

A look at the Spring 2010 Housing Market

presented by

Altos Research



**EMERGING TRENDS IN THE 2010
HOUSING MARKET**

Who's with you today?

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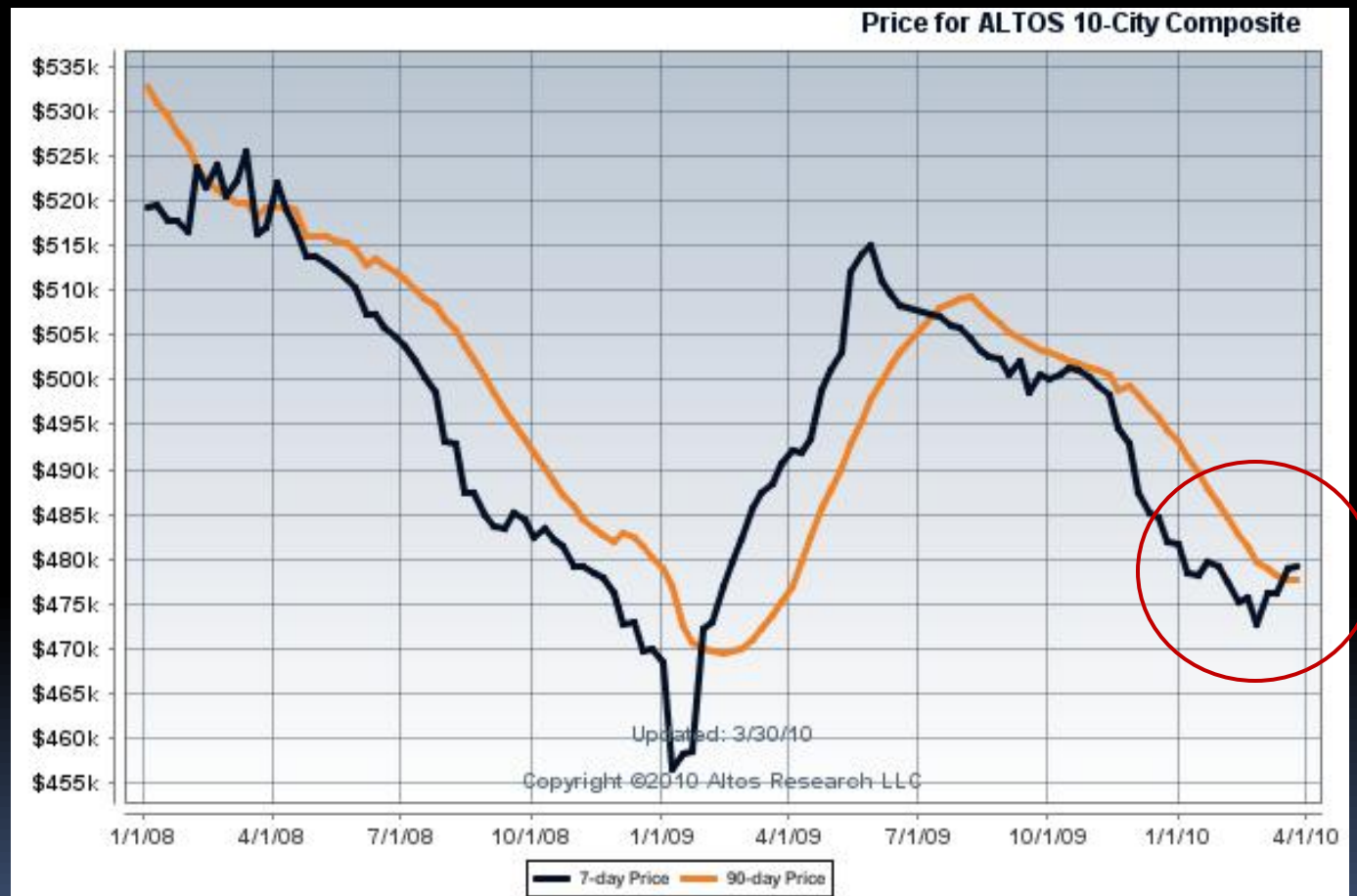
Grab your coffee... Lots to cover

- Where are new sellers entering the market relative to the existing supply?
- Where is buy-side activity surprisingly strong and weak this Spring?
- Which bubble markets are headed further south after their 2009 plateaus?
- What effect is the homebuyer market tax credit having on prices?
- Where is the S&P/Case-Shiller HPI headed in 2010?

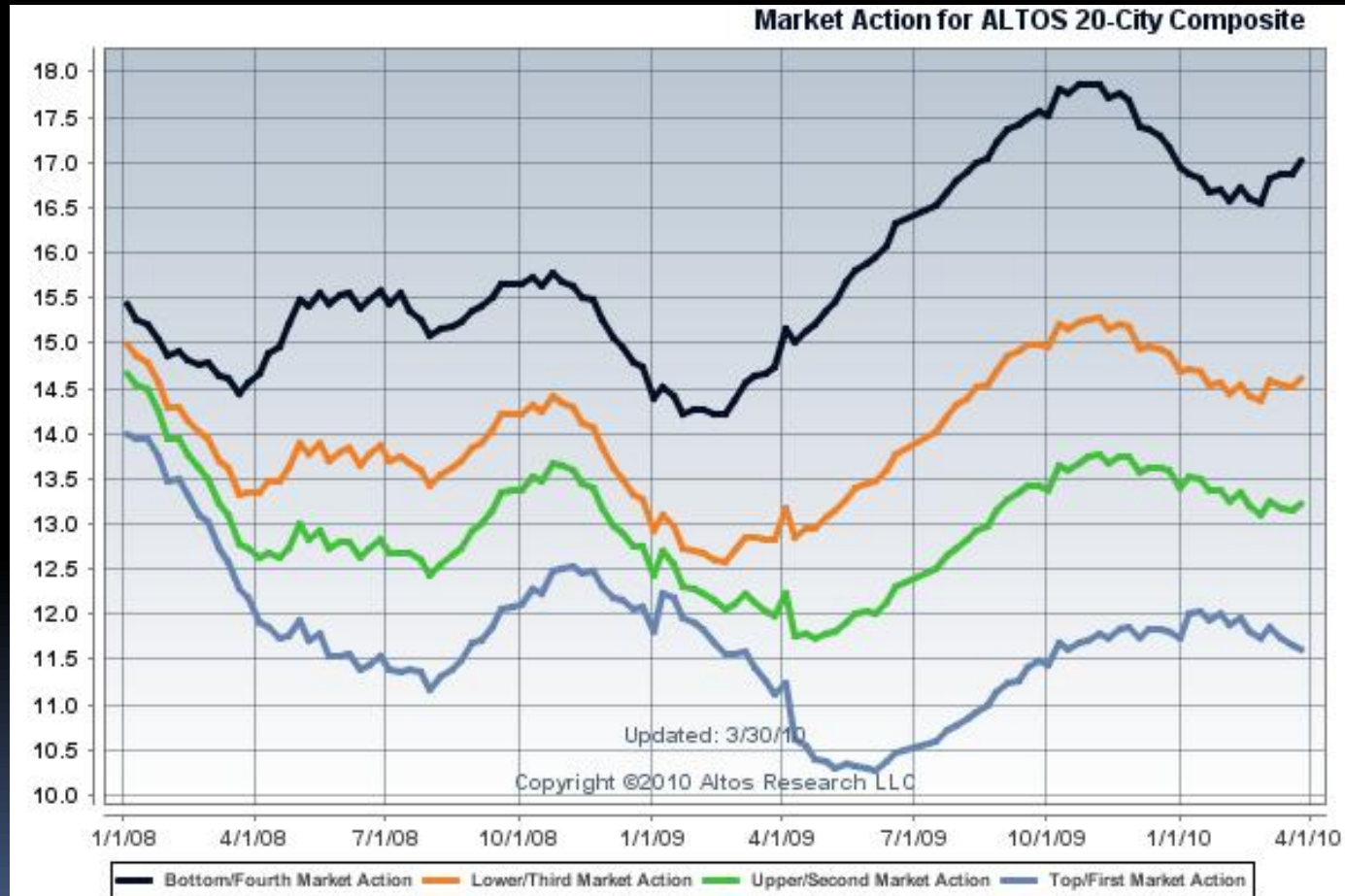
Altos 10-City Composite (Jan 2010)



Altos 10-City Composite (March 2010)



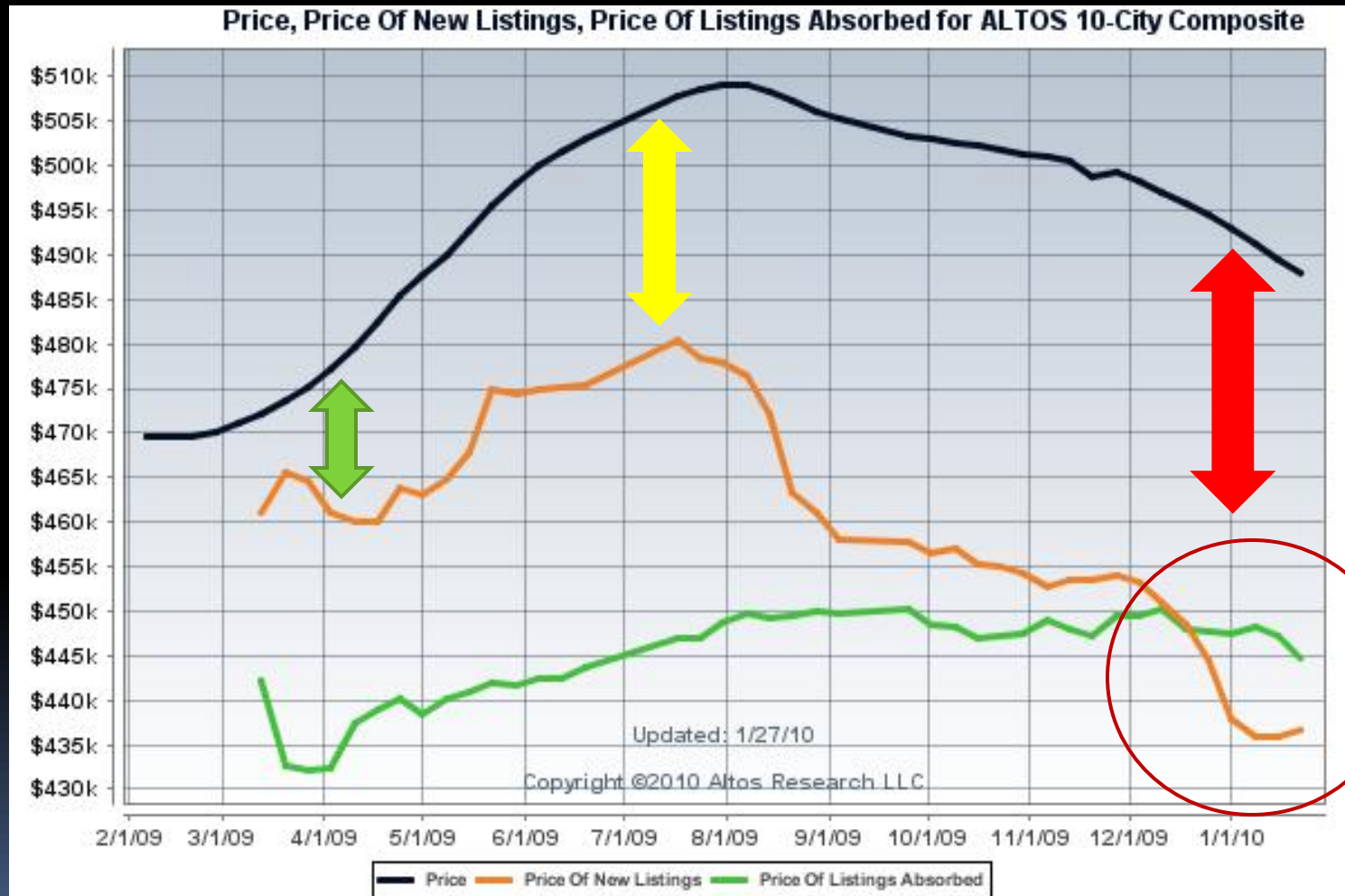
Higher Activity at Lowest Price Segment



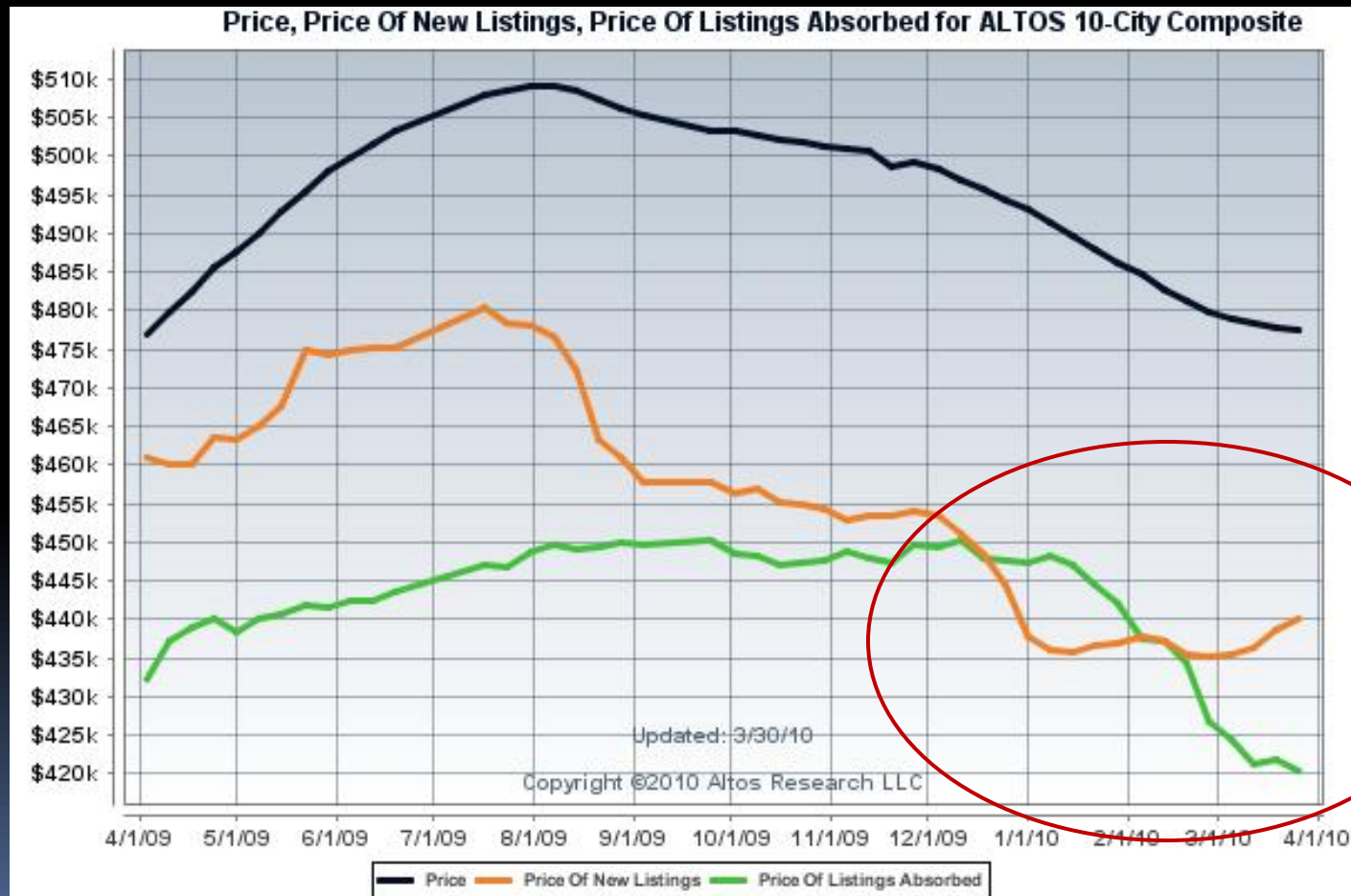
Market Action Index: Year-on-Year Values



Jan 2010: Sellers show the way



New Sellers Pricing Higher; Lower End Sales Activity



Price Reductions: Elevated but improving (Jan 2010)



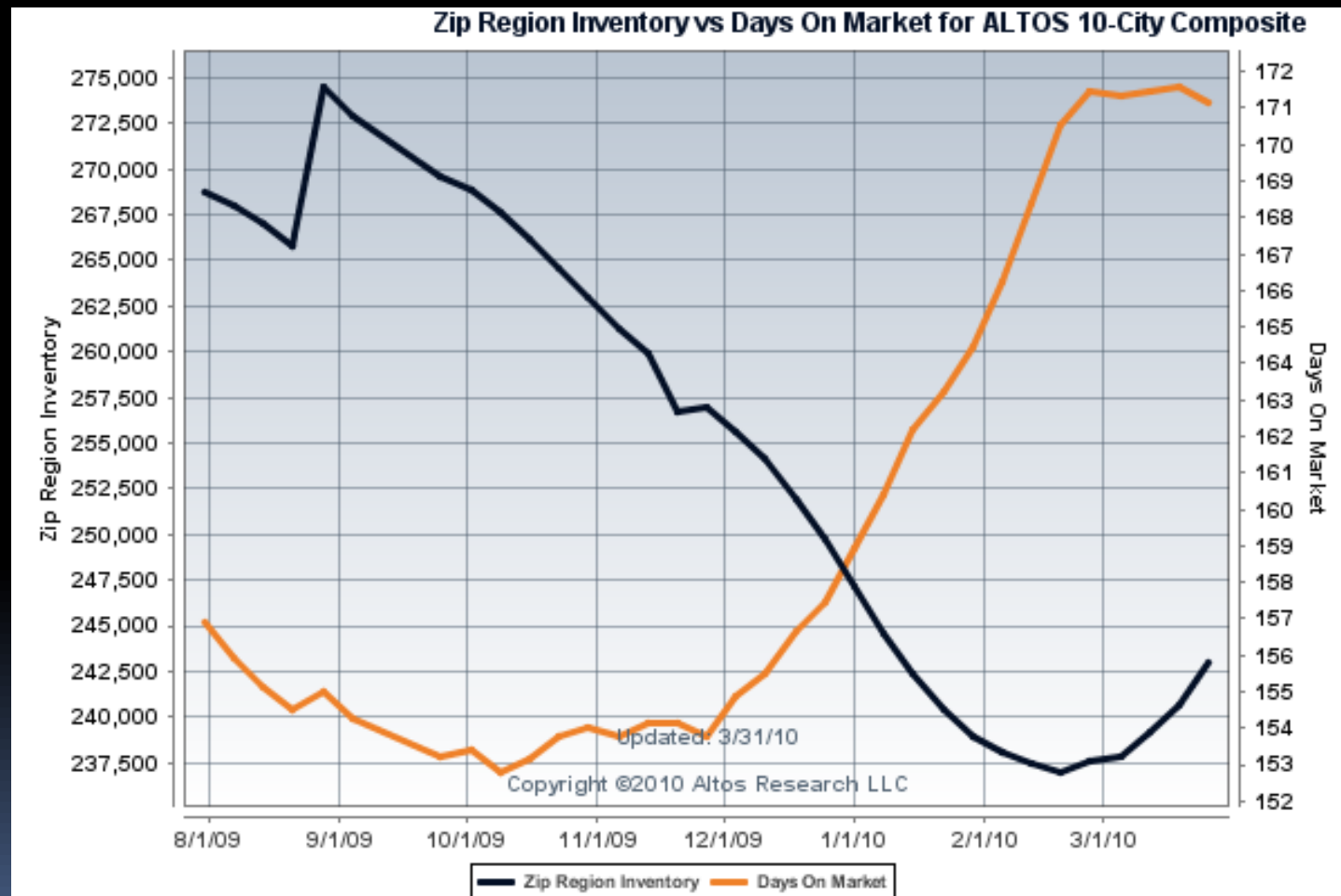
March 2010: Is Seller Confidence Dwindling?



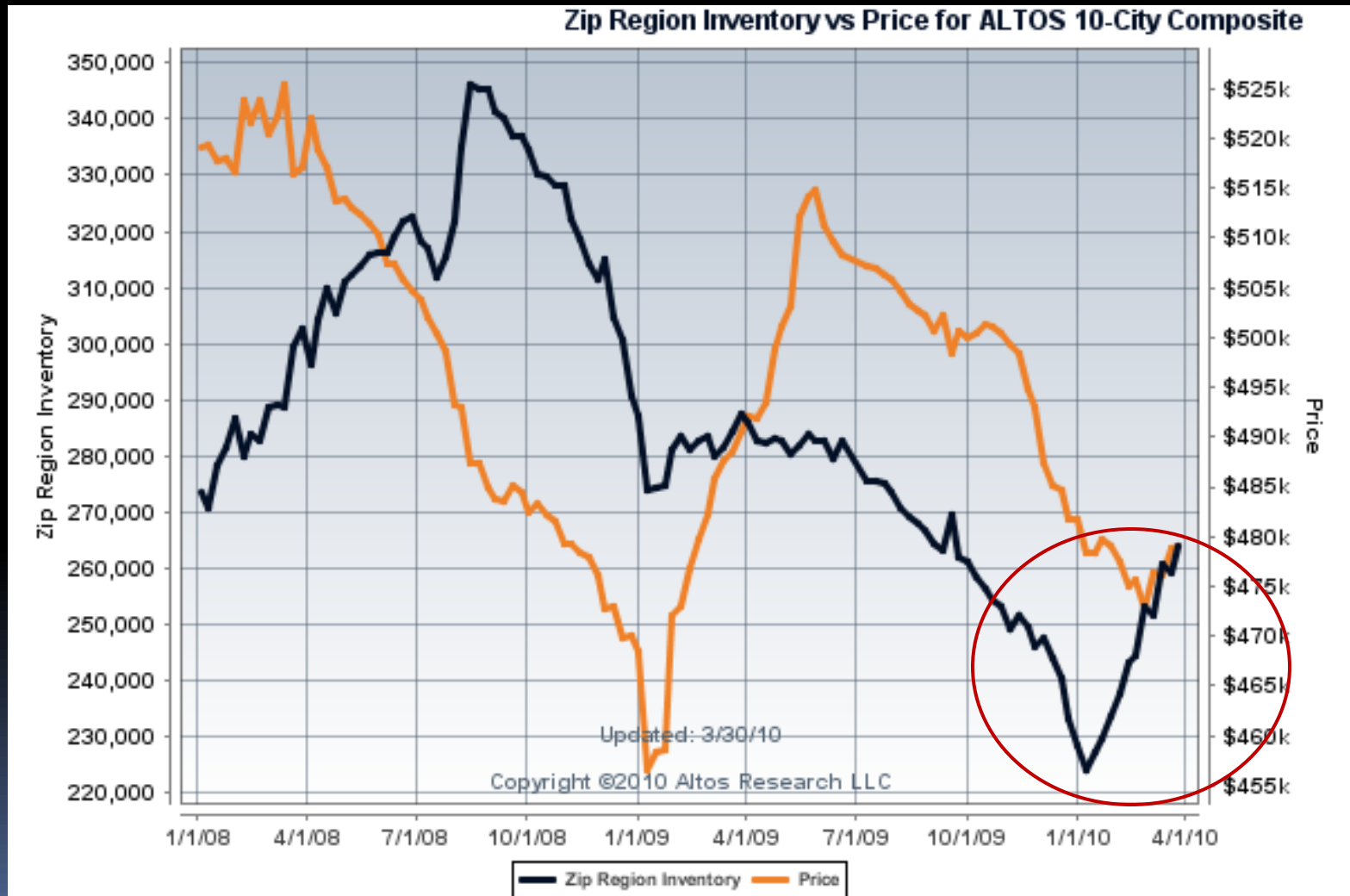
Days-on-Market Elevated vs 2008, 2009



Days-on-Market & Active Supply



Active Housing Supply & Pricing Effects



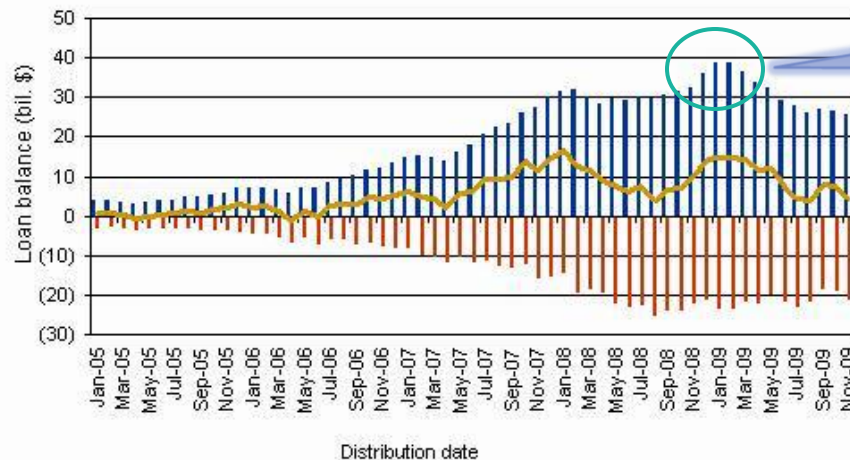
Borrower Psychology & Delinquencies: Market Conditions Matter

- Assumption: “If a borrower is deep underwater, he’ll walk away.”
- Reality:
 - CA list prices rose 8% in 1H2009
 - Inventory dropped by 30%
 - New defaults fell 24% in Q4
 - LTV is still lousy on these properties
- In a rapidly changing market, LTV impact weakens and FICO approaches irrelevancy.

New Delinquencies Peak at Market Trough

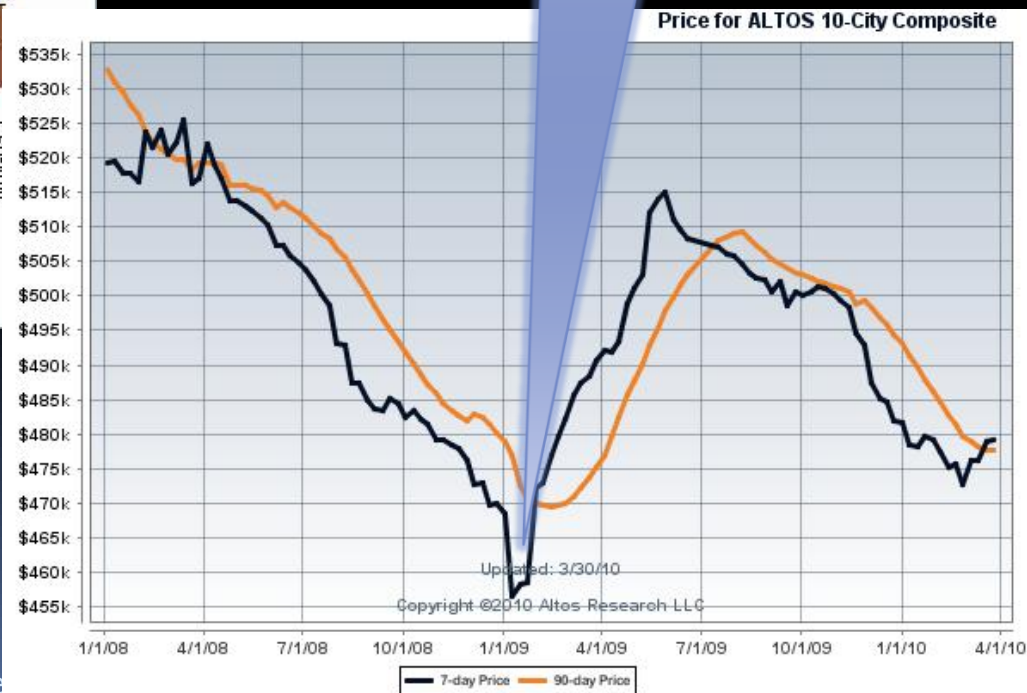
Change In Balance Of Seriously Delinquent Loans

■ Seriously delinquent in
■ Seriously delinquent out
■ Change in seriously delinquent balance

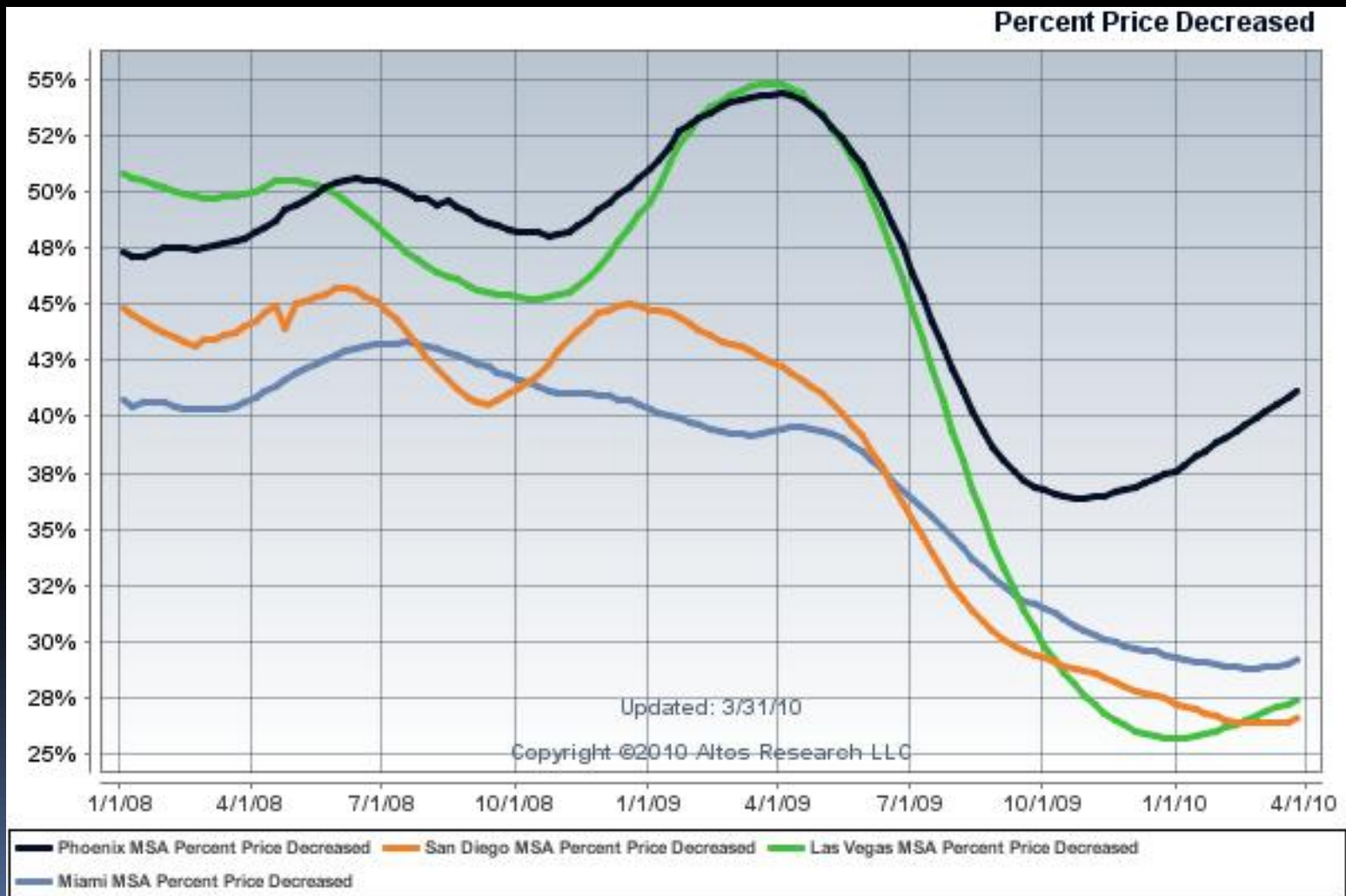


© Standard & Poor's 2010.

New delinquencies perfectly correlated to market conditions



Active Price Reductions: Bubble Markets



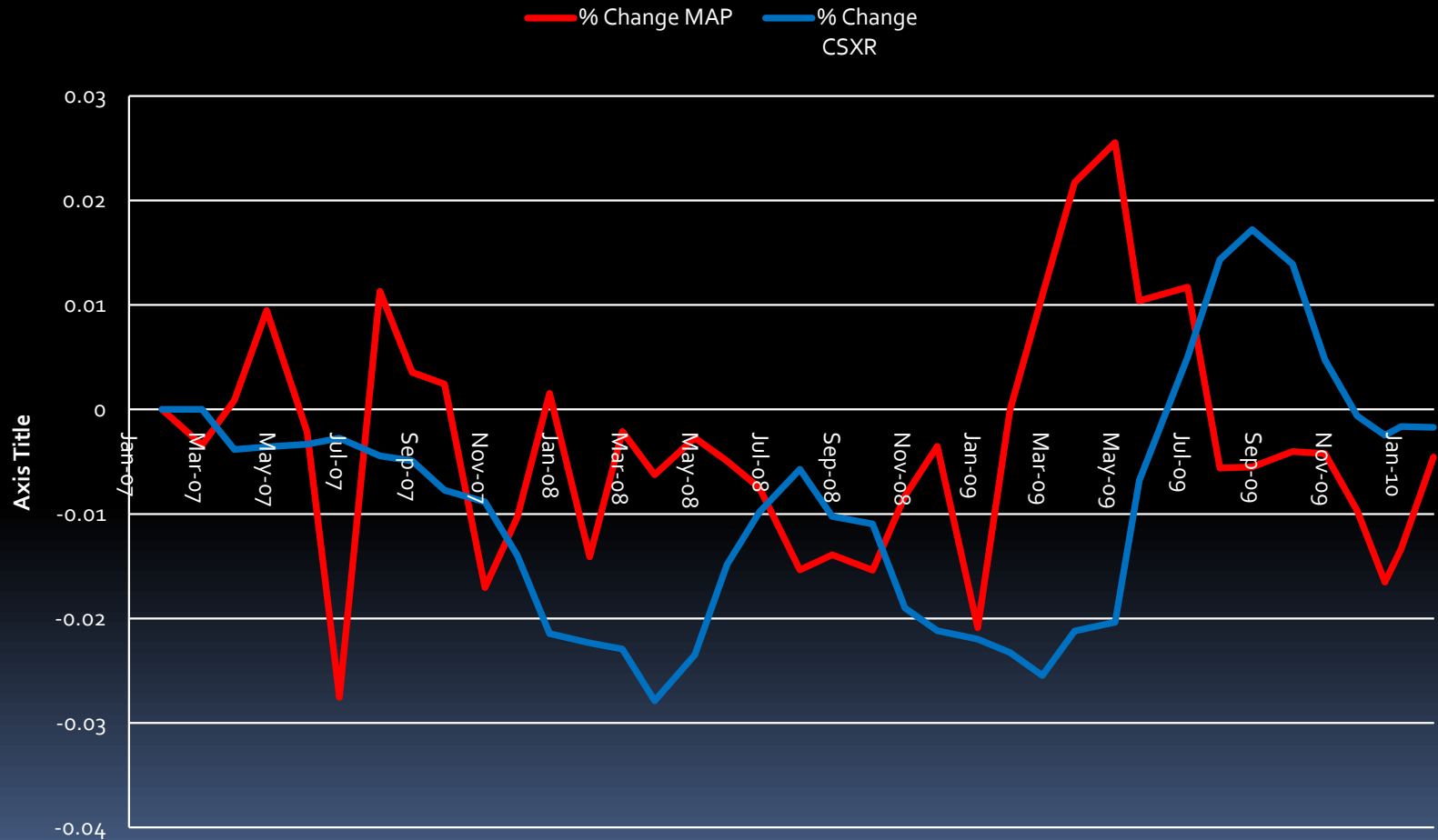
Los Angeles MSA: Prices moving down



Hope springs eternal in Chicago...



Altos 10-City Composite vs. CSXR



Key Spring-Time Factors

- Individual states introducing Home buyer tax credits to pick up for Federal Program expiration
- Active Inventory changes – effects on home prices with increasing market supply
- Increasing RMBS liquidity & offerings to offset mortgage lending risk

And Finally...

- Altos Research RE Derivatives Report
- Stats Datasheet for the fellow “data geeks” out there
- Invitation to view of Data & Market Analytics Platform
- Check out <http://blog.altosresearch.com>

Give us a call

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