

U.S. housing prices at lowest point since 2006; Portland's prices drop to fall 2004 levels

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By **The Associated Press**



AP Photo/Amy Sancetta

A home for sale in Chagrin Falls, Ohio. Home prices have reached their lowest points since the housing bubble burst in 2006, driven down by foreclosures, a glut of unsold homes and the reluctance or inability of many to buy.

WASHINGTON — Home prices in major areas have reached their lowest level since the housing bubble burst in 2006, driven down by foreclosures, a glut of unsold homes and the reluctance or inability of many to buy.

Prices fell from February to March in 18 of the metro areas tracked by **the Standard & Poor's/Case-Shiller 20-city index**. And prices in a dozen markets -- including in the Portland area -- have reached their lowest points since the housing crisis began. Prices in March rose only in the Seattle and Washington, D.C., metro areas.

In Portland, prices dropped 7.6 percent year-over-year. **Prices in Portland** are now where they were in the fall of 2004.

The nationwide index fell for the eighth straight month. Most economists think prices nationally will drop at least an additional 5 percent by year's end. They aren't likely to stop falling until the glut of foreclosures for sale is reduced, employers start hiring in greater force, banks ease lending rules and would-be buyers regain confidence that a home purchase is a wise investment.

"Folks are having so much difficulty in getting financing for a home," said Mark Vitner, senior economist at Wells Fargo. "It may be early next year before prices hit bottom."

Another obstacle to a rebound in prices: A delay in processing foreclosures. Homes in foreclosure sell for, on average, 20 percent discounts. When they do, they pull prices down further. But many foreclosure sales have been delayed while federal regulators, state attorneys general and banks review how those foreclosures were carried out over the past two years.

Once those homes are eventually foreclosed upon, they will trigger a further price drop in many markets.

Along with Portland, the 12 cities now at their lowest levels in nearly four years include Atlanta, Charlotte, Chicago,

Cleveland, Detroit, Las Vegas, Miami, Minneapolis, New York, Phoenix and Tampa.

The Case-Shiller index measures sales of select homes in the 20 largest markets compared with January 2000. For each metro area it reviews, the index provides a three-month moving average price. By measuring sales prices of the same homes over time, the index seeks to pinpoint market values and conditions.

Homes account for about a third of household wealth. So when prices fall, they have "important spillover effects on other sectors of the economy," said Yelena Shulyatyeva, an analyst at BNP Paribas. The housing sector is struggling even as the overall economy is in the midst of a steady but slow recovery.

That won't change soon. Roughly 92 percent of homeowners say it's a bad time to sell their home, according to the latest Thomson Reuters/University of Michigan index of consumer sentiment. The Conference Board today reported a sharper than expected drop in April in its **monthly Consumer Confidence Index**.

Some of the sharpest price declines have occurred in cities hit hardest by unemployment and foreclosures, such as Phoenix, Tampa and Las Vegas. They are flooded with homes sitting vacant, awaiting buyers. Many banks have agreed to allow homes at risk of foreclosure to be sold for less than what is owed on their mortgages. That trend has pulled down prices.

Coastal areas, such as San Francisco, San Diego, Los Angeles, Washington and Boston, have fared comparatively better in the past two years. They have been aided by healthy local economies and low unemployment, desirable city centers and limited space for new housing.

But the damage is now spreading to areas that had long escaped the worst of the crisis. They include once-thriving markets, such as Dallas, Denver, Minneapolis and Cleveland. Economists regard them as housing bellwethers — metro areas that are reliable indicators of where national prices are headed.

Denver and Dallas are on pace to hit post-housing bust lows in the next few months.

In the seven years before its peak in July 2006, the home-price index surged 155 percent. Since then, it's fallen 33 percent.

"We look for further declines to be registered in the quarters ahead," said Joshua Shapiro, chief U.S. economist at MFR Inc.

-- The Associated Press; **Brent Hunsberger** contributed.

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