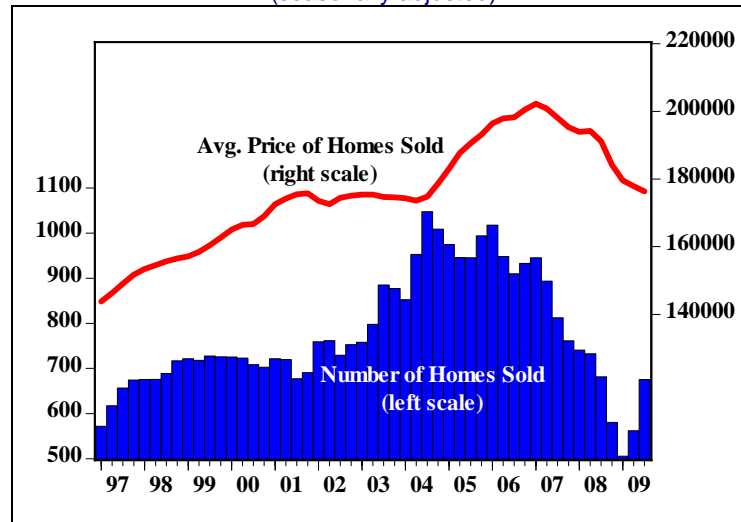


The Forsyth County Housing Report, 2009.3

Current Outlook

The number of existing, single-family homes sold in Forsyth County (including the City of Winston-Salem) totaled 675 in the 3rd quarter of 2009 after adjustment for seasonal variation. The number sold was up 20.2 percent compared to the level of sales recorded in the 2nd quarter, but it was off -0.9 percent from the number sold during the 3rd quarter one year ago.

Number of Existing Homes Sold, 1997.1 – 2009.3
(seasonally adjusted)



At the end of the 3rd quarter of 2008, the inventory of homes on the market was 3,328, or 4.3 times the number of homes sold in the 3rd quarter. At the current sales pace, it will take 12.9 months to exhaust the existing inventory. The number of homes offered for sale was up 24.8 percent from what it was at the end of the 3rd quarter of last year.

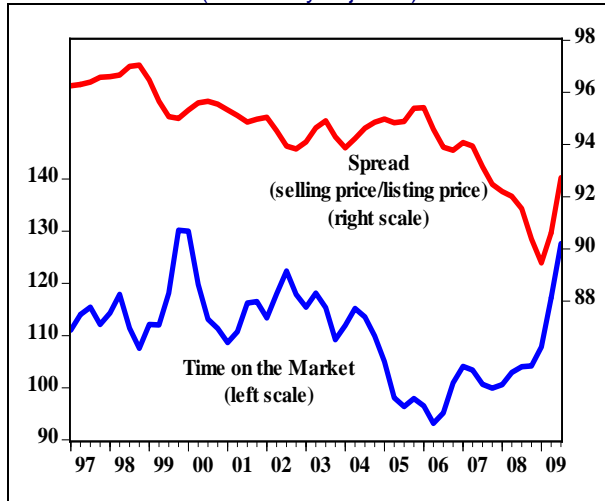
The price of the average home sold in the 3rd quarter was lower by -0.9 percent from the previous quarter. The average quality-adjusted price of an existing home in Forsyth County was \$176,315. The average this quarter was down -7.8 percent below the average recorded in the 3rd quarter of last year. By comparison, over the past year, consumer prices nationally have slipped -1.5 percent.

Nationally, the pace of existing home sales has fallen -3.4 percent over the past 12 months.¹ Average home prices are down -9.3 percent across the nation and -9.9 percent in the South. The national inventory of unsold homes is down -16.4 percent over the past 12 months and will take 8.5 months to sell at the existing pace of sales.

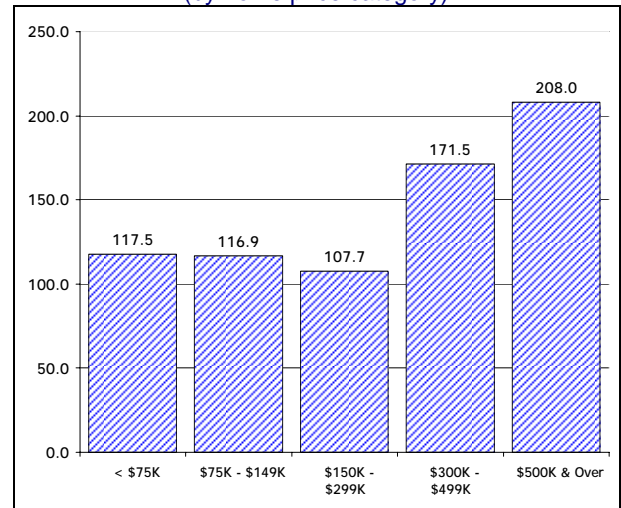
Among other indicators of housing activity, the average time on the market for existing homes sold was 127.6 days, up 8.9 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was higher at 92.7 percent, indicating a drop in the level of discounting in the market. Over the past year, time on the market has risen, and the spread has risen, suggesting that the average home seller needs more time to sell a home but is capturing a higher percentage of the listing price.

¹ This percentage is calculated from August 2008 to August 2009 using National Assn. of Realtors® data.

Existing Homes, 1997.1 – 2009.3
(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 208 days. For the lowest price category (less than \$75,000), average time on the market is 118 days.

Housing affordability has been an important factor influencing housing demand over the past year. The affordability index was down -2.8 percent this quarter but has risen 24.7 percent over the past year because of lower prices and mortgage rates.

Existing Home Sales Data

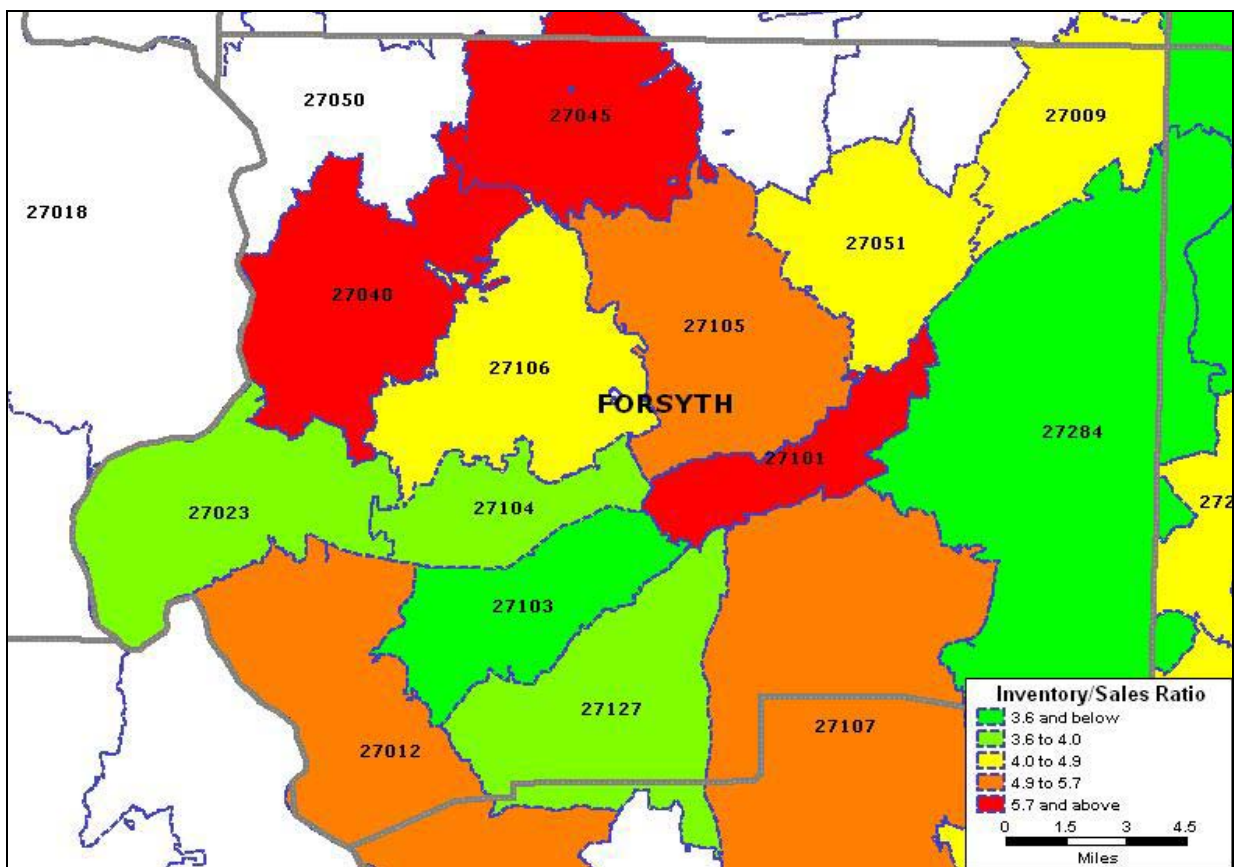
	2009.3	2009.2	2008.3	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted					
Adj. Avg. Home Price	\$176,315	\$177,932	\$191,182	-0.9%	-7.8%
No. of Homes Sold	675	562	682	20.2%	-0.9%
Time on Market (days)	127.6	117.3	104.1	8.9%	22.7%
Spread: (sale price/list price)	92.7	90.6	91.5	2.3%	1.3%
Consumer Price Index (CPI-U)	215.8	213.9	219.1	0.9%	-1.5%
Not Seasonally Adjusted					
Avg. Home Price	\$177,833	\$188,533	\$193,706	-5.7%	-8.2%
No. of Homes Sold	773	645	763	19.8%	1.3%
< \$75K	140	84	108	66.7%	29.6%
\$75K - \$149K	348	243	315	43.2%	10.5%
\$150K - \$299K	213	236	249	-9.7%	-14.5%
\$300K - \$499K	46	61	64	-24.6%	-28.1%
\$500K & Over	26	21	27	23.8%	-3.7%
Inventory, end of qtr.	3,328	2,666	2,838	24.8%	17.3%
Inventory/Sales	4.3	4.1	3.7	4.2%	15.7%
Affordability Index	131.9	135.7	105.8	-2.8%	24.7%

The Neighborhood Distribution of Existing Home Sales

During the 3rd quarter, the largest number of sales of existing homes occurred in zip code 27284 (east of the city encompassing the Kernersville area), which had a total of 116 sales. Zip code 27104, which lies west of the city along Country Club Road, recorded the highest average price of homes sold, with sales of existing homes averaging \$250,626 on the basis of 75 sales.

The highest ratio inventory to sales was in zip code 27040 (northwest of the city along Reynolda Road). At the current sales pace, it will take 23.4 months to exhaust the exiting inventory in this neighborhood. It was followed by zip code 27101 (subsuming the downtown area and running northeast along Hwy. 158) where it will take 22.2 months to move all the currently available homes.

Inventory-Sales Ratios by Zip Code



The Neighborhood Distribution of Existing Home Sales, 2009.3

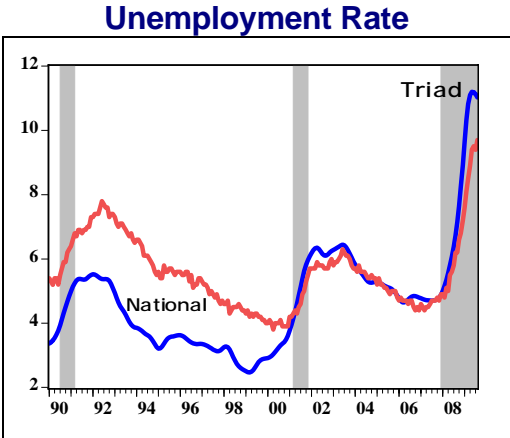
Zip	Price Range	No. Sales	Avg. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27009	< \$75K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27009	\$75K - \$149K	6	\$126,650	97.3	118.0	4	0.7
27009	\$150K - \$299K	1	\$275,000	98.2	68.1	8	8.0
27009	\$300K - \$499K	n.a.	n.a.	n.a.	175.0	10	n.a.
27009	\$500K & Over	n.a.	n.a.	n.a.	103.8	9	n.a.
27009	Total	7	\$147,843	97.4	110.9	31	4.4
27012	< \$75K	n.a.	n.a.	n.a.	181.0	1	n.a.
27012	\$75K - \$149K	14	\$120,131	98.3	112.9	39	2.8
27012	\$150K - \$299K	30	\$214,187	94.9	116.9	127	4.2
27012	\$300K - \$499K	5	\$372,973	93.2	180.0	72	14.4
27012	\$500K & Over	3	\$562,667	94.9	221.0	24	8.0
27012	Total	52	\$224,237	95.6	127.9	263	5.1
27023	< \$75K	n.a.	n.a.	n.a.	8.0	1	n.a.
27023	\$75K - \$149K	10	\$127,448	93.4	82.7	30	3.0
27023	\$150K - \$299K	23	\$219,187	96.5	92.6	45	2.0
27023	\$300K - \$499K	4	\$394,975	96.5	194.6	42	10.5
27023	\$500K & Over	1	\$515,000	95.4	212.4	30	30.0
27023	Total	38	\$221,334	95.6	103.9	148	3.9
27040	< \$75K	1	\$69,200	77.0	123.0	1	1.0
27040	\$75K - \$149K	5	\$128,280	97.9	124.2	20	4.0
27040	\$150K - \$299K	7	\$172,386	97.0	156.1	75	10.7
27040	\$300K - \$499K	3	\$342,167	97.3	145.7	22	7.3
27040	\$500K & Over	n.a.	n.a.	n.a.	295.0	7	n.a.
27040	Total	16	\$183,987	96.1	142.1	125	7.8
27045	< \$75K	1	\$74,900	100.0	43.5	2	2.0
27045	\$75K - \$149K	8	\$124,684	96.4	122.7	32	4.0
27045	\$150K - \$299K	4	\$215,500	95.2	183.9	45	11.3
27045	\$300K - \$499K	1	\$300,000	95.3	175.8	4	4.0
27045	\$500K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27045	Total	14	\$159,598	96.3	138.3	83	5.9
27051	< \$75K	6	\$49,562	90.2	148.0	4	0.7
27051	\$75K - \$149K	3	\$100,333	94.6	187.3	32	10.7
27051	\$150K - \$299K	4	\$201,475	97.3	208.7	27	6.8
27051	\$300K - \$499K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27051	\$500K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27051	Total	13	\$108,021	93.4	175.7	63	4.8
27101	< \$75K	6	\$33,949	90.6	136.2	35	5.8
27101	\$75K - \$149K	12	\$107,283	93.9	152.1	40	3.3
27101	\$150K - \$299K	3	\$221,663	93.6	148.3	50	16.7
27101	\$300K - \$499K	2	\$402,500	97.0	205.3	40	20.0
27101	\$500K & Over	1	\$535,000	97.5	271.6	13	13.0
27101	Total	24	\$145,670	93.4	157.0	178	7.4
27103	< \$75K	14	\$53,533	89.5	147.1	15	1.1
27103	\$75K - \$149K	54	\$107,781	96.8	120.8	167	3.1
27103	\$150K - \$299K	29	\$204,138	96.2	125.5	139	4.8
27103	\$300K - \$499K	2	\$325,000	93.5	147.8	12	6.0
27103	\$500K & Over	n.a.	n.a.	n.a.	108.5	2	n.a.
27103	Total	99	\$132,724	95.5	126.4	335	3.4
27104	< \$75K	8	\$40,669	91.0	151.8	15	1.9
27104	\$75K - \$149K	24	\$115,327	95.8	112.1	81	3.4
27104	\$150K - \$299K	20	\$214,469	95.2	141.1	80	4.0
27104	\$300K - \$499K	13	\$363,608	95.6	157.2	53	4.1
27104	\$500K & Over	10	\$668,749	94.6	198.1	64	6.4
27104	Total	75	\$250,626	94.9	143.3	293	3.9

The Neighborhood Distribution of Existing Home Sales, continued

Zip	Price Range	No. Sales	Avg. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27105	< \$75K	23	\$46,460	87.5	155.0	92	4.0
27105	\$75K - \$149K	21	\$106,695	94.4	130.2	117	5.6
27105	\$150K - \$299K	2	\$214,000	93.2	115.0	17	8.5
27105	\$300K - \$499K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27105	\$500K & Over	n.a.	n.a.	n.a.	356.0	2	n.a.
27105	Total	46	\$81,243	90.9	141.9	228	5.0
27106	< \$75K	13	\$49,938	87.9	149.2	19	1.5
27106	\$75K - \$149K	33	\$110,540	95.6	126.8	117	3.5
27106	\$150K - \$299K	34	\$203,078	95.1	133.4	134	3.9
27106	\$300K - \$499K	9	\$409,644	95.0	117.4	69	7.7
27106	\$500K & Over	11	\$641,727	93.9	210.7	65	5.9
27106	Total	100	\$219,475	94.2	140.3	404	4.0
27107	< \$75K	31	\$40,120	83.0	174.5	83	2.7
27107	\$75K - \$149K	16	\$118,512	97.5	131.7	140	8.8
27107	\$150K - \$299K	6	\$166,967	99.1	130.4	70	11.7
27107	\$300K - \$499K	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27107	\$500K & Over	n.a.	n.a.	n.a.	256.5	4	n.a.
27107	Total	53	\$78,145	89.2	156.6	297	5.6
27127	< \$75K	24	\$47,461	88.2	140.4	43	1.8
27127	\$75K - \$149K	69	\$117,116	97.1	120.3	265	3.8
27127	\$150K - \$299K	10	\$180,825	97.5	103.9	79	7.9
27127	\$300K - \$499K	n.a.	n.a.	n.a.	140.5	2	n.a.
27127	\$500K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27127	Total	103	\$107,071	95.1	123.4	389	3.8
27284	< \$75K	11	\$58,139	89.7	81.9	9	0.8
27284	\$75K - \$149K	60	\$119,098	97.2	111.0	120	2.0
27284	\$150K - \$299K	38	\$203,708	97.6	129.1	215	5.7
27284	\$300K - \$499K	7	\$356,214	96.5	186.1	67	9.6
27284	\$500K & Over	n.a.	n.a.	n.a.	162.8	13	
27284	Total	116	\$155,343	96.6	118.7	424	3.7

Economic Trends in the Piedmont Triad

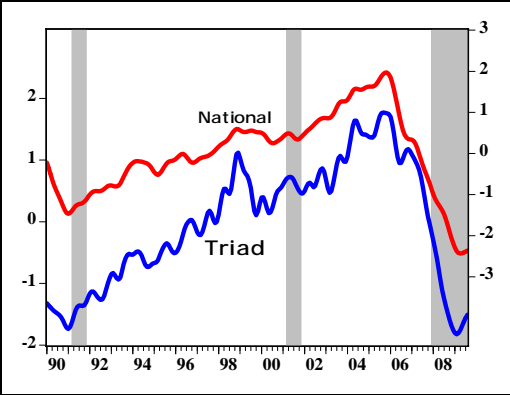
Economic conditions in the eight-county Piedmont Triad region improved modestly during the 3rd quarter.² The seasonally adjusted rate of unemployment in the Triad was 11.0 percent in August, down 0.1 percentage point this month, but up 4.3 percentage points over the past 12 months. The national unemployment rate was 9.7 percent, up 0.3 percentage points this month and up 3.5 percentage points over the past year.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was off -0.1 percent in August. Over the past 12 months, employment has fallen -4.7 percent. For the nation as a whole, employment dipped -0.2 percent in August. Over the past 12 months, national employment has declined -4.3 percent. The number of persons in the Triad employed in the service-producing sector was essentially unchanged in August, but higher employment was recorded this month in professional & business services, education & healthcare, leisure, government, and other services.

In a continuing turnaround, residential building permits in the Triad, which reflect planned construction, were up 3.7 percent this month, rising for the 6th consecutive month. Over the past 12 months, the pace of planned residential building has fallen -8.6 percent. Construction employment has fallen -17.9 percent over the past year and was off -0.4 percent this month.

Single-Family Building Permits, 1990-2009



The number of real estate foreclosures in the Triad was up 2.7 percent in August and is up 18.8 percent over the past 12 months. Nationally, foreclosures are up 18.0 percent over the past 12 months.

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.

Longer-Term Trends

The population of the Triad totaled 1.39 million in 2008, growing at an average annual rate of 1.3 percent since 2000. Forsyth County's population was 343,028 in 2008, rising 1.4 percent annually since 2000. The pace of population growth in the Triad accelerated in 2008, with population growing 1.6 percent from 2007 to 2008. The rate of population growth in Forsyth County also increased in 2008, growing more rapidly than the nation, but slower than the state.

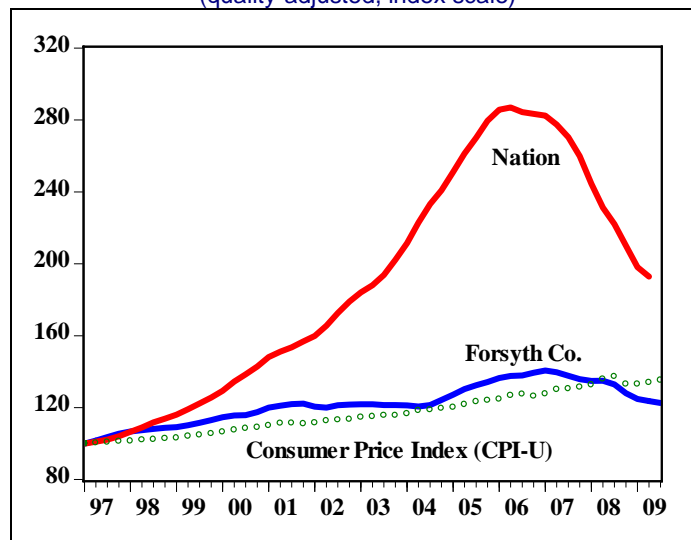
Population Change in the Triad & the Nation, 2008-2000

Area	Population 2008	Percent Change 2008-07	Percent Change 2008-00
Alamance County	148,053	2.25%	1.56%
Davidson County	158,166	1.34%	0.90%
Davie County	40,971	1.50%	2.05%
Forsyth County	343,028	1.60%	1.44%
Guilford County	472,216	1.76%	1.44%
Randolph County	141,186	1.20%	0.99%
Stokes County	46,171	0.51%	0.40%
Yadkin County	37,954	0.74%	0.54%
Triad	1,387,745	1.59%	1.30%
North Carolina	9,222,414	2.00%	1.72%
United States	304,059,724	0.92%	0.97%

Source: Census Bureau

Since the first quarter of 1997, existing home prices in Forsyth County have risen at an average annual rate of 1.6 percent, less than the consumer price index (CPI) which has increased an average of 2.4 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 3rd quarter of 2009, according to the S&P Case-Shiller 10-City Home Price Index.

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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