WEDNESDAY, SEPTEMBER 23, 2009 THE GREENVILLE NEWS

Home prices build slightly in July

By Alan Zibel
THE ASSOCIATED PRESS

WASHINGTON — U.S. home prices rose slightly in July from a month earlier, according to a government index, further evidence the housing market is stabilizing.

The Federal Housing Finance Agency said Tuesday prices rose 0.3 percent in July from the prior month, but June's price increase was revised down to 0.1 percent from 0.5 percent.

The index is still 4.2 percent below last year's levels and 10.5 percent off its peak from April 2007. It is based on loans owned or guaranteed by mortgage finance companies Fannie Mae and Freddie Mac.

The index has declined less than other housing market measurements because it excludes the most expensive homes and some of the subprime loans that have fallen into foreclosure.

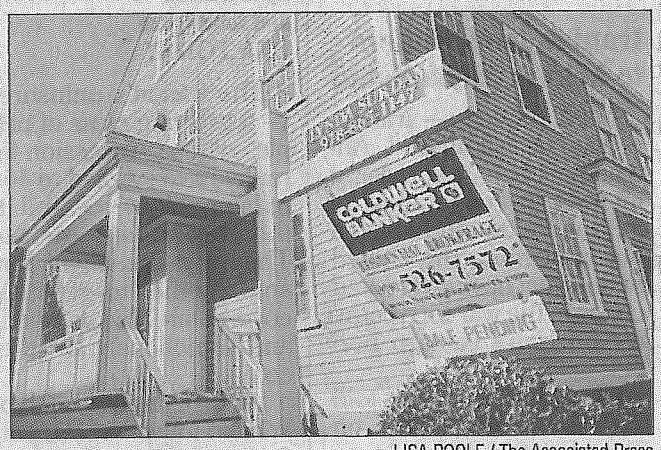
The report "supports other evidence that the three-year long decline in prices has come to halt," Paul Dales, U.S. economist with Capital Economics, wrote in a note to clients. But he cautioned that "rising foreclosures and the fragile economic environment suggest that further gains in prices will be modest and patchy."

A tax credit of up to $8,000 for first-time homebuyers expires Nov. 30, and lawmakers have yet to decide whether to extend it. While the Federal Reserve has been able to keep mortgage rates near historic lows, it's unclear how long that will last.

Another measurement of home prices, the widely watched Standard & Poor's/Case-Shiller national index, posted its first quarterly increase in three years during the April-June quarter. That fed hopes that the long-awaited bottom has arrived.

Other economists, however, warn that prices could start falling again.

"We think house price indexes are likely to edge somewhat lower in the fall when foreclosures become a larger share of home sales," Barclays Capital economist Nicholas Tenev wrote in a client note.



LISA POOLE / The Associated Press

U.S. home prices rose slightly in July from the previous month, further evidence the housing market is stabilizing.