	2,918	3,155	8.0%	-0.1%
Time on Market (days)	104.0	100.0	95.2	4.0%	9.2%
Spread: (sale price/list price)	94.1	94.0	94.9	0.1%	-0.8%
Seasonally Unadjusted					
Ave. Home Price	$180,727	$182,544	$174,901	-1.0%	3.3%
No. of Homes Sold	2,642	2,463	2,587	7.3%	2.1%
< $150K	1,414	1,310	1,379	7.9%	2.5%
$150K - $349K	994	927	1,000	7.2%	-0.6%
$350K & Over	234	226	208	3.5%	12.5%
Inventory, end of qtr.	8,111	7,279	7,763	11.4%	4.5%
Inventory/Sales	3.1	3.0	3.0	3.9%	2.3%
Affordability Index	97.3	100.0	98.0	-2.7%	-0.7%

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The County Distribution of Existing Home Sales

During the 1st quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,032 sales. It was followed by Forsyth County with 835 sales. Davie County recorded the highest average price for homes sold at $204,399. The highest inventory-to-sales ratio was recorded in Alamance county with a ratio of 5.0. At the current sales pace, it will take 15 months to exhaust the current inventory of existing homes in Alamance.

County Distribution of Existing Home Sales, 2007.1

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< $150K	35	$108,549	94.8	120.0	152	4.3
Alamance	$150K - $349K	28	$204,918	96.8	122.8	152	5.4
Alamance	$350K & Over	4	$443,250	94.5	223.9	33	8.3
Alamance	Total	67	$168,805	95.6	127.4	337	5.0
Davidson	< $150K	177	$100,938	93.1	114.2	377	2.1
Davidson	$150K - $349K	103	$211,122	97.0	143.1	426	4.1
Davidson	$350K & Over	17	$482,600	97.7	158.9	115	6.8
Davidson	Total	297	$160,996	94.7	126.8	918	3.1
Davie	< $150K	34	$100,143	92.6	128.6	61	1.8
Davie	$150K - $349K	31	$219,603	97.8	132.8	203	6.5
Davie	$350K & Over	10	$511,740	92.0	147.2	89	8.9
Davie	Total	75	$204,399	94.6	132.8	353	4.7
Forsyth	< $150K	469	$104,341	92.1	101.3	1045	2.2
Forsyth	$150K - $349K	293	$215,111	95.8	109.8	1226	4.2
Forsyth	$350K & Over	73	$499,721	96.4	143.7	411	5.6
Forsyth	Total	835	$177,776	93.8	108.0	2,682	3.2
Guilford	< $150K	480	$94,453	91.8	112.7	1229	2.6
Guilford	$150K - $349K	434	$219,569	95.9	103.2	1218	2.8
Guilford	$350K & Over	118	$499,800	95.9	134.9	610	5.2
Guilford	Total	1,032	$193,417	94.0	111.3	3,057	3.0
Randolph	< $150K	172	$101,885	95.0	115.4	205	1.2
Randolph	$150K - $349K	89	$212,754	96.4	131.9	215	2.4
Randolph	$350K & Over	10	$387,380	97.9	112.0	47	4.7
Randolph	Total	271	$148,831	95.6	120.7	467	1.7
Stokes	< $150K	32	$90,993	91.0	111.7	111	3.5
Stokes	$150K - $349K	12	$193,526	96.7	117.5	82	6.8
Stokes	$350K & Over	1	$700,000	93.5	253.1	28	28.0
Stokes	Total	45	$116,313	90.5	110.8	221	4.9
Yadkin	< $150K	15	$89,413	93.5	157.6	44	2.9
Yadkin	$150K - $349K	4	$232,225	89.8	101.8	26	6.5
Yadkin	$350K & Over	1	$580,000	96.8	66.3	6	6.0
Yadkin	Total	20	$113,505	88.1	138.6	76	3.8

Note: Data are not seasonally adjusted.

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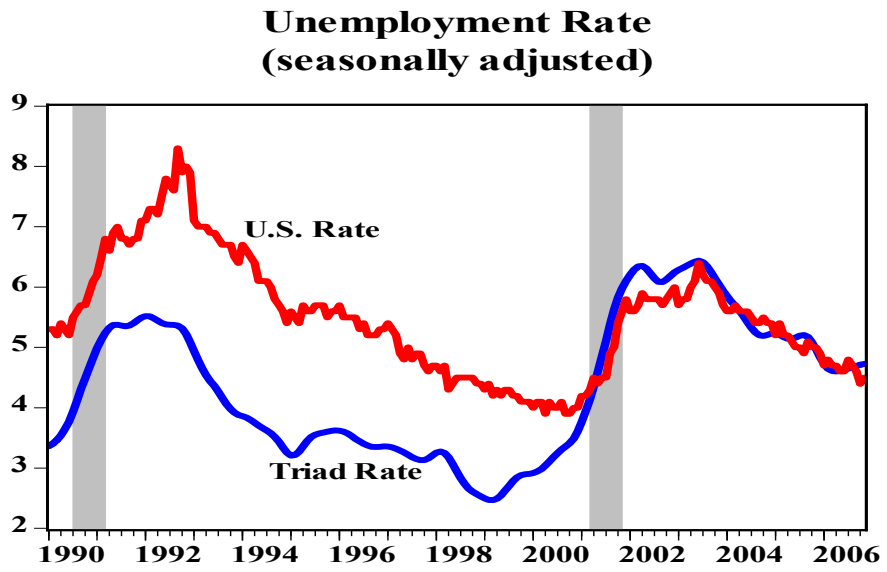
Economic Trends in the Piedmont Triad

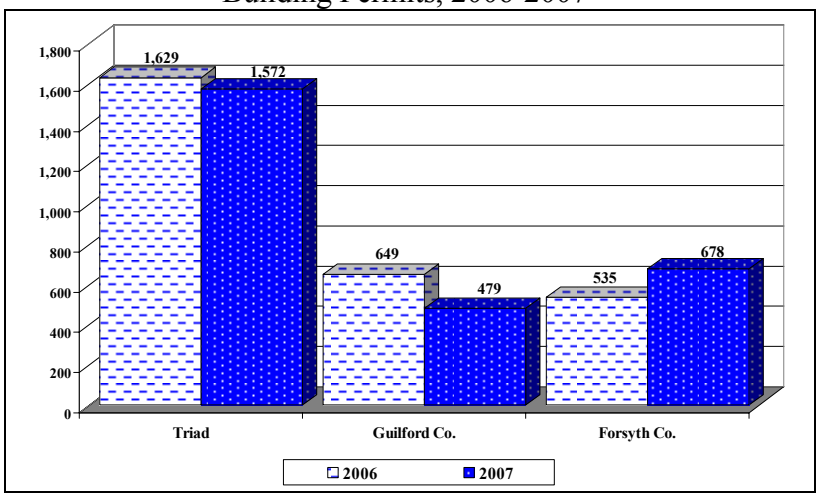
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 1st quarter.[3] The seasonally adjusted rate of unemployment in the Triad was 4.8 percent in February, unchanged from the revised figure for January. The national unemployment rate was 4.5 percent, down 0.1 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.1 percent in February. Over the past 12 months, employment has gained 1.4 percent. For the nation as a whole, employment was up 0.1 percent in February. Over the past 12 months, national employment has risen 1.5 percent.

Planned single-family residential construction declined during the 1st quarter. Residential building permits (which reflect plans for future construction) were off -3.5 percent in the Triad as a whole during the first 2 months of 2007 compared to the same period in 2006. Permits declined -26.2 percent in Guilford County but rose -26.7 percent in Forsyth County.

Building Permits, 2006-2007[4]



[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.

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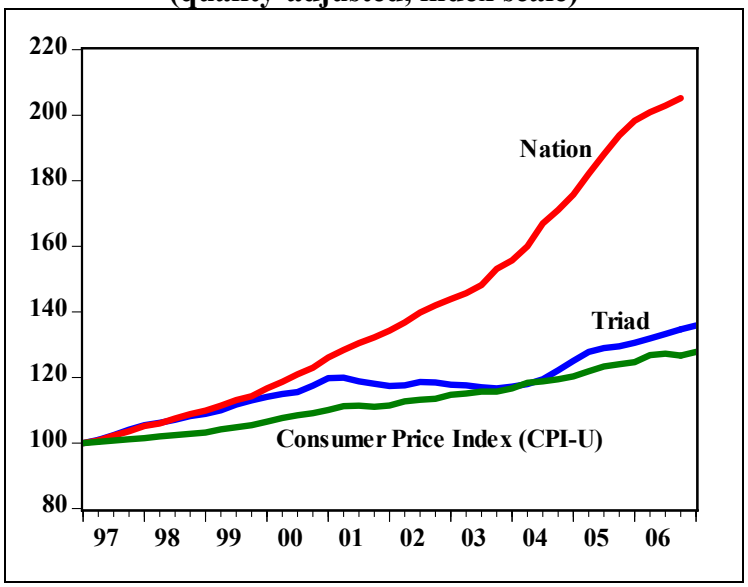
Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 3.2 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 7.6 percent annual rate from 1997.1 through the 4th quarter of 2006, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

Existing Housing Prices in the Triad and the Nation (quality-adjusted, index scale)



In 2006, the average existing home that was sold in the Triad had 1,947 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, 1.3 garage parking spaces, and 0.9 fireplaces. The average age of existing homes sold was 25 years. Guilford County accounted for 44.4 percent of recorded home sales, followed by Forsyth County with 32.9 percent of sales. A total of 11,782 homes were sold in the Triad in 2006.

Characteristics of Existing Homes Sold, 2006

Square Footage	1,947
Floors	1.4
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.9
Age	25
Alamance	2.2%
Davidson	9.1%
Davie	3.4%
Forsyth	32.9%
Guilford	44.4%
Randolph	4.9%
Stokes	2.4%
Yadkin	0.7%
Number of Homes Sold	11,782

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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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