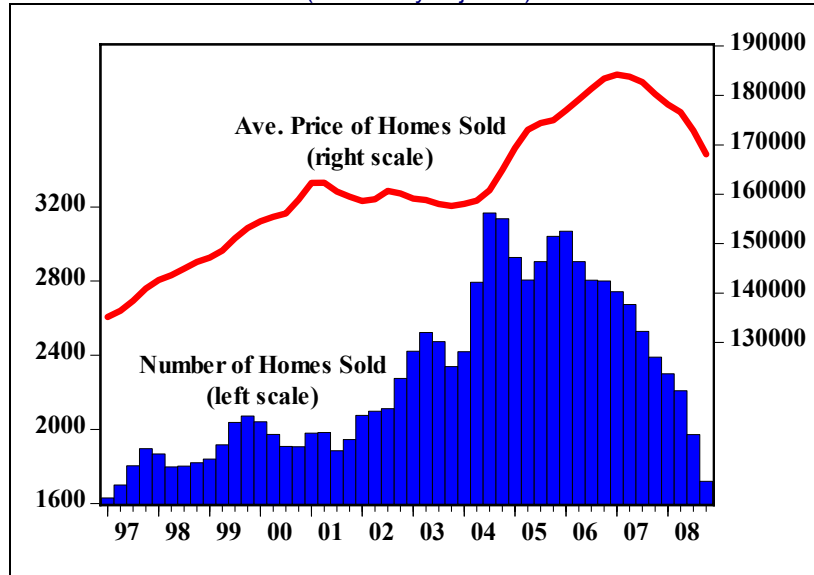


The Triad Housing Report, 2008.4

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 1,719 in the 4th quarter of 2008, after adjustment for seasonal variation.¹ The number sold was down -12.8 percent compared to the level of sales recorded in the 3rd quarter, and it was -28.1 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 was 7,801, or 5.2 times the number of homes sold in the 4th quarter. At the current sales pace, it will take 15.6 months to exhaust the existing inventory. The number of existing homes offered for sale was down -13.8 percent from what it was at the end of the 3rd quarter, and it was -4.8 percent lower than at the end of the 4th quarter one year ago.

The price of the average home sold in the 4th quarter was off -2.8 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$168,107. The average this quarter was down -6.7 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 the Triad have declined.

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 activity in the Triad, the average time on the market for existing homes sold was 106.2 days, down -1.2 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 90.5 percent, indicating a rise in the level of

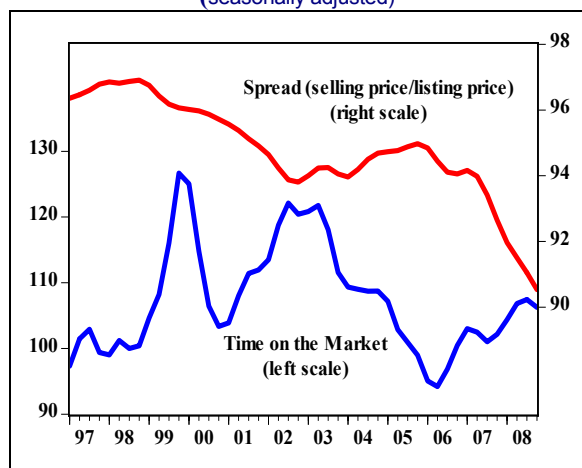
¹ The Triad is defined as an eight-county area that is composed of Alamance, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, and Yadkin. The Triad is located in the north central area of North Carolina.

² This percentage is calculated from October 2007 to October 2008 using National Assn. of Realtors® data.

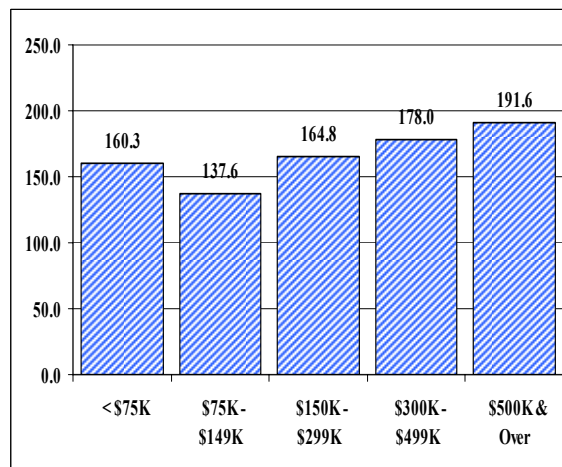
discounting in the market. Over the past year, time on the market has risen, and the spread has declined, indicating that the average home seller needs more time to sell a home and is accepting larger discounts from the initial listing price.

Existing Homes, 1997.1 – 2008.4

(seasonally adjusted)



Time on the Market



Time on the market (TOM) is higher for higher priced homes. For homes \$300,000 and above, TOM averages more than 170 days. In contrast, for homes less than \$150,000, average TOM is under 160 days.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index, which tracks the income-payment ratio, rose 8.5 percent this quarter. Since the 4th quarter of last year, the affordability index has risen 10.4 percent because of lower home prices and mortgage rates.

Existing Home Sales Data

	2008.4	2008.3	2007.4	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Ave. Home Price	\$168,107	\$172,865	\$180,257	-2.8%	-6.7%
No. of Homes Sold	1,719	1,972	2,390	-12.8%	-28.1%
Time on Market (days)	106.2	107.5	102.2	-1.2%	3.9%
Spread: (sale price/list price)	90.5	91.1	92.7	-0.7%	-2.4%
Consumer Price Index (CPI-U)	214.5	219.3	209.7	-2.2%	2.3%
Not Seasonally Adjusted					
Ave. Home Price	\$161,235	\$175,907	\$172,598	-8.3%	-6.6%
No. of Homes Sold	1,500	2,297	2,015	-34.7%	-25.6%
< \$75K	317	360	320	-11.9%	-0.9%
\$75K - \$149K	552	856	766	-35.5%	-27.9%
\$150K - \$299K	465	786	670	-40.8%	-30.6%
\$300K - \$499K	123	231	205	-46.8%	-40.0%
\$500K & Over	43	64	54	-32.8%	-20.4%
Inventory, end of qtr.	7,801	9,052	8,193	-13.8%	-4.8%
Inventory/Sales	5.2	3.9	4.1	32.0%	27.9%
Affordability Index	112.8	104	102.2	8.5%	10.4%

The County Distribution of Existing Home Sales

During the 4th quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 655 sales. It was followed by Forsyth County with 463 sales. Davie County recorded the highest average price for homes sold at \$200,271. The largest number of homes selling for \$500,000 or more was in Guilford and Forsyth Counties with 25 and 13 homes respectively in this category.

The highest inventory-to-sales ratio was recorded in Davie County with a ratio of 10.6. At the current sales pace, it will take 31.8 months to exhaust the current inventory of existing homes in this county. The highest time on the market for homes sold was recorded in Stokes County where the 47 homes sold this quarter averaged 183 days on the market. The lowest average time on the market was recorded in Guilford County where the 655 homes sold this quarter averaged 140 days on the market.

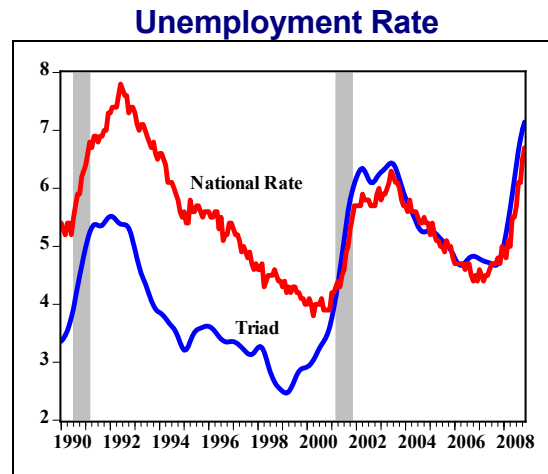
County Distribution of Existing Home Sales, 2008.4

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$75K	12	\$48,918	78.1	142.0	29	2.4
Alamance	\$75K - \$149K	16	\$115,735	91.7	97.4	71	4.4
Alamance	\$150K - \$299K	16	\$211,875	92.2	180.4	71	4.4
Alamance	\$300K - \$499K	3	\$395,633	94.5	151.5	42	14.0
Alamance	\$500K & Over	0	n.a.	n.a.	159.1	14	n.a.
Alamance	Total	47	\$149,270	88.6	140.5	227	4.8
Davidson	< \$75K	35	\$45,729	71.0	184.3	106	3.0
Davidson	\$75K - \$149K	65	\$109,316	91.6	143.7	303	4.7
Davidson	\$150K - \$299K	37	\$225,963	89.9	168.3	311	8.4
Davidson	\$300K - \$499K	12	\$374,933	92.3	190.2	154	12.8
Davidson	\$500K & Over	3	\$609,333	87.6	219.6	60	20.0
Davidson	Total	152	\$153,907	86.4	164.2	934	6.1
Davie	< \$75K	2	\$65,450	66.0	200.8	26	13.0
Davie	\$75K - \$149K	12	\$114,000	91.4	157.8	69	5.8
Davie	\$150K - \$299K	13	\$223,423	92.9	149.2	111	8.5
Davie	\$300K - \$499K	2	\$395,000	77.6	169.4	82	41.0
Davie	\$500K & Over	2	\$507,500	89.8	220.0	40	20.0
Davie	Total	31	\$200,271	89.4	161.7	328	10.6
Forsyth	< \$75K	92	\$43,870	80.3	142.9	248	2.7
Forsyth	\$75K - \$149K	192	\$113,556	90.5	128.0	823	4.3
Forsyth	\$150K - \$299K	141	\$208,773	92.6	152.7	862	6.1
Forsyth	\$300K - \$499K	25	\$362,293	94.8	161.5	316	12.6
Forsyth	\$500K & Over	13	\$904,800	91.9	195.4	192	14.8
Forsyth	Total	463	\$164,353	89.4	142.2	2,441	5.3
Guilford	< \$75K	119	\$46,639	77.8	157.2	341	2.9
Guilford	\$75K - \$149K	212	\$115,619	91.3	127.2	855	4.0
Guilford	\$150K - \$299K	227	\$209,240	92.7	134.0	988	4.4
Guilford	\$300K - \$499K	72	\$372,977	92.5	149.3	523	7.3
Guilford	\$500K & Over	25	\$653,236	92.2	194.8	339	13.6
Guilford	Total	655	\$184,342	89.5	140.0	3,046	4.7
Randolph	< \$75K	31	\$50,144	80.2	136.8	50	1.6
Randolph	\$75K - \$149K	31	\$108,635	92.7	142.7	208	6.7
Randolph	\$150K - \$299K	21	\$221,698	92.8	162.2	184	8.8
Randolph	\$300K - \$499K	5	\$374,000	88.9	175.9	53	10.6
Randolph	\$500K & Over	0	n.a.	n.a.	229.5	22	n.a.
Randolph	Total	88	\$130,089	88.1	147.1	517	5.9
Stokes	< \$75K	22	\$50,314	71.4	189.7	22	1.0
Stokes	\$75K - \$149K	15	\$99,720	82.6	147.8	86	5.7
Stokes	\$150K - \$299K	7	\$207,357	88.0	208.7	77	11.0
Stokes	\$300K - \$499K	3	\$320,000	91.4	243.7	31	10.3
Stokes	\$500K & Over	0	n.a.	n.a.	206.7	7	n.a.
Stokes	Total	47	\$106,685	78.8	182.6	223	4.7
Yadkin	< \$75K	4	\$41,715	79.4	128.9	9	2.3
Yadkin	\$75K - \$149K	9	\$113,322	95.2	156.6	37	4.1
Yadkin	\$150K - \$299K	3	\$202,667	93.6	163.1	26	8.7
Yadkin	\$300K - \$499K	1	\$310,000	93.9	182.4	11	11.0
Yadkin	\$500K & Over	0	n.a.	n.a.	108.0	2	n.a.
Yadkin	Total	17	\$123,809	91.1	152.8	85	5.0

Note: Data are not seasonally adjusted.

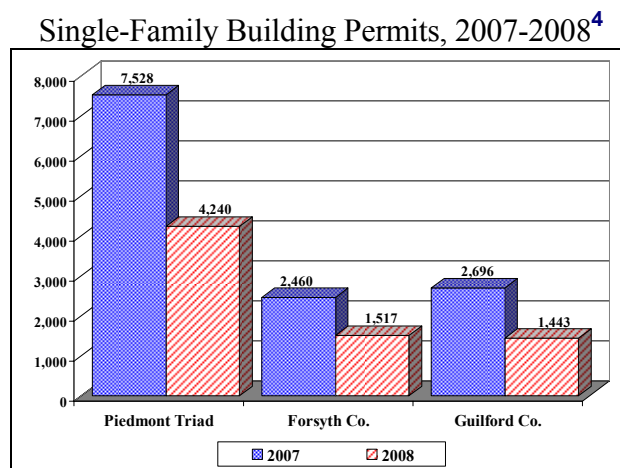
Economic Trends in the Piedmont Triad

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 -43.7 percent in Triad as a whole during the first 11 months of 2008 compared to the same period in 2007. Permits dropped -38.3 percent in Forsyth County and -46.5 percent in Guilford County. Employment in the construction sector is down -0.2 percent across the Triad over the past year.



The number of real estate foreclosures was down -3.4 percent in the Triad during the past 12 months through November. Foreclosures were lower by -2.3 percent in Guilford County and up 8.9 percent in Forsyth County during the same period. Over the past 12 months, there were 9,421 foreclosures in the Triad. There were 3,966 in Guilford County and 2,322 in Forsyth.

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

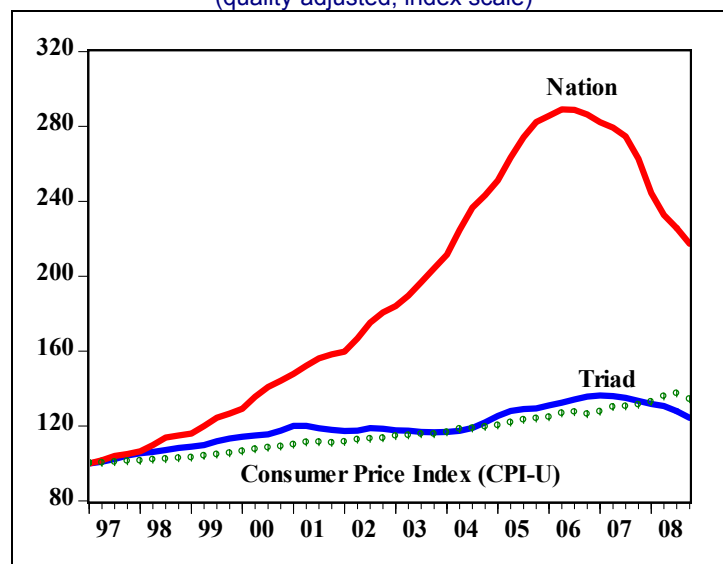
The population of the Triad totaled 1.46 million in 2007, growing at an average annual rate of 1.4 percent since 2000. The annual population growth of Forsyth and Guilford Counties averaged 1.7 and 1.6 percent respectively since 2000. The pace of population growth in the Triad accelerated in 2007, with population growing 1.7 percent from 2006 to 2007. The rate of population growth in Forsyth and Guilford Counties also increased in 2007, each growing more than twice as fast as the nation as a whole. The highest rate of population growth since 2000 was recorded in Davie County at 2.4 percent annually, the slowest in Rockingham County at 0.1 percent

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 the Triad have risen at an average annual rate of 1.9 percent, less than 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 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 Triad are off -6.7 percent.

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



In 2008, the average existing home that was sold in the Triad had 1,945 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 26 years. Guilford County accounted for 43.0 percent of recorded home sales, followed by Forsyth County with 32.5 percent of sales. A total of 8,491 homes were sold in the Triad in 2008.

Characteristics of Existing Homes Sold, 2008

Square Footage	1,945
Floors	1.4
Baths	2.2
Garage Spaces	1.3
Fireplaces	0.9
Age	26
Alamance	2.9%
Davidson	10.3%
Davie	2.9%
Forsyth	32.5%
Guilford	43.0%
Randolph	5.1%
Stokes	2.3%
Yadkin	1.0%
Number of Homes Sold	8,491

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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