

U.S. home prices see first rise in three years

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NEW YORK (Reuters) – U.S. single-family home prices rose in May from April, the first monthly increase in nearly three years, suggesting prices may be stabilizing, according to Standard & Poor's/Case Shiller home price indexes on Tuesday.

The index of 20 metropolitan areas rose 0.5 percent in May from April, after a 0.6 percent decline the month before, in contrast with the 0.5 percent drop forecast by economists in a Reuters poll.

The May monthly rise resulted in an annual downturn of 17.1 percent, although this was the fourth straight month that the rate of decline slowed. This follows a 16-month string of record annual declines starting in October 2007 and ending in January.

S&P said its index of 10 metropolitan areas rose 0.4 percent in May after a 0.7 percent drop in April, for an 16.8 percent year-over-year drop.

In May, 17 of the 20 metro areas showed improved annual price changes compared with April. The 10 and 20-city indexes reported positive returns for the first time since summer of 2006.

"To put it in perspective, this is the first time we have seen broad increases in home prices in 34 months," David M. Blitzer, chairman of the index committee at S&P, said in a statement. "This could be an indication that home price declines are finally stabilizing".

Courtesy of JB Goodwin