



Contact Information Below

Home Prices Continued Year-Over-Year Decline in October, But Rate of Decline Slowed

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Editor's note: First American CoreLogic revised its methodology for the HPI report beginning with August data. This includes an expanded transactions database upon which the index is built, a new weighting methodology, a 12-month forecast, and metrics that exclude distressed sales (short sales and REOs) which have become an increasingly large share of sales activity. Due to the newly revised methodology, comparisons to HPI data prior to August 2009 should be avoided.

Annual Home Prices Continue to Depreciate

National home prices, including distressed sales, declined by -7.8 percent in October 2009 compared to October 2008, according to First American CoreLogic and its LoanPerformance Home Price Index (HPI). This was an improvement over September's year-over-year price decline of -9.5 percent.* On a month-over-month basis, however, national home prices declined by -0.7 percent in October 2009 compared to September 2009.

Excluding distressed sales, year-over-year prices declined in October by -5.8 percent (in September non-distressed sales fell by -6.3 percent year-over-year). This again underscores the negative impact that distressed sales have on the HPI, as distressed sales continue to decline at a larger annual rate than non-distressed sales.

Forecast is for Further Declines

The HPI forecast continues to predict declines in the short term followed by recovery beginning this spring. The 45 largest metropolitan markets are expected to decline an average of another 4.2 percent before bottoming in March of 2010. The declines will be driven primarily by the large levels of foreclosures in these areas. However, improvement in both levels of inventories and unemployment are projected to prevail in the spring of next year, resulting in an average year-over-year appreciation of just under one percent by October of 2010 for these metropolitan markets.

- Cities in the Rust Belt states of Michigan and Ohio have replaced the Sun Belt cities of California, Nevada, Arizona and Florida as those areas for which the largest HPI declines are



predicted. Over the next six months, large declines in the HPI are predicted in Detroit (-12.7 percent), Warren-Troy-Farmington Hills (-11.4 percent), and Cleveland (-6.3 percent).

- Cities that are projected to experience the strongest recovery in 2010 are primarily concentrated in the large urban areas of California: San Francisco (+5.7 percent), Los Angeles (+5.0 percent), San Diego (+4.7 percent) and Sacramento (+4.6 percent).

Highlights as of October 2009

- Including distressed transactions, the HPI has fallen -30.1 percent from its peak in April 2006. Excluding distressed properties, the national HPI has fallen -21.5 percent from the same peak.
- When distressed sales were included Nevada (-24.3 percent) remained the top-ranked state for annual price depreciation followed by Arizona (-17.3 percent), Florida (-15.5 percent), Michigan (-13.9 percent) and Idaho (-12.1 percent). Of these, Nevada, Florida and Michigan also showed month-over-month decreases in their HPI.
- Excluding distressed sales, the worst five states for year-over-year price declines changes slightly. Nevada (-20.2 percent) still holds the top spot, followed by Arizona (-14.7 percent), Florida (-13.7 percent), West Virginia (-10.4 percent) and Washington (-9.4 percent).
- There is a growing pending (shadow) supply of 1.7 million homes as of September 2009, up from 1.1 million homes a year earlier. At the current sales rate, the estimated pending months' shadow supply is 3 months, up from roughly 2 months a year ago. The combined inventory (visible and pending supply) was 5.5 million homes in September 2009, down from 5.7 million a year ago. The pending supply in combination with high levels of negative equity (23 percent of all residential properties with mortgages as of September 2009) is a significant risk for future home price stability in 2010.

"We are continuing to see improvements in the year-over-year home price change as prices have remained relatively stable since April," said Mark Fleming, chief economist for First American CoreLogic. "The additional government support for the housing market has stimulated demand and restricted supply in 2009. How these government supports are removed in 2010 and the moderation of pending inventory and negative equity will be critical to the continued stability of the housing market," he said.



First American CoreLogic LoanPerformance October HPI for the Country's Largest CBSAs:

CBSA	October 2009 12-Month HPI Change by State		12-month Forecast (October 2009 - October 2010)	
	Single Family Combined	Single Family Combined Excluding Distressed	Single Family Combined	Single Family Combined Excluding Distressed
Houston-Sugar Land-Baytown, TX	4.48%	0.73%	2.90%	4.25%
Dallas-Plano-Irving, TX Metropolitan Division	1.66%	-1.82%	1.34%	2.23%
Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division	-3.06%	-3.90%	2.43%	1.20%
Philadelphia, PA Metropolitan Division	-5.67%	-5.21%	-0.70%	0.01%
Atlanta-Sandy Springs-Marietta, GA	-7.24%	-6.21%	0.06%	-1.90%
Los Angeles-Long Beach-Glendale, CA Metropolitan Division	-10.79%	-7.31%	4.95%	5.01%
New York-White Plains-Wayne, NY-NJ Metropolitan Division	-11.10%	-7.74%	0.43%	2.29%
Chicago-Naperville-Joliet, IL Metropolitan Division	-12.31%	-9.63%	1.33%	0.65%
Miami-Miami Beach-Kendall, FL Metropolitan Division	-15.46%	-13.68%	-0.69%	0.70%
Detroit-Livonia-Dearborn, MI Metropolitan Division	-16.82%	-12.21%	-13.54%	-10.05%

Source: First American CoreLogic, LoanPerformance HPI, Single-Family Combined (Detached and Attached) as of October, 2009.

First American CoreLogic LoanPerformance October HPI State and National Ranking:

State	October 2009 12- Month HPI Change by State		12-month Forecast (October 2009 - October 2010)	
	Single Family Combined	Single Family Combined Excluding Distressed	Single Family Combined	Single Family Combined Excluding Distressed
National	-7.82%	-5.80%	1.70%	1.90%
Nevada	-24.37%	-20.20%	0.25%	-3.06%
Arizona	-17.28%	-14.73%	-2.93%	-0.10%
Florida	-15.46%	-13.68%	-0.89%	0.20%
Michigan	-13.85%	-9.00%	-7.35%	-5.91%
Idaho	-12.05%	-8.74%	7.44%	6.79%



Maryland	-11.52%	-7.81%	4.21%	4.21%
Washington	-11.16%	-9.36%	-1.96%	-1.09%
District of Columbia	-11.15%	-6.43%	4.08%	2.73%
Oregon	-11.04%	-8.52%	2.18%	0.47%
Montana	-10.74%	-5.33%	3.12%	2.76%
Illinois	-10.72%	-8.22%	1.79%	0.65%
Utah	-10.46%	-8.49%	-0.38%	3.81%
California	-9.55%	-7.13%	4.60%	3.91%
New Jersey	-8.96%	-7.81%	1.89%	1.11%
Wyoming	-8.94%	-6.30%	-1.01%	-0.23%
New York	-8.09%	-5.05%	0.36%	2.23%
Connecticut	-7.56%	-5.48%	1.82%	1.47%
Georgia	-6.95%	-5.86%	0.97%	-0.73%
Vermont	-6.86%	-5.56%	1.69%	1.21%
Minnesota	-6.79%	-5.67%	2.20%	0.18%
Rhode Island	-6.15%	-8.27%	0.68%	-1.41%
Alabama	-5.92%	-4.44%	1.65%	1.88%
Delaware	-5.69%	-4.55%	0.80%	0.93%
West Virginia	-5.59%	-10.35%	0.60%	-0.96%
Wisconsin	-4.95%	-4.34%	2.16%	1.88%
North Carolina	-4.86%	-4.36%	0.45%	0.39%
South Carolina	-4.81%	-4.71%	3.41%	3.19%
Pennsylvania	-4.46%	-3.80%	0.89%	1.79%
Maine	-4.26%	-5.67%	0.51%	0.97%
New Mexico	-3.82%	-3.49%	1.69%	1.92%
Tennessee	-3.75%	-2.15%	2.12%	2.27%
Hawaii	-3.54%	-2.08%	2.75%	1.38%
Arkansas	-3.18%	-2.22%	1.69%	2.49%
Louisiana	-3.10%	-0.81%	2.50%	3.92%
New Hampshire	-2.85%	-4.86%	6.15%	3.55%
Alaska	-2.71%	-2.28%	2.94%	3.39%
Missouri	-2.60%	-1.86%	1.65%	1.30%
Massachusetts	-2.24%	-3.42%	2.67%	1.77%
Colorado	-2.04%	-3.27%	1.80%	-1.07%
Kansas	-1.72%	-2.90%	2.70%	2.67%
Ohio	-1.59%	-2.30%	1.29%	0.32%
Indiana	-1.58%	-0.40%	1.18%	2.13%
Virginia	-1.38%	-3.58%	1.62%	1.26%
Iowa	-1.24%	-0.59%	2.27%	1.78%
Oklahoma	-0.92%	-0.73%	3.21%	3.21%
Nebraska	-0.09%	0.50%	3.56%	1.84%
Kentucky	0.05%	-0.02%	3.49%	1.88%
Texas	0.93%	-1.16%	1.81%	2.52%
South Dakota	2.00%	-1.46%	5.33%	2.37%
Mississippi	2.71%	-4.11%	2.20%	0.97%
North Dakota	7.12%	5.20%	4.58%	5.76%

Source: First American CoreLogic, LoanPerformance HPI, Single-Family Combined (Detached and Attached) as of October 2009.



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Methodology:

The First American CoreLogic LoanPerformance HPI incorporates more than 30 years worth of repeat sales transactions, representing more than 55 million observations sourced from First American CoreLogic's industry-leading property information and its LoanPerformance securities and servicing databases. The LoanPerformance HPI provides a multi-tier market evaluation based on price, time between sales, property type, loan type (conforming vs. nonconforming), and distressed sales. The LoanPerformance HPI is a repeat-sales index that tracks increases and decreases in sales prices for the same homes over time, which provides a more accurate "constant-quality" view of pricing trends than basing analysis on all home sales. The LoanPerformance HPI provides the most comprehensive set of monthly home price indices and median sales prices available covering 6,070 ZIP codes (58 percent of total U.S. population), 519 Core Based Statistical Areas (CBSA, 85 percent of total U.S. population) and 898 counties (81 percent of total U.S. population) located in all 50 states and the District of Columbia. Full-month October 2009 state-level and top CBSA-level data can be found at www.loanperformance.com/products/hpi.aspx.

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