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Children walk past a home for sale in Los Angeles, where a surprisingly strong rebound in that state's real estate market helped lift a key home price index.

Home price index up for 8th straight month

Surprising rebound in California brings hopes that worst is over

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THE ASSOCIATED PRESS

LOS ANGELES — A surprisingly strong rebound in California's real estate market helped lift a key home price index for the eighth month in a row.

That's good news for people who plan to sell their homes this spring. Prices are now up almost 4 percent from the bottom in May 2009 but still almost 30 percent below the May 2006 peak.

Prices rose 0.3 percent from December to January on a seasonally adjusted basis, according to the Standard & Poor's/Case-Shiller 20-city home price index released Tuesday. Prices increased in 12 cities in the index.

The biggest monthly gain was in Los Angeles, where prices rose 1.8 percent from December. And real estate agents say there's a distinct sense the worst of the downturn is over.

Buyers are "seeing that prices are creeping up," said Tony Middleton, a real estate agent with ZIP Realty who concentrates on the San Fernando Valley.

Prices in San Diego, meanwhile, rose by almost 0.9 percent. Phoenix had the third-largest gain at 0.8 percent.

Compared with the same month last year, the 20-city index was off just 0.7 percent at a reading of 146.32. That was the smallest decline in almost three years and in line with analysts' expectations, according to Thomson Reuters.

Rising home prices could boost consumer optimism. As values climb, homeowners feel wealthier. And, for homeowners who owe more on their mortgages than their properties are worth, rising prices rebuild equity.

Still, there are signs that last year's housing rebound won't last. Home sales sank during the winter, and government incentives are ending.