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Fiserv Case-Shiller Home Price Insights: Greater Affordability and Strengthening Economy Restoring Price Stability to U.S. Housing Market

- Home prices in the U.S. expected to decline 3.6 percent into mid-2012, and then rebound 2.4 percent in second half 2012 through first half 2013
- Price declines and low mortgage rates have resulted in dramatic improvement in housing affordability
- Ratio of monthly mortgage payment to median family income lowest on record; Monthly mortgage payment for a median-priced single-family home nearly 40 percent lower than at peak

BROOKFIELD, Wis.--(BUSINESS WIRE)-- Fiserv, Inc. (NASDAQ: FISV) today released an analysis of home price trends in more than 380 U.S. markets based on the Fiserv® Case-Shiller Indexes®. The indexes are owned and generated by Fiserv, a leading global provider of financial services technology solutions, and data from the Federal Housing Finance Agency (FHFA).

The double-dip in home prices that started in 2010 continued to take home prices lower this spring and summer. Single-family home prices dropped 5.9 percent in 2011 second quarter compared to a year ago, according to the national Fiserv Case-Shiller home price indexes. Prices fell in 340 out of 384 metro areas, with 302 metros hitting new home price lows. Fiserv projects that home prices across the U.S. will decline another 3.6 percent by the second quarter of 2012, before rising by 2.4 percent by the second quarter of 2013.

"Housing affordability has improved dramatically because of declines in both prices and mortgage interest rates," said David Stiff, chief economist at Fiserv. "The monthly mortgage payment for a median-priced single-family home is now $700, compared to $1,140 in 2006 — a decline of nearly 40 percent. Nationally, purchase mortgage payments now account for only 13 percent of monthly median family income, the lowest percentage on record (since 1971), and compared to 23 percent in the first quarter of 2006."

Elaborating on the reasons for continued weakness in the housing market, Stiff continued, "Although homes have become much less expensive, housing demand remains depressed with existing home sales back to 1998 levels, averaging 4.3 million units per year since June. Many households cannot finance first-time or trade-up home purchases to take advantage of lower home prices because of much stricter mortgage lending standards. But even households with access to mortgage credit are hesitant to buy homes while job growth is weak and consumer confidence is low."

Stiff pointed to several factors that can help the market find a bottom and begin a gradual and cautious recovery. "If economic growth picks up in the second half of 2011, then home prices should stabilize early next year. New housing construction is at an all-time low and inventories of foreclosed properties are starting to shrink. Lower levels of housing supply and more steady demand next year will reduce downward pressure on prices. As homebuyers become more confident, many who are sitting on the sidelines will begin to enter the market and prices will start to increase. But we should not expect a rapid rebound in home prices. Very large inventories of foreclosed properties must be liquidated and absorbed before the healthy functioning of housing markets is restored."

"Potential buyers must be convinced that the economic recovery is back on track and that the double-dip in home prices is nearly over before housing demand will begin to rise," Stiff concluded.

Other highlights from the latest Fiserv Case-Shiller Indexes include:

- Prices dropped by double-digits in 30 metro areas, while 25 metro areas had small price increases of 1 percent or more.
- Between 2011 second quarter and 2012 second quarter, prices are projected to rise by double digits in only two metros (Madera-Chowchilla, Calif. and Carson City, Nev.) and decline by double digits in 16 metro areas (Naples-Marco Island, Fla.; Las Vegas-Paradise, Nev.; Riverside-San Bernardino-Ontario, Calif.; Miami-Miami Beach-Kendall, Fla.; Salinas, Calif.; Cape Coral-Fort Myers, Fla.; Crestview-Fort Walton Beach-Destin, Fla.; Orlando-Kissimmee-

Sanford, Fla.; Bethesda-Rockville-Frederick, MD; Merced, Calif.; Detroit-Livonia-Dearborn, Mich.; Jacksonville, Fla.; Ocean City, N.J.; Port St. Lucie, Fla.; Phoenix-Mesa-Glendale, Ariz.; Palm Coast, Fla.)

- Projections for the following 12 months, i.e. the 2012 second quarter to 2013 second quarter period, illustrate why the housing market is poised to stabilize next year: home prices in 372 of the 384 markets are projected to rise in that time period, with only 12 markets expected to experience declines.
- California and Florida have borne the brunt of the worst declines in home prices. Of the 33 markets where homes have lost at least 50 percent of their value since peak, 28 are in the Sunshine and Golden States.
- In markets with the largest home price bubbles and crashes, improvements in housing affordability have been even larger. For example, the ratio of monthly mortgage payment to family income dropped from 32 percent (2006:Q1) to 11 percent in Las Vegas, from 42 percent (2007:Q1) to 19 percent in Miami, and from 59 percent (2007:Q2) to 27 percent in Los Angeles.

The Fiserv Case-Shiller Indexes, which include data covering thousands of zip codes, counties, metro areas and state markets, are owned and generated by Fiserv. The historical and forecast home price trend information in this report is calculated with the Fiserv proprietary Case-Shiller indexes, supplemented with data from the FHFA. The historical home price trends highlighted in this release are for the 12-month period that ended June 30, 2011. One-year forecasts are for the 12 months ending on June 30, 2012. The Fiserv Case-Shiller home price forecasts are produced by Fiserv and Moody's Analytics.

Representative home price data for major U.S. markets:

Metro Area	Population (2010)	Change in Home Prices (2008:Q2 to 2011:Q2)	Change in Home Prices (2010:Q2 to 2011:Q2)	Forecast Change in Home Prices (2011:Q2 to 2012:Q2)
United States	*309,020,820*	*-16.6%*	*-5.9%*	*-3.6%*
Austin, TX	*1,754,980*	*-3.0%*	*-2.3%*	*0.3%*
Baltimore, MD	*2,699,135*	*-15.6%*	*-5.7%*	*-1.0%*
Columbus, OH	*1,817,075*	*-6.1%*	*-3.4%*	*-2.3%*
Fort Worth, TX	*2,160,329*	*-3.6%*	*-3.4%*	*2.7%*
Indianapolis, IN	*1,761,732*	*-5.2%*	*-2.3%*	*-0.3%*
Jacksonville, FL	*1,338,606*	*-28.2%*	*-7.9%*	*-10.7%*
Kansas City, MO	*2,086,771*	*-8.4%*	*-4.2%*	*1.9%*
Louisville, KY	*1,296,694*	*-4.3%*	*-1.3%*	*1.5%*
Milwaukee, WI	*1,564,931*	*-11.0%*	*-5.9%*	*0.0%*
Nashville, TN	*1,600,358*	*-7.3%*	*-3.0%*	*-0.1%*
New Orleans, LA	*1,209,128*	*-6.9%*	*-0.7%*	*-3.7%*
Orlando, FL	*2,106,614*	*-36.6%*	*-7.5%*	*-11.4%*
Philadelphia, PA	*4,036,320*	*-9.0%*	*-4.9%*	*-3.1%*
Raleigh, NC	*1,152,966*	*-7.4%*	*-3.1%*	*0.9%*
Sacramento, CA	*2,144,904*	*-22.9%*	*-10.1%*	*-3.4%*
Salt Lake City, UT	*1,150,349*	*-19.2%*	*-5.3%*	*0.3%*
San Antonio, TX	*2,110,905*	*-1.9%*	*0.2%*	*-1.1%*
San Jose, CA	*1,863,711*	*-16.5%*	*-6.5%*	*-4.4%*
St. Louis, MO	*2,855,378*	*-11.9%*	*-10.3%*	*-0.6%*
Tucson, AZ	*1,027,226*	*-31.0%*	*-12.1%*	*-3.0%*

Additional Resources:

- Fiserv Case-Shiller - www.caseshiller.fiserv.com
- Federal Housing Finance Agency (FHFA) - http://www.fhfa.gov/
- A presentation on the most and least affordable markets in the country - http://slidesha.re/sz4gXL

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) is a leading global technology provider serving the financial services industry. Fiserv is driving innovation in payments, processing services, risk and compliance, customer and channel management, and business insights and optimization. For six of the past eight years, Fiserv ranked No. 1 on the FinTech 100, an annual international listing of the top technology providers to the financial services industry. For more information, visit www.fiserv.com.

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