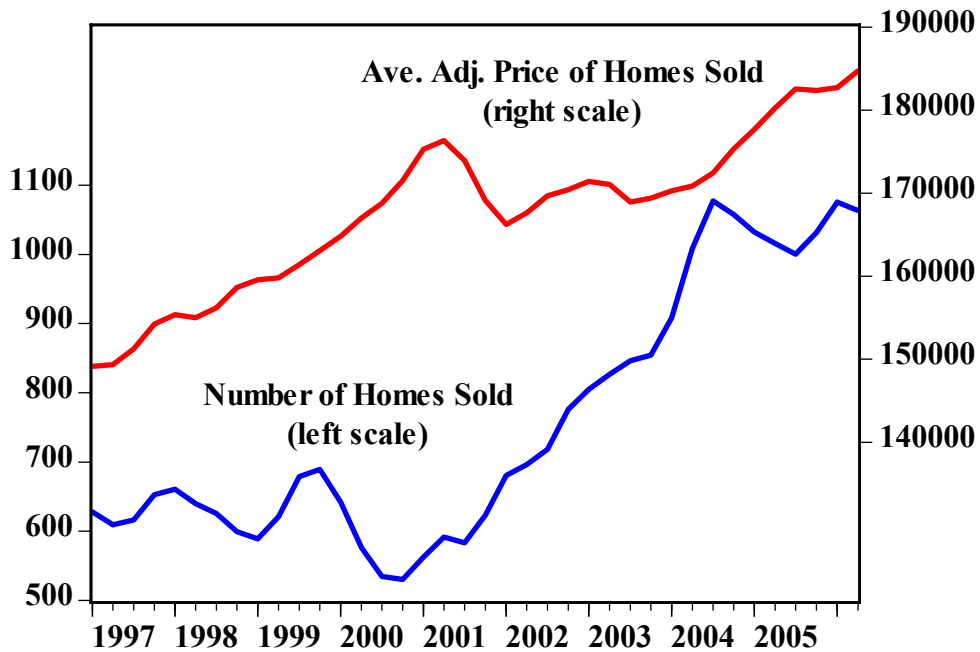


The Greensboro Housing Report, 2006.2

Current Outlook

The number of existing, single-family homes sold in the Greensboro area of Guilford County totaled 1,064 in the 2nd quarter of 2006 after adjustment for seasonal variation.¹ The number sold was off 1.0 percent compared to the level of sales recorded in the 1st quarter, but it was 4.7 percent above the number sold during the 2nd quarter one year ago.

Number and Prices of Existing Homes Sold, 1997.1 – 2006.2
(seasonally adjusted)



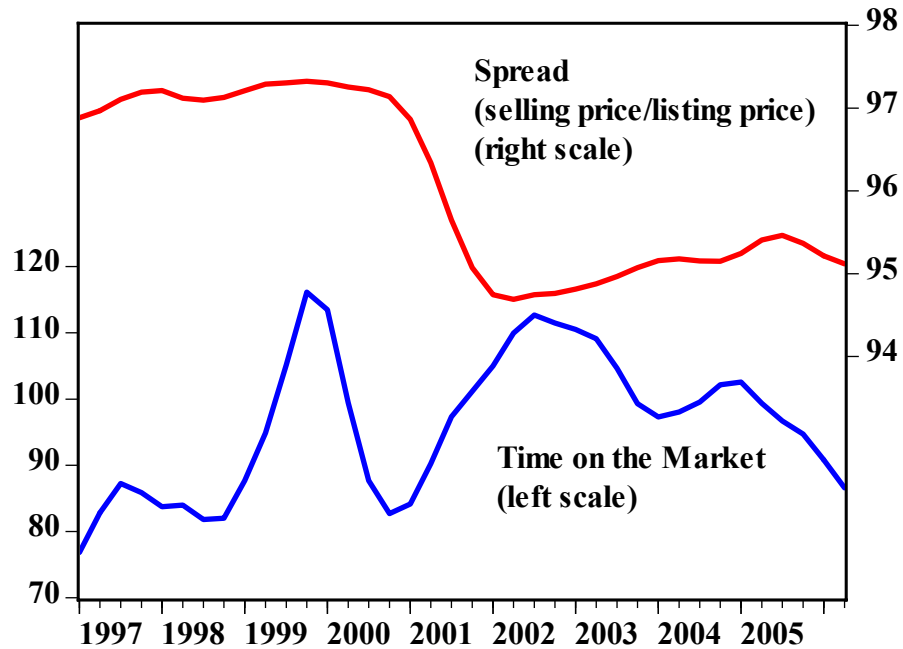
At the end of the 2nd quarter of 2006, the inventory of homes on the market was 2,325 or 1.9 times the number of homes sold in the 2nd quarter. The number of existing homes offered for sale was up 2.4 percent from what it was at the end of the 1st quarter, and it was 14.0 percent above the level one year ago.

The quality-adjusted price of the average home sold in the 2nd quarter was up 1.1 percent from the previous quarter. The average quality-adjusted price of an existing home in Greensboro was \$184,732. The average this quarter was 2.5 percent above the average recorded in the 2nd quarter of last year. Over the past year, consumer prices nationally have risen 4.1 percent, so real home prices in Greensboro have fallen.

Other indicators of housing activity offer a mixed picture of the housing market in the 2nd quarter. The average time on the market for existing homes sold was 86.6 days, down 4.6 percent from the average in the 1st quarter. The sale-list price spread, which shows the ratio of selling to listing price, was lower at 95.1 percent, indicating a small rise in the level of discounting in the market.

¹ The Greensboro area of Guilford County includes all of Guilford County except High Point and Jamestown.

Existing Homes, 1997.1 – 2006.2
(seasonally adjusted)



Housing affordability is an important factor shaping housing demand. The affordability index declined 2.8 percent this quarter because of higher mortgage rates. Since the 2nd quarter of 2005, the affordability index has fallen 8.4 percent.

Existing Home Sales Data, 2006.2 – 2005.2

	2006.2	2006.1	2005.2	% Chg Last Qtr.	% Chg Last Yr.
<i>Seasonally Adjusted</i>					
Adj. Ave. Home Price	\$184,732	\$182,722	\$180,282	1.1%	2.5%
No. of Homes Sold	1,064	1,075	1,016	-1.0%	4.7%
Time on Market (days)	86.6	90.8	99.4	-4.6%	-12.9%
Spread: (sale price/list price)	95.1	95.2	95.4	-0.1%	-0.3%
Consumer Price Index	202.0	199.4	194.0	1.3%	4.1%
<i>Unadjusted</i>					
Ave. Home Price	\$189,212	\$180,489	\$183,389	4.8%	3.2%
No. of Homes Sold	1,217	812	1,243	49.9%	-2.1%
< \$150K	506	371	541	36.4%	-6.5%
\$150K - \$349K	525	332	509	58.1%	3.1%
\$350K & Over	186	109	193	70.6%	-3.6%
Inventory, end of qtr.	2,325	2,271	2,039	2.4%	14.0%
Inventory/Sales	1.9	2.8	1.6	-31.7%	16.5%
Affordability Index	100.7	103.6	109.9	-2.8%	-8.4%

The Neighborhood Distribution of Existing Home Sales

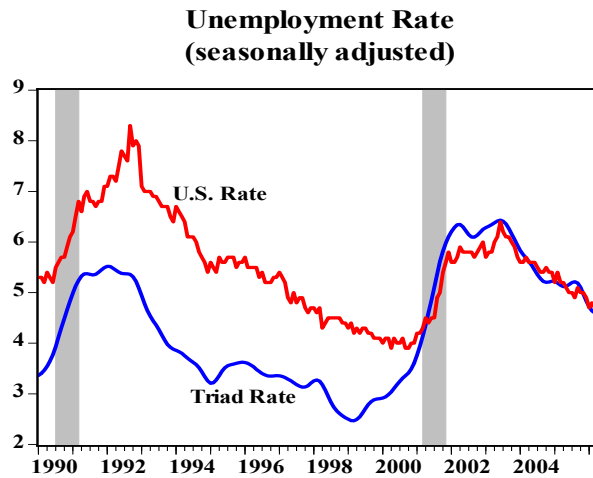
During the 2nd quarter, the largest number of sales of existing homes occurred in zip code 27410. This neighborhood, which takes in most of northwest Greensboro, had a total of 200 sales. It was followed by the Lake Jeanette area (zip code 27455) which recorded a total of 132 sales. The Greensboro Country Club area (zip code 27408) recorded the highest average price of homes sold, with 91 sales averaging \$285,981.

The Neighborhood Distribution of Existing Home Sales, 2006.2

Zip	Price Range	No. Sales	Ave. Price	Spread	TOM	Inventory End of Qtr.	Inv./Sales
27358	< \$150K	3	\$130,133	88.3	66.7	2	0.7
27358	\$150K - \$349K	25	\$252,328	97.5	69.2	33	1.3
27358	\$350K & Over	44	\$504,373	98.1	85.5	94	2.1
27358	Total	72	\$401,264	97.5	79.1	129	1.8
27403	< \$150K	33	\$90,227	93.7	50.5	86	2.6
27403	\$150K - \$349K	23	\$226,615	94.7	68.6	28	1.2
27403	\$350K & Over	3	\$399,167	94.4	30.0	11	3.7
27403	Total	59	\$159,104	94.1	56.5	125	2.1
27405	< \$150K	115	\$96,975	94.1	87.8	204	1.8
27405	\$150K - \$349K	17	\$168,844	99.9	115.2	52	3.1
27405	\$350K & Over	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27405	Total	132	\$106,231	94.9	91.3	256	1.9
27406	< \$150K	112	\$96,556	92.1	84.8	192	1.7
27406	\$150K - \$349K	43	\$220,367	95.9	121.5	104	2.4
27406	\$350K & Over	2	\$367,500	94.1	129.5	23	11.5
27406	Total	157	\$133,918	93.2	95.4	319	2.0
27407	< \$150K	55	\$113,418	96.7	71.1	116	2.1
27407	\$150K - \$349K	52	\$209,442	96.6	55.2	95	1.8
27407	\$350K & Over	13	\$616,071	94.7	120.0	39	3.0
27407	Total	120	\$209,483	96.4	69.5	250	2.1
27408	< \$150K	35	\$122,746	95.4	73.9	25	0.7
27408	\$150K - \$349K	36	\$218,525	94.7	68.9	45	1.3
27408	\$350K & Over	20	\$693,065	93.4	73.4	59	3.0
27408	Total	91	\$285,981	94.7	71.8	129	1.4
27410	< \$150K	36	\$129,965	97.1	38.5	15	0.4
27410	\$150K - \$349K	138	\$224,364	96.5	80.3	141	1.0
27410	\$350K & Over	26	\$512,547	97.6	91.4	76	2.9
27410	Total	200	\$244,836	96.7	74.2	232	1.2
27455	< \$150K	36	\$126,934	98.6	82.9	26	0.7
27455	\$150K - \$349K	65	\$235,734	97.2	96.7	75	1.2
27455	\$350K & Over	31	\$528,326	96.3	70.9	95	3.1
27455	Total	132	\$274,776	97.4	86.9	196	1.5

Economic Trends in the Piedmont Triad

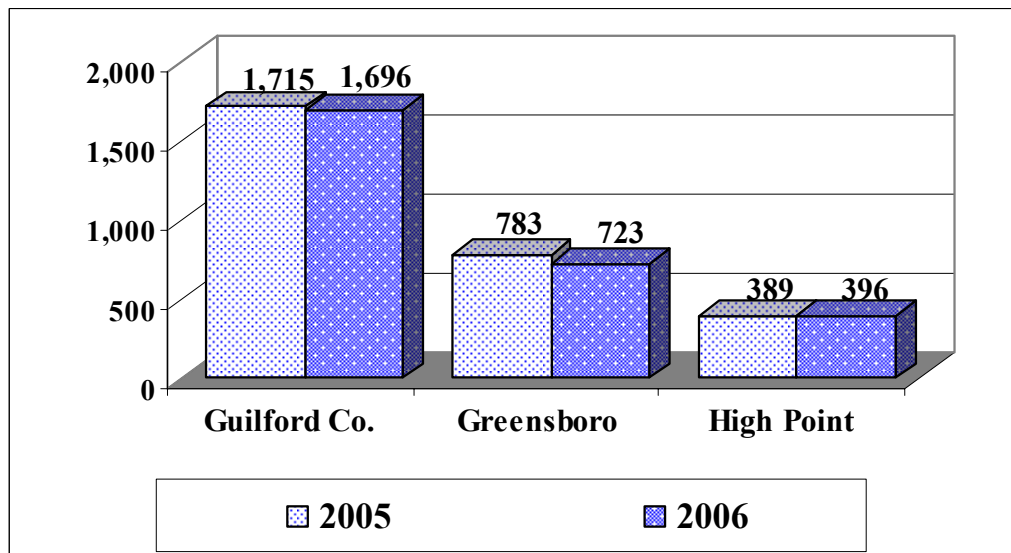
Economic conditions in the eight-county Piedmont Triad region were stable during the 2nd quarter.² The seasonally adjusted rate of unemployment in the Triad was 4.6 percent in May, unchanged from the revised figure for April. The national unemployment rate also was 4.6 percent, down 0.1 percentage points from April.



Total nonagricultural wage and salary employment in the Piedmont Triad was off 0.1 percent in May. Over the past 12 months, employment has slipped 0.3 percent. For the nation as a whole, employment was up 0.1 percent in May. Over the past 12 months, national employment has risen 1.3 percent.

Planned single-family residential construction declined during the 2nd quarter. Residential building permits (which reflect plans for future construction) were off 1.1 percent in Guilford County as a whole during the first 5 months of 2006 compared to the same period in 2005. Permits declined 7.7 percent in Greensboro but rose 1.8 percent in High Point.

Building Permits, 2005-2006³



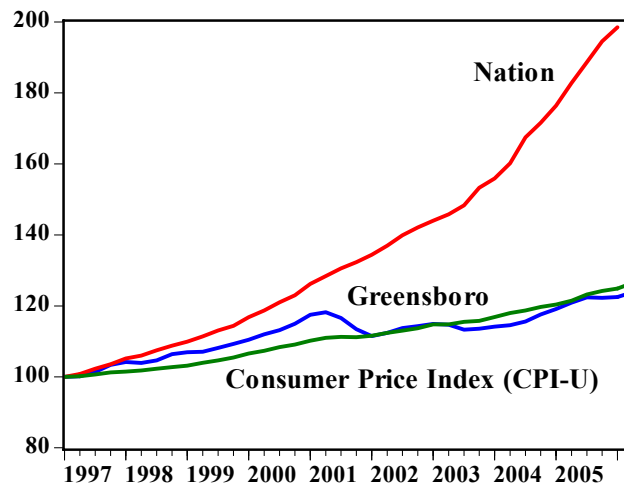
² The Triad is defined as the eight-county area that is composed of the Burlington MSA, the Greensboro/High Point MSA, and the Winston-Salem MSA.

³ Figures reflect year-to-date totals through November.

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, slightly below of the consumer price index (CPI), which has increased an average of 2.6 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 7.7 percent annual rate from 1997.1 through the 1st quarter of 2006, according to the Office of Federal Housing Enterprise Oversight (OFHEO).

**Existing Housing Prices in Greensboro & the Nation
(quality adjusted, index scale)**



In 2005, the average existing home that was sold had 2,096 square feet of floor space. It was 1.5 stories high, had 2.4 bathrooms, 1.3 garage parking spaces, and 0.91 fireplaces. The average age of existing homes sold was 21.9 years. Seventy-nine percent of exiting homes sold were in the city limits of Greensboro, and 39 percent of all homes were in the northwest part of Guilford County.

Characteristics of Existing Homes Sold, 2005

Square Footage	2,096
Floors	1.5
Baths	2.4
Garage Spaces	1.3
Fireplaces	91%
Age	21.9
In the City	79%
Northwest	39%
Number Sold	4,033

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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