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Home Prices Showing Signs of a Turnaround: Case Shiller

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U.S. single-family home prices picked up for a third month in a row in April, suggesting the recovery in the housing market is gaining traction, a closely watched survey showed on Tuesday.

The S&P/Case Shiller composite index of 20 metropolitan areas gained 0.7 percent on a seasonally adjusted basis, topping economists' expectations for a 0.4 percent gain.

On a non-seasonally adjusted basis, prices fared even better, rising 1.3 percent.

"This looks like a solid turn," David Blitzer, chairman of the S&P Index Committee, told CNBC's "Squawk on the Street." "It's going to take a few more months to cement all the evidence in place, but it looks very good."

Just three out of the 20 cities in the index saw declines in April on a seasonally adjusted basis.

"It has been a long time since we enjoyed such broad-based gains," Blitzer said in a statement.

"While one month does not make a trend, particularly during seasonally strong buying months, the combination of rising positive monthly index levels and improving annual returns is a good sign."

Compared to a year ago, home prices were down 1.9 percent in the 20 cities, beating expectations for a decline of 2.5 percent, and an improvement from the 2.6 percent annual decline seen in March.

April's gain made for the longest streak of consecutive monthly gains since prices were boosted by the homebuyer tax credit from mid-2009 into early 2010.

Recent data has pointed to a market that has finally hit bottom and is stabilizing, including a report on Monday that showed new home sales hit a two-year high in May.

Still, the housing market has a long way to go before full recovery as it faces a large pipeline of foreclosures, tight credit restrictions and weak demand.

Stan Humphries, chief economist at Zillow, said the improvement in April confirmed that home prices are stabilizing.

"Despite nervousness created by a recent weakening in job growth numbers and an uptick in European sovereign debt concerns, we've been able to keep the wheels on the wagon of a housing market recovery longer than we did in the prior two years," said Humphries.

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