

## Home price index shows 1st annual gain in 3 years

Key home price index shows 1st gain in 3 years, though metro results were mixed



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Adrian Sainz, AP Real Estate Writer, On Tuesday April 27, 2010, 1:28 pm

MIAMI (AP) -- Home prices in February posted their first annual increase since the end of 2006, lifted by temporary tax credits for homebuyers.

The Standard & Poor's/Case-Shiller home price index released Tuesday squeezed out a 0.6 percent gain. But that was half the increase analysts had expected. On a more cautionary note, 11 of the 20 cities tracked by the index showed declines from February last year.

The data underscored the fragile nature of the housing recovery. Nationally, home prices are up more than 3 percent from the bottom in May 2009, but still are 30 percent below the May 2006 peak.

And there is a "risk that home prices could decline further before experiencing any sustained gains," cautioned David Blitzer, chairman of the S&P index committee. "It is too early to say that the housing market is recovering."

Prices are getting a boost from temporary tax credits that expire at the end of April. First-time buyers can claim up to \$8,000 and homeowners who buy and relocate can get up to \$6,500. So buyers have more purchasing power.

That's helped propel prices in San Francisco up 12 percent, the best in the index. Likewise, in Los Angeles, San Diego and Washington prices climbed more than 5 percent.

But there are still pockets of weakness around the country. Las Vegas saw the largest annual price drop at almost 15 percent. And, in six markets -- Charlotte, N.C.; Las Vegas; New York, Portland, Ore.; Seattle; and Tampa, Fla. -- the index fell to the lowest level since peaking in 2006 or 2007.

In Las Vegas -- a market hit hard by overbuilding and foreclosures -- appraisals are coming in consistently low, dragging down prices, said Brad Snyder, a local agent with ZIP Realty. Investors and first-time buyers are competing for homes in the lower price range.

"If the house is priced at \$150,000, it's going to get a lot of action," Snyder said.

The Case-Shiller index measures home price increases and decreases relative to prices in January 2000. The base reading is 100; so a reading of 150 would mean that home prices increased 50 percent since the beginning of the index. The index registered 144.03 in February.

A rebound in prices is considered necessary to boost consumer optimism and help revive the economy. A home is the largest and most important financial asset for most Americans. So, as values climb, homeowners feel wealthier and more comfortable spending.