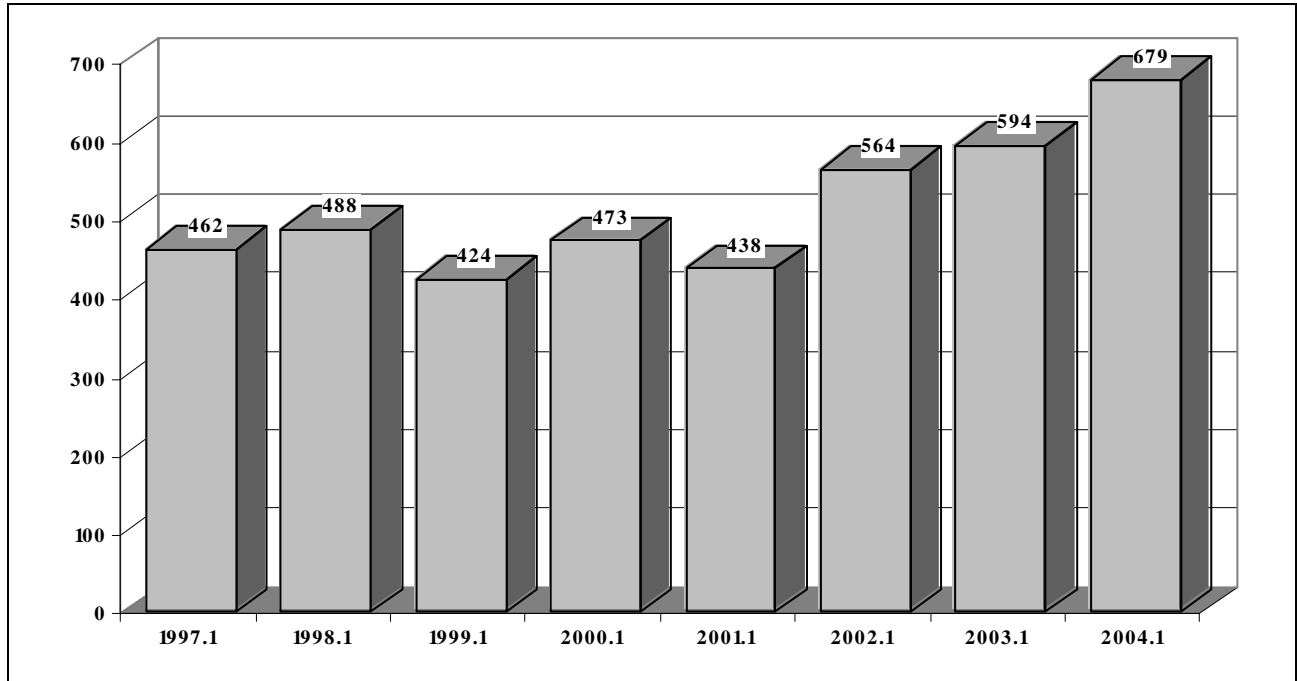


# *The Greensboro Housing Report, 2004.1*

## **Current Outlook**

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 679 in the 1st quarter of 2004.<sup>1</sup> The number sold was up 19.8 percent compared to the level of sales recorded in the 4th quarter of 2003, and it was 14.3 percent above the number sold during the 1st quarter one year ago.

**Number of Existing Homes Sold, 1997.1 – 2004.1**



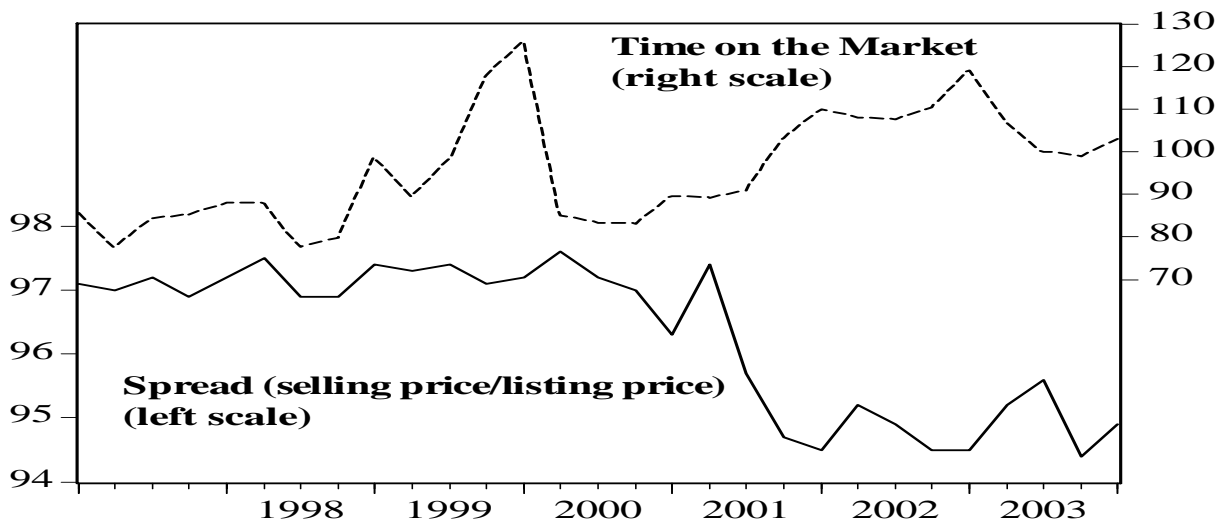
At the end of the 1st quarter of 2004, the inventory of homes on the market was 1,906 or 2.8 times the number of homes sold in the first quarter. The number of existing homes offered for sale was up 5.9 percent from what it was at the end of the 4th quarter. The average time on the market for unsold homes was 111 days at the end of the 1st quarter.

The price of the average home sold in the 1st quarter was up 4.7 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$172,235. The average this quarter was 0.3 percent above the average recorded in the 1st quarter of last year.

Other indicators of housing activity were mixed in the 1st quarter. The average time on the market for existing homes sold was 103 days, up 4.0 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 94.9 percent, indicating a decrease in the level of discounting in the market. Over the past year, time on the market has declined, and the selling-to-listing price ratio has risen, suggesting that home sellers need less time to sell their homes and are accepting offers with smaller discounts from their initial listing price.

<sup>1</sup> The Greensboro area of Guilford County includes all of Guilford County except High Point and Jamestown.

## Existing Homes, 1997:1 - 2004:1



Housing affordability has been an important factor maintaining housing demand over the past year. The affordability index rose 3.8 percent this quarter because of lower interest rates. Since the 1st quarter of 2003, the affordability index has risen 2.8 percent because of the decline in mortgage rates.

### Existing Home Sales Data, 2003.1 – 2004.1

				% Chg	% Chg
	2004.1	2003.4	2003.1	Last Qtr.	Last Yr.
<i>Existing Homes:</i>					
Ave. Home Price	\$ 172,235	\$ 164,541	\$ 171,795	4.7%	0.3%
No. of Homes Sold	679	567	594	19.8%	14.3%
Time on Market (days)	103	99	119	4.0%	-13.4%
Affordability Index	140.4	135.3	136.6	3.8%	2.8%
Spread: (sale price/list price)	94.9	94.4	94.5	0.5%	0.4%

### The Neighborhood Distribution of Existing Home Sales

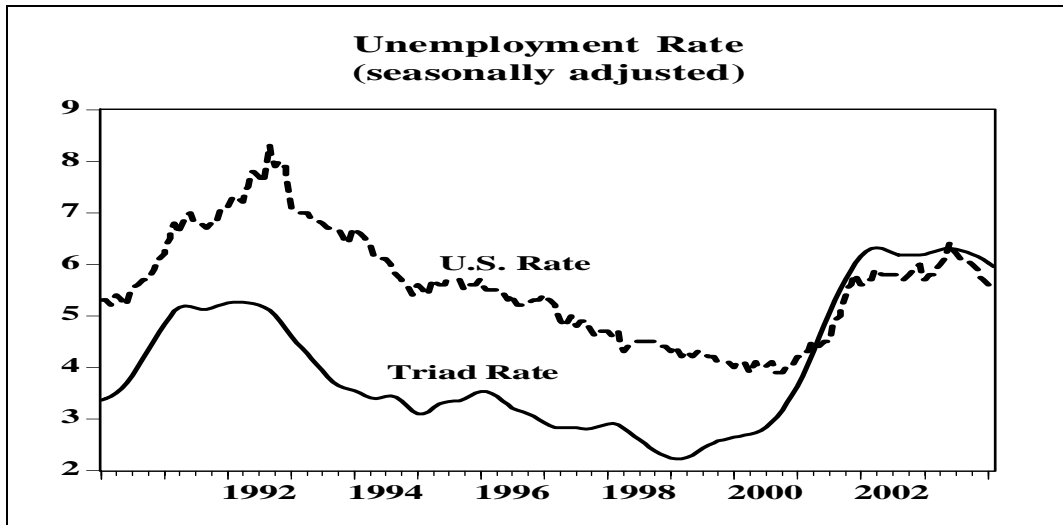
During the 1st quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 121 sales. It was followed by zip code 27455, encompassing the Lake Jeannette area, which recorded a total of 91 sales. The Lake Jeannette area also recorded the highest average price of homes sold, with sales of existing homes averaging \$256,531.

**The Neighborhood Distribution of Existing Home Sales, 2004.1**

		<b>Ave.</b>		
<b>Zip Code</b>	<b>No. Sales</b>	<b>Price</b>	<b>Spread</b>	<b>TOM</b>
27401	20	\$69,910	88.2%	99
27403	47	\$135,332	93.6%	61
27405	65	\$94,923	92.2%	98
27406	77	\$115,249	94.7%	91
27407	76	\$138,679	94.9%	87
27408	36	\$226,768	95.0%	86
27409	8	\$133,000	96.9%	62
27410	121	\$209,081	95.7%	111
27455	91	\$256,531	96.7%	127

**Economic Trends in the Piedmont Triad**

Economic conditions in the eight-county Piedmont Triad region improved during in the 1st quarter. The seasonally adjusted rate of unemployment was 6.0 percent in February 2004, down 0.2 percentage points from the February 2003. The national unemployment rate in February was 5.6 percent.

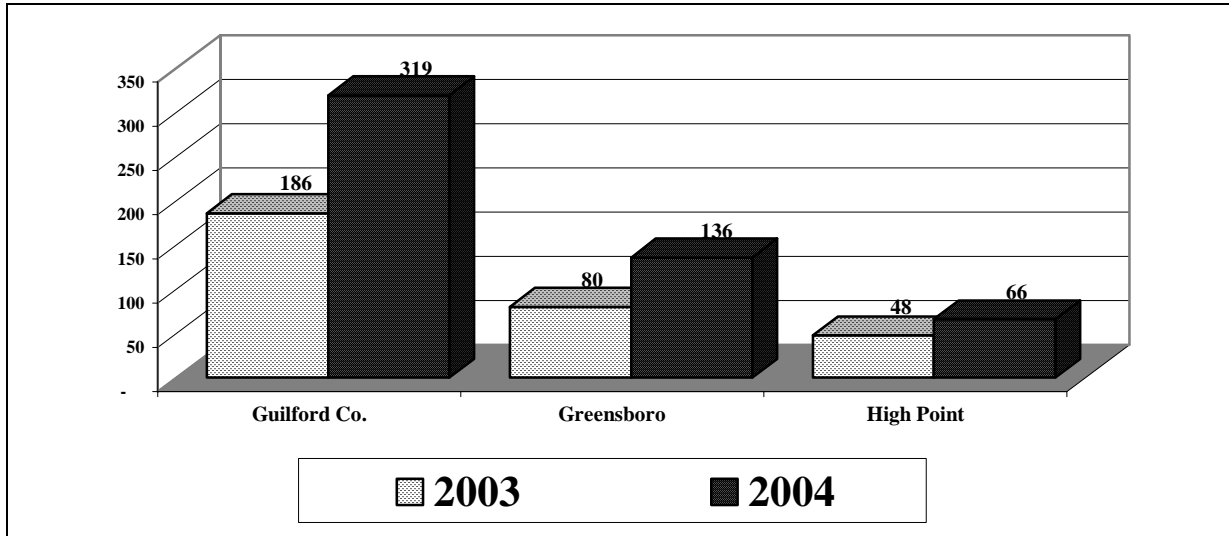


The number of persons employed in the Triad has dropped by 6,600 (1.0 percent) since February 2003, providing a clear indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector has continued to decline, but the average workweek and average weekly earning moved up in the 4th quarter.

Consumer spending in the Triad continues to decline. Retail sales adjusted for price-level changes, slipped 2.6 percent over the 12 months ending February 2004. In comparison, the growth in real spending nationally was up 6.1 percent.

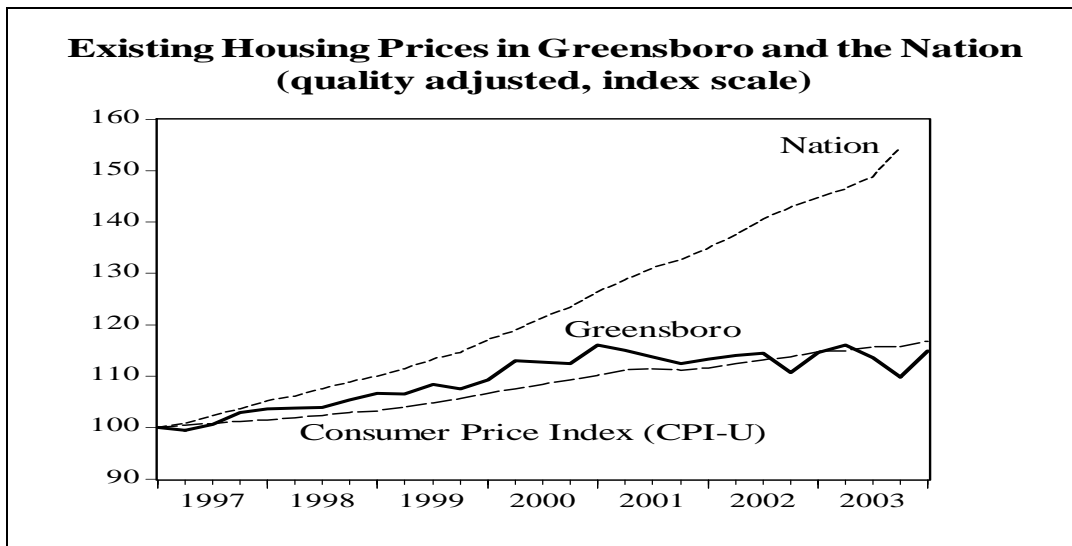
Planned residential construction increased during the 1st quarter. Residential building permits (which reflect plans for future construction) were up 71.5 percent in Guilford County as a whole during the first 2 months of 2004 compared to 2003. Permits rose 70.0 percent in Greensboro and 37.5 percent in High Point.

### Building Permits, 2002-2004<sup>2</sup>



### 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, 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 substantially the rise in housing prices nationally. For the nation as a whole, existing home prices have risen at a 6.4 percent annual rate through the 4th quarter of 2003, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



<sup>2</sup> Figures reflect year-to-date totals through November.

### Characteristics of Existing Homes Sold, 2003

Square Footage	1,973
Floors	1.4
Baths	2.3
Garage Spaces	1.1
Fireplaces	90%
Age	21.0
In the City	0.81
Northwest	45%
Number Sold	3,261

In 2003, the average existing home that was sold had 1,973 square feet of floor space. It was 1.4 stories high, had 2.3 bathrooms, 1.1 garage parking spaces, and 0.90 fireplaces. The average age of existing homes sold was 21.0 years. Eight-one percent of exiting homes sold were in the city limits of Greensboro, and 45 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](mailto:Juddon@uncg.edu) and Sharon P. Puryear, AICP, Community Research Associates, Inc.**

**Historical Data, 1997 – 2004**

<b>Quarter</b>	<b>No. Sales</b>	<b>Adjusted Sales Price</b>	<b>Spread</b>	<b>TOM</b>
1997.1	462	149,887	97.1	86
1997.2	664	149,096	97.0	78
1997.3	669	150,835	97.2	85
1997.4	786	154,272	96.9	85
1998.1	488	155,347	97.2	88
1998.2	692	155,641	97.5	88
1998.3	702	155,690	96.9	78
1998.4	636	158,007	96.9	80
1999.1	424	159,991	97.4	99
1999.2	698	159,680	97.3	90
1999.3	742	162,508	97.4	98
1999.4	739	161,123	97.1	118
2000.1	473	163,645	97.2	126
2000.2	640	169,438	97.6	85
2000.3	605	168,941	97.2	83
2000.4	520	168,657	97.0	83
2001.1	438	173,976	96.3	90
2001.2	655	182,781	97.4	89
2001.3	669	170,557	95.7	91
2001.4	585	168,607	94.7	103
2002.1	564	164,386	94.5	110
2002.2	770	170,972	95.2	108
2002.3	790	171,383	94.9	108
2002.4	788	165,936	94.5	110
2003.1	594	171,788	94.5	119
2003.2	829	174,009	95.2	107
2003.3	1271	170,339	95.6	100
2003.4	567	164,556	94.4	99
2004.1	679	172,235	94.9	103