

MarketWatch

5 CITIES WHERE HOME PRICES WILL RISE THIS YEAR

In a surprising twist, a Florida housing market makes the list

CHICAGO (MarketWatch) — Despite recent price improvements nationally, only five markets in the country are expected to see home-price gains for the remainder of 2011: Washington, New York, Orlando, Dallas and San Francisco.

That's right, Orlando, Fla., where prices have fallen 63% from their peak.

This is according to Clear Capital's home data index forecast, released Friday. The company provides real-estate valuation and risk assessment information for financial institutions.

Granted, prices are expected to be up only 0.7% through the remainder of the year in Orlando, said Alex Villacorta, director of research and analytics for Clear Capital.

"This is really a drop in the bucket compared with where this market has fallen," he said. Yet it's an encouraging sign of stability for a housing market that suffered the majority of its losses in 2008 and 2009, Villacorta added.

On a national basis, home prices are expected to fall another 2.4% for the second half of the year, according to the report.

A return to normalcy?

Still, recently there have been some hopeful signs that housing is at or very near the absolute bottom, he said.

Home prices rose 0.9% in the second



quarter, compared with the first quarter, following nine months of price drops, according to Clear Capital.

In the S&P/Case-Shiller home-price index of 20 cities, prices were up 0.7% in April, compared with March. Read more: U.S. home prices up for first time in eight months.

Some may argue that the increases are seasonal and prices are up because more home buyers are in the market when the winter months end, Villacorta said. But even a seasonal blip is a good sign for a housing market that has been depressed for years now.

"We haven't seen any seasonal blip in some time, so even if it is, it is a sign that markets are returning to normalcy once again," Villacorta said.

Struggling markets

That said, not all markets have had a strong first half of the year.

Parts of the Midwest, for example, saw significant price drops in the first half of 2011. In Detroit, prices fell nearly 20% during the six months, with prices falling

an average \$12,000 on a typical \$62,500 home there, according to the Clear Capital report.

On a national basis, prices fell 3.2% in the first half of the year.

A separate survey from Fannie Mae, released on Thursday, showed that a growing percentage of Americans aren't optimistic about home prices in the year ahead.

Twenty-five percent of Americans expect prices to fall during the next 12 months, up from 19% who said the same in May, according to the Fannie Mae survey of 1,000 adults. Read more: Home price outlook worsens in June.

"We see a continued lack of confidence among consumers on home prices, the ability to sell their homes, and the state of their personal finances — all of which point to housing as a continued downside risk to economic growth going forward," said Doug Duncan, vice president and chief economist of Fannie Mae, in a news release.

By Amy Hoak, MarketWatch