

Annual Report on the Triangle Region Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE
ENTIRE TRIANGLE REGION



Data is refreshed regularly to capture changes in market activity.
Figures shown may be different than previously reported.

2012

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With a mean crossover dribble and a wicked head fake, housing is again driving the lane with authority.

Between 2007 and 2011, housing markets were overburdened with distressed properties, excessive supply and weak consumer demand. But a timeout was taken in 2012, and the market was able to rehydrate and breathe easier. Yearlong evidence points to market recovery – just in time to alleviate beleaguered homeowners and relieve a dwindling tax base.

Housing has been the center of attention in 2012 – and it's lonely at the top. For the first time since 2006, housing is on track to be a net positive contributor to GDP. Some have claimed that an accommodating Federal Reserve policy has driven down interest rates so much that it's enabled families to purchase up to 50 percent more house than they otherwise could. Others make a more "market fundamentals" argument, asserting that dramatic declines in supply and solid increases in demand have led to the year's successful turnaround jump shot. The truth lies somewhere in the paint.

Low mortgage rates, affordable prices and rising rents created a three-point play that bolstered consumer confidence. On a national scale, natural disasters, fiscal cliffs, contested elections and sovereign debt crises could not slow down buyers. Consequently, home values are ticking higher in many regions.

In addition to the feel-good nature of a housing recovery, it has tangible benefits to homeowners – particularly those still in underwater mortgage situations. Rising prices should convince more sellers to re-enter the marketplace, passing the rock to buyers.

Listings In general, sellers remained along the baseline, but there are hints of change in the listings playbook. Traditional sellers are returning just as banks seem to be listing fewer distressed properties. In 2012, homeowners introduced 37,940 new properties to the marketplace, a modest 0.4 percent increase or just 155 units more than 2011.

Sales The buyer rebound remained strong throughout the year. Better still, housing demand strengthened without performance-enhancing government incentives. Closed sales were up 20.8 percent to 23,829 for the year. That's the most since 2008 and the first year-over-year increase since that time.

Inventory Currently, buyers have 16.4 percent fewer choices than last year at this time. Changing teams, sellers have 16.4 percent less competition. Supply-side correction is generally a positive, but many local communities are on the brink of a housing shortage, which has given rise to new construction in certain neighborhoods. Move-in ready inventory is at a premium. Thus, restoring seller confidence is a slam dunk to continued recovery. Well-priced and well-presented listings are fetching 96.5 percent of original list price at sale, on average.

Prices Both locally and nationally, home prices are turning a corner. In fact, we ended 2012 with a 2.6 percent median price gain compared to 2011. At \$189,900, prices have come down 5.4 percent from their bubbly apex in 2007. They have recovered from the air ball lows of 2009.

Sustaining a healthy, equitable and bubble-free housing market is of paramount importance. It will require both public and private cooperation – something that was difficult to achieve last year. This recovery is fragile, and an injury at this juncture could be devastating. Given the importance of housing to the overall economy, it's also critical to the recovery of our nation. Here's to continued improvement and a breakaway year!

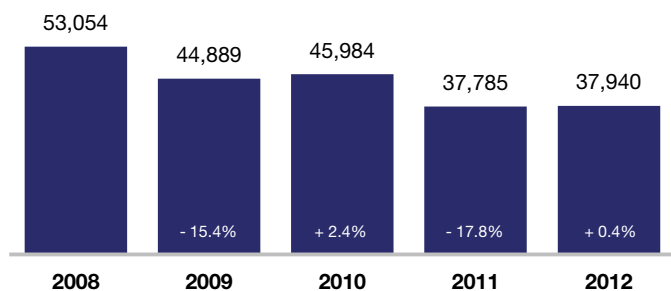
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Quick Facts

New Listings



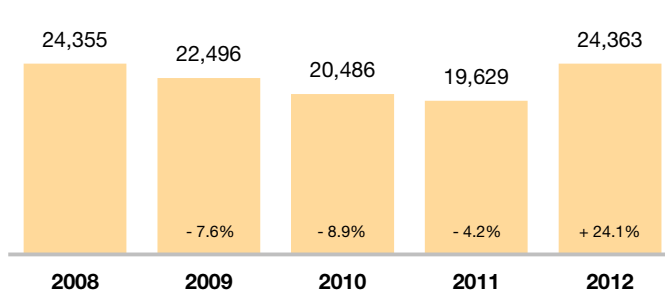
Top 5 Areas: Change in New Listings from 2011

Garner	+ 11.4%
Johnston County	+ 10.7%
Fuquay-Varina / Holly Springs	+ 9.6%
Wake Forest	+ 7.5%
Chatham County	+ 4.4%

Bottom 5 Areas: Change in New Listings from 2011

Raleigh	- 3.7%
Orange County	- 3.8%
Durham-East	- 4.2%
Durham-North	- 4.7%
Inside the Beltline	- 5.9%

Pending Sales



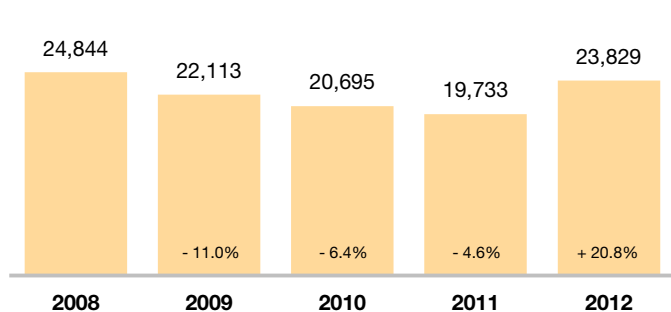
Top 5 Areas: Change in Pending Sales from 2011

Durham-South	+ 36.8%
Garner	+ 36.5%
Raleigh-North	+ 30.5%
Fuquay-Varina / Holly Springs	+ 29.3%
Johnston County	+ 27.9%

Bottom 5 Areas: Change in Pending Sales from 2011

Wake Forest	+ 22.1%
Knightdale / Wendell / Zebulon	+ 21.1%
Durham-North	+ 19.8%
Orange County	+ 16.1%
Durham-East	+ 11.6%

Closed Sales



Top 5 Areas: Change in Closed Sales from 2011

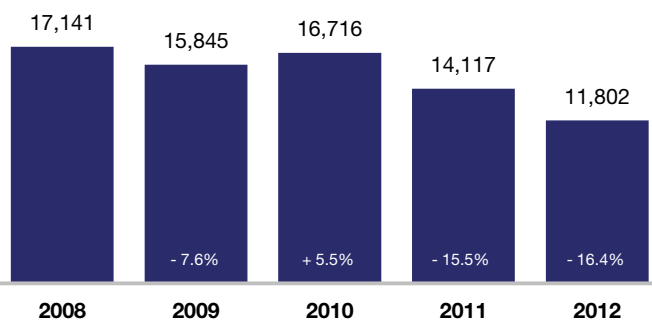
Durham-South	+ 32.1%
Garner	+ 32.0%
Fuquay-Varina / Holly Springs	+ 27.0%
Raleigh-North	+ 25.1%
Wake County	+ 24.8%

Bottom 5 Areas: Change in Closed Sales from 2011

Chapel Hill / Carrboro	+ 16.8%
Chatham County	+ 15.4%
Durham-North	+ 15.0%
Orange County	+ 13.3%
Durham-East	+ 11.4%

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2011

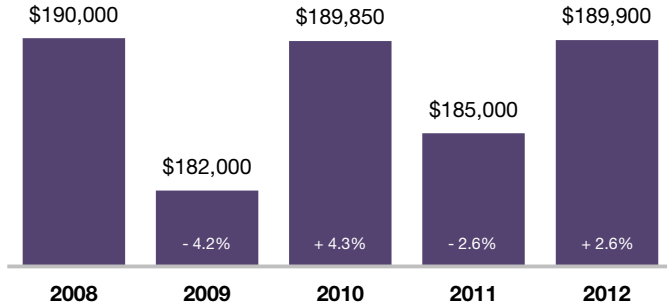
Johnston County	+ 0.1%
Chatham County	- 3.5%
Wake Forest	- 8.2%
Hillsborough	- 9.4%
Garner	- 11.8%

Bottom 5 Areas: Change in Homes for Sale from 2011

Raleigh	- 22.4%
Cary / Apex / Morrisville	- 23.5%
Durham-Central	- 25.5%
Inside the Beltline	- 25.7%
Knightdale / Wendell / Zebulon	- 25.7%

Quick Facts

Median Sales Price



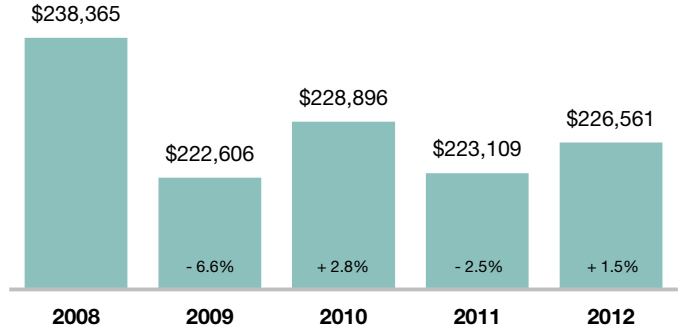
Top 5 Areas: Change in Median Sales Price from 2011

Hillsborough	+ 13.9%
Inside the Beltline	+ 9.3%
Raleigh	+ 5.0%
Durham-Central	+ 4.2%
Durham-South	+ 3.7%

Bottom 5 Areas: Change in Median Sales Price from 2011

Fuquay-Varina / Holly Springs	- 1.0%
Chapel Hill / Carrboro	- 1.5%
Cary / Apex / Morrisville	- 1.6%
Durham-East	- 2.2%
Durham-North	- 6.3%

Average Sales Price



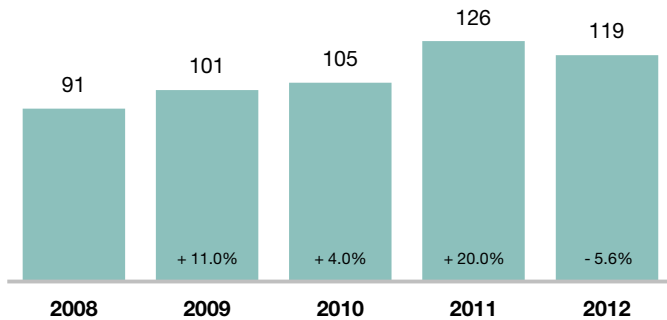
Top 5 Areas: Change in Average Sales Price from 2011

Hillsborough	+ 17.7%
Raleigh	+ 3.8%
Raleigh-North	+ 3.8%
Garner	+ 3.3%
Durham-South	+ 3.2%

Bottom 5 Areas: Change in Average Sales Price from 2011

Durham-East	- 1.3%
Cary / Apex / Morrisville	- 1.4%
Orange County	- 1.9%
Durham-North	- 3.4%
Chapel Hill / Carrboro	- 3.6%

Days on Market Until Sale



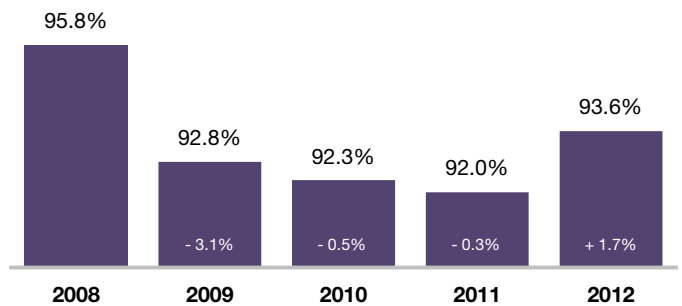
Top 5 Areas: Change in Days on Market from 2011

Durham-North	+ 2.8%
Chatham County	+ 0.6%
Johnston County	0.0%
Orange County	- 0.6%
Chapel Hill / Carrboro	- 1.9%

Bottom 5 Areas: Change in Days on Market from 2011

Cary / Apex / Morrisville	- 8.3%
Fuquay-Varina / Holly Springs	- 13.0%
Durham-East	- 13.1%
Inside the Beltline	- 13.6%
Garner	- 16.3%

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2011

Durham-East	+ 3.2%
Garner	+ 3.3%
Inside the Beltline	+ 3.2%
Fuquay-Varina / Holly Springs	+ 2.3%
Durham-Central	+ 2.2%

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2011

Raleigh-North	+ 1.5%
Wake Forest	+ 1.4%
Cary / Apex / Morrisville	+ 1.4%
Durham-North	+ 1.3%
Johnston County	+ 1.2%

Property Type Review

119

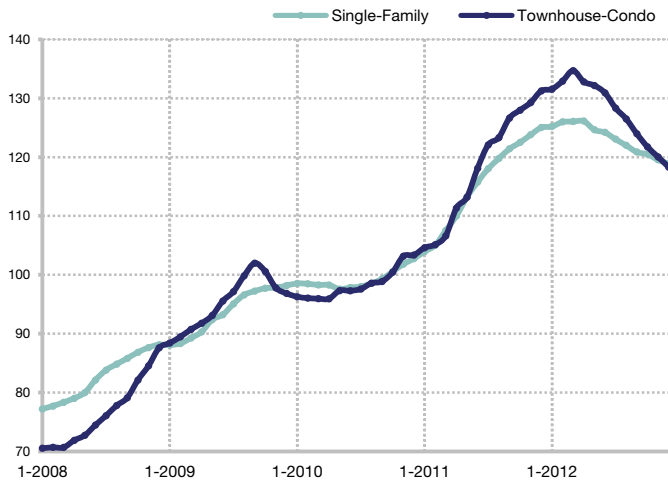
Average Days on Market
Single-Family Detached

118

Average Days on Market
Townhouse-Condo Attached

Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



Top Areas: Townhouse-Condo Attached Market Share in 2012

Inside the Beltline	34.6%
Raleigh-North	32.1%
Raleigh	28.2%
Chapel Hill / Carrboro	24.7%
Durham-South	24.5%
Cary / Apex / Morrisville	24.1%
Orange County	22.2%
Wake County	21.5%
Durham-Central	17.9%
Durham County	17.7%
Wake Forest	12.2%
Durham-East	10.1%
Durham-North	8.6%
Hillsborough	6.8%
Chatham County	6.8%
Garner	6.4%
Fuquay-Varina / Holly Springs	5.3%
Johnston County	3.0%
Knightdale / Wendell / Zebulon	2.7%

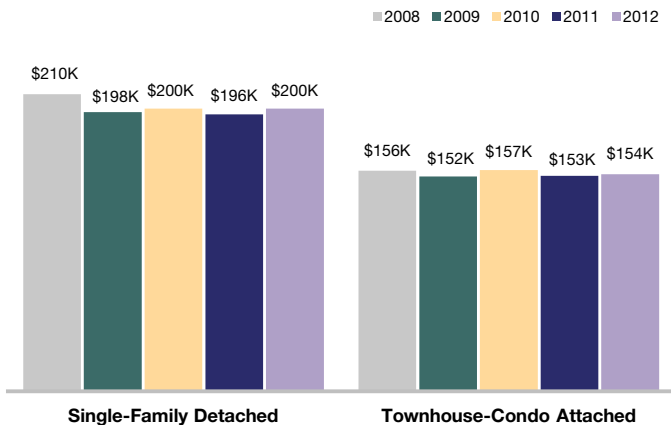
+ 2.0%

One-Year Change in Price
Single-Family Detached

+ 0.7%

One-Year Change in Price
Townhouse-Condo Attached

Median Sales Price



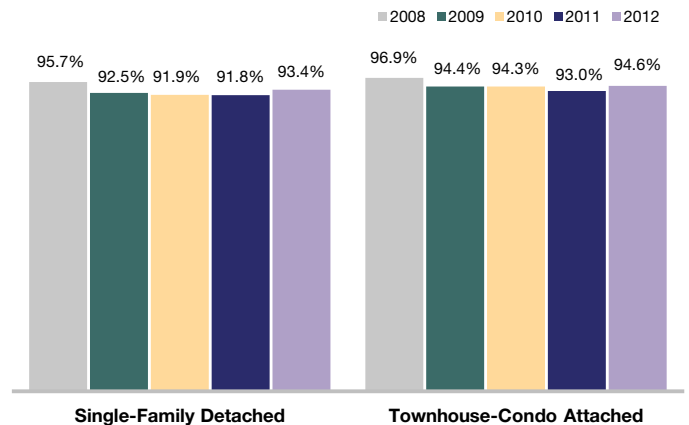
93.4%

Pct. of Orig. Price Received
Single-Family Detached

94.6%

Pct. of Orig. Price Received
Townhouse-Condo Attached

Percent of Original List Price Received



New Construction Review

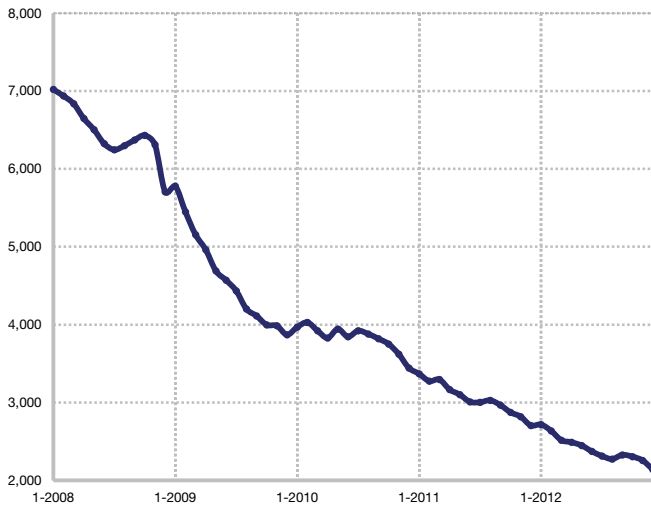
Jan '08

4,881

Peak of New Construction Inventory

Drop in New Construction Inventory from Peak

New Construction Homes for Sale



Top Areas: New Construction Market Share in 2012

Wake Forest	40.5%
Fuquay-Varina / Holly Springs	37.1%
Durham-East	33.1%
Johnston County	28.5%
Chatham County	26.7%
Knightdale / Wendell / Zebulon	24.8%
Wake County	23.8%
Garner	23.1%
Hillsborough	20.4%
Durham-South	20.0%
Durham County	19.7%
Raleigh	15.2%
Durham-Central	14.6%
Inside the Beltline	13.6%
Orange County	12.0%
Durham-North	10.6%
Raleigh-North	9.6%

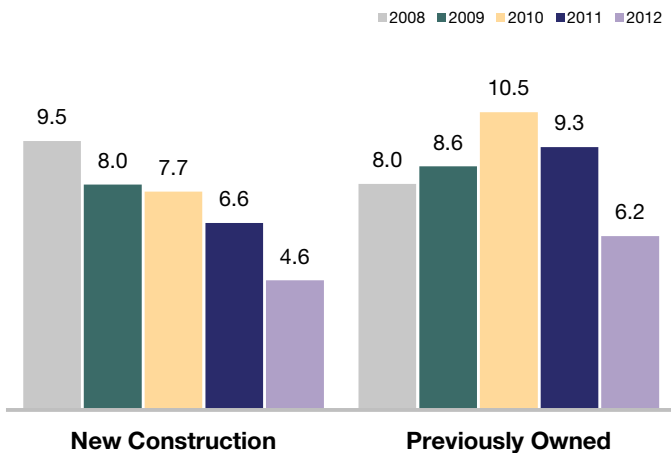
4.6

Year-End Months Supply New Construction

6.2

Year-End Months Supply Previously Owned

Months Supply of Inventory



97.7%

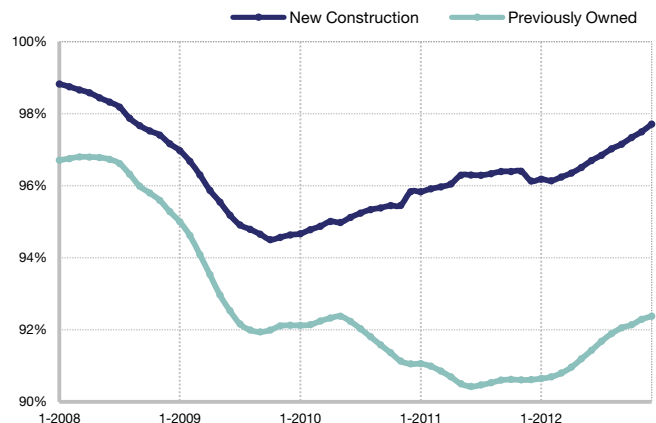
Pct. of Orig. Price Received New Construction

92.4%

Pct. of Orig. Price Received Previously Owned

Percent of Original List Price Received

This chart uses a Rolling 12 Month Average for each data point.



Price Range Review

\$100,000 and Below

Price Range with Shortest Average Days on Market

\$500,001 and Above

Price Range with Longest Average Days on Market

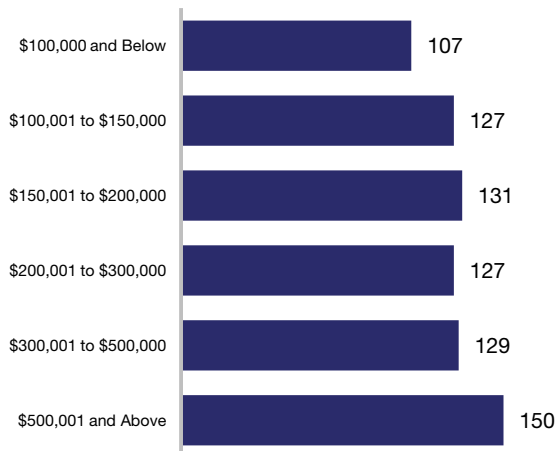
15.3%

of Homes for Sale at Year End Priced \$100,000 and Below

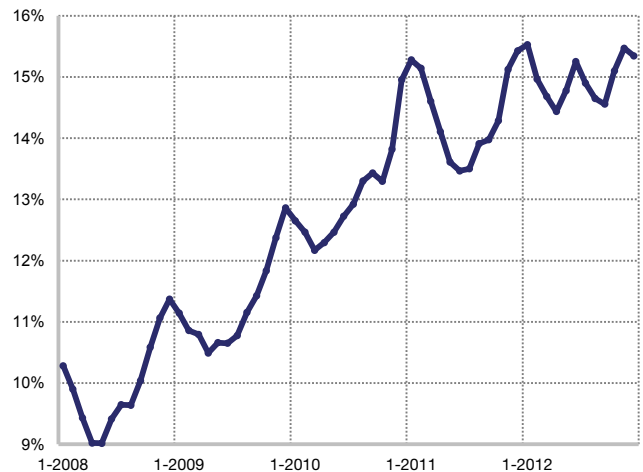
- 16.9%

One-Year Change in Homes for Sale Priced \$100,000 and Below

Days on Market Until Sale by Price Range



Share of Homes for Sale \$100,000 and Below



\$200,001 to \$300,000

Price Range with the Most Closed Sales

+ 24.3%

Price Range with Strongest One-Year Change in Sales: \$300,001 to \$500,000

\$500,001 and Above

Price Range with the Fewest Closed Sales

+ 12.7%

Price Range with Weakest One-Year Change in Sales: \$150,001 to \$200,000

Closed Sales by Price Range



Area Overviews

	Total Closed Sales	Change from 2011	Percent New Construction	Percent Townhouse- Condo	New Listings	Days on Market	Pct. of Orig. Price Received
Cary / Apex / Morrisville	3,582	+ 23.9%	29.3%	24.1%	5,002	100	95.5%
Chapel Hill / Carrboro	1,273	+ 16.8%	17.4%	24.7%	2,170	133	93.3%
Chatham County	711	+ 15.4%	26.7%	6.8%	1,373	139	93.0%
Durham-Central	658	+ 21.4%	14.6%	17.9%	936	106	92.4%
Durham-East	595	+ 11.4%	33.1%	10.1%	854	102	93.8%
Durham-North	559	+ 15.0%	10.6%	8.6%	905	133	91.4%
Durham-South	1,388	+ 32.1%	20.0%	24.5%	2,099	116	94.2%
Durham County	3,200	+ 22.5%	19.7%	17.7%	4,794	114	93.3%
Fuquay-Varina / Holly Springs	1,460	+ 27.0%	37.1%	5.3%	2,199	110	95.7%
Garner	549	+ 32.0%	23.1%	6.4%	882	120	94.1%
Hillsborough	265	+ 23.3%	20.4%	6.8%	436	111	93.7%
Inside the Beltline	1,128	+ 19.5%	13.6%	34.6%	1,687	120	93.8%
Johnston County	1,870	+ 20.6%	28.5%	3.0%	3,422	135	92.9%
Knightdale / Wendell / Zebulon	783	+ 20.1%	24.8%	2.7%	1,195	112	93.3%
Orange County	1,277	+ 13.3%	12.0%	22.2%	2,128	129	92.8%
Raleigh	6,220	+ 23.8%	15.2%	28.2%	9,280	116	94.0%
Raleigh-North	2,645	+ 25.1%	9.6%	32.1%	3,877	115	94.2%
Wake County	13,267	+ 24.8%	23.8%	21.5%	19,577	111	94.7%
Wake Forest	1,126	+ 22.9%	40.5%	12.2%	1,728	118	94.9%

Area Historical Median Prices

	2008	2009	2010	2011	2012	Change From 2011	Change From 2008
Cary / Apex / Morrisville	\$269,000	\$243,000	\$256,000	\$259,765	\$255,522	- 1.6%	- 5.0%
Chapel Hill / Carrboro	\$299,700	\$307,830	\$320,000	\$322,940	\$318,000	- 1.5%	+ 6.1%
Chatham County	\$270,000	\$250,703	\$263,930	\$274,990	\$277,000	+ 0.7%	+ 2.6%
Durham-Central	\$149,000	\$163,500	\$160,000	\$157,440	\$164,040	+ 4.2%	+ 10.1%
Durham-East	\$147,798	\$149,055	\$141,920	\$150,500	\$147,200	- 2.2%	- 0.4%
Durham-North	\$169,900	\$158,900	\$159,950	\$160,000	\$150,000	- 6.3%	- 11.7%
Durham-South	\$192,315	\$195,000	\$199,010	\$187,000	\$194,000	+ 3.7%	+ 0.9%
Durham County	\$174,950	\$174,500	\$174,000	\$170,000	\$170,000	0.0%	- 2.8%
Fuquay-Varina / Holly Springs	\$224,700	\$201,133	\$200,000	\$207,500	\$205,500	- 1.0%	- 8.5%
Garner	\$180,000	\$160,000	\$162,500	\$153,900	\$157,500	+ 2.3%	- 12.5%
Hillsborough	\$229,000	\$231,000	\$226,750	\$205,000	\$233,500	+ 13.9%	+ 2.0%
Inside the Beltline	\$225,000	\$209,000	\$213,500	\$210,000	\$229,500	+ 9.3%	+ 2.0%
Johnston County	\$161,386	\$150,000	\$152,500	\$149,900	\$149,900	0.0%	- 7.1%
Knightdale / Wendell / Zebulon	\$145,450	\$140,000	\$146,374	\$139,950	\$144,450	+ 3.2%	- 0.7%
Orange County	\$254,950	\$258,000	\$275,000	\$262,000	\$265,000	+ 1.1%	+ 3.9%
Raleigh	\$187,500	\$181,000	\$189,900	\$185,000	\$194,295	+ 5.0%	+ 3.6%
Raleigh-North	\$225,000	\$215,000	\$234,500	\$225,000	\$232,900	+ 3.5%	+ 3.5%
Wake County	\$212,594	\$199,000	\$210,855	\$209,380	\$215,000	+ 2.7%	+ 1.1%
Wake Forest	\$286,000	\$255,000	\$265,063	\$259,000	\$265,000	+ 2.3%	- 7.3%

Glossary of Terms

Metric Name	Description
New Listings	A count of the properties that have been newly listed on the market in a given month.
Pending Sales	A count of the properties on which contracts have been accepted in a given month.
Closed Sales	A count of the actual sales that have closed in a given month.
Inventory of Homes for Sale	The number of properties available for sale in active status at the end of a given month.
Median Sales Price	Median price point for all closed sales, not accounting for seller concessions, in a given month.
Average Sales Price	Average sales price for all closed sales, not accounting for seller concessions, in a given month.
Days on Market Until Sale	Average number of days between when a property is listed and when an offer is accepted in a given month.
Percent of Original List Price Received	Percentage found when dividing a property’s sales price by its original list price, then taking the average for all properties sold in a given month, not accounting for seller concessions.
Months Supply of Inventory	The inventory of homes for sale at the end of a given month, divided by the average monthly closed sales from the last 12 months.