

Home prices in 20 cities down 15.3% in April from year earlier

DECLINE SLOWS IN SOME METROS

Changes in home price index

Metro area	April vs. March	March vs. February	April 08 vs. April 07
Atlanta	-0.1%	-1.3%	-7.5%
Boston	0.1%	-1.1%	-6.4%
Charlotte	0.2%	0.2%	-0.1%
Chicago	0.1%	-1.9%	-9.3%
Cleveland	2.9%	-0.4%	-6.8%
Dallas	1.1%	1.1%	-3.4%
Denver	0.8%	-0.1%	-4.7%
Detroit	-1.9%	-2.1%	-18.0%
Las Vegas	-2.0%	-4.4%	-26.8%
Los Angeles	-2.2%	-3.6%	-23.1%
Miami	-4.1%	-4.5%	-26.7%
Minneapolis	-2.2%	-2.6%	-15.5%
New York	-1.3%	-1.0%	-8.4%
Phoenix	-3.4%	-3.30	-25.0%
Portland	0.3%	-1.0%	-4.7%
San Diego	-2.6%	-2.6%	-22.4%

San Fran.	-2.2%	-3.5%	- 22.1%
Seattle	0.7%	-0.9%	-4.9%
Tampa	-2.1%	-3.4%	- 20.4%
Washington	-1.0%	-2.2%	- 14.8%
Composite20	-1.4%	-2.2%	- 15.3%

Source: S&P/Case-Schiller

By Anna Bahney, USA TODAY

Home prices are poised to fall further in coming months, economists said Tuesday after a closely followed index showed that prices in April had fallen at their steepest year-over-year rate since at least 2000.

The price of a single-family home in April was 15.3% lower than in April 2007, the S&P/Case-Shiller index of 20 metro areas indicated. That was the largest year-over-year drop since the index was created eight years ago.

The sharpest declines were 26.8% in Las Vegas and 26.7% in Miami. For the first time, prices were down in all 20 cities; Charlotte saw its first year-over-year drop.

Collectively, home prices in the 20-city index have fallen to their level back in September 2004.

"This is the beginning of a long and painful bottom," says Mark Zandi, chief economist for Moody's Economy.com. "I expect prices to decline for another year, but the risks are awfully high that it could be longer than that."

"The most disconcerting thing about the report is that the price declines are across all 20 markets," Zandi says. "It signals that this is truly a national problem."

Patrick Newport, an economist at Global Insight, says, "Even though prices have dropped a lot, they still have a ways to go. My gut forecast is another 20% until it bottoms out. It may take a couple years."

Zandi held out the risk that falling prices will mean rising numbers of homeowners owing more money than their properties are worth. Any disruption in their income streams could lead to more delinquencies and foreclosures.

The report contained a sliver of optimism: In most areas, price changes from March to April were less severe than from February to March. Several — led by Cleveland and Dallas — even enjoyed price gains from March to April.

But, overall, the picture was dismal. The Case-Shiller news coincided with a 4.6% drop in home prices reported Tuesday by a separate index. That index, from the Office of Federal Housing Enterprise Oversight (OFHEO), reflects prices of homes throughout the nation, not just in large cities. But unlike the Case-Shiller index, OFHEO's excludes homes bought with "jumbo" loans and those financed by riskier subprime mortgages.

"Prices are falling at a rate somewhere between OFHEO's 4.6% and Case-Shiller's 15%," says Newport, who notes that all the gauges have their limitations. "You can't say anything more precise than that."

Sharyn Crown, a broker/associate in Coronado, Calif., who covers the San Diego market, says prices are falling unevenly, with higher- and lower-end homes selling better than those in the middle.

Courtesy of JB Goodwin