

BUSINESS

Some progress in housing

Small pockets of improvement popping up nationwide as prices rise

By Julie Schmit
USA TODAY

Home prices continue to fall but there are small signs of improvement. Nationwide, prices fell 0.8 percent in February, the sixth-consecutive month of price declines, according to the Standard & Poor's/Case Shiller index. When adjusted for seasonal factors, prices rose 0.2 percent.

The latest Federal Housing Finance Agency index shows home prices rising 0.4 percent for the

12 months ended in February, the first 12-month increase since July 2007.

"Home prices are slowly bottoming out," says Steven Ricchiuto, chief economist of Mizuho Securities.

The Case-Shiller index shows February's prices were 35 percent below their 2006 peak.

March numbers appear to be stronger, says Stan Humphries, chief economist of Zillow. A new report shows home prices rising 0.5 percent from February to March, the

largest monthly increase in almost six years.

Nineteen of the 30 markets the Zillow forecast covers will bottom in 2012, or already have, Zillow predicts. Nationally, home prices will fall 0.4 percent in the next 12 months and may bottom in late 2012, Zillow adds. Markets will hit bottom at different times, economists say.

The FHFA index, which includes fewer distressed homes than the Case-Shiller data does, shows prices are holding up better in markets with fewer dis-

tressed homes, says Patrick Newport, IHS Global Insight economist.

Prices are picking up in some markets especially hard hit by the foreclosure crisis. They've risen for five months in Phoenix, including a 1.2 percent gain in February, Case-Shiller data show. Miami posted a 0.6 percent monthly increase. Zillow forecasts Phoenix will see a 6.5 percent gain in the next 12 months, the best U.S. home price appreciation rate. Strong demand from investors and increasing de-

mand from regular buyers — coupled with a low supply — is driving prices in Phoenix, says Michael Orr, real estate expert at Arizona State University.

Miami will follow Phoenix, with a 5.6 percent gain in the next year, Zillow says.

Atlanta, whose market lacks those strengths and has been hurt by high foreclosures, posted a 17 percent drop in prices in February from 2011, far worse than the 3.5 percent decline in Case-Shiller's index of 20 leading cities.