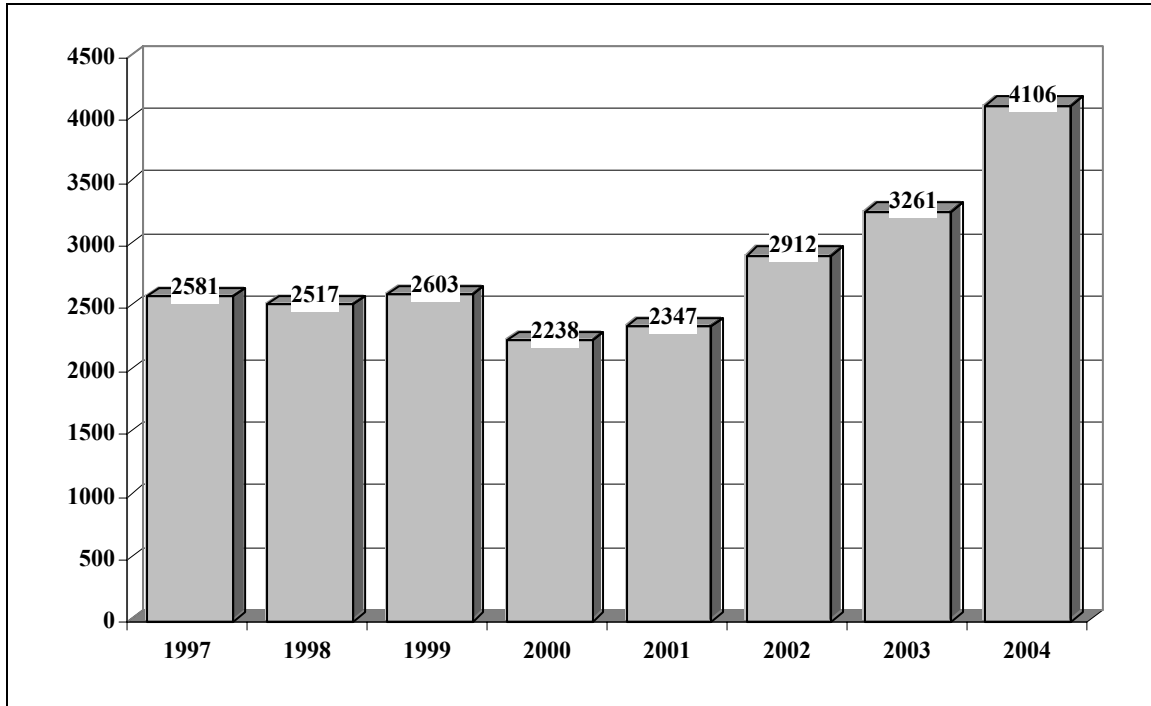


The Greensboro Housing Report, 2004

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 4,106 in 2004.¹ The number sold was up 25.9 percent compared to the level of sales recorded in 2003. Nationally, the National Association of Realtors® (NAR) reports that existing home sales increased 9.4 percent in 2004.

Number of Existing Homes Sold, 1997 – 2004



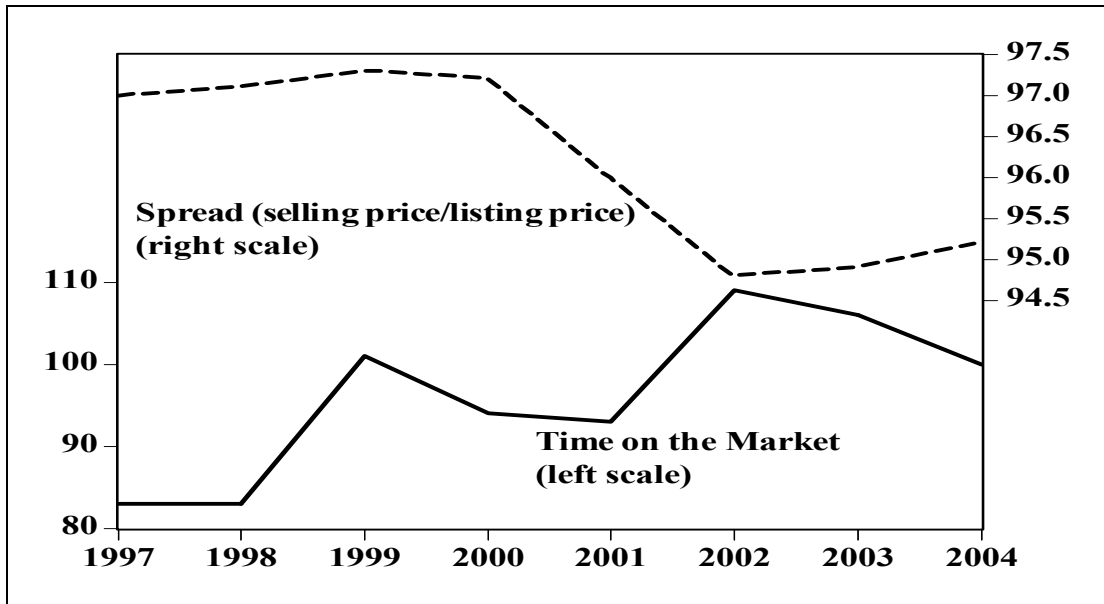
At the end of the 4th quarter of 2004, the inventory of homes on the market totaled 2,358 or 57 percent of the number of homes sold during the year. The number of existing homes offered for sale was up 31 percent from what it was at the end of 2003. The average time on the market for unsold homes was 125 days.

The price of the average home sold in 2004 was up 1.3 percent from 2003. The average quality-adjusted price of an existing home in Greensboro was \$172,318. Nationally, the median price for existing homes reported by NAR was \$184,100 in 2004, up 8.3 percent over 2003.

Other indicators of housing activity showed a stronger market this year than last. The average time on the market for existing homes sold was 100 days, down 5.6 percent from the average in 2003. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 95.2 percent, indicating a small decline in the level of discounting in the market. These statistics suggest that home sellers need less time to sell their homes and are accepting offers with smaller 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 – 2004



Housing affordability has been an important factor shaping housing demand in recent years. In 2004, the affordability index averaged 133.3, indicating that housing affordability was 33.3 percent higher than in the 1996 base year. During 2004, affordability declined 2.0 percent because of higher home prices and interest rates.

Existing Home Sales Data, 2004 – 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% Chg 2004-03</u>
Ave. Home Price	\$172,318	\$170,035	\$168,032	1.3%
No. of Homes Sold	4,106	3,261	2,912	25.9%
Time on Market (days)	100	106	109	-5.6%
Affordability Index	133.3	136.0	130.6	-2.0%
Spread: (sale price/list price)	95.2	94.9	94.8	0.3%

The Neighborhood Distribution of Existing Home Sales

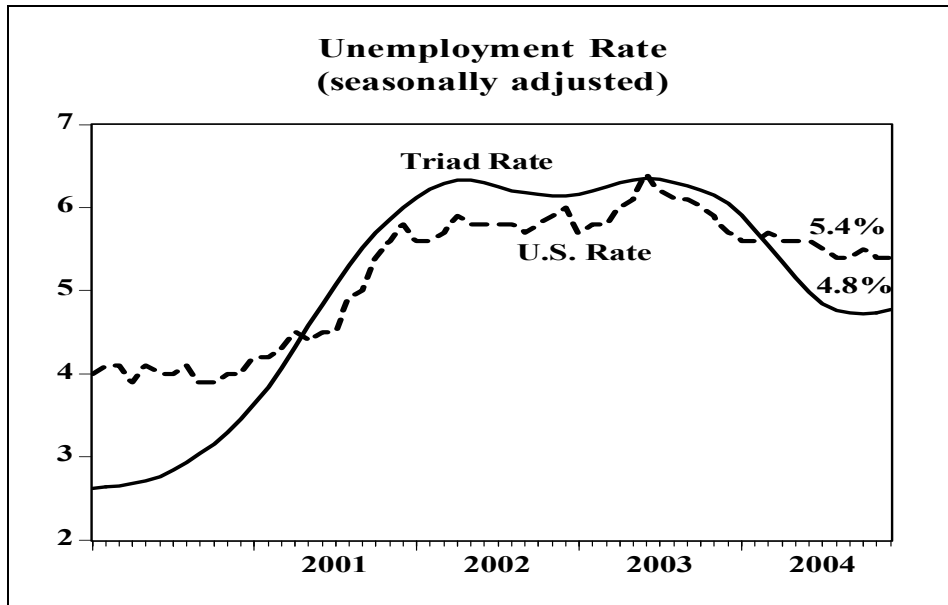
During 2004, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 793 sales. It was followed by zip code 27455, encompassing the Lake Jeannette area, which recorded a total of 607 sales. The highest average price of homes sold was recorded in the Summerfield area (zip code 27358). Homes in this neighborhood averaged \$337,279. The second highest average price was \$307,718 recorded in Oakridge area (zip code 27310).

The Neighborhood Distribution of Existing Home Sales, 2004

Zip Code	No. Sales	Average Price	TOM	Spread
27410	793	\$192,788	97	96.2
27455	607	\$246,019	117	96.7
27407	456	\$148,752	83	94.8
27406	434	\$124,675	92	94.2
27405	341	\$103,109	96	93.3
27408	264	\$229,925	94	93.8
27403	223	\$133,225	77	93.7
27358	138	\$337,279	109	96.2
27409	138	\$106,017	95	95.9
27310	121	\$307,718	116	97.4
27401	115	\$113,332	100	93.0
27214	93	\$167,273	114	97.1
27301	73	\$142,129	103	95.4
27377	70	\$220,185	129	96.4
27357	62	\$210,809	123	95.0
27313	42	\$165,348	115	94.0
27249	37	\$126,933	104	94.2
27235	24	\$274,281	135	95.0
27284	20	\$242,872	82	95.9
27283	14	\$136,320	95	97.2

Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved during in the 4th quarter. The seasonally adjusted rate of unemployment was 4.8 percent in December 2004, down 1.2 percentage points from December 2003. The national unemployment rate in December was 5.4 percent.

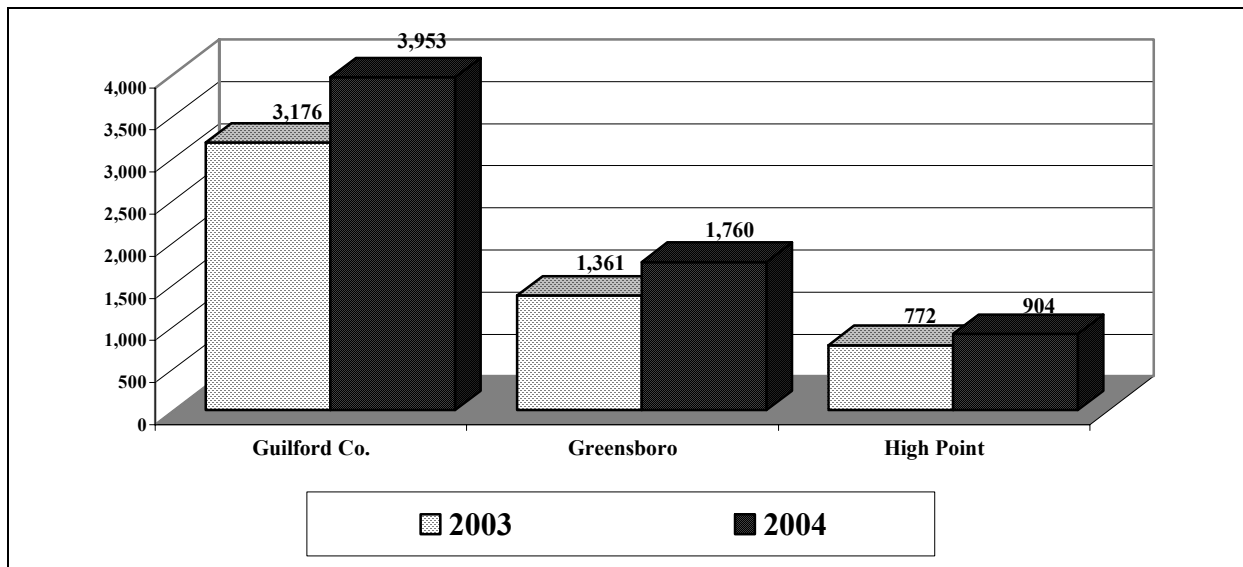


The number of persons employed in the Triad rose 1.1 percent from December 2003, compared to a 1.7 percent gain nationwide. Employment in the goods-producing sector fell 2.2 percent over the past year, but the average workweek and average hourly earning moved up.

Consumer spending in the Triad, adjusted for price level change, rose 2.2 in 2004. In comparison, real spending nationally was up 5.2 percent.

Planned residential construction increased during 2004. Residential building permits (which reflect plans for future construction) were up 24.5 percent in Guilford County as a whole during 2004 compared to 2003. Permits rose 29.3 percent in Greensboro and 17.1 percent in High Point.

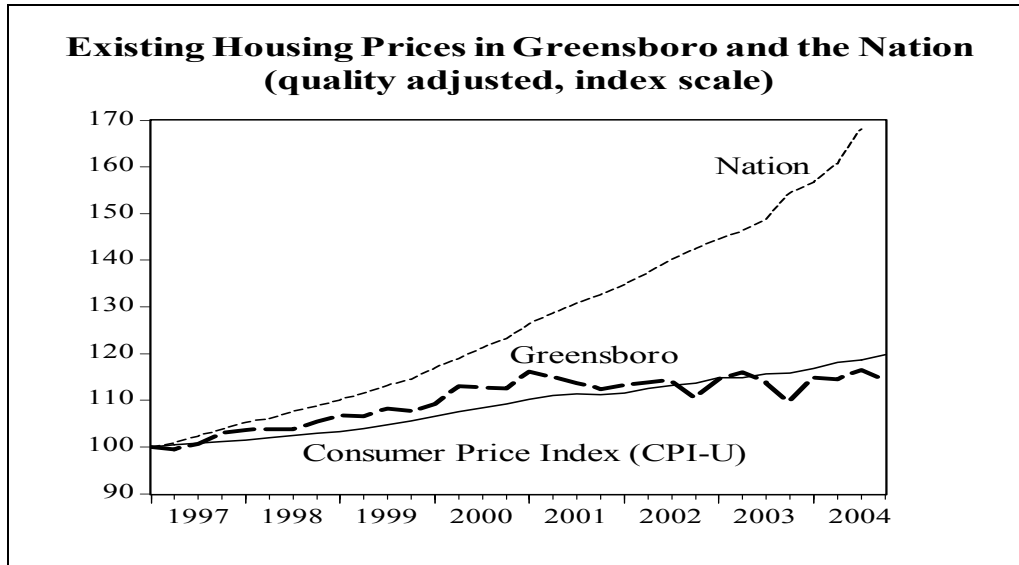
Building Permits, 2003-2004²



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

Longer-Term Trends

Since 1997, existing home prices in Greensboro have risen at an average annual rate of 1.9 percent, lagging the consumer price index for urban consumers (CPI-U), which has increased an average of 2.3 percent annually. The appreciation of housing prices in Greensboro has lagged substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 6.9 percent annual rate from 1997 through the 2004, according to data compiled by the Office of Federal Housing Enterprise Oversight (OFHEO).



Characteristics of Existing Homes Sold, 2004

Square Footage	1,971
Floors	1.5
Baths	2.3
Garage Spaces	1.1
Fireplaces	88%
Age	21.5
In the City	83%
Northwest	44%
Number Sold	4,106

In 2004, the average existing home that was sold had 1,971 square feet of floor space. It was 1.5 stories high, had 2.3 bathrooms, 1.1 garage parking spaces, and 0.88 fireplaces. The average age of existing homes sold was 21.5 years. Eighty-three percent of existing homes sold were in the city limits of Greensboro, and 44 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.

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Historical Data, 1997 – 2004

Year	Adjusted Sales Price	No. Sales	Spread	TOM
1997	\$151,016	2,581	97.0	83
1998	\$156,130	2,517	97.1	83
1999	\$160,750	2,603	97.3	101
2000	\$167,596	2,238	97.2	94
2001	\$173,988	2,347	96.0	93
2002	\$168,032	2,912	94.8	109
2003	\$170,035	3,261	94.9	106
2004	\$172,318	4,106	95.2	100