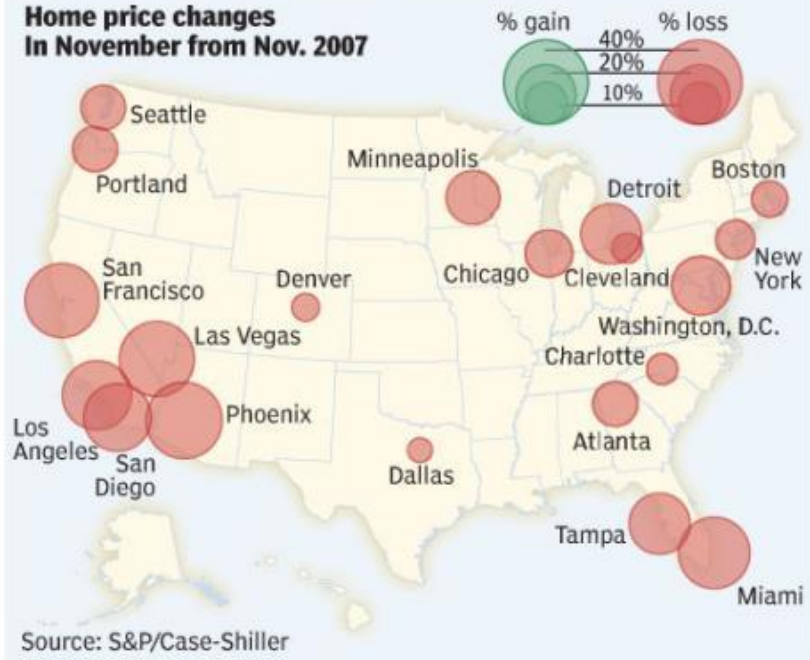


In cities, homes shed value

Home prices in these 20 U.S. cities declined an average of 18.2 percent in November from November 2007, the fastest drop on record, as foreclosures climbed and sales sank. Phoenix led with a 32.9 percent drop.

Home price changes In November from Nov. 2007



Source: S&P/Case-Shiller

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Key home price index falls a record 18.2 percent

Home prices most depressed in Southwest, Florida, Southern California.

By Jack Healy
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Home values in 20 of America's biggest metropolitan areas fell even further in November, according to a widely watched measure of housing prices released Tuesday.

Home prices in November dropped 18.2 percent from November 2007, not quite as bad as economists had expected but still the steepest plunge on record, according to the Standard & Poor's Case-Shiller Home Price Index.

Prices in 11 of the 20 metropolitan areas surveyed fell at record rates, and 14 areas reported double-digit declines from November 2007.

The 20-city index for November fell to 154.59, its lowest point since January 2004.

"The disappointing news is that the declines are still accelerating," said Adam York, an economic analyst at Wachovia Corp. "It emphasizes just how much stress the housing market is under."

The problems were most pronounced in parts of the country such as Southern California, South Florida and the Southwest, where prices of houses and land once doubled or even tripled in a single year and developers rushed to build as many subdivisions and condos as they could.

In the Phoenix metro area, home prices fell 32.9 percent in November from a year earlier, and they tumbled 31.6 percent in Las Vegas. In the San Francisco metropolitan area, prices declined 30.8 percent from last year.

None of the 20 cities in the index posted a gain in prices from October to November, or from November 2007 to November 2008. **But Denver and Dallas — the only Texas city on the index — fared the least poorly, with home prices falling 4.3 percent and 3.3 percent, respectively.**

David Blitzer, chairman of the index committee at Standard & Poor's, said he was heartened to see that, after months of worse-than-expected declines in housing statistics, the real data weren't drastically worse than the expectations.

"Maybe the pessimism has been slightly overdone," he said.

Still, the private Conference Board reported that consumer confidence continued to fall in January, hitting a new low of 37.7. Only 6.4 percent of 5,000 households surveyed reported that business conditions were good.

For millions of Americans, a drop in gasoline and energy prices has been the only glint of positive economic news in the past six months. Unemployment has risen to 7.2 percent, employers are trimming workweeks and laying off workers by the thousands, and retirement accounts have been devastated by the turmoil in the financial markets.

Tuesday's home price numbers were the latest sign that the housing market is still struggling. The continuing erosion of housing values poses a threat to millions of Americans who overextended themselves financially to take on mortgages or home equity loans, betting that an uninterrupted rise in home prices would keep them above water.

But tumbling values because of foreclosure sales and forced sales have also prompted a small boom in some parts of the country, where rock-bottom prices have lured buyers back into the market. The National Association of Realtors reported Monday that existing-home sales rose 6.5 percent in December, the largest monthly bounce in years.

"It's the beginning of what I think will be a regular drumbeat of reports of pickup of home sales," said Kenneth Simonson, chief economist of the Associated General Contractors of America. "I'm at the optimistic end of the spectrum: I think home sales will pick up throughout the first half of this year, and by the second half, we'll see homebuilders pick up their tools in selected markets."

The fire sales in depressed markets such as Southern California and Florida have helped chip away at a glut of unsold homes. Housing inventories at the end of December fell 11.7 percent from a month earlier, to 3.7 million homes, down from 4.2 million in November.

Courtesy of JB Goodwin