



And

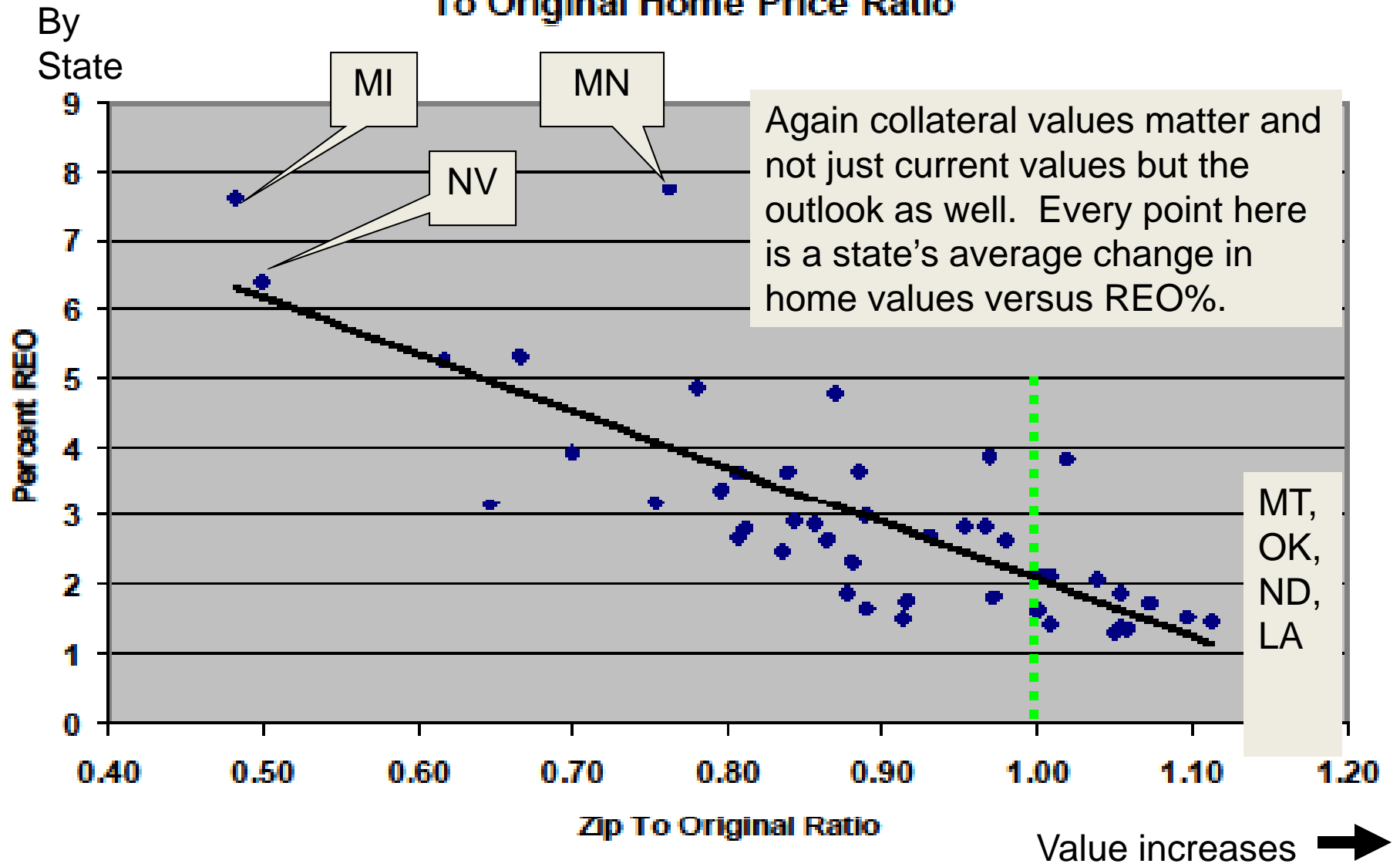


“Current State and Direction of the Housing and Mortgage Markets From a Micro Market Metric Perspective”

By Norm Miller Ph.D. Burnham-Moores Center for Real Estate, University of San Diego and Michael Sklarz Ph.D.,
CEO Collateral Analytics

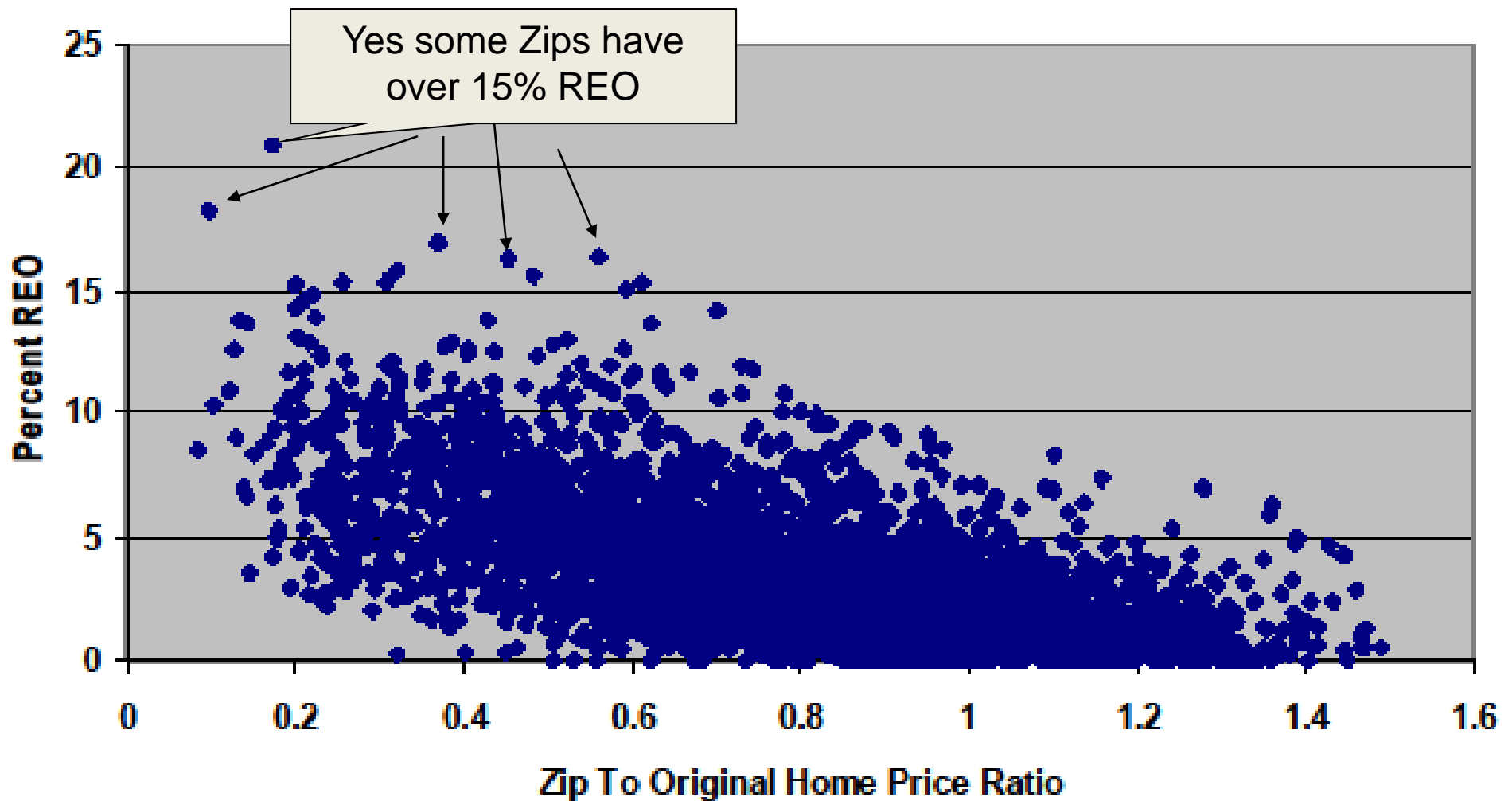
Nov. 23, 2009 for UC Berkeley Outlook

Lewtan 2009-06 Snapshot State REO % of Total vs. Zip Current To Original Home Price Ratio



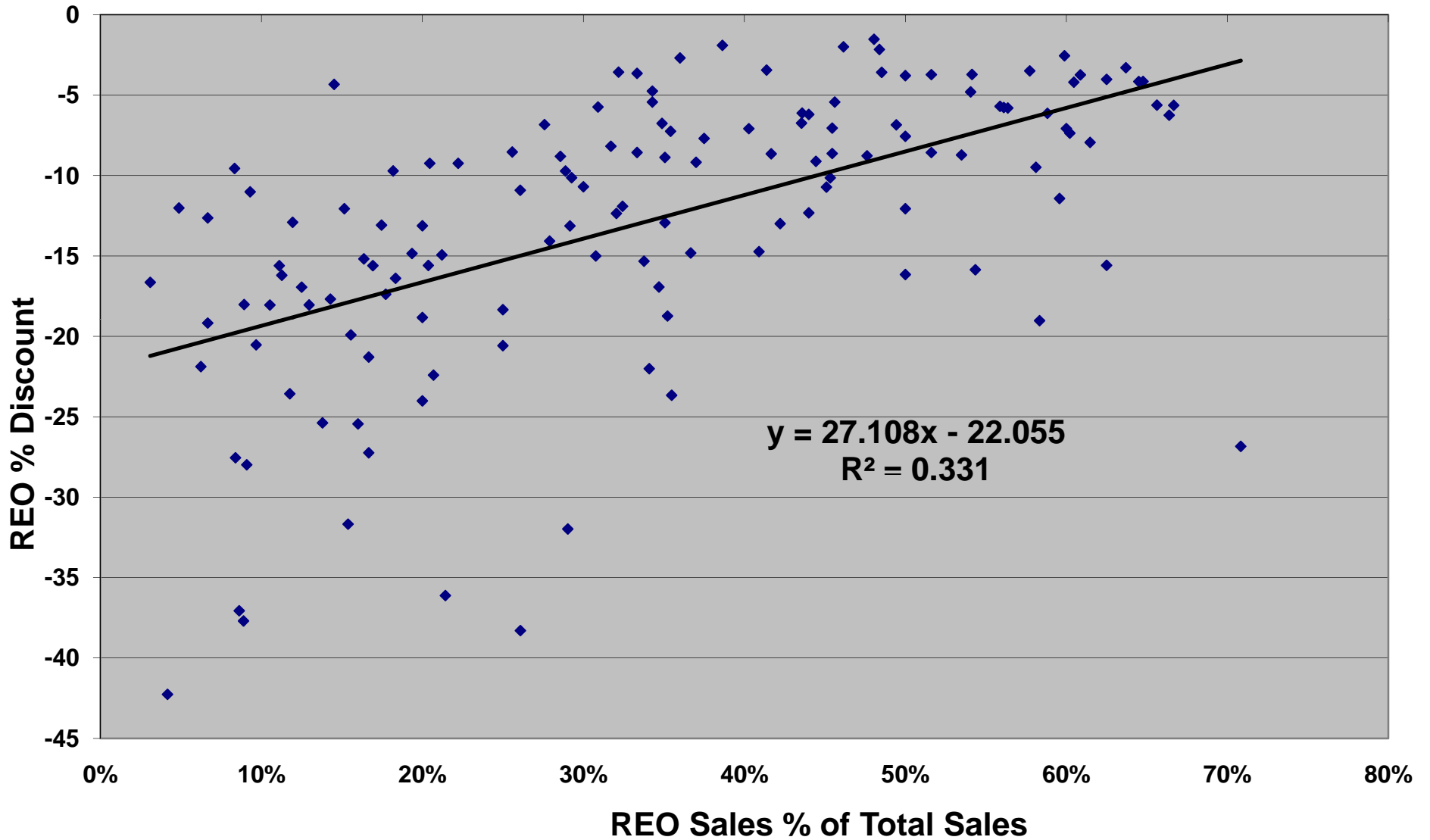
Note: Recent research by A. Ghent and Kudlyak, Fed Bank of Richmond "Recourse and Residential Mortgage Default." WP 09-10 suggests that non-recourse states have higher rates of default when facing negative equity.

Lewtan 2009-06 Snapshot Zip REO % of Total Loans vs. Zip Current To Original Home Price Ratio



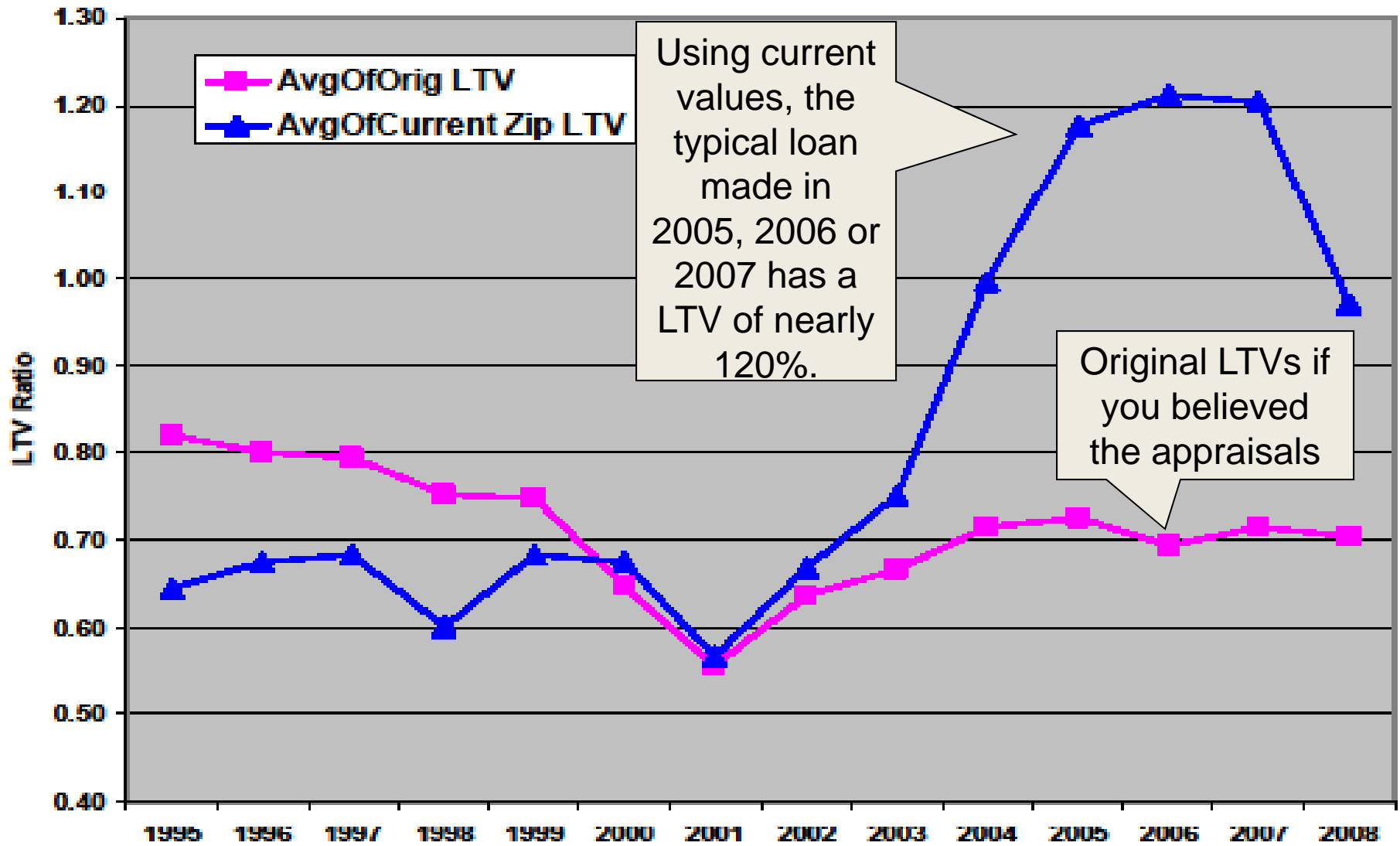
Data: Lewtan Analysis: Collateral Analytics
Presented by Norm Miller, USD

Los Angeles County 2009 Single Family Median REO % Discount Vs. REO Sales % of Total Sales By Zip Code



Data: Lewtan Analysis: Collateral Analytics
Presented by Norm Miller, USD

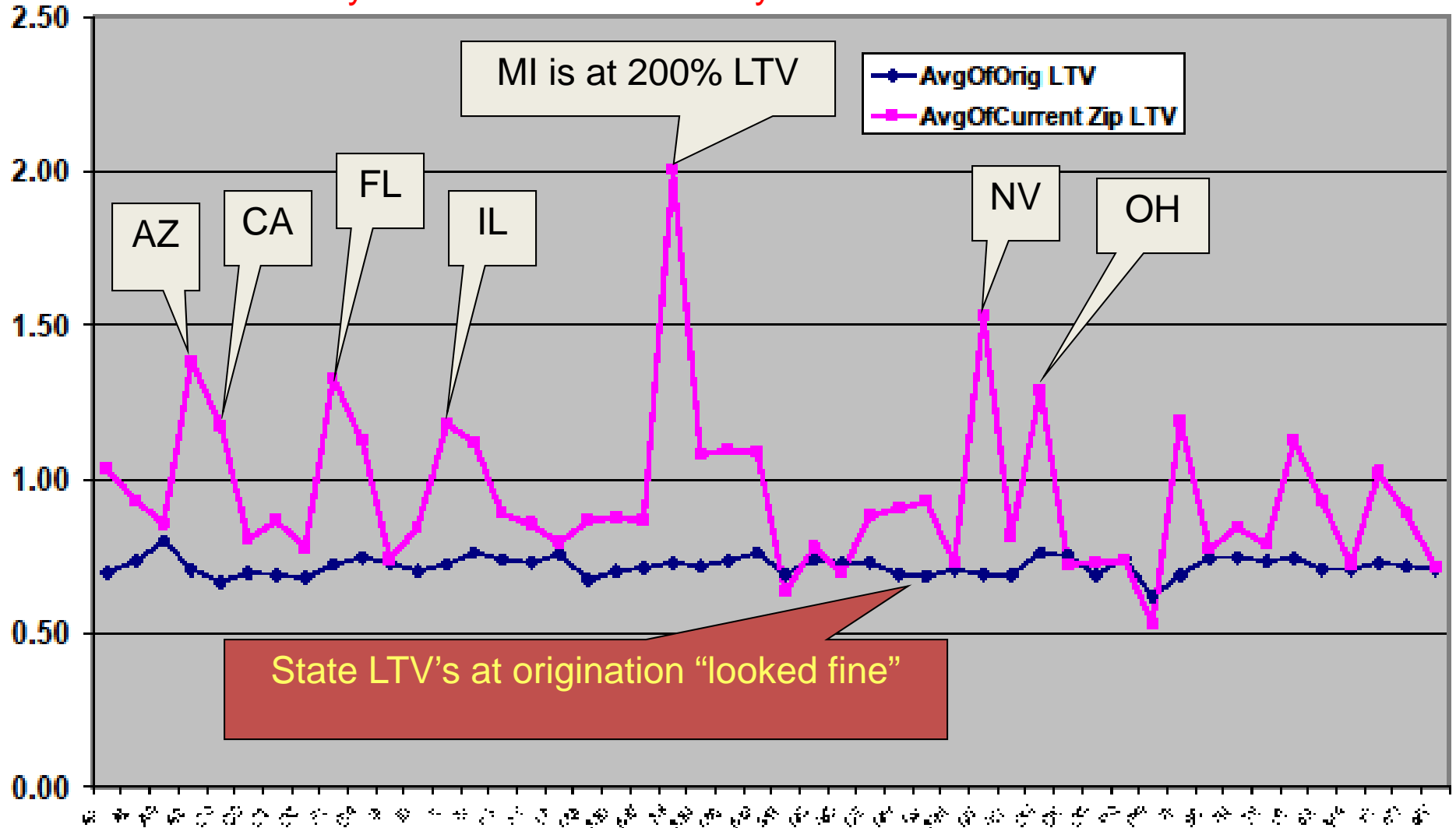
Average Original LTV and Current Zip LTV By Loan Year



Data: Lewtan Analysis: Collateral Analytics
Presented by Norm Miller, USD

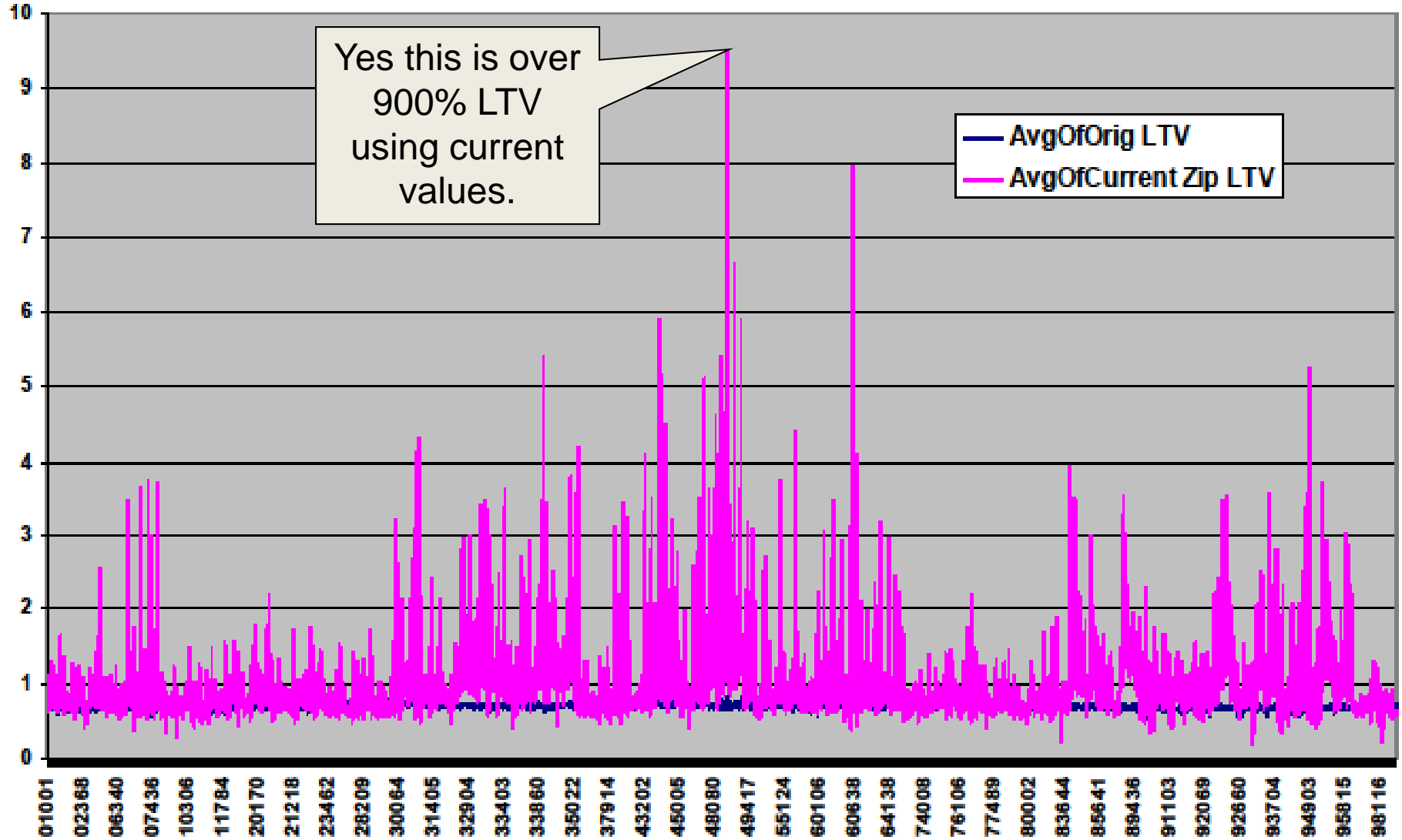
Original and Current Zip Time Adjusted LTVs By State

Anyone want to Loan Modify at <105% LTV?



Scale is
to 1000%

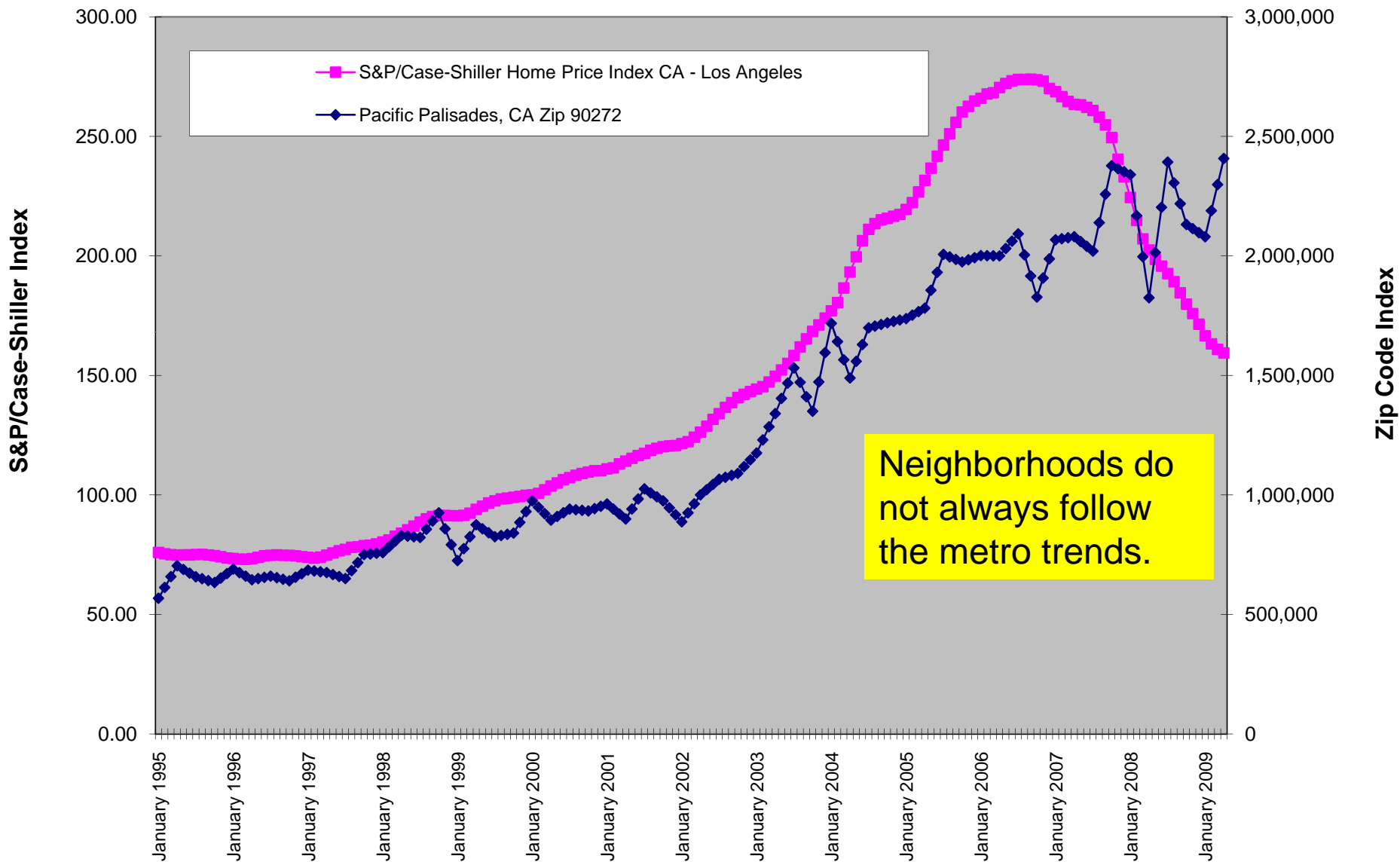
Original LTV and Zip Time Adjusted LTV By Zip Code



Data: Lewtan Analysis: Collateral Analytics
Presented by Norm Miller, USD

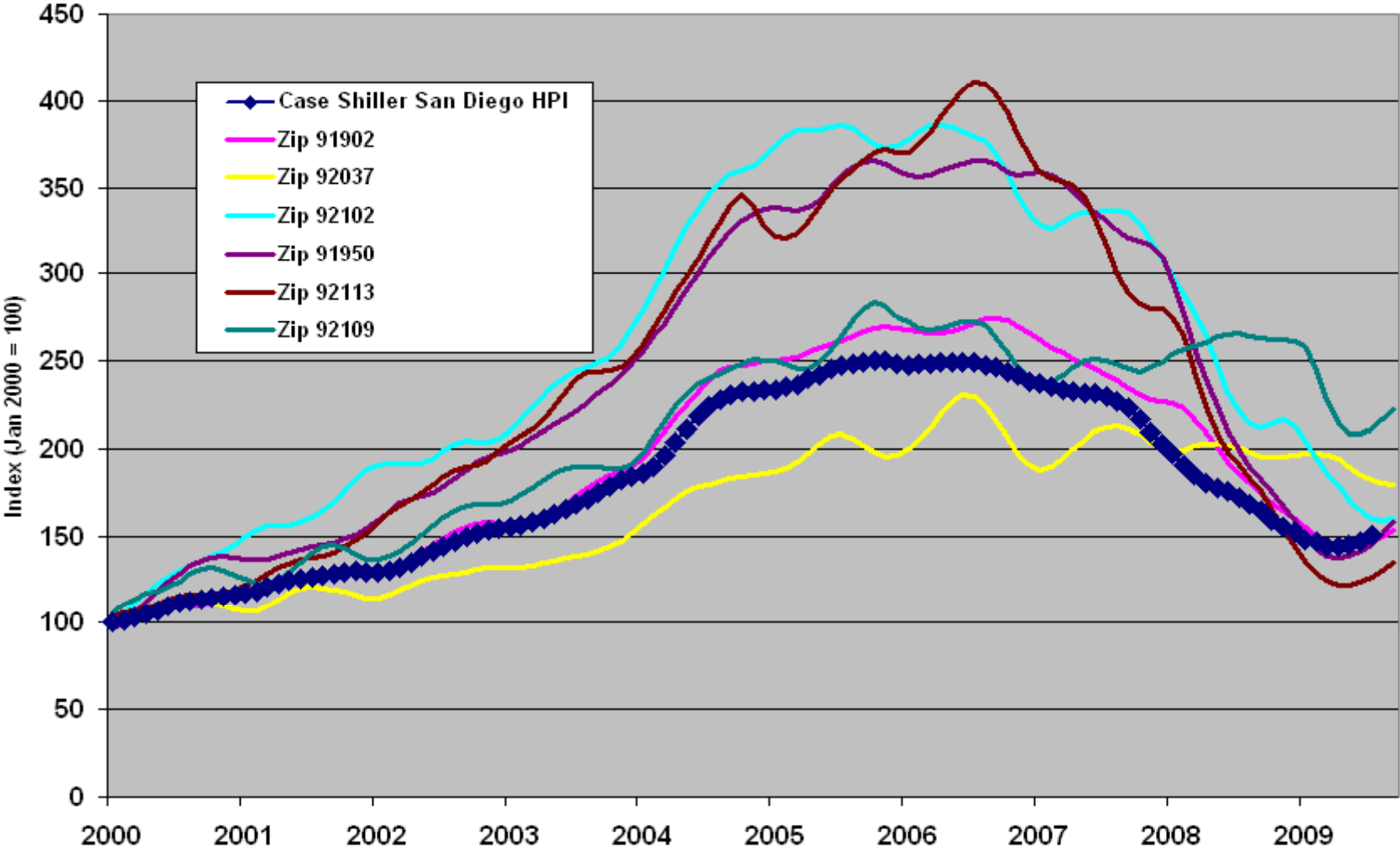
We need to do the analysis of value trends at the localized level:
CBSA level analysis is misleading especially with indices that do not distinguish the kind of sale transaction. Some submarkets are dominated by foreclosures, many are not.

CA - Los Angeles S&P/Case-Shiller Home Price Index vs Zip Index for Pacific Palisades, CA Zip 90272



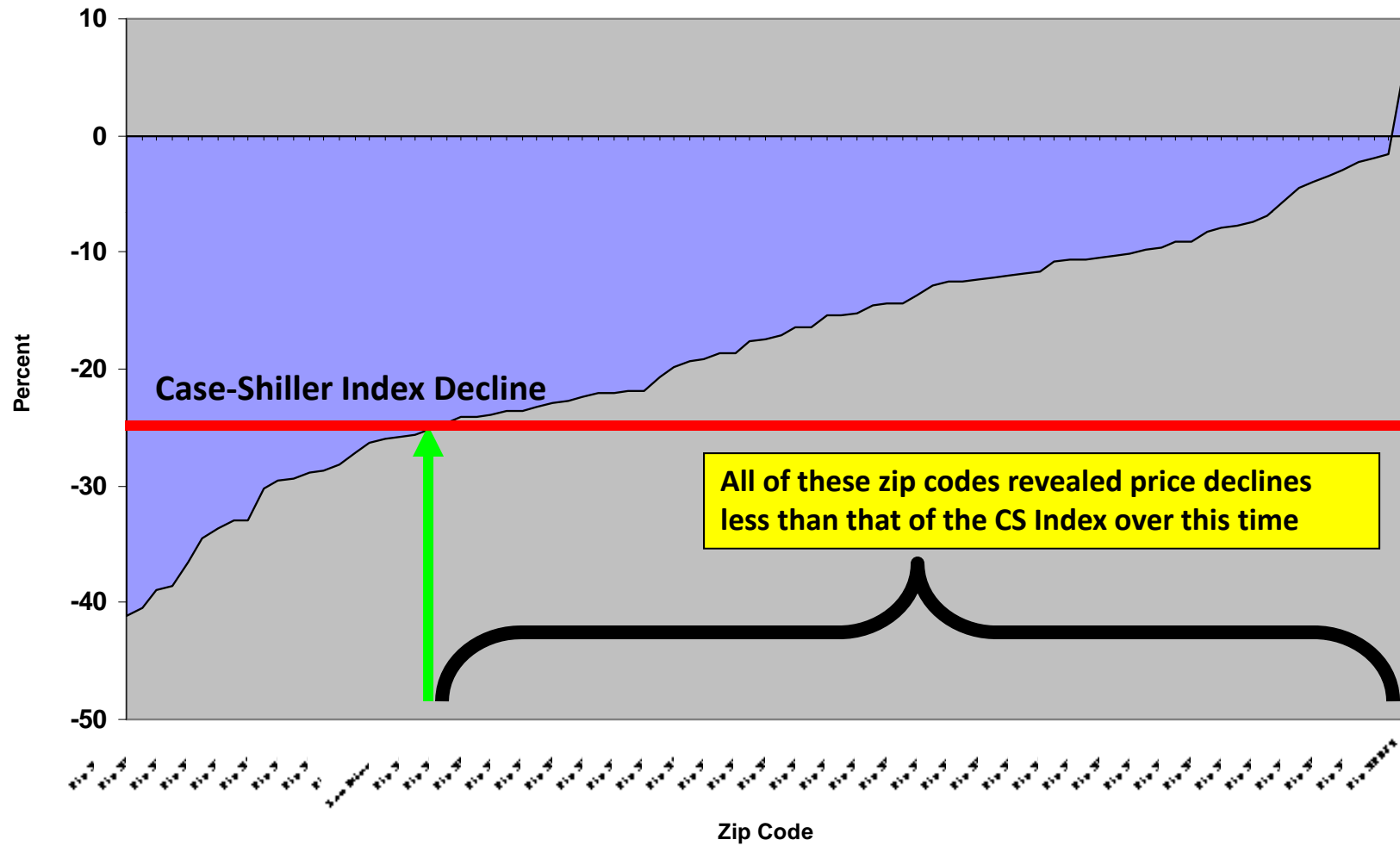
San Diego Zip Codes Versus Case-Shiller

San Diego Case Shiller HPI and Individual Zip Code HPIs



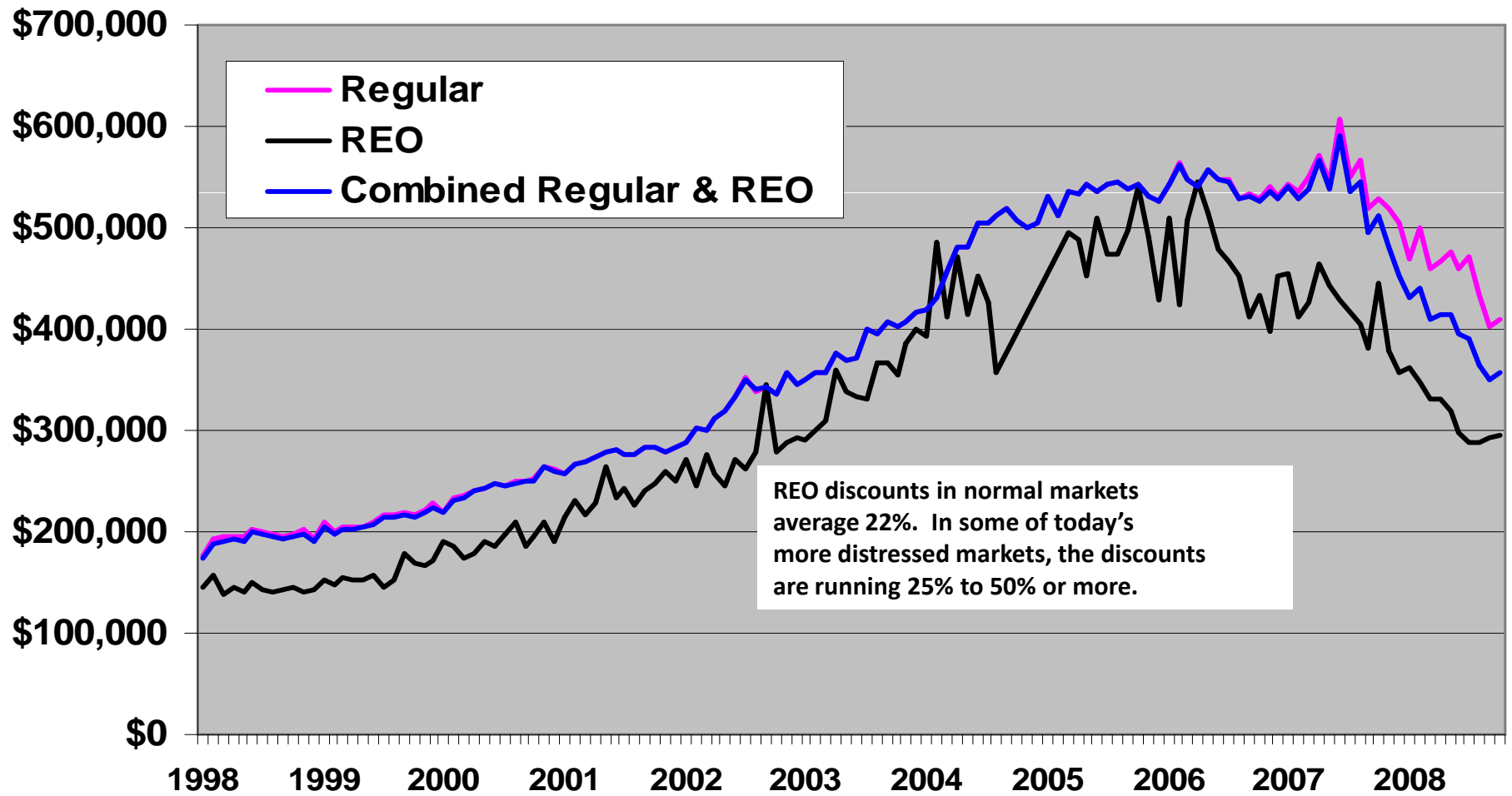
San Diego Single Family Zip Code Past Year Price Percent Change Distribution

San Diego Single Family Zip Code 2007Q3 to 2008Q3 Price Percent Change



In the current environment, REO sales prices need to be tracked separately from regular sales. Case-Shiller, OFHEO and NAR to not do this.

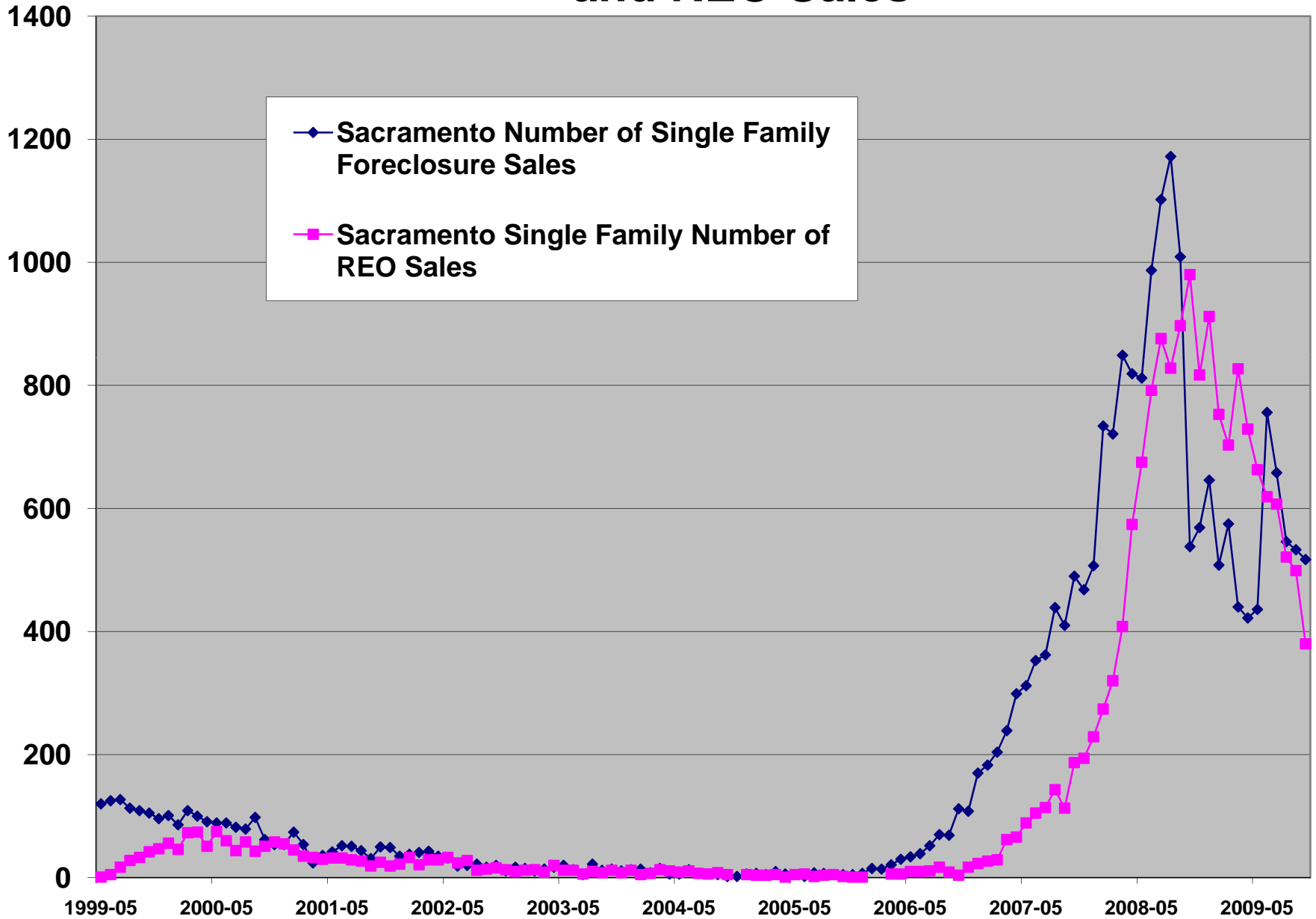
San Diego County Regular, REO and Regular with REO Single Family Prices for 3 Bedroom and 2 Bath Homes



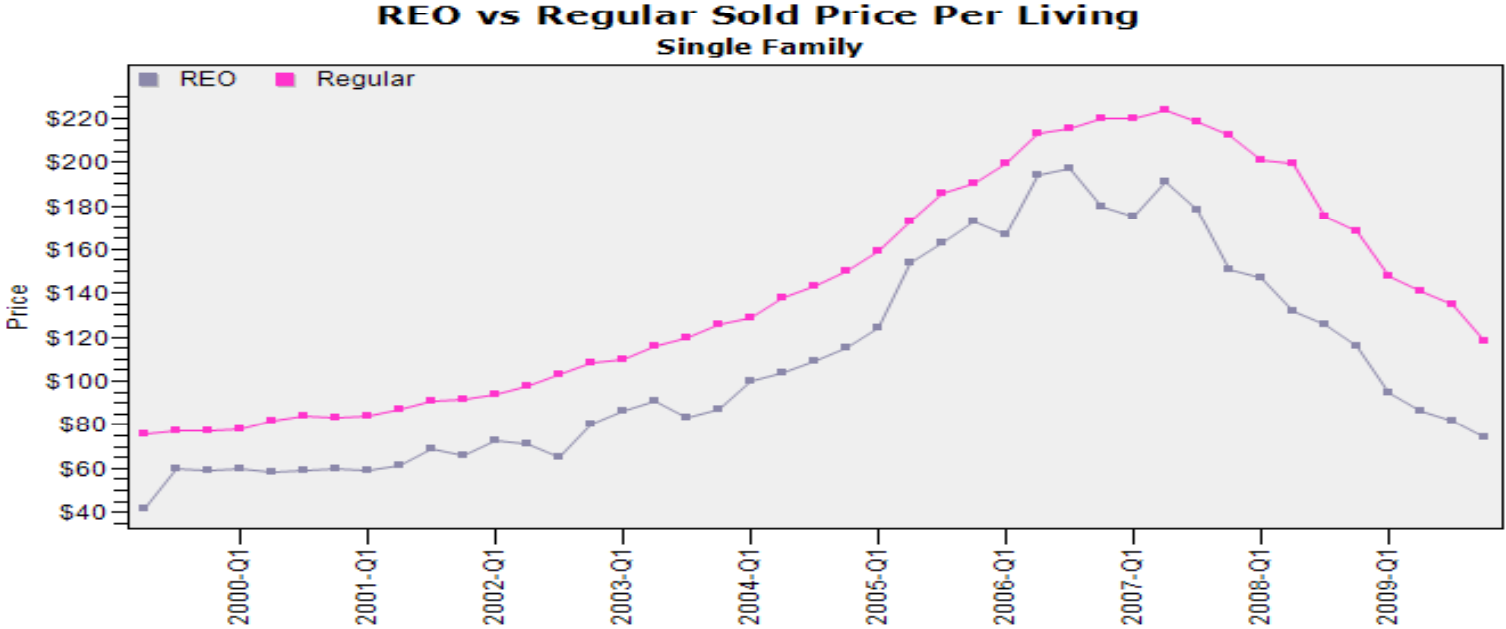
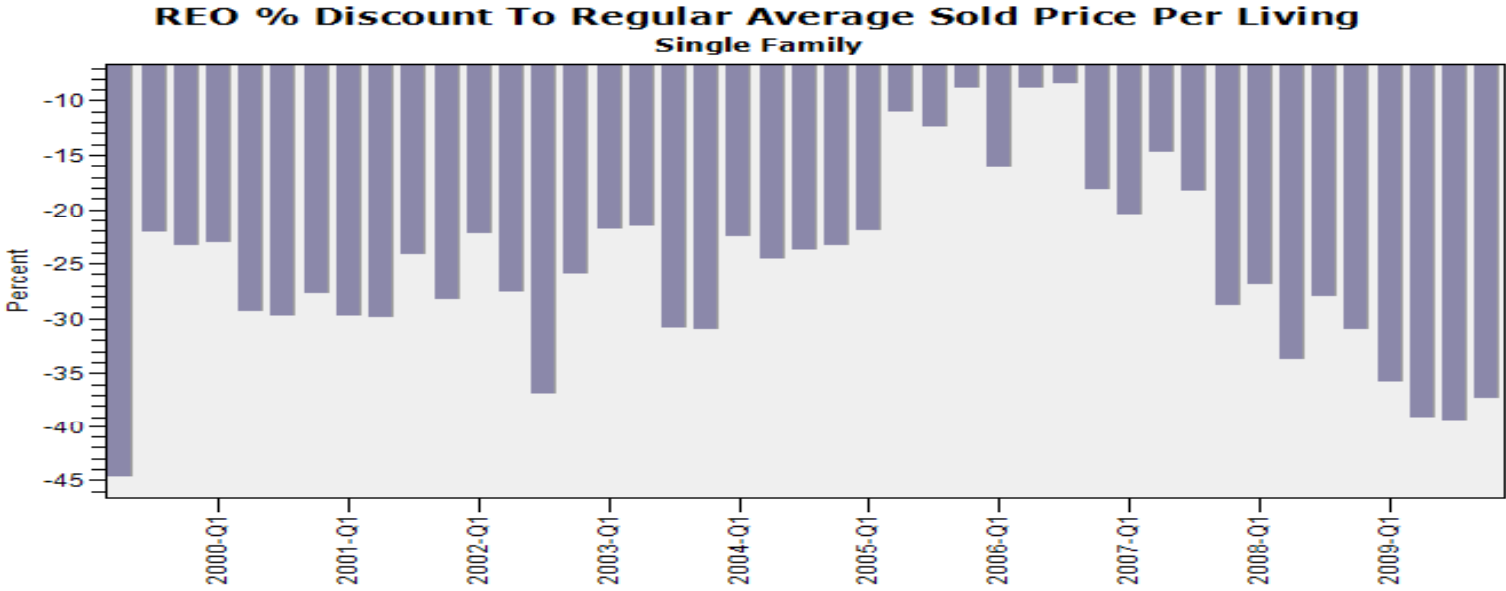
We can track and forecast market conditions by Zip code using several criteria, i.e.

- Foreclosures as a % of sales
- Months remaining inventory (MRI)
- Expired inventory that did not sell (shadow) and (Adj Months Remaining Inventory)
- Volume and price trends
- Listing Price Trends Versus Sold Price Trends

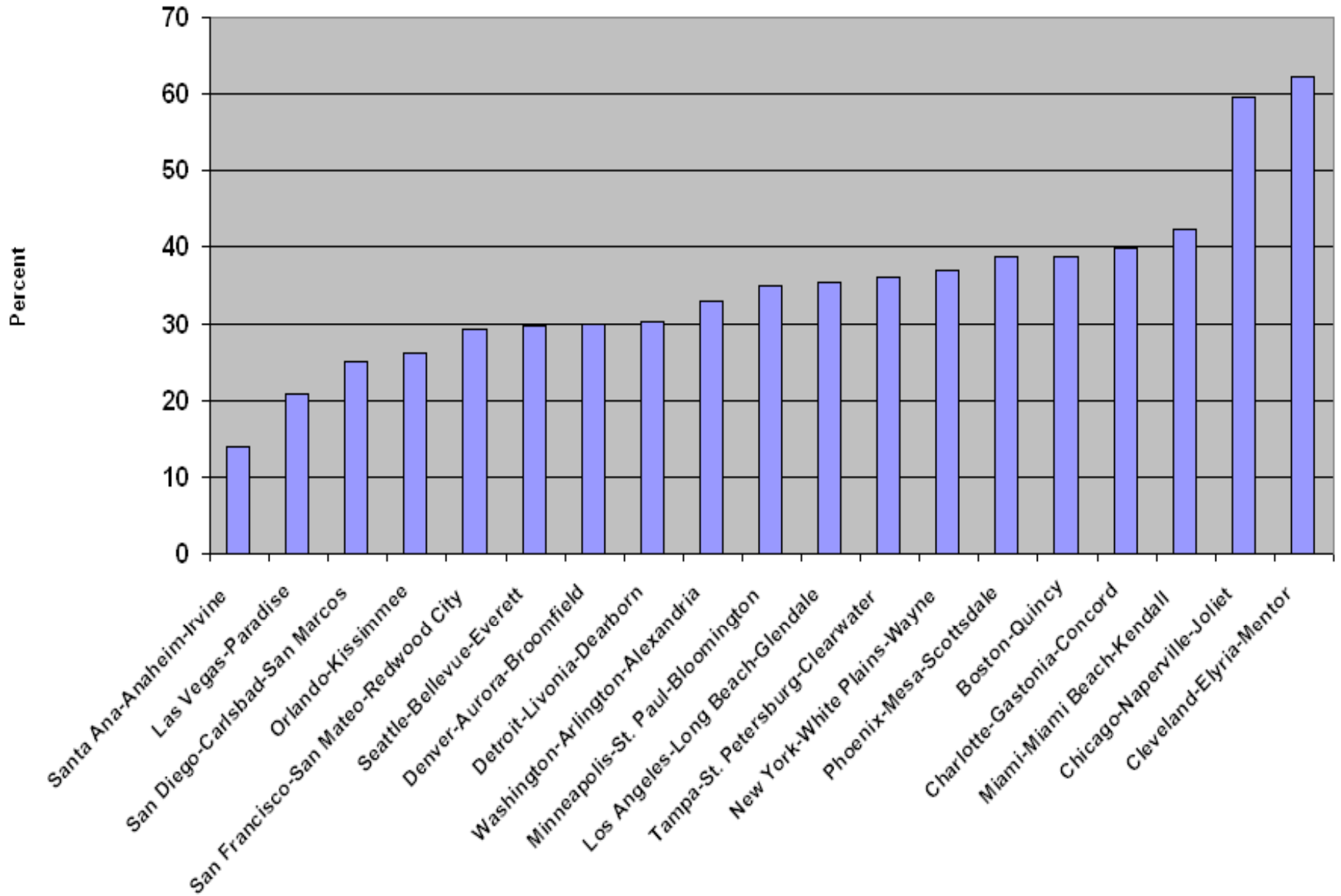
Sacramento Single Family Foreclosure and REO Sales



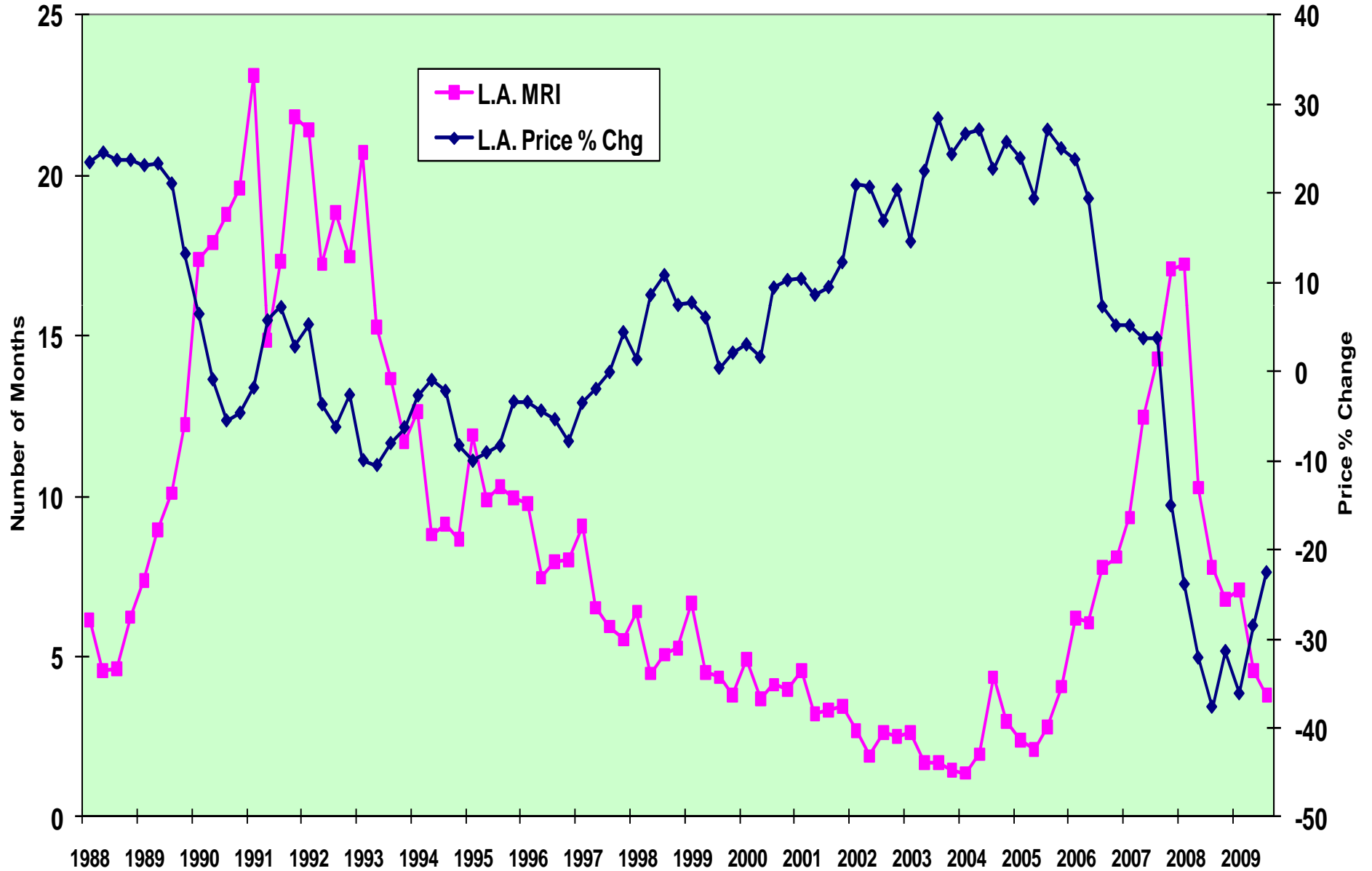
Miami Single Family REO Discounts



2009 Single Family REO % Discount To Regular Price By CBSA



Los Angeles Median Price Annual % Change and Months of Inventory Remaining



Let's slice MRI by Price Range

- We can also slice by size or property type or any number of attributes.

City and State OR Zip

FORT WORTH, TX

Sub Area

Query By Address Proximity (Show Details...)

Data Source :

Local MKT Data

Select Chart Type :

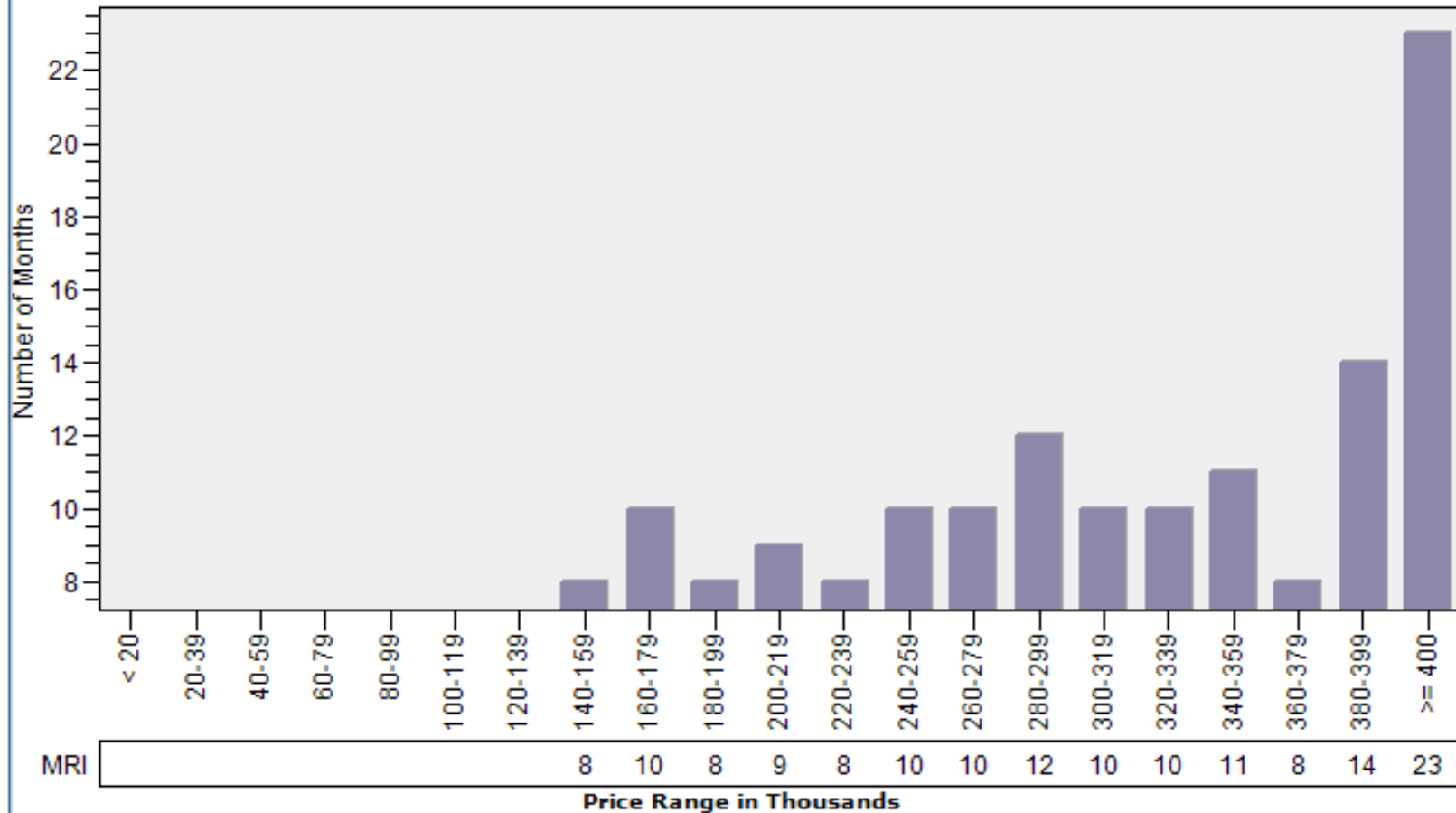
Months of Inventory Remaining by Price

[Download comps](#)

[Download Data](#)

Months of Inventory Remaining by Price

Single Family



State: TX; County: 48439; City: FORT WORTH

Collateral Intelligence Desktop Valuation Analytic Model

Query By City-Zip (Hide Details...)

City and State OR Zip

LAS VEGAS, NV

Sub Area

89101
89102
89103
89104
89105

Query By Address Proximity (Show Details...)

Data Source :

Select Chart Type :

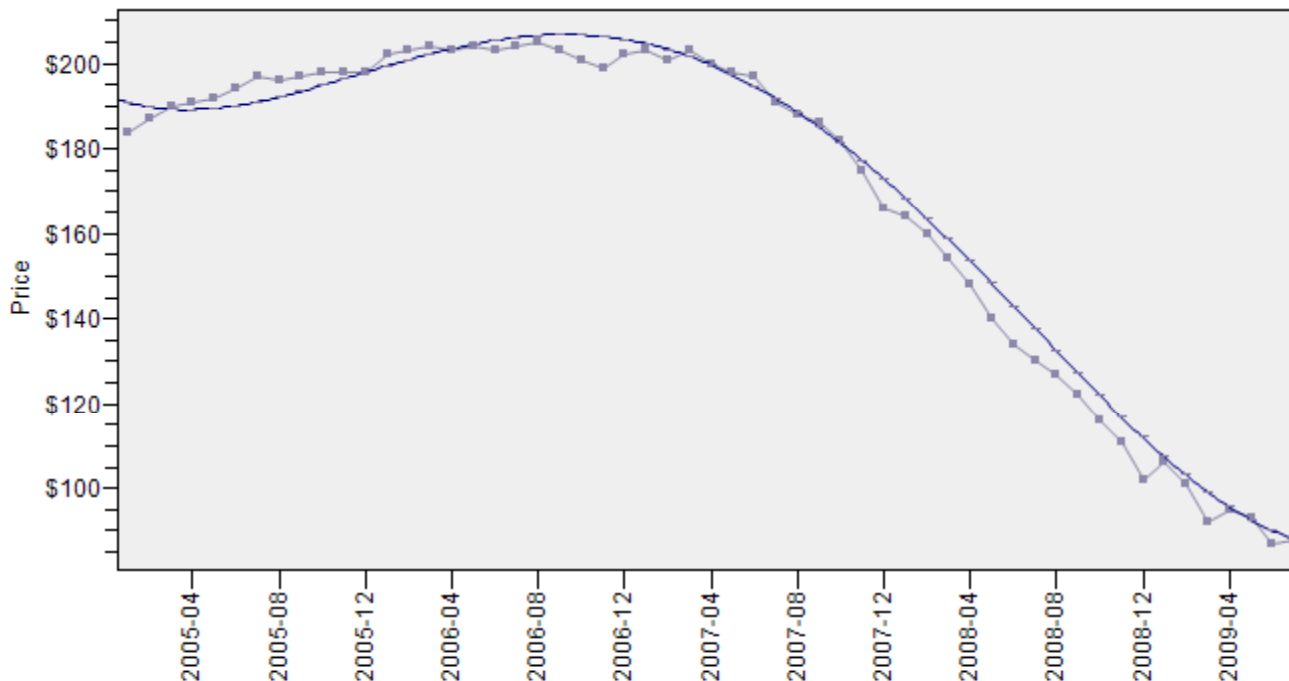
Local MKT Data

Average New Listing Price Per Living

Download comps

Download Data

Average New Listing Price Per Living
Single Family



price/living	191	196	198	203	205	202	200	188	166	148	127	102	95
best-fit	189	192	198	203	207	206	200	189	173	154	132	112	96

State: NV; County: 32003; City: LAS VEGAS

Define Query (optional)

Minimum

Maximum

Living Area

Bedrooms

Bathrooms

Year Built

Land Area

Years Range

2005

2009

Data

Month

Increment

Property Type

Single-Family

Total number of properties for the past 12 months : 39226

Clear Criteria

Re-Produce Chart

Collateral Intelligence Desktop Valuation Analytic Model

Query By City-Zip (Hide Details...)

City and State OR Zip

SAN DIEGO, CA

Sub Area

Query By Address Proximity (Show Details...)

Data Source :

Select Chart Type :

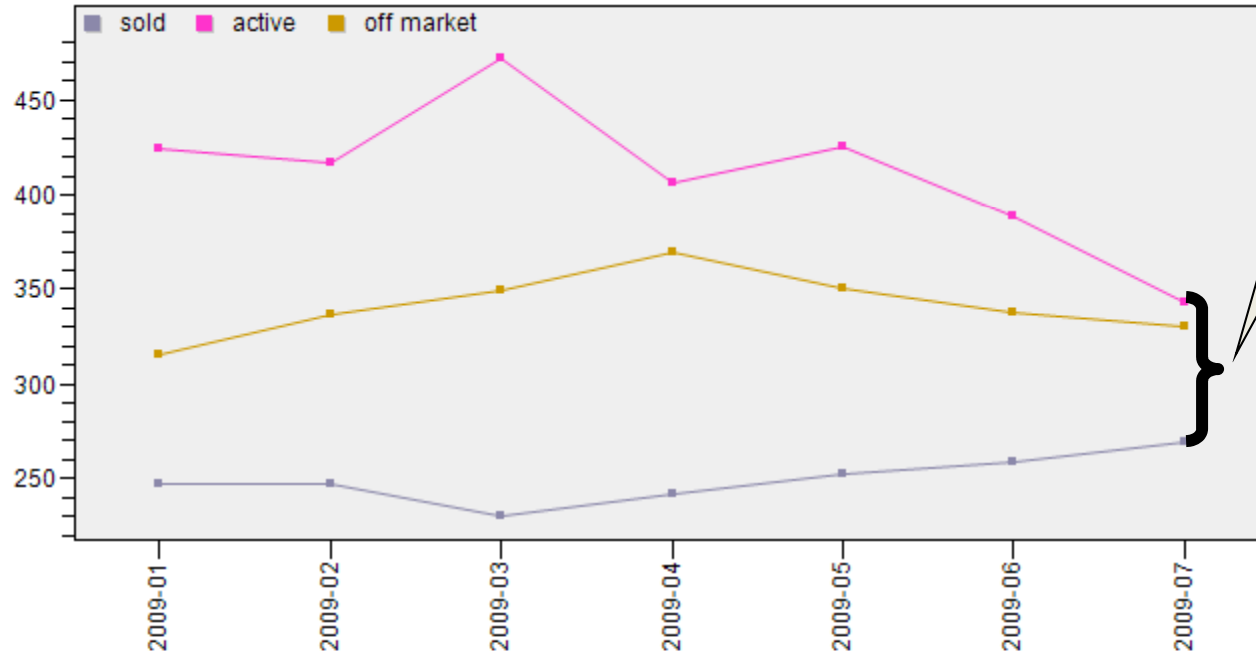
Local MKT Data

Price Per Living Trends by Status 2

Download comps

Download Data

Price Per Living Trends by Status 2
Single Family



sold	247	247	230	242	252	259	269
active	424	417	472	406	425	388	343
off market	316	337	349	369	350	338	330

State: CA; County: 06073; City: SAN DIEGO

The spread between asking prices and sold tends to be narrow in strong markets and wide in soft or declining markets. Here we see it improving but still wide.

Property (optional)

Minimum

Maximum

Area

Rooms

Bathrooms

Year Built

Land Area

Years Range

2009

2009

Data

Month

Increment

Property Type

Single-Family

Total number of properties for the past 12 months : 10393

Clear Criteria

Re-Produce Chart

Collateral Intelligence Desktop Valuation Analytic Model

Query By City-Zip (Hide Details...)

City and State OR Zip

LAS VEGAS, NV

Sub Area

89101
89102
89103
89104
89105

Query By Address Proximity (Show Details...)

Data Source :

Select Chart Type :

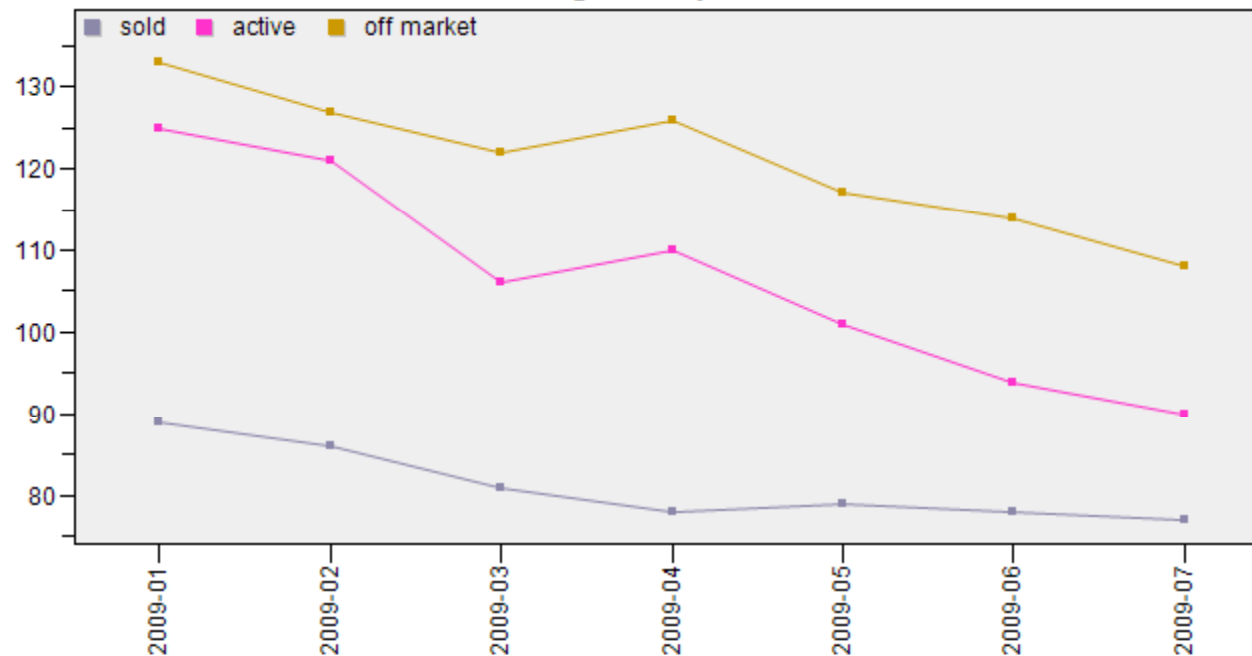
Local MKT Data

Price Per Living Trends by Status 2

Download comps

Download Data

Price Per Living Trends by Status 2 Single Family



sold	89	86	81	78	79	78	77
active	125	121	106	110	101	94	90
off market	133	127	122	126	117	114	108

State: NV; County: 32003; City: LAS VEGAS

Define Query (optional)

Minimum

Maximum

Living Area

Bedrooms

Bathrooms

Year Built

Land Area

Years Range

2009

2009

Data

Month

Increment

Property Type

Single-Family

Total number of properties for the past 12 months : 55187

Clear Criteria

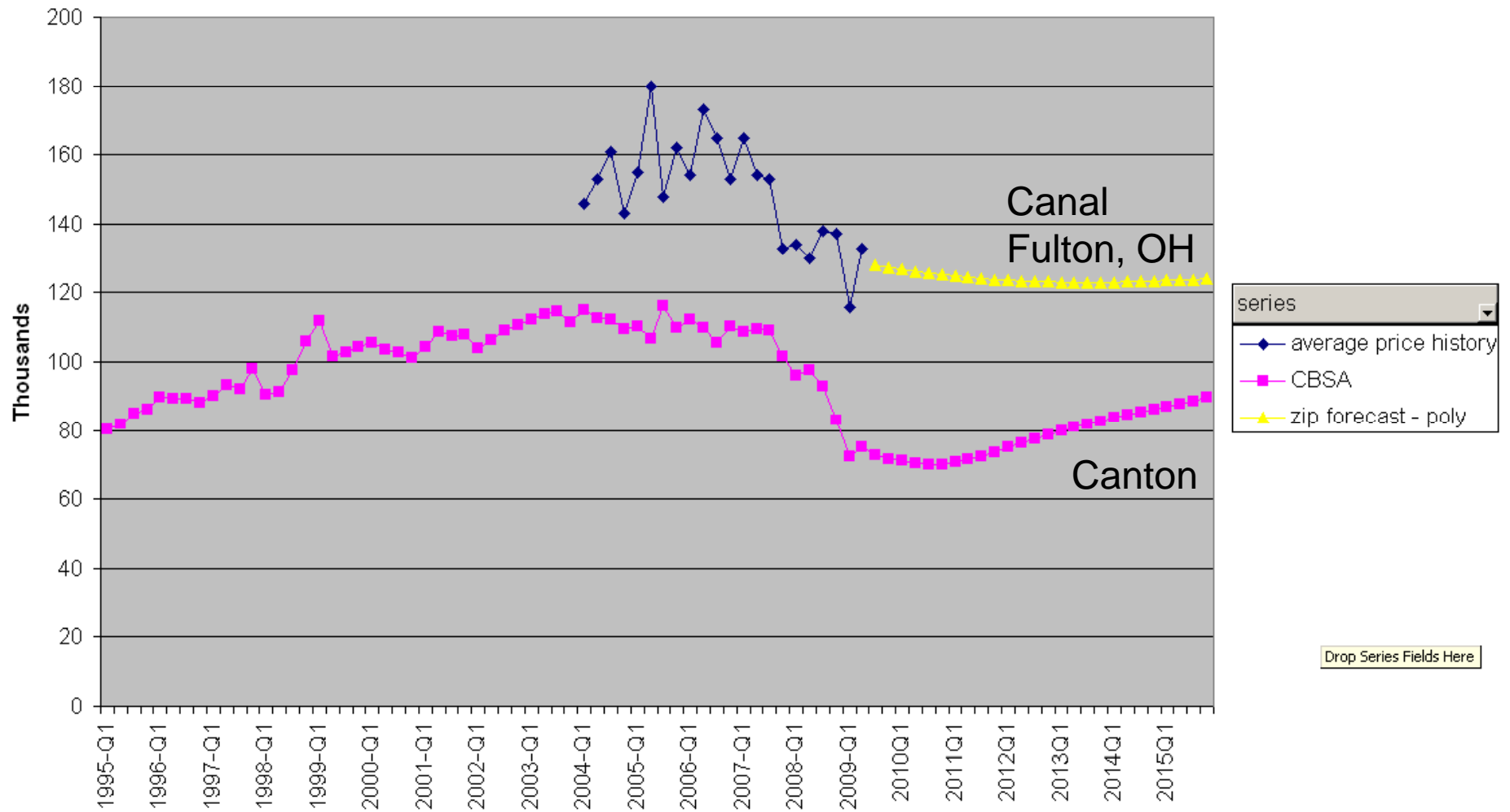
Re-Produce Chart

Some sample forecasts

ZIP 44614



Zip Avg Price with Forecast



series

- average price history
- CBSA
- zip forecast - poly

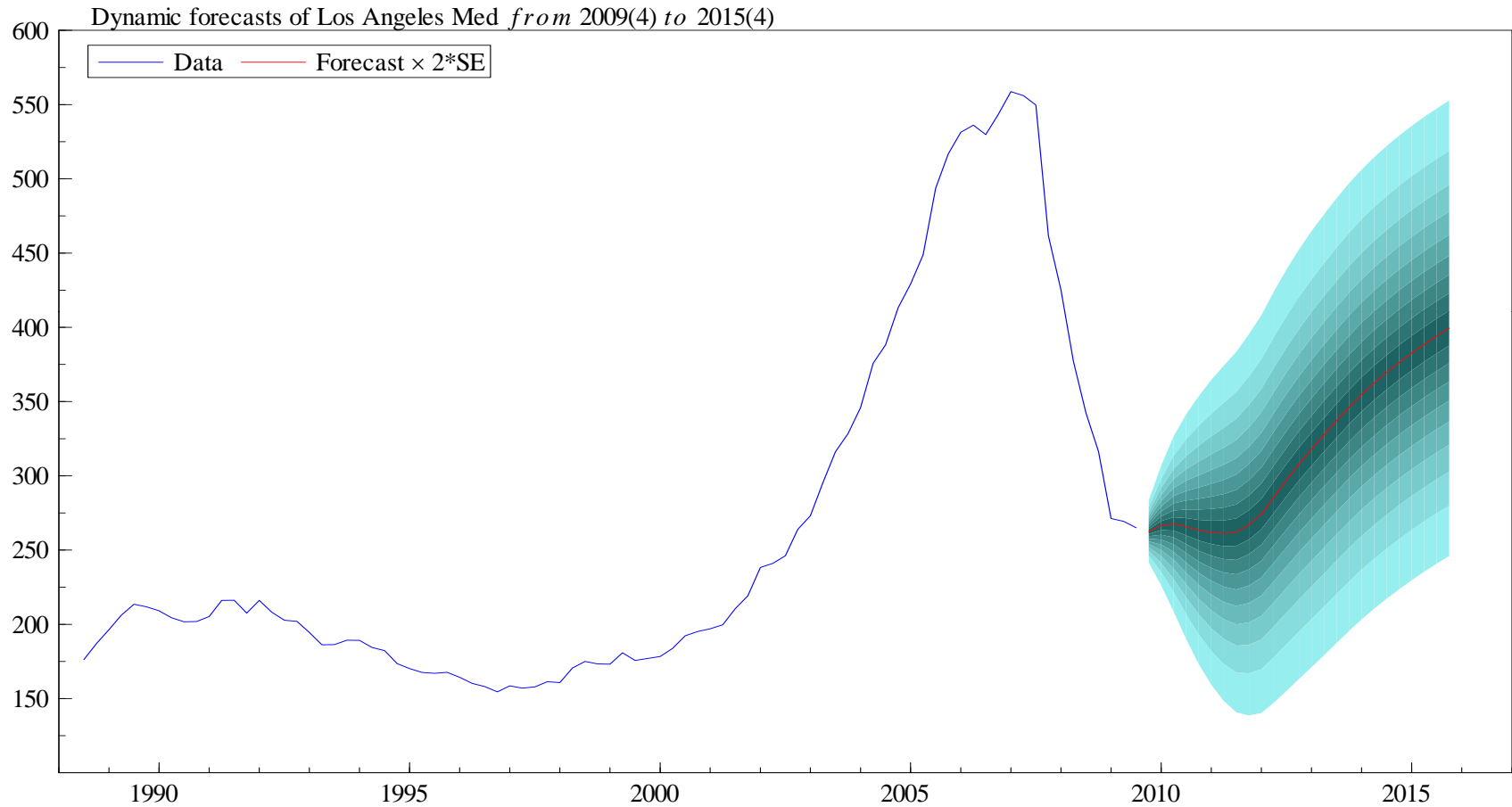
Drop Series Fields Here

Data

Using Fundamentals and Technical Trends We Can Forecast Home Values By MSA, Zip or for Individual Homes

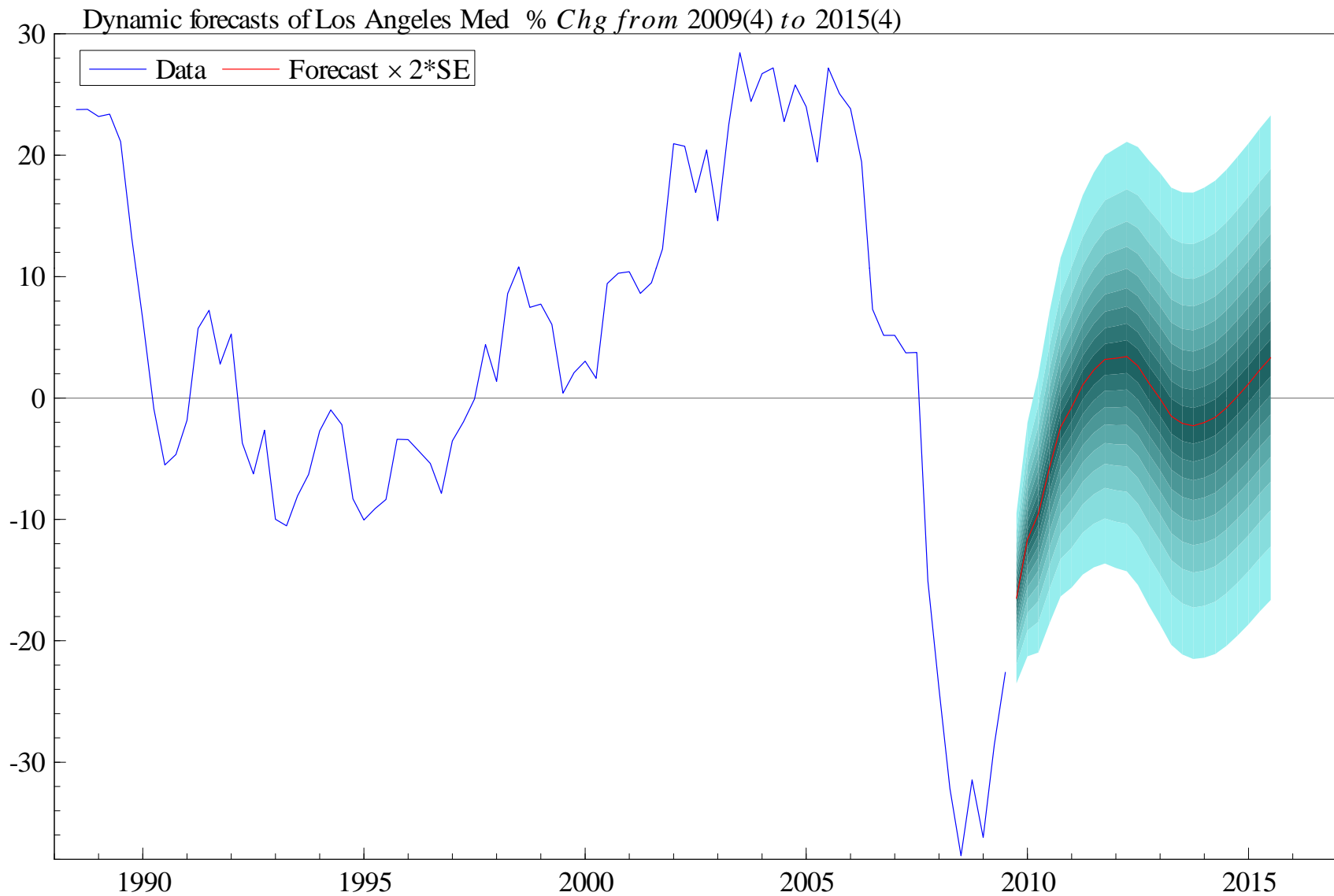
• LA Med Home Prices								
• Constant								
• Los Angeles Med \$ _1								
• Los Angeles Med \$ _2								
• Los Angeles Emp								
• Los Angeles Emp_1								
• Los Angeles Emp_2								
• L.A. Affordable Price								
• L.A. Affordable Price_1								
• L.A. Affordable Price_2								
• RSS	12813	sigma	12.984	R^2	0.98951	Radj^2	0.98841	
• LogLik	-213.16	AIC	5.22734	HQ	5.33137	SC	5.48598	

LA Median Price Forecast thru 2015



LA Median Price Forecast thru 2015

Two Stage Model With MRI Added Using Monthly Data



Summary

- Foreclosures are highly concentrated by state, by county and by zip code
- Local market price changes are not well represented by the Case Shiller Index
- We need to slice the data by price range or size and also micro-location.
- Distressed asset pricing depends on local market conditions and we see a lot of variation by market.
- We can forecast price trends reasonably well for the next several quarters when using both technical (Broker based-MLS Type) and fundamental data.



Questions?

Or More Infor?

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Msklarz@collateralanalytics.com