

The Washington Post

Housing Data Could Signal If Bust Is Over

THURSDAY

Monday, April 20, 2009

Economy-watchers are searching for evidence that the housing market is starting to hit bottom. And in recent months, there has been some evidence that the end of the great housing bust may be near.

This week offers a reality check, with three key pieces of housing-related data coming out. But to interpret the data, it helps to realize that the end of the housing bust means different things, and could come at different times, depending on what data you consider.

Home sales will likely hit a bottom first -- and may have already done so. Data on existing home sales in March is scheduled to come out Thursday and new home sales on Friday. Both measures of housing activity picked up in February, a sign that between cheap foreclosed-on houses and low mortgage rates, the volume of sales may finally have stopped falling. This week's data will be a test of that thesis. Analysts are expecting a mixed bag, with new-home sales rising modestly but existing home sales falling a bit.

Whatever the March numbers say, there are good reasons to think that home sales will improve as the spring selling season gets underway. Anecdotal reports suggest that low mortgage rates and an \$8,000 first-time home-buyer tax credit are coaxing buyers back into the market. And while foreclosures are set to rise as banks begin to move on delinquent homeowners, that actually could boost home sales as banks auction homes for whatever the market will bear.

The prospects are less promising for home prices, a report on which is set to come out Wednesday. Analysts expect the Federal Housing Finance Agency's price index to have fallen 0.6 percent. The new wave of foreclosures may help home sales activity but is likely to keep driving home prices down.

Time lags are another issue. Even if low rates and tax credits bring buyers back into the market, it could take months for that increased demand to meaningfully affect prices, simply because of the time it takes a person to go from deciding it's time to shop again to actually closing on a house.

NEIL IRWIN'S MUST-READS include lessons learned from the CEO of [Goldman Sachs](#) and 10 principles from professor Nassim Nicholas Taleb, author of "The Black Swan," for addressing the global economic crisis. For more, go to <http://washingtonpost.com/economywatch>.

Advertisement » Your Ad Here



Post a Comment

[View all comments](#) that have been posted about this article.

Comments that include profanity or personal attacks or other inappropriate comments or material will be removed from the site. Additionally, entries that are unsigned or contain "signatures" by someone other than the actual author will be removed. Finally, we will take steps to block users who violate any of our posting standards, terms of use or privacy policies or any other policies governing this site. Please review the [full rules](#) governing commentaries and discussions. You are fully responsible for the content that you post.

You must be logged in to leave a comment. [Login](#) | [Register](#)

Submit

© 2009 The Washington Post Company

Ads by Google

[Bank of America® Mortgage](#)

Refinance and stabilize your ARM payments. Bank of America can help.

www.bankofamerica.com

[Foreclosed Homes For Sale](#)

Find Homes - 50% Below Market Value. Search Now For Free!

www.foreclosure.com

[Is Your Bank In Trouble?](#)

Free list Of Banks Doomed To Fail. The Banks and Brokers X List. Free!

www.MoneyAndMarkets.com