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S&P: US home prices fall by a record in October for 23rd straight month of deceleration

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NEW YORK: U.S. home prices fell in October for the 10th consecutive month, posting their largest drop since early 1991, according to a key index released Wednesday.

The record 6.7 percent slide in the Standard & Poor's/Case-Shiller home price index also marked the 23rd consecutive month that prices either fell or grew more slowly than the month prior.

"No matter how you look at these data, it is obvious that the current state of the single-family housing market remains grim," said Robert Shiller, who helped create the index, in a statement.

The previous record decline was 6.3 percent, recorded in April 1991. The index tracks prices of existing single-family homes in 10 metropolitan areas.

It is considered a strong measure of home prices because it examines price changes of the same property over time, instead of calculating a median price of homes sold during the month.

Home prices could fall another 10 percent over the next 12 to 18 months before bottoming out, said Patrick Newport, an economist with financial consultancy Global Insight, in an interview.

Newport said four of the largest groups currently trying to sell homes — banks holding foreclosed properties, homebuilders, speculators and unemployed consumers — are typically flexible about lowering house prices because they need to get rid of the property.

Sales of homes will likely start to rebound late in 2008, with price appreciation to follow, Newport said.

A second, broader Case-Shiller index, which measures 20 metropolitan areas, fell 6.1 percent in October. Among the 20 areas used in the broader index, 11 posted record year-over-year declines and all 20 declined in October compared to September.

Leading the index lower was Miami, where prices fell 12.4 percent in October compared to the same month last year. That led it to surpass Tampa, Florida, as the worst-performing city. Tampa posted a year-over-year loss of 11.8 percent.

Besides those two cities, Detroit, Las Vegas, Phoenix and San Diego also posted double-digit year-over-year declines.

Atlanta and Dallas, which had previously posted price appreciation, fell in October. Prices fell 0.7 percent in Atlanta and 0.1 percent in Dallas compared to a year earlier.

Only three areas — Charlotte (North Carolina), Portland (Oregon), and Seattle — posted year-over-year home price appreciation in October. Charlotte posted the largest gains at 4.3 percent.

Among the three, only Charlotte is likely to be saved from declining house prices within the coming few months, Newport said, because the area has not seen periods of rapid appreciation like the other markets.

Kevin Johnson, co-founder of Homes of the South Inc. in Charlotte, agreed.

"We never jumped very high like other areas," Johnson said. "We don't have a hard fall as other places."

Bob Morgan, president of the Charlotte Chamber of Commerce, said the area's strong economy is also playing a role in supporting price appreciation. While the numbers are preliminary, more than 14,000 jobs were created in the Charlotte area in 2007, he said, compared with more than 12,000 jobs in 2006.

The job growth is coming from a "pretty healthy" variety of sectors, including the financial industry, Morgan said. Charlotte is home to two of the four largest U.S. banks, Bank of America Corp. and Wachovia Corp.

Carole Brake, the sales manager at Bissell Hayes Realtors SouthPark Office in Charlotte, said prices are still up despite an increase in inventory.

"Sellers are not in a mode to reduce their prices. They want a fair market price for their home," Brake said.

AP Business Writer Ieva M. Augstums in Charlotte contributed to this report.