

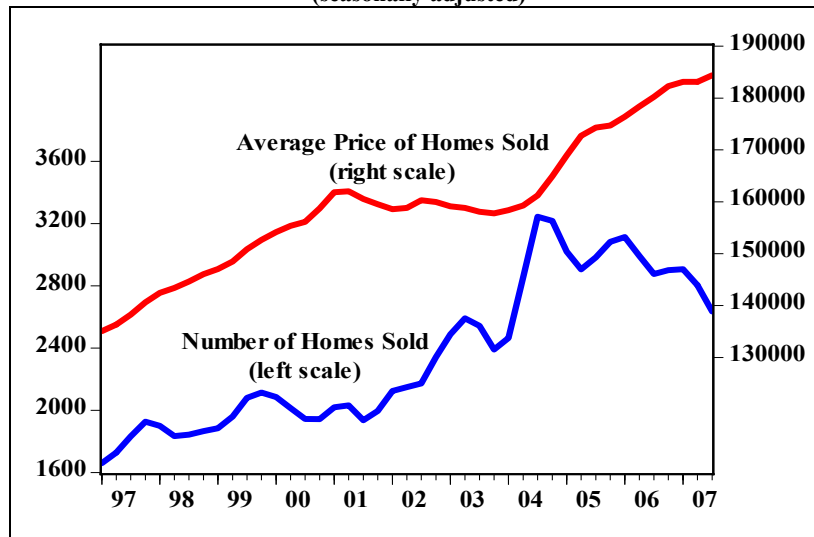
The Triad Housing Report, 2007.3

Current Outlook

The number of existing, single-family homes sold in the Triad totaled 2,636 in the 3rd quarter of 2007, after adjustment for seasonal variation.¹ The number sold was down -6.0 percent compared to the level of sales recorded in the 2nd quarter, and it was -8.3 percent below the number sold during the 3rd quarter one year ago.

Nationally, the pace of existing home sales has fallen -12.8 percent over the past 12 months.² Average home prices are down -0.3 percent across the nation and -0.9 percent in the South.

Number and Prices of Existing Homes Sold, 1997.1 – 2007.3
(seasonally adjusted)



At the end of the 3rd quarter of 2007, the inventory of homes on the market was 8,921, or 3.1 times the number of homes sold in the 3rd 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 1.7 percent from what it was at the end of the 2nd quarter, and it was 9.2 percent higher than at the end of the 3rd quarter one year ago.

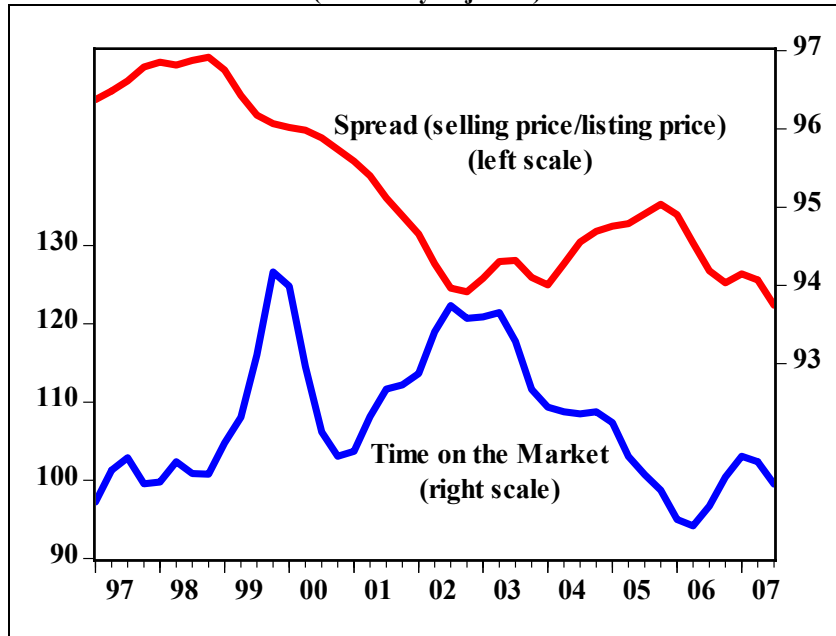
The price of the average home sold in the 3rd quarter was up 0.7 percent from the previous quarter. The average quality-adjusted price of an existing home in the Triad was \$184,385. The average this quarter was up 2.3 percent from the average recorded in the 3rd quarter of last year. Over the past year, consumer prices nationally have risen 2.3 percent, indicating that real home prices in the Triad have remained essentially unchanged.

Among other indicators of housing activity, the average time on the market for existing homes sold was 102.4 days, down -0.7 percent from the average in the 2nd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was unchanged at 94.1 percent, indicating no change 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.

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 August 2006 to August 2007 on the basis of data from the National Assn. of Realtors®.

Existing Homes, 1997.1 – 2007.3
(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 -1.2 percent this quarter. Since the 3rd quarter of last year, the affordability index has declined -0.3 percent.

Existing Home Sales Data

	2007.3	2007.3	2006.3	% Chg Last Qtr.	% Chg Last Yr.
Seasonally Adjusted:					
Adj. Ave. Home Price	\$184,385	\$183,123	\$180,205	0.7%	2.3%
No. of Homes Sold	2,636	2,803	2,876	-6.0%	-8.3%
Time on Market (days)	102.4	103.1	94.2	-0.7%	8.7%
Spread: (sale price/list price)	94.1	94.1	94.5	0.0%	-0.4%
Seasonally Unadjusted					
Ave. Home Price	\$185,886	\$187,937	\$179,879	-1.1%	3.3%
No. of Homes Sold	2,855	3,307	3,114	-13.7%	-8.3%
< \$150K	1,352	1,549	1,572	-12.7%	-14.0%
\$150K - \$349K	1,200	1,421	1,226	-15.6%	-2.1%
\$350K & Over	303	337	316	-10.1%	-4.1%
Inventory, end of qtr.	8,921	8,774	8,168	1.7%	9.2%
Inventory/Sales	3.1	2.7	2.6	17.8%	19.1%
Affordability Index	94.3	95.4	94.6	-1.2%	-0.3%

The County Distribution of Existing Home Sales

During the 3rd quarter, the largest number of sales of existing homes occurred in Guilford County, which recorded a total of 1,284 sales. It was followed by Forsyth County with 888 sales. Davie County recorded the highest average price for homes sold at \$262,130. The highest inventory-to-sales ratio was recorded in Davie County with a ratio of 4.4. At the current sales pace, it will take 13.2 months to exhaust the current inventory of existing homes in Davie.

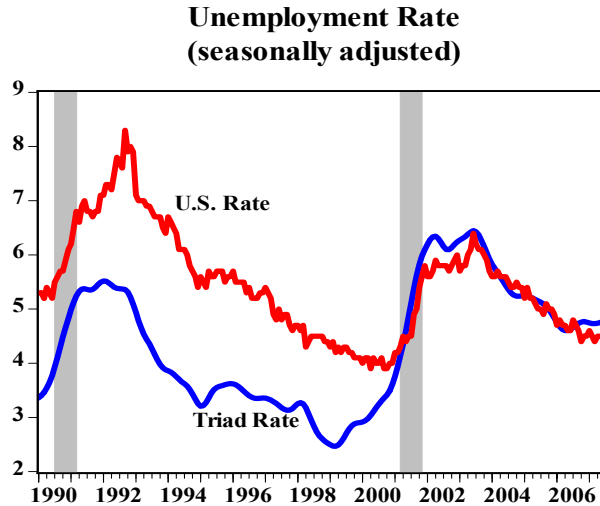
County Distribution of Existing Home Sales, 2007.3

County	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
Alamance	< \$150K	39	\$101,411	88.2	119.4	145	3.7
Alamance	\$150K - \$349K	35	\$228,244	97.0	137.2	130	3.7
Alamance	\$350K & Over	1	\$399,000	83.1	172.5	46	46.0
Alamance	Total	75	\$164,568	92.3	128.4	321	4.3
Davidson	< \$150K	162	\$100,739	92.6	116.7	401	2.5
Davidson	\$150K - \$349K	113	\$218,975	94.3	136.7	485	4.3
Davidson	\$350K & Over	17	\$439,009	94.5	151.6	140	8.2
Davidson	Total	292	\$166,189	93.3	126.5	1,026	3.5
Davie	< \$150K	19	\$103,876	93.5	122.5	78	4.1
Davie	\$150K - \$349K	45	\$240,213	94.2	138.9	179	4.0
Davie	\$350K & Over	19	\$472,291	95.9	146.2	106	5.6
Davie	Total	83	\$262,130	94.4	136.8	363	4.4
Forsyth	< \$150K	431	\$104,322	91.6	115.4	1156	2.7
Forsyth	\$150K - \$349K	377	\$215,093	95.4	116.2	1376	3.6
Forsyth	\$350K & Over	80	\$602,960	94.8	163.8	411	5.1
Forsyth	Total	888	\$196,272	93.5	120.1	2,943	3.3
Guilford	< \$150K	543	\$97,892	91.0	115.3	1354	2.5
Guilford	\$150K - \$349K	558	\$223,535	96.0	105.0	1343	2.4
Guilford	\$350K & Over	183	\$489,065	95.1	141.2	667	3.6
Guilford	Total	1,284	\$208,245	93.8	114.5	3,364	2.6
Randolph	< \$150K	87	\$99,433	92.3	117.5	262	3.0
Randolph	\$150K - \$349K	45	\$203,859	95.6	107.5	262	5.8
Randolph	\$350K & Over	3	\$471,667	96.3	129.6	60	20.0
Randolph	Total	135	\$142,513	93.5	114.4	584	4.3
Stokes	< \$150K	46	\$99,604	91.5	106.3	101	2.2
Stokes	\$150K - \$349K	20	\$215,670	94.1	138.1	106	5.3
Stokes	\$350K & Over	0	n.a.	n.a.	282.5	28	n.a.
Stokes	Total	66	\$134,776	92.3	115.9	235	3.6
Yadkin	< \$150K	25	\$101,918	92.7	168.7	49	2.0
Yadkin	\$150K - \$349K	7	\$228,886	92.9	129.2	27	3.9
Yadkin	\$350K & Over	0	n.a.	n.a.	134.3	9	n.a.
Yadkin	Total	32	\$129,692	92.7	160.1	85	2.7

Note: Data are not seasonally adjusted.

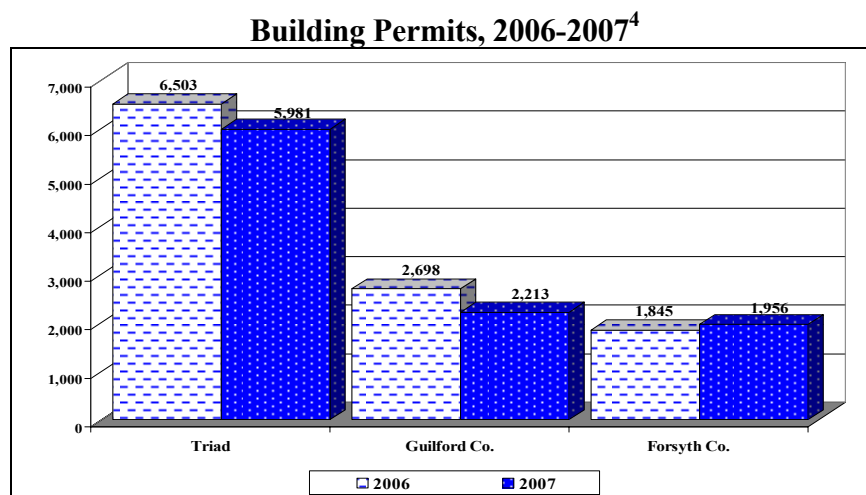
Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved modestly during the 3rd quarter.³ The seasonally adjusted rate of unemployment in the Triad was 4.8 percent in August, unchanged from the revised figure for the second quarter. The national unemployment rate was 4.6 percent, up 0.1 percentage points from last quarter.



Total nonagricultural wage and salary employment (employer survey) in the Piedmont Triad was up 0.2 percent in August. Over the past 12 months, employment has gained 1.7 percent. For the nation as a whole, employment was essentially unchanged in August. Over the past 12 months, national employment has risen 1.2 percent.

Planned single-family residential construction declined during the 3rd quarter. Residential building permits (which reflect plans for future construction) were off -8.0 percent in Triad as a whole during the first 8 months of 2007 compared to the same period in 2006. Permits dropped -18.0 percent in Guilford County but rose 6.0 percent in Forsyth County.



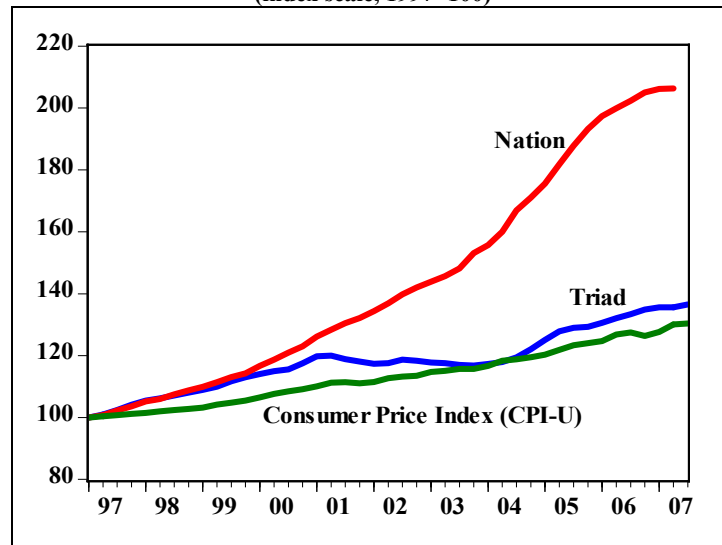
³ The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

⁴ Figures reflect year-to-date totals through August.

Longer-Term Trends

Since the first quarter of 1997, existing home prices in the Triad have risen at an average annual rate of 3.0 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 7.1 percent annual rate from 1997.1 through the 2nd quarter of 2007, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

Existing Housing Prices in the Triad and the Nation
(index scale, 1997=100)



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

Methodology

The *Triad Housing Report* uses data from the Triad MLS to track the pace of housing activity in the Triad (the Burlington, Greensboro/High Point, Winston-Salem, MSAs). 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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