RADAR LOGIC INCORPORATED

Press Release

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Housing Markets Are Weaker Than They Appear

Radar Logic Data Show that Housing Markets are in Worse Shape than Other Data Suggest

New York, NY – December 2, 2010 – The nation's housing markets are in worse shape than one might expect based on the slight declines in the S&P/Case-Shiller home price indices released earlier this week, according to the September 2010 RPX Monthly Housing Market Report released today by Radar Logic Incorporated. While the Case-Shiller 20-City composite index declined 0.7 percent from August to September, the 25-MSA RPX composite price declined 2.7 percent. And while the Case-Shiller 20-City composite increased 0.6 percent year over year, the RPX composite price declined 1.9 percent.

The state of the nation's housing markets looks even worse when one holds aside motivated sales (i.e., sales of homes by financial institutions) and examines the RPX composite prices for the other 70 or so percent of sales. By the end of September, the RPX composite price for "other" (i.e., not "motivated") sales had declined 2.8 percent month over month and 3.0 percent year over year.

Home sales, as measured by the 25-MSA RPX transaction count, declined on both a month-over-month and year-over-year basis. As with home prices, the decline in home sales looks worse when one excludes sales by financial institutions. Other sales declined by roughly twice as much as motivated sales in percentage terms, both on a month-over-month and a year-over-year basis.

The month-over-month declines in prices and sales can be attributed, in part, to seasonal factors such as the beginning of the school year. The rapid decline in other sales relative to motivated sales can be attributed to the fact that motivated sellers (including lenders, servicers and government sponsored enterprises) and motivated buyers (including investors and bargain hunters) are less sensitive to seasonal factors than other buyers and sellers. Whereas owner-occupants may choose not to move after the beginning of the school year to avoid disruption to their families, banks are not likely to be deterred from selling REO (i.e., real estate owned) properties for this reason, nor are investors likely to be deterred from purchasing these properties.

"Homes sold out of foreclosure represent a low-priced alternative to homes sold by owner-occupants," said Quinn Eddins, Director of Research at Radar Logic. "When foreclosure sales increase as a share of total home sales, as they are now, owner-occupants face increased pressure to reduce prices in order to compete. If sales of foreclosed homes continue to show greater stability than sales of other homes, overall housing prices will continue to deteriorate."

Year-over-year declines in prices and transactions can, in part, be attributed to the fact that the government interventions into the housing market that boosted housing demand and limited supply through the end of 2009 were phased out in early 2010. Over the past two years, trial modifications under the Home Affordable Modification Plan and other government initiatives (along with inefficiencies in the foreclosure process) have limited the flow of

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foreclosed homes into the market, while low mortgage rates, tax credits and low home prices have fueled demand. The result has been apparent stability in home prices. But the end of government support in mid-2010 has exposed the underlying imbalance between supply and demand, and prices are declining as a result. In hindsight, it appears that government interventions provided a temporary boost to housing markets, but have not spurred a lasting and self-perpetuating recovery.

The [complete September 2010 RPX Monthly Housing Market Report] is available by subscription at 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 0analysis 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 October 2010 RPX Monthly Housing Market Report will be released on January 6, 2011, 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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