



Press Release

October 22, 2009

Radar Logic Report Shows Home Prices and Home Sales Continued to Rise in August

Contract Signings and Mortgage Applications Indicate Strength in Housing Is Poised to Continue into the Autumn

NEW YORK, NY – October 22, 2009 – Home prices and home sales continued to increase in August, according to the August 2009 RPX Monthly Housing Market Report released today by Radar Logic Incorporated. The increase in the 25-MSA RPX Composite price from mid-July to mid-August, 2009, was significantly larger than the average increase for that period over the last ten years. The month-over-month increase in 25-MSA sales volumes was also significantly larger than the ten-year average gain over the same period.

“RPX values continued to strengthen through August in some contrast to prior years,” said Michael Feder, President and CEO of Radar Logic. “This strength seems to be the result of growth in housing demand spurred by low home prices, the increase of conforming mortgage credit to eligible homebuyers, and incentives from the Federal Government.”

“Pending sales and mortgage applications for purchase suggest that strength in the RPX could continue for the next few months, though given the expected seasonal decline in activity in the fall, that strength could take the form of a modest price gain or a milder-than-average price decline through the winter. The threat of pending foreclosures to the housing market is, in our view, overstated and we believe there is strong evidence that housing supply and demand are returning to more normal levels,” Feder added.

Key Observations of the August 2009 RPX Monthly Housing Market Report:

- The 25-MSA RPX Composite price increased 1% in the month ending August 20, which compares favorably to the average price change over the same period during the last ten years, roughly 0.1%. Sales volumes increased roughly 1.9% in the month ending August 20, which compares favorably to the -2.4% average change over this period from 2000 to 2009.
- In the past, a reduction in activity in the real estate market corresponding to the arrival of fall and winter months has placed downward pressure on prices. This year, seasonal strength in home prices started later in the spring than it has since the beginning of Radar Logic data in 2000, and has persisted later into the summer than it has since 2005. If this pattern continues, one would expect the seasonal downturn in fall 2009 to be later and milder than in years past.
- The Pending Home Sales Index from the National Association of Realtors and the Purchase Index from the Mortgage Bankers Association’s Weekly Mortgage Application Survey have remained at elevated summer levels through the end of August. The Pending Home Sales Index is based on signed real estate contracts for existing homes and the Purchase Index is based on the number of mortgage applications for the purpose of purchasing a

home. As the process of purchasing a home typically proceeds from signing a purchase contract to applying for a mortgage and then to closing the sale, and as RPX transaction counts are based on contract closings, the recent data suggest that RPX transaction counts could remain strong through October. Experience suggests that transaction count strength typically leads to strength in RPX prices.

- According to a recent survey by the Wall Street Journal, economists expect the unemployment rate to peak around 10% in February 2010. If this is the case, then most of the job losses that are going to occur in the current recession already have, and their impact on housing demand has likely been factored into current home prices. Further, as unemployment has a disproportionately large impact on housing demand at the low end of the price spectrum, we do not believe prolonged high unemployment itself will cause significant declines in housing values.
- The supply of homes for sale is falling. The National Association of Realtors reported that in August the inventory of existing homes for sale fell to an 8.5 months' supply at the current rate of sales from a 9.3 months' supply in July. This is down significantly from a peak of 11 months' supply reported in November 2008. Census data shows a similar pattern in new home inventory, which has dropped 51% since August 2007 and 37% since August 2008.
- In the six months from February to August, 2009, the percentage of homes sold in Los Angeles, San Francisco and Washington, DC, for over \$500,000 has increased at the expense of homes sold for less than \$500,000. This shift toward higher price tiers helped buoy the RPX for those MSAs during the spring. In New York, over the same period, home sales shifted into a sales-price tier in which the median price per square foot is highly correlated with the New York RPX. Taken together, the RPX for New York, Los Angeles, San Francisco and Washington, DC, account for 51% of the 25-MSA RPX Composite. Therefore, if the trends of the last six months continue, the shift in the mix of sales in these markets could contribute to continued strength in the RPX Composite.

The complete August 2009 RPX Monthly Housing Market Report is available by subscription on Radar Logic's website: <http://www.radarlogic.com>.

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 there is not a national housing market; rather, 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 September 2009 *RPX Monthly Housing Market Report* will be released on November 19, 2009, at 12:01 AM EST.

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.

Media Contact: Quinn Eddins, Radar Logic Incorporated, 212-965-9982, qeddins@radarlogic.com.

###