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Research

S&P/Case-Shiller Home Price Indices Decline Month-Over-Month in March, In Contrast to Radar Logic Composite

Discrepancy Suggests CSI Will Improve in Coming Months

New York, NY - May 25, 2010 – Standard and Poor’s announced today that its S&P/Case-Shiller 10- and 20-City Composite Home Prices Indices posted 0.4% and 0.5% month-over-month declines in March, respectively, on a non-seasonally-adjusted basis. These declines contrast with the 2.2% month-over-month increase in the 25-MSA RPX Composite for the same time period, as reported last week in the March 2010 RPX Monthly Housing Market Report.

We believe this discrepancy results from differences in the data collection periods used in the calculation of the RPX and S&P/Case-Shiller (CSI) composite indices. While the RPX values in Radar Logic’s Monthly Housing Market Report are calculated using data from housing transactions that occur over a rolling 28-day period, the CSI composite indices are calculated based on transactions that occur during a rolling three-month period. Thus, the RPX price used as the terminal value in the month-over-month price change calculation was calculated using data from transactions that occurred during the 28 days ending March 18, while the CSI Composite prices used as the terminal values in the price change calculations were calculated based on transactions that occurred during January, February and March.

The month-over-month changes in the CSI composites reflect the fact that December 2009 home sales were removed from the calculation of the S&P/Case-Shiller Indices while March 2010 sales were added. As such, the month-over-month decline in the CSI composites is consistent with the 1.7% decline in the RPX Composite from December 2009 to March 2010, as reported in last week’s RPX Monthly Housing Market Report.

The RPX Composite hit its seasonal low in February and then rebounded 2.2% during the month ending March 18. If this trend continues, we expect the CSI composites to begin to increase in coming months as sales from January and February roll out of their 3-month data collection period.

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