REUTERS

Home price drop widespread before spring: report

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NEW YORK (Reuters) - Home price declines were widespread entering the important spring selling season, with annual losses in 21 of the top 25 metropolitan areas in January, according to a report on Thursday.

There were some signs of improvement, however, such as a moderating pace of price erosion in some areas and a smaller drop in transactions than in January 2007, according to Radar Logic, a data and analytics business based in New York.

January typically sees the lowest volume of transactions each year, after holidays and before buyers come out of winter hibernation to start shopping in earnest again for houses. The drop was 5 percent in January compared with 11.7 percent a year earlier.

Radar Logic's RPX Monthly Housing Market Report measures prices per square foot for properties in the top 25 metro areas.

Compared with a year earlier, prices in January 2008 rose in Charlotte, North Carolina and in New York, building on December's increases. Charlotte posted an annual 3.9 percent price gain and New York increased by 2 percent.

The shallowest falls among the metropolitan areas were in Milwaukee, Wisconsin and Philadelphia, Pennsylvania, which each declined 1 percent.

Prices in Sacramento, California fell the most, tumbling 27.8 percent, while Las Vegas sank 25.4 percent and San Diego slumped 21.2 percent.

The U.S. economic stimulus package, which expanded the ability of Fannie Mae (FNM.N: Quote, Profile, Research) and Freddie Mac (FRE.N: Quote, Profile, Research) to buy larger mortgages in some high-priced markets, should provide relief, the company said.

The FHA will also be able to insure larger mortgages, reducing the risk to mortgage purchasers, the firm said in a report.

"New York, Los Angeles and San Francisco are among several markets that have had their mortgage limits set to the highest possible cap of $729,750," Radar Logic said. "As this new federal funding works its way into the lending system, we may see increases in transactions corresponding with the increase in new loans."

(Reporting by Lynn Adler, editing by Walker Simon;)