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TOP STORY

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HOW FAST IS DOWN?

Peter Slatin

Continuing a trend that should be surprising no one at this point, housing sales data for October 2007, released January 2 by Radar Logic in its RPX Monthly Housing Market Report, showed residential values sliding further down the price ladder in almost all major markets across the U.S.

Of the 25 metropolitan statistical areas (MSAs) tracked by the RPX, which follows price per square foot, only three – banking-heavy Charlotte, NC; domestic and ovaerseas money magnet Manhattan; and tech-rich Seattle – showed price gains greater than one percent over the same period one year ago. Three other markets – San Francisco, Milwaukee and Philadelphia – qualified as "neutral," meaning they showed movement in either direction of less than one percent. The remaining 19 markets showed declining prices.

Indeed, the index, which we last reported on following its August figures, presents a stark reversal of its October 2006 data. In that report, 14 markets were up and six were down; as in the most recent report, three were neutral.

The three gainers this past October "have been on top for the last six months," says Jonathan Miller, Research Director at Radar Logic and author of the report.

In one interesting anomaly, Miller notes that even though Charlotte's single-family home prices are continuing to rise, its condo market "is one of the worst in terms of change in price." As surprising as that might seem, Miller says he believes it is not a leading indicator of trouble in the much stronger local single-family market. In fact, the condo markets in the other five leading cities are quite another story: "In general, the leading condo markets closely mirror the leading MSAs."

According to the RPX report, condo prices in the top five condo markets (New York, Philadelphia, San Francisco, Seattle and Milwaukee) rose more per square foot than did those of their respective MSAs



[Click above to see a summary of the RPX report.](#)

overall. All of these markets, with the exception of Philadelphia, were in the top five MSAs in price gains.

Something similar happens in the weakest markets, where condo prices were often weakening faster than home prices.

"It's not a uniform pattern," explains Miller. In Las Vegas, which sits at the bottom of the condo rankings, condo prices have come down a stomach-churning 17.9% year-over-year; the MSA as a whole declined a mere 14%. "There's greater volatility among these markets," he adds. "It's not consistent."

Another hard-knuckled point of contrast is the rate of change between those few markets still heading north and the herd now moving in the opposite direction. "The modest increases at a lower pace is further evidence of erosion in housing," notes Miller. While markets such as Sacramento, Las Vegas and San Diego are showing double-digit declines, those moving upward are doing so at only three or four percent. That's gravity hard at work.

Miller says he was "somewhat surprised by what seems to be the acceleration of some declining markets, California specifically." Sacramento prices, for example, are down 18% year-over-year, and Las Vegas – a sort of California suburb – seems to be accelerating in its rate of price decline.

Indeed, one salient point is that, while Florida cities Miami and Tampa are at the bottom of the barrel, the Florida market in general has lagged California in both its timing and rate of descent. Prices on the West Coast, he says, started falling 18 months ago, while those in Florida only began to come down in mid 2007. However, the report shows that the rate of descent in Miami may be picking up speed: prices there have fallen 7.4% over the 90 days and 3.5% over the 30 days ended Oct. 31. The accelerating drop follows a 144.2% leap over the five years preceding the price peak reached on May 15, 2006. The market then took a year to fall just 3.2%.

As overarching as the data appear, Miller says that Radar Logic "is not advocating in our data that there is a national housing market." Instead, he says, the 25 MSAs covered by the index measure conditions in specific local markets. Together, the markets paint a stark picture, but one that offers the chiaroscuro of an Italian Renaissance painting, not a Minimalist monochrome. The challenge going forward: finding enough variations in what seems a monotone drumbeat.