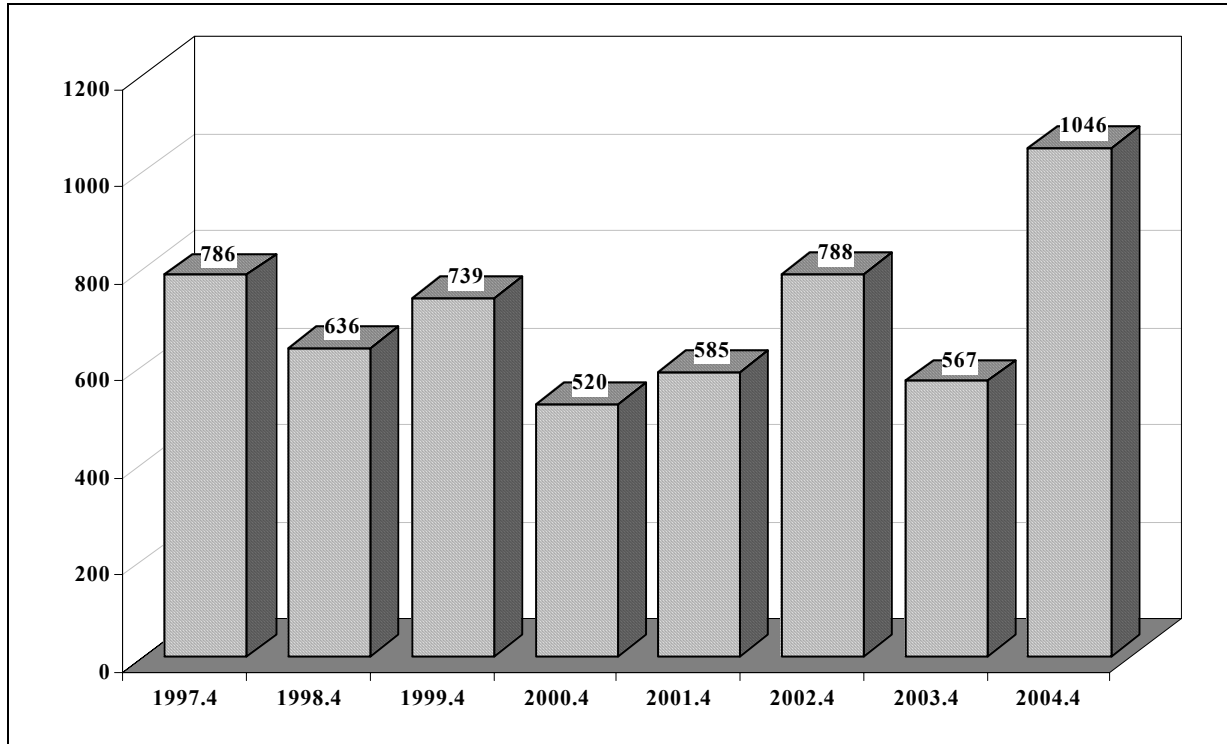


The Greensboro Housing Report, 2004.4

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 1,046 in the 4th quarter of 2004.¹ The number sold was down 13.8 percent compared to the level of sales recorded in the 3rd quarter, but it was 84.5 percent higher than the number sold during the 4th quarter one year ago.

Number of Existing Homes Sold, 1997.4 – 2004.4



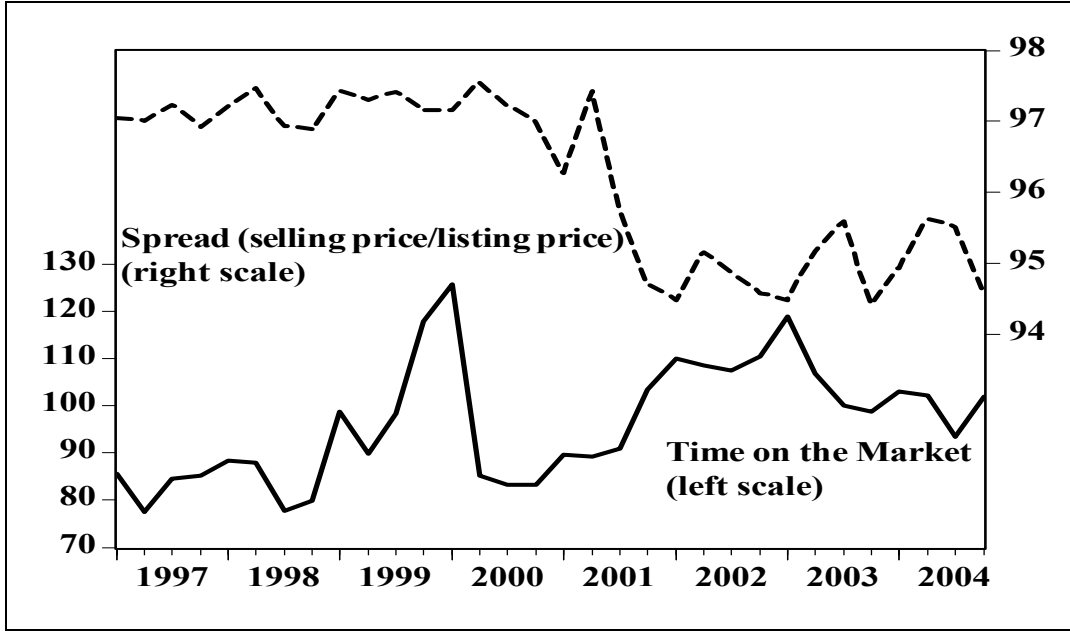
At the end of the 4th quarter of 2004, the inventory of homes on the market was 2,358 or 2.3 times the number of homes sold in the 4th quarter. The number of existing homes offered for sale was down 11.9 percent from what it was at the end of the 3rd quarter. The average time on the market for unsold homes was 125 days at the end of the 4th quarter.

The price of the average home sold in the 4th quarter was down 2.1 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$170,914. The average this quarter was 3.9 percent above the average recorded in the 4th quarter of last year.

Other indicators of housing activity were mixed in the 4th quarter. The average time on the market for existing homes sold was 102 days, up 8.5 percent from the average in the 3rd quarter. The sale-list price spread, which shows the ratio of selling to listing price, was slightly lower at 94.6 percent, indicating a small increase in the level of discounting in the market. Over the past year, time on the market has risen, and the selling-to-listing price ratio also has increased slightly, suggesting that home sellers need more time to sell their homes but are not accepting offers with larger 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 – 2004.4



Housing affordability has been an important factor shaping housing demand over the past year. The affordability index rose 3.5 percent this quarter because of lower prices and interest rates. Since the 4th quarter of 2003, the affordability index has gained 1.3 percent because of the decline in mortgage rates.

Existing Home Sales Data, 2003.4 – 2004.4

	2004.4	2004.3	2003.4	% Chg Last Qtr.	% Chg Last Yr.
Ave. Home Price	\$170,914	\$174,576	\$164,487	-2.1%	3.9%
No. of Homes Sold	1,046	1,214	567	-13.8%	84.5%
Time on Market (days)	102	94	99	8.5%	3.0%
Affordability Index	137.0	132.4	135.3	3.5%	1.3%
Spread: (sale price/list price)	94.6	95.5	94.4	-0.9%	0.2%

The Neighborhood Distribution of Existing Home Sales

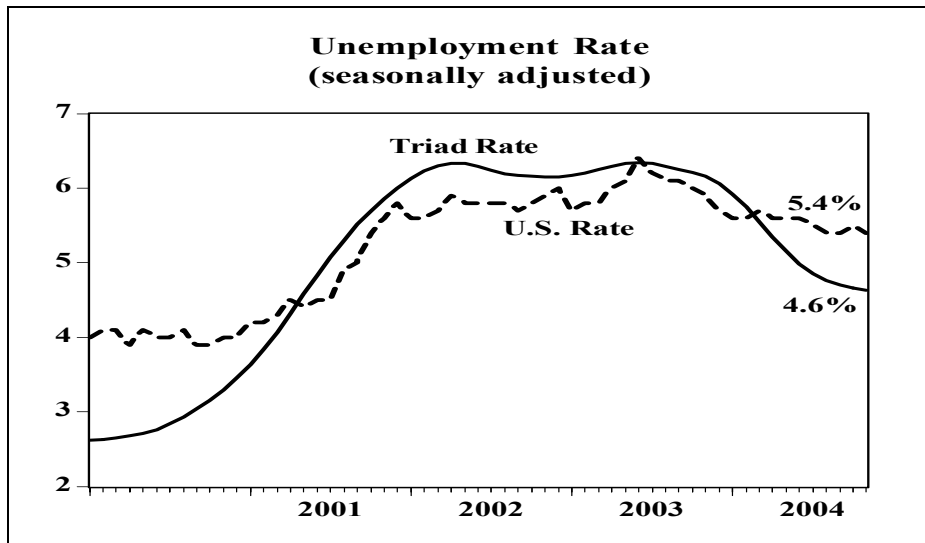
During the 4th quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 187 sales. It was followed by zip code 27455, encompassing the Lake Jeannette area, which recorded a total of 155 sales. This area recorded the highest average price of homes sold, with sales of existing homes averaging \$247,309.

The Neighborhood Distribution of Existing Home Sales, 2004.4

Zip Code	No. Sales	Average Price	Spread	TOM
27401	37	\$99,613	95.0	83
27403	53	\$134,975	92.4	74
27405	87	\$105,090	93.4	105
27406	107	\$121,966	92.3	101
27407	114	\$158,664	92.6	94
27408	68	\$184,669	93.1	88
27409	34	\$89,743	94.2	91
27410	187	\$187,250	95.9	104
27455	155	\$247,309	96.9	107

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 4.6 percent in November 2004, down 1.6 percentage points from November 2003. The national unemployment rate in November was 5.4 percent.



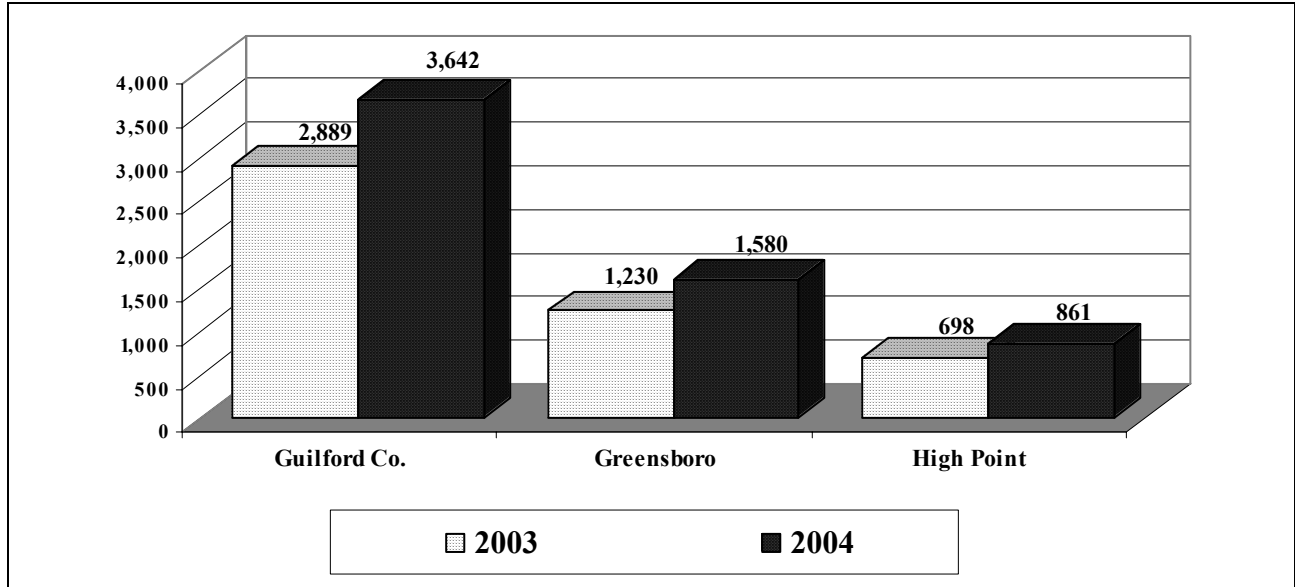
The number of persons employed in the Triad has risen just 0.6 percent since November 2003, providing a clear indicator of the sluggish pace of regional economic activity. Employment in the goods-producing sector has fallen 2.8 percent over the past year, but the average workweek and average hourly earning have moved up.

Consumer spending in the Triad, adjusted for price level change, has risen 4.1 percent over the past 12 months. In comparison, real spending nationally was up 3.5 percent over the same period.

Planned residential construction increased during the 4th quarter. Residential building permits (which reflect plans for future construction) were up 26.1 percent in Guilford County as a whole during the first 11 months of

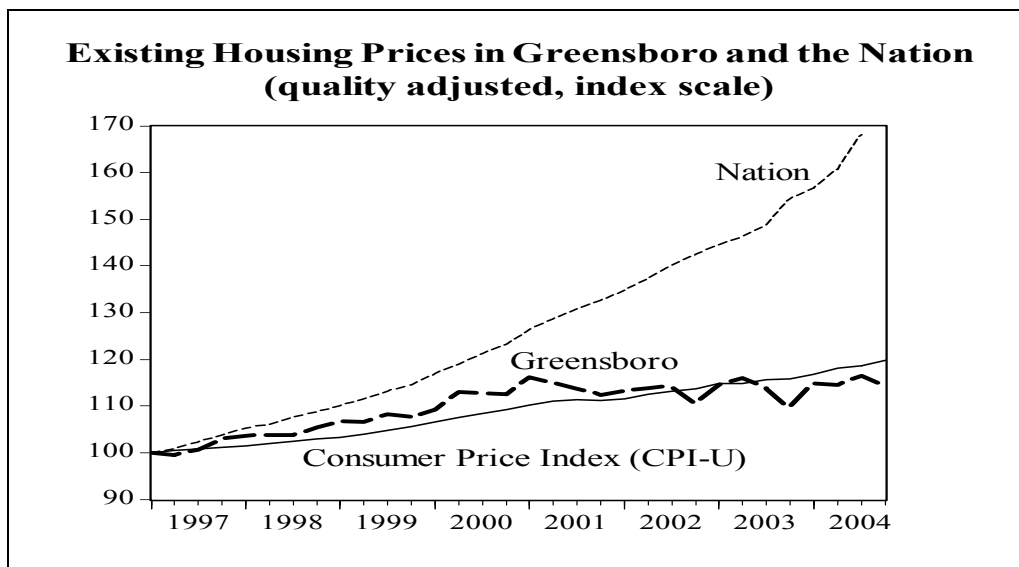
2004 compared to the same period in 2003. Permits rose 28.5 percent in Greensboro and 23.4 percent in High Point.

Building Permits, 2002-2004²



Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Greensboro have risen at an average annual rate of 1.7 percent, lagging the consumer price index (CPI), 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 7.0 percent annual rate from 1997.1 through the 3rd quarter of 2004, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



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

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 exiting 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

Quarter	No. Sales	Adjusted Sales Price	Spread	TOM
1997.1	462	\$146,615	97.1	86
1997.2	664	\$143,627	97.0	78
1997.3	669	\$159,342	97.2	84
1997.4	786	\$146,058	96.9	85
1998.1	487	\$156,327	97.2	88
1998.2	692	\$158,974	97.5	88
1998.3	702	\$153,990	96.9	78
1998.4	636	\$153,386	96.9	80
1999.1	424	\$162,129	97.4	99
1999.2	698	\$166,878	97.3	90
1999.3	742	\$165,587	97.4	98
1999.4	739	\$163,761	97.1	118
2000.1	473	\$170,633	97.2	126
2000.2	640	\$167,166	97.6	85
2000.3	605	\$180,575	97.2	83
2000.4	520	\$175,761	97.0	83
2001.1	438	\$172,717	96.3	90
2001.2	655	\$198,237	97.4	89
2001.3	669	\$182,665	95.7	91
2001.4	585	\$167,946	94.7	103
2002.1	564	\$171,028	94.5	110
2002.2	770	\$192,105	95.2	108
2002.3	790	\$181,806	94.9	107
2002.4	788	\$166,414	94.6	110
2003.1	594	\$184,884	94.5	119
2003.2	829	\$191,126	95.2	107
2003.3	1271	\$176,790	95.6	100
2003.4	567	\$159,747	94.4	99
2004.1	679	\$181,692	94.9	103
2004.2	1167	\$181,563	95.6	102
2004.3	1214	\$186,711	95.5	94
2004.4	1046	\$176,235	94.6	102