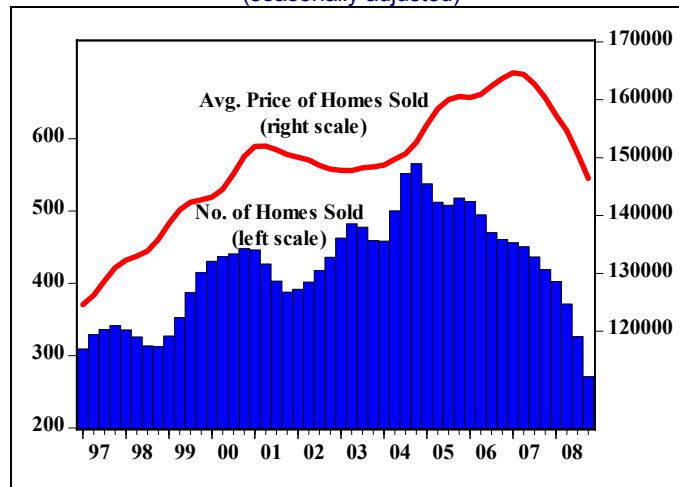


The High Point Housing Report, 2008.4

Current Outlook

The number of existing, single-family homes sold in the High Point area totaled 271 in the 4th quarter of 2008, adjusted for seasonal variation.¹ The number sold was down -16.9 percent compared to the level of sales recorded in the 3rd quarter, and it was -35.3 percent below the number sold during the 4th quarter one year ago.

Number and Prices 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 totaled 1,231, or 2.4 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 7.2 months to exhaust the inventory. The number of existing homes offered for sale was down -9.7 percent from what it was in the 3rd quarter, and it was -8.3 percent below the level in the 4th quarter one year ago.

The price of the average home sold in the 4th quarter declined -2.8 percent from the previous quarter, on a seasonally adjusted basis. The average quality-adjusted price of an existing home in High Point was \$146,425. The average this quarter was off -8.7 percent from 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 High Point have fallen.

Nationally, the pace of existing home sales has fallen -10.6 percent over the past 12 months.² 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.

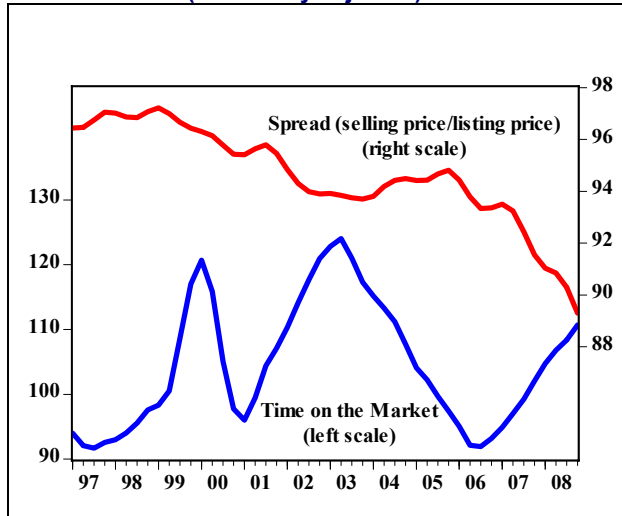
Among other indicators of housing demand, the average time on the market for existing homes sold was 110.7 days, up 2.1 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 89.3 percent, indicating an increase in the level of discounting in the market. Over the past year, time on the market has risen 8.4 percent, and the spread has fallen, showing that the time to sell a home has risen and sellers are accepting a smaller percentage of the listing price.

Time on the market (TOM) is higher for higher priced homes. For homes \$300,000 and above, TOM averages substantially more than 200 days. In contrast, for homes less than \$150,000, average TOM is under 80 days.

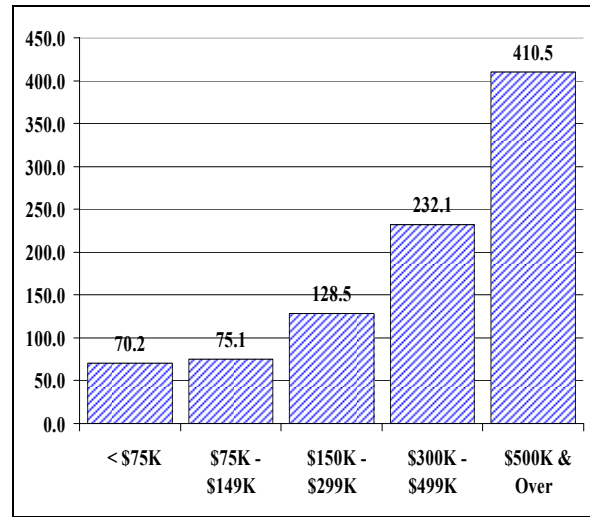
¹ The High Point area includes zip codes 27260, 27261, 27262, 27263, 27264, 27265, 27282, 27370, 27360, and 27361.

² This percentage is calculated from October 2007 to October 2008.

Existing Homes, 1997.1 – 2008.4 (seasonally adjusted)



Time on the Market by Price Category



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index was up 13.7 percent this quarter, and since the 4th quarter of 2007, the affordability index has risen 12.9 percent because of lower prices and interest rates.

Existing Home Sales Data

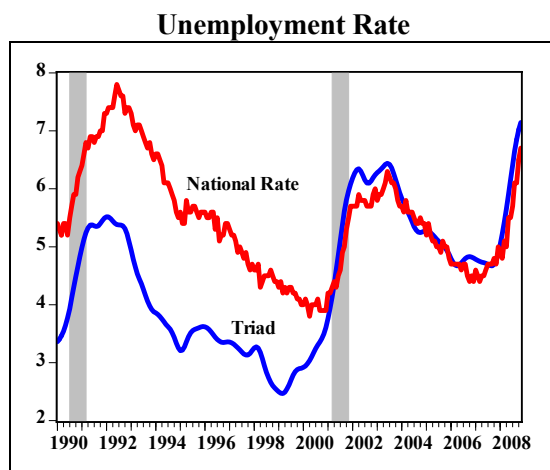
	2008.4	2008.3	2007.4	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Ave. Home Price	\$146,425	\$150,700	\$160,323	-2.8%	-8.7%
No. of Homes Sold	271	326	419	-16.9%	-35.3%
Time on Market (days)	110.7	108.4	102.1	2.1%	8.4%
Spread: (sale price/list price)	89.3	90.3	91.5	-1.1%	-2.4%
Consumer Price Index (CPI-U)	214.5	219.3	209.7	-2.2%	2.3%
Not Seasonally Adjusted					
Ave. Home Price	\$143,537	\$154,190	\$156,104	-6.9%	-8.1%
No. of Homes Sold	520	756	646	-31.2%	-19.5%
< \$75K	85	91	63	-6.6%	34.9%
\$75K - \$149K	172	247	213	-30.4%	-19.2%
\$150K - \$299K	180	274	236	-34.3%	-23.7%
\$300K - \$499K	60	117	111	-48.7%	-45.9%
\$500K & Over	23	27	23	-14.8%	0.0%
Inventory, end of qtr.	1,231	1,363	1,342	-9.7%	-8.3%
Inventory/Sales	2.4	1.8	2.1	31.3%	14.0%
Affordability Index	121.4	106.8	107.5	13.7%	12.9%

The Neighborhood Distribution of Existing Home Sales, 2008.4

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27260	< \$75K	20	\$37,024	75.6	89.5	96	4.8
27260	\$75K - \$149K	2	\$104,000	96.4	55.5	43	21.5
27260	\$150K - \$299K						
27260	\$300K - \$499K						
27260	\$500K & Over						
27260	Total	22	\$43,112	77.5	86.4	139	6.3
27262	< \$75K	9	\$39,333	78.5	89.4	46	5.1
27262	\$75K - \$149K	11	\$113,769	91.0	87.0	63	5.7
27262	\$150K - \$299K	7	\$224,057	96.1	148.7	55	7.9
27262	\$300K - \$499K	1	\$340,000	83.1	399.0	33	33.0
27262	\$500K & Over	2	\$586,500	62.5	321.0	20	10.0
27262	Total	30	\$156,228	86.3	128.1	217	7.2
27263	< \$75K	6	\$47,383	90.7	59.0	15	2.5
27263	\$75K - \$149K	5	\$114,200	95.5	52.4	42	8.4
27263	\$150K - \$299K	10	\$210,910	93.0	178.5	35	3.5
27263	\$300K - \$499K						
27263	\$500K & Over						
27263	Total	21	\$141,162	92.9	114.3	92	4.4
27265	< \$75K	4	\$51,250	81.6	48.3	13	3.3
27265	\$75K - \$149K	23	\$116,648	88.8	96.1	77	3.3
27265	\$150K - \$299K	32	\$203,646	90.6	96.8	194	6.1
27265	\$300K - \$499K	6	\$406,933	91.2	179.8	41	6.8
27265	\$500K & Over						
27265	Total	65	\$182,249	89.5	101.3	325	5.0
27282	< \$75K						
27282	\$75K - \$149K	6	\$136,817	89.2	59.8	26	4.3
27282	\$150K - \$299K	10	\$207,071	94.4	59.3	56	5.6
27282	\$300K - \$499K	6	\$348,317	90.1	148.3	23	3.8
27282	\$500K & Over	1	\$865,000	96.6	500.0	1	1.0
27282	Total	23	\$216,587	87.8	80.1	106	4.6
27360	< \$75K	15	\$50,728	73.1	108.0	43	2.9
27360	\$75K - \$149K	34	\$108,140	93.7	63.1	114	3.4
27360	\$150K - \$299K	16	\$220,416	93.6	178.8	83	5.2
27360	\$300K - \$499K	1	\$380,000	89.4	191.0	12	12.0
27360	\$500K & Over						
27360	Total	66	\$126,429	88.9	103.3	252	3.8
27370	< \$75K	1	\$72,500	90.7	27.0	3	3.0
27370	\$75K - \$149K	9	\$115,200	91.9	111.8	15	1.7
27370	\$150K - \$299K	3	\$194,333	91.4	108.7	26	8.7
27370	\$300K - \$499K	4	\$388,000	90.2	242.5	10	2.5
27370	\$500K & Over						
27370	Total	17	\$190,841	91.3	137.0	54	3.2

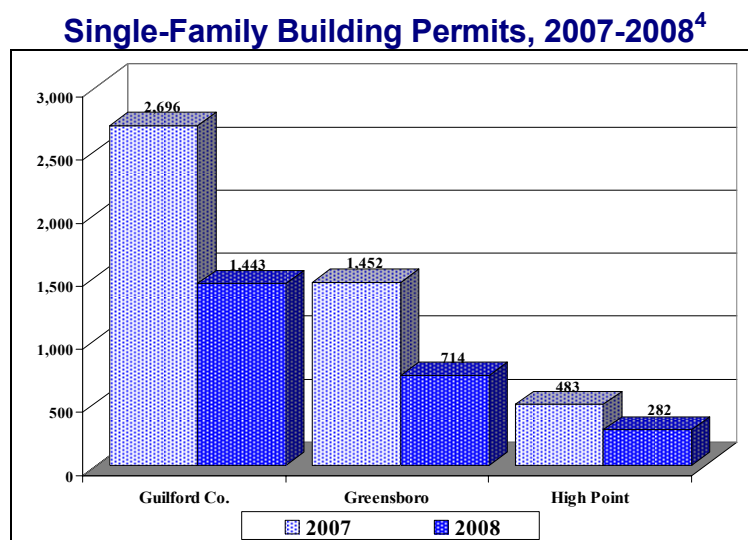
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region deteriorated during the 4th quarter.³ 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 -46.5 percent in Guilford County as a whole during the first 11 months of 2008 compared to the same period in 2007. Permits dropped -50.8 percent in Greensboro and -41.6 percent in High Point. Employment in the construction section is down -1.8 percent across the Triad over the past year.



The number of real estate foreclosures in November was down -3.4 percent in the Triad during the past 12 months. Foreclosures were lower by -2.3 percent in Guilford County during the same period. Over the past 12 months, there were 9,421 foreclosures in the Triad and 3,966 in Guilford County.

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 November.

Longer-Term Trends

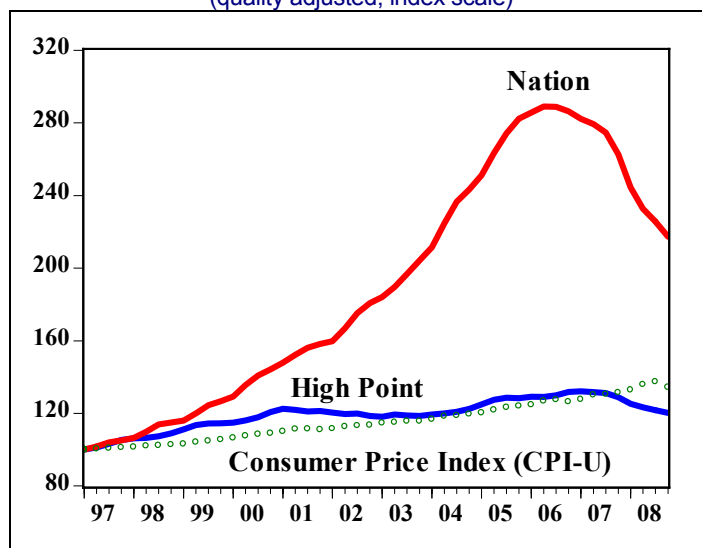
The population of the Triad totaled 1.46 million in 2007, growing at an average annual rate of 1.4 percent since 2000. Guilford County's population was 465,931 in 2007, rising 1.6 percent annually since 2000. The pace of population growth in the Triad accelerated in 2007, with population growing 1.7 percent from 2006 to 2007. The rate of population growth in Guilford 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 High Point have risen at an average annual rate of 1.6 percent, lagging 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 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 Cass-Shiller 10-City Home Price Index. Over the past year, the Cass-Shiller Index has fallen -19.1 percent, while prices in the High Point area are down -8.7 percent.

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



In 2008, the average existing home that was sold had 1,862 square feet of floor space. It was 1.4 stories high, had 2.1 bathrooms, 1.3 garage parking spaces, and 0.7 fireplaces. The average age of existing homes sold was 26 years.

Characteristics of Existing Homes Sold, 2007

Square Footage	1,862
Floors	1.4
Baths	2.1
Garage Spaces	1.3
Fireplaces	0.7
Age	26
Number Sold	1,362

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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