

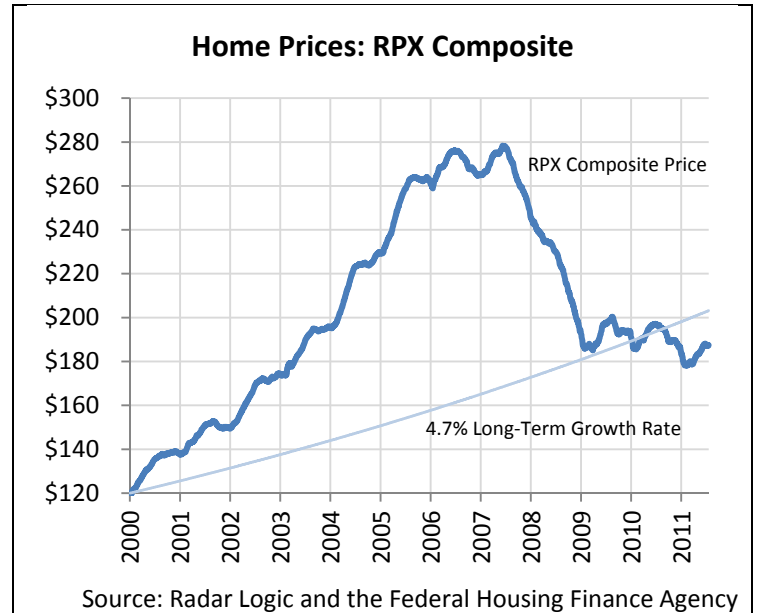
*Did You Know...*

***Housing is Cheap!***

**Considering the decline of home prices in recent years and the decline in mortgage rates to historic lows, housing looks like an extremely attractive investment opportunity.**

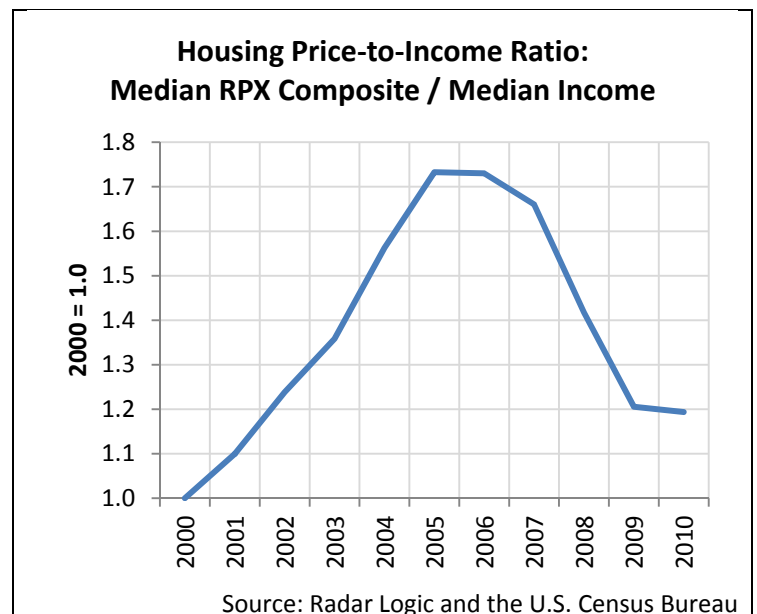
Home values have fallen precipitously over the last four years, and are now approximately equal to what they were in 2003.

- The RPX Composite Price, which tracks housing values in 25 major US metropolitan areas, has fallen 33 percent from its peak in June 2007.
- In 2011 the Composite fell to its lowest levels in eight years, erasing the appreciation during the frothiest years of the housing boom.
- Had the RPX Composite risen at 4.7 percent per annum starting in 2000 (the long-term rate of home price appreciation<sup>1</sup>), it would be \$203 today, or 8 percent higher than it actually is.



A dollar of income goes further toward buying a home today than in any year since 2002<sup>2</sup>.

- Housing values increased faster than incomes from 2000 to 2005, reducing affordability.
- Since 2005, housing prices have dropped faster than incomes, making purchasing a home more affordable.



<sup>1</sup> The long-term housing price appreciation rate was estimated using the FHFA All-Transaction Home Price Index for the United States, Q1 1975 – Q2 2011.

<sup>2</sup> Based on the ratio of annual median RPX Composite price to annual median income for all U.S. households since January 2000.

Relative to the cost of renting, owning a home is the most affordable it has been in ten years<sup>3</sup>.

- From 2001 to 2006, the cost of purchasing a home increased relative to the cost of renting.
- Since 2006, purchasing a home has become more affordable relative to renting.
- In 2011, the price-to-rent ratio fell to 2001 levels.

Mortgage rates are at historically low levels and are likely to stay there for some time.

- As of August 2011, the average 30-Year Conventional Mortgage Rate was 4.27 percent, according to the Federal Reserve. That is the second-lowest rate on record, after 4.23 percent in November 2010.
- The Federal Reserve recently took measures to reduce longer-term interest rates. In light of these measures, mortgage rates are likely to remain at or near record lows for the foreseeable future.

## RPX futures are poised to be an attractive investment alternative.

For more information please visit [www.CBOE.com/RPX](http://www.CBOE.com/RPX) or [www.RadarLogic.com](http://www.RadarLogic.com).

<sup>3</sup> Based on the ratio of the RPX Composite price to Owner Equivalent Rent for all urban consumers, according to the Bureau of Labor Statistics.

