

Index shows first rise in home prices since '06

SEATTLE PRICES DIP

Foreclosure backlog clogging market

The Associated Press and Seattle Times staff

Home prices in February posted their first annual increase since the end of 2006, lifted by temporary tax credits for homebuyers.

The Standard & Poor's/Case-Shiller home-price index released Tuesday eked out a 0.6 percent gain, even though 11 of the 20 cities tracked by the index showed declines from February last year.

Seattle was among the 11. Prices here fell 5.6 percent year-over-year, according to the index.

The data underscored the mixed and fragile nature of the housing recovery. Nationally, home prices are up more than 3 percent from the bottom in May 2009 but still are 30 percent below the May 2006 peak.

In the Seattle market, which includes King, Snohomish and Pierce counties, prices still are dropping. But the peak here came later, in

July 2007.

Nationally, there is a "risk that home prices could decline further before experiencing any sustained gains," cautioned David Blitzer, chairman of the S&P index committee. "It is too early to say that the housing market is recovering."

Prices are getting a boost from temporary tax credits that expire at the end of April. First-time buyers can claim up to \$8,000 and homeowners who buy and relocate can get up to \$6,500.

That's helped propel prices in San Francisco up 12 percent, the best in the index. Likewise, in Los Angeles, San Diego and Washington, D.C., prices climbed more than 5 percent.

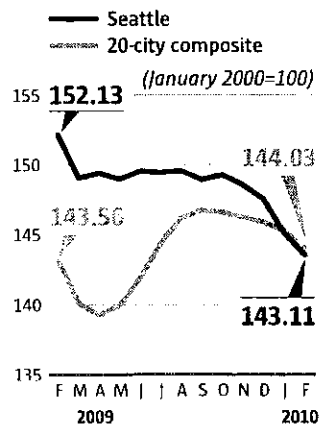
But there are still pockets of weakness around the country. Las Vegas saw the largest annual price drop at almost 15 percent. Detroit and Tampa also saw declines of more than 5 percent.

The Case-Shiller index measures home-price increases and decreases relative to prices in January 2000. The base reading is 100; so a reading of 150

Seattle home prices still head down

After several months of stability, home prices in Seattle fell again in February, according to the closely watched S&P Case-Shiller index. Seattle also was one of 11 cities in the 20-city index to post a year-over-year decline. The composite index also fell in February, but was up slightly year-over-year.

(Not seasonally adjusted)



Source: Standard & Poor's

A. RAYMOND/THE SEATTLE TIMES

would mean that home prices increased 50 percent since the beginning of the index. The index registered

144.03 in February.

For Seattle, it was 143.56.

Unlike U.S. businesses, which whittled down inventories during the recession, the housing market is suffering from a backlog of foreclosures. As banks unload these properties en masse, it could overwhelm demand and push prices down again.

"The bottom line is that we're still fighting an uphill battle against a shadow inventory of foreclosures," said Daniel Alpert, managing director of Westwood Capital.

Earlier this month, Standard & Poor's recommended clients not use its seasonally adjusted figures because they may be misleading. Normally, seasonal adjustments are applied to data that can be affected by the time of the year or the seasons, like the traditional spring home-shopping months. But the three-year surge in foreclosures appears to have magnified the seasonal factors in S&P's computer model, making them less reliable.

Seattle Times business reporter Eric Pryne contributed to this report.