

Home prices rose in nearly all major cities in April from March, further evidence that the housing market is slowly improving. AP FILE PHOTO

Home prices rising in most major cities

Housing index still below 2006 peak, but 19 of 20 markets saw increases

By Christopher S. Rugaber
Associated Press

WASHINGTON — Home prices rose in nearly all major cities in April from March, further evidence of a housing market that is slowly improving.

The Standard & Poor's/Case-Shiller home price index released Tuesday showed increases in 19 of the 20 cities tracked. That's the second straight month that prices have risen in a majority of cities.

A measure of national prices rose 1.3 percent in April from March, the first increase in seven months.

San Francisco, Washington and Phoenix posted the biggest increases in April. Prices fell 3.6 percent in Detroit, the only city to record a drop.

The month-to-month prices aren't adjusted for seasonal factors. Still, prices in half of the cities are up over the past 12 months.

Prices are increasing as the housing market has slowly started to recover. Sales of new and previously occupied homes are up over the past year, in part because mortgage rates have plunged to the lowest levels on record. Builders are more confident and are starting to build more homes.

Consistent price increases benefit the broader economy. Homeowners feel wealthier, encouraging them to spend more. Rising prices also encourage more Americans to buy homes because they are more confident that their investment will appreciate over time.

"If you are no longer quite so afraid that prices are going to fall, you are more likely to buy," said Pierre Ellis, a senior economist at Decision Economics.

The S&P/Case-Shiller monthly index covers roughly half of U.S. homes. It measures prices compared with those in January 2000 and creates a three-month moving average. The April figures are the latest available.

Even with the gains, the index is 34 percent below its peak reached in the summer of 2006, at the height of the housing boom. Based on the 20-city index, home prices are now at about the same level as in early 2003.