

## Home prices drop by record pace in Nov.

Battered U.S. housing market is critical to the U.S. economy

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NEW YORK - Home prices plunged a record 18.2 percent in November from a year earlier as the country's housing market remains in the throes of a deep recession, according to an index from Standard & Poor's.

Prices in 20 metropolitan areas tracked by S&P fell 2.2 percent from October as housing continues to suffer from a huge supply of unsold homes, tighter lending standards and record foreclosures.

The drop in prices on a month-over-month basis was slightly steeper than expectations, based on a Reuters survey of economists.

However, the annual rate of decline for the Standard & Poor's/Case-Shiller composite index for 20 cities was not as steep as economists had expected.

S&P said its composite index of 10 metropolitan areas also fell 2.2 percent in November from October for a 19.1 percent year-over-year drop, matching the previous month's record decline.

Prices in 11 metro areas fell at record rates from a year earlier. Prices in 14 cities fell more than 10 percent from November 2007.

"The free-fall in residential real estate continued through November 2008," David M. Blitzer, Chairman of the Index Committee at Standard & Poor's, said in a statement.

"Since August 2006, the 10-city and 20-city composites have declined every month — a total of 28 consecutive months," he said.

Prices in every region fell more than 1 percent from October. In eight metro areas, prices fell at a record monthly rate, Blitzer said.

Phoenix and Las Vegas were hardest hit in November, with prices down 3.4 percent and 3.3 percent, respectively. The two cities also have the worst returns over the one-year period, with prices falling 32.9 percent and 31.6 percent, respectively.

"Overall, more than half of the metro areas had record annual declines," he said.

As of November, average home prices are at similar levels to what they were in the first quarter of 2004. From their peak in mid-2006, the 10-city index is down 26.6 percent and the 20-city Composite is down 25.1 percent.

The battered U.S. housing market is critical to the U.S. economy, with a wide-ranging impact from the construction industry to the sale of appliances and furniture. After hurting growth for multiple quarters, a continued deterioration could prolong a turnaround for the world's largest economy, which has been in a recession since late 2007.

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