



January 30, 2012

Fiserv Case-Shiller Home Price Insights: Home Prices Reach New Low, but Stabilization and Recovery Are in Sight

- | Average U.S. home prices are one-third below peak 2006 levels
- | Housing affordability continues to improve, with the ratio of monthly mortgage payment to median family income the lowest since 1994
- | Almost half of U.S. metro markets are projected to see modest home price gains by Q3 2012; average home prices expected to rise 3.8 percent by Q3 2013

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 began two years ago continued to take home prices lower through the third quarter of 2011, during which the average price of a U.S. single-family home fell to a new post-bubble low, declining 3.9 percent compared to the year-ago period. Current average home prices are now 33 percent below the 2006 peak, with broad weakness across the U.S. Over the past year, home prices fell in 337 of the 384 metro areas tracked by Fiserv Case-Shiller. This trend in home prices was in line with the forecast made by Fiserv one year ago, which projected a year-over-year drop of 5.5 percent.

Despite continued price erosion, some metro areas saw significant home price gains in the past year including markets that were deeply affected by the housing bubble and recession. Examples include Detroit, Mich. (11.1 percent), Buffalo, N.Y. (6.7 percent) and Fort Myers, Fla. (2.8 percent).

David Stiff, chief economist at Fiserv, pointed to encouraging trends in the U.S. housing market. "While prices continued to fall in most markets, sales activity picked up at the end of 2011, setting the foundation for price stabilization in 2012," Stiff said. "We stand by our projection that average U.S. home prices will move sideways in 2012. But we do anticipate that increasing sales activity will begin to drive small increases in prices in as many as half of U.S. metro areas. Some larger metro areas that escaped the worst of the home price bubble, such as Houston, Fort Worth and Salt Lake City, can expect increases of 1 to 3 percent. Many smaller metro areas, such as Boise and Albuquerque, are forecast to see increases of 4 to 6 percent."

The recovery in such markets, however, is not expected to be broad enough to move the national average this year. Fiserv Case-Shiller projects that average U.S. prices will decline another 2.7 percent by the third quarter of 2012, compared to the year-ago period, before rising 3.8 percent by the third quarter of 2013.

"The other big story is the continued improvement in housing affordability," Stiff noted. "The monthly mortgage payment for the median-priced U.S. home fell to \$640, nearly 45 percent lower than the housing bubble peak of \$1,150. That represents the lowest level since 1994. Similarly, mortgage payments now account for only 14 percent of monthly median family income, as households made more progress in repairing their balance sheets."

Stiff also cited the impact of improving economic indicators. "Consumer confidence remains low, but has bounced back from its sharp decline following the downgrade of U.S. debt," Stiff continued. "Auto sales have also rebounded after stalling in the summer, which indicates an increasing willingness of consumers to purchase big-ticket items. If the job market continues to improve, then the rebound in consumer confidence will be sustained this year and more households will be willing to purchase the biggest ticket item, a house."

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

- | Average home prices are projected to increase in 172 of the 384 metro areas tracked through the 2012 third quarter, and in 376 metro areas through the 2013 third quarter.

- | Home prices fell by double-digits in 18 metro areas, including Carson City, Nev.; Tucson, Ariz.; Atlantic City, N.J.; and Madera, Calif.
- | Of the 15 best-performing housing markets in the 2011 third quarter, 11 markets had unemployment rates lower than the national average. Examples include Bismarck, N.D.; Pittsburgh, Penn.; and Dubuque, Iowa.
- | Between 2011 third quarter and 2012 third quarter, prices are projected to rise by at least 5 percent in seven metro areas: Gainesville, Ga.; Sumter, S.C.; Lake Havasu City-Kingman, Ariz.; Pueblo, Colo.; Coeur d'Alene, Idaho; Bremerton-Silverdale, Wash.; and Madera, Calif.
- | California and Florida, two of the states hit hardest by the housing market bubble, account for 10 of the 20 metro areas forecast to see the greatest increase in home prices through 2016.

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 September 30, 2011. One-year forecasts are for the 12 months ending on September 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:Q3 to 2011:Q3)	Change in Home Prices (2010:Q3 to 2011:Q3)	Forecast Change in Home Prices (2011:Q3 to 2012:Q3)
<i>United States</i>	<i>309,020,820</i>	<i>-13.4%</i>	<i>-3.9%</i>	<i>-2.7%</i>
<i>Austin, TX</i>	<i>1,754,980</i>	<i>-1.9%</i>	<i>-1.6%</i>	<i>-0.1%</i>
<i>Baltimore, MD</i>	<i>2,699,135</i>	<i>-13.4%</i>	<i>-3.2%</i>	<i>-0.8%</i>
<i>Columbus, OH</i>	<i>1,817,075</i>	<i>-5.0%</i>	<i>-1.3%</i>	<i>-2.2%</i>
<i>Fort Worth, TX</i>	<i>2,160,329</i>	<i>-2.1%</i>	<i>-2.8%</i>	<i>0.8%</i>
<i>Indianapolis, IN</i>	<i>1,761,732</i>	<i>-2.3%</i>	<i>-1.2%</i>	<i>-1.1%</i>
<i>Jacksonville, FL</i>	<i>1,338,606</i>	<i>-24.0%</i>	<i>-4.4%</i>	<i>-10.9%</i>
<i>Kansas City, MO</i>	<i>2,086,771</i>	<i>-5.7%</i>	<i>-4.0%</i>	<i>0.7%</i>
<i>Louisville, KY</i>	<i>1,296,694</i>	<i>-2.4%</i>	<i>-2.3%</i>	<i>0.8%</i>
<i>Milwaukee, WI</i>	<i>1,564,931</i>	<i>-11.9%</i>	<i>-3.1%</i>	<i>0.0%</i>
<i>Nashville, TN</i>	<i>1,600,358</i>	<i>-6.7%</i>	<i>-1.9%</i>	<i>0.3%</i>
<i>New Orleans, LA</i>	<i>1,209,128</i>	<i>-5.3%</i>	<i>-2.3%</i>	<i>0.8%</i>
<i>Orlando, FL</i>	<i>2,106,614</i>	<i>-31.6%</i>	<i>-4.6%</i>	<i>-12.6%</i>
<i>Philadelphia, PA</i>	<i>4,036,320</i>	<i>-10.1%</i>	<i>-3.9%</i>	<i>-1.7%</i>
<i>Raleigh, NC</i>	<i>1,152,966</i>	<i>-6.4%</i>	<i>-2.3%</i>	<i>0.4%</i>
<i>Sacramento, CA</i>	<i>2,144,904</i>	<i>-19.3%</i>	<i>-8.1%</i>	<i>-2.6%</i>
<i>Salt Lake City, UT</i>	<i>1,150,349</i>	<i>-15.8%</i>	<i>-5.0%</i>	<i>1.7%</i>
<i>San Antonio, TX</i>	<i>2,110,905</i>	<i>-1.2%</i>	<i>-1.0%</i>	<i>0.3%</i>
<i>San Jose, CA</i>	<i>1,863,711</i>	<i>-6.9%</i>	<i>-4.4%</i>	<i>-3.8%</i>
<i>St. Louis, MO</i>	<i>2,855,378</i>	<i>-8.5%</i>	<i>-5.3%</i>	<i>-1.2%</i>
<i>Tucson, AZ</i>	<i>1,027,226</i>	<i>-30.1%</i>	<i>-12.3%</i>	<i>-0.2%</i>

Additional Resources:

- | Fiserv Case-Shiller - www.caseshiller.fiserv.com
- | Federal Housing Finance Agency (FHFA) - <http://www.fhfa.gov/>

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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Media Relations:

Julie Nixon
Senior Public Relations Manager
Fiserv, Inc.
678-375-3744
julie.nixon@fiserv.com

or

Additional Contact:

Wade Coleman
Director, Public Relations
Fiserv, Inc.
678-375-1210
wade.coleman@fiserv.com

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