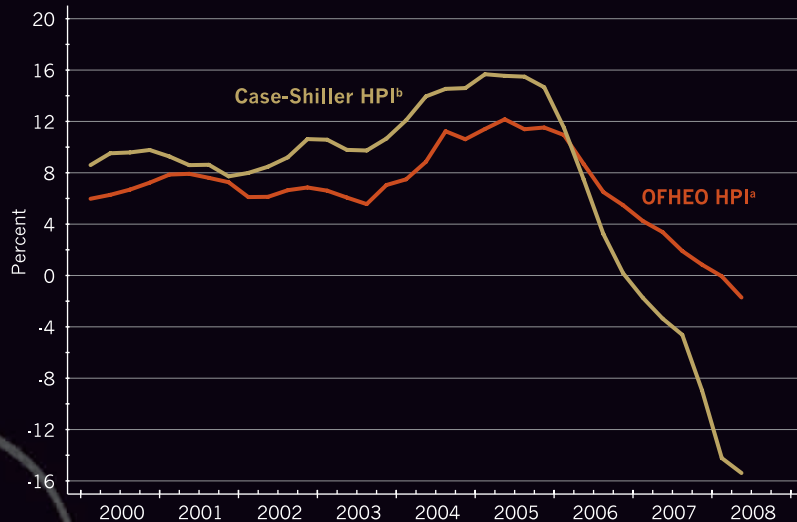


Home Prices Defying Gravi

U.S. Home Price Appreciation



The national headlines just get worse and worse. According to the widely-cited S&P Case-Shiller index, U.S. home prices in the 2nd quarter fell by 15 percent from their values a year earlier.

Such reports make great headlines, but it turns out that the Case-Shiller index is heavily biased toward what is happening in the largest, most expensive markets across the U.S. A better reflection of typical U.S. home prices is provided by the OFHEO house price index, which showed that prices fell by less than 2 percent through the second quarter of this year.

“The Case-Shiller index is a poor measure of what is happening to the values of most American homes.”