Limited supply drives up

Single-family home sales climb in April

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USA TODAY

Home prices in 20 U.S. cities rose faster than expected in March, powered by limited supply for sale, according to a closely-watched economic report issued Tuesday.

A separate report issued by the federal government also showed new single-family home sales rose more than expected in April.

The Standard & Poor's/Case-Shiller index reported that property values for the 12 cities rose 5% year-over-year compared with March 2014. The result topped the 4.6% consensus forecast of economists surveyed by Bloomberg.

Nationally, home prices recorded a 4.1% annual gain in March, compared with a 4.2% increase in February 2014, the index showed.

San Francisco and Denver reported the highest year-over-year price gains, with increases of 10.3% and 10% respectively over the last 12 months. Dallas rounded out the top three cities, with a 9.3% year-over-year gain.

The national index gained 0.8% month-over-month in March, with both the 10-city and 20-city composites reporting significant increases.

San Francisco led all cities with a 3% monthly rise in home prices, followed by Seattle with a 2.3% jump. New York was the only city to report a negative month-over-month change, with home prices down 0.1% for March.

"Home prices have enjoyed year-over-year gains for 35 consecutive months," said David Blitzer, managing director and chairman of the Index Committee for S&P Dow Jones Indices. "The patter of consistent gains is national."

However, the annual rate of increase halved in the last year, Blitzer said. Home prices are currently rising more quickly than either per capita personal income or wages, narrowing the potential pool of future home buyers, he said.

"All of this suggests that some future moderation in home prices gains is likely," Blitzer said. "Moreover, consumer debt levels seem to be manageable. I would describe this as a rebound in home prices, not a bubble and not a reason to be fearful."

March home prices



DAVID PAUL MORRIS, BLOOMBERG

Potential buyers leave after viewing a home for sale in San Francisco.

Separately, a joint report by the U.S. Census Bureau and the Department of Housing and Urban Development showed that sales of new single-family homes rose 6.8% in April to a seasonally adjusted rate 517,000 units.

The March rate was revised upward to 484,000, 3,000 units higher than the government's initial estimate for the month.

The median sales price of new houses sold in April was $297,300 according to the government report.

The seasonally adjusted estimate of new houses for sale at the end of April was 205,000, a supply of 4.8 months at the current sales rate, the report said.