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U.S. Home Prices Slump Again, Hitting New Lows

By DAVID STREITFELD

A new slide in housing prices has begun in earnest, with averages in major cities across the country falling to their lowest point in many years.

Prices in 20 major metropolitan areas slid 1 percent in November from October, according to the [Standard & Poor's Case-Shiller Home Price Index](#) released Tuesday. The index has fallen 1.6 percent from a year ago.

Nine of the 20 cities in the index sank in November to new lows for this economic cycle: Chicago; Las Vegas; Detroit; Atlanta; Seattle; Charlotte, N.C.; Miami; Tampa; Fla.; and Portland, Ore. Only a handful of places — essentially, California and the District of Columbia — went counter to the trend and had rising prices over the last year.

Whether the long-predicted double dip is looming or has already arrived is a quibble of semantics.

David M. Blitzer, chairman of S. & P.'s Index Committee, does not count a downturn as a double dip until it exceeds the previous low. The index is still 3.3 percent above the low it reached in April 2009.

Mr. Blitzer thinks a double dip could be confirmed before spring.

“We shouldn’t kid ourselves,” he said. “The last few months have been weak.”

Cities that were never mainstays of the boom are suffering unduly in this latest bust. Atlanta, Chicago and Portland have dropped more than 7 percent over the last year, with much of the tumble in October and November.

By this point, the problems in the housing market are well known. Builders built too much, lenders lent too much, and people bought too much. The binge was epic and so is the hangover.

The era during the middle of the last decade when many people thought houses were a great investment is long gone. A house in Atlanta is worth almost exactly the same as it was 11 years ago, the Case-Shiller data shows. And that is before adjusting for inflation.

Cities like Minneapolis and Charlotte did not do much better. “I don’t know if that’s a disaster, but it’s certainly a disappointment,” Mr. Blitzer said.

The Case-Shiller Index is a three-month average of prices, so shifts in the market take a long time to play out. The market has been experiencing what S. & P. called “an unambiguous deceleration” since last May. That, not coincidentally, was when the government’s special tax credit for buyers was ending.

The tax credit particularly strengthened sales of cheaper houses, and now its absence is speeding their fall. In Atlanta, for instance, prices for lower-priced homes fell 32 percent over the last year, the Case-Shiller data shows.

“It’s a direct reversal from the way things were during the credit,” said Paul Dales, senior United States economist at Capital Economics.

There are few calls to bring back the tax credit, even among the Realtors who championed it when it was first proposed and then when it was extended. Nor are other forms of stimulus or stabilization being widely proposed.

“There seems zero interest in doing anything along these lines,” said the economist Dean Baker, co-

director of the Center for Economic and Policy Research. “My view is that we should just let the market adjust and try to help out the homeowners who are hurt most by this.”

Mr. Baker has proposed letting foreclosed owners stay in their homes as renters. The idea has gained little traction.

One hopeful sign for real estate is that on both a seasonally adjusted and an unadjusted basis, the Case-Shiller declines measured in November were less than in October. The 20 cities fell 0.5 percent on seasonally adjusted basis in November after a 1 percent drop in October.

Nevertheless, analysts said the declines would continue, even if not as sharply as in 2007 and 2008. “The enormous supply overhang of existing homes — particularly factoring in all those in foreclosure or soon to be — promises to keep pressure on prices for some time,” said Joshua Shapiro, the chief United States economist of MFR Inc.

Mitch Kaminer, the president-elect of the Atlanta Board of Realtors, said the November Case-Shiller numbers were ancient history. “Atlanta’s a strong market,” he said. “I’m expecting the January numbers to be much better. I can’t say it often enough: this is a great time to buy.”

Mr. Kaminer was speaking after he had just finished showing a house in Dunwoody, Ga., to a Chicago transplant. The agent ticked off its selling points: four bedrooms, three-and-a-half baths, a close-in location. The asking price of \$439,000 was a sharp discount to the \$525,000 it might have fetched a few years ago.

But the potential buyer did not go for it. “Just like every other buyer out there, he wants to make sure he’s getting a great deal,” Mr. Kaminer said.

In others words, today might be a great time to buy, but tomorrow might be even better. It is a conviction the housing market cannot seem to shake.



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