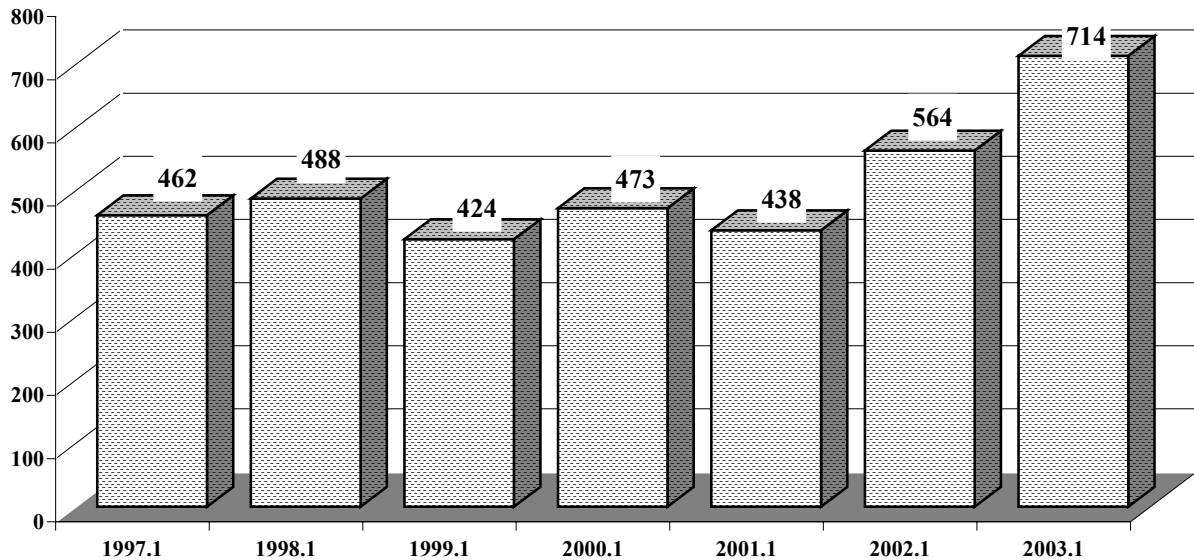


The Greensboro Housing Report, 2003.1

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 714 in the 1st quarter of 2003.¹ The number sold was off -9.4 percent compared to the level of sales recorded in the 4th quarter of 2002, but it was 26.6 percent above the number sold during the 1st quarter one year ago.

Number of Existing Homes Sold



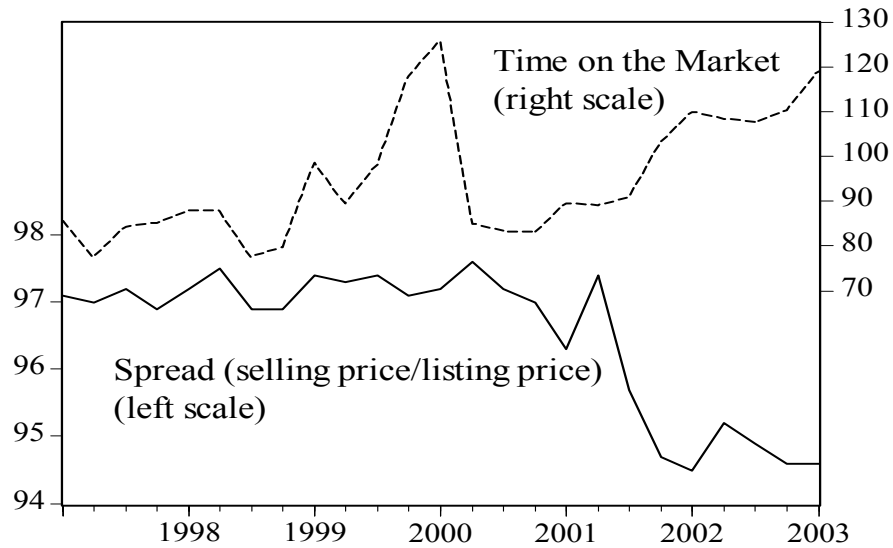
During the 1st quarter, the inventory of homes on the market rose substantially. There were 1,720 unsold homes at the end of the 4th quarter of 2002. By the end of the 1st quarter of 2003, the number of existing homes in inventory had increased to 2,505, a 45.6-percent jump. The median time on the market for unsold homes was 78 days at the end of the 1st quarter.

The price of the average home sold in the 1st quarter was up 1.0 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$167,633. The average this quarter was 2.0 percent above the average recorded in the 1st quarter of last year.

Other indicators of housing market activity were mixed. The average time on the market for existing homes sold was 119 days, up 8.2 percent from the average in the 4th quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 94.7 percent, indicating a modest decrease in the level of discounting in the market. Over the past year, time on the market has increased, but the spread has risen just slightly, suggesting that home sellers need more time to sell their homes but are not accepting offers at greater discounts from their initial listing price.

¹ The Greensboro area of Guilford County includes all of Guilford County except High Point and Jamestown.

Existing Homes, 1997:1 - 2003:1



The improvement in housing affordability has been an important factor stimulating housing demand over the past year. The affordability index, which tracks the income-payment ratio, was higher in the 1st quarter, reflecting the continuing decline in mortgage rates. Since the 1st quarter of last year, the affordability index has risen 14.4 percent.

Existing Home Sales Data, 2003.1 – 2002.1

	<u>2003.1</u>	<u>2002.4</u>	<u>2002.1</u>	<u>% Chg Last Qtr.</u>	<u>% Chg Last Yr.</u>
<i>Existing Homes:</i>					
Ave. Home Price	\$ 167,633	\$ 165,914	\$ 164,413	1.0%	2.0%
No. of Homes Sold	714	788	564	-9.4%	26.6%
Time on Market (days)	119	110	110	8.2%	8.2%
Affordability Index	128.9	128.7	112.7	0.2%	14.4%
Spread: (sale price/list price)	94.7	94.6	94.5	0.1%	0.2%

The Neighborhood Distribution of Existing Home Sales

During the 1st quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 135 sales. It was followed by zip codes 27407 and 27455, which encompass the Lake Jeannette area and the south central area of Guilford County respectively. These two zip codes recorded a total of 92 and 85 sales, respectively. Zip code 27358, which includes the Summerfield area in northwest Guilford County, recorded the highest average price of homes sold, with sales of existing homes averaging \$299,930.

The Neighborhood Distribution of Existing Home Sales, 2003.1

Zip Code	No. Sales	Ave. Price (\$)	Spread	TOM
27358	38	299,930	95.2	166.0
27401	24	109,028	94.4	105.1
27403	51	135,407	93.3	97.3
27405	49	86,515	93.3	99.1
27406	66	114,597	94.1	108.3
27407	92	158,435	94.6	103.4
27408	48	233,785	91.7	122.9
27409	29	94,532	95.1	104.0
27410	135	173,816	95.8	119.9
27455	85	231,961	96.0	125.0

Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region remained sluggish in the 1st quarter. The seasonally adjusted rate of unemployment was 5.9 percent in February 2003, up 0.6 percentage points from the figure one year ago. The rise in the unemployment rate reflects the slow pace of regional economic activity over the past year. The national unemployment rate was 5.8 percent, up 0.2 percentage points from the figure a year ago.

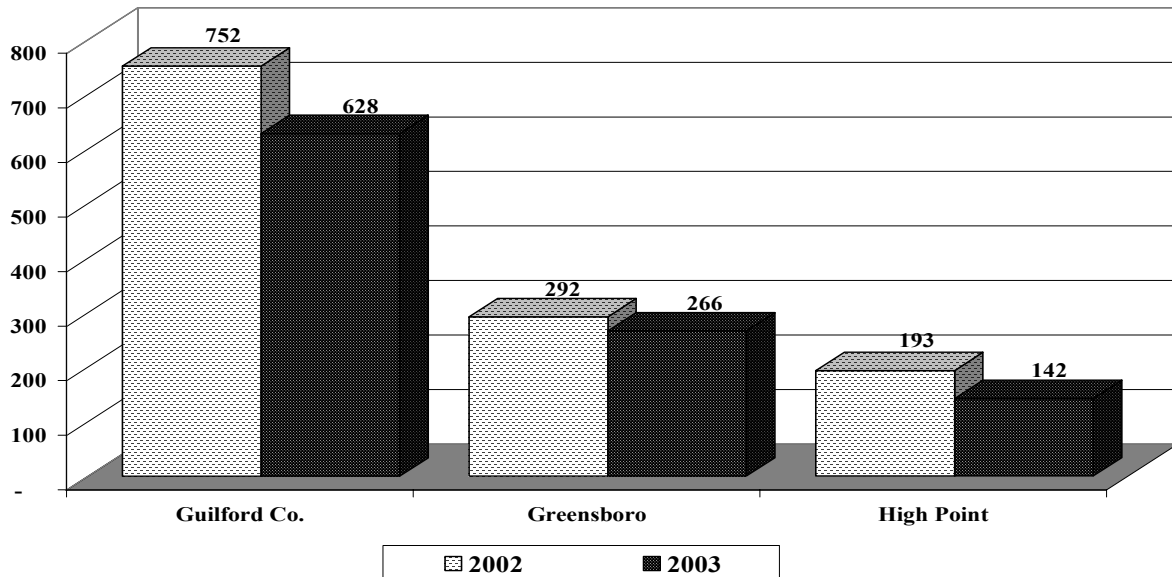


The number of persons employed in the Triad over the past 12 months ending February 2003 declined 1.2 percent, providing a further indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector fell 2.9 percent over the same 12-month period.

Consumer spending in the Triad has been growing slowly. Retail sales adjusted for price-level changes, rose 0.7 percent over the 12 months ending February 2003. In comparison, the growth in real spending nationally was off 0.2 percent.

The weakness in the regional economy also was reflected in the pace of planned building activity over the year. Single-family residential building permits (which reflect plans for future construction) were down -16.4 percent in Guilford County as a whole. Permits dropped -8.9 percent in Greensboro and -26.4 percent in High Point.

Building Permits, 2002-2003²

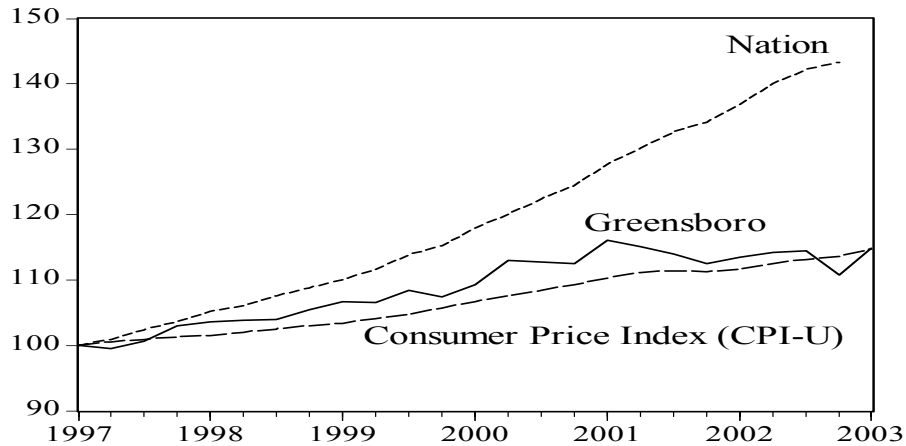


Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Greensboro have risen at an average annual rate of 2.3 percent, just matching the consumer price index (CPI), which also has increased an average of 2.3 percent annually. The appreciation of housing prices in Greensboro has lagged the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 6.3 percent annual rate through the 4th quarter of 2002, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

² Figures reflect year-to-date totals through March.

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



Characteristics of Home Sold, 2002

	<u>Existing</u>
Square Footage	2,002
Floors	1.4
Baths	2.2
Garage Spaces	1.1
Fireplaces	90%
Age	22.0
In the City	0.81
Northwest	42%
Number Sold	2,348

In 2002, the average existing home that was sold had 2,002 square feet of floor space. It was 1.4 stories high, had 2.2 bathrooms, and 1.1 garage parking spaces, and 0.81 fireplaces. The average age of existing homes sold was 22.0 years. Eight-one percent of exiting homes sold were in the city limits of Greensboro, and 42 percent of all homes were in the northwest part of Guilford County.

Methodology

The *Greensboro Housing Report* uses data from the Triad MLS to track the pace of housing activity in Guilford County, excluding 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.

The *Greensboro Housing Report* is compiled for the Greensboro Regional Realtors® Association by Dr. G. Donald Jud, Bryan School of Business & Economics, University of North Carolina at Greensboro, P.O. Box 26165, Greensboro, NC 27402 – 6165. Phone: 336-334-3091; FAX: 336-334-4141; Email: Juddon@uncg.edu and Sharon P. Puryear, AICP, Community Research Associates, Inc.

Historical Data, 1997 – 2003

Date	Number Sold	Adjusted Price	TOM	Spread
1997.1	462	149,885	85.6	97.1
1997.2	664	149,082	77.6	97.0
1997.3	669	150,837	84.5	97.2
1997.4	786	154,257	85.2	96.9
1998.1	488	155,358	88.1	97.2
1998.2	692	155,638	87.9	97.5
1998.3	702	155,680	77.7	96.9
1998.4	636	157,983	79.9	96.9
1999.1	424	159,991	98.8	97.4
1999.2	698	159,667	89.7	97.3
1999.3	742	162,482	98.3	97.4
1999.4	739	161,014	117.9	97.1
2000.1	473	163,635	125.7	97.2
2000.2	640	169,421	85.1	97.6
2000.3	605	168,899	83.3	97.2
2000.4	520	168,585	83.2	97.0
2001.1	438	173,971	89.6	96.3
2001.2	655	182,748	89.1	97.4
2001.3	669	170,598	90.9	95.7
2001.4	585	168,583	103.3	94.7
2002.1	564	164,413	110.0	94.5
2002.2	770	171,061	108.5	95.2
2002.3	790	171,383	107.5	94.9
2002.4	788	165,914	110.4	94.6
2003.1	714	167,633	119.0	94.7