Realogy Corporation
First Quarter 2010 Financial Results
Webcast Transcript
April 29, 2010

Note: *This is a verbatim transcription of the Realogy Corporation First Quarter 2010 financial results conference call via webcast.*

Operator: Good morning and welcome to the Realogy Corporation first quarter 2010 earnings conference call via Webcast. Today's call is being recorded, and a written transcript will be made available in the Investor Information section of the Company's Web site tomorrow morning. A webcast replay will also be made available on the Company's Web site. At this time, I would like to turn the conference over to Realogy Senior Vice President and Assistant Secretary, Seth Truwit. Please go ahead, Seth.

Seth Truwit: Thank you, Courtney. Good morning and welcome to Realogy's first quarter 2010 earnings conference call. On the call with me today are Realogy's President & CEO, Richard Smith; and Chief Financial Officer, Tony Hull.

I would like to call your attention to three items.

First, you should have all reviewed a copy of our financial results press release issued earlier today, April 29, 2010, which is posted on the investor information section of our Web site. We expect to file our form 10-Q for the quarter ended March 31, 2010 with the Securities and Exchange Commission next week.

Second, the Company will be making statements about its future results and other forward-looking statements during this call. Statements about future results made during the call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are set forth under the headings "Forward-Looking Statements" and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009 and in other periodic reports we file from time to time.

Third, we will be referring to certain non-GAAP financial measures during the call. Today's press release contains definitions of these terms, a reconciliation of these terms to their most comparable GAAP measure, and a discussion of why we believe these non-GAAP financial measures are useful to our investors.

Let me briefly review the headlines from our release issued today regarding Realogy's first quarter 2010 results. Specifically for the quarter ended March 31, 2010, we reported:

- Revenue of $819 million,
- EBITDA of $11 million; which is after $6 million in restructuring costs and $5 million of legacy expenses; and
- A Net Loss of $197 million – which is after $152 million of interest expense and $50 million of depreciation and amortization.

Now, before I turn the call over to Realogy's President and CEO, Richard Smith, I would like to note that tomorrow morning, he will be the guest host on CNBC's Squawk Box program from 7 to 9 a.m., Eastern time.

Richard Smith: Thank you, Seth. Good morning and thank you for joining our Webcast. As is our practice, I will review the business and operating environment, followed by Tony's review of our financial results.

On a year-over-year basis, our first quarter 2010 revenue drivers continued the positive directional trends that we experienced in the third and fourth quarters of last year. Combined homesale transaction sides and average sales price increased 11% year-over-year at Realogy Franchise Group (RFG) and 28% in our company-owned brokerage segment, NRT. Broken out, homesale sides at RFG were up 8% and average sales price was up 3% in the first quarter. At NRT, homesale sides increased 11% and average sales price improved 17%; the latter reflects NRT's mix of business, as we have experienced increased sales in the mid- and high-end price ranges during the first quarter.

As is typically the case, the effect of our mix of business on the average sales price was more significant at NRT than with our affiliates because NRT operates principally in major metropolitan markets. NRT's average sales price climbed to $418,000 in the first quarter, up from $356,000 in Q1 2009. This is still off the pace from two years ago when NRT's average sales price was $527,000 in Q1 2008, but it demonstrates that the high end, which was the last sector of the housing market to deteriorate when the overall housing market turned down, appears to be the first to show signs of improvement. The price rebound we saw at both NRT and RFG as well as favorable year-over-year comparisons with respect to the number of transactions, supports that the housing market is stabilizing and even recovering in numerous local markets across the country.

On a regional basis, NRT's operations along the East Coast, such as New Jersey, Connecticut, and New England, experienced unit increases of 20 percent or more. Average sales prices in these regions ranged from flat to increases in the mid single digits in the first quarter. New York City experienced the largest unit increases of over 80% for the first quarter with an average sales price increase of 9%. NRT's operations in Florida had an 11% increase in closed sides in the quarter, along with an 8% increase in

the average sales price. NRT's closed sides in California increased 5% but price was up in the low 20% range.

Within the Realogy Franchise Group segment, all regions experienced homesale transaction increases of between 7% and 15%. The Northeast performed exceptionally well with a 15% increase in homesale transactions. With regard to average sales price, all regions showed moderate increases or were flat in the first quarter in 2010.

In addition to the higher volume of home sales at the mid and high end of the market, the increase in average sales price during the first quarter also reflected a decline in REO sales – which are Real Estate Owned properties held by banks and lenders -- and this is attributed to a dearth of foreclosed inventory coming to market. Were it released by the banks, it would sell briskly. A further factor causing price to increase compared to the fourth quarter of 2009 at NRT was the expected decline in first-time homebuyer closings, which impacted price to a much lesser extent in the first quarter. On the unit side of the equation, at the height of the first tax credit deadline last November, the National Association of Realtors (NAR) reported a spike in the seasonally adjusted annual unit sales numbers to 6.5 million, compared to 5.2 million units for 2009 as a whole. Not surprisingly the unit sales number dropped to 5 million in January and February. For March the annualized sales number increased to 5.4 million bringing the quarter average to approximately 5.2 million, flat to 2009 total year actuals, and a further sign of stabilization on the unit side.

We believe that the impact of the extended tax credit for new and existing buyers although meaningful has not been as dramatic as it was in the fourth quarter when the original tax credit was due to expire at the end of November. Based on NRT's April open contracts, the markets where we are seeing unit gains at tax-credit eligible prices are New England, Pennsylvania, Maryland, the Midwest, and certain markets in Texas, Colorado, and Utah. In other markets we are not seeing the activity levels we saw last fall. In addition to including existing home buyers, the process in the current tax credit is different from the previous one, as home buyers have to be under contract by the April 30th deadline and closed by June 30th. As a consequence, most transactions generated by the program will be concentrated in our closed sales volume reported in the second quarter.

Having said that, we are seeing good momentum at the middle and higher end of the market. Looking at sales contracts that were opened in March -- an indicator of future closed sales for NRT – sales volume was up 38% year over year; unit volume gains made up two-thirds of that and higher average price made up one-third. All but three of NRT's major markets showed double-digit increases in open sales volume. Manhattan was the most robust market with a 107% increase driven predominately by transaction sides. NRT's April open contracts are following similar trends with a sales volume increase of approximately 20%.

March open sales contracts across our Franchise Group brands were up 17%, and the open average sales price was up 6% for the month. Mix of business heavily influenced

the higher open average sales price as Sotheby's International Realty reported an average sales price increase of 25%.

We expect the substantial improvement in March and April open contracts across NRT and RFG to favorably impact our second quarter results when these contracts become closed sales.

Now, let's briefly review the operating highlights of our business units, followed by some comments on the balance of the year.

As we noted last quarter, the **Realogy Franchise Group** reorganized its franchise sales department to accelerate the growth of our five leading franchise brands, which thus far has produced the expected results. Completed new franchise sales were $70 million in gross commission income, a 26% increase over the fourth quarter.

Better Homes and Gardens Real Estate has continued to expand its franchise network. In the first four months of this year, four large brokerage firms launched with Better Homes and Gardens Real Estate, enabling the brand to add 800 agents while entering new markets in South Florida, Houston, Central Virginia and Las Vegas. The Better Homes and Gardens Real Estate network now has approximately 5,000 agents operating across 131 offices and 16 states.

In February, the ERA Real Estate franchise system entered a key western market and simultaneously expanded its presence in Florida with the addition of The Herman Group, a leading real estate brokerage firm with more than 1,000 real estate professionals operating primarily in Denver and South Florida.

As to the global real estate market, our brands have continued their global expansion efforts. Sotheby's International Realty signed new master franchise agreements for the British Virgin Islands and the Baltic States of Latvia, Estonia and Lithuania during the first quarter of 2010. In April, Sotheby's International Realty entered the Hong Kong market by signing an exclusive 25-year master franchise agreement with Hong Kong Homes Holdings Limited. Also this month, the Sotheby's International Realty master franchisor in Japan celebrated the launch of its first office serving the Tokyo and Yokohama markets.

In addition, Coldwell Banker and Coldwell Banker Commercial will now be represented in the Czech Republic through a 25-year master franchise agreement signed with Top Czech Partners Estate S.R.O. during the first quarter of 2010. Collectively, the Realogy brands are currently doing business in 93 countries and territories around the world.

NRT, our owned brokerage company that operates 750 offices in 31 states and 35 markets, has successfully completed its major cost reduction initiatives. Management has shifted its focus to organic growth, increasing the productivity of its 45,000 agents and recruiting new sales associates.

NRT's sales associate retention rate continued at remarkably high levels in the first quarter of 2010, with the company retaining approximately 93% of the production from its first- and second-quartile sales associates. This underscores the high quality of services and support that NRT provides to its agents in what is a fiercely competitive market for top-producing sales associates.

Management focus on organic growth is paying dividends. In the last 12 months, NRT added new sales associates who collectively generated more than $55 million in gross commission income during that period.

Lastly, for the 13th year in a row, REAL Trends magazine just named NRT as the No. 1 residential real estate brokerage company in the nation in its REAL Trends 500 rankings by both sales volume and transaction sides for calendar year 2009.

Let's now look at **Cartus**, our relocation services company. Since its acquisition of Primacy Relocation in January, management has been keenly focused on the integration of Primacy.

The addition of Primacy was a strategic transaction to enhance Cartus' domestic operations, substantially broaden its global capabilities, and firmly position it as a leading relocation services provider to the government sector on a profitable basis. In the first quarter, Primacy added approximately 5,200 relocation authorizations and $13 million of revenue to Cartus' results.

Even before the impact of Primacy, first quarter 2010 relocation authorizations at Cartus were up 1% and the company had a 6% increase in transaction referrals. This is a reversal of what had been a downward trend in 2009.

Since introducing the Cartus Asset Recovery business, which provides foreclosure avoidance services for the mortgage lending industry, Cartus has managed over 3,000 files in pilot programs for various lenders. Cartus estimates that its services have helped its clients, who are large mortgage servicers, avoid months of foreclosure processing time and saved between $20,000 to $40,000 per loan. We expect this highly beneficial service to appeal to the financial institutions and government agencies struggling with the ever-increasing burden of mortgage loans that are in or near default.

Moving on to title and settlement services … our **Title Resource Group** company had a 6% increase in purchase title and closing units in the first quarter. However, these improvements were offset by a 40% decline in refinance volume. The decline reflects the increasing mortgage interest rate environment and the relatively exceptional levels of refinance activity we experienced in 2009.

TRG management has continued to diversify its revenue streams through the growth of its lender channel. In the first quarter, TRG had a number of increased volume commitments from its existing lender relationships, and most recently, received pilot

program commitments from two new large national lenders, which will commence operations in the second quarter of this year.

TRG's underwriter, Title Resources Guaranty Company, recently became licensed to write title insurance in New York and California, which are both large transaction volume states. TRG's underwriting claims experience continues to substantially outperform the industry average 9% loss ratio.

Moving beyond our operations and looking again at the broader housing market, as mentioned, it appears that the housing tax credit will contribute to a strong second quarter for the industry. A more important driver, however, is the momentum we have seen in the mid and high end of the market. Whether that continues into the second half of the year is hard to gauge at this point, and remains uncertain because the housing tax credit impact will abate, and the industry will have to overcome the sharp gains the tax credit provided in the fourth quarter of 2009. The third and fourth quarters for housing will be substantially influenced by traditional macro factors such as job growth and consumer confidence, as well as from a micro economic perspective, the dynamics of the local market.

The National Association of Realtors (NAR) adjusted its full-year unit forecasts for 2010 slightly downward during the first quarter and Fannie Mae further pulled back its forecast in April. All that said, both forecasts remain directionally positive for 2010. Fannie and NAR now expect existing home sales to increase this year by 6% and 7%, respectively, to approximately 5.5 million units in 2010. While it's no surprise that NAR and Fannie both see the second quarter as strong because of the anticipated tax credit impact, it is interesting to note that Fannie Mae estimates the back half of 2010 will be slightly higher than the first half, driven by a fourth quarter run rate estimate of 5.6 million units. NAR's second-half forecast is flat to the first half with a 5.5 million unit run rate for the year.

As to price, Fannie Mae is predicting that median homesale prices will decrease 1% to $170,800, which is an improvement from its prior forecast of down 2%. NAR's price forecast remains steady with a 3% increase to median sales price of $177,200 for 2010. Thus, on a combined sides and price basis, Fannie is expecting 2010 to be up 5% from the prior year, and the NAR forecast calls for a 10% improvement over 2009.

Just as important, we are also encouraged that both Fannie Mae and NAR are positive in their housing market outlooks for 2011. Fannie currently forecasts a 9% increase in units for 2011, a run rate of about 6 million units whereas NAR's forecast has existing home sales increasing by 4% in 2011, or 5.7 million units. Fannie is flat on median sale prices from 2010 to 2011, and NAR anticipates a 4% gain on median existing home sale prices in 2011. Thus on a combined sides and price basis, this equates to Fannie expecting 2011 to be up 9% and NAR up 8%.

In addition to Fannie Mae and NAR, the Associated Press released findings from its new AP Economy Survey earlier this month in which 44 leading economists believe sales of

existing homes will tick up to 5.4 million units in 2010 and to 5.9 million in 2011, squarely within the range of the industry experts.

Previously we expressed a concern regarding the Fed's decision to conclude its purchase schedule of mortgage-backed securities in March 2010 and how that might impact mortgage rates. We have been pleased to see that conventional mortgage rates have stayed approximately flat and within 10 basis points of the rates through March 2010. Of particular note is that the spread between conventional and jumbo loans has dropped to 70 basis points, down from a high of 160 basis points in January 2009. This is good news for buyers at the mid and high end of the housing market. This improvement in jumbo spreads has likely contributed to our beneficial mix of business shift in the first quarter of this year.

We sense more optimism regarding our economy. The latest Business Roundtable CEO Economic Outlook Survey from April reported that 73% of the CEO's expect their company's sales to increase over the next six months and nearly half of the CEOs expect their company's U.S. capital spending to improve over the next six months. Further, almost one-third of the CEOs expect their company's U.S. employment to increase over the same period. It goes without saying that job growth will improve every aspect of our economy and thus consumer confidence.

We are often asked if the housing market is in a recovery period. I think the best way to answer that question is that "it depends on where you live." As we have pointed out many times, there is truly no such thing as a national real estate market, except in times of a national economic crisis. Once the crisis abates housing reverts to a dependence on local market dynamics, a shift we believe is underway. There are many markets across the country such as Southern California, New York, and New England where home prices and sales have improved. Likewise, there are areas that are not improving due to local market dynamics, and they will take more or less time to fully recover. As far as calling a recovery, we think the best yardstick of where we are in the process will become more apparent later in the year as we get some perspective on how the existing home market is behaving absent the impact of the homebuyer tax credits. We do believe, generally speaking, that the material declines in the average sales price are over and modest increases should now be the expectation. Our outlook is more optimistic than it has been in more than four years.

With that, I'll turn the call over to Tony.

Tony Hull: Thank you, Richard.

In discussing the financial results I will be referring to the tables in the press release. Let me begin with some financial highlights for Realogy in the first quarter.

- Q1 2010 revenue totaled $819 million, an increase of $122 million year over year, and an acceleration from the $104 million year-over year increase we reported in Q4 2009;

- EBITDA in the first quarter was $11 million, an increase of $73 million over 2009 Q1 results, due to our 18% increase in revenues and the realization of cost efficiencies put in place over time;
- Realogy ended the quarter with strong liquidity. We had $175 million of readily available cash on March 31st and no borrowing under our $750 million revolving credit facility.
- As of today we have about $120 million drawn on our revolving credit facility as we paid semiannual and quarterly interest of over $225 million earlier this month, and had other uses of cash during the month. We expect any outstanding balance on this facility will be totally repaid by quarter end and we will again have a positive cash balance;
- As a result of the progressive organic increases in trailing 12 month Adjusted EBITDA, Realogy's senior secured leverage ratio improved from 4.66 times at the end of 2009 to 4.51 times at March 31, 2010.

Looking at Table 1 of the press release, the breakdown by category of $819 million of total net revenue was as follows:

- Gross commission income totaled $588 million at NRT, an increase of 25% from Q1 2009,
- Service revenues at Cartus and TRG remained relatively flat at $136 million,
- RFG's third-party franchise fees increased 10% to $55 million, and
- Other revenue was also relatively flat at $40 million. These revenues consist of mainly marketing fees that RFG collects from its franchisees and fee revenue from NRT's REO asset management business.

In terms of expenses, comparing first quarter 2010 results to 2009:

- Total commission expense of $377 million increased 29% or $85 million year over year, as one would expect due to higher transaction volume.
- Operating expenses of $300 million declined $28 million or 9% year over year as we continued to realize the benefits of storefront and other proactive cost reduction initiatives.
- Marketing costs increased $5 million due to higher transaction volume compared to the first quarter of 2009. The increase relates to higher marketing revenue collected from franchisees in the first quarter, which is a percentage of gross commission income and spent on national advertising campaigns for the brands.
- General & administrative costs increased $15 million mainly due to 2010 bonus and employee retention accruals that were absent or lower last year.

We often focus on the gross profit margin of NRT's operations by comparing the Commission and other agent related costs line to the gross commission income line. In the first quarter of 2010 that number was 36%, which was down from 38% in the first quarter of 2009. The reason for the decline was due mostly to reduced REO activity in the mix as well as to increased volume at higher price points. On a full-year basis, we expect the margin will be in line with 2009 levels.

Next I would like to discuss our key business drivers for the first quarter 2010 from Table 3 of the press release.

In the first quarter, RFG and NRT home sale sides increased 8% and 11% respectively compared to 2009. On the home sale price side, RFG's average increased 3% and NRT's average increased 17%. NRT average price was positively affected by increased activity in home sales over $750,000 which represented 43% of NRT volume versus 35% in the first quarter of 2009. In addition, NRT saw a decrease in REO activity compared to 2009 when REO represented 19% of NRT sides while in the first quarter of 2010 REO only represented 11% of sales activity.

Average broker commission rates moved in the opposite direction of price in the quarter decreasing at NRT from 2.55% last year to 2.48% this past quarter. The change in mix from REO to high end sales impacted the rate. Also RFG's net effective royalty rate declined 11 basis points as expected given improvements in our affiliates' results.

For the first quarter at Cartus, we experienced a 20% increase in initiations due primarily to two months of activity from Primacy. At TRG, purchase title and closing units gained 6% compared to 2009, which was consistent with the NRT unit activity, but lower-margin refinance unit volume decreased 40%. As you can see, the fee we earned per closing increased 12% year-over-year, reflecting the shift in mix to purchase activity.

I will now review revenue and EBITDA by business unit for the first quarter ended March 31, 2009 and 2010 shown on Tables 5a and 5b of the press release.

Total revenue at RFG was $122 million in 2010 compared to $105 million in 2009. The 16% revenue gain was due to the increase in transactions and average price shown on the driver table along with higher intercompany royalties from NRT. Domestic royalties from our third party affiliates were compressed by a decrease in the average broker commission rate charged by our franchisees to their customers and a decline in the net effective royalty rate.

EBITDA at RFG was $65 million in 2010 compared with $44 million in 2009 due to a $17 million increase in revenue along with lower expenses. These include a $9 million decrease in bad debt expense and a $3 million reduction in other operating expenses.

Historically, NRT has experienced seasonal operating losses in the first quarter, the industry's weakest quarter. Fixed costs of the business are spread evenly throughout the year, and the first quarter normally has the lowest transaction volume which makes these expenses difficult to offset. The first quarter of 2010 was no exception as NRT EBITDA was negative $34 million. This was a $50 million improvement compared to the first quarter of 2009, however, driven by a $110 million increase in revenue due to higher unit volume and price levels at NRT. The revenue gain was partially offset by a $92 million increase in commission and royalty expense due to higher volume. Expenses benefitted from a $22 million reduction in restructuring costs and a $12 million reduction in operating expenses.

EBITDA at Cartus was $4 million in the first quarter, up from breakeven in 2009. Although revenue increases of $5 million were primarily driven by the impact of the Primacy acquisition, the increase in EBITDA was the result of lower restructuring costs and favorability in operating expenses.

At TRG, revenue decreased 4 percent as a result of lower refinance unit volume and EBITDA was flat year over year. EBITDA remained flat as cost reductions offset the revenue declines.

Turning to the balance sheet on Table 2 of the press release, we ended the quarter with a cash balance of $207 million which includes $175 million of available cash and $32 million of statutory cash required for our title business.
We had no outstanding balance on our $750 million revolver at March 31, 2010. In terms of relocation receivables, the non at-risk balance totaled $315 million at March 31st and related securitization obligations secured by that asset pool declined to $239 million. In March, we elected to reduce the available capacity on our Apple Ridge facility by $150 million to $500 million. Even with the Primacy acquisition, we do not foresee a need for $650 million of capacity before the facility's maturity date of 2012.

Also on the balance sheet, relocation properties held for sale – that line totaled $55 million as a result of Cartus' re-entry into the 'at-risk' business with the Primacy acquisition. There is a corresponding and similar size liability included in the accrued expenses and other current liabilities line item that relates to mortgages we service until the property is ultimately sold. In addition to these mortgage obligations, the $196 million increase in accrued expenses and other current liabilities from December to March was primarily due to accrued interest expense that was paid earlier this month.

Let me provide you with expectations for certain cash flow items for the full year 2010:

- Corporate cash interest is expected to be approximately $530 to $545 million for the year – up from last year due to the second lien term loan financing completed in late 2009;
- Capital expenditures are expected to be approximately $45 million for the full year;
- Reductions in relocation assets, net of changes in securitization borrowings are expected to generate between $5 and $15 million of cash;
- Working capital inclusive of cash restructuring costs is forecasted to be a use of cash between $55 and $70 million. This also includes the working capital requirements of the Primacy business which was financed through an unsecured revolving credit facility outside of our $750 million revolving credit facility; and
- Net funding of legacy issues is expected to total about $30 to $50 million for the full year, which excludes any potential settlement of the legacy tax issue. We still expect the tax matter to be resolved either in the current quarter or next quarter.

On Table 6 of the press release, we present the senior secured leverage ratio calculation which can be a maximum of 5.0 times to 1. At March 31, 2010, the numerator – total Senior Secured Debt as defined in our credit agreement – totaled $2.92 billion. That divided by Adjusted EBITDA of $648 million for the 12 months ended March 31st, results in a senior secured net debt to Adjusted EBITDA ratio of 4.51 to 1, maintaining compliance with our credit agreement. Our EBITDA cushion rose to $64 million in March from $42 million in this past December due to the improved revenues and the impact of our cost-containment efforts. Said another way, at the end of March we could have borrowed an additional $315 million under our revolver and remained in compliance with the 5 to 1 maximum leverage ratio, an increase of $105 million from last December.

In conclusion, let me leave you with a few closing remarks:

- The fixed and variable expense breakdown by business unit for 2009 shifted modestly and we wanted to update that information for you. RFG and TRG are split approximately 65% fixed to 35% variable. Cartus and NRT are the opposite with a split of approximately 75% variable to 25% fixed. The overall cost structure for Realogy is 70% variable to 30% fixed.
- In the fourth quarter of 2009, operating, marketing and G&A expenses totaled $421 million and in the first quarter of 2010 this amount increased to $424 million. The increase was in marketing expense, which is seasonally higher in the first quarter than the fourth quarter and bonus accruals which were not included in Q4 2009. Absent these two increases all other costs were down $15 million on a sequential basis as we continue to keep costs under control and maintain the reduced fixed cost base we have achieved over the past four years.
- We are seeing lower cancellation rates at NRT. As you may recall traditionally about 12% to 15% of the contracts NRT opens with home buyers and sellers never close for a variety of reasons such as financing, appraisals, inspection, etc. During the worst of times in the housing market we saw the cancellation rate increase to the high teens. In the first four months of 2010, that number dropped below historical norms. That is a good sign that we view as a temporary benefit from the tax credit. It indicates buyers are more proactive on financing their purchase than they have in the past and parties on both sides are finding ways to conclude transactions more productively.
- Although Richard mentioned that the second half housing outlook is uncertain, based on what is unfolding in the first half of 2010, the industry will likely see mid single digit gains in homesale units for the entire year. Total national unit transactions of 5.2 million in 2009 should increase to at least 5.4 million transactions this year.
- Looking beyond 2010, we are encouraged that forecasts for existing homesale unit volume for 2011 are universally positive among leading economists, Fannie Mae and NAR. The range of forecasts goes from a prediction of 5.5 million units at the low end -- surprisingly from NAR, to 5.9 million units from 44 leading economists polled by AP in April, a number that is echoed by Fannie Mae.
- While economists in the AP poll forecast that home prices will remain flat this year and next, we are seeing a different picture. Our first quarter prices were up

3% and 17% at RFG and NRT, respectively. This was mainly due to renewed activity in the move-up market and the high end. While a release of foreclosure properties might put some pressure on price for a short period, we expect that due to our geographic concentrations our average sales price will continue to outperform the industry, absent some sort of double dip or meaningful stock market retrenchment.

With that, I'll turn it over to Seth for some concluding remarks.

Seth Truwit: Thank you, Richard and Tony. A few quick points of information before we conclude today's call:

- A transcript of this Webcast will be available on the Investor Information section of the Realogy.com Web site tomorrow morning, April 30th.
- Once again tomorrow morning, Richard will be the guest host on CNBC's Squawk Box program from 7 to 9 a.m., Eastern time.
- We will file our Form 10-Q for the quarter ended March 31, 2010 with the Securities and Exchange Commission next week.
- Finally, we anticipate announcing our second quarter 2010 results in August, with the exact date still to be determined.

We thank you for taking the time to join us on the call, and we look forward to speaking with you in August. Thank you.