



Press Release

July 22, 2010

Home Prices Are Not Recovering - Radar Logic

Home Sales Are Up But Prices Have Not Improved Much Since Early 2009

New York, NY – July 22, 2010 – In May, as we entered the seasonal peak in housing activity, the signals coming from the housing markets were mixed, according to the [May 2010 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#). Sales activity was up, but the mix of sales has shifted toward less-expensive properties in many cities. The 25-MSA RPX Composite increased 2.1% on a year-over-year basis, but gains were not large enough to be described as a recovery, and on balance there was more evidence of weakness in the market than strength.

“The patterns in this month’s data are, in fact, troubling,” said Michael Feder, President and CEO of Radar Logic. “Activity has rebounded over the last year, but there has been a shift toward lower priced housing. We have not seen the recovery in prices that we would have expected with the return of volume. RPX values are essentially flat from January 2009. The implication is that there is little volume in the sectors that are most likely to contain the ‘underwater’ loans, and as a result, the market is not absorbing this overhang. Unless this inventory overhang is remedied through market or structural forces, it will certainly continue to stifle any early recovery in housing,” Feder added.

RPX price performance varied widely from city to city. Eleven of the 25 metropolitan statistical areas (MSAs) tracked by Radar Logic posted year-over-year declines in RPX prices, five were flat and nine showed improvements. Most of the MSAs with year-over-year gains were in the West, while the Midwest had the most MSAs with price declines. The largest RPX gain was in San Jose and the largest decline was in Detroit.

The 25-MSA RPX transaction count increased 41% year over year. This increase comes off a low base, so the gain in percentage terms is larger than it would be in more normal periods. Even so, the year-over-year gain in terms of the number of additional homes sold was the second largest recorded for May since the beginning of Radar Logic’s historical data in 2000. All 25 MSAs posted year-over-year gains in transaction counts, with the largest gain occurring in Detroit.

Sales of foreclosed homes by lenders and mortgage servicers, which Radar Logic calls “motivated sales,” decreased as a percent of total sales over the last year, they still accounted for 24% of home sales across the 25 MSAs tracked by Radar Logic. Motivated sales do not include short sales, bank-sanctioned sales by home owners for less than their outstanding mortgage balance. If short sales were included, motivated sales would account for a considerably larger share of total sales.

Between May 2009 and May 2010, a shift in the mix of sales toward less-expensive homes could be observed in a number of metropolitan markets. The shift was especially prominent in Detroit, Miami and Las Vegas. In Detroit and Miami, the shift toward the low end of the price spectrum was driven by an increase in motivated sales characterized

by significant price discounts. In Las Vegas, the shift in the mix of sales toward the low end of the price spectrum was driven by an increase in sales other than motivated sales. This shift could reflect an increase in short sales and sales by investors, neither of which are included in motivated sales.

The [complete May 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 June 2010 RPX Monthly Housing Market Report will be released on August 26, 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.

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

###