

US home prices rise at fastest pace since 2006

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Steven Senne, File / AP Photo

FILE - In this Wednesday, Sept. 18, 2013, file photo, a "For Sale" sign hangs in front of a house in Walpole, Mass. Standard & Poor's releases the S&P Case-Shiller index of home prices for August, on Tuesday, Oct. 29, 2013.

U.S. home prices rose in August from a year earlier at the fastest pace since February 2006. But the price gains slowed in many cities from July, a sign that the spike in prices over the past year may have peaked.

The Standard & Poor's/Case-Shiller 20-city home price index rose 12.8 percent over the 12 months ending in August. That's up from 12.4 percent in July from a year earlier. All 20 cities showed year-over-year gains.

However, a measure of month-over-month prices for the 20 cities rose just 1.3 percent in August. That's down from a 1.8 percent month-over-month gain in July. And 16 of the 20 cities reported more modest price increases in August

than in July.

Greater demand and a tighter supply of homes for sale have helped drive prices higher over the past year. But over the summer, mortgage rates jumped from their record lows. And weaker job growth is also discouraging potential home buyers.

Prices in Las Vegas rose 29.2 percent from a year earlier, the fastest pace in the nation. But they are still 47 percent lower than they were before the housing market collapsed.

Prices in Denver and Dallas hit record levels in August. None of the other cities have returned to where they were before the real estate collapse. Average home prices are only back to mid-2004 levels and 22 percent below their April 2006 peak.

And many of the cities are seeing their gains slow.

Prices in San Francisco increased 0.9 percent in August, down from a 2.2 percent monthly increase in July.

Despite rising for 26 straight months, prices in Detroit are still lower than they were in January 2000.

Ellen Haberle, an economist with the national real estate brokerage Redfin, said that prices have been driven higher by a limited supply of houses on the market. She expects home sales to fall in September and October partly because the federal government shutdown likely scared off potential home buyers.

Contingent Macro Advisors economists Maninder Sibia and Steven Wood said housing inventory was only 83 percent of normal levels. They expect the supply to increase as rising prices encourage home owners to put their houses on the market.

The Case-Shiller 20-city index covers roughly half of U.S. homes. It measures prices compared with those in January 2000 and creates a three-month moving average. The August figures are the latest available. They are not adjusted for seasonal variations, so the monthly gains reflect more buying activity over the summer.