



# RPX MONTHLY HOUSING MARKET REPORT

Release Date: July 7, 2008

April 2008

## Key Characteristics

- For April 2008, evidence suggests that the broad housing slump continued as consumers showed persistent lack of confidence and difficulty in financing home purchases.
- Of the 25 Metropolitan Statistical Areas (MSAs) examined, one market showed a price per square foot (PPSF) increase, one was neutral, and 23 showed declines on a year-over-year basis; however, nine MSAs showed PPSF increases from March to April. Consistent with seasonal expectations, 21 MSAs showed a transaction count increase from March to April 2008.
- The Manhattan Condo market showed a 3.6% increase in PPSF year-over-year coupled with an increase in recent transactions, however, there was a modest decline of 0.7% in month-over-month prices.

## General Observations

April 2008 continued to exhibit PPSF weakness compared to last year in almost all markets. The 25 MSAs are ranked in Exhibit 1 by year-over-year change in PPSF; one MSA showed net year-over-year appreciation, one was neutral and 23 declined. Charlotte's year-over-year appreciation of 1.5% was larger than its 0.1% year-over-year PPSF appreciation of last month. Columbus showed year-over-year PPSF appreciation of 0.1% for April 2008 which is an improvement from last month's year-over-year decline of 4.3%. New York declined 3.0% year-over-year in April 2008, its second decline in Radar Logic's published history (beginning in 2000). Sacramento, the lowest-ranking MSA, showed a 31.7% decline from April 2007, which is consistent with last month's year-over-year decline of 30.6%.

Historically, the spring and summer months tend to stimulate the housing market, typically showing increasing transactions in all of the RPX MSAs. For April 2008, 21 MSAs showed a month-over-month increase in transaction count compared to 24 in March 2008. However, only 9 MSAs showed month-over-month PPSF growth, compared to the 10 markets experiencing increases in PPSF over the same period last year.

## MSA Highlights

**New York:** In April, New York showed a year-over-year PPSF decline of 3.0% but a month-over-month increase of 2.0%. Consistent with its historically seasonal trend, transaction counts in New York increased 7.7% from March to April. The Manhattan

Condo market experienced a 16.3% increase in transaction count since March, compared to last year's month-over-month increase of 9.8%. Despite the increase in transaction count, month-over-month PPSF for the Manhattan Condo market declined 0.7%. A year-over-year appreciation of 3.6% was seen; however, year-over-year appreciation in April 2007 was 15.1%.

**Los Angeles:** Los Angeles continued to show PPSF declines as motivated sales continued to make up a large percentage of total transactions in the market. The MSA PPSF declined 23.4% year-over-year and 2.1% since the end of March. The market showed a 14.7% increase in transaction count from March to April, consistent with seasonal expectations. Motivated sales made up 29.0% of the market in April 2008, up from 3.0% in April 2007. Motivated sales continue to depress the PPSF with a year-over-year decline of 19.1% compared to an increase of 0.6% in April 2007.

**Miami:** Transaction count in Miami increased 5.4% since March compared with a decrease of 5.9% during the same period last year. While transactions increased, PPSF declined 2.2% since the end of March. Year-over-year, PPSF declined 22.4% in April 2008 compared with a 2.1% year-over-year decline in April 2007.

**Phoenix:** The Phoenix MSA showed a decline in PPSF; year-over-year, the MSA PPSF declined 25.5% and ranks 22nd out of the 25 RPX MSAs. PPSF dropped 2.9% since March 2008 while transaction count experienced a monthly increase of 23.2%. In April 2007, motivated sales made up 2.2% of all sales in the Phoenix MSA; this

percentage increased to 22.2% in April 2008. Over the last year, both motivated sales and non-motivated sales have experienced declines in PPSF. The PPSF of motivated sales has fallen 16.6% year-over-year compared to a PPSF decline of 20.1% for non-motivated sales. This may mark the beginning of a narrowing in the difference in PPSF between motivated sales and non-motivated sales perhaps driven by the increased number of homes being purchased out of foreclosure.

## Forwards

On May 5th, forward contracts on the RPX Composite and four major MSAs (New York, Los Angeles, Miami and Phoenix) began to be quoted by our licensed dealers. These contracts are quoted as far out as five years for the 25-MSA Composite and three years for the MSAs. Closing quotes can be found by visiting our website, [www.radarlogic.com](http://www.radarlogic.com).

Exhibit 3 compares the daily 28-day RPX price for the Composite with the closing quote of each maturing forward contract. Several observations stand out. First, despite the continuing downward trend in the daily 28-day Composite, forward prices during the first two weeks of trading for the 2010, 2011, and 2012 maturities actually rose, while the 2008 and 2009 maturities were flat. Since late May however, the forward prices have generally been in sync with the daily 28-day Composite and have drifted lower. Secondly, the term structure of the markets has remained the same as at the commencement of trading.

The markets continue to anticipate a bottom in prices during 2009 with flat prices for 2010, before beginning an uptrend in 2011 (up roughly 3.95% compared to YE 2010 as of June 30th) and continuing in 2012 (up roughly 4.82% compared to YE 2011 as of June 30th). As we collect more data and liquidity picks up, we hope

to share more information and market assumptions in future monthly reports. We hope to include an analysis that relates these forward looking market assumptions with the present state of the labor markets and affordability measures as well as with forward levels of interest rates.

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

| Rank | Prior Rank | MSA               | Code | PPSF       | % Change YoY | % Change MoM |
|------|------------|-------------------|------|------------|--------------|--------------|
| 1    | 2          | Charlotte, NC     | CH   | \$99.09    | 1.5%         | 3.1%         |
| 2    | 4          | Columbus, OH      | CO   | \$96.50    | 0.1%         | 4.6%         |
| 3    | 1          | Milwaukee, WI     | MW   | \$117.23   | -1.0%        | 1.7%         |
| 4    | 7          | New York, NY      | NY   | \$286.11   | -3.0%        | 2.0%         |
| 5    | 10         | Atlanta, GA       | AT   | \$97.20    | -5.1%        | 1.2%         |
| 6    | 8          | Philadelphia, PA  | PH   | \$149.09   | -6.0%        | 0.0%         |
| 7    | 5          | Denver, CO        | DV   | \$137.20   | -6.0%        | 3.0%         |
| 8    | 3          | Cleveland, OH     | CL   | \$88.20    | -6.2%        | -1.1%        |
| 9    | 11         | Minneapolis, MN   | MN   | \$146.23   | -7.0%        | 1.1%         |
| 10   | 6          | Seattle, WA       | SE   | \$214.37   | -7.1%        | -0.8%        |
| 11   | 9          | Chicago, IL       | CG   | \$174.41   | -10.0%       | -1.8%        |
| 12   | 16         | Boston, MA        | BO   | \$205.77   | -12.1%       | 1.2%         |
| 13   | 12         | Jacksonville, FL  | JX   | \$110.39   | -12.3%       | -3.1%        |
| 14   | 13         | Washington, DC    | DC   | \$201.09   | -12.7%       | -3.6%        |
| 15   | 15         | San Jose, CA      | SJ   | \$411.07   | -13.5%       | -1.4%        |
| 16   | 17         | Detroit, MI       | DT   | \$91.48    | -16.1%       | -1.8%        |
| 17   | 19         | Tampa, FL         | TA   | \$114.71   | -16.6%       | 2.6%         |
| 18   | 18         | San Francisco, CA | SF   | \$366.88   | -19.7%       | 0.5%         |
| 19   | 14         | St. Louis, MO     | SL   | \$93.29    | -19.8%       | -7.6%        |
| 20   | 20         | Miami, FL         | MI   | \$156.82   | -22.4%       | -2.2%        |
| 21   | 21         | Los Angeles, CA   | LA   | \$303.28   | -23.4%       | -2.1%        |
| 22   | 22         | Phoenix, AZ       | PX   | \$122.60   | -25.5%       | -2.9%        |
| 23   | 24         | San Diego, CA     | SD   | \$242.62   | -28.1%       | -3.3%        |
| 24   | 23         | Las Vegas, NV     | LV   | \$126.08   | -29.9%       | -5.7%        |
| 25   | 25         | Sacramento, CA    | SC   | \$155.28   | -31.7%       | -2.8%        |
|      |            | Manhattan Condo*  | MC   | \$1,159.01 | 3.6%         | -0.7%        |

Source: 28-Day RPX™ value for each MSA as of 04/30/2008  
 \* Manhattan Condo is a subset of the New York MSA

■ = positive ■ = neutral ■ = negative

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

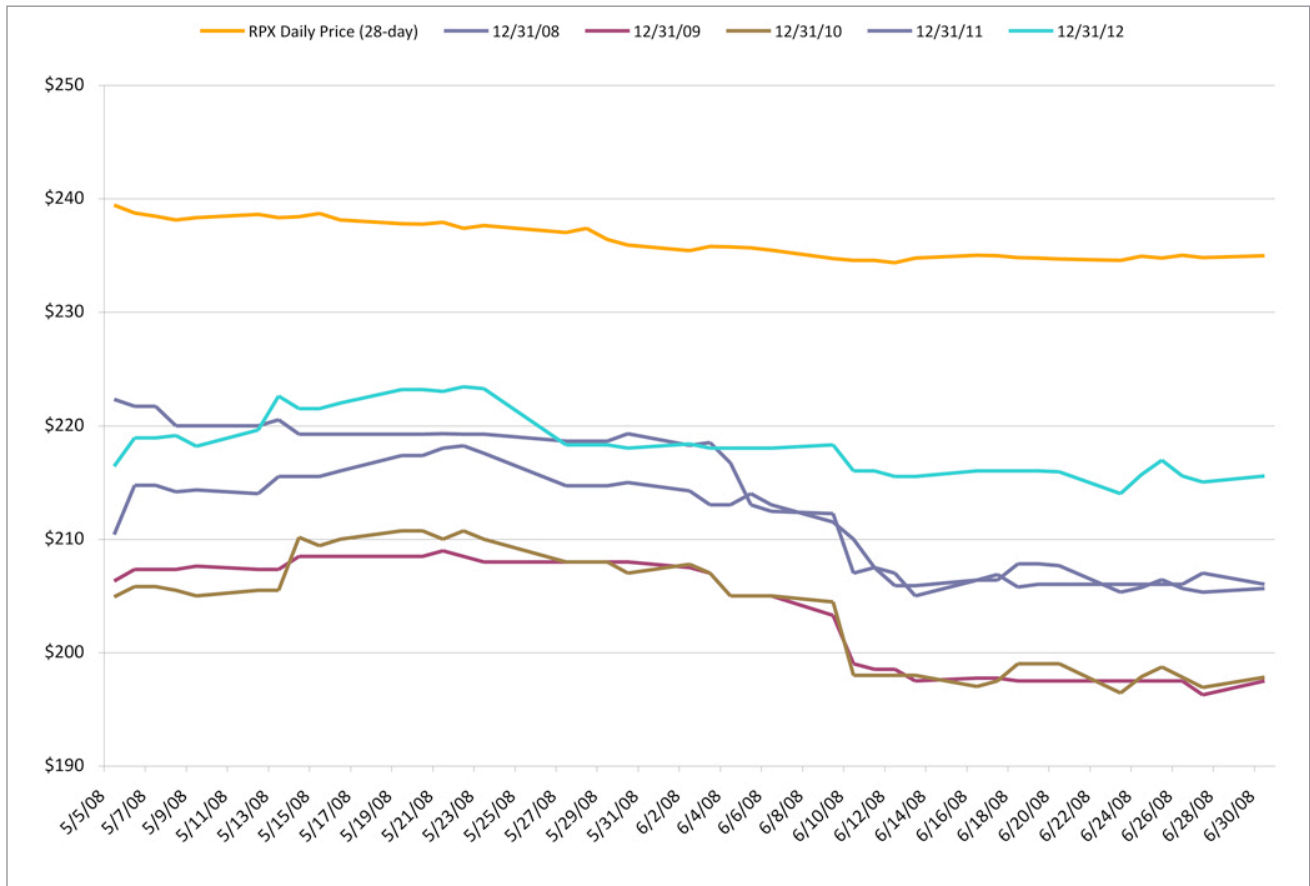
| Leading 5 Metro Areas (2-year Annualized % Change) |                  |          |
|--|------------------|----------|
| Rank   | MSA              | % Change |
| 1  | Milwaukee, WI    | 4.2%     |
| 2  | Charlotte, NC    | 3.6%     |
| 3  | Seattle, WA      | 2.4%     |
| 4  | New York, NY     | 1.1%     |
| 5  | Philadelphia, PA | -0.3%    |

| Trailing 5 Metro Areas (2-year Annualized % Change) |                |          |
|---|----------------|----------|
| Rank  | MSA            | % Change |
| 1   | Sacramento, CA | -20.7%   |
| 2   | Las Vegas, NV  | -17.7%   |
| 3   | San Diego, CA  | -16.5%   |
| 4   | Phoenix, AZ    | -14.3%   |
| 5   | Miami, FL      | -12.9%   |

| Leading 5 Metro Areas (5-year Annualized % Change) |                  |          |
|--|------------------|----------|
| Rank   | MSA              | % Change |
| 1  | Seattle, WA      | 8.9%     |
| 2  | New York, NY     | 7.8%     |
| 3  | Philadelphia, PA | 6.9%     |
| 4  | Miami, FL        | 6.7%     |
| 5  | Washington, DC   | 6.5%     |

| Trailing 5 Metro Areas (5-year Annualized % Change) |                |          |
|---|----------------|----------|
| Rank  | MSA            | % Change |
| 1   | Detroit, MI    | -3.5%    |
| 2   | St. Louis, MO  | -1.0%    |
| 3   | Cleveland, OH  | -0.9%    |
| 4   | Sacramento, CA | -0.5%    |
| 5   | Denver, CO     | 0.0%     |

### Exhibit 3: MSA Forwards Composite



The following calendar contains upcoming housing market data releases for the month of June 2008:

| Housing Release Calendar   |                  |
|--|------------------|
| Release  | Release Date     |
| NAR: National Association of Realtors: Pending Home Sales Index              | July 8, 2008     |
| NAR: National Association of Realtors: Existing-Home Sales                   | July 8, 2008     |
| NAHB: Housing Market Index   | July 16, 2008    |
| US Census Bureau: New Residential Construction                               | July 16-20, 2008 |
| US Census Bureau: New Residential Sales                                      | July 25, 2008    |
| OFHEO: Office of Federal Housing Enterprise Oversight: Qt. House Price Index | August 26, 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 May 2008 RPX™ Monthly Housing Market Report will be released on August 1, 2008, at 9:00 AM EST.

### Radar Logic Introduces Data Logic

Radar Logic is introducing two new data packages designed to serve the needs of today's financial and real estate investor. Data Logic's new data packages are designed to allow users to query data by geography (county or zip code), property type (all property types, single family & condos), property size and property price. Queries can also be printed as charts and downloaded in CSV format. All packages include the same functionality and differ only in the number of MSAs they cover. Our new data packages are as follows:

**Data Logic Basic** - Includes **1 MSA**

- 3 Months @ \$1,800
- 1 Year @ \$4,750

**Data Logic Platinum** - Includes all **25 MSAs**

- 1 Year @ \$15,000

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:

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\* This report is being held for release until Monday, July 7, 2008 due to the holiday weekend.

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