

# HOUSING MARKET REPORT

By Jonathan Miller  
EVP/Director of Research

Release Date: November 2, 2007

Powered by *Radar Logic*

## Key Characteristics

- Seattle, WA, led all markets in price per square foot growth.** As of August 31, 2007, this market showed a 6.2% increase (to \$229.96) over the same period last year. Seattle, WA, was also the highest ranked condo market, with an 8.8% increase (to \$260.33 per square foot) over the same period last year.
- Two of the top five markets saw a significant reduction in their pace of price growth.** Seattle, WA, increased 6.2%, and Philadelphia, PA, increased 2.8%, less than half their two year growth rates of 25.2% and 12.9%, respectively. The three remaining top five markets of Charlotte, NC, Milwaukee, WI, and New York, NY, saw slight increases in their one year growth rate as compared to each of the past two years.
- 18 of 25 metropolitan areas showed price declines.** Of the 25 metropolitan areas analyzed in this report, seven showed gains in price per square foot from the same period last year, none were neutral ( $\pm 1\%$ ) and 18 showed declines. This provides evidence of further price erosion as compared to last month's results, which showed five rising markets, five neutral markets and 14 declining markets. (St. Louis was omitted from last month's report).
- San Jose, CA, continues to be the highest priced metropolitan area at \$471.69, and Cleveland, OH, is the least expensive at \$95.21 per square foot.** The ratio between these lowest-priced and highest-priced markets is 4.95, up from last month's ratio of 4.8.
- The top two condo markets over the past year based on price increase were Seattle, WA, and New York, NY, with 8.8% and 8.3% price gains, respectively. The two weakest condo markets were Sacramento, CA, and San Diego, CA, which saw 10.8% and 8.4% declines in price per square foot, respectively, compared to the same period last year.**

The September 2007 *RPX™ Monthly Housing Market Report* will be released on November 30, 2007 at 9:00AM EST.

## Introduction

The *RPX Monthly Housing Market Report* is produced by Radar Logic Incorporated, a New York-based real estate and data analytics company. These reports are

Rank	Prior Rank	MSA	Code	PPSF	% Change
1	1	Seattle, WA	SE	\$229.96	6.2%
2	2	Charlotte, NC	CH	\$99.42	5.4%
3	4	Milwaukee, WI	MW	\$119.81	5.3%
4	3	New York, NY	NY	\$298.40	4.7%
5	8	Philadelphia, PA	PH	\$162.02	2.8%
6	5	Atlanta, GA	AT	\$99.60	1.4%
7	10	San Jose, CA	SJ	\$471.69	1.2%
8	13	Denver, CO	DV	\$148.35	-1.6%
9	6	San Francisco, CA	SF	\$438.57	-1.8%
10	11	Columbus, OH	CO	\$98.46	-2.1%
11	9	Cleveland, OH	CL	\$95.21	-2.2%
12	15	Jacksonville, FL	JX	\$121.80	-2.2%
13	14	Phoenix, AZ	PX	\$151.36	-2.2%
14	7	Chicago, IL	CG	\$183.69	-2.4%
15	NA*	St. Louis, MO	SL	\$112.60	-2.7%
16	16	Boston, MA	BO	\$239.29	-2.9%
17	17	Minneapolis, MN	MN	\$157.28	-3.3%
18	12	Los Angeles, CA	LA	\$375.87	-4.8%
19	20	Detroit, MI	DT	\$108.03	-5.5%
20	18	Miami, FL	MI	\$191.92	-6.7%
21	21	Tampa, FL	TA	\$132.91	-7.5%
22	19	Las Vegas, NV	LV	\$167.46	-9.1%
23	22	Washington, DC	DC	\$229.59	-10.8%
24	23	San Diego, CA	SD	\$301.22	-12.3%
25	24	Sacramento, CA	SC	\$207.46	-13.8%

Source: 28-Day RPX™ index value for each MSA as of 8/31/2007

\* Due to inconsistencies with public source data, the St. Louis MSA was omitted from last month's analysis.

published 63 days after the last transaction date of every month and provide insight and detailed analysis of Radar Logic's 25 Metropolitan Statistical Areas (MSAs) across the United States. Data reflects the 28-day aggregated value of Radar Logic Daily™ Prices, which represent the most timely and accurate surrogate available for a "spot market" for residential real estate. The price per square foot metric 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 were sorted by their percentage change from the same period last year, without adjusting for seasonal variations. Comparisons were also made based on two-year and five-year changes to explore longer term patterns.

## RPX Manhattan Condo Index

Over the past decade, widespread condominium development has played a key role in the New York City residential real estate market. Manhattan alone makes up 73.5% of the total value of condos in the five boroughs and 47.3% of the total number of condo units. Radar Logic is currently developing a product

to address this specific market—a sub-MSA index based on the RPX Daily Prices for condos in Manhattan. There will be more news to follow.

## Leading and Trailing

Of the 25 metropolitan areas analyzed in this report, seven showed gains in price per square foot from the same period last year, none were neutral ( $\pm 1\%$ ) and 18 showed declines. This provides evidence of further price erosion as compared to last month's results, which showed five rising markets, five neutral markets and 14 declining markets. (St. Louis was omitted from last month's report).

There was little movement in the 25 MSA rankings this month as compared to last month. Four of the top five markets remained at or near the top: Seattle, WA, held the first position with an 6.2% increase in price per square foot as compared to the same period last year; Charlotte, NC, Milwaukee, WI, and New York, NY, all remained within the top five rankings as well, with gains of 5.4%, 5.3% and 4.7%, respectively. Philadelphia, PA, (with a growth rate of 2.8%) surpassed Atlanta, GA, for fifth position.

Within the top five markets, Charlotte, NC, Milwaukee, WI, and New York, NY, saw modest gains in their annual growth rate over each of the past two years. Charlotte, NC, grew 5.4% over one year and 7.6% over two years (an average of 3.8% per year). Milwaukee, WI, grew 5.3% over one year and 6.5% over two years (an average of 3.2% per year). New York, NY, grew 4.7% over one year and 8.2% over two years (an average of 4.1% per year).

Top-ranked Seattle, WA, and Philadelphia, PA, saw their annual growth rates drop sharply over the past year: Seattle, WA, grew 25.2% over 2 years (an average of 12.6% per year) but only 6.2% over one year. Philadelphia, PA grew 12.9% over two years (an average of 6.4% per year) but only 2.8% over one year.

The three markets to show the largest movement in the rankings were Chicago, IL, Los Angeles, CA, and Denver, CO, although it is too soon to suggest a trend. Chicago, IL, moved down seven positions in the rankings (primarily due to a change in historical data reporting) and Los Angeles, CA, fell six positions. Denver, CO, moved up five positions.

San Jose, CA, continues to be the highest priced metropolitan area at \$471.69 (up 1.2% from the same period last year), and Cleveland, OH, is the least expensive at \$95.21 per square foot (down 2.2% from the same period last year). The ratio between these lowest-priced and highest-priced markets is 4.95, up from last month's ratio of 4.8.

Like last month, four of the five highest priced metropolitan markets are located in California. The lowest priced markets are located in the Midwest and South. Three of the four Midwest markets of Detroit, MI, Columbus, OH, and Cleveland, OH, had the smallest price increases of all 25 MSAs over the five year period examined.

## Condo Markets

Two of the five leading condo markets (in terms of price per square foot increase over the past year) are also among the leading MSAs based on their increase in price per square foot. These two markets are Seattle,

Rank	MSA	% Change
1	Seattle, WA	25.2%
2	Philadelphia, PA	12.9%
3	New York, NY	8.2%
4	Charlotte, NC	7.6%
5	Jacksonville, FL	6.8%

Rank	MSA	% Change
1	Sacramento, CA	-17.7%
2	San Diego, CA	-13.0%
3	Detroit, MI	-10.1%
4	Washington, DC	-7.4%
5	Las Vegas, NV	-6.8%

Rank	MSA	% Change
1	Miami, FL	88.4%
2	Los Angeles, CA	83.7%
3	Las Vegas, NV	71.0%
4	Phoenix, AZ	68.4%
5	Washington, DC	68.0%

Rank	MSA	% Change
1	Detroit, MI	0.3%
2	Columbus, OH	4.6%
3	Cleveland, OH	5.8%
4	Denver, CO	7.7%
5	Atlanta, GA	14.4%

Rank	MSA	PPSF
1	San Jose, CA	\$471.69
2	San Francisco, CA	\$438.57
3	Los Angeles, CA	\$375.87
4	San Diego, CA	\$301.22
5	New York, NY	\$298.40

Rank	MSA	PPSF
1	Cleveland, OH	\$95.21
2	Columbus, OH	\$98.46
3	Charlotte, NC	\$99.42
4	Atlanta, GA	\$99.60
5	Detroit, MI	\$108.03

WA, and New York, NY, which increased 8.8% and 8.3%, respectively, over the same period last year. Three of the five trailing condo markets—Sacramento, CA, San Diego, CA, and Las Vegas, NV—were known for their speculative investor activity and saw declines over the past year but significant gains over the past five years. In fact, these three markets showed increasing momentum in price per square foot declines this past year as compared to their respective two year growth rates. Sacramento, CA, was the leader with a 10.8% decline in the current year as compared to a 20.2% decline over two years (an average decline of 10.1% per year). San Diego, CA, declined 8.4% this past year, compared to a 12.9% decline over the last two years (an average decline of 6.4% per year). Las Vegas, NV, saw the same trend, but it was less pronounced—this market had a one year decline of 7.1% but a two year increase of 1.9% (an average increase of 0.9% per year) in price per square foot.

## About Radar Logic

Radar Logic, the home of tradable real estate<sup>SM</sup> is a technology-driven research and analytics business that produces a daily "spot" price for residential real estate in U.S. metropolitan areas. To do this, actual transaction data are captured from public sources and translated into the Radar Logic Daily<sup>TM</sup> Prices. The Daily Prices, in turn, power the Residential Property Index<sup>TM</sup> (RPX<sup>TM</sup>) market, where derivatives and other financial instruments are offered and traded. RPX allows real estate and financial professionals to manage risk, invest in real estate without owning physical assets, and obtain more accurate insight into the residential property market.

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

Radar Logic Incorporated  
379 West Broadway, Suite 401  
New York, NY 10012  
info@radarlogic.com

Jonathan Miller  
Executive Vice President  
Director of Research  
(212) 965-0300 x124  
jmill@radarlogic.com

Rank	MSA	PPSF	1 Year	2 Year	5 Year
1	Seattle, WA	\$260.33	8.8%	34.2%	73.2%
2	New York, NY	\$348.29	8.3%	7.2%	70.7%
3	Detroit, MI	\$107.23	7.4%	-14.1%	-6.7%
4	San Jose, CA	\$443.61	3.6%	5.3%	43.5%
5	St. Louis, MO	\$120.97	2.7%	-1.5%	26.7%

Rank	MSA	PPSF	1 Year	2 Year	5 Year
1	Sacramento, CA	\$199.95	-10.8%	-20.2%	53.6%
2	San Diego, CA	\$314.35	-8.4%	-12.9%	38.3%
3	Las Vegas, NV	\$179.62	-7.1%	1.9%	97.8%
4	Columbus, OH	\$95.03	-6.4%	-8.2%	3.5%
5	Milwaukee, WI	\$123.26	-5.0%	-9.5%	31.1%

R A D A R L O G I C  
INCORPORATED