



Press Release

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Radar Logic Sees Nothing But Weakness in Recent Housing Data

The Good News: Soon Housing Values Will Be Tradable

New York, NY – October 20, 2011 – According to recent data, the housing market continues to be very weak and there is little indication that it will improve in the near future. According to the [August 2011 RPX Monthly Housing Market Report](#) released today by [Radar Logic Incorporated](#), housing prices declined in August on both a month-over-month and year-over-year basis. Other recent housing metrics, such as home sales, housing starts and builder confidence, may initially appear to be positive but when viewed in context reveal the fundamental weakness of the market. One piece of good news comes from the CBOE Futures Exchange, which announced recently that it will launch a new market in housing futures later this month. These instruments will provide investors a new and efficient means of managing risk and opportunities in the housing market.

Housing Prices Continue to Fall

The seasonal decline in home prices shifted into high gear in August. The 25-metropolitan-area RPX Composite Price declined 0.8 percent from July to August, the largest decline for this time of year since the crash of 2008. The RPX Composite price declined 4.7 percent relative to August 2010, a sign that the weakness in housing prices is not simply a product of seasonal factors, but the result of a fundamental imbalance in the housing market.

“We continue to see the negative effects of the supply/demand imbalance in housing,” said Michael Feder, President and CEO of Radar Logic. “Until we truly begin to deal with it, the numbers will reflect the fundamental weakness in housing markets,” Feder added.

Despite Appearances, There Has Been No Real Growth in Housing Demand

The 25-MSA RPX transaction count increased 13 percent year-over-year through August. However, rather than indicating an increase in housing demand, this gain is a function of the unusual timing of home purchases last year due to the expiration of the home buyer tax credit. Home sales peaked early last year and declined rapidly thereafter as homebuyers moved up their purchases to qualify for the tax credit. As a result, there were significantly fewer sales in August 2010 than one would expect given the typical distribution of home sales throughout the year. To date, home sales in 2011 have followed the typical seasonal pattern more closely, with sales remaining relatively high through August, so the large year-over-year growth rate reflects the weakness of August 2010 relative to the seasonal norm. The impact of the tax credit on year-over-year growth figures will diminish as the year progresses, and we expect these figures to show little or no year-over-year growth by the end of this year.

Like home prices, housing sales began to decline toward their winter lows in August. The 25-metropolitan-area RPX transaction count declined 5.2 percent from July to August, a relatively large decline for this time of year.

Builder Confidence and Housing Starts Remain Near Record Lows, Despite Recent Gains

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI), which tracks builder confidence in the market for newly built, single-family homes, rose four points to 18 for October. Since the HMI hit a record low in January 2009, it has essentially moved sideways in the 15 to 20 range. Prior to 2009, the average HMI was just over 50. Any number under 50 indicates that more builders view conditions as poor than good.

According to the US Census Bureau, total housing starts were at 658 thousand (seasonally adjusted annual rate) in September, up 15 percent from the revised August rate of 572 thousand. Prior to 2008, the average rate of total starts was over 1.2 million. Housing starts collapsed following the housing bubble and have been moving sideways for about two and a half years with slight jumps due to the home buyer tax credit.

Housing Will Soon Be Tradable Using RPX Futures

The CBOE Futures Exchange (CFE) is expected to launch a new market in housing futures on or around October 27. The futures will be based on RPX prices and will allow users to take positions in residential real estate values without having to purchase physical properties. The futures will provide a new, liquid and transparent alternative to those seeking to invest in residential real estate and those seeking to hedge their current investments against future declines in housing values. For more information about the RPX Futures on the CFE, please visit <http://www.cboe.com/rpx> or <http://www.radarlogic.com>.

The [complete August 2011 RPX Monthly Housing Market Report](#) is available for free with registration on Radar Logic's website.

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 analysis 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 September 2011 RPX Monthly Housing Market Report will be released on December 1, 2011, at 4:00 PM EST.

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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