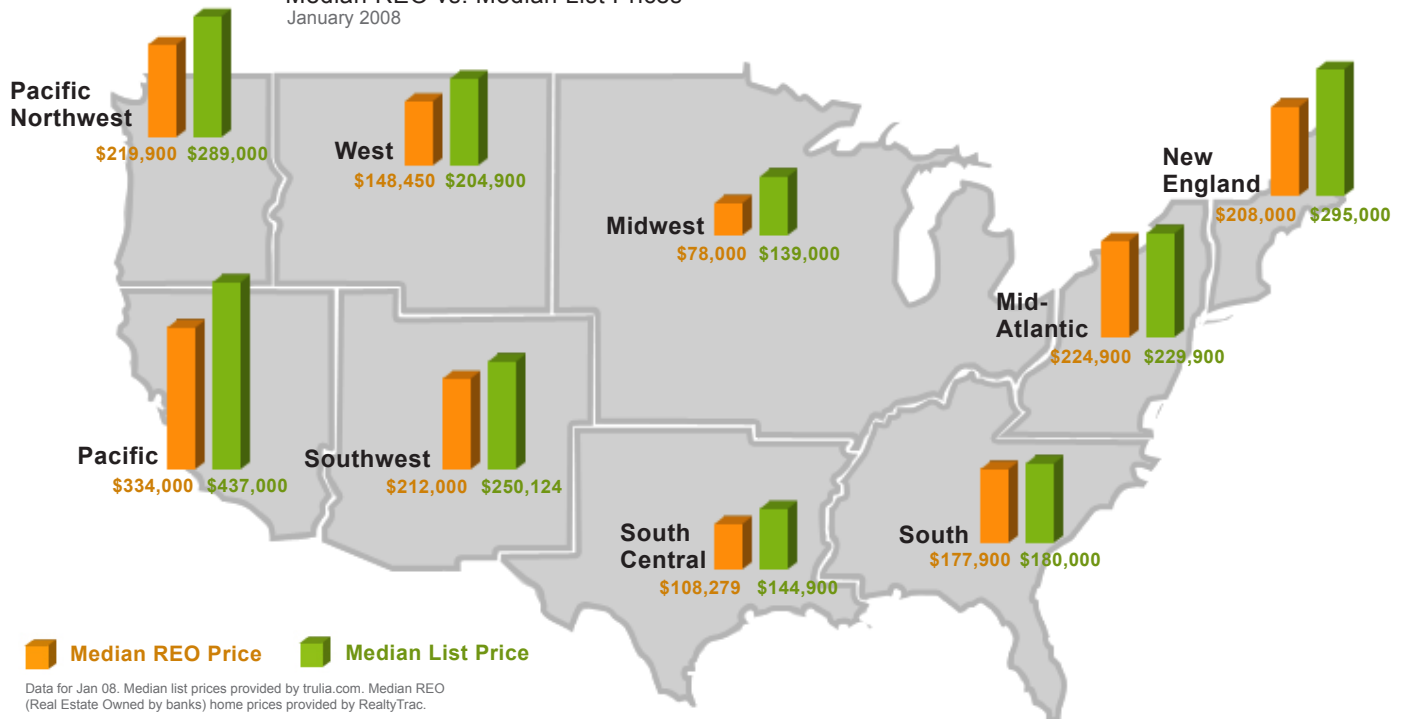


Trulia Trends report: February 2008

Just like celebrities in rehab and the latest saga of the Spears family, it is nearly impossible to escape the media's seemingly unending coverage of foreclosures and the volatility in the housing market. This month's Trulia Trends Report puts foreclosure data into perspective for the current market, and highlights five markets that may have hit the bottom.

Should You Buy, Sell or Just Wait?

Median REO vs. Median List Prices
January 2008



Sellers in the Midwest

who are not on a deadline to sell should wait for the banks to offload foreclosed REO homes before placing homes on the market.

Buyers in the South and Mid-Atlantic

have the strongest negotiating power as banks and sellers are nearly neck-and-neck on median price.

The abundance of foreclosures is seriously hurting sellers in today's market. The ballooning number of foreclosures is driving down market values of existing homes, making it more difficult to refinance into more affordable loans, and drawing the attention of potential buyers toward foreclosed properties. In some markets, sellers who are not feeling the pressure to sell or refinance are simply pulling their listings from the market, leaving a larger portion of the inventory in the hands of the banks. This has created a buying opportunity for those who were priced out of the market, including well-financed first-time home buyers.

It's getting tougher for sellers to attract buyers in most regions of the country as the volume of homes that are Real Estate Owned by banks (REO) with lower price tags flood the market. In January, the Midwest was the region with the greatest difference in REO to median list price in the nation. The median price of bank-owned homes in the Midwest was 78 percent lower than the median list price of homes for sale. Significant reduction of income from job loss is often the primary driver of foreclosures, and in the Midwest, that was no exception. That region posted the greatest number of mass layoffs among the four census regions in December. Three states in that region, Michigan, Illinois and Ohio, were among the top five states in the nation with the largest number of initial unemployment claims in December, according to the Bureau of Labor Statistics. In five regions, the difference in median price for an REO home was approximately one-third lower than the price of a home for sale. The playing field was nearly level in the South and the Mid-Atlantic, where the price differences were one to two percent.

Road to Recovery

Not every city's housing market is bleak: we found five cities that are beginning to show early signs of recovery: Albuquerque, Queens, Tulsa, Memphis and St. Louis. The quarter-over-quarter pace of sales slowed, and median sales prices were relatively unchanged, in all five cities from Q3 to Q4 of 2007. Tulsa and Memphis are leading the pack on the road to recovery as quarter-over-quarter median list prices were up in those cities by eight and five percent, respectively. Looking at 2008, month-over-month median list prices were up from Dec 07 to Jan 08 in Tulsa, Memphis and St. Louis and unchanged in Albuquerque and Queens. While listing inventory in all five cities was stable, it is

important to note that home sales typically slow near the end of the year and pick up again in the Spring, and whether these five markets can maintain their traction is yet to be seen. The month-over-month and quarter-over-quarter numbers - although modest - are encouraging, and we will continue to monitor them and watch for others to follow throughout the year.

Five U.S. Cities on the Road to Recovery

City	Q3 Med List	Q4 Med List	Q-Q Change	Dec Med List	Jan Med List	M-M Change
Albuquerque	\$244,900	\$239,900	-2%	\$240,000	\$239,900	0%
Queens	\$489,000	\$489,000	0%	\$489,000	\$489,000	0%
Tulsa	\$120,250	\$129,500	8%	\$120,000	\$129,500	7.9%
Memphis	\$105,000	\$110,000	5%	\$104,900	\$110,000	4.9%
St. Louis	\$155,000	\$154,900	0%	\$149,900	\$154,900	3.3%

Median list prices provided by trulia.com.

Spotlight: California Foreclosures

Despite a handful of reports that forecast a turnaround to begin in 2008 for the California housing market, our findings tell a different story.

We pulled the top ten cities in California with the most listings in January and compared foreclosure prices vs. list prices. We found that sellers in Los Angeles, San Francisco and San Diego may have a long wait ahead of them, as the median price of REO homes in those cities is lower than the median list price of non-REO homes by 19 percent or more. Potential buyers on Trulia are watching all three cities closely, as all were ranked in the top ten most popular cities in January.

Home values have nearly tripled in California since 1995, and lax lending standards, predatory lenders and a high concentration of subprime mortgages and speculative investors have caused home foreclosure filings to climb to record levels. As a result, many homeowners who are in default cannot refinance because they are "upside down" and owe more than the home is worth. The state's unemployment rate jumped to 6.1 percent in December - the highest in three years - which could force Californians to migrate to states with more affordable housing or a stabilized job market. The quarter-over-quarter pace of existing home sales has slowed and the glut of inventory from existing home sales and foreclosures will stall new housing starts for the remainder of the year.

Foreclosures will continue to dampen California's recovery efforts. In January:

- The total dollar amount of bank-owned, or REO, homes in the state of California was just below \$14 billion dollars.
- The number of REO homes in California priced at or above \$1 million dollars increased from 198 in November to 265 – an increase of 75 percent.
- The city of Los Angeles had the highest number of REO homes priced over \$1 million dollars.
- The median price of an REO home in California is 24 percent lower than the median list price of homes for sale

CA Cities with Most Homes on the Market

City	Median REO price	Median List price	Difference
Los Angeles	\$442,000	\$599,000	-36%
San Francisco	\$650,645	\$780,000	-20%
San Diego	\$384,950	\$459,000	-19%
Riverside	\$365,000	\$390,050	-7%
Corona	\$475,000	\$499,000	-5%
Modesto	\$299,835	\$313,481	-5%
Stockton	\$305,000	\$314,000	-3%
Sacramento	\$249,000	\$255,000	-2%
San Jose	\$568,200	\$575,000	-1%
Bakersfield	\$249,000	\$250,000	0%

Data for Jan 08. Median list prices provided by trulia.com.
Median REO (Real Estate Owned by banks) home prices provided by RealtyTrac.

Trulia Trends report methodology

The Trulia Trends report is built from a compilation of data sources—mostly listing price information and consumer search behavior on trulia.com and other licensed data.

Median sales price

Median sales price data for each city is licensed from county assessor records. The most recently available data was used for this report. Median sales price data for all cities includes 1, 2, 3, and 4 bedroom properties, all property types are included.

Median list price

Shows the median list prices for all homes listed on trulia.com from Jan 1 - Jan 31, 2008. Coverage for each state varies. Property types included are: single-family home, condo, townhouse, coop, apartment, loft, TIC, mobile/manufactured. Data includes primarily resale properties, not new developments or foreclosures.

Median REO Price

Shows the median price data of foreclosed homes that have been repossessed by the lender; Also known as “bank-owned” or “Real Estate Owned” (REO). The most recently available data was used for this report. Data for each city is licensed from RealtyTrac.

About Trulia

Trulia, Inc (www.trulia.com), a national residential real estate search engine, has revolutionized online home search by offering a rich, intuitive user experience that points consumers directly to listings on agent and broker Web sites. Trulia helps consumers find information on homes for sale, and provides real estate information at the hyper-local level to help consumers make better decisions in the home-buying process.

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