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DBRS Publishes Report on 20-Year U.S. Residential Real Estate Cycles

Industry: Sec.--RMBS

DBRS has today published a report that reviews U.S. residential real estate cycles for the past 20 years in 31 major metropolitan statistical areas (MSAs). Summary charts provide an analysis of the annual rates of home price appreciation (HPA) changes from 1989 through June 2007 for the MSAs in aggregate, while individual MSA charts provide key demographic data in addition to the MSA's HPA trends.

“Surprisingly, several of the MSAs reviewed have experienced no price declines in the past 20 years,” says Susan Kulakowski, Senior Vice President & Chief Knowledge Officer of U.S. Structured Finance, “while many have been through at least two downturns.” Overall, the data indicates that homebuyers who mortgaged homes three or more years ago should have an equity cushion at this point, while those homebuyers who purchased within the last 12 to 18 months may have little or no equity in their homes.

“In general,” adds Ms. Kulakowski, “homeowners with shorter holding periods faced a greater likelihood of declines than homeowners who retained their properties for longer periods. Homeowners with 10 years or more in their homes overall saw prices increase.”

A copy of this commentary is available by contacting us at info@dbrs.com.

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