Local Markets Continue to Gain According to the Homes.com Local Market Index

Indications: Trends Shown by the Top 100 Regional Markets

For home pricing data ending October 2012, the Homes.com Local Market Index showed 47 of the top 100 markets for single family properties increasing on a monthly basis, while 90 out of 100 of the markets increased year over year. The combination of robust, longer-term performance and softer, short term readings indicates that, although the breadth of the housing recovery remains widespread, short-term momentum for some markets is decelerating during the typically year end period. This is further underpinned by comparing the number of advancing markets on a monthly basis in October 2012 (47 out of 100) to those from September 2012 (57 out of 100). The Multi-unit/Condo Index shows a similar trend with 48 out of 100 Core Based Statistical Areas (CBSAs), as determined by the U.S. Census Bureau, increasing over the shorter monthly timeframe, while 90 out of 100 were higher year over year.

The top market recording gains for October 2012 was Raleigh-Cary, NC with a monthly gain in the Homes.com Local Market Index of (+1.10). At the other end of the spectrum, Hartford-West Hartford-East Hartford, CT fell (-1.34). Raleigh-Cary, NC was also the top performer for the multi-unit index posting a monthly gain of (+1.09) while Providence-New Bedford-Fall River RI-MA posted the biggest loss at (-1.74). On an annual basis Honolulu, HI posted the largest gain in October 2012 for single family, increasing (+16.98) points from the same month a year ago, while Buffalo-Niagara Falls, NY had the largest loss (-2.53). For multi-unit, Honolulu, HI again had the highest year over year gain increasing (+19.89) points while New Haven-Milford, CT fell the furthest at (-3.12).

Top Single Family Markets			
Highest Month To Month Change		Highest Year Over Year Change	
Metro Area	MTM	Metro Area	YOY
Raleigh - Cary, NC	1.10	Honolulu, HI	16.98
Palm Bay - Melbourne - Titusville, FL	1.03	Phoenix - Mesa - Glendale, AZ	15.41
Dallas - Fort Worth - Arlington, TX	0.95	Salt Lake City, UT	12.65
New Orleans - Metairie - Kenner, LA	0.88	Provo - Orem, UT	12.16
Oklahoma City, OK	0.88	Ogden - Clearfield, UT	12.00
Phoenix - Mesa - Glendale, AZ	0.87	Boise City - Nampa, ID	11.68
Jacksonville, FL	0.82	Colorado Springs, CO	10.47
Little Rock - North Little Rock - Conway, AR	0.81	Tucson, AZ	10.45
Denver - Aurora - Broomfield, CO	0.78	Albuquerque, NM	10.41
Virginia Beach - Norfolk - Newport News, VA - NC	0.76	Denver - Aurora - Broomfield, CO	9.70

Source: Homes.com Local Market Indices, Data through October 2012

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Top Multi-Unit/Condo Markets			
Highest Month To Month Change		Highest Year Over Year Change	
Metro Area	MTM	Metro Area	YOY
Raleigh - Cary, NC	1.09	Honolulu, HI	19.89
Baltimore - Towson, MD	1.00	Phoenix - Mesa - Glendale, AZ	15.68
Dallas - Fort Worth - Arlington, TX	0.95	Salt Lake City, UT	12.65
New Orleans - Metairie - Kenner, LA	0.93	Provo - Orem, UT	12.16
Phoenix - Mesa - Glendale, AZ	0.93	Ogden - Clearfield, UT	12.00
Colorado Springs, CO	0.82	Boise City - Nampa, ID	11.68
Tulsa, OK	0.82	Colorado Springs, CO	11.44
Honolulu, HI	0.81	Albuquerque, NM	10.41
Tampa - St. Petersburg - Clearwater, FL	0.78	San Jose - Sunnyvale - Santa Clara, CA	9.88
Oklahoma City, OK	0.70	San Francisco - Oakland - Fremont, CA	9.78

Source: Homes.com Local Market Indices, Data through October 2012

Half of the top 10 month to month (MTM) increasing markets are the same for both the Single-Family Home and Multi-unit/Condo property type indexes. Raleigh, Dallas, New Orleans, Oklahoma City, and Phoenix all increase in both the single-family home and Multi-unit/Condo index month to month. Additionally, the increases in Baltimore for Multi-unit/Condo for many of the Baltimore neighborhoods are a result of the British-style row houses that are popular in the area. Likely because of this, this metropolitan area increases with the Multi-unit/Condo style property index over the Single-Family index in October, and increases 1.00 index points from the month before.

The Homes.com Local Market Index activity was also analyzed based on region of the United States. The top 100 markets are classified in the regions as follows: Northeast, Midwest, South, and West. The table below shows the best and worst performing CBSAs according to monthly index change by region for both single family and multi-unit product.

Single Family Markets					
Best Performing Month To Month			Worst Performing Month To Month		
Region	Metro Area	MTM	Region	Metro Area	MTM
Northeast	Virginia Beach - Norfolk - Newport News, VA-NC	0.76	Northeast	Hartford - West Hartford - East Hartford, CT	- 1.34
West	Phoenix - Mesa - Glendale, AZ	0.87	West	Stockton, CA	- 1.02
Midwest	Youngstown - Warren - Boardman, OH-PA	0.23	Midwest	Wichita, KS	- 1.21
South	Raleigh - Cary, NC	1.10	South	Charleston - North Charleston - Summerville, SC	- 0.72

Source: Homes.com Local Market Indices, Data through October 2012

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Multi-Unit/Condo Markets					
Best Performing Month To Month			Worst Performing Month To Month		
Region	**Metro Area**	**MTM**	**Region**	**Metro Area**	**MTM**
Northeast	Baltimore -Towson, MD	1.00	Northeast	Providence - New Bedford - Fall River, RI-MA	- 1.74
West	Phoenix - Mesa - Glendale, AZ	0.93	West	Fresno, CA	- 0.89
Midwest	Youngstown - Warren - Boardman, OH-PA	0.48	Midwest	Toledo, OH	- 1.30
South	Raleigh - Cary, NC	1.09	South	Birmingham - Hoover, AL	- 0.62

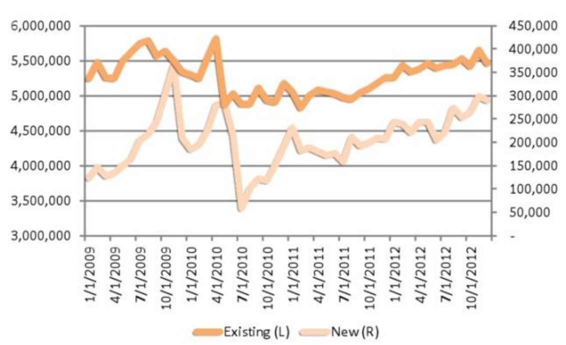
Source: Homes.com Local Market Indices, Data through October 2012

National Overview

The Homes.com Local Market Index also aligns with many of the economic indicators for late 2012 and the first month of 2013. Real GDP grew at a 2% pace in 2012. If not for the fiscal drag created at all levels of government, growth would likely have been 3%. (*Source: U.S. Bureau of Economic Analysis*)

While we expect state and local government budgets to stabilize in 2013, fiscal drag at the federal level will likely detract 1% from GDP in the first two quarters of 2013 in the form of higher payroll taxes and taxes on high income households. Despite these headwinds, growth will still come in at about 2% for the first half of the year. In the second half of the year as uncertainty wanes and policy parameters become settled we expect growth to ratchet up to 3%; reflecting improved fundamentals and stimulus measures. Fortunately, the Federal Reserve's policy of purchasing $85-billion per month in mortgage backed securities and treasuries is helping to offset some of this drag by providing enormous monetary stimulus. This additional stimulus has driven down long term interest rates pushing yields on the 10-year Treasury to 2% and mortgage rates to historically low levels. The effect on housing markets has been material with new residential construction volume and pricing rising substantially. Improvement is also evident in the resale market which has seen increased demand due to the low cost of financing.

New and Existing Home Sales



Housing Starts and Permits (thous) SAAR

Source: U.S. Census Bureau & National Association of Realtors

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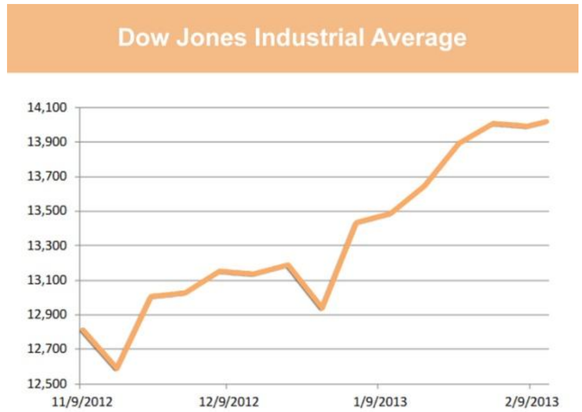
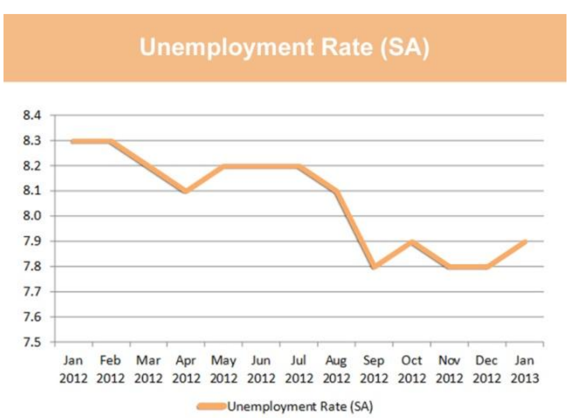
Financial markets have risen steadily so far this year, improving wealth and household balance sheets. This should provide further support to consumer spending in 2013. *Source: New York Stock Exchange*



Retail sales were up a modest 0.1% from December to January which reflects the tax changes that have reduced workers' take home pay. It is likely this dynamic will hinder any near term prospects for improvement along with uncertainty surrounding government spending cuts. The debt ceiling deadline has been extended through April 15, 2013 providing breathing room to craft an encompassing agreement on the debt ceiling, sequestration, and the budget for FY 2012-13. Assuming a reasonable deal on fiscal spending and the debt ceiling is achieved in time to avoid a crisis, prospects for the second half of the year are brighter. *Source: U.S. Census*

Consumer sentiment gained 3.4% in February over last month. This follows a precipitous 11% decline from November to December while the country was deep in the throes of the fiscal policy drama. Temporary resolution of the crisis appears to have calmed fears – however briefly - as February's monthly gain was the second in a row. Assuming a deal is struck in April we expect a boost to confidence which will unleash pent-up demand. *Source: University of Michigan*

Labor Market conditions continue to improve with 157,000 new jobs added in January. The incorporation of benchmark revisions to the data resulted in substantial additions to the previous month's numbers. Employers added 196,000 to December payrolls and 246,000 to November's making the fourth quarter far stronger. Thus, it appears that worries about uncertain fiscal policies did not dampen labor market activity during the fourth quarter as much as feared. Household data reflect new population controls, but the rates should not be affected. Thus, the unemployment rate increased from 7.8% to 7.9%. *Source: U.S. Bureau of Labor Statistics*



New unemployment claims have moved lower following an uptick around the holiday hiring season. These elevated levels reflected volatility and seasonal quirks which are typical around the end of the year. Recent readings are supportive of the remarkably steady longer term improvement in the labor market. Absent seasonal noise the trend remains clearly downward. *Source: U.S. Department of Labor*

About the Homes.com Local Market Index

The Homes.com Local Market Index report tracks repeat sales of properties for both single family and multi-unit/condominium sales in separate indices for the top 100 Local Markets as determined by the U.S Census Bureau Core Based Statistical Areas (CBSAs).

Request More Information

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