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## Greensboro Office

100 S. Elm St., Suite 400

Greensboro, NC 27401

Phone: (336) 271-6539

Toll-free: (800) 723-2977

News fax: (336) 370-2899

Advertising fax: (336) 370-2900

General fax: (336) 574-3607

## Winston-Salem Office

305 W. Fourth St. Suite 2B

Winston-Salem, NC 27101

Phone: (336) 725-1163

Fax: (336) 725-1154

triad.bizjournals.com

The Business Journal

is a publication of

## American City

## Business Journals Inc.

120 West Morehead Street,

Charlotte, NC 28202

Ray Shaw, Chairman

## Reprints

Scoop ReprintSource  
(800) 767-3263, ext. 307

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## COMMENTARY



## Iffy data: Gray areas in the margin of error

When is a vacancy not a vacancy? That was the question raised recently when *Forbes* magazine released its ranking of the “emptiest cities in America,” the cities (actually the metropolitan areas) with the highest residential vacancy rates.

Based on data from the fourth quarter of last year, the Greensboro/High Point metro area had the fourth highest vacancy rate. That put Greensboro and High Point in the same ballpark as such housing-bubblicious cities as Las Vegas, Phoenix and Orlando.

When news of the *Forbes* ranking came out, e-mails and phone calls shot back and forth among city officials, economic developers and reporters. Most asked the same question: Can these numbers be right? After all, the housing bubble never quite reached the Triad. Home prices here never rose as quickly as in the boom areas on the coasts. And they haven't fallen as far since the boom became a bust.

Some noted that there was no mention of Winston-Salem. Does the Twin City have low vacancy rates? We don't know, because the Census data cover only the 75 largest metro areas; Winston-Salem isn't one of them.

In 2003, the federal government divided the Triad metro area, which had well over a million people, into a series of smaller pieces. Greensboro and Winston-Salem are now in separate metro areas.

So can the *Forbes* ranking be right about Greensboro and High Point? The answer is probably not.

The rankings were based on housing data compiled by the U.S. Census Bureau. According to those data, the Greensboro/High Point metro area had a 15 percent vacancy rate for rental housing, which was the 13th highest.

Even more surprising was the 5.9 percent homeowner-vacancy rate, which was second only to Orlando. The average of those two rankings put Greensboro/High Point in fourth place.

But *Forbes* omitted any mention of margins of error. The Census Bureau actu-



## VIEWPOINT

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ally reported that Greensboro/High Point's homeowner-vacancy rate was 5.9 percent *plus or minus 4.3 percentage points*, meaning that the true rate could be anywhere from 1.6 to 10.2 percent. That's a pretty wide range. A rate of 1.6 percent would have put Greensboro/High Point in 61st place for homeowner vacancies.

In fact, the margin of error for Greensboro/High Point's homeowner vacancy rate was the largest among all 75 metro areas. It was in the top three in every quarter last year.

Why is this? In statistics, the fewer the observations, the less precise the results. In small metro areas like Greensboro/High Point (the 72nd largest), the Census Bureau simply doesn't make many survey calls.

The areas that had the largest margins of error in the Census report were all small ones. Which metro area had the smallest margin of error? New York City.

It appears that the data on which the *Forbes* ranking was based are simply not reliable for smaller metro areas. Perhaps the data should be reported only for the top 25.

Even if the data were reliable, they'd say less about Greensboro and High Point than you might expect.

The Greensboro/High Point metro area is made up of Guilford, Randolph and Rockingham counties. The two core cities account for a little less than half of the total population of the three-county area. The reported vacancy rates are as much a function of the rural housing situation as of urban Greensboro's.

So there's no reason to believe that Greensboro and High Point are actually among our “emptiest cities.” Unfortunately, most readers of *Forbes* think otherwise.

ANDREW BROD is the director of UNCG's Center for Business and Economic Research and a member of The Business Journal's Editorial Board of Contributors. Reach him at (336)334-4867 or AndrewBrod@uncg.edu. An archive of his columns is available at <http://cber.uncg.edu>.

## Many Americans need to redefine idea of happiness

On the surface these kids seemed to have nothing, and their dirt streets looked like something from the dust bowl days of the Great Depression. They wore ragged pants, sometimes a torn shirt, were barefoot and walked among scrawny chickens and loud roosters.

My wife and I were visiting the small village of Boca da Valeria in the Amazon jungle of Brazil. The people obviously were used to visitors. They had prepared crafts for sale and had dressed some of their children up in native costumes for photographs.

But this was more than a typical tourist stop. The village has 75 full-time residents, a few two- or three-room houses on stilts (the river routinely floods its shores), a sort of community house, a half-finished church and a one-room school. While they were happy to get a dollar or two in exchange for a photo, they were happier still to receive an article of clothing, some make-up or pencils.

After all, the nearest bank or store is hundreds of miles away, and this village is accessible only by small boat or canoe.

After we left and were back on the river, I watched the village through my binoculars. Children were playing soccer in its main road, a young woman was washing her hair in the river, and a man brought three thin cows back from a day at pasture.

The next boat might visit them in a couple of weeks. Other than that, their lives would go on like this.

Again, on the surface these people seemed to have nothing; they live simple and seemingly “impoverished” lives. Their school teaches basic reading and writing skills to the children, but a quick glance at the very young mothers we saw tells me that the future for most of them lies right in this village, hundreds of miles and days away from the nearest population center we might call “civilization.”

But go just beneath the surface, and in so many ways these people have everything. Their eyes sparkled when we tried to engage them with our basic Portuguese. Children showed off their spelling and art papers tacked on the walls of their one-room school. A woman proudly showed us her three-room home, complete with hammocks for sleeping and a wood stove where she baked a cake. Men showed us calabash (the gourds are used for bowls and buckets) and rubber trees, and their vegetable gardens planted in a sort of raised trough to survive the river's flooding.

The Amazon is their supermarket, teeming with thousands of species of fish. Their cows provide fresh milk. All around the village are fields filled with manioc plants, whose roots are processed into a meal that provides the traditional food staple for these people. They have family and friends, both in their village and in nearby villages. And they get pencils, make-up, clothing, shampoo and lotions from people like my wife and me.

So, as we all feel squeezed by this “Great Recession,” I think of the people of Boca da Valeria. They do in fact have everything they need. Our U.S. definition of “need” may be vastly different from life in this small village, but there are so many lessons for us all to be found there.

When we think about what we might need for “happiness,” it has to be related to a home, a good meal with family and good friends, an education for our children, peace in our lives, productive work to do, and hope for the future.

RALPH DAVISON is a senior consultant for Carney Sandoe & Associates in Boston. He works from Greensboro and is a member of The Business Journal's Editorial Board of Contributors.



## VIEWPOINT

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