



R P X M O N T H L Y H O U S I N G M A R K E T R E P O R T

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March 2009

Key Characteristics

- The RPX 25-MSA Composite has stabilized since January 2009, after being in virtual freefall for much of 2008. The Composite declined only 0.3 percent on a month-over-month basis in both February and March 2009, which compares favorably to the 1.2 percent and 0.9 percent declines in February and March 2008, respectively. The average monthly decline in 2008 was 2 percent.
- Volatility in the RPX Composite was significantly lower during the first quarter of 2009 than in the same period of any year since the beginning of Radar Logic's data in 2000. The standard deviation of the Composite during the first quarter of 2009 was roughly half of what it was in the first quarter of 2006, when housing prices were near their peaks.
- Prices improved on a month-over-month basis in 11 of the 25MSAs tracked by Radar Logic. In six more MSAs, home prices declined less from February to March than they did from January to February.
- In the February 2009 Monthly Housing Market Report we noted that home sales increased more this February than they had in years past in most of the MSAs we cover. On the same day our report was released, Lawrence Yun, Chief Economist of the National Association of Realtors, said home sales appear to be stabilizing.¹ In March, sales remained strong, with transaction counts increasing in 23 MSAs on a month-over-month basis. Unlike in February, however, the sales increases were consistent with the historical pattern for this time of year.
- Our previous report also mentioned that buyers returned to California's housing market en masse in February, attracted by prices at 2001 and 2002 levels. As a result, the seasonal price increase in February was more substantial than it was a year ago. Subsequently, others made similarly upbeat observations about the California markets. Of particular note, Bill Staniford, CEO of PropertyShark.com, called a bottom for Los Angeles.² However, the strength in the California markets waned somewhat in March, with prices decreasing in four of the five California MSAs tracked by Radar Logic on a month-over-month basis. This marks a reversal of the trend in February, when prices increased in four MSAs, and runs counter to the typical pattern for this time of year. The decline in prices may have been caused by a return of supply of foreclosed homes as well as seller capitulation to new pricing levels. Nevertheless, California is still showing strength relative to last year, with prices decreasing less in March 2009 on a month-over-month basis than they did in March 2008 in most of the markets covered.

¹ National Association of Realtors. "March Existing-Home Sales Slip but First-Time Buyers Rise." Press release. Realtor.org. 23 Apr. 2009 <http://www.realtor.org/press_room/news_releases/2009/04/march_ehs>.

² Wotapka, Dawn. "Has Los Angeles Hit Bottom?" Weblog post. WSJ.com. 7 May 2009. <<http://blogs.wsj.com/developments/2009/05/07/has-los-angeles-hit-bottom/>>.

- As financial institutions end their self-imposed foreclosure moratoriums and new foreclosure filings hit record highs, many observers foresee a new wave of foreclosed homes hitting the nation's housing markets. In March, motivated sales increased in 23 MSAs on a year-over-year basis, and in 21 MSAs on a month-over-month basis.
- In our last report we demonstrated that Radar Logic Daily Prices can be used to forecast the S&P/Case-Shiller Home Price Indices (CSI). In the report, which we released on April 23, we predicted that the CSI 20-City composite for February, which was announced on April 28, would be around 143. The announced value was 143.17. This month, we expect the 20-City composite for March will decrease to approximately 141, and the 10-City composite will decrease from 154.7 for February to around 152 for March. This runs counter to the trends observable in Radar Logic's data.

New This Month

Starting this month, the RPX Monthly Housing Market Report will periodically include a financial analysis and commentary section contributed by one of our business partners. This month's section is contributed by Rob Kessel, managing partner of Compass Analytics. For more information on Compass Analytics, please visit www.compass-analytics.com.

We are also pleased to announce that economist Steve Blitz will begin publishing the Blitz Report on Real Estate Markets within the next several weeks. The report will feature a general economic outlook and focus on house price forecasts for the nation and several MSAs based on Radar Logic data and using proprietary indicators, charts and models. The Report will use its house price forecast to identify undiscounted opportunities in the capital markets – including the market for RPX forwards.

Steve Blitz has over 30 years experience analyzing economies and capital markets to build successful trading and investment strategies using fundamental and technical analysis. His career has included econometric model building at Data Resources Inc, creating derivatives market strategies at Salomon Brothers, fixed income asset management at OFFITBANK and running global fixed-income at Lazard Asset Management. More recently, Steve was analyzing the commercial and residential real markets as the Chief Economist for the Rosen Consulting Group.

Commentary on the Mortgage Capital Market by Rob Kessel, Managing Partner of Compass Analytics

Mortgage capital market participants are always interested in the current loan-to-property value ratio (LTV) of the loans they are valuing. For new production we can count on having new appraisals for property value, but in valuing whole loans and servicing rights, we often employ home price indices (HPI) to approximate individual loan property changes in value from origination date or last appraisal. HPI data enable us to approximate current LTV on each loan which, when used in conjunction with house price appreciation/depreciation (HPA) forecasts, provides a forecast of the future LTV.

Current and future LTV is an integral part of valuing whole loans and servicing as it gives us important data to model expected loan delinquency, default and loss severity (the expected loss of loan principal) for each loan. Whole loans and servicing rights are modeled with discounted cash flows. Consequently, whole loan analysts are very interested in what loan principal will be returned and when. Servicing analysts are very interested in what advances they will need to make on delinquent loans as well the extra cost of servicing delinquent loans.

So just use state or MSA-level HPI data and we are fine, right? Not so fast. If one looks at zip-code data available within Radar Logic's Home Price Data, we see great variations for different zip codes within a MSA. In the table below we see that a surprisingly low ratio of zips within a MSA have high price correlations with the zip's MSA ($r \geq 90\%$ - Column A). Even when we limit the correlation study to those larger zip codes representing approximately 25% of sales transactions, we still find surprisingly low correlations, particularly in some of the larger markets (Column B - e.g. New York and Chicago). Although we'd expect these correlations to trend higher over a longer observation period, successful mortgage analysts require contemporary data, especially in our current volatile environment. The take-away is pretty straightforward - mortgage analysts can increase the accuracy of their valuations, and their performance, by appropriately using zip-level HPI data wherever possible.

MSA	Total Zips	Column A		Column B	
		Percent Zips w/r $\geq 90\%$	Zips w/approx 25% of Sales	Of those Zips, Zips w/r $\geq 90\%$	Of those, Percent Zips w/r $\geq 90\%$
Atlanta, GA	186	17%	48	31	65%
Boston, MA	242	10%	61	25	41%
Chicago, IL	297	1%	56	4	7%
Charlotte, NC	61	15%	16	9	56%
Cleveland, OH	74	7%	12	5	42%
Columbus, OH	93	12%	17	11	65%
Detroit, MI	174	13%	46	23	50%
Denver, CO	120	39%	30	30	100%
Jacksonville, FL	57	14%	13	8	62%
Los Angeles, CA	356	26%	87	80	92%
Las Vegas, NV	62	30%	21	18	86%
Miami, FL	183	29%	43	41	95%
Minneapolis, MN	158	1%	48	2	4%
Milwaukee, WI	36	0%	10	0	0%
New York, NY	574	2%	146	10	7%
Philadelphia, PA	223	0%	53	1	2%
Phoenix, AZ	148	60%	37	37	100%
Sacramento, CA	105	37%	32	32	100%
Seattle, WA	152	15%	32	22	69%
San Francisco, CA	149	24%	38	35	92%
San Diego, CA	90	57%	22	22	100%
San Jose, CA	53	28%	10	10	100%
St. Louis, MO	86	14%	25	12	48%
Tampa, FL	129	17%	34	21	62%
Washington, DC	265	21%	67	53	79%

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

Mar 2009 Rank	Feb 2009 Rank	MSA	PPSF	Mar2009 vs. Mar 2008	Mar 2008 vs. Mar 2007	Mar 2009 vs. Feb 2009	Mar 2008 vs. Feb 2008
1	5	Charlotte, NC	\$91.42	-4.6%	0.9%	5.1%	-0.1%
2	1	Milwaukee, WI	\$108.86	-4.8%	4.1%	5.6%	6.5%
3	3	Columbus, OH	\$87.61	-5.2%	-3.4%	4.9%	1.9%
4	4	Philadelphia, PA	\$138.32	-6.8%	-4.8%	2.1%	0.1%
5	2	St. Louis, MO ¹	\$97.45	-6.9%	-5.7%	2.0%	4.1%
6	6	Denver, CO	\$119.88	-12.0%	-2.2%	5.7%	7.4%
7	7	Cleveland, OH	\$74.82	-14.1%	-5.8%	-1.7%	-0.1%
8	11	New York, NY	\$243.61	-15.2%	-0.7%	0.5%	-1.9%
9	15	Boston, MA	\$166.62	-16.4%	-12.0%	6.0%	-1.0%
10	9	Seattle, WA	\$178.45	-16.7%	-4.9%	-1.3%	0.3%
11	8	Atlanta, GA	\$77.49	-17.2%	-8.7%	-1.1%	1.6%
12	13	Chicago, IL	\$139.52	-18.6%	-6.5%	3.5%	4.6%
13	12	Jacksonville, FL	\$92.88	-18.8%	-7.1%	0.4%	2.2%
14	14	Minneapolis, MN	\$110.79	-20.6%	-9.6%	-0.8%	0.8%
15	10	Washington, DC	\$164.79	-21.2%	-9.7%	-7.5%	-0.9%
16	17	Detroit, MI	\$71.63	-22.2%	-15.5%	-1.6%	-3.2%
17	16	Tampa, FL	\$89.84	-22.2%	-16.6%	2.4%	0.7%
18	19	San Diego, CA	\$190.15	-24.2%	-26.9%	-0.1%	-2.2%
19	18	Los Angeles, CA	\$236.09	-24.9%	-21.3%	-1.5%	-1.5%
20	20	Sacramento, CA	\$120.06	-25.1%	-30.5%	-0.6%	-2.0%
21	22	Miami, FL	\$117.40	-28.4%	-19.5%	-1.2%	-3.9%
22	21	San Jose, CA	\$297.86	-29.7%	-10.5%	-0.7%	-1.1%
23	24	San Francisco, CA	\$242.72	-34.5%	-15.9%	-1.6%	0.8%
24	23	Las Vegas, NV	\$86.92	-35.3%	-25.7%	-4.3%	0.9%
25	25	Phoenix, AZ	\$80.95	-37.1%	-21.5%	-0.7%	-4.3%
		Manhattan Condo ²	\$1,121.04	-3.0%	8.7%	-2.5%	-1.5%

Source: 28-Day RPX value for each MSA as of 3/19/2009

■ = positive ■ = neutral ■ = negative

¹ Historical prices used to calculate changes in St. Louis include late-arriving data not included in published series

² 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	-0.5%
2	Charlotte, NC	-1.9%
3	Columbus, OH	-4.3%
4	Philadelphia, PA	-5.8%
5	St. Louis, MO	-6.3%

Trailing 5 Metro Areas (2-Year Annualized % Change)		
Rank	MSA	% Change
1	Las Vegas, NV	-30.7%
2	Phoenix, AZ	-29.8%
3	Sacramento, CA	-27.8%
4	San Francisco, CA	-25.8%
5	San Diego, CA	-25.5%

Leading 5 Metro Areas (5-Year Annualized % Change)		
Rank	MSA	% Change
1	Philadelphia, PA	3.8%
2	Seattle, WA	3.8%
3	New York, NY	3.1%
4	Milwaukee, WI	2.8%
5	Charlotte, NC	1.3%

Trailing 5 Metro Areas (5-Year Annualized % Change)		
Rank	MSA	% Change
1	Detroit, MI	-9.0%
2	Sacramento, CA	-8.2%
3	San Diego, CA	-8.0%
4	Las Vegas, NV	-7.4%
5	San Francisco, CA	-5.7%

Source: 28-Day RPX™ analytics as of 3/19/2009

Exhibit 3: Transaction Counts¹

MSA	Mar 2009 vs. Mar 2008	Mar 2008 vs. Mar 2007	Mar 2009 vs. Feb 2009	Mar 2008 vs. Feb 2008
Los Angeles, CA	32.5%	-36.6%	9.3%	15.2%
San Diego, CA	28.7%	2.9%	17.0%	19.2%
Phoenix, AZ	28.7%	-37.1%	24.8%	29.1%
St. Louis, MO	23.4%	-51.6%	11.1%	-49.9%
Sacramento, CA	21.0%	-18.8%	5.5%	23.1%
San Jose, CA	11.5%	-40.4%	20.1%	54.2%
Washington, DC	8.8%	-24.8%	46.9%	28.0%
San Francisco, CA	2.2%	-37.5%	10.3%	31.2%
Minneapolis, MN	-4.9%	-34.9%	40.4%	24.9%
Miami, FL	-7.0%	-32.6%	23.4%	37.7%
Atlanta, GA	-7.5%	-45.4%	24.3%	2.0%
Denver, CO	-8.4%	-11.2%	36.4%	30.0%
Chicago, IL	-9.1%	-36.1%	33.3%	48.2%
Tampa, FL	-14.6%	-34.1%	20.3%	31.2%
Boston, MA	-14.7%	-21.1%	-3.9%	22.4%
Philadelphia, PA	-19.7%	-21.1%	13.6%	15.5%
Jacksonville, FL	-19.7%	-46.9%	33.3%	27.8%
Cleveland, OH	-24.2%	-37.0%	22.6%	16.5%
Detroit, MI	-29.5%	52.3%	-12.3%	6.2%
Columbus, OH	-30.0%	-24.4%	36.7%	21.5%
Seattle, WA	-31.4%	-43.1%	28.2%	28.3%
New York, NY	-34.7%	-25.7%	14.5%	6.7%
Milwaukee, WI	-36.8%	-41.4%	24.7%	52.0%
Charlotte, NC	-49.5%	-27.5%	33.2%	16.7%
Las Vegas, NV	-55.3%	-32.2%	46.4%	41.2%
Manhattan Condominium	-57.5%	-0.9%	5.8%	-8.5%

Source: 28-Day RPX™ analytics as of 3/19/2009

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

² Historical transactions used to calculate changes in St. Louis include late-arriving data not included in published series

Exhibit 4: Transaction Counts: Motivated³ vs. Other Sales

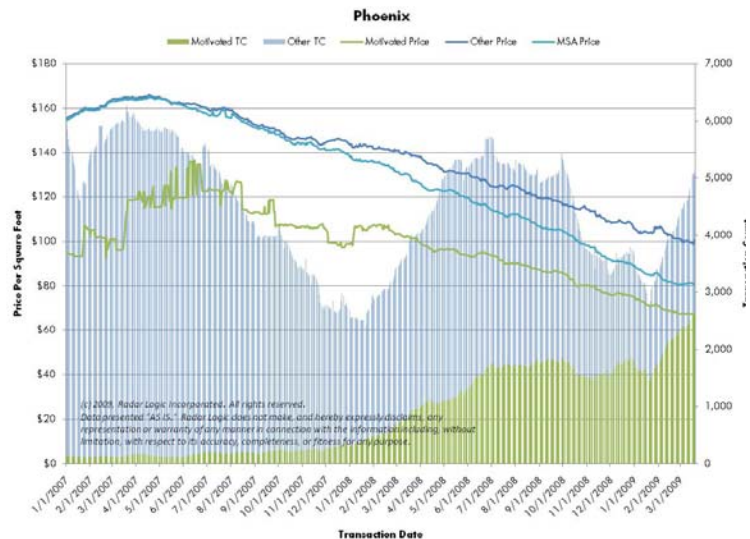
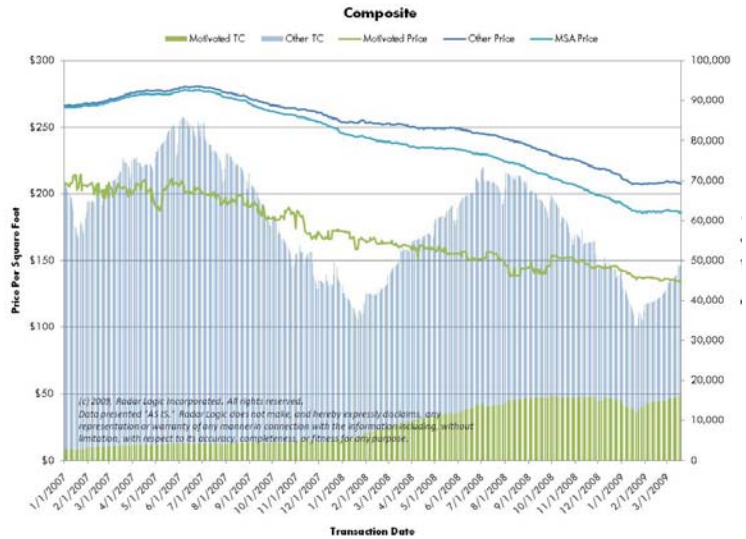
	Mar 09 % Motivated Sales	Mar 08 % Motivated Sales	Mar 09 vs. Mar 08 T.C. Change (Motivated)	Mar 09 vs. Mar 08 T.C. Change (Other)	Mar 09 vs. Feb 09 T.C. Change (Motivated)	Mar 09 vs. Feb 09 T.C. Change (Other)
Composite	33.6%	18.0%	73.4%	-24.5%	11.5%	24.6%
Los Angeles	41.6%	26.8%	105.9%	5.7%	4.0%	13.5%
Miami	21.2%	8.2%	140.8%	-20.2%	13.7%	26.2%
New York	8.3%	3.5%	56.6%	-38.0%	23.8%	13.7%
Phoenix	51.7%	22.7%	193.5%	-19.7%	20.2%	30.3%

Source: 28-Day RPX™ analytics as of 3/19/2009

³ Radar Logic defines motivated sales as foreclosure auction sales and liquidity-driven sales by financial institutions and foreclosure service firms.

Exhibit 5: Tradable MSAs

The following graphs contain MSA price data and transaction counts available from Radar Logic.



Source: 28-Day RPX™ analytics as of 3/19/2009

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).

For the following charts, the RPX prices are plotted on a publication date basis. The names of the series indicate the dates in 2009 those price fixings were published.

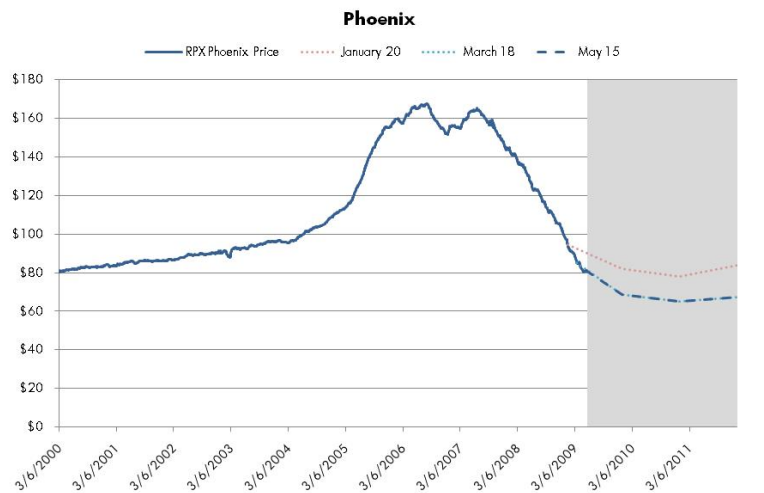
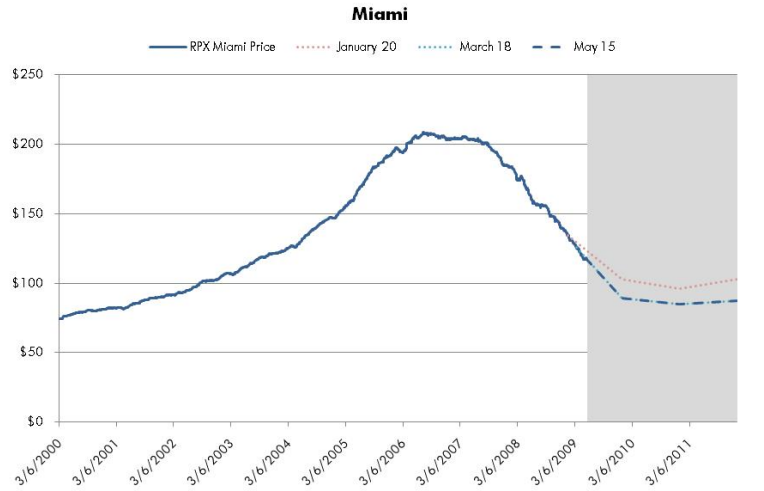
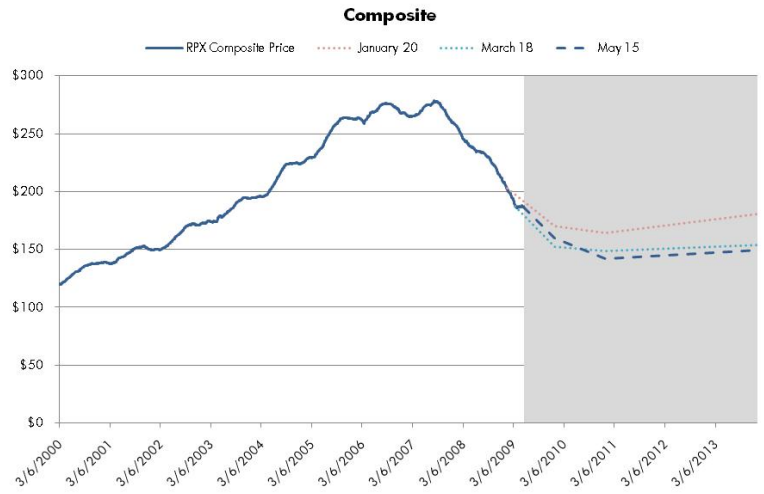


Exhibit 7: Forward Contract Implied HPA (Cumulative) as of 5/15/2009

	28-day RPX on 3/19/2009	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13
25 MSA Composite	\$186.03	-14.0%	-23.7%	-23.0%	-20.0%	-19.9%
Los Angeles, CA	\$236.09	-19.1%	-23.3%	-21.2%	N/A	N/A
Miami, FL	\$117.40	-24.2%	-27.6%	-25.5%	N/A	N/A
New York, NY	\$243.61	-22.0%	-28.2%	-28.2%	N/A	N/A
Phoenix, AZ	\$80.95	-15.4%	-19.7%	-16.6%	N/A	N/A

Source: Official 28-Day RPX fixings as of 5/15/2009

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 provides 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 April 2009 RPX™ Monthly Housing Market Report will be released on June 25, 2009, at 12:01 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 data 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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