

# Housing prices buck trend

County one of four U.S. areas on rise

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San Diego County, where housing prices rose and fell ahead of most of the country, was one of only four areas nationally to see an upturn beginning late last year, according to a widely watched housing index released yesterday.

Standard & Poor's Case-Shiller Home Price Index for November showed San Diego-area prices up nearly 0.4 percent from both October 2009 and November 2008. On a seasonally adjusted basis, it was up 1 percent from October and up 0.4 percent year over year.

The only other markets to be up year over year were Dallas, Denver and San Francisco.

However, the 20 metro areas in the index collectively were down over the same period — off 0.2 percent for the month and 5.3 percent year over year — an indication that any housing recovery is uneven around the country. At the extremes, prices in Dallas were up 1.4 percent and those in Las Vegas were down 24.5 percent from November 2008.

The index was set at 100 for all areas as of January 2000, based on a three-month, rolling average of single-family resale homes involving the same property over time.

San Diego's index for November was 156.06, meaning that prices here were up roughly 56.1 percent from 10 years ago. The index rose as high as 250.34 in November 2005, before falling to a low of 144.43 in April. Since then the index has risen steadily and, when seasonally adjusted, is up 6.9 percent from the trough.

The Case-Shiller index, limited to certain transactions and averaged in three-month chunks, has risen a bit slower than the MDA DataQuick monthly median price report that include all sales. Its November median for single-family resale homes was \$365,000, up 1.4 percent from October and 9 percent from November 2008.

David M. Blitzer, S&P index chairman, said in a statement that despite four metro areas being up, there were four others that set index lows since the housing boom peaked.

"On balance, while these data do show that home prices are far more stable than they were a year ago, there is no clear sign of a sustained, broad-based recovery," Blitzer said.

David Goldberg, an analyst for UBS, predicted that prices could fall between 3 percent and 5 percent before unemployment levels out.

"We're probably in the latter stages of seeing home price declines," Goldberg said.

S&P reported indexes in all metro areas except Detroit were higher than where they stood in January 2000, not factoring in inflation. Detroit's index stood at 72.59, meaning its prices are roughly 27 percent below their 2000 starting point. Washington, D.C., with an index of 179.2, had the highest index value among the 20 areas; it fell from a peak 251.07 to 165.93 before rising again.

As further signs of a seesawing housing market, the Federal Housing

Finance Agency said yesterday that its price index, based on mortgages, was up 0.7 percent from October to November, after having revised the October figure down. First American CoreLogic, a data firm, reported a decline of 0.2 percent in its November report issued last week.

Analysts said the apparent slowdown in housing recovery may be connected to a burst of activity last fall, when buyers rushed to close escrow to take advantage of an \$8,000 federal tax credit for first-time home buyers. The credit was extended and expanded in November, reducing the urgency to buy until the next deadline, April 30.

Norm Miller, a housing expert at the University of San Diego and vice president for analytics at the CoStar Group, a commercial real estate company, said the future is uncertain because of an expected rise in foreclosures, which could depress prices, and interest rates, which could hurt affordability.

But San Diego may not feel much of a backslide because of the relative shortage of homes for sale.

"We're one of the least-affordable markets in the country on a long-term basis," Miller said. "When things become more affordable (as they have since 2005), there's more a sense of urgency than in Cincinnati. OK, prices are down (there) a little bit, but here they're three times down as much as in the Midwest. So, gosh, now's a good time to buy."

Miller said San Diego is likely to continue seeing a sluggish upper-end market as owners refrain from listing their homes for sale because they hope prices will return to their previous highs and buyers hope for additional bargains.

But for buyers, Miller said now may be an opportune time to get a property, even if prices might dip a bit over the next few months, because any rise in interest rates would wipe out any marginal drop in prices.

"If you can get interest rates at 10 percent less than a year from now, that means more than missing the bottom of the housing cycle," he said.

## S&P/CASE-SHILLER HOME PRICE INDEX

### Top 10 metro areas, November 2009

Metro area	Index	Chg. from Nov. 2008
1. Dallas	119.92	1.4%
2. San Francisco	136.63	1.0%
3. Denver	128.29	0.5%
4. SAN DIEGO	156.06	0.4%
5. Washington	179.2	-0.6%
6. Boston	153.97	-0.7%
7. Cleveland	104.75	-2.5%
8. Los Angeles	169.72	-3.5%
9. Charlotte, N.C.	118.66	-5.5%
10. Atlanta	109.29	-6.2%
All 20 metro areas	146.28	-5.3%

SOURCES: Standard & Poor's and Fiserv  
Based on single-family resales of the same property on a three-month rolling average. The index was set at 100 for all areas in January 2000.