

Record-low mortgage rates, which averaged 3.49 percent last week on a 30-year loan, could enable sales of houses, such as this one for sale in Hollywood, Calif. AP

In July, home prices rose in 20 big cities

Phoenix saw a 16.6% increase in past year

By Christopher S. Rugaber
Associated Press

WASHINGTON — Home prices kept rising in July across the United States.

National home prices increased 1.2 percent in July, compared to the same month last year, according to the Standard & Poor's/Case Shiller index released Tuesday. That's the second straight year-over-year gain after two years without one.

The report also says prices rose in July from June in all 20 cities tracked by the index. That's the third straight month in which prices rose in every city.

Steady price increases and record-low mortgage rates are helping with a housing recovery.

In the 12 months ending in July, prices have risen in 16 of 20 cities. In Phoenix, one of the cities hardest hit by the housing bust, prices are up 16.6 percent in that stretch. Prices in Minneapolis and Detroit have risen more than 6 percent.

"We are more optimistic about housing," said David Blitzer, chairman of the S&P's index committee. "Stronger housing numbers are a positive factor for other measures, including consumer confidence."

Prices fell from a year earlier in Atlanta, Chicago, New York and Las Vegas.

The S&P/Case-Shiller 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 July figures are the latest available.

Home prices are still 30 percent below their peak in June 2006, according to Case-Shiller. That was the height of the housing boom.

Home sales have been bolstered by the lowest mortgage rates on record. The average rate on the 30-year fixed mortgage touched a record low of 3.49 percent last week and has been below 4 percent all year. A limited supply of homes has also helped drive prices higher.

Prices are also rising because of a decline in foreclosures and sales of other deeply discounted homes. Many homes in the foreclosure process will likely come on the market in the coming months, which could drag on prices.