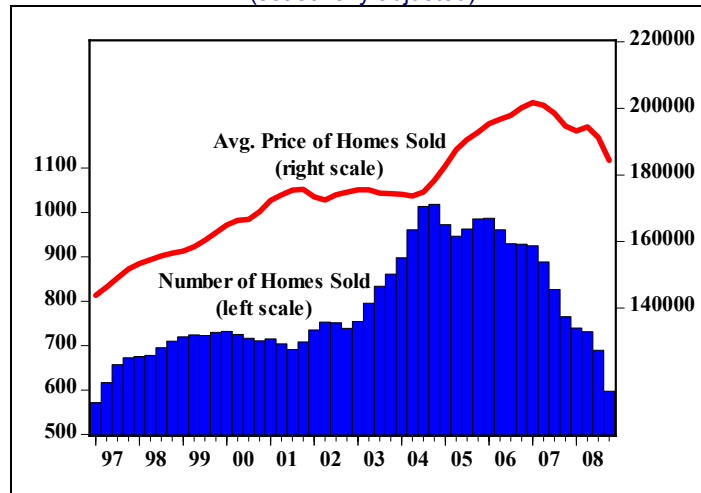


The Forsyth County Housing Report, 2008.4

Current Outlook

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 597 in the 4th quarter of 2008 after adjustment for seasonal variation. The number sold was down -13.4 percent compared to the level of sales recorded in the 3rd quarter, and it was off -22.0 percent from the number sold during the 4th quarter one year ago.

Number of Existing Homes Sold, 1997.1 – 2008.4
(seasonally adjusted)



At the end of the 4th quarter of 2008, the inventory of homes on the market was 2,441, or 5.3 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 15.9 months to exhaust the existing inventory. The number of homes offered for sale was down -6.6 percent from what it was at the end of the 4th quarter of last year.

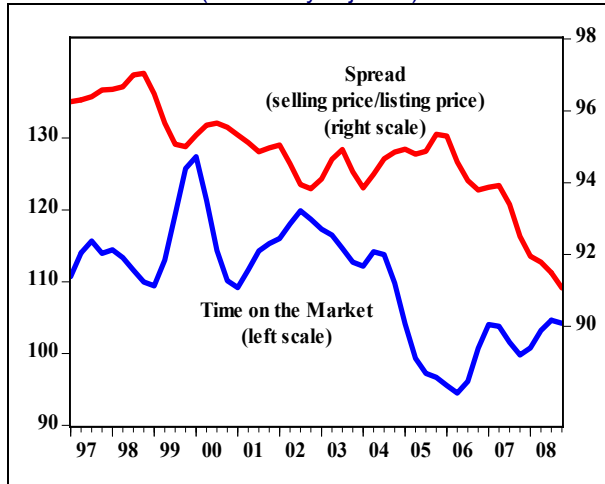
The price of the average home sold in the 4th quarter was lower by -3.6 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$184,372. The average this quarter was down -5.3 percent below the average recorded in the 4th quarter of last year. Over the past year, consumer prices nationally have risen 2.3 percent, indicating that real home prices in Forsyth County have fallen.

Nationally, the pace of existing home sales has fallen -10.6 percent over the past 12 months.¹ Average home prices are down -13.2 percent across the nation and -10.2 percent in the South. The national inventory of unsold homes is down -0.3 percent over the past 12 months and will take 11.2 months to sell at the existing pace of sales.

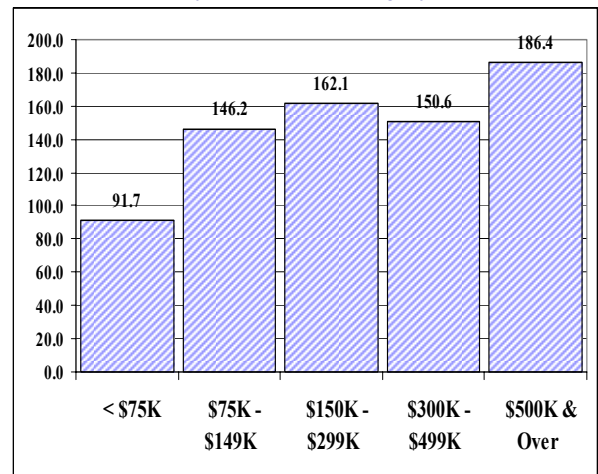
Among other indicators of housing activity, the average time on the market for existing homes sold was 104.2 days, down -0.4 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 91.1 percent, indicating a rise in the level of discounting in the market. Over the past year, time on the market has risen, and the spread has declined, suggesting that the average home seller needs more time to sell a home and is accepting higher discounts from the initial listing price.

¹ This percentage is calculated from October 2007 to October 2008 using National Association of Realtors® data.

Existing Homes, 1997.1 – 2008.4 (seasonally adjusted)



Time on the Market (by home price category)



The time on the market is higher for higher priced homes. For homes in the highest price category (\$500,000 and above), average time on the market is 186 days. For the lowest price category (less than \$75,000), average time on the market is just 92 days.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index was up 9.1 percent this quarter and has risen 9.1 percent over the past year because of lower prices and mortgage rates.

Existing Home Sales Data

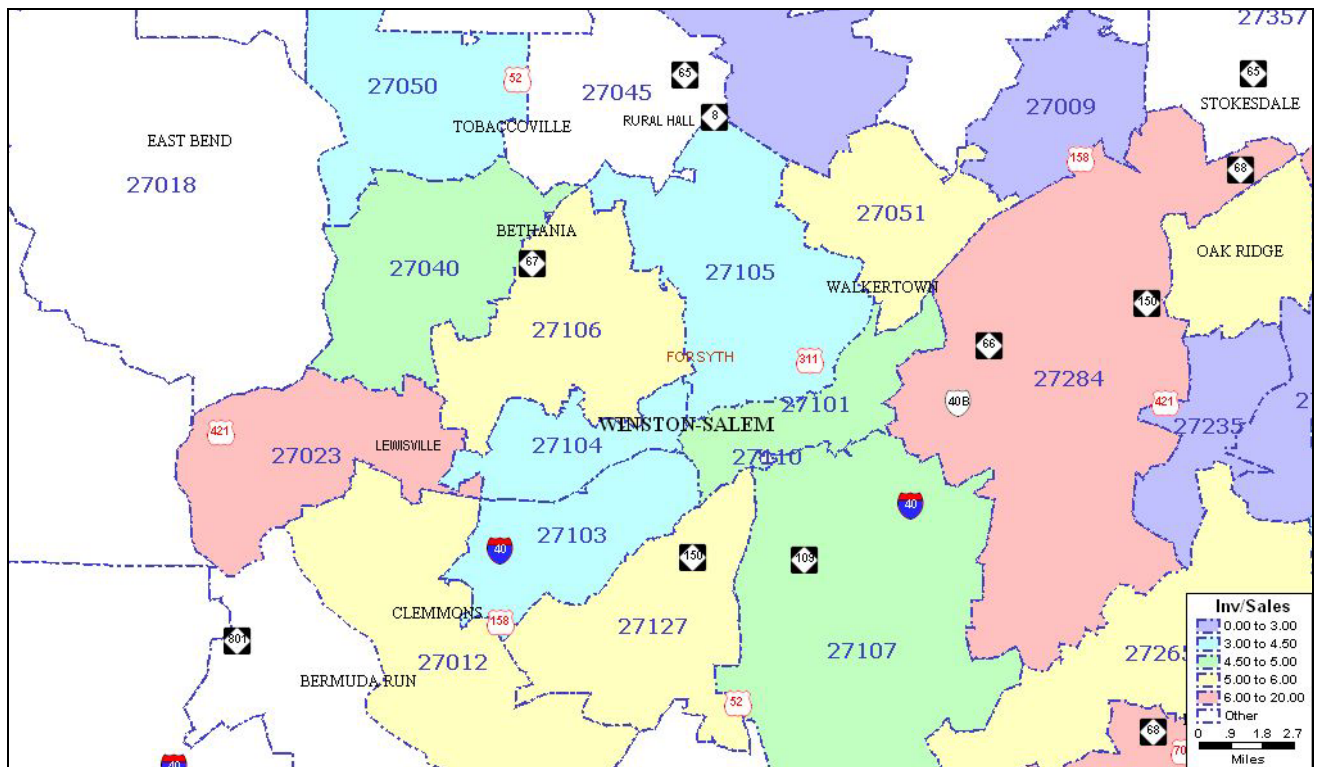
	2008.4	2008.3	2007.4	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$184,372	\$191,272	\$194,685	-3.6%	-5.3%
No. of Homes Sold	597	689	765	-13.4%	-22.0%
Time on Market (days)	104.2	104.6	99.8	-0.4%	4.4%
Spread: (sale price/list price)	91.1	91.5	92.5	-0.4%	-1.5%
Consumer Price Index (CPI-U)	214.5	219.3	209.7	-2.2%	2.3%
<i>Not Seasonally Adjusted</i>					
Ave. Home Price	\$173,961	\$193,536	\$194,950	-10.1%	-10.8%
No. of Homes Sold	463	763	624	-39.3%	-25.8%
< \$75K	92	108	107	-14.8%	-14.0%
\$75K - \$149K	192	315	254	-39.0%	-24.4%
\$150K - \$299K	141	249	195	-43.4%	-27.7%
\$300K - \$499K	25	64	50	-60.9%	-50.0%
\$500K & Over	13	27	18	-51.9%	-27.8%
Inventory, end of qtr.	2,441	2,838	2,613	-14.0%	-6.6%
Inventory/Sales	5.3	3.7	4.2	41.7%	25.9%
Affordability Index	115.4	105.7	105.7	9.1%	9.1%

The Neighborhood Distribution of Existing Home Sales

During the 4th quarter, the largest number of sales of existing homes occurred in zip code 27284, which includes the Kernersville area in eastern Forsyth County. This area had a total of 71 sales. It was followed by zip code 27107 which is located in the southeastern section of the city along Highway 53 with 58 sales. Zip code 27106 in the northwestern section of the city along Renolda Road recorded the highest average price of homes sold, with sales of existing homes averaging \$306,461 on the basis of 56 sales. It was followed by zip code 27104 (along County Club Road) averaging \$254,773 on the basis of 40 sales.

The highest ratio inventory to sales was in zip code 27023 (the Lewisville area) where the inventory to sales ratio was 9.4. At the current sales pace, it will take 28.2 months to exhaust the exiting inventory in this neighborhood. It was followed by zip code 27127 where it will take 17.5 months to move all the currently available homes. Zip code 27127 is located south of the city west of Highway 52.

Inventory-Sales Ratios by Zip Code



The Neighborhood Distribution of Existing Home Sales, 2008.4

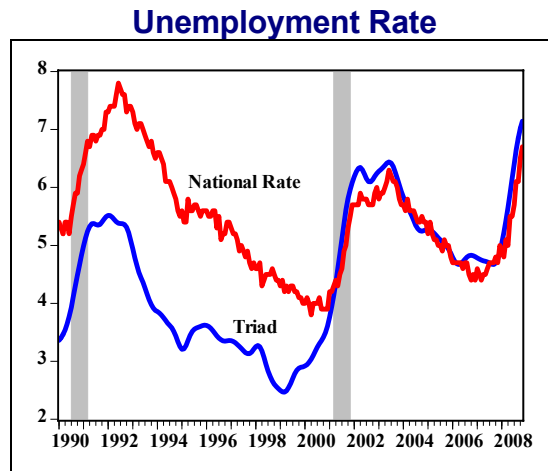
Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27009	< \$75K						
27009	\$75K - \$149K	3	\$106,833	89.8	138.8	5	1.7
27009	\$150K - \$299K	2	\$207,500	97.9	64.0	3	1.5
27009	\$300K - \$499K						
27009	\$500K & Over						
27009	Total	5	\$64,100	53.9	83.3	8	1.6
27012	< \$75K						
27012	\$75K - \$149K	7	\$114,557	94.3	156.8	16	2.3
27012	\$150K - \$299K	17	\$220,665	91.4	159.9	88	5.2
27012	\$300K - \$499K						
27012	\$500K & Over	1	\$670,000	93.1	239.4	32	32.0
27012	Total	25	\$208,928	92.3	162.2	136	5.4
27019	< \$75K						
27019	\$75K - \$149K	3	\$105,333	89.1	218.5	4	1.3
27019	\$150K - \$299K	1	\$210,000	61.8	198.0	3	3.0
27019	\$300K - \$499K						
27019	\$500K & Over						
27019	Total	4	\$131,500	82.2	213.4	7	1.8
27023	< \$75K						
27023	\$75K - \$149K	2	\$130,000	95.6	145.2	13	6.5
27023	\$150K - \$299K	7	\$236,929	92.8	156.5	37	5.3
27023	\$300K - \$499K	1	\$366,500	94.0	160.9	44	44.0
27023	\$500K & Over						
27023	Total	10	\$228,500	93.5	154.7	94	9.4
27040	< \$75K	1	\$62,000	100.0	10.0	n.a.	n.a.
27040	\$75K - \$149K	8	\$121,206	85.2	231.5	12	1.5
27040	\$150K - \$299K	4	\$187,250	95.8	193.9	49	12.3
27040	\$300K - \$499K						
27040	\$500K & Over						
27040	Total	13	\$132,204	81.9	202.1	61	4.7
27050	< \$75K	1	\$22,900	71.8	97.0	1	1.0
27050	\$75K - \$149K						
27050	\$150K - \$299K	2	\$201,450	95.8	180.3	9	4.5
27050	\$300K - \$499K	1	\$460,000	92.2	135.1	7	7.0
27050	\$500K & Over						
27050	Total	4	\$100,725	47.9	90.2	17	4.3
27051	< \$75K	2	\$37,750	64.0	35.3	3	1.5
27051	\$75K - \$149K	5	\$131,580	97.0	96.2	17	3.4
27051	\$150K - \$299K	1	\$175,000	59.2	127.4	23	23.0
27051	\$300K - \$499K	1	\$308,265	94.9	66.0	2	2.0
27051	\$500K & Over						
27051	Total	9	\$92,553	69.1	76.3	45	5.0
27101	< \$75K	9	\$32,029	79.9	124.2	26	2.9
27101	\$75K - \$149K	4	\$114,500	92.5	117.9	26	6.5
27101	\$150K - \$299K	3	\$230,333	99.0	160.2	25	8.3
27101	\$300K - \$499K	1	\$340,900	98.8	215.3	6	6.0
27101	\$500K & Over						
27101	Total	17	\$104,598	87.3	134.5	83	4.9
27103	< \$75K	4	\$51,750	73.5	66.3	4	1.0
27103	\$75K - \$149K	20	\$112,795	90.9	127.0	86	4.3
27103	\$150K - \$299K	23	\$192,252	92.5	135.7	83	3.6
27103	\$300K - \$499K	2	\$322,500	90.5	125.0	13	6.5
27103	\$500K & Over						
27103	Total	49	\$153,667	90.2	126.0	186	3.8

The Neighborhood Distribution of Existing Home Sales, continued

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27104	< \$75K						
27104	\$75K - \$149K	12	\$120,983	93.4	140.8	28	2.3
27104	\$150K - \$299K	18	\$225,789	93.7	121.4	58	3.2
27104	\$300K - \$499K	7	\$371,414	96.1	191.2	36	5.1
27104	\$500K & Over	3	\$691,667	88.9	210.7	36	12.0
27104	Total	40	\$254,773	93.7	146.1	158	4.0
27105	< \$75K	28	\$43,114	81.6	130.5	91	3.3
27105	\$75K - \$149K	18	\$103,351	92.8	109.6	112	6.2
27105	\$150K - \$299K						
27105	\$300K - \$499K						
27105	\$500K & Over						
27105	Total	46	\$66,685	85.9	122.3	203	4.4
27106	< \$75K	8	\$52,712	78.2	161.0	6	0.8
27106	\$75K - \$149K	16	\$108,631	87.3	130.2	72	4.5
27106	\$150K - \$299K	17	\$226,521	91.4	155.7	115	6.8
27106	\$300K - \$499K	6	\$355,625	93.0	145.5	47	7.8
27106	\$500K & Over	9	\$1,001,933	92.8	177.1	58	6.4
27106	Total	56	\$306,461	88.7	151.5	298	5.3
27107	< \$75K	23	\$39,987	77.4	172.2	78	3.4
27107	\$75K - \$149K	29	\$110,678	93.4	133.5	124	4.3
27107	\$150K - \$299K	6	\$181,167	95.2	139.1	59	9.8
27107	\$300K - \$499K						
27107	\$500K & Over						
27107	Total	58	\$89,937	87.2	149.4	261	4.5
27127	< \$75K						
27127	\$75K - \$149K	11	\$51,160	89.6	160.6	27	2.5
27127	\$150K - \$299K	27	\$110,764	87.9	123.4	172	6.4
27127	\$300K - \$499K	10	\$186,650	94.7	168.4	81	8.1
27127	\$500K & Over						
27127	Total	48	\$112,915	89.7	141.3	280	5.8
27284	< \$75K	3	\$56,167	79.4	45.0	1	0.3
27284	\$75K - \$149K	32	\$120,041	88.7	128.5	78	2.4
27284	\$150K - \$299K	30	\$203,133	92.5	137.2	171	5.7
27284	\$300K - \$499K	6	\$367,167	96.4	135.1	55	9.2
27284	\$500K & Over						
27284	Total	71	\$173,335	90.6	129.2	305	4.3

Economic Trends in the Piedmont Triad

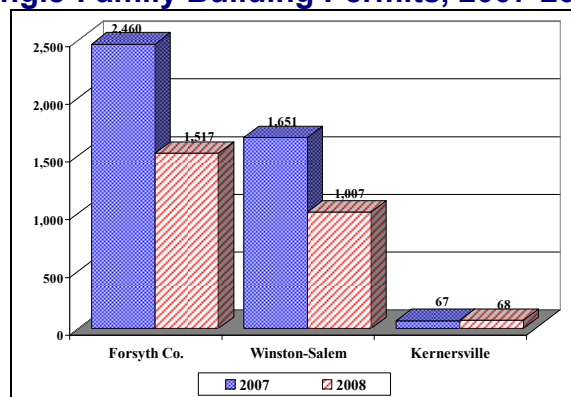
Economic conditions in the eight-county Piedmont Triad region deteriorated during the 4th quarter.² The seasonally adjusted rate of unemployment in the Triad was 7.1 percent in November, up 0.1 percentage points from the revised figure for October. The national unemployment rate was 6.7 percent, up 0.2 percentage points from last month.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was down -0.3 percent in November. Over the past 12 months, employment has gained 0.5 percent. For the nation as a whole, employment was down -0.4 percent in November. Over the past 12 months, national employment has fallen -1.4 percent.

Planned residential construction declined during the 4th quarter. Single-family building permits (which reflect plans for future construction) were off -38.3 percent in Forsyth County as a whole during the first 11 months of 2008 compared to the same period in 2007. Permits dropped -39.0 percent in Winston-Salem but were up 1.5 percent in Kernersville. Employment in the construction sector is down -0.2 percent across the Triad over the past year.

Single-Family Building Permits, 2007-2008³



The number of real estate foreclosures in November was down -3.4 percent in the Triad during the past 12 months. Foreclosures were up 8.9 percent in Forsyth County during the same period. Over the past 12 months, there were 9,421 foreclosures in the Triad and 2,322 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

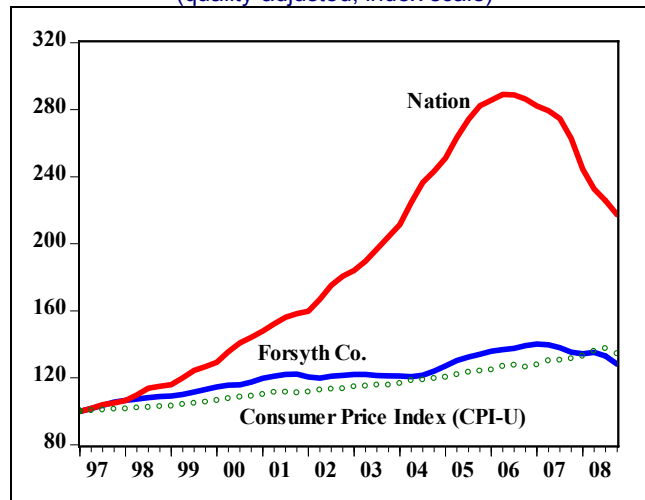
The population of the Triad totaled 1.46 million in 2007, growing at an average annual rate of 1.4 percent since 2000. Forsyth's County's population was 338,774 in 2007, rising 1.7 percent annually since 2000. The pace of population growth in the Triad accelerated in 2007, with population growing 1.7 percent from 2006 to 2007. The rate of population growth in Forsyth County also increased in 2007, growing more than twice as fast as the nation as a whole.

Population Change in the Triad & the Nation, 2007-2000

Area	Population 2007	Percent Change 2007-06	Percent Change 2007-00
Alamance County	145,360	2.4%	1.7%
Davidson County	156,530	1.1%	1.0%
Davie County	40,516	2.2%	2.4%
Forsyth County	338,774	2.1%	1.7%
Guilford County	465,931	2.2%	1.6%
Randolph County	140,145	1.1%	1.1%
Rockingham County	92,421	0.3%	0.1%
Stokes County	46,072	0.6%	0.5%
Yadkin County	37,797	0.5%	0.6%
Triad	1,463,546	1.7%	1.4%
North Carolina	9,061,032	2.2%	1.9%
United States	301,621,157	1.0%	1.1%

Since the first quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 2.1 percent, less than the consumer price index (CPI) which has increased an average of 2.5 percent annually. The appreciation of housing prices in Forsyth County has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 5.4 percent annual rate from 1997.1 through the 4th quarter of 2008, according to the S&P Case-Shiller 10-City Home Price Index. Over the past year, the Case-Shiller Index has fallen -19.1 percent, while prices in Forsyth County are down -5.3 percent.

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



In 2008, the average existing home that was sold had 1,958 square feet of floor space. It was 1.4 stories high, had 2.3 bathrooms, 1.4 garage parking spaces, and 1.0 fireplaces. The average age of existing homes sold was 28 years. Sixty-four percent of exiting homes sold were in the city limits of Winston-Salem.

Characteristics of Existing Homes Sold, 2008

Square Footage	1,958
Floors	1.4
Baths	2.3
Garage Spaces	1.4
Fireplace	1.0
Age	28
In the City of Winston-Salem	64%
Number Sold	2,763

Methodology

The *Forsyth County Housing Report* uses data from the Triad MLS to track the pace of housing activity in Forsyth County. 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.

The *Forsyth County Housing Report* is compiled for the Triad MLS by:

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