

AUSTIN NEWS – DECEMBER

Study: Austin homes prices up 8.6%

Wednesday, December 26, 2007

Austin Business Journal

Home prices in Texas -- especially in Austin -- have defied the overall downward trend seen in other U.S. housing markets, according to a study by First American LoanPerformance.

In the Austin market, home prices increased 8.62 percent over the 12-month period ending in October. Other Texas markets included in the study's top 30 statistical areas include Dallas-Fort Worth-Arlington, which increased 3.92 percent; Houston-Sugar Land-Baytown, up 4.52 percent; and San Antonio, with a 7.89 percent increase.

LoanPerformance Home Price Index reports 12-month home price changes by the top 30 core-based statistical areas as of October 2007.

Home prices fell in 21 states over the past year, according to the index, which provides monthly home price indices and median sales prices covering 7,451 ZIP codes, 956 core-based statistic areas, and 662 counties in all 50 states and the District of Columbia.

"The real estate market continues to exhibit ongoing declines in a number of key residential property markets," says Damien Weldon, vice president, collateral and prepayment analytics for First American LoanPerformance. "The overall picture continues to be mixed, however."

The LoanPerformance HPI incorporates more than 30 years of repeat sales transactions, representing more than 45 million observations, sourced from the property information database owned by its parent company, First American CoreLogic Inc. First American LoanPerformance is a subsidiary of First American CoreLogic, and a member of The First American Corp. (NYSE:FAF) family of companies.

On a related note, for the 10th month in a row home prices across the U.S. dropped, according to a different study.

The record 6.7 percent monthly drop in the Standard & Poor's/Case-Shiller home price index was the largest drop since April 1991. The index tracks prices of existing single-family homes in 10 metropolitan areas compared to a year earlier.

A broader index of 20 metro areas fell 6.1 percent. Among the 20 metropolitan areas used in the broader index, 11 posted record monthly declines and all 20 declined in October compared to September.

In the year-over-year comparison, Miami posted the largest decline among the 20 markets with prices -- down 12.4 percent in October compared with the same month last year. Tampa, Fla., was the second-worst performing city with declines of 11.8 percent. Besides those two cities, Phoenix, Detroit, Las Vegas and San Diego also posted double-digit year-over-year declines.

Only three areas included in the study -- Charlotte, N.C., Portland, Ore., and Seattle -- posted year-over-year home price appreciation in October. Charlotte posted the largest gain at 4.3 percent.

Austin housing market a bargain

Texas homes are some of the most undervalued in the nation, report says.

AMERICAN-STATESMAN STAFF

Wednesday, December 26, 2007

Austin and other Texas housing markets are among the most undervalued in the nation, according to a new analysis of data by Global Insight Inc. and National City Corp.

The companies looked at prices in 333 metro areas in the third quarter of 2007. Such reports are considered important indicators of potential decline and growth in specific cities.

In calculating valuations, the companies used a complex statistical model that included prices, interest rates, household incomes, population density and any historical premiums or discounts for each market. The percentage of over- and undervaluations is intended to reflect where a housing market's price should be.

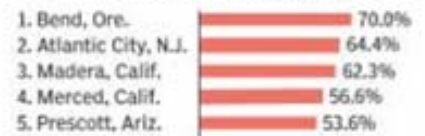
In Austin, and in Texas overall, recent rapid increases in home prices never occurred, so the state has avoided the real estate bubble that has plagued coastal areas.

If a city's housing is over- or undervalued by up to 14 percent, it is still considered within a fair market range. Anything outside that range means a considerable over- or undervaluation.

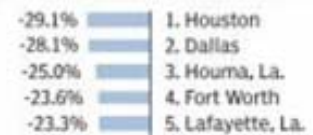
For instance, Austin, at -9.1 percent, is in the fair market range, while Dallas, at -28.1 percent, is considered undervalued.

The writers of the report, "House Prices in America," caution about overinterpreting the data. For instance, though homes in Bend, Ore., are overvalued by 70 percent, that does not necessarily mean prices in that city are expected to fall that much in the near future.

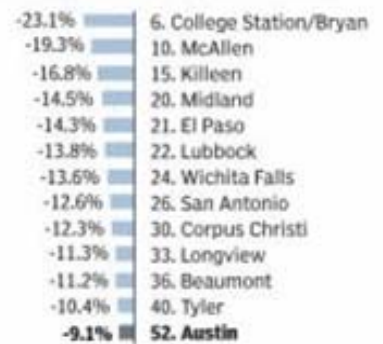
Top 5 overvalued housing markets



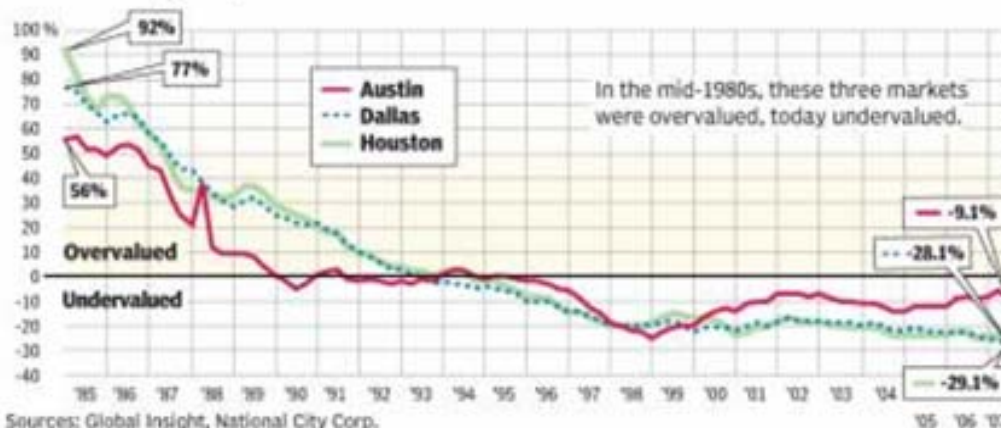
Top 5 undervalued housing markets



National rankings of other undervalued Texas markets



Over the long run, Austin has fared better than other Texas cities



Sources: Global Insight, National City Corp.

Linda Scott AMERICAN-STATESMAN

Best housing markets of 3rd quarter

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Here are the markets across the U.S. that performed the best in terms of price appreciation in the third quarter of 2007 compared with the same period in 2006.

Best housing markets of 3rd quarter:

No. 1: Wenatchee, Wash., metro area

Population: 106,806
Median home price: \$250,000
One-year change: 15.7%
Five-year change: 79.01%

No. 2: Provo-Orem, Utah

Population: 474,180
Median home price: NA
One-year change: 14.35%
Five-year change: 50.61%

No. 3: Grand Junction, Colo.

Population: 134,189
Median home price: NA
One-year change: 14.05%
Five-year change: 65.61%

No. 4: Ogden-Clearfield, Utah

Population: 497,640
Median home price: NA
One-year change: 13.95%
Five-year change: 42.02%

No. 5: Salt Lake City

Population: 1.07 million
Median home price: \$246,700
One-year change: 13.37%
Five-year change: 60.17%

No. 6: Idaho Falls, Idaho

Population: 116,980
Median home price: \$156,000*
One-year change: 11.69%
Five-year change: 49.72%

No. 7: Austin-Round Rock, Texas

Population: 1.5 million
Median home price: \$188,200
One-year change: 9.67%
Five-year change: 28.82%

No. 8: Beaumont-Port Arthur, Texas

Population: 379,640
Median home price: \$129,100
One-year change: 9.44%
Five-year change: 33.27%

No. 9: Asheville, N.C.

Population: 398,009
Median home price: NA
One-year change: 9.44%
Five-year change: 55.46%

No. 10: Billings, Mont.

Population: 148,116
Median home price: \$178,500*
One-year change: 9.07%
Five-year change: 49.69%