



Press Release

September 24, 2009

Radar Logic's Composite Home Price Index Continues to Post Large Gains Relative to Past Years

NEW YORK, NY – September 24, 2009 – The 25-MSA Composite is still 29% below its peak, but it has been rising quickly since hitting its lowest level of the year in late March, according to the July 2009 RPX Monthly Housing Market Report released today by Radar Logic Incorporated. In fact, the increase in the Composite from the end of March to the end of July, 2009, was larger than the average increase for that period over the last ten years.

“Stability in the housing market is old news,” said Michael Feder, President and CEO of Radar Logic. “We have been observing strength in home sales since April and recovery in the RPX Composite price since May. The important question moving forward is whether the current demand will continue into the fall.”

“The recent strength in the housing market has been above and beyond what one would expect in light of historical patterns. If this strength continues through the next couple of months, we believe it will bode well for the housing market in 2010,” Feder added.

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

- The gain in the RPX 25-MSA Composite between the end of March, when it hit its lowest point of the year, and the end of July was larger than would be expected given historical price trends. Between March 30 and July 23, 2009, the Composite increased by \$13.24, or roughly 7.2%, from \$185.16 to \$198.40. The average gain over the same period during the last 10 years is \$9.72 or 5.4%.
- After controlling for seasonal price patterns using the Census Bureau's X-12 seasonal adjustment program, we found that the RPX Composite increased \$5.82, or 3.1%, from the end of March to July 23. Had the increase in the RPX Composite been the result of seasonal factors alone, one would expect the seasonally adjusted index to remain flat over that period. The fact that it increased indicates that the strength in home prices exceeds what one would expect given seasonal factors alone.
- Notwithstanding strong spring price growth, the Composite remained 29% below its peak in June 2007.
- In January, monthly sales volumes hit their lowest point in Radar Logic's historical data, and since then monthly volumes have remained low relative to years past. Nevertheless, volumes have been increasing rapidly. The 25-MSA sales volume increased by 49,000 sales, or 87%, between January and June. In percentage terms, this was the largest June-over-January gain in the last ten years. In terms of the number of sales, the growth in 2009 was comparable to the gain over the same period in 2006 and 2007, the peak years of the housing bubble.
- If history repeats itself, housing demand will start to decline in the autumn as seasonal factors influencing market demand, such as cold weather and the beginning of the school year, become more salient. However, several other factors will also influence demand in the near term: widespread negative equity, conservative mortgage

underwriting, the expiration or extension of government incentives, the unleashing of pent-up demand by low home prices and changes in the unemployment rate.

- The housing supply is large and likely to increase. According to the National Association of Realtors, the inventory of existing homes was four million units in July, and that figure includes only a fraction of the large and growing inventory of foreclosed homes. Yet there is evidence that a significant percentage of bank-owned properties are being held off the market. By releasing their REO inventory onto the housing market slowly, banks are effectively reducing the impact of the distressed inventory on home prices. If the current trend continues and the demand for housing holds up, home prices could continue to recover despite the record number of foreclosures.

The complete July 2009 RPX Monthly Housing Market Report is available on Radar Logic's website:

www.radarlogic.com/research/RPXMonthlyHousingMarketReportforJuly2009.pdf

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 August 2009 *RPX Monthly Housing Market Report* will be released on October 22, 2009, at 12:01 AM 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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