U.S. sees first home price rise in 7 months

Some analysts fear rebound won't last

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NEW YORK — Home prices in April rose for the first time in seven months as government tax credits bolstered the housing market. But the rebound may be short-lived now that the incentives have expired.

The Standard & Poor's/Case-Shiller 20-city home price index released Tuesday posted an 0.8 percent gain. It had fallen in each of the past six months.

Eighteen of 20 cities showed price increases in April from March. Washington, San Francisco and Dallas each posted gains of 2 percent or more. Eleven cities reversed their declines from the month before.

Only Miami and New York recorded price declines. Prices in New York were the lowest since 2004.

Nationally, prices are up 3.8 percent from their April 2009 bottom but still 30 percent below their July 2006 peak.

The overall price gains highlight the impact of the federal tax credits for homebuyers, who rushed to purchase before the tax credits expired at the end of April. The numbers are likely to drop in the next report.

"Demand for homes has softened since then, and that is likely to weigh on prices, particularly in May and June," wrote TD Bank Financial Group economist Martin Schwerdtfeger Tuesday. "Weaker sales and still-high foreclosures will likely drive month's supply higher in the near term, and this will put lid on home prices."

David M. Blitzer, the S&P's index chairman, said the recovery is not getting a consistent boost from the housing market. He doesn't expect that to happen until next year.

"Other housing data confirm the large impact, and likely near-future pullback, of the federal program," Blitzer said.

Last week, the government reported that new home sales fell in May to their lowest level on record, plunging 33 percent from the month before. That was the slowest sales pace on records dating back to 1963.



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