



# RPX MONTHLY HOUSING MARKET REPORT

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January 2013

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## ***RPX Monthly Housing Market Report for January 2013 is Now Available***

New York, NY – March 21, 2013 - [Radar Logic Incorporated](#) released today the [RPX Monthly Housing Market Report for January 2013](#). This edition provides a detailed analysis of housing market trends in 25 U.S. metropolitan areas, including an analysis of investor activity. An excerpt from the report is provided below. [To purchase the complete report, please visit Radar Logic's website.](#)

**In addition, Radar Logic now has a special offer on data covering investor activity in 280 metropolitan areas. For more information, please call (212) 965-0300.**

### ***Home Prices Exhibit Seasonal Weakness in January***

#### ***Institutional Investors Drive Transaction Activity to Slight Year-on-Year Gain***

#### ***After Driving Up Prices in Phoenix, Institutional Investors Have Moved Into New Markets***

##### **Home prices dip in January**

The RPX Composite exhibited seasonal weakness in January, declining two percent over the first three weeks of the year. This weakness could continue for one or two more months, based on the seasonal pattern in the RPX Composite in years past. Thus far, January's seasonal weakness has done little to diminish the 12.7 percent year-over-year gain in the 25-metro RPX Composite price, the largest such gain since March 2006. Recent commentary on the housing market has made much of year-on-year gains in housing prices, but it is important keep these gains in perspective. As of January, the RPX Composite was 31 percent below its peak in June 2007, and just 2 percent above its level in January 2009, when home prices stabilized after a year and a half of steep declines.

We continue to expect housing markets to exhibit greater than normal volatility. While there are apparent improvements in several of the driving factors, the influence of non-traditional funds flowing into housing undermines our confidence that we have, in fact, turned around completely.

##### **Transactions activity has risen, but only thanks to increased investor activity**

In contrast to the large year-on-year gain in the composite price, home sales in the 25 metropolitan statistical areas (MSAs) tracked by Radar Logic increased only 4.8 percent year over year. If not for the rapid increase in home purchases by institutional investors (defined here as purchases by corporations, partnerships and corporate investment trusts), the 25-MSA RPX transaction count would have declined on a year-over-year basis. J.P. Morgan Chase recently estimated that institutional investors have raised a combined \$10 billion to build their portfolios of single family rental properties. Throughout 2012 they purchased properties in housing markets that were hit particularly hard by foreclosures during the housing crisis, mostly in the South and Southwest (including California).

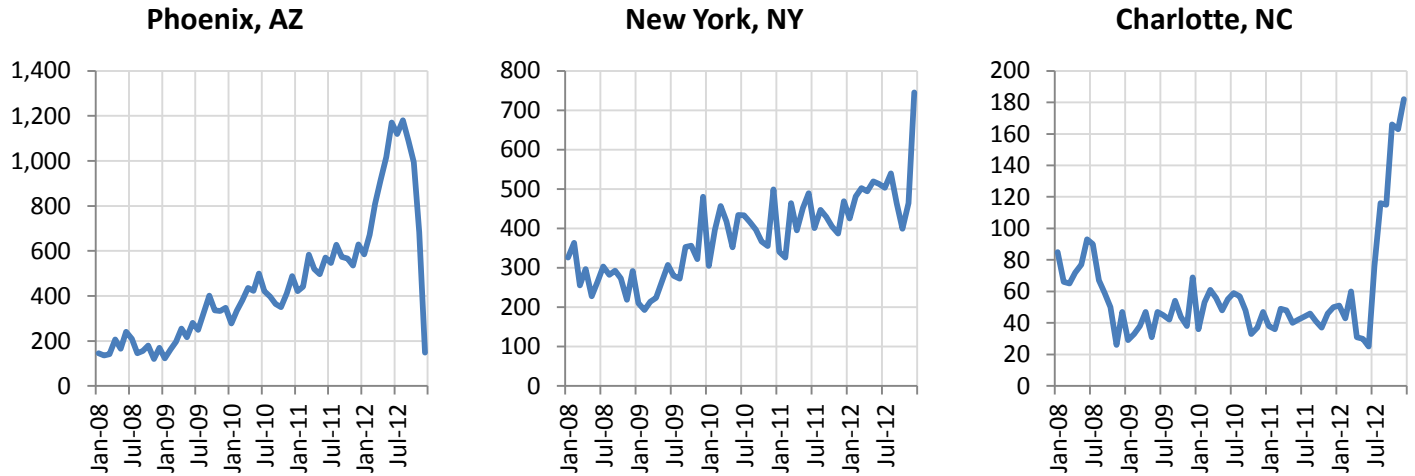
##### **After driving prices up and inventories down in Phoenix, institutional investors seek new markets**

Institutional investors poured into Phoenix during the first half of 2012. From January 2012 to June 2012, institutional investor purchases increased 88 percent. Their arrival resulted in a reduction in available inventories of REO properties and foreclosures, and an increase in prices for distressed properties and properties at the low end of the price spectrum. The median price per square foot paid by institutional investors increased 16 percent from January to June. Facing higher

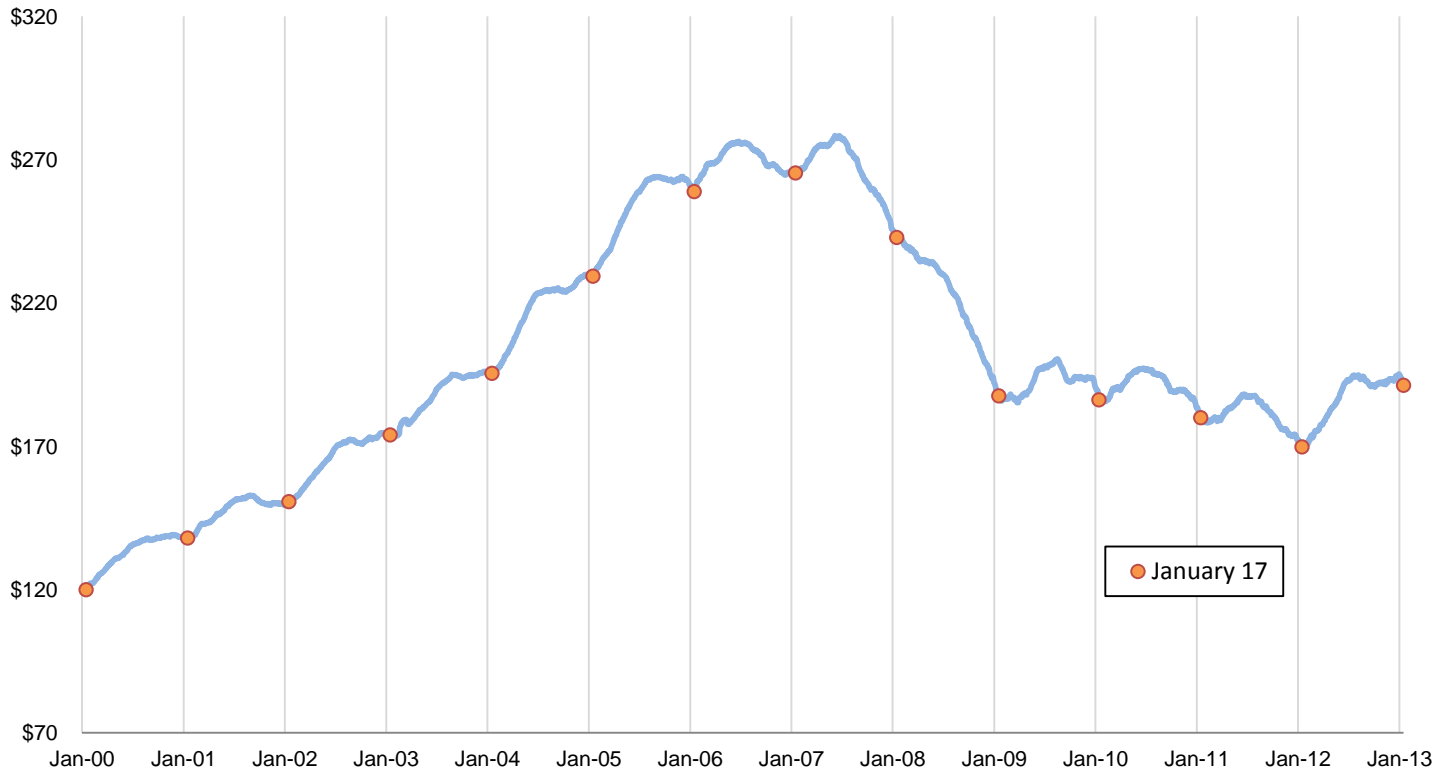
prices and reduced inventories of low-priced homes for sale, many investors stopped buying in Phoenix and investor activity dropped rapidly in the second half of the year.

As institutional investor purchases declined in Phoenix, they increased in many other markets. The largest increases in institutional investor activity during the second half of 2012 were in Miami, Los Angeles and Atlanta. This was not surprising, as these markets had the highest rates of investor purchases throughout 2012. More interestingly, investors turned their focus to markets that had not previously attracted their attention. These included large markets outside of the South and Southwest. In the last quarter of 2012 alone, institutional investor purchases increased 61 percent in the New York metropolitan area and 85 percent in the Chicago metro area. Institutional investor activity also increased in smaller markets that may have previously flown under large investors' radar. Some of these markets posted astonishing gains in percentage terms, though the absolute number of monthly investor purchases remained relatively low compared to the investor hot spots. During the second half of 2012, institutional investor purchases increased 628 percent in Charlotte, 101 percent in Sacramento and 76 percent in Tampa.

Exhibit 1: Institutional Investor Purchases in Selected Metro Areas, 2008-2012

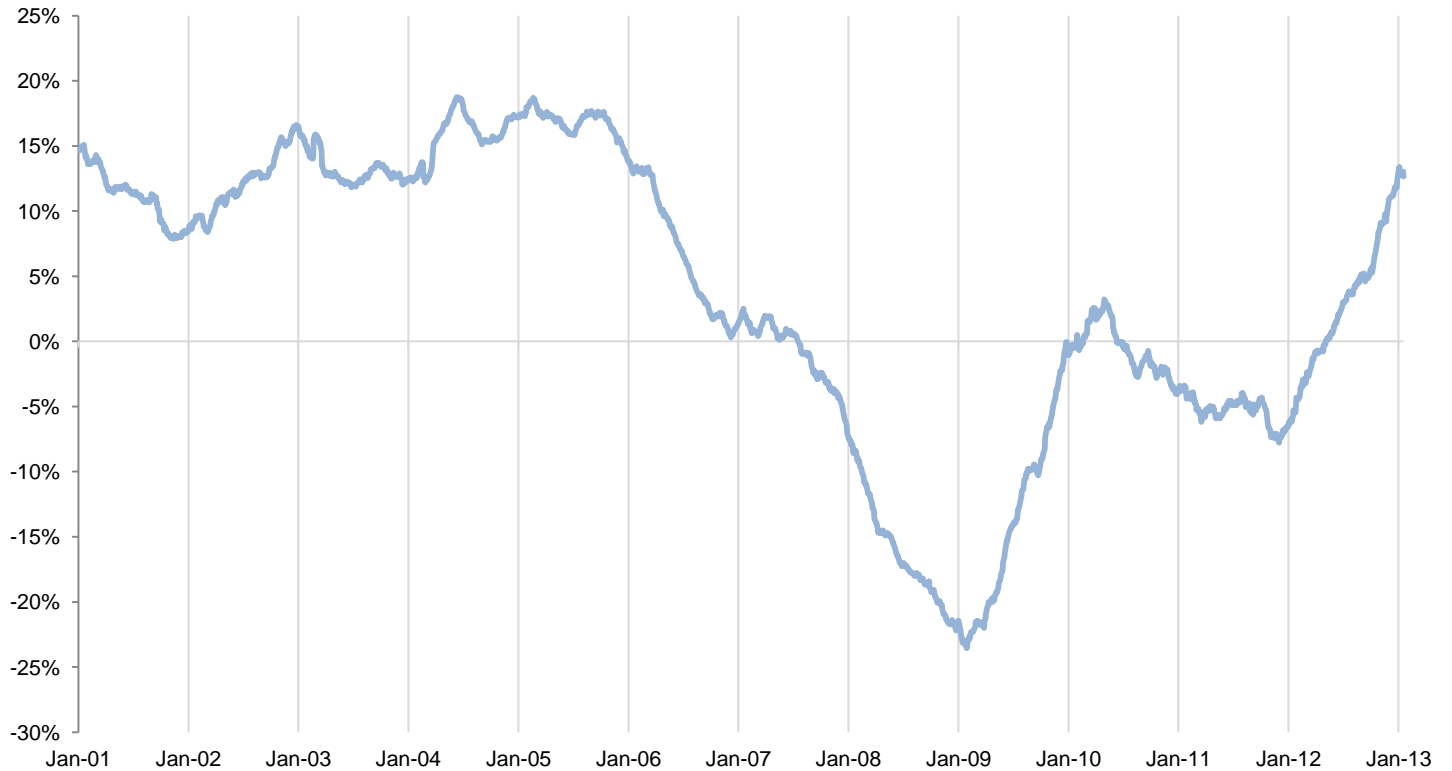


Appendix 1: 25-MSA RPX Composite Price (28-Day), 2000-2013



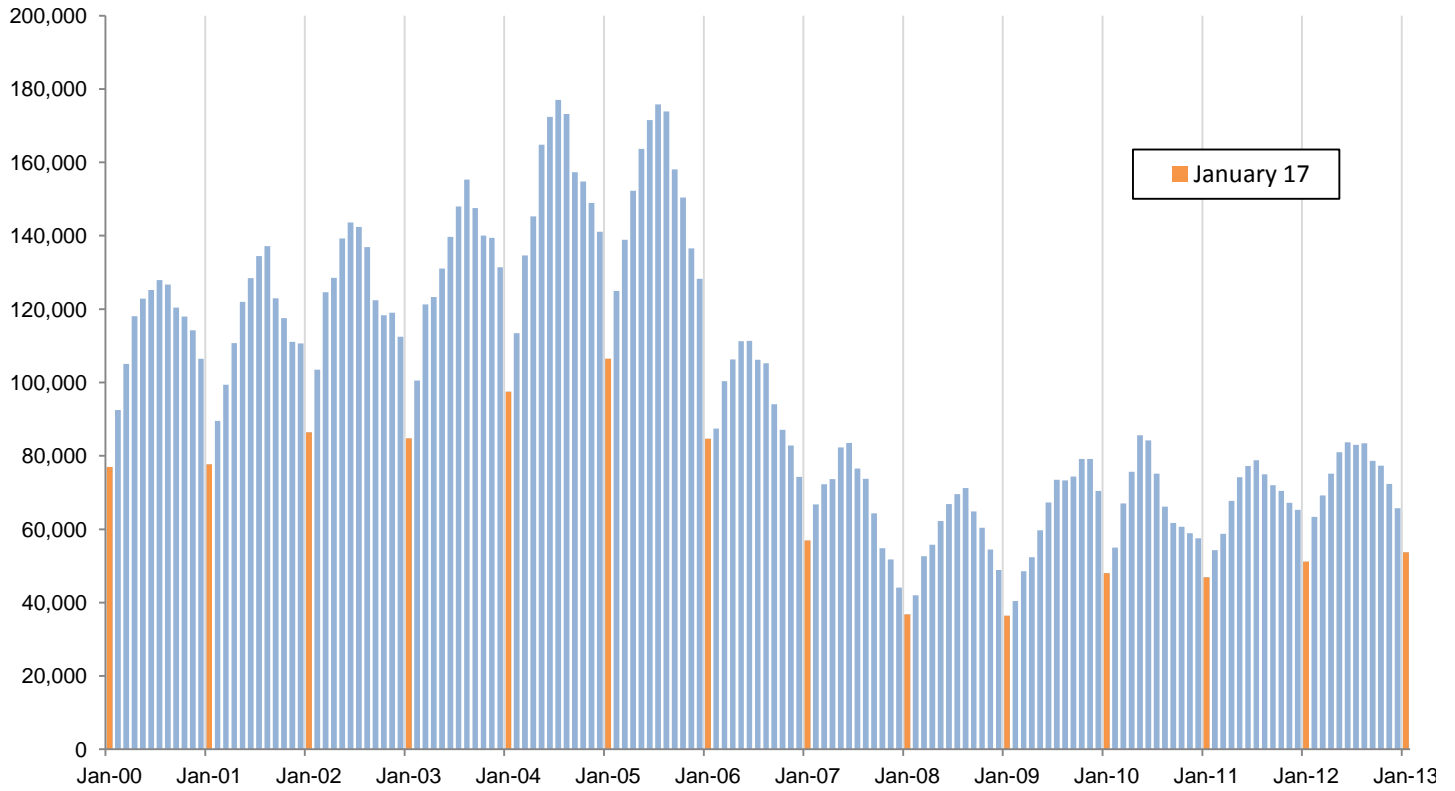
Source: Radar Logic, 28-Day RPX™ Composite price as of 1/17/2013

Appendix 2: Year-Over-Year Change in 25-MSA RPX Price (28-Day), 2001-2013



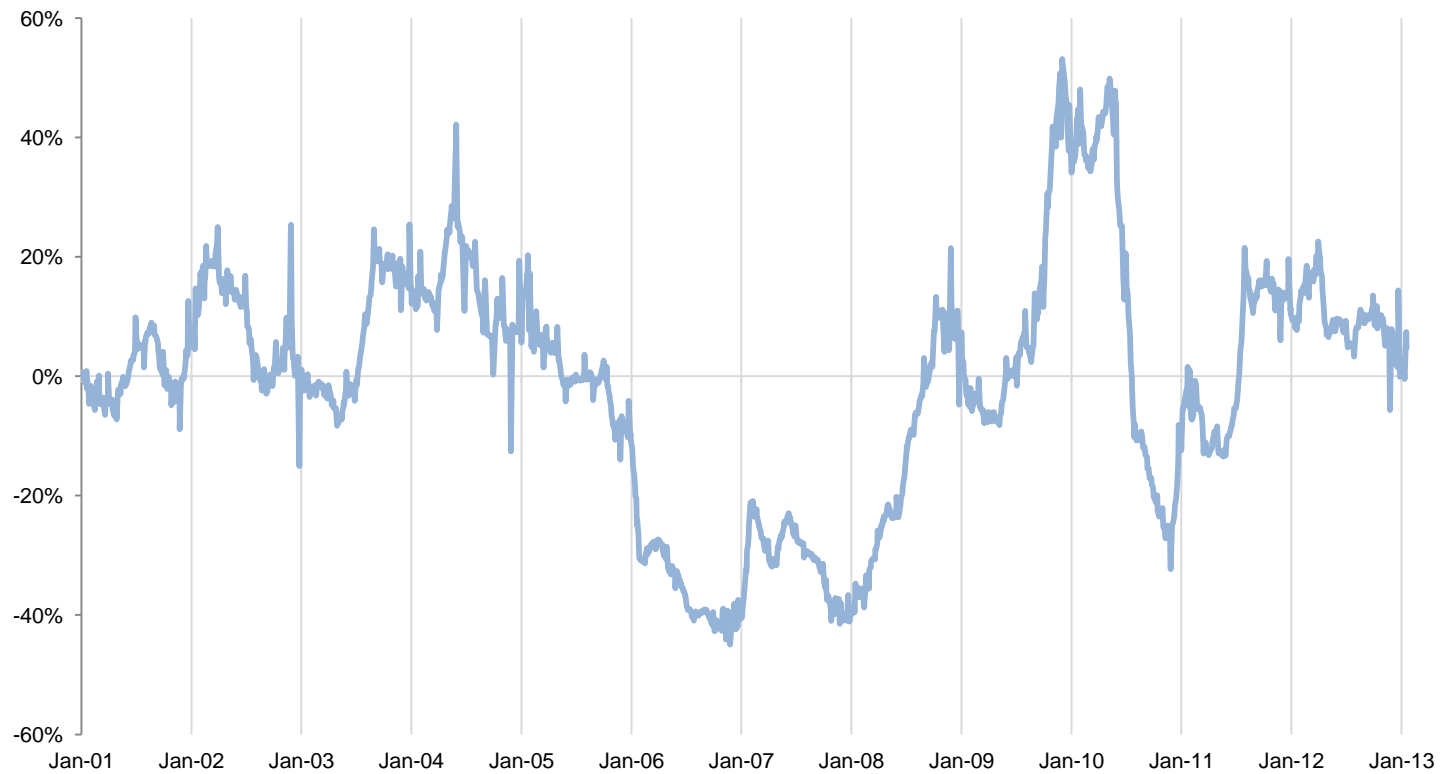
Source: Radar Logic, 28-Day RPX™ Composite price as of 1/17/2013

Appendix 3: 25-MSA RPX Transaction Count (28-Day), 2000-2013



Source: Radar Logic, 28-Day RPX™ Composite transaction count as of 1/17/2013

Appendix 4: Year-Over-Year Change in 25-MSA RPX Transaction Count (28-Day), 2001-2013



Source: Radar Logic, 28-Day RPX™ Composite transaction count as of 1/17/2013

## *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. 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 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 RPX Monthly Housing Market Report provides insight and detailed analysis of Radar Logic's 25 MSAs and the Manhattan Condo market. This study is based on the premise that there is no national housing market; rather, each MSA, while having some economic influences in common, is influenced primarily by local conditions.

## *RPX Analytics & Research*

Radar Logic offers specialized analytic services which allow real estate and financial professionals to view current and historical price per square foot and transaction count trends for all markets and sub-markets we track. MSAs can be segmented by location (zip code and county), property type (single family, multi-family and condo), property size, date range, and sale price. The database is derived from our neutral, public source records.

Our data provide a means for all entities associated with or affected by housing prices to maintain market data streams on a constant, neutral and daily-updated basis.

For additional insight on this report or for inquiries about research or analytic products, please contact:

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