



NEWS RELEASE

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U.S. HOUSE PRICE APPRECIATION RATE STEADIES

WASHINGTON, DC – The rate of home price appreciation in the U.S. remained steady in the fourth quarter of 2006, extending a general trend of deceleration begun earlier in the year. Home prices, based on repeat sales and refinancings, were **1.1 percent** higher in the fourth quarter than they were in the third quarter of 2006. This is slightly above the revised growth estimate of 1.0 percent from the second to the third quarter. Prices in the fourth quarter of 2006 were **5.9 percent** higher than they were in the same quarter in 2005.

Price appreciation in 2006 was substantially smaller than the tremendous price gains of recent years, which ranged from 7.4 percent in 2002 to 13.2 percent in 2005. The figures were released today by OFHEO Director James B. Lockhart, as part of the House Price Index (HPI), a quarterly report analyzing housing price appreciation trends.

“These data show that, on the whole, prices are still rising, albeit at a much slower pace,” said Lockhart. “This suggests that house price appreciation is, for now, more in line with historical norms.”

House prices grew faster over the past year than did prices of non-housing goods and services reflected in the Consumer Price Index. House prices rose 5.9 percent, while prices of other goods and services, excluding shelter, rose 0.9 percent.

“The continuing strength in the economy and decreasing interest rates for borrowers prevented a harder landing in housing markets during the second half of last year,” said OFHEO Chief Economist Patrick Lawler. “Last quarter, though sharper drops occurred locally, no state had average price declines of as much as one percent,” Lawler said.

Significant HPI Findings:

Highest and Lowest Appreciation:

1. The states with the greatest rates of appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 were: Utah (17.6%), Wyoming (14.3%), Idaho (14.0%), Washington (13.7%), and Oregon (13.5%). The states with the

- lowest rates of appreciation for the same period were: Michigan (-0.4%), Massachusetts (0.5%), Ohio (1.0%), Indiana (2.3%), and Minnesota (2.5%).
2. The Metropolitan Statistical Areas (MSAs) with the greatest rates of appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 were: Bend, Oregon (21.4 %), Wenatchee, Washington (20.9%), and Provo-Orem, Utah (19.9%). The MSAs with the lowest rates of appreciation for the same period were: Kokomo, Indiana (-5.3%), Santa Barbara-Santa Maria-Goleta, California (-4.2%), and Jackson, Michigan (-3.9%).
 3. Of the 282 cities on OFHEO's list of "ranked" MSAs, 256 had positive four-quarter appreciation, 25 had price declines, and prices were unchanged in one city.

The complete list of state appreciation rates can be found on pages 13 and 14. The complete list of city (MSA) appreciation rates is available on pages 26 - 45.

Other Notable Results:

1. Annual (four-quarter) rates of appreciation slowed in all nine census divisions relative to the third quarter.
2. In the Pacific Census Division, quarterly appreciation is decelerating rather dramatically. Prices grew 0.4 percent between the third and fourth quarter, nearly one full percentage point below the growth rate in the prior period.
3. California saw quarterly appreciation rates that were negative in 21 of the 26 cities on OFHEO's list of "ranked" metropolitan areas.
4. Nevada, which had the highest statewide appreciation in the nation two years ago, is now ranked 40th among the states with four-quarter appreciation of 3.9 percent.
5. Prices in and near areas affected by Hurricane Katrina such as: New Orleans-Metairie-Kenner, LA; Baton Rouge, LA; Houma-Bayou Cane-Thibodaux, LA; Gulfport-Biloxi, MS; Hattiesburg, MS; Pascagoula, MS; and Mobile AL; all showed double-digit increases in 2006, indicating continuing supply shortages.
6. The Mountain Division continues to show relatively robust price growth with higher quarterly and annual appreciation rates than in any other census division. However, the price trends vary widely within the division with quarterly appreciation exceeding 2 percent in Wyoming, Utah, Idaho and New Mexico. Arizona, meanwhile, experienced much lower quarterly appreciation of 1.0 percent, and Nevada prices declined 0.2 percent.

Purchase-Only Index

An index using only purchase price data indicates less price appreciation for U.S. houses than the HPI. A purchase-only index increased 4.1 percent between the fourth quarter of 2005 and the fourth quarter of 2006, compared with 5.9 percent for the HPI. The purchase-only index increased 0.5 percent (seasonally-adjusted) between the third and fourth quarters of 2006, compared with 1.1 percent for the HPI. The difference between the two appreciation measures may reflect differences in the types of homes refinanced versus those purchased or changing biases in the appraisal valuations and different proportions of appraisal and sales price data. (For more information see page 7).

Highlights

This quarter's Highlights compares recent price trends in close-in city suburbs to those in more distant communities. The analysis suggests that in New York, Los Angeles, and Miami, appreciation rates in distant suburbs and the "exurbs" have decelerated much more rapidly than in the city center. In other large cities, the housing market slowdown has affected close-in and distant suburbs more uniformly. A brief analysis of the three cities with contrasting urban and suburban price trends suggests that those cities: (a) have high home prices relative to incomes and (b) do not offer affordability relief for individuals willing to make long commutes.

Background

OFHEO's House Price Index is published on a quarterly basis and tracks average house price changes in repeat sales or refinancings of the same single-family properties. OFHEO's index is based on analysis of data obtained from Fannie Mae and Freddie Mac from more than 32 million repeat transactions over the past 32 years. The more limited "purchase-only" index is based on 4.7 million transactions.

OFHEO analyzes the combined mortgage records of Fannie Mae and Freddie Mac, which form the nation's largest database of conventional, conforming mortgage transactions. The conforming loan limit for mortgages purchased in 2006 and 2007 is \$417,000.

This HPI report contains four tables: 1) A ranking of the 50 States and Washington, D.C. by House Price Appreciation; 2) Percentage Changes in House Price Appreciation by Census Division; 3) A ranking of 282 MSAs and Metropolitan Divisions by House Price Appreciation; and 4) A list of one-year and five-year House Price Appreciation rates for MSAs not ranked.

Also, beginning with this release, index values are included for two new metropolitan areas: Lake Havasu-Kingman, Arizona and Palm Coast, Florida. These cities were recently given status as Metropolitan Statistical Areas (MSAs) by the Office of Management and Budget.

OFHEO's full PDF of report is at: www.ofheo.gov/media/pdf/4q06hpi.pdf. Also, be sure to visit www.ofheo.gov to use the OFHEO House Price calculator. Please e-mail ofheoinquiries@ofheo.gov for a printed copy of the report. The next HPI report will be posted May 31, 2007.

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OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.

Percent Change in House Prices
Period Ended December 31, 2006

State	*Rank	1-Yr	Qtr.	5-Yr.	Since 1980
Utah, (UT)	1	17.55	3.67	43.93	259.75
Wyoming, (WY)	2	14.29	3.28	62.56	168.77
Idaho, (ID)	3	13.99	2.14	61.54	247.99
Washington, (WA)	4	13.70	1.93	66.13	388.90
Oregon, (OR)	5	13.49	1.55	68.91	355.13
New Mexico, (NM)	6	13.08	2.14	55.63	230.67
Louisiana, (LA)	7	10.87	1.67	41.22	144.39
Montana, (MT)	8	10.72	1.98	62.15	274.07
Arizona, (AZ)	9	9.60	1.00	96.55	332.66
Mississippi, (MS)	10	9.59	1.65	31.12	151.76
Florida, (FL)	11	9.45	0.77	106.90	388.92
Maryland, (MD)	12	9.00	0.86	99.86	436.72
North Carolina, (NC)	13	8.19	2.51	30.90	231.86
Alabama, (AL)	14	8.10	1.61	32.51	184.35
South Carolina, (SC)	15	8.07	2.30	33.86	217.39
Tennessee, (TN)	16	7.92	1.67	30.32	201.93
Alaska, (AK)	17	7.55	0.93	53.91	174.50
District of Columbia, (DC)	18	7.54	2.06	112.19	560.18
Virginia, (VA)	19	7.46	1.12	80.60	369.33
Hawaii, (HI)	20	7.33	-0.80	108.52	437.35
Delaware, (DE)	21	7.32	1.60	70.83	408.25
Pennsylvania, (PA)	22	7.00	1.30	55.32	309.00
Texas, (TX)	23	6.91	1.25	24.18	118.61
Arkansas, (AR)	24	6.55	1.35	32.62	157.96
Vermont, (VT)	25	6.39	0.40	63.02	361.77
United States **	.	5.87	1.12	55.21	307.51
South Dakota, (SD)	26	5.87	1.38	33.65	185.89
New Jersey, (NJ)	27	5.80	0.49	78.52	485.13

* Note: Rankings based on annual percentage change.

** Note: United States figures based on weighted division average.

*Top 20 Metropolitan Statistical Areas and Divisions With Highest Rates of House Price Appreciation

Percent Change in House Prices with MSA Rankings Period Ended December 31, 2006

MSA	National Ranking**	1-Yr.	Qtr.	5-Yr.
Bend, OR	1	21.39	1.73	104.45
Wenatchee, WA	2	20.94	3.46	61.91
Provo-Orem, UT	3	19.92	4.18	38.59
Salt Lake City, UT	4	19.76	3.34	48.98
Boise City-Nampa, ID	5	17.94	1.02	67.66
El Paso, TX	6	16.52	1.59	47.71
Flagstaff, AZ-UT	7	16.21	2.67	106.92
Corvallis, OR	8	16.18	0.86	52.48
Mount Vernon-Anacortes, WA	9	16.15	2.96	73.46
Longview, WA	10	16.02	1.89	52.58
Myrtle Beach-Conway-North Myrtle Beach, SC	11	15.83	0.60	64.85
Wilmington, NC	12	15.47	1.48	67.70
Miami-Miami Beach-Kendall, FL (MSAD)	13	15.30	1.86	134.62
Ogden-Clearfield, UT	14	15.30	3.75	30.51
Salem, OR	15	14.73	1.19	50.97
Tacoma, WA (MSAD)	16	14.67	2.73	75.90
Mobile, AL	17	14.66	1.71	39.12
Seattle-Bellevue-Everett, WA (MSAD)	18	14.50	1.52	64.62
Albuquerque, NM	19	14.46	1.69	55.12
Bremerton-Silverdale, WA	20	14.40	1.12	83.42

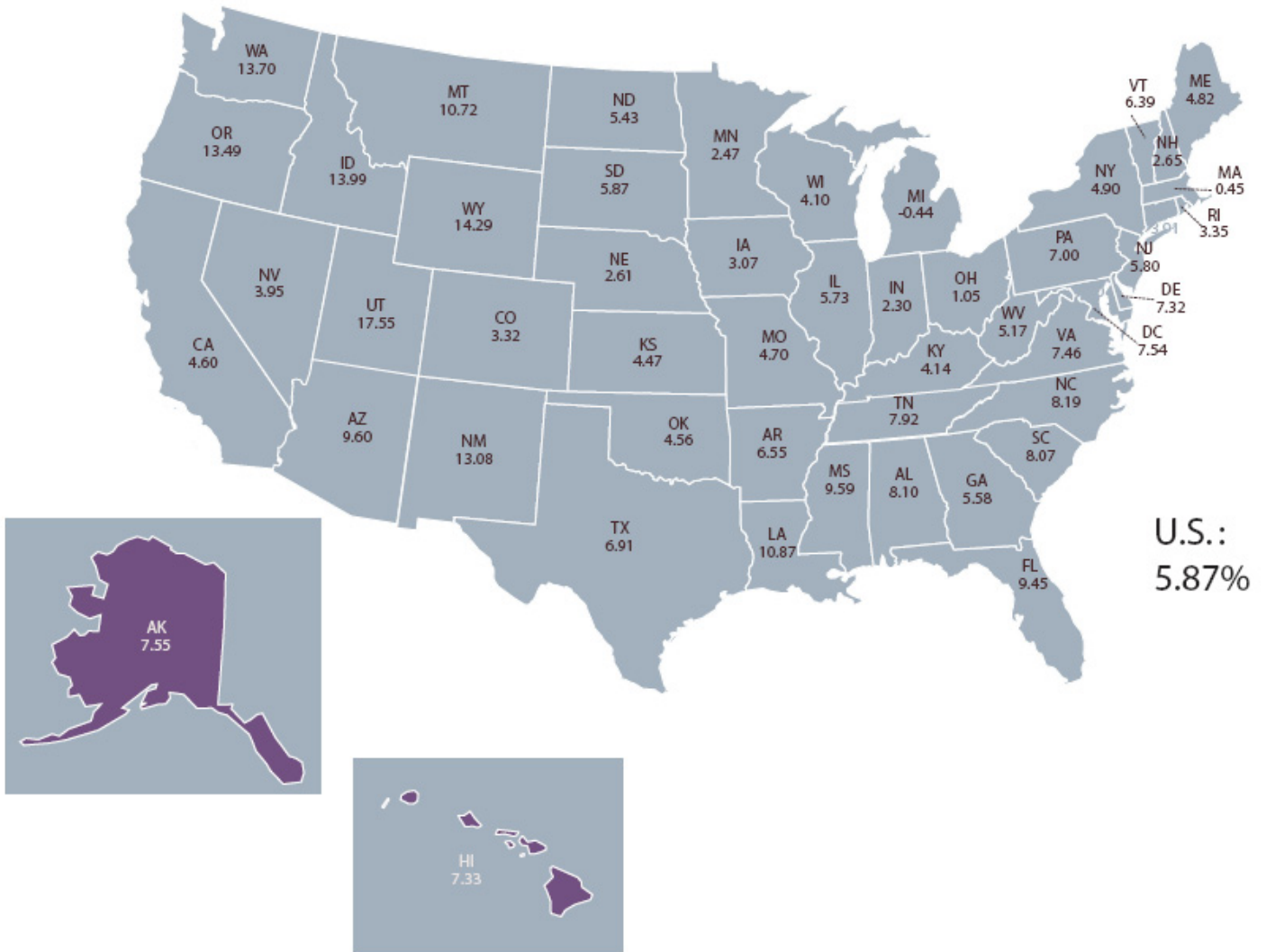
*For composition of metropolitan statistical areas and divisions see <http://www.whitehouse.gov/omb/bulletins/fy2007/b07-01.pdf> or see OFHEO HPI FAQ #8 for more information.

**Note: Rankings based on annual percentage change for all MSAs containing at least 15,000 transactions over the last 10 years.

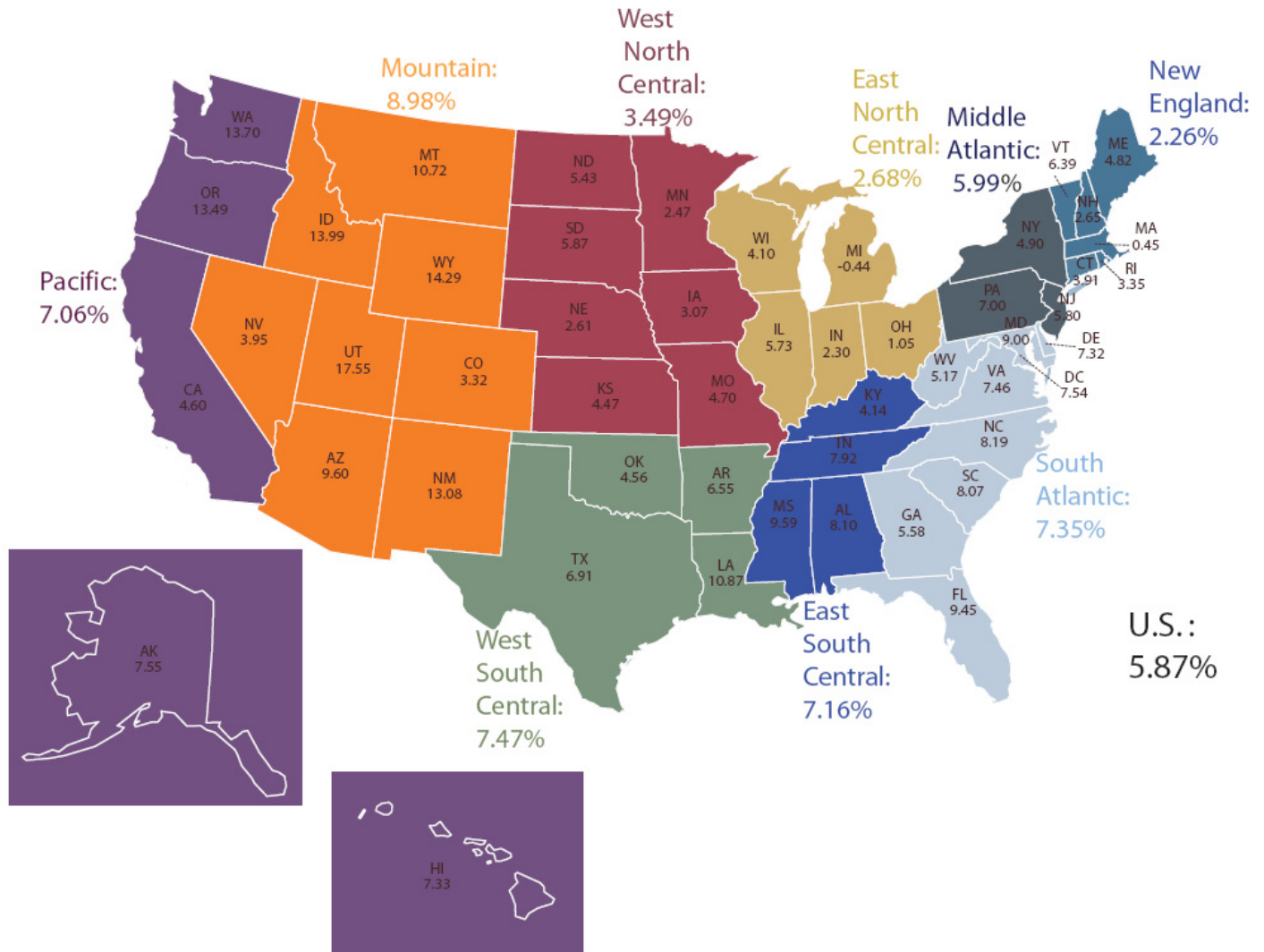
U.S. MAP

One Year Change in House Prices *Fourth Quarter 2005 to Fourth Quarter 2006*

Average U.S. Annual Appreciation = 5.87%



U.S. Census Division Map Percent Change in House Prices Period Ended December 31, 2006



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