



# R P X M O N T H L Y HOUSING MARKET *REPORT*

Release Date: October 2, 2008

July 2008

## ***Key Characteristics***

- Not surprisingly, July demonstrated both continued year-over-year market weakness and what history suggests is a mid-summer lull in market activity.
  - Prices in 24 MSAs were below their July 2007 levels while one MSA, Milwaukee, saw year-over-year price growth.
  - The largest price declines continue to be concentrated in California and Southwestern states, where transaction count increases are driven by a surge in foreclosure-related sales.
- Heavily discounted foreclosure related transactions are pushing down MSA prices (see Exhibit 5). As and when the inventory of foreclosed homes is absorbed, the influence of these transactions on MSA prices will be reduced. At that time, traditional market dynamics will become more apparent.
- In markets where foreclosure related sales make up a smaller percentage of total sales, month-over-month price declines in July reflect expected decreases coming off the June peak of the summer buying season.
  - Historically, prices and transaction counts in many MSAs are lower in July than in June and August, though they remain at elevated levels compared to the rest of the year.
- Trading in forwards contracts on RPX increased significantly in September. Cumulative trading volume for the 12 months ended September 2008 reached approximately \$2 billion.
- Prices for RPX Composite forwards generally increased in September, as the US Government worked to increase the availability of credit to institutions and consumers, including prospective homebuyers. The forwards showed their biggest one-day move following the government takeover of Fannie Mae and Freddie Mac, and received a further boost after Treasury Secretary Henry Paulson proposed his \$700bln rescue plan (although the latter gains were later offset when the revised plan failed a vote in the House of Representatives). This suggests that the market is acting like a normalized asset class and trading in line with economic and event-driven forces.
- Prices for RPX New York forwards dropped in September, which is logical given expectations that weakness in the financial sector will translate into weakness in the New York housing market in the near term.

## Exhibit 1: 25 Metropolitan Statistical Areas (MSAs, Ranked by 1-Year % Change)

July 08 Rank	June 08 Rank	MSA	PPSF	July 08 vs. July 07	July 07 vs. July 06	July 08 vs. June 08	July 07 vs. June 07
1	3	Milwaukee, WI	\$121.55	2.9%	4.3%	-3.0%	-7.4%
2	13	Chicago, IL	\$179.59	-1.2%	-6.9%	-2.5%	-11.4%
3	2	Columbus, OH	\$97.91	-1.5%	-1.1%	-2.8%	-1.5%
4	1	Charlotte, NC	\$98.50	-2.3%	5.4%	-2.6%	0.0%
5	4	St. Louis, MO*	\$111.95	-3.0%	-1.5%	-2.9%	-2.4%
6	5	Philadelphia, PA	\$151.94	-3.2%	0.2%	0.0%	-2.1%
7	6	Atlanta, GA	\$96.58	-5.8%	2.7%	-1.4%	-1.7%
8	8	New York, NY	\$279.02	-7.8%	4.5%	-1.4%	-2.1%
9	12	Minneapolis, MN	\$144.35	-8.5%	-3.0%	0.0%	-1.4%
10	7	Seattle, WA	\$214.55	-8.6%	9.2%	-0.7%	-0.3%
11	10	Cleveland, OH	\$88.24	-8.9%	-0.2%	-0.4%	-0.4%
12	14	Jacksonville, FL	\$111.41	-9.8%	-2.2%	-0.4%	-1.3%
13	9	Denver, CO	\$133.41	-10.3%	-1.9%	-4.0%	-2.1%
14	11	Boston, MA	\$210.94	-13.6%	-2.4%	-4.9%	-0.3%
15	15	Detroit, MI	\$92.57	-14.3%	-7.3%	1.9%	1.0%
16	18	Tampa, FL	\$111.31	-17.4%	-7.3%	-1.3%	-2.3%
17	16	Washington, DC	\$193.39	-17.7%	-10.2%	-1.1%	0.2%
18	17	San Jose, CA	\$382.06	-17.9%	-0.7%	-3.5%	-2.5%
19	19	Miami, FL	\$148.55	-24.1%	-5.0%	-4.7%	-1.7%
20	21	San Diego, CA	\$227.74	-26.5%	-10.8%	-3.2%	-2.3%
21	20	San Francisco, CA	\$324.45	-27.7%	0.9%	-4.2%	-1.1%
22	24	Sacramento, CA	\$153.88	-27.9%	-12.7%	-0.9%	-1.0%
23	23	Phoenix, AZ	\$112.00	-28.0%	-1.9%	-2.0%	-1.4%
24	22	Los Angeles, CA	\$280.29	-28.1%	-1.4%	-3.0%	-0.9%
25	25	Las Vegas, NV	\$115.74	-33.4%	-5.9%	-4.6%	-0.9%
		Manhattan Condo**	\$1,131.41	0.9%	8.3%	-2.2%	-2.0%

Source: 28-Day RPX value for each MSA as of 7/31/2008

■ = positive ■ = neutral ■ = negative

\* Historical prices used to calculate changes in St. Louis include late-arriving data not included in published series

\*\* Manhattan Condo is a subset of the New York MSA

## Exhibit 2: Metro Areas Ranked by 2-Year and 5-Year Annualized Change

Leading 5 Metro Areas (2-Year Annualized % Change)		
Rank	MSA	% Change
1	Milwaukee, WI	3.6%
2	Charlotte, NC	1.5%
3	Seattle, WA	-0.1%
4	Columbus, OH	-1.3%
5	Philadelphia, PA	-1.5%

Trailing 5 Metro Areas (2-Year Annualized % Change)		
Rank	MSA	% Change
1	Las Vegas, NV	-20.8%
2	Sacramento, CA	-20.6%
3	San Diego, CA	-19.0%
4	Phoenix, AZ	-16.0%
5	Los Angeles, CA	-15.8%

Leading 5 Metro Areas (5-Year Annualized % Change)		
Rank	MSA	% Change
1	Seattle, WA	8.1%
2	Philadelphia, PA	6.1%
3	New York, NY	5.7%
4	Jacksonville, FL	5.2%
5	Miami, FL	4.6%

Trailing 5 Metro Areas (5-Year Annualized % Change)		
Rank	MSA	% Change
1	Detroit, MI	-4.3%
2	Sacramento, CA	-1.7%
3	San Diego, CA	-1.6%
4	Cleveland, OH	-1.5%
5	Denver, CO	-0.9%

Source: 28-Day RPX™ analytics as of 7/31/2008

### Exhibit 3: Transaction Counts<sup>1</sup>

MSA	July 08 vs. July 07	July 07 vs. July 06	July 08 vs. June 08	July 07 vs. June 07
Philadelphia, PA	57.1%	-61.6%	-4.5%	-44.4%
Las Vegas, NV	38.1%	-63.3%	6.0%	-11.0%
Sacramento, CA	31.8%	-26.5%	-9.5%	-8.2%
Washington, DC	27.3%	-39.8%	-15.9%	-24.8%
Los Angeles, CA	21.5%	-35.5%	-1.0%	-18.3%
San Diego, CA	17.3%	18.1%	-5.3%	-11.4%
Phoenix, AZ	9.4%	-46.3%	-10.6%	-15.5%
San Francisco, CA	2.1%	-21.4%	-7.7%	-10.9%
Minneapolis, MN	-3.2%	-29.1%	11.1%	-9.8%
San Jose, CA	-8.2%	-19.6%	-10.4%	-13.7%
Denver, CO	-9.0%	-19.7%	-6.0%	-11.6%
New York, NY	-9.5%	-35.6%	-2.2%	-13.0%
Milwaukee, WI	-12.1%	-27.4%	-3.3%	-16.2%
Tampa, FL	-14.7%	-42.8%	-12.9%	-15.2%
Boston, MA	-15.2%	-9.8%	-25.6%	-14.4%
Miami, FL	-23.2%	-26.5%	-11.6%	-14.9%
Cleveland, OH	-23.6%	-20.4%	-10.6%	-9.7%
Detroit, MI	-24.6%	-15.2%	2.7%	20.3%
Chicago, IL	-27.4%	-20.9%	-2.7%	-2.0%
Columbus, OH	-27.7%	-10.3%	-14.8%	-2.5%
Charlotte, NC	-30.4%	-17.7%	-15.5%	-4.1%
Atlanta, GA	-33.2%	70.7%	2.7%	-16.9%
Jacksonville, FL	-33.7%	-27.8%	-17.7%	-6.7%
St. Louis, MO	-36.1%	6.6%	-22.2%	-6.0%
Seattle, WA	-43.7%	-29.9%	-16.3%	-10.6%
Manhattan Condo	-31.6%	26.7%	-14.0%	-5.7%

Source: 28-Day RPX™ analytics as of 7/31/2008

<sup>1</sup> Transaction counts represent the transactions included in the calculation of the RPX Daily Prices and may not reflect transaction volume in the market.

### Exhibit 4: Transaction Counts: Motivated<sup>2</sup> vs. Other Sales

	July 08 % Motivated Sales	July 07 % Motivated Sales	July 08 vs. July 07 T.C. Change (Motivated)	July 08 vs. July 07 T.C. Change (Other)	July 08 vs. June 08 T.C. Change (Motivated)	July 08 vs. June 08 T.C. Change (Other)
Composite	21.0%	5.6%	250.0%	-22.1%	1.0%	-7.7%
Los Angeles	34.3%	6.1%	578.2%	-15.0%	4.4%	-3.7%
Miami	14.3%	1.7%	539.5%	-33.0%	11.7%	-14.6%
New York	3.0%	0.8%	231.9%	-15.3%	4.7%	-2.4%
Phoenix	32.8%	3.6%	892.9%	-23.7%	-3.3%	-13.8%

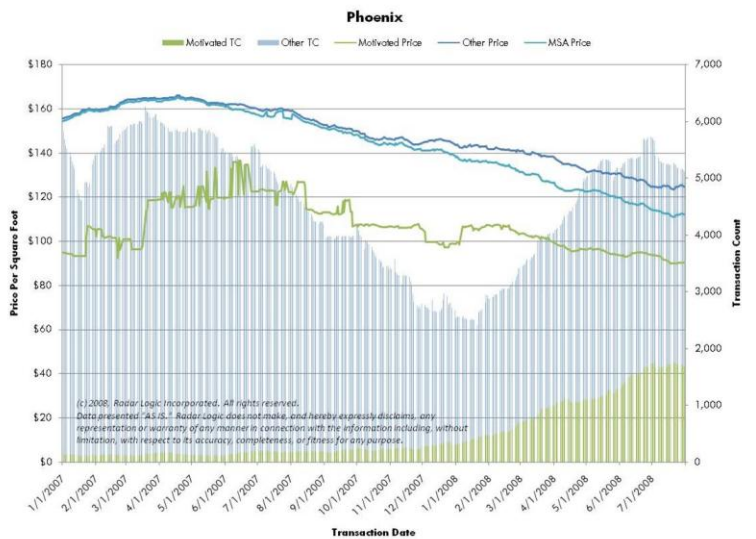
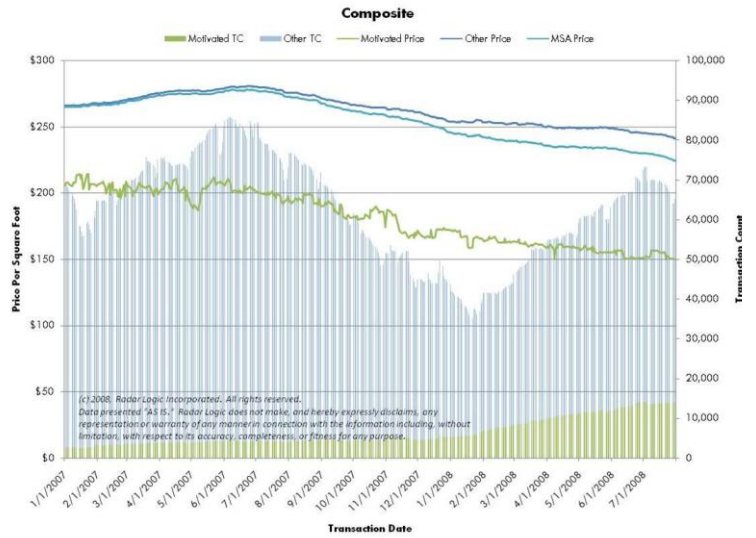
Source: 28-Day RPX™ analytics as of 7/31/2008

<sup>2</sup> Radar Logic's estimate of motivated sales are defined as liquidity-driven sales from financial institutions, foreclosure service firms, and foreclosure auction sales.

## Exhibit 5: Tradable MSAs

The following graphs contain MSA price data and transaction counts available through Data Logic, the real estate analytics package provided by Radar Logic.

Information segmenting "Motivated" transaction counts vs. "Other" is currently not available to Data Logic subscribers.

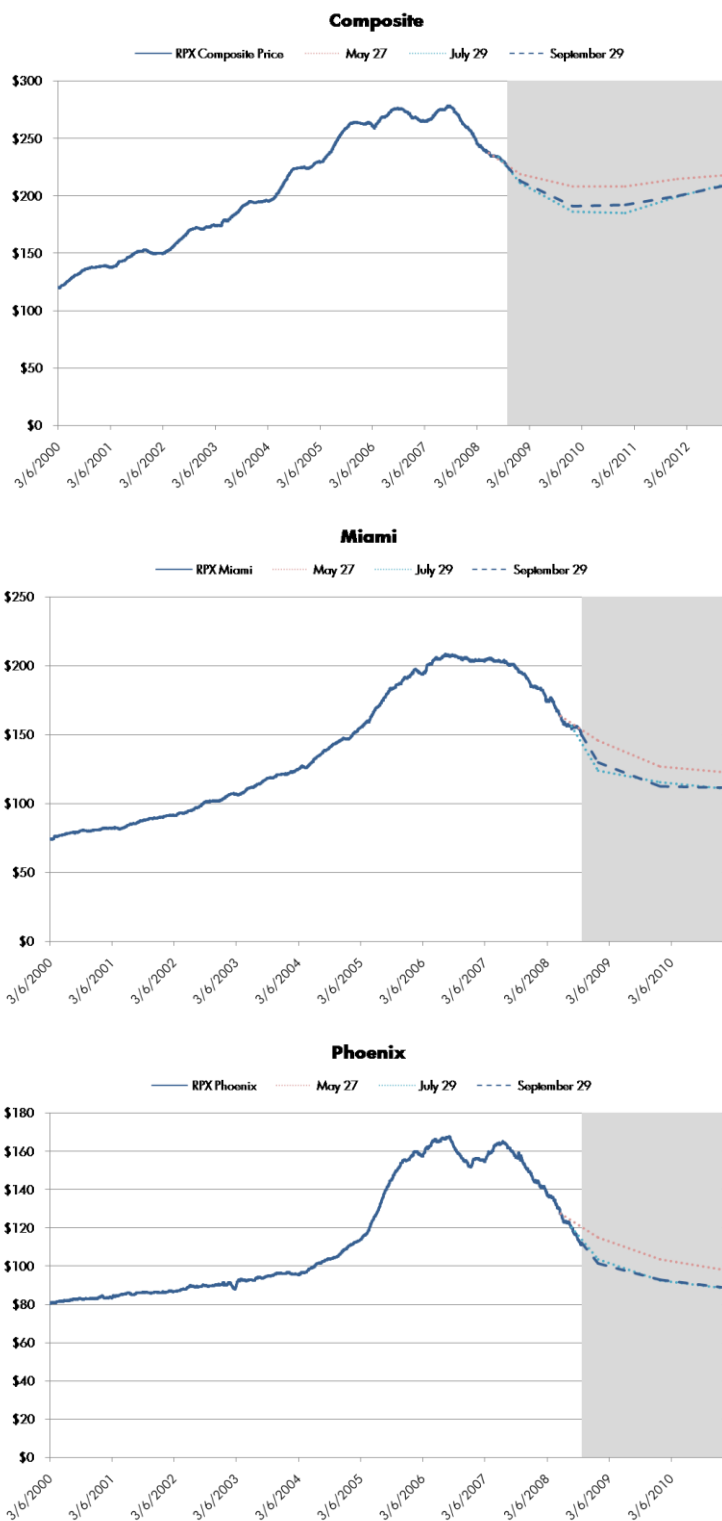
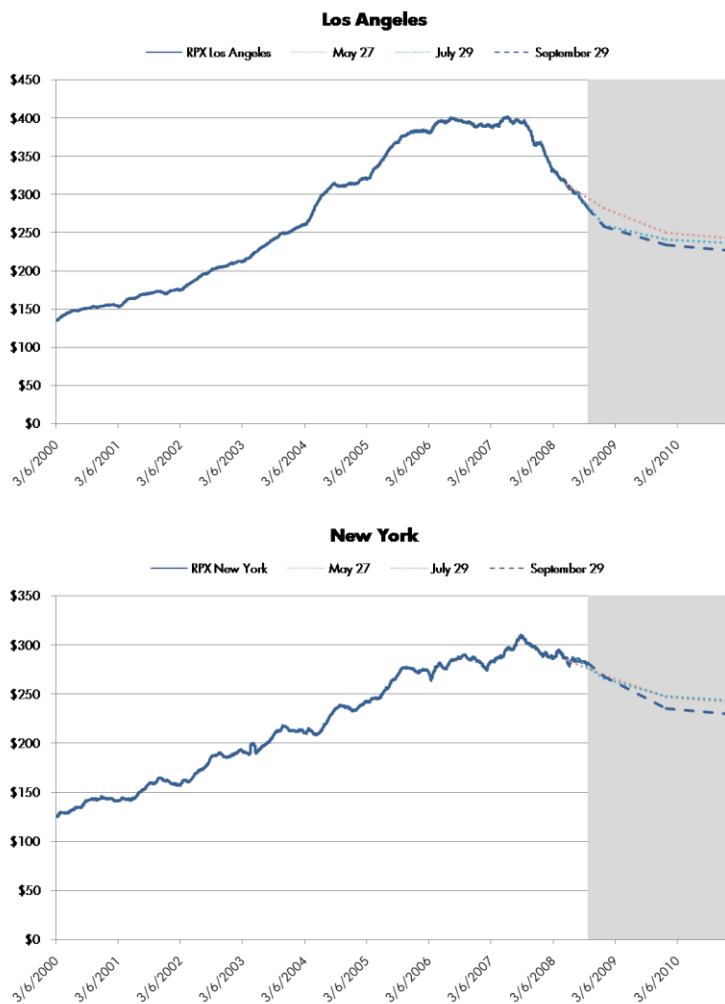


Source: 28-Day RPX™ analytics as of 7/31/2008

## Exhibit 6: RPX Forwards: Historical Fixings

Price fixings are established each trading day by a dealer poll and represent the midmarket expectation for the reference value to be published on the contract expiration date. Reference values represent the simple average of the 28-day RPX Daily Prices from the last five publication dates of each quarter (which correspond to transaction dates 63 days earlier).

Implied house price appreciation (HPA) is calculated relative to the reference value from December 31, 2007 (Exhibit 7). For the following charts, the RPX prices are plotted on a publication date basis. The names of the series indicate the 2008 dates those price fixings were published.



## Exhibit 7: Forward Contract Implied HPA (Cumulative) as of 9/29/08

	Initial Index (Dec 2007)	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12
25 MSA Composite	\$259.54	-17.87%	-26.55%	-26.02%	-23.00%	-19.09%
Los Angeles, CA	\$365.75	-29.39%	-36.02%	-37.94%	N/A	N/A
Miami, FL	\$185.09	-29.71%	-39.15%	-39.76%	N/A	N/A
New York, NY	\$290.98	-7.90%	-19.24%	-21.13%	N/A	N/A
Phoenix, AZ	\$144.04	-29.69%	-35.61%	-38.21%	N/A	N/A

Source: Official 28-Day ICAP / RPX™ fixings as of 09/29/2008

The following calendar contains upcoming housing market data releases in October 2008.

<b>Housing Release Calendar</b>	
<b>Release</b>	<b>Release Date</b>
National Association of Realtors (NAR): Pending Home Sales Index	October 8, 2008
National Association of Home Builders (NAHB): Housing Market Index	October 16, 2008
US Census Bureau: New Residential Construction	October 20, 2008
Office of Federal Housing Enterprise Oversight (OFHEO): House Price Index	October 23, 2008
National Association of Realtors (NAR): Existing-Home Sales	October 24, 2008
US Census Bureau: New Residential Sales	October 28, 2008

## **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 is published 63 days after the last transaction date of every month, providing 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 not a national housing market; rather, each MSA, while having some economic influences in common, is influenced primarily by local conditions.

The August 2008 RPX™ Monthly Housing Market Report will be released on October 31, 2008, at 9:00 AM EST.

## **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 web-based tools 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:

**Radar Logic Incorporated**  
379 West Broadway, Suite 401  
New York, NY 10012  
212.965.0300  
info@radarlogic.com

© 2008 Radar Logic Incorporated. All Rights Reserved. Data presented "AS IS". Radar Logic does not make, and hereby expressly disclaims, any representation or warranty of any manner in connection with the information including, without limitation, with respect to its accuracy, completeness or fitness for any purpose.