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## Housing price decline 'appears to be slowing'

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Home prices continued to decline in May in many major metropolitan areas, but the drops were not as steep as those posted in April, Standard & Poor's reported yesterday.

S&P's Case-Shiller 20-city composite home-price index was 17.1 percent lower than May 2008, but that decline was smaller than April's 18.1 percent year-over-year index.

"The pace of the descent in home prices appears to be slowing," said David M. Blitzer, chairman of S&P's index committee.

Looking at the monthly data, 13 of the 20 metro areas tracked reported positive returns, Blitzer said.

"To put it in perspective, this is first time we have seen broad increases in home prices in 34 months," he said. "This could be an indication that home-price declines are finally stabilizing."

Still, the composite price for the 20 cities tracked has fallen 32.3 percent in those 34 months. That means average home prices are now at the same level they were in the middle of 2003.

"The housing market is on the mend," said TD Bank chief economist Joel L. Naroff.

Philadelphia is not part of the monthly 20-city Case-Shiller index, and prices in the eight-county region have fared much better.

Moody's Economy.com of West Chester estimates that home prices in this region have fallen 11.5 percent since peaking in the second quarter of 2007. The decline has been less severe here because there was less speculation and overbuilding in the boom times, said chief economist Mark Zandi.

"The Philadelphia job market has also held up better, given the strength of the area's health-care and educational-services industries," Zandi said.

In the city's single-family home market, excluding condominiums, prices have fallen about the same as the rest of the region, 11 percent, according to an index developed by Wharton research fellow Kevin Gillen, vice president of Econsult.

Gillen puts the price peak at the end of the third quarter of 2007, but both he and Zandi set it

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more than a year after prices reached their zenith in most of the nation.

Prices here are now about where they were in the second quarter of 2005, Gillen said.

What he found in the second-quarter 2009 data for the city suggests that price declines may be braking locally. Sales, though as low in number as they were in 1997, brought a median price 6.8 percent higher than the second quarter of 2008.

Economists emphasize that this region's home prices doubled during the real estate boom as they quadrupled and more in other markets. Smaller cities added 40,000 units and more in the boom years; Philadelphia built just 10,000.

"For Philadelphians to worry about the housing bubble is like the cancer patient worrying about contracting swine flu," Gillen said.

Nationally, while growth rates "remain awful," IHS Global Insight economist Patrick Newport said, smaller price declines are encouraging.

"Recent housing reports have been promising," Newport said. "This report may be the most promising yet."

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