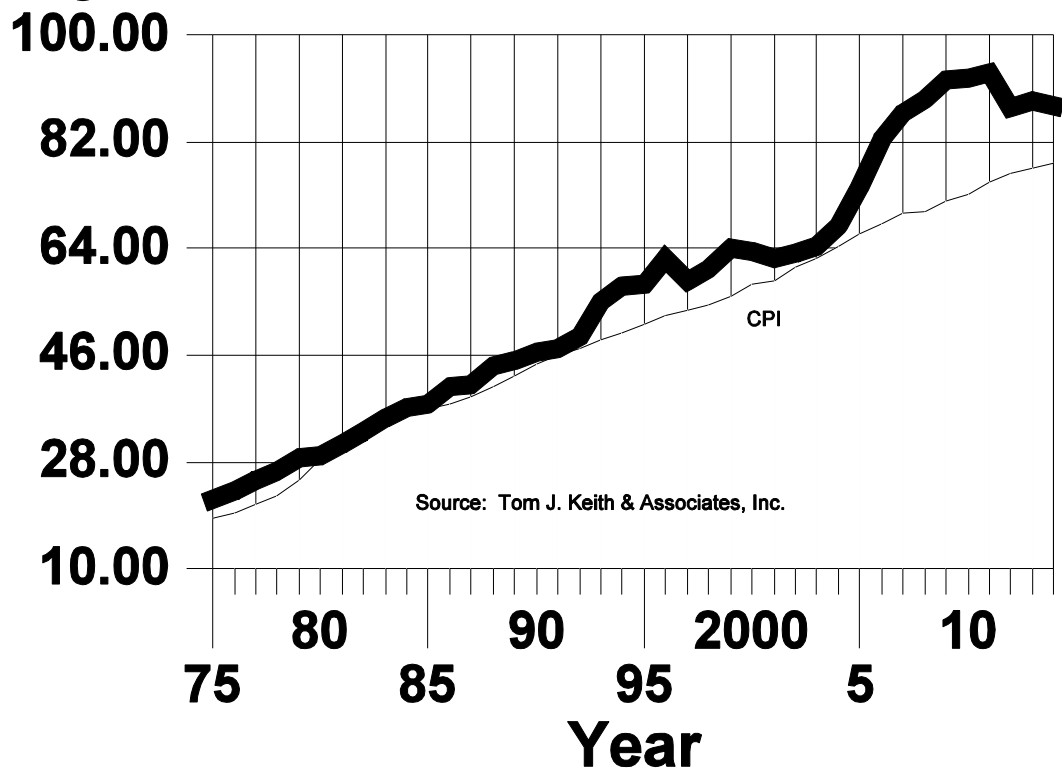


Fayetteville Residential Index



The Fayetteville Area Residential Price Index is based on data collected in January after the close of each year by the staff of Tom J. Keith & Associates. The survey includes the average per square foot price for dwellings ranging in value from \$100,000 to \$300,000 as of December 31, 2014 which are less than 20 years old and situated on sites contributing about 18% of the total selling price. The averages were calculated by selecting an equal number of transactions in each age group from one (1) to 20 years old. This eliminated the heavy weighting, due to the high volume of transactions, of the most recent sales and increased activity of the higher priced sales of 2010 thru 2014.

The table below provides the specific data points used to create the chart on the previous page.

Avg Price Paid for New & Existing Homes		
Year	Existing \$/SF	New \$/SF
1975	\$21.65	
1976	\$23.36	
1977	\$25.11	
1978	\$26.32	
1979	\$28.71	
1980	\$29.08	
1981	\$31.02	
1982	\$33.09	
1983	\$35.62	
1984	\$37.23	
1985	\$37.90	
1986	\$40.71	
1987	\$40.93	
1988	\$44.28	
1989	\$45.16	
1990	\$46.62	
1991	\$47.16	
1992	\$49.20	
1993	\$55.06	
1994	\$57.81	
1995	\$57.90	
1996	\$62.44	
1997	\$58.63	
1998	\$60.55	
1999	\$64.11	
2000	\$63.56	
2001	\$62.53	
2002	\$63.38	
2003	\$64.44	
2004	\$67.81	
2005	\$74.46	\$83.22
2006	\$82.41	\$95.30
2007	\$86.88	\$100.89
2008	\$89.18	\$98.43
2009	\$92.37	\$99.19
2010	\$92.68	\$93.83
2011	\$93.66	\$89.37
2012	\$87.68	\$83.59
2013	\$89.13	\$94.52
2014	\$88.02	\$90.74

Growth in residential home prices tracked fairly closely to the growth in the Consumer Price Index (CPI) from 1975 to approximately 1993. A building boom in 1993, after the recession and saving and loan crisis of the late 1980s & early 1990s ended, brought about a 12% increase in the price of existing homes in 1993 compared to 1992. After that, prices again tracked fairly closely with the growth in CPI, seeing a small spike in 1996 and dip in 1997.

Prices stagnated after 1999 and did not keep up with the growth in the CPI/inflation for several years. Until, in 2005 the Pentagon released the proposed list of military base closures from the Base Realignment and Closure Commission (BRAC) which indicated an increase in the number of soldiers to be stationed in the Fayetteville/Fort Bragg region. This led to an almost 10% increase in prices in 2005 compared to 2004. The all-time activity record, set in 1995, was broken in 2004, 2005 and 2006 according to the Fayetteville Regional Association of Realtors, mainly due to increased activity attributed to BRAC speculation. Although the national housing market fell into disarray around 2008, sparking the Great Recession & dramatic declines in home prices nationally, the Fayetteville/Fort Bragg market was shielded by BRAC and other defense spending. The per SF prices for existing homes in the Fayetteville/Fort Bragg market remained stable or slightly increasing and resumed tracking with the growth in CPI from 2008 to 2011.

It is important to note in 2010 existing homes were selling for only 1% less than new homes and 2011 is the first year since the survey began tracking new home prices that new home prices were actually lower than existing home prices, on a per square foot basis. This began a trend of new homes aggressively competing with existing homes & many existing homes being converted to rental property. A healthier residential market existed prior to 2007 when the differential was \$10 per SF or more. This trend is largely due to national companies moving into the local market which increased competition among builders and lowered new home prices when looked at on a per SF basis.

In 2012 the national market began to recover while the Fayetteville/Fort Bragg market experienced its first drop in per SF prices in 10 years. Prices were down approximately 6% in 2012 compared to 2011. 2013 saw a rebound in prices, mostly in new homes. In 2014 existing home prices declined by approximately 1.25%, on a square foot basis, while the CPI grew by less than 1%. New home prices continue to aggressively compete with existing homes because there is only a \$2.72 per SF differential in the price of new homes when compared with existing homes. Additional softness in both the new and existing home markets is due to the reduction in troops at Fort Bragg/defense spending and quantified by the large number of homes being converted to rentals. Additional troop reductions of up to 16,000 soldiers (29.1% of the soldiers currently stationed at Fort Bragg) are rumored to take place in 2015.

Avg SF Price Paid for New Homes		
Year	\$/SF	Total Price
2005	\$ 83.22	\$176,191
2006	\$ 95.30	\$193,900
2007	\$100.89	\$174,750
2008	\$ 98.43	\$170,658
2009	\$ 99.19	\$192,234
2010	\$ 93.83	\$196,023
2011	\$ 89.37	\$198,018
2012	\$ 83.59	\$242,977
2013	\$ 94.52	\$187,569
2014	\$ 90.74	\$207,392

The table above illustrates the average, per square foot and total, prices for new homes in the Fayetteville/Fort Bragg market, but it is not relevant to the graph at the top of the first page. Per square foot, new home prices peaked in 2007 & remained stable at approximately \$100 per SF until 2009.

The per SF price trended downward from 2009 thru 2012 as national home builders/development companies entered the local market after Fayetteville was named one of the “Best-Performing Cities” in America in 2008 and 2009 by the Milken Institute; bucking the national trends during the Great Recession. Per SF prices were driven down as the national builders leveraged their supply chains. This did not, however, lower the overall prices of new homes as the overall prices of new homes increased from 2009 to 2012 again basically tracking with the growth in CPI.

New home prices fluctuated in 2013 with per SF prices increasing drastically & total prices dropping drastically. 2014 saw a continued overall trend of slightly increasing prices, roughly tracking with the growth in CPI since 2009.

The 2014 residential data was compiled by staff member Brandon Wills.

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