



November 28, 2012

Fiserv Case-Shiller Home Price Insights: Home Prices Are Increasing; Many U.S. Markets Now on Path Toward Sustainable Recovery

- | 2012 Spring/Summer real estate market strongest since peak of housing bubble
- | Home prices nationwide projected to increase 3.3 percent annualized between Q2 2012 and Q2 2017
- | However, "fiscal cliff" poses short-term threat to growth in housing demand in early 2013

Brookfield, Wis., November 28, 2012 – [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 \(FHFA\)](#).

New data from the Fiserv Case-Shiller Indexes show that many markets have started along a path of slow but sustainable recovery. Average U.S. home prices in the second quarter of 2012 increased 1.2 percent from the year-ago quarter. This marks the first year-over-year increase in home prices since 2006, excluding the impact of the federal home buyer's tax credit in 2010. Overall, the 2012 spring and summer real estate market was the strongest since the peak of the housing bubble.

Over the next year, from the second quarter of 2012 to the comparable period of 2013, home prices are expected to increase 0.3 percent. Fiserv projects the housing recovery will gain further strength in subsequent years. Home prices are projected to grow at an annualized rate of 3.3 percent from mid-2012 through the second quarter of 2017.

Home prices appreciated in more than one-half of the 384 metro area markets in the 2012 second quarter. Many of the biggest price increases were in markets hardest hit by the housing crash, including Phoenix (14.5 percent), Detroit (11.6 percent) and Miami (6.9 percent). Some markets, particularly those still swamped by the liquidation of foreclosed properties, did experience price declines. However, there is evidence that even these markets are starting to turn the corner. For example, prices in Atlanta fell 12.2 percent from the year-ago quarter. But on a sequential quarter basis, prices in Atlanta were up 3.8 percent in the recent period.

"The real estate market in the spring and summer of 2012 was the strongest since the peak of the bubble. There is now strong evidence for a slow, sustainable recovery on both the supply side and the demand side," said David Stiff, chief economist, Fiserv. "On the demand side, existing home sales increased to their highest levels since 2007, save for the sale spikes caused by the home buyer tax credit. At the same time, supply is decreasing. Inventories of unsold homes are now 20 percent lower than they were last year. Shadow inventory, which includes properties in pre-foreclosure or foreclosure, continues to decline. New foreclosure activity has hit a five-year low, reducing the number of foreclosed homes for sale. In many markets, limited inventories are holding back sales activity as potential buyers are unable to find properties to purchase, pushing up home prices as buyers compete for a dwindling supply of homes for sale."

However, even though the housing market seems to be on the path to recovery, sales activity and price appreciation are expected to stall in the near term as a result of the so-called "fiscal cliff." This refers to the potentially severe economic impact of several items that require Congressional action, including the Bush and Obama income tax cuts that are scheduled to expire at the end of the year, the automatic budget cuts enacted as part of the compromise over increasing the debt ceiling and the conclusion of the two-year payroll tax holiday. Fiserv Case-Shiller projects the slowdown in the economy will restrain housing demand enough so that next year's spring/summer market will likely be weaker than this year's.

"In some markets, investor demand for housing will start to fade before first-time and trade-up buyer demand has ramped up enough to take its place. This will be most evident in markets with large foreclosure inventories," Stiff added. "Currently, investors are snapping up foreclosed properties almost as quickly as they are being listed for sale, but the pool of investors is limited and, as prices rise, the potential returns on residential real estate diminish. Consequently, Fiserv Case-Shiller projects a small, short-term price decline for many markets that recently experienced double-digit appreciation."

These declines, however, will only be a small hiccup before the housing market recovery accelerates during the second half

of 2013. Housing affordability has never been better and the Federal Reserve's third round of quantitative easing should keep mortgage interest rates low for at least another two years. Following the 2012 presidential election and the resolution of the fiscal cliff, overall economic growth is also expected to accelerate. As consumer confidence improves and people become convinced that home prices have stabilized, demand from first-time and trade-up buyers will return to normal, ensuring a sustained housing market recovery.

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

- 1 Home prices in 37 of the 384 metro areas are projected to increase at more than twice the nationwide annualized rate of 3.3 percent over the next five years; more than half these markets are in three states: California (nine), Florida (five) and Oregon (five). Conversely, only 12 markets are forecast to grow at less than half the nationwide annualized rate of 3.3 percent in the same period.
- 1 Of the 29 markets where home prices are still more than 50 percent below their peaks, 15 are in California and 11 in Florida. There is hope, though, for most homeowners in these markets: over the next five years, home prices in 24 of these 29 markets are projected to increase at higher than the projected annualized rate for the country as a whole.
- 1 The short-term outlook is not very bright for many residents of the Sunshine State: eight of the 11 markets forecast to experience further price declines in each of the next two years are in Florida.

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, 2012. One-year forecasts are for the 12 months ending on June 30, 2013. 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 (2011)	Change in Home Prices (2009:Q2 to 2012:Q2)	Change in Home Prices (2011:Q2 to 2012:Q2)	Forecast Change in Home Prices (2012:Q2 to 2013:Q2)
United States	311,591,917	-0.5%	1.2%	0.3%
Austin, TX	1,783,519	0.0%	2.6%	0.9%
Baltimore, MD	2,729,110	-4.9%	0.2%	-1.6%
Columbus, OH	1,858,464	-0.3%	-0.8%	-0.2%
Fort Worth, TX	2,180,758	-3.8%	1.0%	-0.3%
Indianapolis, IN	1,778,568	-3.5%	0.3%	-1.1%
Jacksonville, FL	1,360,251	-10.2%	1.3%	-3.7%
Kansas City, MO	2,052,676	-8.6%	-1.9%	-1.5%
Louisville, KY	1,294,849	-2.9%	0.5%	-2.0%
Milwaukee, WI	1,562,216	-6.4%	-2.2%	-1.4%
Nashville, TN	1,617,142	-1.5%	2.3%	0.7%
New Orleans, LA	1,191,089	-4.1%	1.9%	-0.8%
Orlando, FL	2,171,360	-6.6%	3.8%	-6.9%
Philadelphia, PA	4,030,926	-5.2%	-0.4%	-0.9%
Raleigh, NC	1,163,515	-7.7%	-1.8%	-1.5%
Sacramento, CA	2,176,235	-6.1%	2.1%	-2.6%
Salt Lake City, UT	1,145,905	-11.5%	1.0%	3.7%
San Antonio, TX	2,194,927	-0.8%	1.7%	0.6%
San Jose, CA	1,865,450	20.8%	9.0%	-5.9%
St. Louis, MO	2,842,155	-6.4%	4.6%	-2.7%
Tucson, AZ	989,569	-15.2%	0.5%	-2.5%

Additional Resources:

- 1 Fiserv Case-Shiller - www.caseshiller.fiserv.com
- 1 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, driving innovation in payments, processing services, risk and compliance, customer and channel management, and business insights and optimization. For more information, visit www.fiserv.com.

Media Relations:

Julie Nixon

Senior PR 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