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# Housing recovery slips out of sight

By Les Christie August 9, 2011: 1:58 PM ET

NEW YORK (CNNMoney) -- Any glimmer of hope that the housing market will stage a recovery in the upcoming months has vanished, thanks to the recent spate of bad economic news that has been making headlines over the past several weeks.

According to the latest analysis of home price trends in 384 markets based on the Fiserv/Case-Shiller Indexes, it will be well into the first quarter of 2013 before median home prices across the nation will even be on par with prices from the first quarter of this year.

**And that's not saying much. During the first quarter of 2011, prices fell in 302 of the 384 housing markets tracked by the Fiserv/Case-Shiller index, dropping by an average of 5.1% year-over-year.**

As a result of continued weakness on **the jobs front** and the **debt ceiling fiasco**, Fiserv pushed back its projections of a housing market turnaround by three months. Now, it doesn't expect home prices to start gaining any ground until the second quarter of 2012.

## Where the jobs are

**Instead, Fiserv expects median home prices to continue to fall by an average of 3.1% between March 31 of this year and March 31, 2012. After that, it expects to see prices increase by 2.7% until the first quarter of 2013.**

"Every piece of bad news causes more people to be more nervous," said David Stiff, chief economist for Fiserv, which provides information management and analyses data for the financial services industry.

"The stabilization of housing markets depends greatly on household confidence in the strength of the economic recovery. Unfortunately, recent economic news has done little to build confidence."

There still, however, is no shortage of housing inventory. More than 3.75 million existing homes in June alone were on the market, according to the National Association of Realtors. **At the latest rate of sales, it would take 9.5 months to exhaust that inventory, about 50% longer than what NAR considers a healthy housing market.**

"I don't think we'll see an increase in sales until we see the economy improving," said Fiserv's Stiff.

Hopes for that economic rebound seem to be fading. The percentage of Americans who have jobs reached a 28-year low in July. So, even though housing affordability is better than ever -- Fiserv's data shows that prices have fallen from their peak by nearly a third nationally and **mortgage rates have hit rock-bottom** -- too few people can take advantage of the affordable housing costs because of tightened lending standards.

Some markets, however, will fare better than others

**In the Miami metro area, for example, where prices fell 54% from the peak, Fiserv forecasts a further plunge of 22.8% over the 24 months ending March 30, 2013. Fiserv estimates that another hard-hit market, Las Vegas, will plunge another 19.3%, Ft. Lauderdale will see declines of 18.9% and Phoenix will take another 15% hit.**

Some smaller metro areas could also get hammered. In Ocean City, N.J., prices are predicted to plunge 26.9% through March, 2013; in Naples, Fla., Fiserv forecasted a 21.2% drop; and in Destin, Fla., it projected a 13.6% decline.

### **[Foreclosures fall in most U.S. cities](#)**

Stiff said markets that are ripe for a turnaround will be in the Pacific Northwest. The biggest gainer is expected to be Tacoma, Wash., where Fiserv said prices will rise nearly 25% by March 2013. Seattle and Portland's prices are expected to stay flat through next March and then record double-digit gains of just over 10% each over the following 12 months.

"Homes are undervalued in the Northwest," said Stiff, "the economy is diverse and the demographics strong. It has tech, manufacturing and extractive industries (like lumbering and mining) and people are still moving into the area."

Ocala, Fla. (23.9%), Palm Bay, Fla. (18.3%), Mobile, Ala. (18.5%) and Madera, Calif. (18.2%) are also expected to record big gains.

**Courtesy of JB Goodwin**