



Press Release

September 23, 2010

Radar Logic Reports Falling Home Prices in July

A Sharp Drop in Demand Pushed Home Sales Drastically Lower, Prices Followed

New York, NY – September 23, 2010 – Weak demand and a large surplus of homes for sale pushed home prices lower in July, according to the [July 2010 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#). The RPX Composite price, which covers 25 metropolitan statistical areas (MSAs) across the country, declined in July on both a month-on-month and a year-on-year basis.

Radar Logic also reported that home sales declined sharply in July as a faltering economic recovery, high unemployment and the end of the homebuyer tax credits reduced demand. The 25-MSA RPX transaction count posted the largest month-to-month decline for the month of July since the beginning of Radar Logic's data records in 2000. The 25-MSA transaction count also declined relative to the prior year period, making July the first month in which the 25-MSA transaction count has declined on a year-over-year basis since July 2009.

The National Association of Realtors (NAR) reported today that existing home sales increased 7.6% in August, but despite the upturn, existing home sales remained 21.5% lower than June levels and 28.7% lower than their year-to-date peak in April. Radar Logic expects home sales to decline further over the next several months as slow growth in employment, household incomes and household formation, as well as uncertainty over future housing values, further dampen demand.

The large inventory of homes for sale far outstrips current demand. According to the figures released today by the NAR, 3.98 million existing homes were on the market in August, equivalent to an 11.6 months' supply at the current rate of sales. A well-balanced housing market has a supply of about five or six months.

The excess inventory weakens housing demand, further exacerbating the imbalance between demand and supply. Homebuilding and manufacturing typically lead the economy out of recession, but the excess housing supply provides a strong disincentive for homebuilders to start new construction projects. Moreover, much of the current inventory is real estate owned (REO) by financial firms and government-sponsored enterprises, which is sold at substantial discounts to the overall market. Homebuilders are finding it hard to compete, and so are choosing not to start new housing developments. As a result, homebuilding has lagged, hampering employment growth, prolonging the current economic recovery and restricting household formation, all of which limits demand for housing.

"We believe that 2010 will prove to be a transition from government support for housing to further price declines fueled by a huge supply overhang and weak housing demand," said Michael Feder, President and CEO of Radar Logic. "A decline in prices could increase the number of underwater borrowers, which in turn could lead to increases in the number of defaults and foreclosures and ultimately add to the housing supply, prolonging price declines and pushing prices to new and possibly severe lows," Feder added.

The [complete July 2010 RPX Monthly Housing Market Report](#) is available for sale on Radar Logic's website. A complimentary executive summary is available with registration. To register, click [here](#).

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 August 2010 RPX Monthly Housing Market Report will be released on October 21, 2010, 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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