

Home prices rise for third straight month in July

By Paul Davidson, USA TODAY, September 30, 2009

Home prices rose for the third-consecutive month in July, bolstering the view that the long free fall in the housing market may be history. But consumer confidence fell unexpectedly, modestly pushing down stocks.

Housing prices ticked up 1.6% from June, according to the Standard & Poor's/Case-Shiller home price index, which tracks 20 large cities. Low mortgage rates and bargains on foreclosed homes are attracting buyers.

Home prices rose for the first time in three years in May. And after falling 12% from October through April, prices climbed 3.6% from May to June.

"I think we've made the turn," says Joel Naroff of Naroff Economic Advisors.

Values rose in 18 of the 20 cities, with only [Las Vegas](#) and [Seattle](#) posting monthly declines, of 1.1% and 0.1%, respectively. Thirteen cities have had at least three-consecutive monthly gains.

The residential real estate market is still weak. Home values in the 20 cities are off 13.3% from July 2008 and 33.5% from their 2006 peak. Prices are now about where they were in fall 2003. But the year-over-year declines have been steadily shrinking in each of the past six months.

In some cities, the housing market is almost stable year-over-year, with prices in Cleveland, Dallas and Denver dipping 1.3%, 1.6% and 2.9%, respectively.

Yet some economists say the recent run-up is a brief reprieve, and home prices have yet to hit bottom. Patrick Newport of IHS [Global Insight](#) says the market will swoon again after housing inventories are fattened by a new wave of foreclosures and an \$8,000 tax credit for first-time home buyers expires Nov. 30. Newport says prices will likely fall 6% before mounting a more sustainable rebound in mid-2010.

David Blitzer, chairman of Standard & Poor's index committee, says, "The numbers are very encouraging, but it will probably take some time before we have convincing data that we're past the bottom."

Meanwhile, a closely watched consumer confidence index dipped to 53.1 in September from 54.5 in August, the Conference Board said. Analysts expected it to rise to 57.

Ian Shepherdson of High Frequency Economics noted most of the drop stemmed from consumer attitudes about current conditions, which reflects high unemployment. The more critical "expectations index" was stable, sliding to 73.3 from 73.8. The overall index is up from a record low of about 25 in February.

Still, "With the holiday season quickly approaching, this is not very encouraging news," says Lynn Franco, head of the board's consumer research center. The Dow Jones industrial average closed down 47 points at 9742.

Metropolitan Area	July 2009	Change from June	Change from July 08
Atlanta	110.06	2.3%	-11.8%
Boston	154.53	1.2%	-4.9%
Charlotte	121.23	0.6%	-9.0%
Chicago	128.32	2.7%	-14.2%
Cleveland	107.93	1.5%	-1.3%
Dallas	121.17	1.2%	-1.6%
Denver	128.79	1.5%	-2.9%
Detroit	70.25	1.1%	-24.6%
Las Vegas	106.08	-1.1%	-31.4%
Los Angeles	163.86	1.8%	-14.9%
Miami	147.27	1.3%	-21.2%
Minneapolis	118.68	4.6%	-17.3%
New York	173.66	0.8%	-10.3%
Phoenix	106.66	1.8%	-28.5%
Portland	150.06	1.1%	-13.9%
San Diego	150.99	2.5%	-12.3%
San Francisco	128.86	3.3%	-17.9%
Seattle	149.44	-0.1%	-15.3%
Tampa	142.84	1.4%	-18.4%
Washington	176.32	1.8%	-9.8%
Composite-20	144.23	1.6%	-13.3%

The indexes have a base value of 100 in January 2000; so a current index value of 150 translates to a 50% appreciation since January 2000 for a typical home.

Source: Standard & Poor's and Fiserv

Courtesy of JB Goodwin