

Home Prices Fall in 21 U.S. Cities Amid Foreclosures (Update3)

By Kathleen M. Howley

April 3 (Bloomberg) -- Home prices declined in 21 U.S. cities in January, led by Sacramento and Las Vegas, as banks sold foreclosed homes at bargain prices.

The price per square foot in Sacramento, the capital of California, dropped 28 percent to \$166 from a year earlier, according to a report released today by New York-based Radar Logic Inc., a real estate data company. Las Vegas fell 25 percent to \$137 a square foot.

Rising **foreclosures** and tighter lending standards are deepening the U.S. housing slump as it enters its third year. The median **price** of an existing single-family home dropped 8.7 percent in February from a year earlier, the most in four decades of record keeping, the Chicago-based National Association of Realtors said in a March 24 report.

"Foreclosures are throwing more supply on the market," said **Michael Darda**, chief economist at MKM Partners LP, an equity trading and research firm in Greenwich, Connecticut. "That's certainly a downward force on prices."

U.S. mortgage foreclosures rose to an all-time high at the end of 2007, the **Mortgage Bankers Association** said in a March 6 report. New foreclosures jumped to 0.83 percent of all home loans in the fourth quarter from 0.54 percent a year earlier. Late payments rose to a 23-year high, according to the Washington-based trade group's report.

"Like homebuilders who feel pressure to get rid of inventory quickly, many banks and lenders experience the same pressure when dealing with homes from foreclosure," and decide to sell at below-market prices, the Radar Logic report said.

New York Gains

San Diego was the third-worst U.S. market, with prices dropping 21 percent, and Los Angeles was fourth, with a 17 percent decline, Radar Logic said.

In Tampa, Florida, prices tumbled 16 percent. Phoenix had a 15 percent decline, Miami dropped 14 percent, and San Francisco had a 13 percent slip. Boston was down 9 percent and Washington declined 8.7 percent, the report said.

Charlotte, North Carolina, saw a 3.9 percent gain in values, and New York prices rose 2 percent, the only areas to have an increase in the study of 25 U.S. cities.

Milwaukee and Philadelphia saw price declines of less than one percent, changes so slight the study gave them a "neutral" ranking rather than count them as decreases.

National Vacancy Rate

The national vacancy rate, the share of empty houses for sale, increased to 2.8

percent in the fourth quarter, matching 2007's first-quarter rate that was the highest in records going back to 1956, the U.S. Census Bureau reported Jan. 29.

Sales of new homes in the U.S. fell in February to an annual pace of 590,000, the lowest level in 13 years, the Commerce Department said in a March 26 report.

Radar Logic's monthly housing report tracks the 28-day aggregated value of a daily index the company compiles based on home sales that is used to trade property derivatives. Using a price-per-square-foot number reduces the influence of property size when calculating price changes, the company said. The data is not seasonally adjusted.

Closely held Radar Logic changed its name from Global Skyline Inc. in 2006.

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