

# USA Today: Housing Outlook is More Upbeat

By Julie Schmit, [USA TODAY](#)

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Optimism is building that the housing industry is nearing a bottom — finally.

A home in Brookline, Mass. By Steven Senne, AP file



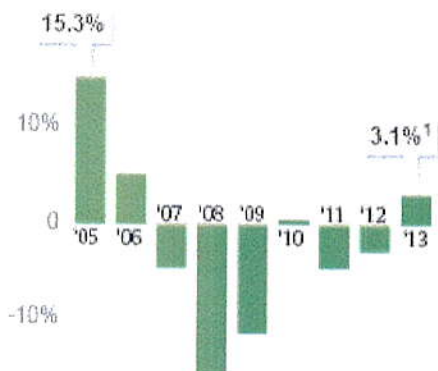
Home sales and home building are forecast to rise this year after sliding steeply the past five years in housing's worst downturn since the [Great Depression](#). Recovery is expected to be slow, and home prices are widely expected to fall this year. But investors are betting on the start of an upturn, bidding up home builder stocks and causing them to outperform the broader stock market.

Many economists expect home prices to fall more this year because of foreclosures and other properties sold at very low prices.

As foreclosures pick up this year, "prices will drop," says [Stan Humphries](#), Zillow chief economist. He says home prices won't bottom until later in 2012 or next year.

## More room to fall

Annual percentage change in U.S. average prices for single-family homes:



<sup>1</sup> - 2011-2013 figures are projections.

Source: Fiserv Case-Shiller Home Price Index, Moody's Analytics forecast

By Kari Gelles, USA TODAY

On average, prices have fallen by about a third since 2006.

"This year will feel a lot better to builders, investors and real estate agents than to consumers," says Jed Kolko, economist for real estate website Trulia.

Housing's outlook is brightening with signs of a better economy. Last month, [U.S.](#) employers added 200,000 jobs, and the unemployment rate fell to 8.5%, lowest in nearly three years.

While an economic shock could derail progress, "there's now more evidence of improvement in the economy, and housing will follow the economy," says [David Crowe](#), chief economist at the [National Association of Home Builders](#). More improvement is expected for:

- Sales.** Existing home sales will rise 12% this year after a 2% increase last year, and [new home sales](#), coming off a horrid year, will jump 74% this year, [Moody's Analytics](#) predicts.

November's existing home sales hit their highest mark in 10 months, and new home sales were the year's second best, [IHS Global Insight](#) says.

- Construction.** Single-family housing starts will rise 37% this year, Moody's predicts, after falling 9% last year.

Home builder stocks are on a run. The S&P 1500 homebuilding index is up 38% since mid-October, vs. 7% for the S&P 500.

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