

Annual Home Price Increase is Largest Since 2006

By: Jann Swanson | Tue, Jan 15 2013, 10:29 AM

Home prices increased on a year-over-year basis for the ninth consecutive month according to the **CoreLogic Home Price Index (HPI)** released today. The November HPI was **up 7.4 percent** from its November 2011 level and represented the **largest jump** in the index in nearly seven years. On a month-over-month basis the HPI, which includes sales of distressed properties, was up 0.3 percent. CoreLogic said the all but six states are experiencing year-over-year price gains.

When short sales and sales of foreclosed properties i.e. **distressed sales are excluded** from the analysis, home prices nationwide increased by 6.7 percent in November compared to those a year earlier and increased 0.9 percent from October to November.

CoreLogic's **Pending HPI** which is based on Multiple Listing Service data indicates that December 2012 home prices, including distressed sales, can be expected to rise by 7.9 percent on a year-over-year basis from December 2011 and fall by 0.5 percent on a month-over-month basis from November 2012 reflecting a seasonal winter slowdown.

The Pending HPI excluding distressed sales projects an increase of 8.4 percent increase for December 2012 house prices as compared to those a year earlier and a positive 0.7 percent change from November 2012 to December.

"As we close out 2012 the pending index **suggests prices will remain strong**," said Mark Fleming, chief economist for CoreLogic. "Given the recently released **QM rules** issued by the CFPB are not expected to significantly restrict credit availability relative to today, the gains made in 2012 will likely be sustained into 2013."

"For the first time in almost six years, most U.S. markets experienced sustained increases in **home prices** in 2012," said Anand Nallathambi, president and CEO of CoreLogic. "We still have a long way to go to return to 2005-2006 levels, but all signals currently point to a **progressive stabilization** of the housing market and the positive trend in home price appreciation to continue into 2013."

While six states posted negative price changes on a year over year basis only two, Delaware and Alabama, remained in that category when distressed sales were included. The five states which posted negative price changes on a year over year basis including distressed sales, were Delaware (-4.9 percent), Illinois (-2.2 percent), Connecticut (-0.5 percent), New Jersey (-0.5 percent) and Rhode Island (-0.3 percent). Delaware improved to -3.5 percent and in a real anomaly Alabama dropped from a positive annual change of 2.2 percent to -2.2 percent when distressed sales were excluded.

The states with the highest increases including distressed sales were Arizona (20.9 percent), Nevada (14.2 percent), and Idaho (13.8 percent). Excluding distressed sales the greatest increases were in Arizona (+16.5 percent), North Dakota (+12.9 percent), and Nevada (+12.6 percent).

The national HPI has posted a -26.8 percent change from the peak HPI in April 2006 including distressed transactions and -20.7 percent excluding them.

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