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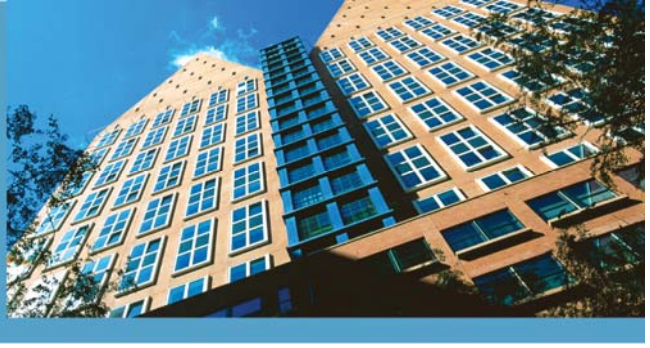

August 31, 2010

# As Predicted, June S&P/Case-Shiller Home Price Indices Overstate Housing Market Strength

New York, NY – August 31, 2010 – As predicted in the RPX Monthly Housing Market Report for June 2010, the latest S&P/Case-Shiller home price indices show healthy improvement in home prices while other housing market indicators, including the RPX Composite price, show that housing markets are starting to weaken.

In Radar Logic's latest RPX Monthly Housing Market Report, released last Thursday, we predicted that the unadjusted S&P/Case-Shiller 10-City composite index for June would be 161, and the 20-City composite index would be 148. Standard and Poor's announced this morning that the actual unadjusted 10-City composite index value was 161.04 and the actual unadjusted 20-City composite index was 147.97.

Both the 10-City and 20-City S&P/Case-Shiller composites expressed considerable growth on a year-over-year basis. The 10-City composite index increased 5% and the 20-City composite index increased 4.2% year over year. We believe that these figures overstate the current strength of the U.S. housing markets. As we reported in this month's RPX Monthly Housing Market Report, the RPX 25-MSA Composite Price declined 0.2% through the end of June on a year-over-year basis. We believe the RPX Composite better captures the current stagnation of the U.S. housing markets and is more consistent with the weakness apparent in other recent housing market indicators, such as new and existing single-family home sales.

The conflict between the strength expressed in the S&P/Case-Shiller indices and the weakness apparent in other housing market indicators likely arises from the fact that the S&P/Case-Shiller indices are calculated using data from transactions that occur over a three-month period. As a result, the indices smooth over recent price movements and can take a number of months to reflect price fluctuations.

Clearly, burgeoning inventories will continue to put downward pressure on housing values. Our concern is that, as we saw in spring 2009, the only effective stimulus of new housing demand will prove to be a precipitous decline in home prices. Our current analysis shows early signs that such a dynamic is approaching.

The complete June 2010 RPX Monthly Housing Market Report is available for sale on Radar Logic's website. A complimentary executive summary is available with registration. To register, click here.

## 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.

For more information on Radar Logic and the RPX, including licensed dealers, please visit www.radarlogic.com.

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