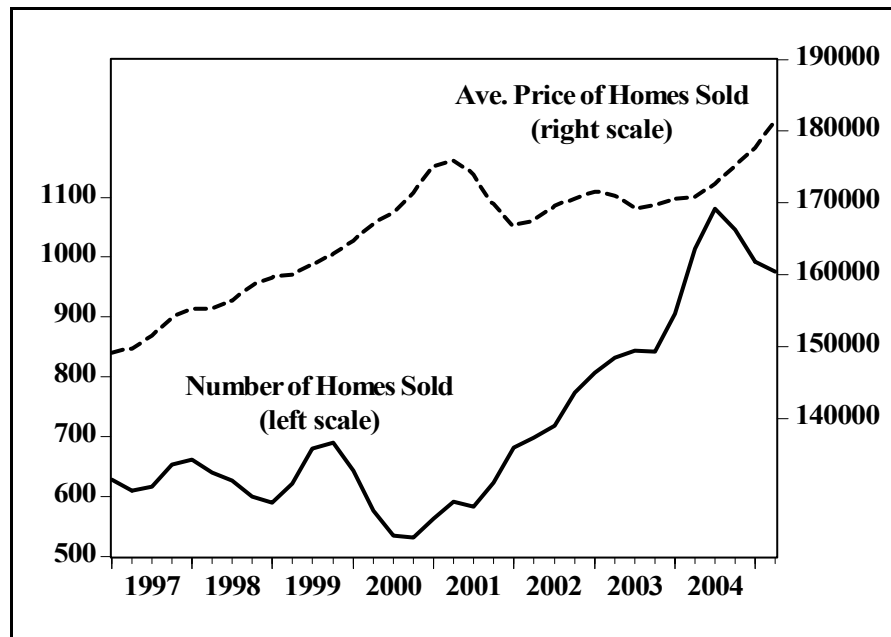


# The Greensboro Housing Report, 2005.2

## Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 976 in the 2nd quarter of 2005 after adjustment for seasonal variation.<sup>1</sup> The number sold was down 1.6 percent compared to the level of sales recorded in the 1st quarter, and it was 3.7 percent below the number sold during the 2nd quarter one year ago.

**Number and Prices of Existing Homes Sold, 1997.1 – 2005.2**  
(seasonally adjusted)



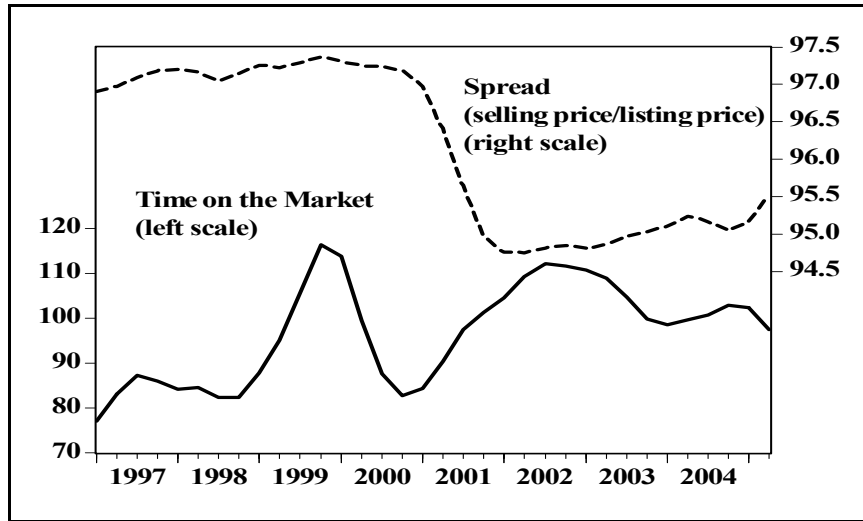
At the end of the 2nd quarter of 2005, the inventory of homes on the market was 2,039 or 1.8 times the number of homes sold in the 2nd quarter. The number of existing homes offered for sale was up 1.9 percent from what it was at the end of the 1st quarter. The average time on the market for the inventory of unsold homes was 100 days at the end of the 2nd quarter. The median time on market was 70 days.

The price of the average home sold in the 2nd quarter was up 2.0 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$181,328. The average this quarter was 6.2 percent above the average recorded in the 2nd quarter of last year.

Other indicators of housing activity offer evidence of a stronger housing market in the 2nd quarter. The average time on the market for existing homes sold was 97 days, down 4.9 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 95.5 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 increased, suggesting that home sellers need less time to sell their homes and are accepting 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, 1997.2 – 2005.2**  
(seasonally adjusted)



Housing affordability is an important factor shaping housing demand. The affordability index declined 3.0 percent this quarter because of higher home prices. Since the 2nd quarter of 2004, the affordability index has remained essentially unchanged because of the fall in interest rates and the growth in personal income.

**Existing Home Sales Data, 2004.2 – 2005.2**  
(seasonally adjusted)

	2005.2	2005.1	2004.2	% Chg Last Qtr.	% Chg Last Yr.
Ave. Home Price	\$ 181,328	\$ 177,720	\$ 170,795	2.0%	6.2%
No. of Homes Sold	976	992	1,014	-1.6%	-3.7%
Time on Market (days)	97	102	100	-4.9%	-3.0%
Affordability Index	128.3	132.2	128.3	-3.0%	0.0%
Spread: (sale price/list price)	95.5	95.2	95.2	0.3%	0.3%

**The Neighborhood Distribution of Existing Home Sales**

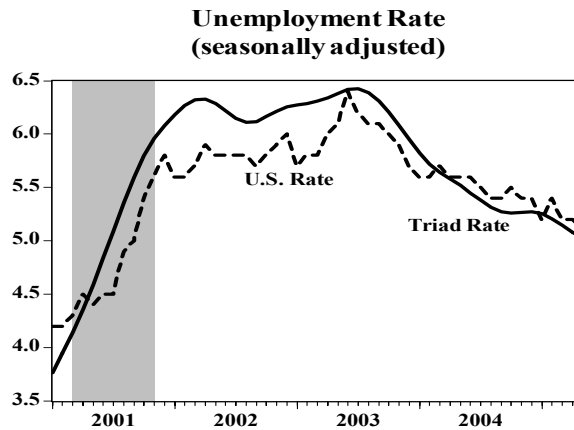
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 196 sales. It was followed by zip code 27407, in the southwest area of the City, which recorded a total of 151 sales. The Lake Jeanette area (zip code 27455) recorded the highest average price of homes sold, with sales of existing homes averaging \$285,308.

## The Neighborhood Distribution of Existing Home Sales, 2005.2

Zip Code	No. Sales	Average Price	Spread	TOM
27401	22	80,715	94.1	122
27403	51	153,790	94.0	80
27405	101	112,571	95.3	106
27406	128	142,128	93.9	90
27407	151	152,863	96.3	84
27408	103	251,241	94.1	79
27409	17	173,784	95.1	89
27410	196	236,467	96.7	77
27455	138	285,308	98.3	92

### Economic Trends in the Piedmont Triad

Economic conditions in the eight-county Piedmont Triad region improved in the 2nd quarter.<sup>2</sup> The seasonally adjusted rate of unemployment in the Triad was 5.0 percent in May, down 0.1 percentage points from the revised figure for April.



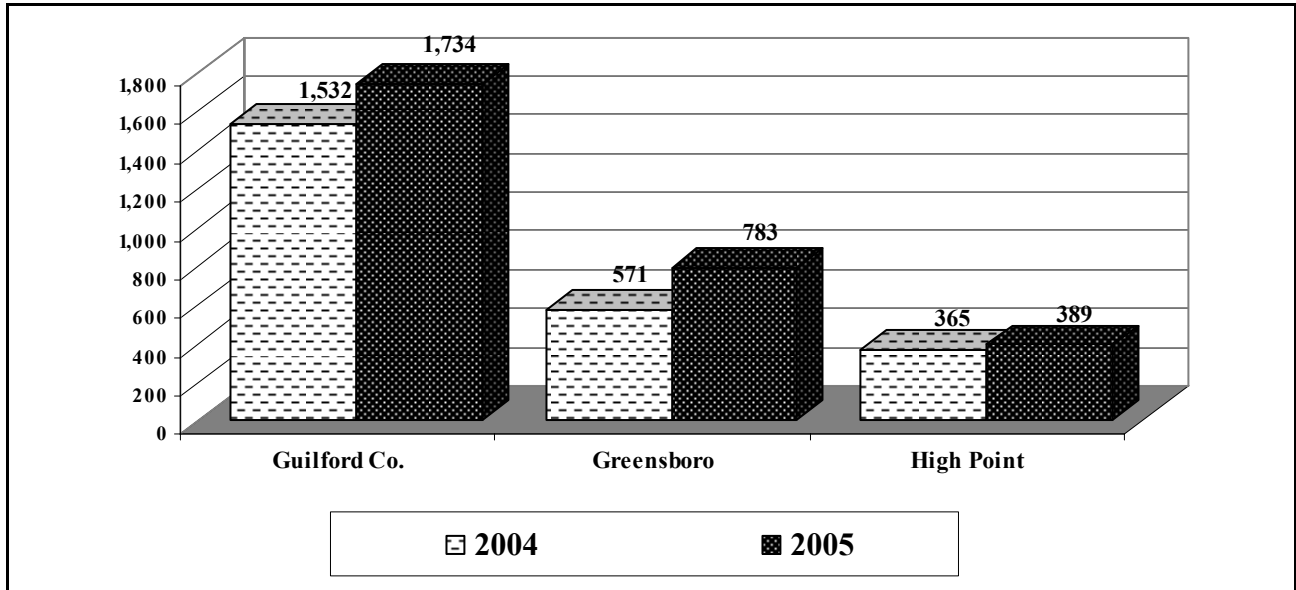
The number of persons employed in the Triad has risen 2.1 percent since May 2004, providing a clear indicator of the improving pace of regional economic activity. Employment in the goods-producing sector has risen 2.2 percent over the past year, while service-producing employment has gained 2.0 percent.

Consumer spending in the Triad, adjusted for price level change, has risen 3.4 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 2nd quarter. Residential building permits (which reflect plans for future construction) were up 13.2 percent in Guilford County as a whole during the first 5 months of 2005 compared to the same period in 2004. Permits rose 37.1 percent in Greensboro and 6.6 percent in High Point.

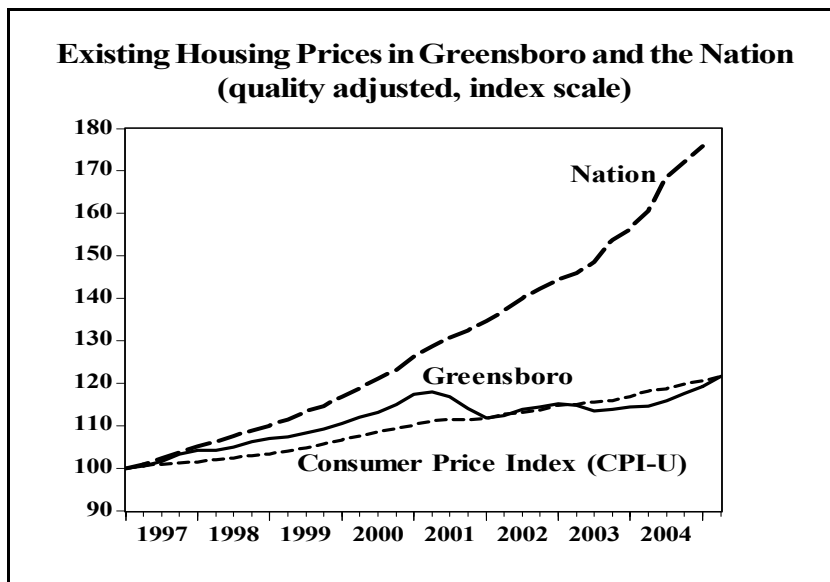
<sup>2</sup> The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

### Building Permits, 2004-2005<sup>3</sup>



### Longer-Term Trends

Since the 1st quarter of 1997, existing home prices in Greensboro have risen at an average annual rate of 2.5 percent, slightly ahead of the consumer price index (CPI), which has increased an average of 2.4 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 7.1 percent annual rate from 1997.1 through the 1st quarter of 2005, according to the Office of Federal Housing Enterprise Oversight (OFHEO).



<sup>3</sup> Figures reflect year-to-date totals through May.

## 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, 1997.1 – 2005.2

Quarter	No. Sales	Adjusted Sales Price	Spread	TOM
1997:1	628	149055	96.9	77
1997:2	610	149687	97.0	83
1997:3	617	151461	97.1	87
1997:4	653	154002	97.2	86
1998:1	661	155279	97.2	84
1998:2	640	155313	97.2	84
1998:3	626	156332	97.0	82
1998:4	599	158459	97.1	82
1999:1	589	159518	97.3	88
1999:2	621	159985	97.2	95
1999:3	679	161338	97.3	105
1999:4	689	162865	97.4	116
2000:1	642	164752	97.3	114
2000:2	577	167032	97.2	99
2000:3	535	168645	97.2	88
2000:4	531	171396	97.2	83
2001:1	562	174979	97.0	84
2001:2	592	175858	96.4	90
2001:3	583	173974	95.7	97
2001:4	623	169858	95.0	101
2002:1	681	166773	94.8	105
2002:2	698	167509	94.7	109
2002:3	718	169638	94.8	112
2002:4	774	170542	94.8	112
2003:1	806	171482	94.8	111
2003:2	832	171034	94.9	109
2003:3	843	169156	95.0	105
2003:4	842	169554	95.0	100
2004:1	905	170415	95.1	98
2004:2	1014	170795	95.2	100
2004:3	1080	172643	95.2	101
2004:4	1045	175220	95.0	103
2005:1	992	177720	95.2	102
2005:2	976	181328	95.5	97

Note: All numbers are seasonally adjusted.