



08/18/2008

Home values plunge by nearly 10%

The U.S has experienced its largest year to year home value decline in the past 12 years. Home prices have fallen 9.9% lower than last years second quarter reports, and has fallen 1.7% from last years first quarter to a U.S. Zillow Home Value Index (HVI) of \$206,919, according to the Q2 Zillow Real Estate Market Reports. The U.S. median home value has not been this low since the fourth quarter of 2004. Due to the drop in home values, virtually one-third of homeowners who have purchased homes since 2003 have been left with negative home equity.

Zillow now provides the largest sample of markets by any housing reports since it recently extended its Real Estate Market Reports this quarter. The company added a number of new measures to study 165 metropolitan statistical areas (MSAs). 140 MSAs have experienced a loss in home value since the second quarter in 2007, some a higher loss than others. In Stockton, CA the Zillow Home Value Index fell 38.2 percent from the same quarter a year ago, compared to Las Vegas, Los Angeles, and Miami's surrounding areas that have fallen 27.4 percent, 21.4 percent and 20.8 percent.

The Originator Times reported Dr. Stan Humphries, Zillow's vice president of data and analytics, as saying "The second quarter is the sixth consecutive quarter of home value declines and we see little promise of turnaround in the short-term as the rates of decline have yet to slow and, in fact, actually accelerated in many markets."

Dr. Humphries went on to say "The high rates of negative equity are having a direct effect on home sales figures as we've seen considerable growth in foreclosure transactions and homes selling for a loss. Unfortunately, while there are a few bright spots -- like Pittsburgh, Oklahoma City and Austin that reached record-high values -- most markets are likely to remain in negative territory for the next few quarters given the magnitude of current year-over-year declines."

Despite recent reports, homeowners still feel as though their homes have remained unscathed. According to a Q2 Zillow Homeowner Confidence Survey, roughly 62% of homeowners nationwide think their home values have either increased or remained the same in the past year. Zillow's Q2 Real Estate Market Reports actually say that 77 percent of homes declined in value over the past year, only a slight increase from the 75 percent that declined year-over-year in the first quarter.