

MEDIAN HOME PRICES ARE INCREASING IN SOME COMMUNITIES

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Median prices of traditional homes have increased in 19 MLS districts since 2006, when home prices peaked in the Minneapolis-St. Paul area. Traditional homes, those not in foreclosure, represent 95 percent of the homes in the Metropolitan Area. Metropolitan Area median home sales price was \$230,000 in 2006 and fell to \$221,000 in 2008, a decline of only 3.9 percent. This is good news when compared to the misleading decline of 23 percent for all homes that combine sales of traditional and lender-mediated homes in a single comparison. This calculation, while mathematically accurate, is extremely misleading since foreclosed homes represent only five percent of the homes but accounted for 60 percent of the transactions in the most recent period.

Traditional home median sales prices increased by more than 12 percent in three MLS areas – Maple Grove/Osseo (13.9 percent), Prior Lake (13.3 percent), and Chaska (12.8 percent), as shown in Table 1. Price increases of five to ten percent were recorded in six MLS areas and traditional home prices increased by one to five percent in 10 areas.

Table 1

CHANGE IN MEDIAN SALES PRICES OF TRADITIONAL HOMES BETWEEN 2006 AND 2008

<u>Price Change</u>	<u>Number of MLS Areas</u>
10 Percent or More	3
5 to 9.9 Percent	6
1 to 4.9 Percent	10
(0.1) to (4.9) Percent	18
(5.0) to (9.9) Percent	27
(10.0) to (14.9) Percent	23
(15.0) to (19.9) Percent	7
(20.0) Percent or More	6

Source: Minneapolis Area Association of Realtors.

Price declines of less than ten percent have occurred in 45 MLS areas and 10 to 14.9 percent in 23 MLS districts. Median sales prices have declined by 15 percent or more in only 12 districts. This is a far different picture than presented by a median sales price of \$150,000 when traditional and lender-mediated home prices are combined. Median sales prices of traditional homes were below \$150,000 in only five MLS districts.

The above tale was compiled from 2008 median sales prices of traditional homes contained in Table 2. Homeowners of the 19 MLS areas with increasing prices will undoubtedly be encouraged by reports of increasing prices. Homeowners in the 76 MLS areas with median price decreases can be comforted by the fact that most traditional homes have declined by far less than the 23 percent reported in a recent news article. Median sales prices have declined by 23 percent or more in only five MLS areas.

This analysis was prepared utilizing information collected by the Minneapolis Area Association of Realtors.

Table 2
2006 MEDIAN SALES PRICES COMPARED TO
2008 TRADITIONAL HOME MEDIAN SALES PRICES

<u>Code</u>	<u>MLS Area</u>	<u>2006 Median Sales Price Total</u>	<u>2008 Median Sales Price Traditional</u>	<u>Percent Change</u>
365	Maple Grove/Osseo	\$ 247,000	\$ 281,400	13.9 %
642	Prior Lake	279,900	317,000	13.3
397	Chaska	234,900	265,000	12.8
302	Mpls. - Central	270,000	296,519	9.8
386	Hopkins	205,900	222,083	7.9
368	Hennepin - Northwest	375,000	403,300	7.5
385	Edina	385,000	410,000	6.5
741	St. Paul - Downtown/Capital Hts	195,000	205,500	5.4
727	Stillwater/Bayport	299,000	315,000	5.4
373	Golden Valley	268,000	280,000	4.5
610	Eagan	237,800	247,000	3.9
392	Eden Prairie	288,950	300,000	3.8
726	Woodbury	281,000	287,700	2.4
740	St. Paul - Crocus Hill	266,000	272,000	2.3
640	Shakopee	218,000	222,500	2.1
396	Chanhassen	293,500	298,000	1.5
387	Minnnetonka	271,768	274,900	1.2
391	St. Louis Park	234,500	237,000	1.1
309	Mpls. - Southwest	287,000	290,000	1.0
614	Apple Valley	226,000	225,000	(0.4)
374	Plymouth	293,000	291,500	(0.5)
748	St. Paul - Town & Country/Merriam Park	275,500	273,500	(0.7)
750	St. Paul - Mac/Groveland/River Road	278,000	275,500	(0.9)
304	Mpls. - Nokomis	225,000	222,750	(1.0)
626	Lakeville	278,950	272,768	(2.2)
612	Burnsville	233,375	227,800	(2.4)
300	Mpls. - Calhoun Isles	263,590	257,250	(2.4)
380	Bloomington West	247,000	240,000	(2.8)
708	White Bear Lake	245,000	237,500	(3.1)
746	St. Paul - St. Anthony/Midway	206,350	200,000	(3.1)
725	Pine Springs/Lake Elmo/Oakdale	227,000	219,900	(3.1)
765	Arden Hills/Shoreview	242,500	234,750	(3.2)
303	Mpls. - Longfellow	207,500	200,000	(3.6)
752	St. Paul - Highland Area	274,400	263,700	(3.9)
616	Rosemount	248,200	238,450	(3.9)
766	Moundsville/New Brighton/St. Anthony	225,000	215,000	(4.4)
617	Hastings	202,000	193,000	(4.5)
608	Inver Grove	205,450	195,000	(5.1)
709	Forest Lake Area	240,250	226,950	(5.5)
644	Savage	266,950	252,000	(5.6)
707	Ham Lake	340,000	320,950	(5.6)
772	Lexington/Circle Pines	192,000	181,155	(5.6)

Table 2 (cont.)

**2006 MEDIAN SALES PRICES COMPARED TO
2008 TRADITIONAL HOME MEDIAN SALES PRICES**

<u>Code</u>	<u>MLS Area</u>	<u>2006 Median Sales Price Total</u>	<u>2008 Median Sales Price Traditional</u>	<u>Percent Change</u>
394	Carver County	\$ 243,150	\$ 229,000	(5.8) %
744	St. Paul - Como	216,250	203,500	(5.9)
728	St. Paul - Riverview/Cherokee	187,686	176,250	(6.1)
738	St. Paul - Home Croft/W. 7th	180,290	168,950	(6.3)
367	Hennepin- North	288,950	270,000	(6.6)
624	Farmington	233,000	217,000	(6.9)
702	Falcon Heights/Lauderdale/Roseville	246,750	229,500	(7.0)
360	Robbinsdale	199,950	185,450	(7.3)
341	Wright County (Ext Buffalo)	216,000	200,000	(7.4)
361	Crystal	197,700	183,000	(7.4)
604	Mendota/Lilydale	330,200	305,000	(7.6)
722	Newport/St. Paul Park/Cottage Grove	227,400	210,000	(7.7)
600	W. St. Paul	200,500	185,000	(7.7)
308	Mpls. - Powderhorn	183,700	169,000	(8.0)
362	New Hope	229,000	209,297	(8.6)
340	Buffalo	215,000	195,850	(8.9)
764	Blaine	229,900	209,000	(9.1)
648	New Prague/New Market Elko	250,000	227,000	(9.2)
310	Mpls. - University	240,000	217,500	(9.4)
758	Northwestern Anoka Cty	232,000	209,900	(9.5)
381	Lake Minnetonka	462,000	417,500	(9.6)
660	Goodhue County	174,675	157,675	(9.7)
646	Jordan	250,000	225,000	(10.0)
366	Champlin	233,500	210,150	(10.0)
760	Ramsey	229,900	206,900	(10.0)
762	Andover	272,475	245,000	(10.1)
378	Richfield	223,750	200,000	(10.6)
756	Elk River	230,000	204,750	(11.0)
602	S. St. Paul	196,700	175,000	(11.0)
712	Maplewood/North St. Paul	222,000	196,000	(11.7)
306	Mpls. - Northeast	210,000	184,900	(12.0)
711	Southern Chisago County	211,900	186,200	(12.1)
705	Lino Lakes/Hugo/Centerville	262,000	230,200	(12.1)
379	Bloomington East	225,000	197,000	(12.4)
767	Coon Rapids	205,900	179,900	(12.6)
650	Belle Plaine	214,125	186,975	(12.7)
398	Victoria	477,500	414,968	(13.1)
770	Hilltop/Columbia Heights	189,300	164,500	(13.1)
364	Brooklyn Park	230,825	200,000	(13.4)
771	Spring Lake Park	199,850	172,900	(13.5)
630	Northfield	220,000	190,000	(13.6)
706	North Central Suburban	264,900	228,250	(13.8)

Table 2 (cont.)

**2006 MEDIAN SALES PRICES COMPARED TO
2008 TRADITIONAL HOME MEDIAN SALES PRICES**

<u>Code</u>	<u>MLS Area</u>	<u>2006 Median Sales Price Total</u>	<u>2008 Median Sales Price Traditional</u>	<u>Percent Change</u>
720	St. Paul - Southeast St. Paul	\$ 217,000	\$ 186,750	(13.9) %
721	Lakeland/Afton/Denmark	350,000	300,000	(14.3)
768	Fridley	209,900	179,900	(14.3)
769	Anoka	200,873	170,000	(15.4)
713	Bethel	240,500	203,023	(15.6)
632	Rice County	187,650	155,000	(17.4)
716	St. Paul - Hillcrest/Hazel Park/Daytons Bluff	176,000	145,000	(17.6)
710	Northeast Anoka County	279,950	229,900	(17.9)
780	Sherburne County	214,950	175,000	(18.6)
714	St. Paul - Phalen	176,450	143,020	(18.9)
363	Brooklyn Center	192,925	151,500	(21.5)
754	Big Lake Township	211,000	161,000	(23.7)
307	Mpls. - Phillips	191,580	140,000	(26.9)
742	St. Paul - Central	153,000	107,000	(30.1)
301	Mpls. - Camden	164,000	112,000	(31.7)
305	Mpls. - North	153,000	65,000	(57.5)

Source: Minneapolis Area Association of Realtors.

HOME PRICES: UP, DOWN OR SIDEWAYS

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Home prices are either up, down or stable in the Twin Cities area depending on a number of factors. None of these factors are considered in the multitude of press releases that report a steady drum beat of double digit declines in home values. There are many factors that influence home values. Some of these include:

- There is no threat of foreclosure
- The home foreclosed or headed toward foreclosure
- Where is the home located
- The type of home
- The physical condition of the home
- Number of homes in the area that are for sale
- The number of for-sale homes that are in foreclosure

All of these factors influence home values and the change in value from year to year. Fortunately, the Minneapolis Area Association of Realtors (MAAR) has published extensive home sales comparisons for Twin Cities area that bring some facts to this subject. There are two home markets in the Twin Cities: homes that are not in foreclosure are termed “traditional” homes and represent about 95 percent of the homes in the Twin Cities. Homes that are in foreclosure or threatened by foreclosure are termed “lender mediated” and represent about five percent of all homes. Median sales prices of traditional homes declined by only 2.6 percent between the 4th quarter of 2007 and 2008 indicating a modest change in value for homes that are not foreclosed.

Table 1

CHANGE IN MEDIAN HOME PRICES: 4th QUARTER 2007 TO 2008 TRADITIONAL AND LENDER MEDIATED HOMES

	<u>Traditional</u>	<u>Lender Mediated</u>	<u>All Homes</u>
Median Sales Price			
2007, 4th Quarter	\$ 227,000	\$ 162,000	\$ 216,500
2008, 4th Quarter	221,000	131,000	176,000
Percent Change	(2.6) %	(19.1) %	(18.7) %
Number of Closed Sales	26,385	12,351	38,736
Percent of Sales	68.1 %	31.9 %	100.0 %
Number of Homes	972,800	49,000	1,021,800
Percent of Homes	95.2 %	4.8 %	100.0 %
Closed Sales as a Percent of Homes	2.7 %	25.2 %	3.8 %

Source: Minneapolis Area Association of Realtors.

There is no way to compare the median sale price of lender mediated homes with their former sales prices. However, the decline in value would be larger than the 19.1 percent decline in lender mediated prices contained in Table 1. This reflects the year to year change in median prices for lender mediated homes.

Comparing median sales price traditional homes with lender mediated homes indicates a larger decline. Lender mediated median sales prices of \$162,000 in the 4th quarter of 2007 were about 30 percent below traditional home median sales price of \$227,000. A year later, the lender mediated median sales price was 40 percent below traditional home median sales price. These price changes would be valid if the mix of homes is similar in both groups. It is more likely that the mix of traditional homes are somewhat larger in size and more expensive than lender mediated homes. Even if these price declines of 30 to 40 percent are representative, it only applies to about five percent of the homes.

Lender mediated homes represent only about five percent of all homes, but account for 32 percent of the closed sales. Traditional homes represent 95 percent of the homes and 68 percent of the sales. Sales of traditional homes represent only 2.7 percent of traditional homes, while sales of lender mediated homes represented about 25 percent of the foreclosed homes. These two groups of homes are dissimilar and any analysis based on the combined total of traditional and lender mediated homes will be misleading. The price decline in traditional homes will be overstated and the decline in lender mediated homes will be understated.

The previous analysis demonstrates that there are two housing markets in the Twin Cities: 1) homes that are not in foreclosure or threatened by foreclosure, owned by families that may or may not have a mortgage or are able to maintain their monthly payments with no difficulty; and 2) homes that are/were owned by households that are strapped financially and cannot maintain their monthly mortgage payments and in many cases properly maintain their homes. The local press has reported numerous instances of deterioration and damage that occurs to unoccupied foreclosed homes that need not be repeated here.

These two markets can best be visualized by an analogy with a used car lot and two cars. One is a well maintained vehicle with low mileage, owned by a retired widow. The other is an older, poorly maintained junker that looks like it just competed in a demolition derby. Clearly, these two vehicles are not comparable and the former will sell for more than the latter. In the same way, well cared for traditional homes are not comparable to many of the foreclosed homes that are being sold. These junker homes are pulling median and average home prices down.

Median sales prices of lender mediated homes are lower than traditional homes for two reasons: 1) foreclosed homes are often poorly maintained and have suffered damage while vacant; and 2) lenders are foreclosing on homes faster than they can sell them. The only way to reduce their inventory of homes is to lower prices until they sell. Purchasers seeking to purchase a lender mediated home are under no pressure to buy, but the lender is under pressure to sell. This drives prices down.

Location and community have a tremendous impact on price trends in both traditional and lender mediated home prices, as shown in Table 2. Of the top 100 MAAR areas, sales of traditional homes are increasing in 17 areas. Surprisingly, median sales prices of lender mediated homes are also increasing in 17 MAAR areas: by more than 20 percent in four areas. Median sales prices of traditional homes have declined by less than 10 percent in 58 MAAR areas. Traditional home prices have declined by more than 15 percent in only 11 MAAR areas. Lender mediated home prices have declined by less than 10 percent in 26 MAAR areas, and by more than 15 percent in 35 areas. In most of these areas, declining prices lender mediated homes represent 33 to 65 percent of the current listings. In the 17 MAAR areas with increasing traditional home prices, fewer than 33 percent of the listed homes are lender mediated.

Table 2
PERCENT CHANGE IN MEDIAN SALES PRICES: 2007 TO 2008
TRADITIONAL AND LENDER MEDIATED HOMES

Percent Change	Number of MLS Areas	
	Traditional	Lender Mediated
20.0 Percent or More		4
15.0 to 19.9 Percent Increase		2
10.0 to 14.9 Percent Increase	1	2
5.0 to 9.9 Percent Increase	4	3
0.1 to 4.9 Percent Increase	12	6
No Change	1	1
0.1 to 4.9 Percent Decrease	22	10
5.0 to 9.9 Percent Decrease	36	16
10.0 to 14.9 Percent Decrease	13	21
15.0 to 19.9 Percent Decrease	6	14
20.0 to 24.9 Percent Decrease	2	6
25.0 to 29.9 Percent Decrease	2	4
30.0 to 34.9 Percent Decrease		2
35.0 to 39.9 Percent Decrease		4
40.0 Percent or More	1	5

Source: Minneapolis Area Association of Realtors.

The type of home also has an impact on the change in median prices, as shown in Table 3. The decline in median sales price has been lowest for traditional single family homes (-3.5 percent) followed by condominiums (-4.7 percent) and townhomes (-6.3 percent). Median sales price declines are much greater for lender mediated homes. Median sales prices of lender mediated townhomes declined by 15.2 percent, followed by condominiums (17.0 percent), and single family homes (18.3 percent) from a year earlier. The median sales prices of lender mediated single family homes in the 4th quarter of 2008 were 41 percent below traditional single family homes. The difference between traditional and lender mediated townhomes and condominiums was -30 percent and -50 percent, respectively. These declines may be overstated due to the difference in the mix of homes in each group.

Table 3
CHANGE IN MEDIAN SALES PRICES; 4TH QUARTER 2007 AND 2008

	Traditional		Lender Mediated		All Homes	
	2008	Change	2008	Change	2008	Change
Single Family Detached	\$ 236,400	(3.5) %	\$ 138,900	(18.3) %	\$ 189,700	(17.5) %
Townhomes*	175,000	(6.3)	122,950	(15.2)	150,000	(16.0)
Condominiums	181,050	(4.7)	92,550	(17.0)	152,750	(17.4)

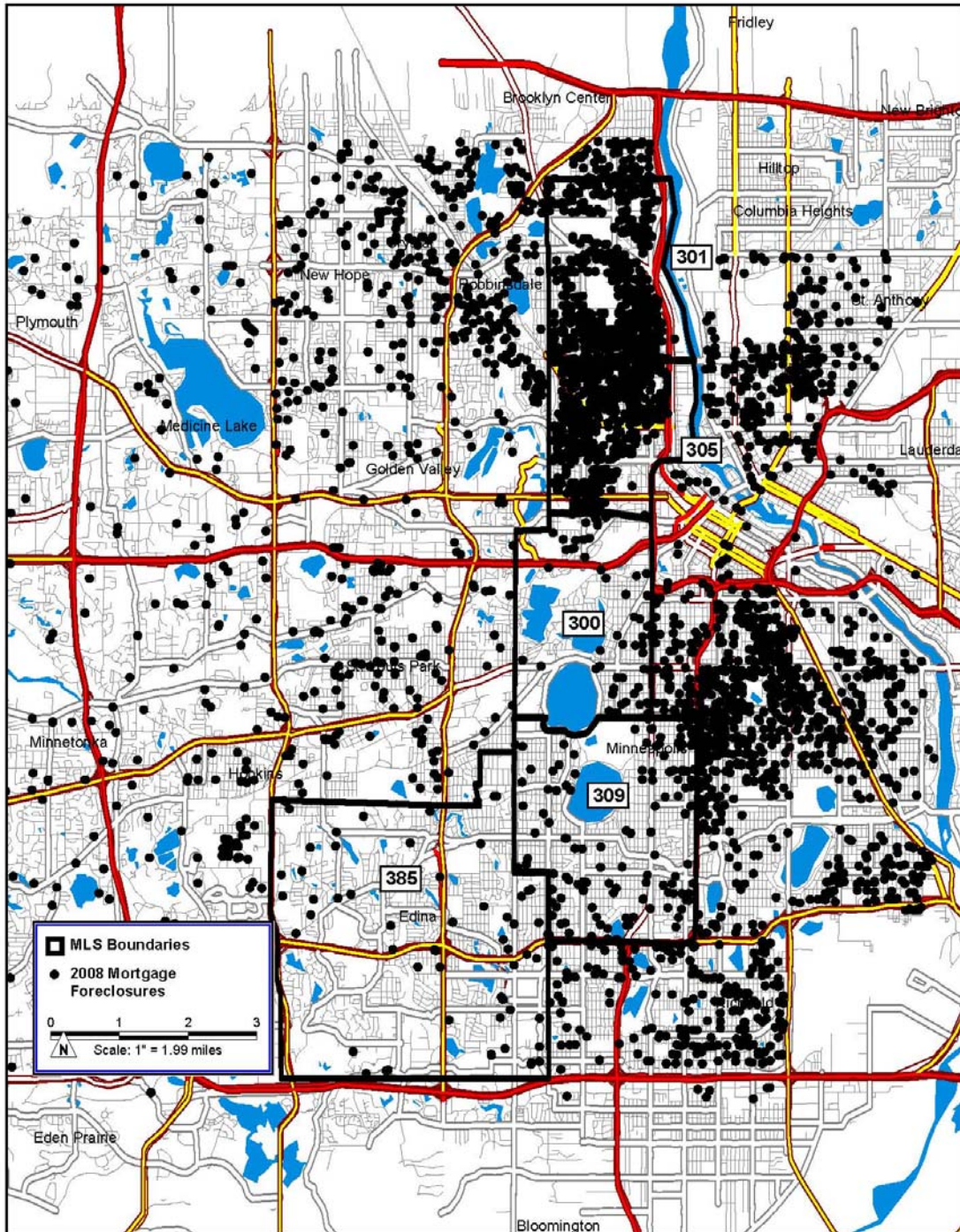
* Includes twinhomes.

Source: Minneapolis Area Association of Realtors.

Foreclosed homes in the Minneapolis area in 2008 are shown on Figure 1. The heaviest concentrations are in north and south Minneapolis. Overlaid on this figure are the Multiple Listing areas for Camden (301), North Minneapolis (305), Calhoun-Isles (300), Southwest (309), and Edina (385). These contiguous areas were chosen because they represent areas of high and low rates of home foreclosures and differing changes in median sales prices. The concentration of foreclosed homes in Camden and North Minneapolis are readily evident as are the relatively fewer foreclosed homes in Calhoun-Isles, Southwest and Edina. This difference in foreclosed homes has a dramatic impact on prices of both traditional homes and lender mediated homes. Calhoun-Isles includes the more affluent residential neighborhoods surrounding the Lakes of

Isles, Cedar and Calhoun. Foreclosures are much higher in the area east of Hennepin Avenue, which is a less affluent neighborhood. Southwest includes the areas south shore of Lake Calhoun, Lake Harriet and Minnehaha Creek, and the more affluent neighborhoods adjacent to Edina. The distribution of foreclosed homes in Edina is very sparse compared to other communities. This difference in foreclosed homes has a dramatic impact on prices of both traditional homes and lender mediated homes.

Figure 1
2008 FORECLOSED HOMES; MINNEAPOLIS AREA



Median sales price of traditional homes is lowest in North Minneapolis and highest in Edina, as shown in Table 4. Median sales prices have declined by 44.4 percent in North Minneapolis, 27.6 percent in Camden, and by smaller percentages in Calhoun-Isles (1 percent) and Southwest (7.9 percent). Median sales prices in Edina have increased by 6.5 percent. Median sales prices of lender mediated homes have declined 43.5 percent in Camden and 36.6 percent in North Minneapolis. The declines in Calhoun-Isles, Southwest, and Edina have been smaller. Price declines have been larger in Camden and North Minneapolis because 25.9 and 38.9 percent of the homes, respectively, have been foreclosed since 2005; while the percentage of foreclosed homes in Calhoun-Isles is 3.9 percent, Southwest 2.4 percent and Edina 1.4 percent. The large inventory of foreclosed homes is pulling down the price of both traditional homes and lender mediated homes in Camden and North Minneapolis. The impact of lender mediated homes on prices is much smaller in Calhoun-Isles, Southwest and Edina.

Table 4
TRADITIONAL AND LENDER MEDIATED HOME SALES; 2008
SELECTED MLS AREAS

	MLS Area				
	301 Camden	305 North	300 Calhoun Isles	309 South West	385 Edina
MEDIAN PRICE					
Traditional Homes					
Median Price 2007	\$ 154,800	\$ 117,000	\$ 259,900	\$ 315,000	\$ 385,000
Median Price 2008	\$ 112,000	\$ 65,000	\$ 257,250	\$ 290,000	\$ 410,000
Change From 2007	(27.6) %	(44.4) %	(1.0) %	(7.9) %	6.5 %
Lender Mediated Homes					
Median Price 2007	\$ 85,000	\$ 62,900	\$ 171,500	\$ 212,000	\$ 224,000
Median Price 2008	\$ 48,050	\$ 39,900	\$ 162,300	\$ 186,500	\$ 188,000
Change From 2007	(43.5) %	(36.6) %	(5.4) %	(12.0) %	(16.1) %
Number of Homes					
Traditional	6,659	3,920	7,426	16,703	15,171
Percent	74.1 %	61.1 %	96.1 %	97.6 %	98.6 %
Foreclosures	2,326	2,492	301	403	217 *
Percent	25.9 %	38.9 %	3.9 %	2.4 %	1.4 %
Total	8,985	6,412	7,727	17,106	15,388
Closed Sales					
Traditional	251	211	396	603	599
Percent of Homes	3.8 %	5.4 %	5.3 %	3.6 %	3.9 %
Lender Mediated	492	535	62	82	53
Percent of Homes	21.2 %	21.5 %	20.6 %	20.3 %	24.4 %
Percent of Closed Sales					
Traditional	33.8 %	28.3 %	86.5 %	88.0 %	91.9 %
Lender Mediated	66.2	71.7	13.5	12.0	8.1
Active Listings (1-1-09)					
Traditional	136	84	296	184	403
Percent of Homes	2.0 %	2.1 %	4.0 %	1.1 %	2.7 %
Lender Mediated	184	172	39	42	19
Percent of Homes	7.9 %	6.9 %	13.0 %	10.4 %	8.8 %
Percent of Active Listings					
Traditional	42.5 %	32.8 %	88.4 %	81.4 %	95.5 %
Lender Mediated	57.5	67.2	11.6	18.6	4.5

* 2006 foreclosures estimated at 28.

() Decrease.

Source: Minneapolis Area Association of Realtors and McComb Group, Ltd.

Closed sales of traditional homes as a percent of total homes is relatively consistent between all three areas ranging from 3.6 percent of all homes in Southwest Minneapolis to 5.4 percent in North Minneapolis. Closed lender mediated sales as a percent of foreclosed homes is also relatively consistent ranging from 20.3 percent in Southwest to 24.4 percent in Edina. The big difference is that lender mediated closed sales were 535 in North Minneapolis and 492 in Camden compared to 62 in Calhoun-Isles, 82 in Southwest and 53 in Edina.

Traditional home sales as a percent of total closed sales was 33.8 percent in Camden and 28.3 percent in North Minneapolis compared to a range of 86.5 to 91.9 percent in the other three areas. Lender mediated closed sales represented 66.2 percent of closed sales in Camden, and 71.7 percent in North Minneapolis, and were considerably lower in Calhoun-Isles (13.5 percent), Southwest (12.0 percent), and Edina (8.1 percent).

Active listings as a percent of all traditional homes are relatively consistent across all five areas: 2.0 percent in Camden and 2.1 percent in North Minneapolis, 4.0 percent in Calhoun-Isles, 1.1 percent in Southwest, and 2.7 percent in Edina. In contrast, lender mediated active listings represent 7.9 percent of foreclosed homes in Camden and 6.9 percent in North Minneapolis. The number of lender mediated active listings is considerably smaller in Calhoun-Isles, Southwest and Edina, but represent a larger percentage of foreclosed homes. Lender mediated active listings represent a much larger percent of all active listings in Camden (57.5 percent), North Minneapolis (67.2 percent), compared to a range of 4.5 to 18.6 percent in the other three MAAR areas.

Clearly, the high proportion of foreclosed homes in Camden and North Minneapolis is depressing the price of traditional homes, as well as lender mediated homes. Edina, which has a lower number of foreclosures, lender mediated closed home sales, and lender mediated active listings, is showing market resilience with a 6.5 percent increase in median traditional home prices between 2007 and 2008. If this analysis were extended across a broader range of MAAR areas, it's likely that the trends and observations would be similar.

In conclusion, it is evident that combining sales transactions of lender mediated properties with those of traditional homes creates an extremely misleading view of home price trends in the Twin Cities area. Lender mediated homes currently represent about five percent of all homes but a much larger proportion of the closed sales. This distorts the changes in home prices for the traditional homes, and understates the decline in sales prices of lender mediated homes. The market for traditional homes (95 percent of the homes) in the Twin Cities area is much stronger than is indicated by national home price surveys.

There are several conclusions that can be drawn from this analysis.

- ◆ Traditional homes are a separate market from foreclosed or lender mediated homes and currently represent 95 percent of all homes.
- ◆ Foreclosed and lender mediated homes represent only five percent of the homes, but a far larger percent of closed sales.
- ◆ Areas with high proportion of foreclosed homes experience greater decline in median sales prices of both traditional and lender mediated homes.

- ◆ In those areas with very few foreclosed homes, median sales price declines are more modest and in some cases, median sales prices are increasing.
- ◆ Median sales prices of lender mediated homes are declining as lenders lower prices to reduce their inventory of these properties resulting in a buyers market for these homes.
- ◆ Traditional home prices are increasing in some areas and have declined modestly in most other areas.
- ◆ Foreclosed and lender mediated home prices fall sharply in areas with a high proportion of foreclosed homes.
- ◆ Homes are being foreclosed faster then they can be sold resulting in growing inventory of foreclosed homes, which can cause further price weakness.

This analysis indicates that programs designed to reduce the number of home foreclosures benefits all homeowners by slowing the growing inventory of foreclosed homes helping firm up prices of both traditional and foreclosed homes.

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