RADAR LOGIC Research

If You Are Not Tracking RPX Daily, You Are Missing the Boat

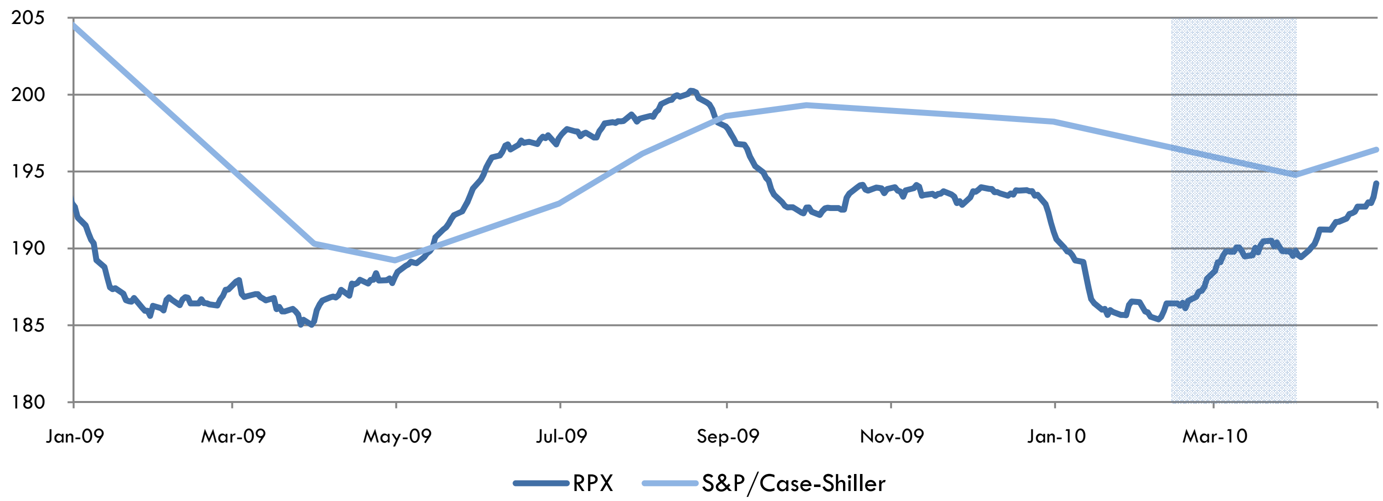
New York, NY – June 29, 2010 – Given the increases in the RPX Composite during March and April, we predicted in our latest RPX Monthly Housing Market Report that the S&P/Case-Shiller indices for April would increase on a month-over-month basis. We were right. The S&P/Case-Shiller 20-City composite published this morning for April 2010 was 0.8% above its value for March.

Interestingly, we seem to have a better sense of what the Case-Shiller indices will do than their creator, Yale economist Robert Shiller. In a June 22 interview on Bloomberg TV, Shiller noted that the S&P/Case-Shiller indices had been falling for over six months and suggested that "maybe we've already begun a double dip." While prices could decline again in the future, it appears that Shiller's assessment was premature at best.

As our latest RPX Housing Market report demonstrates, analysts can use RPX data to incorporate information regarding the latest housing market trends into their home price estimates. This information is "smoothed" over by other home price indices. *Any mortgage lender or investor who is not including RPX daily data in their models or portfolio analysis is missing the boat!*

Until Standard & Poors announced the S&P/Case-Shiller home price indices for April this morning, the RPX Composite price and the S&P/Case-Shiller 20-City composite had been moving in opposite directions for over a month. The RPX Composite bounced off seasonal lows in mid-February and ever since has been increasing in response to the onset of the spring buying season and a rush in buying activity ahead of the deadline for the homebuyer tax credit. The S&P/Case-Shiller composite had not exhibited similar strength. It declined consistently after hitting 2009 peak prices in July, until finally increasing again in April 2010.

Monthly House Price Trends ($ Thousands)



Source: Radar Logic, Standars & Poors

Monthly house price trends are shown above as changes in respective house price indices applied to a base price in January 2008 set equal to the average price of an existing home sold in January 2008 as reported by the National Association of Realtors. The indices shown are the 25-MSA RPX Composite and the S&P/Case-Shiller 20-metro composite index. The shaded area indicates the latest period in which the two indices moved in opposite directions.

The discrepancy between the weakness in the S&P/Case-Shiller composite and the strength in the RPX Composite during February and March is attributable to a key methodological difference between the two indices. The RPX is calculated using data from transactions over a 28-day period (1- and 7-day prices are also available), while the S&P/Case-Shiller home price indices are calculated using data from transactions over a 90-day period. Due to its longer data-collection period, the S&P/Case-Shiller composite index for March reflected data from January and early February, while the RPX Composite for March 31 (the comparable figure) did not. According the RPX Composite, home prices hit their year-to-date lows between mid-January and mid-February, so the inclusion of pricing data from transactions during this period weighed on the Case-Shiller index for March. The Case-Shiller indices increased in April because weak pricing data from January was replaced by stronger data from April.

Up-to-date RPX data is now available by subscription via Bloomberg (type RADR<Go> in the search field of your Bloomberg terminal) or Radar Logic's website, www.radarlogic.com/productsservices_analytics.