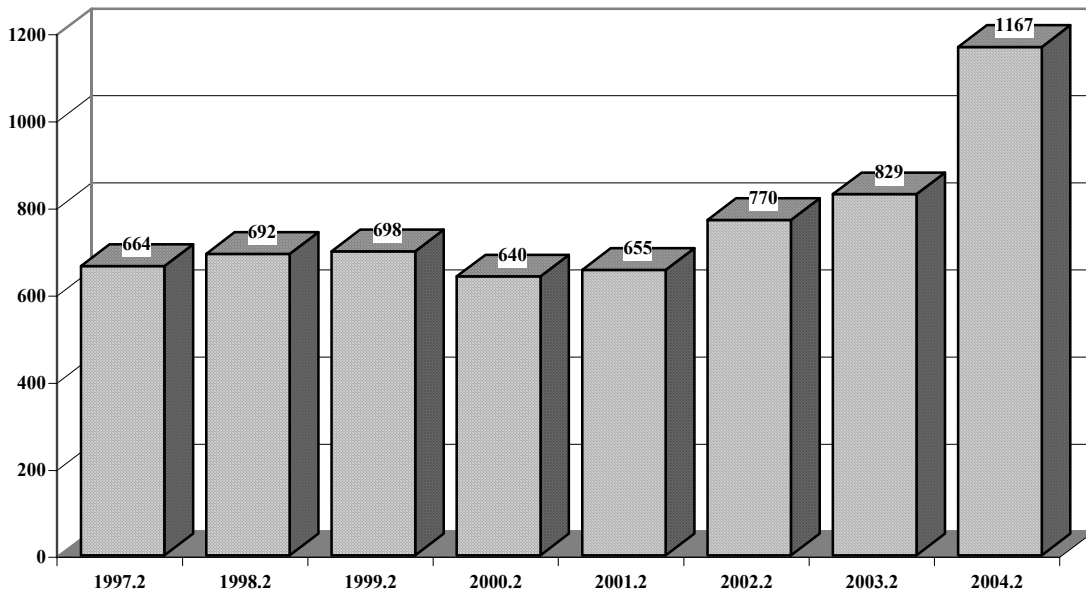


# *The Greensboro Housing Report, 2004.2*

## **Current Outlook**

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 1,167 in the 2nd quarter of 2004.<sup>1</sup> The number sold was up 71.9 percent compared to the level of sales recorded in the 1st quarter, and it was 40.8 percent above the number sold during the 2nd quarter one year ago.

**Number of Existing Homes Sold, 1997.2 – 2004.2**

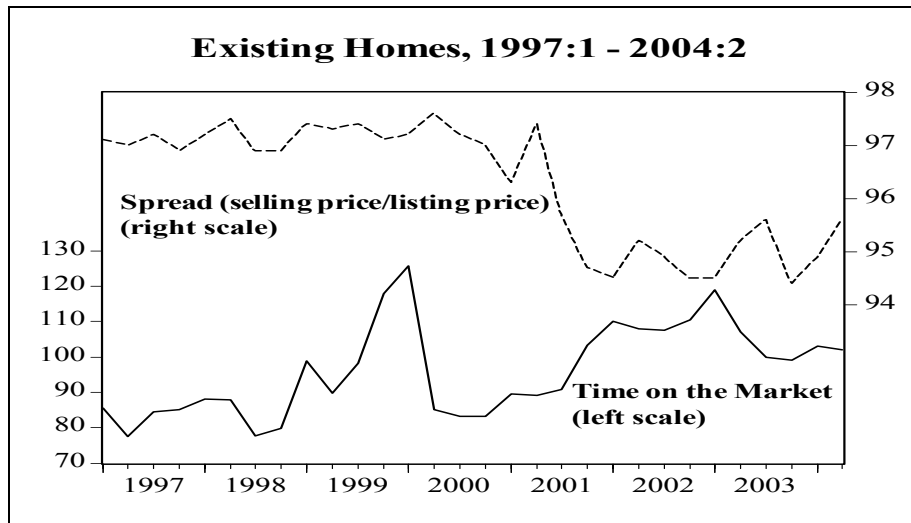


At the end of the 2nd quarter of 2004, the inventory of homes on the market was 2,695 or 2.3 times the number of homes sold in the 2nd quarter. The number of existing homes offered for sale was up 41.4 percent from what it was at the end of the 1st quarter. The average time on the market for unsold homes was 101 days at the end of the 2nd quarter.

The price of the average home sold in the 2nd quarter was off 0.3 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$171,709. The average this quarter was 1.3 percent below the average recorded in the 2nd quarter of last year.

Other indicators of housing activity were mixed in the 2nd quarter. The average time on the market for existing homes sold was 102 days, down 1.0 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly higher at 95.6 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.



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index declined 5.8 percent this quarter because of higher interest rates. Since the 2nd quarter of 2003, the affordability index has fallen 8.4 percent because of the rise in mortgage rates.

#### Existing Home Sales Data, 2003.2 – 2004.2

				% Chg	% Chg
	<u>2004.2</u>	<u>2004.1</u>	<u>2003.2</u>	<u>Last Qtr.</u>	<u>Last Yr.</u>
<i>Existing Homes:</i>					
Ave. Home Price	\$ 171,709	\$ 172,271	\$ 174,015	-0.3%	-1.3%
No. of Homes Sold	1,167	679	829	71.9%	40.8%
Time on Market (days)	102	103	107	-1.0%	-4.7%
Affordability Index	127.4	135.2	139.0	-5.8%	-8.4%
Spread: (sale price/list price)	95.6	94.9	95.2	0.7%	0.4%

#### The Neighborhood Distribution of Existing Home Sales

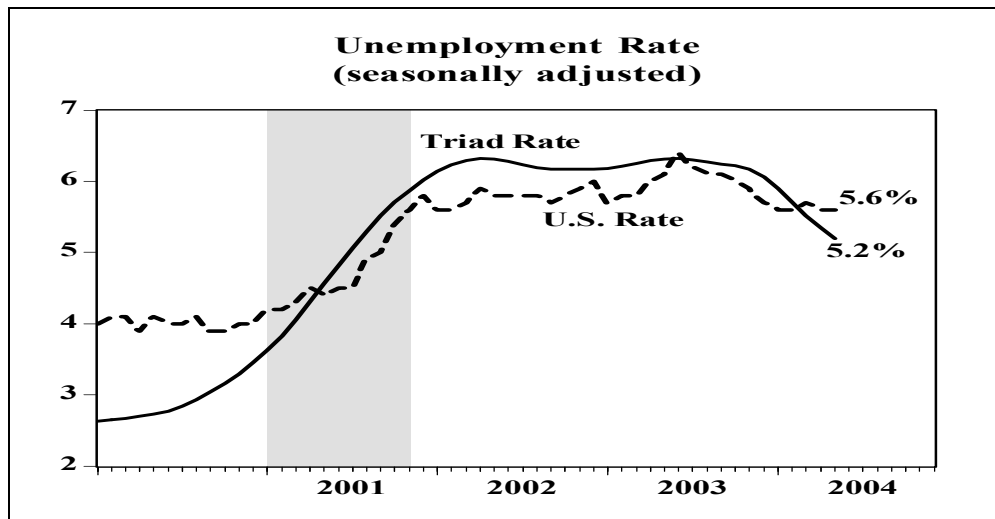
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 245 sales. It was followed by zip code 27455, encompassing the Lake Jeannette area, which recorded a total of 188 sales. The Lake Jeannette area also recorded the highest average price of homes sold, with sales of existing homes averaging \$243,206.

## The Neighborhood Distribution of Existing Home Sales, 2004.2

		Ave.		
<u>Zip Code</u>	<u>No. Sales</u>	<u>Price</u>	<u>Spread</u>	<u>TOM</u>
27401	25	\$119,048	92.8%	137
27403	69	\$120,356	95.1%	80
27405	82	\$99,890	93.4%	88
27406	118	\$119,412	94.3%	92
27407	132	\$150,125	95.8%	82
27408	77	\$41,394	94.2%	105
27409	43	\$107,064	97.3%	87
27410	245	\$184,463	96.7%	97
27455	188	\$243,206	96.5%	125

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved during in the 2nd quarter. The seasonally adjusted rate of unemployment was 5.2 percent in May 2004, down 1.1 percentage points from the May 2003. The national unemployment rate in May was 5.6 percent.

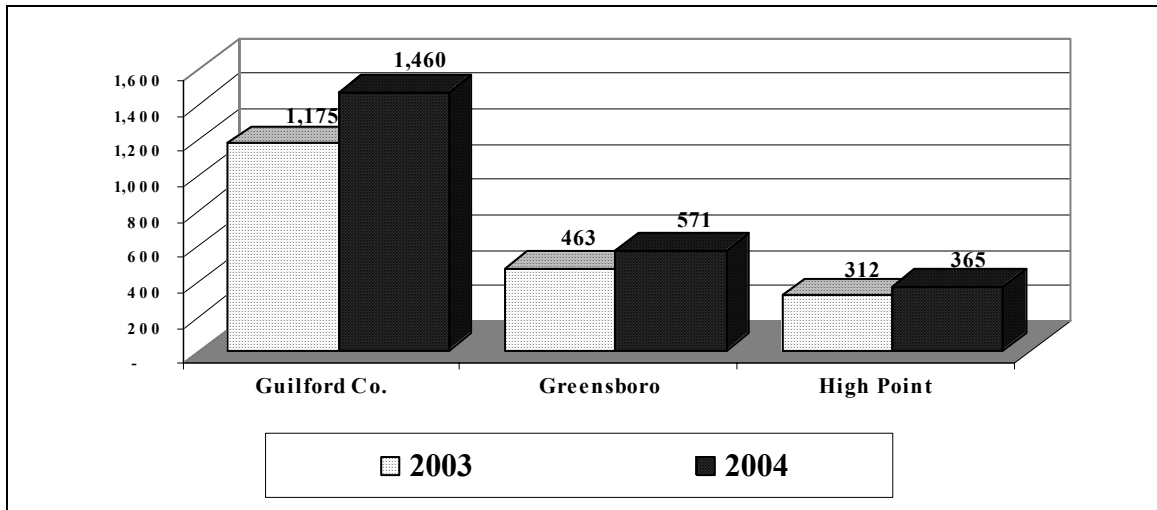


The number of persons employed in the Triad has dropped by 2,900 (0.5 percent) since May 2003, providing a clear indicator of the sluggish pace of regional economic activity. Employment in the manufacturing sector has shown little change, but the average workweek and average weekly earning moved up in the 2nd quarter.

Consumer spending in Guilford County, adjusted for price level change, has declined 0.9 percent over the past 12 months. In comparison, real spending nationally was up 5.8 percent over the same period.

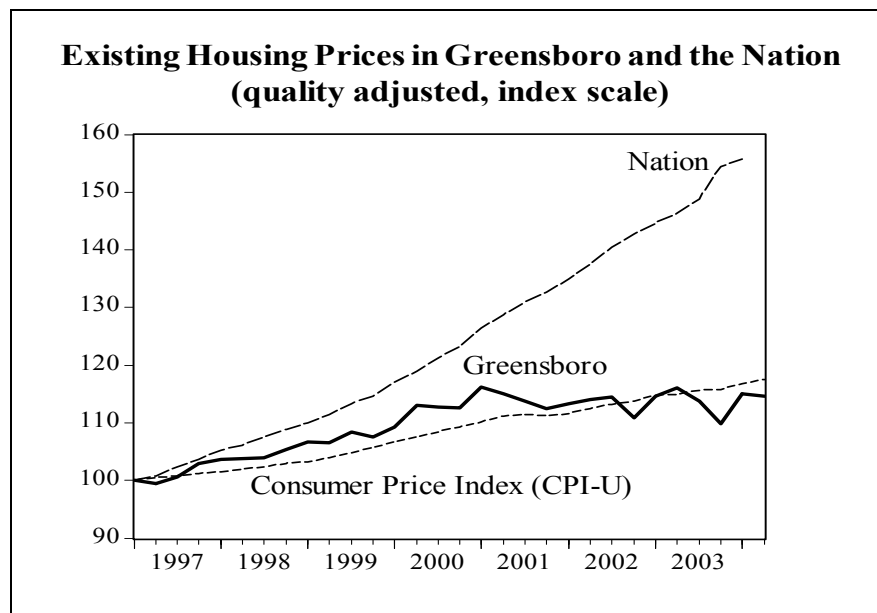
Planned residential construction increased during the 2nd quarter. Residential building permits (which reflect plans for future construction) were up 24.3 percent in Guilford County as a whole during the first 5 months of 2004 compared to the same period in 2003. Permits rose 23.3 percent in Greensboro and 17.0 percent in High Point.

## Building Permits, 2003-2004<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 1.9 percent, lagging the consumer price index (CPI), which has increased an average of 2.2 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 from 1997.1 through the 1st quarter of 2004, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



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

### 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	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. Eighty-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

Quarter	No. Sales	Adjusted Sales Price	Spread	TOM
1997.1	462	149,863	97.1	86
1997.2	664	149,060	97.0	78
1997.3	669	150,789	97.2	85
1997.4	786	154,254	96.9	85
1998.1	488	155,278	97.2	88
1998.2	692	155,594	97.5	88
1998.3	702	155,659	96.9	78
1998.4	636	157,966	96.9	80
1999.1	424	159,937	97.4	99
1999.2	698	159,645	97.3	90
1999.3	742	162,476	97.4	98
1999.4	739	161,183	97.1	118
2000.1	473	163,620	97.2	126
2000.2	640	169,416	97.6	85
2000.3	605	168,911	97.2	83
2000.4	520	168,674	97.0	83
2001.1	438	174,095	96.3	90
2001.2	655	182,834	97.4	89
2001.3	669	170,560	95.7	91
2001.4	585	168,651	94.7	103
2002.1	564	164,419	94.5	110
2002.2	770	170,939	95.2	108
2002.3	790	171,417	94.9	108
2002.4	788	166,007	94.5	110
2003.1	594	171,791	94.5	119
2003.2	829	174,015	95.2	107
2003.3	1271	170,341	95.6	100
2003.4	567	164,646	94.4	99
2004.1	679	172,271	94.9	103
2004.2	1167	171,709	95.6	102