



Press Release

June 23, 2011

Despite Seasonal Uptick in April, Home Prices Continue to Languish Negative Equity, Slow Foreclosures and Oversupply Fuel Year-on-Year Declines in Home Prices and Sales

New York, NY – June 23, 2011 – Widespread negative equity, a backlogged foreclosure pipeline and severe oversupply weighed on home prices in April, according to the [April 2011 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#). The 25-MSA RPX Composite price, which tracks home prices in 25 major metropolitan areas across the country, declined 5.1 percent in April relative to April 2010. The year-on-year decline was exacerbated by the fact that home prices in April 2010 were supported by tax credits and other government programs that have since ended.

The RPX Composite price increased 2.0 percent from March to April, a particularly large increase for this time of year. Nevertheless, the RPX Composite remained below its level at the beginning of the year, marking only the third year-to-date decline through April in the last ten years.

“Clearly, the very large supply of homes for sale or potentially for sale is weighing heavily on the market,” said Michael Feder, president and CEO of Radar Logic. “Perhaps more worrisome is the clearly established discount on distressed properties. Reason would suggest this discount reflects the level at which buyers are comfortable they can achieve a reasonable rate of return. We expect this situation will continue for some time and will deter any truly robust economic recovery.”

A seasonal uptick in homebuyer demand led to a particularly rapid increase in home sales in April, but the monthly sales rate remained more than nine percent below the rate in April 2010. Sales of non-foreclosed homes increased more quickly than sales of foreclosed homes, resulting in a shift in the mix of sales away from foreclosed homes and toward non-foreclosed homes. As foreclosed homes sell at a 39 percent discount to other homes, on average, the decline in foreclosure sales as a percentage of total sales provided some support to the RPX Composite price. Without the mix shift the month-over-month increase in the RPX Composite price would have been smaller.

The decline in foreclosure sales as a percent of total sales is seasonal and is not necessarily an indication of a lasting trend. The supply of and demand for foreclosed homes are more consistent throughout the year than supply and demand in the rest of the market because the financial institutions that sell foreclosed homes and the investors who buy most foreclosed homes are less sensitive to seasonal factors, such as weather and school schedules, than owner-occupants. As demand and supply fluctuate less over the course of the year for foreclosed homes than for other homes, foreclosure and REO sales typically increase as a percentage of total during the fall and decrease as a percentage of total during the spring.

The [complete April 2011 RPX Monthly Housing Market Report](#) is available for free with registration on Radar Logic’s website.

Report Methodology

The RPX Monthly Housing Market Report is produced by Radar Logic Incorporated, a New York-based real estate data and analytics company. These reports provide insight and detailed analysis of Radar Logic's 25 Metropolitan Statistical Areas (MSAs) and the Manhattan Condo market. This study is based on the premise that each of the MSAs, while having economic influences in common like credit and mortgage rates, is influenced primarily by local conditions.

Data in the RPX Monthly Housing Market Report reflect the 28-day aggregated value of Radar Logic Daily™ Prices. The price per square foot metric used is a powerful tool for analyzing housing markets because it significantly reduces the influence of property sizes on overall housing price trends, which can skew results. The Daily Prices for each MSA are not adjusted for seasonal variations. In some cases, Daily Prices may vary based on reporting characteristics within individual MSAs.

The May 2011 RPX Monthly Housing Market Report will be released on July 21, 2011, at 4:00 PM EDT.

About Radar Logic

Radar Logic Incorporated, a real estate data and analytics company, calculates and publishes the Radar Logic Daily™ Prices. The prices track housing values for major U.S. metropolitan areas and are the basis of the Residential Property Index™ (RPX™), a market that enables real estate to be traded as a liquid asset, via property derivatives marketed by major financial institutions. RPX allows real estate and financial professionals to manage opportunity and risk, invest in real estate values without owning physical assets and effectively analyze markets using a consistent metric: price per square foot.

For more information on Radar Logic and the RPX, including licensed dealers, please visit www.radarlogic.com.

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