



Five Things You Need to Know: Latest Four-Letter Word is D-E-B-T

KEVIN DEPEW

Mar 03, 2008 12:45 pm

2. New Housing Price Indicator

Here's a thought: Maybe we can paint a better picture of housing in the U.S. if we just use a new and different price indicator. Back in October Radar Logic, a real estate data and analytics company, began publishing a [report that tracks the housing values](#) for major U.S. metropolitan areas that are the basis of the Residential Property Index (RPX).

The RPX is a real market that enables real estate to be traded as a liquid asset, via property derivatives marketed by major financial institutions.

Ok, so back to the point. Maybe a new housing price indicator will show things aren't quite as bad as price tracking indexes like the Case-Shiller index and even the major media would have us believe. Sorry. Even using the RPX Index data one still has to be quite the silver lining enthusiast to paint a positive picture. Take a look for yourself:

Exhibit 1: 25 Metro Residential Areas (1-Year % Change)

| Rank | Prior Rank | MSA | Code | PPSF | % Change |
|------|------------|-------------------|------|----------|----------|
| 1 | 1 | Milwaukee, WI | MW | \$112.53 | 4.9% |
| 2 | 8 | Washington, DC | DC | \$229.39 | 2.4% |
| 3 | 5 | Charlotte, NC | CH | \$95.93 | 2.1% |
| 4 | 2 | New York, NY | NY | \$286.26 | 1.4% |
| 5 | 3 | Seattle, WA | SE | \$216.81 | 0.9% |
| 6 | 4 | Philadelphia, PA | PH | \$147.36 | -2.0% |
| 7 | 6 | Columbus, OH | CO | \$91.19 | -2.1% |
| 8 | 10 | Chicago, IL | CG | \$169.63 | -4.3% |
| 9 | 18 | Jacksonville, FL | JX | \$114.40 | -4.4% |
| 10 | 7 | San Jose, CA | SJ | \$437.18 | -5.2% |
| 11 | 12 | Minneapolis, MN | MN | \$143.89 | -6.2% |
| 12 | 17 | Detroit, MI | DT | \$101.31 | -6.7% |
| 13 | 9 | San Francisco, CA | SF | \$394.23 | -7.0% |
| 14 | 13 | Boston, MA | BO | \$209.83 | -7.5% |
| 15 | 11 | Cleveland, OH | CL | \$85.37 | -8.2% |
| 16 | 15 | Denver, CO | DV | \$133.21 | -8.9% |
| 17 | 19 | Phoenix, AZ | PX | \$138.76 | -10.3% |
| 18 | 16 | Atlanta, GA | AT | \$91.03 | -11.3% |
| 19 | 22 | Tampa, FL | TA | \$120.88 | -13.6% |
| 20 | 20 | Miami, FL | MI | \$174.13 | -14.4% |
| 21 | 21 | Los Angeles, CA | LA | \$331.46 | -14.7% |
| 22 | 23 | San Diego, CA | SD | \$269.96 | -19.0% |
| 23 | 14 | St. Louis, MO | SL | \$88.71 | -20.3% |
| 24 | 24 | Las Vegas, NV | LV | \$143.29 | -21.0% |
| 25 | 25 | Sacramento, CA | SC | \$172.54 | -23.7% |

Source: 28-Day RPX™ index value for each MSA as of 12/31/2007



As one would expect, year-over-year price-per-square-foot has fallen in prime bubble areas such as California, Florida and Nevada, but take a look at St. Louis, MO, down 20.3% year-over-year. And Atlanta, down more than 10% year-over-year. The silver lining is year-over-year price appreciation holding up in Milwaukee, D.C., Charlotte, NC, New York and Seattle.

One last note. The Radar Logic report this month looks at the impact of the fiscal stimulus bill signed into law last month, particularly the increase in the price caps enabling **Fannie Mae** (FNM) and **Freddie Mac** (FRE) to purchase more mortgages. A preliminary analysis by Radar Logic shows of the 25 RPX Metro Areas, only nine have median prices high enough for an increase in the conforming loan limit. All are on the East and West coasts.

Copyright 2008 Minyanville Publishing and Multimedia, LLC. All Rights Reserved.