

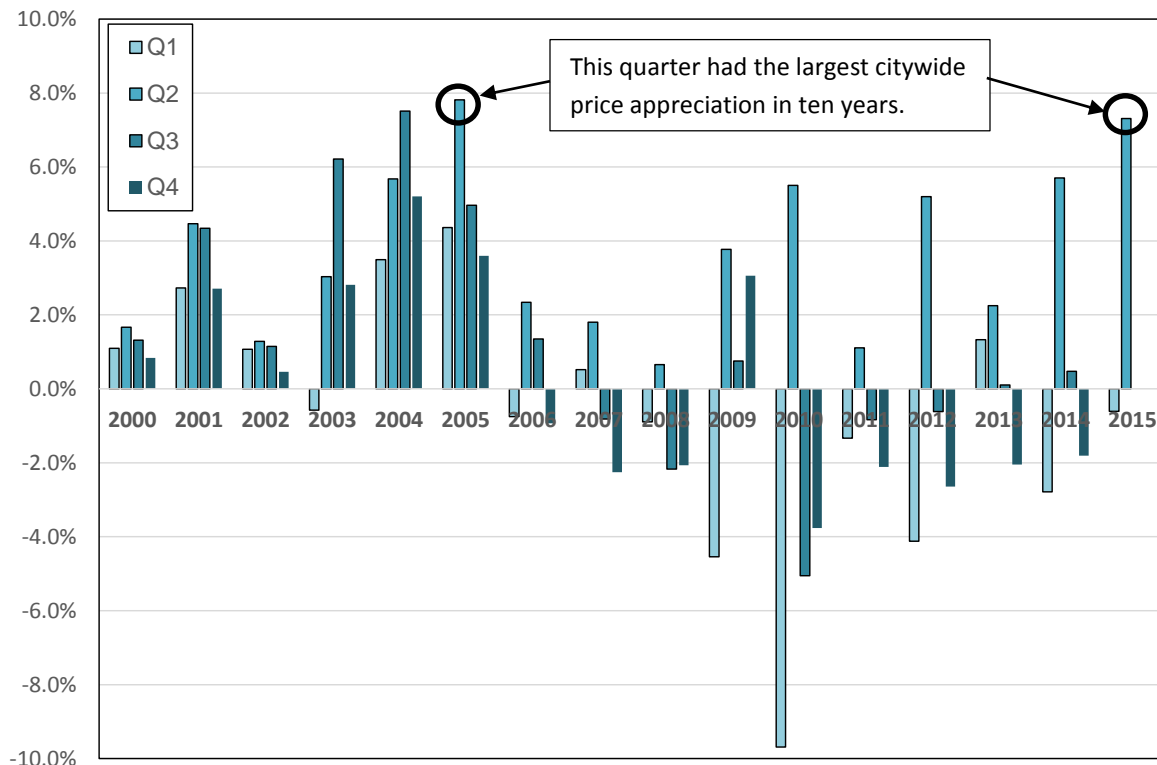


Philadelphia Housing Roars to Life in Q2 Prices and sales up sharply across the City.

July 13, 2015: Philadelphia's housing market had its best quarter in ten years this past spring, as both house prices and sales surged throughout the City.

After a series of tepid starts and stops since hitting bottom in early 2012, the average house value in Philadelphia soared by 7.3% in Q2 on a quality- and seasonally-adjusted basis, according to the latest data from the City's Recorder of Deeds. This was the largest quarterly increase in house prices since the second quarter of 2005, when the market was in the throes of the housing boom. With this increase, average Philadelphia house prices are up 5.4% from where they were one year ago, and up 14.4% since their bottom in 2012 Q1.

Quarterly Change in Average Philadelphia House Prices: 2000-2015



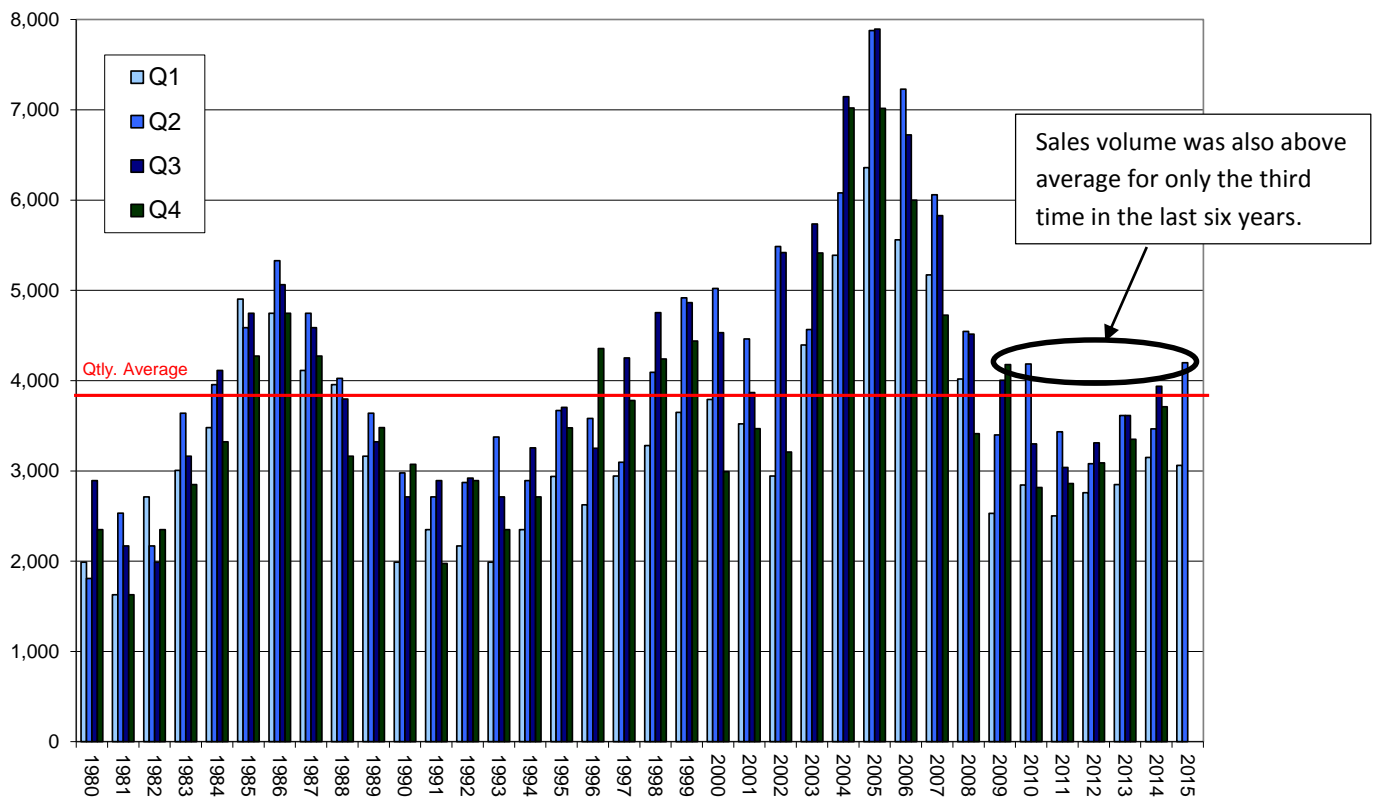
House price increases were also uniformly distributed across all neighborhoods, with every part of the City experiencing positive appreciation and the two lowest-income neighborhoods in Philadelphia exhibiting some of the biggest appreciation. The last time that every neighborhood in the City experienced positive appreciation was two years ago, in 2013 Q2.

From smallest to largest, the average increase in house prices by neighborhood in Q2 were: University City (+10.9%), West Philadelphia (+10.8%), North Philadelphia (+10.1%), Lower Northeast Philadelphia (+5.8%), Northwest Philadelphia (+4.9%), South Philadelphia (+4.7%), Upper Northeast Philadelphia (+3.9%), Center City/Fairmount (+3.3%), and Kensington/Frankford (+2.5%).

The median¹ house price in Philadelphia also showed a sharp increase in 2015 Q2. Currently, it stands at \$138,600, up 18% from \$117,500 in the previous quarter and up 20.5% from the same quarter last year.

House sales also grew significantly this quarter to 4,198 transactions, up from 3,061 transactions in the previous quarter and also well above 3,466 transactions in the same quarter one year ago. This is only the third time in the last six years that home sales volume in Philadelphia is above its historic quarterly average of 3,811 sales.

Number of Philadelphia House Sales* per Quarter: 1980-2015



Philadelphia's strong second quarter was consistent with national trends, which also had uniformly positive news about the U.S. housing market:

- Mortgage applications are up 32% from one year ago. (Source: MBA)
- House price appreciation has been picking up speed, and current prices are up 6.3% from one year ago. With these increases, ten U.S. States and the District of Columbia have hit all-new price peaks since 1976. (Source: CoreLogic).
- Construction spending on private residences has been trending up, and is currently up 8% year-over-year. (Source: U.S. Census)

¹ The median house price is that price at which exactly 50% of homes sold for less and 50% sold for more.

- Mortgage delinquency rates have continued to decline, and are now at their lowest level since August 2008. (Source: Fannie Mae)
- New home sales are up a whopping 24% from one year ago, and are currently on track to have their best year since the recession. (U.S. Census)

As we reported in the previous quarter, there are high hopes that 2015 will be the best year for Philadelphia housing since the bubble years of last decade, and the latest numbers give support to this optimism. However, this good news should be tempered with the fact that Philadelphia's housing market typically tends to proceed in fits and starts. While both recent numbers and current fundamentals give more reason for optimism than pessimism, it should not be surprising if further good news still experiences the occasional setback.

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