



## Press Release

August 28, 2012

### **Apparent Strength in Home Price Metrics Driven by Decline in Distressed Sales**

#### *Non-Distressed Home Prices Have Not Improved*

New York, NY – August 28, 2012 – A decline in sales of homes in bank inventories, coupled with an increase in the rate of all other sales, helped drive the 25 metropolitan area RPX Composite price to a year-over-year gain in June, according to the [June 2012 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#).

Sales of homes at foreclosure auctions and sales of real estate owned (REO) by financial institutions as the result of foreclosure declined to their smallest share of total sales since 2008. As previously foreclosed homes sell at significant discounts relative to other homes, the decline of such distressed sales as a share of total sales contributed to the increase in overall aggregate prices.

Meanwhile, prices in all other sales, excluding sales of previously foreclosed homes, were roughly the same in June as they were a year prior.

"The absence of real price appreciation when distressed sales are excluded from the analysis suggests that traditional home buyers remain hesitant to return to the market in strength," said Michael Feder, Radar Logic's CEO. "We continue to be concerned that this negative psychology could be the biggest risk threatening any real recovery in housing values. If it continues, the resultant imbalance between supply and demand could trigger another decline in home values."

#### **The Near-Term Outlook**

The gains of the first half of 2012 could be short lived. They were the result of seasonal factors and REO disposition strategies that could reverse in the fall. The unusually rapid price appreciation could give way to equally rapid declines in the second half of the year.

Given the large latent inventory of homes – including homes in bank inventories, underwater homes and homes in the foreclosure process – sustained and robust year-on-year gains in national home prices are not likely over the next few years. Bottlenecks in the disposition of this latent inventory – in the form of regulation, legislation and market timing on the part of financial institutions – may cause prices to spike temporarily from time to time, but such spikes will increase the rate at which latent inventory is brought to market and thereby cut off price appreciation.

The [complete June 2012 RPX Monthly Housing Market Report](#), containing detailed tables and charts covering 25 U.S. metropolitan areas, is available for purchase 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 July 2012 RPX Monthly Housing Market Report will be released on September 20, 2012, 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](http://www.radarlogic.com).

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